

HOME COUNTIES RENTS BEGIN TO STABILISE

Despite a slight decline in rental values during the third quarter of 2014, prime rents across the Home Counties are higher on an annual basis for the first time in two years. Oliver Knight examines the figures.

Results for Q3 2014

Home Counties rents fell by 0.8% between July and September 2014

In the year to September 2014 rents have risen by 0.1%, the first annual rise in two years

The number of tenancies agreed was 27% higher in Q3 2014 year-on-year

In Q3 2014, some 55% of tenants in the Home Counties were from the UK

Rental values in the Home Counties grew on an annual basis for the first time since June 2012. Values were 0.1% higher than in September 2013 and are 2.4% higher than at the turn of the year.

However while annual growth may have crept into positive territory for the first time in two years, a gradual slowdown in the number of corporate relocation enquiries and a desire among landlords to keep void periods to a minimum, meant that between July and September prime rents actually fell by 0.8%.

Landlords do not want their properties sitting empty over the winter months and some, especially at the top-end of the market, have been willing to reduce asking rents as a result.

Figure 2 shows the average quarterly rental change by bedroom, with larger 5-bedroom properties seeing significantly higher rental declines over the course of the quarter than those with fewer bedrooms.

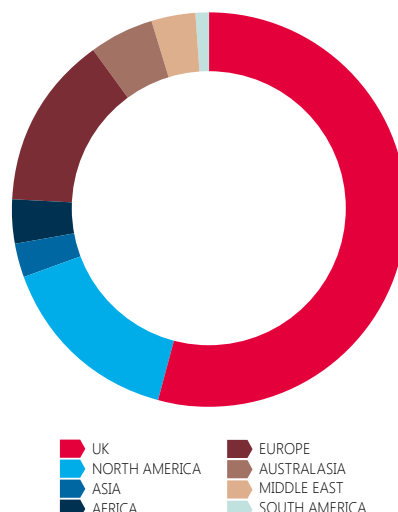
The flexibility shown by landlords on rents has helped boost the number of tenancies. The number of tenancies commenced between July and September was 27% higher than the corresponding three month period in 2013.

There are indications that activity will continue to be robust in the coming months with the number of potential tenants, both corporate and private, registering with Knight Frank lettings agents over the three months to September rising by 37%, compared to the same period last year and the number of viewings 14% higher over the same time.

The number of new instructions, which tends to be a good indicator of future stock coming to the market, was 38% higher in the third quarter year-on-year.

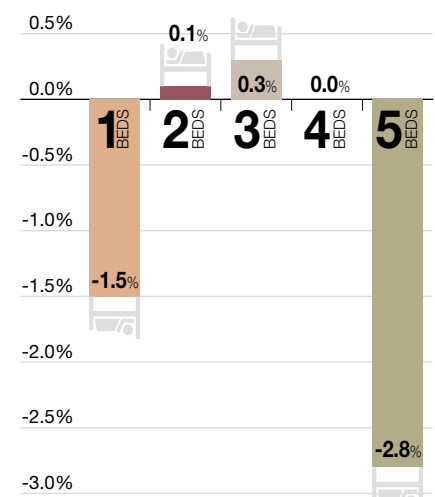
Over the last three months, some 55% of tenants in the Home Counties were from the UK (figure 1), followed by North Americans at 15% and Europeans who accounted for 14% of all tenancies agreed over the period.

FIGURE 1
Nationality of Home Counties tenants (Q3 2014)



Source: Knight Frank Residential Research

FIGURE 2
Home Counties rental change by bedroom Q3 2014



Source: Knight Frank Residential Research



OLIVER KNIGHT
Residential Research

“Larger properties saw higher rental declines over the course of the quarter than those with fewer bedrooms”

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HOME COUNTIES LETTINGS INDEX

Knight Frank Home Counties Prime Lettings Index results

	Annual % change	Six monthly % change	Quarterly % change
Q1 2013	-3.30%	0.10%	1.40%
Q2 2013	-1.70%	3.50%	2.10%
Q3 2013	-2.70%	-2.80%	-4.80%
Q4 2013	-0.40%	-6.90%	-2.20%
Q1 2014	-4.30%	-1.60%	0.70%
Q2 2014	-3.80%	3.30%	2.60%
Q3 2014	0.10%	1.70%	0.80%

Source: Knight Frank Residential Research

“Rental values in the Home Counties grew on an annual basis for the first time since June 2012.”



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RESIDENTIAL RESEARCH

Liam Bailey
Global Head of Research
+44 20 7861 5133
liam.bailey@knightfrank.com

Oliver Knight
Residential Research
+44 20 7861 5134
oliver.knight@knightfrank.com

PRESS OFFICE

Daisy Ziegler
+44 20 7861 1031
daisy.ziegler@knightfrank.com

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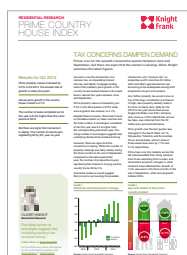
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