Market Intelligence

Increase in privately rented households
over the past 30 years in London.

2016 marks 30 years since Martin & Co let its first property in the UK. In this special anniversary edition "**30 years in the Private Rented Sector**", we take a look back at how London's lettings market has changed over the past three decades, as well as all of the latest trends in the property market.

SOURCE: CENSUS

LETTINGS
CURRENT MARKET

Tenant demand levels rose over 2015 in London and the momentum has continued into 2016. Martin & Co saw a 10.5% increase in tenant applications in January 2016 compared to the same month in 2015. The amount of properties to choose from remains restricted, which means demand still outstrips supply. In 2015, across the capital, we registered almost 10 prospective tenants for every property instructed to rent.

Tenants are staying longer in their current rental homes, which is good news for landlords. The average length of residence for properties let by Martin & Co in London has increased by 8% over the past year to 661 days.

This is seven months longer than the average length of residence of Martin & Co tenants across the UK.

Over 2015, the rent paid by Martin & Co tenants in London was 0.5% higher than in 2014, an average of £323 per week.

Average rent paid by Martin & Co tenants **per week** in 2015

All London	£323
Inner London	£470
Outer London	£269

OUR VIEW ON TAX AND STAMP DUTY CHANGES

Thirty years ago, around one in seven households rented privately. It is now the tenure of choice for more than one in four London households. The sector has matured as both an attractive option for occupiers and a regarded asset class for investors.

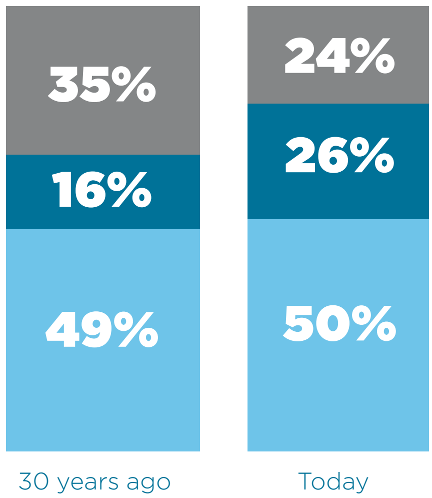
The buy-to-let sector has gained considerable interest from government policy makers. From April 2016, there will be a 3% surcharge on second property purchases. April 2017 will then mark the beginning of a staged reduction in mortgage tax relief on buy-to-let mortgages. Our figures suggest that many landlords will be unaffected by the tax relief changes. Many more will remain undeterred since we anticipate rising rents to offset any fall in income due to the tax changes.

Our landlords are set to continue to make positive returns on rental properties. If the market is affected and landlords pull out, leading to lower rental stock levels, rental values will be pushed up. This will make the monthly yield figures more attractive to existing landlords and encourage investors to return to the market.

We foresee the private rented sector continuing to grow over the next 30 years and surpassing 30% of households renting from a private landlord.

Significant increase in the private rented sector over last 30 years

SOCIAL RENTED
PRIVATE RENTED
OWNER-OCCUPIED



SOURCE: CENSUS

£36,383

average income of a Martin & Co London tenant

SOURCE: MARTIN & CO

34.5 YEARS

average age of a Martin & Co London tenant

SOURCE: MARTIN & CO

15,000

new households a year have entered the PRS in London over the last 30 years

SOURCE: CENSUS

30 years in the **private rented sector**

MAPS SHOW PROPORTION OF HOUSEHOLDS IN THE PRIVATE RENTAL SECTOR

UP TO 20% **20–30%** **30%+**

There has been dramatic growth in the private rented sector (PRS) in London over the last 30 years. From 16% 30 years ago, the PRS now accounts for 26% of London households. In some boroughs, the level of private rented households is much higher (40% of households in Westminster are in the PRS). There have been several key trends behind the rise in the PRS.

Firstly, there has been a significant decline in the social rented sector from 35% of households 30 years ago to 24% today. Rising prices and the larger deposits now required mean that the average age of first time buyers has risen from 28 to 32 years old. People are staying in the private rented sector for longer.

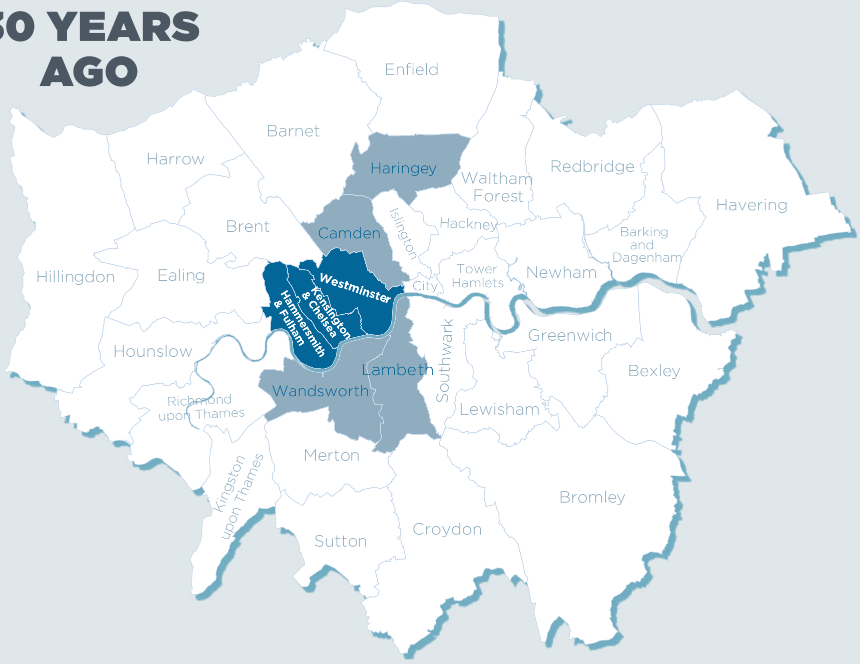
Household growth has been driven by strong migration levels. The PRS is the first choice for those choosing to come and work in London. Studies have shown that 75% of migrants initially go into private rented accommodation.

WILL SUCH STRONG GROWTH FOR THE PRIVATE RENTED SECTOR CONTINUE?

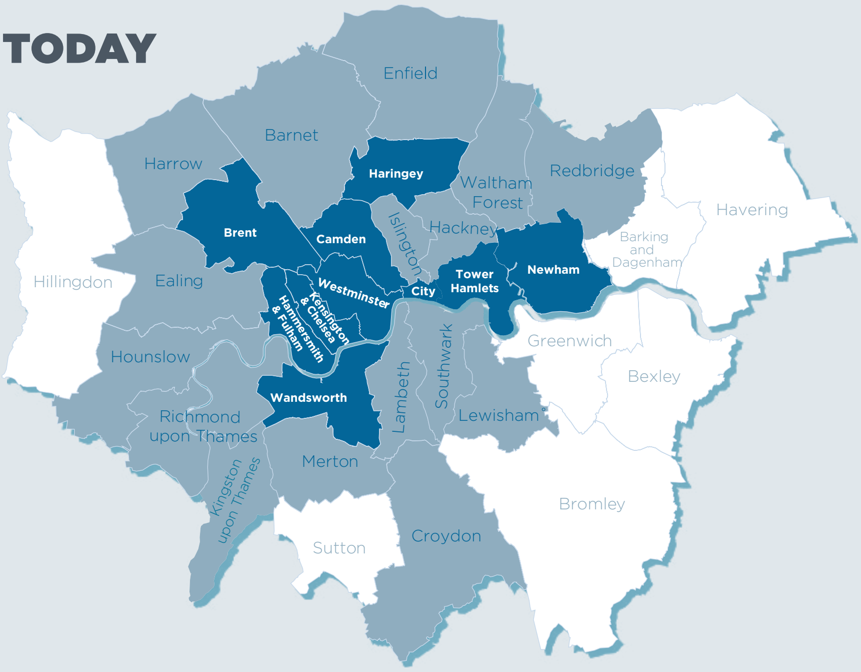
With affordability still a problem for first time buyers, government predictions for strong household growth and a continued decline in social housing, the answer would appear to be yes. Indeed, we believe that there is likely to be demand for between 30,000 to 50,000 additional London PRS properties a year over the next five years.

The last 30 years have demonstrated London's enduring appeal and the strong investment performance of residential property as an asset class. While markets may be subdued in the run up to the mayoral election and EU referendum, this performance has been achieved despite similar economic and political uncertainties throughout the period. London's performance through the past three decades gives us the confidence that it will continue to be an appealing target for investment and one of the world's most sought-after places to live.

30 YEARS AGO



TODAY



"London has global appeal as a place to live and work."

Top 5 locations for private rented sector in London

Westminster	40%
Kensington & Chelsea	36%
Newham	34%
Tower Hamlets	33%
Camden	32%

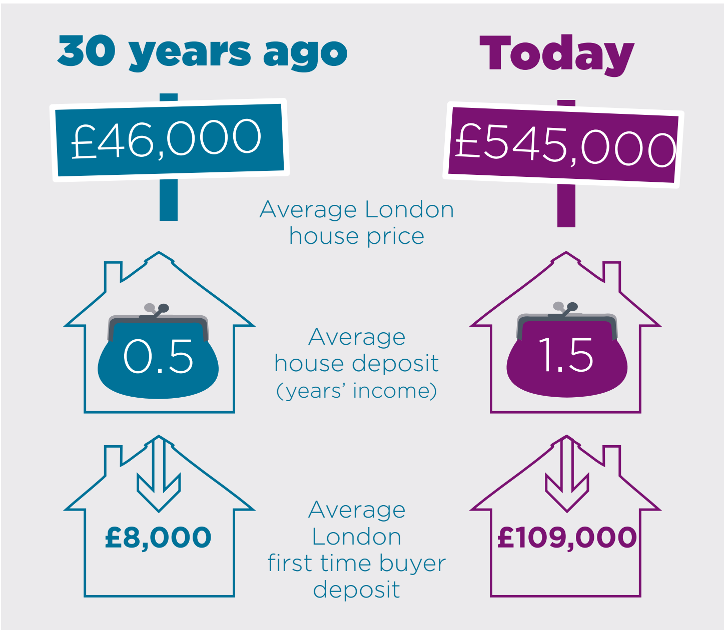
SOURCE: CENSUS

SALES
CURRENT MARKET

London's sales market has also seen remarkable changes in the last three decades and average sales prices (currently £545,000) are now almost 12 times higher than they were 30 years ago. It is little wonder, therefore, that London's housing stock has become a hugely attractive and profitable investment proposition. Growth in the value of property has outperformed many other alternative investments including stocks and shares and gold. The significant growth in London houses prices (equivalent to just under 9% per annum over the last 30 years) has led to higher deposits for those wishing to get on the housing ladder. The average first time buyer in London now needs to save the equivalent of a year and a half income for a deposit.

More recently, various factors are supporting demand for residential property across London, including wage increases, improving economic conditions and Help-to-Buy London. There was also increased activity across the market from investors rushing to complete before additional stamp duty is imposed in April. Average sales prices rose by 9.4% over 2015 (ONS), making it the second biggest increase in a single region after the East of England. Highest growth is currently within the outer London boroughs of Barking and Dagenham, Hillingdon and Enfield, where values are all rising by over 13% per annum.

The sales market over 30 years



SOURCE: ONS

Martin & Co is part of the MartinCo Plc Group of Companies. The Group manages 45,000 tenanted properties (equivalent to a town the size of Winchester) across the UK, from Falmouth to Inverness and the Chelsea Embankment.

Martin & Co is the Group's only national brand with **192 offices** and growing.

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 • Islington • Kingston Upon Thames • London Bridge • London Riverside • Loughton • Romford • Ruislip • Stratford • Sutton • Twickenham • Walton on Thames • Wandsworth • Wanstead • Wimbledon

martinco.com

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MARTIN&CO Sales & Lettings

2,014	95%	7 minutes
Average number of properties let per month in 2015	Of our landlord clients said they would recommend us	We sell or let a property in the UK every 7 minutes