

BUY-TO-LET INDEX

February 2017 data, March 2017 report

East and South East rents rise as demand outside London rockets



Fast Facts

- London and the South West only two regions to see rents fall year-on-year
- Average rent in England and Wales was £798 in February
- Wales sees rents rise faster than anywhere else in UK
- Strong rent growth outside of London



Quick Quotes

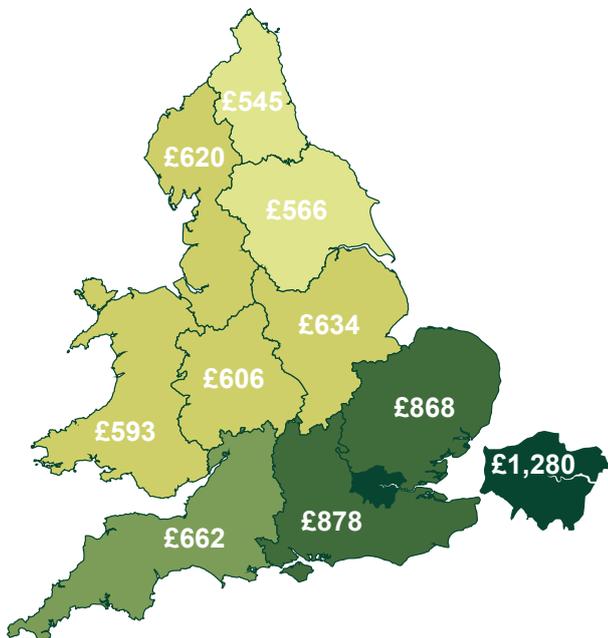
Valerie Bannister, Lettings Director, Your Move, comments:

- “The dramatic rent increases in London have now slowed as people look outside the capital in order to meet their housing aspirations.”
- “Areas in the South East and East of England have traditionally offered much better value than the capital and this has tempted many Londoners to look further afield for rental properties.”
- “Renters in London could be reaching the limits of their affordability as prices dropped back 1% in the last year. This will be one to watch as the year progresses.”
- “Away from the capital, Wales saw the strongest outright performance. Rents across Wales increased by 7.7% in the last year, more than anywhere else in the UK”



Key findings at a glance

Monthly rents in February:
 By region



Key insights about the data

- The heat continues to dissipate from the London rental market, with areas around the capital now seeing large rent rises instead of the city itself.
- The South East and the East of England regions were among the fastest growing areas in the last 12 months, the Your Move England & Wales Buy to Let Index found. While London is still home to the highest rents, it was one of only two areas to see prices fall in the year to February 2017.

Renters look beyond London

- The pressure in the London rental market has continued to slow this month as rents edged downwards in February.
- The average rental property in the capital let for £1,280 during February 2017, 1% lower than the same point a year ago. This figure was also 0.5% down on January's total of £1,286.
- London was the only region surveyed to see rents fall on both a monthly and yearly basis.
- This suggests renters in the city have reached an affordability ceiling and are now looking outside the capital for properties. The counties surrounding London have seen rents increase rapidly over the last year as people move to these areas instead.
- Rents in the East of England grew by 5.6% in the last 12 months to reach £868, although they did drop back 0.2% between January and February. In the South East the typical rent increased 3.4% year-on-year, with a 0.1% rise month-on-month. The average property in this region now lets for £878 a month.
- However, it was in Wales where the fastest rising rents were to be found. The typical rental property increased in price by 7.7% in the year to February, although Wales remains one of the cheapest places to rent in this survey at £593 a month.
- The North East (£545 a month) and Yorkshire and Humber (£566) were the only regions with cheaper rents than Wales.
- Finally, London was not the only area to see rents fall year-on-year. In the South West prices went down 1.5% during the past 12 months to hit £662. Areas in the south have a surplus supply of property for tenants which can cause rents to fall as landlords lower rates to suit the market.

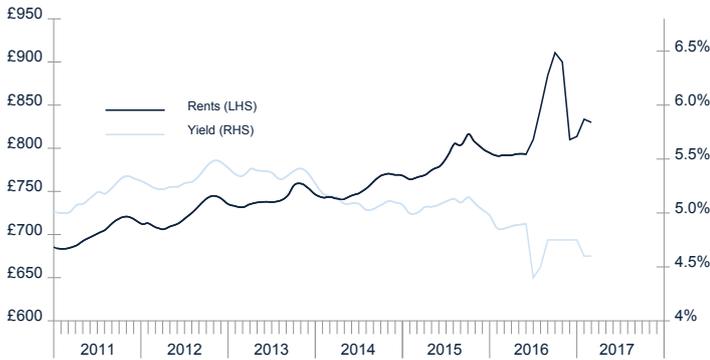
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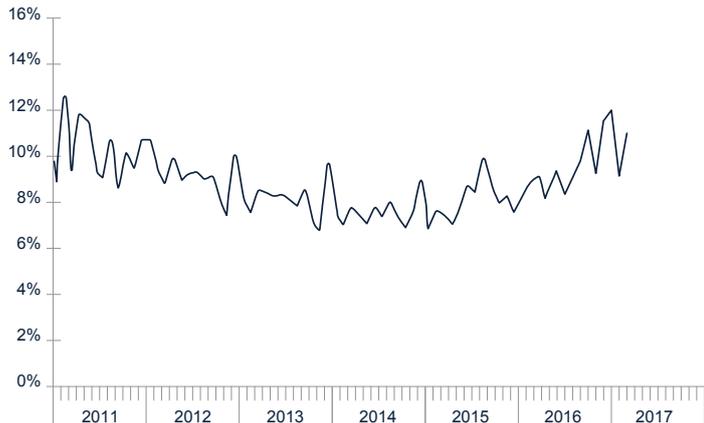


Key findings at a glance

Total annual rent and yield from residential property



Proportion of all rent in arrears



Regional Breakdown

Region	Rents Feb (£) 2017	One month change	Yields Feb 2017
East Midlands	634	0%	4.4%
South East	878	0.1%	3.4%
North East	545	0%	5.3%
London	1,280	-0.46%	3.2%
East of England	868	0.22%	3.9%
Yorkshire & The Humber	566	0.17%	4.5%
West Midlands	606	0%	4.1%
South West	662	0.15%	3.4%
North West	620	0.48%	5.0%
Wales	593	1.19%	4.8%
England & Wales	832	0%	4.6%



Key insights about the data

Yields squeezed despite rent rises

- While most areas of England and Wales saw rents increase, yield levels have continued to trend downwards over the last year.
- Across England and Wales the typical yield was 4.1% in February, Your Move found. This is down on the 4.2% recorded a month ago and well below the 4.9% yield seen in February 2016.
- Places with higher house prices continue to have the smallest yields – and these are typically in the areas closest to London. In the capital itself the average yield was 3.2% this month, down from 3.6% a year ago but flat month-on-month.
- In the South East the typical yield was 3.4%, down from 3.7% in February 2016, while in the East of England yields were down from 4.4% to 3.9% in the same period.
- Landlords with properties in the South West also saw returns below 4%. In this region yields also dropped from 3.7% to 3.4% during the last 12 months.
- At the other end of the scale, properties located in the North East enjoyed the biggest yields. In this region the average return was 5.3% this month, slightly down compared to last year.
- The North West also saw high yields this month – with the typical property investment yielding 5%.

Tenant arrears reduce in February

- The proportion of tenants in arrears reduced between January and February, Your Move found. This month the percentage of households in arrears was 8.1%, lower than both the previous two months. In January 2017 the share of properties in arrears was 9.1% while in December 2016 it was 8.7%.
- Despite this change, the long-term trends continue to be encouraging. The proportion of tenants in arrears remains well 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.