



IAN'S RENTAL MARKET OVERVIEW



Average rents were nearly 9% higher across 2023 as a whole compared to average rents recorded in 2022, according to the latest Rental Index from Goodlord. Despite month-on-month rents dropping slightly from November 2023 to January 2024, year-on-year figures show rents hugely increased throughout the course of 2023, with several records broken during the summer.

At Direct Residential, we have seen a slight step back from the highs, but the market continues to remain sturdy and robust going into 2024.



Goodlord Rental Index reveals rents across 2023 were up by 9% compared to 2022 and year-on-year averages for December are up by 7%.

The latest rental index from Goodlord shows average rents in England rose nearly nine per cent higher across 2023.

In 2022, rents averaged £1,086 per calendar month. In 2023, annual averages were £1,182 - an uplift of 8.8 per cent.

Rents dipped late in the year but the highest rents of 2023 were recorded between July and September when the average topped £1,300 for the first time.

Across 2023 as a whole, the North East recorded the cheapest average rents (£874) with Greater London seeing the highest rents (£1,974 on average across 2023). Voids held steady year-on-year, with the average void period in December 2023 coming in at 20 days - matching December 2022's average exactly.

It's been a rollercoaster year for the market, with rents ending the year significantly up compared to 2022 figures. We've seen first-hand the unprecedented levels of demand for rental properties, as a growing tenant population has come face-to-face with the entrenched supply and demand issues facing our housing market.

The lettings industry has striven to keep pace with this demand, as evidenced by some of the historically low void periods we've seen throughout 2023.

Many agents will have been catching their breath over December, but it's looking like 2024 will be another year of high rents, escalating demand, and ongoing regulatory changes which will keep the whole market on its toes.

Summary

- Rents across 2023 are up by 9% compared to 2022.
- In 2022, rents averaged £1,086 per calendar month.
- In 2023, annual averages were £1,182 - an uplift of 8.8 per cent.
- The highest rents of 2023 were recorded between July and September when the average topped £1,300 for the first time.
- The UK rented sector remains stuck in a period of low supply and high demand. Affordability is the key influence on rental growth
- The average void period in December 2023 came in at 20 days.
- 2024 will be another year of high rents, escalating demand, and ongoing regulatory changes.

*Sources: Goodlord

| Average rent on new tenancy | December 2022 | December 2023 | Year on year % change |
|-----------------------------|---------------|---------------|-----------------------|
| East Midlands | £894 | £967 | 8.1% |
| Greater London | £1,843 | £1,932 | 4.9% |
| North East | £800 | £853 | 6.6% |
| North West | £855 | £926 | 8.3% |
| South East | £1,160 | £1,256 | 8.3% |
| South West | £1,066 | £1,145 | 7.4% |
| West Midlands | £882 | £953 | 8% |
| England | £1,071 | £1,147 | 7.1% |

Landlords to get rents right in 2024

Rightmove predicts that landlords will have to “balance priorities” to get rent prices right over the next 12 months.

In the final months of 2023, the number of rental properties seeing a reduction in asking rent during marketing ticked up, with 23% of properties now seeing a reduction in advertised rent, compared to 16% this time last year, according to the platform.

Rightmove pointed out that a single renter with an average salary spends 51% of their wages on a typical rental home, compared to 49% this time last year, and 46% in 2019.

With rental affordability stretched, and the uptick in rental price reductions suggesting more renters are reaching an affordability ceiling,

Landlords have always prioritised finding a good, reliable tenant for their home alongside the reality of having to pay the mortgage each month. Higher mortgage rates have had a knock-on effect for renters this year.

Average advertised rents ended 2023 10% higher in the UK outside of London and 6% higher in the capital. Following on from this, Rightmove believes advertised rents could finish 5% higher by the end of 2024 outside of London, and 3% higher within London.

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 4.9/5 over AllAgents, Google reviews and TrustPilot.

Sarah



Direct residential is hands down the best lettings agency I have ever had to deal with. Wonderful self run lettings agency that strive to care for their tenants. Direct residential clearly hold their values close to home. What every lettings agency should be like! Thanks so much guys! You're awesome.

Ramsha



This is the best agency for lettings and rental arrangements. I've dealt with other agencies and none of them gave me the help and support that I got from Direct Residential. They offered me a solution for all my problems and assisted me all along the way.

Amy



Whenever we have had any sorts of issues they resolve them within days and follow up to make sure everything has gone smoothly.

Would definitely recommend Direct Residential!

Rental Reform Bill won't take effect until late 2025 at the earliest

The Renters' Reform Bill is now going ahead after several delays this year, though the earliest it's likely to come into effect is the end of next year, and a general election could add further complications. Above all else letting agents and landlords want clarity, so that they can plan for the future and agents can provide the right guidance.

The rental sector is filled with legislation and compliance requirements that agents and landlords need to keep up with, and so the earlier they understand the final contents of the Bill, the better they can prepare.

It's likely that Energy Performance Certificate requirements in some form will re-appear in the near future, so landlords with lower EPC rated homes should still keep this in mind and consider the improvements they might make. However, with the deadline scrapped and all the attention on the Renters' Reform Bill, it may be that while focusing on the changes the Bill brings in, considerations about green improvements take a back seat for some landlords.

In a recent Rightmove survey amongst landlords, a quarter said they planned to make energy efficiency improvements to properties rated below a C, compared to over a third last year. Similarly, of those landlords who have properties below a C, 21 per cent now say they plan to sell them, compared with 33 per cent in April 2023.

At the same time, mortgage rates have been slowly trending downwards, with the average five-year fixed mortgage rate now below five per cent for the first time since June. The downward trend of mortgage rates and the improved balance between supply and demand in the rental market are positive early signs for the year ahead.

Proud sponsors



We were proud sponsors of a heartwarming Christmas meal for Love Me Love My Mind Epsom, a local mental health and wellbeing charity. The special occasion served a total of 67 meals and a festive raffle, while the soulful tunes of a Ukulele band filled the air with holiday cheer. This is an ongoing monthly sponsorship for Direct Residential to ensure the doors are kept open where there is always someone to talk to.

