The re-growth of private renting and the suburbanisation of poverty in the UK

UBDC Showcase Event
Glasgow, 28 November 2018

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Urban Big Data Centre

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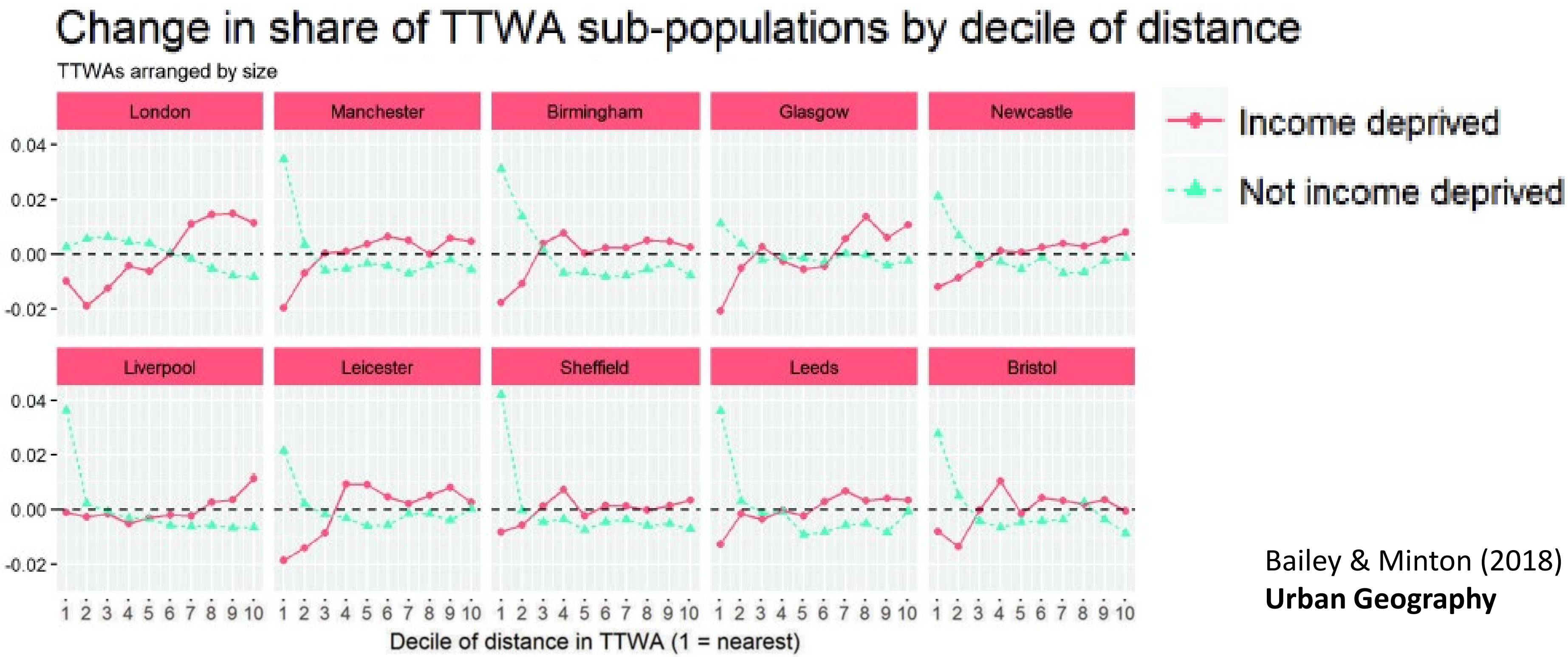
Suburbanisation of poverty in UK cities, 2004-16

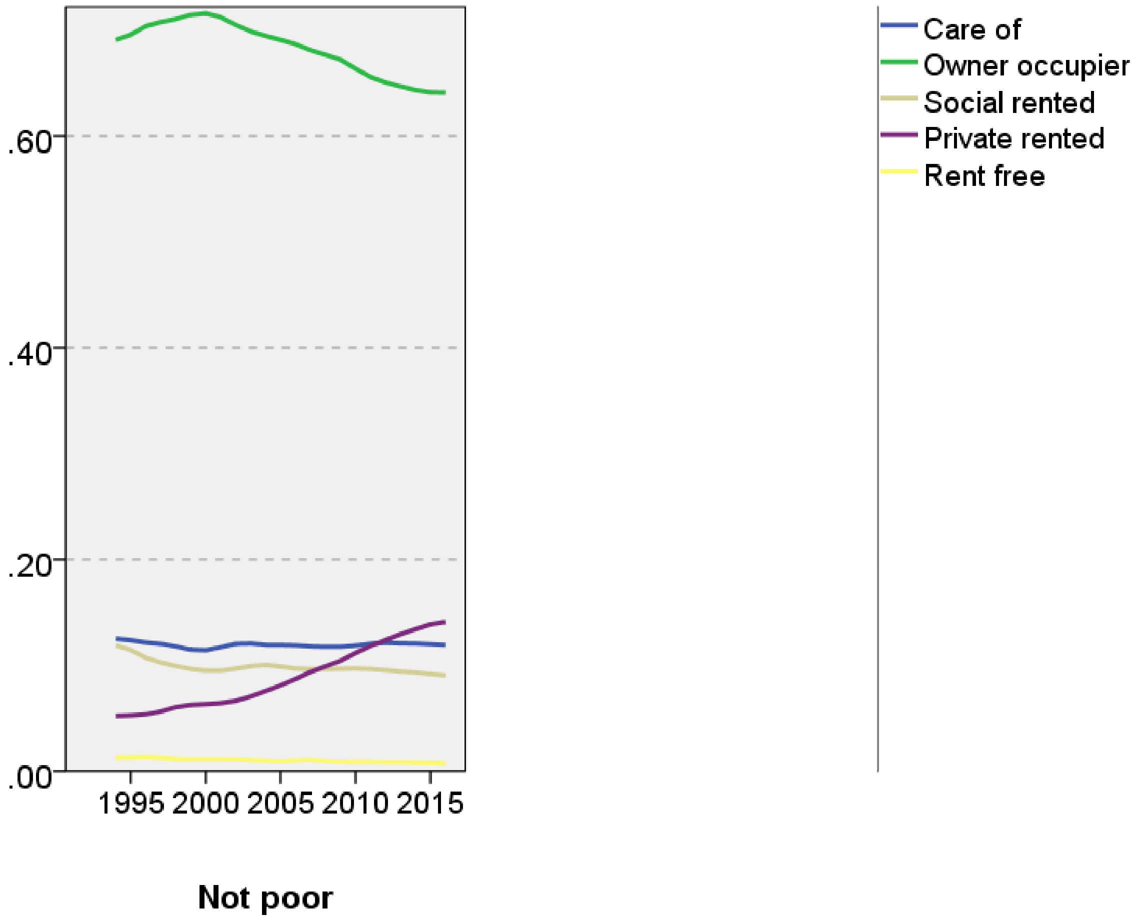


Bailey & Minton (2018)
Urban Geography

What is driving this shift?

- ***Market-led*** (inequality, labour market, gentrification)
- ***Policy-led*** (welfare and housing policy reforms)

Re-growth of private renting in the UK, 1994-2017



- Private renting has more than doubled in last 20 years
  - Larger than social rent
- Poverty shifting from social renting to private renting
  - Also now larger than social rent

Source: FRS/HBAI

Connecting PRS re-growth to suburbanisation of poverty 1

- As PRS grows, it may be **spreading out** from traditional inner urban neighbourhoods (RQ1)
- While PRS relatively centralised c.w. social renting, the **HB sub-market** is less centralised or becoming less so (RQ2a/b)
- Cheaper PRS housing tends to be less centrally located **– rent gradient.** And this rent gradient may be **steepening** over time (gentrification) (RQ3a/b)
- **Restrictions on Housing Benefit (HB)** in PRS push low income households out of centre, and more so over time (RQ4a/b)
  - HB limited to 30th centile rent for Broad Rental Market Area (BRMA) from April 2011

Data and methods 1

- **Census 2001 and 2011** – tenure for each neighbourhood [RQ1]
- **Administrative data** – number of Housing Benefit claims in each neighbourhood for social and private renting 2011-2016 [RQ2a/b]
- **Private rental property listings** from Zoopla plc (UBDC data collection) [RQ3a/b, RQ4a/b]

Data and methods 2

- **11 largest English cities** where suburbanisation of poverty most clearly underway, defined by Travel to Work Areas
- **Neighbourhood** units are LSOAs (popln c. 1500)
- **Relative Centralisation Index**: the extent to which group X is found closer to the city centre than Y (e.g. PRS c.w. SR)
  – Ranges from +1 to -1

$$RCI = \sum_{k=2}^{N} (X_{k-1} Y_k - X_k Y_{k-1})$$

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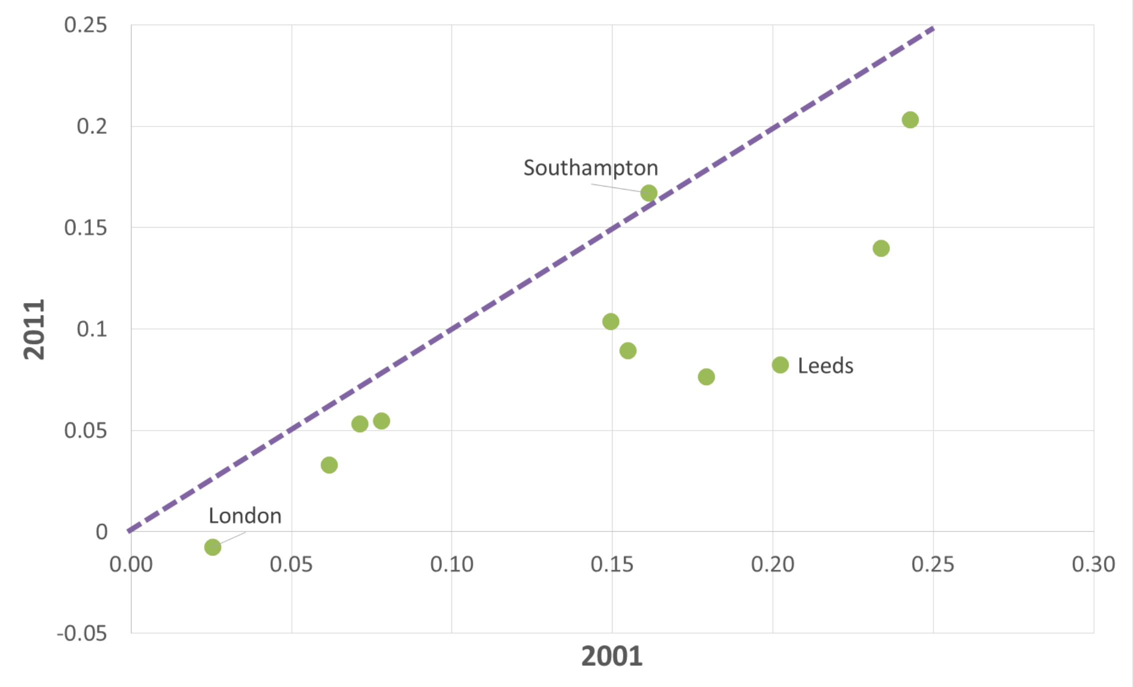
RQ1: Is PRS decentralising as it grows?

Change in Relative Centralisation 2001-11

	RQ1
Leeds	-0.120
Newcastle	-0.102
Sheffield	-0.094
Nottingham	-0.065
Birmingham	-0.046
Bristol	-0.040
London	-0.033
Leicester	-0.028
Manchester	-0.023
Liverpool	-0.018
Southampton	0.006

Relative Centralisation of PRS c.w. Social Rent Census 2001-11



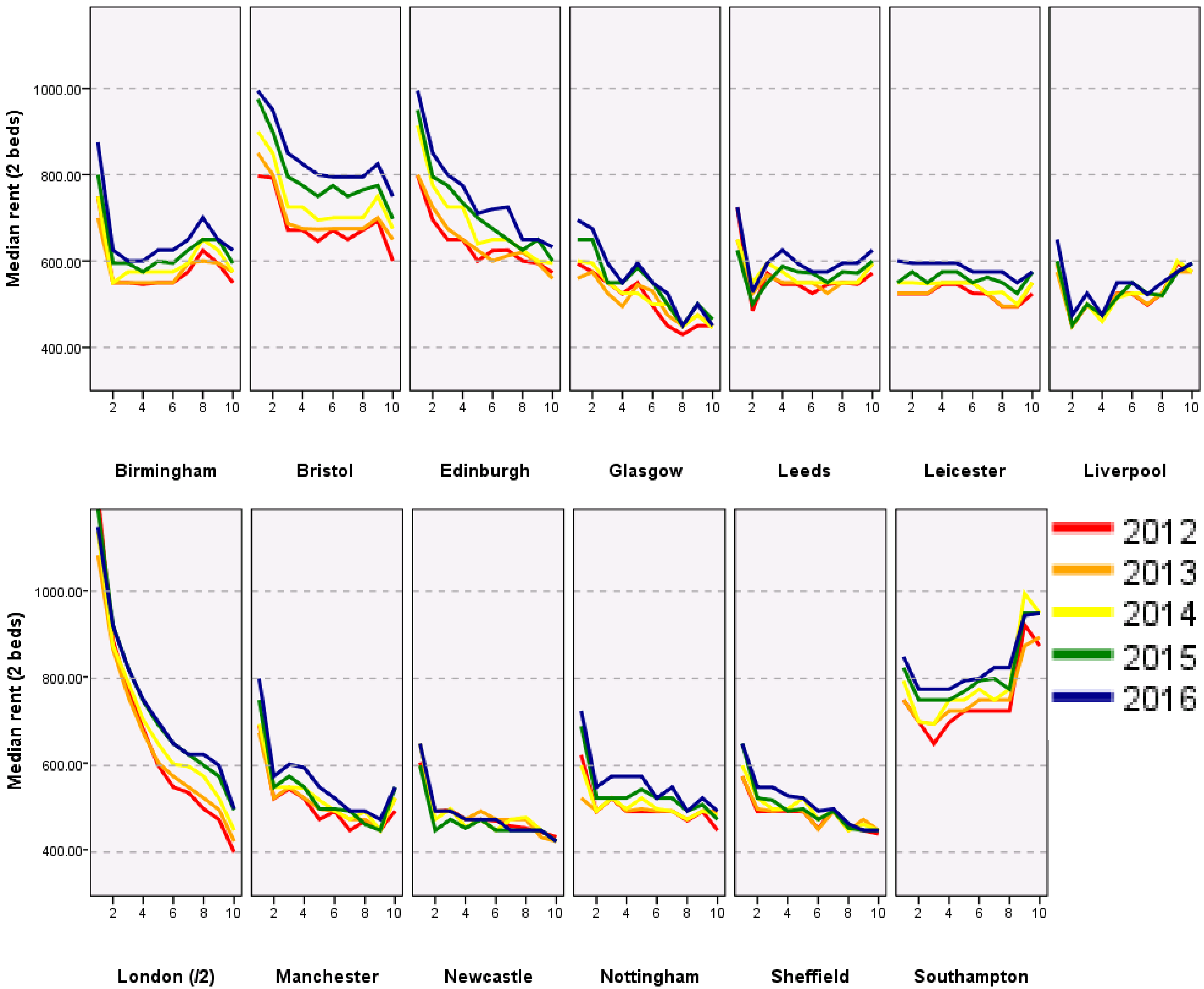
RQ2a: Is PRS-HB more decentralised than SR-HB in 2012?
RQ2b: Is PR-HB decentralising relative to SR-HB for 2012-17?

RCI PRS-HB c.w. SR-HB

	RQ2a	RQ2b
London	-0.20	-0.010
Newcastle	-0.07	-0.001
Sheffield	-0.05	-0.004
Manchester	-0.04	0.003
Liverpool	-0.02	-0.008
Nottingham	-0.02	0.006
Leicester	0.05	0.008
Bristol	0.09	-0.012
Leeds	0.10	0.000
Birmingham	0.11	-0.007
Southampton	0.12	0.004

Data: Housing Benefit aggregate statistics for LSOAs

RQ3a/b: Rent gradients and change over time



Data: Zoopla rental listings. Median, 2-bed

RQ3a: Rent gradients in 2012
RQ3b: Change over time

- RQ3a: 2012
  - Expecting negative gradient to indicate 'outward' pressure

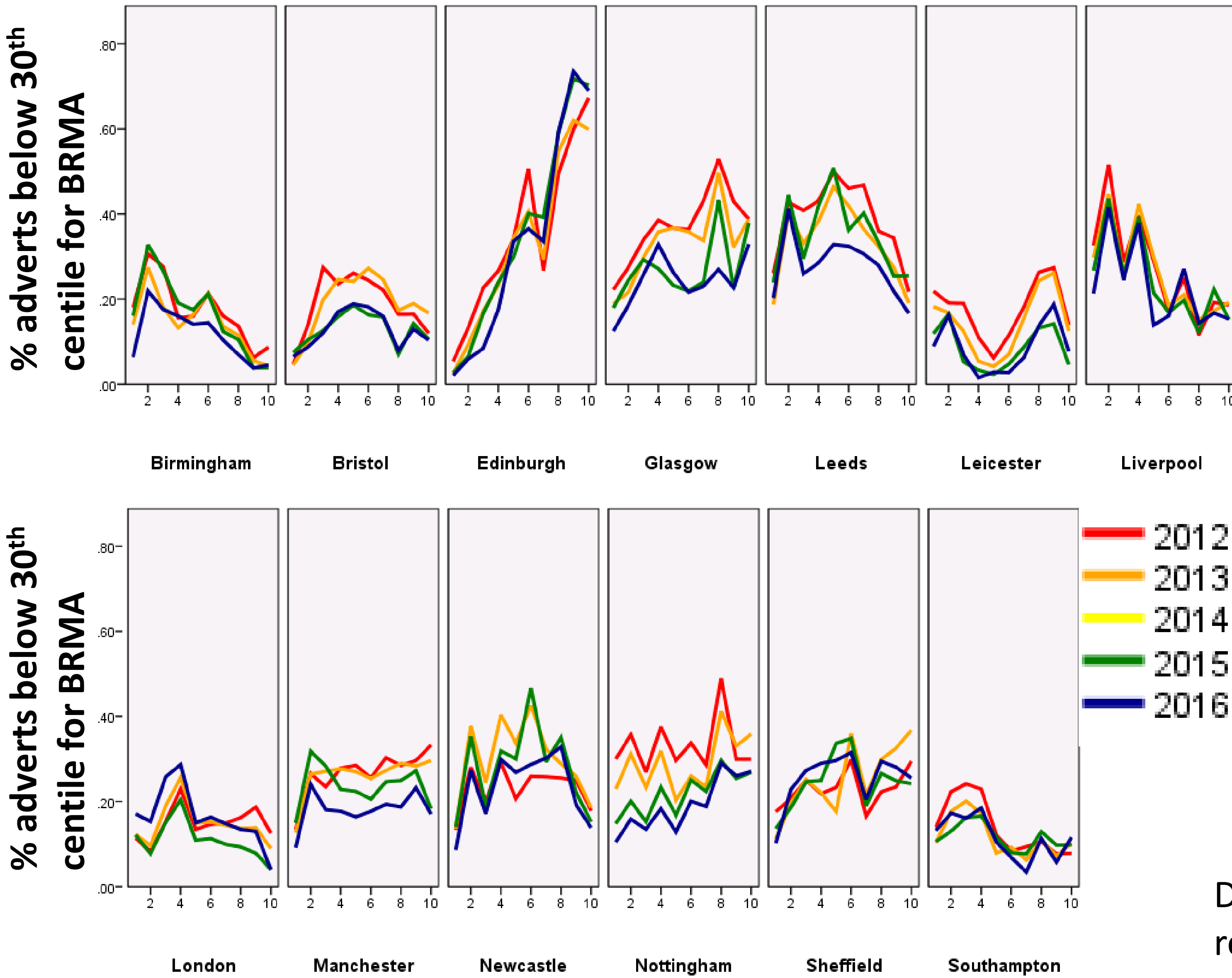
- RQ3b: Change
  - Expecting negative change to indicate increasing 'outward' pressure

Gradients (£ per month per decile)

	RQ3a	RQ3b
London	-117.7	24.8
Manchester	-12.2	-6.9
Newcastle	-9.6	-7.0
Sheffield	-7.4	-7.7
Bristol	-7.1	-6.0
Nottingham	-2.1	-7.2
Leeds	0.5	-6.8
Leicester	1.9	-4.3
Birmingham	3.4	-2.5
Liverpool	9.0	-4.7
Southampton	26.7	5.4

Data: Zoopla rental listings.

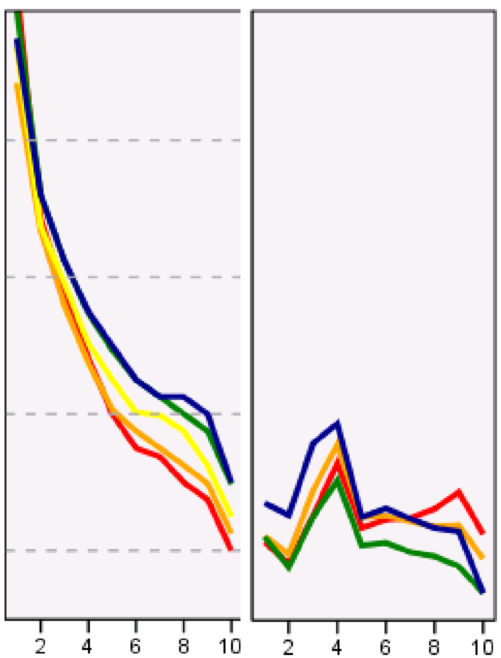
RQ4a/b: Properties below BRMA 30th centile



Data: Zoopla rental listings.

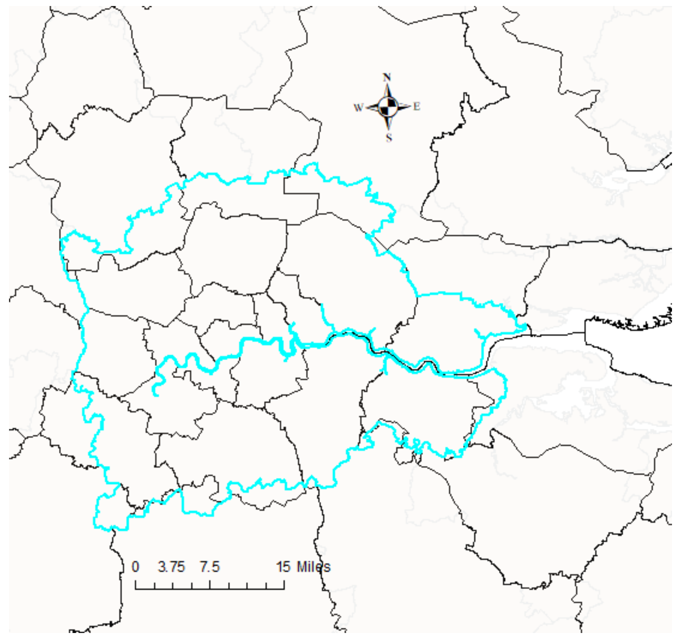
The geography of BRMAs

Rent gradient | **% below 30th centile**



London (/2) | **London**

London – city vs BRMAs



Geography of BRMAs may protect PRS tenants from market pressures to decentralise to some extent

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RQ4a/b: Gradients in distribution of properties below BRMA

- RQ4a: 2013
  - Expecting **positive** gradient to indicate 'outward' pressure
- RQ4b: Change
  - Expecting **positive** change to indicate increasing 'outward' pressure

Gradients (% of adverts per decile)

	RQ4a	RQ4b
Manchester	1.4	-0.9
Sheffield	0.6	0.4
London	0.4	-1.8
Leicester	0.3	0.0
Nottingham	0.3	1.6
Newcastle	0.3	0.2
Bristol	0.1	0.1
Leeds	-0.7	-0.2
Southampton	-1.6	0.6
Birmingham	-1.9	0.6
Liverpool	-3.0	1.1

Data: Zoopla rental listings.

Summary of findings

Current	**PR-HB vs SR-HB**	**Rent gradient**	**30th centile**		**Change**	**PR 01-11**	**PR-HB vs SR-HB**	**Rent gradient**	**30th centile**
	RQ2a	RQ3a	RQ4a			RQ1	RQ2b	RQ3b	RQ4b
Birmingham	0.11	3.4	-1.9		Birmingham	-0.05	-0.007	-2.5	0.6
Bristol	0.09	-7.1	0.1		Bristol	-0.04	-0.012	-6.0	0.1
Leeds	0.10	0.5	-0.7		Leeds	-0.12	0.000	-6.8	-0.2
Leicester	0.05	1.9	0.3		Leicester	-0.03	0.008	-4.3	0.0
Liverpool	-0.02	9.0	-3.0		Liverpool	-0.02	-0.008	-4.7	1.1
London	-0.20	-117.7	0.4		London	-0.03	-0.010	24.8	-1.8
Manchester	-0.04	-12.2	1.4		Manchester	-0.02	0.003	-6.9	-0.9
Newcastle	-0.07	-9.6	0.3		Newcastle	-0.10	-0.001	-7.0	0.2
Nottingham	-0.02	-2.1	0.3		Nottingham	-0.07	0.006	-7.2	1.6
Sheffield	-0.05	-7.4	0.6		Sheffield	-0.09	-0.004	-7.7	0.4
Southampton	0.12	26.7	-1.6		Southampto	0.01	0.004	5.4	0.6
	6	**6**	**7**			**10**	**6**	**9**	**6**

Conclusions and discussion

- **Market change** in most cities increasing outward pressure
  - Steepening rent gradients
- **Housing and welfare policies** play a major role
  - Shift of low income groups from SR to PRS creates outward pressure as PRS-HB more decentralised than SR-HB
  - HB system does a great deal to limit impacts but ability to do so will erode over time given restrictions on HB increases
- **Value of (well-validated) 'big data'** but also of combining data sources
- Further work exploring **explicit restrictions** in Zoopla adverts ('No DSS' etc.)