
Chapter 4

Private renters

Overview

- 4.1 This section focuses on the private rented sector. It provides an in-depth analysis of different types of private renters, recognising the considerable variation among this group depending on their social and demographic and housing characteristics.
- 4.2 Comparisons are made in the profile of private sector renters in 2003-04 compared with 2013-14. The chapter then describes private renters on a number of key measures – their financial status including housing costs, their well-being, their expectations of buying and length of residence and some key characteristics of their accommodation.
- 4.3 Headline findings on the English Housing Survey highlighted an increase in the size of the private rented sector, which increased over a ten year period from 11% of all households in England in 2003-04 to 19% in 2013-14. This is in contrast to the social rented sector, which remained stable over this time.

Profile of private renters

Age

- 4.4 Recently published headline findings reported almost half (48%) of all 25-34 year olds rented privately. Indeed, the majority (58%) of private sector renters were aged between 25 and 44, a similar proportion to the 2003-04 figure (56%). There have been some shifts in the age profile of this group between 2003-04 and 2013-4. There was an increase in the proportion of 45-54 year olds (from 10% to 15%), and a decrease in the proportion of 16-24 year olds (from 16% to 12%) and those aged 65 and above (from 11% to 7%), Annex Table 4.1.

Economic activity

- 4.5 In 2013-14, the majority (62%) of private renters were in full-time employment, with a further 10% accounted for by those in part-time employment. Those who were retired, unemployed and in full-time

education accounted for a much smaller proportion of this sector (7%, 5% and 5% respectively).

- 4.6 There has been little change in the economic profile of the sector, although there has been a slight but significant increase in the unemployed (from 3% in 2003-04 to 5% in 2013-14). This coincides with the increase reported for the social rented sector in the proportion who were unemployed (see Chapter 5), as well as the overall increase in unemployment during this period of around one million people. There was also a decrease over this period in the proportion of private renters who were retired (from 12% to 7%), Annex Table 4.1.

Income and deprivation

- 4.7 In 2013-14, private renters were fairly evenly spread across income quintile groups, with the exception of those in the highest income quintile, which accounted for a relatively lower proportion of the sector (13% compared with between 18% and 25% for the other income quintiles). This is similar to the income profile of private renters in 2003.
- 4.8 One in ten (10%) private renters were working and receiving housing benefit in 2013-14, Annex Table 4.1.

Length of residence

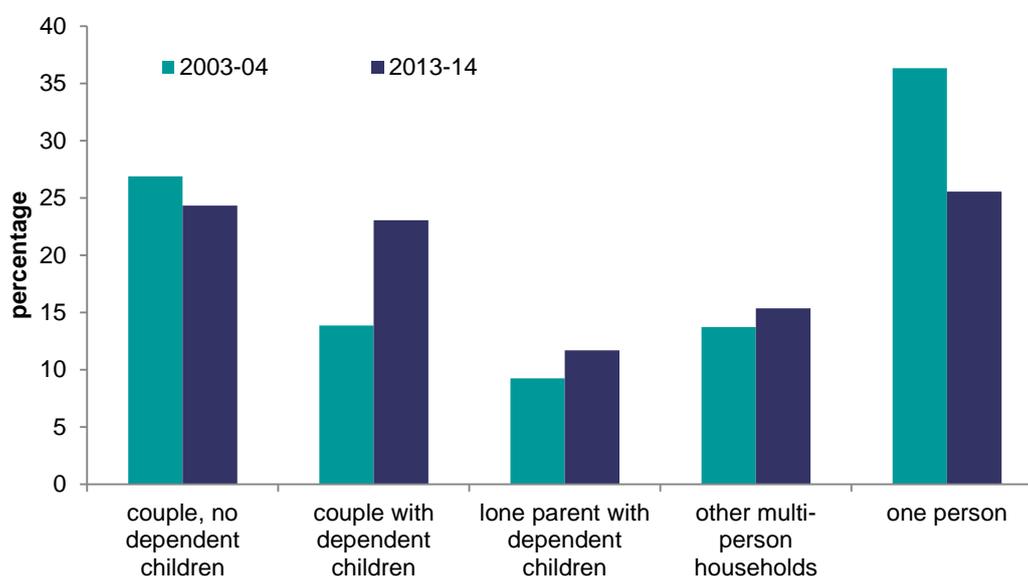
- 4.9 The majority of private renters (55%) had resided in their current address for less than two years, whilst a quarter (25%) had been there for between 2 and 4 years. Some shift in length of residence occurred between 2003-04 and 2013-14, with an increased proportion of households residing for a period of 2 to 4 years (from 20% to 25%) and for a period of 5 to 9 years (from 9% to 12%). However there was a drop in the proportion of households residing at their current address for ten years or more (from 13% to 8%), Annex Table 4.1.

Household type

- 4.10 The private rented sector comprised a mix of household types, with couples accounting for around half of the sector (24% with no dependent children and 23% with dependent children), a further quarter (26%) made up of one person households, and 12% lone-parent households.
- 4.11 Comparisons with 2003-04 show an increase in the proportion of couple or lone parent households with dependent children (up from 23% in 2003-04 to 35% in 2013-14). There was a corresponding decrease in the proportion of one person households over this period from 36% to 25%, Figure 4.1. Of households with dependent children

in 2013-14, the majority of these were children aged under 5, Annex Table 4.1.

Figure 4.1: Household type, private renters, 2003-04 and 2013-14



Base: all households in private rented sector 2003-04 and in 2013-14

Note: underlying data are presented in Annex Table 4.1

Source: English Housing Survey, full household sample

Average household size

4.12 On average the number of people living in a private rented household was 2.5. This tended to be higher for certain groups of private renters: those where the head of household was younger, a student, a part-time worker, or unemployed. It was also higher among those who had resided in their current accommodation for a relatively shorter time and those living in London, Annex Table 4.2.

Dwelling type and area

4.13 The majority (62%) of private renters were living in houses, whilst 35% were in flats, a pattern similar to 2003-04.

4.14 In 2013-14, almost 1 in 4 (23%) private rented households were located in London, a figure which has remained stable since 2003-04. Whilst the proportion of private sector households living outside of London has remained at around 77%, there has been a shift in the balance between urban and rural, with an increase in private renters living in urban areas (from 57% to 63%) and a corresponding decrease in renters living in rural locations (from 19% to 14%), Annex Table 4.1.

Financial circumstances

Income

- 4.15 In 2013-14, the average gross weekly income (of the HRP and their partner) among those living in private rented accommodation was £580. This figure varied depending on the characteristics of these private rented households. Income varied considerably by age of HRP, with those in the 25 to 34 age group having the highest average income (£661), and those in the youngest and oldest age groups having relatively lower incomes (£343 in those aged 16-24 and £319 in those aged 65 and above). Not surprisingly, there was a wide disparity in average weekly income between those who worked full-time (£748) and those who were unemployed (£183).
- 4.16 Higher than average incomes were seen for households with couples compared with other types of household. Couples who had no dependent children had higher incomes than those with dependent children (£847 and £717 respectively). By comparison, lone parent households had an average weekly income of £359.
- 4.17 Incomes were generally higher in London compared with elsewhere (£763 compared with £524) and higher among those who have only resided in their accommodation for a short period of time (£633 compared with £381 among those who have resided for 10 years or more), Annex Table 4.3.

Housing costs

- 4.18 The average rent in the private rented sector was £176 per week in 2013-14, an increase from £115 in 2003-04.
- 4.19 Rents varied with a number of key characteristics. They were relatively higher for HRPs who were aged 16-24 (£191), those in full-time education (£268), those in multi-person households (£262), those in the highest income quintile (£248), and those living in London (£281). Below average rents were found among those aged 65 and above (£133), those who were retired (£139), those in one person households (£130) and those outside of London (£145), Annex Table 4.3.

Housing costs: income ratio

- 4.20 Once housing benefit had been accounted for, private renters in 2013-14 spent, on average, 43% of their income¹ on rent². This increased to

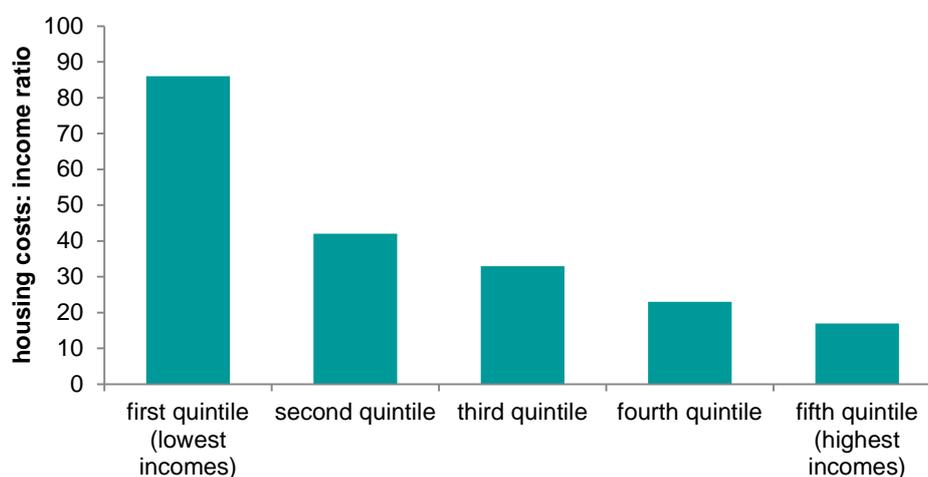
¹ 'Income' refers to gross income and includes HRP+partner income only – these households may also receive income from another household member which is not included.

² 'Rent' excludes charges for services.

just over half (52%) when housing benefit was not accounted for. The equivalent figures for 2003-04 were 44% and 48%. The increase between these years in the proportion of income (excluding housing benefit) spent on rent is consistent with the recent increase in housing benefit receipt among private renters in work (see English Housing Survey Headline Report 2013-14).

- 4.21 Some groups of private renters had spent over half of their income (once housing benefit is accounted for) on rent – these included those where the HRP was aged 16-24, unemployed, or in full-time education³. Multi-person households, households with non-dependent children, and those in the lowest income quintile had also spent this level of their income on rent, Figure 4.2. Although renters in London had much higher incomes, they nevertheless spent a much higher proportion of their income on rent, as illustrated in Figure 4.3.
- 4.22 By contrast those who had spent a third or less of their income on rent included households where the HRP was in full-time work, households with couples, and households in the two highest income quintiles, Annex Table 4.3.

Figure 4.2: Ratio of housing costs: income (including housing benefit), by income quintile, private renters, 2013-14



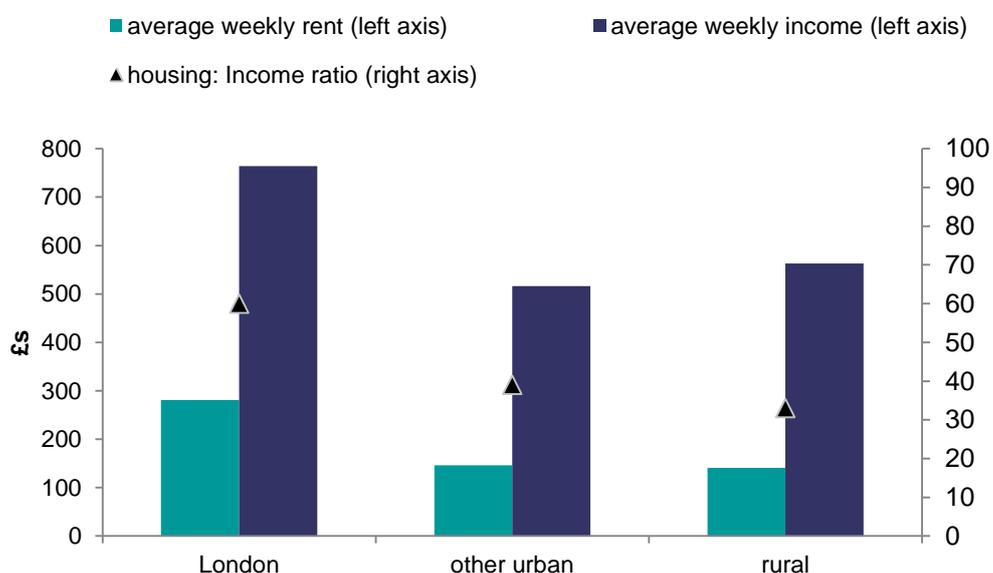
Base: all households in private rented sector 2013-14, excluding those who reported paying no rent

Note: underlying data are presented in Annex Table 4.3

Source: English Housing Survey, full household sample

³ Chapter 2 of this report finds that the proportion of income spent on rent decreases when including income from all household members, with a particular impact on households more likely to have multiple incomes, such as those in full-time education.

Figure 4.3: Housing costs and income (including housing benefit), by area, private renters, 2013-14



Base: all households in private rented sector 2013-14, excluding those who reported paying no rent)

Note: underlying data are presented in Annex Table 4.3

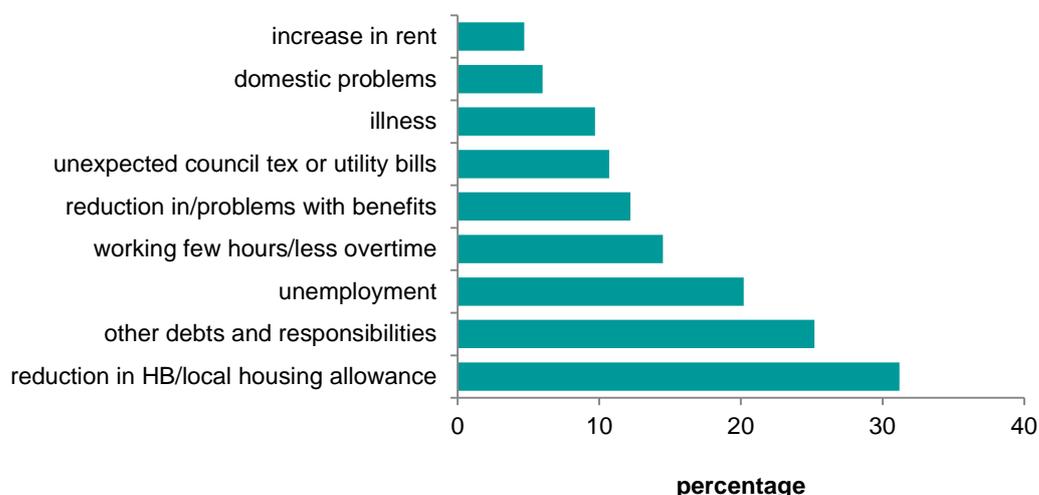
Source: English Housing Survey, full household sample

Difficulties in paying rent

4.23 Around two thirds (67%) of private renters said they found it easy to pay their rent after benefits, whilst a third (33%) said that this had been difficult. Most (96%) said they were currently up to date with rent payments, with only 4% saying they were not up to date. Of those who were up to date, only a small proportion (5%) had fallen behind on payments in the last 12 months.

4.24 Where difficulties had been experienced (either with current or previous payments), a variety of reasons were put forward. However the most commonly mentioned reasons included a decrease in housing benefit or local housing allowance (mentioned by 31% who had experienced difficulties), other debts and responsibilities (mentioned by 25%) and unemployment (mentioned by 20%), Figure 4.4 and Annex Table 4.4.

Figure 4.4: Reasons for difficulties in paying rent on time, private renters, 2013-14



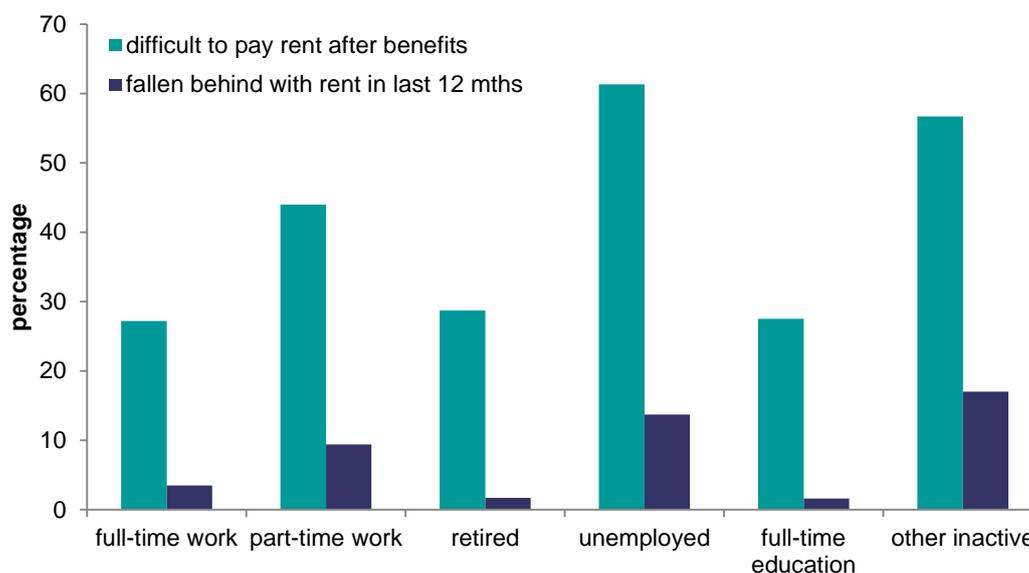
Base: all households in the private rented sector who have had difficulties paying rent or fallen behind in last 12 months

Note: underlying data are presented in Annex Table 4.4

Source: English Housing Survey, full household sample

- 4.25 Certain groups of private renters were more likely to have experienced difficulties in paying their rent. More than half of households classed as unemployed, as 'other inactive', or lone parents with dependent children said they had found it difficult to pay their rent. High levels of difficulty were also expressed by households in the lowest income quintile (47%).
- 4.26 The groups most likely to be behind with their current rent payment were those where the HRP was unemployed (15%) and classed as 'other inactive' (13%). Those who were most likely to have fallen behind with payment in the previous 12 months included those where the HRP was unemployed (14%), or 'other inactive' (17%), lone parents (13%), those in the lowest income quintile (10%), and those who were working but in receipt of housing benefit (11%), Figure 4.5 and Annex Table 4.5.

Figure 4.5: Difficulties in paying rent, by economic status, private renters, 2013-14



Base: all private renters (for difficult to pay rent) and private renters who indicated they were up to date with current rent payments (for fallen behind with payments in last 12 months)

Note: underlying data are presented in Annex Table 4.5

Source: English Housing Survey, full household sample

Satisfaction and well-being

Satisfaction with accommodation

4.27 Most private renters (82%) were satisfied with their accommodation. Levels of satisfaction were particularly high among older people, those who were retired, and those living in rural areas (90% or above). In contrast, satisfaction was lower (75% or less) among those who were unemployed, in full-time education, classed as 'other inactive', and where the HRP was working and in receipt of housing benefit. Similarly low levels were evident in households with dependent children (especially those aged 16-18) and those who disagreed that private renting is a good way to occupy a home, Annex Table 4.6.

Satisfaction with tenure

4.28 Overall 53% of private renters thought that renting in the private sector was a good way of occupying a home, up from 46% in 2003-04. Almost a quarter (23%) disagreed with this, down from 29% in 2003-04. Some groups were more likely to hold this view. These included those at either end of the age spectrum (61% of 16-24s and 64% of those aged 65 and above), retired people (64%), those in full-time education (68%) and those in the lowest income quintile (61%). Those least likely to

hold this view include those with non-dependent children (40%) and those in the highest income quintile (43%), Annex Tables 4.1 and 4.6.

Satisfaction with repairs and housing services

4.29 Over two thirds of private rented sector tenants (68%) were satisfied with the repairs carried out by their landlords, and a similar proportion (69%) were satisfied with the housing services their landlord provided. Satisfaction with their landlord was higher among older renters, those who were retired, those with dependent children aged 16-18, those living outside London and those who agreed that renting in the private sector is a good way to occupy a home, Annex Table 4.6.

Well-being

4.30 Four questions designed to measure levels of personal well-being among individuals were included in the survey in 2013-14. These were: life satisfaction; the extent to which the things they do in their life are worthwhile; how happy they felt yesterday; and how anxious they felt yesterday. For each, respondents were asked to rate themselves on a scale of 0 to 10, allowing mean scores to be calculated for different types of private renter.

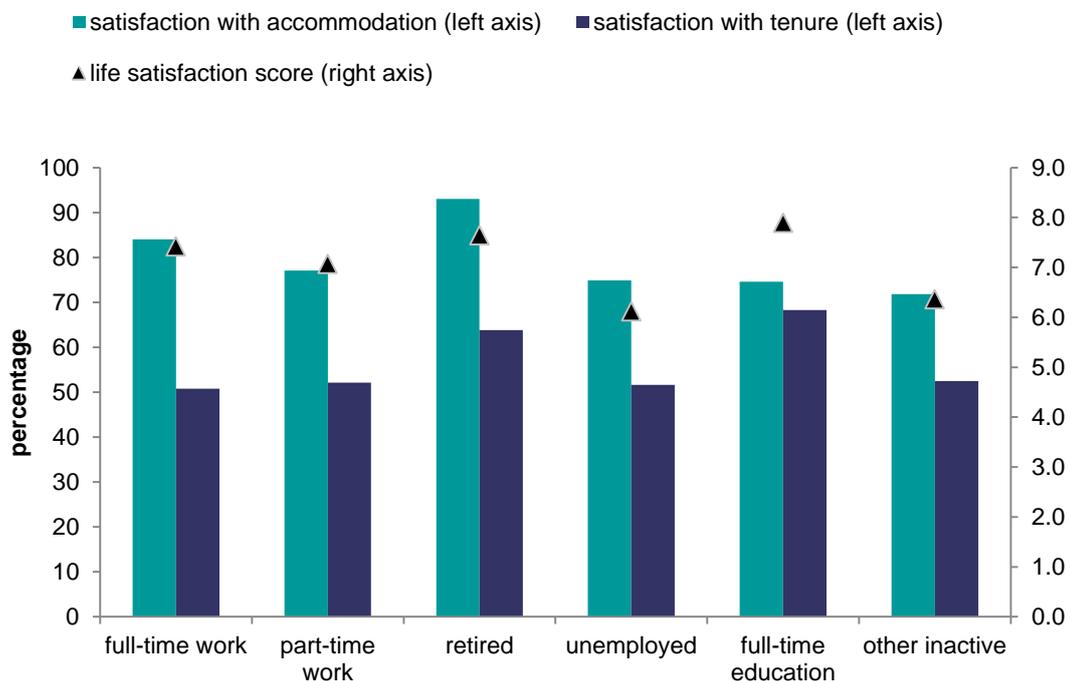
4.31 As mentioned in the headline report, the mean score on life satisfaction among people living in all types of tenure was 7.4. For those living in the private rented sector it was 7.2, moderately lower than for those not living in this sector (7.5).

4.32 The headline report also commented that personal characteristics such as economic status, health, marital status and income were all associated with levels of life satisfaction. Although it reported that housing and area characteristics were also predictive of life satisfaction, this was to a lesser extent.

4.33 Looking solely at those living in private rented accommodation, life satisfaction scores were relatively higher than average for older or retired people, those in full-time education, and those on higher incomes. Households comprising couples and those with young children scored higher on well-being measures, as did those who were satisfied with their tenure. Very similar patterns were evident for the other well-being measures, suggesting that personal characteristics and circumstances may be associated with well-being. On some housing factors this can also be seen. For example, well-being was generally higher among groups who were satisfied with their tenure. However, the extent to which satisfaction with accommodation is driving well-being measures is not known.

4.34 In contrast, some groups of private renters with similar levels of satisfaction with their accommodation differed in their well-being scores. Although equal proportions (75%) of those in full-time education and those who were unemployed were satisfied with their accommodation, it was the full-time students who scored better in terms of well-being (for example 7.9 compared with 6.1 for the unemployed group for life satisfaction), Figure 4.6 and Annex Table 4.6.

Figure 4.6: Satisfaction with accommodation, tenure, and life satisfaction by economic status, private renters, 2013-14



Base: all households in private rented sector
Note: underlying data are presented in Annex Table 4.6
Source: English Housing Survey, full household sample

Expectations of buying and average length of residence

Expectations of buying

- 4.35 When asked what type of accommodation they expected to be living in, longer term, over half (56%) of private renters said they expected to be an owner occupier. A similar question asked if they thought they would ever buy a home in the UK, for which 61% of private renters thought that they would⁴. Of those cases who did not expect to ever buy a home in the UK, 55% expected to stay in the private rented sector in the long term, 24% expected to move to social housing, and 14% said they expected to buy (presumably outside of the UK). Not surprisingly, expectations of owner occupation or buying varied across different types of renter, and were relatively lower for older renters, those who were retired and those who had lived for a longer time in their current accommodation, Annex Table 4.7.
- 4.36 Affluence also appears to play a key role in expectations of owner occupation or buying. These were lower among the lowest income quintile group, the unemployed, and those who were working but receiving housing benefit. Expectations also differed with type of household, with one person households, lone parent households, and those with older children (16 or older) less likely to expect to buy. Those living outside London were also less likely to expect to buy, perhaps reflecting the lower average incomes in this group compared with Londoners, Annex Table 4.7.

Average length of residence

- 4.37 In 2013-14, the average length of residence for private renters was 3.5 years. This fluctuated considerably with age, from less than a year among those aged 16-24 to 14 years among those aged 65 and above. Unemployed renters resided for longer on average compared with those who were working full time (4.1 years compared with 2.5 years), whilst those in the lowest income quintile resided for longer than higher income group (5.5 years compared with 2.4 years in the highest income group).
- 4.38 Length of residence also varied depending on household composition. The average length of residence among single person households was

⁴ The discrepancy between these two figures is likely due to differences in the way each question has been asked. The first question asked respondents to select only one from a range of tenure options: 'In the longer term, which of these, if any, is the type of housing you expect to live in?'. The second question asked respondents to say either 'Yes' or 'No' to the following: 'Do you think you will eventually buy a home in the UK or not?'. It is possible that people may be thinking of different timescales when they are answering these questions.

5.2 years, compared with between 2.2 to 3.8 years among other types of household. Those in households with older children had longer periods of residence (around 5 years compared with 2 to 3 years in households with younger children). Length of residence was also higher in rural households (5.7 compared with 3.1 to 3.5 in urban areas), those living in houses compared with flats (4.2 compared with 2.6), and for those satisfied with their tenure (3.7 compared with 2.9), Annex Table 4.7.

Accommodation type and characteristics

Dwelling type

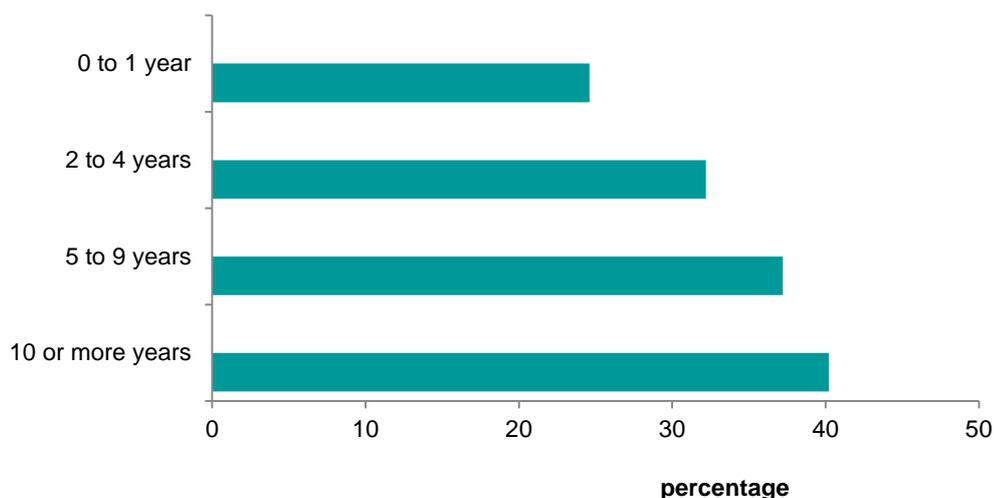
4.39 Close to two thirds (62%) of private sector renters lived in houses, with just over a third (35%) living in flats. Residing in flats was more common among certain types of private renter. For example, those under 35 were more likely to do so (38-40% compared with 30-32% of those aged 35-54 and 35% of those aged 65 and above). This was similarly the case for short-term residents (38% up to 1 year, 37% 2-4 years compared with 29% or less among those residing for longer periods of time) and one person households (48% compared with 40% or less among other household types). Residing in flats was also more common in London (57%) compared with other areas (33% among other urban and 12% among rural areas), Annex Table 4.8.

Decent homes

4.40 Decent homes data were derived from assessments by surveyors as part of the physical survey of dwellings. Because of the smaller sample size, figures presented here are for data from the 2012-13 and 2013-14 surveys combined, presented throughout as 2013 (a mid-point of April 2013). Just under a third (29%) of homes in the private rented sector were classified as non-decent according to the decent homes standard.

4.41 This was considerably higher among particular sub-groups of private renters. For example, 43% of households where the HRP was unemployed were classified as non-decent compared with 27% of those where the HRP was in full-time employment. Similarly those in the lowest income group were more likely to be living in non-decent accommodation (35% compared with 24% of the highest income group). Older renters, those living alone, and those who have been resident for ten or more years were also relatively more likely to be living in non-decent homes, Figure 4.7 and Annex Table 4.8.

Figure 4.7: Proportion of non-decent homes, by length of residence, private renters, 2013-14



Base: all households in private rented sector

Note: underlying data are presented in Annex Table 4.8

Source: English Housing Survey, dwelling sample

Usable floor area

4.42 The average usable floor area in private rented accommodation in 2013 was 77 m². Floor space was larger for houses compared with flats (87 m² compared with 60 m²). It was also larger for accommodation outside of London and in rural areas, reflecting the higher proportion of houses in these areas. Accommodation size was generally smaller among particular sub-groups of private renters including single person households, households with no children, and households on the lowest incomes, Annex Table 4.8.