

Private Rental Market Summary Statistics, England, 2014-15



Valuation Office
Agency

The median monthly rent recorded between 1 October 2014 and 30 September 2015 in England was £625.

Key Results

London has the highest median monthly rent, at £1400, and this is consistent across all bedroom categories. This is shown in Chart 1(a).

North East has the lowest median monthly rent, at £475, and this is consistent across all bedroom categories. This is shown in Chart 1(a).

Chart 1(a): Median monthly rents by region, England: All bedroom categories recorded between 1 October 2014 and 30 September 2015



About This Release

These statistics summarise rents paid for private properties in England only. This is based on data collected by the Valuation Office Agency to support Local Housing Allowance.

The statistics are broken down by a number of bedroom/room categories for each local authority in England, for the 12 months to the end of September 2015.

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 **it is not possible to compare median rents provided in this publication with statistics in previous publications to infer trends in the rental market over time.** 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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Main Findings

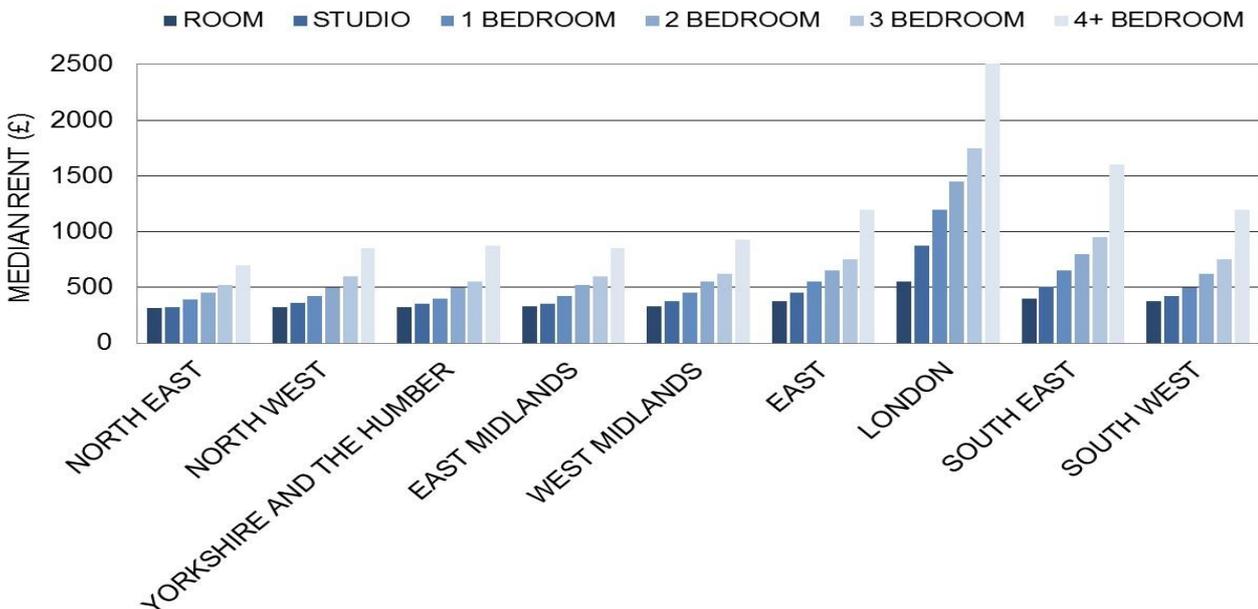
Properties with more bedrooms typically see higher median rents with the highest median rents seen in properties with four or more bedrooms. This difference is most marked between properties with three bedrooms and properties with four or more bedrooms. This is shown in Chart 1(b).

Chart 1(b): Median monthly rents by bedroom category: All regions in England recorded between 1 October 2014 and 30 September 2015



London followed by South East has the biggest variation in rental values across all bedroom categories, although it is not clear whether this is due to underlying changes in the market or differences in the samples drawn across the different regions (more detail on sample selection can be found in the Methodology and Data Quality sections). The largest per cent increase in rental price is between three and four bedroom properties across all regions apart from London, where the largest per cent increase is between Room and Studio rents. This is shown in Chart 1(c).

Chart 1(c): Median monthly rents by region and bedroom category: All regions in England recorded between 1 October 2014 and 30 September 2015



Definitions

Median – when a series of numbers are arranged by order of magnitude the median represents the middle value. Where there is an even number of values the median is the mean of the two values in the centre of that distribution.

Region – a geographical unit formerly referred to as Government Office Region (GOR). The GOR framework was the primary classification for regional statistics and comprised nine regions of England, which combined with the devolved administrations collectively, spanned the United Kingdom. From 1 April 2011 the term GOR was dropped in favour of region.

Detailed statistics... on median rents by region and bedroom category can be found in accompanying Tables 1.1-1.7.

Methodology

Private rental data entered into the lettings administrative information database were extracted for the 12 months to the end of September 2015. Only cases where there was sufficient evidence of a transaction taking place (i.e. a tenancy has commenced rather than an advert where a letting has not occurred yet) were included in the sample. A small proportion of data that was unconfirmed or had limited evidence was not included.

The data are broken down by local authority and by bedroom/room category and statistics are calculated on the total monthly rents (which may include some service charges such as fuel and water). For Local Housing Allowance purposes, service charges are not included as they are ineligible for the calculation of housing benefit.

Definitions of the bedroom/room categories used are:

- **Room** – non self-contained single room with shared facilities. Includes bedsits, single rooms in a house or flat shared with other tenants, and single rooms rented from a resident landlord.
- **Studio** – self-contained single roomed property with own kitchen and bath/shower/WC facilities.
- **One bedroom** – self-contained properties with one bedroom, including houses, bungalows, flats and maisonettes.
- **Two bedrooms** – self-contained properties with two bedrooms, including houses, bungalows, flats and maisonettes.
- **Three bedrooms** – self-contained properties with three bedrooms, including houses, bungalows, flats and maisonettes.
- **Four or more bedrooms** – self-contained properties with four or more bedrooms, including houses, bungalows, flats and maisonettes.

Since March 2013 the Office for National Statistics (ONS) has published a new price index – CPIH – which is broadly the Consumer Prices Index (CPI) with an additional component for ‘Owner Occupiers’ Housing’ (OOH). The OOH component is measured using the rental equivalence approach of using changes in the price of properties which are privately rented as a proxy for the economic costs of owning and occupying the equivalent properties.

From June 2013, the ONS also began publication of an Index of Private Housing Rental Prices (IPHRP) which measures the change in price of renting residential property from private landlords. The index is published as a series of price indices covering Great Britain, its constituent countries and including the English regions. The production of this index was made possible due to developments of the housing components of the consumer price indices explained above, and although the same data sources are used by both, the methodology of the IPHRP has been developed in order to produce a regional series.

Definitions

Lettings information database

– the database that holds lettings information collected as part of the Valuation Office Agency’s (VOA) responsibility to administer the rent officer functions related to Housing Benefit (Local Housing Allowance and Local Reference Rents) on behalf of the Department for Work and Pensions (DWP).

Local authority (LA) – a geographical unit; the lower tier of local government. This includes non-metropolitan districts, metropolitan districts, unitary authorities and London boroughs in England.

Local Housing Allowance (LHA) – the LHA system provides a way of working out Housing Benefit (HB) for claimants who rent from a private landlord. Local authorities use LHA rates based on the size of household and the area in which a person lives to work out the amount of rent which can be met with HB.

Self-contained – where all the rooms (including kitchen, bathroom and toilet) in a household’s accommodation are behind a single door which only that household can use.

Detailed Statistics... on [CPIH](#) and [IPHRP](#) can be sourced here.

Both the CPIH (and IPHRP) produced for the ONS and the Private Rental Market (PRM) statistics bi-annual publication use VOA data held on the lettings database. However, the methodological treatment is different across the three sets of statistics (although less so between the CPIH and IPHRP) and hence the potential for comparison is limited. The price indices data the VOA provides to ONS (known as 'elementary aggregates') undergo a complex process to ensure there is a matched sample of comparable properties during the year. This is consistent with the CPI methodology. The PRM statistics are designed to provide a 'snap shot' of the rental market with no attempt made to reflect the changing composition of the underlying data.

The ONS convert the elementary aggregates into a single weighted average index component by applying weights that reflect the composition of the UK owner occupiers' housing 'market' (and the rental market in respect to the IPHRP), in terms of regional weighting and the distribution of different property characteristics (e.g. number of bedrooms). This weighting process of 'mix-adjustment' is also not applied in the PRM statistics.

The PRM statistics provide average rents and the CPIH provides indices based on the same data source, however the indices should not be applied to the average rents because of the differences in the methodology. These differences can be summarised as follows:

Differences in the production of PRM statistics and ONS price indices:-

- Sample size – Despite using the same data the coverage of the PRM statistics is almost twice as large as the CPIH and IPHRP sample. This is because the PRM statistics use all of the data available in the sample over a 12 month period, whilst CPIH and IPHRP produce a matched sample using half of the available data collected over the previous 14 months.
- Sample composition – PRM statistics are based on an unmatched dataset containing all records collected over a 12 month period, CPIH (and IPHRP) use a matched sample containing genuine updates to a property's rental value over a 14 month period. Where there is no genuine update a substitute rent is sought and where a match is found a replacement made.
- Property mix – the VOA PRM publication does not necessarily reflect the composition of the owner-occupiers' housing 'market' (or in the case of the IPHRP the private rental market) in regional distribution or in distribution of property characteristics (e.g. the weight given to London in the VOA publication is not necessarily equal to London's true weight as reflected in London's OOH weight).
- Treatment of Outliers – for the PRM, new, unusually high or low rents are identified and investigated. If they are deemed to be genuine rents they are included in the statistics. In CPIH (and IPHRP), during the replacement process, if a new rental property is required it will only be made if the new property's rental value is within a certain tolerance of the initial property's rental value.

All of these factors combine to make the PRM statistics more volatile with a greater tendency to change over time.

Data Quality

The statistics presented in this release represent the data as recorded in VOA administrative systems. They include all relevant data available and they have not been adjusted to produce statistics which are representative of the private rental property market mix in England. The underlying data set to these statistics is not drawn from a statistical sample and does not consist of tracked properties. This means that the statistics presented in this release should be considered as indicative only and do not represent accurate measures of the population. Additionally, the composition of the sample varies over time and therefore care should be taken when drawing comparisons between the statistics reported in this release and those for different time periods due to those variations.

Further to the limitations stated, the distribution of private rents for each local authority and bedroom/room category in England tends to exhibit a strong positive skew (i.e. a small number of very large monthly rents and large numbers of small rents causing the mean to be inflated).

In order to mitigate some of the effects of these problems and to avoid disclosure of personal information, we have made the judgement to suppress statistics derived from samples containing fewer than 10 records. We have removed around 360 cases (0.07 per cent) from the data set as there was insufficient information to assign them to a suitable bedroom/room category. All rent values have been rounded to the nearest pound.

The data used to produce this publication have come from a sample. The sample size varies across publications and also within publications where there is variation across regions. This can be seen in Chart 2 where the largest regional sample, South East, is more than three times the size of the smallest sample, North East.

Definitions

Mean – a measure of central tendency often referred to as the average. Given a series of values the arithmetic mean is calculated by summing all these values together and dividing by the count of these values.

Skewness – this is a measure of the symmetry of a distribution. For symmetric distributions, the skewness is zero. Distributions with extreme values above the mean have positive skew and distributions with extreme values below the mean have negative skew

Chart 2: Regional variation in the sample size: All bedroom categories recorded between 1 October 2014 and 30 September 2015



Background

This release is for information only and should not be confused with LHA rates published on [DirectGov](#). While these statistics are derived from the same data source as LHA rates and Local Reference Rents (LRR) they are based on different categories and geographies.

Unlike the LHA rates, this publication reports on the total monthly rent paid (i.e. ignoring any adjustment for services not eligible for housing benefit) and in most cases the Broad Rental Market Area (BRMA) does not match the geography of the local authority area.

There has been no new data collection for this release. All data are captured during the course of Rent Officers' statutory responsibilities to administer functions related to Housing Benefit (LHA and LRR schemes) and Universal Credit on behalf of the Department for Work and Pensions (DWP).

Although Rent Officer functions relating to Housing Benefit date back to 1989, it was the introduction of LHA in April 2008 that necessitated a much larger geographically representative data set to meet the statutory requirements for median LHA rates. Increased collection activities commenced in 2007 in preparation for the new scheme.

In order to meet this responsibility, landlords and letting agents provide VOA Rent Officers with data pertaining to the properties they let. This information is captured electronically in the VOA's lettings information database. Checks are carried out at the point of entry to ensure that any Housing Benefit funded tenancies are excluded from this database.

Quality assurance of these data currently focuses on three areas:

- Verification of data received from a sample of providers
- Identification and validation of outliers
- Accuracy of data entry

The Census 2011 sets the benchmark for all data collection activities and Rent Officers endeavour to collect proportionate spread of data by property type and geographic spread.

VOA Rent Officers only have jurisdiction for England hence these statistics being limited to England.

All the lettings information is provided on a goodwill basis. These statistics would not be possible without the continued co-operation of landlords and letting agents.

Definitions

Local Reference Rents (LRR) – the LRR is the mid-point between what in the Rent Officer's opinion are the highest and lowest non-exceptional rents in a given Broad Rental Market Area.

Rent Officer – a statutory officer responsible for ensuring that the lettings information collected is representative of the full range of market rents for similar properties on which a rent determination is made and to record the information that they have used on VOA's lettings information database.

Broad Rental Market Area (BRMA) – a Broad Rental Market Area for Local Housing Allowance purposes is an area within which a person (or in the context of Local Reference Rents, a tenant of the dwelling) could reasonably be expected to live having regard to facilities and services, taking account of the distance of travel to and from those facilities and services. The BRMA contains residential premises of a variety of types to ensure representativeness of the rents that a landlord might reasonably be expected to obtain in that area.

Area Code – a unique identifier for administrative geographies as specified by the ONS.

Further Information

For further information on the area codes used in this release please refer to the ONS's website at the following location:

<http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/best-practice-guidance/presentation-order-guidance/administrative-areas/index.html>.

Private Rental Market Statistics for Scotland

The Scottish Government publish Private Rental Market Statistics for Scotland. Whilst it presents similar looking statistics to this publication, there are some differences which may affect any comparisons. In particular, rent for room-only shared properties is presented as net rather than including any shared services, and also properties with five or more bedrooms are excluded, not included. These differences may impact on any comparisons when looking at average rents for these types of properties.

<http://www.gov.scot/Publications/2015/11/3376>

Ongoing Methodology Review

The VOA is undertaking a methodological review aiming at improving the quality of the Private Rental Market statistics. This work aims at producing statistics representative of the underlying stock of properties and at improving comparability over time. In particular, we are currently investigating applying statistical corrections such as post-stratification weighting and mix-adjustments. This work will also investigate the feasibility of publishing more timely statistics.

Prior to implementing changes the methodology will be peer reviewed and presented to other interested parties for consideration. The review is scheduled to be completed by May 2016 and plans to publish revised statistics will start from August 2016. This is subject to agreement with the methodology peer review group and interested parties.

Methodology and publication plans will be available on the VOA website in due course.