

DIRECT
RESIDENTIAL

IAN'S RENTAL MARKET OVERVIEW



"The last quarter has seen some interesting stats, namely the National average asking rents just outside London reached a new record of £1,190 per calendar month (pcm). Supply is still very constrained although renewals at an all-time high, however it is showing slow signs of improvement this year. Average asking rents outside of London for new tenants have now risen for 13 consecutive quarters. However, the pace of rent growth continues to slow and has now eased for three quarters in a row. The number of available properties coming into this quarter is starting to increase, being currently 6% higher than last year, and across the first three months of the year has improved by 8% compared with the same period last year."

The average new monthly rent outside London has passed £1,000 for the first time, figures show, with tenants in Great Britain now typically paying 25% more than they were at the start of the Covid pandemic.

It has even been warned that the rate of rent rises is "unlikely to slow considerably due to the number of landlords looking to pass on their rising costs" and this may force some tenants to downsize or relocate to a cheaper area.

Many landlords with buy-to-let mortgages have seen their costs rise sharply after 12 consecutive interest rate rises and the chaos of last autumn's Truss government mini-budget.

The average rent on a newly let home outside the capital rose to £1,002 a month in April (UK wide), according to a recent study, which was 7.8%, or £72, higher than the figure a year earlier.

Meanwhile, the London rental market is continuing to speed ahead of the rest of the country: annual rental growth in the capital was running well ahead of inflation at 17.2%, announced the study, with the average monthly bill passing £2,200 for the first time last month. That would cost the average tenant moving into a new home an extra £3,895 a year.

Across Great Britain as a whole, the average monthly rent rose 11.1% year-on-year in April to reach a new high of £1,249 – the second-highest figure for rental growth across the country on record. Overall, rents across the country have leapt 25% since the eve of the pandemic.

This is the latest in a series of surveys that have highlighted how sizeable rent hikes – also fuelled by severe shortages of properties – are piling yet more pressure on households already facing severe strain.

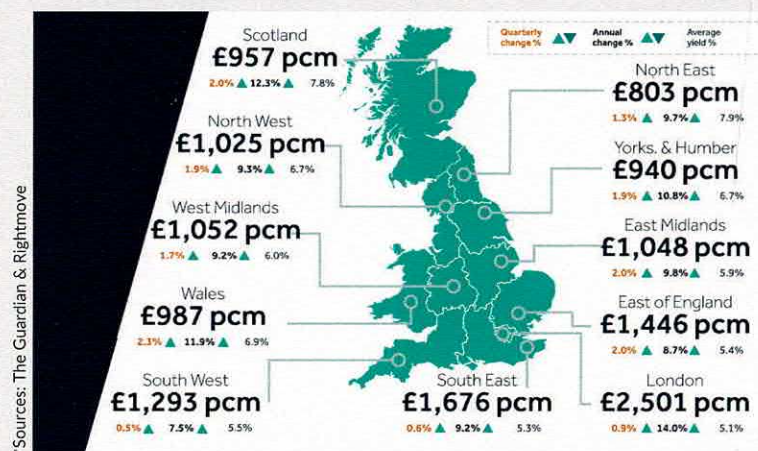
Earlier this year, some city mayors in England called for an immediate rent freeze and a ban on evictions to help renters deal with the cost of living crisis.

Some in the property sector have claimed that the government's renters' reform bill, which will include a ban on property owners evicting tenants without showing any fault on the tenants' part, could prompt more buy-to-let landlords to quit the sector, causing rents to rise further.

At the end of April, the property website Rightmove reported that average monthly asking rents outside London had soared to a record high of £1,190 in the first quarter of this year, with tenants in the capital paying more than £2,500 for the first time.

The recent study compared itself to that of February 2013, when the average tenant who moved into a new home outside London paid £677 a month – £325 less than in April 2023. That represents a 48% increase in a decade.

Affordability constraints will likely hit the brakes on rental growth at some point this year; however, it's unlikely to slow considerably due to the number of landlords looking to pass on their rising costs.



Tenant demand hits all time major high

Nearly seven out of 10 landlords reported an increase in tenant demand during the first quarter of the year – an all time high, research from Paragon Bank reveals.

A survey of nearly 700 landlords found that 67% experienced increased tenant demand during Q1, a new all-time high and up from 65% recorded during the final quarter of 2022, the previous record high.

More Homes Needed

The fact that we've seen another high in the proportion of landlords who have told us that they've experienced an increase in tenant demand reinforces what I've said previously; put simply, we need more private rented sector homes, not less. An important element of this is policy that strikes the right balance between driving up standards and providing tenants with protection while not acting as a barrier to investment.

Rents up

A further 23% of landlords indicated that tenant demand had increased slightly, 15% had seen no change, while just 4% experienced a decrease.

In response to rising demand, rents have also increased – 85% of landlords said rents were currently rising in the areas where they let property, with over half (52%) planning to increase rents across their own portfolio in the next six months.

Of those looking to increase rents, the average planned increase was 8.2%.

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.

Richard



The team at Direct Residential always provide a great service. They have managed our property for many years now and always find good tenants quickly at renewal and look after them and us during the contract. Would highly recommend them to any landlord.

Aliona



Excellent service. We needed to get a few things fixed when we moved in and the agency took care of everything we asked for. Masters came a few days after and got it done quick and neat. I am very happy with Direct Residential and would certainly recommend them!

SV



Direct Residential are excellent and I can't recommend them highly enough. Ian and his team genuinely care about landlords and tenants so do their utmost to manage things quickly, easily and helpfully.



The one thing Michael Gove must do to avoid ruining decent landlords

Across the country tenants are struggling to access homes to rent as demand massively outstrips supply.

As the Government sets about reforming the rental market it is vital that it doesn't exacerbate a trend which has seen tenants queuing down streets to view rental properties.

Most importantly, the Renters' Reform Bill needs to work for responsible landlords as well as tenants.

For tenants it means, rightly, giving them the tools and ability to challenge rogue and criminal landlords who bring the sector into disrepute.

Equally, responsible landlords must be able to swiftly take back possession of rental properties where they have good cause, such as for tenant anti-social behaviour or where they fall into significant rent arrears.

To make this happen, we need a court system able to process such cases in a timely manner. Yet as things stand, the court infrastructure is in complete disarray.

Government data shows that it takes an average of almost six months between a landlord applying to the courts to repossess a property for good reason to it actually happening.

The pressure on the courts will only mount after Section 21 is abolished, as they will need to consider more time-consuming 'grounds'-based possession claims.

If the Government is serious about reforming the rental market in a way that supports responsible landlords, it needs to develop a clear and workable plan to ensure the courts hear and process legitimate possession cases more efficiently than at present.

Where it is viable for tenants and landlords, enabling a greater number of possession cases to be heard online would ensure they are considered and processed more quickly than in-person hearings. Likewise, to support tenants, the Government needs to ensure much better access to legal advice where possession cases are being considered by the courts.

Ministers argue that they want the Renters' Reform Bill to work for tenants and responsible landlords. We agree.

But without the resources and will to improve the court system this will only amount to empty rhetoric, leading yet again to piecemeal reform that serves only to leave more tenants struggling to find a home to rent.



*Sources: The Guardian