



Under embargo for 00.01 hours, Thursday 14<sup>th</sup> July 2022

## Rents grow at fastest annual rate in 16 years

- National average asking rents outside London hit another new record of £1,126 per calendar month (pcm), rising 3.5% from last quarter and 11.8% higher than last year:
  - Average asking rents outside London have now jumped by 19% (+£177) in the two years since the pandemic started, the same growth in rents that took eight years pre-pandemic to reach
  - This quarter's 3.5% jump in asking rents is the second highest in ten years
  - London also sees new record average asking rents of £2,257 pcm, with annual growth now exceeding 15%, the highest ever annual rate of any region
- Number of new rental properties coming to market improving but still down on last year's levels:
  - New rental listings are up 8% in June compared to the start of the year
  - Rental demand is up 6% compared with last year and available properties are down 26%
- Rightmove revises forecast upwards from 5% to 8% growth in asking rents by the end of the year due to sustained high demand and slow speed of stock recovery
- Average monthly rental payments are now 40% higher than they were ten years ago, while average mortgage payments for the same properties are up 13%
- Despite challenges, more landlords are planning to expand their portfolios in the coming 12 months (34%) than reduce them (11%)

### National average asking rent for all property types (excluding Greater London)

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2022	£1,126	+3.5%	+11.8%
Q1 2022	£1,088	+1.8%	+10.8%

### Greater London average asking rent for all property types

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2022	£2,257	+2.9%	+15.8%
Q1 2022	£2,193	+2.4%	+14.3%

### Inner and Outer London

	Avg. asking rent per month	Quarterly change	Annual change
Inner London	£2,693	+1.6%	+21.1%
Outer London	£1,937	+4.3%	+10.8%



## Overview

Average asking rents outside of London hit another new record of £1,126 per calendar month (pcm), rising 3.5% from last quarter and by 11.8% compared to last year.

This increase in average asking rents means that rents outside of London are rising at the highest annual rate Rightmove has ever recorded in 16 years of reporting. Rents have now risen by 19% (+£177) since the pandemic started two years ago.

By contrast, it took eight years pre-pandemic to reach the same level of growth, illustrating the rapid rise in asking rents since the start of the pandemic. This quarter's 3.5% jump is the second highest quarterly rise in ten years.

Rents in the capital also continue to rise as London reaches a new record average asking rent of £2,257 pcm this quarter. Annual growth in asking rents in London is now at 15.8%, the fastest ever rate of any region.

Rising rents continue to be driven by a shortage of available rental stock, with low volumes struggling to meet high tenant demand over the past two years.

Although there is still a shortage of available homes to rent, there continues to be signs of this improving. The number of new rental listings is up 8% since the start of the year. June saw the highest number of new rental listings coming to market of any month this year so far.

Despite these encouraging signs, available rental stock is still down 26% compared to last year's levels, while demand is up 6%, which means competition between tenants remains extremely fierce.

As high tenant demand continues to overtake last year's exceptional levels, and available rental stock is slow to recover, we now expect average asking rent growth to reach 8% by the end of the year, up from 5% predicted at the start of the year.

Affordability analysis from Rightmove shows that due to historically low interest rates, average mortgage payments on properties with two-bedrooms or fewer have risen by 13% in the last ten years, while equivalent rental payments on the same properties have risen by 40%.

Despite challenges such as navigating legislation changes and potential updates to EPC requirements and more landlords are planning to expand their portfolio than reduce it, a sign of confidence in the market.

A third (34%) of landlords recently surveyed said they plan to expand their portfolio during the next 12 months compared with 11% who plan to reduce the number of homes they rent out.

**Rightmove's Director of Property Science Tim Bannister said:** *"The story of the rental market continues to be one of high tenant demand but not enough available homes to meet that demand. Last year we saw exceptional numbers of tenants looking to move and this year we have seen no let-up in this trend. Whilst stock levels are beginning to improve, with June seeing the highest number of new rental listings coming to market so far this year, the wide gap that has been created between supply and demand over the last two years will take time to narrow. Until then, this imbalance will continue to support asking rent growth. This has led to our revised forecast of a 8% rise in asking rents by the end of the year up from 5%."*



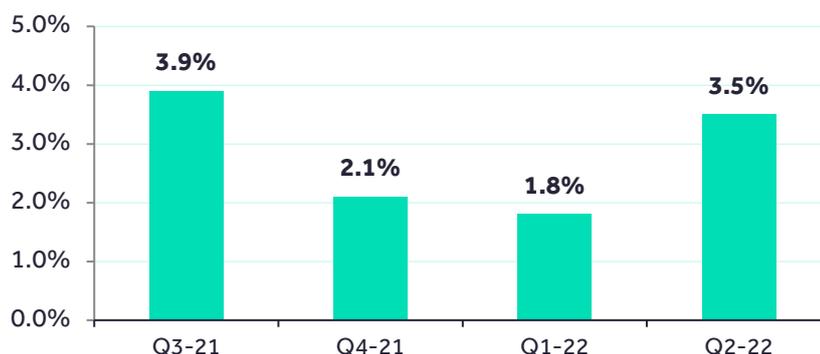
## Agents' Views

**Nicola Fleet-Milne, CEO at FleetMilne in Birmingham, said:** "Q2 2022 has seen a sharp increase in rental prices in Birmingham City Centre; a hangover of the stifled growth throughout the pandemic. Couple this with a lack of good quality stock, and the result is an applicant base looking for homes 6-10 weeks in advance of their need. This is a huge increase from 2021 where applicants typically searched around 4-6 weeks in advance of their need."

"Older stock is falling dramatically behind the standards of the new units coming through, and whilst initially, they may demand similar rents, as more developments complete, the older stock may be relegated to a markedly lower price band."

**Richard Davies, MD of Chestertons, said:** "Throughout Q2 of this year, London's rental market has seen continuous growth in tenant enquiries as well as in the number of tenants extending their rental agreements. Those who secured a property at a discounted rental rate during the pandemic are keen to hold on to this deal as long as possible, particularly in the face of rising living costs. With the return of office workers, international students and corporate tenants alike, London's rental market has also seen an unprecedented corporate demand that is outstripping supply. This has created an extremely competitive market for tenants where many offer landlords over asking price in order to secure a property."

## National quarterly change in average asking rents



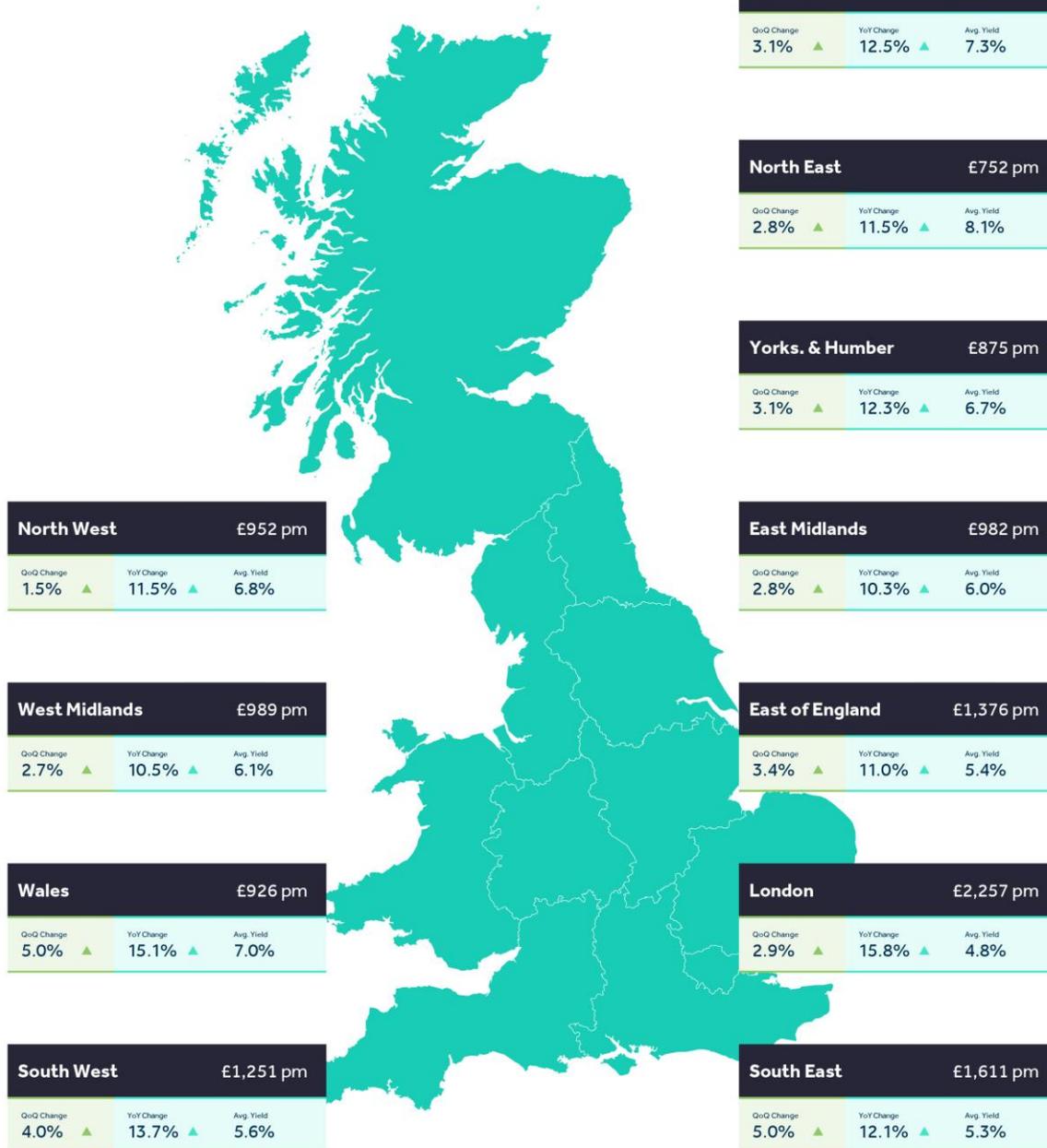


## Regional trends

# Rental Price Tracker

Q2 2022

● Increase from previous month    ● Decrease from previous month





## Landlord yields

Region	Average Landlord yield Q2 2022	Annual change in yield
<b>Great Britain</b>	<b>5.0%</b>	<b>+0.6%</b>
North East	8.1%	+0.6%
Scotland	7.3%	+0.7%
Wales	7.0%	+1.3%
North West	6.8%	+0.4%
Yorkshire and The Humber	6.7%	+0.4%
West Midlands	6.1%	-0.2%
East Midlands	6.0%	+0.2%
South West	5.6%	+0.4%
East of England	5.4%	+0.3%
South East	5.3%	+0.3%
London	4.8%	+0.7%

## Rental price hotspots

Area	Region	Average asking rent per calendar month Q2 2021	Average asking rent per calendar month Q2 2022	Annual change
Manchester	North West	£913	£1,127	23.4%
Chatham	South East	£986	£1,197	21.4%
Liverpool	North West	£751	£897	19.4%
Weymouth	South West	£768	£914	19.1%
Torquay	South West	£726	£857	18.0%
Margate	South East	£780	£911	16.9%
Farnham	South East	£1,124	£1,308	16.3%
Birmingham	West Midlands	£860	£999	16.1%
Bristol	South West	£1,092	£1,265	15.8%
Sale	North West	£837	£968	15.7%



## Editors' notes

The Rightmove Rental Trends Tracker methodology was updated as of Q3 2020 and all historic figures have been restated. The new methodology includes the latest mix adjustment figures.

The dataset is compiled from the asking rents of properties coming onto the market on Rightmove.co.uk. Rather than being a survey of opinions it is produced from factual data of actual asking prices of rental properties currently on the market. Rightmove's Rental Trends Tracker measures prices at the very beginning of the rental process.

**Quarterly data:** Rightmove measured 332,460 asking rents. The properties were advertised on Rightmove.co.uk by agents from 1st April – 30<sup>th</sup> June 2022. All short lets have been removed. All rents throughout are per calendar month.

Competition is calculated based on the number of people enquiring about each available property.