



The largest quarterly dataset of UK rental activity. Q4 report (October - December 2022)

Rents hit another record but tenant competition starts to ease

- National average asking rents outside London have hit a record of £1,172 per calendar month (pcm), taking average rent increases for newly listed properties to 9.7% for 2022:
 - London also reaches a new record asking rent of £2,480 pcm and Inner London rents surpass £3,000 pcm for the first time
- There are signs that competition between tenants for the homes available to rent is starting to ease as more properties become available, but the imbalance between demand and supply is still very high:
 - The number of available homes to rent is up by 13% compared with last year, the biggest annual jump since May 2013, while new properties coming up for rent are up 5%
 - The number of people enquiring about a rental property is up by 7% compared with last year and up by 53% compared with pre-pandemic 2019
 - Owing to more properties to rent, competition between tenants for available properties has dropped by 6% compared to this time last year, and a third (33%) compared with September's peak
- Rightmove predicts national average asking rents for newly available properties will rise a further 5% in 2023 unless there is a significant addition of available homes to rent

National average asking rent for all property types (excluding Greater London)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2022	£1,172	+0.9%	+9.7%
Q3 2022	£1,162	+3.2%	+11.0%
Greater London average asking rent for all property types			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q4 2022	£2,480	+5.8%	+15.7%
Q3 2022	£2,343	+3.8%	+16.1%
Inner and Outer London			
	Avg. asking rent per month	Quarterly change	Annual change
Inner London	£3,010	+7.5%	+16.8%
Outer London	£2,089	+4.1%	+14.6%



Overview

Average asking rents for new tenants outside London rise to another new record of £1,172 per calendar month (pcm).

This further rise means average rents for newly listed properties rose by 9.7% in 2022 compared with the previous year, which is the second largest year on record for rent growth behind only 2021. However there are signs that the pace of rent growth is beginning to ease, as the final quarter's rise of 0.9% compared with the previous three months is the smallest quarterly increase for two years.

In London, average asking rents accelerated in growth in the final months of the year, rising by 5.8% compared with the previous quarter, taking average asking rents for new tenants to a new record of £2,480 pcm.

In Inner London, which includes some of the capital's most expensive areas, average asking rents surpassed £3,000 pcm for the first time.

One of the biggest frustrations for both tenants and agents has been the lack of available properties. Though it is early days, there are signs that this may be starting to ease compared to the record low levels of last year.

The number of available properties to rent in December was 13% higher than the same period the previous year. New properties coming up for rent were also up 5% in December compared with December 2021, while the number of tenants looking for a property to rent is 7% higher over the same period.

Though it is still tough, the result of this additional property to rent is that it may feel slightly easier for tenants in some parts of Great Britain to secure a property than it did at this time last year.

Competition between tenants for the properties available has dropped by 6% compared with this time last year, and by a third (33%) compared with the peak in September, when the gap between supply and demand was at a record high.

Wales (+15%) and the South West (+13%) have seen the biggest jumps in new properties to rent regionally, which has led to a slight drop in respective average asking rents of 1%. This is a first quarterly drop in average asking rents for any region since the beginning of 2021.

Despite these positive signs the imbalance between supply and demand is still very high. The number of properties to rent is down by 38% compared with pre-pandemic 2019, while the number of people enquiring about a property to rent is 53% higher.

Owing to this ongoing imbalance between the number of people who are looking for a home to rent, and the number of properties to rent available, Rightmove predicts average asking rents for newly available properties will rise by a further 5% in 2023.

Though historically this would be a significant rise in annual asking rent growth, it would mark a slowing in the pace of growth from the previous two years.

Demand remains very strong, but there are signs of more properties to rent compared with last year, which would ease competition and the pace of rent rises this year.



However, it would take a significant addition of new homes to rent to bring the gap between supply and demand anywhere close to a better balance this year and bring annual rent growth back towards the pre-pandemic five-year average of around 2%.

Rightmove's Director of Property Science Tim Bannister said: *"Although the fierce competition among tenants to find a home is starting to ease, it is still double the level it was back in 2019. Letting agents are seeing extremely high volumes of tenant enquiries and dealing with tens of potential tenants for each available property.*

"Landlords will need to balance any rent rises with what tenants can afford to pay in their local area, to continue to find tenants quickly and avoid any periods where their home is empty due to tenants not being able to meet the asking rent.

"There appears to be some more property choice for renters compared to the record low levels of last year which would slightly ease the fierce competition to secure a home. This is why we're forecasting that the pace of annual growth will ease to around 5% by the end of the year nationally, although this would still significantly exceed the average of 2% that we saw during the five years before the pandemic."

Agents' Views

Simon Leigh, Director at Hackney & Leigh said: *"The rental market remains buoyant, and the majority of our landlords are still receiving multiple applications on their properties. Rents have remained stable, due in part to the cautious approach from landlords when considering rent increases at renewal stage, preferring to retain good tenants rather than have even a small void period, or incur the associated costs.*

"One challenging area of the sector is in dealing with the knock-on effect of the huge demand on the building industry in general.

"The last couple of years have seen a surge in demand for a whole variety of property renovations, both from those moving home, and those wanting to upgrade existing properties, and it has resulted in a reduction in the availability of contractors able or willing to carry out the small maintenance jobs which regularly crop up in the private rented sector. Finding good, available contractors, is proving challenging, with those not already busy carrying out their own work, preferring instead to accept larger projects.

"Given the widely reported cost of living crisis, tenants who have been affected are generally being proactive in approaching us with any financial concerns, allowing us to work with them where possible and assist them in managing their issues."

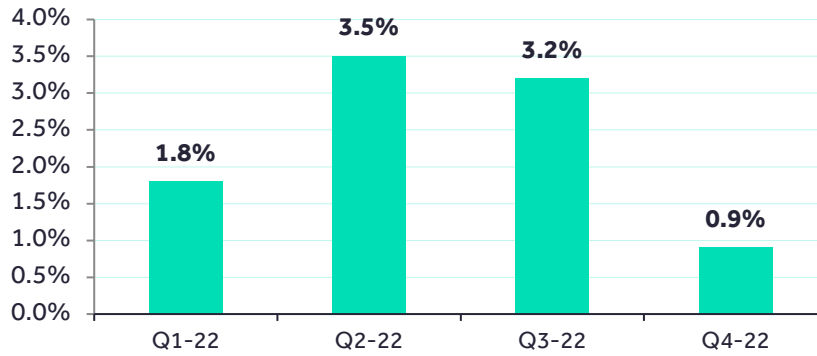
James Redington, Sales & Lettings Director at Douglas & Gordon, said: *"There is no sign of the rental market slowing down due to the continuing imbalance between supply and demand. We've seen the highest rent increases we've seen for decades, and we don't expect this to slow down in the short term.*

"The governments continued pressure on landlords through tax changes, along with growing financial commitments on rental properties can be off-putting to existing landlords and people looking to invest in a buy-to-let. However, London is still a fantastic place to live and work. It is consistently voted as one of the best places to live in the world and continues to attract vast numbers of people year on year, despite the rising rental costs, due to its identity as a financial, cultural and educational hub."



National quarter-on-quarter change in average asking rents

National quarterly change in average asking rents



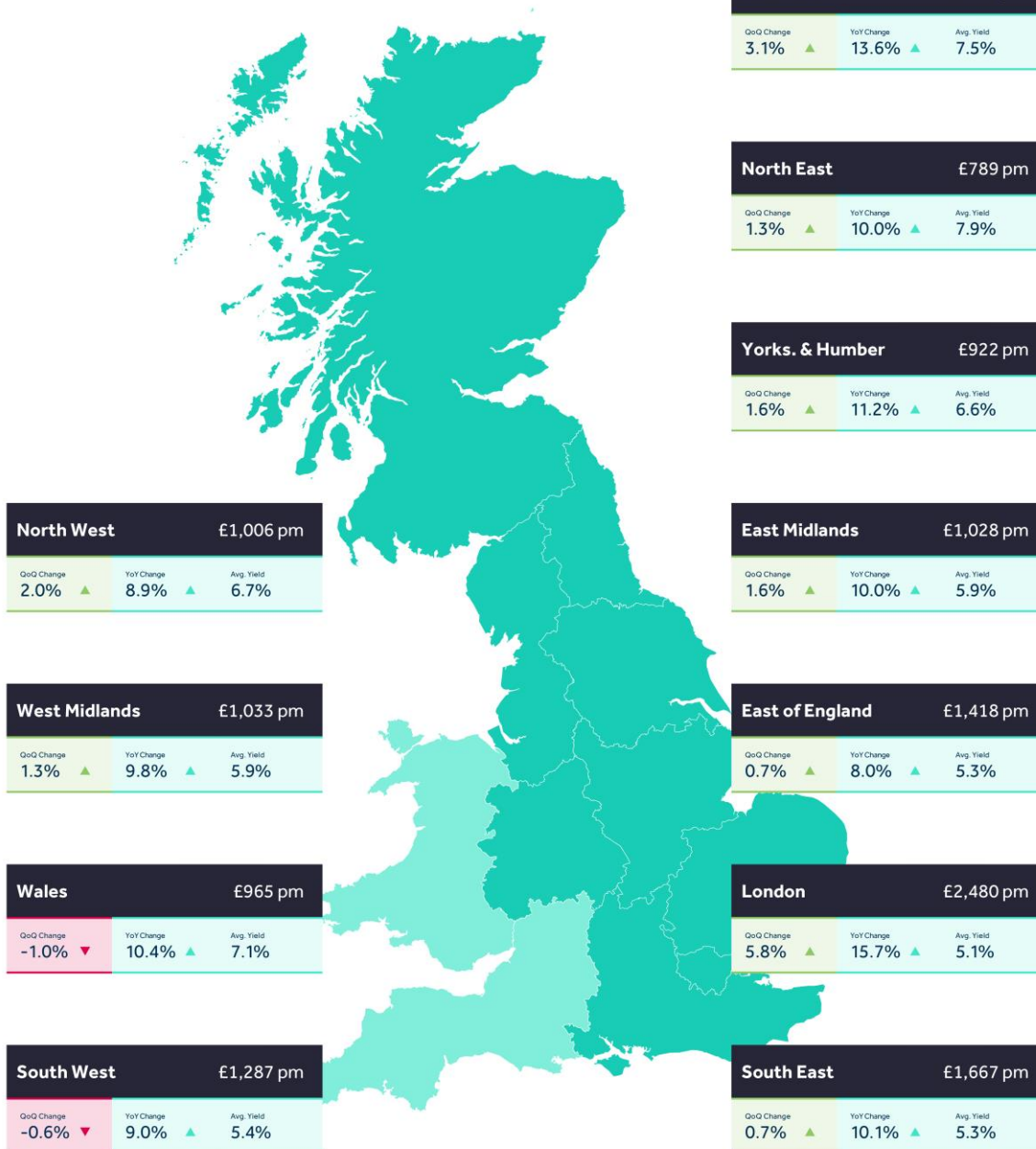


Regional trends

Rental Price Tracker

Q4 2022

● Increase from previous month ● Decrease from previous month





Landlord yields

Region	Average Landlord yield Q4 2022	Annual change in yield
Great Britain	5.7%	+0.3%
North East	7.9%	+0.0%
Scotland	7.5%	+0.3%
Wales	7.1%	+0.2%
North West	6.7%	+0.1%
Yorkshire and The Humber	6.6%	+0.1%
West Midlands	5.9%	+0.0%
East Midlands	5.9%	+0.0%
South West	5.4%	-0.1%
South East	5.3%	+0.1%
East of England	5.3%	+0.0%
London	5.1%	+0.5%

Rental price hotspots

Area	Region	Average asking rent per calendar month Q4 2021	Average asking rent per calendar month Q4 2022	Annual change
High Wycombe, Buckinghamshire	South East	£1,068	£1,281	20.0%
Altrincham, Greater Manchester	North West	£1,016	£1,197	17.8%
Dundee	Scotland	£646	£758	17.4%
North Shields, Tyne & Wear	North East	£610	£711	16.6%
Reading, Berkshire	South East	£1,144	£1,334	16.6%
Gateshead, Tyne And Wear	North East	£635	£738	16.2%
Luton, Bedfordshire	East of England	£928	£1,077	16.1%
Newbury, Berkshire	South East	£1,017	£1,179	15.9%
Bognor Regis, West Sussex	South East	£941	£1,086	15.4%
Glasgow	Scotland	£823	£949	15.4%



Editors' notes

The Rightmove Rental Trends Tracker methodology was updated as of Q3 2020 and all historic figures have been restated. The new methodology includes the latest mix adjustment figures.

The dataset is compiled from the asking rents of properties coming onto the market on Rightmove.co.uk. Rather than being a survey of opinions it is produced from factual data of actual asking prices of rental properties currently on the market. Rightmove's Rental Trends Tracker measures prices at the very beginning of the rental process.

Quarterly data: Rightmove measured 504,777 asking rents. The properties were advertised on Rightmove.co.uk by agents from 1st October – 31st December 2022. All short lets have been removed. All rents throughout are per calendar month.

Competition is calculated based on the number of people enquiring about each available property.