

Lettings

Central London Market Review - Q1 2023

Beware of Letting Agents Bearing Gifts

Q1 2023 vs Q1 2022

New Instructions

-11%

Price Reductions

+44%

Time on Market

+12%

The lettings market in Q1 2023 has largely followed a similar path as the previous 12 months, that is to say a supply squeeze (new instructions down 11% vs 2022) and resultant rental value growth (8.4% annualised). Rental values are now 19% above the 2017-2019 pre-pandemic average and, in Prime Central London at least which lacks the affordability brake that the remainder of the capital is pulling upon, the upward curve remains steady.

At Maskells, we are pleased to report that our Q1 statistics buck the trend in terms of new properties coming to market. We transacted more than

double the number of new lets vs 2022 and, pleasingly, of all the properties let this year, we have had to reduce the price of only 1 to secure a letting. This is a key statistic because, with the dearth of new stock coming to the market, and the resultant pressure on many corporate estate agency teams to “win” new business, we are seeing a significant amount of over-valuation in an attempt to attract the landlord to list their property with them. They will then manage the price down, ultimately delaying the letting and in the significant majority of cases, costing their client in lost revenue. The Q1 statistics bear this out, with a 44% increase in the

number of price reductions and a 12% increase in the average time it takes to let a property. Our advice to Landlords is to understand that the fundamentals of letting a property have not changed, even within the bull market we are currently experiencing. Achieving the best result out of any letting is a product of balancing 4 key factors to your advantage, these factors are:

1. The best price in the prevailing market conditions – subject to point 2
2. Achieved within a reasonable timeframe (< 2 to 4 weeks from the

commencement of marketing)

3. To the best quality tenant (Crucial to ensuring the property is cared for and will let well again)

4. With the lowest initial outlay (the requests a tenant may make for changes or additions to the property prior to letting).

It is also important to understand that our market is not linear, with different sectors performing with varying degrees of success in Q1 based upon the demand profile within that market. We have seen 1- and 2-bedroom apartments continue to show the

highest level of demand, letting very quickly and, on many occasions, in a competitive bidding scenario. The family house market however has slowed down markedly from Q4 2022; there is a sense that many families who were looking have now secured their new home, and we are therefore waiting for a fresh influx of family tenants which we anticipate will materialise as we move into Spring. As a result of this we will tailor our pricing advice to suit the property demographic and - in particular - our marketing strategy with respect to family houses to aim for maximum impact as we anticipate demand increasing.

As a landlord myself and having worked in this market for over 20 years, I understand first-hand the burden of increased cost and regulation we have had to navigate. The rental value growth we have experienced over the last 20 months therefore comes at a crucial time for the Private Rented Sector, and it is important that this is capitalised upon. However, accurate advice and a pragmatic approach remains fundamental to our job as trusted advisors, and landlords must be wary of any advice they receive that does not have their best interests front and centre.

Maskells is a central London specialist agent with global reach. We have been selling and letting London's finest residential properties to almost every nationality on earth, since 1965. With a track record of over £4 Billion of properties sold and an outstanding client retention rate of 98% in our lettings division, Maskells is a leader in our field. We are one of the few agents rated as 4.9 stars on google and have been voted by our peers as one of the top 10 independent agents in central London, 3 years consecutively. We make a difference.

[Click here to read more about Letting with Maskells...](#)



Peter Hermon - Taylor
Managing Director, Lettings
020 7581 2216
peterHT@maskells.com



Tabitha Jones
Director, Lettings
020 7887 2532
tjones@maskells.com



Jamie Hope
Managing Director, Sales
020 7581 2216
jhope@maskells.com

CONTACT US

If you would like to rent, buy or sell a property, or if you would just like some impartial advice, we would be delighted to help.

