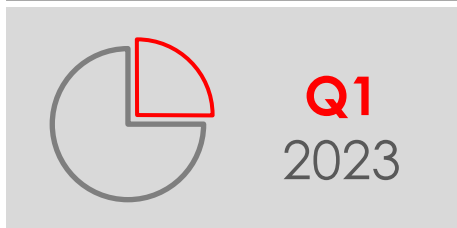


MARKET R3VIEW Q1 2023



A challenging start to the year

A tough market for tenants

The residential rental market is currently challenging and renters are faced with limited options, high rents and tough choices to make.

The hectic transactional pace of the last two years, since the post-pandemic restart, has eased but

remains relatively high. Moreover, the sustained depletion of stock that has resulted from an ongoing imbalance between supply and demand means that the low number of properties on the rental market endures. Prospective tenants continue to operate in a highly competitive market.

Rents are at historic highs

R3's own research is in alignment with that of most reputable commentators in the market, showing an increase in rents since pre-pandemic times of 18% across both Prime and Super Prime London (see **FIGURE 3** – R3 Rental Index & Yield). Nationally, the increase is greater since pre-pandemic times.

A look ahead

So what can we expect to see for the remainder of the year?

Historically very low levels of stock both in London and Nationally will take time to replenish. While tenant

demand has stabilised, it will take time for the market to catch up again given the frenetic pace of the last two years.

This means that rents are not going to go down any time soon, but the rate of increase will be lower if not flat, as observed in the last quarter.

Finally, UK's election year is fast approaching and this brings further uncertainties as the agenda will become dominated by politics rather than economics.

Choose the right provider

It is critical during these challenging times for tenants to engage with a solid provider like R3, with market expertise and in-house depth & breadth of resources and capabilities (see **FIGURE 5** – Spotlight On...). More than ever, the focus should be on service excellence with a reputable provider.

FIGURE 1 – Property Market Dashboard: Quarterly summary of key performance indicators linked to the London rental market

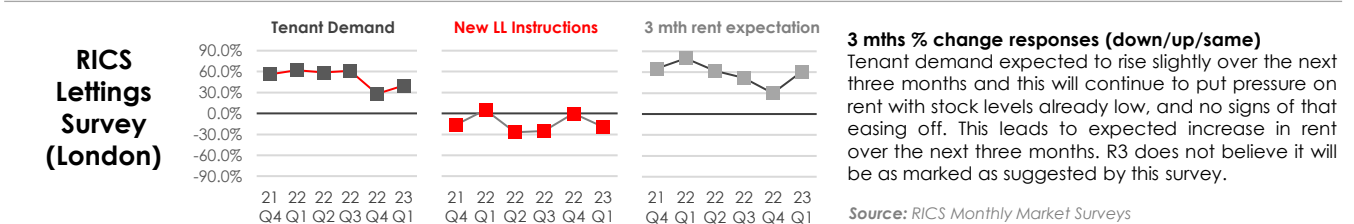
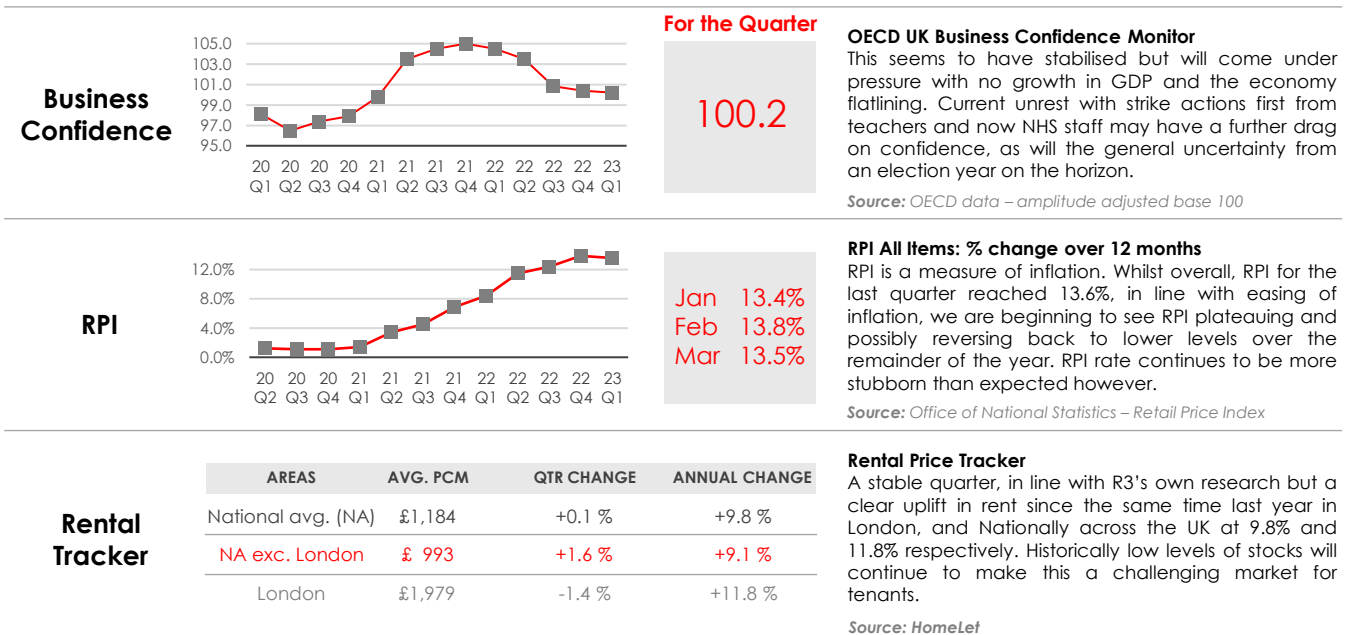
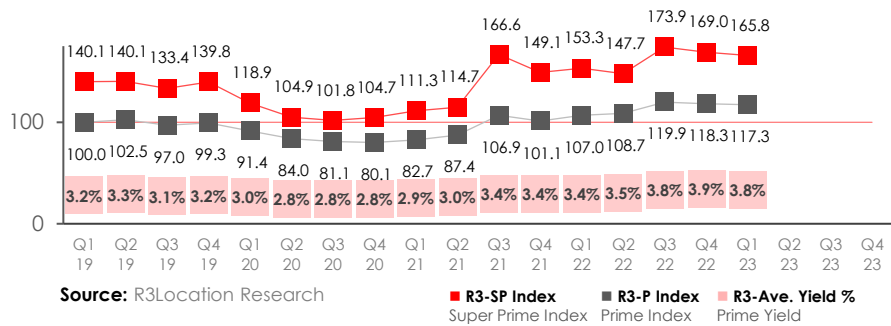


FIGURE 3 Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019.

Rents have stabilised across Prime and Super Prime areas in London. They are still at historic highs and higher than they were pre-pandemic by some 18%. A declining rate of demand (still high, but not as high as it has been over the last 2 years) and stock levels slowly replenishing should see rents continue to be stable over the next quarter.

FIGURE 3 – R3 RENTAL INDEX & YIELD

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



Marco Previero

Director and Research Lead at R3

“Rental prices remain historically high, and higher than at pre-pandemic levels. These remain challenging times for tenants and it is critical for clients to use a trusted, specialist destination services company like R3, with depth and breadth of operational resources and expertise to maximise support for their employees moving to the UK”

AR3A INSIGHTS Every quarter, R3Location produces its own research which it publishes on its website and is available to all. The most recent one is now available.

R3 has **published** its latest AR3A Insights research to include London, the lower Thames Valley region, and Birmingham and its commuter belts. We will be adding **one more** shortly, so do look out for it!

You can access these and other valuable (free) research on our [website](#).

AR3A INSIGHTS



Anna Barker

Director and Operations Lead at R3



“Our research efforts are in direct response to clients’ needs. They value data that’s helpful to their relocating employees. R3 is the only DSP engaging in this activity.”

FIGURE 5 – Spotlight on...

Every quarter R3 includes a *Spotlight On* section. This month, the focus is on the **depth and breadth of R3’s capabilities**.

R3 is a UK-based Destination Service Provider and relocation expert. In a highly saturated and unregulated industry, R3 leads the way through integrity, competence and accountability; as well as depth and breadth of resources and capabilities.

We are the single largest London-based DSP with offices in Belgravia from which we deliver the highest standards of service excellence for our clients.

We don’t pretend to be anything else. DSP is all we do and the only thing we do. As such, we always focus on raising the bar for our clients and their employees. **Why settle for anyone else?**

FIGURE 5 – SPOTLIGHT ON... THE R3 IN-HOUSE TEAM

We are the largest London-based Destination Service Provider in the UK



“R3 has grown consistently and organically over the years. We are currently adding to the service provisions we offer and are recruiting for a number of roles. If you feel your skill-set can contribute to our development, why not drop us a line – we’d love to hear from you!