

PRIME LONDON MARKET MONTHLY BRIEFING



Normal November follows outstanding
October for prime London sales market

Lettings market set for quiet end to 2024
as rental growth stable



Growing Momentum

The prime London sales market slowed as expected in November after a record-breaking October. However, looking at activity over the two months combined suggests a growing momentum, rather than just being a result of deals brought forward in a rush to beat the Budget.



Properties Under Offer Rising

Transactions in November were 4.2% lower than last year across prime London and 19.4% lower than the 2017–2019 (pre-pandemic) November average. However, the number of properties going under offer rose by 20.4% compared to last November – four of the last five months have seen 20%+ growth on this measure on an annual basis.



Instruction Levels Increase

New sales instructions rose by 4.4% in November compared to the same month last year, which was 19.5% higher than the 2017–2019 (pre-pandemic) November average. The number of homes for sale at the end of November was 10.1% higher than a year earlier.



Average Achieved Prices Fall Slightly

Across prime London, average achieved prices fell in November by 1.8% on an annual basis in November and were also 1.8% lower than average 2017–2019 (pre-pandemic) levels.



£5m+ Market Sees Lower Activity After a Strong October

The £5m+ market also saw lower activity in November following a strong October. Transactions were 7.1% lower on an annual basis and under offers fell by 14.7%. New instructions in this market increased by 7.0% compared to last November, with available stock on the market rising by 23.3% over the past 12 months.



Rate of Rental Growth Remains Steady

Annual rental growth across prime London increased slightly to 1.6% in November, but the general trend over the past 12 months has been slow, steady growth. Average rents were 34.6% above their 2017–2019 (pre-pandemic) average.



Lets Agreed Decrease

LonRes data for November indicated an annual decrease of 12.5% in lets agreed and a 15.6% decrease in new instructions, with activity on both measures remaining well below pre-pandemic levels. The stock of available rental properties across prime London at the end of November was 8.7% lower than a year earlier.

Monthly prime data

(1 November to 30 November)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-1.8%	-1.8%	1.6%	34.6%
Properties sold/let	-4.2%	-19.4%	-12.5%	-52.8%
New instructions	4.4%	19.5%	-15.6%	-49.9%

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

Prime sales market falls back as expected but pre-Budget momentum is maintained

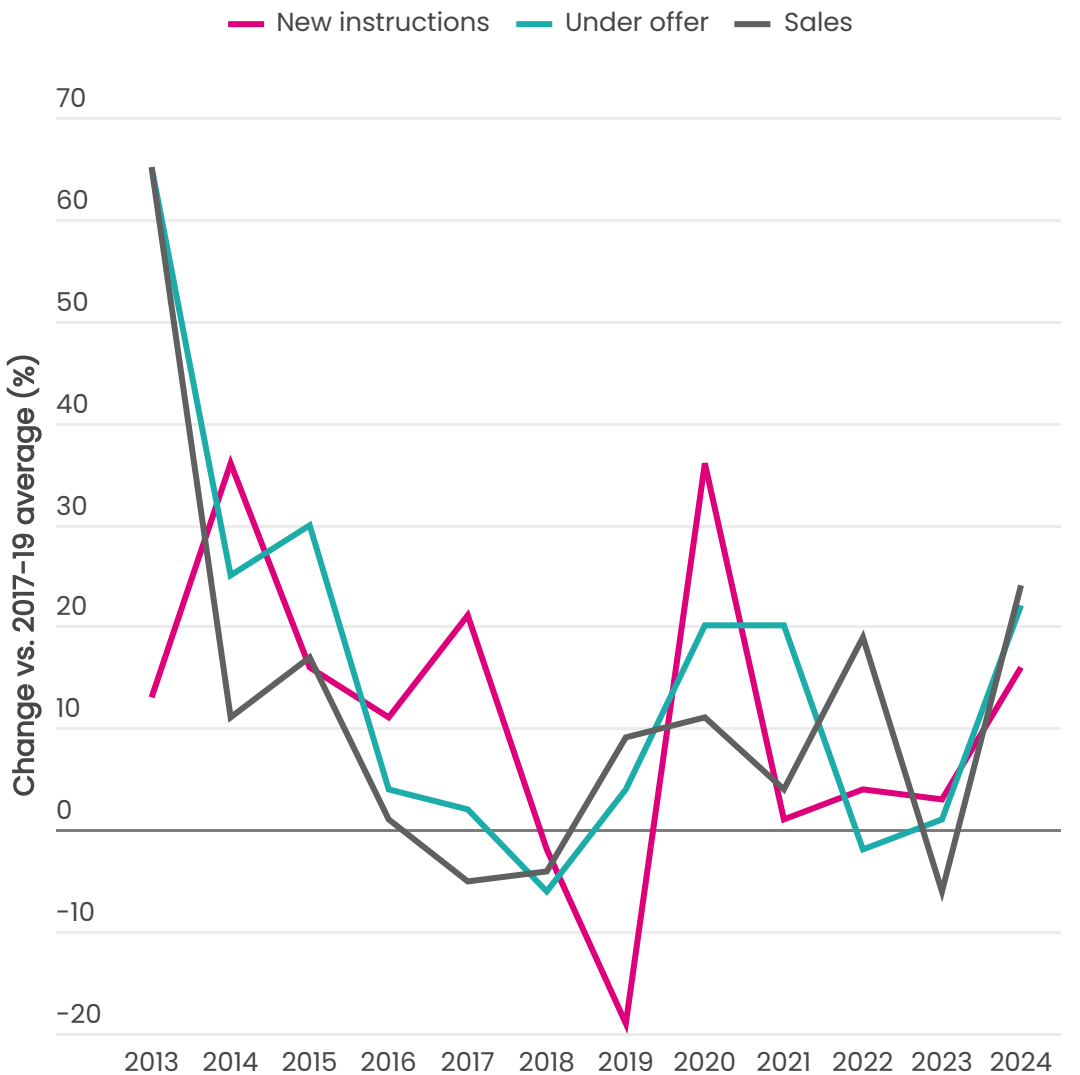
Activity in the prime London sales market was always likely to fall back from what proved to be an exceptionally strong October. October had the highest number of transactions across prime London for the month since our records began and was one of the top 10 figures for any single month. Some of that increase was likely due to deals being concluded in a rush to beat potential Budget tax increases.

However, transaction numbers in November 2024 only underperformed slightly for the time of year. They were 4.2% down on the same month last year and 19.4% lower than the 2017-2019 (pre-pandemic) November average.

New instructions increased in November, up 4.4% compared to the same month last year and 19.5% compared to the 2017-2019 November average. Ten of the 11 months this year have seen higher levels of new instructions than last year, and the total increase for the year is likely to be around 10%, suggesting steady growth rather than any mass increase in sellers coming to market. The number of price reductions grew again in November after a lull in October, with vendors potentially adjusting prices to reflect higher taxes post-Budget. Stock on the market at the end of November was 10.1% higher than a year earlier and 35.4% above the level five years earlier (November 2019).

Activity across October and November combined suggests that demand overall is higher, with sales 32.1% up on an annual basis and 23.9% above the 2017-2019 (pre-pandemic) average for the same two months. Better news is that under offer numbers – a forward indicator of deals in the pipeline – have increased similarly. They were up by 21.8% annually and 22.5% compared to the 2017-2019 average. New instructions have grown too, but not quite at the same pace – up 12.9% annually and 16.1% compared to the 2017-2019 average.

October & November sales activity measures by year* vs. 2017-19 average



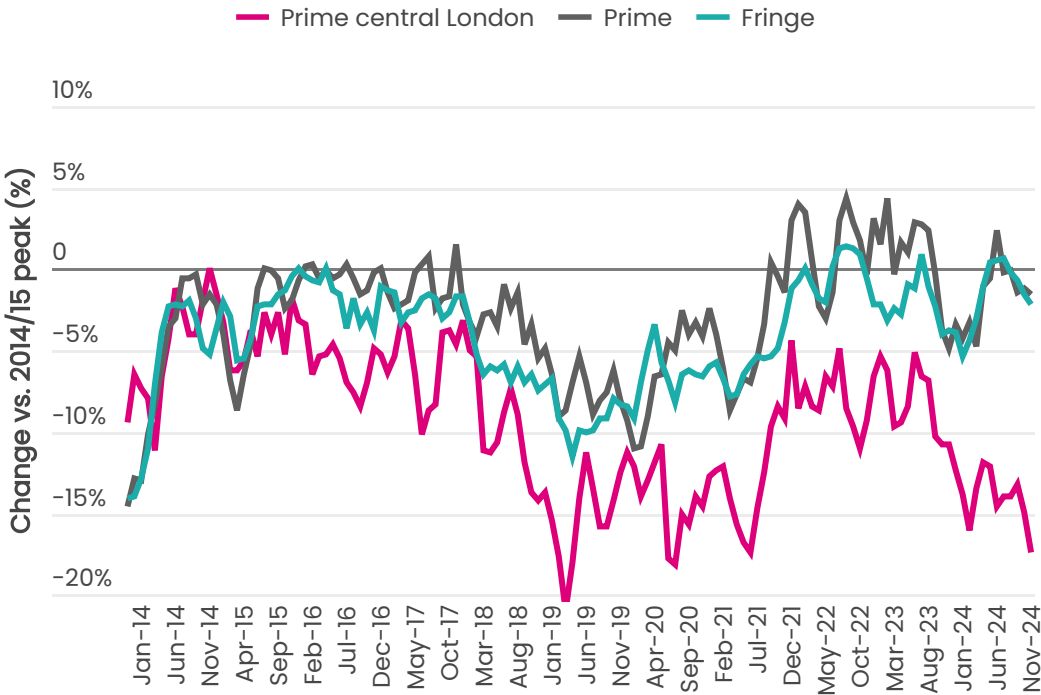
*All Prime London | Source: LonRes

Prices across prime London have broadly stabilised. The annual rate of change in November was -1.8% , down from a (revised) 0.7% in October. Average values are also 1.8% lower than 2017-2019 (pre-pandemic) levels for the prime London catchment, although this overall figure includes some variation between local areas.

Prime central London, including neighbourhoods such as Mayfair and Chelsea, has underperformed the rest of the prime market. Values there are around 17% lower compared to the previous peak in 2014/15, whereas our prime and fringe catchments (including areas such as Notting Hill and Fulham) are only around 2% lower on the same basis. There are various drivers for this divergence over the past decade. First, the highest value areas have seen the most impact from stamp duty and other tax changes. There tends to be a higher proportion of flats in central areas, which have seen relatively lower demand due to lease issues and post-pandemic lifestyle factors.

Finally, central areas have typically been popular with overseas buyers and investors, for whom a perceived decline in London's attractiveness due to Brexit and an underperforming economy has put a brake on activity.

House price change since 2014/15 peak by area



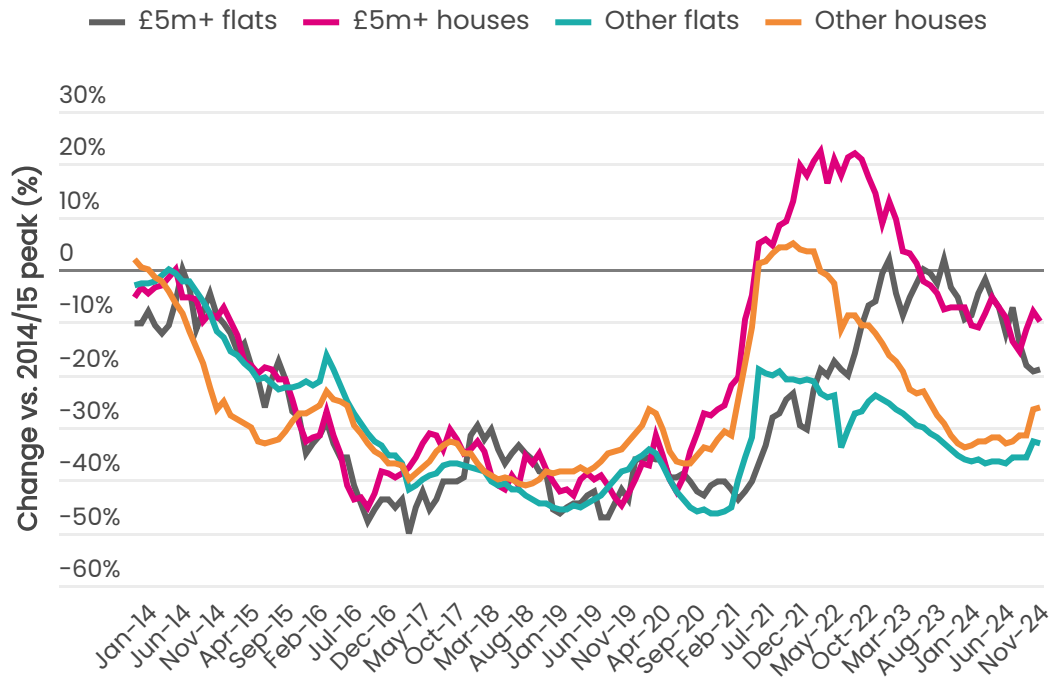
Source: LonRes

Supply still growing but demand firm at top end of the sales market

The £5m+ market mirrored the wider prime London one in November, with transactions unsurprisingly falling back from the record-breaking levels of October. Sales volumes were 7.1% lower than last November and under offer numbers fell by 14.7% on the same basis. Supply continued to rise, with new instructions 7.0% higher than a year earlier. At the end of November there were 23.3% more £5m+ properties on the market than at the same time last year.

The longer-term context is that £5m+ activity is holding up better than other price points, particularly houses. Across prime London, £5m+ transactions over the past 12 months are around 11% lower than their 2014/15 peak, while those up to £5m are 31% below. While the gap between houses and flats is currently not that large, the property types have followed very different trajectories through and following the pandemic. Sales volumes for £5m+ houses peaked at 22% above 2014-15 levels in March 2022 - £5m+ flat activity was 19% below at the same point but recovered later, overtaking houses in summer 2023 in relative terms. The latest figures are -9.9% for £5m+ houses and -18.8% for flats.

Sales by property type and price band, indexed



Source: LonRes

Supply constraints keep prime London lettings market subdued – except top end

Activity across the prime London lettings market remains subdued, constrained by a lack of supply, particularly at lower price points. This is keeping rents high, although the pace of growth has slowed significantly from 2022’s peak.

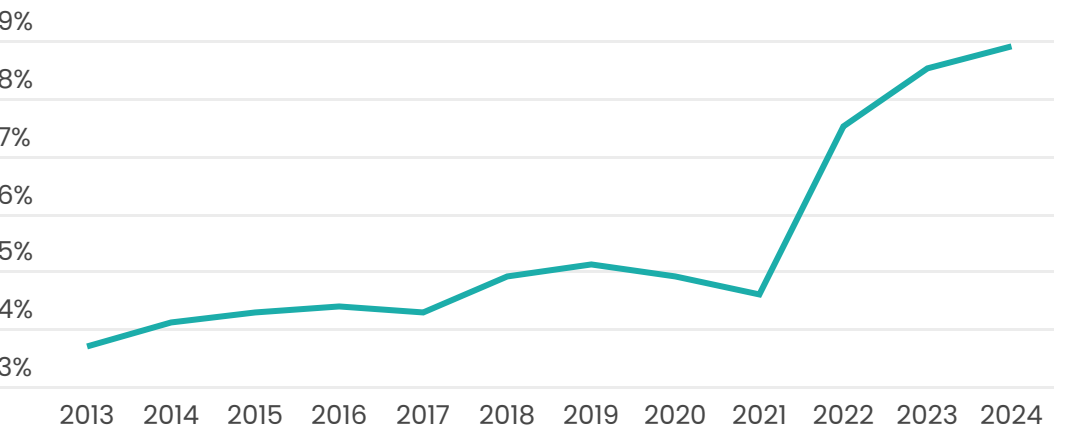
The average rate of annual rental growth across prime London was 1.6% in November, broadly unchanged from October (a revised 1.5%). Average rents are 34.6% above their 2017–2019 (pre-pandemic) average.

There were 10.6% fewer lets agreed in November than a year earlier, with year-to-date lettings activity up around 3% on last year. New letting instructions were 15.2% lower in November than the same month in 2023, but the year-to-date figure is up 2.1%.

The recovery in rental availability has stalled in the past few months. Across prime London there were 8.7% fewer properties on the market at the end of November than a year earlier. Only the £2000+ per week price band recorded annual growth in availability, with a rise of 12.3%.

There are some interesting factors in play at the top of the lettings market. Changes to the ‘non-dom’ tax regime and further increases to stamp duty may cause a shift in preference towards renting amongst those looking for a London base from overseas. The proportion of the prime London market comprising of properties achieving more than £2,000 per week has already been growing steadily in recent years, reaching 8.9% in 2024 to date.

£2000+ per week lettings as proportion of prime London market*



*By Year | Source: LonRes

For context, the average sale price for a house in prime London in 2024 so far is around £3.5m. The stamp duty for such a purchase would be at least £330k, and as high as £575k for an overseas buyer liable for the additional property rate. Although not necessarily a like-for-like comparison, the average weekly rent of a prime London house this year is around £2,300, so even at the lower level the stamp duty alone would pay for almost three years' worth of rent.



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 30 November 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, W1I, W14.
Prime Fringe: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.

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