

Mapping the private rented sector for young professionals and mid incomes families in Greater Manchester

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1. Introduction

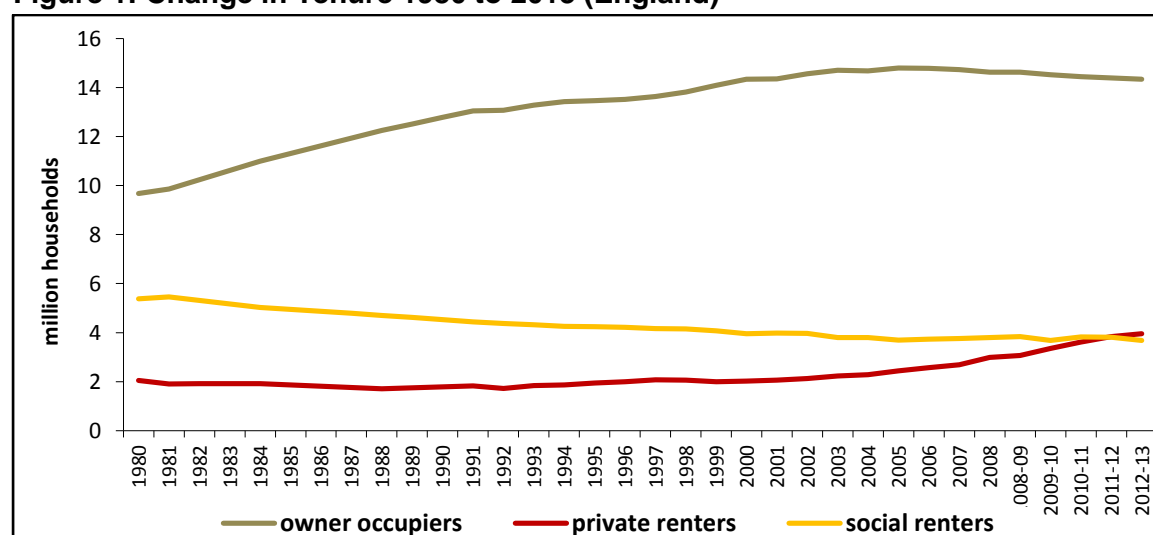
- 1.1. This report provides an overview of the private rented sector (PRS) within Greater Manchester and focuses on the housing aspirations and private rented sector housing experiences of young professionals and mid-income families living within the sector.
- 1.2. The PRS has grown significantly over the last ten years. The number of people living within the PRS has increased between 2001 and 2011 by 50% nationally, 54.2% in the North West and 62% across Greater Manchester. This increase is the result of a number of factors, in particular those relating to the overall shortage in housing supply and strains on access to housing finance. The growth in the sector is expected to continue, and there are now more people nationally living in the PRS than in social housing. Therefore it is important that GM has a good understanding of the current PRS offer and what the future offer could be. This paper focuses on the growth of young professionals and mid income families in the sector and the possible PRS housing offer and location for them. The focus is on these two groups as they are a growing group within the sector, living in it longer and seeking more stability from it. Recent activity in the market suggests that investors and developers view this group as a key subsector of the PRS market.
- 1.3. The PRS is a diverse sector which has a slightly younger household composition than owner occupation or social housing. There are a slightly higher percentage of private renters living in urban areas than rural areas, and the overall household income of private renters is lower than those in owner occupation housing, but higher than those in social housing. The housing stock in the PRS is mainly owned by small scale landlords who have less than four properties. There are very few large scale commercial landlords found in the PRS in GM or nationally.
- 1.4. Outside London, GM is regarded as the next area where there could be significant growth in the PRS. In terms of future development, GM had the largest number of bids awarded under the recent Government Build to Rent bidding round outside London, and there is a continuing appetite to develop PRS across GM.
- 1.5. Research for this report was undertaken between May and September 2014. The research sought to understand the private rented sector in Greater Manchester in terms of the characteristics of those living in the sector and where PRS housing is located. Recognising that the sector is predicted to continue to grow and be under continued pressure, the research focussed on two key groups; young professionals and mid income families. These two groups are key to GM's economic growth, and a good PRS housing offer is key to attracting and retaining talent in GM. They are also the groups that are under increasing pressure in their inability to gain access to owner occupation and are the groups that would have normally progressed into home ownership. GM needs to make sure that given the limited access to mortgages that the correct PRS housing offer is there to accommodate and retain these individuals within GM.

- 1.6. As such, this work supports the Greater Manchester's commitment to residential growth, and provides evidence to support future housing development. The research increases the local understanding of what renters want from the PRS and whether they view the sector as a long term housing option. The report suggests the types of locations the young professional renters and mid-income renters seek.
- 1.7. The report is split into three parts; firstly an overview of the PRS, secondly an analysis of those who live in the PRS in GM and thirdly an analysis of the experience of mid income families and young professionals living in the PRS and what they want from it.
- 1.8. The research aims to understand where geographically there is the most demand in the sector and what future renters want in terms of location, housing management and length of tenure. The research methods used were a literature review of the private rented sector, analysis of the census data, GM estate agents' rental price and availability data and a series of stakeholder interviews (including the ten GM local authorities), a survey of over 350 private renters across Greater Manchester and three focus groups attended by private renters from across GM.
- 1.9. The survey was targeted at working households across Greater Manchester and it was shared via New Economy networks.

2. The growth of the private rented sector

- 2.1. This section provides an overview of the PRS nationally and at GM level. It looks at how many people live in the sector; who they are and how the sector has grown.
- 2.2. The housing sector is split into three distinct sections; owner occupation, private rent and social or affordable housing. The largest tenure is owner occupation which grew steadily from just after the First World War, and has been the largest housing tenure since the 1970s (ONS 2013). Both social housing and private rented housing are a smaller part of the overall housing market in the UK. The private rented sector has grown considerably in the last ten years and the 2011 Census showed a significant increase in the number of households in the sector.
- 2.3. The 2011 Census found that 16.1% of households lived in the PRS in GM which is slightly lower than the national percentage of 16.7% of households, while the number of households in the North West in the sector is 15.4%. Nationally the majority of households living in the PRS are in London followed by other large conurbations such as Manchester, Liverpool, Birmingham and Oxford. There was a 62.6% increase in the number of households living in the sector between 2001 and 2011 across GM which was higher than the national increase of 50.8%.
- 2.4. The 2012/13 English Housing Survey demonstrates that there are now more privately rented properties within England than socially rented, 18% in comparison to 17% (English Housing Survey 2012, Feb 2014 p. 8¹). This trend has shown a steady increase since 2001, with the numbers of social housing households falling since 1980 and the owner occupation households falling since 2005, as demonstrated in Figure 1 below:

Figure 1: Change in Tenure 1980 to 2013 (England)

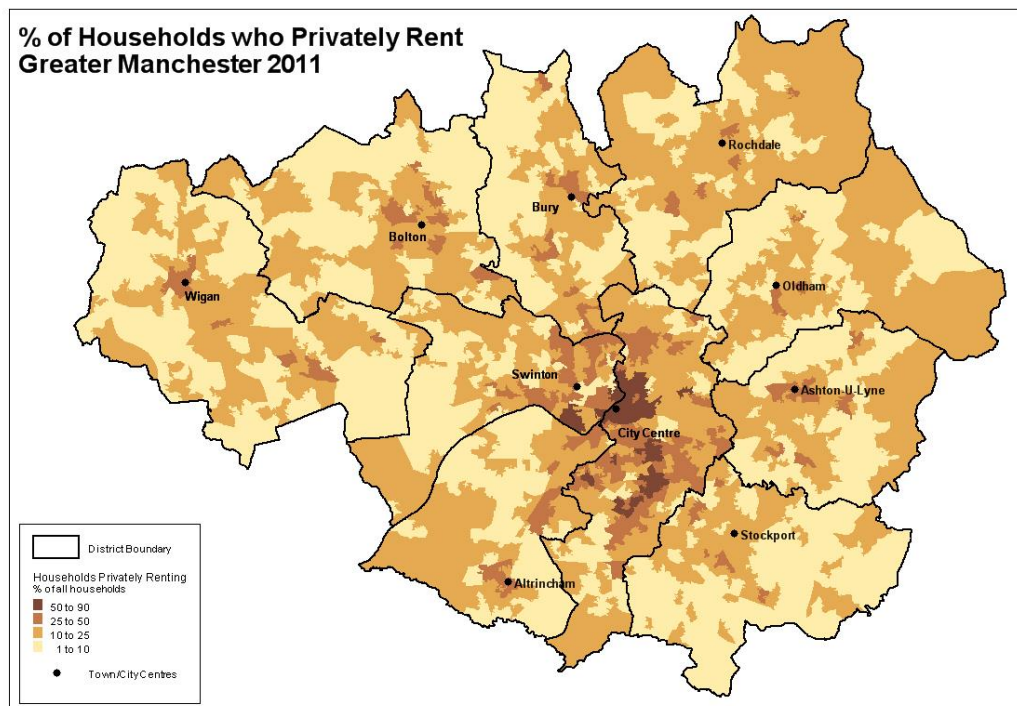


Source: English Housing Survey 2012-2013

¹ English Housing Survey, Headline Report 2012 -13

- 2.5. The majority of people who live in the PRS are under 35 (51% in Greater Manchester and 45% in England and Wales) and tend to live in urban areas. The sector is made up of a mixture of households ranging from single people to families, with 29% of households with dependent children in Greater Manchester. PRS households generally are economically active, and 68% of Greater Manchester PRS households are in work.
- 2.6. There are PRS households within all districts across GM with a large proportion of such households within Manchester and Salford. Figure 2 shows the distribution of all private rented households from the 2011 Census across GM. There are clear clusters of private renting in central parts of the districts and the town and city centres. High concentrations of PRS households (more than 50% of households) are predominately found in the regional centre in Manchester and Salford. However, there are areas in every district where there are more than 25% of households living in the PRS, this is spatially shown in Figure 2 below.

Figure 2



- 2.7. As well as understanding where the PRS is currently found in GM we have also explored where there have been changes in the level of households living in the sector. Changes across GM, the districts, North West and nationally are set out below (Figure 3). Manchester, Bolton and Bury have had the largest increases in the number of overall PRS households, while Trafford has had the smallest increase at 25.8%. Six out of the ten GM authorities have had larger than the national average increases (over 50%), as shown below.

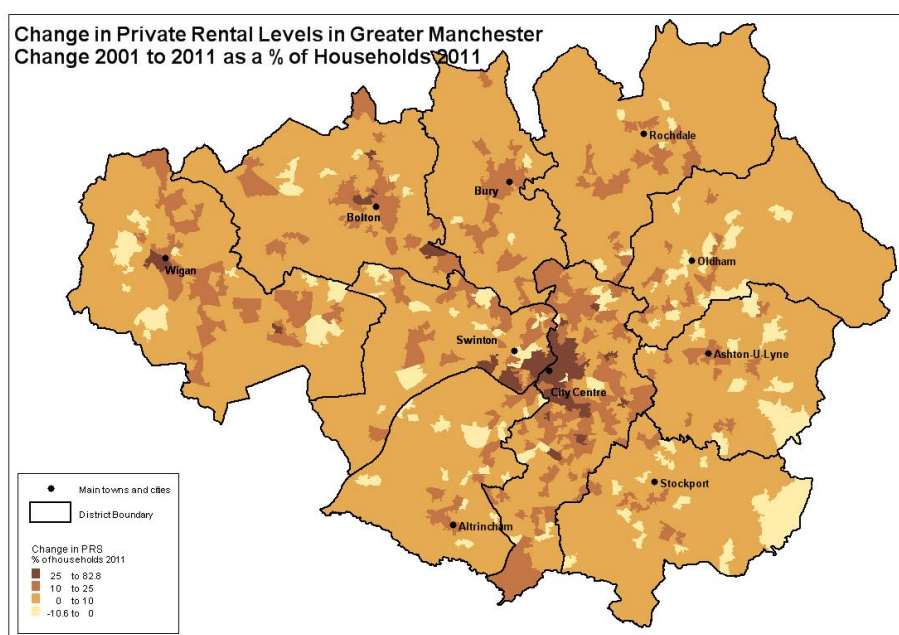
Figure 3: Levels of Private Renting in Greater Manchester

	Private Rented* 2001	Private Rented* 2011	% Change 2001 to 2011	% of households 2001	% of households 2011
Bolton	9,217	15,930	72.8	8.5	13.7
Bury	6,330	10,774	70.2	8.5	13.8
Manchester	31,424	58,170	85.1	18.8	28.4
Oldham	7,609	10,944	43.8	8.7	12.2
Rochdale	7,287	11,556	58.6	8.7	13.2
Salford	11,521	19,420	68.6	12.2	18.8
Stockport	9,756	13,852	42.0	8.1	11.4
Tameside	8,744	12,573	43.8	9.7	13.2
Trafford	9,570	12,001	25.4	10.7	12.7
Wigan	9,947	15,875	59.6	8.0	11.6
GM	111,405	181,095	62.6	10.7	16.1
North West	300,206	462,899	54.2	10.7	15.4
England & Wales	2,586,759	3,900,178	50.8	11.9	16.7

*Source: Census 2011 * Private rented from private landlord, letting agency or other*

- 2.8. The map below (Figure 4) shows the change in private rental levels between the two Censuses (2001 and 2011) in Greater Manchester. There is also a clear emphasis on the core of the conurbation increasingly becoming a centre and focus for the private rented sector. However, there are also some increases in PRS in district town centres, particularly in Bolton, Wigan and Bury. The focus on the regional centre may be due to increasing number of students as well as an increase in the actual number of households in the area. The lightest areas show where there has been some degree of decrease in the level of private renting in an area. These seem to be quite randomly scattered across the conurbation.

Figure 4



Source Census 2001 and 2011

2.9. The significant growth in the sector over the last ten years has been influenced by a number of factors. A range of commentators have analysed the reasons for this and deemed that it is related to the housing supply and demand of both owner occupation and social housing. The common themes that have influenced the growth of the PRS are as follow²:

Demand for PRS	Supply side factors
<ul style="list-style-type: none"> • Undersupply of all housing tenures. • Mortgage constraints. • Analysis of house prices and earnings in Greater Manchester from January – June 2014, found that the ratio of income to house prices is just over 6 times (Average income £24,968 per annum and average house price £155,656). The most affordable properties on average are in Wigan (4.8 times) and Rochdale (5.4 times), and the least affordable are in Trafford at 7.9 times the house price³. • Changes to the overall supply of social housing, the overall reduction in new build social housing has meant that those who traditionally would have accessed social housing are now housed in the private rented sector. • Flexibility and mobility in housing choice. • The availability of Housing Benefit within the rental sector. • Not being solely responsible for property repairs and maintenance. • Avoidance of housing debt. 	<ul style="list-style-type: none"> • Deregulation of the sector in the 1980s through the introduction of the Assured Shorthold Tenancy in 1988 and 1996 and making them the default for most private rented lettings. • Buy-to-let mortgages were introduced in 1996 which spurred the growth of the private rented sector. The Council of Mortgage Lenders estimate that there are about 1.5 million outstanding buy to let mortgages⁴.

² The Building and Social Housing Foundation (BSHF 2012: 14-15)

³ Housing Market Monitor, New Economy, 2014

⁴ The Smith Institute, The Growth of the Private Rented Sector: What do Local Authorities Think? P. 11

- 2.10. Growth in the sector is predicted to continue, and those groups who may have traditionally accessed home ownership will continue to live in the PRS. Modelling of increase in the sector has been undertaken by both the Cambridge Centre of Housing and Planning Research (CCHPR 2012) and Clapham et al (2012). The CCHPR modelling looked at growth based on a cautious economic growth scenario and continuing weak growth scenario, both models predicted a growth in the sector. The CCHPR model expects a continuing weak economy and in this scenario they predict a growth in PRS from 18% in 2012 to 22% in 2025. Clapham et al (2012) looked at growth in the sector for young people (18-30) to 2020. In their scenario they predicted an increase from 1.3 million young people in the PRS in 2008 to 3.7 million living in the sector by 2020. Growth was predicted for all young people across the nine sub-groups that they identified⁵. In relation to young professionals the growth predicted was from 1.4million in 2008 to 2 million in 2020.
- 2.11. As discussed above the percentage of households living in the PRS in GM is not dissimilar to the number in England and Wales (16.1% in GM and 16.7% in England and Wales), the change however in the number of households between 2001 and 2011 was slightly more in Greater Manchester in comparison to England and Wales. The English Household Survey demonstrates an average annual increase of 6% of the number of PRS households between 2001 and 2011. Recognising that people are living the PRS for longer and there are more people entering the sector, Greater Manchester needs to ensure that there is a good quality PRS offer for those living in the sector.

⁵ Young professional sharers, DINKOs, two parent families, social renting families, young professional renters living alone, stay at home to owners, lone parents, young people in the social queue and chaotic young people.

3. Private rented sector landlords

- 3.1. In order to understand experiences of the young professionals and mid income families living in the private rented sector, it is necessary to understand spatially where they rent and what the profile of the landlords in the sector are.
- 3.2. The PRS is dominated by small scale landlords. Shelter (2012) note that half of the landlords within the sector own less than four properties and Rugg and Rhodes (2008) set out the landlord types in the private rented sector as below (Figure 5):

Figure 5: Types of Landlords

Landlord Type	Proportion (%)
Individuals	48%
Couples	25%
Private companies	13%
Public companies	2%
Partnerships	4%
Family trusts	3%
Charities	2%
Church or crown commissioners	1%
Government departments/agencies	1%
Educational establishments	1%
Other	2%

Source: Rugg and Rhodes (2008) *'The private rented sector: its contribution and potential'*

- 3.3. Individual landlords are mainly those with buy-to-let mortgages and “accidental” landlords i.e. those who have attempted to sell their property for some time without having much success and rent out their property as an alternative to selling in the short term. Shelter (2012:22) note many of private landlords are small scale and are usually managing the property on a part time basis. Wallace and Rugg (2014:23) note that several studies have indicated that there are few professional full-time landlords. A majority of landlords let property as a side line for medium to long term investment purposes such as their retirement plans.
- 3.4. There is no conclusive evidence of who the landlords in Greater Manchester are. Stakeholder interviews and local intelligence suggest that the pattern of landlords across GM is similar to that in the rest of the country with a concentration of small scale landlords. Many of these landlords use letting agencies to manage their properties, and in some circumstances the tenant is unaware of who the landlord is as they only have contact with the letting agent.
- 3.5. In 2013 there were 1.5million buy-to-let mortgages in England. Lord (2013:4) notes that 72% of buy-to-let landlords have one property, while 12% have more than three. Three in five PRS landlords (63%) think that investing in property is the safest way to make money and nearly half (49%) think it is the best way to save for retirement.

- 3.6. Shelter (2012: 23) note that buy-to-let lenders often stipulate that landlords cannot let their properties on tenancies of longer than 12 months, the rent received must be at least 125% of the mortgage payments and the landlords cannot let to those in receipt of local housing allowance (housing benefit), this is to ensure that lenders are not exposed to too much risk.
- 3.7. Wallace and Rugg (2014) have recently published research on buy-to-let mortgage arrears noting that arrears in this sector are slightly higher than other residential mortgage arrears. Their research also highlights the risks that these landlords face including sustainability of rental income, house prices and mortgage costs.
- 3.8. Stakeholder interviews with the ten Greater Manchester local authorities suggest that the majority of landlords within the conurbation are small scale landlords, many of whom use lettings agencies to manage and market their properties. However, there has been growth in some larger scale commercial landlords especially within Manchester, Salford and Trafford. There is also an interest in the further development of larger purpose built PRS portfolios across GM, with development plans from a range of commercial companies and housing associations.
- 3.9. Outside GM there has been a growth in the number of commercial landlords and large scale PRS in London, and a relatively small expansion in other parts of the country. The recent Homes and Communities Agency's Build to Rent loan fund was oversubscribed demonstrating the interest in commercial PRS nationally. Across GM there were seven bids shortlisted in round two and they proposed to develop just under 3,000 PRS units.
- 3.10. The literature review, stakeholder interviews, survey and focus groups highlighted that the management and expertise of some landlords and lettings activities is questionable. Stakeholders noted that the lack of knowledge of rights and responsibilities by some landlords led to issues around housing management in areas with a concentration of PRS properties. Focus group members fed back on concerns of renting from landlords who were unaware of their responsibilities. The DCLG Select Committee (July 2013) noted that there was confusion around regulation and legislation in the sector and recommended that it should be clarified.
- 3.11. In September 2014 the Royal Institute of Chartered Surveyors (RICS) and a group of PRS representative bodies published a 'Private Rented Sector Code of Practice'⁶ aimed at landlords and lettings agents. The code of practice sets out obligations for landlords and agents and is supported by all landlord representative groups.

⁶ http://www.rics.org/Global/Private_Rented_Sector_code.2014.pdf

4. Understanding who lives in the private rented sector: Mapping young professional and mid-income families.

- 4.1. Nearly four million households live in the PRS across England and Wales, and 181,000 households are part of the PRS in GM. Those living in the sector are a diverse group ranging from young professionals and students to families and low income households. The majority of the research on the sector focuses on low income households, the 'squeezed middle' and 'generation rent', these groups make up a significant part of the sector but do not form the whole sector. The research undertaken for this piece of work focuses on young professionals and mid-income families, who are a significant proportion of the sector and are expected to grow, these groups are defined below:
- **Young professionals (Aged under 35)** – The young professional market is a large market made up of working households who are under 35. These households are made up of both those who live in house shares, young couples and those living alone. This group is split between those who wish to eventually access home ownership and those who have no desire for home ownership. This group values living in a desirable location and will generally pay a higher rent in order to rent in the location of their preference.
 - **Mid income families** – households who have similar characteristics to young professionals, these families are a growing group within the sector. Unlike young professionals the majority of this group have a preference for home ownership. This group values location and security of accommodation.
- 4.2. We recognise that the various groups living in the PRS overlap with one another and cannot always be easily distinguishable, for example many young professional households become mid income family households. In addition it is worth noting that within both groups there are a number of sub-groups who have different needs. The household makeup differs for the two groups focussed on in this study and may also impact on what the specific PRS offer is.
- 4.3. In order to better understand the profile of all tenants in more detail, a number of typologies of the sector have been produced. The most complete typologies have been produced by Rugg and Rhodes (2008: 15-28) and BSHF⁷ (2013:54). Rugg and Rhodes categorize households by occupation and lifestyle, while the BSHF categorized households by economic activity and age. Full details of these typologies and the typologies of PRS households in GM can be found in the annex, these studies provide a picture of all groups living in the PRS.
- 4.4. To help understand in more detail the range and spatial distribution of private renters across GM an analysis of the 2011 Census has been undertaken looking at the following characteristics: age; occupation and household composition (information on the spatial distribution of ethnicity and private rent can be found in the annex). These criteria have been chosen as they provide a basis to understand the

⁷ Building and Social Housing Foundation

distribution of young professional and mid income PRS renters in Greater Manchester.

Age and rental location

- 4.5. The rental sector is largely dominated by younger people with the majority of renters aged under 35 (51% in Greater Manchester). Between 2001 and 2011 there was a 40% increase in households under 35 living in the private rented sector across Greater Manchester. The increase ranged from a 53% increase in Manchester to a 23% increase in Trafford. The increase in young people in the each district is set out below.

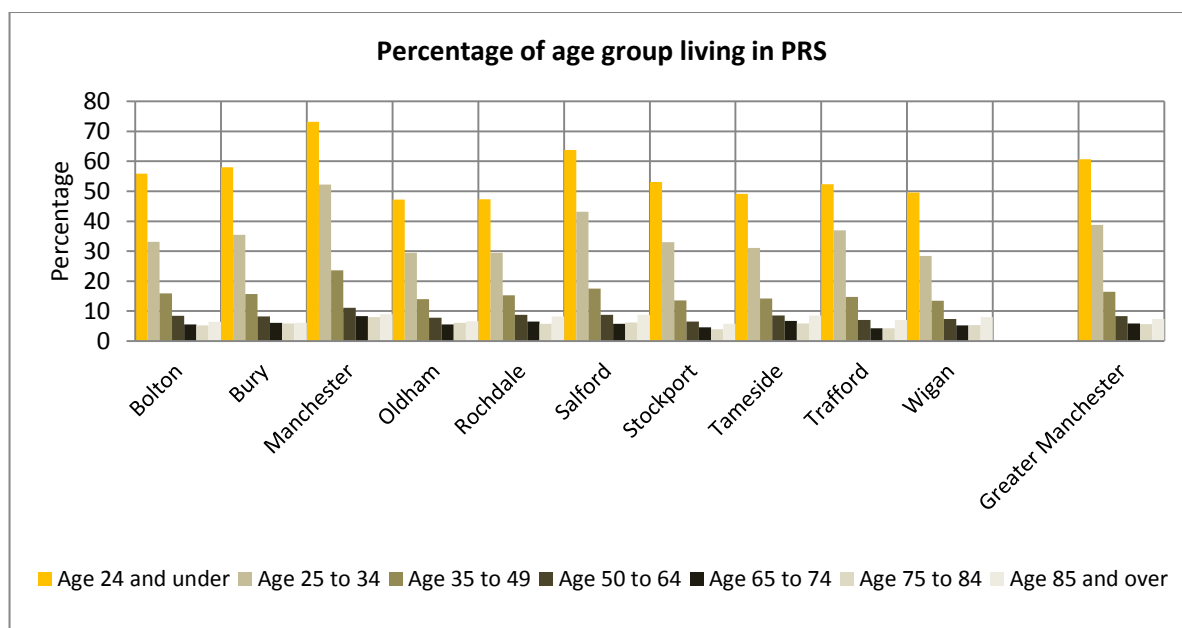
Figure 6: Change in young PRS households 2001 – 2011 by districts

% Change 2001- 2011, PRS households			
	24 and under	25 - 34	Total under 35
Bolton	51%	50%	50%
Bury	49%	48%	48%
Manchester	37%	60%	53%
Oldham	32%	45%	42%
Rochdale	48%	48%	48%
Salford	46%	61%	56%
Stockport	38%	38%	38%
Tameside	44%	45%	44%
Trafford	-1%	29%	23%
Wigan	47%	51%	50%
Greater Manchester	40%	52%	49%

Source: Census 2011

- 4.6. As more people struggle to access the housing market through owner occupation and social housing the overall age of people living in the PRS is expected to increase, and in turn the types of households in the sector will also change. For example there was an overall decrease of 42% of owner occupiers under 35 across GM between 2001 and 2011, this ranged from a 65% decrease in Stockport and a modest 3% increase in Manchester. Shelter and other commentators have noted the increase in families living in the PRS, many of whom started in the sector as young professionals and are unable to move from the sector to owner occupation.
- 4.7. The private rented sector houses 60% of those under 24 in Greater Manchester, and just under 40% of those aged 25 - 34 (Figure 7). The areas with the least 25 - 34 year olds in the sector are Oldham, Rochdale and Wigan, whilst Manchester, Salford and Trafford have the largest number of this age group living in the sector. Below sets out the percentage of each age group who live in the PRS by each GM district and GM baseline.

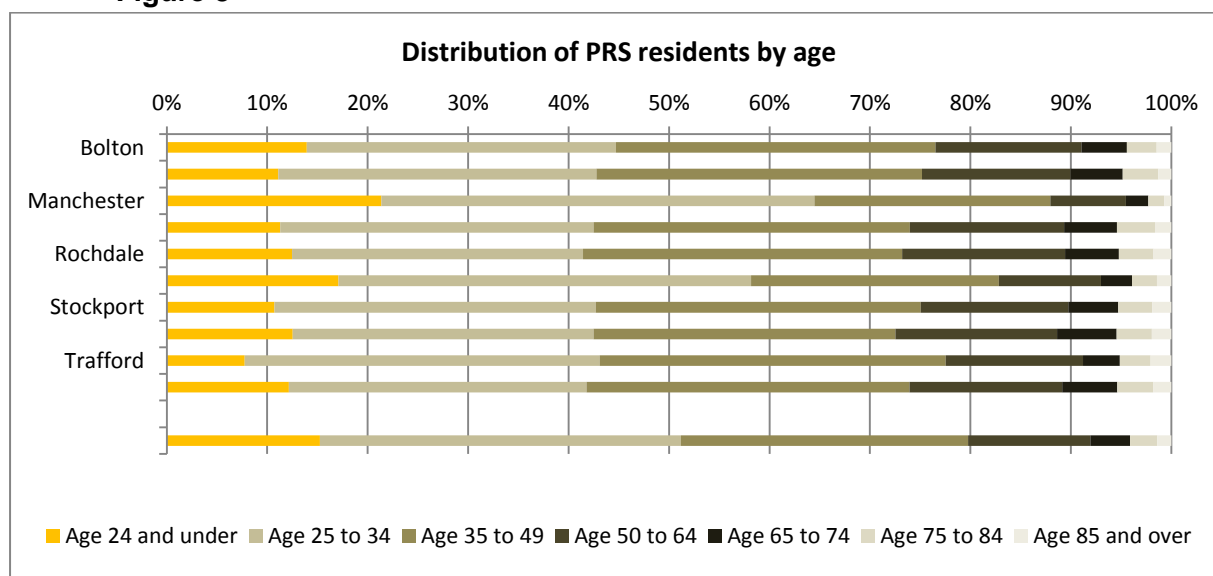
Figure 7



Source: Census 2011

4.8. The pattern above is reflected when analysing the breakdown of the people who live in the PRS. The majority of those who live in the sector are under 35 with a large population under 24 in Salford and Manchester which reflects the large student populations in these areas (Figure 8)

Figure 8



Source: Census 2011

Occupation and rental location

4.9. In order to understand the areas in which young professionals in GM live an analysis has been undertaken of the 2011 census data concerning occupation and tenure for all households in GM. The initial analysis sets out an overview of working households in the PRS, the latter part looks at young professionals in more detail.

4.10. The majority of people who live in the private rented sector are working households (68%, in comparison to 69% of owner occupiers and 37% of social renters in GM). Of these working households 57% are aged 16-34, while 76% of young people living in the PRS are working. Figure 9 below provides an overview of all the occupation of PRS working households in GM from the 2011 Census:

Figure 9: Occupation by Tenure in Greater Manchester

Occupation	All tenure	Numbers who rent privately	% of each occupation that rent privately	% of PRS households
All Occupations	697,495	133,383	19.1%	-
Managers, directors and senior officials	79,350	12,344	15.6%	9%
Professional occupations	122,349	23,379	19.1%	18%
Associate professional and technical occupations	86,042	17,680	20.5%	13%
Administrative and secretarial occupations	68,553	12,987	18.9%	10%
Skilled trades occupations	88,014	13,626	15.5%	10%
Caring, leisure and other service occupations	56,764	12,213	21.5%	9%
Sales and customer service occupations	49,963	13,591	27.2%	10%
Process, plant and machine operatives	71,362	10,389	14.6%	8%
Elementary occupations	75,098	17,174	22.9%	13%

Source Census 2011

4.11. As highlighted above in Figure 9 in GM, 19.1% of those in employment live in PRS accommodation. Looking at this in terms of broad occupational groupings it is those working in sales and customer service occupations (27.2%), elementary occupations (22.9%) and caring, leisure and other service occupations (21.5%) who are most likely to rent. Process, plant and machine operatives are least likely to rent (14.6%) followed by managers, directors and senior officials at 15.6%

4.12. Grouping these occupations into high level, intermediate and low level we can look spatially at where these groups rent. High level professionals include managers, directors and senior officials and Professional occupations. Intermediate occupations include Associate professionals and technical occupations, administrative and secretarial occupations and skilled trades occupations. Low Level Professionals include Caring, leisure and other service occupations, Sales and customer service occupations, process, plant and machine operatives and elementary occupations.

- 4.13. The table below (Figure 10) shows that GM has lower levels of renting across all 3 occupational groups than nationally but higher than that for the North West as a whole. When looking across the 3 occupational groups, the pattern in GM is the same as both the UK and NW in that lower level professions are more likely to rent than higher level professionals.
- 4.14. Manchester itself has the greatest proportion of high level professionals who rent at 37.5% but this is the case for intermediate and low level professions too. Wigan has some of the lowest levels of renting by occupation.

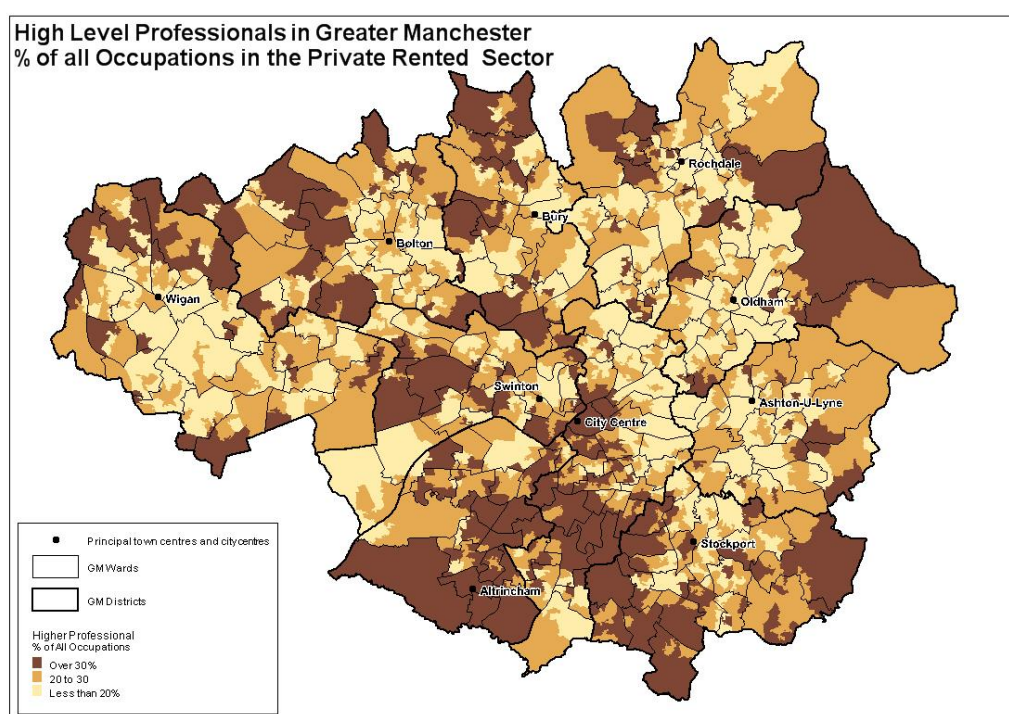
Figure 10: Percentage of all professions who privately rent

Area	High Level Professionals	Intermediate Professionals	Low Level Professionals
Bolton	12.7%	15.4%	19.6%
Bury	12.5%	15.2%	20.7%
Manchester	37.1%	35.0%	31.5%
Oldham	10.1%	12.8%	16.6%
Rochdale	11.3%	13.6%	17.0%
Salford	25.0%	23.1%	23.7%
Stockport	10.8%	13.3%	18.1%
Tameside	12.6%	14.2%	17.8%
Trafford	14.5%	16.7%	18.2%
Wigan	10.4%	12.4%	16.2%
GM	17.7%	18.3%	21.1%
North West	15.4%	16.7%	21.1%
England and Wales	18.6%	19.5%	23.5%

Source Census 2011

- 4.15. The map below (Figure 11) focuses on the higher level occupational group living in the PRS and highlights a distinct pattern in terms of the distribution of this group across the conurbation, with the southern and peripheral areas home to higher level professionals. The central parts of the northern districts are home to the lower level occupations. The areas in which the higher level occupations rent are also those areas with the strongest owner occupation housing markets. There is no clear spatial pattern of where mid and lower level professionals rent.

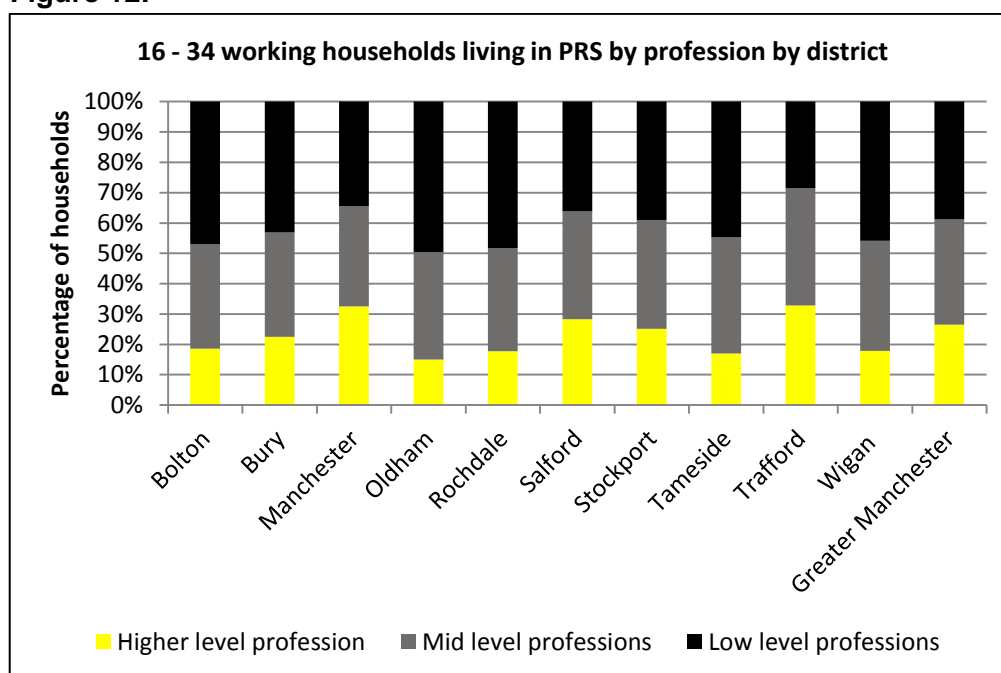
Figure 11:



Source: Census 2011: High level professionals includes Managers, directors and senior officials and Professional occupation

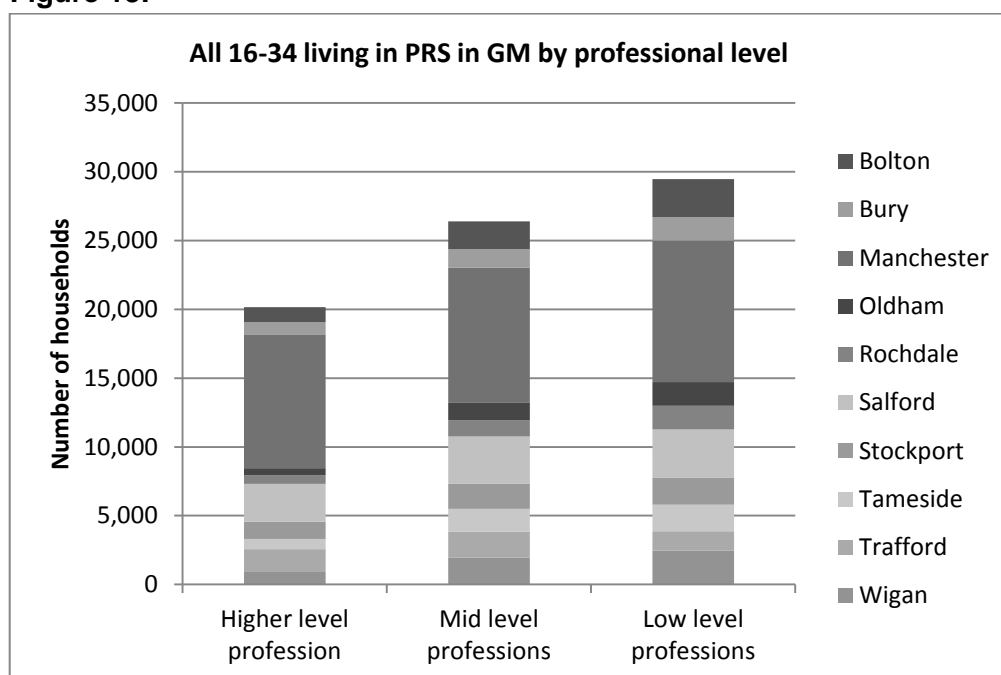
- 4.16. The pattern of where young professionals in GM live in the PRS in comparison to all professionals is relatively similar, there however, are areas in which there is a dominance of those professional ages 16 - 35.
- 4.17. Of all the young people living in the PRS 76% are in working households in comparison to 68% of all PRS households. Of these working households aged 16 - 34, 28% are higher level professions and 36% are intermediate professions. The 2011 Census shows that there are 46,562 of these households in GM. Those young people in higher and mid-level professions are within the definition of young professionals, understanding where they currently live in the PRS and what characteristics these areas have, helps to build up a picture of what makes a desirable PRS location.
- 4.18. The majority of the young people who are higher level professionals living in the PRS are found in Manchester and Salford which is reflective of the overall pattern of occupation and PRS across GM. Below sets out the split of higher, mid and lower level professionals aged 16-34 living in the PRS by district and across GM. Manchester has the most young people overall in all professionals living in the PRS, while the split within the individuals districts shows that in Manchester and Trafford around a third of the 16-34 working households in these districts are in higher level professions, while the percentage of mid-level professionals in all districts accounts for 30%-40% of this group. Variances in spread of professions renting is found in the higher and lower level professions.

Figure 12:



Source: Census 2011

Figure 13:



Source: Census 2011

4.19. Many of these mid-level and higher level professionals are found concentrated in particular geographic areas, mainly in Manchester and Salford, however all areas have wards where a concentration of the renters in the ward are higher or mid-level young professionals. Below sets out the wards with the largest percentage of PRS young professional households as a percentage of all PRS households in each professional group:

Figure 14: Wards with largest percentage of PRS young professional households by professional group

Higher Level Professionals in PRS 16-34			Mid-Level Professionals in PRS 16-34		
Ward	District	% of 16-34 PRS higher level professional in ward	Ward	District	% of 16-34 PRS mid-level professional in ward
Halliwell	Bolton	56%	Brightmet	Bolton	61%
Holyrood	Bury	57%	Besses	Bury	61%
Hulme	Manchester	81%	Withington	Manchester	85%
Shaw	Oldham	57%	Chadderton Central	Oldham	59%
East Middleton	Rochdale	57%	North Middleton	Rochdale	56%
Ordsall	Salford	79%	Ordsall	Salford	85%
Reddish North	Stockport	59%	Edgeley and Cheadle Heath	Stockport	61%
Dukinfield and Stalybridge	Tameside	54%	Ashton Waterloo	Tameside	59%
Clifford	Trafford	63%	Clifford	Trafford	65%
Douglas	Wigan	63%	Worsley Mesnes	Wigan	64%

Source: Census 2011

Household composition and rental location

- 4.20. The PRS houses a range of household types ranging from single young people to families. Understanding where these groups currently live in the PRS helps build a picture of the current PRS offer in GM. For example, a high proportion of families rent in Oldham, while in Manchester there is a large group of 'other households' who are students and young professionals living in shared houses.
- 4.21. Thirty five percent of PRS residents in GM live in one person households, followed by 29% residents who are families with dependent children (Figure 15) and just over 50% of households are single people or couples.

Figure 15: PRS Household composition

	All households PRS or living rent free	% One person households	% Couples*	% of Families with dependent Children**	% of Families with non dependent children***	Other Households
Bolton	17,771	38.5	14.6	33.0	3.9	10.0
Bury	11,768	36.8	15.9	34.6	4.4	8.3
Manchester	61,411	31.3	16.3	19.7	2.1	30.7
Oldham	12,174	31.3	14.4	38.6	5.3	10.3
Rochdale	12,816	36.8	14.0	36.5	4.5	8.2
Salford	21,103	36.9	18.6	25.0	2.8	16.6
Stockport	15,056	36.0	16.7	35.1	4.3	8.0
Tameside	13,648	37.4	15.8	34.9	4.8	7.0
Trafford	12,989	31.7	20.1	31.4	3.7	13.1
Wigan	17,693	36.9	16.3	34.8	4.9	7.1
GM	196,429	34.6	16.3	29.0	3.5	16.6
North West	501,717	37.8	15.9	29.5	3.9	12.9
England and Wales	4,215,669	33.0	18.4	28.3	3.7	16.6

Source: Census 2011

* includes Over 65; Married with no children; Cohabiting with no children

** includes Married, Cohabiting and Lone Parents

*** includes Married, Cohabiting and Lone Parents

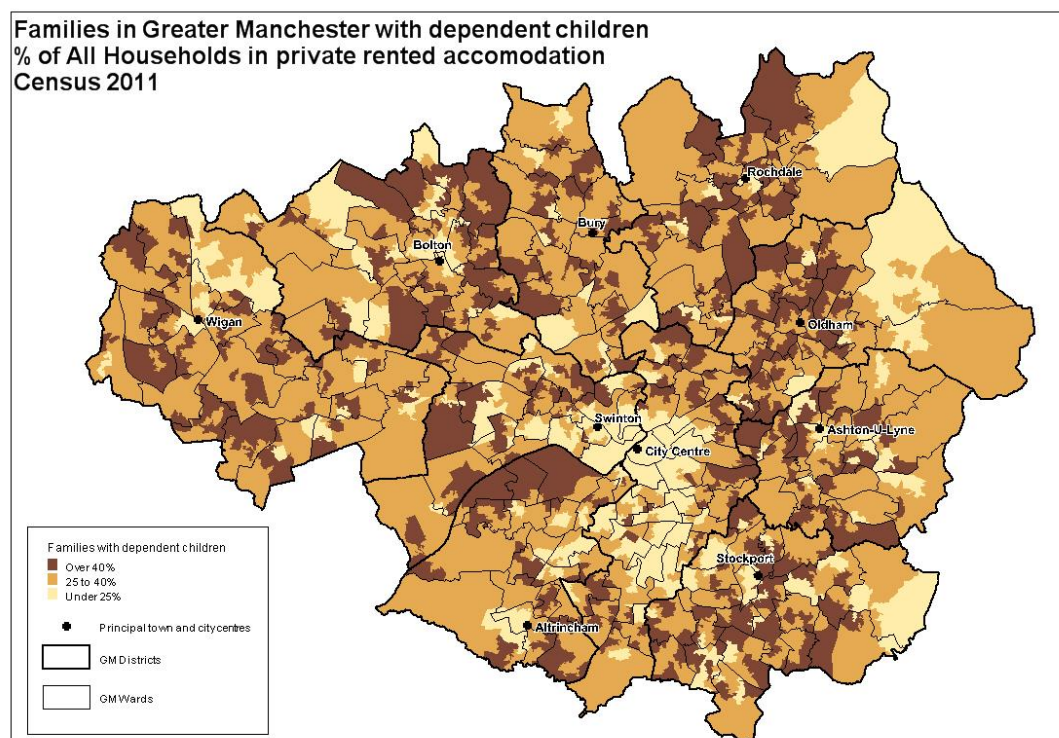
- 4.22. The table above illustrates the variance in household composition across the PRS in GM. When these groups are spatially analysed there are some areas which are dominated by certain groups, as show in the families with dependent children discussed below.
- 4.23. One of the fastest growing groups in the private rented sector is families. As the number of families in the sector grows, consideration should be given to meeting the requirements of such families, recognising that their needs will differ significantly from single person households and couples. The Communities and Local Government Select Committee observed:

The demographics within the private rented sector are changing. No longer can it be seen as a tenure mainly for those looking for short-term, flexible forms of housing. While some renters still require flexibility, there is also an increasing number, including families with children, looking for longer-term security. (2013:38)

4.24. Between 2001 and 2011 there was an 85% increase in families with dependent children living in the private rented sector in GM. The area with the largest increase was Wigan with a 103% increase and the lowest was Oldham with a 58% increase. There has also been a significant increase in couples living in the private rented sector, the GM increase was 98%, ranging from 143% in Salford to 41% in Trafford.

4.25. The spatial breakdown of PRS in 2011 below shows that families with dependent children are found in all districts. However there are far fewer households with dependent children in Salford and Manchester compared with other districts. In the map below, the areas in dark brown are the areas where over 40% of PRS households are those with dependent children.

Figure 16



Source: Census 2011

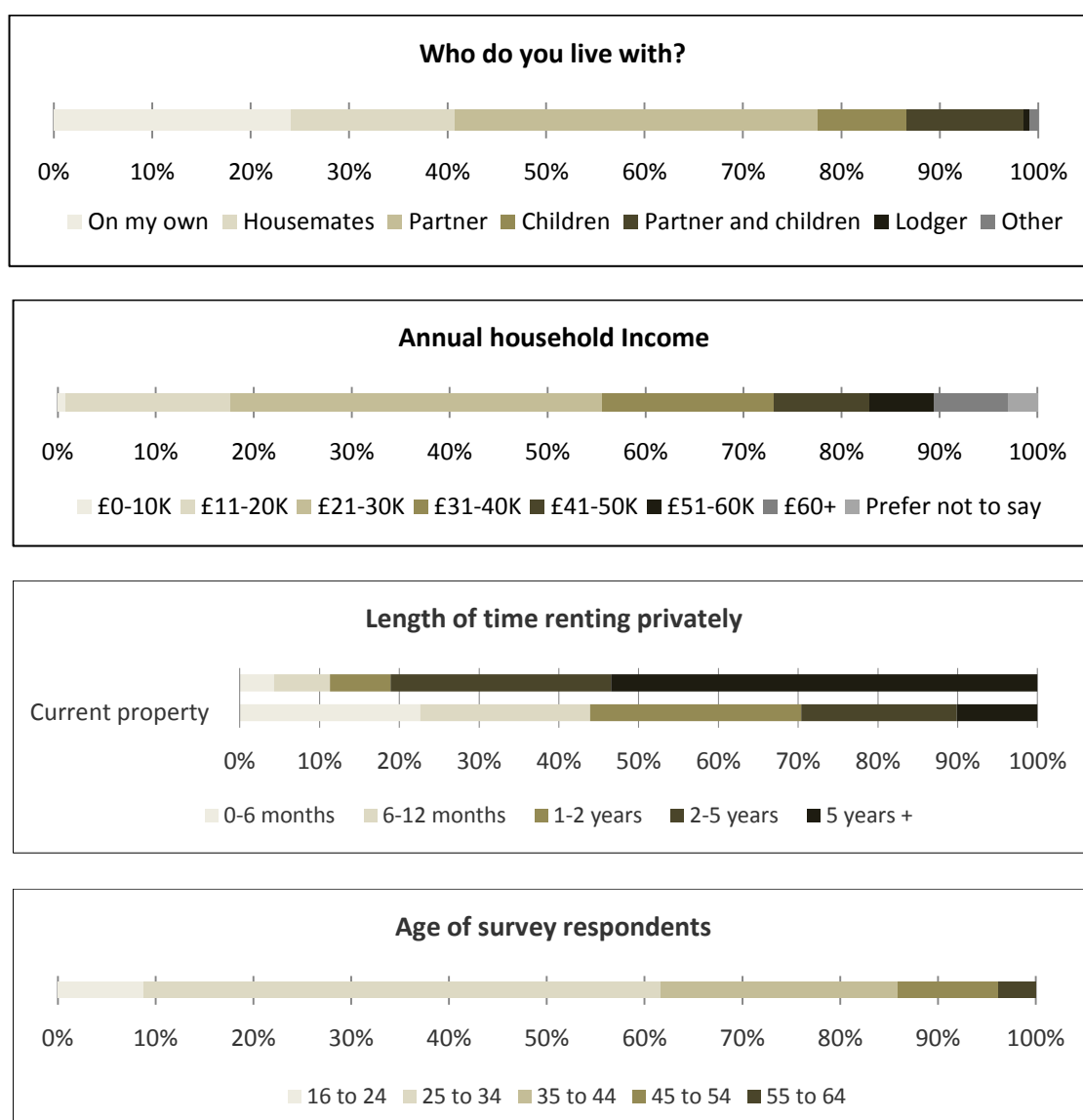
4.26. As well as areas which have significant concentrations of families, there are also clear patterns to where other households live. In Manchester 30% of other households rent in the private rented sector, these are made up of a significant number of students who live in a small number of locations. While the number of couples in Trafford (20.1%) is significantly higher than other areas and the number of one person households in Bolton (38.5%) is also significantly high.

5. What do young professional and mid income family tenants want from the PRS?

- 5.1. This section focuses on understanding what young professional renters and mid income families want from the PRS. The findings are based on a review of the literature on the private rented sector, a survey of over 360 private renters across GM and the results of three focus groups held in Manchester and Oldham.
- 5.2. The findings concentrate on current PRS residents' housing aspiration, tenure, ideal rental location, management of property and lettings agents. Further research needs to be undertaken to understand the needs of other groups within the private rented sector in Greater Manchester.
- 5.3. Savills (2014) surveyed 2300 tenants across the UK to establish what they wanted from the rental sector. The survey results provide a good overview of the key asks of tenants. The survey results were split between London respondents and others, as the London market has a number of unique issues which set it apart from other areas. The Savills research found that tenants put value on location in terms of ease of getting to work or university and for families being near good schools. Additional important factors included safety, noise, storage and space and size of bedrooms (2014:4). The research also looked at why tenants had moved from their last property and found that moves were prompted by a desire for a better quality property, with poor maintenance and property management cited as an issue.
- 5.4. The wider literature highlights the following concerns of tenants within the sector which includes the lower end of the market (Shelter 2012):
 - condition of PRS properties;
 - unfair evictions/lack of security;
 - rogue landlords;
 - lack of regulation of the sector;
 - uncertainty: tenants know very little about the landlords, when rents will rise, by how much and how long they can stay in the property; and
 - churn within the sector.
- 5.5. These issues were also recognised by the Communities and Local Government Select in 2013 who note:
 - that there is a common view that more should be done to raise standards of property and management in some parts of the sector;
 - concerns around the lack of regulation of lettings agents and the extent of sharp practice by some agents;
 - with the increase in numbers of families in the sector there has been a call for much greater security of tenure in the sector; and
 - that there is a widespread lack of awareness amongst tenants and landlords concerning their respective rights and responsibilities.

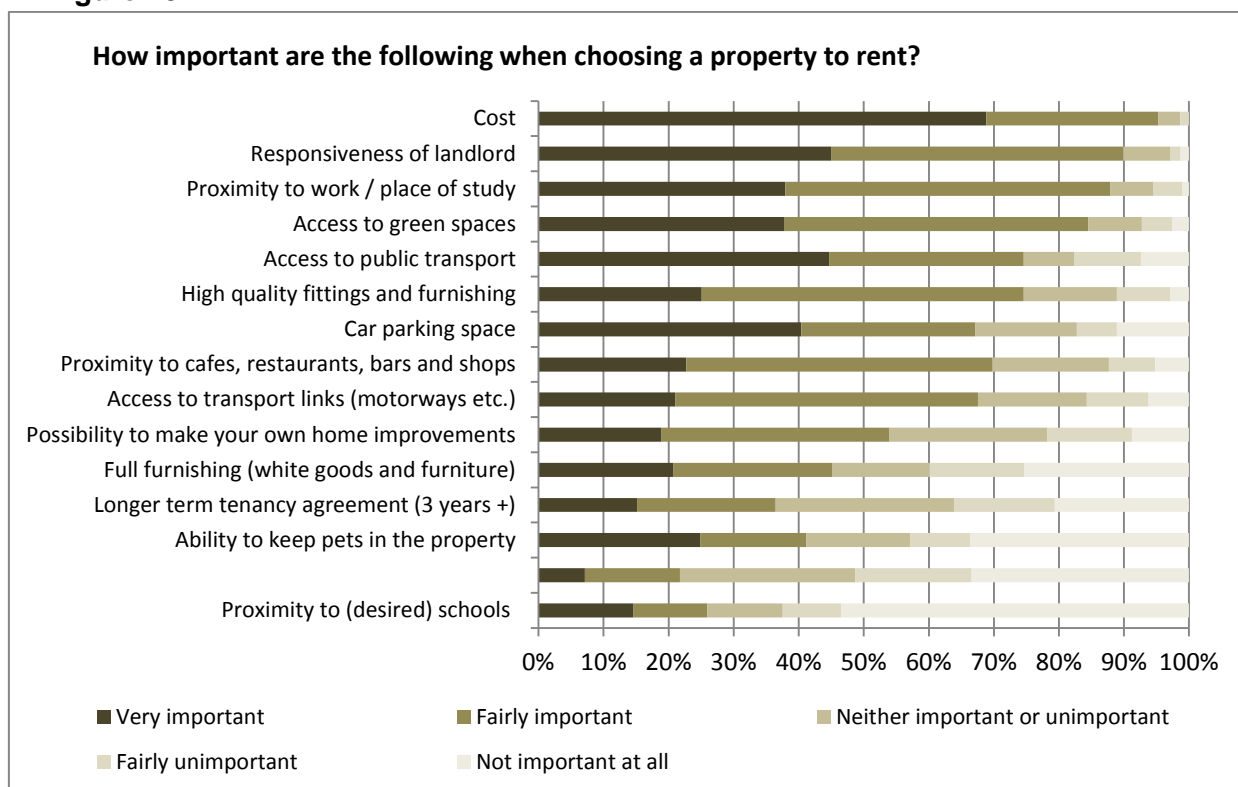
5.6. The above issues were also highlighted in the survey results, focus groups and stakeholder interviews. Over 350 people responded to the survey and three focus groups were held in Manchester and Oldham. The response rate to the survey (369) provides a confidence level of 95% +/-5.09% based on a population of 76,000 young professionals in Greater Manchester, if the population of all PRS households is used the confidence level is 95% +/-5.1%. The characteristics of the survey respondent details are set out below (Figure 17) illustrates the characteristics of the survey respondents. They were mainly under 35, with a partner and a household income of between £21,000 and £30,000 per annum and over 50% had been renting for more than five years. However only 10% had lived in their current property for more than five years and a further 20% had lived in their current property for two to five years. Respondents were split relatively equally between those who lived in house shares, on their own, with their partner or their families. The largest group of respondents were those who lived with their partners (36%).

Figure 17: Characteristics of Survey Respondents



- 5.7. The focus groups were attended by 21 people in three groups who had volunteered to attend after completing the survey on-line. The attendees in the two Manchester focus groups mainly lived in South Manchester (Didsbury and Chorlton), while the Oldham focus group was a combination of people who rented and those who chose to remain living with their parents as opposed to rent (due to a desire to save enough money for a deposit to buy their own home).
- 5.8. One of the main issues highlighted by the stakeholders and survey respondents was the reputation of the sector. The districts interviewed noted that the sector has a poor reputation and large amount of PRS accommodation is not seen as a positive addition to an area especially in suburban areas. The poor reputation of the sector appeared to be in relation to both poor landlords and tenants, via poor tenancy management. It was recognised that many of these concerns were in relation to the lower value end of the market. The districts noted that poor landlords were in the minority, but had a disproportionately negative impact on the wider reputation of the sector. Both the National and Residential Landlord Associations have also commented that the vast majority of landlords are good, but that a small minority damage the reputation of the whole sector. Some of the stakeholders commented that some of the landlords' management practices seemed to be poor, due to lack of knowledge and experience. They commented that there were a relatively large number of landlords who had not considered the work involved in managing a property and had a lack of knowledge and experience around the key duties of a landlord. This lack of knowledge is reflected in the earlier literature in relation to buy-to-let landlords.
- 5.9. The survey respondents were asked to rank the importance of various features and assets of private rented properties to establish what are the most and least important things to them when choosing a property. The most important element for all respondents was cost, followed by the responsiveness of landlord. The breakdown of responses for all respondents is below (Figure 18):

Figure 18



5.10. When the respondents are broken down into three groups; families, households without dependents (including those in house shares) and house sharers cost remains the most important element across all three groups. Figure 19 shows that there are notable variations in what other factors are considered important.

Figure 19: Top 5 Very Important Considerations when choosing a rental property

All Respondents		Families		Households without children		House sharers	
Cost	69%	Cost	70%	Cost	69%	Cost	67%
Access to public transport	45%	Proximity to (desired) schools	56%	Access to public transport	48%	Access to public transport	43%
Responsiveness of landlord	45%	Responsiveness of landlord	53%	Responsiveness of landlord	44%	Proximity to work / place of study	41%
Car parking space	40%	Access to green spaces	46%	Car parking space	41%	Full furnishing (white goods and furniture)	39%
Proximity to work / place of study	38%	Ability to keep pets in the property	41%	Proximity to work / place of study	40%	Proximity to cafes, restaurants, bars and shops	30%

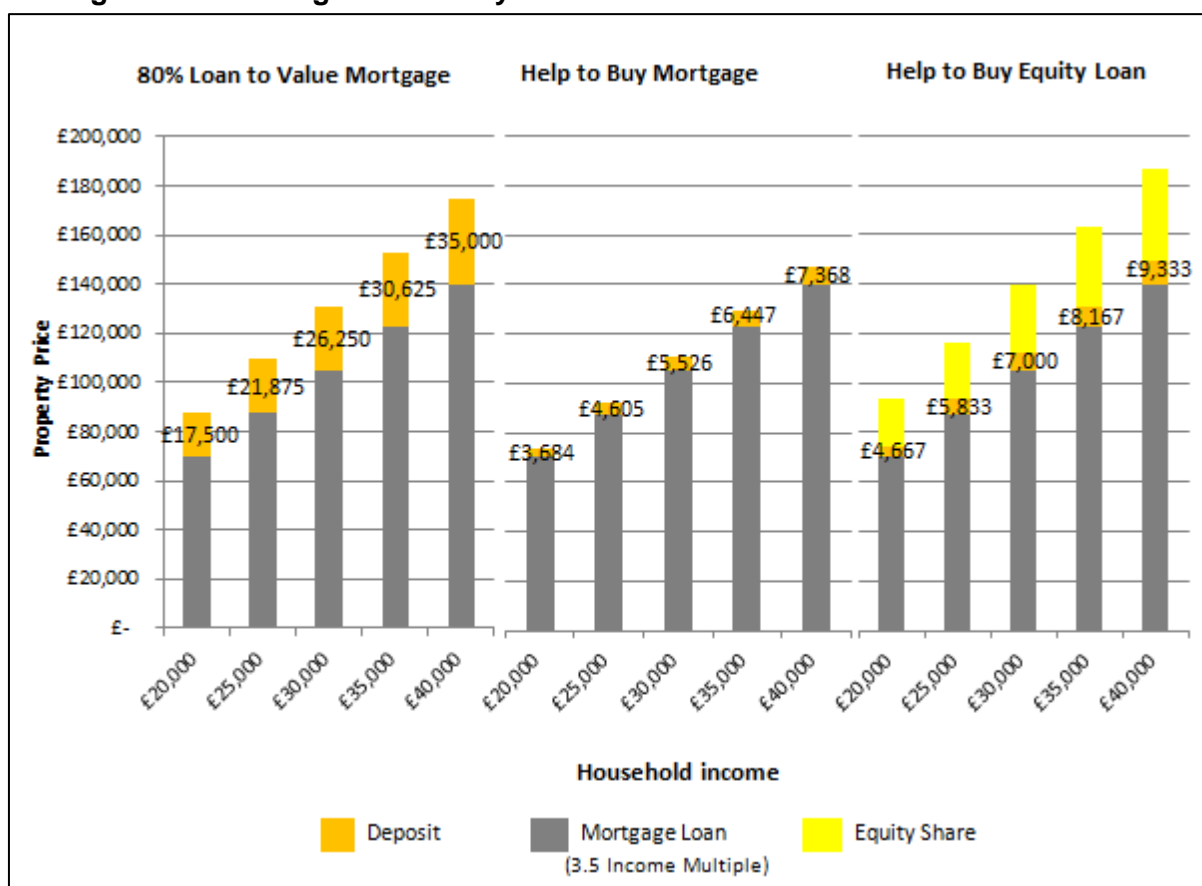
6. Housing Aspiration

- 6.1. In order to understand how long people live in the PRS and how they view it in their housing future, housing aspiration was explored in the survey and focus groups. The private rented sector is generally not seen as a long term housing solution for renters. The literature discusses young renters and families' housing aspirations. In general renters feel that the sector is temporary and that they eventually will access home ownership. This feeling was highlighted by the survey and focus groups, with the majority of respondents noting that they wished to eventually own a home and very few indicating that they did not aspire to home ownership. Respondents did however, recognise that renting gave them flexibility and the ability to live in places where they would not be able to afford to access home ownership.
- 6.2. IPPR polling in 2012 showed that 88% of respondents aged 18 – 30 aspired to own their own home in the next ten years. While 90% of private tenants wanted to own their own home in 10 years, time only 51% thought that they actually would. (IPPR 2012:24)
- 6.3. Housing aspiration differed throughout PRS groups. IPPR's research (IPPR 2012:27) focussing on young people identified three life stages in relation to housing:
 - Free roaming: (broadly aged 18 – 27) those who prioritise flexibility and independence. They wish to spend as little as possible on housing and sacrifice quality for flexibility and affordability.
 - Transitioning: (broadly aged 24-30) prioritise moving into quality accommodation and have control over space and what happens to it; and
 - Establishing: (broadly aged 28-35) prioritise stability and security. They want certainty they can stay in their home for the long term.
- 6.4. Jessop and Humphrey (2014:5-6) assessed the 20-45 housing market, and categorised them into the following four groups: homeowners; likely first time buyers; impeded first time buyers; and those who don't want to own. The impeded first time buyers and those who don't want to own tend to have a lower income. The difference between the two groups centres on whether renting is a choice or not. The impeded first time buyers worry that they will have to rent forever and won't be able to retire, they view renting as inherently bad. Whilst those who don't want to own see renting as a fine choice and are most likely to agree that Britain should lose its obsession with home ownership. Finally IPPR (2012:13) note that for many young people the inaccessibility of social renting and homeownership means that they live with their parents or in private rented accommodation. For those who are looking to form their own independent households, the only option is private rent.
- 6.5. Survey respondents were asked why they lived in the PRS, the inability to buy was by far the most common reason for renting (56%) and in particular the need to save for a deposit (30%). The literature discusses the housing aspirations of renters and young people; often these two groups are intertwined as the majority of renters are

young people. IPPR note that buying a home is beyond the reach of many young people and mortgages are only obtainable by those who have a large deposit and have a high and steady income (IPPR No Place to Call Home 2012:12).

- 6.6. Despite the fact that accessing home ownership may prove difficult for many renters, they still aspired to home ownership. An initial assessment of housing affordability in Greater Manchester is set out below for a range of household incomes and home ownership products (Figure 20).

Figure 20: Housing Affordability in Greater Manchester



- 6.7. In order to save the deposit for an 80% mortgage it would take just over seven years if 10% annual household income was saved. Therefore, even if those in the PRS aspired to home ownership they would be living in the PRS for around seven years before a deposit had been saved. One of the biggest barriers to home ownership for many of the private renters was raising a deposit as shown above.

- 6.8. The focus groups discussed housing aspiration and futures; the majority of the attendees at the groups said that they ideally would wish to own their own home. Reasons for home ownership were linked to security, a concern that they were 'missing out' from rising house prices and a perception that rent was wasted money. However, they were not particularly willing to compromise on location and recognised that they would not be able to buy in some of the areas in which they currently rented, this was particularly the case for South Manchester. Interestingly even

households who accepted that they were unlikely to enter home ownership due to income or deposit requirement still wished to own their own homes.

- 6.9. As discussed above, the inability to buy a home was linked to both an ability to save for a deposit and pay for a mortgage, as demonstrated by the below survey responses:

“Impossible to save up for a deposit to apply for a mortgage whilst paying high rent rate. With 2 children and a wife on part time hours it makes it extremely difficult to do anything other than rent”. (Male 25-34)

“I can't afford to buy property in an area which would be nice to live or an acceptable commute into Manchester City Centre. I am saving for a deposit, but house prices are rising too quickly for me to feel like I'll ever get there.” (Male 25 – 34)

- 6.10. Both the focus groups and survey respondents said they liked the flexibility that renting offered (18.7%) and location was also very important as a reason to rent. A small number of respondents noted that they did not wish to buy and preferred renting. A number of respondents noted that they would prefer to rent in an area that they cannot afford to buy in, as opposed buy in an area that they considered was less desirable.

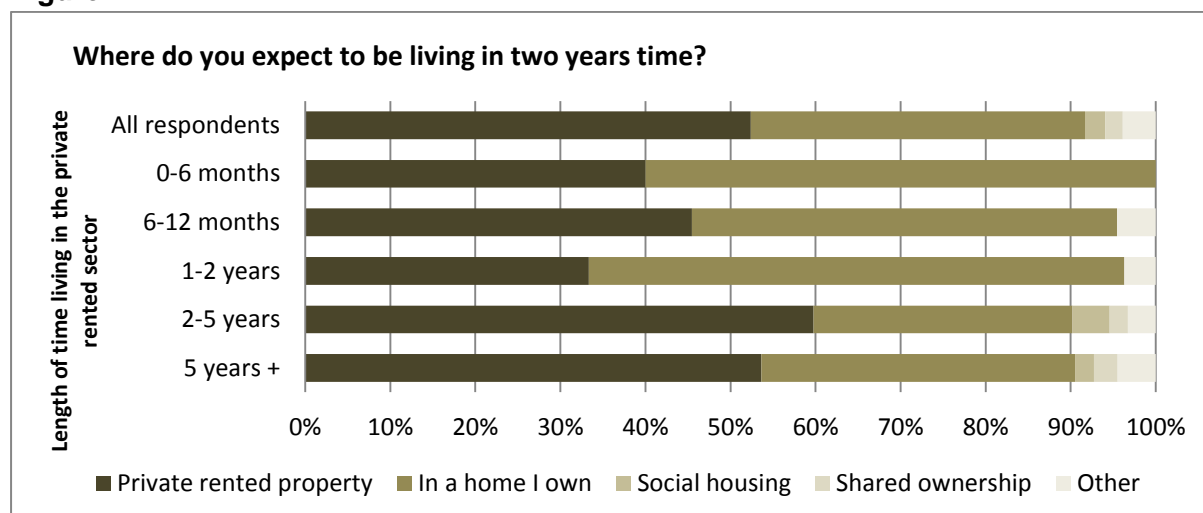
“Single parent unable to get a decent mortgage on my own and would have to compromise on area or buy a property which needs lots of work which isn't practical with having a young child” (Female 25 -34)

“Unwilling to pay current prices for a house. Don't want to tie myself to a massive debt and would not be able to maintain my current standard of living and save for a large deposit”. (Male 25-34)

“We do not have enough for a deposit on a mortgage at the moment plus we wanted to live in the city centre for a little bit before getting a house in a few years time.” (Female 25-34)

- 6.11. Both the focus groups and survey respondents were asked where they expected to be living in two years' time (Figure 21). Respondents were fairly equally split between those who expected to remain in the private rented sector and those who expected to own a home. This seemed to reflect some renters' recognising that even if they aspired to own a home, they were likely to be in the PRS for the foreseeable future. The group most likely to expect to be home owners were those who had lived in the sector for a very short term. While over 50% of those who had rented for over two years expected to remain within the sector as shown below. Of the survey respondents, over 50% had lived in the sector for more than 5 years, however, very few of them had lived in the same property, which suggested a churn within the sector and the market:

Figure 21



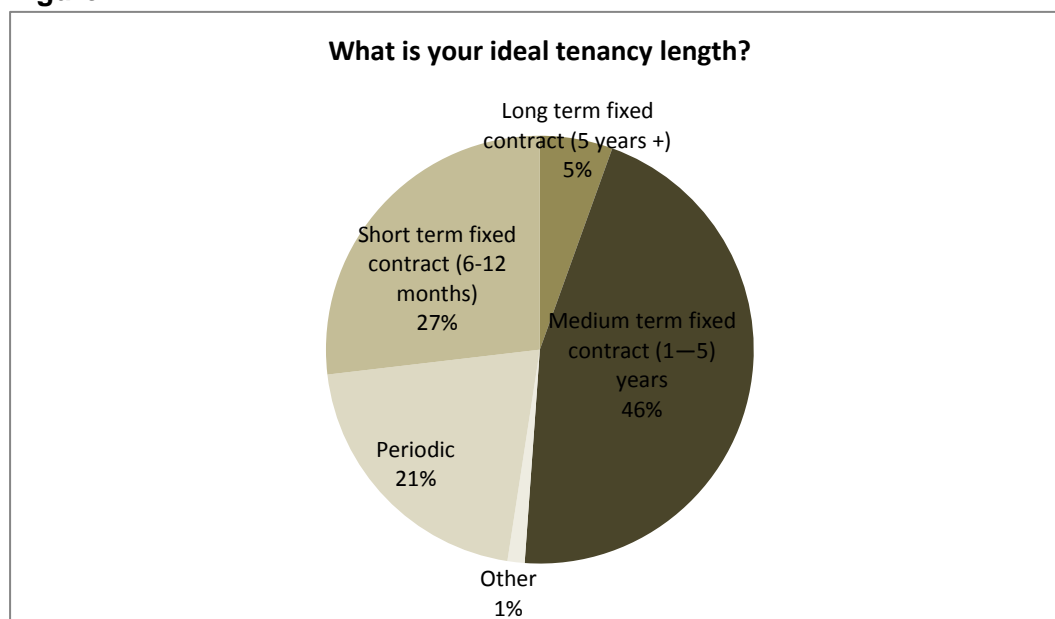
6.12. As well as traditional home ownership, 'rent to buy' and shared ownership was mentioned as possible routes to home ownership in the focus groups. Particular reference was made to Urban Splash developments. The survey results also indicate an interest in shared ownership as a possible model for home ownership. Finally, some participants discussed 100% mortgages as a route to shared ownership and this was reflected in the survey feedback, with respondents noting they could pay a mortgage but not raise a deposit. No mention was made of the current Help to Buy scheme as a route to home ownership by participants. However when asked about it, some mentioned they may consider it.

6.13. A small number of the participants (23 respondents) mentioned that they did not aspire to home ownership noting that it felt like a tie and they enjoyed the flexibility of renting and recognised that they were not liable for the costs associated with home ownership. Maintenance in particular was mentioned as a cost that they were spared when renting.

7. Tenure

- 7.1. Within the private rented sector the default tenure is an Assured Shorthold Tenancy (AST), either on a fixed term of 6 – 12 months or a periodic term. The AST provides flexibility for both the tenant and the landlord with an opportunity to end the tenancy after the set fixed term or the initial six months of a periodic tenancy. The standard notice period for an AST is 1 – 2 months enabling flexibility for both parties.
- 7.2. The literature identifies that tenure flexibility is a selling point of the sector for some households especially young professionals (Clapham et al 2012:40), as it allows households to move relatively quickly and enables people to live in more desirable locations. This was echoed by Scanlon (2013:28) et al who noted that renters saw the advantages of renting as flexibility, lack of responsibility for maintenance and repairs and that it gave households the opportunity to get to know an area before they bought.
- 7.3. Flexibility however is not beneficial to all groups in the PRS. Both longer term renters and families have been identified as groups who would benefit from longer fixed term tenancies. Shelter and others have noted the lack of stability the AST offers and have called for an option of a longer fixed tenancy in some circumstance. Clapham et al (2012:40) interviewed a number of young families in the PRS who identified that the PRS is not well suited to the needs of families and that the uncertainty about tenancy length made it difficult to put down roots, and although longer tenancies are available they are rarely offered. IPPR (2012:34) recommend a 'family tenancy' of five years with a longer notice period for those tenants who will be renting long term and would like the security and sense of control desired by owner occupiers. The 2014 Savills research found that longer tenancies were preferred by almost half of older renters (over 35) while young renters (under 24) preferred the flexibility of ASTs (2014:6). Savills concluded that although there is a place for longer tenancies it is not a prerequisite of the private rented sector.
- 7.4. Respondents to the survey for this research were asked about their preferred tenancy length. The majority of respondents valued shorter term tenancies to long term tenancies with only 6% of the respondents preferring a tenancy of 5 plus years, while 46% of respondents preferred a 1 – 5 year fixed term tenancy.

Figure 22



- 7.5. Of the respondents who preferred 5 year plus tenancies, 14 were households with children and three were two person households. A feeling of security was important to these households as demonstrated by the below comment:

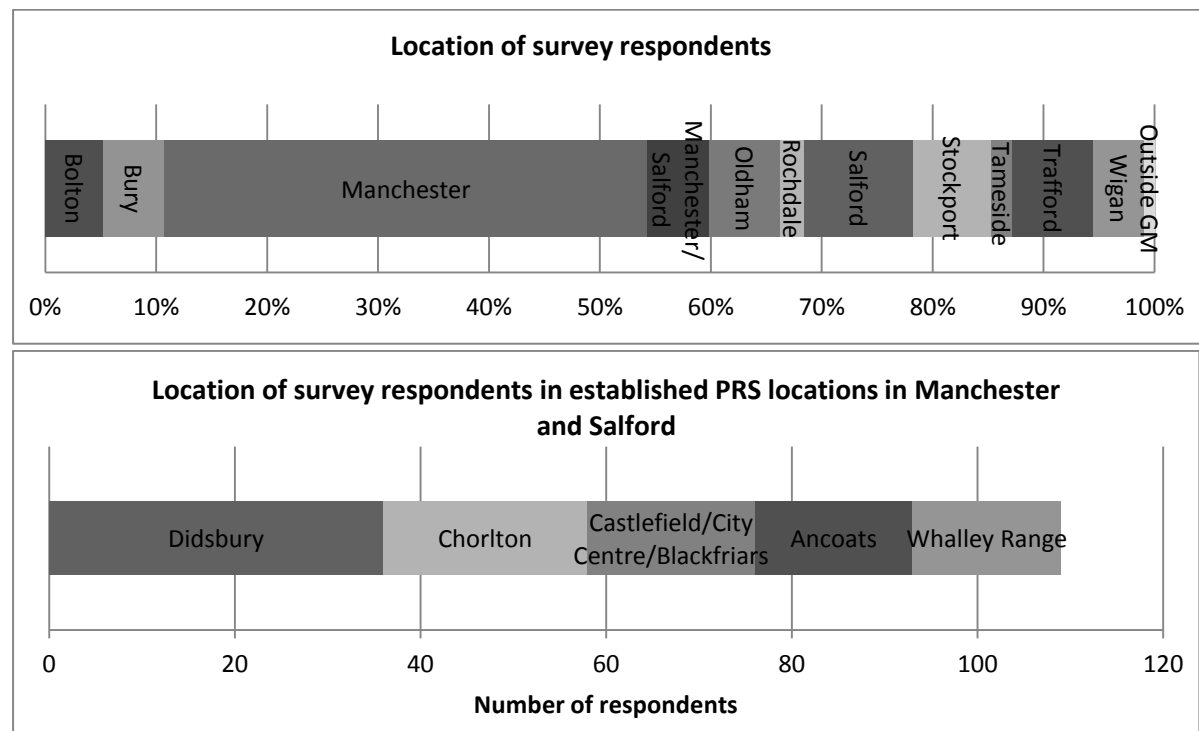
“In my previous rented property the landlord didn’t maintain his mortgage payments; we learnt this 6 months into my girlfriend’s pregnancy. It was extremely distressful and we had no recourse to negotiate with the lender to remain in the property whilst the ongoing action was being taken or during the period when the house was placed on the market for sale.” (Male 25 – 34)

- 7.6. Issues around security and trust of the landlord were discussed in the focus groups. When the focus groups were asked about ideal length of tenancy the majority noted that their preferred tenancy was a rolling contract, as they valued the flexibility it gave. When questioned around the flexibility that it also gave to the landlord via a two month notice period using a section 21 notice, this was accepted by the respondents as fine. The largest concern of the focus group respondents concerning tenancies being ended was around a risk of the landlord selling the property. This suggested an assumption that unless they broke the terms of their tenancy they would not be evicted, and the only reason for a tenancy to end early was for the sale of the property.

8. Location

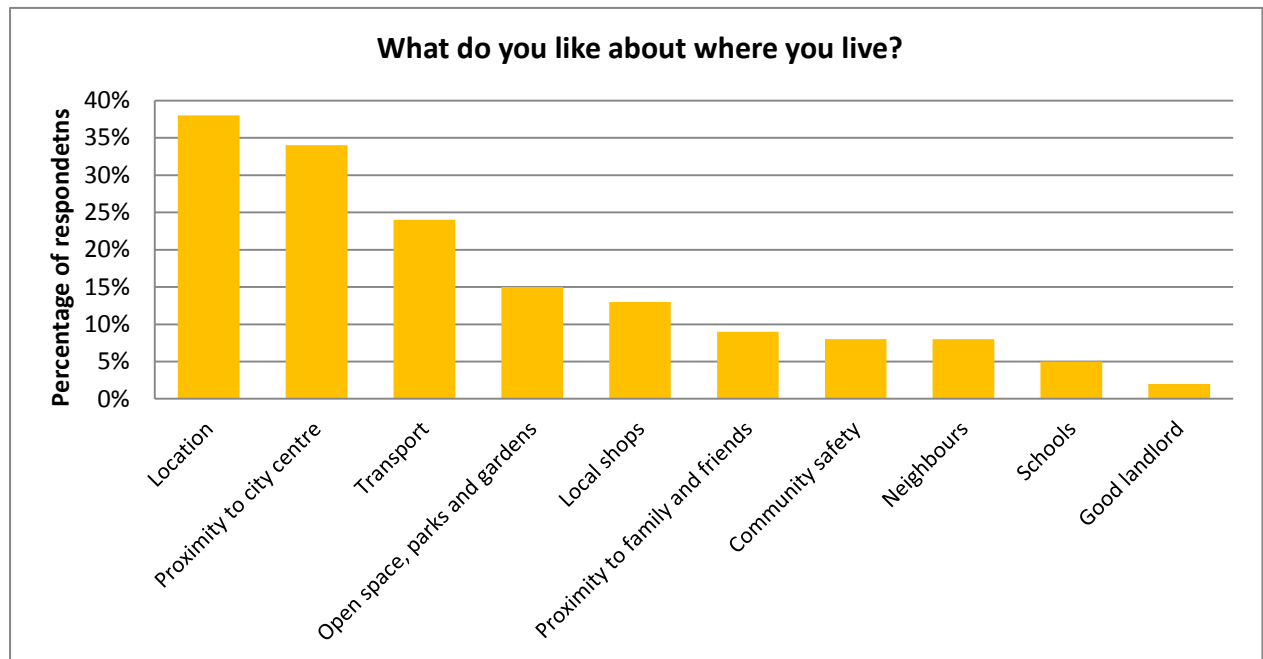
8.1. Location was noted as one of the most important factors for renters. The respondents to the survey were distributed throughout GM, with the majority living in the district of Manchester and particularly in Didsbury and Chorlton, a reflection of the distribution of where young professionals choose to rent. A breakdown showing where respondents to the survey lived is below:

Figure 22:



8.2. Understanding where private renters currently live helps to develop the criteria of what makes an area desirable for private renters. Analysis of the survey responses and discussions in the focus groups drew out more detailed factors which help understand what makes a desirable location. Figure 23 provides an overview of the positive descriptions renters gave about the location and what made it a good area to rent in, specific references were made to access to the city centre and transport links.

Figure 23



- 8.3. Access to the city centre was important for respondents in terms of work, while many of them discussed that they socialised more locally, hence the importance of local shops and services, as demonstrated by the survey respondent comment below:

"[I like the] location, there are many shops and bars within a 5-10 minute walk. I am close to transport links such as bus and metro. I like that my neighbours are similar to me i.e. they are employed and a similar age." (Female 25-34)

"The area is great for transport links, its a conservation area and therefore well kept and its close to local amenities and has good bars and restaurants. " (Female 25-34)

- 8.4. A number of respondents indicated that they chose to rent in areas where they would not necessarily be able to buy a home or that they intended to reside in a particular location for only a temporary period. For example living in the city centre whilst they were saving for a deposit.

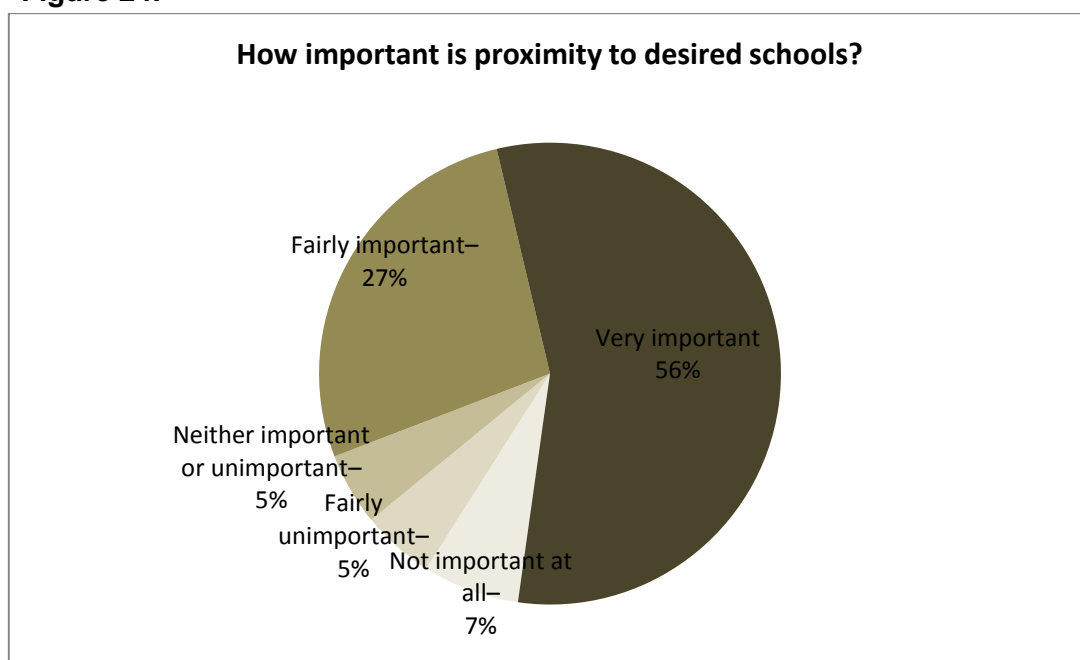
"We can rent a far larger and nicer house than we could afford to buy. We have just had our first baby and my wife has given up work. Even though we have a sizeable deposit saved up, we simply cannot borrow enough money based on my income to afford to buy anywhere we would actually want to live." (Male 25-34)

- 8.5. Alongside the importance of accessing the city centre, respondents noted the importance of transport. Within the focus groups there was a relatively equal split between those who used public transport and those who used cars. For those who used public transport it was important that they were near by a bus, train or tram stop. One respondent noted that they moved to an area because of the transport

links and this is something that people think about when choosing an area. The respondents also noted the importance of transport links for couples working in two different areas. For example, one respondent lived in Stalybridge as their partner worked in Leeds and they worked in Manchester. While another respondent lived in South Manchester as their partner works in Warrington and they work in Manchester. The 2014 survey from Savills found that 70% of private renters living outside London travelled for less than half an hour to work.

- 8.6. For family renters schools were the thing that they most liked about where they currently lived - 22% of respondents noted the importance of schools in liking the area that they lived in. Interestingly, 85% of family respondents noted the importance of being near desired schools when choosing private rented sector accommodation. Overall results for all respondents are below (Figure 24)

Figure 24:



"It's got a spacious garden and plenty of room for a family. It is a quiet location but in a great position for linking up to motorways and getting into the city centre if needed. Good schools are in the area and lots of parks." (Male 25-34)

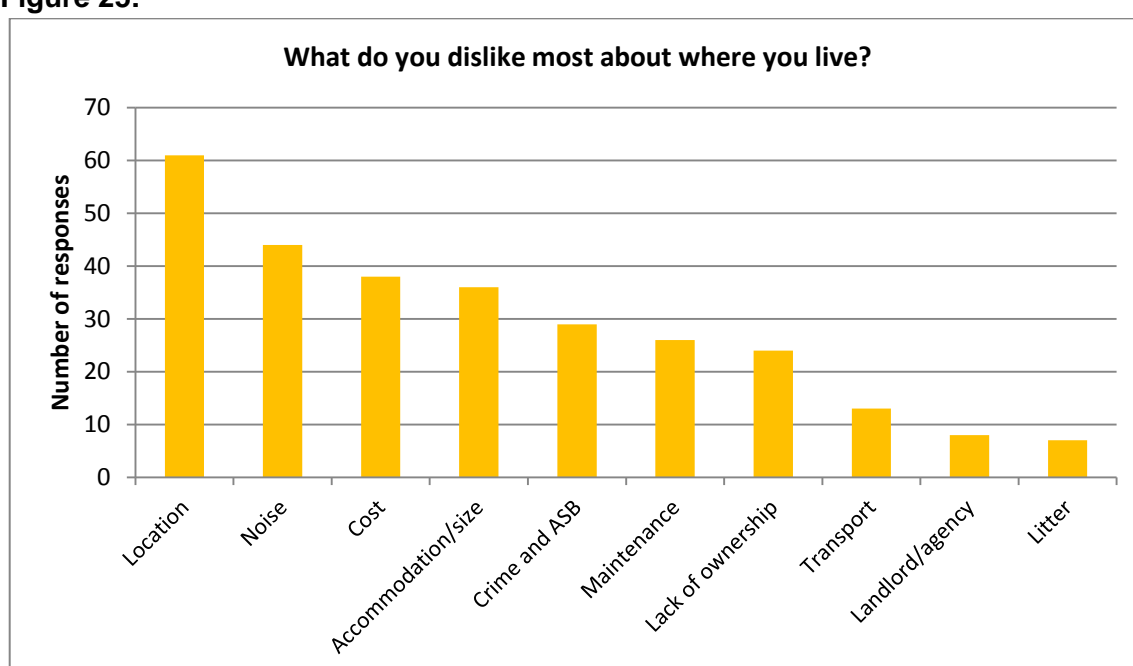
"We don't think we can get the same accommodation in the area near an excellent state run school by buying." (Female 35-44)

- 8.7. The quality of local schools was noted by a few stakeholders as a possible reason that developing bespoke PRS for some family renters may be difficult. There is evidence noting the connection between house prices and desirability of schools.
- 8.8. Respondents were also asked what they did not like about areas they lived in and what areas they were averse to living in and the reasons why (Figure 25). In terms

of dislikes around area these were generally in regard to neighbourhood and housing management issues, with respondents noting concerns around community safety, noise and the size of the accommodation.

- 8.9. Within the focus groups, participants discussed what put them off areas and what areas they may not consider living in. In terms of location, the main location elements which put them off areas were around the attractiveness of areas, access to local shops and services and feelings of safety. They noted that some areas lacked what they wanted in terms of local services and connection to the city centre. Participants also noted concerns over personal safety when walking to and from public transport hubs and the lack of desirability of some town centres, which are often where the public transport hubs are found.

Figure 25:



- 8.10. Some local issues were highlighted in regard to housing and neighbourhood management. As discussed above, previous research undertaken by Shelter and IPPR note the comparably poor condition of PRS properties and the impact of housing management on PRS properties. The survey respondents were asked what they most disliked about where they lived, the majority noted the overall location followed by noise and cost.

- 8.11. Noise nuisance was in relation to internal noise between homes and external noise related to crime and antisocial behaviour. Examples of noise nuisance included noisy neighbours, children playing, industrial noise, traffic and pets.

“The noise of the people that go past out of the pub most nights. I can’t leave my bedroom window open.” (Female 24 -24)

“Other residents - have noisy animals e.g. 3 Peacocks, chickens , a cock and dogs - there is constant noise coming from the property”. (Female 35-44)

8.12. In terms of accommodation and noise issues, the focus groups and survey respondents eluded to poorly built accommodation where noise could be heard through the walls and lack of management in relation to noise. However, they recognised that they may not know about noise nuisance until they move into the property and noted that the flexibility of private rent meant that they could potentially move after six months.

8.13. One of the district stakeholders interviewed also mentioned issues around noise and neighbourhood management where there are a mixture of social housing households and ex right to buy households that are now in the private rented sector. They mentioned that tenants are confused about responsibility in relation to homes and can find a seemingly double standard around management where social homes are generally regarded as well managed and there is a clear recourse to complain about noise and other anti-social behaviour. This is not the case with private rent.

8.14. Alongside noise, both the survey respondents and the focus groups noted concerns in their areas around anti-social behaviour and crime. Some ASB noted was in relation to noise, whilst other respondents noted concerns around feeling unsafe or higher levels of crime, vandalism and litter.

“The street is now being vandalised and not being looked after. There is fly tipping and noise.” (Female 25-34)

“The crime, state of the streets (litter etc), the fact that nobody cares about their neighbours (no-one seems to look out for others)”. (Female 35-44)

“[In the neighbourhood we have issues with] noisy neighbours, burglars and high crime levels.” (Male 35-44)

8.15. In relation to crime and ASB the focus groups discussed concerns around safety when walking from transport hubs to their homes. The respondents noted that the transport hubs in some of the town centres were not particularly attractive and they felt that they would feel unsafe walking home. While another respondent noted that in some regeneration areas there is little activity at night, making the walk feel quite lonely and isolating. Finally, the reputation of some areas seemed to be linked to crime and ASB that made them seem like unattractive areas

9. Property Condition and housing management

- 9.1. The literature points to concerns around maintenance and overall standard of the private rented sector accommodation. This issue was noted in the survey, but not as strongly as expected, - 19% of respondents had experienced renting a property in a poor condition. The main issues from the survey respondents were in relation to poor quality accommodation which may have been due to lack of maintenance or to do with the initial property design and build. Two of the focus groups interestingly noted a dislike of new build accommodation, citing it as poorly built with thin walls and noting it was either too hot or too cold.

“The building has a lot of faults and it takes a long time to get anything fixed (if it gets fixed at all.” (Female 25-34)

“Not the most up to date decor. I had to pay for new bathroom flooring - as the floor was in a complete mess.” (Female 35-44)

- 9.2. Issues related to landlord repair were explored further in the focus groups, where it appeared that those attending had either had a very good experience of landlord maintenance and accommodation or a very poor experience. Poor experiences surrounded the speed of repairs and the repairs that were not completed, as demonstrated below:

“Landlord is very slow in getting repairs done. Waited over 12 months for one repair which is still outstanding.” (Male 55-64)

- 9.3. A further frustration of those in the focus groups was the quality of furniture and white goods provided. They all had examples of poor furnishing overall, washing machines that did not wash and suggested that what was provided should be more hard wearing.

“Single glazing, leaking roof, broken bathroom fixtures, broken front door,.... poor standard of white goods provided.” (Male 25-34)

- 9.4. Feedback concerning landlords and their practices varied. Many respondents noted that they had a relatively good landlord and trusted them. However a number of respondents noted the poor behaviour of landlords. Only six respondents noted that they had experienced a 'rogue landlord'. However, more respondents noted dissatisfaction with their landlord, with a further 25 respondents noting specific landlord issues. These issues were generally in relation to maintenance and repairs.

- 9.5. A further landlord issue highlighted in the stakeholder interviews, focus groups, survey and literature is the lack of professionalism within the sector. Respondents to the survey noted landlords were not always aware of their obligations for example

“Landlord has been fantastic in fixing problems but I do have concerns his workmen access the property to access the roof when we are out without our permission” (Female 25-34)

"[My landlord] is very strict and can be quite unreasonable. She doesn't really allow us to do much with the property which means after 6 1/2 years of living in our flat it still does not feel like our home and it never will do. I would like to move because I find her so difficult to deal with but we can't because the rent is very good in comparison to the rest of the area." (Female 35-44)

- 9.6. The focus groups also highlighted a lack of knowledge of tenancy terms and conditions from both the landlord and tenant perspective. A number of respondents mentioned that they were concerned that the landlords were not financially capable of managing the property and had debt problems which put the tenants home at risk.

" Landlord has debt problems - property was almost repossessed at one point! Letting agent is not very helpful."(Male 25-34)

- 9.7. The issue of finance and property management was also highlighted within the literature.

- 9.8. The focus groups discussed what they wanted from a landlord and the type of landlord they wanted. In general there was a preference to rent directly from the landlord, although one respondent noted a management agent could be useful when the landlord was not local. The focus group discussed the importance of being able to trust the landlord, and that they would continue renting from a landlord that they could trust. The number of properties the landlord owned did not appear to be important. However, a landlord who may sell the property without warning was seen as a concern.

- 9.9. Neither the focus group or survey respondents noted the potential for a large scale commercial landlord. They discussed landlords within the current options of landlords as opposed to potential future options.

- 9.10. In the survey and the focus group a general question was asked around satisfaction with the sector and whether there were any other issues that the respondents wished to raise. A common theme from respondents was a concern around the practices of lettings agents. These concerns are also reflected in the literature around the sector and the stakeholder interviews highlighted them.

- 9.11. The focus group respondents reported that they had been required to pay letting agents fees when they moved into their properties and that the fees in some circumstances were over £100 per person.

"Letting agent's costs are high (our fees for our current place were in excess of £2000 upfront, including deposit, first months rent, fees for credit check, check in fee) and we also have to pay £150 to renew our contract next June. At the end of the day, young people are trying to make a house a home, and I think were they allowed to do this more (furnishing, painting etc) they would take more care of properties." (Female 25 to 34)

"Unreasonable letting fees, property in a poor condition, sudden rise in rent, unfair eviction notice, unreasonable security checks, agent letting themselves in and appearing unannounced at the door of my living room." (Male 35-44)

9.12. One respondent noted that they had experienced an increase in fees since they started renting and suggested that the behaviour of lettings agents had changed. The focus groups also commented that when they had the choice, they choose not to use a lettings agent and would prefer to deal directly with the landlord.

9.13. A few of the survey respondents were also landlords as well as private renters. They commented that as landlords they also had poor treatment from lettings agents. Within a sector that generally has a poor reputation, lettings agents seemed to have the worst reputation.

“I think it is annoying having to pay for your own fees and checks on top of rent and deposits- shouldn't this should be a cost to the landlord?” (Female 35-44)

9.14. Respondents continually mentioned that there needed to be a way to regulate letting agents or recourse to challenge poor behaviour and unreasonable fees.

10. Cost

10.1. Cost was highlighted by both the survey respondents and focus groups as a consideration when renting. Those who wished to own their own home noted that they felt that rent was 'wasted money'. However a number of respondents also recognised that they could afford to rent a home in an area that they could not afford to buy in and would do so until they could buy. Very few appeared to consider living in areas where they would pay less rent in order to save for a deposit, rather they choose to pay a higher rent to live in an area which was desirable to them.

10.2. Analysis of the Greater Manchester rental market advertised prices from estate agents found that the average rent per calendar month asked for in the conurbation was £659pcm in January 2014. Below sets out the changes in the rental market between 2009 and 2014 within Greater Manchester (Figure 26). The data is from two snapshots between July 2009 and January 2014, due to the sample level of data this should generally be viewed at district level and no lower.

Figure 26: Changes in Rental Cost and Available Properties in Greater Manchester

District	Jul-09		Jan-14		Difference Jul 09-Jan14	
	Number of available properties	Average rent pcm (£)	Number of available properties	Average rent pcm (£)	Number of available properties	Average rent pcm (£)
Bolton	1,547	516	1,023	518	-524	2
Bury	564	548	571	575	7	27
Manchester	4,757	685	3,023	781	-1,734	96
Oldham	323	480	421	517	98	37
Rochdale	298	491	605	530	307	38
Salford	1,922	586	1,145	651	-777	65
Stockport	1,152	675	695	736	-457	61
Tameside	706	494	631	524	-75	29
Trafford	1,295	790	702	941	-593	152
Wigan	1,432	488	1,130	487	-302	-1
GM	13,996	618	9,946	659	-4,050	42

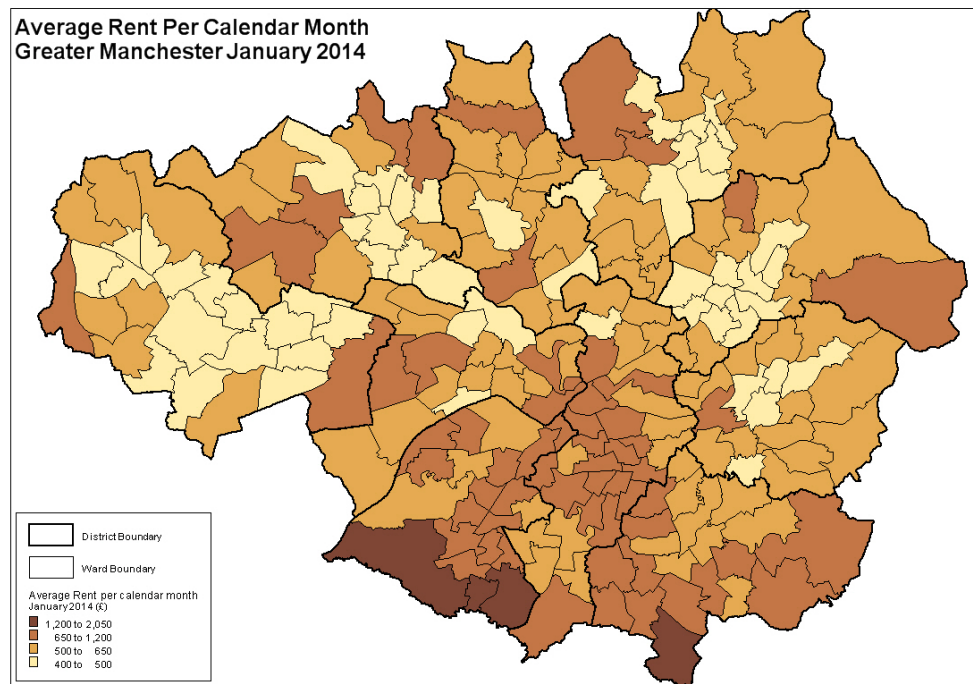
Source GM Estate Agents

10.3. The figures above show that average rental levels per calendar month have remained fairly stable in Greater Manchester as a whole between the period July 2009 and January 2014, raising by £42 in the snapshot in July 2009 compared to the snapshot in January 2014. The average rent as of January 2014 was £659 per calendar month but this ranged from an average of £941 in Trafford to £487 in Wigan. This average rent in Trafford increased by just over £150 over the two periods and in Wigan showed a very slight decline. The number of available properties has, however shown a significant decline between July 2009 and January 2013 with just over 4,000 less properties available for rent in the two

periods. This level of availability does vary, between each snapshot as above but the average level of available properties through estate agents in GM is around 11,000. Availability of properties does tend to be higher in July than January, perhaps a reflection of the seasonal movement within the sector in the summer period.

- 10.4. Looking at rental levels spatially in Greater Manchester (Figure 26) the map showing average rent per calendar month in January 2014 shows a clear north/south divide in terms of rental levels (a pattern similar to that identified through analysis of house price sales). The lighter areas show the lowest levels of rent and there are hardly any in the south of the conurbation and none in the districts of Trafford and Stockport. The peripheral areas of the south hold the very highest levels of rent, and are therefore the most unaffordable. In the north it is the central areas of the districts that hold the lowest, and most affordable levels of rent.

Figure 27:

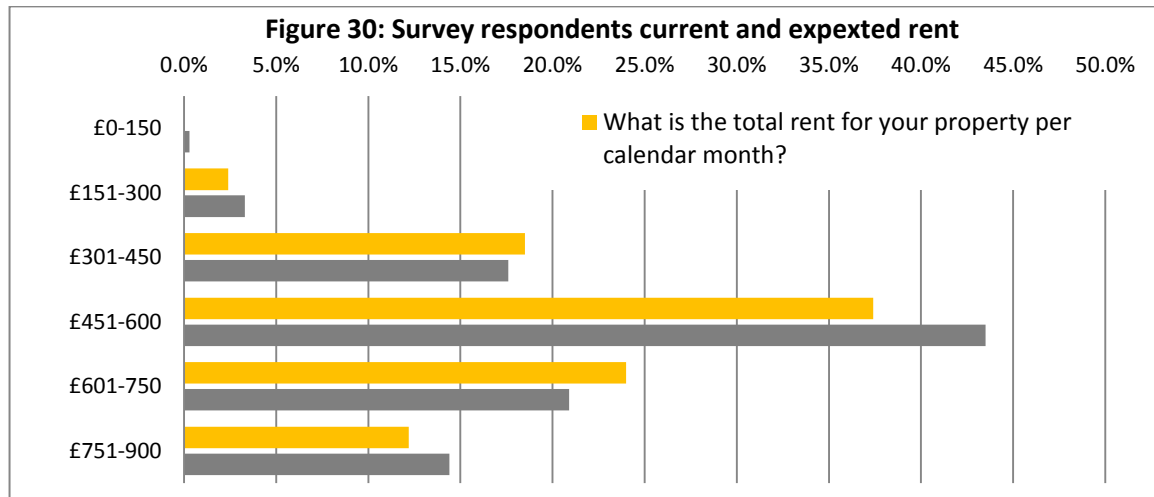


Source GM Estate Agents

- 10.5. Whilst the overall levels of rent have been stable there are some varied experiences of rental levels at a more local level. Some care does have to be employed in looking at this data as “sample” levels (i.e. properties picked up via the on-line tool) can be small in some areas so any analysis below district level should be treated with caution. As a general guide the wards with the highest change in rent over the period of analysis are the areas where the rental levels are the highest.

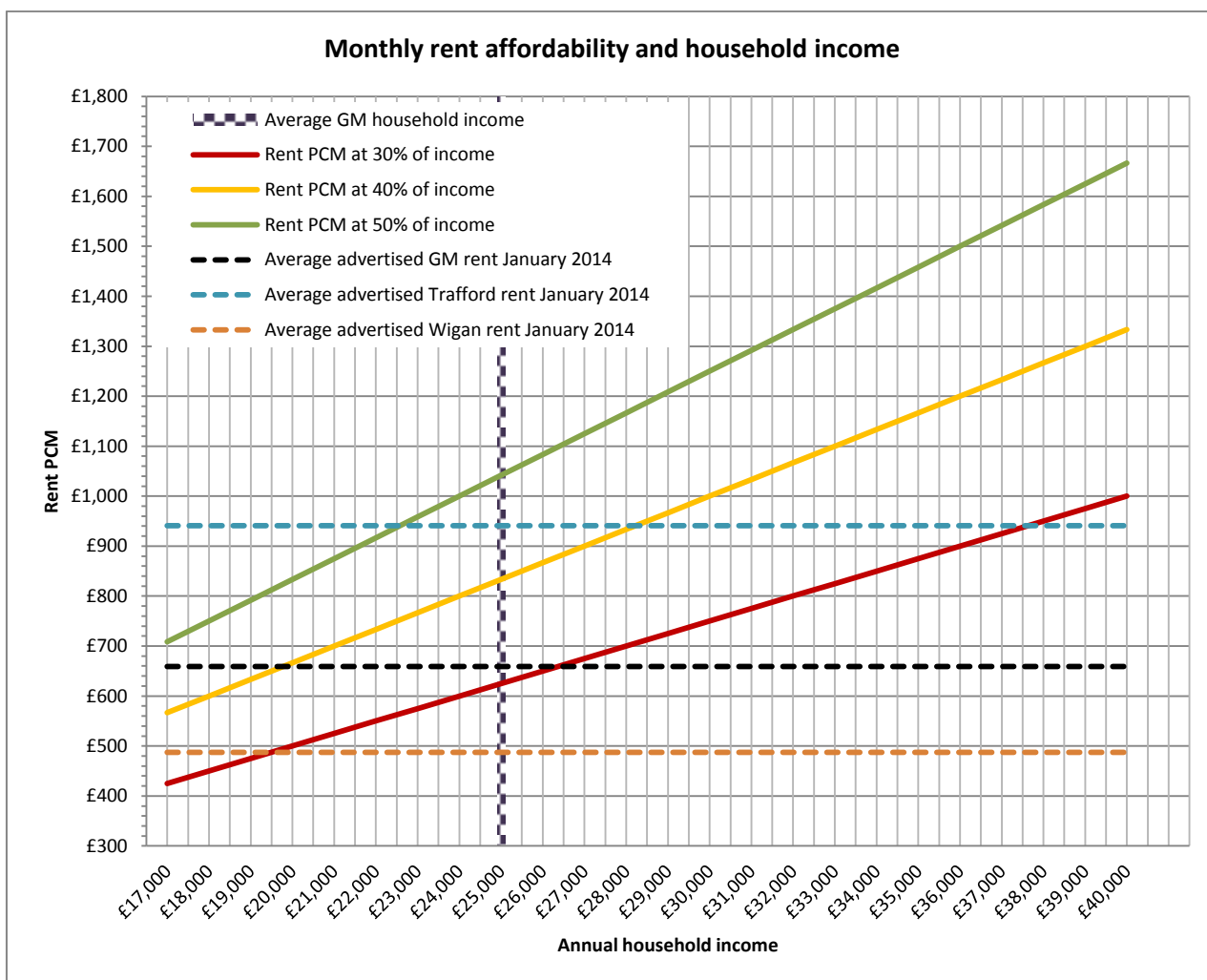
- 10.6. The survey asked respondents what rent they currently paid and what rent they would pay for their ideal property (Figure 30). Broadly the rent paid was seen as the expected rent to pay, with some respondents recognising that the rent they actually paid was below that which they would expect to pay for the property. Respondents also noted that in some areas they paid a premium to rent in these areas and they knew that they could pay less rent in some other areas.

Figure 30: Survey respondents rent pcm and expected rent pcm



- 10.7. The focus groups were also asked what their ideal rent would be, they stated that it would be around £650 pcm, they suggested this would be either for a couple or single person living alone. Those who lived in shared accommodation would expect to pay less rent for a room, but this may mean that the total rent for a property would be higher than £650pcm recognising that the rent would be shared and therefore a group of professional renters will be able to potentially afford to pay more than £650pcm for a property. It is generally assumed that an affordable private rent is around 30% of gross income, therefore taking this figure, an affordable private rent of £650 pcm would be for a household income of £26,000 per annum. Below (Figure 31) sets out the percentage of rent affordability based on a range of monthly rents from £451 - £750 of annual household income. If the ratio was increased to 40% this would mean households with an income of over £20,000 would be able to pay £650 pcm in rent.

Figure 31:



- 10.8. The focus groups also discussed the additional issues that they considered when looking at the cost of the property. They noted that they would consider transport costs and regarded reasonable transport costs as £50 - £70 per calendar month. The focus groups also mentioned that they considered the EPC rating of the property and overall energy efficiency, especially in terms of heating, they mentioned that they would be put off by a property with expensive heating and cited storage heaters specifically.
- 10.9. Finally the focus groups were asked their opinions of paying higher rents as their income improved for better quality accommodation or additional features. In general they noted that they used additional income to save a deposit or leisure activities. In terms of additional features such as a concierge or on site gym, they noted that these would be nice, but they would not want to pay additional money for them. In terms of the survey feedback 21% of respondents viewed additional features as fairly or very important, they however were not asked whether they would pay for these features.

What is the ideal PRS accommodation for young professionals and families?

11.1 In summary, from the analysis above of available data around PRS as well as the discussion with stakeholders and tenants themselves an **initial** analysis of the key attributes for the **ideal** PRS accommodation for young professionals and families in Greater Manchester would be/have:

- Within ten minutes walk of public transport to access key employment locations;
- Within ten minutes walk to a major transport hub to access more than one key employment location in and out of Greater Manchester;
- Less than 30 minutes travel to a key employment site;
- In close proximity to green space;
- Low crime and anti-social behaviour rate;
- A catchment area for a good school (family renters);
- A total rent no more than £650 pcm;
- Low levels of noise;
- Local shops, services and restaurants in close proximity;
- Areas with or easy access to a high level of economic activity;
- Renting directly from a professional landlord rather than an agent;
- A periodic tenancy agreement.

11.2 The stakeholders interviewed all identified key sites which they believed would be suitable for PRS, these will be assessed against the above criteria, alongside an assessment of other areas which meets the above criteria. It is proposed that this will be developed further.

Annex 1: Typologies of PRS households

Rugg and Rhodes: PRS Housing Typologies (2008)		
1) Young professionals 2) Students 3) The Housing Benefit Market 4) Slum rental	5) Tied housing 6) People on high incomes paying high rents 7) Middle age, middle market renters	8) Immigrants 9) Asylum seekers 10) Temporary accommodation 11) Older tenants and regulated tenancies

BSHF: PRS Housing Typologies (2013)	
1) Higher income working age households 2) Low income working age households 3) Students	4) Those aged 65 + 5) Economically inactive households claiming Housing Benefit 6) Economically active households claiming Housing Benefit
Other groups: people on high incomes paying high rent, slum rentals, short term life-stage renters and young professionals.	

These typologies provide a useful starting point to understand the sub markets of the private rented sector. Within the BSHF typologies the largest group identified were higher income working households who make up just over 47% of the private rented sector, and of this group 40% have children. The households without children identified by the BSHF tend to be younger households (under 35). Single parent households are most highly represented in economically active households claiming housing benefit (BSHF 2013: 55-56).

Within Greater Manchester all of the groups identified by Rugg and Rhodes and the BSHF are represented. There is a perception amongst stakeholders that the most highly represented group is those on low incomes and students. Although this is the case for some areas, there are also a significant number of young professional households, mid income renters and families who rent. For the purposes of this research the following PRS housing markets have been identified within Greater Manchester.

- **Low income** – those households on a low income who rent accommodation at the lower end of the market. Rents are usually around the local housing allowance level.
- **Students** – The student market is a distinct market which is mainly found in Manchester and Salford. Student housing is split between purpose built

accommodation and Houses in Multiple Occupation targeted at the student market.

- **BME Households** – housing which is rented by and from households within BME communities, these households are found in areas with large BME groups.
- **Young professionals (Up to 35)** – The young professional market is a large market made up of working households who are under 35. These households are made up of both those who live in house shares, young couples and live alone. This group is split between those who wish to eventually access home ownership and those who have no desire for home ownership. This group values living in a desirable location and will generally pay a higher rent in order to rent in the location of their preference.
- **Mid income families** – households who have similar characteristics of young professionals, these families are a growing group within the sector. Unlike young professionals the majority of this group have a preference for home ownership. This group values location and security of accommodation.
- **Short term transient renters** – households who rent for a very short period usually 6 -12 months. They rent due to life changes such as job relocations or relationship breakdowns.
- **High income lifestyle renters** – a small group of high income renters who often rent for a relatively short term or live in corporate lets. The needs of this group tend to be met by the market.
- **Older people** – at present older people living the private rented sector are a small group of mainly low income older people. It is expected that this group will increase in the future.

Annex 2: Ethnicity and PRS

Ethnicity and rental location

A slightly higher percentage of people from a BME background live in the PRS (19%) in comparison to all ethnic groups (17%). There are some small pockets of GM where there is a particular over-representation of BME households in the sector. This is particularly the case in Salford, despite the fact that Salford does not have the highest number of BME households.

Interestingly the districts which have higher numbers of BME households, Oldham and Rochdale, do not have significant numbers of BME households within the PRS. Whilst Wigan, which has the smallest percentage of BME households, has a significant number of Asian households living the PRS (28%). The figures below (Figure 11) provides an overview of the ethnicity of those living in the PRS by district. The areas highlighted in yellow below are those where there is an over-representation of particular groups within each district in comparison with the GM baseline.

Figure 11: Percentage of BME tenants by BME group living in the PRS.

Area	% PRS :All Ethnicities	% PRS: White	% PRS: Mixed/multiple ethnicity	% PRS: Asian/Asian British	% PRS: Black/African/Caribbean/Black British	% PRS: Other Ethnic Groups
Bolton	15.3	14.3	31.2	17.2	35.4	43.3
Bury	15.1	14.3	29.2	22.2	22.2	38.5
Manchester	30.0	27.3	32.8	40.1	29.3	54.0
Oldham	13.6	12.5	23.2	20.0	17.1	28.1
Rochdale	14.6	14.3	26.5	15.5	19.3	25.7
Salford	20.4	18.6	34.4	43.2	36.8	46.9
Stockport	12.3	11.8	25.8	19.3	19.4	26.1
Tameside	14.4	14.1	25.6	16.7	20.0	31.5
Trafford	13.7	12.9	23.1	22.6	15.8	28.2
Wigan	13.0	12.7	25.3	28.0	26.0	32.9
Greater Manchester	17.4	15.9	29.7	27.2	27.3	45.5
North West	16.7	15.8	29.3	26.4	28.9	44.8
England and Wales	18.0	16.8	31.3	28.5	25.1	40.9

Source: Census 2011

It must be noted that it has been relatively difficult to gather information about the specific experiences of BME renters and the markets that they access. Furthermore BME groups overlap with other groups including young professionals, low income households, families and students, therefore further work would be needed to determine whether the over-representation of BME households relates to ethnicity or another characteristic.