



Rents show little sign of significant rises

Q3 2014 Rental Market Analysis

We analyse property market information from a consumer and industry perspective. Our private rental sector analysis studies recent rental reports and surveys. We use the data to consider emerging trends from studying the statistics but also talking to agents, landlords and tenants. Rather than just producing stats, we look at the implications this has for agents, landlords, property investors and tenants.

Consumer Rental Market Report Index

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For more commentary on what's happening in the rental market and advice for tenants and landlords, contact **Kate Faulkner** on **07974 750562**.

What's happening to National Rental Trends?

According to both the LSL letting agent indices and Belvoir Rental Index, which both measure existing and new rents, have risen slightly over the last three months. The Homelet index, which is an insurance index, is showing much larger increases from June onwards which are above inflation. This is due to the fact that the index only covers new tenancies and they are seeing a move to higher value rental properties, meaning not 'all' rents are rising.

Rental Indices	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Homelet	£854	£815	£806	£813	£800	£818	£824	£848	£846	£862	£900	£921	£918
LSL	£757	£758	£753	£745	£742	£743	£741	£741	£745	£747	£753	£761	£768
Belvoir	£689	£686	£685	£683	£686	£687	£687	£688	£688	£691	£690	£693	£697

The main indices we track monthly are [Homelet](#), [LSL](#) and [Belvoir](#). [Belvoir](#) and [Homelet](#) are national (ie include Northern Ireland, Wales and Scotland), while [LSL's](#) Buy to Let index covers England and Wales.

LSL (Your Move and Reeds Rains) suggest that rents have '*edged to a new all-time record*' but this is only as far as their index goes back to – which is 2010. It doesn't cover the highs seen in rents in 2008, which according to the Belvoir Index, shows rents are still only on a par with those seen six years ago.

Both LSL and Belvoir also show that residential rents across England and Wales are just £10 higher than September 2013, and a slight increase based on August 14. Both of these indices do seem to be tracking similar trends together, showing some consistency in rental indices reporting.

David Newnes, director of estate agents Reeds Rains and Your Move, comments: *"As the wider cost of living grows ever more slowly, so too has the cost of renting a home. That said, autumn is always a busy period for the lettings industry, and this has been no exception. Looking ahead, it is likely that rents in most parts of the UK will have now reached their seasonal peak – so as the market cools along with the autumn weather there may be opportunities for some tenants to pick up a favourable deal."*

For new tenancies, Homelet suggest the average rent is 8.2% higher than in September 2013, but mostly driven by London, elsewhere, rents are up 4.6%.

What's happening to Regional Rental Trends?

Much the same as national property prices versus regional ones, rental trends vary for each area, even to postcode level, but not as much as property prices. For example, you might have 10 different prices for a two bed flats vs four for rent. In the regional indices chart, we include average monthly rents from [LSL](#), [Homelet](#) and [Belvoir](#) for Sept 14 vs Sept 13, compared to the [Move with Us](#) and [Countrywide](#) average monthly rent for Q3 14 vs Q3 14.

September 2014	LSL Average Monthly Rent Sep-13	LSL Average Monthly Rent Sep-14	LSL % Change YoY	Move with Us Average Monthly Rent Q3 13	Move with Us Average Monthly Rent Q3 14	Move with Us % Change YoY	Homelet Average Monthly Rent Sep-13	Homelet Average Monthly Rent Sep-14	Homelet % Change YoY	Belvoir Average Monthly Rent Sep-13	Belvoir Average Monthly Rent Sep-14	Belvoir % Change YoY	Countrywide Average Monthly Rent Q3 13	Countrywide Average Monthly Rent Q3 14	Countrywide % Change YoY
Scotland	n/a	n/a	n/a	£ 660	£ 727	10.2%	£ 615	£ 614	-0.2%	n/a	n/a	n/a	£ 636	£ 672	5.7%
Wales	£ 573	£ 567	-1.0%	£ 625	£ 658	5.3%	£ 614	£ 603	-1.8%	£ 623	£ 617	-1.0%	£ 659	£ 664	0.8%
North East	£ 533	£ 521	-2.3%	£ 650	£ 646	-0.6%	£ 508	£ 505	-0.6%	n/a	n/a	n/a	£ 641	£ 654	2.0%
North West	£ 597	£ 609	2.0%	£ 618	£ 610	-1.3%	£ 649	£ 660	1.7%	£ 609	£ 594	-2.5%	ditto	ditto	ditto
Yorkshire & The Humber	£ 547	£ 545	-0.4%	£ 590	£ 593	0.5%	£ 595	£ 607	2.0%	£ 616	£ 600	-2.6%	ditto	ditto	ditto
East Midlands	£ 565	£ 565	0.0%	£ 616	£ 642	4.2%	£ 592	£ 585	-1.2%	£ 569	£ 563	-1.1%	£ 669	£ 669	0.0%
West Midlands	£ 577	£ 563	-2.4%	£ 657	£ 681	3.7%	£ 606	£ 656	8.3%	£ 660	£ 659	-0.2%	ditto	ditto	ditto
South West	£ 641	£ 655	2.2%	£ 779	£ 813	4.4%	£ 803	£ 868	8.1%	£ 749	£ 734	-2.0%	£ 776	£ 788	1.5%
East Anglia	£ 739	£ 762	3.1%	£ 894	£ 947	5.9%	£ 742	£ 826	11.3%	£ 698	£ 714	2.3%	£ 850	£ 912	7.3%
South East	£ 787	£ 802	1.9%	£ 1,134	£ 1,254	10.6%	£ 847	£ 908	7.2%	£ 874	£ 902	3.2%	£ 1,090	£ 1,140	4.6%
Greater London	£ 1,141	£ 1,166	2.2%	£ 2,210	£ 2,452	11.0%	£ 1,338	£ 1,466	9.6%	£ 1,566	£ 1,507	-3.8%	£ 1,116	£ 1,225	9.8%

It's unlikely that any indices can be directly compared, but what we can do is check whether they are all giving the same trending information – ie going up or down, so we can get a feel for what's actually happening in the market from a variety of sources.

The breakdown for **Scotland and Wales** regions show:-

- For **Wales**, the [Homelet](#), [Belvoir](#) and [LSL](#) indices all suggest a slight year on year fall of -1.8% and -1% respectively, with [Countrywide](#) showing an insignificant rise of 0.8% and [Move with Us](#) and larger rise of 5.3%, year on year. Overall, it looks like rents in Wales are pretty static to falling.
- In **Scotland**, the indices are mostly showing higher than average rises year on year. [Countrywide](#) and [Move with Us](#) indices shows rental increases of 5.7% and 10.2% respectively. According to the Scottish Buy to Let Index from LSL, "Average residential rents across Scotland are still 2.0% (£11) higher than a year ago, but this represents a slowdown of growth on an annual basis. Annual rent rises have eased off from 2.7% last month, and fallen back from a 3.1% annual change in the year to September 2013." For new tenancies, [Homelet](#) indicates an insignificant rental drop of -0.2%, suggesting rent rises may have peaked.

Rental changes in English regions

The breakdown for the **English** regions shows:-

- In the **North East**, rental averages tend to be erratic due to property rents ranging from around £300 to in excess of £2,000 a month. Having said that, we are seeing some consistency this month with [LSL](#), [Homelet](#) and [Move with Us](#) indices all registered small year on year falls of -2.3% and -0.6% respectively, with [Countrywide](#) showing a small rise of 2%. Looking at [Belvoir's](#) individual offices, rents appear to be stable to slightly rising.

Rental changes in English regions – cont'd

- The data from [Belvoir](#) and [Move with Us](#) for the **North West**, show small year on year falls of -2.5% and -1.3% and [LSL](#) and [Countrywide](#) also showing rises of 2%. New tenancies show [Homelet](#) indicating a small rise of 1.7%.
- In the **Yorkshire & The Humber** region, the figures from [Belvoir](#) and [LSL](#) show a year on year fall of -2.6% and -0.4%, with [Move with Us](#), [Homelet](#) and [Countrywide](#) registering small increases of 0.5% through to 2% respectively.
- With the exception of [Move with Us](#), the figures would suggest that rents in the **East Midlands**, year on year, have changed very little, with rental movements of -1.2% and -1.1% via [Homelet](#) and [Belvoir](#), and no year on year rental changes from [Countrywide](#) and [LSL](#). However, the [Move with Us](#) data suggests rents have increased by 4.2% over the last year.
- In the **West Midlands**, the rental indices show quite big rental changes from falls of -2.4% and -0.2% via [LSL](#) and [Belvoir](#), through to no change from [Countrywide](#), and increases of 3.7% and 8.3% from [Move with Us](#) and [Homelet](#). This suggests quite big differences in the reports, likely to be down to a mix of areas and property types.
- For the **South West** region, [Belvoir](#) indicate a small year on year fall in rents of -2%, [Countrywide](#) a slight rise of 1.5%, [LSL](#) small rises of 2.2%, [Move with Us](#) a rise of 4.4%, and [Homelet](#) showing a larger increase of 8.1% for new tenancies.
- The rental indices for **East Anglia** show variations in year on year rental movements, ranging from small increases of 2.3% and 3.1% from [Belvoir](#) and [LSL](#), through to larger increases of 5.9%, 7.3% and 11.3% via [Move with Us](#), [Countrywide](#) and [Homelet](#).
- Monthly average rents in the **South East** region vary from small rises of 1.9% and 3.2%, year on year, from [LSL](#) and [Belvoir](#), through to rises of 4.6%, 7.2% and 10.6% via [Countrywide](#), [Homelet](#) and [Move with Us](#) respectively.
- In **Greater London**, the rental indices show significant variations in year on year rental movements, ranging from a fall of -3.8% recorded by [Belvoir](#), through to a small increase of 2.2%, and much larger increases of 9.6%, 9.8% and 11%, via [LSL](#), [Homelet](#), [Countrywide](#) and [Move with Us](#).

What's happening with Room Rents?

We work closely with [SpareRoom](#) who run their own Index to help buy to let landlords and tenants understand the trends in renting a room and they support our [Rent a Room Checklist](#).

National room rent trends from [SpareRoom](#) show *"the average UK rent last month was £544, back to levels we saw in July this year (£546)"*

Regional Room Rent Trends

The average UK rent last month was £544, back to levels seen in July this year (£546). Areas including Milton Keynes, Bournemouth, Croydon and Blackburn have seen a steady annual rental growth of 3%. On the flipside, Salford, Newport, Londonderry and Kirkcaldy have seen a 3% reduction in rents year on year. Rent levels remain constant in Poole, Exeter, Gateshead and Northampton.

Interestingly, throughout London, room rents appear to have peaked so far this year and we are now seeing falls during September, from between -6.6% in South East London through to -3.9% in East Central London.

Regional Room Rents

September 2014	SpareRoom Average Monthly Rent	SpareRoom Quarterly Change
Edinburgh	£ 436	-0.9%
Belfast	£ 250	-31.4%
Cardiff	£ 321	-11.7%
Durham	£ 347	-9.4%
Manchester	£ 361	-6.9%
Leeds	£ 340	-2.1%
Nottingham	£ 336	-4.4%
Birmingham	£ 373	-2.1%
Swindon	£ 390	-2.3%
Peterborough	£ 356	-2.7%
Bournemouth	£ 427	-0.8%

London Room Rents

September 2014	SpareRoom Average Monthly Rent	SpareRoom Quarterly Change
East Central London	£ 867	-3.9%
East London	£ 640	-4.1%
North London	£ 657	-5.0%
North West London	£ 708	-4.0%
South East London	£ 607	-6.6%
South West London	£ 684	-4.2%
West Central London	£ 882	-4.2%
West London	£ 744	-4.8%

Data sourced from [SpareRoom's Room Rental Index \(September 2014\)](#). For more data, visit [SpareRoom.co.uk](#).

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If you need Kate to appear on TV, radio or for general comment, please contact directly:-

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About Kate Faulkner

Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors, first time buyers and is often asked to present at industry conferences and chair debates.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out over 15 TV and radio interviews, has been quoted every month in major newspapers and magazines and being featured in many local newspapers.

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