

## Lettings

### Central London Market Review - March 2024

Last 3 months vs same period last year.



New Tenancies

+57%

Price Reductions

+82%

Rental Value

Growth

+3.4%



Most industry pundits and professional bodies are reporting a “return to normality” within the London lettings market, with growth having slowed significantly over the Winter months (and in some areas even falling) and March indicating a bounce back in tenant activity with the number of new lets agreed increasing by 14% over the December to February average. This slowing of tenant demand over the winter period followed by a pick up in Spring is indicative of the traditional seasonal activity we are used to seeing in our market. Indeed both metrics of supply and demand have picked up in Spring (by 17% and 14% respectively) although both remain stubbornly below average 2017 – 2019 activity levels.

This is borne out by data from Lonres.com who believe more balance is returning to the lettings market. They say “... data on discounts and reductions suggest that more balance is returning to the lettings market. The all-time lows for both discounts and price reductions were recorded in Q3 2022, indicating demand significantly outpacing supply. Since then,

these metrics have fallen back closer to pre-pandemic levels. The average discount in February was 4.2%, compared to the low of -0.5% (i.e. a premium to asking rent) in September 2022. And 35.1% of properties were reduced before being let, compared to the low of 10.1% in July 2022.”

Price reductions have been relatively price point specific, with continued lower levels of demand relative to supply at higher prices, causing a greater volume of price reductions in property over £1,000 per week. This is caused primarily by the discretionary landlord deciding to rent their property rather than sell in what they view to be a weak sales market.

The Chancellor seems to have recognised the relatively chronic lack of supply within the long letting market across the country. Within Jeremy Hunt's Spring budget was a pledge to “encourage landlords into long term renting” – they are seeking to remove the incentive for short term holiday lets rather than longer term homes by abolishing the furnished

holiday lettings (FHL) tax regime which they say will come into force in April 2025. However, hanging over our head remains the question of exactly what shape the Renters Reform Bill will take – at last check it had finished committee stage in the House of Commons, however was firmly stuck awaiting its 3<sup>rd</sup> reading. Lord Best

(former chairman The Property Ombudsman) addressing the lettings industry council, seemed to indicate that he believed the Conservatives will push the RRB into next year, thereby leaving it to the next Government to introduce.

## Tales from the market



This strikingly beautiful lateral apartment in W2 with access to the communal garden square of Leinster Square was successfully let during our exclusive off market period. Following a successful launch to our black book of introducers, we managed to carry out a handful of viewings with some of the hottest applicants in the market. From that came a single professional, who was already living in the area but wanted a lateral apartment with a high-end finish. This property ticked all the boxes and surpassed their expectations. Asking £4,500 per week (£19,500.00 pcm).

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