



## Press Release

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Hamptons International Monthly Lettings Index – March 2020

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

- Seven out of ten (70%) tenancies that were due to end in March were renewed, the highest level recorded in any March since 2008 when 77% of tenants renewed (chart 1).
- Rents on renewed tenancies in Great Britain fell 0.5% year-on-year in March, marking the biggest fall since the index began in February 2014 (table 1).
- Renewed rents fell across three regions - the South East (-1.4%), the East (-0.4%) and Greater London which recorded the biggest year-on-year fall (-2.2%) (table 1).
- As lockdown measures were enforced the number of new applicants registering to rent a home fell by a third in March 2020 compared with the same period in 2019.
- The average rent of a newly let property in Great Britain rose to £980 pcm in March, up 1.2% year-on-year. However, the rate of rental growth more than halved since February when rents rose 3.3% year-on-year (table 2).

The Hamptons International Lettings Index in March showed that rental growth more than halved across Great Britain on both newly let properties (i.e. homes that have been let to new tenants) and on renewed tenancies. However as a result of the Covid-19 lockdown introduced at the end of March, more tenants are staying put. This means Hamptons' renewal index now provides a better representation of rental growth than rent changes on newly let properties.

Seven out of ten (70%) tenancies that were due to end in March were renewed, the highest level recorded in any March since 2008 when 77% of tenants renewed (chart 1).

Rents on renewed tenancies in Great Britain fell -0.5% year-on-year in March, marking the biggest fall since the index began in February 2014 (table 1). This also represented a decrease from 1.5% in February 2020, driven by rent falls in the South. The economic impact of the coronavirus has led to fears about jobs and earnings and in turn caused rents to fall.

Rents on renewed tenancies fell in the South East (-1.4%), and East (-0.4%), with London recording the biggest year-on-year fall (-2.2%). London tenants' incomes tend to be among the most stretched and are therefore more vulnerable to income shocks. Meanwhile Scotland posted the strongest rental growth at 3.4%. Average rents on renewed tenancies rose 2.0% in the Midlands and 1.6% in the North (table 1).

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Overall demand for rental accommodation decreased over the course of the month 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. However there are signs that applicant demand is starting to increase again, after bottoming out at the end of March.

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.

Some landlords who typically let their properties as short-lets decided to let their properties on a longer-term basis, and this has partly driven the increase in the number of homes available to rent. An overall increase in supply combined with a reduction in demand suppressed rental growth on new lets in March.

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 (table 2).

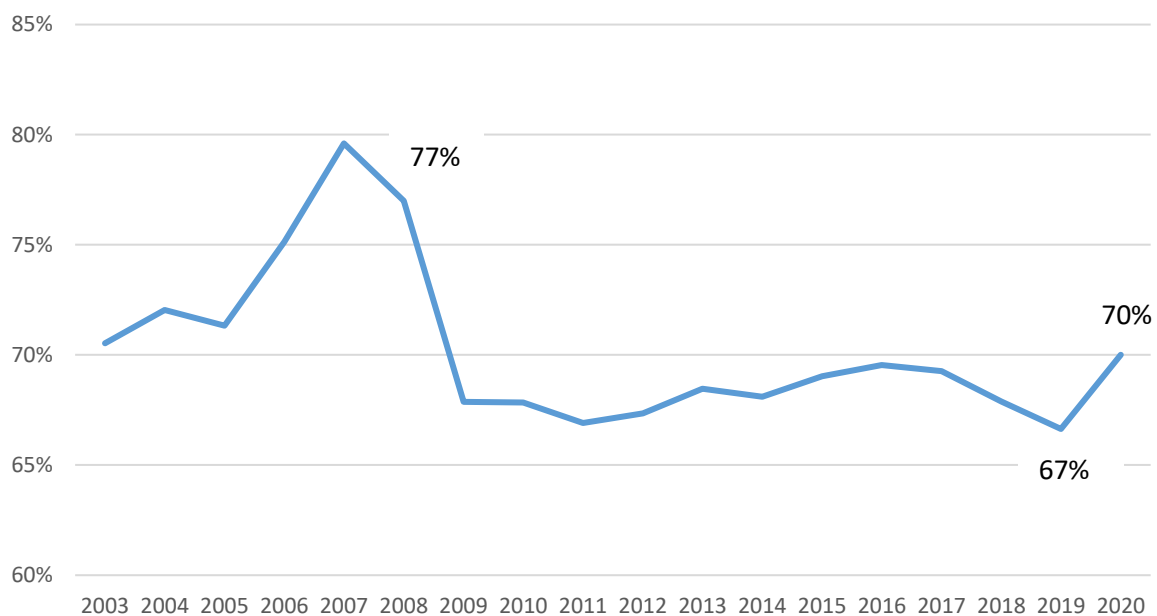
Commenting Aneisha Beveridge, Head of Research at Hamptons International, said:

*“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.”*

Chart 1 – % of tenancies renewing (March of each year)



Source: Hamptons International

Table 1 – Average rent of renewed tenancies (pcm)

Region	Mar-19	Mar-20	YoY
Greater London	£ 1,694	£ 1,656	-2.2%
South East	£ 992	£ 977	-1.4%
South West	£ 759	£ 770	1.4%
East of England	£ 923	£ 919	-0.4%
Midlands	£ 646	£ 659	2.0%
North	£ 593	£ 602	1.6%
Scotland	£ 626	£ 647	3.4%
Wales	£ 613	£ 615	0.4%
<b>Great Britain</b>	<b>£ 933</b>	<b>£ 928</b>	<b>-0.5%</b>
<b>Great Britain excluding London</b>	<b>£ 737</b>	<b>£ 741</b>	<b>0.5%</b>

Source: Hamptons International

Table 2 – Average rent of new lets (pcm)

Region	Mar-19	Mar-20	YoY
Greater London	£ 1,737	£ 1,714	-1.3%
South East	£ 1,028	£ 1,053	2.5%
South West	£ 795	£ 828	4.2%
East of England	£ 944	£ 970	2.8%
Midlands	£ 680	£ 693	1.9%
North	£ 630	£ 646	2.6%
Scotland	£ 632	£ 673	6.5%
Wales	£ 655	£ 653	-0.2%
Great Britain	<b>£ 969</b>	<b>£ 980</b>	<b>1.2%</b>
Great Britain excluding London	£ 772	£ 792	2.6%

Source: Hamptons International

Please note the Hamptons International Monthly Lettings Index for April will be issued on Friday 15 May 2020, embargoed for 00.01 hours Monday 18 May 2020.

Ends

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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.