

Thoughts on PCL's 2022 outlook

By: Alpa Bhakta, CEO, Butterfield Mortgages Limited

As the end of the year draws closer, it is inevitable that we each, in our own way, reflect on the highs and lows of the past 12 months and contemplate what may lie ahead in the year to come.

I have spoken before about the futility of making bold forecasts or looking too far ahead given the current climate. The profound and sudden changes the pandemic has wrought on our lives over the past 18 months has meant that forecasting is near impossible. In recent weeks, the spread of the new Omicron variant has driven this point home once again, highlighting how hard it is to make long-term predictions.

Instead, then, we should focus on the information we already have to hand. And when it comes to Prime Central London (PCL), we can see that there have been promising signs of recovery for this subsection of the property market.

As I noted recently, [data from Knight Frank](#) showed that the return of affluent international buyers to the capital has fuelled the highest annual growth in property prices across London's most premium postcodes since 2015.

Optimistic notes can be heard among many leading real estate firms, most of which are predicting a strong performance for the PCL market next year and beyond. Again, I would take any such forecasts with a pinch of salt, but they are at least indicative of the current health of the market and the level of demand being experienced.

[Savills](#), for instance, has suggested an 8% uptick in prices across PCL in 2022, which forms part of a 24% surge in the five-years to 2026. This would see prime central London values return to their previous 2014 peak.

Similarly, [Winkworth](#) has stated that PCL prices will increase by 6% or 7%. According to their estimates, traditional areas such as Kensington and Chelsea will likely head up the revival in prime central London. Estate agent [Bective](#) unveiled a prosperous long-term outlook for the market, with prime London property prices expected to rise by 21% over the next five years, thanks to development, limited stock availability and growing interest from overseas buyers.

Sudden changes, such as the rise of the new variant and the Government reintroducing stricter social distancing measures, mean that we cannot place too much stock in longer term predictions. Yet with the PCL market, the fundamentals—namely, limited supply and increased demand—give cause for cautious optimism.

As we prepare to welcome the New Year, the Butterfield team is proud to reflect on what we have achieved in 2021. Moreover, we are grateful to our staff, clients, brokers and partners for their support throughout the year. The future might be hard to predict, but we are certainly full of confidence as we head into 2022.



Alpa Bhakta, CEO Butterfield Mortgages Limited. "The views presented in this article are the authors' and do not necessarily reflect those of [the Bank of N.T Butterfield and Son Limited / Butterfield Mortgages Limited] or any of its affiliates."