

Article

# Private rental prices development plan, UK: updated February 2022

Overview of our plans for the statistical development of rental prices statistics, including a timeline for development.

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# 1 . Overview of the development of the private rental prices' statistics

- We are undertaking a transformation of our private rental prices' statistics, including making better use of existing data sources, improving methods, and developing systems.
- We currently produce the Index of Private Housing Rental Prices (IPHRP) and the Private rental market statistics (PRMS); however, in the future we envisage our rental price statistics to be a new, single, monthly publication that provides a more detailed insight into the rental market.
- The development outlined is part of a continuous [programme of improvement for consumer price statistics](#); our ambition is to bring in new data sources for further areas of the inflation basket and continue to improve these statistics over the coming years.

## 2 . Enhancing rental price statistics

This development plan is a dynamic article that will be updated when appropriate. Changes to the plan will be announced to users through the statistical bulletins of the UK Index of Private Housing Rental Prices (IPHRP), and private rental market summary statistics in England (PRMS).

### Project aim

The Office for National Statistics (ONS) is responsible for the development and publication of private rental prices' statistics. It is our responsibility to make sure our statistics meet the needs of our users, explore new and innovative methods, and comply with international best practice.

We are now receiving rental information at a microdata level from the Valuation Office Agency, Welsh Government, Scottish Government, and the Northern Ireland Housing Executive. This has allowed us to explore new methods to measure rental prices.

Following feedback from consultation with users, we aim to unify our private rental prices' statistics by replacing the Index of Private Housing Rental Prices (IPHRP) and the private rental market summary statistics (PRMS) with a new, single, monthly publication.

This new publication will publish private rental prices statistics comparable over time and down to lower geographic levels than currently available in the IPHRP. We aim for these measures to be available for the UK, its countries, English regions and local authorities.

The new publication will contain:

- an index of private rental prices
- annual rate of change
- average private rental prices
- a breakdown of private rental prices by geography and bedroom category (studio, one bedroom, two bedrooms, three bedrooms and four or more bedrooms)

## Inflation measures

Existing private rental prices' statistics are used to inform the owner-occupiers' housing (OOH) costs element of the Consumer Prices Index including OOH (CPIH), the ONS's lead measure of consumer prices inflation. It is anticipated that the outputs from this development work will eventually be used to measure OOH for the CPIH.

We will engage extensively with stakeholders about any impact on OOH. The impact on OOH during the development of these statistics will be considered. We will undertake sensitivity analyses and parallel run to ensure that users can provide feedback before the estimates are considered for use in CPIH in 2024.

## 3 . Timeline for development

Work began on this project at the end of 2019, when we first received access to the required data that were necessary to begin developing the private rental prices' statistics. As part of this, we transferred the responsibility for producing the private rental market statistics (PRMS) for England from the Valuation Office Agency to the Office for National Statistics.

We researched existing methodologies used for rental prices statistics and began developing our future methodology. This included engagement with our key stakeholders (such as the Advisory Panels for Consumer Prices) and with international experts in property-price statistics. This engagement allowed us to finalise our methodology towards the end of 2021.

To allow adequate time to finalise and quality assure the new methodology, we have revised the timescales for this project. We will also be developing a new production system to support the ongoing production of rental price statistics. This is because of their importance, and the contribution they make to the owner occupier housing (OOH) component of the Consumer Prices Index including owner-occupiers' housing costs.

Future dates are estimates and are subject to continued systems development, research, and impact analysis to ensure the quality of our statistics, which is our priority. Decisions will be made through continuous engagement with our stakeholders. An outline of the future project milestones of the statistical development work includes:

- publishing an updated development plan, early 2022: now complete
- publishing the new rents methodology that will be used, early 2022: in progress
- developing the new production system, throughout 2022: in progress
- publishing research articles throughout 2022: to start
- publishing initial analysis and undertaking user consultation (the impact on OOH and consumer prices will be considered alongside this), first half of 2023: to start
- Publishing decision on incorporation into official statistics, end of 2023: to start
- publishing first statistical bulletin using the new methodology, 2024: to start

## 4 . Current rental prices statistics

Currently, the Office for National Statistics (ONS) publishes two private rental prices statistical outputs: the [UK Index of Private Housing Rental Prices](#) (IPHRP), which is produced monthly, and [Private rental market summary statistics in England](#) (PRMS), which is produced bi-annually.

The IPHRP measures the change in the price tenants face when renting residential property from private landlords. It publishes an index of private rental growth and annual percentage change for the UK, its countries and English regions.

PRMS are point-in-time rental-price estimates for England, English regions and English local authorities. Current methodology limitations prevent compositional changes from being considered, so it is not appropriate to compare PRMS estimates year-on-year to infer trends in the rental market, and a price index cannot currently be produced.

## 5 . User engagement

In 2016, a user engagement event was held at which two main areas for development were identified: publication of private rental price comparable over time, including a historical data time series, and greater geographic granularity, including rent growth measures down to local authority level.

The Office for National Statistics (ONS) established data access requirements and received access to all necessary data by September 2019, enabling the launch of this development project.

Throughout 2020 and 2021, the ONS presented its analyses and methodology research outputs to a selection of stakeholders. We gathered feedback on the initial findings, discussed methodology options, completed further analysis based on the outcomes of this consultation and implemented their valuable feedback in the development of the methodology. We have now finalised the methodology that we will be using. This will be based on the approach used to calculate the UK House Price Index, but tailored to suit the rental prices data, and this will be published in an article over the coming months.

We will be engaging with our users further when we publish initial analysis and undertake user consultation in 2023. Users will be notified through the Index of Private Housing Rental Prices' publications when future user engagement will begin. In the meantime, if you have any comments or queries on our work you can email [hpi@ons.gov.uk](mailto:hpi@ons.gov.uk).

## 6 . Related links

### [Index of Private Housing Rental Prices](#)

Statistical bulletin | Released 19 January 2022

An experimental price index tracking the prices paid for renting property from private landlords in the UK.

### [Private rental market summary statistics in England](#)

Statistical bulletin | Released 15 December 2021

Median monthly rental prices for the private rental market in England, calculated using data from the Valuation Office Agency.

### [Consumer prices development plan](#)

Article | Released 16 March 2021

The proposed development plan for consumer price statistics considers a range of priorities, including the rationale for these priorities and their potential impact. Resource requirements and a broad timeline are included to provide users of prices statistics with a greater understanding of the planned development work.

