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Committee Member

iHowz Landlord Association
Presentation to Southampton Inquiry
December 21st 2023 – Rent levels.

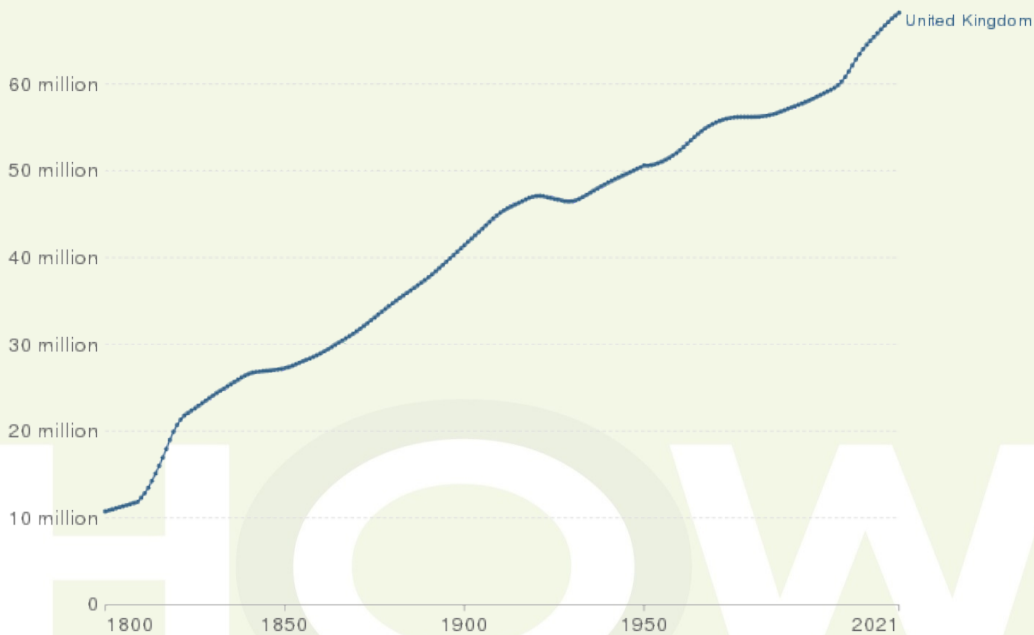


Facts

- UK population is growing

Population, 1800 to 2021

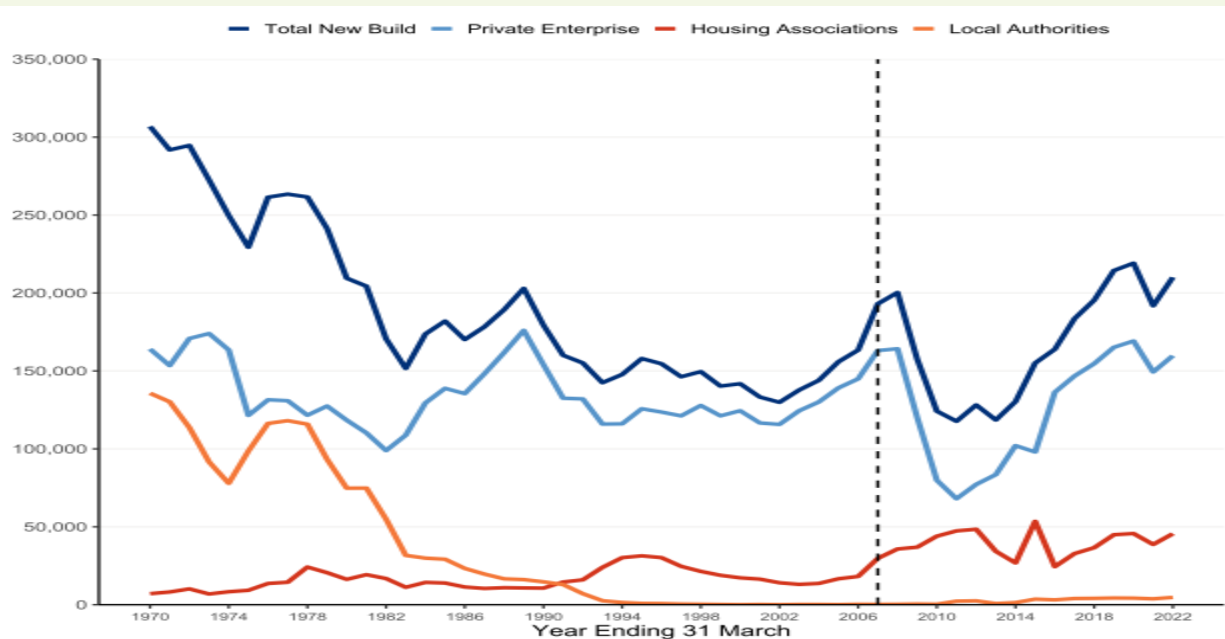
Our World
in Data



Source: Gapminder (v6), HYDE (v3.2), UN (2019)

Facts

- No government has met the recommended 300,00 new properties per year since 1970



Sources:
1969-70 – 2005-06:
Building control reported new build dwellings, Live Table 213
2006-07 – 2021-22:
Total New Build: Housing supply: net additional dwellings, Live Table 120
Housing Association and Local Authority New Build: Affordable housing supply, Open Data
Private Enterprise New Build: Modelled as Total New Build - Housing Associations - Local Authorities

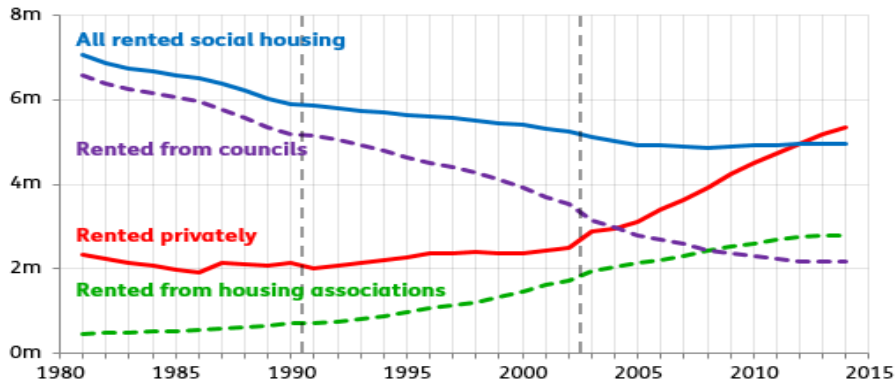
The dotted line denotes a change of method

Facts

- Social and council housing has diminished since 1980.
- The PRS has expanded to meet the shortfall
- Landlord's risk - a few go bankrupt every year

The UK rental sector

Rented dwelling stock in the UK by tenure, 1981-2014 *



* Data for earlier years is less reliable and definitions may not be consistent throughout the time series

Source: Ministry of Housing, Communities & Local Government; Live tables on dwelling stock (including vacants); Table 101: by tenure, UK (historical series)

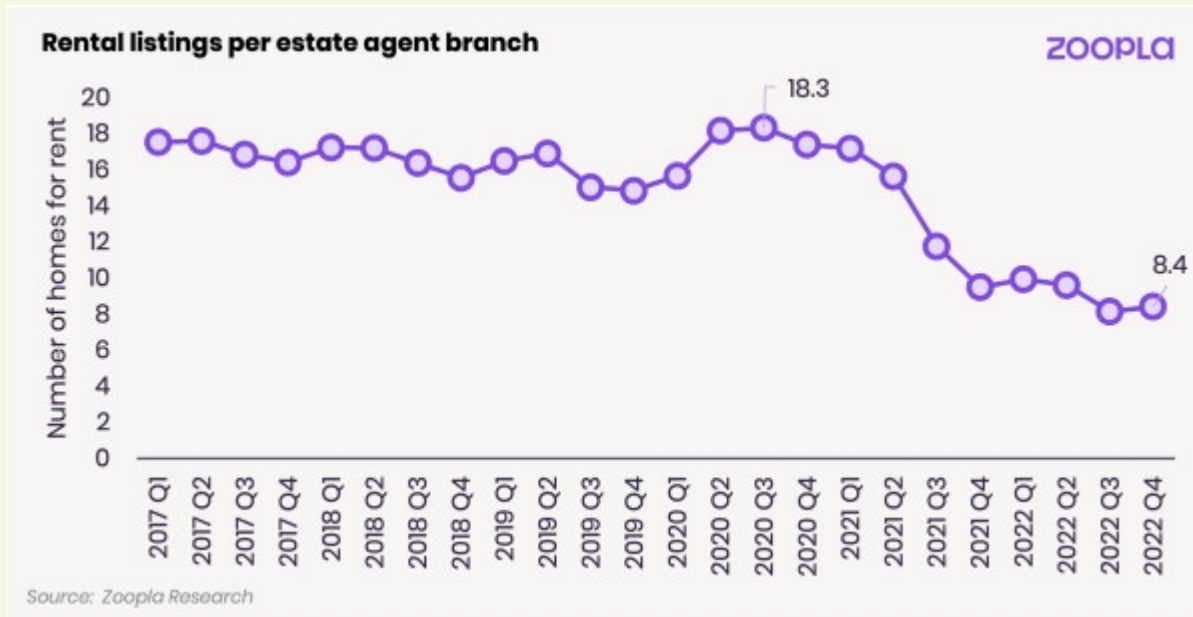
Cause and Effect

- Landlords are losing money
- Some landlords are selling their rental properties
- Those properties are being bought by 1st time buyers who typically will not share
- Result is less dense housing
- The effect is shortages are driving up rents
- Supply and demand dictates prices
- NOT the greed of the Supplier / Vendor / Landlord

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Facts

- Zoopla reports less properties to rent



This must lead to an increased demand

BIG ISSUE

Big Issue statement:

An imbalance between supply and demand is the main driver of record-high prices.

Oct 2023

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Landlords' costs

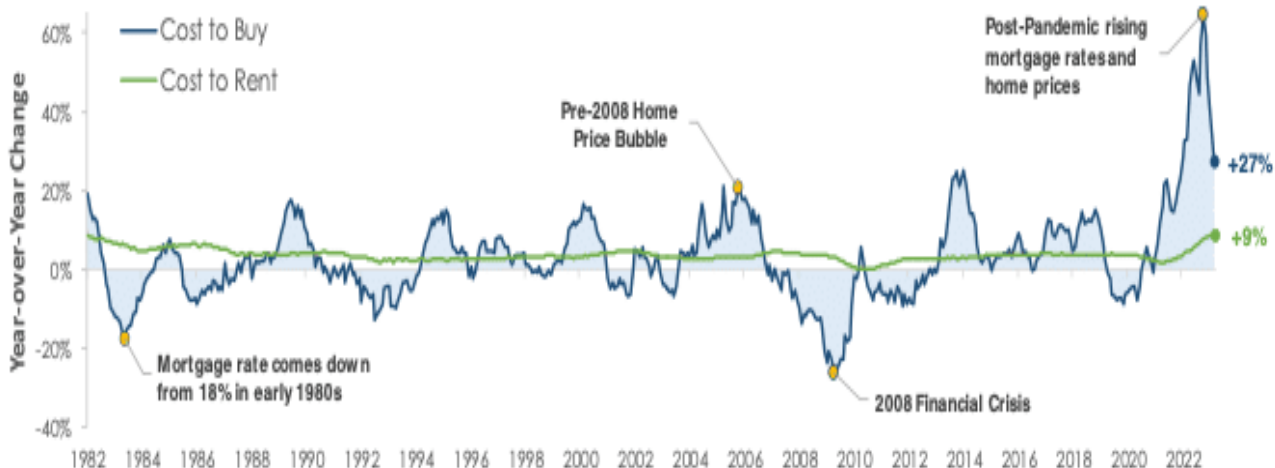
- Cost of building has nearly doubled since 2018
- Mortgages are at a 15 year high.
Affecting owner-occupiers and landlords alike.
- English Housing Survey (2021/22) reports 75% have a mortgage

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Rent versus Buying

- Rents have followed increased demand due to population explosion

FIGURE 1 – Year-Over-Year Change in Monthly Mortgage & Rent Payments



Source: MarketDesk, NAR, Department of Labor. Data from January 1982 to March 2023. Cost to Buy: Year-over-year change in the Housing Affordability Index Monthly Mortgage Payment, including principal and interest. Cost to Rent: Year-over-year change in Rent of Primary Residence component of Consumer Price Index.

Rent Caps & Freezing

- Rents have been frozen from time to time it has always led to black marketeering, rent to rent and homelessness - 1917 / 1955 / 1974 and 2022 in Scotland has caused major disruption and unemployment.
- Christine Whitehead, emeritus professor of housing economics with the London School of Economics and member of the LSE London team, stated in 2020 *“Rent controls are quite good if they can provide stability, but if all you’re providing is stability to people who are already in place, that’s not very helpful.”*

Firsthand experience of renting in Southampton.

Phil Watmough will briefly outline how many landlords are forced to accept rents on unprofitable properties

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iHowz summary

- Encourage investment by Landlords
 - Build more units in Southampton
- SCC improve local planning procedures
- Cooperation between Landlords and Council
- Bring back training and accreditation to further educate landlords in all matters including rent levels
 - Consider tenant accreditation

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Renting Is NOT Easy – Free Market is The Best Way Leads to Expansion of Housing and Lower Rents 😊

Ask Our Tenants they like Choice and
they like to move about for work

December 2023



SOTONIANS DESERVE BETTER

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