

Press Release

Date Issued: Friday 12 April 2019

Embargoed until 00.01 hrs Monday 15 April 2019

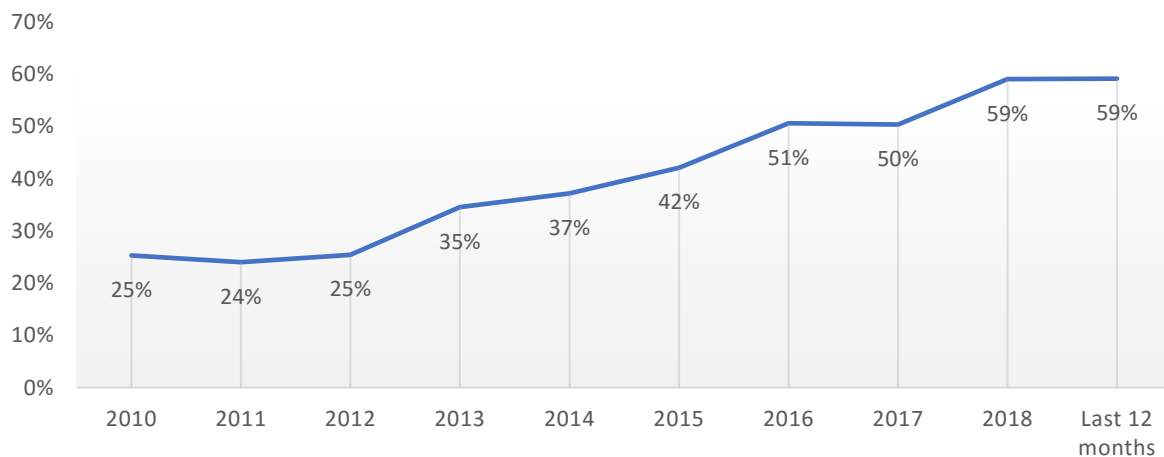
Hamptons International Monthly Lettings Index – March 2019

59% of London-based landlords invest outside the capital

A 17% increase since pre-stamp duty surcharge which was introduced on second homes
3 years ago

- Nearly three in five (59%) London-based landlords purchased their buy-to-let properties outside the capital during the last 12 months, up from one in four (25%) in 2010.
- 34% of London-based investors bought buy-to-lets in the Midlands and North during the last 12 months, up from just 14% in 2015 and 4% in 2010.
- A landlord buying in London during the last 12 months faced a £24,600 stamp duty bill on average, compared to £5,330 for an investor buying outside the capital.
- Rents in Great Britain increased 1.9% year-on-year in March, driven by a 3.7% rise in Greater London where rents hit a record high.

Chart 1 - Proportion of London-based landlords who bought buy-to-lets outside the capital



Source: Hamptons International

Nearly three in five (59%) London-based (i.e. living in London) landlords purchased their buy-to-let property outside the capital during the last 12 months (Chart 1). Historically, London landlords bought their investment properties near where they lived. In 2010 just one in four (25%) London-based landlords purchased their buy-to-let outside the capital, with 75% investing in London.

/...

However, due to high house price growth and a clampdown on landlord taxation, more London-based landlords have chosen to invest further afield in search of higher yields and lower stamp duty bills. The proportion of London-based investors purchasing buy-to-lets in their home region has fallen 17% since 2015 (before the stamp duty surcharge on second home purchases was introduced in April 2016) (Table 1).

A landlord buying in London during the last 12 months faced a £24,600 stamp duty bill on average, compared to £5,330 for an investor buying outside the capital. The average stamp duty bill for an investor buying in London is now £11,760 more compared to pre-stamp duty changes (Q1 2016), but only £3,910 higher for an investor purchasing outside London.

As a result, a record proportion of London investors have headed North to purchase buy-to-lets. 34% of London-based investors bought buy-to-lets in the Midlands and North during the last 12 months, up from just 14% in 2015 and 4% in 2010 (Table 1). The East Midlands and Yorkshire & Humber saw the greatest increase following the stamp duty surcharge introduction, with 6% more London landlords buying investment properties in those regions than in 2015 (Table 1).

The South East remains the most popular destination for London-based landlords purchasing buy-to-lets outside the capital. 11% of London-based landlords purchased their buy-to-lets in the South East over the last 12 months, 2% fewer than in 2015 (Table 1). Dartford is the most popular destination for London-based landlords in the South East. Landlords living in London bought 60% of buy-to-lets in Dartford during the last 12 months (Table 2).

Rental Growth

The average cost of a new let in Great Britain rose to £969 pcm in March as rental growth continues to rise. Rents in Great Britain increased 1.9% year-on-year, driven by a 3.7% rise in Greater London. The average rent of a home in Greater London rose to £1,737 pcm, the highest level on record. Meanwhile, Scotland was the only region where rents fell in March, down -0.1% year-on-year (Table 3).

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

“April marks the three year anniversary of the stamp duty surcharge introduction for second homeowners. Following the tax hike, landlords have been adapting their strategy to find new ways to make their returns. Lower entry costs and higher yields outside of the capital are enticing investors to look further afield than they have previously.”

“Following a sluggish 2018 London rents reached a record high in March. The average cost of a new let in London rose to £1,737 pcm in March, 2.3 times more than the average rent outside the capital. Meanwhile every region in Great Britain recorded rising rents last month other than Scotland.”

/...

Table 1 – Where London landlords purchase buy-to-lets (last 12 months)

Region	Where London-based landlords purchase buy to lets	Change since 2010	Change since 2015
London	41%	-34%	-17%
South East	11%	5%	-2%
East Midlands	10%	8%	6%
East	10%	-1%	-2%
North West	9%	9%	1%
Yorkshire and the Humber	6%	6%	6%
West Midlands	6%	5%	2%
South West	3%	-1%	1%
North East	2%	2%	1%
Scotland	1%	1%	1%
Wales	<1%	0%	0%
North and Midlands	34%	30%	19%

Source: Hamptons International

Table 2 – Most popular local authority in each region where London-based landlords purchase their buy-to-lets (last 12 months)

Region	The most popular destination for London-based landlords	% of buy-to-lets bought by a London based-landlord
East Midlands	Lincoln	25%
East	Thurrock	76%
London	Bromley	99%
North East	Middlesbrough	28%
North West	Liverpool	24%
South East	Dartford	60%
South West	Swindon	13%
Wales	Cardiff	4%
West Midlands	Newcastle-under-Lyme	20%
Yorkshire and the Humber	Doncaster	30%
Scotland	City of Glasgow	5%

Source: Hamptons International

Table 3 – New lets (pcm)

	Mar-19	Mar-18	YoY
Greater London	£1,737	£1,675	3.7%
Inner London	£2,655	£2,592	2.4%
Outer London	£1,563	£1,501	4.1%
South East	£1,028	£1,026	0.2%
South West	£795	£779	2.0%
East	£944	£936	0.8%
Midlands	£680	£668	1.8%
North	£630	£625	0.7%
Wales	£655	£650	0.8%
Scotland	£632	£633	-0.1%
Great Britain	£969	£950	1.9%

Source: Hamptons International

Please note the Hamptons International Monthly Lettings Index for April will be released on Friday 10 May 2019, embargoed for 00.01 hours Monday 13 May 2019.

Ends

For further information, please contact:

Alison Blease
Head of Research PR, Hamptons International
Tel: +44 (0) 776 96 77 825
Email: bleasea@hamptons-int.com

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.

/...

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.