December 2022

Let Alliance rental index report

The Let Alliance Rental Index represents the largest, most insightful, and up-to-date view on the UK's private rented sector. With data qualified through high-quality tenant referencing, conducted on behalf of over 4,500 UK letting agents, the trends reported within the Index are based on brand new tenancies and agreed rents, giving the most relevant insight into changes in the Private Rented Sector.

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Industry insight

The last month of 2022 saw the first drop in UK rental prices for over a year. Despite this, figures remain historically high – December 2022 is only the second month on record in which average Greater London rents have been priced higher than £2,000 pcm.

Andy Halstead
Group CEO
HomeLet and Let Alliance

2023’s cost-of-living outlook

The cost-of-living crisis is continuing to bite, and the current situation is offering little to ease the fears of landlords concerned about renters’ ability to pay their rent. This issue was highlighted in our survey of over 1,000 landlords with Dataloft, where almost half (40%) named the inability of renters to pay as their main fear for 2023.

An uncertain future for the PRS

With this in mind, our prediction for 2023 is that rental prices will likely continue to rise, despite spiralling costs for renters in other areas of their lives. Struggling to pay rent is sadly likely to become a recurring theme across the country, and in turn, this could lead to some landlords vacating an already challenging market. This will likely result in a continued shortage of rental homes to meet demand.

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Average rents and change in rents

Average rent

£1,174

UK rents registered a very small fall in December, although this equates to just a £1 decrease from November. Outside of London, rents remained at their November level of £977 per month.

Change monthly

-0.1%

December was the only month in the year to report a slight fall. Across the year rents rose, on average by 0.9% each month.

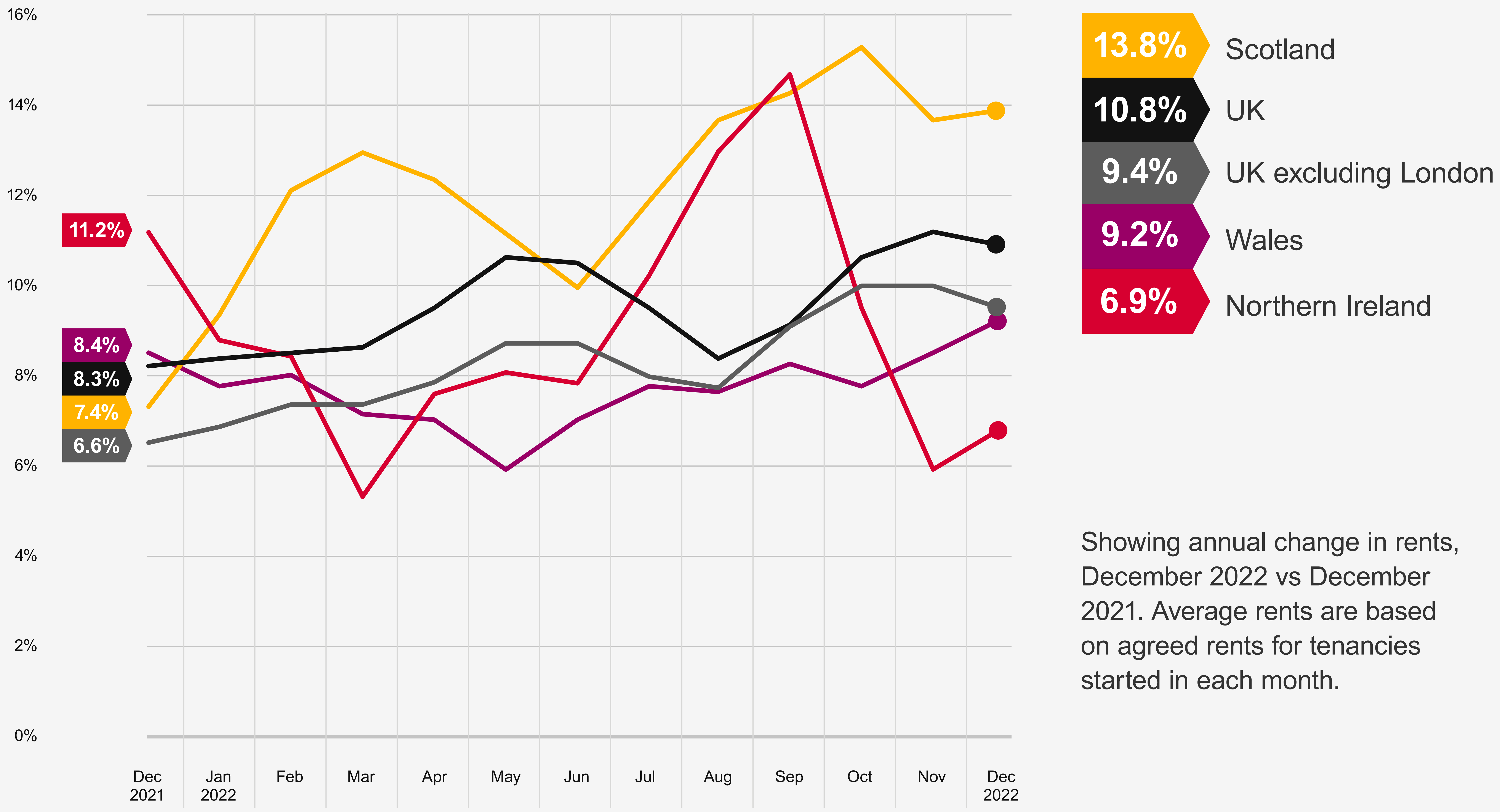
Change annual

+10.8%

Despite the slight fall in December, rents ended the year almost 11% higher than a year earlier.

UK and home nations

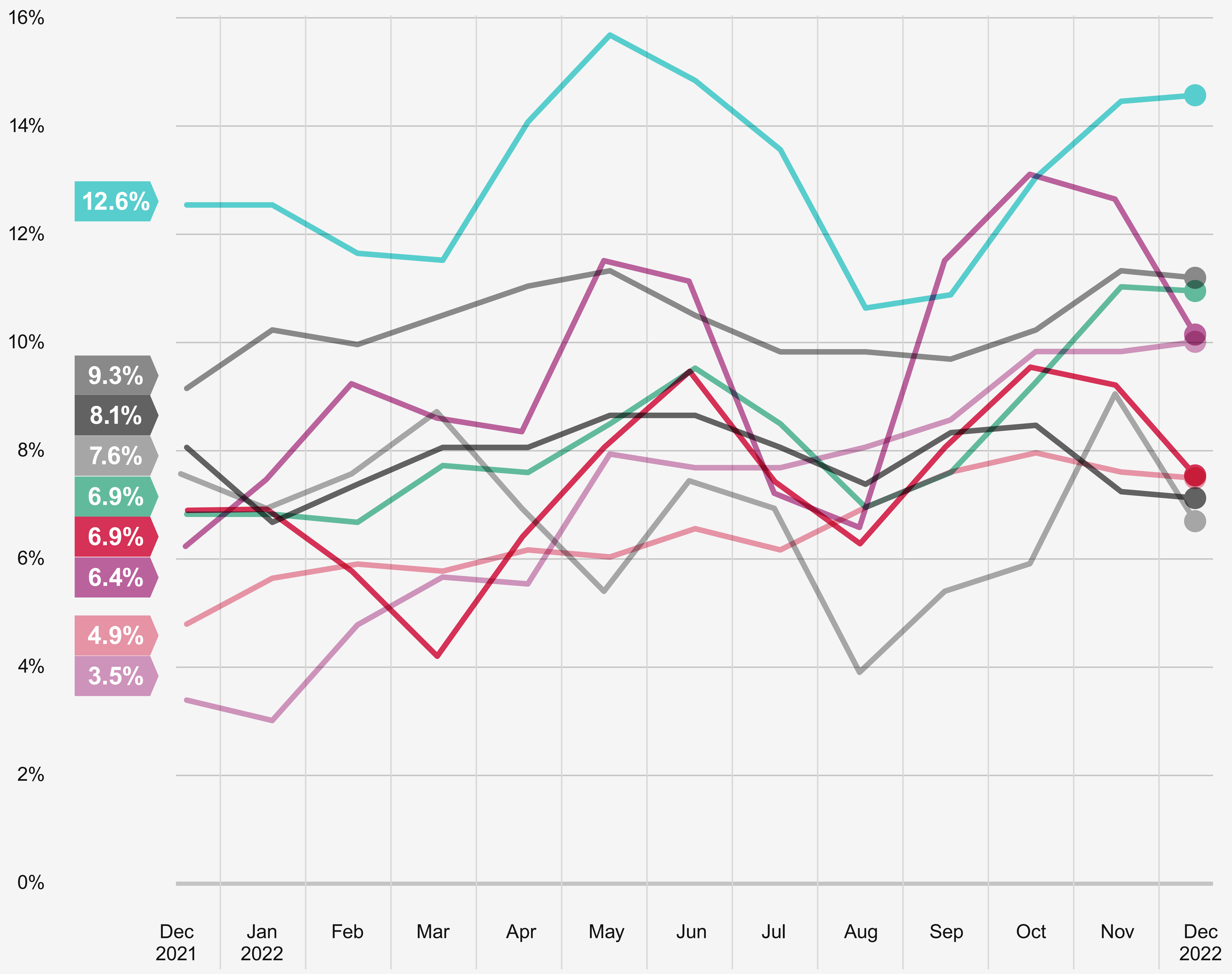
Annual change December 2021 to December 2022



Showing annual change in rents, December 2022 vs December 2021. Average rents are based on agreed rents for tenancies started in each month.

England by region

Annual change December 2021 to December 2022



14.6%	Greater London
11.1%	North West
10.9%	West Midlands
10.0%	South West
10.0%	South East
7.5%	East of England
7.4%	East Midlands
7.2%	Yorkshire and the Humber
6.6%	North East

Showing annual change in rents, December 2022 vs December 2021. Average rents are based on agreed rents for tenancies started in each month.

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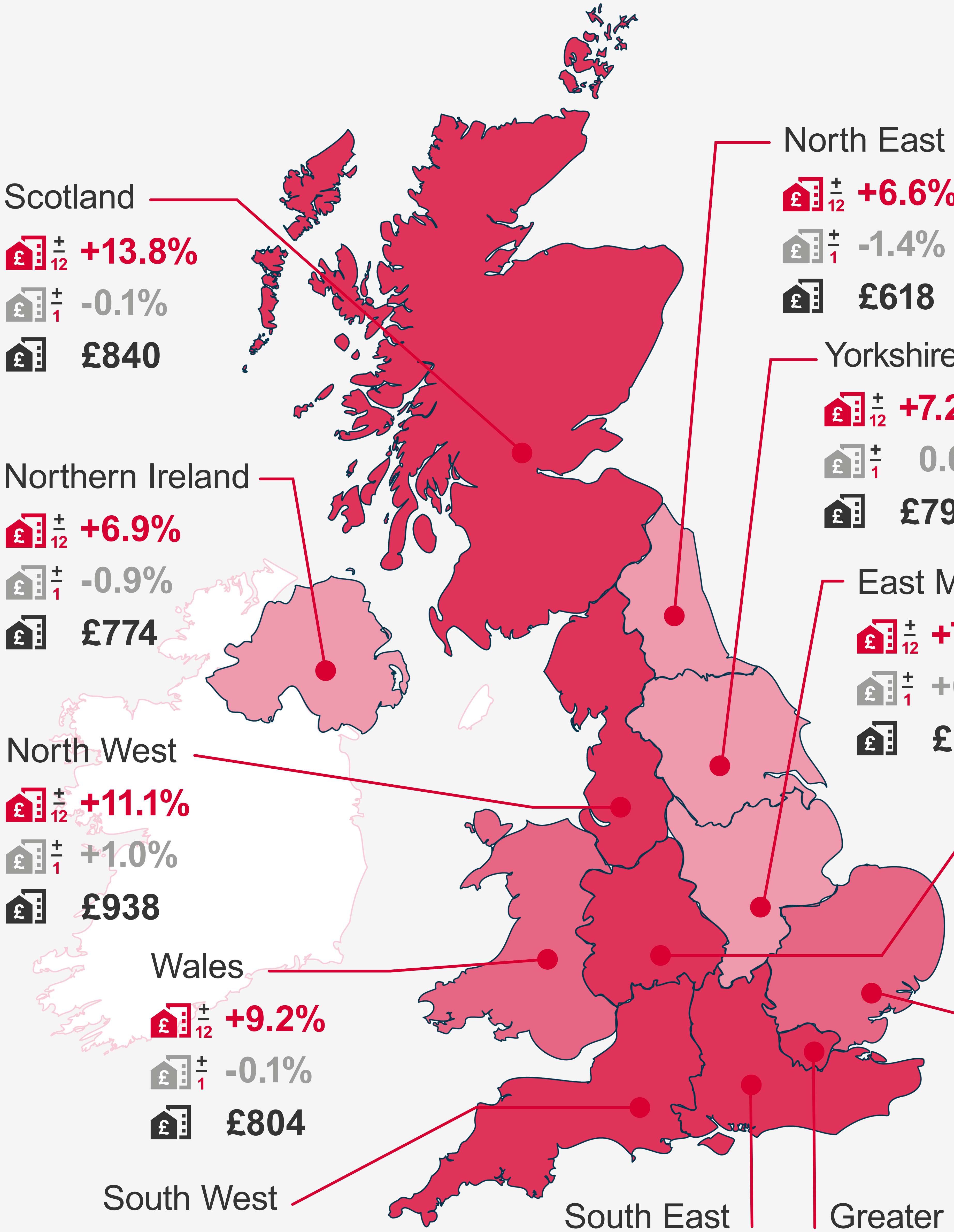
Regional snapshot



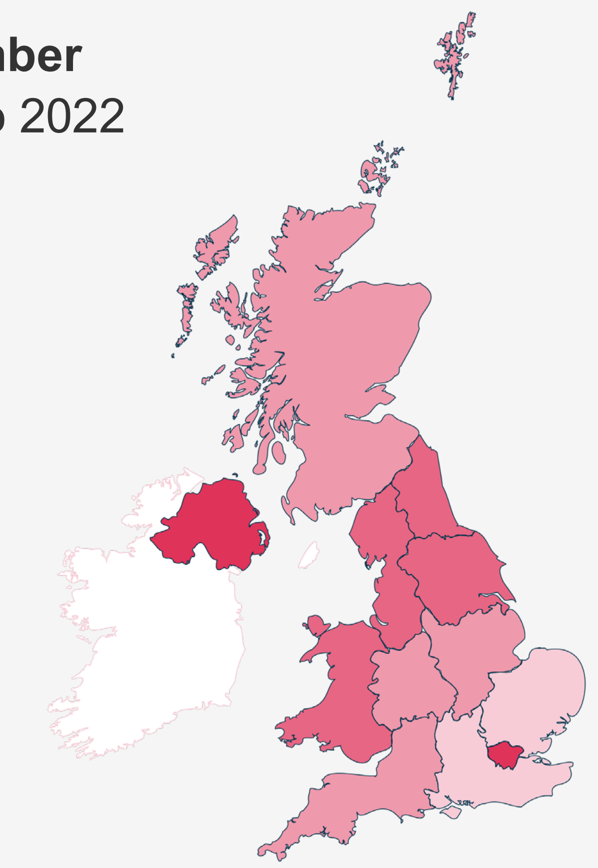
Annual change

December 2021 to
December 2022

Change year
Change month
Average rent

Under 2.5%
2.5% to 5%
5% to 7.5%
7.5% to 10%
10% and over

November
2021 to 2022



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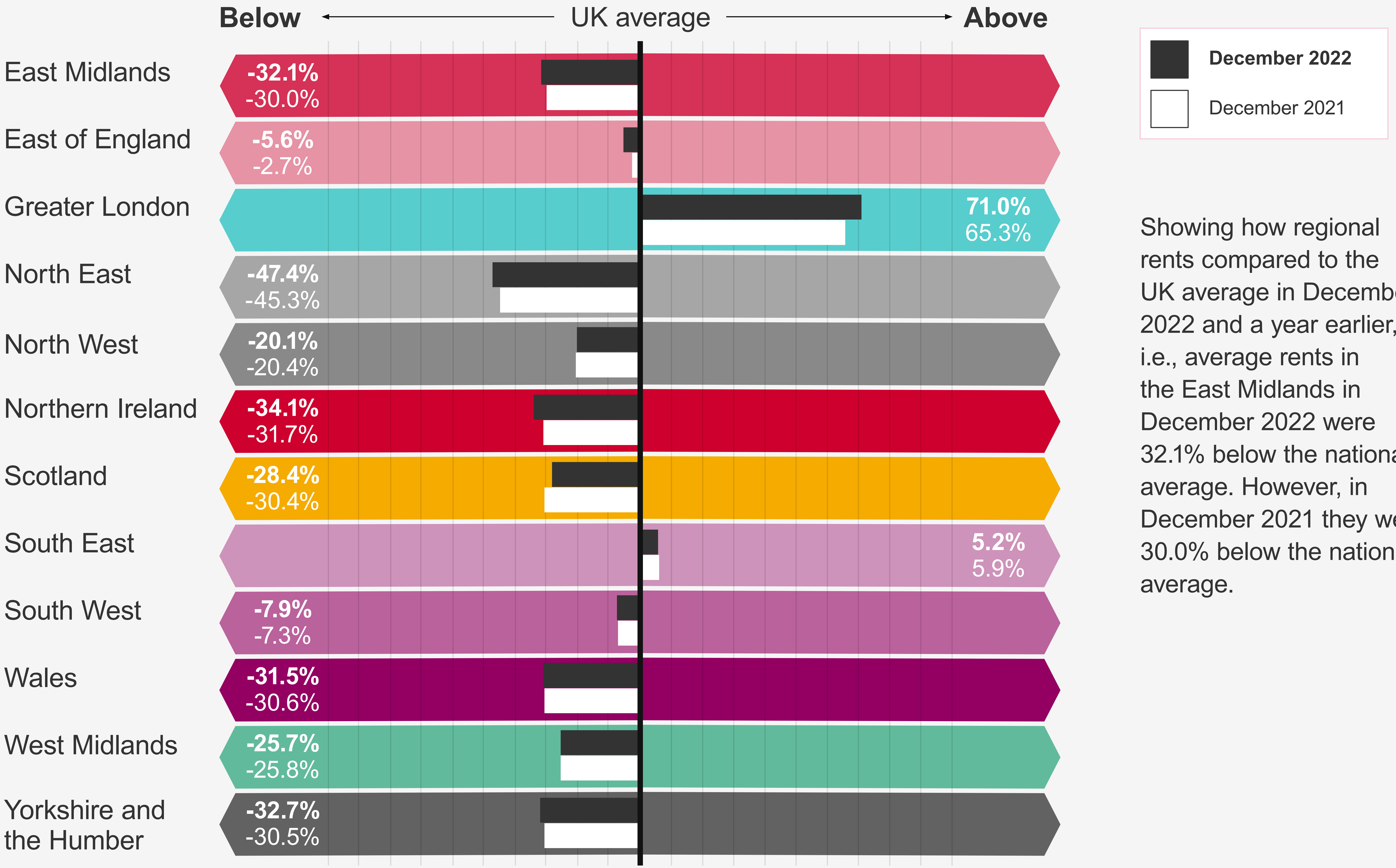
Regional discount / premium to UK average

Comparison with UK average December 2021 to December 2022



Showing how regional rents compared to the UK average in December 2022 and a year earlier, i.e., average rents in the East Midlands in December 2022 were 32.1% below the national average. However, in December 2021 they were 30.0% below the national average.

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London focus

Average rent

£2,007

Small falls were reported across many regions in December with London following suit, although many London areas continue to see rent rises.

Change annual

+14.6%

London rents remain above the £2,000 threshold and are almost 15% higher than a year ago.

Strongest performer

+22.8%

Hackney and Newham

There is now just one London area with rental growth below 10% (Lambeth).

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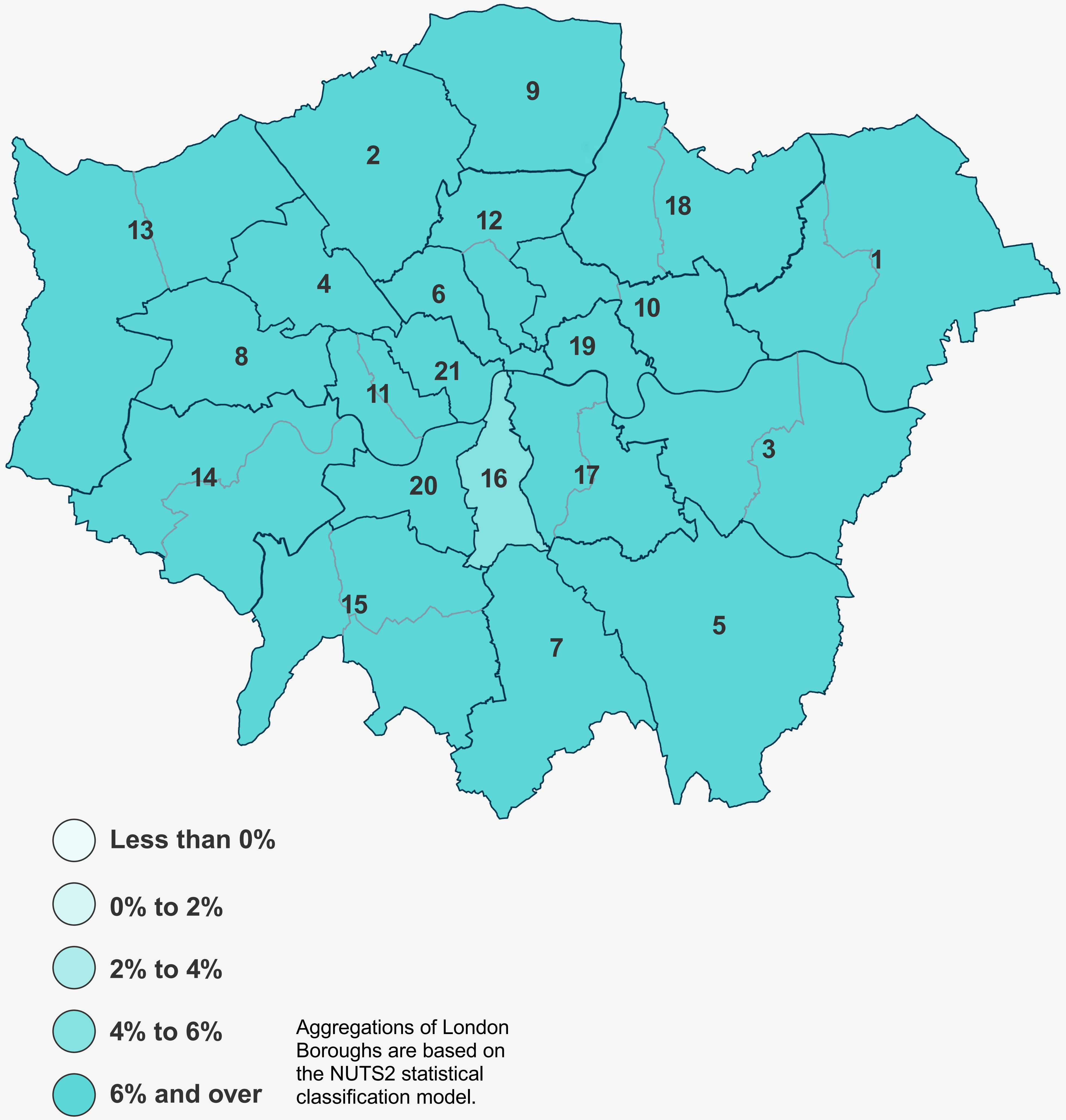
By borough

Annual change December 2021 to December 2022



Aggregations of London Boroughs are based on the NUTS2 statistical classification model.

		Annual change	Average rent
1	Barking, Dagenham and Havering	+11.2%	£1,515
2	Barnet	+17.0%	£1,888
3	Bexley and Greenwich	+15.7%	£1,666
4	Brent	+19.6%	£1,952
5	Bromley	+17.3%	£1,750
6	Camden, City of London	+10.1%	£2,421
7	Croydon	+12.1%	£1,338
8	Ealing	+20.1%	£1,936
9	Enfield	+10.1%	£1,740
10	Hackney and Newham	+22.8%	£1,914
11	Hammersmith, Fulham, Kensington and Chelsea	+10.1%	£2,531
12	Haringey and Islington	+17.6%	£2,065
13	Harrow and Hillingdon	+13.5%	£1,623
14	Hounslow and Richmond	+10.3%	£1,714
15	Merton, Kingston upon Thames and Sutton	+19.0%	£1,750
16	Lambeth	+5.3%	£2,414
17	Lewisham and Southwark	+15.2%	£1,991
18	Redbridge and Waltham Forest	+15.5%	£1,568
19	Tower Hamlets	+15.2%	£2,132
20	Wandsworth	+16.3%	£2,280
21	Westminster	+16.3%	£3,332

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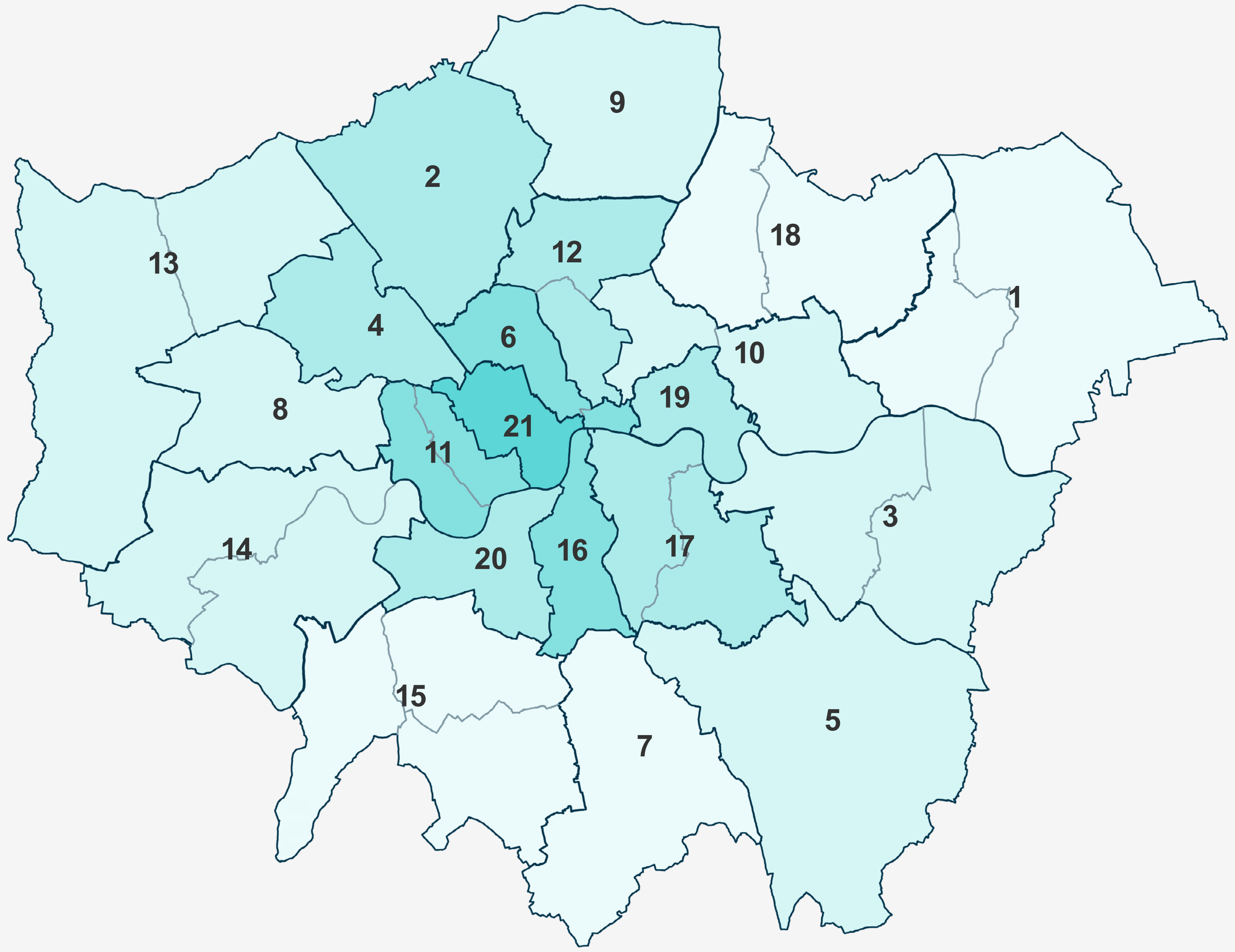
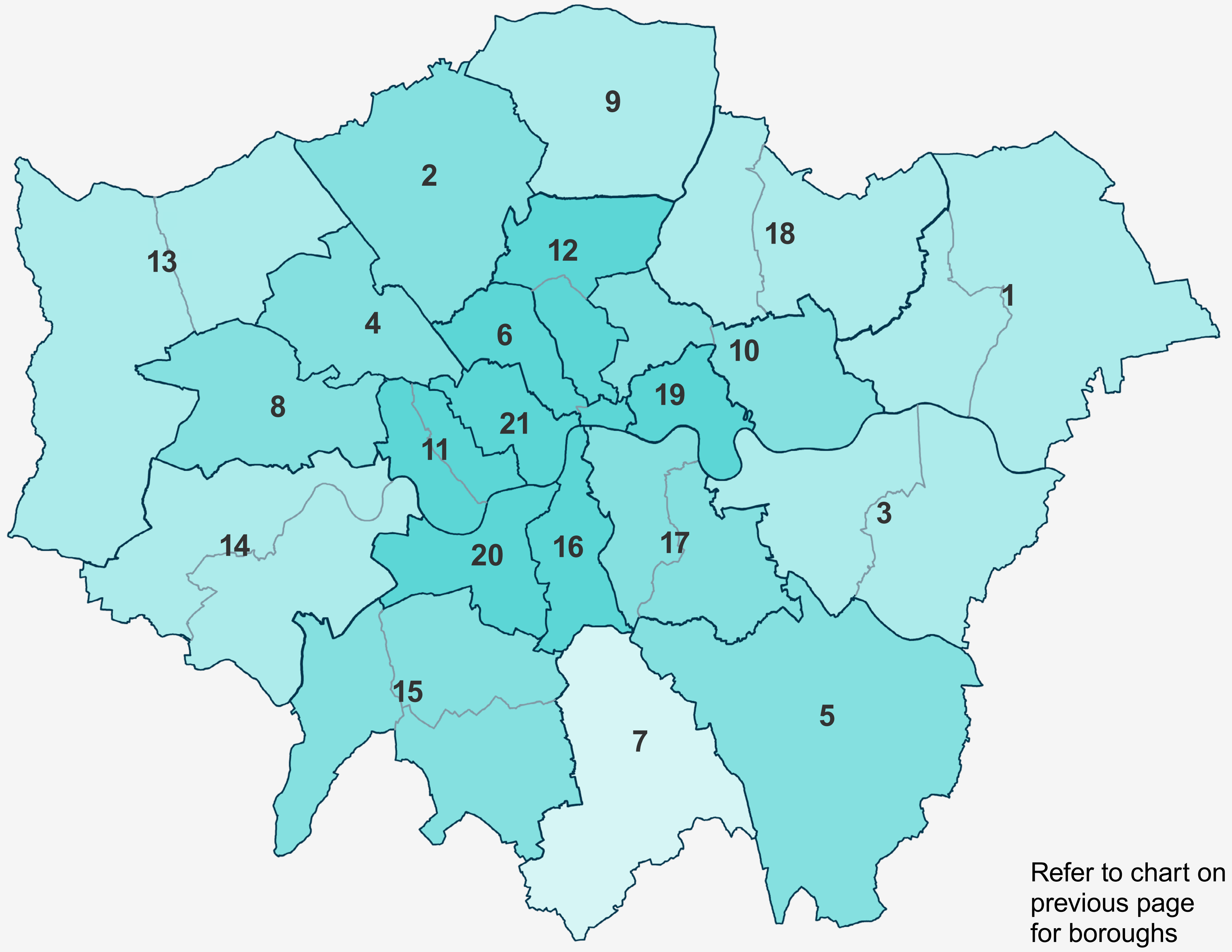
Five-year snapshot

5 YR

Average rent December 2017



Average rent December 2022



Refer to chart on previous page for boroughs

- Less than £1,250
- £1,250 to £1,500
- £1,500 to £1,750
- £1,750 to £2,000
- Over £2,000

5 YR Greatest change over five years **+52.6%** **Westminster**

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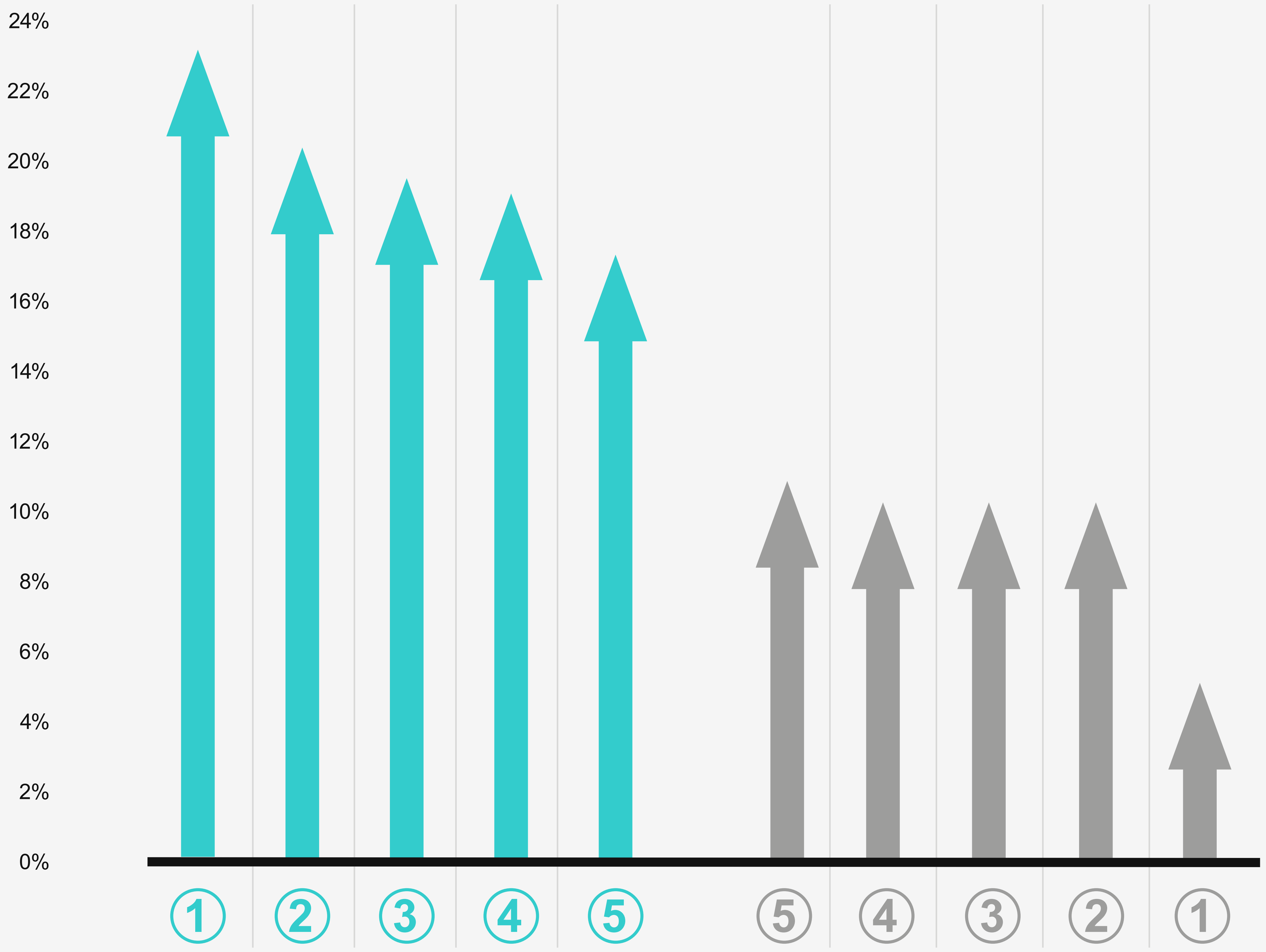
Strongest and weakest performers

Strongest December 2022

Weakest December 2022



Based on annual change to December 2022

Strongest

1. +22.8% Hackney and Newham
2. +20.1% Ealing
3. +19.6% Brent
4. +19.0% Merton, Kingston upon Thames and Sutton
5. +17.6% Haringey and Islington

Weakest

5. +10.3% Hounslow and Richmond upon Thames
4. +10.1% Hammersmith, Fulham, Kensington and Chelsea
3. +10.1% Camden, City of London
2. +10.1% Enfield
1. +5.3% Lambeth

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Affordability

% income
spent on rent

31.4%

Renter affordability continued to weaken at the end of 2022 with renters paying 31.4% of their income on rent in December, up from 30.5% a year earlier.

Change
annual*

-0.9%

The percentage spent on rent is now back to the level reported three years ago in December 2019.

* Calculated by subtracting the December 2022 figure from December 2021.

Greatest
change

+1.4%

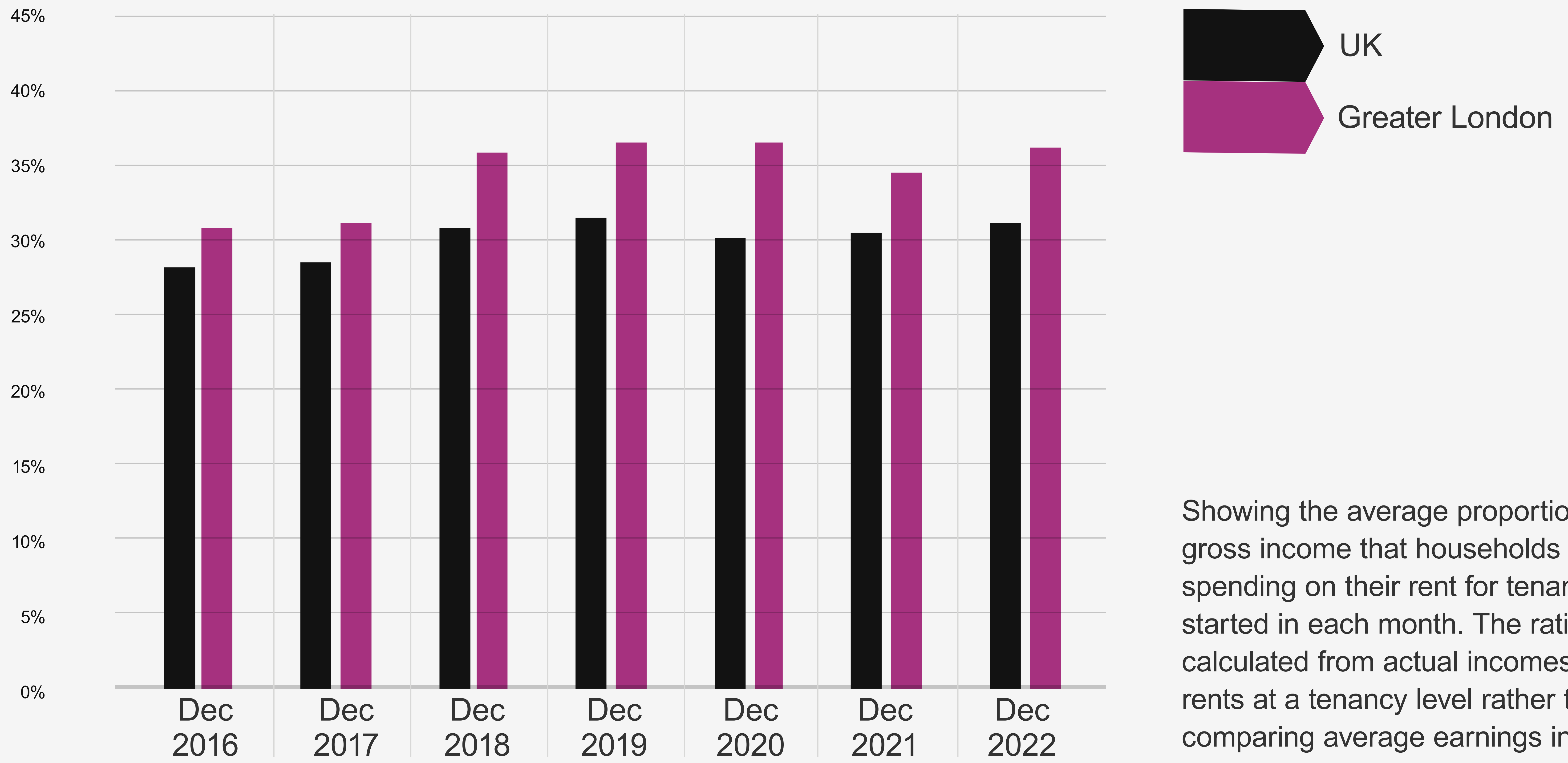
Yorkshire and the Humber

Renter affordability weakened over the past year in all UK regions with the exception of two: North West and Yorkshire and the Humber.

UK and London

7 YR

Affordability over time December 2016 to December 2022



	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022
UK	28.0%	28.4%	31.1%	31.5%	30.2%	30.5%	31.4%
Greater London	31.0%	31.4%	35.9%	36.7%	36.7%	34.7%	36.4%

Showing the average proportion of gross income that households are spending on their rent for tenancies started in each month. The ratio is calculated from actual incomes and rents at a tenancy level rather than comparing average earnings in an area with average market rents.

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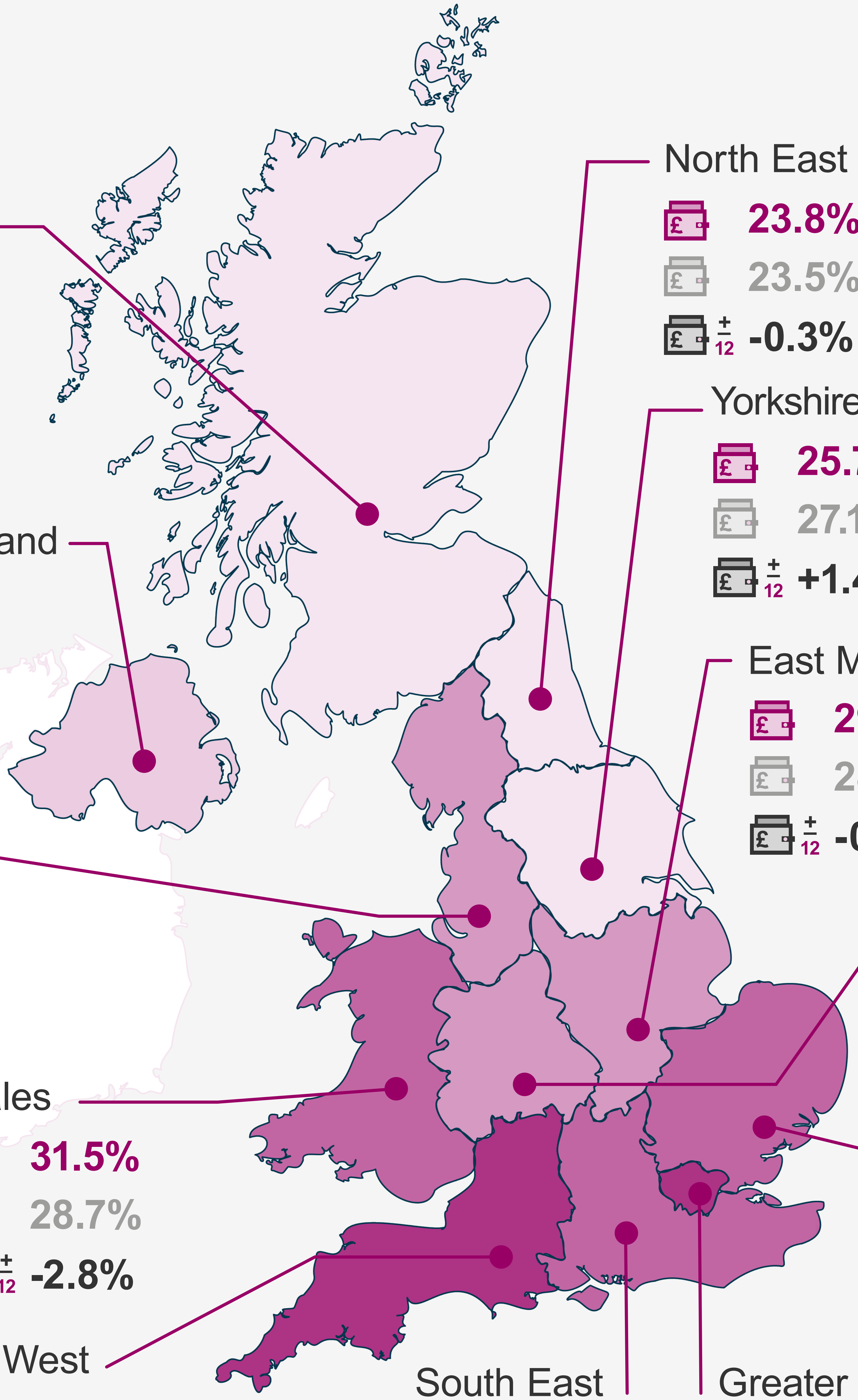
Regional snapshot



Scotland
25.8%
25.1%
-0.7%

Northern Ireland
27.4%
26.2%
-1.2%

North West
28.9%
29.2%
+0.3%

Wales
31.5%
28.7%
-2.8%

South West
34.8%
33.5%
-1.3%

North East
23.8%
23.5%
-0.3%

Yorkshire and the Humber
25.7%
27.1%
+1.4%

East Midlands
29.4%
28.6%
-0.8%

West Midlands
29.4%
28.3%
-1.1%

East of England
31.7%
30.3%
-1.4%

South East
31.9%
30.8%
-1.1%

Greater London
36.4%
34.7%
-1.7%

*Calculated by subtracting the December 2021 figure from December 2022.

% income spent on rent

December 2022

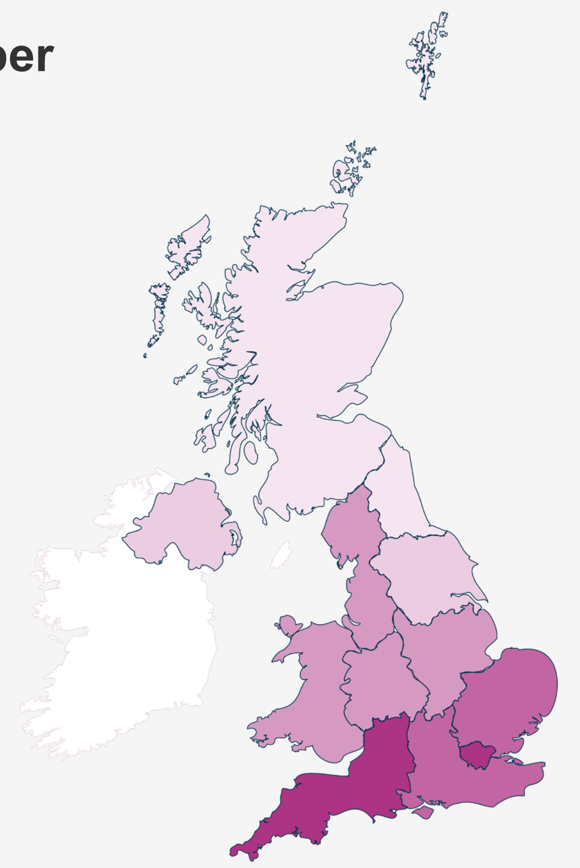
December 2022

December 2021

± 12 Change

< 26%
26 to 28%
28 to 30%
30 to 32%
32%+

December
2021



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Scotland

Key
Shows regional average
Shows UK average

Median tenant **gross income***

£28,490

£30,000

Predominant **age group**

20–29

20–29

Average % tenant **income spent on rent**

25.8%

31.4%

Predominant **rental band**

£500–£750

£750–£1,000 per month

Delving deeper into the data we are able to provide tenant demographic and market profiling at a local level. Each month we provide a snapshot of the profile of tenants across different UK regions based on data for the last 12 months. This month's focus is on Scotland.

*Excludes below £10k and over £500k

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Distance moved last 12 months

Key
Shows regional average
Shows UK average

Miles

	Up to 1	1 to 2	2 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 to 200	Over 200
Regional average	**22%**	**12%**	**16%**	**9%**	**9%**	**7%**	**5%**	**6%**	**10%**
UK average	24%	13%	17%	11%	10%	6%	6%	6%	2%

5%
6%

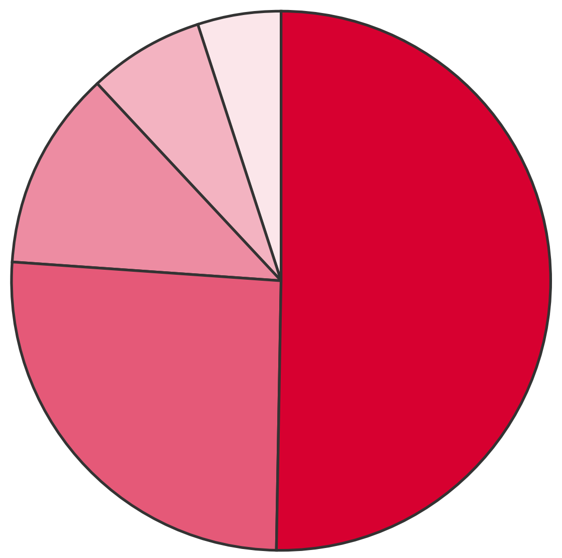
Profile of properties let Last 12 months

Number of bedrooms

	Flats: 0	Flats: 1	Flats: 2	Flats: 3+	Houses: 1–2	Houses: 3+
Regional average	**26%**		**48%**	**8%**	**7%**	**11%**
UK average	26%		24%	7%	17%	26%

Age breakdown Last 12 months

Tenants age



51%	Under 29
26%	30 to 39
12%	40 to 49
7%	50 to 59
5%	60+

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Our customers are at the heart of everything we do – listening to our customers and understanding their needs enables us to develop our proposition continually. Whether it's market-leading referencing or bespoke products for letting agents, tenants, or landlords, we're here to support the UK's vibrant Private Rented Sector.

In conjunction with Dataloft

dataloft

About the Let Alliance rental index report

The index and average prices are produced using Let Alliance's mix adjusted rental index methodology. This helps to track the representative rental values over time, which factor in changes in the mix of property types and locations of rented properties. Data is gathered from our tenant referencing service, and our rental amounts are based on actual achieved rental prices with accurate tenancy start dates in a reported month, rather than advertised costs. The data used in the Let Alliance Rental Index is aggregated to regional, county and city level only. This ensures that all property or individual records remain strictly anonymous.

The Let Alliance Rental Index is prepared from information that we consider is collated with careful attention, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue this report. The Let Alliance Rental Index may not be used for commercial purposes; we shall not be liable for any decisions made or action taken in reliance upon the published data.

About Dataloft

Dataloft is an established property market intelligence company with a long track record of analysing and reporting on local housing markets. Working alongside Barbon and other companies, Dataloft have compiled Dataloft Rental Market Analytics (DRMA), the largest and most comprehensive single source of achieved rents and tenant demographics for the UK. Their team of analysts and data scientists produce the evidence needed by clients for marketing strategies, investment decisions and planning submissions.

dataloft.co.uk

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