

Strong start to the year for the England and Wales rental market



Fast Facts

- Rents have increased by 2.5% in the last year
- Average rent is now £829 per month
- Only two regions, London and the North East, saw a price fall
- Yield levels stabilised at the start of 2018



Our View

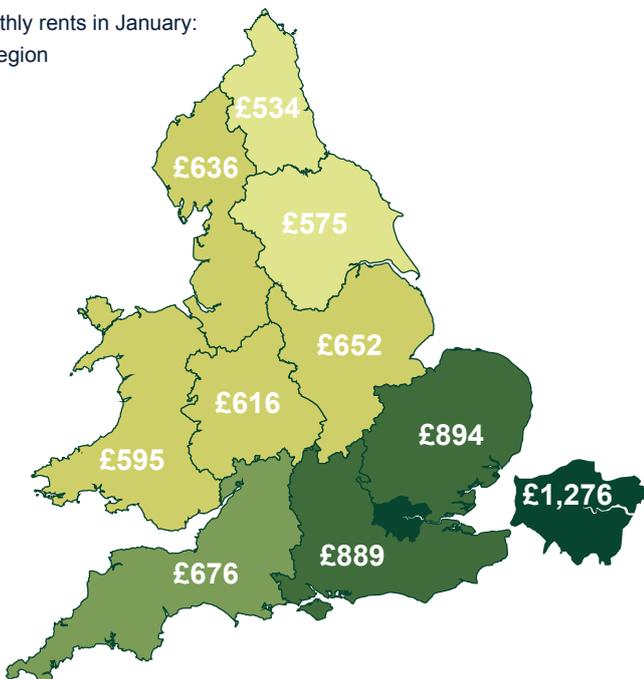
Martyn Alderton, National Lettings Director at Your Move, comments:

- “The new year has started in a positive fashion for the rental market in England and Wales, with prices rising on average by 2.5% to £829.”
- “Only London and the North East saw prices fall, with every other area seeing rises year-on-year.”
- “While 2017 saw the yields achieved by landlords continue to be squeezed, landlords can begin to feel confident in the market as yield levels have stabilised in all areas.”
- “With more tenants seeing renting as a long term option, landlords, with their letting agent’s support, should identify features to encourage longer tenancies. For example, our recent tenant survey has found that more than a quarter of tenants would pay on average £24 more a month to live with their pets. Tenants are also prepared to pay more for communal living extras, such as a shared garden, childcare facilities or a gym.”



Key findings at a glance

Monthly rents in January:
 By region



Key insights

- While the strongest growth has been seen in southern areas in recent years, rents in the North West and East Midlands grew faster than anywhere else in the last year, with the typical monthly rent in these regions 2.9% higher than 12 months ago.
- Across England and Wales rents (seasonally adjusted) grew by 2.5% in the year to January, reaching an average of £853.
- Prices have risen in eight out of the ten regions surveyed. London and the North East were the only regions to see a fall.
- This headline figure of £829 masks stark regional differences. London, the most expensive region, boasted an average monthly rent of £1,276 compared to £534 in the North East.
- Looking at the data on a non-seasonally adjusted basis, the average rent for all of England and Wales this month was £829 - 3.4% higher than a year ago.

Overview: North West and East Midlands start year with a bang

- The North West and East Midlands were the regions with the fastest growing rents in the year to January 2018, Your Move found.
- Prices in the North West - which includes major cities like Liverpool and Manchester, plus rural areas of Cheshire and Lancashire - rose by an average of 2.9% in the last year. The typical rent now stands at £636.

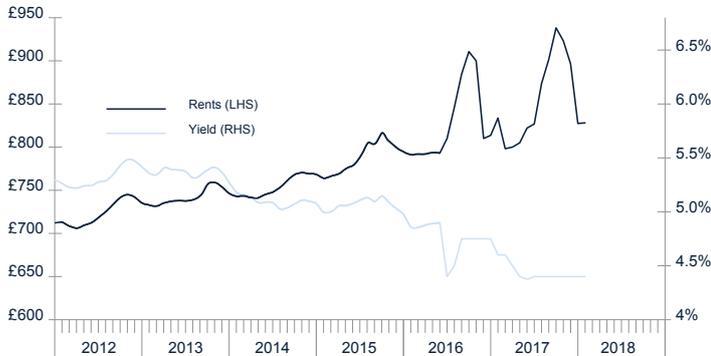
On the ground insight: North West. Vicki Cullen, Area Lettings Manager comments:

- “Demand in Manchester and East Lancashire remains strong due to the easily accessible commuter and public transport links. The variety of local schools, makes the area popular with families. In addition large businesses, including local hospitals and universities, also boost employment opportunities.”
- “The most popular type of housing is either a 3-bed semi, or a modern 3 to 4 bed detached and those with gardens and garages are always in high demand. We are seeing tenants becoming increasingly interested in the presentation of the house as they expect value for money and good quality homes to rent. A modern kitchen or bathroom will always make a property more appealing and consequently, easier to secure a tenant in a shorter timescale.”
- The East Midlands also saw prices increase by 2.9% year-on-year to reach £652. Elsewhere, the East of England saw price growth of 2.7% to £894 per month. Only two regions posted an annual rent decrease.
- The biggest percentage fall was in the North East, where prices have declined by 2% in the last year to £534 per calendar month. It remains the cheapest place to rent in the UK.

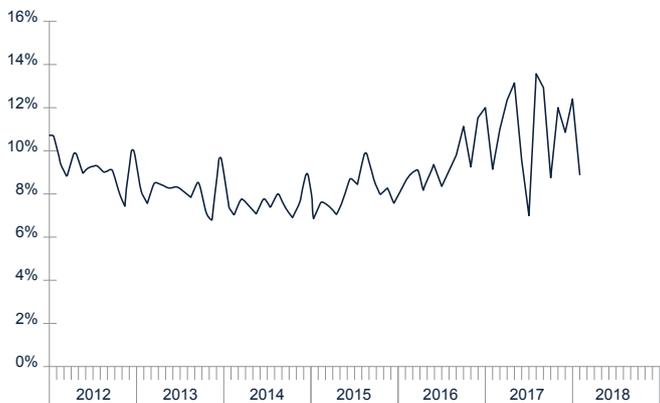


Key findings at a glance

Total annual rent and yield from residential property



Proportion of all rent in arrears



Regional Breakdown (12 month moving average)

Region	Rents Jan (£) 2018	One month change	Yields Jan 2018
North West	£636	0.06%	4.9%
South East	£889	0.26%	3.3%
East Midlands	£652	0.13%	4.0%
Yorkshire and The Humber	£575	0.10%	4.4%
West Midlands	£616	-0.14%	4.0%
North East	£534	-0.07%	5.0%
Wales	£595	0.06%	4.8%
London	£1,276	0.15%	3.2%
East of England	£894	0.03%	3.8%
South West	£676	0.31%	3.3%
England & Wales	£853	0.30%	4.4%

Links, Downloads & Images

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

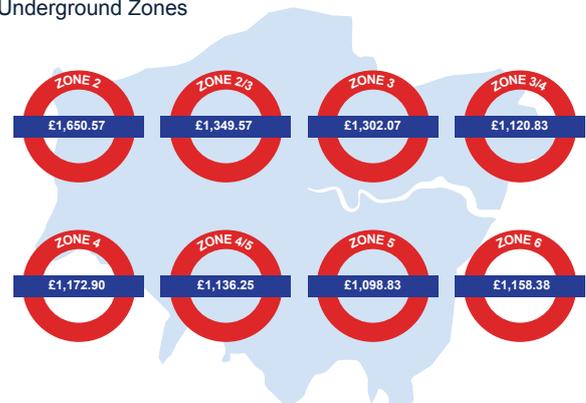
<https://www.your-move.co.uk/media-centre>

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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.

- In London, the most expensive area of the country to rent a property, prices dropped by 0.8% in the last year. The average property in the capital now costs £1,276 to rent.
- However, there are significant differences across many areas of London. When broken down based on London Travelcard zones, prices showed a wide variation.
- For example, in Travelcard Zone 2, the average rent in January stood at £1,651, while in the less central Zone 5, it was much lower at £1,099. However, this pattern is not uniform across all areas. Rents in Zone 6 were higher – at £1,158 – than Zone 5, despite being further away from the centre of the city.

Average London rents in January: by Underground Zones



Yield activity: No change to landlord returns

- While 2017 saw a decline in the yields achieved by landlords and other property investors, that did not carry over into the first month of the new year.
- Your Move found that all ten surveyed regions enjoyed the same percentage returns in January as they did last month.
- Northern regions continued to offer the best returns to investors, with the North East leading the way. Despite having lower rents than elsewhere, investors enjoyed a yield of 5% again this month – higher than anywhere else.
- The North West also has a high yield rate, with the average property returning 4.9%, while in Wales the figure was 4.8%.
- London continues to offer the smallest percentage returns to investors at 3.2%. The South East and South West regions also saw low returns when measured in this way. Both areas recorded a typical yield of 3.3% this month.

Arrears tracker: New year improvement in finances

- There was a post-Christmas improvement in tenant finances, with the proportion of households in arrears dropping month-on-month.
- During January 2018, 8.4% of all tenants were found to be in arrears, well below the 12.4% recorded in December. However, it is in line with the 8.8% arrears rate found in November.
- The proportion of tenants in arrears remains below the all-time high of 14.6%, recorded in February 2010. It is also below the most recent high of 13.7%, found in July 2017.