

**APRIL 2019**

This report analyses the performance of single-unit rental properties in the second-hand prime central and prime outer London markets between **£250 and £5,000+ per week**. For an analysis of the build-to-rent market and the institutional private rented sector in London and the rest of the UK, please see our Private Rented Sector Update <http://www.knightfrank.co.uk/research>

**PRIME CENTRAL LONDON**

Prime central London index | **164.1**

Annual rental value change | **0.6%**

Quarterly rental value change | **-0.2%**

**PRIME OUTER LONDON**

Prime outer London index | **170.9**

Annual rental value change | **0.4%**

Quarterly rental value change | **0.2%**

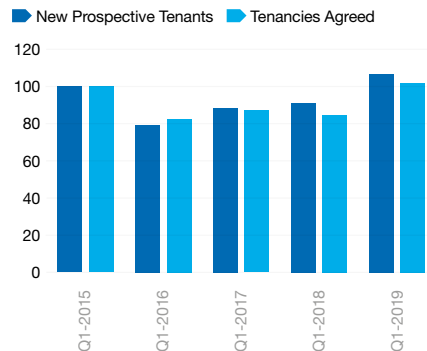
**Figure 1** The number of tenancies agreed and new prospective tenants registering in Q1 this year was the highest in five years in PCL and POL. While pent-up demand has built in the sales market in recent months, Brexit-related uncertainty in early 2019 has also boosted lettings demand.

**Figure 2** Both sales listings and lettings listings have seen large spikes over the last year. This volatility reflects how some landlords have attempted to sell in response to higher taxes but have returned to the lettings market after failing to achieve their asking price.

**Figure 3** The number of new prospective tenants for properties rented out at £5,000+ per week reached its second-highest level in Q1 2019 while the number of viewings was the strongest ever. Despite a five-year high for £20 million-plus sales last year, political uncertainty has also boosted demand in the high-value lettings market.

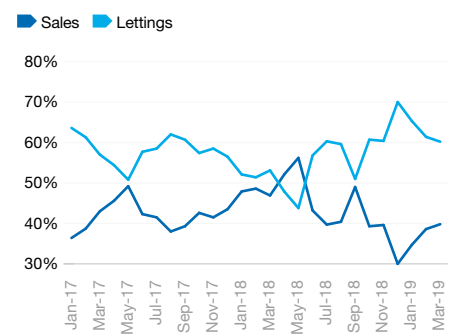
**Figure 4** For the same reason, the number of tenancies agreed for properties rented out at more than £5,000 per week in PCL and POL in Q1 2019 was 31, the highest number on record for the first three months of the year, a traditionally less active period.

**FIGURE 1**  
**Strongest Q1 activity levels in five years**  
 PCL and POL, rebased to 100



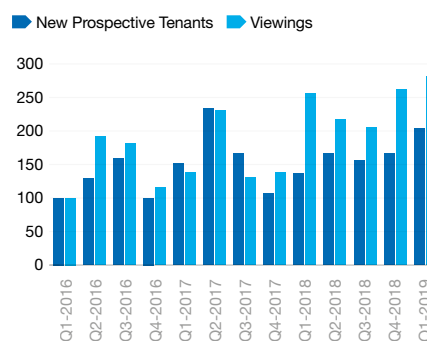
Source: Knight Frank Research

**FIGURE 2**  
**Owners switch between lettings and sales**  
 % of all listings, PCL and POL



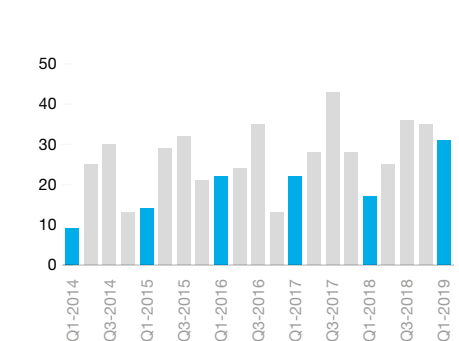
Source: Knight Frank Research

**FIGURE 3**  
**Super-prime lettings demand reaches Q1 high**  
 PCL and POL, rebased to 100



Source: Knight Frank Research

**FIGURE 4**  
**Strongest ever Q1 for super-prime lettings**  
 PCL and POL



Source: Knight Frank Research / LonRes

ECONOMIC DATA

**Figure 5** The economic backdrop has become more benign since the Federal Reserve adopted a more dovish interest rate policy in January. US bond yields have fallen, highlighting how there is less upwards pressure on interest rates around the world, which will have a positive impact on the liquidity of the UK mortgage market.

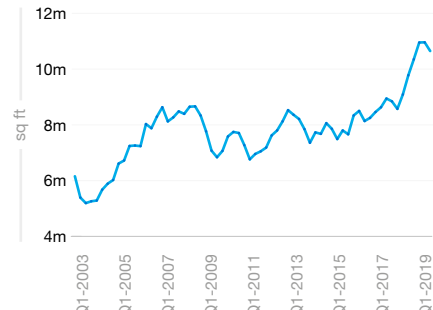
**Figure 6** The London economy continues to prove resilient despite the political backdrop of Brexit. In addition to record levels of employment and strong office take-up numbers, the pipeline of companies looking for office space in central London has grown notably over the last 12 months.

FIGURE 5  
**Economic backdrop gets more benign**  
US 10-year treasury yields



Source: Knight Frank Research

FIGURE 6  
**The resilience of the London economy**  
Central London office requirements, rolling annual total



Source: Knight Frank Research

FIGURE 7  
**PRIME CENTRAL LONDON Rental value 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
<b>1 month</b>	0.1%	0.1%	0.1%	-0.2%	-0.3%	-0.1%	0.0%	0.0%
<b>3 months</b>	0.6%	0.3%	-0.2%	-0.3%	-0.5%	-0.5%	0.0%	-0.5%
<b>6 months</b>	0.8%	0.1%	-0.8%	-1.9%	-1.2%	-1.0%	-0.5%	-1.3%
<b>1 year</b>	3.4%	1.0%	1.3%	-0.7%	-1.3%	-0.1%	1.1%	-0.7%
<b>YTD</b>	0.9%	0.6%	-0.1%	-1.0%	-1.1%	-0.4%	0.1%	-0.8%

FIGURE 8  
**PRIME OUTER LONDON Rental value 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
<b>1 month</b>	0.2%	-0.1%	0.2%	0.4%	0.3%	0.4%	0.1%	0.3%
<b>3 months</b>	0.4%	-0.2%	0.2%	0.4%	-0.6%	0.6%	0.0%	0.4%
<b>6 months</b>	0.6%	-0.7%	-0.3%	-0.6%	-1.4%	-0.2%	-0.2%	-0.4%
<b>1 year</b>	1.5%	0.1%	0.2%	-0.1%	-0.9%	0.8%	0.7%	0.1%
<b>YTD</b>	0.4%	-0.4%	0.3%	0.2%	-0.5%	0.7%	0.0%	0.3%

DATA DIGEST

The Knight Frank Prime Central London Index, established in 1976, is the longest running and most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks capital values of prime central London residential property.

**Prime central London** is defined in the index as covering: Aldgate & the City, Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Riverside, South Kensington, St John's Wood, Tower Bridge and Victoria.

**Prime Outer London** comprises Barnes, Battersea, Belsize Park, Canary Wharf, Chiswick, Clapham, Dulwich, Fulham, Hampstead, Queen's Park, Richmond, Wandsworth, Wapping and Wimbledon.

RESIDENTIAL RESEARCH



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**PLEASE GET IN TOUCH**  
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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