



PRIME LONDON MARKET MONTHLY BRIEFING



Quiet May for prime London sales market

Prime London lettings activity subdued,
but rental growth holds steady

Analysis of the prime London housing market: 1 May - 31 May 2025



Lower transaction levels

May saw further falls in activity for the prime London sales market. Transaction volumes were low for the second month in a row and average achieved prices fell on an annual basis.



Stock on the market continues to creep higher

New sales instructions in May were 3.2% lower than last year but 6.2% higher than the 2017-2019 (pre-pandemic) May average. The stock of available homes for sale at the end of May was 11.7% higher than a year earlier and 48.2% up compared to May 2020.



Sold prices in line with 2017-2019 (pre-pandemic) average

Average achieved sold prices fell by 3.4% on an annual basis in May. Compared to 2017-2019 (pre-pandemic) levels, values were 1.4% lower.



Under offer levels fall

There were 35.8% fewer transactions in May than a year earlier and 33.5% fewer than the 2017-2019 (pre-pandemic) May average. On an annual basis, under offer numbers fell by 22.3% and were 2.4% down on the 2017-2019 (pre-pandemic) average for the time of year.



High stock levels in £5m+ market

Transactions in the £5m+ market in May were 14.7% lower than the same month last year. New instructions in this market increased by 2.8% over the same period, with stock on the market also continuing to rise. The number of £5m+ homes available for sale across prime London has grown by 22.4% over the 12 months to the end of May.



Rental growth creeps higher

Annual rental growth of 3.3% was recorded in May across prime London, with average rents 32.9% above their 2017-2019 (pre-pandemic) average.



Lower levels of lettings stock

LonRes data for May indicated an annual decrease of 21.7% in lets agreed and a 5.2% fall in new instructions, with activity on both measures remaining well below pre-pandemic levels. The stock of available rental properties decreased on an annual basis, with 4.6% fewer homes on the market across prime London at the end of May than a year earlier.

Monthly prime data

(1 May to 31 May 2025)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-3.4%	-1.4%	3.3%	32.9%
Properties sold/let	-35.8%	-33.5%	-21.7%	-63.3%
New instructions	-3.2%	6.2%	-5.2%	-50.4%

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

Sales volumes slow as buyers show caution

The prime London sales market was subdued in May, with transactions particularly low for the time of year. Values decreased slightly on an annual basis and all activity measures bar price reductions were lower than May 2024.

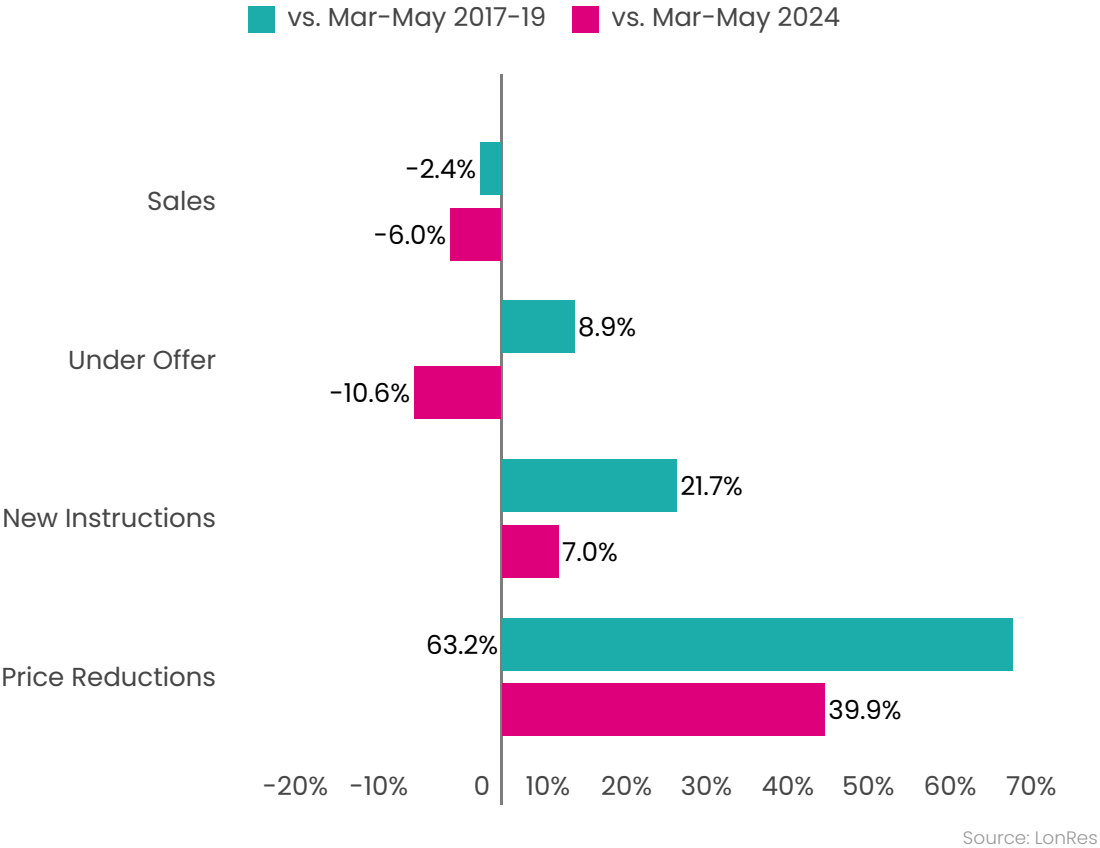
There were 35.8% fewer transactions in May than the same month a year ago, and 33.5% fewer than the 2017-2019 (pre-pandemic average) May average. The number of properties going under offer was 22.3% lower than a year ago and 2.4% lower than the 2017-2019 (pre-pandemic average) May average. Under offers are a leading indicator for transaction levels, suggesting lower activity in the coming months.

Supply growth also slowed from recent levels. New instructions in May were 3.2% lower than the same month last year but 6.2% higher compared to the 2017-2019 May average. The number of price reductions remained high, with a 20.1% rise in May compared to last year. Stock on the market at the end of May was 11.7% higher than a year earlier and 48.2% above the level five years earlier (May 2020) – though the 2020 baseline is volatile due to lockdown's impact on the market.

We noted last month the distorting effects of the stamp duty holiday that ended on 31 March, looking at activity either side of the end date. May's figures suggest that the impact is still being felt by the market, so analysis of the past three months provides a clearer picture. Transactions from March to May 2025 were down 6.0% compared to March to May 2024 and 2.4% below the 2017-2019 (pre-pandemic) average for the same three months.

Three-monthly under offer numbers have fallen by 10.6% on an annual basis but were 8.9% above their 2017-2019 average level. New instructions were 7.0% higher from March to May compared to last year and 21.7% higher relative to their 2017-2019 average. Price reductions have seen the biggest increases, rising by 39.9% in March through May compared to the same three months last year.

Sales Activity Measures in March to May 2025, All Prime London



Overall, these combined figures give a more realistic view of the market than the volatile monthly ones. Demand is a little lower than last year. Supply is a little bit higher but growing at a slower pace. And prices continue to come under pressure. Average values across prime London fell by 3.4% on an annual basis and are now 1.4% below their pre-pandemic (2017 to 2019) average level. The average discount from initial asking price across prime London was 9.1% in May.

Across prime London, average values are approximately in line with where they were back in 2014 to 2015. While this period is generally considered the ‘previous peak’ for the wider market, there are significant variations from that trend in some sub-markets. Houses in our prime fringe* catchment are the only sub-market where average values are currently higher than 2014 to 2015, by 4.8%. They peaked at +8.8% in Q2 last year. Flats in our PCL catchment are the only sub-market where average values have never been above their previous peak from Q2 2014. Current values here are more in line with 2012 or 2013 levels.

Average £ per sq. ft. Values by Property Type and Area, Relative to 2014/15 Peak

	PCL Flats	PCL Houses	Prime Flats	Prime Houses	Fringe Flats	Fringe Houses
2014/15 peak	£1,862	£2,055	£1,258	£1,516	£971	£945
Latest (2025 Q1)	£1,539	£1,862	£1,149	£1,461	£920	£991
vs. 2014/15 peak	-17.3%	-9.4%	-8.6%	-3.6%	-5.3%	+4.8%
Peak since 2014	£1,862	£2,062	£1,275	£1,634	£978	£1,029
Date of peak	2014 Q2	2022 Q2	2017 Q2	2022 Q3	2016 Q4	2024 Q2
vs. 2014/15 peak	N/A	+0.3%	+1.4%	+7.8%	+0.6%	+8.8%

Source: LONRES

Another record high for £5m+ stock levels

In May, new instructions of £5m+ homes across prime London were 2.8% higher than the same month last year and 66% higher than the 2017 to 2019 May average. There were 14.7% fewer transactions in May on an annual basis but this was 7.4% above the 2017 to 2019 May average.

With less impact from the stamp duty holiday, the top end has been steadier than the wider prime London market over the past couple of months. For the year-to-date (January to May), there have been 10.6% fewer £5m+ transactions compared to the same months in 2024, but this was 24.2% higher than the 2017 to 2019 Jan-May average.

Bigger changes have been seen on the supply side. New instructions from January to May were 18.3% higher than last year and there were 44.8% more price reductions over the same period. The number of £5m+ homes on the market at the end of May set another record high after rising by 22.4% over the past 12 months.

Measures of £5m+ Market Activity, Jan-May 2025



Source: LonRes

Prime London rental growth steady as activity remains constrained

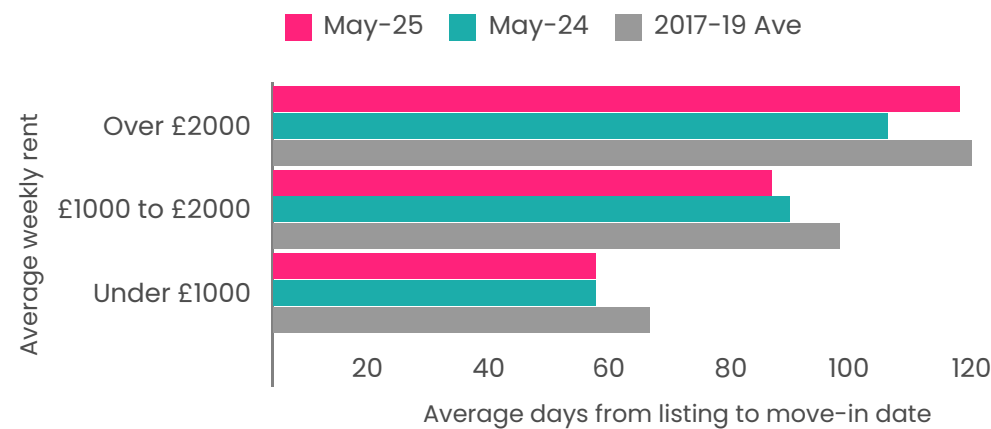
The pace of rental growth slowed slightly in May for prime London. Activity remains limited by a lack of availability, though new instructions showed signs of picking up.

LonRes data for May indicated an annual decrease of 21.7% in lets agreed and a 5.2% decrease in new instructions across prime London. Both measures continue to record figures well below their typical pre-pandemic levels. While new instructions still fell on an annual basis, this was the best monthly performance of the year so far by a significant margin. There were 4.6% fewer properties available to rent at the end of May than a year earlier, and 62.4% fewer than five years ago.

Average rents across prime London increased by 3.3% in May on an annual basis, down from a revised 5.0% in April. Annual growth has been in this low single-digit range since the start of 2024, recording rises between 1% and 6% for 18 consecutive months. Rents across prime London are now 32.9% above their 2017-2019 (pre-pandemic) average.

Time on the market data gives an additional indication of the strength of demand. Across prime London and for all price points, the average time between listing and move-in was 67 days in May. This is slightly slower than the 65 days recorded last May, but quicker than the average of 69 through 2017 to 2019. Broken down by rental values, there is a clear distinction between properties either side of the £2,000 per week price point. Above this, average time to let has increased from 101 to 113 days over the past 12 months, back in line with pre-pandemic trends. At lower price points time to let is still reducing, indicating strong demand.

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 2025.

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, SE1I, SW4, SW5, SW6, SW1I, W4, W6, W9, W10.

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