

Prime London Lettings Index

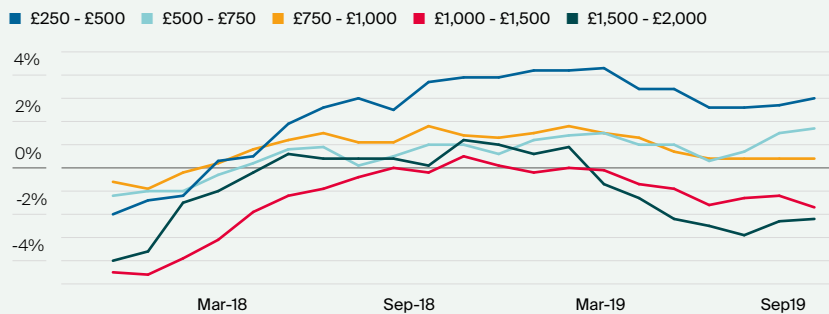
September 2019

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PRIME CENTRAL LONDON	PRIME CENTRAL LONDON INDEX 165.3	ANNUAL CHANGE -0.1%	QUARTERLY CHANGE 0.5%	MONTHLY CHANGE 0.1%
PRIME OUTER LONDON	PRIME OUTER LONDON INDEX 171.6	ANNUAL CHANGE -0.1%	QUARTERLY CHANGE 0.3%	MONTHLY CHANGE -0.1%

1 Demand strongest in lower-value price brackets

Annual rental value change by weekly price bracket, PCL

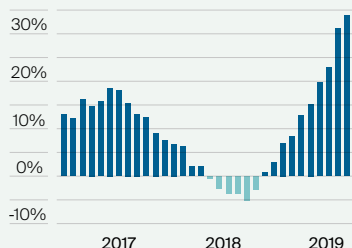


Source: Knight Frank Research

Figure 1 — Demand has been particularly strong in lower price brackets, reflected by the fact average rental values between £250 and £500 per week increased by 3% in the year to September. While demand is also strong in the super-prime £5,000-plus per week market, average annual rental values between £1,000 and £5,000 per week are declining, which reflects more subdued demand among senior corporate tenants.

2 Rental activity increases as political uncertainty rises

Tenancies agreed, annualised % change, PCL and POL

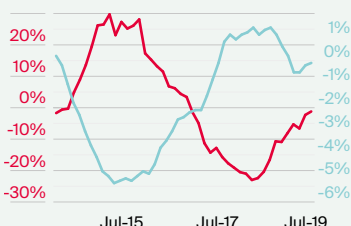


Source: Knight Frank Research

Figure 2 — The number of tenancies agreed by Knight Frank in London increased by 34% in the year to August, the highest such increase in more than five years. The political uncertainty has caused more individuals to rent rather than buy, irrespective of the large build-up of demand in the sales market.

3 More properties for rent puts downwards pressure on rental values in PCL

New lettings listings in PCL
Annual rental value change in PCL

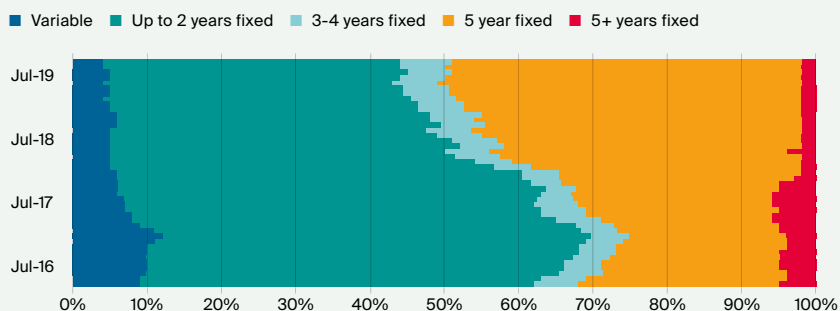


Source: Knight Frank Research

Figure 3 — The decline in the level of new lettings listings in PCL has moderated as more property owners respond to current levels of political uncertainty by letting rather than selling. The impact has put downwards pressure on rental values, however the strength of demand has kept the average annual change broadly flat over the last 12 months.

4 Fixing mortgages for longer

More borrowers take out fixed-rate mortgages as rates fall due to economic uncertainty



Source: UK Finance

Figure 4 — Record-low interest rates have helped to underpin market liquidity and mean that a growing number of buyers are fixing for longer-periods of time. Some 96% of all mortgages issued in July were fixed-rate, with the percentage of five-year fixed-rate mortgages climbing to 47%, which compared to 27% in the same month two years ago.

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	0.2%	0.4%	0.1%	-0.1%	-0.1%	0.0%	0.1%	0.0%
3 MONTHS	1.0%	1.3%	0.3%	0.5%	-0.1%	0.3%	0.5%	0.5%
6 MONTHS	1.7%	1.5%	0.7%	0.6%	-0.8%	0.4%	0.8%	0.5%
1 YEAR	3.0%	1.7%	0.4%	-1.7%	-2.2%	-1.2%	0.2%	-0.9%
YTD	2.5%	2.0%	0.5%	-0.2%	-1.6%	0.1%	0.9%	-0.3%

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	0.3%	0.0%	0.2%	-0.4%	0.1%	0.2%	0.2%	-0.1%
3 MONTHS	0.7%	0.2%	0.4%	-0.1%	0.1%	0.3%	0.4%	0.2%
6 MONTHS	1.3%	0.0%	0.3%	0.3%	0.4%	1.1%	0.6%	0.6%
1 YEAR	1.6%	-0.5%	-0.2%	-1.0%	-1.7%	-0.5%	0.3%	-0.6%
YTD	1.6%	-0.2%	0.4%	0.1%	-0.5%	1.4%	0.5%	0.6%

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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