

# BELVOIR!

the lettings specialist

## **October 2013**

## **Rental Index**

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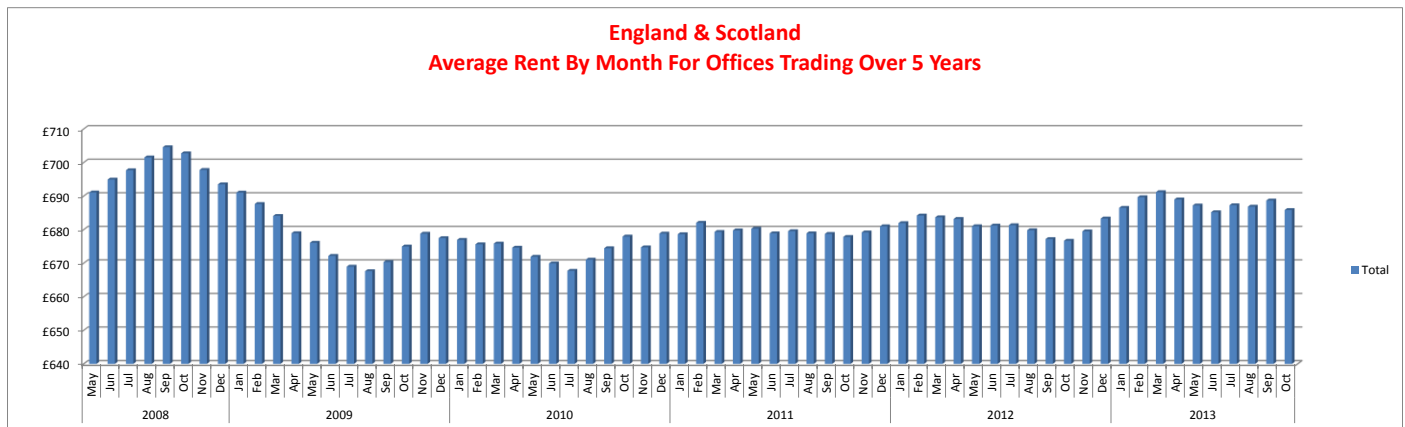
## **Belvoir Rental Index October 13: Top 10 Report Highlights**

1. Average rents in October 2013 were £686, a slight fall from September of £689 and just above a 1% increase year on year for all offices trading over the last five years.
2. In England, Belvoir's average rents were £727 per month, which is just under a 2% rise year on year, but £7 less than in September for all offices.
3. Scottish rents showed a decrease of less than 1% in October 2013 versus September, with the average for the offices in the region showing £576 per month.
4. Average rents in Wales for October 2013 were £626 per month, which is a £3 increase over September and £2 less than the yearly average rent to date.
5. Rental levels remain steady across the region in Northern Ireland, with activity slowing in Newtownards but remaining strong in Bangor.
6. Areas yet to recover to the 2008 rental heights in October include the East Midlands, the North East and North West.
7. Areas recovering to 2008 rental heights include East Anglia.
8. Areas where rents have risen above 2008 heights include Yorkshire, the South West, South East, West Midlands and London.
9. Average rents for the year to date in London are £1,410 per month, which is -10% lower than the average for 2012.
10. The long term rental trend for offices trading over the last five years average rents are £12 less per month than there were in 2008.

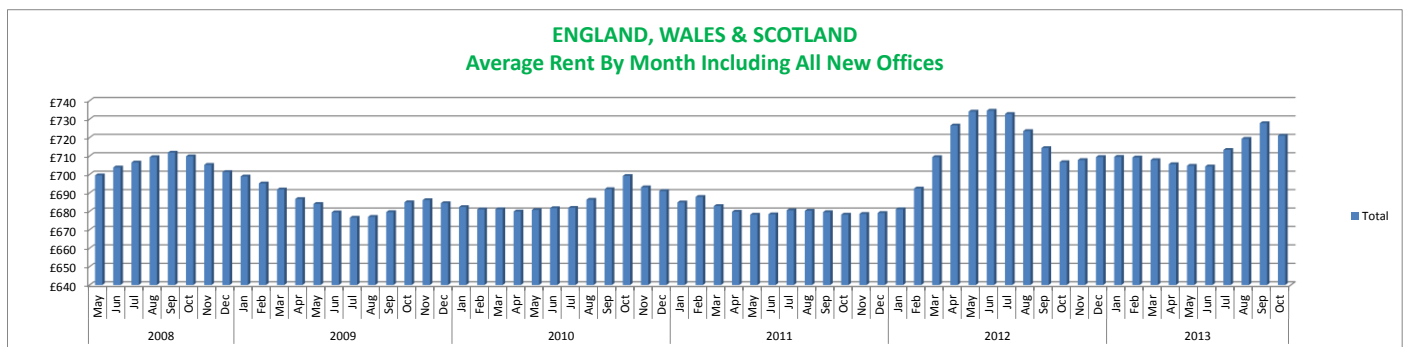
## National Rental Trends

Average rents in October 2013 were £686 per month. As the chart below shows, this is slightly less than the yearly average to date of £688 per month and is still lower than the 2008 average of £698 per month. Average monthly rents therefore remain below the rate of inflation and are more in line with what tenants can realistically pay.

**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**



The number of Belvoir offices within the group now stands in excess of 153. October's rental average for the group was £721 per month, versus the yearly average to date of £712. Although this is only just over a 1% rise, with the majority of new offices opening in the Southern part of England, this average is clearly being affected by the new offices as opposed to a rise in actual rents, with rents in some southern areas averaging £1,000 per month.

**Dorian Gonsalves, CEO of Belvoir Lettings** commented *"Hopefully from a landlords perspective with the current economic turnaround, and reduction in inflation, households will benefit from wage rises in 2014 which will then help landlords to increase rents at least in line with inflation."*

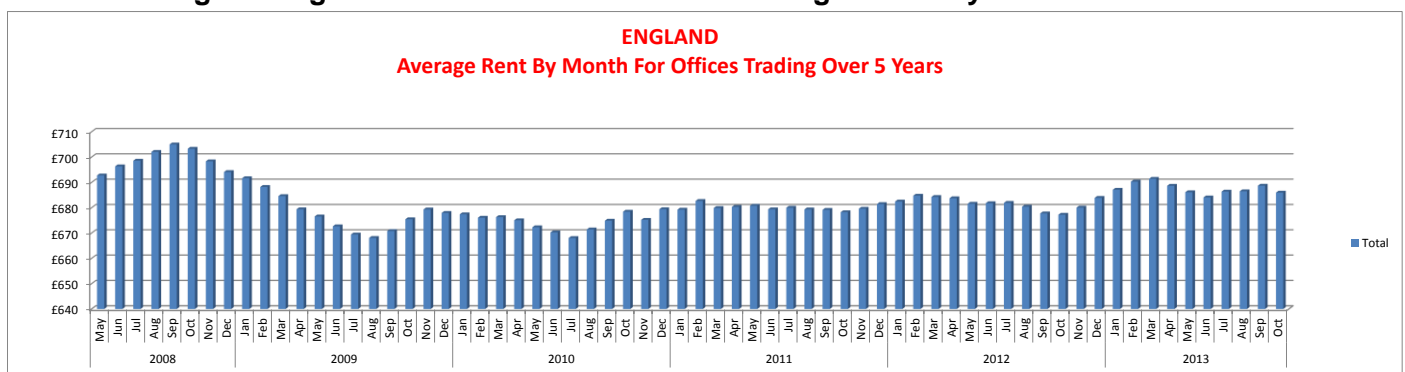
## Belvoir Index Area Summary

### 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 outside of England to ensure trends are accurately reported.

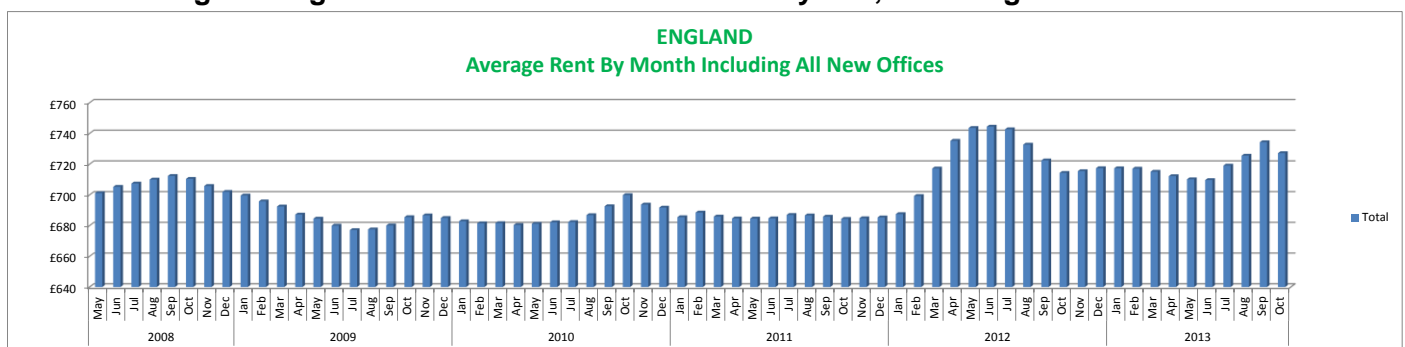
#### Summary for England

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



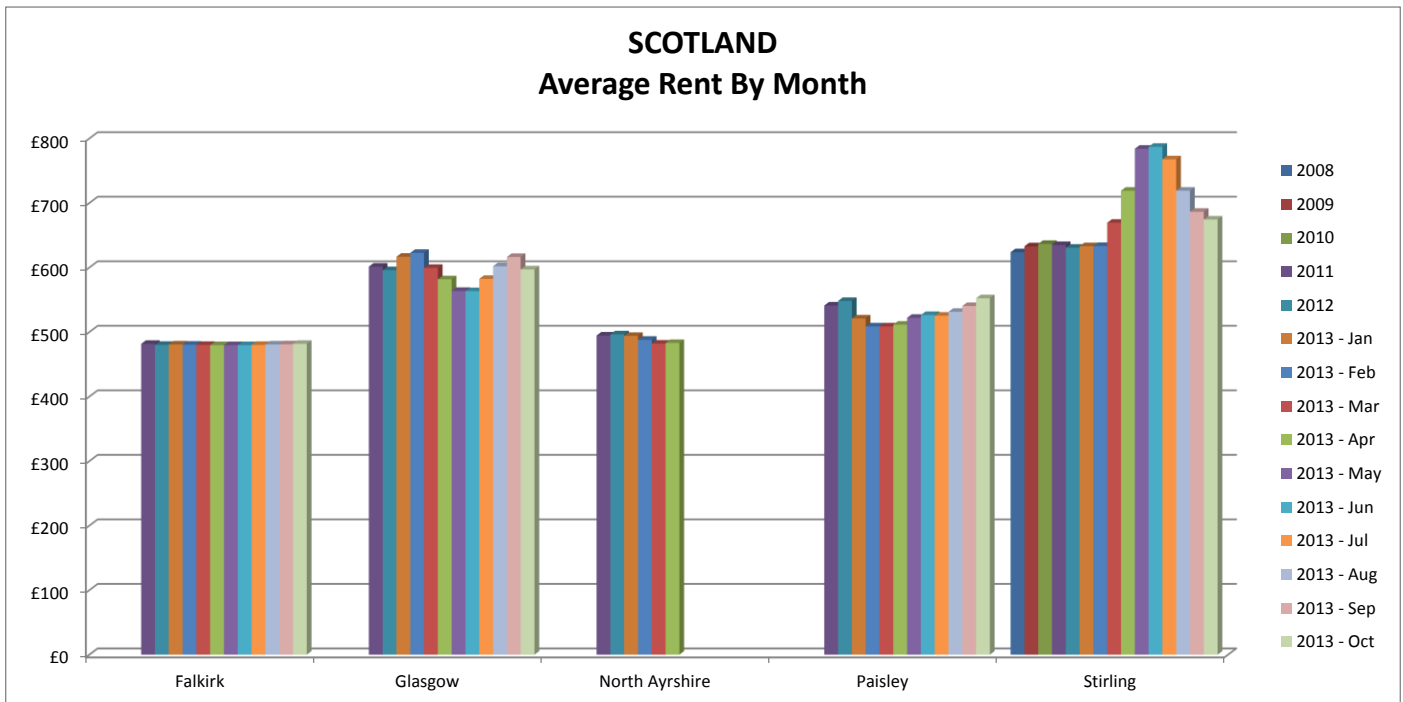
In October, the average monthly rent was £686 per month, which shows very little change since the beginning of the year. Versus the 2013 yearly average rent to date of £688 per month, there is no significant change to rental levels overall, being only fractionally down in October.

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



The average rent for all offices in England during October 2013 was £727 per month. Compared to the 2013 average to date of £719 per month, this is only a rise of just over 1%.

## Summary for Scotland



**Falkirk** - monthly rents have remained pretty static for some time. The average for October 2013 is £482 per month, versus an average rent of £480 for the year to date (this is usually for a specific type of let eg two bed flats).

**Mike Campbell, of Belvoir Falkirk** reports that *“Having dipped below £400 in September, the average achieved rent for 2 bed flats, the predominant property type in the Falkirk market, reached a 2013 monthly high of £463. On a wider note, the recently published data from the 2011 census suggested that more Scottish households rent privately than rent from councils or housing associations, which is quite a social shift.”*

In the **City of Glasgow**, the average monthly rent for October 2013 is £597, which is only fractionally up on the 2013 yearly average monthly rent of £595.

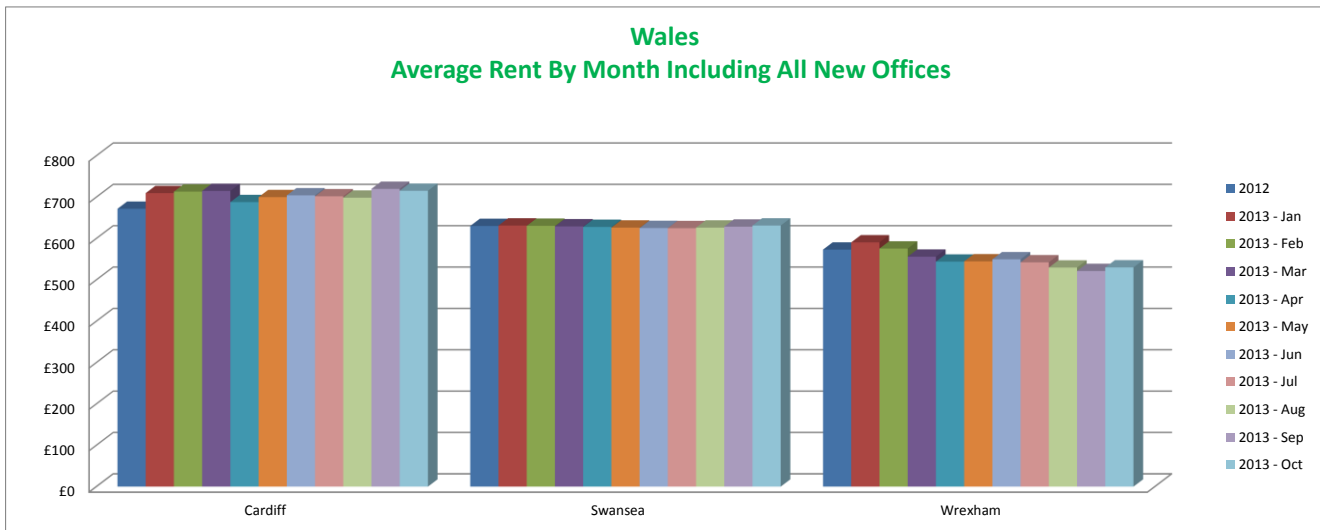
**Sharon Walker from Glasgow comments** *“There has been no real change in rents and activity in the rental market is very quiet as we go into the winter months.”*

The **Paisley** average monthly rent for October 2013 is £552, which is up around 5% on the 2013 yearly average rent to date of £525.

**Denise Rhodes, from Belvoir Paisley** comments *“The gradual increase in rents for Paisley is not a reflection of rising rent values, it is a reflection in the ‘mix’ of property we have.”*

The average monthly rent in **Stirling** for October 2013 is £674. Versus the yearly average to date of £707, the October average rent is down by around -4.5%. The quirk in the figures is due to a change in the mix of advertised properties (see Appendix).

## Summary for Wales



In Wales, rents overall have remained fairly steady for the year to date. There has been no real change to average monthly rents in Swansea during 2013, with average rents in Cardiff levelling off and Wrexham rents picking up very slightly during October.

Average rents in **Cardiff** for October 2013 are £715 per month, which is slightly up on the average year to date rental figure of £707.

The average rent in **Swansea** during October 2013 was £631 per month. Compared to the 2013 average rent to date of £628, this reflects a very slight upward movement during the month.

**Ben Davies of Belvoir Swansea** reports *“In the last couple of weeks of October we were quieter in terms of appraisals and new listings. Demand was also slightly down, however this has now picked up again.”*

In **Wrexham**, the average rent for October was £530 per month, which is just over -3% down on the 2013 to date average of rent of £548 per month.

**Vaughan Schofield of Belvoir Wrexham** comments *“The sales market continues to show signs of recovery with six managed properties last month finding their way back on to the ‘For Sale’ market - there were several other rental properties that were valued for selling by Landlords before deciding to stick to the rental market ‘for the time being’.*

*The local authority is becoming increasingly active and intervening in the rental market - they are pro-actively requesting to visit a quota of tenanted rental properties from all agents, the result of these visits is invariably costly to the Landlords with instructions given to improve such things as:-*

1. *Upgrading battery operated smoke alarms to hard wire systems - regardless of the age of the property.*
2. *Requiring a minimum number of electrical sockets in each room - in one case five sockets was not considered enough in the kitchen.*
3. *All rental properties (not an HMO) which has a staircase that leads to a living room downstairs, needs to have fire doors on all bedrooms.*
4. *Terraced properties, in particular, which only have access to the front or rear door without entering the lounge/living room, require an upstairs window of a certain size that will allow, comfortably, an adult to utilise as a means of emergency escape.*

## **Belvoir Wrexham – Cont'd**

*This is generating a lot of concern amongst Landlords that the local authority is becoming too demanding and will force many 'good' rental properties off the rental market.*

*There was also a recent report on the BBC Wales news website about the Welsh government's intention to bring out a white paper and legislate in the near future about tackling so called 'Rogue Landlords' - they also specifically mentioned being concerned about 'fees being charged by agents'.*

## **Summary for Northern Ireland**

**Trevor Burns from Newtownards** comments *"Rents remain static throughout the region and activity in the rental market has slowed, which may be a seasonal slowing down as we head towards Christmas."*

In **Bangor, Jackie Burns** says *"The demand for rented property remains excellent and three bedroom semis/townhouses continue to be the most popular choice. Apartments and flats are slightly slower to let, but this usually improves during the winter months when there is less need for a garden. We are still seeing good numbers of investment landlords."*

Average monthly rents in the area:-

- Semi-detached/town house - £600 to £650
- Two bedroom apartment - £525 to £550
- Terrace house - £450 to £550

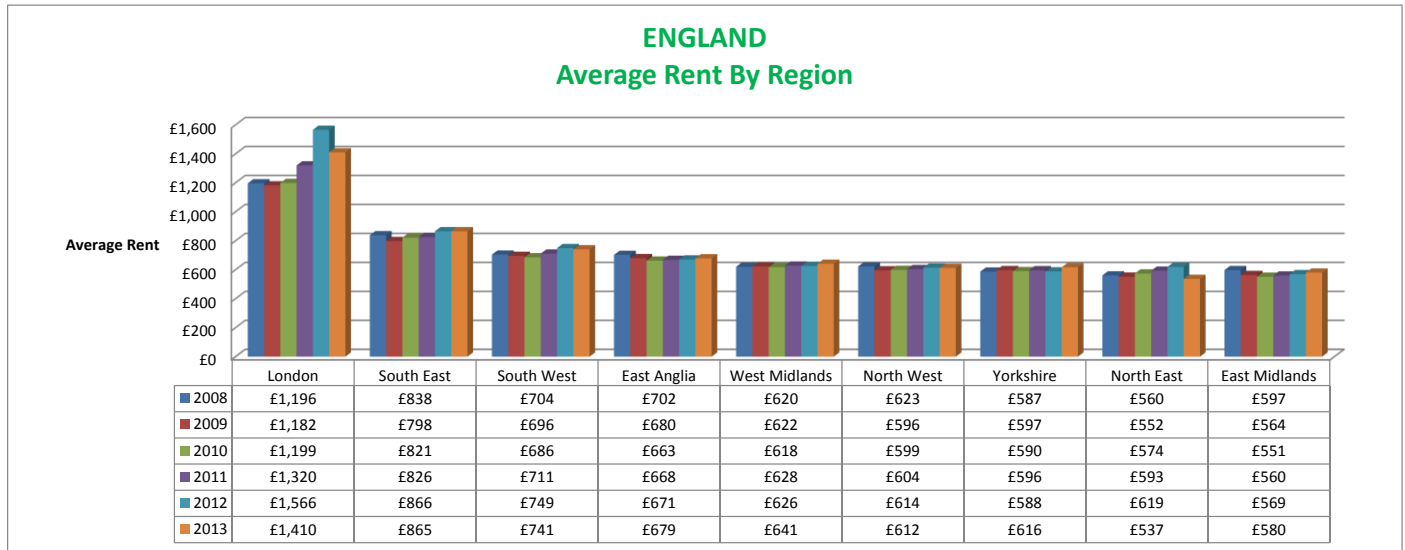


## Regional Rental Trends

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. However, it is also useful to compare what's happening locally to what's happening in your local region.

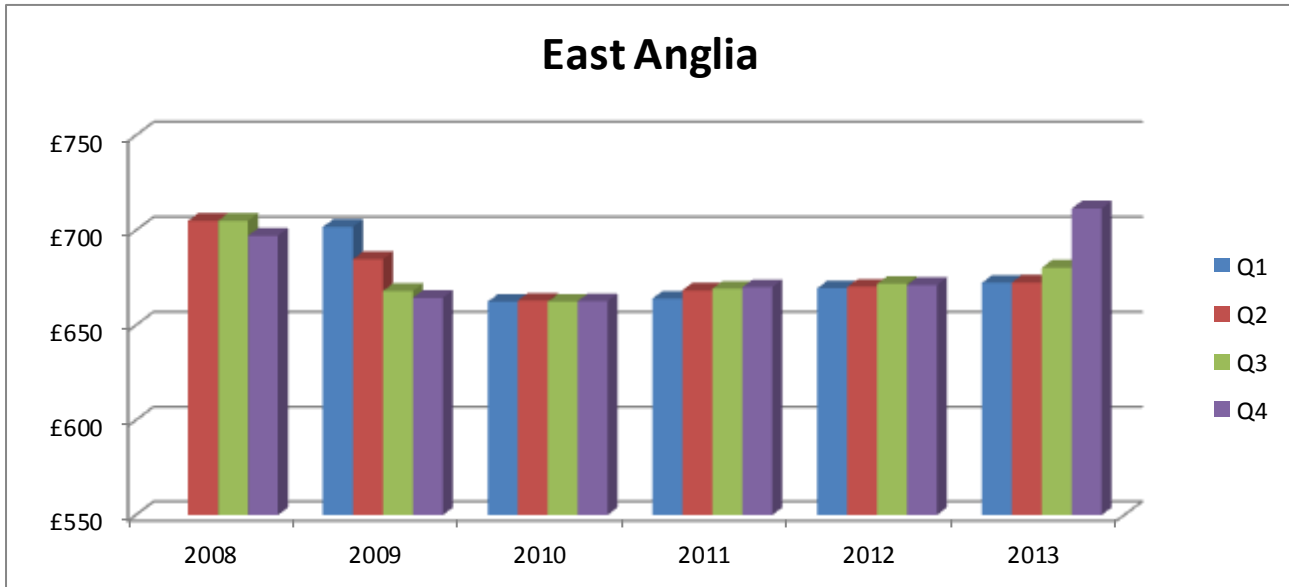
Regional rents for the year to date across England vary from £1,410 per month in London to just £537 per month in the North East during October 2013.

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



Although there have been some good rental rises over the last three years, rents in the North West, South West and South East do appear to be levelling out during 2013. Rents in East Anglia, the West Midlands, Yorkshire and the East Midlands however, are still experiencing rental recovery. In London, the average rent for October was £1,481 per month, which is around 5% higher than the year to date average of £1,410 per month and is currently 23% above the 2008 height, these rises are in line with inflation.

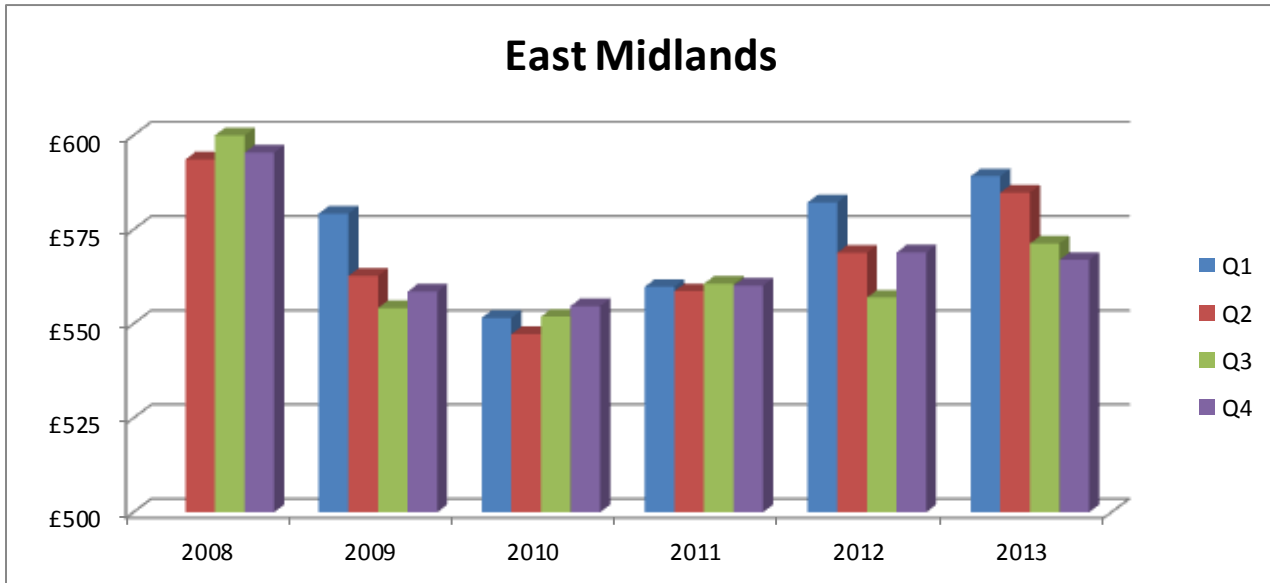
Region	2013					
	2008 High	2009 Low	2013 August	2013 September	2013 October	October vs 2008 high
North East	£562	£547	£548	£548	£551	-2%
East Anglia	£708	£664	£680	£698	£712	0%
East Midlands	£604	£553	£569	£569	£567	-6%
North West	£627	£587	£610	£609	£610	-3%
West Midlands	£622	£611	£655	£660	£654	5%
Yorkshire	£603	£577	£617	£616	£616	2%
South East	£850	£785	£868	£874	£867	2%
South West	£714	£687	£737	£749	£751	5%
London	£1,208	£1,119	£1,471	£1,566	£1,481	23%



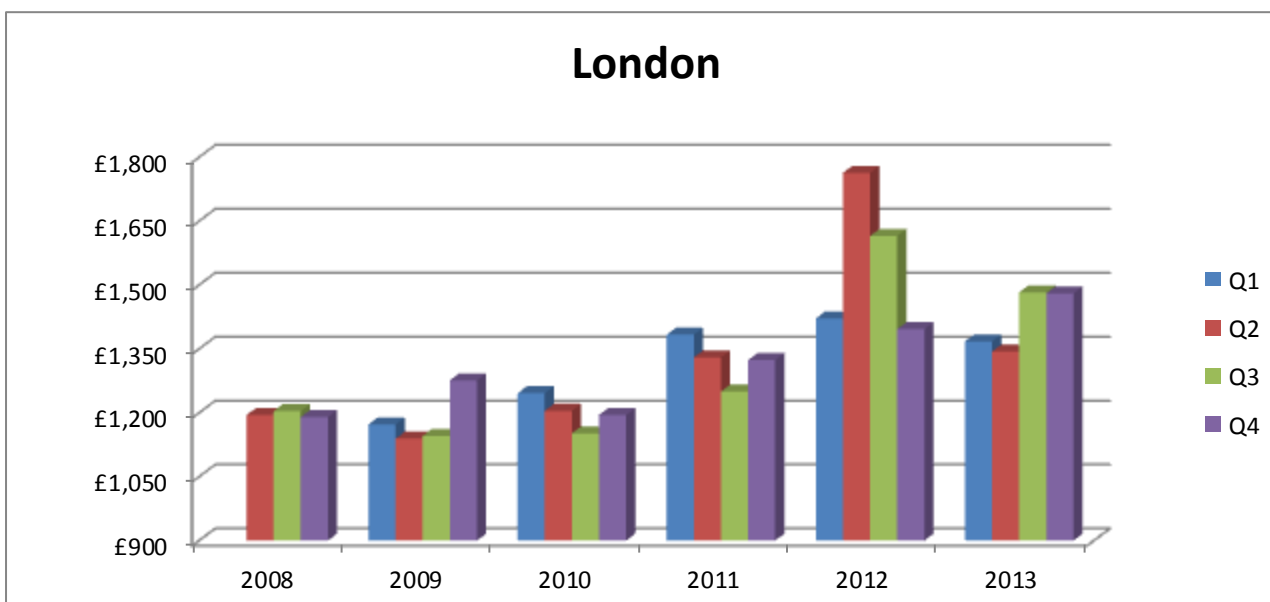
In East Anglia during October, the average rent was £712 per month. Versus the year to date average rent for 2013 of £679, this is just under a 5% rise in rents overall. Individual offices however, showed a fairly stable picture, with the exception of Cambridge where October's average rent reached £1,168 per month, which is 30% above the year to date average for this area of £898 per month.

**Terry Lucking from Cambridge** comments *“Investor demand is strong and continues to grow from both UK and overseas. As the sales market is fast, buyers can expect to pay more than the asking price and many sales are going to sealed bids. Rents are strong with more professionals renting quality en-suite rooms. Room rents range from £500 to £800pcm subject to location and 2 bed flats renting from £1200pcm, with the highest demand for accommodation being in the City Centre and the Addenbrooke’s Quarter.*

*The new Novo and Abode developments in Great Kneighton are attracting many investors, coupled with easy access to the M11 motorway and Stansted Airport. The new Bio Medical Research Quarter will undoubtedly fuel Addenbrooke’s growth further in the near future, and Microsoft’s European Research Headquarters in Cambridge City Centre is adding to the under supply of housing in Cambridgeshire. As ever, always take advice from a local regulated agent before diving in and spending your hard earned cash.”*

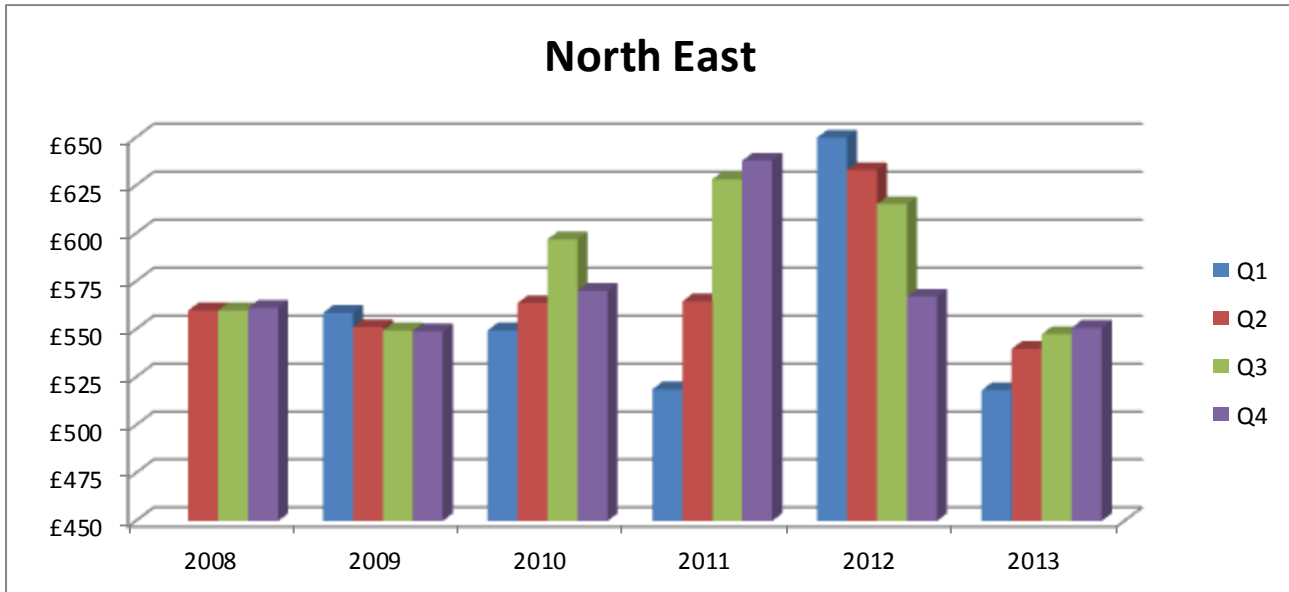


Average rents in the East Midlands region for October were £567 per month. This is just over -2% down on the 2013 average rent to date of £580 per month. Individually, the offices showed a varied picture, with around a third of offices experiencing rent rises, a third rents falling and a third remaining the same when compared to their year to date average for 2013. Average rental levels during October varied from £462 in West Bridgford to £690 in Boston per month.



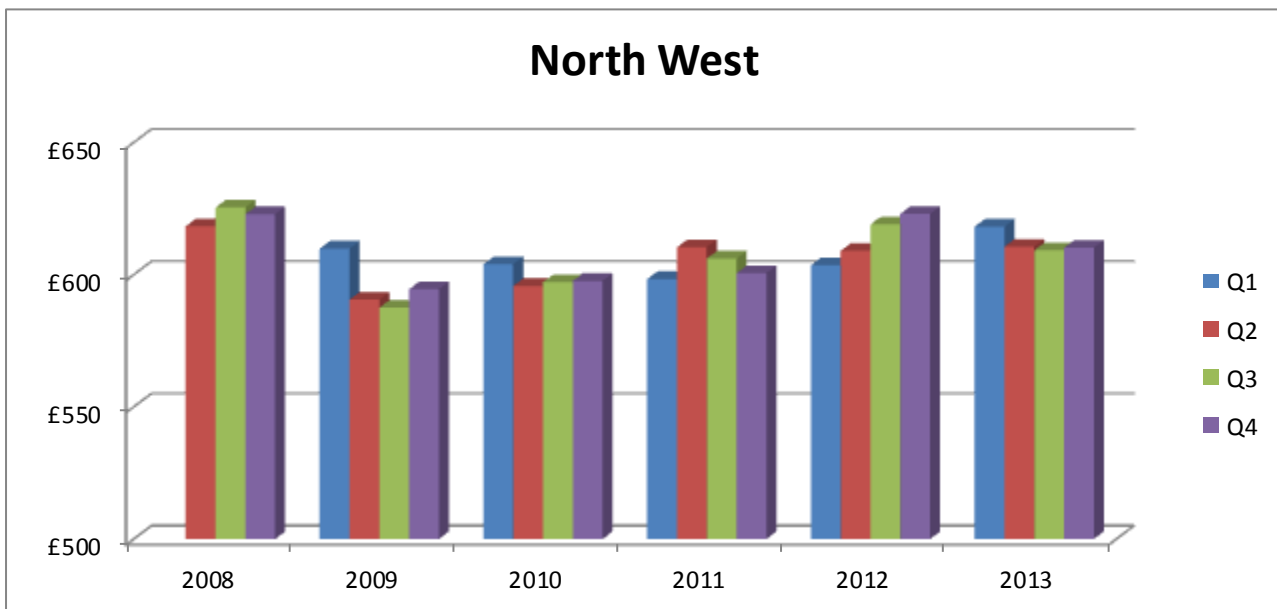
The London rental averages do tend to vary from month to month, which is mainly due to the diverse property rents in the region. In October, the average rent in London was £1,481 per month, however, rents varied from between £790 per month in Basildon to just below £2,500 in Camden and Stratford.

Overall, rents in October for the majority of offices in the region were pretty static when compared to the year to date average for each office. Three offices that did experience rental increases over their yearly average for 2013, were Balham, Gants Hill and Stratford.

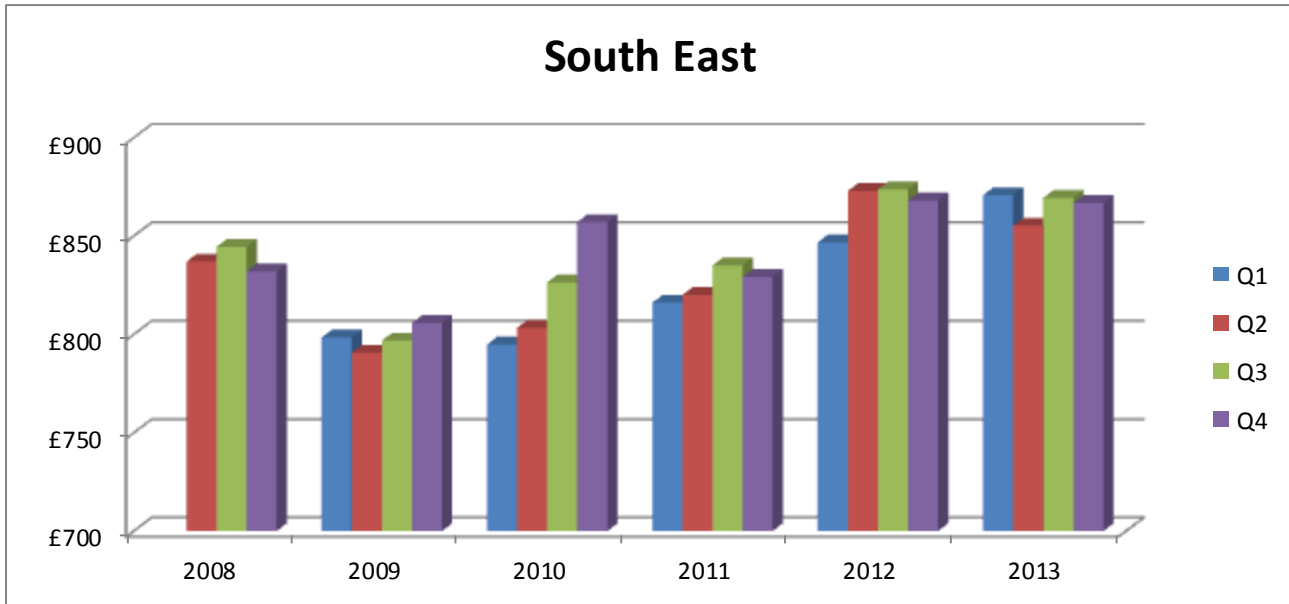


In October, the average rent for the North East region was £551 per month. Versus the yearly average rent to date of £537 per month, this represents a small increase of just over 2.5%. Both Sunderland and Tynedale monthly rents continue to remain very static.

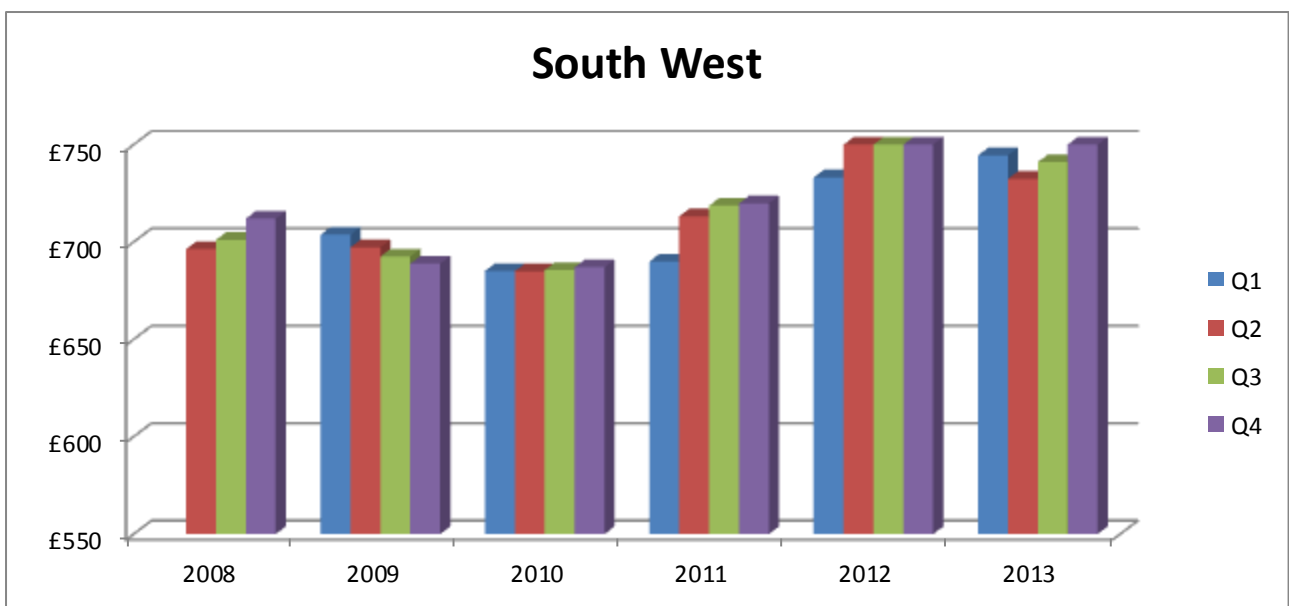
Rents in the North East can be erratic, mainly due to the variable rents in Newcastle. **Howard King** from **Newcastle** says *“We are finding that we are having to negotiate more on rents, and landlords are dropping their asking prices. Properties are also staying on the market for longer. This does not apply to city centre properties where demand is still strong compared to supply and rents are stable.”*



Average rents in the North West for October 2013 were £610 per month, which is consistent with the annual year to date average of £612 across the region. Two thirds of the offices recorded relatively static average rents for October compared to their year to date average, with the remaining third of offices equally split with rent rises and rent falls.

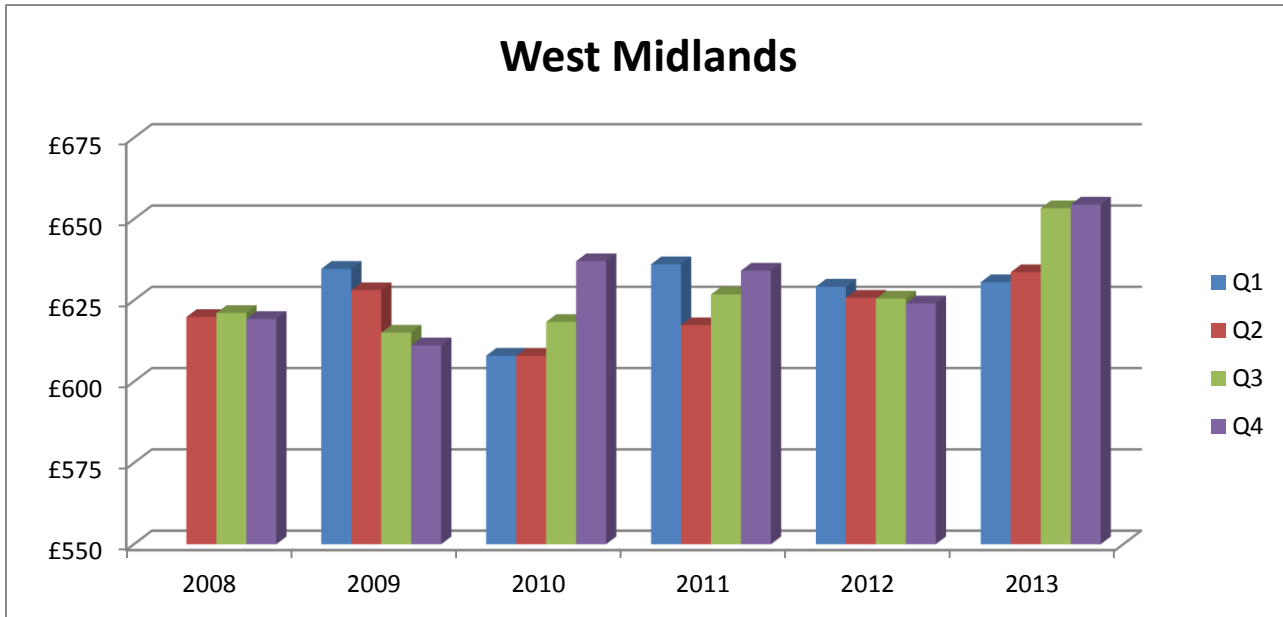


Rents in October for the South East averaged £867 per month. Compared to £865 per month, which is the year to date annual average rent for the region. This would indicate that rents overall in the region are pretty static. Average monthly rents across the South East range from £413 in Waterlooville to around £1,900 per month in Oxford.



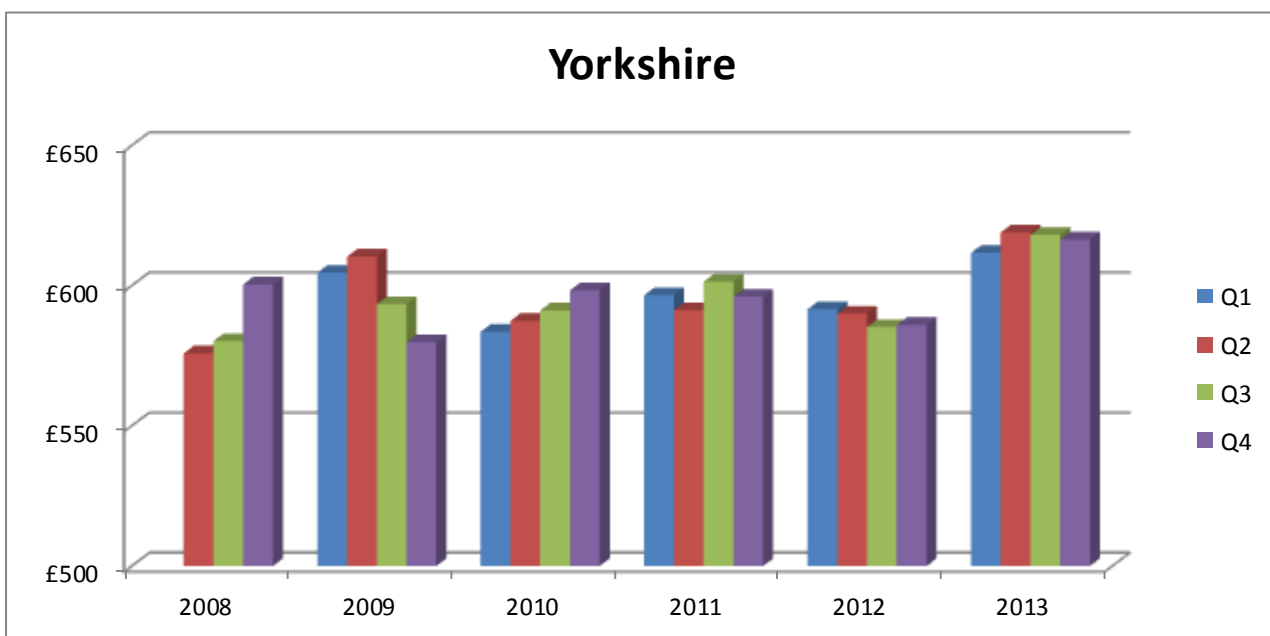
In October, average rents in the South West were £751 per month. Versus the yearly average rent to date of £741, this would indicate a very slight rise of just above 1% over this period for the region.

75% of the offices in the South West registered fairly static rents versus their yearly average to date, with the remaining quarter experiencing rental rises.



The West Midlands region recorded average rents for October of £654 per month. Versus £641 per month, the yearly average to date, this shows a small overall rise of around 2%.

Rental levels for just over half of the offices in the region remain static compared to their yearly average to date, with a quarter of offices experiencing rent rises, including Burton on Trent and Coventry. The remaining quarter of offices showed some seasonal falls in rent.



Average monthly rents in Yorkshire have remained fairly steady over the past few months. In October, the region registered an average rent of £616 per month, which is exactly the same as the yearly average rent to date.

Overall, the majority of individual office rents remain static with rents across the region varying from £422 per month in Hull to £768 in Harrogate.

## 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.