



## Press Release

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Hamptons International Monthly Lettings Index – August 2020

### Tenants join the space race

- 34% of tenants moving home post-lockdown added at least one extra bedroom to their new property, up from 25% during the first three months of the year (table 1)
- The average upsizing renter paid 23% or £149 a month more in rent (table 1)
- 47% of tenants in the South East added at least one bedroom when they moved home, followed by 37% in the North West and 33% in London (table 1)
- 63% of London renters who upsized chose to leave the capital, typically moving into a cheaper location outside of London
- Last month rents in Great Britain fell for the fourth month in the last five – average rents on newly let properties were 0.5% lower than the same period last year, driven by falls in London and the South (table 3)

Since the lifting of lockdown in May, the lettings market has mirrored the sales market with rising numbers of moves being driven by the desire for more space. In most cases, this has meant an increase in the number of tenants leaving cities and moving to smaller towns or suburbs in order to upsize. Demand from applicants looking to rent has risen 1% year-on-year in small towns and suburbs, whilst it's down 23% in city locations across Great Britain.

In the four months between May and August, 34% of tenants that moved home upsized, adding at least one extra bedroom (table 1). This compares to 25% during the first three months of the year. 25% of moves post-lockdown were from a flat to a house. This compares to 16% during the pre-pandemic period in the first three months of 2020.

Upsizing tenants added an average of 1.4 bedrooms between May and August, paying an additional 23% in rent. In cash terms this equates to an average of £149 per month more (table 1).

The desire to upsize was driven predominantly by the size of property in which a tenant had been living. 88% of tenants who moved out of a studio apartment swapped it for a larger home, while 72% traded up from a one-bed property and 25% moved from a two-bed home to a larger space (table 2).

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Tenants living in the South East were most likely to trade up, with 47% of those moving post-lockdown adding at least one bedroom in their move and spending an additional £266 pcm on average (table 1). The South East was followed by the North West (37% adding at least one bedroom) and then London (where 33% added at least one bedroom (table 1)).

Some 63% of London renters who upsized chose to leave the capital, typically moving into a cheaper location outside of London and therefore spending less. As a result, London was the only region where the cost to a tenant of upsizing their home was negative (-4%). The average London-based tenant looking for more space spent £86 pcm less, despite gaining at least one extra bedroom. By way of comparison 47% of upsizing tenants from the South East chose to leave the region.

In August the average rent in Great Britain fell 0.5% year-on-year, with falls reported in four of the last five months. These falls have predominantly been driven by London where the average rental home costs 3.9% less than it did in August 2019 (table 3).

Rents fell in three of the eight regions in Great Britain. London (-3.9%), the South East (-0.8%) and East of England (-0.1%) all saw year-on-year rent falls in August. While the strongest rental growth was seen in the South West (3.6%), Midlands (2.6%), the North (2.5%) and Wales (3.9%) (table 3).

Falling rents in the capital continue to be driven by rising stock levels. London remains the only region of the country where there are more homes to rent (+34%) than at the same time last year. Across Great Britain, there were 11% fewer homes available to rent than in August 2019, with Northern regions recording some of the largest falls. The North East saw the largest decline, with 45% fewer homes to rent than at the same time last year.

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

“Renters have joined homeowners in the race for space by rushing to the suburbs where the number of tenants looking to rent is up on last year. With tenant’s priorities changing, upsizers have swapped smaller city centre flats for three-bed semis on the fringes of town. While the premium placed on green space is growing each month, upsizing tenants have typically stuck to the outskirts of cities they know rather than leaving altogether.

“While the race to suburbia has mostly been dominated by tenants in their mid-thirties onwards, younger tenants too have an increased appetite for additional space. For these groups, this typically means moving from a room in a shared house into a studio apartment, or from a studio into a one-bed home with its own separate living and sleeping space.

“Rental growth remained subdued in August, most notably in the capital and the markets immediately surrounding it. The number of homes coming up for rent is down on last year, partly due to landlord purchases being much slower to bounce back in comparison to the number of homes bought by first-time buyers and owner-occupiers. Demand from new tenants also remains below last year’s levels across most of the country, with those choosing to move and take on higher rents less likely to have been affected by the economic crisis.”

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Table 1 – Upsizers by region (May to August 2020)

	Adding at least one bedroom in their latest move	Average upsizing cost pcm (%)	Average upsizing cost pcm (£)
South East	47%	27%	£266
North West	37%	47%	£301
London	33%	-4%	-£86
North East	32%	48%	£72
East Midlands	29%	22%	£107
South West	28%	26%	£153
West Midlands	27%	20%	£45
Scotland	25%	22%	£34
East of England	24%	6%	£54
Wales	21%	49%	£242
Yorkshire and The Humber	18%	16%	£16
<b>GB</b>	<b>34%</b>	<b>23%</b>	<b>£149</b>

Source: Hamptons International

Table 2 – Upsizers by beds (May to August 2020)

	Upsizing on their next move
Studio	88%
1	72%
2	25%
3	16%
4	11%
5+	25%

Source: Hamptons International

Table 3 – Average monthly rent of a newly let property

	Aug-19	Aug-20	Year on year change
Greater London	£1,848	£1,775	-3.9%
South East	£1,084	£1,075	-0.8%
South West	£838	£868	3.6%
East of England	£975	£974	-0.1%
Midlands	£691	£709	2.6%
North	£693	£710	2.5%
Wales	£669	£695	3.9%
Scotland	£665	£678	2.0%
Great Britain	<b>£1,019</b>	<b>£1,014</b>	<b>-0.5%</b>
Great Britain (Excluding London)	£816	£832	2.0%

Source: Hamptons International

*Please note the Hamptons International Monthly Lettings Index for August will be issued on Friday 9 October 2020, embargoed for 00.01 hours Monday 12 October r 2020.*

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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.

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.