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Spring Edition 2026

*Prime London*  
Market Update



Prime London Market Update

# Spring Edition

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CEO

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# Opening Thoughts

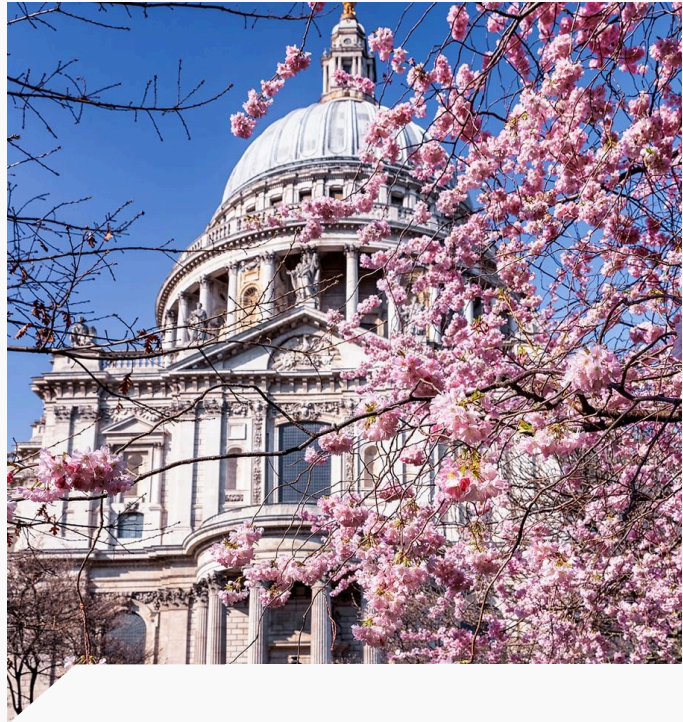
It's spring, the sun is shining (at least today) and the trees are coming into leaf. This is a season of optimism – much needed in a world of grim and often desperate news. While no one is denying that the prime London market is anything but tricky, sometimes, enough is enough.

Rather than restating the doom and gloom – we all know where to look for that – this quarter, I'm unashamedly focussing on the positives. Talking to agents, the market seems to be busy. Agents tell me they are showing lots of properties to genuine buyers. Great to hear that people are looking to buy but, to balance things out, there are also lots of people looking to sell.

The real positive is that under offer numbers are strong. LonRes data shows that in Q1 this year, the number of properties going under offer was 8% higher than last year and 35% higher than the long term (pre-pandemic) average. You won't read that in many places.

However, we know that a significant proportion of these under offers are not translating into sales. Undoubtedly there is a nervousness in the market and buyers are understandably cautious about committing. But there is demand out there.

I can remember working as an agent in prime central London in the early 1990s; the economy had crashed and there were no buyers to be found. It was not uncommon to take on a property as a sole agent for 12 months and at the



end of that 12-month period, the seller would be invited to renew for a further year.

This is not like then. Deals are being done, albeit in lower numbers, and some big deals at that. Providence House, formerly owned by Nick Candy, sold in April off a reported asking price of £275 million, setting a new record as the most expensive residential sale in the UK and one of the most expensive in the world. The record had previously been set by Rutland Gate, sold in 2020 for £200m.

This suggests to me that London retains its standing on the world stage. The prime London residential market is undeniably going through a tough time, but it could be a whole lot worse. Spring is in the air and a sprinkling of much-needed optimism every now and then can never be a bad thing.



Anthony Payne  
CEO

*"The prime London residential market is undeniably going through a tough time, but it could be a whole lot worse."*

# Headwinds mount for prime London property

Not for the first time in recent years, I'm writing a summary after a period where the prime London property markets have been heavily disrupted by a range of external factors. The first quarter of 2026 was particularly unfortunate in this regard, seeing major impacts on two fronts.

The opening few weeks of 2026 saw the backwards-looking data – transactions and achieved prices – underperform significantly, affected by the uncertainty around the time of the Budget when these deals were originally agreed. Just as some level of confidence was starting to return, the escalating conflict in Iran took it away, with rising inflation and borrowing costs turning sentiment negative again for many buyers. A small positive for London is the underlining of its status as a property – and literal – safe haven. Returning expats have so far been seeking out temporary sanctuary via the short-term lettings market, but it is too early to tell if this will translate into a more significant, permanent flow of people – and capital – back into the city. Responses to our latest LonRes Agent Survey suggest other locations have moved ahead in attracting the international elite, with the UK perceived as unwelcoming to overseas investment and a poor place to do business. Even with the Middle East out of favour, agents gave examples of their clients preferring Italy, Monaco, Portugal, Singapore and Switzerland, citing tax and lifestyle reasons.

The prime London sales market is clearly in a weak position and there are few positive signs in the outlook for the rest of 2026. The poor start to the year, after the second half of 2025 was also disrupted by months of speculation and uncertainty, means buyer confidence remains fragile. However, the overall tone of agents' responses to our survey questions regarding prices and activity were more optimistic than the data so far this year would suggest. It may be that values, especially in central London, have reset to the point where relative value is perceived, and a wider range of buyers and investors can be persuaded to act.

On the lettings side, the prime London market may end up with the opposite problem, in the short term at least. Survey responses suggest a strong consensus that the Renters' Rights Act will restrict supply and increase competition among tenants, with any significant policy change likely to lead to a settling in period. Previously our data had indicated more of a balance between supply and demand, so it remains to be seen what the long-term impact will be.



Nick Gregori  
Head of Research

*"Just as some level of confidence was starting to return, the escalating conflict in Iran took it away"*

# Sales Market

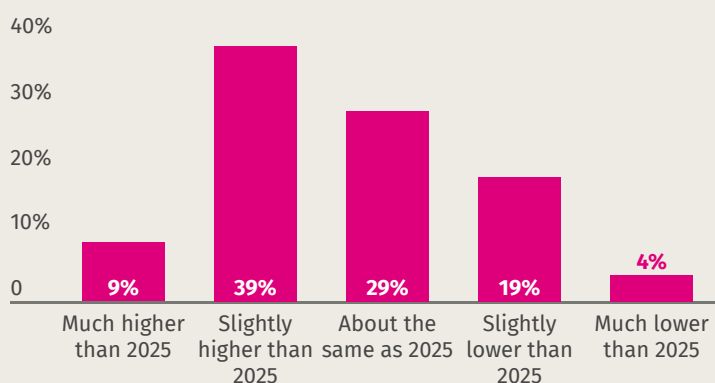
Sales volumes across prime London fell by 32.6% in Q1 compared to the same period last year. Relative to the 2017 -2019 first quarter average, transactions were down by 12.0%. The equivalent figures for the £5m+ market show an annual change of -27.8% in Q1 but growth relative to the longer-term average of 3.7%.

Twice a year we ask LonRes subscribers a series of questions about their market. The questions are designed to complement LonRes data and provide a snapshot of market sentiment from agents, their buyers and their sellers. Responses to our latest LonRes Agent Survey, which took place in March and April, suggest agents are expecting performance to improve over the rest of the year. 48% of respondents forecast higher transaction levels (in their local market) for 2026 compared to 2025, against 23% expecting them to end the year lower.

If activity does pick up in line with these expectations the market is likely to be driven by a relatively narrow subset of buyers. Owner-occupiers were the only buyer type where agents reported significantly higher demand compared to a year ago – a net balance of +32 (chart 2). Slightly higher demand from those buying for children was also noted (+15), though this is a smaller part of the overall market. Activity in the more discretionary parts of the market has been low, and the survey results expect this to continue. Agents reported strongly falling demand from developers, investors and second home buyers – net balances of -58, -72, and -40 (chart 2). This is on top of the negative results recorded in previous surveys.

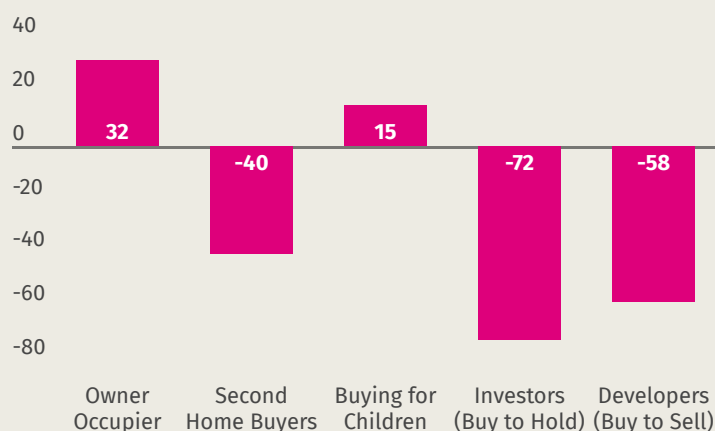
## Agents' Transaction Forecast for 2026 vs. 2025

Chart 1. Source: LonRes Agent Survey Spring 2026



## Net Balance\* of Sales Agents Reporting Increased Demand by Buyer Type – Compared to a Year Ago

Chart 2. Source: LonRes Agent Survey Spring 2026

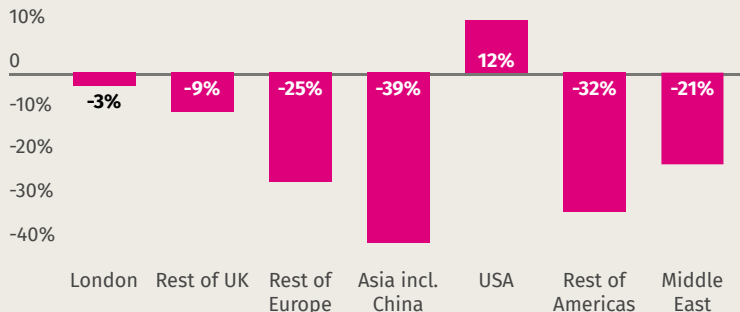


### \*Net balance explained

'Net balance' is calculated as the proportion of respondents answering positively minus the proportion answering negatively. E.g. 44% of agents reporting higher demand and 8% reporting lower demand = a net balance of +36. Note that references to proportions of respondents exclude any answers of 'not applicable' and some calculations may not sum due to rounding.

### Net Balance of Sales Agents Reporting Increased Demand by Buyer Location – Compared to A Year Ago

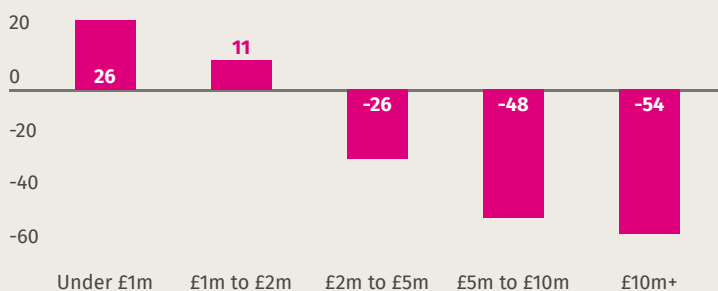
Chart 3. Source: LonRes Agent Survey Spring 2026



Optimism was in shorter supply based on the buyer location results. Demand from domestic buyers was reported to have fallen slightly, with net balances of -3 for London and -9 for the rest of the UK (chart 3), although both were significantly less negative than in last autumn’s survey. There were large falls for all sources of international demand except the +12 net balance recorded by the USA, which has now been the best performer in three consecutive surveys.

### Net Balance of Sales Agents Reporting Increased Demand by Price Band – Compared to A Year Ago

Chart 4. Source: LonRes Agent Survey Spring 2026



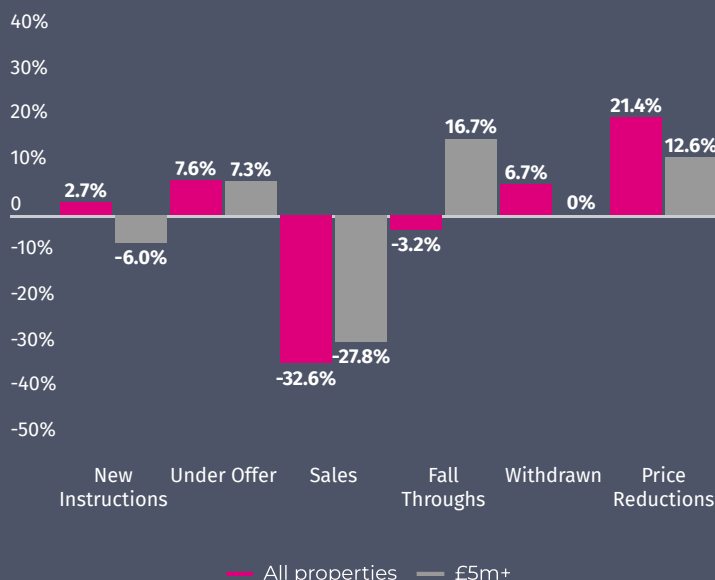
The clear relationship between price and demand noted in previous surveys continued in the latest responses – net balances remained much more positive for lower value properties – but the overall results improved relative to our autumn figures. 50% of agents reported higher demand for properties under £1m while only 25% thought it had fallen – a net balance of +26 (chart 4), compared to +10 in the previous survey. 9% of respondents thought £10m+ demand had increased, contributing to a net balance of -54 – a poor result but less negative than the -76 recorded previously.

### Activity Measures Across Prime London in Q1 2026 – Compared to Same Period Last Year

Chart 5. Source: LonRes

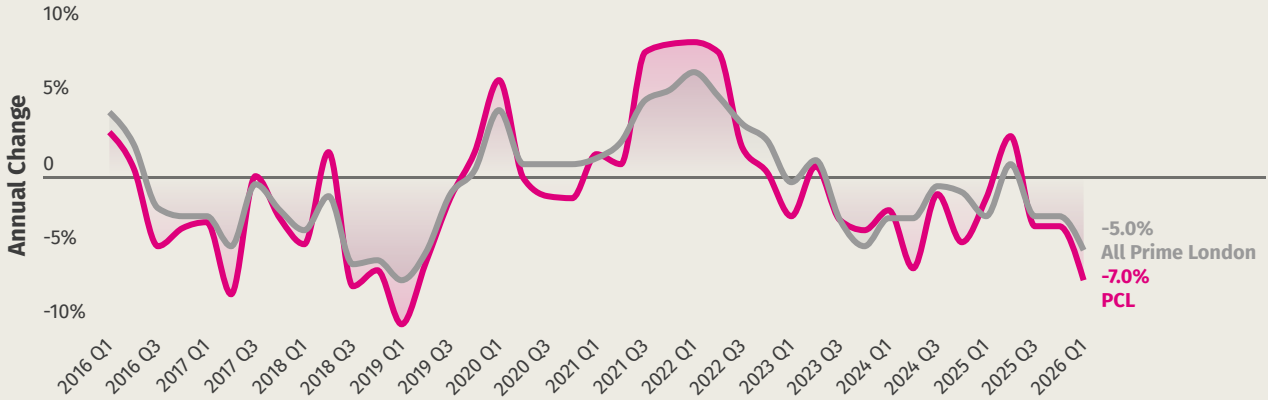
On the supply side, the market appears to be gradually adjusting to the shift in demand, as new £5m+ sales instructions fell in Q1, by 6.0% compared to a year earlier, and to an overall 2.7% rise over the same period (chart 5). At the end of March there were 13.8% more homes on the market across prime London than a year earlier, with 7.2% more £5m+ stock for sale.

Other sales measures paint a mixed picture of the overall market. Despite the weak transaction figures, under offers in Q1 rose on an annual basis, by 7.6% for the whole market and 7.3% in the £5m+ sector (chart 5). Changes in fall throughs, withdrawals and price reductions were all more muted than in previous quarters.



**Average Annual Change in Achieved Sale Price**

Chart 6. Source: LonRes Prime London Sales Index



With relatively low demand and high supply, the market remains price sensitive. The latest LonRes Prime London Sales Index recorded an annual fall of 7.0% in prime central London (PCL) and a 5.0% decrease for the wider prime London market (chart 6). The average discount (from initial asking price to achieved sale price) so far this year is 10.5% for prime London and 14.2% for PCL, both substantially above long-term average levels.

**10.5%**  
average discount  
achieved so far in 2026

Source: LonRes

Since the second half of 2023 there has only been a single quarter with positive house price growth in prime London (Q2 2025). Over the past decade, values have fallen in total by 12.3% across prime London as a whole, with PCL recording a 15.2% fall over the same period.

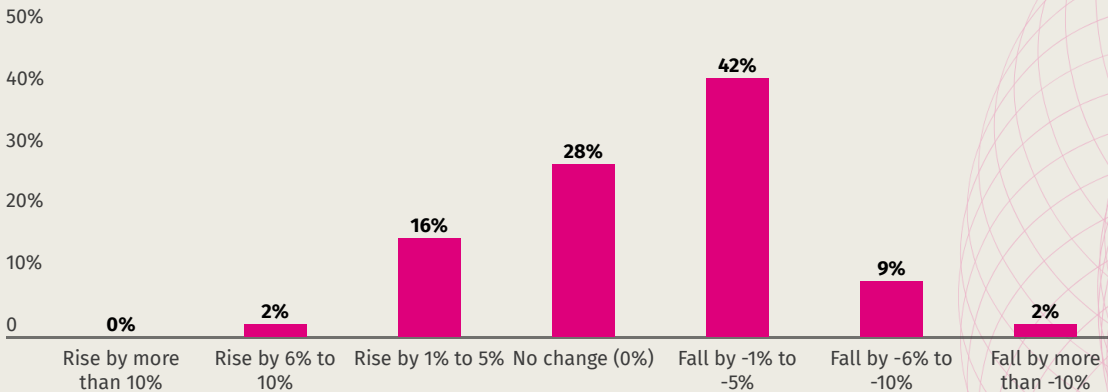
**12.3%**  
ten year fall in prices  
across Prime London  
as a whole

Source: LonRes

Based on survey responses, the consensus among agents is for values in 2026 to finish the year down on 2025. The most popular answer, chosen by 42% of respondents, was that prices in their local market would end the year between 1 and 5% lower (chart 7). Given the performance so far this year, a full year result in line with these expectations would be a significant positive for the market, as it would mean no further falls. In total, 10% of respondents expect bigger falls (6%+).

**Agents' Price Forecast for 2026 vs. 2025**

Chart 7. Source: LonRes Agent Survey Spring 2026



# The LonRes Agent Survey Spring 2026

The LonRes Agent Survey is published twice a year. This spring survey was carried out between 24 March – 17 April 2026 and received more than 450 responses. Over 17 questions, we asked LonRes sales and lettings subscribers for their views on the prime London housing market. The survey is designed to complement LonRes data and provides a snapshot of what agents are

seeing in their market at a given time. The survey includes views on buyer, seller, landlord and tenant behaviour.

As part of the survey we include some open questions on topical issues. These provide additional depth and colour to the survey. Here are some of the questions we asked and responses given.



## The LonRes Agent Survey – Spring 2026

### **We asked sales and lettings agents “Has the conflict in the Middle East had any impact on your market yet? If so, what form has this taken and do you expect this to change over the course of 2026?”**

There was a mixed response to this question from agents, which is as expected given the diverse range of markets across London covered by our subscribers. Answers could be broadly split into three categories.

First were several replies that could be paraphrased as “no, not yet”, from both sales and lettings agents. While this may seem unimportant, it highlights that even major global events don't necessarily impact all parts of the market straight away. Second were agents focussing on the domestic aspect of the impact, mainly a sales market issue. Here, mortgages being more expensive and less available have combined with worse affordability to increase uncertainty among buyers. Given the weak starting point of the market, this is likely to further negatively impact activity and values.

The third set of answers relate to the more international aspects of the market, with the situation in the Middle East leading to increased demand in London, both from returning expats and moves out being cancelled or postponed. In the immediate term, the lettings market has seen the larger concentration of this demand, but that could shift depending on how long the conflict continues, with traditional PCL postcodes highlighted as more likely to receive a boost if people seek to move capital out of the Middle East. There has also been an impact on rental supply, with some overseas landlords moving back into their London properties.

“ No noticeable change at the moment, although it can have only dented confidence. There is talk of some buyers coming from the Middle East, but no sign of them yet”

“ Buyers being ultra-cautious and adopting a wait-and-see approach. There is quite a bit of pent-up demand but buyers do not want to commit until they have some clarity on how the conflict will play out.”

“ If they are leaving London it tends to be abroad for tax reasons: Switzerland, Italy, Portugal.”





**We asked sales agents “Where are vendors relocating if they are leaving London? What factors are driving their decisions? What is the appeal of their chosen destinations?”**

There was another clear split between domestic and international-focused responses to this question. For movers staying in the UK, the traditional drivers of space and lifestyle remain relevant. As always, how far you want to move out is a trade-off against keeping the commute manageable, so the balance varies depending on working patterns. For bigger moves, Suffolk, the Kent coast, and the Cotswolds were mentioned.

It is important to note, as multiple respondents did, that these trends are not new. Even pre-pandemic the cycle of moving up the ladder – from central London, via other parts of London, to the commuter belt – was a well-established one.

“ Most London leavers are heading to the Home Counties and commuter-belt towns – especially Essex, Surrey, Kent and Hampshire. The appeal of these destinations is simple: bigger homes, quieter neighbourhoods – all while keeping London accessible when needed”

For international residents of London, one word sums up the key reason for moving away: TAX. If we’d posed this question a year ago, the most popular destinations list would likely have been topped by Dubai, with Abu Dhabi and Qatar also high up. For obvious reasons this has shifted. Italy, with its flat tax on overseas income, appears to have been the main beneficiary of the change, with Milan specifically singled out. Other destinations flagged include Portugal, Spain, Switzerland and South of France.

For the most affluent movers, agents mentioned the traditional hotspots of Monaco and Singapore plus – perhaps surprisingly – the USA.

“ If they are leaving London it tends to be abroad for tax reasons: Switzerland, Italy, Portugal.”

**We asked lettings agents “What impact is the Renters’ Rights Act – which comes into force in May – having on landlord and tenant behaviour?”**

With the deadline imminent and known about well in advance, some responses noted that landlords have either already exited the market or absorbed the changes, but a larger number highlighted that many are still looking to sell their rental properties.

The consensus on tenant behaviour was that, given most of the changes appear favourable to tenants, there was less need to do anything differently yet. However, many responses noted potential negative impacts for tenants. A combination of fewer rental homes available, no rent in advance, and no Section 21 means the landlords that remain will be highly selective in who they rent to, creating strong competition between prospective tenants. With no bidding wars either, asking rents may rise sharply.



The upcoming Renters’ Rights Act is creating extra uncertainty, leading more landlords to sell or exit the sector, which is reducing rental stock. Tenants gain stronger rights on paper, but in practice face tighter supply and tougher competition because fewer landlords are listing properties.”



Landlords who are not inclined to enter into a tenancy with no fixed end date have either withdrawn from the market, or have decided to sell.”





Overview

# Lettings Market

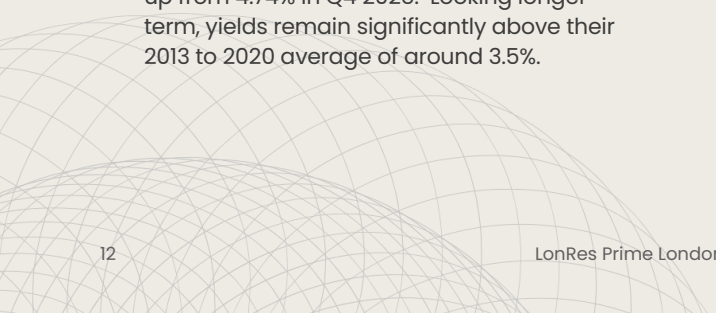
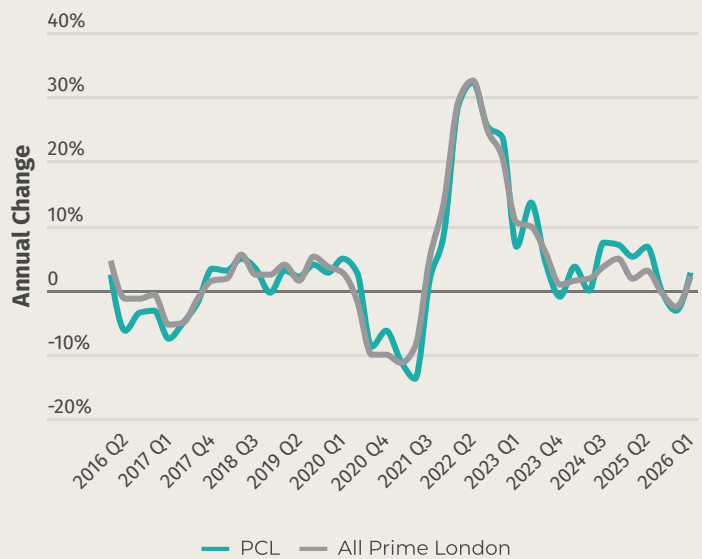
Rental growth returned to the prime London lettings market in Q1 after a couple of slower quarters, although the pace of rises remains well below those seen from 2021- 2023.

The latest LonRes Index recorded 2.0% growth on an annual basis across prime London, up from -2.6% in Q4 2025 (chart 8). Rents in prime central London performed similarly, rising by 2.6% on an annual basis. Looking at the longer-term context, average rents remain high, having increased by more than 30% since the end of 2019.

With overall trends of rising rents and falling values, yields continued to increase in Q1. The average yield across prime London was 4.96%, up from 4.74% in Q4 2025. Looking longer term, yields remain significantly above their 2013 to 2020 average of around 3.5%.

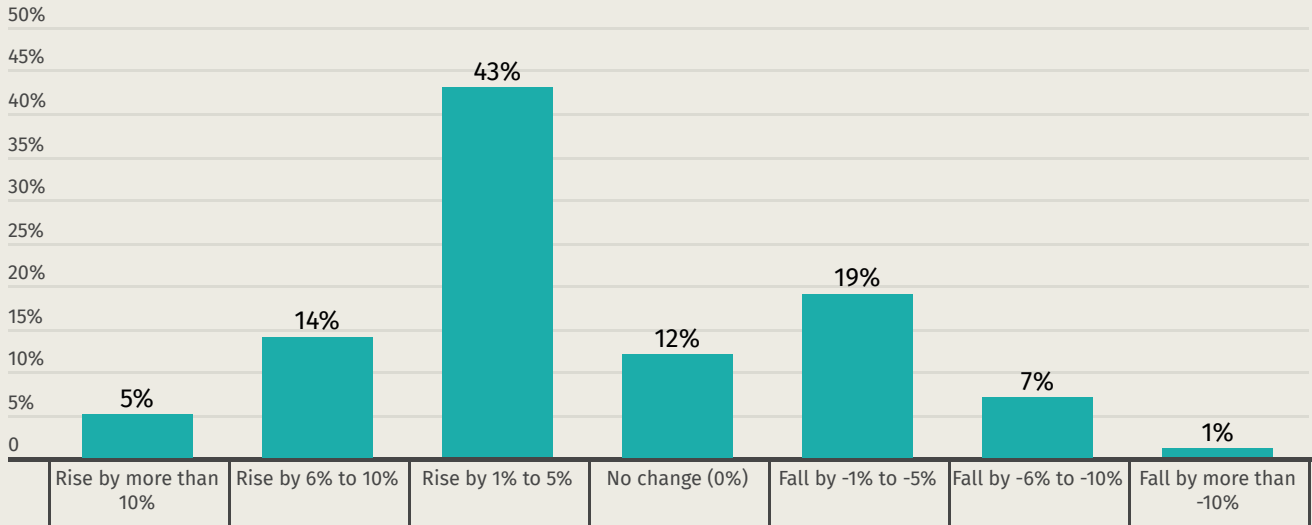
### Average Annual Change in Achieved Rents

Chart 8. Source: LonRes Prime London Rental Index



### Agents' Rental Value Forecast for 2026 vs. 2025

Chart 9. Source: LonRes Agent Survey Spring 2026



Agents' views on rental growth appear well aligned with the data. 61% of survey respondents expect their local markets to see rental growth in 2026, with the most popular answer of 1 to 5% in line with current annual growth (chart 9). Around 1 in 4 agents (27%) forecast a fall in rents and a further 12% thought they would end the year unchanged.

**2.0%**  
average annual change in rents across all Prime London

Source: LonRes

**2.6%**  
average annual change in rents across Prime Central London

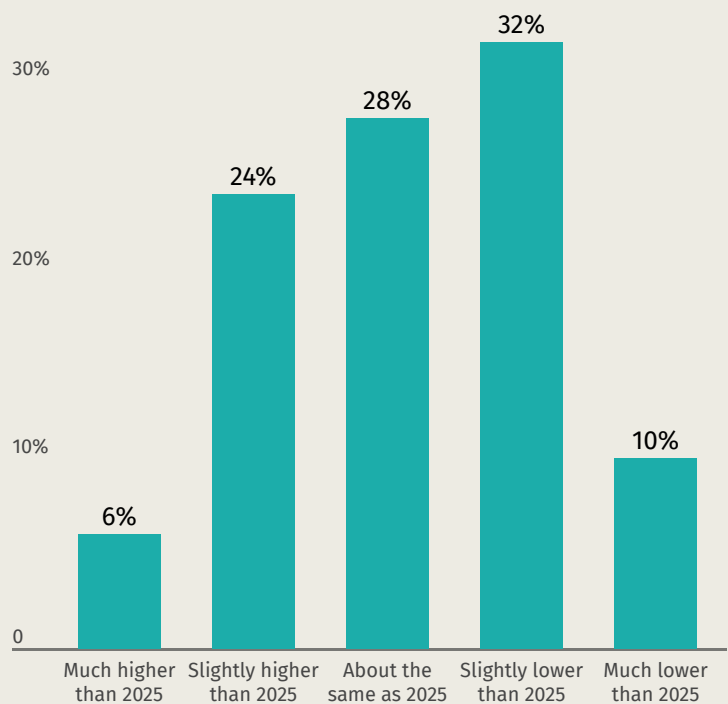
Source: LonRes

Rental growth has been broadly steady but lettings market activity remains more volatile. LonRes listings data shows instructions continuing to recover from post-pandemic lows, but the true picture is complicated as listings on a portal don't always reflect actual availability. Agents have been listing a higher proportion of their actual stock in recent months, so the Q1 annual rises of 40.8% in instructions and 32.4% in agreed lets are likely overestimates. However, both metrics remain around 50% below their pre-pandemic levels.

The results from our survey suggest that activity in 2026 is likely to be similar to 2025; 84% of respondents forecast slight or no change (chart 10), with a slight bias in favour of rental transactions ending the year marginally down compared to 2025.

### Agents' Rental Transaction Forecast for 2026 vs. 2025

Chart 10. Source: LonRes Agent Survey Spring 2026

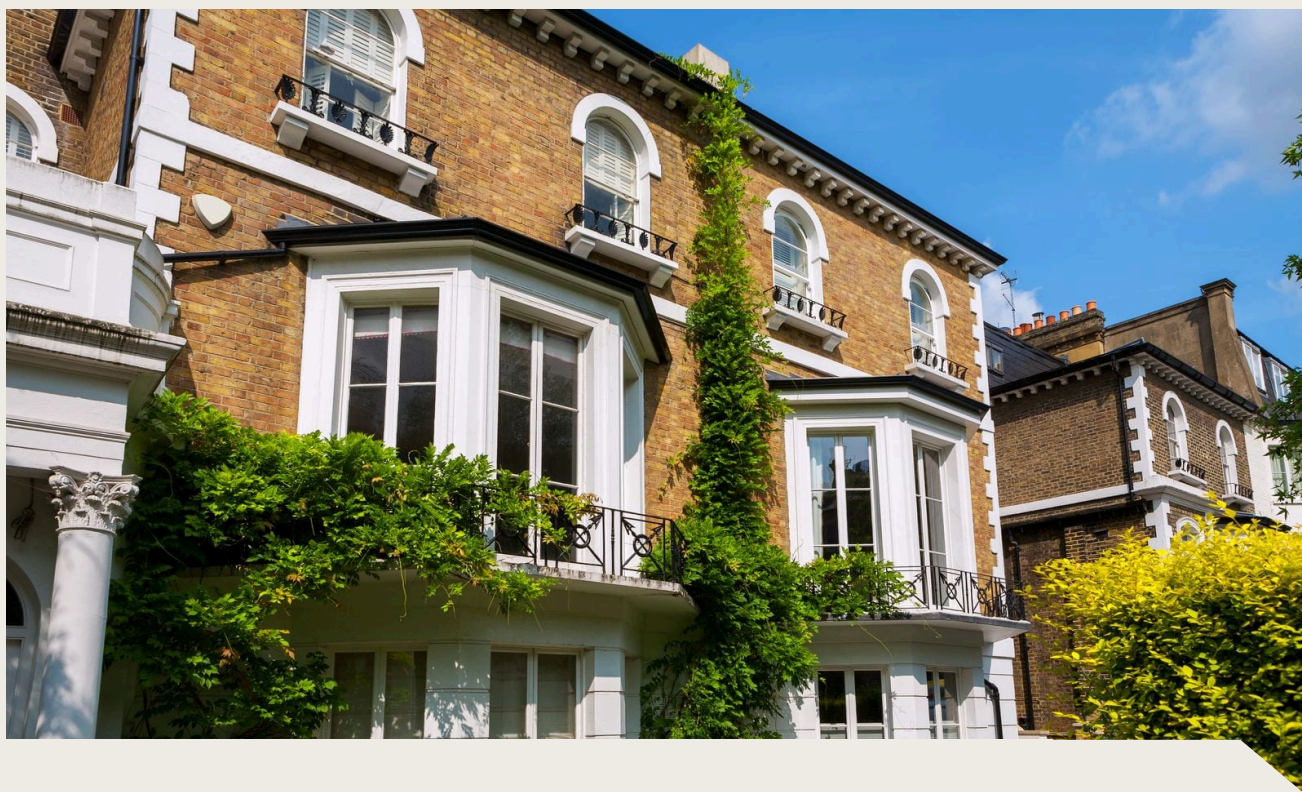
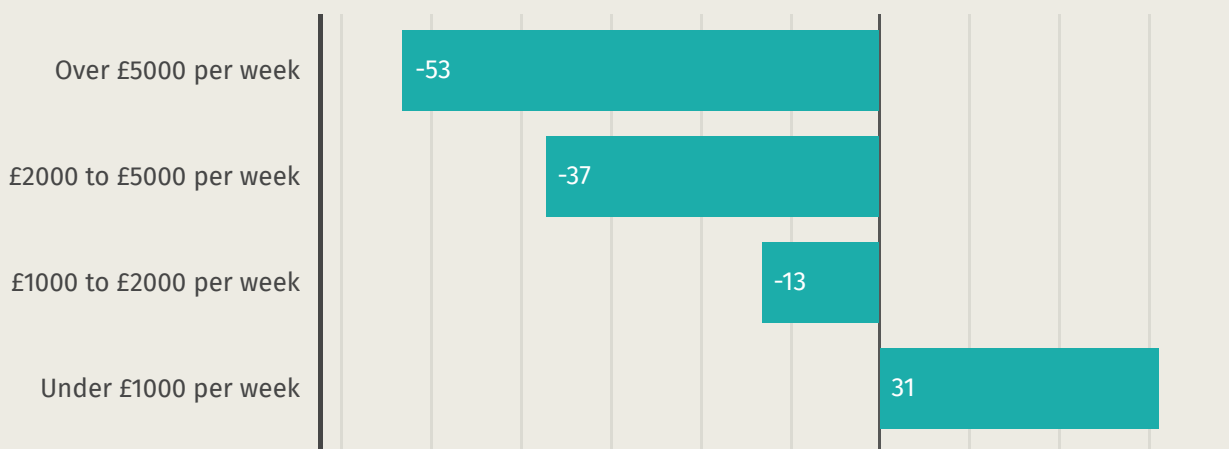


Survey responses show that changes in demand in the prime London lettings market continue to be strongly dependent on price point, rising – off an already high base – for more affordable properties and falling for higher rent bands. 45% of respondents reported that demand was higher than a year earlier for the under £1,000 per week band, while only 14% said it had fallen – a net balance of +31 (chart 11).

For rentals of over £1,000 per week the agents reported decreases in demand, with the falls getting larger as you move up the rental bands. The significant negative net balance for super prime rental demand sits in contrast to some of the open question responses, many of which noted additional interest in renting from both returning expats and potential buyers waiting for the market to become more certain.

### Net Balance of Letting Agents Reporting Increased Demand by Weekly Rent – Compared to A Year Ago

Chart 11. Source: LonRes Agent Survey Spring 2026



# *LonRes Data*

The analysis for this report takes in the three LonRes catchment areas:

- Prime Central London: SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, W1K, W1J, W8.
- Prime 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.

Analysis of LonRes data for this Prime London Market Update has been carried out by Nick Gregori, Head of Research at LonRes, using data up to 31 March 2026.

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