

BELVOIR!

the lettings specialist

September 2013 Rental Index

Contents

Belvoir Rental Index September 2013: Top 10 Report Highlights	3
National Rental Trends	4
<i>Summary for Scotland</i>	5
<i>Summary for England</i>	6
<i>Summary for Wales</i>	7
<i>Summary for Northern Ireland</i>	8
Belvoir Regional Rental Trends Summary	9
Belvoir Regional Rental Trends	10
<i>East Anglia</i>	10
<i>East Midlands</i>	10
<i>London</i>	11
<i>South East</i>	13
<i>South West</i>	14
<i>West Midlands</i>	14
<i>Yorkshire</i>	16
Belvoir Rental Trends by County	17
Information about Rental Indices	30

Belvoir Rental Index September 2013: Top 10 Report Highlights

1. Average rents across the UK for Q3 2013 were £705 per month for offices which have traded consistently over the last five years.
2. England recorded an average of £726 per month in Q3 2013 for all offices, and £687 for offices trading consistently over the last five years.
3. The average rents in Scotland for Q3 2013 were £584 per month versus £580 in Q2 2013.
4. In Wales, average rents for Q3 2013 were £622 which is unchanged versus Q3 2012. Cardiff averaged £707 per month in Q3 2013, Swansea £627 and Wrexham at £531 per month.
5. Average rents in Northern Ireland range from £425 to £750 in the Belfast area; £400 to £600 in Newtownards and £450 to £650 in Bangor.
6. Areas still to recover to 2008 heights in Quarter three 2013 are the North East, East Midlands and North West.
7. The area recovering to 2008 heights is East Anglia.
8. Areas where rents have exceeded the 2008 heights include South East, South West, Yorkshire, West Midlands and London.
9. Rents in 18 counties where Belvoir has been trading since 2008 show average rents are yet to recover to the heights of 2008
10. Rents in two counties are on a par with 2008 levels and 16 counties have seen rent rises versus heights recorded in 2008.

National Rental Trends

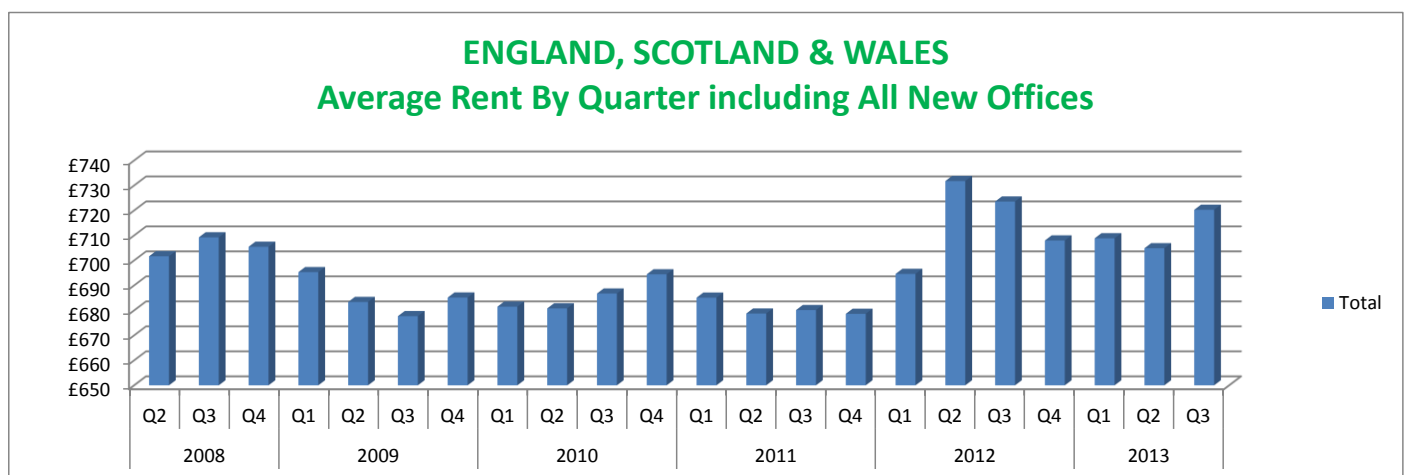
For offices which have traded consistently over the last five years, Quarter three 2013 average rents rose by just £1 to £688 versus Quarter two 2013, but are up year on year versus Quarter three 2012 which were £679 per month. Rents in Quarter three 2013 are still around 2% lower in comparison to the 2008 annual average rent of £701.

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



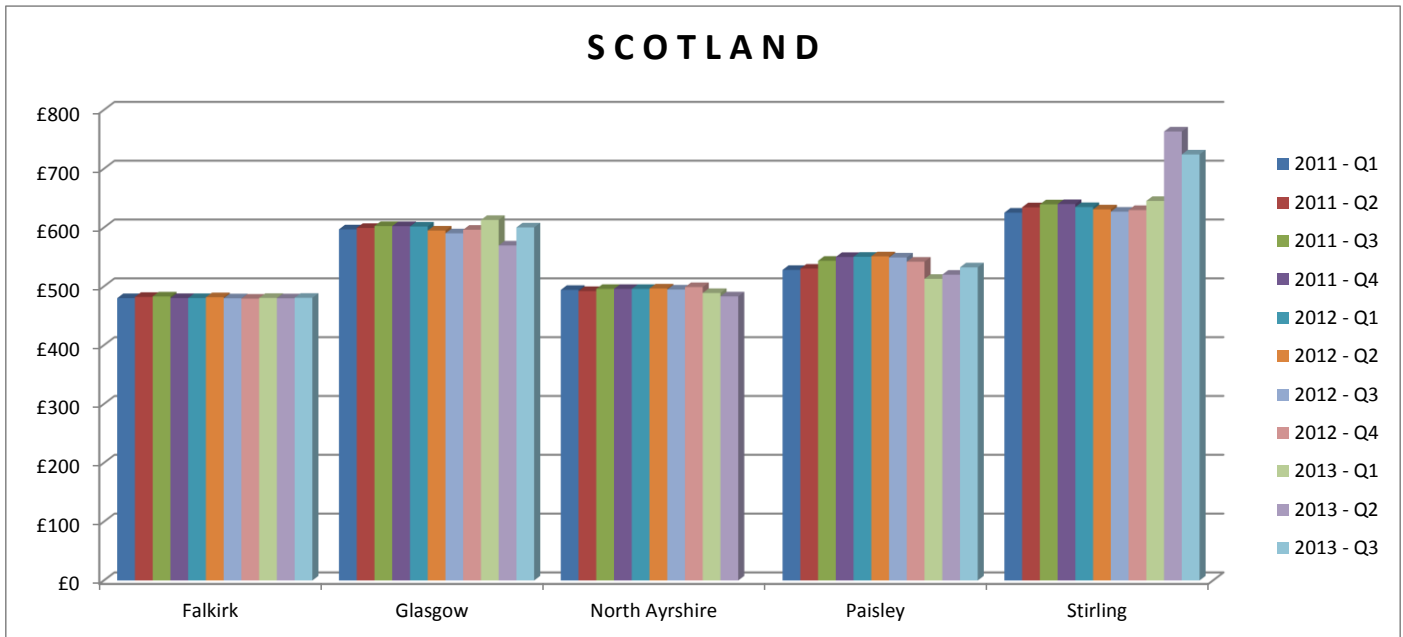
Since 2008, the number of Belvoir franchised offices has increased to **over 150**. Average rents for all Belvoir offices in Quarter three 2013 were £720 per month, which shows no change to levels reached in Quarter three 2012.

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



Dorian Gonsalves, CEO of Belvoir Lettings commented *“Rents are proving to be rising year on year, but most of this rise is a recovery to previous heights reached back in 2008. Most of the new offices to our network have been in areas which have a higher rental than our previous average which is helping to drive our overall average rents as a business up month on month.”*

Summary for Scotland



Overall, year on year, Quarter three 2013 versus Quarter three 2012, average quarterly rents for Scottish offices rose very slightly.

Falkirk - monthly rents have remained fairly static in this area for some time. The average for Quarter three and Quarter two 2013 show £481 versus £480 per month respectively (*this is usually for a specific type of let eg two bed flat*), and there is no movement year on year either.

Mike Campbell, of Belvoir Falkirk reports *"Last month we let a lot of one bed properties and a good number of larger houses, but this was an unusual property mix, the normal mix being in favour of 2 bed flats. In all, last month the average rent achieved for all properties is £494; the number of 2 bed flats as a percentage of all properties let is 34% and the average rent achieved last month for 2 bed flats is £398."*

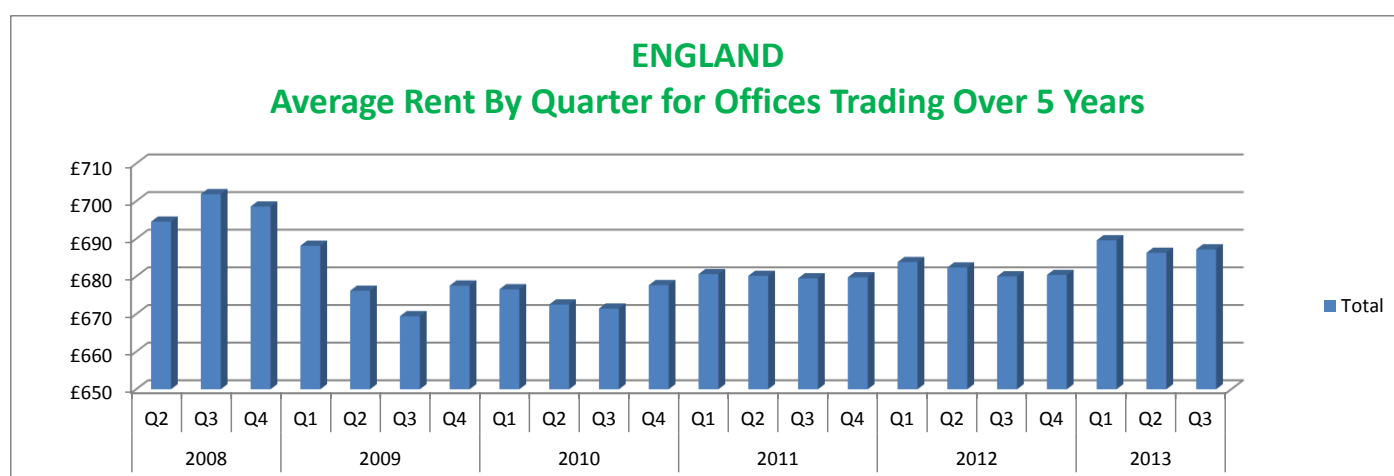
The **City of Glasgow** average monthly rent in Quarter three 2013 is £600, which is just over 5% up on Quarter two 2013, and is slightly up on the Quarter three 2012 average monthly rent of £590.

In **Paisley**, the average monthly rent for Quarter three 2013 is £532, which is up around 2% on Quarter two 2013 average rent of £520, but is actually down by 3% versus Quarter three 2012.

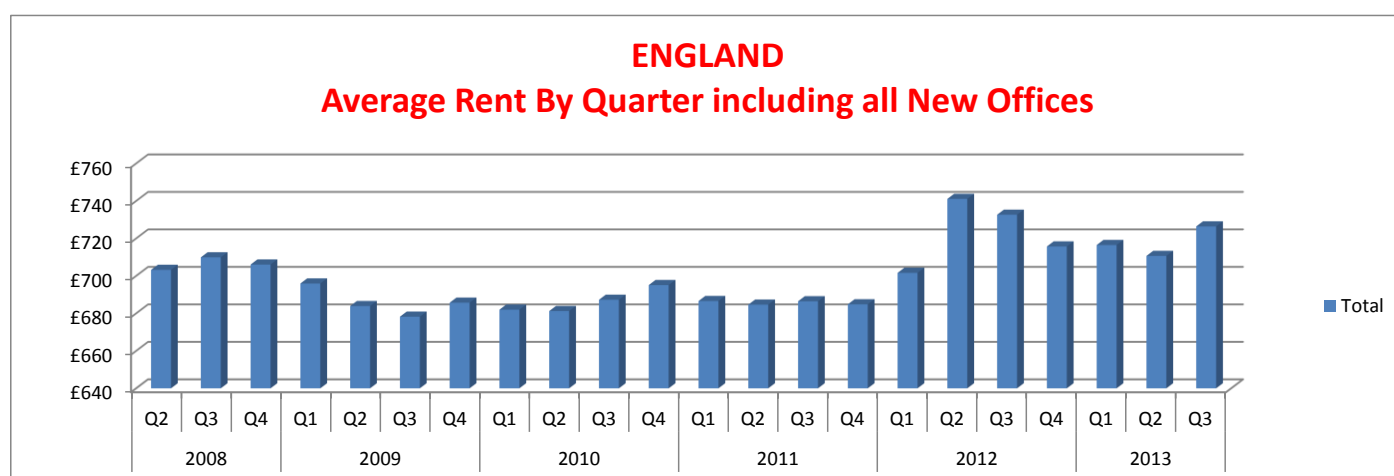
Denise Rhodes, from Belvoir Paisley comments *"We've had our busiest quarter ever, being 30% up on last year. The demand for houses remains very strong, but there is no change in rental values."*

The average monthly rent in **Stirling** for Quarter three 2013 is £724, which is around 5% less when compared to Quarter two 2013. As with the last Quarter, the quirk in the figures is due to a change in the mix of advertised properties (see *Appendix*).

Summary for England

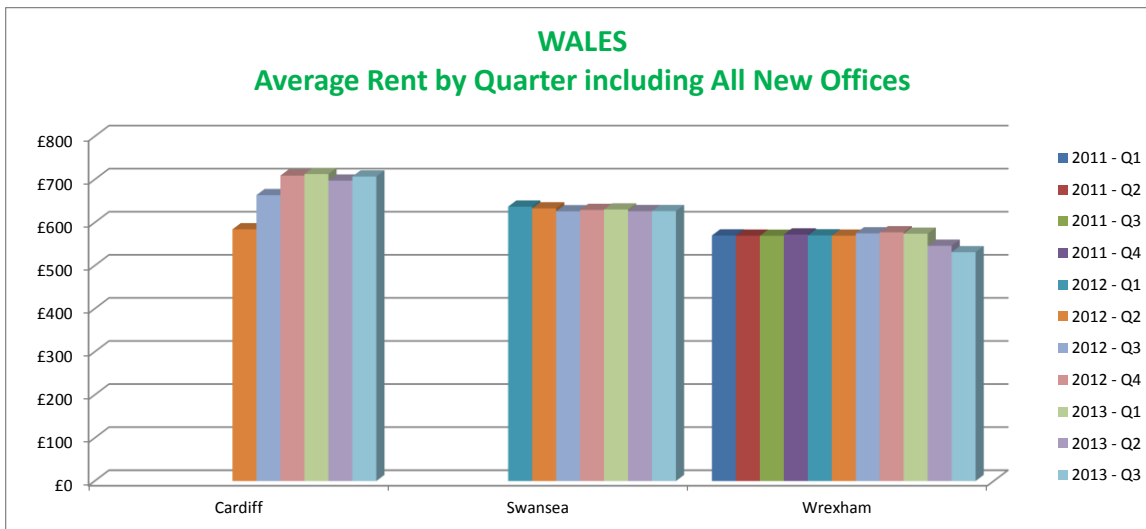


Average rents for offices in England that have been trading for over five years, show a rent of £687 per month for Quarter three 2013, which is only £1 less than Quarter two 2013. Compared to Quarter three 2012, the year on year average rents have only increased by 1%. Versus the annual average in 2008 at the start of the index of £699 per month, the Quarter three 2013 rents remain just over 2% lower.



Average rents for all offices in England, including all new offices, show a rent of £726 per month for Quarter three 2013, versus £711 in Quarter two 2013, this is just over a 2% increase. Compared to the Quarter three 2012 average of £733, year on year rents have only increased very slightly.

Summary for Wales



Average rents in **Cardiff** for Quarter three 2013 are £707, which is slightly up on Quarter two 2013 at £697.

Rob Price of Belvoir Cardiff reports *"The average rent has remained roughly the same but the last quarter has been our busiest on record with demand easily outstripping supply. For 1 and 2 bed properties, rents have increased and there is still room for further increases. We are receiving double figure viewing requests within a few days for most 1 and 2 bed properties that are listed. We are also receiving calls on these properties within minutes of them being listed. It seems that tenants are aware of the need to aggressively monitor new property listings in order to get early viewings. We are increasingly letting these properties at the first viewing. For 4+ bed properties there is still good demand but not to the levels seen at the 1 to 2 bed market. Over the quarter the demand for city centre apartments has been extremely high. As always, housing stock remains the biggest problem."*

The average rents in **Swansea** have been fairly steady at around £630 per month since the beginning of 2012 when the office opened. Quarter three 2013 rents stand at £627, which is the same as the previous Quarter and just £1 versus Quarter three 2012.

Ben Davies of Belvoir Swansea says *"After a hectic couple of months we are now finding it considerably quieter in terms of appraisals and tenant enquiries. May be this is linked to the Help to Buy Scheme on some level? We had a huge surge of Arab, Nigerian and Chinese students all struggling to find properties. We even had Greek students - who turned up to their universities in Greece only to find them closed - looking for accommodation in Swansea with their new placements! As expected, we filled all of our large family homes during September. The demand in the City Centre is still very much for furnished accommodation. In fact, the apartments where the landlord refuses to furnish are still vacant despite our best efforts."*

In **Wrexham**, average rents have fallen to £531 per month in Quarter three 2013 versus £546 in Quarter two 2013, and are down on Quarter three 2012 rents of £575.

Vaughan Schofield of Belvoir Wrexham comments *"There has been a marked decrease in the amount of properties coming onto the rental increase - normally we have between 35 and 50 properties available for market, for the last 2 weeks the numbers have reduced dramatically, today I have 17 properties available for market. We've had to redouble our efforts in trying to recruit new Landlords. Tenant demand remains high and we are continuing to rent out property quickly which could mean that if the trend continues, rental prices could start to rise due to the forces of supply and demand - this will have a significant impact in the Wrexham area where rental prices have been static for the last 3/4 years. Conversely, the sales market appears to have 'woken up' and is beginning to show a surge in the number of houses on the market, as well as the obvious increase in the number of 'sold stc' stickers on For Sale boards."*

Summary for Northern Ireland

Trevor Burns from Newtownards comments *“There is still good tenant demand in the area. Rents are still generally increasing, especially when older tenancies are being renewed as their rents were typically lowered during the recession. We still have good landlord/investor enquiries regarding buy-to-let properties. Sales news in the local area is positive and a few of the 'reluctant' landlords are starting to try and off load their properties.”*

In **Bangor**, **Jackie Burns** explains *“The demand is still excellent, with three bedroom semis/townhouses being the most popular choice and rent for these properties has increased, particularly if the property is in good condition. Apartments are a little slower to let, however this always improves during the winter months where the desire for outside space is not a priority. We are still seeing an increase in 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

Andrew Jack of Belvoir Belfast says *“There remains a strong demand for rental properties, but tenants are looking for good quality properties that have been well maintained and have gas central heating. If a good quality property comes to the market, it will rent out in a matter of days. Quality is more important to tenants than location. Currently our stock level of properties to let is extremely low.”*

Average monthly rents in the Belfast area are:-

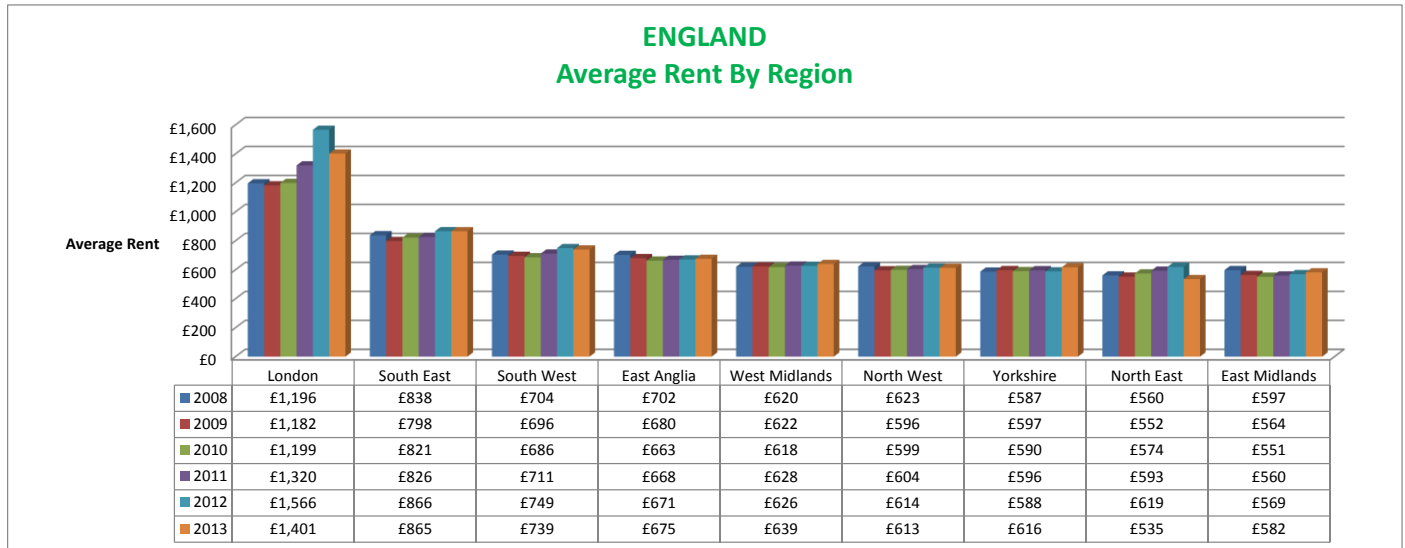
- 2 bed apartment - £600 to £700
- Terrace house - £425 to £525
- 3 bed semi-detached house - £550 to £750

Belvoir Regional Rental Trends Summary

On a national basis, rents vary from an average of around £535 through to £675 for the majority of the country. In the South West, on average this year, rents have fallen to £739 per month from £749, but in the South East, they are pretty static year on year at £865.

In London, the annual average rent has fallen to £1,401 from the 2012 average of £1,566, which is predominantly caused by changes in the number and location of offices causing a reduced average rent.

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



In London, 2013 rents continue to be lower than the 2012 average but are above the 2011 average. In the South East, the average rent is £865 for Q3 2013 and continue at the same level as 2012. In the South West, rents are £739 for Q3 2013 which is £10 less a month than the 2012 average.

In East Anglia, average rents are £675, which is slightly higher than the 2012 average, but still have a way to go to reach the 2008 high. Average rents in the East Midlands are £582 and have been slowly rising since 2009, and are now just £15 less than the 2008 height. In the West Midlands, average rents have risen since 2010, and are now £19 above the high of 2008 at £620.

In Yorkshire, rents in 2013 continue to surpass the 2008/09 highs, and have risen £28 per month compared to the 2012 average.

Rents in the North West in 2013 are very much on par with the 2012 average, and still have a little way to go to achieve the 2008 height.

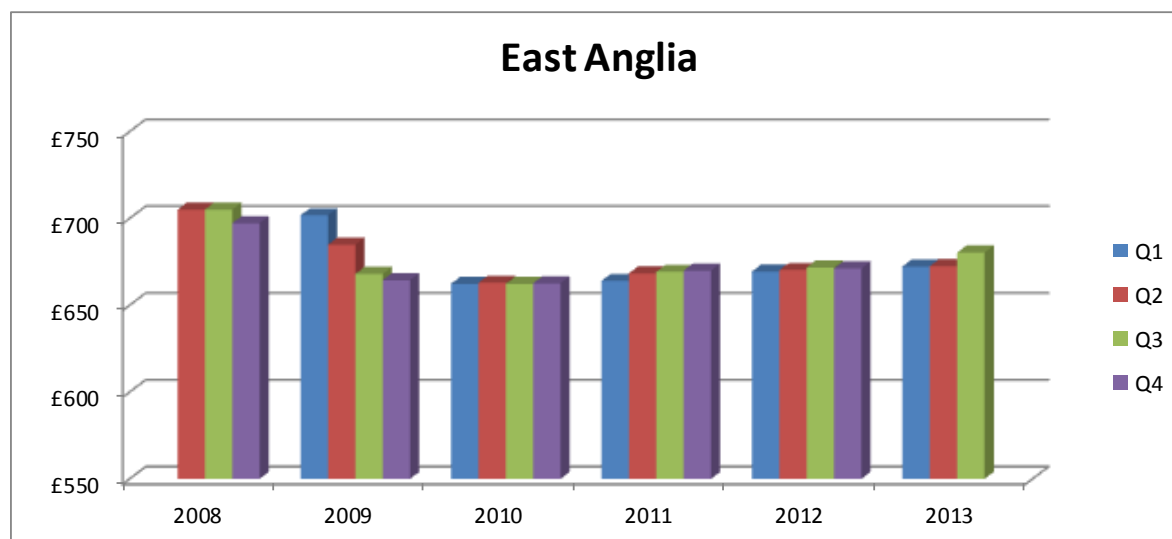
The average rents shown for the North East do not reflect the true picture due to the vast differences in types of properties and values within the region. Please see the North East regional rental trends analysis for more details.

Belvoir Regional Rental Trends

East Anglia

Quarter three 2013 monthly average rent is £680, which is slightly up versus Quarter two 2013 average rent of £672. When compared to a year ago, there is also just a slight increase in the average monthly rent.

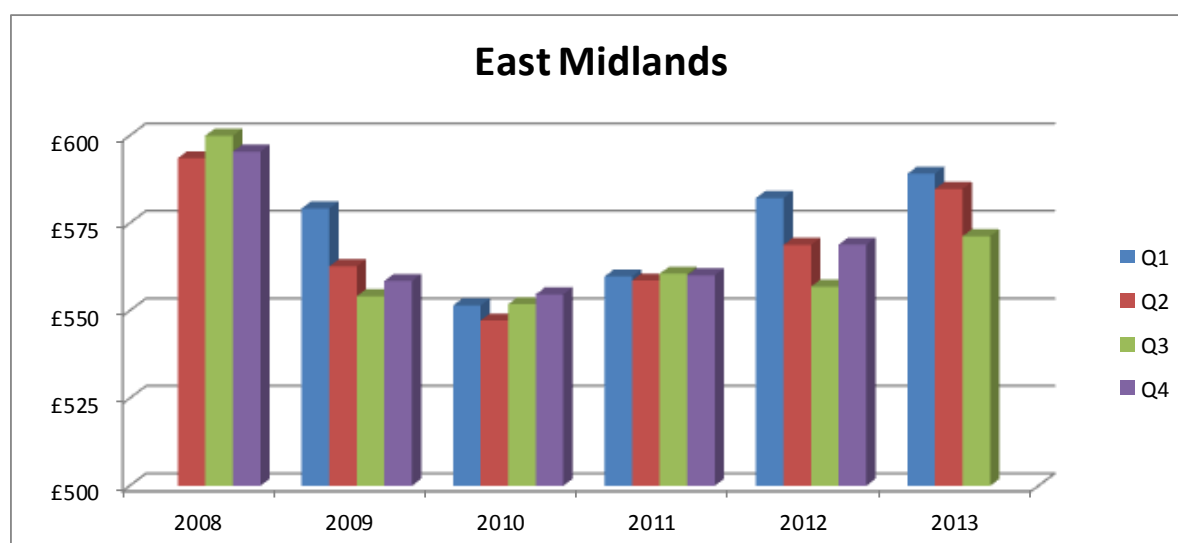
In most of the offices in East Anglia, since the start of the year, rental levels have remained fairly static, including Huntingdon, Watton and Norwich. In contrast, average rents in Cambridge have increased slightly.



East Midlands

The monthly rent for Quarter three 2013 in the East Midlands shows an average of £571, which is slightly down on the Quarter two 2013 average of £585. Comparing year on year, the average monthly rent has increased by 2.5%.

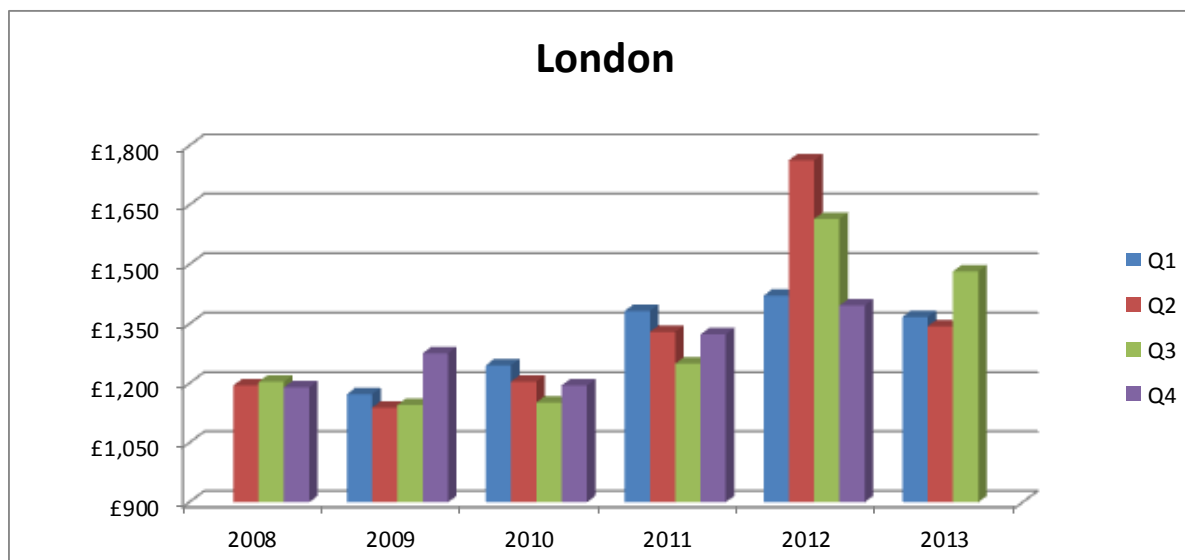
The majority of offices in the East Midlands have seen rents remaining fairly static to slight falls, with the exception of Newark and Corby who have seen an increase in rents.



London

London monthly rents for Quarter three 2013 show an average of £1,483, a rise of 10% compared to Quarter two 2013 average rent of £1,344, but show rents being down by 8.5% down year on year.

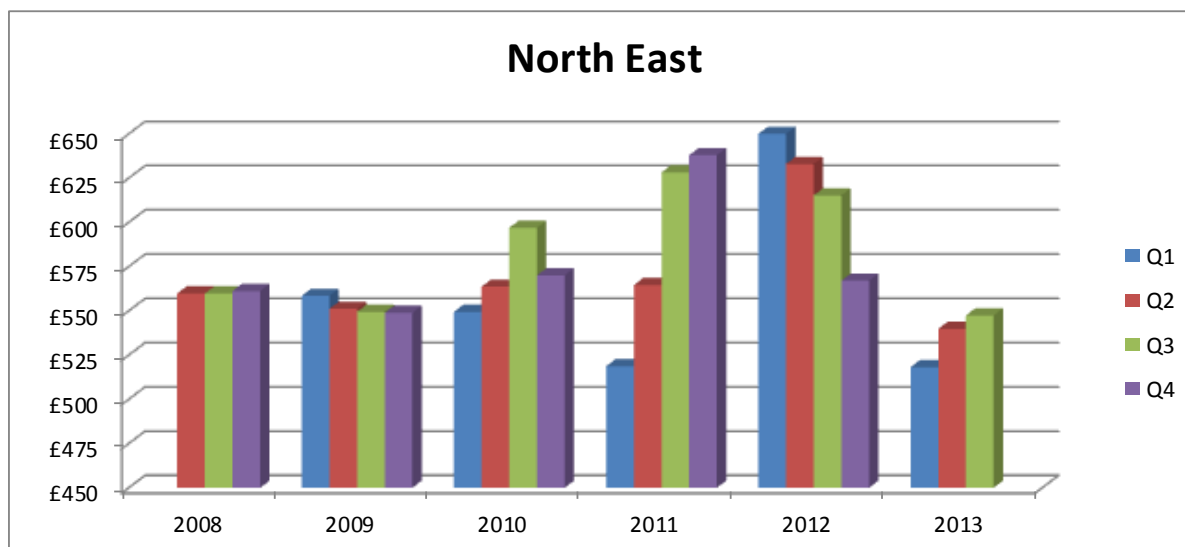
Rental trends do vary across London, for example, Wimbledon rents are just over £1,200 per month, compared to rents in Stratford which are now in excess of £3,000 per month.



North East

Sunderland and Tynedale are showing static average rents of £541 and £548 respectively, whilst Newcastle upon Tyne is showing an upward rental trend.

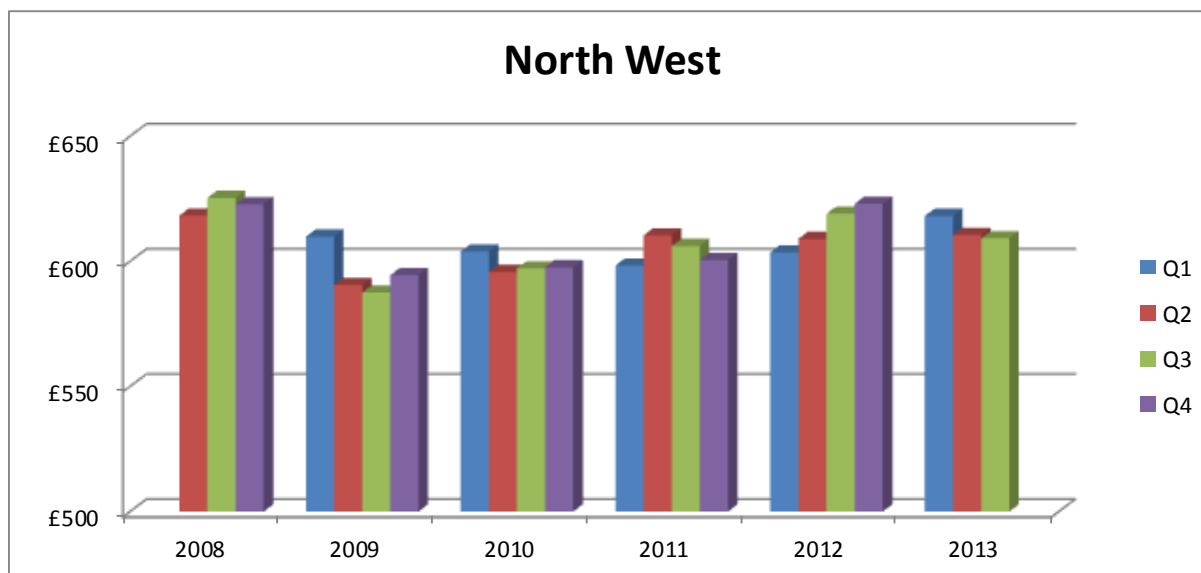
Howard King of Newcastle reports *“The market has now slowed down after the busy summer months; there is however a high demand for city centre properties, but there is a lack of supply. However this is not generally forcing prices up. In areas around Newcastle even though there are now less properties coming to the market they are tending to take longer to rent and tenants are able to negotiate on the rent.”*



North West

In the North West region, the rent for Quarter three 2013 shows an average of £609 per month, compared to the Quarter two 2013 average rent of £611, showing rents have fallen very slightly. Versus Quarter three 2012, overall rents are showing a slight fall of 1.6%.

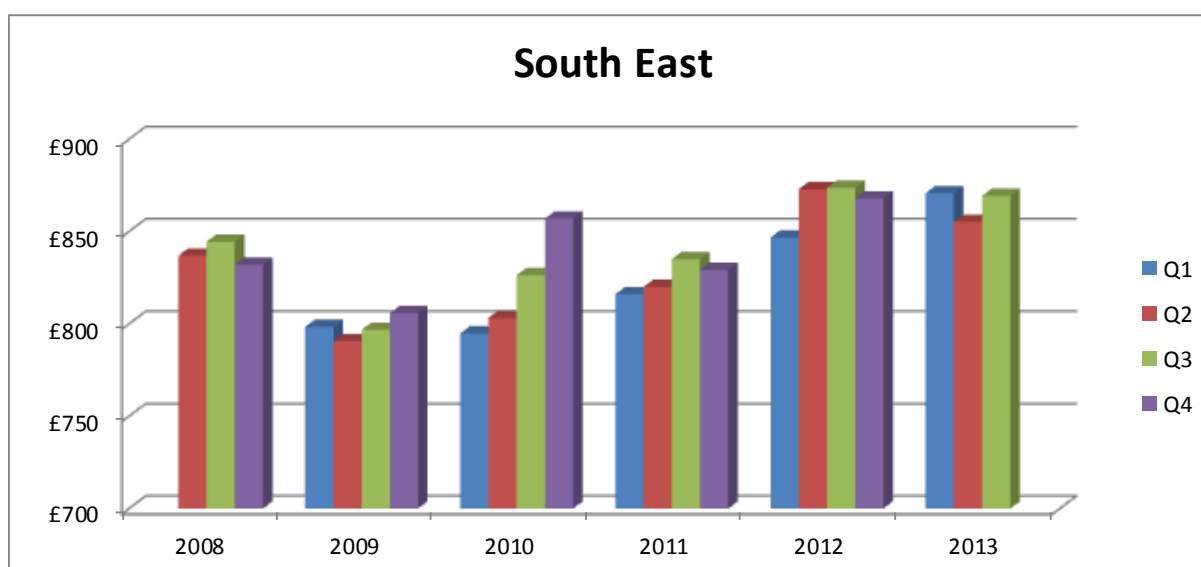
The majority of offices within the North West show stable to slight falls in average monthly rents, with Bolton, Manchester Central and Crewe showing small rental rises.



South East

The monthly rent for Quarter three 2013 shows an average of £869 versus £855 per month in Quarter two 2013, which is an increase of just over 1.5%. However, versus Quarter three 2012 last year, this is still lower as average rents were £874.

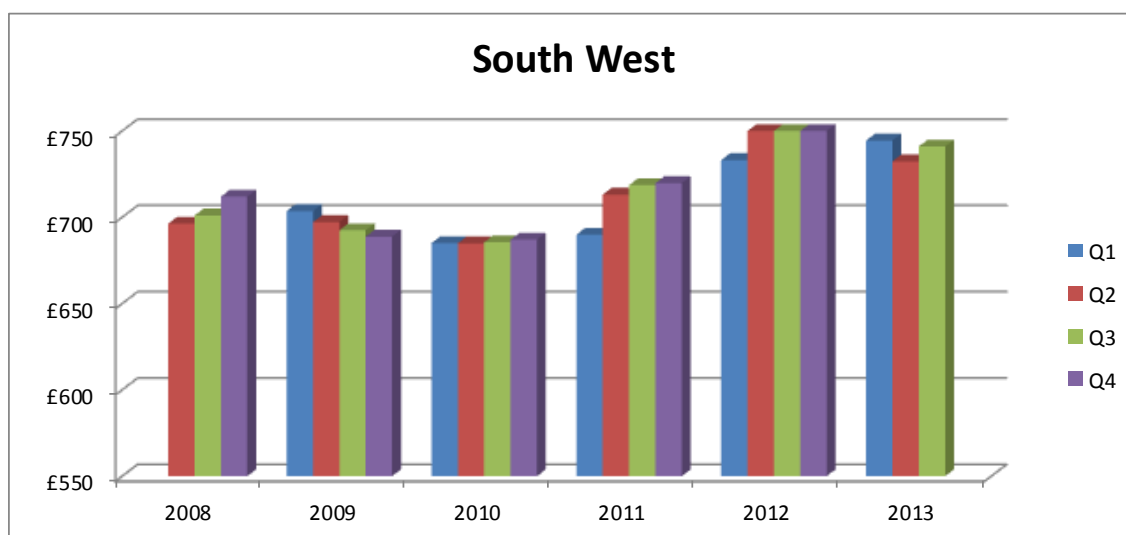
Most of the offices in the South East show fairly stable rents, however Basingstoke, Bedford and Woking are seeing a rise in rents.



South West

Rents in the South West recorded an average of £741 per month for Quarter three 2013. Versus Quarter two 2013 average rents of £732, this shows a slight increase. Compared to a year ago in Quarter three 2012, when the average monthly rent was showing £752, this shows a slight decrease year on year.

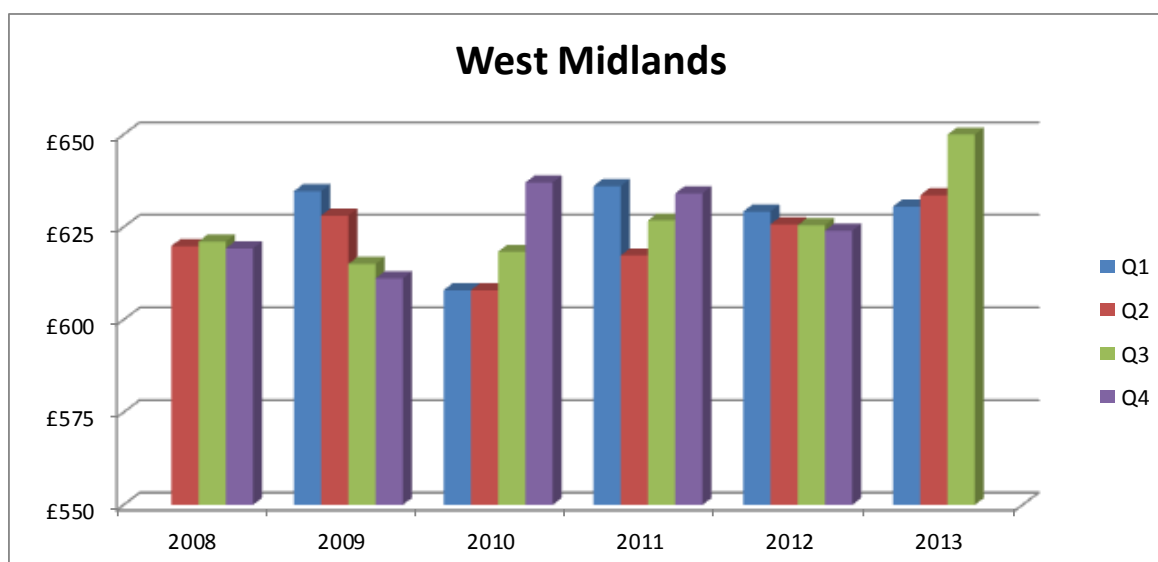
The slight increase in Quarter three 2013 rents versus Quarter two, is likely to be due to the addition of two new offices, Weston-Super-Mare and Westbourne, in the last quarter with Westbourne having rents above the region average of £899 per month.



West Midlands

The monthly rent for quarter three 2013 shows an average of £653 versus £634 per month in Quarter two 2013, which is a 3% rise. Compared to the 2012 Quarter three average of £626, this is also a rise of 4% year on year. The increase in average rents can be attributed to the addition of two new offices, Harborne during Quarter three of this year, and Evesham in Quarter two. The average monthly rents in Harborne are the highest in the West Midlands at just over £1,000, with Evesham rents averaging £800 per month.

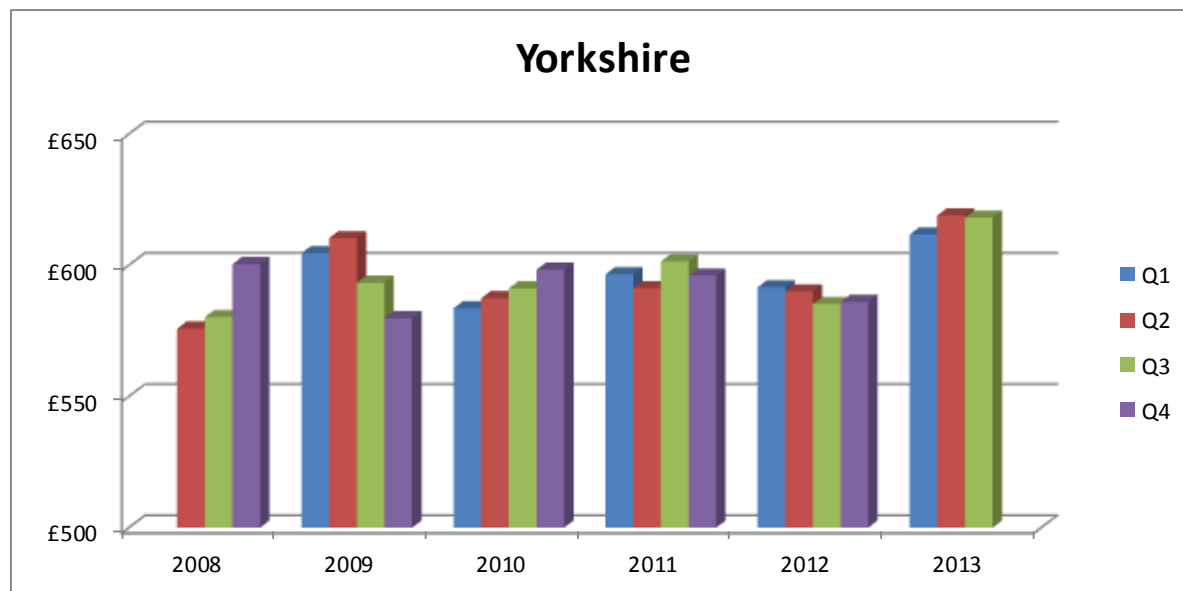
The remaining offices within the West Midlands region show fairly static rental trends.



Yorkshire

Quarter three 2013 monthly rents show an average of £618, which is very slightly down on the Quarter two 2013 average rent of £619. Year on year, this is a 5.5% rise on the Quarter three 2012 average monthly rent of £585.

Since the start of the year, rents are fairly stable in most offices, although York has seen some recent rises.

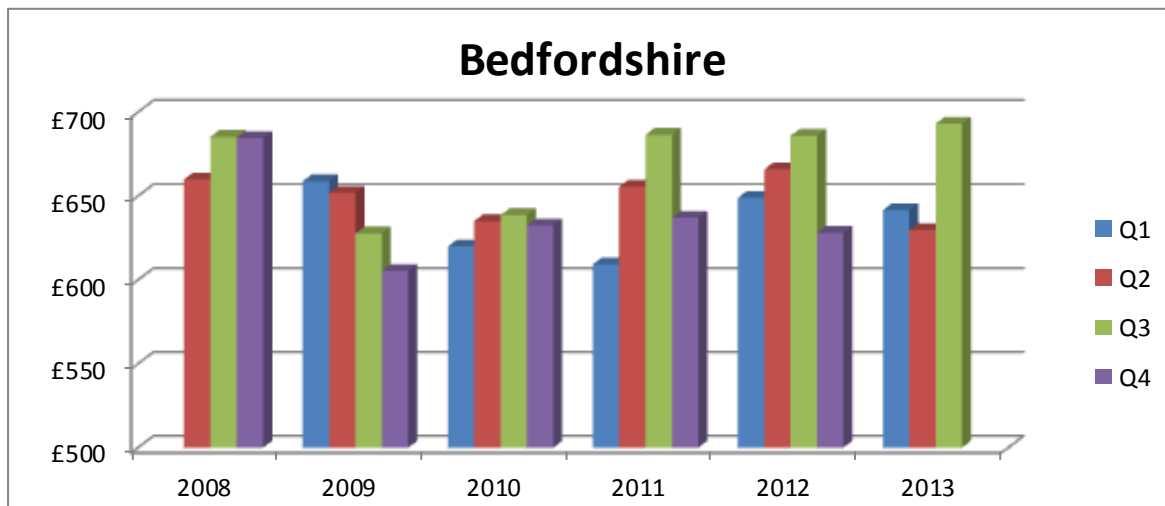


Belvoir Rental Trends by County

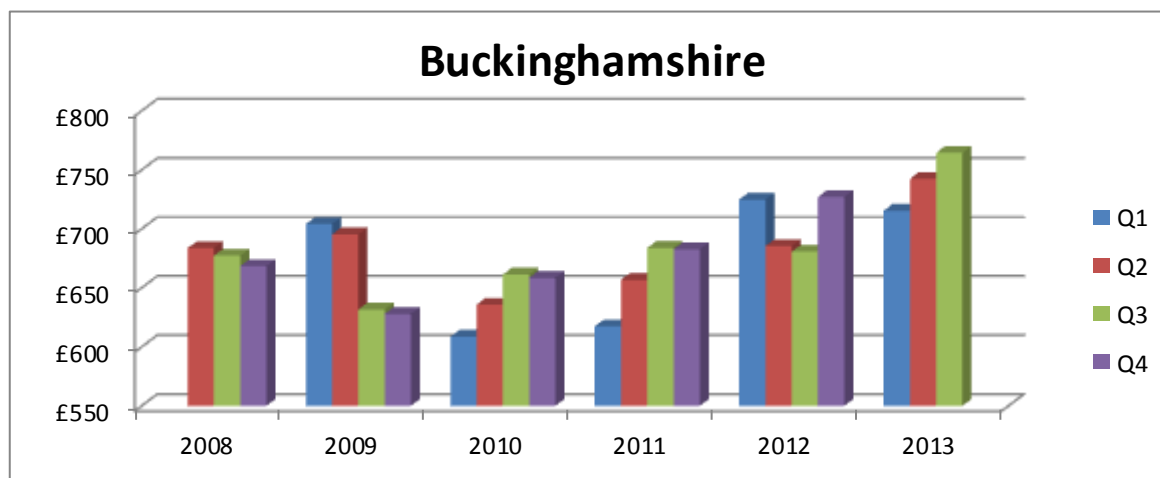
Below we compare the latest Quarter three rental averages to Quarter two averages and how they are performing year on year on a County by County basis.

The Bedfordshire average monthly rent for Quarter three 2013 is £693 per month, versus the Quarter two 2013 monthly rental of £630, which equates to a rise of 10%. However, this rise is likely to be due to the addition of the new Dunstable office opening during Quarter three which has an average rent of £933.

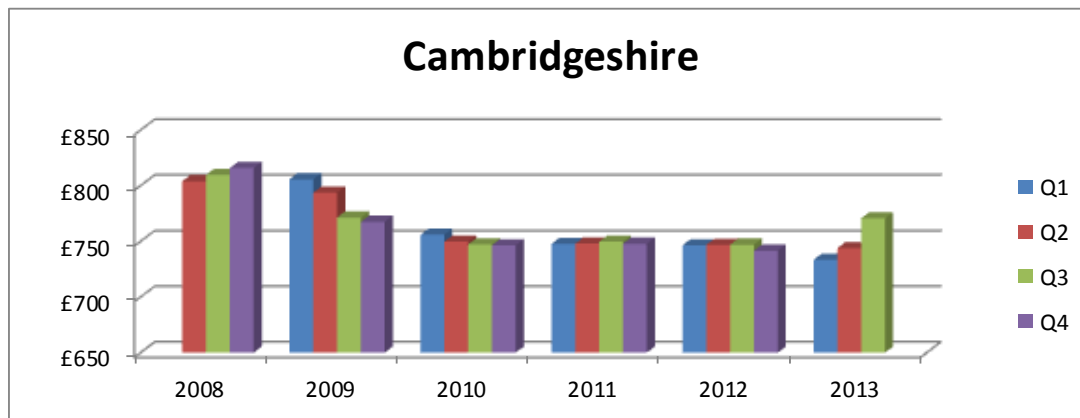
Compared to the Quarter three 2012 average monthly rent of £686, there is only a small increase this year.



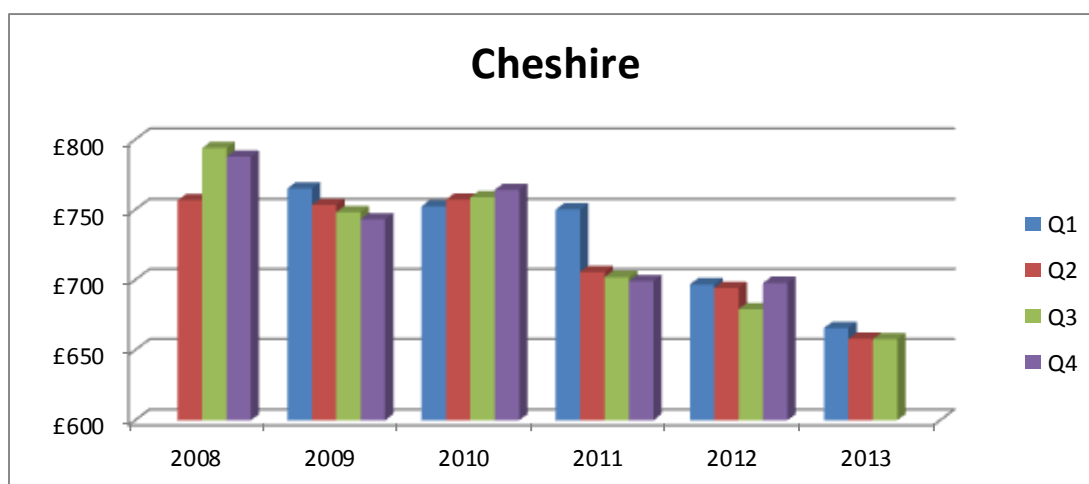
In Buckinghamshire, the average monthly rent for Quarter three 2013 is £764, compared to the Quarter two 2013 average monthly rent of £742, which is a small rise of just under 3%. Versus Quarter three 2012 average monthly rent of £681, rents have risen by around 12% year on year. If rents had kept up with inflation over the past few years, tenants would now be paying an extra £25 a month instead of the £741 per month they are actually paying.



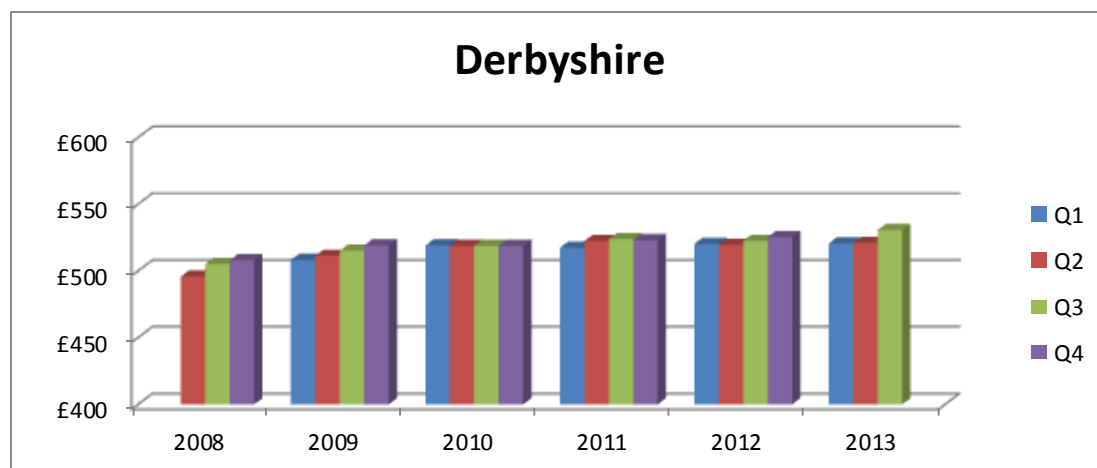
The average monthly rent for Quarter three 2013 in Cambridgeshire is £771, versus Quarter two 2013 average rent of £744, indicating a small rise of around 3.5%. This is comparable to the year on year rise versus Quarter three 2012 average monthly rent of £747 of 3%.



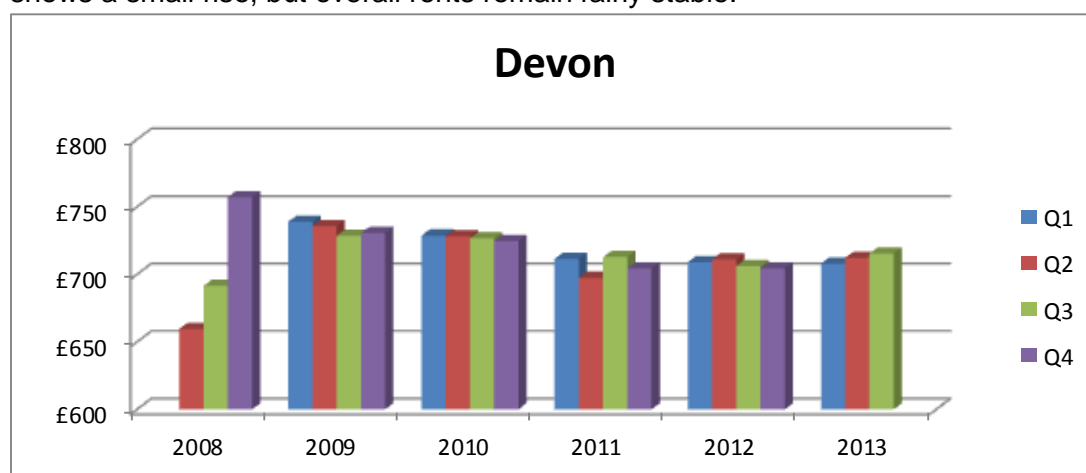
In Cheshire, the Quarter three 2013 average rent was £658 per month and has not changed versus Quarter two 2013. It is just over 3% down year on year when compared to the Quarter three 2012 average monthly rent of £679.



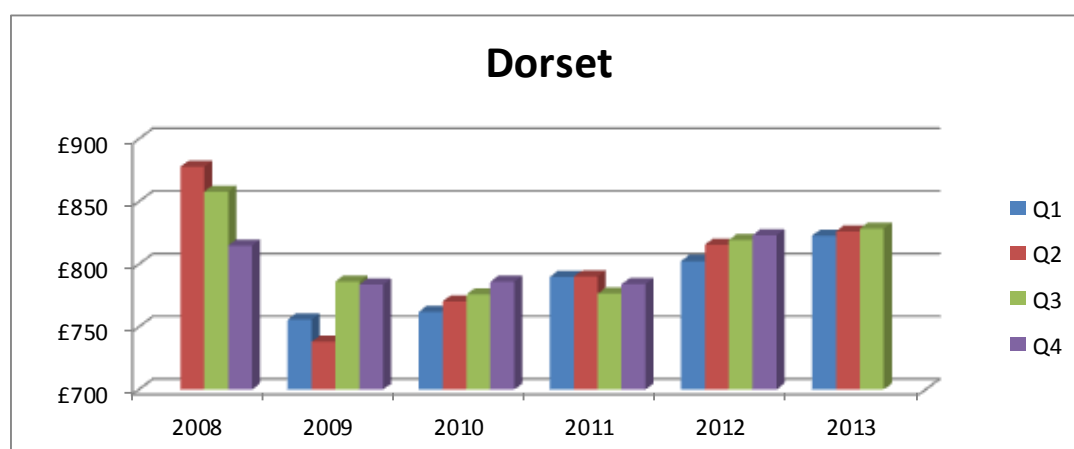
The average monthly rent for Quarter three 2013 in Derbyshire is £531, slightly up on the Quarter two 2013 monthly rent of £521. Year on year, there is a slight increase in the average rent of £522 in Quarter two 2012 of around 1.5%.



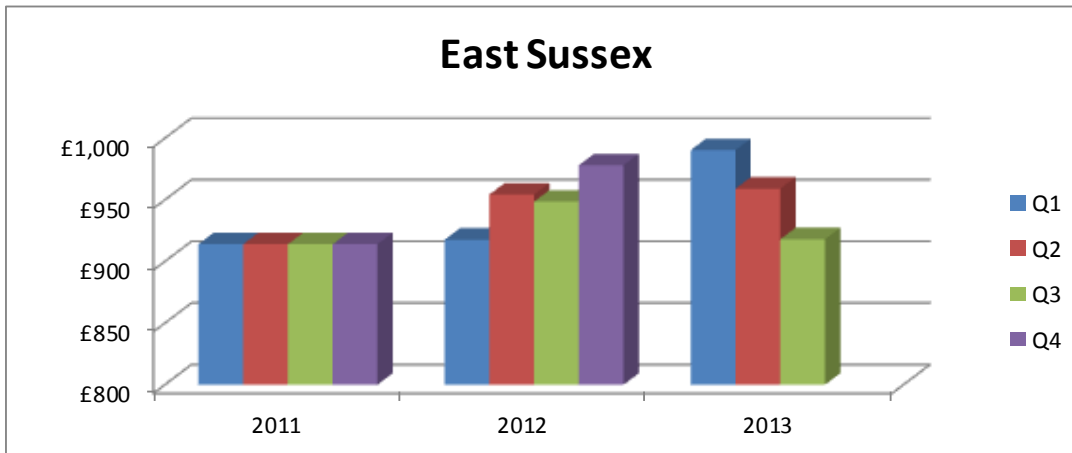
Quarter three 2013 average monthly rent for Devon is £716, a small rise on the Quarter two 2013 monthly rent of £712. Compared to a year ago, when the average monthly rent for Quarter three 2012 was £706, it shows a small rise, but overall rents remain fairly stable.



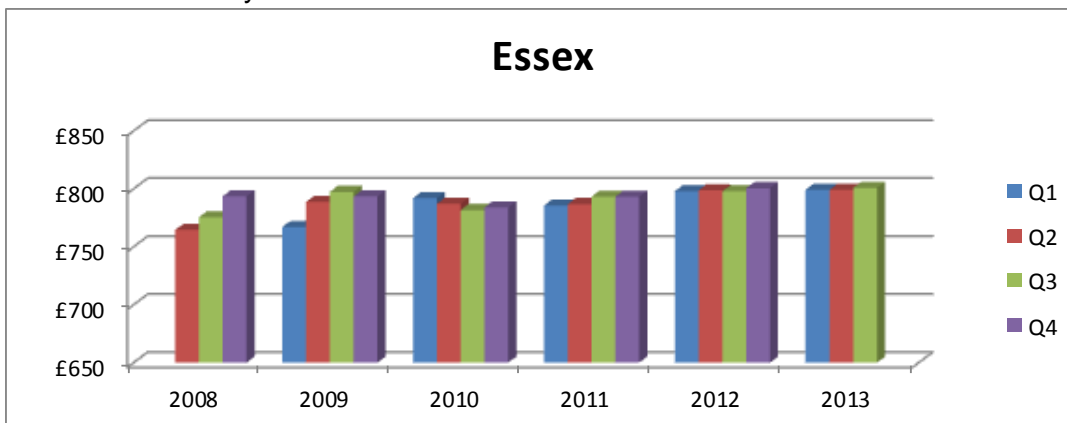
In Dorset, the average monthly rent for Quarter three 2013 is £829, compared to Quarter two 2013 monthly rent of £826, there is very little change. In Quarter three 2012, the average monthly rent was £820, suggesting a small rise year on year.



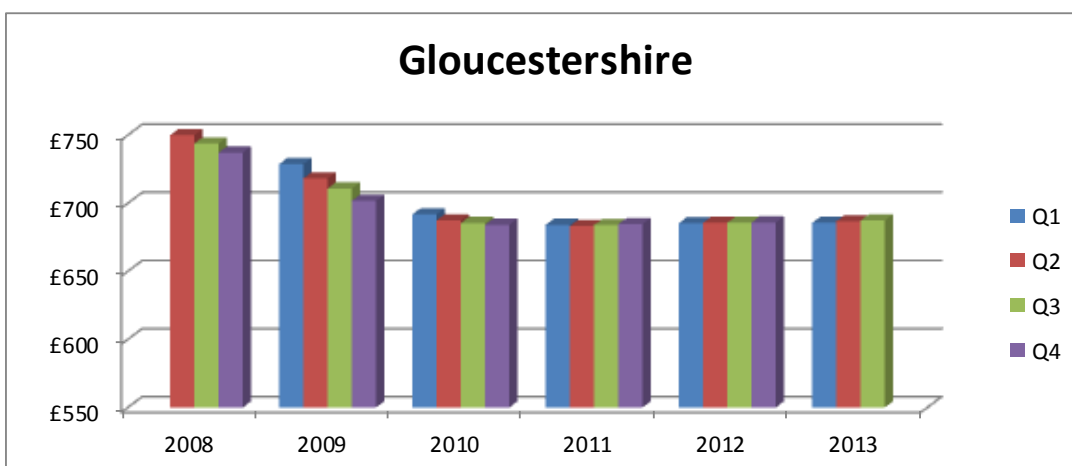
The East Sussex Quarter three 2013 average monthly rent of £918 is just over 4% down on the Quarter two average rent of £959. Compared to Quarter three 2012, with an average rent of £949, this would also indicate a small fall year on year of 3%.



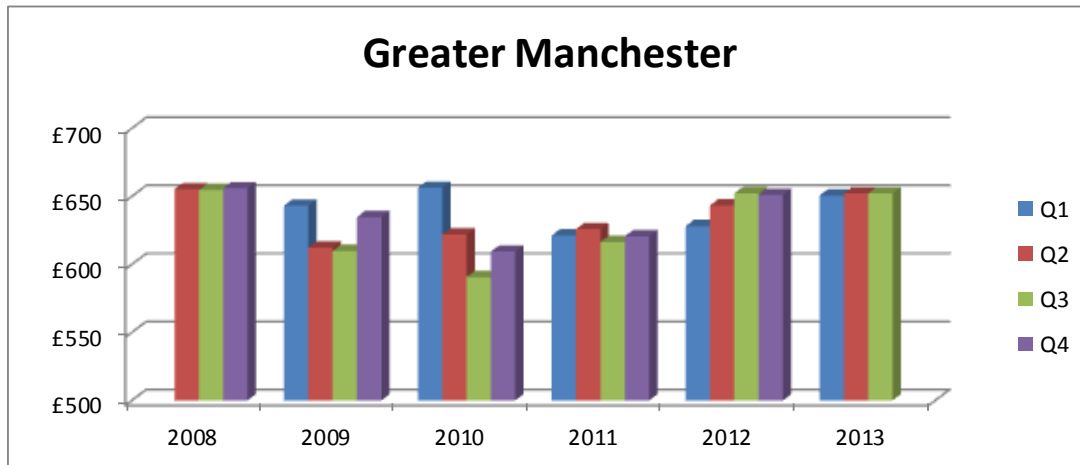
In Essex, the average monthly rent for Quarter three 2013 is £801, compared to Quarter two 2013 average rent of £799. Year on year, the Quarter three 2012 average rent of £798 would suggest rents are remaining stable in the county.



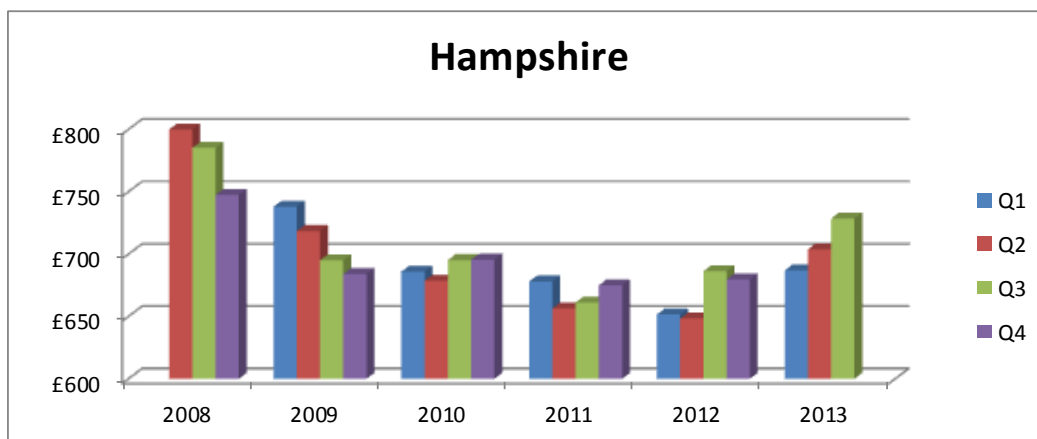
The Quarter three average monthly rent for 2013 in Gloucestershire is £687 – the same as the Quarter two 2013 average rent. Compared to the previous year, the Quarter three 2012 average rent is £686. These figures and the chart below would indicate there is very little change in rents and they remain stable.



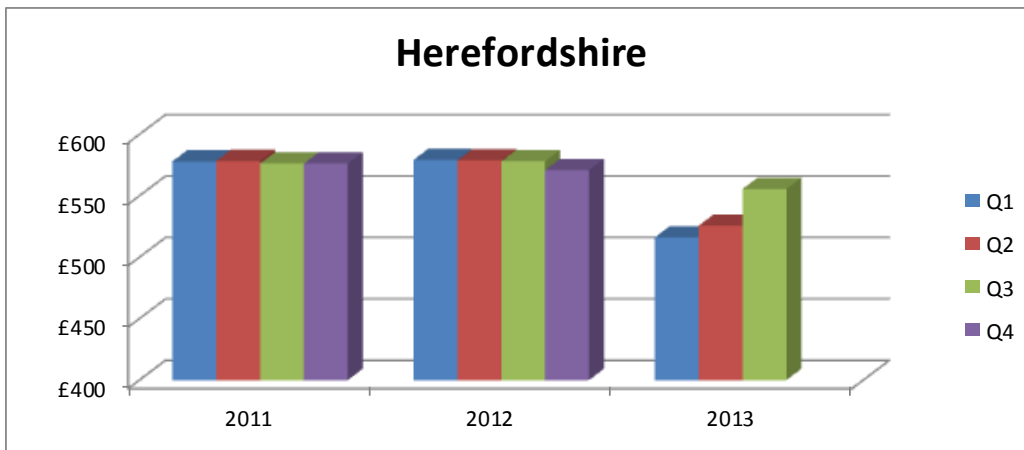
In Greater Manchester, the average monthly rent for Quarter three 2013 is £652, which is the same versus Quarter two 2013, and versus the same quarter last year. There is no change to rental levels and they remain stable.



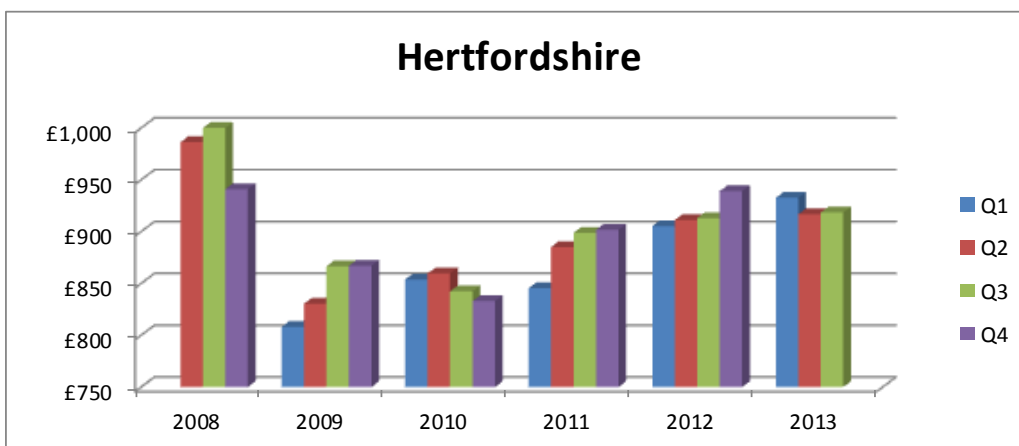
The Quarter three 2013 average monthly rent for Hampshire is £729, which is about 3.5% up on the Quarter two 2013 average rent of £704. Versus a year ago, when the average monthly rent was £686 in Quarter three 2012, this shows a 6% increase year on year. However, rents are still a long way off the heights of 2008 with the average rent being just under 10% down over the last five years.



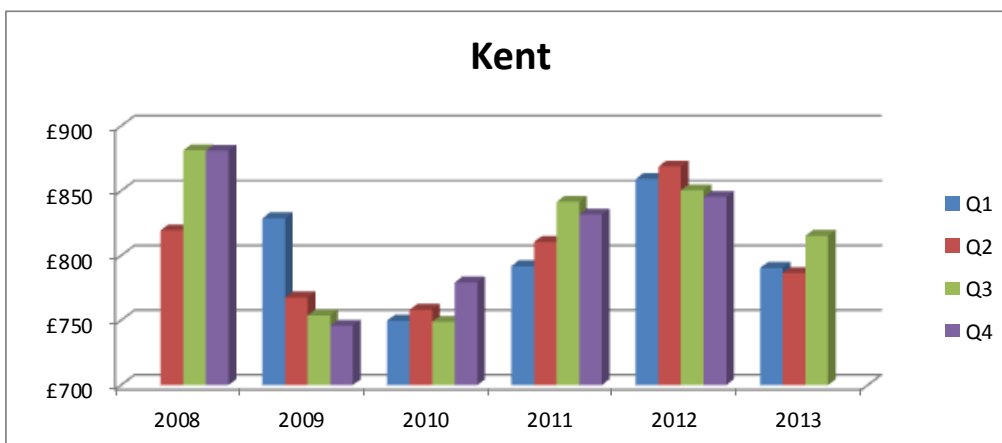
The Herefordshire Quarter three 2013 average monthly rent is £556, which is an increase of 5% on the Quarter two 2013 average rent of £526. Year on year though, this is still lower than Quarter three 2012 when rents were 4% higher at £578.



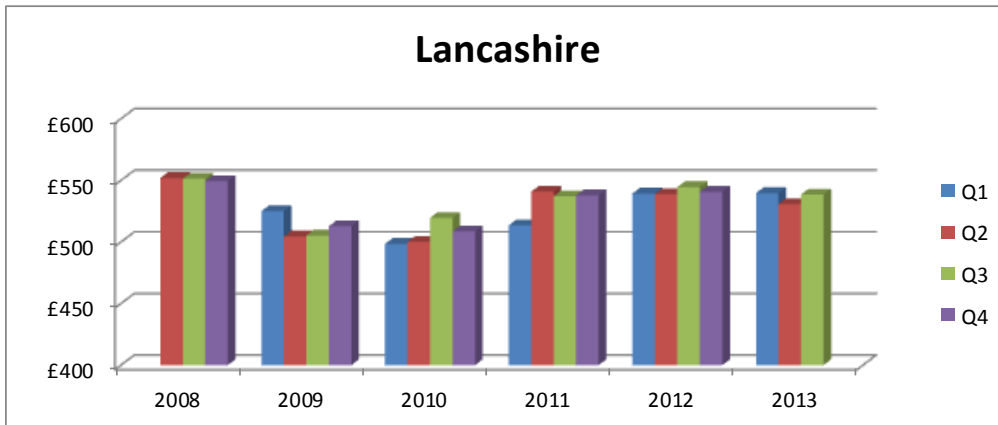
In Hertfordshire, the average monthly rent for Quarter three 2013 is £918, which is only £1 more than the average rent for Quarter two 2013. Versus Quarter three 2012, this is slightly up on the £913 average monthly rental figure, but suggests rents are relatively stable.



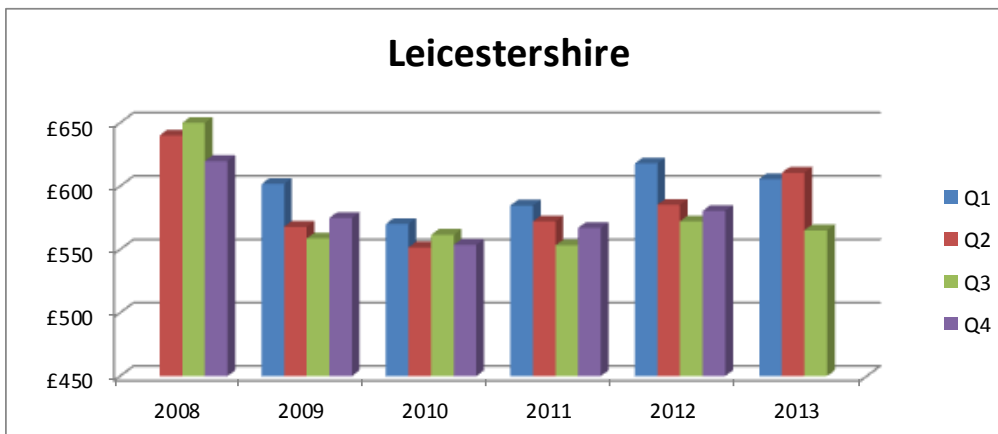
The average monthly rent for Kent in Quarter three 2013 is £815, which is a 3.5% increase on the Quarter two 2013 average rent of £787. Compared to a year ago though, these figures are lower than the Quarter three 2012 average rent of £850 and shows a fall of 4% year on year.



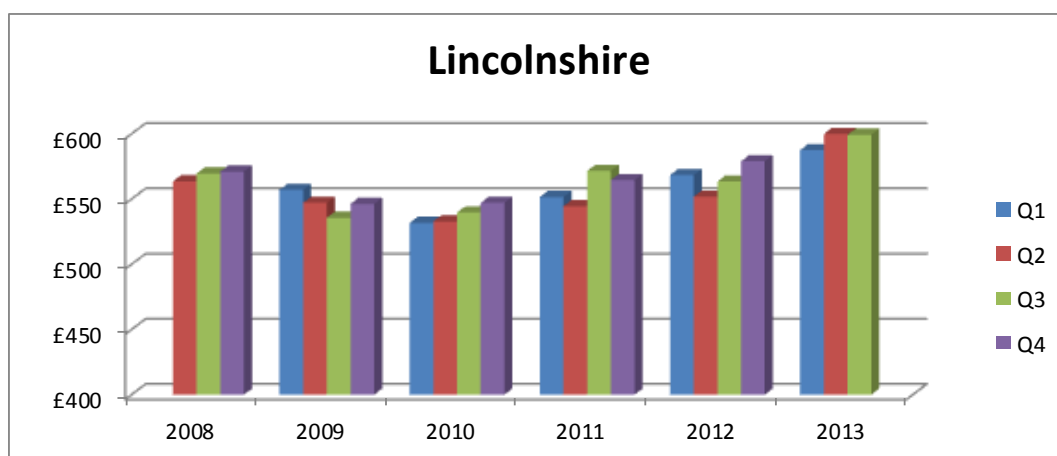
In Lancashire, the Quarter three 2013 average monthly rent is £539, versus Quarter two 2013 average rent of £531, an £8 per month increase. Compared to the average monthly rent for Quarter three 2012 of £545, this suggests though that over the year, rents are relatively static.



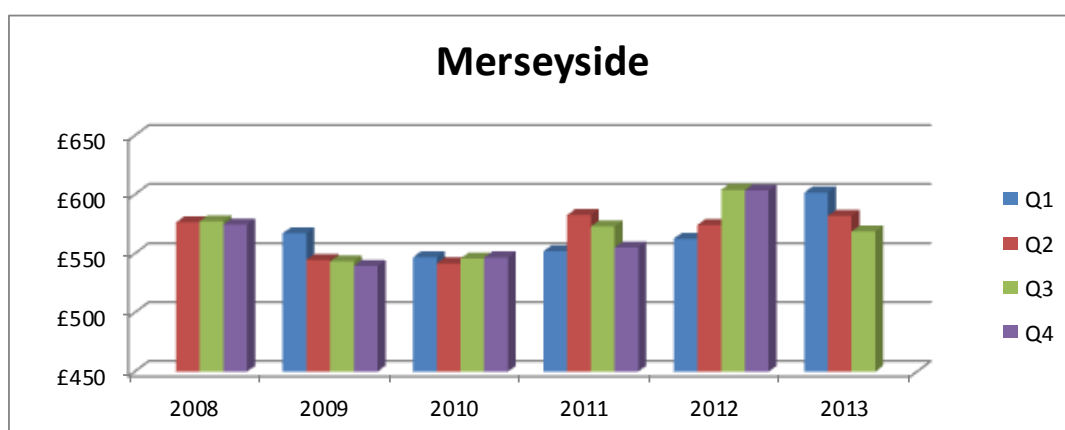
The average monthly rent for Quarter three 2013 in Leicestershire is £565, which is a 7.5% fall in rents versus Quarter two 2013 of £611. Compared to Quarter three 2012, with an average monthly rent of £572, this would suggest a small fall in rents year on year.



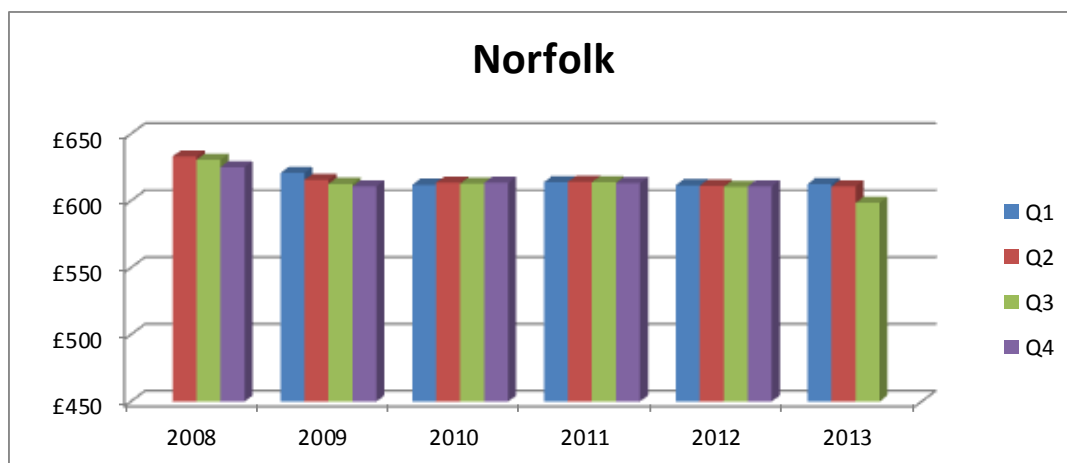
The Quarter three 2013 average monthly rent for Lincolnshire is £599, which is slightly less than the Quarter two 2013 average rent of £603. Year on year though, there is a rise of just over 6% on the Quarter three 2012 average monthly rent of £563, so rents are stable this year following a rise year on year.



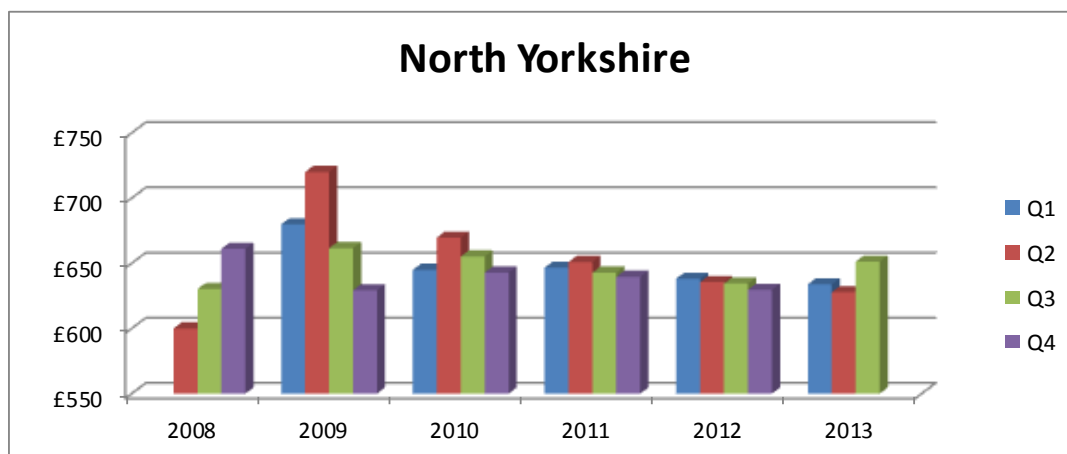
In Merseyside, the average monthly rent for Quarter three 2013 is £569. This is around a 2% fall from the Quarter two 2013 rent of £582. This is also a drop of just under 6% when compared to a year ago, and the average monthly rent for Quarter three 2012 of £604, suggesting rents in the Liverpool area are falling.



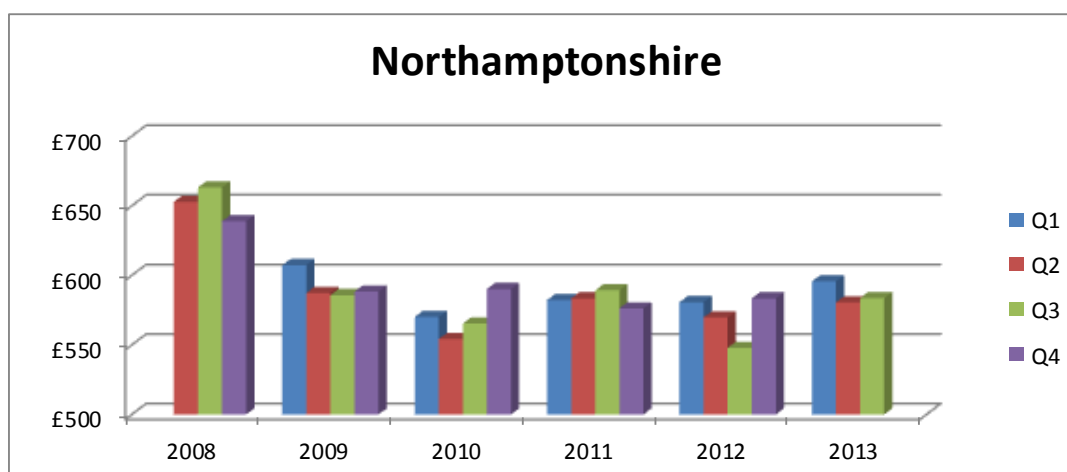
The Norfolk Quarter three 2013 average monthly rent is £599, versus an average monthly rent of £611 in Quarter two 2013, which shows rents falling slightly by 2%. The monthly average rent year on year is also £611, indicating the overall trend remains stable.



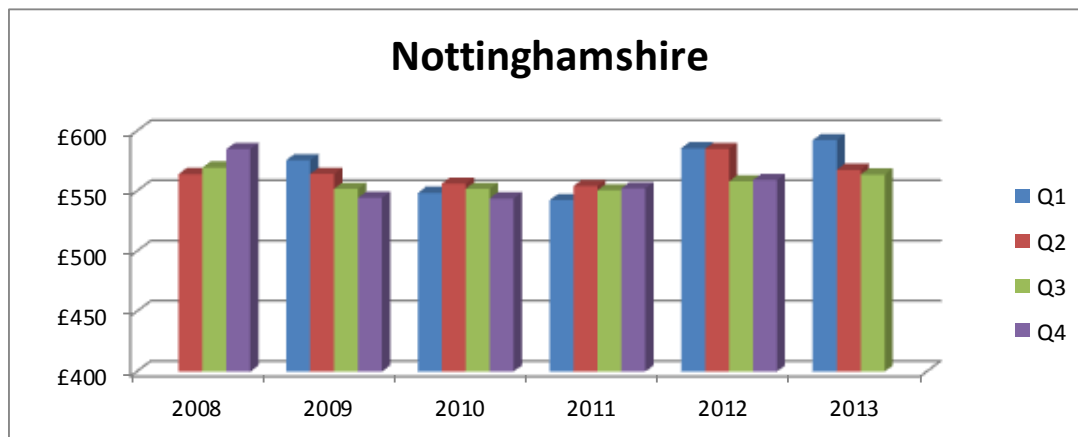
The average monthly rent in North Yorkshire for Quarter three 2013 is £651. Compared to an average monthly rent of £628 in Quarter two 2013, rents have risen slightly by around 3.5%. And looking at last year's average monthly rent of £635 in Quarter three 2012, it suggests rents are on the rise in the area, albeit in line with inflation.



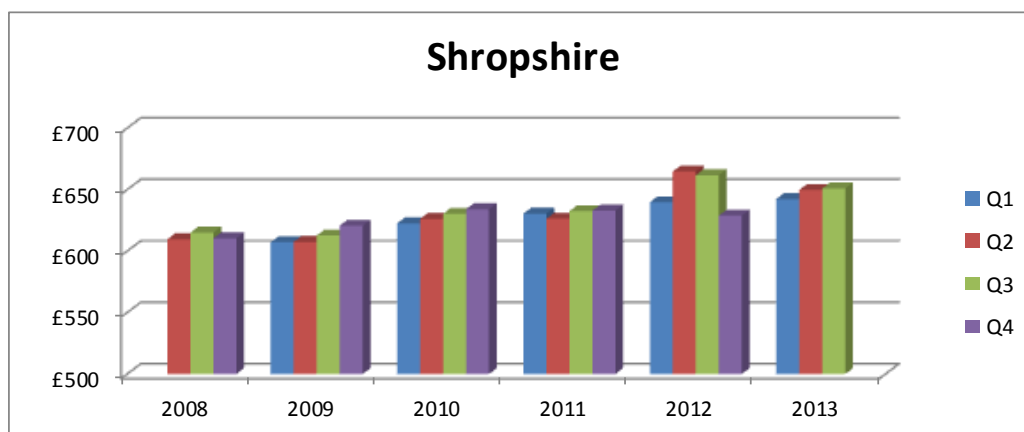
In Northamptonshire, the average monthly rent for Quarter three 2013 is £584. Versus a monthly average of £581 in Quarter two 2013, there is only a very slight rise. This suggests rents have stabilised following their large rise year on year, mainly driven by a particularly low Quarter three 2012 average monthly low.



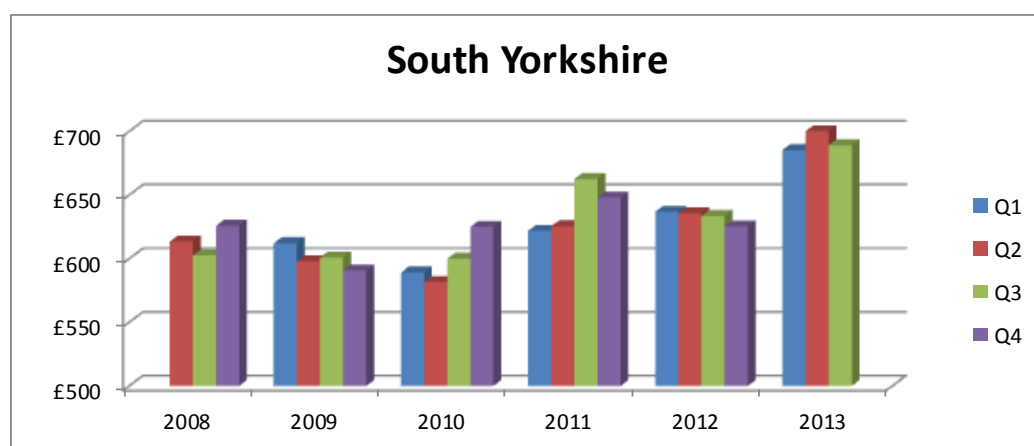
The average monthly rent for Quarter three 2013 in Nottinghamshire is £564. Compared to the Quarter two 2013 average rent of £568, this is only £4 less. Overall, rents have been pretty stable for the last few years.



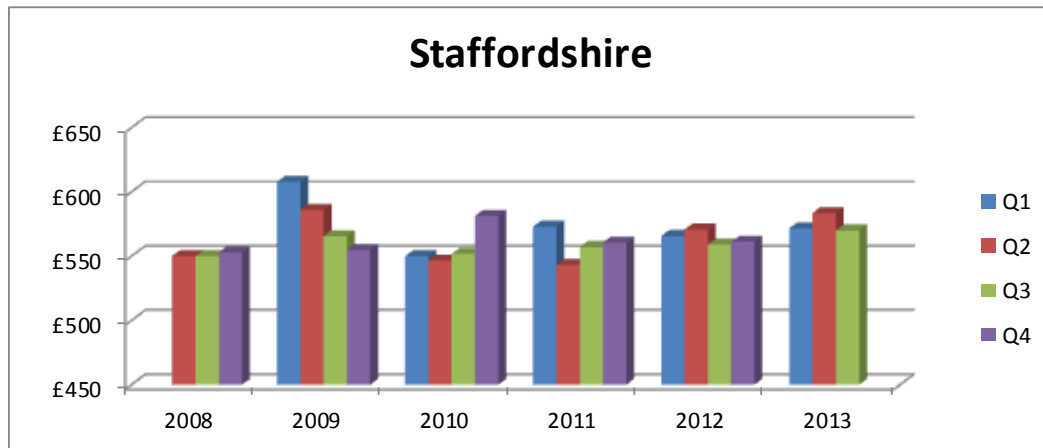
In Shropshire, the average monthly rent for Quarter three 2013 is £651. Versus the Quarter two 2013 average rent of £650, there is only £1 difference. Compared to Quarter three 2012 and an average monthly rent of £662, rents have fallen slightly. Overall, rents have been steadily growing since 2008, but are still rising at less than inflation.



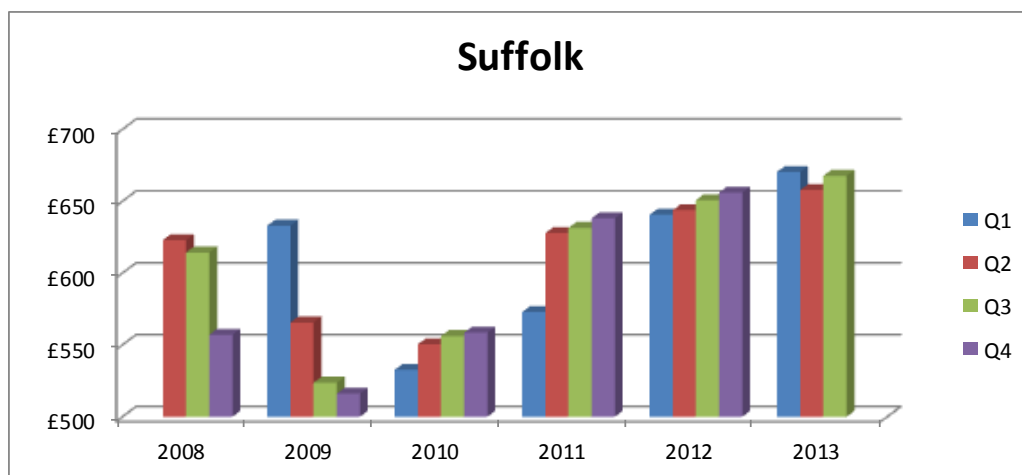
The South Yorkshire average monthly rent for Quarter three 2013 is £689 which is lower than the Quarter two 2013 average rent of £716, suggesting rents have dropped by just over 3.7%. Year on year however, rents have risen from an average of £634 in Quarter three 2012, suggesting rents rose year on year but have now stabilised.



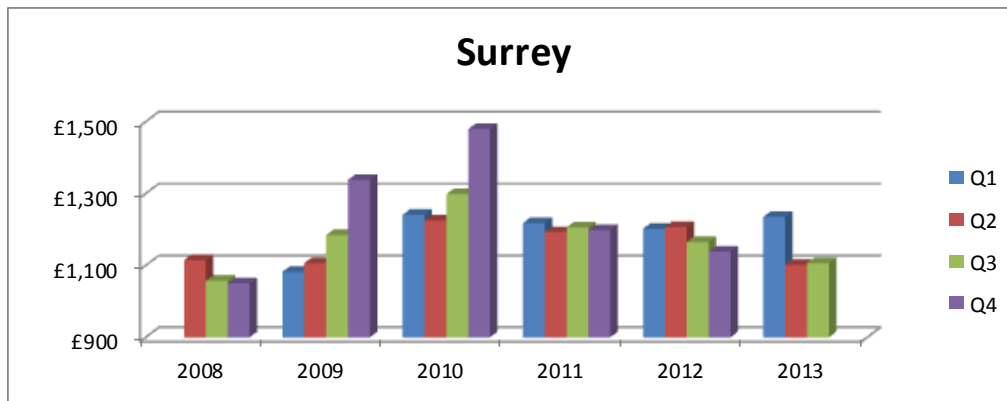
In Staffordshire, the average monthly rent for Quarter three is £570, which is slightly down on the Quarter two 2013 average rent of £584. Compared to Quarter three 2012 and an average rent of £559, rents are slightly up year on year though, but looking over the last few years, they have and remain to be pretty static.



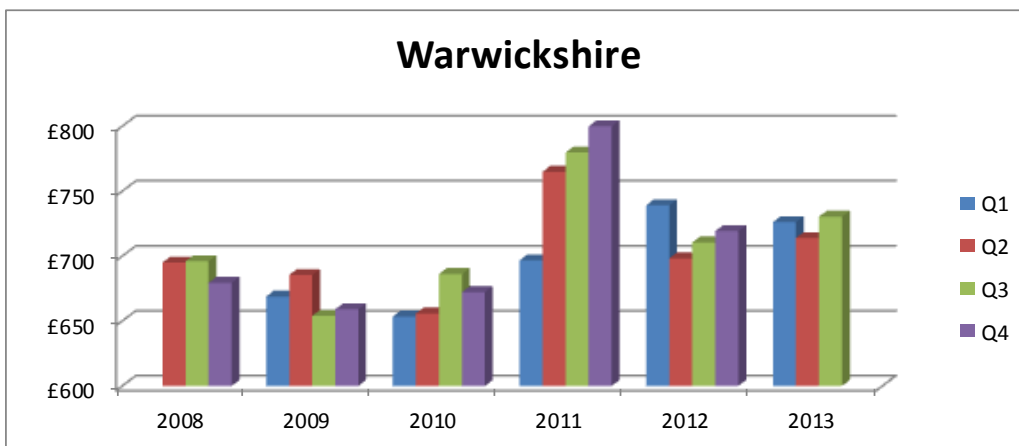
The Quarter three 2013 average monthly rent for Suffolk is £668, which is very slightly up by 1.5% on the Quarter two 2013 average rent of £658. This rise is also seen when comparing this quarter's rents to last year, which were £651 per month, showing a 2.6% rise – which is in line with inflation.



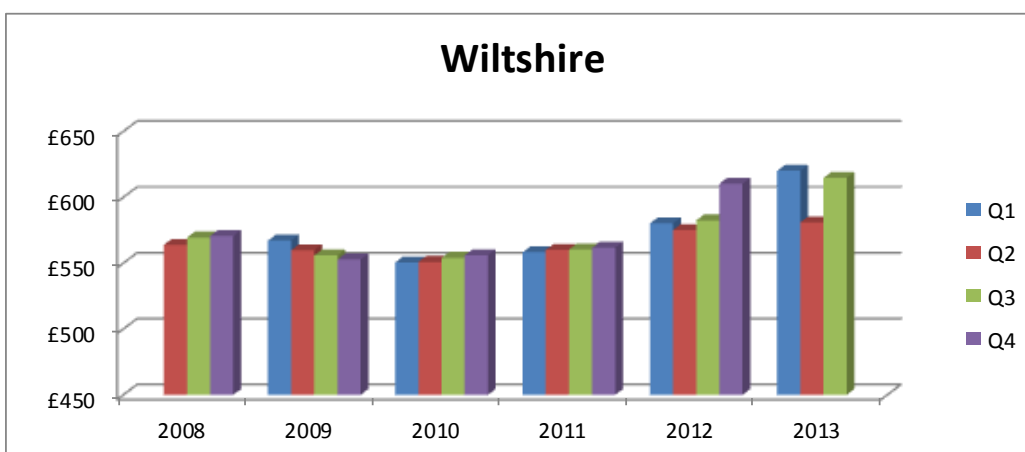
In Surrey, the Quarter three 2013 average rent is £1,106, which is just £4 above the Quarter two 2013 average monthly rent of £1,102. Compared to an average monthly rent of £1,165 for Quarter three in 2012, although rents are holding steady this year, they are actually 5% lower year on year.



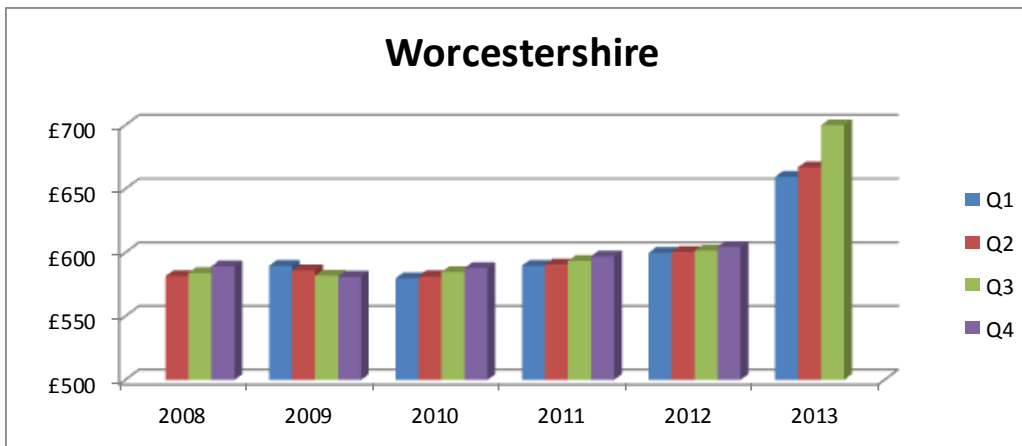
The monthly average rent for Quarter three 2013 in Warwickshire is £730, a small rise of just over 2% on the Quarter two 2013 average rent of £714. This quarterly rise is also reflected in the year on year quarterly comparison, with rents rising by 2.5%.



In Wiltshire, the average monthly rent for Quarter three 2013 is £615, which would suggest a 6% rise on a quarterly and year on year comparison, and is mainly due to a rise in the Devizes office rents.



The average monthly rent for Quarter three 2013 in Worcestershire is £704, compared to the Quarter two 2013 average rent of £667, a rise of around 5.5%. Versus last year's Quarter three 2012 average rent of £601, this looks like a huge 17% rise. This is due to the addition of the Evesham office whose average rent is around £800 per month. In reality, the Worcester office rents average around £620 per month.



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 August 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.