

DIRECT
RESIDENTIAL

IAN'S RENTAL MARKET OVERVIEW



"As we welcome Autumn, we have noticed that the rental market within Epsom/Ashted remains stuck in a period of low supply and high demand. Growing rental supply is the most efficient and sustainable way to reduce rental growth. However, levels of home building and net new investment by private landlords are falling and set to remain weak into 2024, due to the impact of higher borrowing costs. We have also seen that many existing renters will also try to avoid moving and paying a higher rent, delivering a further drag on available supply.



Private home rents in Great Britain have increased to their highest point on record after shortages in supply and mortgage rate rises combined to push the cost up by 10% over the past 12 months.

The average rent for new properties being put on the market now stands at a record £1,278 per calendar month outside London in the July to September period, according to Rightmove.

The property website found an even bleaker picture for prospective tenants in the capital, where the average advertised rent also hit a new high in the past quarter - £2,627 a month - a 12.1% increase on the same time last year.

It said an overall shortage of available rental properties was driving up prices. The average rental property across Great Britain is now receiving 25 inquiries from prospective tenants to letting agents, three times more than agents were receiving in pre-pandemic 2019.

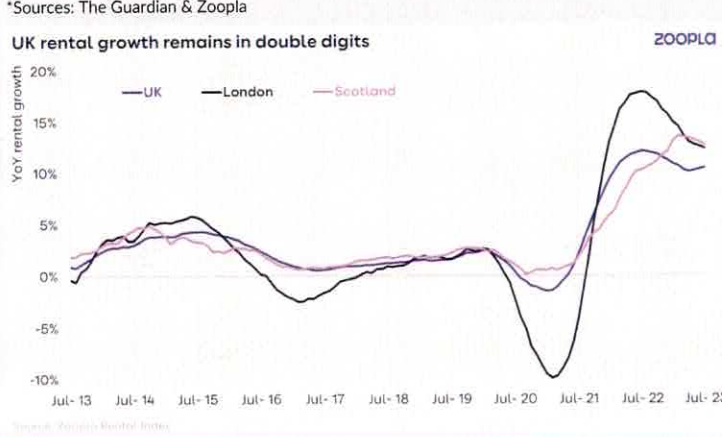
Rightmove said that over the past 12 months the rents asked by agents have risen by more than 20%. Rental increases are also thought to have been exacerbated by landlords with buy-to-let mortgages trying to pass on sharp increases in their costs caused by higher interest rates.

Landlords have also been selling up in the face of higher costs. Although mortgage rates have been falling in recent weeks, Rightmove separately published data showing the average five-year fixed mortgage rate is now 5.50%, up from 5.32% a year ago. The average two-year fixed mortgage rate is now 6.01%, up from 5.70% a year ago, it said.

Due to record rents, and more tenants looking to move than there are homes available, it will feel very difficult for many tenants. However, with the number of new rental properties coming to the market now at its highest level since the end of last year, there is light at the end of the tunnel.

Summary

- Rents for new lets are up 10.5% over the year (12.2% a year ago)
- Rental inflation has been in double digits for 18 months
- Average renter has seen costs rise £2,800 over last 3 years
- Scotland recording fastest growth in rents at 12.7% where rent controls are forcing landlords to maximise rents for new lets
- The UK rented sector remains stuck in a period of low supply and high demand. Affordability is the key influence on rental growth
- Rents continue to outpace earnings and rental affordability is now the worst for over a decade
- Rents for new lets expected increase by 9% in 2023 then slow to 5-6% in 2024



UK rents rise faster in deprived areas – and drag more people into poverty

People living in the most deprived areas of Britain have seen their rents increase by 52% over the past four years – while for tenants in the wealthiest regions, rents have risen by only 29%, new figures show.

“It is shocking to see that home rents have been rising in areas where people are least able to afford to pay more,” said Dan Wilson Craw, deputy chief executive of Generation Rent.

The countrywide data analysed by the estate agent Hamptons and shared with the *Observer* reveals how, in 2019, renters in the most deprived regions were paying an average of £499 a calendar month – by 2023, that had shot up to £759.

In contrast, those renting a property in Britain’s most affluent districts were paying an average monthly rent of £1,078 in 2019, going up to £1,387 this year.

Landlords in less affluent areas rely more heavily on mortgage finance than their wealthier peers, according to Hamptons, helping to drive up costs. Interest rates have gone up from 1.75% in August 2022 to 5.25% today, with some passing on rising costs to renters. Tenants in deprived districts have seen monthly rents increase by a typical £97 since 2022.

The figures reflect how Britain’s continuing housing crisis is combining with the cost of living crisis as rent, mortgage rates and rising food and energy costs squeeze incomes.

Even more 5 star reviews!

Reviews are incredibly important to us at Direct Residential. We strive to give you the best customer service so that you know you can trust us to have your best interests at heart. This is shown as we have received over 350 reviews with an average rating of 4.9 over AllAgents, Google reviews and Trust Pilot.

Sorana



Just a few days ago we signed the contract for our new flat. All agents that we interacted from Direct Residential Epsom did all their best to advise us with the best route to take and handled our request very professionally, timely and with clear instructions. Highly recommended!

Rachel



My experience with Direct Residential has been amazing so far, we have been at our apartment for around 5 months, and they were great during the process of moving and did the inventory very fast. They have also fixed the minor issues with the bath promptly and professionally.

Rolfe



As landlords we feel independent agents are the best. We are so pleased we went with Direct Residential. Meeting Ian, his professionalism reinforced our decision. As we don't live locally they have managed everything. Whether you are a landlord or looking to rent, we strongly advise you look no further.



Ban on no-fault evictions in England unlikely this year

Michael Gove has won a battle with No 10 to push ahead with a ban on no-fault evictions and other reforms, but renters will not get protection until next year.

An overhaul of private renting, first promised in the 2019 Conservative election manifesto, was feared to be in jeopardy amid the threat of a mass rebellion by Tory landlord MPs.

In what has been cast as a victory for Gove, the housing secretary – who has been fighting Downing Street over the timing of reforms – a debate and vote on the renters reform bill is now expected at the end of October.

The bill will not pass before the end of the parliamentary session, however, and is likely to become law only in the new year, meaning thousands more renters face being evicted without any fault established.

Renters groups remain concerned that delays increase the risk that protections, such as a new ombudsman to field renters’ complaints, are dropped. Currently, regulation is left to town halls, whose budgets are stretched.

A government spokesperson said: “The government is absolutely committed to delivering a fairer private rented sector for tenants and landlords through the renters reform bill. The bill which delivers our manifesto commitment is progressing through parliament and second reading will follow shortly.”

In a letter organised by the Renters Reform Coalition campaign group, MPs and peers said: “Responsible landlords need certainty in order to plan for the future and comply with the new obligations in the legislation. Further delays and uncertainty around the passage of the bill will only create further instability for them at a time when interest rates have been rising.”

Proud sponsors

We are delighted to share that we are supporting the Love Me Love My Mind charity, based in Epsom, that promotes a better understanding of mental health and supports the well-being of everyone in the local community. The charity runs a weekly drop-ins, which is a place for people to meet, and share the highs and lows of their week, in a safe and welcoming atmosphere. This is an ongoing monthly sponsorship for Direct Residential to ensure the doors are kept open where there is always someone to talk to, and this year we are proud to sponsor their Christmas Meal.