



Q3 (July – September 2016)

Under embargo until 00.01 Wednesday 12th October 2016

Buy-to-let enquiries up 30% since May as investors return to the market

- Buyer enquiries from potential landlords and investors are now up 30% since May, following a short-term dip as additional stamp duty changes came in on April 1st
- New rental listings this quarter are 6% higher than in 2015, allaying concerns that the drop in investor activity would lead to less choice for tenants
- Asking rents continue to fall in London, down 0.7% on last quarter, with the North West the highest riser across Great Britain, up 2.0%
- Outside London the Q1 rush to beat the stamp duty changes paid off most for investors buying in seaside towns Southend-on-Sea and St Leonards-on-Sea, with average total returns of 14.7% and 13.7%
- In London the top total returns were found in East Croydon (13.8%) and Greenford (13.4%)

NATIONAL AVERAGE ASKING RENT (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2016	£779	0.5%	3.2%
Q2 2016	£775	2.7%	4.1%

GREATER LONDON AVERAGE ASKING RENT			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2016	£1,985	-0.7%	-1.5%
Q2 2016	£1,998	-1.1%	-0.6%

New investors and landlords enquiring about properties to purchase for buy-to-let have risen by 30% since May, indicating a substantial return in their activity despite the introduction of an additional 3% stamp duty on second homes in April.

March and April saw a temporary lull in buy-to-let activity on Rightmove, following the rush in the first three months of the year to complete before the new rules kicked in.

The brief pause in activity didn't lead to a reduction in new rental supply that some were predicting, with newly-marketed rental properties up 6% in Q3 compared to 2015. London continues to lead the way for new supply, with a year-on-year increase of 15% over the same period.



Rightmove's Head of Lettings Sam Mitchell comments: *"Investor activity has bounced back following the stamp duty changes, though some agents report that many investors are looking to knock sellers down on their asking prices to make up for the additional stamp duty they now need to pay. New rental supply has held up despite concerns that the stamp duty changes would lead to less fresh stock."*

Asking rents are up slightly this quarter at +0.5% to £779 per month¹. Whilst the East of England still leads the way for the highest increase annually, it's the North West that has risen most this quarter, up 2.0%, followed by Scotland, up 1.5%. London continues its downwards trend, staying under £2,000 per month and annually down 1.5%.

Rightmove has looked at where across Great Britain those last minute purchases before April 1st are paying off most for savvy investors. The total returns calculation², using the largest rental property data set in Great Britain, takes into account the area's capital price growth since the stamp duty changes and the average rent a landlord would have collected in that time. This identifies the locations where buy-to-let investors have seen the highest overall return on their investment.

The top ten outside London reveals that a number of seaside towns are offering strong total returns, including Southend-on-Sea (14.7%), St Leonards-on-Sea (13.7%), Clacton-on-Sea (12.4%) and Westcliff-on-Sea (11.8%). Corby and Wellingborough, both in Northamptonshire, also make the top ten with total returns of 12.8% and 11.8% respectively. Although yields are often lower in London, the increase in capital has led to total returns as high as 13.8% in East Croydon, and 13.4% in Greenford.

Mitchell observes: *"Once again Essex and other commuter spots are offering investors the best total returns, and those looking at long-term investments are seeking out areas with upcoming improved transport links. The changes starting in 2017 to lessen mortgage interest tax relief may see some seriously review their businesses and could scale back, though there appear to be no signs yet of landlords exiting the market. If supply of property to rent does scale back those that will win in the long term will be less highly-mortgaged landlords that chose not to sell off their property, and the big winners could be those that are investing in the right areas now. We expect some of the supply gap to be filled by Build to Rent but it could take some years for this to seriously increase rental stock levels. With this in mind 2017 could be another year of increasing rents."*

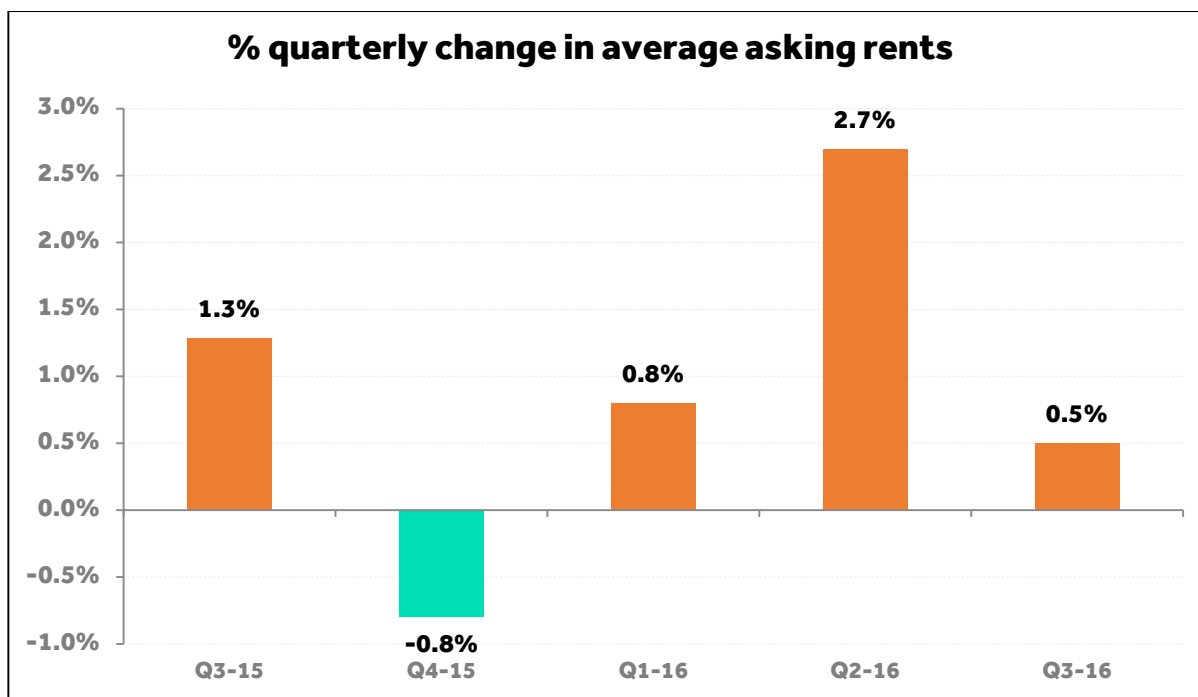


Highest total returns outside Greater London

Area	Avg. asking price Q1 2016	Avg. asking price Q3 2016	Avg. total rent collected	Total return on investment
Southend-On-Sea, Essex	£187,515	£210,353	£4,816	14.7%
St. Leonards-On-Sea, East Sussex	£155,627	£173,073	£3,929	13.7%
Colchester, Essex	£164,915	£183,010	£4,312	13.6%
Lowestoft, Suffolk	£129,197	£143,151	£3,081	13.2%
Corby, Northamptonshire	£112,253	£123,125	£3,514	12.8%
Clacton-On-Sea, Essex	£154,022	£169,161	£3,942	12.4%
Waltham Cross, Hertfordshire	£267,262	£292,553	£6,502	11.9%
Westcliff-On-Sea, Essex	£203,860	£223,268	£4,732	11.8%
Wellingborough, Northamptonshire	£124,484	£135,562	£3,619	11.8%
Hastings, East Sussex	£159,869	£174,747	£3,956	11.8%

Highest total returns in Greater London

Area	Avg. asking price Q1 2016	Avg. asking price Q3 2016	Avg. total rent collected	Total return on investment
East Croydon	£329,050	£366,679	£7,750	13.8%
Greenford	£304,156	£337,092	£7,969	13.4%
Addiscombe	£311,209	£341,507	£7,394	12.1%
Orpington	£325,111	£355,499	£6,935	11.5%
Romford	£260,552	£282,799	£6,938	11.2%
Woolwich	£328,197	£356,575	£8,317	11.2%
Harrow On The Hill	£391,501	£426,059	£8,539	11.0%
Hither Green	£352,422	£382,168	£7,664	10.6%
Barking	£241,700	£258,290	£7,481	10.0%
South Norwood	£296,945	£319,289	£7,055	9.9%



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

Area	Avg. asking rent per month (2 bed) – Q3 2015	Avg. asking rent per month (2 bed) – Q3 2016	Annual change
Swansea, Wales	£565	£623	10.2%
Bedford, Bedfordshire	£718	£784	9.2%
Luton, Bedfordshire	£776	£847	9.1%
Cheadle, Cheshire	£691	£748	8.3%
Chatham, Kent	£778	£841	8.1%

Top five most in-demand areas outside Greater London

Area	Avg. asking rent per month (2 bed) – Q3 2016
Ashton-Under-Lyne, Greater Manchester	£524
Wellingborough, Northamptonshire	£660
Tamworth, Staffordshire	£697
Nuneaton, Warwickshire	£590
Oldham, Greater Manchester	£537



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

Area	Avg. asking rent per month (2 bed) – Q3 2015	Avg. asking rent per month (2 bed) – Q3 2016	Annual change
Hammersmith	£2,186	£2,385	9.1%
Rainham	£995	£1,072	7.7%
Lower Edmonton	£1,236	£1,319	6.7%
Wembley	£1,459	£1,555	6.6%
Sidcup	£1,087	£1,156	6.4%

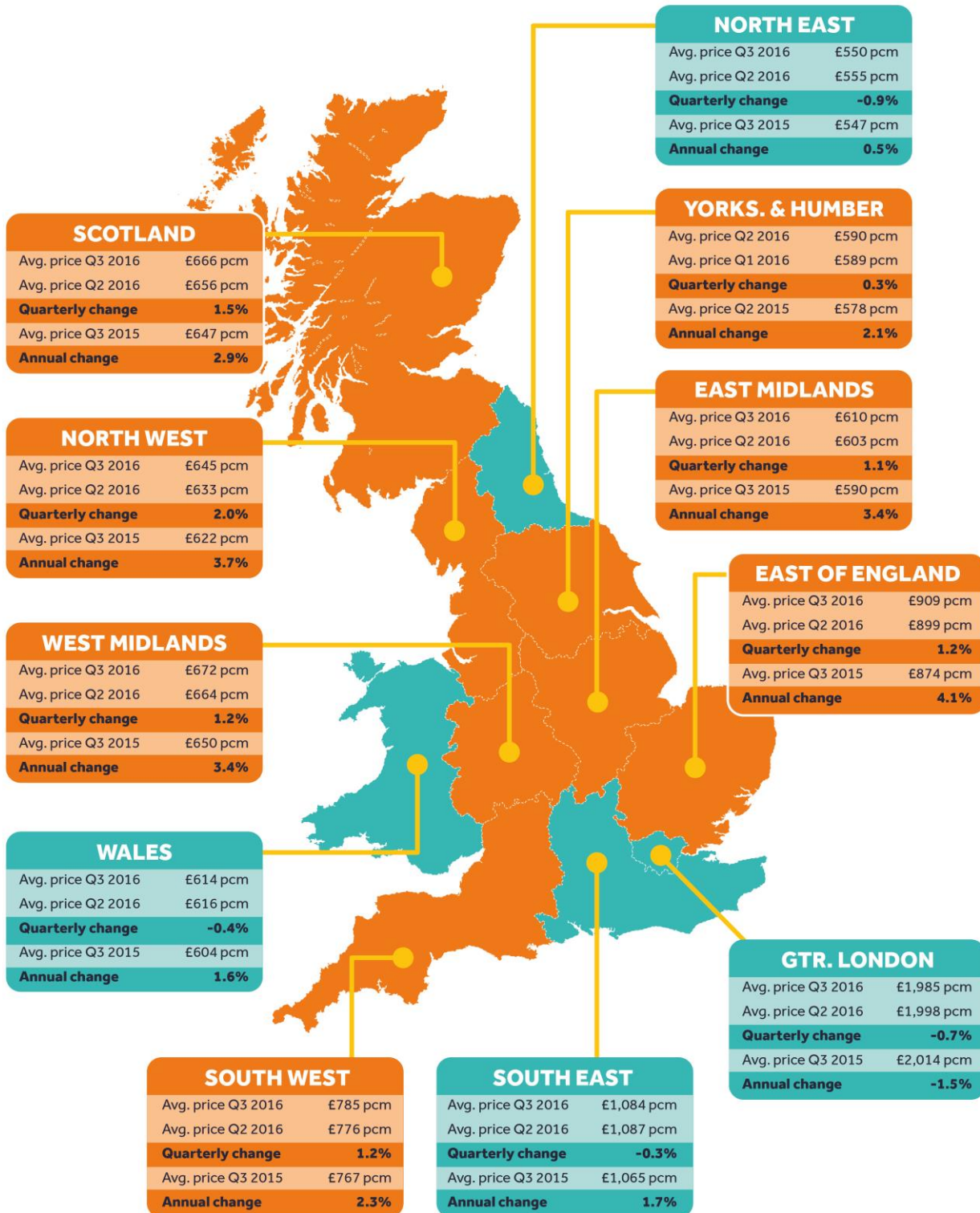
Top five most in-demand areas in Greater London

Area	Avg. asking rent per month (2 bed) - Q3 2016
Erith	£1,046
Carshalton	£1,257
Belvedere	£1,083
Snaresbrook	£1,351
Dagenham	£1,243



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 387,288 asking rents. The properties were advertised on Rightmove.co.uk by agents in Q3 2016. This month 16,930 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.

1 The tracker now includes Scotland asking rents.

2 Total return on investment calculation based on two bed properties.