PRIME LONDON MARKET MONTHLY BRIEFING

September
2025 ISSUE

Summer slowdown hits prime London housing market

Rental growth continues despite recovering lettings stock levels

Analysis of the prime London housing market: 1 August – 31 August 2025

Sales volumes remain low but homes under offer rises

August typically sees lower activity across the prime London sales markets and this year saw that trend mostly maintained. Sales volumes were low and prices fell, but new instructions and the number of homes going under offer both rose.

High stock levels continue

New sales instructions in August were 10.8% higher than last year but 0.6% lower than the 2017-2019 (pre-pandemic) August average. The stock of available homes for sale at the end of August was 17.7% higher than a year earlier.

Values dip lower

Average achieved sold prices fell by 3.1% on an annual basis in August. Compared to 2017-2019 (pre-pandemic) levels, values were 1.5% lower.

Positive signs with under offer numbers growing

There were 23.9% fewer transactions in August than a year earlier and 23.6% fewer than the 2017-2019 (pre-pandemic) August average. On an annual basis, under offer numbers increased by 13.3% and were 18.4% up on the 2017-2019 (pre-pandemic) average for the time of year.

Transaction levels remain muted for £5m+ market

Transactions in the £5m+ market in August were 35.0% lower than the same month last year. New instructions in this market increased by 27.0% 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 24.9% over the 12 months to the end of August.

Rental growth accelerates

Annual rental growth of 4.3% was recorded in August across prime London, with average rents 37.3% above their 2017-2019 (pre-pandemic) average.

Lets agreed and new instructions both rise

LonRes data for August indicated an annual increase of 14.4% in lets agreed and a 15.5% rise in new instructions. But activity on both measures remained well below pre-pandemic levels. The stock of available rental properties increased on an annual basis, with 21.4% more homes on the market across prime London at the end of August than a year earlier.

Monthly prime data
(1 August to 31 August 2025)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-3.1%	-1.5%	4.3%	37.3%
Properties sold/let	-23.9%	-23.6%	14.4%	-54.1%
New instructions	10.8%	-0.6%	15.5%	-40.2%

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

August completes slow summer but stock under offer signals improvement ahead

August typically sees lower activity across the prime London sales markets and this year saw that trend mostly maintained. Sales volumes were low and prices fell, but new instructions and the number of homes going under offer both rose.

There were 23.9% fewer transactions in August than the same month a year ago, and 23.6% fewer than the 2017-2019 (pre-pandemic average) August average. This was the second month in a row with activity more than 20% below last year. However, under offers were 13.3% higher in August on an annual basis and have now risen for three consecutive months. With the average time from under offer to exchange around 90 days we expect to see this translate into higher sales volumes in autumn. This is despite rising numbers of deals falling through – these were up 13.6% in August compared to the same month last year.

New instructions were 10.8% higher than the same month last year and 0.6% lower than the 2017-2019 August average. Price reductions also rose on an annual basis for the tenth consecutive month. There were 23.5% more reductions in August compared to a year ago. Stock on the market at the end of August was 17.7% higher than last year and 23.2% above the level five years earlier (August 2020) – although it's worth mentioning that the 2020 baseline is volatile due to the impact of lockdown on the market.

Looking at the summer as a whole – with data for June, July and August combined – shows that under offer numbers are strong, with summer 2025 recording the highest level since 2015, 35% above the 2017-19 summer average. Under offer levels were weaker earlier in the year and this is borne out by the most recent sales data (based on exchanges), which has been trending downwards over recent summers and for 2025 was 14.6% lower than the 2017-19 summer average. New instructions have typically been more consistent over the years and 2025 saw a moderate increase compared to summer 2024 to sit 17.4% above the 2017-19 summer average.

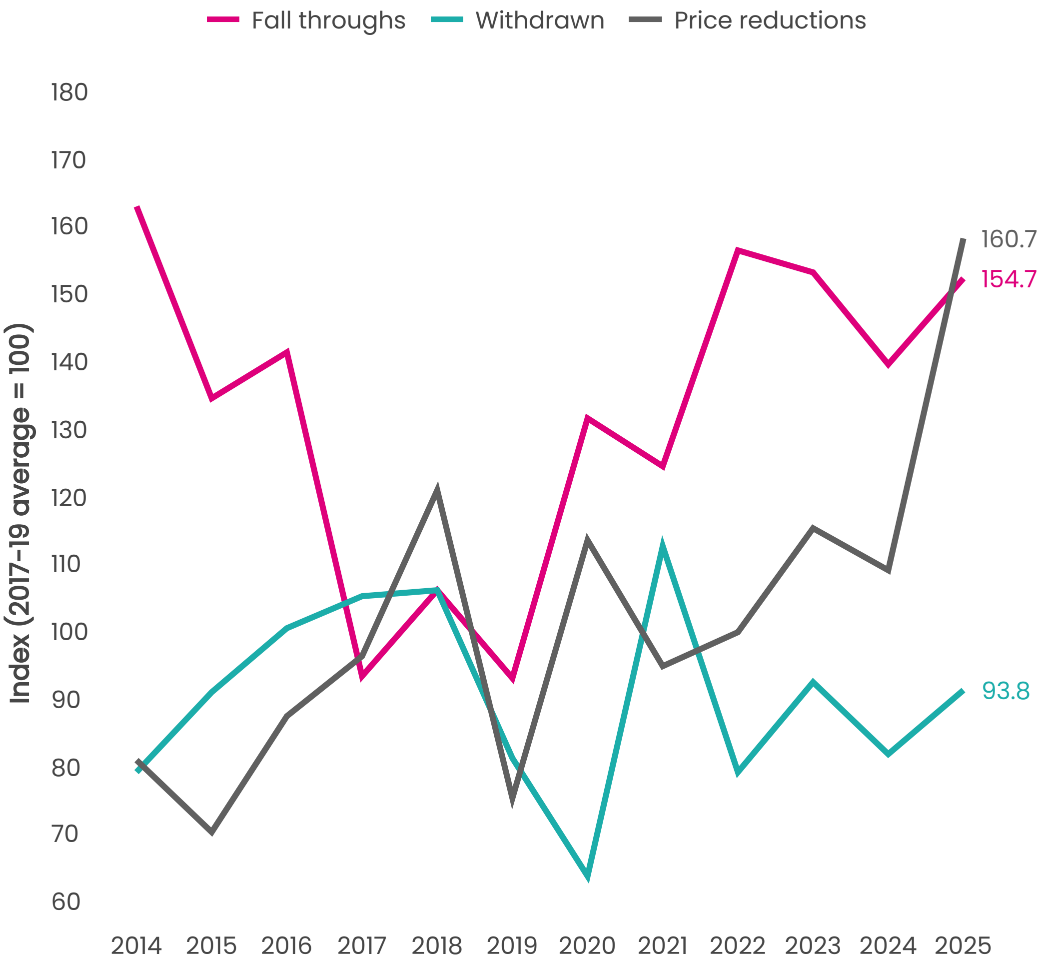
Summer Activity Measures by Year, all Prime London, Indexed

Source: LonRes (summer = June, July and August)

Looking at other metrics on the same basis highlights why the prime London market may seem weaker than the headline data suggests. Fall throughs increased in 2020 and 2021 and remained relatively high despite the stronger market conditions – summer 2022 saw the highest level of fall throughs since 2014, 58.8% above the 2017-19 summer average. In both these years this was partly due to higher activity levels in general. But they have stayed high despite sales volumes falling back, reaching 54.7% above the 2017-19 summer average in 2025.

Price reductions were steadier up to 2024 but have increased sharply this year, with summer 2025 recording 60.7% more than the 2017-19 average level. Withdrawals have remained below their 2017-19 average level, by 6.2% in summer 2025. In combination, these results indicate vendors are staying on the market and reducing asking prices rather than withdrawing their property from sale, suggesting they may be more motivated to sell.

Summer Activity Measures by Year, all Prime London, Indexed



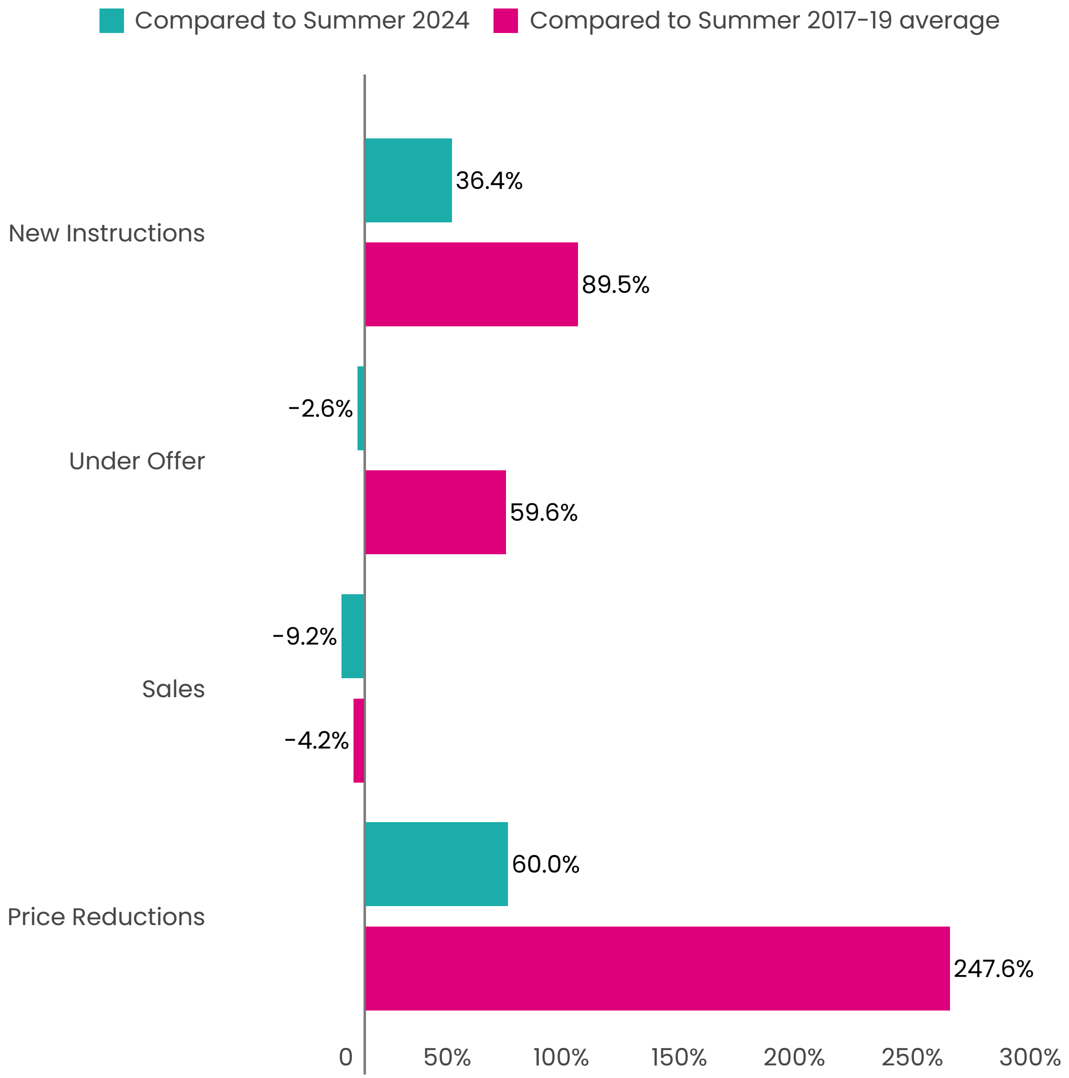
Source: LonRes (summer = June, July and August)

Average values across prime London fell by 3.1% on an annual basis in August and were 1.5% below their pre-pandemic (2017 to 2019) average level. This is the largest drop since last August (2024) and suggests that the elevated levels of price reductions so far this year are finally translating into lower achieved prices. The average discount from initial asking price decreased slightly to 9.0% in August compared to 9.3% in July.

New – and reduced – instructions keep growing in £5m+ market

The top end of the market continues to follow a similar pattern to the wider one – high levels of supply, high numbers of price reductions, and reasonable numbers of agreed offers not necessarily transferring into actual transactions.

Measures of £5m+ Market Activity, Summer 2025



Source: LonRes (summer = June, July and August)

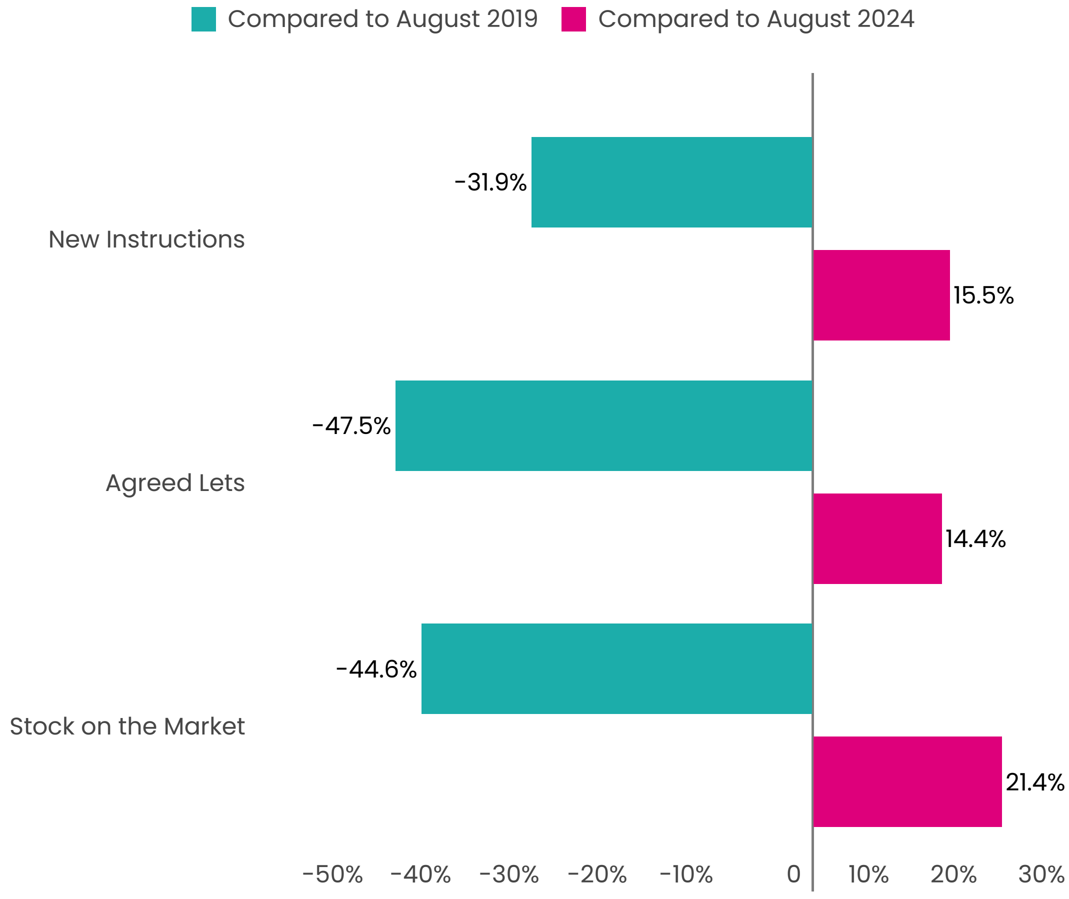
In August, there were 35.0% fewer £5m+ transactions than the same month a year ago, 39.1% lower than the 2017-2019 (pre-pandemic average) August average. New £5m+ instructions were 27.0% higher than the same month last year and 56.7% higher than the 2017-2019 August average. Widening out the comparison period to the whole summer doesn't change the picture, with instructions and reductions significantly higher than previous levels. The result is rising levels of £5m+ stock on the market, up 24.9% on an annual basis and close to the recent record high set in June (2025).

Prime London lettings recovery continues as rents rise

August's prime London rental market saw higher levels of instructions and agreed lets, plus an acceleration in rental growth.

LonRes data for August indicated an annual increase of 14.4% in lets agreed and a 15.5% increase in new instructions. The stock of available rental properties also increased, with 21.4% more homes on the market across prime London at the end of August than a year earlier. Despite these increases, all metrics remain consistently below pre-pandemic levels, with lower supply continuing to limit activity.

Measures of Rental Market Activity, August 2025



Source: LonRes

Annual rental growth in July was 4.3%, up from a revised 3.2% in July. Rents across prime London are now 37.3% above their 2017-2019 (pre-pandemic) average. The average discount from asking rent was 1.9% in August, the lowest since late 2023.

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 August 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, W11, W14.
Prime Fringe: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.

LonRes Research
research@lonres.com