

Oldham

Private Rented Market Report 2018



Oldham
Council

Private Rented Market in Oldham

Oldham MBC October 2018

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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. Nationally, the private rented sector overtook the social-rented sector in size for the first-time in 2012-13. Increases nationally have been related to the removal of rent controls, the introduction of assured short-hold tenancies and the growth in buy-to-let. It is estimated to now represent 20% of all tenures³.
- 1.3 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.
- 1.4 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.
- 1.5 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 so called 'bedroom tax'. However, it is not as straightforward as many believe 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 Laying The Foundations; A Housing Strategy for England, 2011

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

³ A new deal for social housing, August 2018.

- 1.6 For towns like Oldham, the market rented sector already plays a significant role in providing accommodation and is likely becoming an increasingly important tenure for families and as a partner within the Greater Manchester Combined Authority, it is important that rented homes are well managed and safe, decent and affordable.
- 1.7 Oldham's private sector stock condition survey suggests local trends in private rental are in line with the significant national growth in private rental recorded since 2003. The private-rented sector has increased from 8,293 dwellings in 2010 to 15,185 dwellings in 2015 with private-rented dwellings now accounting for 20.3% of private sector housing compared to 11.2% in 2010⁴. The private-rented sector in Oldham remains concentrated in the pre-war housing stock but is also significant in the post-1981 purpose-built flat market. In the absence of significant private sector new build, the growth in private-rental has largely resulted from tenure change in the existing housing stock and within the pre-war terraced housing sector. It has been concentrated in the West and East Oldham Districts and in the Selective Licensing Areas.
- 1.8 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 Oldham since 2015 (a three-year period). It utilises data from several 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.
- 1.9 The report validates the data through discussions with letting agents to identify what has been happening in the private rented market.

⁴ Private sector stock condition survey 2016

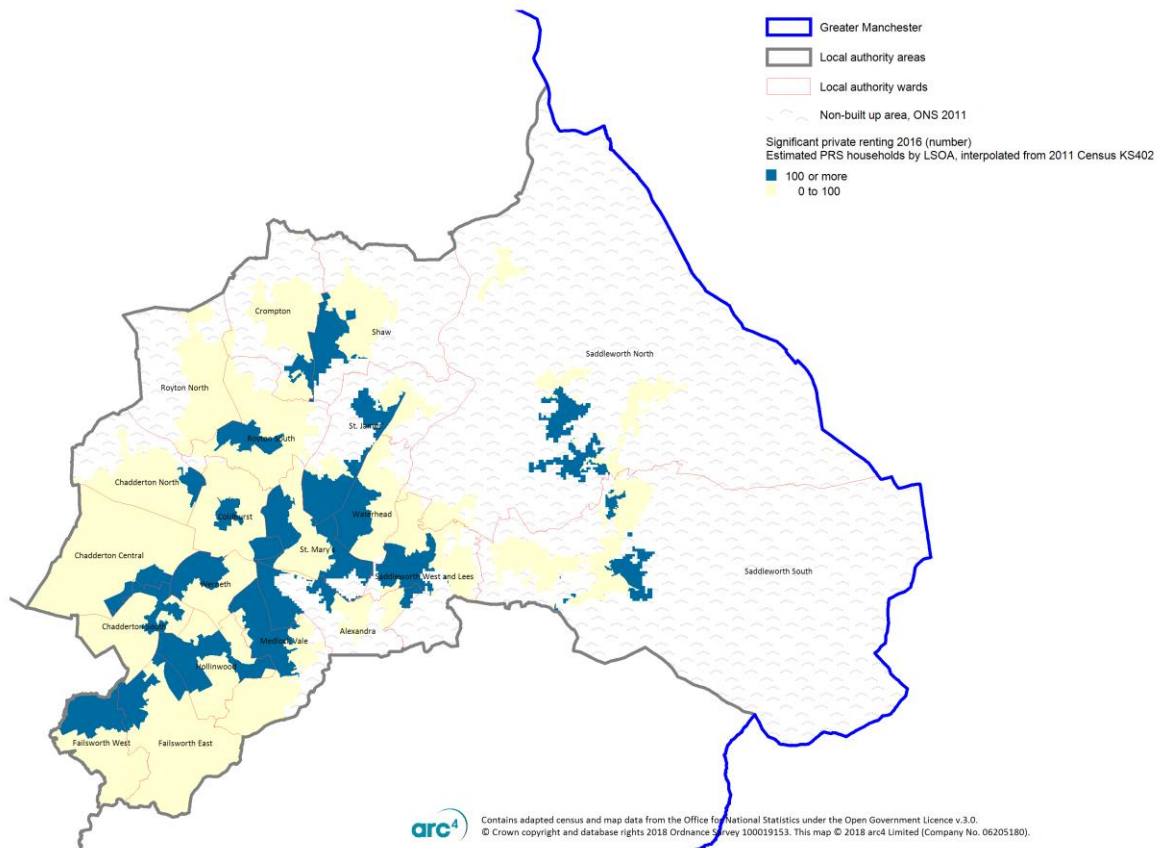
2. The size of the sector

- 2.1 The Census 2011 confirms (Table 2.1) that there were 12,174 (13.6%) households living in the private rented sector in Oldham; this is lower than the national figure of 18.1%. The highest percentage is in St Mary's (19.8%) and the lowest is in Royton North (7.4%).

	Owners	Aff hsg	PRS	Total	Owners %	Aff hsg %	PRS
Alexandra	1874	2052	863	4789	39.1	42.8	18.0
Chadderton Central	3225	620	487	4332	74.4	14.3	11.2
Chadderton North	3189	681	443	4313	73.9	15.8	10.3
Chadderton South	3161	936	616	4713	67.1	19.9	13.1
Coldhurst	1704	1992	582	4278	39.8	46.6	13.6
Crompton	3688	496	433	4617	79.9	10.7	9.4
Failsworth East	3295	634	586	4515	73.0	14.0	13.0
Failsworth West	2991	860	637	4488	66.6	19.2	14.2
Hollinwood	2028	1837	650	4515	44.9	40.7	14.4
Medlock Vale	2578	1167	795	4540	56.8	25.7	17.5
Royton North	3310	764	325	4399	75.2	17.4	7.4
Royton South	3584	601	514	4699	76.3	12.8	10.9
Saddleworth North	3330	276	462	4068	81.9	6.8	11.4
Saddleworth South	3489	314	552	4355	80.1	7.2	12.7
Saddleworth West and Lees	3744	365	655	4764	78.6	7.7	13.7
St James'	2837	1295	602	4734	59.9	27.4	12.7
St Mary's	2184	1309	865	4358	50.1	30.0	19.8
Shaw	3060	866	656	4582	66.8	18.9	14.3
Waterhead	2915	1246	816	4977	58.6	25.0	16.4
Werneth	2073	959	635	3667	56.5	26.2	17.3
Oldham	58259	19270	12174	89703	64.9	21.5	13.6

Source: Census 2011

- 2.2 Tenure distributions in Oldham in 2015 vary from the national average for England. The Oldham private sector stock condition survey (2016) concludes that the private sector has now grown and rates of private rental in Oldham are at 15.8%, slightly below the national average of 18.1% (currently estimated to be 20%). Rates of owner-occupation in the District at 54.4% are significantly below the national average of 65.1%, while rates of social renting at 22.4% are above the national average of 16.8%. (This will be updated when the primary study is completed by arc⁴).
- 2.3 Map 2.1 illustrates the location of the private rented sector identifying where it is most significant in terms of numbers. The data maps those locations where there are more than 100 properties within the PRS by LSOA.

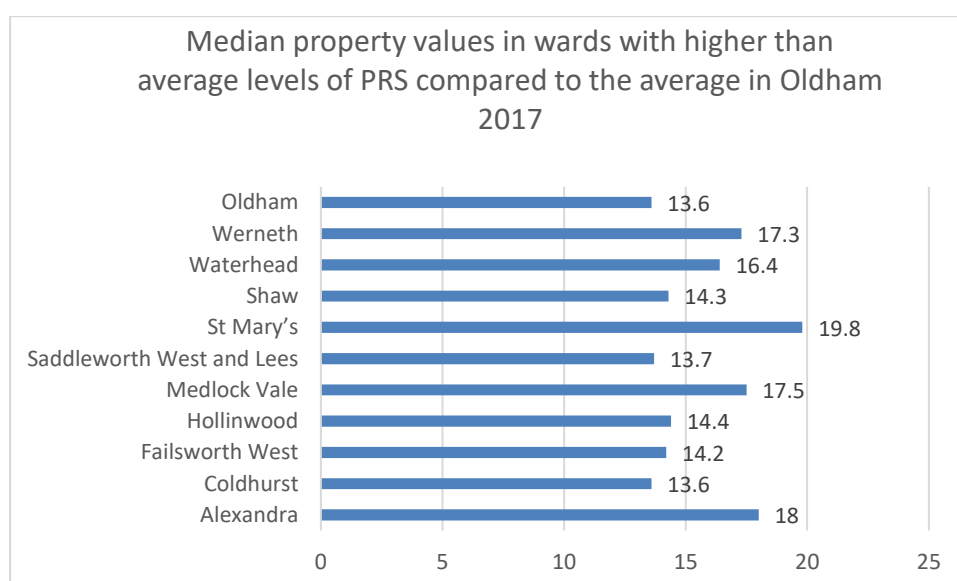
Map 2.1: The significance of the PRS

- 2.4 In Table 2.2 median property values in 2017 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 Oldham average of 13.6% are illustrated in Chart 2.1.
- 2.5 This confirms that there are 10 wards with average levels of PRS greater than the Oldham average. They account for 56.9% of all stock and except for Saddleworth West and Lees, all are wards with values lower than the median value for Oldham. This would confirm that the sector is a low value sector, and a significant proportion of it is providing an extension of the social rented sector and potentially competing with it.
- 2.6 Appendix A, therefore includes additional data on the lower value PRS.

Ward	Median sales values 2017	Total % of the PRS Census 2011
Alexandra	75000	18.0
Chadderton Central	133500	11.2
Chadderton North	137000	10.3
Chadderton South	100000	13.1
Coldhurst	78100	13.6
Crompton	140000	9.4
Failsworth East	121500	13.0
Failsworth West	115000	14.2
Hollinwood	108000	14.4
Medlock Vale	79998	17.5
Royton North	134950	7.4
Royton South	130000	10.9
Saddleworth North	221000	11.4
Saddleworth South	237475	12.7
Saddleworth West and Lees	138000	13.7
St James'	120000	12.7
St Mary's	110000	19.8
Shaw	69000	14.3
Waterhead	85000	16.4
Werneth	99975	17.3
Oldham	122000	13.6

Source Land Registry 2017 and Census 2011

Chart 2.1 Median property values in wards with higher than average levels of PRS compared to the median in Oldham 2017



Source Census 2011 and Land Registry

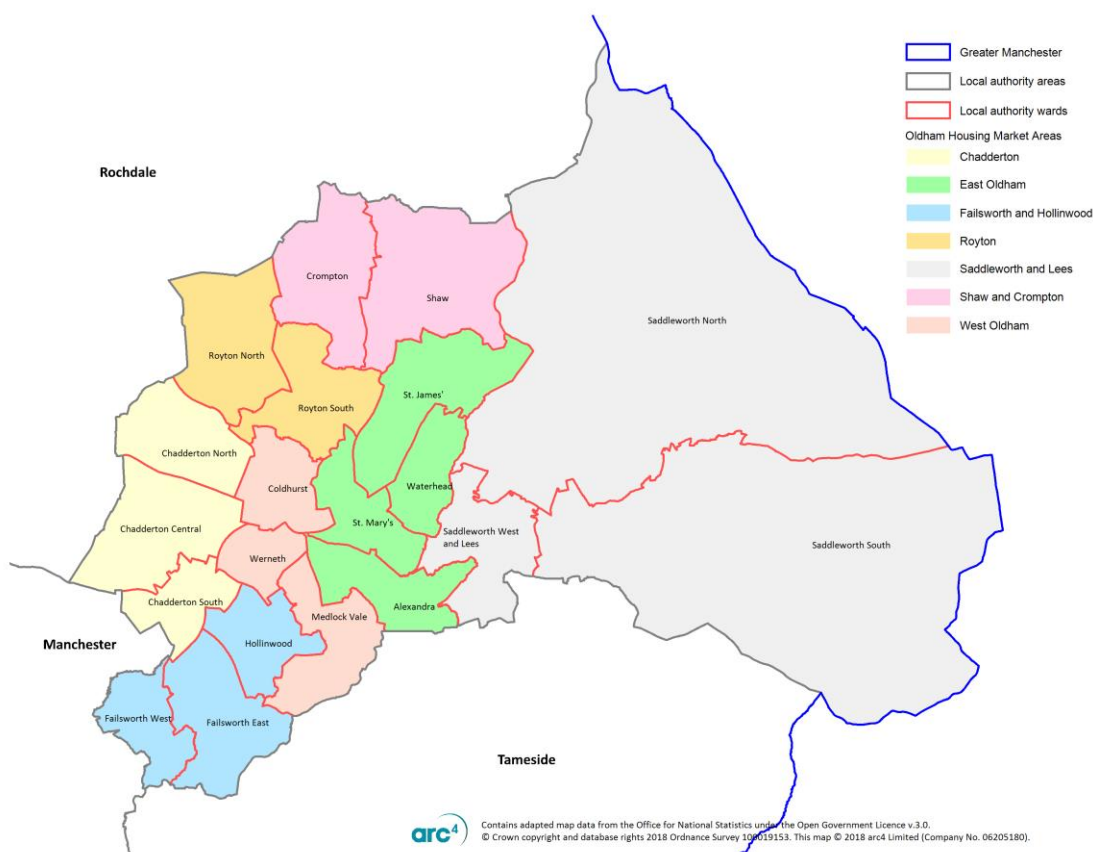
3. The performance of the market

3.1 The detailed analysis of Oldham market rented sector has been undertaken within the 7 Housing Market Areas (HMA) of:

- Chadderton (Chadderton Central, North and South)
- East Oldham (Alexandra, St James', St Mary's and Waterhead)
- Failsworth and Hollinwood (Failsworth East, West and Hollinwood)
- Royton (North and South)
- Saddleworth and Lees (Saddleworth West and Lees and North and South)
- Shaw and Crompton (Shaw and Crompton)
- West Oldham (Coldhurst, Medlock Vale and Werneth)

3.2 However, data for individual wards is included at Appendix A. The housing market areas as locations are mapped below:

Map 3.1 Housing Market Areas



3.3 NB All rental lettings and rental data is taken from Zoopla dataset. It does not reflect the entire market of Oldham but is a useful guide and trend indicator

New properties coming onto the market

- 3.4 Table 3.1 shows the number of properties coming onto the private rented market each year that have been advertised through Zoopla between 2015 to 2017 in each HMA.
- 3.5 Zoopla recorded 714 units coming onto the rental market in 2017. Zoopla does not record all properties coming onto the market but is a useful guide for a tightening market where fewer properties seem to be advertised. In 2015, 1,247 properties came onto the market and in 2017 this figure has dropped to 714. This represents a -42.7% and is a significant reduction over the past 3 years. This indicates a tightening of the market and potentially a growing informal lettings market operating in Oldham.
- 3.6 There are a number of drivers that could be reducing the number of units coming onto the market. Agents confirmed that with tenancies lasting longer and some disinvestment in older property, there was a growing shortage of private rented sector housing in most parts of the town. Agents also confirmed that even with low house prices, demand for private rented sector housing is thought to be increasing but investors are not keeping up with rising demand in parts of the borough as many are leaving the sector. It is likely therefore, that tenants are staying longer in their current properties and turnover is reducing. In part this is positive; agents confirmed that the council's selective licensing policy had made a difference to the quality of the private rented sector, 'weeding out the rogue landlord', and in return tenants were staying longer as quality improved. However, the impact is also reducing transactions and the choice and supply of property coming onto the market. The rent increase reported in section 5 also points toward reducing supply and increasing demand.
- 3.7 These figures mask significant difference in locations. In Saddleworth and Lees, a higher value location, the reduction has been 67% and in Shaw and Crompton 51.4%. In terms of market share, East Oldham has seen the largest percentage of Zoopla properties advertised, a further confirmation that this is a lower value market and potentially that with the highest 'churn'. Again, market share in terms of transactions confirms the lower value market activity in Oldham. East and west Oldham account for 40.5% of market share in Oldham, and both are low value locations with high proportions of terraced housing.

HMA	2015	2016	2017	Total	% change from 2015 to 2017	Percentage of the market in the past 3 years
Chadderton	180	142	98	420	-45	14.0
East Oldham	327	249	181	757	-44.6	25.2
Failsworth and Hollinwood	164	162	139	465	-15.2	15.5
Royton	83	94	56	233	-32.5	7.8
Saddleworth and Lees	164	116	54	334	-67.0	11.1
Shaw and Crompton	136	133	66	335	-51.4	11.2
West Oldham	193	146	120	459	-37.8	15.3
Oldham	1247	1042	714	3003	-42.7	100

Source: Zoopla and Census 2011

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 2015 to 2017.
- 4.2 Primarily, the market comprises of houses and although the percentage has reduced over the past 3 years they still account for around 80% of the market. This reinforces the role of the market as a housing solution for families, a trend that is likely to be growing and given the lower value of the market activity, it is likely supporting those unable to access home ownership and/or social housing. The percentage of houses coming onto the market has reduced over the past 3 years and this is potentially linked to tenants choosing to stay longer in property. The number of apartments that have come onto the market in Oldham has increased from 2015 to 2017 and overall make up is just under 20% of the market.

Property type	2015 No	2016 No	2017 No	2015-2017 Total	Property type	2015 %	2016 %	2017 %	2015-2017 %
Apartments	204	217	137	558	Apartments	16.4	20.8	19.1	18.6
House	1043	825	577	2,445	Houses	83.6	79.2	80.9	81.4
Oldham	1247	1042	714	3003	Oldham	100	100	100	100

Source: Zoopla

- 4.3 The overall property offer was similar in individual Housing Market Areas. Table 4.2 illustrates this data. All market areas are dominated by houses with Chadderton having the highest percentage at 91.8%.
- 4.4 The lowest percentage of houses in a market area is in East Oldham where apartments accounted for 26.5% of the property offer in 2017.

HMA	Apartments	Houses
Chadderton	8.2	91.8
East Oldham	26.5	73.5
Failsworth and Hollinwood	15.8	84.2
Royton	23.2	76.8
Saddleworth and Lees	25.9	74.1
Shaw and Crompton	21.2	78.8
West Oldham	15	85
Oldham	19.1	80.9

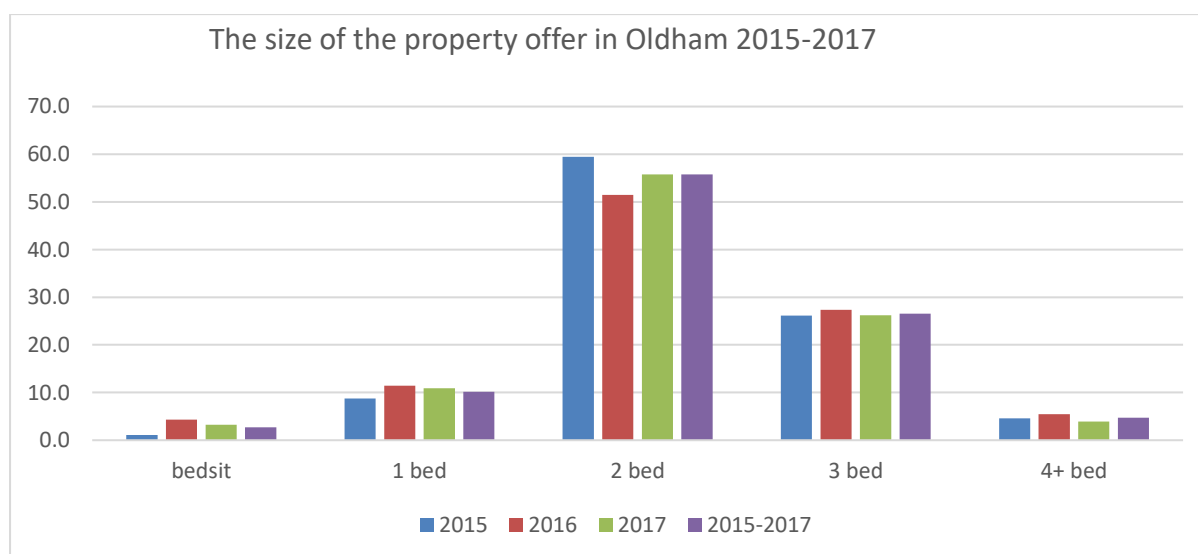
Source: Zoopla

- 4.5 Table 4.3 illustrates the total number of properties coming onto the market by property size in Oldham for the three years 2015-2017 and expresses these figures as a percentage for each year.
- 4.6 The market is very much dominated by 2 bed properties which is typical of properties in Oldham, particularly in the inner locations where 2 bed terraces dominate. Much of this stock is in the private rented sector. 55.8% of the market has comprised 2 bed properties in the past 3 years. 12.9% are bedsits or 1 bed properties. The private sector housing conditions report confirmed that in Oldham, 31.7% of under 35s lived in private rented accommodation and 33.9% were single non-pensioner households. This is likely to increase demand for smaller accommodation which is clearly not readily coming to the market.
- 4.7 Similarly, only 26.6% of properties are 3-beds and this is a relatively small percentage; 31.3% are 3 or 4 bed. Given the demand for family accommodation, there is likely to be a lack of choice of family accommodation and accommodation for growing families.

No of beds	2015 No	2016 No	2017 No	Total No 2015-17	No of beds	2015 %	2016 %	2017 %	Total 2015-17
Bed sit	14	45	23	82	Bed sit	1.1	4.3	3.2	2.7
1	109	119	78	306	1	8.7	11.4	10.9	10.2
2	741	536	398	1675	2	59.4	51.4	55.7	55.8
3	326	285	187	798	3	26.1	27.4	26.2	26.6
4+	57	57	28	142	4+	4.6	5.5	3.9	4.7
Oldham	1247	1042	714	3003	Oldham	100	100	100	100

Source: Zoopla

Chart 4.1 The percentage of properties coming onto the market by bed size 2015-2017

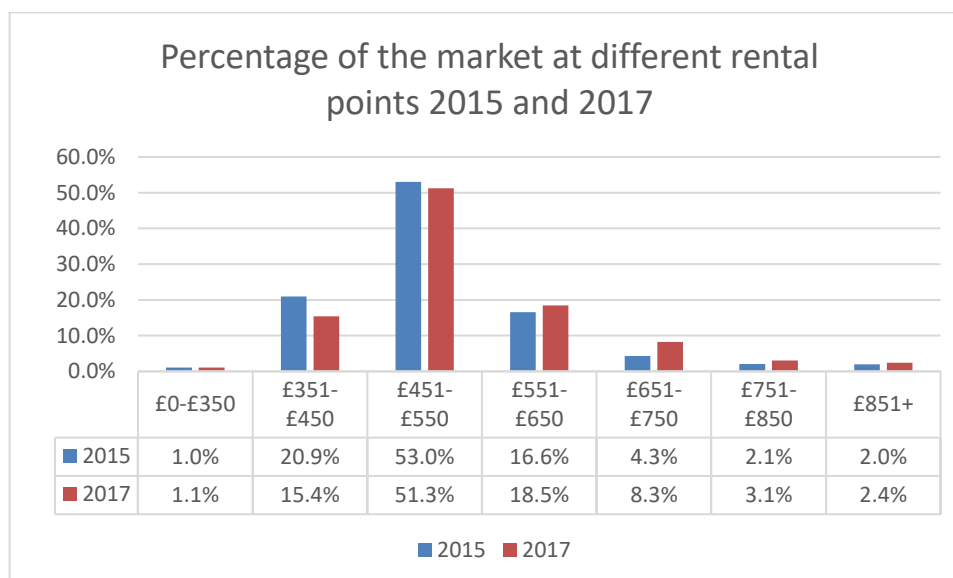


Source: Zoopla

5. Rent levels

- 5.1 Chart 5.1 illustrates the rental market at different rental points in 2015 and 2017.
- 5.2 In 2017, 51.3% of properties come onto the rental market within the rental band £451 to £550pcm. Overall 67.8% of properties coming onto the market in 2017 were £550 or below; in 2015 this percentage was 74.9%. Subsequently, higher percentages of properties are coming onto the market at £551+; 32.3% in 2017 compared to 25% in 2015.
- 5.3 The increase in the value of the market rented stock is unlikely to be a significantly improved offer, although agents have confirmed the benefits that selective licensing is bringing, it is more likely coming from a shortage in supply and potentially driven by Local Housing Allowance levels.
- 5.4 The stock condition survey undertaken in 2016 by Oldham Council suggests that the number of units in the private rented sector has increased by 6,892 from 2010-2015 but this is not based on new stock, more likely conversion of units away from owner occupation; the stock condition survey estimates that owner occupation has reduced from 80.9% to 70.1% during the same period. Demand is increasing, and rents are likely to continue to have upward pressures on them if supply does not increase.

Chart 5.1 Market Rentals



Source: Zoopla

- 5.5 The increasing value overall of the market in Oldham can be considered at different rental points as follows:

Lower quartile rents

- 5.6 Table 5.1 shows the lower quartile rent levels for all property let in each HMA for the three years 2015-2017. It then shows the percentage change in rents for this period.
- 5.7 The lower quartile rent for property let in Oldham in 2017 was £451pcm. Since 2015 this rent level has remained static. The overall figure masks geographical differences over the past three years. The largest rent changes have been experienced in Failsworth and Hollinwood (6.7%) and Saddleworth and Lees (6.1%) and rent changes of 5.8% have been recorded in Chadderton.

Table 5.1 Lower quartile rent levels for all property let by HMA 2015-2017

HMA	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Chadderton	451	477	477	5.8
East Oldham	425	425	433	1.9
Failsworth and Hollinwood	451	477	481	6.7
Royton	451	494	433	-4.0
Saddleworth and Lees	494	494	524	6.1
Shaw and Crompton	477	485	477	0.0
West Oldham	433	425	451	4.2
Oldham	451	451	451	0.0

Source: Zoopla

Median rent levels

- 5.8 Table 5.2 shows the median rent levels for all property let in each HMA for the three years 2015-2017. It then shows the percentage change in rents for this period.
- 5.9 The median rent for all property let in Oldham in 2017 was £498pcm. The differential between lower quartile and median rents was low at £47pcm.
- 5.10 Since 2015, median rents in Oldham have increased by 0.8%. Again, this masks geographical differences. In Saddleworth and Lees and Failsworth and Hollinwood, increases of 12.8% and 10.4% have been recorded respectively.

Table 5.2 Median quartile rent levels for all property let by HMA 2015-2017

HMA	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Chadderton	494	524	524	6.1
East Oldham	451	451	477	5.8
Failsworth and Hollinwood	498	524	550	10.4
Royton	498	524	509	2.2
Saddleworth and Lees	576	594	650	12.8
Shaw and Crompton	522	524	550	5.4
West Oldham	477	477	494	3.6
Oldham	494	498	498	0.8

Source: Zoopla

- 5.11 Table 5.3 shows the upper quartile rent levels for all property let in each HMA for the three years 2015-2017. It then shows the percentage change in rents for this period.
- 5.12 The upper quartile rent for all property let in Oldham in 2017 was £598pcm.
- 5.13 Since 2015, upper quartile rents in Oldham have increased by 7%; this demonstrates the potential demand and under supply for better quality homes for rent but again masks geographical differences. In Failsworth and Hollinwood, an increase of 19.1% has been recorded respectively.

Upper Quartile rents

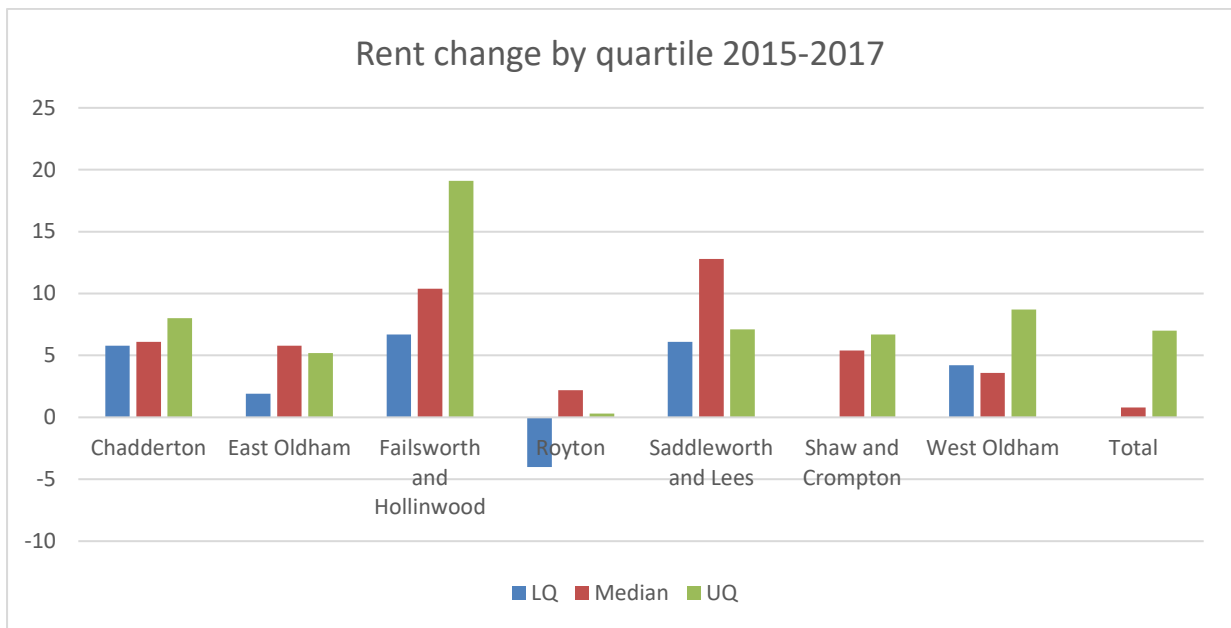
HMA	2015 £pcm	2016 £pcm	2017 £pcm	% change 2015-2017
Chadderton	550	598	594	8.0
East Oldham	498	494	524	5.2
Failsworth and Hollinwood	568	594	676	19.1
Royton	594	624	596	0.3
Saddleworth and Lees	676	702	724	7.1
Shaw and Crompton	585	594	624	6.7
West Oldham	524	546	570	8.7
Oldham	559	594	598	7.0

Source: Zoopla

- 5.14 There have been some significant rent increases across the housing market in Oldham, particularly in mid to higher value housing markets but overall for Oldham the data suggests a relatively static market. This is because of the generally poor performance of lower value markets (albeit rent increases are recorded) and the significance of these sectors in Oldham. The private sector housing conditions report confirms that 56.6% of economically vulnerable households live in private rented accommodation and given the rent increases, many households are likely to find affordability challenging. West Oldham, a low value market has experienced rent changes of 4.2% over the past 3 years. The stock condition survey confirms that 0% of households felt the area was improving; 93.5% felt it had remained static and 6.5% felt it had declined. 67.8% of properties are terraced and 43% of the stock is pre-1919. The popularity of this location is unlikely to positively impact on rents.
- 5.15 For lower quartile rents, those markets that have performed less well in terms of rent change are East Oldham, Royton and Shaw and Crompton. For example, Shaw as a ward reduced by 2.5% during this period. This is reflected for median rental increases and upper quartile increases. Whilst Royton and Crompton are higher value markets, they are small markets by comparison to other locations in Oldham; here owner occupation accounts for larger percentages of the market and therefore the market is unlikely to grow or be in significant demand to drive up rents. In addition, Royton does not connect on the Metrolink and this may limit the growth of the PRS market.

- 5.16 Therefore, the poorest performing markets are in the lower value markets (property value and rental value), where the PRS sector is bigger. Agents explained that in many of these locations there are 2-bedroom terraced homes, all priced below £100,000. The agent explained that many investors are disinvesting. Others were slow to sell as investors were not prepared to pay asking prices, seeking the vendor to compensate for the stamp duty. Agents did not consider these dwellings attractive to first time buyers especially those planning families as most had no gardens just small yards opening onto narrow rear passageway. The agent was clear that these dwellings would let to eastern European workers employed in local distribution centres were they to be offered as rentals.
- 5.17 Rental markets in Failsworth and Hollinwood and Saddleworth and Lees are generally mid to higher value markets and have performed better in terms of rental change. Agents confirmed that, in Saddleworth and Saddleworth villages the local gap in supply was affordable housing. Commuters had driven up prices locally and there was little prospect of new market development suitable for first time buyers. arc⁴ was also told that investors were not active in the area, so opportunities to rent were rare. Affordable housing was considered to be the best option to retain younger households in the area, although a longer-term rental deal may well be popular.
- 5.18 Chadderton markets have performed well. These are reasonably priced markets with some areas above the Oldham median. arc⁴ was told that the rental market attracted a larger proportion of incomers especially if employed as support workers at the hospital or service and distribution workers in the mills and other enterprises that needed their services. There was still strong demand from eastern European workers, although these were not necessarily new to the country.
- 5.19 The agent told arc⁴ that whilst he was maintaining his agency business, his attention was becoming more focused on build to let schemes. He cited many projects that had been successfully completed and let based on demolition of redundant mills and rebuilding into apartment blocks. He said that these developments tended to let off plan and more recent developments had responded to the need for larger units, 3 or 4-bedrooms. Some had been let as studio apartments that had proved particularly popular with young professionals when close to a Metrolink station. He also cited examples of developments that would retain the mill structure and provide converted flats and apartments.
- 5.20 The rent change 2015 to 2017 for each HMA is illustrated in Chart 5.2.

Chart 5.2 Rent change by quartile 2015-2017



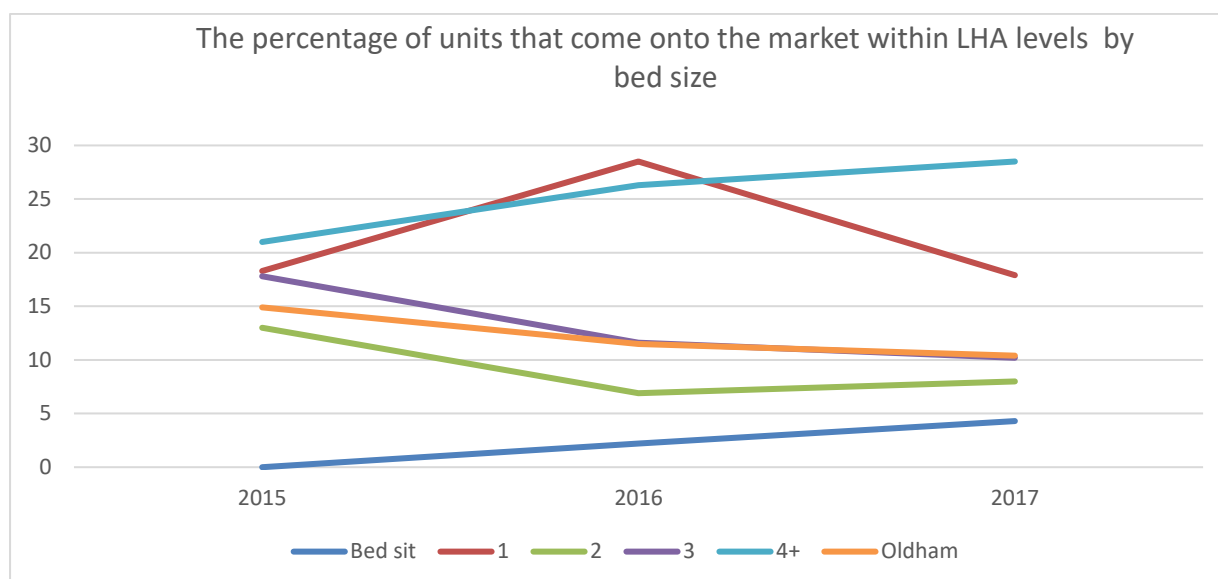
Source: Zoopla

6. Affordability

- 6.1 Two types of affordability have been considered in Oldham. The affordability for household's dependent on Local Housing Allowance (LHA) and the affordability for economically active households.
- 6.2 All of the properties that came onto the market in each year from 2015 to 2017 have been recorded and the rent levels compared with the LHA for Oldham. 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 levels. The results are shown in Table 6.1 and Chart 6.1.
- 6.3 Since 2015, 12.7% of all properties, recorded by Zoopla, coming onto the market have been within the Local Housing Allowance and in 2017 this figure was down to 10.4% (albeit fewer properties have been coming onto the market). This confirms the problems of affordability and choice in the market for households dependent on welfare benefits to fund the cost of their rent.
- 6.4 It is very likely that additional properties are available within Local Housing Allowance 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. It is worth noting the small percentage of smaller units, which households may require.

No of beds	2015		2016		2017		Total	
	No	%	No	%	No	%	No	%
Bed sit	0	0	1	2.2	1	4.3	2	0.6
1	20	18.3	34	28.5	14	17.9	68	22.2
2	97	13.0	37	6.9	32	8.0	166	9.9
3	58	17.8	33	11.6	19	10.2	110	13.7
4+	12	21.0	15	26.3	8	28.5	35	24.6
Oldham	187	14.9	120	11.5	74	10.4	381	12.7

Source: Zoopla

Chart 6.1 Percentage of properties within LHA levels

Source: Zoopla

- 6.5 Table 6.2 shows the same data as Table 6.1 but with LHA rates + 20%. With a 20% increase in LHA levels, households on benefit can access an additional 1,397 properties over the past 3 years but affordability will be far more challenging.
- 6.6 The increased number of units that come onto the market within 20% of LHA levels suggests that landlords can increase rents in such popular markets and expect households to fund a proportion of rent themselves. This seems to be common practice from other arc⁴ studies but does demonstrate the pressures of affordability for many households.

No of beds	2015		2016		2017		Total	
	No	%	No	%	No	%	No	%
Bed sit	0	0	2	4.4	1	4.3	3	3.6
1	56	51.3	82	68.9	38	48.7	176	57.5
2	536	72.3	365	68.0	248	62.3	1149	68.5
3	197	60.4	120	42.1	63	33.7	380	47.6
4+	27	47.3	28	49.1	15	53.5	70	49.2
Oldham	816	65.4	597	57.2	365	51.1	1778	59.2

Source: Zoopla

- 6.7 Table 6.3 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.

- 6.8 Rents are based on those coming to market not those let and tenanted. The rent levels are based on 2017 figures when lower quartile annual gross income was £17,280 and the average annual gross income was £22,858⁵.

Ward	2017 median rent levels £pcm	Monthly income required for rent to be within 30% of household gross income	Annual earned gross income 2016
Chadderton	524	1660	19920
East Oldham	477	1660	19920
Failsworth and Hollinwood	550	1603	19240
Royton	509	1833	22000
Saddleworth and Lees	650	1833	22000
Shaw and Crompton	550	2167	26000
West Oldham	494	1833	22000
Oldham	498	1603	19240

Source: Zoopla

⁵ ONS Crown Copyright Reserved [from Nomis on 26 September 2018]

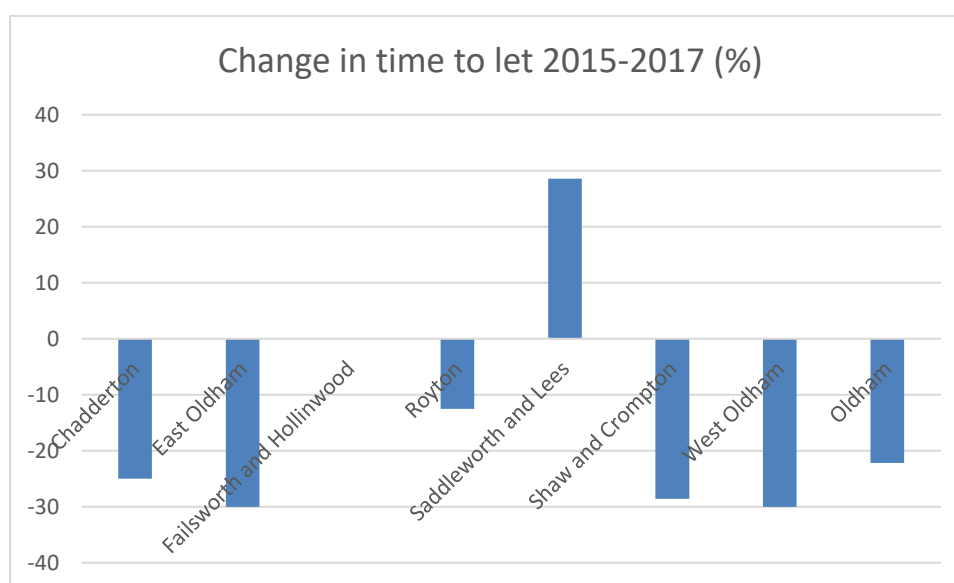
7. Time to let property

- 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 2015-2017 by HMA and shows the percentage change in the number of weeks, year on year and overall from 2015-2017. Property is letting quickly and is further evidence that this is a pressured market, with good demand. Over 2015 to 2017, the average time it took to let property in Oldham was 3 weeks. This reduced from 5 weeks in 2015 (time to let period includes a notice period, assumed to be 4 weeks).

HMA	2015	2016	2017	% change 2015-2017
Chadderton	8.0	8.0	6.0	-25.0
East Oldham	10.0	6.0	7.0	-30.0
Failsforth and Hollinwood	9.0	7.0	9.0	0.0
Royton	8.0	7.0	7.0	-12.5
Saddleworth and Lees	7.0	6.0	9.0	28.6
Shaw and Crompton	7.0	7.0	5.0	-28.6
West Oldham	10.0	9.0	7.0	-30.0
Oldham	9.0	7.0	7.0	-22.2

Source: Zoopla

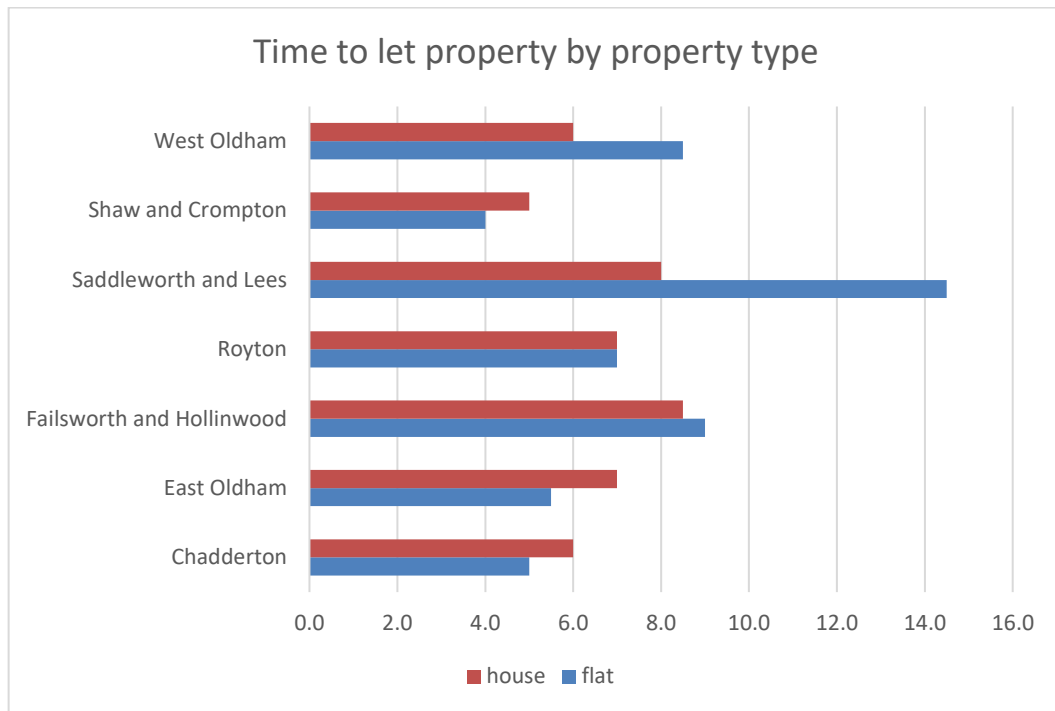
Chart 7.1 Change in time to let 2015-2017



Source: Zoopla

7.3 Houses let more quickly in most markets.

Chart 7.2 Time to let 2015-2017 by property type



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 values⁶. 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. Rents are recorded at ward level to try to provide more accurate data.
- 8.2 The highest yields are being recorded in the lowest value markets; investors are benefiting from demand in these markets to charge rents that deliver very positive yields.

Ward	Median sales value 2017	Median rent pcm 2017	Annual rental income	Potential yields
Alexandra	75000	477	5724	7.6
Chadderton Central	133500	485	5820	4.4
Chadderton North	137000	550	6600	4.8
Chadderton South	100000	516	6192	6.2
Coldhurst	78100	550	6600	8.5
Crompton	140000	598	7176	5.1
Failsworth East	121500	576	6912	5.7
Failsworth West	115000	550	6600	5.7
Hollinwood	108000	524	6288	5.8
Medlock Vale	79998	481	5772	7.2
Royton North	134950	635	7620	5.6
Royton South	130000	537	6444	5.0
Saddleworth North	221000	743	8916	4.0
Saddleworth South	237475	713	8556	3.6
Saddleworth West and Lees	138000	550	6600	4.8
St James'	120000	511	6132	5.1
St Mary's	110000	498	5976	5.4
Shaw	69000	485	5820	8.4
Waterhead	85000	481	5772	6.8
Werneth	99975	522	6264	6.3
Oldham	122000	498	5976	4.9

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

- 8.3 Although the yields are averages within wards, it does suggest some larger yields are likely to be delivered. Those wards recording the highest potential yields are in locations where there are higher proportions of lower income people, higher crime levels, poor health, poverty and higher percentages of people in out of work benefits. For example, the ward profile 2016 confirms that in Medlock Vale the household income (£21,531) is

⁶ There will be significant difference between property types and specific locations

below the Oldham average and there is a high dependency on out-of-work benefits (16.2%). Employment levels (53.5%) are also relatively low and below the Oldham average.

9. In summary and conclusion

- 9.1 The Oldham private rented sector market is growing; data from the stock condition survey would suggest it has grown by almost 100% (in terms of numbers) since the census and this has been primarily through conversion of owner occupation housing. This will be because investors are able to purchase property on the market 'cheaply' and secure rents that product high yields; it may also be that younger household cannot afford to get onto the housing ladder are unable to compete with investors. This is not planned growth but driven through demand, lack of choice for economically vulnerable households and profit for landlords and it is widely underpinned by the benefits system. Those wards recording the highest potential yields are in locations where there are higher proportions of lower income people, higher crime etc.
- 9.2 The offer very much focuses on houses, although the proportion of apartments has grown, likely linked to the new apartment buildings in the town centre and out toward Stalybridge. The sector is dominated by 2 bed properties and lacks choice thereafter. It is a family focused market and acts as an extension to the social rented sector. That said, the performance of upper quartile rents in high value locations has been good although the time to let property has not provided the same positive indicators that other location have.
- 9.3 The evidence suggests this is a pressured market with fewer properties coming onto the market as tenants stay longer; sometimes by choice as locations improve but also potentially through lack of choice in the market. The lack of choice is likely impacting of rents as well as the dependence on the benefits system.
- 9.4 Generally, there is evidence that there are problems of affordability within the sector and the choice of openly advertised properties for tenants reliant on the benefits system is low and reducing. The informal market will be playing a significant role here which could be impacting on quality and likely a focus of the selective licensing locations.
- 9.5 The reducing time to let property is likely the best indicator of a pressured market; it is not a high value sector, there are problems of quality and yet properties let incredibly quickly
- 9.6 This is a sector that the Council has focused upon. It has taken positive action and had seen some successes. It is challenging to make significant improvements; it is costly and this is a largely unregulated sector but Oldham Council need to focus on other initiatives that they may be able to introduce to improve the quality and standards. It is unacceptable that landlords are making high levels of returns from low income households reliant on the benefits system and lacking choice.
- 9.7 The Council also need to encourage a higher value and quality offer to be developed in Oldham. The connectivity created through the metrolink, the transport network, the rural and natural asset of Oldham should support Oldham as a destination of choice for households looking to rent in the right location. There are plans through the town centre masterplan to do just this and create a high value, quality offer to support higher income economically active households.
- 9.8 In terms of achieving the outcomes and dealing with the challenges of this sector we would recommend consideration of:

- Undertaking a wider study across Greater Manchester to better understand Oldham in a wider geographical context. This would potentially provide partner local authorities with similar problems to work in partnership.
- Extending the data collection and analysis in selective licensing locations. Oldham should explore the potential for a proactive, data-driven approach to identifying and addressing the needs of those who are most vulnerable to living in poor housing conditions, with colleagues in the health sector. By linking the findings of the Stock condition survey with data identifying where patients who are at high risk of poor health, living in poor conditions and on low incomes Oldham can target resources to work with 'at risk' householders to find solutions to their circumstances, including taking action to reduce the negative impact of their property on their health.
- Undertaking further analysis on yields and publicising the outcomes for tenants and the outcomes for landlords to highlight the current position of profit for landlords. This could then form the basis of a funding bid to pilot investment by the Council/partners to purchase such properties and create a valuable ethical property management business. There are a number of funders who may be interested in supporting this type of model. One option may be to engage in the Nationwide funded PRS work being delivered in Greater Manchester by Shelter to look at pilot ideas to improve the quality of the private rented sector. Such ideas may include loans to landlords, ethical investment models, giving opportunities for tenants to 'have a voice in the PRS'.
- The council could consider creating opportunities to negotiate private rent as part of future S106 requirements in locations where affordable housing is in good supply. There are examples elsewhere in the Country where this has been successful.

Appendix A: Ward based tables

Table A1 Total numbers coming onto the market				
	2015	2016	2017	2015-2017
Alexandra	87	65	40	-54%
Chadderton Central	35	29	31	-11%
Chadderton North	62	51	24	-61%
Chadderton South	83	62	43	-48%
Coldhurst	48	49	27	-44%
Crompton	46	49	27	-41%
Failsworth East	39	38	26	-33%
Failsworth West	48	64	51	6%
Hollinwood	77	60	62	-19%
Medlock Vale	81	63	63	-22%
Royton North	23	38	15	-35%
Royton South	60	56	41	-32%
Saddleworth North	60	44	14	-77%
Saddleworth South	43	21	9	-79%
Saddleworth West and Lees	61	51	31	-49%
Shaw	90	84	39	-57%
St James'	72	59	30	-58%
St Mary's	76	71	73	-4%
Waterhead	92	54	38	-59%
Werneth	64	34	30	-53%
Oldham	1247	1042	714	-43%

Table A2 Percentage of houses and apartments coming to the market by ward 2017		
	Flat	House
Alexandra	22.5	77.5
Chadderton Central	6.5	93.5
Chadderton North	4.2	95.8
Chadderton South	11.6	88.4
Coldhurst	40.7	59.3
Crompton	18.5	81.5
Failsworth East	23.1	76.9
Failsworth West	25.5	74.5
Hollinwood	4.8	95.2
Medlock Vale	11.1	88.9
Royton North	13.3	86.7
Royton South	26.8	73.2
Saddleworth North	57.1	42.9
Saddleworth South	11.1	88.9
Saddleworth West and Lees	16.1	83.9
Shaw	23.1	76.9
St James'	26.7	73.3
St Mary's	38.4	61.6
Waterhead	7.9	92.1
Werneth	0	100
Oldham	19.1	80.9

Table A3 Rent levels (let property) 2015-2017 and rent change				
	2015	2016	2017	2015-2017 % change
Alexandra	451.0	477.0	477.0	5.8
Chadderton Central	485.5	535.0	485.5	0.0
Chadderton North	498.0	589.5	550.0	10.4
Chadderton South	494.0	498.0	516.0	4.5
Coldhurst	451.0	487.5	550.0	22.0
Crompton	576.0	576.0	598.0	3.8
Failsworth East	498.0	509.0	576.0	15.7
Failsworth West	524.0	537.0	550.0	5.0
Hollinwood	496.0	498.0	524.0	5.6
Medlock Vale	477.0	477.0	481.0	0.8
Royton North	494.0	550.0	635.0	28.5
Royton South	524.0	498.0	537.0	2.5
Saddleworth North	594.0	684.5	743.0	25.1
Saddleworth South	637.0	600.0	713.0	11.9
Saddleworth West and Lees	494.0	509.0	550.0	11.3
Shaw	524.0	520.0	511.0	-2.5
St James'	477.0	494.0	498.0	4.4
St Mary's	451.0	451.0	485.5	7.6
Waterhead	451.0	477.0	481.0	6.7
Werneth	477.0	477.0	522.0	9.4
Oldham	494.0	498.0	498.0	0.8

Table A4 Income levels required		
	Monthly income required for rent to be within 30% of household gross income - Median £	Annual gross income - Median £
Alexandra	1503	18040
Chadderton Central	1647	19760
Chadderton North	1833	22000
Chadderton South	1720	20640
Coldhurst	1647	19760
Crompton	1993	23920
Failsworth East	1833	22000
Failsworth West	1747	20960
Hollinwood	2015	24180
Medlock Vale	1603	19240
Royton North	1590	19080
Royton South	1733	20800
Saddleworth North	2238	26860
Saddleworth South	2413	28960
Saddleworth West and Lees	1833	22000
Shaw	1747	20960
St James'	1590	19080
St Mary's	1603	19240
Waterhead	1590	19080
Werneth	1747	20960
Oldham	1660	19920

Table A5 Time to let property				
	2015	2016	2017	% change
Alexandra	11.0	7.0	9.0	-18.2
Chadderton Central	7.0	5.0	6.0	-14.3
Chadderton North	9.0	9.0	8.0	-11.1
Chadderton South	9.0	8.0	4.0	-55.6
Coldhurst	9.0	7.5	4.0	-55.6
Crompton	6.0	7.0	5.0	-16.7
Failsworth East	10.0	8.0	8.5	-15.0
Failsworth West	8.0	6.0	6.0	-25.0
Hollinwood	9.0	8.0	10.0	11.1
Medlock Vale	10.5	9.0	8.0	-23.8
Royton North	5.5	9.0	9.0	63.6
Royton South	8.0	6.0	6.0	-25.0
Saddleworth North	7.0	6.5	8.0	14.3
Saddleworth South	5.5	6.0	8.0	45.5
Saddleworth West and Lees	8.0	7.0	9.0	12.5
Shaw	8.0	7.5	5.0	-37.5
St James'	9.0	5.0	7.0	-22.2
St Mary's	10.0	8.0	9.0	-10.0
Waterhead	9.0	7.0	6.0	-33.3
Werneth	10.0	10.0	6.0	-40.0
Oldham	9.0	7.0	7.0	-22.2



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