



## **HIGH-END RENTAL PROPERTY MARKET DIVES**

Gumtree's Rental Index shows price falls in top London boroughs

The housing rental market, up until now a beacon of light in the housing market slump, is now showing the first signs of slowdown, according to new price data released today from leading property website Gumtree.com.

Rents in the most prestigious London boroughs, popular with high City earners, have fallen by up to 3% in the last quarter, in stark contrast to the previous Rental Index published by the site in July. Boroughs affected include Kensington & Chelsea, Westminster and Richmond-upon-Thames.\* Rent declines have also been seen in affluent areas of cities such as Bristol, Oxford and Manchester.

Away from the high-end sector, there are signs that the rental market is still insulated from the sharp shocks suffered by the retail market, with average rents across the country remaining stable from the previous Index published by Gumtree last quarter. In contrast to survey data from the Royal Institute of Chartered Surveyors (RICS) last week, Gumtree's price index, which analysed price data across 17 UK cities, shows overall stability for 75% of the country, with decline in only 25% of areas, dominated largely by higher end properties.

Property expert Michael Holmes explains: "This data, taken from rental adverts placed on Gumtree in the past quarter, shows welcome stability overall. It demonstrates that the rental market as a whole has not been affected by the chaos on the financial markets, with demand and supply remaining broadly in equilibrium, as households and homes switch from

owner occupation into the private rental sector, in equal numbers. While the top end of the market has taken a hit, overall demand for rental property remains strong.”

“At the very top end of the market we’re now seeing a price correction, particularly in prime areas of Central London, where demand for high-end houses and apartments has dropped off dramatically – and this does seem to be down to troubles in the financial and banking sector.”

The figures will come as reassurance to the growing number of buy-to-let landlords who have decided to rent out their homes instead of selling them on the depressed retail market. Rents holding steady will mean that such properties will be regarded as solid long-term investments, even if renting out property is seen as a ‘second best scenario’ by many of the new generation of reluctant landlords.

Holmes continues: “We’re hearing a lot about ‘reluctant landlords’. I always tell people that going into the buy-to-let market can be seen almost like a pension; as long as you’re not forced to sell, your investment is secure long-term. The fact that rental incomes would seem to be remaining strong reinforces buy-to-let as a great way to invest, providing landlords aim for yield and not just capital growth. Providing they can maintain mortgage payments, there’s certainly no reason for reluctant landlords to panic, and these latest figures are good news.”

### **Regional variations**

The data, taken from properties advertised for rent on Gumtree’s city sites across the country, also shows distinctive regional variations:

- Cities still experiencing good growth in the past quarter include Edinburgh (up 3.2%), Glasgow (up 1.7%) and Brighton (up 1.2%)
- The three cities experiencing the worst decline in the past quarter are Oxford (down 1.3%), Manchester (down 0.8%) and Bristol (down 0.7%), declines driven by a fall in demand for high-end

property

- London is by far the most expensive city to rent in the UK, with an average monthly rent for three bed properties of £1,169 – over double the average rent in Nottingham (£480)

Gumtree trends analyst Trisha Routledge said “This index is based on a comprehensive analysis of changes in rental prices on our site over the past quarter. It’s clear that demand for rentals is still strong, which is driven partly by people seeing renting as an increasingly attractive option in the uncertain economic climate. It’s also important to remember that net immigration is still high, which is driving a demand in the rental market which is simply not there at present in retail.”

“Our previous Index, which we released in July, showed exceptionally strong growth as Brits seemed to be embracing a continental ‘rental culture’. While this has now been tempered, we are only seeing actual decline at the very top end, as high-earners trade down. Otherwise, we’re seeing the rental market hold its own despite the turbulent economic times that we’re going through.”

-ENDS-

\* Average rent fall in the past quarter:

Kensington and Chelsea – 3.0%

Westminster – 1.8%

Richmond-upon-Thames – 1.7%

**Notes to editors:**

For more information or case studies please contact the Gumtree press office at Lexis Public Relations on 020 7908 6589 or email [gumtree@lexispr.com](mailto:gumtree@lexispr.com)

**About Gumtree.com**

The choice, speed and flexibility of the site means you’re only a click or two away from finding exactly what you need in a friendly, community environment.

- Gumtree.com was created in London in March 2000 and now covers 60

cities across 6 countries - the UK, and US Ireland, Poland, Australia, New Zealand and South Africa

- It is the UK's biggest website for local community classifieds including flat share, flat rentals and jobs
- Some Fast Facts
  - 20,000 new ads in a day
  - 100,000 new ads in a week
  - Half a million new ads in a month
  - One million ads live on the site at any one time
  - 150 million page impressions every month
  - Around 6 million visitors a month
  - Gumtree.com users spend 5,360,000 minutes on the website each month
- Gumtree is your local community online. Home to all the things you'd expect from your local community; a place to find and advertise rooms, flats and houses, a notice board for selling and buying stuff, somewhere to find job or a date even just to chat with friends