

Millennials hit by surging rent prices after biggest annual hike on record

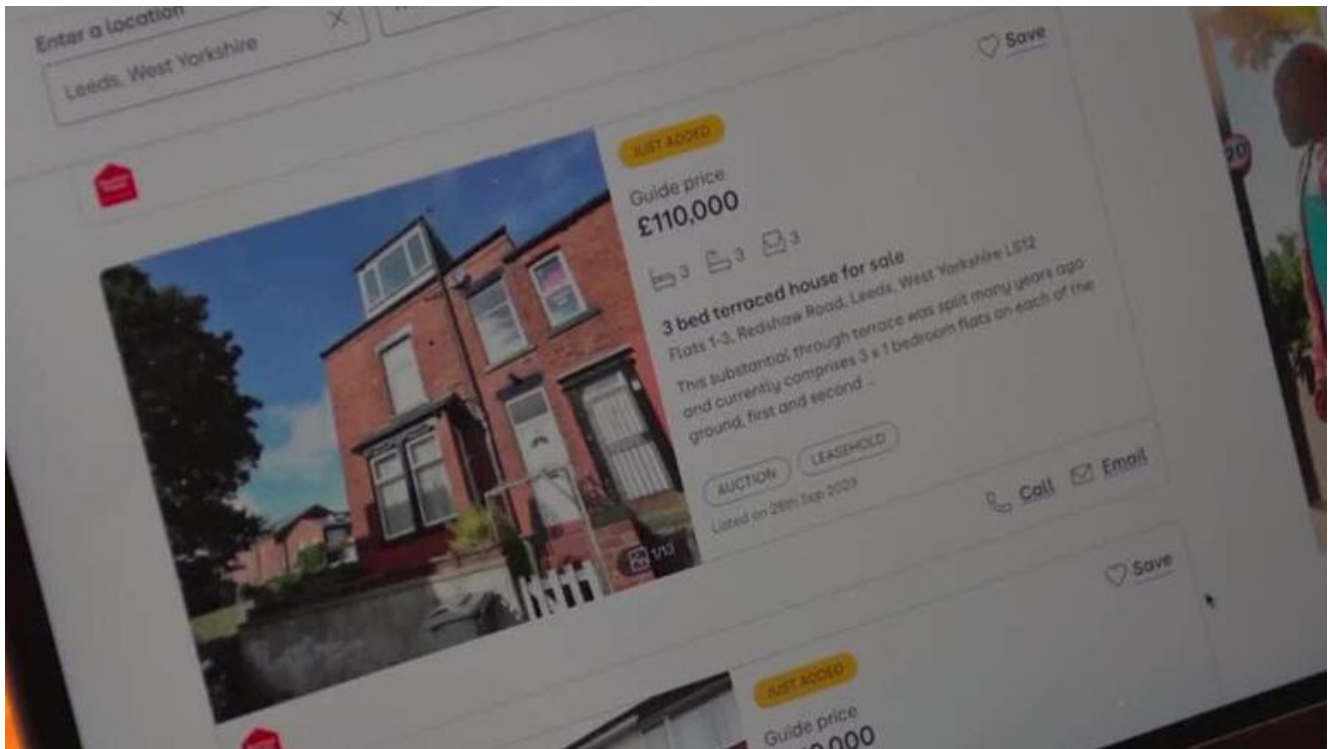
Millennials face being trapped for longer on surging rents, according to a report charting the impact of rising bills on various generations.

Estate agency Hamptons estimates that Brits will have forked out a record £85.6bn on private rents by the end of the year – more than double the £40bn bill seen in 2010.

The sum is £8bn up on 2022's total and the biggest annual jump on record, the report said.

It explained that the rises were mostly a consequence of rental costs rising due to stiffer competition for fewer properties and the impact of rising interest rates on landlords' loans.

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People are waiting for mortgage rates to drop

Hamptons said that the average rent on a newly-let home rose to £1,348 per month in November, on average.

That was up by 10.2% or £125 in cash terms per month compared with November last year.

It said that the worst burden was being faced by millennials – those born between 1980 and 1994 – who were increasingly trapped in the rental market by worsening mortgage affordability.

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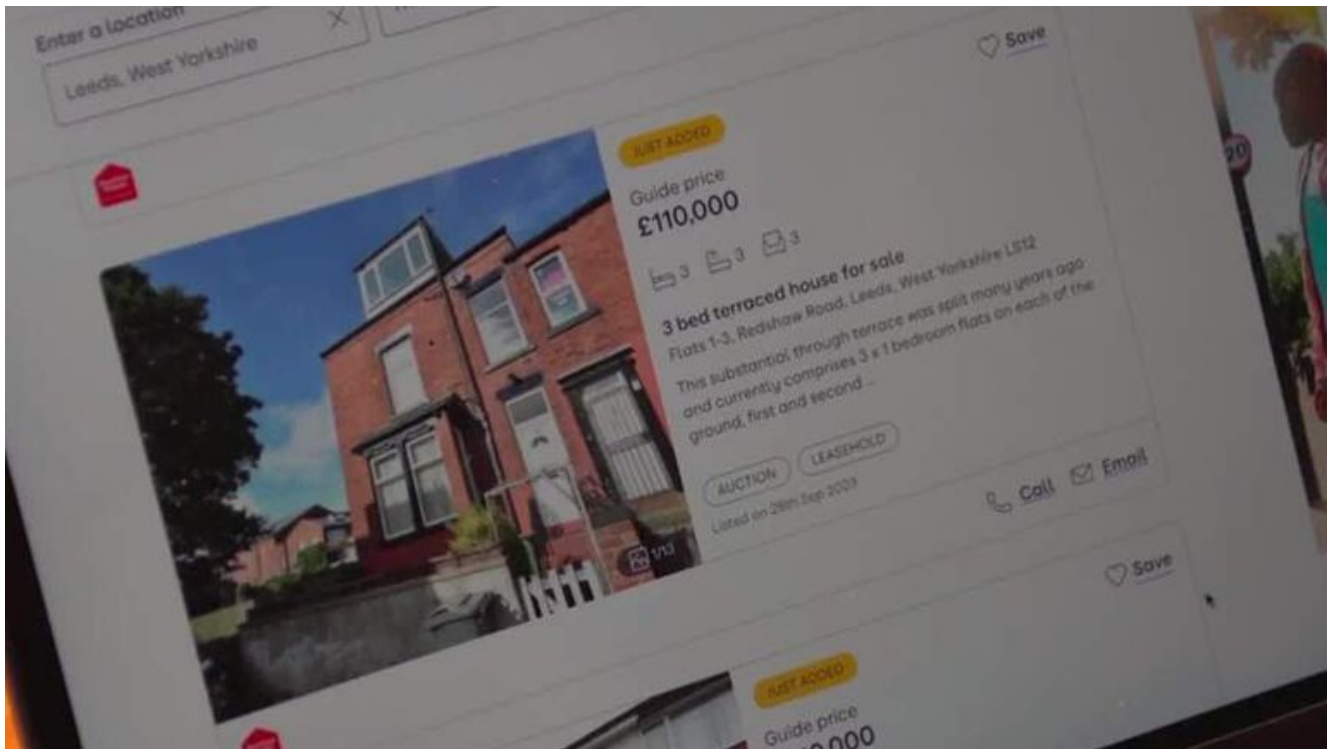


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They spent a record £36.9bn on rent in 2023, the report found, reversing the falls recorded between 2016 and 2020 when more millennials became homeowners.

“Meanwhile as Generation Z (born 1995-2012) continue to leave home, more are becoming renters,” it continued.

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“They spent £30.5bn on rent in 2023, £6.3bn more than in 2022 which marked the biggest annual increase of any generation.

“They made up 36% of all renters this year, up from 1% a decade ago.

“Generation X (born 1965-1979), baby boomers (born 1946-1964) and the silent generation (born 1925-1945) all saw their rent bill fall,” Hamptons said.

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Its head of research, Aneisha Beveridge, said: “Higher interest rates in the medium term are likely to mean more millennials rent for longer.

“This is why the millennial rent bill has risen over the last few years, at a time when it might have been expected to fall.

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“With the rate at which millennials climb onto the housing ladder slowing, they’re starting their own families and renting larger, more expensive homes which is pushing up the amount of rent they pay.

“This also means that while Gen Z are set to start paying more rent than millennials in the next couple of years, that crossover is likely to come later and at a higher point. And given that it gets progressively harder to get onto the housing ladder later in life, an era of higher rates will

likely mean that more millennials will be renting for the rest of their lives.”