

PRESS RELEASE

Date Issued: Friday 12 March 2021

Embargoed until 00.01 hrs Monday 15 March 2021

Hamptons Monthly Lettings Index – February 2021

STOCK SQUEEZE FUELS RISING RENTS

- Rental growth outside London hit 8.0% in February, the highest figure since the Index began in 2012 (table 1).
- But rents in London have seen a double dip, with growth turning negative following five months of rent rises.
- In the year since the onset of the pandemic, 300,000 fewer properties in Great Britain have come onto the rental market than in the preceding 12 months.
- Half (50%) of landlords reletting their property were able to increase the rent so far this year, the highest figure since 2016 (chart 1, table 2).

Research by Hamptons shows that rental growth outside London hit the highest figure on record since the index began in 2012. The average rent of a newly let property stands 8.0% or £68 per month higher than it did in February 2020. February 2021 also marked the first time that the South East recorded double-digit growth. Across Great Britain, rents rose 5.6%, the fastest rate of growth since February 2015 (table 1).

London saw a double dip in rental growth as rents fell again following five months of growth. Across Greater London rents fell 0.2% year-on-year, with the drop driven by falls in Inner London. Average rents in Inner London fell 17.7% year-on-year, the largest decrease recorded since the onset of the pandemic. Meanwhile in Outer London, rents grew 5.3% annually, the sixth consecutive month of growth (table 1).

Rental growth nationally has been fuelled by a lack of stock - 300,000 fewer properties have come onto the rental market since the onset of the pandemic (March 2020 to February 2021), nearly a fifth less than during the preceding 12 months.

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Last month, the number of rental homes on the market fell by double digit percentages in every region apart from London compared with the same time last year. London was the only region where there were more homes available to rent than in February 2020. The South West and Wales saw the largest declines, with 48% fewer homes available to rent in February than the same time last year (table 3).

The urban-rural divide which first emerged at the start of the pandemic has continued to deepen. There were 16% more homes available to rent in cities across Great Britain in February 2021 than at the same time last year, while towns and country locations recorded falls of 28% and 52% respectively. This divide was also evident in would-be tenant numbers which remained flat in the countryside, while dropping 10% in cities.

The lack of rental homes on the market has meant that so far this year half (50%) of landlords letting a property were able to secure a higher rent than they had previously achieved. This is the highest proportion since 2016, with an average increase of £60 per month (chart 1). In line with weak rental growth in the capital, fewer London landlords (37%) were able to secure higher rents - marking the lowest proportion recorded in any region. In contrast, 62% of landlords in the South West were able to achieve higher rents on their properties (table 2).

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

"This year we've seen a sharp decline in the number of rental homes coming onto the market. Would-be tenants are now faced with significantly less choice, which in turn is pushing up rents. And with many landlords having multiple offers on the table, half of investors have been able to increase the rent they charge.

"Rental stock levels have also been hit with the onset of the pandemic causing investors to hold back. This has been compounded by emergency legislation which saw landlords having to extend a tenant's notice period to a minimum of six months, reducing turnover further. At the same time, many renters who were looking to buy had to put their plans on ice and continue renting, as banks sought larger deposits for house purchases.

"However, there are signs that this could change. Over the last five months, and in an effort to beat the original stamp duty deadline of the end of March, landlord purchases started to rise, which will add to stock levels when these homes complete.

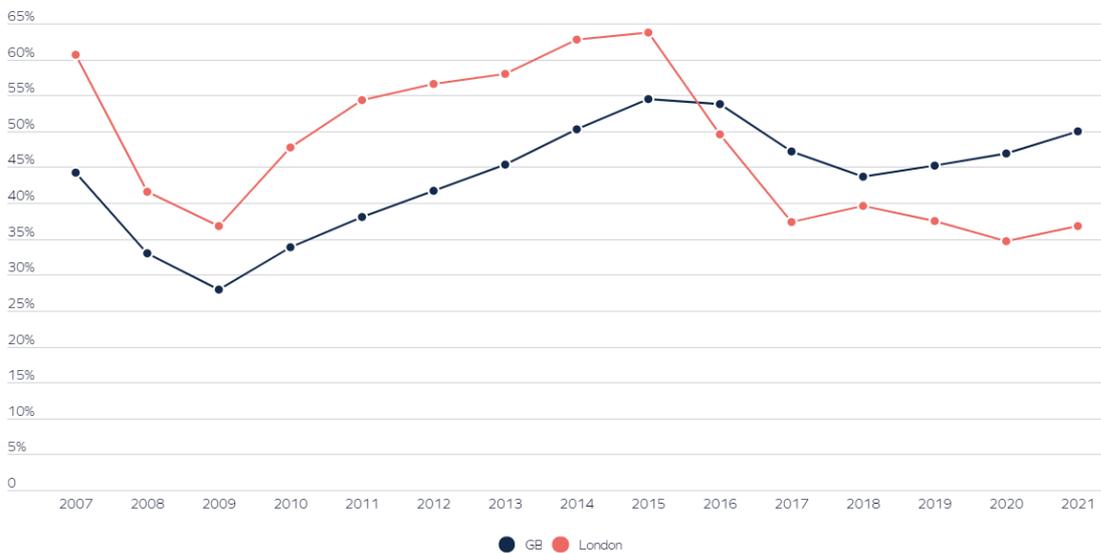
"Meanwhile the government announced a new Mortgage Guarantee Scheme in the Budget which is aimed at helping would-be buyers with small deposits, many of whom are currently renting. Both factors, alongside the ending of the eviction ban in April, mean rental stock levels may have bottomed out."

Table 1 – Annual rental growth

	Feb-20	Feb-21	YoY
Greater London	£1,763	£1,759	-0.2%
__Inner London	£2,654	£2,185	-17.7%
__Outer London	£1,594	£1,678	5.3%
South East	£1,070	£1,184	10.6%
South West	£831	£908	9.2%
Midlands	£696	£718	3.2%
North	£643	£686	6.8%
Wales	£653	£694	6.3%
Scotland	£660	£685	3.8%
Great Britain (Ex London)	£845	£913	8.0%
Great Britain	£1,006	£1,062	5.6%

Source: Hamptons

Chart 1 – Landlords achieving a higher rent



Source: Hamptons

Table 2 – Landlords achieving a higher rent (2021)

South West	62%
East Midlands	56%
Eastern	54%
South East	53%
Yorkshire and the Humber	50%
Wales	48%
West Midlands	46%
North West	46%
Scotland	43%
North East	38%
London	37%
Great Britain	50%

Source: Hamptons

Table 3 –Year-on-year change in the number of rental homes on the market

	Feb 21 on Feb 20
London	42%
South East	-36%
South West	-48%
East of England	-27%
East Midlands	-31%
West Midlands	-33%
North West	-43%
Yorkshire & Humber	-36%
North East	-23%
Scotland	-32%
Wales	-48%
GB	-14%

Source: Hamptons

Please note the Hamptons Monthly Lettings Index for March will be issued on Friday 9 April, embargoed until 00.01 hours Monday 12 April 2021.

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For further information, please contact:

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About the Hamptons Monthly Lettings Index

The Hamptons 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 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

Hamptons is a leading residential estate agent and property services company, operating in London and the South of the UK.

Hamptons 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.