

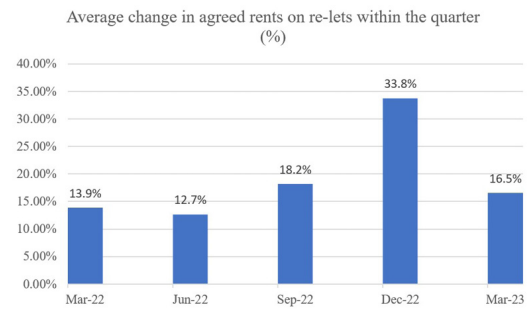
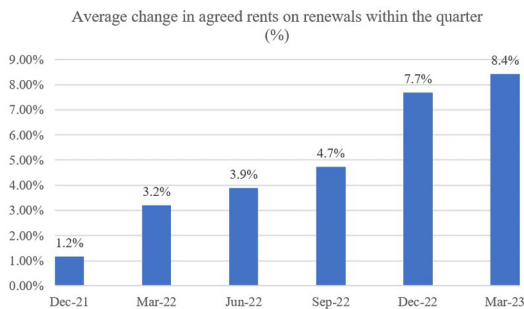


LONDON CENTRAL PORTFOLIO
REAL ESTATE INVESTMENT ADVISORY

PRIME LONDON LETTINGS REPORT: Q1 2023

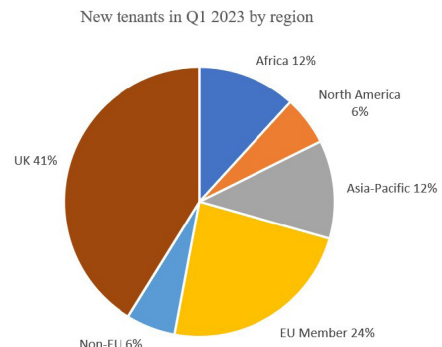
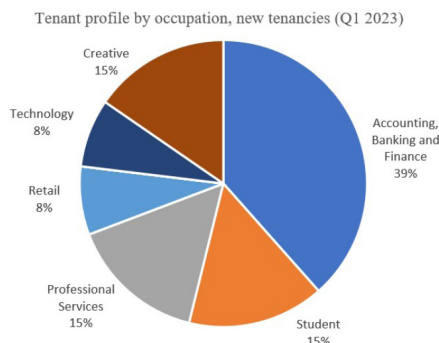
London Central Portfolio (LCP), London's leading residential buying and investment agency, issues its Q1 2023 lettings report highlighting a strong start to the year in the PCL rental market.

	PRIME LONDON RENTAL VALUE CHANGES		AVERAGE VOID PERIOD
	RENEWALS	RE-LETS	DAYS
QUARTERLY	8.43%	16.50%	16.9
ANNUAL	6.06%	20.07%	13.0



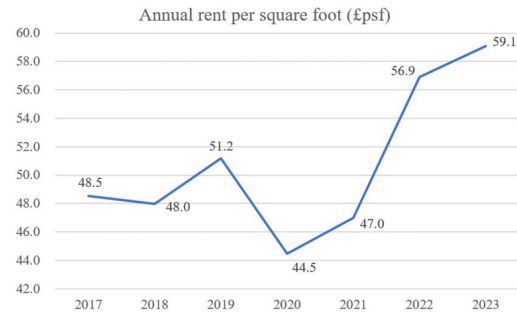
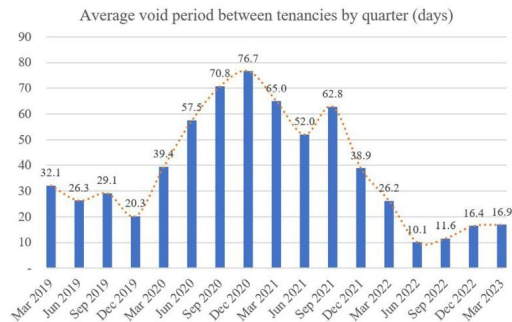
Landlords were in a strong negotiating position as many tenants chose to renew their current tenancies rather than re-enter the lettings market where sourcing a comparable property proved difficult. Q1 2023 saw agreed rents on renewals increase by 8.4% and has risen steadily over recent quarters.

Agreed rents on re-lets began to stabilise in Q1 2023. This followed a busy Q4 in 2022 with the return of overseas professionals and students to PCL. Rents on new tenancies in Q1 2023 were still historically high with rent increases of 16.5% and considerably higher than Q1 2019 where rents fell -1.9%. As the market emerges from a full year after pandemic lockdowns, it is likely that year on year growth will taper off.



Tenants from the financial sector continued to represent the most new move-ins at nearly 40%, with similar levels seen in Q1 2019 at 43%. This ongoing trend may be due to high earning young professionals being in a stronger position to afford the rising levels of rent in PCL.

65% of LCP's new tenants were from the UK and EU in Q1 2023, an increase on Q1 2019 where they represented 50% of new tenants. Q1 often sees higher levels of domestic and EU tenants, often corporate relocations, as many international tenants have already returned to continue their studies at London's prestigious universities.



Within LCP's managed portfolio, the time taken to let a vacant property in Q1 2023 took just over two weeks at 16.9 days. Despite Q1 not being the most active time of year in the rental market, it still stands at half of Q1 2019 levels at 32.1 days and below the pre-pandemic average of 27.3 days.

A competitive rental market driven by low supply and high demand has resulted in the average annual rent per square foot in Q1 2023 reaching £59 per sq ft. This is the highest level reached over the last 10 years. Whilst the rental market continues to suffer from a supply and demand imbalance, we expect this to continue to rise.

Liam Monaghan, Managing Director of London Central Portfolio, comments on the market

The PCL rental market showed a strong first quarter in 2023. With the current demand and supply imbalance we expect rents to remain at a high level throughout 2023. Unsurprisingly, rising rents have encouraged many tenants to renew at an increased rent than re-enter the competitive rental market where flats are often let before being advertised. This is good news for landlords as vacant periods currently stand at a historically low level at just 16.9 days and combined with rising rents, is maximising their rental income after a challenging time during the pandemic.

High earning, young professionals from the accounting, banking and finance industries are the highest proportion of tenants moving to the capital. These tenants often look for small properties, centrally located and within close proximity to the financial centre as the return to the office increases.

Our in-house data shows a positive picture for buy-to-let investors, there are signs of price growth potential following a static market during the pandemic and exceptionally attractive rental yields. Whilst currently a buyers market, the dynamics could change swiftly. For prospective landlords looking to create and build a portfolio in PCL, please do get in touch with our team.

For more information on how LCP can help you source, let and manage your buy to let investment, please contact:

Liam Monaghan, Managing Director by email: liam@londoncentralportfolio.com



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