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'The rental market is broken': Average UK private rents rise by 9%, as landlords pass on higher costs onto tenants

Average UK private rents have increased by 9% in the 12 months to February 2024, confirmed the ONS latest price index of private rents published today (20th March).




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This represents the highest annual percentage change since this UK data series began in January 2015.

Regionally, average month rents have increased to £1,276 in England, £723 in Wales and £944 in Scotland.

In England, private rent inflation was highest in London (10.6%) and lowest in the North East (5.7%).

The highest average private rent throughout Great Britain was registered in Kensington and Chelsea, London — reaching £3,248 — while the lowest was seen in Dumfries and Galloway, Scotland (£472).

Commenting on the latest ONS private rents data on Newpage, many industry experts have blamed landlords' rising costs and higher BTL mortgage rates, which is forcing them to increase rents.

"As shocking as this data is, it's not a surprise as we have seen many landlords having to raise their rents to cover the increased interest costs and satisfy lenders' affordability criteria," said Hannah Bashford, director at Model Financial Solutions.

"The rental market is broken and those that do not have mortgages are reaping the benefits of these hikes, while others are just about clinging onto their investments.

"These rents make it almost impossible to save for a deposit and so the circle continues."

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Which BTL area do you think has the most opportunity for the rest of 2023?

- HMOs
- BTR
- Student accommodation
- Consumer BTL
- Semi-commercial

Vote Results

Ranald Mitchell, director at Charwin Private Clients, commented: "Private rents surging by 9% year-on-year are a direct result of several years of the punishing BTL market conditions landlords have faced.

"These levels could begin to reshape the rental market, with more demand for smaller, more affordable homes further inflating the rents on these, while larger, less affordable properties may see a fall.

"Home sharing may become more prevalent as people get priced out of their own space, and we'll likely see a strong rise in property conversions to smaller dwellings."

Dariusz Karpowicz, director at Albion Financial Advice, expects rents to

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continue to rise in the near future, which will likely make affordable living spaces harder to find for tenants — a view shared by Riz Malik, director at R3 Mortgages, who warned that “there is worse to come for renters in the PRS”.

Following the ONS rental statistics, some industry experts have called for the Bank of England to ease off the base rate to alleviate pressures on both landlords and tenants.

Gary Bush, financial adviser at MortgageShop.com, said: “With the disaster of high mortgage rates comes super-high rents; with rental inflation variation of 10.6% in London and still an eye-watering 5.7% in the cash-starved north east of England, surely the Bank of England can understand that the population is straining and ease off in tomorrow’s monetary meeting?”

Ben Perks, managing director at Orchard Financial Advisers, added: “As we can see in this data, high interest rates don’t just impact mortgage holders but renters, too — rents will continue to increase until the Bank of England drops the base rate and alleviates the pressure on borrowers.”

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