

Latest Rental Market Update

We analyse property market information from a consumer and supplier perspective. Our private rental sector update summarises the latest rental reports and surveys from over the last few months. We then consider what trends are emerging both from studying the statistics but also talking to agents, landlords and tenants and discuss the implications this has for agents, legal companies, landlords, property investors and tenants.

Key headlines this month include:-

- [Acadameetrics/LSL](#) *"Tenant arrears drop by £6 million as rents rise more slowly"*
- [Move with Us](#) *"The average advertised cost of renting a home in Great Britain increased by 0.45% in May to £970 per month"*
- [Belvoir Lettings](#) *"Average rents across the UK for May 2013 were £687, just £3 more than 2012 and £8 less per month than May 2008 rents (for offices which have traded consistently over the last five years)"*
- [Homelet](#) *"Increasing rents leave London tenants with £250 less this month, mainly due to a decrease in average income"*
- [Paragon Mortgages](#) *"Tenant demand remains high as landlords invest in more property"*

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For more commentary on what's happening in the rental market and advice for tenants and landlords, contact **Kate Faulkner** on **07974 750562**.

What's happening to rents summary: Not much!

Overall monthly averages in rents can hide completely different trends across the region, so we look at the rental data at a regional level.

May 2013	LSL Average Monthly Rent May-12	LSL Average Monthly Rent May-13	LSL % Change YoY	Move with Us Average Monthly Rent May-13	Homelet Average Monthly Rent May-12	Homelet Average Monthly Rent May-13	Homelet % Change YoY	Belvoir Average Monthly Rent May-12	Belvoir Average Monthly Rent May-13	Belvoir % Change YoY	VOA Average Monthly Rent 01.04.12 - 31.03.13
Scotland	n/a	n/a	n/a	£ 674	£ 576	£ 579	0.5%	£ 631	£ 784	n/a	n/a
Wales	£ 534	£ 562	5.2%	£ 635	£ 546	£ 562	2.9%	£ 569	£ 545	-4.2%	n/a
North East	£ 512	£ 532	3.9%	£ 677	£ 522	£ 573	9.8%	£ 544	£ 542	-0.4%	£ 477
North West	£ 569	£ 569	0.0%	£ 634	£ 585	£ 622	6.3%	£ 607	£ 610	0.5%	£ 527
Yorkshire & The Humber	£ 531	£ 536	0.9%	£ 616	£ 566	£ 579	2.3%	£ 609	£ 630	3.4%	£ 548
East Midlands	£ 535	£ 554	3.6%	£ 625	£ 557	£ 566	1.6%	£ 570	£ 587	3.0%	£ 527
West Midlands	£ 551	£ 568	3.1%	£ 653	£ 611	£ 601	-1.6%	£ 625	£ 635	1.6%	£ 552
South West	£ 633	£ 633	0.0%	£ 793	£ 718	£ 741	3.2%	£ 731	£ 733	0.3%	£ 667
East Anglia	£ 733	£ 742	1.2%	£ 882	£ 723	£ 685	-5.3%	£ 670	£ 671	0.1%	£ 677
South East	£ 729	£ 744	2.1%	£ 1,128	£ 794	£ 819	3.1%	£ 868	£ 853	-1.7%	£ 849
Greater London	£ 1,038	£ 1,113	7.2%	£ 2,201	£ 1,187	£ 1,233	3.9%	£ 1,314	£ 1,345	2.4%	£ 1,425

In the regional indices chart above, we now include average monthly rents from [Move with Us](#) and the [Valuation Office Agency's](#) figures for 1st April 12 – 31st March 13 compared to [LSL](#), [Homelet](#) and [Belvoir](#) May 13 vs May 12.

In summary, May 2013 versus May 2012 rents by region show:-

- In **Scotland**, the [Belvoir](#) figures suggest a rise year on year, however, this is a quirk in the figures due to a change in the mix of advertised properties, in the main, rents appear stable to falling. [Homelet](#) registers a small increase in of 0.5% year on year.
- The **Welsh** data from [LSL](#) and [Homelet](#) suggests rent rises of 5.2% and 2.9% year on year, with both showing a rental average of £562. However, [Belvoir](#) have recorded a fall of -4.2%, year on year.
- Rents in the **North East** recorded a small increase year on year according to [LSL](#) at 3.9%, with [Homelet](#) showing a big increase of 9.8% and [Belvoir](#) registering only a very slight fall of -0.4%. However, we do find rental averages in the **North East** quite erratic as properties can rent from £300 to over £2,000 a month.
- [LSL](#) recorded no change in year on year rents for the **North West**, with [Belvoir](#) showing only a 0.5% increase and [Homelet](#) registering a year on year increase of 6.3%.
- The **Yorkshire & The Humber** region shows slight increases across all indices of 0.9%, 2.3% and 3.4% by [LSL](#), [Homelet](#) and [Belvoir](#) respectively. This indicates very little movement in the area year on year.
- **East Midlands** show slight year on year rises at 3.6%, 1.6% and 3%, from [LSL](#), [Homelet](#) and [Belvoir](#).
- This is also the case for the **West Midlands**, which shows little year on year movement with [LSL](#) registering a slight increase of 3.1%, [Homelet](#) showing a very slight fall of -1.6% and [Belvoir](#) a 1.6% rise.
- Rents in the **South West** were static at £633 according to [LSL](#), with [Homelet](#) and [Belvoir](#) showing slight rises of 3.2% and 0.3% respectively.
- **East Anglia**, according to [LSL](#) has experienced a 1.2% rise and [Belvoir](#) a 0.1% rise in rents year on year, with [Homelet](#) registering a -5.3% decrease.
- [Belvoir](#) recorded a percentage fall of -1.7% year on year for the **South East**, with [LSL](#) and [Homelet](#) registering similar trends with 2.1% and 3.1% increases respectively.
- In **Greater London**, the [Homelet](#) and [Belvoir](#) data suggests similar rises of 3.9% and 2.4% year on year, with [LSL](#) showing a higher increase of 7.2%.

What do the Rental Surveys tell Landlords, Tenants and Agents on a Regional Basis?

Basically, the surveys and agents/landlords we talk to, tell us rents are stable and very little is happening! There are a couple of exceptions to this, in Greater London for example, the [LSL](#) indices suggests rents are going up more than inflation, while [Belvoir](#) and [Homelet](#) indicate rents in the area are only rising in line with inflation.

If you are a landlord/tenant in **Greater London**, rents vary from £1,110 to £1,345 up to £2,200 according to the new [Move with Us](#) index. Rents appear up, mostly in line with inflation. From an advice perspective:-

- **Landlords** – Rents rising in line with inflation is the ideal scenario. However, check your yields and if interest rates rose to 7%, would your property investment still be cash flow positive?
- **Tenants** – When rents are rising, it is best to secure accommodation sooner rather than later. Typically, once you are in a property, landlords are less likely to increase rents, particularly if you are a good tenant.
- **Letting Agents** – It is a really tough lettings market with a huge shortage of stock. Landlords tend to like an easy life, which means if you are giving a great service, you shouldn't have to compete on price. For new stock coming onto the market, check out build to rent schemes supported by the government to see if you can secure them to rent in the future.

If you are a landlord/tenant in **Scotland**, rents vary from £550 through to £700. Rents are typically rising in the city and for high quality accommodation, whereas rents tend to be falling on the outskirts.

- **Landlords** – When rents aren't keeping up with inflation or worse still are falling, you need to try to remain cash flow positive, which may mean minimising your costs. Don't compromise on a good service from letting agents or stint on maintenance costs. Your highest costs are likely to be your mortgage, so if you can, look to see if there is a better deal available.
- **Tenants** – If rents are falling, it means you can take your time looking for a good home. However, choose your landlord carefully. Make sure you aren't renting at such a low cost they cannot afford repairs.
- **Letting Agents** – As with all areas across the UK, stock is pretty hard to come by. When rents aren't keeping up with inflation, landlords need a lot of help understanding the best way of maximising their rents. Make sure you are offering a long term buy to let service rather than just a 'commodity' service to put a few photos on line.

If you are a landlord/tenant in **Wales**, rents vary from £545 to £560 up to £630 from the new Move with Us index. In the main, the surveys are saying rents are rising slightly across Wales, although if you are in the north area, it appears there are some falls.

- **Landlords** – In a fairly static market, ensure you keep an eye on your costs without compromising the quality of properties you let out. Tenants are looking for a 'home' rather than just a property to live in.
- **Tenants** – When some rents are rising and others falling, check out what's happening in your local area. Try to get a good deal if you want to rent long term.
- **Letting Agents** – The Welsh government has recently published a [White Paper](#) on a new legal framework for renting a home in Wales. The White Paper 'Renting Homes - a better way for Wales' proposes a new legal framework for renting a home that is fair, simple and efficient. It will help both tenants and landlords and enable the housing system as a whole to work more effectively.

The consultation closes on 16th August 2013.

What do the Rental Surveys tell Landlords, Tenants and Agents on a Regional Basis? – Cont'd

If you are a landlord/tenant in the **North East**, rents vary from £470 up to £670, but can be as much as £2,000! However, we find average rents are pretty irrelevant for the area. So it's essential as a landlord and tenant to find out whether rents are rising, falling or staying the same in your area.

Busy times can be in Newcastle when students are looking for property, so if you are a professional, try to look for properties outside these busy periods.

North West rents vary from £525 through to £635 and the majority of surveys would suggest that rents are fairly static throughout the region.

- **Landlords** – In a static market, you need to ensure you let a quality property. Tenants are becoming more demanding wanting a home, not a temporary place to stay, so don't skimp on maintenance. If you do, you are likely to suffer longer void periods which can easily cost thousands.
- **Tenants** – Make sure you rent from a reputable landlord, then choose a property – otherwise you could end up with a rogue landlord or someone who is renting property illegally but doesn't even know it!
- **Letting Agents** – When rents are not rising, landlords need advice on how to maximise their returns, so ensure you are able to provide a good 'all round' buy to let service, and not just marketing a property.

Rental indices suggest that any rent rises in **Yorkshire and The Humber** region are mostly in line with inflation, with a few rents remaining stable. These vary from £535 through to £630.

- **Landlords** – Rents rising in line with inflation is a great position to be in. Take advantage of the extra cashflow if you are re-letting your property and make sure all maintenance jobs are done to keep the property dry and warm in the winter months.
- **Tenants** – If you are able, try to secure a property sooner rather than later. Very often, once a landlord has found a good tenant, they tend not to increase rents that often.
- **Letting Agents** – As there is shortage of new rental property stock coming onto the market, take a look at alternative stock coming onto the market, such as the government backed 'build to rent' scheme.

In the **East Midlands**, rents are generally up in line with inflation, ranging from around £525 to £625 per month.

- **Landlords** – Even though rents may be on the up, tenants are becoming more choosy, so to re-let quickly make sure your property is freshly painted and everything is in good working order.
- **Tenants** – When rents are rising, it's best to secure accommodation sooner rather than later. Don't rush into renting a property that's let illegally. Check if the letting agent is a member of ARLA or NALS or the landlord a member of the RLA.
- **Letting Agents** – To get the best tenants and landlords, ensure you are registered with ARLA or NALS. The better service you provide to landlords, the less likely they will leave for cheaper options.

If you are a landlord/tenant in the **West Midlands**, rents vary from £550 to £650. Overall, rents are fairly stable to slight rises in the region.

- **Landlords** – When the market is fairly static, minimise your costs and ensure you keep good tenants. Don't skimp on maintenance as tenants want to live in a 'home' - not just any property.
- **Tenants** – Static markets are great as you can keep your costs down. Some landlords though may find it hard to fund maintenance though, so check you rent a property in great condition from the start.
- **Letting Agents** – When rents are not rising, landlords need help maximising their returns. So provide a service which is more about maximising their investment returns – not just marketing a property.

What do the Rental Surveys tell Landlords, Tenants and Agents on a Regional Basis? – Cont'd

Rents in the **South West** vary from £630 to £670, up to £790 from the Move with Us index. Overall though, the rental indices suggest rents are static to slightly rising.

- **Landlords** – Keep an eye on your returns and if interest rates rose, would your property still be cash flow positive? While rents are rising, take the chance to improve any neglected décor and/or maintenance.
- **Tenants** – Even though rents may be starting to rise slightly, don't rush into renting a property. Take time to choose a suitable, legally let property you can stay in for the long term if you wish. Find one which is in good condition and the maintenance is up to date.
- **Letting Agents** – Providing a good investment service will help to attract new landlords and keep the ones you already have. When rents have been stable, advise landlords on how to maximise their returns.

For **East Anglia**, rents vary from £670 through to £880. Overall rents are static to falling.

- **Landlords** – When rents aren't keeping up with inflation or worse still are falling, try to remain cash flow positive, which may mean minimising your costs. Your highest costs are likely to be your mortgage, so if you can, research to see if there is a better deal available and keep your property in good order.
- **Tenants** – If rents are falling, it means you can take your time looking for a good home. However, you need to choose your landlord/letting agents first, then the property, to make sure it is legally let. When rents aren't rising, some landlords may just not be able to pay for repairs.
- **Letting Agents** – As with all areas across the UK, stock is pretty hard to get, so take a look at an alternative, for example, the 'build to rent' scheme, which is supported by the government. Try to secure new business based on good service rather than cutting commissions which just means they will go elsewhere when another agent lowers their fees.

In the **South East**, rents vary from £740 to £850 through to £1,130, with the majority of rental indices suggesting stable to slight falls.

- **Landlords** – - When the market is stable to slightly falling, it is essential to minimise your costs and ensure you keep your good tenants. Don't avoid property maintenance, as this can increase void periods.
- **Tenants** – When rents are stable to falling, you can take your time searching for the ideal property but make sure the property is let legally and kept up to date. Check your deposit is protected in a one of the government licenced tenancy deposit schemes.
- **Letting Agents** – Making sure your landlords don't cut corners to save money in a stable to falling market is essential. Try to secure new landlords based on your expertise of maximising rents as opposed to trying to cut commissions.

Tenants

Are you looking to rent a property? Then sign up to [Property Checklists](#) for FREE to download our renting checklists:-

- [How to rent a property checklist](#)
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Landlords

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About Kate Faulkner

Kate carries out over 50 speaking engagements every year, highlighting property market issues to the industry and consumers. She has written six property books including four for Which?, is a featured property expert on the 4Homes website, regularly presents market issues for BBC Radio Nottingham and has a column in the Nottingham Evening Post and is writes weekly for the Telegraph's Property Club.

She has appeared on BBC Breakfast News, Daybreak, 'Your Money', Radio 4's You and Yours, Radio 5 Live, ITV/ITN News and The Big Questions.

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