

Happy New Year - this is how 2015 looks



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Happy New Year from the team at Letting Agent Today.

Just as with [the sales market](#), everyone is sceptical of predictions about lettings, rents and the industry - and as you can see below, there is little unanimity, especially about the fate of the London rental market.

Here is a selection of recent agency announcements about what lies in store.

Cluttons: The agency says that with regard to London, significant improvements in the level of employment, particularly in the City, coupled with the sales market undergoing a period of a stabilisation has resulted in a resurgence in new and existing tenants entering the market.

“Despite improvements in employment levels across London and the south east, there is evidence that many workers have been priced out of the sales market and are opting to get on with their lives and rent for the foreseeable future. We are forecasting rental prices to increase by three to five per cent” says research head Sue Foxley.

Jackson- Stops & Staff: The agency says trends to watch out for in 2015 include a continued expansion of the private rented sector as job mobility, costs of transaction and high property values favour the flexibility and affordability of renting.

“For investors, the long-term outlook is bright for buy-to-let, particularly in and around city locations with good transport links. The demand from Generation Rent will continue to grow for high quality homes” says Nick Leeming, JS&S’s chairman.

Benham & Reeves Residential Lettings: The rental market will be flat in prime central London, it forecasts, with possibly a slight increase in the rest of central London, and above RPI in properties in [London Transport] zones two and three due to affordability issues – people not able to afford the centre looking further out, increasing demand and pushing rents up.

Knight Frank: UK rents and prime central London rents will rise 2.2 per cent and 3.5 per cent respectively in 2015.

Marsh & Parsons: The firm expects more vigorous growth in prime London rents, forecasting rises of 10 per cent throughout 2015. Corporate tenancies grew 14 per cent in 2014 and burgeoning demand for corporate lettings and relocations will ensure continued expansion of this sector in the next 12 months.

Peter Rollings, chief executive of Marsh & Parsons, says: “The rental market will be where much of the action takes place in 2015. Those relocating to the capital for work are now biding their time before purchasing their own portion of London property – until question marks surrounding additional property taxes are erased. This will push demand in the corporate lettings sector even further, and the biggest rental increases are predicted to be among one or two-bedroom flats.

“Supply of rental properties looks set to be sustained, but any regulatory changes to tenancy fees under a new government could inflate rents artificially. The powers that be need to ensure that landlords are not spooked out of the market by unnecessary layers of legislation, and that aspiring property investors don’t take their money elsewhere.”

Chestertons: This agency forecasts prime London rental growth of three per cent in 2015, saying rental growth in the wider rental market is likely to moderate after reaching record rental levels in 2014.

Romans: Peter Fuller, lettings managing director, suggests more people will turn to buy-to-let investment in 2015, as an alternative way of receiving a regular income.

“The availability of better buy-to-let mortgage deals and a continuing growth in values will see investors actively purchasing more property, increasing the amount of new property available to rent” he says.

Legislation on pension funds will change in April 2015, allowing savers aged 55 and over to have the freedom to do as much or as little as they want with their pension, and be able to cash in any annuities that haven’t been performing as well as they had anticipated.