

Lettings

Central London Market Review - September 2023

Last 3 months vs same period last year.



Tenant Enquiry

+17%

Viewings

+120%

Offer Numbers

+21%

£ / SQ FT

+8.8%



Supply Supply Supply.

The rental market remains highly cyclical, with an upsurge of demand in the late summer months created by the usual influx of international students, graduates and new school term families, which crescendos in August and September and then ebbs away as we move into Autumn. At Maskells this period has been an exceptionally busy one, with an increase in the number of new lets being transacted of over 30% compared to 2022. The majority of these new lettings have achieved a rental level at, or in many cases above, the asking price with numerous bidding scenarios helping to achieve exceptional results.

Demand in general appears to be holding steady, at levels similar to the pre-covid average. However, we have seen a fragmentation at different price points, with demand strongest in the lower price points (below £1,000 per week) and weakest in the traditional corporate market price levels of £2,000 - £4,000 per week, albeit that low levels of supply in this

sector have supported prices. Experience and accurate advice remains fundamental to navigating these diverse streams within our market in order to achieve the optimum balance of rental income, quality of tenant and minimal void period.

Supply levels have been increasing throughout Q2, buoyed to a large degree by the "boomerang landlord" who have been trying to sell but have not been able to achieve the price level they felt was sufficient to convince them to part with their property, therefore coming back to the rental market. Notwithstanding this uplift in supply, current levels are still 13% below the pre-covid 5-year average.

As a result of this increase in supply, rental value growth has slowed, a trend which has continued throughout 2023. Annual rental value growth slowed to 8.8% across prime London in August. This number of course still represents exceptionally strong growth compared to historical

averages and is continuing to push up rental yields, which now stand at over 4% (4.09%) – 2023 is the first year yields have breached 4% in London since 2012.

Looking ahead, we can see no impending signs of significant change to the fundamentals of low supply relative to

demand in the Prime Central London lettings market. Throw a challenging sales market with falling average values into the mix and our market is looking like an interesting arena for investment for those looking to add London property to their investment portfolio.

Tales from the market



Maskells was instructed alongside another agent on this wonderful flat in Holland Park, at £3,250 pw, offering fabulous accommodation and direct access to the communal garden.

A relocation agent approached the other agent who could not arrange access in the timeline the tenant required. Maskells was able to do this, arranged the viewing and the tenant, an MD from one of the world's largest banking organisations, offered the asking price on the viewing, seeking a long-term tenancy.

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CONTACT US

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



Tabitha Jones

Director

020 7887 2532

tjones@maskells.com



Peter Hermon-Taylor

Director

020 7581 2216

peterht@maskells.com



Jamie Hope

Director

020 7581 2216

jhope@maskells.com

