

Rental costs jump as workers return to the office

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The cost of renting a property in a city centre is rising as office workers, students and international residents return, according to Zoopla.

The property portal said greater competition meant that renters taking on a new let were paying £62 more a month than they did pre-pandemic.

This higher demand is set to ease in the coming months, in part owing to the rising cost of living facing renters.

Another survey suggests interest in new office space has risen in recent weeks.

- [First-time buyers rise: 'I couldn't keep paying rent'](#)

Demand for city-centre properties to rent dropped dramatically, particularly in London, during the pandemic lockdowns.

Many students and young workers who were working from home returned to live with their parents, and international travel restrictions reduced medium-term overseas visitors.

Zoopla said that the gradual return to the office, and well as the general winding down of Covid restrictions, had boosted the rental market.

It said demand for rental properties in January was up 76% compared to an average January in each of the previous four years.

"The flooding of rental demand back into city centres thanks to office workers, students and international demand returning to cities means the post-pandemic recalibration of the rental market is well underway," said Grainne Gilmore, head of research at Zoopla.

Getty Images

London saw a big fall in rental demand during the pandemic

The number of properties available had been curtailed by existing renters staying put.

Together, this has meant a rise in rent for new lets, up 8.3% in the final quarter of 2021 compared with the same period a year earlier. A typical monthly rent in the UK rose by £62 per month to £969.

This increase in rent was seen across most major cities including Birmingham, Edinburgh, Leeds and Manchester, Zoopla said.

"Rents have risen sharply in recent months, amid a backdrop of rising living costs. But it is important to point out that in terms of rental affordability, in most markets rents are still close to the 10-year average," Ms Gilmore said.

The average rent accounts for 37% of gross income for a single earner. Ms Gilmore added that demand would ease as the cost of living squeeze became more of an issue.

Saving for a deposit

Many renters who want to buy a home have been frustrated by rising house prices, and any pressure on the cost of renting would be unwelcome for them.

The plight of first-time buyers has been the topic of sharp debate in recent days after the broadcaster Kirstie Allsopp suggested young people would be better placed to afford a property if they quit Netflix, gym memberships and coffee.

Getty Images

Kirstie Allsopp's comments on young people saving to buy a property have stirred debate

Those comments in a national newspaper at the weekend prompted a furious backlash from many on social media, although some supported her views.

In terms of buyers, another property listing website Rightmove recently suggested that there had been [a long-term shift](#) with buyers willing to pay more for space and privacy.

That has meant some demand transferring from city centre to out-of-town living in some cases.

Rightmove also said on Wednesday that business owners enquiring about leasing office space surpassed pre-pandemic levels in January.

It said enquiries were 54% higher than in January 2021 and 15% higher than the same point in 2019, before the pandemic.