HomeLet rental index report

The HomeLet 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

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As summer turns to autumn, rental price records continue to soar, with an average UK monthly rent of £1,261 PCM and every region reporting monthly increases.

Andy Halstead
Group CEO
HomeLet and Let Alliance

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Increased risk

The concern is that the cost of living is already extremely high. So, there is a real threat to tenants being unable to live and pay their rent on time, without any complications. It's a real risk and having to live with it is unbelievably stressful and a situation no one should be in.

No winners

Landlords aren't rubbing their hands with glee either. If tenants are unable to pay their rent, it is a nightmare for all parties involved. Sky-rocketing prices across rentals and mortgages need to slow down and soon, as no one is benefitting at the moment.

Overview

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Average rents and change in rents

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Average rent

£1,261

The rise in UK rents continues unabated, reaching a new peak in August. Outside of London the story is the same, with rents increasing by 1.4% to £1,051 per month.

Change monthly

±1

+1.4%

A monthly increase in rents occurred in all regions, with the North East seeing the strongest growth (3%).
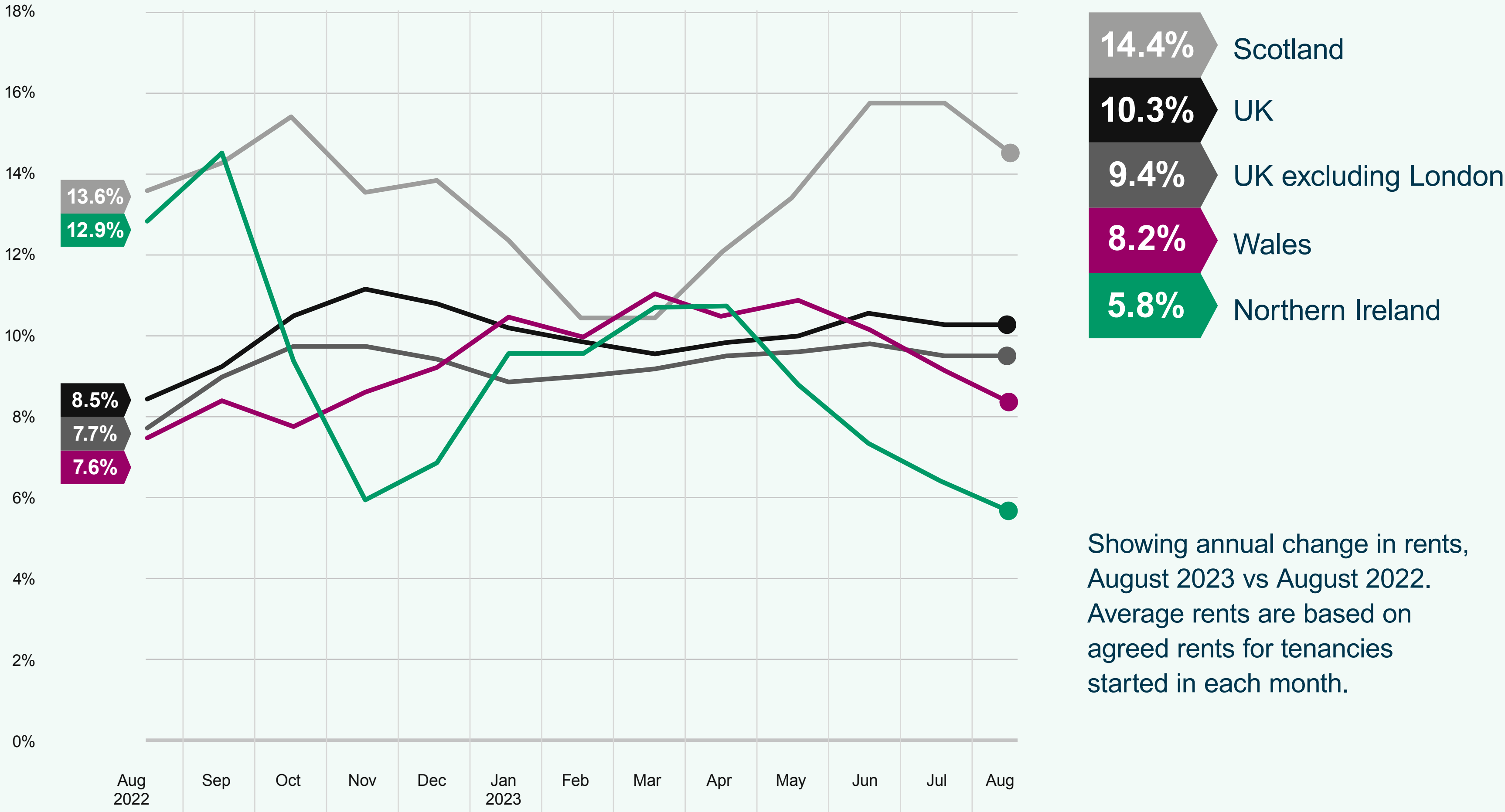
Change annual

±12

+10.3%

On an annual basis, rents continue to rise most strongly in Scotland (14.4%) and London (13.0%).
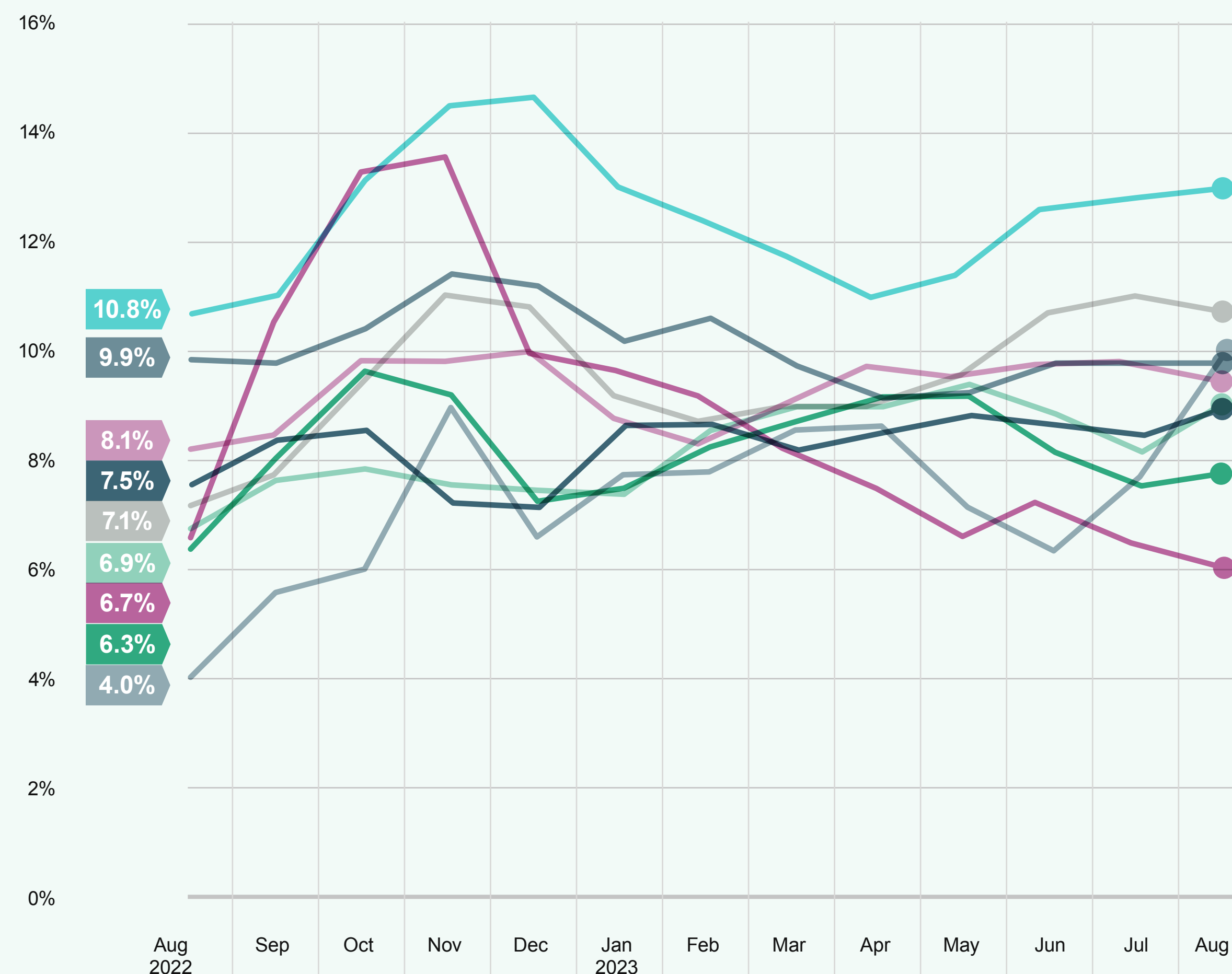
Annual change August 2022 to August 2023

UK and home nations

14.4%	Scotland
10.3%	UK
9.4%	UK excluding London
8.2%	Wales
5.8%	Northern Ireland

Showing annual change in rents, August 2023 vs August 2022. Average rents are based on agreed rents for tenancies started in each month.

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Annual change August 2022 to August 2023

**England
by region**

13.0%	Greater London
10.9%	West Midlands
10.1%	North East
9.7%	North West
9.4%	South East
9.1%	East of England
9.0%	Yorkshire and the Humber
7.7%	East Midlands
6.0%	South West

Showing annual change in rents,
August 2023 vs August 2022.
Average rents are based on
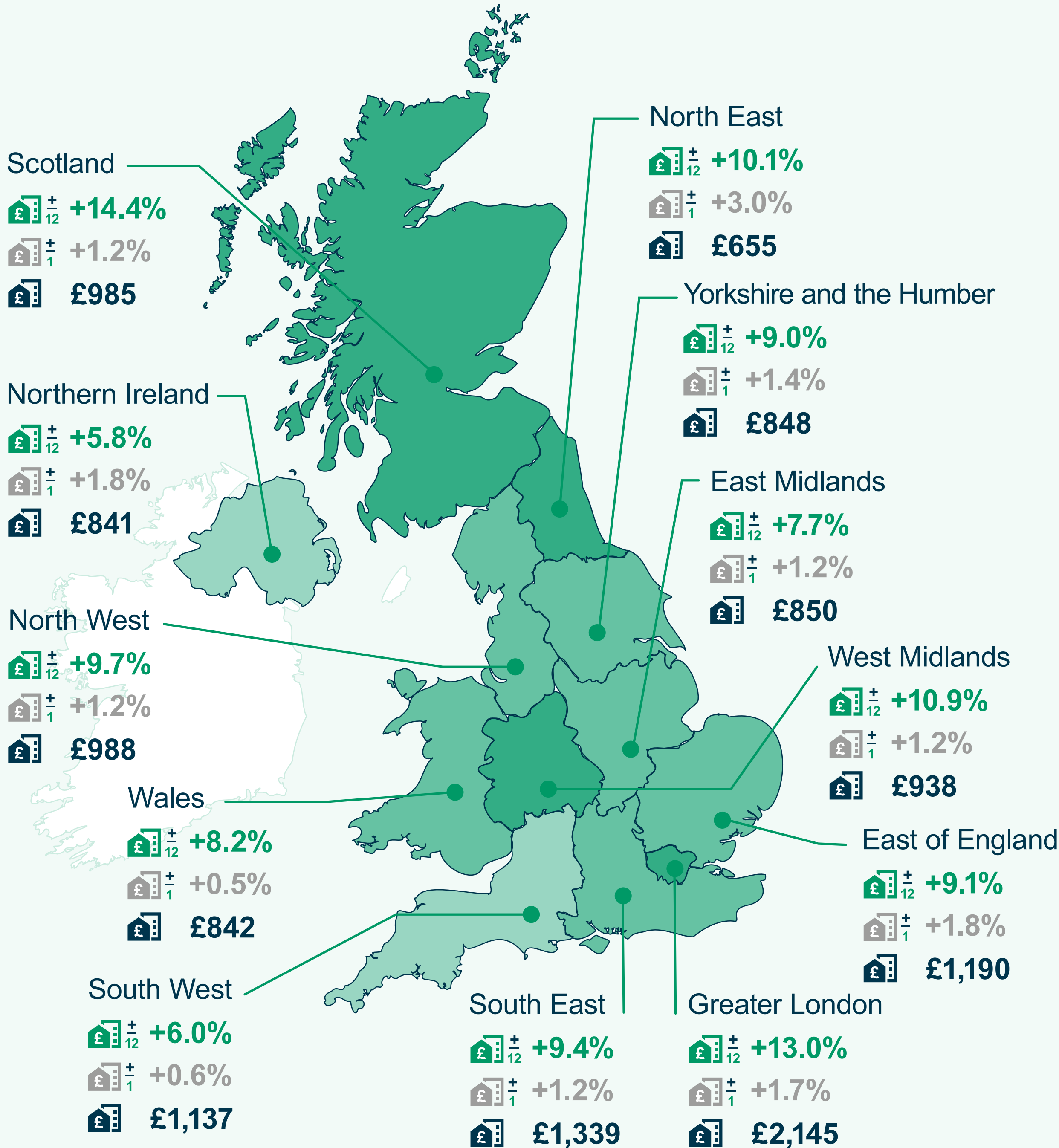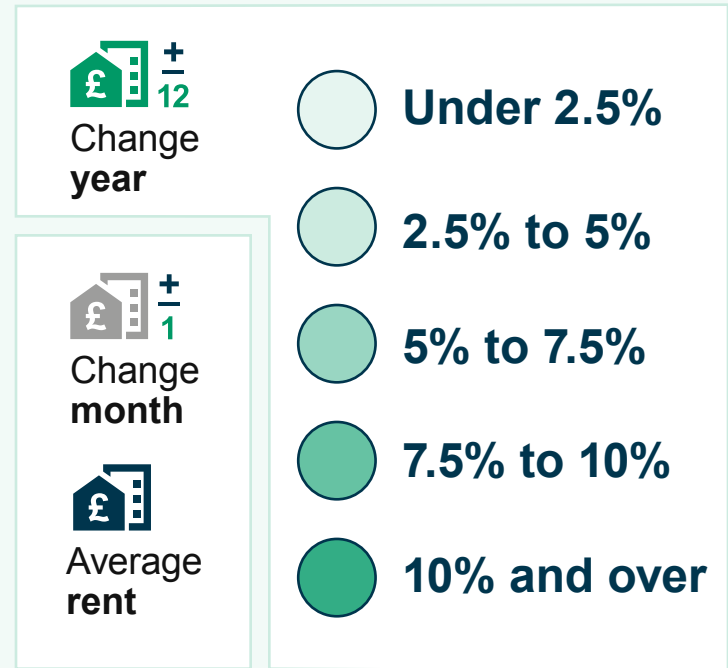agreed rents for tenancies
started in each month.

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Regional snapshot

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Scotland
±12 **+14.4%**
±1 +1.2%
£985

North East
±12 **+10.1%**
±1 +3.0%
£655

Yorkshire and the Humber
±12 **+9.0%**
±1 +1.4%
£848

Northern Ireland
±12 **+5.8%**
±1 +1.8%
£841

East Midlands
±12 **+7.7%**
±1 +1.2%
£850

North West
±12 **+9.7%**
±1 +1.2%
£988

West Midlands
±12 **+10.9%**
±1 +1.2%
£938

Wales
±12 **+8.2%**
±1 +0.5%
£842

East of England
±12 **+9.1%**
±1 +1.8%
£1,190

South West
±12 **+6.0%**
±1 +0.6%
£1,137

South East
±12 **+9.4%**
±1 +1.2%
£1,339

Greater London
±12 **+13.0%**
±1 +1.7%
£2,145

±12 **Annual change**
August 2022 to
August 2023

±12 Change year
±1 Change month
Average rent

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

Last month
2022 to 2023
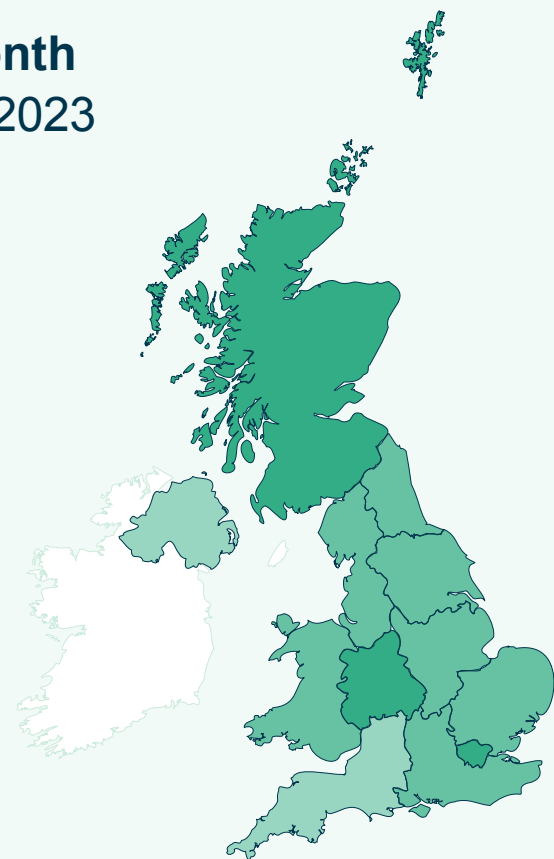
Regional discount / premium to UK average

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Comparison with UK average August 2022 to August 2023

Below ← UK average → **Above**

Region	August 2023	August 2022
East Midlands	**-32.6%**	-31.0%
East of England	**-5.6%**	-4.5%
Greater London	**70.1%**	66.1%
North East	**-48.1%**	-47.9%
North West	**-21.6%**	-21.2%
Northern Ireland	**-33.3%**	-30.4%
Scotland	**-21.9%**	-24.7%
South East	**6.2%**	7.1%
South West	**-9.8%**	-6.1%
Wales	**-33.2%**	-31.9%
West Midlands	**-25.6%**	-26.0%
Yorkshire and the Humber	**-32.8%**	-31.9%

Legend:
- **August 2023** (filled dark)
- August 2022 (white)
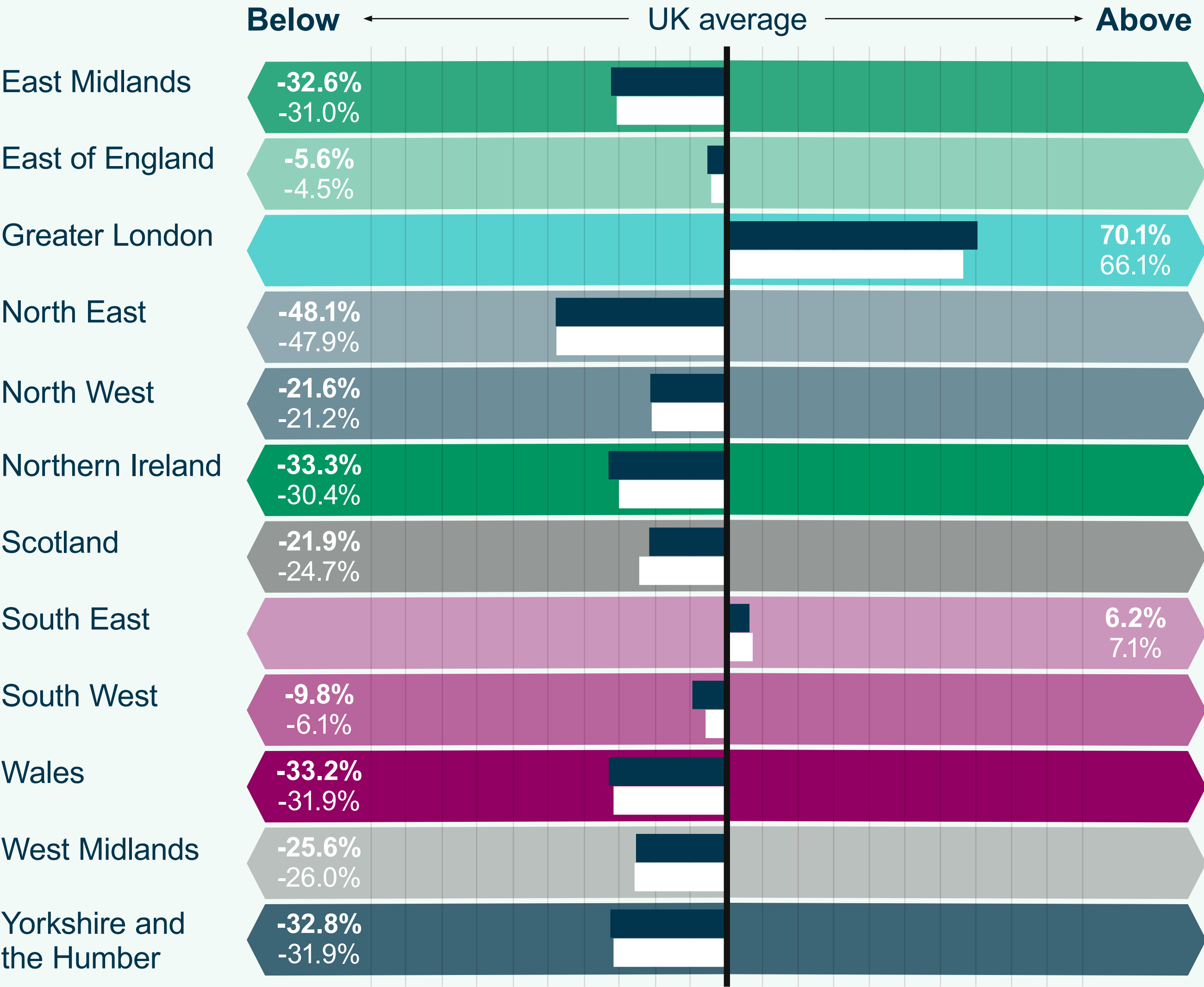
Showing how regional rents compared to the UK average in August 2023 and a year earlier, i.e., average rents in the East Midlands in August 2023 were 32.6% below the national average. However, in August 2022 they were 31.0% below the national average.

London focus

Average rent

£2,145

New records continue to be broken in London. The average rent of £2,145 is now £247 per month more than renters were paying a year ago.

Change annual

+13.0%

Rents are rising across all parts of London with 17 out of 21 London areas seeing growth of more than 10% in the past year.

Strongest performer

+21.8%

Barking, Dagenham and Havering
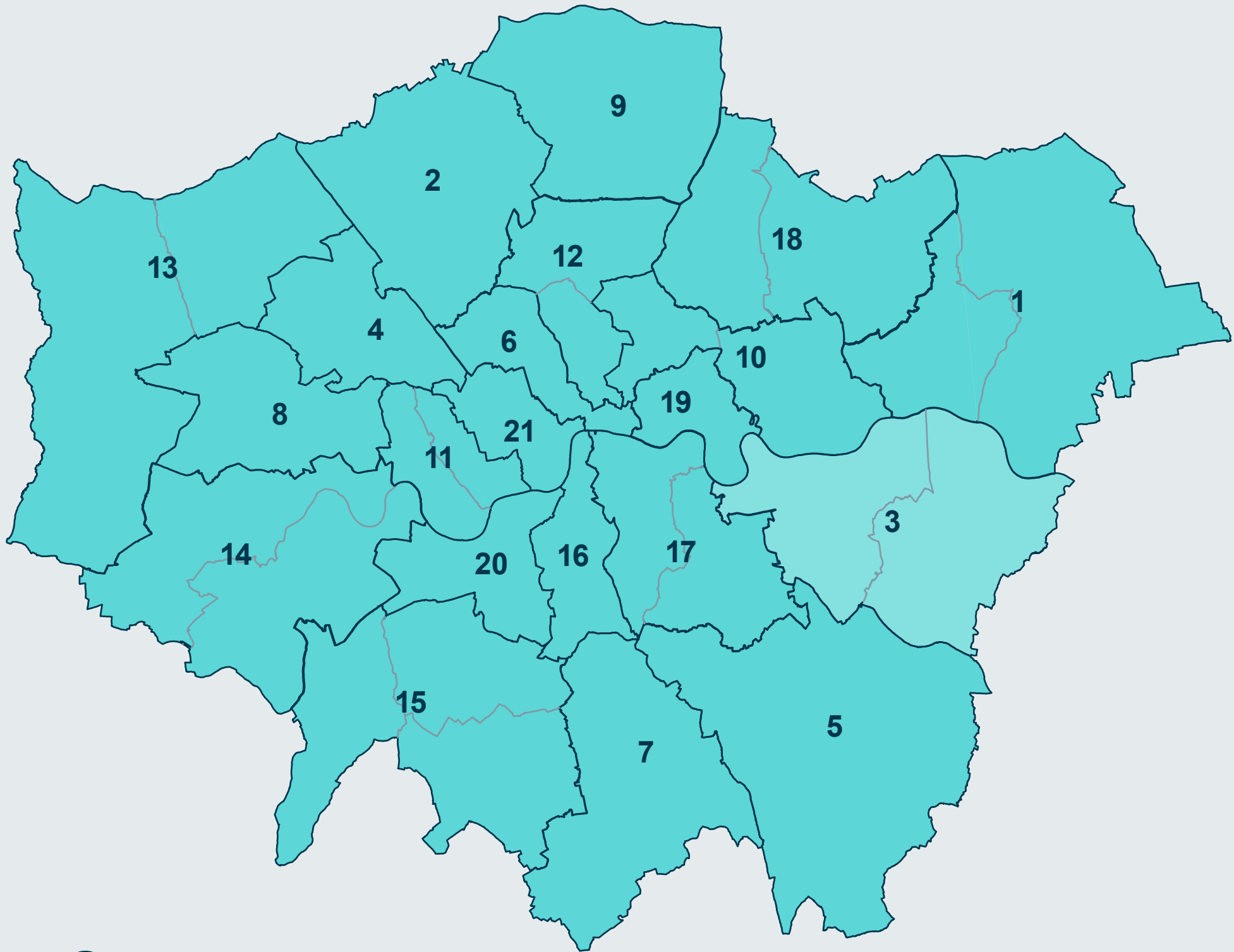
Over the last five years, rents in London have increased by 31%.

By borough

Annual change August 2022 to August 2023

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

Legend:
- Less than 0%
- 0% to 2%
- 2% to 4%
- 4% to 6%
- 6% and over

		Annual change	Average rent
1	Barking, Dagenham and Havering	21.8%	£1,700
2	Barnet	13.9%	£2,084
3	Bexley and Greenwich	4.5%	£1,724
4	Brent	13.5%	£2,055
5	Bromley	10.1%	£1,821
6	Camden, City of London	13.9%	£2,594
7	Croydon	14.3%	£1,482
8	Ealing	15.2%	£2,066
9	Enfield	8.4%	£1,816
10	Hackney and Newham	12.0%	£1,949
11	Hammersmith, Fulham, Kensington and Chelsea	13.9%	£2,737
12	Haringey and Islington	10.1%	£2,146
13	Harrow and Hillingdon	12.1%	£1,748
14	Hounslow and Richmond	6.6%	£1,966
15	Merton, Kingston upon Thames and Sutton	13.7%	£1,881
16	Lambeth	16.8%	£2,759
17	Lewisham and Southwark	17.5%	£2,148
18	Redbridge and Waltham Forest	9.6%	£1,579
19	Tower Hamlets	13.0%	£2,345
20	Wandsworth	13.4%	£2,440
21	Westminster	12.6%	£3,400

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Five-year snapshot

Average rent August 2018

5 YR
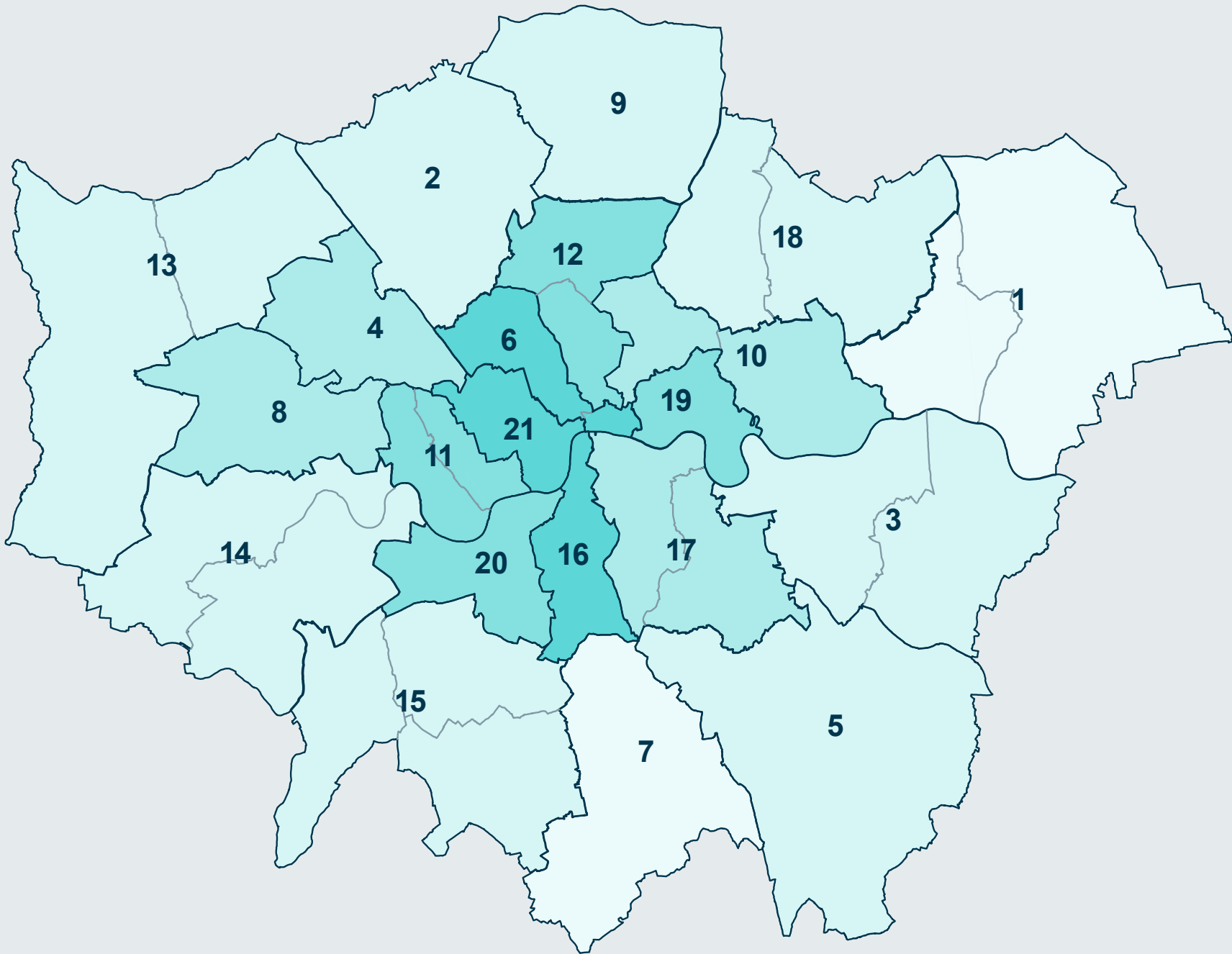
Average rent August 2023

5 YR
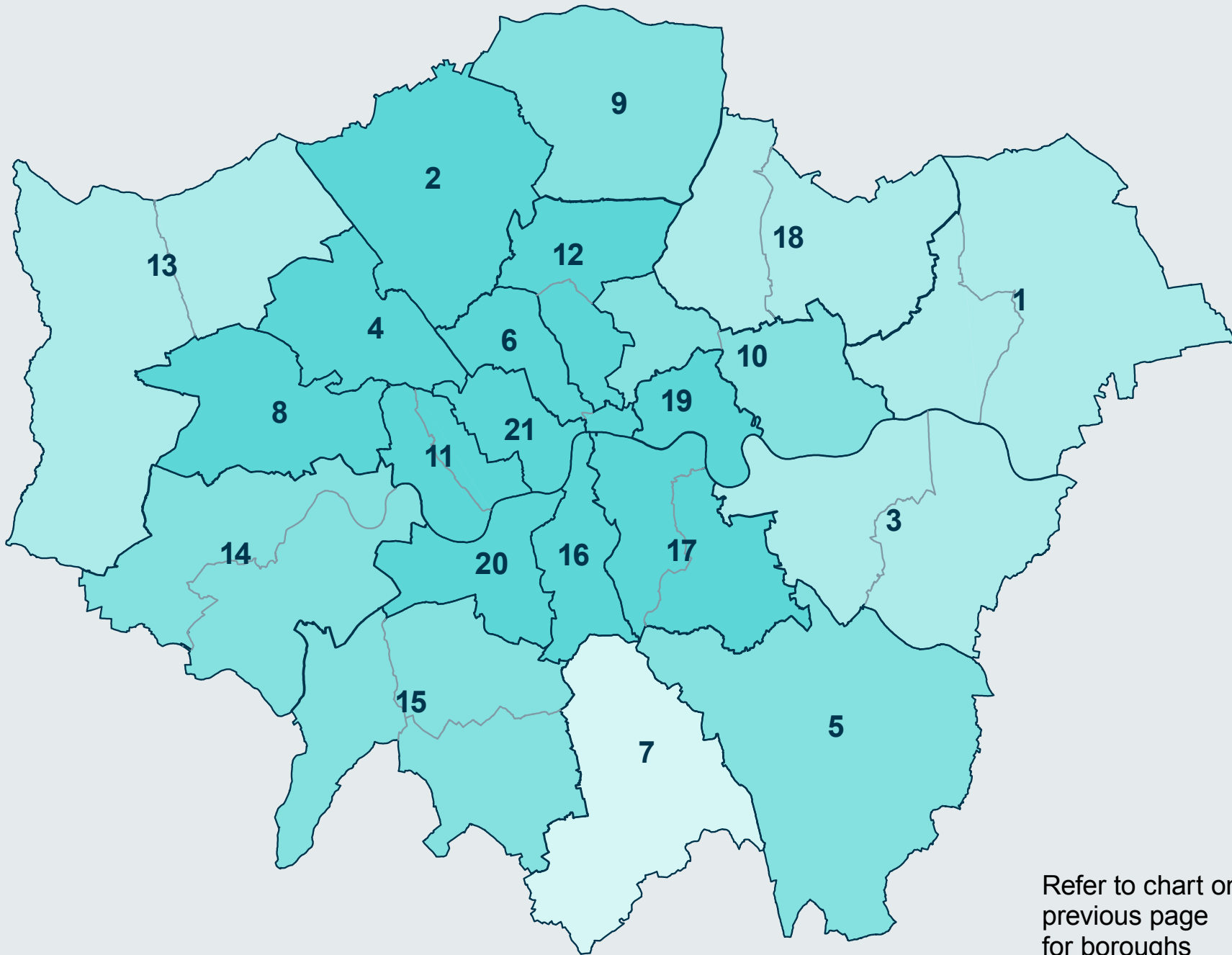
Refer to chart on previous page for boroughs

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- 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

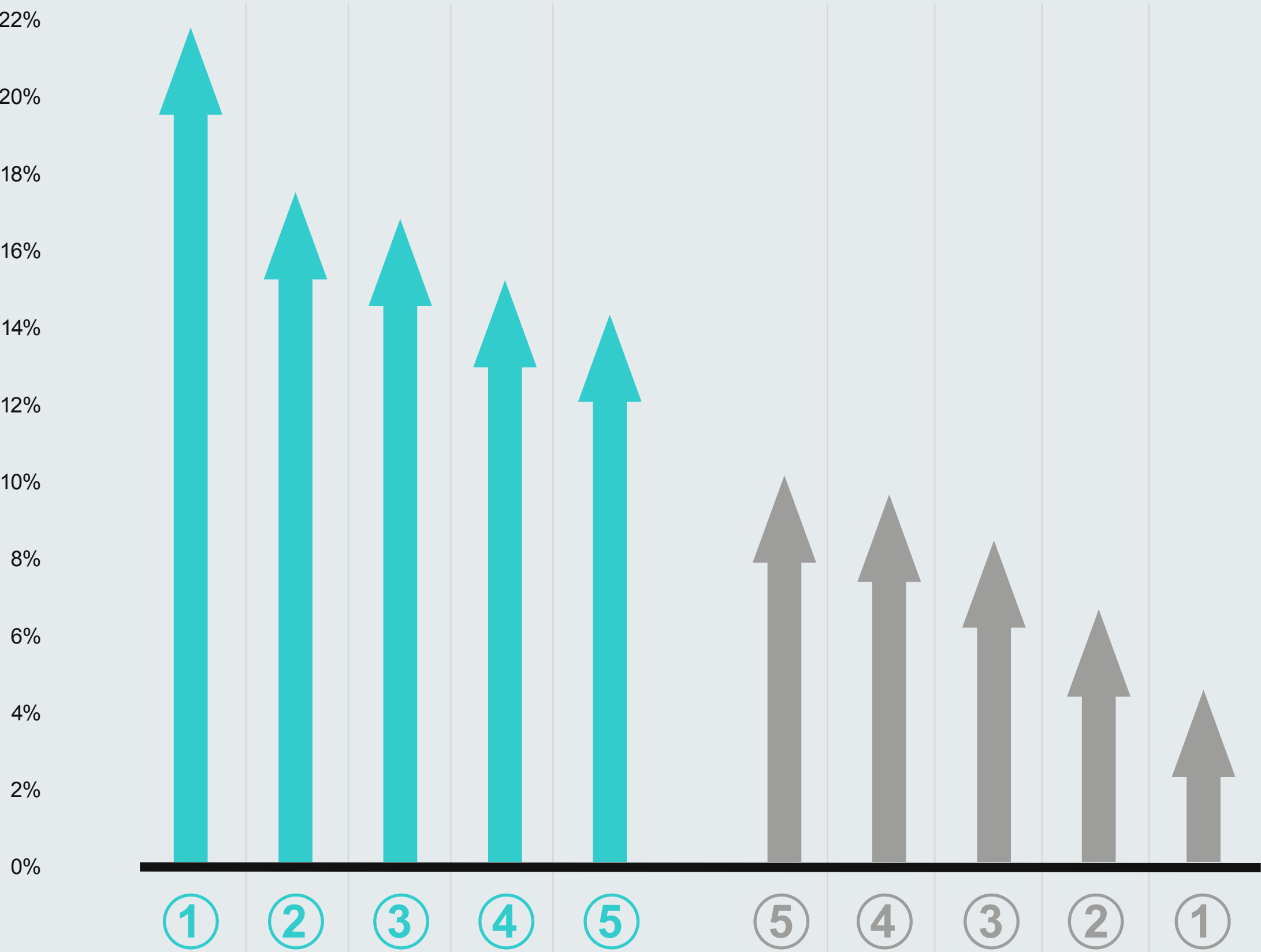**+51.3%** **Westminster**

Affordability

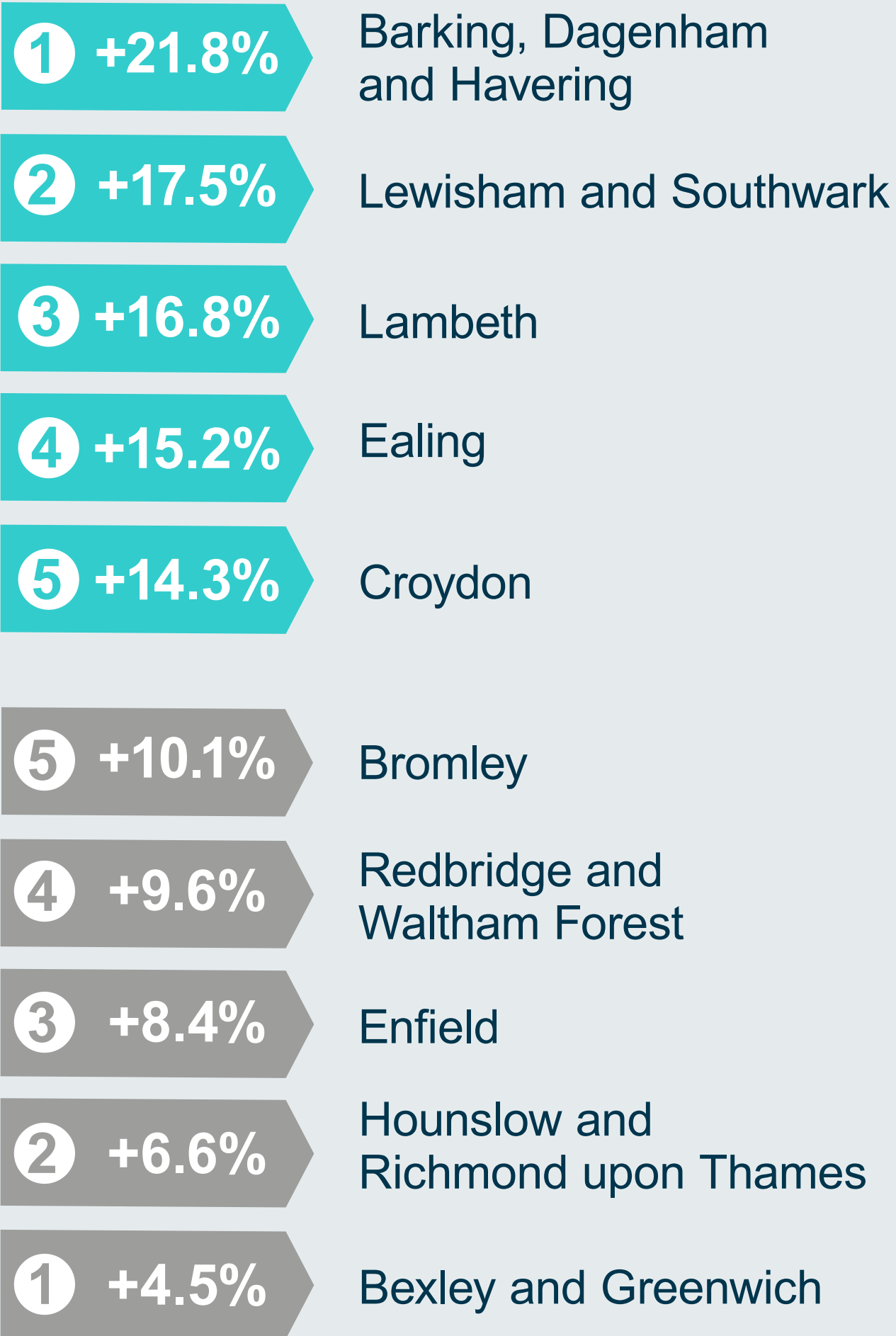**% income** spent on rent

32.3%

With rents continuing to rise, affordability is becoming increasingly stretched. Renters are now paying, on average, 32.3% of their income on rent, up from 30.1% a year ago.
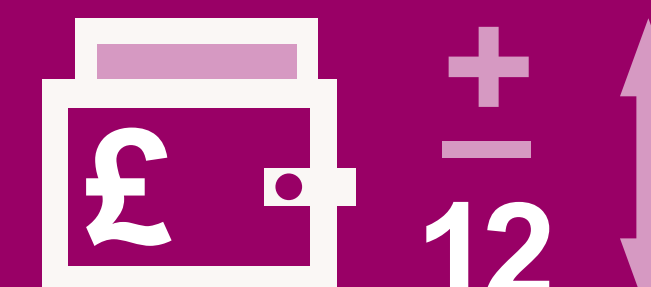
Change annual*

12

-2.2%

This level of affordability is the weakest ever seen in the HomeLet index, surpassing the previous peak in June 2018 of 32.2%.

* Calculated by subtracting the August 2023 figure from August 2022.
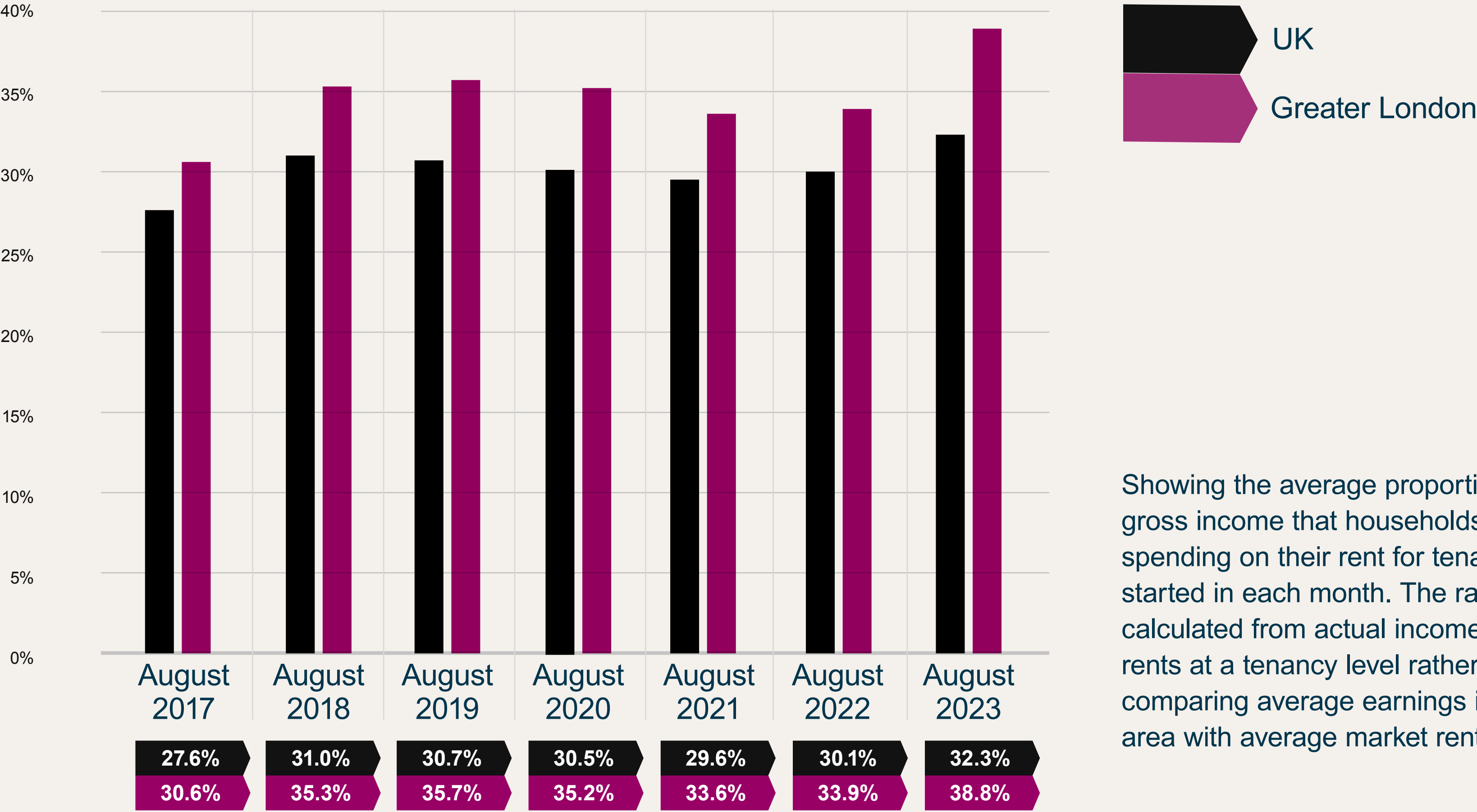
Greatest change

12

-4.9%

London

Worsening affordability is most apparent in London where renters spent, on average, 38.8% of their income on rent in August.

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YR

Affordability over time August 2017 to August 2023

UK

Greater London

August 2017	August 2018	August 2019	August 2020	August 2021	August 2022	August 2023
27.6%	31.0%	30.7%	30.5%	29.6%	30.1%	32.3%
30.6%	35.3%	35.7%	35.2%	33.6%	33.9%	38.8%

UK and London

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.
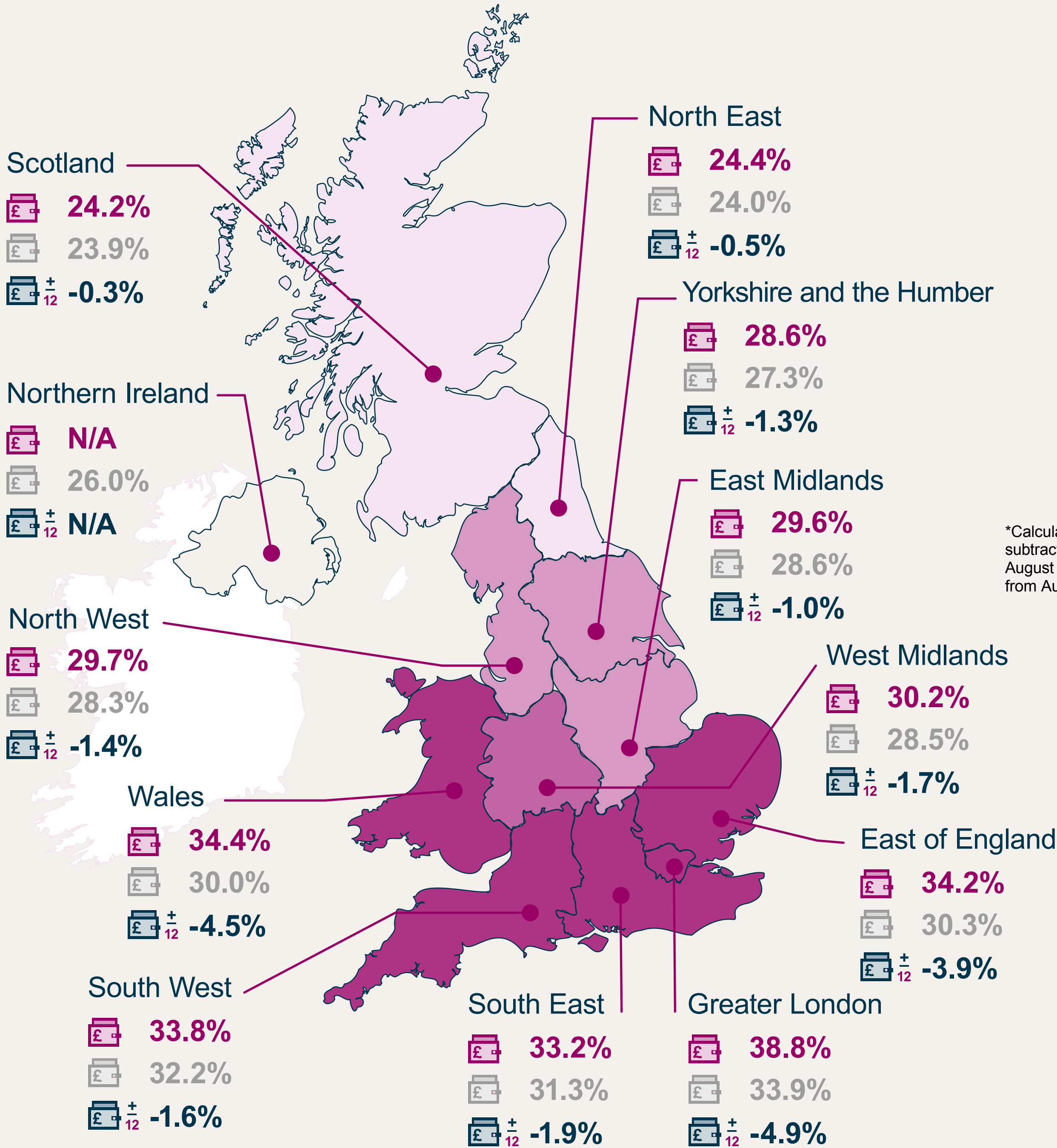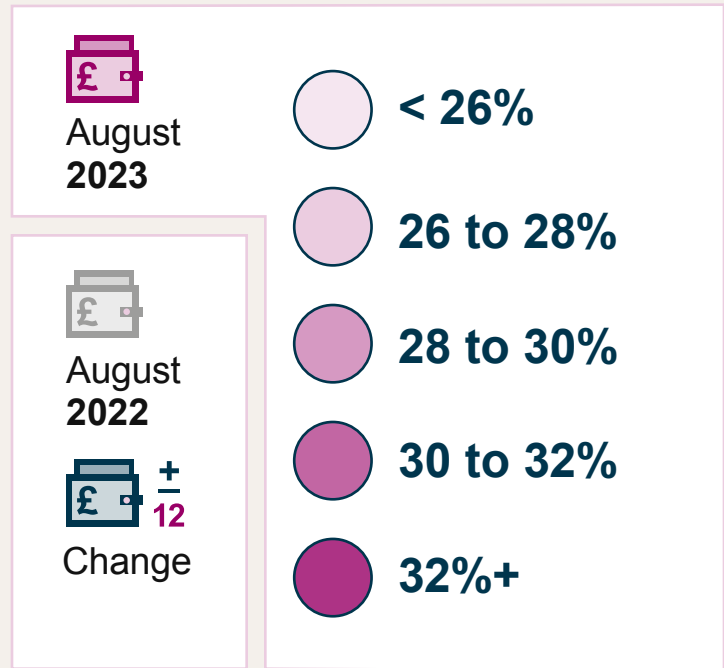
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Regional snapshot

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Scotland
£ **24.2%**
£ 23.9%
£±12 **-0.3%**

North East
£ **24.4%**
£ 24.0%
£±12 **-0.5%**

Yorkshire and the Humber
£ **28.6%**
£ 27.3%
£±12 **-1.3%**

Northern Ireland
£ **N/A**
£ 26.0%
£±12 **N/A**

East Midlands
£ **29.6%**
£ 28.6%
£±12 **-1.0%**

North West
£ **29.7%**
£ 28.3%
£±12 **-1.4%**

West Midlands
£ **30.2%**
£ 28.5%
£±12 **-1.7%**

Wales
£ **34.4%**
£ 30.0%
£±12 **-4.5%**

East of England
£ **34.2%**
£ 30.3%
£±12 **-3.9%**

South West
£ **33.8%**
£ 32.2%
£±12 **-1.6%**

South East
£ **33.2%**
£ 31.3%
£±12 **-1.9%**

Greater London
£ **38.8%**
£ 33.9%
£±12 **-4.9%**

*Calculated by subtracting the August 2022 figure from August 2023.

£ **% income spent on rent**
August 2023

£ August **2023**

£ August **2022**

£±12 Change

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

August 2022
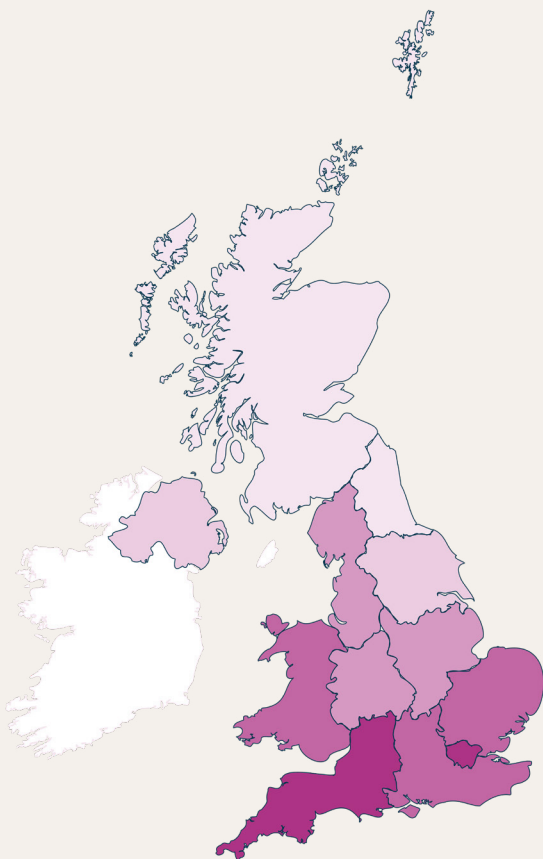
Next Regional focus >>

Scotland

Key
Shows regional average
Shows UK average

Median tenant **gross income***

£29,928

£30,546

Predominant **age group**

20–29

20–29

Average % tenant **income spent on rent**

24.2%

32.3%

Predominant **rental band**

£750–£1,000

£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.
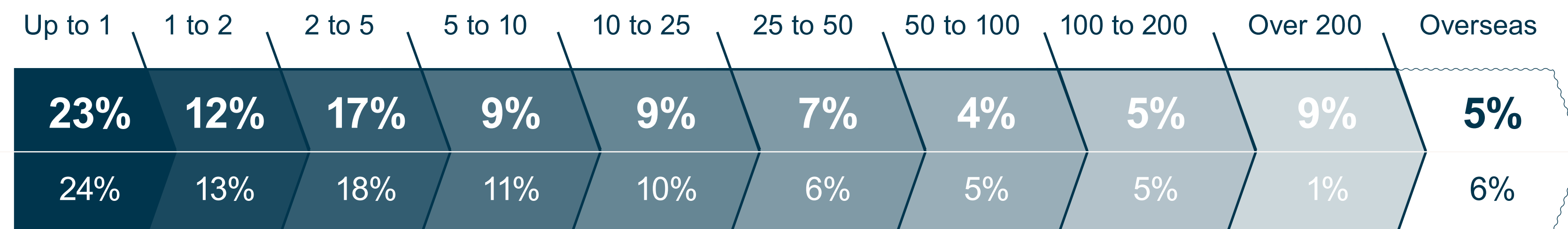
*Excludes below £10k and over £500k

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Scotland

Distance moved last 12 months

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	Overseas
23%	**12%**	**17%**	**9%**	**9%**	**7%**	**4%**	**5%**	**9%**	**5%**
24%	13%	18%	11%	10%	6%	5%	5%	1%	6%

Profile of properties let Last 12 months

Number of bedrooms

Flats				Houses	
0	1	2	3+	1–2	3+
3%	**20%**	**38%**	**16%**	**8%**	**15%**
5%	20%	23%	7%	17%	28%

Age breakdown Last 12 months

Tenants age
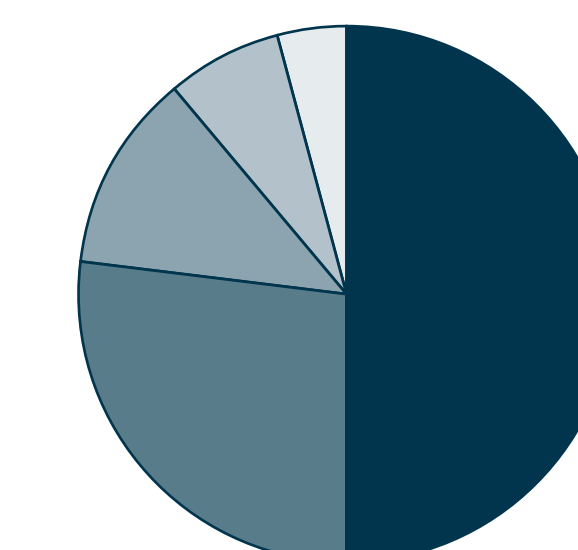
- **50%** Under 29
- **27%** 30 to 39
- **12%** 40 to 49
- **7%** 50 to 59
- **4%** 60+

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With over 30 years of experience, we're the UK's leading tenant referencing and specialist protection supplier for the private rented sector. We've got a team of over 300 co-workers dedicated to providing market-leading support to our letting agents, helping them to grow and develop their business.

We always strive to exceed our customers' expectations. Our expertise combined with our innovative approach drives a continual development of our proposition – and the value that we provide for our customers.

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About the HomeLet rental index report

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

The HomeLet 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 HomeLet 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 has 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