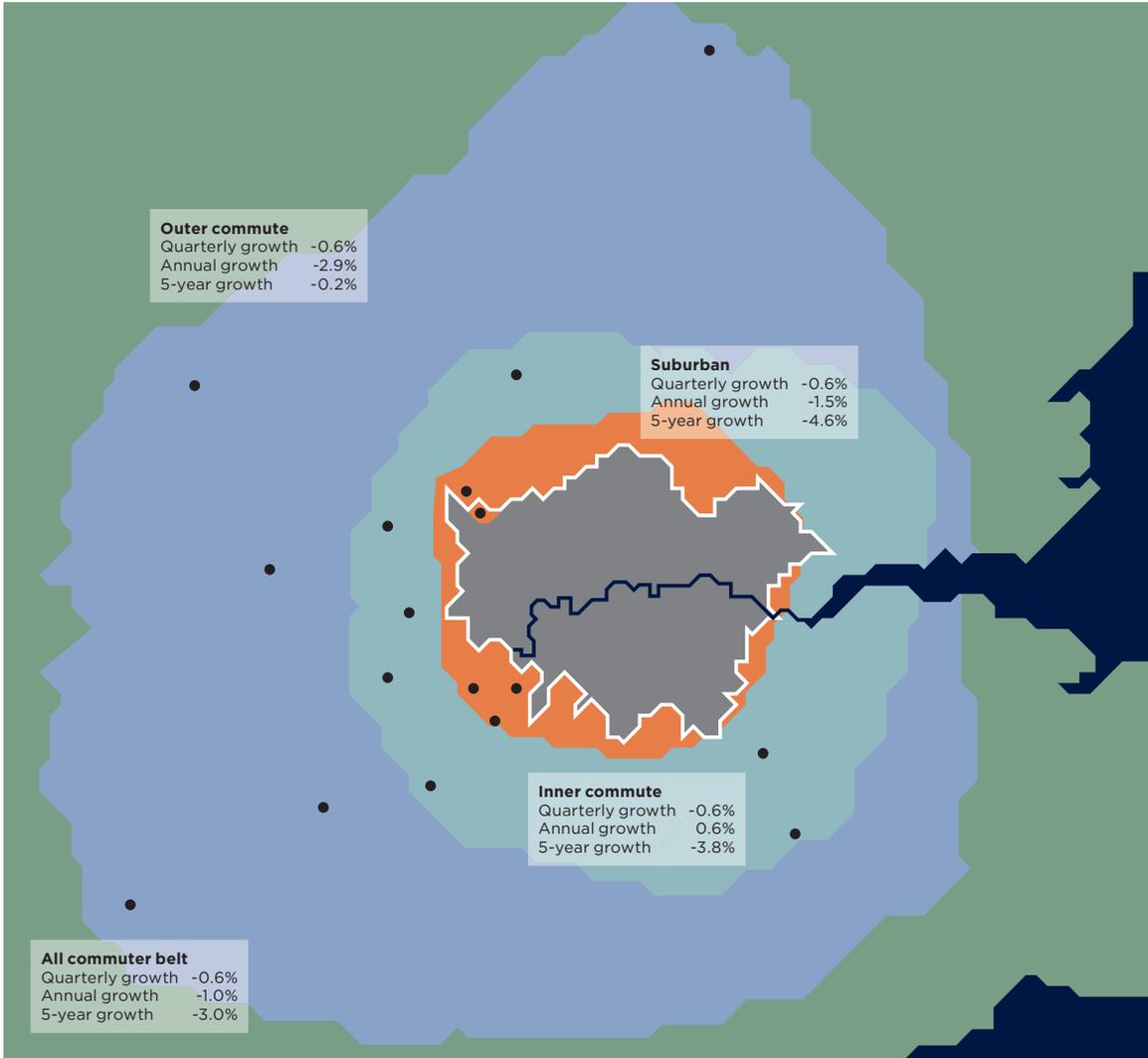


# Prime Rents in the Commuter Belt



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



Note Prime rental values to September 2019 Source Savills Research

## Price monitor

Key statistics for rental growth across the prime commuter belt



Quarterly rental value movement Q3 2019



Annual rental value movement to Q3 2019



Five-year rental value movement to Q3 2019



Forecast rental growth over the next five years

Source Savills Research

## Price-sensitive market continues

Rents of prime property in the commuter belt fell by 0.6% over the third quarter of 2019, leaving them 1.0% below where they stood a year before, in a market that has witnessed modest year-on-year rental falls since 2016. Recent falls have been driven by prime properties in the capital's suburbs and commuter markets more distant from London. Meanwhile, rents in the commuter market closer to London, including locations such as Beaconsfield and Guildford, have seen marginal growth of 0.6% during the past 12 months.

Accidental landlords renting out their home while waiting for Brexit uncertainty to clear, continue to add to rental stock in the market, particularly at the top end.

Families and young professionals alike are continuing to rent in an area before buying as they wait for some certainty to return to the sales market.

With 41% of tenants in the commuter belt working in London, transport links are important, with many favouring well-connected cities and towns such as Cambridge, Sevenoaks and Harpenden. Local schools and amenities are influences too.

Against this market backdrop, landlords need to ensure they are presenting their properties in the best possible condition to attract tenants over the longer term. High levels of stock also mean realistic pricing and being flexible on terms is paramount to securing quick lets and minimising voids.

### Case for the commuter belt

Good transport links and value are key factors

Source Savills Dealbooks 2018/H1 2019

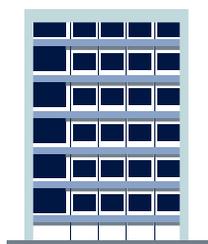


21% of tenants are moving from London to the commuter belt, some of whom are taking advantage of the price difference



**VALUE IN THE COMMUTER BELT**  
Prime commuter belt rents offer a substantial saving compared with London, and this continues to drive demand. Across the prime commuter belt, the average price is £16 per sq ft per annum.

For prime London, the average is £37 per sq ft per annum. The value differential is a key incentive for young professionals and families to move out of London, with 21% of tenants moving from London into the commuter belt.



London average: £37 per sq ft per annum



Commuter belt average: £16 per sq ft per annum

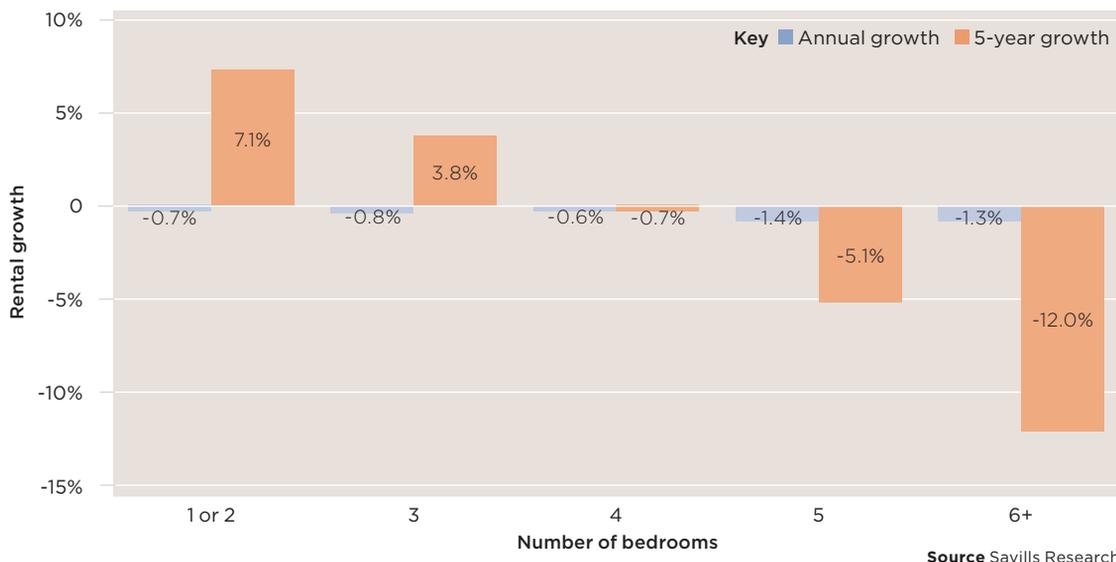
## Variation in size

Our research shows that rental values of smaller properties have been more robust during the past five years. Demand is mainly underpinned by younger families and professionals. As a consequence, rental prices for one- and two-bedroom properties have seen five-year growth of 7.1%.

Demand has been thinner for larger properties. Those with five or six-plus bedrooms have had five-year rental falls of 5.1% and 12.0% respectively. Although rental growth for larger properties fell by 1.3% during the past year, these falls are starting to slow, with the first signs of a pick-up in demand.

### Variation in growth by size

Demand for smaller properties has been more robust



## OUTLOOK

We expect the imbalance between supply and demand in the current market to delay any substantial price growth in the short term. Properties in immaculate

condition, in the most popular locations with good transport links and schools will continue to outperform the rest of the market.

Across the prime commuter belt

markets as a whole, we expect rents to rise by 12.6% in the five years to 2023, outperforming the prime London market.

Landlords will need to remain

competitive on pricing and flexible on terms, as well as ensuring properties are presented in the best condition to attract tenants and maximise returns.

### Prime rental forecasts

	2019	2020	2021	2022	2023	5-year compound growth
London	0.5%	1.0%	3.5%	3.0%	3.0%	11.5%
Commuter zone	1.0%	2.0%	3.0%	3.0%	3.0%	12.6%

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

## Savills team

Please contact us for further information

### Lucian Cook

Head of Residential Research  
020 7016 3837  
lcook@savills.com

### Jessica Tomlinson

Analyst Residential Research  
020 3810 9899  
jessica.tomlinson@savills.com

### Jane Cronwright-Brown

Head of UK Lettings  
020 7578 9980  
jcronwrightbrown@savills.com

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

