

# LETTINGS. MARKET.OVERVIEW.

Once again, the third quarter proved the busiest period for the prime lettings market. Properties let increased compared with the same period last year and achieved rents, which have seen a series of quarterly falls, began to increase in some areas.

The LonRes Prime London Lettings Index recorded a 1% quarterly rise in rental values in the third quarter. Prime fringe saw rents rise, both over the last quarter (2.5%) and annually (1.8%). Prime London and prime central London recorded modest annual falls of 1.6% and 1.8% respectively over the last 12 months.

The number of properties reaching the market to let fell 4% this quarter, compared with the same period in 2016. Last year, we saw stock

on the market peak, as a combination of new landlords, who bought in the run-up to the 3% SDLT levy, and reluctant landlords unable to find a buyer, bringing their properties onto the market. With fewer new instructions this year, volumes on the market have settled, with 23% fewer homes available to let compared with this point a year ago.

The number of properties let across our three prime areas rose by 5% in Q3 2017 compared with the same period last year. Prime central London was the only one of our three areas to see lets fall, albeit by just 3%, on Q3 2016. Activity within prime London and prime fringe was more buoyant, prime London recording a 6.9% increase in activity and prime fringe seeing new lets rise by 10.3%.

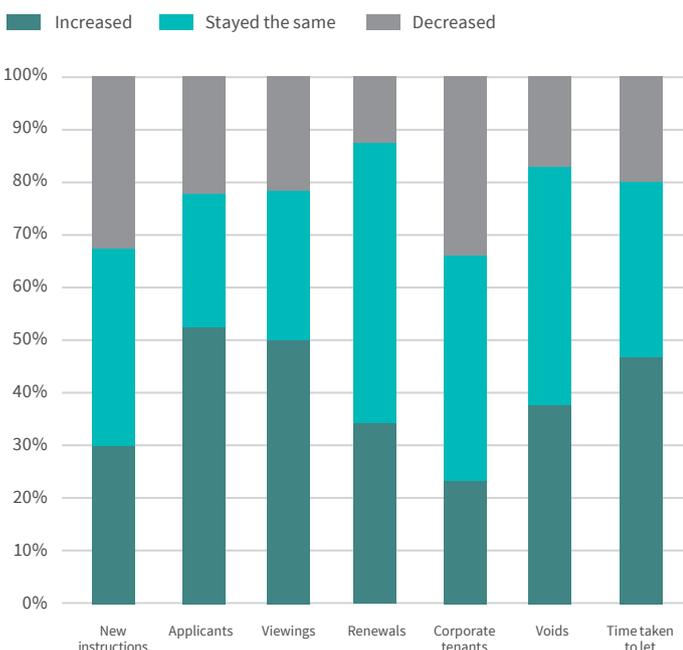
## Outlook

In the latest LonRes survey, the number of respondents expecting achieved rental values to fall by more than 5% fell again this quarter, down from 21% in Q1 2017 to 10% this quarter.

Changes to stamp duty and tax relief on mortgage interest are impacting landlords' appetite to invest in central London. However, just 28% of survey respondents had seen an increase in landlords selling investment properties this quarter, compared with the same point a year ago. But, higher buying costs and tax changes seem to be having an impact. 47% of agents had seen a fall in the number of investors looking to purchase in prime areas of London (20% saw an increase). But to counter falls in investor activity, reluctant landlords still appear to be providing homes to the lettings market. 50% of agents surveyed reported an increase in reluctant landlords over the last three months, with just 6% seeing numbers fall.

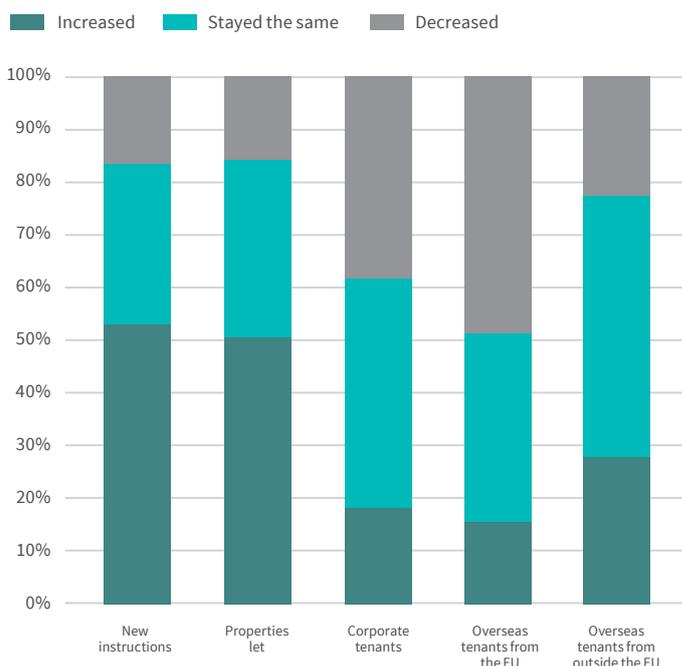
Agents are more optimistic about the rise in new lets, just 22% of agents expected the number to fall over the next 12 months. Indeed, with fewer spikes in new instructions and continued demand, the outlook for the prime lettings market appears more positive than many envisioned earlier this year.

## LonRes Survey Results – change over last three months



Source: LonRes agent survey Q3 2017

## Expectations on activity and demand – next 12 months



Source: LonRes agent survey Q3 2017



## KEY MARKET TRENDS IN LETTINGS

Annual change in properties let



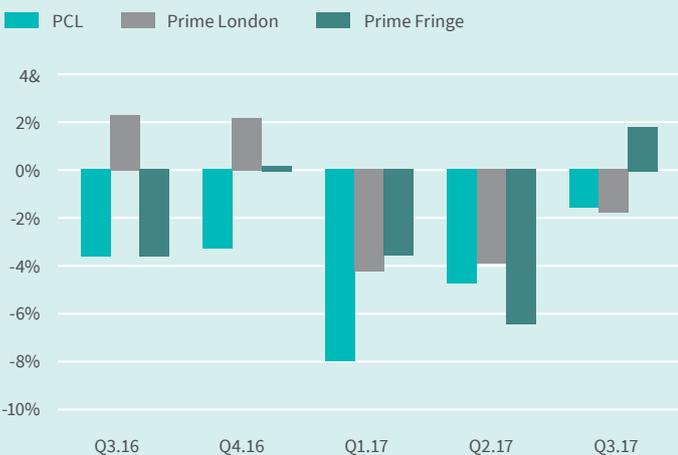
Source: LonRes (three prime areas)

Q3 2017 results from the LonRes Prime London Lettings Index

	All Property	Prime Central London	Prime London	Prime Fringe
Quarterly change in achieved rents		-0.1%	1.3%	2.5%
Annual change in achieved rents		-1.6%	-1.8%	1.8%

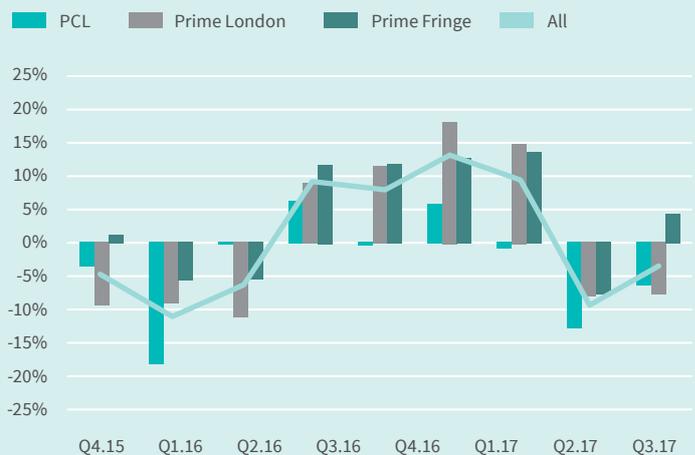
Source: LonRes Prime London Lettings Index

Annual change – LonRes Prime London Lettings Index



Source: LonRes Prime London Lettings Index

New instructions – annual change



Source: LonRes

Prime Central London includes properties within the following postcodes: SW1X, SW1W, SW1A, SW3, SW7, SW10, W1K, W1J, W8  
 Prime London includes properties within: NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W, W2, W11, W14,  
 Prime Fringe includes: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10