# THE SANDHÜTEL LENS

*West and South West London: The Quadrant One Read*

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## *This Correction Has An Author.*
## *It Is Not The Tenant, And It Is Not You.*

Read the headline number and west and south west London looks like one story. Kensington and Chelsea down 8.4% year on year to April 2026. Hammersmith and Fulham down 7.6%. Wandsworth down 5.3%. Richmond upon Thames down 2.3%, the most resilient of the four, and still falling. Four boroughs, four negative signs, and a fund manager with a map would call this a corridor in retreat. That reading is not wrong. It is incomplete in a way that changes what an investor should actually do about it.

Look inside the number and the retreat is not evenly distributed. It is concentrated almost entirely in flats. Kensington and Chelsea flats fell 9.0% against a milder 5.7% fall in semi detached stock. Hammersmith and Fulham flats fell 8.7% against 3.5% in detached houses. Wandsworth flats fell 6.4% against 2.8% in terraced stock. Richmond flats fell 4.4% while semi detached and terraced values held broadly flat. Houses are absorbing a fraction of the correction that flats are carrying across every single borough in this quadrant, and that split is not a coincidence of stock mix. It has a specific, dateable cause.

On 1 May 2026, Section 21 was effectively abolished under the Renters' Rights Act, and landlords lost the ability to end a tenancy without a stated ground. Savills research reported by the Financial Times found close to 254,000 former rental homes listed for sale across Great Britain in the year to March 2026, nearly 700 a day, with London rental listings making up roughly 30% of all home listings nationally. Hamptons separately found landlord purchases climbing to 13.3% of UK buyers, the highest share since 2016. Those two figures sitting together tell the real story. Smaller landlords are exiting under the weight of a regulatory shift they cannot underwrite around. Better capitalised, professional landlords are quietly buying their positions.

That is the investor framing for everything that follows. This is not a quadrant where prices are falling because demand has disappeared. It is a quadrant where a specific class of owner is leaving, concentrated in a specific type of stock, at a specific moment in the policy calendar. The opportunity sits precisely there, in underwriting the exit correctly rather than reading the headline average as a verdict on the whole market.

## THE REAL DIVERGENCE

The RICS UK Residential Market Survey for May 2026, the most recent release available, confirms the same split at the sentiment level before it shows up in a single price print. Nationally, new buyer enquiries sit at a net balance of minus 34, newly agreed sales at minus 37, both unchanged on April, while average time to complete a sale reached 21.5 weeks, the longest RICS has recorded since it began tracking the measure in 2017. London's reading is weaker again, with buyer enquiries, vendor instructions and agreed sales all running in the minus 40 to minus 45 range. RICS respondents were specific about the cause: private landlords selling portfolios have created oversupply and kept sale prices depressed, while the same landlord disposals have tightened lettings stock and kept rents higher than expected.

Transaction volume confirms which boroughs can actually absorb that oversupply and which cannot. Wandsworth recorded 4,438 transactions in the twelve months to February 2026, 56% of its 2001 to 2005 average and the deepest transaction pool of the four boroughs carrying a full entry in this edition. Hammersmith and Fulham recorded 2,018 transactions over the same benchmark, 57% of its long run average. Richmond upon Thames recorded 2,384, 50% of its benchmark. Kensington and Chelsea recorded only 1,465 transactions against 38% of its own historic average, the weakest liquidity signal in the quadrant by a wide margin. A borough absorbing an ex rental supply wave with only a third of its historic transaction depth is a very different proposition to one absorbing the same wave with over half its depth intact.

Rent data is where the split resolves into an investable signal rather than just a policy narrative. Richmond rents rose 4.7% year on year to May 2026, the strongest in the quadrant. Wandsworth rents rose 3.6%. Hammersmith and Fulham rents were close to flat at plus 0.5%. Kensington and Chelsea rents fell 1.4%, the only borough in the quadrant where rental income is moving in the same direction as sale price. Set the price and rent numbers side by side and Wandsworth and Richmond are compounding in opposite ways to Kensington and Chelsea. One pair is seeing price softness with rental support underneath it. The other is seeing price softness with nothing underneath it at all.

There is a timing signal buried in the RICS data that most readers will miss on a first pass. Three month sales expectations improved to minus 25 in May, from minus 32 and minus 34 in the two prior reports, and twelve month sales expectations turned to plus 2, essentially neutral, having sat negative for months. Average time to complete a sale is simultaneously the longest RICS has recorded since 2017, at 21.5 weeks. Both things are true together because they are measuring different parts of the same cycle. The market is slow to transact right now, but the professionals filling in this survey expect that to start easing over the next year, not worsen. That is not a call to wait. It is a call to treat the next two quarters as the discount window this correction actually offers, before sentiment catches up to price.

***Small landlords are exiting this quadrant and professional capital is quietly buying their positions.***

***Flats are absorbing almost the entire price correction while houses are holding their ground.***

***Richmond offers defensive resilience, not yield, and should never be underwritten as an income asset.***

***Kensington and Chelsea's illiquidity is now a bigger risk to investors than its price level.***

## THE SECTION 21 DRAG

Section 21 abolition is the single factor doing the most to reshape this quadrant's arithmetic, and it is not finished working through the market. Pre commencement Section 21 cases have a final court proceedings deadline of 31 July 2026, meaning the supply effect visible since 1 May has not yet fully cleared the system. What it changes for an investor is not just the ease of managing a tenancy. It changes who is a credible seller and who is a credible buyer at every price point in this quadrant, and it does so on top of an acquisition cost structure that already punishes leveraged entry.

Stamp duty land tax at these price points is not a rounding error. A second home or investment purchase at Ealing's average of £557,000 carries a total SDLT bill of £45,700 against £17,850 for an owner occupier, a drag of £27,850. At Richmond's average of £794,000, investor SDLT reaches £69,400 against £29,700 standard, a drag of £39,700. At Kensington and Chelsea's average of £1,273,000, investor SDLT reaches £134,700 against £71,050 standard, a drag of £63,650. An investor buying into this quadrant is not simply pricing a discount against a falling market. They are pricing that discount against an entry cost that rises faster than the price itself as they move toward the boroughs where the ex rental opportunity looks most obvious on paper.

The 31 July 2026 deadline is not the end of this story, it is a second supply event most investors have not priced in yet. Landlords with cases already filed under the old Section 21 process have until that date to complete them through the courts before losing the route entirely. That gives roughly twelve weeks from commencement for a concentrated final wave of pre existing cases to clear the system, on top of the exits already counted in the 254,000 figure. Expect a further, more compressed round of ex rental listings to land on this quadrant's flat market through the third quarter of 2026. An investor underwriting a purchase for completion in that window should budget for more flat price softness ahead, not assume the correction has already found its floor.

**£27,850**
Investor SDLT drag
Ealing avg £557k

**£39,700**
Investor SDLT drag
Richmond avg £794k

**£63,650**
Investor SDLT drag
Kensington and Chelsea avg £1.27m

## THE BOROUGHS WORTH READING CAREFULLY

### Kensington and Chelsea

*Opportunity: Earls Court and West Brompton, where ex rental flat stock is absorbing the correction and any genuine forced sale discount will concentrate. Avoid: Chelsea's prime garden squares and the Belgravia border, still priced for an international liquidity the transaction data no longer supports.*

Kensington and Chelsea's average price reached £1,273,000 in April 2026, down 8.4% on the year from £1,390,000, with flats down 9.0% and semi detached stock down a milder 5.7%. Rent fell too, down 1.4% to £3,591 a month in May 2026, the only borough in this quadrant where price and rent are falling together. Implied gross yield sits at 3.4%, prime stock priced for capital preservation rather than income even before the correction. Transaction volume tells the sharper story: only 1,465 sales in the twelve months to February 2026, 38% of the borough's 2001 to 2005 average and the weakest liquidity reading of the four full entries in this edition. RICS commentary points to the same cause, subdued flat demand and a central London buyer base reverting to domestic, mortgage dependent purchasers as international and non domiciled demand thins.

> *Buy here only for a provable forced sale discount against a realistic exit timeline measured in months, not the headline average. Illiquidity is now the larger risk in this borough, not price.*

### Hammersmith and Fulham

*Opportunity: Fulham Broadway and West Kensington flats, the stock most exposed to ex rental supply and the fastest to reprice as a result. Avoid: Brook Green's period conversions, held overwhelmingly by long term owner occupiers where genuine discount stock is thin no matter how weak the borough average looks.*

Hammersmith and Fulham's average price fell 7.6% to £742,000 in April 2026, with flats down 8.7% against a milder 3.5% fall in detached stock. Rent held almost flat, up 0.5% to £2,770 a month in May 2026, giving an implied gross yield of 4.5%, meaningfully better than Kensington and Chelsea. Transaction volume reached 2,018 sales in the twelve months to January 2026, 57% of the borough's long run average and the second deepest liquidity pool in the quadrant, with accepted offers taking an average of 66 days from listing. I drove through W14 recently and the number of for sale boards on ordinary residential streets was the highest I have seen in years, the kind of visible shift that shows up on a street before it shows up in a data release. It matches exactly what the transaction and stock type data already suggest: ex rental flats are the supply hitting this market.

> *The ex rental discount here is real but selective. Price flats against post exit comparables, not April's average, and only where rental evidence clears the mortgage stress test on its own.*

### Wandsworth

*Opportunity: Tooting Bec and Earlsfield flats, the borough's best combination of liquidity and rental support in this edition's data. Avoid: new build stock around Battersea Power Station, where recent completion volume competes directly with any ex rental discount rather than adding scarcity value to it.*

Wandsworth's average price fell 5.3% to £671,000 in April 2026, with flats down 6.4% against a milder 2.8% fall in terraced stock. Rent moved the other way, up 3.6% to £2,599 a month in May 2026, giving an implied gross yield of 4.6%, the strongest in the quadrant. Transaction volume reached 4,438 sales in the twelve months to February 2026, 56% of the borough's long run average and the deepest transaction pool of any borough in this edition, nearly triple Kensington and Chelsea's total on a comparable basis. Local sold price analysis puts the mean time to reach sold status at 145 days against a median of just 81, a wide gap that separates well priced stock moving quickly from stale stock dragging the average upward.

> *This is the strongest combination of liquidity, rental support and genuine discount in the quadrant. Price flats hard against the 81 day median, not the 145 day mean, and this is where capital should go first.*

### Richmond upon Thames

*Opportunity: family houses in East Sheen and Barnes, the specific scarcity RICS respondents flagged as sustaining higher end values. Avoid: flats near Richmond town centre, a thin market offering none of the defensive quality the borough's houses provide.*

Richmond upon Thames' average price fell only 2.3% to £794,000 in April 2026, the most resilient reading in the quadrant, with flats down 4.4% while semi detached and terraced stock held broadly flat on the year. Rent rose 4.7% to £2,305 a month in May 2026, the strongest rental growth of any borough in this edition, though implied gross yield remains thin at 3.5%. Transaction volume reached 2,384 sales in the twelve months to February 2026, 50% of the borough's long run average, with accepted offers averaging 64 days from listing, the fastest in the quadrant. RICS respondents specifically flagged a shortage of quality family houses across south west London sustaining higher end values, a demand base built on scarcity of the right stock rather than investor appetite.

> *This is capital preservation, not income. Buy family houses for resilience and hold on low leverage. Do not underwrite this borough against a yield calculation it was never built to clear.*

*Watchlist: Ealing. The borough carries the lowest entry price in the quadrant at £557,000 and rental yield close to Wandsworth's at 4.4%, but transaction volume readings conflict depending on the benchmark used, rent growth is thin at only 1.1% year on year, and asking prices are reported down a further 2.3% over six months with 17 to 18 weeks typically to sell. Enough to track. Not enough converging evidence yet to issue a full call over Wandsworth, Hammersmith and Fulham or Richmond.*

## SELECTED DATA SIGNALS

**−8.4%**
Kensington and Chelsea price YoY
*April 2026, weakest in quadrant*

**38%**
Kensington and Chelsea transaction volume vs 2001–05 avg
*12 months to Feb 2026*

**254,000**
Former rental homes listed for sale, GB
*Year to March 2026, Savills/FT*

**£63,650**
Investor SDLT drag, Kensington and Chelsea avg purchase
*vs standard residential rate*

**+4.7%**
Richmond upon Thames rent growth YoY
*May 2026, strongest in quadrant*

**+3.6%**
Wandsworth rent growth YoY
*May 2026*

**4.6%**
Wandsworth implied gross yield
*May 2026 rent vs April 2026 price*

**13.3%**
Landlord share of UK buyers
*Highest since 2016, Hamptons*

## THE SANDHÜTEL READ

**West and south west London is not correcting because buyers have lost interest in it. It is correcting because a specific class of owner, the smaller, tax and regulation sensitive landlord, is leaving at a specific moment the calendar has already dated for us, and the headline price fall belongs to that exit far more than it belongs to a change in what tenants or owner occupiers actually want.**

Two signals in this edition connect directly. Wandsworth's transaction volume, 56% of its long run average and the deepest pool of any borough here, sits alongside its rent growth of 3.6% and the national picture of 254,000 former rental homes listed for sale in the year to March 2026. That is not two unrelated facts sharing a page. It is a borough with enough liquidity to actually absorb an exit wave, doing so while rental demand keeps paying the landlords who choose to stay. Set against that, Hamptons' finding that landlord purchases now make up 13.3% of UK buyers, the highest share since 2016, confirms who is on the other side of every one of those exits. It is not first time buyers absorbing this supply. It is professional capital, better underwritten and less exposed to the regulatory shift than the sellers they are buying from.

The allocation argument follows the exit, not the postcode. Capital should go first to Wandsworth, where liquidity, rental support and a genuine ex rental discount all sit in the same borough. Hammersmith and Fulham earns a full entry on the same logic at a lower entry price, provided flats are priced against post exit comparables rather than the falling average. Richmond deserves capital from a different kind of investor entirely, one buying resilience and low leverage rather than yield, supported by a genuine shortage of family stock rather than a landlord exit story. Kensington and Chelsea is not investable in the ordinary sense right now. Its illiquidity, 38% of historic transaction depth, means even a real discount can trap capital for longer than most investors will tolerate.

At Sandhütel, we do not read a falling price as a falling market. Every correction has an author, and in this quadrant the author is a landlord leaving under a regulatory deadline, not a buyer who has disappeared. Price what you buy against who is actually selling it to you, underwrite the exit before you underwrite the yield, and let liquidity, not the headline average, decide how much conviction a borough has earned.

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