

## PRESS RELEASE

Date Issued: Friday 9 July 2021

Embargoed until 00.01 hrs Monday 12 July 2021

Hamptons Monthly Lettings Index – June 2021

## INNER LONDON RENTAL RECOVERY DAWNS

### INNER LONDON RENTS SET TO HIT PRE-PANDEMIC LEVELS WITHIN 12 MONTHS

- For the first time since April 2020, the average rent in Inner London rose on a monthly basis, averaging £2,103 pcm in June 2021 (chart 1, table 1).
- While Inner London rents remain 16.5% down on the same time last year, they recorded a 4.3% month-on-month jump between May and June, the largest monthly increase on record.
- There were 16% more tenants registering to rent in Inner London in June compared with the same time last year, and demand levels were 45% up on June 2019.
- Nationally the pace of rental growth continued to grow in June, with rents rising 8.5% year-on-year (table 2).

Inner London bore the brunt of the pandemic's impact on the rental market which saw a decade of rental growth wiped out. In previous downturns, Inner London has typically been the region to lead the rest of the country. But this time around it was the only area where rents fell for 13 consecutive months, while rents in other regions reached record highs. However, it appears that late spring marked the bottom of the Inner London market.

For the first time since April 2020, the average rent in Inner London rose on a monthly basis, averaging £2,103 pcm in June 2021 (chart 1). While the average rental home in Inner London costs 16.5% or £415 pcm less than it did this time last year, rents jumped 4.3% month-on-month between May and June, the largest monthly increase on record (table 1). June was also the third straight month that the annual decline in rents slowed.

The reversal in the direction of rental growth has been driven by more tenants returning to the capital. Last month, the number of tenants registering to rent in Inner London was up 16% on June 2020 levels and up 45% on June 2019. Zone 2

/...

recorded the strongest growth in demand, but this has been almost completely driven by domestic, rather than international tenants. Here, the share of tenants coming from outside the capital doubled as more people planned their return to London.

Rising rents have also been supported by lower stock levels, a reversal of the months following the height of the pandemic when landlords struggled to find long-term tenants for their short-term lets. While back in September 2020 there were 14% more homes available to rent in Inner London than in September 2019, by June there were 8% fewer homes to rent than two years ago. Family houses are most scarce, while entry level flats make up most of the homes taking more than a week to let.

In contrast to Inner London, Outer London rents recorded only six months of falls on an annual basis following the onset of the pandemic. Outer London rents have grown for the last 10 months, with June's annual rental growth (9.4%) the strongest on record. The average rental home in Outer London now stands at £1,685 pcm, 10% more than it did when the pandemic started in March 2020 (table 1).

Across Great Britain the pace of rental growth continued to climb in June, with rents rising 8.5% year-on-year (table 1). In fact, four of the 10 fastest months for rental growth over the last decade have been since the onset of the pandemic (table 2). Stock scarcity has become a pressing issue, with 46% fewer homes on the market than at the same time two years ago. In rural and suburban areas, the drop in rental homes on the market has been even greater.

Outside London, rents rose 10.9% annually - the fastest rate of growth recorded during any time since 2014 (table 1). Six regions saw rental growth hit double digits in June, up from five in May. Last month eight of the 11 GB regions recorded the biggest annual increases since the lettings index began in 2014. Wales, the West Midlands and London were the only regions not to register record rental growth.

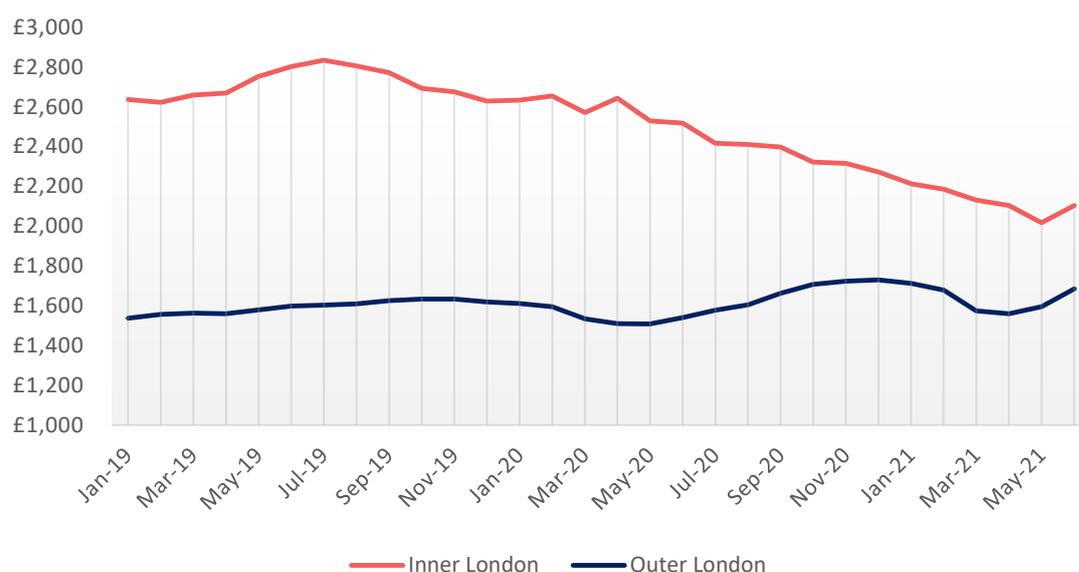
**Commenting Aneisha Beveridge, Head of Research at Hamptons, said:**

*“Over the course of the pandemic, Inner London landlords have suffered more than investors anywhere else in the country. But in recent months rental growth here has changed course and is now on an upward trajectory. We are forecasting that rents in Inner London will return to pre-pandemic levels within 12 months.*

*“That said, and despite a recovery, rents in Inner London are likely to remain lower than they would have been had the pandemic not happened. A relatively buoyant recovery has ensued as restrictions have been lifted, but some scarring is likely to remain as tenants become less closely bound to their office desk and international travellers remain in short supply.*

“Nationally, the last 12 months have seen five years of pre-pandemic growth squeezed into a year. Rents are rising at such a pace that monthly rental growth figures could, in more normal times, be mistaken for annual ones. While this growth is underpinned by a lack of stock, it will ultimately be tapered by affordability.”

Chart 1 – Average London rent



Source: Hamptons

Table 1 – Average rent on a new let

	June-20	June-21	YoY Change (%)	YoY Change (£)
Greater London	£1,696	£1,751	3.3%	£55
Inner London	£2,518	£2,103	-16.5%	-£415
Outer London	£1,540	£1,685	9.4%	£145
South East	£1,050	£1,217	15.9%	£167
South West	£838	£964	15.1%	£126
East of England	£944	£1,049	11.1%	£105
Midlands	£712	£753	5.8%	£41
North	£650	£710	9.3%	£60
Wales	£688	£712	3.4%	£24
Scotland	£659	£726	10.2%	£67
<b>Great Britain</b>	<b>£1,007</b>	<b>£1,092</b>	<b>8.5%</b>	<b>£85</b>
Great Britain (Excluding London)	£858	£951	10.9%	£93

Source: Hamptons

Table 2 – The months when annual rental growth hit new records over the last decade

Date	Annual Rental Growth	Average Rent in Great Britain
*Jun-21	8.5%	£1,093
May-21	7.1%	£1,054
Dec-14	7.0%	£924
Oct-14	6.7%	£932
Nov-14	6.5%	£929
Jan-15	6.1%	£922
Apr-21	5.9%	£1,040
Feb-21	5.6%	£1,063
Feb-15	5.6%	£920
Sep-14	5.4%	£928

Source: Hamptons

*\*red text denotes where new records have been set since the start of the pandemic*

Please note the Hamptons Monthly Lettings Index for July will be issued on Friday 13 August, embargoed until 00.01 hours Monday 16 August 2021.

Ends

**For further information, please contact:**

Alison Blease  
Head of Research PR, Hamptons  
Tel: +44 (0) 776 96 77 825  
Email: [bleasea@hamptons-int.com](mailto:bleasea@hamptons-int.com)

**About the Hamptons Monthly Lettings Index**

The Hamptons Monthly 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 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 Connells, the UK's largest estate agency and property services group.