

# BELVOIR!

the lettings specialist

## **June 2013 Rental Index**

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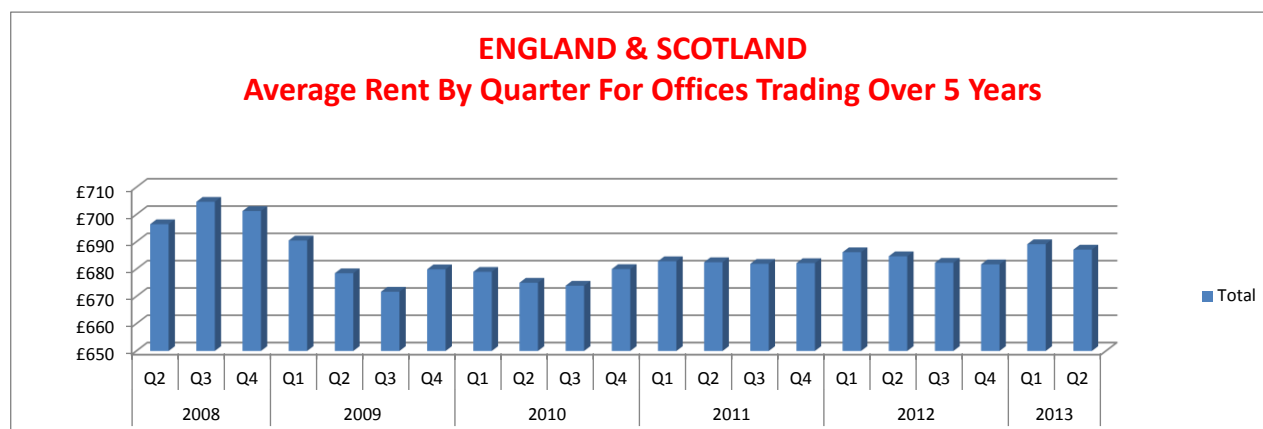
## **Belvoir Rental Index June 13: Top 10 Report Highlights**

1. Average rents across the UK for Q2 2013 were £2 more than Q2 rents in 2012 for offices which have traded consistently over the last five years
2. Rents have been fairly static in England and recorded an average of £712 in Q2 2013 for all offices and £686 for offices trading consistently over the last five years
3. Scottish average rents in Q2 2013 were £580 per month versus £551 in Q2 2012
4. Rents in Wales have fallen slightly in Q2 2013, with Cardiff averaging £697 per month in the second Quarter of 2013, Swansea £627 and Wrexham rents at £546 per month.
5. Average rents in Northern Ireland range from £400 to £750 in the Belfast area; £400 to £600 in Newtownards and £450 to £625 in Bangor.
6. Areas yet to recover to 2008 heights by Quarter two 2013 include the North East and East Anglia.
7. Areas recovering to 2008 heights include North West, East and West Midlands.
8. Areas where rents have overtaken 2008 heights include Yorkshire, South West, S East and London.
9. Rents in 17 counties where Belvoir has been trading since 2008 show rents have still to recover to the heights of 2008
10. Rents in 5 counties are on a par with 2008 levels and 12 counties have seen rises versus heights recorded in 2008.

## National Rental Trends

In Quarter two 2013, average rents fell slightly to £687 versus £689 in Quarter one 2013, but are slightly up on a year ago when Quarter two 2012 rents were £685. In comparison to the 2008 annual average rent of £701, rents are still 2% lower in Quarter two 2013.

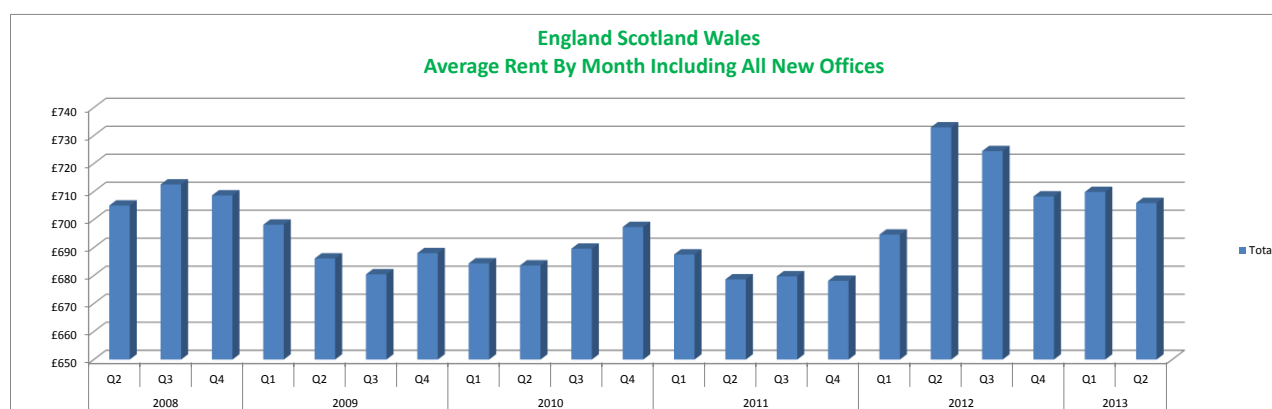
**Chart showing the national rental trends for the last five years over consistently trading offices**



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

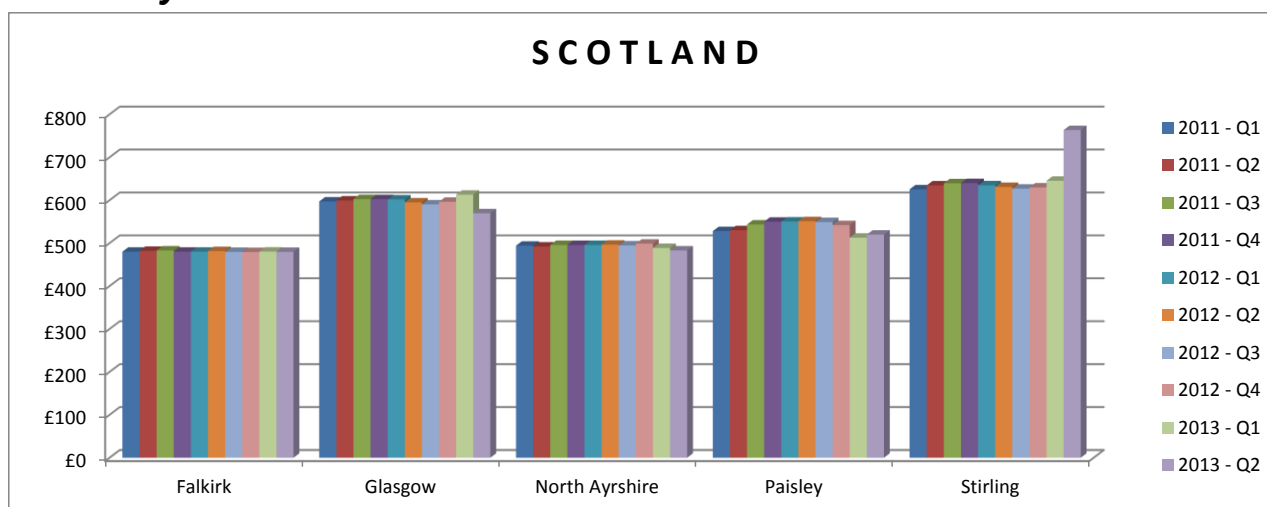
Since 2008, the number of Belvoir franchised offices has risen to **just over 150**. Overall average rents for all Belvoir offices in Quarter one 2013 was £709 per month, on a par with rental heights reached in Quarter three 2008.

The average monthly (quarterly) rent for all Belvoir offices, including new offices opened since the start of the index, stands at £706 in Quarter two. This is slightly down from £710 per month achieved in Quarter one 2013. Year on year it is -3.5% down versus Quarter two 2012. Longer term, the Quarter two 2013 rent is just under the annual average at the start of the index in 2008 which was £709.



*Dorian Gonsalves, CEO of Belvoir Lettings commented "Rents are remarkably stable at the moment from the group's perspective. However, these stable trends vary dramatically from one local area to another, so it is important if you are thinking of buying to let, needing to re-let your property or rent as a tenant to understand your local market before you make any decisions. All of our Belvoir offices have access to our Rental Index, so do pop in to discuss what's happening and ask for their expert advice."*

## Summary for Scotland



In Scotland, average rents for Quarter two 2013 versus Quarter one 2013 in Falkirk and North Ayrshire remained fairly static. Glasgow showed some downward movement, Paisley a slight increase and Stirling has recorded a rise of just over 18%, although we believe this is a quirk in the figures due to increased numbers of HMOs being advertised.

Overall, Quarter two 2013 versus Quarter two 2012, average quarterly rents for Scottish offices fell slightly.

Falkirk monthly rents have remained pretty static with the average for Quarter two and Quarter one 2013 showing £480 per month – a very slight decrease on the Quarter two 2012 and 2011 average of £482.

Average rents for the City of Glasgow in Quarter two 2013 showed £570 per month which was a -7% fall from Quarter one 2013. This compares to rents from the Quarter two 2012 which averaged at £595. However, in the main rents are stable in the area, the fall is driven by properties available for rent in areas which aren't quite as popular as others.

Denise Rhodes, from Belvoir Paisley explains *"The rental level of flats continues to drop due to oversupply, but house rents are moving up slightly due to under supply."*

The average rent recorded for East Ayrshire in Quarter two 2013 is £483, which is slightly down on Quarter one 2013, and approximately 2.5% down on Quarter two 2012 and the 2011 average respectively.

The average rent in Stirling for Quarter two 2013 is £763, which suggests an enormous rise of 18% when compared to Quarter one 2013. However, this is a quirk in the figures due to a change in the mix of advertised properties (see Appendix), in the main rents appear stable.

In addition, according to Nick Horan from Dundee, the market has been extremely busy over the last quarter, especially from a student perspective. *"There are far more students than properties to rent and with some students doing PhDs for the oil industry there is money around to pay good rent. Average rents are around £500 per month and have been pretty stable for the last few years. Some one beds rent for as little as £280 per month while ones in the best areas in great condition can rent for as much as £425 per month."*

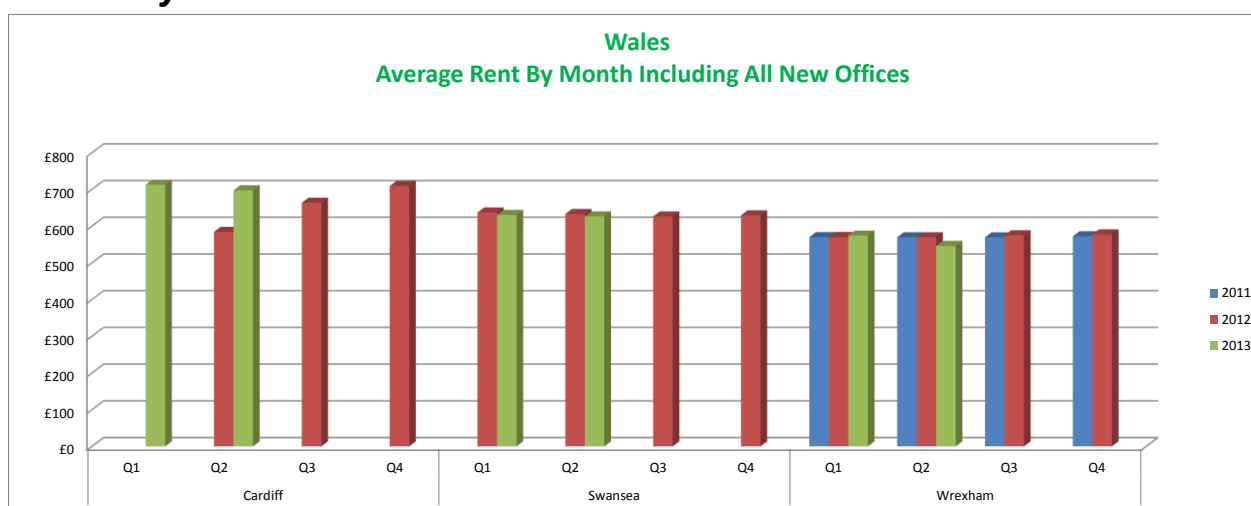
*The good news for tenants is landlords are buying again and we've had a lot more enquiries of what to buy and where over the last quarter than in the past, so hopefully we will see an increase in stock to match tenant demand.*

## Belvoir Summary for England



Rents for offices in England that have traded over five years show a rent of £686 per month for Quarter two 2013, which is a £4 drop versus Quarter one 2013. Year on year average rents haven't changed. Versus the annual average at the start of the index of £702 per month, Quarter two 2013 rents are still 2% lower.

## Summary Wales



Average rents in Wrexham have fallen to £546 per month in Quarter two 2013 versus £574 in Quarter one 2013, But are on a par with Quarter two 2012.

In Swansea, average rents have been fairly steady at around £630 per month since the creation of the office early 2012. Quarter two 2013 rent stands at £627, which is down just £3 versus Quarter one 2013 and £6 versus Quarter two 2012.

Cardiff rents for Quarter two 2013 are £697, slightly down on Quarter one 2013 at £713.

## **Summary Northern Ireland**

Trevor Burns from Newtownards says *“the rental market has been very stable over the last quarter. Despite recent media activity talking about housing bubbles, while Northern Ireland house prices are still down substantially versus 2007 heights, young people look at renting as a more flexible and far less risky option.*

*Homes are pretty affordable now, with mortgage payments potentially cheaper than the rents paid, but with people wary of buying and the hoops they have to jump through to secure a mortgage, coupled with the additional costs of a deposit and buying a home, renting has become a real lifestyle choice.*

*Heading to the summer, the market is likely to quieten down a little, although there are still plenty of properties to rent and tenants keen to move in.”*

In Bangor, Jackie Burns explains *“rents are creeping up slightly for new properties, but the older ones are staying the same. The summer months are pretty quiet in Bangor as people tend to go away on holiday, including the building trade. From a buying versus renting perspective, Jackie agrees with Trevor and finds tenants still very concerned about jumping on the property ladder, especially as everyone knows someone who has lost a lot of money.*

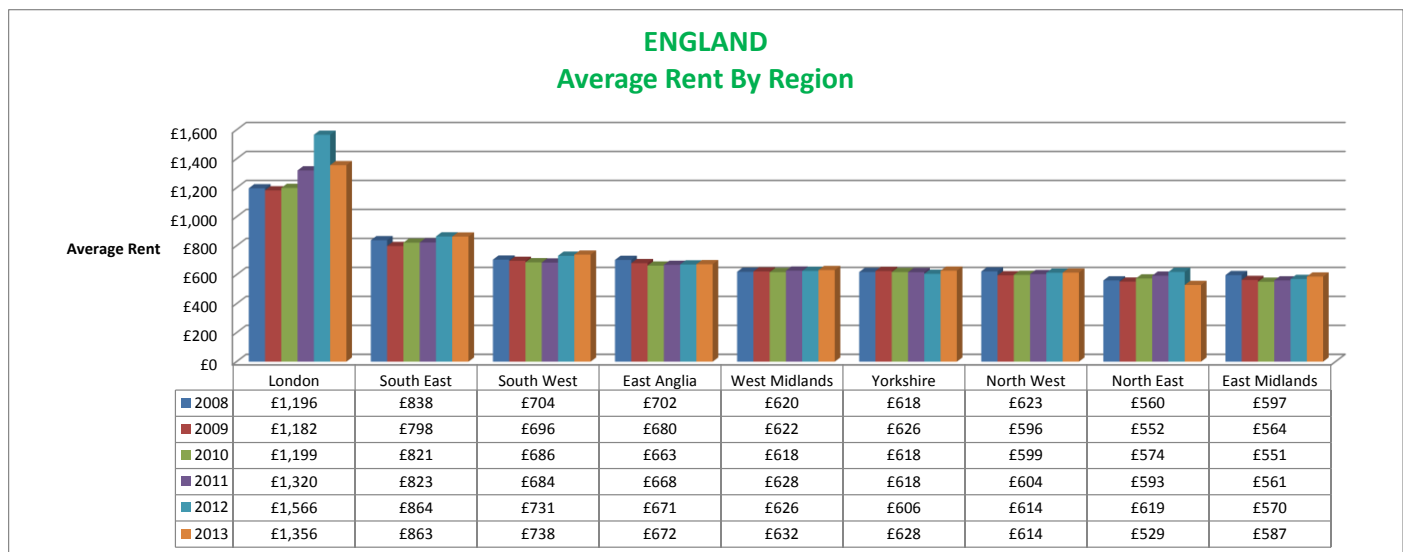
*Tenants prefer the option of having a decent roof over their head from a good landlord who is happy to pick up the maintenance costs.*

*From a landlord perspective though, they can see that properties are good value and give great income returns, so we are seeing a re-entry of investment landlords into the market place which is helping to keep supply and demand matching in the area.”*

## Belvoir Regional Rental Trends Summary

On a national basis, rents vary from an average of around £550 through to £670 for most of the country. However, in the South West, rents on average this year have increased to £738 per month, in the South East, they are fairly static year on year at £863, whereas in London we have seen the annual average rent fall from 2012 of £1,566 to 2011 levels of just over £1,350, which is mostly driven by a change in the number and location of offices which has reduced the average rent.

**Chart showing average rents by region 2008 to 2013 for all Belvoir English Offices by Region**



Regionally, in London, 2013 rents remain lower than the 2012 average and closer to the 2011 average. South East rents have now exceeded the 2008 heights but in Quarter two 2013 remain on par with 2012 rent levels. In the South West, it is a similar picture with rents exceeding 2008 levels but only £7 a month higher than 2012.

In East Anglia, average rents have increased very slightly each year since 2009, but still have a way to go to reach the 2008 high. East Midlands' rents have been steadily rising over the last four years, and are only a short way off their 2008 height. In the West Midlands, with the exception of 2010, average rents have exceeded the 2008 height.

Yorkshire rents in 2013 have exceeded the 2008 and 2009 highs, so are doing well versus the falls seen in 2012. Rents in the North West have steadily been recovering over the last four years, but have a little way to go to reach the 2008 high.

The average rents shown for the North East do not reflect the true picture due to the vast differences in types of properties and values within the region. Please see the North East regional rental trends analysis for more details.

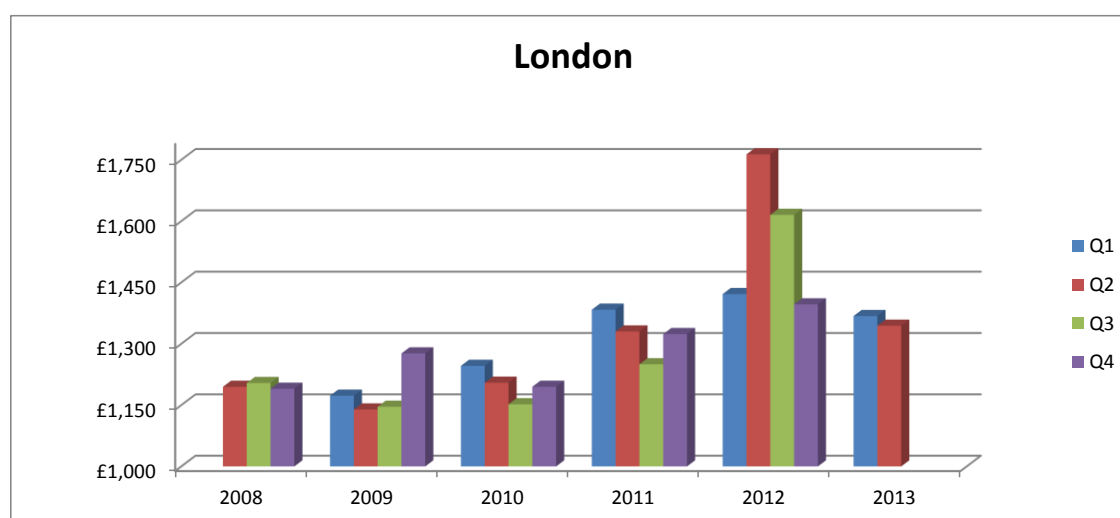


## Belvoir Regional Rental Trends

### London

Monthly rents in London for Quarter two 2013 averaged £1,344 versus £1,368 in Quarter one 2013, which shows a fall of £24. Quarterly year on year comparison are not valid due to the change in offices skewing the figures. However, rents have risen by 12% since the start of the index in 2008.

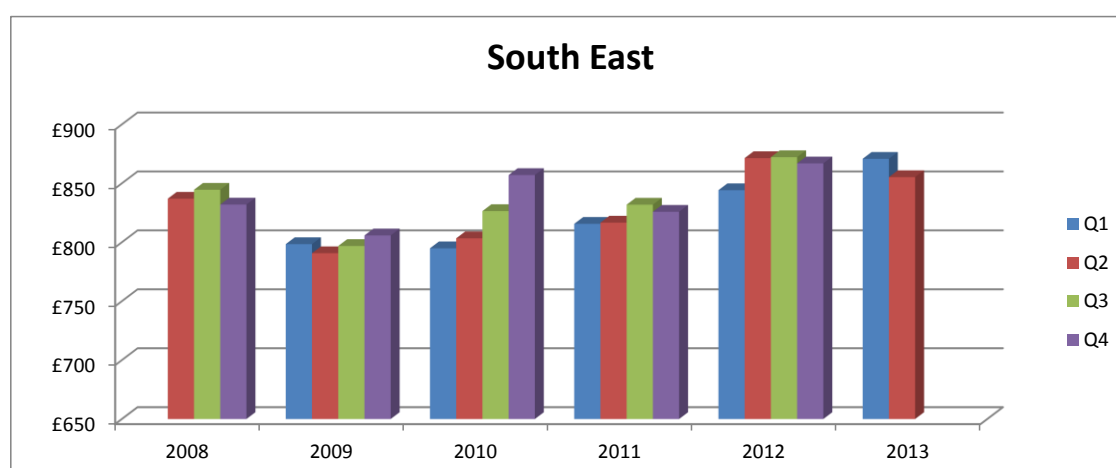
Trends across London do vary, with Basildon rents running at less than £800 per month, while average rents within Glengall Bridge are £1,350 per month.



### South East

Rents for Quarter two 2013 show an average of £855 per month versus £871 per month in Quarter one 2013. This is a small drop of just under -2% year on year. The long term trend for the South East is a slow but sure rise in rents.

The small fall in Quarter two is driven by 70% of the offices in the South East showing rental trends of stable to small falls, however it is worth noting 30% of areas continue to see rents rising including Andover and Milton Keynes.



## South West

South West rents for Quarter two 2013 record an average of £732 per month versus £744 in Quarter one 2013. This means rents haven't risen versus the same time last year. From a long term perspective, rents are up by 4% though from the 2008 average of £704.

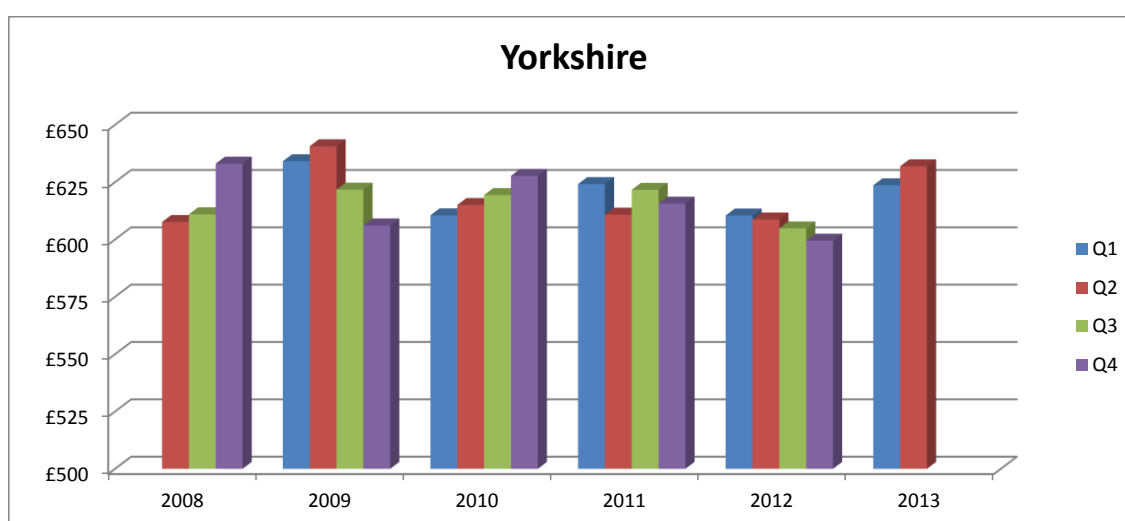
The only office which bucks this trend in the region is Hove who continue to see rents rising year on year.



## Yorkshire

Rents for Quarter two 2013 show an average of £632 per month, slightly higher than the £624 recorded in Quarter one 2013. Rents are up by just under 4% year on year versus Quarter two 2012. Versus the 2008 annual average from the start of the index though, rents have risen by just over 2%.

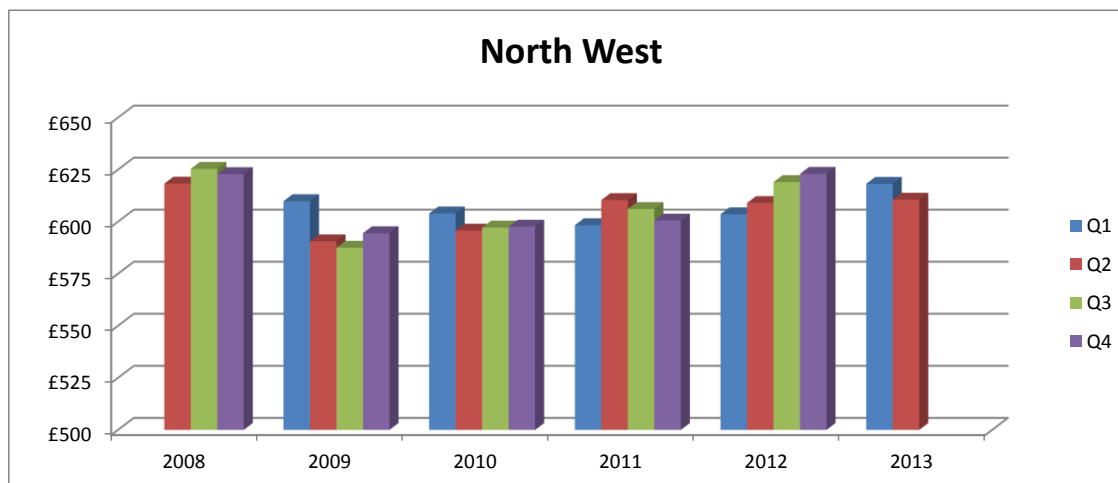
Rental levels in Yorkshire over the last six months have shown that Skipton and Harrogate rents are rising slightly, with Leeds North East, North West and Huddersfield all remaining stable.



## North West

North West rents for Quarter two 2013 record an average of £611 per month versus £618 for Quarter one 2013. Versus Quarter two 2012, rents are up very slightly. Long term from the start of the index, average rents for Quarter two 2013 are down around -2%.

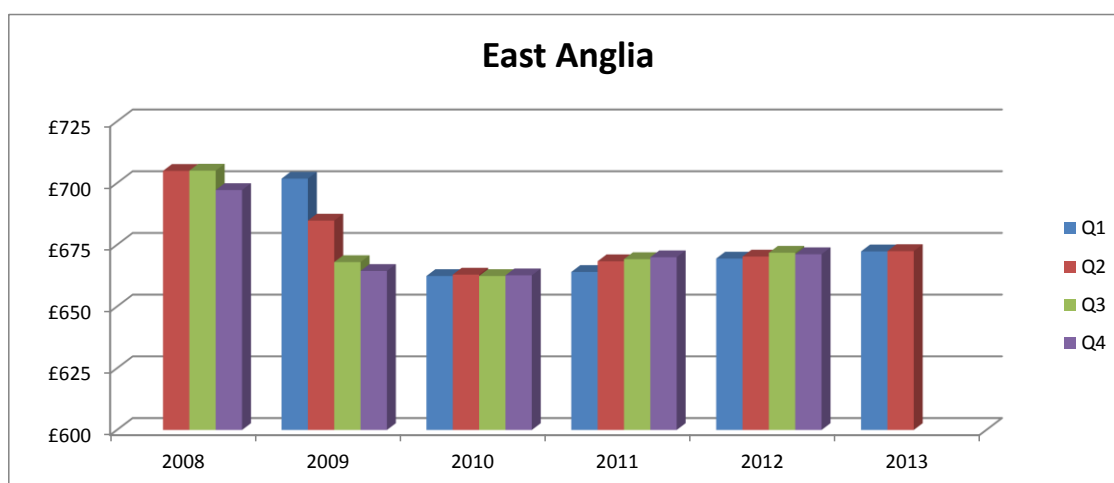
Over half the offices in the North West region have registered stable to slight falls in average monthly rents, with a quarter recording a fall, including Chester, and a quarter recording a rise, including Crewe.



## East Anglia

Rents for Quarter two 2013 show an average of £672 per month, which is exactly the same average rent recorded in Quarter one 2013. Compared to Quarter two 2012 rent of £670, there is little change in rent levels year on year. Versus the 2008 annual average from the start of the index though, rents are still -4% lower than they are today.

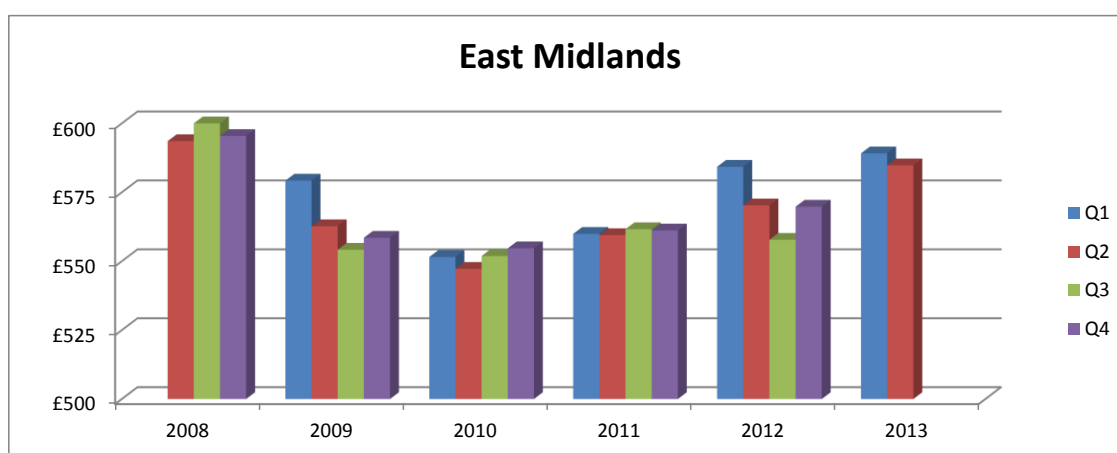
Overall, rental levels in half of the East Anglian offices have remained static over the past six months, including Huntingdon and Norwich. In the remaining offices, which include Cambridge and Kings Lynn, rents have fallen slightly.



## East Midlands

Rents for Quarter two 2013 in the East Midlands show an average of £585, versus £589 in Quarter one 2013, which is a very slight fall. Versus Quarter two 2012's average of £570, they are up just over 2.5%. Compared to the 2008 rental average of £597, the current quarter rent average is still -2% lower.

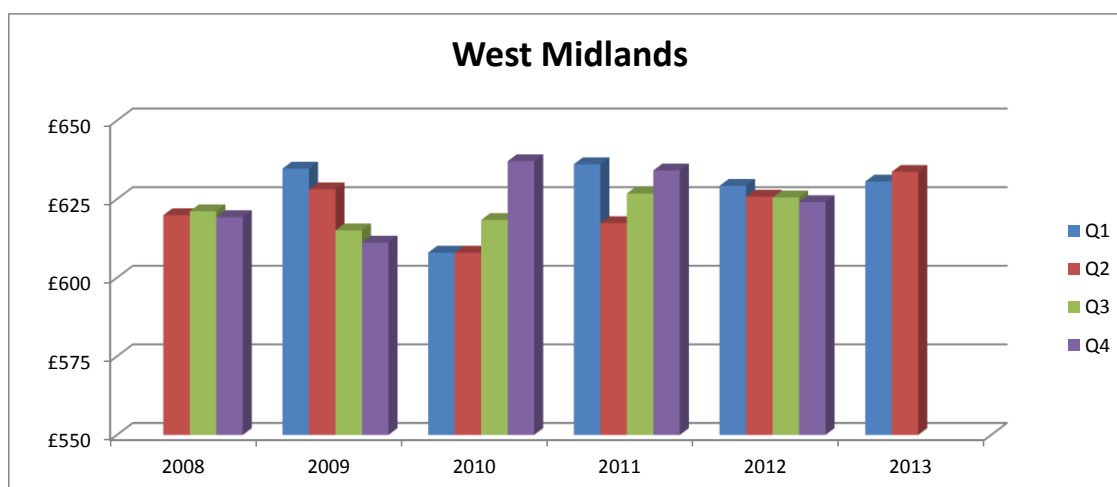
Rental trends vary throughout the offices in the East Midlands, with just over a third showing a fall in rents, including Market Harborough and West Bridgford and the remaining offices equally split with rents remaining fairly static or rents on the up in areas such as Sleaford and Newark.



## West Midlands

In the West Midlands, rents for Quarter two 2013 show an average of £634, versus £631 in Quarter one 2013. Versus Quarter two 2012's average of £626, latest rents show a slight rise. Compared to the 2008 rental average of £620, since the start of the index, average rents for Quarter two 2013 are up around 2%.

Over the last six months, two thirds of the offices in the West Midlands have recorded fairly static rents, including Leamington Spa and Stone, with the remaining third of offices equally split with rising rents, including Rugby and some falls including our Worcester office.



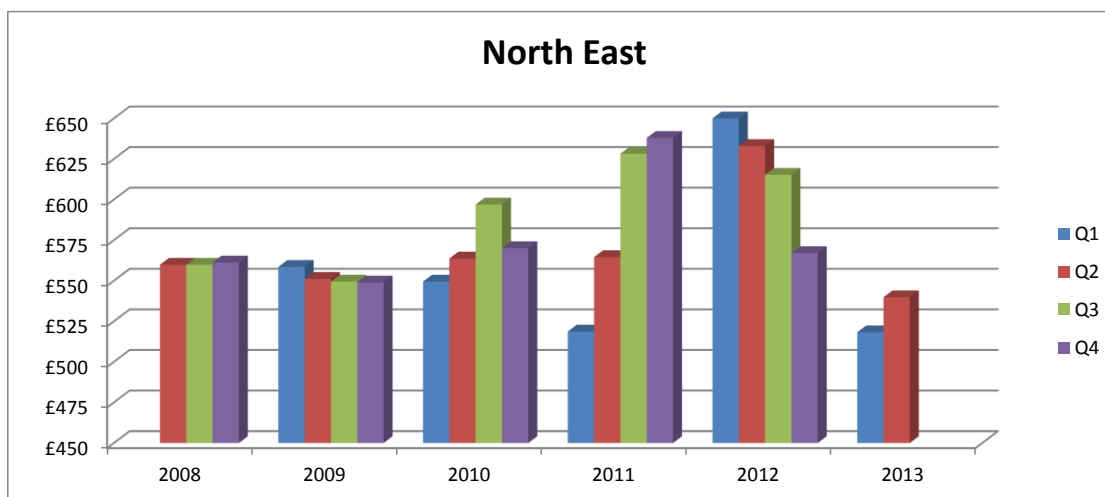
## North East

Monthly rents in the North East for Quarter two 2013 averaged £540 versus £518 in Quarter one 2013, which shows a rise of £22. This is down around -3.5% versus the 2008 rental average of £560. The year on year comparison versus £633 isn't valid as it is skewed by the wide variation in property types and sizes.

Newcastle upon Tyne indicates an upward rental trend, with Sunderland and Tynedale recording stable average monthly rents.

Howard King of Newcastle says *"Rents in our area vary dramatically from one beds for just under £400 to two bed city centre apartments for £1,000 or more. In the suburbs though, you can rent a decent three bed property for £800. From a trends perspective, tenants are staying longer and wanting to renew contracts. Interestingly, we are seeing more people sharing to help keep their costs down, ideally with people they know rather than renting a room."*

*From an investor's perspective, we are seeing landlords who rented their property because they couldn't sell now putting their homes on the market following the recent renewed confidence."*

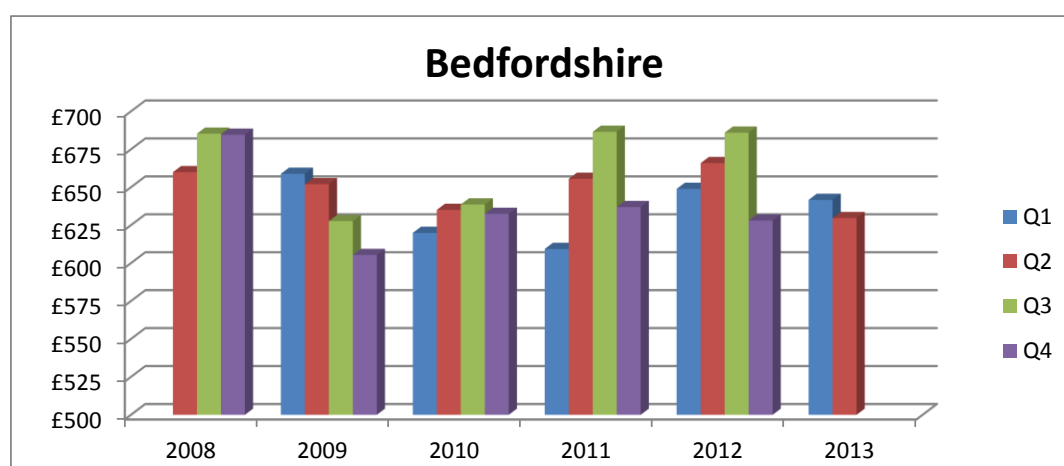


## Belvoir Rental Trends by County

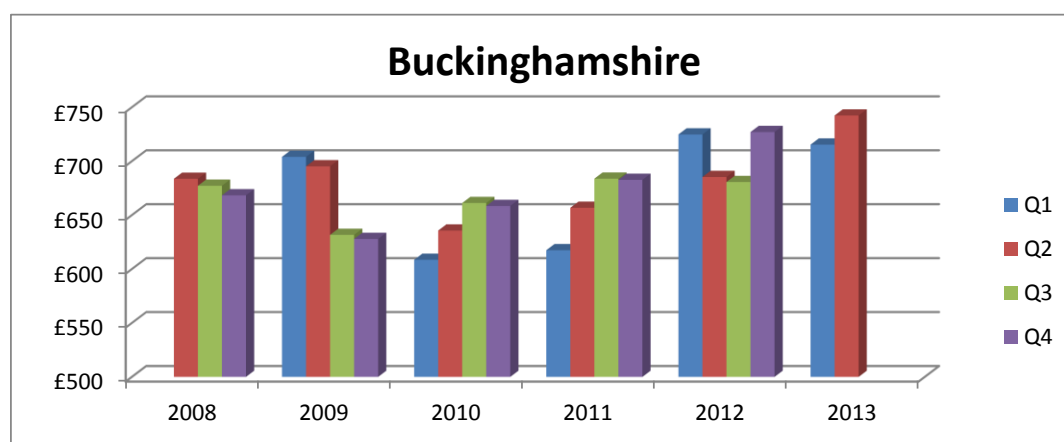
We compare the county latest Quarter Two rental averages to the 2012 average and how they are performing versus the annual average for 2012. In addition, where rents look like they are increasing a lot over the last 12 months, we put this increase into context by calculating what the average rent should be if it had risen in line with inflation over the last 12 months and from the start of the index in 2008.

In the main this analysis shows at the moment there are few areas where rents have kept up with inflation, so despite year on year rises, rents are pretty good value for money in the long term.

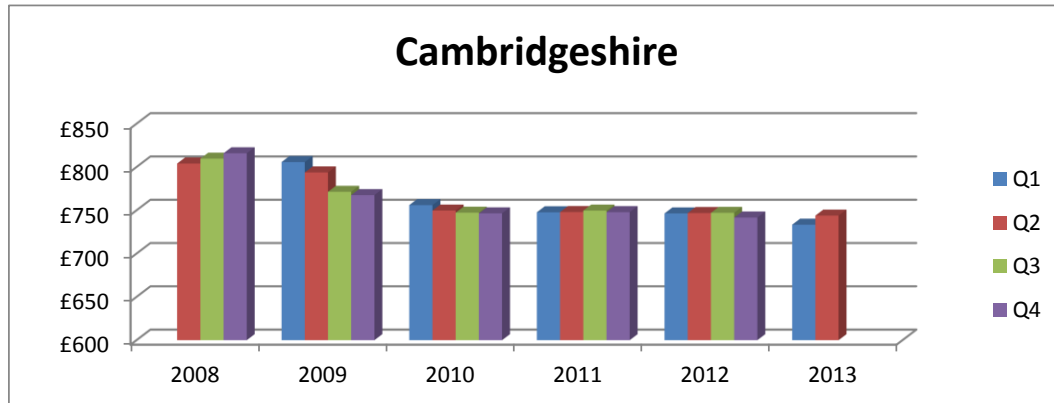
In Bedfordshire, the average monthly rent for Quarter two 2013 is £630 per month. This compares to the annual average rent for 2012 of £657 suggesting rents are down year on year by -4%. Long term, although rents vary by quarter, on an average annual basis they have been fairly static since 2010.



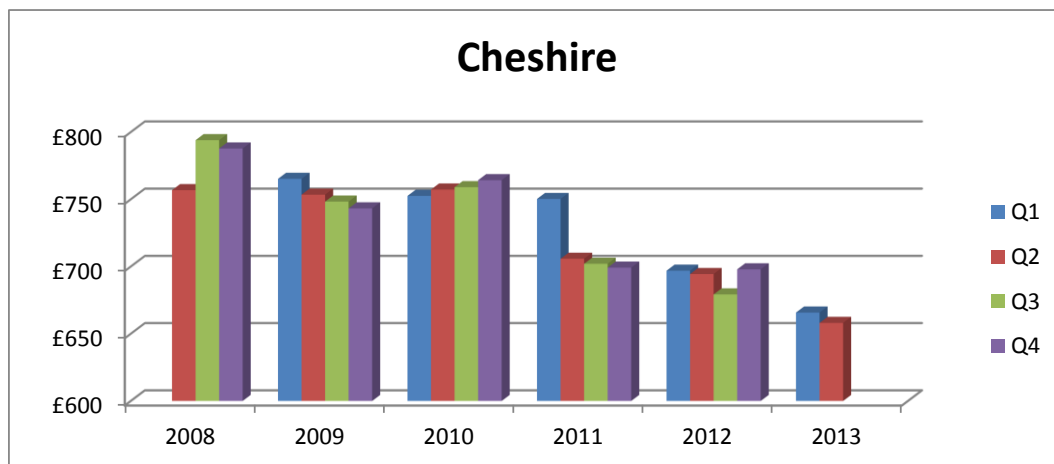
In Buckinghamshire, the average monthly rent for Quarter two 2013 is £742. Compared to the annual average rent for 2012 of £704, this suggests rents are up year on year by 5%. Overall, rents in Buckinghamshire haven't kept up with inflation since the start of the index. If they had, tenants would be paying nearly £40 a month more instead of the £5 per month extra they are currently paying.



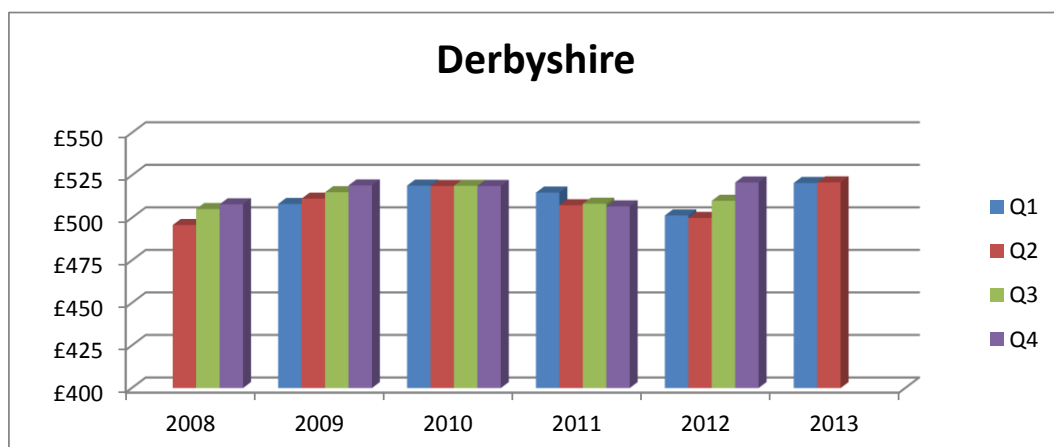
The Cambridgeshire average monthly rent for Quarter two 2013 is £742. This on a par to the 2012 annual average rent of £745. As inflation has risen by 2.8% in the last 12 months, to keep pace, rents would have to have risen by £28 per month, so tenants are getting good value for money. Overall, rents have been pretty static in the county since 2010.



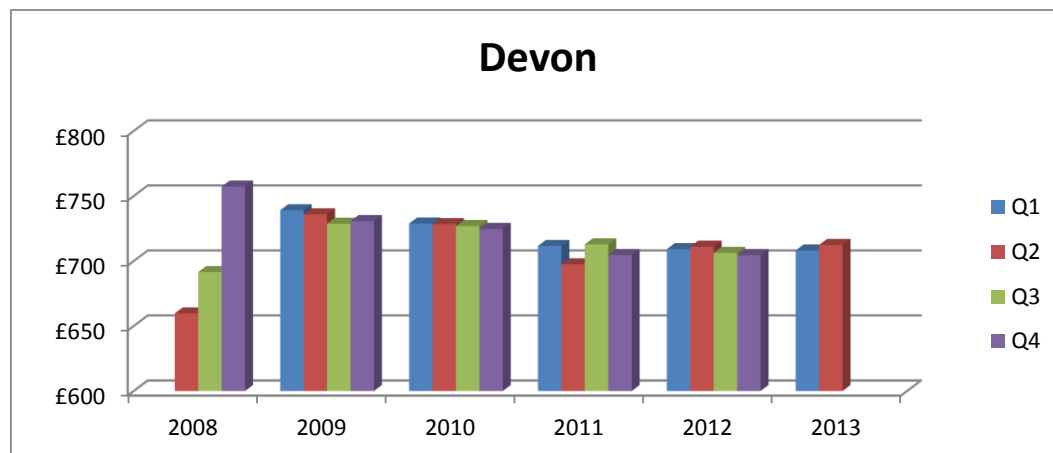
In Cheshire, the average monthly rent for Quarter two 2013 is £658. Compared to the annual average rent for 2012 of £692, this suggests rents are down year on year by -5%. However the range of rents can vary from £400 per month through to £2,500 in more expensive areas, so this tends to suggest rents aren't changing too much, it's just a change in the mix of rental properties.



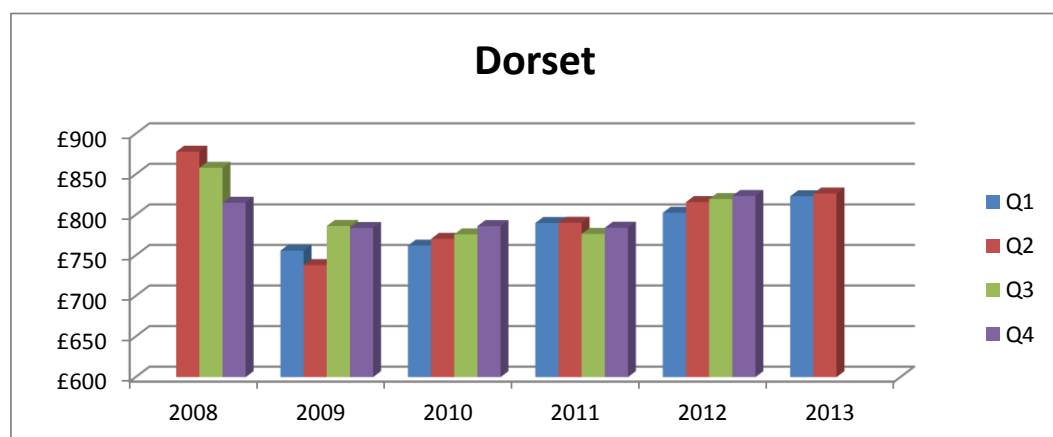
In Derbyshire, the average monthly rent for Quarter two 2013 is £521. Compared to the annual average rent for 2012 of £511, this suggests rents are up year on year by 2% and long term rents are stable.



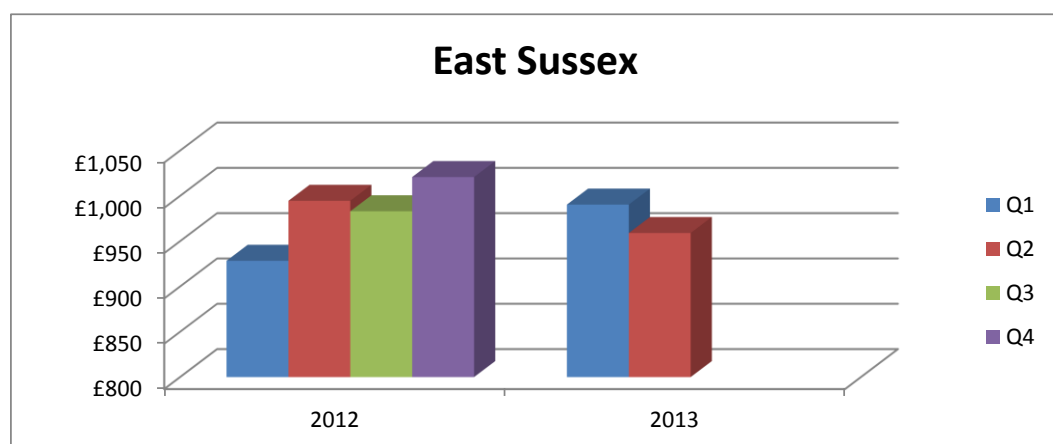
The average monthly rent for Devon in Quarter two 2013 is £712. This compares to the annual average rent for 2012 of £708. This indicates rents are fairly stable in the region and have been since 2011.



In Dorset, the average monthly rent in Quarter two 2013 is £826. This is slightly higher than the annual average rent for 2012 of £816, but in line with inflation. Overtime, rents are rising in the County, although latest rent averages suggest that this growth is slowing.

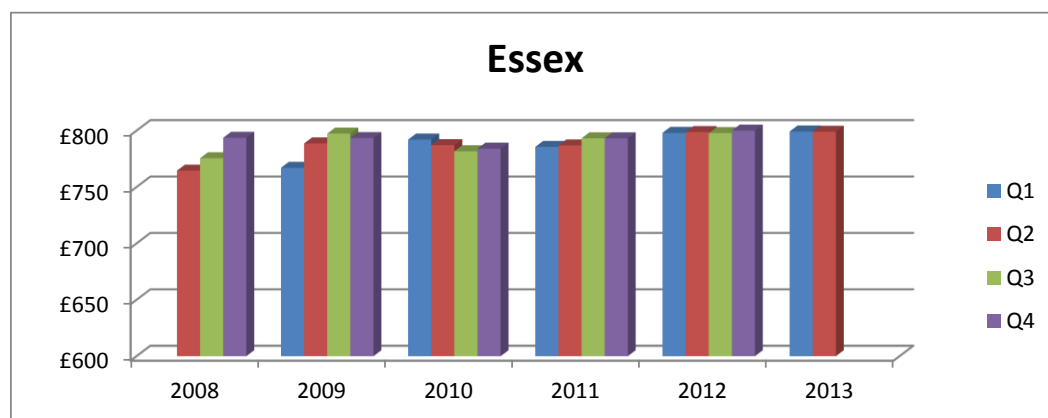


The average monthly rent for East Sussex in Quarter two 2013 is £959. Compared to the annual average rent for 2012 of £992, this suggests rents are down around -3% year on year. In the last two years though, rents overall are fairly stable on an annualised basis.

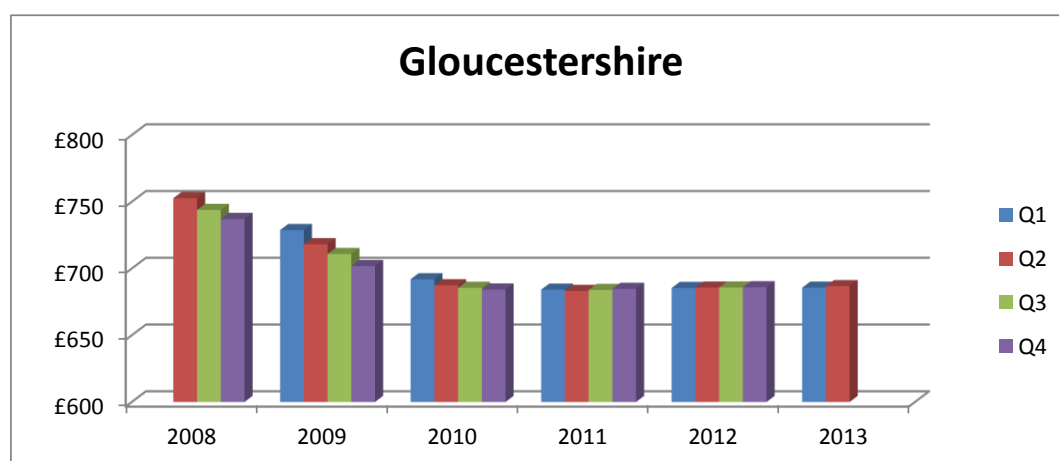




In Essex, the average monthly rent in Quarter two 2013 is £799. This is on par with the 2012 annual average of £799. Rents in the County have been incredibly static since the start of the index in 2008



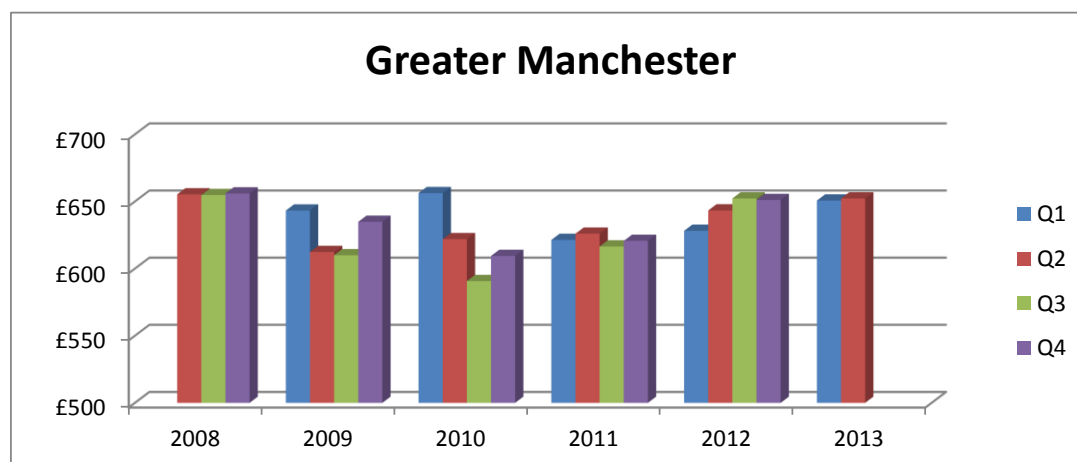
The average monthly rent in Quarter two 2013 for Gloucestershire is £687, which is on par with the annual average monthly rent for 2012 of £686. This indicates that rents are stable, and when you look at the chart, this has been the case since 2010.



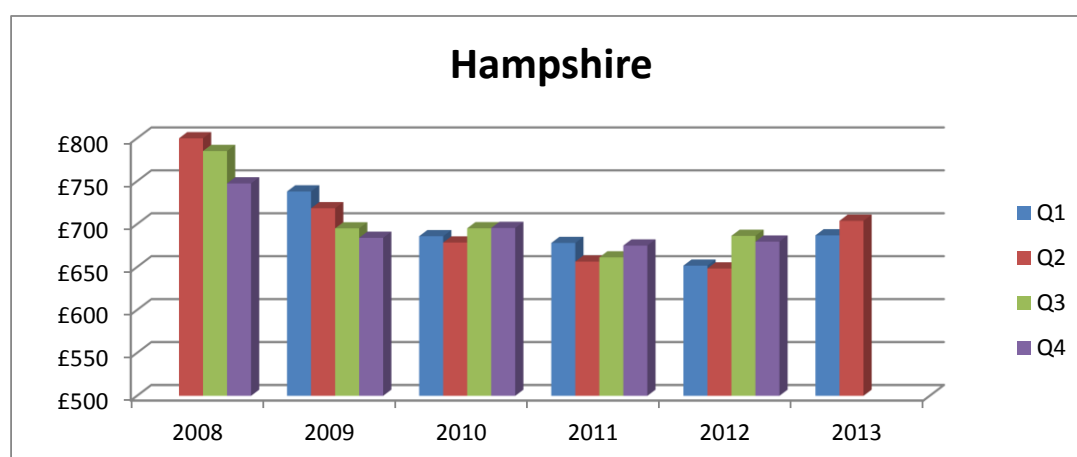
In Greater London, the average monthly rent for Quarter two 2013 is £1,359 which is slightly lower than Quarter one. Year on year comparisons suggest rents are down quite substantially, but this is due to a change in the mix of offices as opposed to rent falls.



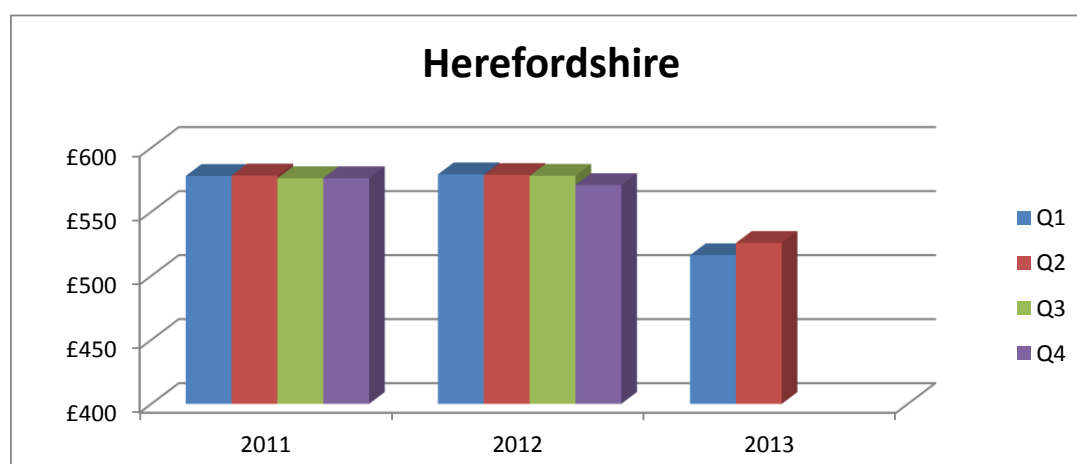
The Greater Manchester average monthly rent for Quarter two 2013 is £652. This is slightly higher than the annual average rent for 2012 of £644, but on a par with Quarter one 2013 rents. Rents in the area have been pretty static now for the last four quarters.



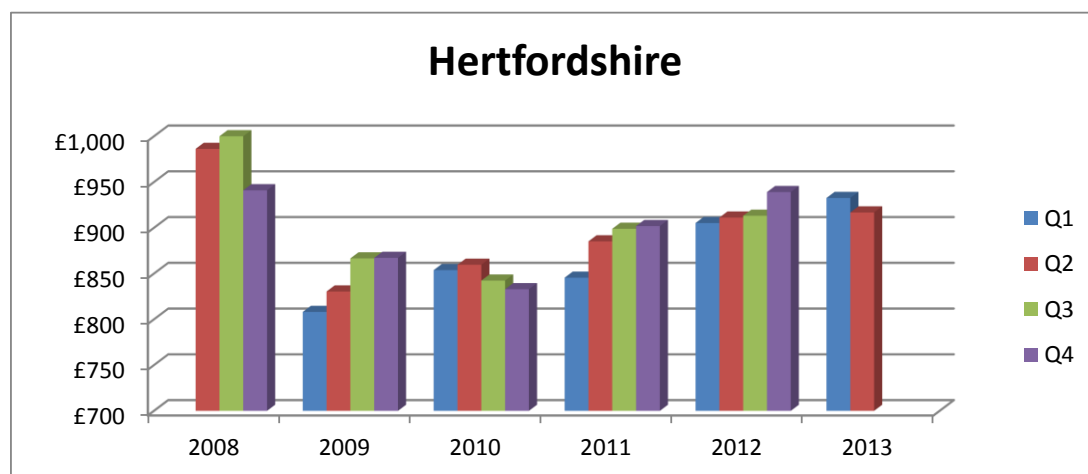
In Hampshire, the average monthly rent for Quarter two 2013 is £704. This is an increase on the annual average rent for 2012 of £666 and suggests rents are up 5.5% year on year. However as you can see from the chart, this is really rents recovering to the levels seen back in 2009.



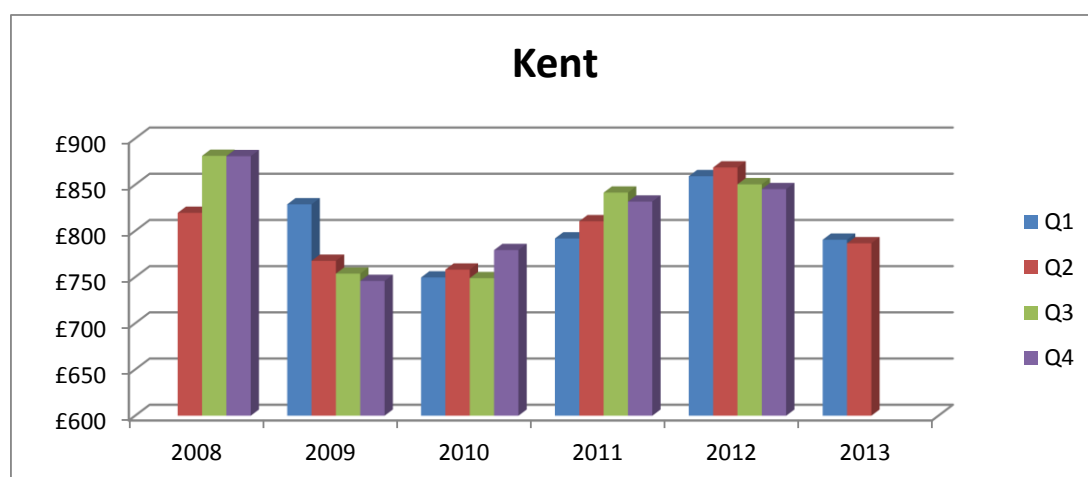
The Herefordshire average monthly rent for Quarter two 2013 is £526, versus 2012s annual average of £577. It appears this 'fall' in average rents is more to do with an increase in the number of one bed properties advertised at the £450 a month level rather than seeing any real falls in individual property rents



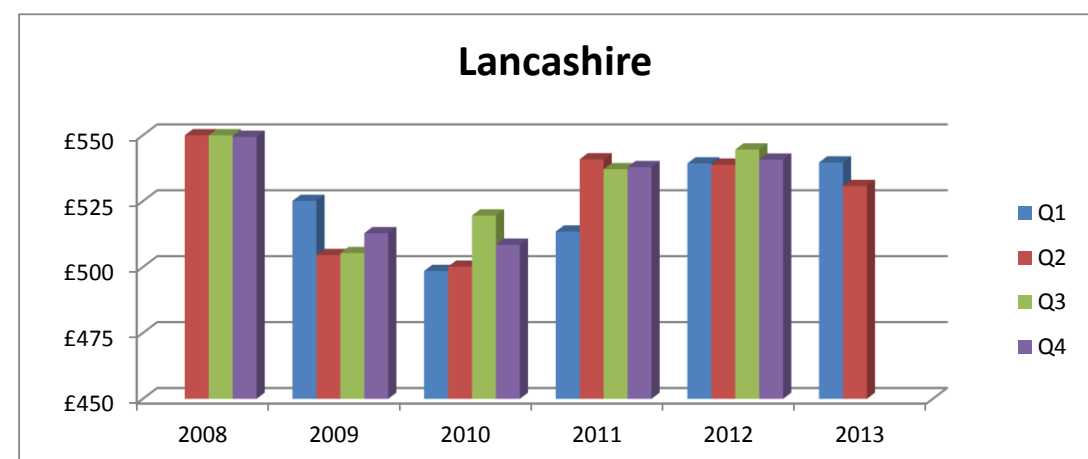
In Hertfordshire, the average monthly rent for Quarter two 2013 is £917, which is on par with the annual average rent for 2012 of £917. This indicates that rents are currently stable to rising following falls seen in 2009. The chart below shows rents have almost recovered back to their 2008 heights.



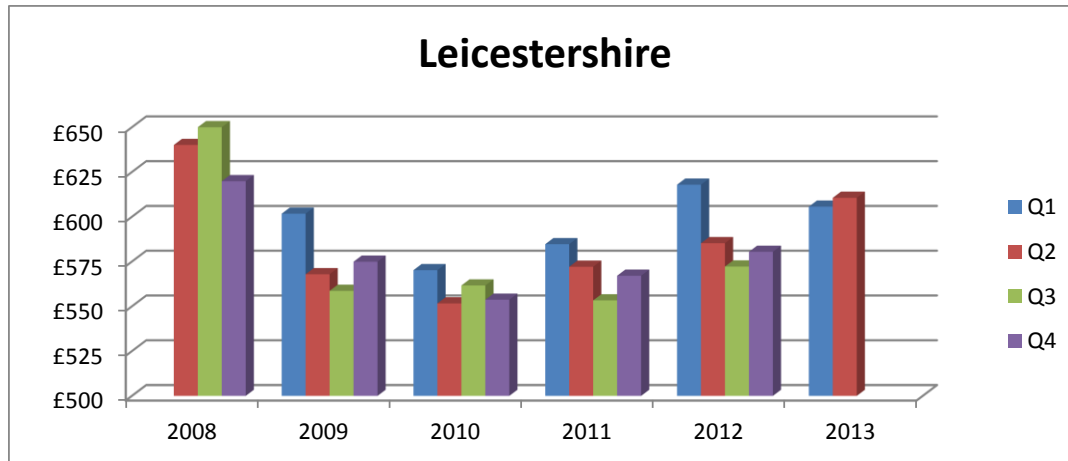
In Kent, the average monthly rent for Quarter two 2013 is £787. Compared to the annual average monthly rent for 2012 of £856, this suggests that rents are down by 8%. Apart from Gravesend, where rents seem to be stable, other offices have seen falls in average rents in 2013 back to 2011 levels.



The Lancashire average monthly rent for Quarter two 2013 is £531. This is a slight decrease of just under 2% on the 2012 annual average monthly rent of £541. Overall, tenants are getting good value for money from rents, which if they had kept up with inflation over the past year, would be £21 higher per month.

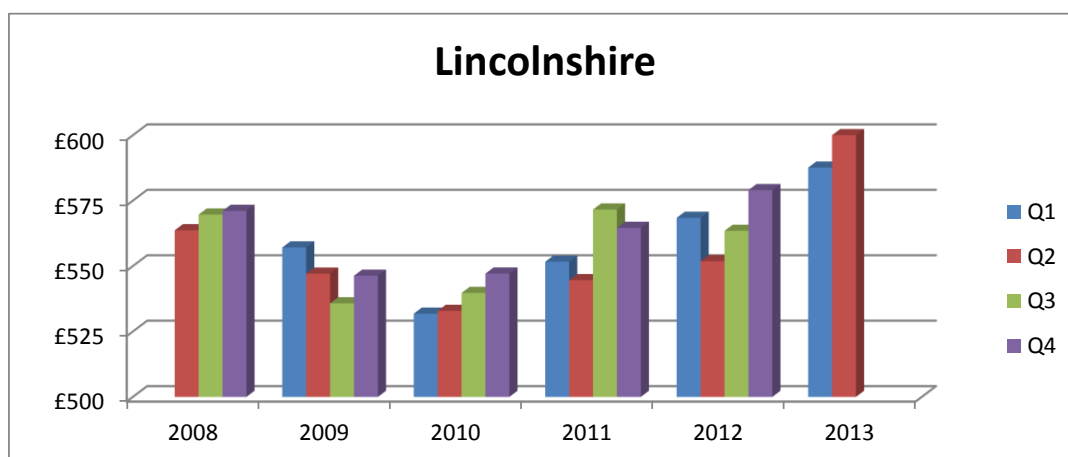


In Leicestershire, the average monthly rent for Quarter two 2013 is £611. Compared to the annual average rent for 2012 of £589, this suggests rents are up 3.5% year on year, so just rising above inflation year on year. Rents though are still good value for money as they have only risen by £22 per month versus average rents five years ago.

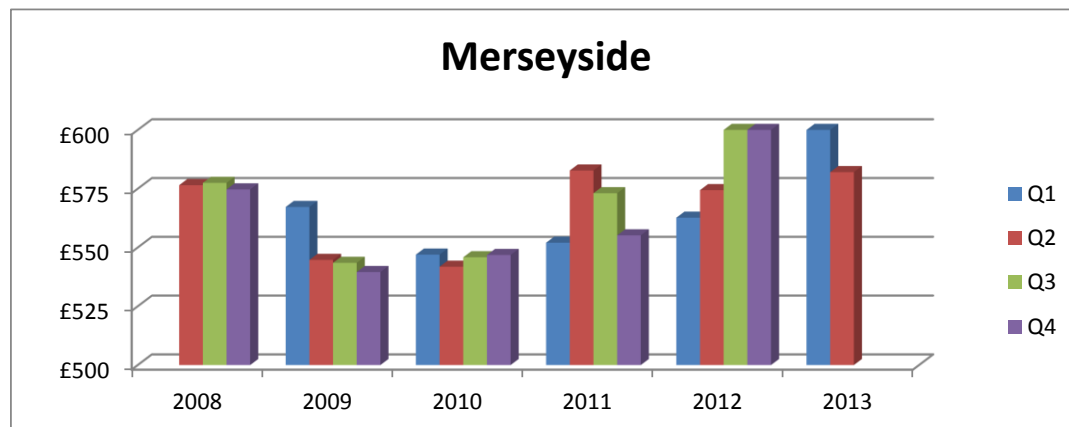


In Lincolnshire, the average monthly rent for Quarter two 2013 is £603. This is an increase on the annual average rent for 2012 of £566, and suggests rents are up 6.5% year on year. This increase is mostly driven by rent increases in Sleaford and Grantham, while other offices in Lincolnshire show rents are fairly stable year on year.

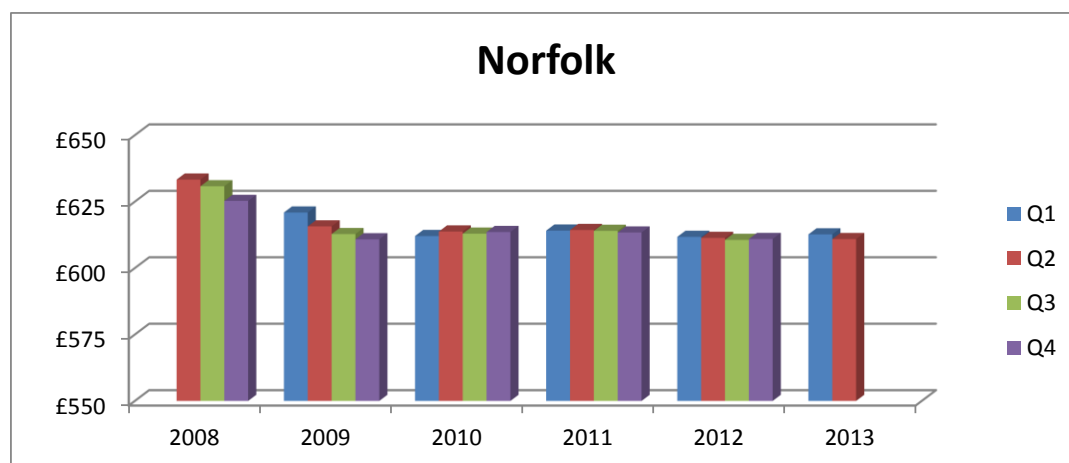
Carly Sale from our Grantham office commented “We have seen a noticeable increase in rents purely down to tenant demand being much higher than the number of properties to rent. Demand is being driven by people struggling to raise a deposit and they are mainly after 2-3 bedroom semi-detached properties, ideally with a garden and off road parking.”



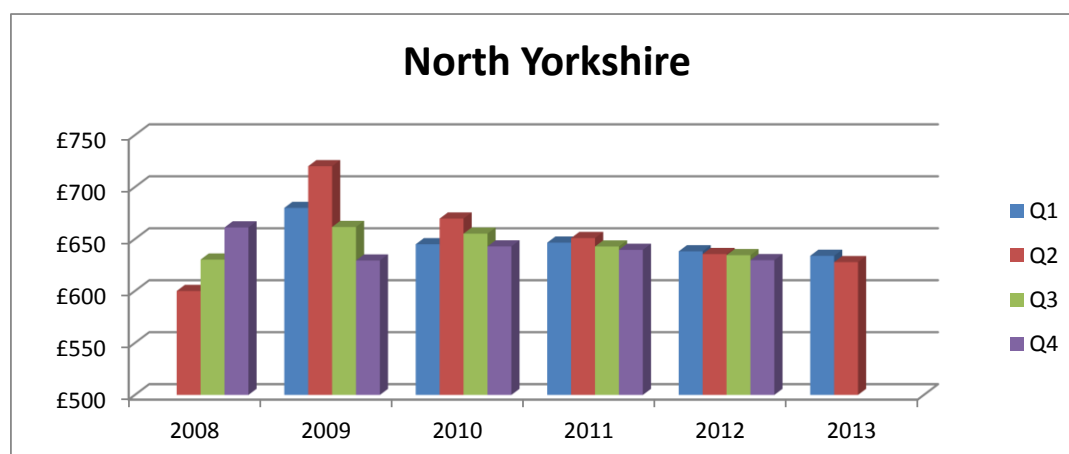
The Merseyside average monthly rent for Quarter two 2013 is £582, which is only £5 more than the 2012 annual average monthly rent of £587. Versus Quarter one, rents appear to have dropped back slightly. As inflation has risen by 2.8% in the last 12 months, to keep pace, rents would have to have risen by £12 per month, so tenants are getting good value for money in Merseyside.



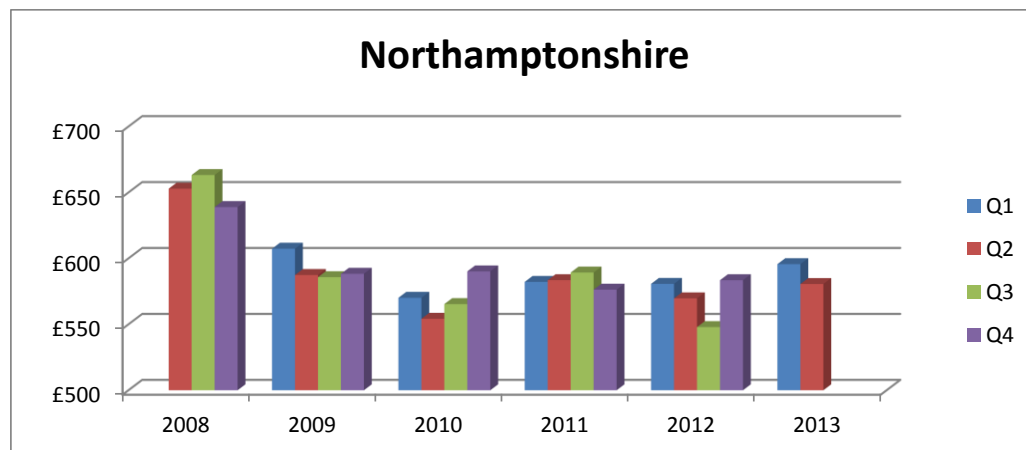
In Norfolk, the average monthly rent for Quarter two 2013 is £611. This is on par with the annual average monthly rent in 2012 of £611. Since 2009, rents have been fairly static in the Norfolk area.



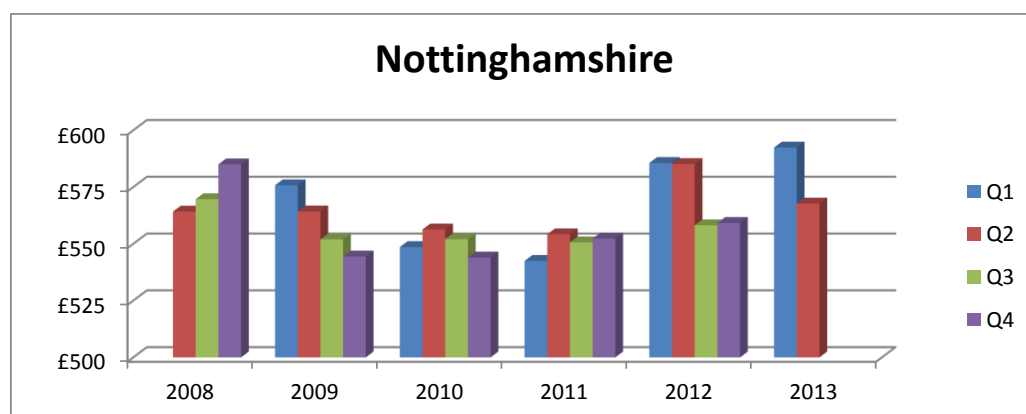
In North Yorkshire, the average monthly rent for Quarter two is £628. This is a slight decrease on the annual average rent for 2012 of £634, which suggests rents are pretty stable year on year and have been since 2010. Rents in Skipton are £10 more a month in Quarter two versus Quarter one, while in York there is a wide variety of stock available from properties renting at £220 a week through to beautiful country cottages at over £1,300 a month.



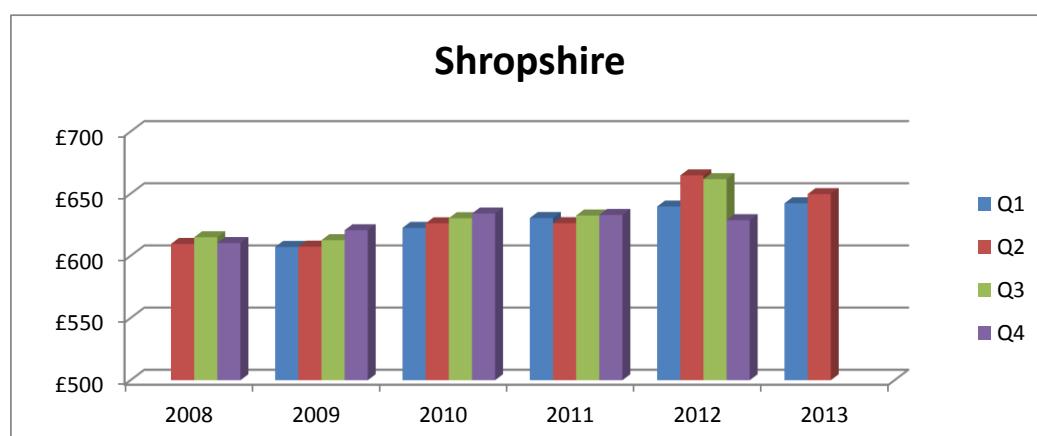
In Northamptonshire, the average monthly rent for Quarter two 2013 is £581. The annual average monthly rent for 2012 is £570, so a small increase year on year. However, this latest figure is lower than Quarter one rents of £596. Although rents vary each quarter, overall rents have been pretty static since 2011.



The Nottinghamshire average monthly rent for Quarter two 2013 is £568, which is on par with the annual average rent for 2012 of £572. This indicates that rents in the County are stable year on year. Overall, tenants get good value for money from rents, which if they had kept up with inflation over the past year would be £8 higher per month instead of £4 higher



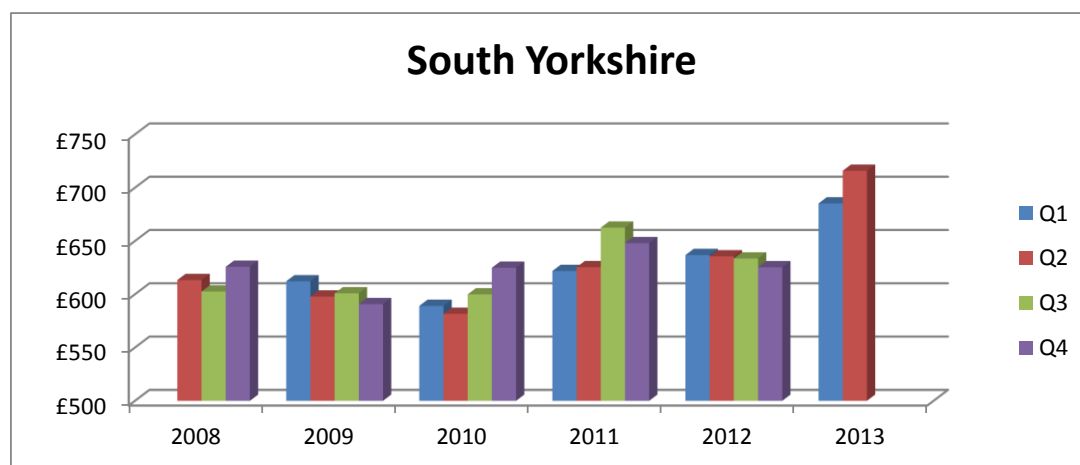
In Shropshire, the monthly average rent for Quarter two 2013 is £650. The annual average monthly rent for 2012 is £649. This suggests rents are stable year on year, following small rises since the start of the index in 2008. Despite the increases over time, tenants are getting good value for money from landlords, as if they had increased rents in line with inflation, year on year tenants would be paying £21 more per month.



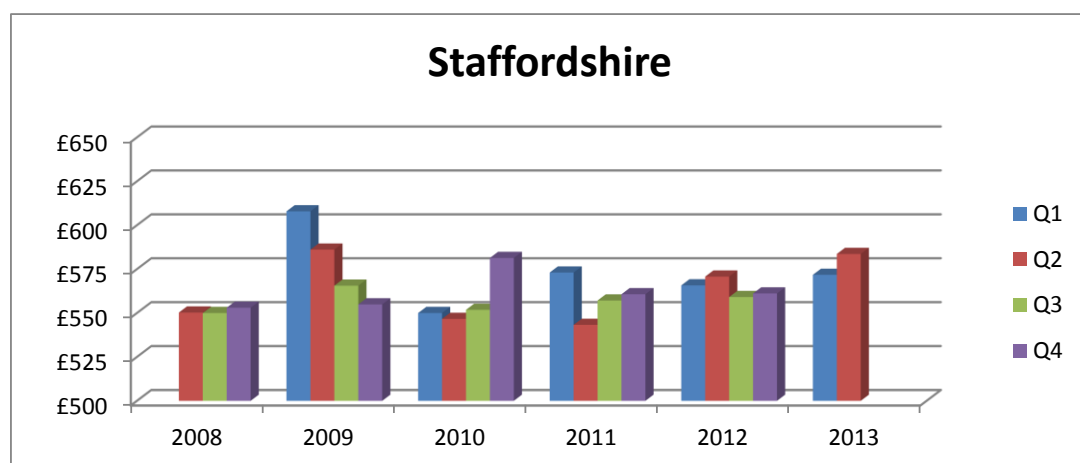
The South Yorkshire average monthly rent for Quarter two 2013 is £716. Compared to the annual average rent for 2012 of £633, this suggests rents are up year on year by 13%. However, this average is made up of fairly stable rents in Doncaster, a small rise in Harrogate and changes in the mix of properties advertised in Sheffield, as explained below.

For example, in Sheffield Rick Flay explains *“During the last quarter the bad weather in March slowed the market down, but since then the rental market has been much busier with a real shortage of quality inner city flats. Most rents are static bar slight increases in professional lets. Currently it is student season and those from overseas are keen to rent new flats as opposed to the traditional ‘terraced house’ students would normally rent which pushes up our average rents.”*

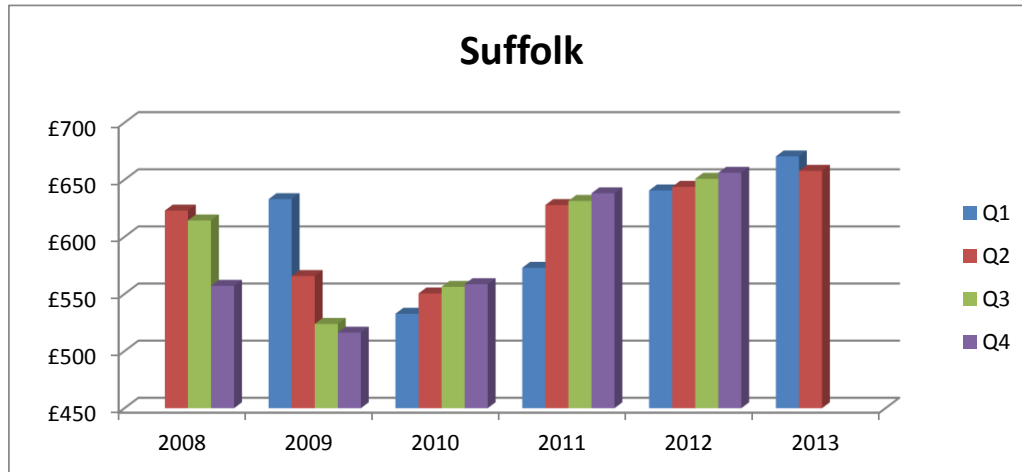
Overall in Sheffield one beds range from £475 to £550 per month and two beds rent for £650 to £750 per month, three bed terraces remain great value for money at £550 to £650 per month.



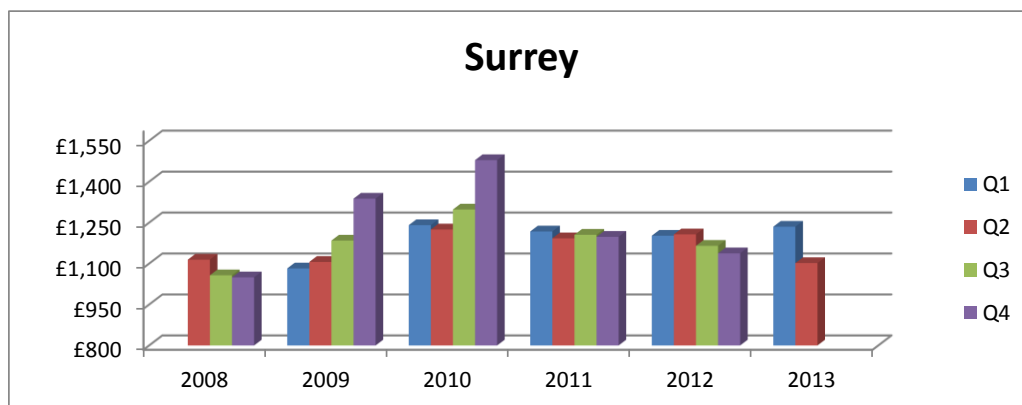
In Staffordshire, the average monthly rent for Quarter two 2013 is £584. Compared to the annual average rent for 2012 of £564, this suggests rents are up year on year by 3.5%. Overall, rents in Staffordshire still represent good value for money as if rents had risen in line with inflation since 2008, tenants would be paying £50 more per month as opposed to the £20 per month increase they are currently paying.



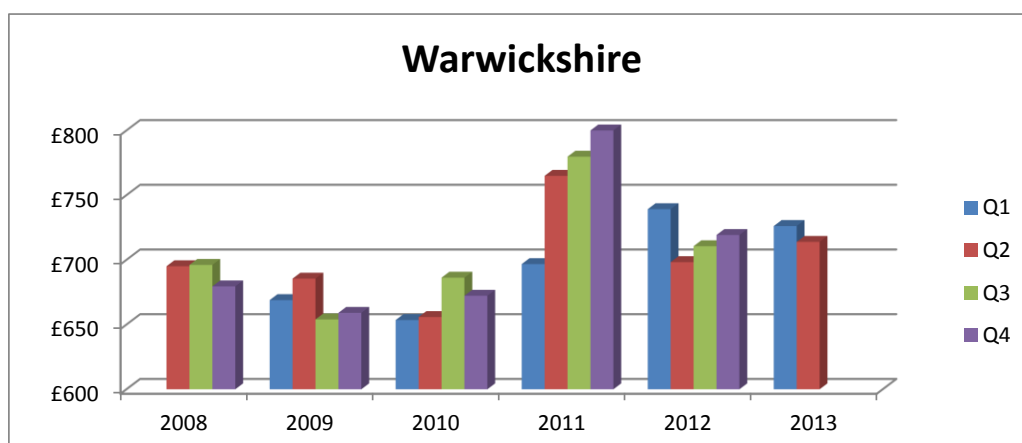
In Suffolk, the average monthly rent for Quarter two 2013 is £658, which only represents a 1.5% increase year on year versus the annual average rent for 2012 of £648. Since 2010 rents in the region have increased following falls seen in 2009. However, rents year to date suggest this increase has slowed and quarter two rents are slightly down versus quarter one rents in 2013.



The Surrey average monthly rent for Quarter two 2013 is £1,102. This compares to the annual average rent for 2012 of £1,178 suggesting rents are down year on year by -6.5%. This fall comes from Guildford and Woking while Camberley rents remain static.

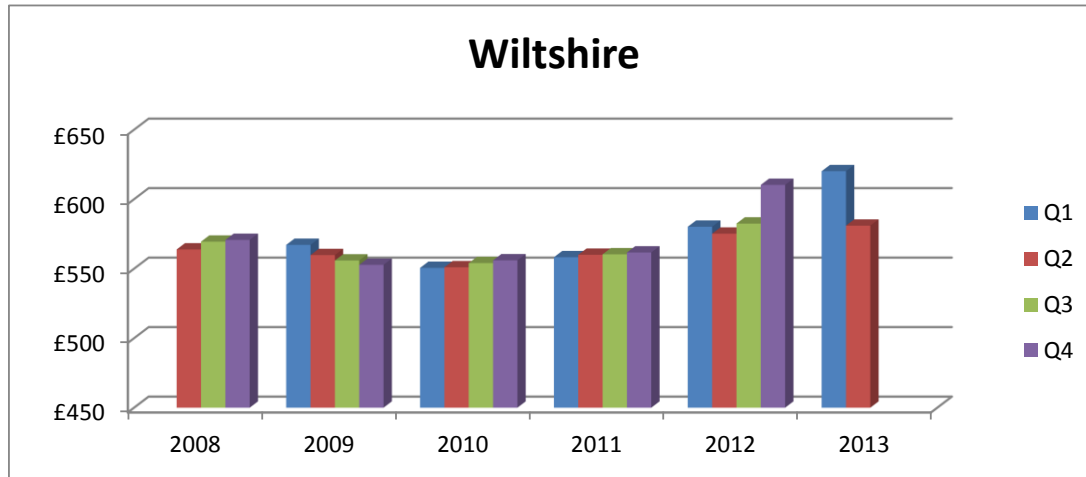


In Warwickshire, the average monthly rent for Quarter two 2013 is £714, compared to the annual average rent for 2012 of £716. This indicates that rents are stable year on year. As inflation has risen by 2.8% in the last 12 months, to keep pace, rents would have to have risen by £16 per month, so tenants are getting good value for money.



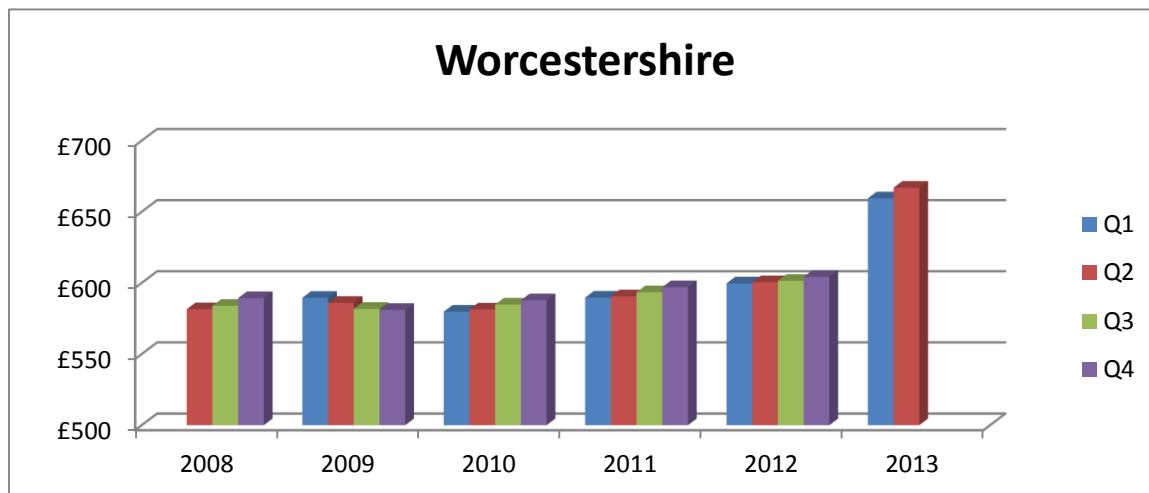


In Wiltshire, the average monthly rent for Quarter two 2013 is £581. The annual average rent for 2012 is £588, which suggests rents have stabilised following rises in Quarter four 2012 and Quarter one 2013. The falls from Quarter one 2013 to Quarter two 2013 are not due to individual property rents falling, it's mostly driven by an increase in one bed apartments coming onto the market in Devizes.



The Worcestershire average monthly rent for Quarter two 2013 is £667. Compared to the annual average rent for 2012 of £601. Worcestershire average rents have been driven up purely by the addition of the new Evesham office which has a higher average rent.

Melanie Carter from the Evesham office commented *"The rental market in Evesham is quite buoyant with lots of tenants looking for property and few available. Those that come onto the market tend to go quickly. For example, a barn conversion recently came onto the market for £1,300 and prospective tenants were queuing up to rent the property! There is a real demand locally for two to three bed properties from professional tenants and especially families wanting to rent homes with a garden for the kids."*



## 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 at 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 150 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 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 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 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 February 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.