



Price reductions and new supply  
add to buyer choice in prime  
London sales market

Prime lettings growth slips but  
values remain high

# Analysis of the prime London housing market

1 May to 31 May 2024



## Properties under offer on the rise

The prime London sales market recorded both price and transaction falls in May, but the number of properties going under offer increased. In lettings, rental growth decreased slightly but activity levels improved.



## Values holding steady with pre-pandemic levels

House price growth across prime London remained negative on an annual basis, with sales values in May 2.8% lower than a year earlier. Transactions were also lower than a year earlier, by 14.8%, with the fewest sales in the month of May since 2017 (2020 excluded due to lockdown). However, values are broadly in line with 2017-2019 (pre-pandemic) levels while activity is lower by 5.8% on the same basis.



## Buyer demand remains robust

The number of properties going under offer increased in May, it was up 4.1% compared to the same month last year. This suggests that underlying buyer demand remains robust.



## New instructions continue to rise

New instructions in May rose by 12.1% on an annual basis, which is 10.8% higher than the 2017-2019 (pre-pandemic) May average. The stock of available homes for sale continues to rise, with 12.2% more properties on the market across prime London at the end of May than a year earlier.



## £5m+ activity levels remain above 2017-2019 average

The £5m+ market continued to slow from its post-pandemic peak. In May, transactions in this price band were down by 20.5% on an annual basis, although activity is 19.2% above the 2017-2019 (pre-pandemic) average. At the end of May there were 27.0% more £5m+ properties for sale than there were a year earlier.



## Rental values remain strong

The pace of annual rental growth across prime London fell again in May. Growth of 1.1% is the lowest rate since August 2021, but values are still 28.3% above their 2017-2019 (pre-pandemic) average.



## Lets agreed on the rise in May

LonRes data for May indicated an annual increase of 4.7% in lets agreed and a 4.3% increase in new instructions, but activity on both measures continues to run well below pre-pandemic levels.

# Monthly prime data

(1 May to 31 May 2024)

## Monthly Prime Data – May

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-2.8%	0.7%	1.1%	28.3%
Properties sold/let	-14.8%	-5.8%	4.7%	-53.3%
New instructions	12.1%	10.8%	4.3%	-47.7%

(Note: all price and rent figures based on £ per sq. ft. values | \*Pre-pandemic) | Source: LonRes

## Sales market keeps moving but reductions and new instructions are rising

The May prime London sales market was characterised by growing supply and increasing numbers of price reductions, with demand staying steady. Transaction levels remain lower than last year but other indicators suggest a relatively healthy market – under offers are rising and fall-throughs are down.

Average values, based on achieved £ per sq ft figures, fell by 2.8% in May on an annual basis, leaving prices approximately in line (+0.7%) with pre-pandemic levels. Actual average prices have now risen slightly for three consecutive months, adding to the evidence that prices have bottomed out. Looking longer-term, values are 3.2% below where they were 10 years ago.

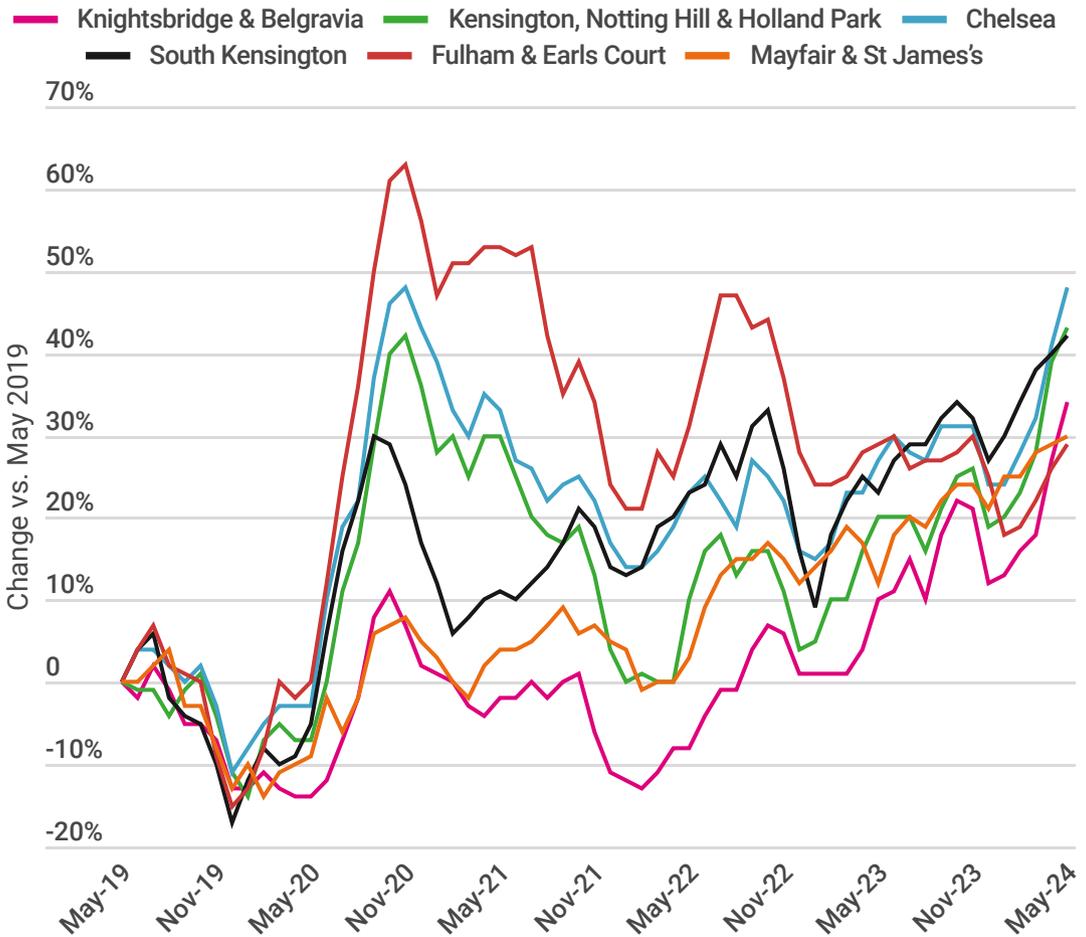
Transactions in May fell by 14.8% against the same month last year and were 5.8% below the 2017-2019 (pre-pandemic average) May average. The number of properties going under offer in May was 4.3% higher than a year ago. This builds on strong growth in April and suggests the pipeline of deals is healthy.

While the demand side of the equation looks relatively consistent, more is happening with supply. New sales instructions were 12.1% higher in May than a year ago – every month this year has been above the 2023 equivalent. And this is 10.8% above the 2017-2019 May average. The number of properties withdrawn from the market increased in both April and May, but for the whole year to date is just below last year.

Overall, we have more new instructions, fewer sales and slightly fewer withdrawals, so stock on the market is growing. At the end of May there were 12.2% more properties for sale across all of prime London than a year earlier, and this is 26.1% higher than at the end of May 2019 (five years earlier).

Broken down by neighbourhood, there is relatively little difference in current volumes of homes for sale compared to pre-pandemic levels. Across a selection of key central locations, each had around 30% to 50% more stock on the market at the end of May than five years earlier.

## Stock on the Market vs. May 2019, Selected Neighbourhoods



Source: LonRes

However, the movements in the intervening years have seen much larger variations. Fulham & Earls Court recorded the largest build up of stock in the second half of 2020, peaking at +63% compared to May 2019. Over the same period, the highest value neighbourhoods of Mayfair & St. James's and Knightsbridge & Belgravia experienced much lower growth in the number of properties for sale. As late as February 2022 there was 13% less stock on the market in Knightsbridge & Belgravia, but since then it has recovered strongly.

As well as new instructions to choose from, price reductions mean that buyers are also likely to see existing homes for sale drop into their budgets. Across prime London, 47% of properties that sold between 2017 and 2019 had their asking price reduced before sale. This dropped to 40% in 2022 but in 2024 so far has increased again to 48%. Most local areas have followed a similar pattern, with their lowest rates of reductions in the stronger market of 2022. But Mayfair & St. James's has bucked this trend, with 2024's 37% lower than both 2022 and the 2017-2019 (pre-pandemic) figures.

## Proportion of Properties Reduced Prior to Sale, Selected Neighbourhoods

Neighbourhood	2017-19 ave.	2022	2024 to date
Knightsbridge & Belgravia	41%	31%	43%
Kensington, Notting Hill & Holland Park	45%	38%	47%
Chelsea	49%	41%	53%
South Kensington	48%	43%	61%
Fulham & Earls Court	51%	43%	53%
Mayfair & St James's	39%	42%	37%

Source: LonRes

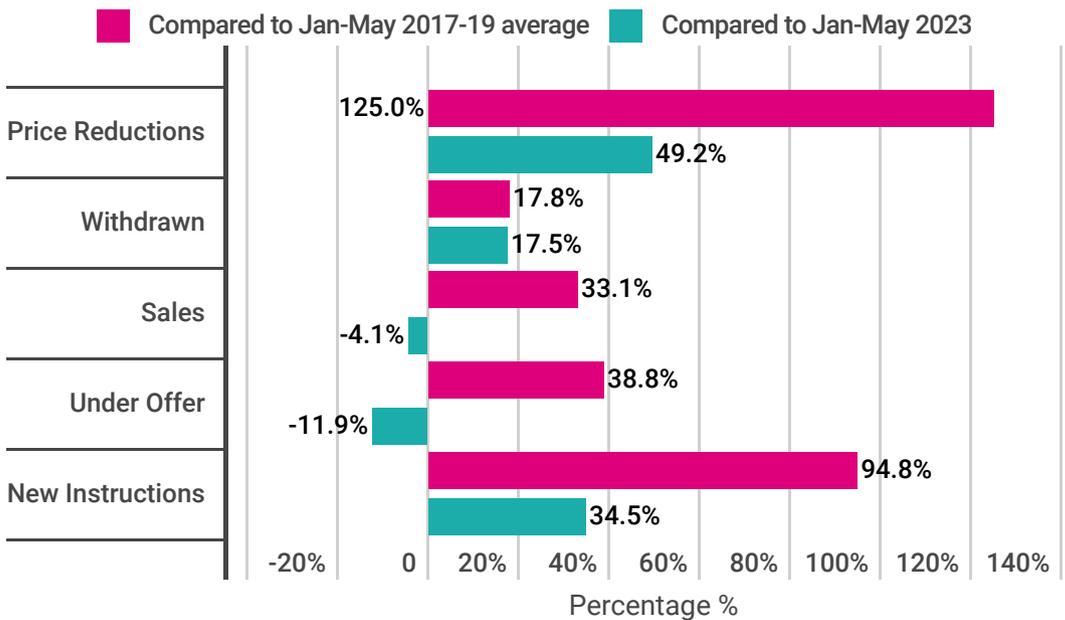
The latest data also shows significant variation between areas in terms of current levels of price reductions, with more than 60% of sold properties in South Kensington being reduced prior to a deal being agreed, compared to 37% in Mayfair & St. James's.

## £5m+ sales resilient but supply continues to rise

We have reported before that the £5m+ market has been the strongest sector since the second half of 2021 in terms of activity. While this remains the case, transaction levels have fallen back from the high point reached in 2022. Rising new instructions have resulted in available stock for sale growing, particularly over the past 12 to 15 months.

Transactions of £5m+ properties in May were down 20.5% on the same month a year earlier, although this is still 19.2% above the 2017-2019 May average. The year-to-date figures – a less volatile metric – show sales more in line with the equivalent period last year, a change of -4.1%. The longer-term comparison of the year so far with the average of the same months from 2017 to 2019 shows 2024 33.1% ahead.

### Measures of £5m+ Market Activity, Jan-May 2024



Source: LonRes

Other metrics follow a similar trend, but like the wider market it is the figures for new instructions and price reductions that stand out. New £5m+ sales instructions in May alone were 51.8% higher than last year, and almost double the pre-pandemic (2017-2019) May average. The year-to-date figures show significant increases compared to both last year and pre-pandemic levels. April and May both set new highs for the number of price reductions and, while the market being larger accounts for some of this increase, the proportion of properties that have been reduced prior to sale has been very high this year.

With sales slowing and new instructions increasing, stock on the market is growing. At the end of May there were 27.0% more £5m+ properties for sale across prime London than a year earlier, and this is 55.8% higher than at the end of May 2019 (five years earlier).

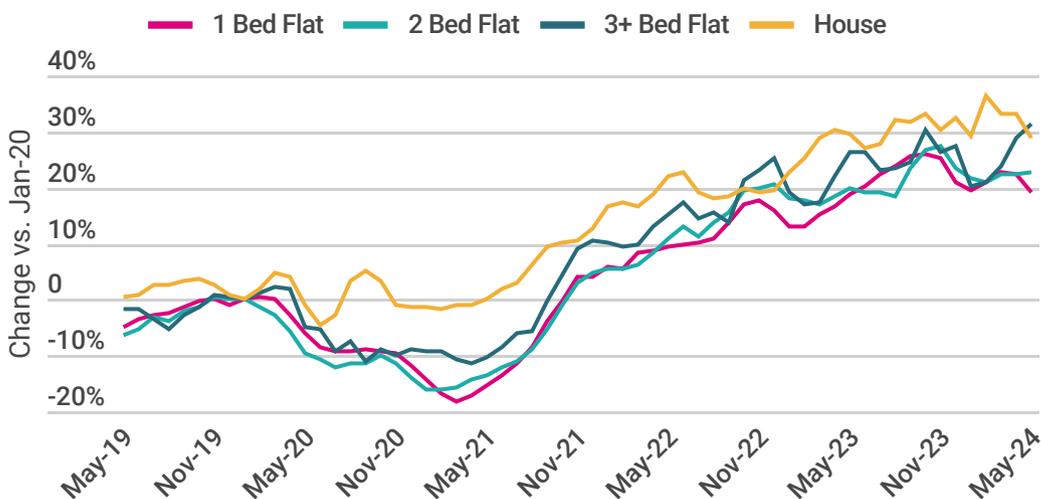
## Prime London lettings supply slowly improving

Recovery of the prime London lettings market continued in May, with more supply further easing the pressure on rents. There were 4.7% more lets agreed in May than a year earlier, although this was 53.3% below the 2017-2019 May average. For 2024 to date, lettings activity is around 10% ahead of the same point last year, with higher supply unlocking more agreed deals. New instructions in May were 4.3% higher than a year ago but 47.7% lower than their 2017-2019 average. Across prime London there were 20.3% more properties available to let at the end of May than a year earlier.

Annual rental growth across prime London slowed again in May but remained in positive territory at 1.1%. This is the lowest rate since August 2021, but average rental values are still 28.3% above their 2017-2019 (pre-pandemic) level.

Looking in detail at rental growth over the past few years, the premium gap between houses and flats grew in the second half of 2020, in response to lockdown and the associated 'race for space'. By October 2021 houses had seen rental growth of more than 10% compared to their January 2020 level. In contrast, one and two bedroom flats were below their January 2020 level at this point. Values for larger flats are more volatile and they have fared somewhere in between the performance of smaller flats and houses for much of this period. The latest data shows that 3+ bedroom flat values are 31.4% above their January 2020 level, higher than houses at 29.0% and around 10% more growth than smaller flats have seen.

## Rental Growth Since January 2020 by Property Type



Source: LonRes



Analysis of LonRes data for this Monthly Briefing has been carried out by Nick Gregori, Head of Research at LonRes.  
This Prime London Market Briefing uses data up to 31 May 2024.

*\*Prime London analysis includes properties within the following postcodes:*

*Prime Central London: SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, W1K, W1J, W8.*

*Prime Inner London: NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W, W2, W11, W14.*

*Prime Fringe: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.*

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