

PRIME LONDON MARKET MONTHLY BRIEFING



A strong October for the prime London sales market as year-on-year transactions and properties under offer increased.

The rate of annual rental growth continued to slow, while the number of lets agreed and new instructions fell.



Increasingly Active

Activity in October increased significantly across the prime London sales market, with the second highest number of transactions in the month over the past 20 years. New instructions and under offers also grew strongly, suggesting this momentum could be maintained through to the end of the year. The lettings market was more subdued, with both supply and agreed lets falling compared to the same period last year.



Pricing Paces

Average achieved prices decreased on an annual basis in October, but the pace of falls slowed to 0.9%. This is the best performance since last August. Compared to 2017-2019 (pre-pandemic) levels, values are currently 0.6% lower.



Strong Measures

Measured by transaction levels, October was the strongest month in a long time. There were 55.8% more sales than last October, and 62.8% more than the 2017-2019 October average. Under offer numbers also continued to rise, increasing by 21.6% on an annual basis.



Higher Stock Levels

New sales instructions in October were 18.7% higher than last year and 12.1% higher than the 2017-2019 October average. The stock of available homes for sale also grew in October and was 10.6% higher at the end of the month than a year earlier.



£5m+ Transactions Up On an Annual Basis

Sales at the top end of the market had slowed this year – relative to recent highs – but activity rose in October. £5m+ transactions were up 34.5% on last year and were 62.5% above the 2017-2019* October average. New instructions in this market increased by 31.2% compared to last October, with available stock on the market rising by 21.7% over the past 12 months.



Rate of Rental Growth Falls

Annual rental growth across prime London fell slightly to 1.4% in October. Average rents were 35.4% above their 2017-2019 average.



Stock Levels

LonRes data for October indicated an annual decrease of 10.9% in lets agreed and a 6.5% decrease in new instructions, with activity on both measures remaining well below pre-pandemic levels. The stock of available rental properties increased slightly, with 0.8% more homes on the market across prime London at the end of October than a year earlier.

Monthly prime data (1 October to 31 October)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-0.9%	-0.6%	1.4%	35.4%
Properties sold/let	55.8%	62.8%	-10.9%	-59.7%
New instructions	18.7%	12.1%	-6.5%	-48.3%

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

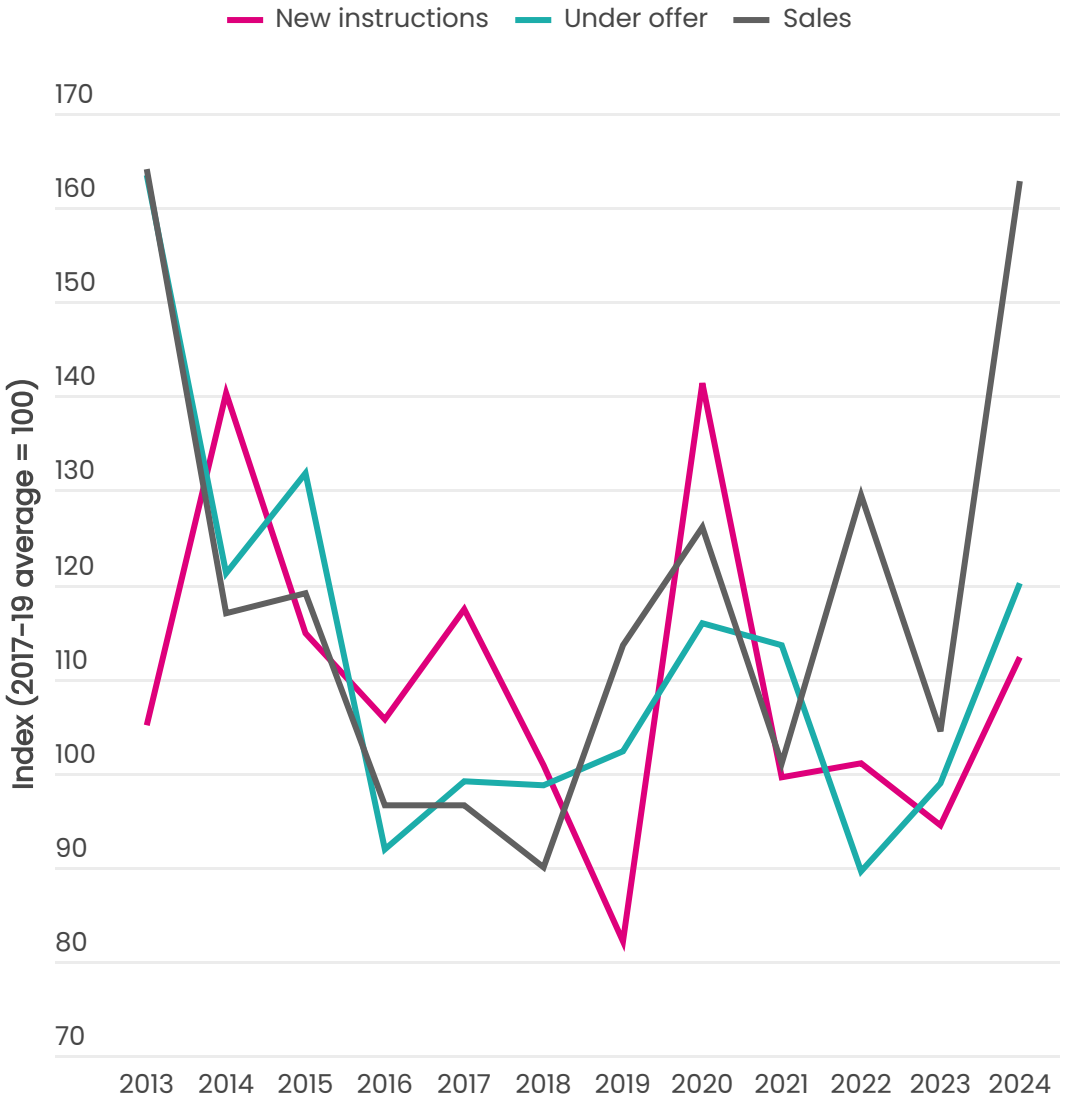
A busy October for prime sales as all activity measures significantly up on last year

The prime London sales market burst into life in October after what has been a relatively quiet year. All activity measures were significantly up, both compared to last year and longer-term averages for the time of year. Values have been under pressure for a long time and remained lower in October on an annual basis, but the pace of falls has been steadily slowing over the course of the year.

Transactions increased by 55.8% in October compared to the same month last year and were 62.8% higher than the 2017-2019 (pre-pandemic) October average. This is a substantial turnaround compared to the relatively subdued performance over the previous nine months of 2024, and the most sales in any October since 2013.

It is possible that fears of tax increases (specifically Stamp Duty and Capital Gains Tax) in the Budget on 30 October caused buyers to bring deals forward, but the number of properties going under offer suggests that buyer confidence may be returning in a sustainable fashion. October saw under offers rise by 21.6% compared to last year, the highest figure for the month since 2015. In the end the Budget did not directly increase either of the aforementioned taxes for individuals buying their main homes (there were rises for additional homes and corporate buyers), so this new momentum could be maintained through the closing months of the year.

October Sales Activity Measures by Year - all prime London, Indexed



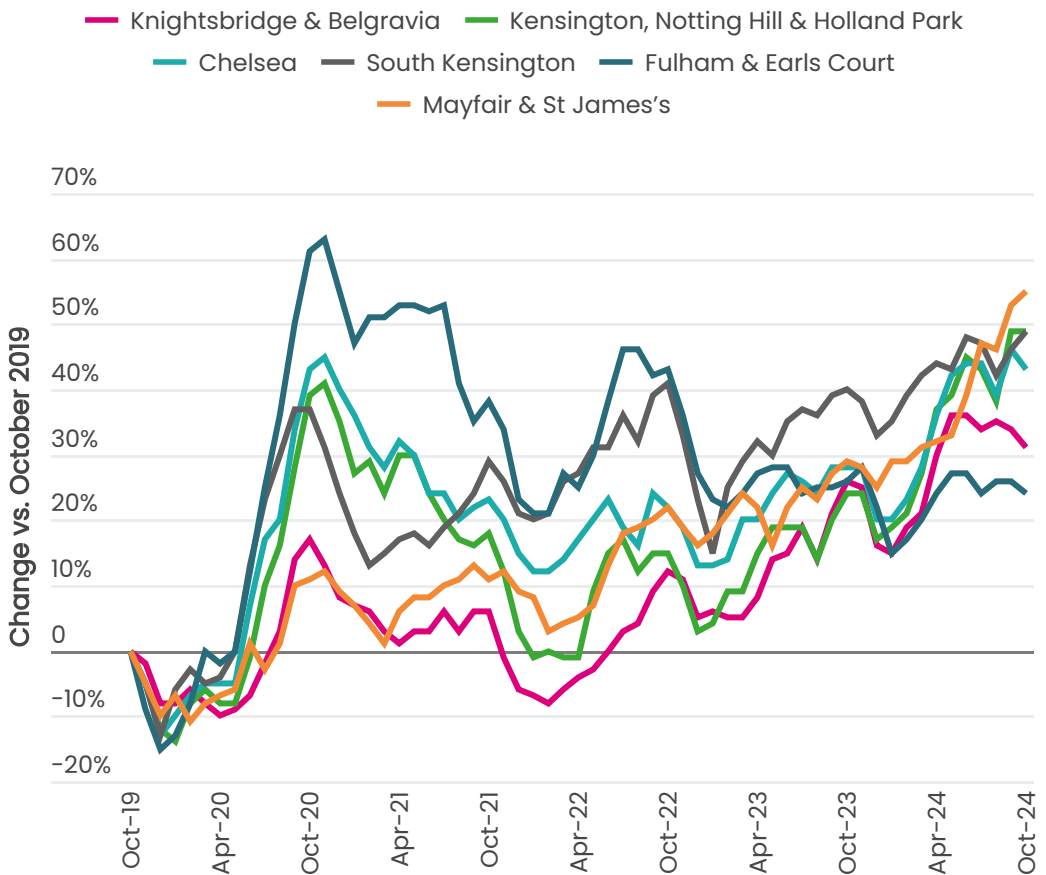
Source: LonRes

Average achieved values across prime London recorded a 0.9% annual fall in October, although this is the best performance since August last year. Combined with the stronger activity it suggests that a return to price growth could be close. The longer-term context remains that prices have been broadly unchanged over a long period, with average values 0.6% lower than 2017-2019 (pre-pandemic) levels.

On the supply side, new instructions have been relatively high all year and, while October continued this trend, it did not see the same scale of increase as our demand metrics. There were 18.7% more new instructions across prime London than a year earlier and 12.1% more than the 2017–2019 October average. 2024 to date has seen larger numbers of price reductions, but these fell in October by 3.6% compared to last year, potentially indicating a small shift in the balance of power from buyers back to vendors.

Stock on the market grew on an annual basis, to be 10.6% higher at the end of October compared to last year and 30.5% above the level five years earlier (October 2019). Broken down by local area, the volume of homes for sale has varied over the past few years. The increase in available stock over five years ranges from 24% in Fulham & Earls Court to 55% in Mayfair & St James's. This is a complete reversal of 2020–2021, when Fulham & Earls Court saw the largest rise and Mayfair & St James's the smallest.

Stock on the Market vs. October 2019, Selected Neighbourhoods



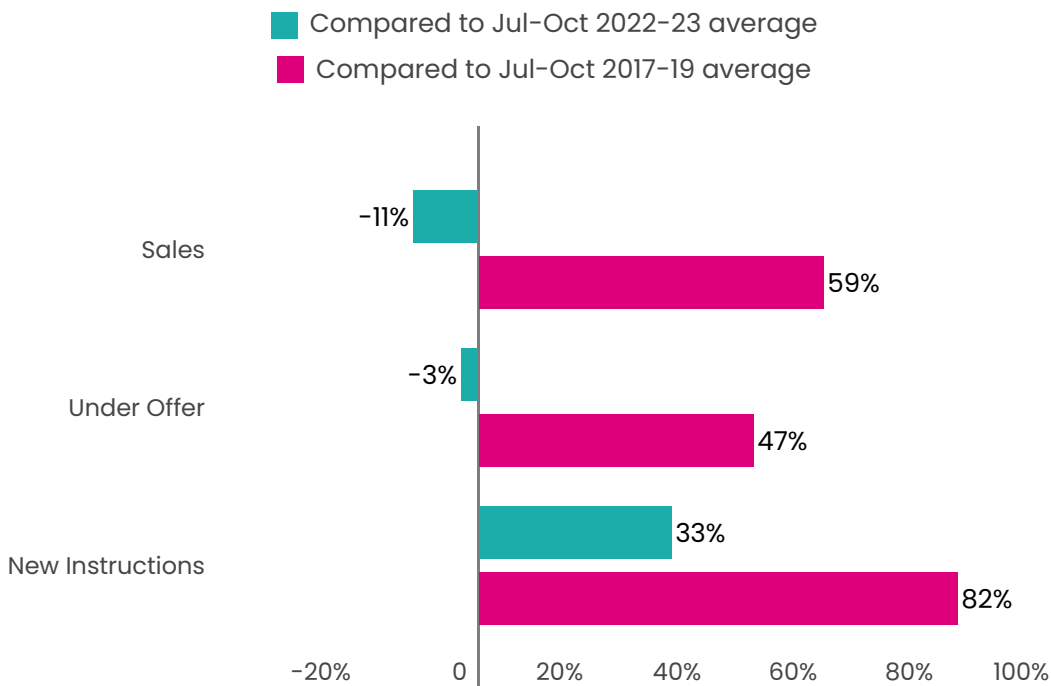
Source: LonRes

Top end of the market also active in October with transactions and under offers rising

The top end of the prime London market followed the wider trends with a significant increase in activity in October. Transactions of £5m+ homes across prime London were 34.5% higher than a year earlier and under offers rose by 16.1% over the same period. Supply has been high and rising for many months and this continued, with new £5m+ instructions increasing by 31.2% compared to last October. At the end of the month, there were 21.7% more properties for sale than a year earlier.

This market has been most affected by concerns around taxation, so we have analysed performance from July to October this year – the period from the election to the Budget – to review any impact on activity. Relative to the 2017–2019 average, new £5m+ instructions in July to October this year were up 82%, under offers were up 47%, and sales were up 59%. The comparison over this timescale suggests both supply and demand have grown similarly, the market has expanded in a balanced way. However, relative to the strong market of 2022 and 2023, there is less balance. New £5m+ instructions over the past four months were up 33% on this basis, while under offers were down 3%, and sales were down 11%.

Measures of £5m+ Market Activity, Jul-Oct 2024



Source: LonRes

Prime London lettings market slows with fewer lets agreed and pace of rental growth slowing

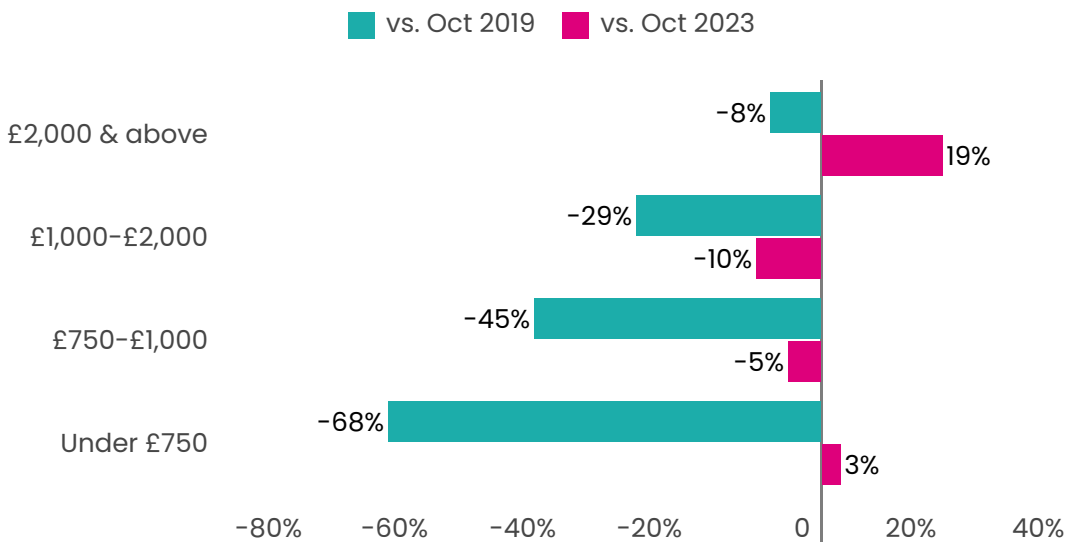
In short, the lettings market across prime London is in line with where it was at the same point last year. Average rents are 35.4% above their 2017-2019 (pre-pandemic) average, but in October annual rental growth slowed to 1.4%.

There were 10.9% fewer lets agreed in October than a year earlier, but year-to-date lettings activity is around 4% ahead of where it was at the same point in 2023. Similarly, new letting instructions in October were 6.5% lower than a year earlier, but the year-to-date figure is up 3.8%.

The stock of available homes to let is recovering steadily but remains a long way off pre-pandemic levels. For prime London across all price points, the number of properties available to let were 0.8% higher at the end of October than a year earlier, but 44.4% lower than five years ago. Broken down by price band, availability at lower rental values has started to increase but it has a lot further to go compared to the top end of the prime lettings market.

Below £750 per week, availability was 2.7% higher at the end of October than a year earlier but it remains almost 70% below where it was five years ago. Above £2,000 per week, the recovery to pre-pandemic levels is almost complete – available stock is within 8% of where it was five years ago and is still rising on an annual basis.

Stock on the Market by Weekly Rent at end of October*



*All prime London | 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 October 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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