

Statistical bulletin

Index of private housing rental prices (IPHRP) in Great Britain, results: Mar 2016

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

Contact:
Rhys Lewis
hpi@ons.gsi.gov.uk

Release date:
29 April 2016

Next release:
27 May 2016

Table of contents

1. [Main findings](#)
2. [About this statistical bulletin](#)
3. [Rental prices for constituent countries of Great Britain](#)
4. [Rental prices in England and its regions](#)
5. [Economic context](#)
6. [Improvements to IPHRP](#)
7. [How are we doing?](#)
8. [Data tables](#)

1. Main findings

Private rental prices paid by tenants in Great Britain rose by 2.6% in the 12 months to March 2016, unchanged when compared with the year to February 2016.

Private rental prices grew by 2.8% in England, 0.2% in Wales and 0.6% in Scotland in the 12 months to March 2016.

Rental prices increased in all the English regions over the year to March 2016, with rental prices increasing the most in London (3.7%).

2. About this statistical bulletin

The Index of Private Housing Rental Prices (IPHRP) measures the change in price of renting residential property from private landlords. The index is published as a series of price indices covering Great Britain, its constituent countries and the English regions.

IPHRP measures the change in 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 measure the change in newly advertised rental prices only, but reflects price changes for all private rental properties.

IPHRP is released as an [experimental statistic](#). This is a new official statistic undergoing evaluation and therefore it is recommended that caution is exercised when drawing conclusions from the published data as the index is likely to be further developed. Once the methodology is tested and assessed, and the publication meets user needs, the IPHRP will be assessed against the [Code of Practice for Official Statistics](#) to achieve [National Statistic](#) status. A complete description of the methodology and the sources used is included in the article [Index of Private Housing Rental Prices - Historical Series](#). Further details regarding [improvements to the IPHRP price collection methodology](#) can be found in the January 2015 article.

The IPHRP is constructed using administrative data. That is, the index makes use of data that are already collected for other purposes in order to estimate rental prices. The sources of private rental prices are [Valuation Office Agency](#) (VOA), [Scottish government](#) (SG) and [Welsh government](#) (WG). All 3 organisations deploy rental officers to collect the price paid for privately rented properties. The sources of expenditure weights are [Department for Communities and Local Government](#) (DCLG), Scottish government, Welsh government and VOA.

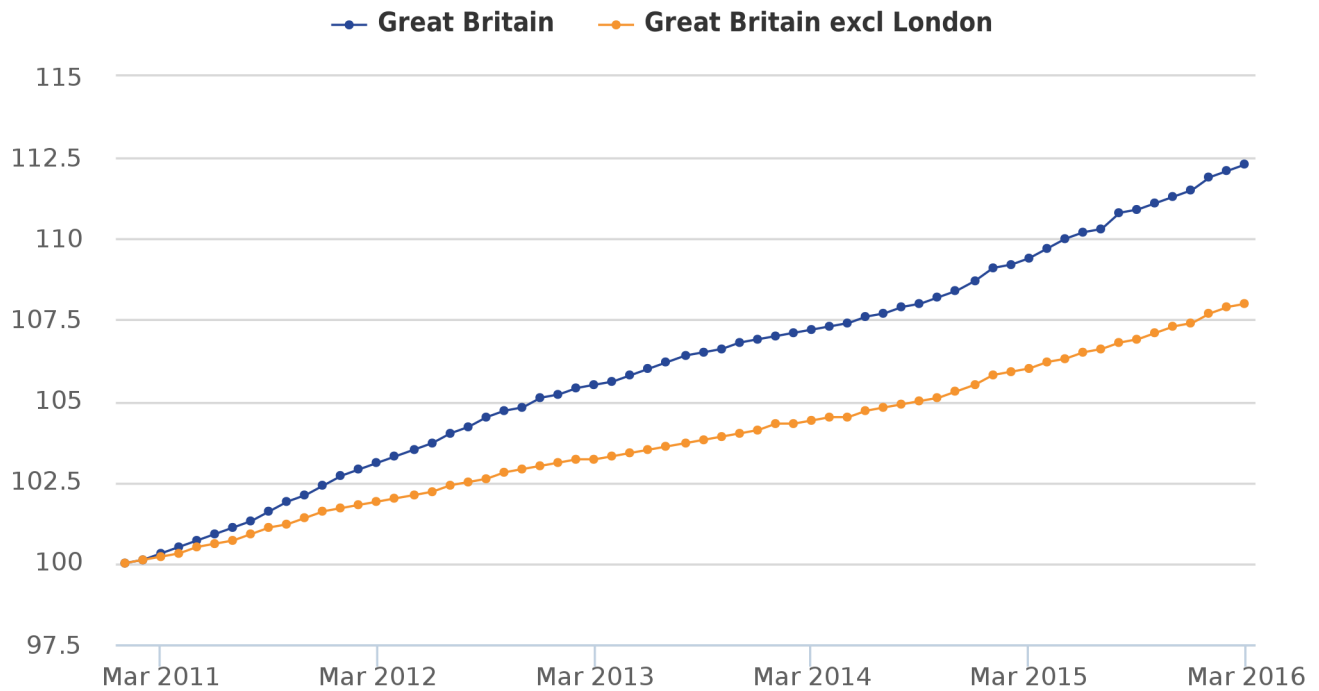
DCLG produces estimates of the private rental dwelling stock for England and its regions. Scottish government and Welsh government produce estimates of private rental dwelling stock for Scotland and Wales.

Great Britain rental prices

The Great Britain private rental price series starts in January 2011. This is the date for which all the sources for constituting countries are available on a consistent basis. This index has seen small and gradual increases since January 2011 (Figure 1).

Figure 1: IPHRP indices: Great Britain, January 2011 to March 2016

Index values (January 2011=100)



Source: Office for National Statistics

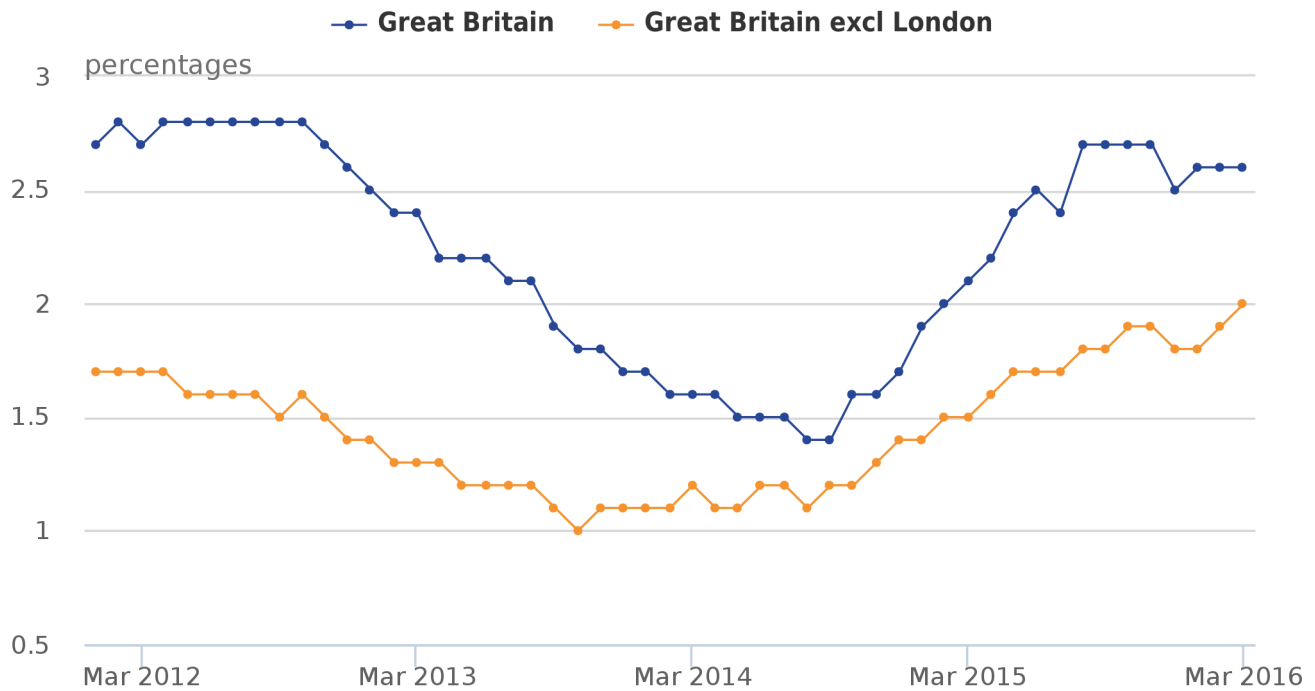
Notes:

1. Not seasonally adjusted.

Between March 2015 and March 2016, Great Britain private rental prices grew by 2.6%. For example, a property that was rented for £500 a month in March 2015, which saw its rent increase by the Great Britain average rate, would be rented for £513 in March 2016. Rental prices for Great Britain excluding London grew by 2.0% in the same period (Figure 2).

Figure 2: IPHRP percentage change over 12 months: Great Britain, January 2012 to March 2016

12 month percentage change



Source: Office for National Statistics

Notes:

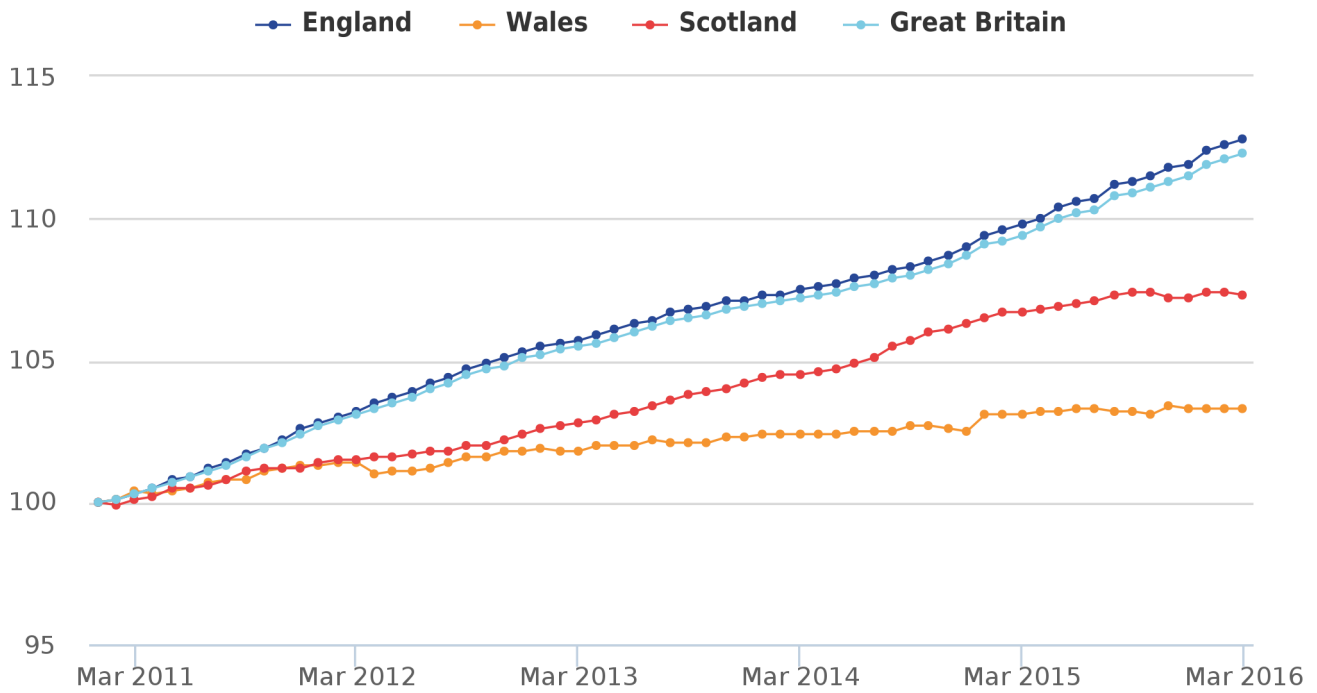
1. Not seasonally adjusted.

3. Rental prices for constituent countries of Great Britain

All the countries that constitute Great Britain have experienced rises in their private rental prices since 2011 (Figure 3). Since January 2011 England rental prices have increased more than those of Wales and Scotland.

Figure 3: IPHRP indices for Great Britain and its constituent countries, January 2011 to March 2016

Index values (January 2011=100)



Source: Office for National Statistics

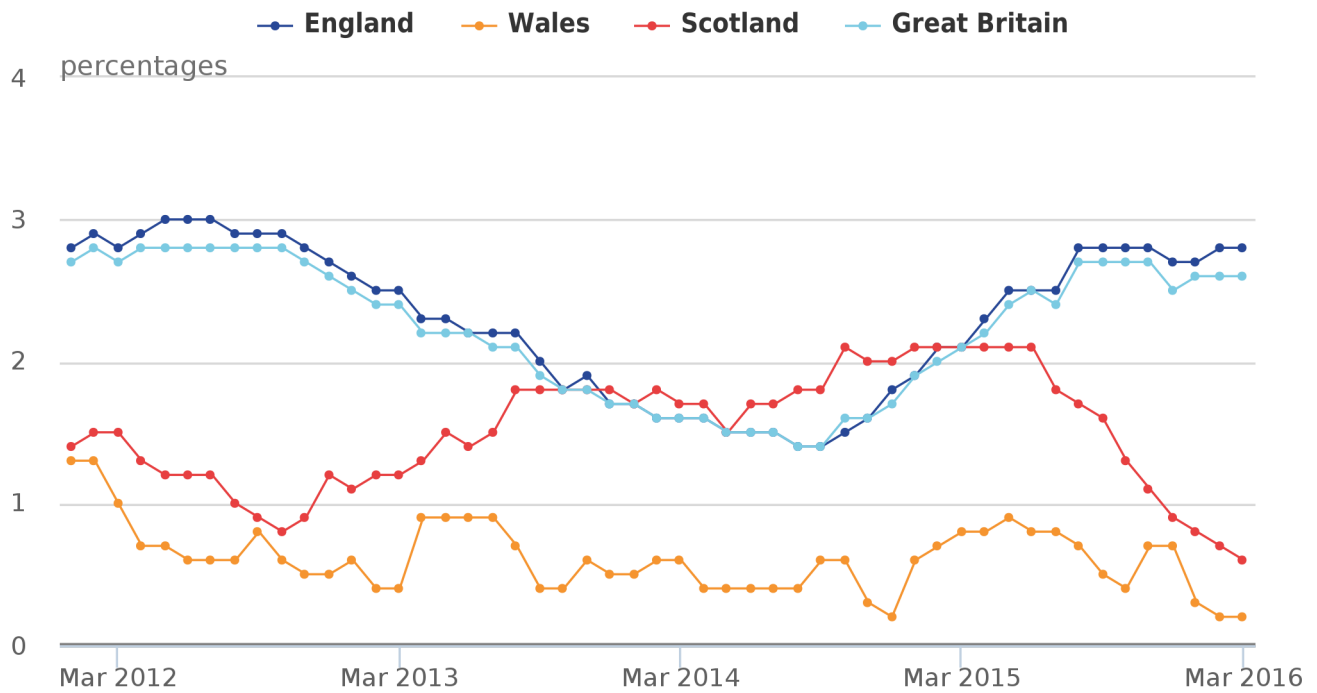
Notes:

1. Not seasonally adjusted.

The annual rate of change in the IPHRP for Wales (0.2%) continues to be below that of England and the Great Britain average (Figure 4). Rental growth in Scotland has gradually slowed to 0.6% in the year to March 2016, from a high of 2.1% in the year to June 2015.

Figure 4: IPHRP percentage change over 12 months for Great Britain and its constituent countries, January 2012 to March 2016

12 month percentage change



Source: Office for National Statistics

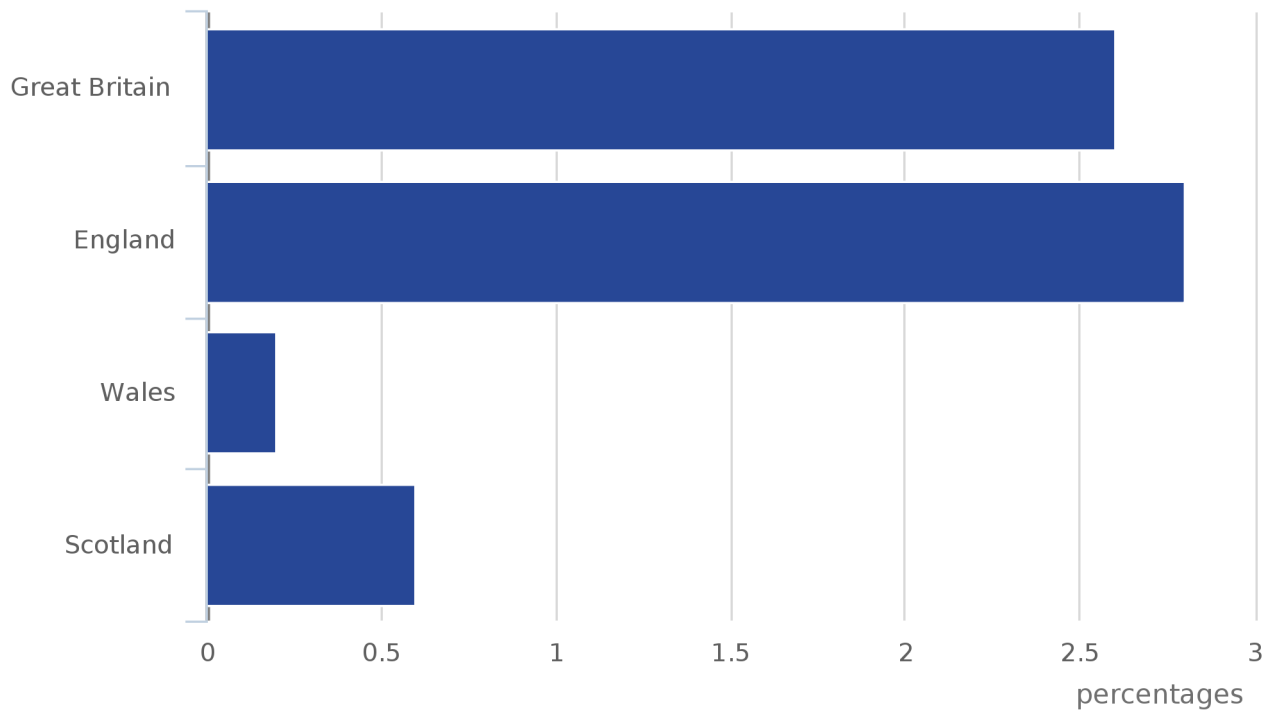
Notes:

1. Not seasonally adjusted.

Between March 2015 and March 2016, rental prices grew by 2.8% in England, 0.2% in Wales and 0.6% in Scotland (Figure 5).

Figure 5: IPHRP percentage change over the 12 months to March 2016, Great Britain and its constituent countries

12 month percentage change



Source: Office for National Statistics

Notes:

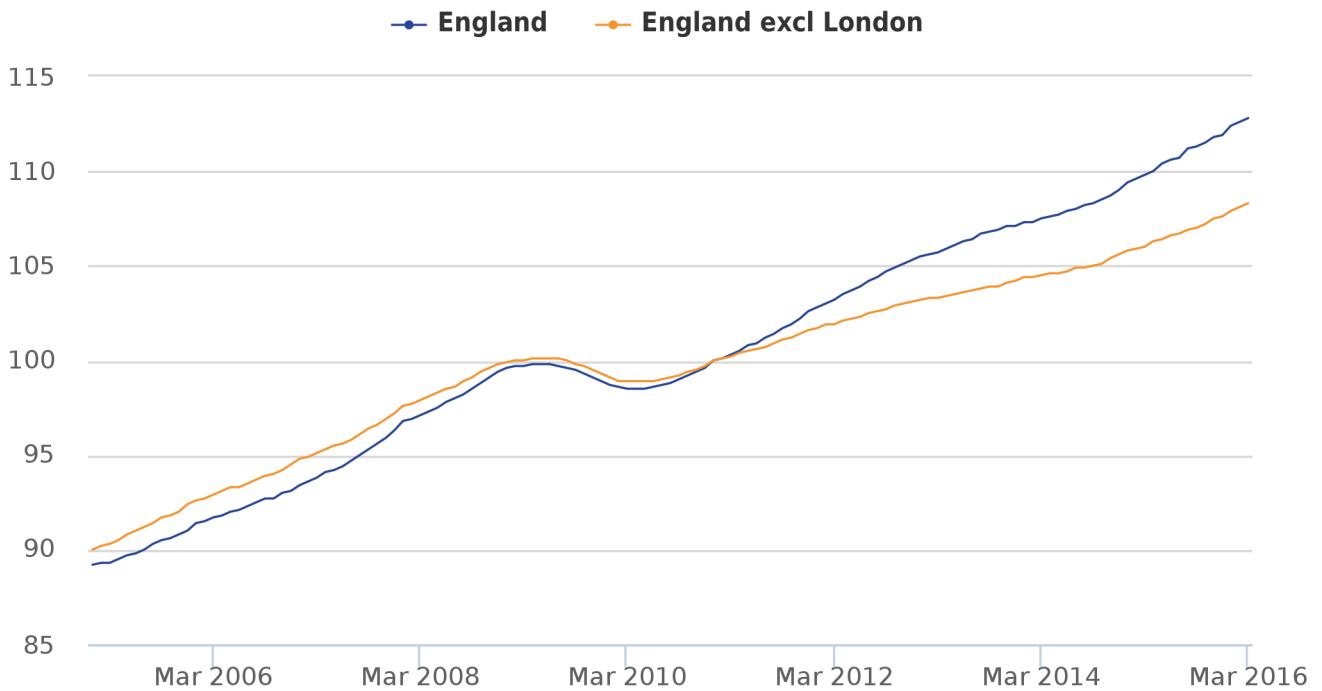
1. Not seasonally adjusted.

4. Rental prices in England and its regions

The IPHRP series for England starts in 2005. Private rental prices in England show 3 distinct periods: rental price increases from January 2005 until February 2009, rental price decreases from July 2009 to February 2010, and increasing rental prices from May 2010 onwards (Figure 6). When London is excluded, England shows a similar pattern but with slower rental price increases from around the end of 2010.

Figure 6: IPHRP indices: England, January 2005 to March 2016

Index values (January 2011=100)



Source: Office for National Statistics

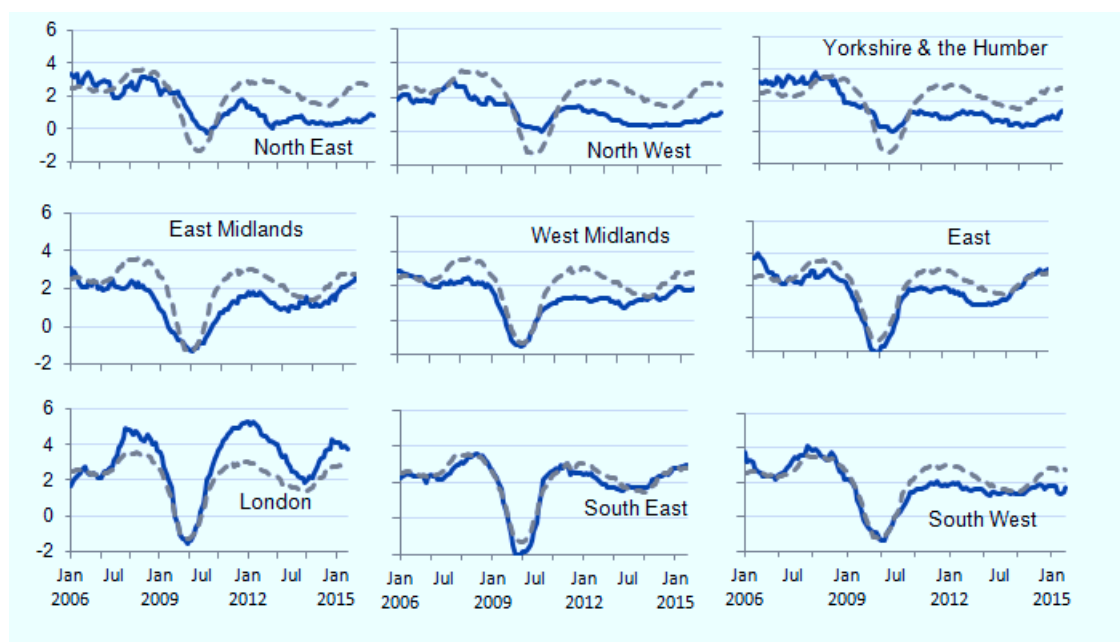
Notes:

1. Not seasonally adjusted.

Figure 7 shows the historical 12 month percentage growth rate in the rental prices of each of the English regions.

Figure 7: IPHRP percentage change over 12 months by English region, January 2006 to March 2016

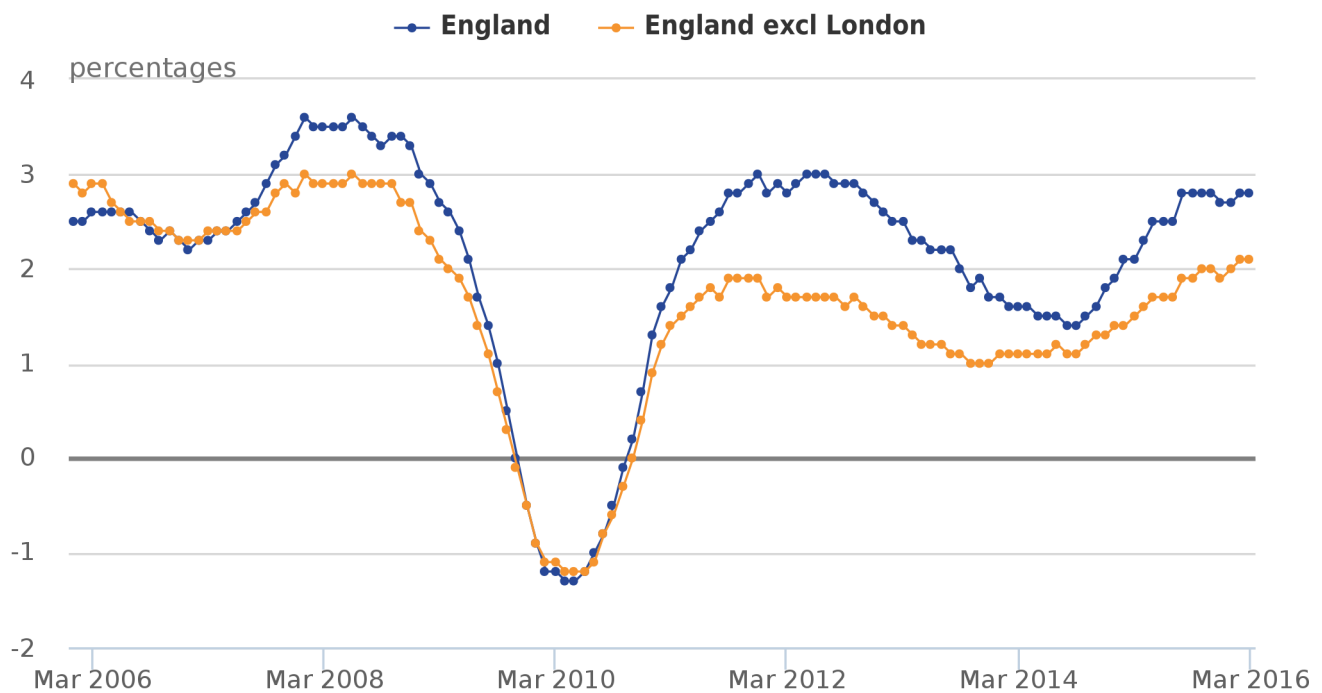
12 month percentage change



Since the beginning of 2012, English rental prices have shown annual increases ranging between 1.4% and 3.0% year-on-year, with March 2016 rental prices being 2.8% higher than March 2015 rental prices (Figure 8). Excluding London, England showed an increase of 2.1% for the same period.

Figure 8: IPHRP percentage change over 12 months for England, January 2006 to March 2016

12 month percentage change



Source: Office for National Statistics

Notes:

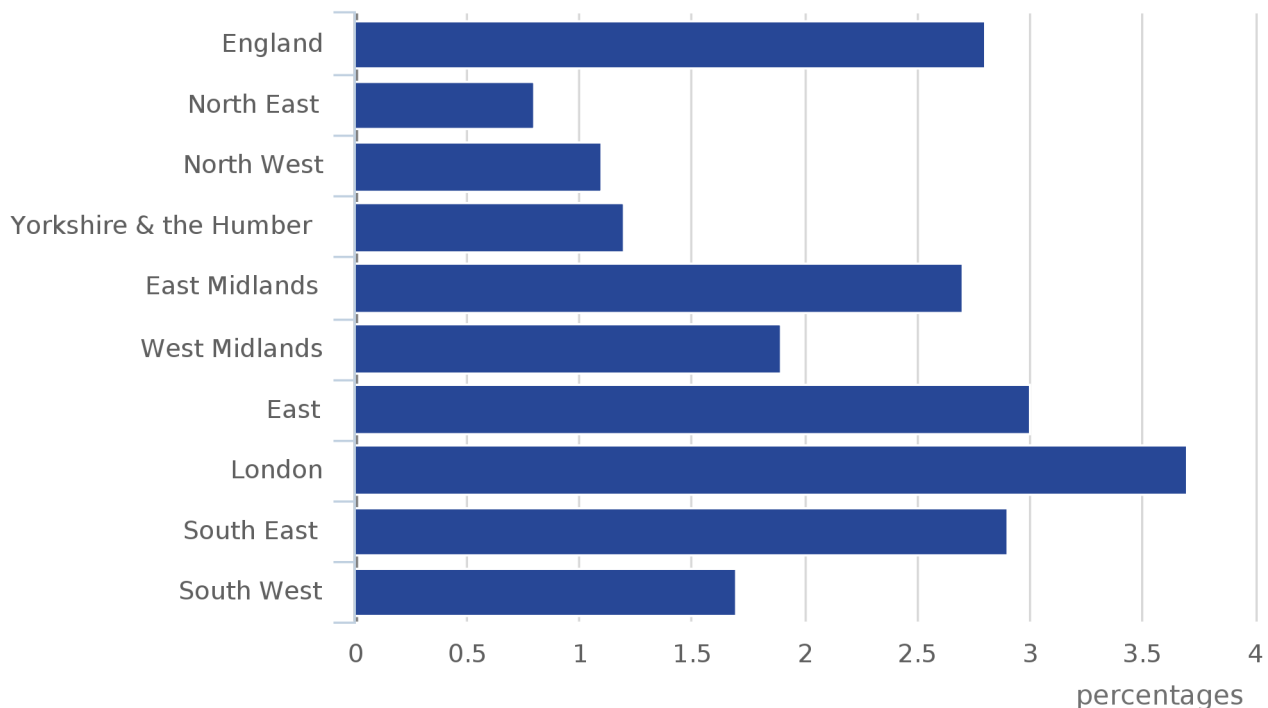
1. Not seasonally adjusted.

In the 12 months to March 2016, private rental prices increased in each of the 9 English regions (Figure 9). The largest annual rental price increases were in London (3.7%), down from 3.8% in February 2016, followed by the East (3.0%) and the South East (2.9%), both unchanged over the same period. Annual price increases have been stronger in London than the rest of England since November 2010.

The lowest annual rental price increases were in the North East (0.8%) down from 0.9% in February 2016, followed by the North West (1.1%) up from 1.0% and Yorkshire and The Humber (1.2%) down from 1.3% over the same period.

Figure 9: IPHRP percentage change over the 12 months to March 2016 by English region

12 month percentage change



Source: Office for National Statistics

Notes:

1. Not seasonally adjusted.

5. Economic context

The rental market in Great Britain continued to show signs of strength in the year to March 2016, as prices grew by 2.6%, unchanged on the January and February 2016 rates. This stable rate of rental price growth at the UK level was broadly replicated at the regional level. Rental price inflation remained strongest in London (3.7%), the East (3.0%) and the South East (2.9%) and weakest in Wales (0.2%), Scotland (0.6%) and the North East of England (0.8%).

Conditions in the housing market as a whole may have been supporting rental price growth. Data from the ONS [House Price Index](#) release for February 2016 shows that house price growth has typically been stronger than rental price growth for a number of years. Demand in the housing market continues to strengthen, with RICS's [Residential Market Survey](#) for March 2016 noting that tenant demand grew for the 15th month in a row. The strength in demand is in contrast to supply: the latest RICS survey found that despite a second consecutive increase in supply, this is still being outstripped by demand. The Association of Residential Letting Agents (ARLA) also reported that [supply in February 2016 increased slightly from its one year low in January](#). However, there are marked regional patterns in conditions, as noted by ARLA. In London, where they found demand above the UK average and supply is the weakest, price growth has been relatively high at 3.7% in the year to March 2016. In Scotland, by contrast, where demand is weaker and supply is the strongest of any region, price growth has been more subdued at 0.6% over the past year.

Broader economic indicators suggest that the economy has continued to grow relatively strongly over recent periods, with [output increasing 0.4% in Quarter 1 2016](#), although this is a slowdown compared to 0.6% growth in Quarter 4 2015. Labour market conditions have continued to improve as unemployment fell to 5.1% in the 3 months to February 2016. These improvements, along with [falls in the inactivity rate](#) over recent months and [tightening more widely](#) suggest confidence in labour market outcomes remains high. Regular pay also grew by

2.2% in the 3 months to February 2016 compared with the same period a year ago – continuing the run of revived real earnings growth, although rental prices have been growing at a slightly faster rate than real wages in recent months.

6. Improvements to IPHRP

IPHRP is classified as an [Experimental Statistic](#) to allow for evaluation of the output against user needs. As part of the ongoing development, we are considering how to improve IPHRP ahead of potential assessment as a [National Statistic](#).

One of the main user requirements was for IPHRP to be published monthly. In response to this requirement, from February 2016, this publication changed from a quarterly to a monthly release. The next monthly publication will be 27 May 2016.

Private housing rental data are collected by Rent Officers from the [Valuation Office Agency](#) (VOA) for all regions of England. The VOA has developed an electronic data transfer process for receiving private rental market data from suppliers. Records currently received by VOA via these means only represent a very small proportion (less than 1.5%) of the private rental data held by VOA. Historically these records have not been included in the processing to produce elementary aggregates that are provided to ONS.

In order to capture all available data as more VOA suppliers move towards providing data through the electronic data transfer process, from February 2016, the elementary aggregates provided to ONS from VOA include the records received via the electronic data transfer process.

For further details, please contact hpi@ons.gsi.gov.uk

7. How are we doing?

We would welcome your views on the data presented in this statistical bulletin. Please contact the Housing Market Indices team using the email address below to discuss any aspect of the data, including your views on how we can improve the data.

hpi@ons.gsi.gov.uk

8. Data tables

The [IPHRP dataset](#) provides full historical series for the tables accompanying the IPHRP statistical bulletin. This month, the tables have been updated with the latest monthly estimates for March 2016.

The [IPHRP weights summary dataset](#) provides a summary of the aggregated weights used in the production of the IPHRP for the period 2011 to 2016. The IPHRP weights are updated annually in February of each year. This month, the latest set of weights for 2016 are published in this table for the first time.

9. Background notes

1. New this month

New private rental price data for March 2016 are published this month. The [IPHRP dataset](#) has been updated to include data for March 2016.

Revisions this month

There are no revisions to IPHRP data this month.

Revisions next month

There are no revisions expected in the next IPHRP publication, to be published on Friday 27 May 2016.

2. Publication of IPHRP

The development of official statistics to cover the private housing rental market and the production of a private housing rental price index was one of the recommendations of the [National Statistician's Review of Housing Market Statistics](#). This experimental IPHRP release is aimed towards the production of such an index, and development of the index will take place in order to further satisfy user needs.

The production of this index is possible due to recent developments of the housing components of the consumer price indices, and although the same data sources are used by both, the methodology of the IPHRP has been further developed in order to produce a regional level series. Historically IPHRP was published on a quarterly basis. From February 2016, this is now published monthly.

We invite users to comment on the methodology and current publication of IPHRP. Please send your comments or queries to hpi@ons.gsi.gov.uk

3. Experimental status

We have designated the IPHRP as [Experimental Statistics](#). The results presented in this article are subject to revisions if improvements in the methodology are identified. Results should be interpreted with this in mind.

In future publications improvements to the methodology may be made and these could lead to revisions. All revisions to the index will be labelled with an "R" and the reason for the revision fully explained in the background notes section.

4. Relevance of the index

The IPHRP has multiple potential uses ranging from the assessment of returns from housing investments or buy-to-let property to the setting or updating of social housing rental prices. Currently the IPHRP is the only statistic with Great Britain coverage on private housing rents. Additionally, it is based on actual paid rents instead of advertised rents (with the exception of Scotland, which is based on advertised rents).

5. Other rental price statistics

There are other official statistics available for rental 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 ONS rental price indices and the growth in average private rental prices published by VOA please see the article "[Explaining private rental growth](#)"

[Department for Communities and Local Government](#) (DCLG) 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.

[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. Available in Stats Wales.

[Northern Ireland Housing Executive](#) 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 6 month period.

6. Sources

The current sources of private rental prices are Valuation Office Agency for England, Scottish government for Scotland and Welsh government for Wales. Private rented dwelling stock estimates are sourced from the Department for Communities and Local Government and Welsh government. The distribution of property type by country and region is sourced from the English housing survey, the Scottish house condition survey and Welsh government. Estimates of the proportions of properties that are rented furnished and unfurnished are produced from the living costs and food survey. Estimates of the expenditure on property that is rented furnished and unfurnished are sourced from the national accounts.

7. Methodology

Details of the [methodology used to calculate the IPHRP](#) can be found in the June 2013 IPHRP article but this article requires some updating. This article can also be supplemented by the January 2015 article which presents some [recent methodological changes for IPHRP](#).

A [Quality and Methodology Information \(QMI\)](#) paper for the IPHRP describes in detail the intended uses of the statistics presented in this publication, their general quality and the methods used to produce them.

8. Accessibility

This bulletin includes data up to and including March 2016.

Details of the [policy governing the release of new data](#) are available on the [UK Statistics Authority website](#).

