

BELVOIR!

the lettings specialist

Five Year Rental Index 2008 to 2012

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Belvoir Rental Index 2008 to 2012

Introduction

Over the last five years, Belvoir Lettings, one of the UK's top lettings only franchises has been tracking monthly rental prices. This report analyses the ups and downs of the rental market at a national and regional level by breaking it down to monthly rental averages in London, the rest of England, Wales and Scotland. The report also tracks rental averages down to county level.

The data is created from average advertised rents which in the worst case may be approximately 10% less and means the index can still correctly identify rental trends. To help ensure the monthly rents are not too erratic, and any historic/current trends can be identified, the average rents are calculated as three month simple averages.

We also liaise directly with over 140 franchised offices to better understand the reality of what's driving rents up or down. We check trends that 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 rental Index analysis in two formats:

1. Offices that have consistently traded over the last five years

This is an analysis of rents from offices that have consistently traded across the five years that we have been tracking the index. In essence, this analysis looks at rents on a 'like by like' basis, in a similar way to sales data comparisons in the retail industry.

- i. This data shows the rental prices recorded by 91 offices from August 2008 to August 2012.
- ii. This analysis looks at rents across all Belvoir offices that have traded over the last five years. After an office has traded for nine months and can provide a three month simple average over a six month period, their data is added to the index and recorded going forward. This data is particularly useful when analysing regional data as it analyses more offices, so increases the number of offices contributing to the data and thus makes the results more robust.

2. Level of data analysis

This report shows the following information:

- Average rental movements across the UK
- Average rental movements across England, Wales and Scotland
- Average rental movements by region: for example, East Midlands, London
- Average rental movements by county: for example, Nottinghamshire, Shropshire
- Commentary from Belvoir Lettings, the franchisor and local franchisees

How we analyse the data

The data is analysed on a three month simple average, The table below shows how it is calculated:

Average May rent:	£500
Average June rent:	£525
Average July rent:	£515
Total:	£1,540/3 = £513 which will be the average July rental figure

We analyse the information on a monthly and annual basis. We also look at the data from the height of the rental market in 2008, the market lows and identify whether the latest monthly data suggests rents are rising, falling or stabilising versus previous highs and lows.

The rents analysed are 'average' rents. In the main, we know that the annualised average rent is fairly accurate when considering the rents for the top two properties, for example, two and three bed houses in small and large conurbations, or one and two bed flats in city centres such as London.

Trends are not always 100% accurate and our experience tells us that some trends do not always reflect the reality which is why we investigate trends by speaking to Belvoir's franchise owners.

Some trends are affected by agents listing unusually high priced properties. For example, in Shrewsbury, the data accurately picks up trends over time, but tracks average rents at around 10% higher. By speaking to the owner of the Belvoir Shrewsbury franchise, we became aware that this is due to large, prestigious properties being rented on a regular basis, which skews the results slightly.

Data for some offices can also show a rise in rents when the reality is that property stock is incredibly low, so this will also affect the index. Another issue that could affect the index is when new build properties rent out at higher levels than previously lived in properties.

Report Highlights

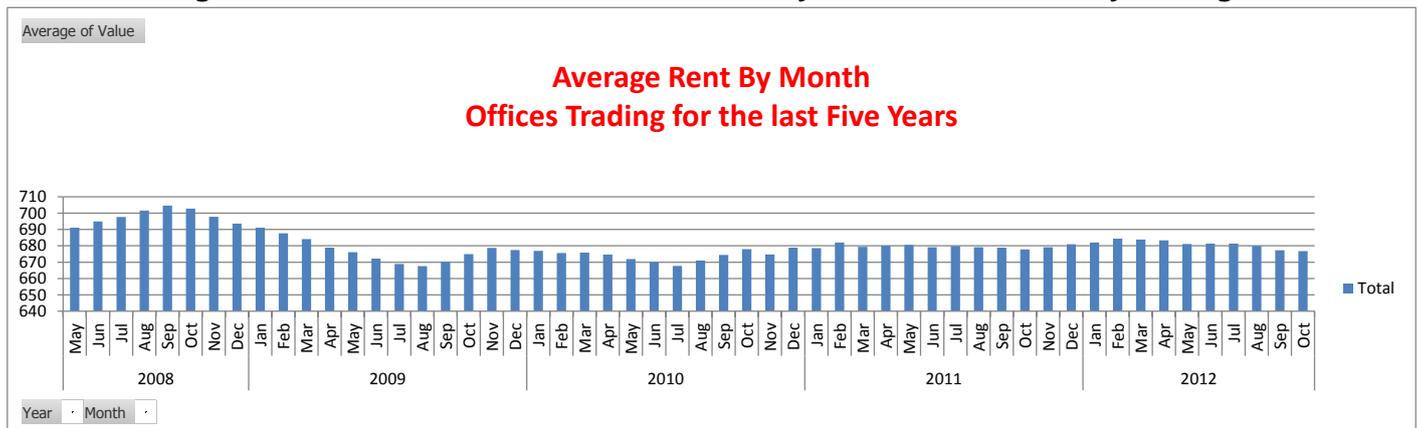
1. Average rents across the UK have fallen by nearly 2.4% over the last five years.
2. If rents had risen in line with inflation since 2008, tenants would be paying £113 more a month than they currently are.
3. When the property sales market starts to recover, a substantial amount of rental stock may disappear.
4. Scottish average rents have remained stable at an average of £550 over the last two years.
5. Welsh average rents have remained stable in the past 12 months at around £600 per month.
6. Areas yet to recover to September 2008 levels by September 2012 include the East Midlands, East Anglia, North West and Yorkshire
7. Areas stabilising around 2008 levels include West Midlands and Scotland
8. Areas where rents have recovered to 2008 levels and are rising include the South West, South East, North East and London

National Rental Trends

Rents in 2012 are now beginning to stabilise following falls back in 2008 and 2009, and some rises through 2011 and 2012. The chart below shows at the height of the rental market, in 2008, rents of £705 per month were being achieved. Tracking the same offices which have been trading over the last five years, average rents then fell to a low of £668, recording an average of a 5% fall across the UK to August 2009.

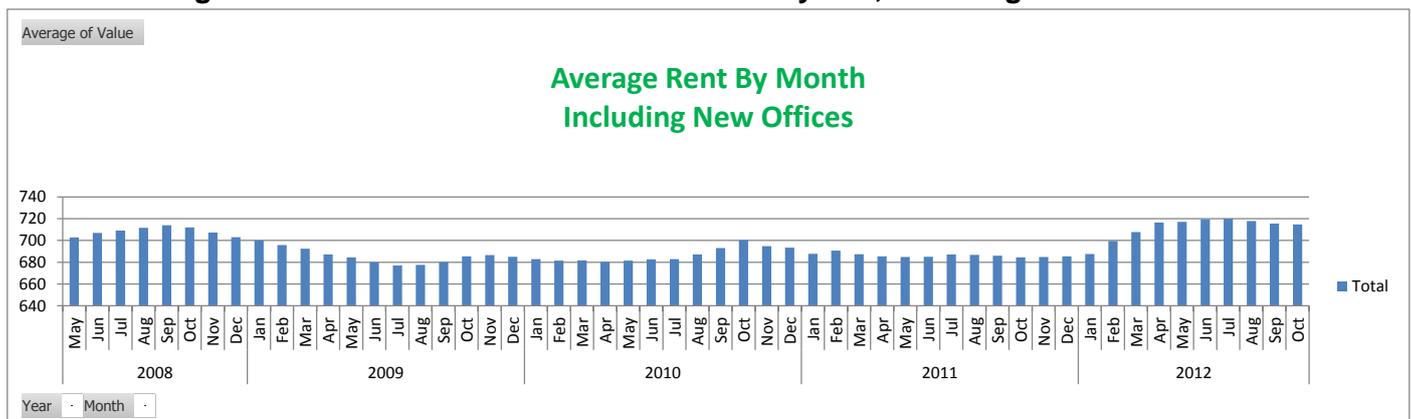
During 2012, average monthly rents were £682 and have been pretty steady throughout the year, with a slight fall being recorded in September to £678 per month and in October to £677 per month.

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



During the last five years, Belvoir has added a number of offices to the Belvoir Group and the majority of these are now being tracked by our Index. Most of the new offices joined the Index at the start of the year, including Basildon, Hitchin and Leamington Spa. On average, these new offices' rents are approximately £750. As a result the chart below shows the addition of these new offices has boosted Belvoir's average monthly rents from around £680 for 2012 to £710 average rent per month. September's average was £716 per month and in October it was £715.

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



Rents from a Tenant's perspective

Since the credit crunch, rents have been good value for money. Few rents have kept pace with inflation as they tend to track wage inflation. In 2007, the average median gross wage according to Office of National Statistics was just under £25,000. Latest figures for 2011 were £26,871, a 7.5% increase. According to the Bank of England Inflation Calculator, goods that cost £100 in 2007 would cost £113.84 in 2011. That shows an increase of 13.84%.

In contrast, tenants in London are, on average, paying higher rents than the average wage and inflation rises, whereas tenants in all other regions, once again on average, are paying less than both wage and goods inflation.

So renting has since the credit crunch, on average, delivered good value for money for tenants.

Overall, considering the falls in property prices since 2007 and reasonable rents, many 'would-be first time buyers' have been wise to remain in the private rental sector. Rents are moving in line with wages as opposed to inflation and if something goes wrong with the property, inevitably landlords pick up the tab, so tenants aren't hit with nasty expenditure surprises as a normal buyer would be. In addition, renting offers better mobility both from a location perspective, but also from a trading up or down perspective in terms of rent commitment, which in this tough job market could be considered a wise move.

Rents from a Landlord's Perspective

Landlords usually invest in property for two reasons, either to secure additional income or to cover the costs of the property or to secure long term capital growth.

From a landlord perspective, as long as the rent is covering income, they are happy. Many landlords are on good value mortgage rates due to the competitive nature of the market prior to the credit crunch. With the fall in interest rates having a knock on effect particularly on tracker mortgages, many landlords are benefiting from attractively low rates, so are being able to manage to cashflow of their properties well, even though rents have not risen significantly over the last five years.

However landlords need to make sure their properties have ideally a 75% Loan to Value (LTV) to take advantage of the best rates. Landlords also need to be aware of how their own rental income is tracking versus rents at a local level and whether they are keeping up with inflation. If not, landlords need to be looking at how they can maximise their rental income. One thing which is important is to secure the right balance between investing money to keep the property well maintained and ensuring voids are kept to a minimum, so rents are maximised as much as possible.

If you are not sure whether you should be increasing your rents in line with inflation and local market factors or are keen to find ways to maximise your income, then pop into your local Belvoir office where you will find experienced Buy to Let (BTL) advisors as well as expert property managers to offer free impartial advice.

To contact your local Belvoir office, visit: <http://www.belvoirlettings.com/find-an-office>

Belvoir Lettings Rental Index Summary

Belvoir has been established in England for 15 years; however the expansion into Scotland, Wales and Northern Ireland has been more recent so not all data is readily available yet.

England

Over the last five years, our index shows average rents have not kept up with inflation since the credit crunch, see figures below:

	2008	2009	2010	2011	2012	5 Year Change
Annual average	£699	£678	£675	£680	£682	-2.4%
Annual change		-3.0%	n/c	n/c	n/c	

Rents over the last 5 years haven't risen as much as some reports may suggest. As a group we saw rents rise to their heights in September 2008, then fall for up to 12 months due to a huge amount of reluctant landlord stock flooding the market. Overall, when taking into account the effect of inflation, renting instead of buying since this time has been a good decision for many tenants.

Scotland

The table below shows the average rents from the Stirling office. The rest of Scotland has been tracked for the last two years, and in the main, rents have remained stable at around £550 per month this year, with Stirling rents remaining at around £630 per year.

	2008	2009	2010	2011	2012	5 Year Change
Annual average	£624	£633	£637	£635	£631	+1%
Annual change		-1.0%	n/c	n/c	n/c	

The Private Rented Sector (PRS) in Scotland is in a state of some flux at the moment and rent levels are no different. Tenant demand is strong and the size and importance of PRS continues to grow. There are however marked regional variations in how rent levels are reacting. Average rents in Scotland are increasing in as many local authorities as they are falling.

Wales

Belvoir is a relative new comer to the Welsh market with offices in Wrexham, Swansea and Cardiff. The table below shows average rents in each office which shows rents are around £600 per month, and apart from Cardiff, we've seen rents remaining fairly stable.

Average Rents	Annual Averages		Monthly Averages		
	2011	2012	Aug 2012	Sep 2012	Oct 2012
Wrexham	£570	£571	£572	£571	£570
Swansea		£630	£626	£626	£627
Cardiff		£659	£652	£719	£722

Northern Ireland

Belvoir has three offices in Northern Ireland in Bangor, Belfast and Newtownards, data from these offices is being collated and will be available in the next report.

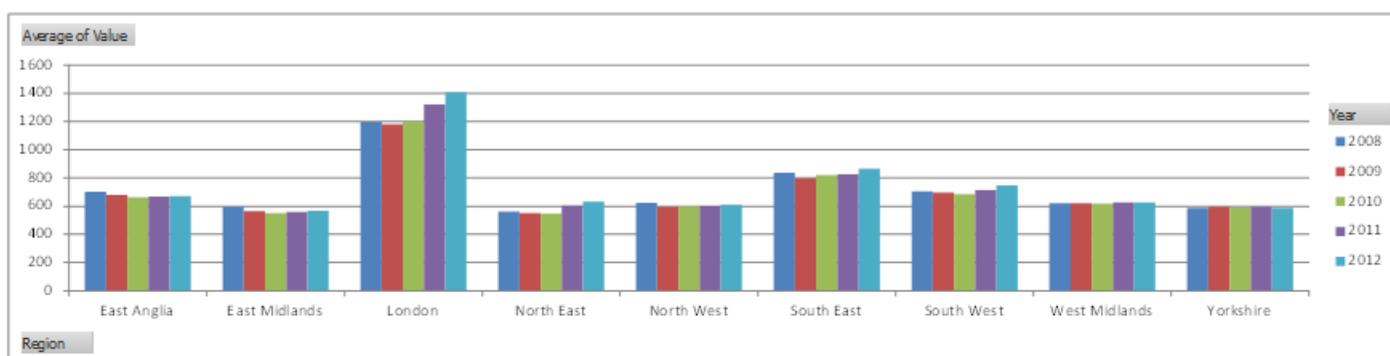
Belvoir Regional Rental Trends

Although measuring national UK trends and rents for England, Scotland and Wales is useful to policy makers, businesses and economists - for tenants and landlords, understanding what's happening to rents in their particular area is more important.

Regionally, rent movements are varying dramatically. The Belvoir group deal with thousands of landlords and tenants who are finding they are utterly confused about the national reports of 'rents rising' and 'reaching their heights', when this is not always the case at a local level.

Below we break down rental trends by region as this is a good indicator as to whether a landlord is operating in an area that has recovered to previous rental heights, is still in recovery or indeed is still performing well below 2008 levels. This will help to give an indication of whether rents will go up or down in the future.

Chart showing average rents by region 2008 to 2012 for all Belvoir English Offices by Region



The table below shows the average rents in 2008 and 2009 for each region, the latest three months rents and tracks latest rental average by region versus the 2008 average.

	Average Rents					Oct 2012 Versus 2008 Heights
	2008	2009	Aug 12	Sep 12	Oct 12	
East Midlands	£604	£553	£556	£559	£561	-7.1%
East Anglia	£708	£664	£672	£672	£672	-4.8%
Yorkshire	£603	£577	£585	£584	£583	-3.3%
North West	£627	£587	£619	£618	£621	-1.0%
West Midlands	£622	£611	£628	£626	£625	0.4%
South East	£850	£785	£874	£865	£864	1.6%
South West	£714	£687	£754	£750	£755	5.7%
North East	£562	£547	£617	£607	£602	7.1%
London	£1208	£1119	£1405	£1412	£1396	15.6%

The chart and data above show that in many areas, all offices show average rents have grown from the lows of 2009, but are still struggling to reach the heights of 2008. Apart from a few regions, the rental picture is really one of 'rents recovering' rather than the currently reported 'rents reach highest levels'.

The East Midlands, East Anglia, North West and Yorkshire all show signs of rents increasing since the 2009 lows, but not quite recovering to 2008 heights. Our data and feedback from our franchise owners shows rental growth is restricted by wage inflation which has been hit hard over the last few years. The

current picture shows rents in these areas have remained pretty stable for much of 2012 and our offices tell us this is mainly because landlords prefer to retain good tenants rather than getting rid of existing ones to try to secure higher rents.

Other areas such as the South West, West Midlands, North East and London show rents are higher than 2008, although considering inflation has been running at just over 3% per year, real as opposed to nominal rents have only really kept up in London. From a landlord perspective, they are into BTL for the long term and many understand that tenants are having a tough time at the moment, so are typically not putting rents up unless there is a real rationale to do so.

In addition, London and the North East are showing signs of their rental growth slowing down. London started 2012 at £1,304 per month, dropped to a low of £1,256 in August, but recovered in October to £1,282.

For the North East, rents have been more stable throughout the year, but average rents in 2012 are running at £544 per month versus £549 per month average for 2011.

Belvoir advises that to maximise rental income you need to follow three basic steps:-

1. Keep your property well maintained
2. Aim to secure long term tenants to reduce void periods
3. Ensure tenants are thoroughly reference checked to avoid bad payers

The Belvoir Index on a regional level does sometimes contradict many other trends:- this is mainly due to the fact that the Index has been running for five years. This is crucial when analysing rental trends as data from 2009 misses the high rents reached in September 2008 prior to lots of accidental landlords flooding the rental market with properties they couldn't sell.

Rental Analysis of East Midlands

Contrary to many reports about major rent rises in the UK, average rents in the East Midlands have actually fallen from an average of £597 in 2008 to approximately £568 in 2012. This is a fall of just over 4.5%.

Rents have fallen over the last few years due to more stock coming onto the market from people who want to move but are unable to sell their home. However throughout 2012, rents have been stable and for some popular properties we have seen some improvement year on year.

This is good news for tenants who can feel that at least one of their bills is moving in line with wages, unlike some utility bills which have continued to increase above inflation since the credit crunch.

Rents during 2012 have shown more falls throughout the year with the average being £568 per month and September recording £559 per month and £561 per month for October.

From a landlord perspective, ideally rents would increase in line with inflation, so during this tough economic climate where rents can only track wage changes, it is essential to make sure you maximise your rental income.

Rental Analysis of East Anglia

Contrary to many reports about major rent rises in the UK, average rents in East Anglia have actually fallen from an average of £702 in 2008 to approximately £671 in 2012. This is a fall of 4.5%.

Rents have fallen over the last few years due to more stock coming onto the market from people who want to move but are unable to sell their home. However throughout 2012, rents have been stable and for some popular properties we have seen some improvement year on year.

This is good news for tenants who can feel that at least one of their bills is moving in line with wages, unlike some utility bills which have continued to increase above inflation since the credit crunch.

Rents over 2012 are averaging at £671 with September and October rents increasing above this average to £672 and £674 respectively.

From a landlord perspective, ideally rents would increase in line with inflation, so during this tough economic climate where rents can only track wage changes, it is essential to make sure you maximise your rental income.

Rental Analysis for Yorkshire

Average rents in Yorkshire, have in the main, over the last five years shown steady growth, albeit just behind inflation.

The average property rented out for £587 in the region in 2008, and unlike the rest of the UK where rents fell by approximately 5%, in the Yorkshire area, rental averages have stayed pretty much the same and during 2012 the average is £588. The exception to this was Doncaster where rents fell around 8% to 2009 and are still around 5% below 2008 levels. In contrast Sheffield has seen steady rises since 2008 and current average rents are 11% above 2008 levels.

Throughout 2012, rents remained fairly stable to May, averaging at £591 per month, but since then rents have been slipping back month by month and average at £583, a fall of 1.5%.

Rents have been relatively stable throughout the credit crunch and in 2012 we are seeing properties that are well maintained renting quickly for best prices, while others are managing to maintain their average rent.

Renting in Yorkshire has proved a wise choice for tenants over the last five years, who if they'd have bought may well have seen their property fall in value. Instead, tenants are being able to rent properties for pretty much the same price today as they were in 2008. For tenants, they have also enjoyed flexibility of property type and location and in the West Midlands tenants can find properties to rent which are much cheaper than buying.

From a landlord perspective, ideally rents would keep up with inflation which they are in 2012, but haven't over recent years. BTL is a long term investment and landlords know they are better off sticking with a good tenant who looks after the property and pays the rent on time rather than constantly trying to re-let the property at a higher price.

Rental Analysis for the North West

The last five years in the North West has shown rents dramatically fall and then rise again. In 2008, rents were on average £620 per month. They fell by 4% in 2009 – in line with the rest of the UK – and then started rising again in 2010. Currently rental price averages have just overtaken the 2008 averages, recording £621 in October.

When looking in more detail across the region, the picture is quite mixed, with major towns such as Liverpool and Manchester showing average rents still recovering to 2008 levels. Areas around the cities such as Ashton under Lyne, Burnley, Northwich and Wigan showing rents have actually been fairly stable over the last five years.

Rents have been fairly varied over the last few years, mainly depending on demand and supply. Some months we have more properties than tenants, so rents fall, and other months we are struggling to find stock, so rents quickly rise again as tenants compete to find a good home to live in.

The annual average is around £609 per month, which is a small, but fairly insignificant rise year on year from £604 per month in 2011. However, the trend this year does appear to have picked up since June with rents in September achieving £618 per month and £621 in October, a rise year on year of nearly 3%, so just keeping up with inflation and putting rents slightly ahead of 2008.

Rents are doing well in 2012, with some properties maintaining their rental value while others are actually increasing. Properties which tend to let well are in good locations and as tenants are looking for a 'home', rather than a 'temporary place to stay', they are willing to pay that little bit more for a new build or a well maintained property.

Rental Analysis for the West Midlands

Average rents in the West Midlands have, in the main, over the last five years shown steady growth, albeit just behind inflation.

The average property rented out for £620 in the region in 2008, and unlike the rest of the UK where rents fell on average by 5%, in the West Midlands, rental averages pretty much stayed the same.

Throughout 2012, rents have remained fairly stable, averaging at £629 per month in January 2012 and achieving a slightly lower £625 per month in October 2012. Rents in recent months suggest increases seen up to April (£628) this year have stopped and rents are starting to stabilise, if not slightly fall back.

Rents have been relatively stable throughout the credit crunch, and in 2012 we are seeing properties that are well maintained renting quickly for the best prices, while others are managing to maintain their average rent.

Renting in the West Midlands has proved a wise choice for tenants over the last five years who, if they'd have bought, may well have seen their property fall in value. Instead, tenants are being able to rent properties for pretty much the same price today as they were in 2008. Tenants have also enjoyed flexibility of property type and location, and in the West Midlands tenants can find properties to rent which are much cheaper than buying.

From a landlord perspective, ideally rents would keep up with inflation, which they are in 2012, but haven't over recent years. BTL is a long term investment and landlords know they are better off sticking with a good tenant who looks after the property and pays the rent on time rather than constantly trying to re-let the property at a higher price.

Rental Analysis for the South East

Apart from a major dip in 2009, rents in the South East have remained relatively stable since the credit crunch and in 2012, a lack of new property stock available to rent means rental averages are, in the main, rising.

The average property rented out for £838 in this region in 2008 and fell by just under 5% in 2009. This has risen to an average of £865 per month in 2012, which is an annual increase of 4%.

Rents are doing well in 2012, despite the squeeze on people's wages. There are still plenty of tenants willing to pay for well-maintained properties in great locations. Renting is giving people in the South East a real alternative to buying a home, especially while the job and economic situations are so unstable.

Throughout 2012, rents have done well in the region. In January, properties were rented out at approximately £833. Our September figures show this has grown to an average of £865, nearly a 4% increase, just above inflation. Trends for September and October suggest that rents are beginning to stabilise with recorded rents of £865 in September and £864 in October.

Renting in the South East does remain a good bet for tenants who can trade up and trade down properties much more easily than if they were homeowners. This allows flexibility of property type and location, meaning tenants can move up or down the chain and remain within their means.

From a landlord perspective, the rise in rents is good news as ideally rents need to keep up with inflation to maintain investment returns. Property prices in some areas across the South East are also starting to rise after 10%+ falls since the credit crunch, so the South East is one of the areas across the UK where it's possible to secure capital growth returns and potentially higher income in the future.

Rental Analysis for the South West

Apart from a major dip from 2009 to 2010, rents in the South West have remained relatively stable since the credit crunch. In 2012, a lack of new property stock for rent means rental averages are, in the main, rising.

The average property rented out for £704 in the region in 2008, fell by 2.5% to 2010 and has risen to an average of £747 per month in 2012, a 6% increase versus 2008 and a 5% increase year on year.

Overall, rents are doing well in 2012, despite the squeeze on people's wages. There are still plenty of tenants willing to pay for well-maintained properties in great locations. Renting is giving people in the South West a real alternative to buying a home, especially while the job and economic situation are so unstable.

Throughout 2012, rents have done well in the region. In January on average properties were rented out at £721. Our October figures show this has grown to an average of £755, a 4% increase. This increase is

good news for landlords as it means rents in the South West year on year are keeping just above inflation.

Renting in the South West remains a good bet for tenants who can trade up and trade down properties much more easily than if they were homeowners. This allows flexibility of property type and location, meaning tenants can move up or down the chain and remain within their means.

From a landlord perspective, the rise in rents is good news as ideally rents need to keep up with inflation to maintain investment returns. Property prices in some areas across the South West are also starting to rise after 10%+ falls since the credit crunch, so the South West is one of the areas across the UK where it's possible to secure capital growth returns and potentially higher income in the future.

Rental Analysis of the North East

Rental averages in the North East show mixed fortunes over the last five years.

Newcastle upon Tyne

Newcastle upon Tyne has shown a good increase from an average of £560 per month to over £800. Although this sounds great on the surface, the reality is this increase is more due to an increase in the number of properties being let on a room by room basis.

Room rents tend to increase the average rental figures achieved, although they cost the landlord a lot more to maintain and some may even require a Homes in Multiple Occupation (HMO) Licence. For example a property on average may be rented for £600 per month, where if the rooms were rented individually, this could generate £800 per month.

The growth in rents over the last few years though has slowed in 2012 and if anything, with a squeeze on wages in the area, average rents have either remained stable or fallen slightly.

Rents can only rise as fast as tenants can afford to pay them. Many of the rises we have seen over the last few years are due to properties being rented out on a room by room basis as opposed to a whole house which has pushed rents up. As people's wages are put under pressure, to rent out a home you need to make sure the property 'stands out from the crowd' and offer rents at a level that tenants can afford to pay.

Sunderland

Rental averages in the North East have shown mixed fortunes over the last five years. While Newcastle upon Tyne has seen some growth, Sunderland rents have been pretty steady. The average monthly rent stood at £560 in 2008, but then fell back with the rest of the UK to around £550 per month.

In 2012, rents have taken a further slide due to the pressure on wages. Average rents started the year at around £545 per month and are running at £543 per month for September and October, a slight improvement on £542 average for July and August.

Sunderland offers landlords a great return on their investment due to property prices being low relative to the rest of the UK and there are currently plenty of bargains to be had. As such even though rents have fallen slightly, we find properties in good locations that are being well-maintained can still rent out quickly and tenants are less likely to try and negotiate the price down.

Tynedale

Rental averages in the North East have shown mixed fortunes over the last five years. While Newcastle upon Tyne rents have grown and Sunderland rents dipped, rents in Tynedale in 2011 have shown a small increase from £531 per month to £539 per month in 2012. During 2012, rents have been static at £539 although in September and then rose slightly to £540 per month and to £542 in October 2012.

Tynedale offers landlords a great return on their investment due to property prices being low relative to the rest of the UK and there are currently plenty of bargains to be had. As such with rents stabilising, we find properties in good locations that are being well-maintained still rent out quickly.

Rental Analysis of London

Many rental reports are showing London rents rising to levels that make renting in London unaffordable. And indeed the Belvoir Index shows rents have risen from an average of £1196 to £1396 over the last five years, which is an increase of 15%.

On the surface, this increase feels huge, but on average, inflation has increased at the rate of 3% per annum, so over a five year period, tenant rents in London have really kept up with inflation, rather than rise out of people's reach. The problem for tenants is their wages haven't risen in line with inflation and with the increase in utility bills – the second biggest bill a tenant has to pay out for, which makes affording somewhere in London tough.

It is important, however, to be aware that not all tenants have been affected. Tenants who rented and have remained in a property from 2008 and 2009 are, according to our franchise owners, unlikely to have seen any rent rises. Landlords tend to prefer to keep good tenants and appreciate they pay their rent on time and keep the property in good order. As such, rents tend to have been kept down for many already renting a property.

2011 saw the biggest rise in rents, which continued into the first half of 2012. Average rents were £1304 in January, rose to £1453 in May, but since then have fallen back to each month with September recording £1412 and October falling back to £1396.

Rents can only rise as fast as tenants can afford to pay them. Many of the rises we have seen over the last few years are tenants who live in a two bed trading down to a one bed and paying a bit more to secure it. In addition, we've found some tenants moving out from more expensive to cheaper to rent areas, which is pushing up prices in the short term.

Renting in London does remain a good bet for tenants, as they can trade up and trade down properties much more easily than if they were homeowners. This allows flexibility of property type and location, meaning tenants can remain within their means.

From a landlord perspective, the rise in rents is good news as ideally rents need to keep up with inflation to maintain investment returns. Property prices in many parts of London are rising (exponentially in 'international areas') so both income and capital growth returns can be achieved.

County Annual Trends

On average, rents in England are around £700 per month, approximately £550 per month in Scotland and £600 per month in Wales. Below we've highlighted the changes in rents over the last five years, and shown which counties have below and above average rents versus their region.

Bedfordshire

Average rents in 2008 were £679 per month, falling to £636 in 2009 and rising to £650 in 2011 and showing a 2% increase year on year, but still 2% lower than the 2008 average.

Buckinghamshire (Milton Keynes)

Average rents were £676 in 2008, falling to £641 in 2010, they then rose to £660 in 2011, and increasing by 5.5% in 2012 to £697. Overall, rents in Milton Keynes are above 2008 averages by 3%.

Cambridgeshire

Average rents were £811 in 2008, falling to £748 in 2011, but stabilising in 2012 at £747. Cambridge rents in 2012 were fairly static at around £890 per month. Peterborough shows rents rising slightly from £625 at the start of the year, to £631 in October 2012. Huntingdon rents are fairly stable at around £720 per month.

Cardiff

See page 8

Cheshire

Average rents achieved heights to £782 in 2008, falling to current lows of £691 in 2012, which is a fall of 11.5% over the last five years. 2012 averages suggest apart from Macclesfield and Warrington, rents are still good value in the county.

Cumbria

Average rents in 2008 were £516 per month, falling to £477 in 2009. 2010 saw rents bounce back to £511, but since then rents have started to fall again and average £483 in 2012. The last few months suggest rents are climbing again in the region, and give rental averages of £520.

Derbyshire

Average rents in Derby were £504 per month in 2008 and, unlike the rest of the UK, didn't seem to fall with an average rise to £519 per month in 2010. However, they do seem to have dropped back slightly as Derby is recording rents of £501 per month for 2012, similar to 2008 rents. In the meantime Chesterfield rents appear to have been stable over the last two years, at £539 per month. Derby West rents seem to be doing well in 2012, starting at £502 in January and rising to £535 in October 2012.

Devon

Average rents in 2008 were £708 per month and unlike the rest of the UK, which saw dips in 2009 and in some cases 2010, rents rose to £734 in 2009. Rents remained fairly stable in 2010 at £727; however they fell over the last couple years to £707 in 2011 and £708 in 2012. Rents month by month in 2012 have been relatively stable, but we have recorded a low of £705 per month in September and October.

Dorset

Average rents were £756 in 2008 and, unlike the rest of the UK, rents stayed the same throughout 2009 and rose by nearly 4% to £785 in 2011, and a further 1% increase in 2012 to £794 per month. Overall this shows a rise of 5% versus 2008.

East Ayrshire

Average rents for 2011 were £495 per month and remained stable throughout 2012, which shows an average of £496 per month.

East Riding of Yorkshire

Average rents have done well over the last five years with tenants paying £397 per month, which is substantially below the national average of £700. Rents have however remained stable over the last five years, recording averages of £422 per month which is a 6% increase over a five year period.

East Sussex

Average rents were £914 in 2011 and in Eastbourne rents have remained the same in 2012. Hove rents are higher at £977 per month and throughout 2012 grew from £963 per month in January by 6.5% to £1028 June, dropping back to £953 in October 2012.

Essex

Average rents in 2008 were recorded at £780 per month, and didn't seem to take a downturn like the rest of the UK in 2009 with rents rising to £787. Since 2009, rents were fairly steady at £790 a month to 2011 and rents in 2012 have shown rises.

Falkirk

Average rents were £482 per month in 2011, and have remained stable through to 2012 with rents at £480 per month.

Gloucestershire

Average rents in Cheltenham were £670 in 2008, and just over £800 per month in Gloucester. Over the last five years however, rents have merged in the two areas, so the average for Gloucestershire shows rents in 2012 are £686 per month versus £684 from the previous year. Across the region for 2012 rents have continued to remain stable month on month.

Greater London

Rents on average across London have increased over the last five years with average rents of £1146 per month in 2008, rising to £1397 in 2012. This is a rise of 22%, which is a massive increase versus national average wage rises of 7.5% and inflation of 13% over the period.

Greater Manchester

Average rents in 2008 were £655 per month and dropped to an average of £616 in 2011, which is a fall of 6% over a three year period. 2012 has seen rents stay the same in areas such as Ashton under Lyne in and Oldham, with Chorlton and Manchester itself showing average rent rises of 3%, lifting the overall Greater Manchester rents to £638 per month. This is still 2.5% below rents five years ago.

Hampshire

Average rents in Hampshire in 2008 were £777 per month, but fell to £689 in 2010. Since that time, 2012 rents have been fairly stable, averaging at £654 in Andover, £862 in Basingstoke and £728 in Southsea.

Herefordshire (Hereford)

Average rents in 2011 were £577 per month and have remained fairly stable through to 2012 with rents averaging at £579 per month. 2012 rents have remained stable month by month.

Hertfordshire

Rents over the last five years have fallen across the county. 2008 rents recorded averages of £977 per month and fell to £888 in 2011, a fall of around 9%. 2012 figures have shown an improvement with rents averaging at £911, showing increases across all offices year on year of around 2.5%. This reflects an overall fall of 6.5% since 2008 heights.

Kent

Average rents in Kent were £866 in 2008 and as with the rest of the UK, we saw falls across most offices to 2010 to £759 per month - a fall of 12% overall. However, rents have started to recover throughout 2011 and 2012 and currently average £859 per month, a rise year on year of 5%. Overall 2012 average rents have nearly recovered to 2008 heights.

Lancashire

Average rents in Lancashire were £551 in 2008 and fell to £507 in 2010. Since then rents have almost recovered to 2008 heights, and are currently at £541 per month – an increase of 1.5% year on year, but still £10 per month below 2008 average rents.

Leicestershire

Rents averaged £635 in 2008 and saw small falls through to 2010 apart from Market Harborough where rents fell quite dramatically. Average rents fell by 5% for Leicestershire offices without Market Harborough, but with fell to £553, a fall of 13%. However, rents have picked up in 2011 and 2012 and currently average £576 per month for 2012 a 2.5% increase year on year.

Lincolnshire

Rents in Lincolnshire averaged at £569 per month in 2008 and fell to an annual average of £538 in 2010, a fall similar to the national average of 5.5%. In 2011 rents started to recover though and 2012 rents are average at £562 per month, just a little below 2008 levels.

Merseyside

Average rents in 2008 were £576 in 2008, falling to £545 in 2010, a fall that matched the average fall of just over 5%. Since 2010 however, rents have risen year on year and 2012 averages are currently being recorded at £584 per month. This is a rise year on year of 3% and showing rents have risen above 2008 heights by just over 1%.

Norfolk

Rents averaged at £629 per month in 2008 and have continued to fall in most areas in the county over the next few years. 2012 average rents were recorded at £611 per month, showing an overall fall of 2.8% over the last five years. During 2012 rents have stabilised and remain the same in October as they were at the start of the year.

North Yorkshire

Average rents haven't changed much over the last five years in the county. In 2008 rents were recording averages of £634 per month and bucked the national trend by rising 6% to £673 in 2009. This contrasts to national falls of 5%. Since this time however, rents have fallen back and are currently averaging at £636 per month, just a little above 2008 levels.

Northamptonshire

Average rents in the region reached their heights of £652 per month, but have since fallen to 2012's average of £566, a fall of 13% over a five year period. The only areas to buck the local trend are Wellingborough and Kettering which are showing increases year on year of 5% and 3% respectively.

Nottinghamshire

Rents in 2008 reached heights of £574 per month, but saw falls to £550 in 2010 and this 'low' was maintained in 2011. However, 2012 has shown rents to start recovering and overall, rents have risen back to their £574 heights in 2012.

Renfrewshire

Average rents in Paisley were £541 in 2011 and rose slightly to £550 in 2012.

Shropshire

Rents in the Shropshire area have remained fairly buoyant over the last five years, recording £612 per month back in 2008 and rising to £654 in 2012, with none of the falls experienced by the rest of the UK. Over the last five years, rents have risen by nearly 7% and are up 3.5% year on year.

South Yorkshire

Average rents were £614 in 2008 and although rents fell by just 2.5% over the next few years to 2010. Since that time, rents have recovered and are currently averaging at £635 per month, an increase over the last five years by 3.5%.

Staffordshire

Average rents were £551 per month in 2008 and, unlike the rest of the UK, rents have continued to rise. In 2012 rents have reached a height of £565 per month, which is a small rise year on year and a 2.5% increase since 2008.

Stirling

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Suffolk

Average rents in Ipswich were £595 per month in 2008 and fell to £549 per month in 2010, a fall of 7.5% which is slightly more than the national average. Since 2011 however, rents have started to recover and Ipswich averages are £576 per month.

Surrey

Average rents in Surrey rose from £1069 per month in 2008 to £1323 per month in 2010, but since then they have fallen slightly to £1181. This is still a rise of nearly 11% across the last 5 years, which is just under inflation and just above wage rises.

Swansea

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Tyne and Wear

See page 14

Warwickshire

Rents, on average, in 2008 were £690 per month and fell just 3% to £667 in 2009 - less than the national average of 5.5%. Average rents in 2012 have grown to £714 per month, an increase of 3.5% over the last five years.

West Midlands

Average rents in 2008 were £665 per month and fell to £656 in 2009, which is only a small fall compared to the national average. Since then, rents have improved, with the average being £647 per month in 2012. Most offices, however, have seen a rise over the last five years; especially the Jewellery Quarter with recorded rents of £660 in 2008, which has risen to £758 in 2012 – a 15% increase.

West Yorkshire

Average rents in the area were £600 per month in 2008, and have remained fairly stable in Leeds over the last five years. Areas such as Huddersfield are also showing static rents year on year.

Wiltshire

Average rents haven't changed much over the last five years, recording £569 per month in 2008 and £562 per month for Swindon in 2012. Average rents for Devizes were slightly higher at £607 per month in 2012, showing rents have been relatively stable this year.

Worcestershire

Average rents have improved over the last five years in Worcester, recording £585 per month in 2008 and rising to £601 in 2012, which is a 2.5% increase. Rents in 2012 for Worcester haven't really changed, despite inflation of nearly 3% year on year.

Wrexham

Average rents in Wrexham were £570 in 2011 and have remained stable, with 2012 average rents recording £571 per month.

Information about Rental Indices

It is important to remember from a landlord and tenant perspective, rental reports typically look at data that 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 January 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 does not 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.