



Q4 (October-December 2020)

Wednesday 27th January 2021

City centre rents suffer as tenants look to suburbs

- Asking rents in some of the UK's biggest city centres saw annual falls of up to 12% in the last quarter of 2020 as some tenants swapped centres for suburbs
- Inner London has been hardest hit with average asking rents falling annually by 12.4%, followed by Edinburgh city centre down 10% and Manchester city centre down 5.3%
- The number of rental properties on Rightmove more than doubled in some city centres, with the biggest jumps in Leeds (+179%), Inner London (+139%) and Nottingham (+139%)
- Outside London, asking rents rose in Q4 for the first time, leading to another record of £972 per month, and London is the only region recording an annual fall, down by 6.4%

National average asking rent for all property types (excluding Greater London)

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2020	£972	+0.8%	+3.7%
Q3 2020	£964	+1.6%	+2.4%

Greater London average asking rent for all property types

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2020	£1,932	-1.7%	-6.4%
Q3 2020	£1,966	-2.2%	-3.0%

Inner and Outer London

	Avg. asking rent per month	Quarterly change	Annual change
Inner London	£2,219	-3.0%	-12.4%
Outer London	£1,723	-0.5%	0.0%

Overview

The pandemic has led to falling asking rents and a flood of properties coming into the market in a number of the UK's biggest city centres, as some tenants rethink where they want to live, according to Rightmove's quarterly rental trends tracker out today.



The study, which looked specifically at the centres of 10 of the biggest cities around the UK, highlights the challenges some city centre landlords with properties available for rent are currently facing.

In all of the cities there has been a shift upwards in the number of tenants who currently live in a city enquiring about properties outside of that city, as the popularity of a quieter life and more space driven by lockdown continues.

The biggest changes are in Inner London and Edinburgh. In Inner London, 53% of renters living there enquired about a property outside the city, up from 45% in the same period in 2019. In Edinburgh, the number of renters enquiring about leaving the city has risen from 29% to 37%.

More tenants seeking the suburbs as well as some short-lets changing to long-lets has led to a significant increase in the number of properties available for rent in these city centres. In five of the cities stock is at least double what it was this time last year. This is very different to the national picture where available stock is down by 9% compared to this time last year.

There are some city centres where asking rents are still rising annually, including Bristol (+2%) and Liverpool (+2%), though both are below the national average of 3.7%.

The number of prospective tenants contacting agents nationally is currently up by 27% compared to January last year, and asking rents outside London are at a new record of £972 per calendar month, up by 3.7% annually. This is also the first time since we started recording this data back in 2011 that asking rents have increased in Q4 of a calendar year.

In the capital, the annual rate started to fall in the third quarter of 2020, and has fallen further, with asking rents now 6.4% lower than in Q4 2019, although this is driven by Inner London being down 12.4%, with Outer London flat at 0%. Overall in London, demand so far in January is still up by 8% compared to the same period last year.

Rightmove's Director of Property Data Tim Bannister said: *"The price premium that many tenants are usually willing to pay to have the vibrancy of a city centre on their doorstep has been tempered for now. This brings a challenge for some landlords but also an opportunity for tenants who may be able to make a longer term decision and move into a city centre now, perhaps on a two year tenancy agreement, at a more attractive rent than this time last year. There's no doubt that higher rents will return once life goes back to some form of normality, but it will be the city centre properties with gardens and balconies that will be able to command the biggest premiums. Outside city centres it's a very different picture, with agents reporting extremely busy markets and rising rents. Available stock is lower than the usual level we would see at this time of year, and demand is higher, leading to a much better outlook for those landlords in the suburbs and in smaller towns and villages."*

Agent's view

Marc von Grundherr, Director of Benham and Reeves in London, said: *"With Covid continuing to pose a problem on an ongoing basis, many tenants simply aren't committing to the high cost of renting in central London. This has been largely driven by the fact that many can now work*



remotely but this isn't the only reason. Living in central London is as much about the social aspect, as it is about the convenient commute, and at present, the vast majority of the capital remains closed for business. As a result, demand has fallen dramatically causing rental stock to flood the market. This excess level of stock means that landlords are being forced to accept dramatically lower levels of rent just to avoid lengthy void periods between tenancies.

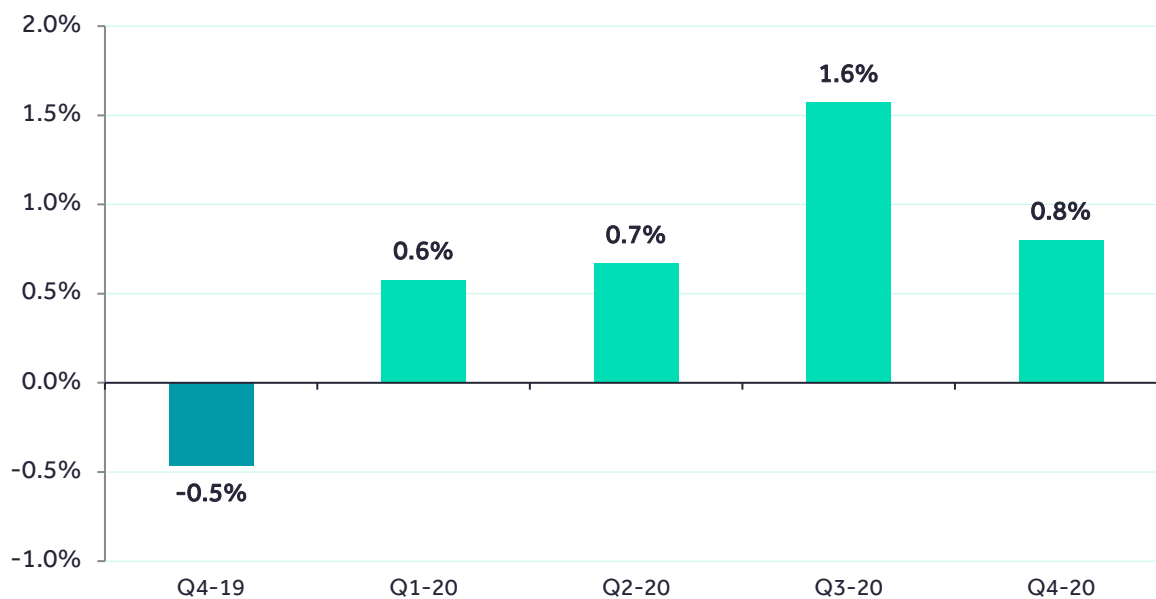
"Due to this we've seen a sluggish start to the year across some areas, such as our Canary Wharf branch. However, in contrast, demand remains extremely robust across London's peripherals with tenants looking for a larger rental property with outdoor space. Our offices in Ealing, Kew, Hampstead and Beauford Park, for example, have been extremely busy. So much so we've had to redirect resource from our quieter locations in order to service the uplift in tenant activity in these locations."

City centre	Average asking rent per calendar month Q4 2020	Annual change	Annual change in rental stock
Inner London	£2,219	-12.4%	+139%
Edinburgh	£1,124	-10.0%	+109%
Manchester	£1,022	-5.3%	+109%
Birmingham	£883	-4.6%	+66%
Leeds	£811	-4.4%	+179%
Glasgow	£894	-2.5%	+72%
Nottingham	£921	-0.2%	+139%
Newcastle	£915	-0.2%	+51%
Liverpool	£801	+2.0%	+86%
Bristol	£1,271	+2.0%	+93%

City they currently live in	% of enquiries inside the city Q4 2019	% of enquiries inside the city Q4 2020	% of enquiries outside the city Q4 2019	% of enquiries outside the city Q4 2020
Inner London	55%	47%	45%	55%
Edinburgh	71%	63%	29%	37%
Manchester	56%	52%	44%	48%
Birmingham	60%	55%	40%	45%
Leeds	60%	59%	40%	41%
Glasgow	66%	60%	34%	40%
Nottingham	61%	59%	39%	41%
Newcastle	59%	54%	41%	46%
Liverpool	71%	67%	29%	33%
Bristol	67%	60%	33%	40%

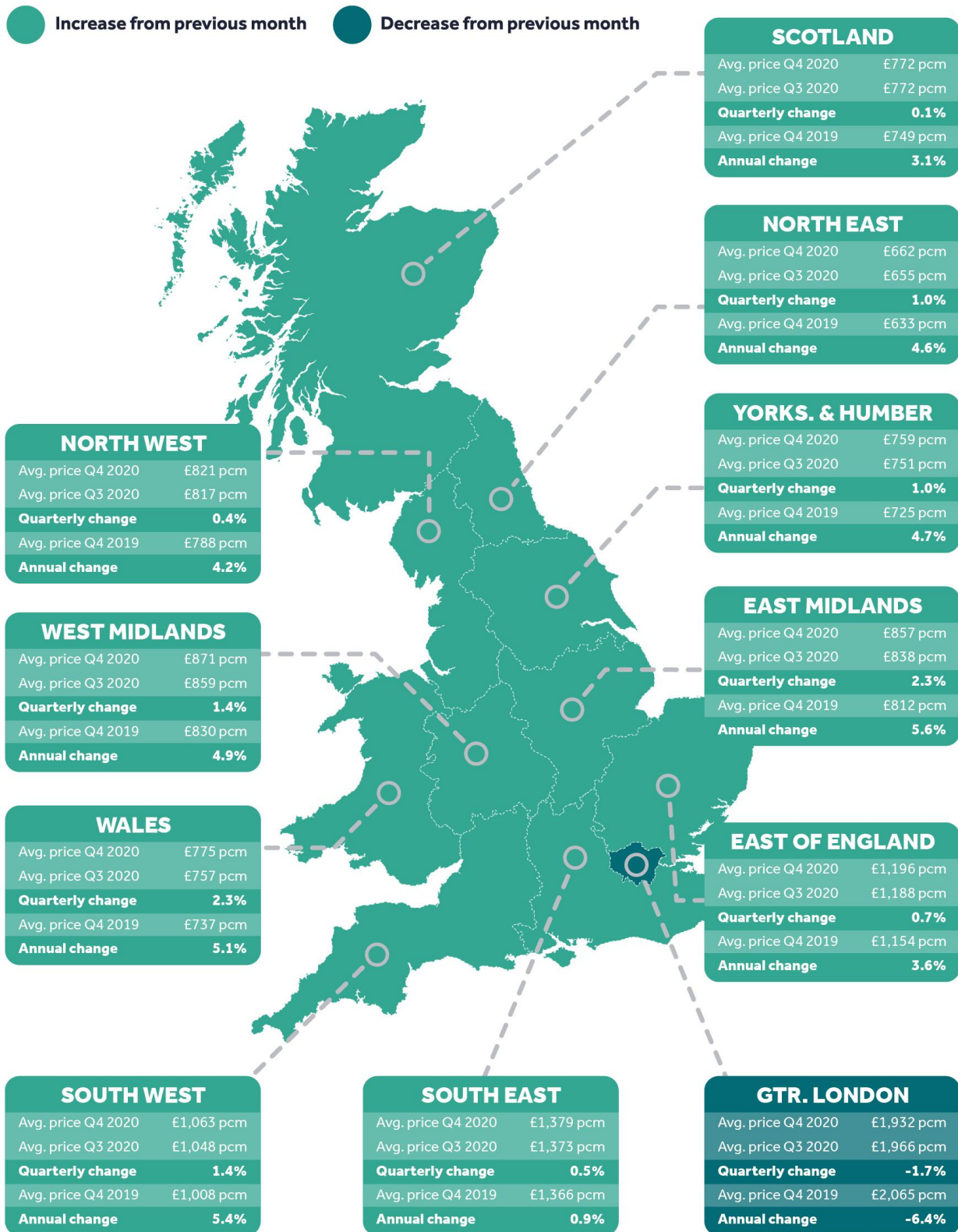


National quarterly change in average asking rents





Regional trends





Top five highest growth areas outside Greater London Q4 2020

Area	Avg. asking rent per month (2 bed) Q4 2019	Avg. asking rent per month (2 bed) Q4 2020	Annual change
Durham, County Durham	£543	£632	16.4%
Keighley, West Yorkshire	£485	£556	14.6%
Wigan, Greater Manchester	£503	£559	11.2%
Rochdale, Greater Manchester	£528	£585	10.8%
Rossendale, Lancashire	£497	£548	10.3%

Top five most in-demand areas outside Greater London

Area	Avg. asking rent per month (2 bed) Q4 2020
Oldham, Greater Manchester	£587
Rochdale, Greater Manchester	£585
Birkenhead, Wirral, Merseyside	£515
Bootle, Merseyside	£619
Pontypool, Monmouthshire, Torfaen	£562

Top five highest growth areas in Greater London Q4 2020

Area	Avg. asking rent per month (2 bed) – Q4 2019	Avg. asking rent per month (2 bed) – Q4 2020	Annual change
Wembley	£1,553	£1,758	13.2%
Coulsdon	£1,191	£1,343	12.8%
Greenford	£1,570	£1,730	10.2%
Ilford	£1,298	£1,424	9.7%
Purley	£1,214	£1,324	9.1%

Top five most in-demand areas in Greater London

Area	Avg. asking rent per month (2 bed) - Q4 2020
Bexleyheath	£1,159
Welling	£1,216
Rainham	£1,173
Chadwell Heath	£1,152
Harold Wood	£1,240



Editors' notes

The Rightmove Rental Trends Tracker methodology was updated as of Q3 2020 and all historic figures have been restated. The new methodology includes the latest mix adjustment figures.

The dataset 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.

Quarterly data: Rightmove measured 460,610 asking rents. The properties were advertised on Rightmove.co.uk by agents from 1st October – 31st December 2020. All short lets have been removed. For all areas lower than region the asking prices and % growth are for two bed properties.