

MARKET R3VIEW Q2 2024



Labour's victory: its impact on the rental market

Will the market shift?

The Labour Party's recent electoral victory may bring changes to the rental market. The Government's commitment to addressing housing shortages and regulating rental prices is high on their agenda, and may not be entirely welcomed by

landlords. Their proposed measures aim to curb rent increases and ensure the availability of more affordable housing options, to try and create a sense of stability in the rental sector. The promise of constructing more social housing might also play a role in alleviating pressure on the rental market, but it is unlikely to impact a relocating population predominantly made up of professional expats with adequate budgets and a different target market.

A moderate, stable Government

The establishment of a more moderate, left of centre government under Labour may also provide a substantial boost to investors' confidence. With clear, consistent policies and a commitment to long-term stability, investors and companies may be more willing to commit to large-scale projects in London. This in turn should have a positive effect on

both demand and supply. It is clear from the outset that Labour is intent on restoring confidence.

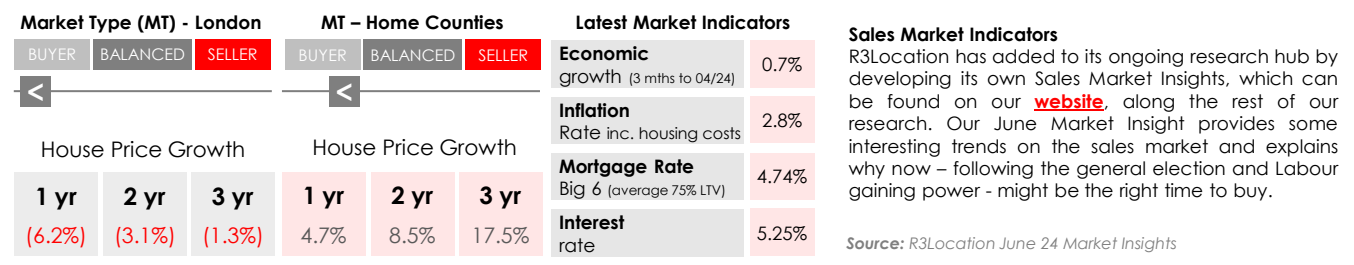
Renters Rights Bill

The introduction of the Renters Rights Bill (the Renters' Reform Bill's successor) will focus on giving tenants greater protections and end no-fault evictions. This marks a statement of intent by Labour to promote fair rent practices, improve living conditions, and enhance the overall rental experience for tenants. Key provisions may include limits on rent increases, requirements for better property maintenance, and stronger tenant rights. No timeframes have been given for development.

Finally...

Look out for some exciting new developments for R3 (see **FIGURE 4 – Spotlight On...**) over the coming weeks. Have a great summer!

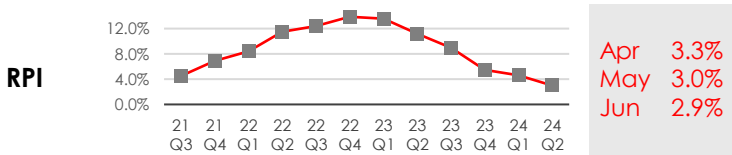
FIGURE 1 – Property Market Dashboard: Quarterly summary of key performance indicators



Sales Market Indicators

R3Location has added to its ongoing research hub by developing its own Sales Market Insights, which can be found on our [website](#), along the rest of our research. Our June Market Insight provides some interesting trends on the sales market and explains why now – following the general election and Labour gaining power - might be the right time to buy.

Source: R3Location June 24 Market Insights



RPI All Items: % change over 12 months

RPI is a measure of inflation. RPI for the last quarter has continued its downward trend and now stands at its lowest since Q2 2021. Pressures on inflation and cost of living are continuing to ease with levels slowly moving towards a 2% target. This alleviates anxieties on rent increases on renewals.

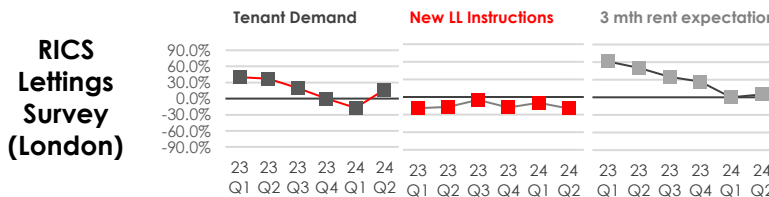
Source: Office of National Statistics – Retail Price Index

	AREAS	AVG. PCM	QTR CHANGE	ANNUAL CHANGE
Rental Tracker	National Avg. (NA)	£1,299	+2.0 %	+5.7 %
	NA exc. London	£1,102	+3.0 %	+7.3 %
	London	£2,103	+0.0 %	+1.3 %

Rental Price Tracker

We observed signs revival in tenant demand since March in our last Newsletter and this positive trend has continued in the second quarter. Higher demand has begun to put some slight pressure on supply driving rents up generally in the quarter nationally, with London slightly stickier than the national average.

Source: HomeLet Rental Index Report Jun 24



3 mths % change responses (down/up/same)

Tenant demand in the last three months has spiked upwards and is aligned with what we are seeing on the ground. More concerning is a flat LL instruction curve which may put pressure on future stock levels. Sentiment is up on 3 months rent expectation. Overall, a more positive quarter on the rental market.

Source: RICS Monthly Market Surveys

FIGURE 2 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 for Prime and Super Prime show a mixed picture with rents picking up in Prime Locations with an increase of 3% in the quarter and easing further in Super Prime areas with a further decline this quarter of 2%. There is stability in the market currently with slightly higher levels of stock for prospective tenants, but three months of strong demand might impact this later in the year.

FIGURE 2 – R3 RENTAL INDEX & YIELD

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

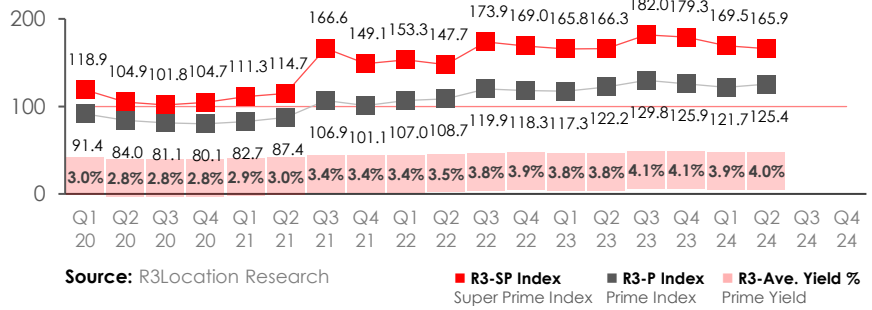
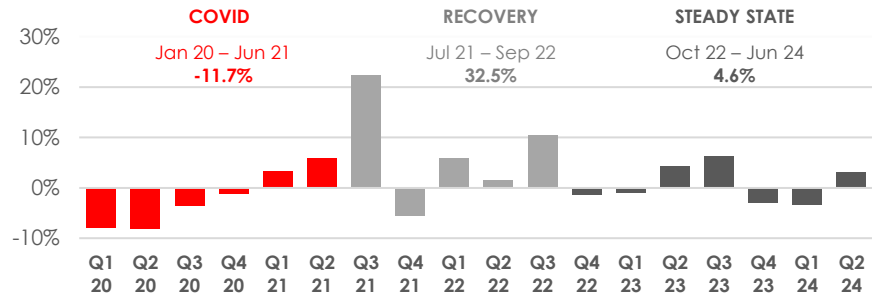


FIGURE 3 Quarterly Prime and Super Prime Rents % change since Q2 2019.

Rent in Prime and Super Prime rental markets in London nudged up by 3.0% in the last quarter, and are currently flat since the start of 2024. Increased activity is beginning to put some upward pressure on rents, with July continuing to show signs that prospective tenants may be on the up again after six months of modest demand. It is too soon to say whether or not this upward trend will continue for the rest of 2024.

FIGURE 3 – QUARTERLY RENTAL % CHANGE

Quarterly Prime and Super Prime Rents % change



Marco Previero

Director and Research Lead at R3

“The election has been and gone. It has had little impact on the level of relocation activities. Positive trends in expatriates returning in slightly higher numbers than the last quarter of 2023 have continued, with cautious optimism that a more stable and moderate Government will give further confidence to international companies in making the UK a country of choice.”

FIGURE 4 – Spotlight on...

Every quarter R3 includes a Spotlight On section. This month, the focus is on **giving you the head's up on some exciting announcements**

R3 is a relocation company like no other. We lead the way in research and we are seen as a leading voice of the industry in the UK, trusted for our knowledge and expertise.

Having established the business some 12 years ago, we continue to challenge ourselves not to stand still.

As such, we will soon be unveiling exciting new developments for R3Location and we can't wait to share these with you!

So watch this space, and look out for further news on this.

FIGURE 4 – SPOTLIGHT ON... WATCH THIS SPACE...

Some exciting developments are looming for R3 – watch this space...



R3 is a relocation company like no other... **Watch this space** as we will shortly be announcing some exciting developments!

Marco & Anna