



Q2 (April – June 2016)

Under embargo until 00.01 Thursday 14th July 2016

Buy-to-let rush boosts rental supply with biggest increase in London

- The rental market received a boost of 8% more new properties advertised to rent in Q2 compared to the same quarter in 2015, following the Q1 rush to buy property to let out before the stamp duty charges came in
- Majority of new properties were in London, up by 22% on the same period last year, resulting in a small drop in the region's average asking price this quarter to just under £2,000 per month
- Despite the increase in supply, all other regions recorded a rise in average asking rents this quarter, with the East of England's 5% annual change leading the way
- Rental enquiries up 2% in Q2 2016 compared to last year, and up 1% in the two weeks after the referendum compared to same two weeks in 2015, as the lettings market shows no immediate signs of Brexit impact

NATIONAL AVERAGE ASKING RENT (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2016	£782	+2.8%	4.0%
Q1 2016	£761	-0.8%	3.9%
GREATER LONDON AVERAGE ASKING RENT			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q2 2016	£1,998	-1.1%	-0.6%
Q1 2016	£2,021	+1.3%	+1.6%

The rush from investors to buy property before the new stamp duty charges came in on additional homes on 1st April 2016 led to a boost of rental properties into the market in Q2, new data from Rightmove reveals.

There were 8% more newly-marketed rental properties in Q2 compared to the same period last year, offering tenants more choice in some areas, especially London and the South East.

The supply boost failed to stop rents rising 2.8% this quarter outside London in England and Wales, though this is only 0.1% higher than the rise in Q2 2015. The East of England's year-on-year increase of 5% is the highest of all regions, while the South East saw rents increase the most over the quarter, up by 5.1%.

London saw the biggest increase in supply this quarter (+22%) compared to any other region, resulting in a fall in average asking rents by 1.1% to just under £2,000 per month.



Rightmove's Head of Lettings Sam Mitchell comments: *"The big spike in March transactions resulting from a large number of investors beating the more punitive stamp duty tax deadline has created a rental supply boost which is good news for prospective tenants actively looking for a new place to live. Now that the stamp duty changes have come in this boost may be short-lived, as landlords consider whether or not to make further purchases. Our own research among landlords shows that just under a third of them are concerned that the stamp duty changes, plus the forthcoming tax relief changes, will potentially wipe out their profits. Once the tax relief changes start to be phased in from next year new buy-to-let activity could slow further. However rental demand is still outstripping supply in many areas of the country so we may see a shift by investors to look in areas that offer better yields for long-term property investments."*

Investors planning to continue expanding their portfolio could look to some of the areas with highest demand from prospective tenants. The top five places include three in Greater Manchester – Ashton-Under-Lyne, Stalybridge and Oldham - where average asking rents for two-bedroom properties are around £520 per month and you can buy a two-bed home for around £100,000.

Demand as measured by email and phone enquiries for rental properties from prospective tenants to agents on Rightmove was up 2% this quarter compared to Q2 in 2015, and up 1% year-on-year in the two weeks immediately following the referendum result.

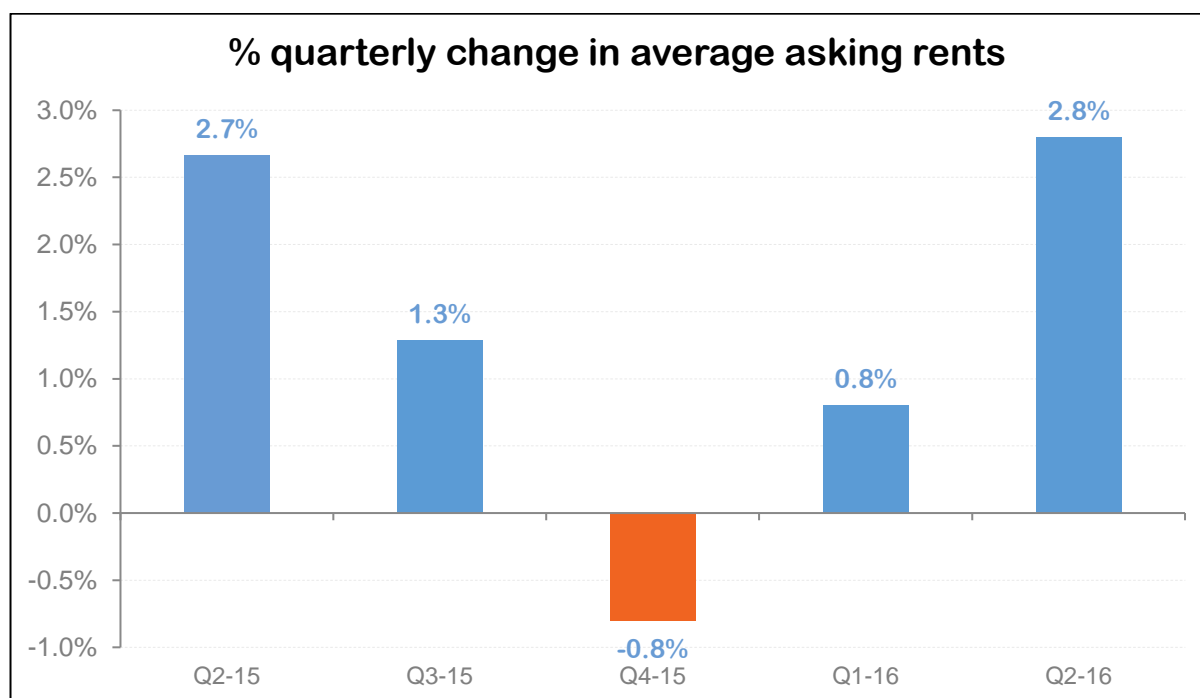
Mitchell observes: *"Whilst it's too early to speculate or predict any long term impact of Brexit for the rental market, these latest figures show that it's business as usual for tenants looking for a place to rent. Naturally we saw a dip in demand the three days after the referendum result, but that soon returned to usual levels of searching. If confidence in buying houses does falter it could lead to more people looking to rent, perhaps in the short-term, and that would mean that rents could rise further."*

Agent's View

Debbie Pennell, Lettings Director of Robinson-Jackson in London and Kent said: *"It's easy to attribute any recent fluctuations in lettings to Brexit, but measuring results and performance this year will be especially hard. The new increased buy-to-let stamp duty levy combined with the stepped demise of mortgage interest tax offsetting is just as responsible for a 'pause' in activity in Q2 of 2016 as the referendum build up. Politics aside, we are reporting a healthy number of investors still actively looking to purchase buy-to-let properties. With interest rates looking to slide, the long-term rewards of a buy-to-let are still tempting, even if the short-term gains are eroding to almost nothing for many landlords. Interestingly, we have looked at the number of landlords selling their investments in recent months compared*



to the same period in 2015. There's no difference, so the political and economic climate hasn't sent landlords running for the hills. Only time will tell if this will change."



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

Area	Avg. asking rent per month (2 bed) – Q2 2015	Avg. asking rent per month (2 bed) – Q2 2016	Annual change
Dunstable, Bedfordshire	£730	£818	12.1%
Wellingborough, Northamptonshire	£554	£620	12.0%
Corby, Northamptonshire	£534	£595	11.4%
Ramsgate, Kent	£623	£694	11.3%
Chelmsford, Essex	£868	£955	10.1%

Top five most in-demand areas outside Greater London

Area	Avg. asking rent per month (2 bed) - Q2 2016
Ashton-Under-Lyne, Greater Manchester	£520
Stalybridge, Greater Manchester	£532
Wickford, Essex	£940
Oldham, Greater Manchester	£531
Tamworth, Staffordshire	£682

The Rightmove Rental Trends Tracker



Regional trends

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

NORTH EAST

Avg. price Q2 2016	£555 pcm
Avg. price Q1 2016	£538 pcm
Quarterly change	3.1%
Avg. price Q2 2015	£547 pcm
Annual change	1.5%

YORKS. & HUMBER

Avg. price Q2 2016	£589 pcm
Avg. price Q1 2016	£572 pcm
Quarterly change	2.9%
Avg. price Q2 2015	£571 pcm
Annual change	3.1%

NORTH WEST

Avg. price Q2 2016	£633 pcm
Avg. price Q1 2016	£619 pcm
Quarterly change	2.2%
Avg. price Q2 2015	£613 pcm
Annual change	3.3%

EAST MIDLANDS

Avg. price Q2 2016	£603 pcm
Avg. price Q1 2016	£597 pcm
Quarterly change	0.9%
Avg. price Q2 2015	£582 pcm
Annual change	3.6%

EAST OF ENGLAND

Avg. price Q2 2016	£899 pcm
Avg. price Q1 2016	£885 pcm
Quarterly change	1.6%
Avg. price Q2 2015	£856 pcm
Annual change	5.0%

WEST MIDLANDS

Avg. price Q2 2016	£664 pcm
Avg. price Q1 2016	£651 pcm
Quarterly change	2.0%
Avg. price Q2 2015	£637 pcm
Annual change	4.3%

WALES

Avg. price Q2 2016	£616 pcm
Avg. price Q1 2016	£606 pcm
Quarterly change	1.6%
Avg. price Q2 2015	£594 pcm
Annual change	3.7%

GTR. LONDON

Avg. price Q2 2016	£1,998 pcm
Avg. price Q1 2016	£2,021 pcm
Quarterly change	-1.1%
Avg. price Q2 2015	£2,010 pcm
Annual change	-0.6%

SOUTH WEST

Avg. price Q2 2016	£776 pcm
Avg. price Q1 2016	£764 pcm
Quarterly change	1.5%
Avg. price Q2 2015	£753 pcm
Annual change	3.0%

SOUTH EAST

Avg. price Q2 2016	£1,087 pcm
Avg. price Q1 2016	£1,034 pcm
Quarterly change	5.1%
Avg. price Q2 2015	£1,062 pcm
Annual change	2.4%



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 365,915 asking rents. The properties were advertised on Rightmove.co.uk by agents in Q2 2016. This month 16,105 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.