



Tudor splendour: Catherine Parr's former residence is available to rent in Wimbledon

Boom in high-end rentals

Property

Surge of demand for lettings in parts of the capital - but only in the £5,000 to £8,000 a week band, writes Tanya Powley

The high-end rental market in prime central London has seen a surge of activity this year - but agents warn that not all parts of the rental market are booming, with corporate lets hit by the current economic uncertainty.

Property Vision, the property agent, has recorded a 50 per cent increase in demand from clients looking to rent an upmarket home in the capital this year, compared with the same period in 2010. Most of this activity has been from wealthy international clients looking for properties to rent in the £5,000 to £8,000 per week range.

"So far this year, demand has been for larger family houses in prime central London, notably Kensington, Notting Hill and South Kensington, and inquiries for Hampstead are much higher than in previous years," explains Joanna Bishop, associate director at the firm.

Agents say a large proportion of the rental deals they have arranged have been for tenants from Middle Eastern countries, India and China, as well as a high number of Americans.

"A large proportion of our client base has been senior

executives relocating to London from abroad, and we have seen the highest number of Americans relocating here for at least two years," says Bishop.

Mark Tunstall, director of prime central London lettings at Savills, notes that this year has seen a number of record-breaking transactions in the prime market.

Last week, Savills agreed a letting of £15,000 a week on a property in Knightsbridge - for which three years' worth of rent was paid for in advance - and it recently arranged a let of £40,000 a week for two years on a property in Belgravia.

Tunstall believes the market has been helped by an increase in the number of "trophy" properties coming on to the market, including new luxury residential developments launches, such as The Lancasters and One Hyde Park.

Figures from Primelocation.com support this increase in activity. The property portal has recorded a 67 per cent increase in £5,000 a week rentals coming on to the market in the past 12 months.

Agents claim the top end of the lettings market has been performing well due to the lack of supply of good quality properties for sale, causing more international clients to rent instead.

"Formerly, they bought rather than staying in a hotel or renting," explains Lucy Morton of WA Ellis, the London-based estate agent. "But now there is such a shortage of stock on the sales market that they

simply plump for the property whether it is on the sales or lettings market."

Robert Bailey, a buying agent, says he also has a growing number of City bankers asking him to find rental properties for them, rather than homes to buy, due to changes in the payment of bonuses.

One high-end property owner is now hoping to take advantage of this booming rental market. Architect Antonelle Carminati has instructed Sotheby's International Realty to find a tenant for her luxury property in Wimbledon: a Tudor mansion built in 1500, which was the former home of Catherine Parr, the sixth wife of Henry VIII. It is being marketed for around

£40,000

Long-let weekly rental for a Belgravia property

£15,000 a week for a long let, or around £25,000 a week if rented on a short-term basis.

But owners considering renting out their high-end properties need to consider the costs involved, agents warn. Wealthy tenants can be demanding, says Richard Davies of Chesterton Humberts.

"Tenants at this level have higher expectations so their wish list tends to be longer, meaning landlords may have to provide extra items or carry out further works to suit the tenant's requirements."

Void periods can also be much longer than those for mainstream rental properties. "Landlords of

high-end homes are playing a long game," explains Nicole Bisson of Sotheby's. "Some landlords think, because it's a unique property, it's going to get snapped up - but the reality is that doesn't always happen."

Activity is far more subdued on the middle tier of the market, traditionally rented by corporate tenants. According to Savills, corporate demand only represents 7.4 per cent of all new lettings so far this year, down from an already low figure of 14 per cent in 2010.

"Corporate demand for family houses has dropped off," says Jane Ingram, head of lettings at Savills. She notes that within the middle tier of the prime central London market - defined as £1,300 to £3,000 per week in Kensington and £2,000 to £5,000 in Knightsbridge - there is a trend towards downsizing, accounting for around 30 per cent of demand.

"The market is definitely responding to the current economic uncertainty and the corporate-gear market always suffers most at such times and rents are coming off by around 5 per cent," says Ingram.

"Companies are sitting on their hands and relocation demand is therefore coming in at the lower end of prime, with budgets below £1,000."

But the top end of the corporate market is faring better, according to experts. James Moss of HSG Relocation, a property relocation company, says he has seen activity increase by around 25 per cent on this time last year.