

# PRIME LONDON MARKET MONTHLY BRIEFING



Mixed signals as new instructions, under offers and fall throughs all rise

Lack of rental properties pushes rents further



## Under Offers on the Rise

The first month of 2025 saw many trends continue in the prime London sales market. Instructions kept rising while transaction volumes were broadly in line with both last January and typical levels for the time of year. High numbers of homes going under offer indicate a healthy sales pipeline moving forward. By contrast, both the £5m+ sales market and the prime London lettings market started the year very slowly.



## Sold Prices Stabilising

Average achieved sold prices decreased slightly on an annual basis in January, falling by 0.3%. This is the best performance since summer 2023. Compared to 2017-2019 (pre-pandemic) levels, values are currently 1.6% lower.



## Solid Sales Activity

Sales activity was solid, with 2.0% fewer transactions in January than a year earlier and 0.6% more than the 2017-2019 (pre-pandemic) January average. Under offer numbers increased by 18.7%, suggesting potential growth in activity in the near future, though this is balanced by a rising trend for fall throughs.



## Growing Stock on the Market

New sales instructions in January were 21.9% higher than last year and 30.3% higher than the 2017-2019 (pre-pandemic) January average. The stock of available homes for sale also continued to grow. At the end of January it was 13.2% higher than a year earlier and 40.0% up on January 2020.



## Subdued Transactions in £5m+

The top end of the market was subdued in January, even allowing for the time of year. £5m+ transactions were 68% lower than January last year and there was a 1.2% fall in new instructions over the same period. The number of £5m+ homes available for sale has risen by 22.8% over the 12 months to the end of January.



## Rate of rental growth accelerates

Annual rental growth across prime London increased to 5.0% in January, the highest level since November 2023. Average rents were 32.2% above their 2017-2019 (pre-pandemic) average.



## Lets Agreed Decrease

LonRes data for January indicated an annual decrease of 9.8% in lets agreed and a 27.5% decrease in new instructions, with activity on both measures remaining well below pre-pandemic levels. The stock of available rental properties decreased significantly on an annual basis, with 21.0% fewer homes on the market across prime London at the end of January than a year earlier.

# Monthly prime data

## (1 January to 31 January 2025)

	Prime Sales Annual Change	Prime Sales Change vs. 2017-19*	Prime Lettings Annual Change	Prime Lettings Change vs. 2017-19*
Achieved prices/rents	-0.3%	-1.6%	5.0%	32.2%
Properties sold/let	-2.0%	0.6%	-9.8%	-56.4%
New instructions	21.9%	30.3%	-27.5%	-63.1%

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

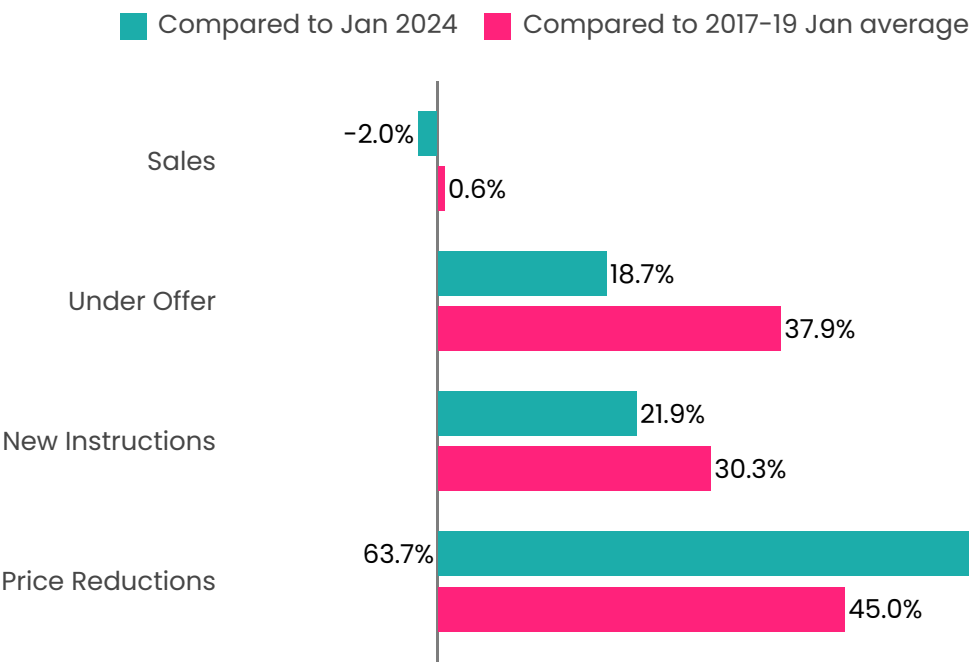
## Prime London sales market resilient in face of headwinds

The prime London sales market recorded a steady start to 2025 in January. Performance in line with previous trends is not usually noteworthy but, in the context of negative sentiment around the wider economy, activity and values remaining broadly unchanged can be taken as a sign of resilience.

There were 2.0% fewer sales transactions in January than the same month last year, and 0.6% more than the 2017-2019 (pre-pandemic average) January average. The number of properties going under offer was 18.7% higher than a year ago, and 37.9% more than the 2017-2019 (pre-pandemic average) January average.

These figures suggest that buyers have returned from the Christmas break keen to get deals agreed in the early part of the year. Whether all these agreed deals make it to exchange is another question. Fall throughs had already been steadily increasing for a few months and rose significantly in January (+45% vs. January 2024), so this is a metric to review in the coming months.

# Sales Activity Measures in January 2025, All Prime London



Source: LonRes

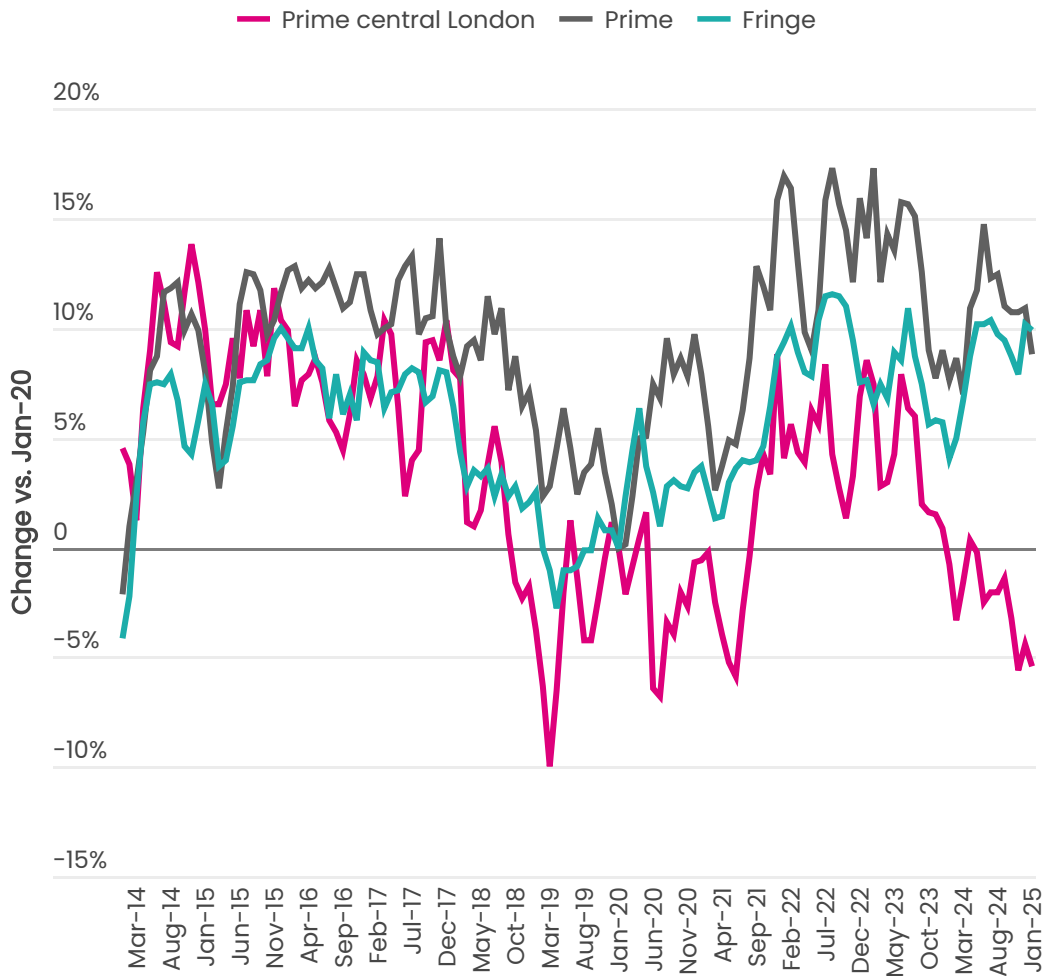
Sellers also started 2025 with some apparent urgency. New instructions increased by 21.9% compared to the same month last year and were 30.3% above the 2017-2019 January average. Price reductions have also increased significantly, by 63.7% compared to last year and 45.0% above the 2017-2019 January average. This suggests existing vendors have responded to potential competition from new listings by reducing asking prices.

Average achieved prices across prime London were slowly but steadily falling through 2024. While January recorded another annual fall, at -0.3% this is the best performance since summer 2023. However, compared to pre-pandemic levels, prices are 1.6% lower.

In terms of values, central areas continue to underperform the wider market. Average achieved sold prices per square foot in prime central London (including neighbourhoods such as Mayfair and Chelsea) are around 5% lower than they were in January 2020, whereas our prime and fringe catchments (including areas such as Notting Hill and Fulham) are around 10% higher on the same basis.

Although there is some volatility from month to month, in general values in prime and fringe have been stable over the past two to three years. Values in central areas followed a similar trend from 2021 to the first half of 2023 but have fallen back particularly strongly since then, they're down around 11% over the last 18 months

## Change in Average Achieved Sale Price Since January 2020 by Area



Source: LonRes

# Top end starts 2025 sluggishly but with some promising signs

The £5m+ market had already slowed through 2024 but started 2025 particularly badly. Transaction volumes were 68.0% lower than last January – the last month with fewer deals was December 2008. While a single month of data from a relatively small market can overstate the situation, demand in this market has been trending down for many months. However, under offer numbers did rise in January by 13.3% on an annual basis, suggesting the poor January for sales may only be a temporary blip.

In general supply continues to rise in this market, although new instructions in January recorded a 1.2% fall compared to a year earlier but this was more than double the level of the 2017–2019 January average. At the end of January there were 22.8% more £5m+ properties on the market than at the same time last year.

With more stock on the market the absolute number of price reductions is high. But the proportion of sold £5m+ properties that have been reduced prior to sale is lower than it was a year ago, and in line with average pre-pandemic (2017 to 2019) levels. Similarly, £5m+ properties in January achieved just over 90% of original asking price on average, compared to under 89% both in last January and pre-pandemic.

## Discounts and Price Reductions, £5m+ Prime London Sales

	Jan-25	Jan-24	2017–19 ave.
Average discount (initial asking price to sold price)	9.7%	11.2%	11.7%
Proportion of sold properties reduced prior to sale	39.7%	47.1%	38.5%

# Rental growth accelerates as supply stays low

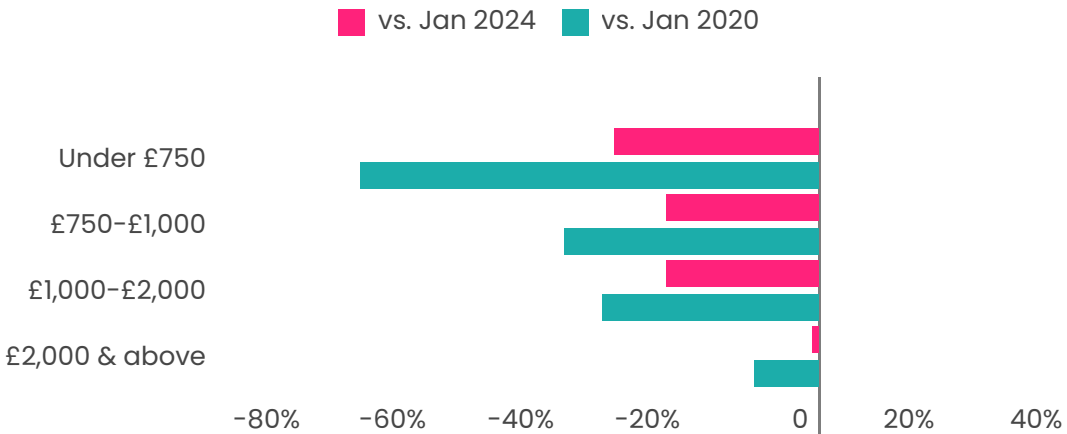
The lack of new instructions in the prime London lettings market has started to influence rents, with growth rising to the highest level in more than a year. Annual rental growth across prime London increased to 5.0% in January and average rents were 32.2% above their 2017–2019 (pre-pandemic) average.

There are potential drivers of this acceleration in rental growth on both the supply and demand sides of the equation. The lack of new supply coming to market means tenants have to compete over the properties that are available. Smaller average discounts in January – 4.0% vs. 4.4% last January – add weight to this idea. Rental demand is likely to have increased in recent months as the impact of tax and policy changes feed through to the sales market and prospective buyers perhaps opt to rent instead.

For prime London across all price points there were 21.0% fewer properties available to rent at the end of January than a year earlier, and 47.6% lower than five years ago. Broken down by price band, availability at higher rental values remains much closer to past levels. A combination of rising rental values and a lack of new supply means lower price points have relatively much lower levels of stock.

Below £750 per week, availability was 32% lower at the end of January than a year earlier and it remains over 70% below where it was five years ago. Above £2,000 per week stock levels are much more in line with pre-pandemic levels – there were 10% fewer homes available in the market compared to five years ago after an annual change of just -1%.

## Stock on the Market by Weekly Rent at end of January, 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 January 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, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.*

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LonRes Research

[research@lonres.com](mailto:research@lonres.com)