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|  |  | 08 July 2016 |
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| **Private Rental Market Statistics: User Engagement Questionnaire Results** | VO-logo-for-Presentation |
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In April 2016 the Valuation Office Agency (VOA) carried out a user engagement exercise on its Private Rental Market Statistics (PRMS) via a short questionnaire. It asked questions on how PRMS are used, perceived limitations and strengths, and how users would like to see the statistics developed. It also asked about the PRMS’ relationship with the Index of Private Housing Rental Prices (IPHRP) produced by the ONS from the same source of data, and what supplementary information users would like to see PRMS contain. This report provides a high-level summary of the feedback received.

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| Summary |

 In total, there were 44 completed responses to the PRMS user survey. The five main results are as follows:

* Respondents gave a number of reasons why the current PRMS do not meet their requirements, with lack of granularity mentioned most frequently.
* Respondents expressed a strong preference for a historical time series.
* Feedback shows that the ONS regional Index of Private Housing Rental Prices (IPHRP) does not satisfy the needs of most users of PRMS.
* Respondents would like commentary which interprets the differences between PRMS and the IPHRP.
* PRMS are used for a large variety of reasons by government, local government, property specialists, academics and charities.

Further discussion of each point is provided in the ‘VOA Initial Responses’ section.

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| Selected Detailed Results |

* VOA’s PRMS is used by 26 respondents (59 per cent) and of these, 20 said that the current PRMS publication does not already meet their requirements. VOA’s PRMS had never been used by 16 respondents, nine of whom were not aware of its existence.
* Property specialists (such as private sector research groups) were used for information on the rental market by 29 respondents (66 per cent), though a variety of other sources were also used.
* Given a trade-off between data sufficiency and the frequency of publications, respondents ranked[[1]](#footnote-1) quarterly as their most preferred frequency of publication and annual as their least preferred.
* Respondents ranked the median as the most important measure of PRMS.
* A break-down of results by:
	+ number of bedrooms was requested by 35 respondents (80 per cent);
	+ region and property type (e.g. semi-detached, flat/maisonette etc.) by 20 respondents;
	+ administrative area (local authorities, unitary authorities and London boroughs) by 19 respondents; and
	+ break-downs below the level of administrative area by 16 respondents.
* The statement “I would like to see a historical time series” was strongly agreed with by 56 per cent of respondents, and agreed with by a further 31 per cent.
* Eighteen respondents would like VOA's PRMS to include supplementary information that is not contained in the IPHRP regional rental indices.
* The statement “The VOA should also provide commentary interpreting the differences with the IPHRP” was agreed with by 19 respondents and strongly agreed with by a further eight.

For frequency of publication, quarterly publication of PRMS was the most preferred option for 48 per cent of respondents; and a further 33 per cent ranked quarterly publication as their second most preferred option. Monthly PRMS was the preferred option for 33 per cent of respondents; it was second most preferred for a further 20 per cent.

The mean was the most preferred measure to report for 38 per cent of respondents. The median was most preferred by 33 per cent of respondents, however, it was also the second most preferred option for 49 per cent. Quartiles were the most preferred measure for 28 per cent of respondents, and a further 21 per cent chose quartiles as their second preferred option.

The survey asked for respondents to pick the breakdowns of data that are most useful for them. Break-downs at the level below administrative area were of more interest to landlords, letting agents, investors and consultants than for government and academics, who tended to favour data at regional level. Number of bedrooms is an important breakdown for all groups.

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| VOA Initial Responses |

**1. Respondents have expressed a number of reasons on why the current PRMS does not meet their requirements and lack of granularity is mentioned most frequently.**

Out of 26 respondents who answered that the current PRMS publication does not meet their requirements 21 left a reason. Lack of granularity was the most common response, with a common point being that the administrative areas are not representative of the geographies used by the market, and some cited a need for information at the level of at least postcode sectors. Some respondents mentioned the lack of historical series and for some the six month publication frequency was too long to be able to capture the latest trends.

**VOA response:** VOA currently produce information at the level of administrative area broken down by number of bedrooms and intend to continue to do so. Producing data at postcode sector level has been considered but VOA publish data according to the policy for local geographical data used by the ONS’ Neighbourhood Statistics introduced by the EU Nomenclature of Units for Territorial Statistics (NUTS).Due to data limitations (principally volume, as well as avoiding disclosure) there is a trade-off between granularity and reliability of results and VOA have to take a decision on what would be most useful to users. Users of the PRMS should note that below the level of the administrative area (e.g. super output area) there is insufficient data to produce robust, meaningful results. VOA are continuing to investigate improvements to the methodology of PRMS and are currently investigating the viability of improvements to our data sources and collection methods.

**2. Respondents have expressed a strong preference for a historical time series.**

The most marked response to the user survey was that 87 per cent either agreed or strongly agreed that they would like to see consistent historical series of PRM data. Reasons could be summed up as providing better context to current rent levels and allowing historical analysis of the property market trends.

**VOA response:** Each PRMS is produced using the latest 12 months of data and represents VOA’s best estimate of the average cost of renting over that period. To produce these more frequently than the present six monthly cycle would be possible with the existing data systems in the VOA. However even if VOA were to produce quarterly updates with this methodology, these would not reflect quarter-to-quarter price changes as three-quarters (i.e. 9 of the 12 months) of the sample would remain the same each quarter.

The IPHRP (produced by the ONS) is the official source of information for price change and the VOA advises users of the PRMS to refer to it to understand price changes in rental markets at regional level. Though the IPHRP and PRMS are produced from the same data, different methodologies (particularly the sample compositions) are used.

**3. Feedback shows that the ONS regional Index of Private Housing Rental Prices (IPHRP) does not satisfy the needs of most users of PRMS.**

Respondents listed a variety of information supplementary to that provided by the IPHRP which they would like the PRMS to contain, but this was mostly for data at a lower level of geography than for regions, and for data on price levels. As discussed earlier, a large proportion of users would like a breakdown at the level of administrative area or lower. This is of particular interest for users looking at data for London as a large differential in prices across London boroughs means it is hard to make any inferences with no further breakdown.

**VOA response:** VOA appreciates that many users would like to see trends below the level of the regions published in the IPHRP. However following from previous points, producing reliable indicators of price trends at lower levels of geography *and* a time series would require even more data than producing either alone.

**4. VOA should also provide commentary interpreting the differences between PRMS and the IPHRP.**

A common theme emerged from responses, which was that the existing statistics presented in the IPHRP and PRMS causes some confusion among users, with examples cited of misuse.

**VOA response:** VOA has in the past year worked with the ONS to attempt to reconcile the differences between the PRMS and IPHRP. An article with detailed analysis on the two series was published at this web address - <http://www.ons.gov.uk/ons/guide-method/user-guidance/prices/cpi-and-rpi/explaining-private-rental-growth.pdf> . VOA will discuss this with our stakeholders and will look at how well this report meets their needs, and how it could be adapted and included in our reporting on a regular basis. VOA will also discuss what analysis helps them interpret the two series and could help better understand market behaviour trends within regions. It is clear from responses to this user survey that additional explanation would help users to interpret the different statistics on the market.

**5. PRMS are used for a large variety of reasons by government and local government, property specialists, academics and charities.**

Intended future uses of PRMS included:

* + analysis of the rental market and modelling
	+ to improve local intelligence in working with landlords on supply of private rented properties
	+ to keep local landlords up to date on trends affecting their market
	+ to help support procurement of temporary accommodation for homeless households
	+ general research and benchmarking against other non-official rental statistics
	+ to show local areas where rents appear to be rising faster than wages
	+ government policy development and decision making with respect to property and land management

**VOA response:** The VOA understands it has a wide range of users and uses for its PRMS and will continue to engage with these users.

1. Users ranked four options and the first preference was given four points, the next three points and so on. [↑](#footnote-ref-1)