

The Rightmove Consumer Confidence Survey

The UK's leading survey of consumers from the UK's leading property website

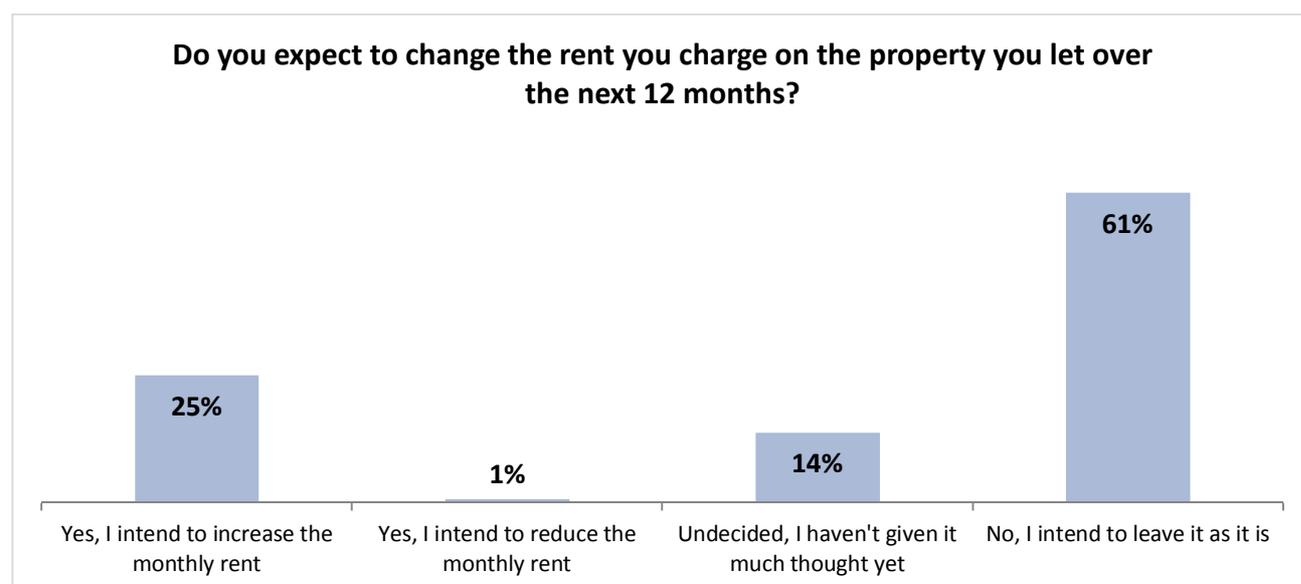
Consumer Rental Forecast

Under embargo until 00:01, Monday, 3rd December 2012

Rents set to rise circa 2% in 2013, tempered by majority of landlords planning 'rent freeze'

- 61% of existing landlords plan 'rent freeze' for 2013, the clearest indicator yet that landlords will opt for a lighter foot on the 'rent rise accelerator' next year
- Just one in four (25%) of existing landlords intend to put rents up in 2013, and of those only around a third (35%) plan a raise of more than 5% - the result is likely to see the annual rate of growth ease to circa 2%
- Landlords becoming increasingly mindful of tenants' ability to meet rising rental demands, heightening risk of arrears and voids:
 - More than a fifth (22%) of current tenants pays 50% or more of their take-home pay on rent as 'affordability ceiling' comes into view
 - Rental headroom reduced as average rents have increased by 13.6% since 2009 as demand continues to outstrip supply
 - Composition of UK landlords includes many who are perhaps more sympathetic to tenants' rental price worries – one in four is an 'accidental landlord'
- Pressure on rental demand set to remain as many tenants unable to escape rental trap - 59% would like to buy but can't afford to do so, the highest Rightmove has ever recorded

Landlord rental intentions



The Rightmove Consumer Rental Forecast reports the opinions of 8,594 tenants and landlords captured between Tuesday, 2nd of October and Tuesday, 16th of October 2012.

Rents look set to continue to rise in 2013 by an average of circa 2%. This would be a less aggressive rate of increase to the annual average of 4.5% Rightmove has recorded over the last three years and reflects a number of lead indicators from Rightmove's research that rental price growth may be set to ease off.

Rent growth set to ease as just one in four landlords intend to put their rents up in 2013

Rightmove's latest Consumer Confidence Survey provides the strongest indication yet that landlords are tempering their rental expectations for 2013. Just one in four landlords (25%) indicated that they had already decided to increase their rents over the next year, with only around a third of these (35%) planning a rental increase of more than 5%. Taking all landlord intentions into account the average rent looks set to change by about +2% next year. However, most tenants will hope their landlord is one of the more 'benevolent' majority (61%) who is planning to hold existing rents. 14% of landlords state they are still undecided, though with only 1% expecting to actually reduce rents, the majority of tenants can hope for standstill at best.

Miles Shippside, director and housing market analyst at Rightmove comments: "The widening gap between tenant demand and rental property supply over the last few years has fuelled upwards pressure on rents. However, the majority of landlords now seem to be prepared to exercise constraint and are planning a 'rent freeze' for 2013. Lettings agents still report consistently high demand but more are warning landlords of the risks of squeezing tenants' finances too hard. However, some tenants in rental hotspots like London and Manchester may bear the brunt of higher rises. This combination of apparent benevolence and bullish hotspots may give a less racy rent rise outlook overall, but does not mask the fact that some tenants are again in for a rent rise shock."

Landlords becoming increasingly mindful of tenants' ability to meet rising rental demands

Rightmove data shows that average rents have now increased by 13.64% between Q3 2009 and Q3 2012 as demand continues to outstrip supply. However, Rightmove also finds that, on average, existing tenants spend around 39% of their monthly take-home pay on rent and more than a fifth (22%) currently spend more than 50% of their monthly earnings (after mandatory deductions) on their rented-roof. With the private rented sector representing a secure place for investors, especially relative to other investment classes, landlords may now be considering that holding onto a long-term 'good tenant' is preferable to pushing rents even higher and running the risk of void periods.

Shippside comments: "Landlords appear to be becoming increasingly aware of the need to strike a balance between long-term security and short-term gains. They need to weigh up whether it is better to 'stick' and hold rents for a model tenant or 'twist' and chance a rise and run the risk of ending up with a less desirable occupant, or even a void. Interestingly, around one in four landlords is an 'accidental landlord', and with 9% of landlords stating they are actually tenants themselves, perhaps this growing band of non-professional landlords is more sympathetic to tenants' rental price concerns?"

Proportion of trapped renters reaches highest ever level

Though the less aggressive pace of rent growth may provide respite for some tenants, there is evidence that the on-going supply and demand issues that have characterised the market in recent years look set to remain. 59% of existing tenants say that they would like to buy but cannot afford to

and are therefore 'trapped'. This is up on the 54% recorded last quarter and now stands at the highest level Rightmove has ever recorded since it started its quarterly rental survey in Spring 2010. Many tenants are victims of the new lending-landscape that favours those with large deposits and find themselves frozen out of home-ownership and 'trapped' in rented accommodation.

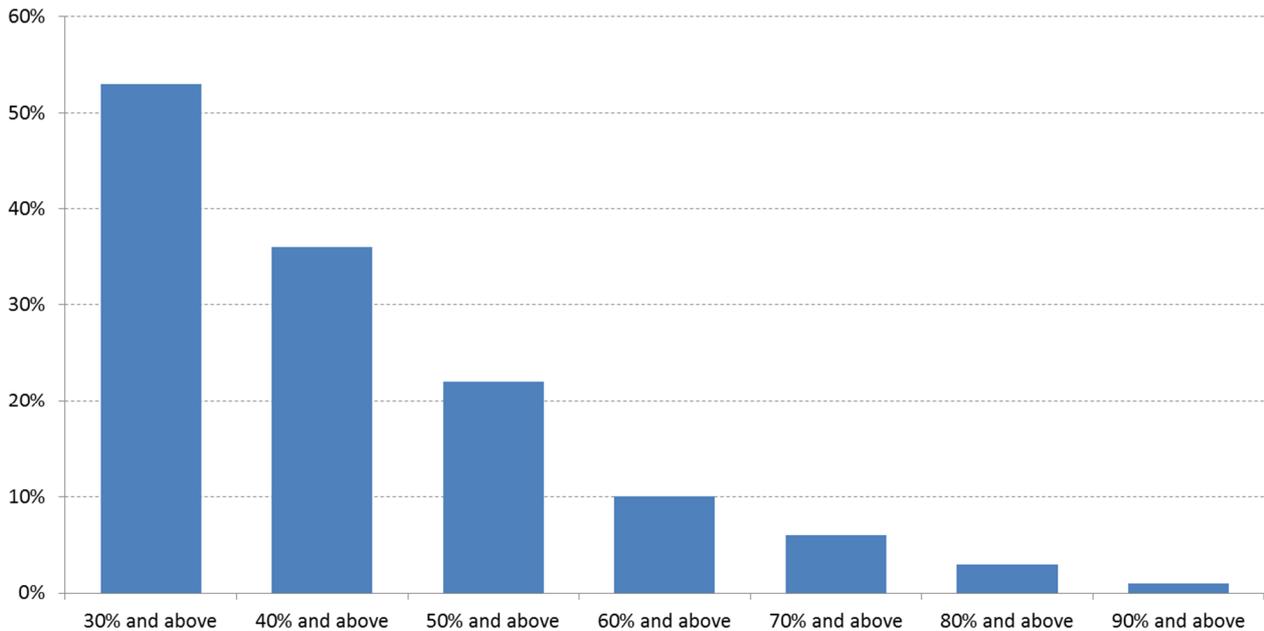
Shipside comments: "This is an important reminder of how owning the roof over their head is still the principle ambition for the majority of tenants. It is a goal that many are currently being denied by a combination of high deposit requirements and a vicious circle that means that rising rents shackle their ability to save enough to get out of rented accommodation. It is an indication that the ability to purchase seems to be as tough as ever, and the pressure for more properties in the rental sector is not set to ease."

% of 'trapped renters'



% of monthly 'take-home' pay spent on rent

Q. What percentage of your monthly personal income (i.e. take-home pay after tax and other deductions) do you currently spend on rent?



About this survey

The data presented as part of this release is taken from the quarterly Rightmove Consumer Confidence Survey. The survey seeks the views and attitudes of home-movers towards a key British obsession – the housing market. Started in early 2009, more than 120,000 people responded to the survey in its first year alone.

The Rightmove Consumer Confidence Survey provides a UK-wide picture of home-mover confidence by collecting opinions on a range of factors affecting the housing market and perceptions of it.

As one of the Top 10 most visited websites in the UK, Rightmove attracts a wide demographic and one that very closely matches the working-age profile of the UK. Rather than purely seeking the views of those currently active in the housing market, Rightmove's database ensures a much wider, more representative sample.

Matthew James, consumer and market insight manager at Rightmove, comments: "The Rightmove Consumer Confidence Surveys provide a fascinating early indicator of the trends that we can expect to see a bit further down the line. The rental market can be difficult to judge but plays a key role in the state of the wider UK property market. Drawing upon the views and expectations of tenants themselves, provides a valuable insight into how the market can be expected to perform."

All responses were completed via an online questionnaire between **Tuesday, 2nd of October and Tuesday, 16th of October 2012**. A total of 8,594 responses were received from respondents who currently rent/let and who expect to do so over the next 12 months during this time.

Data is weighted using Census data available from the Office for National Statistics to help ensure the results are representative of the UK and its regions.