



LONDON CENTRAL PORTFOLIO

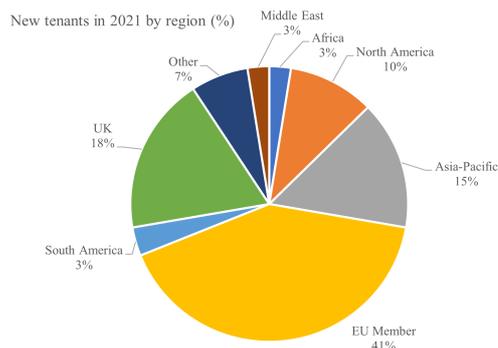
REAL ESTATE INVESTMENT ADVISORY

PRIME LONDON LETTINGS REPORT: A REVIEW OF 2021

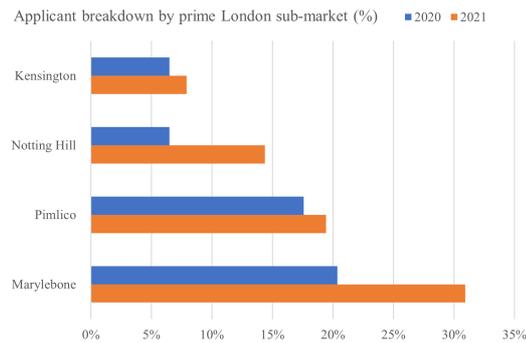
19th January 2022

London Central Portfolio (LCP) issues its 2021 lettings report reflecting on trends seen in a recovering rental market over the course of the year.

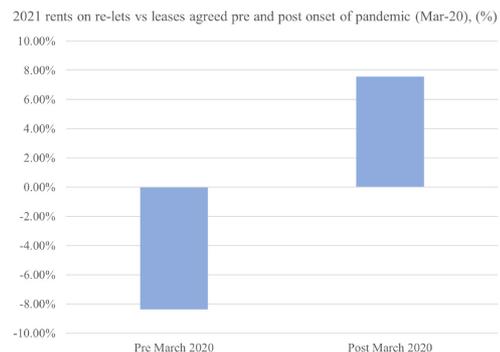
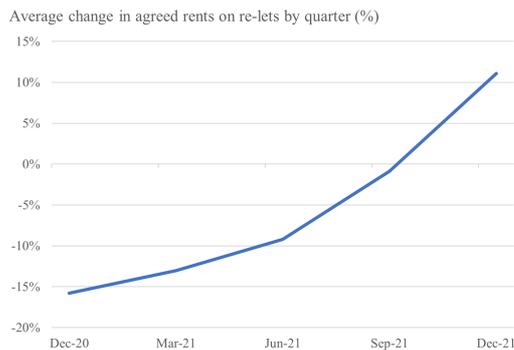
	PRIME LONDON RENTAL VALUE CHANGES		AVERAGE VOID PERIOD
	RENEWALS	RE-LETS	DAYS
QUARTERLY (Q4)	+1.01%	+11.07%	37.6
ANNUAL	-0.95%	-2.09%	53.8



LCP witnessed a diverse tenant base in 2021. 41% of new tenants were from outside the EU and UK, in comparison to 22% in 2020. This demonstrates the enduring attraction of London as a global city as strict international travel restrictions ease. The percentage of tenants from the Asia-Pacific region nearly tripled, at 15% of all new tenancies for the year.



Marylebone saw a further increase in popularity in 2021 with over 30% of prospective tenants registering for properties in the area compared with 21% in 2020. Notting Hill also witnessed an increase in demand with applicants doubling to 14% in 2021. Growing demand for both areas reflect today's tenants desire for a short commute, close proximity to the Royal Parks and a lively high street.



Agreed rents on new tenancies improved throughout 2021 due to increased demand and competition as tenants returned to prime London. Q4 2021 witnessed an average 11.07% increase on preceding lease levels, correcting the deep discounts that were granted during the same period in 2020.

Average change in agreed rents on renewals by quarter (%)



As the UK entered another lockdown in Q1 2021, savvy tenants negotiated discounts on their renewals. However, increased demand throughout the whole of 2021 saw recovering rents and reduced discounts granted on renewals. For the first time since Q1 2020, landlords negotiated increases on renewals in Q4 2021, averaging 1.0%.

Whether landlords saw increases on rents in 2021 generally depended on if their previous lease had been agreed pre or during the pandemic (March 2020). Average rents in 2021 were 7.57% higher than leases agreed between March to December 2020. However, they were 8.37% below rents agreed pre-pandemic i.e. prior to March 2020. By Q4 2021, data showed the first positive increase on leases agreed before the pandemic, at 2.48%.

Average vacant period between tenancies by quarter (days)



The time taken to let a vacant property has reduced significantly over the course of 2021. The average number of days a property stood vacant in Q4 2021 was 37.6, 49.2% less than the peak of 74.0 in Q4 2020, approaching the pre-pandemic average again of 27.3 days.

Andrew Weir, CEO of London Central Portfolio, comments on the market

2021 proved to be a year of extremes within the prime London rental market. Uncertainty over lockdowns and travel restrictions caused cycles of reduced demand and oversupply followed by periods of the exact reverse. The prime London rental market has undoubtedly recovered significantly in the latter half of 2021. The late summer and autumn period witnessed what felt like two years' worth of new tenants arriving at the same time. Our report illustrates a return towards a pre pandemic rental market. It is evident that London remains a key destination of choice for young people looking to further their education and careers. Prime London is well placed to meet the demands brought to the fore by the pandemic with a short commute to work, close proximity to a buzzing high street and access to outdoor park space being high on the priority list for this new generation of tenants. The activity witnessed during the latter part of 2021 indicates that 2022 could well see a return to the historic seasonality experienced in the central London rental market.

To find out more about our letting and management service, please contact:

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About London Central Portfolio (LCP)

For UK and overseas property investors and homebuyers seeking exclusive prime London real estate, LCP provides superior access to buying opportunities as well as meticulous project management and creative design solutions, to suit all aspirations and budgets. Using sophisticated financial modelling with a detailed appraisal of every proposed opportunity, LCP will negotiate and secure each property for the best price and as part of its end-to-end service, offer an efficient letting & management service so landlords can enjoy a seamless, hands-off investment.

Data: London Central Portfolio Limited conducts regular audits of all assets under management. This data has been used to produce the information contained in this report. Disclaimer: This report is published for general information and should not be relied upon in any way. No responsibility can be accepted by London Central Portfolio Limited for any loss or damage resulting from any use of the contents of this report. Any forward-looking statement involves known and unknown risks, which could differ materially from those expressed or implied.

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