

Rotherham's Private Rented Housing market

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Renting a home is cheaper than buying in 54% of British cities

To own a home in London costs nearly double the amount it would cost to rent, but in Glasgow it's more cost-effective to buy. Find out more with Zoopla's latest research.

By Property News team
May 18, 2017

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Quarter of households in UK will rent privately by end of 2021, says report

Almost 5.8m households expected to be in private rentals as home ownership and social renting continue to fall, says Knight Frank report

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Almost one in four households in Britain will be renting privately by the end of 2021 as soaring house prices and stagnant wages put home ownership out of the reach of growing numbers of people.

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and rental affordability - July 2017

Over the last decade has ranged from +45% to -7% across regions. The variance is similar factors.

the long run. Rental affordability is worst in London while it is the best for Eastern regions.

London over 2017 while outside London rents are set to increase by 3%

side from flat cost

Fig 1: Growth in rents and earnings

Private Rental Market Summary Statistics – April 2016 to March 2017

Released: 22 June 2017 Next release: November 2017 Responsible Statistician: Chris Gray

Valuation Office Agency

What's the latest?

Renting a home is now cheaper than buying one in 54% of British cities, according to the latest data from Zoopla.

The average monthly rental payment on a two-bedroom home in the city payable at an interest rate of 4.5% is £737.

(Mortgage repayments are based on loans of 80% of the purchase price)

The research found that Londoners fare 14% better than the average mortgage borrower.

Why is this happening?

The proportion of locations where it is more cost-effective to rent than to buy has increased by 14% since October 2014. Then, it was more cost-effective to rent than to buy in 40% of locations.

- Main story**
- The median monthly rent recorded between 1 April 2016 and 31 March 2017 in England was £675.
 - London had the highest median monthly rents and largest variation in rental values, followed by the South East.
 - The median rent in London (£1,495) was more than double the English median.
 - The North East had the lowest median rent at £495.

Chart 1: Median and interquartile range of monthly rents by region: All bedroom categories
Most regions have a similar spread of rents, but London stands out.



About this release

The data set used in this release is based on a sample of 511,980 rents recorded between 1 April 2016 and 31 March 2017.

These statistics summarise rents paid for private properties in England only.

The data used to generate these statistics is based on a sample of rental information, collected by Rent Officers, from

What does this mean for Rotherham?



- Growth in the sector
- Affordable rents
- Comparison of costs

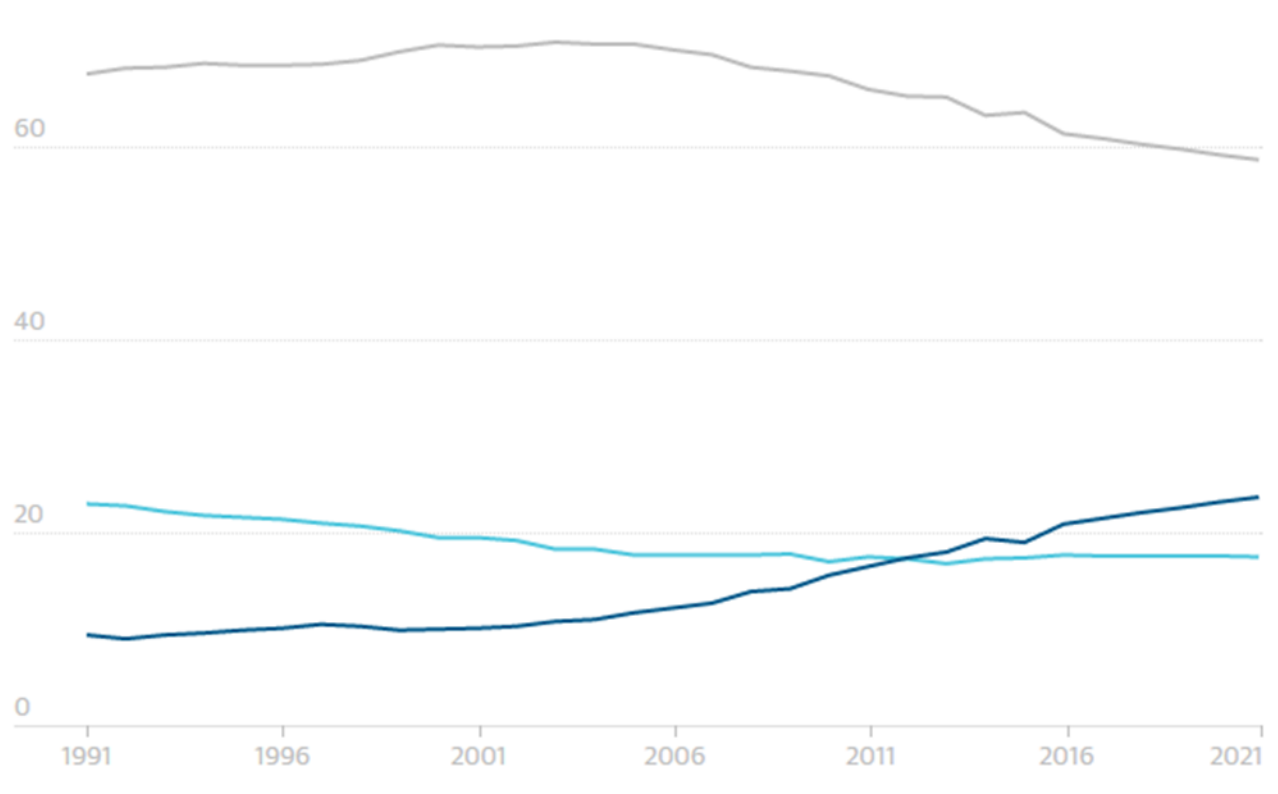
Growth in the PRS



By 2021 nearly one in four households will be private renting

Tenure distribution in England, %

■ Owned or shared ownership ■ Social rented ■ Private rented



Guardian graphic | Source: Knight Frank Tenure Distribution Model, EHS, DCLG

- Nationally, PRS is to account for 24% of housing market by 2021

Growth in the PRS

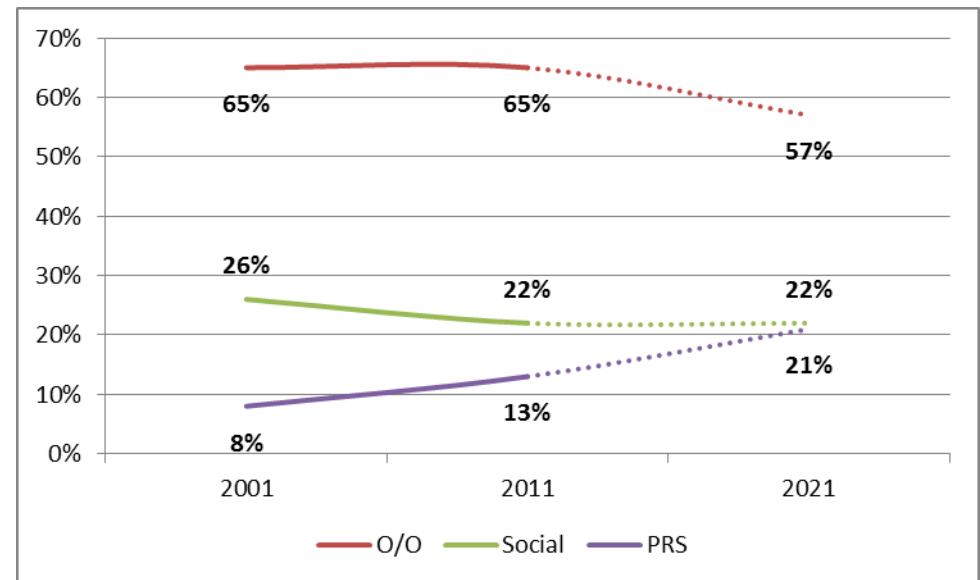
- In Rotherham 21%

2001 – 5,211

2011 – 14,085

[2017 – 19,000?]

2021 – 24,614 (est.)

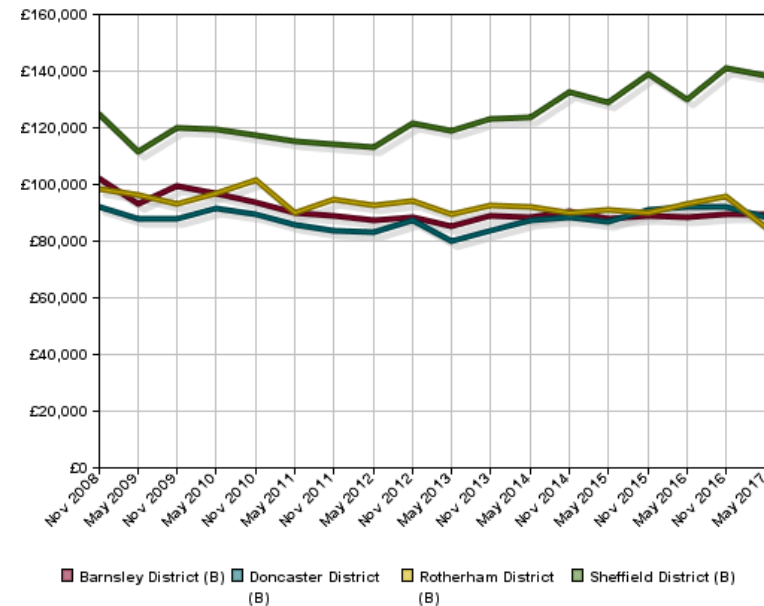


Growth in the PRS

Regional House Prices

- Steady growth across SY
- Demand in the PRS remains strong
- Terraced housing still attractive to investors – especially in Rotherham

Average price



Note

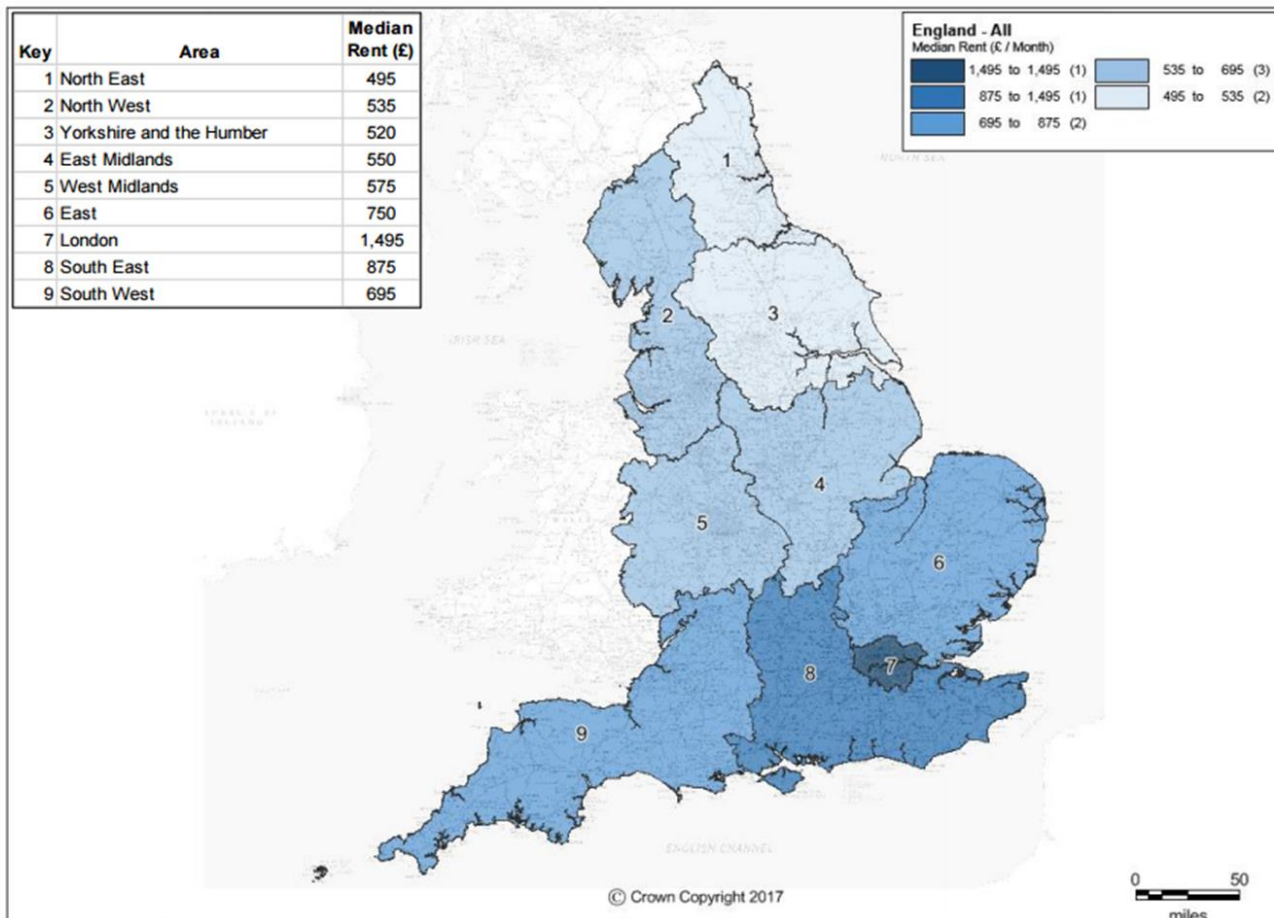
The chart shows the average property price over time for terraced housing in the area selected. Small sample sizes can distort the price over time in some areas. The data for this analysis is based on data from the Land Registry.

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(Affordable) Rents

- National picture
- Rental growth remained static across Y&H
- Average (median) monthly rents;
 - England £675
 - Yorkshire & Humber £520
 - South Yorkshire £480
 - Rotherham £475

Private rental market statistics, 'All' monthly rents
recorded between 1 April 2016 to 31 March 2017 for England

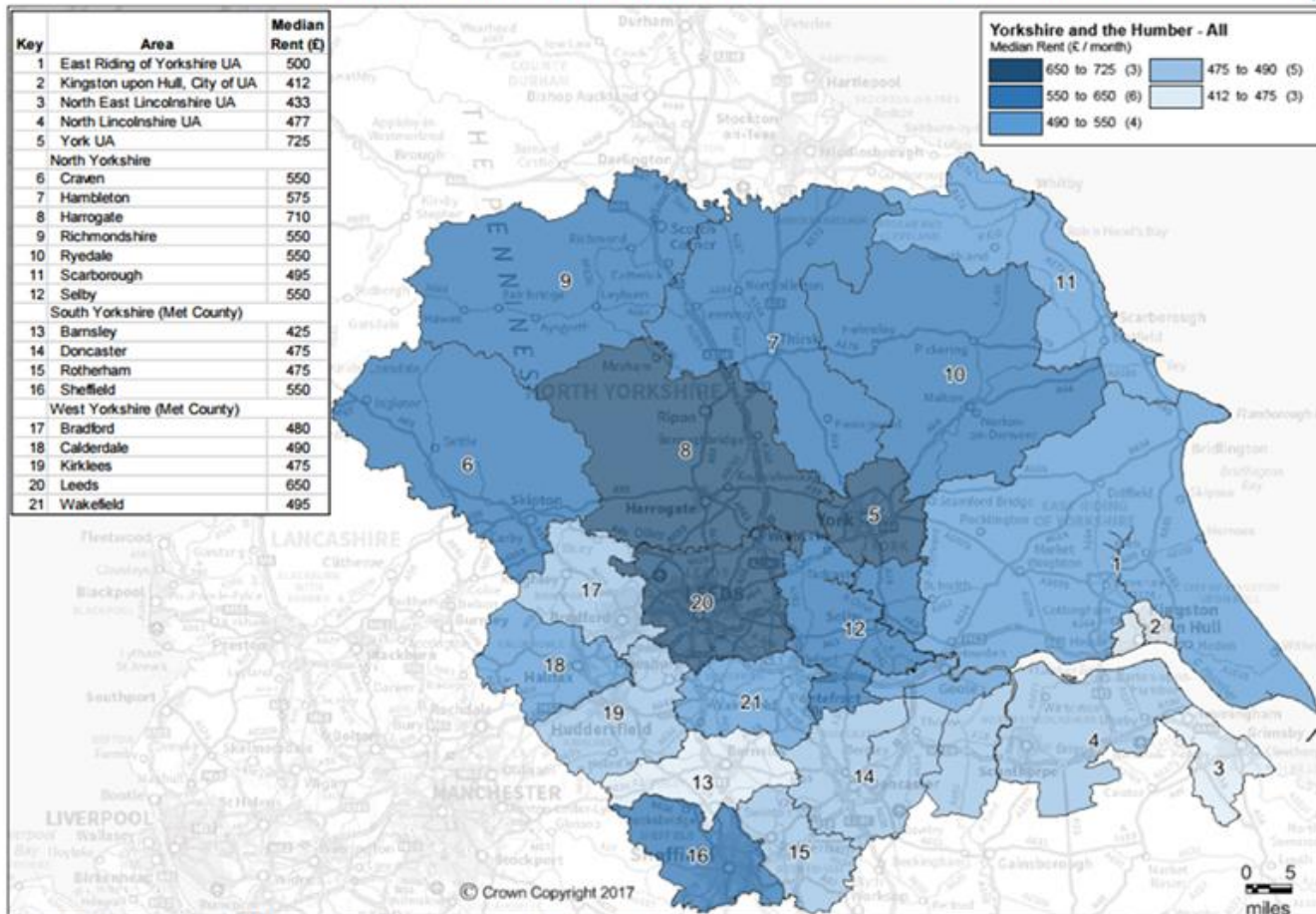


Statistics derived from fewer than five observations have been suppressed and denoted by '-'.
The data used to generate these statistics are based on a sample of rental information, collected by Rent Officers from landlords and letting agents.

The composition of this sample changes over time therefore any differences in median rent may be due to differences in the sample rather than true changes in the rental market.

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Private rental market statistics, 'All' monthly rents
recorded between 1 April 2016 to 31 March 2017 for Yorkshire and the Humber



Statistics derived from fewer than five observations have been suppressed and denoted by '-'.
The data used to generate these statistics are based on a sample of rental information, collected by Rent Officers from landlords and letting agents.
The composition of this sample changes over time therefore any differences in median rent may be due to differences in the sample rather than true changes in the rental market.

Rotherham's BRMA

- What is a BRMA?
- Three year freeze
- Why offer rental properties to LHA claimants?

LHA April 2017	Weekly amount					Calendar Monthly Equivalent				
	Room	1 Bed	2 Bed	3 Bed	4 Bed	Room	1 Bed	2 Bed	3 Bed	4 Bed
BRMA										
Barnsley	£58.08	£72.72	£87.41	£99.79	£136.93	£252.37	£315.99	£379.82	£433.61	£594.99
Doncaster	£55.12	£78.08	£93.23	£103.56	£143.84	£239.51	£339.28	£405.11	£449.99	£625.02
Rotherham	£58.50	£79.40	£96.96	£101.00	£138.08	£254.20	£345.01	£421.31	£438.87	£599.99
Sheffield	£64.41	£94.80	£107.11	£116.53	£156.00	£279.88	£411.93	£465.42	£506.35	£677.86

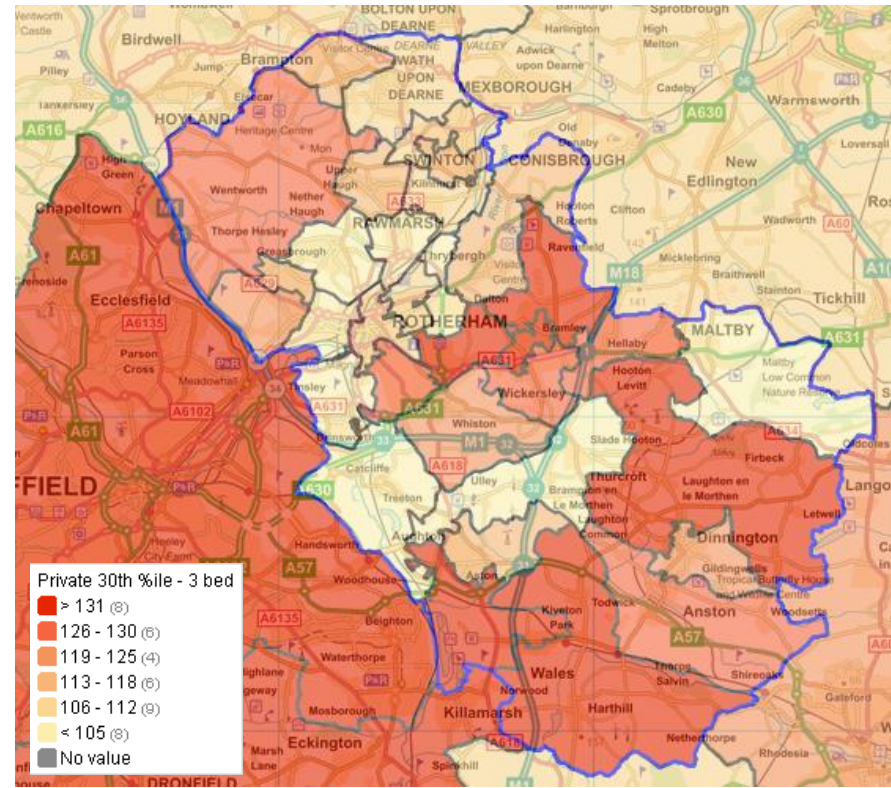
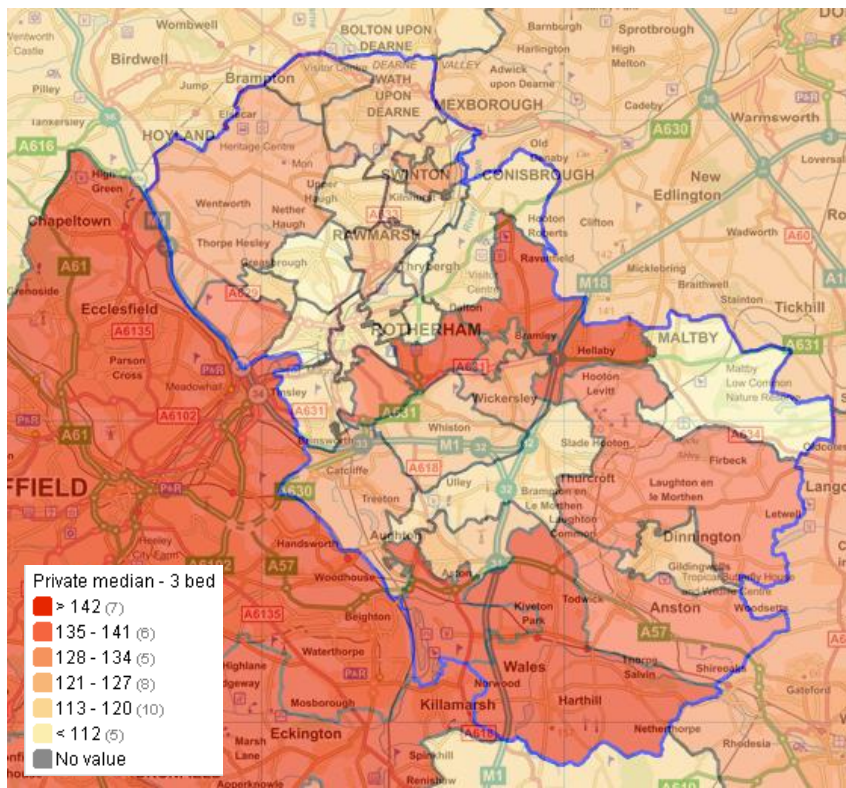
<https://lha-direct.voa.gov.uk/search.aspx>

Rental comparison

(3 bedroom property)

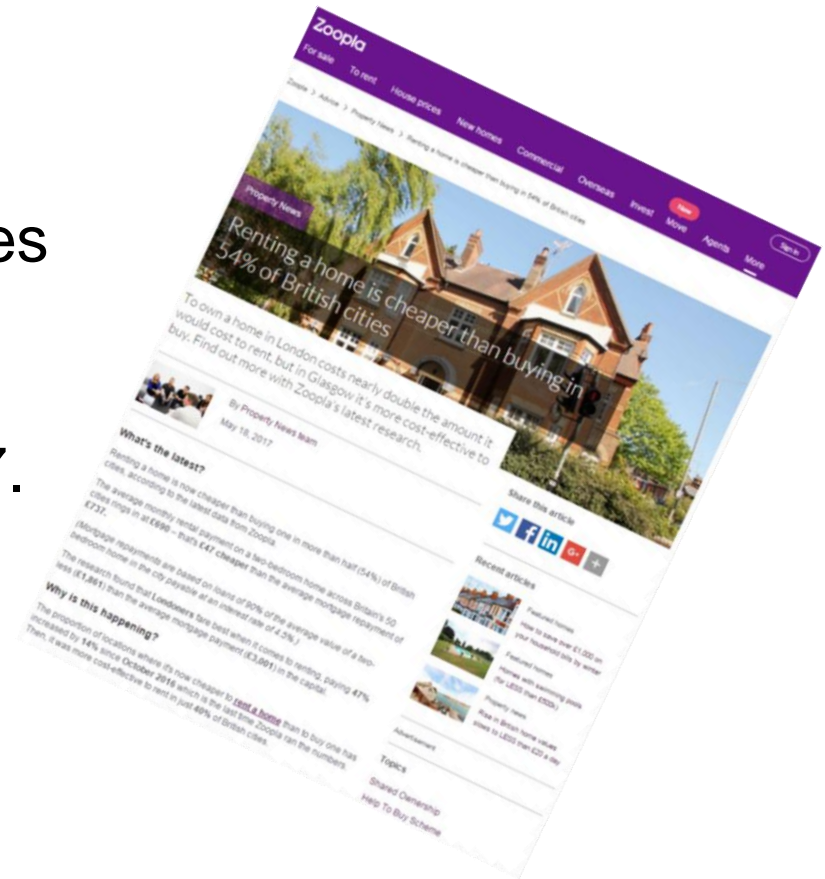
Median rent per week

30th percentile per week



Comparison of housing costs

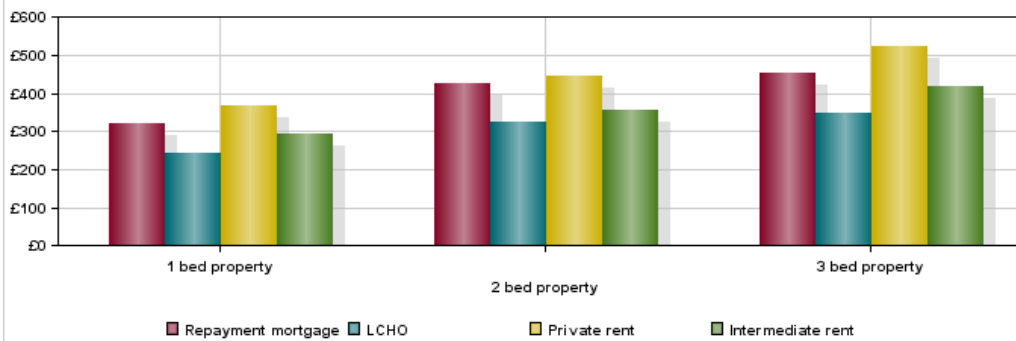
The average monthly rental payment on a two-bedroom home across Britain's 50 cities rings in at £690 – that's £47 cheaper than the average mortgage repayment of £737.



Comparison of costs

Per month	Average price	Repayment mortgage	LCHO	Private rent	Intermediate rent
1 bed property	£63,350	£320	£245	£368	£294
2 bed property	£84,000	£425	£325	£446	£357
3 bed property	£90,000	£455	£348	£524	£419

Per week	Average price	Repayment mortgage	LCHO	Private rent	Intermediate rent
1 bed property	£63,350	£70	£57	£85	£68
2 bed property	£84,000	£93	£75	£103	£82
3 bed property	£90,000	£100	£80	£121	£97



Standard mortgage assumptions

Deposit: 10%

Mortgage rate: 4.5%

Mortgage term: 25 years

Intermediate rent assumptions

Private rent: 80%

LCHO assumptions

Initial sale: 40%

Deposit on initial sale: 10%

Mortgage rate: 7.2%

Mortgage term: 25 years

Equity interest rate: 2.5%

In summary – Rotherham ...

- ... does (although not totally) reflect the national picture
- ... expects to see numerical growth in PRS
- ... has a strong demand for PRS properties
- ... has seen house price and rental growth
- ... offers PRS properties for all tenant types
- ... has an LHA rate that covers rent value
- ... has an average rental value higher than that of a repayment mortgage

Thank you

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