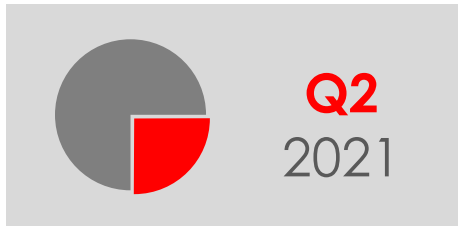


MARKET R3VIEW Q2 2021



Is the end in sight?

COVID: Proceeding with caution

Almost all legal restrictions on social contact were removed in England on 19 July and some 70% of all adults in England have been fully vaccinated.

Nevertheless, there are still over 50,000 daily cases of infection and hospital admissions are still on the rise.

This is not where England had hoped it would be on 19 July – and caution prevails throughout the economy.

High levels of demand

Despite the lingering uncertainty that has defined much of the pandemic, strength of demand continues to be prevalent in London, and in particular in popular prime residential areas. June has seen significant increases in both levels of new prospective tenants and number of viewings in the Capital.

UK lockdown restrictions have now, for all practical purposes relating to the real estate industry, been fully relaxed but R3 believes we are still experiencing pent up levels of demand built during successive lockdowns.

Pressure on rent

Rising demand in prime residential London, and a normalisation of supply, has driven rental values

upwards by some 5% against the previous quarter, and 4% against the same quarter last year with an expectation that this trend will continue as international travel restrictions relax even further.

Corporate Relocations enquiries are on the up for moves in the Capital and it's very possible that a return to office life may drive further demand for properties in London.

Broader trends

More broadly, however, the UK and the London economy continue to face a number of challenges despite promising signs of growth present in the global economy. These include lower tourist numbers than pre-pandemic levels and prevalent Brexit uncertainties.

Despite the recent ease of almost all restrictions, R3 remains cautious in its outlook for the forthcoming quarter.

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

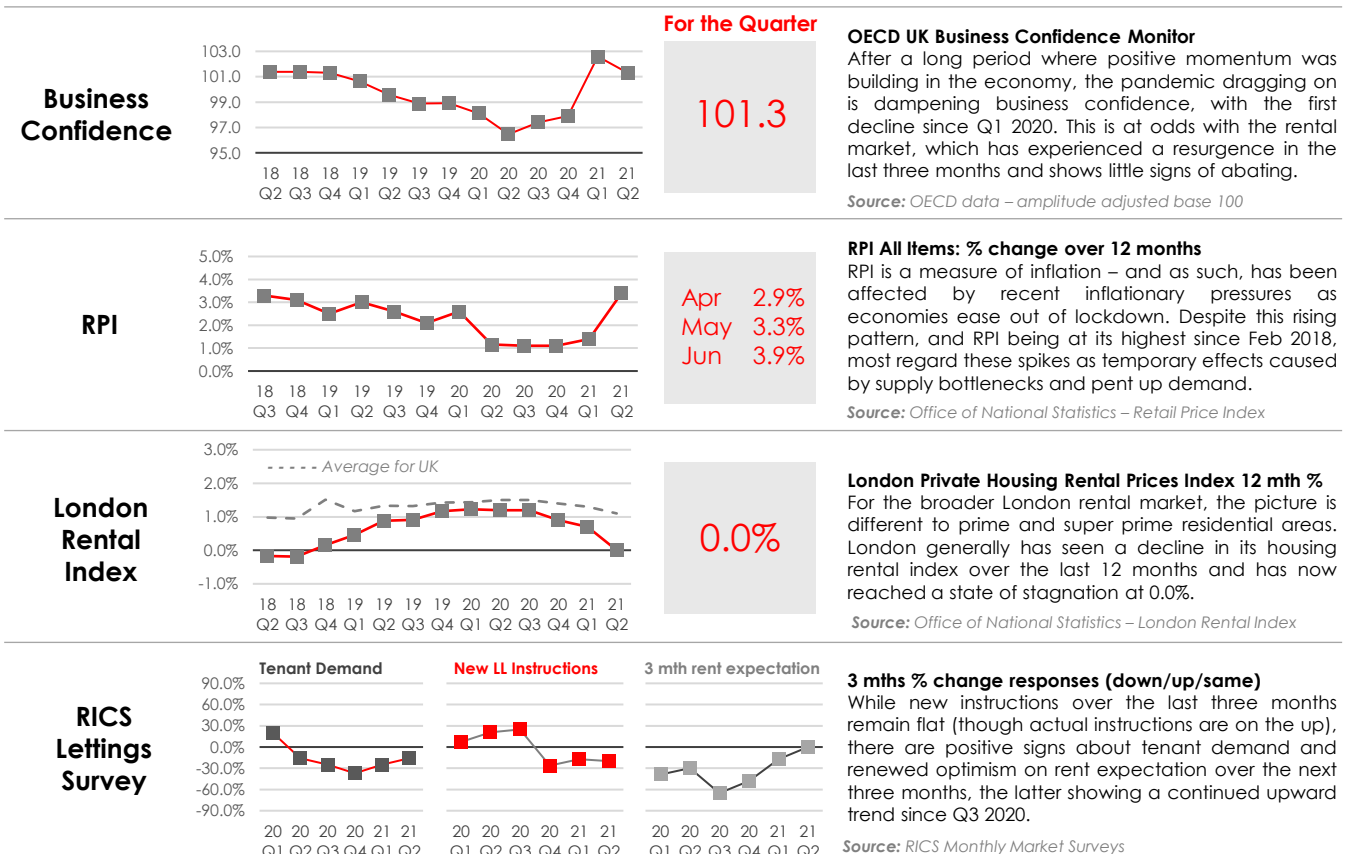
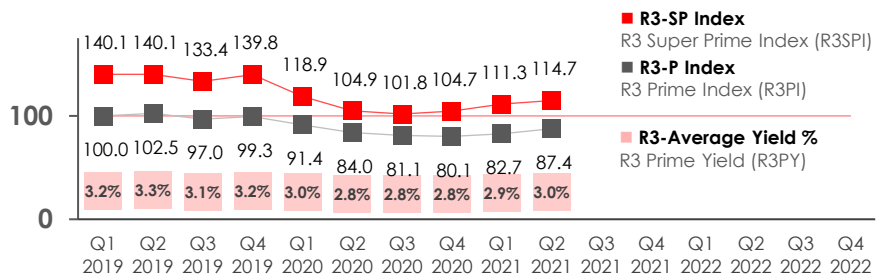


FIGURE 3 Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019.

Rising demand and a squeeze on good quality stock has reaffirmed the upward pressure on rent which started in Q1 2021. Depending on how the pandemic progresses, and how quickly international markets can fully reopen, the expectation is that rent levels will continue to strengthen in London over the course 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

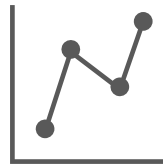
“The prime residential lettings market in London continues to show signs of recovery with numbers of enquiries and tenancies agreed at their highest for some time, and even as we continue to face restrictions on international travel. The pandemic, however, isn’t over. Caution remains the operative word in the current environment”

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 **added** to its AR3A Insights research to include, in addition to London and the lower Thames Valley region, Birmingham and its commuter belts.

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... UK Traffic light system

Every quarter R3 includes a Spotlight On section. This month, the focus is on **the governments traffic light system for international arrivals**.

The Government has provided guidance on what you must do when you arrive in England from abroad. The rules will depend on where you have been in the 10 days before you arrive.

Countries have been classified as **green, amber** or **red** depending on their own COVID status and the rules on the right tells you what you must do if you have been in those countries or territories and you arrive in the UK.

For a full country list – visit the official Government [website](#).

FIGURE 5 – SPOTLIGHT ON... UK Traffic light system

UK Traffic light system for arrivals from countries that are green, amber or red listed

	GREEN	AMBER	RED
Passenger Locator Form	✓	✓	✓
Pre-departure Test at destination	✓	✓	✓
Hotel quarantine	✗	✗	10 days
Self-isolation	✗	Not if vaccinated; 10 days if not vaccinated	N/A
Test to Release	N/A	On day 5 if not vaccinated	Business
PCR Test	On or before day 2 after return to UK	On or before day 2 after return to UK	On or before day 2 after return to UK
Further PCR Test	✗	Day 8 if not vaccinated	Day 8