Press Release

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Hamptons International Monthly Lettings Index – February 2020

Southern cities post biggest rental growth as North-South rental divide widens

- The average cost of a newly let property rose 3.3% in February 2020, triple the rate recorded during the same time last year (1.1%) (table 2).
- Average rents in cities have risen the most, up 5.4% year-on-year compared to 1.8% in towns and suburbs, and 1.1% in the countryside.
- Of the 20 largest cities in Great Britain, four out of the five which have seen the cost of a new let rise the fastest are in Southern England. Bristol recorded the highest growth, with the average rent here rising 6.6% over the last year (chart 1, table 2).
- The North-South rental divide has increased by 11% since February 2014. The average home in the South costs £519 pcm (or 80%) more than one in the North of England, up from £396 pcm or 69% more in February 2014 (chart 2).

Average rents in Great Britain have increased over the last 12 months. The average cost of a newly let property rose 3.3% in February 2020 (table 2), triple the rate recorded during the same time last year (1.1%). And it is cities that have seen the biggest rental growth. Rents in cities have risen 5.4% on average over the last year, compared to 1.8% in towns and suburbs, and 1.1% in the countryside.

Of the 20 largest cities in Great Britain, four out of the five which have seen the cost of a new let rise the most are in Southern England. Bristol recorded the highest growth, with the average rent rising 6.6% over the last year, twice the average in Great Britain. Oxford (5.0%), Norwich (4.8%), Glasgow (2.9%) and London (3.0%) make up the rest of the top five (chart 1, table 1).

All Southern cities have moved up the ranking compared with the previous year apart from Brighton. Brighton recorded the strongest rental growth out of the 20 biggest cities in the 12 months running up to February 2019, however it has fallen to 17th place this year due to stagnating rents (table 1).

Meanwhile Aberdeen, Birmingham and Leeds are the only cities where rents have fallen over the last year. In fact, Aberdeen has had the weakest rental growth for the second consecutive year. Leeds had the second highest rental growth the previous year but has now fallen to 18th place due to a rise in the number of homes available to rent. Most Northern cities sit in the middle of the top 20, a reversal of three years ago when they dominated the top of the list with the highest rental growth (table 1).

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As a result, the North-South rental divide has widened. The average home in the South costs £519 pcm (or 80%) more than one in the North of England. This is up from £497 pcm or 79% more in February 2019, and up 11% since February 2014 when the gap was £396 pcm (or 69%) (chart 2).

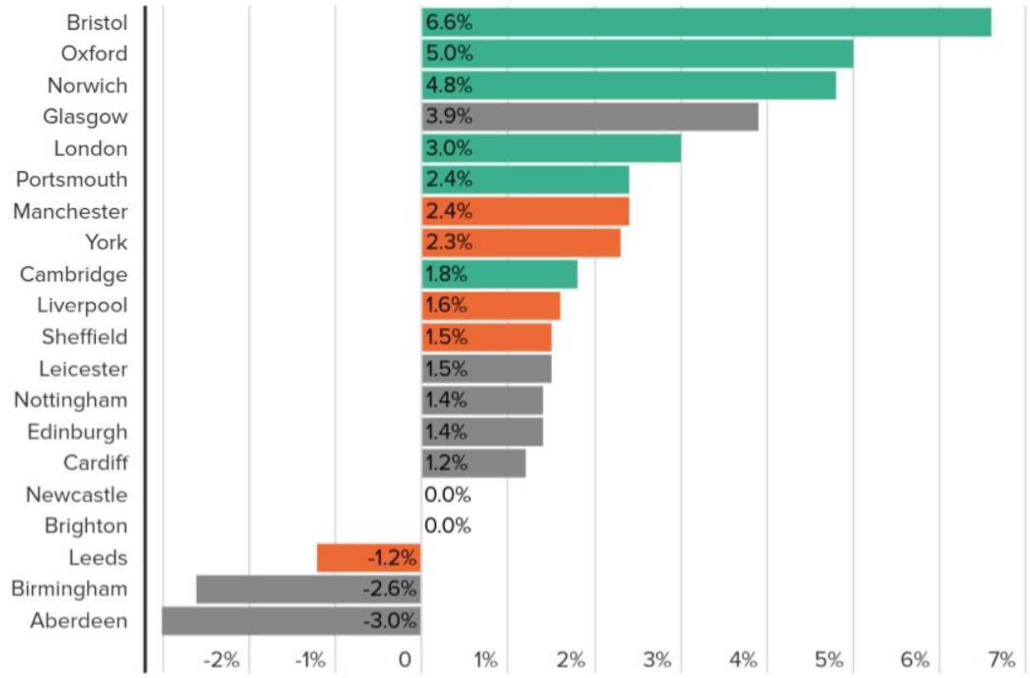
On a regional basis the rate of rental growth has increased across Great Britain, rising from 1.1% in February 2019 to 3.3% in February 2020 when the average home cost £997 pcm. Every region saw rents rise faster this year than in February 2019. Rents in Scotland (6.0%) rose the most in February 2020, followed by the South West (5.7%) and the South East (3.9%) (table 2). This is a reversal of last year when all three of these regions saw rents fall.

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

"The rate of rental growth has tripled over the last year. Every region saw rents rise more in February 2020 than in February 2019, but cities – where the imbalance between supply and demand is greatest - have seen the biggest increases.

"In a reversal of three years ago, cities in the South are now seeing stronger rental growth than those in the North. Affordability barriers, making it harder for people to buy a home, tend to be higher in Southern cities. And it's in these areas where demand for rental properties often outpaces supply. In recent years this has been exacerbated by falling rental stock levels, particularly in the South, where taxation changes have hit lower yielding landlords hardest. And it is the combination of these factors that has driven rental growth. As a result, the North-South rental divide has increased for the third year in a row and is now 11% wider than in 2014."

Chart 1 – Year-on-year rental growth in Great Britain's biggest 20 cities



South = South East, South West, East of England and London
North = North East, North West and Yorkshire & Humber
Source: Hamptons International

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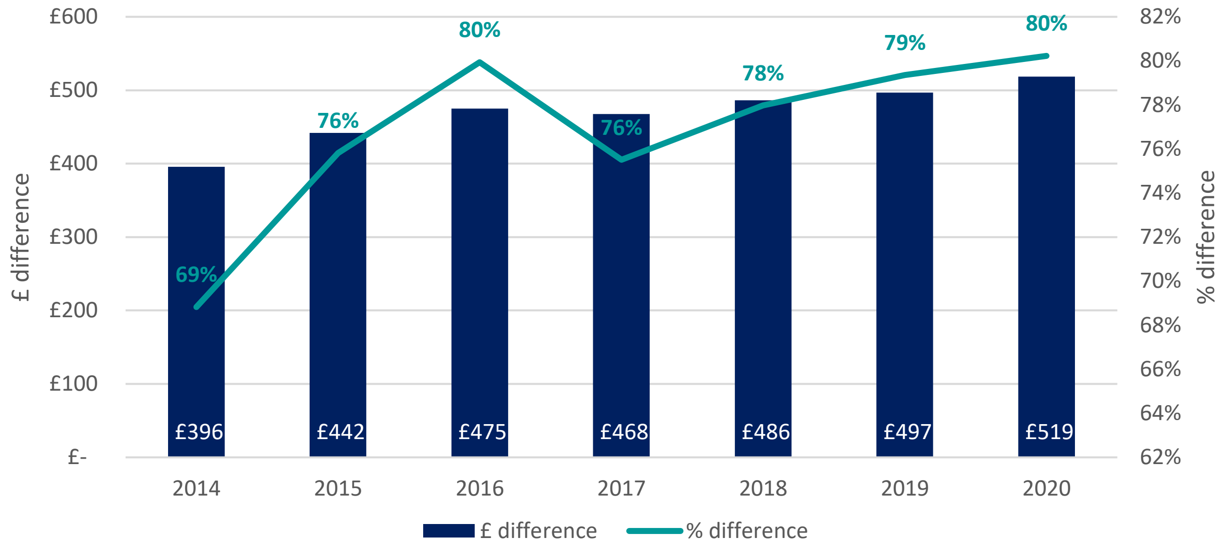
Chart 2 – Gap between average rents in the North and South of England (Feb of each year)



Source: Hamptons International

Table 1 – Rental growth in Great Britain's biggest 20 cities

Rank	City	Average rent pcm (last 12 months)	YoY rental growth	YoY change in the number of homes available to rent	Rank previous year
1	Bristol	£ 1,130	6.6%	-6%	9
2	Oxford	£ 1,670	5.0%	5%	15
3	Norwich	£ 880	4.8%	-8%	4
4	Glasgow	£ 790	3.9%	5%	8
5	London	£ 1,780	3.0%	-5%	7
6	Portsmouth	£ 840	2.4%	-7%	18
7	Manchester	£ 870	2.4%	6%	11
8	York	£ 880	2.3%	3%	5
9	Cambridge	£ 1,150	1.8%	9%	13
10	Liverpool	£ 640	1.6%	-4%	19
11	Sheffield	£ 680	1.5%	1%	12
12	Leicester	£ 690	1.5%	2%	10
13	Nottingham	£ 740	1.4%	-3%	3
14	Edinburgh	£ 750	1.4%	13%	16
15	Cardiff	£ 820	1.2%	0%	14
16	Newcastle	£ 750	0.0%	-4%	17
17	Brighton	£ 1,320	0.0%	10%	1
18	Leeds	£ 840	-1.2%	12%	2
19	Birmingham	£ 740	-2.6%	15%	6
20	Aberdeen	£ 650	-3.0%	-3%	20

Source: Hamptons International

Table 2 – Average rent of new lets (pcm)

Region	Feb-19	Feb-20	YoY
Greater London	£ 1,727	£ 1,779	3.0%
South West	£ 782	£ 827	5.7%
South East	£ 1,033	£ 1,073	3.9%
East	£ 948	£ 980	3.3%
Midlands	£ 673	£ 694	3.1%
North	£ 626	£ 646	3.3%
Scotland	£ 623	£ 660	6.0%
Wales	£ 650	£ 652	0.3%
Great Britain	**£ 965**	**£ 997**	**3.3%**
Great Britain (Excluding London)	£ 769	£ 796	3.5%

Source: Hamptons International

Please note the Hamptons International Monthly Lettings Index for March will be issued on Friday 17 April 2020, embargoed for 00.01 hours Monday 20 April 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. 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.