



## Rents show little sign of significant rises

### Q1 2015 Rental Market Analysis

We analyse property market information from a consumer and industry perspective. Our private rental sector analysis studies recent rental reports and surveys. We use the data to consider emerging trends from studying the statistics but also talking to agents, landlords and tenants. Rather than just producing stats, we look at the implications this has for agents, landlords, property investors and tenants.

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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 National Rental Trends?

Looking at the Belvoir Rental Index, which measures both existing and new rents, there were some increases from December through to February, with rental levels dropping back during March. The LSL figures indicate a slight fall in January, then a slight rise in February and March. The Homelet index, which is an insurance index for new lets only, is showing an increase in rents in January from December, with a further slight rise in March.

| Rental Indices | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | Jan-15 | Feb-15 | Mar-15 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Homelet        | £824   | £848   | £846   | £862   | £900   | £921   | £918   | £878   | £874   | £867   | £889   | £889   | £902   |
| LSL            | £741   | £741   | £745   | £747   | £753   | £761   | £768   | £770   | £766   | £767   | £763   | £766   | £768   |
| Belvoir        | £687   | £688   | £688   | £691   | £690   | £693   | £697   | £702   | £707   | £714   | £715   | £712   | £703   |

The main indices we track monthly are [Homelet](#), [LSL](#) and [Belvoir](#). [Belvoir](#) and [Homelet](#) are national (ie include Northern Ireland, Wales and Scotland), while [LSL's](#) Buy to Let index covers England and Wales.

Although LSL show that residential property rents across England and Wales are now around 3.5% higher than March 14, rents overall have remained fairly stable for the last seven months.

**Adrian Gill**, director of estate agents **Reeds Rains** and **Your Move**, comments: *"Since 2010 the private rented sector has absorbed over a million extra households. With social housing in decline, alongside a parallel decay in the number of people owning their own home with a mortgage, private renting has stood in to fill the gap.*

*"With only small real-terms rent rises, this has generally been a success – and tenants are now half as likely to fall behind on rent as at the peak of the financial crisis. However, this sector is carrying the weight of the housing crisis – and that will mean faster rent rises in future if supply doesn't keep up. Without more homes every year to match a rising population, housing will inevitably become more expensive. And with one in five households now renting privately, this section of the population won't be an exception to those fundamentals."*

Belvoir report a rental decrease during March, having experienced higher rents between December 14 and February 15, and indicates a year on year increase of around 2.3% when comparing March 2015 with a year ago. These increases are mainly driven by London and the South East.

Homelet suggest that for new tenancies, the average rent is 9.5% higher than in March 2014, which is also due to higher rents in London and the South West. Homelet rental statistics always tend to report higher increases than other indices.

## What's happening to Regional Rental Trends?

Much the same as national property prices versus regional ones, rental trends vary for each area, even to postcode level, but not as much as property prices. For example, you might have 10 different prices for a two bed flats vs four for rent. In the regional indices chart, we include average monthly rents from [LSL](#), [Homelet](#) and [Belvoir](#) for Mar 15 vs Mar 14, compared to the [Countrywide](#) average monthly rent for Q1 15 vs Q1 14. The average monthly rent from the VOA is also shown for the year to 30<sup>th</sup> September 2014.

| March 2015             | LSL<br>Average<br>Monthly<br>Rent<br>Mar-14 | LSL<br>Average<br>Monthly<br>Rent<br>Mar-15 | LSL<br>%<br>Change<br>YoY | Homelet<br>Average<br>Monthly<br>Rent<br>Mar-14 | Homelet<br>Average<br>Monthly<br>Rent<br>Mar-15 | Homelet<br>%<br>Change<br>YoY | Belvoir<br>Average<br>Monthly<br>Rent<br>Mar-14 | Belvoir<br>Average<br>Monthly<br>Rent<br>Mar-15 | Belvoir<br>%<br>Change<br>YoY | Countrywide<br>Average<br>Monthly<br>Rent<br>Mar-14 | Countrywide<br>Average<br>Monthly<br>Rent<br>Mar-15 | Countrywide<br>%<br>Change<br>YoY | VOA<br>Average<br>Monthly Rent<br>01.10.13 -<br>30.09.14 |
|------------------------|---|---|---------------------------|---|---|-------------------------------|---|---|-------------------------------|---|---|-----------------------------------|--|
| Scotland               | n/a   | n/a   | n/a                       | £ 587   | £ 631   | 7.5%                          | n/a   | n/a   | n/a                           | £ 628   | £ 646   | 2.9%                              | n/a  |
| Wales                  | £ 556                                       | £ 564                                       | 1.4%                      | £ 582   | £ 577   | -0.9%                         | £ 642   | £ 638   | -0.6%                         | £ 636   | £ 645   | 1.4%                              | n/a  |
| North East             | £ 524                                       | £ 519                                       | -1.0%                     | £ 501   | £ 520   | 3.8%                          | n/a   | n/a   | n/a                           | £ 625   | £ 614   | -1.8%                             | £ 490  |
| North West             | £ 582                                       | £ 594                                       | 2.1%                      | £ 635   | £ 671   | 5.7%                          | £ 596   | £ 609   | 2.2%                          | £ 616   | £ 625   | 1.5%                              | £ 541  |
| Yorkshire & The Humber | £ 536                                       | £ 547                                       | 2.1%                      | £ 571   | £ 611   | 7.0%                          | £ 606   | £ 611   | 0.8%                          | £ 609   | £ 638   | 4.8%                              | £ 553  |
| East Midlands          | £ 554                                       | £ 566                                       | 2.2%                      | £ 571   | £ 605   | 6.0%                          | £ 574   | £ 577   | 0.5%                          | £ 587   | £ 606   | 3.2%                              | £ 542  |
| West Midlands          | £ 562                                       | £ 560                                       | -0.4%                     | £ 600   | £ 643   | 7.2%                          | £ 645   | £ 679   | 5.3%                          | £ 697   | £ 681   | -2.3%                             | £ 577  |
| South West             | £ 664                                       | £ 655                                       | -1.4%                     | £ 748   | £ 851   | 13.8%                         | £ 701   | £ 722   | 3.0%                          | £ 758   | £ 786   | 3.7%                              | £ 695  |
| East Anglia            | £ 713                                       | £ 807                                       | 13.2%                     | £ 726   | £ 769   | 5.9%                          | £ 686   | £ 685   | -0.1%                         | £ 827   | £ 898   | 8.6%                              | £ 705  |
| South East             | £ 752                                       | £ 768                                       | 2.1%                      | £ 847   | £ 893   | 5.4%                          | £ 888   | £ 926   | 4.3%                          | £ 1,084   | £ 1,138   | 5.0%                              | £ 873  |
| Greater London         | £ 1,121                                     | £ 1,177                                     | 5.0%                      | £ 1,310   | £ 1,427   | 8.9%                          | £ 1,388   | £ 1,452   | 4.6%                          | £ 1,172   | £ 1,258   | 7.3%                              | £ 1,530  |

It's unlikely that any indices can be directly compared, but what we can do is check whether they are all giving the same trending information - ie going up or down, so we can get a feel for what's actually happening in the market from a variety of sources.

The breakdown for **Scotland and Wales** regions show:-

- For **Wales**, the [Homelet](#) and [Belvoir](#) indices show insignificant year on year falls of -0.9% and -0.6% respectively, with both [Countrywide](#) and [LSL](#) indicating a slight rise of 1.4%. Overall, rents in Wales appear to be relatively stable.
- In **Scotland**, the [Countrywide](#) indices is showing a small increase of 2.9%, year on year, with [Homelet](#) showing rental increases of 7.5%. According to the Scottish Buy to Let Index from LSL, *"The average monthly rent in Scotland has risen just 1.1% in the year to February 2015 – representing the smallest annual increase experienced since April 2013. The average residential rent across Scotland has increased only £6 in the last year, reaching £537 per month in February. This represents a significant downtrend in annual rent rises, which peaked at 4.3% a year previously in February 2014 (equal to a £21 annual boost in cash terms)."*

## Rental changes in English regions

The breakdown for the **English** regions shows:-

- In the **North East**, rental averages tend to be variable due to property rents ranging from around £300 to in excess of £2,000 a month. The [Countrywide](#) and [LSL](#) indices register small falls of -1.8% and -1% respectively. However the [Homelet](#) figures indicate a rise of 3.8%, year on year. Looking at [Belvoir's](#) individual offices, rents appear to be static to rising.

## Rental changes in English regions – cont'd

- The data from [Countrywide](#), [LSL](#) and [Belvoir](#) for the **North West**, show small year on year increases of 1.5% to 2.2%, with [Homelet](#) indicating a larger 5.7% increase. In the main, this suggests rents are pretty static unless renting out new property.
- In the **Yorkshire & The Humber** region, the figures from [Belvoir](#) show an insignificant increase of 0.8%, year on year, with [LSL](#), [Countrywide](#) and [Homelet](#) registering increases of 2.1%, 4.8% and 7% respectively, suggesting a varied picture for rent changes.
- For rents in the **East Midlands**, the indices show an insignificant increase of 0.5% from [Belvoir](#), with [LSL](#) and [Countrywide](#) registering small year on year increases of 2.2% and 3.2% respectively. [Homelet's](#) figures show a higher increase of 6%. Overall the stats suggest the East Midlands has seen some increases this year, but only in line with long term inflation.
- In the **West Midlands**, [Countrywide](#) and [LSL](#) indicate falls of -2.3% and -0.4%, year on year, with [Belvoir](#) indicating a rise of 5.3% and [Homelet](#) a larger rise of 7.2%. Rents normally have a +/-4% difference between the indices and although stretched, it looks like these are within the 'normal' range and reflect different postcode/property type performance.
- Average rents in the **South West** region from [LSL](#) indicate a small fall in rents of -1.4%, however, [Belvoir](#) and [Countrywide](#) recorded year on year increases of 3% and 3.7% respectively. [Homelet](#) on the other hand, show a much larger increase of 13.8%, which suggests this rise is out of sync compared to other indices.
- The [Belvoir](#) data for **East Anglia** indicates virtually no change to rental levels, year on year, at -0.1%. However, the indices of [Homelet](#), [Countrywide](#) and [LSL](#) show increasing rents of 5.9%, 8.6% and 13.2% respectively, suggesting rent rises in the area are quite strong.
- In the **South East** region, rents vary from a small rise of 2.1% via [LSL](#), with [Belvoir](#) indicating year on year rises of 4.3%. [Countrywide](#) and [Homelet](#) register similar annual rises of 5% and 5.4% giving agreement on rental changes in the region.
- For **Greater London**, all the indices show year on year increases in rents, ranging from 4.6% recorded by [Belvoir](#), 5% from [LSL](#), and larger increases of 7.3% and 8.9% via [Countrywide](#) and [Homelet](#).

## What's happening with Room Rents?

We work closely with [SpareRoom](#) who run their own Index to help buy to let landlords and tenants understand the trends in renting a room and they support our [Rent a Room Checklist](#).

National room rent trends from [SpareRoom](#) show "The average room rent for March 2015 was £589, up from £579 in February."

### Regional Room Rent Trends

During the last quarter, the areas with the highest rises in room rents include Dorchester (12%) and Widnes (18%), and the largest falls include Belfast (-31%) and Dundee (-15). Room rents can see quite major variations from one month to the next due to the changing nature of the stock rented. Rents remained steady in Kettering, Barnsley, Salisbury and Sunderland.

#### Regional Room Rents

| March 2015   | SpareRoom Average Monthly Rent | SpareRoom Quarterly Change |
|--------------|--------------------------------|----------------------------|
| Edinburgh    | £ 431                          | -10.0%                     |
| Belfast      | £ 267                          | -31.0%                     |
| Cardiff      | £ 339                          | -10.0%                     |
| Durham       | £ 354                          | -6.0%                      |
| Manchester   | £ 383                          | -5.0%                      |
| Leeds        | £ 349                          | -3.0%                      |
| Nottingham   | £ 346                          | -3.0%                      |
| Birmingham   | £ 395                          | -2.0%                      |
| Swindon      | £ 403                          | -2.0%                      |
| Peterborough | £ 368                          | -1.0%                      |
| Bournemouth  | £ 423                          | -7.0%                      |

#### London Room Rents

| March 2015          | SpareRoom Average Monthly Rent | SpareRoom Quarterly Change |
|---------------------|--------------------------------|----------------------------|
| East Central London | £ 967                          | 6.0%                       |
| East London         | £ 690                          | -4.0%                      |
| North London        | £ 692                          | -6.0%                      |
| North West London   | £ 766                          | -5.0%                      |
| South East London   | £ 649                          | -1.0%                      |
| South West London   | £ 733                          | -7.0%                      |
| West Central London | £ 923                          | -4.0%                      |
| West London         | £ 842                          | -2.0%                      |

Data sourced from [SpareRoom's Room Rental Index \(March 2015\)](#). For more data, visit [SpareRoom.co.uk](#).

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## For Media Professionals

If you need Kate to appear on TV, radio or for general comment, please contact directly:-

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## About Kate Faulkner

Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors, first time buyers and is often asked to present at industry conferences and chair debates.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out over 20 TV and radio interviews, has been quoted every month in major newspapers and magazines and being featured in many local newspapers.

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