

# Briefing notes

## Addressing topical issues in UK rental markets

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In the latest in our series of **Briefing notes** we explore the question of **how long renters spend in rented accommodation**.

To investigate this question, we delved into a subset\* of **Dataloft Rental Market Analytics (DRMA)**, our rent paid and tenant demographic dataset. The analysis concentrated on renters whose previous home had also been in the private rented sector. We were able to analyse how long they had stayed at their previous address, looking for any variations across locations or age brackets. This assessment of 'moving renters' provides new insight into how long renters actually spend in their rented homes.

The English Housing Survey asks private tenants how long they have been in their current homes, with the 2019/20 mean average being 4.3 years. This covers all private renters and is the total time that they have been in their existing home, not the overall length of tenancy. We are aware that there will be a number of very long-term renters which will boost this figure. Even just looking at those taking new tenancies in 2020/21, our analysis showed 10% having been in their previous rented home for more than five years. To avoid long tenancies distorting the figures, for this analysis we used the median average, which is the level at which an equal number fall above and below. The analysis covers renters signing new tenancy agreements of six months or longer.

\*Data provided by the Barbon Insurance Group

## Moving renters –

## How long do renters stay in their homes?

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## dataloft

Dataloft is an independent consultancy, delivering intelligent, data-driven insight on housing market economics.

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## dRMA

 Dataloft Rental Market Analytics

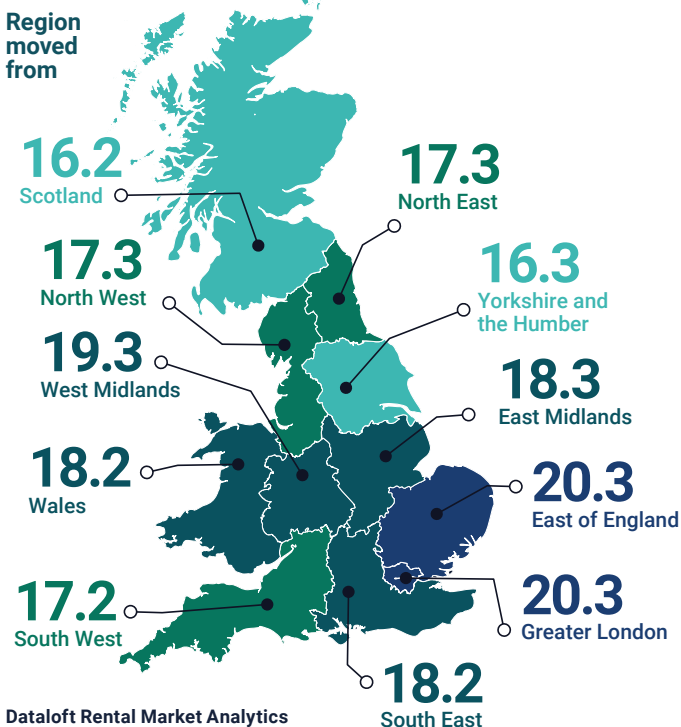
Dataloft Rental Market Analytics (DRMA) is the largest and most comprehensive single source of residential rents achieved for the UK market. The dataset holds rent paid transactions from individual tenants and tenancies. It contains over 2.3 million aggregated references rigorously recorded by tenant referencing companies. It covers five years of historic data with a monthly addition of c30,000 new tenancies and c50,000 new tenants.

## What does the **evidence** say?

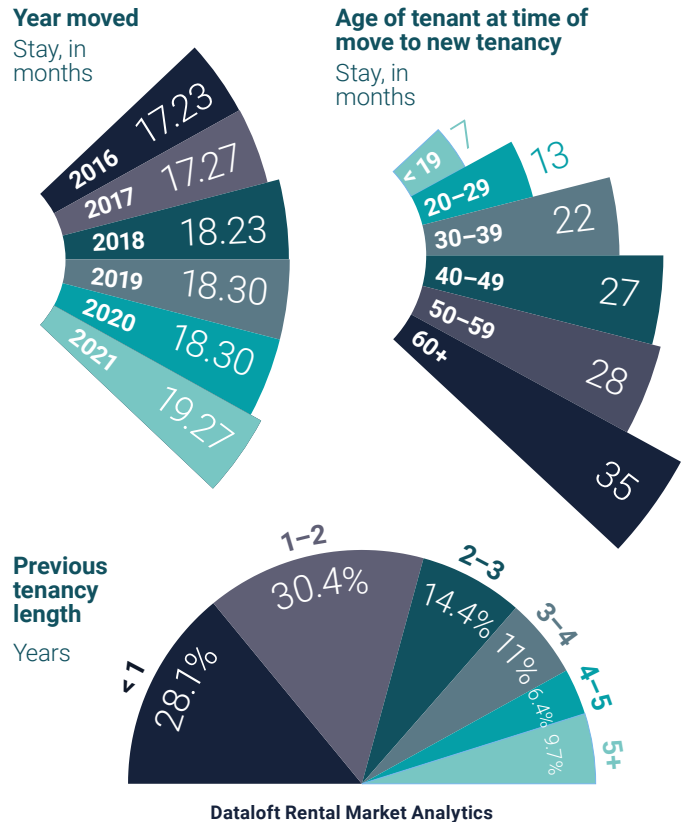
- Moving renters in 2020/2021 had spent an average of 18 months in their previous rented home.
- Average tenancy lengths increased by just over a month between 2016 and 2020.
- In the first four months of 2021 there was a further increase in average tenancy length of about a month. This could be due to delays during lockdowns or be related to the eviction ban. It remains to be seen if this trend continues.
- In 2020/21, renters moving from London and the East of England had lived longest in their rental homes at just over 20 months. Scottish renters, on the other hand, average 16 months in a tenancy.
- Initial leases of less than a year are very rare in London, accounting for just 3% of new tenancies in 2020/21\*. Outside London they are much more common (35% of new tenancies).  
\*Excluding any new tenancies of less than six months.
- Older renters tend to stay in their rental homes for longer. There is a steady increase in tenancy length by age bracket.
- Moving renters aged 60 plus had lived just under three years in their previous rental home, a year longer than those in their 30s, and almost two years longer than those in their 20s.
- There is a significant mismatch between the average time that renters spend in their homes and the lease lengths that renters are signing up for. This could be due to the lease lengths on offer, or a desire for flexibility.

## Average tenancy length in previous rental home

Months up to 17 17-18 18-20 20+



## Length of stay in previous rental home



## What does this mean?

Renters typically spend longer in properties than they originally sign up for. The median length of new tenancies is 12 months (unchanged in the past five years), compared to the median length of stay of 18 months.

It is in the landlord's interest to encourage renters to stay longer to provide security of income, reduce voids, minimise disruption and improve returns. Build to Rent operators have shown that loyalty can be gained through better amenity provision, high standards of customer service, and community building. The challenge, as ever, is to balance the costs of amenity and service against rental value.

The attraction of flexibility has been highlighted by the pandemic and the opportunity for hybrid or remote work. Offering flexibility in leases could earn loyalty in a brand and, ironically, longer periods in occupation.

With longer leases, it's important to stay in line with market rents by pegging to inflation or reviewing against the open market, and tracking against a rent index such as HomeLet.

In Briefing Note 6, we analysed single-family housing. This latest analysis shows that renters in their 40s stay twice as long as those in their 20s, suggesting that single-family housing will be a more stable investment.