

Economic Contribution of the Private Rented Sector

Focusing on landlords with fewer than 15 properties
in England and Wales

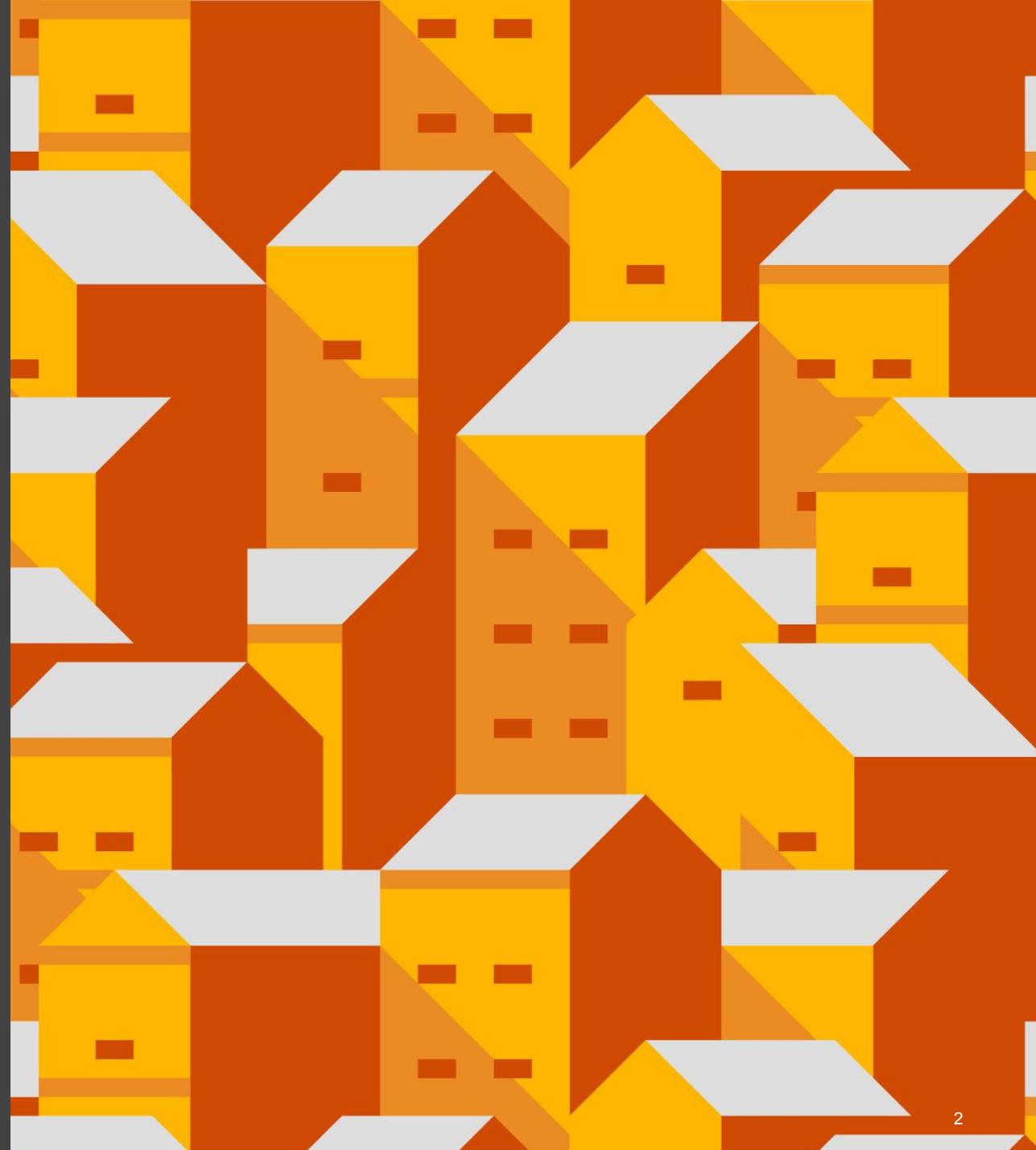
Report prepared by PricewaterhouseCoopers LLP
March 2024



Prepared for



Executive summary



Executive summary (1/2)

The private rented sector (PRS) provides housing to millions across the UK. This report estimates the economic contribution of small and medium PRS landlords (with fewer than 15 properties) in England and Wales.

- **The private rented sector (PRS) houses around 4.8 million households across England and Wales, or around 1 in 5 households.** It serves a distinct role in the broader housing market, offering flexibility for tenants who want or need to rent rather than committing to purchase a property. It also directly and indirectly supports other sectors and jobs in the economy.
- **This report estimates the economic contribution of the PRS, focusing on small and medium landlords** with a portfolio of fewer than 15 properties, in England and Wales. The segment is estimated to account for 80% of PRS properties in England and Wales.
- The report uses property rental revenue data and economic input-output model analysis to estimate the PRS's impact to the UK economy.
- **The report is not an assessment of the value of properties in the sector** or of relative benefits compared to properties' alternative use. Nor is it an assessment of the quality of service provided by the PRS.

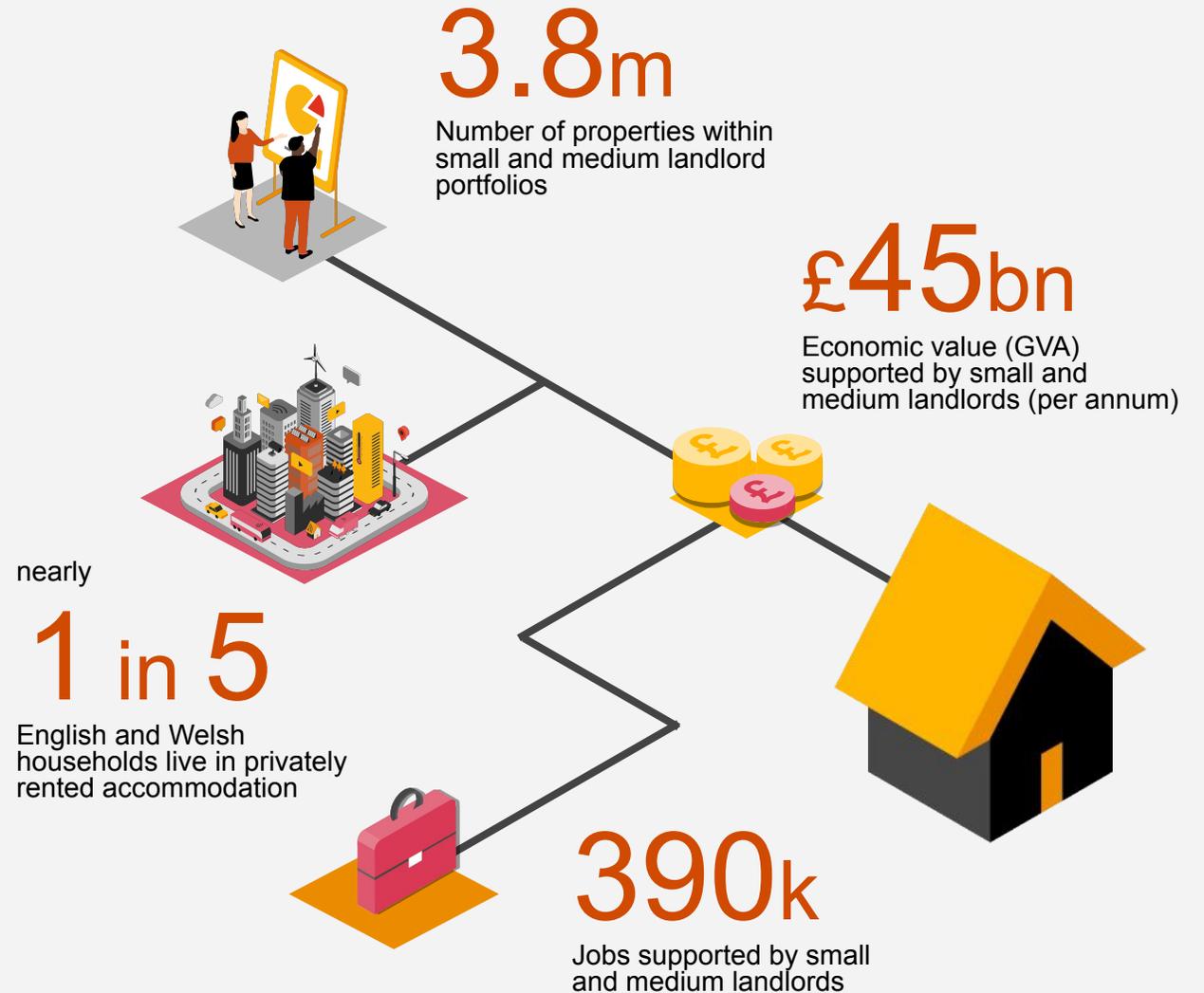


Executive summary (2/2)

Small and medium landlords in England and Wales are estimated to contribute £45bn to the UK economy, supporting 390,000 jobs.

- The economic contribution (gross value added) of the PRS in England and Wales, focusing on landlords with fewer than 15 properties, is estimated to be £45bn per annum.
- This segment of the PRS is also estimated to support 390,000 full time and part time jobs in England and Wales. This includes 129,000 directly supported jobs and 260,000 jobs supported by the sector's supply chain and through additional spending generated by the sector.¹
- The key sectors supported by small and medium landlords in England and Wales include real estate, construction and building maintenance and landscaping, with around 200,000 jobs supported in those sectors.
- The PRS is distributed throughout England and Wales, constituting approximately 2% of economic activity (GVA) in each region. In London the PRS is estimated to bring in £14.6bn in GVA and support 128,000 jobs.
- If the sector was 10% smaller, £4.5bn and 39,000 jobs would need to be provided alternatively.

[1] Total value might not reconcile with the sum of individual impacts due to rounding. Employment is defined as employees plus working proprietors.



Main report



The private rented sector's importance in England and Wales

Around 1 in 5 households in England and Wales live in a private rented sector (PRS) property, making it a significant part of the UK housing market and second only to the owner-occupied sector.

19%

of households in PRS properties in England and Wales (2022-23 estimate)

3.8m

Estimated properties owned by small and medium landlords with <15 properties in England and Wales (2023)

4.8m

Estimated number of private rented households in England and Wales (2022-23)

26.4m

Total number of dwellings in England and Wales (2021)

The private rented sector (PRS) refers to homes for rent that are owned and managed by private landlords.¹ Like the owner-occupied and social housing sectors, at its core, the PRS provides housing services to households across the UK.

The PRS plays a significant role in housing, with nearly 1 in 5 households in England and Wales living in a PRS property. It is second only to the owner-occupied sector (65% of households) and is larger than the social housing sector (16%).

The PRS is a complex sector that is shaped significantly by the macroeconomic environment and policy landscape, including current economic challenges, such as the rising cost of living and higher interest rates.

In addition to providing housing, the **PRS directly and indirectly supports other sectors of the economy and jobs associated with those sectors**, by purchasing supplies and services in order to provide rented accommodation. **This report estimates this economic contribution of the PRS** in the UK, focusing on small and medium landlords. It does not take into account the broader characteristics of the sector, such as quality of service, or any relative benefits of alternative housing provision. Nor does it consider the value of the properties which are let in this activity.

Data sources: Department for Levelling Up, Housing and Communities (DLUHC) (2022) *English Private Landlord Survey 2021*; DLUHC (2023) *English Housing Survey: Headline Report, 2022-23*; National Residential Landlords Association (NRLA) (2023) *NRLA Core Landlords Panel Survey Q3 2023*; Office for National Statistics (ONS) (2023) *Census 2021: Housing in England and Wales: 2021 compared with 2011*; ONS (2023) *Census 2021: Tenure of household dataset*; Welsh Government (2023) *Statistics Wales Demography newsletter: December 2023*; StatsWales (2022) *Dwelling stock estimates by local authority and tenure*; DLUHC (2022) *English Housing Survey 2021 to 2022: headline report*; ONS (2024) *House building, UK: permanent dwellings started and completed by country*; UKGov (2023) *Net Additional Dwellings, Table 120: Components of Net Housing Supply, England, 2006-07 to 2022-23*; PwC analysis. [1] DLUHC (2022) *A fairer private rented sector*. Policy paper.

The scope of the report - landlords with fewer than 15 properties

This report focuses on the economic contribution of small and medium landlords in England and Wales, which are estimated to account for 80% of PRS properties.

Small and medium landlords – defined here as PRS landlords with fewer than 15 properties in their portfolio – have distinct characteristics compared to larger landlords. They may have more limited access to different models of ownership, financial markets and the build-to-rent sector, compared to landlords with larger portfolios. Eighty percent of properties in the PRS are estimated to be owned by small and medium landlords, and so focusing on this segment should capture the majority of direct economic activity in the PRS. Overall, the report focuses on:

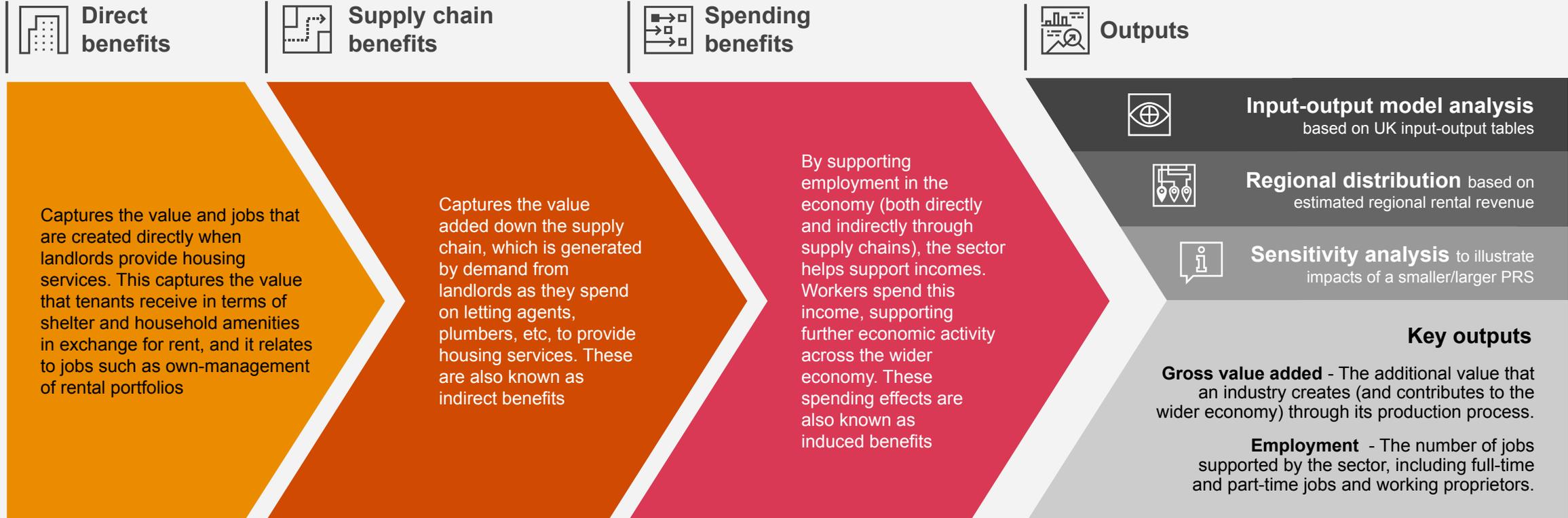
Focus of this report



[1] A house in multiple occupation (HMO) is a property rented out by at least 3 people who are not from 1 'household' (for example a family) but share facilities like the bathroom and kitchen. It's sometimes called a 'house share'. Source: GovUK (2024) *Private renting: Houses in multiple occupation*.

Methodology

The analysis uses a Leontief **input-output model** to estimate the economic contribution of small and medium landlords. The starting point for the analysis is the annual **revenue of small and medium landlords**, which is estimated using regional data on the size of the PRS and revenue per property, and national level data on the size of landlord portfolios. The analysis then uses the latest ONS input-output tables, which show the relationship between different industries in the wider UK economy, in order to estimate the PRS's wider economic contribution. Economic contribution is estimated in terms of **jobs and economic value (which is measured as gross value added or GVA)**. An analysis of the tax contribution of the sector is not the scope of the study. Further detail of the approach and sources used is set out in the appendix.

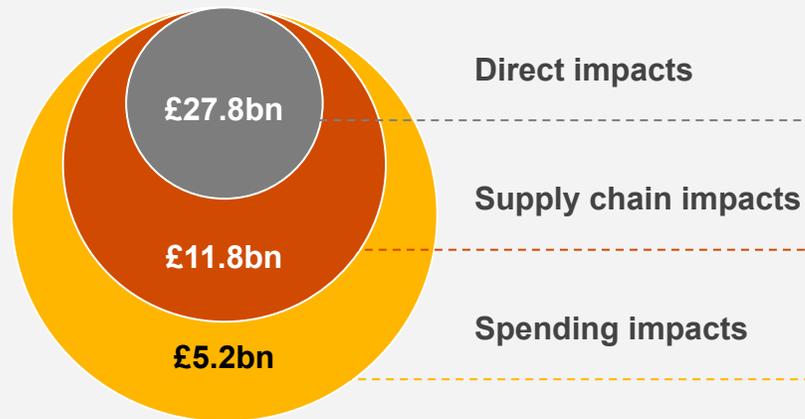


Results

£45bn per annum

The total economic contribution (GVA) of small and medium landlords in the PRS.

This is roughly the size of the GVA of Kent (based on ONS, 2023), or twice the GVA of the advertising and marketing industry (based on DCMS, 2024).



Source(s): PwC Analysis; ONS (2023) Regional gross value added (balanced) per head and income components; ONS (2023) Business Register and Employment Survey (BRES): Table 2; Department for Digital, Culture, Media & Sport (2024) DCMS Sector Economic Estimates Annual GVA 2022 (provisional) - tables, DCMS and digital sector GVA 2022 (provisional).



390,000

Full time and part time jobs supported by PRS landlords with fewer than 15 properties across England and Wales.

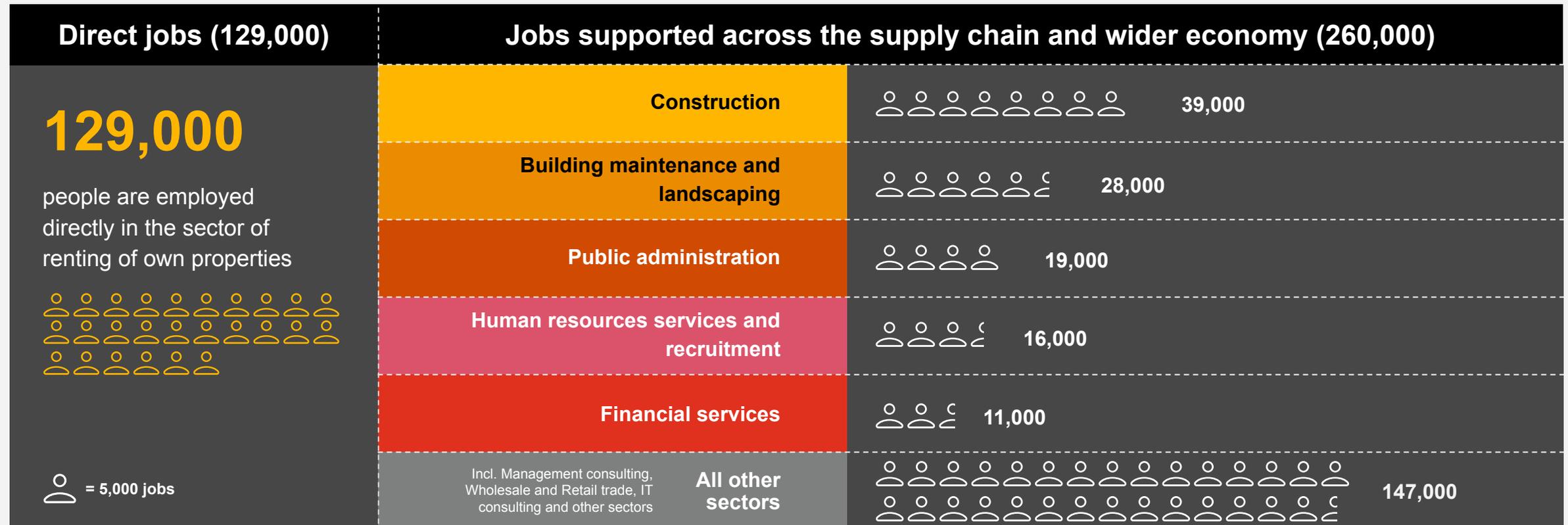
This is more than the population of Cardiff and more than the total number of employees in the telecommunications and information services sectors (based on ONS, 2023).

Note: Total value might not reconcile with the sum of individual impacts due to rounding.

Sectoral impacts

For every person employed directly within the sector itself, small and medium landlords support 2 jobs across the supply chain and wider economy.

Construction, building maintenance and landscaping together account for over 67,000 jobs supported outside the sector. The top sectors in terms of GVA supported are similar, with construction, financial services, public administration accounting for 37% (or ~£6.3bn) of the supply chain and spending contribution of small and medium landlords.



Sectors classified according to the two digit level UK SIC 2007. Original classification as per the order of appearance: **Direct jobs** - L68BXL683 Buying and selling, renting and operating of own or leased real estate, excluding imputed rent; **Jobs supported across the supply chain and wider economy** - F41, F42 & F43 Construction; N81 Services To Buildings And Landscape Activities; O84 Public Administration And Defence; Compulsory Social Security; N78 Employment Activities; K64 Financial Service Activities, Except Insurance And Pension Funding; M70 Activities Of Head Offices, Management Consultancy Activities; G46 Wholesale Trade, Except Of Motor Vehicles And Motorcycles; J62 Computer Programming, Consultancy And Related Activities. Other sectors relate to all other sectors of the economy. Top 5 sectors supported across the supply chain and wider economy (by GVA) include L68BXL683 Buying and Selling of Own Property and G46 Wholesale Trade which together account for another 10% of GVA supported in the supply chain and by spending. Sector names have been simplified for ease of interpretation, and do not imply jobs are concentrated in sub-sectors within the two digit SIC codes unless stated.

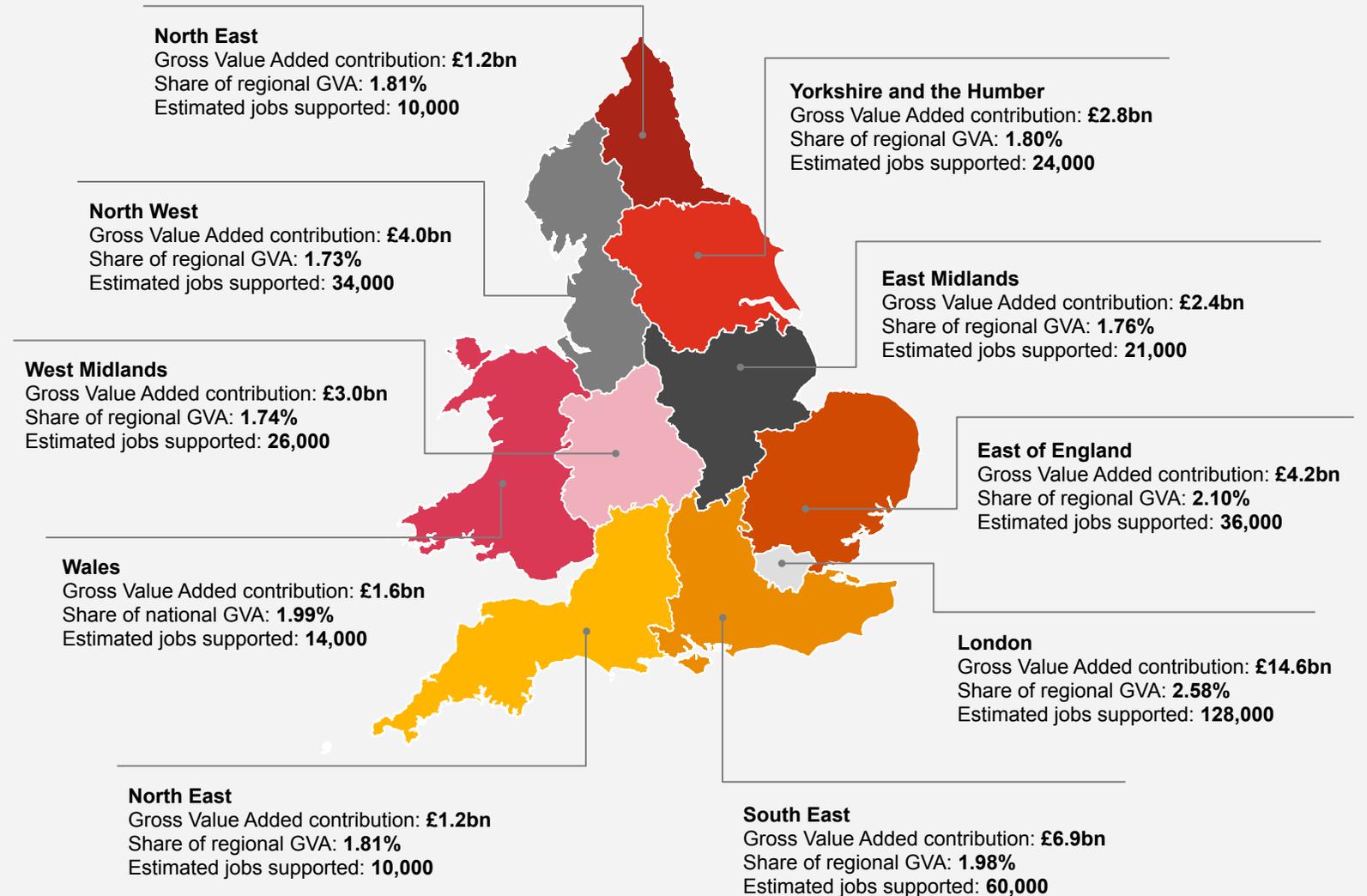
Regional impacts

The PRS is an important part of every region's local economy, supporting economic activity and jobs in all regions of England and Wales.

Private rental properties are distributed across all regions of the UK, affecting local employment and contributing to regional economies.

Assuming economic impacts are proportional to regional rental income estimates, the regional split of GVA and employment of the PRS is largely proportional to the population and level of economic activity (see the appendix for more).

Across England and Wales, small and medium landlords in the PRS contribute approximately 2% of each region's GVA. London is a relative outlier, with GVA and jobs supported being higher compared to other regions even when considering population. These results reflect the share of renters and average rental revenue relative to the rest of England and Wales.



Note: Total value might not reconcile with the sum of individual impacts due to rounding.

Scenario analysis

The PRS is a significant sector that contributes to the economy by providing housing and by supporting wider supply chains. The scenarios below illustrate the potential impact of a 10% reduction / increase in the size of the sector and its economic impact.



-£4.5bn

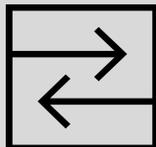
GVA
£45bn per annum

+£4.5bn

-39,000

Jobs supported
390,000

+39,000



If the PRS was 10% smaller, £4.5bn of GVA and 39,000 jobs would need to be provided alternatively, together with other benefits that this study is not attempting to quantify.

Appendix

Key data and assumptions - inputs



Properties

Data

- Total number of private rented properties is based on the English Housing Survey results on privately rented occupied dwellings in 2021, by region, and on Welsh property numbers from StatsWales.
- Data on PRS properties held in portfolios of fewer than 15 properties is based primarily on the English Private Landlord Survey (EPLS). Data from the NRLA Core Landlords Panel Survey Q3 2023 is used to supplement the EPLS data and estimate the 1-14 property band (based on 776 observations, see next slide for a description of the survey).

Assumptions

- EPLS data on properties by portfolio size was not available at a regional level or for Wales. Estimates are therefore based on English national data on portfolio size.
- Estimates are projected to 2023 based on ONS data on the permanent dwellings completed and changes in housing stock.
- Property estimates account for a 5% vacancy rate, (based on ONS data on overall vacancy rates across all tenures), but vacancies are not included in economic contribution and jobs estimates.



Rental income

- Rental income data is estimated based on the NRLA Core Landlords Panel Survey Q3 2023.
- ONS 2022/23 data on average rents are used to triangulate the income estimates, and are within 7% of estimates used in the analysis based on the NRLA Q3 2023 survey.

- Annual revenue per property is estimated by region, based on the share of HMOs / Non-HMOs, gross rental income received from the residential letting in the last 12 months, and properties in the portfolio. 698 observations are used to produce the estimate.
- Estimates assume that average rental revenue per property is primarily driven by region and by HMO status. Differences in average rental revenue per property by portfolio size are not considered.

Data Sources: DLUHC (2022) *English Housing Survey 2021 to 2022: headline report*; StatsWales (2023) *Dwelling stock estimates by local authority and tenure*; ONS (2023) *Housing in England and Wales: 2021 compared with 2011*; DLUHC (2022) *English Private Landlord Survey: Segmenting private landlord compliance*; NRLA (2023) *Core Landlords Panel Survey Q3*; ONS (2023) *Private rental market summary statistics in England*; HMRC (2023) *Property rental income statistics: 2023*; ONS (2024) *House building, UK: permanent dwellings started and completed by country*; UKGov (2023) *Net Additional Dwellings, Table 120: Components of Net Housing Supply, England, 2006-07 to 2022-23*.

Key considerations when viewing the results

Estimates have been prepared using assumptions tested against the available literature, with an aim of producing a central estimate.

Context of the results



- Figures are based on partial equilibrium analysis using an input-output model¹ and do not consider any wider price changes within the economy as a result of changes in, for example, supply and demand.
- Figures represent the current economic contribution of the sector to the UK economy, and do not include wider catalytic impacts of the industry or the relative contribution of the sector compared to other housing tenures in terms of economy-wide productivity, for example. GVA estimates are annual and do not provide a valuation of property in the sector as a whole.
- The scenario analysis uses a 10% increase/decrease in the size of the sector and is intended to provide a broad illustration of the materiality of the sector in the wider economy. It is based on partial equilibrium analysis, and therefore large changes in the sector's size that would test supply and demand limits, production models, or prices would not be reflected in the model.

Data



- Figures are based on supply chain relationships contained in the ONS 2019 input-output tables, under the industrial classification code relating to *Buying and selling, renting and operating of own or leased real estate, excluding imputed rent* in the first instance. They do not factor in more recent changes in underlying supply chain structures. This is the latest available data and adjustments have been made to factor in growth in the number of properties and average weighted rental income.
- Rental income estimates take into account HMO/Non-HMO and regional differences in average rental incomes. The share of HMO properties is estimated to be 10% based on PwC analysis of the NRLA Core Landlords Panel Survey Q3 2023.
- The NRLA Q3 2023 Core Landlords Panel (or NLRA Q3 2023 survey) was conducted in October-November 2023 via an email survey of NRLA members, and obtained 822 responses. Not all respondents answered every question, and so after data cleaning, the number of observations used to support specific data points (see previous slide) was lower than 822.

Segments



- Economic contribution analysis is conducted taking into consideration the private rented sector in the 1-14 property band, estimated for England and Wales as there were not sufficient data for regional level analysis.
- Overall economic impacts are attributed to regions in England and Wales proportionately to national rental income estimates in each nation. This implies that the amount of the underlying structure of the national economies is broadly similar to that of the UK-level economy.

[1] PwC analysis, based on ONS (2023) UK input-output analytical tables, industry by industry; ONS (2023) UK National Accounts, *The Blue Book*; ONS (2024) *Industry (2, 3 and 5 - digit SIC) - Business Register and Employment Survey (BRES): Table 2.*

Regional and national insights data¹

Source(s): DLUHC (2022) *English Housing Survey 2021 to 2022: headline report*; StatsWales (2023) *Dwelling stock estimates by local authority and tenure*; DLUHC (2022) *English Private Landlord Survey*; NRLA (2023) *Core Landlords Panel Survey Q3*; ONS (2024) *House building, UK: permanent dwellings started and completed by country*; UKGov (2023) *Net Additional Dwellings, Table 120*; ONS (2023) *UK input-output analytical tables, industry by industry*; PwC analysis; ONS (2023) *UK National Accounts*; ONS (2024) *Industry (2, 3 and 5 - digit SIC) BRES: Table 2*; ONS (2023) *GDP quarterly national accounts, UK: July to September 2023*; ONS (2023) *Regional gross value added (balanced) per head and income components*.

Note: Total value might not reconcile with the sum of individual impacts due to rounding.

[1] The analysis of economic impact is conducted at a UK level. As such, the direct, supply chain and spending impacts are UK-wide assuming regional proportionality.

[2] 2023 regional estimates based on 2021 regional GVA data and UK nominal GDP growth.

Country / Region	Estimated GVA contribution of small and medium PRS landlords	Estimated employment contribution of small and medium PRS landlords	Estimated GVA contribution of small and medium PRS landlords as share of regional GVA ²	Estimated number of properties held by small and medium PRS landlords
England	£43.1bn	375,000	2.10%	3,630,000
North East	£1.2bn	10,000	1.81%	155,000
North West	£4.0bn	34,000	1.73%	462,000
Yorkshire and the Humber	£2.8bn	24,000	1.80%	355,000
East Midlands	£2.4bn	21,000	1.76%	268,000
West Midlands	£3.0bn	26,000	1.74%	311,000
East of England	£4.2bn	36,000	2.10%	358,000
London	£14.6bn	128,000	2.58%	794,000
South East	£6.9bn	60,000	1.98%	551,000
South West	£4.0bn	35,000	2.29%	377,000
Wales	£1.6bn	14,000	1.99%	163,000

Thank you

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This report is an economic assessment estimating the contribution of residential landlords to the UK's economy and has been prepared using a standard input-output methodology based on publicly available information and data supplied to PwC by NRLA. This report has been prepared only for NRLA and Paragon Bank and solely for the purpose and on the terms agreed with NRLA and Paragon Bank.

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