



# The Private Rented Sector Review

Insight and analysis from surveys and  
market data gathered by The DPS

December 2024

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# Introduction

As the **largest provider of deposit protection services in England and Wales**, The DPS supports the needs of hundreds of thousands of landlords and millions of tenants, providing a simple, easy-to-use service and a top-rated customer experience.

Twice a year we ask **landlords and tenants** that use our service for their thoughts and experiences of renting. Based on the feedback they give, we collate a temperature check of attitudes towards the rental market. This gives us unique insights into how the **Private Rented Sector (PRS) is changing** and what's important to tenants who rely on the rental market and landlords needing the income their properties generate.

Our half-yearly PRS review combines **stakeholder opinions and feedback** with market statistics and tenancy facts from our own data, providing a **comprehensive overview** of the changing shape of the rental market and attitudes toward a significant part of the PRS, including how it may change in the future.

# The tenancy deposit market

Are **rising costs** and the **impact of legislation** driving landlords to consider their **future** within the rental market?

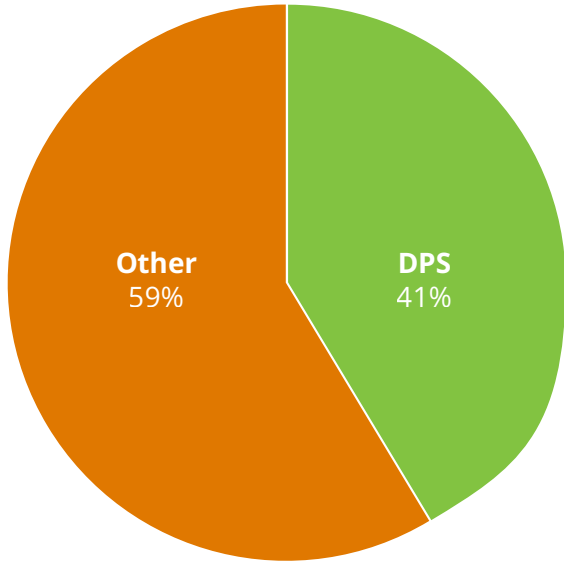
Could the **cost and effort of renting out property** in today's PRS be putting off those new to the industry?

These are some of the questions addressed in our analysis of the PRS market statistics, combining data from the **Ministry for Housing, Communities and Local Government (MHCLG)** and findings from our **regular surveys of tenants and landlords** who are active in the market.

The latest statistics from MHCLG pulls together information from all three deposit protection providers and shows the number of deposits protected across England and Wales currently stands at **4.67 million, with 54% of deposits held in Custodial schemes.\***

\*Source: MHCLG - TDP Six Monthly Report September 2024

Market size - September 2024\*  
Based on 4.67 million deposits

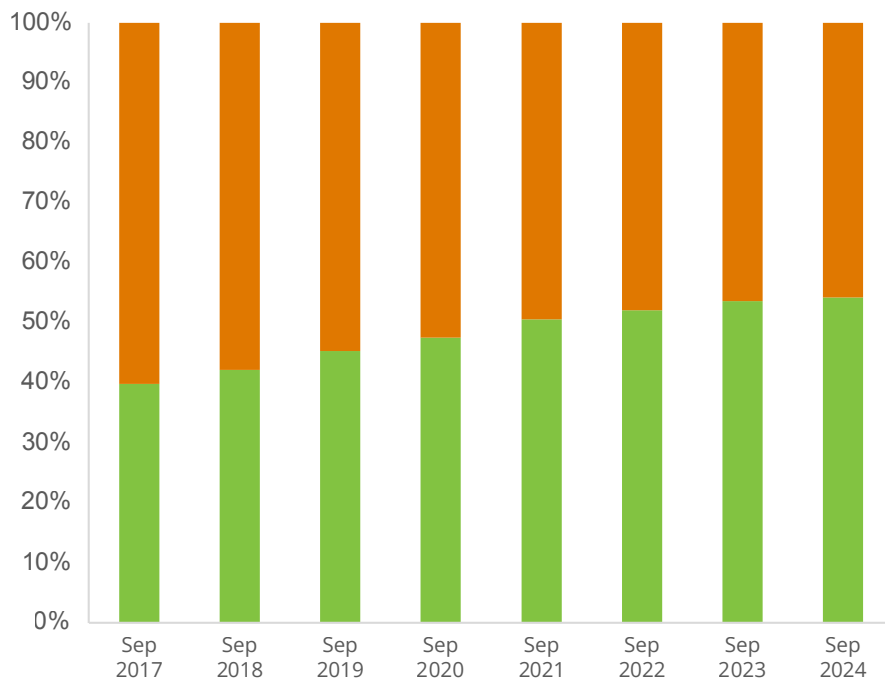


■ DPS deposits ■ Total market deposits

\*Source: MHCLG - TDP Six Monthly Report September 2024

**With 1.93 million deposits under our care - over 41% of the market - The DPS is the largest deposit protection provider in England and Wales.**

Market share - Custodial vs Insured\*

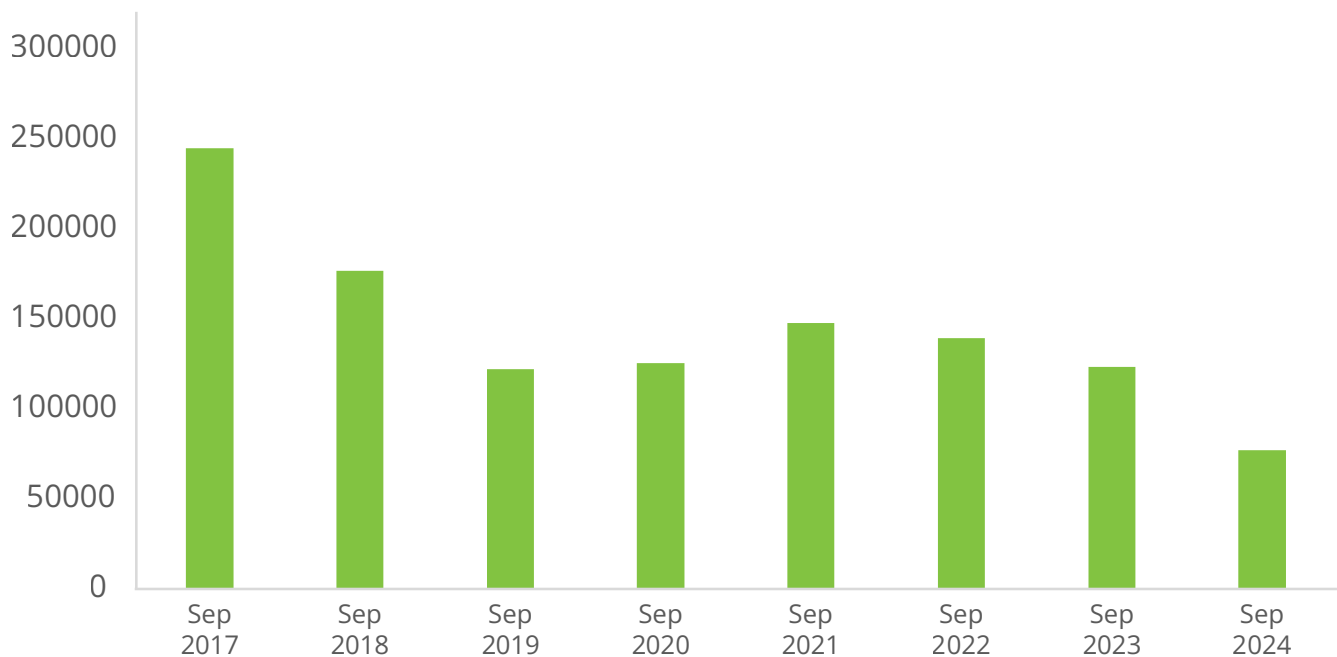


■ Total Custodial deposits ■ Total Insured deposits

\*Source: MHCLG - TDP Six Monthly Report September 2024

Though the number of tenancies in England and Wales has continued to grow, the rate of that growth has slowed. In the **last 12 months the number of deposits protected rose by just under 77,000**. This is the first time the rental market has grown by less than 100,000 tenancies in any 12-month period in the last eight years, and less than a third of the 250,000 increase in deposits protected in 2017.

12 month market growth\*



\*Source: MHCLG - TDP Six Monthly Report September 2024

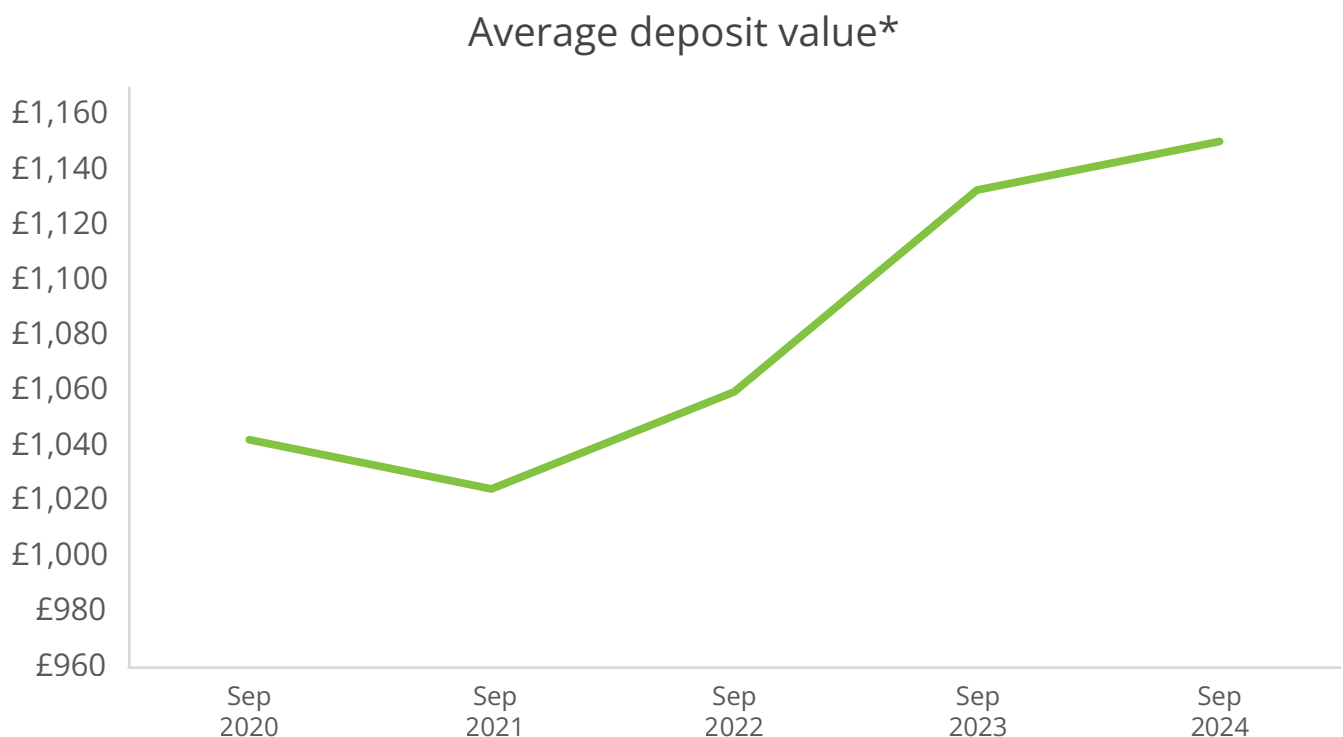
## What could be driving the tenancy slowdown?

Just under a quarter of landlords who responded to our survey told us they were considering selling all their properties and leaving the PRS, citing the potential of an increased burden of legislation such as the **Renters Rights Bill**, which includes provisions for changes to no-fault eviction, Section 21 reforms, as key factors. In addition, concerns were voiced over changes in **Capital Gains Tax**, and the growing difficulty in generating a return from their property portfolios. It seems for some landlords,

the effort required to operate may be starting to outweigh the benefits.

## The cost of being a tenant

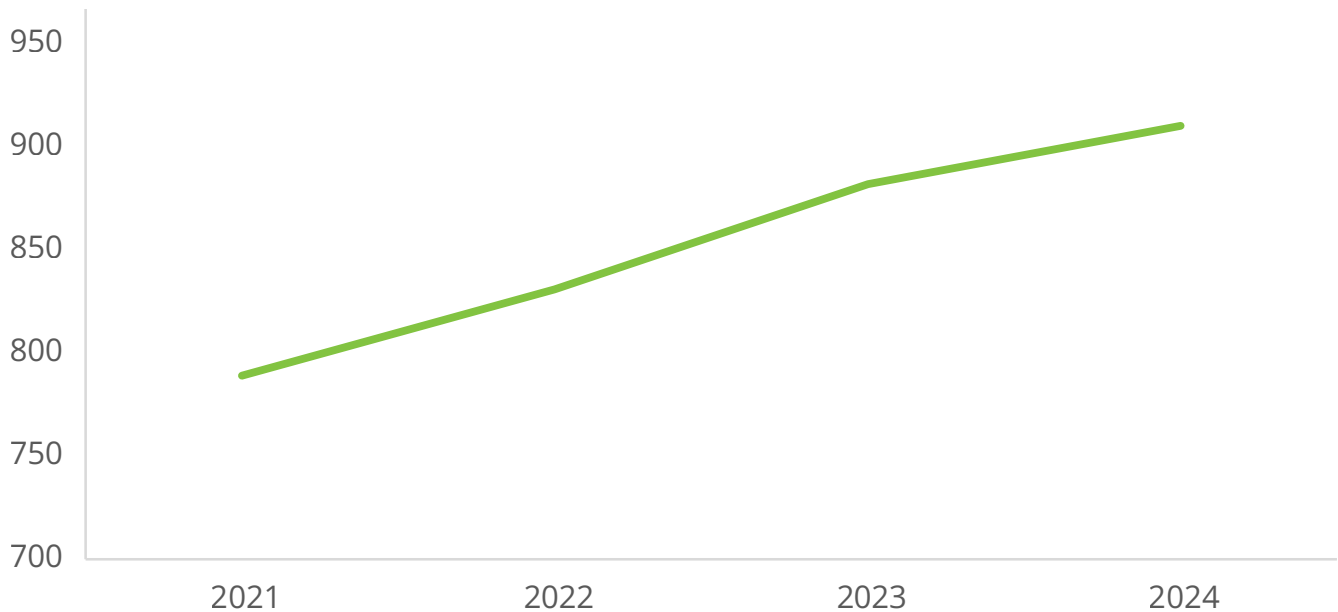
Affordable rent continues to remain a talking point for tenants, though there are some signs the impact is softening. **Rents are likely to have risen in line with average deposit values**, with our data indicating the factors driving increased rents include increasing costs to landlords due to changes in legislation, higher maintenance costs and maintaining rental values in line with local markets.



\*Source: MHCLG - TDP Six Monthly Report September 2024

**Rising rental costs appear to be a key reason behind tenants staying in their properties longer.** Our tenancy data shows average tenancy lengths continue to grow, now standing at just over two years and six months (910 days), up 28 days from 2023 and over four months longer than in 2021.

Average tenancy length (days)\*



\*Source: DPS Custodial Deposit Data 2021 - 2024

Higher rents for new tenancies, increased moving costs, and difficulty finding suitable properties - driven perhaps by the **year-on-year slowdown in the number of properties added to the market** - are working together to drive tenants to extend the amount of time they're staying in their rentals. We believe the result of a combination of these factors is **a decrease in the number of tenants who have moved in the last six months.**



# The landlord's view

Our regular landlord surveys provide us with valuable insights into the landlord's experience of renting out properties, giving them an opportunity to share their views of how the market is changing, their future intentions and the drivers behind those intentions. **Over 1,200 landlords responded to our latest survey to share their insights.**

Here's what they told us.



## Property portfolios

The landlords responding to the survey reflect a range of different backgrounds, from those with large portfolios working full time as landlords, to those with a single property that was perhaps never intended to be a rental.

Of the 1,258 who replied:

**61%**

purchased all their properties specifically for use as rentals. Another 30% either inherited their rental property or originally bought their rental as their main home.

**57%**

own one or two properties, with another 38% owning between three and ten properties.

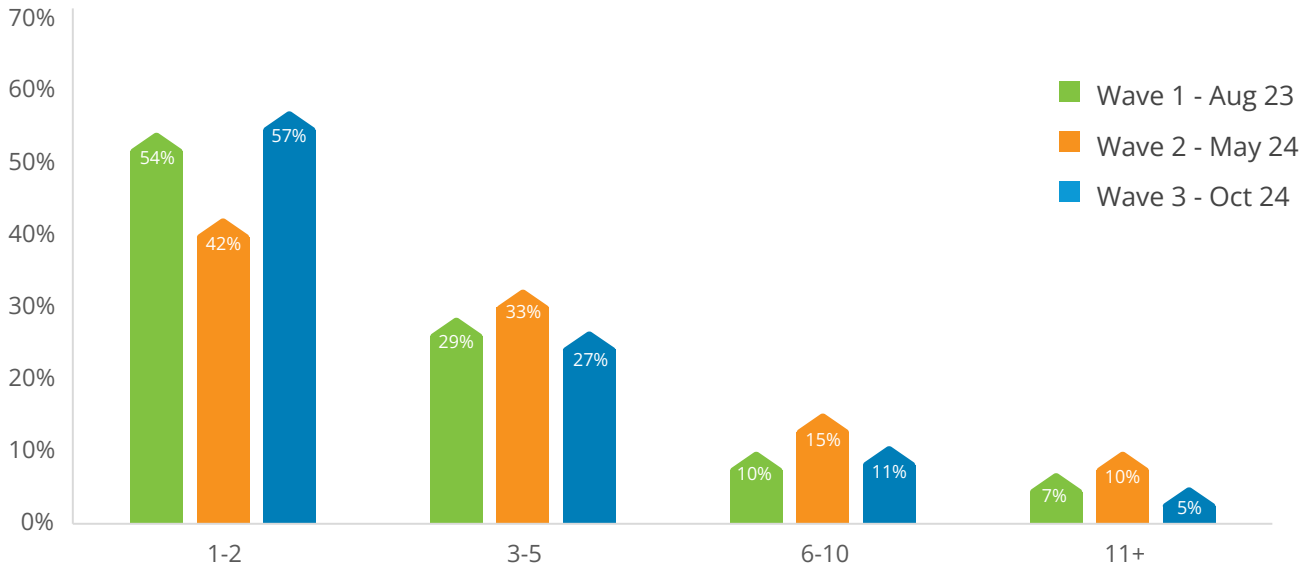
**57%**

have another primary source of income (up 4% from May), with 35% stating rental income remains their main source of income.

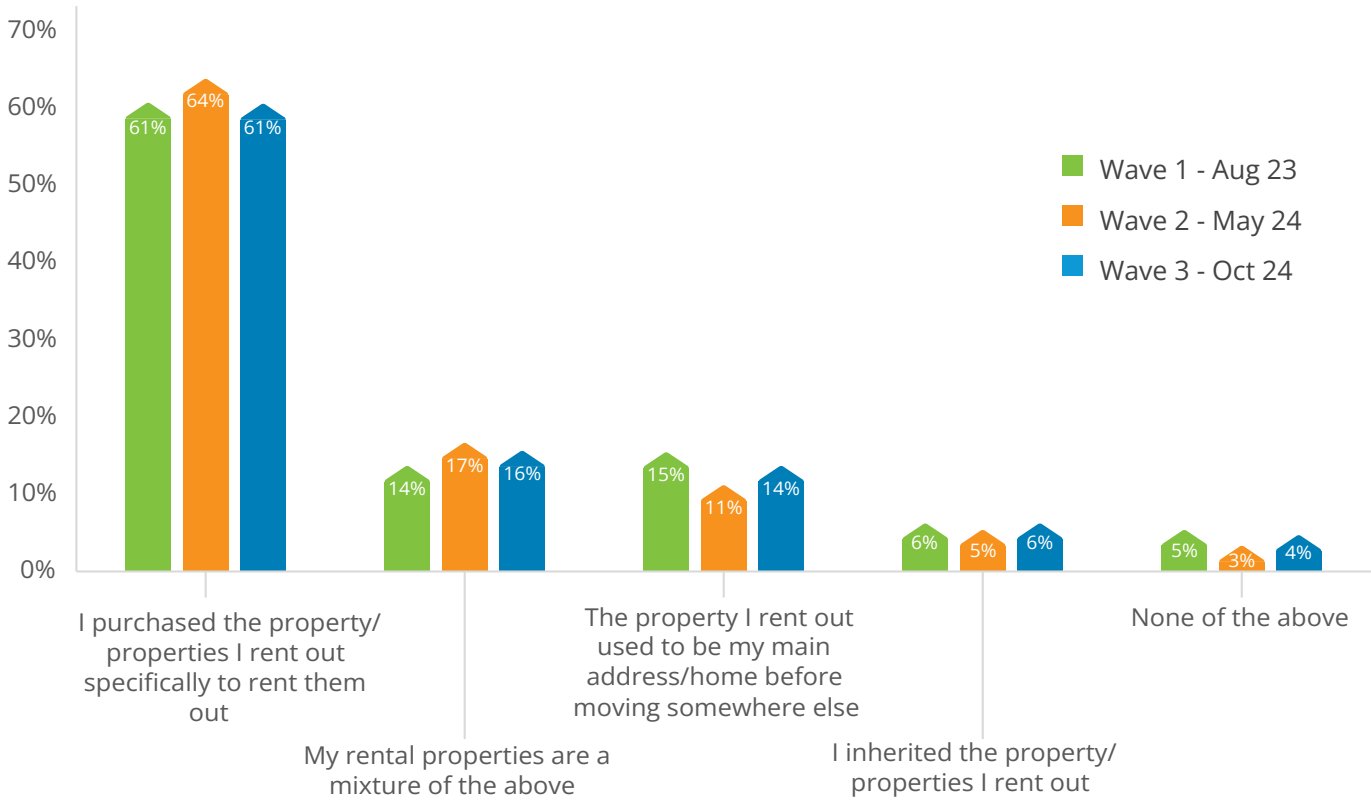
**47%**

are considering whether to sell some or all of their portfolio (down 2% from May), with 24% of these considering exiting the market fully in the next two years.

## Number of properties owned

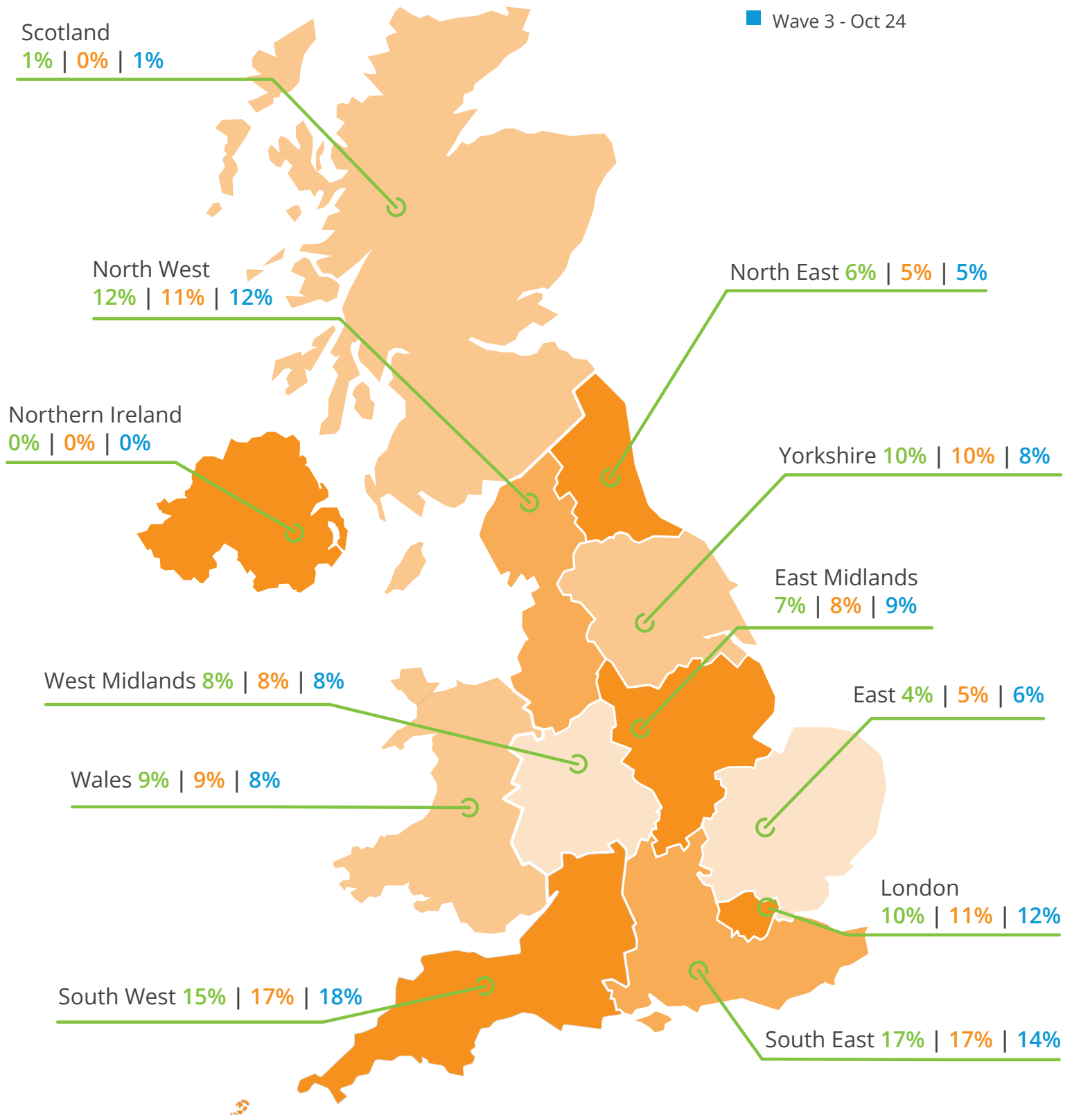


## How a portfolio is acquired



# Where properties are located




- Wave 1 - Aug 23
- Wave 2 - May 24
- Wave 3 - Oct 24



## Legislation, tax and the landlord mindset

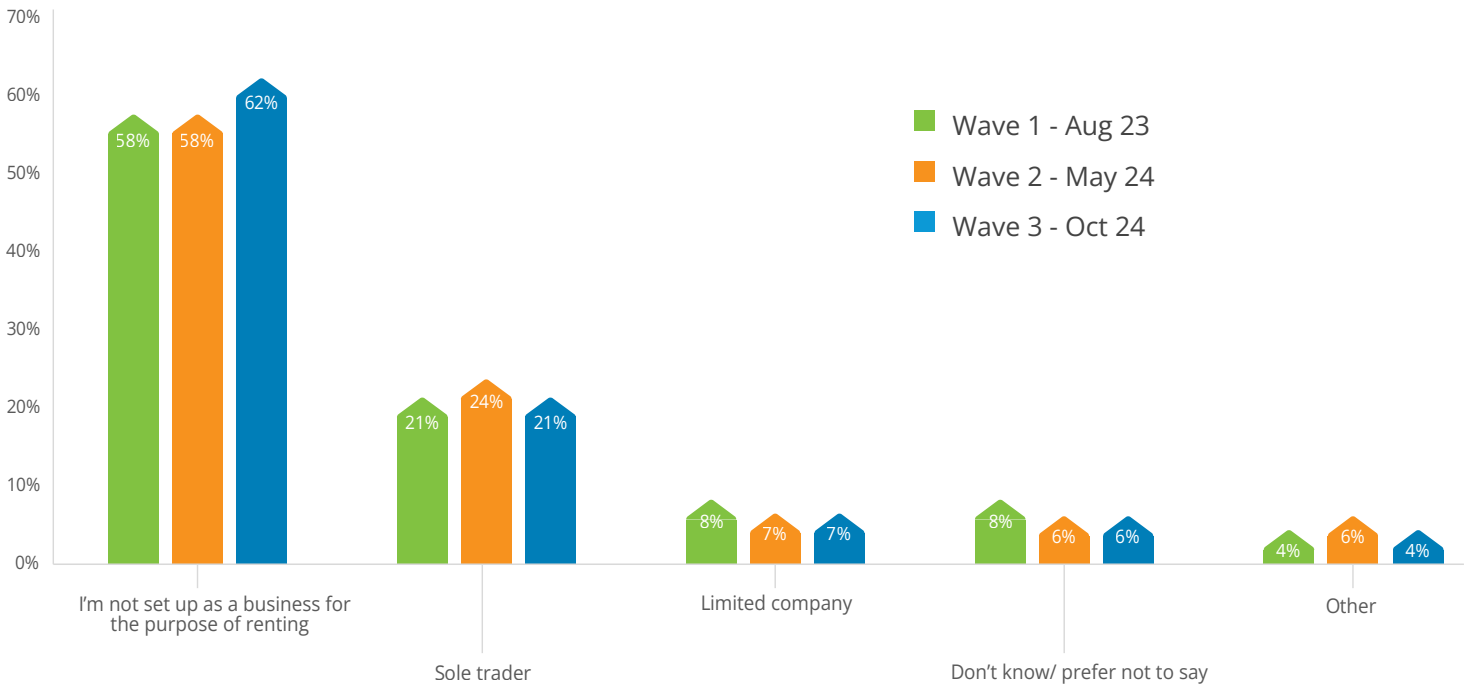
Changing legislation and the taxation landscape are the **single greatest concerns among landlords**, and for nearly 90% of those thinking of selling their properties, this is the key consideration.

Of the landlords who indicated they were considering selling some or all of their properties:

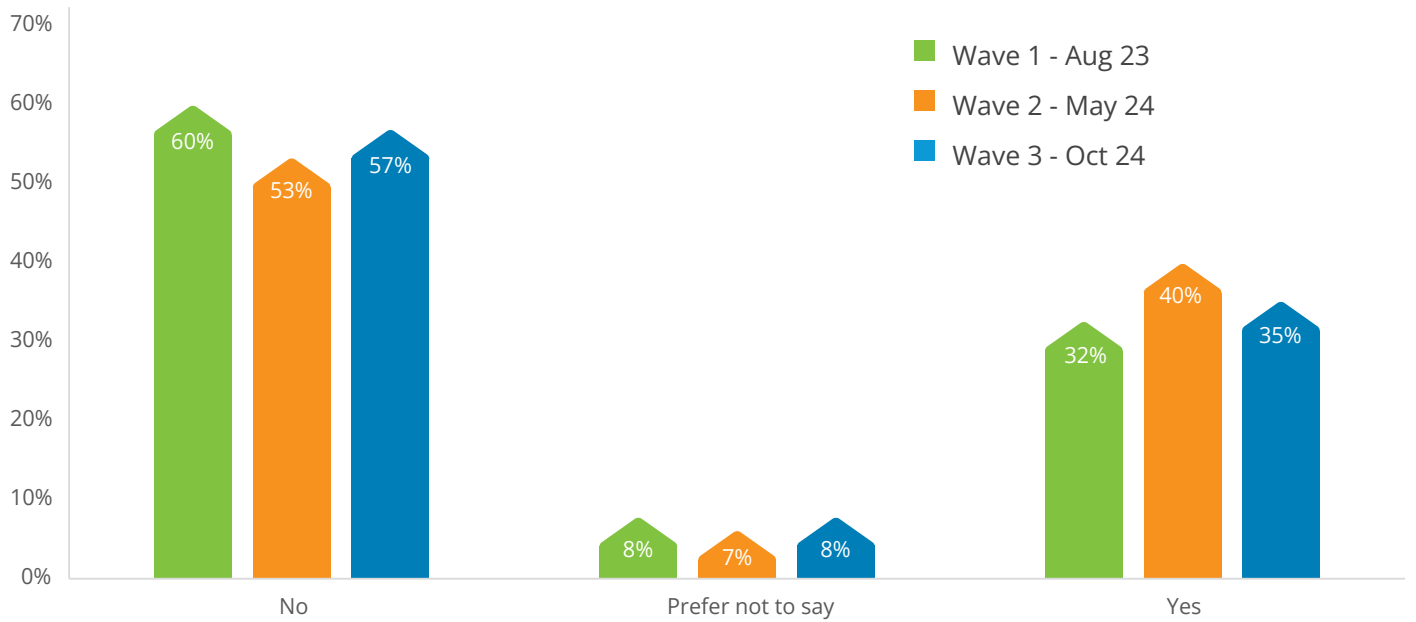
-  **94%** named Section 21 reform as a concern
-  **91%** were concerned about Capital Gains Tax changes
-  The Renters Rights Bill was front of mind for **91%** of respondents

With the impact of legislation, rising maintenance costs and buy to let mortgage costs impacting the ability to make a profit, **76% of these landlords also cited returns from letting as a significant consideration.**

## How their business is structured



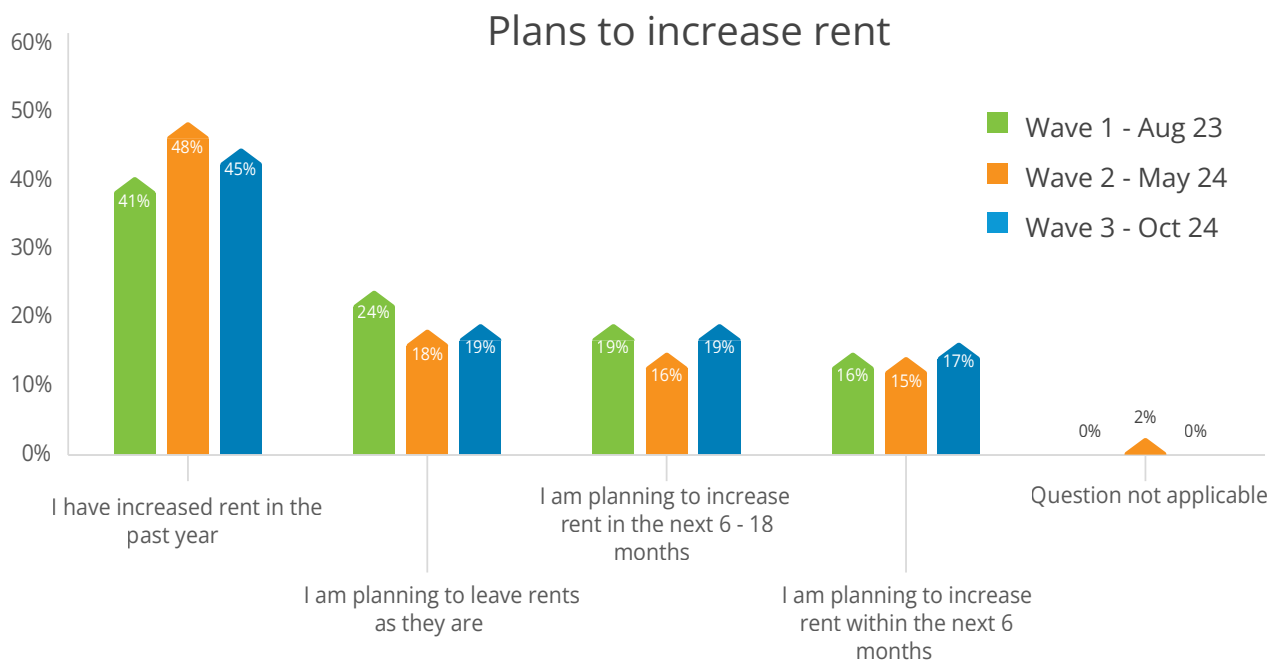
## Are rental properties their main source of income?



## Raising rents and advance payments

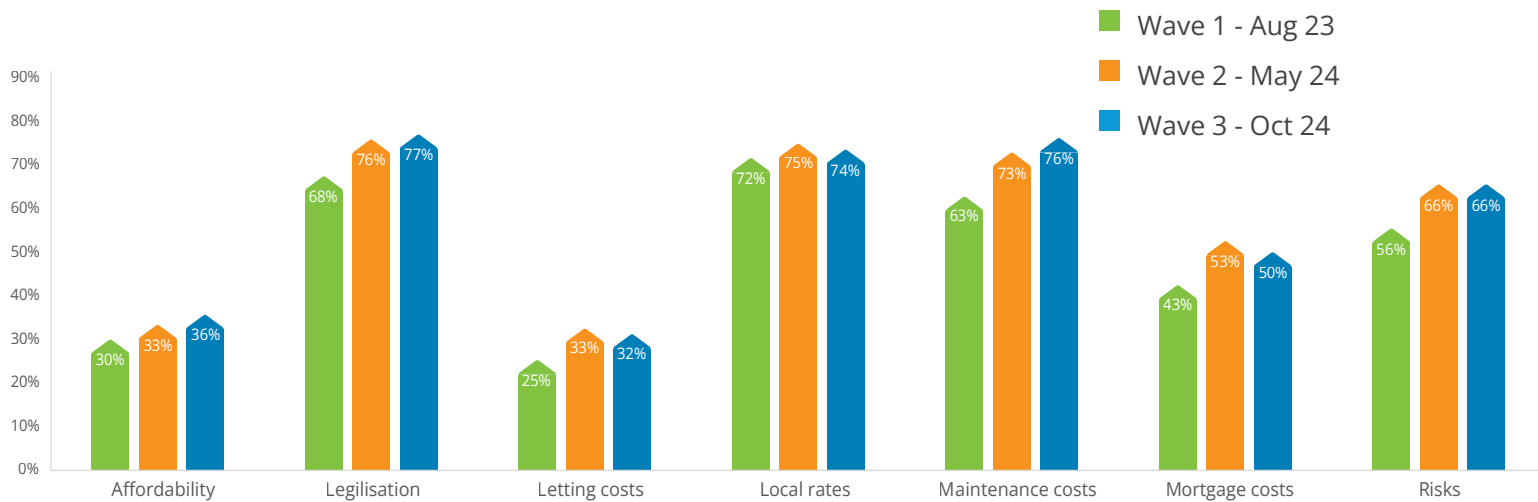
Whilst the number of landlords who raised rents in the past 12 months has slightly decreased, the number planning to put up rents in the next six months has increased. Since May, **45% told us they've increased rents compared to 48%** in the previous survey, **whilst 17% of landlords plan to increase rents within the next six months (up 2%)**, and a further **19% expecting to increase rents within 12 months (up 3%)**. Only 19% of landlords intend to leave rents unchanged.

The key drivers behind rent increases, named by around 75% of respondents, are **legislation costs, maintenance costs and maintaining rental values** in line with local markets.



Along with fewer landlords raising rents in the last six months, we've also seen a shift in the amount of rent taken in advance. The number of landlords asking for between **four and six months' rent upfront has fallen 15% since May** to just 13% of respondents, but those asking for between two and three months' rent is up 17% to 65%.

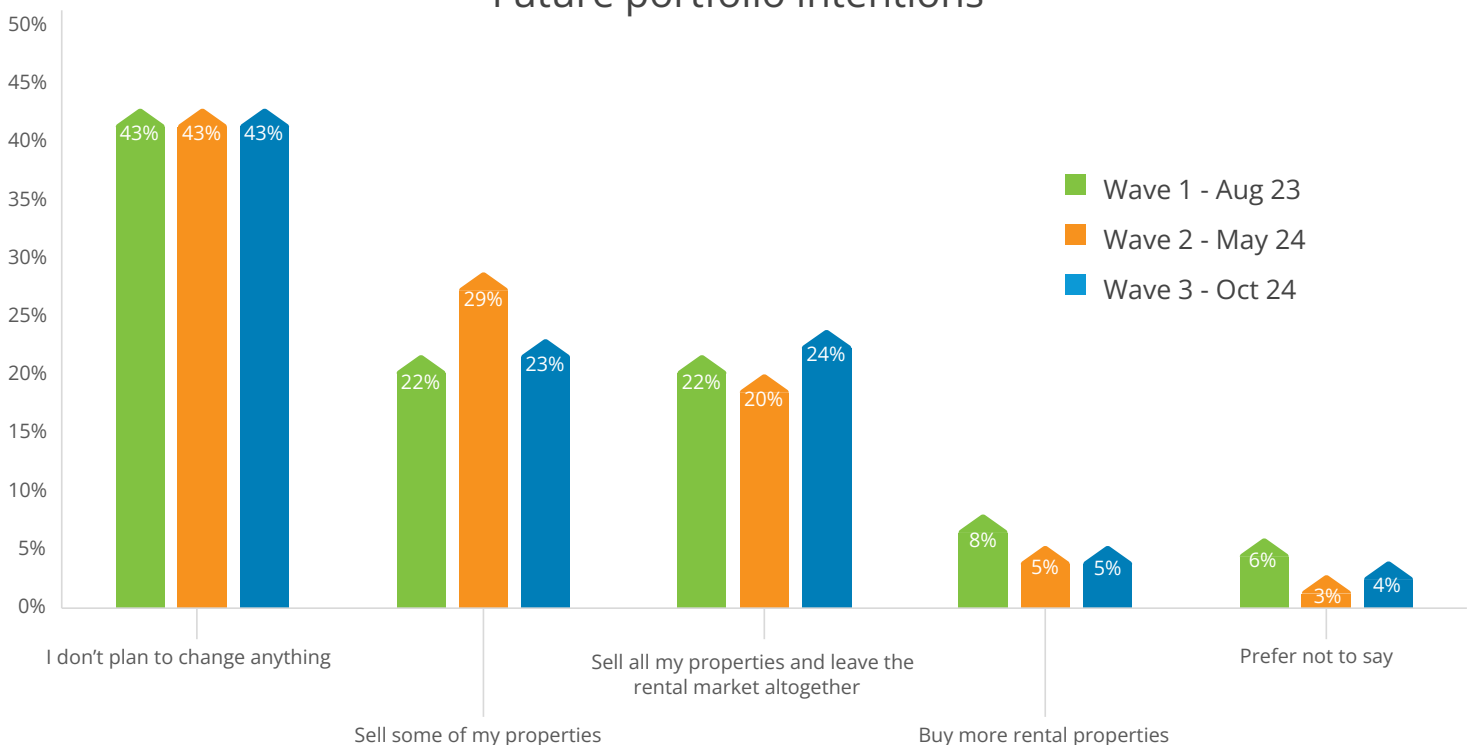
## Factors behind decisions to increase rents



Landlords have also told us the number of tenants putting in offers above the **asking rent has fallen from 17% to 14%**.

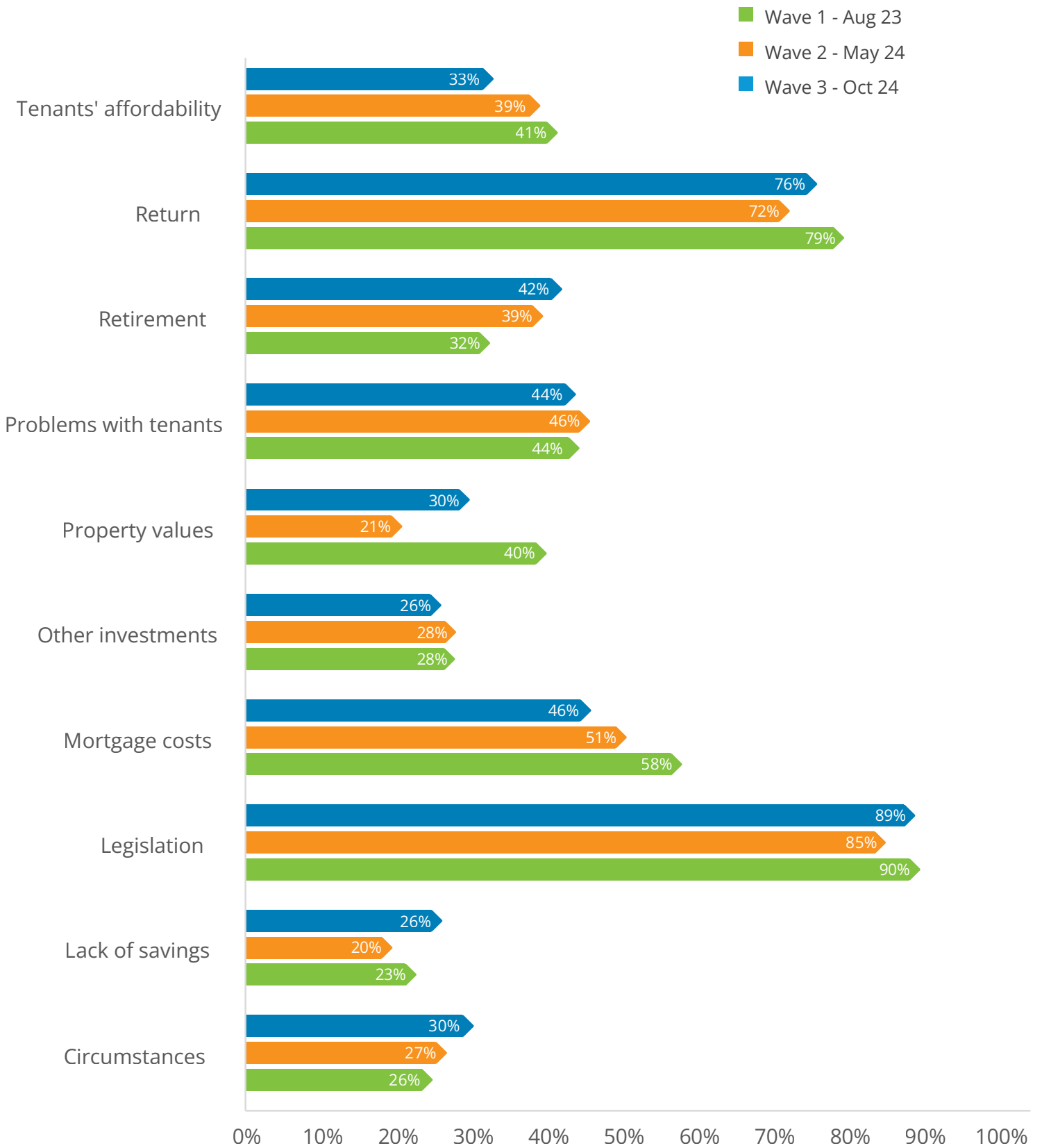
The changes in both the amount of rent being taken upfront, and the volume of tenants submitting “above asking rent” offers in to secure a tenancy perhaps indicates a cooling in demand for rental properties, although this is in conflict with the view that **many landlords are considering exiting the market, or at very least divesting some of their rental portfolios**.

## Future portfolio intentions





## Factors behind intention to sell



# Is demand for rental properties changing?

52% of landlords responding to our survey said they'd offered at least one property for rent.

Of these:

**35%**

said there was no change in the number of people applying to rent their property.

**35%**

said the number of people applying to rent their property has increased but hasn't doubled.

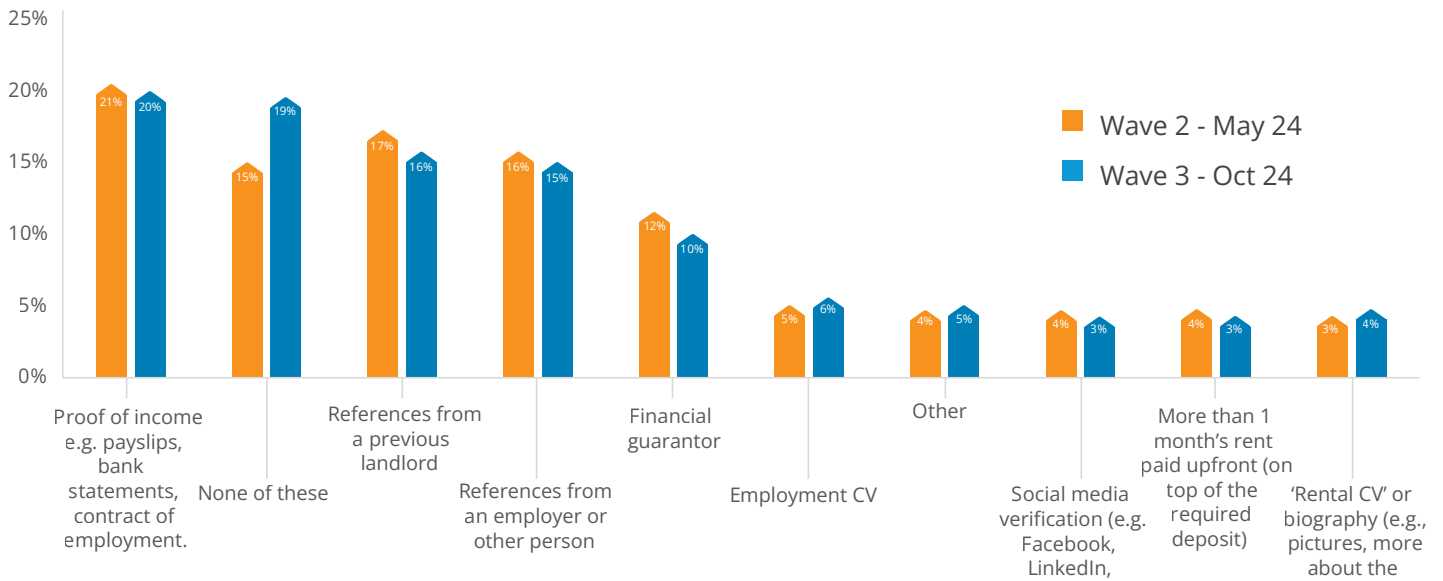
**17%**

said the number of people applying to rent their property has roughly doubled.

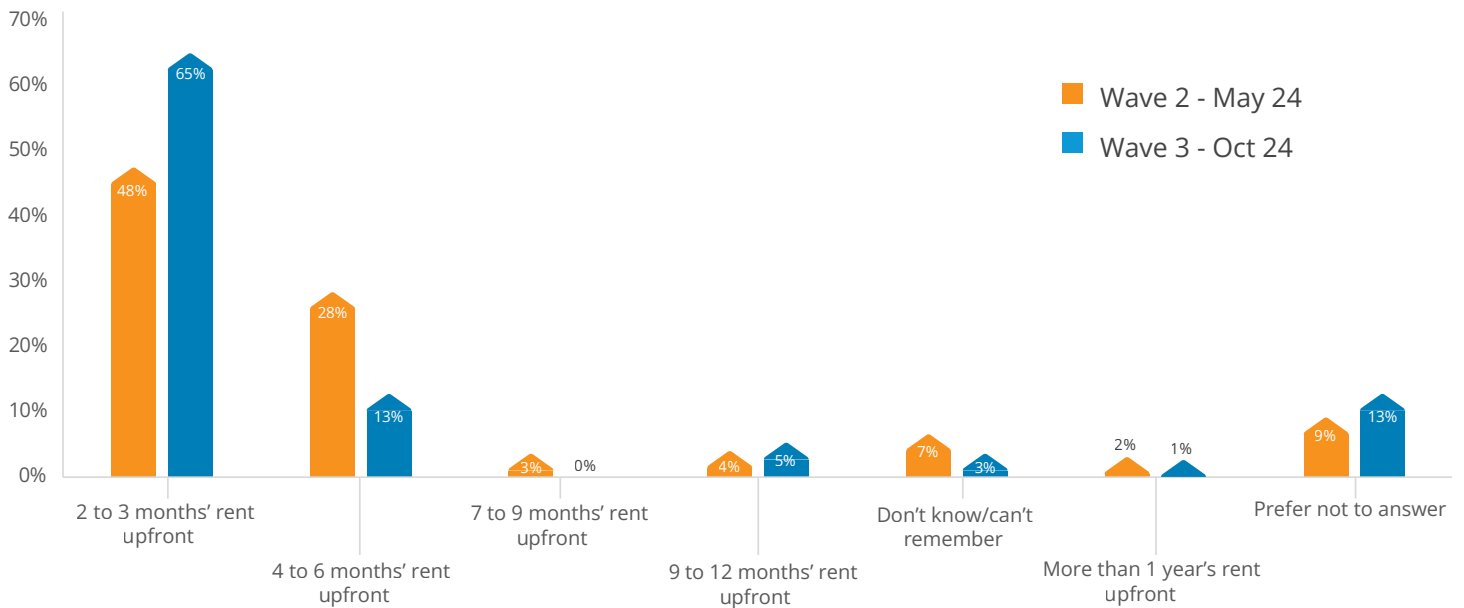
**13%**

said the number of people applying to rent their property has more than doubled.

## Non standard rental checks and requirements



## Have tenants offered over the asking rent?



# The tenant's view

Our survey of **tenants** provides them with a channel to share their rental experiences, giving their view of the market – from how they've found their current tenancies, to the ease of moving to a new property.

We've continued to expand the number of questions we ask tenants since our first survey, increasing the range of insights we can draw from their responses. **1,203 tenants responded to our October 2024 survey**, drawn from a range of demographic backgrounds.

Over the course of the last year, the number of **tenants moving into new rentals has decreased significantly**, with only 20% having moved in the last six months. This is down 12% from six months ago and 26% compared to this time last year.

**Over half of all tenants have now been in the same tenancy between one to five years**, an increase of 12% in just the last six months and consistent with the continuing rise of average tenancy lengths.

Of those that have been in the same property for more than a year, **35% stated they wanted to move but couldn't**.



Of those tenants who haven't moved, 51% said they'd seen **rents increase**, 1% more than in our last survey. Of those experiencing rent rises, 82% are now **paying up to a quarter more than previously** and 18% are paying over a quarter more.

Whether tenants did or didn't move, the **top three reasons** given for wanting to rent a new property are:

**28%**

to live in a property in better condition.

**23%**

to live in a less expensive property.

**19%**

to live in a larger property.

Since our last survey, fewer tenants experienced hardships (like having to cut back on essentials, being unable to save for the future or afford luxuries like meals out) as a result of having to pay **higher rent**, possibly a reflection of recent wage inflation and a general easing in some cost of living factors.

# Top changes tenants believe would help renters

**37%**

**MOST IMPORTANT**

Improvements to rent controls such as rent freeze and limiting rent increases.

**24%**

**SECOND MOST IMPORTANT**

More regulation to improve protections for tenants and increase long-term security of tenure.

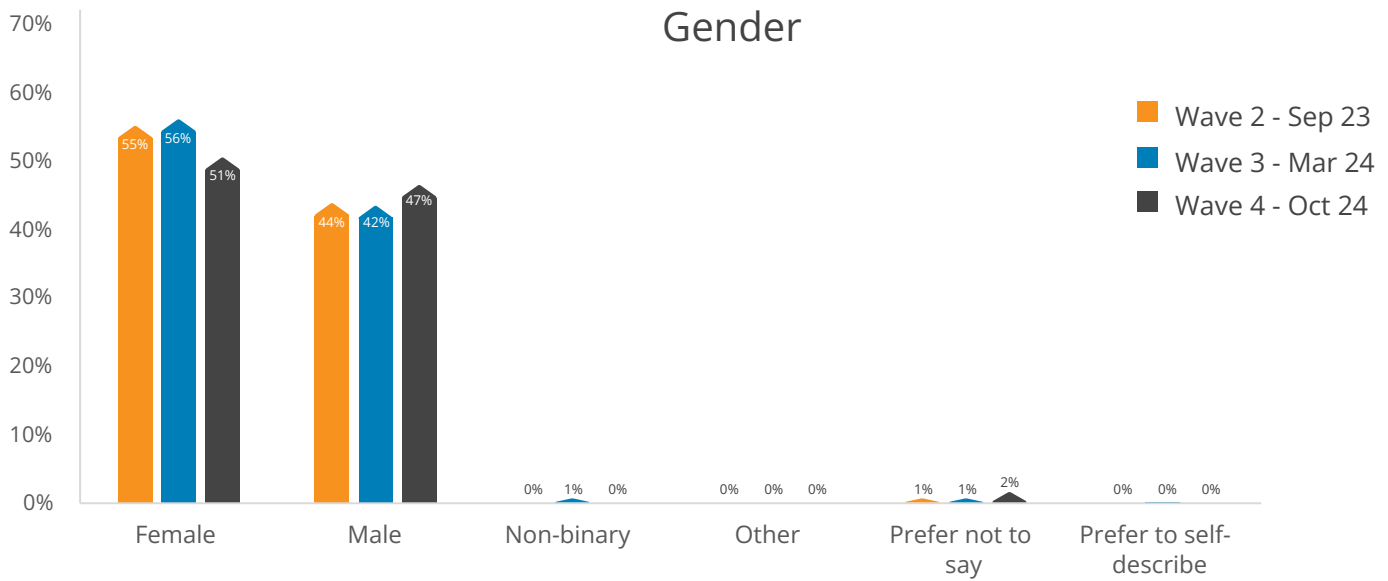
**18%**

**THIRD MOST IMPORTANT**

Improved housing standards in the rental sector.

# Respondent demographics

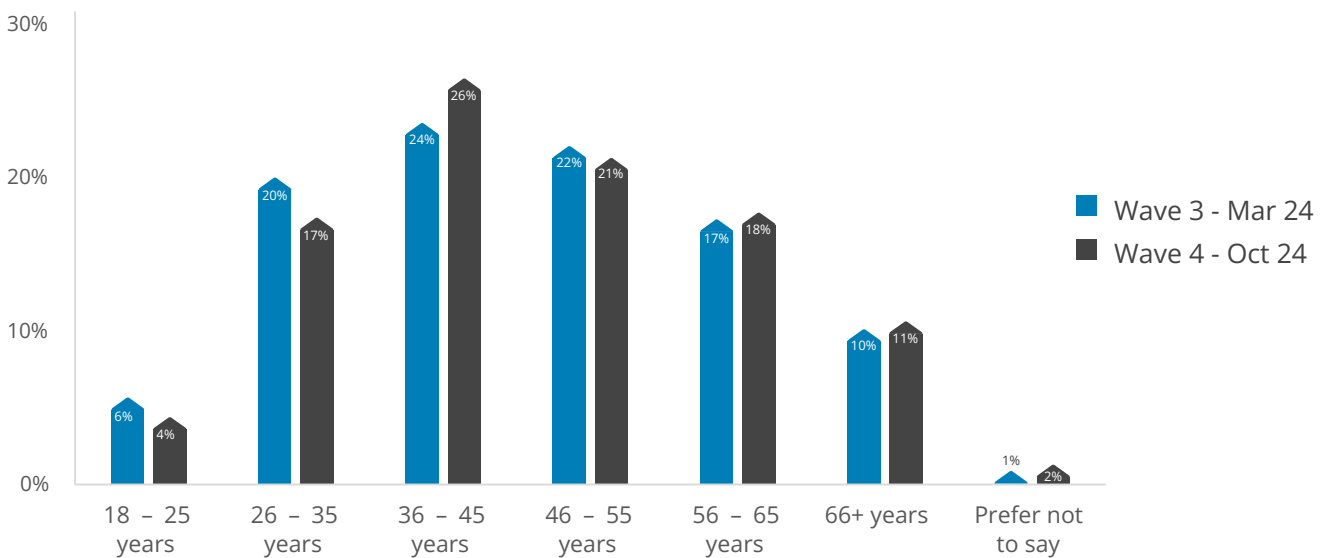
## Gender



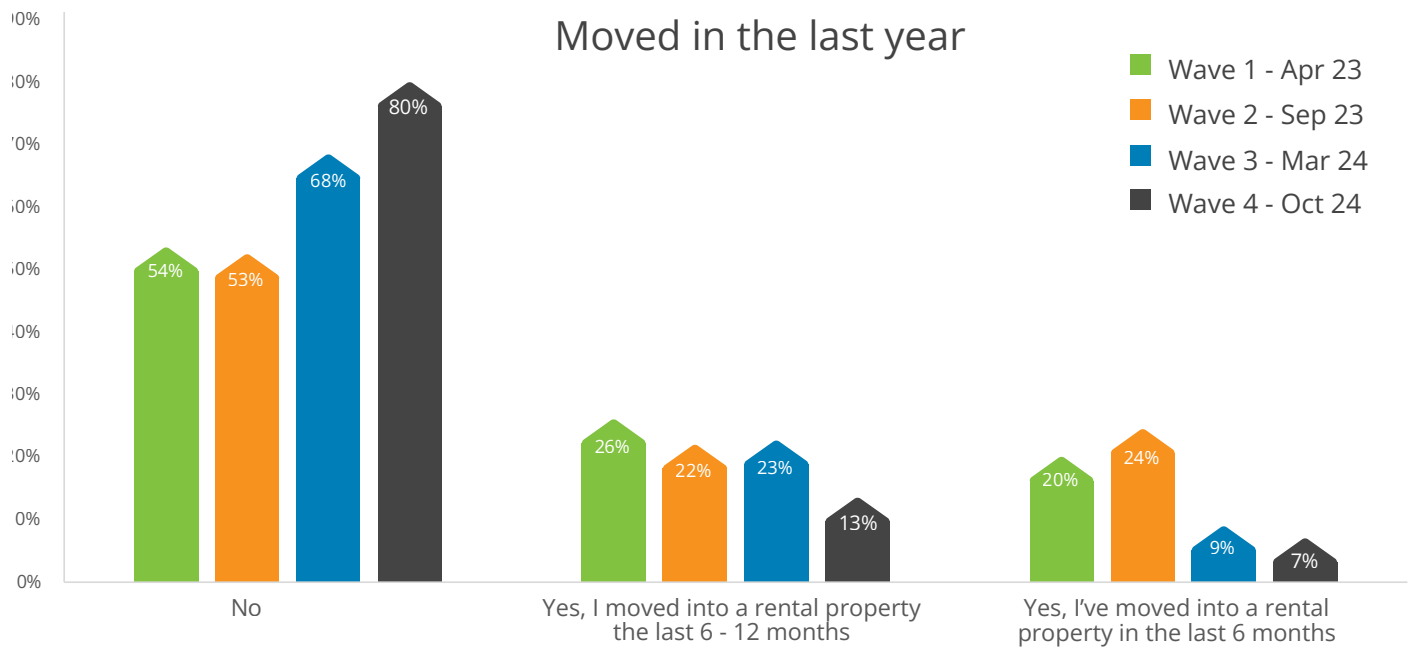
## Employment status



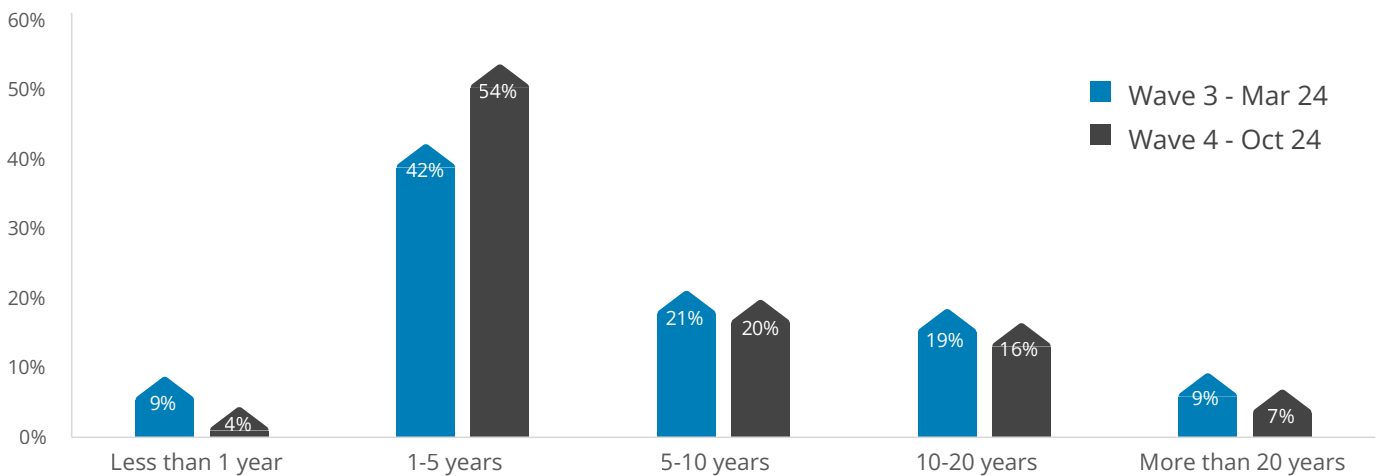
## Age



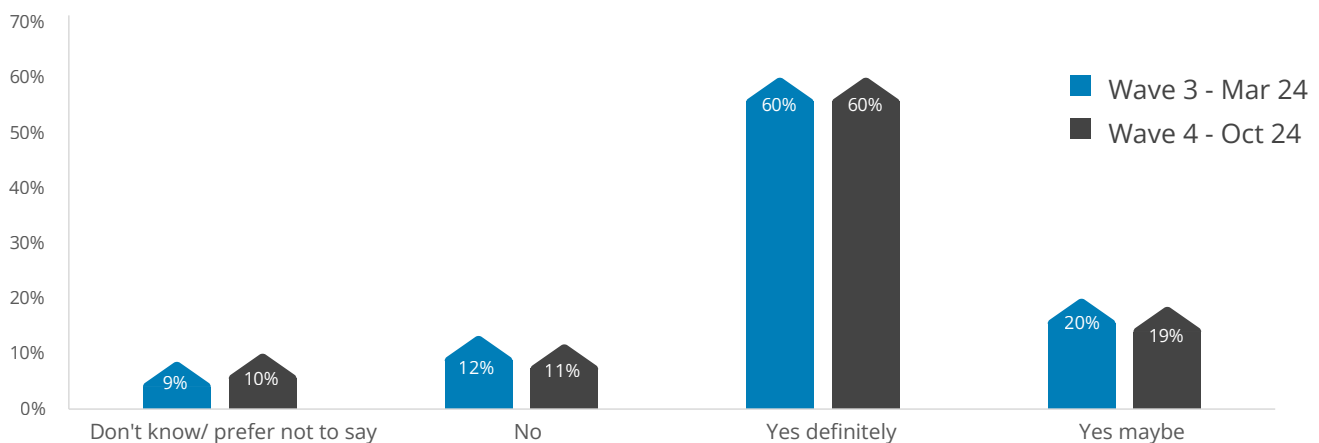
# Have you moved into a rental property during the past year?



## Length of time renting



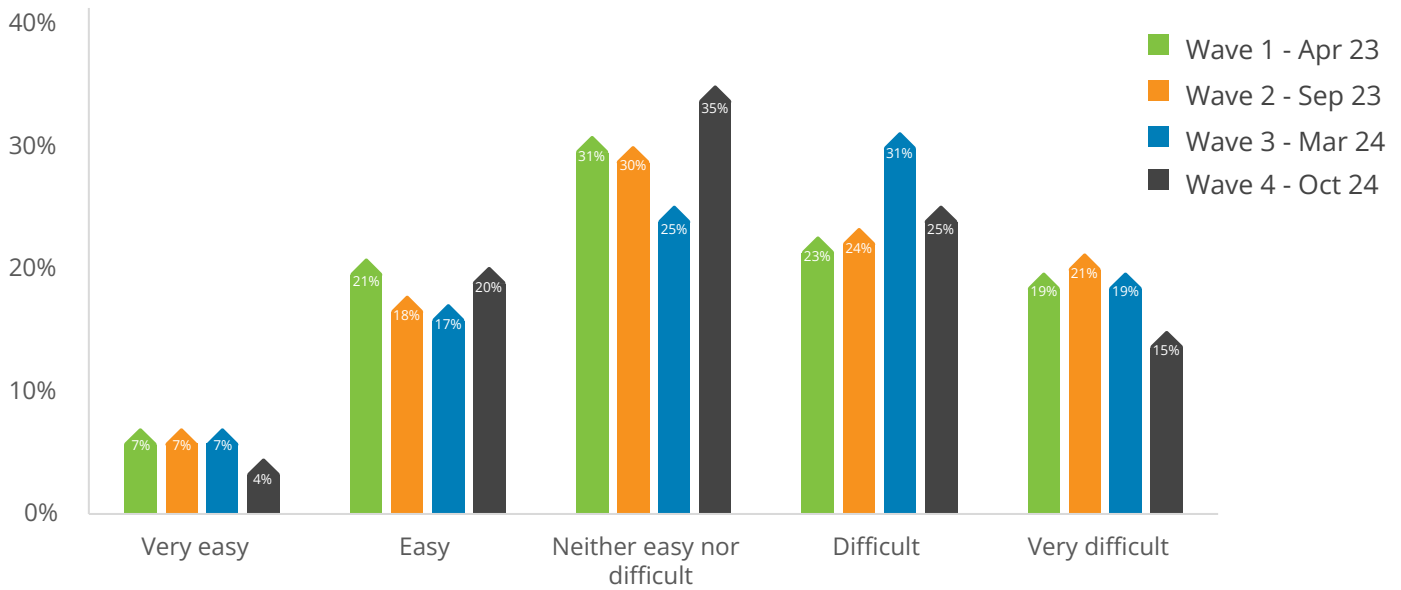
## Desire to own home





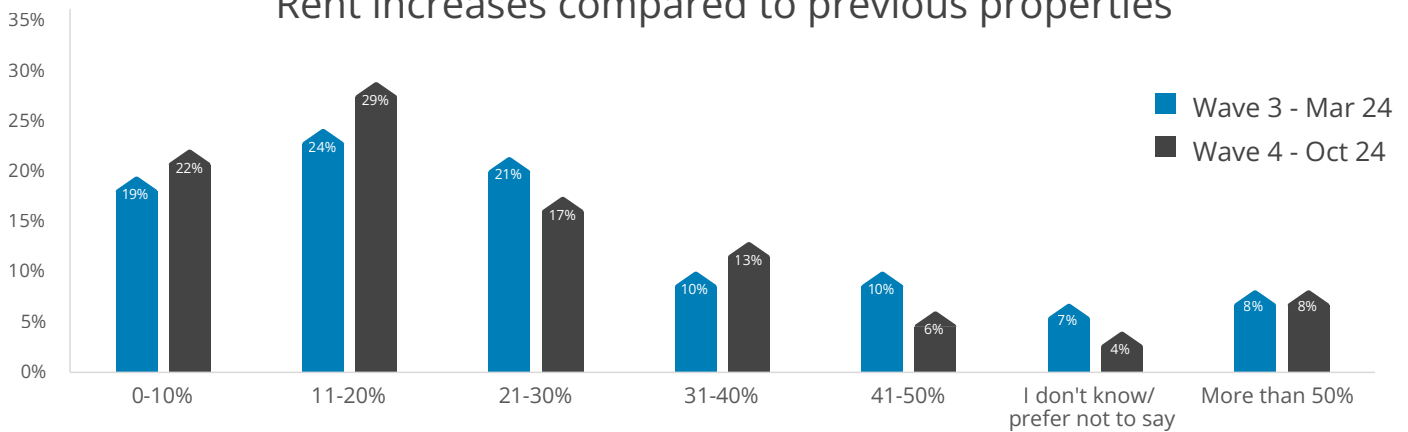
# Movers

How easy or difficult was it to secure your present rental property?

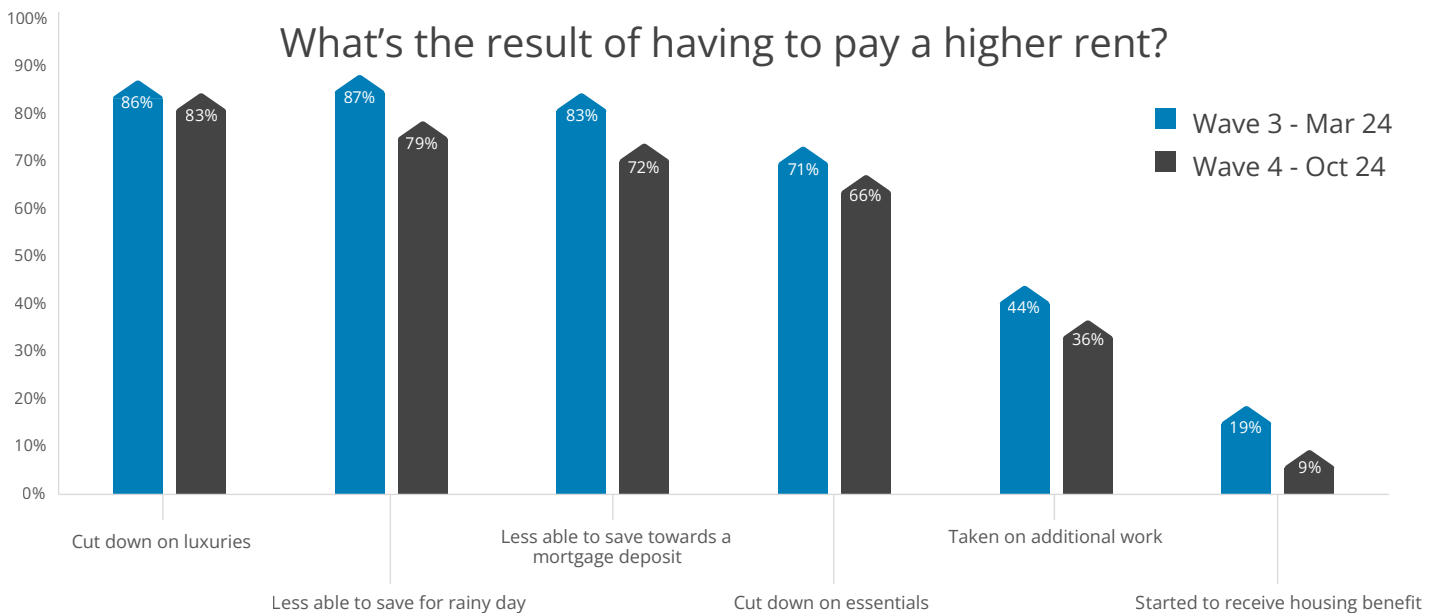


# Renting experiences

Rent increases compared to previous properties

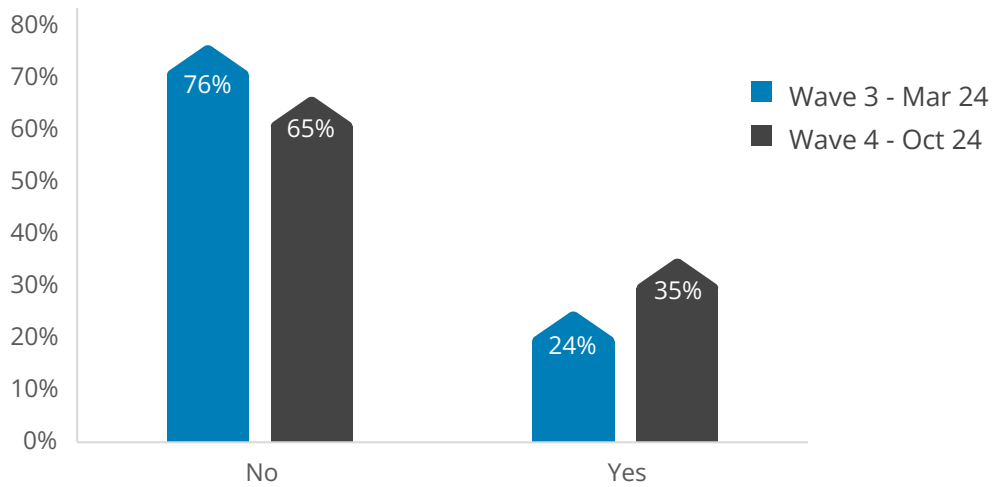


What's the result of having to pay a higher rent?

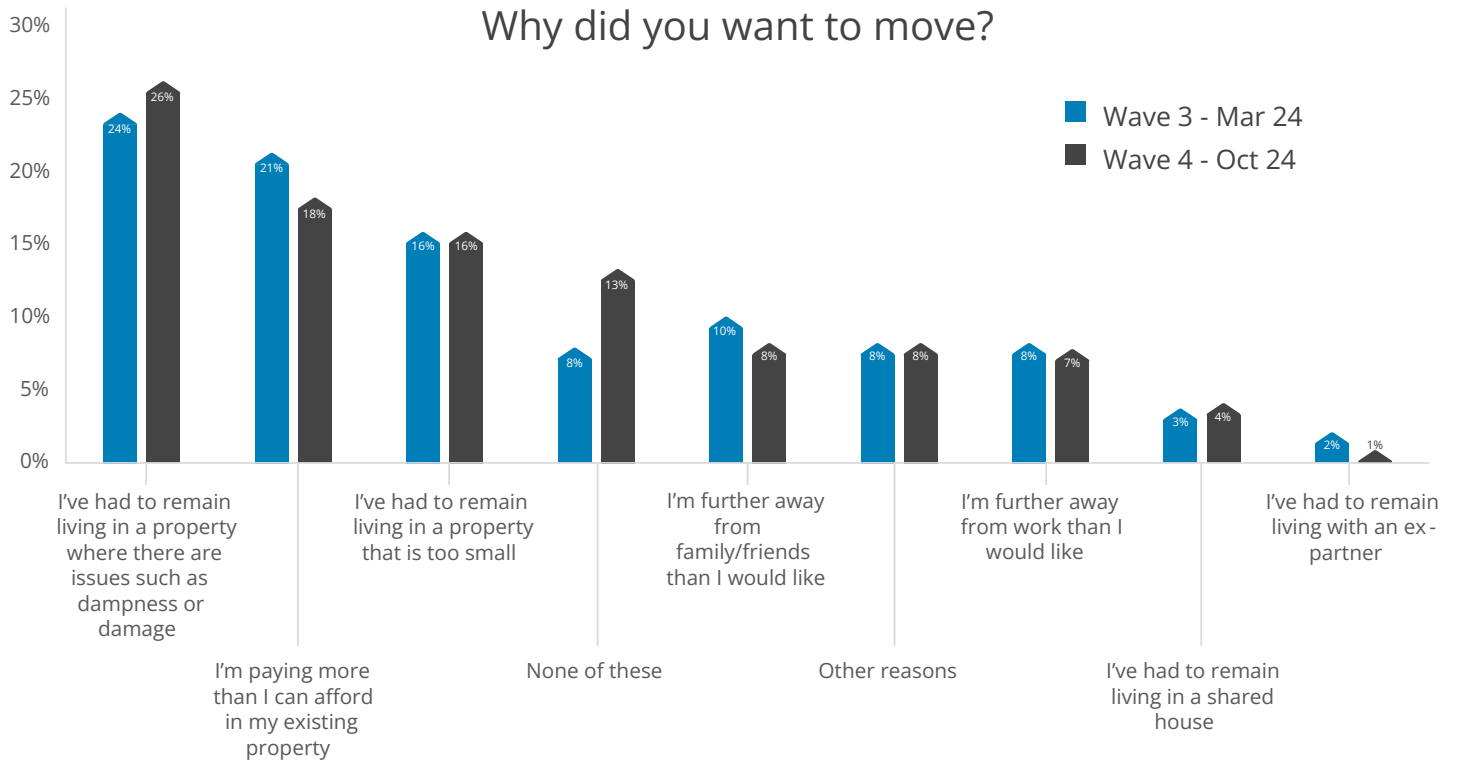


# Non - movers

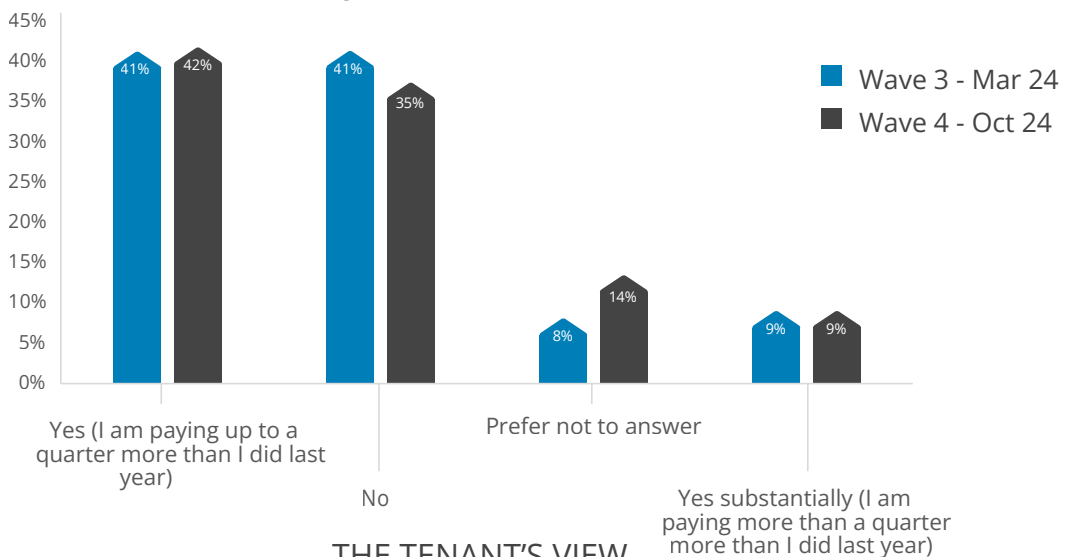
Would you have liked to have moved?



Why did you want to move?



Has your rent increased?



# About The DPS

In **2007**, we launched The Deposit Protection Service (The DPS), the first Custodial Tenancy Deposit Protection Scheme. We've been **an integral part of the Private Rented Sector (PRS)** ever since.

The DPS supports **the needs of hundreds of thousands of landlords and millions of tenants**, providing a simple, easy-to-use service and a top-rated customer experience.

With **over 1.93m deposits under our protection**, we're the **largest provider of deposit protection services in England and Wales**. We're also the **top rated deposit protection scheme** for customer service on both **Trustpilot and Google\***.

\*as of 4 December 2024



[www.depositprotection.com](http://www.depositprotection.com)