



Q3 2015

Halstead named top investor hotspot as East of England's annual rental growth races ahead

NATIONAL AVERAGE ASKING RENT (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2015	£762	+1.3%	+4.5%
Q2 2015	£752	+2.7%	+3.5%
GREATER LONDON AVERAGE ASKING RENT			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2015	£2,014	+0.2%	+3.0%
Q2 2015	£2,010	+1.0%	+4.5%

- East of England towns dominate top 10 places where landlords get highest total return on their investment outside London, with most hotspots in the counties of Essex and Hertfordshire
- Annual rental growth in East of England (+6.4%) is highest of all regions, more than double the rate of Greater London (+3.0%)
- In the north, Cottingham in Yorkshire makes the top 10 investor hotspot list and Ashton-Under-Lyne in Manchester moves in to the top five most in-demand areas for tenants
- Nationally rents are up 1.3% outside London compared to last quarter, while London records a muted 0.2% quarterly increase

Landlords in the East of England are reaping the rewards of strong rental and house price growth in the region over the past year, according to the latest Rightmove Rental Trends Tracker. Halstead, Borehamwood and Brentwood make up the top three investor hotspots outside London, all seeing a total return on investment of over 25%.

Rightmove's new total returns calculation¹, using the largest rental property data set in England and Wales, takes into account the area's capital price growth over the last year 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.

Places in Essex and Hertfordshire make up seven of the top 10 investor hotspots, with Cottingham in Yorkshire being the sole appearance from the north.



East of England's annual rental growth racing ahead of the other regions has helped contribute to this strong total return on investment, up 6.4% on last year compared to 4.5% nationally outside of London. In the past three months rents have risen by 2.0% in the East of England, with only the East Midlands reporting a higher increase at 2.1%.

Sam Mitchell, Head of Lettings at Rightmove, comments: *"We've been reporting high tenant demand for rental property in Essex for a while now, so it makes sense that it should feature strongly in our new total return on investment league table. Investors and tenants who've been priced out of London and the South East have looked for better value areas in the East, and it seems they've both found a winning formula. For example, if you look at the top 10, six of the areas have average asking prices below the national average, making it affordable for buy-to-let investors. From a tenant affordability perspective the East of England's average rent for a two bed is less than £900 a month, compared to over £2,000 in London."*

Rightmove's top 10 investor hotspots outside London are:

Area	Avg. asking price Q3 2014	Avg. asking price Q3 2015	Avg. total rent collected	Total return on investment
Halstead, Essex	£150,078	£181,695	£7,837	26.3%
Borehamwood, Hertfordshire	£267,692	£324,000	£13,691	26.1%
Brentwood, Essex	£255,029	£308,811	£12,206	25.9%
Cottingham, Yorkshire	£124,216	£150,211	£5,936	25.7%
Purfleet, Essex	£153,097	£181,933	£9,646	25.1%
Stevenage, Hertfordshire	£185,880	£220,294	£9,751	23.8%
Bushey, Hertfordshire	£331,948	£396,783	£13,992	23.7%
Henley-on-Thames, Oxfordshire	£394,442	£470,964	£15,931	23.4%
Chatteris, Cambridgeshire	£120,892	£142,805	£6,102	23.2%
Grays, Essex	£165,467	£193,401	£9,967	22.9%

Rents in England and Wales are up 1.3% on last quarter outside London, as stock shortages of rental property in some of the more popular areas push up rents. In Greater London the affordability ceiling looks to have been reached, with rents up only 0.2%, compared to 1.6% in Q3 last year. The number of new rental properties is up slightly in Greater London which could help explain the much more muted increase.

Mitchell notes: *"We know the majority of investors purchase their property portfolio as a long-term investment, and as long as they buy wisely they can benefit from both growth in their property values as well as rental yield. Those landlords who bought in the East of England are seeing much higher returns on investment as the region leads the*

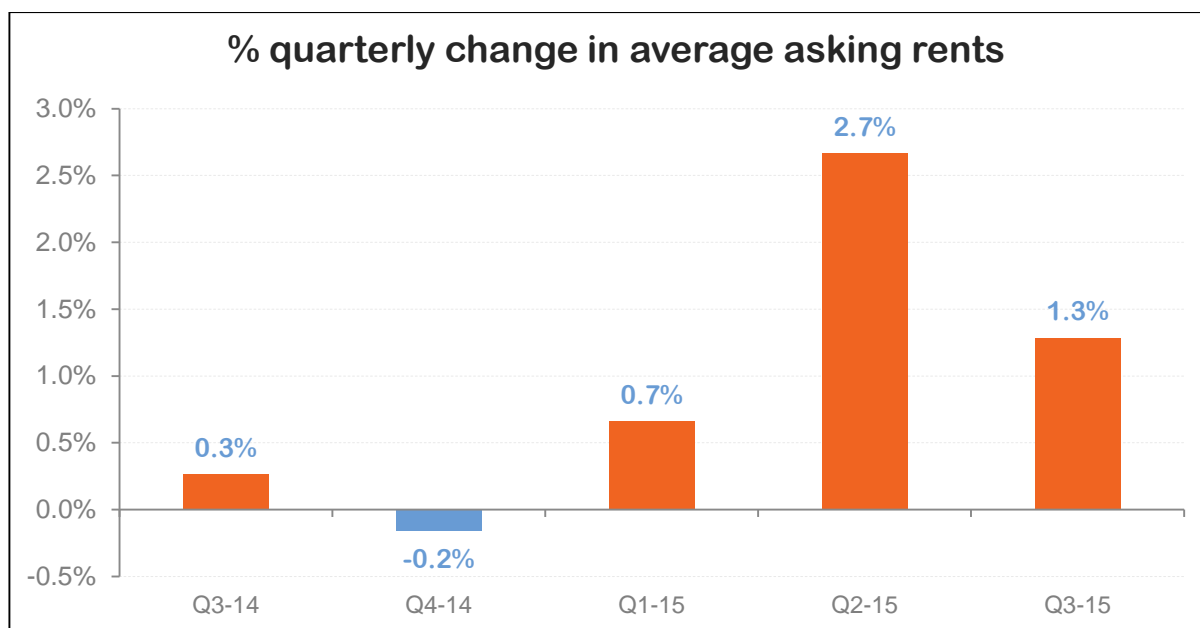


way for rental growth. But with a combination of such high returns for buy-to-let landlords and affordable prices for first-time buyers, demand for property is high and results in a stock shortage problem, as agents in these areas note.

“There’ve been concerns raised by the Bank of England about the impact of buy-to-let investors on the property market and the threat to the economy more broadly. This echoes the current government’s policy of increasing taxes, or lowering claimable allowances, for landlords. Yet it’s clear that if landlords exit the market in any great numbers we can expect rents to continue to increase further. It remains to be seen how much of an impact the new policy will have, but our report demonstrates that in the right areas and with proper advice and management, property remains an attractive investment.”

Agent’s View

Kevin Mixture, Associate Partner of Scott Maddison Estate Agents in Halstead comments: *“During the past year we have seen an increase in the number of ‘buy to let’ properties being purchased in our area as property prices are a little lower compared to our neighbouring market town of Braintree, situated directly to the south. The demand is extremely high and tenants are renting most properties within just a few days, with an average two bedroom freehold house being around £180,000, landlords are finding they can obtain a solid return by using our company to source good reliable tenants”.*



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

Area	Avg. asking rent per month (2 bed) – Q3 2014	Avg. asking rent per month (2 bed) – Q3 2015	Annual change
Ascot, Berkshire	£1,372	£1,592	16.0%
Gillingham, Kent	£707	£807	14.2%
Rushden, Northamptonshire	£517	£589	14.0%
East Grinstead, West Sussex	£884	£1,004	13.6%
Gravesend, Kent	£754	£847	12.4%

Top five most in-demand areas outside Greater London

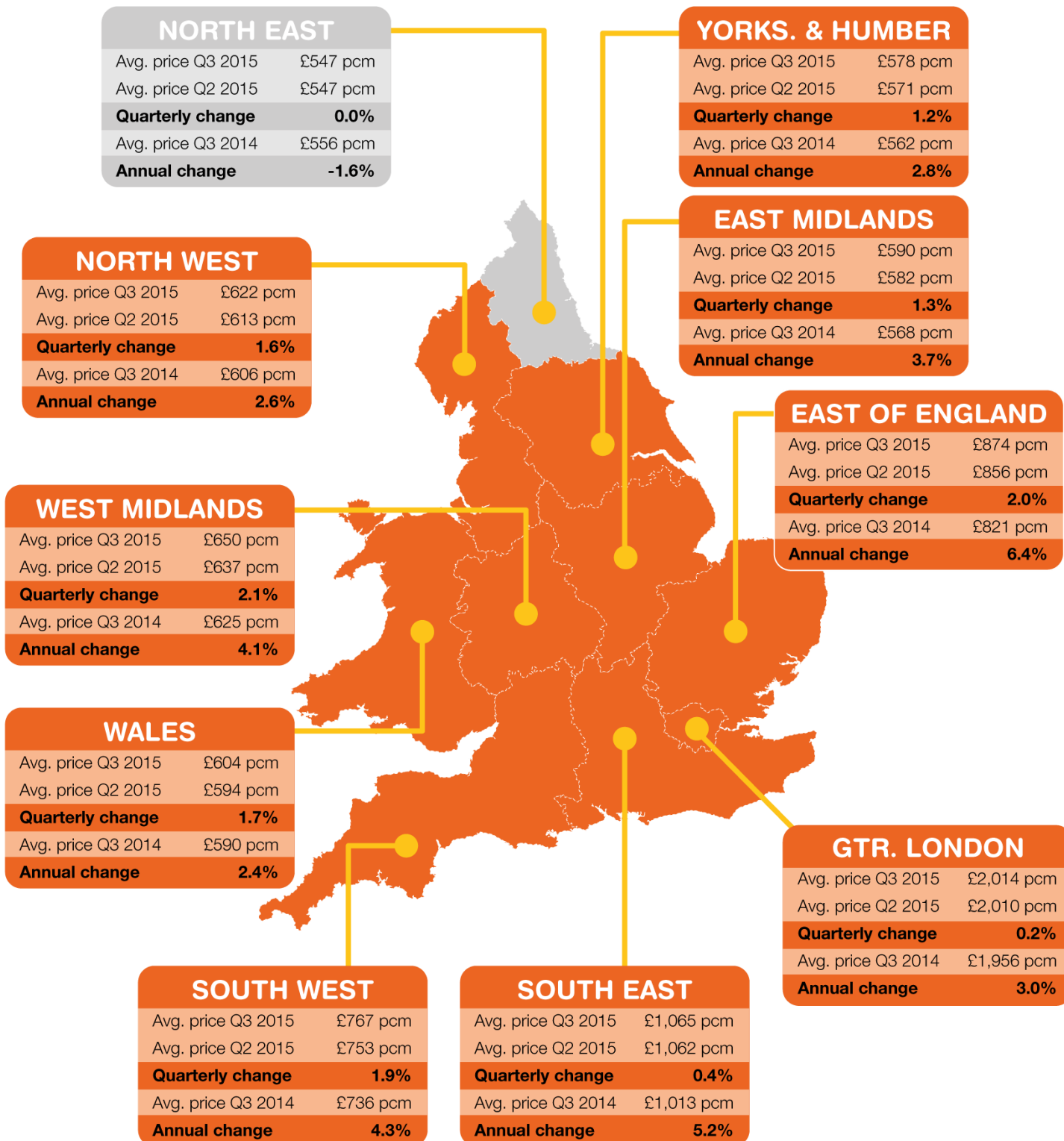
Area	Avg. asking rent per month (2 bed) Q3 2015
Wickford, Essex	£878
Dunstable, Bedfordshire	£737
Leighton Buzzard, Bedfordshire	£742
Ashton-Under-Lyne, Greater Manchester	£493
Canvey Island, Essex	£802

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 352,367 asking rents. The properties were advertised on Rightmove.co.uk by agents in Q3 2015. This month 15,570 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 Total return on investment calculation based on two bed properties.