

London Super-Prime Lettings Insight

Spring 2021

There were 137 super-prime tenancies (£5,000+/week) agreed in London last year, an 11% decline on the previous year (154).

However, there was a marked increase between the first and second half of the year due to the impact of Covid-19. In total, 87 super-prime tenancies were agreed between July and December, the second most active such period in the last seven years, LonRes data shows.

It underlines how demand has not been dented by the pandemic, according to Tom Smith, head of super-prime lettings at Knight Frank.

“A big driver in recent years has been the rates of stamp duty in the sales market and it is still a big motivation for tenants,” said Tom. “That rationale is still there and will arguably grow with the extra 2% surcharge that overseas buyers will have to pay from April.”

There were 15 tenancies agreed in first two months of 2021, which is the quietest start to the year in five years, due to the impact of international travel restrictions.

“Some people went away for Christmas and decided not to come back for the re-opening of schools in March,” said Tom. “Easter is not very far away and people didn’t want to quarantine twice in quick succession. So, there are still children learning remotely but after Easter that pent-up demand will release.”

There has also been an uptick in interest from US tenants in recent months due to the change of administration, said Tom. “It hasn’t come through in the number of tenancies yet, but I detect rising interest from the US as questions grow over the tax landscape for high-net worth individuals there.”

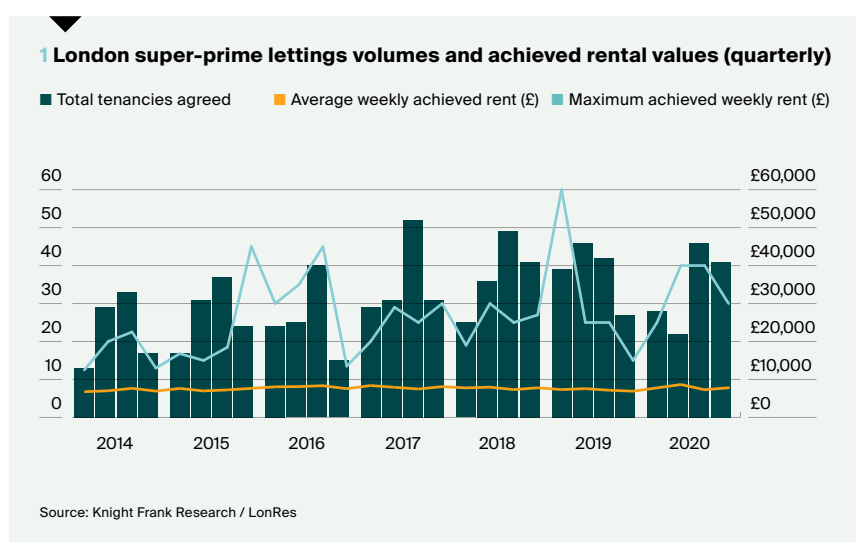
One issue prospective tenants may face is a supply shortage, as figure 4 shows. A fall in listings in the final quarter of last year was partly attributable to a second national lockdown in November but the growing strength of the super-prime sales market was another factor, as more owners decided to sell rather than let their properties. Supply should increase to some degree in coming weeks as lockdown restrictions

are lifted, said Tom.

“We are now having conversations with owners who say they would be open to either a sale or a letting and some strong offers are coming through in the sales market now,” said Tom.

The lack of supply is more of an issue in locations like Chelsea, Notting Hill and St Johns Wood, in particular properties with gardens and close to a good school. The relative lack of properties in the NW postcode underlines this (figure 4).

“I think tenants are still prepared to rent without outdoor space,” said Tom. “People are not necessarily planning for future lockdowns now. What some are doing is splitting their portfolio between London and the Country and are therefore happier to forgo some outdoor space in London.”



2 Super-prime lettings map of London

Tenancies agreed, year to February 2021, maximum achieved weekly rent

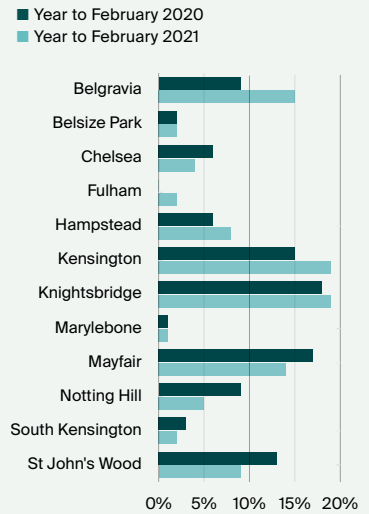
■ N/A / Sub-£1,000
 ■ £1,000 to £2,500
 ■ £2,500 to £5,000
 ■ £5,000 to £10,000
 ■ £10,000-plus



Source: Knight Frank Research

3 Super-prime lettings market share

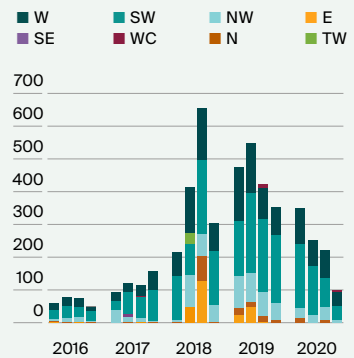
Percentage of super-prime lettings deals agreed by neighbourhood



Source: Knight Frank Research / LonRes

4 Super-prime supply

New £5,000-plus per week lettings listings by postcode, per quarter



Source: Knight Frank Research / LonRes

Please get in touch with us

If you're thinking of letting your property, renting in London or would just like some property advice, please do get in touch, we'd love to help



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