

CORPORATE DEMAND BOOSTS HOME COUNTIES LETTINGS MARKET IN Q2

Rental growth was positive in the second quarter. Oliver Knight examines the latest figures

Results for Q2 2015

Prime rents in the Home Counties rose by 1.9% in the second quarter

On an annual basis rents have risen by 4%

Quarterly rental growth for 1-bedroom properties was 0.4% compared to 1.5% for 4-bedroom homes

Some 47% of new tenancies commenced between April and June were to international tenants

Prime rental values in the Home Counties rose by 1.9% between April and June, driven by the recovering UK economy and an increase in rental demand from corporate tenants. Annual rental growth stands at 4%.

The spring and summer months are often the most active for the Home Counties rental market with corporate demand peaking as families relocating for work look to move before the start of the new school year.

And while corporate demand is not back to the same levels seen before the financial crisis, it has stepped up notably. Between April and June, corporate tenants made up some 47% of all tenancies commenced across the Home Counties, up from 29% during the comparable period in 2014.

Corporate demand came from a range of industries in the three months to June, including the oil and gas, technology and pharmaceutical sectors, as well as from finance workers.

Additionally, there is anecdotal evidence to suggest that corporations are also stepping up their budgets which has translated into more competition for larger properties. This is certainly reflected in stronger rental growth being recorded in larger properties than smaller ones in Q2.

Demand for prime rental properties in the Home Counties continues to be widespread, with some 47% of tenants coming from outside of the UK between April and June, led by individuals from North America (figure 2).

Tenants relocating from the US are often most active during the first half of the year, with many looking to complete moves ahead of the American and International school term starting in August.

The number of potential tenants, both corporate and private, registering with Knight Frank lettings agents so far this year rose by 7%, compared to the same period last year. The number of applicant viewings was 24% higher over the same time, an indication that activity should continue to be robust in the coming months.



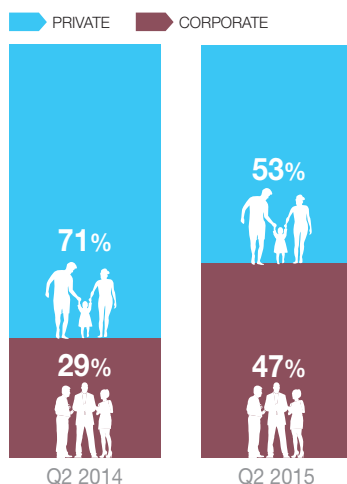
OLIVER KNIGHT

“Corporate tenants made up some 47% of all tenancies commenced across the Home Counties between April and June, up from 29% during the comparable period in 2014”

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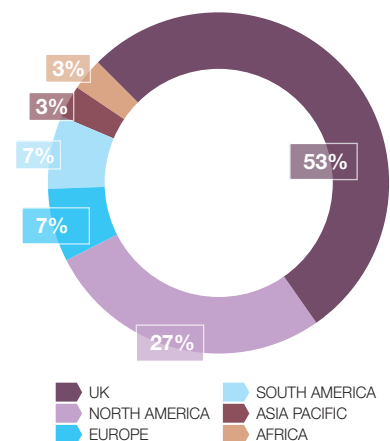
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FIGURE 1
Corporate demand picks up
As a % of total tenancies commenced (Q2 2014 v Q2 2015)



Source: Knight Frank Residential Research

FIGURE 2
Nationality or prime Home Counties tenants
April to June 2015



Source: Knight Frank Residential Research

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%
Q2 2015	4.0%	5.4%	1.9%

Source: Knight Frank Residential Research

“47% of tenants came from outside the UK between April and June, led by individuals from North America.”

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