

BELVOIR!

the lettings specialist

**February 2014
Rental Index**

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Belvoir Rental Index February 2014: Top 10 Report Highlights

1. In February, average rents were £686, which is £4 less than in February 2013 for all offices in England which have traded consistently for the last five years.
2. In Scotland, average rents for February were £580 per month, a 5.5% increase on February 2013. Rents varied from £482 in Falkirk, £528 in Paisley, £596 in Glasgow and £712 in Stirling.
3. Average rents in Wales for February were £653 per month, 2% more than in February 2013, and varied across the region from £561 in Wrexham through to £762 in Cardiff.
4. In Northern Ireland, rents increased slightly in February, with continuing good levels of tenant and landlord demand.
5. The East Midlands, East Anglia, North East and the North West are the regions still recovering to the 2008 rental heights.
6. In February, rents in Yorkshire remain level at 1% above the height of 2008.
7. The West Midlands, South East, South West and London are the areas where rents have risen and continue to remain above the 2008 heights.
8. In London, the average rent in February 2014 was £1,350 per month, 12% above the high of 2008.
9. In East Anglia, the average rent in February was £683 per month, -4% below the height of 2008.
10. For the whole Belvoir group, including all new offices, the average monthly rent for February 2014 was £715, 1% more than February 2013.

National Rental Trends

In England, for offices that have been trading consistently for the last five years, the average monthly rent in February 2014 was £686. Versus an average of £690 per month in February 2013, this indicates a year on year variance of just £4.

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

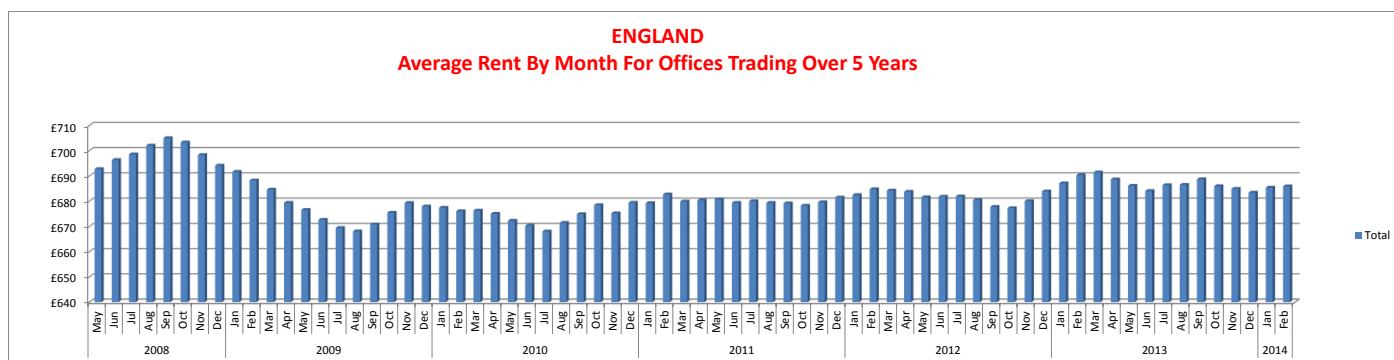
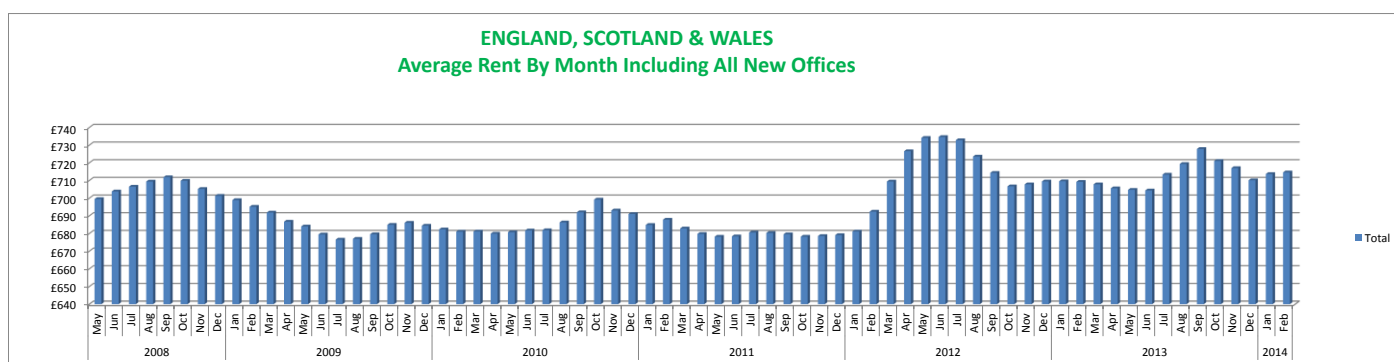


Chart showing the national rental trends for the last five years, including new Belvoir offices



For the group, the rental average was £715 per month in February 2014. Compared to the group’s rental average in February 2013 of £709, this equates to less than a 1% increase year on year. Currently in the group, there are in excess of 160 offices nationwide.

Dorian Gonsalves, director of franchising and commercial at Belvoir Lettings commented *“Rental variations continue to exist across the UK with some areas increasing, some stagnant and some seeing falls. Because property and rents are so variable, it is essential to seek advice as a tenant or landlord from your local letting agent. Whether it’s help with buy to let through to understanding how to choose a good agent, it’s essential to make sure you choose your property help with care to avoid rogues who continue to operate in this market.”*

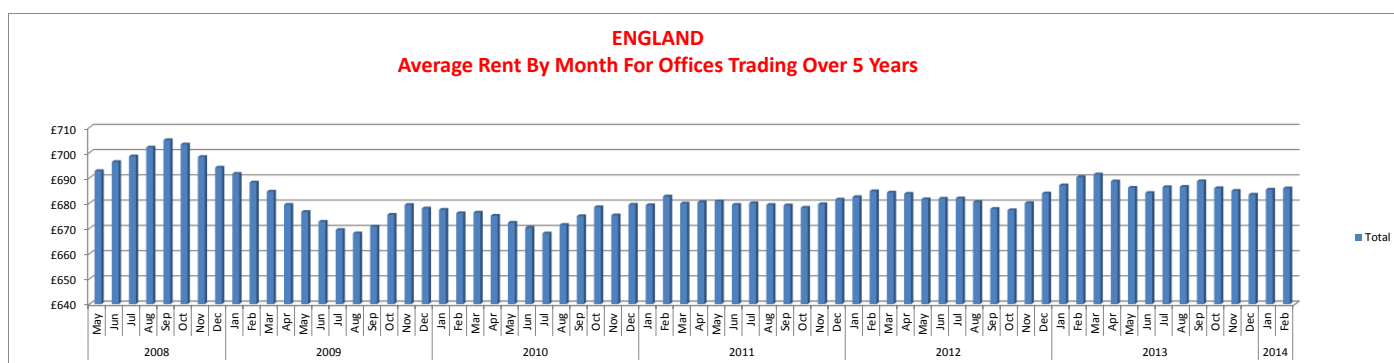
Belvoir Index Area Summary

Belvoir Lettings Index Summaries for England, Wales and Scotland

Here we compare what's happening across the Belvoir group by region: England, Scotland, Wales and Northern Ireland. Some of this is data from the Index, but as local areas can be extremely diverse, we also report from individual franchise owners to ensure trends are accurately reported.

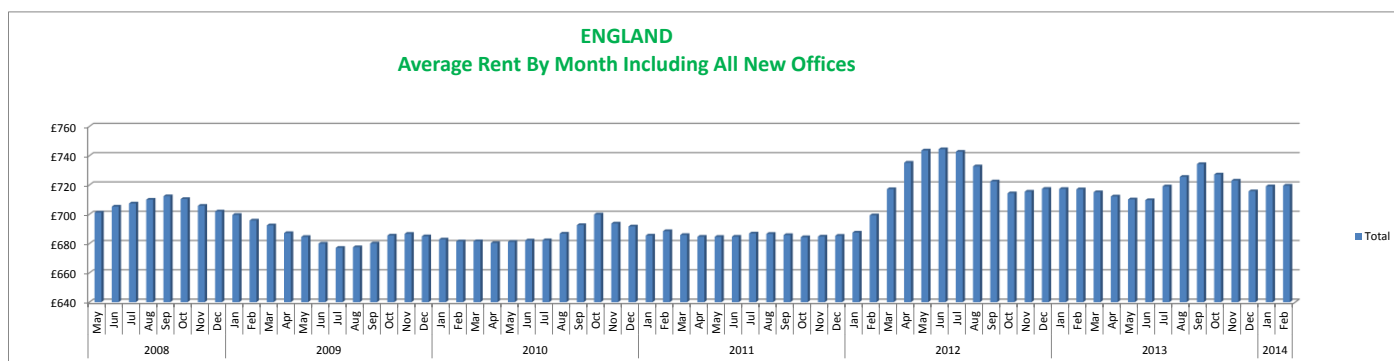
Summary for England

Chart showing the England rental trends for offices trading over five years



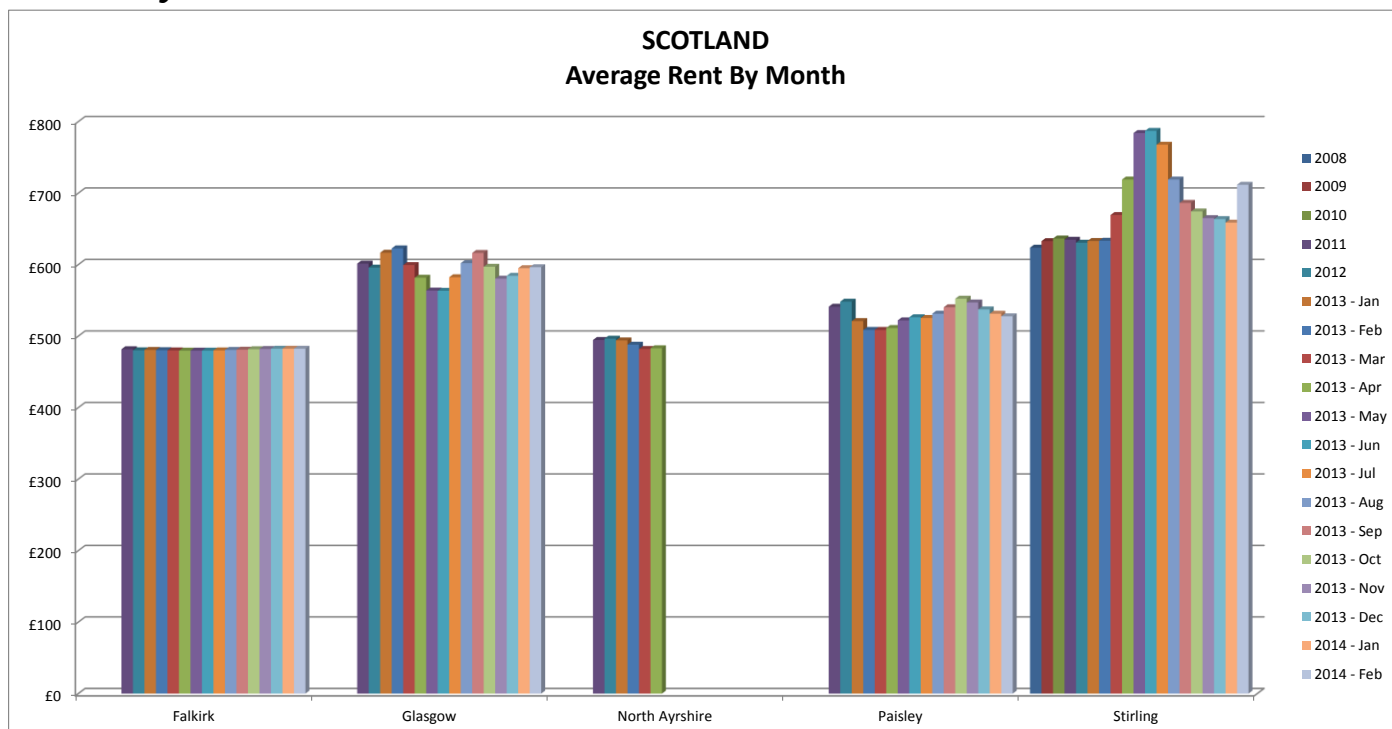
In England, for offices that have been trading consistently for over the last five years, the average rent for February 2014 was £686 per month. Compared to the February 2013, and a monthly rent of £690, this shows a slight year on year decrease of £4. Average rents throughout England continue with steady growth, but as the chart indicates above, rents have yet to recover to the peak of 2008.

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



The average rent recorded for all offices in England during February 2014, was £720 per month. Versus an average rent in February 2013 of £717 per month, this indicates a slight increase of £3 year on year. This increase is mainly driven by new, higher rental average offices, being added to the group from 2012.

Summary for Scotland



In **Falkirk**, average monthly rents have been relatively static for some time, and February 2014 is no exception, where the average rent of a two bed flat remained at £482 per month.

Mike Campbell, of Belvoir Falkirk reports *“A quiet month in Falkirk with low volumes of activity so not much to read into local rental trends apart from the fact that rents are pretty flat suppressed by a lack of wage inflation.”*

In February 2014, the average rent for the **City of Glasgow** was £596 per month and year on year, when compared to £623 per month in February 2013, this shows a fall of around -4%.

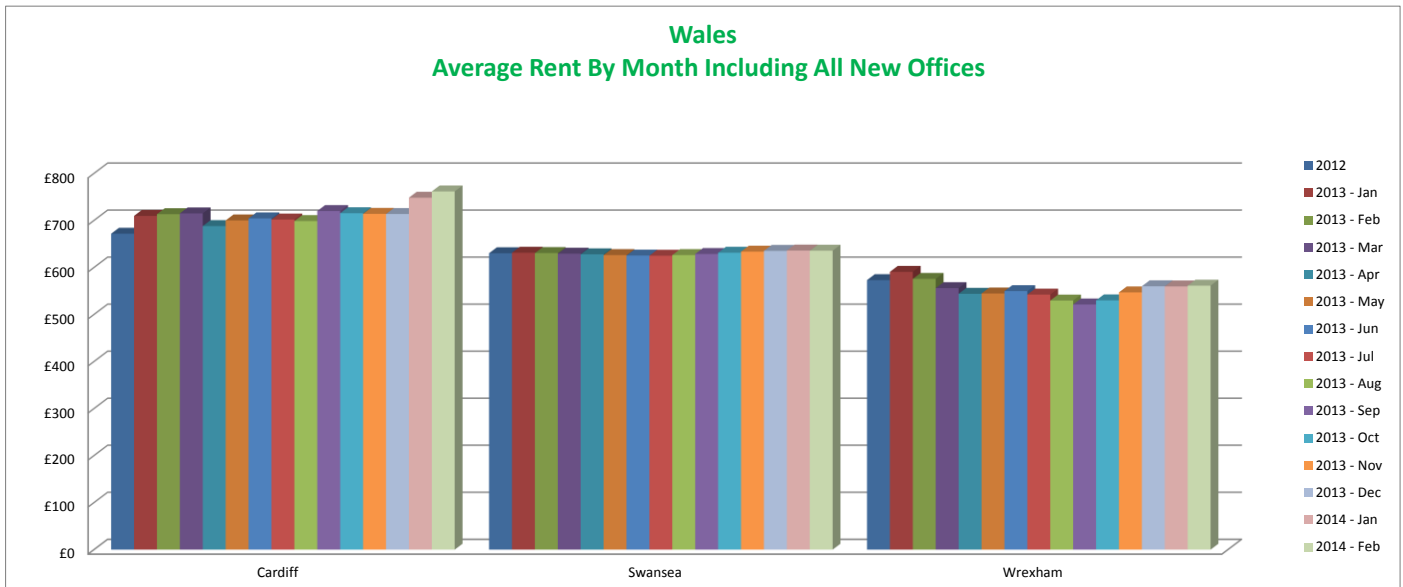
Sharon Walker from Glasgow comments *“February was still fairly quiet for us, but business still grew versus last year. Rental prices continue to remain the same, but we have had landlords asking us to give tenants their notice as the market is improving and they now want to sell.”*

The average rent in **Paisley** for February 2014 was £528 per month. Compared to an average monthly rent of £509 in February 2013, this would indicate a small increase of 3.5%, year on year.

Denise Rhodes, of Belvoir Paisley reports *“Rents for flats in Renfrewshire are coming down due to over-supply, however, rents for houses remain stable or have increased slightly.”*

The average rent in **Stirling** for February 2014 was £712 per month which suggests an increase, However, this increase is driven by a *change in the mix of advertised properties as opposed to rents actually rising (see Appendix).*

Summary for Wales



In Wales, the average monthly rent for February 2014 was £653. Compared to February 2013, when the average rent was £640 per month, this would indicate a small year on year rise in rents of 2%. Average rents in Swansea and Wrexham remain fairly static, with Cardiff experiencing slight rises.

The average monthly rents in February for **Cardiff** were £762, **Swansea** £636 and **Wrexham** £561.

Ben Davies of Belvoir Swansea comments *“Demand and supply were low during February, probably due to the weather as much as anything. Thankfully we’d had a busy January so the move-ins were okay*

Looking at our figures from February 2013 and February 2014, there is very little difference with volume, and rents haven’t really increased.”

Summary for Northern Ireland

Andrew Jack of Belfast comments *“The current position sees tenant demand continuing to outstrip the supply of good quality property. There seems to be a general lack of new stock coming onto the market in most parts of the city. There is also a lack of stock coming onto the market for sale.*

Despite the apparent lack of good property coming onto the market, rents are still holding fairly stable and only modest increases are possible in most areas. Tenants know what they want and seem to be determined to stick to their budget, although they are prepared to pay a fair rent for a good quality property. Investors should take note that there are good opportunities to meet increased tenant demand, but of course it takes time to buy and prepare a property for rent, so it seems likely the property shortage could continue for a while yet.

The general mood in the property market is much improved from this time last year, with figures suggesting that property prices have risen in each of the last 9 or 10 months. Assuming a property is priced realistically it will attract good interest from potential purchasers and in many cases a bidding situation will arise which has been rarely seen since the peak in 2008. The market appears to be on the road to recovery but it will still be some time before many property owners see values rise above their mortgage amounts and this is probably one reason why there is limited stock hitting the market for sale.

Average rents are pretty much the same as reported previously - a 2 bed in South Belfast is around £650 per month, a 3 bed semi will set you back £700-£750 on average. East Belfast rents are typically lower with a good 2 bed around £500 and a 3 bed semi around £650 as an average.”

In **Newtownards, Trevor Burns** reports: *“Tenant demand is still strong and landlord enquiries, especially from investors looking to buy, are also still strong. We are still seeing increases in rental values too.*

Our appraisals and tenant viewings from February 2013 to 2014 were about the same, however, we rented almost double the number of properties during February 2014, compared to 2013.”

Jackie Burns of Belvoir Bangor says *“Demand is excellent, with modern properties renting very quickly. We are increasing the rents by approximately £25 per month from last February on a £550 average rental. Older properties take longer to rent as the majority of our tenants are young professional couples who want new homes with all the mod cons.*

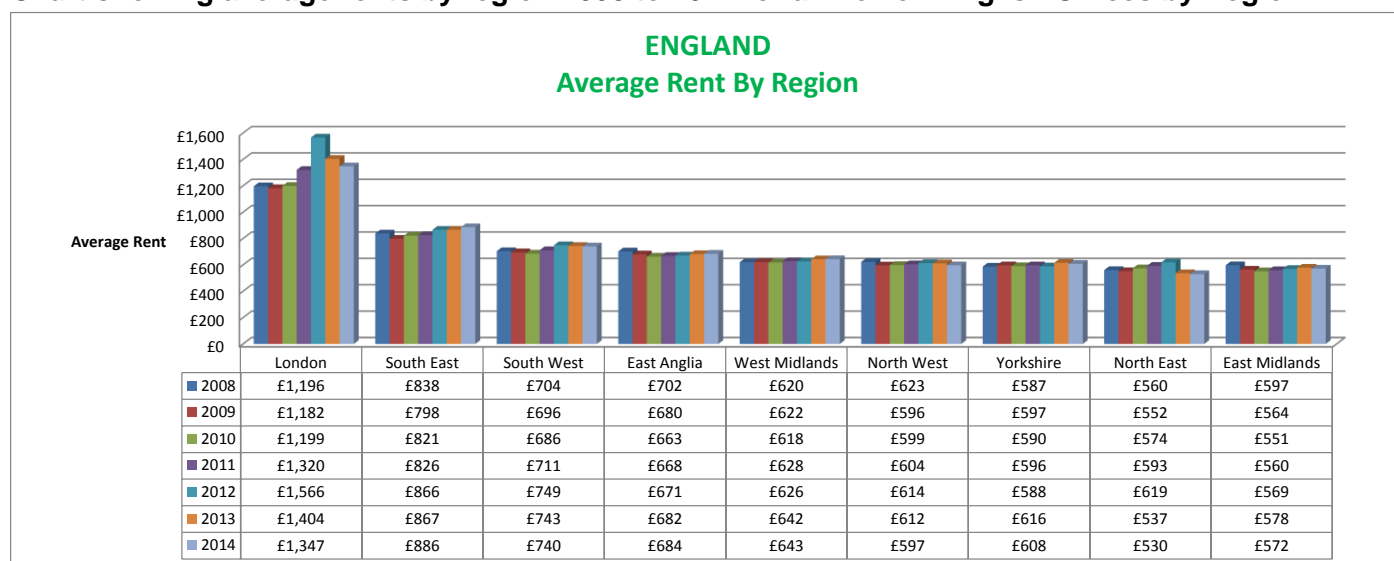
Landlord investment is on the increase with numerous landlords, both current and new to the business, buying properties.”

Regional Rental Trends

As a landlord, it is essential to know what's happening to rents in your local area, and you can do this by visiting or calling your local Belvoir office to chat through the latest rental trends. What is also useful though is to compare what's happening locally to what's happening in a landlord's portfolio.

Regional rents in February 2014 for the year to date, across England, vary from £530 per month in the North East, through to £740 in the South West and £1,347 per month in London.

Chart showing average rents by region 2008 to 2014 for all Belvoir English Offices by Region



Average monthly rents in the East Midlands, East Anglia, North West and the North East are still recovering. In the West Midlands, South East and South West rents have recovered and now exceed the high of 2008 and rents in Yorkshire remain fairly level at around 1% above the 2008 height. In London, the average monthly rent for February was £1,350, which is 12% above the height of 2008.

Region	2008	2009	2013	2014	2014	2014
	High	Low	December	January	February	February vs 2008 high
North East	£562	£547	£534	£525	£535	-5%
East Anglia	£708	£664	£690	£685	£683	-4%
East Midlands	£604	£553	£570	£571	£572	-5%
North West	£627	£587	£606	£599	£594	-5%
West Midlands	£622	£611	£645	£645	£641	3%
Yorkshire	£603	£577	£610	£609	£607	1%
South East	£850	£785	£873	£885	£886	4%
South West	£714	£687	£752	£744	£736	3%
London	£1,208	£1,119	£1,337	£1,344	£1,350	12%

East Anglia

The average monthly rent for East Anglia in February 2014 was £683. Compared to a monthly rent of £675 in February 2013, this shows a small year on year rise of just over 1%. In February, a quarter of offices rents rose slightly, just over half recorded stable rents and the remainder recorded slight falls.

Terry Lucking of Belvoir Cambridge comments *“I feel we have seen demand remain fairly stable with an increase slightly for Cambridge from Feb 2013. February is generally a quiet time compared to the summer, with the main tenant demand fuelling this period for us being the student market, with courses for summer beginning at this time of year. We saw nearly a double in property lets at this branch, especially as we deal with student lets.*

I don't feel prices have dropped, but stayed at a steady level. The market rents are still very high in this area, and although the purchase price for property has increased, the rent is not increasing in line with this.

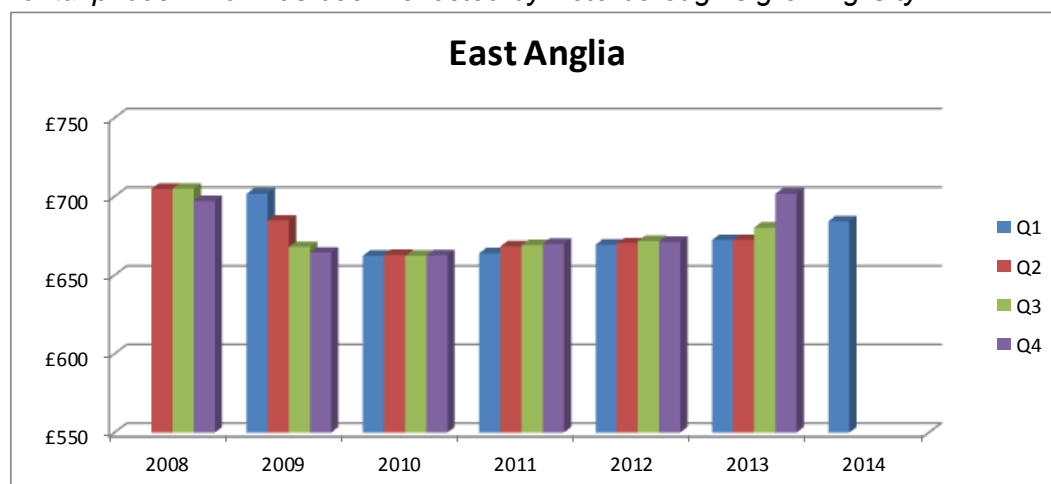
Cambridge is a difficult area to give average rental prices for houses, for example, a 2 bedroom house can be £850, £1050 or £1395, depending on location and street to street. The city centre is as buoyant as ever achieving higher rents than last year, on all re-let stock. With the north also showing some growth - for example, 2 bedrooms in the north of the city could be up by over 3% year on year, while in the south, they are fairly static.

We are seeing an increase in investor enquiries, with people coming for information about investing, and current clients re-investing, so the increase in lets has also been fuelled by this.”

Terry Lucking of Belvoir Peterborough reports *“Demand in Peterborough is a dramatically developing area and so a great place to live and also for people wishing to invest in properties. Peterborough's economy is booming. With a regeneration project that is breathing new life into the city and surrounding areas and the M11 corridor project which is committed to creating 17,500 jobs by 2020 – these are all exciting plans!*

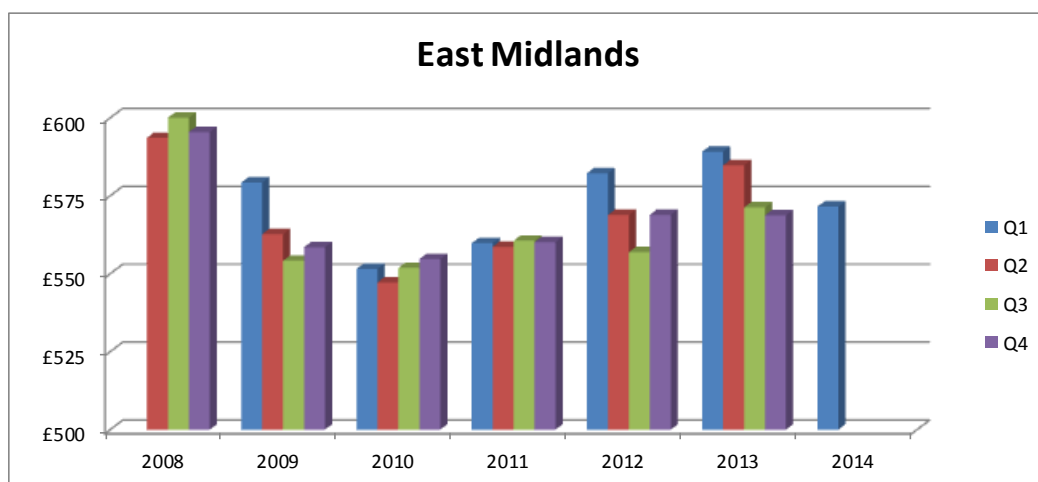
We have seen an increase in demand in Peterborough comparing results from February 2013 to February 2014. February tends to pick up in demand – this year we saw an increase in results from last year in terms of lets and new landlord enquiries and instructions. Rental prices in Peterborough have not increased dramatically, but at a steady level. Rents for a two bed house can vary from £650 per month for a two bed house in the city centre to £550 for a two bed flat in 10 minutes further away.

Looking back in 2013 to what the rents are like now – I would say that there has been a £25 increase in rental prices which has been reflected by Peterborough's growing City.”



East Midlands

In February 2014, the average rent for the East Midlands was £572 per month. Versus February 2013, when the average rent was £588 per month, this indicates a slight fall year on year, of around -2.5%. During February, a quarter of the offices showed a slight rise in rents, for just over half rents remained stable and just under a quarter experienced slight falls.



London

In London, the average rent for February 2014 was £1,350 per month. Compared to the average monthly rent in February 2013 of £1,369, this would indicate a slight fall of around -1%, year on year.

As there is such a diverse range of property sizes, types and rents throughout London, average rents can show some inconsistencies. In February, rents ranged from £2,440 in Camden, £1,319 in Stratford through to £785 in Basildon, with two-thirds of offices recording rental increases and a third recording static rents.

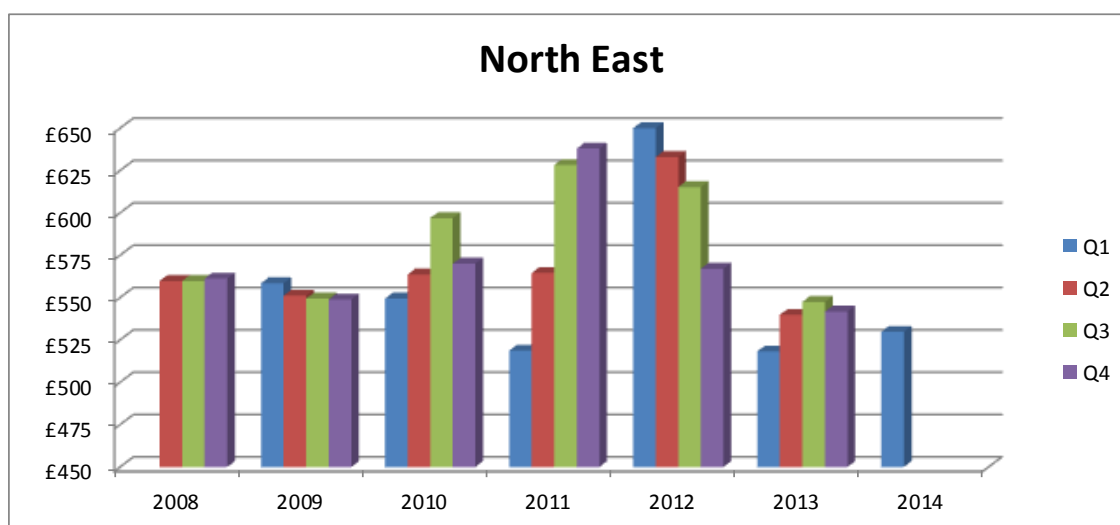
Jeremy Wasden of Belvoir Uxbridge says *“If you are looking to invest in the Uxbridge area, studios can range in price from £97,500-£129,950, renting for £620-£725pcm, giving an average yield of 7.1%; one bed flats cost between £154,950 and £289,950 and rent for £800-£1,150pcm, giving an average yield of 5.3%; an average yield of 5.7% can be achieved for 2 bed flats, with 3 bed semis achieving an average rent of £1,347pcm with an average yield of 4.5%. Careful research can pay dividends when investing in property and if you look carefully, you can achieve a strong yield from property in the Uxbridge area.”*



North East

In the North East, average monthly rents have a tendency to be somewhat erratic, which can be due to the variable rents in Newcastle. In Sunderland and Tynedale however, monthly rents remain fairly stable.

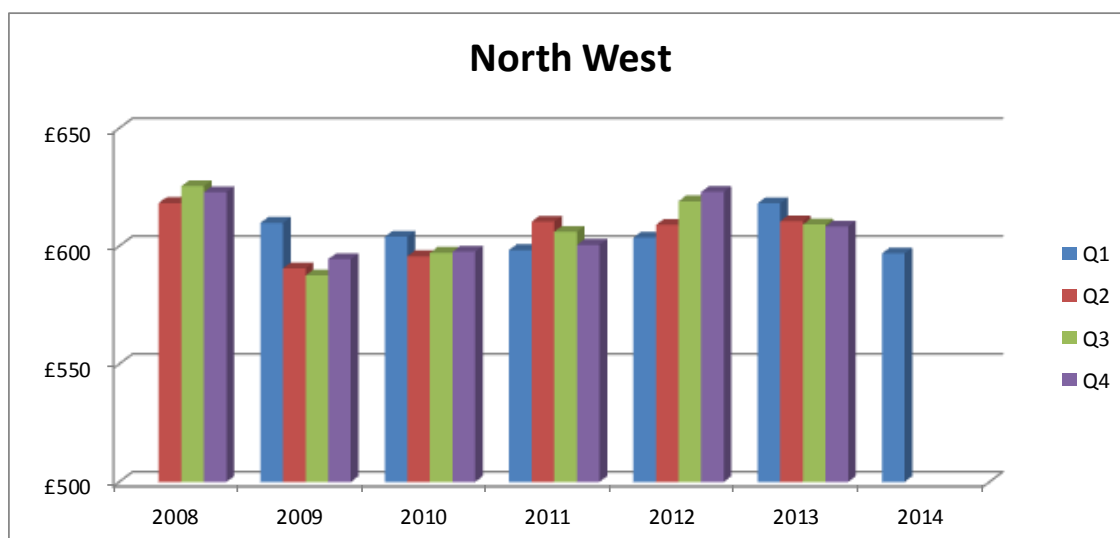
Howard King from Newcastle says “Demand from tenants fell away a bit in February compared with January whilst supply remained steady. Rental rates vary by area, with Newcastle city centre seeing rents rise slightly when they come back on the market compared to their achieved rent the same time last year. However, properties in the areas surrounding Newcastle, rents are remaining the same but for some properties in below average condition, the demand from tenants is falling leading to a fall in achieved rents. Overall, Newcastle has seen rents and demand rise slightly compared to last year.”



North West

The average monthly rent recorded for the North West in February 2014 was £594. Compared to an average rent of £619 per month in February 2013, this shows a fall of -4% year on year.

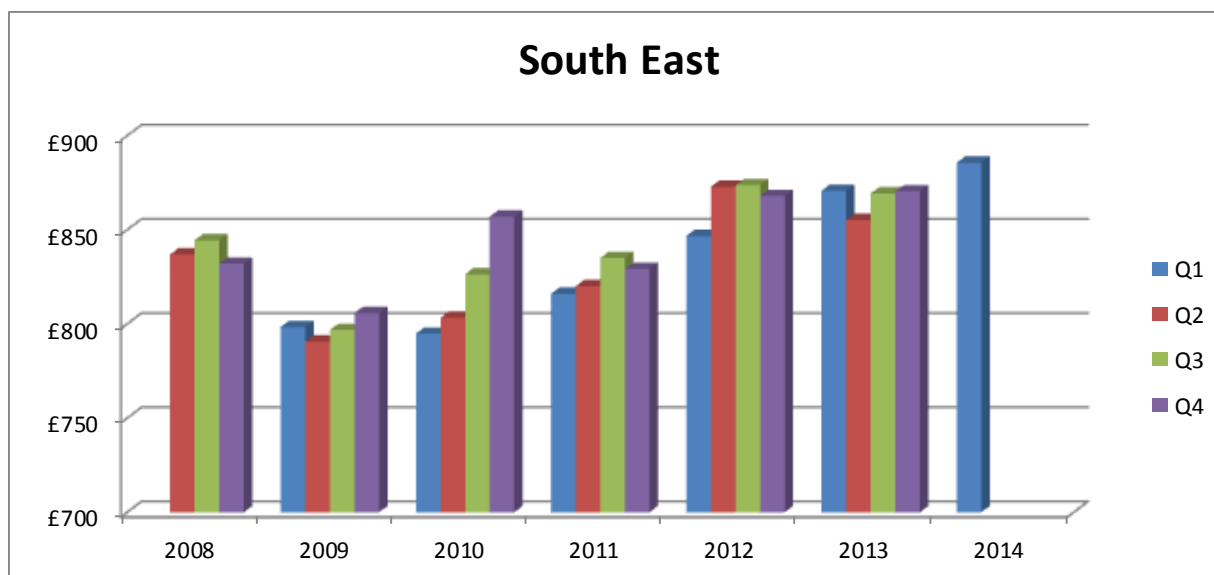
Three quarters of the offices in the North West recorded fairly static average rents for February, and the remaining quarter of offices were equally split with small rent rises and falls. A new office in the region opened at the start of the year in Whitehaven.



South East

In the South East, the average rent for February 2014 was £886. Versus February 2013, when the average rent was £875 per month, this shows a slight year on year rise of just over 1%.

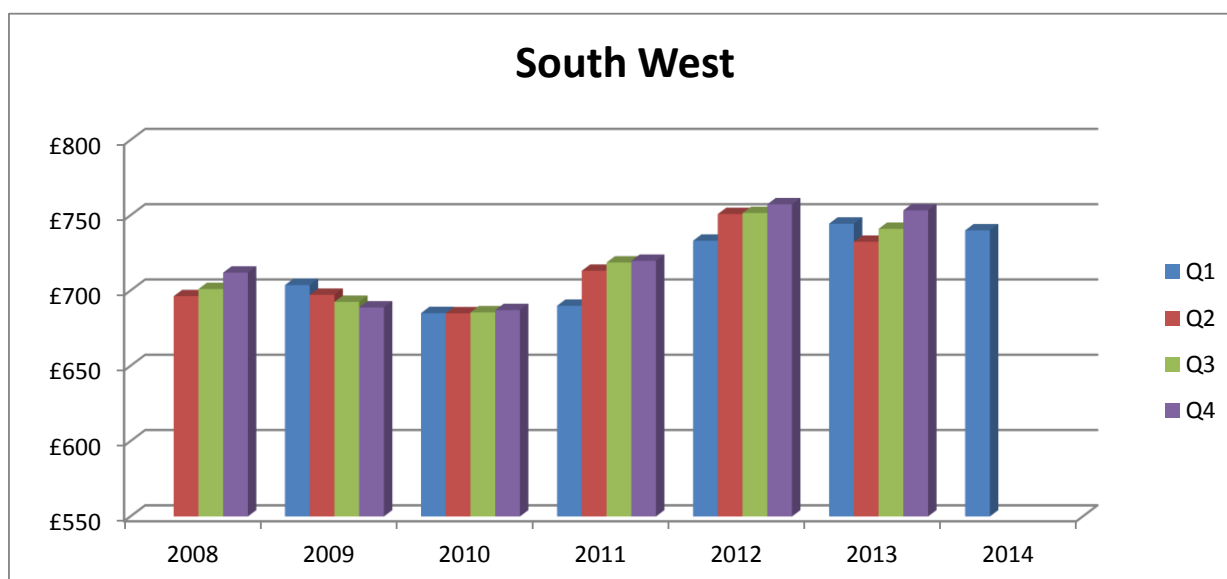
Two-thirds of offices recorded stable rents during February, with the remaining third of offices equally split between slight rises and falls. Rents range from £1,919 in Oxford through to £1,011 in Basingstoke and £592 in Colchester.



South West

The average rent in the South West for February 2014 was £736 per month. Compared to an average rent of £743 per month in February 2013, this indicates a slight fall of -1% year on year.

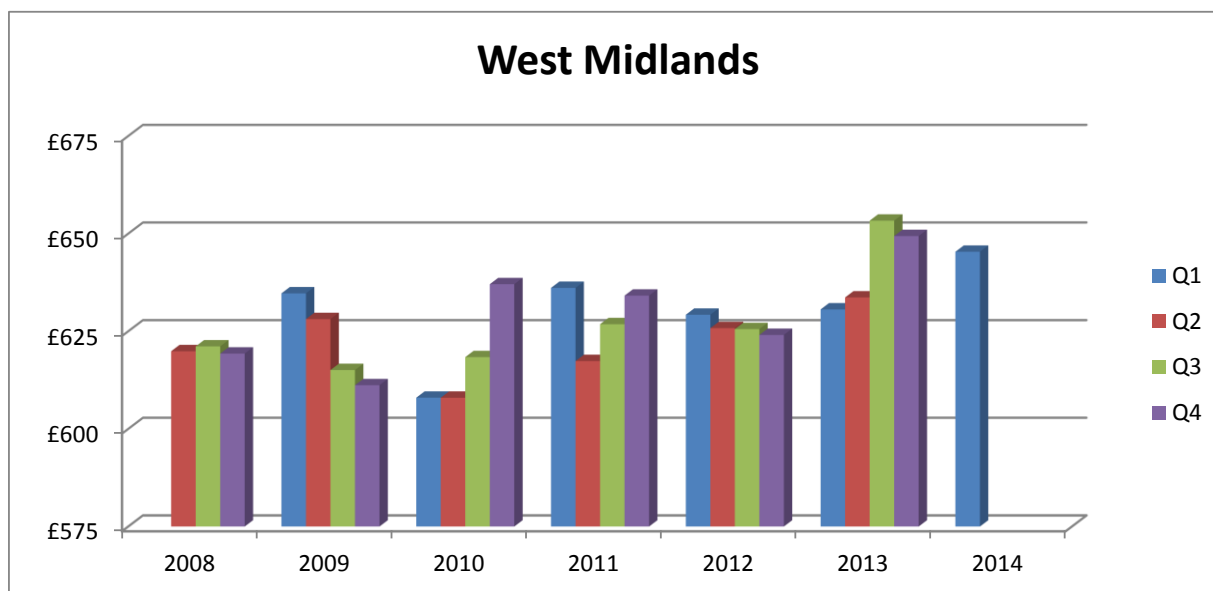
In February, 75% of offices recorded stable average monthly rents, with the remaining 25% of offices showing slight decreases. Average rents range from just over £1,000 in Hove to £457 in Weston super Mare.



West Midlands

In the West Midlands, the average rent for February 2014 was £641 per month. Versus an average monthly rent of £629 in February 2013, this would indicate a small rise of around 2% year on year.

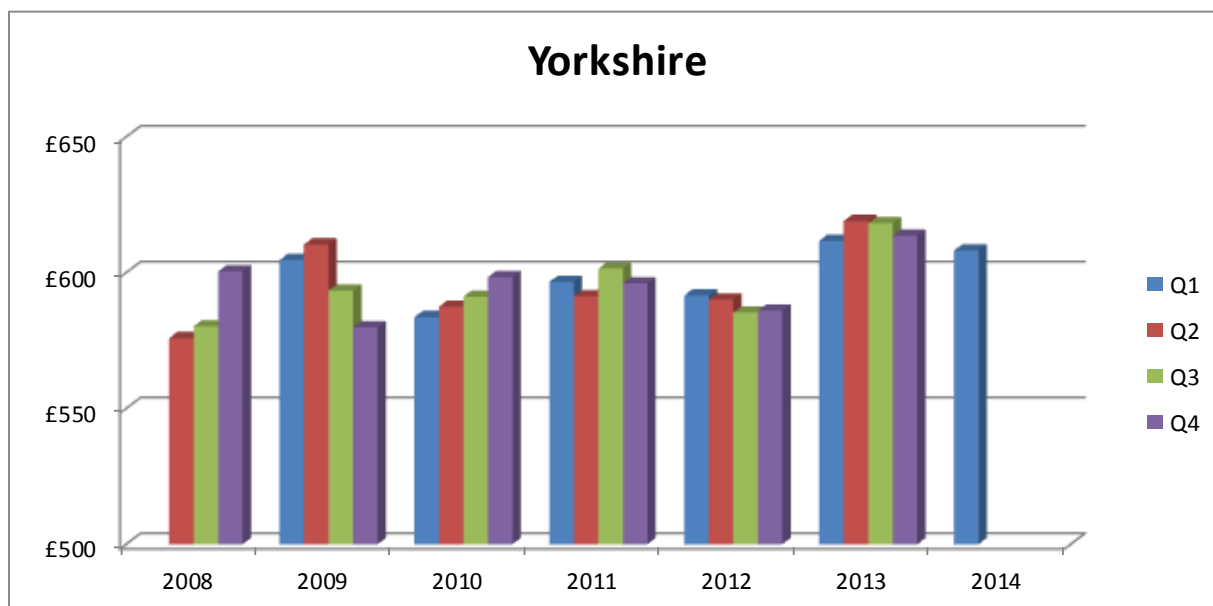
Half of the offices during February registered unchanged rents, a quarter recorded slight rises and the remaining quarter, slight falls including Shrewsbury, Worcester and Hereford.



Yorkshire

The average monthly rent in Yorkshire for February 2014 was £607. Compared to the average rent in February 2013 of £615 per month, this indicates a slight fall of around -1% year on year.

In Yorkshire during February, 50% of offices recorded stable rents, 30% recorded slight falls and 20% slight rises. Three offices in the region are relatively new, these being Hull, Thirsk and Selby & Goole - which only opened in December 2013.



Appendix

Belvoir Rental Index 2008 to 2013

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 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 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 2008 to 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 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:	$£1,540 / 3 = £513$ 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 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.