

Lettings

Central London Market Review - December 2023

Last 3 months vs same period last year.



New Tenancies

+30%

Prime London
Yield
4.46%

Rental Value
Growth
+6.9%



Sitting at my desk on 21st December – the Winter Solstice – listening to Last Christmas by Wham on the wireless and pondering the year that is now all but over... I have been working in the lettings industry for 21 years this year and, whilst I would struggle to recall the detail of market conditions in 2003, it is certainly true to say that this year has been pretty unique in our industry. As a result primarily of Government meddling, but also clearly the ongoing shockwaves caused by covid, for the last 2 years we have seen a growth trajectory in PCL lettings the like of which I have never seen before.

To put this into numbers, from a position in March 2021 where we were “staring down the barrel” with average rents having fallen by 15% compared to Jan 2020 rental value is now 32% above the 2017-2019 (pre pandemic) average. For those mathematically challenged that is an increase in average rental values – from the bottom of the covid trough – of 47% in 31 months... wow!

My two immediate reactions to this are firstly, thank goodness... Landlords have had a tough time since the previous market peak in 2015 – 7 years of consistent negative growth added to a good degree of landlord bashing by the incumbent government. Many of our landlords frankly don't want to be landlords anymore as a result, and it is clear the UK Gov has shot itself in the foot – whilst trying to help first time buyers get on the ladder (by making it more expensive for landlords buy in and operate), they have only served to push rents up making it much more difficult for a first time buyer to save the deposit needed to buy in the first place.

This seismic increase in rental value has not only therefore been a welcome buffer against increasing costs created primarily by more red tape, it has also pushed PCL and Prime London gross yields into a much more rosy position of 3.81% and 4.46% respectively, making London property look like an interesting investment for those looking to add London property to their investment portfolio.

My second reaction is that clearly this is unsustainable, and we have already seen a significant shift in the supply / demand profile in the latter part of this year. However, with no prospect of a significant increase in supply, 2024 is likely to see at worst a continued slowing of value growth. We are also likely to see the implementation of the long awaited Renters Reform Bill 2023 which is potentially the most significant piece of

legislation impacting the Private Rented Sector since the 1988 Housing Act created the Assured Shorthold Tenancy. If you are a Landlord this is certainly a time when you want your property assets managed by an experienced and crucially nimble business like Maskells!

Tales from the market



One of our favourite lets this year has been a wonderful lateral apartment set within the recently completed Banda development on Leinster Square. Of particular note was a special curated art collection which was left in situ for the incoming tenant to enjoy.

It took a lot of careful positioning and detailed advice to the client, who were bursting to move to shorten their horrendous commute! After an excellent launch event a tenant was sourced quickly and a match made in heaven created for such a beautiful and special apartment. Asking price £7,500 per week (£32,500 pcm).

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

[Click here to download the latest Lonres market report.](#)

Merry Christmas to all and we look forward to working with you in 2024!!



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.



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