

## Note on Tenure Change in Glasgow 2018

Estimates of Glasgow's housing stock by tenure have been published on an annual basis by Glasgow City Council – Development and Regeneration Services (GCC-DRS) using the same methodology until 2015. Since the 2015 estimate was produced, there has been a review of the tenure estimation methodology. The latest estimates as per 1 April 2018, using the new methodology, are now available. The estimates show that between 2017 and 2018:

- Glasgow's total housing stock has increased by 1,814,
- The number of social rented dwellings has increased by 65, and,
- The number of private sector dwellings has increased by 1,749.

Table 1: Dwelling Stock Estimates Glasgow City - 2017 to 2018

	year 2017	year 2018	change 2017-2018
Glasgow Housing Association	39,394	39,233	-161
Other Housing Associations	66,150	66,376	223
<b>Social Rented Sector</b>	<b>105,544</b>	<b>105,609</b>	<b>65</b>
Owner Occupied	136,236	136,615	379
Private Rented	57,651	59,021	1,370
<b>Private Sector</b>	<b>193,887</b>	<b>195,636</b>	<b>1,749</b>
<b>Total Dwellings</b>	<b>299,431</b>	<b>301,245</b>	<b>1,814</b>

These tenure estimates have been based on information from the Council Tax Register, the Scottish Housing Regulator's Annual Return on the Charter (ARC), the Glasgow Housing Association (GHA) and the Statutory Register of Private Landlords.

The dwelling stock estimates for the social rented sector in Table 1 are from the Scottish Housing Regulator's Annual Return on the Charter (ARC), which gives City-wide figures. The GCC - DRS housing stock database gives dwelling stock estimates by tenure for different geographies within the City, e.g. Wards and Neighbourhoods. This involves a degree of approximation, and the City totals for the social rented sector do not match exactly the ARC statistics. Therefore an adjustment has been applied to the number of owner occupied dwellings (see Table 2).

Table 2: Adjustment Dwelling Stock Estimates Glasgow City 2018

	Housing stock database	City-wide estimates	adjustment
Glasgow Housing Association	39,105	39,233	128
Other Housing Associations	68,832	66,376	-2,456
<b>Social Rented Sector</b>	<b>107,937</b>	<b>105,609</b>	<b>-2,328</b>
Owner Occupied	134,287	136,615	2,328
Private Rented	59,021	59,021	0
<b>Private Sector</b>	<b>193,308</b>	<b>195,636</b>	<b>2,328</b>
<b>Total Dwellings</b>	<b>301,245</b>	<b>301,245</b>	<b>0</b>

These tenure estimates have been based on information from the Council Tax Register, the Scottish Housing Regulator's Annual Return on the Charter (ARC), the Glasgow Housing Association (GHA) and the Statutory Register of Private Landlords.

## Trends in Tenure Change

### Private Rented

Graph 1 shows that, in 1991, there were fewer than 15,000 Private Rented Sector (PRS) properties in the City. The PRS has seen considerable growth since then. The sector grew by 750 dwellings per year in 1991-2001, and by 1,750 per year in 2001-2008. After 2008, the rate of growth accelerated to 5,200 dwellings per year, resulting in a PRS stock in Glasgow of around 55,500 dwellings in 2012. Thereafter, the growth in private renting has slowed down to an estimated rate of 600 per year in 2012-2018.

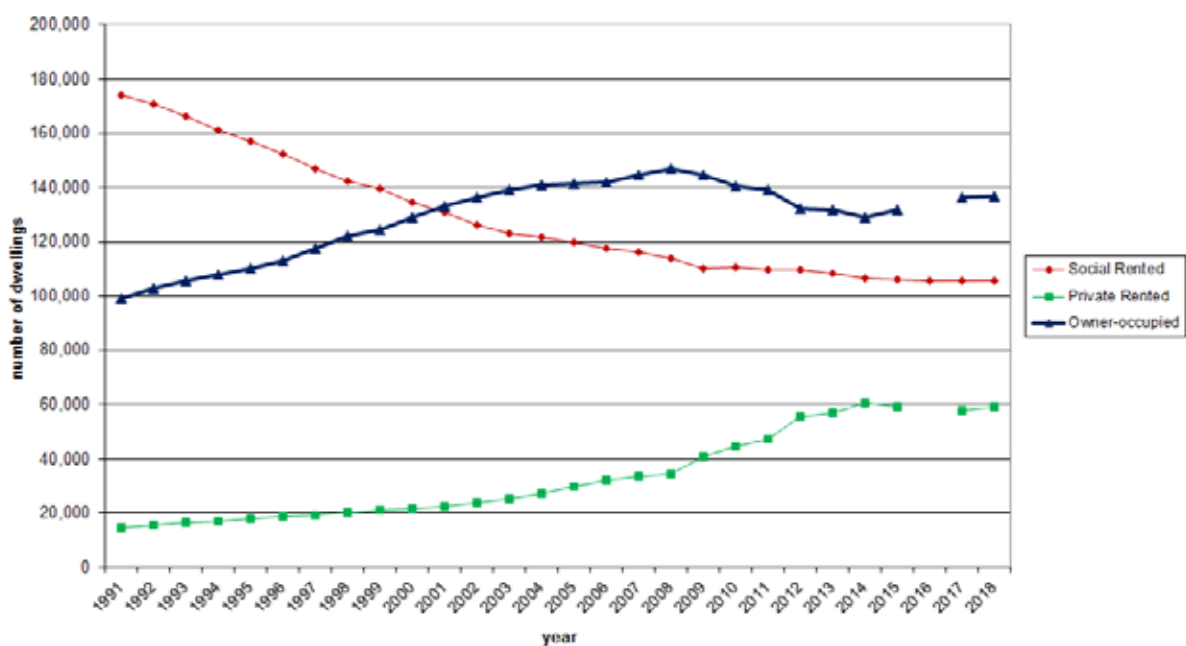
### Social Rented

Graph 1 also shows that the number of dwellings in Glasgow's Social Rented Sector is now more stable. Between 1991 and 2001, the sector lost 4,350 dwellings per year. This loss reduced to 2,600 dwellings per year in 2001 to 2009, and to under 500 dwellings per year in 2009 to 2018. The number of dwellings in the SRS is affected by housing new-build and demolitions, as well as by Right to Buy (RTB) sales. The number of RTB sales has been very low in recent years.

### Owner Occupation

Until 2008, the declining share of the SRS has resulted in an increasing share for Owner Occupation (OO). In the period 2008-2012, however, the share of OO has fallen, due to the rapid increase in Private Renting. Since 2012, the size of the OO sector has been stable in Glasgow, with a share of around 45% of Glasgow's total housing stock.

Graph 1 - Tenure change in Glasgow City - 1991 to 2017



## **Stock Estimates for Private Rented Sector 2018**

The PRS in Glasgow now contains around 59,000 dwellings. Between 2015 and 2018, the number of dwellings appears to have remained stable, although within this period there have been fluctuations. The 2017 estimate implied a reduction of around 1,550 dwellings since 2015, while the 2018 estimate implies an increase of around 1,370 dwellings.

As noted previously, there has been a change in methodology, which, by being less subject to sampling error, is considered to have improved the accuracy of the 2018 estimate. It may be, therefore, that the increase recorded in 2018 is in effect an adjustment to the 2017 estimate.

The Scottish Household Survey (SHS) results for Glasgow show a consistent rise in the percentage of households which are private rented, from 16% in 2012 to 19% in 2016. In 2017, the SHS recorded a figure of 19%. The current estimate of 59,021 implies a private rented share of 19.6%, which is consistent with the SHS result.

It is clear, therefore, that following the slowdown in the rate of growth for the PRS between 2012 and 2016, there has been a period where no growth has been recorded.

The acceleration of the rate of increase for the PRS between 2008 and 2012 is likely to have been mainly due to the economic downturn, which had a considerable impact on housing market conditions in Glasgow. Many potential first time buyers were unable to get a mortgage to buy a house, and opted for private renting instead. Recent evidence indicates a reduced impact of the economic situation on the rate of PRS dwelling growth.

Some of the factors which have contributed to the slowdown in the rate of growth of the PRS since 2012 are outlined below. These include matters which are demand related, and others which concern the supply of PRS stock.

### Demand side factors:

- (1) Low interest rates, which can make it cheaper to buy a property rather than rent;
- (2) Wider availability of mortgages, with reduced deposit requirements, assisted by government schemes; and
- (3) Welfare reform may have had a restrictive impact on the formation of new households, some of whom would have been accommodated in private rented housing.

### Supply side factors:

- (1) During the first few years of the economic downturn, many owners found it very difficult to sell property, and some of them let their house rather than taking a loss. The recent upturn in the housing market created an opportunity for "accidental landlords" to sell property; and
- (2) Housing policy/taxation changes. The requirement to pay a 3% transaction tax (now 4%) on the purchase price of second homes, the phasing out of tax relief on mortgage interest costs, and legislation which is expected to improve the security of tenure for tenants, all may have acted as a disincentive to becoming a landlord, or continuing as one.

### **Occupied/Unoccupied Stock**

Unoccupied stock figures (see Table 5) include second homes (570 in Glasgow). Excluding second homes, the unoccupied stock in Glasgow totals 5,026 dwellings in 2018, which represents a vacancy rate of 1.7% in 2018.