


LON  
RES

# MONTHLY BRIEFING

## PRIME LONDON MARKET

June 2023 Issue



LonRes latest -  
May analysis of the  
prime London Sales and  
Lettings Markets

# Analysis of the prime London housing market

(1 May - 31 May 2023)



## Trending

The prime London sales and lettings markets both performed in line with recent trends in May, with many metrics broadly unchanged from the first few months of 2023.



## Quiet Times

The quiet start to the sales market which marked the beginning of the year has continued into May with average achieved sale prices across prime London 0.6% lower over the month compared to the same time last year.



## Subdued Patterns

There were 26.7% fewer transactions in May compared to a year earlier, although this is only 6.0% down on the 2017-19 (pre-pandemic) average. Looking ahead, both new instructions and properties under offer were down on an annual basis in May, by 7.9% and 20.4% respectively and broadly in line with the 2017-2019 average (-0.7%). This indicates that future activity is likely to remain subdued.



## Top Performers

The top-end of the sales market continues to outperform other sectors, with agreed £5m+ sales in May 13.0% above their 2017-19 average despite an annual fall. The level of new instructions in this market increased again, by 38.6% compared to a month earlier. The number of £5m+ properties under offer also remained relatively high, 2.3% above last year on a year-to-date basis.



## Short Supplies

The prime London lettings market recorded a similar set of figures to last month, with low supply limiting activity and supporting continued rental growth. New lets in May were down 25.4% on an annual basis and new instructions were 6.3% lower.



## High Demand

Rental demand remains high while annual rental growth at 8.5% in May is a slight increase on last month.

Source: LonRes

# Monthly prime data

(1 May - 31 May 2023)

	Prime Sales Annual Change	Prime Sales Change Since 2017-19*	Prime Lettings Annual Change	Prime Lettings Change Since 2017-19*
Achieved prices/ rents	-0.6%	2.5%	8.5%	26.9%
Properties sold/let	-26.7%	-6.0%	-25.4%	-57.5%
New instructions	-7.9%	-0.1%	-6.3%	-47.7%

\*Pre-pandemic | Source: LonRes

## Prime London sales market still quiet in May...

Agreed sales volumes across prime London picked up compared to April's figure, but in a wider context remain low.

Transactions in May were down 26.7% compared to a year earlier and 6.0% below the 2017-19 (pre-pandemic) average. Total sales over the first five months of the year are 23.6% lower than last year and broadly in line with the 2017-2019 average (-0.7%).

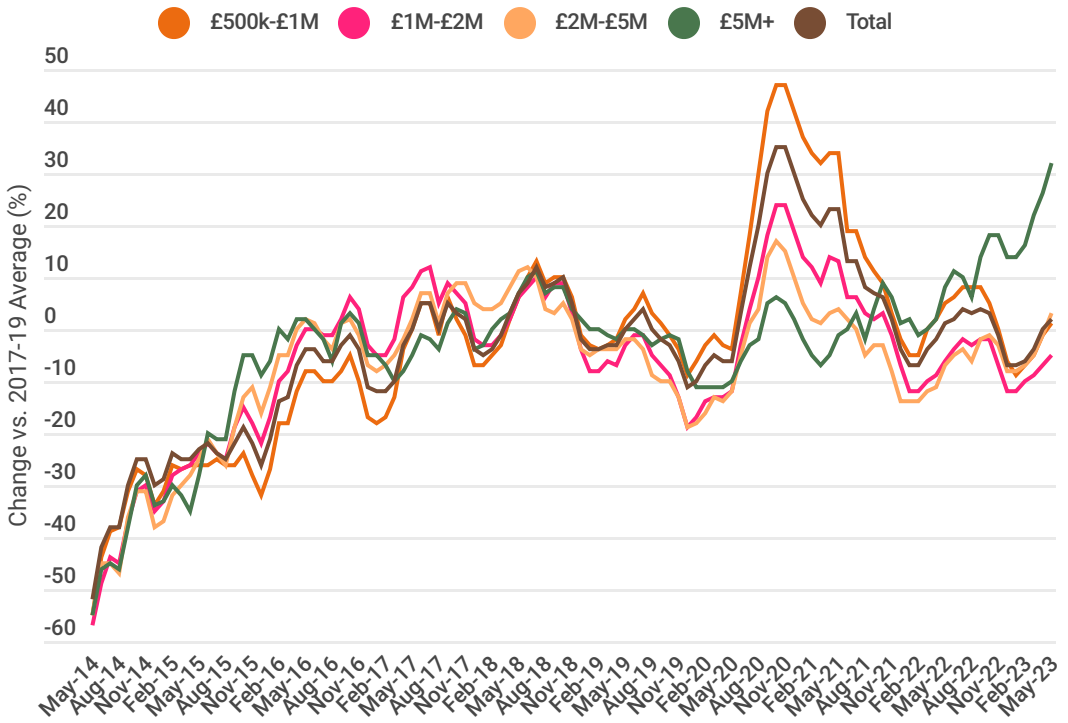
It's a more mixed picture for both supply and stock. In May, new instructions across prime London were 7.9% lower than a year earlier and 0.1% below the 2017-19 average. However, the early part of the year saw higher numbers of homes coming to the market and the year-to-date figure is 5.2% up on last year and 12.3% above the 2017-2019 average.

The numbers of sales falling through and properties being withdrawn from sale are in line with recent trends, so overall the stock of homes available for sale is growing very slightly – at the end of May it was 1.3% higher than a year earlier. The number of properties under offer, a lead indicator, was 20.4% lower than a year earlier, suggesting that sales activity is unlikely to increase significantly over the coming months.

Prices across prime London remain broadly static. The average achieved sale price in May was 0.6% down on a year earlier. While the average discount to asking price fell sharply to 7.1% and the proportion of properties seeing price reductions before sale also fell, to 45.6%. All of which suggests that sellers are becoming more realistic on pricing.

While the overall volume of stock on the market is growing slowly, there are variations to be found among the price bands. There was 32% more stock on the market with an asking price of £5m or more at the end of May compared to the 2017-19 average. By contrast there were 5% fewer properties available at £1 to £2 million.

# Stock on the Market by Price Band\*



\*Compared to 2017-19 Average | Source: LonRes

## £5m+ market slows after fast start to year...

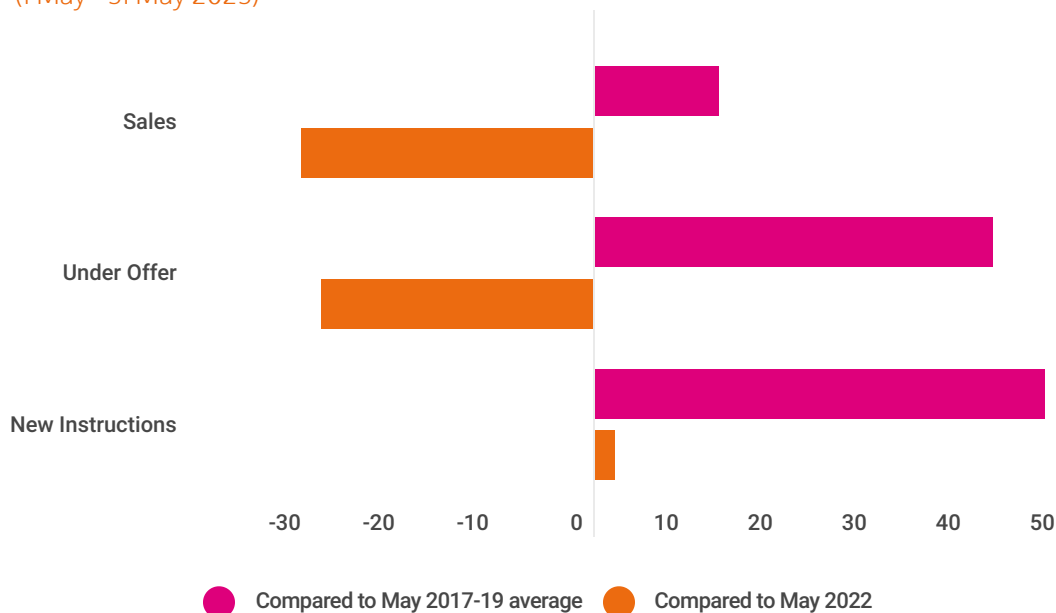
The top end of the sales market cooled again after its strong start to 2023. Stock levels for properties priced at £5m+ is growing while the sales figures for May suggest that demand may be falling slightly.

New instructions at this top end of the market rose slightly (+2.1%) in May compared to a year earlier, with the current level 47.7% above the 2017-19 May average. The number of properties going under offer over the month followed a similar pattern. There was a 28.9% fall on an annual basis but under offers remain high in a longer-term context – 42.1% above the 2017-19 May average level.

The level of transactions in the £5m+ market across prime London also followed the same trend. There were 31.0% fewer agreed sales in May compared to a year earlier, although this figure is 13.0% above the May pre-pandemic average.

# Measures of £5m+ Market Activity

(1 May - 31 May 2023)



Source: LonRes

## Little change in the supply-constrained lettings market...

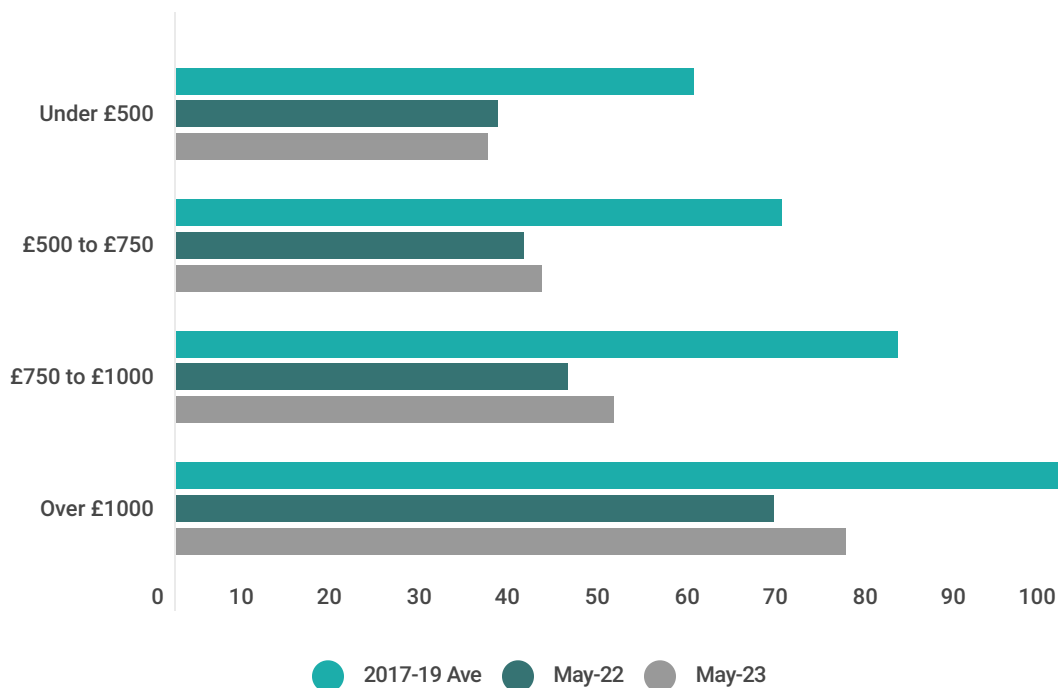
Activity in the lettings market remained low in May, with the number of new lets agreed down by 25.4% compared to a year earlier. This metric continues to be impacted by limited levels of stock coming to market.

New instructions are 6.3% lower on an annual basis and 47.7% below their pre-pandemic (2017-19 average) level. A word of caution though, this latter figure may overstate the fall – demand is so strong that many properties are let without needing to be listed.

Rental growth in May was 8.5% on an annual basis, a slight increase on recent months but well below the figures seen last year. Rental values across prime London are around 25% to 30% above where they were pre-pandemic.

While demand continues to outstrip supply in general, changes in time on the market suggest higher value properties are becoming slightly slower to let. Compared to their benchmarks from 2017 to 2019, all value bands were being let much more quickly a year ago. A year on, the more affordable properties continue to let very quickly, while those in the £1000+ per week band have slowed by more than 10%.

# Time on the Market by Rental Value Band



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 2023.

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

SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, 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, 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.