CLARGES MAYFAIR

The dome of the 4 storey grand hallway depicts aspects of Mayfair:

Cars • Women's Fashion • Architecture • Members' Clubs and Leisure • Green Park • Craftsmanship • Men's Fashion • Food • Tableware

MAYFAIR IN MINUTES

SUMMER 2020 MARKET UPDATE

NO-ONE KNOWS MAYFAIR BETTER THAN WETHERELL

MAYFAIR

IN MINUTES

SUMMER 2020 MARKET UPDATE

Foreword by Peter Wetherell, Chairman, Wetherell

Much has happened since our original forecast about the key trends for the Mayfair market during 2020 published at the start of this year. Within just a few months the Covid-19 pandemic has spread around the world, sending Mayfair, its households and property market, into a strict lockdown, with property activity during the lockdown restricted to 'virtual viewings' and remote briefings by video, WhatsApp or telephone.

Now that the London lockdown has eased and the housing market restarted, with estate agency offices, marketing suites and show homes reopening across the capital, and physical viewings allowed, subject to new anti-Covid-19 safeguarding procedures, I thought it would be a good opportunity to provide our Mayfair aficionados with a timely detailed update on how the Mayfair residential market has performed over the first quarter of 2020, including an update on the impact of Covid-19 and our Wetherell forecast for how we believe the market will operate for the remainder of this year.

This year has been a challenging time for everyone, however Mayfair has been through many challenges over the decades including the desolation and damage left by World War Two, the troubles during the IRA bombings and oil shock of the 1970s, and the impact of the global financial crisis. Each time, Mayfair has bounced back and also led the recovery of the London property market.

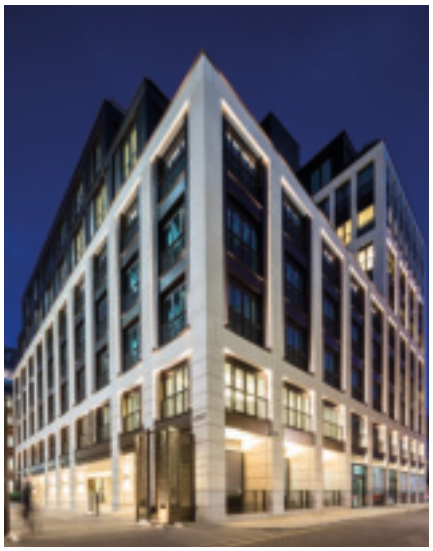
In addition, people forget that Mayfair itself was first created as a response to a historic pandemic - the Great Plague of London - which lasted from 1665 to 1666, which just like today led to social distancing and a slowdown in the capital's property market during the lockdown.

That historic pandemic led to the Grosvenor family deciding to build a smart new extension to the capital on fields that they owned so that the wealthy could relocate to Mayfair and live in a healthier neighbourhood designed around large green garden squares. As London emerged from the Great Plague there was some apprehension about whether the new Mayfair district would be a commercial success, thankfully it was and the rest is history.

I think that these property cycles over the ages teach us to always live in optimism and with patience, the lesson of history is that London always overcomes any challenges.

EXECUTIVE SUMMARY

- Wetherell forecast that there will be a 'V' shaped recovery in the Mayfair property market as the London housing market restarts
- Second hand sales paused and a small number of buyers had a change of heart
- **The post-lockdown market likely to be led by the new homes and lettings sectors**
- Between January to April 2020 there were £104.7 million worth of residential property sales in Mayfair at an average sales value of £5.8 million (averaging £2,655 per sqft)
- Almost 85% of the sales were apartments or penthouses, with the remainder comprising houses or mews properties
- **Of the 2020 sales to date, 89% were pre-lockdown with 11% being post lockdown**
- If properties under offer are added to the sales data the figure rises to £139 million of agreed or pending deals
- **For the first three months of 2020 Mayfair transactions were up 25% on the same period in 2019 and the number of new instructions also rose 50%, a reflection of the optimism in the market generated by the decisive 2019 General Election**
- If all agreed sales are combined with Mayfair sales early in the year - if Covid-19 had not occurred – could have achieved £265.7 million worth of deals in the first four months of 2020, significantly up on previous years
- **Even during the lockdown vendors remained confident in Mayfair, evidenced by the fact that withdrawals during the lockdown were actually 50% lower than 2019 during the stagnation before the General Election**
- The Mayfair market will be active through the summer and beyond due to overseas summer holidays not happening and a significant amount of pent-up property demand carrying over from the post Election buoyancy at the start of 2020
- **In this new restarted market some buyers are likely to initially be most interested in reviewing unoccupied brand new homes or empty newly refurbished properties**
- This will provide a 'competitive advantage' to luxury new homes developments such as Clarges Mayfair, The Bryanston - Hyde Park and One Molyneux Street
- **Due to hotels being closed and sales stalled the Mayfair lettings market has been extremely buoyant during the lockdown period**
- Whilst lettings enquiries initially dropped for the first two weeks post lockdown, Wetherell are now experiencing rental enquiries at the same level as pre-lockdown
- **There is now 20% more stock on the Mayfair lettings market due to sales being stalled or owners seeking rental income**



Clarges Mayfair A selection of apartments for sale and to let. From £3,750,000 and £6,950 p.w.

WETHERELL FORECAST THAT THERE WILL BE A 'V' SHAPED RECOVERY IN THE MAYFAIR PROPERTY MARKET

as the London housing market restarts, the agency's Q1 2020 analysis shows that the Coronavirus pandemic has realigned the Mayfair market with second-hand sales paused and fall throughs up during the lockdown, with the post-lockdown market likely to be led by the new homes and lettings sectors.

THE SALES MARKET

Wetherell highlight that between January to April 2020 there were £104.7 million worth of residential property sales in Mayfair at an average sales value of £5.8 million (averaging £2,655 per sq ft) with almost 85% of the sales being apartments or penthouses, with the remainder comprising houses or mews properties.

Of the 2020 sales, 89% were pre-lockdown with 11% being post lockdown.

If properties under offer are added to the sales data the figure rises to £139 million of agreed or pending deals.

Wetherell highlight that for the first three months of 2020 Mayfair transactions were up 25% on the same period in 2019 and the number of new instructions also rose 50%, a reflection of the optimism in the market generated by the decisive 2019 General Election. In addition, if fall throughs and under offers are combined with sales achieved the Mayfair market – if Covid-19 had not occurred – could have achieved £265.7 million worth of deals in the first four months of 2020, significantly up on previous years and in-line with the Wetherell 2019 forecast for the year ahead (made prior to the pandemic).

Grosvenor Square Interior designed by Finchatton, a lateral 4 bedroom apartment with southerly views over gardens. £18,950,000

THE IMPACT OF THE LOCKDOWN

Wetherell reveal that £127 million worth of properties were withdrawn from the Mayfair market during the first part of the year. However 46% of these properties were withdrawn in January 2020 and were stalled due to pricing issues rather than Covid-19; of the remainder, just 15% were withdrawn from the marketplace in late March or April due to the Coronavirus pandemic.

During the lockdown the volume of sales in Mayfair were down -57% compared to -65% for Prime Central London overall and up to -85% for some parts of the market. However even during the lockdown sellers remained confident in Mayfair, evidenced by the fact that withdrawals during the lockdown were actually 50% lower than 2019 during the stagnation before the General Election.

THE BRYANSTON - HYDE PARK
At the top of Park Lane by Marble Arch. A new development by Almacantar. 54 luxury apartments with the finest views over 350 acres of Hyde Park, Mayfair and The City.

NOW THAT THE MARKET HAS RESTARTED

Now that the housing market has been restarted by the government and the market emerges from lockdown Wetherell anticipate a 'V' shaped recovery for Mayfair characterised by sales and lettings deals starting to rise and new important sales and rental instructions coming onto the market.

A SUMMER MARKET

Wetherell expect the Mayfair market to be active through the summer and beyond due to overseas summer holidays not happening and a significant amount of pent-up property demand carrying over from the post Election buoyancy at the start of 2020.

Park Street A rare Grade II Listed period townhouse c. 1729. Freehold £5,500,000

CASH BUYERS

Wetherell highlight that the Mayfair market is significantly different to the rest of London since effectively all sales are "cash purchases" with buyers not reliant on mortgages. Over 65% of deals are done by international buyers, far higher than other districts which are more reliant on domestic buyers.

During the lockdown this cash-buyer market meant that the number of viewings in Mayfair done remotely via 'virtual tours' was significantly higher than other parts of the capital and post lockdown it means that buyers can act quickly since they are not reliant on lenders, enabling Mayfair to lead London's recovery as it has done in previous slowdowns.

THE NEW HOMES MARKET

Wetherell say that in this new restarted market some buyers are likely to initially be most interested in reviewing unoccupied brand new homes or empty newly refurbished properties. Wetherell believe that this will provide a 'competitive advantage' to luxury new homes developments such as Clarges Mayfair, The Bryanston and One Molyneux Street but that this will only be short term as people adjust to the 'new normal' and over time become confident at visiting occupied properties.

One Molyneux Street A new development of 32 Marylebone apartments with double height reception, parking and leisure facilities. Prices from £1,320,000

THE LETTING MARKET

Due to hotels being closed and sales stalled the Mayfair lettings market has been extremely buoyant during the lockdown period. Whilst lettings enquiries initially dropped for the first two weeks post lockdown, Wetherell are now experiencing rental enquiries at the same level as pre-lockdown and there is now 20% more stock on the Mayfair lettings market due to sales being stalled or owners seeking rental income.

Wetherell are now registering between 25-30 new private tenants a month and 10-15 new corporate enquiries a month, and these people are being briefed remotely on empty lettings instructions based on photos, videos and virtual viewings. Interest is also global with Wetherell registering lettings applicants from over 20 different nationalities since the lockdown began.

LETTINGS DURING THE LOCKDOWN

Wetherell have secured one bedroom lets at £950 per week, two bedroom lets at £1,950 per week and a three bedroom let at £1,150 per week and tenants have made offers on a five bedroom penthouse for £5,000 per week and a four bedroom townhouse at £8,000 per week. Tenants have been agreeing long 2-3 year tenancies and wanting to have somewhere they can self isolate in safety during the ongoing Coronavirus situation.

LETTINGS POST-LOCKDOWN

Wetherell forecast that the lettings market will continue to be active since there are those that will be planning on coming to London later on in the year such as businessmen and affluent students. Despite travel restrictions they generally expect to be here after the summer and will make sure they have secured somewhere to live in Mayfair with the apartment buildings along Park Lane and around Shepherd Market being particularly popular with overseas students.

Peter Wetherell, Founder & Chairman of Wetherell says: "Prior to the Covid-19 lockdown the Mayfair sales and lettings markets had a strong start to 2020. Now that London's housing market has been restarted we believe that Mayfair will have a 'V' shaped recovery and that the district, as it has in past slowdowns, will lead the capital's recovery. We believe that early interest will be focused on the new homes and newly refurbished sectors with applicants particularly interested in unoccupied homes with brand new interiors. The Mayfair lettings market is highly active and concerns about hotels used by lots of people will ensure that the luxury lettings market will now become a really serious alternative to the hotel sector in Mayfair for 2020 and probably 2021. In uncertain times the wealthy always favour investing in assets such as prime property, gold and government bonds so I am very optimistic about the market outlook for Mayfair over the next 12-18 months."

ST. JAMES'S PENTHOUSE
Triplex plus roof terrace
£5,000 Per Week

OFF PARK LANE
Volumetric first floor apartment
£1,825 Per Week

OFF TRAFALGAR SQUARE
Former public house back to private house
£3,450 Per Week

FOR FURTHER INFORMATION
ON MAYFAIR'S FINEST PROPERTIES
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NOTE: The Wetherell Q1 analysis uses data from the Land Registry, LONRES and local market intelligence.

WETHERELL
MAYFAIR'S FINEST PROPERTIES

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SERVING MAYFAIR FOR 38 YEARS

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