



Q1 (January – March 2016)

Under embargo until 00.01 Wednesday 13th April 2016

Interest in buy-to-let drops by over a quarter as tax changes begin

NATIONAL AVERAGE ASKING RENT (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q1 2016	£761	+0.8%	3.9%
Q4 2015	£756	-0.8%	3.8%
GREATER LONDON AVERAGE ASKING RENT			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q1 2016	£2,021	+1.3%	+1.6%
Q4 2015	£1,994	-1.0%	+0.5%

- Interest in new purchases from buy-to-let investors dropped 27% in March compared to the same month last year as April 1st tax change starts to bite
- The fall reverses the upward trend between December and February which saw a 24% year-on-year increase in buy-to-let enquiries, indicating a potential slowdown in new investor purchases at least in the short-term
- Demand from home-hunters is at an all-time high with a record number of Q1 enquiries, so the pause from investors could give some first-time buyers more of an opportunity to make a move
- Investors looking for the best yields could look to counties like Durham and Merseyside: Peterlee offers the best rental yield over the next year (9.1%) followed by Bootle (8.6%)

Some buy-to-let investors took a break from looking for new properties in March as the new tax changes deadline loomed, new data from Rightmove reveals.

Whilst Rightmove recorded its busiest ever Q1 for enquiries to estate agents, the intentions of buyers shifted in March, with the number of people saying they were planning to buy a property to rent dropping by 27% compared to the same month last year. This contrasts with the increase in interest seen from investors between December and February (+24% year-on-year) as they tried to make last minute purchases before April's additional 3% tax deadline.

Sam Mitchell, Rightmove's Head of Lettings, comments: *"This waning of interest definitely seems to predict a slowdown in the buy-to-let market, but what's not yet clear is if this will only turn out to be a short-term pause. It*

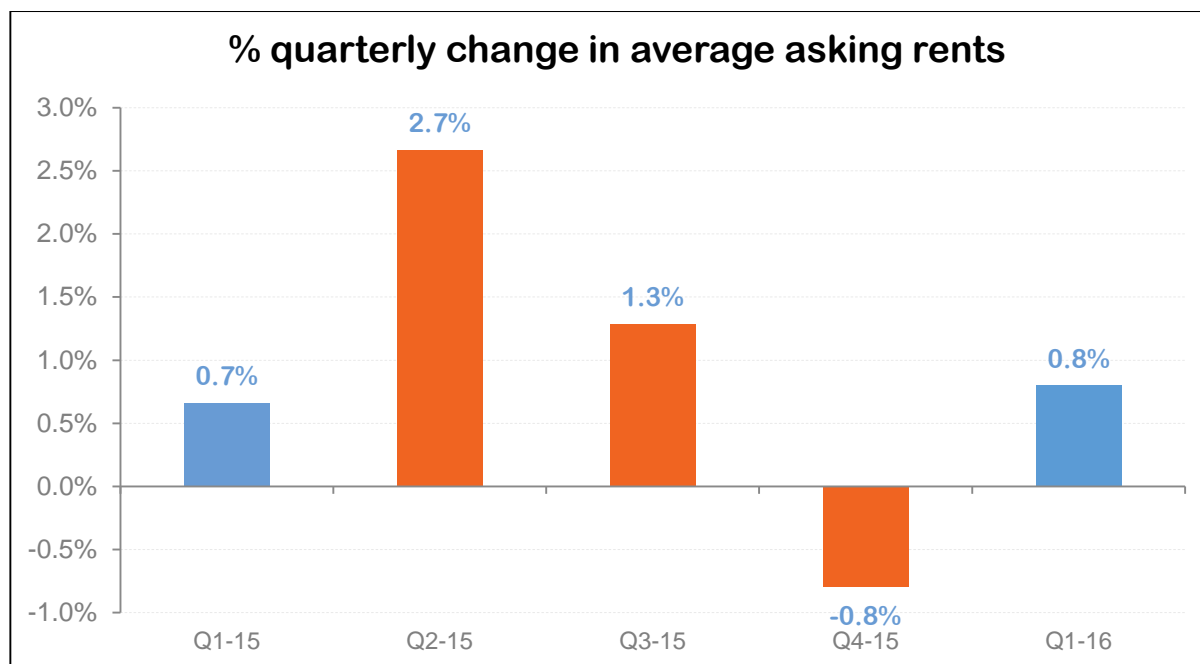


could be that some investors are waiting until the tax changes have some time to bed in before they review their business and continue to make purchases. If this removes some of the competition for smaller properties then it could spell good news for many first-time buyers with a deposit ready as they may find now is the ideal time to make a move."

Buy-to-let investors not deterred by the tax changes and looking for the best yields could consider buying in areas in the north such as Durham and Merseyside. The top four locations for best yields are all in these counties, with Peterlee in Durham highest at 9.1%, followed by Bootle in Merseyside at 8.6%. In third place is the neighbouring town of Birkenhead offering a yield of 7.8% and fourth is Stanley in Durham at 7.7%.

Mitchell observes: *"These areas where you can buy a two bed property for around £60-70k seem to offer a sound investment as long as the demand is there from tenants, so it's worth speaking to local agents about what the rental market is like. Whilst the highest demand for rental properties is often in the South and the East of England, this quarter's data shows demand is growing in Manchester in places like Ashton-Under-Lyne and Stalybridge so they're worth considering this year as well."*

Greater London (+1.3%) and the North West (+1.1%) were the strongest performing regions this quarter for rental increases, with the South East and East of England both falling by 0.1%, though the East of England's annual increase of 5.9% still sees it outstrip all other regions.



Top five best areas for projected rental yield outside Greater London

Area	Avg. asking rent per month (2 bed) – Q1 2016	Avg. asking price (2 bed) – Q1 2016	Yield (%)
Peterlee, County Durham	£401	£53,190	9.1%
Bootle, Merseyside	£446	£61,923	8.6%
Birkenhead, Merseyside	£457	£70,174	7.8%
Stanley, County Durham	£390	£60,819	7.7%
Accrington, Lancashire	£433	£70,832	7.3%



Top five highest growth areas outside Greater London (year-on-year)

Area	Avg. asking rent per month (2 bed) – Q1 2015	Avg. asking rent per month (2 bed) – Q1 2016	Annual change
Harpenden, Hertfordshire	£1,065	£1,217	14.3%
Luton, Bedfordshire	£734	£828	12.8%
Rushden, Northamptonshire	£549	£619	12.7%
Corby, Northamptonshire	£520	£585	12.6%
Salford, Greater Manchester	£714	£797	11.7%

Top five most in-demand areas outside Greater London

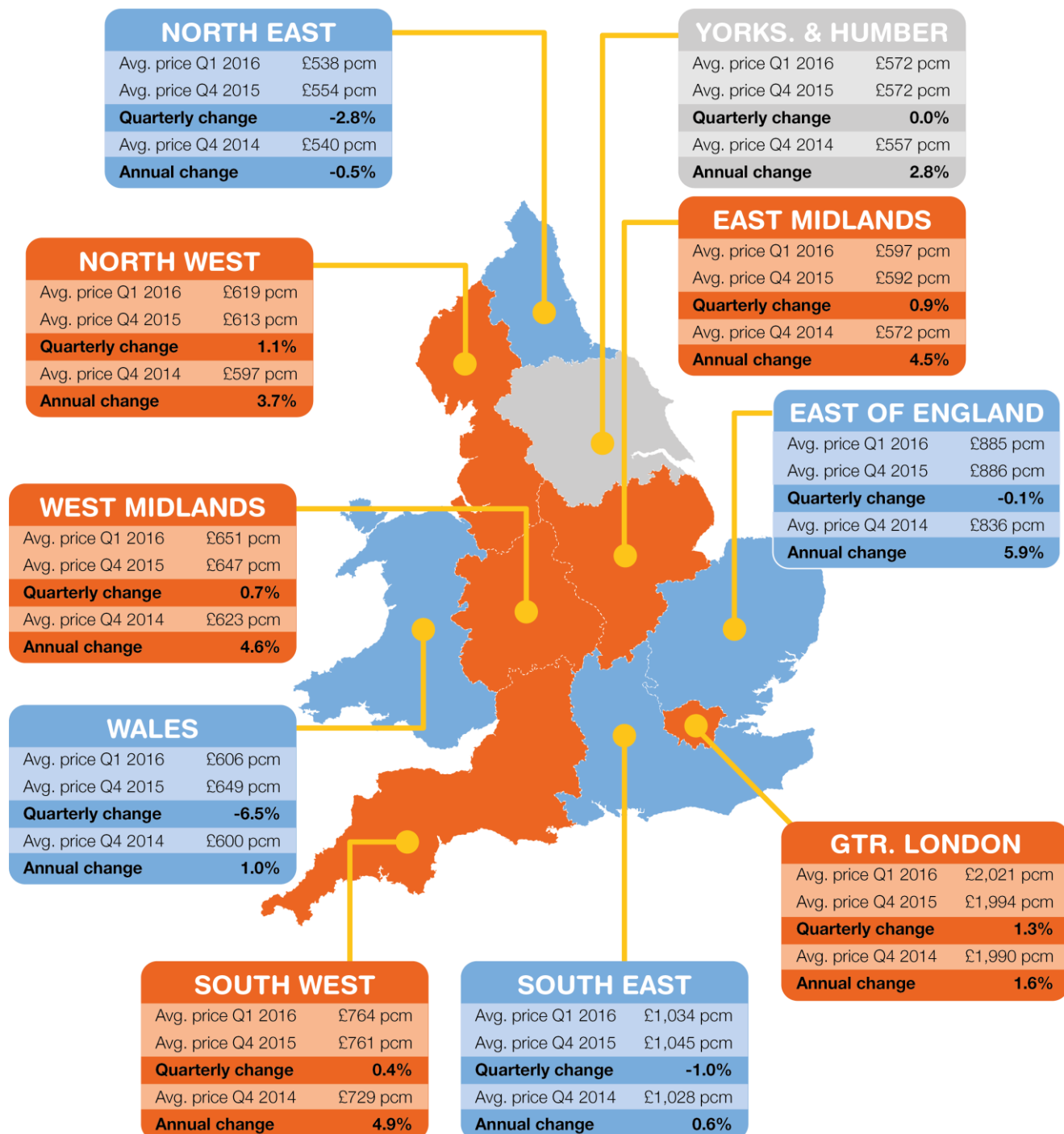
Area	Avg. asking rent per month (2 bed) Q1 2016
Ashton-Under-Lyne, Greater Manchester	£519
Stevenage, Hertfordshire	£923
Wickford, Essex	£921
Letchworth Garden City, Hertfordshire	£852
Salford, Greater Manchester	£533

The Rightmove Rental Trends Tracker



Regional trends

■ Increase from previous quarter
 ■ Decrease from previous quarter
 ■ No change





Editors' notes

Rightmove's Rental Trends Tracker 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.

Rightmove measured 340,216 asking rents. The properties were advertised on Rightmove.co.uk by agents in Q1 2016. This month 14,974 properties have been excluded due to being anomalies. All short lets have been removed.

For all areas lower than region the asking prices and % growth are for two bed properties.