

SHELTER CYMRU BRIEFING: UNDERSTANDING AFFORDABILITY IN THE PRIVATE RENTED SECTOR IN WALES

May 2026

Overview

On Friday 1st of May 2026, Shelter Cymru published [“Understanding affordability: Who does the private rented sector in Wales work for, and how do we change it?”](#) This report highlights the significant issues with the affordability of the private rented sector in Wales and seeks to reframe our concept of private rented sector affordability to focus more clearly on the reality of renting.

The report was developed in collaboration with private renters themselves and at its heart sets out a new definition for what we should mean when we say affordable. That definition being:

A home should be considered affordable when essential household costs are no more than one-third of take-home pay.

Having tested this definition against private rents in Wales what we have then established is that Wales faces a crisis of affordability in the private rented sector. A crisis so severe that Shelter Cymru would only be confident that a household can find an affordable home to rent if they have two full time incomes, have two or fewer children and live in mid-Wales.

For any other household type (e.g. single income, retired, large family, lives in South Wales) we would have little confidence the private rented sector can provide them with an affordable place to call home.

You can also listen to our Head of Campaigns, Robin White, discussing the findings of this report on BBC Radio Wales Breakfast: <https://www.facebook.com/share/v/1EF4JhwSdZ/>

The Reports Key Finding

- **Private renting isn't a viable, sustainable option for thousands of people living in Wales.** It is too expensive compared to people's actual incomes.
- **The standard model of calculating affordability for private renters uses an Office for National Statistics definition.** This approach suggests private renting is unaffordable in only two local authority areas in Wales (Cardiff and the Vale of Glamorgan). Shelter Cymru does not believe that this conclusion reflects the reality of renting we see every day through our work as a provider of housing advice and support.
- **Affordability needs a new definition** and working with a Private Rented Sector Advisory Panel Shelter Cymru is proposing a new approach where a home is considered affordable if all essential household costs take up one-third or less of take home pay.
- **Using Shelter Cymru's alternative definition of affordability we have concluded that that the private rented sector only offers sustainable homes for a very narrow window of renters.** These being households with two full-time earners, with no or less than two children and living in mid-Wales.

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- **Households of all types are struggling under the weight of continuing to afford their privately rented homes.** Everyone is affected, but single people, especially those on low incomes more so as there are no viable options for them.
- **At no point in someone's life is it financially viable to be a single-income household privately renting in Wales** – whether a single person or sole earner for a family.
- **Change is possible but it requires action.** Action that will need to include both a recognition of the scale of the challenge and a commitment from the Welsh Government to playing a more active role in tackling affordability.

Context of our report

Private renting across Wales

Shelter Cymru provides advice and support to more than 12,000 households each year, with almost half of the cases we encounter involving individuals and families living in the private rented sector. This experience of the reality of the housing emergency means we know that there is a crisis of affordability taking place across the country, with tens of thousands of people facing almost impossible costs to either access or maintain a home.

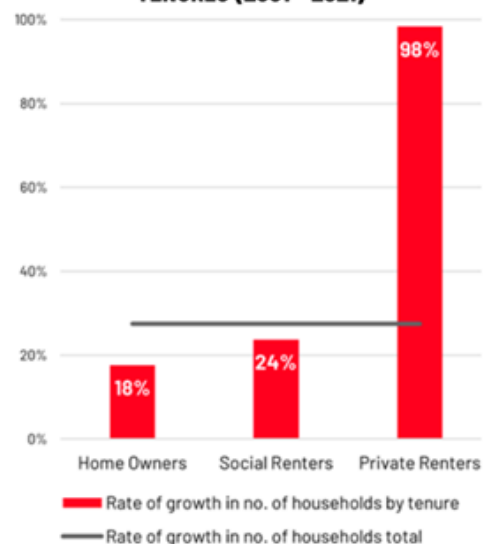
In the last Senedd term – monthly private rents in Wales increased up by 35%. With many places experiencing annual increases in rents exceeding 10%, including a prolonged period where Newport alone faced annual increases that were the highest of any local authority in Great Britain. For many years now simple reality is that private rents have risen faster than incomes, meaning people face ever more pressure from direct housing costs while also having to cope with wider cost of living challenges.

The scale of this problem is also important to understand, with the private renting sector having increased dramatically in size over a 25-year period. In fact, private renting is now the second most common tenure in Wales after homeownership, with more than 230,000 households in Wales. This means hundreds of thousands of people are now trapped living in a sector that is often expensive and that lacks security of tenure when compared to other parts of Britain, with Wales lagging behind on ending no fault, no reason evictions. Too often, private renting isn't an active choice for people but is the only option available to them. Shelter Cymru's report shows that renting is unaffordable, and this is being reflected in our casework across Wales where about half of people coming to us are private renters.

A challenge to the existing model of "affordability"

Shelter Cymru's new report challenges the existing model of "affordability" for privately rented homes in Wales as we believe it does a disservice to private renters in Wales. The current, generally accepted model is based upon the ONS view that affordability equates to a private renting household spending less than 30% of their total gross income on rent. Using this definition the ONS has suggested that just two local authority areas in Wales are not considered affordable, these being Cardiff and the Vale of Glamorgan.

RATE OF GROWTH ACROSS WELSH HOUSING TENURES (2001 - 2021)



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Based on our experience of working with people across Wales we do not believe this finding bears much resemblance to the reality of renting. Our view is that this gap between our experience and the ONS findings stems from several weaknesses in the ONS approach, these being:

1. **The use of median earnings data.** As a nation with a high level of homeownership it's not realistic to suggest that median earners and average renters are the same group.
2. **The use of before tax income.** The amount of money that a household has available to pay housing costs is not based on gross income but on net.
3. **The exclusion of wider housing costs.** While rent is likely to be the most significant part of a household's housing cost there are a number of other non-negotiable costs that must be accounted for such as council tax and utilities.
4. **The lack of a range of household types.** Private renting currently provides homes to a huge range of household types, from dual and single income families to retirees and single people. Affordability models need to reflect these differences.
5. **The difference between existing and newly listed rents.** Average existing rents can often differ dramatically from average newly listed rents, giving the perception that the sector is relatively affordable while people searching for a home are actually faced with a wholly impossible situation.

Having discussed this ONS approach with our Private Rented Sector Advisory Panel (a group of private renters themselves) Shelter Cymru is now proposing a new definition, one we think is a better reflection of the reality of renting in Wales today. Our view is that:

A HOME IS CONSIDERED TO BE AFFORDABLE IF ALL ESSENTIAL HOUSING COSTS USE LESS THAN A THIRD OF NET INCOME FOR LOWER INCOME HOUSEHOLDS.

Having lived experience shape our report

To help inform this definition we had a series of discussions with our Private Rented Sector Advisory Panel, a forum of people with lived experience of the challenges facing renters. These discussions helped us to better understand where the ONS approach didn't align with their real-world experiences. and ultimately, they helped us to identify the need for a new, more person focused, approach to calculating private rented sector affordability in Wales.

Really with the cost of rent, it doesn't matter that I'm working full time and that I've got a partner working full time and the two of us are sort of earning all right salaries. By the time the end of the month comes, there's nothing to put away in savings."

A private renter speaking to Shelter Cymru researchers, that has been included in the final report.

We believe that working with private renters in this way, and ensuring their experiences shape our approach, is vital to building the context and evidence necessary for tackling this problem across Wales. However, we think it is important to note that the final definition is the result of engagement and compromise between this panel and Shelter Cymru based in part on what is realistic to measure. For example, we have not included WiFi costs, something individuals with lived experience feel should be recognised as a core housing cost.

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The findings of our work

Having established what we believe affordable should mean in the context of the private rented sector we then set out to test this. To do that we developed datasets on incomes, rental costs and other essential housing costs (such as utilities and council tax). We then assessed our definition against a variety of different types of households and across different parts of Wales.

From this work we established that for the majority of people in Wales we can have little confidence that a home in the private rented sector will be affordable for them.

The only exception to this is a dual income household that lives in mid-Wales and have two or fewer children. A household in this specific scenario is one where we do believe would be able to access an affordable home.

Snapshot: an unsustainable shortfall

A family who need a three-bedroom home in Monmouthshire with one working parent would have monthly housing costs over £1,000 more than what Shelter Cymru would consider to be the reasonable cost of an affordable home. A single adult in their 40s renting a one-bedroom flat in Gwynedd would have additional costs of nearly £500 each month.

This is not to say that there are no homes available to people in Wales within the parameters of what we feel is affordable, but rather that these are likely to be difficult to find.

The impact of unaffordable housing

The impact of unaffordable homes is something that has been well documented in recent years, with the impact felt at both a personal and a societal level. These impacts include:

- Increased mental health challenges for people facing the stress of struggling to afford a home.
- Greater issues with physical health as people accept poor quality conditions through a lack of alternative.
- Damage to local economies as more and more of a household's available income is taken up by housing costs.
- Direct costs for local authorities in increased homelessness and, in particular, in increased spending on temporary accommodation as people are placed at greater risk of homelessness or are trapped unable to leave due to the cost of rent and the lack of social homes.

Delivering the change we need

We believe that it is possible to deliver the change that's needed on both affordability and on the wider challenges faced in the private rented sector. As a starting point this must include:

1. Moving to bring key renters rights in Wales into line with those in England. Chief among these being the banning of bidding wars and an end to no fault, no reason evictions.
2. Taking bold steps to stabilise renting costs in Wales with a clear goal of achieving affordability for renters.
3. Ensuring sufficient funding and flexibility in our approach to acquisitions to enable transition of private rent homes to social rent as opportunities arise.

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4. Investing in the social rented sector in Wales, to significantly increase the number of social homes.
5. The adoption of a Right to Adequate Housing into law in Wales to provide an overarching strategic framework for addressing our housing emergency.

In the coming weeks and months, we will be producing more work in this space as we seek to set out a pragmatic route towards delivering greater affordability in the private rented sector in Wales.

If you'd like to hear more about that work, or to discuss this report, then please don't hesitate to get in touch.

For the full report visit our policy and research library:

www.sheltercymru.org.uk/what-we-do/policy-and-research/

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