July 2021

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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THE RENTAL INDEX

Industry insight

As a group, we've seen exceptional growth, supporting over 5,000 professional letting agents across the UK. With data based on one million tenant references per year, The Rental Index provides the market with the most concise view of achieved rents.

Andy Halstead
Group CEO
HomeLet and Let Alliance

The data shows the exceptional growth in rental values, particularly in areas that are within commutable distance to London. Throughout the pandemic, the rate of growth in some regions has more than doubled against previous years.

We see positive signs in the Capital, rents are now just 1.2% down on pre-pandemic levels from July 2019, with boroughs in central and inner London showing growth in achieved rental values. With restrictions easing, optimism is returning. The demand will steadily grow for the rest of the year.

In demand

The private rented sector is exceptionally resilient, and demand for property remains high as we see the fast-growing Build-to-Rent industry meeting some of these needs across the country. That's a theme that will continue for the foreseeable future, as tenants look to benefit from the lifestyle the industry can provide with features like on-site amenities and concierge services.

Continued support

We've supported thousands of agents who are dealing with rental arrears, and the end of the furlough schemes will sadly mean that there are further job losses in certain markets; the lettings sector has mitigated some of that risk through rent protection.

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Regional focus

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Average rents and change in rents

Average rent

£1,029

The average rent per calendar month (pcm) in the UK is now at a record high of £1,029. When London is excluded, average monthly rent is much lower at £878 pcm.

Change monthly

+2.2%

July 2021 experienced a 2.2% monthly increase in UK rents. Rents increased from £1,007 pcm to £1,029 pcm. The South West experienced the greatest monthly increase at 4.3%.

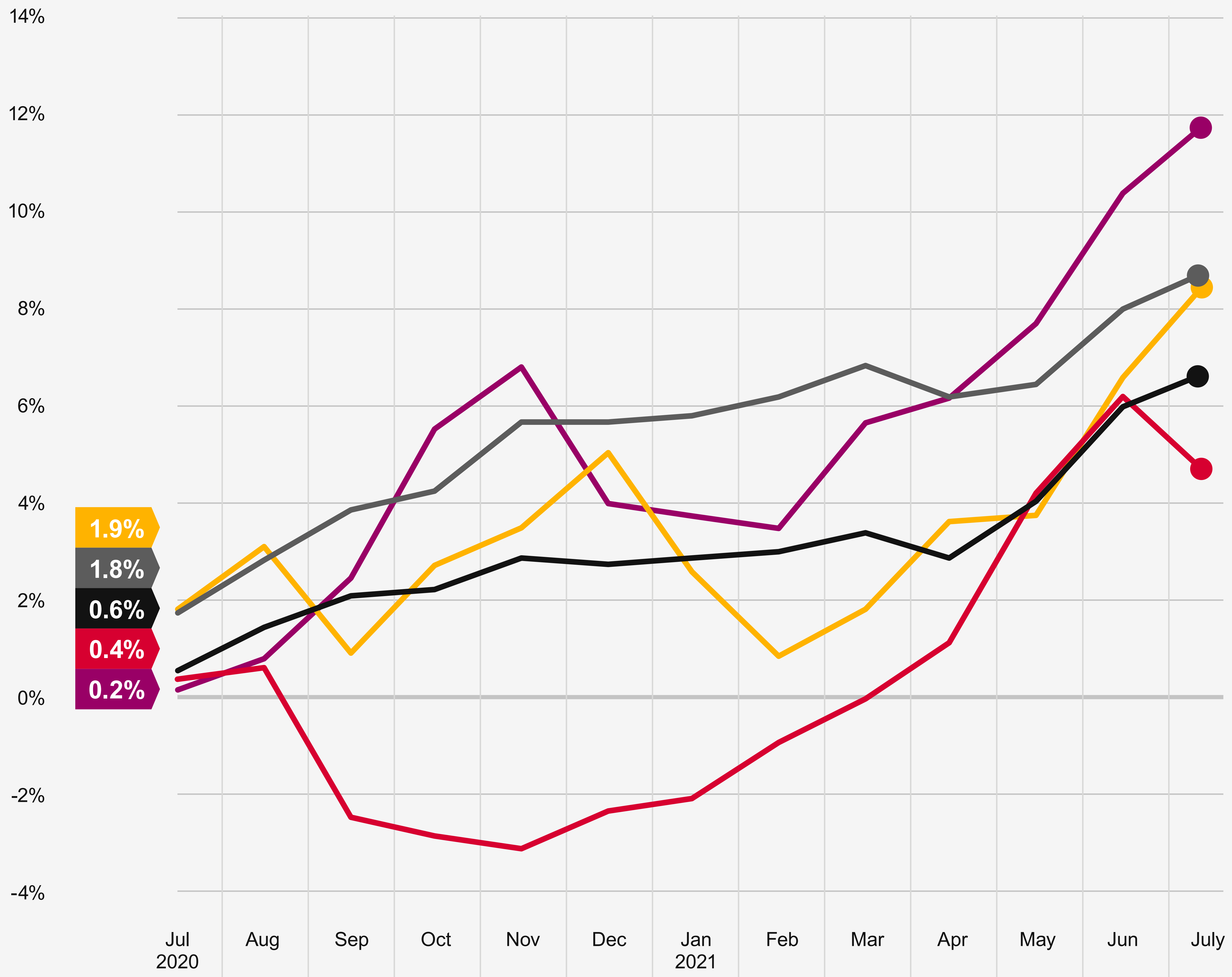
Change annual

+6.6%

In the twelve months to July 2021 average monthly rent in the UK grew by 6.6%, increasing from £965 to £1,029. When London is excluded, annual increase is much greater at 8.7%.

UK and home nations

Annual change July 2020 to July 2021



11.8%	Wales
8.5%	UK excluding London
8.7%	Scotland
6.6%	UK
4.5%	Northern Ireland

Showing annual change in rents, July 2021 vs July 2020. Average rents are based on agreed rents for tenancies started in each month.

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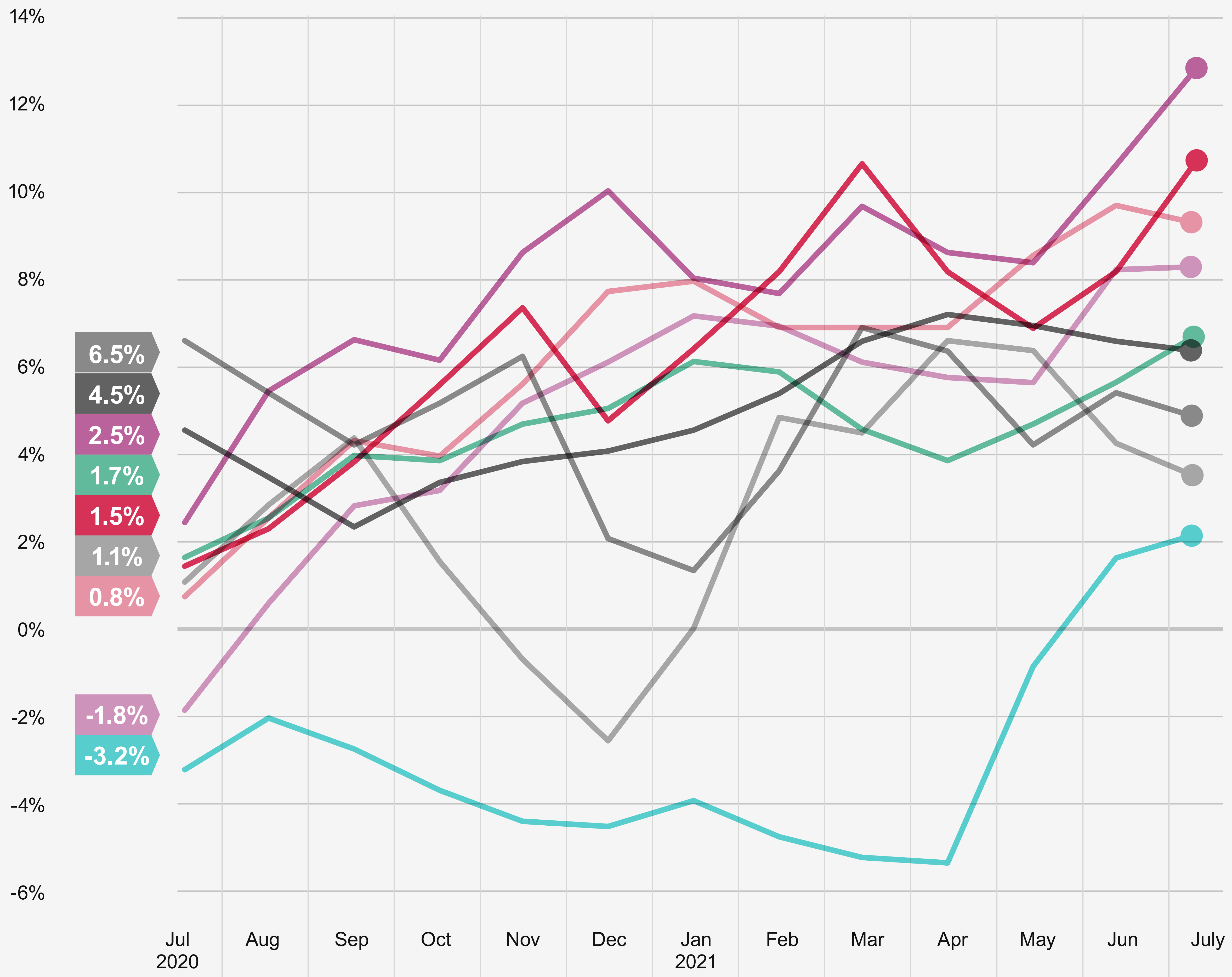
England by region

Annual change July 2020 to July 2021



12.9%	South West
10.8%	East Midlands
9.2%	East of England
8.2%	South East
6.7%	West Midlands
6.3%	Yorkshire and the Humber
4.8%	North West
3.4%	North East
2.1%	Greater London

Showing annual change in rents, July 2021 vs July 2020. Average rents are based on agreed rents for tenancies started in each month.

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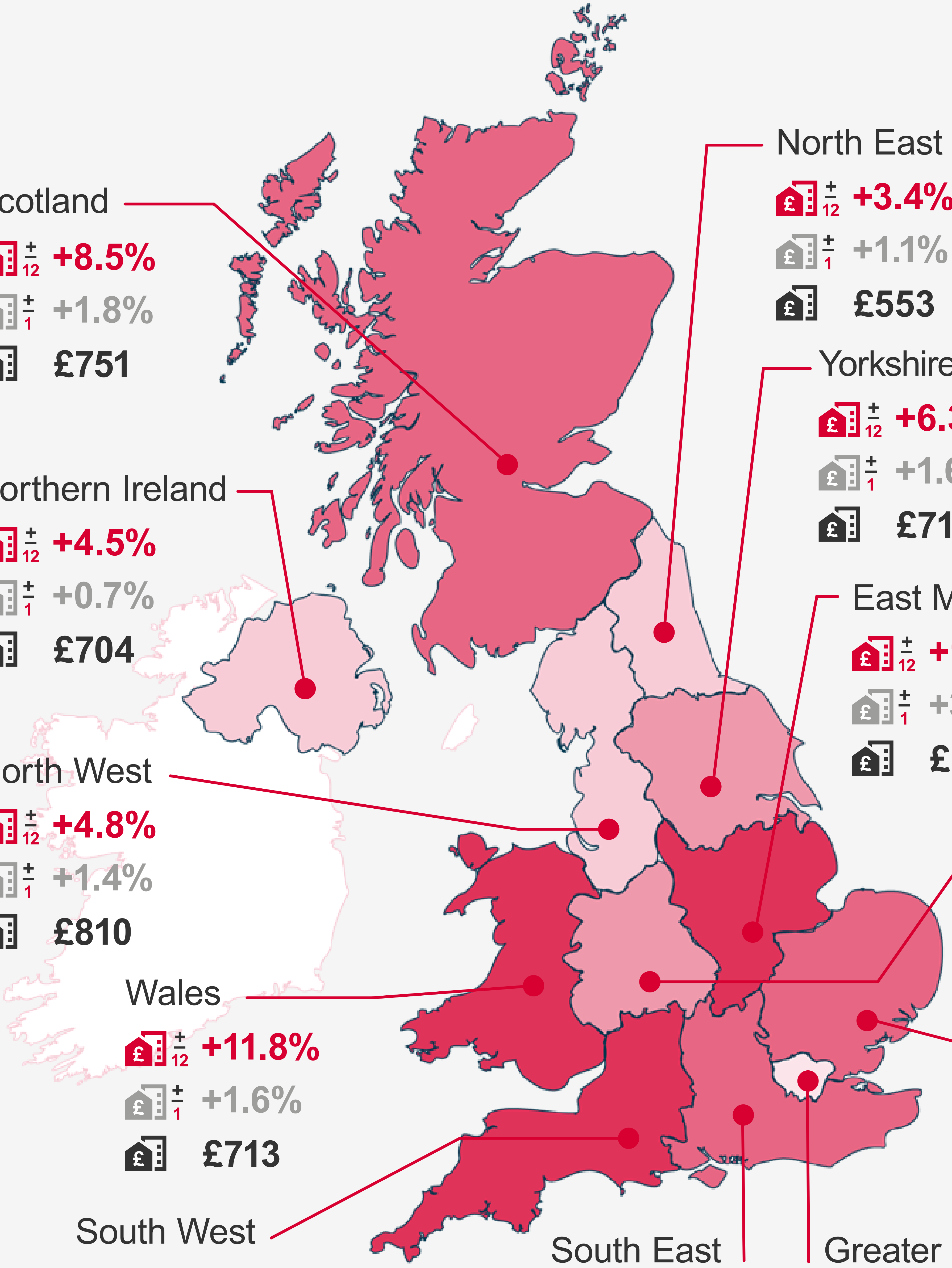
Regional snapshot



Scotland
+8.5%
+1.8%
£751

Northern Ireland
+4.5%
+0.7%
£704

North West
+4.8%
+1.4%
£810

Wales
+11.8%
+1.6%
£713

South West
+12.9%
+4.3%
£989

South East
+8.2%
+1.3%
£1,119

Greater London
+2.1%
+2.4%
£1,645

East of England
+9.2%
+1.3%
£1,018

West Midlands
+6.7%
+2.0%
£769

East Midlands
+10.8%
+3.3%
£727

Yorkshire and the Humber
+6.3%
+1.6%
£712

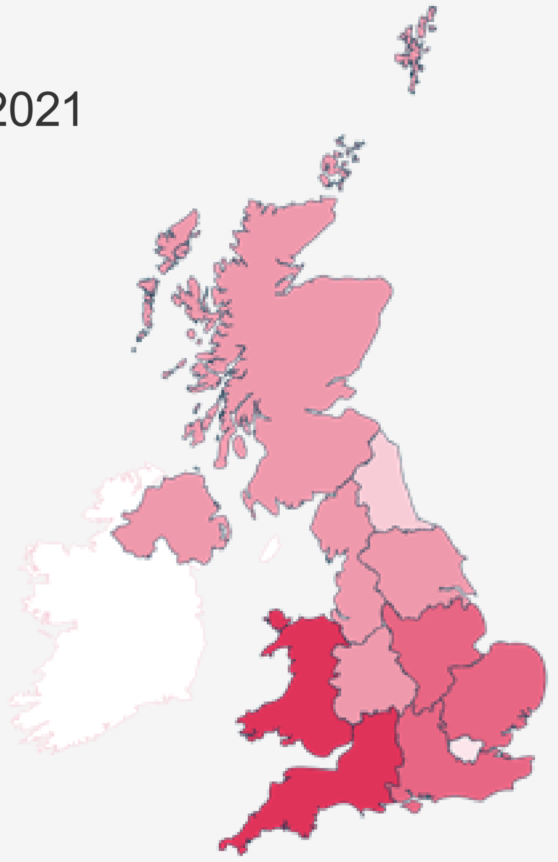
North East
+3.4%
+1.1%
£553

Annual change
July 2020 to July 2021

Change year
Change month
Average rent

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

June
2020 to 2021



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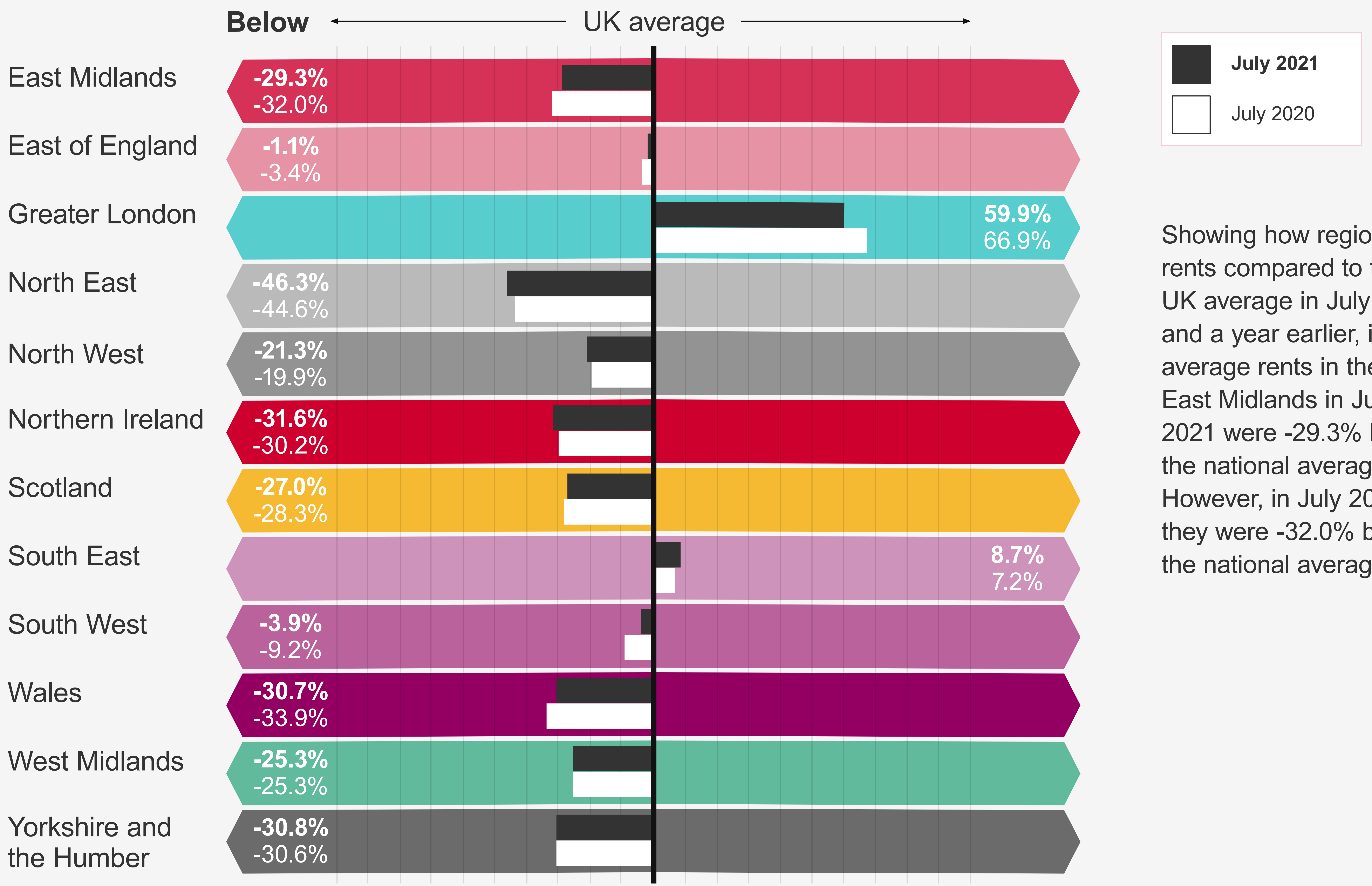
Regional discount / premium to UK average

Comparison with UK average July 2020 to July 2021



Showing how regional rents compared to the UK average in July 2021 and a year earlier, i.e., average rents in the East Midlands in July 2021 were -29.3% below the national average. However, in July 2020 they were -32.0% below the national average.

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London focus

Average rent

£1,645

Average rent in London is now £1,645 pcm. This is the highest average rent recorded since September 2020. However, it is still -1.2% below the pre-pandemic levels in July 2019.

Change annual

+2.4%

Average rent in London experienced a monthly increase of 2.4% in July, this is the highest monthly increase since August 2020.

Strongest performer

+11.9%

Ealing

Ealing was the strongest performing London borough in July. Average monthly rent grew by 11.9%, increasing from £1,402 to £1,569.

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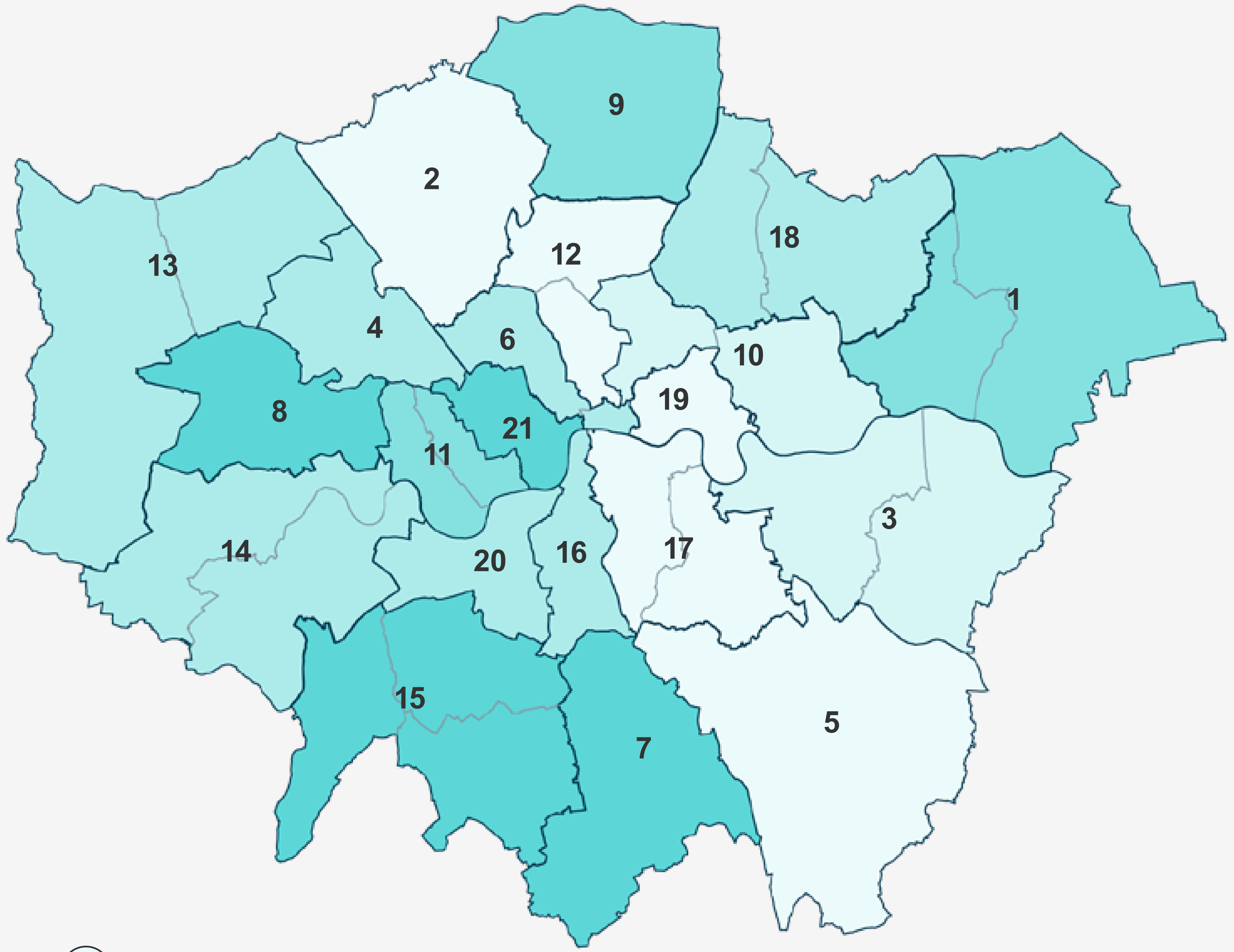
By borough

Annual change July 2020 to July 2021



Less than 0%

0% to 2%

2% to 4%

4% to 6%

6% and over

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

		Annual change	Average rent
1	Barking, Dagenham and Havering	+4.2%	£1,334
2	Barnet	-1.5%	£1,543
3	Bexley and Greenwich	+0.7%	£1,383
4	Brent	+3.6%	£1,647
5	Bromley	-0.4%	£1,475
6	Camden, City of London	+3.3%	£1,975
7	Croydon	+6.8%	£1,167
8	Ealing	+11.9%	£1,569
9	Enfield	+4.8%	£1,583
10	Hackney and Newham	+1.3%	£1,495
11	Hammersmith, Fulham, Kensington and Chelsea	+4.5%	£2,037
12	Haringey and Islington	-2.6%	£1,638
13	Harrow and Hillingdon	+2.0%	£1,405
14	Hounslow and Richmond	+3.2%	£1,515
15	Merton, Kingston upon Thames and Sutton	+6.9%	£1,442
16	Lambeth	+2.7%	£2,124
17	Lewisham and Southwark	-3.5%	£1,614
18	Redbridge and Waltham Forest	+2.1%	£1,306
19	Tower Hamlets	-0.1%	£1,649
20	Wandsworth	+3.7%	£1,864
21	Westminster	+7.5%	£2,491

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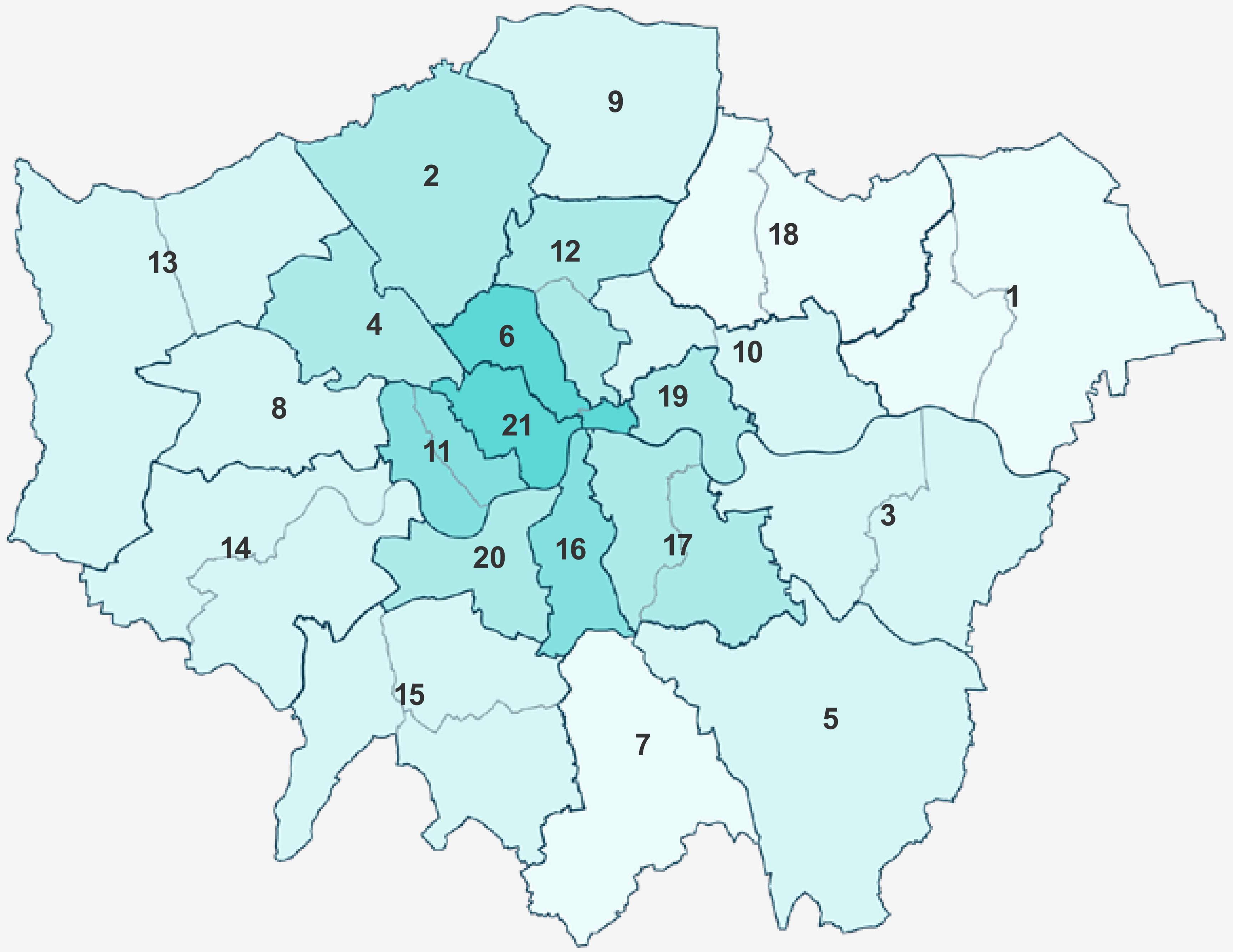
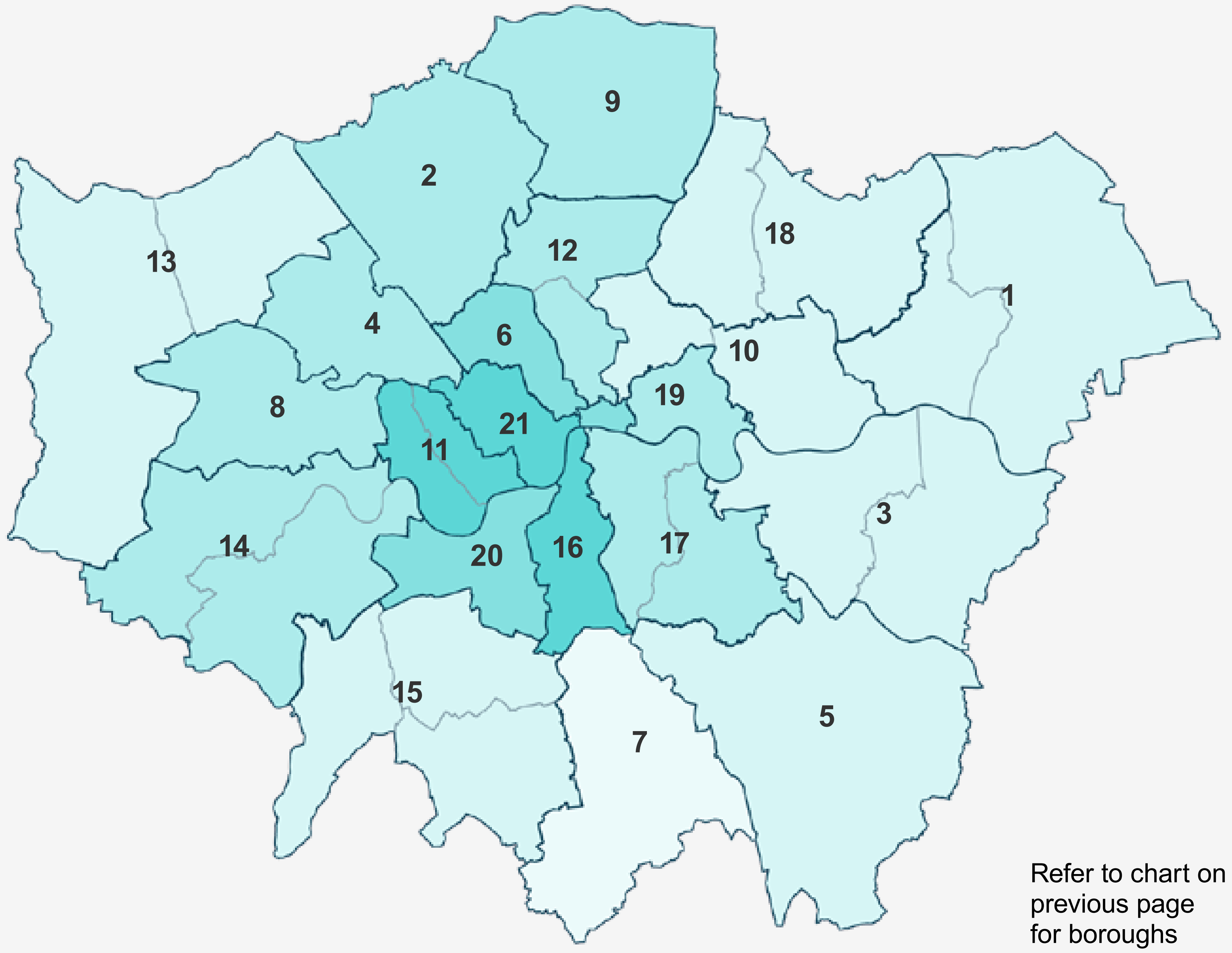
Five-year snapshot

5 YR Average rent July 2016



Average rent July 2021



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 **+18%** **Enfield**

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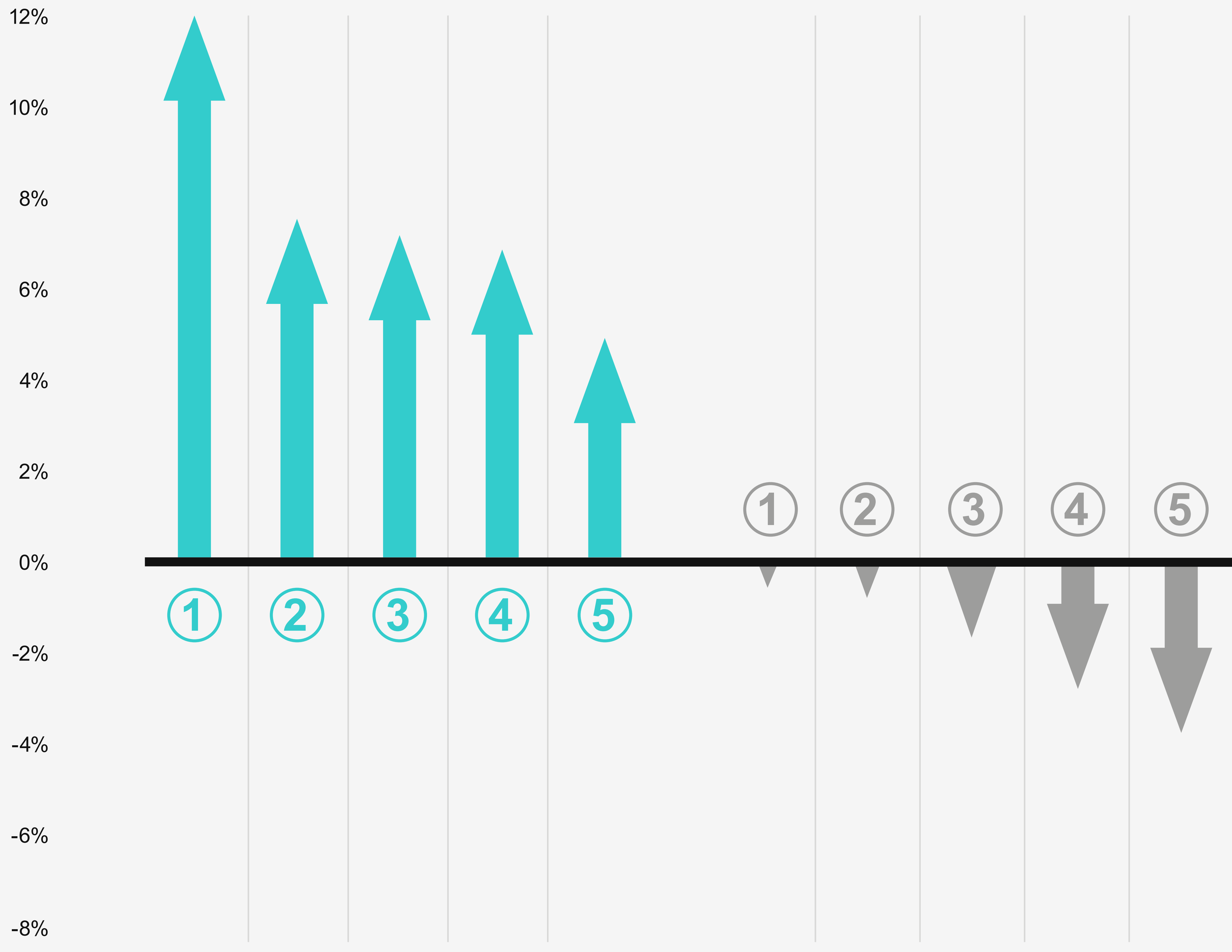
Strongest and weakest performers

Strongest July 2021

Weakest July 2021



1	+11.9%	Ealing
2	+7.5%	Westminster
3	+6.9%	Merton, Kingston upon Thames and Sutton
4	+6.8%	Croydon
5	+4.8%	Enfield
1	-0.1%	Tower Hamlets
2	-0.4%	Bromley
3	-1.5%	Barnet
4	-2.6%	Haringey and Islington
5	-3.5%	Lewisham and Southwark

Based on annual change to July 2021

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Affordability

% income
spent on rent

29.8%

The average percent of income renters spend on rent in the UK is 29.8%. Affordability improves when London is excluded, with renters spending 28.8% of their income on rent.

Change
annual*

+0.6%

The UK experienced a 0.6% change in affordability. The percent of gross income spent on rent improved from 30.4% in July 2020 to 29.8% in July 2021.

*Calculated by subtracting the July 2020 figure from July 2021.

Greatest
change

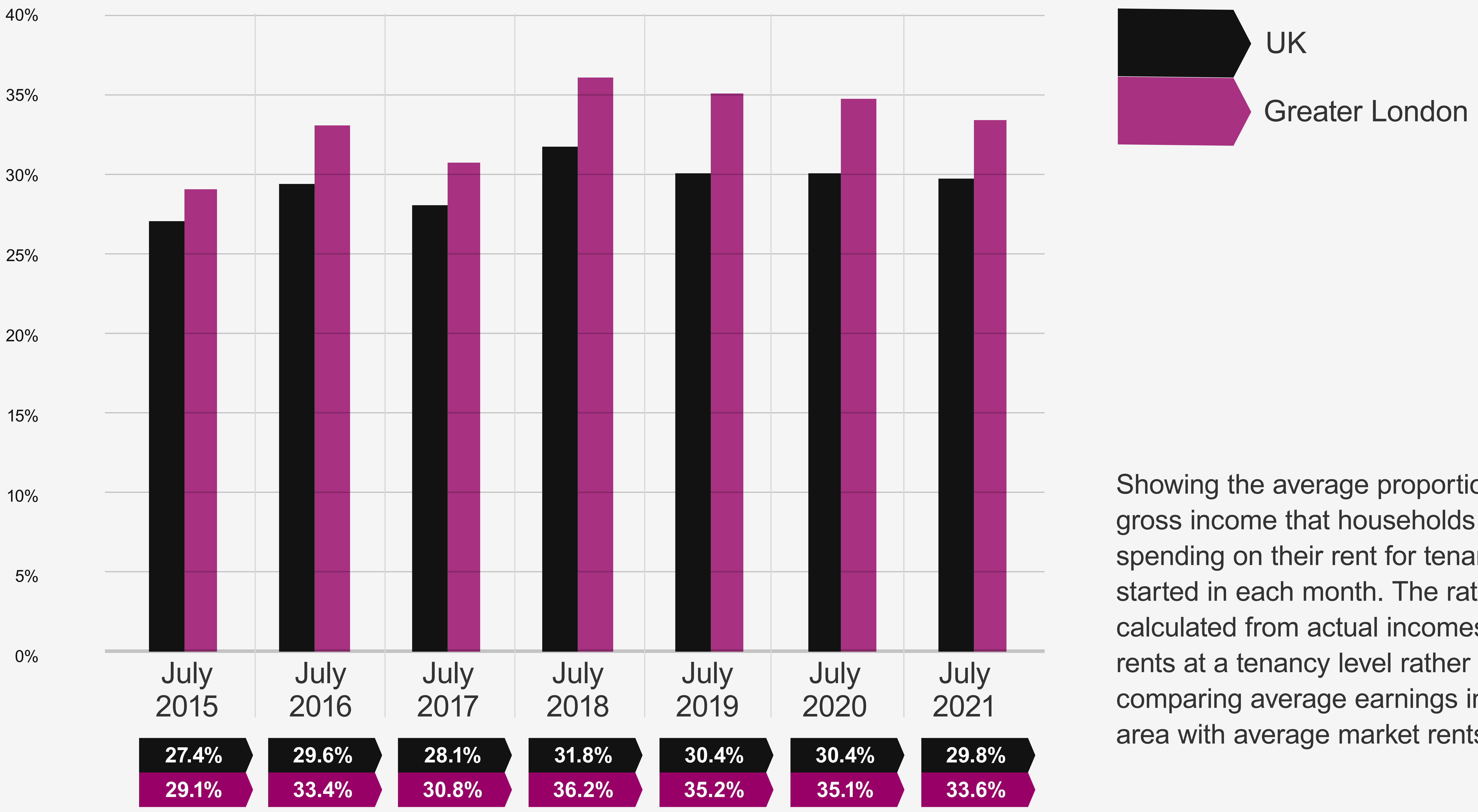
+1.9%

Scotland

Scotland experienced the largest change in affordability. The percent of gross income spent on rent improved from 25.5% in July 2020 to 23.6% in July 2021.

7 YR

Affordability over time July 2015 to July 2021



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.

UK and London

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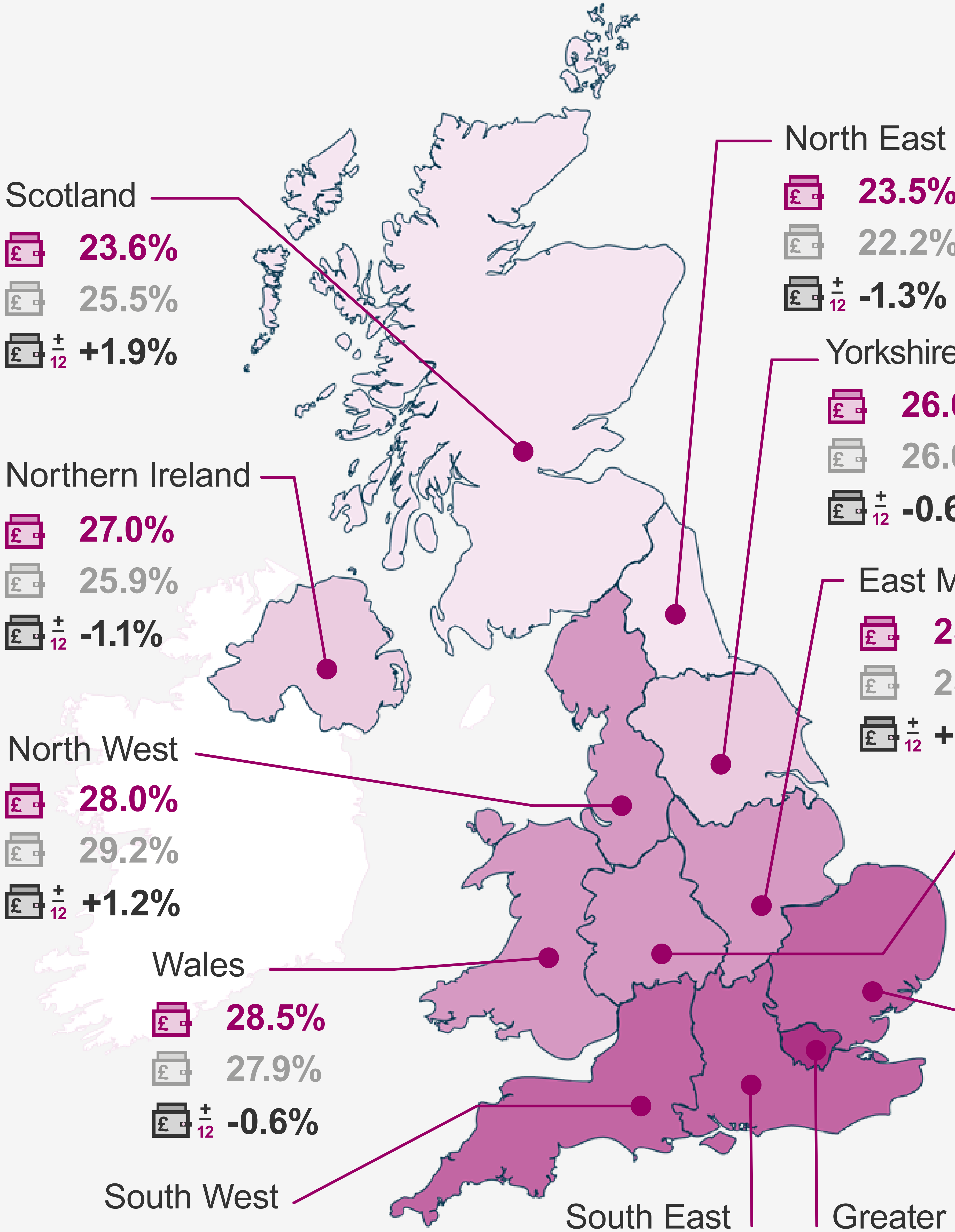
Regional snapshot



Scotland
23.6%
25.5%
± 12 +1.9%

Northern Ireland
27.0%
25.9%
± 12 -1.1%

North West
28.0%
29.2%
± 12 +1.2%

Wales
28.5%
27.9%
± 12 -0.6%

South West
30.9%
32.0%
± 12 +1.1%

North East
23.5%
22.2%
± 12 -1.3%

Yorkshire and the Humber
26.6%
26.0%
± 12 -0.6%

East Midlands
28.5%
28.6%
± 12 +0.1%

West Midlands
28.3%
28.6%
± 12 +0.3%

East of England
30.8%
30.6%
± 12 -0.2%

South East
31.5%
30.8%
± 12 -0.7%

Greater London
33.6%
35.1%
± 12 +1.5%

*Calculated by subtracting the July 2020 figure from July 2021.

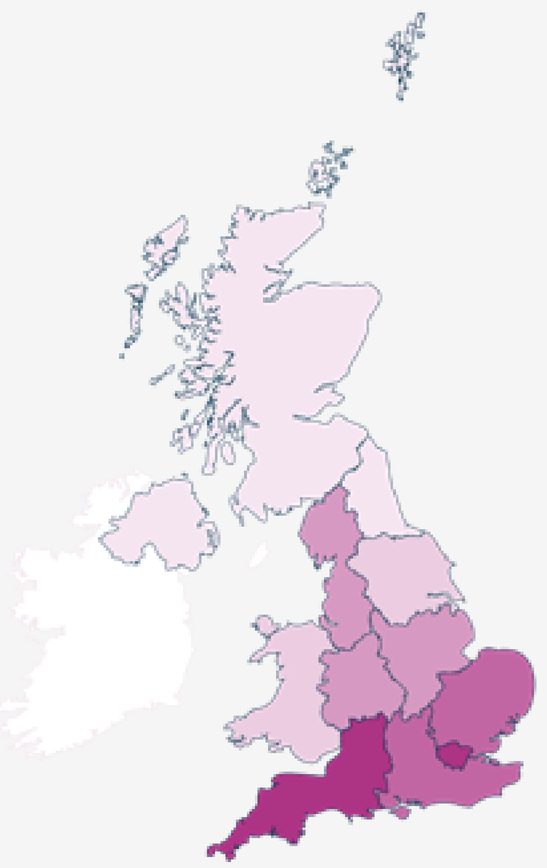
% income spent on rent

July 2021

July 2021
July 2020
± 12 Change*

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

July
2020



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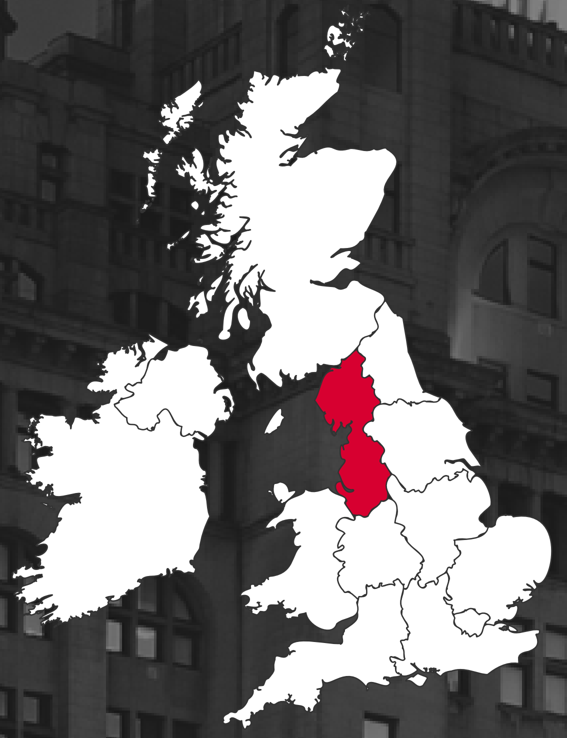
North West



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Key
Shows regional average
Shows UK average

Median tenant **gross income***

£23,782
£27,666

Predominant **age group**

20–29
20–29

Average % tenant **income spent on rent**

28.0%
29.8%

Predominant **rental band**

£500–£750
£500–£750 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 the North West region.

*Excludes below £10k and over £500k

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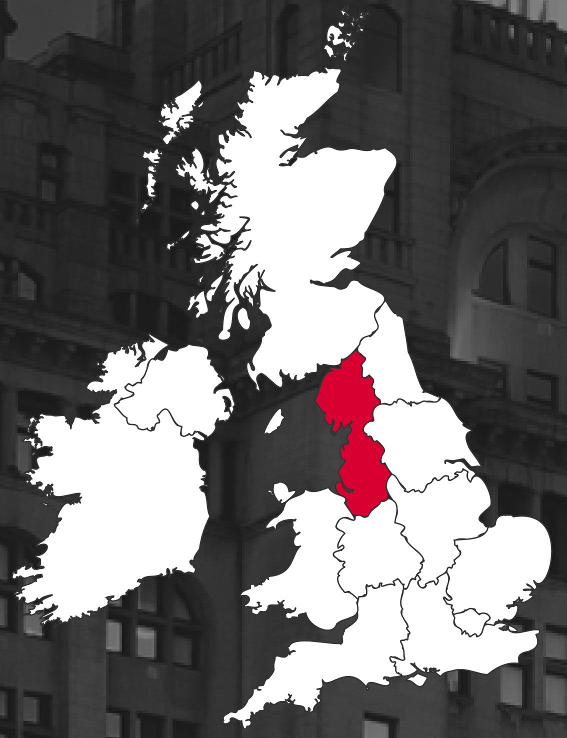
rental index report

North West



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July
2021

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	25%	14%	19%	11%	9%	5%	4%	8%	1%	3%
UK average	26%	13%	18%	11%	9%	5%	6%	5%	1%	5%

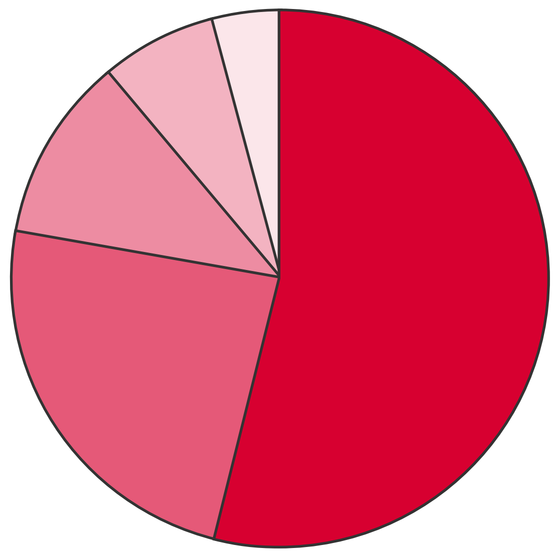
Profile of properties let Last 12 months

Number of bedrooms

	Flats 0	Flats 1	Flats 2	Flats 3+	Houses 1–2	Houses 3+
Regional average	4%	16%	23%	5%	21%	30%
UK average	6%	21%	25%	7%	16%	25%

Age breakdown Last 12 months

Tenants age



54%	Under 29
24%	30 to 39
11%	40 to 49
7%	50 to 59
4%	60+

June 2021

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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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