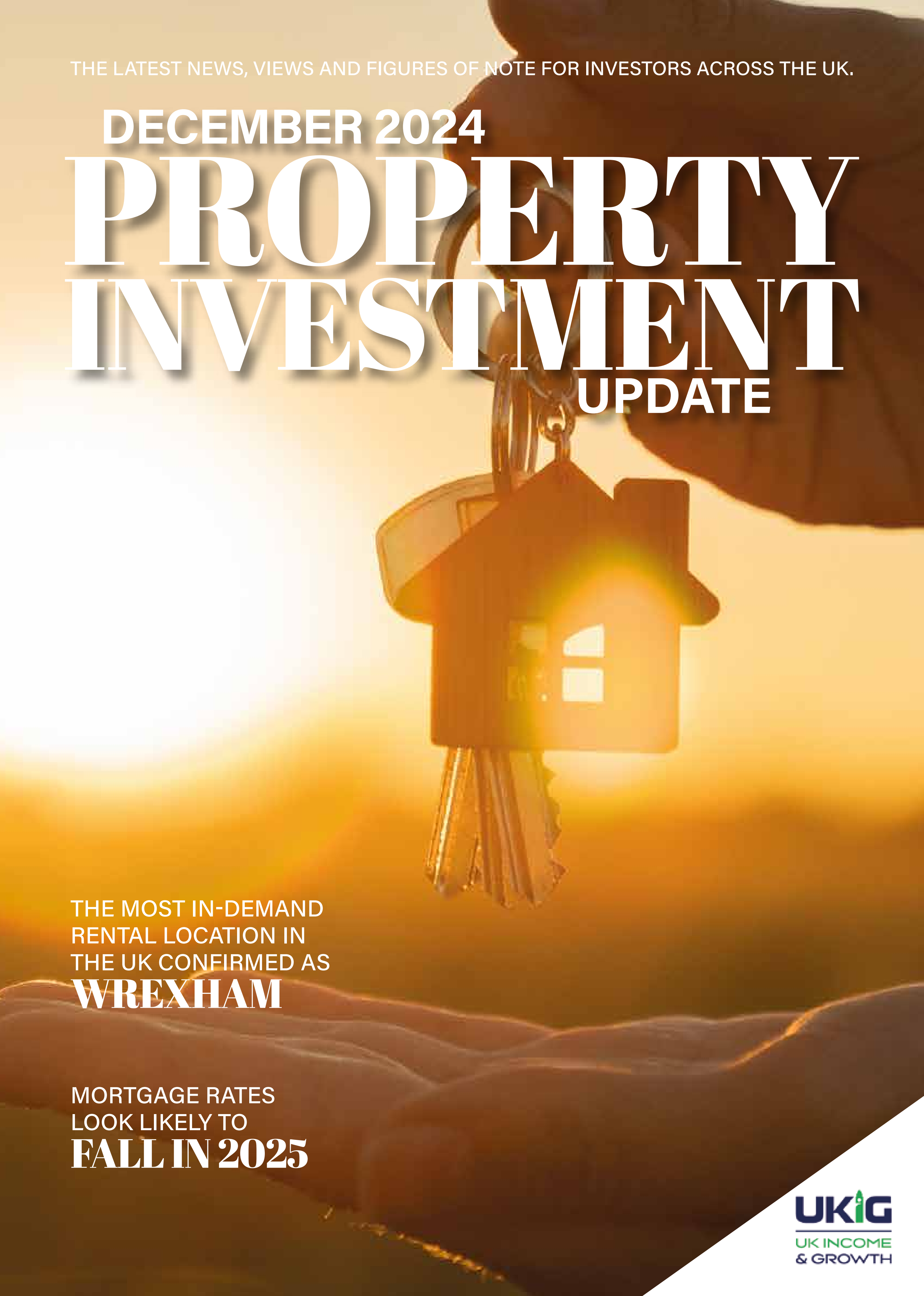

THE LATEST NEWS, VIEWS AND FIGURES OF NOTE FOR INVESTORS ACROSS THE UK.

DECEMBER 2024

PROPERTY INVESTMENT UPDATE

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MORTGAGE RATES LOOK LIKELY TO **FALL IN 2025**

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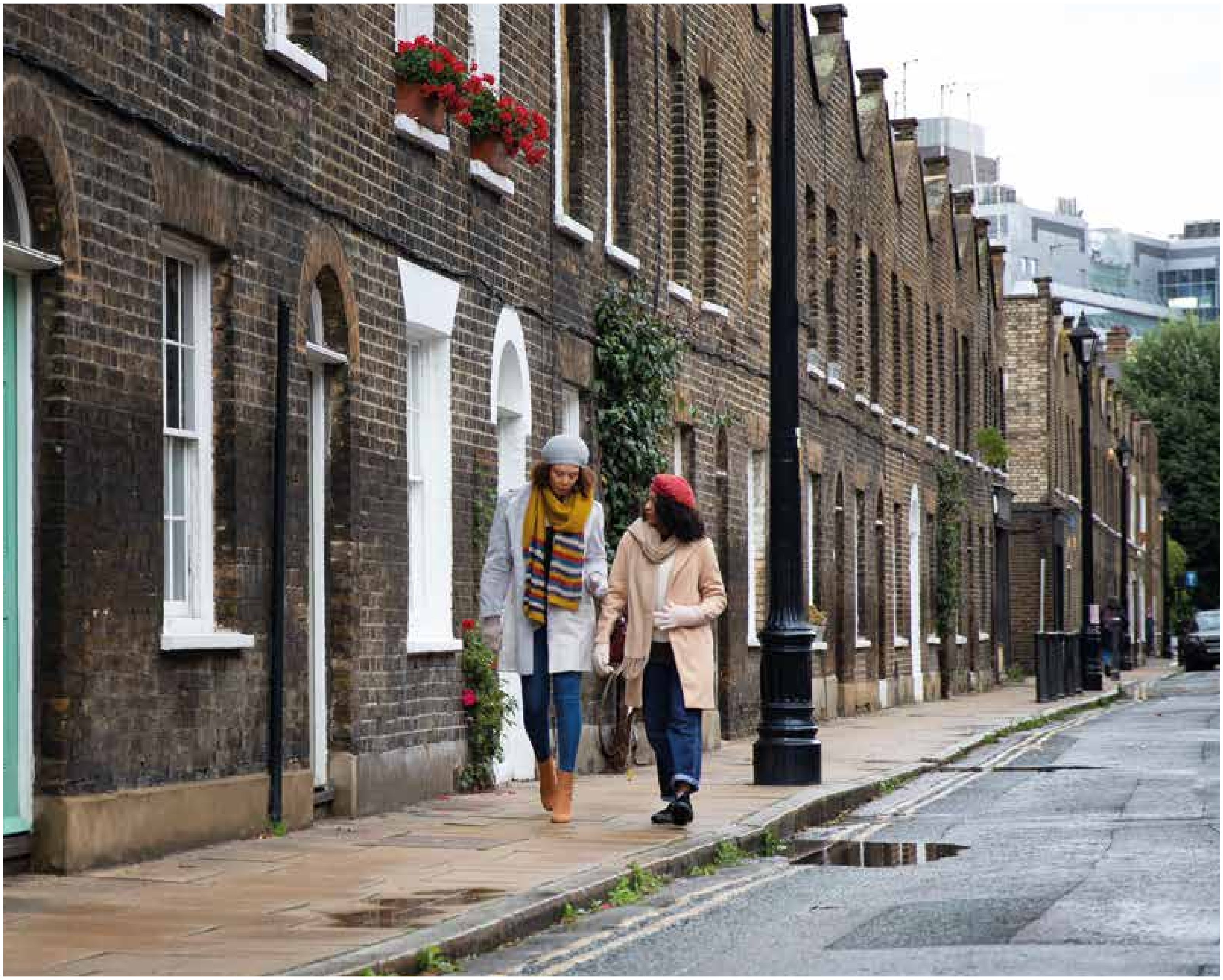


MONTHLY PROPERTY INVESTMENT UPDATE: 2024 RECAP AND 2025 PROJECTIONS

Welcome to our final monthly property investment update of 2024. Throughout the year, we've studied a wide range of data points and explored markets at home and overseas to bring you the most compelling new trends and developments.

The past 12 months have been jam-packed and 2025 promises to be no different. To mark the end of the year, we're recapping some of the biggest stories and changes in the sector. We're also looking ahead at what you can expect over the coming months in our 2025 forecast. Read on to discover what's in store.

2024 SAW DUBAI CONFIRMED AS THE BEST PRIME RESIDENTIAL MARKET IN THE WORLD

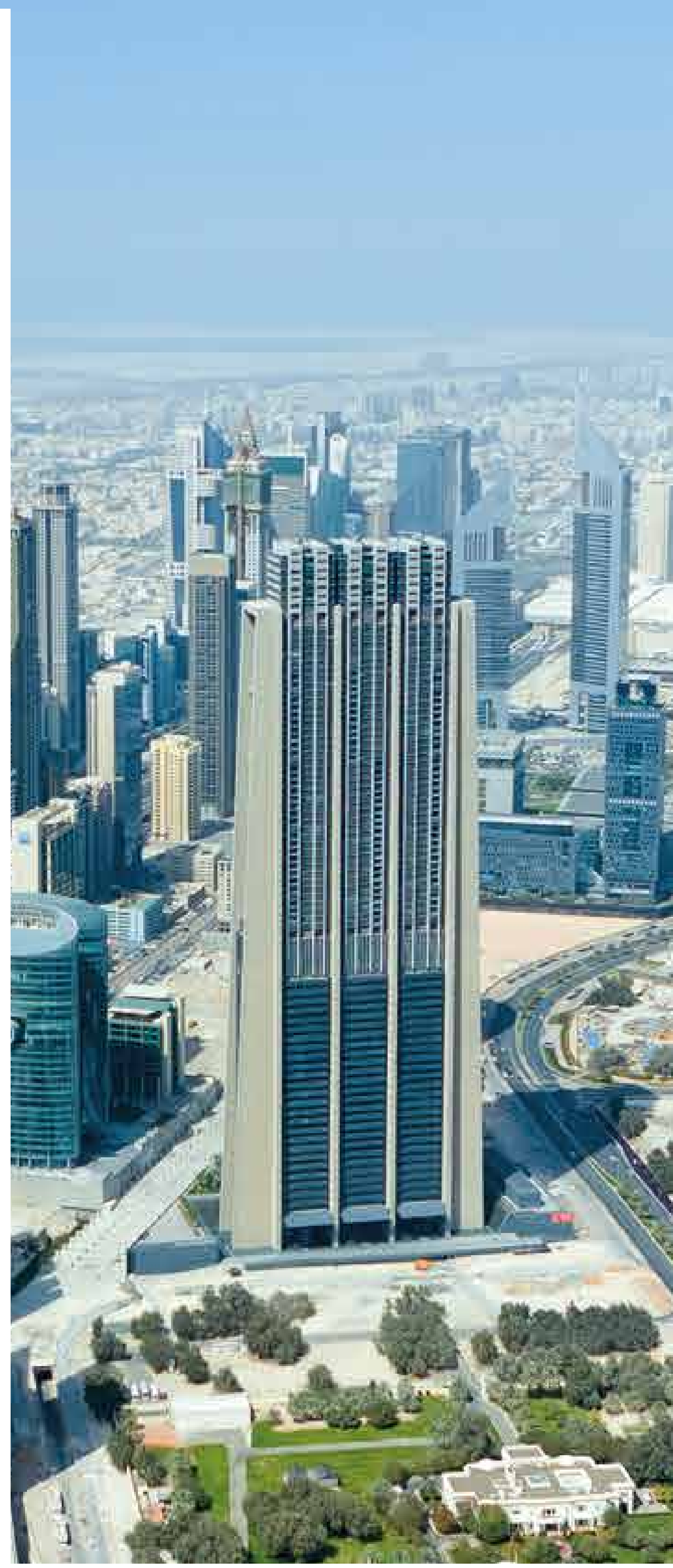
2024 was a banner year for Dubai's rental sector, with the emirate firmly establishing its status as the best prime residential market in the world for buy-to-let landlords. Savill's Prime Residential World Cities Index1 saw Dubai beating out 29 other cities including Bangkok and London to be named the best destination for rental value growth. It was also fifth in the overall capital value growth league table.

In the six months to July, rental performance in Dubai gained 12.1% - significantly higher than the second placed city, Bangkok, which registered a 9% uptick. The third best city, Lisbon was further behind still with gains of 7.5%. Dubai also recorded positive capital growth of 2.9%.

The Head of Residential Agency at Savills Middle East, Andrew Cummings identifies a whole host of reasons why Dubai is such an attractive option for buy-to-let investors. With benefits ranging from pro-government policies to flexible visa options and a great standard of living, rental demand is expected to continue at pace.

He said, "The Dubai residential market continued its dream run in the first six months of the year, with record-breaking transaction volumes and values. We're seeing some of the finest brands and developers launching world-class projects in Dubai and the wider UAE to capitalise on the growing demand. However, with existing supply running tight, prime rentals are not expected to cool off anytime soon.

"On a price per sq ft basis, Dubai continues to offer immense value to investors and end-users looking for high-quality, luxurious homes with attractive amenities. Coupled with the lifestyle and connectivity that the emirate has to offer, Dubai continues to be one of the most coveted destinations in the world to live in."



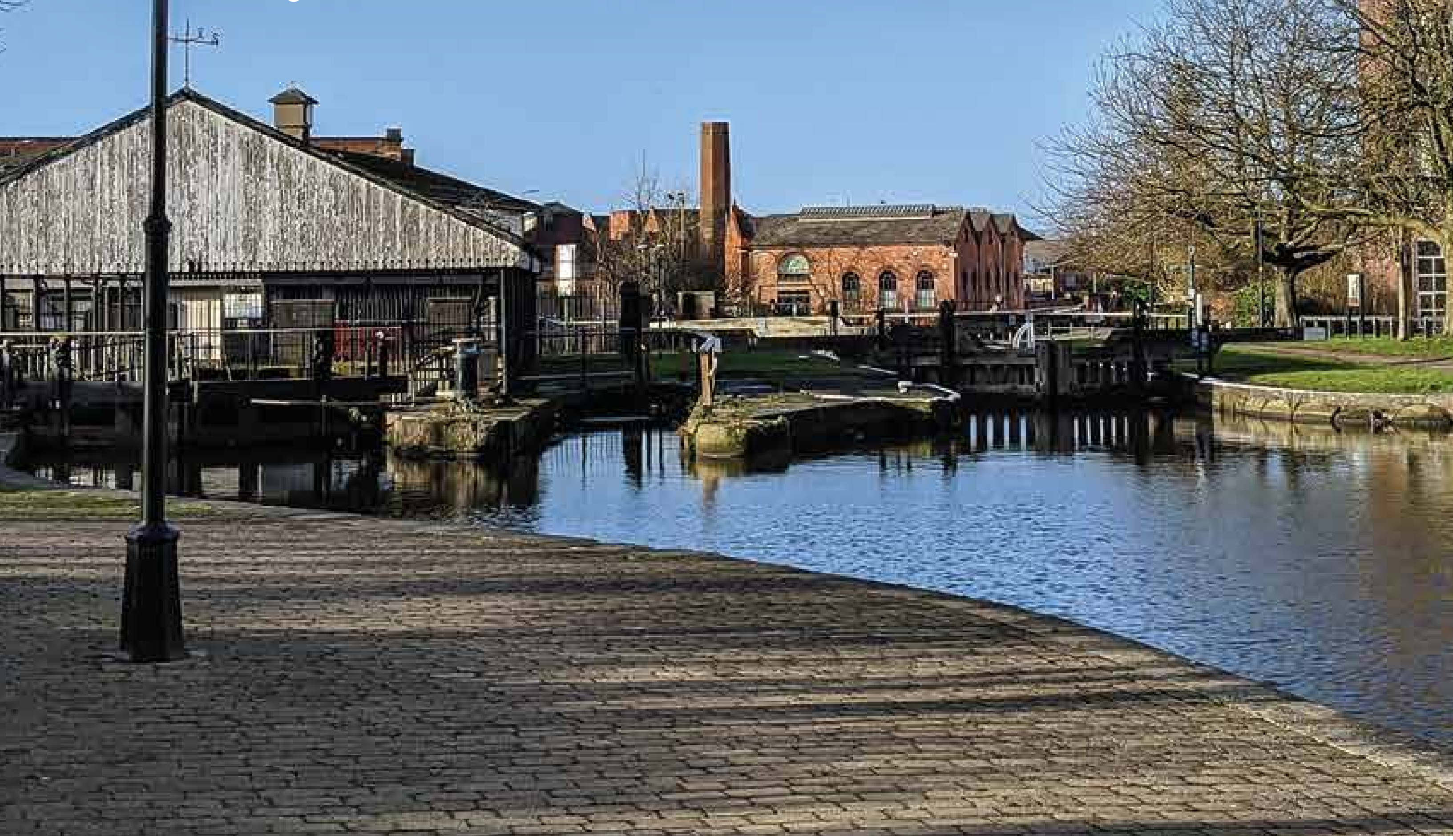
UK RENTAL PRICES HAVE INCREASED BY 27% IN THREE YEARS

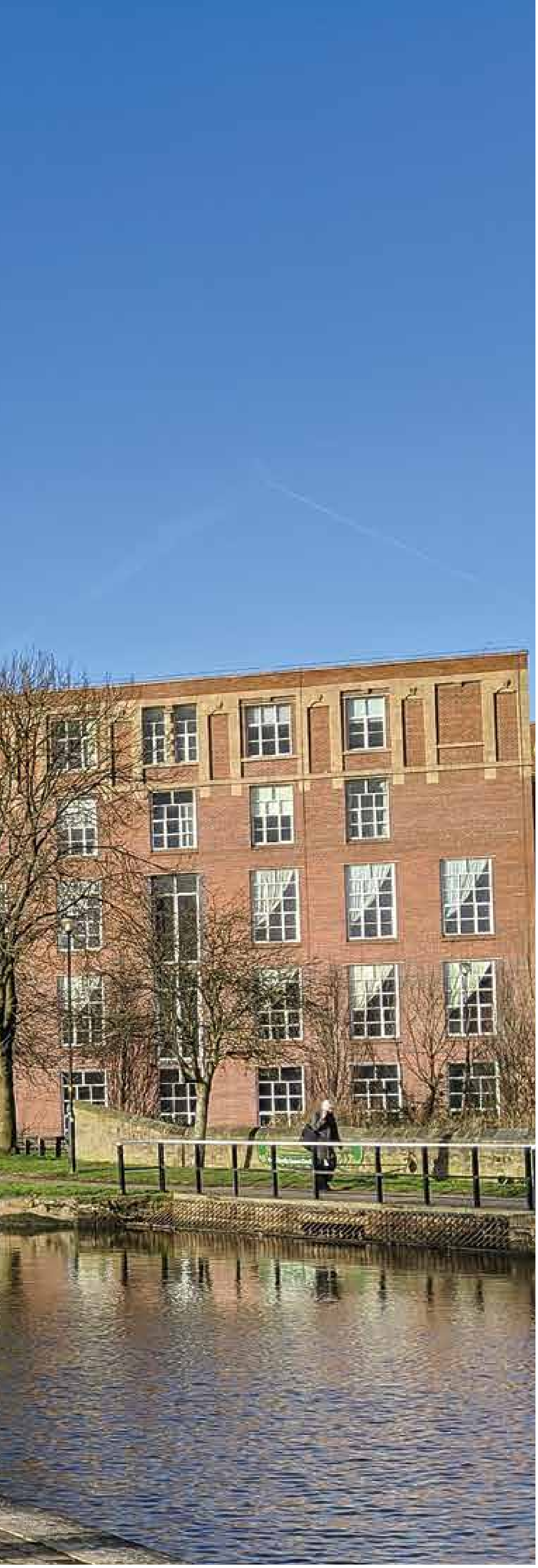
If you have a buy-to-let property in the UK, you may be one of many landlords who has noted a significant increase in your rental property income this year. According to Zoopla's Rental Market Report: December 20242, the average rental cost spiked by £3,240 between 2021 and 2024.

Over the course of 2024, rents increased by 3.9%. This means that the average rental property now is now let for £1,270 per month. However, there are regional fluctuations and according to Zoopla's analysis, rents are increasing faster at the lower end of the market as tenants look to more affordable areas to make the most of their budget.

This pushes up demand in those better value postcodes. Rochdale rents are increasing at 11.9% for example, as Manchester residents look to move north of the city centre to get more for their money. Rents are also up 10% in nearby Blackburn and 9% in Birkenhead.

The good news for landlords is that rental housing stock isn't expected to increase in 2025. In every region of the UK apart from the East Midlands supply continues to fall below pre-pandemic levels, so buy-to-let investors can realistically expect a steady demand and income over the next months. This will be driven by the high cost of first-home ownership, and a lack of growth in the social rental sector.





THE MOST IN-DEMAND RENTAL LOCATION IN THE UK CONFIRMED AS WREXHAM

After it got the Hollywood treatment with the arrival of Ryan Reynolds, Wrexham has been confirmed as the most in-demand location for rentals in the UK for 2024. According to data collected by Right Move, each rental property typically receives 54 enquiries. It's also one of the cheapest places to be a tenant, with the average rental property commanding £967 per calendar month.

Glasgow, Bristol, Plymouth and Wirral round out the top five, with an average of 52, 51,50 and 47 prospective tenant enquiries received for each rental property respectively.

Right Move's Tim Bannister says the figure is indicative of the need for more rental properties to be made available. He says, "To be receiving upwards of 50 enquiries per available rental property in some local areas is an astonishing figure, which goes to show the significant amount of work still to be done to improve the balance of supply and demand across different areas of Great Britain."

If you're planning your next buy-to-let purchase, other areas in the top 10 with strong tenant demand include Salford, Stockport, Oldham, Tameside, Bath and North East Somerset.

THE UK RENTAL OUTLOOK FOR 2025 IS ENCOURAGING WITH AVERAGE PRICES TO RISE BY 4%

Landlords who resisted the temptation to sell their rental properties in the wake of the election should be rewarded with an average rental rise of around 4% in 2025, according to Zoopla3. Its analysis suggests that the cost of new rentals will rise faster than the 2.5% growth expected in average house prices for the same period.

We expect rents for new lets to increase by 4% over 2025, at a faster rate than the 2.5% growth in average house prices.

The property platform says, “Rents are set to outpace capital values for the next 3 years, boosting yields further. The impetus for rental growth will come from areas where rents are cheaper and have headroom for above-average growth, including rural areas and smaller towns well-connected to larger cities - where rents are already rising more quickly.”

If you’ve been considering selling your rental property in the UK due to upcoming legislation changes including the Renters' Rights Bill and Stamp Duty increase it could be worth a rethink.

The National Residential Landlords Association expects 31% of current landlords to sell up within the next two years. And fewer new landlords are expected to enter the market, with a 7% drop in buy-to-let mortgages also expected. That spells bad news for tenants as it means supply of rental property will continue to be stretched – but it’s good news for those landlords who don’t sell, as demand will push up rental prices. It also puts landlords in the driving seat when it comes to selecting tenants.

MORTGAGE RATES LOOK LIKELY TO FALL IN 2025

After constant rises in 2023, mortgage rates finally started to come down in 2024. Consumer body, Which? Says it expects this trend to continue in 2025 – which is good news if you plan to add to your buy-to-let portfolio and are waiting for more favourable rates to offset some of the additional legislation and tax changes set to be introduced next year.

Which? Figures show that two-year fixed rates fell only marginally in 2024, down from 5.93% to 5.62%. However, it expects that some mortgage rates could fall as low as 3.5% by December 2025. This prediction is based on the presumption that the Bank of England will lower the base rate from 4.75% to 4%.

DUBAI RENTAL DEMAND SET TO SOAR IN 2025 EXPERTS SAY WITH 18% INCREASE IN SHORT-TERM RENTALS

Buy-to-let landlords in Dubai should prepare for a surge in demand in 2025 experts say. Analysts expect short-term rentals to grow by 18%, and long-term leases by 13%.

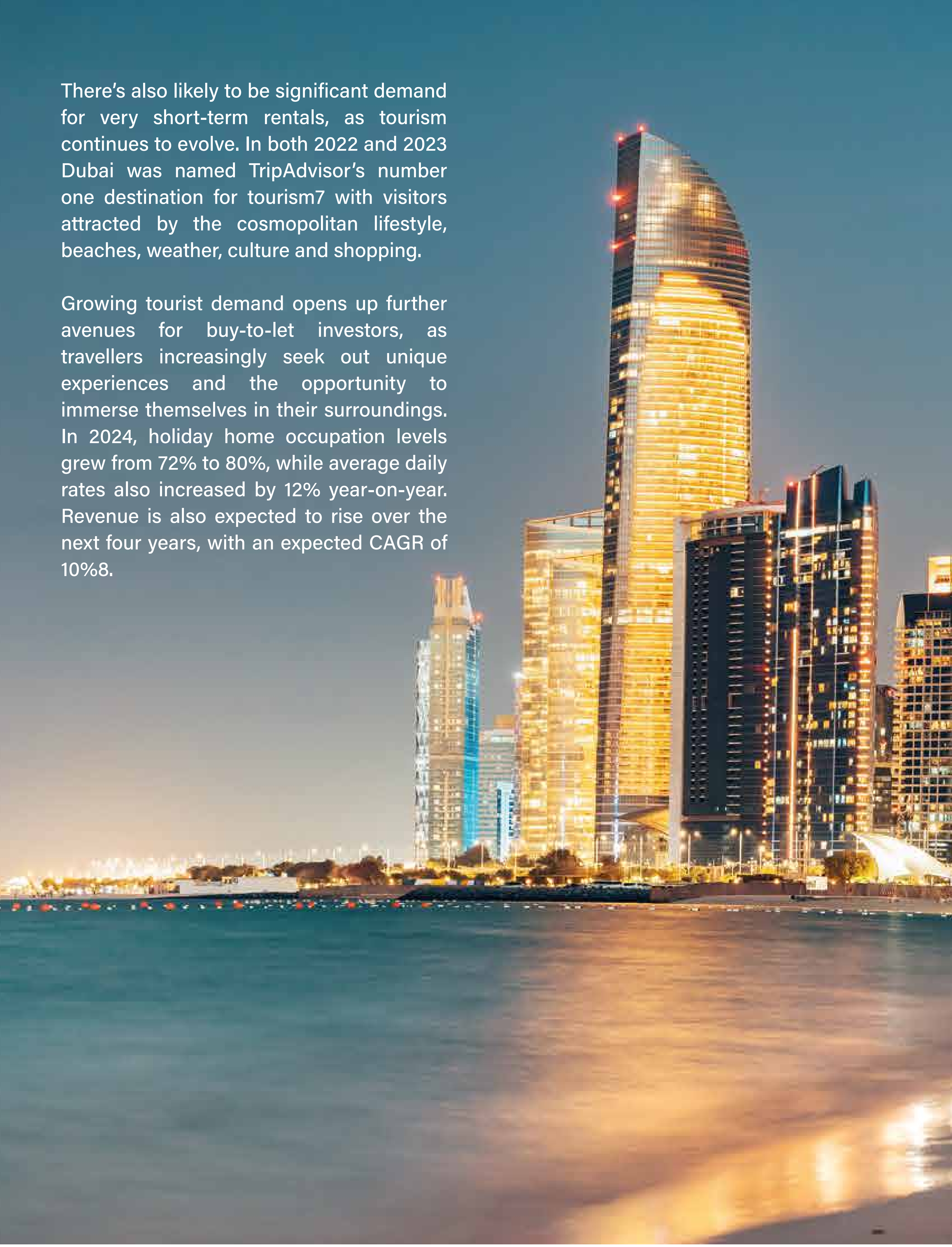
Much of the demand will come from professionals relocating to the UAE for work. According to data from the Legatum Institute4, Dubai is the global leader when it

comes to attracting skilled workers, while Deel says5 the country is the preferred choice for professionals seeking overseas employment visas.

2025 could see even more skilled workers relocating to Dubai, with 92% of businesses6 saying they plan to recruit more permanent employees, temporary employees, contractors, or freelancers over the next 12 months. With sectors like banking, property and construction and manufacturing all set to add to their headcount, demand for good-quality rental accommodation could exceed the 18% increase projected so far.

There’s also likely to be significant demand for very short-term rentals, as tourism continues to evolve. In both 2022 and 2023 Dubai was named TripAdvisor’s number one destination for tourism7 with visitors attracted by the cosmopolitan lifestyle, beaches, weather, culture and shopping.

Growing tourist demand opens up further avenues for buy-to-let investors, as travellers increasingly seek out unique experiences and the opportunity to immerse themselves in their surroundings. In 2024, holiday home occupation levels grew from 72% to 80%, while average daily rates also increased by 12% year-on-year. Revenue is also expected to rise over the next four years, with an expected CAGR of 10%8.



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