

Introduction

In the UK, the cost of living rose significantly in 2021 and 2022. In October 2022, the annual rate of inflation hit a 41-year peak of 11.1% before declining in the following months. The conflict in Ukraine raised energy prices, which increased the cost of living for both businesses and households. This is just one factor that led to the increase in inflation. Due to its heavy reliance on imported gas for electricity generation, Britain was directly affected by the spike in gas prices that occurred last year as a result of Russia's invasion of Ukraine. The UK's departure from the European Union has also made it more difficult for businesses to import goods and services, which has contributed to higher prices. The Bank of England increased the interest rate as a rise in the base rate will in theory slow inflation by reducing consumer demand. But in the short term, it will compound the cost of living crisis.

Research Question

How did the cost of living crisis affect the housing and renting market in London?

The study question attempts to comprehend the impact of inflation on the housing and rental market in London by comparing the data, particularly between the years 2021 and 2023 as inflation went up considerably during this time. We will investigate if the rise in prices, average rentals, affordability ratio, and sales of houses were related to the rising inflation rate. We all know how stressful renting in London can be, and the cost-of-living crisis is making matters worse. Since I've been wanting to move, I've spent a lot of time and effort researching the London private rental market. I've felt that rents have recently increased significantly, along with food and utility costs, which is why I selected this research question to learn more about the housing and rental situation in London.

Data Acquisition

<https://data.london.gov.uk/dataset/uk-house-price-index>

I used the London government website to find data regarding housing in London. I found the dataset UK Property Price Index, which included data on property sales from 1995 through March 2023 as well as average prices by type and borough.

<https://data.london.gov.uk/dataset/housing-london>

I found some information from the Greater London Authority analysis of Rightmove's private rental growth for the years 2020 to 2023, as well as data from a YouGov survey of Londoners' housing expenses conducted between January and July 2022.

<https://homelet.co.uk/homelet-rental-index>