

Results for Q4 2016

Prime rents across the Home Counties fell by 0.8% in 2016

Rents fell by 1.6% between October and December

There was a 39% year-on-year increase in new instructions in the fourth quarter

Viewings rose by 17% in Q4 2016 compared with the same period of 2015, while the number of new prospective tenants increased by 28% over the same time

DEMAND JUMPS BUT PRIME HOME COUNTIES RENTS SEE SLIGHT FALL IN 2016

Higher stock levels have contributed to a fall in prime rental values across the Home Counties in 2016, but activity across the market remains buoyant, especially for sub-£4,000 per month properties

Prime rents across the Home Counties fell by 0.8% in 2016 following a 1.6% decline in the final quarter of the year, the latest Knight Frank rental index showed.

The marginal decline over the course of the year came as stock levels at the top end of the market continued to edge upwards, a trend which has been fuelled by greater uncertainty in the sales market following a series of tax changes.

Accordingly, Knight Frank was instructed to let 39% more properties in Q4 2016 compared with the previous year, and the number of market appraisals – a good indicator of future stock levels – was up by 45% over the same period.

As a result it remains a tenants' market, particularly in higher price brackets, with landlords having to be flexible with regards to asking rents in order to remain competitive and keep void periods to a minimum.

Meanwhile, activity levels picked up towards the end of the year. The number of tenancies agreed between October and

December was 12% higher than the same period of 2015, and 16% higher than during the previous quarter.

The number of viewings rose 17% over the same time compared with 2015, while the volume of new prospective tenants increased by 28%.

Agents note that much of this demand was focused on the sub-£4,000 per month price bracket with such properties often letting faster than those in higher price brackets.

This section of the market was also boosted by an increase in corporate enquiries from company executives moving to the Home Counties for work over the course of the quarter.

Accordingly, some 77% of corporate enquiries in December, for example, had budgets of between £1,000 and £4,000 per month.

Agents note that there has also been a pick-up in interest for lets of £10,000 and above, more details of which can be found in the [Super-Prime Home Counties Lettings report](#).



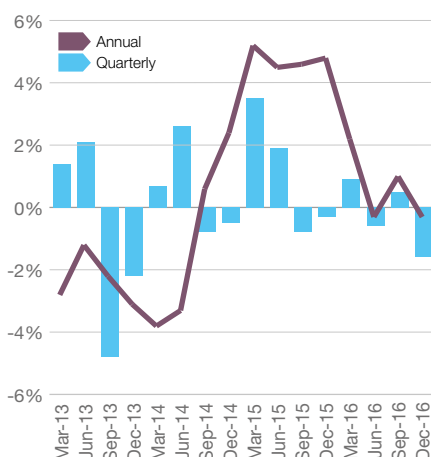
OLIVER KNIGHT
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"Demand for prime rental property across the Home Counties remains robust, but higher stock levels across the market have put pressure on values."

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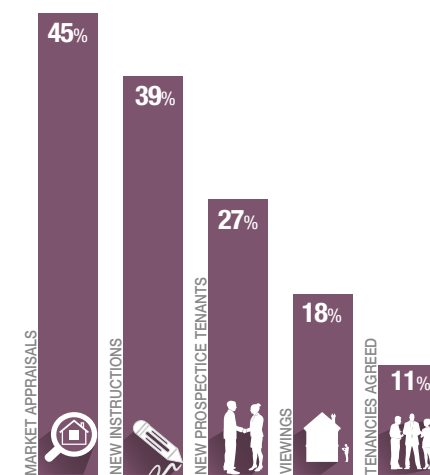
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FIGURE 1
Prime Home Counties rental growth
Annual and quarterly % change



Source: Knight Frank Research

FIGURE 2
Prime rental supply and demand
Home Counties, Q4 2016 v Q4 2015



Source: Knight Frank Research

Knight Frank Home Counties Prime Lettings Index results

	Annual % change	Six monthly % change	Quarterly % change
Q1 2013	-3.3%	0.1%	1.4%
Q2 2013	-1.7%	3.5%	2.1%
Q3 2013	-2.7%	-2.8%	-4.8%
Q4 2013	-0.4%	-6.9%	-2.2%
Q1 2014	-4.3%	-1.6%	0.7%
Q2 2014	-3.8%	3.3%	2.6%
Q3 2014	0.1%	1.7%	-0.8%
Q4 2014	1.9%	-1.3%	-0.5%
Q1 2015	4.7%	2.9%	3.5%
Q2 2015	4.0%	5.4%	1.9%
Q3 2015	4.1%	1.1%	-0.8%
Q4 2015	4.3%	-1.1%	-0.3%
Q1 2016	1.7%	0.6%	0.9%
Q2 2016	-0.8%	0.3%	-0.6%
Q3 2016	0.5%	0.0%	0.5%
Q4 2016	-0.8%	-1.1%	-1.6%

Source: Knight Frank Research



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