



# Rental Index

February 2021



Let Alliance Rental Index provides comprehensive and up to date data on new tenancies in the UK. Data is gathered from our tenant referencing service, including the rental amounts agreed, the number of tenants moving into the property together with the employment status, income and age of all tenants. The trends reported within the Let Alliance Rental Index are brand new tenancies which were arranged in the most recent period, giving the most relevant insight into changes in the Private Rented Sector.

## Industry Insight From Andy Halstead, Group CEO

**Commenting on the data, Andy Halstead HomeLet and Let Alliance CEO said:** “Those in the lettings sector warned of the Tenants Fees Act’s unintended consequences, along with the impact of the continued assault on landlords through policies that disincentives property investment. We’ve seen the volume of UK landlords dip, whilst supply from tenants has continued to grow. Landlords have to charge more to cover their essential costs, including professional letting agents’ valued services. Ultimately this pushes increased rents back on to tenants, the same group who supposedly should have benefited from legislation like the Tenants Fees Act.”

“The situation with COVID is only making this trend much more pronounced. We have high demand areas where stock levels have remained flat or even declined because tenants want to rent for longer and fewer landlords are investing in property.

### **Property owners are facing increased risks**

“Landlords face the genuine prospect that rent arrears will increase whilst the time to obtain vacant possession is climbing. As the UK’s National Rent Protection Scheme provider, we’ve seen an exceptional demand for our insurances that cover missed rental payments and legal costs.

“We only provide cover through professional letting agents, with the economic outlook so uncertain for many tenants; I’d strongly urge any landlords to consider their insurance needs and contact their managing agent before it’s too late.”

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### **Commenting on the impact of Government policy on the sector, Andy continued:**

“With almost 1 in 5 people living in the private rented sector, it plays a critical role in the UK’s housing supply chain. Tenants should have the ability to rent a property at a reasonable price, whilst landlords and letting agents shouldn’t have to live in fear of future Government policy. The continual raft of legislation seemingly favouring tenants or only pushing homeownership to capture the popular vote needs to stop. The Government needs to listen to the lettings industry’s experience; landlords and letting agents want good tenants with a fair balance between all parties’ rights.”



## Key headlines

The UK's average rent is now £984, showing a 3% increase on last year (£955).

When London is excluded, the UK's average rent is £840, showing an increase of 6.2% on last year (£791).

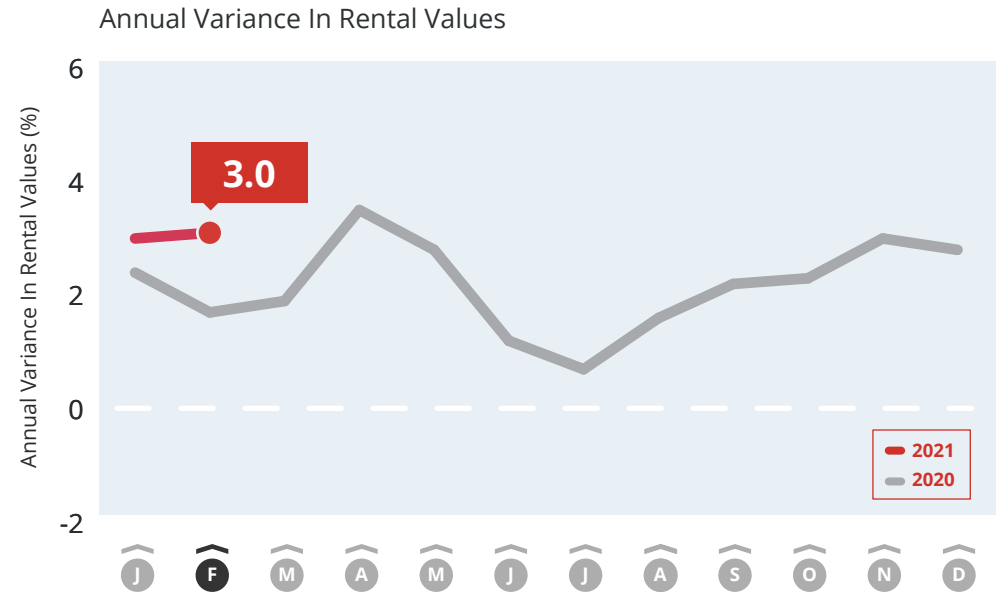
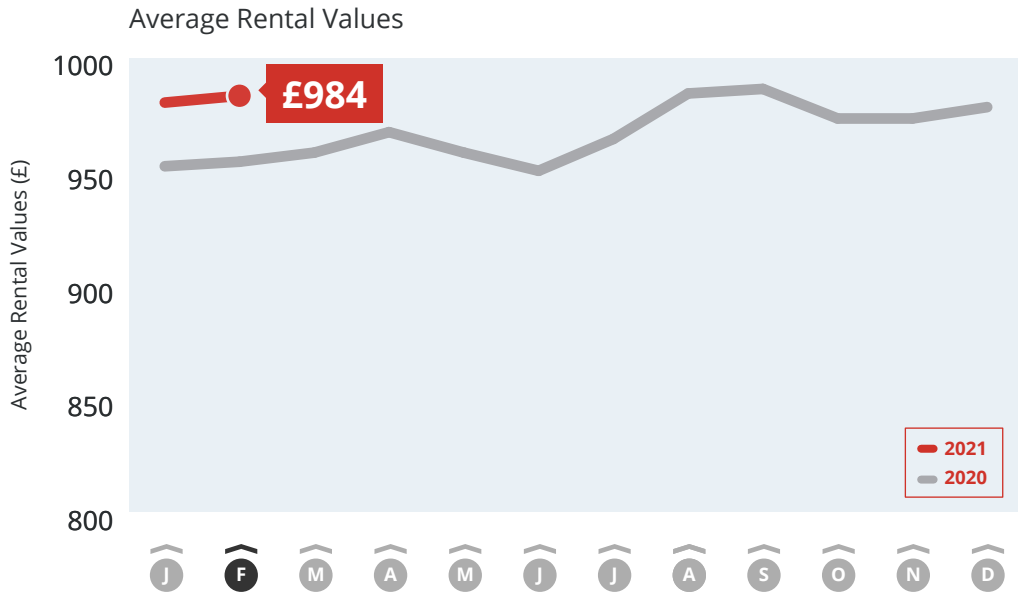
Ten of the 12 regions monitored showed a YOY increase in rental values. Six of the regions showed an increase of over 5%.

11 of the 21 London borough groupings showed a YOY decrease in rental values against last year.

The average annual rental cost is now £11,808 per year for the 4.44m households who rent in the UK; this represents over £52bn per year in rental payments.

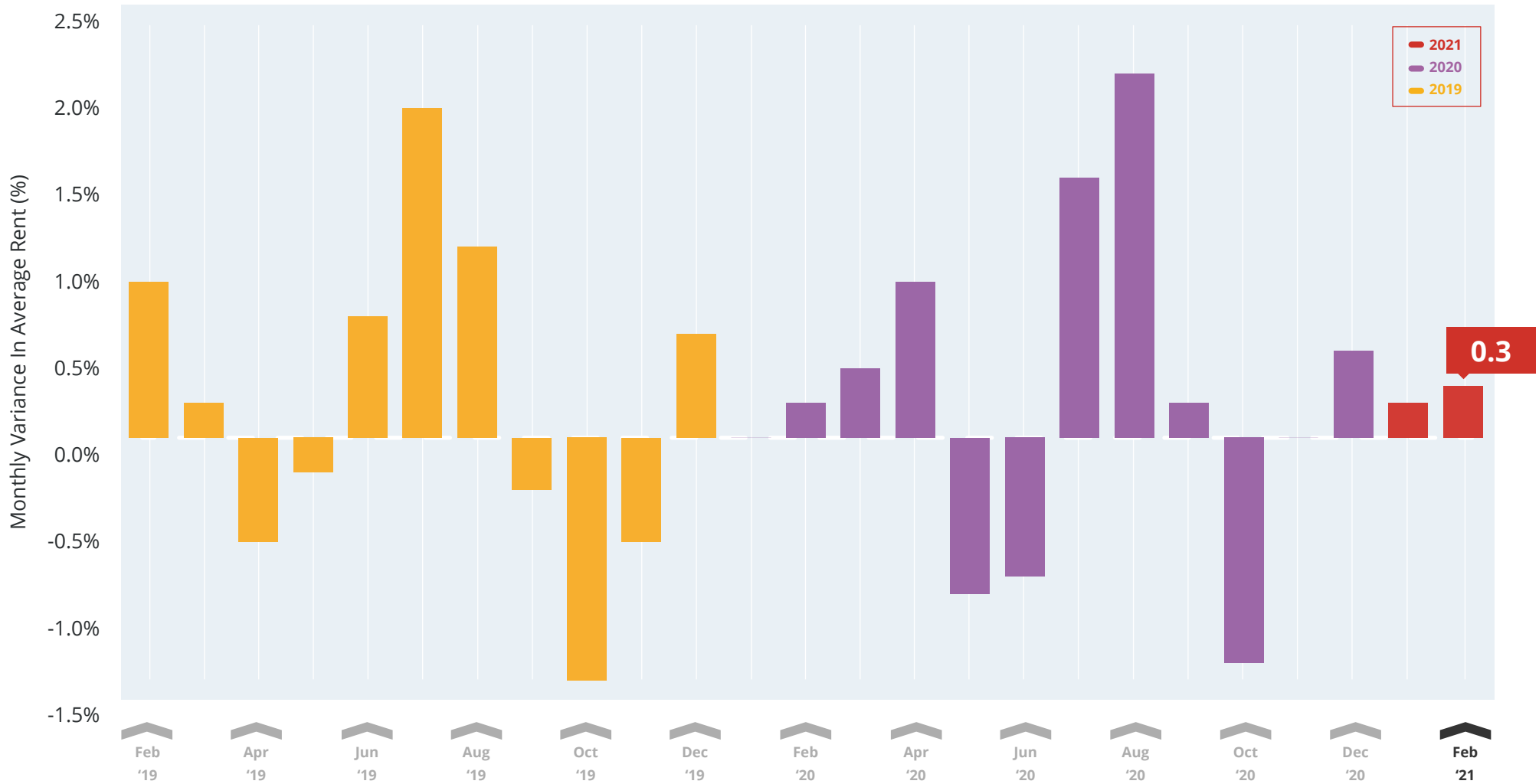
Let Alliance protect over 100,000 UK properties through their National Rent Protection Scheme, which is only available to landlords through professional letting agents.

# Average rental values in the UK



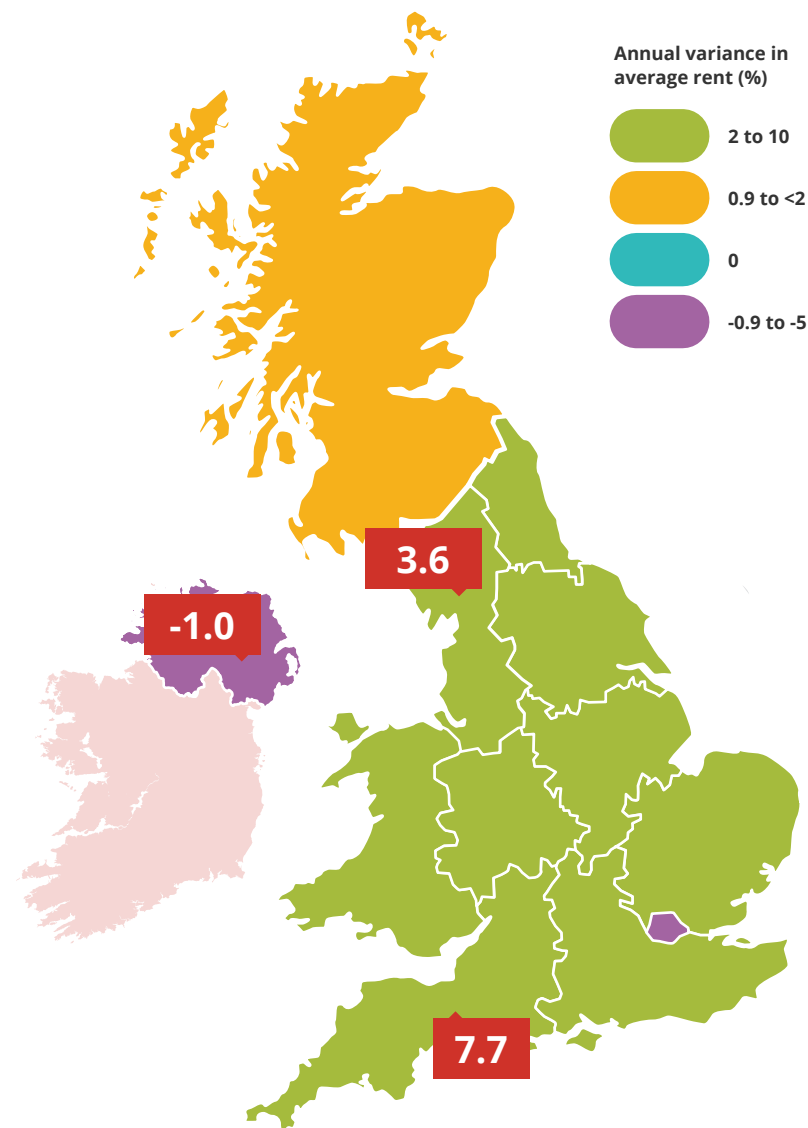
When London is excluded, the UK's average rent is £840, showing an increase of 6.2% on last year (£791).

Monthly Variance In Average Rent In The UK

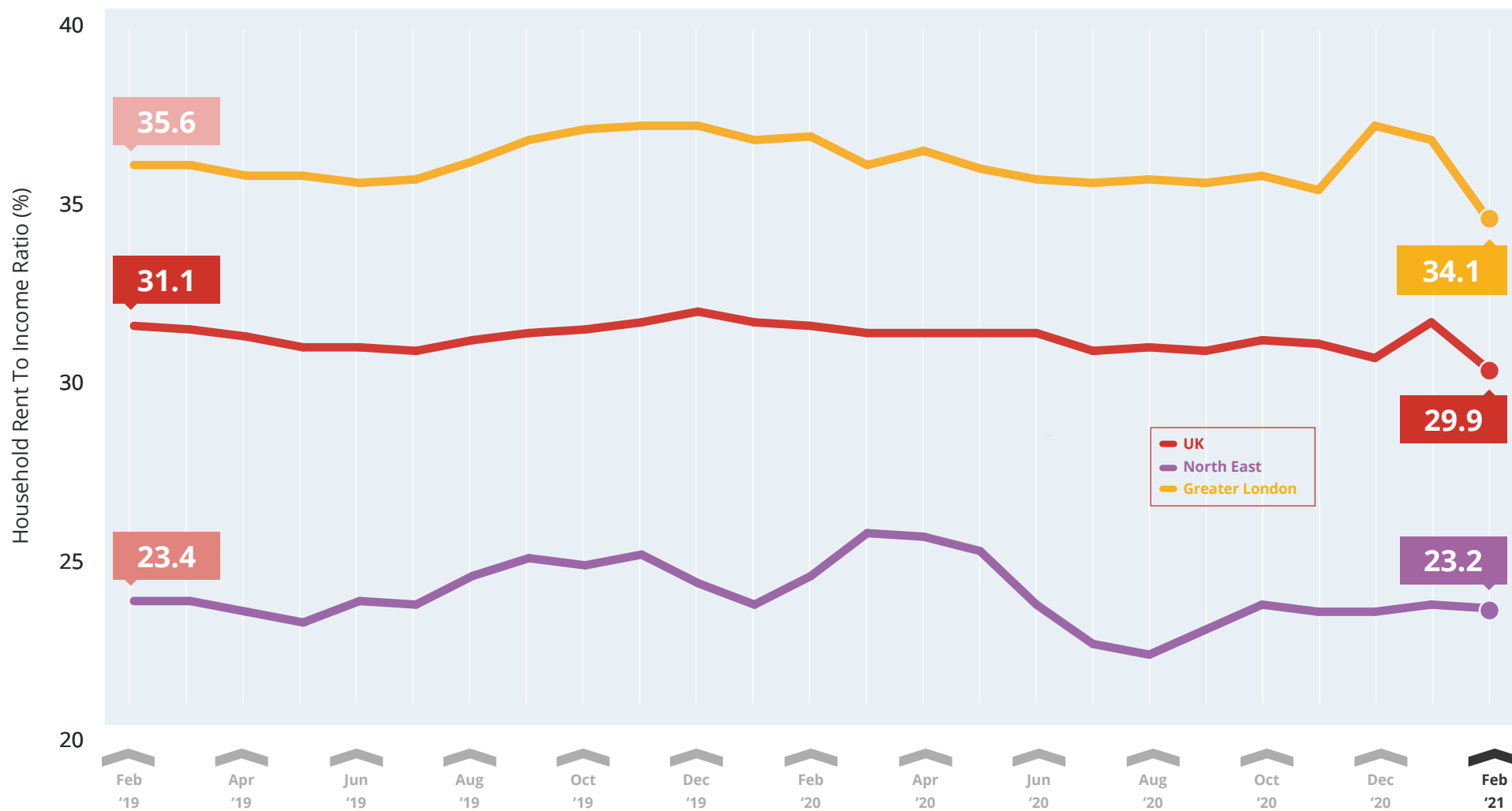


# UK regional breakdown

Region	Feb '21	Jan '21	Feb '20	Monthly var.	Annual var.
South West	£914	£919	£849	-0.5%	7.7%
East Midlands	£704	£698	£651	0.9%	8.1%
Wales	£673	£675	£650	-0.3%	3.5%
North West	£782	£775	£755	0.9%	3.6%
East Of England	£978	£979	£916	-0.1%	6.8%
West Midlands	£749	£741	£708	1.1%	5.8%
Yorkshire & Humberside	£680	£680	£645	0.0%	5.4%
South East	£1,087	£1,094	£1,018	-0.6%	6.8%
Scotland	£678	£683	£672	-0.7%	0.9%
North East	£542	£540	£517	0.4%	4.8%
Northern Ireland	£662	£648	£669	2.2%	-1.0%
Greater London	£1,572	£1,563	£1,650	0.6%	-4.7%
UK	£984	£981	£955	0.3%	3.0%
UK exc. Greater London	£840	£839	£791	0.1%	6.2%

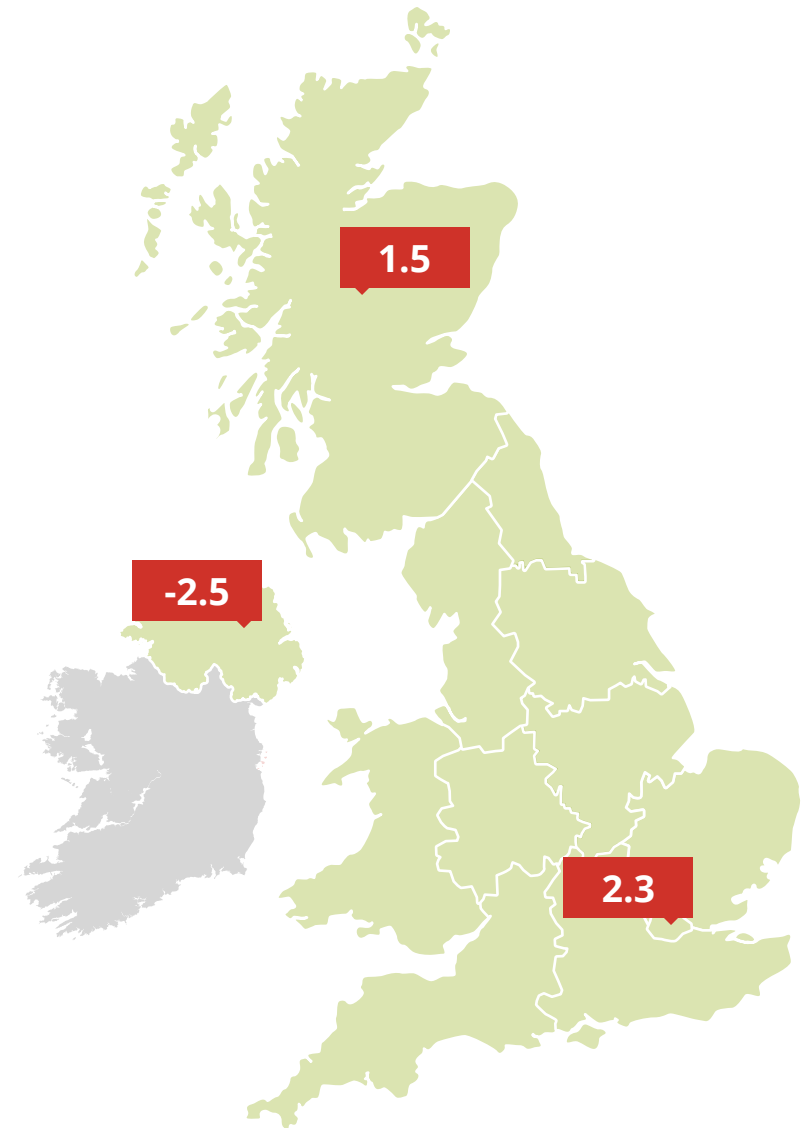


# Household rent to income ratio in the UK



# Household rent to income ratio by region

Region	Feb '20	Feb '21	Variance (Points)
UK	31.1 %	29.9 %	1.2%
UK Ex London	29.6 %	28.7 %	0.9%
North East	24.1 %	23.2 %	0.9%
North West	28.7 %	27.9 %	0.8%
Yorkshire and Humberside	26.5 %	26.6 %	-0.1%
East Midlands	29.0 %	28.4 %	0.6%
Wales	29.4 %	28.8 %	0.6%
South West	32.6 %	31.9 %	0.7%
South East	31.4 %	29.9 %	1.5%
London	36.4 %	34.1 %	2.3%
East Of England	30.5 %	30.0 %	0.5%
West Midlands	29.0 %	28.1 %	0.9%
Scotland	27.1 %	25.6 %	1.5%
Northern Ireland	27.0 %	29.5 %	-2.5%

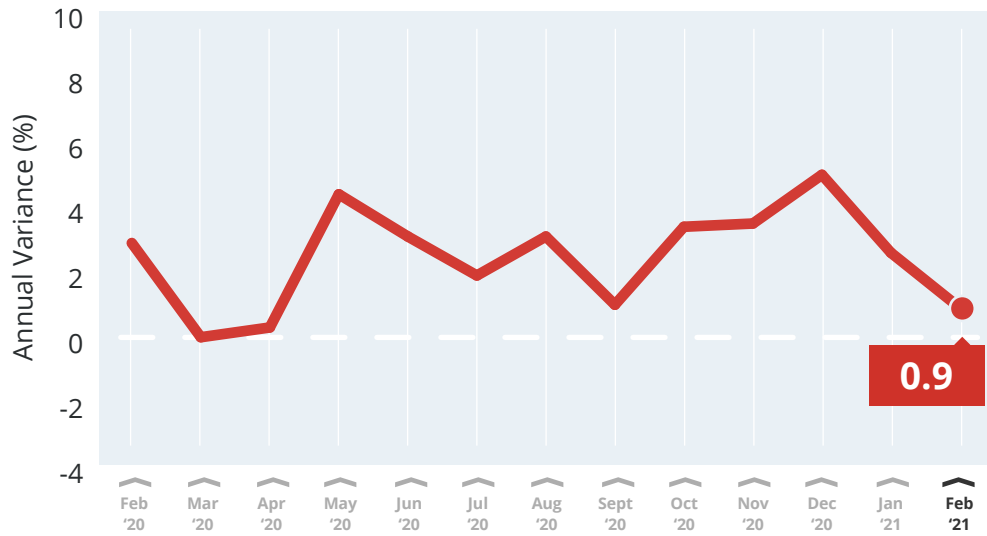


› The data displayed below looks at the average gross household income per property against the average total rental value per property.

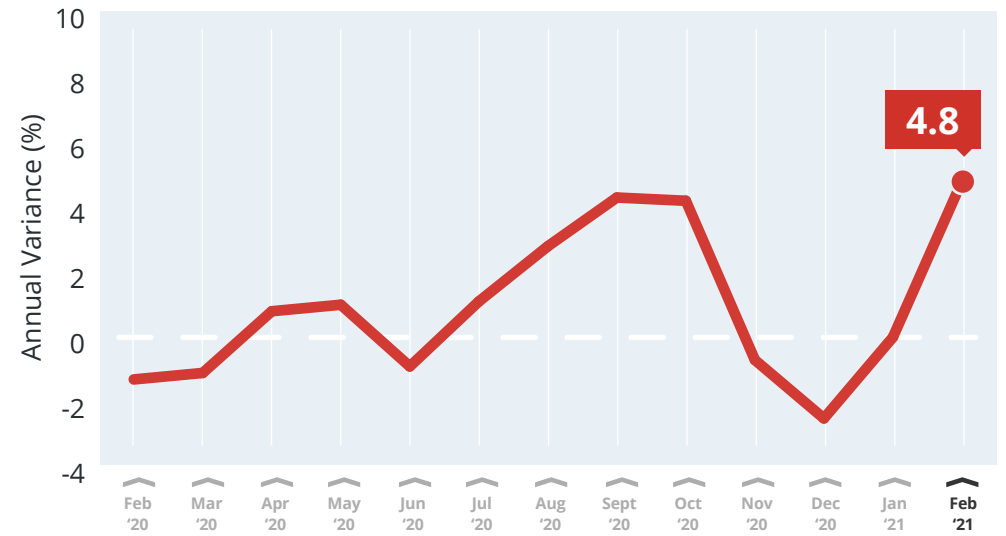


# Annual variance in average rental values by region

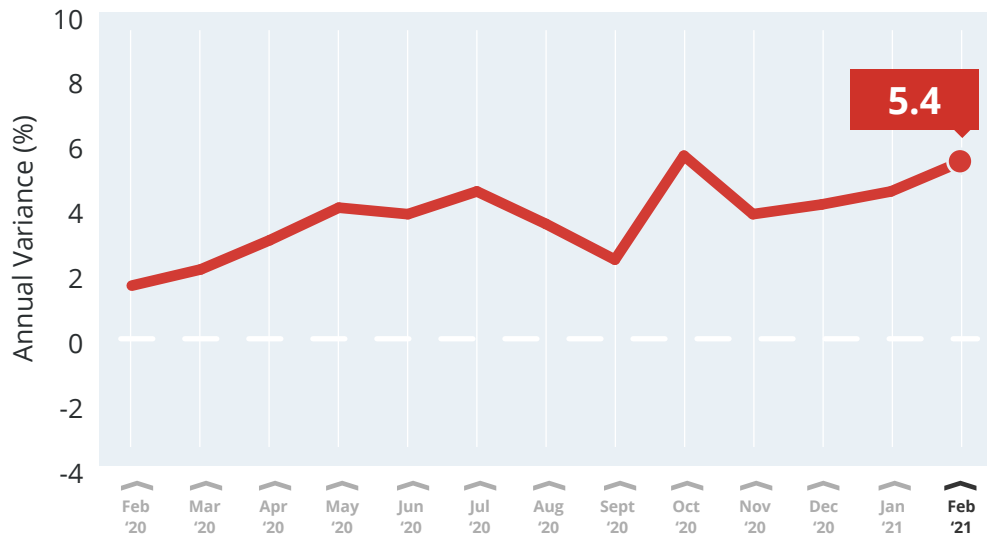
Scotland



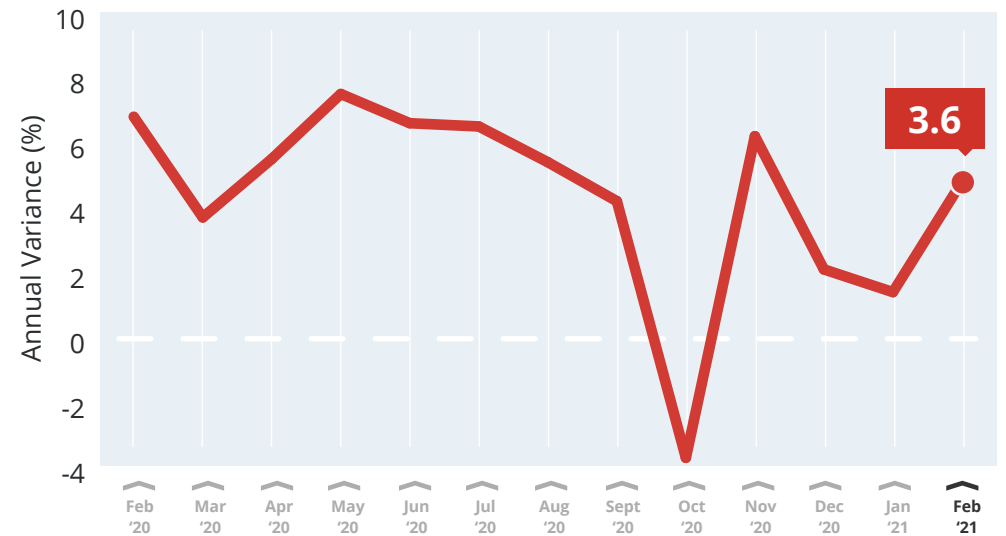
North East



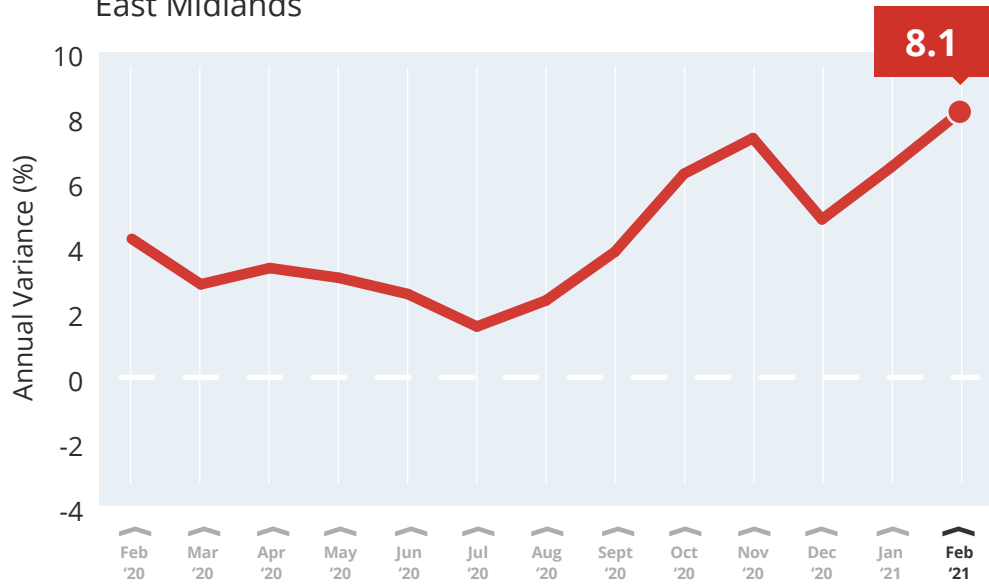
Yorkshire And The Humber



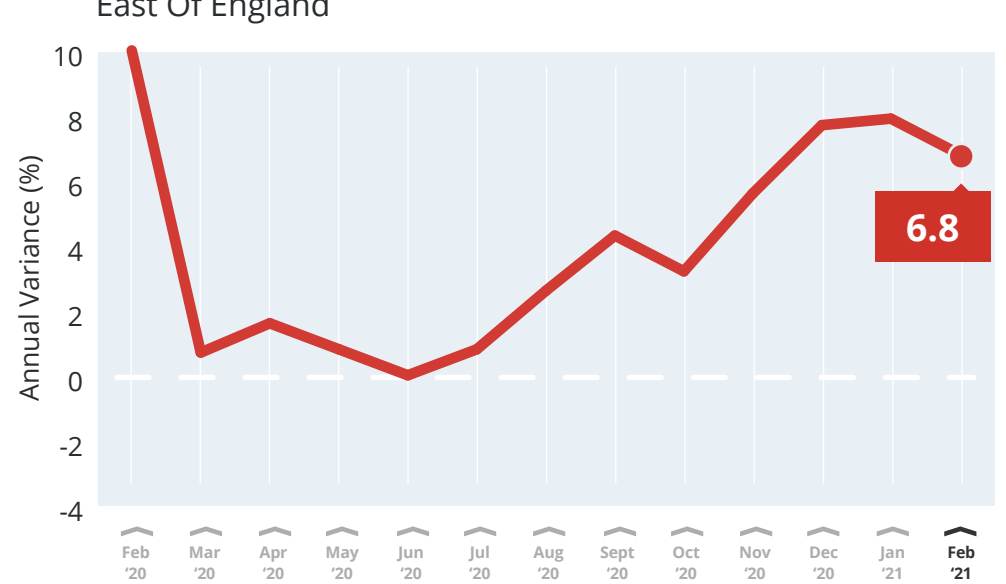
North West



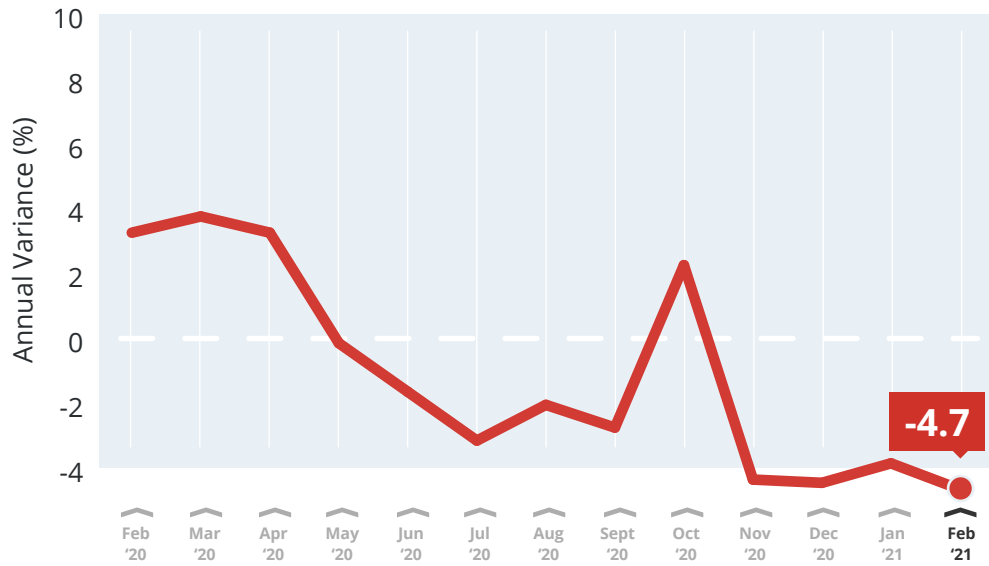
East Midlands



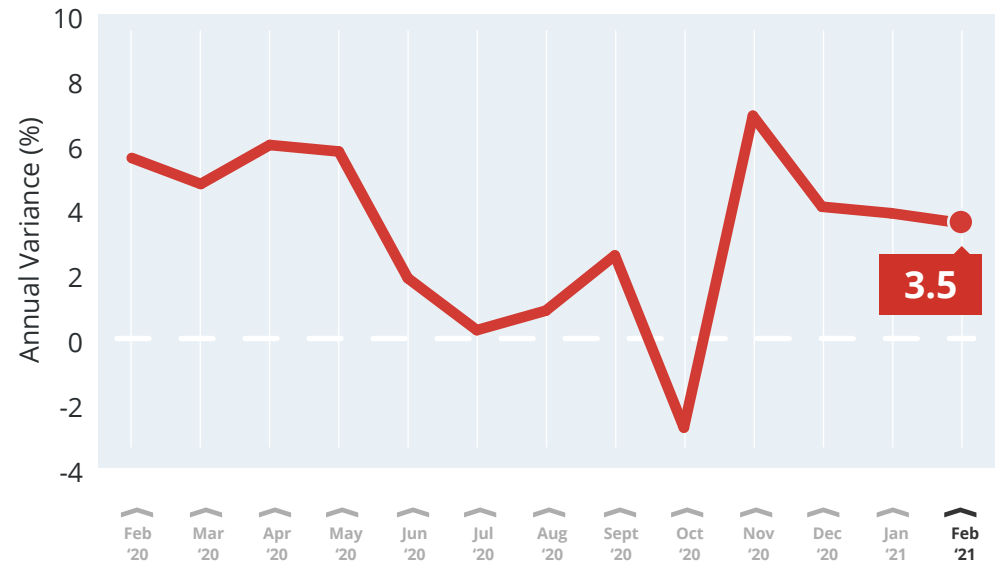
East Of England



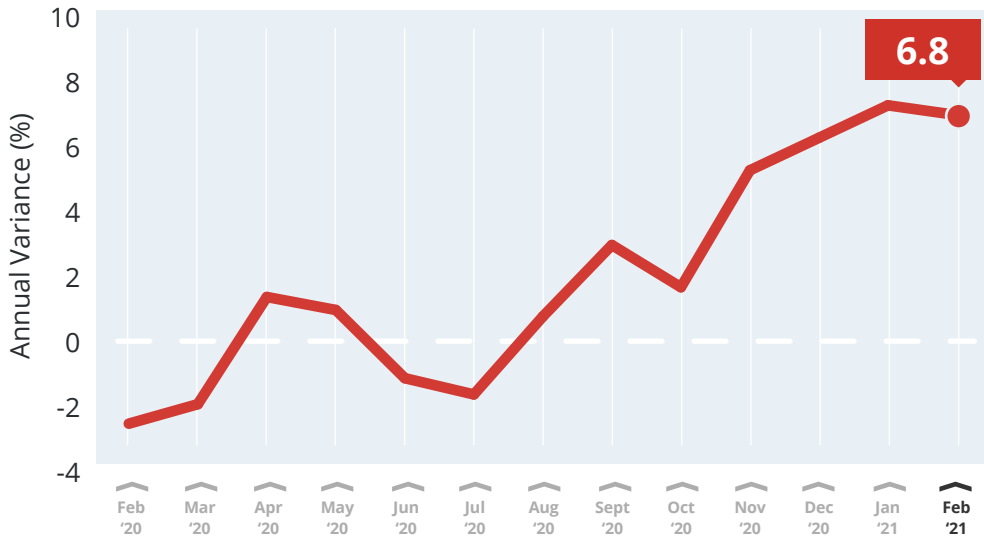
Greater London



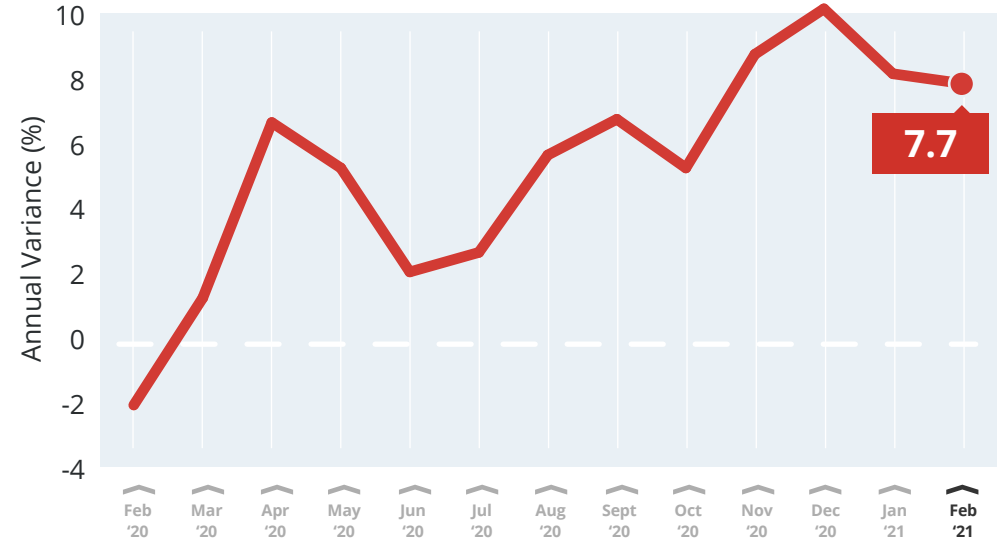
Wales



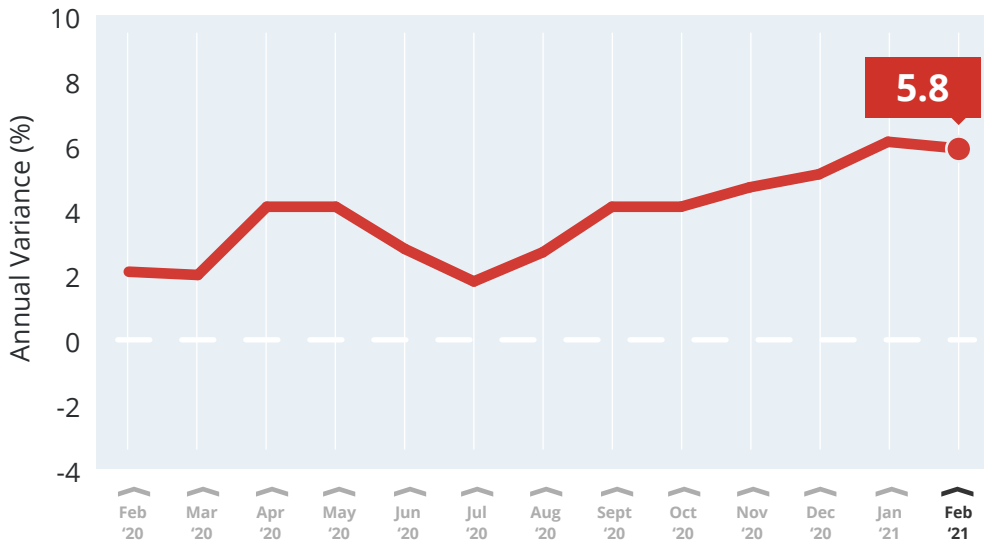
South East



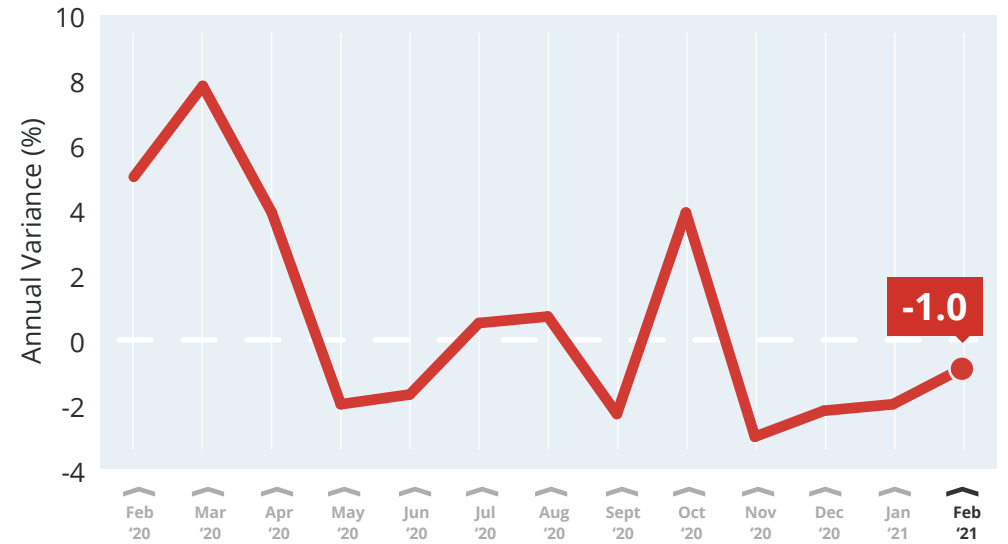
South West



West Midlands

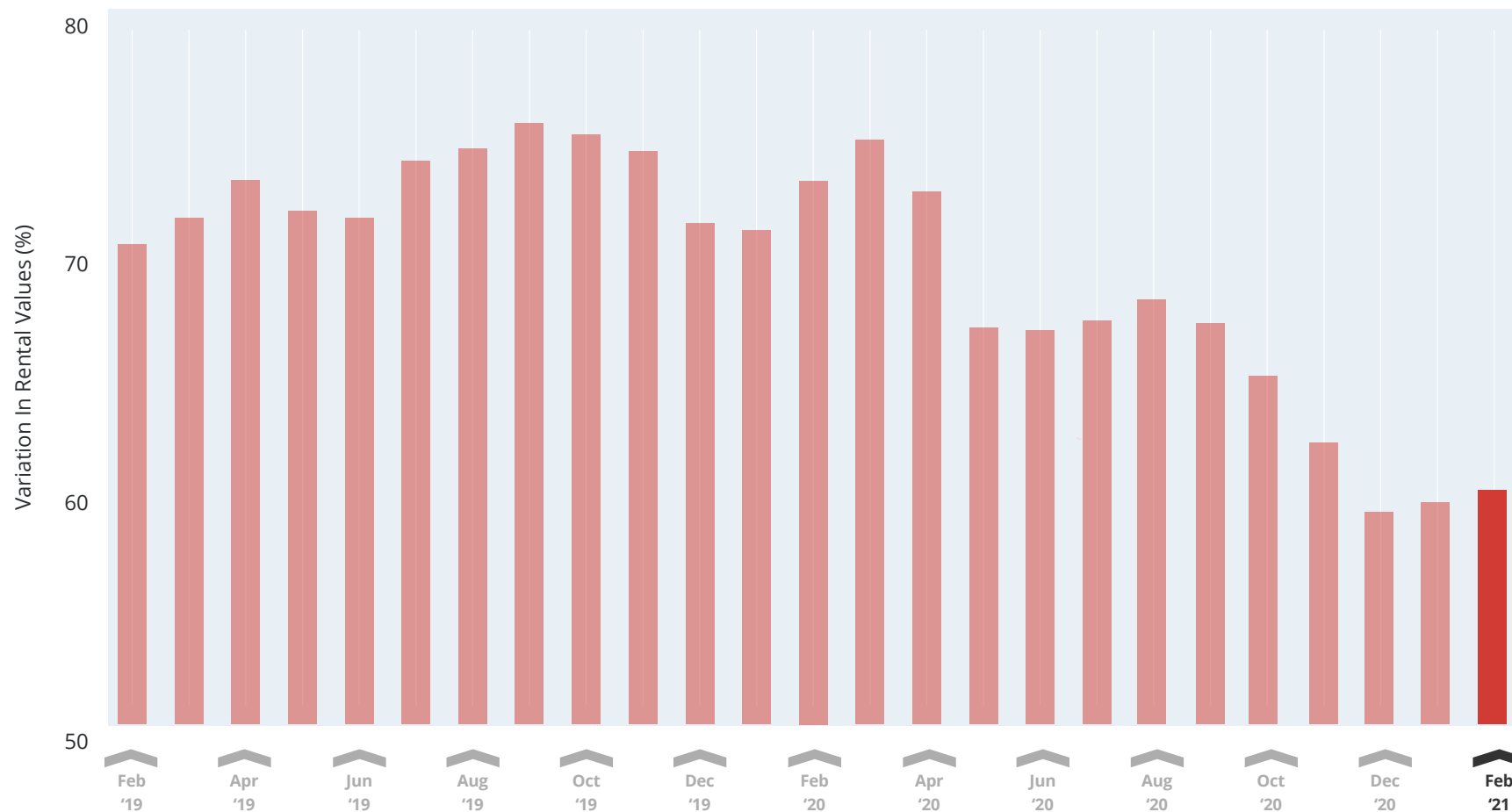


Northern Ireland



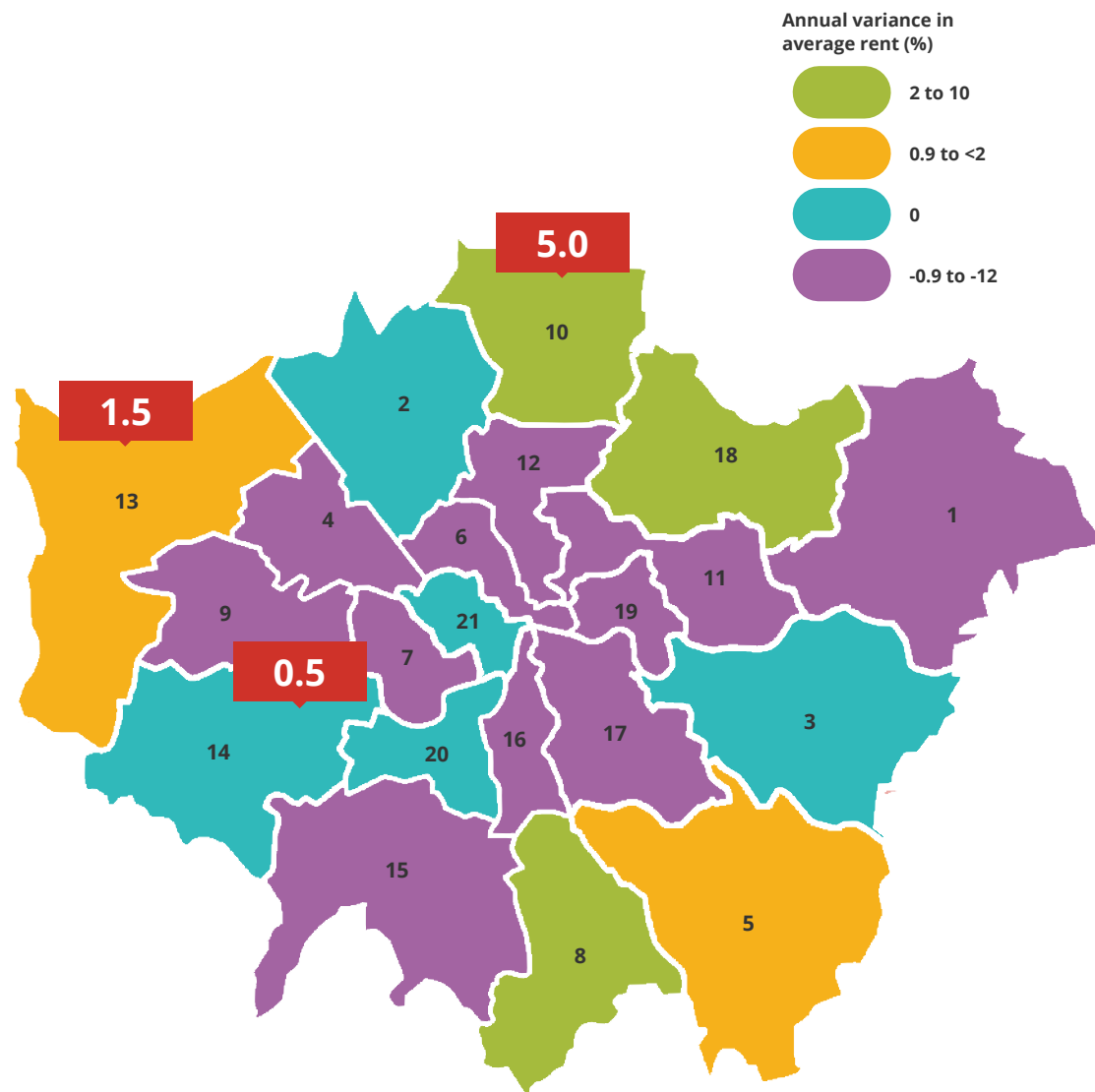
# Greater London vs. the UK

Monthly Variation Between Greater London Rental Prices And The Uk Average



# Greater London by borough

Region	Feb '21	Jan '21	Feb '20	Monthly var.	Annual var.
1 Barking, Dagenham and Havering	£1,258	£1,288	£1,294	-2.3%	-2.8%
2 Barnet	£1,562	£1,566	£1,556	-0.3%	0.4%
3 Bexley and Greenwich	£1,356	£1,380	£1,351	-1.7%	0.4%
4 Brent	£1,523	£1,563	£1,545	-2.6%	-1.4%
5 Bromley	£1,417	£1,448	£1,399	-2.1%	1.3%
6 Camden, City of London	£1,775	£1,795	£2,167	-1.1%	-18.1%
7 Hammersmith, Fulham, Kensington and Chelsea	£1,976	£1,906	£2,029	3.7%	-2.6%
8 Croydon	£1,126	£1,092	£1,070	3.1%	5.2%
9 Ealing	£1,421	£1,497	£1,481	-5.1%	-4.1%
10 Enfield	£1,614	£1,595	£1,537	1.2%	5.0%
11 Hackney and Newham	£1,448	£1,424	£1,564	1.7%	-7.4%
12 Haringey and Islington	£1,556	£1,534	£1,786	1.4%	-12.9%
13 Harrow and Hillingdon	£1,380	£1,392	£1,360	-0.9%	1.5%
14 Hounslow and Richmond upon Thames	£1,525	£1,481	£1,518	3.0%	0.5%
15 Merton, Kingston upon Thames and Sutton	£1,338	£1,334	£1,378	0.3%	-2.9%
16 Lambeth	£2,065	£1,999	£2,208	3.3%	-6.5%
17 Lewisham and Southwark	£1,549	£1,555	£1,737	-0.4%	-10.8%
18 Redbridge and Waltham Forest	£1,304	£1,260	£1,269	3.5%	2.8%
19 Tower Hamlets	£1,506	£1,513	£1,877	-0.5%	-19.8%
20 Wandsworth	£1,815	£1,820	£1,806	-0.3%	0.5%
21 Westminster	£2,251	£2,273	£2,248	-1.0%	0.1%



› This section looks at the average rental values for new tenancies for the boroughs of London.

The annual variance compares February 2020 with February 2021.

## Greater London ranked by borough

### London Boroughs With The Highest Average Rent In Feb '21

London Borough	Avg. Rent Feb '21
Westminster	£2,251
Lambeth	£2,065
Hammersmith, Fulham, Kensington and Chelsea	£1,976
Wandsworth	£1,815
Camden, City of London	£1,775

### London Boroughs With The Lowest Average Rent In Feb '21

London Borough	Avg. Rent Feb '21
Croydon	£1,126
Barking, Dagenham and Havering	£1,258
Redbridge and Waltham Forest	£1,304
Merton, Kingston upon Thames and Sutton	£1,338
Bexley and Greenwich	£1,356

### London Boroughs With The Highest Annual Variance In Average Rent

London Borough	Annual variance
Croydon	5.2%
Enfield	5.0%
Redbridge and Waltham Forest	2.8%
Harrow and Hillingdon	1.5%
Bromley	1.3%

### London Boroughs With The Lowest Annual Variance In Average Rent

London Borough	Annual variance
Tower Hamlets	-19.8%
Camden, City of London	-18.1%
Haringey and Islington	-12.9%
Lewisham and Southwark	-10.8%
Hackney and Newham	-7.4%



**£1.25 Billion**

Our Rent Guarantee cover provides protection for over £1.25bn in rental payments.

**1,000,000**

Our mission is to protect 1 million properties managed by the UK's Professional Letting Agents.

The UK's  
**Largest Trusted Rent Guarantee scheme**

# New Rent Guarantee launched

## Designed for professional letting agents

- ✓ Missed rental payments until vacant possession of the property or for up to **15 months** (up to a maximum of **£50,000**), whichever comes first.
- ✓ Legal expenses cover up to **£100,000**, double the previous cover level.
- ✓ **75% of rent paid for up to 3 months** after Vacant Possession – From April 2021.
- ✓ Cover should a tenant defend the action taken, which means that **we'll continue to pay the claim** until the challenge has been resolved (subject to policy terms).



## About Let Alliance

Let Alliance provide specialist services supporting the private rental sector. Offering market-leading referencing and insurance services as well as bespoke products for letting agents, tenants, and landlords.

## About the Rental Index

The index and average prices are produced using the Barbon Insurance Group 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 Barbon Insurance Group 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 Rental Index is aggregated to regional, county and city level only. This ensures that all property or individual records remain strictly anonymous.

The 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 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.

Let **Alliance** 