

PROPERTY

Record-breaking rents are 17 per cent higher than two years ago

The cost of living crisis and rising property prices are beginning to turn up the heat on Generation Rent



Melissa York

Monday July 25 2022, 8.20pm, The Times

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While holidaymakers are sweating it out in airport queues, equally long lines of desperate millennials are snaking their way unnoticed around Britain's rental properties. The market for private rentals typically heats up in late summer, with students, professionals and families looking for schools battling it out, but the pandemic has taken the temperature beyond boiling point. And tenants are feeling the heat amid the worst cost of living crisis in a generation.

“Rent has doubled just in the two years I’ve been in Brighton,” said Maya Hunneyball. “It’s like £700 for a room, but that’s not even for a nice place to live.”

The 25-year-old master’s student works for an insurance company in the week, in a café at weekends and studies for her degree at night to afford the shared three-bedroom rental where mould covers the walls and bugs crawl out from behind radiators. “We were told it was our fault because we should have the windows open with the heating on, but obviously the cost of energy is insane. We’re not going to just have the windows open in the middle of December.”

She suspects she is being evicted for complaining about the conditions and is hoping to move into her boyfriend’s parents’ house to avoid re-entering the rental rat race.

NEWS

Private rental price growth

Private rental prices paid by tenants in the UK increased by 3 per cent in the twelve months to June 2022



Chart: The Times and The Sunday Times • Source: ONS

Last week the Office for National Statistics announced that rents are rising at their fastest rate since its records began in 2016. Today Rightmove is sounding the alarm. Analysis from the property portal finds that over the past two years both first-time buyer asking prices and average rents for equivalent properties have risen three times quicker than they did before the pandemic. Average monthly rental payments are 17 per cent higher (£128) than they were two years ago, compared with a 5 per cent rise in the two previous years.

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This means that Jignesh, 41, and his wife and son have had to downgrade from a two-bedroom flat to a one-bedder. He was recently evicted because his landlord wanted to increase the rent for his flat in Wembley, northwest London, by £200 a month. “The letting agents say I can’t afford a two-bed any more. They say if you want it, you’ll have to pay six months’ rent upfront and you’ll need a guarantor who earns twice the annual rent. It’s just too much.”

Jignesh fears his energy bills will rise again in October. He works in Lidl and his wife works in McDonald’s; together they bring in £2,000 a month and they only have £400 left over after rent and bills.

According to Rightmove the average rent is now £1,126 per month; in London it is £2,257 per month. The average monthly mortgage payment for a first-time buyer is £976 — 22 per cent higher (£173) compared with more than two years ago due to house price increases and interest rate rises. In the previous two years average mortgage payments rose just £41.

High inflation, soaring energy bills and a severe shortage of homes mean a perfect storm of unavoidable costs is brewing for generation rent. More than 11,000 private renters were evicted from their homes so landlords could put up the rent, according to the government’s rental reform white paper published in June, but this number is likely to have risen considerably since.

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“Many landlords are now asking their existing tenants for higher rents, knowing that if they can’t afford it, it will be easy to find someone who can,” says Dan Wilson Craw, deputy director of the campaign group Generation Rent. “This is devastating for tenants given how fierce competition for new homes is. It is hard to know if rents have further to climb given that the energy price cap is going to rise again just before winter, and that is going to affect what people will budget for a new home. Either way we need urgent action from the government, which has so far ignored the cost of living pressures on renters.”

NEWS

Younger households

Mean average age of households by type of property

Private renters	41
Buying with mortgage	46
Social renters	53
Own outright	68

Figures have been rounded

To add further insult to injury, rising rents are disproportionately hitting the young. The average age of a private renter is 41, the upper limit of millennialdom, but one in three are aged 25 to 34, according to the English Housing Survey. Yet one in six baby boomers — aged 58 to 76 — report owning more than one property, according to the Intergenerational Foundation, a think tank.

The Intergenerational Foundation accused the government of “taxation by stealth” by targeting younger generations using fiscal drag, a 10 per cent increase in National Insurance contributions and freezing the student loan repayment threshold and income tax brackets to force younger, lower earners “to shoulder the cost of government promises to increase social care spending and reduce Covid-19 debt”, Angus Hanton, the co-founder of the think tank, said this year.

Meanwhile, demand for rentals in cities is sky-high, as companies call workers back to the offices and supply is severely limited. In June the branch of a letting agency registered 93 prospective tenants on average, according to the industry body Propertymark, but only took on four new buy-to-lets.

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The rising cost of being a landlord means many of them are also tempted to take advantage of the shortage by increasing rents, selling up — which reduces supply and puts more pressure on rents — or by putting off repairs and maintenance. The private rented sector is now home to some of the grottiest housing in the country; one in four buy-to-lets are classified as “non-decent”, the National Audit Office reports, which is worse than any other type of housing.

NEWS

Rising rents

Annual rental growth, by country

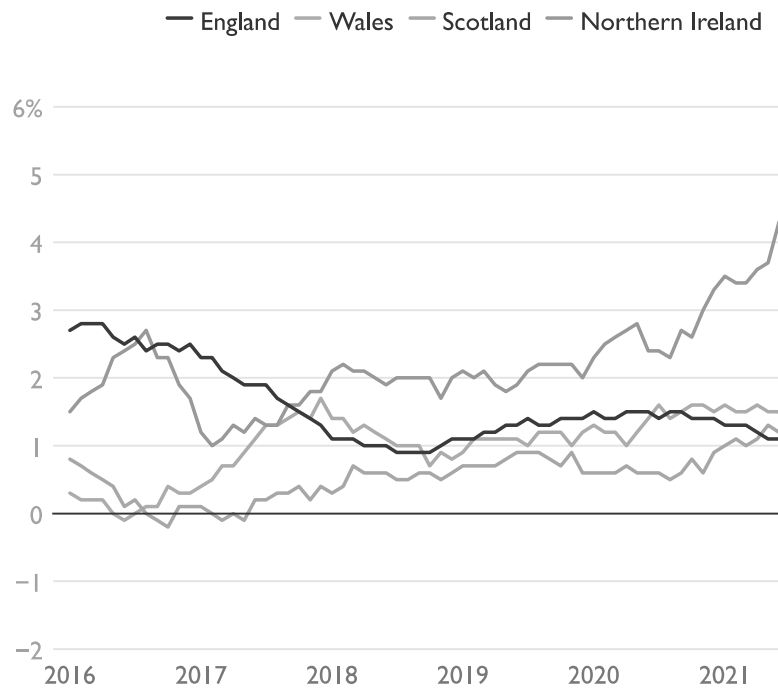


Chart: The Times and The Sunday Times • Source: ONS

Tenants dare not complain about living conditions in case they prompt a rent rise. Guy Benson, 30, who works in financial services in Canary Wharf, east London, was asked to leave his rental last year because his landlord wanted to put the rent up from £2,450 a month to £3,100 a month. “I pointed out that we’ve been really good tenants. We’ve paid everything on time. We’ve been pretty chill. There were loads of minor repairs that we just hadn’t chased up,” he said.

This shortage of rentals means 15 to 20 tenants turn up to view every rental property on the market. It is now normal for rent payments to go to sealed bids — usually a practice only seen in the hottest sales markets — with tenants forced to bid against each other, often beyond what they can afford, to find somewhere to live.

This means an entire generation is coming of age in precarious, overcrowded housing. One in four of those in the Generation Z or millennial cohorts have moved home ten times or more since

they left their parents' house, and one in three have lived with more than 15 flatmates, according to the room rental platform SpareRoom.

To find a room in a flatshare, the pressure is on to come across as “the best, most fun flatmate”, says Tom Jordan, 30. The recruitment consultant says he has had to attend SpareRoom’s speed dating-style events to find a room — and he’s been rejected five times. He has moved six times since he moved to London in 2015.

Now he lives in a four person houseshare in Balham, south London, where he’s paying £740 a month, not including bills, but he has paid £730 in the past to live in a house with seven others.

He hopes to be able to move out to a two-bedroom flat to live with one other friend, but he no longer thinks he can afford it. His bills have doubled from £110 a month to £220 a month. To cope with the cost of living under-24s are taking boomers’ advice and cancelling Netflix in droves; [1.51 million people quit streaming subscriptions in the first quarter of 2022](#), with under-24s most likely to cancel to cut costs.

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Jordan is considering quitting NowTV but he thinks the weekly cleaner (£100 a month) will be the first luxury to go if his landlord puts up the rent. For now they are watching their energy usage using a new smart meter and doing fewer, bigger loads in the washing machine.

“We wouldn’t have even thought about that kind of thing four years ago,” he says. The relationship with their landlord, who the flatmates deal with directly, is good, he adds. “She’s always said she’d rather have people in there longer term than get us out for an extra £200 a month, so I’m hoping she sticks to that. The reality is, though, that she could come back and raise the rent at any time, as is her right. So it is a real worry.”

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Richard Bear • 12 HOURS AGO



After many years of being a landlord I really appreciate a good tenant. If they do no damage and pay each month they can stay as long as they want with no rent increases. Cheaper than voids and £4000 refurbishment costs.

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P

Patrick Croysdale • 11 HOURS AGO



Nice to know there's some good landlords out there. You're in the minority Richard.

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C

Concerned Voter • 12 HOURS AGO



It was a mistake to go after landlords and buy-to-lets in such an aggressive manner. There are now not enough places to rent, because many Landlords have decided it is all too hard and called it a day.

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Jake Little • 12 HOURS AGO

According to the ONS the private rental sector grew between 2008-09 and 2020-21, from 3.1 million to 4.4 million households. Its growing strongly , not declining

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F Freebooter • 10 HOURS AGO

If right to buy had been handled properly it could have been the best thing for council waiting lists ever to happen. Sell three houses at one-third off, The people who bought them are not going to move out, get enough cash from those to build two new homes, and for every three homes sold the main...**See more**

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S Scoota • 11 HOURS AGO

Homes are for living in, not for financial gain.

Tax investors out of residential property letting and get their money into business, where it belongs.

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A Altrux • 11 HOURS AGO

They've been doing that for years - and you want them to do even more? It looks to me like it's barely worth being a landlord these days, compared with a decade ago.

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J Julia Stone • 9 HOURS AGO

That is exactly why rents are going up- landlords are getting out in droves- shortage of properties to rent = increasing rents.

Taxed and regulated out of resi I only but commercial now.

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D David Tallboys • 12 HOURS AGO ...

Well they hated landlords, wanted Net Zero, wanted more immigrants - about a net 10 million - which is enough to fill about 3 million houses. Which is 3 million less houses available for UK people.

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P Patrick Croysdale • 11 HOURS AGO ...

You mean the same “they” that deport immigrants to Rwanda?

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M Mr N D • 11 HOURS AGO ...

Smug, well-off homeowners think they are insulated from this. But just consider who will provide essential local services to you if the workers can't afford a place to stay within a reasonable distance.

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T Tom Schofield • 10 HOURS AGO ...

Robots

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J Jake Little • 12 HOURS AGO ...

Just build homes for social rent. If the Tories were not so keen to screw renters over for their private landlord voters they could solve this problem

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P Parm Sussex • 11 HOURS AGO ...

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J ...

Green 11 HOURS AGO
This is what NIMBYs live for. Keep inflating the bubble.

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AnselmD 12 HOURS AGO



Mrs A: people are being held to ransom with NO CONTRACT. One of our kids is in this position, just been forced to agree to 10%+ increase after not having had a contract for 6 mths+; after empty flats aplenty during lockdown, flats are now hard to find and landlords are getting greedy. Urgently need...**See more**

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