



Rental Index

June 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 latest data, Andy Halstead, HomeLet & Let Alliance Chief Executive Officer, said:

“Throughout the Coronavirus pandemic, the government rightly took measures to protect tenants but didn’t go far enough to balance the protection for landlords. It’s a continuation of the theme that we’ve seen for many years, with landlords being penalised by higher taxes and increased complexity in obtaining possession of their properties.

“In simple terms, increased costs for landlords mean increased costs for tenants. Some landlords have exited the market whilst the stamp duty holiday has stimulated the sales market, impacting the stock level. These are all factors driving an increase in rental values for new tenancies, which are way above the rate of inflation.

“The private rented sector plays a critical role in the UK’s housing market. As restrictions begin to ease, the flexibility

provided by rentals will be crucial to mobility across the UK and as a means to access affordable housing that fits the varying needs of a diverse range of tenants.

“The sector works best when there’s a mutual balance between tenants, landlords and letting agents. The government can’t treat the rental market as an afterthought. Policies that solely focus on homeownership will only deepen the issues in the UK’s housing market.

“Some people might be shocked to see the average UK rental price tip over the £1,000 mark, yet supply and demand dynamics will only continue to drive rental prices upwards for the rest of the year, and we’ll see more records broken in 2021.”

Commenting specifically on London, Halstead said:

“The impact of Brexit on international tenants has been exacerbated by the pandemic, noticeably in London. Positively, this month we can see the demand for rental properties in London growing, not only through the increase in rents but also the volume of new lets that we’ve seen in the Capital.

“After a year where demand and rental values have dipped, we can expect to see growth again as the impact of the pandemic gradually subsides.”

“**In simple terms, increased costs for landlords mean increased costs for tenants.**”



Key headlines

The average rent in the UK is now at a record high of **£1,007**, up 5.9% on the same time last year, and up a massive 7% on this time two years ago.

London sees the first price increase for over eight months, with an annual variance increase of 1.5% to **£1,607 PCM**. However, the price is still lower than pre-COVID, as the average was **£1,611 PCM** back in June 2019.

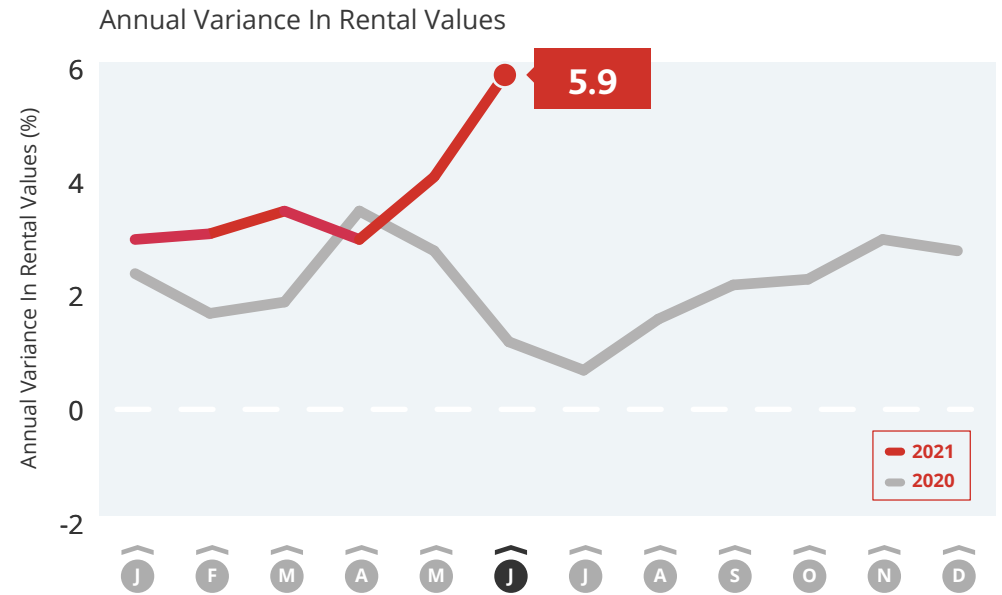
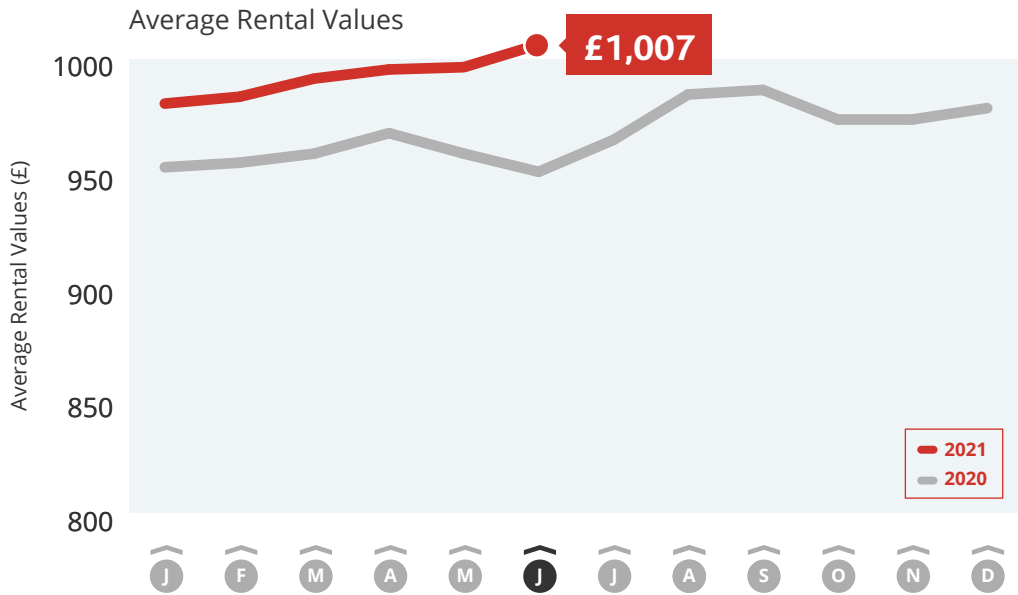
Excluding London, the average UK rent price is 8% higher than last year, up to **£861 PCM**, showing a 10% growth on pre-Covid prices.

The South West of England saw the highest annual price rise, with the current average price of **£948 PCM** marking a **10.5% increase** on this time last year, and a 12.6% increase on pre-Covid levels.

Scotland saw the most significant MOM price rise, with the average price rising **4.4% to £738 PCM** in June.

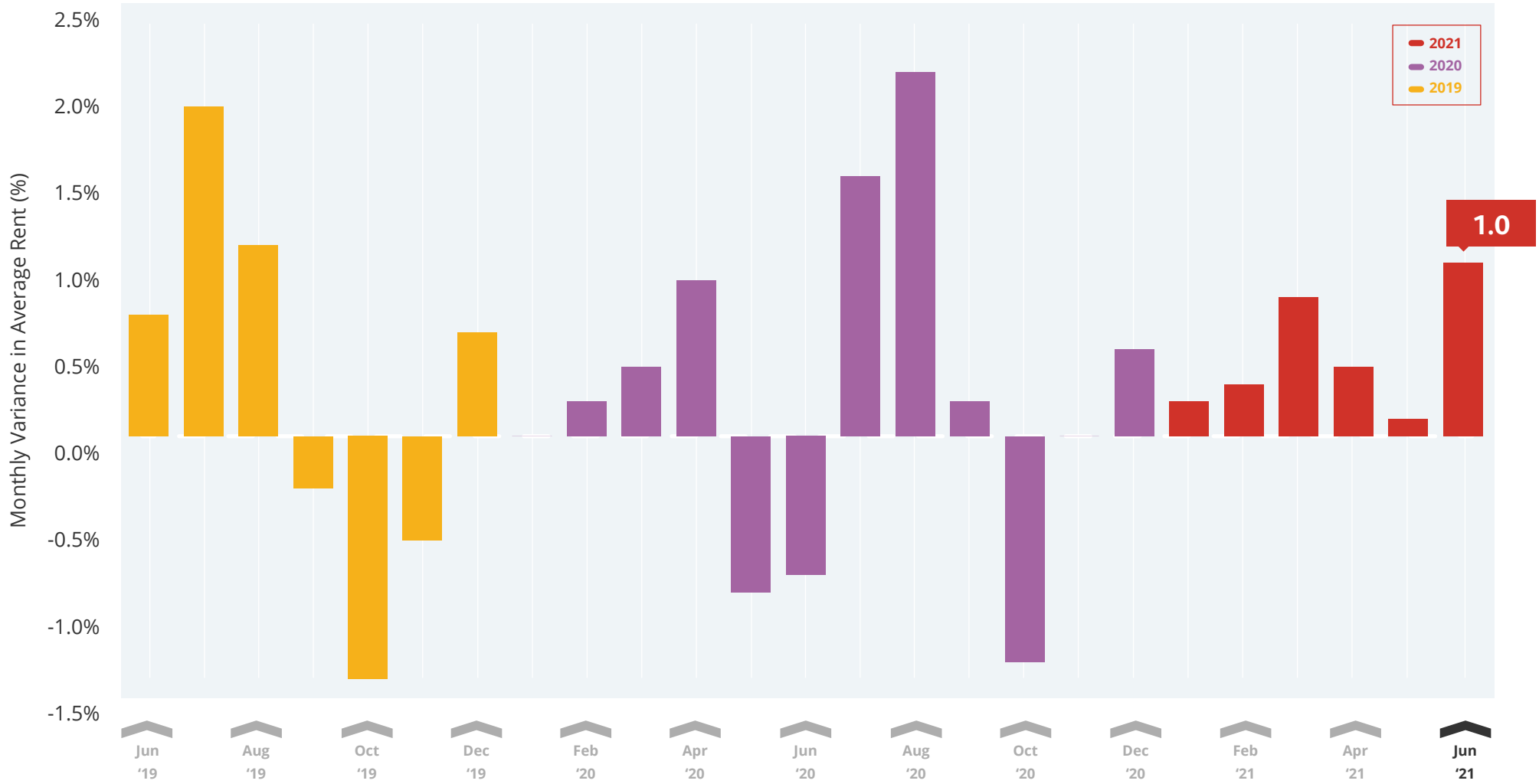
Elsewhere, rent prices in the North East fell by 2.3% compared to last month to an average of **£547 PCM**, one of only two regions to see a MOM price dip.

Average rental values in the UK



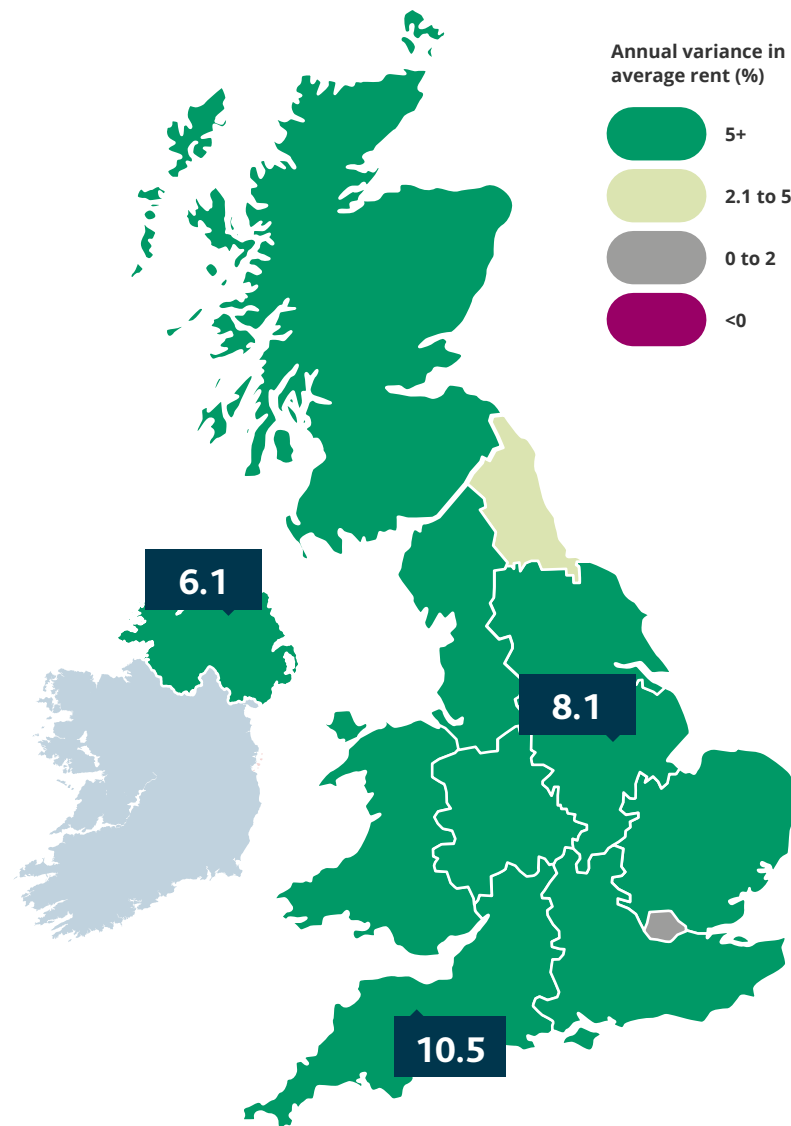
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Monthly Variance in Average Rent in the UK

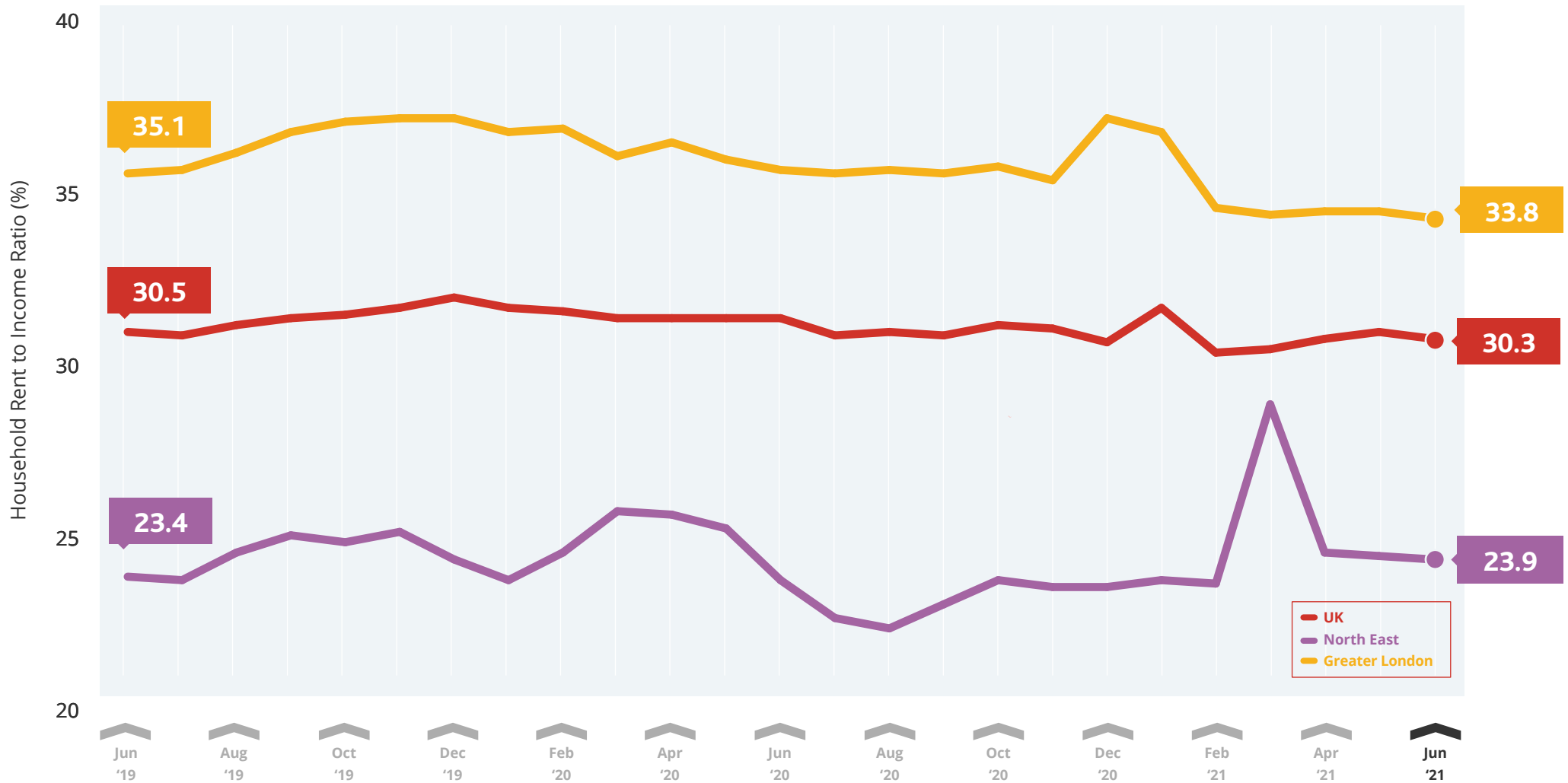


UK regional breakdown

Region	Jun '21	May '21	Jun '20	Monthly var.	Annual var.
South West	£948	£943	£858	0.5%	10.5%
Wales	£702	£698	£636	0.6%	10.4%
East Of England	£1,005	£1,001	£917	0.4%	9.6%
South East	£1,105	£1,095	£1,022	0.9%	8.1%
East Midlands	£704	£704	£651	0.0%	8.1%
Scotland	£738	£707	£692	4.4%	6.6%
Yorkshire & Humberside	£701	£697	£658	0.6%	6.5%
Northern Ireland	£699	£678	£659	3.1%	6.1%
West Midlands	£754	£755	£714	-0.1%	5.6%
North West	£799	£790	£758	1.1%	5.4%
North East	£547	£560	£525	-2.3%	4.2%
Greater London	£1,607	£1,583	£1,583	1.5%	1.5%
UK	£1,007	£997	£951	1.0%	5.9%
UK exc. Greater London	£861	£854	£797	0.8%	8.0%

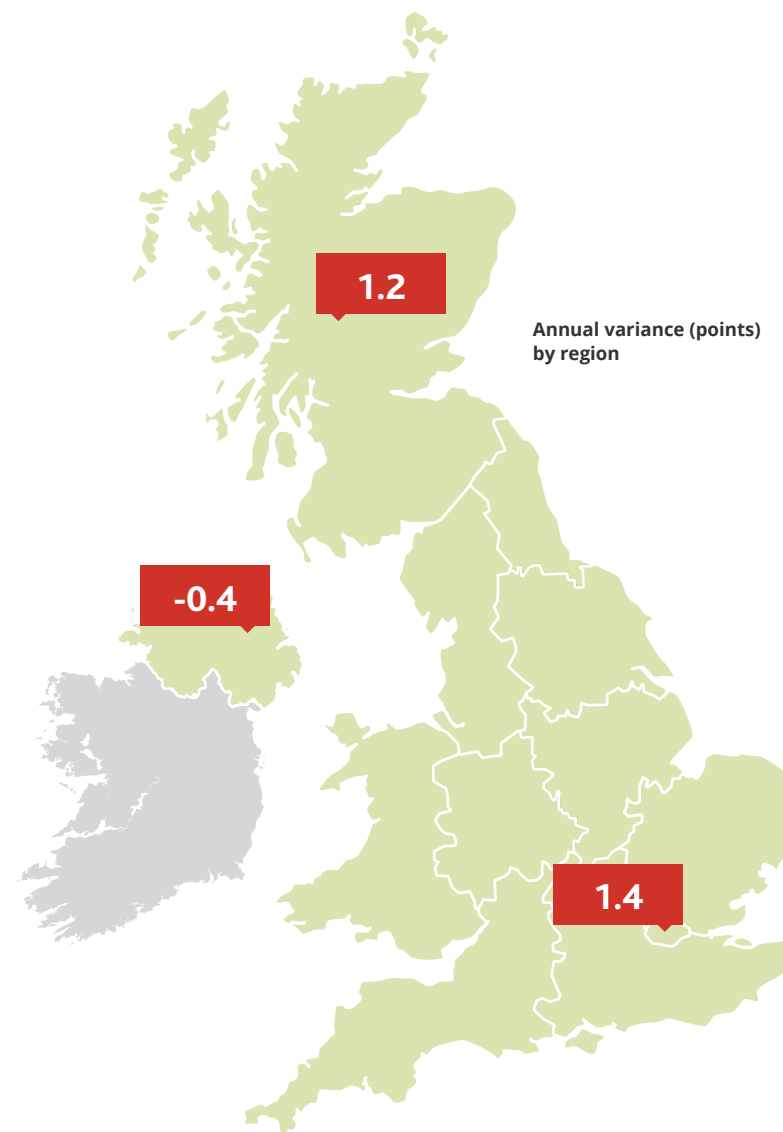


Household rent to income ratio in the UK



Household rent to income ratio by region

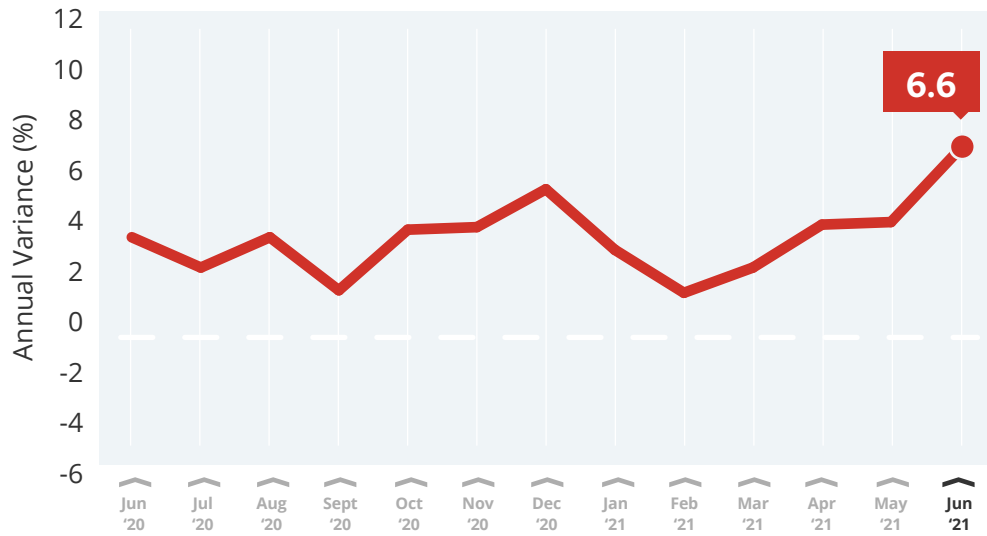
Region	June '20	June '21	Variance (Points)
UK	30.7 %	30.3 %	0.4%
UK Ex London	29.4 %	29.3 %	0.1%
North East	23.3 %	23.9 %	-0.6%
North West	29.3 %	29.2 %	0.1%
Yorkshire and Humberside	26.6 %	26.7 %	-0.1%
East Midlands	29.0 %	28.9 %	0.1%
Wales	28.1 %	28.8 %	-0.7%
South West	32.5 %	31.4 %	1.1%
South East	31.0 %	31.8 %	-0.8%
London	35.2 %	33.8 %	1.4%
East Of England	30.9 %	31.0 %	-0.1%
West Midlands	28.5 %	28.5 %	0.0%
Scotland	25.8 %	24.6 %	1.2%
Northern Ireland	25.9 %	26.3 %	-0.4%



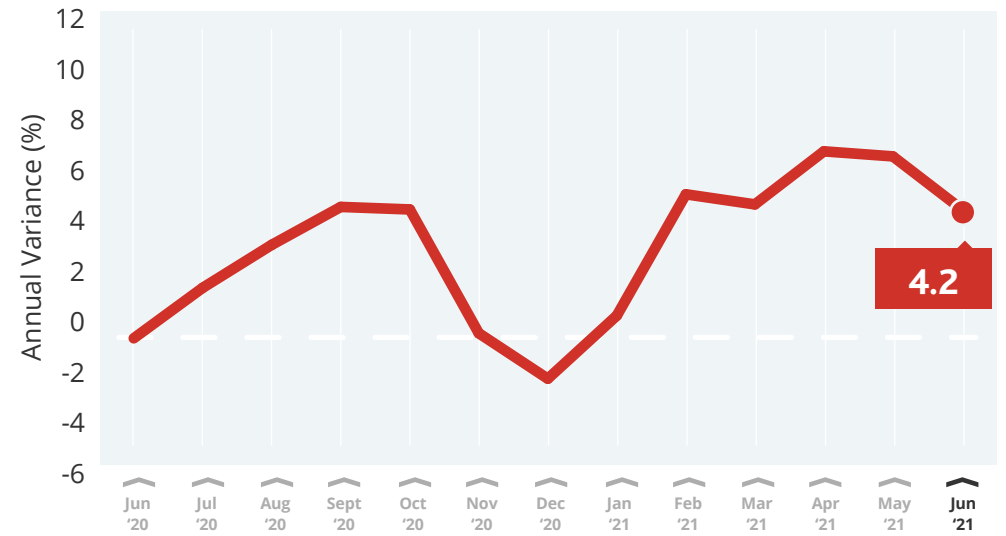
› The data displayed above looks at the average gross household income per property against the average total rental value per property.

Annual variance in average rental values by region

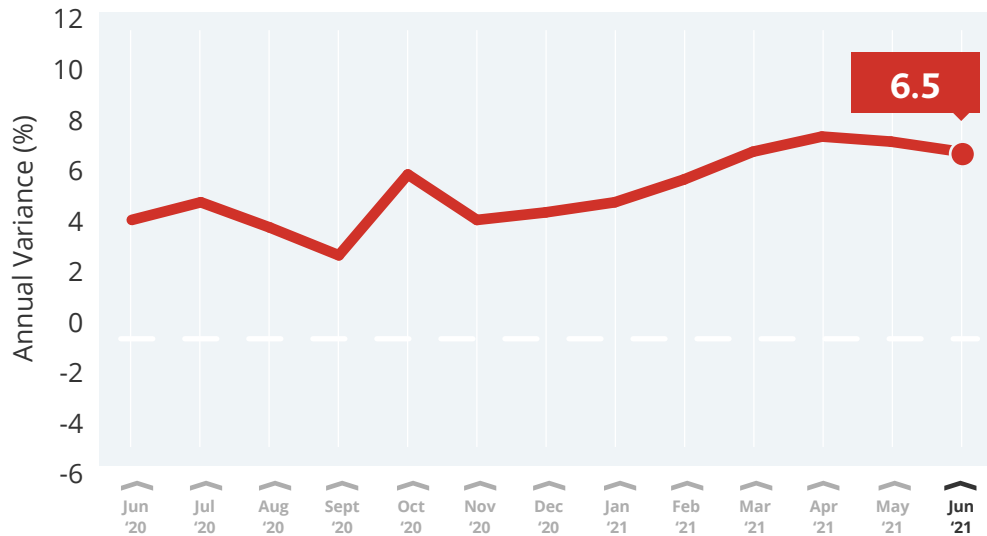
Scotland



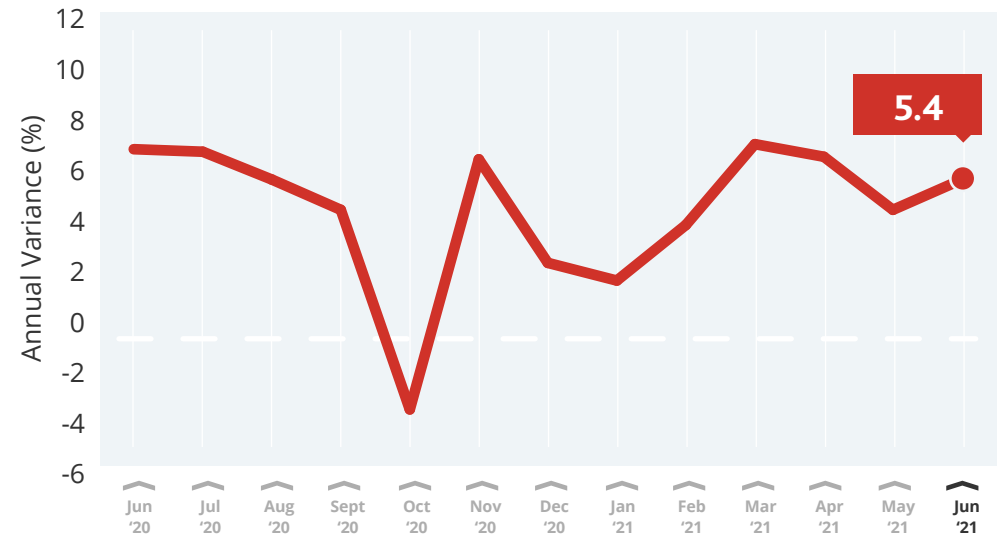
North East



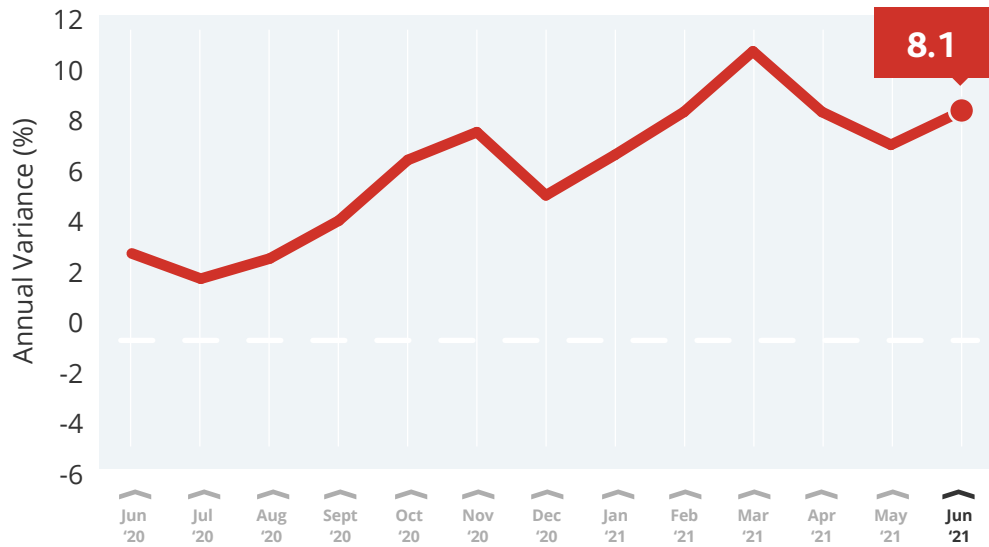
Yorkshire & Humberside



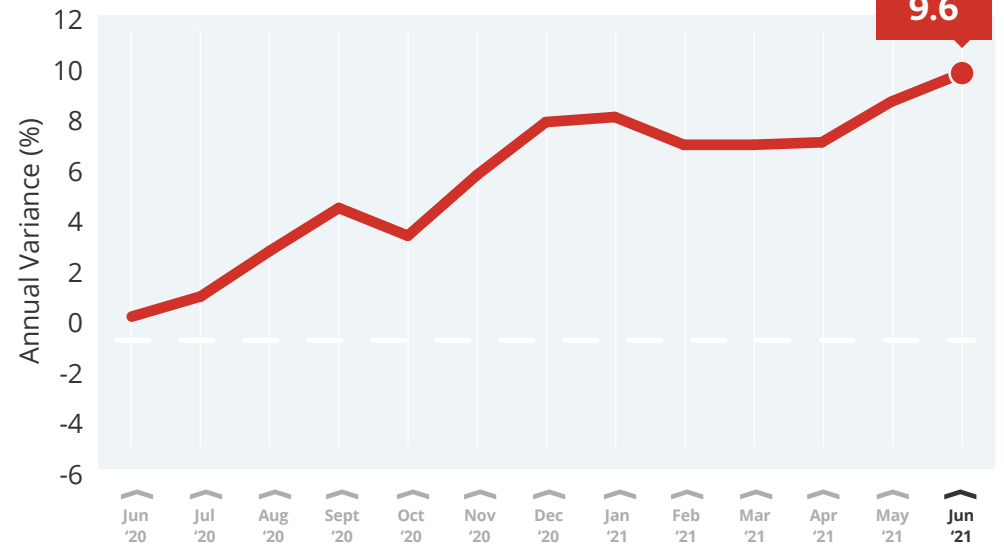
North West



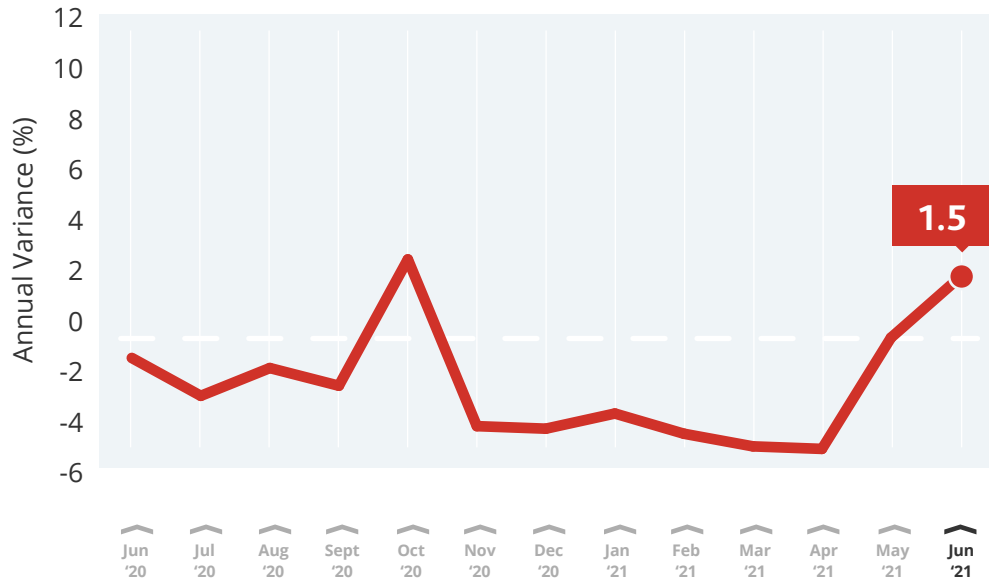
East Midlands



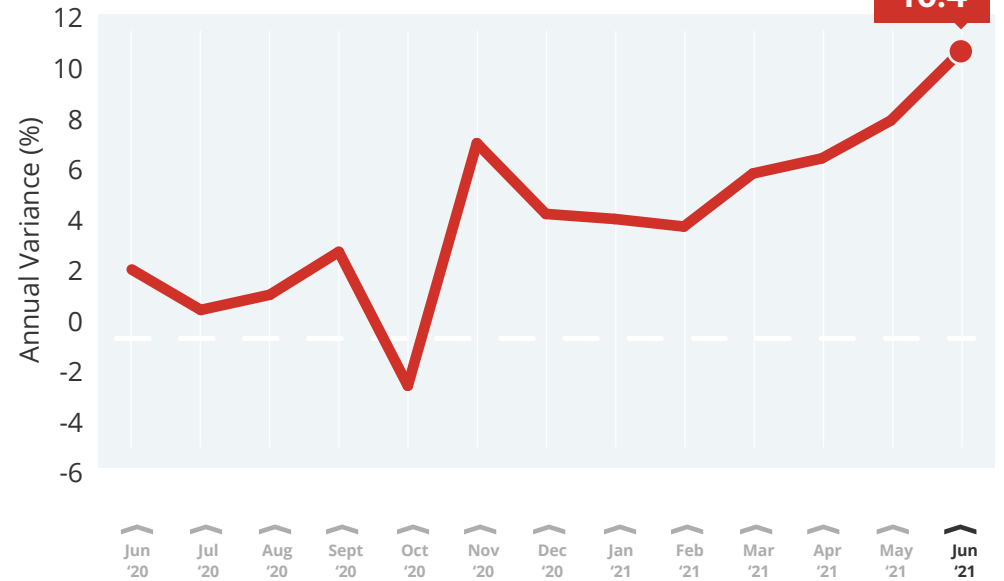
East of England



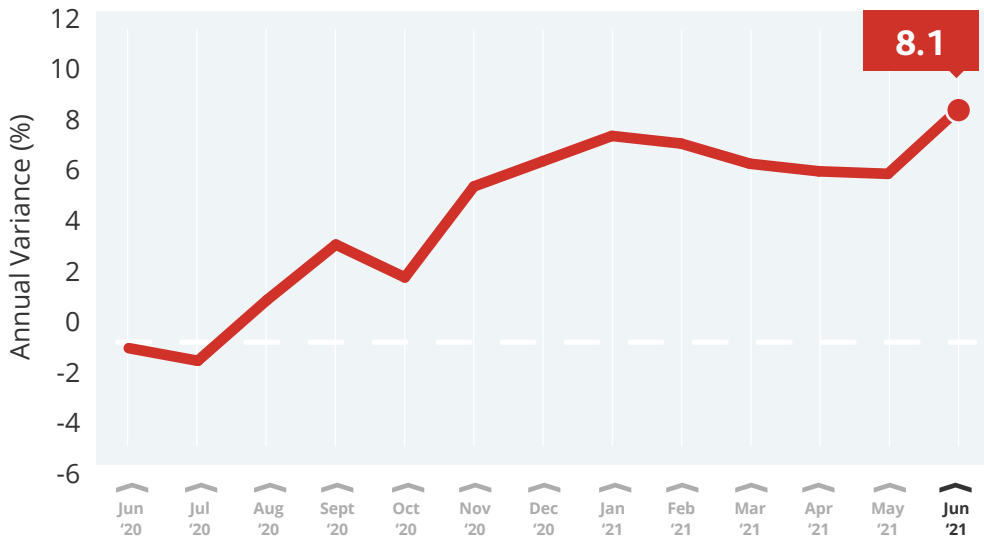
Greater London



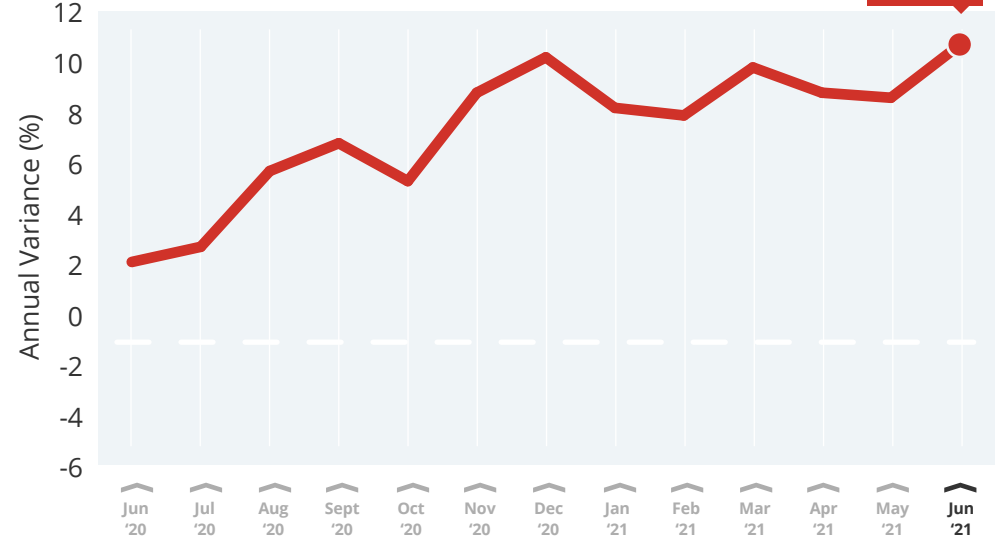
Wales



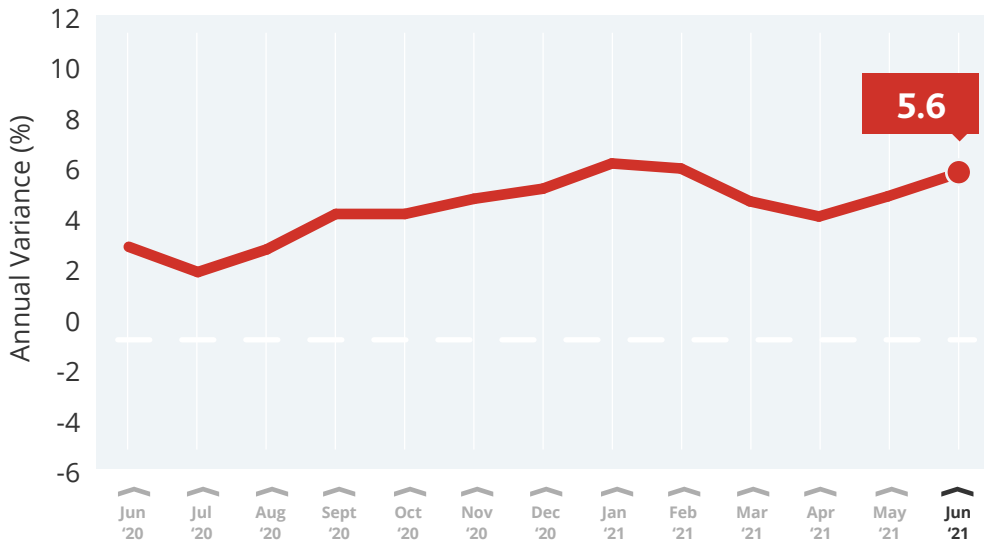
South East



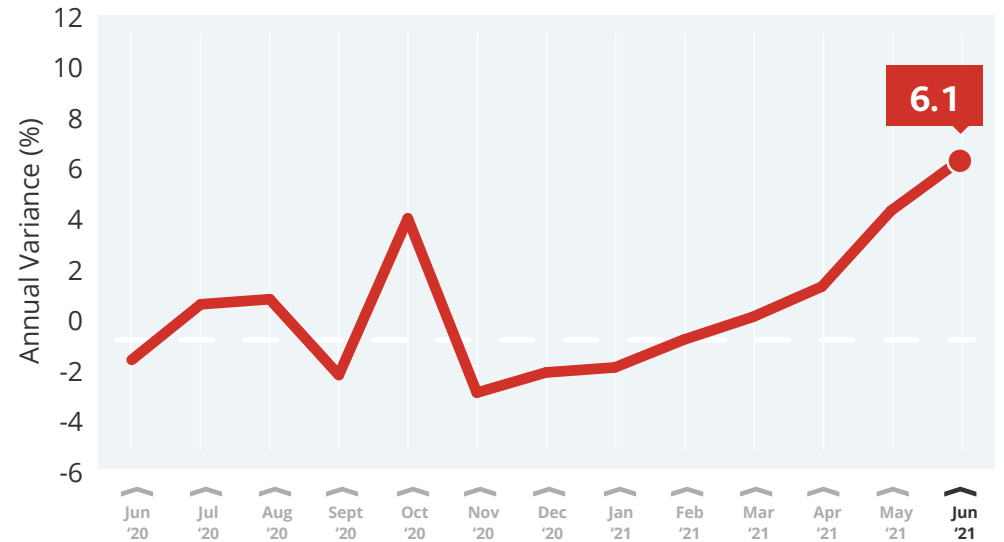
South West



West Midlands

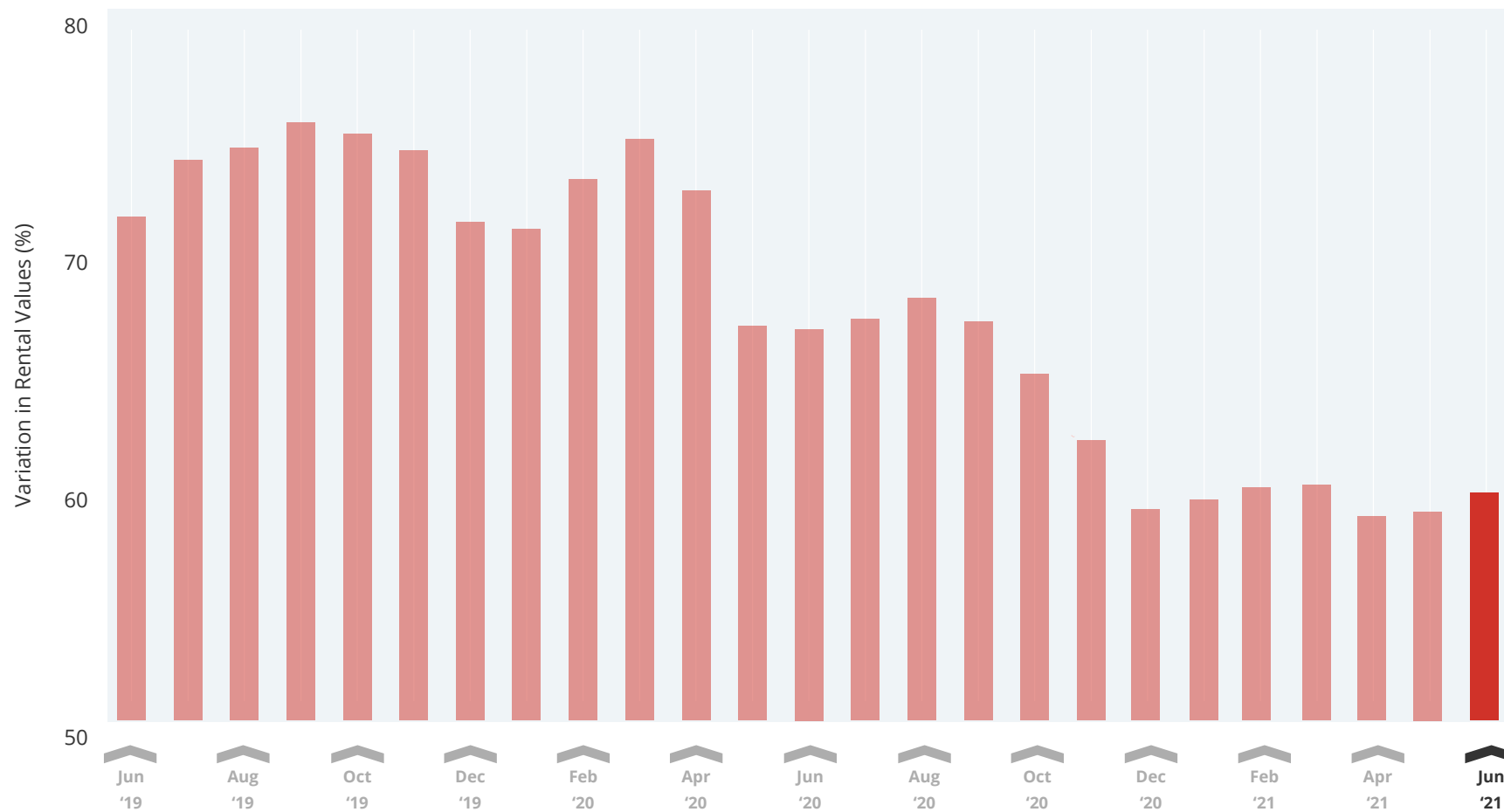


Northern Ireland



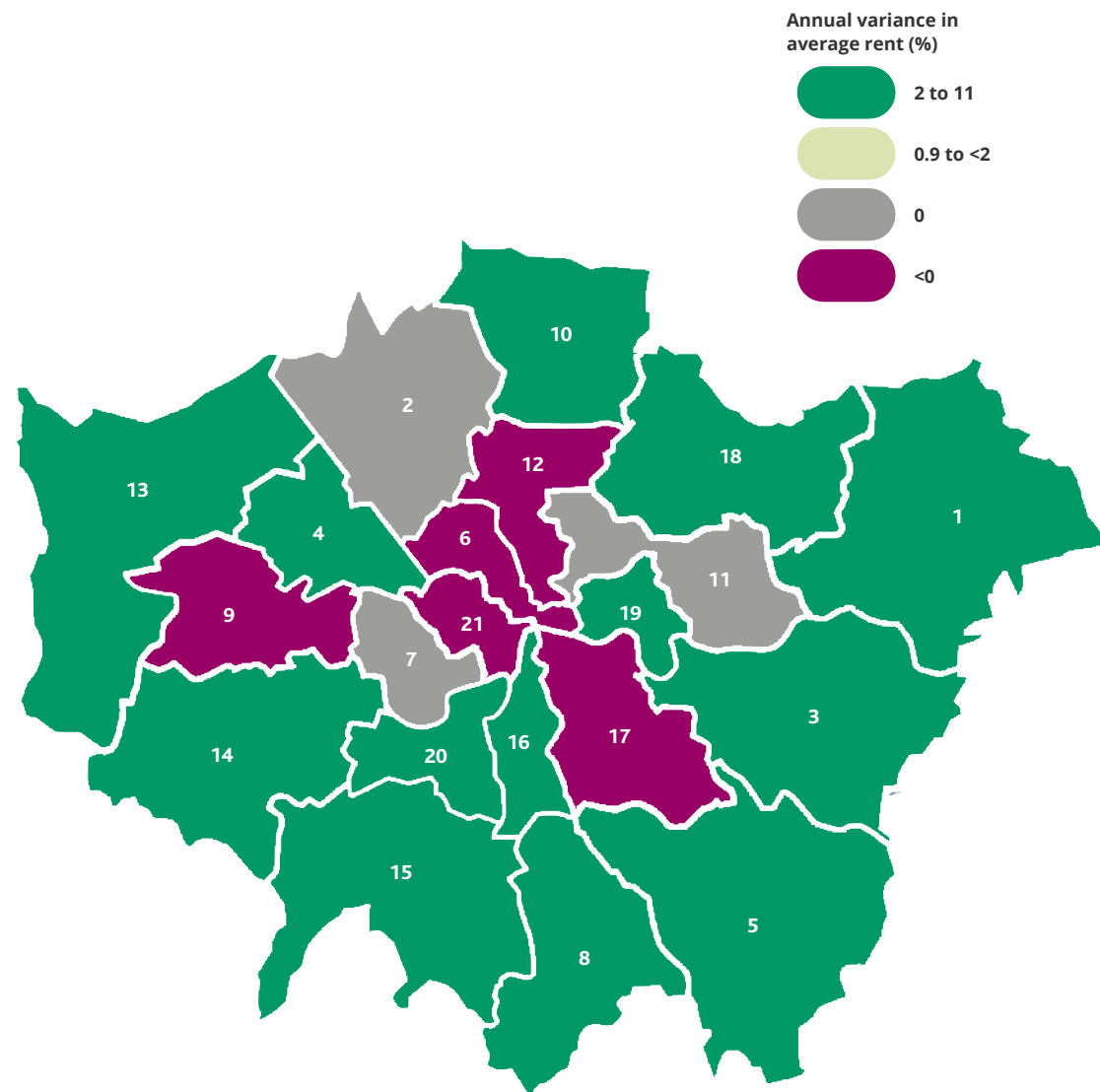
Greater London vs. the UK

Monthly variation between Greater London Rental Prices and the UK average



Greater London by borough

Region	Jun '21	May '21	Jun '20	Monthly var.	Annual var.
1 Barking, Dagenham and Havering	£1,297	£1,322	£1,249	-1.9%	3.8%
2 Barnet	£1,547	£1,537	£1,534	0.7%	0.8%
3 Bexley and Greenwich	£1,377	£1,378	£1,348	-0.1%	2.2%
4 Brent	£1,624	£1,610	£1,571	0.9%	3.4%
5 Bromley	£1,495	£1,498	£1,446	-0.2%	3.4%
6 Camden, City of London	£1,869	£1,815	£1,957	3.0%	-4.5%
7 Hammersmith, Fulham, Kensington and Chelsea	£1,988	£1,920	£1,977	3.5%	0.6%
8 Croydon	£1,144	£1,142	£1,063	0.2%	7.6%
9 Ealing	£1,470	£1,454	£1,477	1.1%	-0.5%
10 Enfield	£1,576	£1,512	£1,519	4.2%	3.8%
11 Hackney and Newham	£1,432	£1,421	£1,419	0.8%	0.9%
12 Haringey and Islington	£1,578	£1,581	£1,595	-0.2%	-1.1%
13 Harrow and Hillingdon	£1,383	£1,384	£1,337	-0.1%	3.4%
14 Hounslow and Richmond upon Thames	£1,498	£1,468	£1,434	2.0%	4.5%
15 Merton, Kingston upon Thames and Sutton	£1,435	£1,425	£1,363	0.7%	5.3%
16 Lambeth	£2,083	£2,053	£2,005	1.5%	3.9%
17 Lewisham and Southwark	£1,569	£1,548	£1,639	1.4%	-4.3%
18 Redbridge and Waltham Forest	£1,278	£1,272	£1,248	0.5%	2.4%
19 Tower Hamlets	£1,642	£1,611	£1,605	1.9%	2.3%
20 Wandsworth	£1,869	£1,870	£1,705	-0.1%	9.6%
21 Westminster	£2,349	£2,183	£2,483	7.6%	-5.4%



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

The annual variance compares June 2020 with June 2021.

Greater London ranked by borough

London Boroughs With The Highest Average Rent In June '21

London Borough	Avg. Rent
Westminster	£2,349
Lambeth	£2,083
Hammersmith, Fulham, Kensington and Chelsea	£1,988
Wandsworth	£1,869
Camden, City of London	£1,869

London Boroughs With The Lowest Average Rent In June '21

London Borough	Avg. Rent
Croydon	£1,144
Redbridge and Waltham Forest	£1,278
Barking, Dagenham and Havering	£1,297
Bexley and Greenwich	£1,377
Harrow and Hillingdon	£1,383

London Boroughs With The Highest Annual Variance In Average Rent

London Borough	Annual variance
Wandsworth	9.6%
Croydon	7.6%
Merton, Kingston upon Thames and Sutton	5.3%
Hounslow and Richmond upon Thames	4.5%
Lambeth	3.9%

London Boroughs With The Lowest Annual Variance In Average Rent

London Borough	Annual variance
Westminster	-15.1%
Hammersmith, Fulham, Kensington and Chelsea	-12.5%
Camden, City of London	-11.9%
Haringey and Islington	-5.6%
Lewisham and Southwark	-3.4%



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** 



£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

The UK's trusted Rent Protection

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.
- ✓ 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).