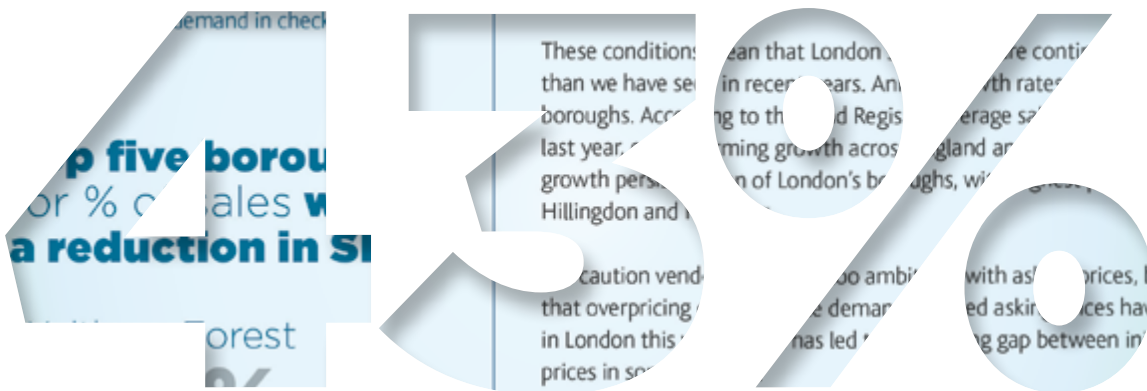


Market Intelligence



Increase in tenant demand

since January 2015

Welcome to our Autumn/Winter 2015 market report, where we look at the latest lettings and sales trends in London and highlight some of the capital's property investment hotspots.

LETTINGS MARKET

The Martin & Co network across London has seen a massive increase in tenant demand this year. We now have 43% more tenants registered on our books than in January. While we have seen a small increase in stock levels over the year, the supply of rental properties is not keeping pace with demand.

Market indicators

1,000+

PROPERTIES LET*

8,500+

VIEWINGS*

6.8%

INCREASE IN PROPERTIES INSTRUCTED TO LET BETWEEN JANUARY-APRIL AND MAY-AUGUST 2015*

5.7%

GROWTH IN AVERAGE RENTS ACROSS MARTIN & CO NETWORK IN THE LAST 6 MONTHS

34

AVERAGE AGE OF A MARTIN & CO TENANT, RANGING FROM 28 IN LONDON BRIDGE TO 39 IN CATERHAM*

*SOURCE: MARTIN & CO: January-August 2015

TENANT DEMAND OUTSTRIPS RENTAL SUPPLY

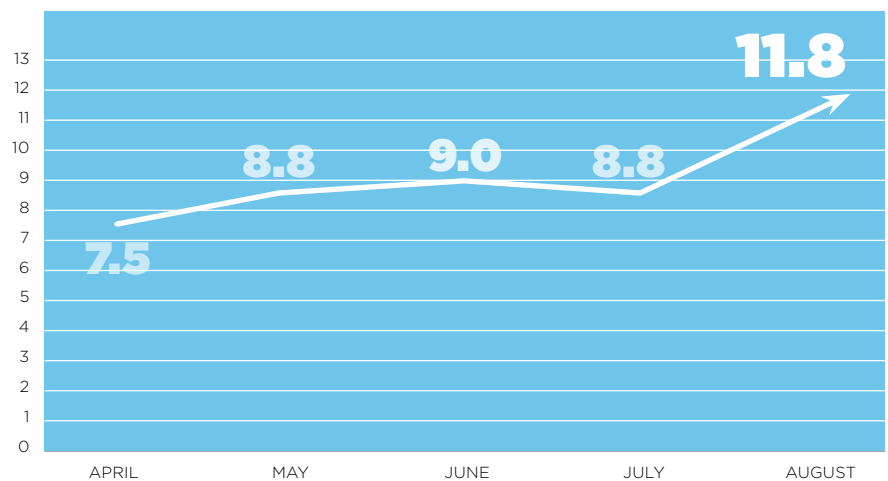
There is a real need for good quality rental properties to meet the growing number of applicants. In April we had 7.5 tenants registered for every new property listed. That number rose to 11.8 in August.

With such a strong rise in demand for lettings across London, average rental values paid by Martin & Co tenants have also risen during the year. Over the last six months, average rents have increased by 5.7%. The highest growth in rents has been seen in south London, rising by 6.8%, while rental values in north London have increased by 2.4% over the same period.

Investor interest in London's private rental sector continues to grow. Buy-to-let lending across the UK reached £8.8 billion in the second quarter, its highest level since Quarter 2 of 2008. This tallies with our own findings. Martin & Co's landlord survey of August 2015 showed the appetite for property investment remained largely unchanged, despite new tax rules for landlords being phased in over the next four years.

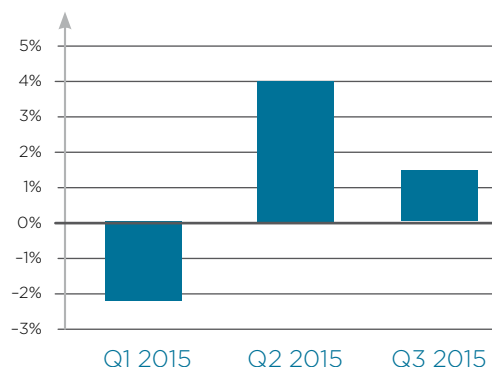
Total applicants per available property in 2015

In August we had **11.8** tenants chasing each new property.



SOURCE: MARTIN & CO

Quarterly change in average rents across London IN 2015



SOURCE: MARTIN & CO

Total viewings IN 2015



SOURCE: MARTIN & CO

SALES MARKET

The London sales market had a tentative start to 2015 with activity dampened partly by pre-election uncertainty. Since then, while some parts of the market have seen demand levels increase throughout the summer and into the autumn, there are areas where wide-reaching global financial uncertainties and the impact of stamp duty reform continue to keep demand in check.

Top five boroughs for % of sales with a reduction in SDLT (STAMP DUTY LAND TAX)

Waltham Forest

98.9%

Newham

98.0%

Sutton

98.0%

Havering

97.5%

Croydon

97.4%

SOURCE: LAND REGISTRY (BASED ON TRANSACTIONS COMPLETED IN 2015)

LONDON MARKET STILL GROWING

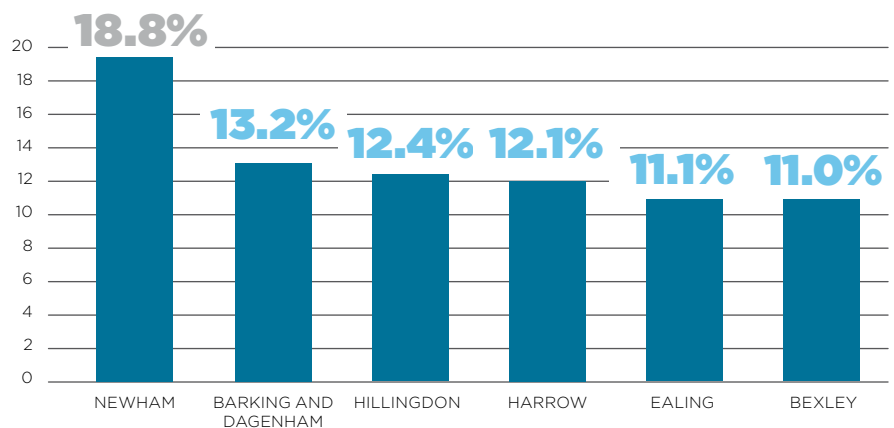
In prime parts of central London, international demand has been affected by the strength of sterling, global economic uncertainties and new legislation relating to non-doms. High sales prices have been impacted by new bands of stamp duty land tax (SDLT) brought in at the end of 2014. Additional costs are leading some buyers to reconsider their options by looking elsewhere or trying to negotiate some of these extra costs.

Domestic buyers (particularly outside the most expensive core markets) continue to be buoyed by competitive mortgage rates, rising household incomes and a strengthening economy. Latest figures from the GLA report record numbers of Londoners in employment. News that interest rates are likely to remain at their current historic low into 2016 is encouraging buyers, and the Bank of England reports that mortgage lending across the country is at its highest level since the start of 2014.

These conditions mean that London sales prices are continuing rise, albeit at slower rates than we have seen in recent years. Annual growth rates are highest in the outer London boroughs. According to the Land Registry, average sales prices have risen by 6.6% during the last year, outperforming growth across England and Wales (4.2%). Double-digit annual growth persists in ten of London's boroughs, with highest price rises currently in Newham, Hillingdon and Havering.

We caution vendors not to be too ambitious with asking prices, because experience shows that overpricing can suffocate demand. Inflated asking prices have become more prevalent in London this year, which has led to a widening gap between initial and achieved sales prices in some markets.

Six London boroughs with double-digit house price growth



SOURCE: LAND REGISTRY (ANNUAL HOUSE PRICE GROWTH AUGUST 2014 - AUGUST 2015) BOROUGHS COVERED BY THE EALING, STRATFORD, RIVERSIDE, RUISLIP AND EALING MARTIN & CO OFFICES.

£493,026

Average sales price of a property in London

SOURCE: LAND REGISTRY, AUGUST 2015

90%

Property sales across London in 2015 that have been subject to a reduction in SDLT

SOURCE: LAND REGISTRY

23%

Increase in Martin & Co property exchanges between January-April and May-August 2015

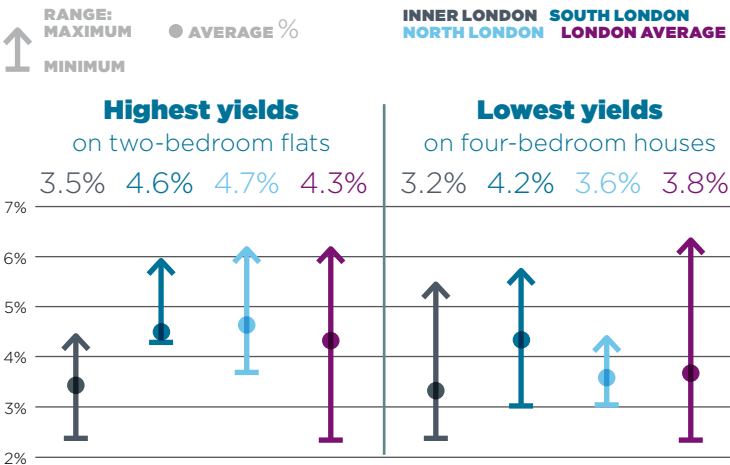
SOURCE: MARTIN & CO

WHERE TO INVEST OR BUY

We analysed yields across the Martin & Co London office network for two-bedroom flats and four-bedroom houses. Yields ranged from 2.3% to 6.4%. There are still opportunities for investors seeking lucrative property investments in London, a market typified by relatively low yields.

Highest and lowest yielding local areas

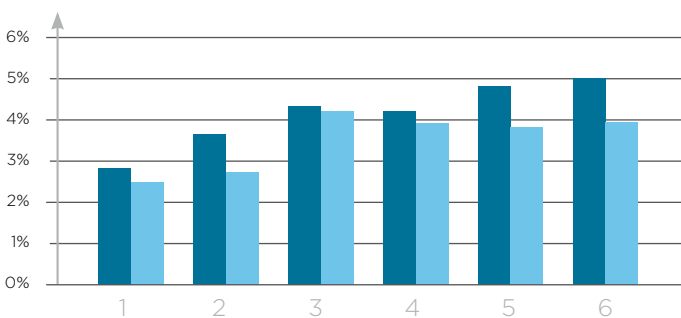
AVERAGE YIELD FOR AREA



We also analysed the data according to London Transport zones. As a rule, values decline and yields rise with distance from central London. However, zone 3 appears to contradict this trend as average yields for two-bedroom flats were higher here than in zone 4. For four-bedroom houses, zone 3 represented the yield peak, making parts of zone 3 a sweet spot for investors.

Average yields across London Underground zones (zones 1, 2, 3, 4, 5, 6)

TWO BEDROOM FLATS FOUR BEDROOM HOUSES



SOURCE: MARTIN & CO, BASED ON AVERAGE YIELDS ACROSS LOCAL AREAS COVERED BY THE MARTIN & CO NETWORK

NB. To calculate yields we used average asking rents divided by average asking prices from the Zoopla online database.

Martin & Co is part of The Property Franchise Group, contributing **195 offices** to a network of nearly 300, spanning five property brands – this makes The Property Franchise Group the fourth largest estate agency business in the UK by number of offices.

Martin & Co has a combined portfolio of over 30,000 properties, with 45,000 across the Group. As such we have a nationwide reputation as a lettings specialist.

We bring a wealth of knowledge and expertise to the table, and this is on offer to all of our clients. We keep our finger on the pulse of the local property market, with offices throughout the UK ready to help you let or rent a property, or buy or sell a home.

As a current or potential landlord, you can rest assured that we know what keeps you awake at night and that our service is built around keeping properties fully let, minimising the risk of rental arrears through state-of-the-art credit checking, and using independent first-class local tradesmen to keep a lid on maintenance costs. We reject 'call centre' culture – all of our offices are based where your property is located so we can keep a close eye on things, just like you would if you had the time.

Our offices in the London region:

Balham • Battersea Reach • Beckenham • Brentford • Camden • Caterham • Chelsea • Croydon • Crystal Palace • Ealing • Enfield • Fitzrovia • Islington • Kingston Upon Thames • London Bridge • London Riverside • Loughton • Romford • Ruislip • Stratford • Sutton • Twickenham • Walton on Thames • Wanstead • Wimbledon

ARLA, LONDON RENTAL STANDARDS, PROPERTY OMBUDSMAN



Disclaimer: This report has been prepared in good faith on the basis of calculations that rely on a set of assumptions that will vary considerably between geographical regions and over time. They illustrate hypothetical examples of returns that may be possible under the given set of assumptions, however no warranty is given as to the accuracy or completeness of information contained in this report. Accordingly, this report is for general information purposes only and no liability is accepted by Martin & Co (UK) Ltd, its associates, employees, directors and representatives for any negligence in relation to the information, forecasts, figures or conclusions contained in this Report or for any loss, damage, or consequence whatsoever, arising from any action taken based on its content. This report does not constitute and must not be treated as investment advice or guidance and users should always obtain independent professional advice before making any investment decision. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without the express prior written permission of Martin & Co (UK) Ltd.

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MARTIN&CO
Sales & Lettings

25
Offices in the region

95%
Of our landlord clients said they would recommend us

7 minutes
We sell or let a property in the UK every 7 minutes