

Winkworth

Market Analysis

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This report is based on data and comment collected from a monthly survey of the network of Winkworth offices. As such, the contents are to some extent subjective and open to interpretation. It is believed to provide a fair and honest view of the market, but readers should be aware that the past year may not provide an accurate guide to future trends. No decision to buy or sell property should be based solely on its contents.

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We are delighted to be providing our analysis of trends and the outlook for the UK residential sales and lettings markets. This is the first of a series of quarterly reviews where we look forward to sharing the collective feedback from our offices with our customers, investors and franchisees. The data for the report is gathered from a monthly survey of franchisees and should therefore be considered as indicative rather than factual.

This year has got off to a very satisfactory start following a respectable recovery in the second half of 2009. After a period of uncertainty early on and poor weather conditions, sentiment in the property market has improved as mortgage finance, while still restricted, continues to cheapen. The reported drop off in first time buyers as a result of the end of the stamp duty holiday extension has been of less relevance in the London market where demand remains above the national trend.

The prime property market remains buoyant, with a deficit of available properties and currency weakness attracting a steady stream of overseas buyers. With prices showing some recovery, we hope to see more properties coming to market over the course of the year, especially family houses where there is still a significant shortage.

On the lettings side of our business, the limited availability in rental stock reflects a return to historic levels,

without significant upwards price pressure. Corporate rentals are slowly returning, although they still remain well below the levels seen in 2007. We believe that the rental market should continue to firm up, with shorter void periods and limited upward price pressure.

The growing potential of a hung parliament has yet to make an impact on the property market as buyers and sellers wait to see what happens and take a view on its implications nearer the time. Whatever the election result, we look forward to analysing its impact on the property market in our next quarterly review.

Dominic Agace
CEO M Winkworth PLC

Market Overview

Property leading the recovery

Over the past year we have witnessed a remarkable turnaround in the fortunes of a housing market that, in January 2009, looked totally moribund. Even as the economy continued to languish in deep recession and the consumer outlook remained irredeemably gloomy, the housing market began to show renewed signs of vitality. It was one of the first parts of the economy to suffer the full effects of the recession, and blazed a trail in terms of the rebound – rippling out from prime Central London, more prosperous districts in the capital and the high end markets in the regions.

In short, the market recovery was largely driven by people with significant levels of equity in their existing homes and who needed to borrow a relatively small percentage of the purchase price of a property, or by cash buyers and investors who saw the slowdown as a great buying opportunity.

2009 was never going to be a record year for housing, especially given the ongoing challenge of securing mortgage finance, but it ended up being by no means a bad one. Slow growth in the early months helped build momentum, clearing out the overflow of stock that remained unsold from 2008. In fact, the return of buyers to the market in good numbers and the relatively slow growth in new instructions to sell meant that over the year supply shortages became more acute, which generally underpinned property values. Forecasts that prices would fall significantly turned out to be untrue, although the top end of the market generally did better than the lower end.

Once again, residential property has surprised us all by its sheer resilience and ability to bounce back. With super-low interest rates, the effects of quantitative easing and the relatively poor returns on other classes of investment, the spotlight is back on property.

By all measures 2010 has started in

significantly better shape than 2009, with most of our offices announcing good interest from buyers, higher levels of transactions and some growth in stock levels, although lack of property on the market remains a common problem.

Future Prospects

The future

The year will not be without its challenges, but 2009 showed us that the housing market can – to an extent – re-assert itself even while the rest of the economy remains in difficulty.

The big unknown of 2010 is the general election, with a hung parliament now being tipped as a relatively likely possibility, which could herald a period of uncertainty. But it is easy to over-estimate the impact this may have on the housing market and the economy generally. So far, there is little indication that the property owning and buying public will change its behaviour before or after the nation goes to the polls. Indeed, a survey conducted by website FindaProperty.com found that among first time buyers the principal difficulty faced by half of them is getting the deposit together. Almost none were put off by political uncertainty.

This year, we expect the housing market to consolidate the recovery which began in 2009 in terms of transaction levels, and indeed as spring and summer approaches it is likely there will be a quickening of the pace. For one, lenders are starting to loosen their purse strings, and indeed at the upper end of the market many buyers need to raise only small percentages of mortgage borrowing relative to the cost of the home they are buying – or in some cases none at all. Established lenders are doing their bit (though they could do more), and while many of the so called ‘specialist’ mortgage providers remain out of the market, we are starting to see new arrivals – Bank of China, Virgin and Metrobank to name but three. There will be more.

It is also clear there is considerable pent-up demand both for buyers to buy, and for homeowners to move. Full

year 2009 housing transactions were around 560,000, down on the 626,000 in 2008 – which in turn was less than half the level of 2007. In short, people have been sitting tight and not moving, so that instead of 100,000 or so people buying homes every month, in early 2009 the figure went below 30,000 and only recovered to just over 50,000 by the summer.

But people’s lives go on, they have children, change jobs, need more or less space or just have the itch to move house. There are many hundreds of thousands of people who would in ‘normal’ circumstances have bought or sold property over the past two years but who didn’t (Figure 1).

If just some of these return to the market – and we think they will – there should be a significant pick-up in transaction volumes.

The challenge for us as estate agents is to match buyers with sellers, supply with demand. At the moment, there are more potential buyers out there than there are homes for them to buy. To be fair, it’s the age-old story of the UK housing market – shortage of supply creates competition among buyers, which in turn pushes up prices. The market now needs more housing stock to sell, to meet the demand of a growing number of people for whom property purchase is clearly on the agenda in 2010.

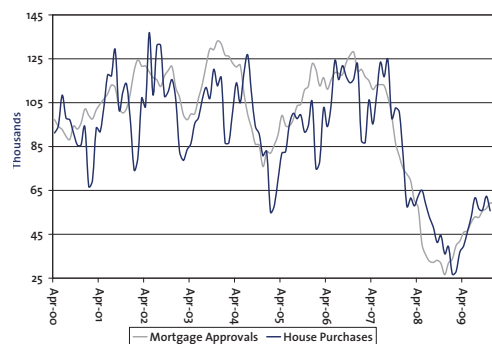


Figure 1 Monthly Property Transactions and Mortgage Approvals
Source: Land Registry, Bank of England

The Economy

The only way is up?

As the nation breathed a collective sigh of relief, Britain finally came out of recession in Q4 2009, but only by a whisker. The provisional estimate was just 0.1% growth, though the subsequent revision pushed it up to a (slightly) more impressive 0.3%. However, this is important, not least from a symbolic point of view, signalling the end of an 18 month long recession, the deepest in the UK's post war history (Figure 2).

GDP is now expected to grow by 1.4% in 2010, slightly less than was forecast in December or January - but a much rosier outlook than a year ago, when growth predictions were between 0.3% and 0.5% (Figure 3).

While some commentators have been peddling scare stories about a possible 'double dip' – the UK slipping back into recession – most evidence suggests we're now on an upward path. Last weekend, Monetary Policy Committee member Kate Barker suggested there could be a one-off quarter of negative growth – with weak retail sales in January as the country was gripped by snow and ice – but she does not expect a return to recession, with two negative quarters.

On the plus side, unemployment has failed to reach the levels previously predicted, with the number out of work in Q4 2009 falling slightly and remaining comfortably below two and a half million, at 2.46 million – helped by a fall in youth unemployment. The number claiming jobseekers' allowance did rise slightly in January to 1.64 million, but overall job losses are undershooting previous fears. There are signs that companies having slashed job numbers early in the recession are now restaffing to meet growth in demand. However, there remain threats, for example concerns that as a future government attempts to bring down the budget deficit there will inevitably be public sector job cuts (Figure 4).

Indeed, the UK's budget deficit of £178 billion, more than 12% of GDP, is worse than any other major economy, reflecting our vulnerability to the disruption of the credit markets and the fall in profits of (and tax revenues from) financial companies. Personal taxation revenues, including income tax and VAT, have been hit, with an inevitable adverse effect on the Exchequer.

Inflation is expected to remain under control (and to go down slightly in 2010 as compared with 2009), while interest rates are forecast to rise by year end - but only to just over 2% (Figure 5).

2010 is, of course, not a 'typical' year, with a general election expected on 6th May, and the new government that takes office will face

..the new government that takes office will face unprecedented economic challenges.

unprecedented economic challenges. Following the revelations of widespread malpractice among MPs and peers (of all political persuasions) over their expenses, politicians currently score even worse than

estate agents and journalists in the hit parade of public affection! This may translate into a low electoral turn-out, and there is a growing risk that no party will win an overall majority – the first 'hung' parliament in the UK since February 1974 (incidentally, a parliament that only lasted less than eight months). That could hinder the economic recovery process and worry international investors, especially as the UK's international credit rating comes under scrutiny, potentially making it more expensive for the country to borrow in world markets.

With Labour favouring delaying tax rises so that the economy can become stronger (the 'fiscal stimulus') and the Conservatives preferring to start paying down the public debt quickly, this could end up being a key policy debate as the country goes to the polls. One thing is certain – sooner or later we will all be paying higher taxes.

In terms of housing, the Conservatives - if they win - may scrap or change Home Information Packs, though the

Energy Performance Certificate is enshrined in EU legislation, giving little margin for manoeuvre. In short, anything a future government may try to do to influence the housing market (and reforming stamp duty would be a good start), it is likely to be overruled by the forces of supply and demand for a limited number of homes on this overcrowded island of ours.

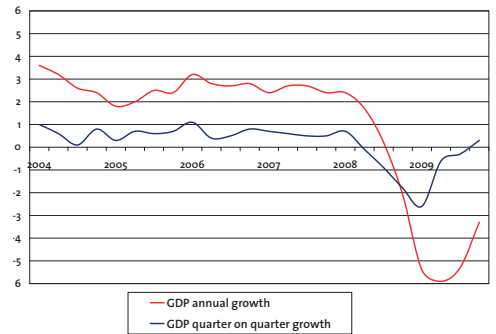


Figure 2 UK GDP Growth
Source: ONS, GDP

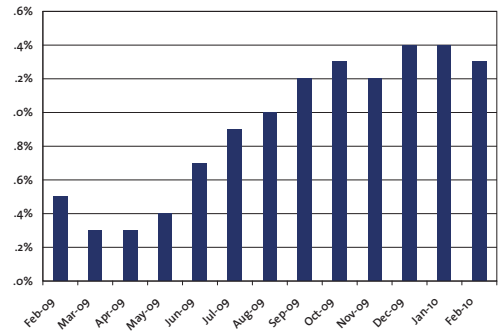


Figure 3 Forecasts for 2010 GDP Growth
Source: HM Treasury Independent Statistics

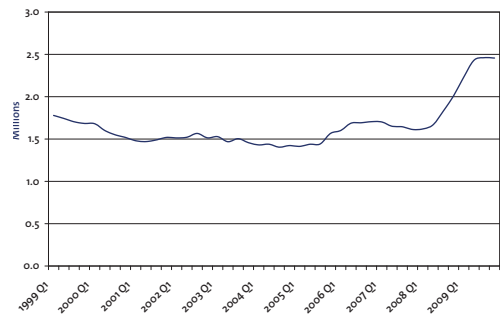


Figure 4 UK Unemployment (unemployed over 16)
Source: ONS, Labour Force Statistics

UK key economic indicators	2007	2008	2009	2010 e*	2011 e*
GDP	3.1%	0.8%	-4.8%	1.3%	2.10%
CPI	2.1%	3.80%	2.9%	2.1%	1.70%
RPI	4.1%	3.1%	2.4%	3.0%	2.80%
Claimant unemployment (m)	0.85	1.05	1.63	1.76	1.73
Bank rate at end of period	5.58%	2.39%	0.50%	1.10%	2.20%

Figure 5 UK Key Economic Indicators
* average of latest independent forecasts.
2009 stats from CPI & RPI from latest CPI & RPI bulletins (ONS) - refer to inflation in Dec 2009.

UK Housing Market - Sales

With December always a slow month (only slightly boosted by some last minute transactions from buyers rushing to take advantage of the higher stamp duty exemption threshold), January and February always look healthier in comparison. 2010 was no exception, but what is encouraging is that by almost all indicators this year has shown a significant improvement on the start of 2009 - in terms of seller interest, buyer registrations, and transactions. The only negative is the level of stocks - which remain resolutely lower than in early 2009. In fact there are 17% fewer available properties than a year ago, with the growing number of properties coming onto the market generally shifted quickly provided the pricing is realistic.

Renewed interest from buyers

2010 heralded a pick-up in the number of sales appraisals conducted by Winkworth offices: compared with December, they were up 111% in January and 168% in February, although December is of course a slow month. On an annual basis, appraisals were up 42% in January and 74% in February. This was despite the persistent cold weather which dragged on well into March, putting a dampener on high street spending but perhaps less so on the housing market.

From early in the New Year it became apparent that many people who had stayed put throughout the recession (either because of the uncertain environment in terms of confidence, jobs and borrowing costs, or perhaps because they were 'tied in' by a particular mortgage deal) were keen to get into the housing market in 2010 as soon as they reasonably could. This has helped build sustained momentum, although as we shall see, properties coming onto the market were generally snapped up quickly so the stock shortages persist (Figure 6).

Most important, this was not just people considering selling and getting a valuation done to test the water. The

number of actual mandates to sell rose even more sharply - with new instructions up 137% between December and January, and 173% between December and February. Compared with last year, instructions were up 77% in January and 102% in February. Put another way, the proportion of sales appraisals that led to an actual instruction was seven percentage points higher in early 2010 than it had been at the same time the year before. Good for us, good for our clients and good for the market - as far as it goes.

Buyers out in greater numbers

Last year, after a very slow start, we saw a generally upward trend in the number of buyers registering - although there was a slight seasonal dip in registrations in early summer.

This year, registered buyers are tracking around 40% higher than a year ago, with a gradual improvement in buyer confidence, the improved availability of mortgage finance, and indeed the resurgence in the number of cash buyers. Buyer registrations remain below the levels recorded in October and November, however, and this may be in part an effect of the unusually cold weather.

Nonetheless, there is clearly good pent-up demand. In addition to the buyers wanting to upsize or climb the property ladder (who currently account for close to 50% of the total), many purchasers are looking at property as investors. With bank and building society savings accounts offering poor returns and the stock market being uncomfortably volatile, people are starting to look favourably at property once again as an attractive class of long term investment (Figure 7).

Where is the stock?

But for all the growth in appraisals and instructions, and the increasing number of prospective buyers, there is a common theme from most of our offices: supply of properties available for sale is generally

extremely tight. Indeed, the total number of properties on the market is over 17% lower now than it was at the beginning of last year. To underline the extent of the problem, at no point last year were stock levels as high as they were in January 2009. To some extent, stocks a year ago were artificially inflated by properties that had been on the market since 2008 and had not sold in what was a very slow and difficult market. But it is also a reflection of the fact that stocks have not picked up sufficiently to meet growth in demand for good quality homes in desirable areas (Figure 8 & 9).

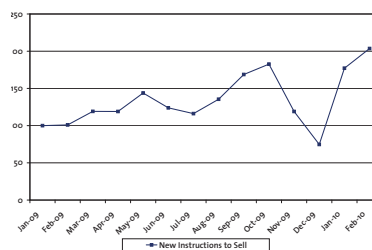


Figure 6 Instructions to Sell
Jan 2009 = 100

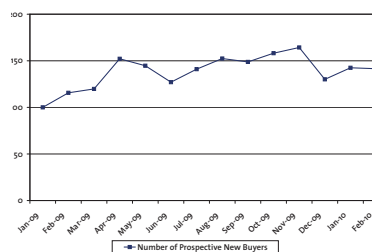


Figure 7 New Prospective Buyers Registered
Jan 2009 = 100

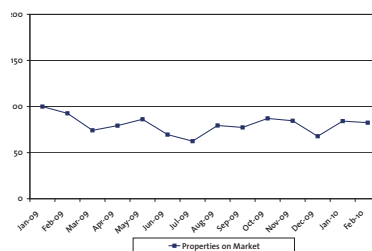


Figure 8 Sales Properties on Market
Jan 2009 = 100

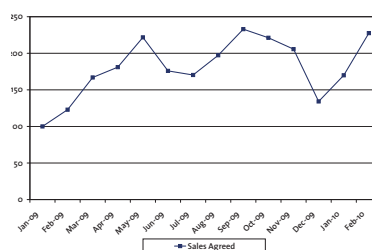


Figure 9 Sales Agreed
Jan 2009 = 100

Growing numbers of transactions

In terms of the number of actual transactions, there was also growth between December and January (+27%), and December and February (+70%). This probably represents the most buoyant period we have seen for a couple of years. In 2009, momentum picked up gradually and from a very low base, with transaction numbers rising 122% between January and May. There was an early summer lull, followed by another increase between July and September. As usual, seller activity dropped as Christmas approached, and in 2009 the pattern was somewhat distorted by the Government's stamp duty holiday on transactions up to £175k that was coming to an end on 31 December.

While much of Winkworth's core business is at higher price levels, the stamp duty change did create extra energy and activity at the lower levels of the market, encouraging sales activity further upmarket. Indeed, the London market – where we are strongest – benefited least from the stamp duty holiday, although clearly properties do change hands at below £175k even in the capital, giving an overall market boost that filtered upwards.

A quicker market

As compared with early 2009, it is easier and quicker to sell properties. Indeed, via our offices we have had many examples of homes being sold very rapidly after being put on the market, especially in late 2009 and early 2010. A year ago, it was taking an average of 15 or 16 viewings to sell a property, with some of our offices reporting that it could take 30 or more. By September, the average had fallen to below 12, and finished the year only marginally higher. Indeed, a couple of busy Winkworth London offices said they were selling after just two or three viewings at the end of last year (Figure 10).

Fewer viewings also means sales are agreed more quickly. From the slowest point in February last year (when it was taking an average of 15 weeks), time to sell fell pretty steadily month

Fewer viewings also means sales are agreed more quickly.

by month, to below 6 weeks by October. It has risen slightly since then, and is currently tracking around seven weeks. In short, with limited supply of suitable homes on the market, buyers who do not need finance or have already obtained outline approval for their mortgage know they must act quickly to secure the property they want (Figure 11).

Price pressure

With limited, sometimes very limited, supply and growing demand, it is not surprising that there has been some upward pressure on price – although overall prices have proved relatively stable over the past year. Price fluctuations have been mostly driven by shortages of stock and competition among buyers (ie local factors), with the result that there has been an element of volatility in values and no very clear underlying trend. We expect this to continue over the coming months in a market that remains characterised by more demand than supply (Figure 12).

Country Sales

After a year characterised by stock shortages and muted levels of activity, 2010 has started with a good number of new sales appraisals and instructions to sell - perhaps surprisingly given how many parts of the country have been affected by the snow and ice that proved remarkably tenacious.

New instructions peaked in October last year, 66% higher than the level in January 2009, before falling back sharply in the run-up to Christmas. In January, instructions stood at more than three times the December level, and rose by a further 86% in February.

Buyer interest, having started 2010 at similar levels to 2009, surged by 50% in February and looks set to continue growing. In terms of actual transactions, these have also held up well - despite the bad weather - and time to sell has averaged around 10 weeks for the past three months, ie with no obvious lengthening as snow

lay on the ground. Sales agreed rose sharply in January as compared with December (admittedly a very slow month), and in February were more than double the level a year before.

With the market now clearly becoming more active, Winkworth offices remain in need of additional stock to meet the needs of discerning buyers. Outside London and the major cities, it is the larger family house that is particularly in demand, and in areas favoured by retirees, bungalows.

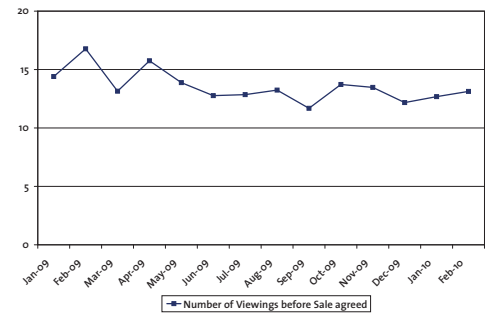


Figure 10 Number of Viewings before Sale Agreed

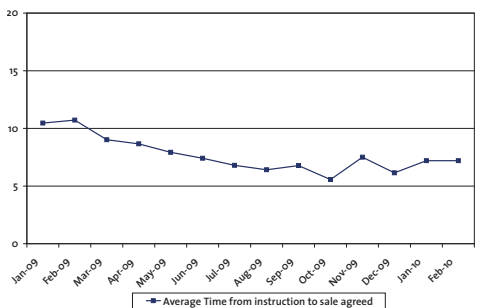


Figure 11 Time to Sell (weeks)

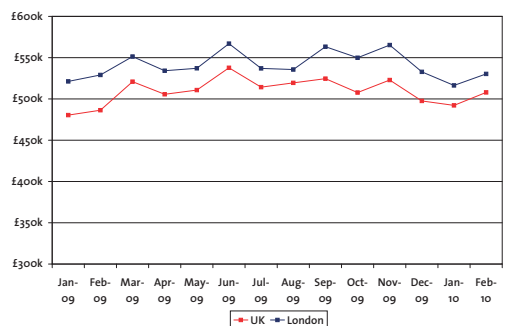


Figure 12 House Prices - UK and London (Average prices of properties sold via Winkworth offices)

London Sales Market

‘There's plenty of money around – given the level of buyer interest, you wouldn't guess we were only just coming out of a recession.’ – view from Winkworth London offices.

Strong start to 2010 after pick-up in 2009

The London market has seen a pretty healthy start to 2010, with many Winkworth offices reporting that February was particularly good and in some cases the best month they have seen for a couple of years.

This surge in activity was particularly driven by existing homeowners seeing an opportunity to upsize at a time when prices had cooled and there was (in theory at least) less competition for the best properties. Such people are relatively more able to secure a mortgage as many of them have been living in their existing homes for many years and have accumulated a significant amount of equity, and were not ‘shut out’ of the mortgage market as many first time buyers and mid market purchasers have been.

There was also increasing interest from cash buyers and investors jumping into the market before the uncertainty surrounding the general election kicks in. Far from sitting on their hands, many buyers have consciously decided to act now and complete their property purchase before the country goes to the polls in May.

This has created competition among buyers for the best properties, with a number of sales going to sealed bids. In some cases, however, the scarcity of stock has created some ‘froth’ in the market so that prices have become somewhat unrealistic in places.

Prime Central London property is also in high demand in the current market, with more than one buyer competing for most properties, and apartments on higher floors in sought after areas achieving record £

per square foot in some instances.

Some foreign buyers are present, but in many areas purchasers are more likely to be ‘discretionary’ British buyers who decide to buy a home, perhaps as an investment, or as a London pied à terre or for a family member to live in. Among overseas buyers, interest remains strongest from the Italians and French, but offices also report good activity from Chinese, Spanish, Russian and American investors, as well as those from the Middle East.

Appraisals up in 2010

After a seasonal dip in November and December, there was a welcome pick-up in sales appraisals in the New Year, with a 95% increase between December and January, and a 136% increase between December and February. Compared with last year, appraisals were up 49% in January and 66% in February (Figure 13).

Buyer interest on the up

The number of potential buyers registering in London was up almost 50% year-on-year in January and over 20% in February, although buyer registrations are lower than they were in the autumn, having probably been impacted by the bad weather over the winter period.

In addition, some Winkworth offices report that the quality of buyers in 2010 is particularly good, in many cases having already sold their property or being cash buyers and therefore able to proceed rapidly. Buyers who are not in a position of having to sell their own property in order to buy another are clearly a valuable commodity at a time when building a ‘chain’ of buyers and sellers may be relatively difficult (Figure 14).

The upsizer effect

As indicated, the London market has been particularly driven by existing homeowners who are usually, of course, both sellers and buyers. Indeed, upsizing - climbing the property ladder - was consistently cited as the principal reason to buy, which was the main motivation for just over half of purchases.

There were a variety of other

motivations given by London homebuyers, including subjective rationales such as aspiring to move to a better area, and more prosaic ones such as death, divorce or the desperate need to cut outgoings at a time of financial pressure. In addition, the London market sees a fairly consistent level of activity from downsizers - people who choose to sell their home and buy a smaller one, due to retirement or other reasons. Less affected by the limited availability of mortgage finance than other segments of the market, the proportion of downsizing sales reached almost 18% at one point in 2009, but has dropped back to a more typical level of something under 10% (Figures 15 & 16).

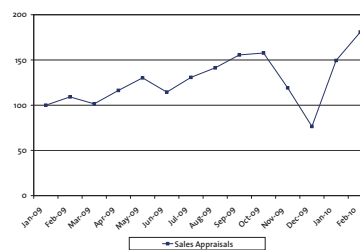


Figure 13 London - Sales Appraisals Jan 2009 = 100

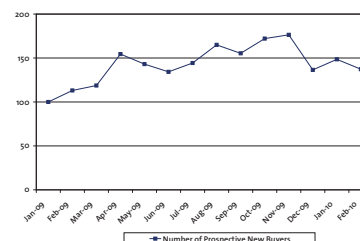


Figure 14 London - Potential Buyers Registered Jan 2009 = 100

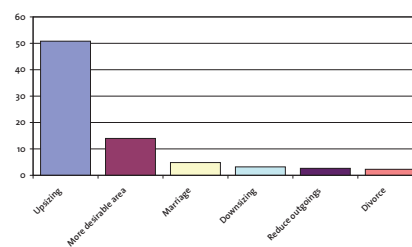


Figure 15 London - Main Reason for Buying (Dec 2009 - Feb 2010)

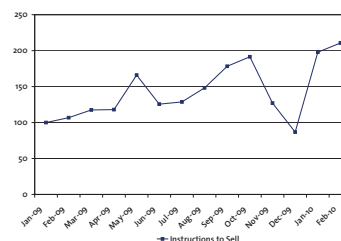


Figure 16 London - New Instructions to Sell Jan 2009 = 100

Upsizers and others put their homes on the market

The number of instructions to sell secured by London offices followed a similar pattern to sales appraisals, with a decline in November and December (following steady growth throughout most of 2009). This was then followed by a strong pick-up in the New Year, with new instructions in January and February almost double the level of the previous year.

Stocks remain tight overall

Despite the increase in appraisals and new instructions as compared with last year, most London offices say they are experiencing significant shortages of stock. Indeed, the number of properties on the market in London has changed little over the past year, despite the significant increase in buyer interest. This partly reflected in the higher level of transactional activity with properties staying on the market for less time (see A quicker market below).

In many cases, there are plenty of willing buyers but it is tough to find suitable properties for them – so the main task of many Winkworth offices is to source suitable homes at realistic prices in order to meet this demand (Figure 17).

Demand is strongest in London for two bed flats (accounting for 34% of demand in February) and three and four bed houses (30% of demand in February) – and not surprisingly Winkworth offices indicated that the stock shortages are most critical for these categories of property.

While the stock shortage is widespread, two bed flats and larger three and four bed houses were consistently reported as having the largest mismatch between supply and demand. In the quarter to February 2010, for example, 46% of respondents said the three or four bed house was in short supply, and 29% said there aren't enough two bed flats (Figure 18).

Surge in London sales

Even if the London market remained affected by limited mortgage finance on the one hand, and lack of supply of many popular types of home on the other, 2009 was a year of consolidation and progress in the capital's housing market - and 2010 has started in much better shape than 2009.

Sales agreed rose by 19% between December and January, and by 52% between December and February – despite December having been a slightly above average month in view of transactions taking place before the end of the stamp duty extension.

More impressively, transactions agreed were up almost 90% year-on-year. So far, there is no sign of the recovery running out of steam in the capital – on the contrary the housing market is looking increasingly buoyant (Figure 19).

A quicker market

Time to sell a home in the capital gradually drifted down over the course of 2009, now standing at between six and a half and seven weeks on average - not dissimilar to the situation nationally.

Likewise, the number of viewings required has followed a gradual downward trend, although recent bad weather and the quieter winter period has led to a slight increase to 14 viewings in the past couple of months. (Figure 20).

As the market continues to move forward, however, and assuming an ongoing shortage of good quality stock on the market, we would expect a slight tightening of time to sell and the number of viewings. In any conditions, attractive, well maintained family homes remain in demand and tend to be snapped up at premium prices. Proximity to good local schools, tube and mainline railway links, and other amenities in the capital only serve to increase demand.

46% of respondents said the three or four bed house was in short supply.

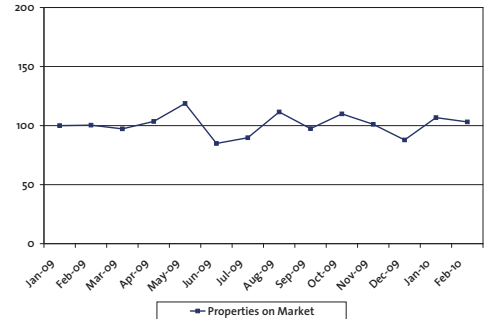


Figure 17 London - Sales Properties on Market Jan 2009 = 100

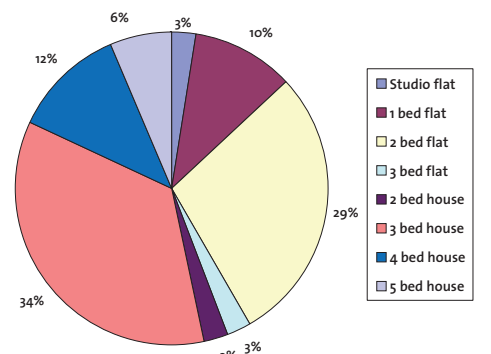


Figure 18 London - Types of Property in Short Supply

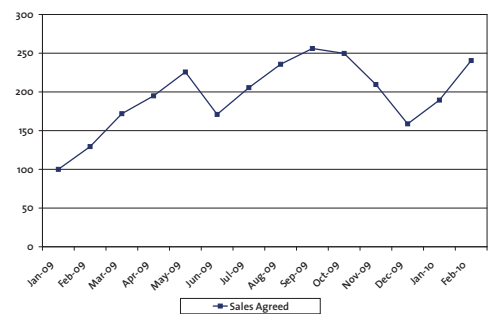


Figure 19 London - Sales Agreed Jan 2009 = 100

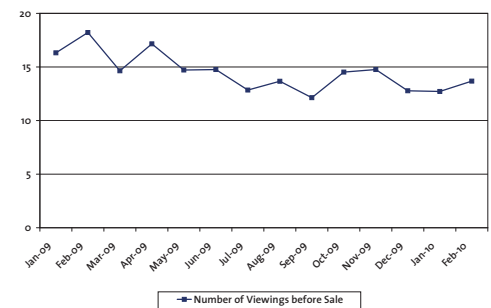


Figure 20 London - Number of Viewings before Sale Agreed

Rentals Market

Providing a roof

The sales and lettings markets often operate in a counter-cyclical fashion - when one is up, the other is down: at times when people are unable or unwilling to buy, they turn to the rental market to provide a roof over their head. However, 2010 has begun with a relative buoyancy in both markets - and indeed with the common theme of a significant shortage of good quality stock available either to sell or rent.

This reverses the trend witnessed over the past couple of years where in some areas there was an oversupply of properties because home owners tried to let them rather than attempt to sell them in a slow sales market. This glut of rental properties tended to push rents down – although the rentals market tends to be subject to significant local variations, depending on the demographic of local renters and properties available.

Now, however, there are indications that these oversupply issues in the lettings market have largely corrected themselves and indeed with less choice of property and more competition among renters, Winkworth lettings offices report that properties are let rapidly.

Less rental stock available

Lettings appraisals generally declined throughout 2009, except for a pick-up in July as landlords put properties on the market in advance of the busier summer period (with students and other renters arranging their accommodation for August/September). The New Year started with an increase in lettings appraisals of around 60% on December's level - but was still significantly down on early 2009.

In terms of instructions, there was a similar pick-up between December and January, although the number of appraisals was flat between January and February. Compared with this time last year, lettings instructions were down 35% in January and 39% in February - highlighting the increasingly tight stock position.

(Figure 21).

With fewer rental properties coming onto the market, there is, not surprisingly, less stock available for renters to choose from than at any time over the past year. In January, stocks were 12% down on the previous year, and in February the decline was 29% (Figure 22).

Tenants up year on year

While the volume of properties available has shrunk, the number of tenants looking for rental properties has risen on this time last year: in January tenant registrations were up 17% year-on-year, and in February up 3%. In short, there are more tenants chasing fewer properties, a significant reversal from the recent period of oversupply of rental properties on the market (Figure 23).

Fewer lettings

While tenant demand is on the up, with a lower level of properties available, the overall number of lettings is down year-on-year, with January down 14% and February 27% (Figure 24).

How long it takes to let

For all the shifts in supply and demand, there has been little change over the course of the past 12 months in the number of viewings needed to let a property or the time taken to let. Now it takes between seven and eight viewings on average to let a property – the same as in early 2009. As the lettings market entered the busy summer period, there was a modest decline in the average number of viewings to just under seven – but not a material change.

In terms of the number of weeks needed to secure a letting, there was a modest slowdown in April and May last year (rising to just over four weeks), but apart from that the typical time taken has tracked close to the three week mark (Figure 25).

Who rents?

An analysis of the type of tenant suggests that it is consistently professional people – couples and

singles – who represent the lion's share of renters. Between them, they comprise 58% of tenancies, substantially ahead of families at 17% or students (foreign or English) who between them account for 11%.

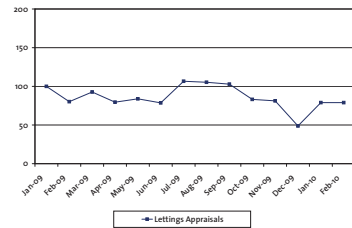


Figure 21 Lettings Appraisals
Jan 2009 = 100



Figure 22 Lettings Properties Available
Jan 2009 = 100

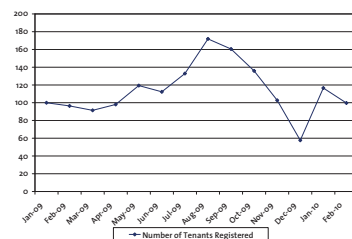


Figure 23 Tenants Registered
Jan 2009 = 100

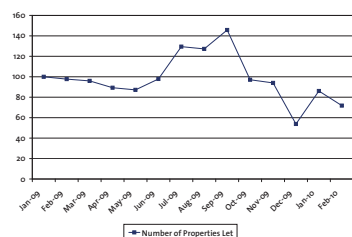


Figure 24 Properties Let
Jan 2009 = 100

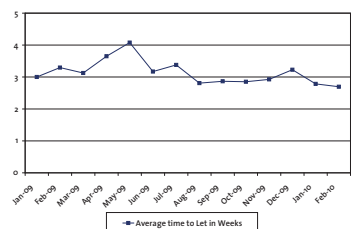


Figure 25 Average Time to Let in Weeks

About Winkworth

Winkworth is a leading franchisor of residential real estate agencies and is listed on the London Stock Exchange.

Established in Mayfair in 1835, Winkworth has a pre-eminent position in the mid to upper segments of the central London residential sales and lettings markets. In total, the company operates from over 80 offices in the UK, France and Portugal, having doubled in size in recent years.

For more information about the contents or methodology of this analysis please contact the Winkworth Marketing and Communications Department.

Tel: 020 8576 5599

Winkworth