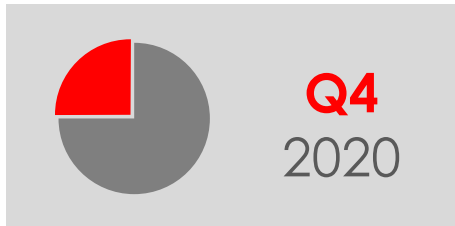


MARKET R3VIEW Q4 2020



Brexit, COVID, vaccines and quarantine hotels

National lockdown: stay at home

A National lockdown is currently in place in England with several restrictions imposed by Government on permissible activities. Prime Minister Boris Johnson recently indicated that it was "too early" to say whether these restrictions will be able to end in the spring.

People are encouraged to stay at home except where necessary such as shopping for essentials. For full guidance refer to **FIGURE 5** overleaf.

Moving still permitted

Unlike the first lockdown in March 2020, moving home is still permitted under the guidance. Viewings are still taking place, with some practical limitations linked to health and safety of all involved. As such, the property market is showing some resilience after a challenging 2020.

The year finished with weaker demand and high levels of supply in the Capital. This has impacted adversely on rents. Listed rents across Prime Central London finished the year down by nearly 20% against early 2020 although R3 believes that actual rent decline in agreed tenancies is closer to 13-15%. R3's own Rental Index is suggesting that rents have bottomed out.

And moves are still taking place

Corporates are still moving people into London and are looking at short-term delays at most as a result of this more recent lockdown. The Government has just announced the introduction of quarantine hotels for UK nationals and residents returning from 30 "red list" countries. It is unclear when this will start but will include mandatory quarantine for 10 days.

The Brexit deal does diminish the level of general uncertainty so prevalent over the last four years. But some details are still to be defined, in particular in the context of the UK's services industry generally and the Financial Sector more specifically.

Prime and super prime locations in London tend to do better when the Financial Sector is thriving, and of late, some trading activity has already been lost to the EU with several banks moving both assets and human capital to other European locations. The next few months, and some agreement on a 'memorandum of understanding' setting the rules of engagement in this area, will determine the extent of the impact.

Looking ahead – vaccines

We suggested in our last update that the time of year wasn't going to help kick-start the recovery and we will likely have to wait until early 2021 to try and predict with any degree of accuracy what the long-term future will bring. This still holds true.

However, this quarter has also brought about approval of several vaccines – that are being implemented at pace. Reduction in the R rate of the current lockdown and the speed at which vaccinations will proceed will largely determine how quickly some of the trends will start to reverse.

Despite all the challenges we have been facing, the level of tenancies being agreed remains healthy – fed by expatriates moving again, locals looking to secure properties with more space or just outside of London, and current tenants looking to secure better deals so as to crystallise the down-shift in rent the market has experienced in the last twelve months.

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

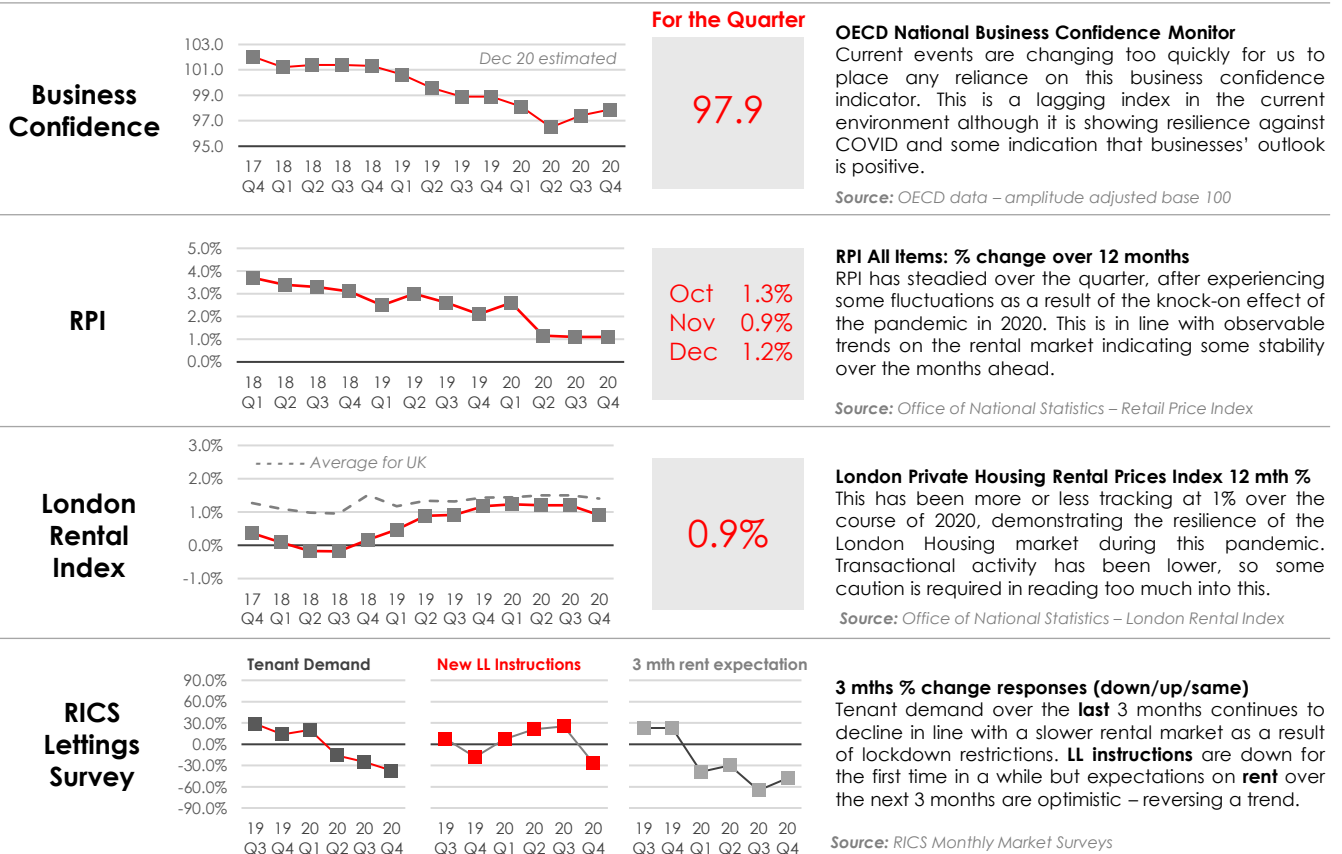
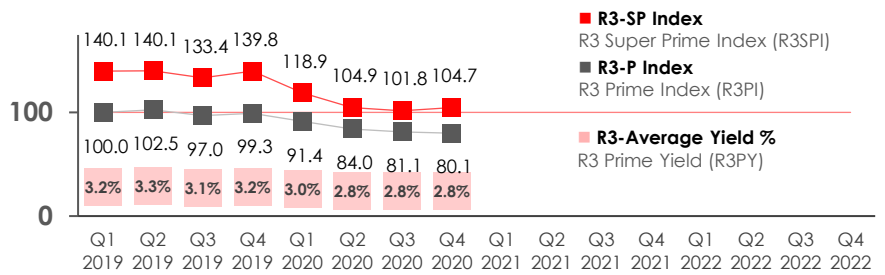


FIGURE 3 Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019.

Values have bottomed out in London for Prime and Super Prime markets and may remain depressed at this level for much of the next three quarters. Brexit and COVID-developments will play a part on whether rents will start to rise again towards the latter parts of 2021.

FIGURE 3 – R3 RENTAL INDEX & YIELD

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



Source: R3Location Research



Marco Previero

Director and Research Lead at R3

“Whilst an agreement has been reached between the UK and the EU, it is likely we will have to wait a while before we understand the impact on demand in London. For now, the market will be dependent on the speed at which COVID-restrictions will be lifted in the coming months as a result of ongoing vaccination efforts”.

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.

Our AR3A INSIGHTS research focuses on the most popular residential areas for international assignees showing weekly rental prices for 1 through to 4 bedrooms across some 40 post codes in London.

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

AR3A INSIGHTS



Anna Barker

Director and Operations Lead at R3



“Our Research capabilities feed directly into operations. It enables us to provide "real time" market advice for employees relocating into London.”

FIGURE 5 – Spotlight on... COVID-related restrictions

Every quarter R3 includes a Spotlight On section. This month, the focus is on **COVID-related restrictions**.

The UK is currently under National lockdown. Restrictions are in place for in-bound travel and there are guidelines in place in terms of what is permissible to do while here. Quarantine Hotels will shortly be introduced for “red list” countries (full list not yet available at the time of writing).

We have highlighted the three main areas affecting expatriates moving into London in **FIGURE 5**. Subject to certain safety protocols, both R3 and the housing market is **open for business**. Moves and house viewings can still take place under Government guidelines.

FIGURE 5 – SPOTLIGHT ON... COVID-related restrictions

The UK is currently under National lockdown. Find out what you can and cannot do

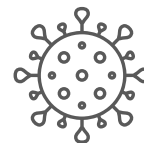


Arriving to the UK

[CLICK FOR GUIDANCE](#)

When you arrive in the UK, you must self-isolate for 10 days and bring:

- passenger locator form
- proof of negative coronavirus test
- Quarantine hotels to be introduced



COVID Restrictions

[CLICK FOR GUIDANCE](#)

A national lockdown is in place. You must not leave, or be outside of your home except where necessary, for example:

- shop for basic necessities
- exercise with your household



Viewings & Renting

[CLICK FOR GUIDANCE](#)

The housing market remains **open**. People looking to move home will be able to continue with planned moves.

Estate and lettings agents and removers, will be able to continue working with safety protocols in place.