



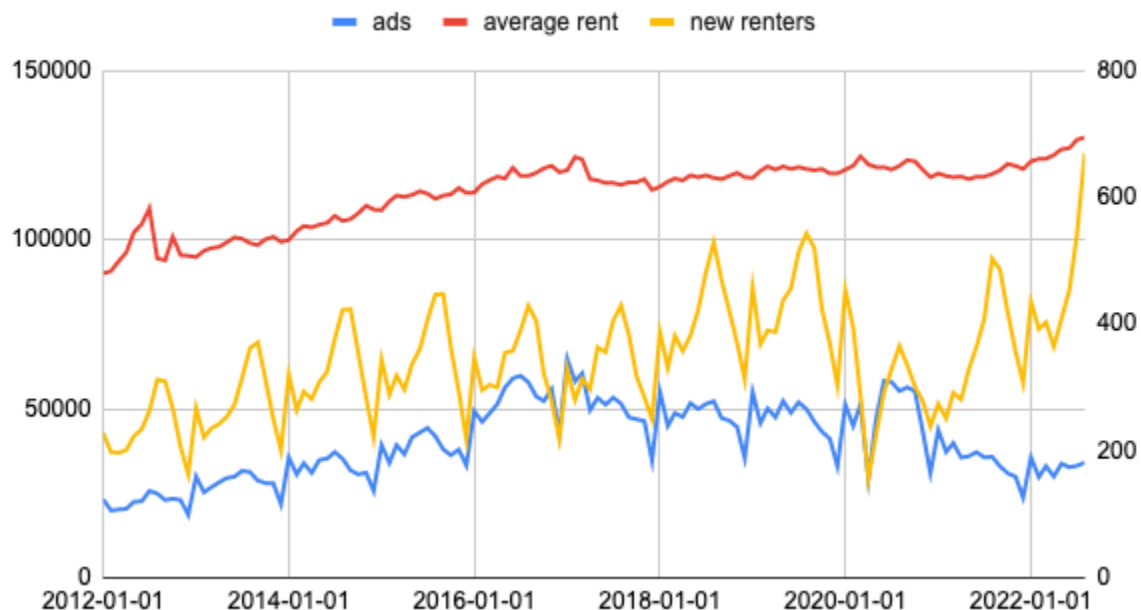
## Rental market in crisis as demand soars

*Both rents and demand hit record levels, as landlords abandon the market*

- New data from leading flatshare site, SpareRoom, reveals rental demand for rooms is at an all-time high, with supply hitting a nine-year low
- A recent poll also reveals a third (36%) of landlords are downsizing with 16% planning to quit the market altogether
- Compared with Q3 2021, rents in Q3 2022 increased across every UK region, with Scotland up 20%, London up 18% and Northern Ireland up 16%
- London room rents hit the highest point on record again in Q3 2022, up a massive 18% year-on-year, with the average monthly room rent now costing £857
- Two out of five (40%) renters have had to pay over the advertised price for their current room, rising to nearly half (47%) for London renters

October 2022 - New data from the leading flatshare site [SpareRoom](#) reveals that the UK rental market is in crisis, with demand for rooms at an all-time high and supply hitting a nine-year low. As a result, rents have gone up by a massive 32% in the same period with no sign they're slowing down.

### Room Ads vs New Renters vs Avg rents



The pandemic created a huge backlog of renters, who are now flooding the market looking for properties. While this is a temporary phenomenon which will eventually ease, supply has been consistently dwindling since 2017, other than a brief spike during the pandemic as renters

stayed put or moved home to live with parents. Section 24, which stopped landlords claiming tax relief on their mortgage interest, alongside a 3% stamp duty surcharge for second properties, have also made it harder for many smaller landlords to make ends meet.

In a recent SpareRoom poll, 94% of landlords said they had no confidence in the current government's approach to housing<sup>1</sup>. These are the key reasons why:

- **Changes to government policy/taxes - 81%**
- **Future changes to legislation/taxes - 75%**
- **Rising energy costs - 58%**
- **Rising interest rates - 46%**

With this in mind it comes as no surprise that a third (36%) of landlords polled revealed they plan to reduce their portfolio this year and a further 16% plan to leave the rental market entirely by the end of 2022, reducing supply even further<sup>2</sup>.

This is all contributing to rising rents, with the average UK room rent now at an all-time high, increasing across every UK region in Q3, with Scotland up 20%, London up 18% and Northern Ireland up 16%<sup>3</sup>.

<b>Region</b>	<b>Average monthly room rent Q3 2022</b>	<b>Average monthly room rent Q3 2021</b>	<b>Annual change Q3 2022 vs Q3 2021</b>
East Anglia	£576	£521	10%
East Midlands	£489	£440	11%
North East	£452	£400	13%
North West	£490	£443	11%
Northern Ireland	£446	£385	16%
Scotland	£591	£491	20%
South East	£624	£563	11%
South West	£572	£513	11%
Wales	£498	£439	13%
West Midlands	£477	£437	9%
Yorkshire and Humberside	£478	£434	10%
<b>London</b>	<b>£857</b>	<b>£729</b>	<b>18%</b>

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<sup>1</sup>Poll taken by 557 landlords and agents in July/August 2022

<sup>2</sup>Poll taken by 759 landlords and agents in June/July 2022

<sup>3</sup>Average monthly room rents (UK room ads inclusive of bills) from Q3 2022 and compared with Q2 2021. Towns/cities/postcodes with a sample size of under 50 have been excluded. London data covers E, EC, N, NW, SE, SW, W & WC postcodes

<b>UK</b>	<b>£626</b>	<b>£575</b>	<b>9%</b>
<b>UK (excl London)</b>	<b>£554</b>	<b>£501</b>	<b>11%</b>

The results reveal every one of the UK's 50 largest towns and cities saw rents increase, with Edinburgh (+31%) seeing the biggest jump, due in large part to rents increasing during the Edinburgh Festival. Sunderland (+22%) and Glasgow (+21%) also saw high rent increases from Q3 2021 to Q3 2022. Many the UK's biggest towns/cities saw rents hit record highs again in Q3 2022, including London with an average monthly room rent up 18% from £729 to £857 – the combined effect is a market that's incredibly difficult for tenants.

A recent SpareRoom poll also revealed two out of five (40%) renters have had to pay over the advertised price for their current room, rising to nearly half (47%) for London renters<sup>4</sup>. The main reason given was that the landlord put the rent up (60%) followed by over a third (37%) saying they ended up in a bidding war. In order to secure their rental nearly half (47%) of renters surveyed said they had to decide on the room at the viewing, 20% had to pay several months' rent up front and 12% paid a deposit before viewing the property.

**Matt Hutchinson, SpareRoom director, comments:** *"We've been running flatshare sites for over 20 years and we've never seen the market like this. The spike in demand will ease over time, but the real worry is the continued drop in supply. Landlords are leaving the market in alarming numbers and renters are facing an incredibly tough time. The government has decided growth and jobs are their focus. But jobs are no use if people can't move to take them."*

*One silver lining is that homeowners are starting to look at renting out their spare rooms to make a little extra cash and help with the cost-of-living crisis. That could provide much needed supply far quicker than anything government can do and will bring rents down, whilst helping struggling homeowners too."*

**- ENDS -**

#### **Notes to editors**

In the last 9 years, active renter numbers in the UK almost tripled (2.48 x ), from 98985 to 245351, based on start and end point data. Full annual data available on request

#### **About SpareRoom**

SpareRoom is the UK's leading flatshare site with over 12 million registered users. Founded in the UK in 2004, the company expanded into the US market in 2011 and has had nearly 2 million registered users.

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<sup>4</sup> Poll taken by 1,257 renters in September/October 2022