

PRO SPE CT

Lettings Market Report

February 2024

February's market performance continued to exhibit a robust level of newly listed properties. Furthermore, Prospect Estate Agency recorded an unprecedented number of tenant registrations in February compared to previous February's, resulting in consistently healthy rental yields.

Some notable highlights from February include:

- A significant 10% surge in tenant demand compared to February 2023.
- A 4.3% month-on-month decrease in new instructions across the entire market (January vs. February 2024).
- Rental prices saw a 1.55% month-on-month increase (January vs. February 2024), with the average now standing at £1570 per calendar month.

The data paints a vivid picture of a vibrant and highly competitive landscape. As we progress into the remainder of Q1 2024, it is crucial that we meticulously monitor these trends and advise our landlords accordingly to seize any arising opportunities.



Michael Gallagher MARLA

Head of Residential Lettings

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Landlord

These Agents are real professionals and at the same time human beings. I bought a property through Prospect in 2016 and was so happy with the service I stayed with them when I eventually moved on to letting the property. There are many other estate agents in the Camberley area but five years later I wouldn't change my allegiance. These guys really work hard, earn their fee and are also willing to think outside of the box and go above and beyond the call of duty to make sure the service is individually tailored to needs. We have built good quality relationships of trust professionalism and flexibility over the years, which I value.

Google (5 star)

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KEY MARKET STATS

Supply & Demand Year on Year

	Supply New Instructions YoY	Demand New Tenant Registrations YoY
2020	7.50% ↓	27.90% ↑
2021	3.20% ↓	15.20% ↑
2022	3.50% ↑	17.00% ↑
2023	4.00% ↓	5.60% ↓
YOY 2024	17.98% ↑	14.68% ↑

New Applicant Registrations Per Instruction



January 2024 14
February 2024 13

↓
DOWN 7.15%

Average Rent Achieved



January 2024 £1,546
February 2024 £1,570

↑
UP 1.55%

Average Tenant Budget % Spent



January 2024 100%
February 2024 100%

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THE HIGHLIGHTS

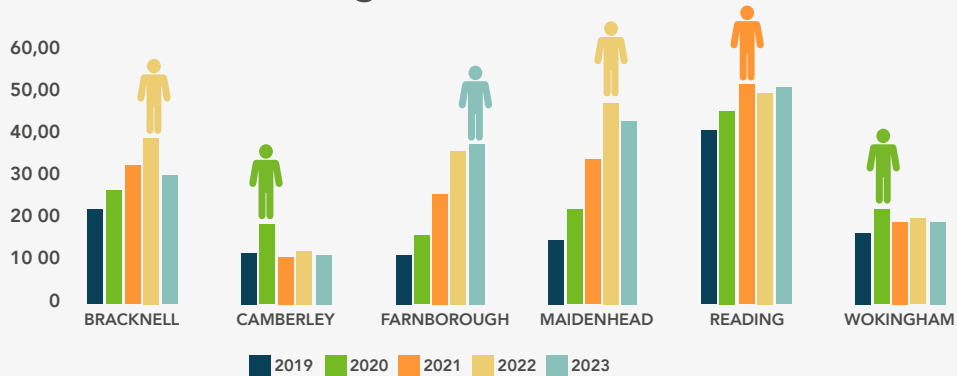
10% increase in tenant registrations

Our analysis of tenant data reveals a promising trend. A notable surge in tenant registrations, marked by a remarkable 10% increase compared to the previous year, is unmistakably evident. This surge mirrors the resilience observed in the post-pandemic era, signalling a robust and thriving market.

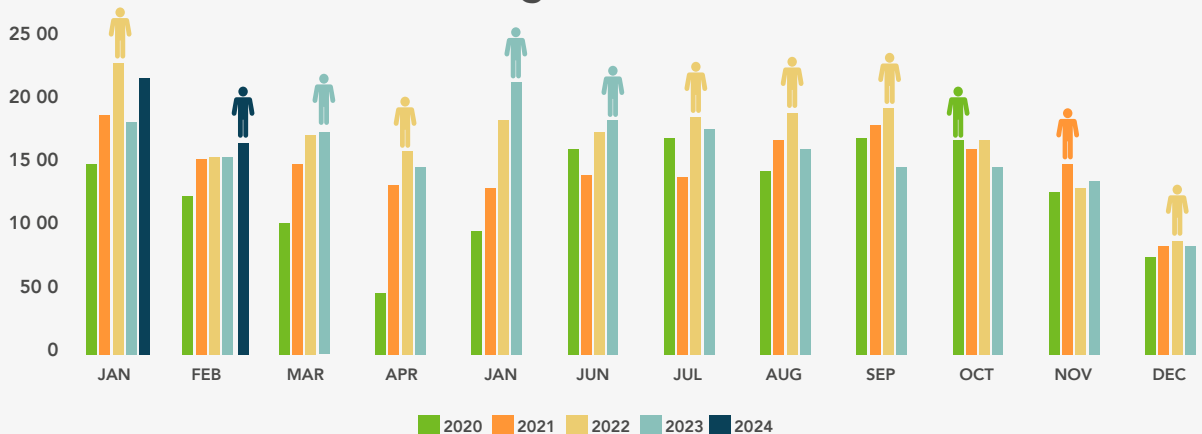
Beyond being a testament to the private rental sector's resilience, this level of demand also reflects a renewed sense of optimism and confidence among potential tenants. It underscores their willingness to actively participate in the rental market, highlighting a profound belief in its stability.

The continued uptick in tenant registrations not only paints a picture of a flourishing market but also suggests that, despite recent challenges like inflation, the rental sector presents lucrative opportunities for landlords. This surge in demand may, in fact, be indicative of shifting preferences and priorities among renters. Influenced by evolving work-from-home trends or a desire for more flexible living arrangements, tenants are actively seeking properties that align with their changing needs and lifestyles.

Tenants Registered Per Area



Tenants Registered Over Time



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SUPPLY & DEMAND

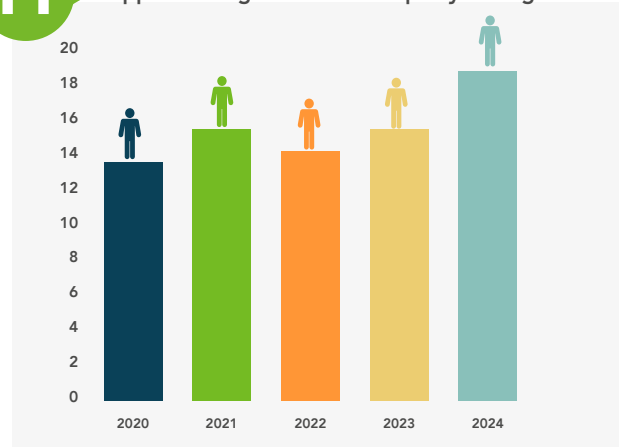
THE HIGHLIGHTS

18 tenants registered per property let agreed

In stark contrast to previous years, where the typical number of tenants registered per property let agreed averaged at 15, our latest analysis reveals a remarkable surge. Currently, we are witnessing an impressive ratio of 18 tenants registered per property let agreed. This shift not only underscores the evolving preferences of tenants but also emphasises the urgent need for landlords to adapt their strategies to meet this heightened demand.



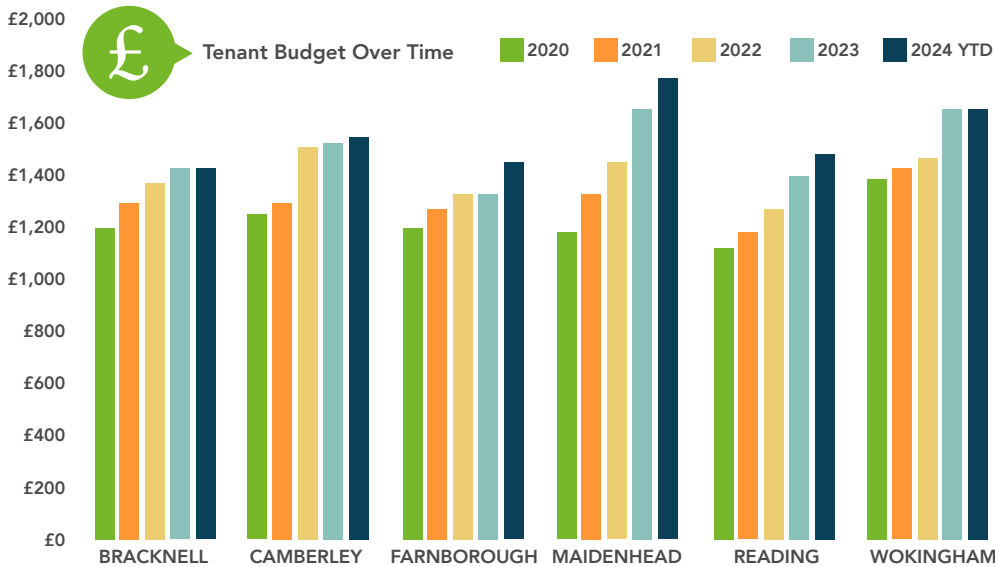
Applicant Registered Per Property Let Agreed



TENANT BUDGETS

THE HIGHLIGHTS

Increase of 10% in tenant budgets



A thorough examination of tenant budgets reveals a dynamic landscape within the rental market. Upon delving into the data, a compelling trend emerges: a consistent and significant increase in tenants' average budgets year-on-year. This financial upswing is far from a mere statistical anomaly; rather, it serves as a compelling indicator of shifting dynamics and evolving circumstances within the rental sector. For landlords, this trend presents an excellent opportunity to capitalise on rental increases.

By aligning their offerings with the evolving needs and preferences of tenants, they can position themselves at the forefront of this burgeoning market, unlocking potential for growth and profitability. Whether through strategic pricing tactics, value-added amenities, or personalised tenancy terms, landlords can leverage this upward trend to attract tenants and secure higher rental yields.



Supply & Demand

Average budget per property type	£&p per month YTD	YOY %	January 2023 to January 2024
1 bed	£1,190	2.70% ↑	£1,158
2bed	£1,542	5.80% ↑	£1,457
3 bed	£1,917	3.60% ↓	£1,988
4 bed +	£2,610	13% ↑	£2,308

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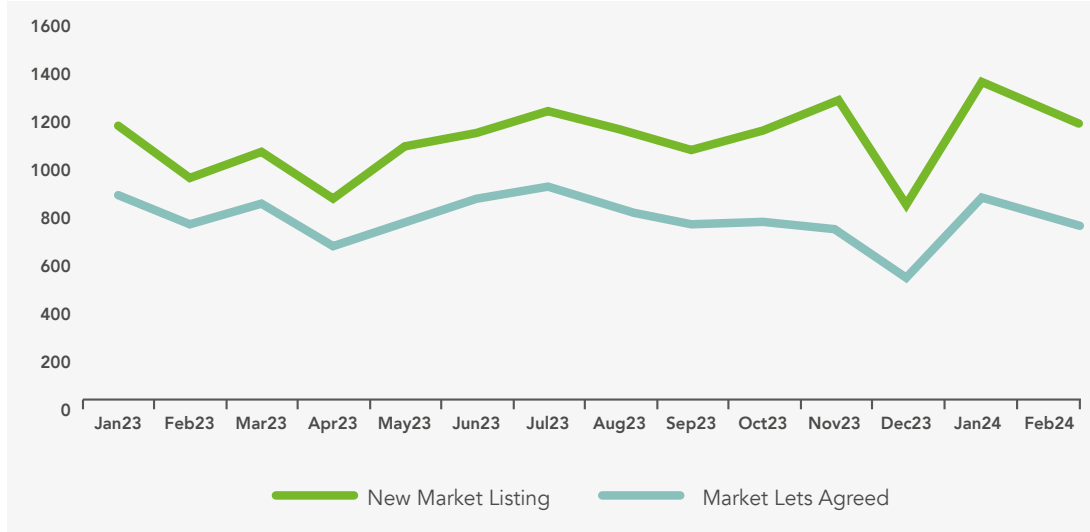
NEW LISTINGS VS LETS AGREED



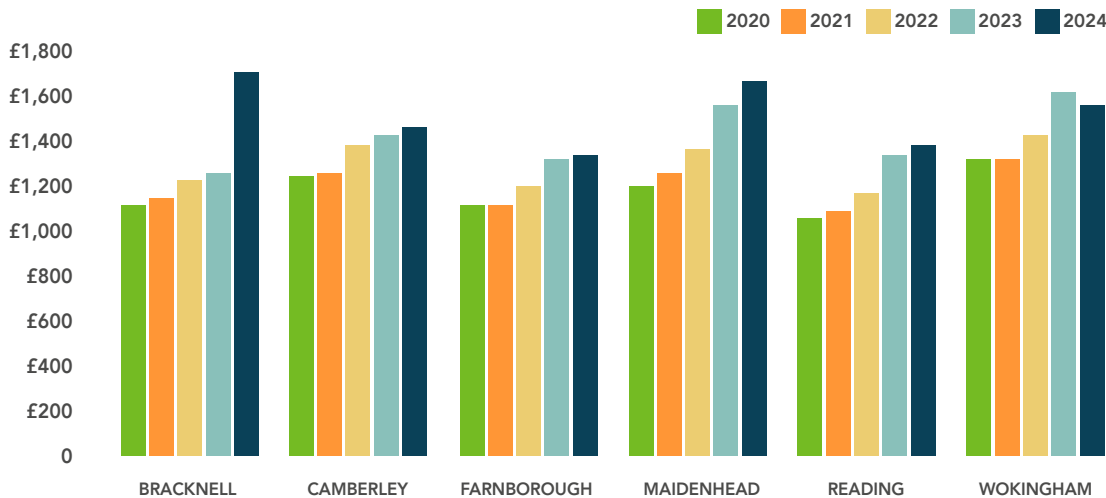
THE HIGHLIGHTS

4.3% Decrease in New Listings

The interplay between new listings and lets agreed stands as a vital indicator of market dynamics. Our analysis reveals a notable 4.3% month-on-month decrease in new listings. This trend aligns seamlessly with the rhythm of lets agreed, signalling the delicate balance between supply and demand. Understanding this equilibrium is crucial for landlords seeking to maximise rental yields and maintain competitiveness in the rental market.



RENTS ACHIEVED OVER TIME



Our analysis underscores a significant year-on-year increase in rent across all areas, underscoring the resilience of the marketplace.

This uptick reflects the evolving value and desirability of rental properties. Notably, the average rent for a two-bedroom property hovers close to £1,500 per calendar month.



Average rent achieved per property type, £&p per month YTD

1 bed **£1,130**

3 bed **£1,749**

2 bed **£1,478**

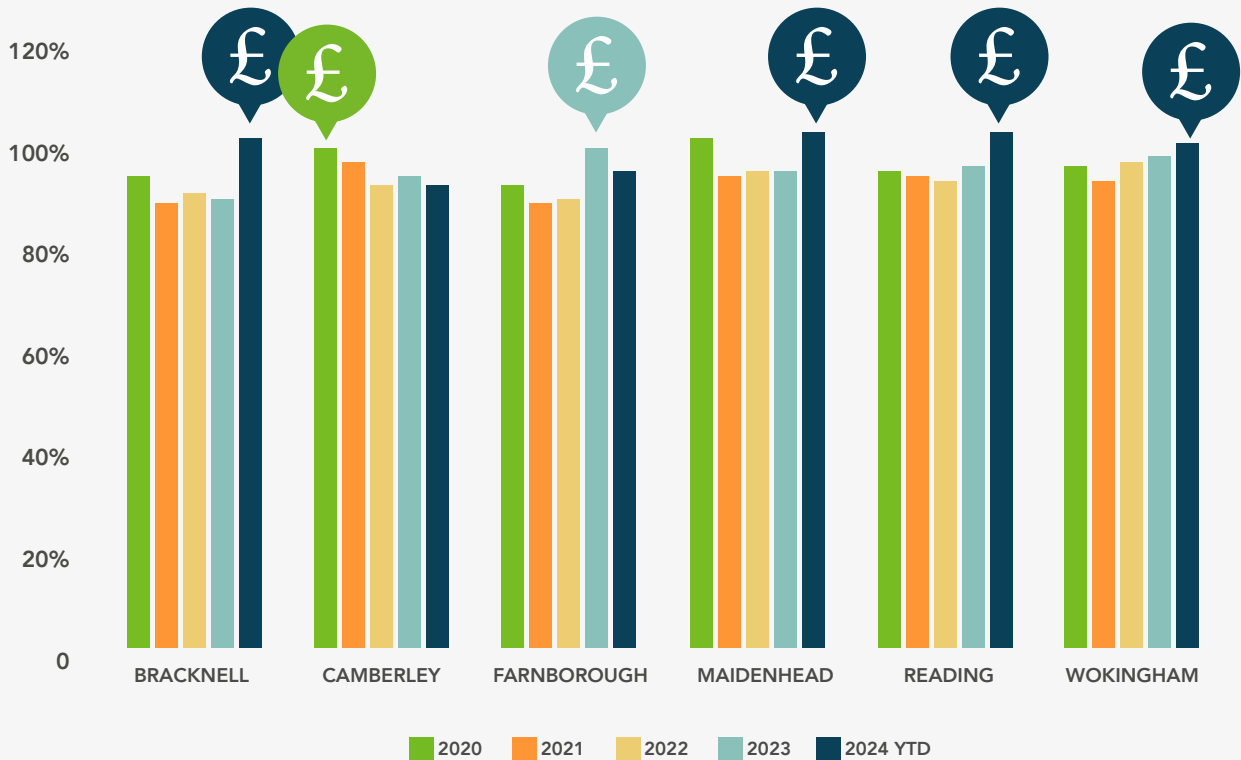
4 bed + **£2,271**

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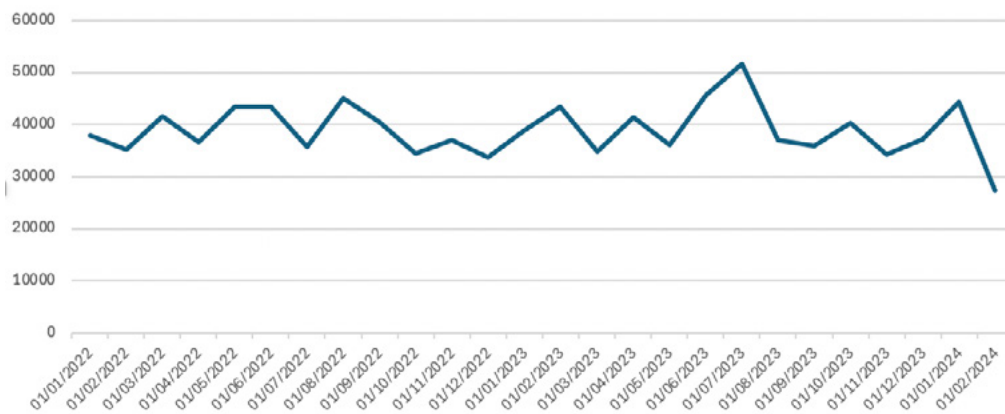
TENANT SPENDING VS. BUDGET ALLOCATION

Throughout the first half of 2023, tenants rented properties at 94% of their budget, indicating a degree of caution in spending habits. By the end of 2023, this figure had incrementally risen to 96%, signalling growing tenant confidence. In January 2024, tenants notably allocated 100% of their budget to rental expenditures, demonstrating a powerful desire for quality accommodation.

This shift underscores tenants' increasing willingness to prioritise comfort and suitability in their housing choices, potentially leading to higher rental income for landlords who offer properties that meet these needs. It highlights the importance of landlords understanding and catering to tenants' evolving preferences to maintain occupancy and maximise rental yields.



Average Tenant Income



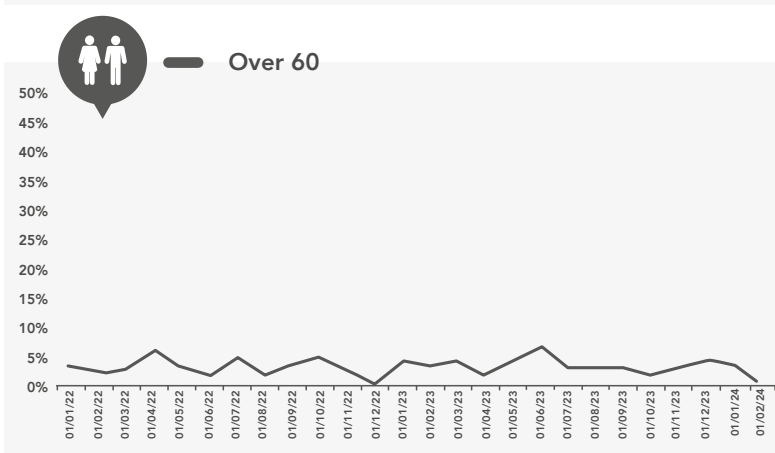
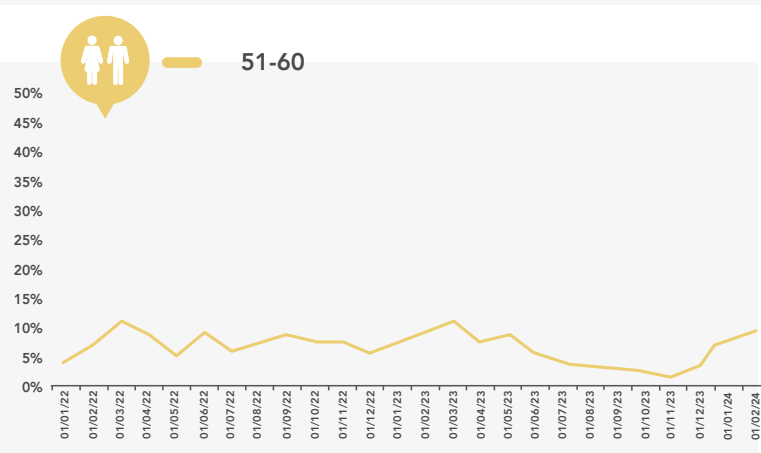
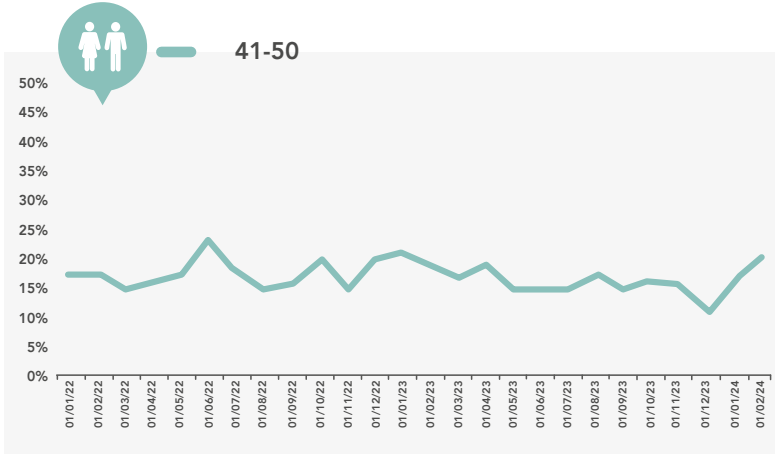
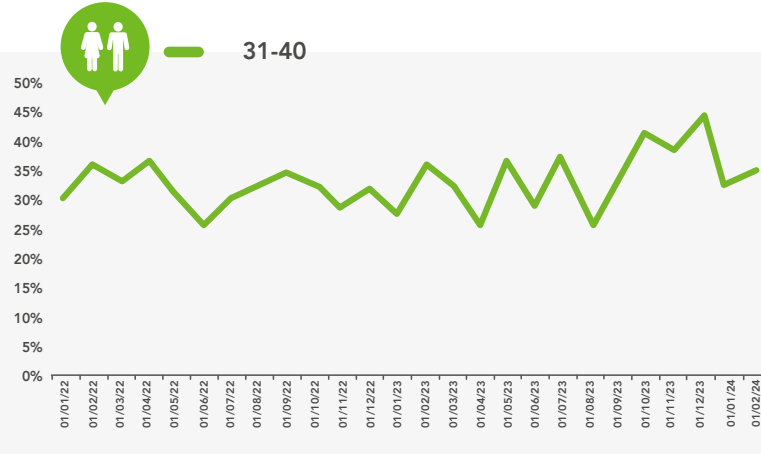
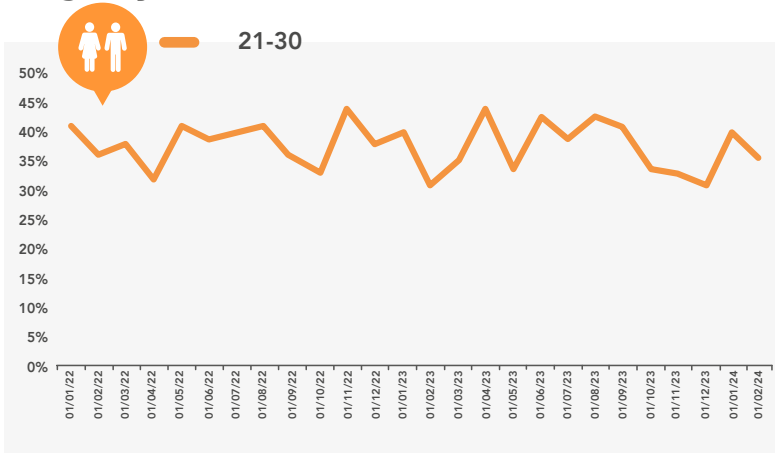
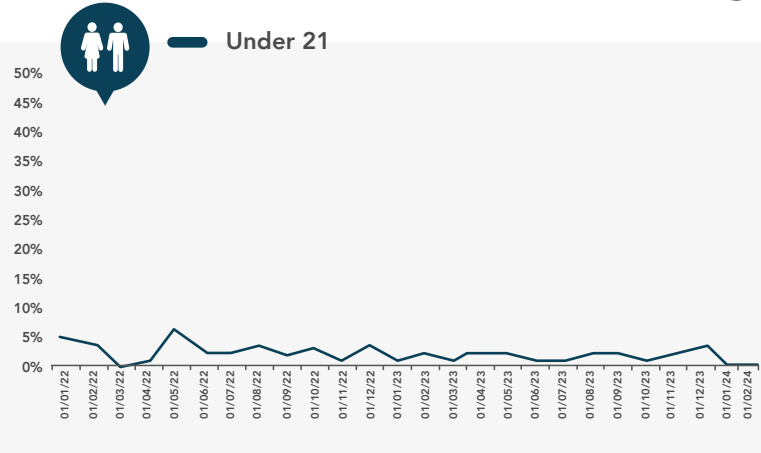
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TENANT DEMOGRAPHICS

Understanding the intricacies of tenant profiles is not just important; it is paramount for navigating the ever-changing rental market landscape successfully. As the preferences and expectations of tenants continue to evolve, landlords must remain adaptable to shifts in demographics, lifestyles, and priorities that influence their decision-making processes. Delving deeper into tenant profiles provides invaluable insights into the diverse needs, desires, and behaviours of the target audience.

From young professionals seeking convenience to families prioritising space and community amenities, each tenant demographic brings its own set of preferences and priorities to the table. Moreover, understanding tenant profiles enables landlords to tailor their offerings to better meet the needs of their tenants. Whether it is offering flexible tenancy terms, being pet-friendly, or providing enhanced amenities and services, landlords who take the time to understand their tenants can create more desirable living experiences that foster long-term satisfaction.

Tenant age range by %



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The positive start to the year continued in February with property sales catching up with the increased number of valuations and new listings we saw in January. Rightmove backs this up by saying *“agreed sales in the first six weeks of 2024 are 16% higher than over the same period last year, and 3% higher than in the more normal market of 2019”*.

At Prospect we have already registered more buyers with homes to sell in the first two months of this year, compared to the first three months of last year. Rightmove has seen *“7% more new listings coming to market than last year, and a 7% upturn in the number of buyers enquiring”*.

These positives are mostly compared to last year’s tougher marketplace, and we firmly believe that pricing right is still paramount, with correctly priced homes selling in weeks and properties that are to optimistically priced either seeing lower interest levels or reducing price within the first month or marketing.

We are looking forward to the 2024 budget with optimism in help for first time buyers and continued positivity in the mortgage markets.



Roberto Contreras
Head of Residential Sales



Michael Gallagher MARLA
Head of Residential Lettings

Over the years, we have observed significant fluctuations in property values across all our regions.

Despite occasional dips, it is crucial to acknowledge the overall upward trajectory in property values, which highlights the resilience and long-term potential of your investment properties.

Bracknell has displayed consistent growth in property values, with both smaller and larger properties showing promising appreciation. Particularly, the steady increase in the value of two to four-bedroom properties reflects the enduring demand for family homes in the area.

Camberley, Farnborough, Maidenhead, Reading, and Wokingham have similarly experienced fluctuations but have maintained an upward trajectory in property values. These areas continue to attract tenants seeking quality accommodation within convenient commuting distances to major employment hubs.

As we navigate through evolving market conditions, it is essential to adopt a long-term perspective. Despite short-term fluctuations, the property market in our area remains robust, underpinned by factors such as employment opportunities, infrastructure development, and lifestyle amenities.

Investment properties present an opportunity to benefit from continued capital appreciation and rental income potential. Our team is dedicated to maximising the returns on your investment through strategic management and tenant placement.

Landlord

Prospect have always been good, I am a landlord and they follow through exceptionally. They keep on top of the paperwork and of what is happening with the tenancy.

Trustpilot (5 star)

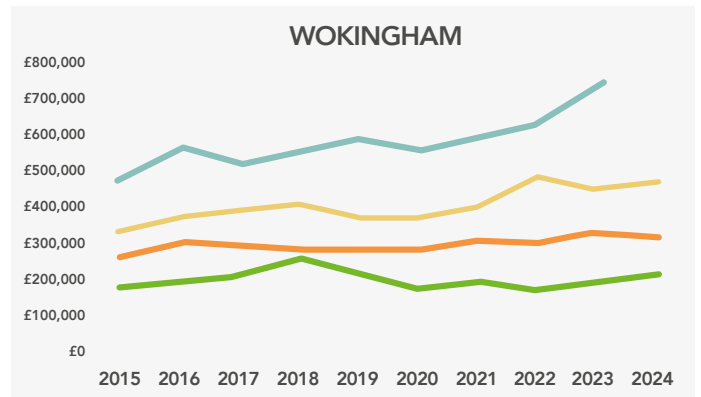
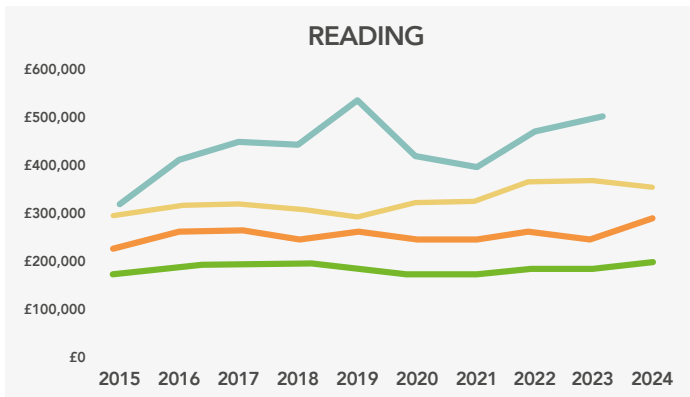
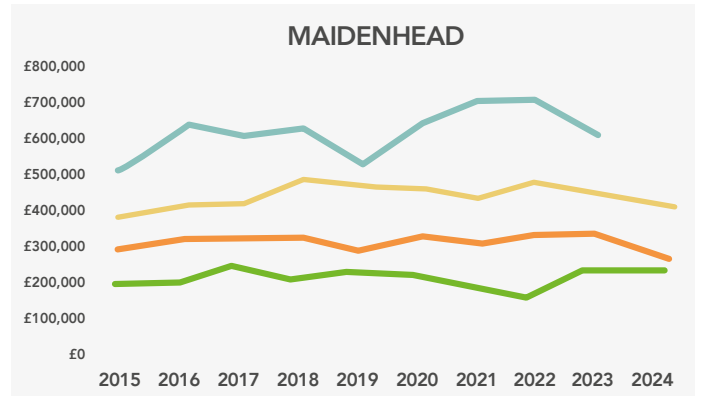
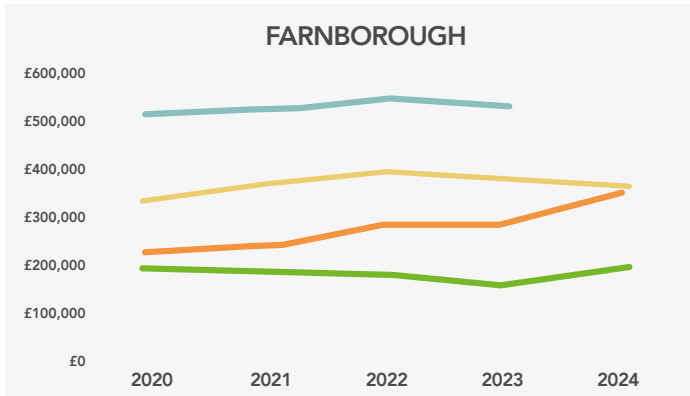
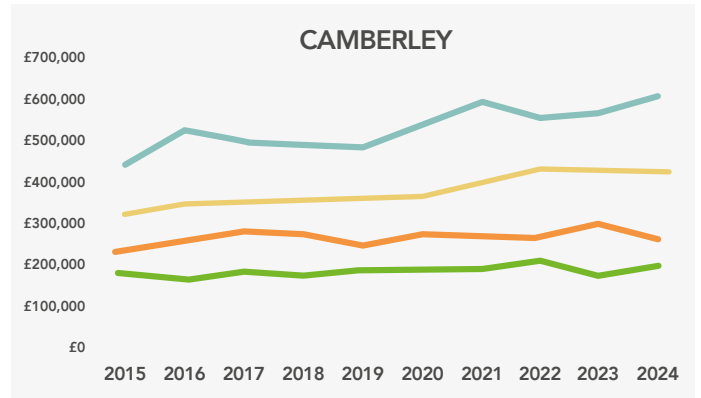
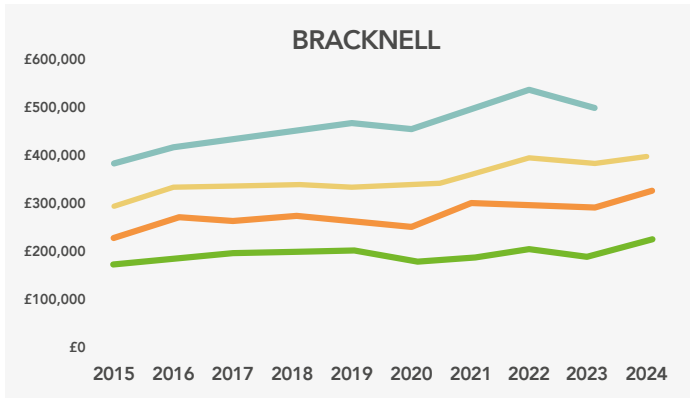
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SALES AVERAGE EXCHANGE



Average exchange price by bed over time

1 BED 2 BED 3 BED 4 BED



Mortgage Update

Exciting news from today is that one of the larger BTL lenders has reduced their stress testing particularly for higher rate taxpayers and ltd company directors. We have also seen a number of lenders relax rulings for landlords with credit rating issues. Whilst this may not seem like huge changes, it represents positive news and positive movements towards lenders now being more open to the prospect of lending more to a buy to let market place which has over the last 18 months had its fair share of challenges.

Simon Fenner
Mortgage Advice Bureau

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