

Statistical bulletin

# Private rental affordability, England and Wales: 2023

Private rent prices by country and English region, expressed as a percentage of gross monthly income of private renting households. Part of our additional measures of housing affordability series.

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# 1 . Main points

- Private renters on a median household income could expect to spend 34.2% of their income on a median-priced rented home in England, compared with 27.2% in Wales, in financial year ending (FYE) March 2023.
- Despite private rents increasing since 2015, and at a faster rate since 2022, incomes of private-renting households in England and Wales have increased at a faster rate, leaving affordability at a broadly similar level in FYE 2023 compared with 2015.
- In London, average rents have been between 57.2% and 39.8% of incomes since 2015, while in other regions they have remained above 20% but rarely exceeded 35%.
- For the first time, we are able to estimate private-rental affordability at the local authority (LA) level, showing the most affordable rent in FYE 2023 was in North Lincolnshire (18.8% of median income), while the least affordable was in Kensington and Chelsea (52.2% of median income).
- Out of 334 LAs in England and Wales, 233 LAs (69.8%) had a median rent that was affordable (below 30% of income) in FYE 2023, the highest number since this data series began in 2015.
- The LAs with the least "affordable" median rents in each region in 2023 were those in urban centres such as London, Manchester, Brighton and Hove, Bristol, and Bath.

This release breaks in methodology from previous publications, with rents now being taken from a single UK source with a representative mix of new and existing rents – the [Price Index of Private Rents](#). This source has an improved methodology, but produces a mean rather than a median rental price, and has resulted in higher rental price levels, and reduced affordability. We have recalculated and published a back series using the new data source. For more information see [Section 8: Data sources and quality](#).

## 2 . Rent prices as a percentage of income

The data sources and methods are explained in our [Private rental affordability quality and methodology information \(QMI\)](#) report and in [Section 8: Data sources and quality](#).

Also note:

- data are for financial years, so 2023 refers to the 12 months from 1 April 2022 to 31 March 2023
- "average" refers to mean rent prices (modelled using an internationally recognised hedonic double imputation approach); while the median is used for incomes
- rents exclude additional housing costs (such as service charges for flats) or rents paid for by housing benefit
- we deem an area "affordable" if a private-renting household would spend the equivalent of 30% or less of their gross income on rent (for new or existing tenancies) – referred to here as the affordability ratio
- any year-on-year changes to affordability should be treated with caution, as the private renters' income is derived from a relatively small sample size and so will likely show fluctuations year-on-year, especially at the regional or local level, so we recommend looking at changes over the whole data time series

This analysis is part of a series of [additional measures of housing affordability](#) (alongside [Housing purchase affordability, UK](#)), designed to complement the Office for National Statistics's (ONS's) [annual housing affordability statistics](#).

### 3 . Affordability in England and Wales

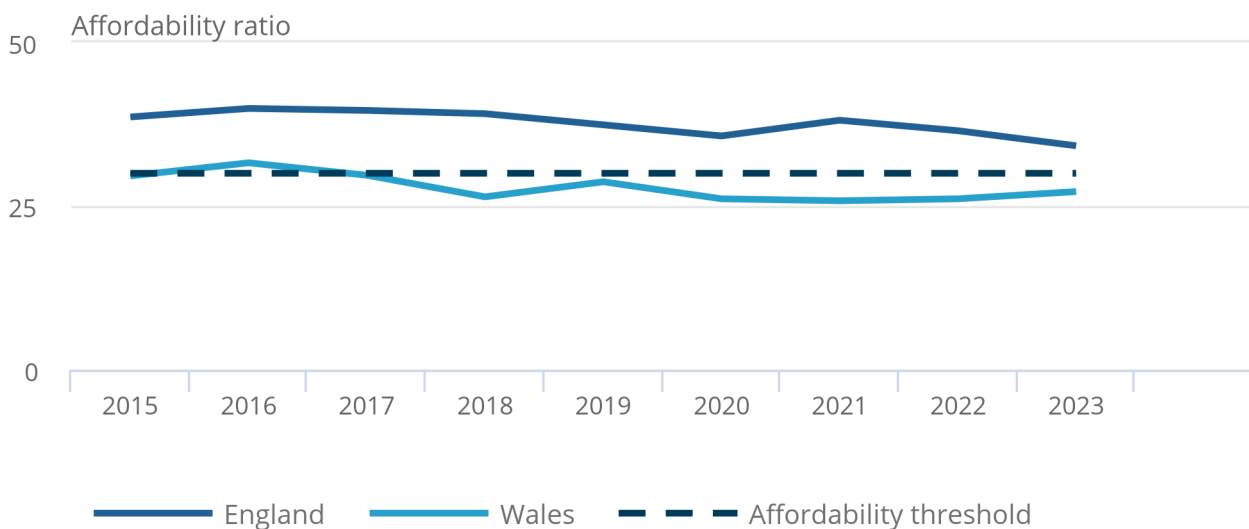
In financial year ending (FYE) 31 March 2023, average rent was 34.2% of a median private-renting household income in England (£1,178 rent compared with a £3,448 monthly income). This compares with 27.2% of a median private-renting household income in Wales (£667 rent compared with a £2,452 monthly income).

**Figure 1: Rents in England are on average less affordable than in Wales**

Percentage of median private renting household income equivalent to average rent, England and Wales, financial years 2015 to 2023

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Percentage of median private renting household income equivalent to average rent, England and Wales, financial years 2015 to 2023



Source: Family Resources Survey from the Department for Work and Pensions and Price Index of Private Rents from the Office for National Statistics

Private rental affordability is broadly similar between the financial year ending 2023 (34.2% in England and 27.2% in Wales) and the previous year (36.5% in England and 26.1% in Wales). Although the affordability ratio for England was lower in 2023 than at any point in the rest of the data series, it is not possible to say if this is [statistically significant](#) compared with the previous year (or comparing areas), because of the complex design of the Family Resources Survey sample. To understand how affordability is changing over time, it is therefore better to look at trends across the series.

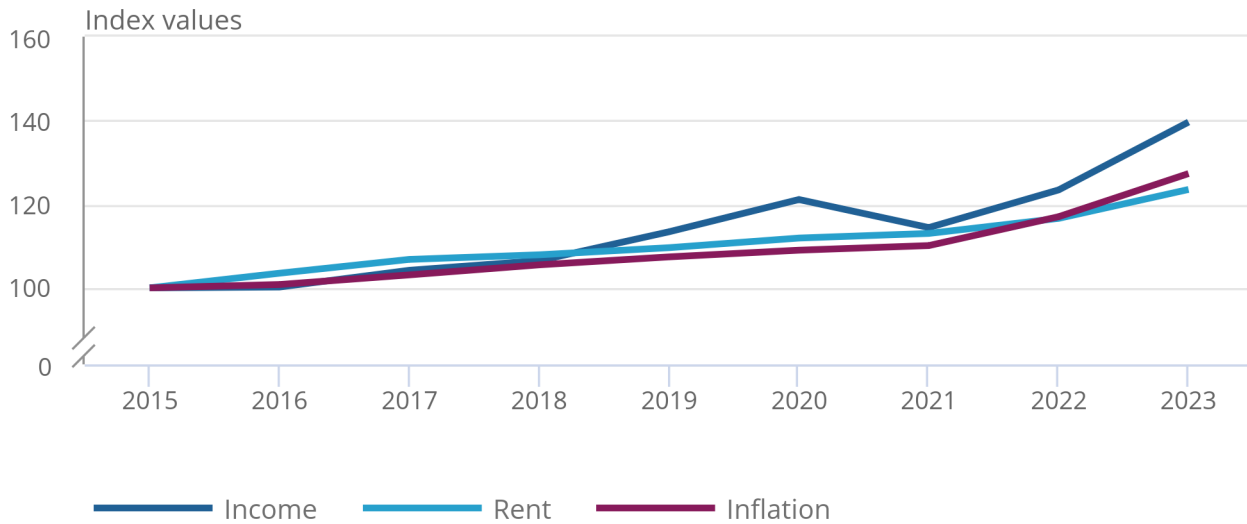
England has been above this affordability threshold (30% of income) for the entirety of the series, 2015 to 2023, whereas Wales has been below it for most of the series.

**Figure 2a: Private-renting household incomes have been increasing in England faster than rents or UK inflation since 2015**

Average private rent and median private-rented household income indices, England; inflation index UK, 2015 to 2024

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Average private rent and median private-rented household income indices, England; inflation index UK, 2015 to 2024



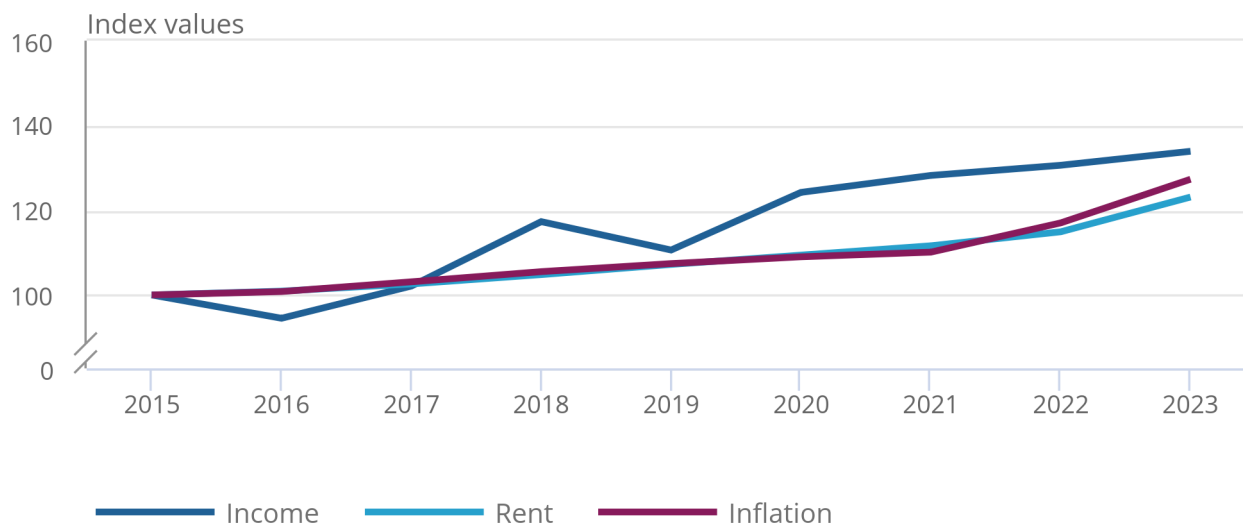
Source: Family Resources Survey from the Department for Work and Pensions; Price Index of Private Rents and Consumer Price Inflation Index from the Office for National Statistics

## Figure 2b: Private-renting household incomes have been increasing in Wales faster than rents or UK inflation since 2015

Average private rent and median private-rented household income indices, Wales; inflation index UK, 2015 to 2024

### Figure 2b: Private-renting household incomes have been increasing in Wales faster than rents or UK inflation since 2015

Average private rent and median private-rented household income indices, Wales; inflation index UK, 2015 to 2024



Source: Family Resources Survey from the Department for Work and Pensions; Price Index of Private Rents and Consumer Price Inflation Index from the Office for National Statistics

Average rents in England and Wales have increased steadily since the series began, and at a faster rate since 2022, generally in line with inflation, shown in Figures 2a and 2b. Incomes of private-renting households in England and Wales have fluctuated, but increased at a faster rate, leaving affordability at a broadly similar level in FYE 2023 compared with 2015.

To a large extent, this private-rental affordability measure covers people who have already succeeded in affording a private-rented home – as most homes are rented through agencies or landlords who apply an affordability test before granting tenure. Another interpretation of these statistics is therefore that there continue to be enough households who earn enough to occupy the private rented housing stock in England and Wales.

The Price Index of Private Rents cannot produce estimates of the levels of low or high rents. [Previous editions of the private rental affordability series](#), however, based on the previous sources, have shown that affordability for low-income private-renting households is worse than that of average households, even when looking at lower rental prices.

## 4 . Affordability in English regions

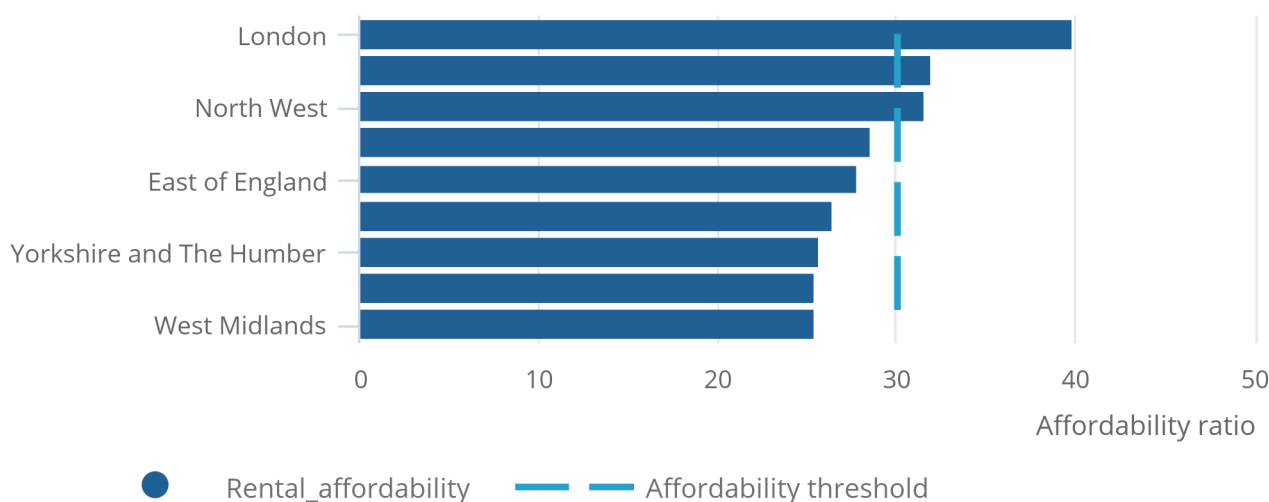
Figure 3 shows the range of private rental affordability across the English regions, with country-level ratios for comparison.

### Figure 3: Private rents in London, the North West and South East cost more than 30% of a private renting household's income in 2023

Percentage of median private renting household income equivalent to average rent, by region, financial year ending 2023

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Percentage of median private renting household income equivalent to average rent, by region, financial year ending 2023



Source: Family Resources Survey from the Department for Work and Pensions and Price Index of Private Rents from the Office for National Statistics

The most affordable regions for private rent in 2023 were the West Midlands, the North East, and Yorkshire and The Humber. The datasets accompanying this release show that in London, average rents have been between 57.2% and 39.8% of private-rented household incomes since 2015, while in other regions they have remained above 20% but rarely exceeded 35%. The design of the Family Resources Survey sample means it is not possible to say whether differences between areas are [statistically significant](#), however.

Our [Housing affordability for local areas in England and Wales: 2020](#) and [Housing affordability in England and Wales: 2023](#) show that there are wide variations within regions, and smaller geographies are useful for exploring affordability.

## 5 . Affordability in English and Welsh local authorities

The availability of local authority rent price estimates using the new methodology in the Price Index of Private Rents data series, allows us to look at local private rental affordability for the first time. As these are [official statistics in development](#) using modelled median private-renting household incomes for local areas in England and Wales, caution should be used, especially when looking at year-on-year changes, and we cannot say if differences between areas are [statistically significant](#). The method is described further in the Quality and Methodology Information (QMI) and [Section 8: Data sources and quality](#).

Out of 334 local authority (LA) areas in England and Wales in financial year ending (FYE) 2023, 233 LAs (69.8%) had an average rent that was "affordable". The most affordable LA was North Lincolnshire (18.8% of median income), while the least affordable was Kensington and Chelsea (52.2% of median income).

This was the highest number of affordable LAs for any year in this series. As discussed previously, this is because incomes increased more than rents in recent years in England and Wales.

### Figure 4: Each region had at least one local authority area above the 30% affordability threshold

Range of private rental affordability ratio in local authorities for English regions and Wales, 2023

#### Notes

1. This analysis uses the 2020 lower-tier local authority boundary set

Figure 4 shows that:

- of the 9 English regions, London had the highest proportion of "unaffordable" LAs, with 26 of 32 (81.3%) above the 30% affordability threshold
- of the 22 Welsh LAs (2020 boundaries), 19 (86.4%) had an average rent that was affordable and 3 (13.6%) were unaffordable
- the region with the widest range in LA-level rental affordability was the North West (26.5 percentage points), followed by London (25.5 percentage points)
- the West Midlands had the lowest proportion of "unaffordable" LAs, with 1 of 30 above the affordability threshold (3.3%)

### Figure 5: Private rental affordability is worse in and around certain urban local authority areas

Private rental affordability ratios, by local authority, England and Wales, 2015 to 2023

#### Notes

1. This analysis uses the 2020 lower-tier local authority boundary set.

Figure 5 shows that:

- of the 10 most affordable LAs, 4 were in Yorkshire and The Humber, 2 in the West Midlands, 2 in the East of England and 1 each in the North West and South West
- the LAs with the least "affordable" median rents in each region in 2023 were those in urban centres such as London, Manchester, Brighton and Hove, Bristol, Bath and North East Somerset, Oxford, and Newcastle upon Tyne
- conversely, the most affordable LAs were largely in rural areas
- the low affordability of these urban centres remained largely consistent over time, however, the affordability of rural areas and smaller urban centres fluctuated

## 6 . Other measures of private rental affordability

Our [Economic activity and social change in the UK, real-time indicators bulletin](#) includes a monthly UK measure of the [affordability of new tenancies](#) from a private supplier, Dataloft.

Our [Private rent and house prices, UK bulletin](#) provides data on private rent inflation and average rental price levels for the year to September 2024. This shows that rent price increases in the UK peaked in March 2024, at 9.2% per year.

Official statistics on private rental affordability for individual countries of the UK are covered in [Section 8: Data sources and quality](#).

## 7 . Data on private rental affordability

### [Private rental affordability, Great Britain](#)

Dataset | Released 24 October 2024

Percentage of total monthly household income spent on private rent, by country, English region and local authority, financial years ending 2015 to 2023.

## 8 . Data sources and quality

All sources and methods are described in more detail in our [Private rental affordability, England and Wales Quality and Methodology Information \(QMI\)](#).

### Private rents

Private rent prices are republished from our [Private rent and house prices](#) UK data series, which contains the Price Index of Private Rents (PIPR). This product is the successor to all our previous sources – our [Private rental market summary statistics \(PRMS\) bulletin](#), and data supplied by [Rent Officers Wales](#) and the [Northern Ireland Housing Executive](#).

This new series makes a number of improvements over PRMS, using administrative property attributes data. It therefore provides a statistically robust sample, covering new and existing rents. They are [official statistics in development](#) and are subject to revisions including if improvements in the methodology are identified.

As described in our article [Redevelopment of private rental prices statistics, impact analysis, UK: December 2023](#), the new average estimates are typically higher priced, having grown at faster rates than the old sources, because of three important methodology differences:



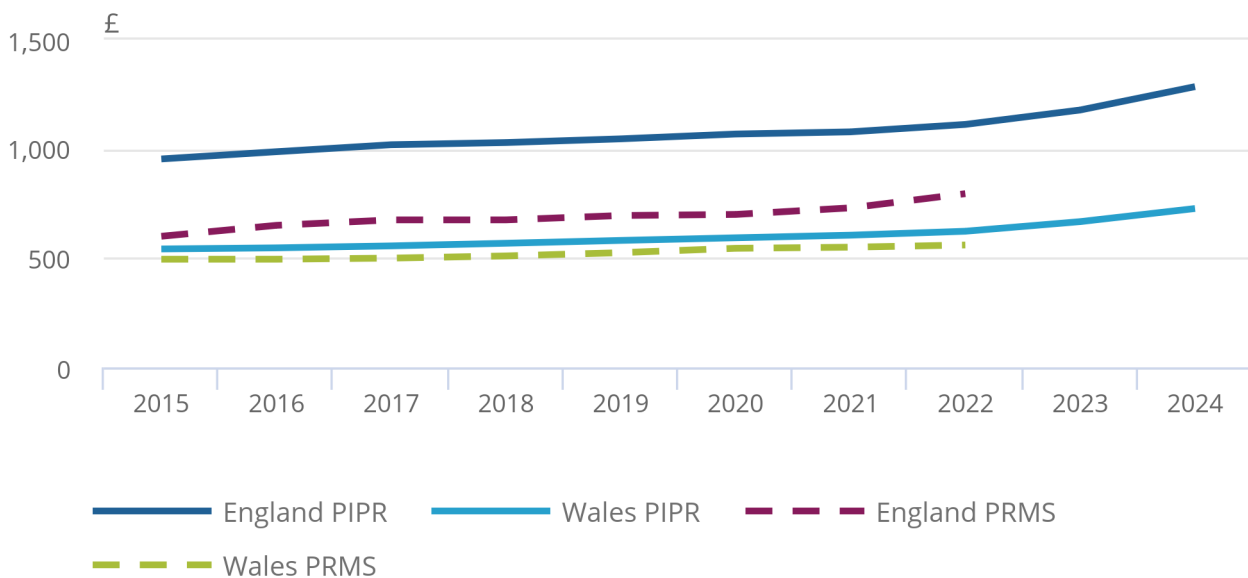
- PIPR uses a hedonic regression model to calculate a weighted average similar to a geometric mean, while the PRMS data we used were a median
- PIPR excludes room-only lettings, which tend to be cheaper, while PRMS includes them
- PIPR uses weights to ensure representative statistics at an aggregated level, while PRMS does not, resulting in better representation of undercollected areas, which tend to be large cities with higher rents

**Figure 6: Rents in the new improved PIPR series are higher than those in PRMS, especially in England, but trends are similar**

Rent prices, England and Wales, 2015 to 2024

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Rent prices, England and Wales, 2015 to 2024



Source: Private Rental Market Statistics and Price Index of Private Rents from the Office for National Statistics

In financial year ending 2023, prices were 40% higher in England than in the previous sources, and 11% higher in Wales. Further quality information for the rental statistics can be found in our [Price Index of Private Rents QMI](#).

We are working to include Northern Ireland and Scotland in next year's [Private rent and house prices](#), UK series, and therefore this Private rental affordability series. We do not anticipate being able to replace former estimates of lower and upper quartile rents, as PIPR is expected to only be able to provide a geometric mean.

## Regional incomes

Incomes for private renting households are calculated using gross median income data from the [Department for Work and Pensions Family Resources Survey](#) (FRS), using the household file obtained from the [UK Data Service](#).

We only include private renting households, whether they are privately renting a furnished or unfurnished property, rent-free, or squatting. This ability to estimate income by tenure is an important strength of the FRS. We use a grossing factor weight to adjust for potential bias in responses to the FRS and to allow us to create regionally weighted estimates.

Sample sizes are low at the regional and Wales levels, and caution must be taken with year-on-year changes or differences between areas. It is not possible to provide the statistical significance of these estimates.

Further quality information for the income statistics can be found on the [FRS information page](#).

## Local authority incomes

To create the local authority income, calculated in this edition for the first time, we have used an additional administrative data source to scale FRS incomes. We used the [Earnings and employment from Pay As You Earn Real Time Information, UK](#) (RTI) series which is a joint release between HM Revenue and Customs (HMRC) and the Office for National Statistics (ONS), and is classified as [official statistics in development](#). We use the latest published statistics, for the September in the relevant financial year.

These estimates are based on people who are employed in at least one job paid through Pay As You Earn (PAYE). PAYE does not cover self-employment income or income from other sources such as pensions, property rental and investments. We therefore make the assumption that earnings of employees paid by PAYE and income of private renters have the same relationship in each local authority area.

For each local authority, the respective FRS regional income is multiplied by the local authority (LA) to region ratio of earnings from RTI to derive a modelled income. This income is then divided by the PIPR rent figure for the local authority to arrive at an affordability ratio.

$$\text{FRS Regional income} * \left( \frac{\text{RTI LA earnings}}{\text{RTI Regional earnings}} \right) = \text{modelled income}$$

$$\frac{\text{modelled income}}{\text{PIPR rent}} = \text{affordability ratio}$$

For example, Adur local authority in the South East. The FRS income for the average renting household in the South East in 2023 was £3,709. RTI PAYE earnings for Adur were £2,093, and for the South East region were £2,300.

$$\pounds 3,709 * \left( \frac{\pounds 2,093}{\pounds 2,300} \right) = \pounds 3,375$$

In 2023, the average renting household in Adur could expect to pay £1,159 rent monthly. On a modelled household income of £3,375, this makes rent 34.3% of their income. This means Adur in 2023 was “unaffordable”, as this is above the 30% threshold.

$$\frac{\pounds 1,159}{\pounds 3,375} = 0.343 * 100 = 34.3\%$$

The resulting modelled incomes therefore come with additional [uncertainty](#), over and above that of the regional income estimates. Further quality information is available in our [methodology for monthly earnings and employment estimates](#).

## Private rental affordability

To show the affordability of private renting, we calculate what proportion of monthly income the monthly rent is equivalent to. We deem an area to have private rent that is affordable if it is equivalent to 30% or less of the median income of private renting households. We are not able to obtain median rents, and this reduces the comparability with the median incomes used.

A limitation of the affordability calculation is that, while the PIPR does adjust for property size, the income data do not adjust for household size. For example, while a one-bedroom flat in a region may be affordable for a family, it may not be suitable. These differences will also vary between countries and regions.

Other estimates of private rental affordability available for countries of the UK are listed in the 'Coherence and comparability' section of in our [Private rental affordability, England and Wales Quality and Methodology Information \(QMI\)](#). These include estimates from the [English Housing Survey](#), which shows the median proportion of income spent on housing by tenure. They also include the [Wellbeing of Wales: national indicator 49](#), which shows the income spent on housing costs by tenure.

## 9 . Related links

### [Housing affordability in England and Wales: 2023](#)

Bulletin | Released 25 March 2024

Uses annual data on house prices and annual earnings to calculate affordability ratios for national and subnational geographies in England and Wales.

### [Housing purchase affordability, UK: 2022](#)

Bulletin | Released 27 July 2023

Ratios of house prices to annual disposable household incomes, by decile, for countries of the UK and regions of England. Part of our additional measures of housing affordability series.

### [Rent affordability in the affordable housing sector: literature review](#)

Article | Released 17 June 2019

Scottish Government report with information on definitions and measures of social rent affordability, the relationship between housing and poverty, rents in the affordable housing sector, the role of the mid-market rent sector and policies with an impact on rent affordability.

### [Private rent and house prices, UK: September 2024](#)

Bulletin | Released 18 September 2024

The Price Index of Private Rents (PIPR) measures private rent inflation for new and existing tenancies. The UK House Price Index measures house price inflation.

### [Housing prices in your area](#)

Interactive tool | Released 16 October 2024

Find house prices and private rental prices for local authority areas across Great Britain.

### [Earnings and employment from Pay As You Earn Real Time Information, UK : September 2024](#)

Bulletin | Released 10 September 2024

Monthly estimates of payrolled employees and their pay from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) Real Time Information (RTI) data. This is a joint release between HMRC and the Office for National Statistics (ONS). These are official statistics in development.

## 10 . Cite this statistical bulletin

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