

May
2022

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.

In conjunction with Dataloft

HomeLetTM
THE RENTAL INDEX

Industry insight

“

With pressure on households, we're seeing tenants stay in properties for longer. As summer approaches, we expect them to move at a faster rate, continuing the upward trajectory of average rents for new tenancies.



Mike Dawson
Group Sales Director
HomeLet and Let Alliance

“

The impact of rental reform

The rental market plays a critical role in satisfying the UK's housing needs, and the long-awaited Renters' Reform Bill needs to strike the right balance by protecting both tenants and landlords. With many landlords already exiting the market, the government's commitment to legislation will provide the biggest change to rental law in a generation and shouldn't risk marginalising landlords even further.

The effect on agents, landlords and tenants

Whilst managing agents can provide a vital service to landlords as the market becomes more complex, there's a genuine risk that we will continue to see a decline in the number of landlords in the UK. Ultimately, tenants will foot the bill if the level of stock decreases and demand grows, as we saw with the 2019 Tenant Fees Act.

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Regional focus

Average rents and change in rents



**Average
rent**

£1,103

Average rents reached a new high in May at £1,103. Excluding London, average rents increased to £928, 0.9% higher than in April.



**Change
monthly**

+1.1%

Nationally, rental growth in May was just below the level seen in April. Northern Ireland saw the strongest growth in the month at 1.7%.



**Change
annual**

+10.6%

Average rents saw double-digit growth in May on an annual basis, the highest ever recorded in this index. Annually, London remains the strongest performer.

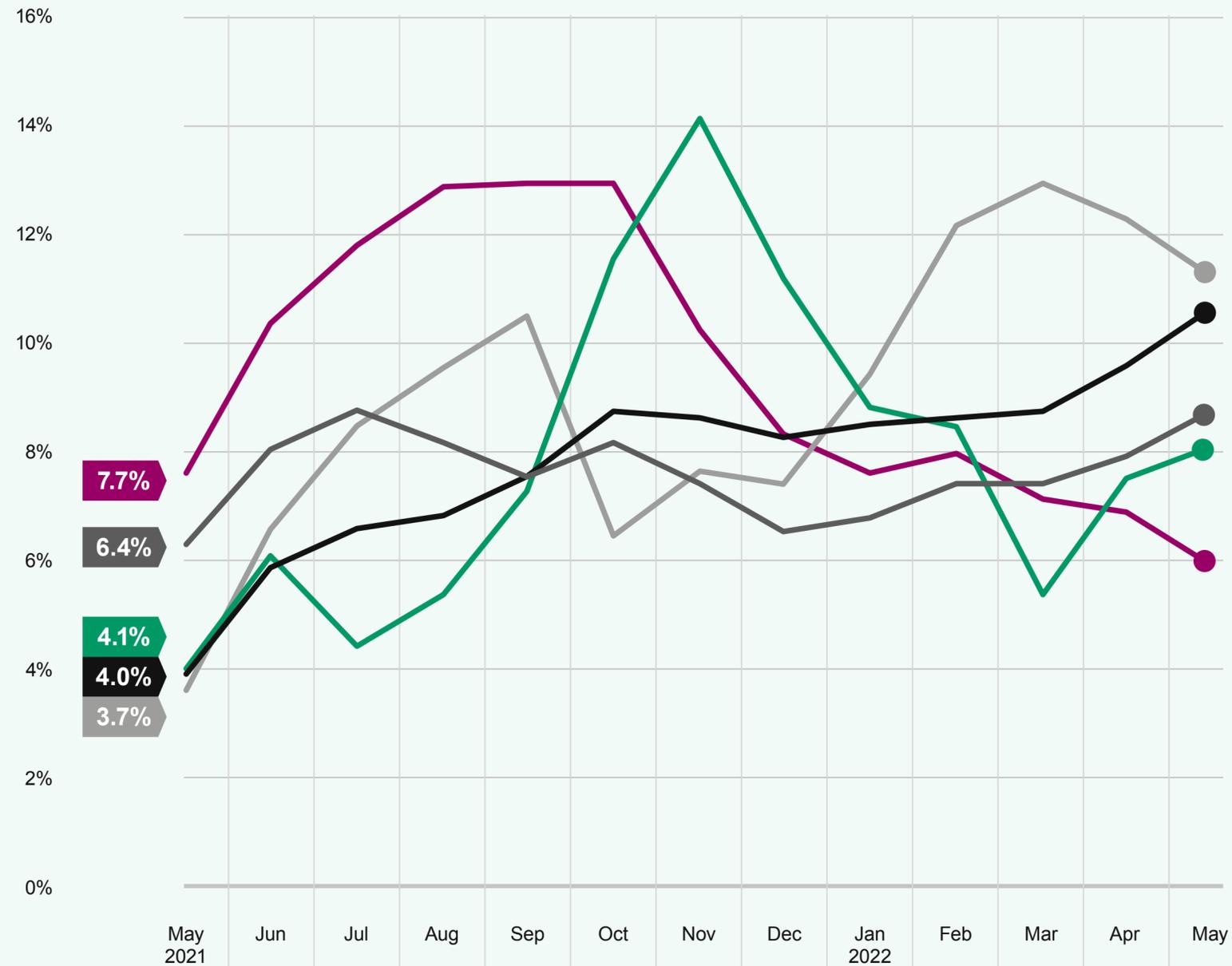
UK and home nations



In conjunction with Dataloft

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Annual change May 2021 to May 2022



- 11.2% Scotland
- 10.6% UK
- 8.7% UK excluding London
- 8.1% Northern Ireland
- 6.0% Wales

Showing annual change in rents, May 2022 vs May 2021. Average rents are based on agreed rents for tenancies started in each month.

Next England by region »

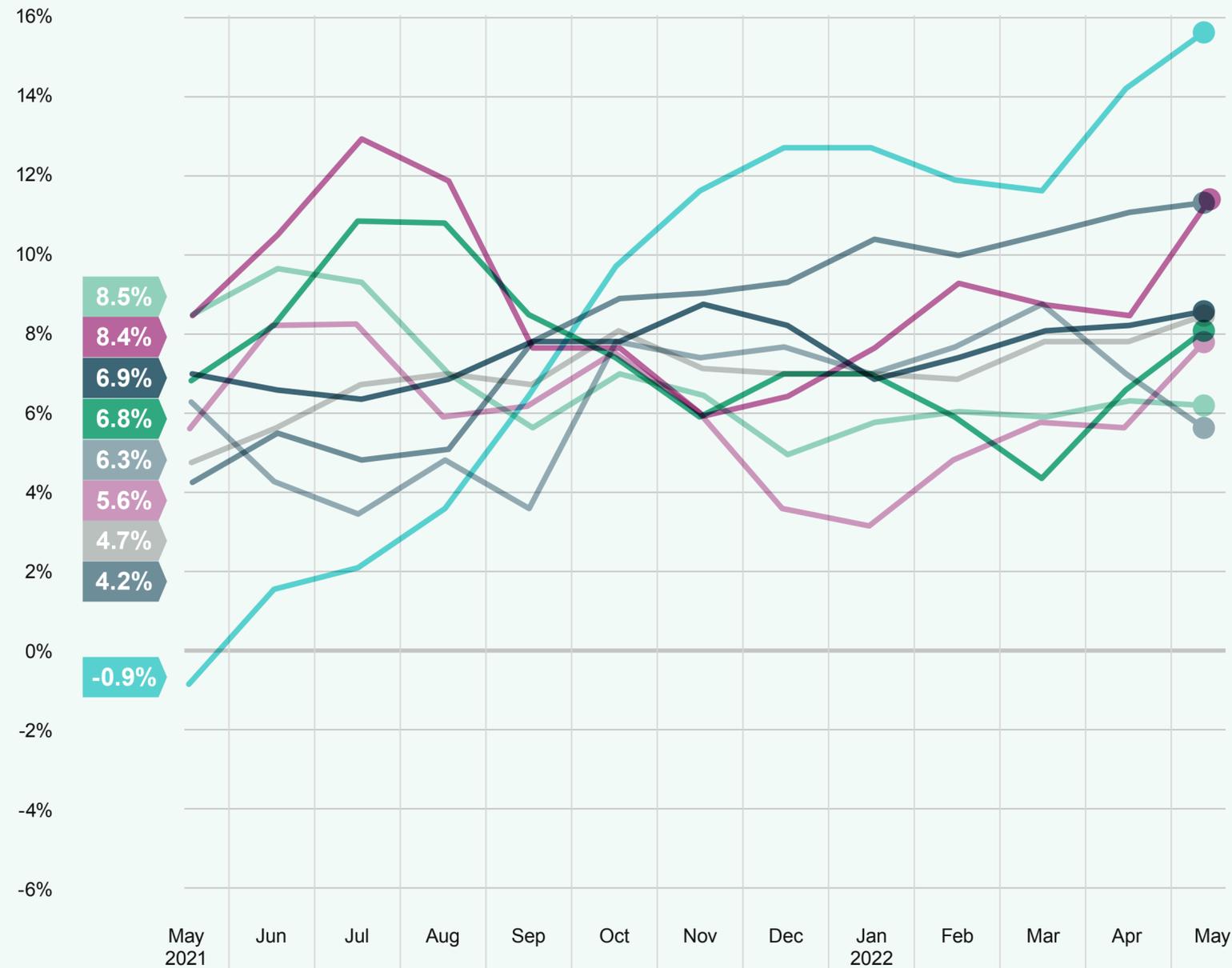
England by region



In conjunction with Dataloft

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Annual change May 2021 to May 2022



- 15.7% Greater London
- 11.5% South West
- 11.3% North West
- 8.6% Yorkshire and the Humber
- 8.5% West Midlands
- 8.1% East Midlands
- 7.9% South East
- 6.1% East of England
- 5.4% North East

Showing annual change in rents, May 2022 vs May 2021. Average rents are based on agreed rents for tenancies started in each month.

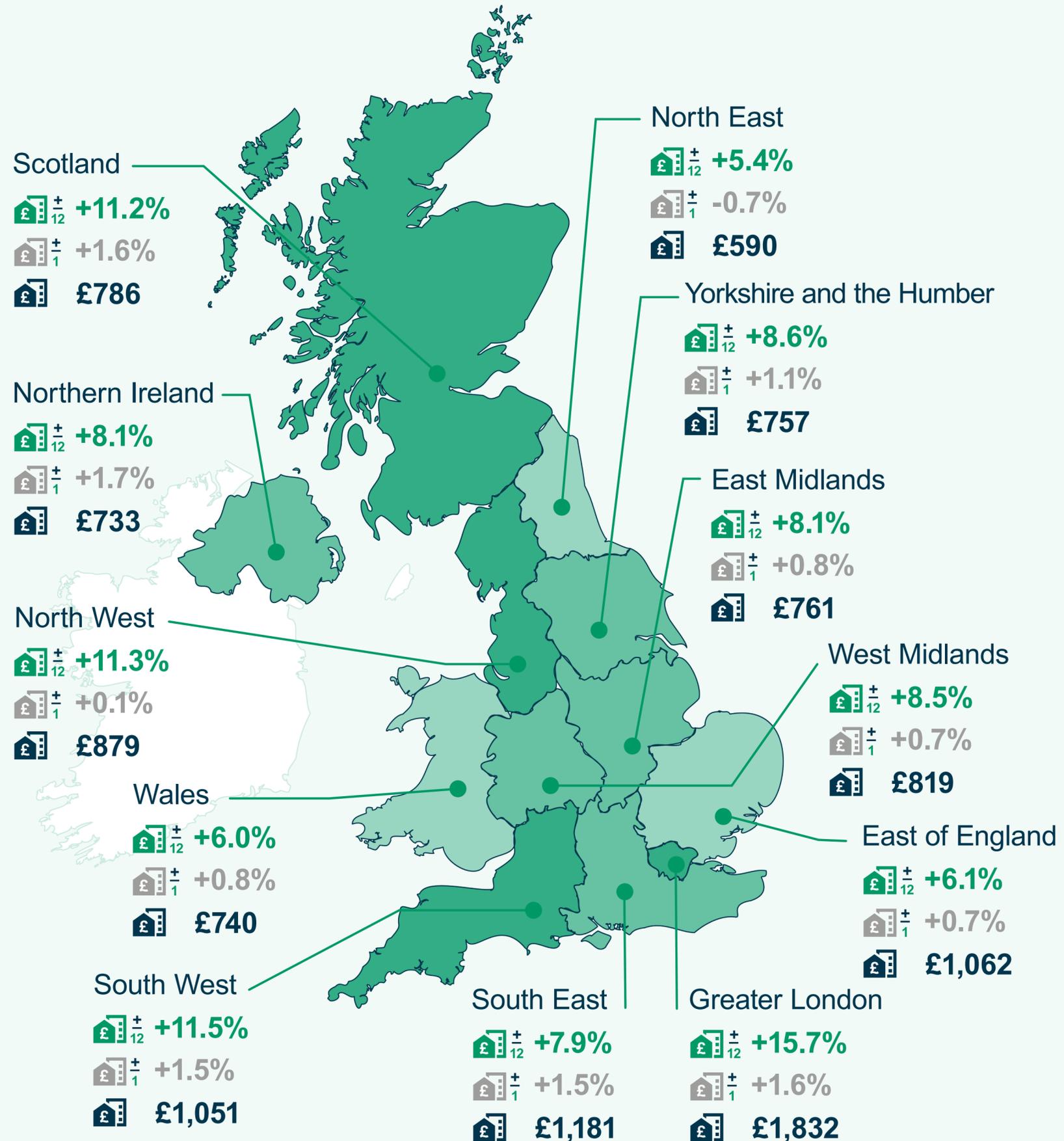
Next Regional snapshot »

Regional snapshot

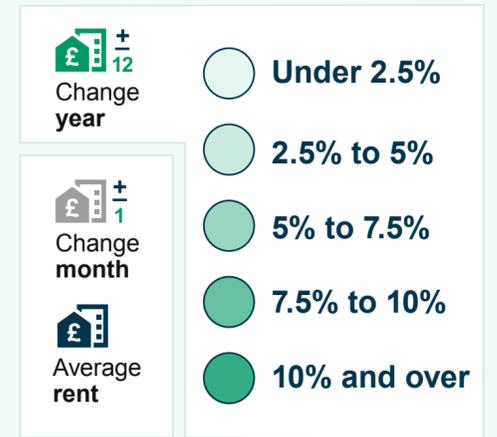


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Annual change
May 2021 to May 2022



April 2021 to 2022



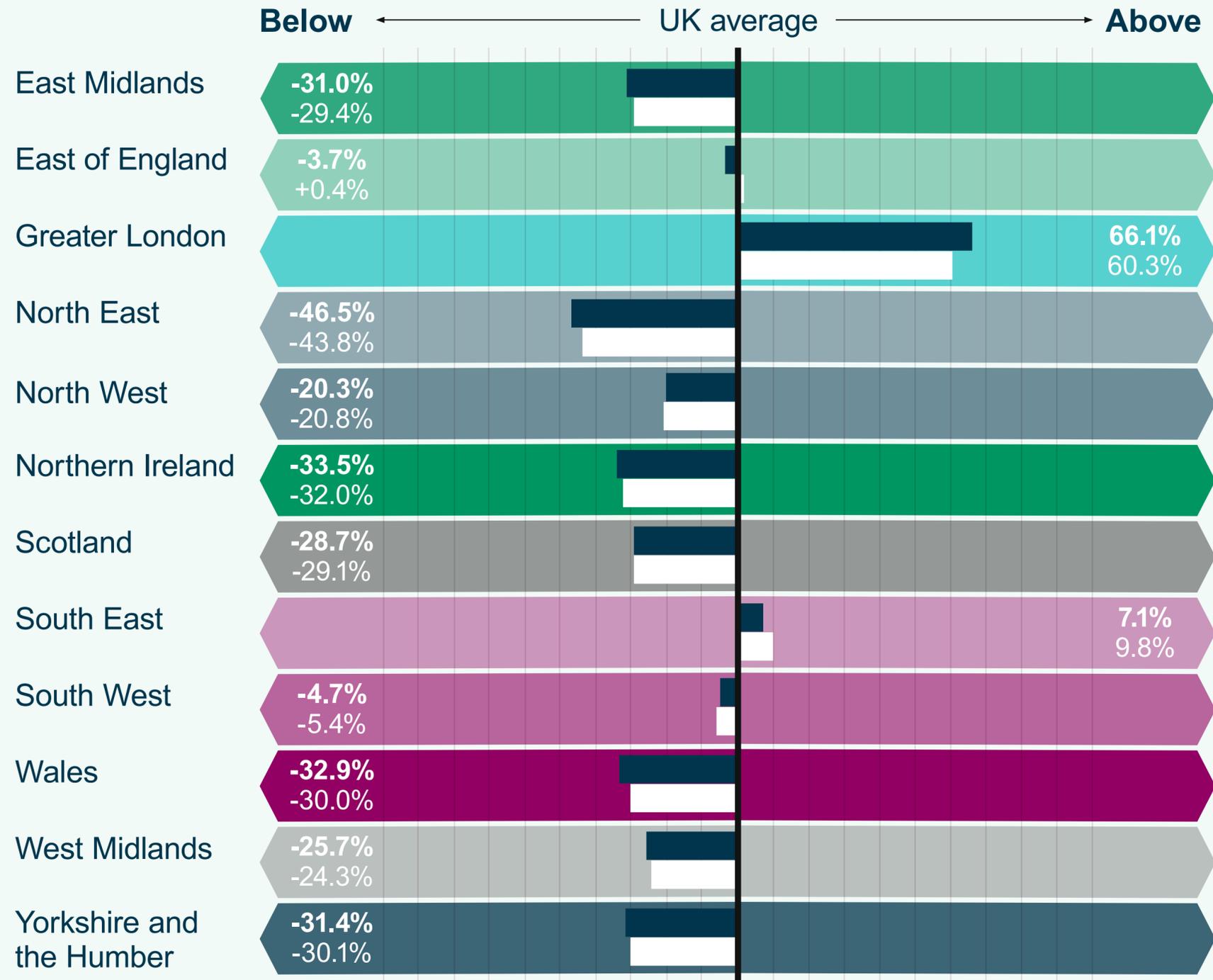
» Next Regional discount / premium

Regional discount / premium to UK average



In conjunction with Dataloft

Comparison with UK average May 2021 to May 2022



Showing how regional rents compared to the UK average in May 2022 and a year earlier, i.e., average rents in the East Midlands in May 2022 were 31% below the national average. However, in May 2021 they were 29.4% below the national average.

London focus



Average rent

£1,832

Average rents in London rose by a further 1.6% in May, pushing average rents to a new record level.



Change annual

+15.7%

The annual rate of growth in London is now 15.7%, the highest level recorded for any region at any time in this index.



Strongest performer

+36.7%

Westminster

Rents continue to rise in Westminster with a 36.7% increase over the last year. Rents in Westminster are now 63% higher than the London average.



Annual change May 2021 to May 2022

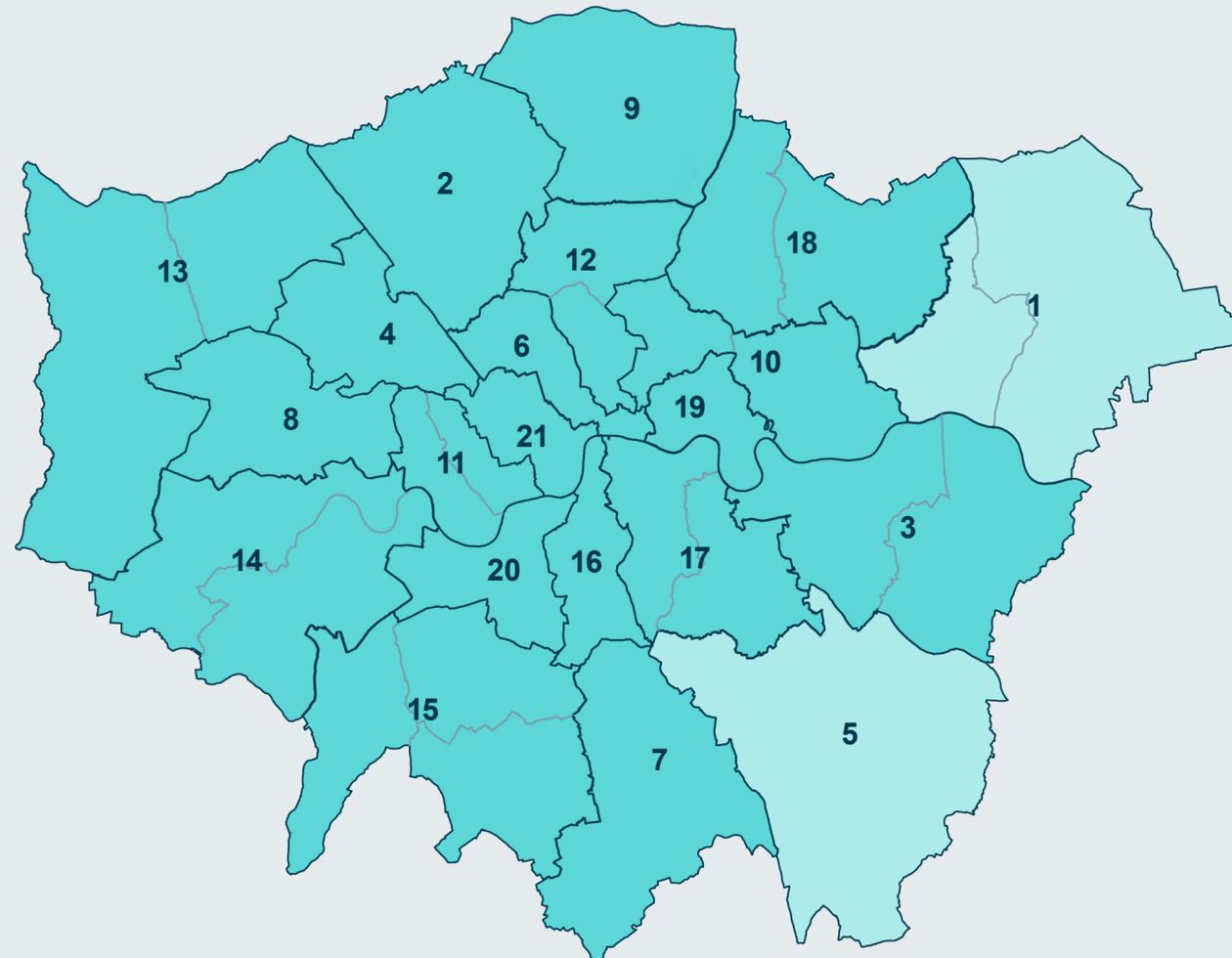


Annual change



Average rent

By borough



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

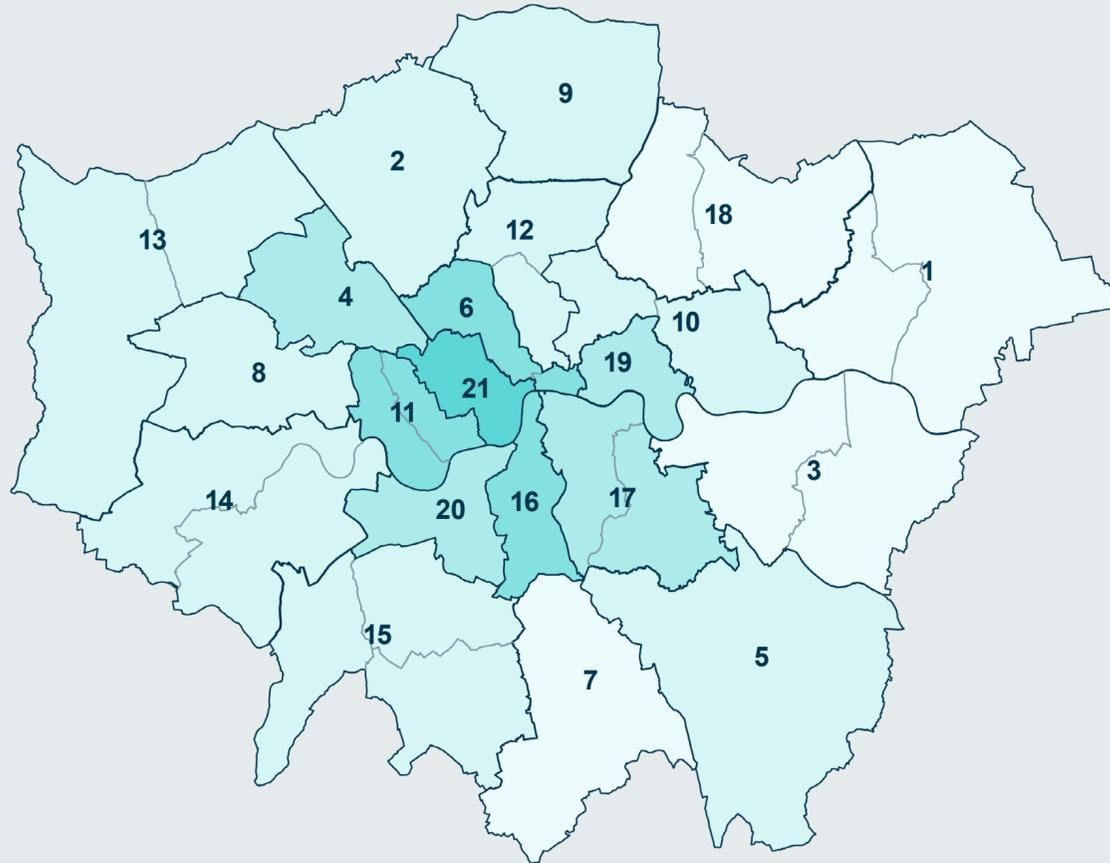
Aggregations of London Boroughs are based on the NUTS2 statistical classification model.

| | | Annual change | Average rent |
|----|---|---------------|--------------|
| 1 | Barking, Dagenham and Havering | +3.9% | £1,374 |
| 2 | Barnet | +14.8% | £1,764 |
| 3 | Bexley and Greenwich | +8.9% | £1,500 |
| 4 | Brent | +12.8% | £1,816 |
| 5 | Bromley | +3.3% | £1,547 |
| 6 | Camden, City of London | +21.8% | £2,211 |
| 7 | Croydon | +9.5% | £1,250 |
| 8 | Ealing | +15.7% | £1,683 |
| 9 | Enfield | +8.3% | £1,638 |
| 10 | Hackney and Newham | +17.7% | £1,672 |
| 11 | Hammersmith, Fulham, Kensington and Chelsea | +23.6% | £2,373 |
| 12 | Haringey and Islington | +18.6% | £1,875 |
| 13 | Harrow and Hillingdon | +8.7% | £1,504 |
| 14 | Hounslow and Richmond | +13.2% | £1,662 |
| 15 | Merton, Kingston upon Thames and Sutton | +14.7% | £1,635 |
| 16 | Lambeth | +10.3% | £2,265 |
| 17 | Lewisham and Southwark | +15.6% | £1,790 |
| 18 | Redbridge and Waltham Forest | +10.1% | £1,400 |
| 19 | Tower Hamlets | +19.1% | £1,919 |
| 20 | Wandsworth | +14.0% | £2,132 |
| 21 | Westminster | +36.7% | £2,984 |

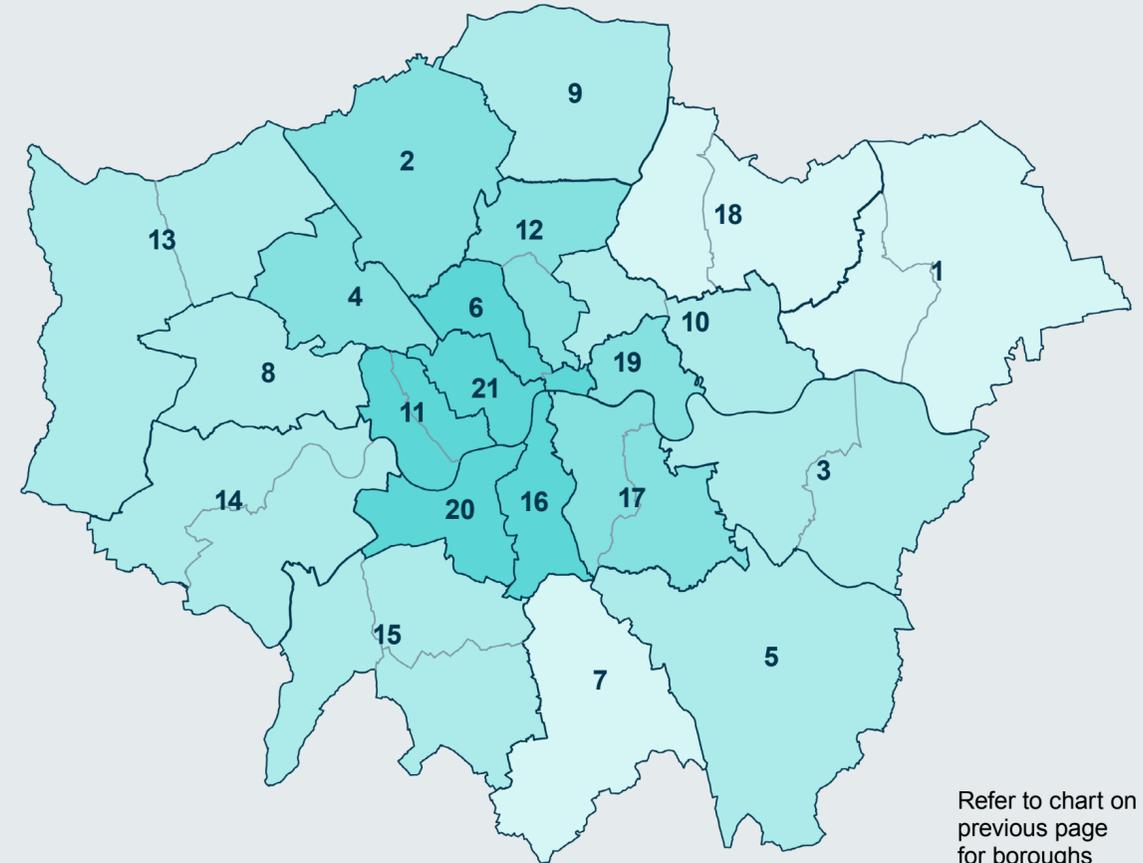




Average rent May 2017



Average rent May 2022



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

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YR

Greatest change over five years

+46.1%

Westminster

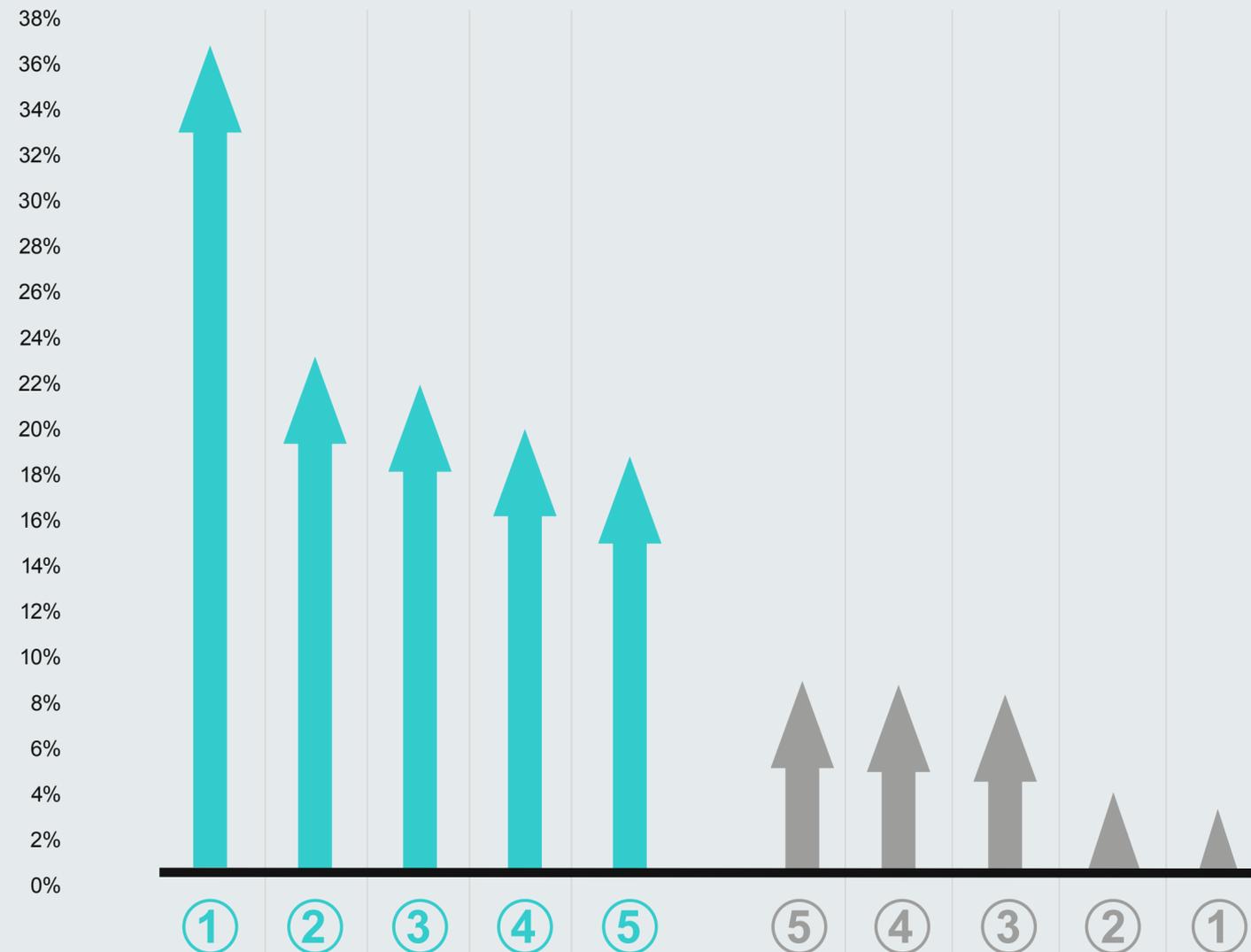
Five-year snapshot



Strongest and weakest performers



Strongest May 2022



Based on annual change to May 2022



Weakest May 2022

- 1 +36.7% Westminster
- 2 +23.6% Hammersmith, Fulham, Kensington and Chelsea
- 3 +21.8% Camden, City of London
- 4 +19.1% Tower Hamlets
- 5 +18.6% Haringey and Islington
- 5 +8.9% Bexley and Greenwich
- 4 +8.7% Harrow and Hillingdon
- 3 +8.3% Enfield
- 2 +3.9% Barking, Dagenham and Havering
- 1 +3.3% Bromley

Affordability



**% income
spent on rent**

30.5%

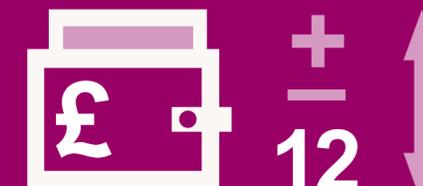
Renters spent an average of 30.5% of their gross income on rent in May, which is only marginally higher than in April (30.4%).



**Change
annual***

0.0%

Despite the rise in rents, the amount of income that renters are spending on rent is at the same level as a year ago.



**Greatest
change**

+4.2%

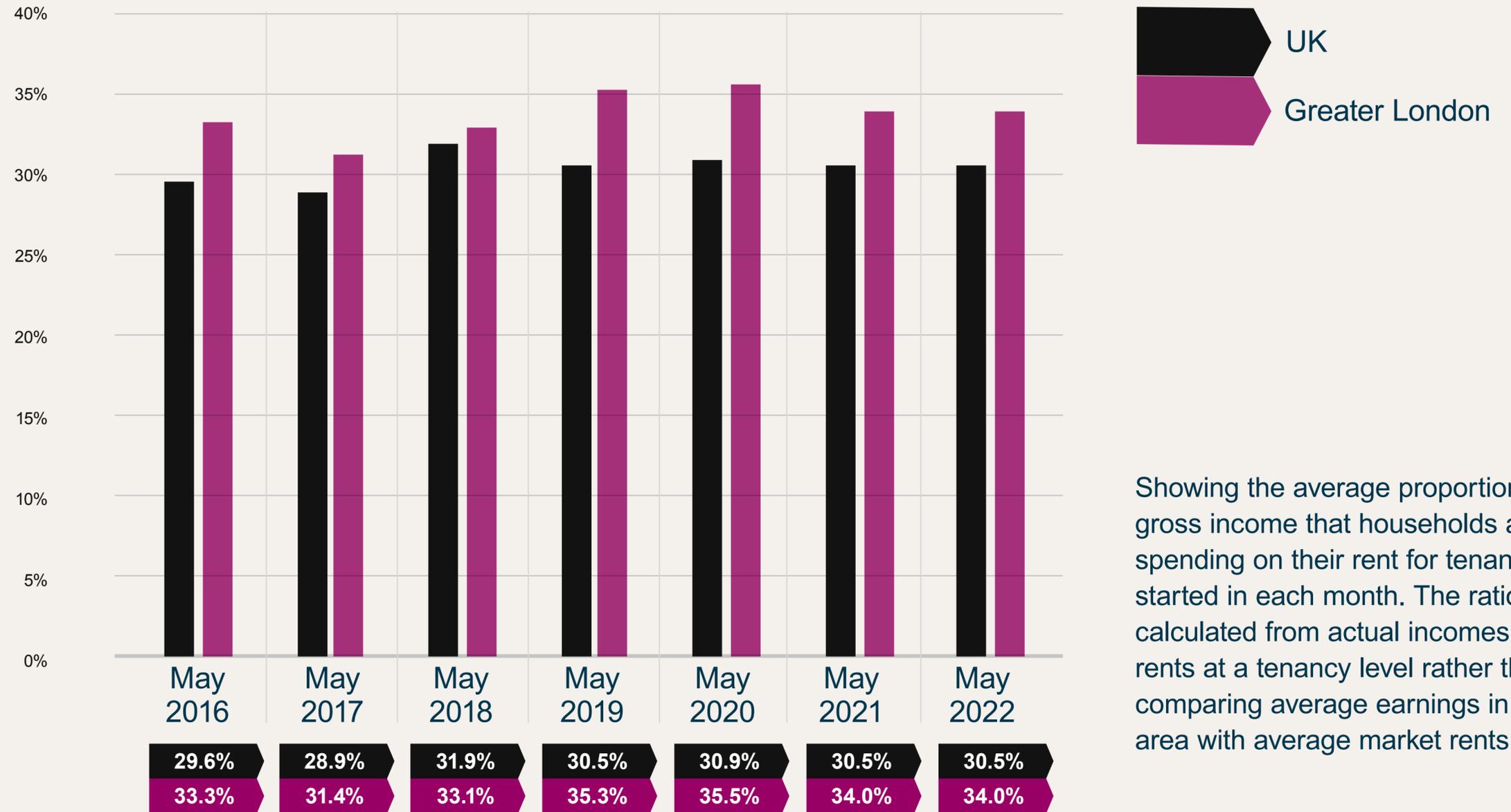
Northern Ireland

In only 3 out of 12 UK regions renters are spending a higher proportion of their income on rent than they did a year ago.

* Calculated by subtracting the May 2022 figure from May 2021.



Affordability over time May 2016 to May 2022



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

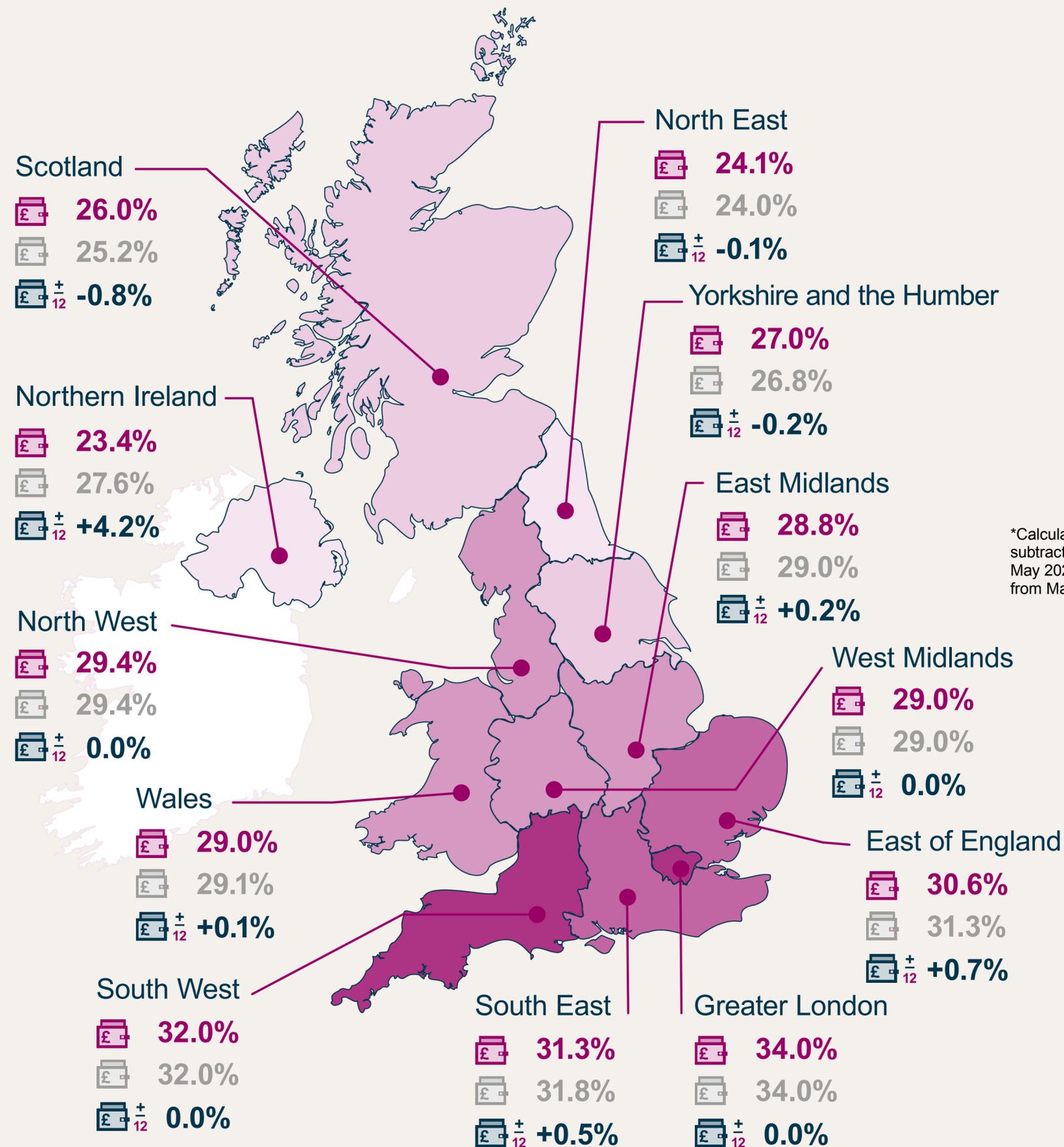


Regional snapshot



In conjunction with Dataloft

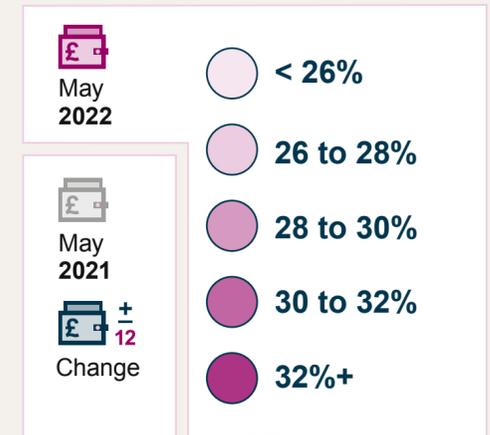
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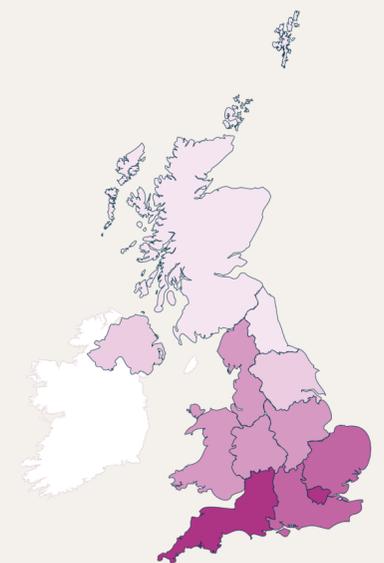
*Calculated by subtracting the May 2021 figure from May 2022.



% income spent on rent May 2022



May 2021



Next Regional focus »

Wales



Median tenant gross income*

£25,014

£29,103



Predominant age group

20–29

20–29



Average % tenant income spent on rent

29.0%

30.5%



Predominant rental band

£500–£750

£750–£1,000 per month

Key
Shows regional average
Shows UK average

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 Wales.

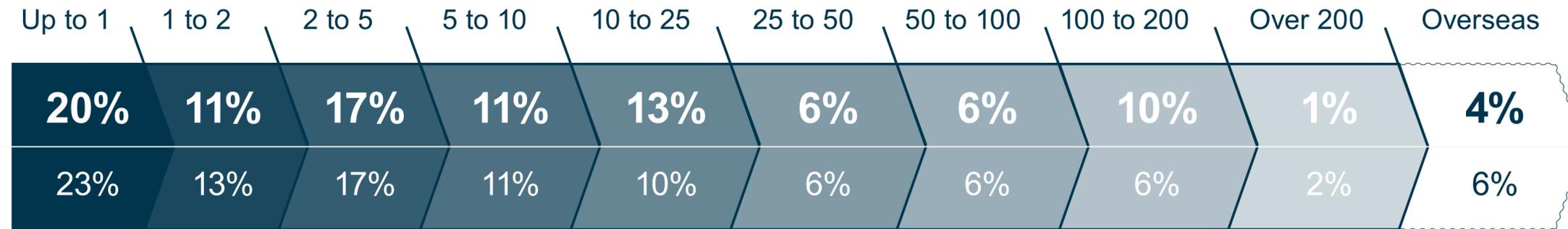
*Excludes below £10k and over £500k

Wales

Distance moved last 12 months

Key
 Shows regional average
 Shows UK average

Miles

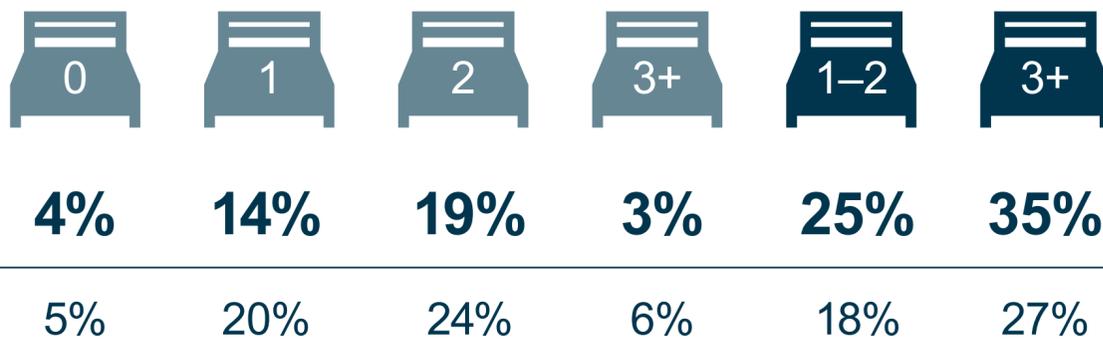


Profile of properties let Last 12 months

Number of bedrooms

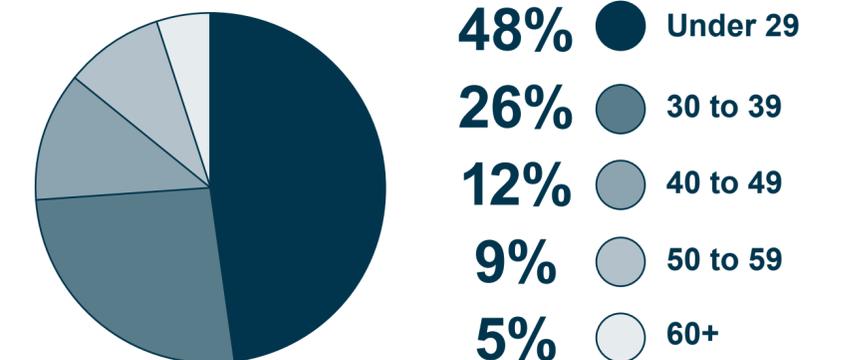
Flats

Houses



Age breakdown Last 12 months

Tenants age





With over 25 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.

In conjunction with Dataloft

dataloft

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 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](https://www.dataloft.co.uk)

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