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Target rents in relation to market levels

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Summary

Target net rents for RSL properties are based on a mix of local earnings and individual property values. Although the formula is based on a 30:70 split, in absolute value terms the relative importance of capital values increases with market rents. The differential between property sizes is partially set administratively by a bedroom weighting attached to the earnings part of the formula.

The average net rent was originally set in 2000 and has increased each year by the guideline of RPI+1% to 2002 and RPI +½ % thereafter. For all these reasons it might be expected that over the years there might be increasing differences between target rents and observed market rents. This paper examines this question as well as providing a detailed description of how target and actual rents differ from one another by size and location.

Key findings

- In 2007/08 the average target rent was some 60% of the average private rent. It was lowest for 2 bed and 5+ bed properties at under 57% and highest for bedspaces and bedsits at over 70%.

- Over the period 2002/03 to 2007/08 average target rents rose by around 4% per annum as compared to 5% per annum in the private sector. Growth in target rents has been slowest for 2 bed properties at 3.2% per annum which have fallen further behind private rents which grew by 4.6% per annum.

- Target rents for the smallest properties grew more rapidly than in the private sector. The pattern over time have reflected more rapid changes in the private than in the social sector – in particular more rapid growth in rents in 2003/2004.

- The lowest average t/p ratio (target rent divided by private rent), at under 50%, was in London. All other regions have ratios above the national average. The East of England is very close to the national average but ratios in the North East, the North West, the East Midlands and especially Yorkshire and the Humber at nearly 71% had ratios more than 10% above the national average.

- By far the lowest ratio is for 5+ bedroom properties in London at under 40%. This is a category which includes a significant number of units subject to rent caps. The highest ratios are again for the smallest units where those for all regions are more than 10% above the national average.

- At local authority level target rents are highly correlated with private rents (at nearly 0.9). Almost 70% of LAs had ratios within one standard deviation of the average. Extremes were mainly concentrated in the lower ratios and therefore in London (13 of the lowest 20). Particular high ratios occur most often in the North, with the majority in rural areas.

- More detailed analyses of the relativities by property size for target and private rents suggest differentials are greater for the private sector, mainly because of relatively lower rents for the very smallest properties. Regionally the ranges are again larger in the private sector except in Yorkshire and the Humber.

- Differences between regions are also greater in the private sector. This is partly due to ‘the London factor’ and partly because private rents in other regions – notably the North - are relatively lower.

There is a strong correlation between target and market rents. However, there is considerable variation in private rents in terms of property sizes (especially smallest units) and between regions.

There has been some increase in differentials over time especially in the critical 2 bedroom size. However the smallest units' target rents have increased slightly faster than private rents.

Overall the bedroom weighting systems seem to be relatively consistent with market differentials except in respect of the smallest, and to a lesser extent, the largest units; regional variations are less in the social sector; rent caps are effective mainly in London, among larger units; with London standing out as being very different from the rest of the country.

1. Introduction

In April 2002 the Government commenced the rent restructuring regime, which required RSLs to calculate a target net rent for each of their social rented properties and to adjust the actual net rent to meet the target net rent in real terms over a ten-year period.[1] At the end of the ten-year restructuring period rents on individual properties should normally be within a band of five per cent either side of the target net rent.

Since the introduction of its concept and scope in *Quality and choice: a decent home for all,* (DETR, 2000a), the target rents have been a research subject in both academic and political spheres, providing the two main strands of studies – assessment of the feasibility or the rent convergence towards the targets, on the one hand, and evaluation of the validity of the target formation with respect to affordability and fairness on the other hand.

This paper evaluates the target rents in terms of the restructuring objectives by examining to what extent the target rents are employing market logic in their formation to reflect the policy objectives, with a main emphasis on a comparative approach. On the assumption that market rents are currently close to equilibrium, this paper compares the target rents to the private rents in attempt to capture the extent to which fairness and affordability are delivered by the target rents.

Our comparison is three-fold – in addition to a rent comparison in absolute values (the measurement unit is pounds per week), two rent indices controlled by property size and location will also be examined.

The remainder of this paper is structured as follows. Section 2 explains the target rent formula specified in the rent restructuring regime, and presents the sources and the definitions of datasets in use. Section 3 compares target rents to private rents in terms of absolute values. Sections 4 and 5 carry out the comparisons of rents based on the two-bedroom average rents and the national average rents respectively. Section 6 draws the conclusions.

[1] There are a very small proportion of RSLs who are likely to be unable to do so in the specified time scale. Such RSLs are permitted, with agreement from the Government regulatory agency to adhere to restructuring plans that deliver as much progress as is considered possible.

2. The target rent formula and data sources

Target rents

In the rent restructuring regime, RSLs calculate the target net rent for each property using the formula and data set out in the *Guide to Social Rent Reforms* (DTLR, 2000b). The formula is based on a 70/30 split between relative county earnings and the relative value of each individual property, together with a bedsize weighting to help create differentials between property sizes.[2] The target rent for an individual property is explained as the following equation:

$$\text{Target rent} = \bar{r}\left(\alpha \frac{e}{\bar{e}} w + \{1 - \alpha\}\frac{p}{\bar{p}}\right) \quad \text{where}$$

$\bar{r}$: the national average net rent for the RSL sector;
e : the average earnings in a county where the property is located;
$\bar{e}$: the national average earnings;
w : property size weight ranging from 0.8 to 1.4 (for details, see Table 4.1);
p : property value;
$\bar{p}$: the national average property value;
α : weight allocation multiplier – currently, 0.7.

The average net rent for the RSL sector used in the formula ($\bar{r}$) is based upon the 2000 national average (£53.50) increased each year by the Government regulator's guideline limit for rent increases (RPI + 1% from 1 April 2000 and RPI + 0.5% from 1 April 2002). Over the ten-year restructuring period (from 1 April 2002) target rents are being increased each year by RPI + 0.5%. The property value element of the formula ($p / \bar{p}$) is based on market valuations produced by each social landlord. This in turn reflects the attributes of the individual property such as location, size, design, age and state of repair. The relative county earnings element of the formula ($e / \bar{e}$) is based on the county average gross weekly earnings of full-time male and female manual workers. An adjustment is made for each bedsize by the inclusion of a bedroom weighting (*w*) in the earnings part of the formula to create differentials between property sizes.

Source and definition of target rents

The target rent data examined in this paper are taken from the Tenant Services Authority's Regulatory and Statistical Return (RSR), which identifies housing association target rent levels at March 31 each year. All the target rents in the data are those calculated for assured and secure tenancies of general needs housing including Estate Renewal Challenge Fund stock, but excluding supported housing and housing for older people[3]. For the comparability to private rents which are inclusive of service charges eligible to the Housing Benefits, we use the adjusted target rents obtained by the following calculation throughout the paper, except in the time-series analyses in section 3.

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[2] In order to mitigate the effect of the formula on a small proportion of properties in high value areas, adjustments to target net rents are subject to a rent cap that varies by property size.

[3] From 2005, the definition of 'general needs' as reported in the RSR changed. Prior to this, general needs housing included some dwellings classified as sheltered housing for older people. From 2005 the sheltered housing classification was eliminated and dwellings that met certain design criteria transferred from general needs into a new category: housing for older people. For further information, see the Housing Corporation (currently the Tenant Service Agency) circular 03/04.

$$\text{Adjusted average target rent} = \frac{T * n_t + S * n_s}{n_t} \quad \text{where}$$

T: the average target rent in a specified geographical area,
n_t: total stock subject to the calculation of the average target rent,
S: the average service charges eligible to the Housing Benefit in the area, and
n_s: total stock subject to the average service charges.
Note that where $n_t < n_s$, the case is hardly observed in the dataset, we replace n_s by n_t to avoid to overestimate the service charge element in the adjustment.

Source and definition of private rents

Private rent data examined in this paper are taken from the Rent Service (an executive agency of the Department for Work and Pensions), which provides a range of data about the various Housing Benefit related determinations carried out by rent officers. The private rents are ‘referred rents’ which are the contractual rents (including service charges eligible to Housing Benefit) proposed by the landlords and referred by the local authorities to the Rent Service. The data refer to lettings of unfurnished and furnished assured short-hold tenancies and secure tenancies. The average referred rent is calculated by adding together all of the referred rents reported by the Rent Service for a given local authority area for a one-year period form 1 April to 31 March and dividing this figure by the number of cases. One merit of using these sources lies in the fact that their records are the most comprehensive dataset for private sector rents. Another advantage is that this data may be the most applicable reference for rents in the private sector or the rents of RSLs, as private rents subject to the Housing Benefits are representative of the lower half of the market which is the subset of a rental property market in which RSLs compete.

3. Rent comparisons

3.1 England

Table 3.1 compares the average target rents to the average private rents by property size.

- For all properties, the average target rent was £74.88 and the average private rent was £125.90.
- This provides the t-p gap of £51.02, and the t/p ratio of 59.5%.
- The t-p gaps increased according to property sizes – £25.60 for bedspaces & bedsits to £82.38 for five-bedroom or larger properties.
- The t/p ratios were around 60% for all size categories except bedspaces & bedsits – the smallest size category showed a significantly high ratio of 71.3%.
- Considering that on average the social sector's actual rents of larger property sizes remained lower than the targets with relatively large margins (see Annex 1), the actual social and private rent ratios would be close to 50%.

Table 3.1 Target and private rents (£), 2007/08: England

	target	private			*N*	
	£	£	t/p	t - p	*target*	*private*
all	**74.88**	**125.90**	**59.5**	**-51.02**	*1,619,319*	*1,002,758*
b-space & sit	63.60	89.20	71.3	-25.60	*22,316*	*133,537*
one-b	66.93	113.63	58.9	-46.70	*347,470*	*186,374*
two-b	73.43	129.75	56.6	-56.32	*597,265*	*332,406*
three-b	79.52	137.03	58.0	-57.51	*593,896*	*246,205*
four-b	92.69	150.82	61.5	-58.13	*52,568*	*89,407*
five-b or larger	106.68	189.06	56.4	-82.38	*5,804*	*14,829*

Note: Target rents with service charges. Source: Author's calculation based on the datasets described in Section 2.

Tables 3.2 to 3.5 set out the average target rents (without adding service charges) and the average private rents over the last six years for all properties, bedspaces & bedsits, two-bedroom and four-bedroom or larger properties respectively. It should be noted that until 2006/07, larger size categories, such as five-bedroom and six-or-over-bedroom, had not been available separately, and properties of those sizes had been aggregated into 'four-bedroom or larger'.

- For all properties, the average target rent increased by £12.96 for the observation period, providing an annual growth rate of 4.0%.
- The average private rent rose by £27.14 and thus annual growth was 5.0%.
- The t/p ratio had been around a 60%-level, but the latest ratio dropped by 2.6 percentage points from the previous year.
- The t-p gap has widened for the period by £14.18.
- Bedspaces & bedsits saw an annual growth rate of the average target rent (4.4%) above the private equivalent (3.3%).
- By contrast, two-bedroom properties kept the target rent growth (3.2%) below the private rent level (4.6%).
- Four-bedroom or larger properties placed the two rates close to one another – 4.2% for the target average and 4.1% for the private average.
- The t/p ratio of the smallest size category has been above 60% for the observation period while the core size category has kept the ratio below the level. The largest size category had the ratio at around 60% in the first two years and the final year but in the mid-period, it had been some 50%.

- Over the period, the t-p gaps broadened by £2.42, £15.55 and £11.22 for the smallest, core and the largest size categories respectively.

Table 3.2 Target (exclusive of SC) and private rent average: 02/03 to 07/08: England, all sizes

	target rent: £	growth: %	private rent: £	growth: %	t/p %	t-p £
2002/03	59.69		98.76		60.4	-39.07
2003/04	61.47	3.0	101.07	2.3	60.8	-39.61
2004/05	64.24	4.5	103.30	2.2	62.2	-39.06
2005/06	67.19	4.6	111.47	7.9	60.3	-44.28
2006/07	69.65	3.7	115.55	3.7	60.3	-45.90
2007/08	72.65	4.3	125.90	9.0	57.7	-53.25
02/03-07/08 annual average		4.0		5.0		

Note & Source: As Table 3.1.

Table 3.3 Target (exclusive of SC) and private rent average: 02/03 to 07/08: England, bedspace & bed sit

	target rent: £	growth: %	private rent: £	growth: %	t/p %	t-p £
2002/03	46.50		75.66		61.5	-29.15
2003/04	47.57	2.3	79.31	4.8	60.0	-31.74
2004/05	49.38	3.8	81.23	2.4	60.8	-31.85
2005/06	54.23	9.8	86.87	6.9	62.4	-32.63
2006/07	55.28	1.9	83.81	-3.5	66.0	-28.53
2007/08	57.63	4.3	89.20	6.4	64.6	-31.57
02/03-07/08 annual average		4.4		3.3		

Note & Source: As Table 3.1.

Table 3.4 Target (exclusive of SC) and private rent average: 02/03 to 07/08: England, two-bedroom

	target rent: £	growth: %	private rent: £	growth: %	t/p %	t-p £
2002/03	60.52		103.76		58.3	-43.24
2003/04	62.10	2.6	109.83	5.8	56.5	-47.73
2004/05	63.94	3.0	114.27	4.0	56.0	-50.33
2005/06	66.19	3.5	122.69	7.4	53.9	-56.50
2006/07	68.17	3.0	127.71	4.1	53.4	-59.54
2007/08	70.96	4.1	129.75	1.6	54.7	-58.79
02/03-07/08 annual average		3.2		4.6		

Note & Source: As Table 3.1.

Table 3.5 Target (exclusive of SC) and private rent average: 02/03 to 07/08: England, four-bedroom or larger

	target rent: £	growth: %	private rent: £	growth: %	t/p %	t-p £
2002/03	75.52		127.92		59.0	-52.40
2003/04	78.18	3.5	126.02	-1.5	62.0	-47.84
2004/05	79.58	1.8	148.45	17.8	53.6	-68.87
2005/06	84.58	6.3	163.54	10.2	51.7	-78.96
2006/07	88.65	4.8	169.99	3.9	52.1	-81.35
2007/08	92.64	4.5	156.26	-8.1	59.3	-63.62
02/03-07/08 annual average		4.2		4.1		

Note & Source: As Table 3.1.

3.2 Region

Table 3.6 is the regional version of the previous table for all properties.

- The t/p ratio was lowest in London (49.9%), which means the average target rent (£96.92) was nearly half of the private equivalent (£126.51). Thus the t-p gap was significantly wide, £97.18.
- The highest t/p ratio was held by Yorkshire & the Humber (70.6%). The region's averages of target rents and the private rents were £63.81 and £90.44 respectively, providing the narrowest t-p gap of £26.63.
- The t/p ratios in the remaining seven regions were around 60% – from 60.1% in the East of England to 69.3% in the North East.

Table 3.6 Target and private rents, 2007/08: all sizes

	target £	private £	t/p	t - p	*N* *target*	*private*
East Midlands	66.98	97.97	68.4	-30.99	*77,995*	*74,700*
East of England	76.09	126.51	60.1	-50.42	*176,643*	*90,512*
London	96.92	194.10	49.9	-97.18	*259,670*	*190,293*
North East	62.50	90.25	69.3	-27.75	*106,673*	*58,219*
North West	65.26	96.08	67.9	-30.82	*308,724*	*145,386*
South East	84.69	134.70	62.9	-50.01	*230,836*	*150,896*
South West	71.76	116.68	61.5	-44.92	*135,552*	*123,137*
West Midlands	67.63	104.54	64.7	-36.91	*183,624*	*90,875*
Yorkshire & the Humber	63.81	90.44	70.6	-26.63	*139,602*	*78,740*

Note & Source: As Table 3.1.

Tables 3.7 to 3.9 set out the regional comparisons between the target and the private averages for three size categories – the smallest (bedspaces & bedsits), a core (two-bedroom) and the largest (five-bedroom or larger).

- The core size category showed a similar pattern to all properties shown in the previous tables. London had the lowest t/p ratio of 45.7%, and Yorkshire & the Humber held the highest of 70.4%.
- For bedspaces and bedsits, the West Midlands showed the lowest t/p ratio (66.3%).The highest t/p ratio in this category was held by the North East (75.0%). In the main, this size category set out relatively high t/p ratios, which implies that target levels were below but relatively close to private rents.
- For five-bedroom properties or larger, London had the lowest t/p ratio (38.9%). Given that the second lowest was 51.9% in the East of England, London's target rents appeared fairly restrained. It should be noted that the target average was calculated including target rents above the rent cap – if excluded, the ratio would have been more moderate.
- Yorkshire & the Humber had the largest t/p ratio of 68.5% within the five-bedroom or larger properties. Generally, however, the t/p ratios in the largest size category were moderate across the regions, presumably in consideration of affordability for larger families with dependant children.

Table 3.7 Target and private rents, 2007/08: bedspaces & bedsits

	target	private			N	
	£	£	t/p	t - p	target	private
East Midlands	55.25	74.11	74.6	-18.86	77,995	8,162
East of England	59.84	81.41	73.5	-21.57	176,643	11,781
London	75.79	113.02	67.1	-37.23	259,670	36,803
North East	55.59	74.14	75.0	-18.55	106,673	3,358
North West	54.18	75.28	72.0	-21.10	308,724	11,696
South East	63.74	85.93	74.2	-22.19	230,836	22,701
South West	56.47	80.76	69.9	-24.29	135,552	20,517
West Midlands	53.90	81.31	66.3	-27.41	183,624	11,163
Yorkshire & the Humber	51.38	73.95	69.5	-22.57	139,602	7,356

Note & Source: As Table 3.1.

Table 3.8 Target and private rents, 2007/08: two-bedroom

	target	private			N	
	£	£	t/p	t - p	target	private
East Midlands	65.06	98.79	65.9	-33.73	77,995	22,585
East of England	73.99	132.86	55.7	-58.87	176,643	30,421
London	96.64	211.69	45.7	-115.05	259,670	59,444
North East	61.19	87.70	69.8	-26.51	106,673	25,010
North West	63.18	94.63	66.8	-31.45	308,724	52,448
South East	83.01	141.72	58.6	-58.71	230,836	48,833
South West	69.70	124.09	56.2	-54.39	135,552	41,452
West Midlands	66.24	105.72	62.7	-39.48	183,624	22,995
Yorkshire & the Humber	63.10	89.68	70.4	-26.58	139,602	29,218

Note & Source: As Table 3.1.

Table 3.9 Target and private rents, 2007/08: five-bedroom or larger

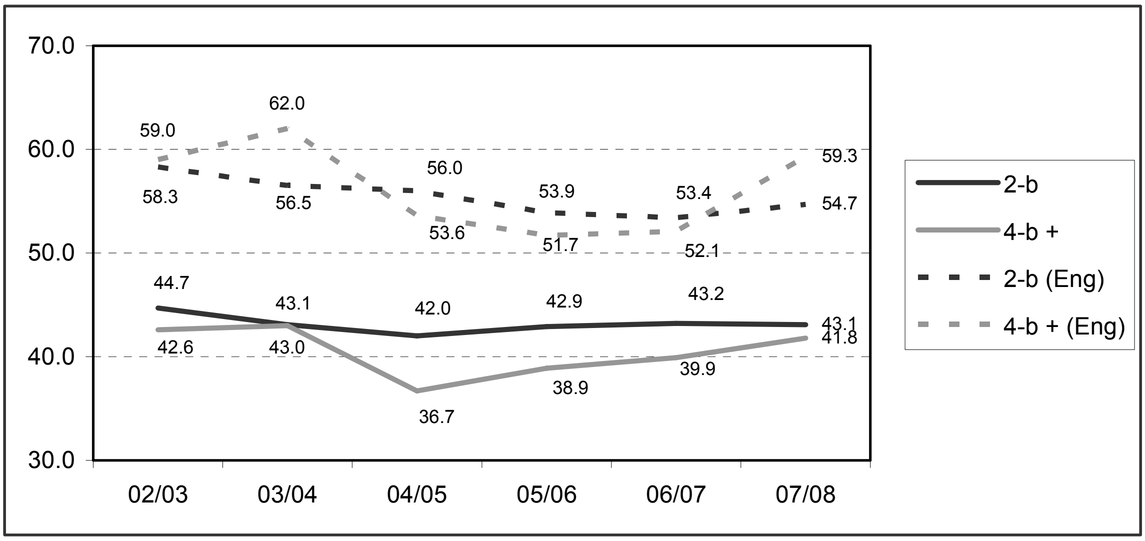
	target	private			N	
	£	£	t/p	t - p	target	private
East Midlands	86.12	137.39	62.7	-51.27	77,995	1,231
East of England	97.91	188.64	51.9	-90.73	176,643	1,320
London	131.08	337.15	38.9	-206.07	259,670	2,536
North East	78.56	127.00	61.9	-48.44	106,673	852
North West	82.00	131.09	62.6	-49.09	308,724	2,490
South East	114.80	213.31	53.8	-98.51	230,836	2,106
South West	94.84	182.39	52.0	-87.55	135,552	1,552
West Midlands	90.35	139.68	64.7	-49.33	183,624	1,516
Yorkshire & the Humber	84.79	123.71	68.5	-38.92	139,602	1,226

Note & Source: As Table 3.1.

Figure 3.1 sets out t/p ratios within London over the past six years for two-bedroom and four-bedroom or larger properties. For the absolute rent levels and t-p gaps for all regions for the same period, see Annex 2.

- For two-bedroom properties, the t/p ratio in London, the most pressurised region, appeared reasonably stable – the ratio has been at around 43% across the period. This ratio is well below the national level – by around 12%.
- For four-bedroom or larger properties, the ratio dropped sharply in 2004/05, although since then it has steadily increased. The increase from 2006/07 is explained partly by the introduction of greater size weightings for large sized properties in the target calculation formula.

Figure 3.1 London's t/p ratios (%), 2002/03 – 2007/08: 2-bedroom and 4-bedroom or larger



Note: Target rents are not adjusted (i.e., without service charges), and thus the latest t/p ratios could be marginally smaller than the corresponding figures in the previous tables. Source: As Table 3.1

3.3 Local authority

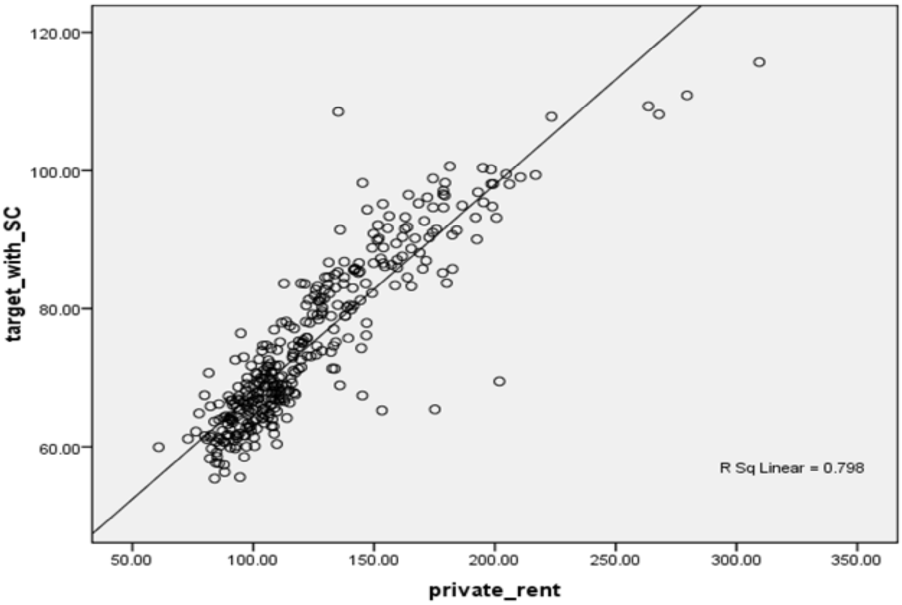
Figure 3.2 plots local authorities (LAs) according to their average target rents and private rents for all properties.

- Across LAs, the two averages were significantly positively related – their correlation coefficient was 0.893.
- The relationship shows that target rents reflected market elements to a discernible extent.
- The linear model explaining the relationship provides an estimated t/p ratio as:

  $$t / p = 0.304 + 37.265 / p \, ,$$

  The equation sets out that LAs with high private rents tend to have low t/p ratios, which is supported by London's figures in the previous tables.
- The equation also suggests that a t/p ratio was hardly below 30% across England.

Figure 3.2 Target rents vs. private rents, 2007/08: all sizes



Note: Target rents with service charges. Regression line: T = 0.304*P+37.265. The coefficients are statically significant at a 5-% level. Source: As Table 3.1

Figures 3.3 and 3.4 set out distributions of LAs' t/p ratios and t-p gaps respectively.

- The average and the median of the t/p ratios of all LAs was 62.4% and 62.7%. The distribution was proxy to a normal curb.
- Therefore, almost 70% of LAs belonged to a cohort of 62.4% (the average) ± 8.2% (the S.D.).
- The average of the t-p gaps was £49.01 and the median was £43.08.
- The large majority of LAs had gaps between £30 and £50, and the distribution of the gaps was skewed towards the lower part (i.e., wider gaps in negative terms).

Figure 3.3 Distribution of t/p ratios

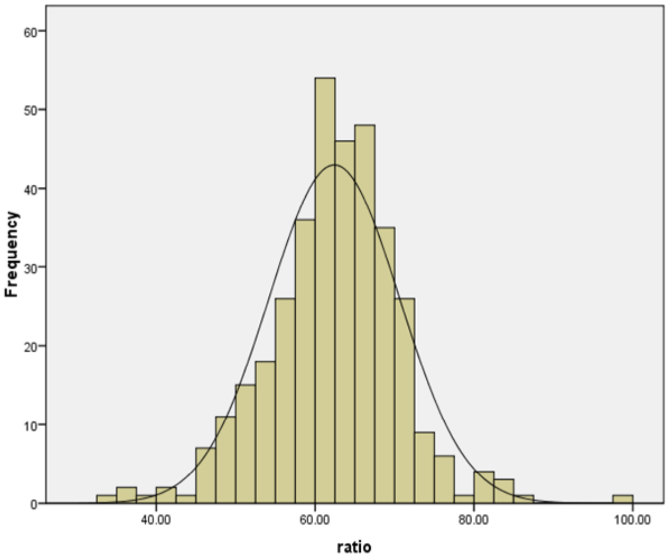
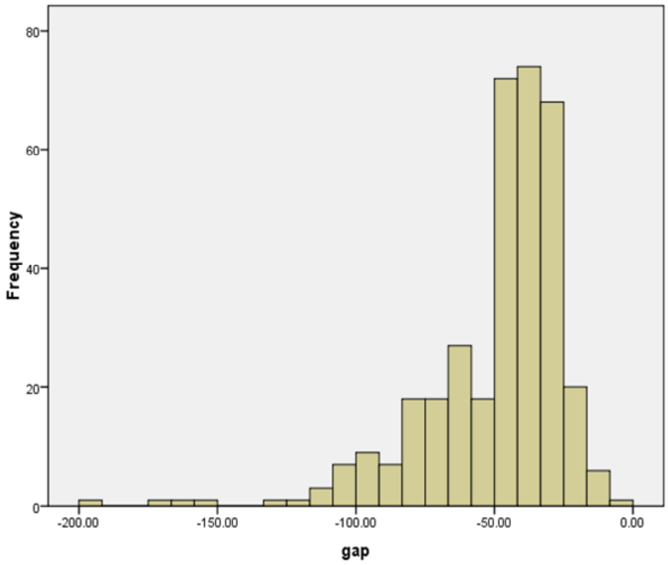


Figure 3.4 Distribution of t-p gaps



	Mean	Median	Std. Deviation	Minimum	Maximum
ratio	62.4	62.7	8.2	34.4	98.5
gap	-49.01	-43.08	25.36	-193.77	-0.93

Note & Source: As Table 3.1.

Tables 3.10 and 3.11 set out twenty LAs with low and high t/p ratios respectively.

- Of the twenty LAs with low ratios, thirteen were in London, and all but three were the most urban LAs (MU).
- The great majority had t-p gaps over £100, and almost all of their private rents were above £150.
- Of the twenty LAs with high ratios, six were in the North West, five in the North East and four in Yorkshire & the Humber. Nine LAs were categorised as most rural areas (R80).
- Their t-p gaps were within a £30-range and half of them were narrower than £20.

Table 3.10 LAs with a low t/p ratio: all sizes

LA	region	U/R	ratio t/p	gap t-p	target £	private £	*N* *target*	*private*
St. Helens	NW	MU	34.4	-132.44	69.46	201.90	*14,367*	*59*
Leeds	Y&H	MU	37.3	-109.80	65.39	175.19	*9,928*	*53*
Kensington & Chelsea	London	MU	37.4	-193.77	115.67	309.44	*10,254*	*2,530*
Westminster	London	MU	39.7	-168.65	110.87	279.52	*10,072*	*5,193*
Camden	London	MU	40.4	-159.79	108.14	267.93	*6,386*	*3,847*
City of London	London	MU	41.5	-154.23	109.30	263.53	*173*	*38*
Salford	NW	MU	42.6	-88.05	65.23	153.28	*4,216*	*58*
Tower Hamlets	London	MU	45.8	-117.51	99.37	216.88	*22,845*	*3,515*
Hackney	London	MU	46.4	-107.47	93.17	200.64	*13,324*	*6,646*
Teignbridge	SW	R80	46.5	-77.73	67.43	145.16	*3,226*	*56*
Castle Point	East	LU	46.5	-96.40	83.68	180.08	*349*	*1,774*
Enfield	London	MU	46.8	-102.49	90.06	192.55	*5,125*	*12,291*
Newham	London	MU	47.0	-96.73	85.74	182.47	*8,101*	*10,949*
Barnet	London	MU	47.0	-111.55	99.05	210.60	*4,442*	*11,995*
Richmond upon Thames	London	MU	47.6	-108.01	98.04	206.05	*8,179*	*2,366*
Windsor & Maidenhead	SE	OU	47.6	-104.15	94.80	198.95	*6,187*	*1,177*
Waltham Forest	London	MU	47.7	-93.24	85.16	178.40	*8,192*	*7,918*
Hammersmith & Fulham	London	MU	48.2	-115.64	107.81	223.45	*10,311*	*3,141*
Elmbridge	SE	MU	48.5	-98.84	93.20	192.04	*3,947*	*1,716*
Islington	London	MU	48.6	-105.19	99.51	204.70	*10,598*	*2,819*

Note: Target rents with service charges. The DETR's urban/rural classifications are: from the most to the least urban categories, Major urban (MU), Large urban (LU), Other urban (OU), Significant rural (SR), Rural 50 and Rural 80 – the urban-rural definition is based on the DE. Source: As Table 3.1.

Table 3.11 LAs with a high t/p ratio: all sizes

LA	region	U/R	ratio t/p	gap t-p	target £	private £	*N* *target*	*private*
North East Lincolnshire	Y&H	OU	98.5	-0.93	59.96	60.89	*7,914*	*9*
Copeland	NW	R80	86.6	-10.94	70.67	81.61	*5,949*	*804*
Allerdale	NW	R80	84.5	-12.35	67.49	79.84	*7,416*	*1,229*
Berwick-upon-Tweed	NE	R80	83.8	-11.84	61.16	73.00	*212*	*500*
Barrow-in-Furness	NW	OU	83.5	-12.77	64.81	77.58	*350*	*2,723*
Kingston upon Hull	Y&H	LU	81.5	-14.12	62.19	76.31	*3,354*	*8,098*
South Lakeland	NW	R80	80.6	-18.43	76.44	94.87	*763*	*1,694*
Wandsworth	London	MU	80.3	-26.68	108.52	135.20	*6,845*	*59*
Bolsover	EM	SR	80.0	-16.45	65.83	82.28	*628*	*1,818*
Eden	NW	R80	78.4	-20.03	72.55	92.58	*1,493*	*698*
Hartlepool	NE	OU	77.1	-19.62	66.18	85.80	*7,489*	*3,517*
Wansbeck	NE	R50	77.0	-18.38	61.54	79.92	*3,856*	*2,146*
South Shropshire	WM	R80	75.9	-23.12	72.94	96.06	*1,830*	*706*
Teesdale	NE	R80	75.9	-20.23	63.62	83.85	*513*	*330*
West Lindsey	EM	R80	75.6	-19.72	61.12	80.84	*3,750*	*1,883*
Redcar and Cleveland	NE	LU	75.0	-22.39	67.34	89.73	*11,710*	*3,514*
Barnsley	Y&H	SR	74.7	-20.89	61.71	82.60	*1,218*	*5,422*
Burnley	NW	OU	74.6	-20.87	61.39	82.26	*4,022*	*4,811*
North Lincolnshire	Y&H	R50	74.4	-22.02	63.89	85.91	*8,095*	*2,683*
Isles of Scilly	SW	R80	74.2	-29.14	83.61	112.75	*26*	*12*

Note: As the previous table.

4. Comparison of rent indices based on size factor

4.1 England

Table 4.1 compares rent indices (based on the two-bedroom average = 1.00) between the target and the private averages.

- Bedspaces & bedsits showed an average target rent index of 0.87, while the private equivalent was 0.69 – these were compared to the size weight of 0.8 in the target rent calculation formula.
- In the smallest size category, thus, the t-p gap was 0.18.
- In the largest size category, the two sectors' indices were fairly close – 1.45 for target rents and 1.46 for private rents.
- The range between the smallest and the largest size categories appeared narrower in the target indices (0.58) than in the private indices (0.77).

Table 4.1 Target and private rents (2-b = 1.00), 2007/08: England

	target	private	t - p	*size weight in target formula*
b-space & sit	0.87	0.69	0.18	*0.8*
one-b	0.91	0.88	0.04	*0.9*
three-b	1.08	1.06	0.03	*1.1*
four-b	1.26	1.16	0.10	*1.2*
five-b or larger	1.45	1.46	0.00	*1.3 (5-b); 1.4 (>5-b)*
range	*0.58*	*0.77*		

Note: Due to rounding .01-errors might be allowed. Target rents with service charges. Source: Author's calculation based on the datasets described in Section 2.

4.2 Region

Table 4.2 is the regional version of the previous table.

- For bedspaces & bedsits, the target indices ranged from 0.77 in the South East to 0.91 in the North East.
- The private indices expanded from 0.53 in London to 0.85 in the North East.
- All regions but Yorkshire & the Humber had target indices that were greater than the private equivalent.
- For five-bedroom or larger properties, the target indices ranged from 1.29 in the North East to 1.39 in the South East.
- The private indices broadened from 1.32 in the West Midlands to 1.59 in London.
- All regions but the West Midlands saw the target indices below the private equivalent.
- In terms of the range of target indices between the smallest and the largest size categories, the narrowest was seen in the North East, 0.38.while the widest was seen in the South East, 0.62.
- For the private indices, the narrowest range was 0.55 in the West Midlands, and the widest was 1.06 in London.
- All regions had wider ranges for the private indices than for the target indices except Yorkshire & the Humber, where the two sectors' ranges were both 0.56.

Table 4.2 Target and private rents (2-b = 1.00) by region, 2007/08

	target	private	t - p		target	private	t - p
East Mid.				East of Eng.			
≤b-sit	0.85	0.75	0.10		0.81	0.61	0.20
1-b	0.92	0.83	0.09		0.89	0.79	0.10
3-b	1.10	1.08	0.02		1.12	1.09	0.02
4-b	1.22	1.12	0.10		1.25	1.18	0.07
≥5-b	1.34	1.39	-0.05		1.33	1.42	-0.08
range	0.49	0.64			0.52	0.81	
London				North East			
≤b-sit	0.78	0.53	0.25		0.91	0.85	0.06
1-b	0.89	0.81	0.08		0.92	0.88	0.04
3-b	1.10	1.14	-0.04		1.09	1.09	0.00
4-b	1.24	1.29	-0.05		1.19	1.22	-0.03
≥5-b	1.38	1.59	-0.21		1.29	1.45	-0.16
range	0.60	1.06			0.38	0.60	
North West				South East			
≤b-sit	0.86	0.80	0.06		0.77	0.61	0.16
1-b	0.91	0.87	0.04		0.87	0.78	0.09
3-b	1.10	1.09	0.01		1.12	1.13	-0.01
4-b	1.20	1.17	0.03		1.23	1.24	0.00
≥5-b	1.31	1.39	-0.07		1.39	1.51	-0.11
range	0.45	0.59			0.62	0.90	
South West				West Mid.			
≤b-sit	0.81	0.65	0.16		0.81	0.77	0.04
1-b	0.90	0.80	0.10		0.90	0.83	0.08
3-b	1.11	1.12	-0.01		1.09	1.06	0.03
4-b	1.23	1.23	0.00		1.21	1.12	0.09
≥5-b	1.37	1.47	-0.10		1.38	1.32	0.06
range	0.56	0.82			0.57	0.55	
Yorks & H							
≤b-sit	0.81	0.82	-0.01				
1-b	0.89	0.84	0.04				
3-b	1.10	1.10	0.00				
4-b	1.21	1.17	0.04				
≥5-b	1.37	1.38	-0.01				
range	0.56	0.56	-0.01				

Note & source: As the previous table.

4.3 Local authority

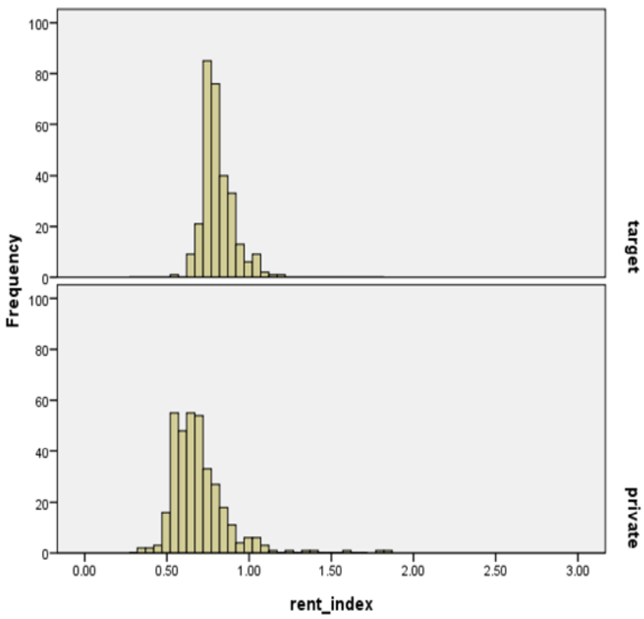
Figures 4.1 to 4.5 set out distributions of the rent indices for the two sectors across LAs, and the following table shows the key statistics.

- For bedspaces & bedsits, the average and the median of the target indices (0.81 and 0.78 respectively) were above the private equivalents (0.69 and 0.66). The frequencies of the target indices peaked in somewhat higher areas than those of the private indices (Figure 4.2).
- In contrast, for five-bedroom or larger, the target average and the median of the target indices (1.37 and 1.35) were below the private equivalents (1.47 and 1.44). The peak of the distribution of the target indices was at a slightly lower level than that of the private indices (Figure 4.5).
- In all size categories, the standard deviations of the target indices were smaller than those of private indices, providing moderate variations of the target indices across LAs. In fact all histograms of target indices set out relatively high peaks and short tails to both sides, compared to the private indices' patterns.

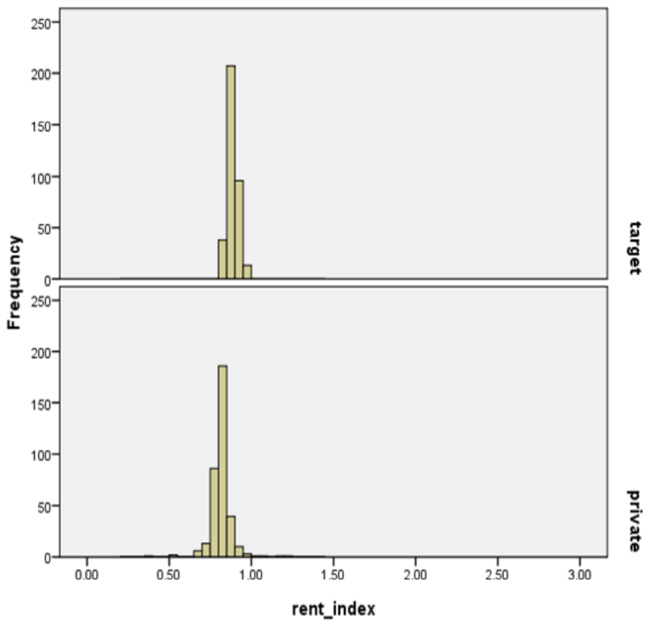
- In terms of a range between the smallest and the largest property sizes, the average and the median of the target indices (both 0.56) were smaller than the private equivalents (both 0.78).

Figures 4.1 to 4.5 Distributions of target and private rent indices of LAs

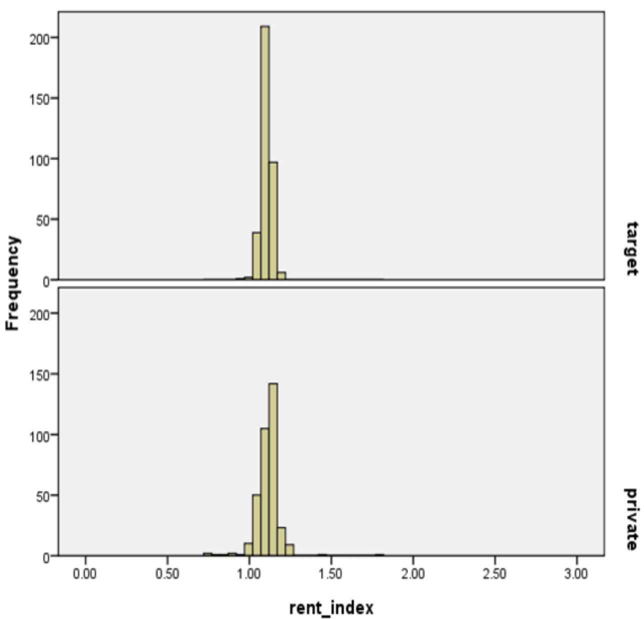
4.1 bedspaces & bedsits



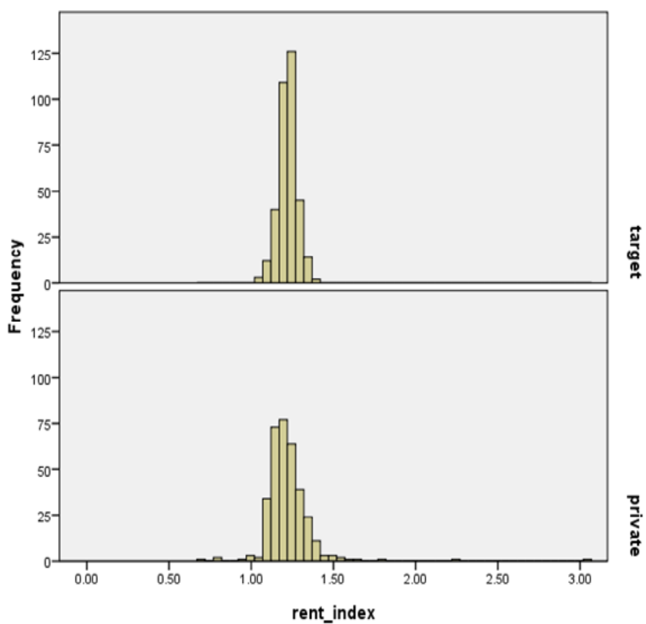
4.2 one-bedroom



4.3 three-bedroom



4.4 four-bedroom



4.5 five-bedroom or larger

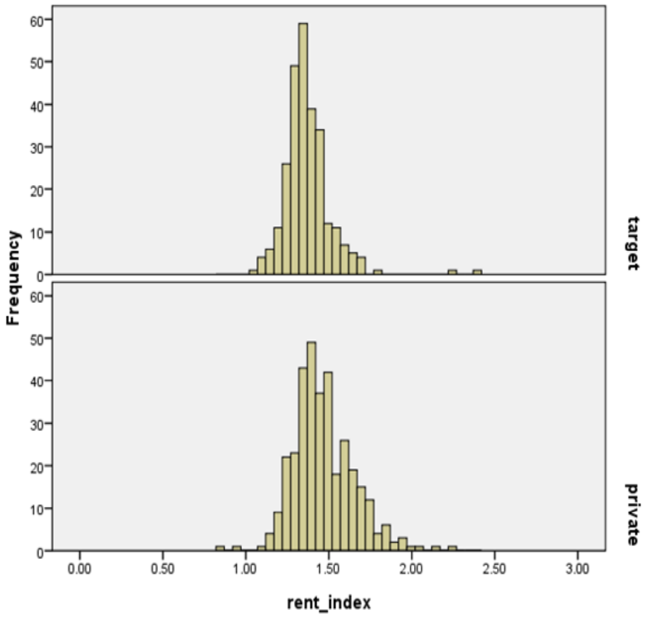


Table 4.3 Key statistics of target and private rents (2-b = 1.00) across LAs, 2007/08

	b-sit & space			one-b			three-b		
	t	p	t-p	t	p	t-p	t	p	t-p
Mean	0.81	0.69	**0.11**	0.89	0.82	**0.07**	1.10	1.11	**-0.01**
Median	0.79	0.66	**0.13**	0.89	0.81	**0.08**	1.10	1.12	**-0.02**
Std. Deviation	0.09	0.18	**-0.08**	0.03	0.07	**-0.03**	0.03	0.07	**-0.04**
Minimum	0.55	0.33	**0.22**	0.80	0.36	**0.44**	0.97	0.73	**0.24**
Maximum	1.18	1.84	**-0.66**	0.98	1.24	**-0.26**	1.22	1.81	**-0.59**
N	*297*	*350*		*354*	*350*		*354*	*348*	
	four-b			**five plus-b**			**range**		
	t	p	t-p	t	p		t	p	
Mean	1.22	1.23	**0.00**	1.37	1.47	**-0.10**	0.56	0.78	
Median	1.22	1.21	**0.01**	1.35	1.44	**-0.09**	0.56	0.78	
Std. Deviation	0.06	0.15	**-0.10**	0.14	0.18	**-0.04**	0.05	0.00	
Minimum	1.03	0.69	**0.34**	1.04	0.86	**0.18**	0.49	0.53	
Maximum	1.40	3.03	**-1.63**	2.39	2.26	**0.13**	1.21	0.42	
N	*351*	*344*		*271*	*341*				

Note & source: As the previous table.

5. Comparison of rent indices based on a regional factor

5.1 Region

Tables 5.1 to 5.3 set out rent indices (based on the national average = 1.00) of the target and private averages for the smallest (bedspaces & bedsits), core (two-bedroom) and the largest (five-bedroom or larger) size categories.

- For bedspaces & bedsits, London had the largest target rent index (1.19) and Yorkshire & the Humber showed the lowest (0.81).
- The largest private rent index was also seen in London (1.27), while the East Midlands and Yorkshire & the Humber equally had the lowest of 0.83.
- The t-p gap was the widest in London (-0.08), and the narrowest in the North West (0.01).
- The range from the highest to the lowest regions was 0.38 for the target indices, which was narrower than the private equivalent of 0.44.
- For two-bedroom properties, London had the highest indices in both sectors (1.32 for the target index and 1.63 for the private index).
- The two sectors' lowest indices were held by the North East (0.83 and 0.68 respectively).
- The t-p gap was the widest in London (-0.32) and the narrowest in the South West (-0.01).
- The ranges were 0.30 and 0.95 for the target and the private indices respectively.
- For five bedroom or larger properties, again, London had the highest in the two sectors (1.23 for target and 1.78 for private). The lowest were seen in the North East for the target indices (0.74) and in Yorkshire & the Humber for the private indices (0.65).
- The t-p gap was the widest in London (-0.55) and the narrowest in the South East (-0.05).
- The ranges were 0.49 and 1.13 for the target and the private indices respectively.

Table 5.1 Target and private rents (England = 1.00), 2007/08: bedspaces & bedsits

	target	private	t-p
East Midlands	0.87	0.83	0.04
East of England	0.94	0.91	0.03
London	1.19	1.27	-0.08
North East	0.87	0.83	0.04
North West	0.85	0.84	0.01
South East	1.00	0.96	0.04
South West	0.89	0.91	-0.02
West Midlands	0.85	0.91	-0.06
Yorkshire & the Humber	0.81	0.83	-0.02
range	*0.38*	*0.44*	

Note: Due to rounding .01-errors might be allowed. Target rents with service charges. Source: Author's calculation based on the datasets described in Section 2.

Table 5.2 Target and private rents (England = 1.00), 2007/08: two-bedroom

	target	private	t-p
East Midlands	0.89	0.76	0.12
East of England	1.01	1.02	-0.02
London	1.32	1.63	-0.32
North East	0.83	0.68	0.16
North West	0.86	0.73	0.13
South East	1.13	1.09	0.04
South West	0.95	0.96	-0.01
West Midlands	0.90	0.81	0.09
Yorkshire & the Humber	0.86	0.69	0.17
range	*0.49*	*0.95*	

Note & source: As Table 5.1.

Table 5.3 Target and private rents (England = 1.00), 2007/08: five-bedroom or larger

	target	private	t-p
East Midlands	0.81	0.73	0.08
East of England	0.92	1.00	-0.08
London	1.23	1.78	-0.55
North East	0.74	0.67	0.06
North West	0.77	0.69	0.08
South East	1.08	1.13	-0.05
South West	0.89	0.96	-0.08
West Midlands	0.85	0.74	0.11
Yorkshire & the Humber	0.79	0.65	0.14
range	*0.49*	*1.13*	

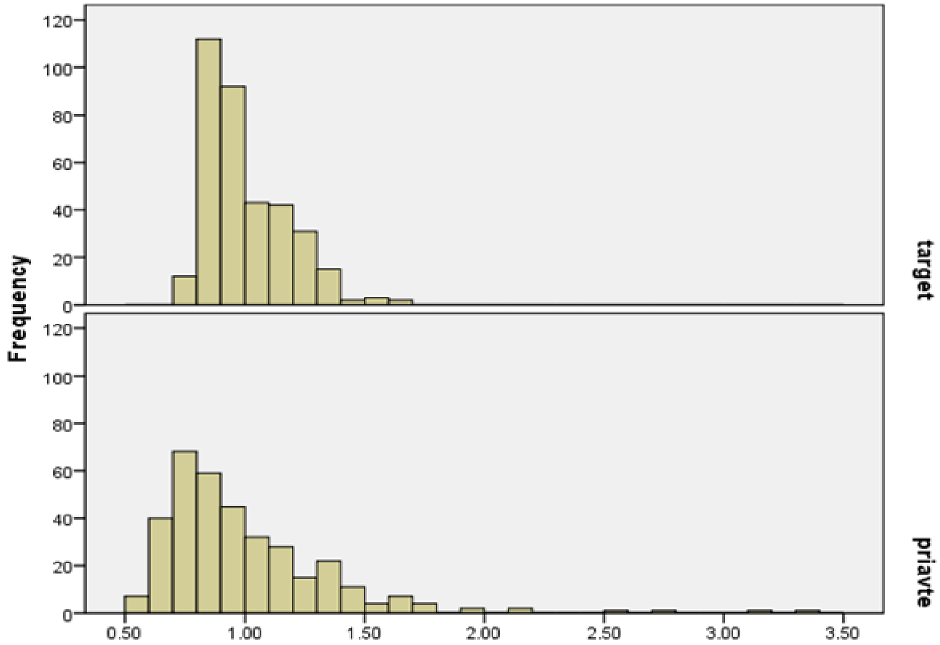
Note & source: As Table 5.1.

5.2 Local authority

Figure 5.1 set out distributions of the target and the private rent indices for two-bedroom properties.

- In both groups, the averages of the rent indices were, unsurprisingly, 1.00.
- The medians were, however, below the levels in both sectors – 0.95 for the target indices and 0.90 for the private indices.
- This agrees with their distributions which were skewed towards upper part – the pattern of the private rent indices had a longer tail.
- Therefore, the variation measured by a standard deviation was spread out more for the target indices (0.36) than for the target equivalents (0.17).

Figure 5.1 Distributions of the target and the private rent indices (England = 1.00): two-bedroom properties



	Mean	Median	Std. Deviation	Minimum	Maximum	*N*
target	1.00	0.95	0.17	0.75	1.65	*354*
private	1.00	0.90	0.36	0.56	3.35	*350*

Note & source: As Table 5.1.

Tables 5.4 and 5.5 set out LAs with the highest and lowest indices of the target indices and the private indices respectively.

- Of the ten LAs with the highest target indices, nine were in London, and all were categorised as the most urban area (MU).
- Six were also in the list of the top ten highest private indices.
- Of the ten LAs with the lowest target indices, six were in the North East. Three each belonged to the most and the second most rural categories (R80 and R50).
- Only one LA, Pendle in the North West, was also in the lowest private index list.

Table 5.4 LAs with the highest and the lowest target rents (England = 1.00): two-bedroom

LA	region	U/R	t	p	t-p
highest					
Kensington & Chelsea	London	MU	1.65	3.19	-1.54
City of London	London	MU	1.60	2.55	-0.95
Westminster	London	MU	1.59	2.73	-1.14
Wandsworth	London	MU	1.51	n/a	n/a
Hammersmith & Fulham	London	MU	1.50	2.19	-0.69
Camden	London	MU	1.49	3.35	-1.86
Kingston upon Thames	London	MU	1.40	1.61	-0.21
Runnymede	South East	MU	1.38	1.47	-0.09
Islington	London	MU	1.37	1.92	-0.54
Richmond upon Thames	London	MU	1.37	1.70	-0.33
lowest					
Castle Morpeth	North East	R80	0.75	0.65	0.10
Blyth Valley	North East	R50	0.76	0.68	0.07
Derwentside	North East	R80	0.76	0.65	0.11
Wear Valley	North East	R80	0.76	0.64	0.12
Pendle	North West	OU	0.77	0.61	0.16
Sedgefield	North East	R50	0.77	0.64	0.14
Easington	North East	R50	0.78	0.62	0.15
Boston	East Midlands	SR	0.79	0.76	0.02
Hyndburn	North West	OU	0.79	0.63	0.16
Rochdale	North West	MU	0.79	0.69	0.10

Note & source: As Table 5.1.

Table 5.5 LAs with the highest and the lowest private rents (England = 1.00): two-bedroom

LA	region	U/R	t	p	t-p
highest					
Camden	London	MU	1.49	3.35	-1.86
Kensington & Chelsea	London	MU	1.65	3.19	-1.54
Westminster	London	MU	1.59	2.73	-1.14
City of London	London	MU	1.60	2.55	-0.95
Hammersmith & Fulham	London	MU	1.50	2.19	-0.69
Lewisham	London	MU	1.18	2.15	-0.97
Islington	London	MU	1.37	1.92	-0.54
Tower Hamlets	London	MU	1.34	1.91	-0.57
Castle Point	East of England	LU	1.09	1.73	-0.64
Hackney	London	MU	1.24	1.73	-0.49
lowest					
Berwick-upon-Tweed	North East	R80	0.85	0.56	0.30
Barrow-in-Furness	North West	OU	0.87	0.57	0.30
Kingston upon Hull	Yorkshire & the Humber	LU	0.85	0.58	0.26
Teesdale	North East	R80	0.86	0.59	0.27
West Lindsey	East Midlands	R80	0.83	0.60	0.23
Burnley	North West	OU	0.81	0.60	0.21
Allerdale	North West	R80	0.88	0.60	0.28
Pendle	North West	OU	0.77	0.61	0.16
Wansbeck	North East	R50	0.80	0.61	0.20
Alnwick	North East	R80	0.83	0.62	0.21

Note & source: As Table 5.1.

Table 5.6 showed LAs with the widest and the narrowest t-p gaps.

- Of the ten LAs with the widest gaps in negative terms (i.e., target index > private index), four were in the North West and three in the North East. Five were categorised as the most rural (R80).

- Nine of the ten LAs with the positively widest gaps were in London, and were classified as the most urban (MU).
- Half of the ten LAs with the narrowest gaps were in the South East. And the list consisted of all six urban/rural categories.

Table 5.6 LAs with widest and the lowest t-p gaps (England = 1.00): two-bedroom

LA	region	U/R	t	p	t-p
widest: t > p					
South Lakeland	North West	R80	1.04	0.74	0.30
Barrow-in-Furness	North West	OU	0.87	0.57	0.30
Berwick-upon-Tweed	North East	R80	0.85	0.56	0.30
Allerdale	North West	R80	0.88	0.60	0.28
Copeland	North West	R80	0.92	0.63	0.28
Teesdale	North East	R80	0.86	0.59	0.27
Kingston upon Hull	Yorkshire & the Humber	LU	0.85	0.58	0.26
Hartlepool	North East	OU	0.88	0.64	0.24
North East Derbyshire	East Midlands	R50	0.92	0.69	0.23
widest: t < p					
Camden	London	MU	1.49	3.35	-1.86
Kensington & Chelsea	London	MU	1.65	3.19	-1.54
Westminster	London	MU	1.59	2.73	-1.14
Lewisham	London	MU	1.18	2.15	-0.97
City of London	London	MU	1.60	2.55	-0.95
Hammersmith & Fulham	London	MU	1.50	2.19	-0.69
Castle Point	East of England	LU	1.09	1.73	-0.64
Tower Hamlets	London	MU	1.34	1.91	-0.57
Islington	London	MU	1.37	1.92	-0.54
Waltham Forest	London	MU	1.14	1.68	-0.54
narrowest					
Peterborough	East of England	OU	0.92	0.92	0.00
Guildford	South East	SR	1.32	1.33	0.00
Eastleigh	South East	LU	1.11	1.11	0.00
North Wiltshire	South West	R50	0.94	0.94	0.00
Rushmoor	South East	OU	1.23	1.23	0.00
North Hertfordshire	East of England	SR	1.08	1.08	0.00
West Oxfordshire	South East	R80	1.13	1.14	0.00
North Somerset	South West	R50	0.95	0.95	0.00
Dartford	South East	MU	1.13	1.14	0.00
Fylde	North West	LU	0.83	0.83	0.00

Note & source: As Table 5.1.

6. Conclusion

Comparing target rents with private rents in absolute terms shows that the two main policy objectives for restructuring social rents have been clearly delivered. Target rents have been set well below private rents on average yet were in a significantly positive relationship across local authorities. This is consistent with Government's commitment to ensure social housing remains affordable for people on low incomes and confirms that targets appear to be sending fair price signals by corresponding to market valuations - given that the private rental market is linking rents with property qualities which tenants and landlords assess.

At the same time, however, it was seen that the two groups of rents had differentials in relative terms based on both property sizes and regions. The two rent index comparisons indicate that restructured rents appear relatively flat across sizes and regions, while the private sector differentiated rents to greater extent. The relatively high target rent indices for smaller sized properties compressed the variation between sizes, while the relatively moderate indices in high pressured regions, notably London, narrowed the target indices' regional discrepancy.

The first outcome is more or less expected as the target formula contains the size weights which are flatter than private rents. Following *The Three-Year Review of Rent Restructuring* ODPM (2004), the weights were revised in 2006/07 to vary more discernibly but the variation is still modest in a private rental market context. Also, the rent-pooling system employed by RSLs makes the flattened restructured rent variation acceptable as targets - at least for those who have size diversity in their portfolios as they will be able to redistribute rental incomes within themselves.

These two reasons, however, do not explain the compressed targets between regions. Firstly, the target formula employs regional factors through the property value and the local earning elements, and presumably the former varies reasonably across the regions. The latter's regional variation might be associated with the compression but this needs further investigation. The target rents' annual increase guideline which is applied across the nation and can vary within a small margin might also contribute. Secondly, the rent-pooling system is unlikely to give ground for RSLs to accept relatively averaged-out targets between regions, as only a small proportion of RSLs own stock in both high and low pressured regions. For example, of 93 RSLs which had stock in London, only eight did so in the North East [4]. This suggests that the regional redistribution of the restructured rental income might be better undertaken on a broader basis, that is, the RSL sector as a whole – perhaps, through more public money allocation into pressured regions - although this issue also requires further research.

Considering affordability, one of the main policy objectives, there is a reason to believe that the restructured social rents and private rents are unlikely to be close to each other in both absolute and relative terms. With respect to the other objective, fairness, it is necessary to examine further whether or not the relatively compressed variation of the target rents is striking the right balance in changing demand for social housing products in varying demographic and socio-economic patterns across regions? If the answer is no, this could discourage tenants' incentives to revise their social housing consumption based on a right choice of size and/or region (although low-income households' incentives to relocate in a wider geographical scope are open to question), and also it could mislead landlords into developing investment plans that do not match social housing needs.

[4] Based on the general needs housing data drawn from the RSR 2008 Part O.

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Annex 1. Disparities between net rents and target rents by region (%): 2007/08

	2007/08								
Region	All sizes	Bedspace	Bedsit	1-bed	2-bed	3-bed	4-bed	5-bed	6+-bed
London	7.79	-0.65	9.38	8.53	7.32	7.23	8.88	11.84	15.63
S. E.	2.27	-0.97	1.79	1.43	1.53	3.20	3.04	4.32	3.07
S. W.	0.03	1.92	-0.23	-0.74	-1.08	1.28	1.05	0.09	-1.57
E. M.	1.61	10.60	-3.09	-1.40	-1.11	5.03	5.26	1.10	0.39
East	3.17	-0.74	5.18	2.11	2.05	4.41	4.21	4.13	6.10
W. M.	2.21	-0.30	-1.04	-1.41	0.69	5.32	2.14	3.03	1.86
Y & H	7.05	22.18	5.15	4.75	6.44	9.62	2.19	-2.40	1.17
N. E.	4.74	n.a.	3.24	1.77	3.45	7.05	9.79	13.70	4.47
N. W.	3.17	1.36	2.08	0.30	1.37	5.47	4.42	3.10	1.73
England	**3.86**	**0.06**	**4.68**	**2.94**	**2.69**	**5.17**	**5.30**	**6.79**	**8.61**

Note: Figures outside of a ±5% range are shaded. Source: Dataspring (2009)

Annex 2. Target rents, private rents, t/p ratios and t-p gaps by region: 2002/03 – 2007/08

B-sit & -space		Lon	SE	SW	EM	East	WM	Y&H	NE	NW	Eng
T-rent (£)	02/03	58.84	47.56	42.82	40.36	44.95	41.30	37.87	38.97	39.85	46.50
	03/04	59.42	48.61	45.03	41.33	46.73	42.62	39.11	39.88	40.96	47.57
	04/05	61.87	50.32	45.16	41.27	48.27	43.21	39.76	40.77	42.50	49.38
	05/06	64.40	53.52	47.43	42.75	50.84	45.31	42.19	44.30	44.60	54.23
	06/07	66.04	55.10	50.57	45.37	51.86	46.76	44.44	46.59	46.08	55.28
	07/08	68.98	58.41	51.80	47.06	55.15	48.58	45.90	47.44	47.67	57.63
P-rent(£)	02/03	97.60	76.48	71.93	61.93	67.01	63.17	64.90	66.81	65.01	75.66
	03/04	103.36	77.79	74.79	65.76	67.99	71.25	63.10	67.89	70.66	79.31
	04/05	105.09	79.65	75.54	68.68	68.84	74.88	66.76	69.17	72.22	81.23
	05/06	105.78	83.12	81.78	73.73	79.23	81.39	76.67	75.48	80.91	86.87
	06/07	107.69	81.37	76.30	69.43	77.00	76.43	67.58	66.33	70.17	83.81
	07/08	113.02	85.93	80.76	74.11	81.41	81.31	73.95	74.14	75.28	89.20
t/p (%)	02/03	60.3	62.2	59.5	65.2	67.1	65.4	58.3	58.3	61.3	61.5
	03/04	57.5	62.5	60.2	62.9	68.7	59.8	62.0	58.7	58.0	60.0
	04/05	58.9	63.2	59.8	60.1	70.1	57.7	59.6	58.9	58.8	60.8
	05/06	60.9	64.4	58.0	58.0	64.2	55.7	55.0	58.7	55.1	62.4
	06/07	61.3	67.7	66.3	65.3	67.4	61.2	65.8	70.2	65.7	66.0
	07/08	61.0	68.0	64.1	63.5	67.7	59.7	62.1	64.0	63.3	64.6
t-p (£)	02/03	-38.76	-28.91	-29.11	-21.58	-22.06	-21.86	-27.04	-27.84	-25.16	-29.15
	03/04	-43.94	-29.18	-29.77	-24.42	-21.26	-28.63	-23.98	-28.01	-29.70	-31.74
	04/05	-43.21	-29.33	-30.37	-27.42	-20.58	-31.67	-27.00	-28.39	-29.72	-31.85
	05/06	-41.38	-29.60	-34.35	-30.98	-28.39	-36.08	-34.47	-31.18	-36.31	-32.63
	06/07	-41.64	-26.27	-25.72	-24.06	-25.14	-29.67	-23.14	-19.74	-24.08	-28.53
	07/08	-44.04	-27.52	-28.96	-27.05	-26.26	-32.73	-28.05	-26.70	-27.61	-31.57

2-bedroom		Lon	SE	SW	EM	East	WM	Y&H	NE	NW	Eng
T-rent (£)	02/03	79.36	66.88	56.91	54.31	62.85	53.68	50.90	51.02	52.37	60.52
	03/04	81.63	68.90	59.06	54.48	63.73	55.74	52.76	52.42	53.10	62.10
	04/05	83.49	71.74	60.62	56.63	64.90	56.92	52.15	54.32	55.34	63.94
	05/06	85.78	73.81	62.69	58.65	67.32	59.21	56.78	56.45	57.09	66.19
	06/07	88.24	76.93	65.64	60.87	69.50	61.49	58.89	57.51	58.97	68.17
	07/08	91.24	80.39	67.98	63.45	72.34	63.97	61.36	59.72	61.45	70.96
P-rent(£)	02/03	177.47	122.64	104.48	75.85	102.03	88.83	83.49	74.14	77.81	103.76
	03/04	189.41	128.27	107.36	80.95	111.16	92.64	81.17	76.67	84.00	109.83
	04/05	198.62	131.08	109.96	86.70	118.81	97.14	80.95	79.89	86.05	114.27
	05/06	199.96	138.71	119.02	92.91	127.36	102.73	85.93	83.79	91.27	122.69
	06/07	204.25	143.75	125.00	98.67	132.59	106.46	90.74	88.72	95.88	127.71
	07/08	211.69	141.72	124.09	98.79	132.86	105.72	89.68	87.70	94.63	129.75
t/p (%)	02/03	44.7	54.5	54.5	71.6	61.6	60.4	61.0	68.8	67.3	58.3
	03/04	43.1	53.7	55.0	67.3	57.3	60.2	65.0	68.4	63.2	56.5
	04/05	42.0	54.7	55.1	65.3	54.6	58.6	64.4	68.0	64.3	56.0
	05/06	42.9	53.2	52.7	63.1	52.9	57.6	66.1	67.4	62.6	53.9
	06/07	43.2	53.5	52.5	61.7	52.4	57.8	64.9	64.8	61.5	53.4
	07/08	43.1	56.7	54.8	64.2	54.4	60.5	68.4	68.1	64.9	54.7
t-p (£)	02/03	-98.11	-55.75	-47.57	-21.53	-39.17	-35.15	-32.59	-23.13	-25.44	-43.24
	03/04	-107.78	-59.37	-48.30	-26.47	-47.43	-36.90	-28.41	-24.24	-30.91	-47.73
	04/05	-115.13	-59.34	-49.34	-30.07	-53.91	-40.22	-28.80	-25.57	-30.71	-50.33
	05/06	-114.18	-64.90	-56.33	-34.26	-60.04	-43.52	-29.15	-27.34	-34.18	-56.50
	06/07	-116.01	-66.82	-59.36	-37.80	-63.09	-44.97	-31.85	-31.21	-36.91	-59.54
	07/08	-120.45	-61.33	-56.11	-35.34	-60.52	-41.75	-28.32	-27.98	-33.18	-58.79

4-bed or larger		Lon	SE	SW	EM	East	WM	Y&H	NE	NW	Eng
T-rent (£)	02/03	99.31	81.47	67.52	61.45	75.57	62.91	59.83	58.11	59.18	75.52
	03/04	103.03	84.61	69.96	62.23	77.12	65.07	61.80	59.67	61.50	78.18
	04/05	104.29	86.39	72.54	65.26	77.62	67.26	63.65	61.45	63.32	79.58
	05/06	110.79	91.22	76.31	69.38	81.35	73.67	67.65	63.88	67.70	84.58
	06/07	114.77	97.03	81.71	74.43	86.87	76.59	73.87	69.96	72.17	88.65
	07/08	118.47	101.83	85.49	79.27	92.30	80.62	76.34	72.82	75.65	92.64
P-rent(£)	02/03	232.86	154.62	137.41	99.79	116.38	96.78	104.50	113.61	96.96	127.92
	03/04	239.50	155.75	132.63	91.90	128.53	102.06	90.98	85.84	93.16	126.02
	04/05	284.11	179.87	148.54	86.78	150.40	114.81	97.34	98.77	102.57	148.45
	05/06	285.13	185.47	157.01	112.70	161.82	119.99	102.93	103.93	110.49	163.54
	06/07	287.50	190.68	167.18	119.13	170.92	125.63	109.92	110.41	117.07	169.99
	07/08	283.59	180.96	157.19	114.13	161.38	120.63	107.94	109.78	113.30	156.26
t/p (%)	02/03	42.6	52.7	49.1	61.6	64.9	65.0	57.3	51.1	61.0	59.0
	03/04	43.0	54.3	52.7	67.7	60.0	63.8	67.9	69.5	66.0	62.0
	04/05	36.7	48.0	48.8	75.2	51.6	58.6	65.4	62.2	61.7	53.6
	05/06	38.9	49.2	48.6	61.6	50.3	61.4	65.7	61.5	61.3	51.7
	06/07	39.9	50.9	48.9	62.5	50.8	61.0	67.2	63.4	61.6	52.1
	07/08	41.8	56.3	54.4	69.5	57.2	66.8	70.7	66.3	66.8	59.3
t-p (£)	02/03	-133.55	-73.15	-69.89	-38.35	-40.81	-33.87	-44.66	-55.50	-37.78	-52.40
	03/04	-136.47	-71.15	-62.67	-29.67	-51.41	-36.99	-29.18	-26.17	-31.65	-47.84
	04/05	-179.82	-93.48	-76.00	-21.52	-72.78	-47.55	-33.69	-37.32	-39.25	-68.87
	05/06	-174.34	-94.25	-80.70	-43.32	-80.47	-46.32	-35.28	-40.05	-42.79	-78.96
	06/07	-172.73	-93.65	-85.47	-44.70	-84.06	-49.04	-36.04	-40.46	-44.90	-81.35
	07/08	-165.12	-79.14	-71.70	-34.86	-69.08	-40.01	-31.60	-36.96	-37.65	-63.62

Note & Source: As Figure 3.1.