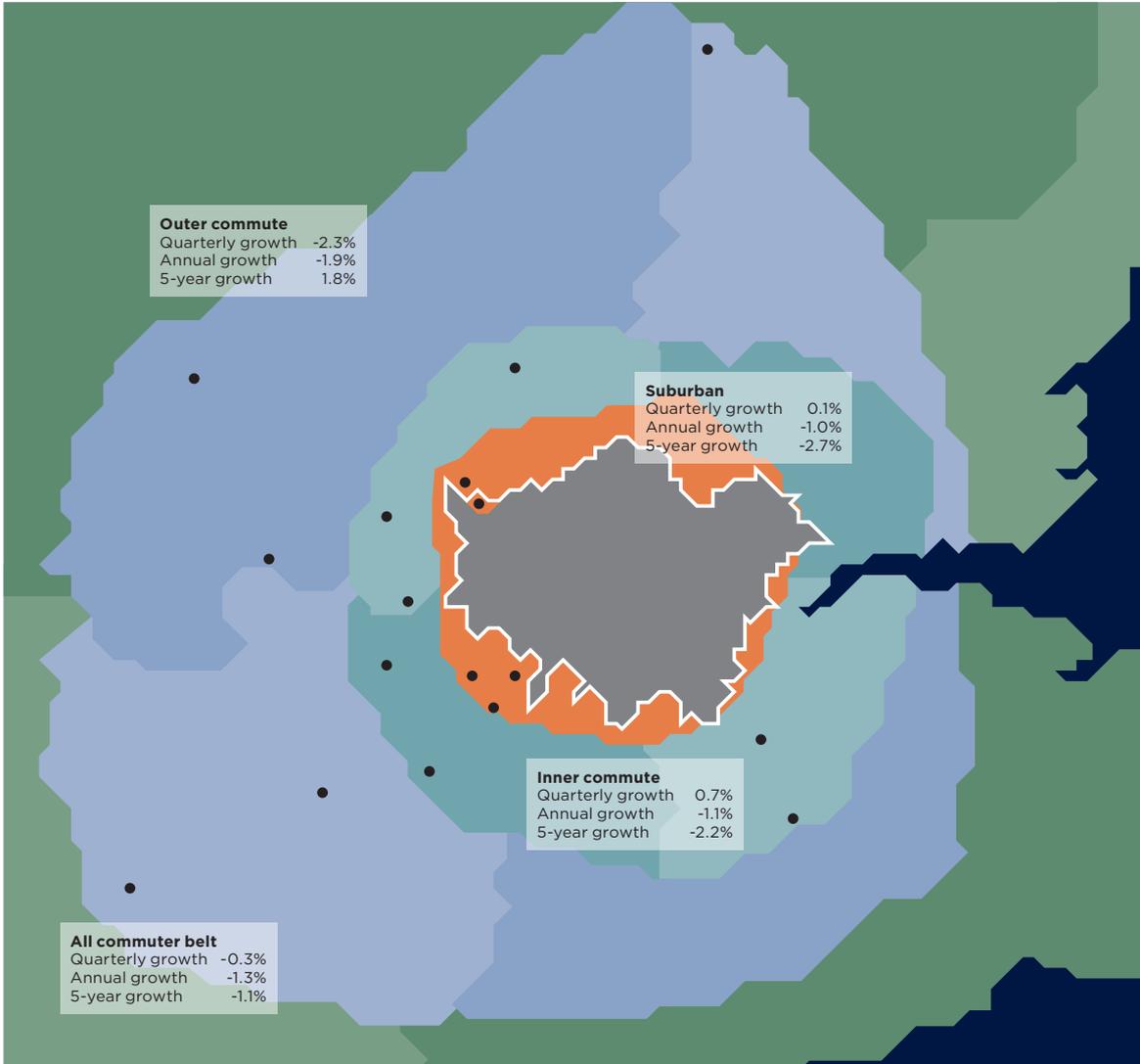


# Prime Rents in the Commuter Belt



Key ■ London ■ Suburban ■ Inner commute ■ Outer commute ● Savills office index areas



Source Savills Research Note Prime rental values to March 2019

## Price monitor

Key statistics for rental growth across the prime commuter belt



Quarterly rental value movement



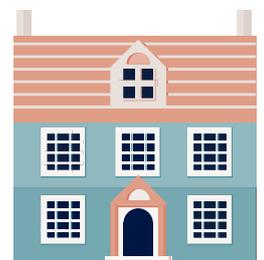
Annual rental value movement



Five-year rental value movement



Forecast rental growth over the next five years



Source Savills Research

## Demand driven by needs based tenants

Prime rents in the commuter belt within an hour's travel into the capital fell by 0.3% over the first quarter of 2019, leaving them 1.3% below where they stood a year before. Further into the commuter belt, rents fell 1.9% per annum. This was driven by more stock being brought to the rental market in some areas by those delaying a sale until Brexit uncertainty clears.

Demand for smaller properties continues to be the most robust. Rental values of one and two bedroom properties have held firm during the past year (annual growth at 0.1%).

Demand continues to be driven by needs based tenants, who are renting for longer before contemplating buying or relocating for lifestyle or employment reasons.

Although rental growth for larger properties of five or more bedrooms fell by 1.9% over the past year, there are the first signs of a pick-up in demand at this end of the market, particularly from those looking for family homes in line with the school year. This is reflected in rental movements seen over the first quarter of 2019, which slowed to just -0.3%.

**Prime rental forecast** There are signs of a recovery in rental values in the medium term



Source Savills Research Note These forecasts apply to average rents in the second-hand market. New build values may not move at the same rate

## Key trends in the prime commuter belt

### Quality

A trend seen across the prime rental markets is for well-presented properties to be in higher demand than those that are in less than immaculate condition. In order to secure a quicker let, landlords should ensure that they are presenting their property in the best possible condition.

### Price

The prime rental market remains price sensitive, with a widening gap between landlord and

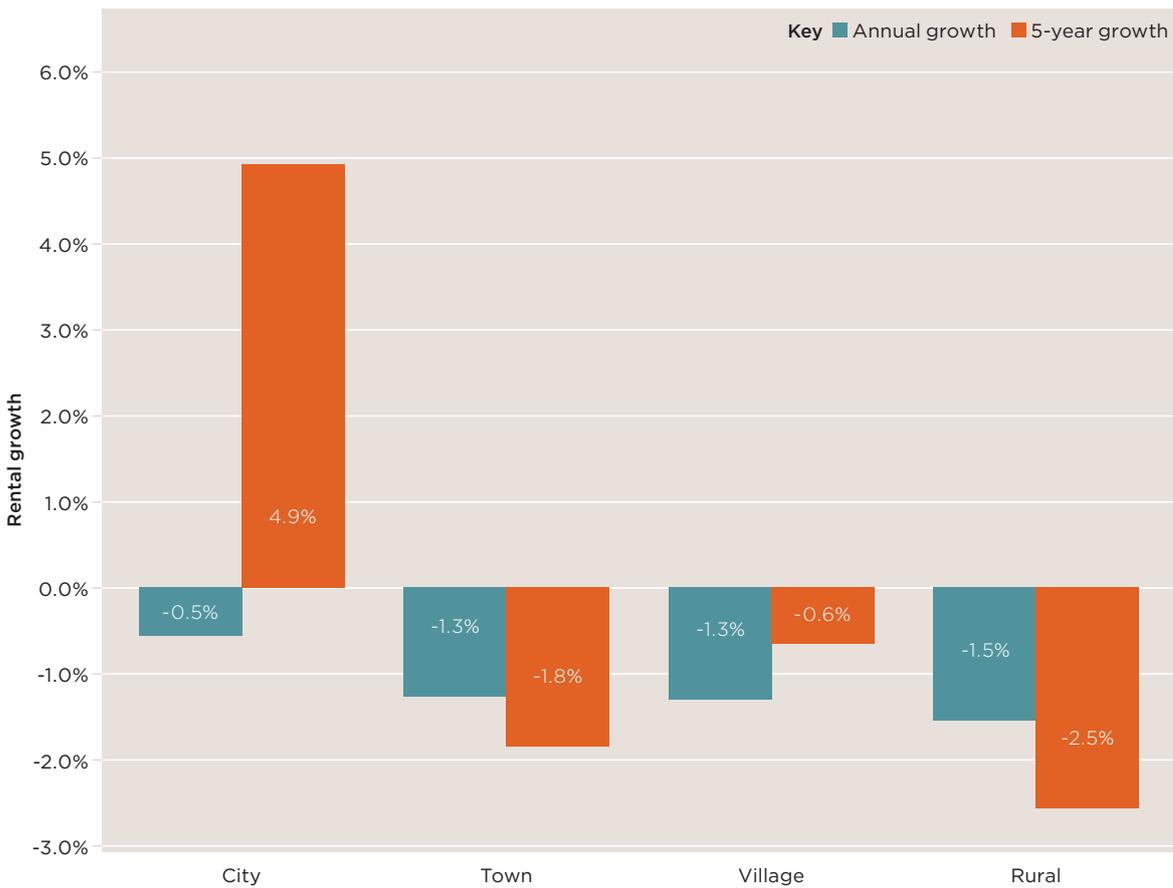
tenant expectations in a number of locations. Realistic pricing, particularly at the point of renewals or re-lets, is key.

### Location

Over the past five years, properties in cities have seen stronger rental growth than those in rural locations. This has been driven by demand from young professionals or families new to an area looking for easy access to local amenities such as shops, good schools and transport links to the capital.

“Strong demand for city properties is being driven by young professionals or families looking for easy access to local amenities such as shops, good schools and transport links to the capital”

Variation in growth by location City properties prove most resilient



Source Savills Research

### OUTLOOK

Across the prime commuter belt markets, we expect rents to rise by 12.6% over the next five years, marginally outperforming the prime London market.

In the short term, rental growth will be curtailed by the continuing imbalance between demand and supply. During a period of ongoing Brexit

uncertainty, we expect stock to continue to be driven by accidental landlords who are unable to sell their homes, particularly at the top end of the market.

Landlords will not only need to remain competitive on asking rent, but also be flexible on terms, to attract tenants, minimise voids and benefit from the best returns.

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