

SUPER PRIME HOME COUNTIES LETTINGS

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Changes to taxation and greater flexibility from landlords means activity in the super prime rental market across the Home Counties is buoyant, as Gemma Scott tells Oliver Knight

One beneficiary of recent changes to stamp duty has been the luxury lettings sector. Both supply and demand have risen as higher purchase costs at the top-end of the sales market make buyers increasingly price sensitive.

Knight Frank analysis of the super prime (£15,000-plus/month) market across the Home Counties shows that the number of properties available for rent has increased by 56% so far in 2016 compared to last year.

The number of viewings conducted above this level by Knight Frank offices has also more than doubled year-on-year, while the number of tenancies agreed in 2016 is comfortably higher than in both 2015 and 2014.

Jemma Scott, Partner Home Counties Lettings, explains: "When you consider that the stamp duty on the purchase of a £10 million property in the Home Counties is £1.1 million, rising to £1.4 million if it is a second home or additional residence, that's equivalent to more than three years rent."

The recent increase in stock levels has also resulted in greater negotiations on the part of tenants. In some cases this has led landlords to be flexible in terms of rents.

As Gemma explains: "This flexibility can make renting look like an increasingly attractive option, although best-in-class properties, which are in a 'ready-to-move-in' condition with the latest fixtures and fittings are holding their value."

For landlords, yields in the region of 3% to 4% are attainable for the best-in-class super prime properties.

The super prime lettings market in the Home Counties is concentrated on a relatively small number of areas primarily in Ascot, Virginia Water, Cobham and Esher, as figure 1 shows.

There is a strong correlation between the market and proximity to international schools such as ACS Egham, ACS Cobham and TASIS, the American school, with education a big driver at the top end of the market. 'Try-before-you-buy' tenants who want to get to know an area before committing to a purchase are another key source of demand.

Since 2014, international tenants have accounted for 81% of all super prime deals completed by Knight Frank across the Home Counties – although it should be noted that this is a small sub-sector of the market as a whole.

US renters have been the most active nationality over that time, accounting for 36% of all super prime tenancies agreed, followed by tenants from the UK.

"The Home Counties are often the first destination for individuals moving out of London, while excellent transport links back to the capital and the wealth of outstanding schools mean they're also favoured by international tenants looking to relocate to the UK, attracted by the abundance of green spaces and a vibrant social and sporting scene." Gemma says.



Wentworth, Virginia Water: £22,500 PCM



Hurst, Berkshire: £25,000 PCM

Super Prime Lettings Team

The Knight Frank Super Prime lettings team provides a unique service to clients and tenants with property interests upwards of £15,000 per month across the Home Counties. Covering Ascot, Beaconsfield, Cobham, Esher, Guildford, Henley, Sunningdale, Virginia Water, Weybridge and the surrounding countryside, the team has over 140 years of collaborative lettings experience. Our most experienced negotiators work collaboratively and seamlessly across Berkshire, Buckinghamshire, Oxfordshire, and Surrey offering a single point of contact for access to the Home Counties most exclusive properties both on and off market.



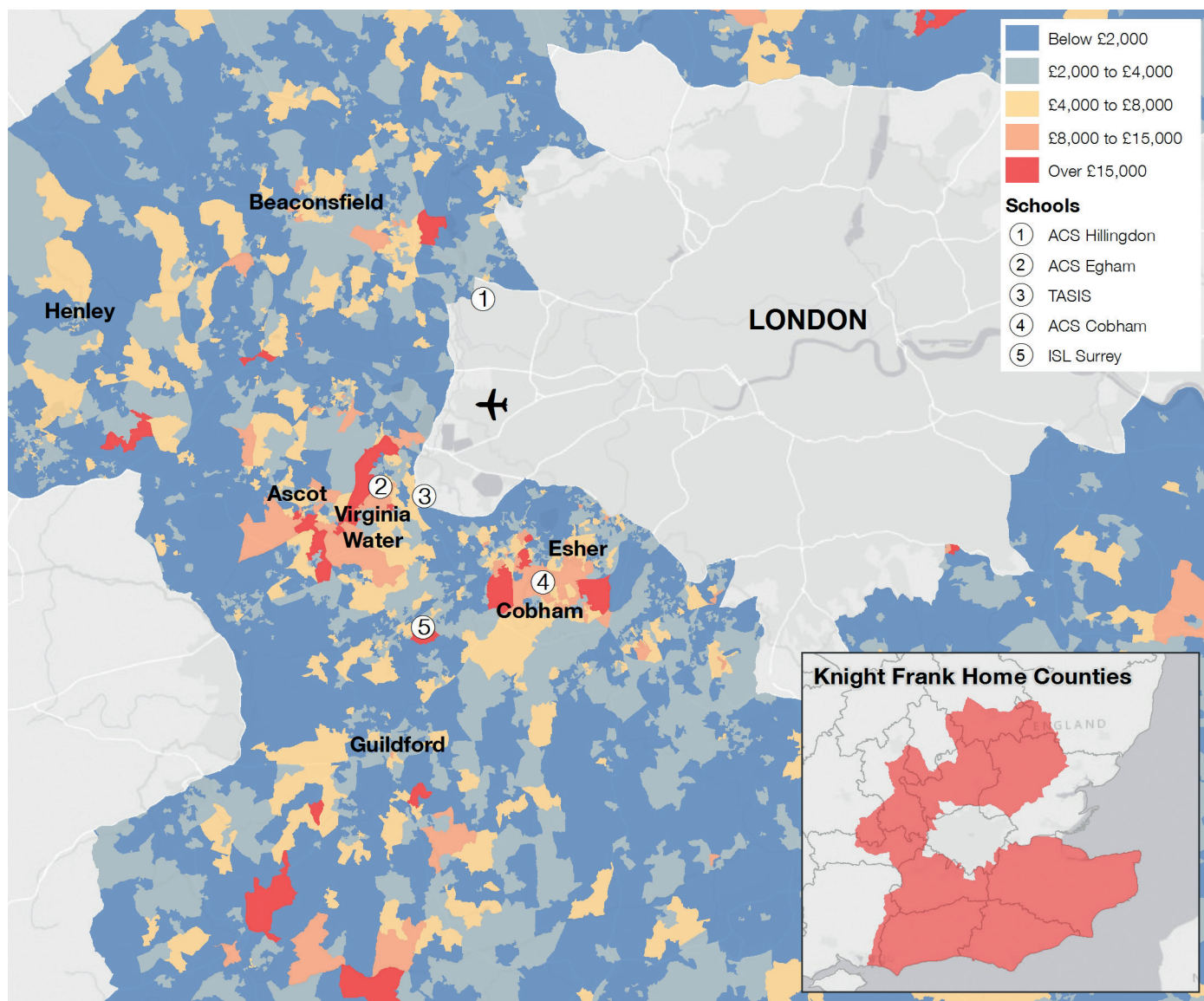
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FIGURE 1 Location of super prime rental properties (asking rents, 2016)

FIGURE 2
Super prime Home Counties lettings market in numbers

56%

The increase in the number of properties available for rent compared to last year

£22,975

Average monthly asking rent for a super prime property in the Home Counties (2016)

36%

Proportion of super prime tenancies in the Home Counties let to US nationals since 2014

£1.1 million

Stamp duty payable on a £10 million property

Source: Knight Frank Research

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