

BELVOIR!

the lettings specialist

**January 2014
Rental Index**

CONTENTS

Belvoir Rental Index January 2014: Top 10 Report Highlights	3
National Rental Trends	4
<i>Belvoir Index Area Summary Belvoir Lettings Index Summaries for England, Wales and Scotland</i>	5
<i>Summary for England</i>	5
<i>Summary for Scotland</i>	6
<i>Summary for Wales</i>	7
<i>Summary for Northern Ireland</i>	8
<i>East Anglia</i>	10
<i>East Midlands</i>	11
<i>London</i>	11
<i>North East</i>	12
<i>North West</i>	12
<i>South East</i>	13
<i>South West</i>	13
<i>West Midlands</i>	14
<i>Yorkshire</i>	14
Appendix	15
<i>Belvoir Rental Index 2008 to 2013</i>	15

Belvoir Rental Index January 2014: Top 10 Report Highlights

1. In January, average rents were £685, which is just £2 less than in January 2013 for all offices in England which have traded consistently for the last five years.
2. Average rents in Scotland for January were £567 per month, a 3% increase on January 2013. Rents in Scotland varied from £482 in Falkirk through to £659 in Stirling.
3. In Wales, average rents in January were £648 per month, £4 more than in January 2013, and varied across the region from £560 in Wrexham through to £748 in Cardiff.
4. Rental levels in Northern Ireland continue to remain stable across the region, with good levels of tenant demand.
5. In January, the areas yet to recover to the 2008 rental heights include the East Midlands, East Anglia, North East and the North West.
6. Yorkshire is recovering to 2008 rental heights in January 2014.
7. Areas where rents have risen above 2008 heights in January 2014 include the West Midlands, South East, South West and London.
8. The average rent for London in January 2014 was £1,344 per month, 11% above the high of 2008.
9. The average rent for the East Midlands in January 2014 was £571 per month, -5% below the height of 2008.
10. For the Belvoir group, including all new offices, the average monthly rent for January was £714, £2 above the height of 2008.

National Rental Trends

For offices in England that have been trading consistently for the last five years, the average monthly rent in January 2014 was £685. Comparing this to January 2013, when the average rent was £687 per month, this shows a difference of just £2 year on year.

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

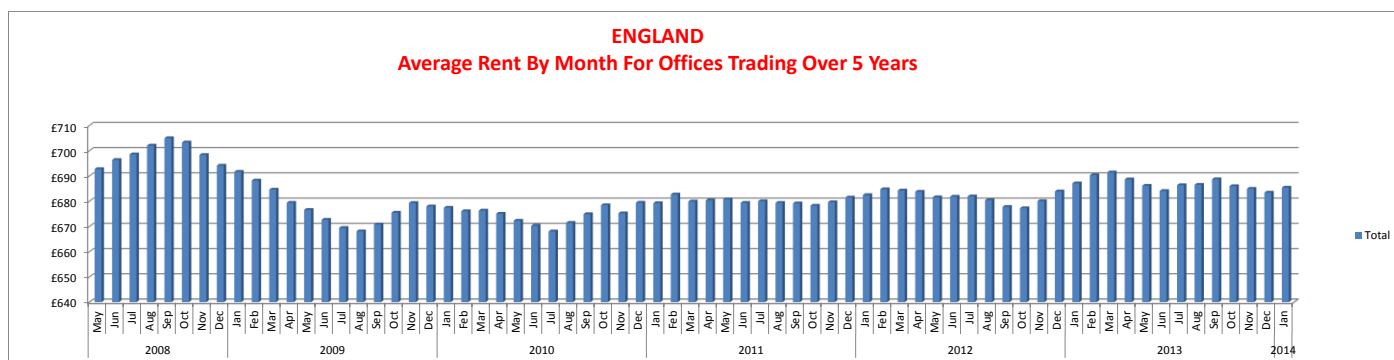
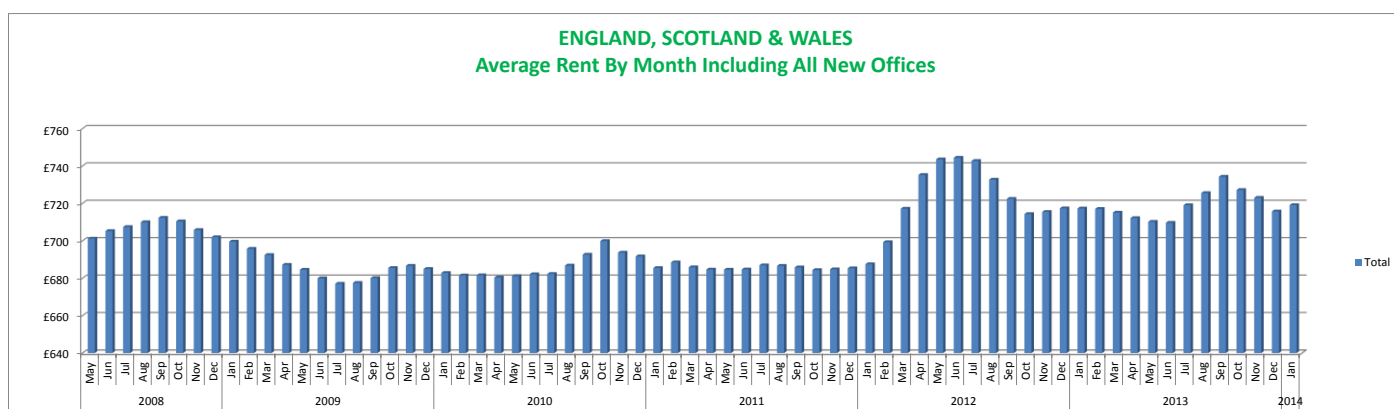


Chart showing the national rental trends for the last five years, including new Belvoir offices



The monthly rental average for the group was £714 in January 2014. Versus £710 being the group's rental average for January 2013, this is a slight increase of just 0.5% year on year, £1 more than the 2013 annual average. There are currently over 160 offices in the group nationwide.

Dorian Gonsalves, CEO of Belvoir Lettings commented *“Rents continue to move in line with wages - if wages don't increase, it is difficult for landlords to increase the cost of living in their accommodation. Landlords are being helped to keep rents affordable through competitive mortgage rates, as lenders look to secure more business from good quality landlords and their portfolios.”*

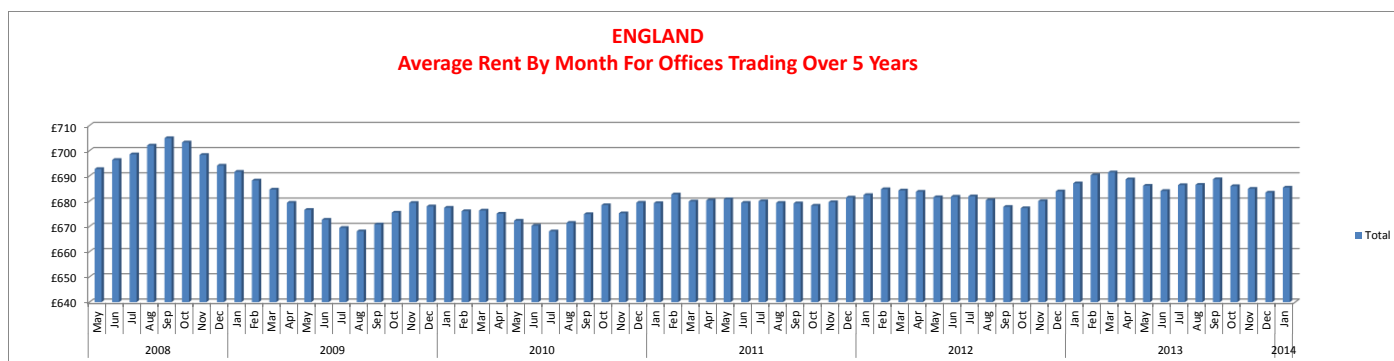
Belvoir Index Area Summary

Belvoir Lettings Index Summaries for England, Wales and Scotland

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

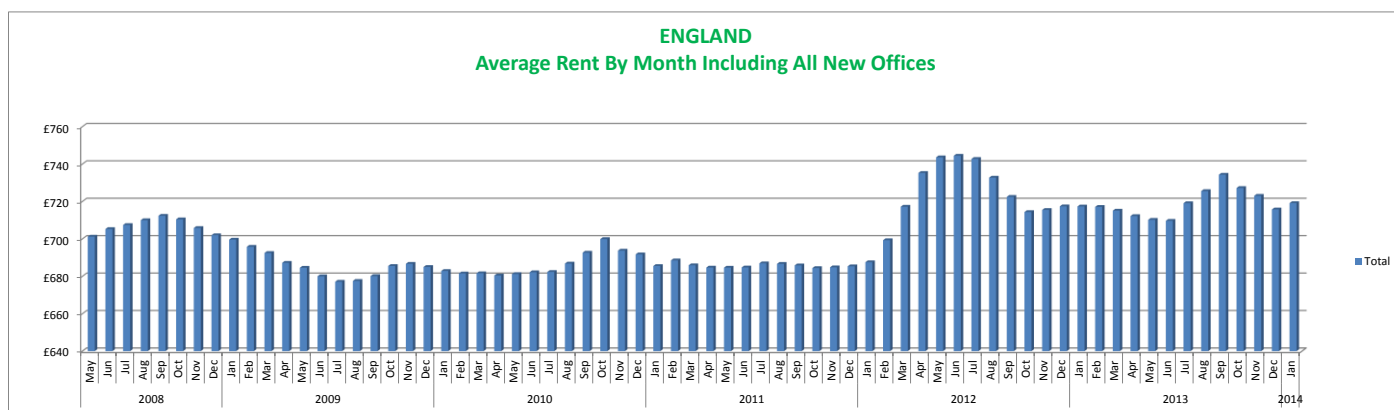
Summary for England

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



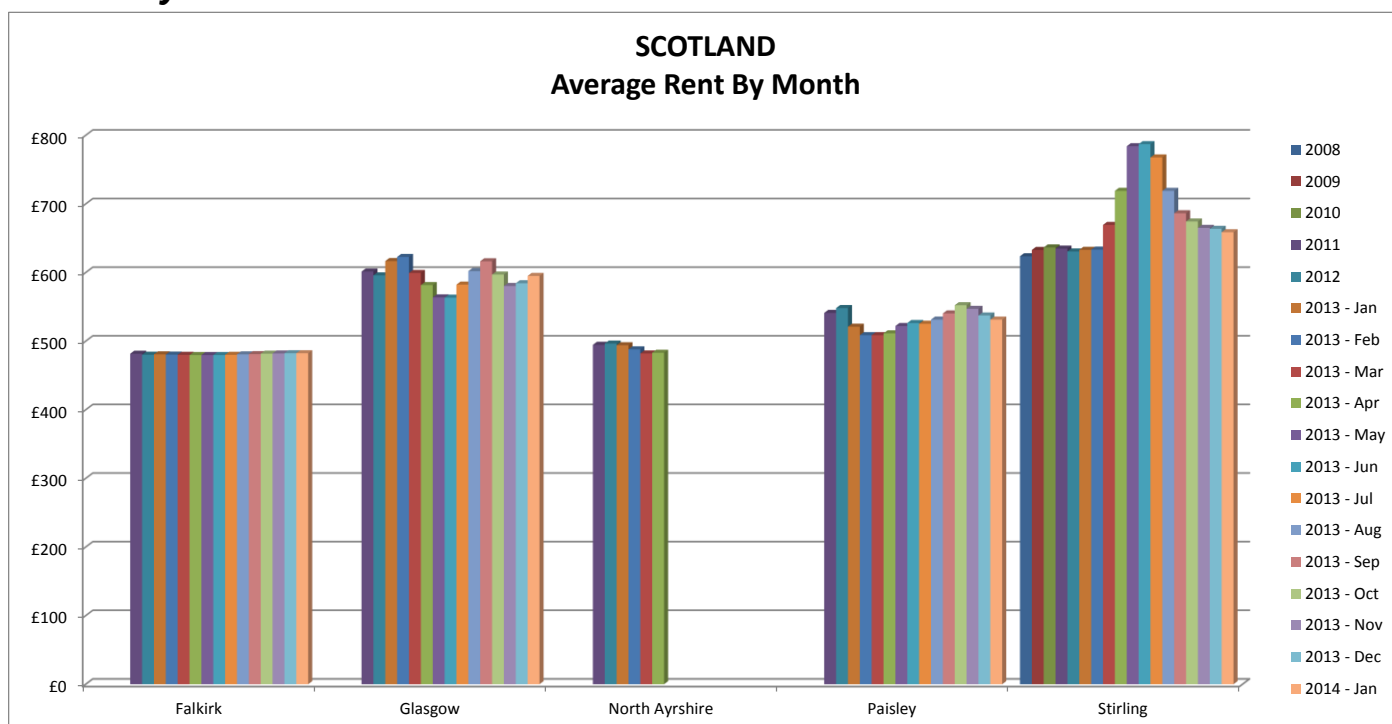
For offices in England that have been trading consistently for over five years, the average rent for January 2014 was £685 per month. Compared to the January 2013 average of £687 per month, this shows a small fall of £2 year on year. Average rents in England continue to experience steady growth but as the chart above shows, have not yet recovered compared to the peak of 2008.

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



In January 2014, the average rent for all offices in England was £719 per month. Versus the average monthly rent recorded in January 2013 of £717, this shows a very slight increase of £2 year on year. This increase is mainly driven by new, higher rental average offices, being added to the group.

Summary for Scotland



The average monthly rents in **Falkirk** have been consistent for some time and the average rent for January 2014 of a two bed flat is £482 per month, which has changed very little since 2011.

Mike Campbell, of Belvoir Falkirk reports *“No real change in the market with rental levels continuing to remain static in Falkirk.”*

In the **City of Glasgow**, the average monthly rent for January 2014 was £595. Compared to January 2013, when the average rent was £617, this indicates a decrease of 3.5% year on year.

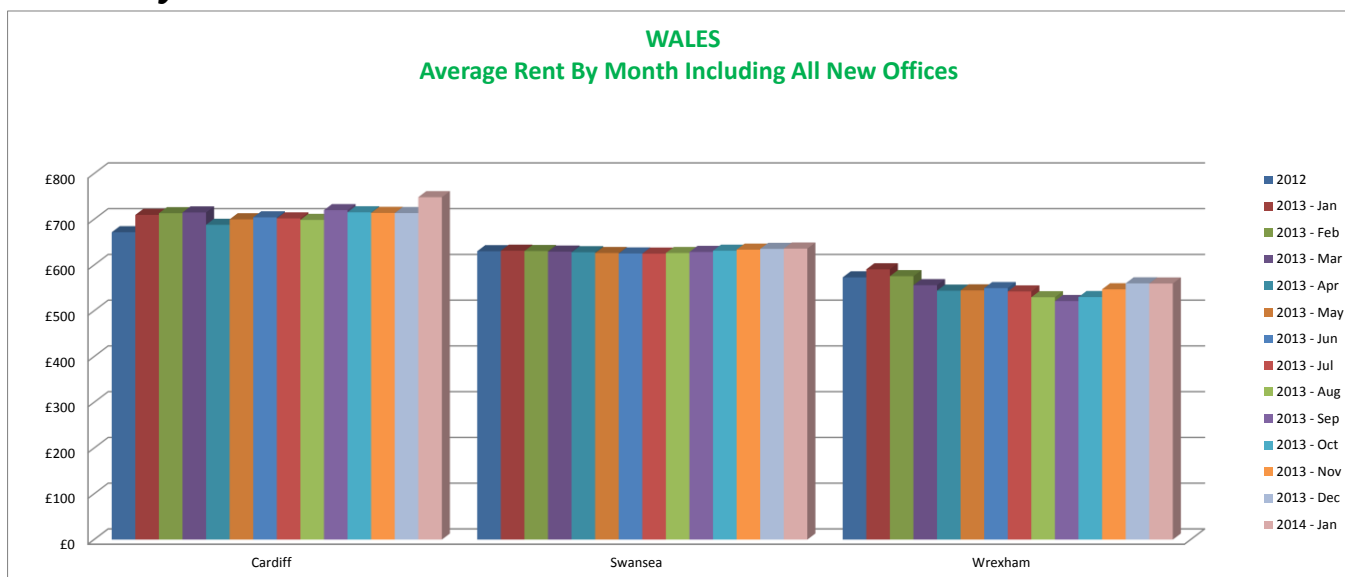
Sharon Walker from Glasgow comments *“January was very quiet with lets and appraisals, but things are starting to pick up now.”*

The average rent in **Paisley** for January 2014 was £531 per month. Versus an average rent of £521 in January 2013, this shows around a 2% increase year on year.

Denise Rhodes, from Belvoir Paisley comments *“Rents in the area continue to be stable. However, the time to let has greatly reduced due to a post-Christmas buoyant market. January was another record month for Belvoir Paisley, with Sales (turnover) up 66% compared to January 2013.”*

In **Stirling**, the average rent for January 2014 was £659 per month. Compared to the average monthly rent for January 2013 of £633, this indicates an increase of 4% year on year. We believe though this is more due to a *change in the mix of advertised properties as opposed to rents actually rising (see Appendix).*

Summary for Wales



The average rent recorded in Wales for January 2014 was £648 per month. There has been very little change to average monthly rents in Swansea since 2012. However, Cardiff experienced a slight increase in January having been relatively steady for the last couple of years, with Wrexham average rents remaining static with only a little movement in rental levels since 2012.

In January, the average monthly rents for **Cardiff** were £748, **Swansea** £636 and **Wrexham** £560.

Ben Davies of Belvoir Swansea comments *“Rents have remained the same, but it looks as though the yields new investment landlords are achieving are not as good as last year due to a slight increase in house prices. We are continually seeing a rise in landlords purchasing new build properties in the Copper Quarter Development as well as the new Bellway Estate, and Hale and Charles Church sites in the SA1 Marina.”*

Vaughan Schofield of Belvoir Wrexham reports *“The property market is currently very buoyant in North Wales with the volume of property selling being at his highest for the last six years, property prices have not increased as yet but, there is undoubtedly an increased appetite to buy.”*

“What has surprised me, is that the rental side of our business (we are an office which is trialling selling houses) has held up very strongly, far stronger than I anticipated The beginning of this new year has found us marketing in excess of 55 lettings’ properties consistently and have managed well in excess of 20 ‘move ins’ during January 2014.”

Rob Price from the **Cardiff** office reports that *“January has been a very ‘vibrant’ month and we are definitely getting busier. There has been a slight increase in rents, not just on new lets but also on rent reviews.”*

Summary for Northern Ireland

Andrew Jack of Belfast says *“The supply of good quality rental property is below current tenant demand in many parts of Belfast. Rents are remaining stable, with some modest rent increases achievable in the prime parts of South Belfast and the city centre, but as always, the quality of the property remains the key consideration for most tenants.*

“The outlook for 2014 is certainly brighter than it was 12 months ago. However, the supply of rental property is expected to be determined by the sales market, which is beginning to show some signs of recovery. Accidental landlords may soon look to off load their property, however, realistic sales’ values are still below vendors’ expectations in many areas, so it seems likely that those properties will remain in the rental sector, in the short term at least.

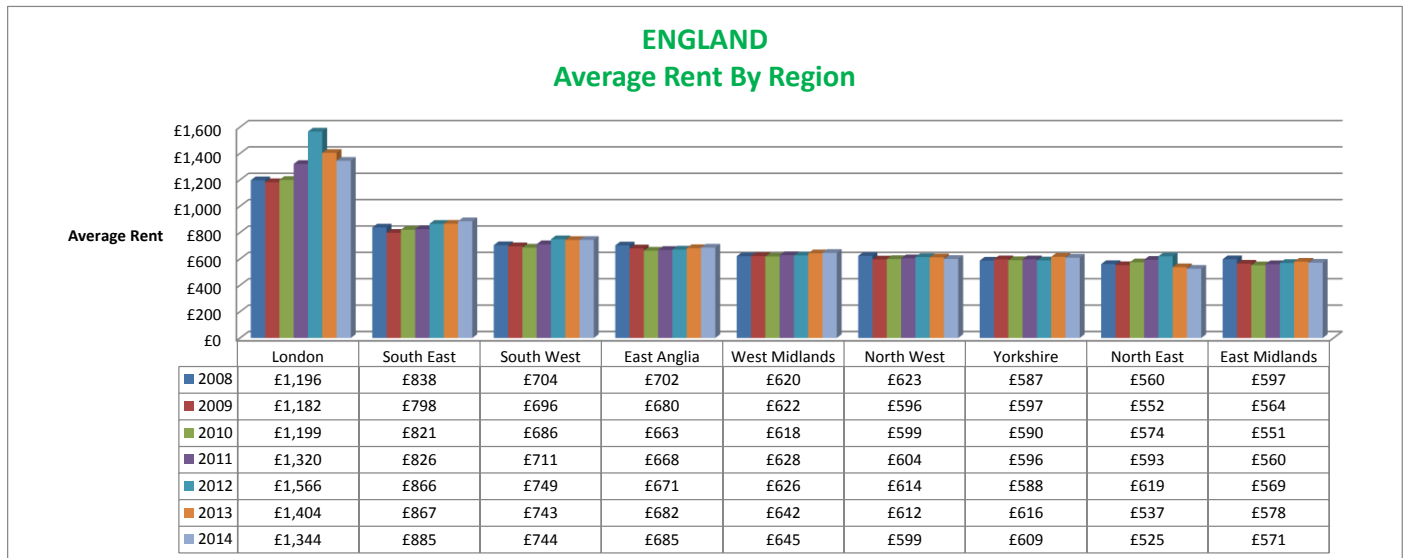
“Any increased supply of rental property is likely to come from existing landlords growing their portfolio, and new entrants to the buy to let market seeking to benefit from low purchase prices and stable rents, offering healthy yields in most cases. Belfast property continues to offer an excellent opportunity for investors.”

Regional Rental Trends

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

In January 2014, regional rents for the year to date across England vary from £525 per month in the North East to £1,344 per month in London.

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



Average rents in the East Midlands, East Anglia, North West and the North East are still recovering, while the West Midlands, South East and South West rents have recovered and exceed the 2008 height. However, in Yorkshire, rents have remained fairly level around 1% above the 2008 height. The average monthly rent for London in January was £1,344 - 11% above the 2008 height.

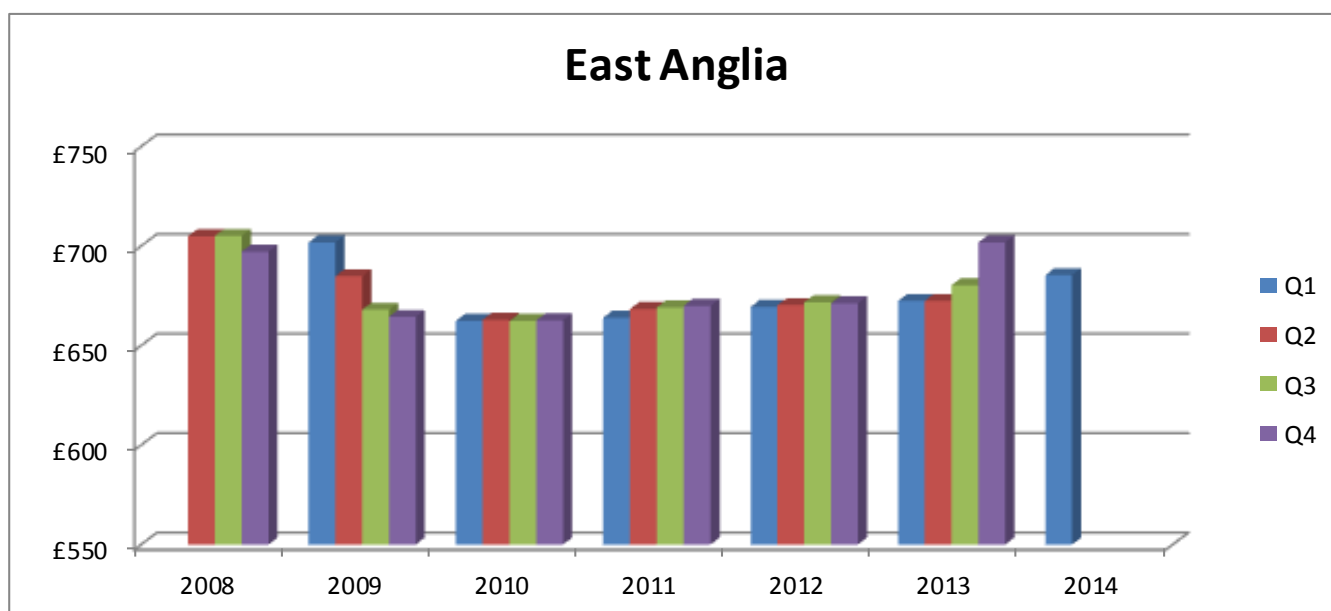
Region	2008	2009	2013	2013	2014	2014
	High	Low	November	December	January	January vs 2008 high
North East	£562	£547	£541	£534	£525	-7%
East Anglia	£708	£664	£704	£690	£685	-3%
East Midlands	£604	£553	£569	£570	£571	-5%
North West	£627	£587	£609	£606	£599	-4%
West Midlands	£622	£611	£649	£645	£645	4%
Yorkshire	£603	£577	£614	£610	£609	1%
South East	£850	£785	£872	£873	£885	4%
South West	£714	£687	£757	£752	£744	4%
London	£1,208	£1,119	£1,413	£1,337	£1,344	11%

East Anglia

In East Anglia, the average rent for January 2014 was £685 per month. Versus the annual average monthly rent for 2013 of £682, this would indicate a small year on year rise of £3. In January 2014, average rents for the region vary from £600 in Ipswich, through to £910 in Cambridge. Overall, for around a third of the offices rents remained stable, a third recorded rises with the remaining offices recording small falls.

Terry Lucking of Belvoir Peterborough and Cambridge comments *“In Peterborough, rents are up 2 to 5% year on year, depending on type and area. Supply has also increased as a result of more buy to let investment, with demand marginally up more than supply.*

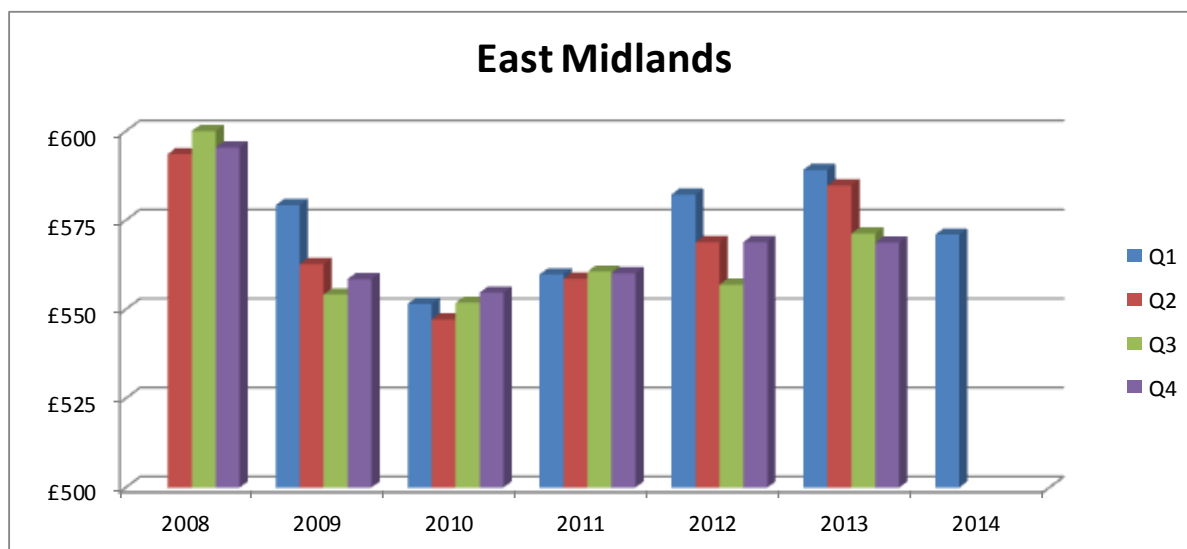
“In our Cambridge office, rents are up 4 to 8% year on year, with supply up as a result of more buy to let investment and confidence in Cambridge’s growth. There has also been a significant increase in demand, including from students and professionals.”



East Midlands

The average monthly rent for the East Midlands for January 2014 was £571. Compared to £578, the annual average monthly rent for 2013, this shows a slight increase of just over 1% year on year.

In January 2014, just over half of the office rents remained the same, just under a quarter saw rents fall slightly and a quarter of offices saw rent rises.



London

In January 2014, the average rent for London was £1,344 per month. Versus the 2013 annual average monthly rent of £1,404, this indicates a decrease of -4%, year on year, and is likely to be caused by affordability issues.

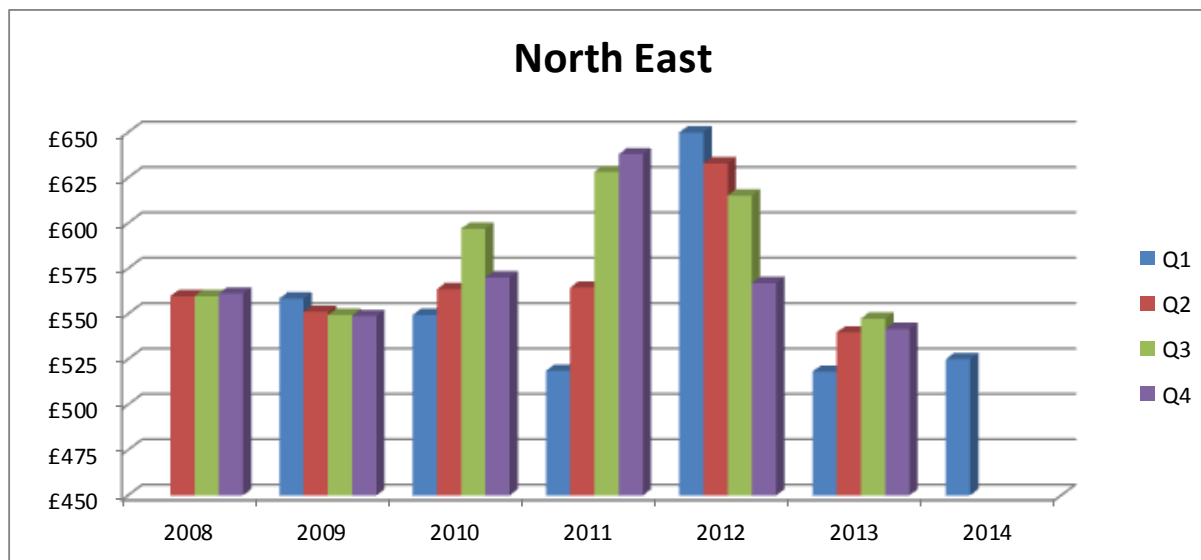
Due to the diverse range of property types and rents throughout the capital, average rents can show some disparity, and in January rents ranged from £2,431 in Camden, £1,538 in Balham through to £787 in Basildon. Half of the London offices recorded rent rises during January, with a quarter experiencing slight falls and a quarter remained stable.



North East

Average rents in the North East tend to be quite erratic, which can be due to the variable rents in Newcastle. Sunderland and Tynedale monthly rents continue to remain fairly stable.

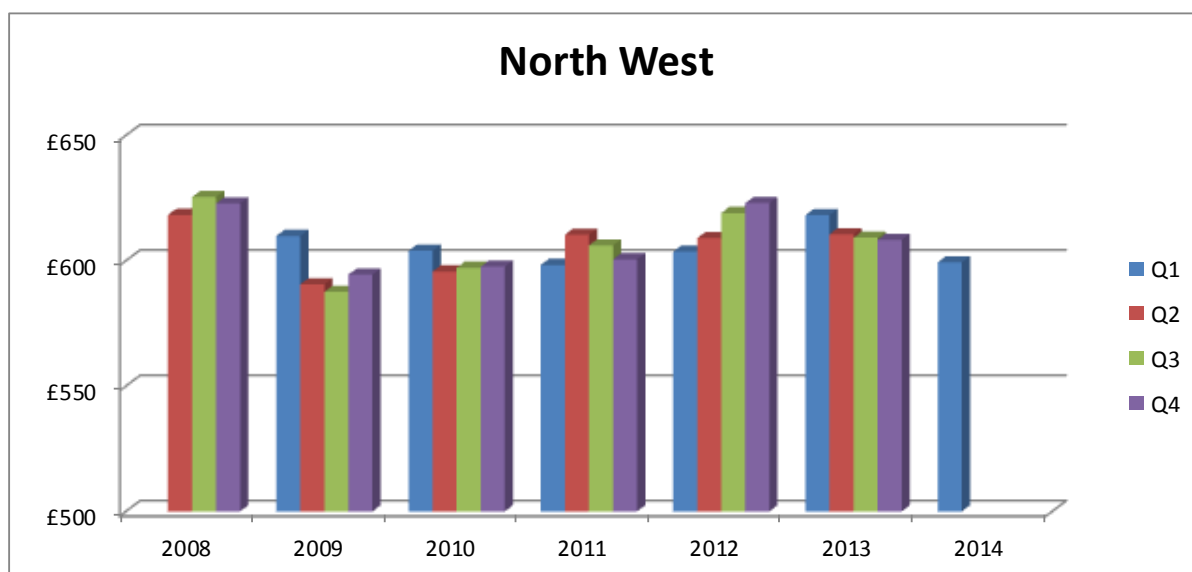
Howard King from **Newcastle** says *“We had a really busy start to January both for student properties and professional city centre apartments. Tenants want to negotiate more and more on rents or works to be carried out on the properties. Overall, rents have been stagnant but this does vary from area to area, with some falling especially in predominantly housing benefit areas.”*



North West

During January 2014, the average monthly rent in the North West was £599, which is down slightly versus the 2013 annual average rent of £612 per month.

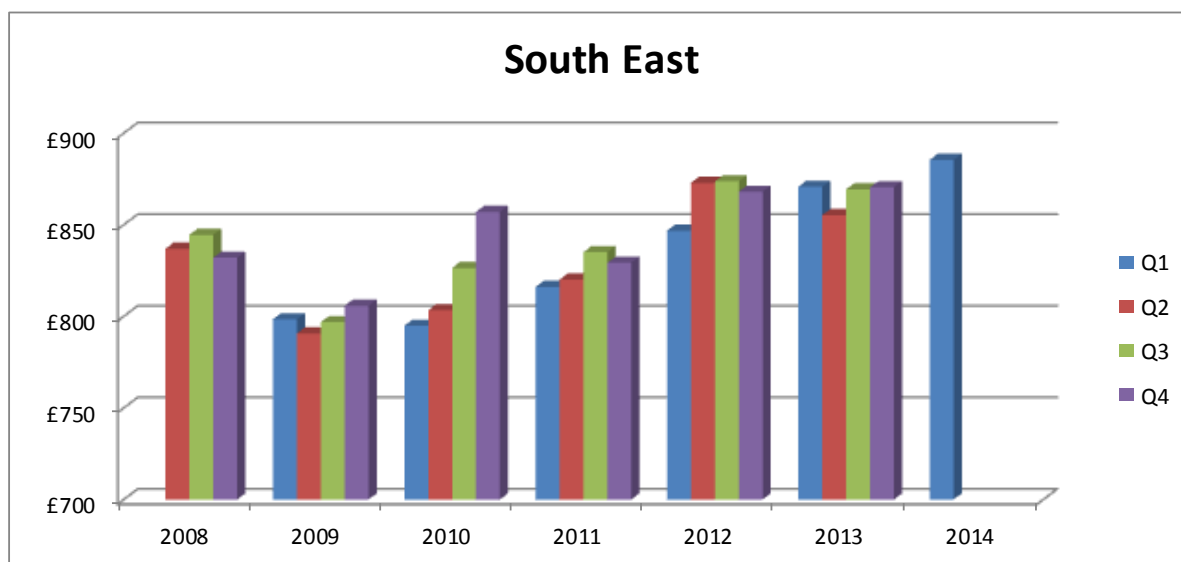
Three quarters of the offices in the North West registered stable average rents for January, with the remaining quarter of offices equally split with rent rises and falls.



South East

Average monthly rent in the South East region for January 2014, was £885. Compared to the annual average rent for 2013 of £867 per month, this shows a slight rise of 2% year on year.

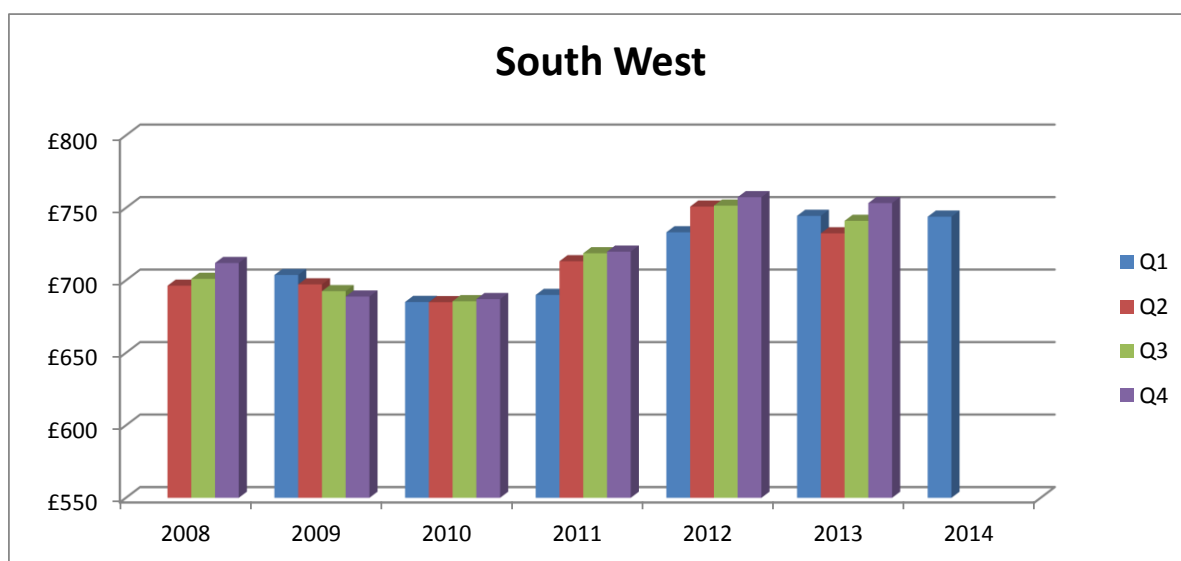
Half of the offices in the South East showed average rents remaining stable during January, just under half showed rent rises and the remaining offices experienced falls. Three new offices opened in the region at the start of the year, these are Tadley, Haywards Heath and New Street in Basingstoke.



South West

In the South West, the average monthly rent recorded during January 2014 was £744 per month. Versus the 2013 annual average of £743 per month, this shows a small rise of £1 year on year.

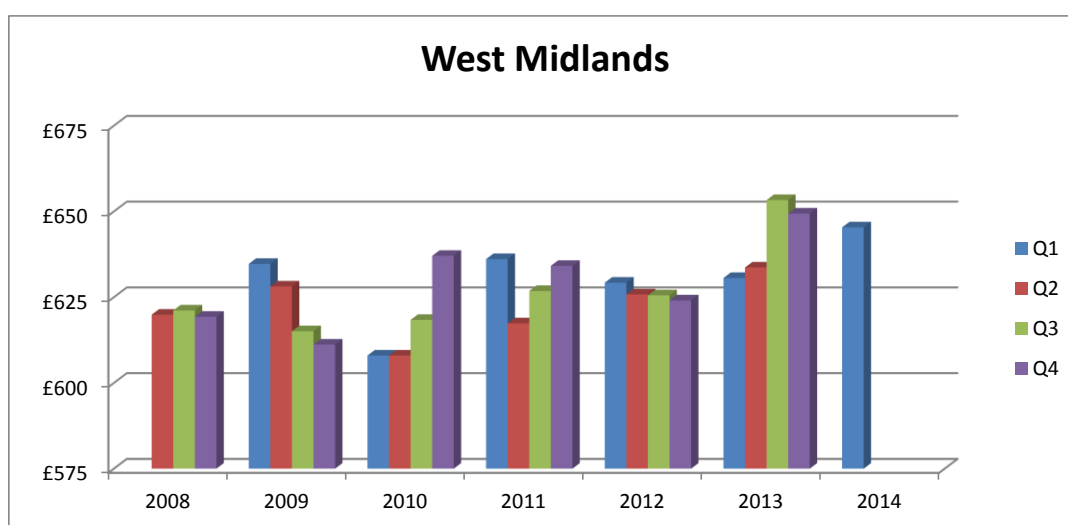
Just over two-thirds of offices showed stable average monthly rents during January, with the remaining offices showing a slight decrease in rents.



West Midlands

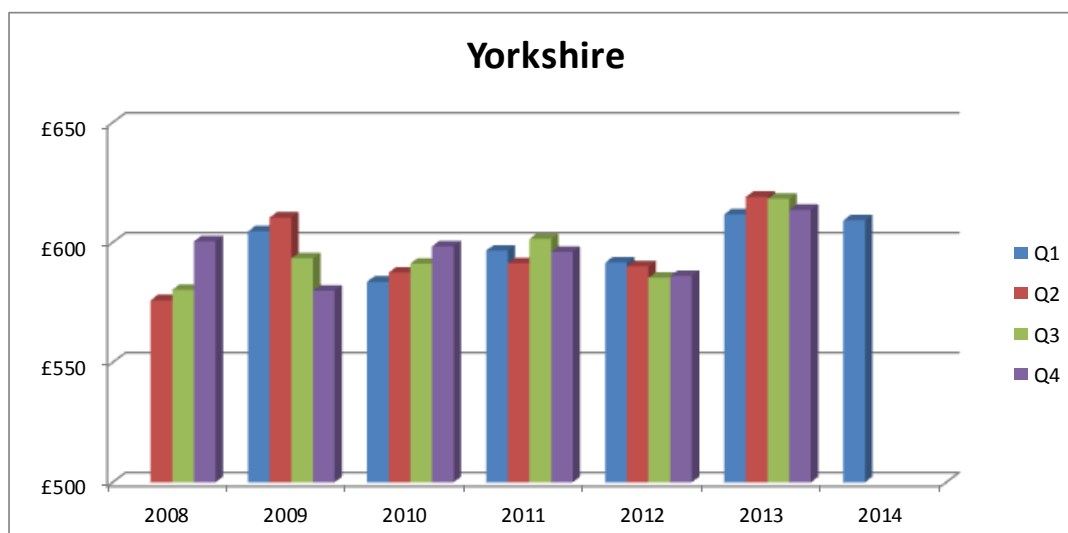
Average recorded rents for January 2014 in the West Midlands was £645 per month. Compared to £642 per month recorded as the 2013 annual average, this indicates a small rise of £3 year on year. Around half of the West Midlands' offices registered stable rents during January, with the remaining half evenly split with slight increases, including Shrewsbury and Evesham, and falls.

Paul Wallace-Tarry of Belvoir Shrewsbury reports *“Rents have increased only slightly, around 1%, over the last year, mainly on the re-let properties. Most of the new property supply is coming from buy to let investors and not the ‘accidental’ or ‘reluctant’ landlords, as they are now looking to sell their properties due to the sales market picking up. Demand is very good, with the majority of properties being let very quickly. Whilst we have not experienced too much effect of the floods, a number of properties did sustain some wind damage from the gales – the damage being mostly slipped roof tiles and broken fencing.”*



Yorkshire

In Yorkshire during January 2014, the average monthly rent was £609. Versus the annual average monthly rent for 2013 of £616, this shows a slight fall of around -1% year on year. Half of offices in the Yorkshire region recorded stable rents during January, with just over a quarter showing slight falls and just under a quarter, slight rises.



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.