Briefing notes

Single family housing –

Exploring the opportunity in UK rental markets.

In this **Briefing note** we investigate **single-family housing** in England and Wales. Dataloft defines single-family as suburban houses. To date, the overwhelming majority of the UK's operational build to rent stock has been what is referred to as multi-family housing, predominantly urban flats. Following the example of other countries, many investors are now turning their attention to the potential for single-family housing.

To quantify the size and nature of this market in England and Wales, Dataloft examined the existing stock of rented houses in suburban areas. We divided our rent paid and tenant demographic dataset into urban, suburban and rural locations depending on housing density. We've then identified characteristics of the typical renter in suburban versus urban locations; looking at the likes of age, household type, employment and incomes, some of which are explored here.

The private rental sector has doubled since 2002 and now represents 19% of households in England, rising to 27% in London[1]. Almost half of tenants cite affordability as the main reason they rent[2] and the economic legacy of Covid-19 may increase this. As tenants rent for longer there is increasing demand for single-family housing to meet the widening demographic of tenant needs.

[1] English Housing Survey [2] Property Academy

Dataloft's definition on density: urban, suburban and rural locations were defined using density calculations for the number of delivery points per hectare at Lower Super Output Area level.

This research has been created by Dataloft and is our own opinion. Not for re-use nor repurposing.

What does the **evidence** say?

- Across England and Wales, almost half (43%) of all PRS properties (both houses and flats) fall within our definition of suburban areas, 41% urban and 16% rural. There are key regional differences, in London only 16% is suburban.

- Suburban renters are more likely to live in houses (58%) than urban renters (32%). Whilst houses make up the lion's share of the suburban markets, flats are also a significant component.

- As an overall proportion of the PRS market, suburban houses currently represent 25%.

- For rents, there are plenty of regional intricacies to explore. Whilst it is typically true that average flat rents are cheaper in the suburbs than in urban areas, it isn't necessarily true for suburban houses versus urban houses, likely reflecting differences in average size of properties and other amenities (for instance the higher prevalence of off-road parking and more outdoor space in suburban locations).

- Suburban renters are more likely to be families (27%) than urban renters (20%). The sharer market is a more urban way of life, accounting for 20% of urban renters compared with only 8% of the suburban rental market.

- Renters in suburban areas are generally older than urban areas; 28% of tenants are aged over 40 years old versus just 17% in urban.

- Looking at employment, suburban renters are less likely to work in tech, media, finance and professional services (30%) than urban renters (42%).

% of market that is **suburban houses**

| 0–10% | 11–20% | 21–30% | 30%+ |

32% North East

30% North West

33% Yorkshire and the Humber

34% West Midlands

37% East Midlands

31% Wales

27% East of England

26% South West

6% Greater London

25% South East
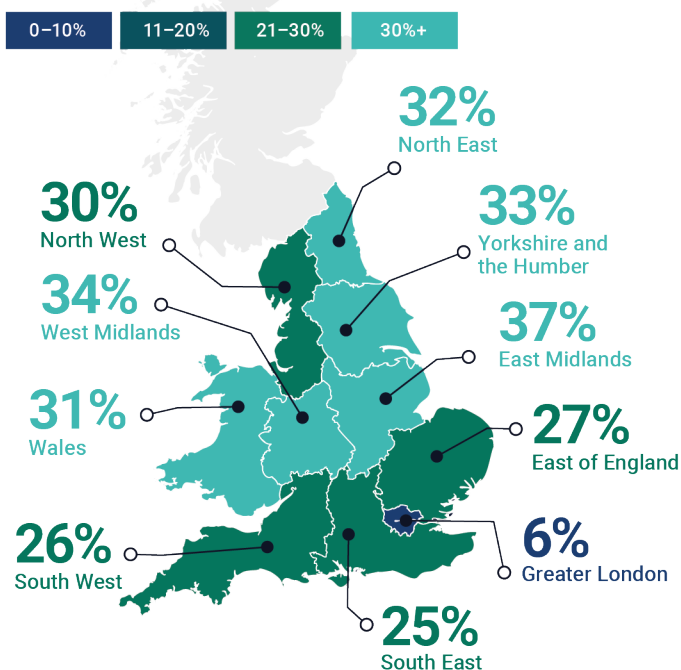
Dataloft Rental Market Analytics

25% of the PRS market is **suburban houses**

Houses

| 25% suburban |
| 13% urban | 12% rural |

Flats

| 18% suburban | 3% rural |
| 28% urban |
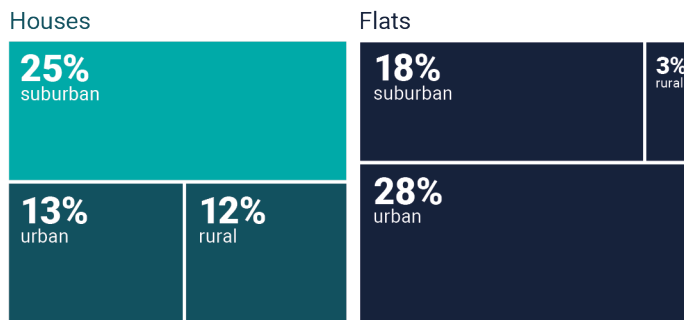
Dataloft Rental Market Analytics

% of tenants who are **over 40 years old**

% Suburban
% Urban

EM	East Midlands
EE	East of England
GL	Greater London
NE	North East
NW	North West
SE	South East
SW	South West
W	Wales
WM	West Midlands
YH	Yorkshire and the Humber

Region	% Urban	% Suburban
EM	18	28
EE	23	27
GL	15	28
NE	20	30
NW	14	26
SE	22	30
SW	24	32
W	14	28
WM	16	26
YH	17	25
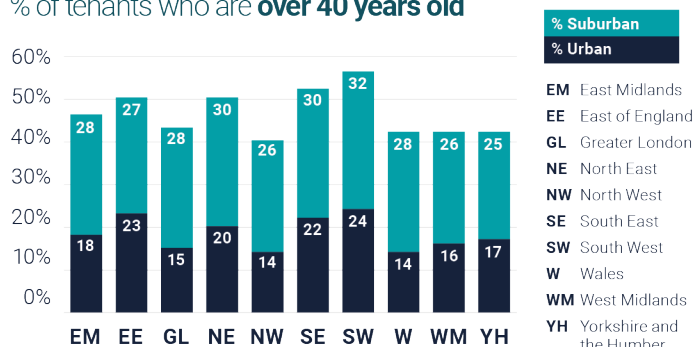
Dataloft Rental Market Analytics

What does this mean?

The typical renter in a suburban location is different from an urban renter. There are significant variations from area to area and city to city, but nevertheless, regional averages show distinct trends which act to signpost investors in this new market.

Suburban tenants tend to be older and a higher proportion are families, both value longer leases. The most common ideal lease length for tenants aged over 45 is 24 months plus, the same as for families[2]. Longer leases give landlords more security too.

Perhaps more surprising, is that 42% of suburban renters live in flats, which might suggest pent-up demand for single-family housing. Looking only at families, 74% renting in suburban areas had chosen to live in houses, begging the question whether the other 26% would prefer to rent a house given the choice.

Priorities have changed this year due to the pandemic. In a survey of 14,000 tenants, 68% said affordability had become more important, 67% a garden, 63% broadband speed and 61% space to work from home[2]. This points to strengthening demand for single-family housing that is more likely to be able to cater for these increased space needs at an affordable rent level.

dataloft

Contact Sandra Jones
M +44 7714 124681
E sandra@dataloft.co.uk