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Summer Edition 2025

# *Prime London* Market Update



Prime London Market Update

# Summer Edition

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Anthony Payne's

# Opening Thoughts

It may be the start of the summer slowdown for the sales market, but for lettings, the market is limbering up. Traditionally September is when lettings' agents are at their busiest, but just as the selling season has shifted in recent years, so has lettings.

Talking to lettings' agents I hear that July is the new September and that if you want to get ahead of the crowd, now is the time to look for your early autumn let.

Like the prime London sales market, price sensitivity is much in evidence. Landlords, understandably want to achieve the best rent they can, but in what is essentially a commercial deal, time is of the essence.

An empty property costs – not earns – money and while holding out for a 5% uplift in rent might seem a sensible move at the time, that 5% can be easily lost. It takes just 18 days of a property being vacant for the 5%, so vigorously fought for, to be wiped out. As a landlord it's important to put emotions and bravado to one side, be sensible with pricing – it pays in the end.

The stakes can be high – particularly at the top end of the market where rents of £5,000 per week are not uncommon.

According to LonRes data, the number of properties available for rent at £5,000 pw has risen from 4.2% of the prime London market in 2019 to 6.3% now. Of course, rents have increased over this time, which in part explains the uplift in numbers, but for some, renting, rather than buying, at the top end of the market makes economic sense.

The average prime central London (PCL) house sold in 2025 – so far this year – for around £4.85m, carries with it a minimum stamp duty bill of £495,000. This assumes a UK resident buying the property as their main home. The average cost of renting a house in PCL this year is £3,100 pw, meaning the stamp duty alone is equivalent to three year's rent. And the numbers only get bigger the further up the property ladder you go.

It's easy to see why for those – especially those – posted to London for say three to five years are now choosing to rent rather than buy. In the not-so-distant past, when stamp duty rates weren't so high and the prime London property market a sure bet for capital growth, this wasn't the case.

However, today's prime London sales market is slow moving and while I've said it before, it's worth saying again, for anyone looking to buy for the long-term, rather than deciding to rent for the short-term, there are deals to be had.

Whether you're renting, buying, letting or selling have a great summer!



Anthony Payne  
Managing Director

*"As a landlord it's important to put emotions and bravado to one side, be sensible with pricing – it pays in the end."*

# Green shoots of recovery – or wishful thinking?

The first half of 2025 has been a tricky period for the prime London property markets, but there are signs that a corner is being turned. Taken at face value, the data for Q2 appears weak, with almost 25% fewer transactions than a year earlier.

But this was impacted by sales brought forward into Q1 to beat a stamp duty rise. Under offers – a forward indicator of activity – picked up again in June.

Feedback from agents suggests that the earlier stages of the sales process, such as buyers registering and making viewings, have also picked up after a quiet period. So there are emerging signs that the second half of the year could see a healthier market, but there are potential barriers to a meaningful recovery.

The mismatch between buyer and seller expectations remains an ongoing issue. While buyers are probably correct to characterise the current environment as a 'buyers' market', in some cases this appears to be leading them to develop unrealistic hopes of a bargain. For properties that do go on to sell, metrics like time on the market and discounts have not significantly weakened.

Vendors that don't have to sell may not feel the need to reduce their prices any further, particularly if they have not seen much price growth since they purchased.

Another market risk comes from external factors relating to the political and economic situation. The beginning of July marked one year since Labour came to power. However, despite the change in government, domestic politics remains unsettled with policy changes and reversals, together with fears of future tax rises and lacklustre economic growth. This has done little to inspire confidence among potential home buyers or investors. Internationally, while London remains viewed as a safe haven for some, it is also apparent that it is less welcoming to wealthy overseas buyers than it has been previously.

Reticence to buy at the top end of the market has given a boost to the prime London lettings market. Supply has picked up – off a low base – including some homes coming across from the sales market. Activity should respond now that there are more properties available, and increased choice for tenants will be welcome given rental growth accelerated again in Q2.

Overall, the prime London property markets are likely to only see incremental changes in the second half of 2025. There is little significant pressure on sales values – in either direction – for many properties and that results in a lack of urgency for buyers and sellers. And the gradual recovery of the lettings market should continue as it reaches its busiest time of year in the autumn.



Nick Gregori  
Head of Research

*"There are emerging signs that the second half of the year could see a healthier market."*

## Overview

# Sales Market

The prime London market in the first half of 2025 can be broken into three phases, characterised by changes in transaction volumes.

- First, there was a relatively steady start to the year.
- Second, a flurry of activity in the run up to the end of the stamp duty holiday on 31 March.
- Then, a slowdown in response to the sales brought forward.

Sales volumes in Q2 were 24.2% lower on an annual basis and 4.3% lower than the pre-pandemic (2017-2019) Q2 average. This has more than offset the strong performance in March, resulting in sales for the first half of the year being 5.0% down on the same period in 2024.

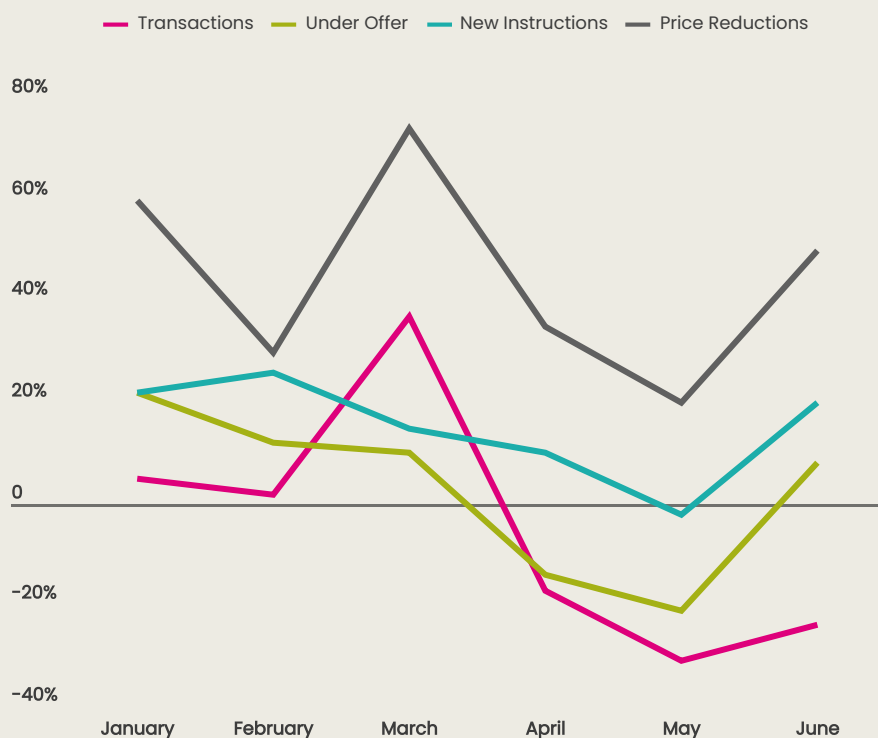
After a good Q1, Q2's under offer numbers fell by 10.2% on an annual basis, but within this there was a return to growth in June. This may be a sign that the market is turning a corner and emerging from the post-stamp duty holiday slump.

By contrast, the supply side has seen much more consistent behaviour this year. Apart from a small drop in May, each month has seen 10+% more new instructions than its 2024 equivalent. New instructions in Q2 were 8.9% higher on an annual basis and 46.1% higher than the pre-pandemic (2017-2019) Q2 average. For H1 2025 there were 14.2% more homes listed than in the first half of 2024.

The homes that remain on the market are seeing their asking price reduced more regularly too. Every month in 2025 so far, has seen 20+% more price reductions than its 2024 equivalent.



**Chart 1 – Monthly Activity in 2025 so far compared to 2024, All Prime London**

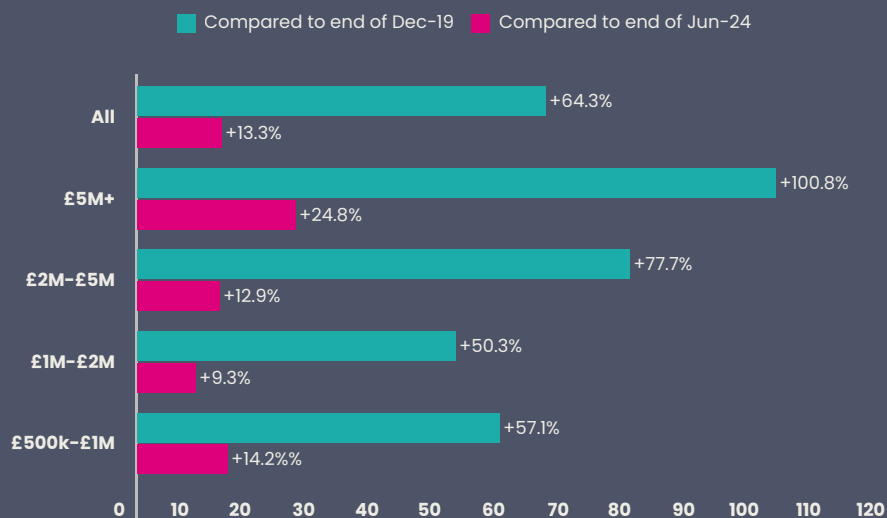


Source: LonRes

With continued growth in new instructions on the supply side and most months seeing subdued sales activity, it is no surprise that the number of homes available for sale across prime London has been rising. At the end of June it was up by 13.3% compared to a year earlier.

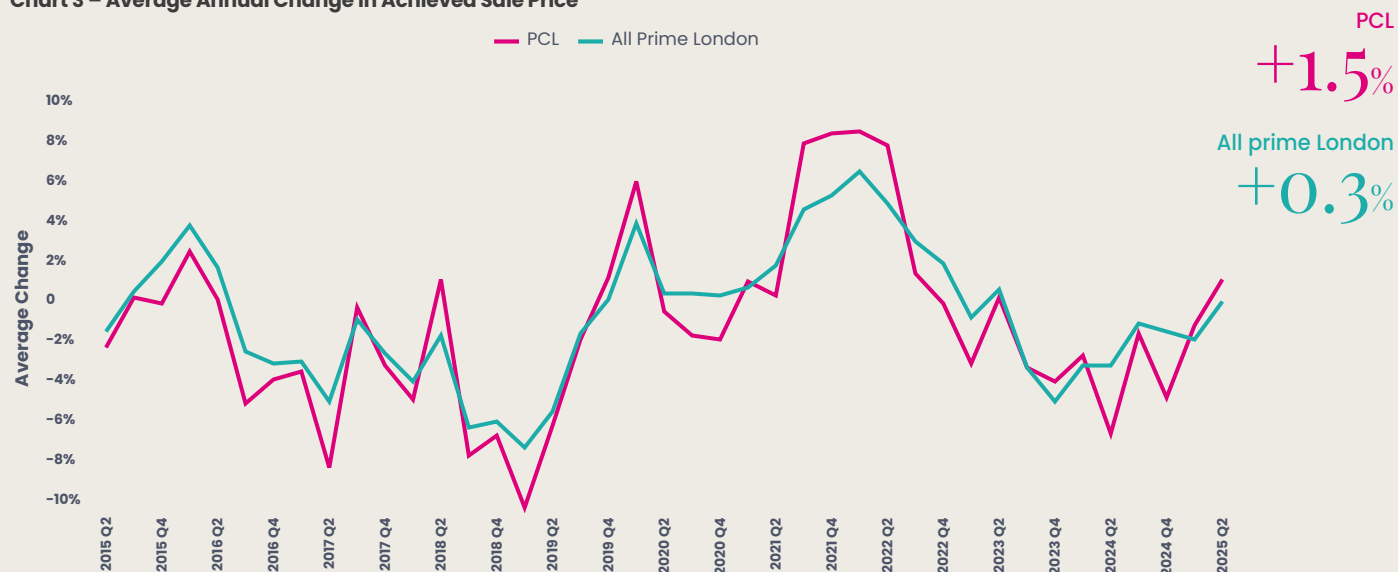
All price points have seen stock on the market grow similarly over the past 12 months, but there is much more variation in the scale of the increases relative to historical trends. There were approximately double the number of £5m+ homes available for sale at the end of June compared to the end of 2019, while the £1-2m bracket has seen half as much growth.

Chart 2 – Stock on the Market by Price Band at end of June 2025



Source: LonRes

Chart 3 – Average Annual Change in Achieved Sale Price



Source: LonRes Prime London Sales Index

2025 H1  
average  
discount:

8.5%

Source: LonRes

Higher supply may be having an impact on price reductions – as vendors compete for the attention of buyers – but it appears to be having little impact on actual achieved prices for the deals that are going through. The latest LonRes Prime London Sales Index reported an annual change of +0.3% in Q2 for all prime London. This is the first time this measure has been positive for two years.

2025 H1  
average time  
on the market:

182 days

Source: LonRes

A similar shift was also seen in the equivalent figures for prime central London, which turned positive with annual growth of 1.5% in Q2. The average discount to asking price across prime London was 8.5% in H1 2025, a slight increase from the 8.4% recorded in the first half of 2024. Average time on the market also saw a small rise over that timeframe, from 179 days to 182.

These figures suggest demand remains relatively robust, but they are derived from the properties that sell – it's the higher proportion of properties that are struggling to sell that reflect the weakness in the market.





## Sales

# Super Prime Sales Market Update

The trends in the £5m+ market in Q2 were much the same as in recent quarters.

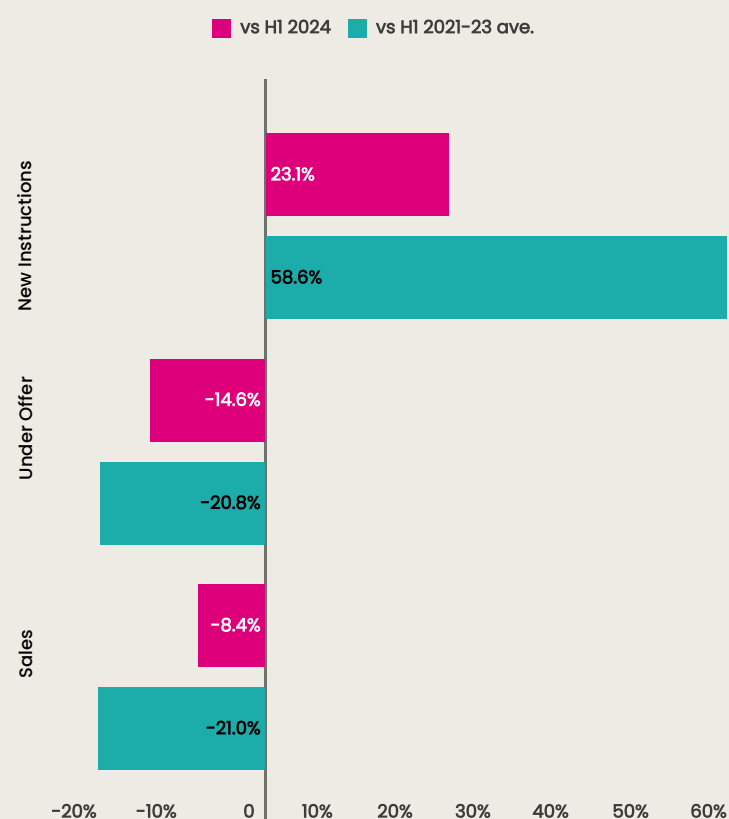
New instructions continued to rise, up by 17.0% compared to Q2 2024, while transaction levels remained broadly stable, falling 4.6% compared to last year.

Relative to the strong market of 2021 through 2023, activity has declined, but it is ahead of pre-pandemic benchmarks – there were 20.6% more transactions in the first half of 2025 compared to the 2017-19 H1 average.

With this supply-demand balance, stock on the market has increased, recently reaching a record high. At the end of June there were 24.8% more homes for sale in this market across prime London than a year earlier.

In a similar fashion to the wider market, despite the high level of available stock there has not been a significant impact on pricing for the houses that do sell. The average discount to asking price in the first half of 2025 for £5m+ sales was 12.2%, a slight increase from 11.7% for the same months last year.

Chart 4 – £5m+ Activity Measures Across Prime London – H1 2025



Source: LonRes



## *Is PCL good value?*

House price cycles and lifestyle factors have historically combined to make moving back into London – central London in particular – difficult for those who have moved further out, or away from the capital completely. But house price indices show that prime central London has been underperforming other areas (of London and the rest of the UK) for many years now, so could the balance have shifted?

This section looks at some worked examples of house moves that people may have been or are considering and asks the question, “Is PCL good value?”





A small step...

*First, we look back at what £1m would have bought you back in 2015 in selected London locations, using LonRes data.*

Values in what was then the most expensive parts of London – Mayfair and Knightsbridge & Belgravia – were around £2,300 per sq ft for flats. So £1m would equate to a 400–450 sq ft flat, probably a one-bed.

Indicative price ratio  
of SW semi to PCL flat  
in 2015

1.5x

Source: LonRes

Indicative price ratio  
of SW semi to PCL flat  
in 2025

2x

Source: LonRes

For someone looking to move out of central London towards the prime South West suburbs – including areas like Putney, Richmond and Wimbledon – this £1m budget would stretch to a three or four-bed terraced house of around 1,300 sq ft, based on the average house value at the time of around £750 per sq ft. For those able to up their budget as part of the move, £1.5m would open up four to five-bed, 2,000 sq ft semi-detached homes in this market – a significant upgrade.





The equivalent sums today show how much the market has changed. The 2025 central London values are about 10% lower at £2,100 per sq ft on average (Mayfair has stayed around £2,300 but Knightsbridge & Belgravia has fallen further), so your one-bed flat from 2015 is now worth around £900,000.

House values in our SW London area have risen to £900 per sq ft, so you could now only swap our central flat for 1,000 sq ft there – a 23% smaller property than in 2015. Alternatively, the 1,300 sq ft houses are now worth closer to £1.2m, requiring an extra £300,000 of capital. Finally, you would have to find £900k to upgrade to the larger properties mentioned above, they've gone from 1.5x the value of a PCL flat to 2x in 10 years.

For anyone who did make the move out nearer the PCL peak a decade ago and might be thinking of moving back, the reverse applies, so their buying power has increased significantly.

...or a giant leap

*Similar analysis can be carried out for examples of moving out of London over the same time period using Land Registry data.*

Elmbridge detached house to central London flat in 2015

13%

Source: Land Registry

Elmbridge detached house to central London flat in 2025

56%

Source: Land Registry

According to the Land Registry house price index data, the average flat price across the two central London boroughs of Westminster and Kensington & Chelsea was £1.04m in 2015.

Our hypothetical house-hunter has gone past Wimbledon and is now looking a little further down the A3 at the district of Elmbridge (including prime commuter towns such as Esher and Cobham), the most expensive location outside London according to Land Registry data. In 2015 the average detached house price was £1.17m, a 13% premium over the average central London flat.

Fast-forward back to 2025 and the sums look very different. Average flat values in central London have fallen 5% to around £980,000, while the average detached house in Elmbridge has risen 31% to over £1.5m, a 56% premium.







## Overview

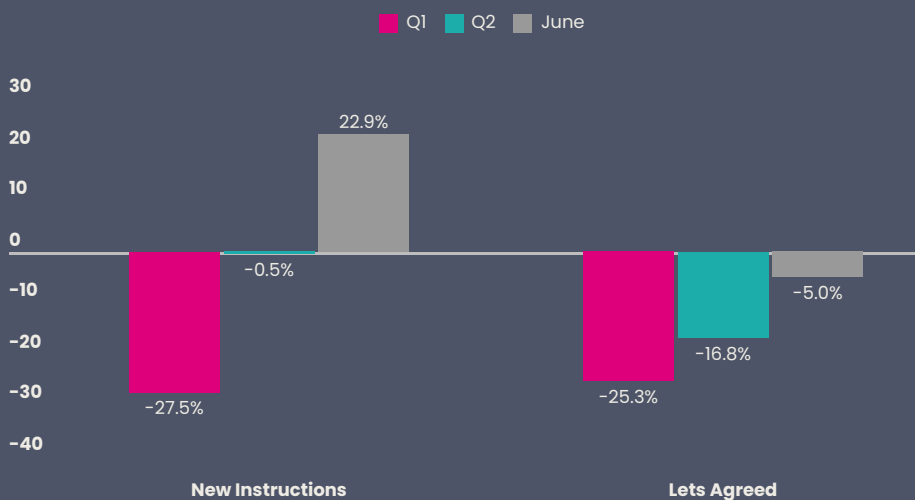
# Lettings Market

Lettings supply across prime London started to pick up in Q2, but demand remained robust and rental growth accelerated again.



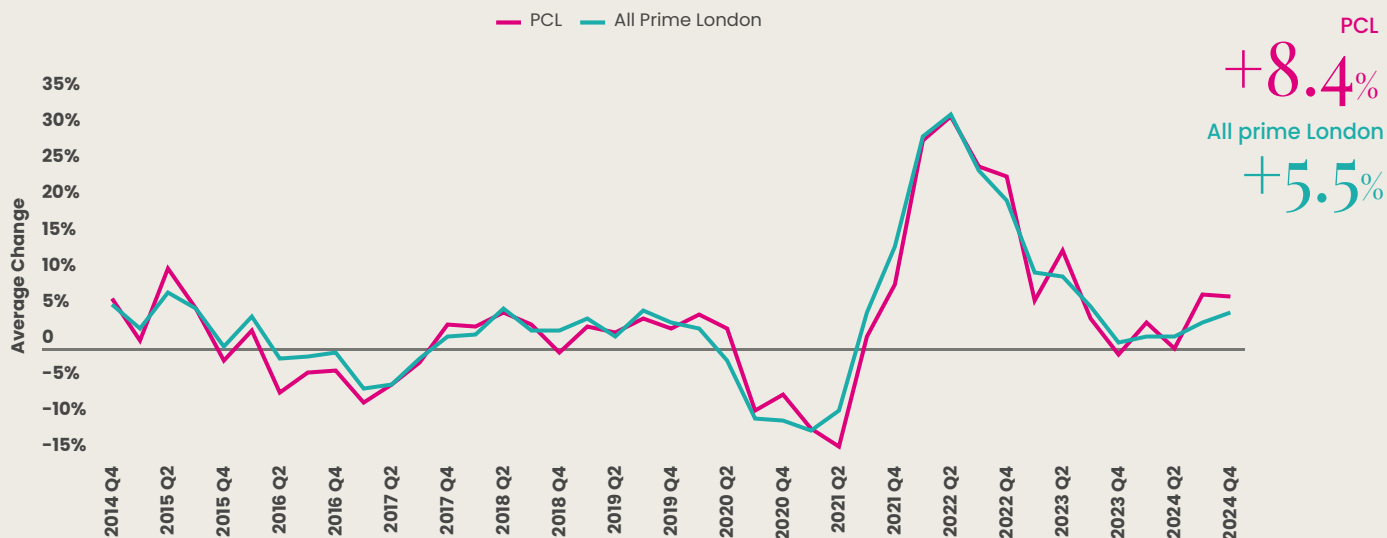
New instructions in Q2 were 0.5% lower than Q2 2024 but, within that small fall, in June alone they were 22.9% higher on an annual basis. This increased availability will take time to fully feed through into higher activity, but the data for lets agreed is already starting to move in the right direction – the 5.0% annual fall in June an improvement on the -16.8% Q2 figure.

**Chart 5 – Activity Measures Across Prime London**  
– Compared to Same Period Last Year



Source: LonRes

**Chart 6 – Average Annual Change in Achieved Rents**



Source: LonRes

2025 H1  
average  
discount:

3.4%

Source: LonRes

2025 H1  
average time  
on the market:

65 days

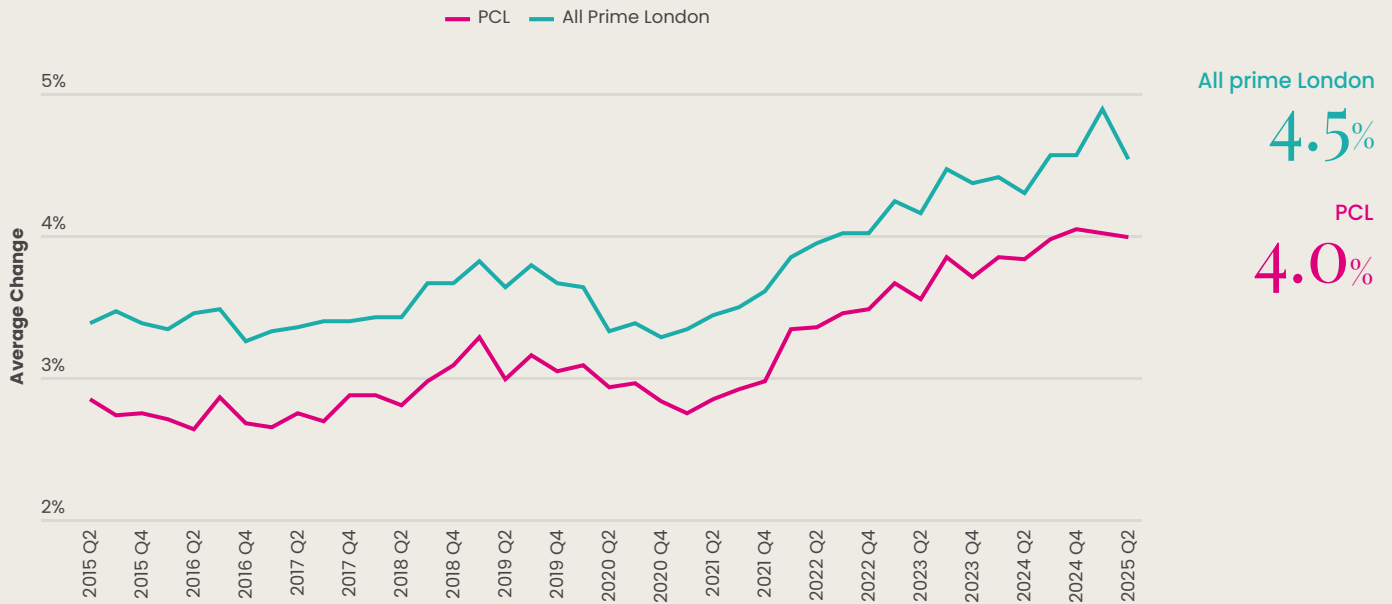
Source: LonRes

The latest LonRes Prime London Rental Index recorded a quarterly increase of 2.5% in Q2, taking annual growth to 5.5% – the highest figure since Q3 2023. Prime central London was the best performing area on an annual basis, recording 8.4% growth. On average rents are more than 35% above pre-pandemic levels following the extended period of rapid growth from late 2021 to 2023.

Outside of price rises, other metrics also indicate the strength of demand in the prime London lettings market. The average discount to asking was 3.4% in the first half of 2025, down from 4.0% in the equivalent period in 2024. Average time on the market was unchanged over the same period, 65 days in both cases.



Chart 7 – Average Annual Yields



Source: LonRes Prime London Yields Index



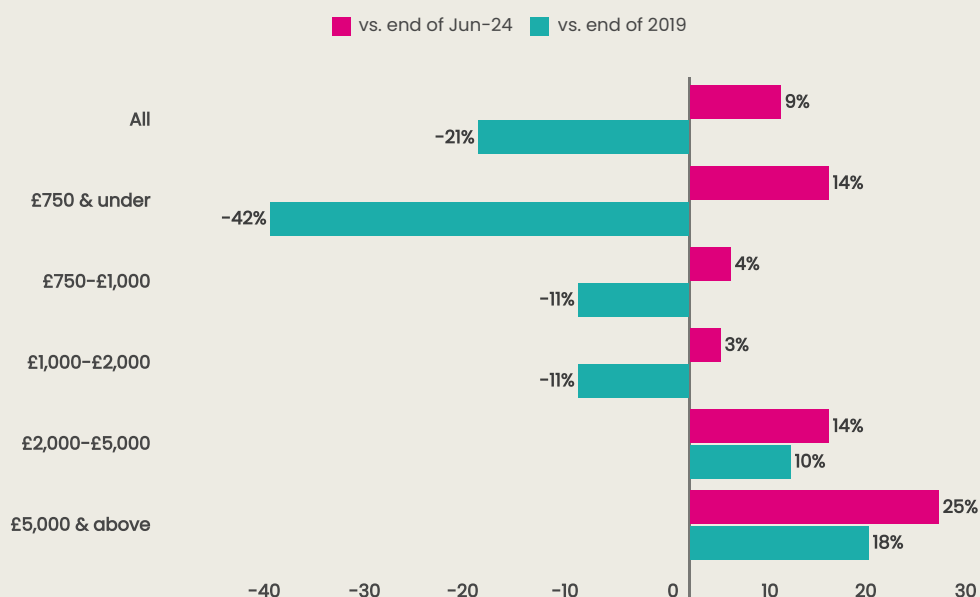
*Since 2020, yields across prime London in general have been steadily rising as rents have grown faster than capital values.*

In 2025 so far there has been some volatility in our Prime London Yields Index, with yields rising sharply in Q1 but settling back in Q2 to where they finished 2024. The average yield across prime London in Q2 was 4.54%, compared to 4.56% at the end of 2024. Prior to 2021 prime London yields were broadly flat, remaining around the 3.5% mark for several years.

*The super prime rental market has seen the strongest growth in supply, up 25% over the past year and 18% compared to pre-pandemic levels. The rental growth mentioned above is also a driver of expansion in this market.*

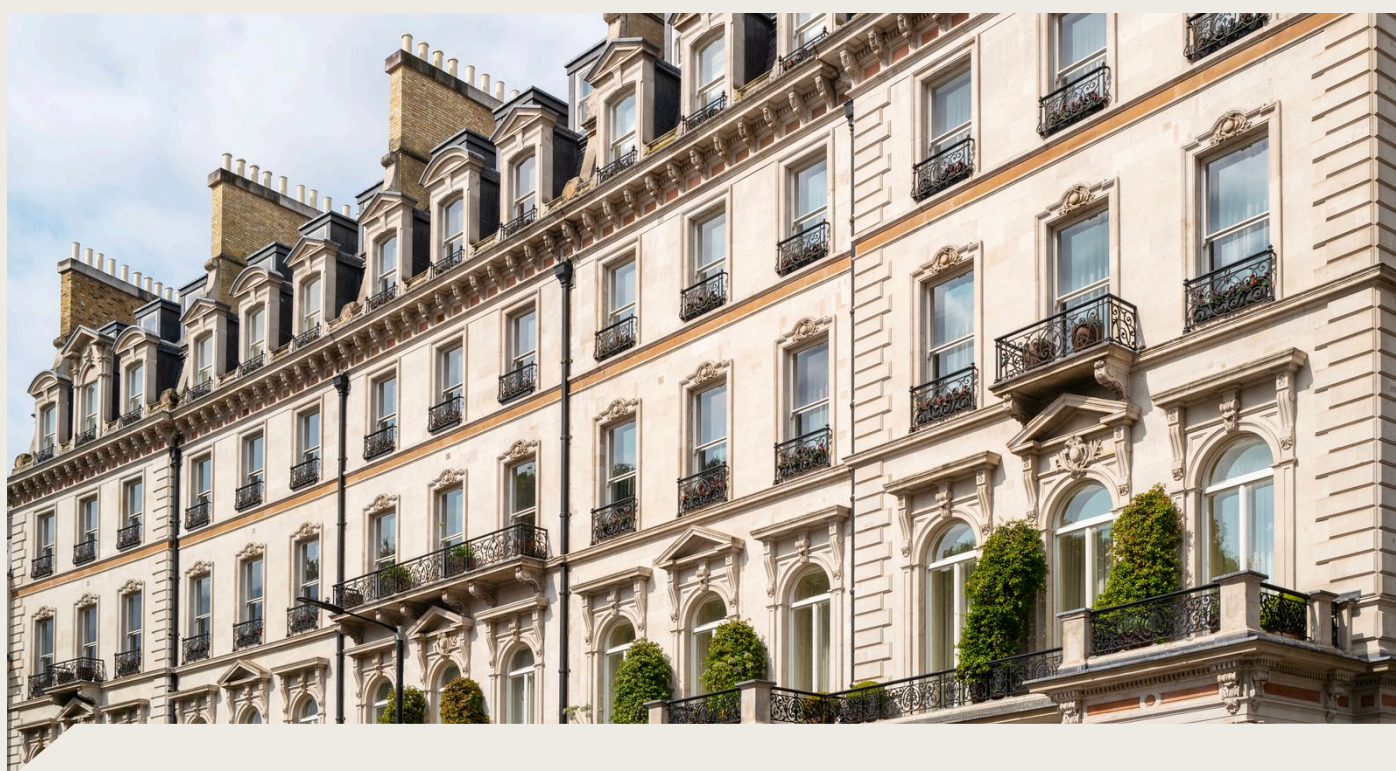
The number of homes available to rent across prime London remains below pre-pandemic levels but has been recovering in 2025 so far. At the end of June, lettings stock on the market was 9% higher than a year earlier but 21% below where it was at the end of 2019.

**Chart 8 – Stock on the Market by Weekly Rent at End of June 2025, All Prime London**



Source: LonRes

Broken down by price band, the biggest change has happened at the lower end of the market, where available stock is 42% lower than the end of 2019 for the £750 per week and under band. There are many factors responsible here: significant price growth has taken many properties out of this bracket, plus longer tenancies and strong demand meaning properties are not always listed. But supply is rising again in this market on an annual basis, up 14% at the end of June.





# *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, W1I, W14.
- Prime Fringe: SE1, SE1I, SW4, SW5, SW6, SW1I, 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 30 June 2025.

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