

RENTAL GROWTH PICKS UP ACROSS THE HOME COUNTIES

Rising demand from tenants for family homes underpinned rental growth across the Home Counties between January and March. Oliver Knight examines the latest figures

Results for Q1 2015

Home Counties rents rose by 3.5% between January and March

Annual rental growth was 4.7%

Viewings, inspections and the number of tenancies agreed all rose year-on-year in the first quarter

55% of tenancies agreed over the period were for three to five bedroom properties

The Home Counties Rental Index rose by 3.5% in the first quarter of 2015, which was the highest rate of quarterly growth in nearly four years. On an annual basis rents have increased by 4.7%.

Such strong growth in prime rents between January and March was underpinned by an increase in demand, as shown in figure 2.

In the three months to March 2015, the number of tenancies agreed across the Home Counties increased by 18% compared with the same period in 2014. Meanwhile, the number of viewings rose by 26%, property inspections increased 37% and the total number of prospective tenants registering grew by 25%.

Over this period, demand was strongest for family homes offered for up to £5,000 per month. Accordingly, across the Home Counties, three to five bedroom properties

accounted for 55% of all tenancies agreed between January and March, a similar level to the average for 2014. Tenants have favoured towns with access to good schools, such as Beaconsfield, Ascot, Cobham and Esher.

Though not prevalent, there is evidence to suggest that some tenants are renting before making a decision about purchasing in the area, a sort of “try before you buy”?

Meanwhile, corporate demand from those relocating to the Home Counties for work also picked up in the first quarter. Interest from corporate tenants is expected to continue to increase as the summer months begin – this is when demand tends to be highest.

In terms of nationalities, some 70% of new tenants in Q1 were from the UK, followed by tenants from North America and Asia.



OLIVER KNIGHT
Residential Research

“Three to five bedroom properties accounted for 55% of all tenancies agreed between January and March with tenants looking for family homes close to good schools.”

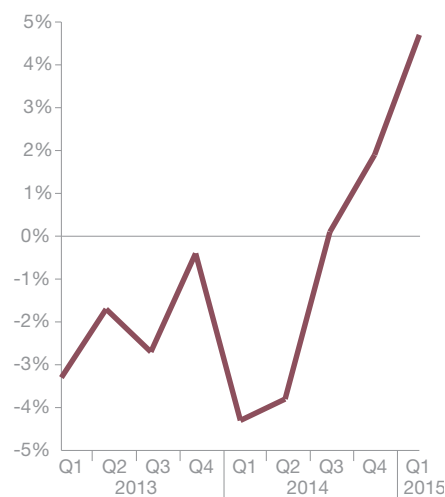
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FIGURE 1

Rents rising

Annual rental growth in the Home Counties

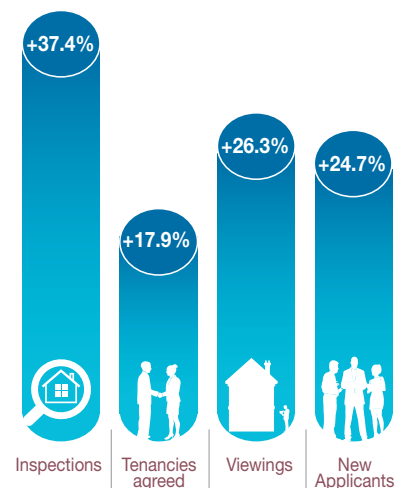


Source: Knight Frank Residential Research

FIGURE 2

Home Counties rental demand picks up

Q1 2015 vs Q1 2014



Source: Knight Frank Residential Research

HOME COUNTIES LETTINGS INDEX Q1 2015

Knight Frank Home Counties Prime Lettings Index results

	Annual % change	Six monthly % change	Quarterly % change
Q1 2013	-3.3%	0.1%	1.4%
Q2 2013	-1.7%	3.5%	2.1%
Q3 2013	-2.7%	-2.8%	-4.8%
Q4 2013	-0.4%	-6.9%	-2.2%
Q1 2014	-4.3%	-1.6%	0.7%
Q2 2014	-3.8%	3.3%	2.6%
Q3 2014	0.1%	1.7%	-0.8%
Q4 2014	1.9%	-1.3%	-0.5%
Q1 2015	4.7%	2.9%	3.5%

Source: Knight Frank Residential Research

“There is evidence to suggest that some tenants are renting before making a decision about purchasing in the area.”

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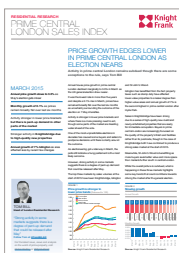
UK Residential Market Update Mar 2015



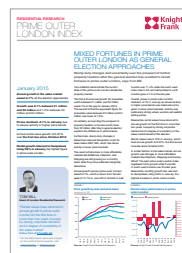
UK Prime Country House Index Q1 2015



Prime Central London Rental Index Mar 2015



Prime Central London Sales Index Mar 2015



Prime Outer London Index Jan 2015



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