



HOUSE PRICES TO SOAR 50% AND RENT BY OVER A QUARTER BY 2025, PREDICTS ARLA AND NAEA

- **Renting population to increase by 9%, while home ownership will fall by 7% by 2025**
- **Drastic and immediate policy overhaul is necessary to fix Britain's broken housing market**
 - **ARLA and NAEA launch Housing 2025 report, compiled with CEBR**

Rents are set to sky-rocket, and buying a house is getting further out of reach for many, according to the Association of Residential Letting Agents (ARLA) and National Association of Estate Agents (NAEA) **Housing 2025** report¹. Compiled with Centre for Economics and Business Research (Cebr), the report predicts the state of the property market in ten years' time, and suggests what can be done to repair it.

With the average house price currently around £280,000, the Housing 2025 report predicts house prices will increase by half (50%) their current value by 2025 – reaching an average price of £419,000. It's even worse news for those living in the capital, as house prices are expected to nearly double in the next decade in London, rising from £515,000 to £931,000.

The rise of rental costs

For those planning to enter the rental market in the next few years, the news is just as bleak. Rents are predicted to increase by 27% from a current UK average of £134 per week to £171 in 2025. Again, those living in London will be worse off as they'll need to pay 34% extra in rent per week by 2025, an increase from the current average of £234, up to £314.

Lower homeownership rates amongst the working age population¹ and the ageing of the baby-boom generation will continue to drive a decline in the proportion of UK households that own their own home. Currently around 62% of the working population owns their own home; the ARLA and NAEA Housing 2025 report predicts this will fall to 55% in the next ten years.

A declining homeownership rate will boost demand for rental properties, and drive house prices up. The Housing 2025 report also predicts the proportion of private renters in the UK will increase from 20% of households in 2015, to nearly 29% by 2025.

David Cox, managing director, Association of Residential Letting Agents (ARLA) says: “Buying and renting a home is a giant step, and is out of reach for many. Rent costs are already growing at a rate that people are struggling to keep up with, and they’re due to become even less sustainable over the next decade – particularly when the new landlord tax sets in, which will put off many would-be landlords from entering the market. If we’re to see the property market lifted out of its current state, we need to help the rental market from top down as well as bottom up, ensuring landlords are not penalised for their choice of income, and they can in turn give tenants the best possible price and service they deserve.”

Mark Hayward, managing director, National Association of Estate Agents (NAEA) says: “House prices are only going to go one way, and unfortunately that is up. For so many already priced out of the market, this is news aspiring house buyers will not want to hear. Ongoing house price inflation, combined with low wage inflation, tighter lending restrictions and a shortage of affordable housing, means owning a home will continue to be distant dream for many. Increased rental costs will also make it more difficult for current renters to save for a house deposit; as much of their income will be eaten up in rent.”

ARLA and NAEA recommend the following solutions to solve the housing crisis

In order to prevent continued supply shortages and make house prices and rental costs more affordable for the UK’s expanding population, a drastic and immediate policy overhaul is necessary.

- The government should **make a scheme similar to the London Rental Standard mandatory across the country**, to create a way of distinguishing letting agents and landlords who maintain their properties to a high standards, thereby improving the condition of private rental properties coming onto the market
- The government should continue its effort to **revisit the idea of reducing the area of the Green Belt** and set up a committee which would explore this possibility in detail.
- **Giving a wider scope of powers to the Private Rented Sector Taskforce and providing government debt guarantees** would encourage large-scale institutional investment into the private rental sector, creating more available properties and helping to bring rental costs down

- The government should **add construction sector occupations**, such as brick layers, to its **shortage occupation list**, making it simpler for employers to hire non-EU nationals.
- Longer term, the government should **incentivise firms** in the construction sector, to **offer more apprenticeships** and training programmes.
- The government should form an **advisory body** in the form of an independent housing policy committee, which is not directly elected.
- The government should offer a **stamp duty exception** to pensioners looking to downsize their property.

David Cox, managing director, Association of Residential Letting Agents (ARLA) and Mark Hayward, managing director, National Association of Estate Agents (NAEA) say: “Our simple plea before the election was ‘Britain deserves better’. Since the General Election, the government has pledged to solve the acute problems facing the property industry, aiming to build one million new homes before the end of this Parliament in 2020. But words simply aren’t enough. The housing crisis Britain is facing is deep-rooted and if it is to be solved, it will require finance, suitable land, time, new skills and most importantly, the appropriate national regulation of the key stakeholders, not least the estate agents and letting agents that form our membership. We are calling for change – and it needs to happen soon.”

Full report available on request

ENDS

Notes to editors:

¹Age 16 to 64

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About ARLA and NAEA

ARLA is the UK’s foremost professional and regulatory body for letting agents; representing over 8,000 members. Our members operate to professional standards far higher than the law demands and we campaign for greater regulation in this growing and increasingly important sector of the property market. By using an ARLA Licensed agent, consumers have the peace of mind their agent will provide a professional service and their money is safeguarded by a Client Money Protection scheme.

NAEA is the UK’s leading professional body for estate agency personnel; representing over 7,000 members who practise across all aspects of property services. We are dedicated to the goal of professionalism within all aspects of property, estate agency and land. Our aim is to reassure the general public that by appointing an NAEA member to represent them, they will receive in return the highest level of integrity and service for all property matters.