

MARKET R3VIEW Q3 2024

landscape remains dynamic as both tenants and landlords adapt to changing conditions.

tax, heightened regulatory costs to be introduced by the Renters' Rights Bill, and hostile language suggesting adverse measures for those that do not fall within Labour's definition of "working people", some landlords may reassess their portfolios, which could impact the overall rental supply.

(Draft) Renters' Reform Bill

A major development is the Renters' Reform Bill, which aims to bring greater security and stability to renters in London and across the UK. Key provisions in the bill include the abolition of Section 21, or "no-fault" evictions, which will prevent landlords from evicting tenants without a valid reason and make all tenancies "periodic" – meaning all tenancies will be rolling tenancies with two months breaks for tenants from the outset.

Additional taxes on rental income and capital gains, alongside compliance costs from the Renters' Reform Bill, may encourage landlords to either sell properties or raise rents to cover these costs. This reduction in stock availability could drive rents even higher, affecting tenants as supply remains tight.

This change may well lead some landlords to reconsider their investment in rental properties, potentially impacting rental supply.

Some tense times ahead for the market, unfortunately.

Finally...

We have launched our "new" service" Find out more about it in **FIGURE 4 – Spotlight On...** and visit our website for full coverage.

Labour's victory: a short-lived honey moon

Continued pressure on rents

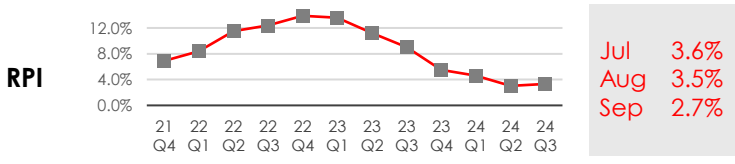
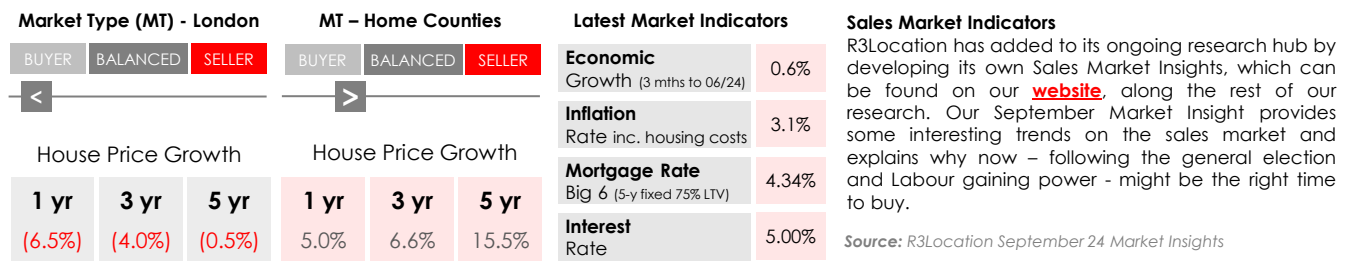
The rental market in London has continued to experience significant shifts this quarter due to rising demand and new regulatory changes. With ongoing adjustments to renters' rights and economic policies, the capital's property

The budget – impact on supply

With anticipated increases in landlord taxes such as capital gains



FIGURE 1 – Property Market Dashboard: Quarterly summary of key performance indicators



RPI All Items: % change over 12 months

RPI is a measure of inflation. While RPI for the quarter has nudged upwards, it has fallen to its lowest level in quite some time in September – though a lot of the fall was due to the sharp drop in air fares and The Bank of England won't consider it a sign that domestic price pressures are becoming less persistent.

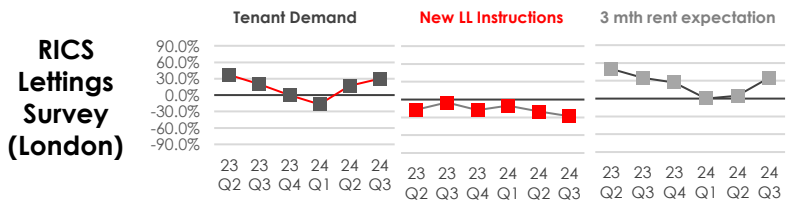
Source: Office of National Statistics – Retail Price Index

	AREAS	AVG. PCM	QTR CHANGE	ANNUAL CHANGE
Rental Tracker	National Avg. (NA)	£1,331	+2.4 %	+4.3 %
	NA exc. London	£1,124	+2.0 %	+5.9 %
	London	£2,201	+4.6 %	+1.0 %

Rental Price Tracker

We had observed signs of revival in tenant demand over the last six months in London, both in our Q1 and Q2 updates, and this has now clearly translated in an upward shift in rents in the Capital with an average increase of 4.6% in the quarter, though worth noting still flat against the same time last year.

Source: HomeLet Rental Index Report Sep 24



3 mths % change responses (down/up/same)

Tenant demand continues to trend upwards, with an almost equivalent reduction of stock coming on the market for a variety of reasons including recovering numbers of prospective tenants, and Landlords reviewing their position prior to the budget and the introduction of the Renter's Rights Bill. Expectation for further pressure on rent remains high.

Source: RICS Monthly Market Surveys

FIGURE 2 Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019.

The last quarter has seen a revival in demand, following a better than expected second quarter – good for landlords, less so for tenants who are beginning to see the effect of higher demand and lowering stock due to higher economic activity but also Landlords' uncertainties around Renters' Rights Bill and the upcoming budget. We expect this rent increase to ease in the coming months.

FIGURE 2 – R3 RENTAL INDEX & YIELD

Prime and Super Prime Rental Index & Yield – started Q1 2019, base 100 against Prime.

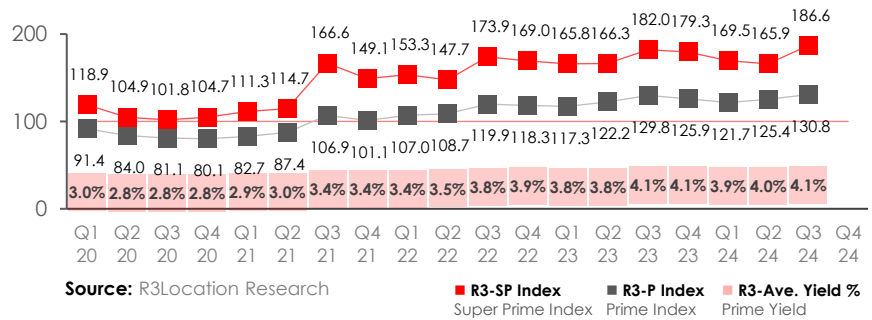
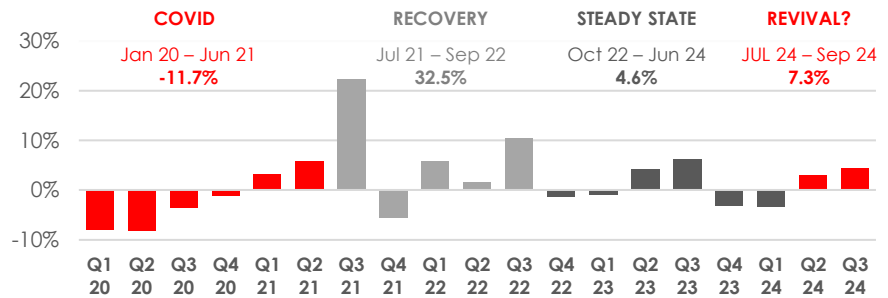


FIGURE 3 Quarterly Prime and Super Prime Rents % change since Q2 2019.

Rent in Prime and Super Prime rental markets in London nudged up by a further 4.3% in the last quarter though remain flat over the last 12 months. Increased activity is beginning to put some upward pressure on rents and this may well be the sign of some revival following a long period of much lower transactional volume for tenancies. We remain cautious as this revival may well be short-lived.

FIGURE 3 – QUARTERLY RENTAL % CHANGE

Quarterly Prime and Super Prime Rents % change



Marco Previero

Director and Research Lead at R3

“The prolonged budget delays, hostile language towards growth and investment, and focus on fiscal measures that in the end won’t make much of a difference are sparking more uncertainty and tension than even the election build-up. Uncertainty is always best avoided and won’t be helpful for companies planning for talent mobility over the next 12-24 months.

FIGURE 4 – Spotlight on...

Every quarter R3 includes a Spotlight On section. This month, the focus is on ...

Our “new” residential buying service.

“New” in inverted commas, of course, because providing this type of support is not new to us, and we have helped many in the past buy their property.

However, in order to allow more people to benefit from our extensive real estate experience, deep market understanding, and strong relationships with leading agents, we have decided to develop our very own private buying service for individuals as an extension to our corporate services.

To **find out more** about our exciting Search & Acquisition Service, please visit our website on the link below:

[More on our new service](#)

FIGURE 4 – SPOTLIGHT ON... NEW SERVICE LAUNCH!

Find out more about our “new” residential buying service!

NEW SERVICE LAUNCH!

R3'S SEARCH & ACQUISITION SERVICES



01. PLANNING PHASE

Understanding your objectives

02. RESEARCH PHASE

Expert research across multiple channels

03. VIEWING PHASE

Previewing and accompanied viewings

04. OFFER PHASE

Negotiating the best deal and audit of asset value

[Click here to find out more about our new service](#)