



FT.com
FINANCIAL TIMES

[FT Home](#) > [Personal Finance](#) > [Property & Mortgages](#)

Yields on £1m-£2m prime homes outperform

By Tanya Powley
Published: March 11 2011 19:04 | Last updated: March 11 2011 19:04

Upmarket properties valued at between £1m to £2m provide the best investment returns within the prime central London market, outperforming higher-value properties, new research has found.

Prime properties in the £1m to £2m bracket are the best-performing category for rental returns, according to an analysis of more than 1,000 prime central London lettings by Huntly Hooper, a London-based buying agent.

EDITOR'S CHOICE

- [Foreign funds flood in](#) - Mar-04
- [Gazumping rears its head in London](#) - Feb-18
- [Foreigners abandon Polish property market](#) - Jan-03
- [Property rents to increase in 2011](#) - Jan-04
- [Property to slip again](#) - Dec-30
- [Inheritance tax avoidance schemes under scrutiny](#) - Dec-10

Property agents have reported a rise in demand from clients looking to purchase a prime property in London for investment purposes.

These buyers want to take advantage of the strong capital uplift of London's up-market properties, which **Savills has forecasted will rise 33 per cent** by the end of 2015, but also secure good annual returns.

"This year, we have noticed an increase in the number of investors looking to buy and hold for the long term and rent the properties out," says Oliver Hooper of Huntly Hooper. Investment buyers now account for around 40 per cent of the firm's client base.

James Moss, director of Curzon Investment Property, says he has seen a strong start to the year with a large number of **overseas investment buyers**. "We have an increasing number of new clients from the Middle East – serious investors with budgets of £3m to £20m-plus for individual properties and for creating investment portfolios," he says.

Research by Huntly Hooper shows that properties in the £1m to £2m price bracket are let the quickest, achieving an agreed letting within 62.8 days. The £2m to £3m market is second best at 73.3 days. In comparison, it takes an average of six months to let the super prime market: properties worth more than £10m.

Investors should also consider what type of prime property to buy to maximise the investment potential. According to the research, flats perform better than houses and two-bedroom properties are let more quickly than others.

Moss agrees. He says the best-performing prime residential investment properties tend to be one and two-bedroom apartments in locations such as Knightsbridge, Chelsea, Kensington, Notting Hill and Holland Park. This market lies in the £800,000 to £2m price bracket and typically produce yields of around 3.5 to 4.5 per cent.

"Letting is all about hitting the right 'rental price point' so if these properties are put on at realistic rental levels they always let quickly – especially given the shortage of good quality rental stock in London at the moment and the increasing corporate demand," says Moss.

Moss says properties in the £3m to £10m price range tend to take a little bit longer to rent, but not always. These properties are more likely to attract international chief executives, chief operating officers and senior bankers who want to take large "international style" apartments in locations such as Eaton Square. However, the yields are lower at around 3 to 4 per cent.

While buyers will have more choice in the £1m to £2m price bracket – the largest sector of the prime central London market – Hooper says the £2m to £3m category offers good diversification as it has a better quality of assets that are more likely to correlate with capital growth expectations for the prime market as a whole.

"Investors should consider net returns versus gross returns – and the void periods on a property will have the biggest effect on this," says Hooper.

SUBSCRIBE TO THE FT AND SAVE

Save over 70% on an FT subscription. Plus get FREE delivery to your home or office.

[More](#)

Discover more with the FT's **The Connected Business** ▶

supported by

The power to do more | Partners in efficiency

We live in FINANCIAL TIMES®

LATEST HEADLINES FROM CNN

- [Water radiation very high at Japan plant](#)
- [Over 10,000 dead in Japan disaster](#)
- [Explosions heard on outskirts of Tripoli](#)
- [Israel PM: We are prepared to act on terror](#)
- [Report: Dozens killed in Myanmar earthquake](#)

[More](#)

[Jobs](#) [Business for sale](#) [Contracts & tenders](#)

SEARCH

TREASURER

- CIPD
- [Treasury Accounting Director](#)
Consumer Products / FMCG
- [Head of Group Strategy](#)
RS Components
- [Director of Finance & Administration](#)
EDCTP

RECRUITERS

FT.com can deliver talented individuals across all industries around the world
[Post a job now](#)

TRADING DIRECTORY

“Both categories between £1m and £3m outperform the rest of the market on this measure and are therefore deemed a sensible category for investors to enter into.”

Copyright The Financial Times Limited 2011. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

[Print article](#) [Email article](#) [Clip this article](#) [Order reprints](#)

[Twitter](#) [Digg](#) [LinkedIn](#) [Yahoo! Buzz](#) [Delicious](#)
[reddit](#) [BX](#) [Facebook](#) [stumbleupon](#) [Viadeo](#)

RELATED SERVICES	
FT Lexicon	MBA-Direct.com
FT Bespoke Forums	FT Newspaper subscriptions
Market research	FT Diaries
Growth companies	FT Conferences
Corporate subscriptions	FT Syndication services
Luxury Travel brochures	The Non-Executive Director
Analyst Research	

MORE IN THIS SECTION

- [Search is on for stamp duty loopholes](#)
- [Top tips for getting a French mortgage](#)
- [UK holiday home rentals on the up](#)
- [Lenders offer flexible remortgage deals](#)
- [Mortgage lending stalls](#)
- [Local councils to help first-time buyers](#)
- [Alpine rental apartment for you?](#)
- [Leasehold managing agents come under fire](#)
- [Europe's fixed rates set for further hikes](#)
- [Houses for sale but where are the buyers?](#)

[FT Home](#)

[Site map](#) [Contact us](#) [About us](#) [Help](#)

[Advertise with the FT](#) [Media centre](#) [FT Newspaper subscriptions](#) [FT Conferences](#) [FT Syndication](#) [Corporate subscriptions](#) [FT Group](#) [Careers at the FT](#)
 Partner sites: [Chinese FT.com](#) [The Mergermarket Group](#) [Investors Chronicle](#) [Exec-Appointments.com](#) [Money Media](#) [The Banker](#) [fDi Intelligence](#) [MBA-Direct.com](#) [The Non-Executive Director](#)
 © Copyright The Financial Times Ltd 2011. "FT" and "Financial Times" are trademarks of The Financial Times Ltd. [Privacy policy](#) [Terms](#)