



UK Tenant Report

2020

Who are the UK's tenants and what's their experience of the Private Rented Sector?

The UK Private Rented Sector provides a good quality home to millions of tenants

Millions of people call the Private Rented Sector home, but who are these tenants, why do they rent, do they like renting and how long do they intend to rent a home for? These are some of the questions we have delved into in our first UK Tenant Report.

We spoke to nearly 2,000 tenants in the Private Rented Sector (PRS) across the country about their experiences of renting and the results confirmed what we suspected. The tenant base is diverse - from young couples finding their first home together, to families, to people in later life who may live on their own - but it's one that sees the benefits of the tenure.

Of course, the UK is a nation of homeowners and many tenants naturally aspire to own their own property, particularly those in the younger age brackets, but people are generally happy in their rented home, recognise that it suits their needs and, on the whole, enjoy a good relationship with their landlord.

For those who want to ultimately buy, the PRS provides a good quality home whilst they build that deposit. But it also provides a good quality home for those that don't want to - or can't afford to - buy and will live in the tenure for the long-term.

The rise of buy-to-let has coincided with an improvement to PRS homes as landlords invest in property, but we recognise that improvements can always be made. Tenants tell us they are generally happy with their property, but would like upgrades made here and there. Naturally, they want to see repairs made quickly and promptly.

Landlords in the PRS are helping to shift the experience of renting and, as a byproduct, the perception of renting. There is more to be done but the sector's role of providing a safe, comfortable home for millions needs to be recognised.

Richard Rowntree
Managing Director of Mortgages
Paragon Bank



Who do they live with?

Over half of tenants live with a partner (52%), with 34% living with a child, the majority of whom are under the age of 18. Three in 10 tenants live alone and that proportion is expected to grow, with Government forecasts showing single person households will be the main driver of future household growth.



Who are the UK's private rented sector tenants?

The PRS provides a home to a diverse range of tenants, from all ages and backgrounds.



Time in rented accommodation

Over six in 10 tenants (63%) have been in rented accommodation for more than five consecutive years, whilst half have only lived in 1-2 different rental properties. Tenants have lived in private rented accommodation for an average of nine years and three months.



Age

Paragon's research shows that the PRS provides a home for tenants from across a range of ages, defying the stereotype that it's a housing tenure predominantly for younger people. Nearly half of tenants (49%) are between the ages of 25 and 44, with just under one in four (23%) aged 55 or over.



Employment

Half of tenants are in full-time employment, 13% work part-time and 7% are retired. Other groups include unemployed (6%), self-employed (6%), students (3%) and economically inactive (14%).





Regional split

A third of tenants (35%) live in London or the South East. Beyond those regions, there is a fairly even split regionally between where tenants are based. The North West accounts for 10% of tenants, with the smallest region – the North East – accounting for only 4%.

In terms of location, there is a fairly even split between urban and suburban locations (43% and 42% respectively), with rural areas accounting for 15%.



Property

The vast majority of tenants living in the PRS rent the whole property (88%), with the remainder renting a room. Over half (55%) rent directly from a landlord and seven in 10 rent the property unfurnished.

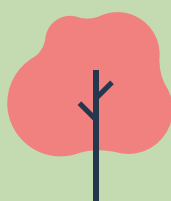
In terms of property type, 56% of tenants live in a house, with 42% living in a flat. Terraced housing is the most common property type (25%), followed by low rise purpose built flats (22%) and semi-detached houses (21%).



Cost

Tenants outside London pay an average rent of £630 per calendar month for a whole property and £494 PCM for a room only. Over half (53%) of tenants outside London pay between £400 and £699 PCM.

Within the Capital, the average rent for a whole property is £1,095 PCM and £704 PCM for a room only.





Attitudes to renting - the rise of the 'contented renter'

Contrary to the perception of reluctant renters, over half of tenants (54%) state that renting either suits their current situation or that they enjoy renting. Reasons for that include not having to worry about repairs (48%), the flexibility to move easily (35%), great location (32%), being able to live in an area they couldn't afford to buy (31%) and the property being perfect for them (22%).

68%
said they have a positive working relationship with their landlord

and 39% letting via a letting agent. Overall, 68% said that they have a positive working relationship with their landlord, 80% said that their landlord is easy to contact, 65% report the landlord makes

repairs promptly and 58% say that repairs are made to a good standard.

Satisfaction with rented accommodation increases with age. Nearly seven in 10 (68%) of over 55s said that renting suited their needs or they enjoyed renting, compared with 49% in the under 55 group.

Property improvements

Six out of 10 tenants state that the property doesn't need any improvements. Of those that would like improvements, 16% would like a new kitchen and 14% want to redecorate. Other improvements include a new bathroom (13%), windows (12%) and damp (10%).

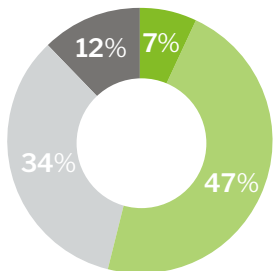
Overall, the majority of tenants (59%) like the property they live in, although four in 10 think improvements are required. Over six in 10 (62%) tenants state that the property feels like home, even if they don't own it.

Concerns

Of the 12% of tenants who state they don't like renting, half say that it's because they would rather own their home, with 38% claiming that it is too expensive to rent. In addition, 36% fear that they will be asked to move out and just over a quarter (28%) can't decorate as they'd like.

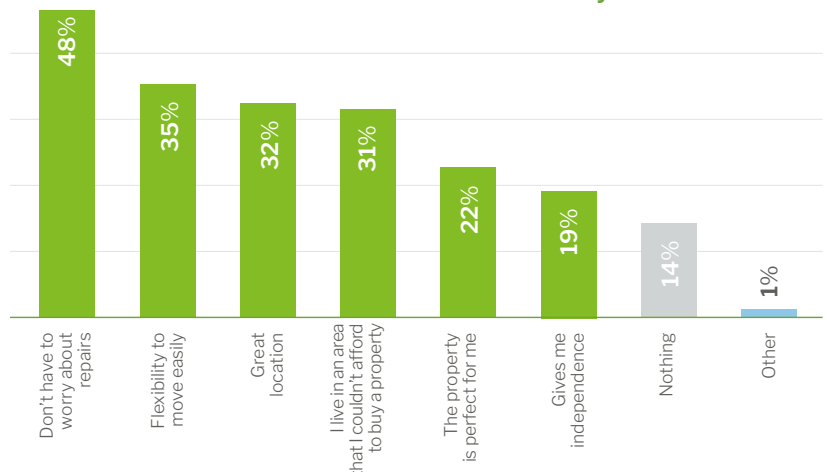
Tenants also enjoy a strong relationship with landlords, with over half of tenants letting direct from their landlord

Attitudes towards renting



- I really enjoy renting
- Renting suits my current situation
- I'd prefer not to be renting
- I really dislike renting

Why tenants like to rent



Desire to buy remains strong but opportunity diminishes with age

Reasons for renting include the flexibility to move easily (16%), the ability to live in an area where the tenant couldn't afford to buy (15%) and don't want the responsibility of owning a home (12%).

However, a lack of a mortgage deposit is the primary reason for renting for almost half of tenants (47%) and nearly three quarters (72%) would like to own their home in the future.

The desire to own a property and the capability to buy a home changes with the age of tenants.

Over half of people between the ages of 25 and 54 said the primary reason for renting was because they don't have a mortgage deposit, which dropped to 41% for those in the 55-64 age bracket and 33% for 65 and over.

As tenants get older they are less likely to aspire to owning their own home. Nearly nine in 10 (88%) tenants in the 25-34 age group would like to own their own home, but this desire falls in each subsequent age bracket, with those in the 65+ band recording the lowest desire at 34%.

Those aged 65 and over were more likely to say that they rented because they didn't want the responsibility of

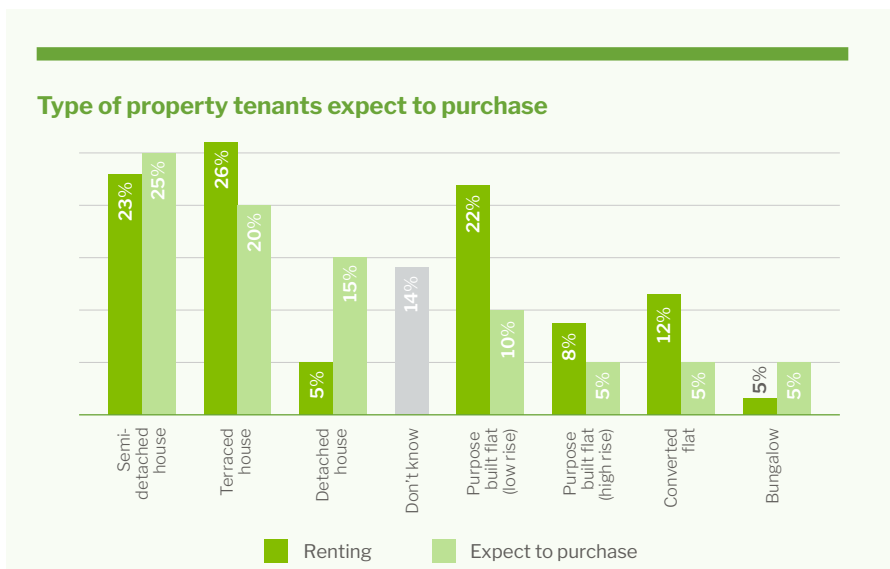
owning a home. A third of tenants in this age group stated this, compared to just 8% in the 25-34 age range.

Of those tenants who would like to own their own home, 62% of those aged between 18-34 expect to buy in the next five years. These are the age bands that have also demonstrated the greatest ability to save towards a home.

Over a third (36%) of tenants in the 18-24 age range save monthly towards a home, rising to 42% of 25-34 year-olds. However, the desire to buy and the ability to save widens for those in the older age brackets. Of those that want to buy a home, just 19% of people between the ages of 45 and 64 save monthly, whilst 51% of those aged 55-64 say they can't afford to save. However 58% of this group don't think they will ever be able to afford to buy.

Of those wishing to buy, one in three tenants expect to purchase a similar property to the one they are currently renting, particularly if that property is a house. Tenants renting a flat are much less likely to purchase the type of home they are currently living in, with a preference towards houses.

Meanwhile, almost one in three tenants expect to purchase a property for between £150,000 and £200,000.



Home ownership aspiration of tenants

Response	Percentage
Yes	72%
No	13%
Undecided	14%

Home ownership aspiration by age group

Age Group	Aspiration (%)
18 - 24 year olds	83%
25 - 34 year olds	88%
35 - 44 year olds	81%
45 - 54 year olds	70%
55 - 64 year olds	50%
65 year olds +	34%

