



## News Release

<b>Date:</b>	Monday 13 November 2017
<b>Subject:</b>	Rental market slowed over last year, new economic index based on database of millions of properties shows

A new economic index created by academics and based on a database of millions of properties has shown that average UK rent increased just £11.55 or 1.51% over the last year, The Deposit Protection Service (The DPS) has said.

The DPS Rent Index – published for the first time today – is based on the UK’s largest deposit protection provider’s database of rent levels across the UK over the last ten years, and its figures show that between the third quarters of 2016 and 2017, average UK rent increased to £775.13: its slowest rate of increase for five years.

	<b>Rent</b>	<b>Index</b>	<b>£ change</b>	<b>% change</b>
<b>2007 Q3</b>	£617.44	81.10		
<b>2008 Q3</b>	£638.54	83.87	£21.10	3.42%
<b>2009 Q3</b>	£619.87	81.42	-£18.67	-2.92%
<b>2010 Q3</b>	£645.20	84.75	£25.33	4.09%
<b>2011 Q3</b>	£668.30	87.78	£23.10	3.58%
<b>2012 Q3</b>	£675.18	88.69	£6.88	1.03%
<b>2013 Q3</b>	£688.27	90.41	£13.09	1.94%
<b>2014 Q3</b>	£714.10	93.80	£25.83	3.75%
<b>2015 Q3</b>	£741.66	97.42	£27.56	3.86%
<b>2016 Q3</b>	£763.58	100.30	£21.92	2.96%
<b>2017 Q3</b>	£775.13	101.82	£11.55	1.51%

The DPS’ figures also show that the rate in which rents increased was slower when compared to inflation than in any other year since the Global Financial Crisis (GFC), between the third quarters of 2008-2009, and that rents increased more slowly than inflation (by 1.19%) for the first time since 2013 (when it was 0.46% slower).

Julian Foster, Managing Director at The DPS, said: “Figures suggest that the rental market has slowed nationally since the third quarter of 2016, and letting agents, landlords and tenants will be keen to see whether this trend continues over the next year.

"This post-Brexit increase is the smallest witnessed since 2012 and comes after three years of particularly high growth, suggesting the influence of other macroeconomic factors such as housing, employment and inflation.

"While we are still some distance from seeing the roughly 3% fall that came with the last Financial Crisis, the change over the last year identified by the Index represents a significant shift for the market."

The Index was developed by Professor of Global Economy, Joe Nellis, who was jointly responsible for the research and development of the UK's leading house price measurement systems, the Halifax and the Nationwide House Price Indexes, and Catarina Figueira, Professor of Applied Economics and Policy, both of Cranfield School of Management.

Nellis said: "The DPS Rent Index should be viewed as an important indicator in understanding trends within the UK economy, and is particularly useful in analysing the property, housing and private rented sectors.

"Based on a unique, massive and hitherto untapped pool of data and applying a thorough academic methodology, the index should be regarded as an invaluable source of information on rent prices and trends across the UK."

The rise in average UK rent was significantly smaller than the previous year (£21.92 or 2.96% between the third quarters of 2015 and 2016) as well as the previous two years (£25.83 or 3.75% between the third quarters of 2013 and 2014 and £27.56 or 3.86% between the third quarters of 2014 and 2015).

The DPS' historic figures also show that average UK rent is now £157.69 (21.55%) more expensive than a decade ago, and represents 32.59% of median monthly salary (£2,378.07).

This is a slight decrease on the previous year (by 0.16%), but the ratio remains higher than at any other time over the previous ten years, and is 1.54% higher than it was ten years ago.

For the first time since the period between the third quarters of 2012 and 2013, rents increased at a slower rate than average UK monthly wage, doing so by the most significant margin than any year since the GFC.

The slowdown was also felt in London, where average rent increased by just £8.20 (0.62%) between the third quarters of 2016 and 2017 to £1,326.09: the smallest increase since the GFC.

Rent in London now represents 43.10% of median salary for the region – the highest of all regions,

For the second consecutive year, rent prices in London increased at a slower rate than salaries in the capital (by 2.25%).

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### **For any media enquiries**

Joe Williams

Corporate Communications Manager

+44 (0)7468 715590

[joe.williams@computershare.co.uk](mailto:joe.williams@computershare.co.uk)

### **Notes**

1. You can download a version of the report at <http://www.depositprotection.com/documents/dps-rent-index-nov-2017.pdf>.
2. Within the executive summary, comparisons with salary are based on figures in the Office of National Statistics' (ONS') Annual Survey of Hours and Earnings available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/previousReleases>.
3. Comparisons with inflation are based on figures in the Consumer Prices Index, available at <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2017>.
4. For high resolution images of spokespeople, visit <http://cpu.vg/spokespeople>.

### **About The DPS**

The Deposit Protection Service's custodial tenancy deposit protection scheme is accredited by the Government. It is provided free of charge, and funded entirely by the interest earned from deposits held in the scheme. The DPS was approved by the UK government to run an insured TDP scheme in September 2012 in addition to the approval it has already been granted by the UK government in respect of the custodial scheme. The DPS is run by [Computershare Investor Services PLC](#). Online self-service allows landlords to register and make deposit payments, transfers and repayments 24 hours a day. Help and advice is available through a dedicated call centre during office hours. An impartial Alternative Dispute Resolution (ADR) service, helps to resolve any disputes quickly and without the need for court action.

For more information, visit [www.depositprotection.com](http://www.depositprotection.com).

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