

Briefing Paper

Some key trends in the private rented sector in England: Analysis of Census

Summary

It has been suggested that “the growth of the private rented sector is probably the most notable change in the housing market over the last decade”.¹ This growth was largely unexpected and brought to an end over 70 years of decline.² It has been argued that the expansion of private renting has increased flexibility and choice for tenants as well as supporting job mobility.³ However, there are also concerns that the private rented sector can be unaffordable and may not provide some tenants (particularly families) with the stability that they need.⁴ Data from the 2011 Census offers a new opportunity to understand the growth of private renting which has been dubbed ‘generation rent’.

This short paper highlights some of the notable trends which are emerging from the Census in relation to changes in the private rented sector in England.⁵ Between 2001 and 2011, the private rented sector has changed in terms of:

- Geographic variation. Growth in the size of the private rented sector has occurred across all regions but was greatest in London.

¹ Marsh, A. (2013) Tenants Uniting? <http://www.alexarchives.org/tenants-uniting/>

² Pattison, B. Diacon, D. and Vine, J. (2010) Tenure Trends in the UK Housing System: Will the private rented sector continue to grow? <http://www.bshf.org/published-information/publication.cfm?thePubID=46C4A5EA-15C5-F4C0-99C662FE48B048B9>

³ HM Government (2011) Laying the Foundations: A housing strategy for England, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7532/2033676.pdf

⁴ The Labour Party (2013) Private Rented Housing: Providing stability and affordability for renters and families, http://www.yourbritain.org.uk/uploads/editor/files/Private_Rented_Housing_2.pdf

⁵ These findings form part of the research for a PhD funded by the Economic and Social Research Council.

- Household composition. Single adult households, families with dependent children and homes of multiple occupation are the groups which have experienced the greatest proportional growth.
- Age groups. There was considerable growth in the numbers of younger households who were private renters.
- Socio-economic groups. The private rented sector continues to accommodate a range of socio-economic groups and the proportion of middle or lower income households increased slightly during this period.
- Ethnic groups. Several ethnic categories have much high proportions of private renters when compared to the the national average, particularly non-British White groups (including those from Eastern Europe, North America and Australasia).
- Recent migrants. Over half of the people who arrived in England and Wales between 2001 and 2011 were living in the private rented sector at the time of the Census.

Popular discussion of 'generation rent' has tended to focus on households who cannot afford to access owner occupation. The emerging findings presented here suggest that the growth of private renting is complex and multifaceted. It appears to be associated with a range of demographic changes which occurred between 2001 and 2011, including changes in household type, socioeconomic groups and migration patterns. In addition, the growth of private renting has important geographic features. The economic, social and political drivers which are associated with the growth of private renting in England require further investigation. A clear understanding of these drivers is crucial for assessing the implications of the growth of private renting and responding to it.

Overall change

The change in the size of different tenures between 2001 and 2011 is shown in Figure 1. This highlights the rapid growth in the number of households renting from a private landlord or letting agent. In contrast, the number of households classified as ‘private renting: other’ or ‘living rent free’ declined between 2001 and 2011.⁶ It is also notable that the growth of households renting from a private landlord or letting agency (1.60 million) was very similar to the overall increase in the number of households (1.61 million).

Figure 1: Tenure change in England, Households, 2001 to 2011⁷

Tenure		2001		2011		Change	
		No.	%	No.	%	No.	Percentage point
Owned	Owned outright	5,970	29.2	6,746	30.6	776	1.4
	Owned with a mortgage or loan	7,951	38.9	7,229	32.8	-721	-6.1
Shared ownership		134	0.7	174	0.8	40	0.1
Social rented	Rented from council (local authority)	2,702	13.2	2,080	9.4	-623	-3.8
	Other	1,238	6.1	1,823	8.3	586	2.2
Private rented	Private landlord or letting agency	1,798	8.8	3,402	15.4	1,603	6.6
	Other (including living rent free)	657	3.2	609	2.7	-48	-0.5

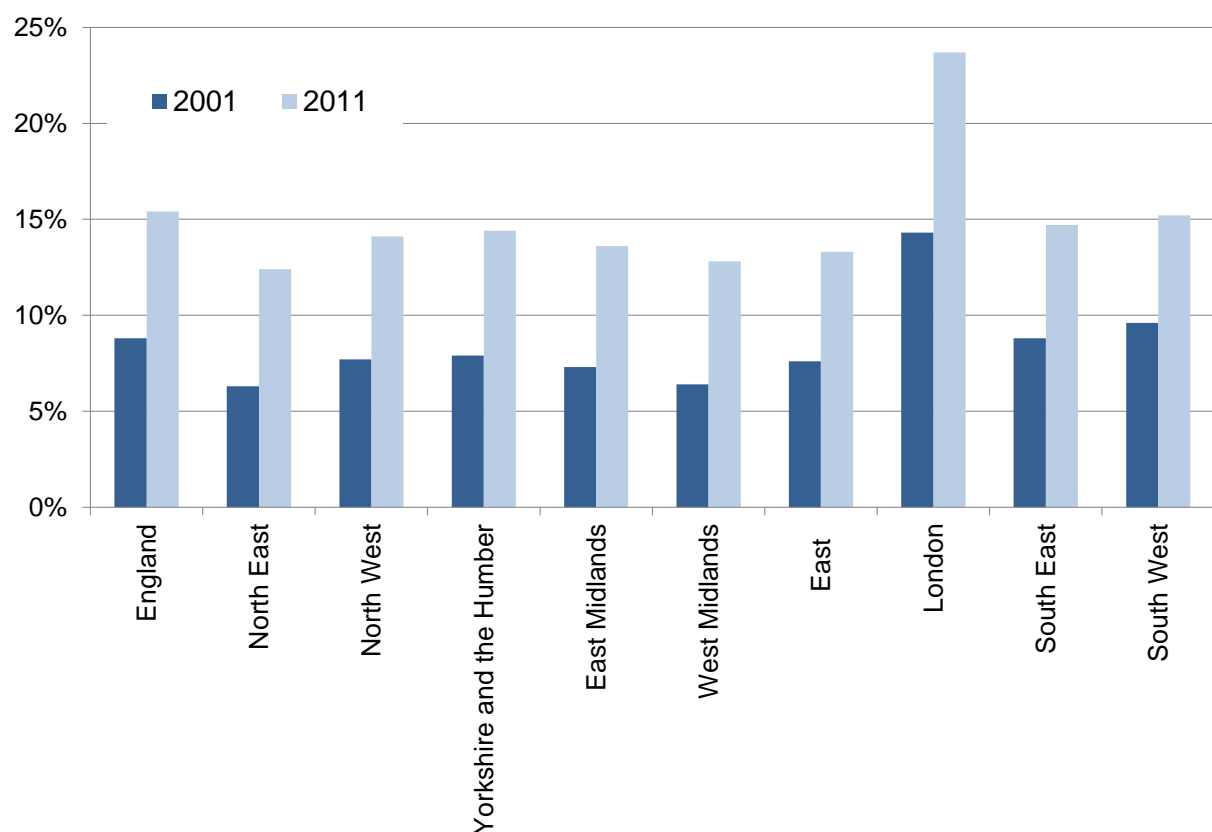
⁶ The tenure categories used in the 2001 Census were slightly different to those used in 2011. The largest category for the private rented sector has a similar definition in both Census's but is labelled 'Rented from: Private landlord or letting agency' in the 2001 Census. In 2011 there were two additional category described as private rented: 'Private Rented: Other' and 'Living rent free'. In 2001 there was one additional category: 'Rented from: Other' which included living rent free.

⁷ Authors calculations from Table KS18 of 2001 Census and Table KS402EW of the 2011 Census

Geographic variation

Figure 2 indicates that the proportion of households living in the private rented sector is relatively uniform across the English regions. London is the clear exception to this trend and appears to have sharply diverged from the rest of the country. The size of the private rented sector in London was considerably larger than other regions in 2001 and the difference increased further by 2011.

Figure 2: Percentage of households renting from a private landlord or letting agency, by region⁸



More detailed analysis of data at local authority level suggests that there is considerable geographic variation in the growth of private renting (see Figure 3). It highlights the rapid growth of the private rented sector in many London boroughs. Even outside London, a number of local authorities have seen growth in private renting of more than 10 percentage points. Only one local authority (Isles of Scilly) has experienced a decline in the relative size of the private rented sector, although others have seen only modest growth.

⁸ Authors calculations from Table KS18 of 2001 Census and Table KS402EW of the 2011 Census

Figure 3: Change in relative size of 'Private rented: Private landlord or letting agency' for selected lower-tier or unitary authority areas (UA), 2001 to 2011⁹

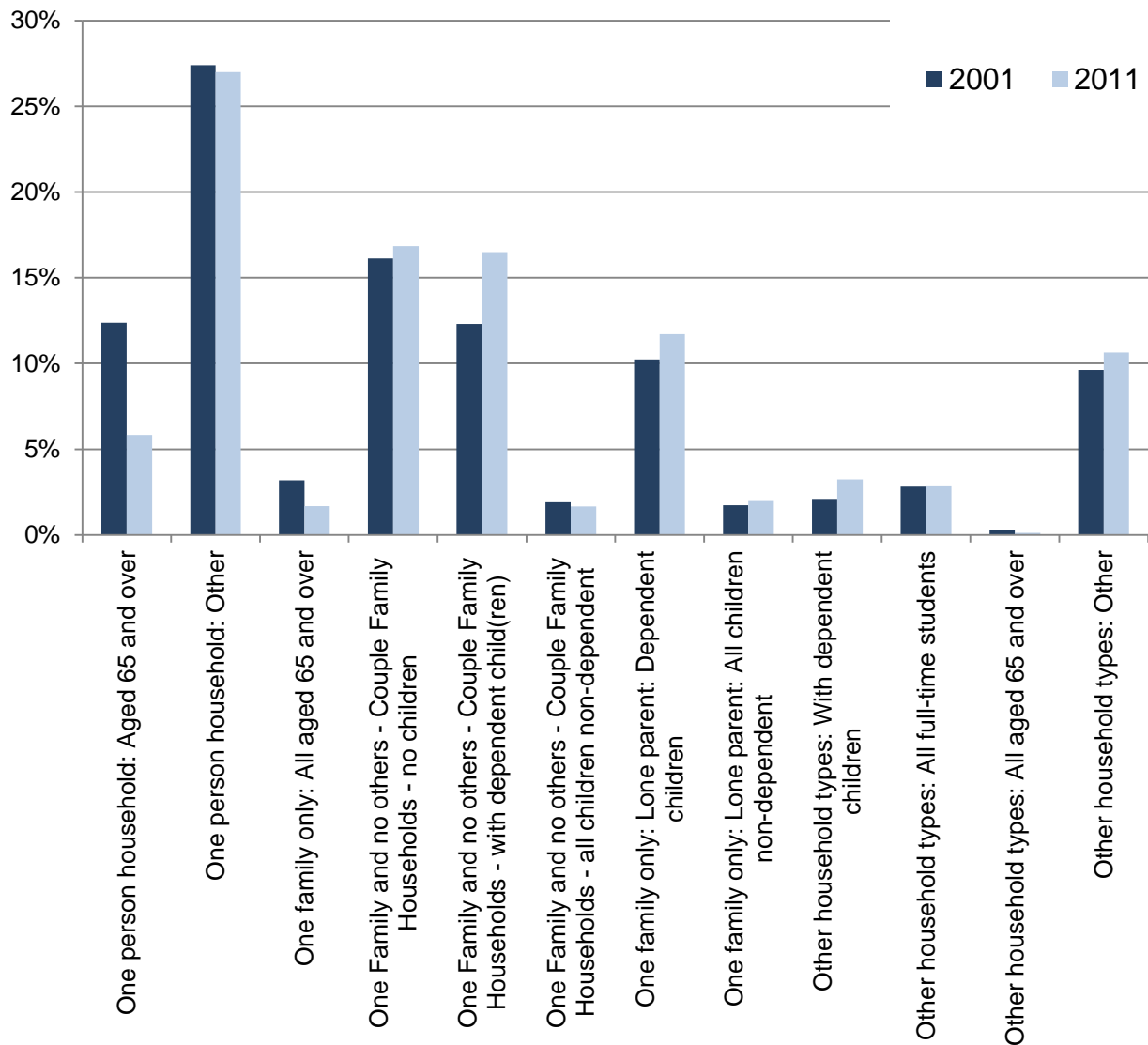
	Lowest growth		Highest growth		Highest growth: Non-London
Isles of Scilly UA	-2.10	Watford	9.94	Peterborough UA	9.05
St. Helens	1.67	Bristol, City of UA	9.95	Milton Keynes UA	9.09
Copeland	2.00	Haringey	10.17	Eastbourne	9.09
Allerdale	2.20	Coventry	10.30	Hounslow	9.30
Ryedale	2.52	Hammersmith and Fulham	10.35	Lincoln	9.32
Suffolk Coastal	2.62	Reading UA	10.52	Liverpool	9.33
Mid Suffolk	2.77	Luton UA	10.74	Salford	9.37
Chiltern	2.82	Lewisham	10.76	Portsmouth UA	9.39
Rushcliffe	2.91	Ealing	10.80	Hastings	9.41
South Lakeland	2.93	Corby	10.81	Northampton	9.49
Cotswold	2.94	Bournemouth UA	11.14	Leicester UA	9.64
Malvern Hills	2.98	Barking and Dagenham	11.41	Watford	9.94
Cornwall UA	3.02	Brent	11.76	Bristol, City of UA	9.95
Eden	3.06	Manchester	11.88	Coventry	10.30
West Devon	3.11	Enfield	11.95	Reading UA	10.52
Maldon	3.11	City of London	12.19	Luton UA	10.74
Purbeck	3.17	Hackney	12.92	Corby	10.81
Hart	3.19	Slough UA	13.10	Bournemouth UA	11.14
East Hampshire	3.19	Tower Hamlets	15.25	Manchester	11.88
Waverley	3.20	Newham	15.83	Slough UA	13.10

⁹ Authors calculations from Table KS402EW of the 2011 Census

Household type

Figure 4 outlines the changes in the household types accommodated in the private rented sector. The proportion of single adult households, families with dependent children and homes of multiple occupation (other household types: other) are the groups which have experienced greatest growth in their relative size.

Figure 4: Relative household composition for private renting from 2001 to 2011, England¹⁰

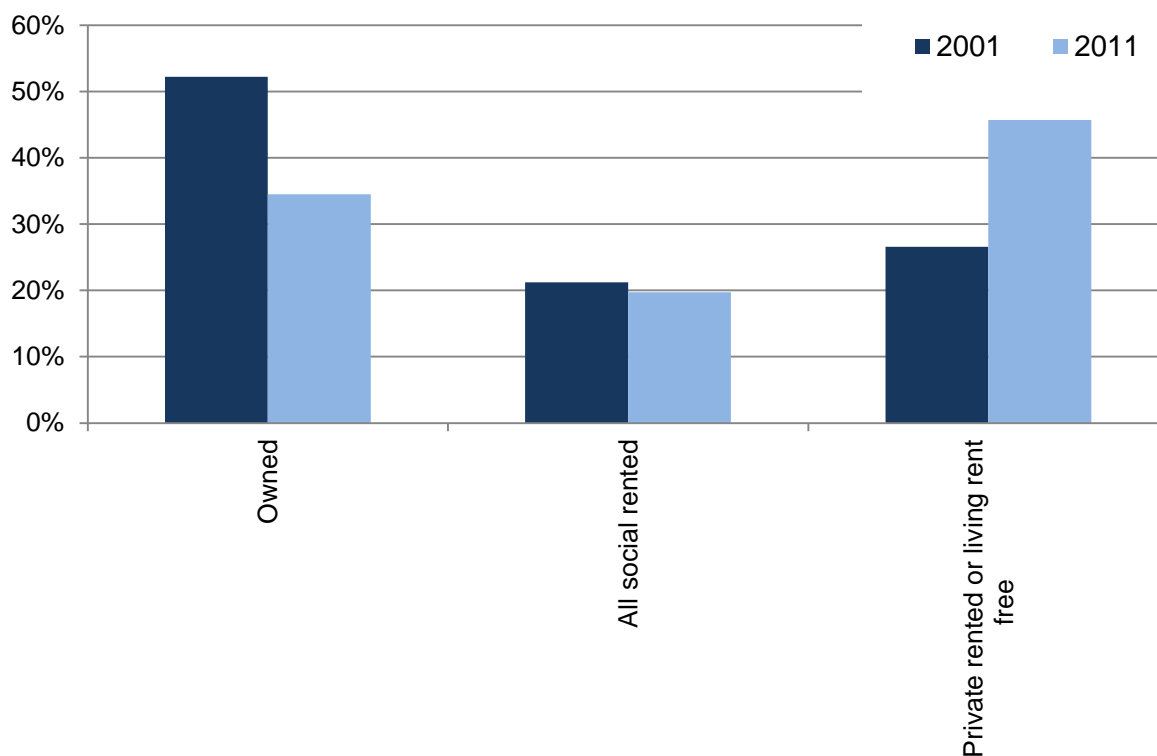


¹⁰ Includes living rent free due to classification within 2001 Census. Authors calculations from Table CS053 from 2001 Census and Table DC4101EW of 2011 Census

Age groups

There is considerable variation in the age distribution within different tenures. Over half of outright owners (56.7%) are headed by a person aged 65 or over compared to just 2.4% aged 16 to 34 years old. The majority of those buying with a mortgage are in the middle age groups with 47.7% aged 35 to 49 and 30.0% aged 50 to 64. The age profile of social renting is more evenly spread between different groups. There has been considerable growth in the numbers of younger households who are private renters. In 2011 there were 1.8 million private renters aged 34 years or under. This represented an increase of 727,000 households in ten years. Figure 5 outlines the change in the proportion of households under 35 years of age in each tenure.

Figure 5: Tenure of households aged 34 years or under, England, 2001 and 2011¹¹

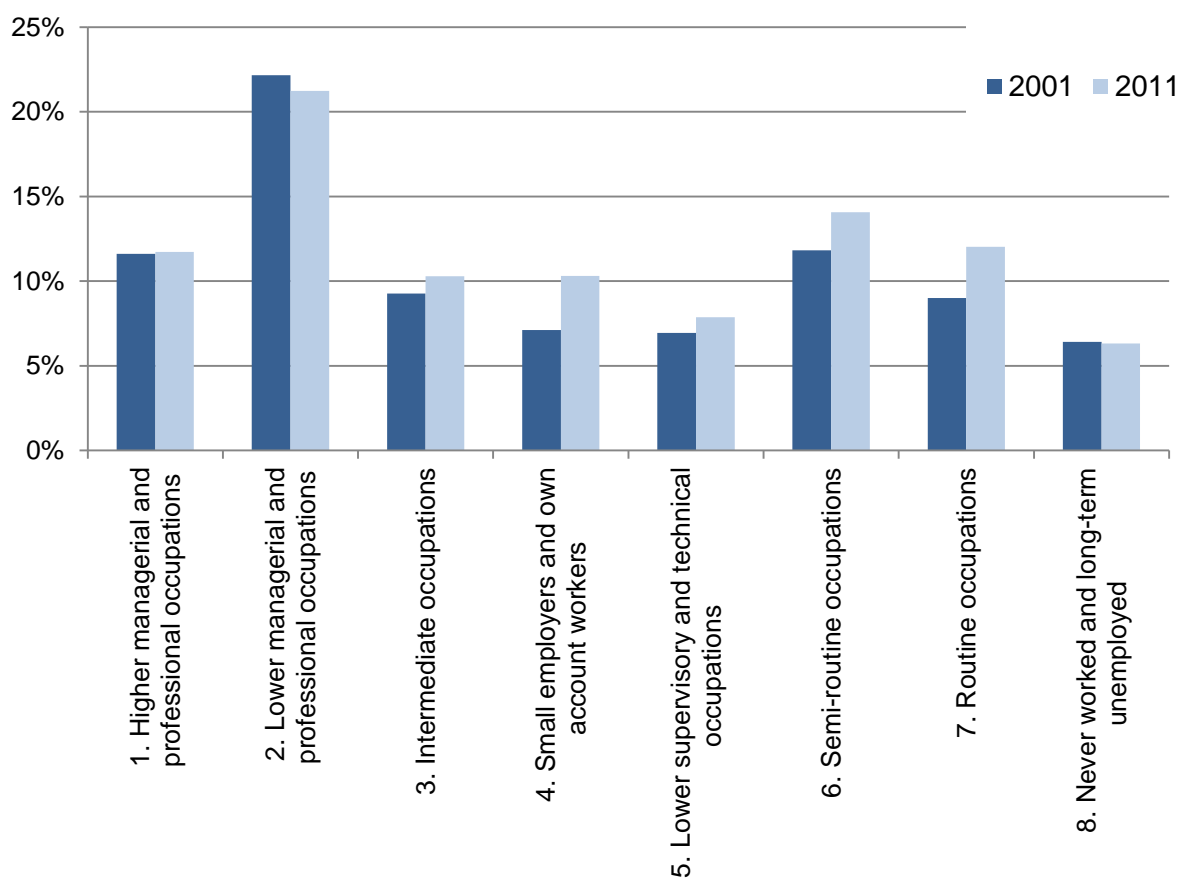


¹¹ Author calculations from Table S013 of the 2001 Census and Table DC4605EW of the 2011 Census

Socio-economic group

A wide variety of socio-economic groups can be found in the private rented sector and it remains the least polarised of the three main tenures. A wide range of socio-economic groups are accommodated within the different sub-markets within private renting.¹² Figure 6 highlights the change in socio-economic groups within the tenure between 2001 and 2011. It indicates that the proportion of middle and lower income households increased slightly during this period.

Figure 6: Socio-economic groups within the private rented sector, England¹³



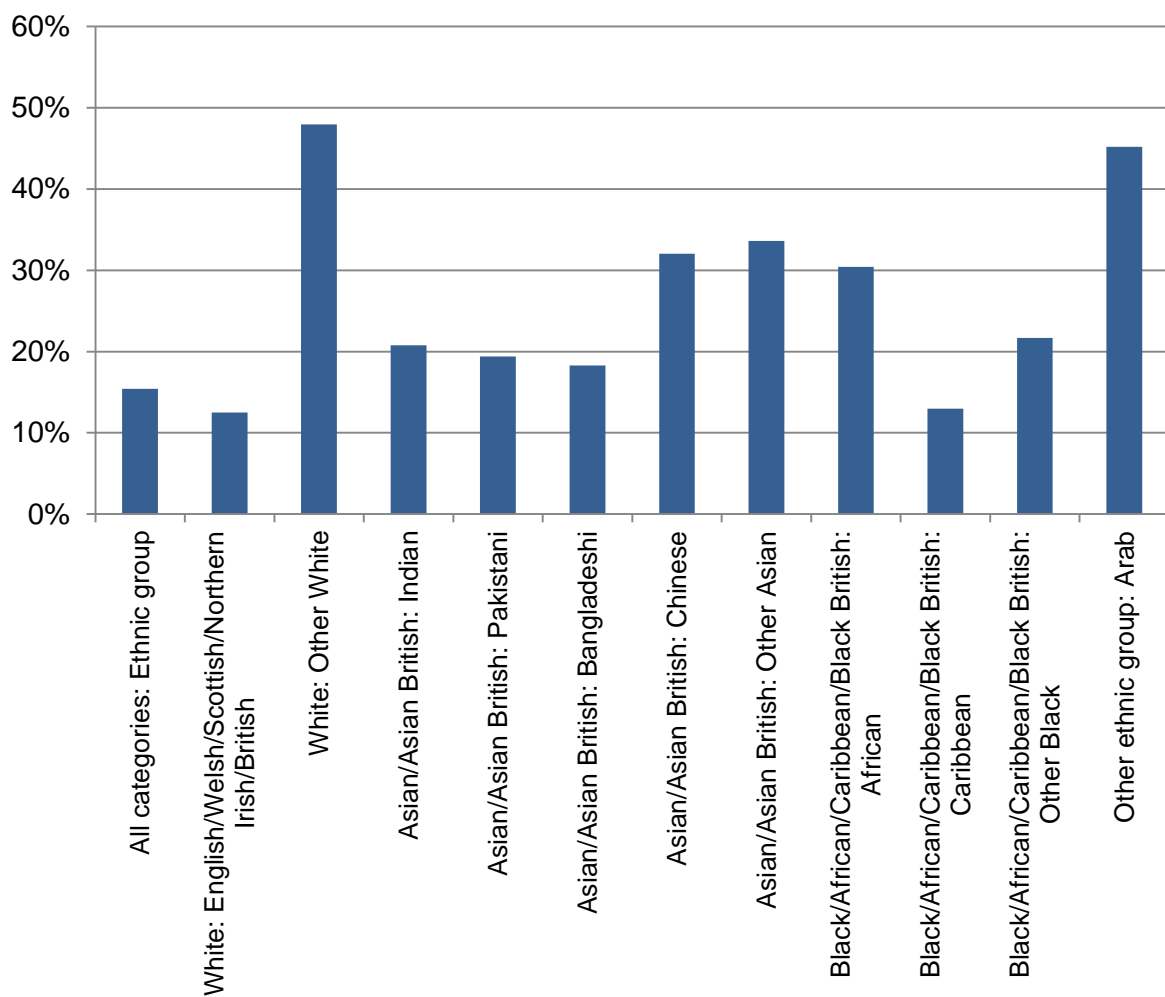
¹² Rugg, J. and Rhodes, D. (2008) *The Private Rented Sector: Its contribution and potential*, York: University of York.

¹³ Authors calculations based on Table S047 of the 2001 Census and Table DC4605EW of 2011 Census

Ethnic groups

Several ethnic categories defined in the Census have high proportions of private renters in comparison to the national average (see Figure 7). The ethnic category with the highest proportion of private renters is 'white: other' which includes people who were born in Eastern Europe, South Africa, Australasia and the USA.

Figure 7: Percentage of ethnic category renting from a private landlord or letting agency, England, 2011 (selected groups)¹⁴

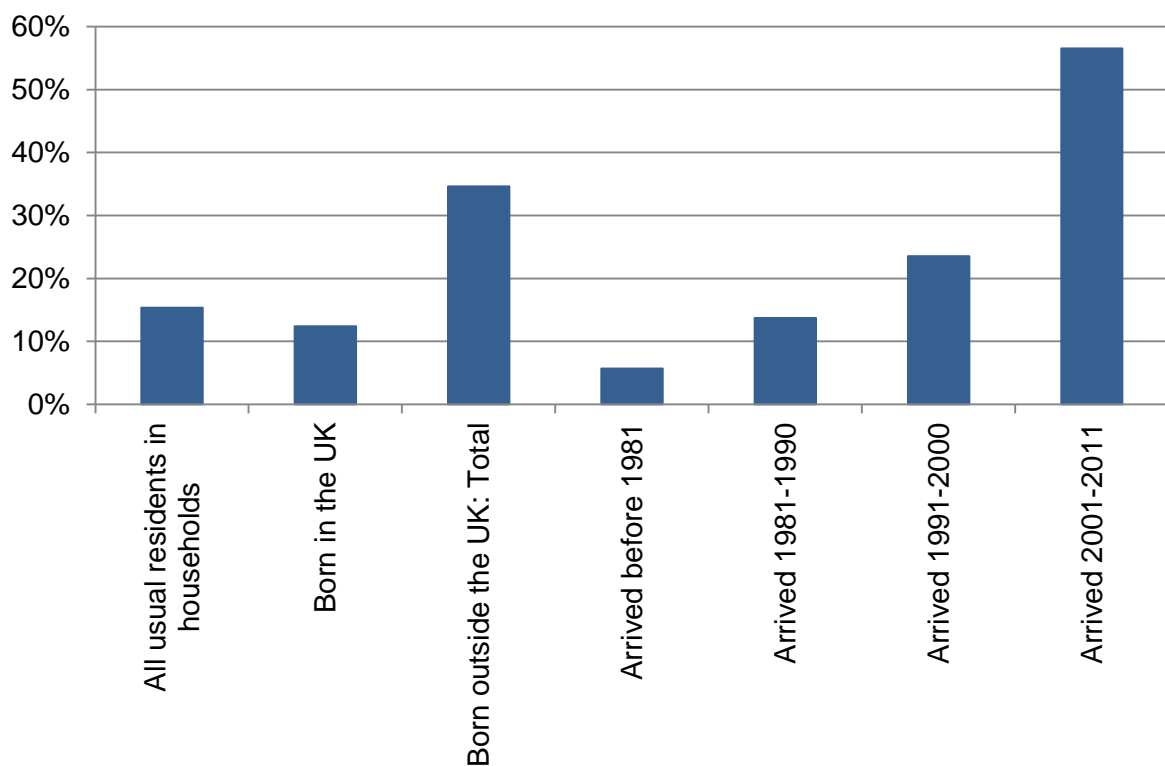


¹⁴ Authors calculations based on Table DC4201EW of 2011 Census

Private renting and arrival to England and Wales

Previous research has found that recent migrants commonly live in the private rented sector when they first arrive in the United Kingdom (e.g. Rex & Moore, 1967; Robinson, Reeve, & Casey, 2007).¹⁵ The 2011 Census suggests that recent migrants were predominantly living in the private rented sector. Over half of residents (56.5%) who arrived in England and Wales between 2001 and 2011 were private renters. The proportion of residents who were private renters decreases for each historic cohort of arrivals (see figure 8).

Figure 8: Percentage of residents in private renting (private landlord or letting agency), 2011, England and Wales¹⁶



¹⁵ Rex, J., & Moore, R. (1967). *Race, Community and Conflict: A study of Sparkbrook*. London: Oxford University Press. Robinson, D., Reeve, K., & Casey, R. (2007). *The Housing Pathways of New Immigrants*. York: Joseph Rowntree Foundation.

¹⁶ Authors calculations based on table CT0069 of 2011 Census

Ben Pattison, December 2013

The views expressed in this briefing are the views of the author(s) and do not necessarily represent the views of CHASM as an organisation or other CHASM members.

