



Press Release

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Hamptons International Monthly Lettings Index – October 2019

Proportion of homes let by overseas based landlords rises for the first time since our records began in 2010

- The proportion of homes in Great Britain let by overseas based landlords rose to 11% during the first 10 months of 2019, up from 7% during the same period last year (table 1).
- The East of England (+8%), London (+8%), South East (+7%) and North West (+7%) recorded the biggest rise in the proportion of homes let by non-UK based investors (table 2).
- London had the highest proportion of homes let by overseas based landlords (18%) (table 2).
- The average cost of a newly let property in Great Britain rose 2.2% year-on-year in October, driven by strong rental growth in the South which compensated for falls in the North (table 3).

The proportion of homes in Great Britain let by overseas based landlords rose to 11% during the first 10 months of 2019, up from 7% (a record low) during the same period last year (table 1). This is the first year-on-year increase since our records began in 2010 when 14% of homes were let by non-UK based landlords (table 1).

The increase was mainly driven by areas in the South, with the East of England and London recording the biggest rise in the proportion of homes let by overseas landlords. The proportion of homes let by non-UK based investors in London and the East rose 8% year-on-year. The South East and the North East followed, both recording a 7% year-on-year rise (table 2).

London had the highest proportion of homes let by overseas based landlords (18%), up from 10% during the first 10 months of 2018. Meanwhile Wales had the lowest proportion of homes let by non-UK landlords (-2%) and was the only region to record a fall compared with 2018 (table 2).

The depreciation of sterling is one of the main reasons why the proportion of homes let by overseas based landlords has risen, meaning it is now cheaper for international buyers to purchase a home in Great Britain than it was a few years ago. In many cases, the pound's depreciation more than pays for the additional 3% stamp duty surcharge payable on second home purchases.

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The average home in Great Britain cost £53,065 or 23% less than it did in 2014 for a US dollar buyer – solely due to a fall in the value of the pound. Meanwhile the stamp duty bill on this second home purchase would be £9,140. In London, the average property would save a US dollar buyer £107,030 compared with 2014 (table 2).

Western Europeans still made up the largest group of overseas landlords, with one in three (33%) based there so far this year. However, since 2014, North American landlords have increased the most. The proportion of homes let by international landlords based in North America has risen to 14% so far this year, 1.9% higher than in 2014. Landlords based in Eastern Europe, Africa and Oceania also recorded increases. Meanwhile the proportion of overseas landlords from the Middle East fell the most since 2014. Middle Eastern investors made up 9% of all overseas based landlords in Great Britain, 2.4% fewer than in 2014 (table 3).

Rental growth

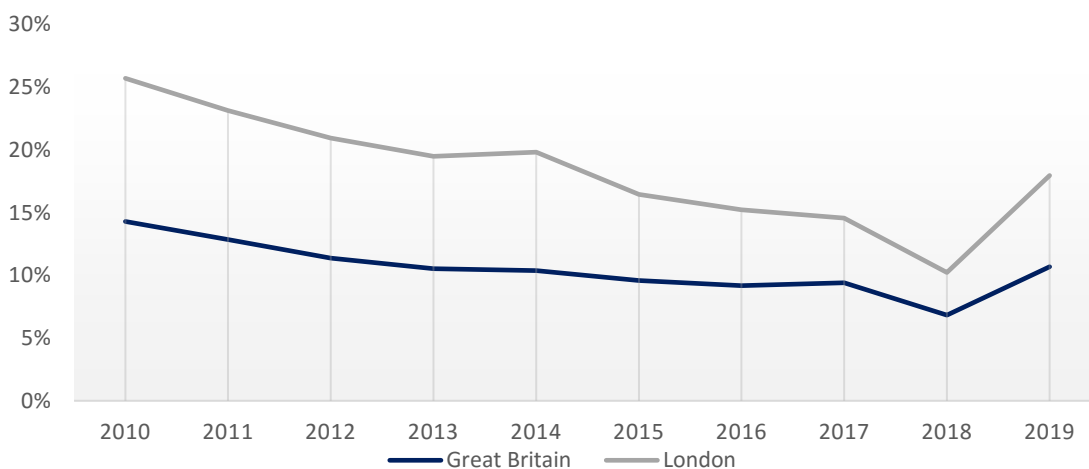
The average rent of a newly let property in Great Britain rose to £999pcm in October 2019, 2.2% higher than the same period last year (table 4). Rising rents in the South drove rental growth - average rents increased 3.9% in the South East, 3.8% in the East and 3.0% in the South West. London lagged slightly behind, with the average rent rising to £1,763 pcm, up 2.8% year-on-year. Meanwhile the North was the only region to record falling rents (-0.6%), the first annual fall since May 2018 (table 4).

Commenting Aneisha Beveridge, Head of Research at Hamptons International, said: *“The proportion of homes let by overseas based landlords rose for the first time in more than nine years. The East and London recorded the biggest increases.*

“Sterling’s depreciation has made investment property in Great Britain more attractive to international investors. The average home cost 23% or £53,065 less than in 2014 for a US dollar buyer, solely due to the currency changes.

“Rental growth in the South outstripped rental growth in the North. Rents in Great Britain rose 2.2% in October, but rents in the South East rose 3.9% compared with a -0.6% fall in the North. This was the first annual rental fall in the North for 17 months.”

Chart 1 – Proportion of homes let by overseas based landlords (first 10 months of each year)



Source: Hamptons International

Table 1 – Proportion of homes let by overseas based landlords

Jan-Oct of each year	Great Britain	London
2010	14%	26%
2011	13%	23%
2012	11%	21%
2013	11%	19%
2014	10%	20%
2015	10%	16%
2016	9%	15%
2017	9%	15%
2018	7%	10%
2019	11%	18%
YoY Change	4%	8%

Source: Hamptons International

Table 2 – Proportion of homes let by overseas landlords by region & currency depreciation discount

	% of homes let by overseas based landlords (2019 YTD)	YoY change in the % of homes let by overseas landlords	Average Price	Discount from £ depreciation against US\$ since 2014	Average stamp duty bill (including 3% surcharge for second homeowners)
London	18%	8%	£ 469,640	-£ 107,030	£ 27,570
Yorkshire & the Humber	10%	3%	£ 162,500	-£ 37,030	£ 5,630
South East	13%	7%	£ 321,580	-£ 73,290	£ 15,730
Scotland	6%	0%	£ 151,040	-£ 34,420	£ 5,050
South West	9%	4%	£ 255,540	-£ 58,240	£ 10,440
East of England	14%	8%	£ 290,560	-£ 66,220	£ 13,240
North West	12%	7%	£ 163,700	-£ 37,310	£ 5,690
North East	10%	5%	£ 128,510	-£ 29,290	£ 3,930
West Midlands	5%	1%	£ 184,710	-£ 42,100	£ 6,740
East Midlands	5%	2%	£ 192,760	-£ 43,930	£ 7,140
Wales	2%	-2%	£ 162,290	-£ 36,990	£ 5,610
Great Britain	11%	4%	£ 232,840	-£ 53,065	£ 9,140

Source: Hamptons International

Table 3 – Where overseas landlords are based

	Where overseas landlords live	Change in % since 2014
North America	14%	1.9%
Eastern Europe	2%	1.7%
Africa	8%	1.5%
Oceania	13%	1.2%
Western Europe	33%	-0.2%
Asia	20%	-1.6%
South America	1%	-2.0%
Middle East	9%	-2.4%

Source: Hamptons International

Table 4 – Average Rents of new lets (pcm)

Region	Oct-19	Oct-18	YoY
Greater London	£ 1,763	£ 1,715	2.8%
South West	£ 833	£ 809	3.0%
South East	£ 1,090	£ 1,049	3.9%
Scotland	£ 680	£ 661	2.9%
Midlands	£ 689	£ 687	0.3%
North	£ 644	£ 648	-0.6%
East	£ 1,002	£ 965	3.8%
Wales	£ 697	£ 672	3.7%
Great Britain	£ 999	£ 977	2.2%

Source: Hamptons International

Please note the Hamptons International Monthly Lettings Index for November will be issued on Thursday 19 December embargoed for 00.01 hours Monday 26 December 2019.

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About the Hamptons International Monthly Lettings Index

The Hamptons International Monthly Lettings Index (formerly the Countrywide Lettings Index) has been running since 2012. From May 2018 the index has included an inner and outer London split.

The index is a mix adjusted series, with rent and rental growth figures for each month 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.

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.