# Revealed: top 10 places where runaway rents are pushing household budgets into the red

- Widening gulf between Generation Rent and homeowners
- 160 constituencies, making up almost a quarter of the UK, are struggling with high rents
- Significant personal financial impact on tenants who are defaulting on loans, relying on benefits and borrowing more as a result
- Young people and urbanites have borne the brunt as age divide widens with older, more rural areas surging ahead

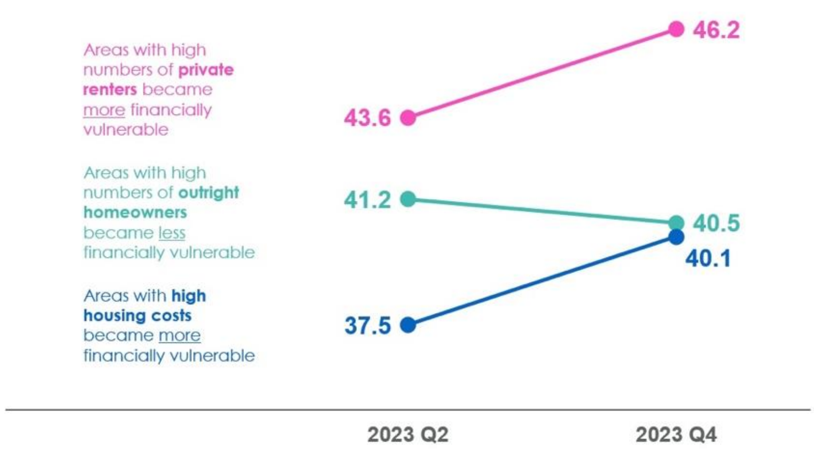
April 2024 – New analysis by Lowell shows the widening gulf between Generation Rent and homeowners. The new data shows tenants in private rental hotspots, like Bristol West, are struggling with loan defaults and resorting to benefits to say afloat, exposing the full, significant impact of rent rises and high housing costs on personal finances. Conversely, areas of high home ownership have been protected from recent shocks with households seeing their personal finances improve over the same period.

Areas with high housing costs are also seeing significant rises in benefits usage and loan defaults as those mortgage costs are either taken on board or passed on to renters. Private landlords are raising rents, forcing renters to risk borrowing more, applying for benefits, paying back loans late or defaulting and using up their savings

Commenting on the data, John Pears, Lowell's UK CEO, said: "We know there is a growing gap between homeowners and renters, but we haven't seen its direct impact on people's day-to-day finances. The study exposes the true gap that the housing crisis and inflation has created, driving up costs for renters and protecting homeowners.

People in these areas are struggling with costs, turning to credit and relying on benefits reducing their overall financial resilience. It is not easy. Worst of all, as we see in other areas, the burden is really falling on younger renters and homeowners. We need to address this gap and better understand the growing divide in our society."

**Fig 1: Huge impact on personal finances experienced by areas with private rental numbers**



**Private rental hotspots**

In Poplar and Limehouse where 34% of people are in private rented accommodation, the impact on household budgets has been severe with loan defaults rising by nearly 5% and benefits usage up by 5.3% from Q2 to Q4 2023.

In Ealing Central and Acton where 33% of people are in private rented accommodation, loan defaults have risen by 4.1% and benefits usage by 6% across the same time period.

The average age in these renting hotspots is four years younger that it is in the 207 primarily rural constituencies that have seen their savings rise and borrowing fall. Cities like Bristol, Cardiff, London, Manchester and Portsmouth have been hit particularly hard.

**Fig 2: Top 10 Renting Hotspots experiencing significant personal finance issues**

| Code | Constituency | % private renting | Default change | Credit use change | Benefits change | Adults without emergency savings compared to national average | FVI change |
|---|---|---|---|---|---|---|---|
| 1 | Bristol West | 40% | +2.6% | -0.3% | +2.9% | +0.8 | +4.9 |
| 2 | Cardiff Central | 36% | +2.8% | -0.5% | +1.1% | +13.8 | +4.4 |
| 3 | Hampstead and Kilburn | 36% | +2.9% | +0.3% | +3.4% | -20.2 | +5.5 |
| 4 | East Ham | 35% | +2.9% | +1.9% | +10.3% | +9.8 | +7.6 |
| 5 | Manchester Central | 35% | +4.2% | -1.1% | +3.9% | +13.8 | +0.9 |
| 6 | Poplar and Limehouse | 34% | +4.8% | +0.5% | +5.3% | -0.2 | +3.1 |
| 7 | Ealing Central and Acton | 34% | +4.1% | -0.0% | +6.0% | -15.2 | +8.1 |
| 8 | West Ham | 33% | +4.9% | +0.4% | +9.3% | +1.8 | +5.1 |
| 9 | Manchester, Gorton | 33% | +3.3% | -0.5% | +7.1% | +13.8 | +3.5 |
| 10 | Portsmouth South | 33% | +3.4% | -0.1% | +3.9% | +5.8 | +5 |

**Housing cost hotspots**

High house prices are hammering households in a further 168 constituencies as interest rates lead to a spike in mortgage costs. These areas, predominately in the outskirts of London, are struggling with the double whammy of high mortgage costs for homeowners and follow -on rent pressure for tenants.

In Finchley and Golder's Green, loan defaults have risen by 3.5% and benefits usage has risen by 4% from Q2 to Q4 2023.

**Fig 3: Top 10 Housing cost hotspots hitting residents' personal finances**

| Code | Constituency | Highest house prices | Default change | Credit use change | Benefits change | Adults without emergency savings compared to national average | FVI change |
|---|---|---|---|---|---|---|---|
| 1 | Richmond Park | £870,000 | +2.0% | -2.4% | +1.5% | -22.2 | +3.6 |
| 2 | Hampstead and Kilburn | £825,000 | +2.9% | +0.3% | +3.4% | -20 | +5.5 |
| 3 | Wimbledon | £745,000 | +2.4% | -1.1% | +2.7% | -19 | +6 |
| 4 | Islington South and Finsbury | £715,000 | +3.3% | -0.7% | +4.5% | -12.2 | +1.1 |
| 5 | Finchley and Golders Green | £701,500 | +3.5% | +0.4% | +4.0% | -19.2 | +7.4 |
| 6 | Ruislip, Northwood and Pinner | £680,000 | +2.4% | -0.8% | +2.5% | -9.2 | +5 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 7 | Chesham and Amersham | £680,000 | +1.7% | +1.2% | +1.8% | -12.2 | +2.8 |
| 8 | Esher and Walton | £670,000 | +2.2% | -0.0% | +2.2% | -17.2 | +3.4 |
| 9 | Twickenham | £650,000 | +2.2% | +1.4% | +1.4% | -16.2 | +4.4 |
| 10 | Chipping Barnet | £630,000 | +2.7% | +0.6% | +2.8% | -13.2 | +5.6 |

**Home ownership hotspots**

Data suggests a growing divide between rural and urban areas as older outright homeowners have been shielded from the economic headwinds of recent years. Rural areas like these have benefited from higher numbers of retirees with their more stable incomes.

In East Devon where 45% of households own their home outright only 3% of adults claim benefits, less than half the national average of 8.5%. Credit usage in the area also fell by 1.7% from Q2 to Q4 2023 bucking the national trend.

**Fig 4: Outright Home ownership hotspots**

| Relative ranking | Constituency | % outright homeowning | Default change | Credit use change | Benefits change | Adults without emergency savings compared to national average | FVI change |
|---|---|---|---|---|---|---|---|
| 1 | Christchurch | 50% | +1.5% | +0.0% | +0.7% | +0.8 | +0.4 |
| 2 | New Forest West | 47% | +1.7% | -0.0% | +1.0% | -3.2 | -1.1 |
| 3 | Clacton | 47% | +3.0% | -0.8% | -1.3% | +11.8 | -0.7 |
| 4 | Sefton Central | 47% | +2.0% | -1.8% | +0.3% | -3.2 | -4.8 |
| 5 | Na h-Eileanan an Iar | 47% | +1.5% | -0.4% | -2.4% | -5.2 | -1.9 |
| 6 | Dwyfor Meirionnydd | 46% | +1.7% | -1.2% | -0.1% | -8.2 | -0.1 |
| 7 | Wyre and Preston North | 46% | +2.7% | -1.7% | +0.9% | -5.2 | -3.1 |
| 8 | Brecon and Radnorshire | 46% | +1.8% | -1.5% | +0.9% | -9.2 | -0.6 |
| 9 | East Devon | 45% | +1.9% | -1.7% | +0.5% | -6.2 | -7.1 |
| 10 | Carmarthen East and Dinefwr | 45% | +2.0% | -2.7% | +0.2% | -8.2 | -6.1 |

**Fig 5: Hotspots with high housing cost rises and personal finance issues**

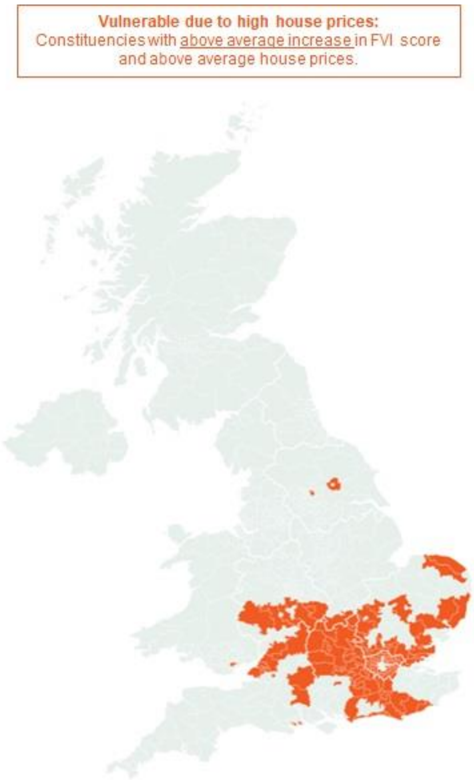
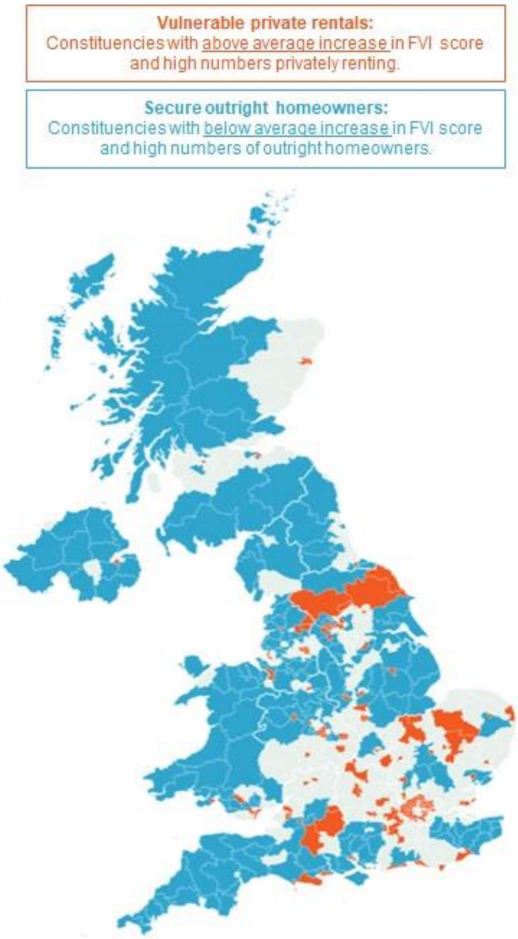



**Fig 6: Private Renting vs Outright Home Ownership Hotspots Map**




The full report examines these trends in more detail alongside other trends affecting financial vulnerability in the UK and can be viewed [here].

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**Notes to editors:**

**About the Financial Vulnerability Index**

The Financial Vulnerability Index (FVI) is based on six components that capture a household's ability to manage daily finances and resist economic shocks: (1) carrying defaulted debt, (2) using alternative financial products, (3) claiming work-related social benefits, (4) lacking emergency savings, (5) holding a high-cost loan, and (6) relying heavily on credit. These components are measured using Lowell's research and operational data, the UK Financial Lives Survey, and data from the Department for Work and Pensions and the Office for National Statistics.

From Q4 2023 onwards, the methodology of the FVI has been revised to adapt to the changing nature of financial vulnerability in the UK. These changes include incorporating additional datasets of Lowell customers within the index, tracking the proportion of customers in late arrears as the market moves away from the short-term high-cost products, and incorporating consumer data from a more regularly conducted large-sample survey by Opinium.

This data tool is a joint project of Lowell and Opinium. Lowell and Opinium researchers collaborated on all stages of the research. In addition, Lowell provided funds and operational and research data used to create the index.

More information on the latest trends is available at @lowellfvi.

**About Lowell**
Headquartered in Leeds, Lowell is one of Europe's largest credit management service providers with a mission to make credit work better for all and a commitment to fair and ethical customer practices. It operates across eight countries with around 4,000 employees, 1,700 of which are based in the UK. Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing.

Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2022, Lowell completed the acquisition of Hoist Finance UK (based in Salford), making Lowell the largest credit management company in the UK. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan.

For more information on Lowell, please visit our customer website (www.lowell.co.uk) or our investor website (www.lowell.com).

**About Opinium**
Founded in 2007 OPINIUM is an award-winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Opinium works collaboratively with clients to design and implement research which delivers tangible impact for clients across the government, political, and public affairs space, as well as a range of other sectors.

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