

# MARKET R3VIEW Q1 2019



## New Look Quarterly update!

R3 is continuously aiming to improve its research capabilities and Q1 of 2019 sees the launch of a **new look format** Market Update with several innovative inclusions within it.

### Business Confidence

Brexit continues to both baffle and frustrate. As such, R3 is now going to

report on Business Confidence every quarter in order to provide an indication of Businesses' sentiment, which can often have repercussions on human capital investment decisions and people moving in and out of the Capital (Figure 2).

### Two new rental indices

There is frustration currently on the limited availability of specific research on the rental market in Prime and Super Prime relating to Expatriates specifically.

R3 is therefore launching its own two **rental tracker indices**: a Prime and Super Prime London Index.

We will be tracking performance of both markets' rental levels based on average valuations from our leading analytical tool summarising online market data across thirty-two Central London postcodes popular with assignees (Figure 3).

### Average rents

R3 will also provide a London average weekly rental level for 1 through to 4 bedroom properties (Figure 4) - as an additional general guide on levels of rents - to complement our two new indices.

### Spotlight on...

Finally, each quarter will focus on a specific postcode, or issue relating to the rental market and provide market data and/or information on rental values and other relevant topics (Figure 5).

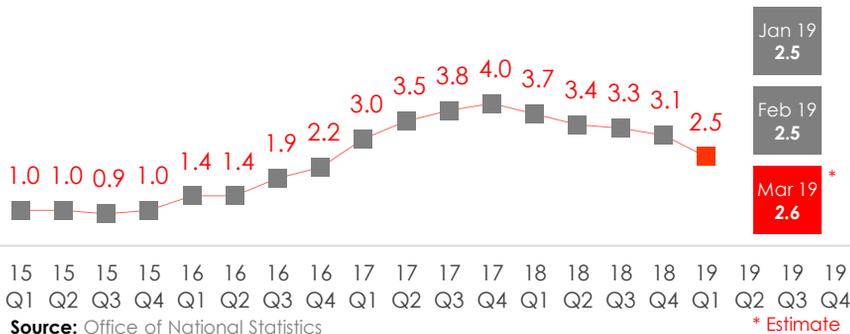
### Going forward

This quarter, this top half provides an explanation of what will be included in this and future Newsletters. Next time, we will use this space to provide commentary on the London Economy and its related Rental Market with an emphasis on the mobility industry. We hope you will find it useful!

**FIGURE 1 – RPI**

RPI All Items - % change over 12 months – quarterly rate.

Monthly RPI



Source: Office of National Statistics

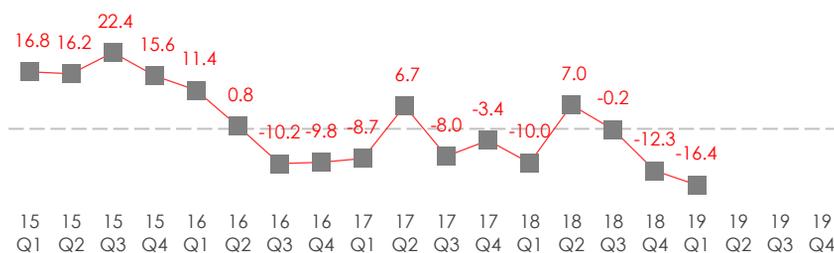
\* Estimate

**FIGURE 1** RPI shows the changes in the cost of living. It reflects the movement of prices in a range of goods and services used regularly, and significantly for rentals, it includes a high weighting for housing.

RPI is used mostly in the context of up-lifts in rent on annual renewals and has seen a steady decline (probably the Brexit effect) since the end of 2017, showing signs of stability over the first two months of 2019.

**FIGURE 2 – BUSINESS CONFIDENCE INDEX**

Trend in UK Business Confidence – Q1 2019



Source: ICAEW Business Confidence Monitor Index™

**FIGURE 2** R3 will now report on Business Confidence as published by ICAEW. This continues to decline and at -16.4 is at its lowest in a decade.

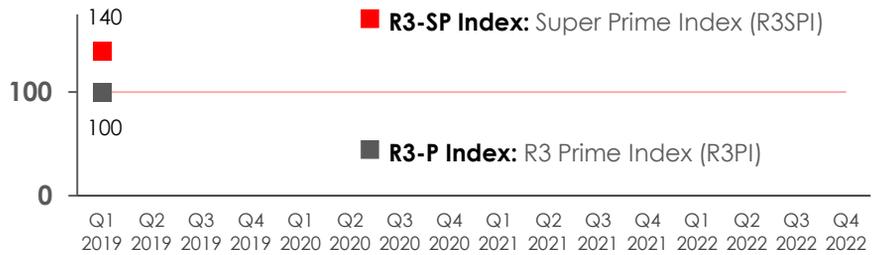
Brexit uncertainties have certainly contributed to this, in particular in the last quarter, together with poor retail results at the end of 2018 and a decline in momentum in China and some Euro-zone countries.

**FIGURE 3** Frustrated with the lack of open and reliable consolidated rental data in London, R3 is starting it's own **two rental tracking indices**. A Prime London and Super Prime London Index.

We will be tracking performance on these two rental markets based on average valuations across thousands of rentals from our leading analytical tool, summarising online market data across thirty-two Central London Post Codes.

**FIGURE 3 – R3 RENTAL INDEX**

Prime and Super Prime Rental Index – started Q1 2019, base 100 against Prime.



Source: R3Location Research



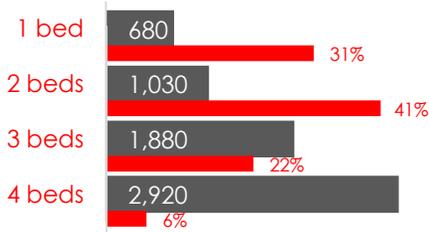
**Marco Previero**

Director and Research Lead at R3

“As a leading Destination Provider in London we wanted to continue to gain a better understanding of the market we operate in. These two indices will provide us with further insights into two specific markets in London which are important to our clients – Prime and Super Prime. We are proud to continue to lead the way in this area of research.”

**FIGURE 4 – AVERAGE RENT LONDON**

Average weekly rent and size for Central London



Source: Home.co.uk, as at mid-April 2019

**FIGURE 4** Average weekly rent varies greatly between Prime and Super Prime, and within each of these categories too.

Figure 4 provides a snapshot of average **weekly rent** for 1 through to 4 bedroom properties. As well as **proportion of number** for each size.

We will also start tracking this on a quarterly basis to better inform trends against size of property.

**Anna Barker**

Director and Operations Lead at R3



“Overall, rental levels have been stable across prime central London in the last quarter and nudged up just over 1% in the last 12 months”.

**FIGURE 5 – Spotlight on... Notting Hill (W11)**

Every quarter R3 will provide market information on a single Prime or Super Prime London postcode or other issue relevant to the rental market. This quarter we start with **W11 (Notting Hill)**.

Notting Hill lies within the Royal Borough of Kensington and Chelsea. Its main underground station is the Central, District and Circle lines. Nearby underground stations offering easy access to its more northerly border are Ladbroke Grove and Westbourne Park.

W11 has properties falling within the Super Prime range and is served by some good independent international schools such Southbank as well as good British Schools.

**FIGURE 5 – SPOTLIGHT ON... W11 Notting Hill**

Average weekly rent for 1, 2, 3 and 4 bedroom properties, and distribution

