# Data mapping and visualisation on the housing rental market in Wales

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# Data mapping and visualisation on the housing rental market in Wales

Report by:

alma economics

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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**Glossary**

| Acronyms | Definition |
|---|---|
| EPC | Energy Performance Certificate |
| HMO | Houses in Multiple Occupation |
| Joint landlords | Joint landlords are two or more people who own a rented property jointly. In joint landlord arrangements, individuals are registered through a unique registration. |
| LHA | Local Housing Allowance |
| LSOA | Lower Layer Super Output Area |
| NRLA | National Residential Landlords Association |
| ONS | Office for National Statistics |
| PRS | Private Rented Sector |
| WIMD | Welsh Index of Multiple Deprivation |

# 1.    Introduction

1.1    The declining affordability of the rental housing market in Wales has been a significant issue in recent years, becoming even more prevalent during the post-pandemic cost of living crisis. According to evidence from 2021 from Shelter Cymru, one in three people lives in unsafe or unaffordable housing, while the most recent data on homelessness shows that around 85 in 10,000 households were recorded as homeless in 2021-2022 (Welsh Government, 2022).

1.2    In November 2021, the Cooperation Agreement between the Welsh Government and Plaid Cymru (2021) committed the Welsh Government to publish a White Paper. The White Paper will "include proposals for a right to adequate housing, the role of a system of fair rents (rent control) could have in making the private rental market affordable for local people on local incomes and new approaches to making homes affordable" (Welsh Government, 2021).

1.3    An international evidence review on rent regulation and its impacts carried out by the UK Collaborative Centre for Housing Evidence (CaCHE) (2022) discussed key lessons that governments should consider when developing policies on rent controls. Among others, the CaCHE review highlighted the need to understand the current housing market to consider the impact of specific rent control measures.

1.4    The Welsh Government commissioned Alma Economics to undertake research on the housing rental market in Wales. The aim of the current research is to identify and map current and historical data to explore rents and affordability in Wales in order to understand market structure. The outputs of this research will inform policy development and research on 'fair rents'.

1.5    This research is divided into three phases:

- **Phase I** – involving scoping interviews with housing rental market stakeholders and data holders to understand the policy context and identify relevant data sources.

- **Phase II** – identifying, reviewing, and analysing datasets to provide insight into the Welsh housing rental market by illustrating key trends, patterns and

breakdowns. Data gaps and limitations were also identified and are discussed in this report.

- **Phase III** – illustrating geographical trends, patterns, and breakdowns across key housing rental market indicators in the form of engaging and accessible spatial maps and visualisations.

1.6 The report is organised as follows:

- Chapter 2 presents key information on the current housing rental market in Wales and definitions of and policies on private rental affordability in Wales;

- Chapter 3 discusses the methodology followed in carrying out this research, presents some key findings from the data review and discusses data gaps and limitations;

- Chapter 4 includes a detailed picture of the housing rental market in Wales, including graphs and maps on key housing indicators; and

- Chapter 5 concludes the research findings.

## 2.    Background

### Housing rental market in Wales

2.1    Social and private rental housing represents 30% of all dwellings in Wales.[1] In 2020, privately rented dwellings accounted for almost half of the rental market (14% of the total housing stock), while the social rental market is divided between registered social landlords (9.9% of the total housing stock) and local authorities' provision (6.1% of the total housing stock).[2]

2.2    The Index for Private Rental Prices, experimental statistics[3] produced by the Office for National Statistics (ONS), tracks the prices paid for renting a property from private landlords in the UK (Office for National Statistics, 2023). In Wales, this index increased more than 11.7% between January 2015 and January 2023, and it increased by almost 4% in the last twelve months (January 2022 to January 2023) – the highest annual increase ever recorded for private rental prices.[4] According to the real estate company Zoopla, in October 2022, average private rents on new lettings were 12% higher than 12 months earlier.[5] The Bevan Foundation identified a severe shortage of properties at Local Housing Allowance (LHA) rates in several local authorities across Wales. The LHA determines how much assistance a low-income household living in the private rental sector receives to pay the rent, but low-income households cannot cover current rental prices through housing benefits (Bevan Foundation, 2022).

2.3    The median monthly rent in the private rental market in 2021 was £550, which is equivalent to 23% of the median gross income of private renting households (Office for National Statistics, 2022a). However, for people with the lowest income (bottom 25% of the income distribution), the cheapest dwellings (bottom 25% of the price distribution) represent 37% of their income. This means that for lower-income households, even low rents were above the ideal affordability threshold of 30% of their income (Office for National Statistics, 2022a).

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[1] Alma Economics calculations using data from Office for National Statistics (Census 2021).
[2] See footnote 1.
[3] Experimental statistics are statistics in the testing phase, and not yet fully developed.
[4] Alma Economics calculations using data from Office for National Statistics (2023).
[5] Hopkirk, 2022. What's going to happen to the rental market in 2023?

2.4     Affordability pressures are increasing with the current cost of living crisis. The number of households threatened with homelessness increased from 53 to 67 per 10,000 households in Wales in 2022, and the number of tenancies in arrears increased by 17% between 2018/2019 and 2020/2021.[6] Between the second quarter of 2021 and the same quarter in 2022 (April to June), landlord possession claims in Wales more than tripled (from 6,997 to 18,201), and actual landlord repossessions increased by 210% (from 1,582 to 4,900). However, it should be noted that, according to Office for National Statistics (2022b), all landlord possession actions had dropped significantly as a result of Covid-19 and associated policy actions.

**Adverse outcomes of decreased housing affordability**

2.5     In the White Paper for Better Lives and Communities, the Welsh Government committed to ensuring that every citizen in Wales has the opportunity to live in a good quality affordable home (Welsh Government, 2012). Affordable housing has been associated with a broad set of positive outcomes, including reduced housing-related stress and better mental health outcomes (Thomas, 2017, Palacios et al., 2021). In Wales, poor-quality housing results in more than £95 million in costs to the NHS annually (Watson et al., 2019).

2.6     Affordable and good quality housing positively affects educational performance and future earnings (Thomas, 2017), and affordability policies increase housing security, especially among those in the poorest income deciles, creating net welfare gains for society (Favilukis et al., 2023).

**Private rental affordability policies in Wales**

2.7     In Wales, the Renting Homes (Wales) Act 2016 and 2021 replaced UK-wide housing legislation, implementing a simpler system with only two types of contracts: secure contracts for the social rented sector and standard contracts for privately rented housing. The Act included high-quality standards for properties in the Private Rented Sector, increased the "no-fault" notice period to six months, and introduced greater protection from evictions.[7] There is a view amongst stakeholders that the

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[6] Alma Economics calculations using data from Office for National Statistics (2022).
[7] Propertymark, 2016. Renting Homes (Wales) Act.

Act has created uncertainty and pressure to meet these new standards among property owners, leading to some landlords exiting the market.[8]

2.8     Several policy measures are in place to increase affordable housing and reduce homelessness in Wales. To protect social housing stock from further reduction, in 2018, the Abolition of the Right to Buy and Associated Rights (Wales) Act removed the obligation on social landlords to sell their properties under the Right to Buy and Right to Acquire schemes. As 2,500 units of social housing stock were sold between 2013/2014 and 2018/2019, the bill was introduced to protect social housing stock from further reduction.[9] More recently, Taking Wales Forward (2016-2021) included a commitment to deliver an additional 20,000 affordable homes during the five years of the programme.

2.9     As of the time of writing, 16 local authorities have signed up for the Welsh Government Leasing Scheme Wales, which aims to increase access to and affordability of private renting in Wales. Tenants will be able to access longer-term accommodation, and rents will be restricted to local housing allowance levels to ensure affordability for tenants with low incomes or receiving benefits. This scheme aims to provide security to property owners by securing leases between 5 and 20 years, with guaranteed rental payments, as well as funding for maintenance and repairs, for the length of the lease and grants to bring properties up to an agreed quality and energy efficiency standard.[10]

2.10    According to the property sector body Propertymark, Wales had the highest number of landlords exiting the private rental sector in the United Kingdom in 2022 due to high sale prices and regulatory pressures (Propertymark, 2022). In response to the increased housing demand and climate crisis, the Welsh Government committed to building 20,000 high-quality, low-carbon homes for rent between 2021 and 2026. To support the delivery of new low-carbon emission social housing, the Welsh Government has allocated £40 million in 2023/2024 and £19 million in 2024/2025 (Welsh Government, 2023).

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[8] This is based on stakeholders' perception. There is currently limited data to understand landlords' motivations for exiting the market.
[9] Welsh Government, 2017. Abolishing the Right to Buy to become law.
[10] Welsh Government, 2021. Leasing Scheme Wales: guidance.

2.11    In November 2021, the Cooperation Agreement between the Welsh Government and Plaid Cymru (2021) committed the Welsh Government to publish a White Paper on introducing the right to adequate housing in Welsh law and exploring a system of fair rents in the private rental market for making homes affordable (Welsh Government, 2021).

**Definitions of housing and private rental affordability**

2.12    The international literature discusses different definitions of housing and renting affordability. Price-to-earnings ratios, used to measure housing affordability, show how the relationship between prices and income varies over time. However, this approach has several limitations, including not accounting for borrowing costs to acquire a property (OECD, 2021). Another limitation is that this indicator adjusts to the financial market dynamics. For example, if the nominal interest rates are low, housing can become more affordable because the cost of borrowing money to purchase a home has been reduced. This can drive up demand for homes and increase home prices, which can further lead to higher price-to-earnings ratios, even if the underlying affordability of housing is not worsening (Affordable Housing Commission, 2019).

2.13    Alternatively, residual income measures (or surplus to live on) focus on the income level a household has left after paying for housing costs. This measure intends to capture whether the disposable income after housing costs is sufficient to cover a minimum basket of expenses (Stone et al., 2011). As such, it is conditional on an agreed definition of non-housing needs to determine an affordable threshold. However, household needs will differ for a wide range of circumstances, including household composition (Affordable Housing Commission, 2019).

2.14    Affordability measures can be complemented with housing quality measures. Maintenance deficiencies, absence of essentials, dwellings' energy efficiency, or households' underconsumption help to assess what households are paying for. These measures are particularly appropriate at the lower end of the income distribution since low-income households are more likely to live in lower-quality housing than their higher-income peers (OECD, 2021).

2.15    Regarding renting affordability, according to the Welsh Government (2011), households should not spend more than 30% of their gross income on rent for rental properties to be affordable (including any other service charges). The rent-to-income measure captures actual spending on housing and can be disaggregated across different household and tenure types, as well as income levels or regions (OECD, 2021).

2.16    According to the OECD (2021), the advantages of using rent-to-income are that (i) it is easy to interpret, (ii) accounts for housing benefits, (iii) can be estimated using national datasets, and (iv) can be tracked over time. Moreover, according to the Affordable Housing Commission (2019), the 30% of rent-to-income has been a historical threshold for understanding and measuring private rental affordability.

2.17    Based on the previous discussion, this report defines affordable renting housing as per the Welsh Government (2011), which suggests a household should not spend more than 30% of their gross household income on rent. For additional references, additional measures of housing and renting affordability are presented on page 35.

# 3. Methodology

3.1 The aim of this research is to identify and map data on the housing rental market in Wales to inform future research and policy development on 'fair rents' (which might or not include measures of rent control) and understand market structure. This report presents the results of a mixed-methods approach to identify and map current and historical data to explore housing rents and affordability in Wales. The research consisted of three phases.

3.2 **Phase 1: Scoping review.** Twelve semi-structured interviews were undertaken with housing rental market stakeholders and data holders to help us understand the current policy context, as well as identify and extract relevant data sources. These included representatives from the Welsh Government (Rents Officers, Housing Statistics and Housing Stock Administrative Data Teams), Rent Smart Wales, Tai Pawb, Chartered Institute of Housing (CIH) Cymru, the National Residential Landlords Association (NRLA), Propertymark, the Welsh Local Government Association (WLGA), Shelter Cymru, the Bevan Foundation, and Office for National Statistics (ONS).

3.3 **Phase 2: Data review and analysis.** A desk-based review of available documentation and followed a systematic approach to (i) search all relevant search engines, (ii) identify all available datasets, and (iii) review and extract data sources relevant to the housing market in Wales was also conducted. To ensure the search process was comprehensive and transparent, a Research Activity Sheet (RAS) was used to record all search terms, accessed sources, the date of search, and the number of search results.

3.4 To systematically review all relevant datasets, already identified in the previous steps, the research team recorded useful information for each dataset, such as its relevance, frequency of collection, and geographic level granularity.

3.5 Having identified and reviewed relevant datasets, a list of housing rental market indicators providing insight into the housing rental market in Wales was selected. The key indicators analysed and discussed in the following chapter cover different aspects of the housing rental market, including (i) rental prices in the private and

social sectors, (ii) private rental affordability, (iii) homelessness, (iv) housing quality, (v) housing stock and tenure, and (vi) landlord characteristics.

3.6 The data analysis focus was on (i) identifying historical trends to illustrate the direction of travel for key variables and (ii) providing detailed snapshots of the rental market, illustrating the current situation to provide a baseline for future analysis and research.

3.7 **Phase 3: Spatial mapping and visualisation.** As part of the project's final phase, spatial maps were produced at different geographical levels to capture any geographical variation in some housing rental market indicators (e.g., rents, affordability, and housing quality indicators), helping to understand how market structures might differ.

**Data search and review**

3.8 To identify and extract relevant data sources, a set of targeted search strings were used, as well as manually searched different websites and sources of data which are the following: ONS, UK Data Service, StatsWales, gov.uk, gov.wales, Swansea.gov, Shelter Cymru, CIH Cymru, the Bevan Foundation, Urban Big Data Centre, tenancydepositscheme.com.

3.9 To record all relevant datasets, a Research Extraction Sheet (RES) was developed, in which, for each dataset, the following information was recorded:

- Title,

- Data holder,

- Publication date,

- Link to the source,

- Type of indicator (rents, tenants, landlords, dwelling type, housing quality, utilities expenses, ownership, taxes, benefits, construction and stock, sales, house prices, homelessness, repossessions and evictions, demographics, and geospatial data useful for our spatial maps),

- Sector (private or social rented sector or both),

- First publication date,

- Frequency of collection (monthly, quarterly, six months, yearly, decade, one-time study)

- Geographical granularity (country, local authority (LA), Lower Layer Super Output Area (LSOA), Middle Layer Super Output Area (MSOA), Output Area, Local Authority District, region, wards, postcode areas, counties),

- Lags/gaps

3.10 Following the data search and stakeholder engagement, 138 datasets were recorded in the RES. In summary:

- 27 datasets provided information on socio-demographic conditions at different levels of geographical granularity, including income, unemployment, and indices of multiple deprivation,

- 27 datasets provided information on housing quality,

- 22 datasets provided information on housing stock and construction,

- 20 datasets provided information on housing prices in the sales market,

- 15 datasets provided information on housing rents,

- 7 datasets (or reports) provided information on homelessness,

- 6 datasets provided information on landlord possession actions and evictions,

- 6 datasets provided information on dwelling type,

- 5 datasets provided information on taxes,

- 5 datasets provided information on housing tenure,

- 5 datasets provided information on utility expenses,

- 3 datasets provided information on housing benefits,

- 3 datasets included information on landlords,

- 2 datasets included information on housing sales.

3.11    To produce the visual elements of this report, 7 datasets providing spatial information of LSOAs, MSOAs, local authorities, and Regions in Wales were also collected.[11]

3.12    During the stakeholder engagement, a number of datasets were identified that were not accessible to the research team. For example, datasets held by Propertymark include information on the number of properties managed by letting agents, the average charge for a letting agent to manage a property, the number of people employed as letting agents in Wales, and the average number of letting agents advertised by month over the last 12 months in Wales. There is also the Landlord Confidence Index Survey, run quarterly by NRLA, including questions on whether landlords are confident about their future in the PRS and whether they think of selling their property. Other examples of one-off questions asked by NRLA include what landlords think about the changes in the minimum energy efficiency standards. On average, around 70 landlords from Wales participate in this survey.

**Data gaps and limitations**

3.13    This subsection discusses data gaps and limitations identified through the desk-based review and highlighted by interviewees during the stakeholder engagement.

*Tenants and landlords*

3.14    During the data search, the research team were not able to identify robust data on tenant characteristics. The only dataset that could be used to identify tenant characteristics (such as the income of private renters, ethnicity of the household representative that rents privately etc.) is the Family Resources Survey, a survey on the income and living circumstances of households and families in the UK. The survey includes questions on housing tenure, thus allowing the identification of the households that rent (including both private and social rent sectors). However, based on 2020-2021 data, around 370 households in Wales participated in the survey, with only 87 households living in private or social rented accommodation (out of which only 43 households are in the private rented sector). Due to the small sample size, this does not provide robust estimates of tenant characteristics.

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[11] Total does not add up to 138 because one dataset provides information in more than one type of indicator.

3.15    The Welsh Housing Conditions Survey collects information about the conditions and energy efficiency of all types of housing in Wales. This survey can allow researchers to identify and analyse tenant characteristics, such as material deprivation or economic status, across types of tenure (socially rented, privately rented, or owner-occupied), for a nationally representative sample. However, the latest release of this survey was in 2017/2018; thus, analysing this dataset might result in misleading conclusions about the current structure of the private rental market in Wales, given significant contextual changes since then.

3.16    There is a lack of available data specifically focused on students' housing in Wales, considering the challenges of collecting information about a population that might change regularly. The best available information is on students' enrolments by institutions in Wales. Additionally, the Census provides information about the individual's status (e.g., studying part or full-time), as well as the local authority they live in based on their declared address (which is requested to be their term-time address, but it is not always the case). However, it should be noted that the university attended by a student may or may not be located within the same local authority as their declared address, which might also differ from their actual term-time address. Moreover, information regarding known houses in multiple occupation (HMOs) and estimates of all HMOs is only available at the local authority level.[12]

3.17    As part of future data collection, some stakeholders suggested collecting information on the percentage of people with protected characteristics (e.g., lone parents, ethnic minority groups, people on Universal Credit, disabled people) that can afford to rent a house. Stakeholders highlighted that understanding which population groups can access or cannot access housing or decent housing would help policymakers identify who is disadvantaged and the drivers behind this.

3.18    Some stakeholders also highlighted that there is limited information on landlord characteristics. Rent Smart Wales collects this information through a non-obligatory question to registered landlords, requesting personal information such as sex, age, ethnicity, and disability status. Since the question is not obligatory, the information collected is based on a sample, not the total population of landlords in Wales. For

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[12] Office for National Statistics, 2023. "Quality and methodology information (QMI) for Census 2021".

example, according to Rent Smart Wales, around 93% of registered landlords have provided information about their sex and their ethnic background.

3.19    Furthermore, some stakeholders suggested that Rent Smart Wales collects more systematic information on why landlords are leaving the market. Although there is an accurate picture of how many landlords enter the housing rental market, there is currently no clear information on how many landlords are leaving the market and why they are exiting it. Stakeholders also highlighted the need to collect information on how many landlords leave the market to move to the holiday letting or selling market. Another data gap is in the number of properties in the non-rental markets (e.g., Airbnb) and the number of rental properties converted into second homes.

3.20    Some stakeholders suggested that Rent Smart Wales can help cover the data gaps on landlord and tenant characteristics. Another suggestion was that Rent Smart Wales could also start collecting more information on the property characteristics (e.g., the property age) and the rents paid by tenants.

*Rents*

3.21    Rents Officers collect information on the rents paid by tenants, which is provided by a self-selecting sample of landlords who represent 15%-20% of the housing rental market. Rents Officers find it difficult to convince landlords to provide information on rents, as they have a statutory obligation but no statutory powers to collect this data. Based on stakeholders' suggestions, providing funding and legislative/statutory authority to Rents Officers could increase the quantity and quality of information on rents.

*Social rents and benefits*

3.22    This research has identified data gaps in social rents and housing benefits. A few research participants discussed the need to better understand who is and is not getting access to social housing, and the percentage of people living in social housing whose rents are settled on housing benefits or are self-paying.

*Evictions and repossessions*

3.23    Some stakeholders highlighted that there is a need for more granular data on evictions and information on the reasons for evictions, mainly focusing on social housing. Some stakeholders highlighted the need for more information on the

security of tenure in the private rented sector without providing specific examples of indicators of security of tenure. There is a need for future data collection and further research in order to identify and measure the security of tenure in the private rented sector. Based on literature evidence,[13] an example of an indicator to measure the security of tenure could be the renewal rates in Wales, examining the percentage of tenancies that are renewed by both landlords and tenants in Wales. Another indicator of tenure security could be the average length of notice periods required to terminate tenancies, as longer notice periods could indicate a higher level of security.[14] One stakeholder suggested the collection of more granular data on repossessions by landlords.

*Homelessness*

3.24    Stakeholders identified gaps and limitations in the available homelessness data, which might limit our understanding of the drivers of this problem. According to stakeholders, there is a need for more granular, publicly available data on (i) what properties people exiting homelessness are moving into, (ii) the characteristics of people moving from temporary accommodation into the PRS, (iii) the reasons for homelessness, and (iv) waiting times for accommodation when in the process of being supported by the Housing Teams in councils. A few stakeholders also highlighted the need to understand the pathways of those entering the homelessness system (e.g., information on the previous housing status of people entering homelessness).

*Housing quality and costs in the rental sector*

3.25    Data gaps in housing quality and costs were also identified during the stakeholder engagement and data review. For example, there is no granular data on housing expenses (such as energy bills) or service charges, with the latter limiting the ability to estimate the affordability ratios following the Welsh Government's definition.

3.26    There is also a need for more information on housing quality in the private rental sector to allow policymakers and researchers to identify how policy changes might

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[13] These suggestions are based on a report by Whitehead and Williams (2019) for the Residential Landlords Association (LRA).

[14] According to guidance on the Renting Homes Act, landlords must give tenants at least 6 months' notice.

affect the overall housing quality in the market. Stakeholders highlighted the need for more data on housing conditions and better quality information on EPC ratings. Based on the data review, there is a data gap on energy bills at lower geographical levels (e.g., at the LSOA level).

3.27 Another gap highlighted during the stakeholder engagement was the lack of data on housing accessibility. Due to the increasing ageing population in Wales, there is a need for future data collection to cover this current data gap.

3.28 There was also a suggestion from stakeholders to collect granular information on the costs of materials, as they have been increasing lately and can negatively affect the new housing supply. If the cost of materials increases, the cost of building new housing will also increase, which might limit the new rental housing supply. Additionally, apart from hindering the construction of new rental units, the upward trend in material costs might also lead to increased rents of existing rental properties, as landlords may face higher expenses when conducting repairs or renovations.

*Welsh Housing Survey*

3.29 Some stakeholders suggested that there is a need for a Welsh Housing Survey, taking place annually. These stakeholders suggested the English Housing Survey was an example of general best practice but did not go into specific details about which gaps this approach would fill in Wales. They highlighted that a Welsh Housing Survey mirroring the English Housing Survey could be introduced, collecting the same information consistently across years.

3.30 However, according to NRLA, potential elements from the English Housing Survey that could be incorporated into an annual Welsh Housing Survey to fill existing data gaps and provide insights into various aspects of housing in Wales include the proportion of private rented sector tenancies ended by the tenant, the satisfaction levels among social renters, as well as the percentage of owner-occupied homes that are under-occupied.[15]

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[15] National Residential Landlords Association (NRLA). "Welsh Housing Survey".

*Income data*

3.31    There were also discussions about limitations on income data and linking such
        information to other datasets. For example, the latest available income data at the
        LSOA level is from 2018. Moreover, stakeholders highlighted that high-level income
        data cannot be linked to people's housing benefits or tenure, while it is also
        important to understand the local economic area in relation to affordability within the
        rental sector.

## 4.    Findings

4.1    This report provides a comprehensive picture of the Welsh housing market as far as existing data sources allow, aiming to inform future research and decision-making on fair rent policies in Wales. For this purpose, a wide range of indicators have been summarised and spatial maps and data visualisations were produced at four different levels:
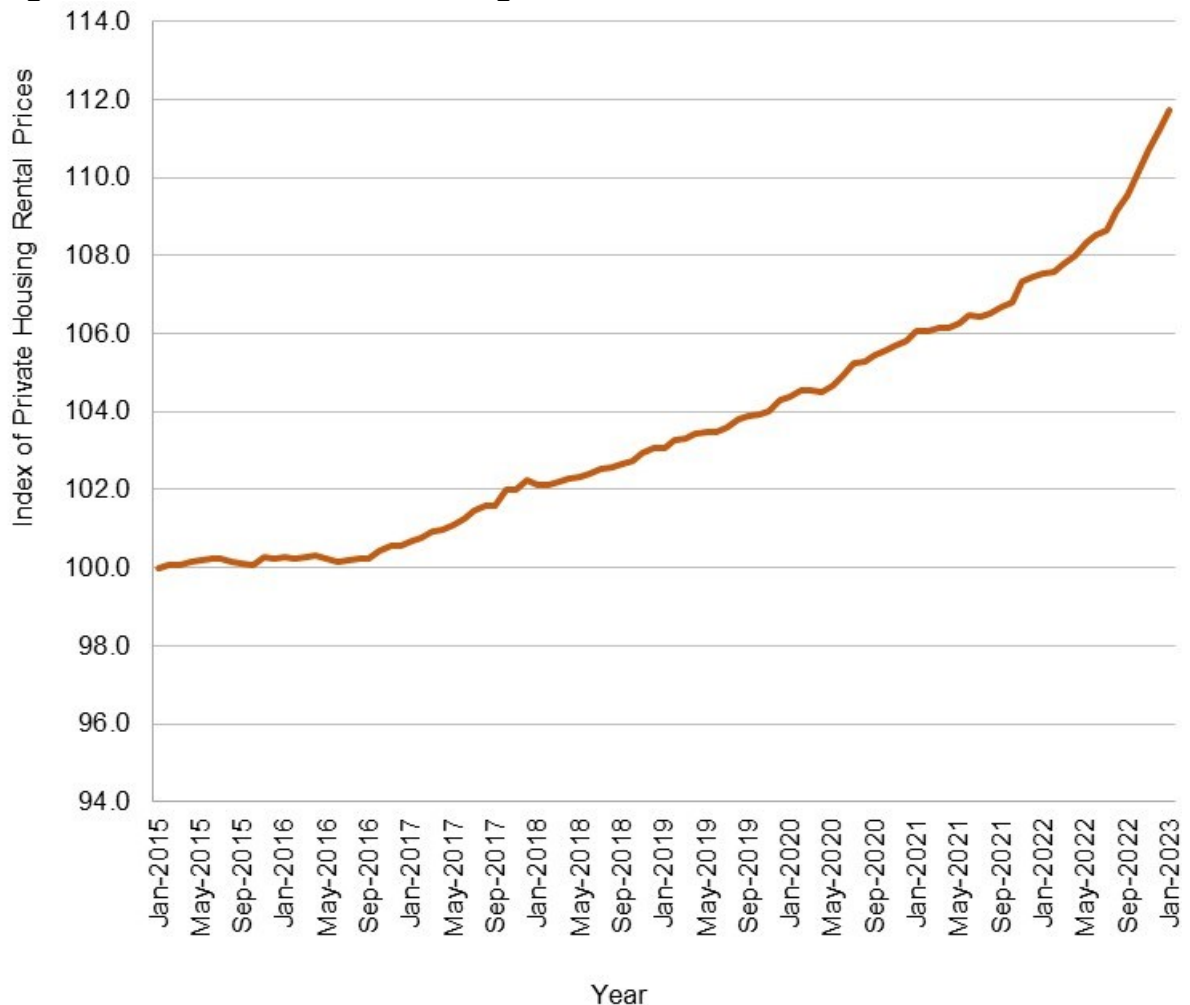
- National (Wales),

- Regions. Wales is divided into 3 regions as set out in the Economic Action Plan – North Wales, Mid and South West Wales, and South East Wales. Based on population estimates in the Census 2021, South East Wales is the largest region (1,523,900 inhabitants), followed by Mid and South West Wales (896,800 inhabitants) and North Wales (687,000 inhabitants),

- Local authorities. There are 22 local authorities in Wales. The largest, Cardiff, has 362,000 inhabitants, and the smallest, Merthyr Tydfil has 58,800,

- Lower Layer Super Output Areas (LSOAs). These are small areas built from census data, comprising between 400 and 1,200 households, with a resident population between 1,000 and 3,000 people. Based on the 2011 Census, there are 1,909 LSOAs across Wales. In the 2021 Census, new LSOAs were created, merging or splitting the 2011 Census LSOAs. Since most of the available data, including rental prices, was produced using the 2011 Census LSOAs, all the maps in this report use the borders of 2011 LSOAs.

4.2    The section below includes spatial maps at different geographical levels to capture variation across key housing rental market indicators, covering rents, private rental affordability, homelessness, housing quality, housing stock and tenure, and landlord characteristics. This report incorporates cartograms for indicators of private rental affordability, homelessness, and housing quality as an additional visual element. A cartogram is a map in which the geographic size of each local authority is adjusted to reflect its proportional size in population terms.

**Index of Private Housing Rental Prices.**

4.3     The Index of Private Housing Rental Prices tracks the evolution of nominal prices paid for renting a property from private landlords. According to ONS, there was an increase of almost 12% between January 2015 and January 2023. The year-on-year increase between January 2022 and January 2023 was 3.9%, the largest annual increase in the series in nominal terms.

**Figure 1. Index of Private Housing Rental Prices in Wales**



Source: Index of private housing rental prices. Office for National Statistics (2023).

4.4     Based on a sample of 87,103 households from Rents Officers Wales, out of 228,600 households in the private rental market in Wales,[16] the average rent in Wales in February 2023 was £614 per month. Cardiff had the highest average rent across local authorities (£819), whereas Blaenau Gwent had the lowest rent (£453).

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[16] Census (2021) estimates of households living in the private rented sector.

Welsh local authorities and Registered Social Landlords also hold dwelling stock priced at social rents. The average rent in social housing in Wales in 2023 is £430 per month, ranging from £480 in Cardiff to £385 in Blaenau Gwent.

**Median private rental market prices**

4.5     The average (mean) price has some limitations in this analysis because it is influenced by just a few units with very high rental prices. Hence, average rents do not reflect the typical rental price of dwellings. For this reason, the median value provides a better estimate of the state of the market. In February 2023, the median rent in Wales was £560 per month, and, across local authorities, it ranged from £750 per month in Cardiff to £425 in Blaenau Gwent.

**Figure 2. Median monthly rent in the private rental market across local authorities**
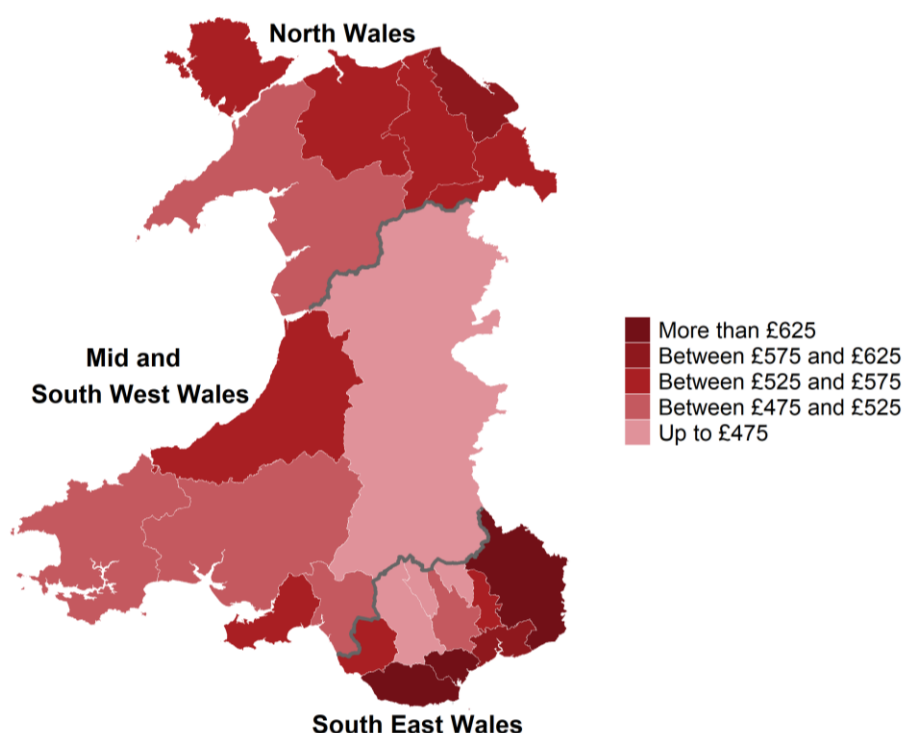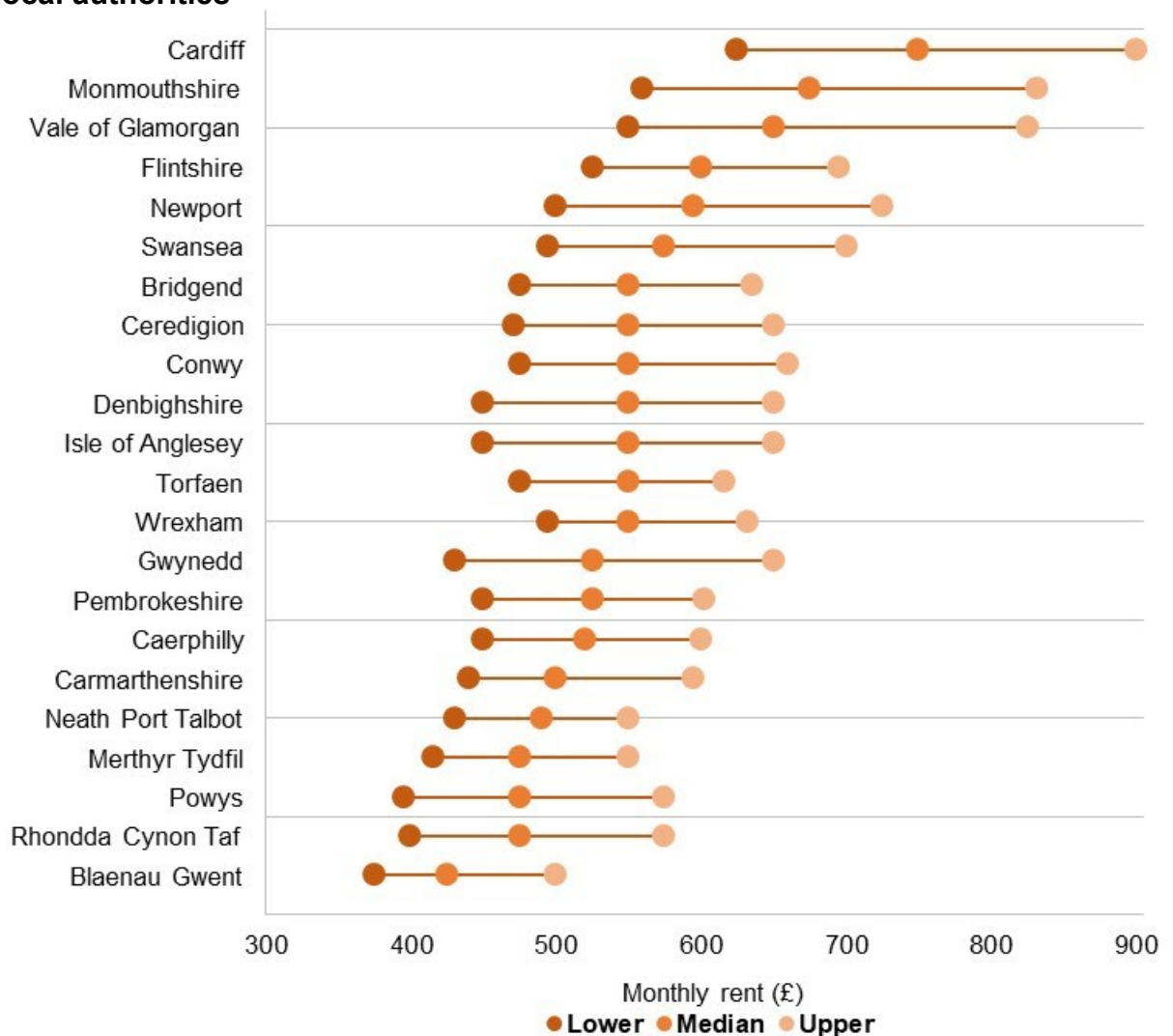


Source: Rent Officer Wales (2023).

4.6     Besides the median value, the rental price at lower and upper quartiles in Wales, and within each local authority, has been estimated – the price at which the 25% cheapest and 25% most expensive units are rented. The 25th percentile of rent in February 2023 in Wales was at £475 per month, meaning that 25% of dwellings in the sample were rented below that price. The 75th percentile was at £695 per

month, meaning that 25% of dwellings, the most expensive ones, were rented above that price.

4.7    Only two local authorities had 25% of their housing rental market below £400 per month – Blaenau Gwent (£375 per month) and Powys (£395 per month). In four local authorities (Flintshire, Vale of Glamorgan, Monmouthshire, and Cardiff), the lower quartile was above £500 per month. Figure 3 displays the lower, median, and upper quartiles in each local authority.

4.8    In Figure 3, the local authorities have been ordered based on their median monthly rent value to enhance readability.

**Figure 3. Lower, median and upper quartile of private rental prices across local authorities**



Source: Alma Economics calculations using rental market data from Rent Officers Wales (2023).

**Affordability in rental housing**

4.9     The Index of Private Housing Rental Prices (Figure 1) provides information on the trend of nominal rental prices. However, most prices across the economy increase annually due to inflation. Hence, it is important to analyse rental prices in relation to income to better understand to what extent rental price changes affect private rental affordability. This research computed the rent-to-income ratio for the average (mean) rent in the private and social rental markets, which is typically referred to as the affordability ratio. In this case, social rents are significantly more affordable than private rents. Whereas social rents represent less than 15% of the monthly average income, private housing rents are at 19%.

**Table 1. Affordability ratio in Wales**

|  | Average rents (£ per month) | Rent-to-income ratio |
|---|---|---|
| Private rented sector | £614 | 19% |
| Social rented sector | £431 | 14% |

Source: Alma Economics calculations using data from Rents Officers Wales (2023), Stats Wales (2022), and Family Resources Survey (2021).

4.10    As discussed earlier, average measures for income and rent are significantly skewed due to a small share of the population displaying very high values of both variables – but available data in the social rental market only referred to average (mean) values. Given the skewed nature of the distribution, median values would be a better estimation of the typical value of income and rental prices than average values.

4.11    Figure 4 shows the affordability of private rental tenancies based on the median price over the median income in Wales, which has remained between 21% and 23% between 2014 and 2021.

**Figure 4. Affordability ratio in Wales**

4.12 Figure 4 suggests that private rental housing did not become less affordable in the last few years for the median household in Wales. However, the median income of households in the general population can be different from the median income of households in the rental market.

4.13 Based on the Family Resources Survey (2021), the gross monthly median income among the general population in Wales (£2,595) is 10% above that of private renters (£2,345). In the lowest quartile of income (25th percentile), private renters earn £1,215 per month, while the lowest quartile of the overall population makes £1,811 per month.

4.14 These differences imply that the previous figure might be overestimating the affordability of the private rental market. Based on affordability statistics from ONS, Figure 5 displays the affordability ratio of private rents only for those in the private rental market and across the three income and rent quartiles.

**Figure 5. Private rental affordability ratio for private renters in Wales.**
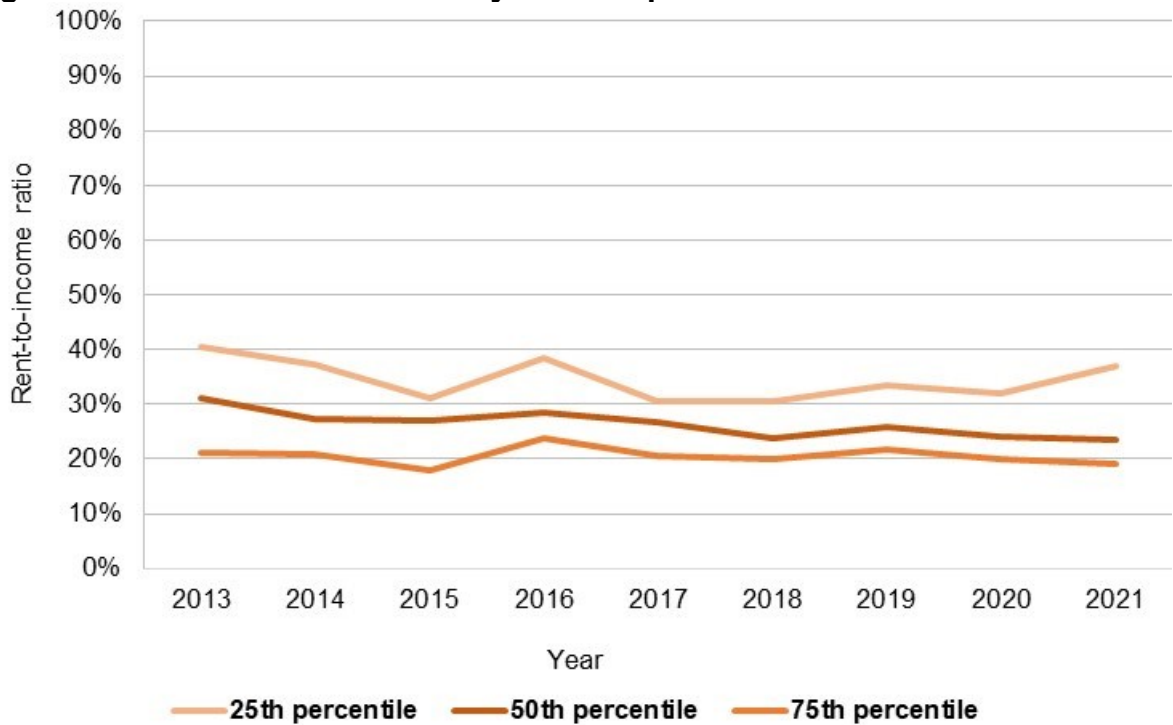


Source: Private rental affordability. Office for National Statistics (2022).
Note: This chart shows the affordability ratio for each income quartile at its correspondent rental price quartile (i.e., the lowest rent quartile over the lowest rent quartile, the median rent over the median income, and the upper rent quartile over the upper income quartile).

4.15    Figure 5 suggests that the private rental market has become less affordable between 2017 and 2021 for those in the private rental market sector and on low incomes. Private renters in the lowest quartile spent more than 35% of their income in 2021 for private rental housing in the bottom 25% of the rental price distribution. Affordability pressures are less intense for households in the upper quartile of the income distribution. Median households' expenditure on private rents was below 25% of their income, while private renters in the 75th percentile of the income distribution spent less than 20% of their income on housing rents.

4.16    Data currently available does not break down income statistics by household tenure at a lower geographical level. Hence, the following analysis displays affordability ratios given income levels in the general population rather than private renters. Differences in income among households in private rented accommodation and the general population, discussed in paragraph 4.13, imply that the following estimates are lower-bound estimates of the affordability pressures for households in the private rental market.

4.17    Based on 2023 rental prices, in North Wales and South East Wales, median rental prices in the private market are equivalent to 22% and 23% of the median earnings, respectively. However, in South East Wales, differences are sharp across local authorities. Whereas rents in Cardiff and Vale of Glamorgan represent more than 26% of median earnings, rents in Blaenau Gwent, Caerphilly, Torfaen, and Rhondda Cynon Taf are just around 20% of median earnings.

4.18    The cartogram in Figure 7 provides a visualisation of rent-to-income ratios across Wales, in which the size of local authorities has been adjusted to represent their population. The cartogram shows that people living in more populated local authorities such as Cardiff or Swansea spend higher shares of their income on housing rents. Comparing the standard map to the cartogram shows that a higher proportion of the population spends a higher share of their income on housing rents than is evident in a standard map.

4.19    When focusing on Lower layer Super Output Areas (Figure 8 and Figure 9), we observe that private rental affordability is lower in the centre of Cardiff than it is elsewhere (rental prices above 30% of median earnings). Several LSOAs across Swansea also have higher affordability pressures than LSOAs in Wrexham or across the country.

**Figure 6. Affordability ratio across Welsh regions and local authorities**
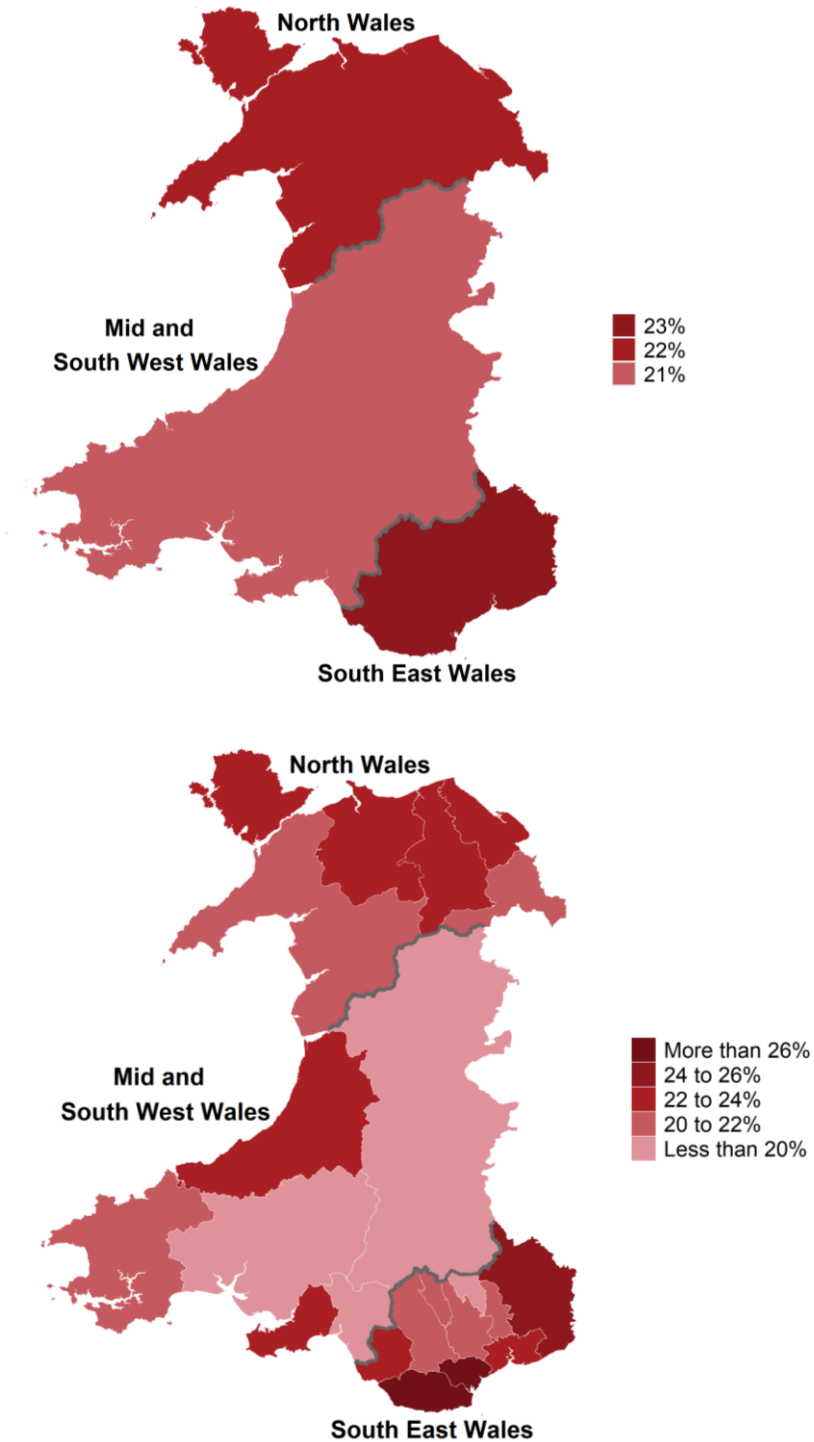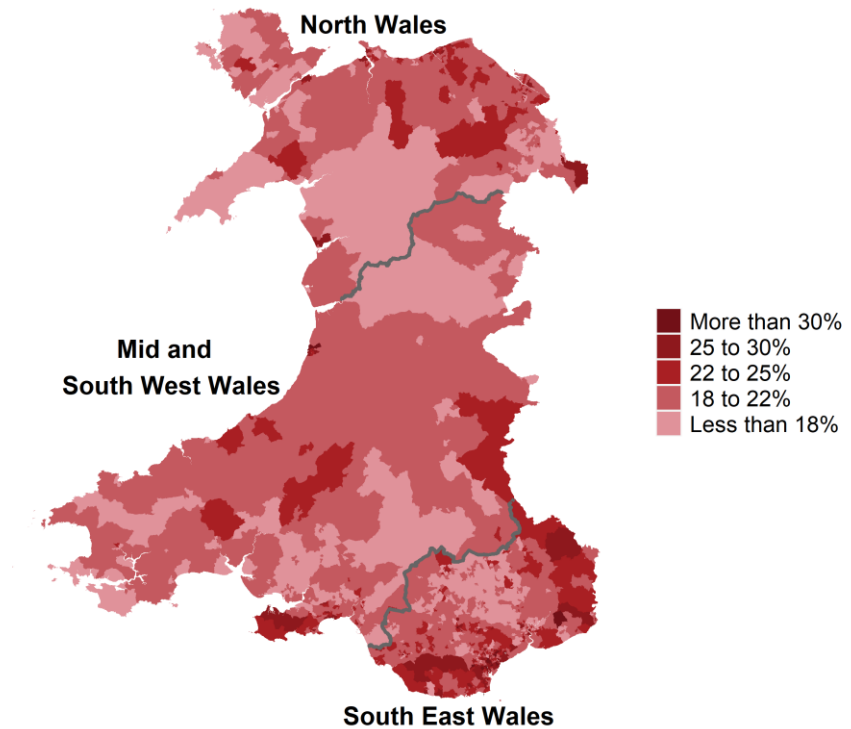


Source: Alma Economics calculations based on rental market data from Rent Officers Wales (February 2023) and gross earnings by local areas in Wales (2022).

**Figure 7. Cartogram of affordability ratio**
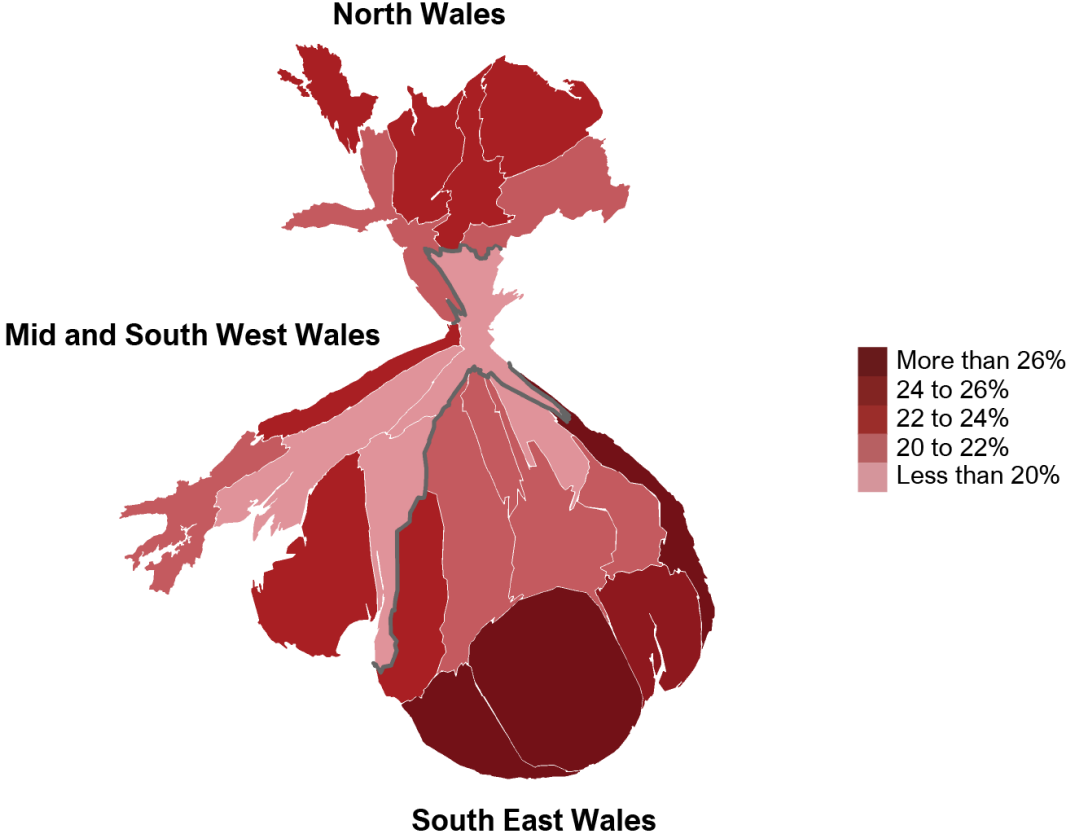


Source: Alma Economics calculations using rental market data from Rent Officers Wales (February 2023) and gross earnings by local areas in Wales (2022). The affordability ratio was calculated as the median rent over the median income. Cartogram of Wales rescaled in proportion to the population of each local authority (2018). Cartogram produced by Tom E. White (2020).
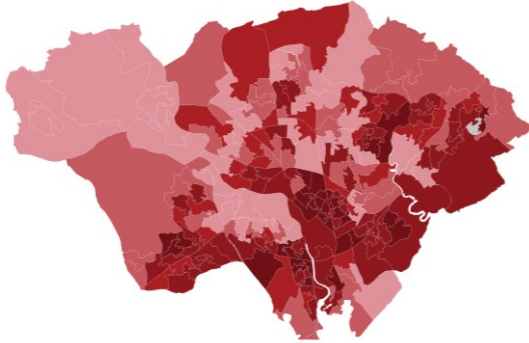
**Figure 8. Affordability ratio across Lower Layer Super Output Areas (LSOA)**
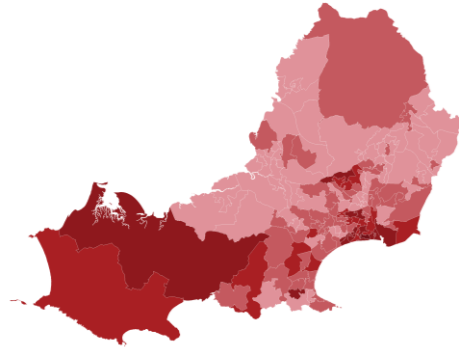


Source: Alma Economics calculations using rental market data from Rent Officers Wales (2023) and admin-based income statistics, data for occupied addresses in Wales (2018). According to ONS, these admin-based income statistics are experimental (experimental statistics are official statistics in the testing phase and are not yet fully developed). The affordability ratio was calculated as the median rent over the median income. To estimate the income values of LSOAs in 2022, the research team used the data on the admin-based income of LSOAs in 2018 adjusted by the average percentage increase in gross earnings of the corresponding local authorities between 2018-2022.

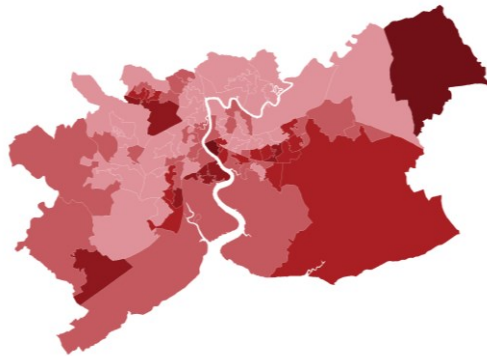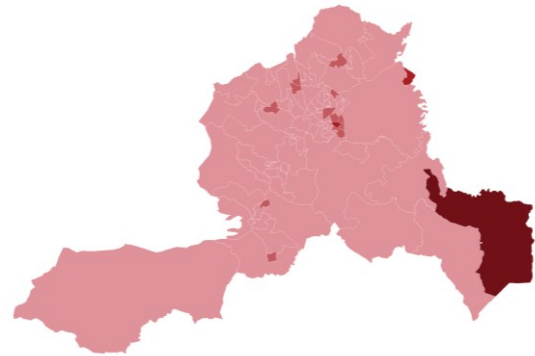**Figure 9. Affordability ratio across cities (LSOA level)**



Cardiff · Swansea · Newport · Wrexham

Legend: More than 30% · 25 to 30% · 23 to 25% · 20 to 23% · Less than 20%

Source: Alma Economics calculations using rental market data from Rent Officers Wales (2023) and admin-based income statistics, data for occupied addresses in Wales (2018). According to ONS, these admin-based income statistics are experimental (experimental statistics are official statistics in the testing phase and are not yet fully developed). The affordability ratio was calculated as the median rent over the median income. To estimate the income values of LSOAs in 2022, our team used the data on the admin-based income of LSOAs in 2018 adjusted by the average percentage increase in gross earnings of the corresponding local authorities between 2018-2022.

**Exploring definitions of housing and renting affordability**

The figures above focus on rent to income definitions of affordability. However, if using alternative definitions, the following ratios would apply.

**Price-to-earnings.** The median house price to median gross earnings represents the affordability of buying a house based on the median annual income. In 2022, this ratio in Wales was equal to 6.16. This value is almost twice as large as in 2002 and has increased since 2013 when it was 5.47.

**Surplus to live on.** This measure captures the income available after covering housing costs. This indicator was calculated only in 2018, ranging between £13,900 and £39,600 across MSOAs in Wales.

4.20    The Welsh Index of Multiple Deprivation (WIMD) is the Welsh Government's official measure of relative deprivation for small areas in Wales. The index identifies areas with higher concentrations of different domains of deprivation (income, employment, health, education, access to services, community safety, physical environment, and housing). All the LSOAs in Wales are ranked from 1 (most deprived) to 1909 (least deprived) for each domain of deprivation.

4.21    Figure 10 shows the distribution of private rental affordability across deciles of income deprivation in Wales. LSOAs were grouped into 10 deciles from more (1) to less (10) deprived areas. For each decile, we computed the average affordability ratio across LSOAs. According to these findings, areas with higher levels of income deprivation have higher affordability pressures and spend a larger share of their income on housing. The chart has a mild U-shape, meaning that less deprived areas (deciles 9 and 10) also seem to spend more income on rent than LSOAs in the middle of the distribution.

**Figure 10. Affordability ratio across LSOAs in each income deprivation decile**
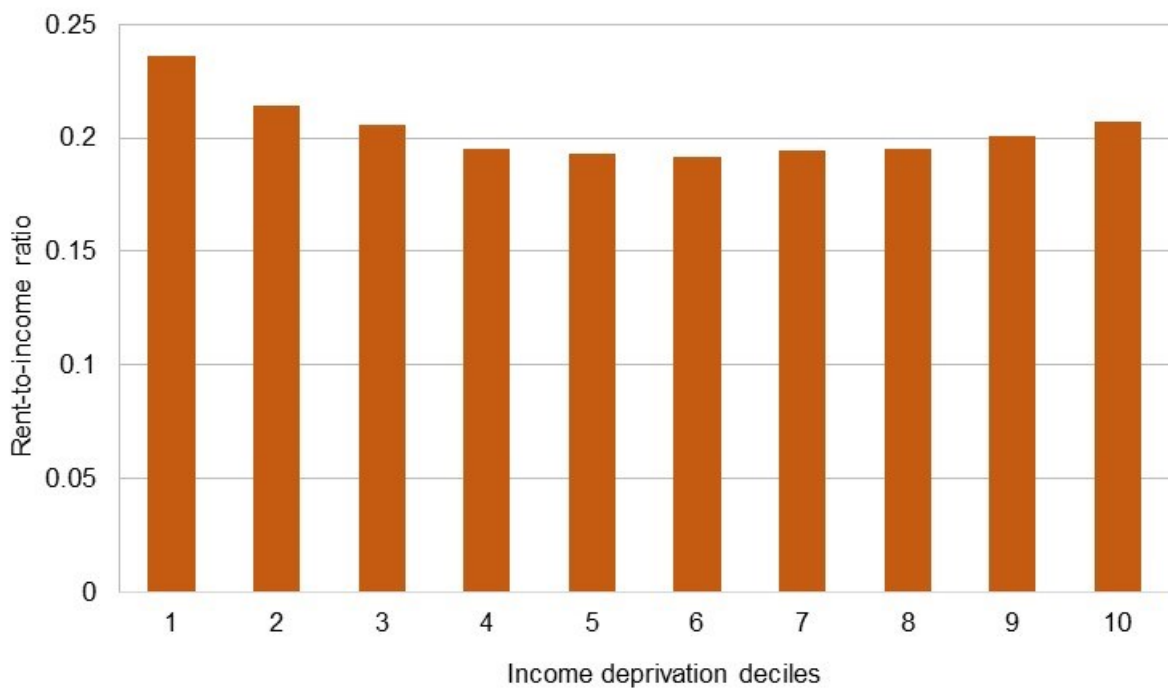


Source: Alma Economics calculations using rental market data from Rents Officers Wales (2023) and Welsh Index of Multiple Deprivation (StatsWales, 2019).
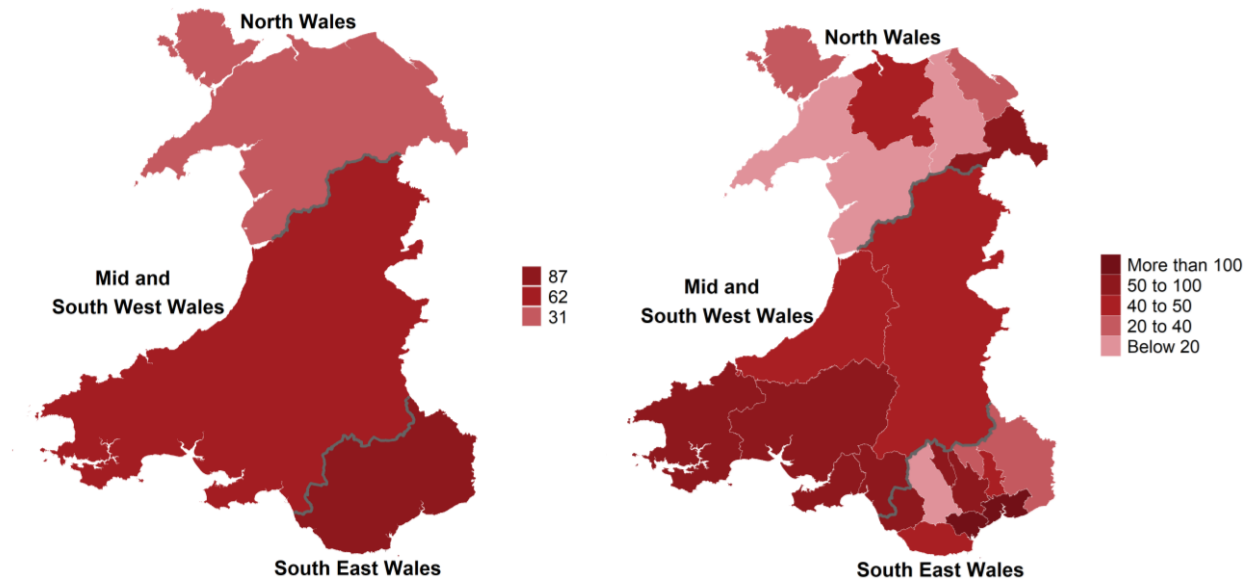
**Homelessness**

4.22    The number of households threatened with homelessness has increased from 7,000 in 2016 to more than 9,000 in 2022. In population terms, this means that in 2015/2016, there were 53 households threatened with homelessness per 10,000 households, whereas in 2022 there were almost 67.

4.23    The largest concentration is found in South East Wales, where 87 per 10,000 households are threatened with homelessness, more than double than that in North Wales (31 per 10,000 households). Only three local authorities, Gwynedd, Denbighshire, and Rhondda Cynon Taf, are below 20 per 10,000 households. The largest numbers are found in Newport (107 households per 10,000 households) and Cardiff (211 per 10,000 households).

**Figure 11. Households threatened with homelessness per 10,000 households in Wales**
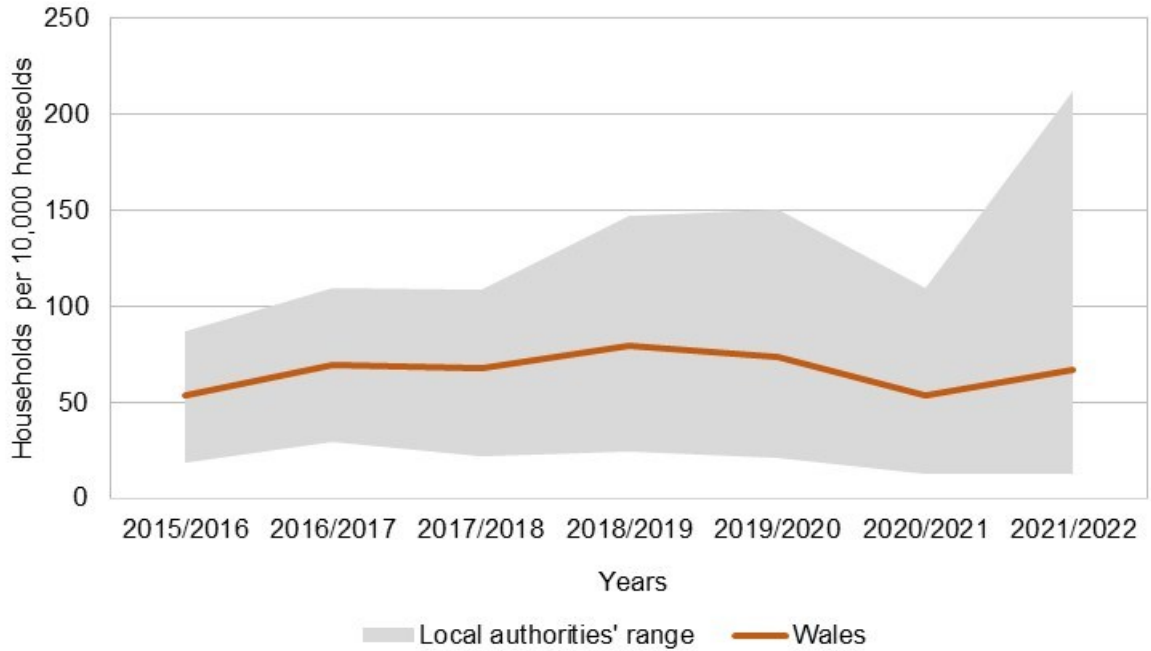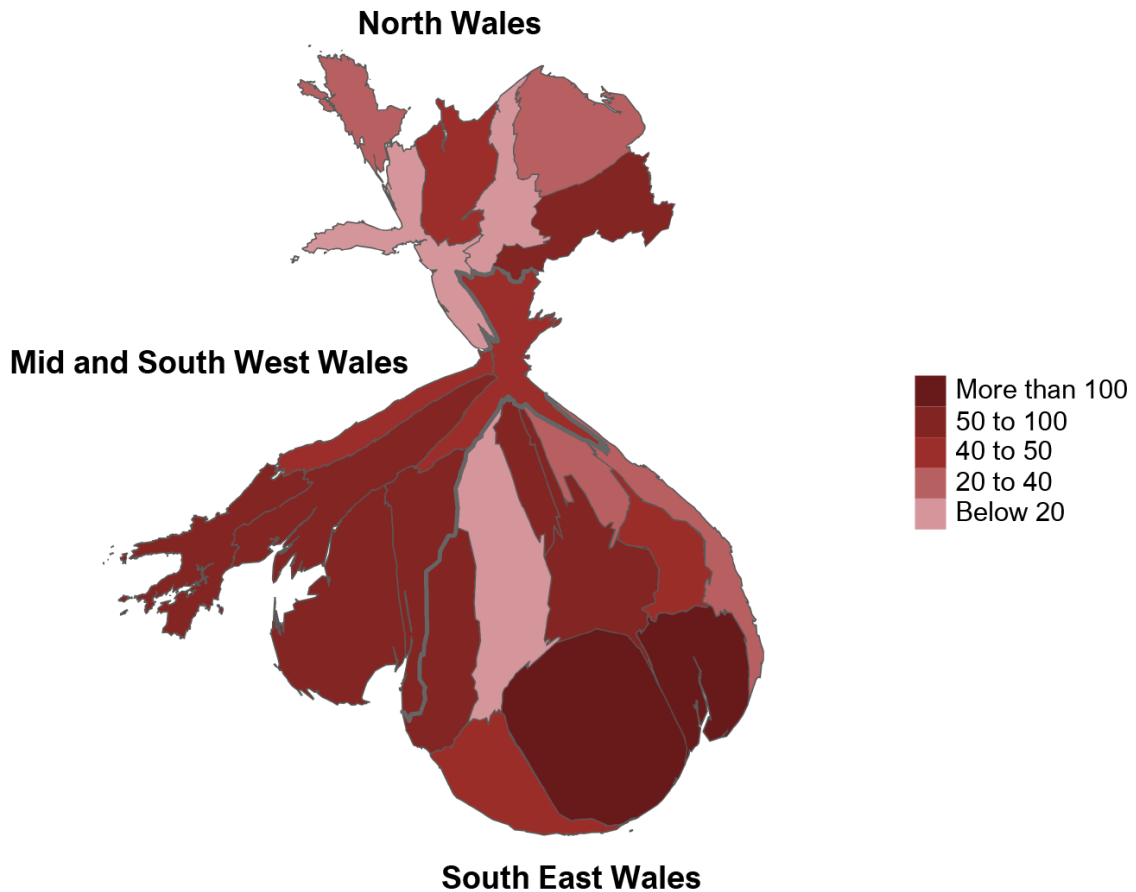


Source: StatsWales (2022).

**Figure 12. Households threatened with homelessness per 10,000 households across Welsh regions and local authorities**



Source: StatsWales (2022).

**Figure 13. Cartogram of households threatened with homelessness per 10,000 households**



Source: StatsWales (2022). Cartogram of Wales rescaled in proportion to the population of each local authority (2018). Cartogram produced by Tom E. White (2020).

## Landlord possession actions

4.24    When tenants build up rent arrears, fail to leave properties on a specified date or engage in anti-social behaviour, landlords might start possession actions to take their property. Landlord possession actions start when landlords submit a claim to the court to repossess a property. The following figure summarises the number of possession actions undertaken by landlords in the last ten years (claims, warrants, and outright orders). The chart shows some fluctuations over the years and a sharp decline during the pandemic, which, according to the Office for National Statistics (2022b), could be likely due to policy decisions during the pandemic. This was followed by a large increase between 2021 and 2022, with more than 2,000 possession actions from rental property owners undertaken in the third quarter of 2022. In relative terms, in the third quarter of 2022, there were 6 possession actions
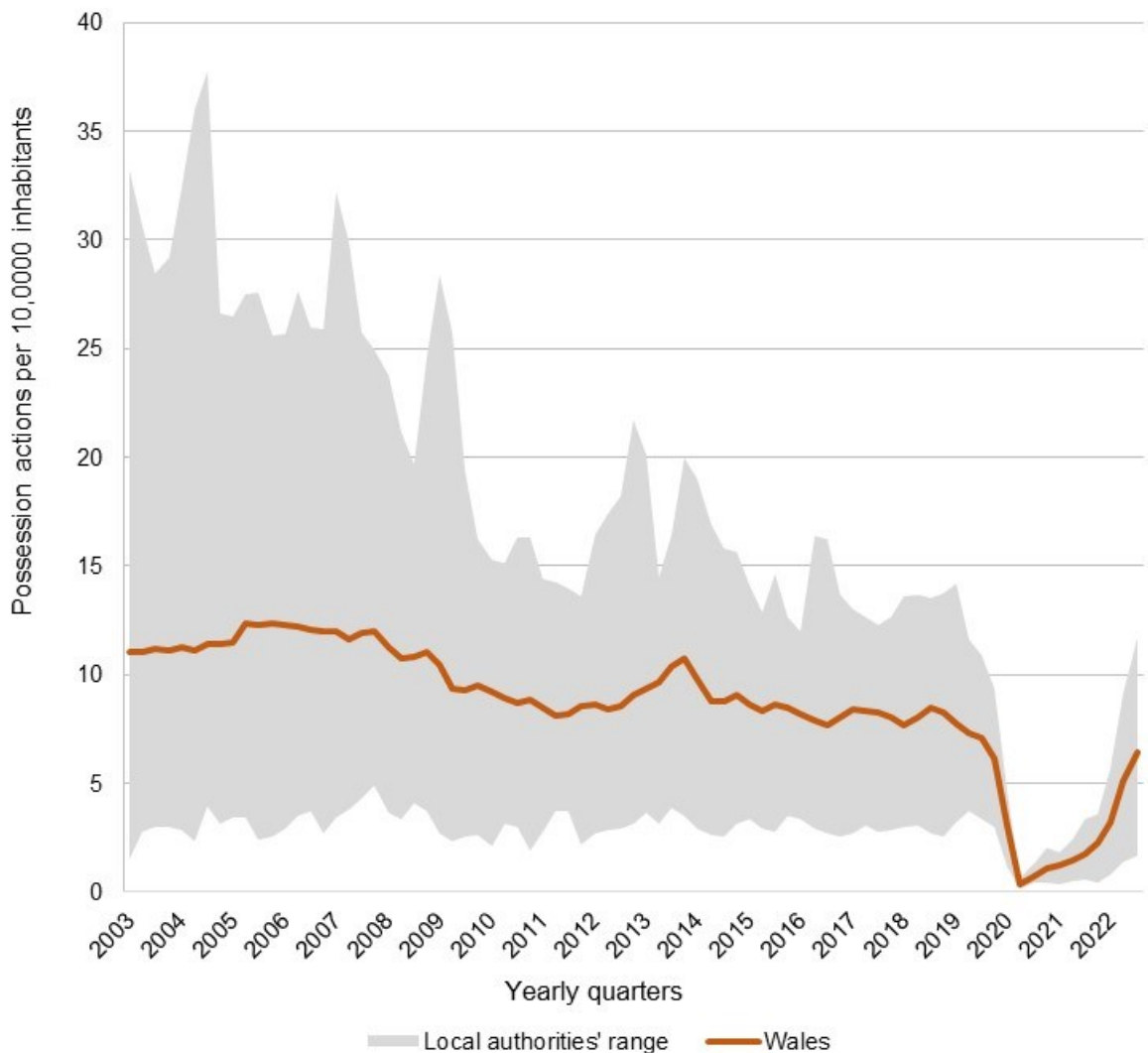
per 10,000 inhabitants and more than 14 during the year. However, the number of landlord possession actions did not go back to pre-pandemic levels as of December 2022.

**Figure 14. Landlord possession actions in Wales**
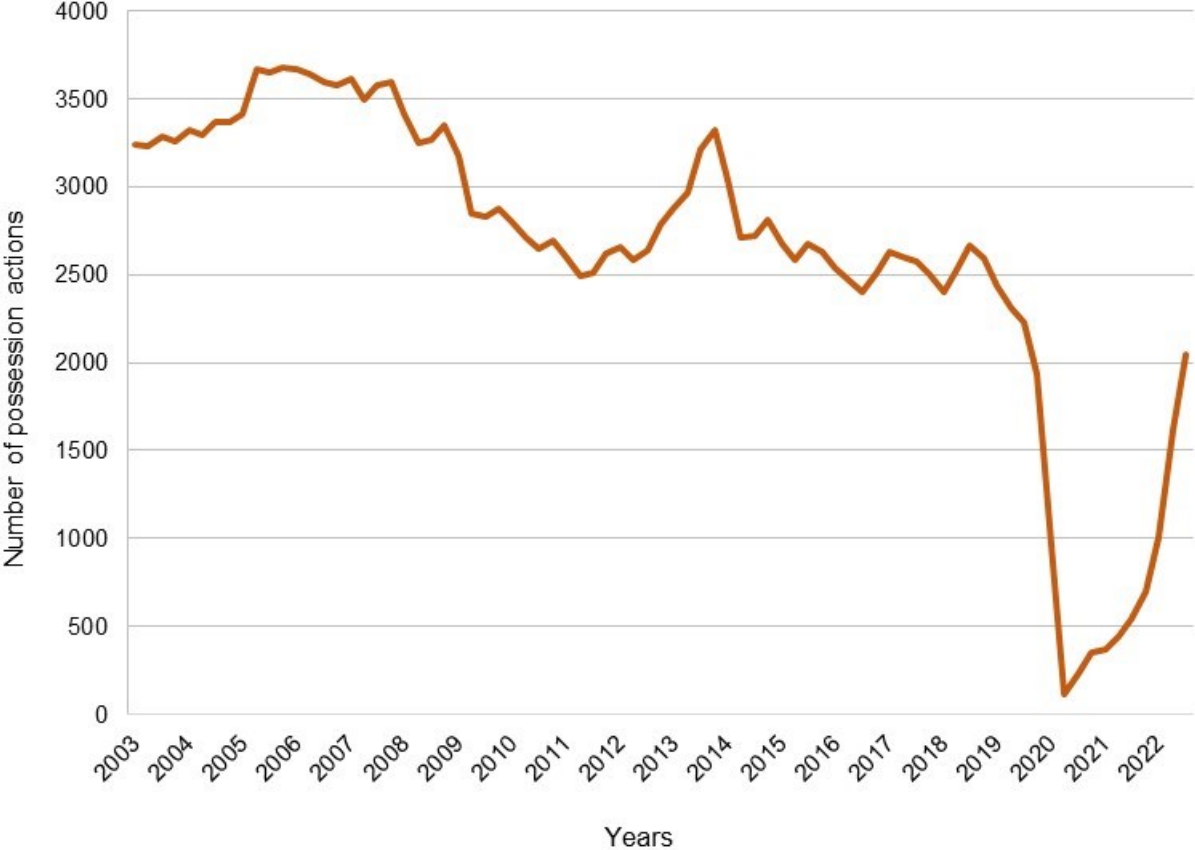
**Figure 15. Landlord possession actions per 10,000 inhabitants in Wales**



Source: Alma Economics calculations using data from Office for National Statistics (2022).
Note: Quarterly data. Two-quarters moving average.

4.25    Possession actions are heavily concentrated in urban local authorities in the south
        and the north of Wales. The highest numbers of possession actions are found in
        Cardiff and Blaenau Gwent (23 actions per 10,000 inhabitants), whereas the lowest
        levels are found in Gwynedd (4), Monmouthshire, and Powys (5).

**Figure 16. Landlord possession actions per 10,000 inhabitants across local authorities**
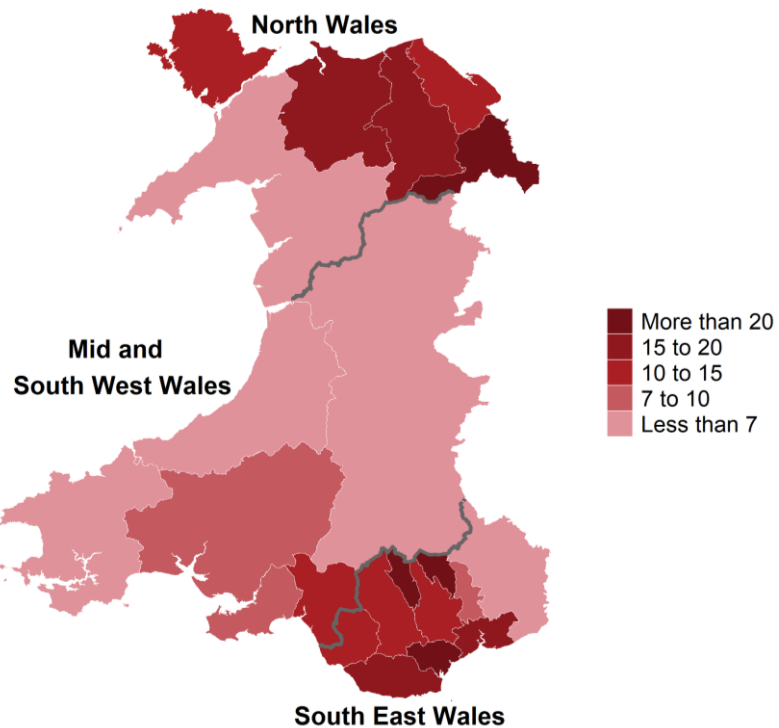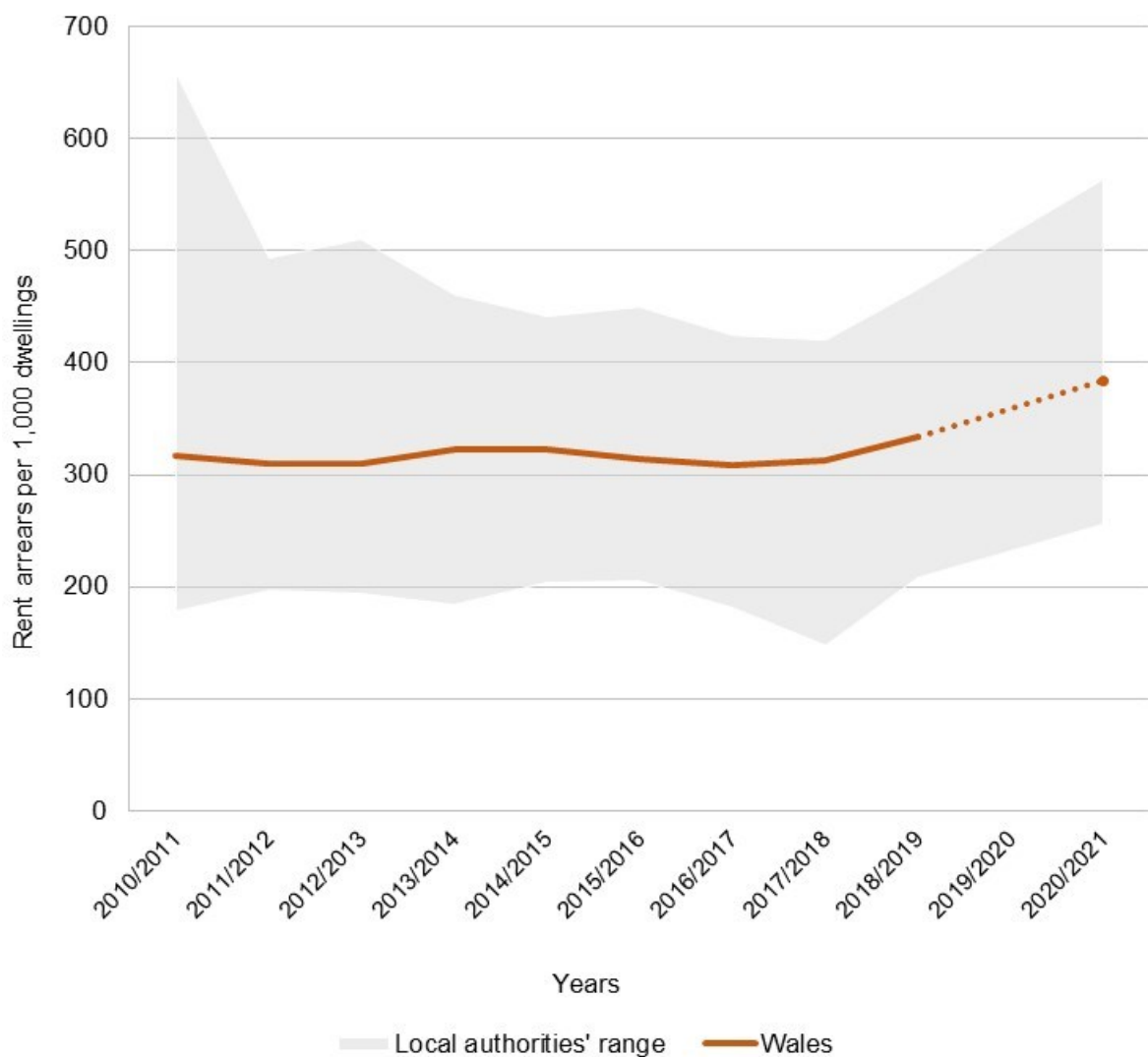


Source: Alma Economics calculations using data from Office for National Statistics (2022).

**Social tenancies in arrears**

4.26   The Welsh Government also collects data on rent arrears in social housing each year, since 2010. This indicator describes the number of social housing tenancies that failed to pay the rent. At the end of March 2021, there were more than 90,000 tenancies in arrears across Wales, meaning more than 380 households for every 1,000 dwellings in social rental housing were in rental arrears. This value increased from 317 in 2011, representing an increase of almost 20% in 10 years.

4.27   In Cardiff, Swansea, Caerphilly, and Torfaen, there were more than 600 households in social housing in rent arrears per every 10,000 inhabitants. Considering the number of social housing stock across local authorities, the highest level was found in Torfaen, Merthyr Tydfil, and Newport – with more than 50% of households in social housing in arrears. The lowest values were in Powys (256 social housing lettings in arrears per every 1,000) and Wrexham (262), both in the North Wales region.

4.28 The information presented in the following figures is collected from local authorities and registered social landlords, and it shows an upward trend in social housing rent arrears in Wales since the pandemic. However, recent data may have been affected by the pandemic. Additionally, there is no data available for the private rented sector, and hence it is not possible to ascertain to what extent rent arrears have changed within this period in the private rented sector.
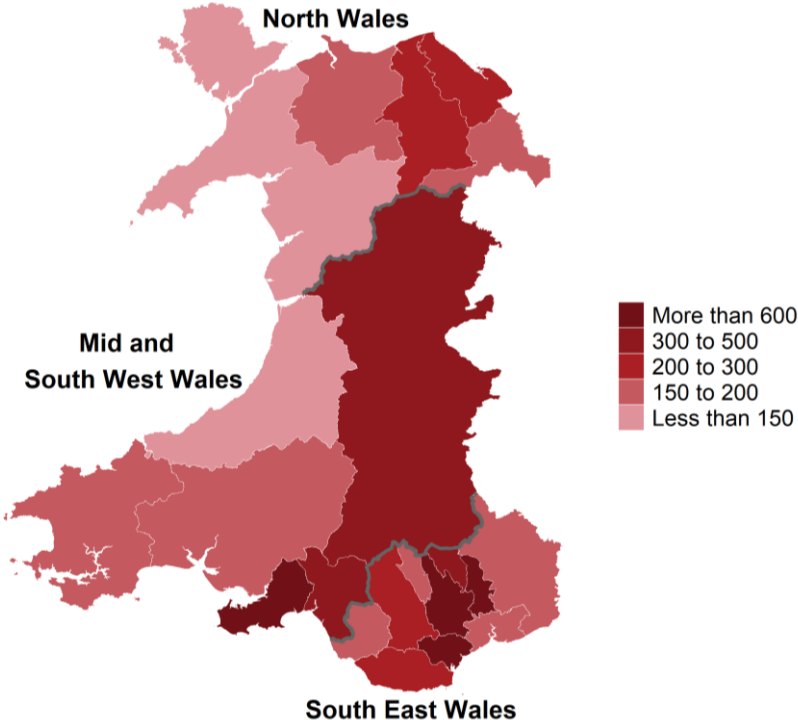
**Figure 17. Social housing rent arrears per 1,000 dwellings at social rent in Wales**



Source: Alma Economics calculations using data from StatsWales (2021) and Office for National Statistics (Census 2021).
Note: The number of social housing tenancies in arrears was not reported for 2019/2020. In the chart, this is represented by the dashed line between the observations in 2018/2019 and 2020/2021.

**Figure 18. Social housing rent arrears per 10,000 inhabitants in Wales**



Source: Alma Economics calculations using data from StatsWales (2021) and Office for National Statistics (Census 2021).

**Figure 19. Social housing rent arrears per 1,000 dwellings at social rent across local authorities**
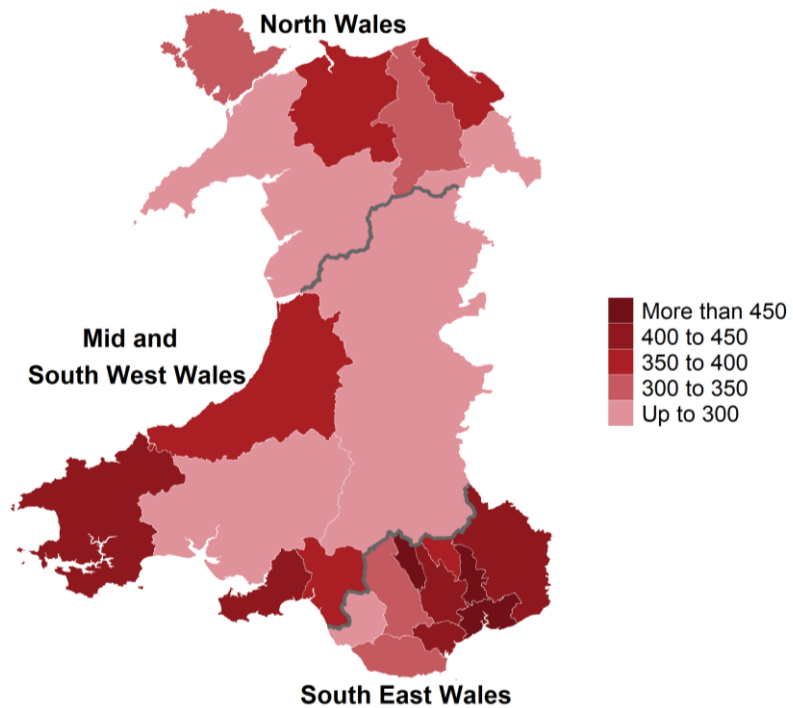
### Housing quality

4.29 The Welsh Index of Multiple Deprivation (WIMD) contains housing quality and deprivation statistics. The housing indicators of the WIMD include the percentage of people in overcrowded households and the likelihood of housing containing hazards and being in disrepair. These indicators do not differentiate based on housing tenure, but they provide relevant information on substandard housing conditions across the country.

4.30 Based on the last available data (2019), around 5% of people in Wales live in overcrowded households, 3% of properties are likely to be in disrepair, and more than 15% are likely to contain serious hazards.

**Figure 20. Housing quality in Wales**



Housing indicators in the Welsh Index of Multiple Deprivation (2019)
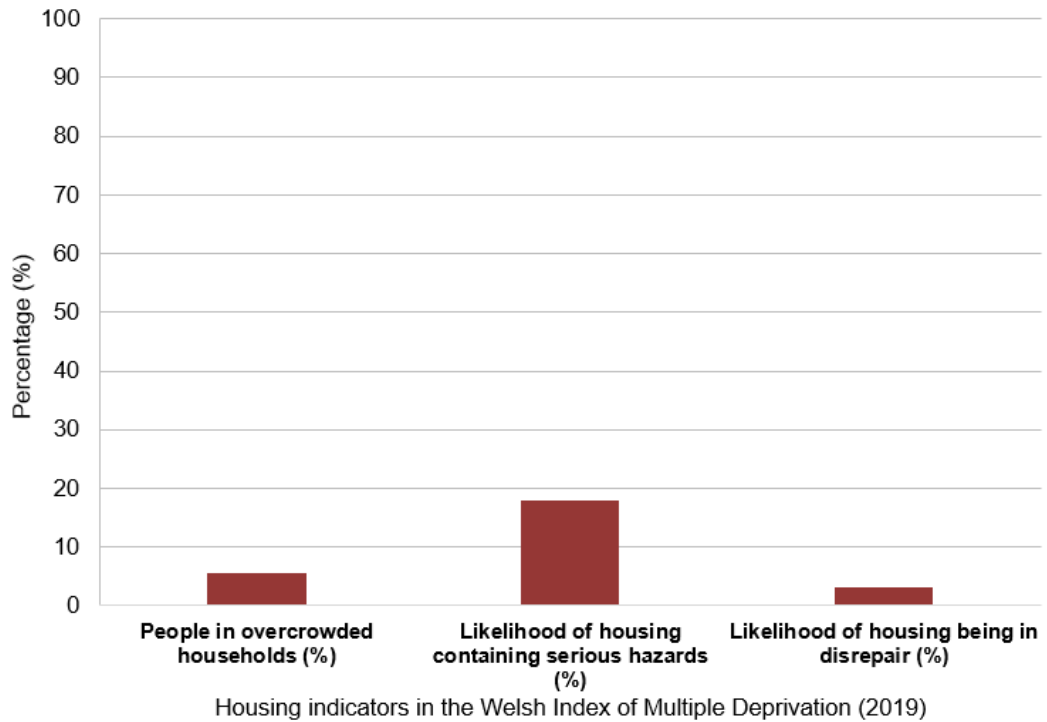
Source: Welsh Index of Multiple Deprivation. StatsWales (2019).

4.31    The two last indicators feed into a composite index that measures the percentage of housing likely to be of poor quality. Local authorities in the north and west of Wales concentrated a higher likelihood of poor housing quality (more than 25%). However, the likelihood of poor housing quality in local authorities in South East Wales, which are among the most populated, is below 20% (see Figure 21).

**Figure 21. Cartogram of the likelihood of poor housing quality**
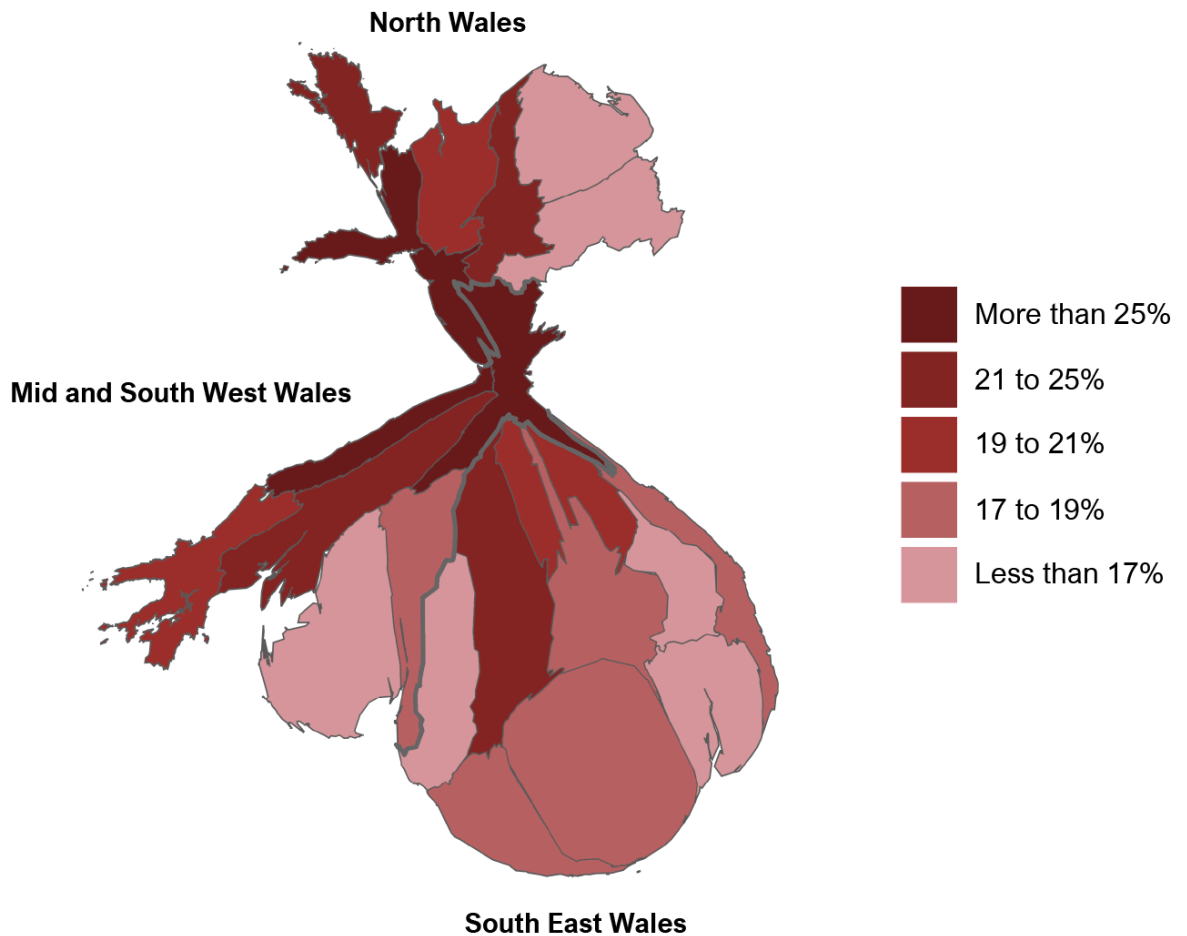


Source: Welsh Index of Multiple Deprivation (StatsWales, 2019). Cartogram of Wales rescaled in proportion to the population of each local authority (2018). Cartogram produced by Tom E. White (2020).

4.32    Across regions, Mid and South West Wales has the highest share of dwellings likely to be in disrepair or contain serious hazards (21% of all housing stock). A significant number of LSOAs in this region are, in fact, above 35% (see Figure 22). Figure 23 zooms in on LSOAs in Cardiff, Swansea, Newport, and Wrexham. In Cardiff, coastal areas and northern-eastern LSOAs appear with a lower concentration of poor-quality housing (below 10% of all housing stock). Wrexham and Swansea show a much larger share of areas with more than 12% and 15% of dwellings with serious hazards or in disrepair, whereas, in Newport, there is a sharp west-east divide and a large concentration of poor-quality housing (more than 25%) around the river Usk.

**Figure 22. Percentage of dwellings likely to be of poor quality across Welsh regions and LSOAs**
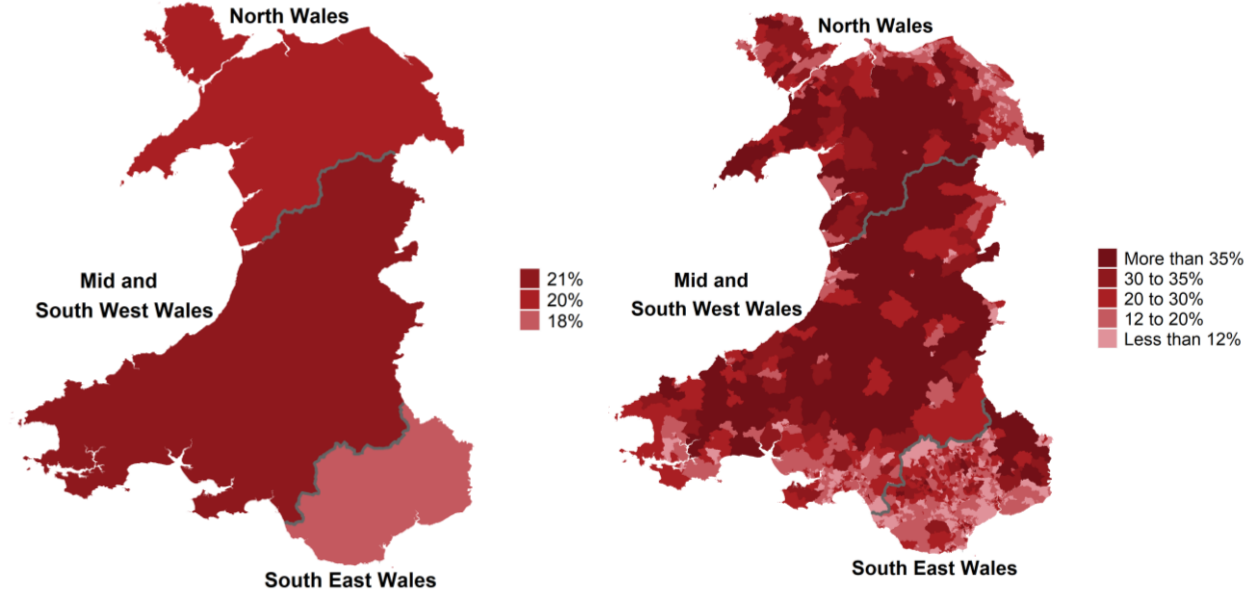


Source: Welsh Index of Multiple Deprivation (StatsWales, 2019)

**Figure 23. Percentage of dwellings likely to be of poor quality in cities (LSOA level)**



Cardiff

Swansea

Newport

Wrexham

More than 25%  15 to 20%  12 to 15%  10 to 12%  Less than 10%
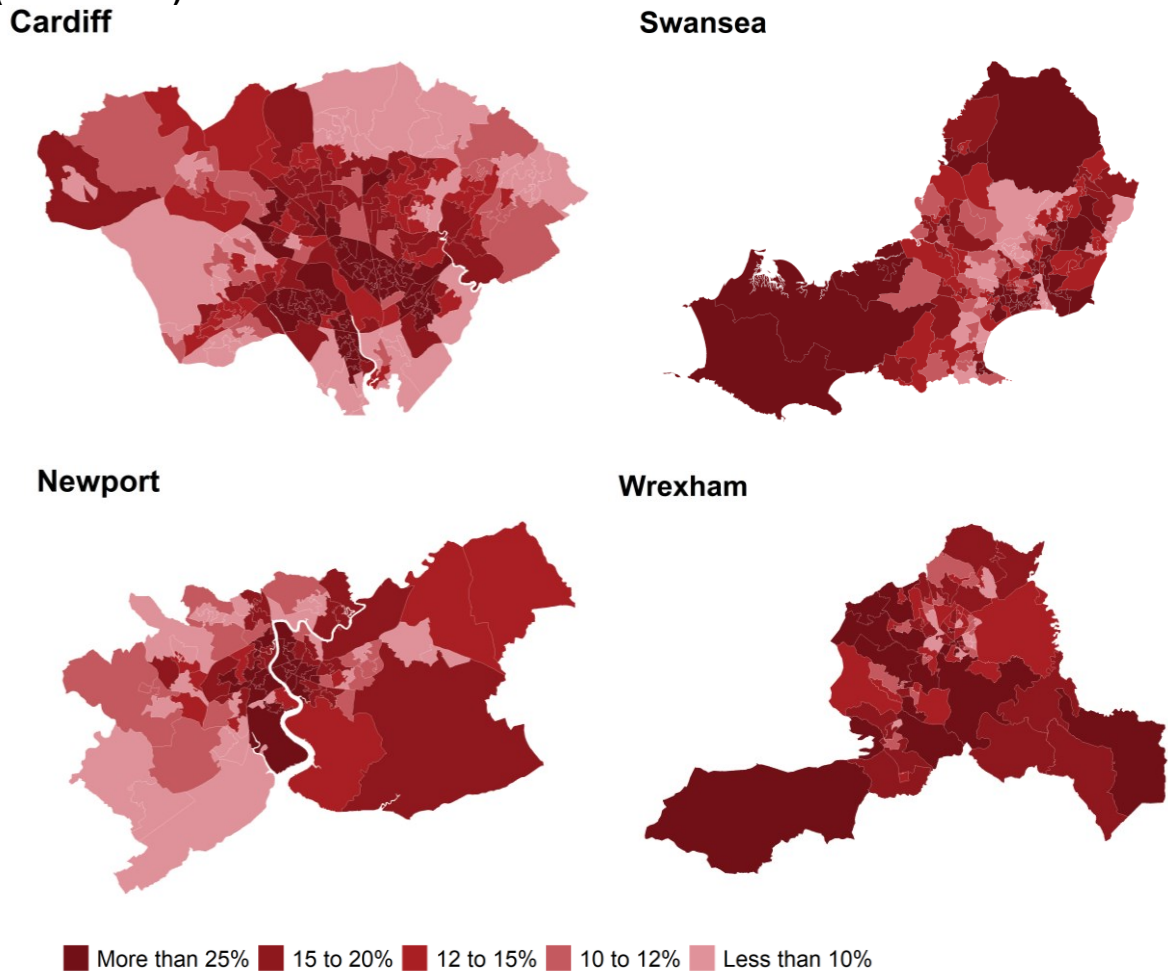
Source: Welsh Index of Multiple Deprivation (StatsWales, 2019).

**Housing stock, tenure, and construction**

4.33 Based on Census estimates, in 2021, there were more than 1,400 dwellings in the rental market per 10,000 inhabitants in Wales (see Figure 24). The number of dwellings in the rental market increased less than 8% between 2014 and 2021, from 418,000 to 450,000. Of these, 228,000 dwellings were privately rented, and 222,000 were socially rented. Privately rented housing in Wales represents around 50% of all the properties in the rental market, and this share has remained stable, to a great extent, since 2014 (Figure 24).

4.34 Despite privately rented housing representing only 50% of the rental market in Wales, Figure 25 shows that in many LSOAs, privately rented housing represents

more than 65 and 80% of the stock in the rental market. Only a few LSOAs in each region of Wales have less than 50% of households in the private rented sector.

**Figure 24. Dwelling stock per 10,000 inhabitants by tenure in Wales**
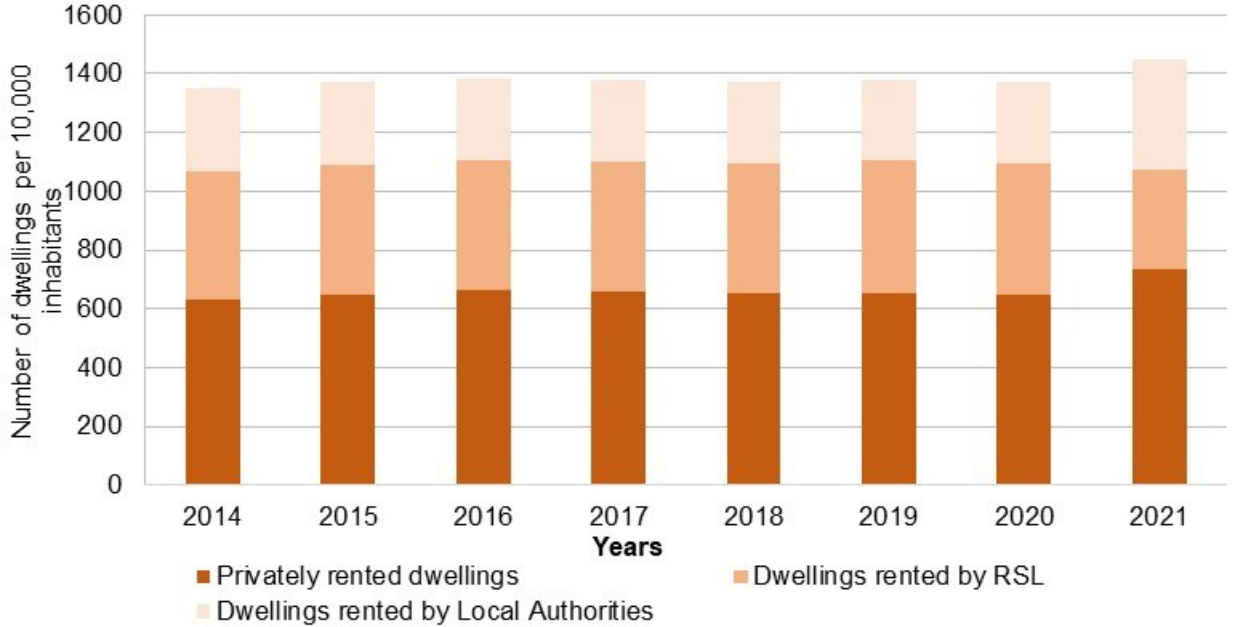


Source: Alma Economics calculations using data from Office for National Statistics (Census 2021)

**Figure 25. Households in the private rental market across LSOAs**
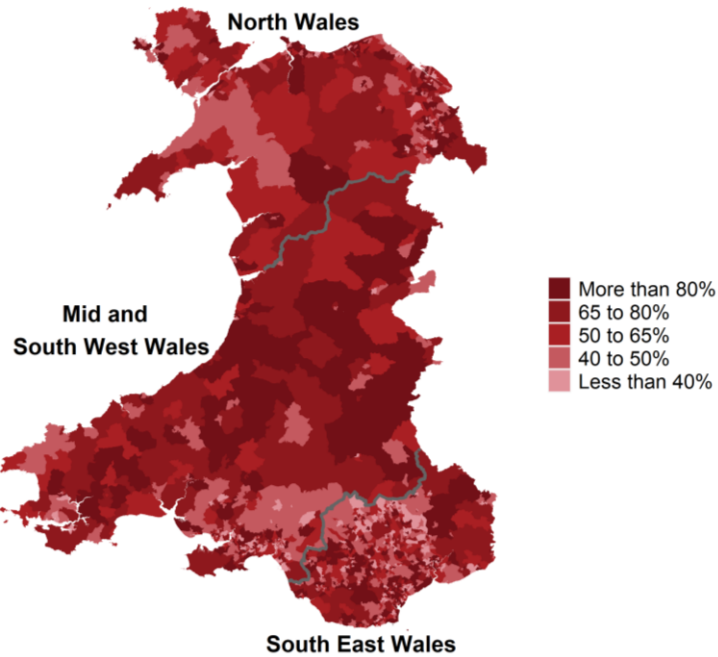


Source: Alma Economics calculation using data from Office for National Statistics (Census 2021). Note: Households in the private rental market as a percentage of the total social and private rental market.

4.35    Since 2018, more than 28,000 new dwellings have been completed in Wales. This
        means that, on average, 18 new dwellings per 10,000 inhabitants have been built
        annually. The majority of these new dwellings completed (14) are undertaken by
        private sector developers – local authorities' construction in these 5 years has been
        below one dwelling per 10,000 inhabitants per year (see Figure 26).

4.36    In a few local authorities, Newport, Rhondda Cynon Taf, and Neath Port Talbot,
        new construction buildings in 2022 were below 10 dwellings per 10,000 inhabitants.
        In Wrexham, Swansea, Merthyr Tydfil, Caerphilly, and Blaenau Gwent, all house
        builders constructed less than 15 new dwellings per 10,000 inhabitants.

**Figure 26. New dwellings completed by provider per 10,000 inhabitants in Wales**
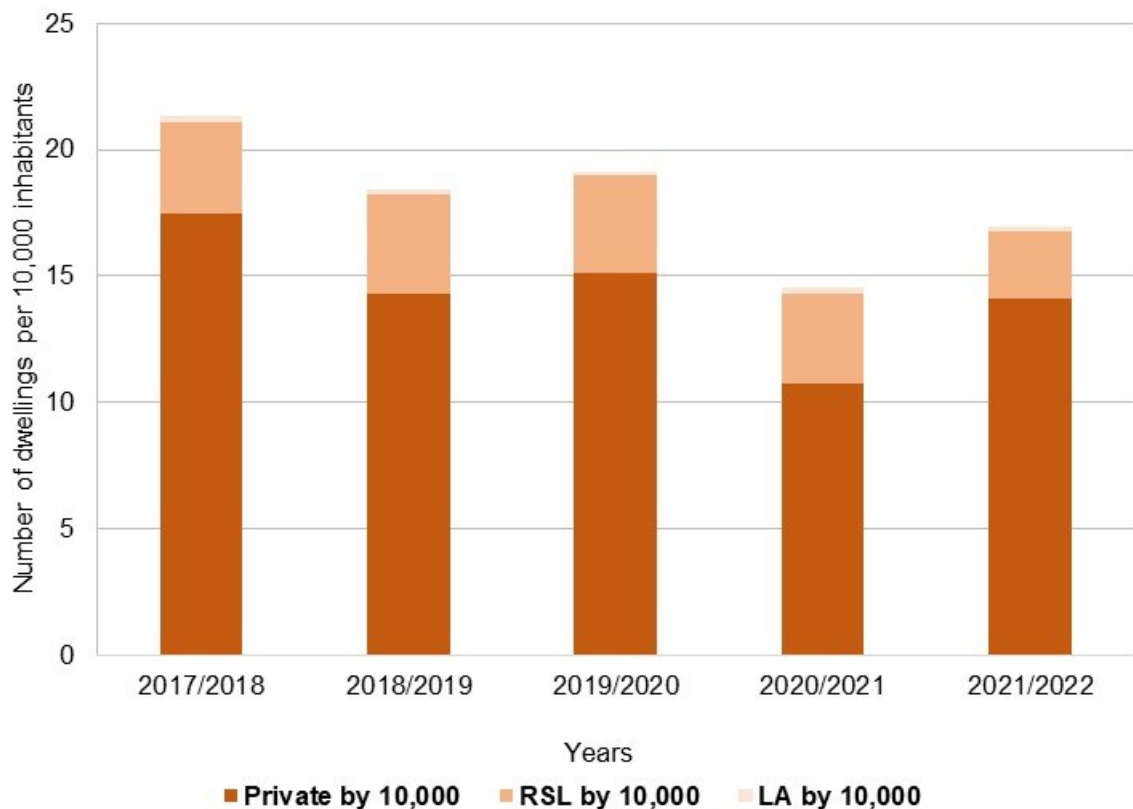


Source: StatsWales (2022)

**Figure 27. New housing dwellings completed per 10,000 inhabitants across local authorities**
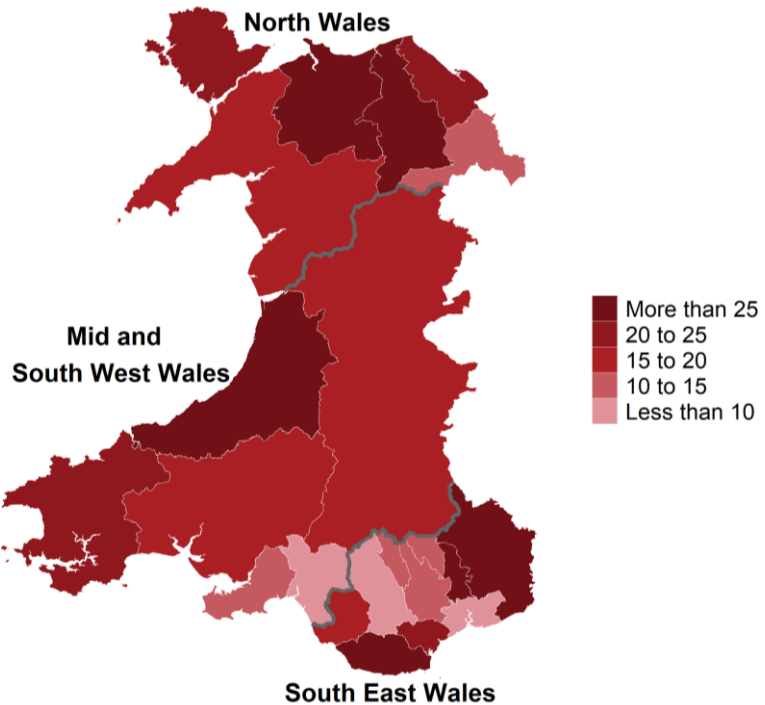


Source: Alma Economics calculations using data from StatsWales (2022) and Office for National Statistics (Census 2021)

### Houses in multiple occupation

4.37    Within the private rented sector, houses in multiple occupation (HMOs) are a source of accommodation for specific population groups, such as students. These properties house three or more unrelated persons who form more than two households. In Wales, the number of HMOs has increased by less than 8% since 2015, and there are currently 63 HMOs for every 10,000 inhabitants. Although Cardiff (7,000) and Swansea (2,100) have the largest number of HMOs, Denbighshire and Ceredigion have a higher number of HMOs per 10,000 inhabitants than Swansea (see Figure 28).

**Figure 28. Number of Houses in Multiple Occupation per 10,000 inhabitants across local authorities**
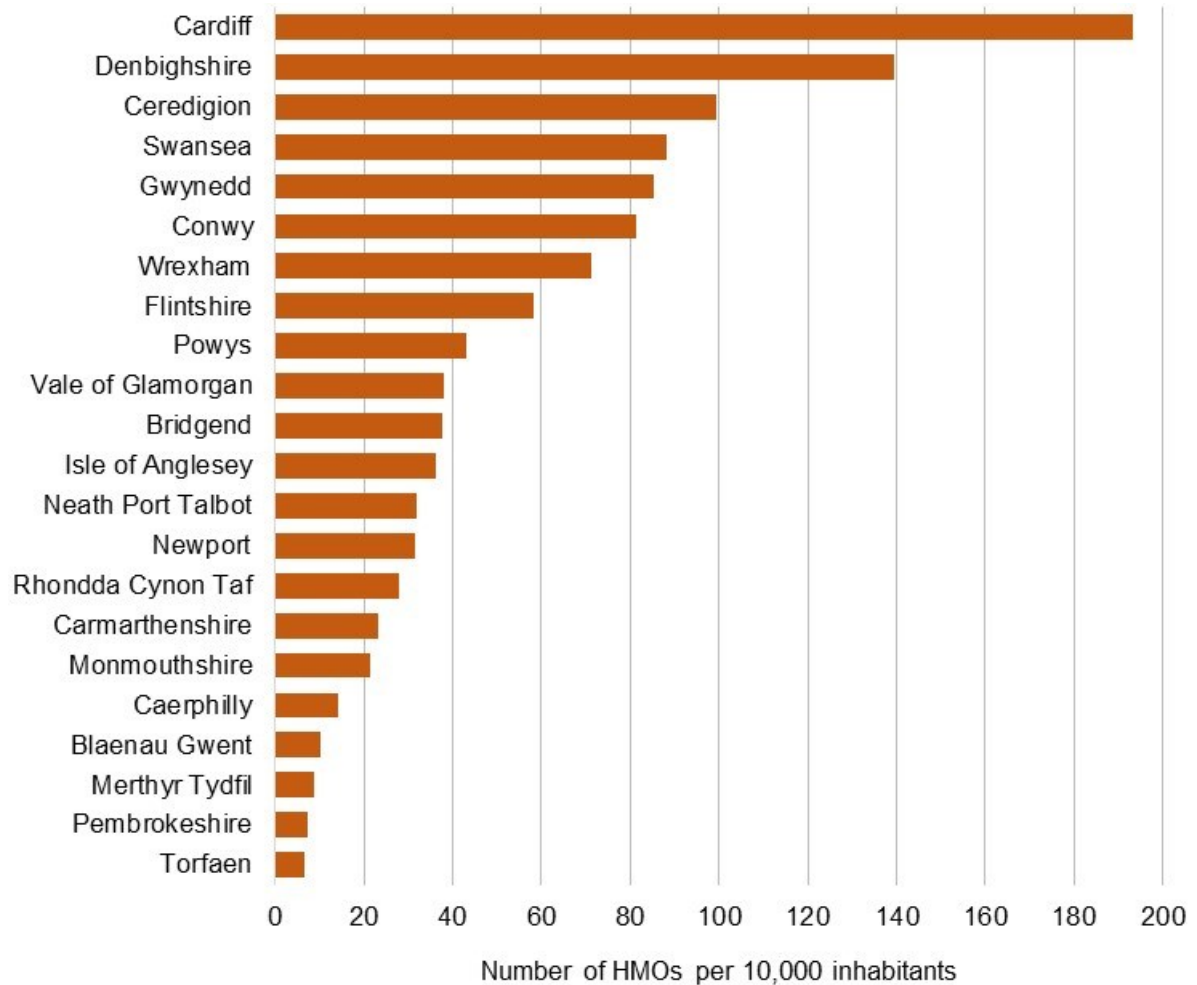


Source: Alma Economics calculations using data from StatsWales (2021).

**Student population and private rental affordability**

4.38    Highly mobile populations, such as students, can be difficult to measure in administrative statistics, resulting in lower accuracy in population estimates. Research conducted by the Office for National Statistics (2023b) found significant discrepancies in student population estimates between the Higher Education Statistics Agency (HESA) and the Census 2021.

4.39    Nonetheless, students play a vital role in the housing rental market, and it is possible to estimate their term time population across local authorities in Wales by utilising university student enrolment data. This estimation involves assigning the

number of students enrolled in each institution to the corresponding local authority where the university is located.[17]

4.40 The local authorities with the highest student enrolment are Cardiff (52,700), Swansea (26,400), and Ceredigion (13,000). When considering the student population relative to the overall population, Ceredigion exhibits a higher concentration with 1,800 students per 10,000 inhabitants, surpassing Cardiff and Swansea with 1,500 and 1,100 students per 10,000 inhabitants, respectively.

**Figure 29. Student population per 10,000 inhabitants (left-hand map) and private rental market affordability (right-hand map) across local authorities**
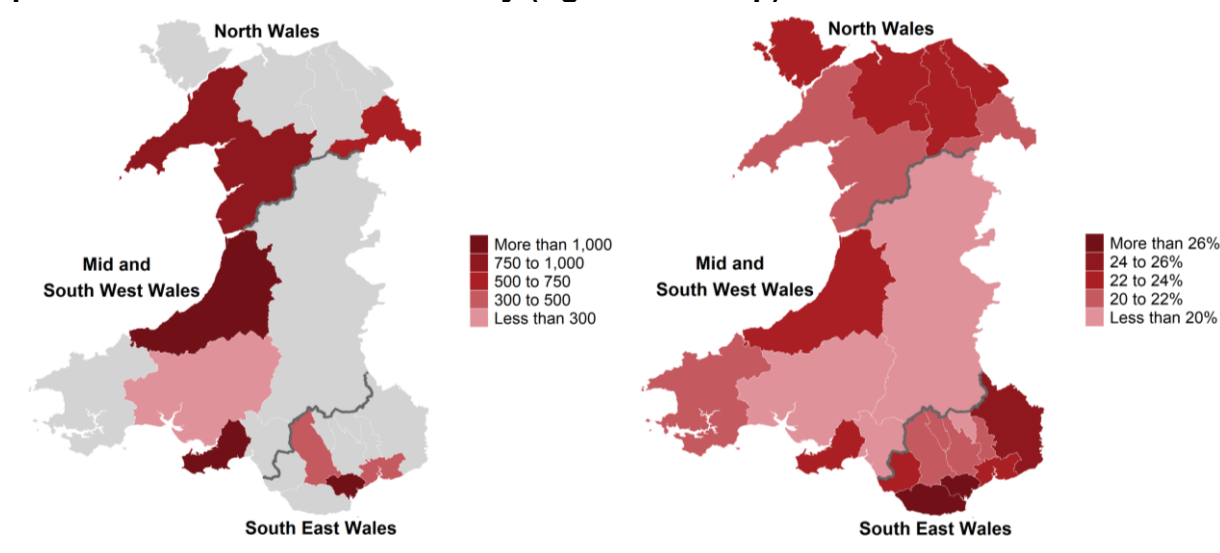


Source: Student enrolment in Welsh Higher Education Institutions (Stats Wales, 2021).

4.41 Cardiff ranks second in terms of student population per 10,000 inhabitants, while also having the second highest affordability ratio (median income to median rent). However, despite not having large student populations, Vale of Glamorgan and Monmouthshire hold the first and third positions, respectively, for the highest affordability ratios. Conversely, Blaenau Gwent, Neath Port Talbot, Powys, and Torfaen have no student population and exhibit the lowest affordability ratio. It is crucial to note that these observations do not provide robust evidence of any causal relationship between these variables.

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[17] For this map, the number of students was assigned to the local authority where Higher Education Institutions are based. When HEIs have more than one campus, students were assigned evenly across local authorities.

**Empty properties and second homes**

4.42    The number of empty properties and second homes can distort the functioning of the rental market in local areas. Local authorities reported 22,457 tax chargeable empty properties in Wales, and 24,170 second homes in 2023[18]. The number of second homes has remained stable since 2019, around 24,000, but the number of empty properties dropped by more than 3,000 within the same period.

**Figure 30. Number of chargeable second homes and empty properties in Wales**
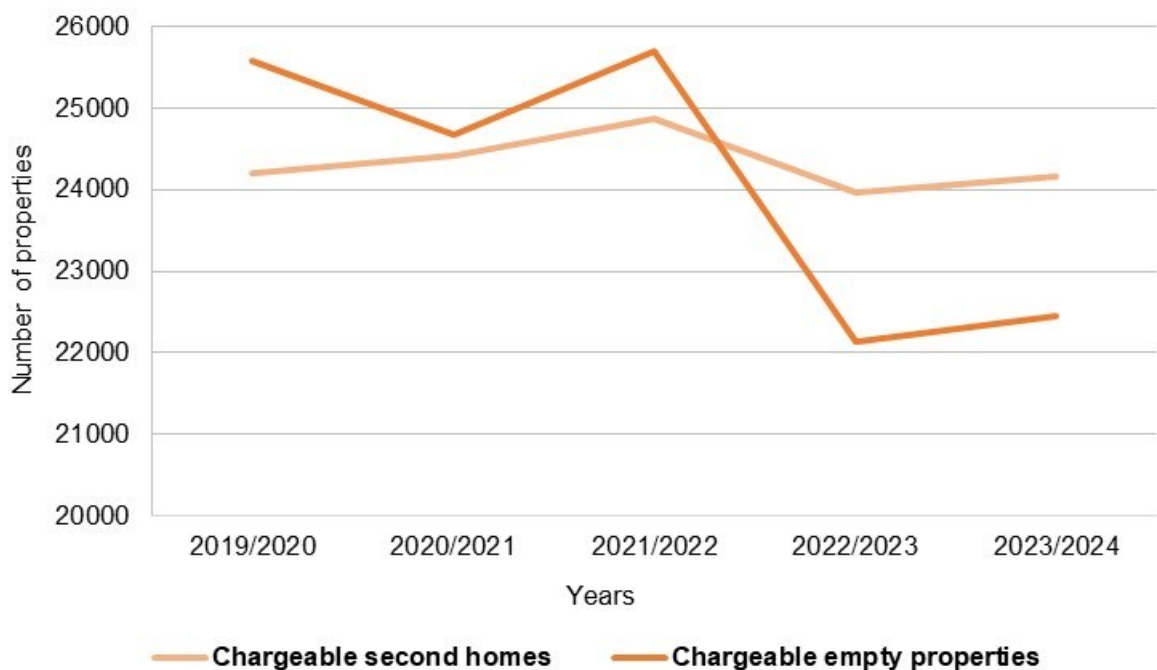


Source: Chargeable empty and second homes, by local authority (StatsWales, 2023).

4.43    Only Gwynedd and Carmarthenshire have more than 25 empty properties per 1,000 chargeable properties in each local authority. In Pembrokeshire, Blaenau Gwent, and Ceredigion, there are 23 empty properties per 1,000 chargeable properties. Only Wrexham (5), Torfaen (8), and Cardiff (9) have fewer than 10 empty properties per 1,000 units.

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[18] Chargeable empty and second homes, by local authority (StatsWales, 2023).

**Figure 31. Number of empty properties per 1,000 properties across local authorities**
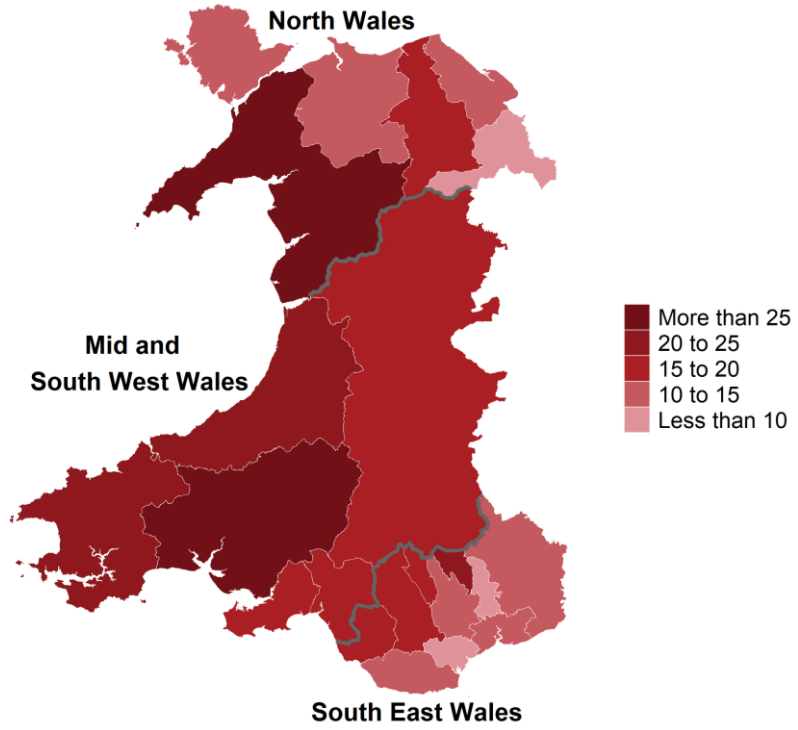


Source: Council Tax Dwellings Collection (StatsWales, 2023).

4.44    The highest concentration of second homes is in coastal areas of North, and Mid and South West Wales, e.g. Gwynedd, Isle of Anglesey, Pembrokeshire, and Ceredigion have over 50 second homes per 1,000 units. Nine local authorities have less than 5 second homes per 1,000 properties (Monmouthshire, Rhondda Cynon Taf, Flintshire, Caerphilly, Bridgend, Torfaen, Newport, Wrexham, Blaenau Gwent).

**Figure 32. Number of second homes per 1,000 properties across local authorities**
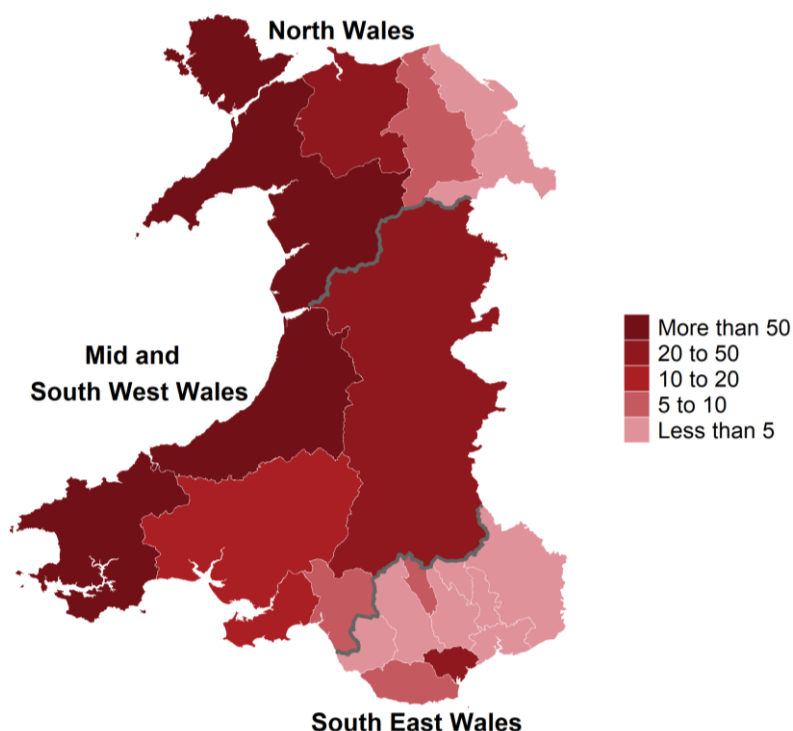


Source: Council Tax Dwellings Collection. StatsWales (2023).

**Landlord characteristics**

4.45 Based on a dataset of almost 210,000 properties across Wales and 101,000 unique landlords, landlord characteristics in Wales have been analysed. Around 70,000 of these are individual landlords (70%). Joint landlords represent 24% of the sample, and corporate bodies an additional 5%.[19]

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[19] Individual landlords are people who own a rented property by themselves, whereas joint landlords are two or more people who own a rented property jointly. In joint landlord arrangements, individuals are registered through a unique registration.

**Table 2. Type of landlords in Wales**

| Landlord type | Frequency | Percentage |
|---|---|---|
| Individual | 70,307 | 69.5% |
| Joint | 24,555 | 24.3% |
| Corporate Body | 5,387 | 5.3% |
| Trust | 630 | 0.6% |
| Charity | 251 | 0.2% |
| Total | 101,130 | 100.0% |

Source: Alma Economics calculations using data from Rent Smart Wales (2023).

4.46   Based on information collected by Rent Smart Wales, a very large majority of individual landlords indicated their ethnic background was "White" (93%). Around 55% of landlords identified themselves as male, and 45% as female. Most landlords were above 55 years old (27% between 55 and 64, and 25% above 64 years old), and only 24% were below the age of 45.

**Table 3. Percentage of landlords in Wales by age range**

| | |
|---|---|
| 16-24 | 0.5% |
| 25-34 | 6.7% |
| 35-44 | 16.8% |
| 45-54 | 23.2% |
| 55-64 | 27.2% |
| +65 | 25.6% |

Source: Rent Smart Wales (2023).

**Table 4. Percentage of landlords in Wales by ethnic background**

| | |
|---|---|
| Asian | 4.8% |
| Black | 0.5% |
| Mixed/Multiple Ethnic group | 1.0% |
| White | 92.7% |
| Other | 1.1% |

Source: Rent Smart Wales (2023).
Note (a): Responding to this question was not obligatory, therefore, the statistics presented in this table might not be representative of the total population. According to Rent Smart Wales, around 93% of registered landlords replied to the sex and ethnic background questions.
Note (b): Total does not equal 100 due to rounding.

4.47   Of the registered landlords, 70% declared Wales as their place of residence, while 10% had an 'Unknown' place of residence. Around 15% of registered landlords reside in England, and approximately 4% live outside the UK.

**Table 5. Number of landlords by place of residence**

| Place of residence | Frequency | Percentage |
|---|---|---|
| Wales | 71,263 | 70.5% |
| England | 15,612 | 15.4% |
| Unknown | 9,728 | 9.6% |
| Outside the UK | 4,149 | 4.1% |
| Scotland | 282 | 0.3% |
| Northern Ireland | 96 | 0.1% |
| Total | 101,130 | 100.0% |

Source: Rent Smart Wales (2023).

Note: Percentages are calculated, including those 9,728 landlords for whom the place of residence is not known (around 10% of the total).

4.48 A large majority of these landlords (almost 70%) own only one property. Around 20% own two or three properties and around 10% have four or more properties in the rental market.

**Table 6. Number of landlords in Wales by portfolio size**

| Portfolio size | Number of landlords | Percentage |
|---|---|---|
| One property | 70,754 | 70.0% |
| Two or 3 properties | 20,022 | 19.8% |
| 4 to 10 properties | 8,576 | 8.5% |
| More than 10 properties | 1,778 | 1.8% |
| Total | 101,130 | 100.0% |

Source: Alma Economics calculations using data from Rent Smart Wales (2023).

4.49 Besides landlord characteristics, this dataset provides useful statistics to analyse the distribution of housing stock ownership in the rental market across smaller, medium, or larger owners. Based on this sample, 34% of the properties in the private rental market are owned by single property landlords. 22% of the properties are owned by landlords with either 2 or 3 properties, another 23% is owned by landlords who own between 4 and 10 properties, and the remaining 21% is owned by landlords with a portfolio of more than 10 dwellings (see Figure 33). Hence, less than 2% of the landlords (those with a portfolio of more than 10 dwellings) own 21% of the stock in the private rental market: 1,778 owners hold more than 44,000 units.

4.50 In Cardiff and Swansea, owners with large portfolios (more than 10 properties privately rented across the country) own 30% and 25% of the housing stock, respectively. In Carmarthenshire, Monmouthshire, Vale of Glamorgan, Bridgend,

and Pembrokeshire, owners with such large portfolios own less than 15% of the properties. In Monmouthshire, 42% of the properties are owned by single property landlords, whereas in Merthyr Tydfil and Blaenau Gwent, it is below 30%.

4.51    Figure 34 shows the distribution of single property landlords across LSOAs. It is important to note that landlords who possess multiple properties but have them scattered across different LSOAs are not classified as single property landlords. This means that the size of the portfolio is considered at the national level in order to map regions where properties are owned by landlords with large portfolios. Based on the following map, there is a lower share of single property ownership (below 30%) in LSOAs in North Wales and South Wales (Figure 34).

**Figure 33. Rental housing stock in Wales by landlord portfolio**
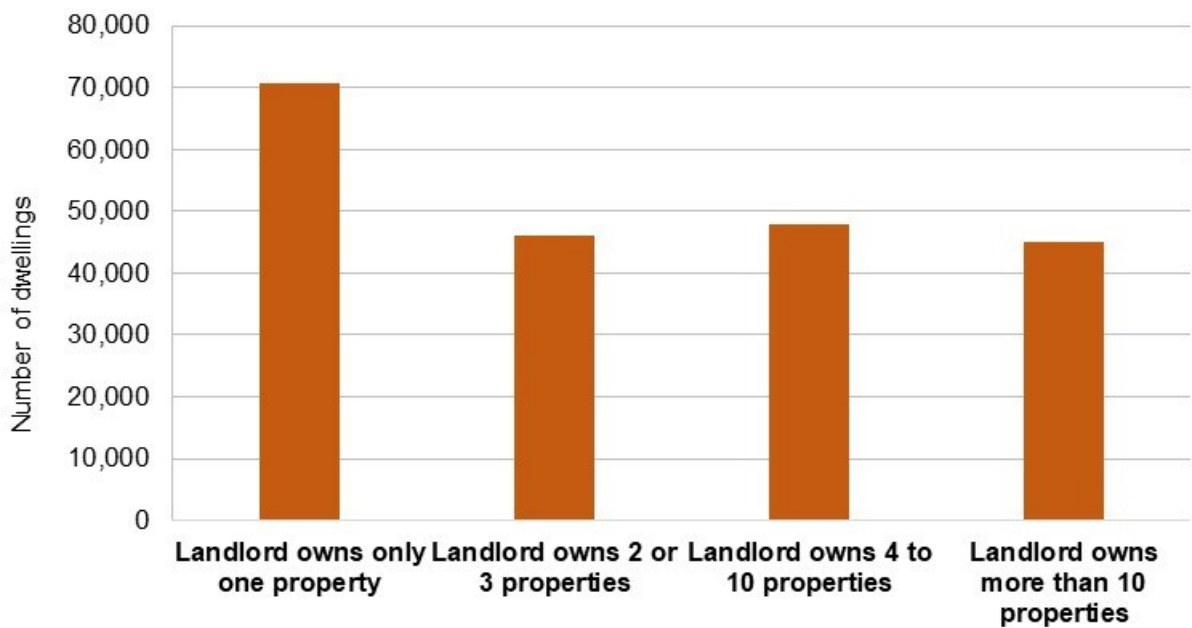


Source: Alma Economics calculations using data from Rent Smart Wales (2023).

**Figure 34. Share of properties owned by single property landlords across LSOAs**
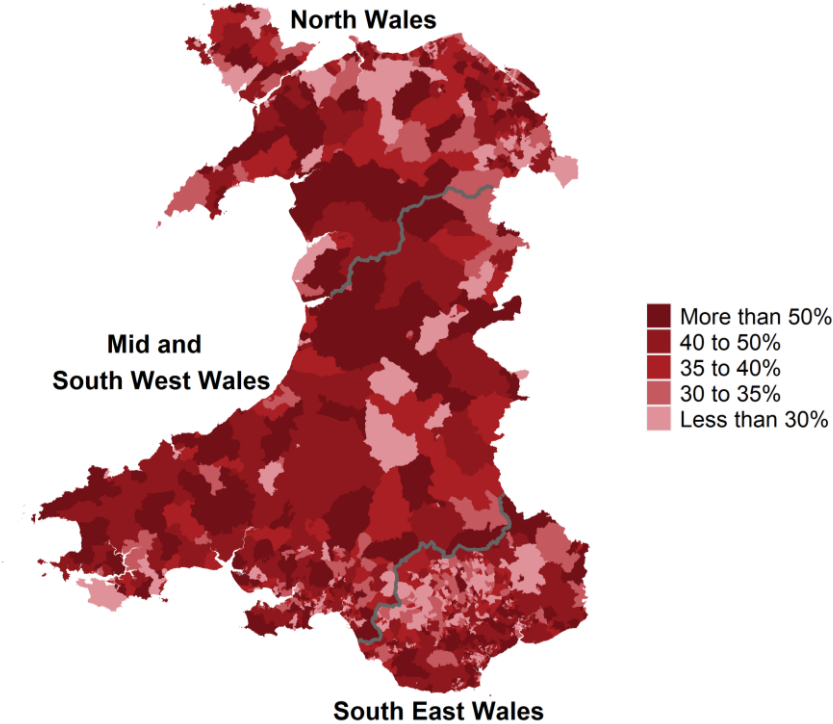


Source: Alma Economics calculations using data from Rent Smart Wales (2023).

# 5.   Conclusions

5.1   Alma Economics was commissioned by the Welsh Government to undertake research on the housing rental market in Wales. The aim of the current research was to identify and map current and historical data to explore rents and affordability in Wales, informing policy development and research on 'fair rents'' and understand the market structure in Wales.

5.2   Based on a review of available data sources and interviews with stakeholders, 138 datasets were identified containing information relating to the housing market in Wales. Data gaps and limitations were also identified. In particular, there is a lack of data regarding the characteristics of tenants and landlords, and geographically detailed information is often scarce. For instance, income estimates at Lower Layer Super Output Areas are not up-to-date, and indicators on homelessness, reasons for homelessness, and energy and utility expenses, among others, are not available at a geographical level lower than the national or local authority level. Having more granular data would help understand housing needs and affordability within different areas of a local authority and grasp the variations in the rental market at the local level. Despite these constraints, this report offers an overview of the housing rental market.

5.3   The report presents trends and patterns on selected indicators, including private rental affordability, housing quality, rental prices, homelessness, landlord characteristics, and housing tenue among others. There are a number of elements that shape the housing rental market in each local authority, but several elements help to understand the state of the housing market in Wales.

5.4   First, households in the bottom 25% of the income distribution, living in private rental housing in the bottom 25% of the rental price distribution, spent more than 35% of their income on rent. The data also suggests that more deprived LSOAs face higher affordability pressures than less deprived ones.

5.5   Second, more than 50% of the stock in the housing rental market is privately rented, and private builders are also responsible for the majority of new construction.

5.6   Third, while most landlords (70%) own only one property, owners with more than 10 properties (2% of all landlords in Wales) own 21% of the housing stock in the

private rental market. In Cardiff and Swansea, they own 30% and 25% of the housing stock, respectively.

5.7    After careful consideration of the data, patterns also emerge across different local authorities.

- Vale of Glamorgan, Cardiff, and Monmouthshire emerged as the least affordable local authorities in Wales, and the three of them were among the local authorities with the lowest number of empty properties per 1,000 properties.

- In Wales, the number of households threatened with homelessness increased from 7,000 in 2016 to more than 9,000 in 2022. 67 households in every 10,000 were threatened with homelessness in Wales in 2022. Cardiff, the most densely populated city in Wales, has the second highest rent-to-income ratio and the largest share of households threatened with homelessness. Newport, the second most densely populated local authority, had the second largest number of households threatened with homelessness. Similarly, Swansea, the fifth most densely populated city, had the third largest proportion of households threatened with homelessness. All of them are among the 10 least affordable local authorities.

- There was a wide variation across LSOAs in the proportion of housing of poor quality, even within the same city. For example, in Cardiff, poor quality housing is more concentrated in the city centre, and in Newport, there was a strong concentration around the river Usk. The least densely populated local authorities, like Powys, Gwynedd, and Pembrokeshire, had higher proportions of poor quality housing than Cardiff and Newport. However, none of these areas feature among the least affordable local authorities.

- The analysis also showed that less densely populated areas had a higher share of empty properties and second homes. Gwynedd had the highest number of second homes per 1,000 properties and the second largest share of empty properties. Pembrokeshire ranks second and third in terms of second homes and empty properties relative to its size, while Ceredigion ranks fourth and fifth, respectively.

- Disparities are observed among the local authorities in North Wales, both with the rest of Wales and between local authorities in North Wales. Gwynedd, Isle of Anglesey, and Conwy were among the local authorities with the highest number of second homes per 1,000 properties, while Flintshire and Wrexham were at the lower end of the distribution. Gwynedd, Isle of Anglesey, and Denbighshire also had very high proportions of housing likely to be of poor quality. Flintshire and Wrexham, instead, had almost the lowest share of poor-quality housing; only Torfaen had a lower proportion of dwellings likely to be of poor quality.

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