

The essential guide on the UK
Rental Market Trends

The Latest Rental Figures

Q3 UK TRENDS

In Depth UK Q3 Report

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www.courtyardhomes.co.uk
01925-767-000

Landlords plan to reduce portfolios in spite of record asking rents.

A shortage of new stock to choose from, coupled with strong demand from tenants, has led to record asking rents in all areas across Great Britain except Scotland and the North East.

Asking rents outside London are at a peak of £828 per calendar month (PCM), seeing the biggest quarterly jump in rents at this time of year since 2015.

In London, rents are at a record of £2,104 per calendar month (PCM), seeing the biggest quarterly jump at this time of year since we started recording this data.

These jumps have led to an annual rate of growth of 3.2% outside London, the highest since 2016, and an annual rate of 5.6% in London.

Nationally, the number of available rental properties is 13% under the previous low recorded in Q3 2015, and 24% down in London, as tax changes deter new and existing landlords

New research from Rightmove shows almost a quarter of landlords (24%) are planning to sell at least one property from their current portfolio

NATIONAL AVERAGE ASKING RENT FOR ALL PROPERTY TYPES (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2019	£828	+1.3%	+3.2%
Q2 2019	£817	+2.7%	+2.7%
GREATER LONDON AVERAGE ASKING RENT FOR ALL PROPERTY TYPES			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2019	£2,104	+2.2%	+5.6%
Q2 2019	£2,059	-1.6%	+3.0%

New data from Rightmove reveals record asking rents in all but two regions, amid a shortage of new stock for tenants to choose from.

Since 2016, landlords have seen the introduction of a stamp duty surcharge on second homes, a phasing of the reduction in tax relief and more recently the ban on tenant fees which some agents may be passing on in part to landlords.

There was a short-term flood of rental properties throughout 2016 and into 2017 caused by landlords who bought before the stamp duty surcharge came in, but that stock has now dissipated and is currently 13% lower than Q3 2015 before any of these changes came in.

New Rightmove research suggests the changes are discouraging landlords from expanding their portfolios. When asked about their future plans, almost a quarter of landlords (24%) say they are planning to sell at least one property from their current portfolio, this is made up of 13% who say they will be decreasing their portfolio and one in ten (11%) who say they will be selling all of their rental properties.

The most common reasons given for selling up are the changes to legislation including the recent tax relief changes and the ban on tenant fees leading to an increase in their costs for some.

The average landlord in the study rents out three properties, with a quarter of them owning just one.

Almost a third (30%) are still planning to increase their portfolio, with the majority of those saying that property still delivers better returns than other investments.

Asking rents outside London are now at an all-time high of £828 PCM, pushed up by the biggest quarterly jump at this time of year since 2015, while the annual rate of price change rises to +3.2%, an increase not seen since 2016. Scotland and the North East are the only regional markets not to have seen record asking rents this quarter.

London, meanwhile, has seen the biggest quarterly jump in asking rents since we started recording this data back in 2012, leading to an annual rate of 5.6% and a record average asking rent of £2,104 PCM.

Rightmove's Commercial Director and Housing Market Analyst Miles Shippard said: "There are a number of forces at play in the current rental market, all leading to record rents for tenants and fewer homes to choose from, yet demand remains strong.

Worryingly for tenants there are signs that the stock shortage may worsen if some landlords follow through with their plans to sell up, though an increase in plans for build to rent properties may help to fill some of the gap.

The overall feeling among those landlords who are planning to exit the market is one of frustration with many telling us that the tax changes mean it's no longer financially attractive to keep their properties. "Early data seems to point to some of the income lost through the removal of tenant fees being passed on to the tenant in higher rents, but it should still work out cheaper than paying the upfront admin fees as long as stock doesn't constrict and rents don't rise too much.

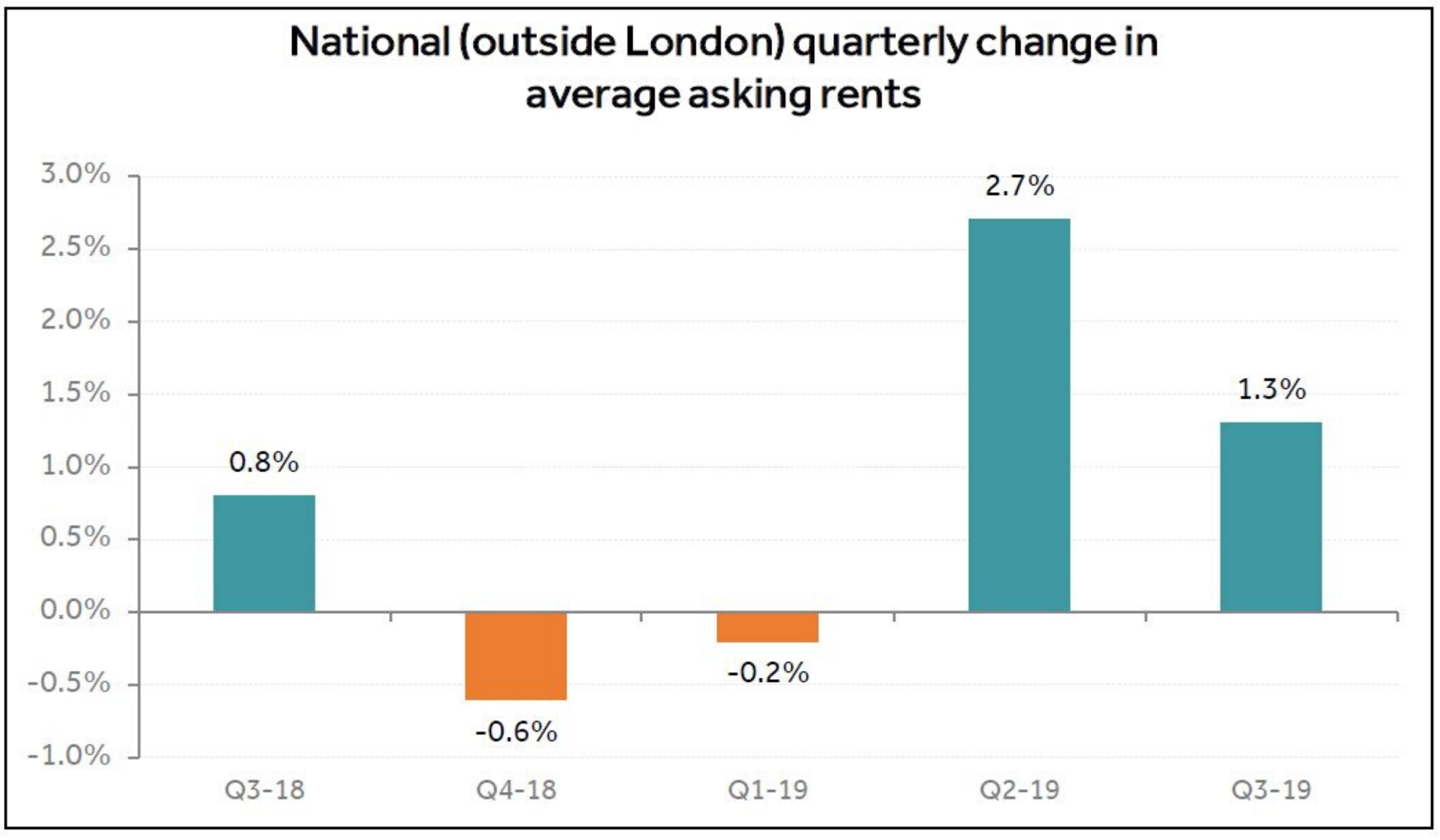
What we really need now is more properties available to rent.

Rising rents may tempt some landlords back in, but momentum is currently to downsize portfolios in spite of the prospect of increasing yields.

This has had a knock-on impact on tenants insofar as fewer rental properties means higher rents.

The current climate means that landlords are increasingly seeking far greater protection from agents. "Guaranteed rents, ARLA trained staff, technology advancements and regulatory advice are really important tools for landlords at the moment if they are to continue providing a good service to the housing market."

Quarterly Trends



Highest Growth

Area	Avg. asking rent per month (2 bed) Q3 2018	Avg. asking rent per month (2 bed) Q3 2019	Annual change
Bury	£576	£630	9.4%
Newcastle Upon Tyne	£635	£692	9.1%
Barry	£612	£656	7.3%
Stirling	£659	£705	7.0%
Lytham St. Annes	£584	£623	6.8%

In Demand Areas

Area	Avg. asking rent per month (2 bed) Q3 2019
Ashton-Under-Lyne	£542
Hyde	£569
Oldham	£550
Bootle	£459
Prenton	£535

