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|  | |  | | 01 November 2016 | |
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| **Private Rental Market Statistics: User Engagement Event Summary** | | | | | VO-logo-for-Presentation |
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In September 2016 the Valuation Office Agency (VOA) held a user engagement event focusing on its Private Rental Market Statistics (PRMS). It was attended by representatives from the VOA, the Office for National Statistics (ONS), and various private and voluntary-sector organisations. The event was a follow-up to a user-engagement questionnaire run in April 2016, the results of which have been published at <https://www.gov.uk/government/statistics/private-rental-market-statistics-user-engagement-questionnaire-results>.

The survey highlighted the need to share information and improve understanding, and so the event included presentations that outlined the data collection and methodologies used in the production of both the PRMS and the Index for Private Housing Rental Prices (IPHRP). This release presents a short summary of the presentations and discussion held at the event.

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| Presentations Summary |

* The PRMS currently provide mean, median and quartile rents broken down by number of bedrooms and local authority, and is comparable to a ‘snapshot’ of the rental market. The published data, commentary and maps were demonstrated. The most recent publication is available at the following address: <https://www.gov.uk/government/statistics/private-rental-market-statistics-may-2016>
* Details on approximately 500,000 rents are collected each year by VOA Rent Officers to fulfil the statutory requirement of assisting the Department for Work and Pensions with the determination of Housing Benefit/Local Housing Allowance.
* Various data collection limitations result in sample bias, with the result that the PRMS is not necessarily representative of the private rental market (PRM) population and cannot be used to reliably infer trends over time.
* Current practice of publishing at local authority level using averages taken over a 12-month period is a compromise due to issues around data sufficiency, so a trade-off between:
  + Publishing average rents for areas smaller than local authority (e.g. super output areas) would only be possible for time periods longer than 12 months
  + Publishing average rents collected over the last month instead of over the last 12 months would only be possible for much larger geographical areas (e.g. regions).
* Possible methodological improvements to the PRMS, such as the use of Hedonic modelling, are being considered.
* The VOA data is used by the ONS to construct a private rental series which is used in the Index for Private Housing Rental Prices (IPHRP) and also the suite of consumer price inflation statistics (CPI/CPIH/RPI).
* The IPHRP and rental series within CPI, CPIH and RPI use a more sophisticated methodology than the simple averages technique of the PRMS, consistent with other price indices:
  + A matched sample is followed from month-to-month, and chain-linked each year. The IPHRP is thus unaffected by quality changes in the sample, and suitable for looking at inflation in rental prices over time at the regional level.
  + Weightings and stratification are used.
  + There are slight differences in coverage, for example the IPHRP excludes single room lets in Houses in Multiple Occupation (HMOs) while the PRMS includes them.
* Both the PRMS and IPHRP include both existing and new let agreements, and so are closer to being measures of the ‘stock’ of the PRM, rather than the ‘flow’ (which would cover new lets only).

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| Discussion Summary |

The discussion centred on the four questions below:

1. **What do external users do with the VOA’s PRMS data/publications, and what would they like to be able to do?**

A number of uses of the PRMS were discussed, such as using the data to validate their own in-house reports, to inform policy-making, and to check that clients were charging competitive rents. Increasing media interest was cited as a factor, however it was agreed that media focus tended to be more on house prices than private rental prices.

Two uses that were enquired about but not currently available were for whole market data (i.e., with the rental agreements for housing benefit claimants included), and for deciles (PRMS currently provides median, upper and lower quartiles). As the data available for PRMS is a by-product of the statutory requirement to assist with the calculation of local housing allowance, we do not hold information on housing benefit claimants. Also, data sufficiency is likely to be a problem with supplying average rents at the deciles level. For example, often there are fewer than 10 lets collected for a given number of rooms in a given local authority. We are however looking to gain access to other sources to enrich our data.

1. **In the questionnaire responses the VOA received in April, lack of granularity was frequently mentioned as a reason for why our publications didn’t meet user requirements. Given the trade-off between the time period and the geographical size over which data has to be aggregated due to sufficiency, is the current methodology and publication frequency acceptable?**

Some attendees expressed a desire for quarterly publication. While this would be possible under the current methodology, it could be misleading given that three-quarters (nine of the 12 months) of the sample would remain the same between quarterly publications. It also wouldn’t address the underlying bias in the sample.

Once the data-sufficiency issues had been explained there was general consent that the current compromise between frequency and area of resolutions was reasonable. The attendees felt that the lower level of geography in the PRMS compared to the regional IPHRP improved the use of the data. However, the large difference in rental prices between rural and urban areas of local authorities was highlighted as a concern.

1. **A historical time series was also frequently requested in the survey responses. Does the IPHRP meet user needs for time-series purposes?**

The limitations of the PRMS simple averages method and data collection were discussed. In particular, the lack of variables required to make adjustments for quality means that the changes in the sample composition over time renders the PRMS unsuitable for comparisons between different time periods.

The attendees were already aware that the PRMS is more suitable for local snapshots, while the IPHRP is suitable for studies on inflation.

1. **What sources of data/commentary are used besides the PRMS and IPHRP?**

The uses and limitations of the 2011 census were mentioned in the presentation, along with comparisons with the English Housing Survey. Attendees sometimes used data from sources such as Right Move and Zoopla for indications, though were conscious that these sources were not validated. There was discussion around in-house Tenant Satisfaction Surveys, and possible sources of information on tenancy length were discussed.

The VOA would like to thank all those who took part in the user engagement event and those who provided responses to the questionnaire. VOA would also welcome any further comments in response to this note. We will take all these responses into account when considering methodological developments of the PRMS in the future.