

# The rapid growth in London's private rented sector and what it means for our housing system

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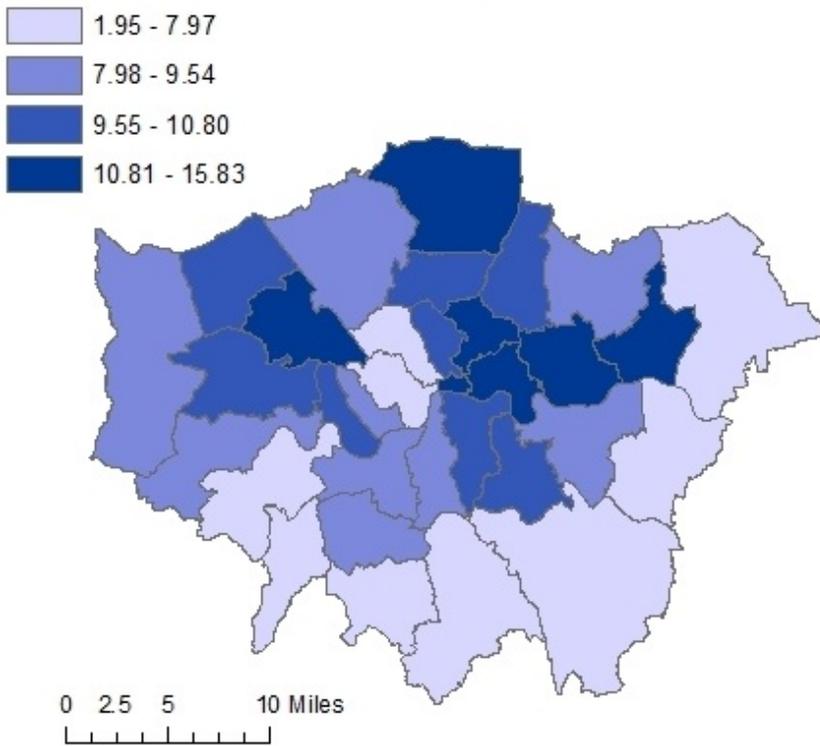


Living north of the River Trent, it can be tempting to view the constant discussion of the London housing market as navel gazing. In my research on the growth of the private rented sector, London can seem like an anomaly – a global city which happens to be situated in South East England. But what if London is a forerunner of structural changes in the housing system – a more extreme version of the pressures facing local housing systems across England?

Housing is clearly a major issue for Londoners. A [recent poll by Ipsos-MORI](#) found that housing was the number one issue facing the capital. Results from the 2011 census highlight how much the housing system in London has changed since 2001 with rapid growth in the private rented sector. Between 2001 and 2011, the private rented sector in England almost doubled in absolute size and grew from 8.8% to 15.4% of households (all figures can be found [here](#), in the recent CHASM briefing paper). 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 (14.3%) and the difference increased further in the following decade. By 2011 almost one-quarter of households in London (23.7%) were renting from a private landlord or letting agent.

Even at local authority level the growth of private renting appears reasonably uniform across much of England. The relative size of the private rented sector increased in every local authority except one (I'm looking at you Isles of Scilly). Again, London was an exception to the general trend. Seven of the ten local authorities with the highest growth rates in England were London Boroughs. In fact, the trend appears to be even more localised than that. Figure 1 highlights the rapid growth of the private rented sector in a corridor of east London Boroughs including Tower Hamlets, Newham and Barking and Dagenham.

**Figure 1: Change in relative size of the Private Rented Sector from 2001 to 2011 (Percentage point change) for households renting from private landlord or letting agency**



Source: Author's calculations taken from Office for National Statistics (2013) Census 2011, Table KS402EW: Tenure

What has caused the rapid growth of private renting? Census data gives us some clues. The types of household living in the private rented sector have changed. Single adult households, families with dependent children and homes of multiple occupation are the groups which have experienced the greatest proportional growth in private renting. There was also considerable growth in the numbers of younger households who were private renters. At the same time, 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. Recent migrants are disproportionately accommodated in the private rented sector. In 2011, over half of the people who arrived in England and Wales since the 2001 Census were living in the private rented sector.

The census helps to identify some of the demographic changes which are associated with the growth of private renting. It is also clear that a range of political drivers (such as the deregulation of the tenure) and economic drivers (such as rapid increases in house prices) are also associated with this growth. This means that:

*we need to get a clearer picture of the ways in which the economic, social and demographic factors affecting demand interact with supply to generate actual changes in the numbers and types of households in the different tenures and the needs which they experience. – Estimating housing need, p. 79*

There is also important variation within the private rented sector. Different niches or sub-markets within private renting cater for a diverse range of tenants including students, high income groups and Housing Benefit claimants. The size of these niches is different in each local housing market.

We are only starting to understand this important change in our housing system. At the moment the jury is still out on the extent to which London is the canary in the mine of a national housing crisis or an interesting anomaly. But it is important to note that the rapid growth of private renting is not limited to London. The relative size of the private rented sector grew by more than ten percentage points in local authorities as diverse as Manchester, Bournemouth

and Corby. This will ensure that even non-Londoners like myself will be carefully watching the private rented sector in the capital.

*This blog is based on a recently published CHASM briefing paper titled ‘[Some key trends in the private rented sector in England: Analysis of Census data](#)’.*

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

### **About the Author**

**Ben Pattison** is a postgraduate researcher at the University of Birmingham investigating the private rented sector in England. He is part of the Centre for Households Assets and Savings Management (CHASM) and the Housing and Communities Research Network at the University. He previously worked for five years as a researcher for the Building and Social Housing Foundation on a range of topics including Housing Benefit, increasing new housing supply and accommodation for marginalised groups.

