PRIME LONDON MONTHLY BRIEFING

February 2026 ISSUE

Slow start to 2026 for prime London sales transactions and values

New lettings listings keep rental growth in check

Analysis of the prime London housing market: 1 January – 31 January 2026

Sales Slow, Lettings Recover

The prime London sales market has started 2026 slowly, with the January data showing supply broadly steady, transactions down on a year earlier and values continuing to fall. In the prime lettings market, the gradual recovery in activity continued.

Transactions Down Year-on-Year

There were 30.2% fewer transactions in January than a year earlier and 20.2% fewer than the 2017-2019 (pre-pandemic) January average.

Supply Up, Stock Easing

New sales instructions in January were 2.0% higher than last year and 29.1% higher than the 2017-2019 (pre-pandemic) January average. The stock of available homes for sale at the end of January was 8.3% higher than a year earlier but has fallen back from the peak of September last year.

Prices Continue Annual Decline

Average achieved sold prices fell by 5.6% on an annual basis in January. Compared to 2017-2019 (pre-pandemic) levels, values were also 5.6% lower.

£5m+ Market Softens

Transactions in the £5m+ market were 7.1% lower in January than the same month last year. New instructions in this market increased by 12.5% over the same period. The number of £5m+ homes available for sale across prime London grew by 9.9% over the 12 months to the end of January.

Rents Dip, Still Elevated

Average rental values across prime London fell by 0.7% in January on an annual basis. This is unchanged from the December figure, and average rents are 31.0% above their 2017-2019 (pre-pandemic) average.

Lettings Activity Gathers Pace

LonRes data for January indicated an annual increase of 3.9% in lets agreed and a 31.5% rise in new instructions. The stock of available rental properties increased on an annual basis, with 44.0% more homes on the market across prime London at the end of January than a year earlier.

Monthly prime data
(1 January to 31 January 2026)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-5.6%	-5.6%	-0.7%	31.0%
Properties sold/let	-30.2%	-20.2%	3.9%	-56.5%
New instructions	2.0%	29.1%	31.5%	-52.2%

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

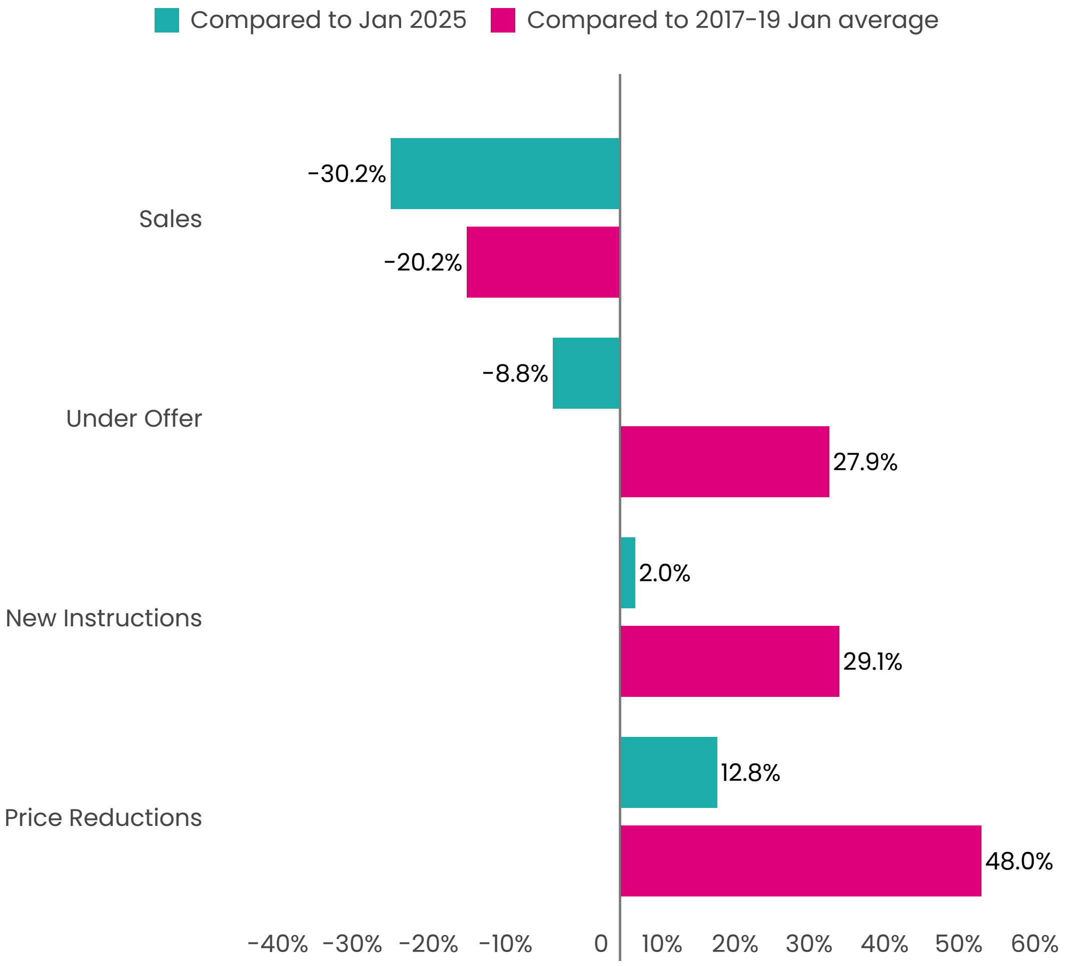
Activity and values remain subdued in prime London sales market

The new year has so far shown little sign of a fresh start for the prime London sales market, which appears to have failed to move on from the Budget-related disruption at the end of 2025. Based on transaction volumes, demand appears significantly below typical levels for the time of year while supply is higher.

New instructions across prime London in January were 2.0% higher than the same month last year and 29.1% higher than the 2017-2019 January average. The number of new sales listings was the highest for the month of January since 2016. Transactions in January fell by 30.2% compared to a year ago and by 20.2% compared to the 2017-2019 (pre-pandemic) January average. Stock on the market at the end of January was up 8.3% compared to a year earlier, though it has fallen back by around 11% from the peak reached in September 2025.

Other metrics also indicate that sellers may be more motivated than buyers in the current market. The number of properties going under offer in January was 8.8% lower than a year ago and there was a 12.8% increase in the number of price reductions over the same period.

Sales Activity Measures in January 2026, All Prime London

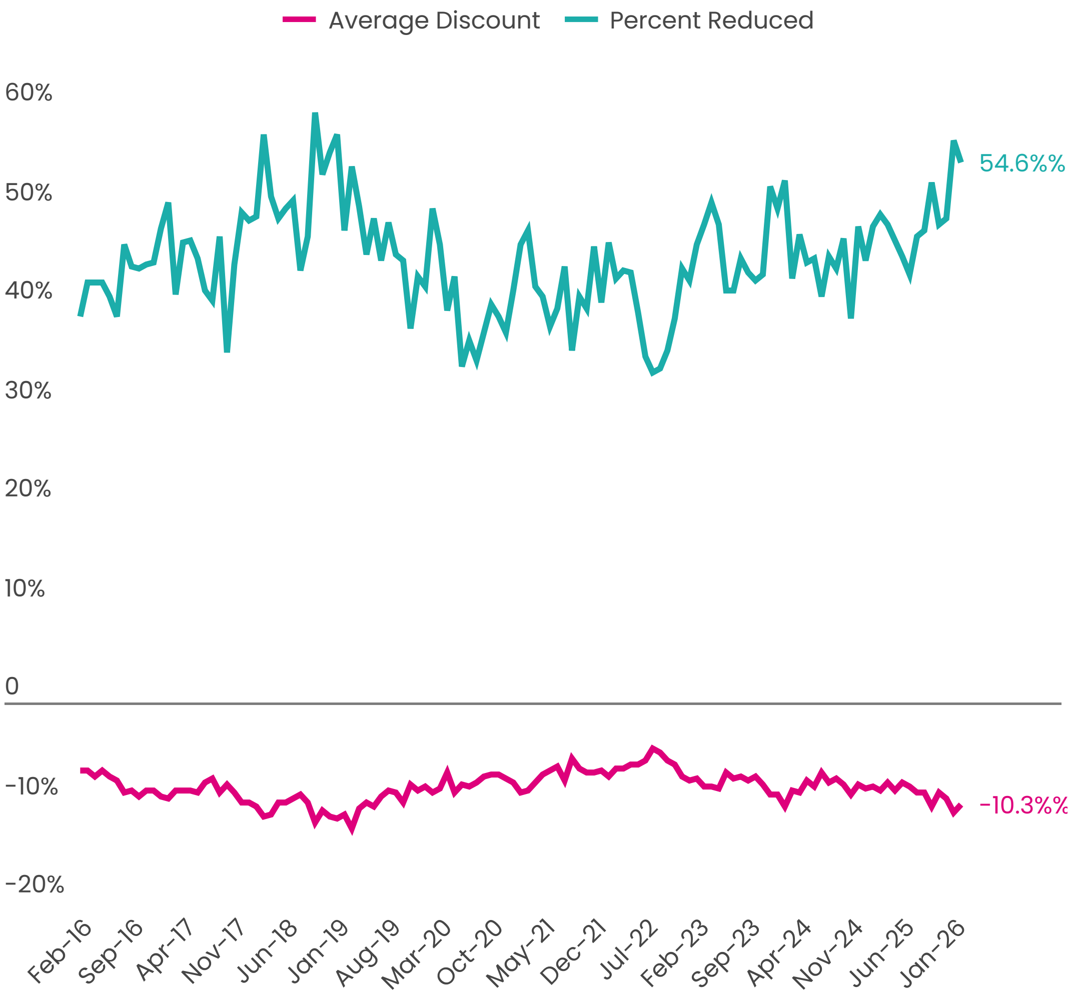


Source: LonRes

Values across prime London continue to adjust in light of this supply-demand balance. Average achieved prices fell by 5.6% on an annual basis in January and were also 5.6% below their pre-pandemic (2017-2019) average level. This was a slightly slower pace of fall than towards the end of 2025 but suggests that values have not yet bottomed out.

The average discount from initial asking price decreased to 10.3% in January, from a revised 11.1% in December. Discounts remain high relative to historical levels; they haven't previously been consistently in double-digits since 2019. Of all the properties sold in January, 54.6% did so after seeing at least one asking price reduction. Again this is a small decrease from December but is otherwise the highest proportion since the end of 2018, again highlighting that buyers in the current market remain sensitive to prices.

Discounts and Price Reductions, All Prime London Sales



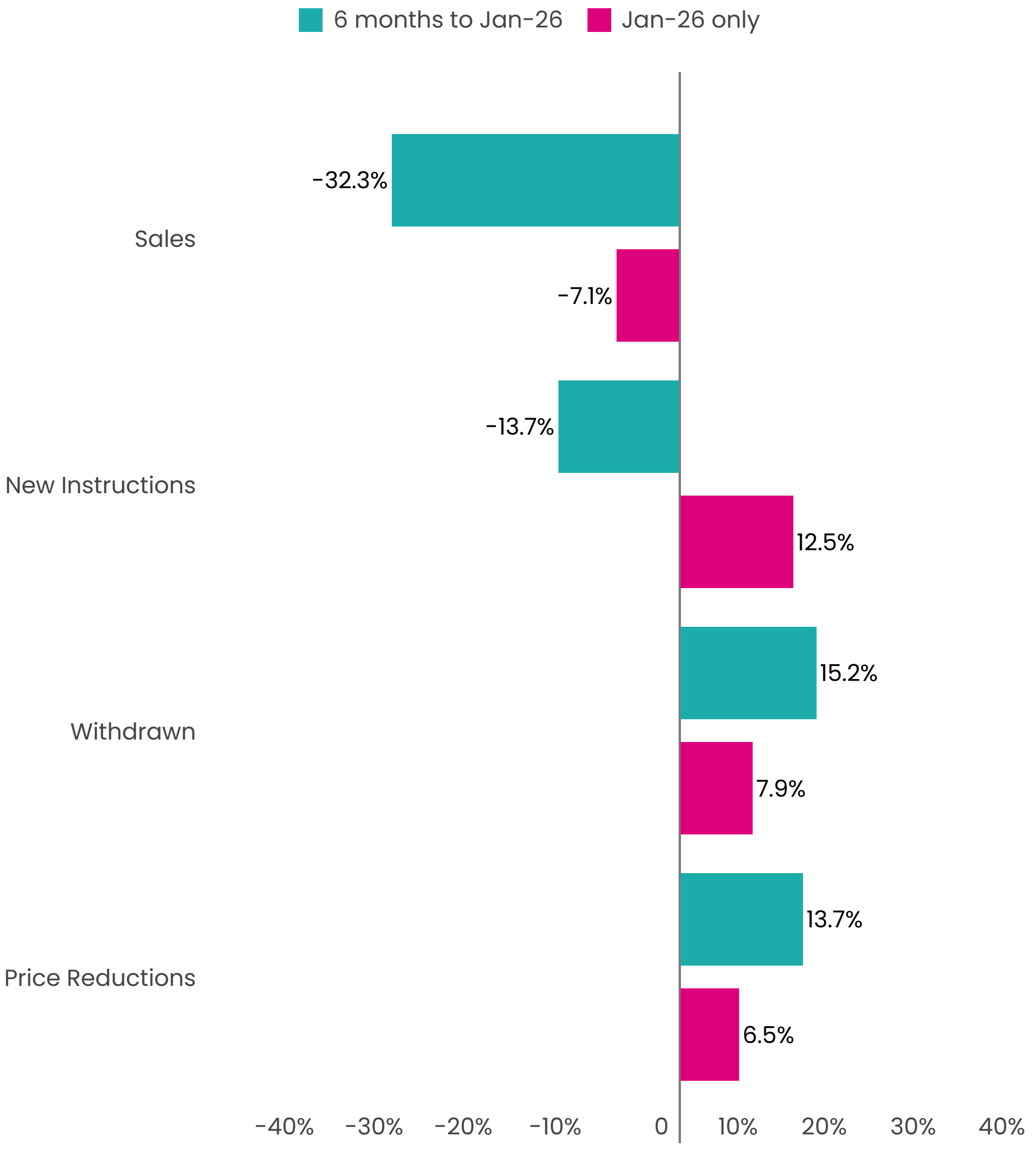
Source: LonRes

Record level of new instructions for super prime market

New £5m+ sales instructions across prime London in January were 12.5% higher than the same month last year and 109.5% higher than the 2017-2019 January average. The number of new sales listings was the highest for the month of January we've seen since our records began in 2000. £5m+ transactions in January fell by 7.1% compared to a year ago and by 11.4% compared to the 2017-2019 (pre-pandemic) January average. The number of £5m+ properties for sale at the end of January was up 9.9% compared to a year earlier, though like the wider market, available stock has decreased from the peak reached last year (June for £5m+ properties).

The top end of the market was the segment most impacted by the speculation in the run up to the Budget that started last summer. Looking at six months of data alongside the latest figures shows how much damage has been done to the market, sales volumes are down more than 30% compared to the same period a year earlier, while new instructions also fell and withdrawals and price reductions both rose.

Annual Change in £5m+ Sales Activity Measures, All Prime London



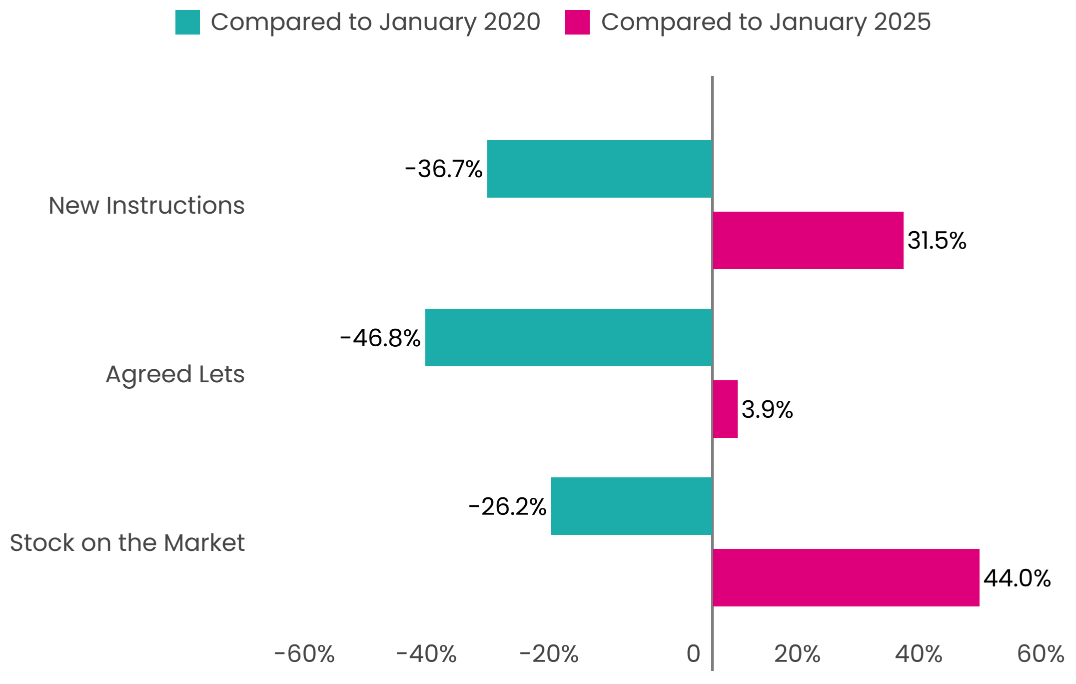
Source: LonRes

Rising supply keeps lid on rental growth in prime London

The prime London lettings market saw activity increase across all metrics in January, but rental growth remained negative with supply rising faster than demand.

LonRes data for January indicated an annual increase of 3.9% in lets agreed and a 31.5% increase in new instructions. The stock of available rental properties also increased, with 44.0% more homes on the market across prime London at the end of January than a year earlier. Despite these increases, all metrics remain significantly below pre-pandemic levels.

Measures of Rental Market Activity, January 2026



Source: LonRes

Average rents fell by 0.7% in January on an annual basis, unchanged from the (revised) December figure. Rents across prime London are now 31.0% above their 2017-2019 (pre-pandemic) average. The average discount from asking rent was 3.4% in January, a little higher than the 2.8% averaged through 2025 but lower than the equivalent figure last January, suggesting a relatively strong level of current demand.

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 January 2026.

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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