

ENGLAND & WALES RENTAL TRACKER

December 2017 data, January 2018 report

2017 - the year of growth for the East of England



Fast Facts

- East of England sees fastest growth in rents
- North East cheapest area to rent, yet offers best return for landlords with 5.0% yield
- London and the North East see year-on-year rental falls
- Wales sees improvement in landlord returns



Our View

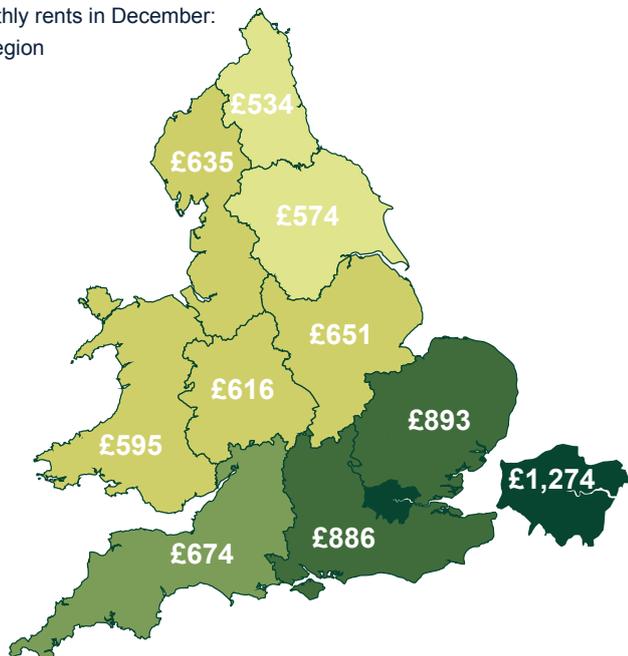
Martyn Alderton, National Lettings Director for letting agents Your Move and Reeds Rains, comments:

- “The rental market in England and Wales ended 2017 on a positive note for landlords, with rents, overall, up 2.3% compared to a year ago, and average yields across the country now at 4.4%.”
- “However, behind these figures lie fluctuations particularly in relation to the fall in average rents in London and strong growth in average rents in other regions.”
- “In many ways, the rebalancing of the rental market across the country should be seen as a good thing as demand spreads to other areas and keeps the market robust.”
- “London still remains one of the most popular and expensive places to rent, yet we are now seeing strong growth in demand for rental properties in the regions around the capital.”



Key findings at a glance

Monthly rents in December:
 By region



Key insights

- The average rent in England and Wales was £850 (seasonally adjusted) in December 2017, an increase of 2.3% in the last 12 months.
- Prices in the East of England led the way in the last year, with the average monthly rent increasing by 3.3% in 12 months to reach £893. It is now the second most expensive place to rent behind London.
- The average rent in London was £1,274 in December, following a 1.4% fall year-on-year.
- The North East becomes the cheapest area to rent in the UK, with the average rent being £534.
- On a non-seasonally adjusted basis, the average rent for all of England and Wales in December 2017 was £828.

Overview: East of England is strongest performing region

- For landlords, the East of England was the real success story of 2017, with rental prices in the region rising faster than anywhere else surveyed.
- The average rent in the East rose from £864 in December 2016 to £893 a year later, a rise of 3.3%. The increase is due to many Londoners looking further afield in a bid to meet their housing aspirations, plus the buoyancy of the local economy.
- Cambridgeshire is now a major jobs hub in the region and a number of towns are becoming increasingly popular with tenants migrating away from London.

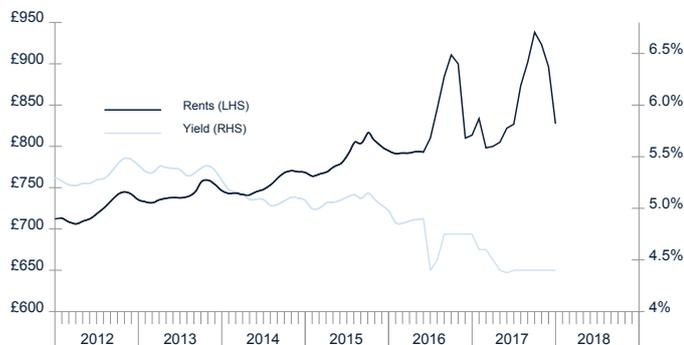
On the ground insight: Sue Maher, Branch Manager of Your Move in Peterborough comments:

- “We are seeing a large shift in commuting patterns as tenants look to relocate away from London, to towns like Peterborough and Norwich who are attracting a wide range of employers. The City Hospital in Peterborough, for example, attracts many doctors and nurses to the area and local business parks house the offices of Travelex, Thomas Cook, Mastercard and Amazon to name a few. As a result, these areas are predominately rented by young working professionals and families, rather than students or older residents.
- “For those possibly looking to rent in the area, 2 and 3 bed properties usually prove to be most popular. Hampton is particularly attractive for young families with good links to the A1. West Town is also very close to the mainline station while Stanground is situated close to Amazon’s offices.”
- From Luton in Bedfordshire to Southend in Essex, towns across the East of England provide good connections to London with prices much lower than in the capital itself.
- Strong rental price growth was not just confined to southern regions, however. Prices in the East Midlands leapt 2.8% in the last 12 months to reach an average of £651, while in the North West rents grew 2.7% to hit £635 per calendar month.

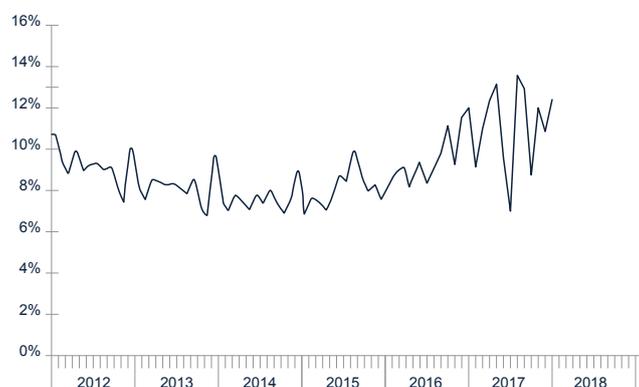


Key findings at a glance

Total annual rent and yield from residential property



Proportion of all rent in arrears



Regional Breakdown (12 month moving average)

| Region | Rents Dec (£) 2017 | One month change | Yields Dec 2017 |
|--------------------------|--------------------|------------------|-----------------|
| North West | £635 | 0.08% | 4.9% |
| South East | £886 | 0.21% | 3.3% |
| East Midlands | £651 | 0.08% | 4.0% |
| Yorkshire and The Humber | £574 | -0.04% | 4.4% |
| West Midlands | £616 | -0.32% | 4.0% |
| North East | £534 | -0.07% | 5.0% |
| Wales | £595 | 0.28% | 4.8% |
| London | £1,274 | -0.07% | 3.2% |
| East of England | £893 | 0.26% | 3.8% |
| South West | £674 | 0.29% | 3.3% |
| England & Wales | £850 | 0.16% | 4.4% |

Links, Downloads & Images

For more information, images, downloads including the full report, visit:

<https://www.your-move.co.uk/media-centre>

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This survey and its underlying methodology is created and reviewed in partnership with Cebr. It is based on analysis of approximately 20,000 Your Move properties across England and Wales.

London and North East fall again

- Two regions posted rental price falls in the last year - London and the North East. In the North East prices dropped 1.7% year-on-year, falling from £543 to £534 per calendar month. This region remains the cheapest place to rent in England and Wales.
- Typical rents in London ticked down 1.4% in the year to December 2017. The capital, however, continues to be the most expensive place to rent in England and Wales.
- The average rent was £1,274 in December 2017, well above the next most expensive area - the East of England at £893.

Average London rents in December:

by Underground Zones



Yield activity: Wales increases in yields

- The year was characterised by a squeeze on yields, but landlords in Wales enjoyed a positive end to 2017.
- The average yield earned by property investors in Wales grew from 4.7% to 4.8% between November and December 2017 - the only region to post an increase.
- The yields achieved in most regions remained flat month-on-month, but the Yorkshire and the Humber region did see yields fall. The average return in this region dropped from 4.5% to 4.4% as the year drew to a close.
- However, northern regions still tend to offer better returns than southern areas. The North East and North West continue to boast the highest yields, reaching 5% and 4.8% respectively this month.
- London landlords have the smallest percentage yields, with the typical property in the capital returning 3.2%.
- Across the whole of England and Wales, the average yield was 4.4% in December 2017.

Arrears tracker: A mixed picture for tenants

- There was a variation in tenant finances during the final quarter of 2017, Your Move found. The proportion of households in arrears this month was 12.4% in December.
- This was higher than the 8.8% of households in arrears last month but in line with the 12.1% recorded in October.
- The proportion of tenants in arrears remains below the all-time high of 14.6%, recorded in February 2010. It is also below the 2017 high of 13.7%, which was seen in July 2017.