



Q3 (July-September 2020)

Wednesday 14th October 2020

Record rents outside London & demand shift creates challenge for smaller flats

- Asking rents have hit a record outside London to £964 per month, driven by record demand from renters
- London is only region where rents are falling, down 6.8% in Inner London, while Outer London is up by 0.8%
- Two bedroom houses have replaced studio flats as the most in demand property type, as post-lockdown renters look for a spare room to work from home
- Total rental stock is up by 20% compared to this time last year, though available stock is up by just 2% nationally, but up by 80% in London:
 - Outside London, increased demand has led to available stock of two bed houses now 46% lower than this time last year, while studio flats are up by 11%
 - In London, available stock of two bed houses is up by 2%, while studio flats have doubled (+100%)

National average asking rent for all property types (excluding Greater London)

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2020	£964	1.6%	2.4%
Q2 2020	£949	0.7%	2.8%

Greater London average asking rent for all property types

Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q3 2020	£1,966	-2.2%	-3.0%
Q2 2020	£2,011	-3.4%	0.2%

Inner and Outer London

	Avg. asking rent per month	Quarterly change	Annual change
Inner London	£2,288	-4.2%	-6.8%
Outer London	£1,731	-0.2%	0.8%



Overview

Asking rents outside London have been driven to a new high, fuelled by record demand from tenants, and by strong price growth in the South West and northern regions. Asking rents are up 4% in the South West and up at least 3% in the North East (+3.3%), North West (+3.1%) and Yorkshire & the Humber (+3.0%). The trend we reported last quarter of London rents weakening has continued over the past three months, with prices now 3% lower than Q3 2019 in the capital, down 6.8% in Inner London and up just 0.8% in Outer London.

Shift from studios

In September last year the most in demand property type was a studio flat, followed by a two bedroom house. This September, not only have two bedroom houses overtaken studio flats as the most in demand, studio flats have fallen seven places, behind bungalows and houses as renters look for spare rooms to set up spaces to work from home.

Rank	Most in demand property type September 2020	Most in demand property type September 2019
1	Two bedroom house	Studio flat
2	Two bedroom bungalow	Two bedroom house
3	Three bedroom house	One bedroom house
4	Three bedroom bungalow	One bedroom flat
5	One bedroom house	Three bedroom house
6	Four bedroom house	Two bedroom bungalow
7	One bedroom flat	Two bedroom flat
8	Studio flat	Three bedroom bungalow
9	Two bedroom flat	Four bedroom house
10	Five bedroom house	Three bedroom flat

More available stock in London drives rents down

Prospective tenants will find 20% more properties in total than in September last year nationally, but available stock is only up by 2% so they will still find strong competition, especially for houses. It is a different story in the capital, where available stock is up by 80% on last September.

Available stock of the most in demand property type, two bedroom houses, is down 46% outside London and up just 2% in London. There are now 11% more studio flats available outside London, while in the capital, available stock of studio flats has doubled, up 100%.



Asking rents have been falling since the beginning of lockdown in London, and are now an average of £110 per month lower than back on 23rd March at the start of lockdown. Looking at property types in London, asking rents of studio flats are 3.5% lower than this time last year, one bedroom flats are down by 3%, and two bedroom flats are down 4%. Two bedroom houses are faring better, up by 0.7%.

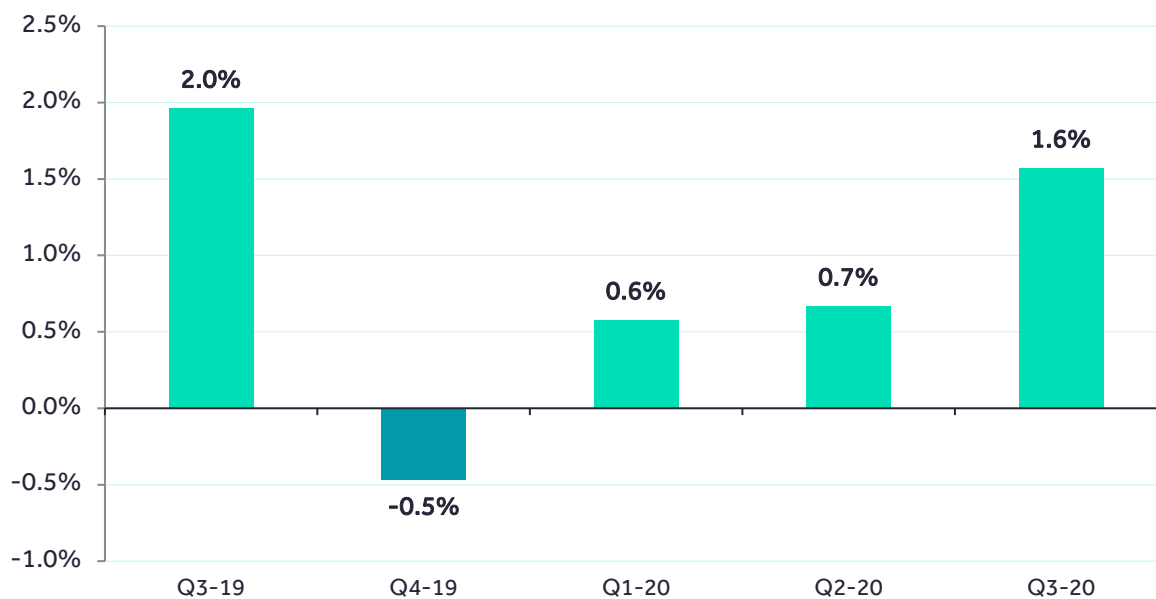
Rightmove's Commercial Director and Housing Market Analyst Miles Shippside said: *"Landlords with a large portfolio of studio flats may find they need to accept lower rents than over the past few years, although let's not forget that overall rents have gone up by £100 per month outside London and £140 in the capital over the past five years so those with a longer term view will still be able to make some good returns. It will be the accidental landlords that have one property that need a good agent more than ever, to promote the attractive attributes of their buy-to-lets. I've heard from some agents that they're now advising their landlords to turn part of the living room into a work from home space, or offering to install high-speed broadband for tenants as an added incentive. The rise in demand for properties that have more space and that typically have higher rents is helping push up average rents to new record highs."*

Agent's view

Michael Cook, National Lettings MD at LRG, comments: *"We've moved more customers this September than any month previously, which is largely due to pent-up demand from tenants. As some of the restrictions imposed during the pandemic began to lift, there was a documented surge in enquiries from renters who were restricted from moving over the spring. Changes to stamp duty also saw some investors take advantage of reduced acquisition costs of new properties and an increase in buy-to-let purchases. However, we're still seeing a gap in supply and demand and the need for more homes – many thousands more homes in the Private Rented Sector – is clear. At the same time, COVID has changed tenant priorities, with many now wanting bigger homes with gardens and a separate space to work in, and this now comes at a premium. Demand for rental stock outside of London has outpaced that shown in the capital with a requirement for more home working space and gardens and a reduction in the need to be in such close proximity to the office, with more flexible homeworking being offered by employers. We've also seen houses increase in demand over flats with people looking to rent properties for longer, increasing average tenancy lengths."*

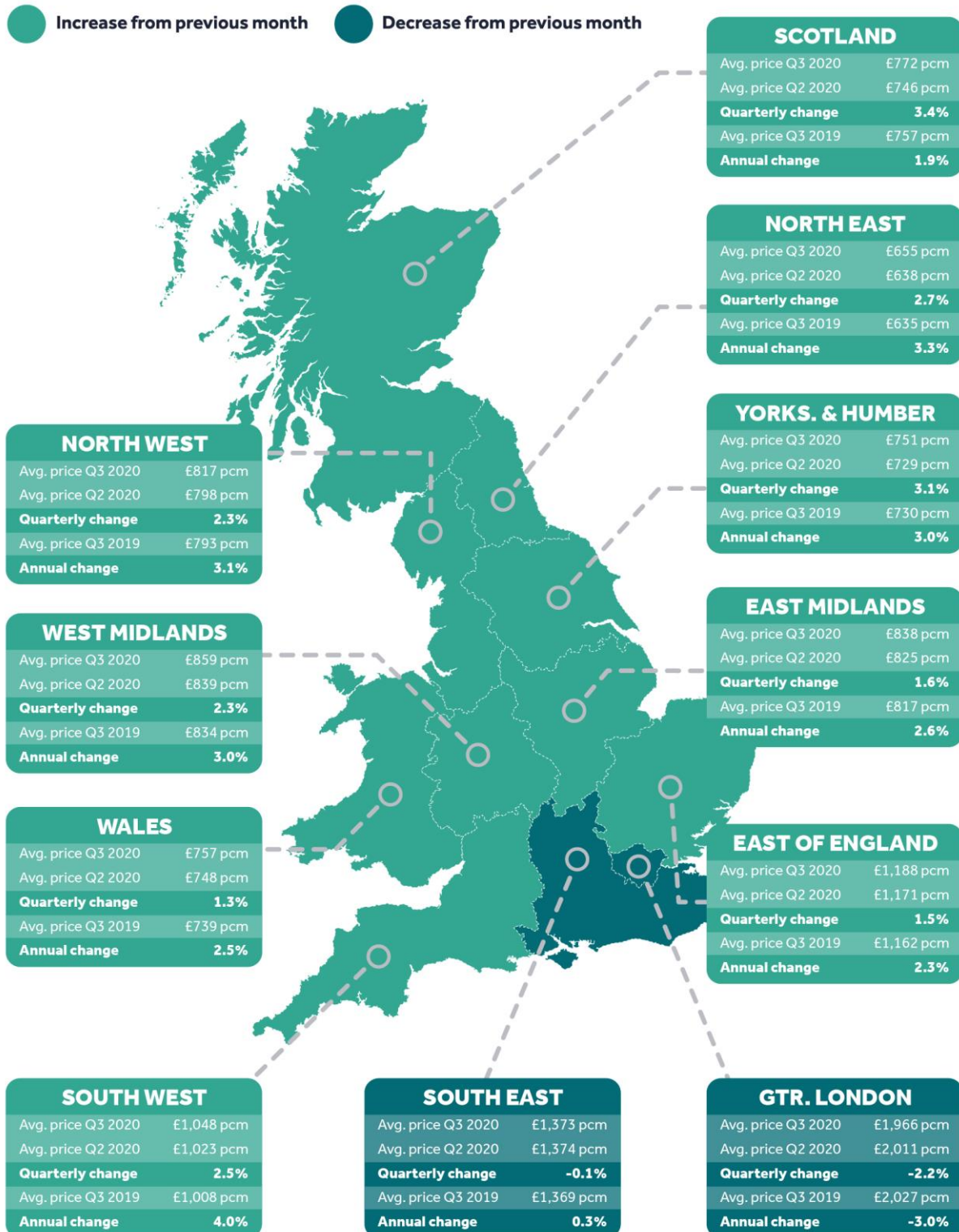


National quarterly change in average asking rents





Regional trends





Top five highest growth areas outside Greater London Q3 2020

Area	Avg. asking rent per month (2 bed) Q3 2019	Avg. asking rent per month (2 bed) Q3 2020	Annual change
Weybridge, Surrey	£1,316	£1,504	14.3%
Liverpool, Merseyside	£647	£717	10.9%
Chatham, Kent	£845	£933	10.4%
Pontypool, Monmouthshire	£524	£573	9.3%
Plymouth, Devon	£657	£711	8.2%

Top five most in-demand areas outside Greater London

Area	Avg. asking rent per month (2 bed) Q3 2020
Ashton-Under-Lyne, Greater Manchester	£578
Leigh, Greater Manchester	£486
Oldham, Greater Manchester	£562
Prenton, Wirral, Merseyside	£551
Rochdale, Greater Manchester	£561

Top five highest growth areas in Greater London Q3 2020

Area	Avg. asking rent per month (2 bed) – Q3 2019	Avg. asking rent per month (2 bed) – Q3 2020	Annual change
Greenford	£1,418	£1,667	17.6%
Wembley	£1,563	£1,774	13.5%
Ilford	£1,293	£1,419	9.7%
Coulsdon	£1,201	£1,312	9.3%
Purley	£1,228	£1,335	8.7%

Top five most in-demand areas in Greater London

Area	Avg. asking rent per month (2 bed) - Q3 2020
South Norwood	£1,249
Bexleyheath	£1,161
Coulsdon	£1,312
Rainham	£1,207
Harold Wood	£1,234



Editors' notes

The Rightmove Rental Trends Tracker methodology has been updated as of Q3 2020 and all historic figures have been restated. The new methodology includes the latest mix adjustment figures.

The dataset is compiled from the asking rents of properties on Rightmove.co.uk. Rather than being a survey of opinions it is produced from factual data of actual asking prices of rental properties currently on the market. Rightmove's Rental Trends Tracker measures prices at the very beginning of the rental process.

Quarterly data: Rightmove measured 512,275 asking rents. The properties were advertised on Rightmove.co.uk by agents from 1st July – 30th September 2020. All short lets have been removed. For all areas lower than region the asking prices and % growth are for two bed properties.