

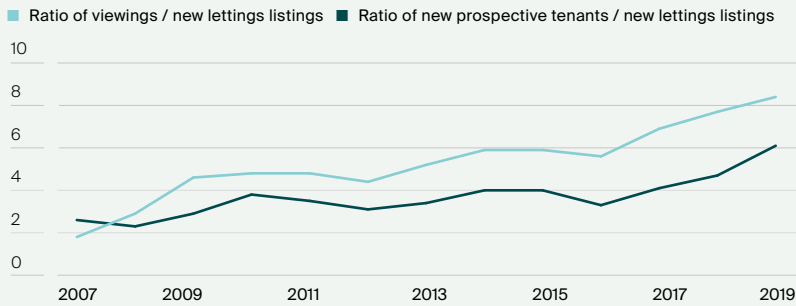
# Prime London Lettings Index

February 2020

<b>PRIME CENTRAL LONDON</b>	PRIME CENTRAL LONDON INDEX	ANNUAL CHANGE	QUARTERLY CHANGE	MONTHLY CHANGE
	<b>165.9</b>	<b>0.9%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>PRIME OUTER LONDON</b>	PRIME OUTER LONDON INDEX	ANNUAL CHANGE	QUARTERLY CHANGE	MONTHLY CHANGE
	<b>172.1</b>	<b>0.9%</b>	<b>0.4%</b>	<b>0.3%</b>

## 1 Tenant demand rises

Prime central and prime outer London

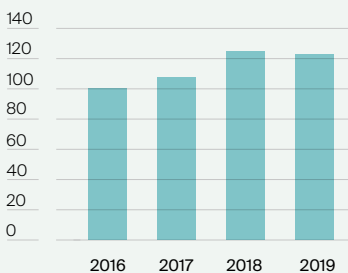


Source: Knight Frank Research

**Figure 1** — Demand in the prime London lettings market continues to rise in relation to supply, which is putting upwards pressure on rental values. There was an average of 8.4 viewings per new listing in 2019, which was the highest ratio for more than ten years. Meanwhile, the ratio of new prospective tenants to new listings was 6.1 last year, compared to an average of 3.7 since 2007.

## 2 Annual number of tenancy renewals

Rebased to 100 in 2016, PCL and POL

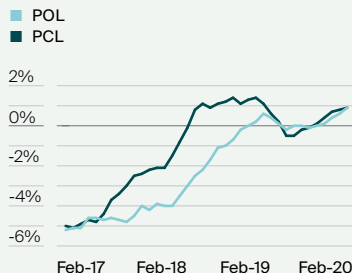


Source: Knight Frank Research

**Figure 2** — The number of tenants renewing their lease has risen as the supply of new lettings properties has become more constrained. Renewals were 23% higher in 2019 than 2016, a trend driven by tax changes for landlords, which has squeezed supply, and uncertainty surrounding price growth in the sales market, meaning fewer tenants have become buyers.

## 3 Rental value growth strengthens on lower supply

Annual % change



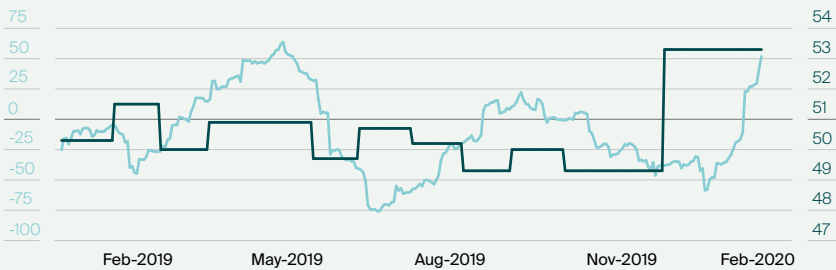
Source: Knight Frank Research

**Figure 3** — The combination of declining supply and rising demand means that rental value growth is strengthening. Average rental values increased by 0.9% in the year to February in both prime central and prime outer London. It was the highest annual increase in POL since October 2015.

## MACRO DATA

### 4 Economic indicators improve after election

■ Citi Economic Surprise Index ■ PMI output Index



Source: Knight Frank Research

**Figure 4** — Economic data has shown an uptick in confidence and activity since December's general election. The purchasing managers' index, an indicator of UK business activity, maintained its recent momentum in February with a reading above 50 (which indicates expansion), led by an increase in the manufacturing sector. Meanwhile, the Citi Economic Surprise Index, which measures how far economic indicators deviate from forecasts, has risen in recent weeks as economic results have beaten expectations.

#### 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	0.0%	0.4%	0.0%	0.1%	-0.2%	0.1%	0.2%	0.0%
3 MONTHS	0.5%	0.9%	-0.2%	0.0%	-0.7%	0.1%	0.2%	-0.1%
6 MONTHS	2.1%	2.1%	-0.2%	-0.2%	-0.9%	0.2%	0.6%	0.2%
1 YEAR	3.8%	3.3%	0.1%	0.6%	-1.8%	0.3%	1.2%	0.3%
YTD	0.1%	0.6%	-0.1%	0.2%	-0.2%	0.3%	0.2%	0.2%

#### 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	0.6%	0.4%	-0.2%	0.2%	0.0%	0.0%	0.3%	0.2%
3 MONTHS	0.9%	0.5%	0.5%	0.0%	0.2%	-0.3%	0.5%	0.1%
6 MONTHS	1.1%	0.6%	0.6%	-0.8%	0.3%	-0.2%	0.8%	-0.2%
1 YEAR	2.3%	0.7%	0.6%	-0.3%	0.3%	0.9%	1.2%	0.5%
YTD	0.9%	0.5%	0.4%	0.1%	0.3%	0.4%	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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