



Post-election bounce for London's
prime sales market

Stock levels in prime lettings
continue to recover

Analysis of the prime London housing market - 1 July to 31 July



Transactions bounce back

The prime London sales market saw a bounce-back in transactions in July, although prices continued to fall. In lettings, rental growth increased slightly while activity levels recorded a small fall after a good start to the year.



A positive month for sales activity

Values across prime London fell by 4.9% on an annual basis in July, remaining broadly in line (+0.6%) with 2017-2019* levels. Sales activity had its most positive month of the year so far, with 8.7% more transactions recorded than July 2023, 23.7% above the 2017-2019* July average.



Buyer sentiment begins its recovery

The number of properties going under offer also increased in July, up 23.6% compared to the same month last year. Some of this growth is explained by June's poor performance, when the sales market slowed in the run up to the election and deals were put on hold. But the immediate bounce-back suggests sentiment is moving in the right direction.



Stock levels rise across prime London

New sales instructions in July were unchanged from last year, 2.3% higher than the 2017-2019* July average. The stock of available homes for sale continues to rise, with 11.1% more properties on the market across prime London at the end of July than a year earlier.



Shifts in the £5m+ market

The £5m+ price point underperformed the wider market again in July, continuing the reversal of recent trends. £5m transactions were down by 18.9% on an annual basis, although this is 34.3% above the 2017-2019* July average. At the end of July there were 27.4% more £5m+ properties for sale than a year earlier.



A slight rise in rental growth

Annual rental growth increased to 1.4% in July but remains below recent levels. Average rents across prime London are 29.6% above their 2017-2019* average.



New instructions rise

LonRes data for July indicated an annual decrease of 3.9% in lets agreed and a 9.7% increase in new instructions, with activity on both measures well below pre-pandemic levels. The stock of available rental properties is recovering gradually, with 11.4% more homes on the market across prime London at the end of July than a year earlier.

*Pre-pandemic | Source: LonRes

Monthly prime data

(1 July to 31 July)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-4.9%	0.6%	1.4%	29.6%
Properties sold/let	8.7%	23.7%	-3.9%	-48.0%
New instructions	0.0%	2.3%	9.7%	-42.2%

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

Positive sentiment is returning but remains fragile for prime London sales market

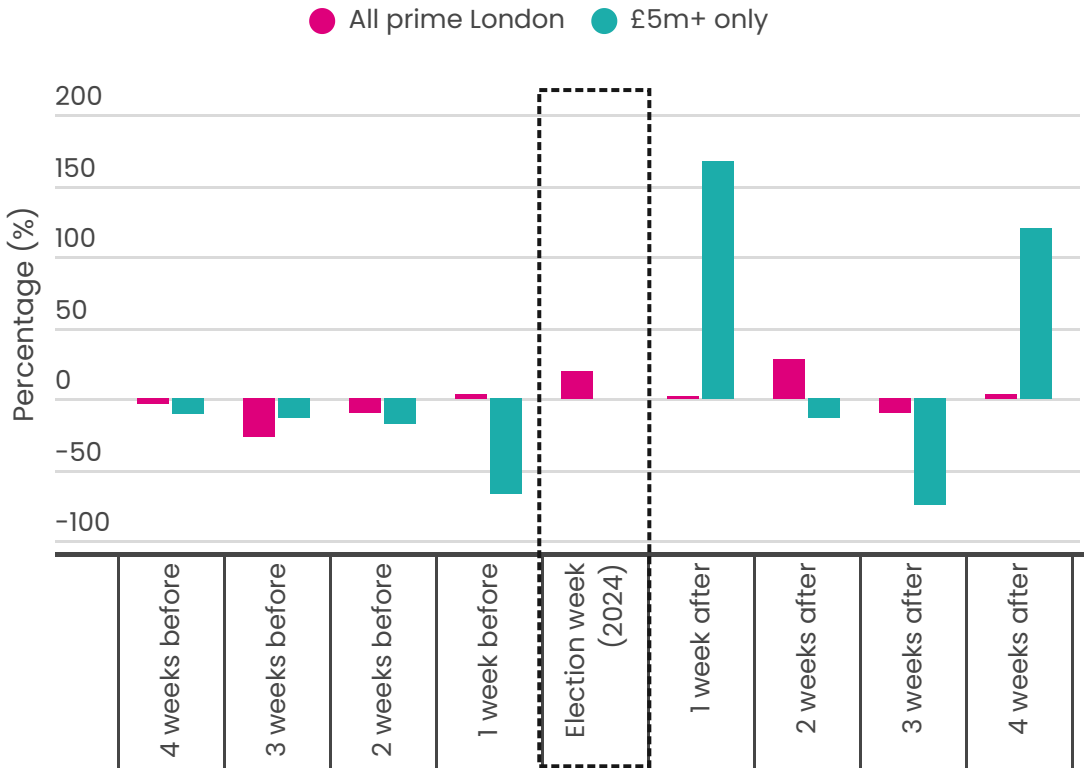
July's prime London sales data provided mixed messages, with values continuing their slow decline but transactions are picking up. Various factors are interacting and contributing to this uncertainty: the usual summer slowdown, a general election, plus volatility around the world both politically and in the financial markets.

There were 8.7% more sales transactions in July than the same month last year, and 23.7% more than the 2017-2019 (pre-pandemic average) July average. The number of properties going under offer in July was 23.6% higher than a year ago, taking the total for the year to date within 1.0% of the same period last year.

Last month the sales and under offer figures indicated a slower market, with the pre-election period through June likely to have put some deals on hold. It appears that buyers and sellers on the whole welcomed the election result, as the latest weekly data shows a clear improvement in the market.

In total in the four weeks leading up to the election, under offer numbers (the timeliest indicator of deals being agreed) were 10% lower than the same weeks last year. In the four weeks after the election, they were 6% higher. The impact is clearer at higher price points – the equivalent figures for £5m+ properties were -24% and +17%, with some individual weeks showing significant increases. Similar analysis of data on fall throughs is also positive. In the four weeks prior to the election, fall throughs across prime London were only 2% higher than a year earlier, while they were 16% lower in the four weeks after.

Properties going under offer pre- and post-election*



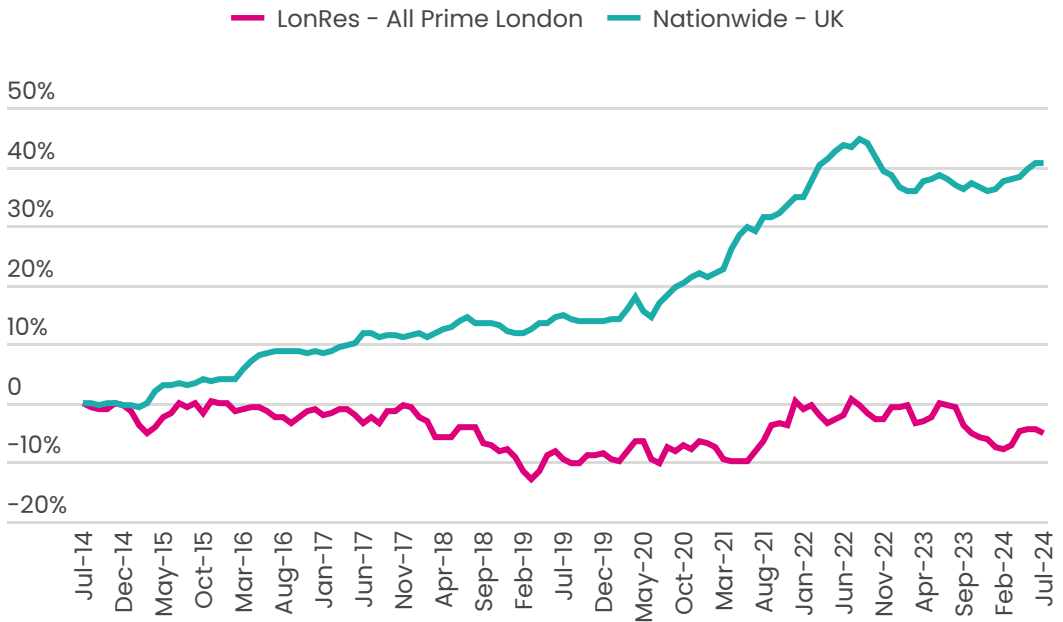
*2024 compared to 2023 | Source: LonRes

On the supply side, new sales instructions in July were unchanged from a year earlier and 2.3% higher than the 2017–2019 July average. Stock on the market across prime London fell slightly over the month but at the end of July was 10.5% higher than a year earlier, and 23.5% higher than at the end of July 2019 (five years earlier).

Average achieved prices have been broadly stable over the past few months, but on an annual basis this resulted in a 4.9% fall in July. Compared to pre-pandemic levels, values are only 0.6% higher. This is in sharp contrast to the wider UK market, where average prices have risen more than 22% over the past five years, according to the Nationwide House Price Index.

Looking back over the past decade, the prime London and national markets have followed different paths. Values across all Prime London in July were 5.2% below their peak from November 2014, according to LonRes average achieved sale price data, while Nationwide's index shows that the average UK house price has grown by 41% over the same period. Much of this growth at UK level came between early 2020 and summer 2022.

Sale prices relative to Nov 2014, all prime London vs. UK



Source: LonRes, Nationwide House Price Index

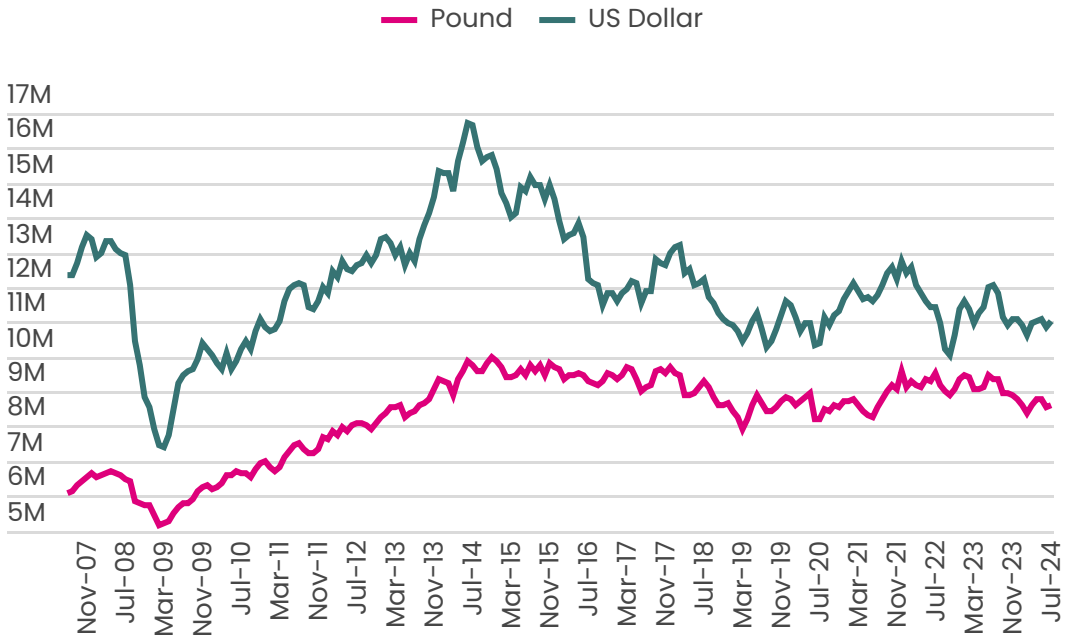
Top end of market slowing from peak but demand remains robust

Higher value properties are underperforming the wider market, a reversal from being the strongest sector in 2021 and 2022. In July, transactions of properties priced at £5m or higher were 18.9% down on July last year. While the single month figures can be volatile, the year-to-date total is 10% fewer sales than over the equivalent period in 2023. Activity remains significantly above pre-pandemic levels, with July recording 34.3% more sales than the 2017-2019 July average.

With £5m+ transactions falling back from recent highs, available stock is increasing as new instructions come to market. There were 28.4% more new £5m+ instructions in July than a year ago and at the end of the month there were 27.2% more £5m+ properties for sale across prime London than a year earlier. Compared to the end of July 2019 (five years earlier), there is 61.7% more available stock.

International buyers are important in this market, which means it is more susceptible to external factors. One of those factors is exchange rates. These have been favourable for buyers holding their wealth in US dollars, as the weak pound has combined with limited price growth to offer relative value. For example, a property in prime central London valued at £10m in late 2014 would have cost the equivalent of \$15.8m at the time.

Cost of £10m PCL property in 2014 converted into US dollars



Source: LonRes

In sterling, values have fallen to a maximum of 21% below this peak in early 2019, while for dollar buyers the effective discount reached a maximum of 36% in late 2022. In July, PCL values were 14% of their 2014 peak in sterling and 30% below in dollars.

Looking ahead, there is an important point to note on any potential recovery in international demand. As the UK economy stabilises and strengthens, you might expect prime London property to become more attractive to overseas buyers. The issue is that the stronger economy may lead to the currency strengthening, reducing the dollar 'discount'.

Rental availability recovering across all prime London price points

Annual rental growth increased in July but remains relatively low at 1.4%. Average rents across prime London are 29.6% above their 2017-2019 (pre-pandemic) average.

There were 3.9% fewer lets agreed in July than a year earlier, and this was 48.0% below the 2017-2019 July average. For the year-to-date, lettings activity is around 8% ahead of where it was at the same point in 2023. New letting instructions in July were 9.7% higher than a year earlier.

The stock of available homes to let is recovering steadily but remains a long way off pre-pandemic levels. For all price points there were 11.4% more homes on the market at the end of July than a year earlier, but 52.6% fewer than five years ago. Broken down by price point, availability at lower rental values has started to increase but it has a lot further to go compared to the top end of the prime lettings market.

Below £750 per week, availability was 6.2% higher at the end of July than a year earlier but it remains more than 70% below where it was five years ago. Above £2,000 per week the recovery to pre-pandemic levels is almost complete – available stock is within 20% of where it was five years ago.

Stock on the market by weekly rent at end of July*

● vs. July 2019 ● vs. July 2023



*All Prime London | 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 July 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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