



The largest quarterly dataset of UK rental activity. Q2 report (April - June 2023)

Asking rents hit new record and now a third higher than pre-pandemic

- National average asking rents outside London hit new record of £1,231 per calendar month (pcm):
 - Average asking rents for new tenants are now over £300 (33%) more than pre-pandemic 2019
 - The annual pace of rent growth is slowing slightly, however it remains near double-digits
 - Average asking rents for new tenants in London also reach new record of £2,567 pcm
- Homes are continuing to let at speed, with the current time to find a tenant at its quickest since last November despite a slight easing in the gap between demand and supply:
 - The average property available to rent is finding a tenant in 17 days
 - Tenant demand is up by 3% compared to last year, however available properties to rent are up by 7%
- Landlords currently face multiple market challenges leading some to sell up, however they are determined to keep good tenants in their homes:
 - Landlords are most concerned about government sentiment towards the industry (47%), rising taxation (41%) and increasing compliance requirements (33%)
 - 16% of properties for sale were previously on the rental market, up from 13% in January 2019
 - The majority (57%) of landlords say tenants choose to stay in their properties for longer than 24 months

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

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2023	£1,231	+3.5%	+9.3%
Q1 2023	£1,190	+1.5%	+9.4%

Greater London average asking rent for all property types

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2023	£2,567	+2.6%	+13.7%
Q1 2023	£2,501	+0.9%	+14.0%

Inner and Outer London

	Avg. asking rent per month	Quarterly change	Annual change
Inner London	£3,059	+1.3%	+13.6%
Outer London	£2,206	+4.0%	+13.9%



Overview

Average asking rents for new tenants outside of London reach another new record this quarter of £1,231 per calendar month (pcm).

The average asking rent for a typical home outside of London is now a third (33%) higher than at this time in pre-pandemic 2019, increasing by more than £300 from £923 pcm.

By contrast, average asking rents for new tenants outside of London rose by just £71 (8%) in the four years previous between 2015 & 2019, highlighting the rapid increase in new asking rents as tenant demand has increased and the number of properties available to rent has been steadily squeezed since the pandemic.

Although the yearly pace of rent increases for new tenants continues to slow marginally, it remains near double-digit levels.

It's a similar story in the capital, with average asking rents in London reaching a new record of £2,567, and while the pace of rent growth has slowed slightly, it remains in double-digits for the seventh consecutive quarter. London rents are now 28% higher (+£559 pcm) than at this time in 2019.

Despite quickly rising prices, rental homes are continuing to let at speed and many landlords are still being met with long queues of prospective tenants wanting to view and rent their property.

The current average time to find a tenant for a home to rent is 17 days, its quickest since November 2022.

Tenant demand continues to exceed even last year's frenetic levels and is currently 3% higher than at this time in 2022 and 42% higher than June 2019.

The gap between supply and demand has slightly narrowed compared to last year, with available properties to rent up by 7% compared with June 2022, though this figure remains 42% below 2019.

Meanwhile, landlords are currently facing challenges from multiple directions. Government sentiment towards the industry (47%), rising taxation (41%) and increasing compliance requirements (33%) topped the list of landlords' concerns in a recent study by Rightmove.

A quarter (25%) are also concerned about the rising cost of buy-to-let mortgages.

This is leading some landlords to sell up. 16% of properties currently for sale were previously available on the rental market, a figure which is up from 13% in January 2019.

The data suggests landlords are particularly concerned about their properties with a lower EPC rating, ahead of proposed changes to EPC requirements from the government.

A third (33%) of landlords who own lower EPC rated properties plan to sell them rather than make improvements to their EPC rating, compared with 20% who planned to sell last year.

However, despite these challenges, landlords value having a good tenant in their home and are determined to keep good tenants for longer.

The majority (57%) of landlords said that on average, tenants choose to stay in their properties for longer than 24 months, with only 8% saying they stay for a year or less.

Rightmove's Director of Property Science Tim Bannister said: *"The number of available properties to rent continues to improve compared to last year's record low levels providing tenants with more choice, though*



with a long way to go to catch up with pre-pandemic levels of stock, there will continue to be more tenants looking to move than properties for them to move to for a while yet. Average asking rents for new tenants have risen at a rapid pace since the pandemic reflecting the significant increase in demand, which is driven by a combination of factors including changed housing needs, such as some space to work from home. Landlords are currently having to navigate a multitude of challenges, but the data suggests it remains important to build long-term relationships with good tenants, with the majority of tenants choosing to stay in their property for longer than two years.”

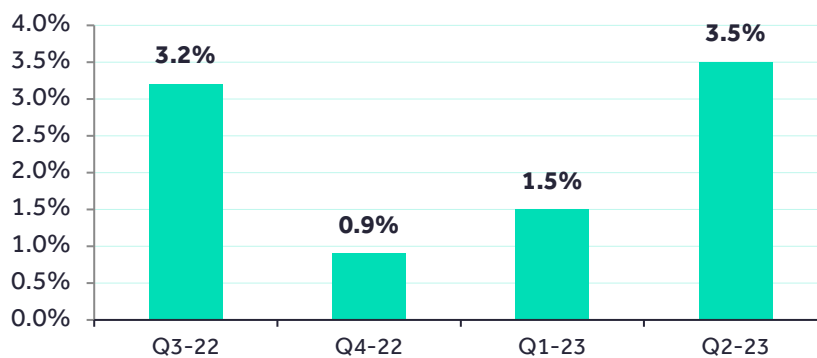
Agents' Views

Allison Thompson, National Lettings Managing Director of Leaders Romans Group said: “The themes dominating the lettings market continue to be low supply and high demand - an expansion in the number of people looking to rent, rather than landlords selling up en masse. Some highly leveraged landlords are considering selling due to interest rate rises but we find most are mortgage-free, and in most cases our advice is to avoid a knee-jerk reaction. Interest rate rises are likely to reverse in early 2024 and in the meantime the almost total absence of voids helps counter increased mortgage costs.”

Lynne Lancaster, Head of Estate Agency at Penrith Farmers and Kidd's said: “The rental market in Cumbria remains very strong and shows no signs of retracting. We've listed the same number of properties to rent compared to last year, and the volume of enquiries and number of viewings has increased by at least 20-30% in some areas. Demand continues to well outstrip supply and we are actually seeing more tenants stay put for longer rather than move after the agreed term.”

National quarter-on-quarter change in average asking rents

National quarterly change in average asking rents



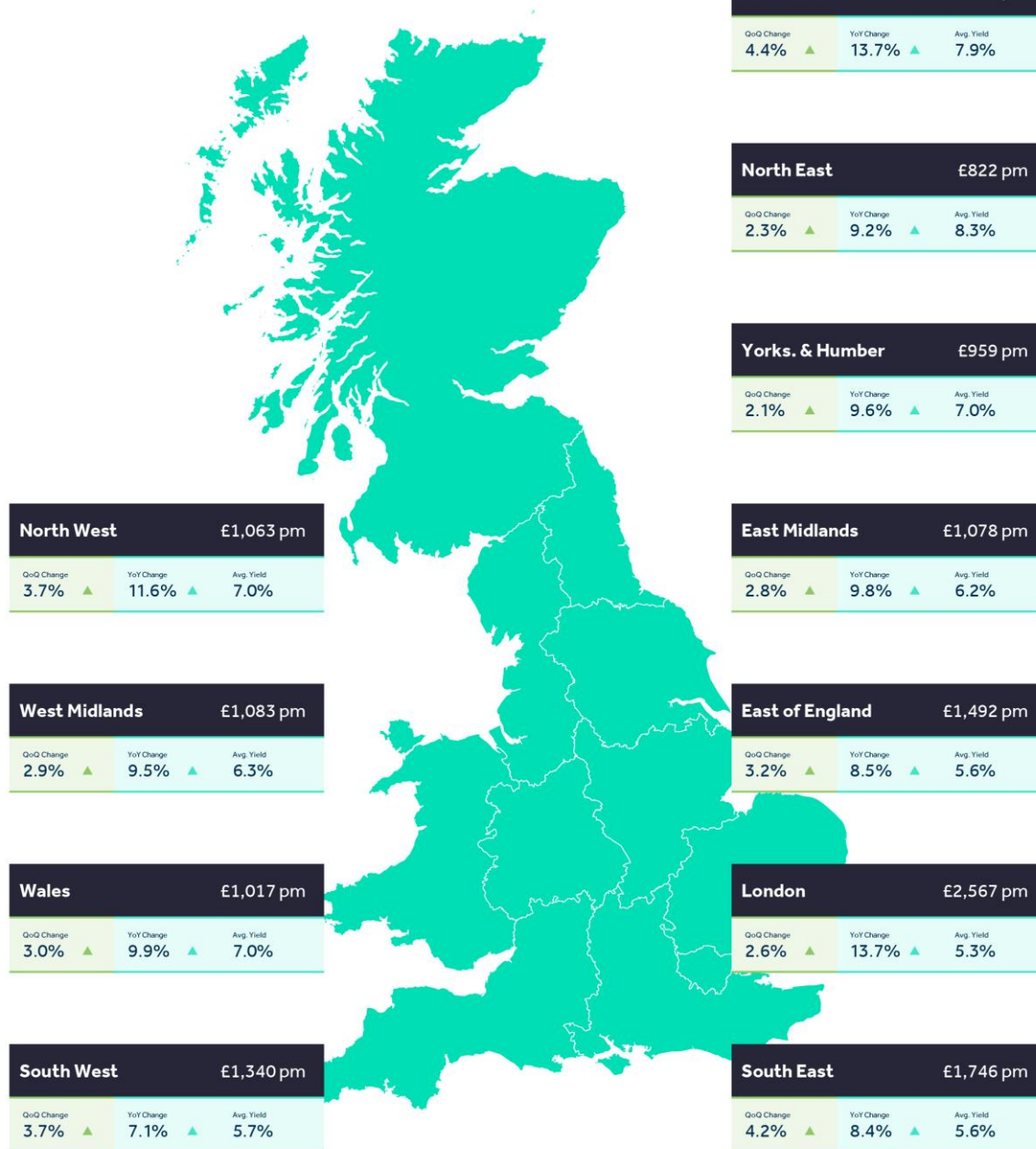


Regional trends

Rental Price Tracker

Q2 2023

● Increase from previous month ● Decrease from previous month





Landlord yields

Region	Average Landlord yield Q2 2023	Annual change in yield
Great Britain	6.0%	+0.3%
East Midlands	6.2%	+0.2%
East of England	5.6%	+0.2%
London	5.3%	+0.6%
North East	8.3%	+0.2%
North West	7.0%	+0.2%
Scotland	7.9%	+0.5%
South East	5.6%	+0.3%
South West	5.7%	+0.1%
Wales	7.0%	0.0%
West Midlands	6.3%	+0.2%
Yorkshire and The Humber	7.0%	+0.2%

Rental price hotspots

Area	Region	Average asking rent per calendar month Q2 2022	Average asking rent per calendar month Q2 2023	Annual change
Edinburgh	Scotland	£1,111	£1,380	+24.2%
Luton, Bedfordshire	East of England	£991	£1,213	+22.4%
Staines, Surrey	South East	£1,407	£1,693	+20.3%
Haywards Heath, West Sussex	South East	£1,064	£1,271	+19.5%
Southampton, Hampshire	South East	£989	£1,180	+19.3%
Dartford, Kent	South East	£1,259	£1,501	+19.1%
Paisley, Renfrewshire	Scotland	£596	£700	+17.4%
Glasgow	Scotland	£873	£1,023	+17.1%
Ashford, Kent	South East	£970	£1,135	+17.0%
Farnham, Surrey	South East	£1,290	£1,506	+16.7%



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 536,289 asking rents. The properties were advertised on Rightmove.co.uk by agents from 1st April – 30th June 2023. 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.