



Article Side

Rents in London expected to rise in 2012 by [John M. Alcorn](#)

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With rents rising across much of the capital, property investment conditions for landlords in London have arguably never looked so good.

According to the latest HomeLet Rental Index, the average price of a home in London is edging ever closer to Â£1,200 per month.

John Boyle, managing director of HomeLet, said: "The soaring cost of renting a home in the capital, compared to the rest of the UK, reflects how demand for rental properties is increasing due to people's continuing struggle to get onto the property ladder.

"This demand offers a fantastic opportunity for landlords and property investors who could offer a much needed supply of rental properties to the industry."

But with the London 2012 Olympics fast approaching, rents across the capital are expected to rise further in the coming months, as demand for property to rent in London will almost certainly soar, particularly in prime locations.

Many central London estate agents report that they are coming under increasing pressure from landlords to significantly increase rental prices in the run-up to the Olympics, which takes place in the summer.

Estate agents Foxtons is advertising Olympic lets at record-breaking prices. For instance, the company is marketing a penthouse in Knightsbridge at an asking price of Â£100,000 a week as an Olympics let.

A company statement on its website said: 'With millions of visitors expected to London during the Olympic period, short term rental accommodation and holiday lettings are expected to be in strong demand.'

'To meet this demand, London will have approximately 100,000 hotel rooms as well as university and college halls of residences and other student accommodation, but the majority of visitors to the Games may opt for private, short term rentals.'

With rental prices rising across London, there is currently a limited volume of homes available for sale, as more landlords hold on to their property assets, while generally looking to add to their portfolios.

This is particularly the case in central London, where demand for rental accommodation in some of the most sought after areas, such as Mayfair, is sky-high, according to various Mayfair estate agents.

Marylebone, an affluent area in central London, is another area attracting a lot of attention from tenants, driving greater demand for flats and houses to rent in Marylebone.

Marylebone-based estate agent Sandfords report that there is no shortage of people wanting to buy homes in Marylebone, where rents can reach well in excess of Â£1,000 per week.

Andrew Ellinas, director of Sandfords, commented: "Property prices remain stable and vendors who

seriously want to sell are doing so very quickly if the price is realistic, but few property owners want to sell because central London property is one of those rare classes of wealth that is retaining its value in a world where inflation is creeping up and stock market yields are volatile."

Aside from rising rents, market conditions are favourable for many buy-to-let landlords because of low mortgage borrowing rates.

The Halifax says that mortgage payments for a new borrower in the second half of 2011 were at their lowest as a proportion of disposable earnings for 14 years, due mainly to cheaper property mortgage borrowing rates, and this looks set to continue.

Trevor Abrahamsohn of high-end estate agents Glentree Estates believes that the market in central London will continue to be underpinned by low interest rates and long-term mortgage borrowing levels.

He said: "Interest rates and long term mortgage rates are almost guaranteed to be either static or very low in 2012 which will help underpin the market."

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[John M. Alcorn](#) - About Author:

John Alcorn talks to various a [Mayfair estate agents](#) and finds that demand for property to rent in London is booming, particularly a [houses to rent in Marylebone](#).

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