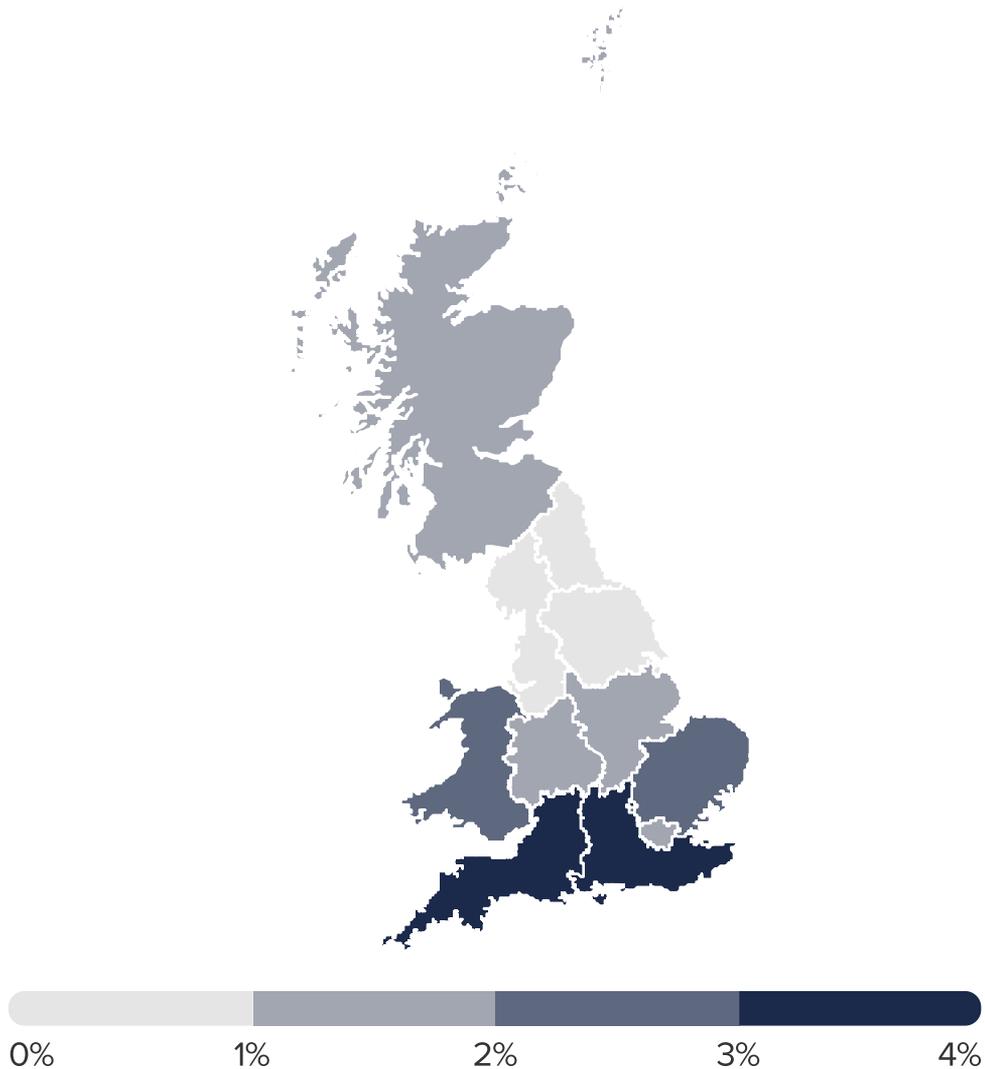


Rental growth accelerates in 2019



Source: Hamptons International

Rental growth in Great Britain accelerated throughout 2019, moving back towards its long-term average. Average rents rose 2.1% in November 2019, nearly double the rate recorded last year (1.1%). The average rent of a newly let home in November 2019 rose to £989 pcm, £20 more a month compared with the same time last year.

While rents rose in every region, the South led the way. Rents in the South West rose

4.2% year-on-year in November, followed by the South East (4.1%) and the East of England (2.6%). Meanwhile the North recorded the weakest rental growth of 0.2% following last month's fall, followed by Greater London (1.1%).



2.1%

Rental growth in Nov 2019

Source: Hamptons International

London has recorded the weakest, or second weakest rental growth in each November of the last four years.

Rental growth has been driven by a decrease in the number of homes available to rent. The tax and regulatory changes announced in 2016 have resulted in fewer landlord purchases, particularly in the South, causing some landlords to sell up. And this lack of new supply has driven rental growth.

There were 7.8% fewer properties available to rent during the first 11 months of 2019 compared with the same period last year. In the South of England however, where more landlords have sold up, there were 11.7% fewer homes available to rent.

Although landlord purchases have remained subdued throughout the year, there are signs that investors are starting to return to the market, particularly in London.

During the first 11 months of the year, landlords bought 11% of homes sold in Great Britain, the same level as last year, but 5% lower than in 2015. But in November alone, the proportion of homes bought by investors increased to 12%

London recorded a bigger rise in landlord purchases. Landlords purchased 13% of homes sold in the capital during the first 11 months of 2019, up from 11% during the same period of 2018 (table 3). This was the first rise since 2015, but is in part due to fewer owner-occupiers transacting in the market.

Proportion of homes bought by landlords (November of each year)



Source: Hamptons International