



Generation Share

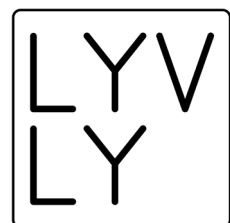
A research perspective

Sharing a home has long been a popular lifestyle choice in London and sharers comprise just under a third of households in the private rental sector. Despite that, it is still a poorly understood market and many sharers live in sub-optimal accommodation. Attitudes to sharing have changed as technology and peer-to-peer networks have enabled a vast sharing economy to develop, whilst HMO licensing is reducing the supply of traditional sharer properties. In this report we consider the opportunity to create a tailored product based on the profile and needs of this sector.

July 2019

dataloftconsult

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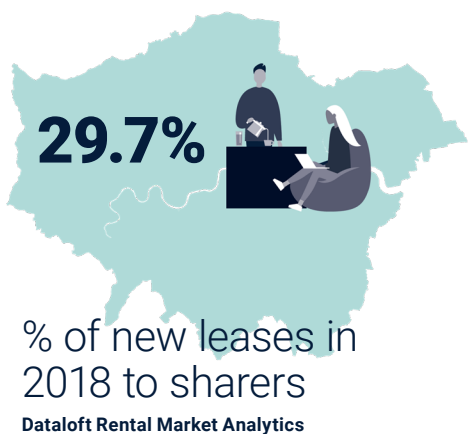


Who are London's sharers?

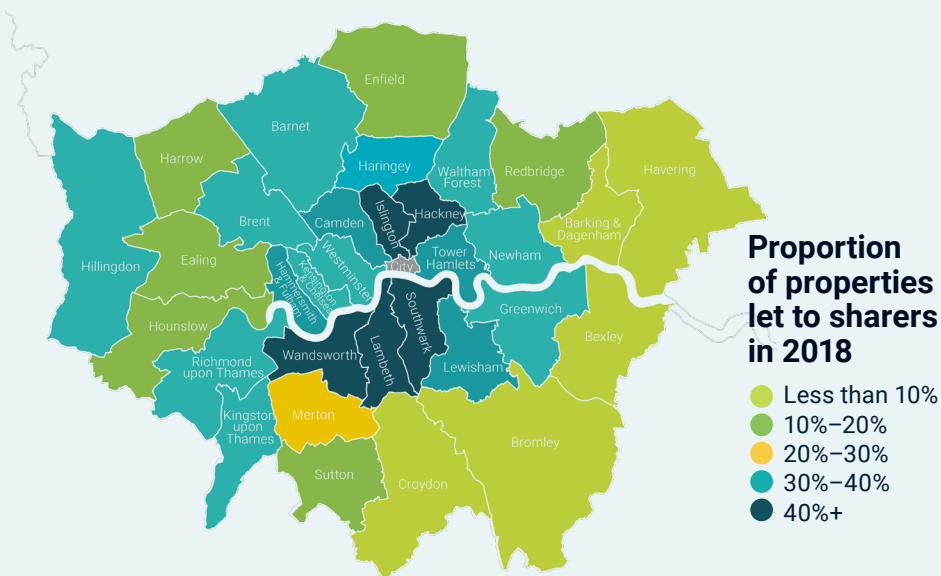
People choosing to share homes in today's global city no longer fit the stereotypes of the past. We cannot assume that decisions are driven by cost, nor that sharing is a short-term inconvenience. Sharing, collaborating and connecting are central to the sharing economy and with that come expectations of 'on-demand' standards of service. Here we profile London's sharers.

Scale of the sharer market

Sharers could account for between 250,000 and 300,000 private rental households in London, making them a key target for the expanding build to rent sector - which has 74,000 units completed or in the pipeline for London. Almost a third of new leases granted in London in 2018 were to sharer households, equating to around 56,000 new tenancies. The proportion is highest in Inner London at 38%, compared to 19% in Outer London, highlighting important differences in location choices.



Where do London's sharers live and work?

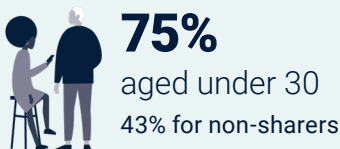
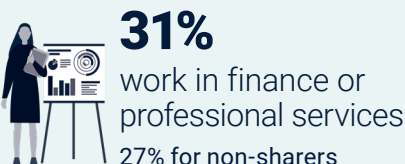
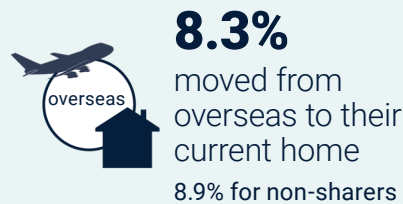
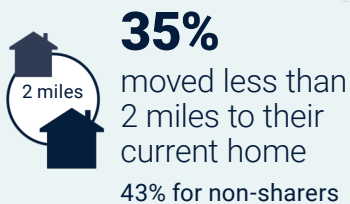


55,910
per annum
new sharer tenancies



28,740
per annum
new sharer tenancies where a tenant pays at least £800 per month

DataLoft Rental Market Analytics



DataLoft Rental Market Analytics, showing tenancies started in 2018

Aspirational location choices

We found high proportions of sharers around Zone 2 with a third living in five Inner London boroughs: Wandsworth; Lambeth; Hackney; Tower Hamlets and Westminster. The concentration on higher value locations suggests that sharers are prepared to compromise on their internal physical space in return for living in areas with access to the amenities of a capital city.

Well-paid and with choices

The average income of a sharer in London is £40,000, (based on actual earnings of individual sharers). Almost half work in the financial/professional services or creative/media sectors. While the average salary is around £11,000 per annum lower than the average earnings of non-sharers, sharers allocate a similar proportion (30.3%) of their income to rent, demonstrating the affordability of renting.

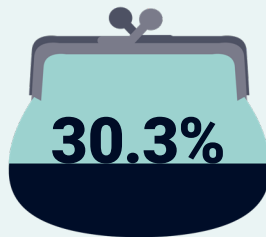
Higher returns for investors

Our research shows that properties let to sharers generate higher rental income per room than from other household types. This analysis (which excluded the bottom quartile to avoid distortion from sub-optimal accommodation), found that sharers pay an average of £852 per room compared to £806 for other household types.

Sharer affordability



Average income
£50,333 for non-sharers



Average income spent on rent
30.5% for non-sharers



Average rent per room for flats
£806 for non-sharers
Excludes bottom 25% of lets

Dataloft Rental Market Analytics

Average rent paid per room

Flat, number of bedrooms	All London		All sharers	
	non-sharers	sharers	Inner London	Outer London
2	£747	£876	£924	£709
3	£581	£678	£713	£535
All flats excluding lowest quartile of rents	£806	£852	£886	£676

Dataloft Rental Market Analytics

Reaching the sharing generation

This research calls into question some commonly-held beliefs about London's sharers. The high cost of rent in London has changed attitudes towards sharing for a generation who have, in any case, embraced the 'sharing economy'.

Lyvly have created an operational platform that responds to these challenges by re-imagining the concept of flat sharing and eliminating the hassle of renting for both landlords and members.

The platform allows landlords to access a market they may struggle to service and to secure returns by letting their property to Lyvly at a guaranteed rent. The cornerstone of Lyvly is community and their mission is to create a network of engaged members, to facilitate real connections and create a positive impact on each other's lives.

The Lyvly approach to the challenges of sharing

The challenge

25% of privately rented homes fail to meet the Decent Homes Standard.

Sharing is prone to tensions over deposits, bills and chores.

Unresponsive service in relation to complaints and requests for repairs.

Hidden costs and multiple bills to multiple suppliers, making budgeting difficult.

Risk of one tenant leaving a shared household which can unilaterally end the tenancy.

The Lyvly approach



Lyvly's homes are individually designed to create well-balanced, modern and comfortable living spaces.



Lyvly's rents include regular cleaning and admin management, meaning no more disputes over bills and chores.



Each property has a dedicated maintenance manager supported 24/7 by a central team.



The all-inclusive rent model is entirely transparent, meaning members know exactly what they will spend.



Properties are not let on joint tenancies and members can stay as long as they like.

Data definitions/sources

Sharers are self-categorised, or in a household where 2 or more tenants rent a home with 2 or more bedrooms and there are no children.

Analysis based on achieved rents for leases started in 2018, from Dataloft Rental Market Analytics (DRMA).

Estimates for total number of private rental transactions per annum calculated using tenure from Census 2011 and length of time tenants spend in their current home from EHS.

Total sharer households in London calculated by applying 29.7% to number of PRS households.

Affordability calculations are for the tenant's share of the rent paid, based on individual tenants (not households) and actual incomes. We exclude incomes under £10,000 and over £1 million pa from our calculations.

ONS average earnings are lower because they include low earners.

dRMA Dataloft Rental Market Analytics

DRMA holds rent-paid transactions, from individual tenants and tenancies. It contains over 2.3 million references rigorously recorded by tenant referencing companies and aggregated to form the largest and most comprehensive single source of rents achieved for the UK market. It covers five years with a monthly addition of c30,000 new tenancies and c50,000 new tenants.



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Analysis, editorial, design, and data visualisation by Dataloft.
Photography: @LIVLY