

HOME COUNTIES RENTS DIP AS STOCK RISES

Prime rents across the Home Counties fell for the second consecutive quarter in the final three months of 2015, but demand for properties remains robust.

Results for Q4 2015

Home Counties **rents fell by 0.3%** between October and December

The annual change in rental values in **2015 was 4.3%**

Higher stock levels have ensured **greater flexibility from landlords on rents**, tipping the balance in the favour of the tenant

Around **40% of Knight Frank tenants in the Home Counties were from overseas** in 2015

Prime rents in the Home Counties fell by 0.3% in the final three months of 2015 as landlords looked to keep void periods to a minimum and remain competitive. It follows a 0.8% drop the previous quarter.

Despite the decline in the second half of the year, the annual change in prime rents in 2015 was 4.3%, up from 1.9% in 2014.

Agents note that the number of properties available to rent across the Home Counties has been steadily rising over the last year as an increasing number of owner-occupiers enter the prime rental market as higher tax burdens are felt by potential buyers.

As a consequence, this has ensured greater flexibility on rents and started to tip the balance in the favour of the tenant.

Indeed, against this backdrop demand for rental properties has been robust. Knight Frank figures show that the number of individuals registering their interest in renting in the Home Counties between

October and December was up by 10% year-on-year and the total number of viewings conducted was up by 22% over the same time.

As ever demand from individuals relocating for work, both locally and from overseas, continued to form a significant proportion of the market in the fourth quarter with a number of 'move-ins' scheduled for early 2015, especially in the prime commuter hotspots of Ascot, Cobham and Esher.

In 2015, around 40% of Knight Frank tenants in the Home Counties were from overseas, led by Europeans who accounted for 14% of all tenancies agreed and North Americans who accounted for 13% of all tenancies agreed over the period.

Demand has generally come from professional couples and families, looking for flats and small houses. In the super-prime market, for properties above £15,000 per month, larger budget tenants have been less active.



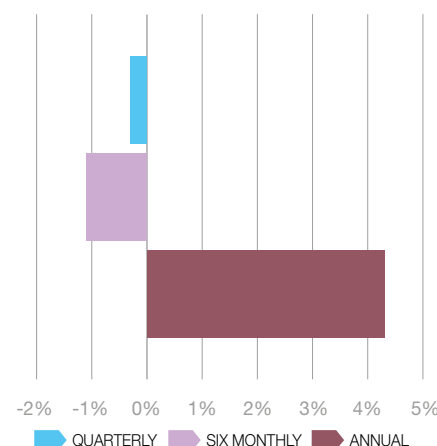
OLIVER KNIGHT
Senior Analyst

“The number of individuals registering their interest in renting in the Home Counties in Q4 was up by 10% year-on-year and the total number of viewings conducted was 22% higher.”

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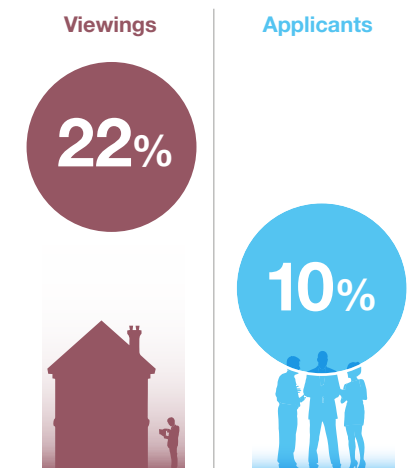
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FIGURE 1
Rental value growth in the Home Counties Q4 2015



Source: Knight Frank Research

FIGURE 2
Demand for rental properties in the Home Counties Q4 2015 v Q4 2014



Source: Knight Frank 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%
Q3 2015	4.1%	1.1%	-0.8%
Q4 2015	4.3%	-1.1%	-0.3%

Source: Knight Frank Residential Research

“Higher stock levels have ensured greater flexibility from landlords on rents, tipping the balance in the favour of the tenant.”

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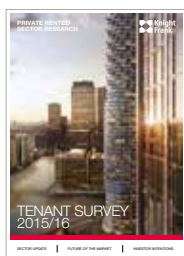
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