

NEWS WEBSITE OF THE YEAR

The Telegraph

My Feed

[Coronavirus](#) [News](#) [Politics](#) [Sport](#) [Business](#) [Money](#) [Opinion](#) [Tech](#) [Life](#) [Style](#)[See all Money](#)**COMMENT**

## Government meddling has turned the rental market into a farce

Outside London rents are soaring at an incredible rate – and it is as frenzied as the sales market

**ISABELLE FRASER**

PROPERTY EDITOR

19 May 2021 • 6:00am



135

Rents are rising six times faster than inflation. In some rural and suburban areas there are barely any homes available to let. [Annual rental rises outside London are hitting double digits](#) for the first time since records were started in 2012 by Hamptons, the estate agency.

All of this is not normal – and shows that the rental market is just as upside down as [the frenzied sales market](#).

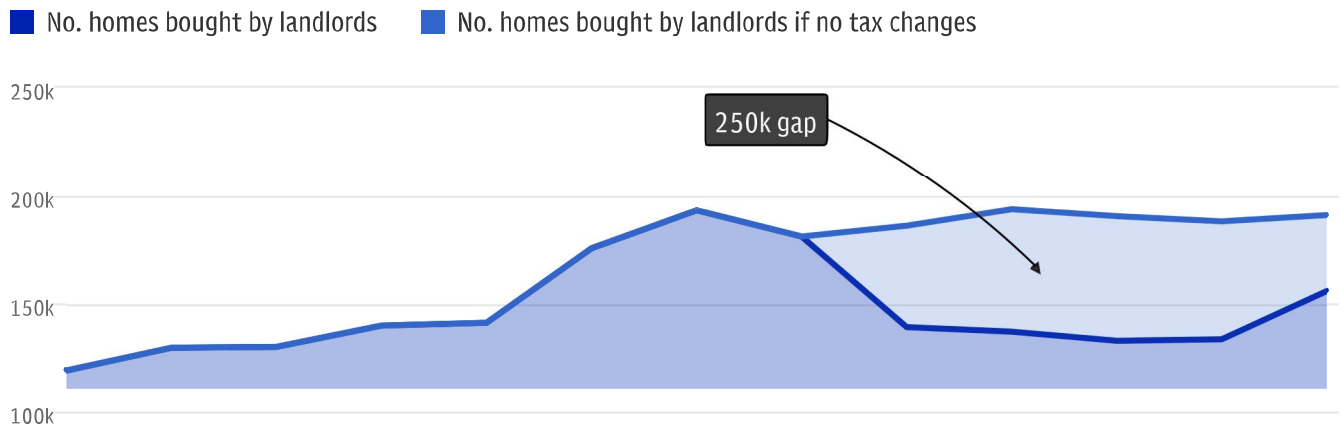
This is being caused primarily by a pandemic-induced rush to the countryside, with locked-down urbanites craving a garden and a home office.

But the market dysfunction is being magnified by the Government's crackdown on buy-to-let landlords, which started five years ago. Hamptons reckons that as a result of this policy of hiking stamp duty and tapering mortgage interest relief on additional homes, 36pc fewer properties were bought by landlords since 2016 than if there hadn't been changes.

As a result, the sector overall is now 7pc smaller than it was in 2017. This translated to there being 45nc fewer homes available to let in April 2021 than in April 2019. Tenants

## Punishing tax changes are thought to have deterred almost 250,000 rental purchases since 2016

*Number of homes bought by landlords in Great Britain*



Look closer, and you will find that these figures are even more stark. Hamptons found in the South West there are now 62pc fewer homes to rent than in 2019. Meanwhile, rents in the region have risen 11.3pc in the last year.

This dearth of homes to rent is hitting the exact areas where demand has suddenly spiked in the last year, pushing up prices dramatically.

While rental stock in cities was down 24pc over the same period, in the countryside it fell by 65pc. Overall, rents in **inner London slumped 20.4pc**, partly due to the hundreds of thousands of EU residents believed to have left the country last year as the pandemic rendered hospitality jobs redundant. But beyond the capital, rents rose 10.4pc.

In some of the areas where rents are rising quickly, such as Barnsley and Wigan in the North West, they still are relatively affordable, and so have room to rise. Property website Zoopla found that in these towns, rents rose 8pc in the year to March. But in the nine years leading up to March 2020 the total rise was around 12pc, compared to the UK average of 21pc.

Aver

## *London is the only region where rents have dropped*

■ April 2020    ■ April 2021

£4000

---

In a way, this is good news for the landlords who have remained in the sector and happen to own properties that are in demand – suburban and rural homes with a garden.

But the acute shortage of homes to rent is creating a bottleneck effect on the sales market as well. Many potential property sellers, particularly downsizers, are hesitant to put their homes on the market out of fear of becoming homeless – selling their home and being unable to rent.

This paralysing cycle is happening in places such as Cornwall, where rental properties are scarce and have been turned into more lucrative and tax-efficient holiday lets – capitalising on the boom in domestic holidaymakers. It is also taking place in South Oxfordshire which, according to separate Hamptons data, is the most in demand local authority with buyers. Here, each agreed sale so far this year has received 6.1 offers on average. For every new property that comes to market, there are 24.4 new registered buyers.

The lack of homes for sale is in part caused by there being few properties to rent. Stephen Christie-Miller, of Savills estate agents in Henley-on-Thames, said: “Our rental office normally has 30 or 40 houses. Now, literally, they have two.”

The aim of the Government’s crackdown on buy-to-let landlords five years ago was to help first-time buyers, and briefly – before the pandemic – the policy succeeded. For

All

## UK rents have continued to rise and London declines have

But now, first-time buyers are struggling to get on the ladder due to lending restrictions. And while many were able to buy, taking advantage of the homes being sold up by landlords, the vast majority were not. Now they face a hellish time – unless they want to and can afford to [live in central London, where bargains abound](#).

As first-time buyers bought up ex-rental homes, that meant the supply fell at a faster rate than the number of people who needed to rent – as tenants tend to live more densely in houseshares than owner-occupiers do. Other sources of new homes, such as built-to-rent, have not made up the difference for those who must remain renting because they can't afford to get on the ladder.

In some areas this has been compounded by the fact that levels of social housing have fallen so low, local councils are [paying landlords directly to house their tenants](#) – often over market rates.

All this has combined to push up rents, and make renters compete even ferociously for a scarcer number of homes.

---

**Do you think Government meddling has turned the rental market into a farce? Let us know in the comments section below.**

---

**David Wakelin** 20 May 2021 11:47AM

Like

The shortage of housing is caused by population increases and the rise in 'second homes'. Protecting tenants and ensuring Buy to Let landlords pay their fair share of tax may make things worse in the short term, but it is not the underlying cause of the problem.

[Reply](#)

Flag

**Keith Mills** 20 May 2021 11:38AM

Like

It's not just the tapering off of mortgage relief and stamp duty issues, the government also meddled with Section 21 no fault evictions of troublesome tenants. It's now almost impossible to remove a tenant unless you propose to sell the property or the tenant is seriously in arrears with rent. Coupled with the complete disdain that some tenants have for the properties they inhabit, requiring wholesale redecoration after each let, it has become an unpleasant experience to rent a property in this country. Buy to let is one thing, but a lot of older people buy a property to rent in order to help with their pension income.

Also, the government's proposal to introduce quarterly tax returns from landlords puts a lot of people off.

[Reply](#)

Flag

**Marc Marcjf** 20 May 2021 7:04AM

Like

Who could have guessed that making it harder to supply rental properties would reduce the supply? Now that rents have risen we need more government action to control rental rates. This will surely alleviate the

@NICK SMITH it's just a pun piece for (and largely by) the brokers. The numbers of actual transactions are small so a few deals can show large % increases, which are then extrapolated.

Reply

Flag

**Keith Calder** 19 May 2021 10:20PM

Like

Bad news for UK employers.

Employees get their money from wages and the employers pay the cost of living through wages, reducing profit.

We got some stuff from Ricardo, like the law of comparative advantage.

What's gone missing?

Ricardo was part of the new capitalist class, and the old landowning class were a huge problem with their rents that had to be paid both directly and through wages.

*"The interest of the landlords is always opposed to the interest of every other class in the community"*  
Ricardo 1815 / Classical Economist

Wait for voter backlash to your short sighted policies and your devious mis direction of attention from your housing policy failures

Good luck there!

[Reply](#)

[Flag](#)

**Lucinda Airy** 19 May 2021 9:20PM

4 Like

It is quite appalling all the government interference with stamp duty and forbearance and all the letting regulations. They have stoked the market and take far too much in tax. The government is making the market deeply disjointed and putting horrible pressure on local people. They should stop all the corrupt methods of propping up the market and let it fall. Which it must do. Of course the banks and developers don't want this to happen but it is natural after a 11 year bull market. The government are now destroying people's lives with their constant meddling and muddling the market. It is repugnant .

[Reply](#)[Flag](#)[Like](#)**I Thompson** 19 May 2021 8:35PM

@Kate John What have you been spending your money on not to have a deposit after working in management for ten years ?

[Reply](#)[Flag](#)



There's a limited supply of property and if there's more people than available property then there's going to be a problem. I've been renting my single property out at a discounted rent























