



Valuation Office
Agency

Private rental market summary statistics – October 2015 to September 2016

The data set used in this release is based on a sample of 509,880 rents recorded between 1 October 2015 and 30 September 2016.

Under the current methodology the VOA does not publish a time series and users are advised not to infer trends in the rental market over time.

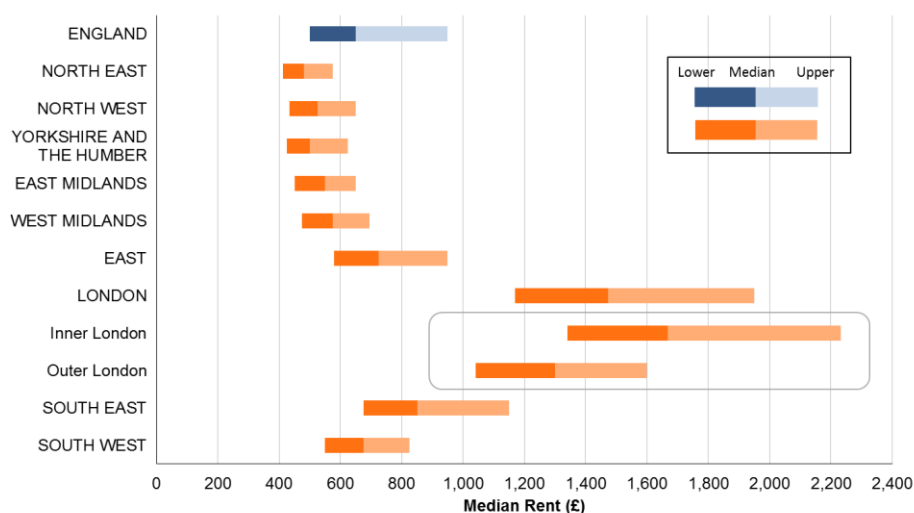
Main Findings

The median monthly rent recorded between 1 October 2015 and 30 September 2016 in England was £650.

London had the highest median monthly rent at £1,473, and the North East had the lowest median monthly rent at £480. These regions were consistently the highest/lowest across all bedroom categories, apart from Studio where the East Midlands had the lowest rents. The South East had the second highest median monthly rent, at £850.

London rents were generally much higher than rents in the other regions. London also had the largest interquartile range (middle 50 per cent of monthly rent values), with the lower quartile (lowest 25 per cent) for London being higher than the upper quartile (highest 25 per cent) for every other region.

Chart 1(a): Median and interquartile range of monthly rents by region: All bedroom categories between 1 October 2015 and 30 September 2016



Source: Private Rental Market Statistics (PRMS) Table 1.7

About this release

These statistics summarise rents paid for private properties in England only. This is based on data collected by the Valuation Office Agency to support Local Housing Allowance (LHA).

The statistics are broken down by a number of bedroom categories for each local authority in England, for the 12 months to the end of September 2016.

The data used to generate these statistics is based on a sample of rental information, collected by Rent Officers from landlords and letting agents.

The composition of this sample changes over time, therefore any differences in median rent may be due to differences in the sample rather than true changes in the rental market.

Thank you to landlords and estate agents who voluntarily provide the data that makes this release possible.

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Date of next release:
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London had the biggest variation in rental values across all bedroom categories, followed by the **South East**. Inner London had both the highest and most varied prices, followed by Outer London and then London's neighbouring regions – East and South East. It cannot be determined from the data available the extent to which variation in rental prices is due to underlying changes in the market or differences in the samples across the regions.

Across all regions, properties with more bedrooms typically had higher median rents, with the highest median rents seen in properties with four or more bedrooms. The spread of rents paid for rooms, as measured by the interquartile range, was much lower than for the other categories – around £100 per month between the lower and upper quartile compared with around £400 paid for studios, one, two and three bedroom properties.

In most regions there was a relatively small increase in median rent between each bedroom category and the next biggest category, e.g. between studio and one bedroom properties or between two bedroom and three bedroom properties. A larger difference existed between three bedroom and four or more bedroom median rents, in part due to larger properties within the latter category.

Across all bedroom categories, the range of rents paid between the median and lower quartile was much smaller than the range between the median and upper quartile. There were equal numbers of properties in each quartile, therefore this difference can be attributed to smaller variations in prices for properties at the lower-end of the market.

Definitions

Median – when a series of numbers are arranged by order of magnitude the median represents the middle value.

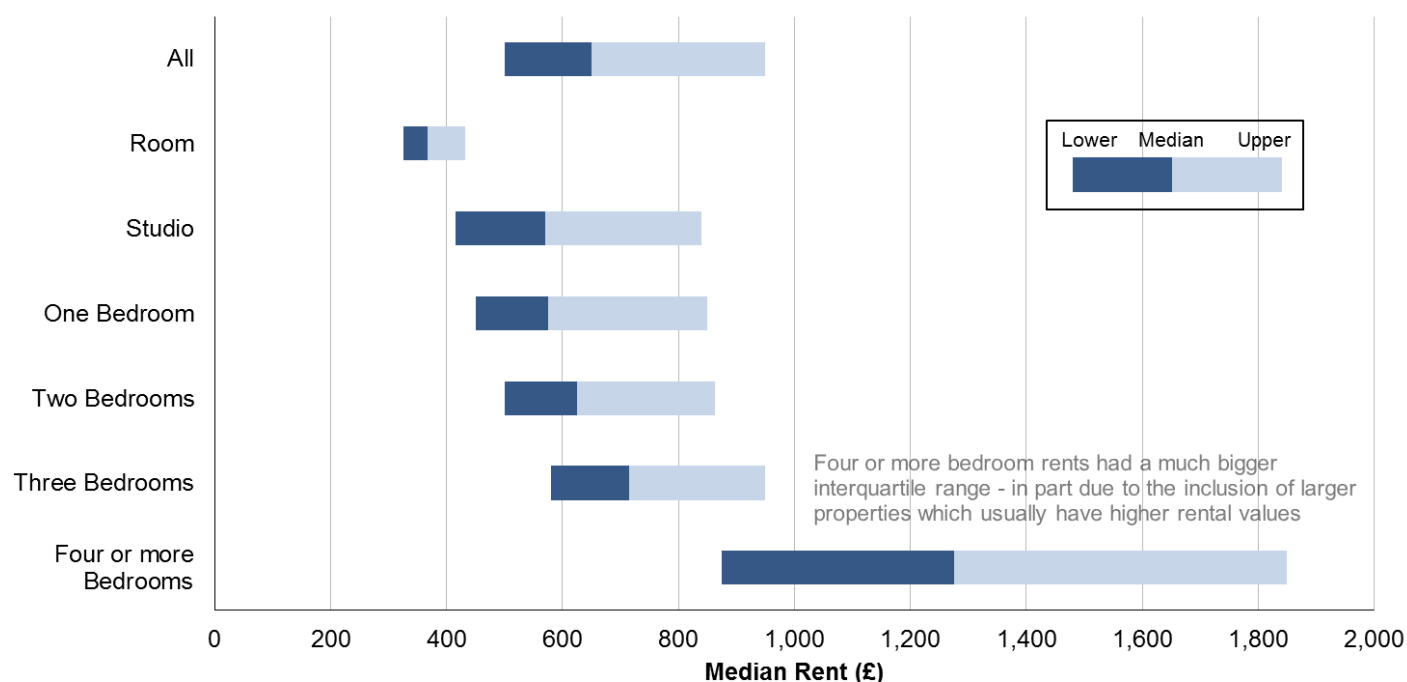
Lower quartile – when a series of values are arranged by order of magnitude the lower quartile (or 25th percentile) is the value that splits the lowest 25 per cent of the data from the highest 75 per cent.

Upper quartile - when a series of values are arranged by order of magnitude the upper quartile (or 75th percentile) is the value that splits the highest 25 per cent of the data from the lowest 75 per cent.

Interquartile range – difference between lower quartile and upper quartile, representing the middle 50 per cent of monthly rent values.

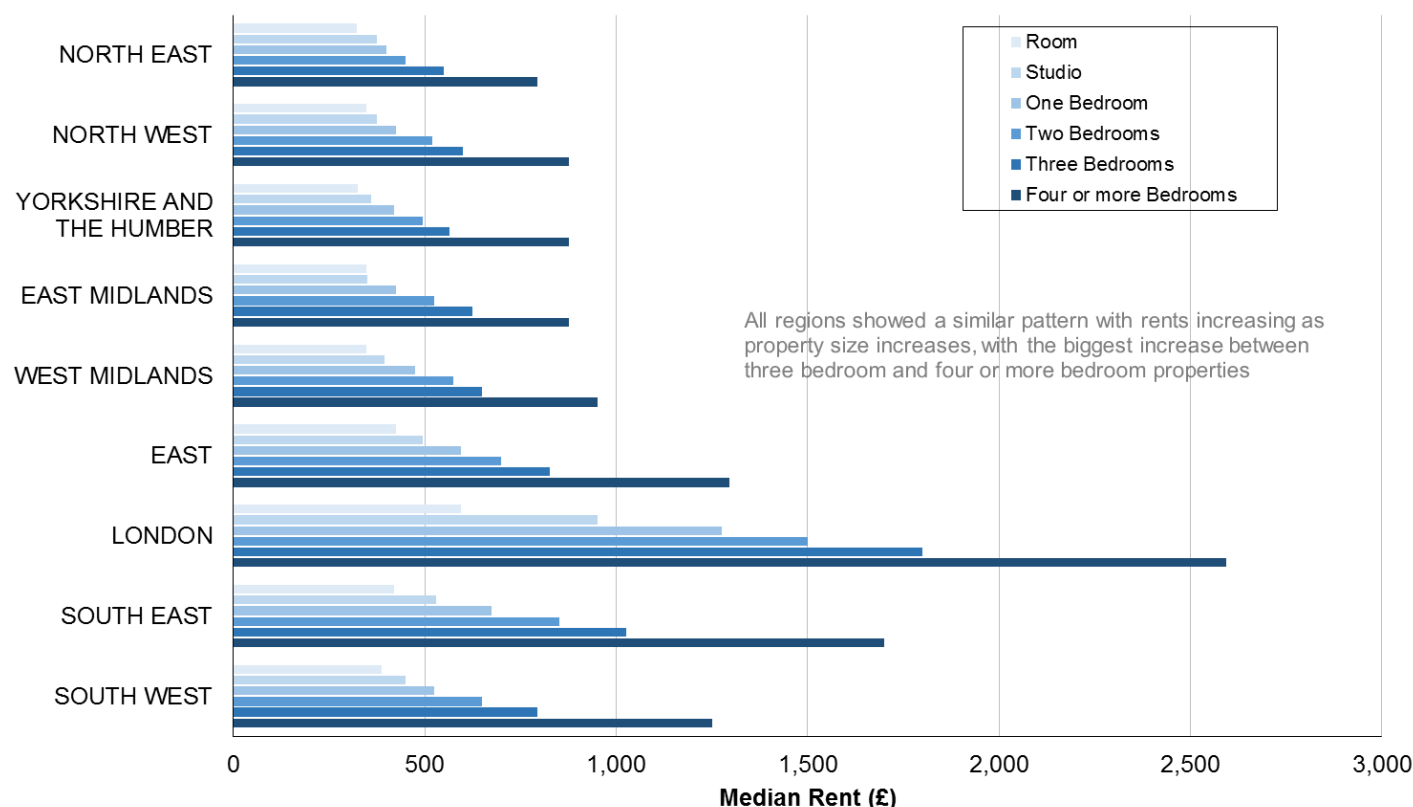
Region – a geographical unit formerly referred to as Government Office Region (GOR). From 1 April 2011 the term GOR was dropped in favour of region.

Chart 1(b): Median and interquartile range of monthly rents by bedroom category: England between 1 October 2015 and 30 September 2016



Source: PRMS Tables 1.1 – 1.7

Chart 1(c): Median monthly rents by region and bedroom category: All regions in England recorded between 1 October 2015 and 30 September 2016



Source: PRMS Tables 1.1 – 1.7

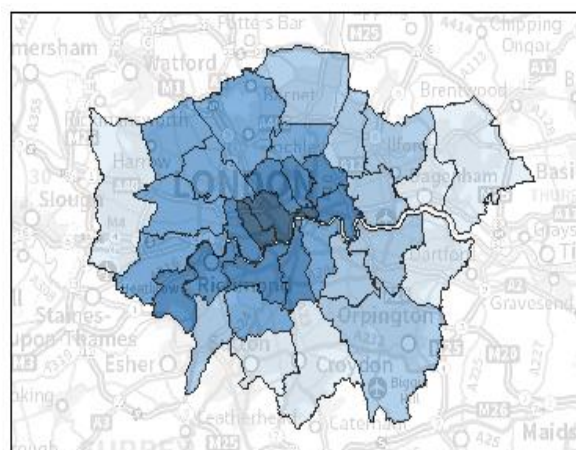
Regional Analysis

There was a varied distribution in the prices that tenants paid for private housing across regions. This section looks at London, as it had the highest rents and largest variations, and the North West, to provide a distribution comparison. There was a difference of over £1,000 in median rents between some London boroughs.

The local authority tables (Table 2.1 – 2.7) provide figures for counties and unitary authorities. Counties are further split into districts (called boroughs in London). Users should note that samples at borough/district level, even for the 'all' category can be small, therefore, the average monthly rents may be less reliable due to the sample size (See *Data Quality* section).

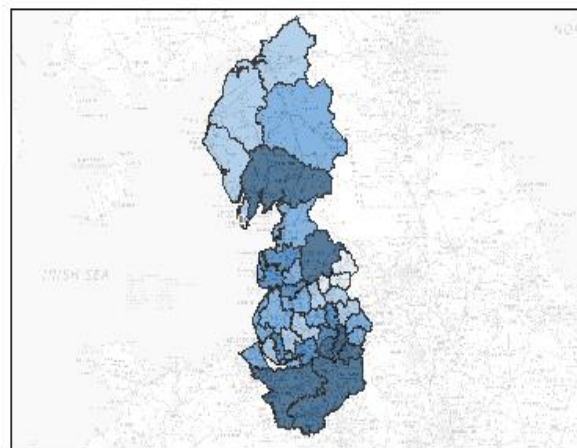
London

- In London the median rent was £1,473, with an interquartile range of £1,170 to £1,950.
- Rents were highest for Inner London where the median rent was £1,668.
 - The highest median rent for a borough was in Kensington and Chelsea (£2,492). This was also the highest rent for any borough in England.
 - The lowest median rent in Inner London was in Lewisham (£1,250).
- The median rent in Outer London was £1,300.
 - The highest median rent was in Richmond upon Thames (£1,595) and lowest median rent was in Bexley and Havering (£1,000).



North West

- In the North West the median rent was £525, with an interquartile range of £433 to £650.
- The highest median rents in a county or unitary authority were in Cheshire West and Chester UA (£600), followed by Cheshire East UA (£595).
- The metropolitan county of Greater Manchester had the highest median rent in a county (£550).
 - Within Greater Manchester, the highest median rents in a district were in Trafford (£750) and the lowest were in Wigan (£450).
 - Greater Manchester also had the largest sample size for a county or unitary authority in the North West, at 21,780.
- The lowest median rent for a district in the North West was for Burnley (£400) in Lancashire.



The maps show median monthly rents for 'All' bedroom categories within the region. The full set of maps can be found on the release page: <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2015-to-september-2016>

Background Notes

This release is for information only and should not be confused with Local Housing Allowance (LHA) rates published on [DirectGov](https://www.gov.uk) as part of VOA's statutory functions. While these statistics are derived from the same data source as LHA rates and Local Reference Rents (LRR), they are based on different categories and geographies.

Unlike the LHA rates, this release reports on the total monthly rent paid (i.e. ignoring any adjustment for services not eligible for housing benefit) and in most cases the Broad Rental Market Area (BRMA) does not match the geography of the local authority area.

There has been no new data collection for this release. All data are captured during the course of Rent Officers' statutory responsibilities to administer functions related to Housing Benefit (LHA and LRR schemes) and Universal Credit on behalf of the Department for Work and Pensions.

Although Rent Officer functions relating to Housing Benefit date back to 1989, it was the introduction of LHA in April 2008 that necessitated a much larger geographically representative data set to meet the statutory requirements for median LHA rates. Increased collection activities commenced in 2007 in preparation for the new scheme.

In order to meet this responsibility, landlords and letting agents provide VOA Rent Officers with data pertaining to the properties they let. This information is captured electronically in the VOA's lettings information database. Checks are carried out at the point of entry to ensure that any Housing Benefit funded tenancies are excluded from this database.

The Census 2011 sets the benchmark for all data collection activities and Rent Officers endeavour to collect a proportionate spread of data by property type and geographic spread.

Definitions

Local Housing Allowance (LHA) – is used to work out Housing Benefit for tenants who rent privately.

Local Reference Rents (LRR) – the mid-point between what in the Rent Officer's opinion are the highest and lowest non-exceptional rents in a given Broad Rental Market Area.

Rent Officer – a statutory officer responsible for ensuring that the lettings information collected is representative of the full range of market rents for similar properties on which a rent determination is made and to record the information that they have used on VOA's lettings database.

Broad Rental Market Area (BRMA) – a BRMA for Local Housing Allowance purposes is an area within which a person (or in the context of Local Reference Rents, a tenant of the dwelling) could reasonably be expected to live having regard to facilities and services, taking account of the distance of travel to and from those facilities and services.

Area Code – a unique identifier for administrative geographies as specified by the ONS.

Methodology

Private rental data entered into the lettings administrative information database were extracted for the 12 months to the end of September 2016. Only cases where there was sufficient evidence of a transaction taking place (i.e. a tenancy has commenced rather than an advert where a letting has not occurred yet) were included in the sample. A small proportion of data that was unconfirmed or had limited evidence was not included.

The data are broken down by administrative area and by bedroom/room category and statistics are calculated on the total monthly rents (which may include some service charges such as fuel and water). For Local Housing Allowance purposes, service charges are not included as they are ineligible for the calculation of housing benefit.

Definitions of the bedroom/room categories used are:

- **Room** – non self-contained single room with shared facilities. Includes bedsits, single rooms in a house or flat shared with other tenants, and single rooms rented from a resident landlord.
- **Studio** – self-contained single roomed property with own kitchen and bath/shower/WC facilities.
- **One to Four or more bedrooms** – self-contained properties with one to four or more bedrooms, including houses, bungalows, flats and maisonettes.

Data Quality

The statistics presented in this release represent the data collected by Rent Officers as recorded in VOA administrative systems. The sample size varies across releases and also within releases where there is variation across regions. This can be seen in Chart 2 where the largest regional sample, the South East, is more than three times the size of the smallest sample, the North East.

Furthermore, it should be noted that while Census 2011 provides a benchmark for the population of privately rented properties (see background notes), the sample of properties is not randomly selected. Results are not adjusted to produce statistics which are representative of the private rental property market in England. Housing Benefit claimants are excluded, so not all privately rented properties are represented in this sample.

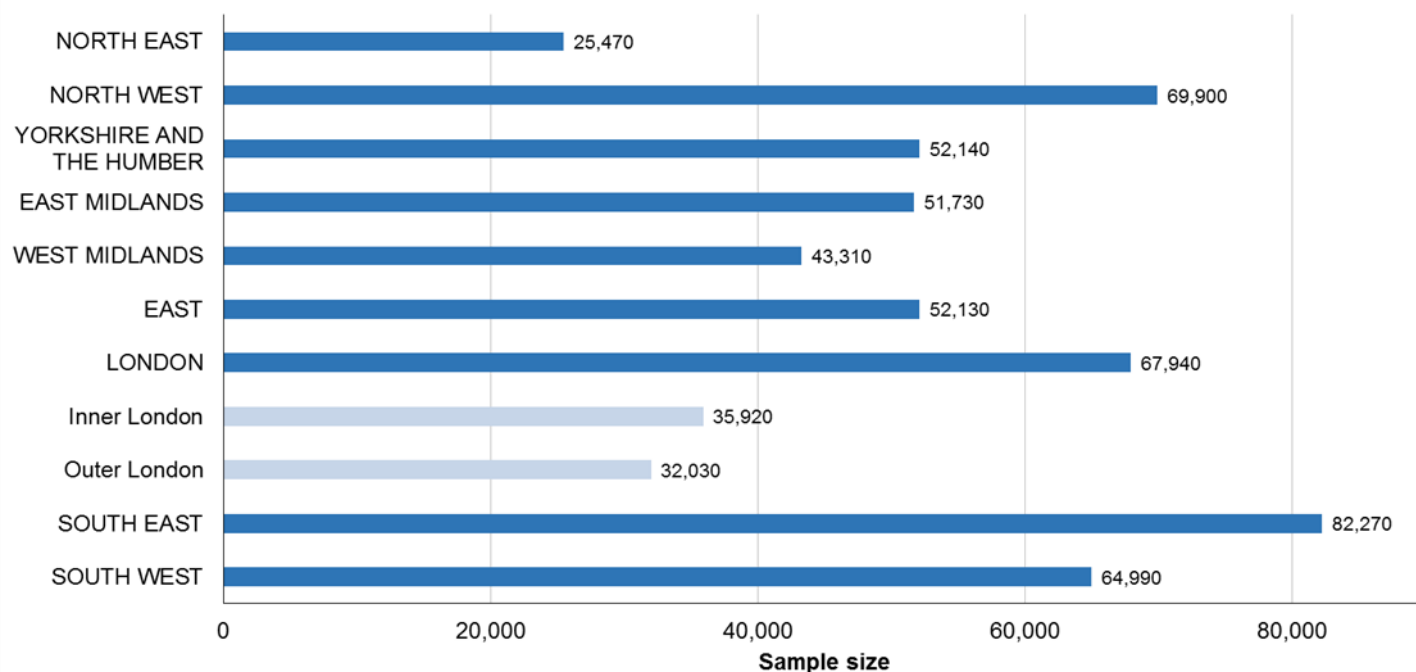
Definitions

Self-contained – where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use.

Lettings information database – the database that holds lettings information collected as part of the Valuation Office Agency's (VOA) responsibility to administer the rent officer functions related to Housing Benefit (Local Housing Allowance and Local Reference Rents) on behalf of the Department for Work and Pensions (DWP).

Local authority (LA) – a geographical unit; the lower tier of local government. This includes non-metropolitan districts, metropolitan districts, unitary authorities and London boroughs in England.

Chart 2: Regional variation in the sample size: All bedroom categories recorded between 1 October 2015 and 30 September 2016



Source: PRMS Table 2.7

As the data set used has not been drawn from a statistically designed sample, the statistics in this release should be considered as indicative only of the private rental market. In concept, the nature of the data collection means that the statistics produced on rental levels would be closer to a measure of the private rental market “stock” i.e. rents paid on average by existing as well as new tenants, although these would only be indicative because of changes in the mix or quality of properties e.g. moves from older properties to new purpose-builds. The statistics give no measure of the “flow” i.e. the price paid by tenants for properties coming into the market for the first time.

In order to mitigate some of the effects of these problems and to avoid disclosure of personal information, we have made the judgement to suppress statistics derived from samples containing fewer than five records. We have removed around 330 cases (0.06 per cent) from the data set as there was insufficient information to assign them to a suitable bedroom/room categories. All rental values have been rounded to the nearest pound.

Other private rental market statistics

There are a number of other sources publically available on the private rental market in the UK. These include:

- Index of Private Housing Rental Prices (IPHRP)
- Rental component of the CPI and CPIH (Consumer Prices Index with owner occupied housing costs)
- Private Rental Market Statistics for Scotland
- Private Rental Sector Rents for Wales
- Family Resources Survey (FRS)
- Northern Ireland Family Resources Survey
- English Housing Survey (EHS)
- Living Costs and Food Survey (LCF)

The Office for National Statistics (ONS) use the VOA’s lettings data to produce CPIH and IPHRP. IPHRP measures the changes in prices tenants face to rent residential property from private landlords. It is produced using different methodology which allows prices to be compared year-on-year. These differences

in methodology make the potential for comparison between IPHRP and Private Rental Market Summary Statistics (PRMS) limited. The price indices data the VOA provides to ONS (known as 'elementary aggregates') undergo a complex process to ensure there is a matched sample of comparable properties month-to-month during the year. This is consistent with the CPI methodology. The PRMS are designed to provide a 'snap shot' of the rental market for the last 12 months with no attempt made in the current methodology to reflect the changing composition of the underlying data (see Further Information section).

ONS has published an article comparing measures of private rental growth in the UK. This includes a section on the differences between PRMS and IPHRP and a link to a technical document 'Explaining Private Rental Growth' giving more details on methodological differences. The article can be found at <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/comparingmeasuresofprivaterentalgrowthintheuk/2016>

The Scottish Government publish PRMS for Scotland, although it should be noted there are some differences which may affect any comparisons. In particular, rent for room-only shared properties is presented as net rather than including any shared services, and properties with five or more bedrooms are excluded. Further information can be found at: <http://www.gov.scot/Publications/2016/11/3295>

The Welsh Government publish PRMS for Wales and, like VOA's PRMS, they are based on transactional data collected by rent officers. Further information can be found at: <http://gov.wales/statistics-and-research/private-sector-rents/?lang=en>

The latter four data sources mentioned above are household surveys which take an average of rents reported by respondents in the year and do not show the actual transacted price paid by a tenant.

Further Information

For further information on the area codes used in this release please refer to information about administrative areas on the ONS website: <http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/best-practice-guidance/presentation-order-guidance/administrative-areas/index.html>.

Geographic Maps

A total of 70 maps have been published by VOA to accompany this release. These illustrate PRMS by region and bedroom category. The complete set of maps can be found on the release page: <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2015-to-september-2016>

The ranges for the maps are produced using 'natural breaks'; a method that separates values into groups which are naturally present in the data. Similar values are gathered together in such a way that the differences between groups are maximised.

VOA user engagement exercise

The VOA ran a user engagement exercise on the future design of its PRMS. This was in the form of a short user survey, which asked questions regarding how PRMS is used, perceived limitations and strengths and how users would like to see the statistics developed, including on the frequency of their release and the level of detail required. The survey closed on 20 April 2016 and a summary of the results was published on 22 July 2016: <https://www.gov.uk/government/statistics/private-rental-market-statistics-user-engagement-questionnaire-results>

A follow-up face to face consultation event was held on 26 September 2016. A summary of the event is available here: <https://www.gov.uk/government/collections/private-rental-market-statistics>

This is part of the VOA's ongoing methodological review aiming at improving the quality of the PRMS and will be used to inform future work. The results of the user engagement work will be used to inform decision making about future changes and improvements to the PRMS release.