

# Unpacking the growth of the private rented sector in Birmingham: A niche analysis

Housing and Communities Research Group

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Ben Pattison

# | Summary

- Background and policy context
- Diversity within private renting (niches)
- Niche analysis of Birmingham
- Key findings and conclusions

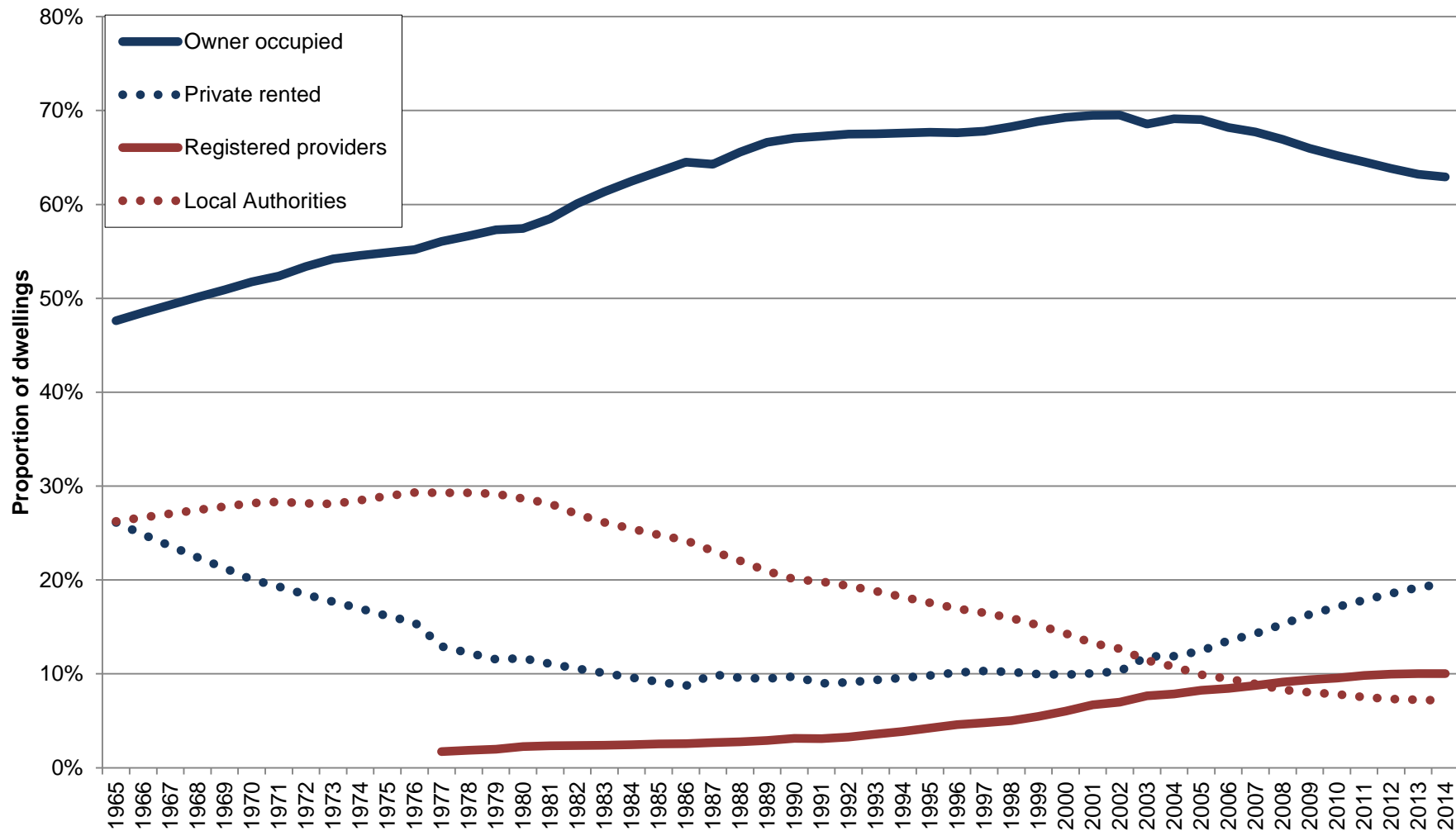
# "From generation rent to generation buy"



"A greater Britain must mean more families owning a home of their own. It goes back to those Conservative beliefs, reward for hard work"

# 'Generation Rent': Changing tenure mix

## Relative tenure change, England, 1965 to 2014



# Recent changes

- "A dramatic shift in housing policy"
- Extension of Right to Buy
- Removal of planning obligations for developers
- 'Help to Buy' and subsidies to access owner occupation
- Sale of vacant high value council stock



# The missing tenure?

- What about the private rented sector?
  - Private renting almost doubled in size between 2001 and 2011
  - There were 700k new private renter households under the coalition
- Changes:
  - Tax relief on mortgage interest for landlords capped at 20%
  - Marginal changes to regulation
- Who lives in the private rented sector
- Have they all been 'priced out' of owner occupation?

30p

1

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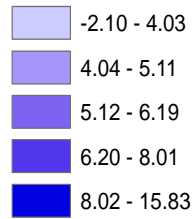
Generation Rent: Half a million people blocked from the property ladder since the Government launched Help to Buy (03/10/14)

## | Priced out?

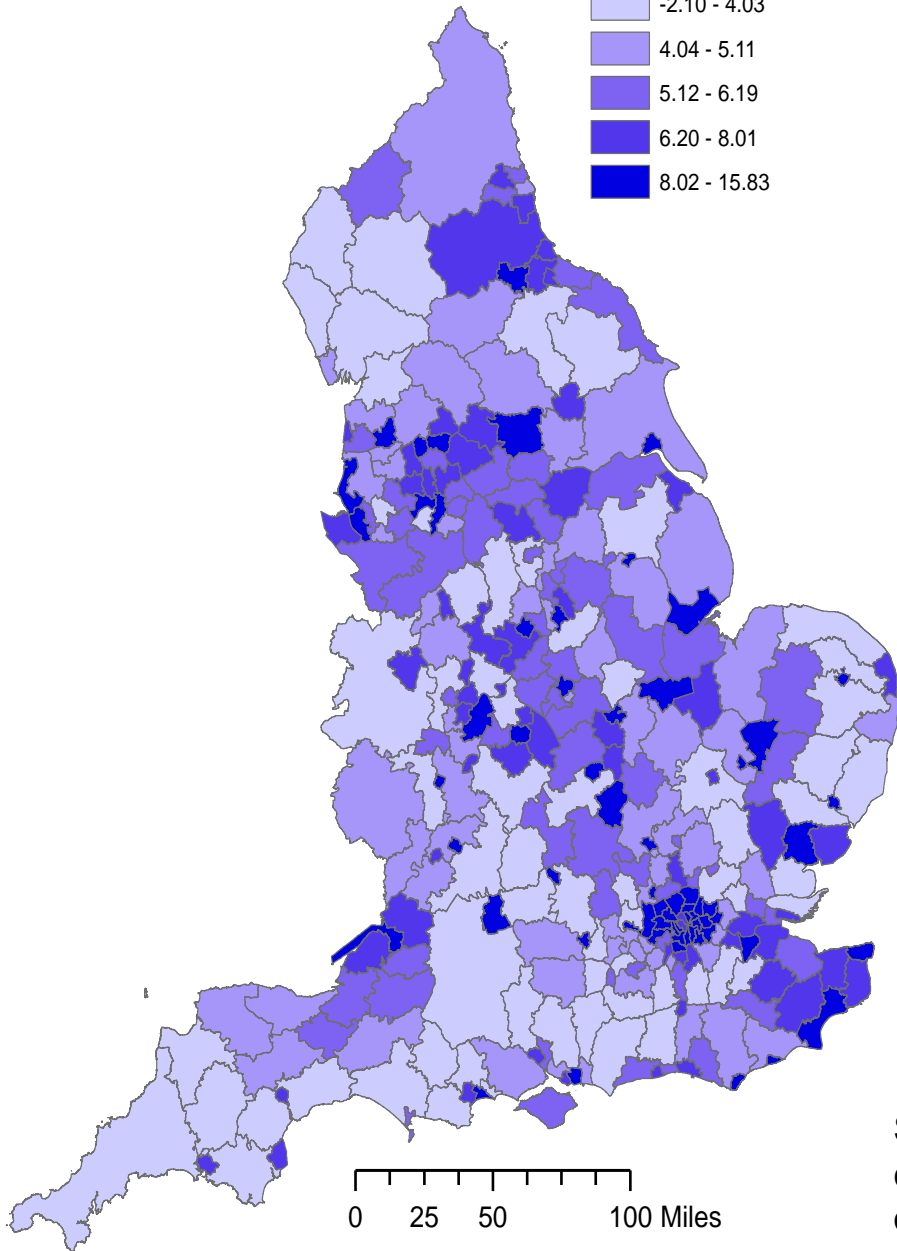
“With house prices continuing to soar out of reach, and typical deposits for first time buyers hitting £30,000, younger generations are seeing their dream of home-ownership replaced with a life of renting” (National Housing Federation, 2015).



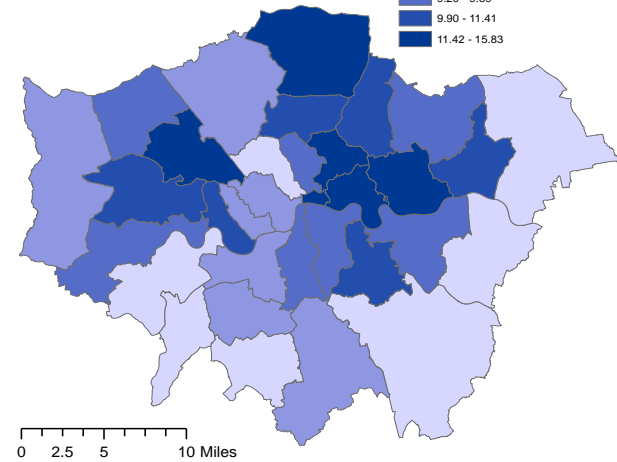
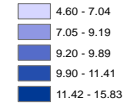
Rented from: Private landlord or letting agency



# Change in relative size of the private rented sector, 2001 to 2011, England, percentage points



Rented from: Private landlord or letting agency



Source: Author's calculation based on 2001 and 2011 censuses

## Niches in the PRS

- Rugg and Rhodes review of PRS in 2008:  
“demand and supply characteristics, distinctive rental practices and – in some cases – specific types of central policy intervention that shape the way the sub-market operates” (2008:xiv).
- Provides a framework to understand the diversity of the PRS
- A (non-exhaustive) list of niches

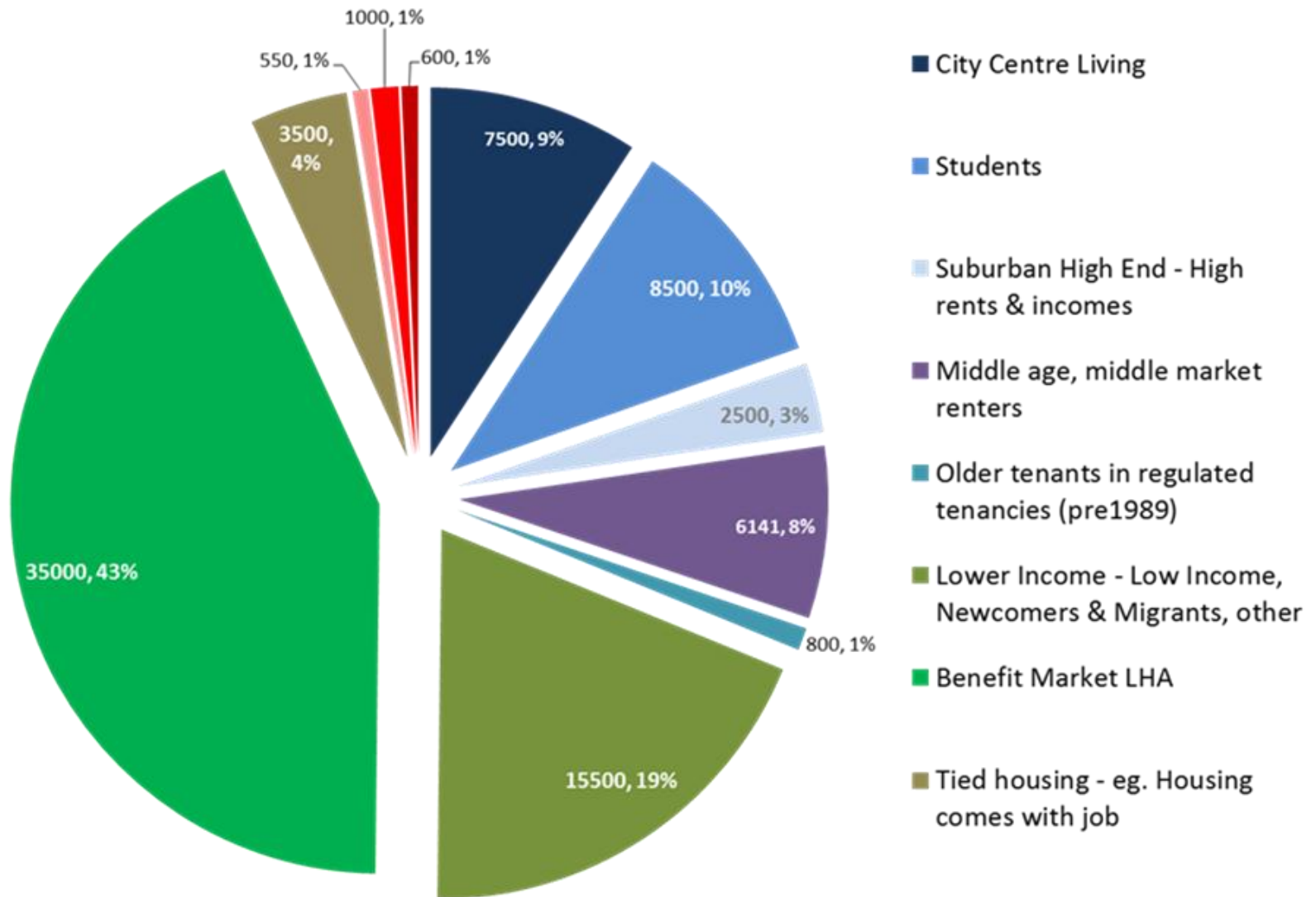
# Rugg/Rhodes PRS niches

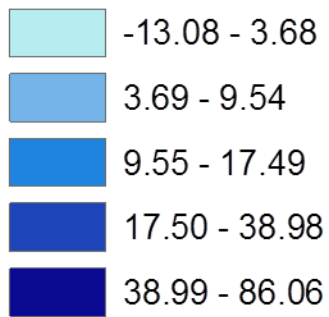
- Young professionals
- Students
- The housing benefit market
- Slum rental
- Tied housing
- People on high incomes, high rents
- Middle age, middle market renters
- Immigrants
- Asylum seekers
- Temporary accommodation
- Older tenants and regulated tenancies

## Issues with the Rugg/Rhodes approach

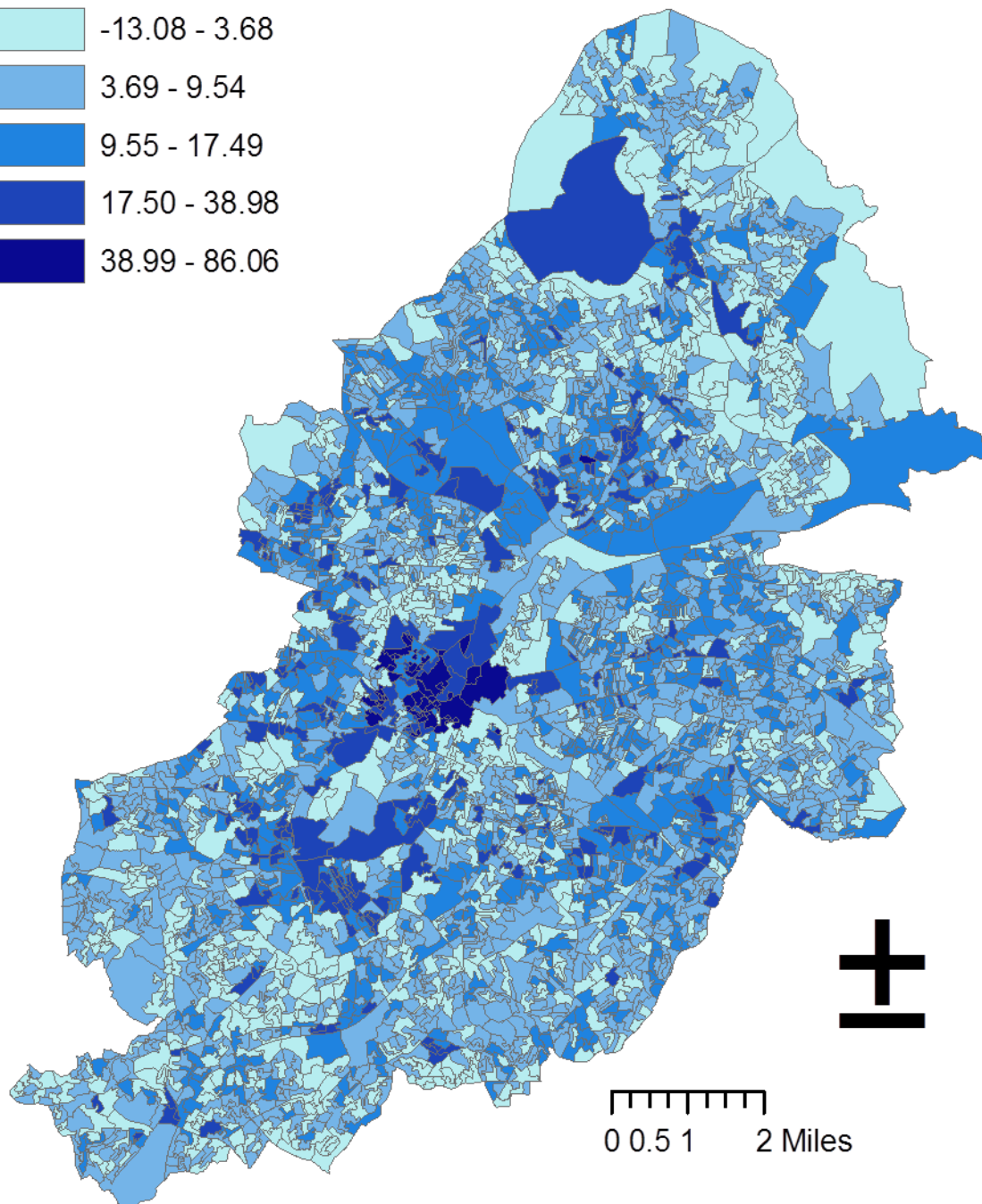
- What is a niche/submarket? (e.g. Watkins, 2001)
  - Which factors to include in the niche analysis (tenancy, household type, cost, landlord...)
  - How to distinguish between niches
  - The spatial distribution of niches
- Particular issues with Housing Benefit niche (e.g. Blackpool).
- Is there a 'generation rent' niche?

# Analysis of niches by Birmingham City Council





*Change in the  
relative size  
of private  
rented sector,  
Birmingham,  
2001 to 2011*



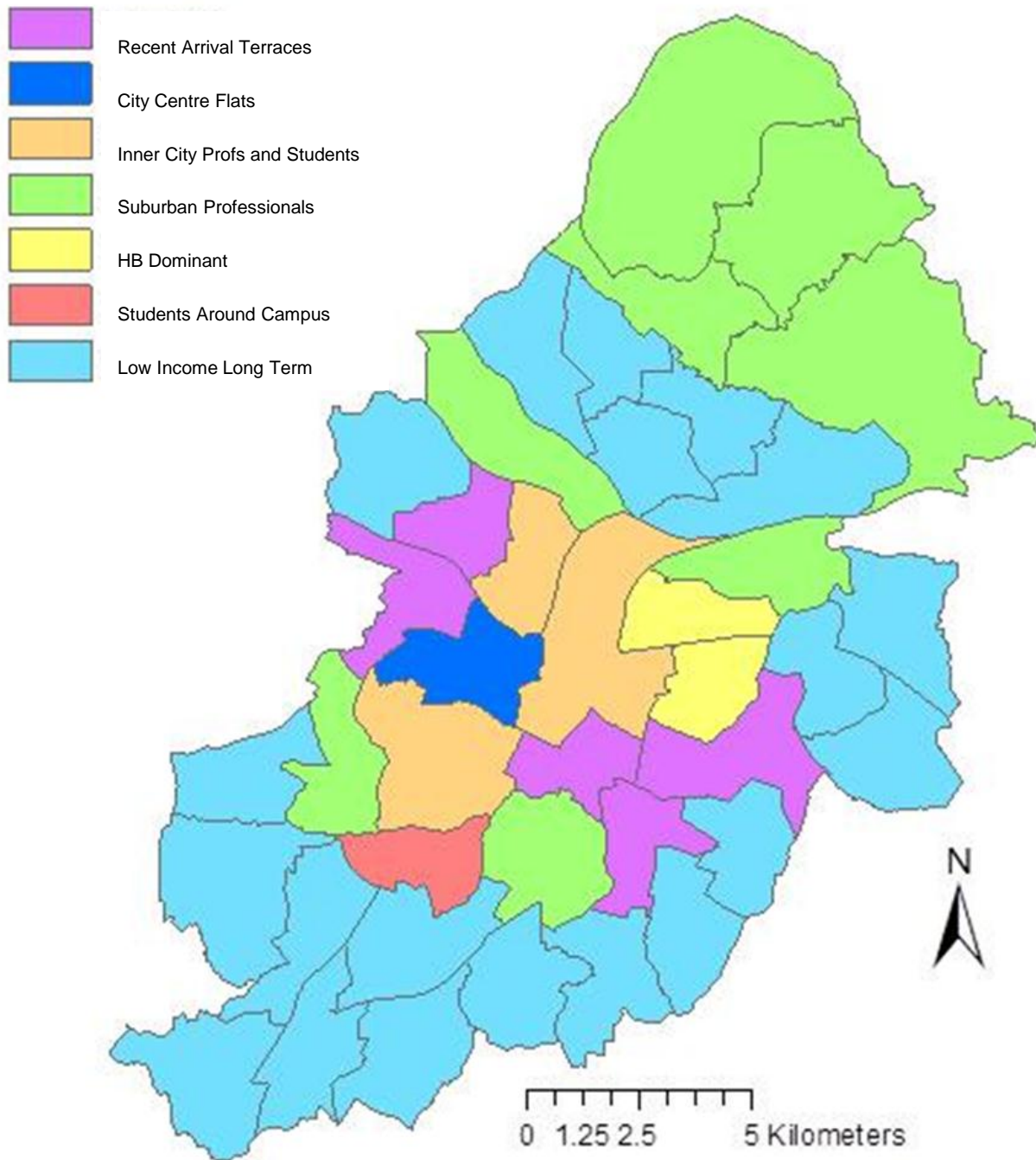
# Housing Benefit (HB) within Birmingham

- HB claimants accounted for:
  - 38% of PRS in April 2011
  - 40 to 55% of growth of PRS in the city between 2001 and 2011
- Key trends within HB:
  - Younger households
  - Single persons households (40% of HB)
  - Growth of in-work claimants (Pattison, 2012)
  - Smaller properties (e.g. terraced)

# Investigating niches in Birmingham

- Define a niche as a distinctive spatial configuration of tenants, landlords and stock within the private rented sector
- Methodology:
  - Geodemographic analysis of census data for household and stock at output area level (K means cluster analysis)
  - Housing Benefit data (April 2011) then added at ward level
  - Seven key variables derived from initial analysis (relating to PRS, households and stock)
- Key limitation: landlord data





## Dominant niches in Birmingham at ward level:

- Recent Arrival Terraces
- City Centre Flats
- Inner City Profs and Students
- Suburban Professionals
- HB Dominant
- Students Around Campus
- Low Income Long Term

# Niche summaries

	Number of wards	Proportion of households in the PRS in 2011	Proportion of growth of PRS between 2001 and 2011	Label
1	5	14.6%	12.6%	Recent Arrival Terraces
2	1	10.4%	14.2%	City Centre Flats
3	3	9.8%	8.6%	Inner City Professionals and Students
4	8	18.0%	16.6%	Suburban Professionals
5	2	4.8%	4.1%	Housing Benefit Dominant
6	1	5.1%	2.5%	Students Around Campus
7	20	37.4%	41.5%	Low Income Long Term

## Key findings

- The PRS in Birmingham is very diverse
  - Spatial diversity
  - Rates of growth
- Diversity consists of both households and stock (potentially also landlords)
- Several niches are highly spatially defined
- The role of Housing Benefit and students challenges the 'priced out' narrative which dominates discussion of 'generation rent'

## A better description: chaotic pathways?

- Relationship between capital and housing pathways in Amsterdam using Bourdieu
- Forms of capital: economic, symbolic, cultural and social
- “Young people make use of various forms of capital to gain access to specific sections of the housing market”
- Circumstances depend on access to capital
- “Young households can either follow a chaotic pathway deliberately and relatively successfully or become trapped in a chaotic pathway”

(Hochstenbach & Boterman, 2014)

# Conclusions

- Highlights the diverse circumstances (and pathways?) within the PRS
- Housing Benefit is very important for operation of PRS
- HB changes “will inevitably reduce choice, especially for young people... Poorer tenants will be priced out of the more expensive areas, leading to greater social divisions and jeopardising the creation of mixed communities” (Clapham, Mackie et al, 2012)
- Government focus on access to owner occupation is likely to be unsuccessful
- Spending review and welfare reform will be crucial for future of PRS

| Any questions?

Feel free to contact me

[b.pattison@shu.ac.uk](mailto:b.pattison@shu.ac.uk)

@bmpattison

# Cluster summaries

	1	2	3	4	5	6	7
PRS density (%)	23.8	45.6	31.0	8.5	17.3	42.6	10.6
HB density (%)	48.0	6.3	10.0	21.1	93.6	10.5	51.2
Terraced (%)	51.4	8.2	10.6	10.4	47.5	45.9	31.6
Flats (%)	11.9	79.4	48.2	14.1	10.7	9.5	16.8
Students (%)	10.3	23.2	32.7	3.1	9.3	53.2	4.5
Recent arrivals (%)	20.4	27.1	16.2	1.6	15.4	14.2	5.5