



## Press Release

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Hamptons International Monthly Lettings Index – June 2019

### More than one in ten homes now let by company landlords The highest level in 8 years

- In H1 2019, 12% of homes were let by a company landlord, reaching the highest level since 2011 and up from 9% in 2015 (before the tax changes for non-company landlords were announced). (table 1)
- Hamptons International estimate that company landlords own 641,480 homes in Great Britain this year, 42% more than in 2015. (table 1).
- London landlords are most likely to own a buy-to-let using a company structure (13%). (table 2).
- The average cost of a new let in Great Britain rose to £986 pcm in June, a 3.1% year-on-year increase driven by rising rents in the South. (table 3).

The proportion of homes let by a company landlord has been rising steadily since 2016 when the tapering of mortgage interest tax relief for non-company landlords was announced (see notes to editors). In H1 2019, 12% of homes were let by a company landlord, reaching the highest level since 2011 and up from 9% in 2015 (before the tax changes). (chart 1, table 1).

Hamptons International estimate that company landlords own 641,480 homes in Great Britain this year. This is 42% more than in 2015 when 452,600 homes were let by company landlords. (table 1) The increase is partly due to the rise in the proportion of homes let by company landlords, but also due to the increase in the overall size of the rental sector.

London landlords are most likely to own a buy-to-let property in a company structure. In H1 2019, 13% of new lets were owned by a company landlord, up from 12% in 2015 and 2018. Meanwhile landlords in Wales are least likely to own a buy-to-let in a company name. Scotland has seen the biggest increase in the proportion of homes let by a company landlord since 2015 (+6%), followed by the North (5%) and South of England (3%). (table 2).

#### Rental Growth

Rental growth continues to accelerate, reaching the highest level since April 2016. The average cost of a new let in Great Britain increased to £986 pcm in June, up 3.1% year-on-year. The South West

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recorded the strongest rental growth, with rents rising 4.5% annually. Rents in London increased 4.3% year-on-year. However June 2019's figures are compared with a period of weak rents in June 2018 when rents in the capital started falling for three consecutive months. Meanwhile average rents on newly let properties rose in six out of eight regions, with Wales (-0.4%) and the East (-0.2%) recording small year-on-year falls. (table 3).

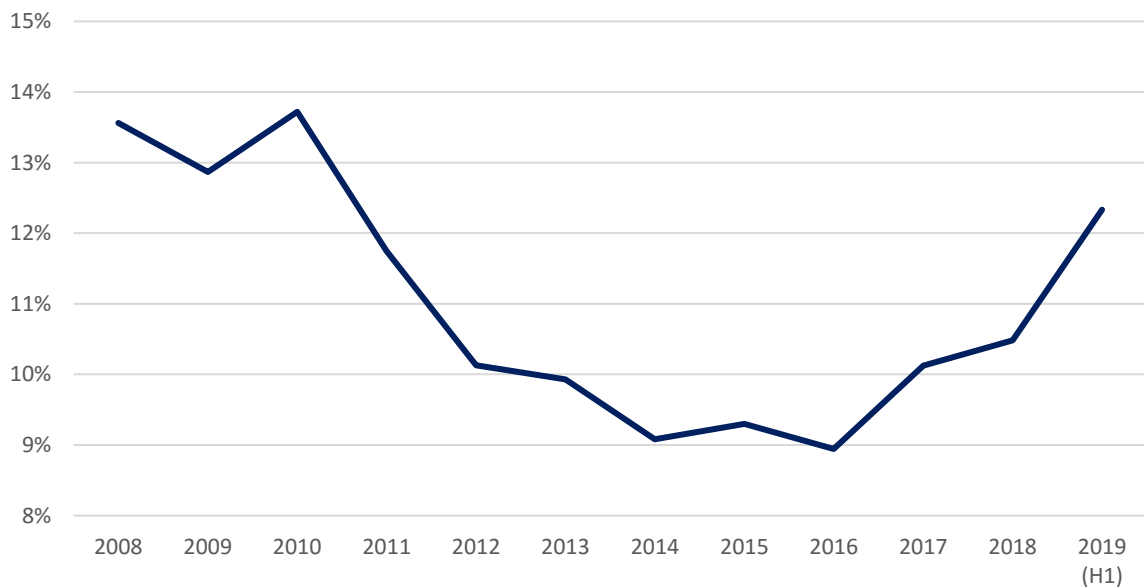
Commenting Aneisha Beveridge, Head of Research at Hamptons International, said:

*“More than one in ten rental properties are now owned by private companies, an indication that the sector continues to professionalise. Increasing taxation for private landlords combined with the growth of the build to rent sector has meant that more companies are letting homes than at any time since our records began.*

*“London, where landlords tend to have higher levels of debt and often the most to gain from corporate ownership, has the largest proportion of homes let by a company. However, it's not always more profitable to put a buy-to-let into a company as other associated costs come into play.*

*“Strong rents in the South drove rental growth in Great Britain in June. Low stock levels, particularly in the South, continue to put pressure on rents. Rents rose in six out of eight regions in Great Britain, with the East and Wales recording small falls.”*

Chart 1 – Percentage of homes let by company landlords in Great Britain



Source: Hamptons International

Table 1 – Percentage and estimated number of homes let by company landlords in GB

	<b>% of homes let by company landlords</b>	<b>Estimated number of homes let by company landlords</b>
<b>2008</b>	14%	456,260
<b>2009</b>	13%	449,900
<b>2010</b>	14%	524,540
<b>2011</b>	12%	481,780
<b>2012</b>	10%	443,740
<b>2013</b>	10%	448,080
<b>2014</b>	9%	449,260
<b>2015</b>	9%	452,600
<b>2016</b>	9%	458,280
<b>2017</b>	10%	535,330
<b>2018</b>	10%	537,060
<b>2019 H1</b>	12%	641,480
<b>YoY Change</b>	2%	19%
<b>Change since 2015</b>	3%	42%

Source: Hamptons International & EHS

Table 2 – Percentage of homes let by company landlords by region (H1 2019)

	<b>% of homes let by company landlords</b>	<b>1Y change</b>	<b>Change since 2015</b>
<b>London</b>	13%	1%	1%
<b>Scotland</b>	12%	3%	6%
<b>South (exc. London)</b>	12%	1%	3%
<b>Midlands</b>	12%	1%	1%
<b>North</b>	11%	3%	5%
<b>Wales</b>	8%	2%	-1%

Source: Hamptons International

Table 3 – New lets (pcm)

<b>Region</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>YoY</b>
<b>Greater London</b>	£1,737	£1,666	4.3%
<b>South West</b>	£821	£786	4.5%
<b>South East</b>	£1,078	£1,041	3.6%
<b>Scotland</b>	£655	£639	2.6%
<b>Midlands</b>	£685	£679	0.9%
<b>North</b>	£631	£628	0.5%
<b>East</b>	£950	£952	-0.2%
<b>Wales</b>	£668	£671	-0.4%
<b>Great Britain</b>	£986	£956	3.1%
<b>Great Britain (Excluding London)</b>	£787	£774	1.7%

Source: Hamptons International

*Please note the Hamptons International Monthly Lettings Index for July will be released on Friday 9 August 2019, embargoed for 00.01 hours Monday 12 August 2019.*

Ends

Notes to editors

Until April 2017, private landlords who owned properties in their own names could deduct both mortgage interest and other allowable costs associated with a let property from their rental income before calculating how much tax is due.

However, since 6 April 2017 the amount of mortgage interest individual landlords could write off for tax purposes dropped by 25% each tax year until 2020 when they will have to declare all their rent as income, pay income tax on the total and then claim back 20% of it as a credit.

Buy-to-lets owned by a limited company are taxed differently and the changes to the tapering of mortgage interest tax relief do not apply. Company landlords are viewed as businesses; therefore all expenses can be written off for tax purposes, including mortgage interest payments.

However, there are different costs associated with owning a property through a limited company. For example, mortgage costs tend to be higher for limited companies and landlords have to take their income in the form of a dividend. Company landlords pay corporation tax rather than income tax, which currently stands at 19% for 2018/19 or 17% for 2020/21.

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About the Hamptons International Monthly Lettings Index

In May 2018, the Countrywide Lettings Index was re-branded the Hamptons International Monthly Lettings Index. Hamptons International, part of the Countrywide Group, continues to run the index. The methodology and time series remain the same. The index has been running since 2012. From May 2018 the index has included an inner and outer London split.

In June 2017, the methodology was changed to reduce the impact of seasonality and volatility in the rental market. The index is a mix adjusted series, rent and rental growth figures for each month are based on a three-month rolling average. The most expensive decile of homes let are excluded to reduce volatility and the mix includes the most recently published government stock statistics.

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The Hamptons International Lettings Index uses data from the Countrywide Group, Great Britain's largest letting agent, to track changes to the cost of renting. The index is based on the 90,000 homes let and managed by Countrywide in each year, adjusting for their location and type. It is based on achieved rather than advertised rents and the published monthly rental figures are an average of the new lets and renewals of tenancies over a rolling three-month period.

#### About Hamptons International

Hamptons International is a leading residential estate agent and property services company, operating in London and the South of the UK.

Hamptons International offers a wealth of award-winning services including UK and international Sales, Lettings, Property Management, Corporate Services, Residential Development, Development Land, Valuation Property Finance, and is a subsidiary of Countrywide, the UK's largest estate agency and property services group.

#### Hamptons International celebrates 150th Anniversary

In 2019 Hamptons International celebrates its 150th birthday. The estate agency business, headed by George Hampton, opened its doors in 1869 with an office in Pall Mall and eight members of staff. 150 years on and Hamptons International has a network of over 90 offices in London and the South of the UK employing over 1,000 members of staff.