

## BUY-TO-LET INDEX

August 2016

# No sign of post-Brexit slowdown in rental market



### Fast Facts

- Average rent in England and Wales reached an all-time high of £846 in July 2016.
- Year-on-year rent increases hit 5.2%, reversing recent trend.
- No sign of post-Brexit slowdown in rental market.
- South East sees rent increases of 14.9 % over the year – suggesting Londoners are moving out of the capital.
- North East home to highest yields at 5.5%, London lowest at 3.2%.



### Sentiment Snapshot

72% of landlords were either equally as likely, or more likely to add to their BTL portfolio following the vote to Brexit.

### From London to Rio: Going for Gold

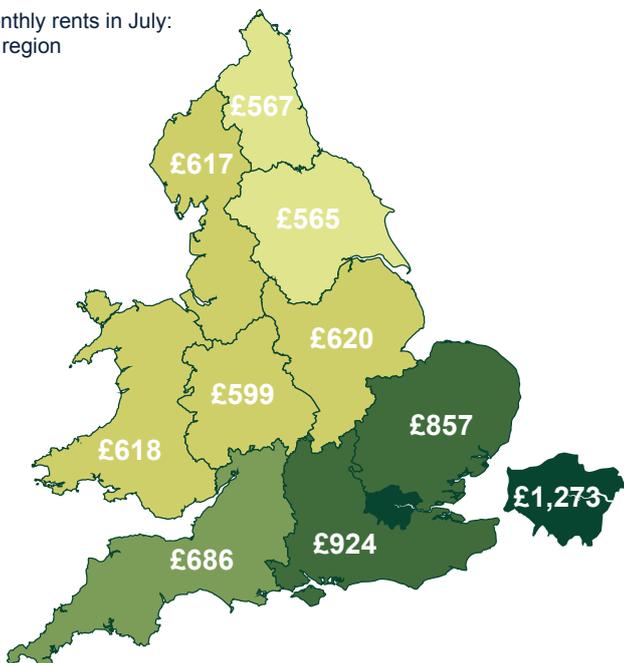
Average rents across the capital have increased by £216 per month since the London 2012 Olympics.

Across England and Wales, average rents have gone up by £121 per month from July 2012 – July 2016.



### Key findings at a glance

Monthly rents in July:  
By region



### Quick Quotes

**Adrian Gill, Director of lettings agents Your Move comments:**

- “Rents increased by 5.2% in the last year, suggesting the recent slowdown in rent rises may have come to an end.”
- “The UK’s vote to leave the European Union has not caused any immediate change in the rental market, although we must wait for longer term trends to develop.”
- “For landlords, market sentiment remains positive with the vast majority still looking to add to their portfolio of properties, despite the Brexit vote.”
- “The South East was home to the biggest leap in rents, with many Londoners moving further afield in an attempt to escape high rents in the capital.”



### Key insights about the data

- The average rent in England and Wales now stands at £846 per calendar month, the highest figure ever recorded by Your Move. July’s figure is 5.2% higher than last July and 4.4% up on the £810 recorded in June 2016, suggesting the UK’s decision to leave the European Union has had no negative effect on rents.

#### Boom in South East rents

- Rent growth in the South East of England was significantly higher than anywhere else, with the typical property now commanding £924 per month. This is 14.9% higher than a year ago.
- Upward pressure on the market in the South East could be a result of tenants looking further afield to offset high London rents. While July’s average of £1,273 is higher than the previous month’s figure of £1,225, the market in the capital is down 0.7% year-on-year. It was the only area of England and Wales to post an annual fall and remains below the £1,301 recorded in September 2015.
- London still remains home to the highest rents (£1,273), well ahead of the South East (£924) and East of England (£857).
- Rent rises across England and Wales averaged 5.2%, - a reversal of the recent trend of small rent increases which, for example, saw growth of only 1% in May 2016. These figures suggest that the UK’s decision to exit the European Union has had limited impact on the rental market in England and Wales.

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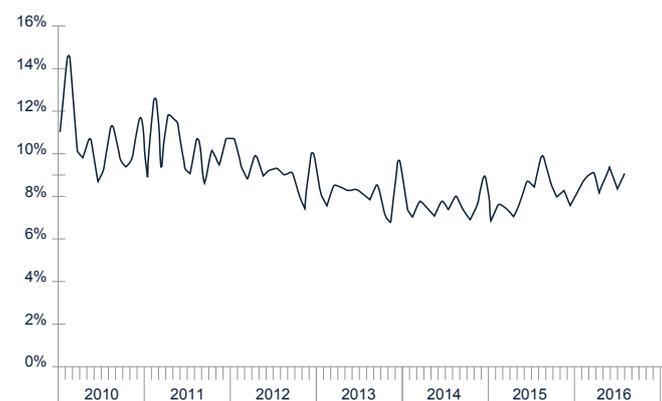


## Key findings at a glance

### Total annual rent and yield from residential property



### Proportion of all rent in arrears



### Regional Breakdown

Region	Rents July (£) 2016	One month change	Yields July 2016
East Midlands	620	-0.1%	4.3%
South East	924	0.3%	3.6%
North East	567	0.4%	5.5%
London	1273	0.1%	3.2%
East of England	857	-0.2%	3.8%
Yorkshire & The Humber	565	0.0%	4.5%
West Midlands	599	-0.1%	4.1%
South West	686	-0.1%	3.5%
North West	617	0.1%	5.0%
Wales	618	0.3%	5.1%
England & Wales	846	0.1%	4.5%



## Key insights about the data

### Yields continue downward trend

- The average gross rental yield for properties in England and Wales continues its general downward trend and, while slightly up on June's figure of 4.4%, the 4.5% recorded in July 2016 is still below the average yield of 5.1% recorded in the same month last year.
- The North East had the highest yield at 5.5%, despite being home to the lowest house prices in the country. A typical property in the region was valued at £118,821 in July but comparatively high rents pushed yields higher than anywhere else. In June the region had recorded yields of 5.1%.
- In the July 2015 survey, both the East Midlands (5.8%) and the West Midlands (5.7%) saw some of the strongest yields in the country. However one year later the typical yield has dropped to 4.3% and 4.1% respectively.
- London saw the smallest yield for landlords, at 3.2%, and is home to the highest house prices in the survey. This figure has dropped from 4.5% a year ago, suggesting a tightening in the London rental market.

### Arrears

- Tenant finances rose slightly in the month of July. Across England and Wales some 9.01% of tenancies had arrears of a day or more. This is faintly higher than the 8.43% recorded in June, but lower than 9.3% in May.
- However, looking at the longer-term, the proportion of tenants in arrears remains well below the all-time high of 14.6% recorded in February 2010.
- On an absolute basis, the number of households in serious arrears – defined as two months or more – was 36,314 in July 2016. This compares with 36,207 cases in the previous month.

### Methodology

- The methodology used to calculate figures in this report has been revised since the previous edition. This survey is now created and reviewed in partnership with Cebr and is based on analysis of approximately 20,000 properties across England and Wales.

## Links, Downloads & Images

For more information, images, downloads including the full report, visit <https://www.your-move.co.uk/buy-to-let-index/august-2016>

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