

# PRIME LOCATIONS



## PRICES HOLDING FIRM IN LONDON'S GOLDEN POSTCODES

"What's really happening in the London property market?" is a question I am asked by every client, private banker and friend I meet. And there is no straight answer. The prime central London property market is arguably more fragmented than we have seen for years - and knowing how to navigate it is more challenging than ever.

Buyers are measured but committed. As we would expect at this time of year, seasonally driven buyers are active, motivated by recent bonus payments or secondary school place offers. The post-covid demand for more space, larger gardens and a more convenient school commute remains - we've seen the school commute overtake the priority of the office commute on clients' search requirements and it seems set to stay that way. The leafier fringe areas including Fulham, Notting Hill and St Johns Wood continue to lead demand. In addition, we have also seen the return of bank of Mum and Dad,

purchasing for grown up children typically in the £3m - £6m price range. In recent weeks, more young professionals have started entering the market as rents climb higher and more take the view that we're unlikely to see a significant fall in prices.

### Focus on best in class

The divergence between best in class and 'the rest' is acute. Best in class properties are selling quickly, attracting multiple bids and over asking price offers. We recently fought off seven competing buyers to secure a trophy house within walking distance of one of Highgate's best schools for a banker client, showing the strength of appetite for the most in-demand properties. Another of our landlord clients, a British family office whose portfolio of super prime rental properties we manage, sold a house in their rental portfolio in Mayfair for just under £50m. Conversely, other properties which aren't best in class are sitting for prolonged periods of time - and



will only sell if the seller is prepared to reduce the price. Many aren't and can afford not to, opting instead to wait until conditions improve.

### Stand-off between buyers and sellers

While top prices are being paid for genuine best in class properties, there is a disconnect between buyer sentiment and the potential discounts they are hoping to achieve, versus the price levels sellers will accept. Overall, buyers are securing smaller discounts in prime central London than they might have expected considering the wider economic context. The reason for this is because so many sellers are discretionary and can hold out for the price they want, withdraw their property, or turn to the strong rental market in the short term.

A significant proportion of properties for sale in wealthy neighbourhoods such as Chelsea and



Kensington are surplus to requirements, prompting sellers to consolidate their assets, including selling properties once used as a pied a terre or London base but no longer required. Whilst sellers are committed to sell, many will only proceed at a price that makes sense for them, meaning large discounts are not being achieved.

When coupled with buyers who are equally discretionary, prices are holding firm and the gap between buyer and seller expectations can't always be sensibly bridged.

### Landlords facing tough decisions

The flat market in central London (sub £3 million), is more vulnerable to the impact of higher mortgage rates and job uncertainty and is faring less well than the family house market.



BY Jo Eccles

## *Inspirational events, conferences and banqueting*

Demand is falling alongside an oversupply of flats for sale, fuelled by investors selling up. Rents are high but net yields remain low, impacted by greater regulation, rising maintenance and repair costs - and increasingly demanding tenants. This pressure on yields, combined with several years of weak capital growth, is driving many landlords to consider exiting the market.

We believe capital growth for mid-market flats will remain limited over the next three years and this is playing into the decisions by individual landlords and family offices to consolidate their assets, deleverage and invest elsewhere.

### Off market transactions dominate

The proportion of off market transactions taking place across prime central London is significant. During 2022, 67% of the properties Eccord acquired for our clients were off market, in other words, not publicly listed with an estate agent or on the property portals.

A post-covid rise in independent American-style property brokers means it's now even more difficult for buyers acting alone to thoroughly search the market or access all the properties that could potentially be made available to them. Where previously a buyer could rely on the leading estate agents in each location, there are now numerous one or two-man-bands to approach as well, many of whom have good sales contacts but are relatively unknown. In the past two years, 30% of the properties we have acquired were sourced through agents or brokers who our clients had never heard of.

Many sellers in the prime and super prime sector prefer to discreetly market properties to a pre-approved list of high quality, thoroughly vetted buyers, rather than opt for a public listing. This is either for privacy reasons if they're high profile, or it's a delicate sale, for example in the case of divorce, or they don't want to risk listing their property publicly in case it fails to sell. In other cases, the potential purchase opportunity is proactively created through selected networks and longstanding relationships, on a 'one off viewing' basis.

### Cash isn't always king

One important takeaway is that sellers (and selling agents) are favouring credible buyers over higher offers, so buyers need to position themselves as genuine, reliable and responsive in order to be taken seriously enough to access off market opportunities and secure their preferred property for a favourable price.

We recently entered best and final bids for a family house in Highgate, within walking distance to one of the best schools in London. We were up against seven other buyers and, although our banker client was not in the strongest buying position, we ensured he was seen as the most reliable buyer, and the seller chose to accept our offer over the others, securing him the house.

This is a perfect example of when cash isn't always king - good manners and personal reputation are.

### About Eccord

Established in 2006 by founder and Managing Director Jo Eccles, Eccord provides meticulous prime and super-prime property search and acquisition services to buyers in central London. Working on behalf of private individuals, families and family offices, Eccord provides access to the best properties in London, often off market, negotiating and supervising the entire transaction.

Eccord also provides property management services, overseeing £1.5 billion of residential property on behalf of individual and portfolio landlords, as well as private homeowners who want peace of mind that their property is being impeccably managed and maintained.

With 17 years' experience in the prime and super prime London market, Jo Eccles is a leading authority on luxury residential property and is consistently recognised in the Spear's 500 as a Top Ten London Property Advisor.

[www.eccord.com](http://www.eccord.com)



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