

# BUY-TO-LET INDEX

July 2017 data, August 2017 report

## Bottleneck of housing supply sees rents rise in July

### Fast Facts

- Shrinking property supply pushes up rent levels
- Nine UK regions saw prices rise on a yearly basis
- South West sees yearly rents dip 2.2%
- Average rent across England and Wales is £874

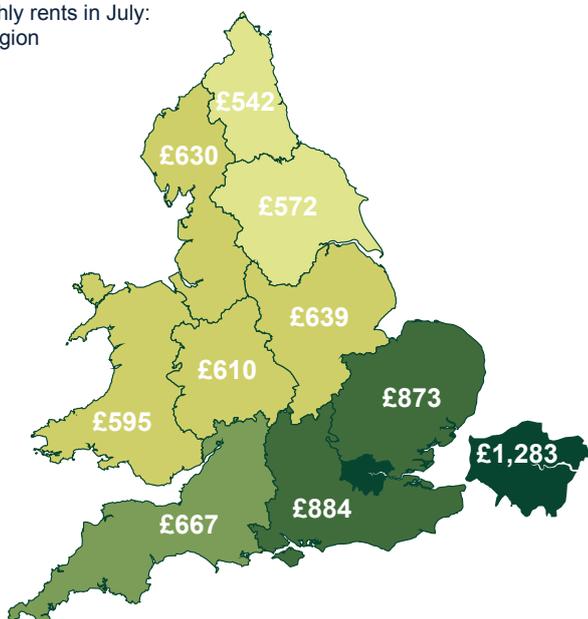
### Quick Quotes

**Richard Waind, Director, Your Move, comments:**

- “We are now starting to see the real impact of the government's Stamp Duty revision, plus the additional tax changes which have hit landlords hard.”
- “The outcome has been a decline in the number of rental properties on the market and this has had the effect of pushing up prices for tenants.”
- “Tenants in London face a different issue as rapidly rising travel costs are increasing the overall cost of living in the suburbs, despite rents generally being cheaper than central areas.”
- “The Private Rental Sector, however, could still be seen as an attractive opportunity for investors, with the North East and North West in particular seeing strong growth. Although buy to let investors are preparing for the new PRA changes coming into effect in September, it's clear that there are still people who believe that, property remains a viable investment option.”

### Key findings at a glance

Monthly rents in July:  
By region



### Key insights about the data

- Average rents increased in most areas of England and Wales this month, with a fall in housing stock causing prices to rise.
- The Your Move England & Wales Buy to Let Index found nine of the ten regions surveyed saw increases in rents during the past year. The average rent across the two nations now stands at £874 following a 3.1% price increase in the last 12 months.

Average London rents in July:  
By Underground Zones



### Shrinking housing stock forces rents upwards

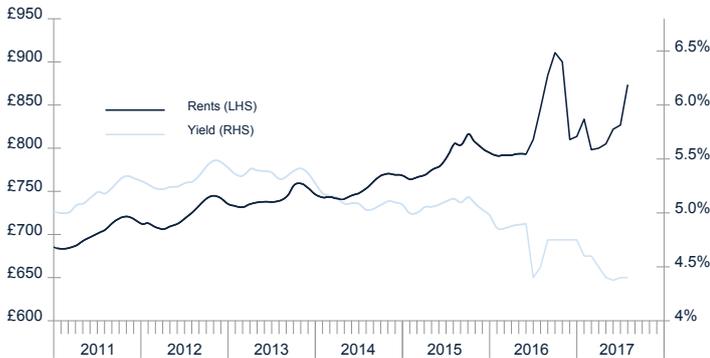
- Every region barring the South West saw rents increase in the year to July, Your Move found.
- The strongest performance came in Wales where prices have grown by 4.3% in the last 12 months to hit an average of £595.
- Three other areas saw growth of more than 3% in the last year. In the South East prices increased by 3.6% to reach an average of £884 while in the East of England the typical rent is now £873 per month after 3.3% growth. Finally, the North West saw price increases of 3.1% in the past 12 months to reach an average rent of £630.
- By contrast, rents in the South West were down 2.2% in the year to July 2017. The average property in this region now lets for £667 per calendar month. This was the only area to experience a decrease.
- The increases in most areas can be associated with a fall in the housing stock available to renters. This can be attributed to the recent tax changes affecting landlords and the Stamp Duty charges on second homes.
- In London, prices have grown 1.2% in the last 12 months to reach an average of £1,283. However, this headline figure masks big differences depending on the location of the property.
- The average property in Travelcard Zone 2 cost tenants £1,831 a month compared to a typical price of £1,161 in Zone 4. Yet high travel costs mean the price benefit of living in the outskirts of London has been reduced. Cont...

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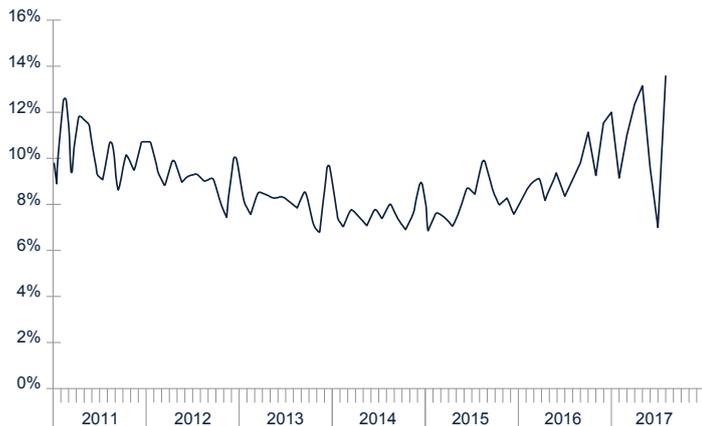
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## Key findings at a glance

### Total annual rent and yield from residential property



### Proportion of all rent in arrears



### Regional Breakdown

Region	Rents July (£) 2017	One month change	Yields July 2017
East Midlands	639	0.14%	4.0%
South East	884	0.29%	3.4%
North East	542	-0.05%	5.2%
London	1,283	0.23%	3.2%
East of England	873	-0.46%	3.8%
Yorkshire & The Humber	572	0.40%	4.5%
West Midlands	610	0.04%	4.1%
South West	667	0.49%	3.3%
North West	630	0.38%	5.0%
Wales	595	-0.49%	4.7%
England & Wales	839	0.22%	4.4%

## Key insights about the data

- High inflation means the average train ticket is set to increase by 3.6% in January 2018, meaning more people could be tempted to cut the cost of travel and move closer to their work - even if the rental price is higher.
- Rent rises could be down to the introduction of a range of government policies directed at the lettings market. The effects of these policies, such as the 3% stamp duty levy and removal of mortgage relief for landlords, have restricted the supply of new lettings properties coming to market. However, this seems to have been countered by a drop in tenant demand post Brexit. The recent release of migration figures seem to corroborate with this. Now that the initial post Brexit exit of EU citizens is behind us and with tenant numbers starting to rise again, it's possible that more rent rises could come in the near future.

### Property investors see stable returns

- Despite rents increasing, most landlords saw their yield levels remain flat between June and July.
- Wales was the only area surveyed to see the average return decrease month-on-month, slipping from 4.8% to 4.7%, Your Move found.
- In the nine remaining regions, yields were the same in July as they were in June and led to the average yield across England and Wales being 4.4%.
- On a yearly basis, however, each of the regions surveyed recorded lower yields than 12 months ago. Between July 2016 and July 2017, the average yield across England and Wales dropped from 4.9% to its current level.
- Landlords in the north of England continue to enjoy the highest return on their investment, despite the amount of rent they receive being lower than in other areas.
- Investors in the North East received an average yield of 5.2% during July, higher than anywhere else. In the North West the typical landlord earned 5% on their rental property.
- These were the only two areas to record yields of 5% or greater this month.

### Rising rents squeeze tenant finances

- Growing rents meant that the financial situation of tenants declined this month as the proportion of renters in arrears grew, Your Move found. The percentage of households in England and Wales in arrears was 13.7% in July 2017, above the 7% recorded a month ago.
- The proportion of tenants in arrears remains below the all-time high of 14.6%, recorded in February 2010.

## Links, Downloads & Images

For more information, images, downloads including the full report, visit:  
<https://www.your-move.co.uk/media-centre>

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*This survey and its underlying methodology is created and reviewed in partnership with Cebr. It is based on analysis of approximately 20,000 Your Move properties across England and Wales.*