



Q4 (October – December 2016)

Under embargo until 00.01 Thursday 12th January 2017

Rightmove 2017 forecast: Rents to rise 4% outside London

- Asking rents rose 3.0% annually outside London in 2016 with the highest growth recorded in the northern regions of Yorkshire and the Humber and the North West
- London recorded an annual price fall of 4.4%, which was most marked in Inner London
- In 2017 Rightmove forecasts asking rent rises of 4% outside London, driven by less availability of rental stock resulting in upwards price pressure for tenants
- With margins under pressure due to imminent tax changes, buy-to-let investors could look to towns in Merseyside and Lancashire which dominate the best yields currently on offer

NATIONAL AVERAGE ASKING RENT (EXCLUDING GREATER LONDON)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2016	£771	-1.1%	3.0%
Q3 2016	£779	0.5%	3.2%
GREATER LONDON AVERAGE ASKING RENT			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2016	£1,908	-3.9%	-4.4%
Q3 2016	£1,985	-0.7%	-1.5%

All regions except London recorded a rise in asking rents in 2016, with prices up annually by 3.0%, just slightly lower than 2015's rise of 3.7%. Northern regions led the way as the year ended, with Yorkshire and the Humber up 4.5% and the North West up 4.4%, overtaking the East of England that had been the best performing region until Q4. In London, more available rental stock throughout the year led to a 4.4% annual drop in prices across the capital. In Inner London rents fell by 5.2% while there was a smaller drop of 2.5% in Outer London.

Rightmove's Head of Lettings Sam Mitchell looks ahead to the 2017 market: "This year will be one of caution for buy-to-let investors due to tighter lending criteria and increased stamp duty. We definitely won't see the spike in Q1 purchases that we saw last year as landlords rushed to buy before last April's new stamp duty deadline. If the tax changes being phased in from this April lead to even fewer buy-to-let purchases and some landlords deciding to sell, then a tightening of supply in some areas will lead to increasing rents. We forecast that asking rents could rise by 4% outside London by the end of 2017, though in London prices are likely to stay flat."



The top five areas with the highest rental growth in 2016 were scattered across Britain, with Swansea at number one reporting an 11.4% annual increase, followed by Gillingham in Kent with asking rents up 11.1%. Bath, which comes in third with a 10.5% increase to £1,148 per month is the location that reported the highest annual growth for asking prices in 2016, up 17.8% to £485,491.

The top locations for demand from tenants on Rightmove is dominated by the north, including Ashton-Under-Lyne and Oldham in Greater Manchester, and Stockport in Cheshire. In London, more affordable areas such as Rainham, Bexleyheath and Erith came top as tenants looked for better value in Outer London.

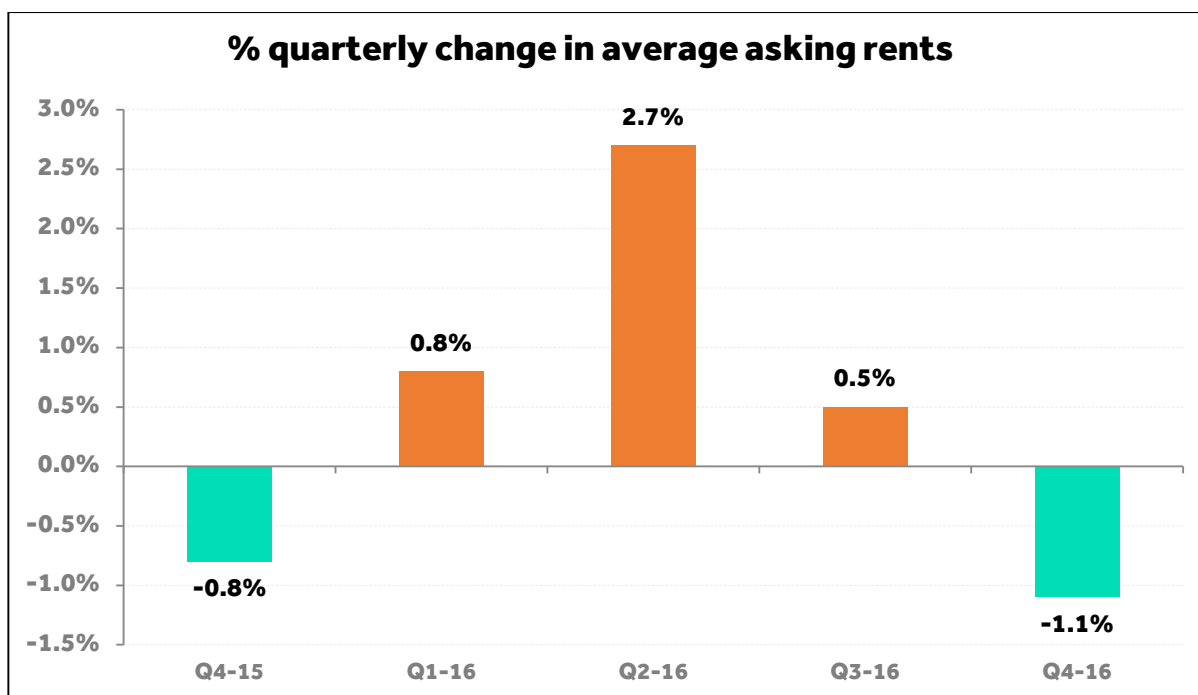
Those buy-to-let investors planning to expand their portfolio in 2017 and looking for the best yields could consider places in Merseyside and Lancashire where they could get yields of over 7% if they buy the right property that would suit families or young professionals looking for long-term rental contracts. Bootle in Merseyside currently offers a yield of 9.3%, Birkenhead is 7.5% and in Lancashire Burnley's yield is 7.2% while Accrington is 7.1%.

Mitchell observes: *"Investors looking for the strongest yields could consider investing in certain areas in the North West where both demand and yields are high. Those with a number of properties in the capital may find that tenants are more price sensitive, so setting realistic rent levels will be the key to avoiding void periods. In order to mitigate this, we would recommend landlords asking for longer tenancies to help secure a steady rental income over the next few years while they adjust to what the tax changes will mean for them."*



Highest yields

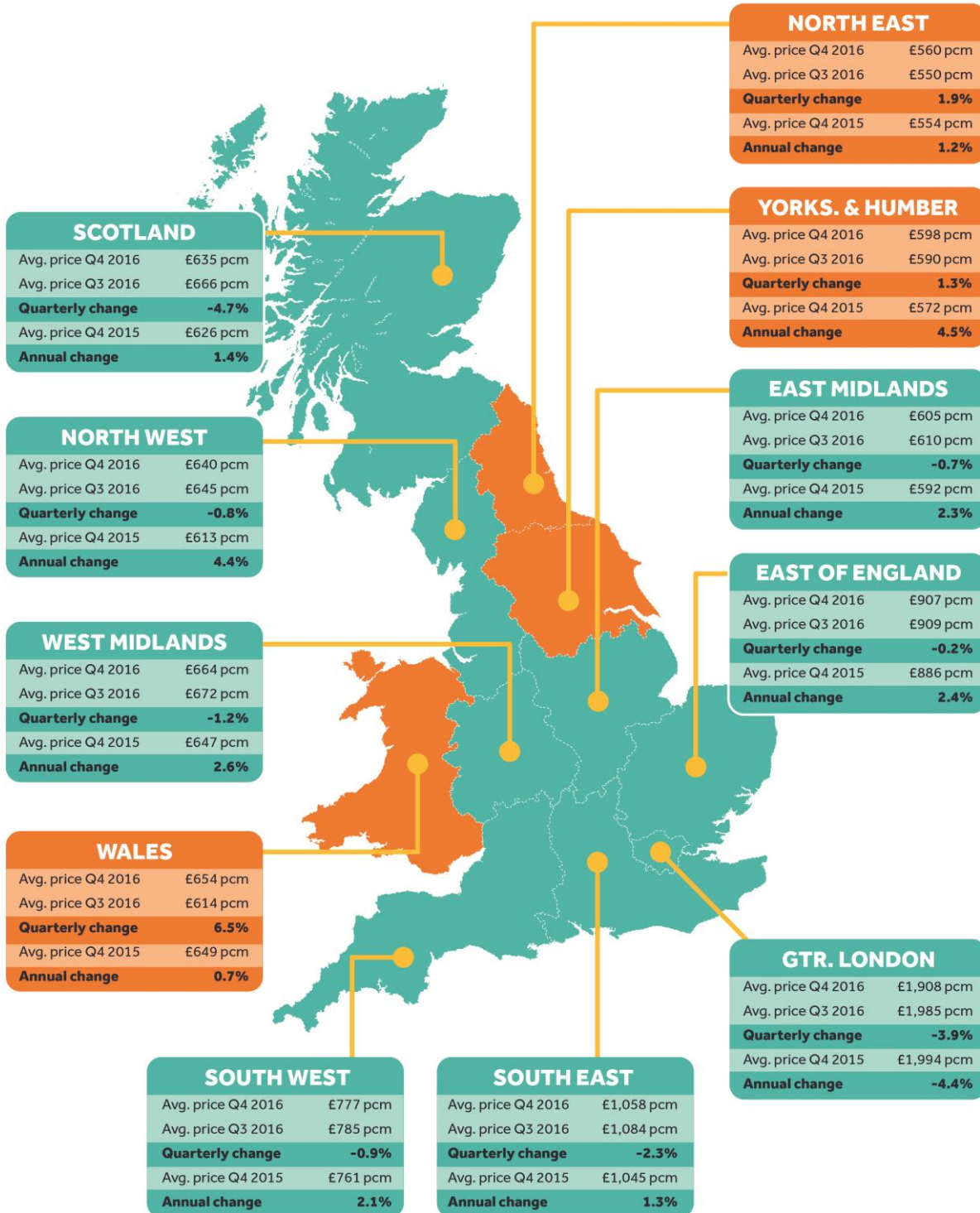
Area	Avg. Rent per Month (2 bed) - Q4 2016	Avg Asking Price (2 bed) - Q4 2016	Yield (%)
Bootle, Merseyside	£447	£57,961	9.3%
Birkenhead, Merseyside	£457	£72,732	7.5%
Burnley, Lancashire	£413	£69,227	7.2%
Accrington, Lancashire	£409	£68,777	7.1%
Swansea	£638	£108,700	7.0%
St. Helens, Merseyside	£453	£78,489	6.9%
Glasgow	£659	£114,435	6.9%
Salford, Greater Manchester	£830	£147,142	6.8%
Hartlepool, County Durham	£441	£78,236	6.8%
Liverpool, Merseyside	£582	£103,567	6.7%





Regional trends

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





Top five highest growth areas outside Greater London

Area	Avg. asking rent per month (2 bed) – Q4 2015	Avg. asking rent per month (2 bed) – Q4 2016	Annual change
Swansea, Wales	£567	£632	11.4%
Gillingham, Kent	£779	£866	11.1%
Bath, Somerset	£1,038	£1,148	10.5%
Grantham, Lincolnshire	£475	£516	8.7%
Dorchester, Dorset	£740	£802	8.4%

Top five most in-demand areas outside Greater London

Area	Avg. asking rent per month (2 bed) – Q4 2016
Ashton-Under-Lyne, Greater Manchester	£522
Wellingborough, Northamptonshire	£656
Stockport, Cheshire	£676
Edinburgh	£972
Oldham, Greater Manchester	£536

Top five highest growth areas in Greater London

Area	Avg. asking rent per month (2 bed) – Q4 2015	Avg. asking rent per month (2 bed) – Q4 2016	Annual change
Wembley	£1,485	£1,586	6.8%
Harrow	£1,376	£1,469	6.8%
Upper Holloway	£1,690	£1,782	5.5%
Pimlico	£2,363	£2,489	5.3%
Northwood	£1,357	£1,409	3.8%

Top five most in-demand areas in Greater London

Area	Avg. asking rent per month (2 bed) – Q4 2016
Rainham	£1,186
Bexleyheath	£1,100
Erith	£1,043
Hornchurch	£1,290
Sidcup	£1,158



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 313,611 asking rents. The properties were advertised on Rightmove.co.uk by agents in Q4 2016. This month 13,947 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.