

Statistical bulletin

Index of Private Housing Rental Prices, UK: September 2018

An experimental price index tracking the prices paid for renting property from private landlords in the UK.

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1 . Main points

- Private rental prices paid by tenants in the UK rose by 0.9% in the 12 months to September 2018, unchanged from the 12 months to August 2018.
- In England, private rental prices grew by 0.9%, Wales experienced growth of 1.0% while Scotland saw rental prices increase by 0.6% in the 12 months to September 2018.
- London private rental prices decreased by 0.2% in the 12 months to September 2018; up from a fall of 0.3% in the 12 months to August 2018.

2 . Things you need to know about this release

The Index of Private Housing Rental Prices (IPHRP) measures the change in the price tenants face when renting residential property from private landlords, thereby allowing a comparison between the prices tenants are charged in the current month as opposed to the same month in the previous year. The index does not only measure the change in newly-advertised rental prices, but reflects price changes for all private rental properties.

The IPHRP is constructed using administrative data. That is, the index makes use of data that are already collected for other purposes to estimate rental prices. The sources of private rental prices are [Valuation Office Agency \(VOA\)](#), [Scottish Government \(SG\)](#), [Welsh Government \(WG\)](#) and Northern Ireland Housing Executive (NIHE). All these organisations deploy rental officers to collect the price paid for privately-rented properties. Data for Northern Ireland also include data provided by [propertynews.com](#). Annually, over 450,000 private rents prices are collected in England, 30,000 in Wales, 25,000 in Scotland and 15,000 in Northern Ireland. The sources of [expenditure weights](#) are the [Ministry of Housing, Communities and Local Government \(MHCLG\)](#), Scottish Government, Welsh Government, NIHE and the VOA.

IPHRP is released as an [Experimental Statistic](#). While the [methodology](#) (PDF, 2.4MB) for IPHRP is final, Northern Ireland data were previously excluded from the price index. We have since worked with the [NIHE](#) to secure private rental data for Northern Ireland with results first published in our [August 2018 release](#) on 19 September 2018. We have also used this data to improve the coverage of IPHRP to that of the UK, which is published for the first time as part of this release.

To produce a UK series, the IPHRP has been re-referenced from January 2011 equals 100 to January 2015 equals 100. This was done because Northern Ireland data are only available from January 2015. Growth rates are unaffected by this change but users of indices should ensure that, in using these data to calculate their own rates of inflation, that they use indices calculated using the same reference period.

The IPHRP is [scheduled](#) to be assessed against the [Code of Practice for Statistics](#) in December 2018 with the aim of achieving [National Statistics](#) status for the release.

3 . Growth in UK private rental prices slows

Growth in private rental prices paid by tenants in the UK has slowed since the beginning of 2016, increasing by 0.9% in the 12 months to September 2018. For example, a property that was rented for £500 per month in September 2017, which saw its rent increase by the average rate in the UK, would be rented for £504.50 in September 2018. This slowdown in the growth in private rental prices in the UK is driven mainly by a slowdown in London over the same period.

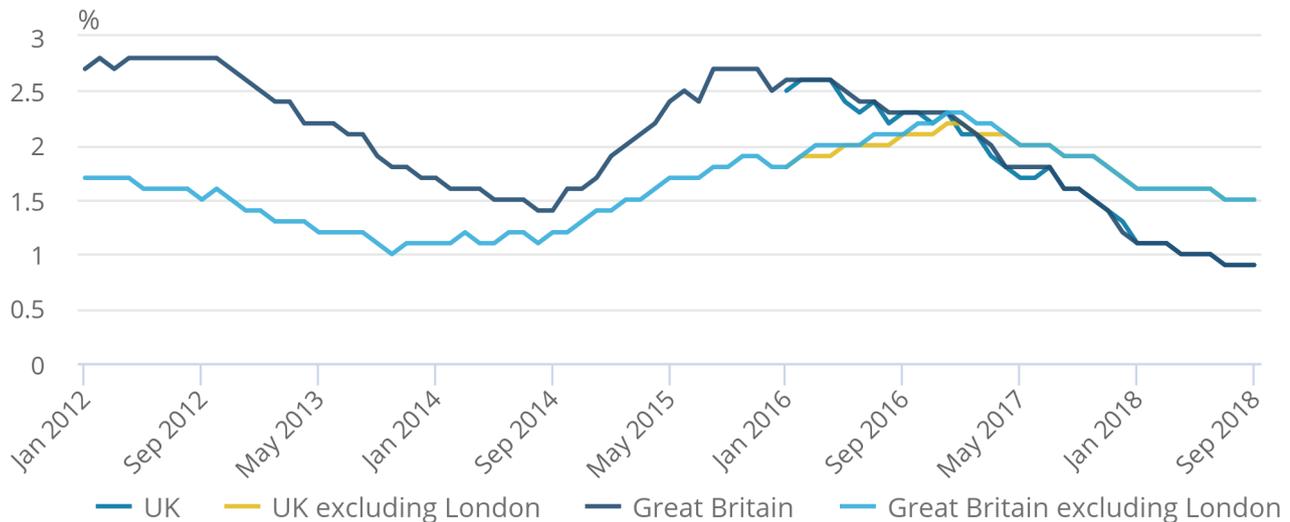
Rental prices for the UK excluding London increased by 1.5% in the 12 months to September 2018, unchanged from August 2018 (Figure 1). London private rental prices decreased by 0.2% in the 12 months to September 2018; up from a fall of 0.3% in the 12 months to August 2018.

Figure 1: Index of Private Housing Rental Prices percentage change over 12 months, UK and Great Britain, January 2012 to September 2018

12-month percentage change

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12-month percentage change



Source: Office for National Statistics

Notes:

1. Data presented in this dataset are classified as experimental statistics and subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.

The [Royal Institution of Chartered Surveyors \(RICS\) August 2018 Residential Market Survey](#) reported a further decline in rental stock coming to the market, a trend that has been emerging on the back of tax changes on buy-to-let properties. Tenant demand continues to rise, marking its strongest reading since October 2016. Because of this, near-term rent expectations point to further rental growth in the coming three months.

Contrary to this, the [Association of Residential Letting Agents \(ARLA\)](#) reported in their [Private Rented Sector Report for August 2018](#) that the supply of available properties increased while demand from prospective tenants dropped in August. They also note that the number of landlords selling their buy-to-let properties remained high.

These supply and demand pressures can take time to feed through to the Index of Private Housing Rental Prices, which reflects price changes for all private rental properties, rather than only newly-advertised rental properties.

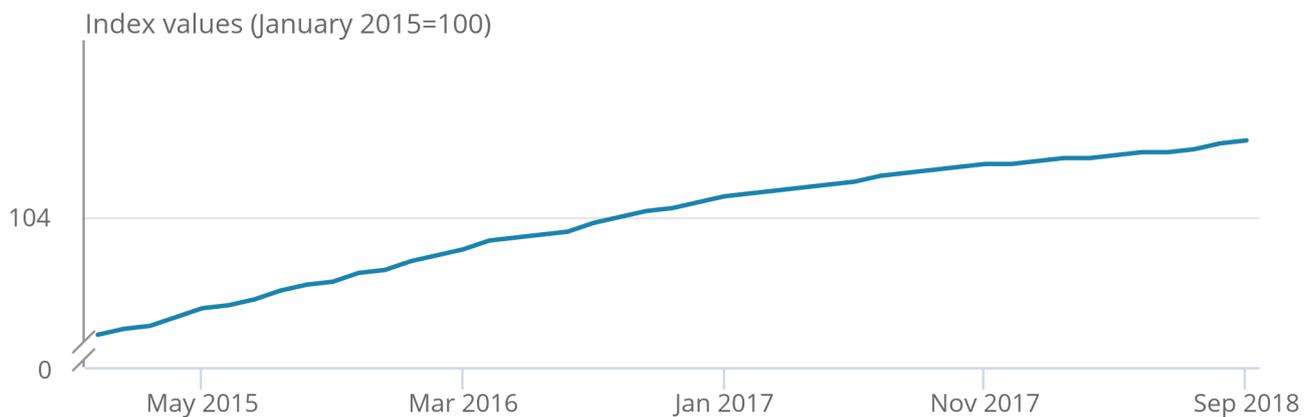
Focusing on the long term trend, between January 2015 and September 2018, private rental prices in the UK increased by 6.6% (Figure 2).

Figure 2: Index of Private Housing Rental Prices indices, UK, January 2015 to September 2018

Index values

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Index values



Source: Office for National Statistics

Notes:

1. Data presented in this dataset are classified as experimental statistics and subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.

4 . Growth in Wales private rental prices above England and Scotland

The annual rate of change for Wales (1.0%) in September 2018 is still marginally higher than the annual rate of change for England (0.9%). Wales showed a broad increase in its annual growth rate between July 2016 (Figure 3) and the end of 2017, but has fallen back during 2018. This slightly stronger growth in Wales may be a response to stronger rental demand in Wales, as reported by the Association of Residential Letting Agents (ARLA) in their [April and August 2018 reports](#).

In England, private rental prices grew by 0.9% in the 12 months to September 2018, unchanged from August 2018. When London is excluded from England, privately-rented properties increased by 1.6% in the 12 months to September 2018.

Rental growth in Scotland increased by 0.6% in the 12 months to September 2018, up from 0.5% in August 2018. The historic weaker growth since mid-2016 may be due to stronger supply and weaker demand in Scotland, as reported by ARLA in their [Private Rented Sector Report for July and August 2018](#).

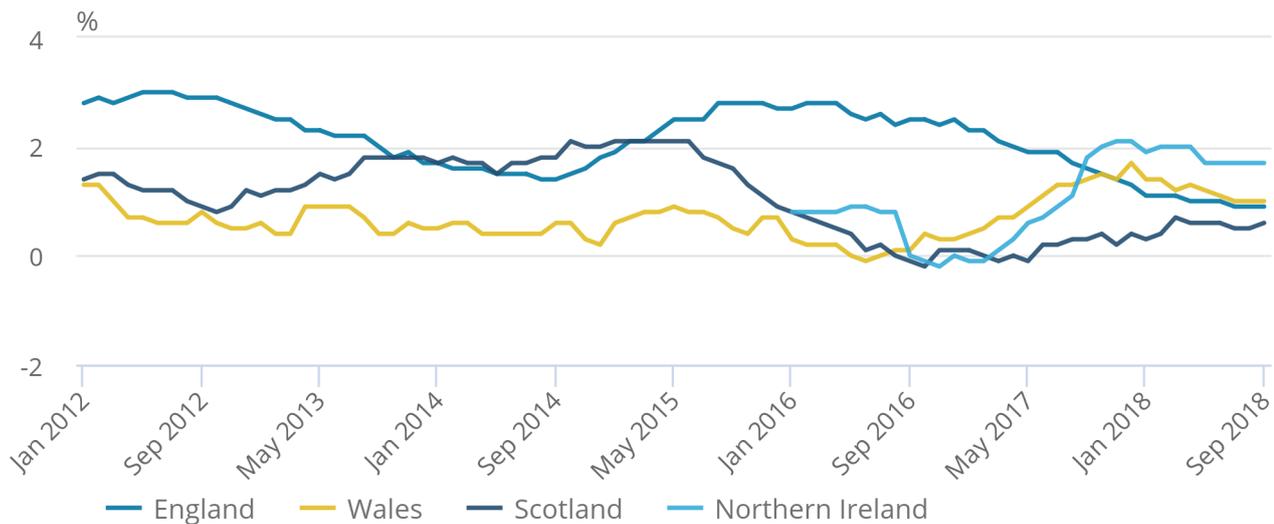
The annual rate of change for Northern Ireland (1.7%) in June 2018 is higher than the other countries of the UK. Northern Ireland has seen an increase in its annual growth rate between the end of 2016 and the end of 2017, but has fallen back slightly during 2018. Northern Ireland data have been copied forward since June 2018. The next update to Northern Ireland data will be in December 2018.

Figure 3: Index of Private Housing Rental Prices percentage change over 12 months for countries of the UK, January 2012 to September 2018

12-month percentage change

Figure 3: Index of Private Housing Rental Prices percentage change over 12 months for countries of the UK, January 2012 to September 2018

12-month percentage change



Source: Office for National Statistics

Notes:

1. Data presented in this dataset are classified as experimental statistics and subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.
2. Northern Ireland data is only available every three months. Northern Ireland data are copied forward until the next data is available, which will be in the December 2018 release.

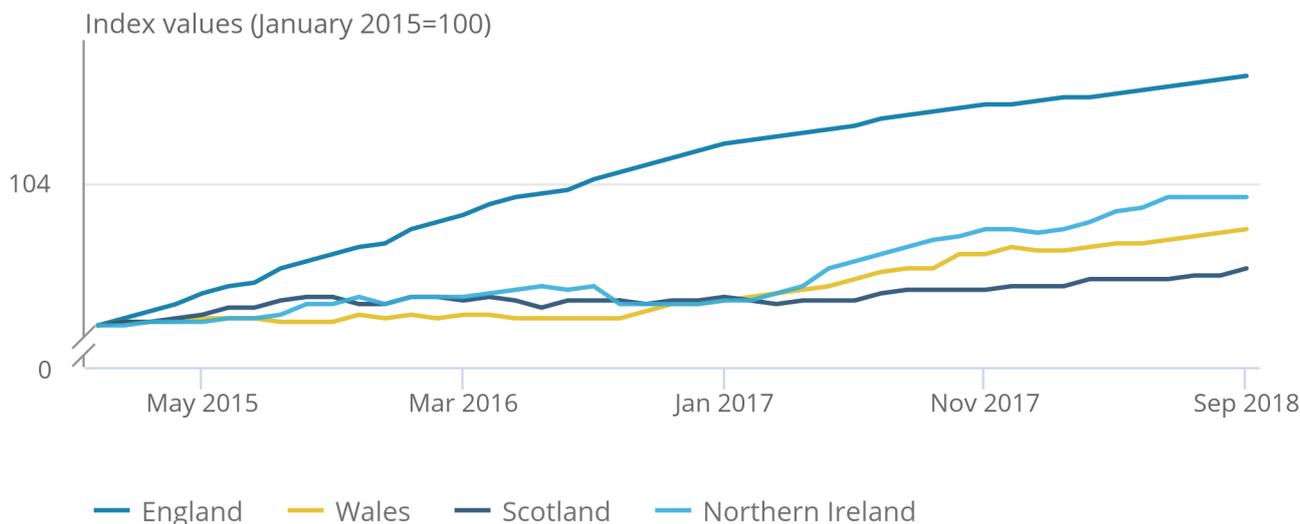
All UK countries have experienced rises in their private rental prices since 2015 (Figure 4). Since January 2015, rental prices in England have increased more than those in Wales, Scotland and Northern Ireland.

Figure 4: Index of Private Housing Rental Prices indices for countries of the UK, January 2015 to September 2018

Index values

Figure 4: Index of Private Housing Rental Prices indices for countries of the UK, January 2015 to September 2018

Index values



Source: Office for National Statistics

Notes:

1. Data presented in this dataset are classified as experimental statistics and subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.
2. Northern Ireland data is only available every three months. Northern Ireland data are copied forward until the next data is available, which will be in the December 2018 release.

5 . London private rental prices fall over the year

London private rental prices fell by 0.2% in the 12 months to September 2018, up from a fall of 0.3% in August 2018. However, the Royal Institution of Chartered Surveyors (RICS) reported in their [July 2018 Residential Market Survey](#) that expectations are now positive in the capital, for the first time since August 2016. [Their August 2018 report \(PDF, 637KB\)](#) highlights a growing imbalance between tenant demand and supply, which has pushed up London rent expectations for the year ahead. This may feed through to the Index of Private Housing Rental Prices over time, which is a stock measure.

Focusing on the English regions, the largest annual rental price increase in the 12 months to September 2018 was in the East Midlands (2.9%), up from 2.8% in August 2018 (Figure 5). This was followed by the South West (1.9%), down from 2.1% in August 2018 and the East of England (1.9%), unchanged from August 2018.

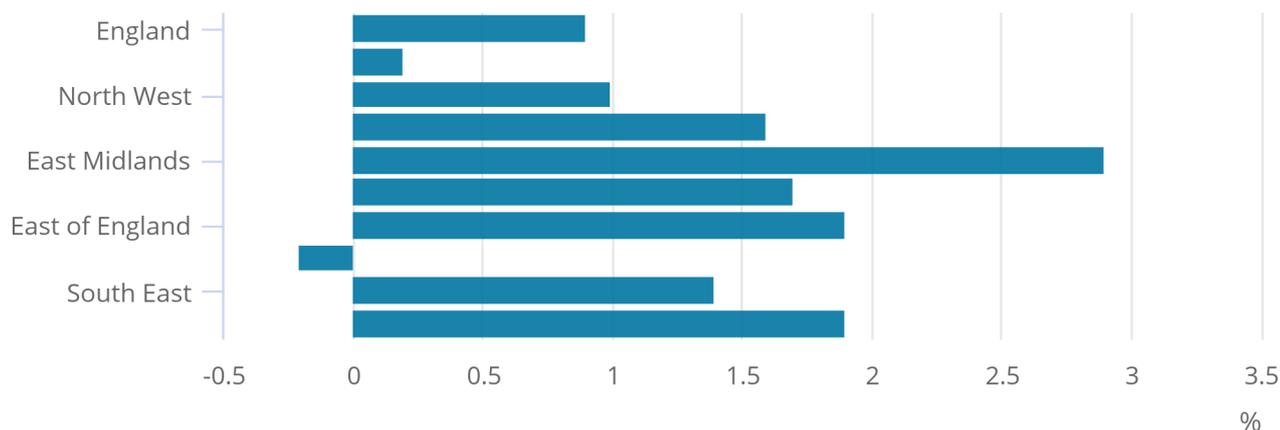
The lowest annual rental price increase was in London (negative 0.2%), up from negative 0.3% in August 2018. It was followed by the North East (0.2%), unchanged from August 2018.

Figure 5: Index of Private Housing Rental Prices percentage change over the 12 months to September 2018 by English region

12-month percentage change

Figure 5: Index of Private Housing Rental Prices percentage change over the 12 months to September 2018 by English region

12-month percentage change



Source: Office for National Statistics

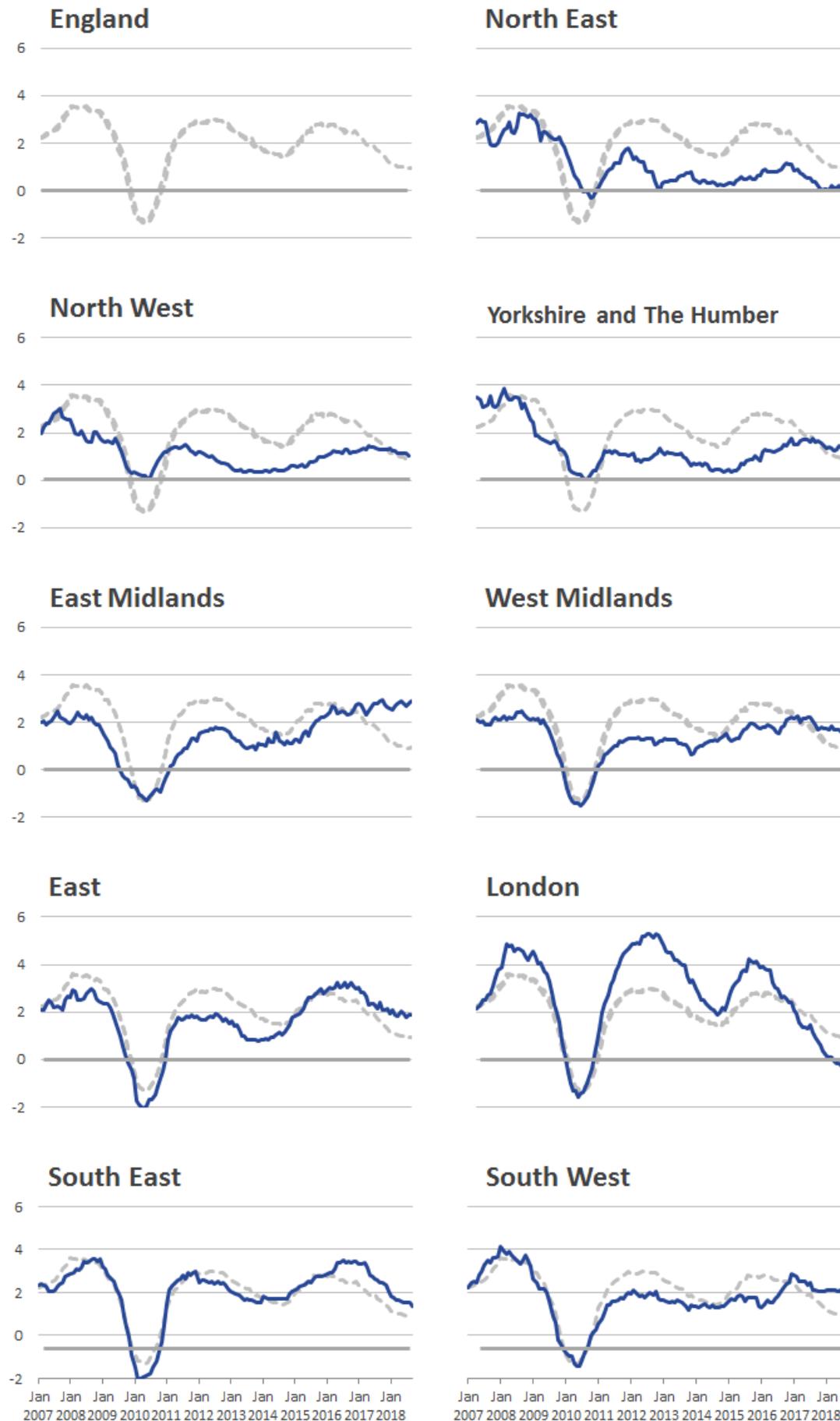
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1. Data presented in this dataset are classified as experimental statistics and subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.

Figure 6 shows the historical 12-month percentage growth rate in the rental prices of each of the English regions.

Index of Private Housing Rental Prices percentage change over 12 months, January 2007 to September 2018, by English region

12-month percentage change



Notes:

1. The grey line shows the average England 12-month percentage change.

6 . New in this release

UK estimates have been published as part of this release. As Northern Ireland data are only available from January 2015, to allow the calculation of a UK series the index has been re-referenced from January 2011 equals 100 to January 2015 equals 100. Growth rates are unaffected by this change. Our associated [datasets](#) have been updated to include data for Northern Ireland and the UK.

7 . Links to related statistics

There are many other statistics available for rental and housing prices.

[Valuation Office Agency](#) (VOA) publishes [private rental market statistics](#). These cover the average prices paid for renting private housing in England to the level of region and local authority. The composition of the sample used for this publication varies over time and therefore makes it hard to produce reliable comparisons over different time periods. For an evaluation of our rental price indices and the growth in average private rental prices published by VOA, please see the article [Explaining private rental growth \(PDF, 446KB\)](#).

[Ministry of Housing, Communities and Local Government](#) (MHCLG) publishes [social rent statistics](#). These cover average prices paid for renting both local authority and private registered provider (housing association) properties in England. These are collected from the continuous recordings of lettings and sales in social housing (CORE) and are available at regional and local authority level.

[Scottish Government](#) publishes [social rent statistics for Scotland](#). These cover the average weekly rents paid for local authority and registered social landlords and are available at area level. [Private Sector Rent Statistics](#) are also published annually, which cover the average price paid for renting private housing in Scotland.

[Welsh Government](#) publishes [social rent statistics for Wales](#). These cover the average weekly rents paid for local authority and registered social landlords and are available at area level. [Private sector rents](#) are also published on an annual basis, which cover the average price paid for renting private housing in Wales.

[Northern Ireland Housing Executive](#) with [Ulster University](#) publishes a bi-annual summary Research Report on the [Performance of the rental market in Northern Ireland](#). This report analyses trends in the private rental sector at district council level during a six-month period.

In addition to government sources, a number of private companies such as [Countrywide](#), [Homelet](#) and [LSL Property Services](#) produce statistics on the private rental market. These are predominantly flow measures of private rents, whereas the Index of Private Housing Rental Prices (IPHRP) is a stock measure. More information on how these compare with IPHRP can be found in the article [Private rental growth measure, a UK comparison](#).

The [UK House Price Index](#) publishes average house prices and associated growth rate statistics to the level of region and local authority. Residential house price growth in Great Britain has typically been stronger than rental price growth for a number of years, with an average 12-month rate of house price inflation between January 2013 and August 2018 of 5.4%, compared with 1.9% for rental prices.

8 . Quality and methodology

The [IPHRP Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

[Private rental growth measures, a UK comparison](#), compares the growth in the Index of Private Housing Rental Prices to other measures of private rental growth.

[Quality assurance of administrative data](#) used in private rental housing statistics documents the administrative data sources used in the production of the Index of Private Housing Rental Prices and the quality assurance processes applied to them.