

Private Rented Market in Leeds

Leeds City Council

July 2017

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1. Introduction

- 1.1 The Government's Housing Strategy, published in November 2011¹, set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances. In the most recent Housing White Paper 2017, the private rented sector continues to be an important sector and further growth is expected. The Council of Mortgage Lenders predicts that by 2020 only a quarter of 30 year olds will own their own home. In contrast, more than half the generation currently approaching retirement were homeowners by their 30th birthday.²
- 1.2 The private rented sector is growing; the 2011 Census, confirmed that the sector now totals 18.1%, an increase of 31.2% from 13.8% in 2001. Increasing house prices pre 2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would be' homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and the sector clearly now plays a vital role in meeting housing needs as well as providing an alternative to homeownership.
- 1.3 Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.
- 1.4 This sector is also of growing interest to housing associations that are looking to diversify their business opportunities, to create 'revenue and 'profit' to support their core business and, for some, also as a way of extending the number of properties that are available within their social letting arm; prioritising properties with rent levels within Local Housing Allowance. For others, the private rented sector offers an alternative market for those properties that are becoming more difficult to let because of the 'bedroom tax'. However, it is not as straightforward as many believe it is and many early adopters in the private rented sector have now withdrawn as the financial returns have not been delivered, the management is quite different from that of a social housing provider and it can be difficult to enter such a buoyant market with many competitors. That said, it is a massively growing market and forecast to increase further.
- 1.5 For cities like Leeds, the market rented sector already plays a significant role in providing accommodation for economically active younger households in urban locations but it is likely to become an increasingly important tenure for families. Leeds Housing Strategy confirms that the private rented sector is the only sector where there has been significant growth between 2001 and 2011 and it is larger than the social rented sector in Leeds. Whilst the sector is growing the high cost means that it is potentially out of

¹ Laying The Foundations; A Housing Strategy for England, 2011

² Council of Mortgage Lenders (2015) The challenge facing first time buyers

reach of households who are dependent on benefits (only 12% of private rented properties have rents that are within Local Housing Allowance levels). The sector has significant quality issues with Government data suggesting that 16% of privately rented homes are unsafe.

- 1.6 Investment in this sector is also growing from larger institutions and Leeds has a significant role to play in planning for this growing tenure as well as improving quality.
- 1.7 One of the weaknesses for local authorities is the lack of good quality information about the activity and performance of different rental markets and therefore the potential yields available. This report provides an evidence base around the scale, growth and performance of the private rented sector in Leeds since 2014 (a three-year period). It utilises data from a number of secondary sources which are identified in the report. Zoopla data is used extensively in this report and only includes private rented property that has been advertised and/or managed through a letting agent.
- 1.8 The report validates the data through detailed discussions with letting agents to identify what has been happening in the private rented market.

2. The size of the sector

2.1 The Census 2011 confirms (Table 2.1) that there are 62,310 (19.4%) households living in the private rented sector in Leeds; this is higher than the national figure of 18.1%. However, this masks geographical diversity. In the City Centre rates increase to almost 60% and in Headingley almost 70%. Whilst most locations have a decent sized market rented sector there are some locations where owner occupation dominates and the rented sector is much smaller and less likely to grow such as Adel and Wharfedale. These locations also have smaller social housing sectors.

Ward	Owner No.	Aff Hsg No.	PRS No.	Total	Owner %	Aff Hsg %	PRS %
Adel and Wharfedale	6835	921	745	8501	80.4	10.8	8.8
Alwoodley	7111	1518	1302	9931	71.6	15.3	13.1
Ardsley and Robin Hood	6904	1171	1104	9179	75.2	12.8	12.0
Armley	5377	3473	2618	11468	46.9	30.3	22.8
Beeston and Holbeck	4780	2708	2342	9830	48.6	27.5	23.8
Bramley and Stanningley	5424	2824	1325	9573	56.7	29.5	13.8
Burmantofts and Richmond Hill	3535	5473	2693	11701	30.2	46.8	23.0
Calverley and Farsley	7394	848	1497	9739	75.9	8.7	15.4
Chapel Allerton	4890	3156	2388	10434	46.9	30.2	22.9
City and Hunslet	3405	3235	8567	15207	22.4	21.3	56.3
Cross Gates and Whinmoor	6582	2222	975	9779	67.3	22.7	10.0
Farnley and Wortley	6761	2595	1405	10761	62.8	24.1	13.1
Garforth and Swillington	6582	998	825	8405	78.3	11.9	9.8
Gipton and Harehills	3462	3829	2917	10208	33.9	37.5	28.6
Guiseley and Rawdon	7453	931	1165	9549	78.1	9.7	12.2
Harewood	6473	563	761	7797	83.0	7.2	9.8
Headingley	1225	757	4256	6238	19.6	12.1	68.2
Horsforth	6845	1045	1475	9365	73.1	11.2	15.8
Hyde Park and Woodhouse	1195	3419	4459	9073	13.2	37.7	49.1
Killingbeck and Seacroft	4319	5078	938	10335	41.8	49.1	9.1
Kippax and Methley	6682	1282	865	8829	75.7	14.5	9.8
Kirkstall	3848	3018	2479	9345	41.2	32.3	26.5
Middleton Park	5498	4607	1292	11397	48.2	40.4	11.3
Moortown	6780	1367	1570	9717	69.8	14.1	16.2
Morley North	7549	1076	1280	9905	76.2	10.9	12.9
Morley South	6462	1485	2067	10014	64.5	14.8	20.6
Otley and Yeadon	6977	1822	1246	10045	69.5	18.1	12.4
Pudsey	6623	1858	1390	9871	67.1	18.8	14.1
Rothwell	6292	1521	973	8786	71.6	17.3	11.1
Roundhay	6462	1052	1586	9100	71.0	11.6	17.4
Temple Newsam	6279	1875	909	9063	69.3	20.7	10.0
Weetwood	5388	1610	1962	8960	60.1	18.0	21.9
Wetherby	6517	1040	934	8491	76.8	12.2	11.0
Leeds	187909	70377	62310	320596	58.6	22.0	19.4

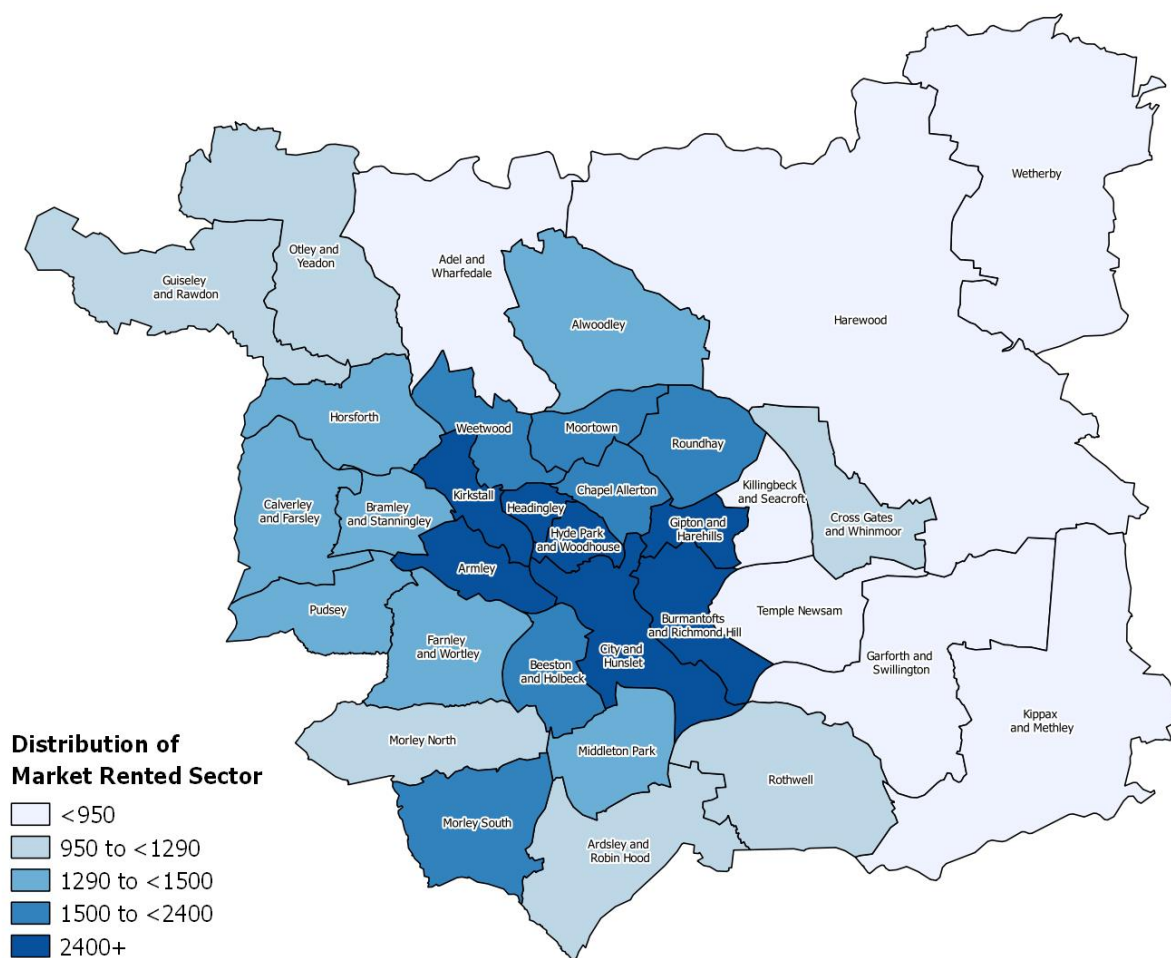
Source: Census 2011

PRS includes those living rent free

2.2 Map 2.1 illustrates the location of the private rented sector. It shows where the private rented sector is most significant as a sector compared to other tenures. As well as having very focused markets within the City Centre, it spreads into adjacent wards, and outwards toward the West. To the East, levels of market rent tend to be lower.

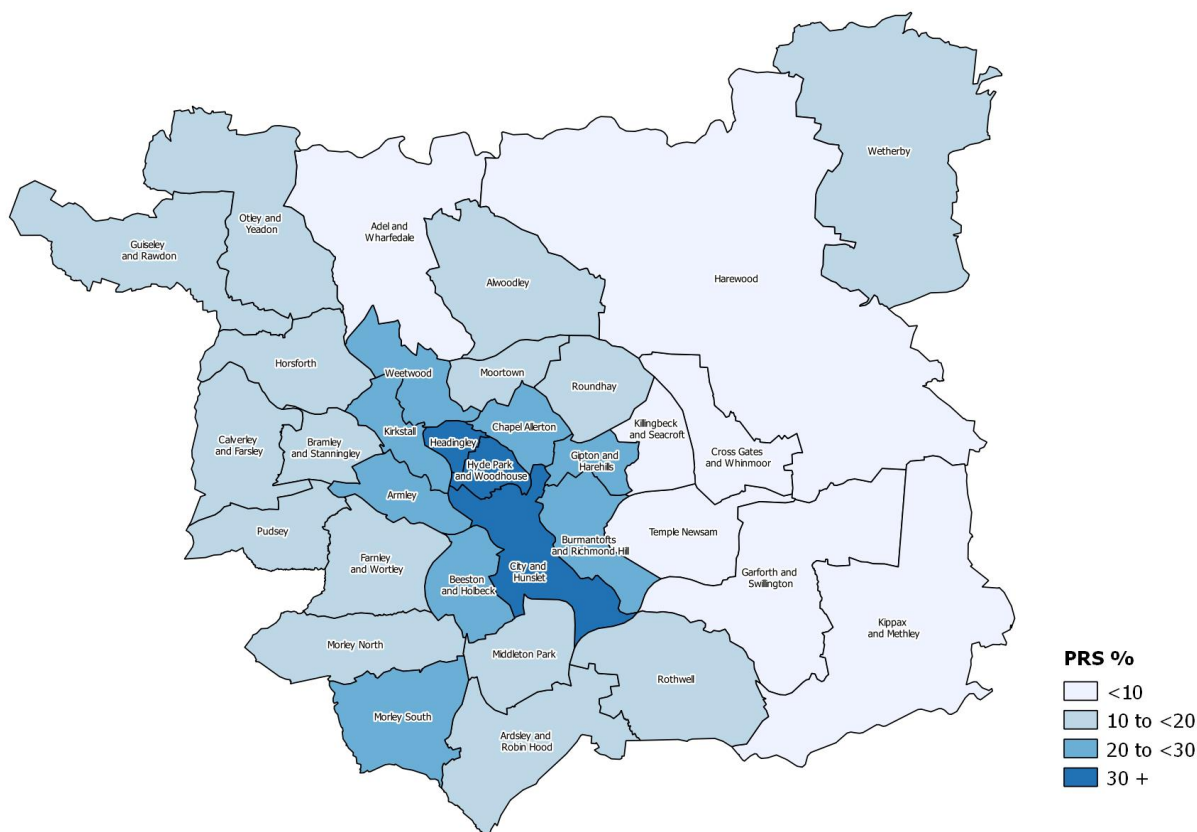
2.3 Map 2.2 shows the actual distribution of the numbers of PRS within Leeds

Map 2.1: The location of the PRS



2.4 In terms of significance, the market rented sector is focused within the City centre and adjacent wards with lower but still sizeable markets toward the West of the authority.

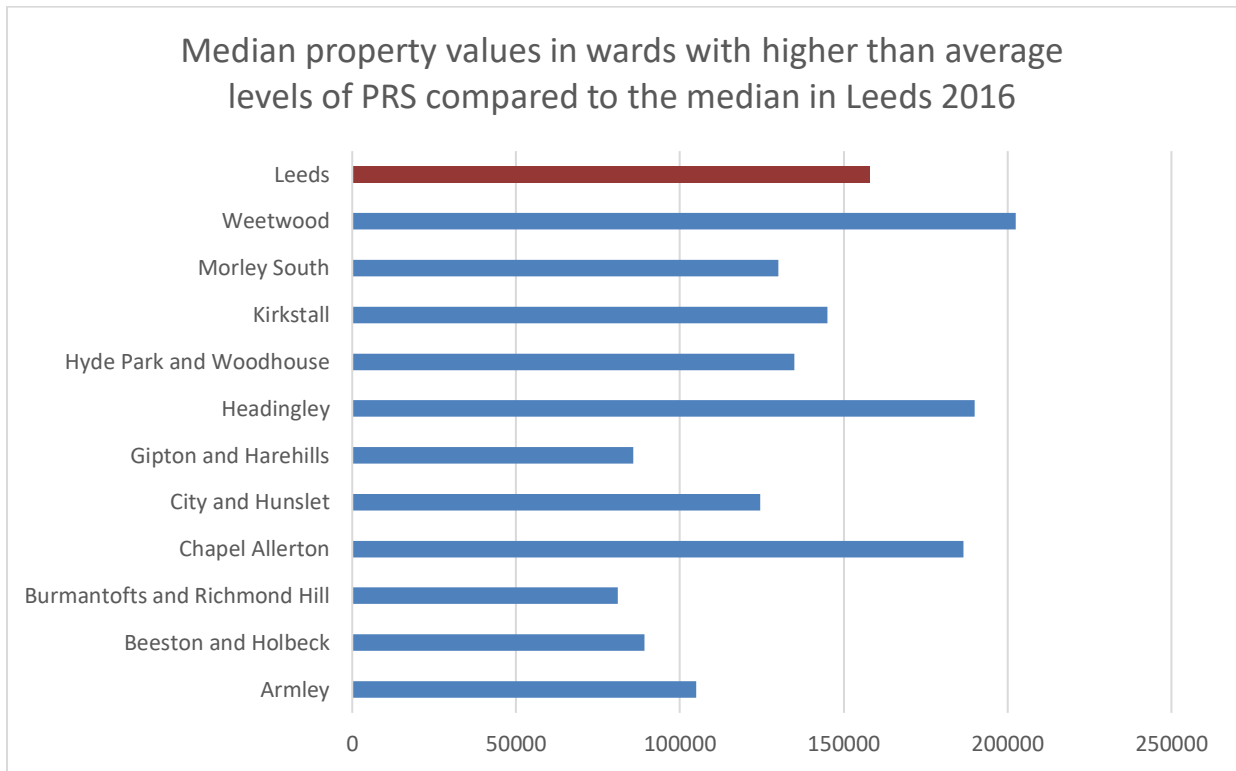
Map 2.2: The percentage of PRS in each ward



2.5 In Table 2.2 median property values in 2016 have been compared in each ward with the size of the private rented sector. The value of median property in wards with levels of market rented levels above the Leeds average of 19.4% are illustrated in Chart 2.1. This confirms that 8 of the 11 wards, which account for 41.8% of all stock, are wards with values lower than the median value for Leeds. However, there are also 3 wards where values are above the Leeds Median and in particular in Headingley. This would suggest that the sector is providing an offer as an extension of the social rented sector and supporting those on lower income as well as providing an offer to economically active, higher income households

Table 2.2 Average price in 2016 by ward		
Ward	Median sales values 2016	Total % of the PRS Census 2011
Adel and Wharfedale	270000	8.8
Alwoodley	238000	13.1
Ardsley and Robin Hood	149725	12.0
Armley	104995	22.8
Beeston and Holbeck	89250	23.8
Bramley and Stanningley	122000	13.8
Burmantofts and Richmond Hill	81000	23.0
Calverley and Farsley	160000	15.4
Chapel Allerton	186550	22.9
City and Hunslet	124500	56.3
Cross Gates and Whinmoor	159950	10.0
Farnley and Wortley	125000	13.1
Garforth and Swillington	175500	9.8
Gipton and Harehills	85750	28.6
Guiseley and Rawdon	205000	12.2
Harewood	345000	9.8
Headingley	190000	68.2
Horsforth	247250	15.8
Hyde Park and Woodhouse	135000	49.1
Killingbeck and Seacroft	113750	9.1
Kippax and Methley	142000	9.8
Kirkstall	145000	26.5
Middleton Park	105000	11.3
Moortown	225000	16.2
Morley North	155000	12.9
Morley South	130000	20.6
Otley and Yeadon	185000	12.4
Pudsey	147500	14.1
Rothwell	167750	11.1
Roundhay	237750	17.4
Temple Newsam	156000	10.0
Weetwood	202500	21.9
Wetherby	273000	11.0
Leeds	158000	19.4

Chart 2.1 Median property values in wards with higher than average levels of PRS compared to the median in Leeds 2016



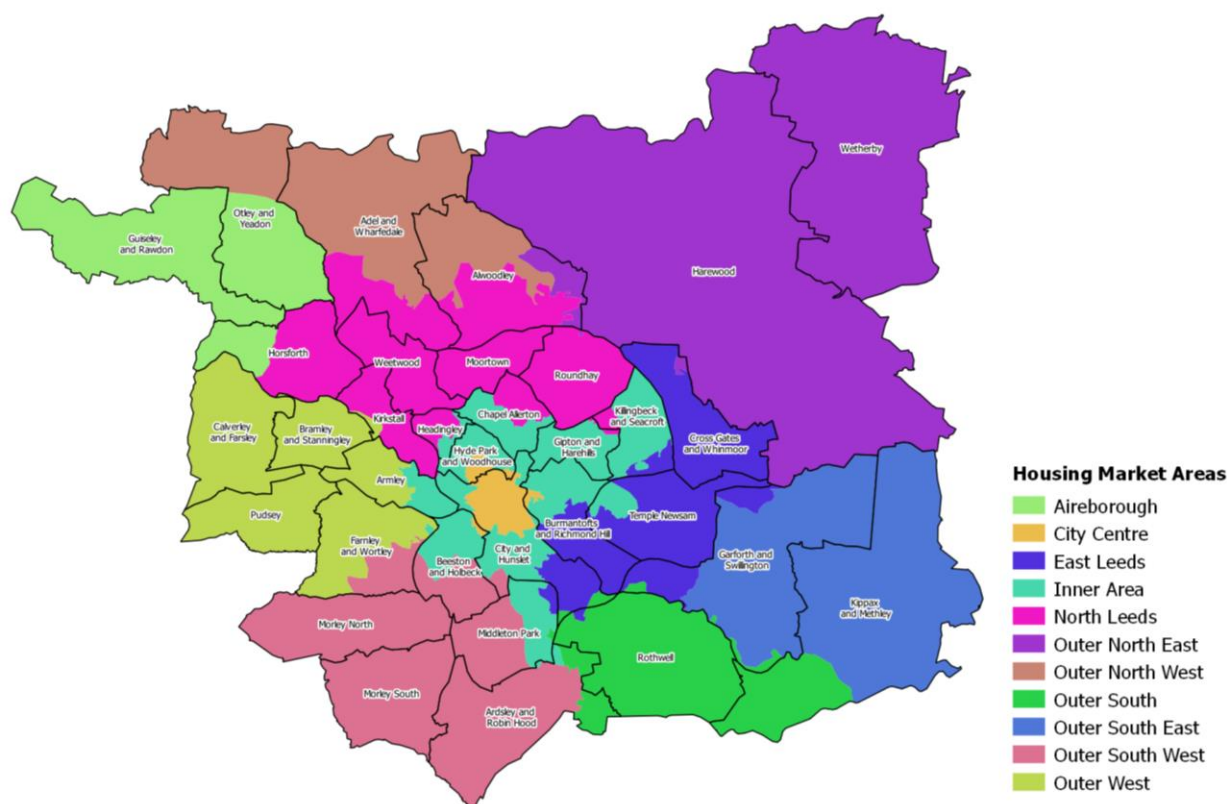
Source Census 2011 and Land Registry

3. The performance of the market

3.1 The detailed analysis of Leeds market rented sector has been undertaken within the 11 Housing Market Characteristic areas.

3.2 These locations are mapped below

Map 3.1 Housing Market Characteristic Areas



New properties coming onto the market

3.3 Initially, the total number of properties coming onto the market through Zoopla from 2014-2016 is considered. Table 3.1 shows the actual number of properties coming onto the private rented market each year from 2014 to 2016 in each HMCA. Overall, the total number of properties coming onto the market has remained relatively static; in 2014 21,757 properties came onto the market and in 2016 this figure was 21,999.

3.4 These figures mask significant difference in locations. The City Centre, Inner Area, Outer West and North Leeds accounted for the highest number of units (86.7%) of the market. This is a very concentrated offer with much lower activity elsewhere. Of these locations, the City Centre exhibits relatively consistent activity over time; this is usual in major urban areas. The Outer West and North Leeds has experienced reducing activity but the Inner Area has experienced significant growth in the total number of units coming onto the market.

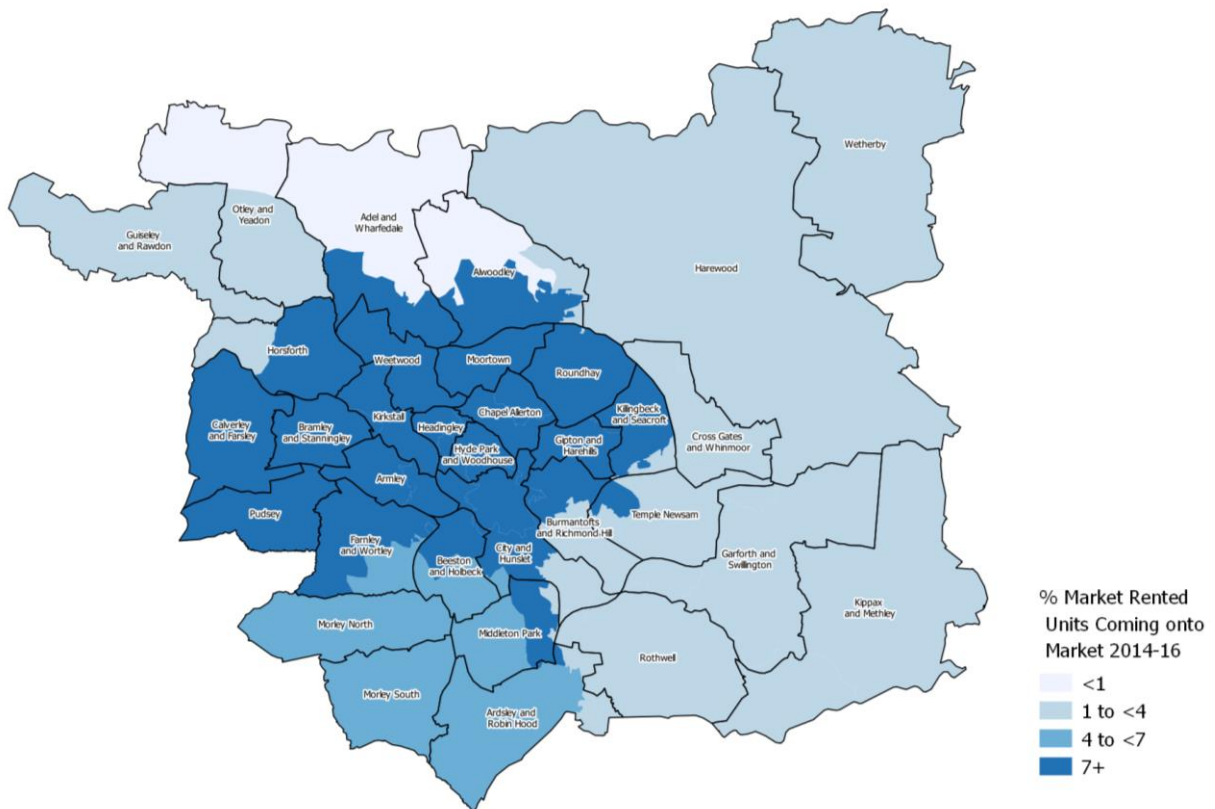
- 3.5 Where there are high numbers of properties coming onto a market this can be as a result of a number of reasons. It may be that the area is unpopular and so properties are turning over quickly and tenants are not staying for long periods or it may be that investors are bringing new properties to market or that homeowners are unable to sell and are converting property to the private rented market. These reasons can usually be identified through discussions with letting agents. Likewise, where reducing numbers of properties are coming onto a market, this may indicate a settled popular community where tenants choose to remain for lengthy periods of time.
- 3.6 In terms of growth in activity, this has been by far experienced most in the Inner Area, potentially becoming more popular as the City Centre pushes outwards for more space and potentially where land and property is cheaper providing greater returns on investment. Elsewhere activity has generally reduced; the City Centre has shown a small increase.

HMCA	2014	2015	2016	Total	% change from 2014 to 2016	Percentage of the market in the past 3 years
Aireborough	448	212	178	838	-60.27	1.3
City Centre	2310	2222	2391	6923	3.51	10.3
East Leeds	446	378	364	1188	-18.39	1.8
Inner Area	5851	9689	9047	24587	54.62	36.7
North Leeds	7631	6705	6628	20964	-13.14	31.3
Outer North East	471	195	139	805	-70.49	1.2
Outer North West	239	106	90	435	-62.34	0.6
Outer South	312	228	195	735	-37.50	1.1
Outer South East	256	291	255	802	-0.39	1.2
Outer South West	1572	1287	1186	4045	-24.55	6.0
Outer West	2221	1874	1526	5621	-31.29	8.4
Leeds	21757	23187	21999	66943	1.11	100

Source: Zoopla and Census 2011

3.7 The percentage share of the market (2014-2016) is mapped in Map 3.2 below:

Map 3.2 The percentage of the market rented units coming onto the market 2014-2016



4. Property type and bed size

- 4.1 Table 4.1 shows the number and proportion of properties coming onto the market through Zoopla from 2014 to 2016.
- 4.2 The number of apartments that have come onto the market in Leeds has reduced from 2014 to 2016 and this is impacting on the percentage of apartments overall. However, this percentage has reduced as the number and proportion of houses has increased. Whilst this change is not proportionately large, it is likely to indicate a growing demand for family housing in the market rented sector.
- 4.3 Apartments/flats make up almost 4 in 10 of the properties that come onto the market; houses, 6 in every 10.

Property type	2014 No	2015 No	2016 No	2014-2016 Total	Property type	2014 %	2015 %	2016 %	2014-2016 %
Apartments	8852	8766	8161	25779	Apartments	40.7%	37.8%	37.1%	38.5
House	12905	14421	13838	41164	Houses	59.3%	62.2%	62.9%	61.5
Leeds	21757	23187	21999	66943	Leeds	100.0%	100.0%	100.0%	100

Source: Zoopla

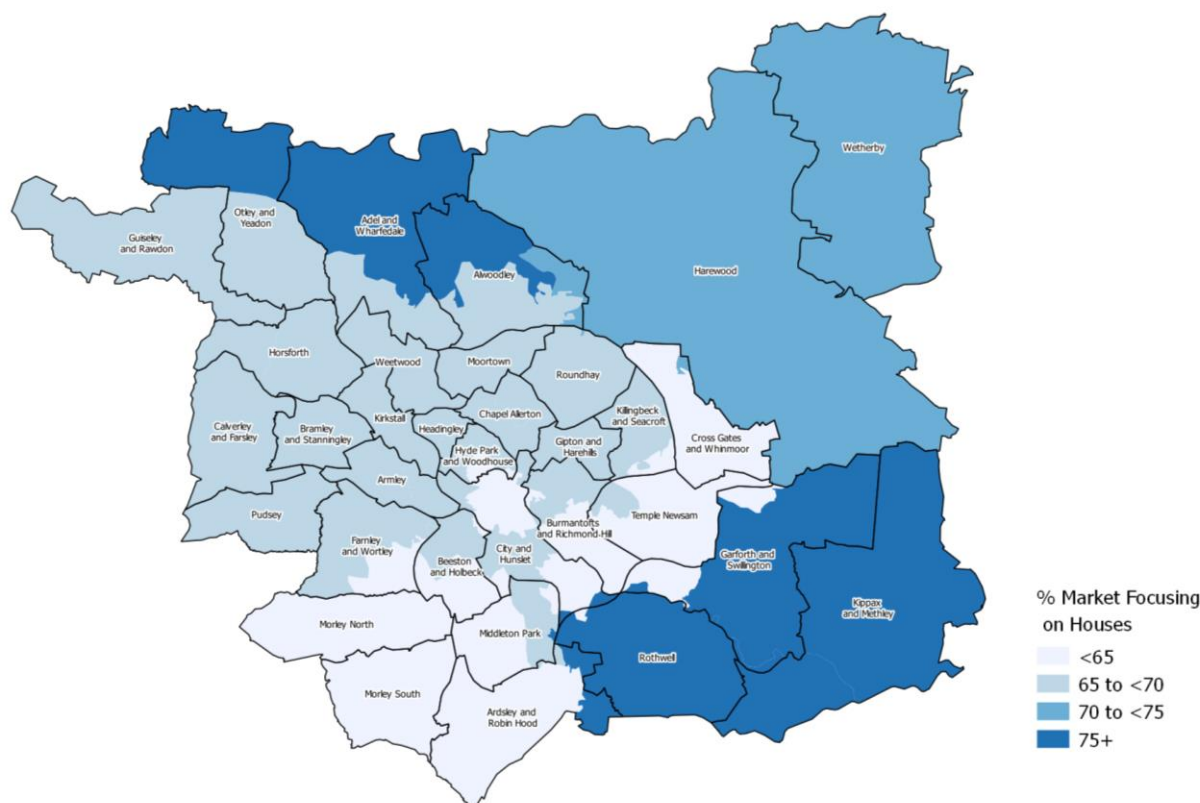
- 4.4 The overall property offer is significantly different in individual Housing Market Characteristic Areas. Table 4.2 and Map 4.1 illustrate this data. The City Centre is almost exclusively apartments (87.5%); elsewhere options for apartments are much lower. A number of HMCAs are almost exclusively houses and more likely to accommodate the family market.

HMCA	Apartments	Houses
Aireborough	34.8	65.2
City Centre	87.5	12.5
East Leeds	35.7	64.3
Inner Area	30.3	69.7
North Leeds	30.4	69.6
Outer North East	29.5	70.5
Outer North West	24.2	75.6
Outer South	18.5	81.5
Outer South East	23.5	76.5
Outer South West	36.3	63.7
Outer West	34.9	65.1
Leeds	37.1	62.9

Source: Zoopla

- 4.5 Map 4.1 illustrates the percentage share in each HMCA that focuses on houses. There is an East west divide. The Outer HCAs of Outer North East, Outer North West and Outer South West accommodate the largest proportion of houses.

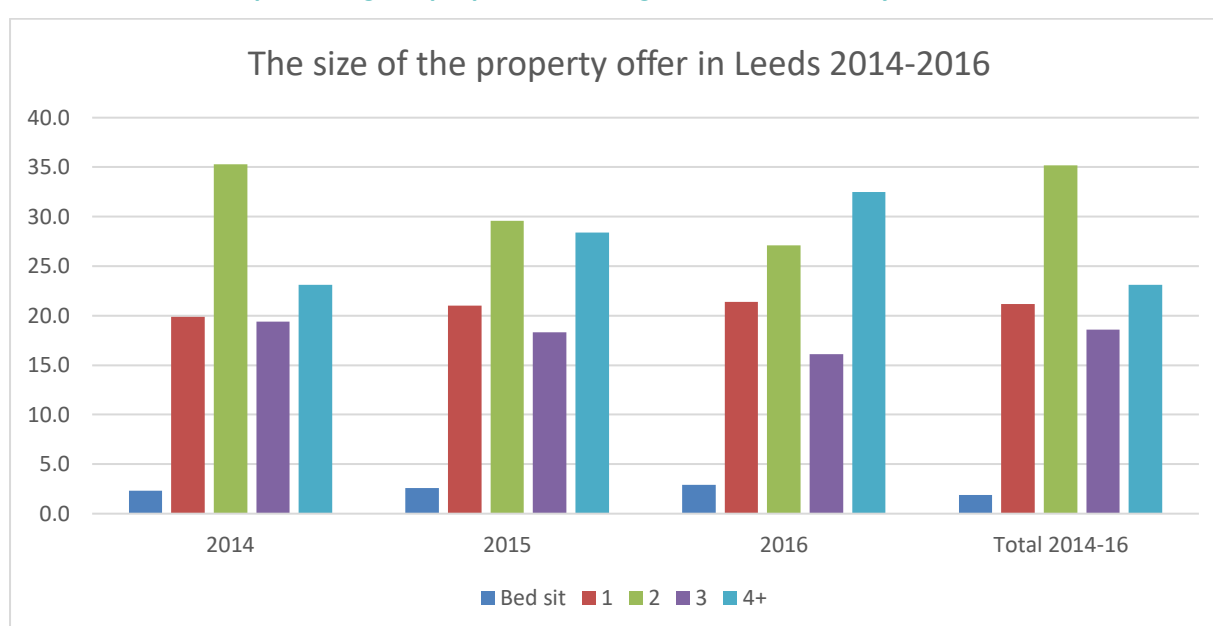
Map 4.1 Percentage of houses in each HMCA



- 4.6 Table 4.3, illustrates the total number of properties coming onto the market by property size in Leeds for the three years 2014-2016 and expresses these figures as a percentage for each year. There is a reasonable percentage of different property sizes across Leeds but potentially a shortage of larger properties to support growing families. A fifth of properties are 1-bed or less which may be required as welfare reforms ‘bite’ but may be less popular with economically active households looking for larger units.
- 4.7 Only 45.9% of properties have been 3+-beds in the past 3 years, the remainder being smaller properties. This property offer is likely to create shortages of property for households affected by the shared room rate or looking for smaller accommodation. Whilst there are larger proportions of larger homes, it’s likely that a significant proportion of these properties are rented by the student population and shared. Only 17.9% of properties are 3-beds and this is relatively small. Given this and the potential for larger homes to be offered to students, there could be a potential shortage of family accommodation and accommodation for growing families.

No of beds	2014 No	2015 No	2016 No	Total No 2014-16	No of beds	2014 %	2015 %	2016 %	Total 2014-16
Bed sit	503	607	627	1737	Bed sit	2.3%	2.6%	2.9%	2.6
1	4333	4865	4700	13898	1	19.9%	21.0%	21.4%	20.8
2	7682	6869	5972	20523	2	35.3%	29.6%	27.1%	30.7
3	4220	4250	3545	12015	3	19.4%	18.3%	16.1%	17.9
4+	5019	6596	7155	18770	4+	23.1%	28.4%	32.5%	28.0
Leeds	21757	23187	21999	66943	Leeds	100.0%	100.0%	100.0%	100.0

Source: Zoopla

Chart 4.1: The percentage of properties coming onto the market by bed size 2014-2016

Source: Zoopla

- 4.8 Four HMCAs accounted for 86.7% of all properties coming onto the market 2014-2016; these were Inner Area, North Leeds, City Centre and Outer West. Given the importance of these locations overall, the property offer has been considered in more detail and Table 4.4 illustrates the property offer in 2016. The property offer appears to be well balanced in these markets. There are good proportions of 1 and 2-bed apartments in North Leeds, the City Centre and Outer West, although there are smaller proportions of larger apartments. Overall, the City Centre focuses on apartments/flats; elsewhere this offer is much lower with a proportionate increase in houses.
- 4.9 The Inner Area and North Leeds have the largest proportion of larger apartments although overall the proportion of the market with larger apartments is small, limiting supply of family accommodation. Any houses in the Inner Area and North Leeds tend to

be larger and a significant proportion of them are likely to be offered for students to share and supporting economically active households.

Property Type	Inner Area %	North Leeds %	City Centre	Outer West
Flat	30.2	30.4	87.5	34.8
Bedsit	6.4%	2.3%	8.3%	2.4
1 Bed	47.5%	36.3%	40.4%	39.6
2 Bed	27.1%	42.6%	45.3%	53.7
3 Bed	8.6%	10.4%	2.8%	3.8
4+ Bed	10.4%	8.3%	3.2%	0.4
House	69.8	69.6	12.5	65.2
Bedsit	1.1%	.6%	19.7%	0.1
1 Bed	8.0%	11.7%	30.8%	9.1
2 Bed	19.3%	8.1%	24.4%	35.8
3 Bed	18.0%	17.4%	8.0%	41.5
4 +Bed	53.5%	62.1%	17.1%	13.4
All	100	100	100	100

Source: Zoopla

5. Rent levels

- 5.1 Table 5.1 shows the median rent levels for all property let in each HMCA for the three years 2014-2016. It then shows the percentage change in rents for this period.
- 5.2 The median rent for property let in Leeds in 2016 was £624pcm. Since 2014 this has increased by 5.1%. There are no HMCAs where rents have reduced overall, although they have remained static in Outer North East. Rents for apartments are highest in the City Centre at £750pcm and lowest in East Leeds at £524pcm.
- 5.3 The overall figures mask geographical differences over the past three years. The largest rent increases have been experienced in the City Centre and Aireborough; the offer in Aireborough has an offer focused primarily on houses, and is clearly demonstrating a demand for suburban family housing.

HMCA	2014 £pcm	2015 £pcm	2016 £pcm	% change 2014-2016
Aireborough	598	650	650	8.7
City Centre	693	750	750	8.2
East Leeds	598	624	624	4.3
Inner Area	550	550	550	0.0
North Leeds	650	676	676	4.0
Outer North East	698	693	702	0.6
Outer North West	650	650	676	4.0
Outer South	594	594	598	0.7
Outer South East	594	598	613	3.2
Outer South West	524	550	550	5.0
Outer West	550	550	576	4.7
Leeds	594	598	624	5.1

Source: Zoopla

- 5.4 Table 5.2, shows the median rent levels for apartments let in each HMCA for the three years 2014-2016. It then shows the percentage change in rents for this period.
- 5.5 The median rent for apartments let in Leeds in 2016 was £598pcm. Since 2014, average rents in Leeds have increased by 3.8% for apartments but this is very much focused in the City Centre, Outer South East and Outer West. These are relatively high increases compared to many other markets arc⁴ has worked in.
- 5.6 The City Centre offers the highest rents for apartments; the rest of the HMCAs are much lower and form a doughnut effect around the City Centre. The exception is North Leeds, potentially driven by a student market although rents are still lower overall than the City Centre.

HMCA	2014 £pcm	2015 £pcm	2016 £pcm	% change 2014-2016
Aireborough	550	555	550	0.0
City Centre	702	750	750	6.8
East Leeds	498	494	524	5.2
Inner Area	550	524	550	0.0
North Leeds	592	594	594	0.3
Outer North East	624	594	624	0.0
Outer North West	550	550	572	4.0
Outer South	576	576	594	3.1
Outer South East	524	550	576	9.9
Outer South West	483	498	507	5.0
Outer West	511	524	550	7.6
Leeds	576	585	598	3.8

Source: Zoopla

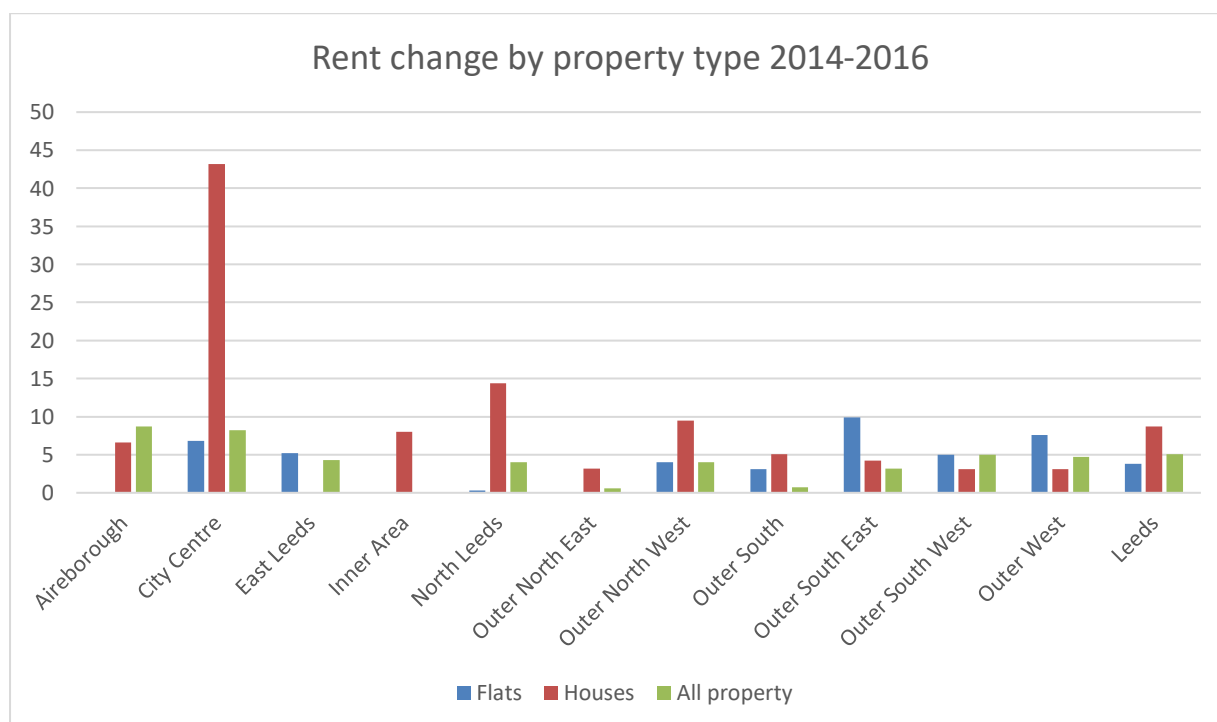
- 5.7 Table 5.3 shows the median rent levels for houses let in each HMCA for the three years 2014-2016. It then shows the percentage change in rents for this period.
- 5.8 The mean rent for houses let in Leeds in 2016 was £650pcm. Rent levels are higher the further North the HMCA. Since 2014, median rents in Leeds have increased by 8.7%; it is houses that are driving rent increases overall in Leeds. Increases in the City Centre are based on small numbers given the focus toward apartments and unlikely to be statistically robust. Other locations where increases have been recorded are Aireborough, which suggests a popularity of a family market as rents for apartments have not grown here; only houses. Outer North West, adjacent to Aireborough, has also record increases of 9.5%.
- 5.9 North Leeds has recorded healthy increases; just under 70% of the market is for houses and of these 61.2% are 4+ bed properties; again, likely to be focused on the student market and shared houses.

HMCA	2014 £pcm	2015 £pcm	2016 £pcm	% change 2014-2016
Aireborough	650	676	693	6.6
City Centre	542	650	776	43.2*
East Leeds	650	650	650	0.0
Inner Area	550	563	594	8.0
North Leeds	693	776	793	14.4
Outer North East	823	772	849	3.2
Outer North West	724	650	793	9.5
Outer South	594	598	624	5.1
Outer South East	624	626	650	4.2
Outer South West	576	576	594	3.1
Outer West	576	576	594	3.1
Leeds	598	624	650	8.7

Source: Zoopla *Based on small samples

5.10 The median rent change 2014 to 2016 for each property type in each HMCA is illustrated in Chart 5.1. Most notable is that all rent levels have increased; this very much supports the potential for there to be a growing affordability problem and potential shortage of property overall.

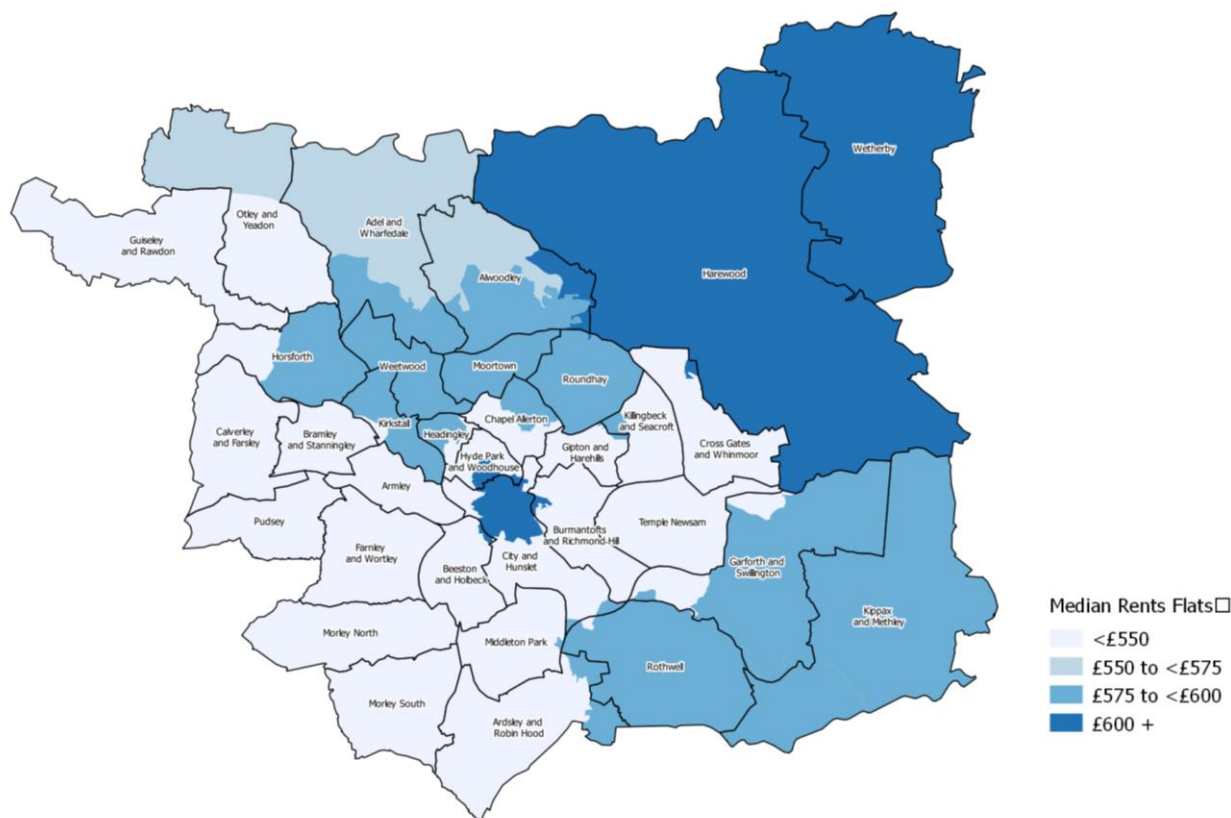
Chart 5.1: Rent change by property type 2014-2016



Source: Zoopla, City Centre rents for houses based on a small sample

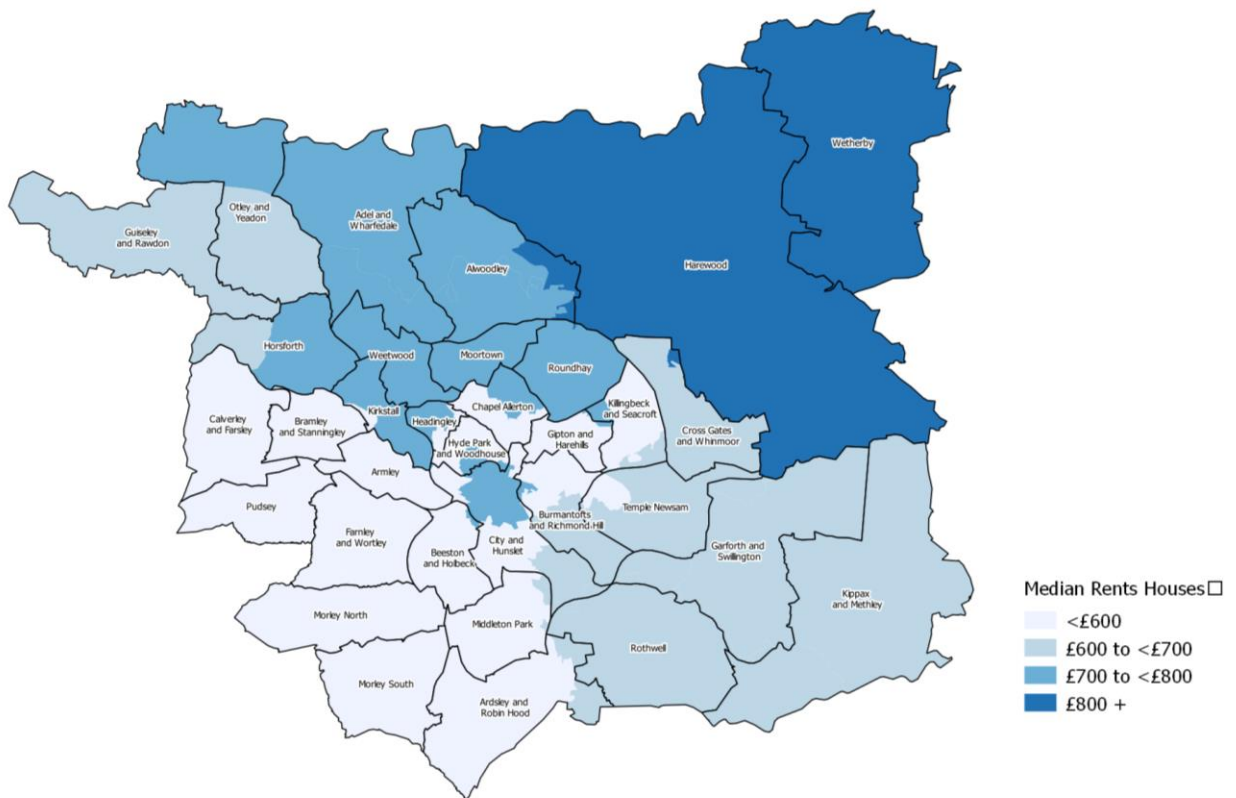
5.11 Rent levels for apartments and houses are mapped in Maps 5.1 and 5.2. Median rent levels for apartments are highest in the City Centre and outer HMCA. Where flats dominate, levels are lower.

Map 5.1 Median rent levels - Flats



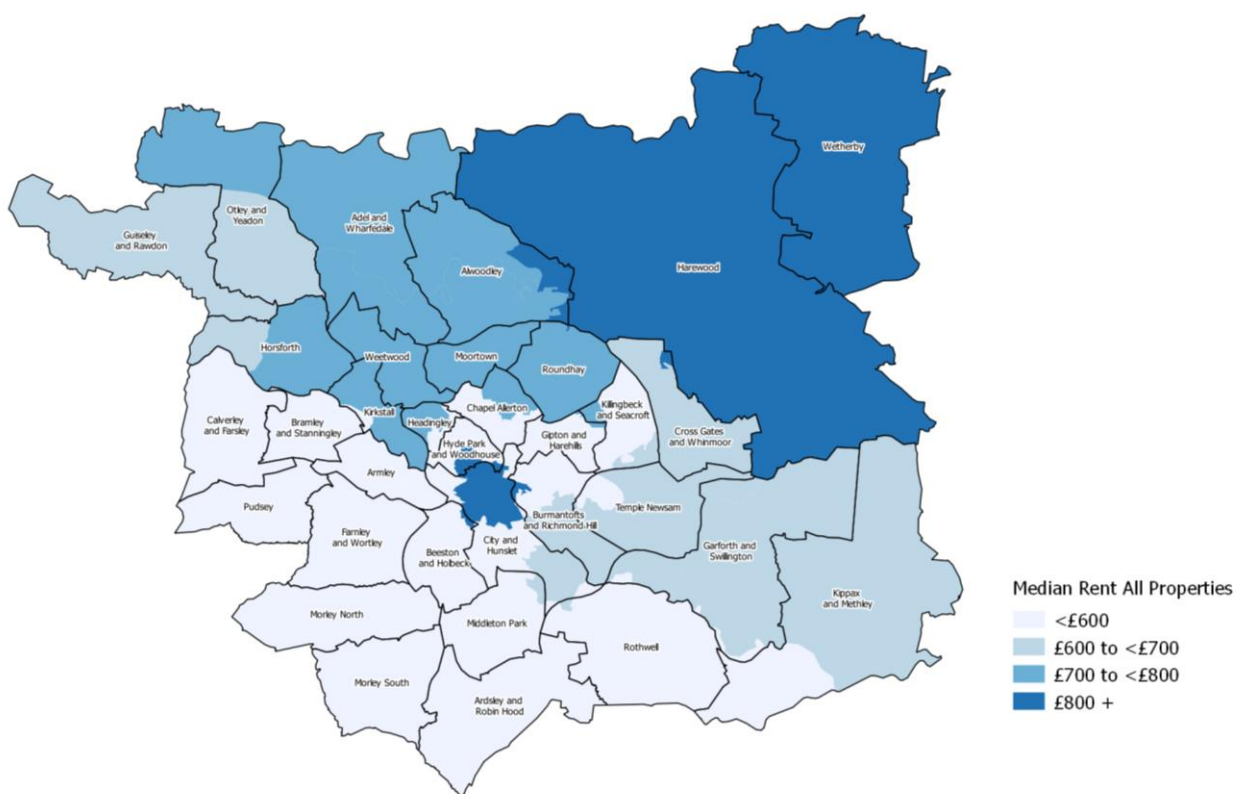
5.12 Map 5.2 shows rent levels for houses. Rents are the highest in outer locations of Outer North East, Outer North West, North Leeds and the City Centre. The Outer South HMCA also has higher rents for houses. Here there are very low proportions of flats; a market exists more likely focused around demand for family accommodation.

Map 5.2 Median rent levels - Houses



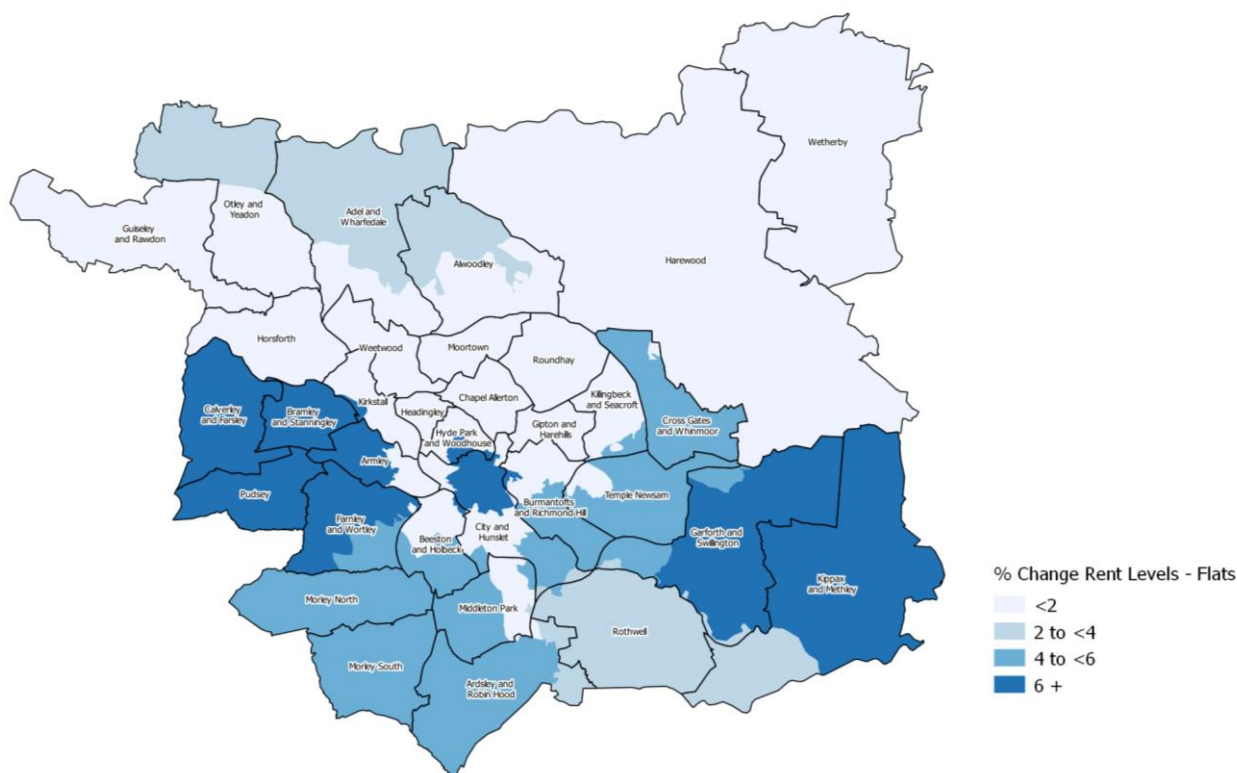
5.13 Map 5.3 shows median property values; values are higher toward the north, where houses dominate and in the City Centre where the offer is based around apartment City centre living.

Map 5.3 Median rent - All properties



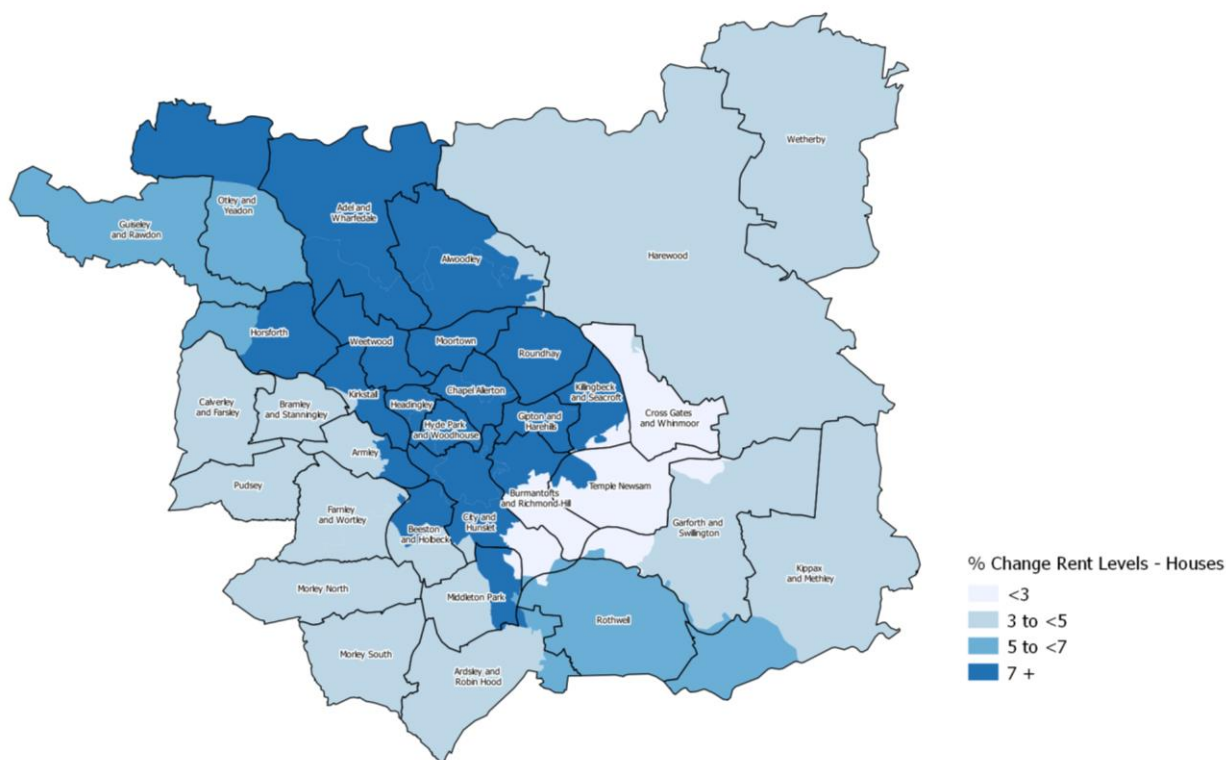
5.14 Map 5.4 shows rent change for apartments from 2014-2016. The City Centre has experienced rent increases but there are clearly increasing rent levels where rent levels are lowest overall for apartments/flats. These are also lower value markets overall and potentially being driven by churn and the benefits system, providing alternatives to social housing; East Leeds, Outer West, Outer North West, Outer South and Outer South East made up only 18.5% of the market over the past 3 years and therefore high demand from lower income households and lower supply of property (all have seen a reduction in units coming to market) may be driving higher rents. Higher activity is being experienced in the market in East Leeds.

Map 5.4 Rent change for apartments 2014-2016



5.15 Map 5.5 shows rent changes for houses. Rent increases are the highest in the City Centre, Inner area and North Leeds, and up toward Aireborough and Outer North East. The Outer South HMCA also has experienced higher rent increases for houses than in other locations; here there are very low proportions of flats; a market exists more likely focused around demand for family accommodation. Within all of these areas, with the exception of the Inner Area and City Centre, there have been fewer properties coming onto the market and potentially reductions in supply are fuelling growth in rents.

Map 5.5 Rent change for houses 2014-2016



5.16 Again, additional detail is considered for the Inner Area, North Leeds, City Centre and Outer West. In the City Centre, where overall median rent levels are £750pcm, there are much higher rent levels at £864 for a 2-bed property and £901 for a 3-bed property. In 2016, 85.7% of apartments coming onto the market in the City Centre were 1 and 2-bed apartments. The higher values achieved for larger flats does not reflect in overall figures because they play such a small role in the overall market.

Property Type	Inner Area %	North Leeds %	City Centre	Outer West
Flat	750	594	750	550
Bedsit	477	366	550	405
1 Bed	451	496	650	451
2 Bed	529	650	864	576
3 Bed	650	793	901	550
4+ Bed	1300	1248	1521	799
House	594	793	776	594
Bedsit	412	366	537	594
1 Bed	477	520	650	425
2 Bed	624	650	875	550
3 Bed	663	750	1101	650
4 +Bed	1300	1462	875	797
All	550	676	750	576

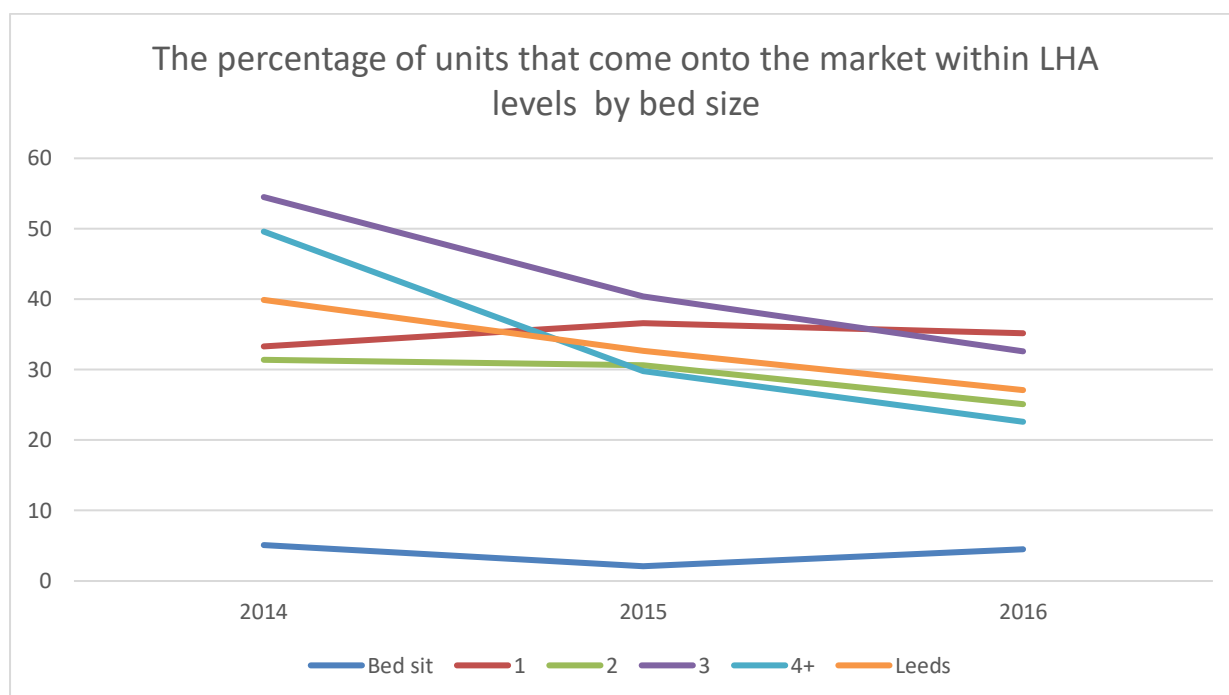
Source: Zoopla

6. Affordability

- 6.1 Two types of affordability have been considered in Leeds. The affordability for household's dependent on Local Housing Allowance and the affordability for economically active households.
- 6.2 All of the properties that came onto the market in each year from 2014 to 2016 have been recorded and the rent levels compared with the Local Housing Allowance caps for Leeds. The number of properties that were available within the LHA caps by bed size has been recorded and expressed as a percentage of all of that property type available. The data is linked only to current LHA cap levels. The results are shown in Table 6.1 and Chart 6.1.
- 6.3 Since 2014, 33.2% of all properties coming to the market have been within the Local Housing Allowance caps and in 2016 this figure was down to 27.1% from 39.9% in 2014. This confirms the problems of affordability in the market. This has reduced since 2014 but stabilised over the past few years, given the relatively static movement in rents.
- 6.4 It is very likely that additional properties are available within Local Housing Levels but that these are advertised locally through 'word of mouth' or directly through windows in properties etc. The difficulty with this is that those households that need to access properties with rents that are within Local Housing Allowance levels may struggle to find them as they are not widely advertised. As LHA caps remain frozen and if rents continue to rise, the number of units coming onto the market through professional letting agents is likely to reduce.

No of beds	2014		2015		2016		Total	
	No	%	No	%	No	%	No	%
Bed sit	26	5.1	13	2.1	28	4.5	67	3.9
1	1464	33.3	1781	36.6	1655	35.2	4900	35.3
2	2412	31.4	2100	30.6	1500	25.1	6012	29.3
3	2298	54.5	1716	40.4	1157	32.6	5171	43.0
4+	2490	49.6	1969	29.8	1618	22.6	6077	32.4
Leeds	8690	39.9	7579	32.7	5958	27.1	22227	33.2

Source: Zoopla

Chart 6.1 Percentage of properties within LHA levels

Source: Zoopla

- 6.5 Table 6.2, illustrates the monthly and annual gross income levels that would be required to rent a property in each ward, if the rent accounted for 30% of household income. 30% is used which is higher than the 25% in the calculation of Affordable Housing need in the Affordable Housing section of the Strategic Housing Market Assessment, because experience tells us that households in the market rented sector choose to spend more money on rent, often as much as 40% and sharing is common place. The 30% figure is trying to reflect what happens in the market.
- 6.6 Rents are based on those coming to market not those let and tenanted. The rent levels are based on 2016 figures when lower quartile annual gross income was £20,203 and the average annual gross income was £27,861³.
- 6.7 There were no areas where households on lower quartile gross incomes could afford median rent levels unless that used over 30% of their household income. The City Centre was the least affordable
- 6.8 Households earning average household earnings could afford median rent levels in seven of the HMCAs. The City Centre remains unaffordable and more affordable locations are toward the south.

³ ONS Crown Copyright Reserved

Ward	2016 median rent levels £pcm	Monthly Income required for rent to be within 30% of household gross income	Annual earned gross income 2016
Aireborough	598	2167	26000
City Centre	693	2500	30000
East Leeds	598	2080	24960
Inner Area	550	1833	22000
North Leeds	650	2253	27040
Outer North East	698	2310	27720
Outer North West	650	2167	26000
Outer South	594	1980	23760
Outer South East	594	1993	23920
Outer South West	524	1833	22000
Outer West	550	1833	22000
Leeds	594	1993	23920

Source: Zoopla

Annual survey of hours and earnings - resident analysis

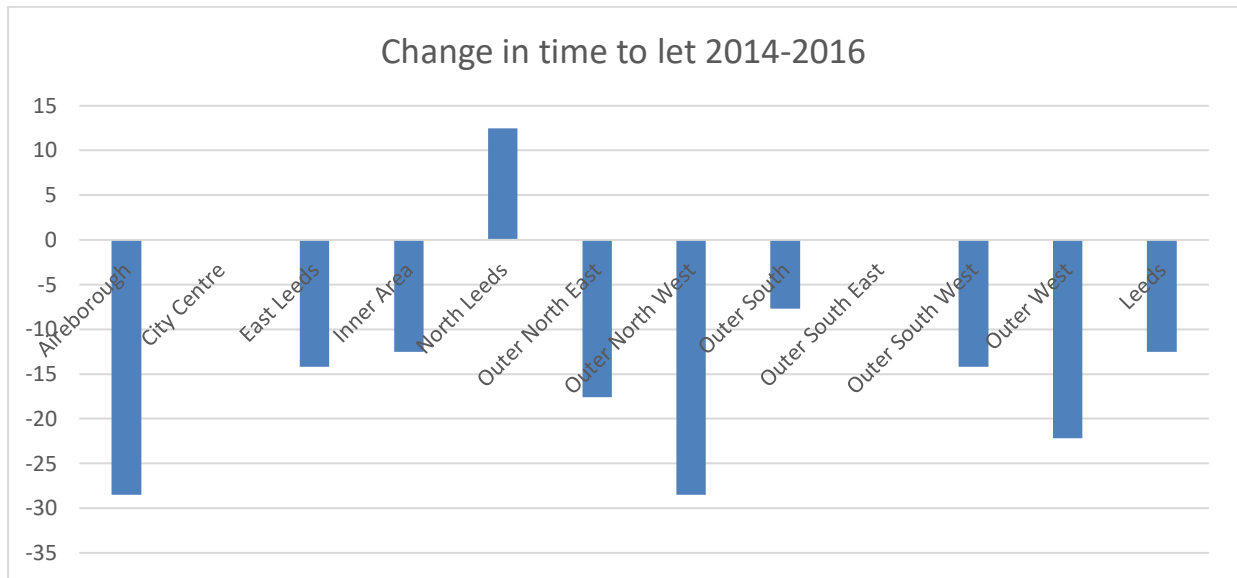
7. Time to let property

- 7.1 The time to let a property can indicate how popular a property type is, how popular an area is or whether a property is in good condition. It can also indicate an undersupply/oversupply of a particular property type. The time to let a property is a very useful measure of the health of the rental market and this section considers how long it took for property to be let after coming onto the market.
- 7.2 Table 7.1, shows the average time to let a property in weeks in each of the years 2014-2016 by HMCA and shows the percentage change in the number of weeks, year on year and overall from 2014-2016. Over 2014 to 2016, the average time it took to let property in Leeds was 7 weeks. This reduced from 8 weeks in 2014. This timescale includes notice periods, which we assume to be four weeks or one calendar month. Therefore, properties are letting quickly and particularly so in some HMCAs such as City Centre, Aireborough, East Leeds, Outer North West, Outer South and Outer South West.
- 7.3 Reductions in the time to let over the past 3 years have been experienced in nearly all HMCAs. The City Centre could let faster but is very much in line with other major City Centres; the lowest figure recorded is around 5 weeks. Agents feedback was that properties let within around a week in the City Centre. The Zoopla data confirms that 65% of properties let within a 5 week period (1 week or less); a fast-letting market. Only in North Leeds did the time to let increase.

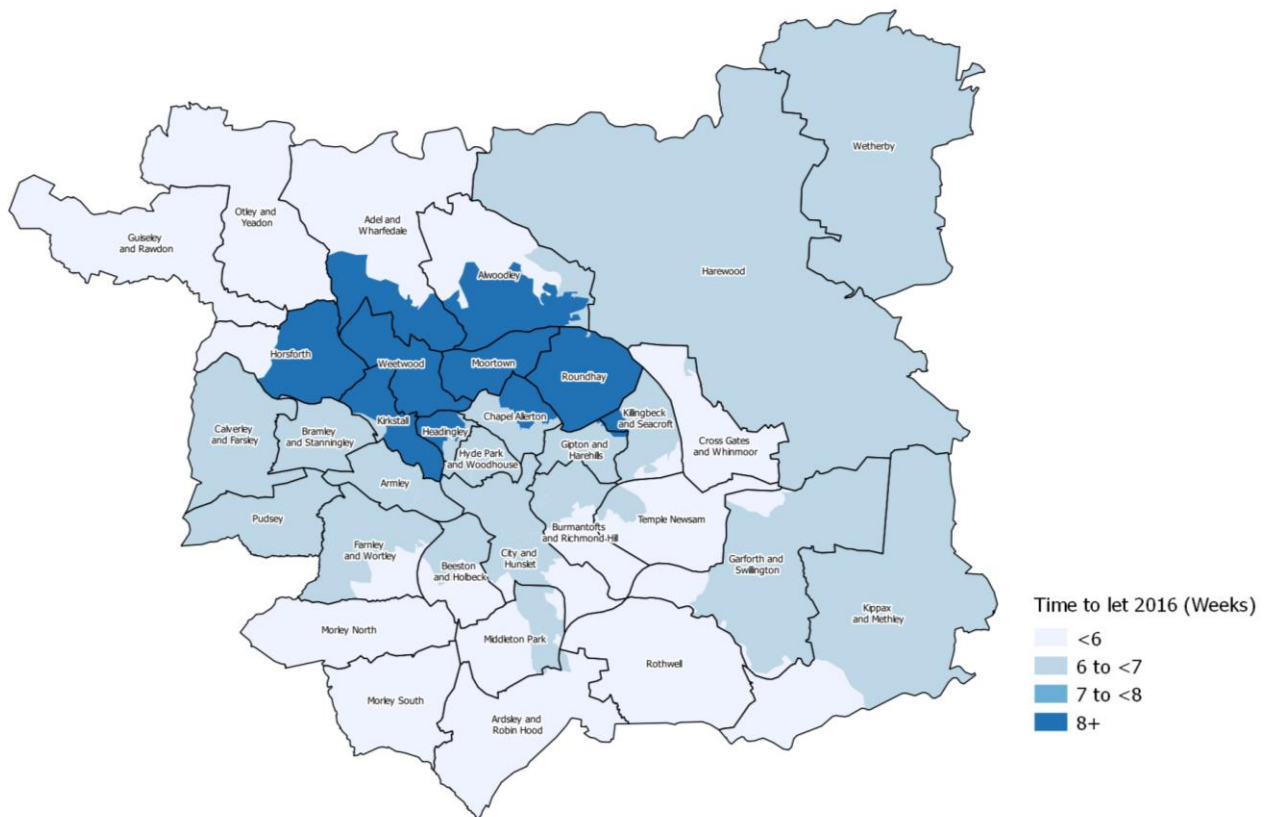
HMCA	Time to let in weeks				
	2014	2015	2016	Average	% change 2014-2016
Aireborough	7.0	6.0	5.0	6.0	-28.5
City Centre	7.0	6.0	7.0	6.0	0.0
East Leeds	7.0	6.0	6.0	6.0	-14.2
Inner Area	8.0	9.0	7.0	8.0	-12.5
North Leeds	8.0	9.0	9.0	8.0	12.5
Outer North East	8.5	8.0	7.0	8.0	-17.6
Outer North West	7.0	6.0	5.0	6.0	-28.5
Outer South	6.5	6.0	6.0	6.0	-7.7
Outer South East	7.0	7.0	7.0	7.0	0.0
Outer South West	7.0	5.0	6.0	6.0	-14.2
Outer West	9.0	7.0	7.0	8.0	-22.2
Leeds	8.0	8.0	7.0	7.0	-12.5

Source: Zoopla

Chart 7.1 Change in time to let 2014-2016



Map 7.1 Time to let in 2016



8. Rental yields

8.1 Table 8.1 provides a guide to rental yields achievable in different wards. It assumes median rent levels and sales values⁴. Many of these yields are very positive; because they are based on median values different property types and sizes will achieve higher yields and where gross yields of 4% are recorded, experience tells us that far greater yields are achievable.

Ward	Median sales value 2016	Median Rent pcm 2016	Annual rental income	Potential yields
Adel and Wharfedale	270000	722	8664	3.2
Alwoodley	238000	750	9000	3.8
Ardsley and Robin Hood	149725	594	7128	4.8
Armley	104995	498	5976	5.7
Beeston and Holbeck	89250	494	5928	6.6
Bramley and Stanningley	122000	576	6912	5.7
Burmantofts and Richmond Hill	81000	529	6348	7.8
Calverley and Farsley	160000	624	7488	4.7
Chapel Allerton	186550	650	7800	4.2
City and Hunslet	124500	724	8688	7.0
Cross Gates and Whinmoor	159950	624	7488	4.7
Farnley and Wortley	125000	550	6600	5.3
Garforth and Swillington	175500	650	7800	4.4
Gipton and Harehills	85750	524	6288	7.3
Guiseley and Rawdon	205000	676	8112	4.0
Harewood	345000	726	8712	2.5
Headingley	190000	906	10872	5.7
Horsforth	247250	676	8112	3.3
Hyde Park and Woodhouse	135000	693	8316	6.2
Killingbeck and Seacroft	113750	624	7488	6.6
Kippax and Methley	142000	576	6912	4.9
Kirkstall	145000	624	7488	5.2
Middleton Park	105000	576	6912	6.6
Moortown	225000	724	8688	3.9
Morley North	155000	576	6912	4.5
Morley South	130000	550	6600	5.1
Otley and Yeadon	185000	624	7488	4.0
Pudsey	147500	598	7176	4.9
Rothwell	167750	594	7128	4.2
Roundhay	237750	676	8112	3.4
Temple Newsam	156000	628	7536	4.8
Weetwood	202500	650	7800	3.9
Wetherby	273000	702	8424	3.1
Leeds	158000	624	7488	4.7

Source: Zoopla Average rent levels, Sales values CLG House Price Statistics; Land Registry Price Paid Dataset

⁴ There will be significant difference between property types and specific locations

9. Letting agent review and market competition

Market Overview

- 9.1 The feedback from agents is that housing market in Leeds have largely recovered from the 2008 recession with sales and rental markets showing increased demand over the past 3 years. Leeds has traditionally been a strong housing market. It is currently seen as offering better returns on investment than Manchester, for example, and is anecdotally better value than other surrounding cities e.g. Sheffield and Hull, etc. Leeds - referred to as the “Gateway to the Dales” recently had one of its towns (Horsforth) voted in the top 10 places to live in England. The city is growing. It is positioning itself as the finance capital of the north. Major companies e.g. Asda, The Yorkshire Bank, HSBC, Yorkshire Television, etc have relocated headquarters or made major investment in the city.

The City Centre

- 9.2 The housing market in the city centre is distinctly different than in other parts of Leeds. For one thing, the market offer is almost entirely apartments. They are high specification and highly priced. Car parking is limited in the centre so apartments with car parking attract premiums up to £30k. The City Centre market is largely driven by employees of the city’s business investors. These employees are buying properties “aggressively” in the expectation of price increases. This has led to increased values in the City Centre and an accompanying increase of new developments which has exacerbated the “polarisation” of the housing market between the centre and other parts of the city.
- 9.3 The general view of the housing market within Leeds City Centre is that both the sales market and the private rented market have had good activity over the past 12 -18 months; several agents commented that the rental market felt slightly stronger than sales, and that the overseas investors Buy to Let market had felt much quieter in the last couple of months. However, agents all agreed that there is good first-time buyer demand; Sales market prices are increasing, sales are happening quickly, there is lack of new build supply and there is no current evidence of downward valuations.
- 9.4 Leeds is attracting large employers and their workforces to the City Centre; *‘Leeds employs the largest technology workforce in UK and has the highest retention of graduates living in Leeds, this potentially gives a highly skilled workforce willing to pay for City Centre living’*. However, several agents noted that the recent new build in the City Centre has been exclusively for office and retail, the last large residential development was Granary Wharf. Over the most recent months, sales have been dominated by owner occupiers rather than Buy to Let landlords, however this is based on a largely resale market as there is not the ready supply of brand new blocks of apartments in the City Centre.
- 9.5 Agents concurred that in this area of the City Centre the vast majority of demand in the sales first time buyer market and the private rental market, is being driven by working professional couples and singles and their parents wishing to invest and provide for children working in the area. More young professionals are requiring larger apartments to accommodate working from home. There are a small proportion (approximately 5%)

of empty nesters over 50 buying boltholes in the City Centre and they are attracted to the Granary Wharf area.

- 9.6 All agents noted that the new entrance to Leeds Station has meant excellent access from this site to trains, with London just over 2 hours away. Many agents noted that many occupiers of the City Centre commute to Sheffield, York, Rotherham, Barnsley, Hull etc. Often people choose to relocate to Leeds to take up employment across Yorkshire, live in the centre whilst getting to know the area and deciding where to live. Many remain in the City Centre for many years.
- 9.7 Currently general sales prices can differ dramatically by location within the City Centre and also according to the size of units; there are some very generously sized apartments on the market.
- 9.8 In Leeds City Centre, the majority of new rentals are let fully furnished. The furniture packages can vary from basic which includes the large items such as beds, sofas, and wardrobes to full specification including small items such as bins, pictures, soft furnishings and kitchen equipment. The quality of these furnishings can also vary from modern basic “Ikea” standard to designer styled apartments.

High Performing schemes

- 9.9 There are many potential high performing schemes identified by agents:

Granary Wharf, including Watermans Place

- Most recent large scale new build in the locale, considered the best comparable geography by agents. Note the scheme successfully argued for a LS1 postcode, this assisted off plan sales to London investors.

Candle House

- Built at time of market fall, unsold units were then rented out unfurnished and as they became vacant taken back to market and sold. In the immediate area.

York Towers, LS9

- sold off plan to investors.

Tate House LS2

- sold off plan to investors.

Waterman Place and No1 Dock Street

- The units are much larger and highly specified.

Rental market more generally

- 9.10 The rental market has remained relatively strong buoyed by customers unable / unwilling to buy in the current market either due to affordability pressures or lack of supply.

- 9.11 Whilst there is no obvious under-supply of properties on the private rented market, properties let quickly, sometimes within a week of coming onto the market. In some areas landlords are still able to get good yields as much as 8%-10% on student accommodation and 5%-7% on private rentals. Even so, agents report that landlords are continuing to leave the market. They cite a combination of reasons including changes to tax rules and concerns about an unsteady economic future post-Brexit.
- 9.12 However, a growing concern for lettings agents and landlords is the proposed ban on up-front fees. Agents believe the impact of this will be felt most by tenants as the loss of the fee will inevitably lead to a lessening in the quality of property coming onto the market. Most agents will automatically pass the cost onto the landlord who will either raise rents or reduce the amount of maintenance on their property. Martin & Co in the East Leeds Market Area anticipates landlords will seek a one-off rent increase of up to 10% next year to compensate for the loss of up-front fees.

Who is renting

- 9.13 The lack of supply in the sales market has boosted the already buoyant rental market. The typical renter is professional; is single and want their independence, a couple or a small family ready to settle down but can't afford the deposit; ex-students who have finished studying and want to remain local; newly arrived employees of the growing business sector who want to rent. Agents also report that a growing number of households are selling their homes and choosing to rent as a lifestyle choice.

Preferences

- 9.14 The typical property sought is a 2- bed apartment or 3-bed house at a reasonable rent though increasingly renters will pay the requested rate just to have a home.
- 9.15 Apart from the City Centre, Horsforth (North Market Area) is popular. It has good schools, parks, bars & restaurants, golf course and is reasonably priced. Other locations sought by renters include Yeadon; Gipton; Roundhay and Chapel Allerton; Meanwood; Bramley and Farsley.
- 9.16 In fact, agents report that most places in Leeds are popular with renters and that most properties in most areas of Leeds will let within a couple of weeks of coming onto the market. In some areas e.g. Beeston, agents have queues of people waiting for properties and will call them up before the properties even get listed. Harehills, which performs less well on the sales market has a large call for rentals as prices are cheaper.
- 9.17 Furnished accommodation is more popular which agents believe is a reflection of many renter's short-term approach to the market. Tenancies are let on 6 month Assured Shorthold and average tenancy duration is 12 – 18 months. Again, this is fairly standard across Leeds except for areas with high numbers of students where properties are let over 51 weeks or 44 weeks.
- 9.18 There is cautious optimism that the private rental market is sustainable though agents have a nagging concern that the increasing values being achieved from sales may encourage more landlords to take advantage of favourable conditions to sell properties especially in light of the loss of tax relief on second homes.

Rents

9.19 Monthly rents for properties are set out below.

Market Area	1 bed Flat	2 bed Flat	2 bed House	3 bed House	4+ bed House
Aireborough	£350-£500	£450-£550	£550-£700	£650 upwards	
East Leeds	£450-£500	£700	£800	£850-£900	£900 upwards
City Centre	£400-£600	£600-£1,500			
North Leeds	£350-£450	£650-£750	£650-£800	£750-£1.500	£850 upwards
Outer North West	£400-£475	£450-£525	£600	£700	£900-£1,300
Outer South	£350-£500	£400-£550	£500-£650	£550-£700	
Outer South East	£450-£600	£550-£700	£750	£900+	£1,100+
Outer South West	£400-£550	£500-£650	£440-£650	£500-£750	£550 - £800
Outer West	£450-£650	£500-£700	£500-£600	£550-£800	

9.20 Agents feel that at the higher end, rents are increasing. Some landlords with an eye on the sales market are making annual rent increases to maximise returns. Even so, agents believe there is enough scope to cater for renters on lower incomes or with smaller budgets.

9.21 There are pressures of affordability but this isn't a particular concern for agents. Their focus is on getting the rent. Where arrears occur, tenants are dealt with quickly. Agents reported that few tenants were in arrears and those who are would only be allowed to remain in arrears for a maximum 2 months.

9.22 Increasingly, landlords across the city are refusing to let properties to people on benefits. Some landlords are concerned of having to make good on over-payment or fraudulent claims for benefits made by their tenants. In some cases, the terms of their mortgage or their insurance specifically precludes letting to people claiming a welfare benefit. Where lets are made to households on benefits, landlords insist on a guarantor who is in employment and able to meet the full rent requirement in the event of a default.

Student Market

9.23 In some areas the student rental market accounts for as much as 40% of the private rented market. However, the student customer is changing both in terms of their preferences and their capacity to choose. Gone are the days of mouldy flats with

woodchip paper walls. Today's student drives mini-coopers and desire high-end independent living.

- 9.24 Some students, especially the more affluent home-based and foreign students are breaking away from "campus" life. There is evidence to suggest that some students are moving from their traditional heartlands in Kirkstall, Hyde Park and Headingley to newer purpose built accommodation e.g. Sky Plaza in the city centre.
- 9.25 These properties offer en-suite rooms with broadband / wifi studio apartments. Prices range from £102 pppw to £165 pppw. Agents agree that students are increasingly interested in this boutique hotel type of accommodation but the cost is unaffordable for the majority of students. Most students will settle for the larger student houses that can accommodate groups of friends close to the University. The cost for this type of accommodation ranges from £60 pppw to £125 pppw.
- 9.26 Rents are typically charged over a 44 a 51 week year although the total amount charged is normally the same. For most lettings, rents are all-inclusive although some agents advise landlords against a/i rents to prevent complications at the end of the tenancy.

10. In summary and conclusion

- 10.1 The Census 2011 confirms that there are 62,310 (19.4%) households living in the private rented sector in Leeds; this is higher than the national figure of 18.1%. However, this masks geographical diversity. In the City Centre rates increase to almost 60% and in Headingley almost 70%.
- 10.2 As well as having very focused markets within the City Centre, the rental markets spread into adjacent wards, and outwards toward the West. To the East of the City, levels of market rent tend to be lower.
- 10.3 The data confirms that the sector is providing an offer as an extension of the social rented sector and supporting those on lower income as well as providing an offer to economically active, higher income households and agents would confirm this.
- 10.4 The market is active but relatively stable, Overall, the total number of properties coming onto the market has remained relatively static; in 2014 21,757 properties came onto the market and in 2016 this figure was 21,999. These figures mask significant difference in locations. The City Centre, Inner Area, Outer West and North Leeds accounted for the highest number of units (86.7%) of the market. This is a very concentrated offer with much lower activity elsewhere; again confirmed by agents
- 10.5 In terms of growth in activity, this has been by far experienced most in the Inner Area, potentially becoming more popular as the City Centre pushes outwards for more space and potentially where land and property is cheaper providing greater returns on investment. Elsewhere activity has generally reduced; the City Centre has shown a small increase.
- 10.6 Apartments/flats make up almost 4 in 10 of the properties that come onto the market; houses, 6 in every 10. The number of apartments that have come onto the market in Leeds has reduced from 2014 to 2016 and this is impacting on the percentage of apartments overall. However, this percentage has reduced as the number and proportion of houses has increased. Whilst this change is not proportionately large, it is likely to indicate a growing demand for family housing in the market rented sector.
- 10.7 The City Centre is almost exclusively apartments (87.5%); elsewhere options for apartments are much lower. Each HMCA has a role and focus, a number of HMCAs are almost exclusively houses and more likely to accommodate the family market.
- 10.8 The median rent for property let in Leeds in 2016 was £624pcm. In the City Centre, where overall median rent levels are £750pcm, there are much higher rent levels at £864 for a 2-bed property and £901 for a 3-bed property
- 10.9 Since 2014 the median rent levels has increased by 5.1%. There are no HMCAs where rents have reduced overall, although they have remained static in Outer North East. Rents for apartments are highest in the City Centre at £750pcm and lowest in East Leeds at £524pcm. The overall figures mask geographical differences over the past three years. The largest rent increases have been experienced in the City Centre and Aireborough; the offer in Aireborough has an offer focused primarily on houses, and is clearly demonstrating a demand for suburban family housing.

- 10.10 From 2014-2016, rent levels have increased in all HMCAs; this very much supports the potential for there to be a growing affordability problem and potential shortage of property overall; this was confirmed by agents.
- 10.11 Since 2014, 33.2% of all properties coming to the market have been within the Local Housing Allowance caps and in 2016 this figure was down to 27.1% from 39.9% in 2014. This confirms the problems of affordability in the market. This has reduced since 2014 but stabilised over the past few years, given the relatively static movement in rents.
- 10.12 There were no areas where households on lower quartile gross incomes could afford median rent levels unless that used over 30% of their household income. The City Centre is the least affordable. Households earning average household earnings could afford median rent levels in seven of the HMCAs. The City Centre remains unaffordable and more affordable locations are toward the south.
- 10.13 Over 2014 to 2016, the average time it took to let property in Leeds was 7 weeks. This reduced from 8 weeks in 2014. This timescale includes notice periods, which we assume to be four weeks or one calendar month. Therefore, properties are letting quickly and particularly so in some HMCAs such as City Centre, Aireborough, East Leeds, Outer North West, Outer South and Outer South West. Agents confirmed that many properties let more quickly
- 10.14 Reductions in the time to let over the past 3 years have been experienced in nearly all HMCAs. The City Centre could let faster but is very much in line with other major City Centres; the lowest figure recorded is around 5 weeks. Only in North Leeds did the time to let increase.
- 10.15 In some areas landlords are still able to get good yields as much as 8%-10% on student accommodation and 5%-7% on private rentals; the data confirmed figures of around 5-7%.
- 10.16 The two main features emerging from interviews with agents are:
- The polarisation of the market between the City Centre and elsewhere in Leeds
 - The general undersupply of homes to buy and rent.
- 10.17 The data confirms this is likely to continue. The City Centre continues to lead in activity and demand and this is where investment is located, pushing out from the core as land becomes harder to find and potentially more expensive. The City Centre will continue to grow and be popular, potentially requiring larger apartments to be offered.
- 10.18 Affordability is likely to worsen as the potential ban on tenant charges is introduced, is refocused on landlords who in turn increase rents.
- 10.19 The changes in tax relief is also like to have an impact on the buy to let market where outstanding mortgages are in place; whether more units will be sold, is yet to be seen and if this is the case, more may move into a buyers market; the potential was confirmed by agents.
- 10.20 However, there is clearly a growing demand for family rental accommodation in outer areas, activity is growing as are rent levels and demand for a range of property types offering longer term rental opportunities may be a product that the City should consider planning for within its strategy.

- 10.21 Attracting a good quality rental product (houses and apartments) in outer locations will assist with the growing demand for homes to rent; without which the undersupply of properties is likely to continue.