

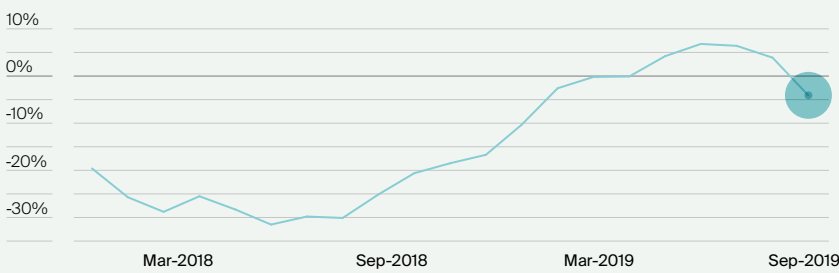
Prime London Lettings Index

October 2019

Location	Index	Annual Change	Quarterly Change	Monthly Change
PRIME CENTRAL LONDON	PRIME CENTRAL LONDON INDEX 165.6	0.1%	0.4%	0.2%
PRIME OUTER LONDON	PRIME OUTER LONDON INDEX 171.4	0.0%	0.1%	-0.1%

1 The number of homeowners valuing their property for rent declines

Number of rental valuations carried out by Knight Frank, annualised % change

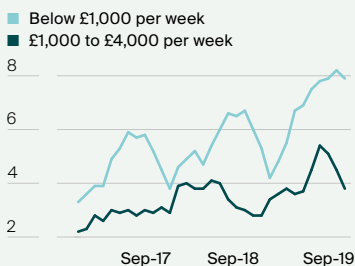


Source: Knight Frank Research

Figure 1 — The supply of new lettings properties in prime central London is likely to slow following a period when many would-be vendors have instead let their property due to Brexit-related uncertainty. The number of homes valued for rent by Knight Frank declined 4% in the year to September, suggesting the number of so-called “accidental landlords” is declining, which will put upwards pressure on rental values.

2 Demand outstrips supply in markets up to £1,000 per week

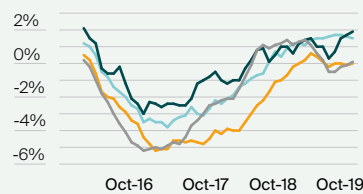
Ratio of new prospective tenants to new lettings listings



Source: Knight Frank Research

3 Rental value growth most prominent in lower price brackets

Legend:
 ■ £250 to £500 pw
 ■ £500 to £750 pw
 ■ PCL average
 ■ POL average



Source: Knight Frank Research

Figure 2 — Supply is constrained to a greater extent below £1,000 per week in the prime London lettings market, exacerbated by a trend for so-called “amateur landlords” at this end of the market to sell due to recent tax hikes. The ratio of new prospective tenants to lettings listings was 7.9 in October, compared to a market average of 3.8.

Figure 3 — As a result of this imbalance, rental values are being driven higher in lower price brackets. Average rental values increased 2% in PCL between £500 and £750 per week in the year to October. In POL over the same period, there was a 1.5% rise between £250 and £500 per week.

MACRO DATA

4 New-build sales rise in central London

Number of quarterly sales, developments of 20+ private units



Source: Knight Frank Research / Molior

Figure 4 — The same demand drivers for owner occupiers and landlords in the existing homes market in prime central London produced an increase in activity for new home sales in Q3 2019, Molior data shows. There were 1,438 sales in zone 1 in the period, which was third highest such figure in ten years.

PRIME CENTRAL LONDON PRICE GROWTH BY PRICE BAND, TIME PERIOD AND PROPERTY TYPE

	£250 - £500 PW	£500 - £750 PW	£750 - £1,000 PW	£1,000 - £1,500 PW	£1,500 - £2,000 PW	£2,000 + PW	FLAT	HOUSE
1 MONTH	0.5%	0.4%	0.2%	0.3%	-0.1%	0.0%	0.2%	0.2%
3 MONTHS	1.1%	1.1%	0.4%	0.6%	-0.3%	-0.1%	0.5%	0.3%
6 MONTHS	2.1%	1.9%	0.8%	1.1%	-0.7%	0.4%	1.0%	0.8%
1 YEAR	2.8%	1.9%	0.0%	-0.9%	-1.8%	-0.6%	0.4%	-0.5%
YTD	2.9%	2.5%	0.7%	0.1%	-1.8%	0.0%	1.0%	0.0%

PRIME OUTER LONDON PRICE GROWTH BY PRICE BAND, TIME PERIOD AND PROPERTY TYPE

	£250 - £500 PW	£500 - £750 PW	£750 - £1,000 PW	£1,000 - £1,500 PW	£1,500 - £2,000 PW	£2,000 + PW	FLAT	HOUSE
1 MONTH	-0.2%	0.1%	0.0%	-0.3%	0.0%	0.1%	0.1%	-0.2%
3 MONTHS	0.3%	0.2%	0.3%	-0.5%	0.1%	0.3%	0.4%	-0.2%
6 MONTHS	1.0%	0.3%	0.1%	-0.4%	0.1%	0.7%	0.5%	0.1%
1 YEAR	1.5%	-0.4%	-0.2%	-1.1%	-1.3%	0.5%	0.4%	-0.4%
YTD	1.4%	-0.1%	0.4%	-0.2%	-0.5%	1.5%	0.6%	0.4%

Please get in touch with us

If you are a landlord or a tenant and would like some help or information, we would love to hear from you.

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