



Summer slowdown for prime London sales market as prices and activity fall in July.

Rents continue to rise while the number of properties available to let is gradually growing...

# Analysis of the prime London housing market

1 July to 31 July 2023



## Activity and Values

Activity and values fell across the prime London sales market. There was further growth in rents in the prime lettings market, but activity remained low.



## Still on Trend

Achieved prices (sales market) were 2.6% lower than July last year, continuing the trend of limited significant movement in either direction since late 2021.



## Transaction Dissatisfaction

Sales transactions were 26.1% lower than the same month last year, and 9.1% lower than the 2017-2019 (pre-pandemic) July average.



## Slow and Low

Sales market leading indicators also point to a slower market, reversing some of the positive signs from last month. The number of properties under offer for the month was 30% lower than a year earlier and new instructions were down 12.4% on the same basis.



## Stand-out Behaviour

The £5m+ sales market continues to behave differently to the main prime London one, but there are signs that it too is slowing after a strong 2021 and 2022. Sales in July fell compared to last year, by 24%, but activity remains significantly higher than pre-pandemic levels, by over 40%. New instructions in this market continue to grow and fall throughs and price reductions are rising.



## Get Growing

Annual rental growth in this month was 9.1%, the highest level in six months. This increase took rents to 28.4% above their 2017-19 (pre-pandemic) average.



## Lets Agree to Disagree

LonRes data for June indicated an annual fall of 23.5% in lets agreed and a 5.3% fall in new instructions, with activity remaining at around half of pre-pandemic levels.\*

*\*Rental demand is so strong that a significant proportion of properties are being let without listing, and are therefore not captured in the data.*

Source: LonRes

# Monthly prime data

(1 July to 31 July 2023)

	Prime Sales Annual Change	Prime Sales Change Since 2017-19*	Prime Lettings Annual Change	Prime Lettings Change Since 2017-19*
Achieved prices/ rents	-2.6%	4.1%	9.1%	28.4%
Properties sold/let	-26.1%	-9.1%	-23.5%	-62.9%
New Instructions	-12.4%	6.4%	-5.3%	-45.4%

\*Pre-pandemic | Source: LonRes

## Sales market starts its summer holiday...

The positive signs emerging in June didn't last long, with the prime London sales market slowing down again in July. Average achieved prices fell by 2.6% compared with a year earlier. All three sub-markets across prime London recorded falling sale prices in July, with prime central London's 3.4% drop the largest. While the market is often quieter as the summer holidays start, last month's activity was low compared to the typical July.

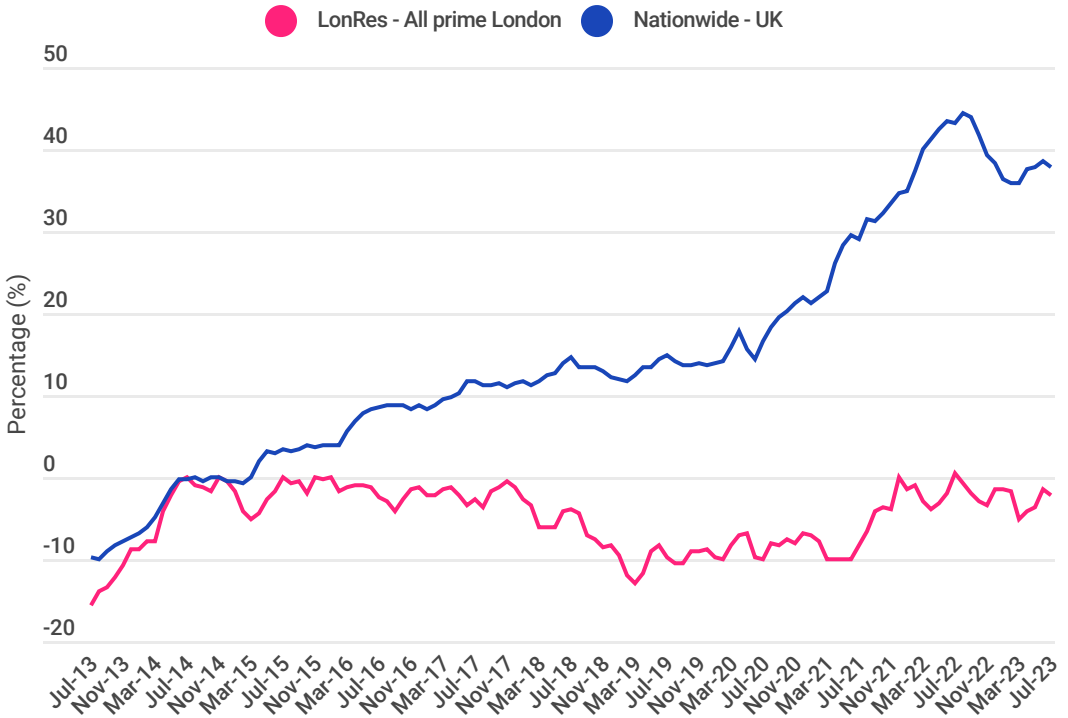
Transactions in July were 26.1% lower than the same month last year, and 9.1% lower than the pre-pandemic July average, i.e. from 2017 to 2019. New instructions in July were 12.4% lower than a year earlier, but for the calendar year to date they were up slightly, by 2.6%. The July figure was also 6.4% above the 2017-19 average.

The number of properties going under offer followed a similar pattern. Under offers were 29.6% lower than last July but 8.0% above the 2017-19 average. These figures suggest that, while the market has clearly fallen back compared to 2022, activity is returning to more normal conditions.

The trajectory of the prime London market has been very different to that of the wider UK one over the past decade. Values across all prime London in July were 2.1% below their peak from November 2014, according to LonRes average achieved sale price data. Nationwide's index shows that the average UK house price has grown by 38% over the same period. Much of this growth came between early 2020 and the peak (at +45%) last August.

While these data series are not directly comparable due to different methodologies, the contrast is very clear. This analysis suggests that whatever path the UK housing market takes from this point, the prime London one could be very different.

# Sale Prices Relative to 2014/15 peak\*



\*All prime London vs. UK | Source: LonRes and Nationwide House Price Index

## £5m+ market activity falling back from recent highs...

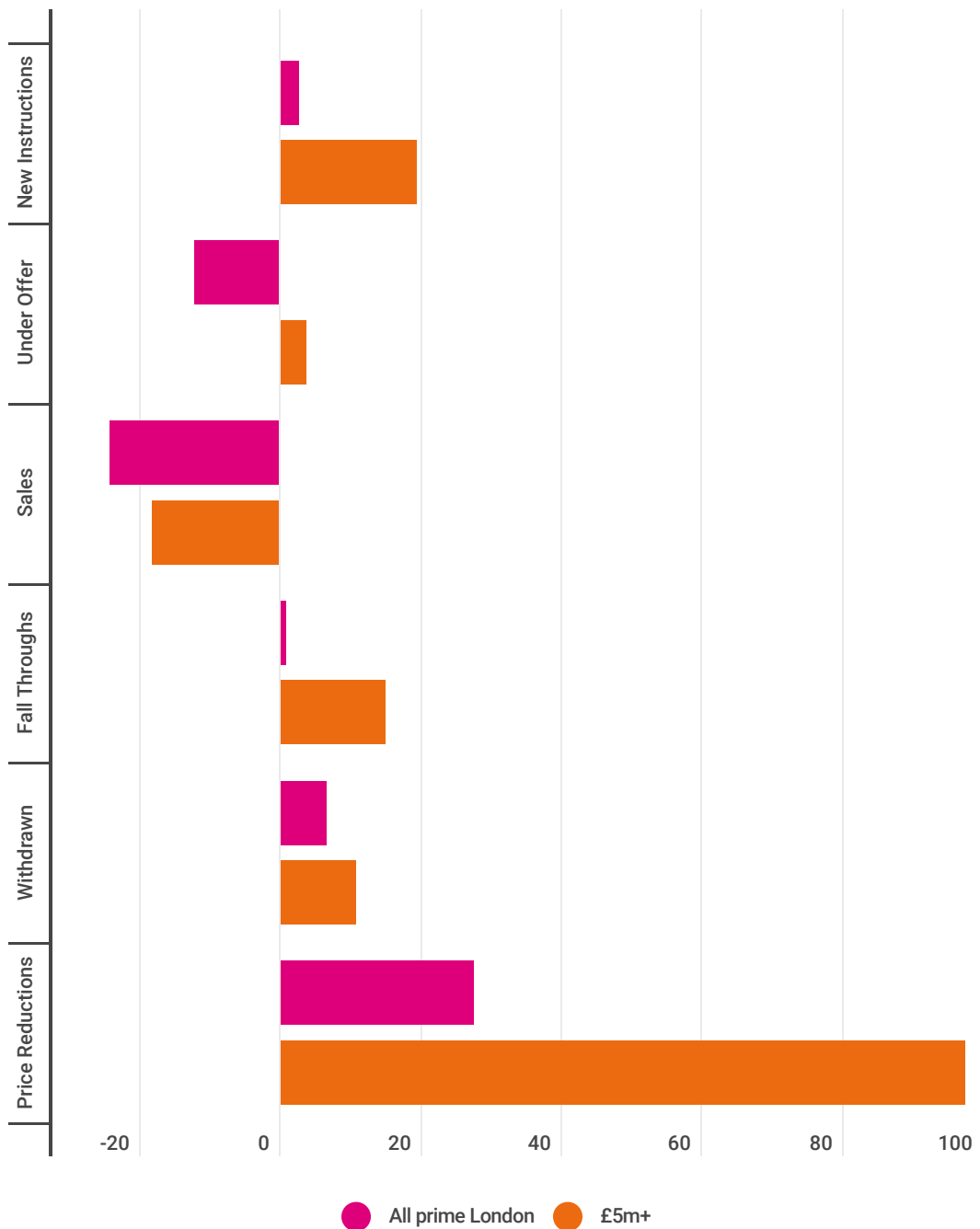
July saw continued high levels of new instructions of properties priced at £5m or more. These were up 30.3% on the same month a year earlier and 78% above average 2017-19 levels. However, sales activity has dropped back from recent highs, with transactions in July down by 23.8% and down 18.1% for the year to date, both compared to 2022.

The number of properties going under offer is less negative than actual sales. Properties going under offer recorded an annual fall of 14.3% in July but the year to date figure is 3.6% higher. If these deals conclude, the sales figures over the coming months may look healthier, but the number of fall throughs in 2023 to date is 15% higher than last year so that is not a given.

The number of price reductions in the £5m+ market in 2023 so far has almost doubled compared to the same months in 2022. This is a much larger change than the wider prime London market, whereas other indicators are more in line over the same period. Combined with continued growth in new instructions, buyers at the top end of the market should have more choice over the rest of the year.

# Year-To-Date (YTD) Activity Measures\*

(Compared to 2022 YTD)



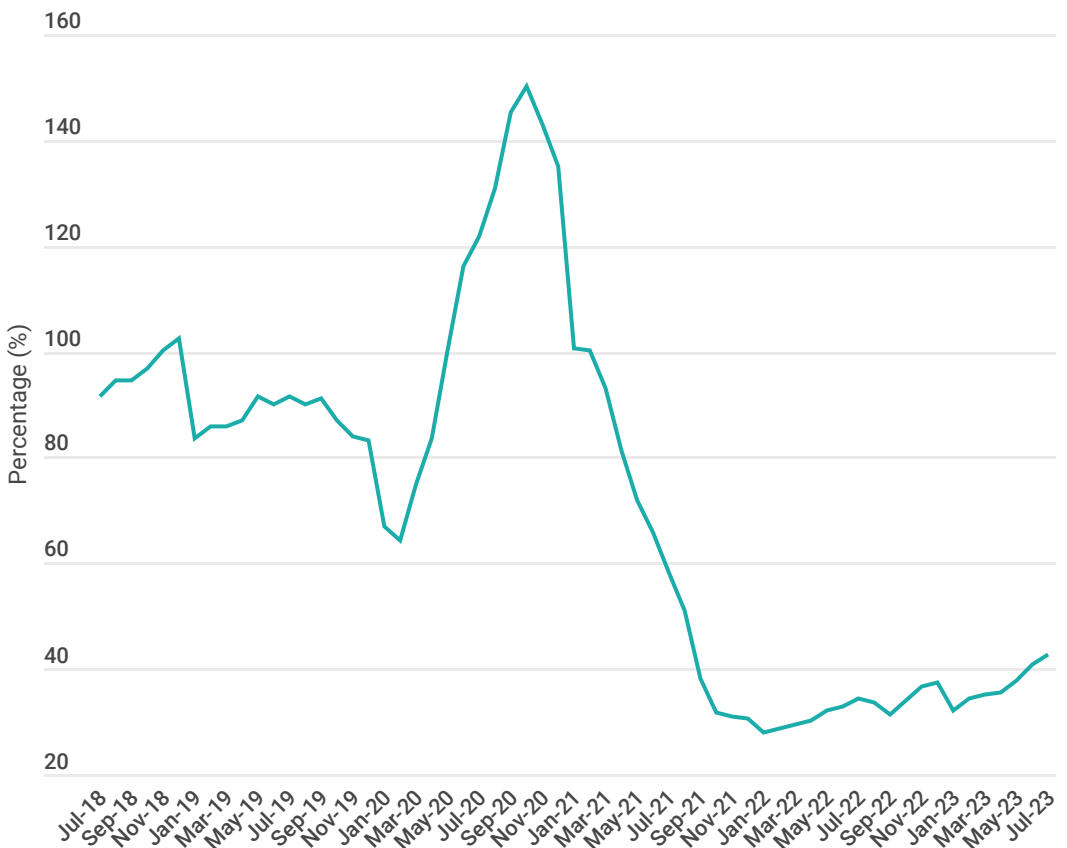
\*Percentage change compared to same period in 2022 | Source: LonRes

## Lack of supply continues to support prime Lettings' rent rises...

Annual rental growth in July was 9.1% across prime London. This figure took rents to 28.4% above their 2017-19 (pre-pandemic) average. All areas and sub-markets have seen similar levels of growth but prime fringe recorded the highest annual rise of 12.3%.

Activity in July remained low, with an annual fall of 23.5% in lets agreed and a 5.3% fall in new instructions. Overall, despite continuing high demand, the stock of properties available to rent appears to be starting to recover from its low base. At the end of July there were 25% more rental properties available across prime London than a year earlier. But this remains around 57% below the typical pre-pandemic level for this time of year.

## Rental Properties on the Market\*



\*Relative to 2017-19 | 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 2023.

\*Prime London analysis includes properties within the following postcodes:  
SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W15, W1K, W1J, W8.NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W,  
W2, W11, W14, SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.

\*The prime areas break down as:  
Prime central London: SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W15, 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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