

UK prime property

Mansion for rent: will London's super-rich pay up to £100,000 a week?

Pandemic uncertainty and stamp duty costs are driving a preference for rentals over buying



The living room at 7 St James's Square; when complete, this will be a single family home with 12 bedrooms, renting for £100,000 a week

Zoe Dare Hall AUGUST 4 2021

Three doors down from the In and Out Naval and Military Club, moments from Pall Mall, a 30,000 sq ft neo-Georgian building — 42 times bigger than the average London property — is undergoing a £30m-£40m transformation.

The Grade II-listed, seven-storey building at 7 St James's Square was built in the 1670s and remodelled by Edward Lutyens in 1911. When complete in late 2023, with interiors by Martin Kemp, the house will be a single-family home with 12 bedrooms, a 1,000 sq ft gym, a cinema room overlooking an eight-car display garage and — rare in these parts — a decent-sized garden. It will also come staffed with maids, housekeepers and a security team.

The home would cost about £150m to buy, says Dean Main, chief executive of Henigman, which is developing the property. But it is not for sale; Main is planning to rent it out for about £100,000 a week, which puts it among the most expensive long-term rentals ever in the UK.

“The rental deposit alone will be millions of pounds,” adds Main, whose largest investor on this project is CPI Group, the real estate company founded by Czech billionaire Radovan Vitek.

Main expects a family to take 7 St James's Square for at least three years, as is typical in London's super-prime rental market — a sphere that agents define as starting at £5,000 a week. Properties at the highest end are rare, though Isabella Birch Reynardson, Savills' head of super-prime lettings in central London, knows of two homes, both off-market, available for about £100,000 a week.



The pool at 7 St James's Square

The market for London's super-prime lettings was hit by the pandemic at the beginning of last year. Suddenly there were no corporate relocations, no ultra-high-net-worth international students. "At the top end, rental requests were down by around 70 per cent in March last year [compared with the same month in 2019]," says Marc Schneiderman at Arlington Residential estate agency.

But Jo Bishop, a buying agent at Property Vision, says that compared to sales, the market for luxury rentals recovered quickly. "[Sales fell] 40 per cent between March and May 2020 at the high end," she says. "Rentals reaped the rewards as those on a short or uncertain timeline chose to rent."

"Covid has heightened the need for total flexibility — with the ever-changing variants and restrictions, it's becoming a challenging task to make longer-term plans," says Main, who is confident about the health of his very niche, top end of the market.

"There is also, simply, a severe lack of supply at this very high end as developers are primarily building to sell. A handful of super-prime apartment buildings are coming to the market this year, available for rental, and I predict this trend will grow significantly over the next decade."

The average price of super-prime rents has remained fairly stable over the past year — growing 0.4 per cent year-over-year in the second quarter of 2021. Nevertheless, Birch Reynardson says there has been competition for the right properties. She cites a family home in Kensington that has just been let, after multiple bids, for £6,500 a week, £250 above the asking price.

Stamp duty and uncertainty are two of the biggest factors leading the super-rich to rent rather than buy in London. For an overseas buyer purchasing a non-primary residence, a £20m house will incur a stamp duty bill of about £3.3m. "You would have to hold on to your property for at least four years to recover your stamp duty and other costs," says Richard Rogerson, chief executive of buying agency RFR Property.



A five-bedroom penthouse in Mayfair, £35,000 a week

Many see the stamp duty reforms of 2014 and the Brexit referendum of 2016 as turning points for London's prime rental market, as wealthy would-be buyers increasingly opted to rent rather than commit to a purchase. In the first quarter of 2014, the maximum rent recorded in London was £12,500 a week, according to Knight Frank. In the first quarter of 2019, it was £60,000.

Renters also seek the lifestyle benefits and flexibility of being a tenant rather than an owner. "Their view is 'London works for me today, but will it be good for me tomorrow?'" says Main.

Covid has heightened the need for flexibility — with ever-changing variants and restrictions, it's becoming challenging to make longer-term plans

Schools are a key driver, says Birch Reynardson. "We've seen many transactions for family houses costing £10,000-plus a week. But then the children may go into boarding in a few years and it's time to change it up and move from the rented family home in Notting Hill into a lock-up-and-leave in Belgravia or Mayfair, as the parents will be travelling regularly again."

Corporate lets are returning too. David Wilcox recently moved from New York to London with his wife and three school-age children. They agreed a £5,000-a-week let for a five-bedroom house overlooking a Kensington garden square. Proximity to Thomas's Kensington school was a big factor.

“I needed to convince my family to move continents in these uncertain times, so the property had to tick every box,” says Wilcox. “We’ll be here for at least two years and we wanted a safe neighbourhood, big light rooms, and a house that has been redecorated throughout.”

Some tenants simply fancy a change. Schneiderman has a client who lives in a town house in Regent’s Park and, during lockdown, rented a house three miles away in Highgate, “so his family could have more space and a pool”, he says. “They decamped from their own home, took a one-year lease and spent around £600,000 on the rental. But they felt it was money well spent.”

What you can rent for

£5,000 a week A six-bedroom, stucco-fronted house in Kensington Gate, South Kensington, through [Cluttons](#).



£9,231 a week A six-bedroom house in Barnes, south-west London, with a ¼-acre garden, through [Berkshire Hathaway Home Services London](#).



£35,000 a week A five-bedroom penthouse designed by Finchatton, with roof terrace, in Mayfair House near Grosvenor Square. Available through [Savills](#).



Follow [@FTProperty](#) on Twitter or [@ft_houseandhome](#) on Instagram to find out about our latest stories first