

Press Release

Date Issued: Friday 17 January 2020

Embargoed until 00.01 hrs Monday 20 January 2020

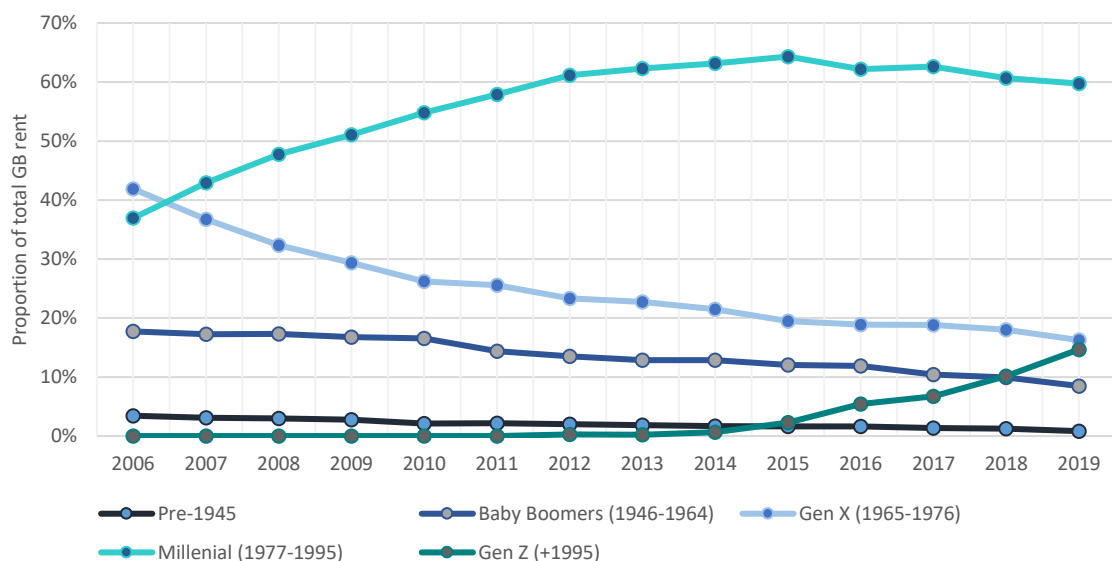
Hamptons International Monthly Lettings Index – December 2019

2019 total rent bill increased £3.1 billion on 2018

The proportion of rent paid by Millennials and Generation X falls as Generation Z pick up the baton

- Last year tenants in Great Britain spent a record £62.4 billion on rent, £3.1 billion more than in 2018 (chart 1).
- The youngest two generations paid nearly three-quarters (74%) of all rent. Millennials paid the most rent in 2019 (60%) equating to £37.3 billion, but this is down from a 64% high in 2015 (chart 1, tables 1 and 2).
- Meanwhile the very youngest generation, Generation Z's share of the total rent bill rose to 15% (equating to £9.2 billion), up from just 1% in 2014 (chart 1, tables 1 and 2).
- Rental growth in Great Britain increased to 3.7% in December 2019, marking the strongest growth recorded in any December since 2014 (table 3).

Chart 1 – Proportion of total rent paid by each generation



Source: Hamptons International

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Last year tenants in Great Britain spent a record £62.4 billion on rent, £3.1 billion more than in 2018. Rising rents and an increase in the number of people calling the rental sector home has resulted in the total rent bill increasing £27.9 billion or 81% since 2009 (chart 1, table 2).

Since 2007 millennials have paid the majority of rent in Great Britain. Last year millennials paid 60% of all rent in Great Britain, totalling £37.3 billion. However this is down from a peak of 64% in 2015 as more millennials have become homeowners in recent years (tables 1 and 2).

It is the youngest generation born after 1995, Generation Z, who have picked up the baton. Last year Generation Z tenants paid a record 15% of all rent in Great Britain, equating to £9.2 billion (tables 1 and 2). This was a £3.1 billion year-on-year increase and marked a significant rise compared with 2014 when Generation Z paid just £0.3 billion or 1% of all rent. This year it is likely that Generation Z will pay more rent than Generation X (born 1965-1976) for the first time (table 2).

While the youngest two generations pay nearly three-quarters (74%) of all rent in Great Britain, older renters still play a significant role in the rental sector. Last year baby boomers, those born between 1946 and 1964, accounted for 8% of the total rent bill and paid £5.3 billion (tables 1 and 2). This was down from 10% in 2018 when they paid £5.9 billion in rent. Meanwhile the oldest generation (those born pre-1945), many of whom are homeowners, paid £0.5 billion in rent last year, £0.2 billion less than in 2018 (table 2).

Rental growth

The average cost of a rental home in Great Britain rose to £999 pcm in December 2019. This was a 3.7% year-on-year increase, marking the strongest rental growth recorded in a December since 2014 (4.9%). However, average rents were particularly low in December 2018 and this has boosted the year-on-year comparison slightly.

The South West continued to post the strongest rental growth, with the average rent rising 5.6% year-on-year in December 2019. Meanwhile London followed, with 4.4% rental growth. Every region recorded rising rents; however Scotland posted the weakest rental growth of 1.7% (table 3).

Commenting Aneisha Beveridge, Head of Research at Hamptons International, said:

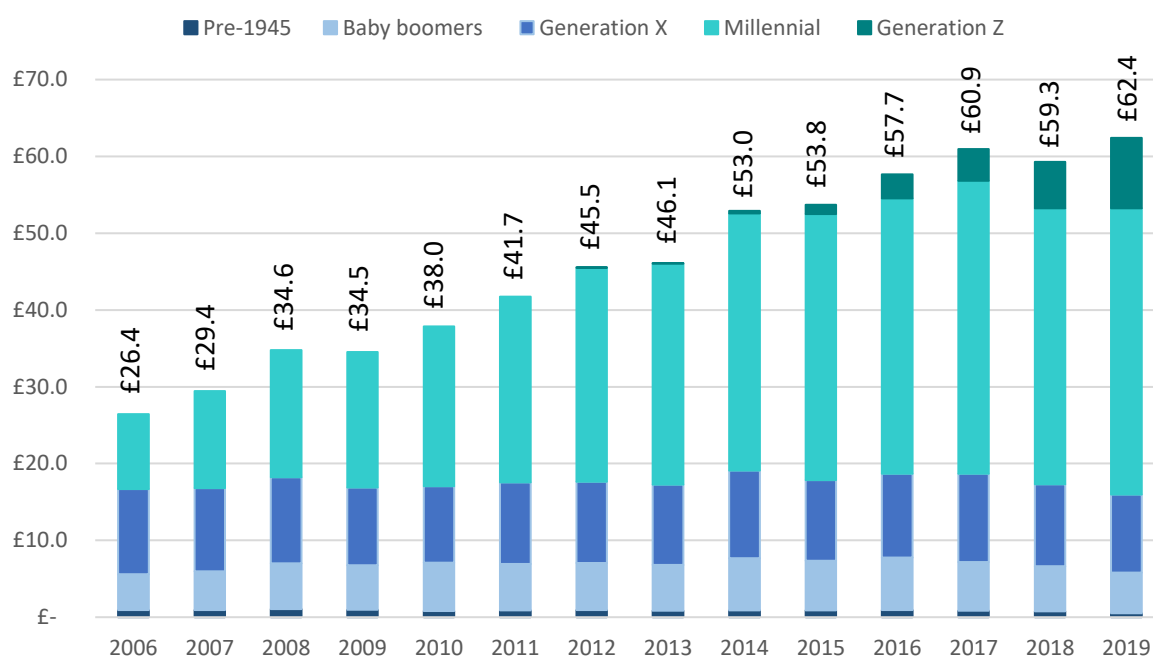
“As millennials have aged, more have become homeowners. This has meant that the total amount of rent millennials pay has fallen. Millennials paid £37.3 billion in rent last year, down from a peak of £38.2 billion in 2017.

“But it’s the youngest generation, Generation Z who are picking up the baton. They paid just 1% of all rent in 2014, but as more have left home to become renters, this increased to 15% of rent in 2019. This year we expect Generation Z to pay more rent than Generation X for the first time.

“Average rents grew 3.7% in 2019. Rents rose in every region, but those in the South saw the biggest increases. Low stock levels have put pressure on rents, resulting in stronger rental growth during the second half of 2019.”

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Chart 2 – Total rent paid by each generation



Source: Hamptons International

Table 1 – Proportion of rent paid by each generation (£ billion)

	Pre-1945	Baby boomers (born 1946-1964)	Generation X (born 1965-1976)	Millennial (born 1977-1995)	Generation Z (born after 1995)
2006	3%	18%	42%	37%	-
2007	3%	17%	37%	43%	-
2008	3%	17%	32%	48%	-
2009	3%	17%	29%	51%	-
2010	2%	17%	26%	55%	-
2011	2%	14%	26%	58%	-
2012	2%	14%	23%	61%	0%
2013	2%	13%	23%	62%	0%
2014	2%	13%	21%	63%	1%
2015	2%	12%	20%	64%	2%
2016	2%	12%	19%	62%	5%
2017	1%	10%	19%	63%	7%
2018	1%	10%	18%	61%	10%
2019	1%	8%	16%	60%	15%
YoY change	0%	-1%	-2%	-1%	5%

Note: these figures have been rounded

Source: Hamptons International

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Table 2 – Total rent paid by each generation (£ billion)

	Pre-1945	Baby boomers	Generation X	Millennial	Generation Z	Total rent
		(born 1946-1964)	(born 1965-1976)	(born 1977-1995)	(born after 1995)	
2019 total rent	£0.5	£5.3	£10.2	£37.3	£9.2	£62.4
Change since 2018	-£0.2	-£0.6	-£0.5	+£1.3	+£3.1	+£3.1
Change since 2009	-£0.4	-£0.5	£0.0	+£19.7	+£9.2	+£27.9

Note: these figures have been rounded

Source: Hamptons International

Table 3 – Average rent of new lets (pcm)

Region	Dec-19	Dec-18	YoY
Greater London	£ 1,783	£ 1,707	4.4%
South West	£ 824	£ 781	5.6%
South East	£ 1,078	£ 1,037	4.0%
East	£ 983	£ 955	2.9%
Midlands	£ 695	£ 679	2.4%
North	£ 645	£ 628	2.7%
Scotland	£ 653	£ 643	1.7%
Wales	£ 671	£ 648	3.5%
Great Britain	£ 999	£ 964	3.7%
Great Britain (Excluding London)	£ 798	£ 772	3.4%

Source: Hamptons International

Please note the Hamptons International Monthly Lettings Index for January will be issued on Friday 14 February 2020, embargoed for 00.01 hours Monday 17 February 2020.

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For further information, please contact:

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About the Hamptons International Monthly Lettings Index

The Hamptons International Monthly Lettings Index (formerly the Countrywide Lettings Index) has been running since 2012. From May 2018 the index has included an inner and outer London split.

The index is a mix adjusted series, with rent and rental growth figures for each month based on a three-month rolling average. The most expensive decile of homes let are excluded to reduce volatility and the mix includes the most recently published government stock statistics.

The Hamptons International Lettings Index uses data from the Countrywide Group, Great Britain's largest letting agent, to track changes to the cost of renting. The index is based on the 90,000 homes let and managed by Countrywide in each year, adjusting for their location and type. It is based on achieved rather than advertised rents.

About Hamptons International

Hamptons International is a leading residential estate agent and property services company, operating in London and the South of the UK.

Hamptons International offers a wealth of award-winning services including UK and international Sales, Lettings, Property Management, Corporate Services, Residential Development, Development Land, Valuation Property Finance, and is a subsidiary of Countrywide, the UK's largest estate agency and property services group.