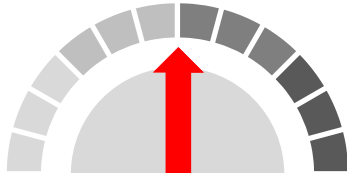


ANNUAL R3VIEW 2022 v 2023



A tough year for tenants

Market leader

This year, R3 has extended its research in the context of its Annual Review to include a detailed analysis of the market in London. R3 continues to invest in this area and to share its research with the broader industry to complement its exceptional capabilities to deliver best-in-class relocation services.

High demand, low supply

The last 12 months have been challenging for tenants – with stock levels depleted by sustained high demand over two years. We are slowly seeing demand levelling out to more habitual numbers and this, in turn, should start to ease the pressure on rents over the next year.

R3's research for residential neighbourhoods favoured by expats shows the extent of this increase. Overall, data-led analysis reveals an annual increase for typical expat areas standing at 10.6% (FIGURE 1) across London.

FIGURE 1 – ANNUAL INCREASE

Across all typical expat areas

10.6%

The picture differs for each area under review.

Overview of the London market

This average increase has not been uniform across London, with West and South West London experiencing the highest levels of increase for the year to September 2023 (FIGURE 1 below).

And whilst the overall average weekly London rent stands at £860 (FIGURE 4 overleaf), it can vary significantly across postcodes and is highest in prime and super prime areas of London, such as Notting Hill, Kensington, South Kensington and Mayfair, in particular (FIGURE 3 overleaf).

Within each postcode, R3's analysis goes even further, showing the overall rate of increase can often be very different when looking at different sizes of property from one

FIGURE 2 – OVERVIEW OF THE LONDON MARKET

Overview of rental increases / (decreases) 2022 v 2023 in the main residential neighbourhoods of London

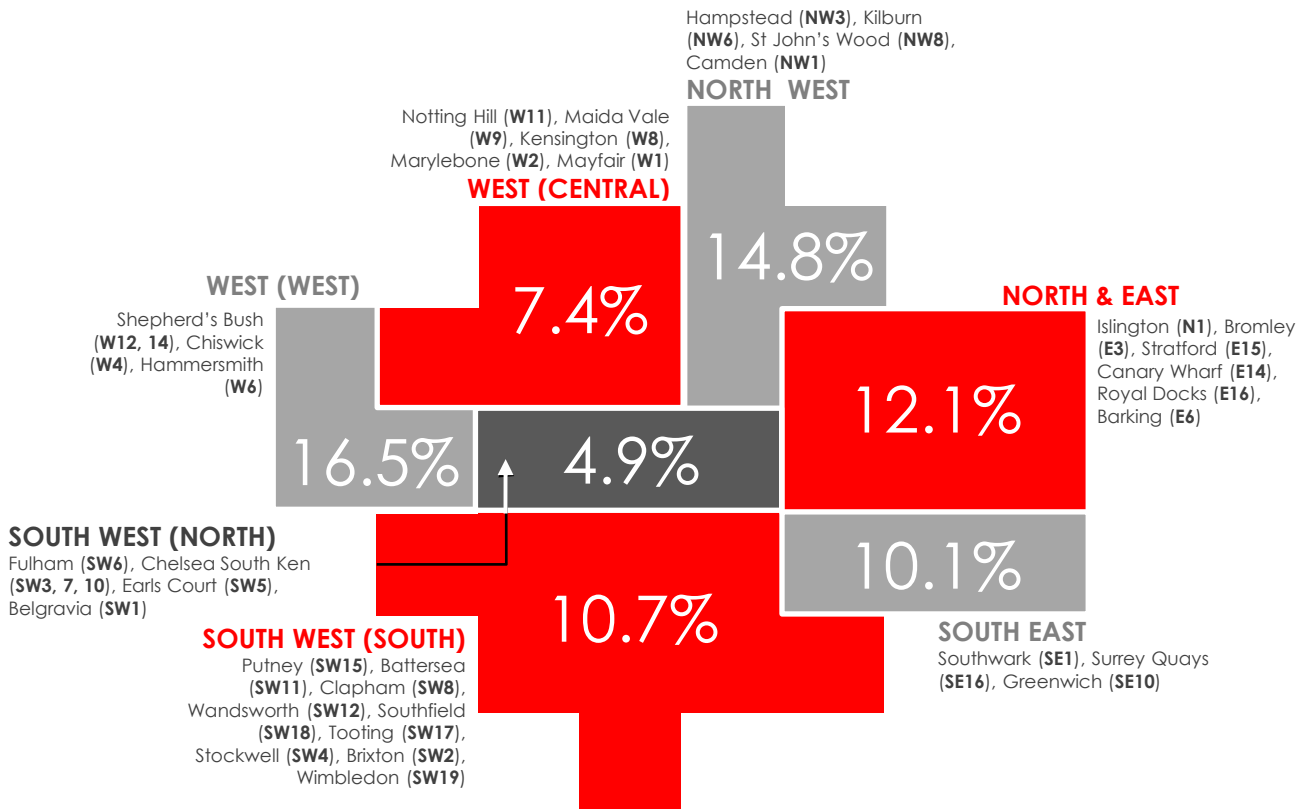


FIGURE 3 – OVERVIEW OF AVERAGE WEEKLY RENTS SEP 23 v SEP 22

Overview of average **WEEKLY** rental for the main residential neighbourhoods of London across 1 through to 4 bedrooms

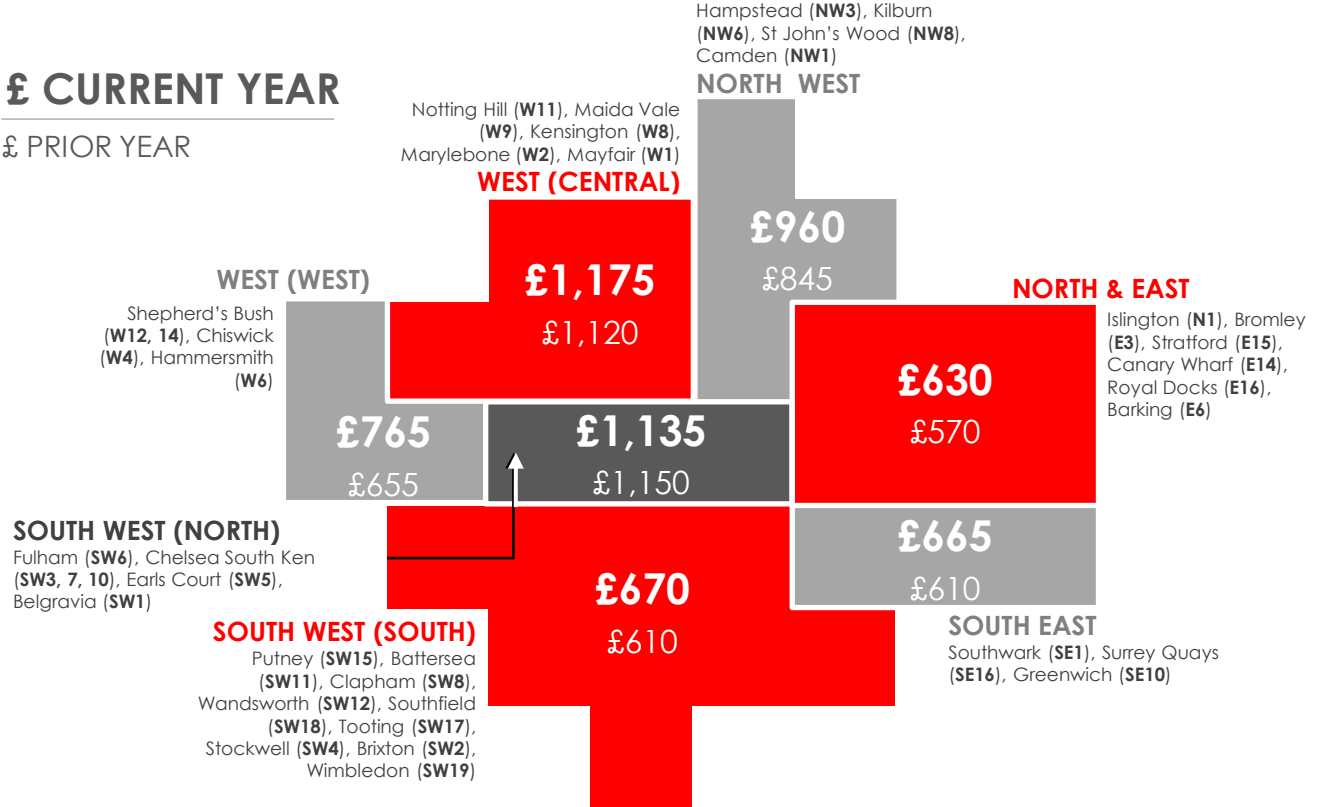


FIGURE 4 – WEEKLY RENT

Average London weekly rent

£860

beds all the way to four beds (FIGURE 5 overleaf).

Still a landlord's market

A landlord's market is characterised by low stock and high rents, as a result of periods of sustained levels of high demand and limited availability of properties on the market.

Despite some local differences, and one or two exceptions, rents across postcodes and sizes have increased across the board. However, we expect the market to

stabilise over the next 12 months and local rental markets, within each postcode, to slowly shift towards a more balanced position for landlords and tenants.

Area by area guide

This year, R3 has added to its annual report by providing in depth analysis of each residential area in London showing average rent by property size as at Sept 2023, comparative data for Sep 2022, and change over the period.

Additionally, R3 has provided insight into whether the market in each specific postcode favours landlords or tenants, along with our perspective on the current market dynamics in each area.

Appendices

The last three pages include R3 research in full, showing the heat map across 37 different London

postcodes, and finally the weekly rents for each postcode both in 2022 and 2023.

R3 leads the way

R3Location leads the way in data-led market research and intelligence in the context of the relocation industry. No other relocation management company or destination service provider can match R3 currently in this area. We publish monthly and quarterly insights in the UK and often considered as thought leader in this area to complement and support the service excellence we are able to deliver on the ground.

Please **get in touch** to find out how we can help you and your employee by leveraging on our knowledge over and above what the market has to offer and deliver exceptional services for your assignees relocating to the UK.

FIGURE 4 – RENTAL CHANGES 2022 v 2023

Overview of rental increases / (decreases) by area and size of accommodation, showing weekly average rent

Area	Average weekly rent 2022	Average weekly rent 2023	Beds	% change 2022 v 2023 (RED=increase, GREY=DECREASE)
SOUTH WEST (North)	535	615	1 b	15.0%
	805	910	2 b	13.0%
	1,225	1,285	3 b	4.9%
	2,025	1,725	4 b	(14.8%)
WEST (West)	410	470	1 b	14.6%
	565	650	2 b	15.0%
	725	855	3 b	17.9%
	920	1,090	4 b	18.5%
WEST (Central)	560	650	1 b	16.1%
	810	870	2 b	7.4%
	1,260	1,340	3 b	6.3%
	1,840	1,835	4 b	(0.3%)
NORTH WEST	450	530	1 b	17.8%
	655	740	2 b	13.0%
	945	1,050	3 b	11.1%
	1,320	1,525	4 b	15.5%
SOUTH WEST (South)	395	450	1 b	13.9%
	515	585	2 b	13.6%
	650	755	3 b	16.2%
	875	880	4 b	0.6%
SOUTH EAST	420	475	1 b	13.1%
	535	600	2 b	12.1%
	680	755	3 b	11.0%
	800	830	4 b	3.8%
NORTH & EAST	380	430	1 b	13.2%
	480	540	2 b	12.5%
	595	695	3 b	16.8%
	825	860	4 b	4.2%

SOUTH WEST (NORTH)

Fulham (SW6), Chelsea South Ken (SW3, 7, 10), Earls Court (SW5), Belgravia (SW1)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	535	805	1,225	2,025
2023	615	910	1,285	1,725
% change	15.0%	13.0%	4.9%	(14.8%)

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
SW1	Belgravia	BALANCED
SW3	Chelsea	BALANCED
SW5	Earl's Court	LANDLORD
SW6	Fulham	LANDLORD
SW7	South Kensington	BALANCED
SW10	West Chelsea	LANDLORD

Background

South West London (North) remains a popular destination for international expats, with areas still considered prime and super prime such as Chelsea, Belgravia, and South Kensington. The latter remains popular with French families looking to place their children at the Lycée Charles De Gaulle.

Rent levels

Whilst experiencing a lower level of rental increases than the average across London, 1 and 2 beds in particular have seen rents go up well into double digit, against a significant downward adjustment of the market for 4 beds and upward – a normalisation of rents following a post-COVID spike.

With a 4.9% increase in rents across all SW(N), the last 12 months have been challenging for tenants – with stock levels depleted by sustained high demand over two years. We are slowly seeing demand levelling out to more habitual numbers and this, in turn, should start to ease the pressure on rents over the next year.

The rental market

Pressure on tenants has eased over the last 12 months (when all postcodes were in the grips of a landlord's market) to a more balanced market overall, but still marginally biased towards landlords having more leverage – an indication that the balance between supply and demand is stabilising.

SOUTH WEST (SOUTH)

Putney (SW15), Battersea (SW11), Clapham (SW8), Wandsworth (SW12), Southfield (SW18), Tooting (SW17), Stockwell (SW4), Brixton (SW2), Wimbledon (SW19)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	395	515	650	875
2023	450	585	755	880
% change	13.9%	13.6%	16.2%	0.6%

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
SW2	Brixton	LANDLORD
SW4	Stockwell	LANDLORD
SW8	Clapham	LANDLORD
SW11	Battersea	LANDLORD
SW12	Wandsworth	LANDLORD
SW15	Putney	LANDLORD
SW17	Tooting	LANDLORD
SW18	Southfield	LANDLORD
SW19	Wimbledon	LANDLORD

Background

South West London (South) can often be a good alternative to SW (N) for families on lower budgets, with average rents being half against its north SW cousin.

Rent levels

At 10.7% overall rental increase, it has tracked against the average for London, with Battersea and Wandsworth areas experiencing

significantly higher growth than average due to their popularity and possibly new developments coming to completion (such as Battersea Power Station and Nine Elms, coming at a premium).

The rental market

This market remains, overall, a landlord's market, although the trend is shifting down towards a more balanced market in each borough as pressures begin to ease generally in London.

WEST (WEST)

Shepherd's Bush (W12, 14), Chiswick (W4), Hammersmith (W6)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	410	565	725	920
2023	470	650	855	1,090
% change	14.6%	15.0%	17.9%	18.5%

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
W4	Chiswick	LANDLORD
W6	Hammersmith	TENANT
W12	Shepherd's Bush	LANDLORD
W14	West Kensington	LANDLORD

Background

West (West) remains dominated by Chiswick as the more popular borough in this area of London, providing good access to central London with a very suburban, leafy, family feel to the neighbourhood.

Rent levels

Whilst average rents across postcodes and property sizes increased by 16.5% for the year to September, a significant growth driver has been completion of Fulham Reach, a new development in Hammersmith, with rent on like-for-like bedroom sizes at approximately 20% premium against the rest of the market.

WEST (CENTRAL)

Notting Hill (W11), Maida Vale (W9),
 Kensington (W8), Marylebone (W2), Mayfair
 (W1)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	560	810	1,260	1,840
2023	650	870	1,340	1,835
% change	16.1%	7.4%	6.3%	(0.3%)

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
W1	Mayfair	BALANCED
W2	Marylebone	LANDLORD
W8	Kensington	BALANCED
W9	Maida Vale	LANDLORD
W11	Notting Hill	LANDLORD

Background

West Central includes prime and super prime areas of London such as Mayfair, Kensington and Notting Hill, and, to a certain extent, Marylebone too (which extends to the west into Paddington and the Paddington Basin in and around Merchant Square). As an area, West Central now includes some of the neighbourhoods with the highest average rent in London.

Rent levels

Rents increased, on average, by 7.4% for the year to September 2023, slightly less than the average for London and predominantly pushed upwards by a surge in rental levels in Kensington, a very popular postcode – benefiting from good quality housing, a very central aspect and Georgian style architecture.

Paddington / Marylebone still represent good value within this W(C) area of London, with rent experiencing downward pressure especially for 2 beds upwards – going against the trend compared to the other four postcodes.

The rental market

In line with other neighbourhoods, pressure on rent overall eased with lower demand and an increasing level of stock and Mayfair and Kensington shifted in the period from being a strong landlord market to a more balanced market, and not far from favouring tenants. Marylebone is on the verge of becoming a balanced market and we expect the trend to continue over the remainder of the year.

levels of stock.

The rental market

Key criteria in this area have now shifted entirely within that typically found in a balanced market, and the expectation is that this will continue over the coming quarter as demand eases and levels of stock keep on replenishing at a slightly faster rate as a result, in particular, to Hampstead's and St John's Wood's markets.

NORTH WEST

Hampstead (NW3), Kilburn (NW6), St John's
 Wood (NW8), Camden (NW1)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	450	655	945	1,320
2023	530	740	1,050	1,525
% change	17.8%	13.0%	11.1%	15.5%

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
NW1	Camden	BALANCED
NW3	Hampstead	BALANCED
NW6	Kilburn	LANDLORD
NW8	St John's Wood	BALANCED

Background

North West ranges from Hampstead (home of Hampstead Heath, North London's iconic green space) to the more central St John's Wood, popular for families with children at the ASL (American School in London). It offers a more affordable choice, for families in particular, with some marginal trade off on proximity to central London.

Rent levels

After West London, this area recorded the highest average rental increases at 14.8% with Hampstead and Kilburn driving the average upwards in particular across 3 bedrooms and upwards due in the main as a result of low

NORTH & EAST

Islington (N1), Bromley (E3), Stratford (E15),
 Canary Wharf (E14), Royal Docks (E16),
 Barking (E6)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	380	480	595	825
2023	430	540	695	860
% change	13.2%	12.5%	16.8%	4.2%

Market Type by Postcode Sep 23

PC	Neighbourhood	Market Type
N1	Islington	LANDLORD
E3	Bromley	LANDLORD
E6	Barking	LANDLORD
E14	Canary Wharf	LANDLORD
E15	Stratford	LANDLORD
E16	Royal Dock	LANDLORD

Background

North & East areas of London still represent best value in terms of average rent across postcodes and property sizes with the lowest average at £630 a week. It is a market which caters for young professionals, with a good level of stock for 1 and 2 bedroom flats, in particular in Canary Wharf and Stratford, with Islington, and its proximity to the City and schools, making it popular with young families and young professionals.

Rent levels

This areas recorded a slightly higher

increase than the rest of London at 12.1%, with Stratford and Bromley, to a certain extent, driving much of this upward trend.

The rental market

While availability for 1 through to 3 beds is improving, all postcodes show signs of being markets favouring landlords, with availability of good stock in popular spots still an issues. As with the rest of London, this is slowly shifting towards a more balanced market, with Canary Wharf and Islington leading the way.

areas of Southwark and Surrey Quays driving the charge.

The rental market

These three postcodes remain landlord dominant with similar trends towards a more balanced market as pressures due to low stock levels (and high demand) begin to ease, especially for 2 and 3 bedroom properties.



SOUTH EAST

Southwark (SE1), Surrey Quays (SE16), Greenwich (SE10)

Average weekly rent 2023 v 2022

YEAR	1-bed	2-bed	3-bed	4-bed
2022	420	535	680	800
2023	475	600	755	830

% change 13.1% 12.1% 11.0% 3.8%

Market Type by Postcode Sep 23

PC	Neighbourhood	Type 23
SE1	Southwark	LANDLORD
SE16	Surrey Quays	LANDLORD
SE10	Greenwich	LANDLORD

Background

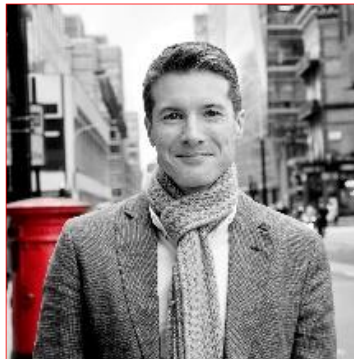
Across the river, broadly south and south west of Canary Wharf, lie the increasingly popular areas of Southwark, Surrey Quays and Greenwich. They offer good value, and a more residential alternative to the high-rise nature of the housing market in Canary Wharf and Stratford.

Rent levels

The second most affordable neighbourhood in London (at £655 average weekly rent) still experienced rental increases in line with the London average at just over 10%, with the more central

About R3LOCATION

R3Location offers an exceptional range of relocation services to companies moving assignees to the UK. It is seen by many as market leader in the context of the relocation industry in the UK for its research capabilities.



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