



New instructions and under offers on the rise across prime London but deals taking longer to go through

Lettings market continues slow recovery

Analysis of the prime London housing market

1 April to 30 April 2024



Achieved prices back to pre-pandemic levels

Average achieved sold prices fell by 2.5% in April on an annual basis, compared to the 7.8% drop recorded in February. Values are unchanged (+0.1%) relative to typical pre-pandemic levels.



Sales activity holding relatively stable

Sales activity in April was approximately in line with last year, falling by 0.9% compared to April 2023. There were 7.3% fewer sales in April than the 2017-2019 (pre-pandemic) average. The increased number of properties going under offer – up 19.9% annually – indicates a potential uptick in transactions over the coming months.



New instructions climbing

New instructions in April rose by 26.7% on an annual basis, which is 23.0% higher than the 2017-2019 (pre-pandemic) average. Combined with lower transactions levels the stock of homes for sale is rising. At the end of April there were 10.5% more properties available to buy than a year earlier across prime London.



£5m+ market movements

In April the top end of the market saw similar trends of steady sales activity and higher supply. £5m+ transactions were down 3.6% compared to last year but new instructions were up 67.2% on the same basis. Sales in this market are up by 47.3% compared to the 2017-2019 (pre-pandemic) average. At the end of April there were 26.1% more £5m+ properties for sale than there were in April last year.



Rental growth continues to slow

Annual rental growth across prime London fell slightly in April, to 2.9%, taking values to 28.6% above their 2017-2019 (pre-pandemic) average.



Lets agreed on the up

LonRes data for April indicated an annual increase of 12.4% in lets agreed and a 26.8% increase in new instructions, but activity on both measures continues to run well below pre-pandemic levels.

Monthly prime data

(1 April to 30 April 2024)

Monthly Prime Data – April

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-2.5%	0.1%	2.9%	28.6%
Properties sold/let	-0.9%	-7.3%	12.4%	-42.1%
New Instructions	26.7%	23.0%	26.8%	-43.1%

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

Prime London demand resilient but slow to turn into agreed deals

The prime London sales market showed signs of improvement in April, with average achieved prices up on March. Transactions remain subdued when measured only by exchanges, but under offer numbers are improving and other indicators suggest that demand is relatively stable. On the supply side, new instructions continue to rise and available stock is growing steadily.

Average values, based on achieved £ per sq ft figures, fell by 2.5% in April on an annual basis, leaving prices approximately in line (+0.1%) with pre-pandemic levels (2017-2019). Average monthly prices have risen twice in a row, suggesting that we may have passed the low point in values for now.

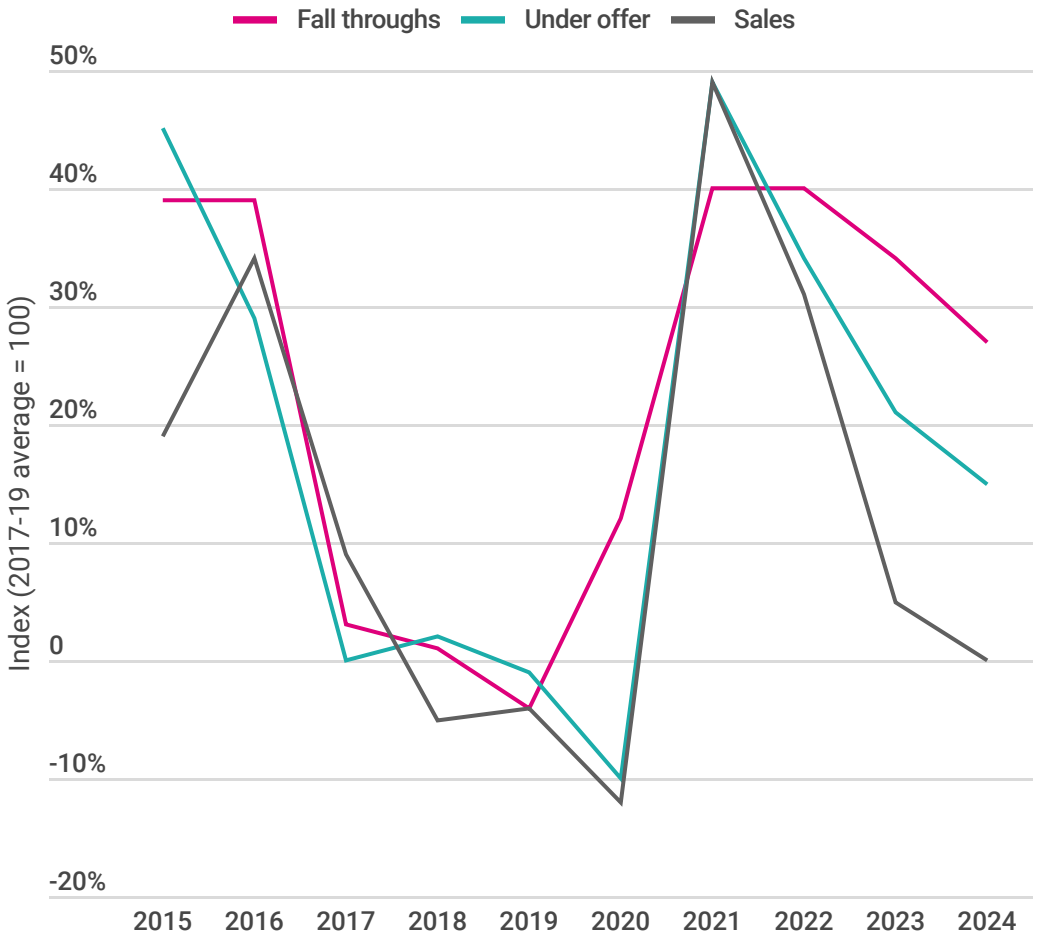
Activity in April fell by 0.9% compared to a year earlier, 7.3% below the 2017-2019 (pre-pandemic average) April average. Under offer numbers grew by 19.9% compared to last April after two months of falls, 28.5% above the 2017-2019 April average. This suggests that underlying demand from buyers is still there and raises hopes that transaction levels will improve in the short term.

The picture with supply across prime London is more clear – it is growing steadily. The number of new instructions in April was 26.7% up on a year earlier and 23.0% above the 2017-2019 April average. Set against relatively subdued sales figures this is causing the stock of homes available to buy to increase too. At the end of April there were 10.5% more properties for sale than a year earlier, and 35.4% more than at the end of February 2020 – the last month before the pandemic impacted the market.

We are consistently seeing that sales figures are trailing slightly behind where you would expect them to be based on under offer numbers. For example, for the year to date (Jan-Apr 2024), the number of homes that went under offer across prime London was 15% higher than the 2017-2019 average, while the number of sales (exchanges) was 0.3% below.

The explanation is a partly due to rising numbers of fall throughs – they have risen by 26.6% over the same period – but this is not enough to account for all the ‘missing’ sales. Longer average time on the market (by around 10%) explains the rest, meaning many agreed sales are stuck at the under offer stage for longer. While these sales are eventually going through, the longer they spend under offer but not exchanged leaves them more vulnerable to fall throughs, creating something of a vicious circle.

Jan-Apr Activity Measures by Year vs. (2017-2019) Average, all Prime London



Source: LonRes

The sales and under offer data indicates that levels of buyer demand are holding up. An additional, broader measure of demand is the number of enquiries from buying agents. Buying agents' purchasers are generally considered serious and motivated buyers. These enquiries increased steadily from early 2019 to a peak in December 2023, and in April 2024 remained within 5% of that recent high point, suggesting demand remains robust. The current 12-month average of enquiries is more than triple the levels seen in 2017 to 2019.

Index of Buying Agent Enquiries, 12 Month Rolling Average



Source: LonRes

Other sales market metrics suggest that vendor motivation continues to grow. So far this year we have recorded 24.2% more price reductions compared to last year and 3.1% fewer withdrawals, both of these in the context of 10.5% more homes on the market. If these trends continue, they will increase choice for buyers and limit the chances of significant value growth.

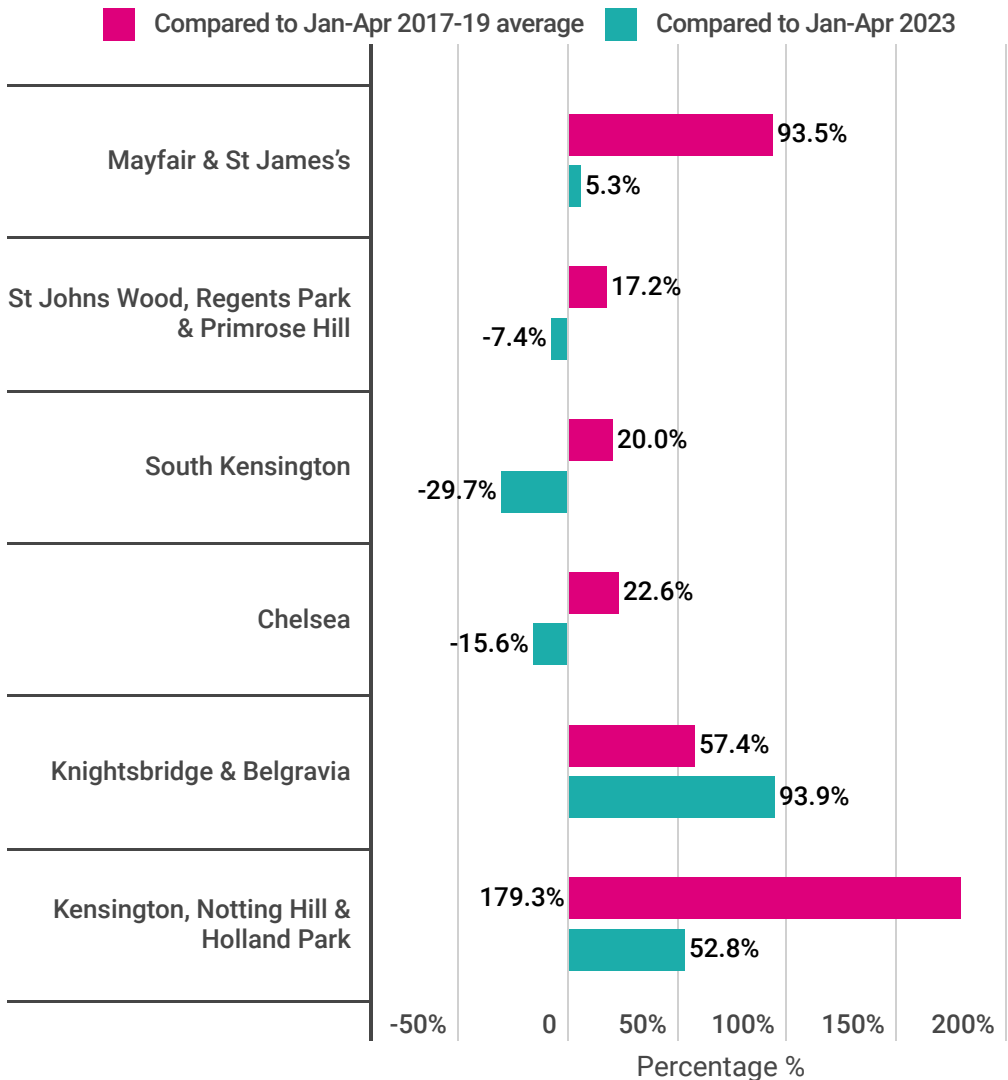
New supply growing in £5m+ market but sales still robust

The supply and demand dynamics of the £5m+ market are similar to the wider one, but more acute, with available stock growing by more than a quarter on an annual basis. Activity remains strong in a longer-term context, suggesting robust levels of demand.

New £5m+ sales instructions in April were 67.2% higher than last year, and more than double the pre-pandemic (2017-2019) April average. Transactions in April were down 3.6% on the same month a year earlier, although this is 47% above the 2017-2019 average. The year-to-date figures – a less volatile metric – show sales broadly in line with the same period last year, a change of +0.9%. Similarly, new instructions are up 30.7% on this basis. At the end of April there were 26.1% more £5m+ properties for sale than a year earlier.

The growth in £5m+ properties for sale has not been uniform across neighbourhoods. Over the first four months of this year, Knightsbridge & Belgravia has seen new instructions of £5m+ properties almost double compared to the same period last year, although growth over the longer term is lower at 57%. New £5m+ instructions in Kensington, Notting Hill & Holland Park are almost triple their pre-pandemic (2017 - 2019) average. By contrast, South Kensington has seen 30% fewer £5m+ instructions so far this year.

New £5m+ Instructions by Neighbourhood in 2024 YTD



Source: LonRes

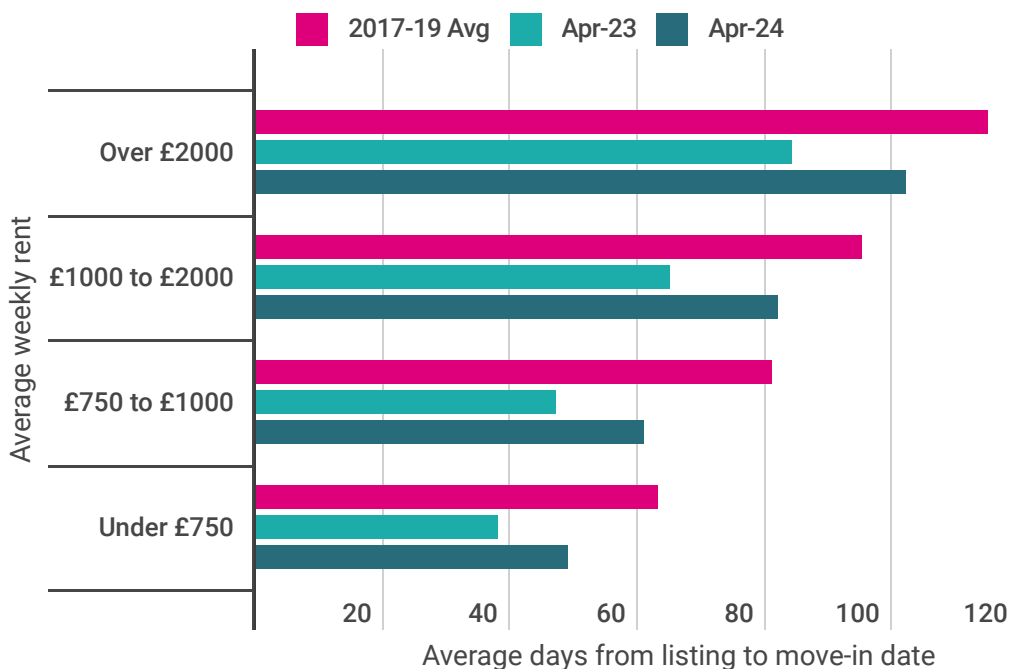
Recovery continues – gradually – in Prime London lettings

The prime London lettings market continued its gradual recovery in April, with steady rental growth and increasing activity. The number of newly agreed lets stood at 12.4% compared to April last year, but this remains 42.1% below the pre-pandemic (2017-2019) April average. New instructions in April were 26.8% higher than a year ago but 43.1% lower than their 2017-2019 average. Across prime London there were 30.9% more properties on the market to let at the end of April than a year earlier, but that figure is 29.6% lower than at the end of February 2020.

Annual rental growth in April was 2.9% across prime London, a slightly slower pace than March but continuing the trend of rises in the 3 to 4% range. Rental values are now 28.6% above their 2017-19 (pre-pandemic) average.

Average time on the market for rental properties across prime London has been growing since summer 2022. The low point of 44 days was reached in July 2022 and in April 2024 the average had increased to 64 days. Between 2017 and 2019 the average ranged from 64 to 84 days. All price points are also on average recording shorter times compared to a 2017-2019 baseline, but there is a split above and below £1000 per week. Below £1000, properties are closer to their April 2023 level than their pre-pandemic one, with the reverse true above £1000.

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 30 April 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, W11, W14.

Prime Fringe: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.

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