

BELVOIR!

the lettings specialist

December 2012 Rental Index

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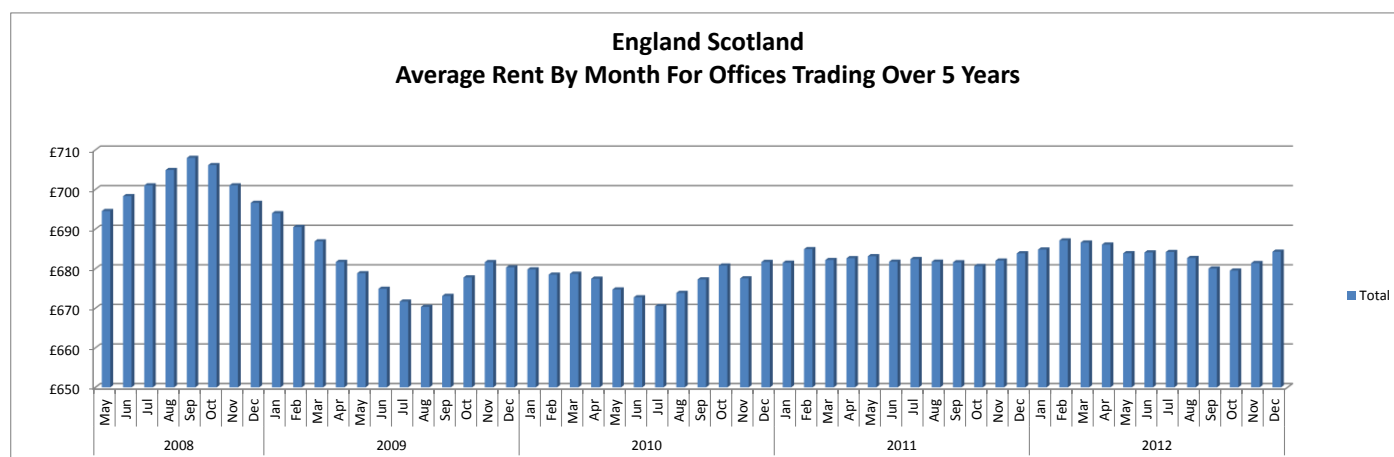
Belvoir Rental Index Nov 2012: Top 10 Report Highlights

1. Average rents across Belvoir offices which have traded consistently over the last five years in the UK show 2012 versus 2008 annual average are actually 2.4% lower
2. If rents had risen in line with inflation since 2008, tenants would be paying £113 more a month than current*
3. Offices are reporting people's homes, rented as they can't sell, can attract 10% more rent than standard buy to let accommodation
4. Scottish average rents have remained stable at an average of £550 for 2012
5. Welsh average rents have remained stable in the past 12 months at £617 per month
6. Areas yet to recover to 2008 heights by December 2012 include the East Midlands, East Anglia and the North East
7. Areas stabilising around 2008 levels include West Midlands, Yorkshire, North West and Scotland
8. Areas where rents have recovered to 2008 levels and are rising include the South West, South East and London

National Rental Trends

Rents during 2012 show there was some small fluctuation over the year, but not as much as suggested by most media reports. Belvoir offices which have been letting property consistently over the last 5 years showed average rents started at £685 per month in January, rose to height of £687 in February and March. Lows of £680 were hit in September and October, but December had a boost bringing average rents up to £684. Over the year, rents fluctuated by just 1% and the annual average was £684 per month.

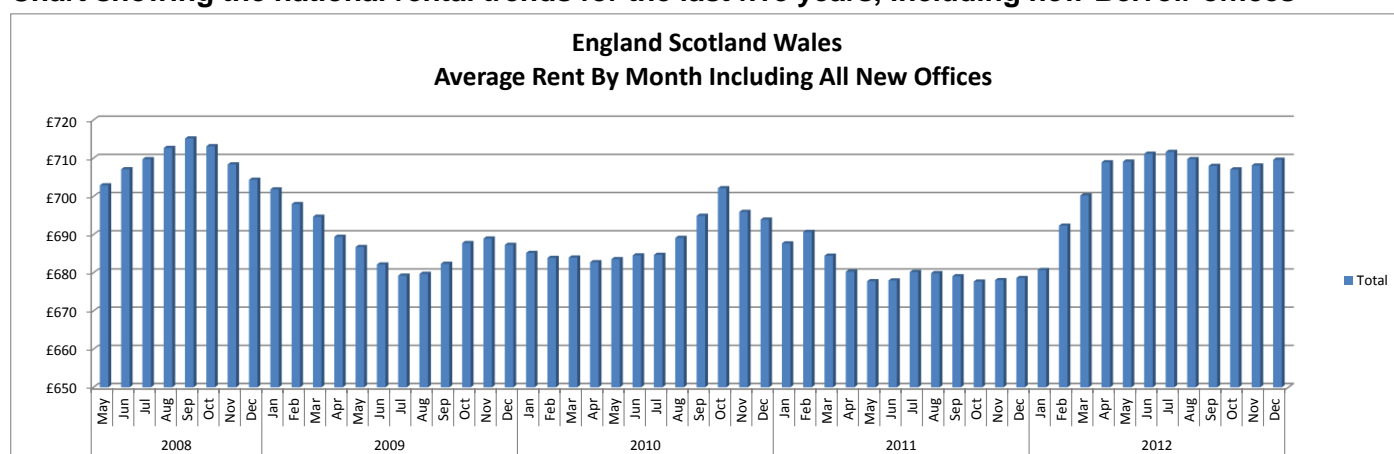
Chart showing the national rental trends for the last five years over consistently trading offices



Since 2008, Belvoir have been adding lots of new offices via franchising to their network. These offices have typically been in areas where rents are higher than the Index average. For example, Basildon, Eastbourne, Hitchin, Leamington Spa and Cardiff. On average, these new offices rents fluctuate around an average of £750 rent per month.

The chart below shows Belvoir's average monthly rents including new offices started the year around £681 per month, rose to a height of £712 per month in July and finished the year in December at £710 per month. This gives an annual average of £705 rent per month.

Chart showing the national rental trends for the last five years, including new Belvoir offices



Belvoir Index Area Summary

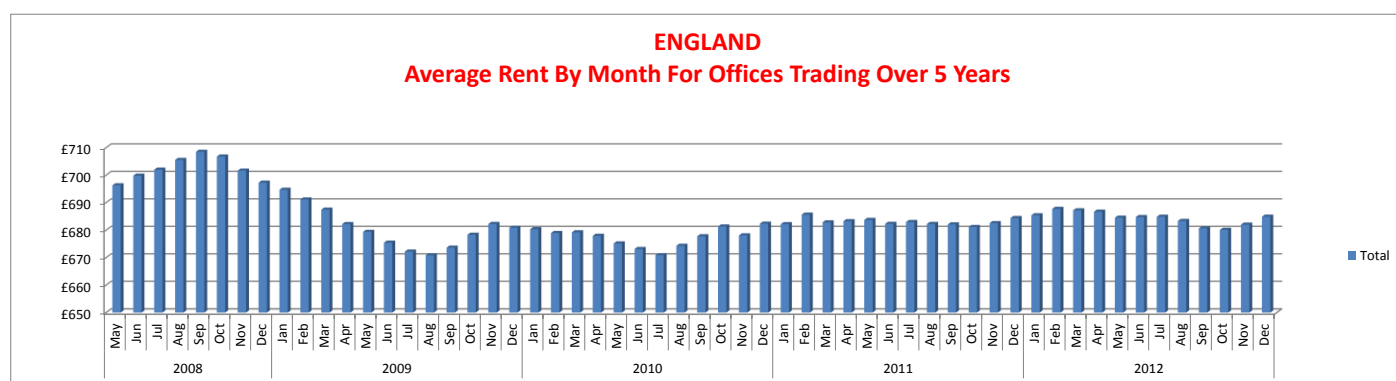
Belvoir Index Summaries for England, Wales, Scotland and Northern Ireland

Belvoir has been established in the England for 15 years; however the expansion into Scotland, Wales and Northern Ireland has been more recent.

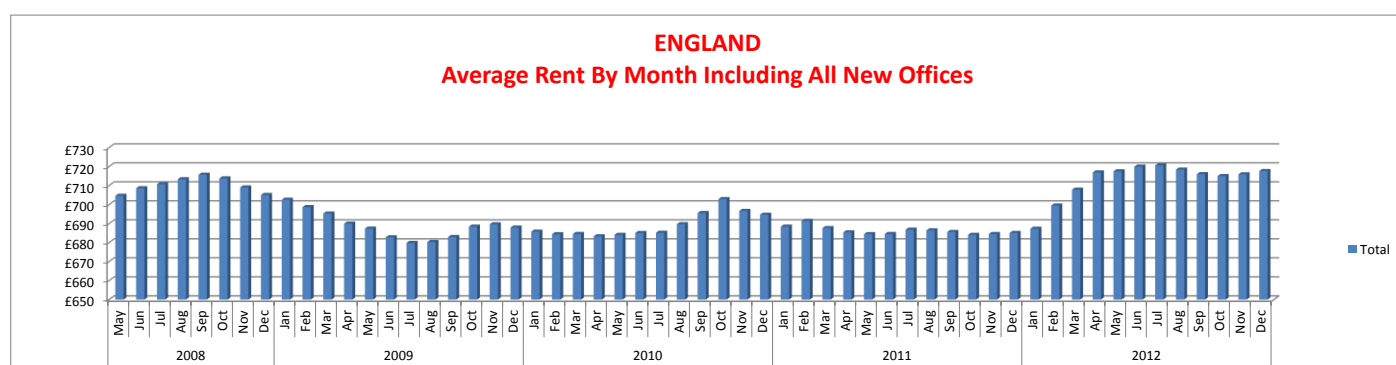
Summary for England

Rents for England pretty much follow the Belvoir average as the expansion into Scotland, Northern Ireland and Wales has mostly been recent. 2012 gave an average rent of £684 per month, peaking at £688 in February and ending the year in December with an average rent of £685 per month.

The average for the year was £684 per month rent.



New offices in England showed average rents in 2012 of £713 per month, fluctuating from a low of £687 per month in January 2012, then rose to a height of £721 in July, ending the year on £718 per month.



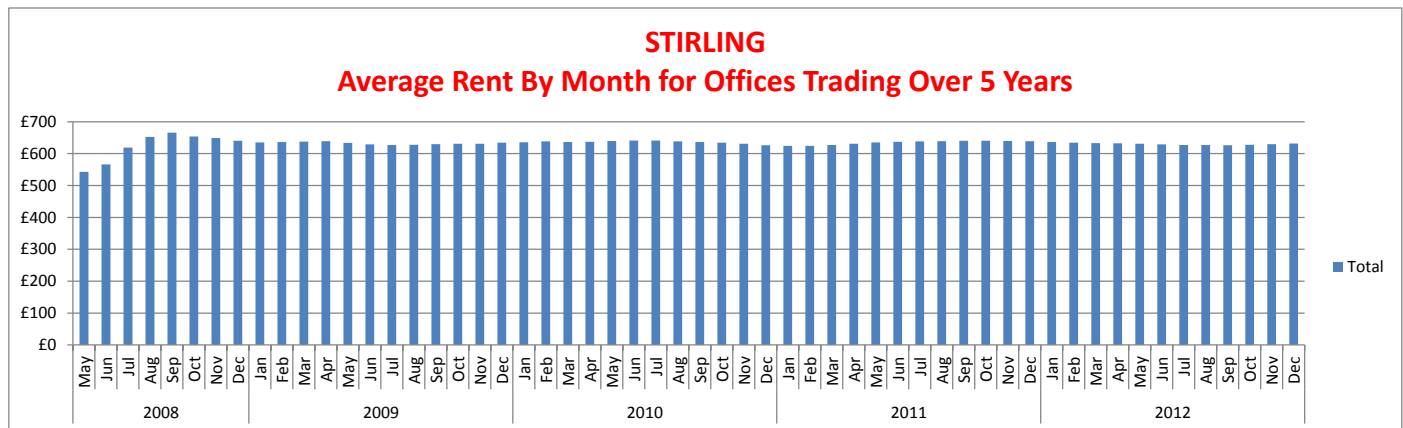
Over the last five years, our index shows average rents it's clear that rents haven't really kept up with inflation. The table below shows the average annual changes year on year. Rents in 2011 and 2012 have clearly started to show recovery, but the overall 5 year trend shows rents are still 2.5% below 2008 levels and have some way to go before they catch up with inflation.

Dorian Gonsalves, CEO of Belvoir Lettings commented "The private rental sector is under scrutiny from many outside organisations and the government, some accusing landlords of lining their pockets at tenant's expense. The reality is the private rental market has worked incredibly efficiently since the credit crunch. Tenants rents in the majority of areas (bar London) haven't kept up with inflation. This is partly because the majority of landlords recognise the importance of a

good tenant, so prefer to keep rents down rather than chop and change to take advantage of higher rents and risk a poor tenant who defaults on paying rent."

Summary for Scotland

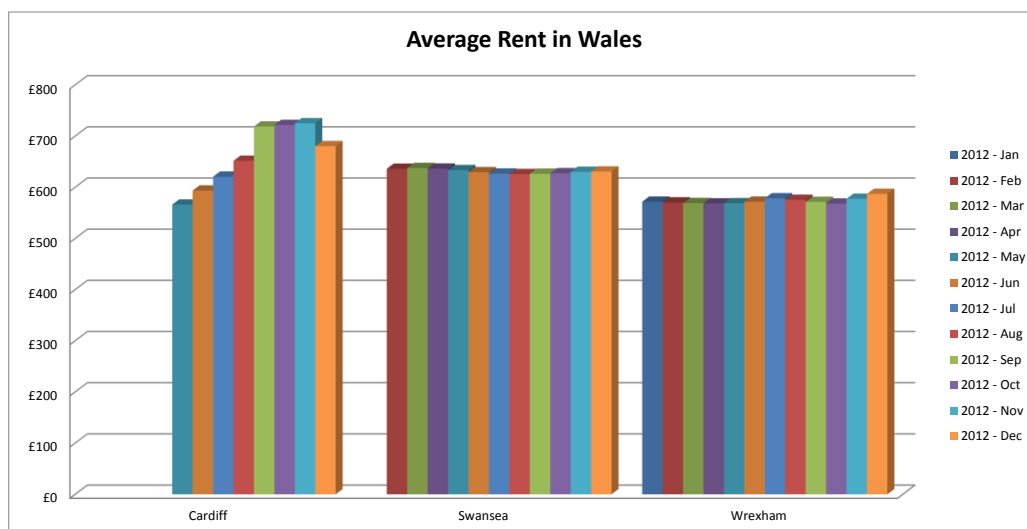
Stirling in Scotland has been trading for over five years and rents have been very stable over the period as the chart below shows.



Mike Campbell from Falkirk commented "What's happening to rents definitely depends on where you live. Areas such as Edinburgh and Aberdeen are seeing rent rises. Outside these current rental 'hotspots', rents are stable at best and in some areas fell during 2012."

Summary Wales

Belvoir is now well established in Wales and 2012 proved a very successful year for rents and for offices.



The chart above shows average Cardiff rents slipped back slightly in December after reaching a height of £725 rent per month in November to a more normal £680 per month. Rents had risen over recent months due to higher than normal rents of shared homes.

Swansea advertised average rents have fluctuated by around 2% over the year, starting at £636 per month. They rose to £638 per month in March and ended the year in December at £631 per month. The annual average was £630 per month.

Throughout 2012 rents have performed strongly in the Wrexham area. Average rents started at £572 and rose to £578 in July, peaking at £587 per month in December.

Vaughan Schofield from Wrexham commented “We have had a very good 2012. From a tenant’s perspective rents have been maintained for a ‘standard’ rental property but the growth in rents we’ve seen were due to properties which couldn’t be sold coming onto the market. Due to their great quality and location, they rent for up to 10% higher than standard rental properties. From my perspective, my advice to tenants for 2013 is to secure a great property when you see it as it may not be around for long. From a landlord perspective, if you invest in maintaining and upgrading a property there is now the financial reward available of higher rents and lower voids if you invest in creating a great home for future tenants.”

Summary Northern Ireland

Northern Ireland has been through a tough time as far as the property market is concerned. As far as the market is concerned, rents suffered in 2009 and 2010 being under downward pressure due to oversupply from reluctant landlords who couldn’t sell flooding the market.

Rents started to turn around in 2011 and in 2012, some properties and areas have seen rent increases when re-let, albeit by small amounts.

Trevor Burns covers the Newtonards area which includes The Ards Peninsular as well as Ballynahinch and Downpatrick. He comments **“Rents are around £350 to £400 for one bed properties, £400 to £550 for two beds and £495 to £650 for three beds with four beds renting up to £795 per month. Rental values for the Ards Peninsular are typically 10-15% below this. Rental demand has been strong throughout 2012 and this has allowed for small increases when lets have come to an end. The good news is that although capital values have fallen, this means yields of 8-9% can be easily achieved.”**

Andrew Jack from Belfast explains **“The average rent in Belfast is somewhere around £550-575 for a two bed and £600-£625 for a three bed. Central Belfast commands higher rents with two bed flats renting out at £700 per month. Rents have been pretty stable for the last few months and tenants are prepared to pay more for a house which is well maintained, perhaps up to £50 a month more. Demand is good, but it’s noticeable that new tenants are taking longer to come to market as they spend longer living at home with parents. 2013 is unlikely to bring renewed optimism in the property market, but this means a good supply of tenants will be available maintaining rent levels even if property prices are still vulnerable.”**

Jackie Burns runs the Bangor Belvoir office and explains **“rents for two beds are around £495 per month and range from £550 to £595 per month for a three bed semi. Overall rents are stable going into 2013.”**

Belvoir Regional Rental Trends

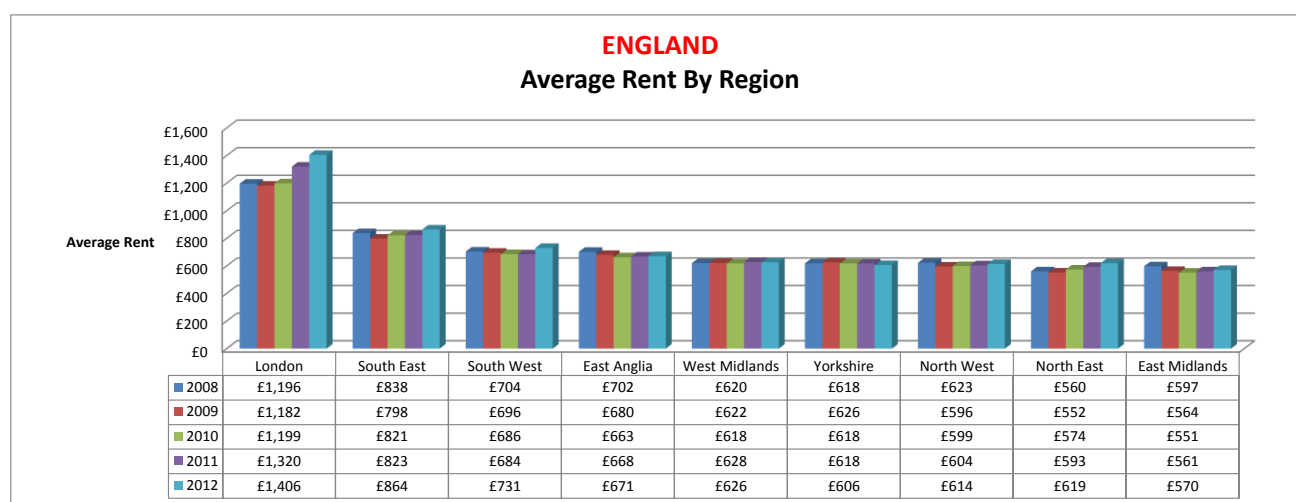
Average advertised rental trends for 2012 in England, Wales and Scotland have reacted differently throughout the year, but it's important for landlords and tenants to know what's happening locally in your specific market.

Just as with house prices, rental trends are varying dramatically across different postcodes, so breaking down advertised rents by region gives a better indication of what's happening in your local area.

The chart below shows what's happening in each region. This shows some areas such as London have not just recovered from previous heights, but have kept up with inflation, while most areas are still behind 2007 heights.

This makes renting a home in the private sector cost effective for tenants and means landlords need to check that their property or portfolio is still achieving its objective from an income perspective.

Chart showing average rents by region 2008 to 2012 for all Belvoir English Offices by Region



Regions recovered to 2008 averages

The chart above shows London, the South East, South West, Yorkshire, West Midlands and the North East have all recovered to their annual averages. East Anglia, the North West, Yorkshire and East Midlands still have some way to go. From a trending perspective, it's worth comparing advertised rents over the last five years, to advertised rents during 2012 and the latest month's trends.

Region	2008 High	2009 Low	2012 October	2012 November	2012 December	2012 December vs 2008 high
East Anglia	£708	£664	£674	£671	£669	-5%
North East	£562	£547	£602	£564	£535	-5%
East Midlands	£604	£553	£562	£570	£577	-4%
Yorkshire	£603	£577	£603	£599	£597	-1%
North West	£627	£587	£623	£623	£623	-1%
West Midlands	£622	£611	£625	£623	£625	0%
South East	£850	£785	£862	£866	£873	3%
South West	£714	£687	£737	£745	£755	6%
London	£1,208	£1,119	£1,396	£1,397	£1,395	16%

When we look at average annual advertised rents versus rents at their heights in 2008, only the West Midlands, South East, South West and London have recovered to these heights. Yorkshire show they are just 1% below their previous heights, while the North East suggests rents are still 5% away from their previous heights.

East Anglia

Advertised rents in East Anglia averaged at £671 per month. During the year, average rents in January started at £670 per month, reaching a height of £672 from July to September and ending the year in December of £669 per month.

Versus annual averages, East Anglia rents are 4.4% lower in 2012 than in 2008. However versus the market heights, they are still down by 5%.

From a latest trend perspective, the majority of areas within East Anglia are stable moving forward, which suggests that 2013 won't see many changes. As such we are forecasting rents are likely to be static for the area.

Rents for the area have been relatively stable throughout 2012 and we aren't expecting to see any major rises for 2012 for most properties. Tenants are though looking for a home rather than a place to stay for the short term, so we are increasingly seeing better properties in good areas which are well maintained renting faster and for better prices than those that aren't.

Stable rents are good news for both tenants and landlords as it gives everyone a good idea of the likely costs for tenants and a knowledge of the likely rental income for landlords.

Landlords though need to make sure any properties which are not up to scratch are better maintained moving forward as if tenants do pay more for a rental property it tends to be the ones which are in good condition with a landlord who clearly looks after the property.

East Midlands

Advertised rents in the East Midlands averaged at £570 per month for 2012. During the year, average rents in January started at £579 per month, reaching a height of £587 in February and March and ended the year in December of £557 per month.

Versus annual averages, East Midlands rents are 4.5% lower in 2012 than 2008 averages and also the market height.

From a latest trend perspective, the majority of areas within East Midlands are stable to rising, suggesting 2013 is likely to mean rents will be similar to the end of 2012, although some properties may rise by up to 2%.

Rents for the area have ended up pretty much the same as the started in January 2012. Rents tend to fluctuate up and down during the year depending on rental stock. 2013 is likely to bring more of the same with tenants paying for properties in good areas, which are well maintained securing higher prices than their competition.

From a tenant perspective it's likely to be better to rent early in the year to secure the best deal as rents may in some areas rise further throughout the year.

From a landlord perspective, it's important to make sure your property or portfolio and finances are able to withstand winter shocks such as needing a new boiler or fixing any heating problems during cold weather patches.

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Yorkshire

Average advertised rents in Yorkshire were running at £606 for 2012. This average is derived from rents starting out in January 2012 at £610 per month, rising to a height of £612 per month in February then dropping back by December to £597 per month. Suggesting advertised rents have dropped by around 2% from the start of the year.

Versus 2011, average rents were £606 per month compared to 2011's figures of £618 per month, suggesting Yorkshire rents on average have fallen year on year by just 2%. From the start of our Index in 2008, rents are still 2% behind 2008 levels.

This is great news for tenants who are renting properties at very good value for money prices. From a landlord perspective this makes funding maintenance harder into the future as rents aren't rising in line with inflation.

Rents in the region have shown one area can be falling, another stable and others such as Harrogate benefiting from higher rents thanks to the shortage of demand versus supply. Even if landlord finances are squeezed, it's important to keep the property maintained well to reduce voids in the future and help to retain the property's rental and capital value as much as possible.

Forecasts for 2013 suggest rents will be static for 2013, with some areas such as Harrogate continuing to see rises where people can afford to pay more for properties.

Tenants may be able to take their time in some areas throughout 2013 to try to secure a property as rents don't appear to be rising too much. However, the best properties tend to rent quickly so it's important to be prepared and ready to rent as soon as you have found a place to live.

From a landlord's perspective it's good that rental income is relatively steady, but as income is rising with inflation it is worth looking to see if rents can be increased bit by bit.

North West

2012 average advertised rents were £614 per month. Rents have improved steadily during the year, starting off at £601 per month in January, rising to and remaining at £623 per month by the end of the year. This is an above inflation rise of 3.6% during the year.

However this doesn't tell the whole picture. Versus 2011's average when rents were £604 per month, the rise is only 1.6% - just under inflation. And, when we compare rents at the end of 2012 to the height of the market back in 2008, rents are actually still 1% lower than they were five years ago.

Rents in the North West have recovered well since the credit crunch. Tenants have had to pay more if they have rented new properties, but tenants are still getting great value for money versus inflation and versus buying a home which is likely to have dropped in value during this time. From a landlord's perspective, purchase prices are good value so good income returns can be achieved

and the returns are steady, so landlords hav a good idea of what income they are likely to receive now and into the future.

Overall, predictions for the North East are static to small rises of around 2% or higher in popular areas where demand is high and supply short such as Chester.

As such tenants should look to rent sooner rather than later in 2013 or rents are likely to be a little higher.

From a landlord perspective, it's important to make sure your property or portfolio and finances are able to withstand winter shocks such as needing a new boiler or fixing any heating problems during cold weather patches.

West Midlands

Average advertised rents in the West Midlands in 2012 were £626. The year started off in January with an average of £629 per month with the market peaking at £630 per month in February. Since that time rents have fallen to a low of £623 per month in November, although ended a bit higher at £625 per month.

This suggests a fall through the year of just over 0.5%, but compared to last year, the 2011 average was £628, so the reality is rents aren't really anymore this year than last. Rents also haven't risen much versus 2008 when we started the index and December's rents are currently on a par with the height of the market seen in 2008.

Rents for the area have ended up either the same at the end of the year as the start or slightly, but only slightly lower. This is great news for tenants going into 2013 who can rest assured they are getting good value for money. From a landlord's perspective, keeping costs down while making sure the property is well maintained throughout the winter period is a balance which needs to be struck.

Tenants may be able to take their time throughout 2013 to try to secure a property as rents don't appear to be rising. However, the best properties tend to rent quickly so it's important to be prepared and ready to rent as soon as you have found a place to live.

From a landlord's perspective it's good that rental income is relatively steady, but as income is rising with inflation it is worth looking to see if rents can be increased bit by bit.

North East

Rents are quite different between the Belvoir offices in the North East, so we've looked at them on an individual office basis rather than focus on the regional trends.

Newcastle upon Tyne

The rental market in Newcastle is extremely diverse. There is a strong student market which is very active in January and September. There is also good demand for professional rents and a third market for those on housing benefit.

The student market in Newcastle changed during 2012 with new bespoke student accommodation competing with traditional student housing. Rents therefore can be as low as £45 per week or for high quality rooms in good areas: £80 per week. From a rental trend perspective, rents are slightly lower due to the additional supply at a time when student numbers are have fallen.

For those renting on housing benefit, two beds are the most popular and properties can rent for as low as £395 per month. With the economic recession, this has meant demand for these properties has increased, although rents haven't been able to go up much due to money being generally tight and the new caps introduced on housing allowance.

For the professional market in Newcastle, this remained buoyant throughout 2012. Terraced houses typically range from £495 to £550, although some of the top city centre apartments can go for £900 or more.

In 2013, demand is expected to continue to rise for the private rental sector while rents are likely to remain fairly similar.

Sunderland

2012 average advertised rents were £544 per month. The year started just a little higher, at £546 in January, rose to a height of £546 in March. Rents ended the year in December at £542 per month, slightly lower than the annual average.

Overall though, rents in Sunderland remain relatively stable having fluctuated by only a few pounds during the year.

Neil Whitfield from Belvoir's Sunderland office says "Rents stabilised towards the end of the year, which is good news for both tenants and landlords as they know what they will expect to pay for renting and income they will receive from a lettings perspective. Although some properties such as good quality 2-3 bed family homes are easy to rent, others such as 1-2 bed flats are tougher and must be priced keenly to let to avoid lengthy voids. For landlords who want to increase their rent, they need to consider investing in the property to make it more attractive to a tenant who is looking for a long term home."

Tynedale

The Tynedale area covers properties to the East of Newcastle along the valley through to Haltwhistle. Two bed properties are the most popular in the area and even though prices can vary quite substantially from one village to the next, rents are stable at £550 per month and have been since the start of the Index. Three beds typically rent at £650 per month and four beds from £800 per month.

Tenants tend to stay longer in this area than the national average of two years, so properties don't come up for rent often. New tenants looking to move this year should keep in touch with us regularly to find a suitable new home. For new landlords, we are keen to find new properties to let as stock is so low at this moment in time.

In 2013, rents are likely to rise slightly due to the stagnation over the last five years, but by no more than around 2%, so just keeping in line with current inflation.

South East

The average advertised rent for 2012 was £864 per month, up on 2011's average by nearly 5% suggesting rents have risen for newly renting tenants by double inflation. During the year, rents started off in January at £830 per month, rising to a height of £881 during the year and dropping back to £873 per month.

However this needs putting in context as December's rents are only 3% up versus the height of the rental market in 2008, showing overall a 3% during the period – a lot lower rise over time than inflation.

As such, renting in the South East is still good value for money for tenants, especially for those that have continued to stay in the same property and landlords haven't increased the rent for some years.

Rents did well at the start of the year, but then stabilised or dropped back a little towards the end of the year. Availability of properties is low going into 2013 and we urge anyone considering letting their property to contact us as soon as possible as we have tenants waiting to move in!

South West

Average advertised rents in 2012 were £731 per month for 2012. The year had its ups and downs as far as advertised rents were concerned. January started the year with an average of £686 per month, rose to a height of £736 in August with a further rally towards the end of the year of £755 per month. Overall rents for new tenants have risen on average by 10% during the year, but this disguises the average increase for 2012 over 2011 which is lower at 7%.

Most of this average increase though was due to more offices in the region being tracked by the Index as opposed to organic growth in rents. For example, most offices we have been tracking for some time, including Cheltenham, Plymouth and Swindon have seen advertised rent stable. So it's mostly new offices that are driving this average. Only Christchurch and Hove have seen rent rises.

Taking a longer view, rents at the 2008 reached £687 per month, and versus the current £755 per month for December 2012, this is just a 6% rise. This means that although rents are rising in some areas, since the credit crunch they have remained good value as rises overall are below inflation and more in line with what's happened to wages.

In Hove and Brighton, two to three bed homes have been much in demand and in some cases, rents rose in 2012 from £850 per month to £1,100 and have then dropped back to just under £1,000 per month. Tenants are moving less than they used to and as such new properties to rent are essential for the area with many of the new tenants looking for good quality and well maintained homes.

Rents for many properties held in 2012. However for some popular property types, where tenants were competing, rents could rise quite substantially, although this trend hasn't continued and rents tended to drop back to more reasonable levels by the end of the year.

For 2013, we forecast rents will rise by anything from 2% to 5% based on previous rent changes. As such landlords who are likely to have to re-let properties this year will benefit from more rent. It's vital though to hang onto a good tenant rather than try to chop and change to maximise rental income which can end up negatively affecting your cash flow.

From a tenant perspective if you are looking to rent in the South West in 2013, it is wise to rent sooner rather than later to get better value for money at the start rather than end of the year.

London

London rents average £1,196 in 2008 and for 2012 averaged at £1406 per month, an increase of 17.5%. This sounds high, but it just means rents in the City have kept up with rises in inflation – unlike many other parts of the country.

The year started off in January with average rents of £1,304 per month and rose to a height of £1,444, initially suggesting a rise of 11%. However rents have since dropped back and ended the year in December at £1,395. When compared to 2011 average, this is a rise of 6.5%, suggesting rents are rising slower, but still outstripping inflation.

Not all tenants will be affected from these rises as their rents may have been kept down over the period, however, it does mean for any tenant looking to rent in 2013 they should do so sooner rather than later to secure as good a deal as possible.

Rents are going up in London overall, but it does depend on the property and the postcode. For tenants it's important to keep up with rents locally as they may be better off staying put rather than moving and paying higher rents. From a landlord perspective, to maximise rents and reduce voids, it's essential to make sure the property is well looked after – even if it's easy to get tenants.

Rents from a Tenant's perspective

From a tenant's perspective there will be few local areas where you will have to compete for properties in 2013. It's important to always make sure you understand the rental process prior to viewing a property.

Firstly you need to understand what to look out for to avoid rogue letting agents or landlords. For example if the property doesn't have an Energy Performance Certificate or has a boiler but not a Gas Safety Certificate from a Gas Safe engineer. To make sure you can afford the property and it's running costs you need to be clear on what you will have to pay for in addition to the rent.

If you like the property you will need to make sure you can pass a credit check prior to paying fees to a landlord or agent to check your references as you could lose the cost if you fail. In addition you will need t

In the private rented sector, as the number of households grow more than the number of new properties we build or make available to rent, its likely rents will rise across the board into the future. As such it's better to try and secure a nice rental property early on in the year rather than waiting until the end of the year.

Rents from a Landlord's Perspective

Letting a home isn't always the profit making investment people think it is. It requires a long term view, the need to put your hand in your pocket when something goes wrong such as a boiler breaking down or a tenant doesn't pay the rent on time, or at all.

While rents aren't keeping up with inflation, it's important to keep an eye on your cash flow and make sure you stress test your portfolio to ensure you can cope with emergency repairs or mortgage rates rising rapidly.

With the private rental sector in the spotlight at the moment and likely to be for 2013, any landlord who isn't keeping up to date with their paperwork, tax, maintenance and cash flow needs to make sure they are working with a quality letting agent.

If you have any queries about your property or portfolio, your Belvoir office has experienced buy to let advisors as well as expert property managers to help answer the queries you may have.

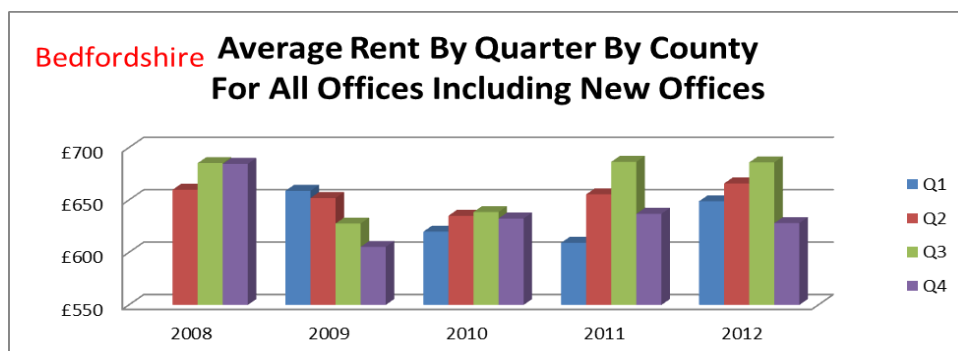
To contact your local buy to let office, visit: <http://www.belvoirlettings.com/find-an-office>

County Annual Trends

On average rents in England are around £700, in Scotland £550 and £600 per month in Wales. Below we've highlighted the changes in rents over the last five years and shown which counties have below and above average rents versus their region.

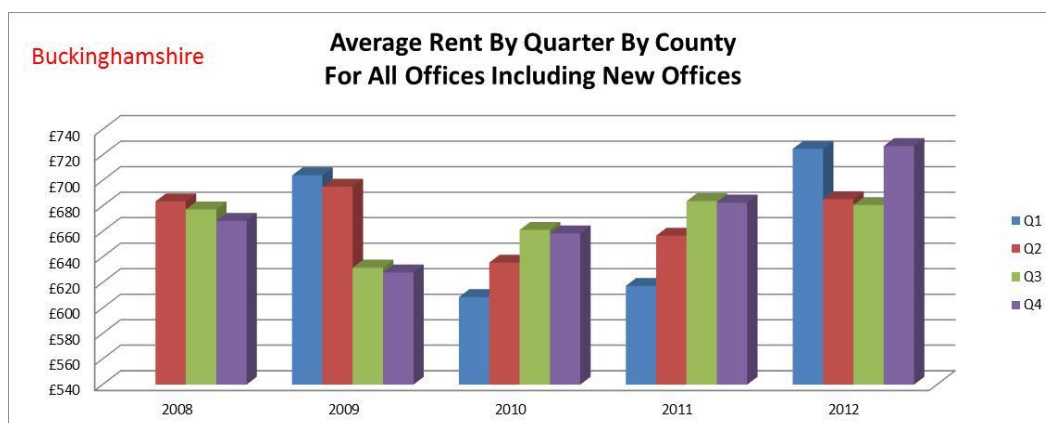
Bedfordshire

Average advertised rents in 2012 were £657 rent per month. This is 3% below the average for 2008, five years ago, so rents in Bedfordshire continue to be good value for money for tenants. 2012 average of £657 is a 1% increase on 2011 average. Quarterly averages for 2012 show rents fluctuated throughout the year with a strong rally to Quarter 3's rent average of £686 per month. Rents dropped back through in Quarter 4 to £628 per month.



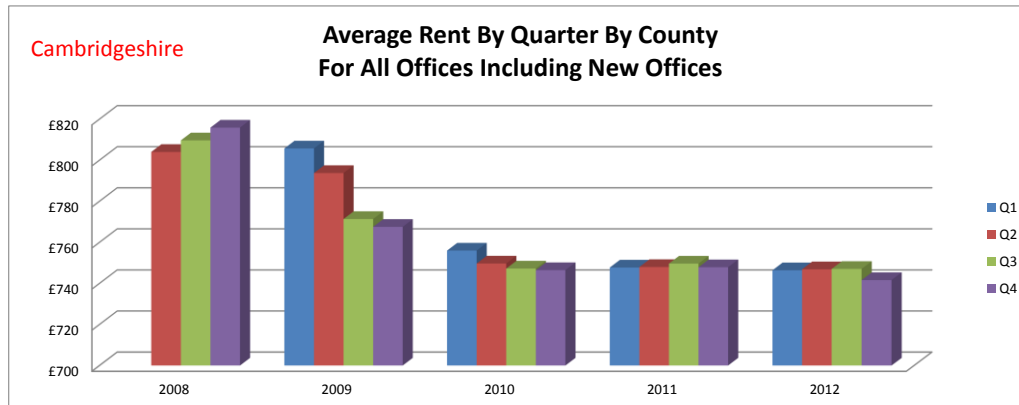
Buckinghamshire (Milton Keynes)

Average advertised rents in 2012 were £704 rent per month. This is 1.5% above the average for 2008, five years ago, so taking into account inflation, rents continue to be good value for money for tenants. The 2012 average of £704 is a 0.6% increase on 2011 average. Quarterly averages for 2012 show rents fluctuated throughout the year with a strong start to the year, lower rents over the spring and summer with rents rallying in Quarter 4 with a rent average of £727 per month.



Cambridgeshire

Average advertised rents in 2012 were £745 per month. This is 8% below the average for 2008, five years ago, so rents in 2012 continue to be good value for money for tenants. 2012 average of £745 is a 0.5% decrease versus 2011 average. Quarterly averages for 2012 have been pretty steady at around the annual average, with a slight dip in Q4 2012 to £742.

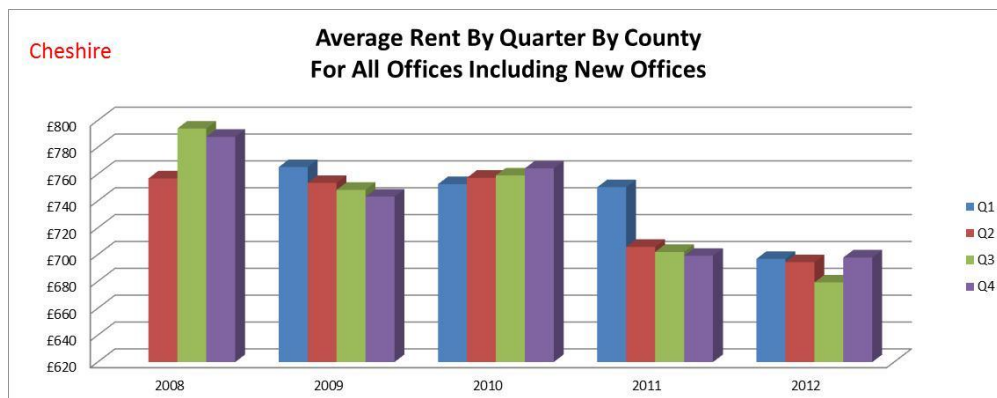


Cardiff

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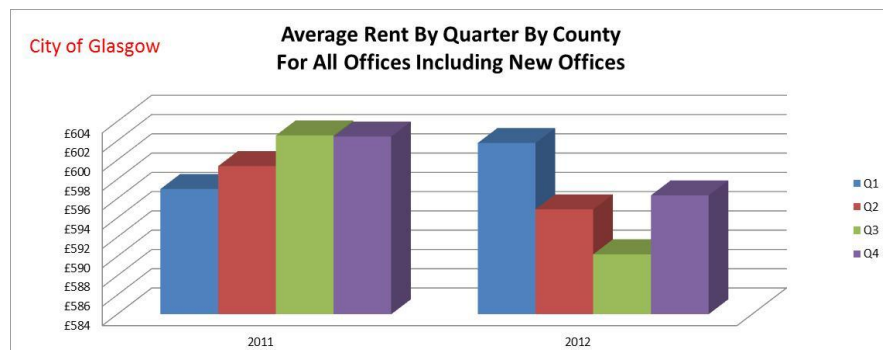
Cheshire

Averaged advertised rents for 2012 were £692 per month. This is 11.5% below the average for 2008, five years ago, so rents in 2012 continue to be good value for money for tenants. 2012 average of £692 is a 6% decrease versus 2011 average. Quarterly averages for 2012 have been pretty steady around the annual average, although Q4 2012 rents rallied to £698.



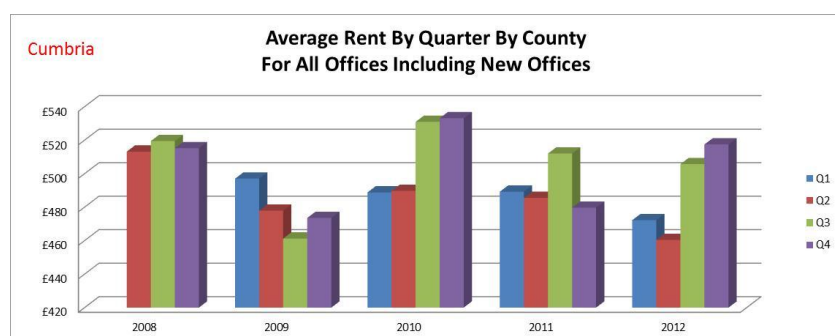
City of Glasgow

Averaged advertised rents for 2012 were £596 per month. This is 5% fall based on 2011 averages so rents in 2012 continued to be good value for money for tenants. Quarterly averages for 2012 have been pretty steady around the annual average of £596 per month.



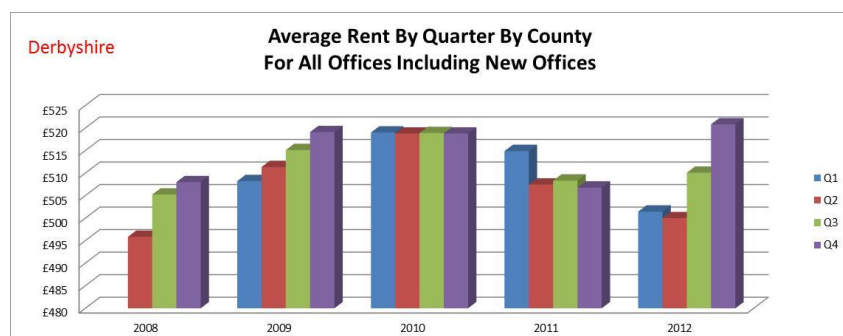
Cumbria (Cockermouth)

Advertised rents in 2012 averaged at £489 for the year. This is 5% fall based on 2008 averages so rents in 2012 continued to be good value for money for tenants. Quarterly averages for 2012 have been rallied starting at Q1 in £472 per month, with Q4 rents averaging £517 per month.



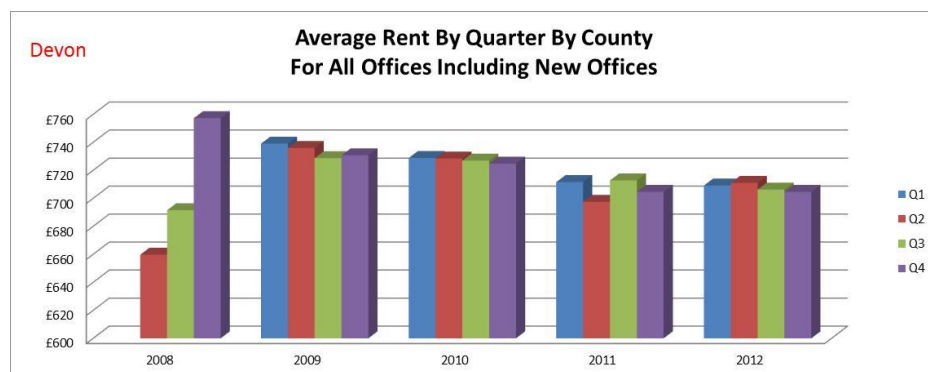
Derbyshire (Derby for five years, Chesterfield and Derby West in 2012)

Advertised rents in 2012 averaged at £511 for the year. This is 1.4% increase based on 2008 averages so rents in 2012 continued to be good value for money for tenants even though they are currently rising. On a quarterly basis, averages for 2012 were steady to at the start of the year, but rallied over the Summer to with Q4 rents averaging £521 per month.



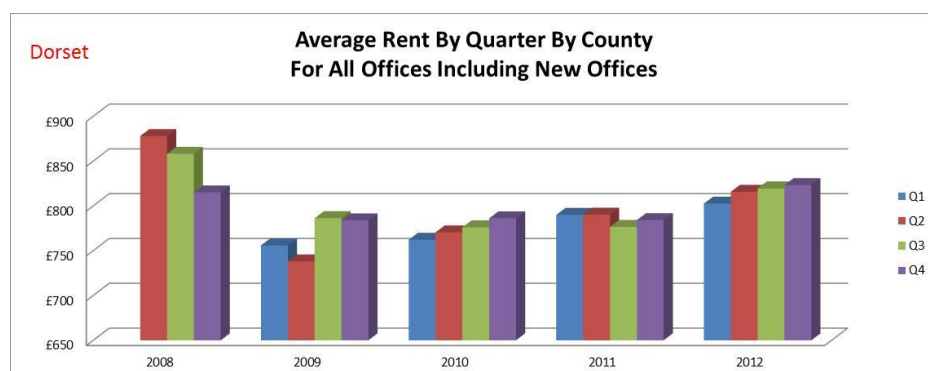
Devon (Plymouth)

Advertised rents in 2012 averaged at £708 for the year which is on par with 2008 averaged rent, so rents in 2012 continued to be good value for money for tenants and are currently steady. On a quarterly basis, averages for 2012 have been pretty steady around the annual average, with Q4 rents averaging slightly lower at £705 per month.



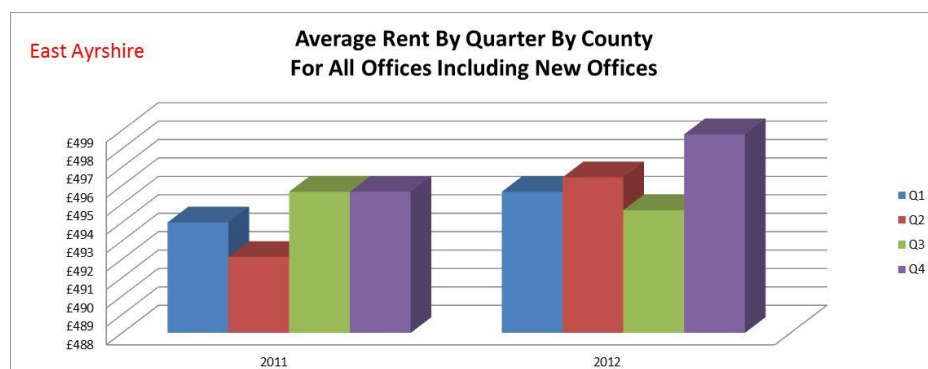
Dorset (Christchurch)

Advertised rents in 2012 averaged at £816 which is 3.6% lower than 2008 averaged rent, so rents in 2012 continued to be good value for money for tenants and are currently steady. On a quarterly basis, averages rose slightly from £803 per month, and Q4 rents averaging slightly lower at £823 per month.



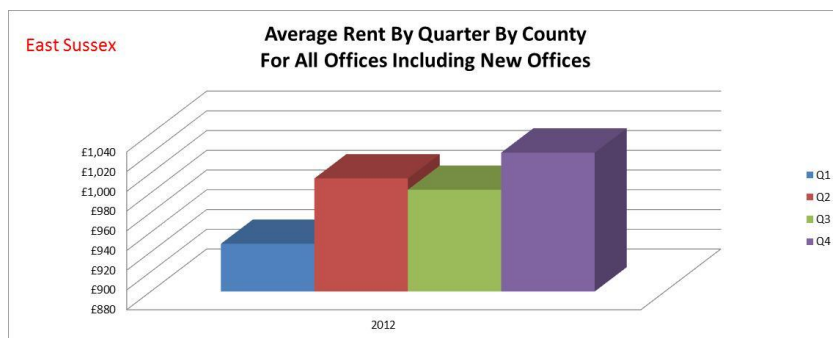
East Ayrshire (Kilmarnock)

Advertised rents in 2012 averaged at £496 which is on a par with 2011 rents, so rents in 2012 continued to be good value for money for tenants and are currently steady. On a quarterly basis, rents were pretty steady throughout the year, but rallied slightly in Q4 with rents rising to £499 per month.



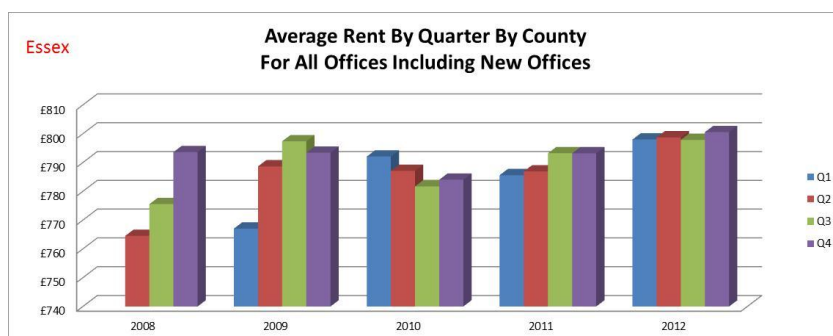
East Sussex (Eastbourne and Hove)

Advertised rents in 2012 averaged at £992 per month. On a quarterly basis, averages rose throughout the year from £928 in Q1 and have risen to £1,012 per month in Q4, recording a 9% increase throughout the year. Good news for landlords re-letting their property although tough for tenants who are getting on the rental ladder for the first time or having to move rental accommodation.



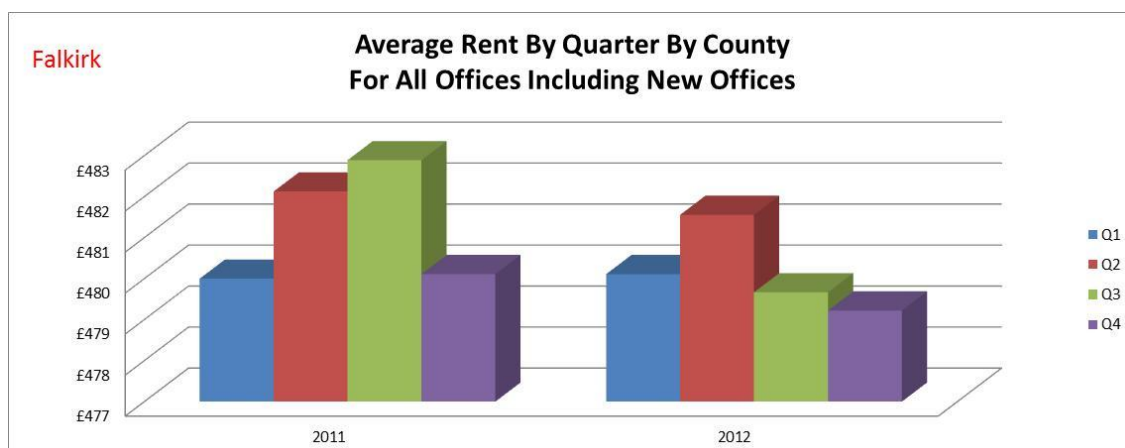
Essex

Average rents in 2012 were £799 per month for the year. This is 2.4% above 2008 averages, suggesting rents are still very good value for money in Essex. Throughout 2012, rents were pretty steady around the annual average and ended up at £801 per month in Q4.



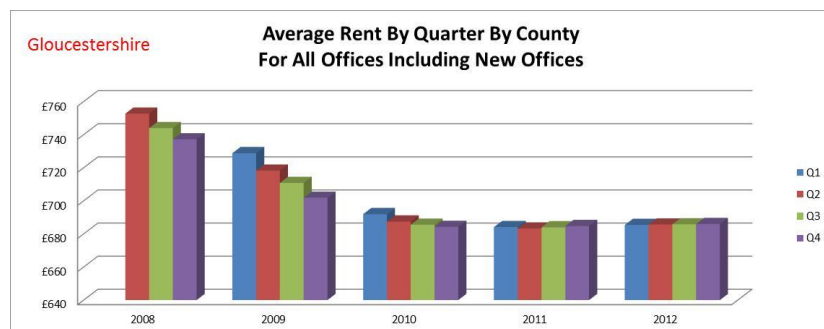
Falkirk

Advertised rents in 2012 averaged at £480 per month. On a quarterly basis, averages were fairly static with slight falls towards Q4, ending the year on an average of £479 per month.



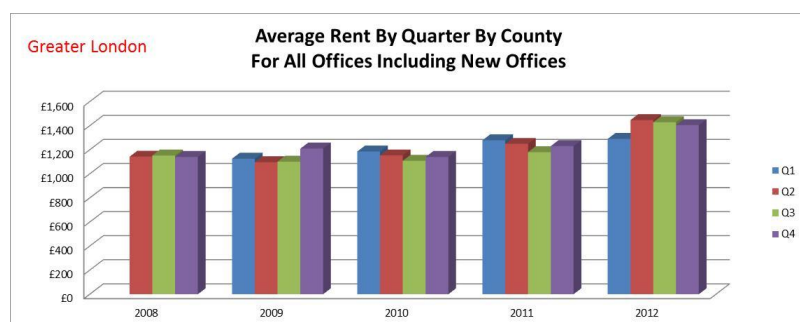
Gloucestershire (Cheltenham and Gloucester)

Average rents in 2012 were £686 per month for the year. This is 7% below 2008 averages, suggesting rents are still very good value for money. Throughout 2012, rents were pretty steady around the annual average and remained at £686 per month in Q4.



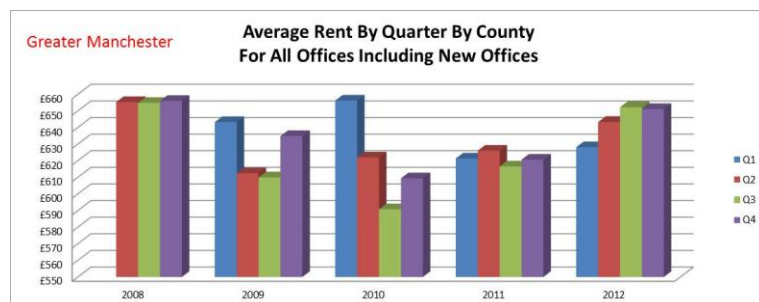
Greater London

Average rents across 2012 were £1,399 per month which is a 2.2% increase on rents at the start of our Index five years ago. Throughout the year, rents jumped in Q2 to £1,447 per month and ended the year in Q4 at £1,405 per month.



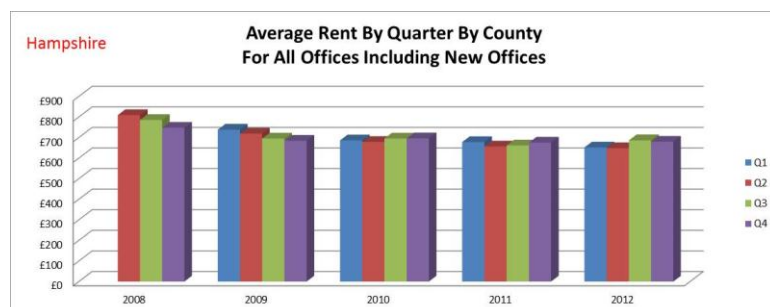
Greater Manchester

Average rents across 2012 were £644 per month which is a 1.6% fall in rents from the start of our Index five years ago. Throughout the year, rents for Manchester slipped back slightly while Chorlton rents rallied quite strongly throughout the year. Oldham and Sale and Altringham rents stayed steady throughout the year.



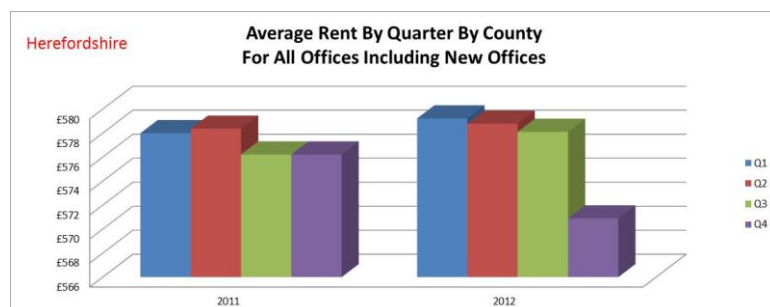
Hampshire

Average rents in 2012 were £666 per month for the year. This is still some way below the 2008 average of £777 per month suggesting rents are still very good value for money. Throughout 2012, rents have risen with Q4 averaging at £680 per month. Rents in Andover, Southsea and Waterlooville stayed steady while Basingstoke rents rose during the year.



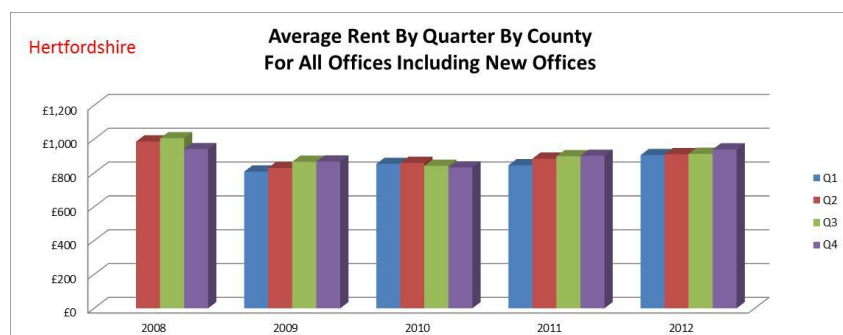
Herefordshire (Hereford)

Average rents in 2012 were £577 per month for the year. This is on a par with rents for 2011. During the year, rents just fluctuated around the annual average ending up at £571 per month in Q4.



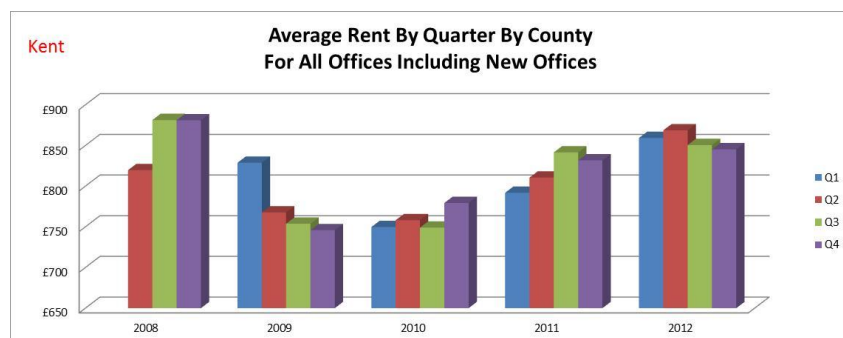
Hertfordshire

Average advertised rents in Hertfordshire were £917 per month. This is 6% below the average for 2008, so rents are still good value for money, even though we saw some increases during 2012. Rents were 3% up versus 2011 and the during the year they rose quarter by quarter, ending up at £939 per month in Q4.



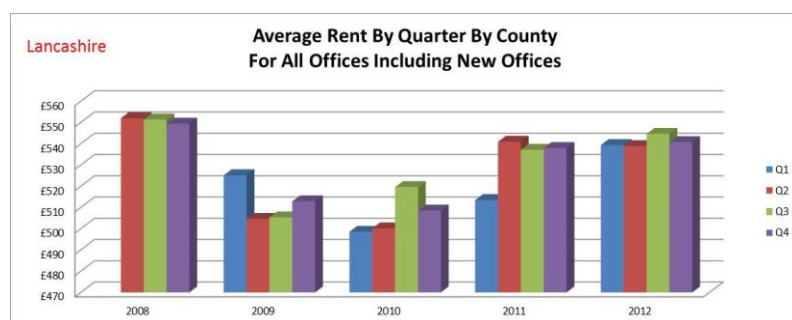
Kent

Average advertised rents in Kent were £856 per month. This is 1% below the average for 2008, so rents are still good value for money, even though we saw some increases during 2012. Despite this, rents have been recovering over the last few years and during 2012, they continued to rise for the first two quarters, then dropped back a little to a Q4 average of £845 per month. On average rents are still up 4.5% 2012 versus 2011.



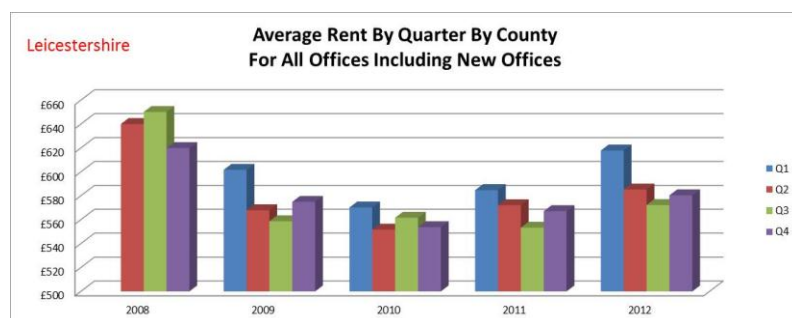
Lancashire

Average advertised rents in Lancashire were £541 per month. This is approximately 2% below the average for 2008, so rents are still good value for money, even though 2012 rents are 1.5% above 2011. During 2012, rents were fairly steady. Clitheroe, Bolton and Wigan all showed rents were stable throughout the year, while Burnley saw rents rising from the start to the end of the year.



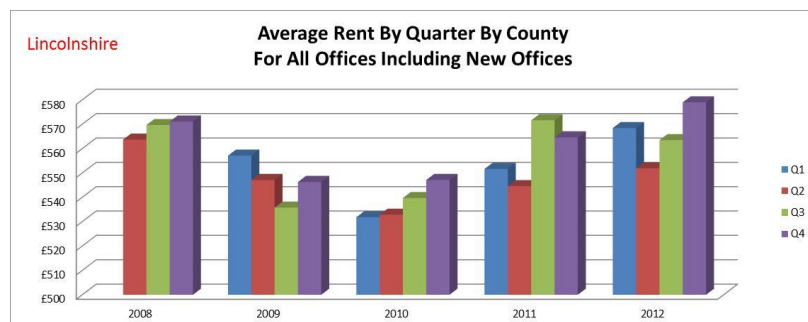
Leicestershire

Average advertised rents in Leicester were £589 per month. This is 7% below the average for 2008, so rents are still good value for money. Throughout 2012 rents peaked in the first quarter, then settled between £570 and £580 for the rest of the year. On average rents are still up 3.5% 2012 versus 2011.



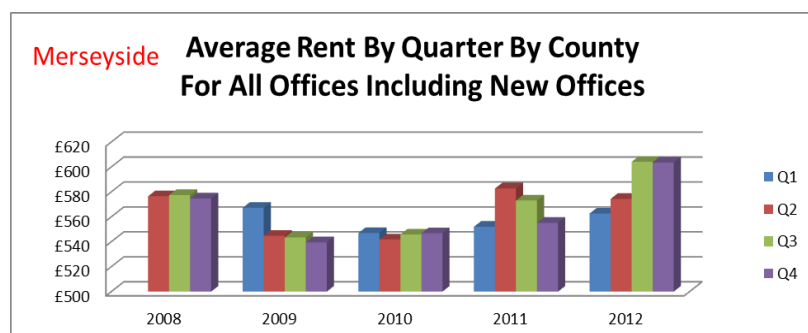
Lincolnshire

Average advertised rents in Lincolnshire were £566 per month, just £3 below the average for 2008, so rents are still good value for money. Although rents are only just above 2008 heights, they did increase year on year by 1.5%. Throughout 2012 rents rose in the first quarter, dipped back in Q2 then picked up to end the year with a peak in Q4 of £579 per month.



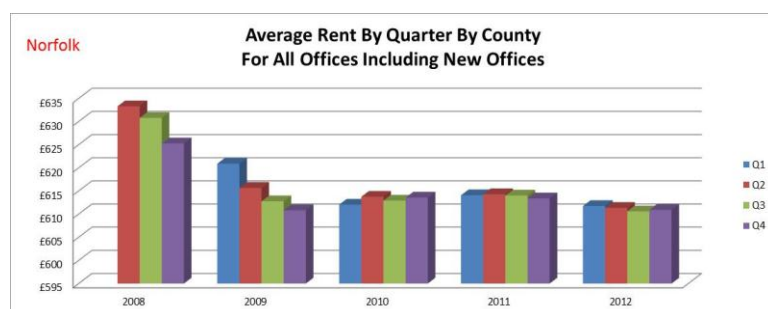
Merseyside

Average advertised rents in Merseyside were £587 per month, just 2% above the average for 2008, so rents are still good value for money. Although rents are only just above 2008 heights, they did increase year on year by 3.7%. Throughout 2012 rents rose in the first three quarters and stabilised in Q4 at £604 per month.



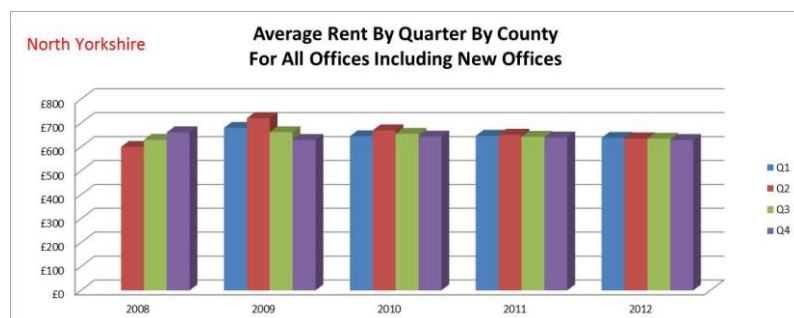
Norfolk

Average advertised rents in 2012 for Norfolk were £611 per month, just 2.8% below the average for 2008, so rents are still good value for money. Rents are pretty similar to 2011 and throughout 2012 rents were stable, ending in Q4 at £611 per month.



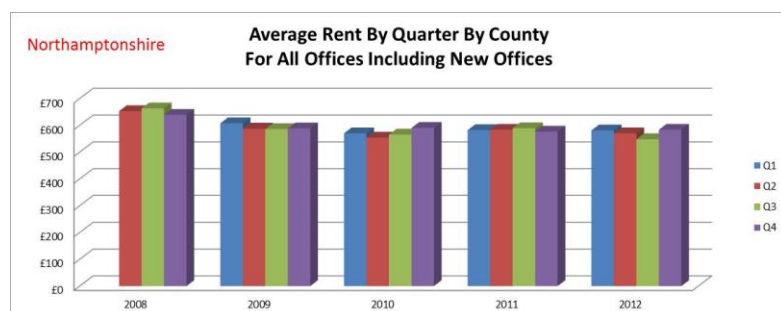
North Yorkshire

Average advertised rents for 2012 were £634 per month which is the same level of rent at the end of the first year of our Index: 2008. Rents have been very stable in the region over the last five years – unlike the rest of the UK. 2012 rents were slightly lower than 2011. Throughout the year, rents were relatively stable, but we did see small falls in Skipton towards the end of the year whereas York rents stayed the same. Average rents in Q4 were £630 per month.



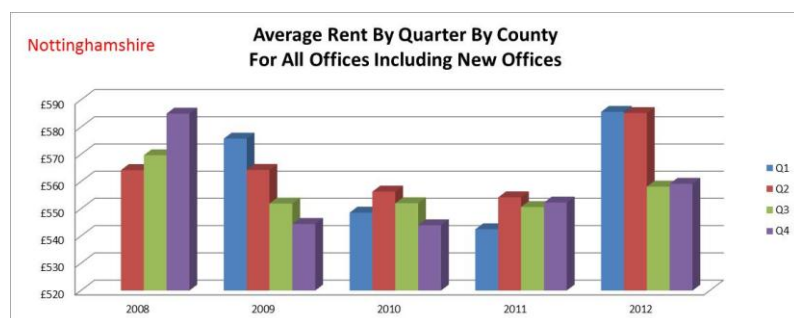
Northamptonshire

Average advertised rents for 2012 were £570 per month which is still 12.5% down on rents back in 2008. After falls in 2009, since then, rents have been very stable in the region over the last four years – unlike the rest of the UK. 2012 rents were 2.2% lower than 2011. Throughout the year, rents were relatively stable, but we did see a small rise towards the end of the year and average rents in Q4 were £583 per month.



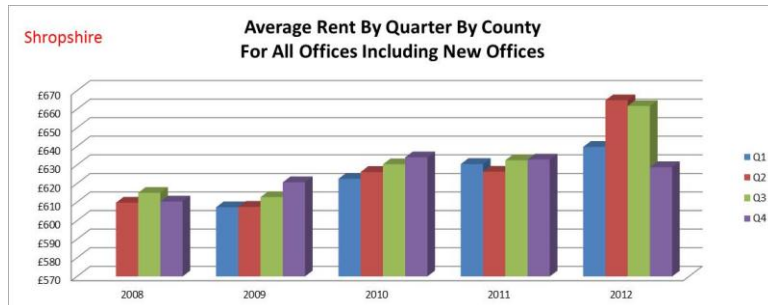
Nottinghamshire

Average advertised rents for 2012 were £572 per month just a few pounds less than the average property was rented out for in 2008. 2012 rents were however 4% higher than in 2011. Throughout the year, rents started off slightly higher than they ended up towards the end of the year. Average rents in Q4 were £559 per month.



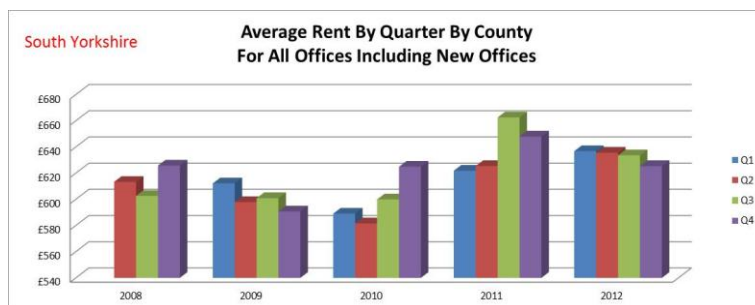
Shropshire

Average advertised rents for 2012 were £649 per month which is 6% above average rents for 2008. Rents are 2.8% above 2011 levels. Rents in the area have bucked the UK trend with no falls in 2009 and rents, on average, rising over the last five years. 2012 rents were 2.2% lower than 2011. Throughout the year, rents rose over the Spring and Summer, dropping back in the final quarter to £629 per month.



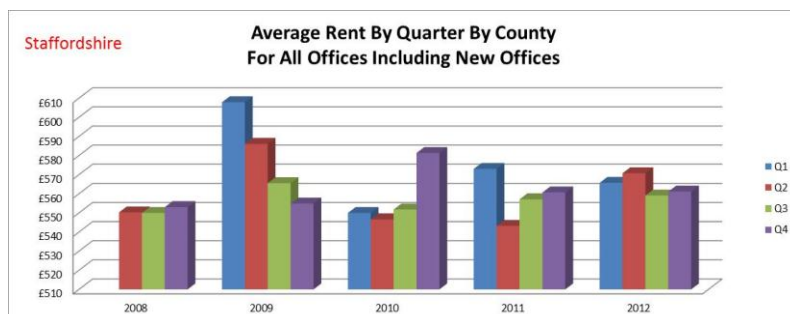
South Yorkshire

Average advertised rents for 2012 were £633 per month which is 3% above average rents for 2008. Rents are just a 1% below 2011 levels. However, rents have been relatively stable over the last 12 months, although slight falls have been recorded in Q4 so average rents were £625 per month.



Staffordshire

Average advertised rents for 2012 were £564 per month which is 2.3% above average rents for 2008. Rents in 2012 versus 2011 were up however by 1.25%. During 2012, rents have fluctuated around the annual average during each quarter, and Q4 ended on £561 per month.

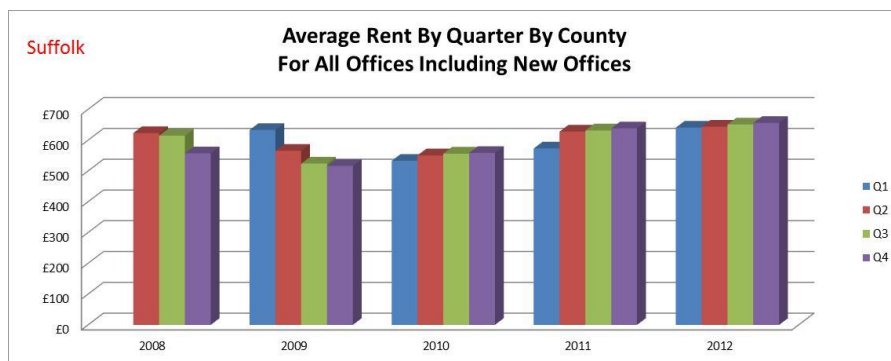


Stirling

(see page 3)

Suffolk (Bury and Ipswich)

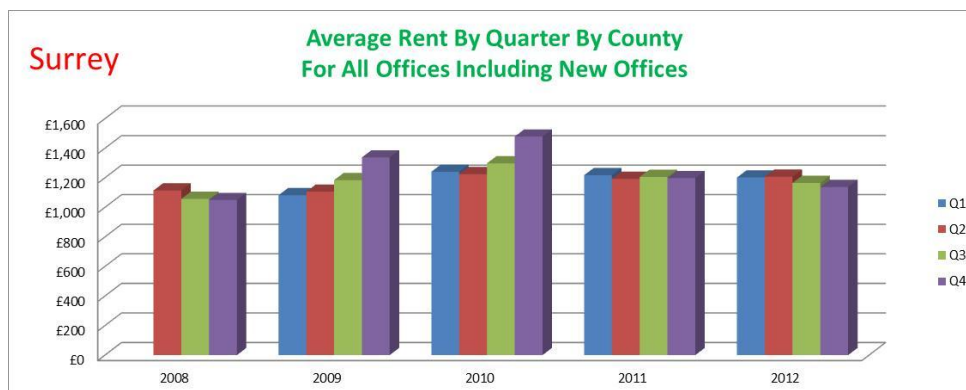
Average advertised rents for 2012 were £648 per month which is 9% above average rents from five years ago in 2008. Although this sounds a large increase in comparison to other areas, it's still below the rise in inflation over the same period of time. Rents in 2012 versus 2011 were up by 4%. During 2012, rents have risen steadily each quarter with the highest in Q4 of £656 per month. When breaking this down to office level however it's apparent most of the rental growth is from Bury St Edmunds as Ipswich rents stabilised during 2012.



Surrey

Average advertised rents for 2012 were £1,178 per month which is 10% above average rents from five years ago in 2008. Although this sounds a large increase in comparison to other Counties, it's still below the rise in inflation over the same period of time. Despite this rise, rents in 2012 versus 2011 actually fell slightly by 2%.

During 2012, rents have risen steadily each quarter, dropping back slightly in Q4 to £1,137 per month.

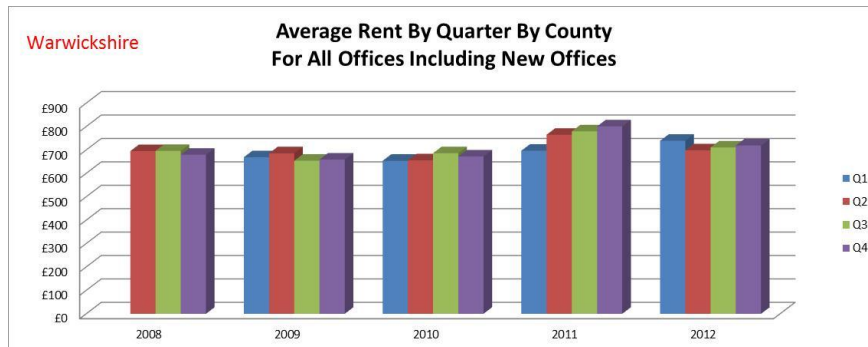


Swansea: (see page 3)

Tyne and Wear: (see page 7-8)

Warwickshire

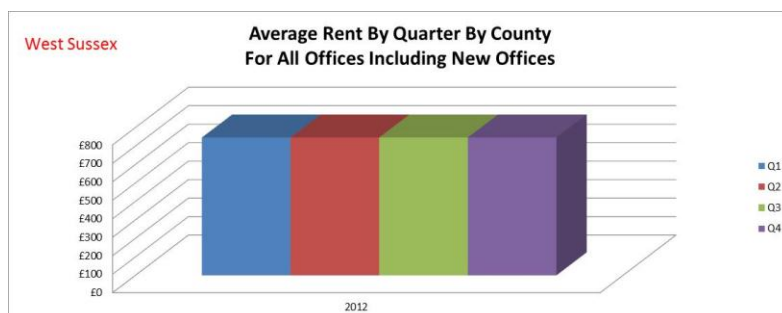
Average advertised rents for 2012 were £716 per month which is 3.7% above average rents from five years ago in 2008. Compared to 2011, rents have actually fallen back by just over 6%. During 2012, rents peaked in the first quarter at £739 per month and ended the year in Q4 at £719 per month. Breaking this down by office, most of the growth seems to be driven by Leamington Spa, Stratford upon Avon rents are fairly static and Rugby and Coventry saw growth through to Spring and then dropped back to the end of the year.



West Midlands – see page 10

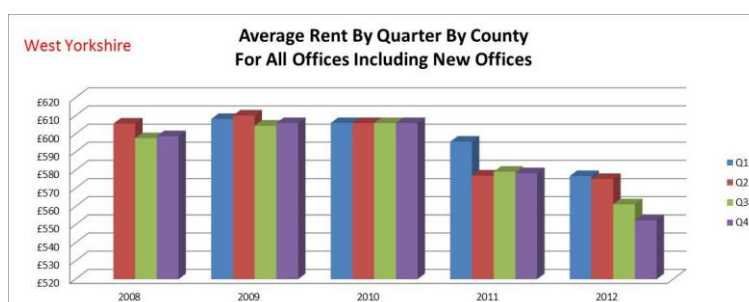
West Sussex (Chichester 2012)

Average for West Sussex for 2012 was £746 per month and this was relatively stable throughout the year.



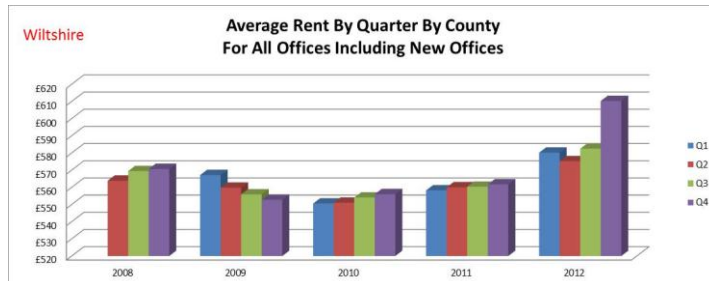
West Yorkshire

Average advertised rents for 2012 were £568 per month which is 5% below average rents from five years ago in 2008. Compared to 2011, rents have actually fallen back a little by 2%. During 2012, the Index suggests rents peaked in the first and second quarter and slid back in Q4 to £552 per month however the majority of offices showed rents were stable, and the fall was caused by a statistical anomaly.



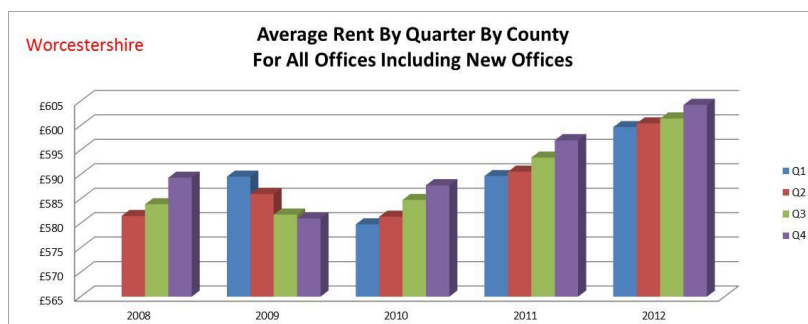
Wiltshire (Swindon five years Devizes 2012)

Average advertised rents for 2012 were £588 per month which is 3.3% below average rents from five years ago in 2008. Compared to 2011 though, rents have actually risen by 5%. During 2012, the Index shows rents were fairly steady until they picked up in Q4 which recorded average rents of £610 per month. This growth was mainly driven by Devizes as Swindon rents remain relatively static.



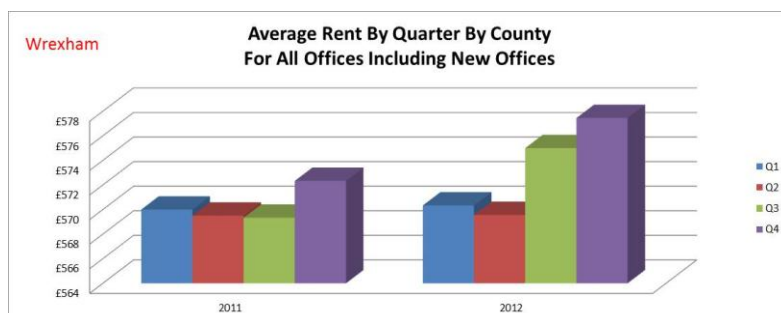
Worcestershire (Worcester)

Average advertised rents for 2012 were £601 per month which is 2.7% above average rents from five years ago in 2008. Compared to 2011, rents have risen by 1.3%. During 2012, the Index shows rents grew throughout the year, ending in a Q4 average of £604 per month.



Wrexham (Wrexham)

Average advertised rents for 2012 were £573 per month which is £3 more than advertised rents over 2011. During 2012, the Index shows rents grew throughout the year, especially towards the Q4 and the average was £577 per month.



Appendix

Belvoir Rental Index 2008 to 2012

Over the last five 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, Scotland and Northern Ireland, 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. Worst case, they may on occasion 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 five years and level of data analysis.

Offices which have consistently traded over the last five years

This is an analysis of rents across offices which have consistently traded across the five 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 91 offices from August 2008 to August 2012.
2. All offices which have traded via the Belvoir brand over the last five years. This analysis looks at rents across all offices. We add an office after it has traded for nine months and can provide a three month simple average over a six month period. This data is particularly useful when analysing regional data as it analyses 139 offices, so increases the number of offices contributing to the data and thus makes the results more robust.

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, Scotland and Northern Ireland
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 May rent:	£500
Average June rent:	£525
Average July rent:	£515
Total:	$£1,540 / 3 = £513$ 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 conurbations, 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.

Information about Rental Indices

It is important to remember from a landlord and tenant perspective, rental reports typically look at data which is currently from properties which are 'on the market' to be rented. If we report rents rising by 10% year on year or 2% month on month, it does not mean all rents across the UK are changing by this much.

For example, if you are a landlord and let a property in January 2012 for £500, irrespective of what happens over the next six months to rental indices, both from a landlord and a tenant perspective, the rent for that individual landlord and tenant usually stays the same for the six months of the contract.

Rents may not even change for the average twenty months a tenant rents for, as from a landlord's perspective, keeping rents at the same level and securing a long term tenant is beneficial.

For example, if a tenant stays for two years:-

1. The landlord doesn't experience voids. The average void period is three weeks (ARLA), so if a tenant stays for two years rather than six months, at a rent of £500 per month, the landlord can save two x three week void periods = $£346 \times 2 = £692$. This saving is equivalent to a 5.8% increase in the monthly rent.
2. The landlord doesn't incur costs to re-let the property which can add up to several hundred pounds or more.
3. If the tenant is a good one and pays the rent on time, they are valuable to the landlord. The more often tenants change, the higher the risk of a tenant defaulting on payment. As a tenant eviction can take up to six months, keeping a tenant's rent at the same level is a small price to pay versus the risk of renting to a rogue tenant or one who doesn't pay the rent for any reason.
4. A tenant who keeps the property tidy, looks after it and sometimes even carries out work, such as decorating in return for rents not rising, can save the landlord thousands of pounds.
5. Overall, a tenant who stays in a property for two years as opposed to four tenants who stay for six month periods at a time, can save the landlord in excess of £500.

As such, it is important for the government, organisations and tenants/landlords to understand that reported rental index changes only apply to a small percentage of rents on a monthly basis. The data itself is useful from a trending perspective, but rental indices do not report the true 'existing' average changes of **ALL** rental properties across the UK.