

# Rental Index

QUARTER 4 2011

Issued JANUARY 2012

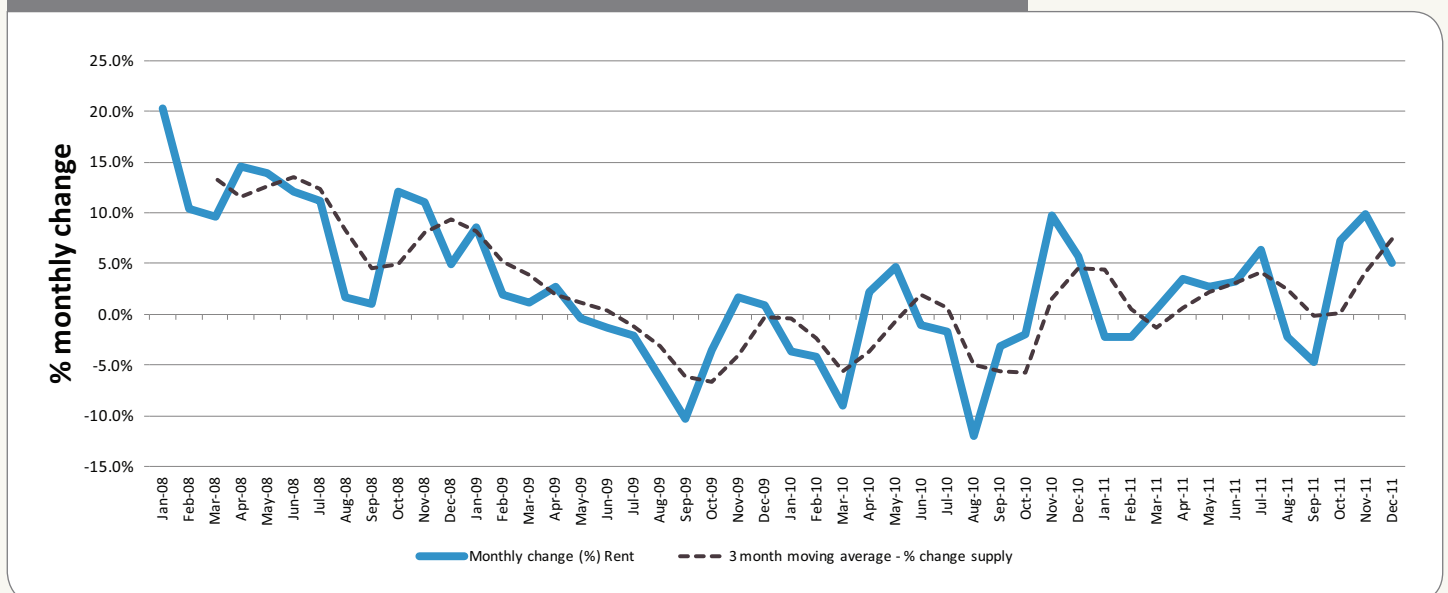
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# Rental prices ease at beginning of 2012

- ➔ Average rental asking prices fell by 3.3% in the last quarter of 2011 to £861 per month and have been decreasing gradually since September
- ➔ Rental asking prices are now 0.2% higher than they were a year ago
- ➔ Stock levels have increased alleviating the strain on renters and is at its highest point since August 2009
- ➔ Demand remained stable, with time on market increasing by 2% since Q3

Monthly UK Rental Price Changes with 3 Month Average Trend



# Overview & Commentary – UK

## Asking prices

Rental prices saw their first quarterly fall of 2011, with Q4 seeing 3.3% (£29) drop in asking prices compared to Q3. The average asking rent now stands at £861 per month. However, this is still 0.2% (£2) higher than a year ago.

## Availability

As throughout the year, available rental stock grew between Q3 and Q4 2011. This continued rise in stock levels is at its highest point since August 2009 and could put further pressure on rental prices in future.

## Demand

Demand remained stable in Q4 2011, with the average time a rental property stays on the market increasing by just 2%. It remains to be seen how the influx of rental properties into the market will impact demand.

## Houses drive rents lower

The decrease in rents this quarter has been driven by a fall in the asking rents for houses. Between Q3 and Q4 2011 asking rents for houses fell by 4.9% from £922 to £877. Over the same period, the cost of renting a flat increased by 0.5% and now stands at £827 per month.

On an annual basis, rental prices for flats rose on an annual basis, with flats 3.4% (£27) higher than in Q4 2010, while houses fell 1.1% (-£10) annually.

## London

Despite rental asking prices falling across the UK, London prices continued to grow in Q4 – albeit by just 0.5% – to £2,086. However, prices are still 8.4% (£161) higher than the same time last year.

## Regions

In general, rental asking prices outside London decreased in Q4. While Q3 saw eight regions post a quarterly increase in asking prices, only Wales and the West Midlands saw a rise in December, recording an increase of 1.8% (to £639) and 0.9% (to £674) respectively.

The regions with the biggest decreases in rental asking prices were the North West (-7.5%, down to £593), the South East (-7.1%, down to £1,080) and Yorkshire & the Humber (-4.5%, down to £558).



**Samantha Baden, property analyst at FindaProperty.com, said:**

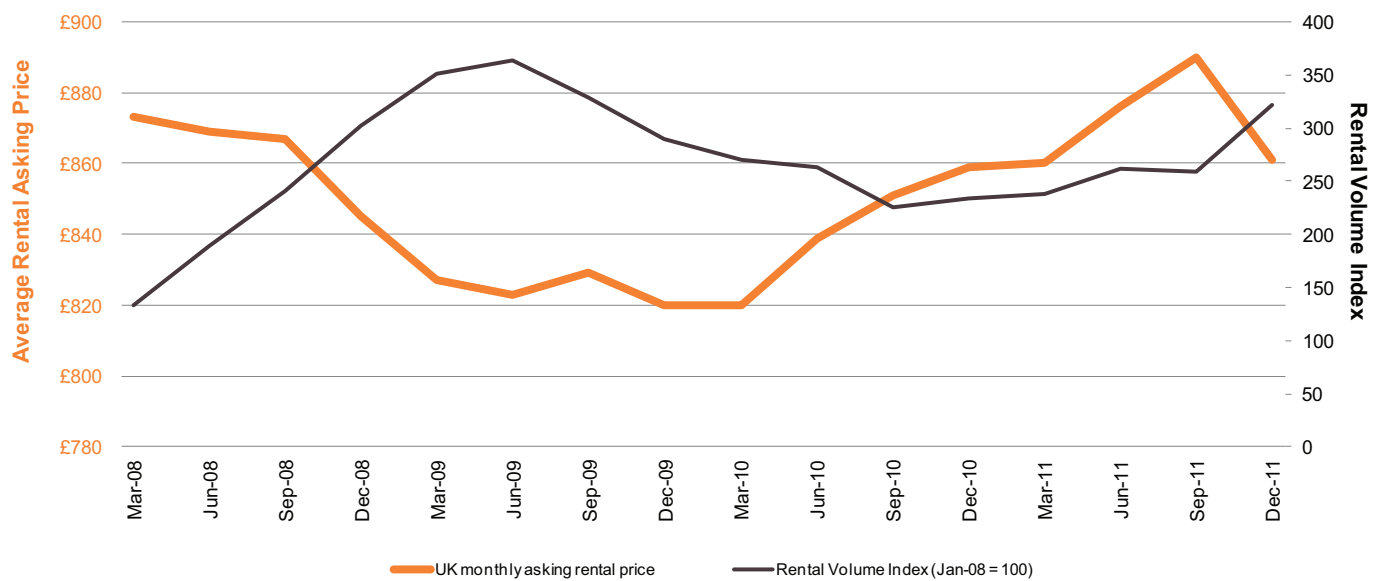
*“2011 ended on a high for renters, with a fall in asking prices combining with a continued rise in stock availability to create a perfect environment for people looking for a new place to rent. If this trend continues then renters’ power could grow in Q1 2012 as the availability of rental properties continues to drive prices down.*

*“On a regional level, London remains the most competitive rental market with monthly asking prices now comfortably above the £2,000 mark – an annual increase of 8.4%. This is almost three times the average UK asking price.”*

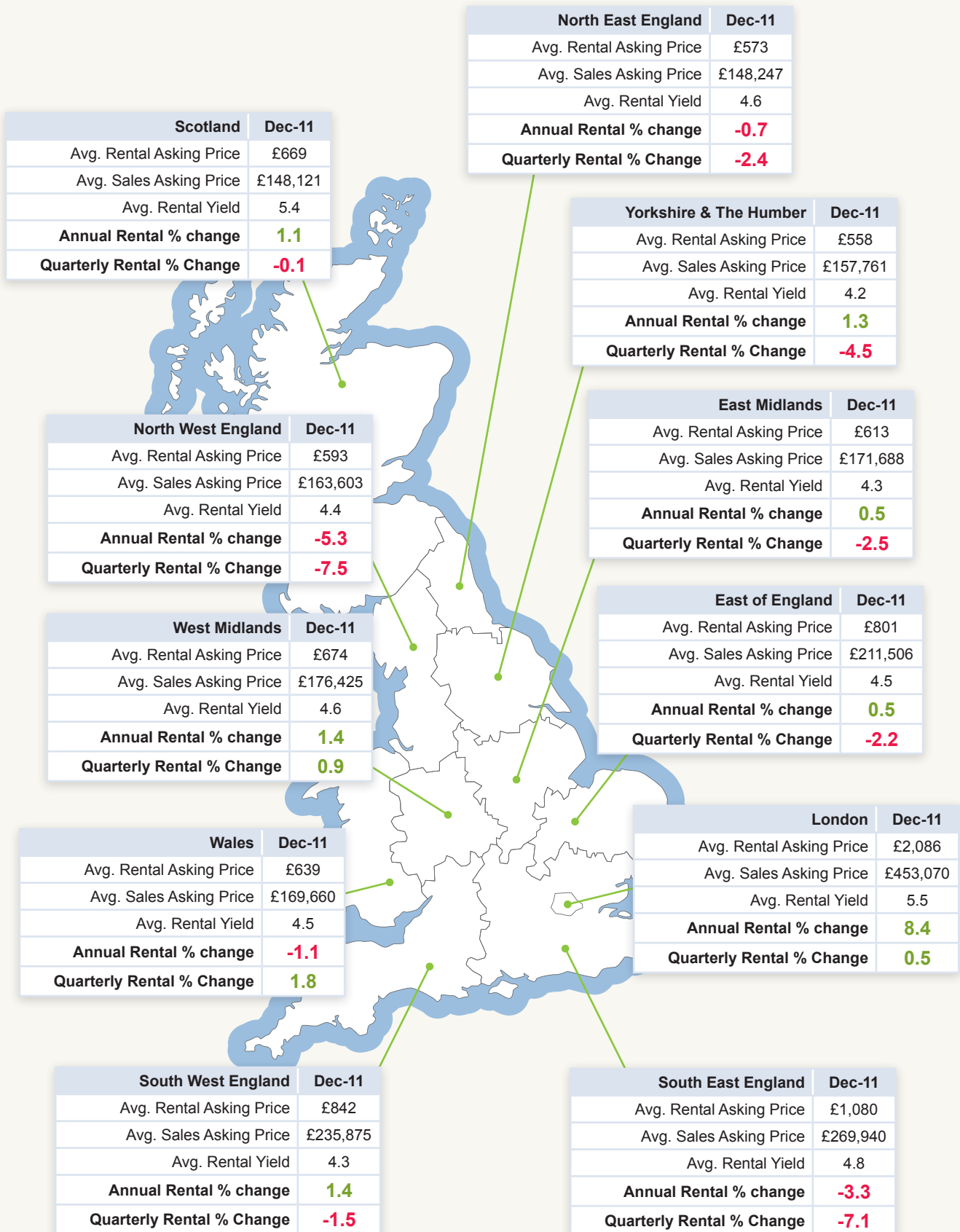
# Supply vs. Asking Price

## Supply vs Asking Price

| Date   | UK monthly asking rental price | Rental Volume Index (Dec-07 = 100) |
|--------|--------------------------------|------------------------------------|
| Mar-08 | 873                            | 133                                |
| Jun-08 | 869                            | 190                                |
| Sep-08 | 867                            | 240                                |
| Dec-08 | 845                            | 302                                |
| Mar-09 | 827                            | 351                                |
| Jun-09 | 823                            | 363                                |
| Sep-09 | 829                            | 329                                |
| Dec-09 | 820                            | 290                                |
| Mar-10 | 820                            | 270                                |
| Jun-10 | 839                            | 263                                |
| Sep-10 | 851                            | 225                                |
| Dec-10 | 859                            | 234                                |
| Mar-11 | 860                            | 238                                |
| Jun-11 | 876                            | 262                                |
| Sep-11 | 890                            | 259                                |
| Dec-11 | 861                            | 321                                |



# Regional Map – Annual & Quarterly Change



**Methodology:** The FindaProperty.com Rental Index was created using a statistical methodology developed by Calnea Analytics.