

BELVOIR!



Rental Index

March 2018 (Q1 18)



National rental trends

Data from offices trading over 10 years

Data including new Belvoir offices

Summary for England

Summary for Scotland

Summary for Wales



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Regional rental trends

London

South East

South West

East Anglia

East Midlands

West Midlands

Yorkshire

North East

North West

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Tenant trends

Rent changes reported by Belvoir offices

Tenant demand

Tenancy length

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Landlord trends

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Appendix

Belvoir Rental Index 2008 to 2018

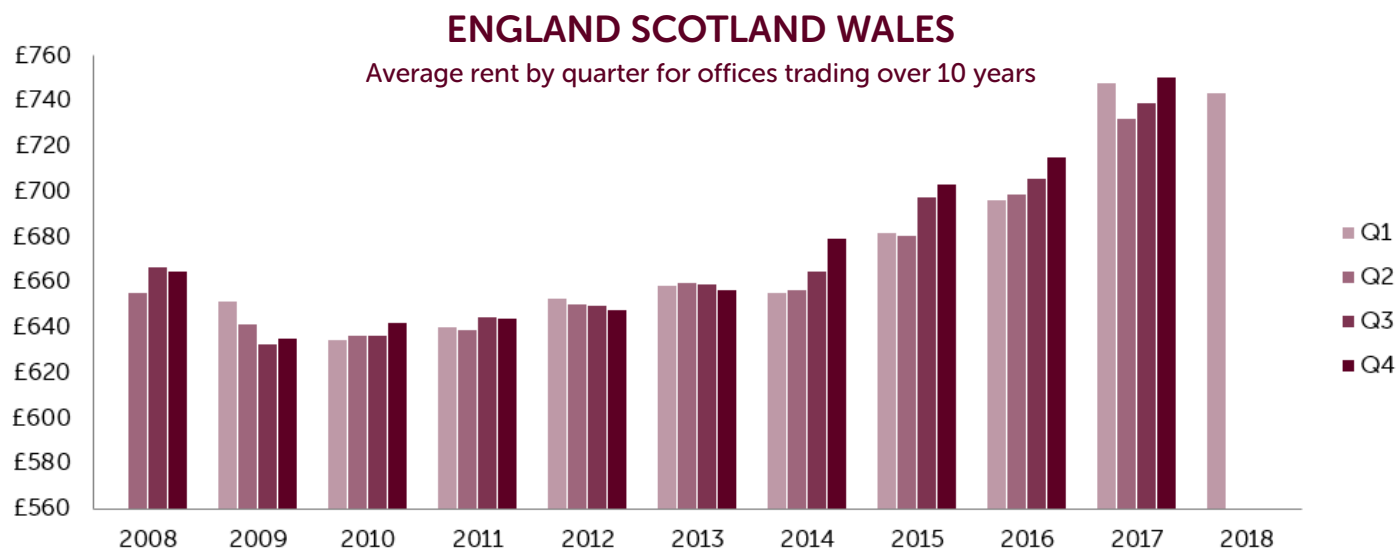
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National rental trends



Data from offices trading over 10 years



Average rent
Q1 2018

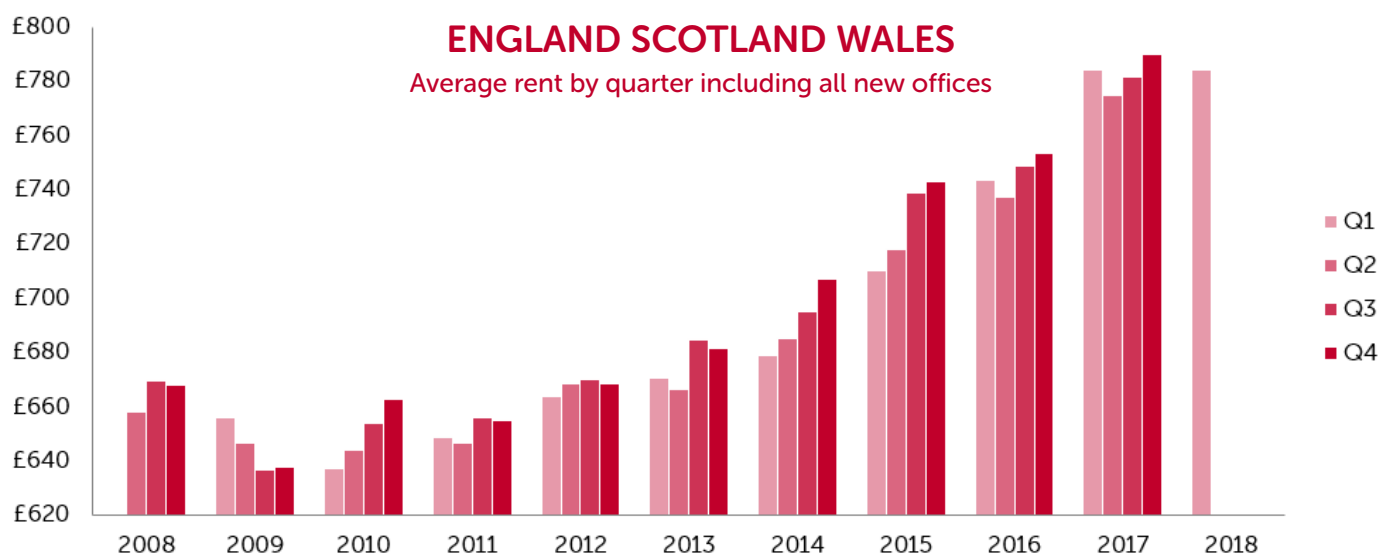


Year on year
increase in
average rents
to Q1 18

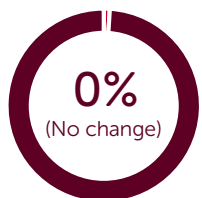


Increase from
2017 average
to Q1 18
average rent

Data including new Belvoir offices



Average rent
Q1 2018



Year on year
increase in
average rents
to Q1 18



Increase from
2017 average
to Q1 18
average rent

National rental trends



Summary for England



Average rent
Q1 2018



Year on year
increase in average
rents to Q1 18



Increase from 2017
annual average to
Q1 18 average rent

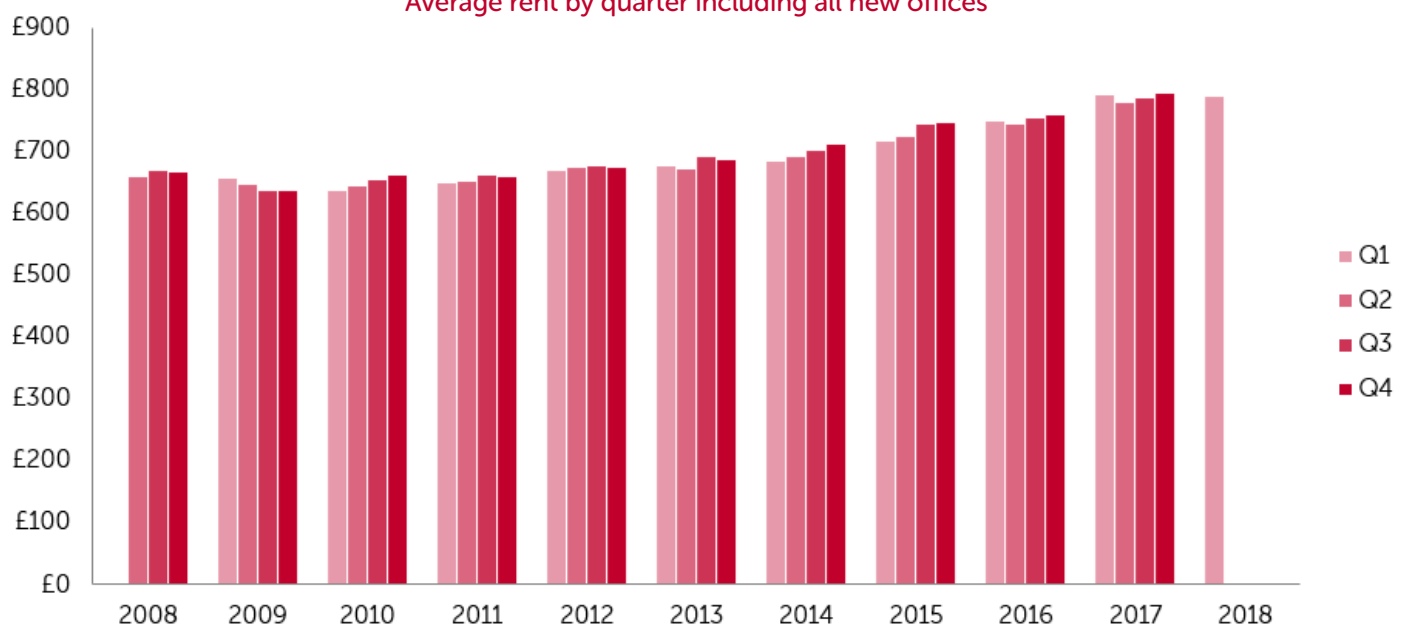


“ The trends that Belvoir are reporting are very much in line with our predictions at the beginning of this year. ”

DORIAN GONSALVES, BELVOIR CEO

ENGLAND

Average rent by quarter including all new offices



National rental trends



Summary for Scotland

MORAY



Static rents for all property types and sizes during Q1 2018 with no change anticipated to rental levels during the next quarter



Tenant demand fell during the quarter and is expected to continue to fall back during Q2 2018.

ANDY CAMPBELL, BELVOIR MORAY

GLASGOW

“

We have seen an increase in rents for one and two-bed flats, and three-bed detached houses, and expect rents to increase during Q2 2018 across the board. Tenant demand remained static and no change to demand is expected during the next quarter.

”

SHARON WALKER, BELVOIR GLASGOW



Average rent
Q1 2018

PAISLEY



No change to studio/one-bed flat rents during Q1 2018, but rental increases for two, three and four bed properties, with the highest increases on houses.



Tenant demand increased for both flats and houses during Q1 2018, however demand for flats is likely to decrease but increase for houses during the next quarter. Rents are also expected to increase across the board during Q2 2018.

DENISE RHODES, BELVOIR PAISLEY



Average rent
Q1 2018

continued...



PERTH



Static rents for studio flats and larger detached houses, but increases for all other property types and sizes, with the highest rises attributed to houses.



Rents are expected to remain static during the next quarter.



Tenant demand for houses remained static, while increasing for flats. Demand for flats is expected to increase but remain stable for houses during Q2 2018.



HARRY COATES, BELVOIR PERTH

DUNDEE



Static rents for studio/one bed flats, increases for two, three and four bed houses, and decreases for two bed flats. This is predominantly due to the current popularity of houses over flats.



Rents are expected to increase for both flats and houses during the next quarter.



Tenant demand remained static but is likely to increase for both flats and houses during Q2 2018.

NICK HORAN, BELVOIR DUNDEE

National rental trends

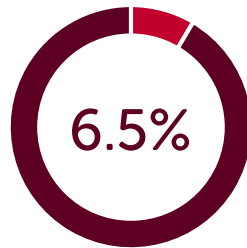


Summary for Wales

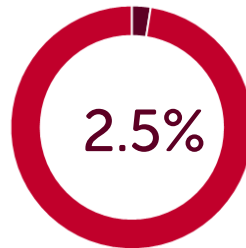
CARDIFF



Average rent
Q1 2018



Year on year
increase in average
rents to Q1 18



Increase from 2017
annual average to
Q1 18 average rent



SWANSEA



Static rents for studio and one bed flats, with increasing rents for all other property



types and sizes - the highest rises attributed to three, four and five bed detached houses.



Rents are expected to continue to increase over the next quarter.



Average rent
Q1 2018

BEN DAVIES, BELVOIR SWANSEA AND MUMBLES

WREXHAM



Stable rents for studios, one and two bed flats, and increases for two, three and four bed houses, with the higher increases on four bed detached houses.



It is likely that rents will remain static for flats/room rents but increase for houses.



Tenant demand was static and is expected to remain stable during the next quarter across the board.



Average rent
Q1 2018

VAUGHAN SCHOFIELD, BELVOIR WREXHAM

Regional rental trends



Current rental trends

LONDON



Average rent
Q1 2018

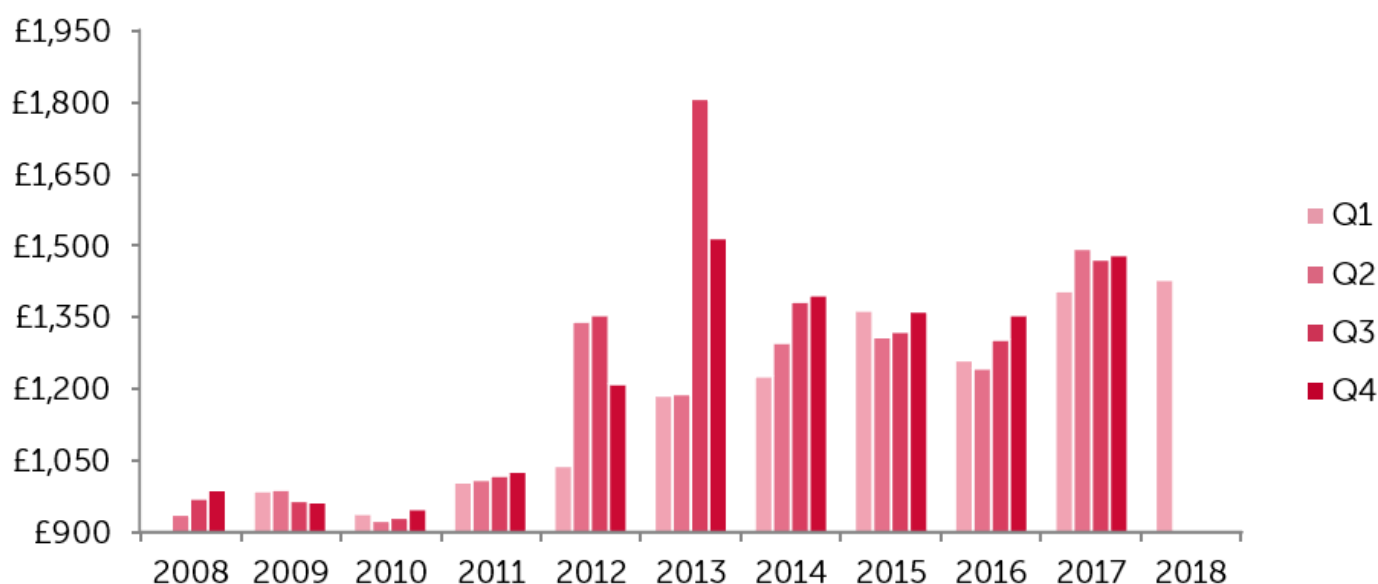


Decrease from 2017
annual average to
Q1 18 average rent



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter	Lowest historical average quarter	First quarter recorded rent	No of years	Annual average increase since existence
London	£1,428	£1,404	1.70%	£1,461	-2.30%	2013Q3 £1,806	2010Q2 £924	2008Q2 £937	10	4.30%

Historic rental trends

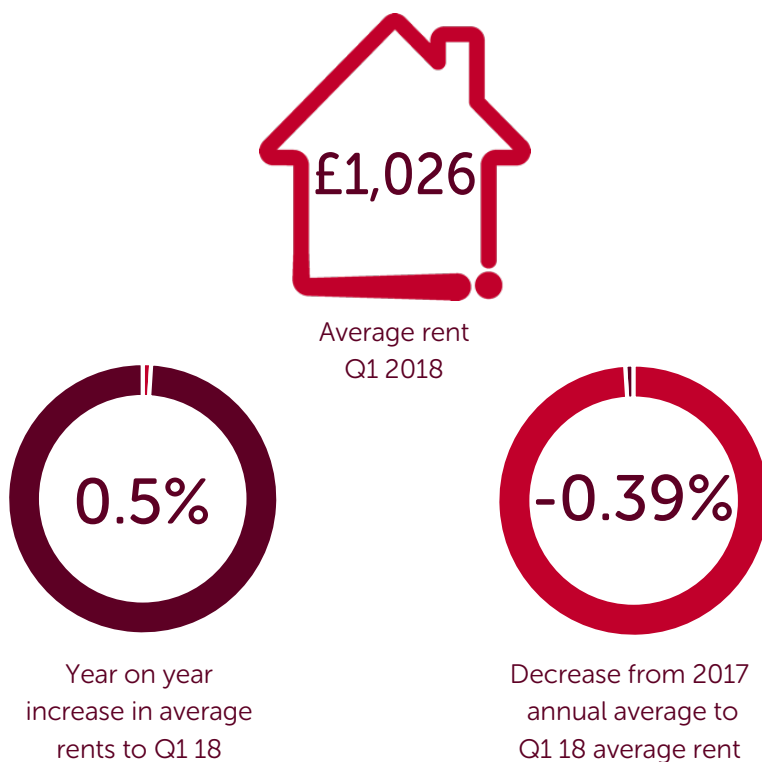


Regional rental trends



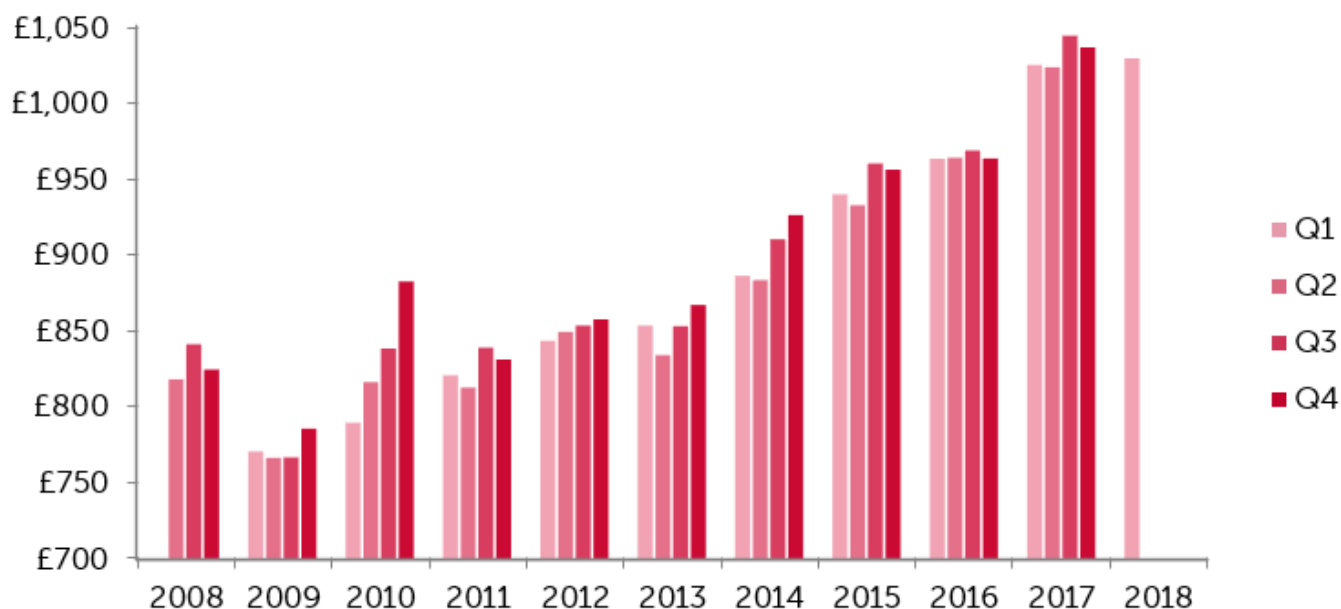
Current rental trends

SOUTH EAST



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter	Lowest historical average quarter	First quarter recorded rent	No of years	Annual average increase since existence
South East	£1,026	£1,021	0.50%	£1,030	-0.39%	2017Q3 £1,045	2009Q2 £768	2008Q2 £819	10	2.28%

Historic rental trends



Regional rental trends

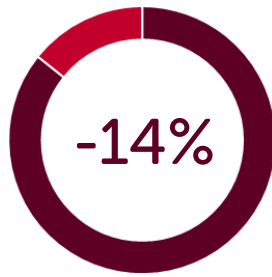


Current rental trends

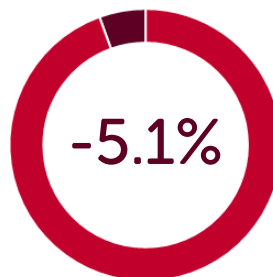
SOUTH WEST



Average rent
Q1 2018



Year on year
decrease in average
rents to Q1 18



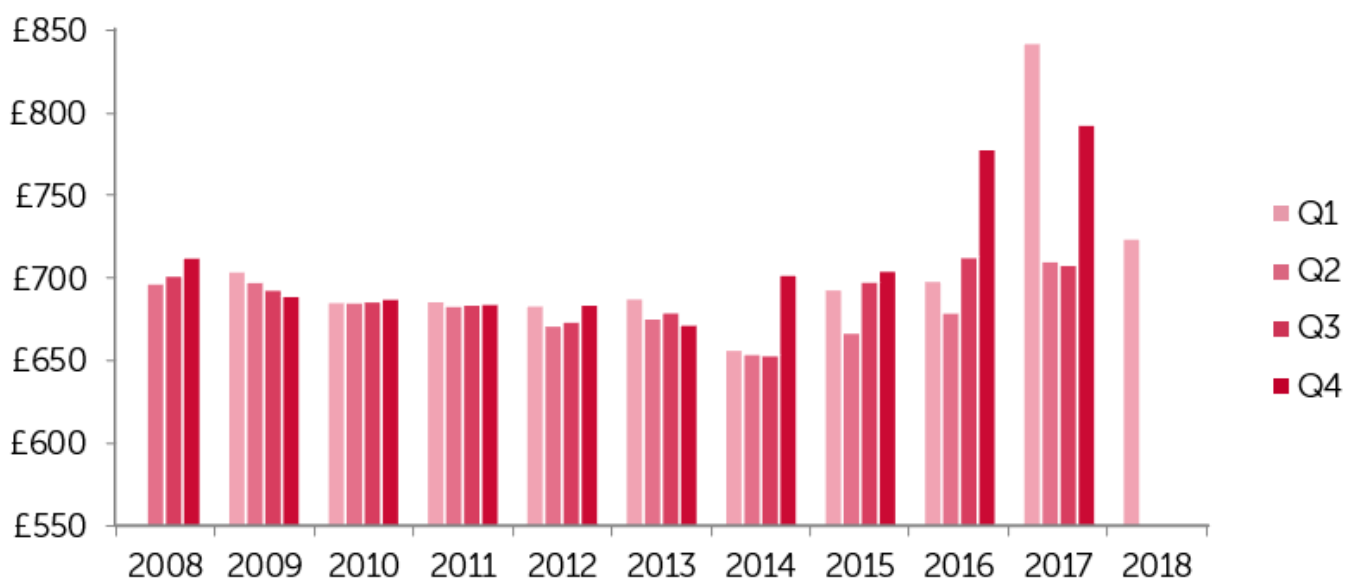
Increase from 2017
annual average to
Q1 18 average rent



As you can see over time average rents have hardly increased during the 10 years. However, the current stats suggest large falls for the region but this is down to individual anomalies at office level explained under the counties of Devon and Dorset.

Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
South West	£724	£842	-14.03%	£763	-5.12%	2017Q1	£842	2014Q3	£653	2008Q2	£696	10	0.39%

Historic rental trends

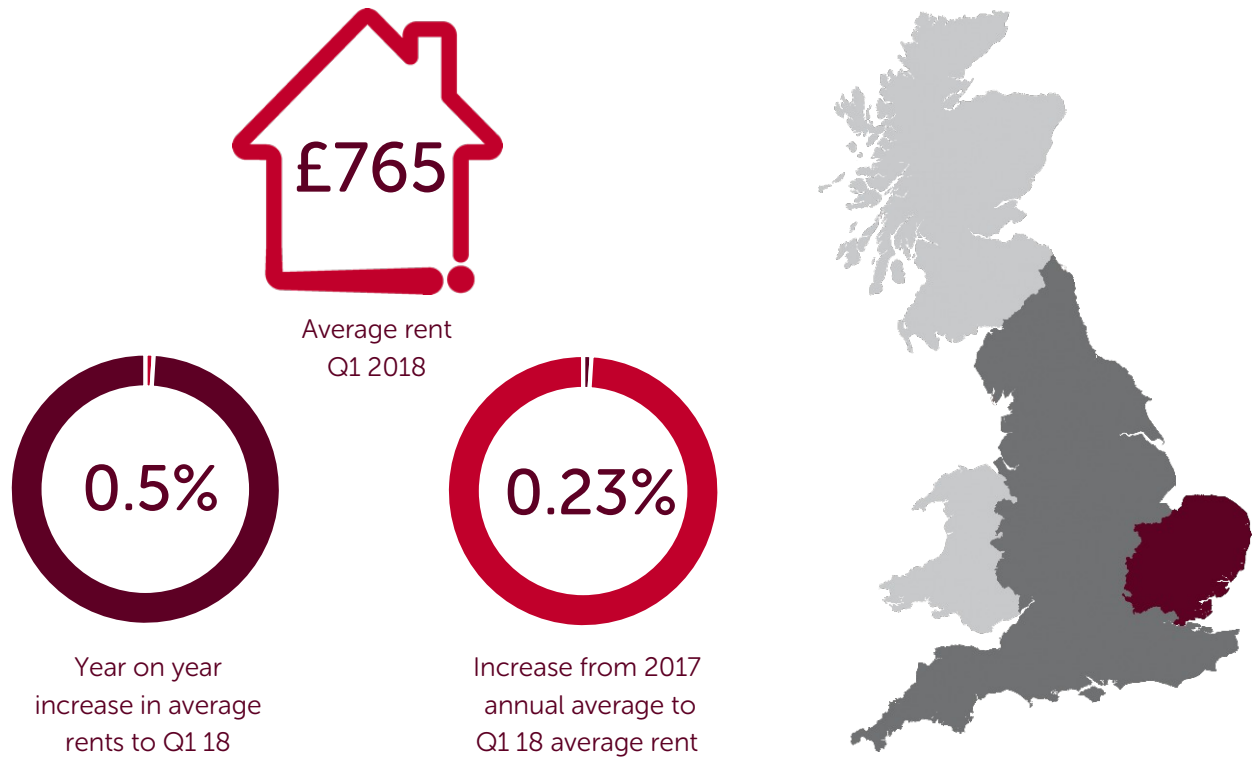


Regional rental trends



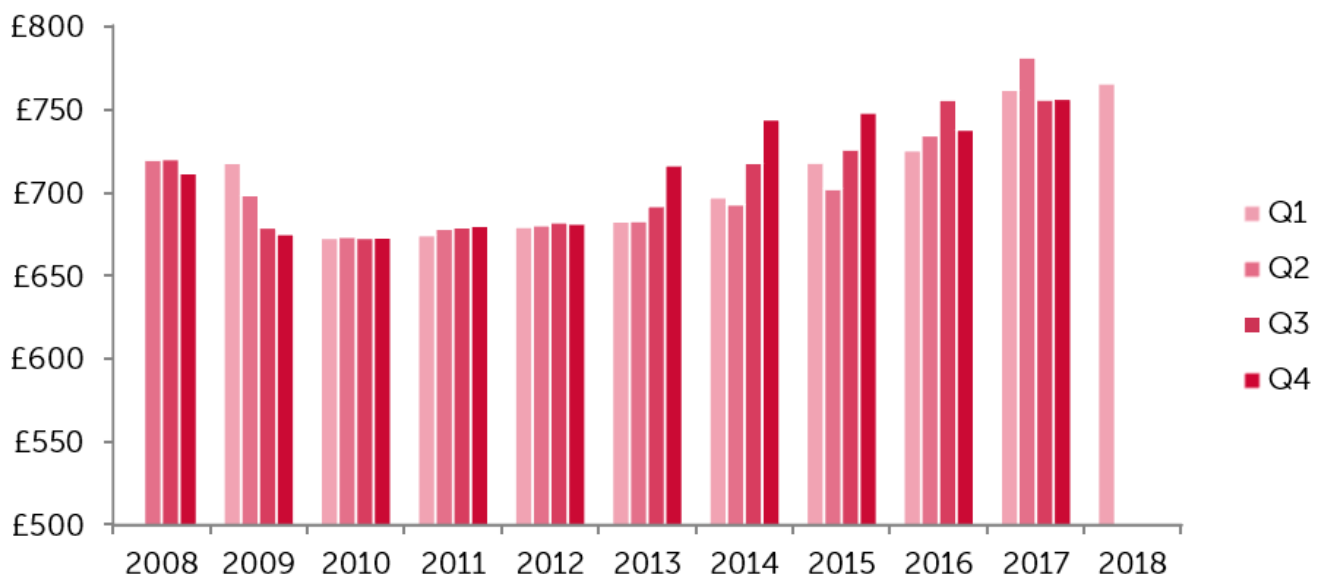
Current rental trends

EAST ANGLIA



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
East Anglia	£765	£761	0.50%	£763	0.23%	2017Q2	£781	2010Q3	£672	2008Q2	£719	10	0.62%

Historic rental trends



Regional rental trends

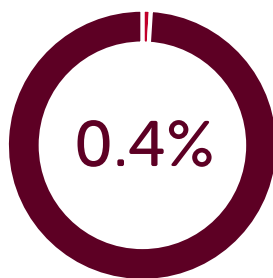


Current rental trends

EAST MIDLANDS



Average rent
Q1 2018



Year on year
increase in average
rents to Q1 18

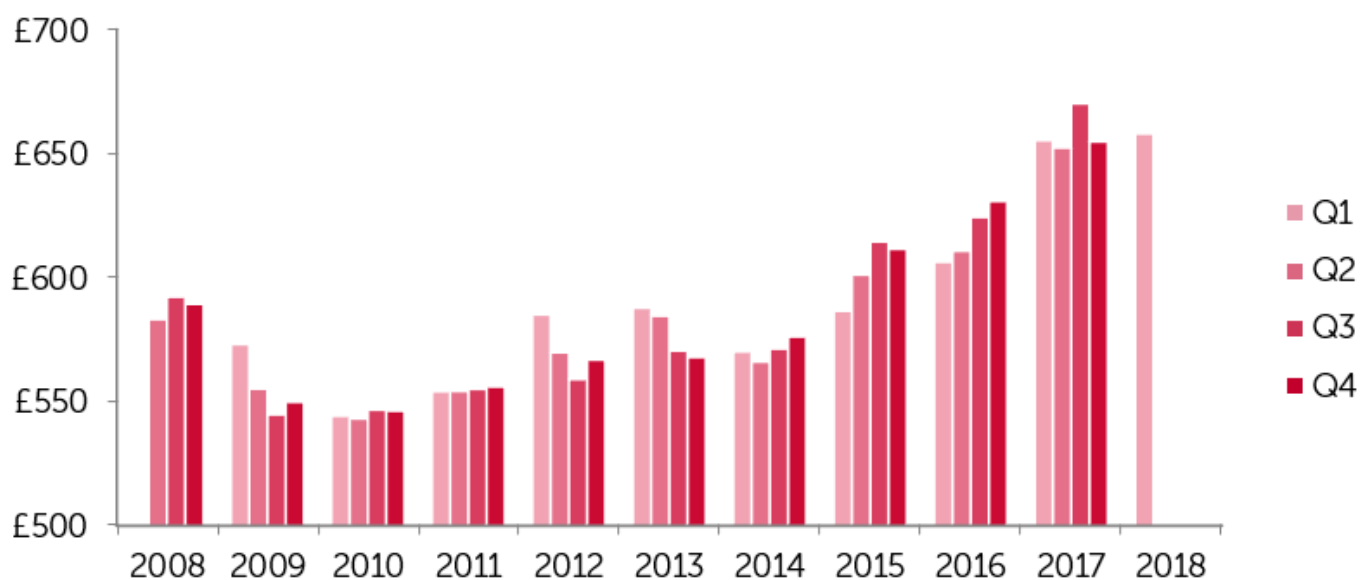


Increase from 2017
annual average to
Q1 18 average rent



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
East Midlands	£658	£655	0.42%	£658	-0.02%	2017Q3	£670	2010Q2	£543	2008Q2	£583	10	1.22%

Historic rental trends



Regional rental trends

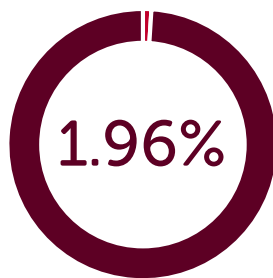


Current rental trends

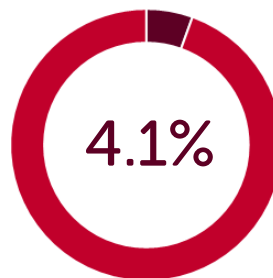
WEST MIDLANDS



Average rent
Q1 2018



Year on year
increase in average
rents to Q1 18

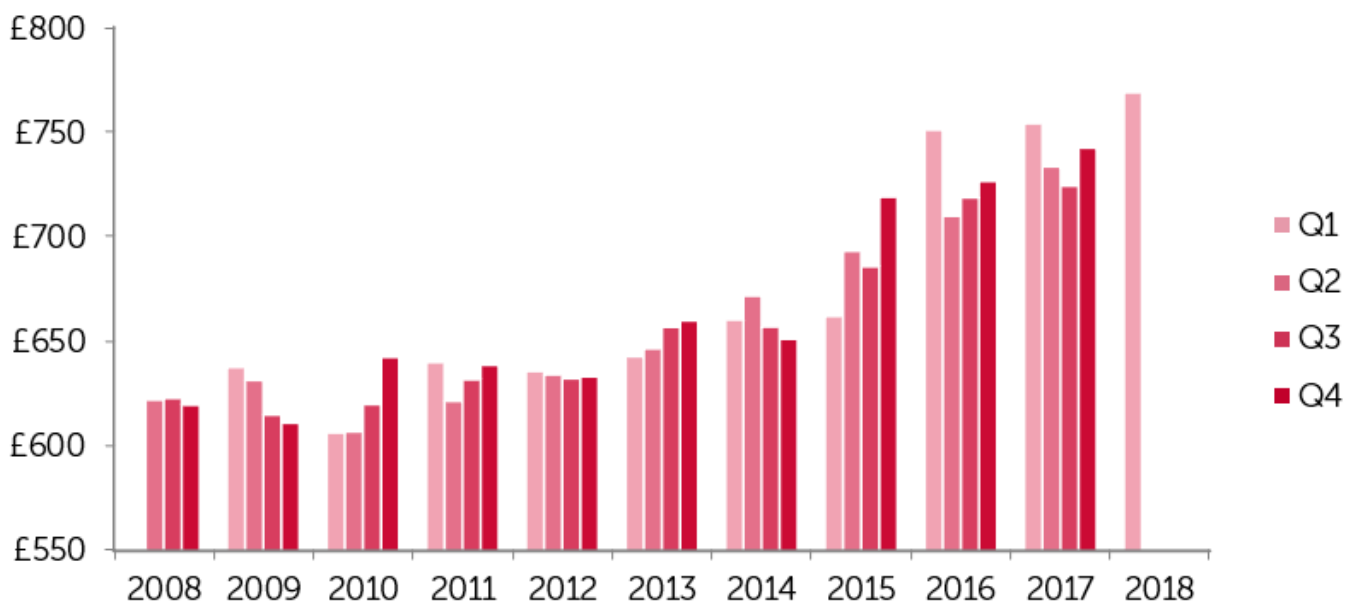


Increase from 2017
annual average to
Q1 18 average rent



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
West Midlands	£769	£754	1.96%	£739	4.10%	2017Q1	£754	2010Q1	£606	2008Q2	£622	10	2.14%

Historic rental trends



Regional rental trends

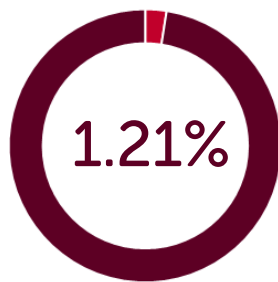


Current rental trends

YORKSHIRE



Average rent
Q1 2018



Year on year
increase in average
rents to Q1 18

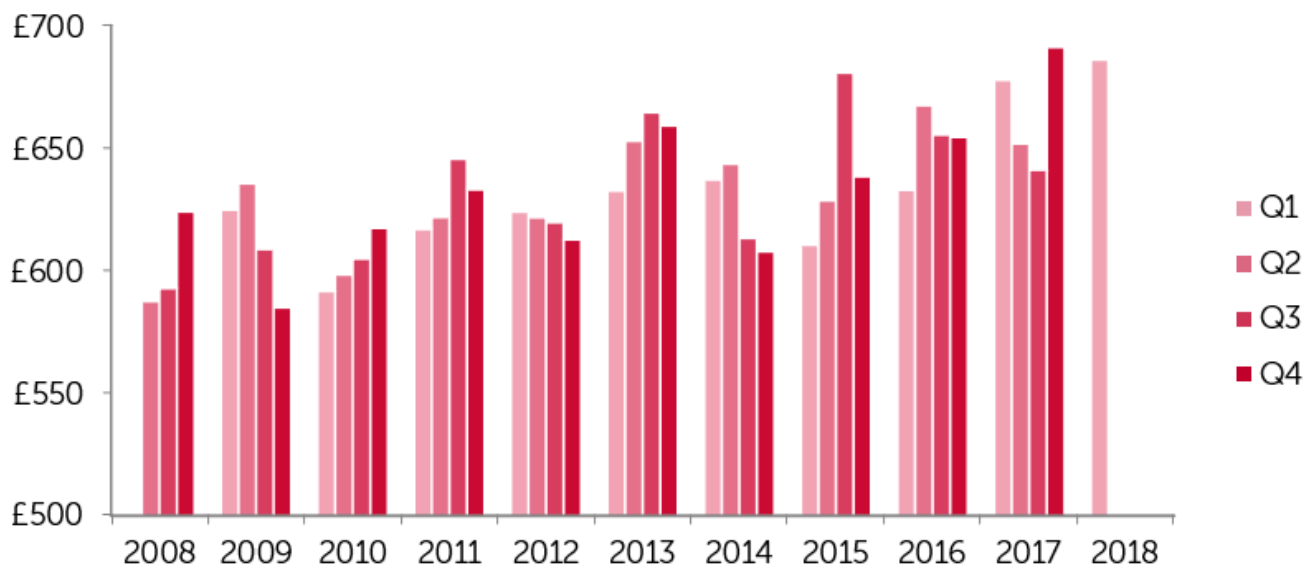


Increase from 2017
annual average to
Q1 18 average rent



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
Yorkshire	£686	£678	1.21%	£665	3.08%	2017Q4	£691	2009Q4	£585	2008Q2	£587	10	157%

Historic rental trends



Regional rental trends



Current rental trends

NORTH EAST

In our experience statistics on rents in the North East are often too volatile to reflect what's actually happening in the local market, so we prefer to feed back directly from the office owners:

“ Rents were static across the board for Q1 2018, with decreased tenant demand. Rents are expected to remain stable in the next quarter, with demand increasing for both flats and houses. ”

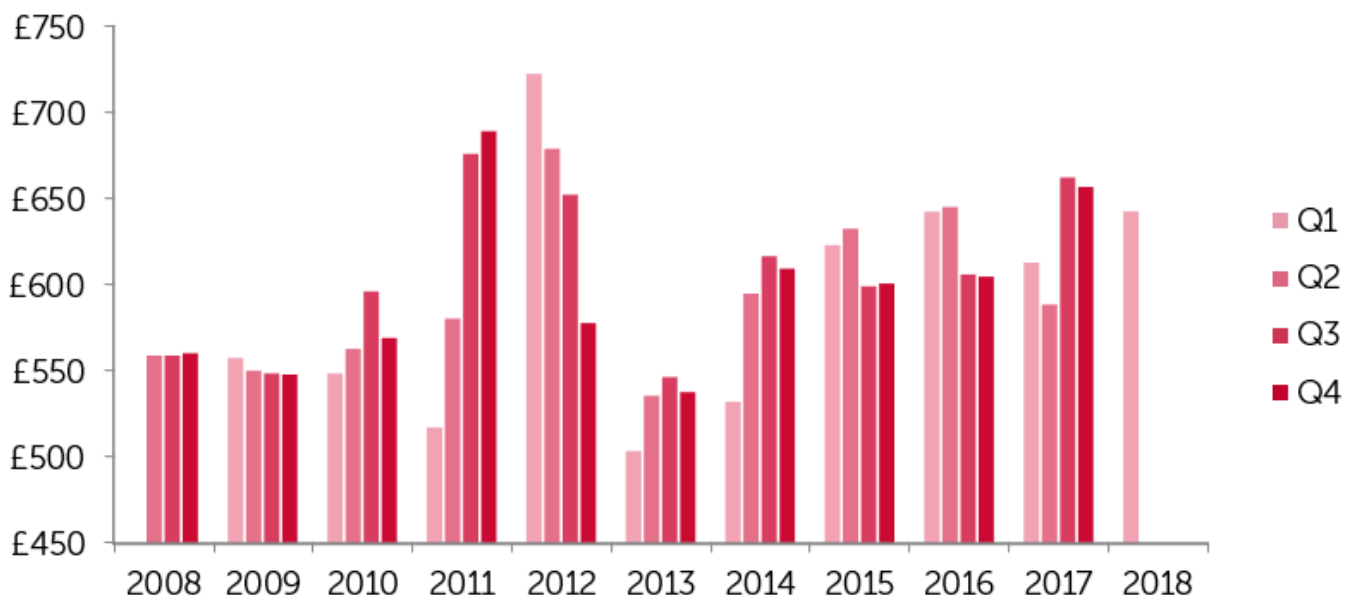
HOWARD KING, BELVOIR NEWCASTLE AND SUNDERLAND



“ Rents have increased for the majority of properties, in particular four-bed houses, which had the highest increases. Rents for five-bed houses remained unchanged. Tenant demand increased for houses but remained static for flats. Looking to Q2 2018, rents are likely to rise due to the shortage of properties and an increase in demand is expected. ”

JOHN REDDEN, BELVOIR TYNEDALE

Historic rental trends

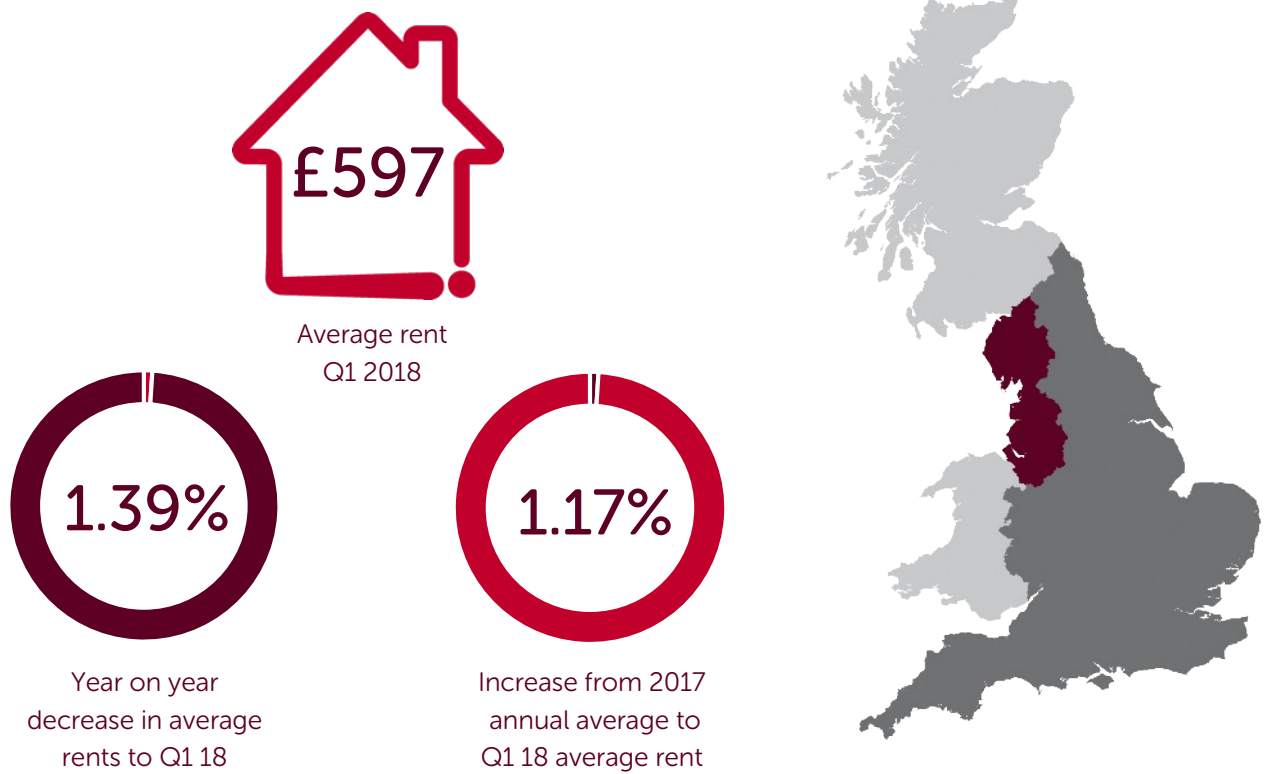


Regional rental trends



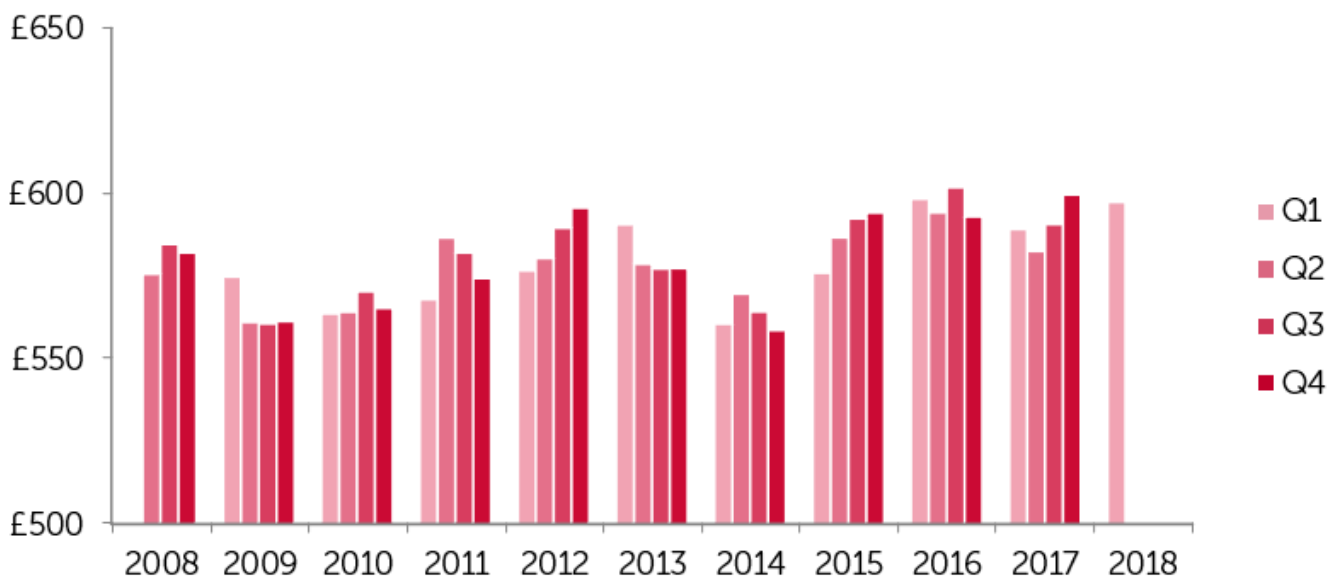
Current rental trends

NORTH WEST



Region	Average latest quarter rent	Average rent in previous year's quarter	% change	Average annual rent for previous year	Latest quarter vs previous year's average	Highest historical average quarter		Lowest historical average quarter		First quarter recorded rent		No of years	Annual average increase since existence
North West	£597	£589	1.39%	£591	1.17%	2016Q3	£602	2014Q4	£559	2008Q2	£576	10	0.37%

Historic rental trends

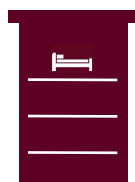




Studio flats

79% of offices report static rents

Small rises of up to £25 a month



One-bed flats

74% of offices report static rents

More increases of up to £25 a month



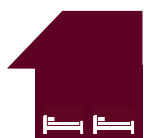
Two-bed flats

63% report static rents

Fewer increases up to £25 a month; increase in rises over £25

Inflation on flats continues to be relatively stable.
Majority of rises are up to £25, or not at all

HOUSES

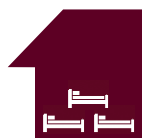


Two-bed houses

51% of offices see rents unchanged

Fewer see rises up to £25 a month

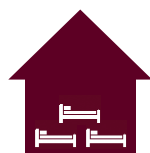
Increase in rises of £25+ a month



Three-bed semis/terraces

40% of offices report static rents, fewer than last quarter

Slight rise in inflation of rents of up to £25 a month; seeing more rent increases of £25+ a month



Three-bed detached

Mixed performance

37% report no change, fewer than last quarter

Inflationary pressure of up to and over £25 increases



Four and five-bed detached

37% report static rents, so more rises this quarter




Majority of rises are over £25 a month

Inflation on houses slightly up this quarter, especially on larger properties



Tenant demand and tenancy length





Demand

-  Demand for houses continues to be strong, increased from last quarter, suggesting demand for houses is stronger than for flats
-  Tenants continue to be short of three-bed semi/terrace properties, two-bed houses, followed by three and four-bed detached, and five-bed detached houses with shortages increasing
-  In Q1 franchise owners predict tenant demand to increase mainly for family rents and professional lets, with demand from retirees remaining static

“Tenants are continuing to stay in their properties for longer,” reports Dorian. “A third of tenants naturally prefer a tenancy of around 13-18 months, but 40% are staying for 19-24 months, which is the highest percentage we’ve seen in the last two years.”

DORIAN GONSALVES, BELVOIR CEO

Tenancy length

-  Tenants are continuing to stay in their properties for longer
-  33% prefer a tenancy of 13-18 months
-  40% staying for 19-24 months – almost double the previous quarter
-  17% are choosing to rent a property for over 24 months with one office reporting their average tenants stay in excess of four years

Average length of time tenants are renting for	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Less than a year	1.7%	3.7%	2.1%	3.6%	3.3%	8.2%	7.7%	5.6%
13-18 months	51.7%	46.3%	45.8%	43.6%	45.0%	42.9%	51.9%	33.3%
19-24 months	25.0%	27.8%	31.3%	29.1%	36.7%	30.6%	23.1%	40.7%
Over 24 months	16.7%	18.5%	14.6%	18.2%	11.7%	14.3%	13.5%	16.7%
Other	5.0%	3.7%	6.3%	5.5%	3.3%	4.1%	3.9%	3.7%



Belvoir offices reporting arrears and evictions

Arrears



20% of offices report 4-10 tenants in rent arrears, similar to Q4



Number of offices with more than one but fewer than three rent arrears increased from 46% to 50%, highest seen since the start of the index

Evictions



A slight fall in no evictions from 23% to 20%



63% of Belvoir offices carried out no evictions up from 56% in Q4



A fall to 20% from 33% in Q4 of Belvoir offices carried just one eviction in Q1 18



An increase in the number of offices evicting 2-3 tenants from 9% to 16% over Q4



No offices evicting four or more renters – the same as Q4

Evictions carried out in the last quarter	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
None	71.7%	55.6%	62.5%	54.6%	61.7%	53.1%	55.8%	63.0%
One	21.7%	20.4%	31.3%	32.7%	20.0%	26.5%	32.7%	20.4%
2-3	3.3%	20.4%	4.2%	7.3%	13.3%	20.4%	9.6%	16.7%
4 or more	1.7%	3.7%	2.1%	3.6%	1.7%	0.0%	0.0%	0.0%

“






Tenant arrears have fallen back again this quarter and any arrears that were encountered are due to sickness, benefit problems or job loss.

”

DORIAN GONSALVES, BELVOIR CEO



Supply

-  Property supply for tenants is continuing to reduce
-  More landlords are selling up with an increased number of offices seeing 4-5 landlords selling while 6% of offices saw 11 or more landlords selling – the highest percentage for over a year
-  Landlords' main reasons for selling properties are tax changes and constant regulation and legislation changes
-  The number of offices seeing landlords buy more properties to let remains very similar versus Q4, however the number of offices seeing landlords buying between 4-5 properties is up versus Q4 but the number of offices seeing 6-10 and 11 or more property purchases is down
-  Fewer landlords experienced voids of less than or up to a week, suggesting letting property more quickly

How many landlords have sold properties?	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
None	10.0%	16.7%	16.7%	18.2%	6.7%	4.1%	11.5%	9.3%
Up to 3	40.0%	53.7%	50.0%	32.7%	36.7%	57.1%	50.0%	46.3%
4-5	31.7%	20.4%	20.8%	38.2%	36.7%	28.6%	23.1%	31.5%
43379	11.7%	5.6%	6.3%	7.3%	15.0%	8.2%	15.4%	7.4%
11 or more	3.3%	3.7%	6.3%	1.8%	1.7%	0.0%	0.0%	5.6%

“ As more landlords see their profits eroded, and more legislation is in the pipeline, more landlords are likely to exit the market. We are still seeing new investment in the BTL market, but the number of properties being bought has decreased. ”

DORIAN GONSALVES, BELVOIR CEO

Key research question



How do landlords choose an agent?



What is the number one priority for landlords when choosing an agent?



Around half of offices said that price/fees was the main priority for landlords



Just over a quarter of offices stated that reputation, service, reliability and trust were most important to their landlords



Knowledge and local property expert were also key points



Over the last 10 years, Belvoir Lettings, one of the UK's top lettings only franchises, has been tracking monthly rental price movements.

This report analyses the ups and downs of the rental market, not just at a national level, but breaking down monthly rental averages into London, the rest of England, Wales and Scotland as well as county level.

The data is created from average advertised rents. This isn't a perfect way of analysing rents, but most Belvoir agents advertised rents are set at levels they know tenants will pay, and worst case, they may on occasions be approximately 10% less. This doesn't though appear to prevent the index from identifying rental trends. To help ensure the monthly rents aren't too erratic and historic and existing trends can be identified, the average rents are calculated as three-month simple averages.

In addition, we don't just produce rental statistics. We liaise directly with over 140 franchised offices to better understand the reality of what's driving rents up or down. We check trends the statistics are showing so we understand at ground level, exactly what they mean for landlords and tenants as well as what the statistics can tell us about the future.

The report breaks down the Belvoir Index analysis in two formats

Offices which have consistently traded over the last 10 years

This is an analysis of rents across offices which have consistently traded across the 10 years we have been tracking the index. Effectively, this analysis looks at rents on a 'like by like' basis, much as analysis is carried out when comparing like for like sales in retailing.

1. This data analyses more than 140 offices from 2008 to 2018.
2. All offices which have traded via the Belvoir brand over the last 10 years. This analysis looks at rents across all offices.
3. We add an office after it has traded for 12 months and can provide a three-month simple average.



Level of data analysis

In this report we produce the following information:

1. Average rental movements across the UK
2. Average rental movements across England, Wales and Scotland
3. Average rental movements by region: for example, East Midlands, London
4. Average rental movements by county: for example, Nottinghamshire, Shropshire
5. Commentary from Belvoir, the franchisor and local franchisees



How we analyse the data

The data is analysed on a three-month simple average:

Average rent:	£500
Average June rent:	£525
Average July rent:	£515
Total:	$\text{£1,540} / 3 = \text{£513}$ will be the average July rental figure

We analyse the information on a month-by-month basis and a year-on-year basis. However, we also look at the data from the height of the rental market, the market low and whether the latest monthly data suggests rents are rising, falling or stabilising versus previous highs and lows.

The rents analysed are 'average' rents. In the main, we know that the annualised average rent is fairly accurate when considering the rents for the top two properties, for example, two and three bed houses in small and large urban areas, or one and two bed flats in city centres such as London.

Some of the data flaws happen on a month-by-month basis. For example, it is possible that some trends are affected by agents listing unusually high priced properties. For example, in Shrewsbury, we know the data accurately picks up trends over time, but tracks average rents at around 10% higher due to large, prestigious properties being rented on a regular basis.

In addition, we know data for some offices can show a rise in rents when the reality is that property stock is tight, so isn't as robust as normal, or a higher level of new build properties rent out at higher levels than second hand or previously lived-in properties.