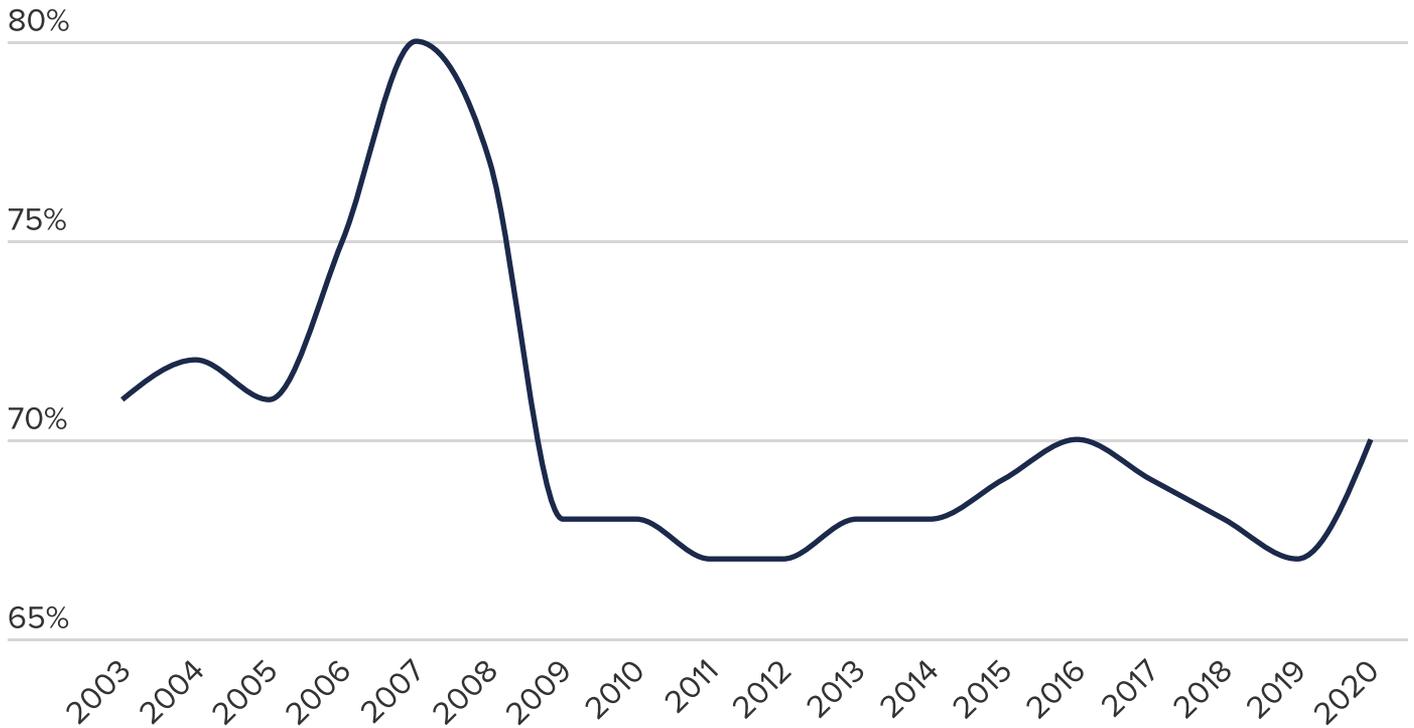


Seven out of 10 tenants renew their tenancies in March as rents fall

% of renewed tenancies (March of each year)



Source: Hamptons International

Seven out of 10 - or 70% of - tenancies that were due to end in March were renewed. This represents the highest renewal level recorded in any March since 2008. And shows how more tenants chose to stay put in the lead up to and beginning of lockdown.

The biggest year-on-year fall in renewed rents was in London (-2.2%), but the South East (-1.4%) and the East (-0.4%) also saw a decrease. The economic impact of the pandemic has led to fears about job and earnings security and this lies behind the falls. With income-stretched London-based tenants among the most vulnerable.

This means that Hamptons' renewal index now provides a better indication of rental growth than rent changes on newly let properties.

Over the month rents on renewed tenancies in Great Britain fell 0.5% year-on-year - largely driven by the South - marking the biggest fall since the index began in February 2014.



70%

of tenancies due to end in March were renewed - the highest level of any March since 2008

Source: Hamptons International

Meanwhile Scotland posted the strongest rental growth at 3.4% on renewed tenancies, with the Midlands (2.0%) and North (1.6%) also seeing an increase.

Overall demand for rental accommodation decreased over March as lockdown measures were enforced. The number of new applicants registering to rent a home in Great Britain fell by 31% in March 2020 compared with the previous month – a time of the year when applicant numbers tend to rise.

But having bottomed out there are now signs that applicant demand is starting to rise again.

Meanwhile the stock of homes available to rent increased in March. There were 11% more homes available to rent in March 2020 than in February 2020, yet the supply of homes available to rent is still down year-on-year. Wales and the Southern regions, including London, saw the biggest increase in the number of homes available to rent.

The average rent on a newly let property in Great Britain rose to £980 pcm in March, up 1.2% year-on-year. However rental growth decelerated from 3.3% in February 2020 having slowed in six out of the eight regions. London (-1.3%) and Wales (-0.2%) posted year-on-year rent falls in March on newly let properties, but all other regions recorded rental increases.

 **-0.5%**

YoY fall in rents on renewed tenancies in Great Britain

 **-2.2%**

YoY fall in rents on renewed tenancies in London

Source:Hamptons International

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

”

The first signs of the Covid-19 effect on the rental market are starting to show. With lockdown restrictions introduced towards the end of March, 70% of tenants chose to stay put and renew their tenancy instead of moving – the highest level since 2008.

Rents on renewed tenancies fell 0.5% in March marking the biggest fall since the index began in February 2014. Tenants’ concerns about their future income prospects combined with greater risk of void periods for landlords willing to advertise their property on the open market, resulted in the rent falls. London, where tenants’ incomes are more stretched, recorded the biggest fall in rents.

Once lockdown restrictions ease, we expect activity levels to rise. Renting offers more flexibility than buying a home, so as uncertainty rises, so too does the demand for rental homes. But although demand for rental accommodation is set to increase, and there are already signs of it picking back up again, the longer-term economic damage to people’s jobs and incomes means that rents on newly let properties are likely to fall between 2% and 5% this year.

”