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Winter Edition 2025/26

# *Prime London* Market Update



The Royal Borough of Kensington  
and Chelsea  
KENSINGTON  
PARK GARDENS, W.11.

Prime London Market Update

# Winter Edition

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CEO

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# Opening Thoughts

This quarter, I'm looking back to look forward. In my last column you may remember (possibly not!) that I talked about the impact that the government's pre-Budget kite-flying was having on the housing market. We're now well and truly post-Budget and the taxation changes that were introduced while not great – could have been far worse. In fact some might say they were relatively benign. But the damage caused by the prolonged uncertainty in the run-up to the Budget was far from benign.

The pre-Budget months of 2025 were in sharp contrast to the pre-Budget months of 2024 when buyers – rather than sellers – raced to beat tax rises that were rumoured but once again came to nothing. What I'm trying to say is that the price falls in the final quarter of 2025 were a double whammy – steep discounts, benchmarked against a relatively strong year end in 2024 with inflated values.

When I look to the year ahead my view is that we're likely to see a repeat of the first half of 2025 – a little up and down here and there but essentially flat with perhaps, a little more down than up. I can't see the catalyst that will set the market alight, but neither, despite the global turmoil, can I see one that will bring it crashing down.

That said, as I write the Royal Borough of Kensington & Chelsea are battling with a cyberattack that took down their systems in November last year. With no sign of when they'll be back up and running, local authority searches are on hold. Gazing into my crystal ball I foresee falling property transactions in one of the country's most expensive boroughs and, with that, reduced income for the Treasury from stamp duty. Now there's something I couldn't have predicted a year ago!



Anthony Payne  
CEO

*"The price falls in the final quarter of 2025 were a double whammy – steep discounts, benchmarked against a relatively strong year end in 2024"*

# Waiting for the dust to settle

A year ago, this introduction started by saying that 2024 was a stop-start year and it finished by saying that 2025 would be similar. So, a rare win for researchers' skills of prediction. But it may be fairer to say that the prime London sales markets in 2025 saw more stops than starts, with external events and a struggling domestic economy combining to keep activity subdued for much of the year

The end of a stamp duty holiday in March produced a spike in sales, with a smaller one ahead of the Budget in November as buyers feared higher taxes if they delayed their purchase. Outside this, there was a growing imbalance between supply and demand over much of the year, with stock on the market rising. More choice means buyers can afford to take their time and drive a hard bargain. This generates downward pressure on values, creating a feedback loop as potential buyers expect further price falls and hold off making offers.

Despite the brief increase in activity directly before the Budget, the net effect of the many months of speculation regarding tax increases damaged the market. While the taxation changes may be relatively limited and a couple of years away, it could be the case that there is some pent-up demand waiting to be unleashed in early 2026. At the moment, it's too soon to tell. Improvements in the mortgage market will also feed in to any nascent recovery, with signs that competition between lenders is starting to bear down on borrowing costs.

In the prime London lettings market, 2025 started relatively slowly with a lack of supply continuing to constrain the number of new lets. But new instructions increased steadily through the year, in turn enabling activity to increase and restricting rent rises. By Q4, we saw the first annual rental falls in over four years.

The outlook for the prime London housing market in 2026 includes some emerging positive signs. Domestically, the speculation around unwelcome tax rises is behind us, and borrowing costs are heading in the right direction. But market conditions do not yet appear to be in a place that would allow significant price growth or volume increases. Any improvements are likely to be incremental in the short term. Beyond that, external factors could again have an impact as global political uncertainty ramps up, with the prospect of a damaging trade war with the US back on the agenda.



Nick Gregori  
Head of Research

*"The outlook for the prime London housing market in 2026 includes some emerging positive signs"*

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# Sales Market

The prime London sales market was significantly disrupted by – in the end, mostly unfounded – speculation regarding higher property taxes in the second half of 2025. The mixed data for Q4, covering the periods directly before and after the Budget, reflects the uncertainty felt by both buyers and sellers.

There were 18.1% fewer transactions in the final quarter of 2025 compared to a year earlier, well below the equivalent figures for the first nine months of the year. Transactions for the year ended down 8.1% on 2024. New instructions rose strongly in the first three quarters – up 17.0% vs a year earlier – but fell 3.4% in Q4 on the same basis.

The relative shifts in growth of withdrawals and price reductions over the course of the year offer some insight into the views of vendors. From Q1 to Q3, the number of price reductions increased by 34.7%, compared to an 11.1% rise in

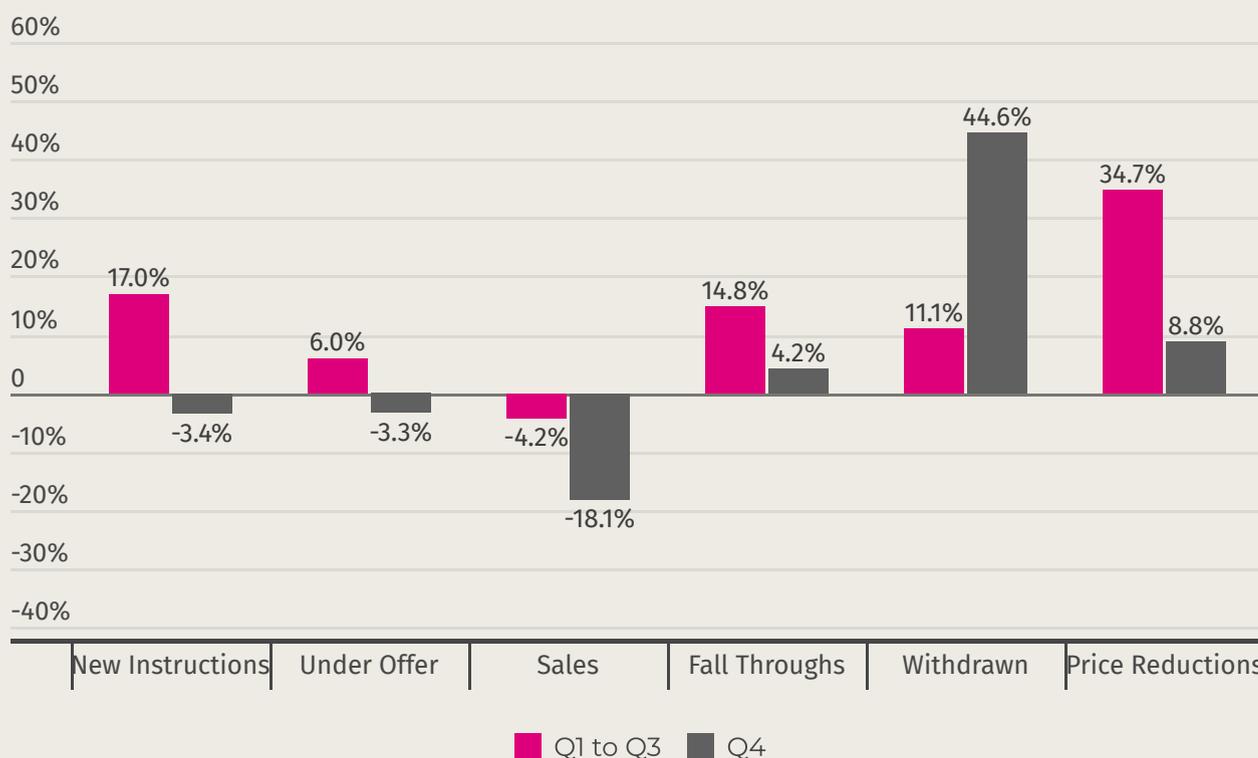
withdrawals. In Q4, the respective figures were 8.8% and 44.6%.

This suggests that some vendors may have decided to aim for a fresh start in the first part of 2026 rather than make further price cuts at a time when fewer buyers were around.

Q4's under offer numbers fell by 3.3% on an annual basis, but rose by 3.6% over the full year. This suggests that underlying demand remains robust, though rising numbers of fall throughs – up by 12.0% in 2025 vs 2024 – explain in part why this has not translated into completed sales.

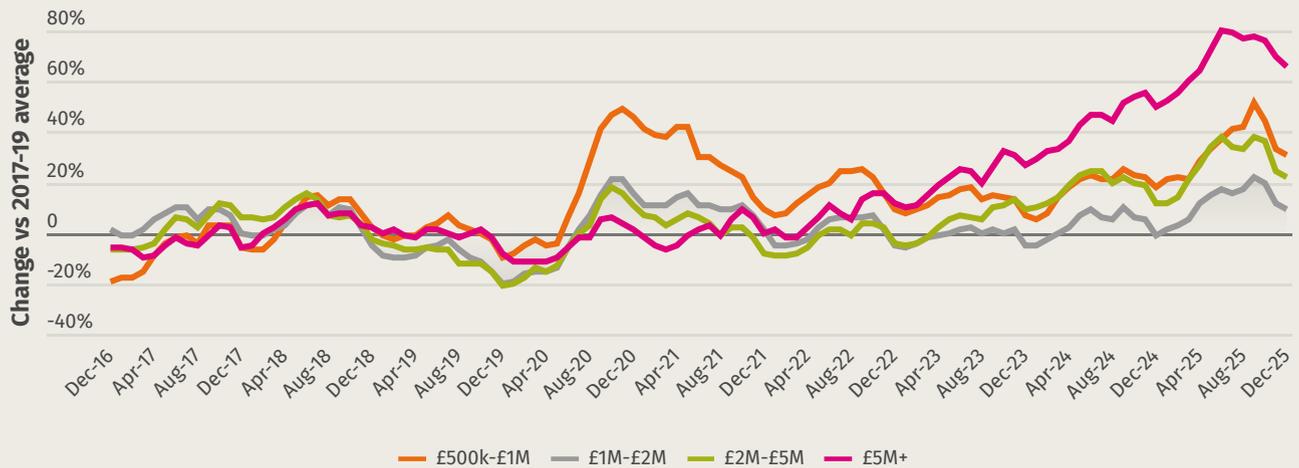
## Activity Measures Across Prime London – 2025 Compared to Same Period in 2024

Source: LonRes



### Stock on the Market by Price Band, Compared to 2017-19 Average

Source: LonRes



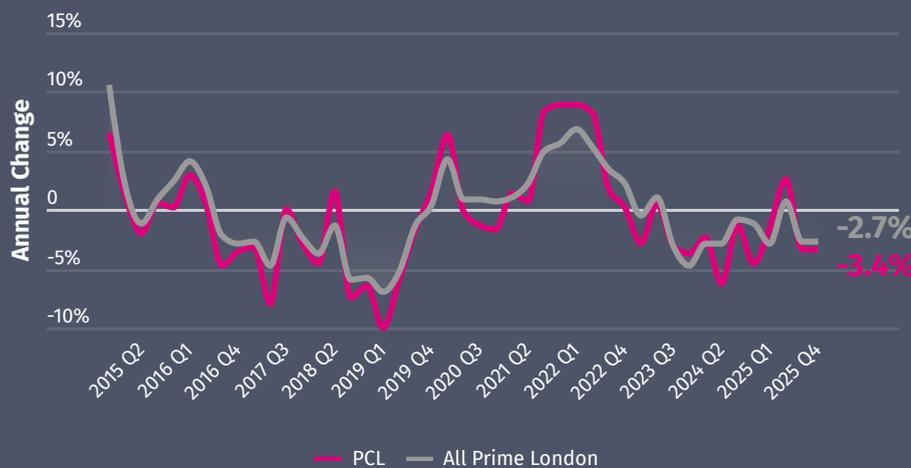
For much of 2025, the growing volume of stock on the market highlighted the relative weakness of demand compared to supply. This changed in Q4, when the increased level of withdrawals meant that, although still up by 10.3% over the full year, the number of homes for sale across prime London fell from its September peak.

Looking at this data broken down by price point shows some significant variations. From 2017 to 2019, similar patterns could be observed across all values.

During the pandemic and the subsequent recovery, the trends start to diverge. Since 2023, the £5m+ market has seen consistent rises in available stock, peaking at 80% above its 2017-19 average in summer 2025 and reaching +67% at the end of 2025. The £1m to £2m band has seen the smallest increase, up only 9% on the same basis after peaking at +23% in September 2025.

### Average Annual Change in Achieved Sale Price

Source: LonRes Prime London Sales Index



**9.0%**

2025 average discount

Source: LonRes

**170**

2025 average days on the market

Source: LonRes

Lower demand set against higher supply has put continued downward pressure on values. The latest LonRes Prime London Sales Index reported an annual change of -2.7%, after a 2.0% fall vs Q3. The figures for prime central London have tracked the wider prime market in 2025, recording a similar annual change of -3.4% in Q4. The average discount to asking price across prime London was 9.0% in 2025, up from

the 8.4% recorded in 2024. Average time on the market saw a negligible rise, from 169 days in 2024 to 170 in 2025. The average discount to asking price across prime London was 9.0% in 2025, up from the 8.4% recorded in 2024. Average time on the market saw a negligible rise, from 169 days in 2024 to 170 in 2025.

# Super Prime Sales Market Update

The £5m+ sales market continued to underperform in 2025, with activity slowing further from the highs of 2021 and 2022. Three quarters into the year, sales were already down by 4.9% compared to 2024, and Q4 saw a more significant drop of 38.7%. Despite this, 2025 saw 17% more transactions than the 2017 to 2019 average.

Q4 also saw a shift in supply, with new instructions falling 18.8% compared to Q4 2024 after rising 14.8% over the first three quarters of the year. This resulted in the annual total for 2025 7.8% higher than 2024. At the end of 2025 there were 11.4% more homes for sale at the top end of the prime London market than a year earlier.

The rate of growth in the number of price reductions fell to 9.1% in Q4 compared to 36.9% in Q1 to Q3, while the number of properties withdrawn from sale moved in the opposite direction. These figures suggest that sellers may have been put off by the uncertainty around the Budget and chose to wait for the market to show signs of improvement before relaunching their homes at some point in 2026.



## £5m+ Activity Measures Across Prime London – 2025 Compared to Same Period in 2024

Source: LonRes



# 2025 Local Market Review

## Average Achieved Sale Price per sq. ft. by Neighbourhood in 2025

Source: LonRes ('Prime Central' and 'Inner Prime' catchments; confirmed deals only; excludes short leases)

Neighbourhood	2025	Annual change	10-year change
Mayfair & St James's	£2,445	4.8%	-0.2%
Knightsbridge & Belgravia	£1,835	-9.8%	-20.1%
Marylebone & Medical Territory	£1,633	1.9%	4.7%
South Kensington	£1,535	-0.3%	-17.0%
Chelsea	£1,447	-3.1%	-13.9%
Fitzrovia, Bloomsbury & Soho	£1,383	-9.8%	-14.6%
Kensington, Notting Hill & Holland Park	£1,381	-4.3%	1.1%
Bayswater & Maida Vale	£1,294	0.0%	-1.1%
Hampstead	£1,181	-3.2%	6.0%
St Johns Wood, Regents Park & Primrose Hill	£1,157	-8.2%	-5.3%
Pimlico, Westminster & Victoria	£1,085	-0.6%	-9.8%

## £2,445

**Mayfair & St. James's** recorded the highest average sales value per sq ft in 2025 – £2,445

## 4.8%

**Mayfair & St. James's** also recorded the largest annual increase (2025 vs 2024) in average sales value per sq ft in 2025 – +4.8%

## 6.0%

**Hampstead** recorded the largest ten-year increase (2025 vs 2015) in average sales value per sq ft in 2025 – +6.0%

## 2025 Local Market Review cont.

## 'Biggest' Deals by Neighbourhood

Source: LonRes ('Prime Central' and 'Inner Prime' catchments; confirmed deals only; excludes short leases and short lets)

Neighbourhood	Largest property (sq ft)	Highest sold price	Highest sold £ per sq ft	Highest weekly rent
Mayfair & St James's	6,849	£21,000,000	£6,343	£10,000
Knightsbridge & Belgravia	10,000	£35,000,000	£4,855	£27,000
Marylebone & Medical Territory	8,683	£10,500,000	£5,340	£6,000
South Kensington	16,546	£28,000,000	£4,505	£6,700
Chelsea	10,551	£24,500,000	£3,968	£16,750
Fitzrovia, Bloomsbury & Soho	3,448	£5,300,000	£2,123	£7,000
Kensington, Notting Hill & Holland Park	16,318	£41,000,000	£4,132	£23,833
Bayswater & Maida Vale	6,700	£23,000,000	£4,594	£11,000
Hampstead	9,092	£18,800,000	£2,479	£17,308
St Johns Wood, Regents Park & Primrose Hill	12,285	£40,000,000	£4,269	£16,000
Pimlico, Westminster & Victoria	9,582	£23,000,000	£2,554	£3,500



16,546 sq ft

The largest property sold in 2025 was a 12-bed house in SW7



£41m

The most expensive property sold in 2025 was a house in W11



£6,343

The highest value per sq ft property sold in 2025 was a flat in SW1A



£27k/week

The most expensive property let in 2025 was a flat in SW1X

### Average Achieved Weekly Rent by Neighbourhood

Source: LonRes ('Prime Central' and 'Inner Prime' catchments; confirmed deals only; excludes short lets; change figures based on £ per sq ft)

Neighbourhood	2025	Annual change	10-year change
Mayfair & St James's	£1,567	-7.0%	29.0%
Knightsbridge & Belgravia	£1,941	5.4%	33.5%
Marylebone & Medical Territory	£1,024	3.2%	43.5%
South Kensington	£1,240	4.9%	26.3%
Chelsea	£1,026	3.3%	26.6%
Fitzrovia, Bloomsbury & Soho	£877	-1.2%	35.3%
Kensington, Notting Hill & Holland Park	£1,150	4.5%	30.6%
Bayswater & Maida Vale	£906	6.3%	39.9%
Hampstead	£1,206	4.6%	40.2%
St Johns Wood, Regents Park & Primrose Hill	£1,073	-0.1%	37.1%
Pimlico, Westminster & Victoria	£781	5.5%	42.2%



£1,941

**Knightsbridge & Belgravia** recorded the highest average weekly rent in 2025



43.5%

**Marylebone & Medical Territory** recorded the largest ten-year increase (2025 vs 2015) in average rental value per sq ft in 2025



6.3%

**Bayswater & Maida Vale** recorded the largest annual increase (2025 vs 2024) in average rental value per sq ft in 2025





Overview

# Lettings Market

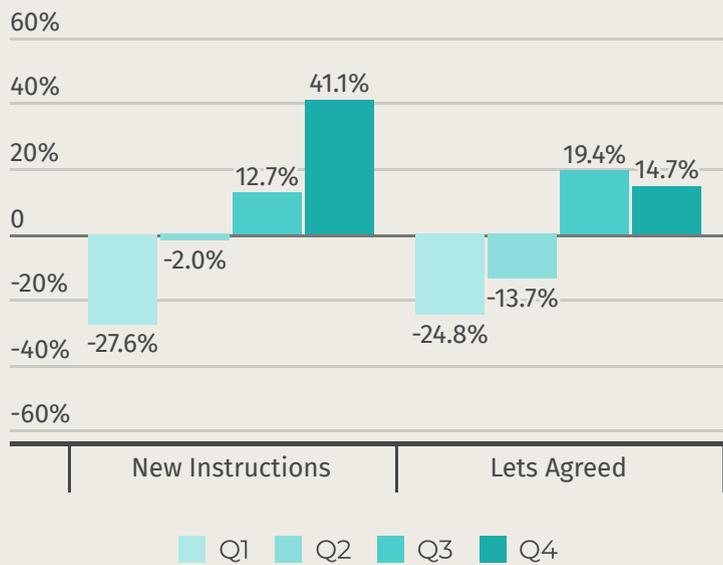
The prime London lettings market in 2025 was in contrast to 2024, starting the year slowly then recovering strongly in the second half.

Overall, the key supply and demand metrics for the full year ended up much in line with 2024. Rental growth slowed over the course of the year and turned negative in Q4, recording the first fall on an annual basis since summer 2021.

New instructions across prime London increased by 41.1% in Q4 compared to the same period in 2024, resulting in a rise of 3.7% over the full year. Lets agreed also picked up over the second half of 2025, rising by 14.7% in the final quarter and finishing the year slightly up, by 0.2%.

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

Source: LonRes



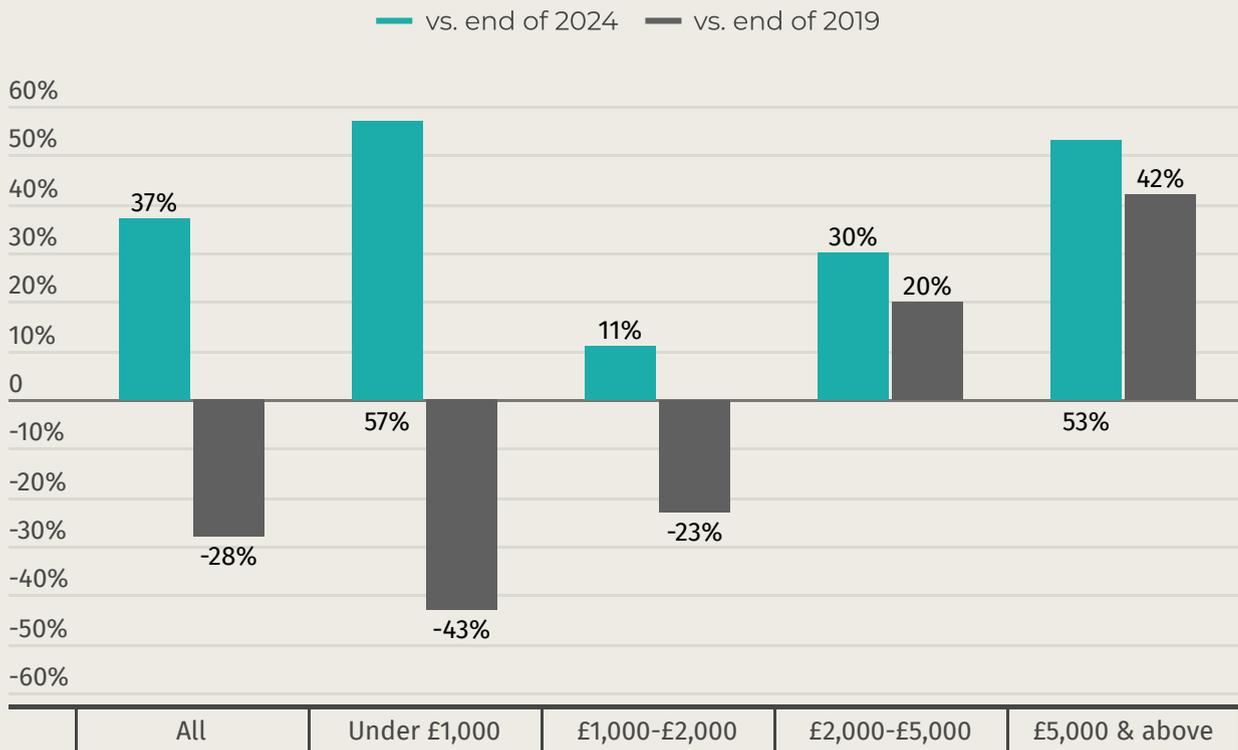


The number of homes available to rent across prime London remains down on long-term average levels, but 2025 saw this measure steadily improve through the year. On 31 December 2025 there were 37.2% more homes on the lettings market than a year earlier. Compared to the end of 2019 – the last full year prior to the market disruption caused by the pandemic – there are currently around 54% fewer homes available.

Broken down by price band, all price points are showing annual increases but the longer-term changes in availability vary a lot. At rents over £5,000 per week, there was significantly more stock on the market at the end of 2025 compared to the end of 2019 (+42%), while under £1,000 availability was 43% lower over the same period, despite the increase in 2025.

### Stock on the Market by Weekly Rent at End of 2025, All Prime London

Source: LonRes



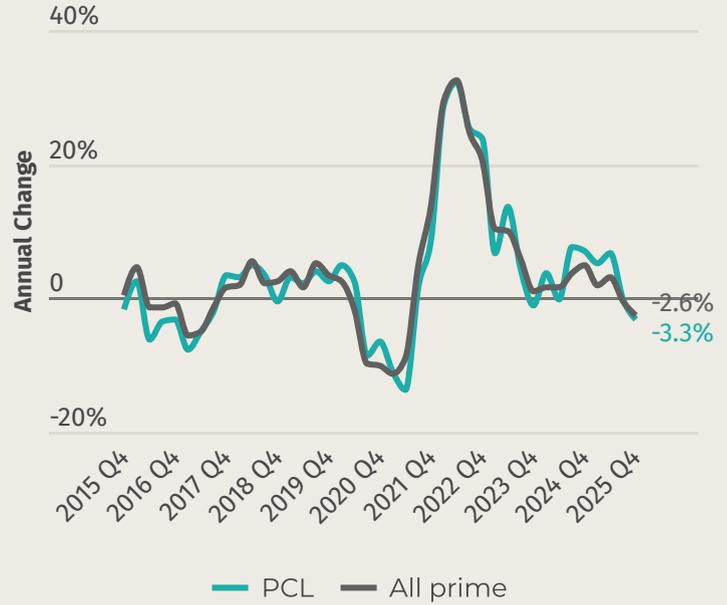
The latest LonRes Prime London Rental Index recorded a quarterly increase of 0.4% in Q4 for all prime London, but the annual change turned negative at -2.6%. This is the first fall in rents on an annual basis since Q2 2021. However, on average rents remain almost 30% above pre-pandemic levels. All our catchment areas saw annual falls, with prime central London the poorest performer at -3.3%.

These price falls will be linked to improving availability, but other metrics indicate that demand remains robust. The average discount to asking price across prime London was 2.8% in 2025, down from the 3.3% recorded in 2024 and below the longer-term average. Average time on the market saw a small decrease, from 63 days in 2024 to 62 in 2025.

Despite the slowdown in rental growth, yields across prime London increased in 2025. The average yield for PCL in Q4 was 4.28%, up from 4.18% in Q3 and from 4.05% at the end of 2024. Yields in all prime London fell slightly on a quarterly basis, from 4.85% in Q3 to 4.74% in Q4, but were up from 4.56% at the end of 2024. Prior to 2021 prime London yields were broadly flat, remaining around the 3.5% mark for a number of years.

### Average Annual Change in Achieved Rents

Source: LonRes Prime London Rental Index



2.8%

2025 average discount

Source: LonRes

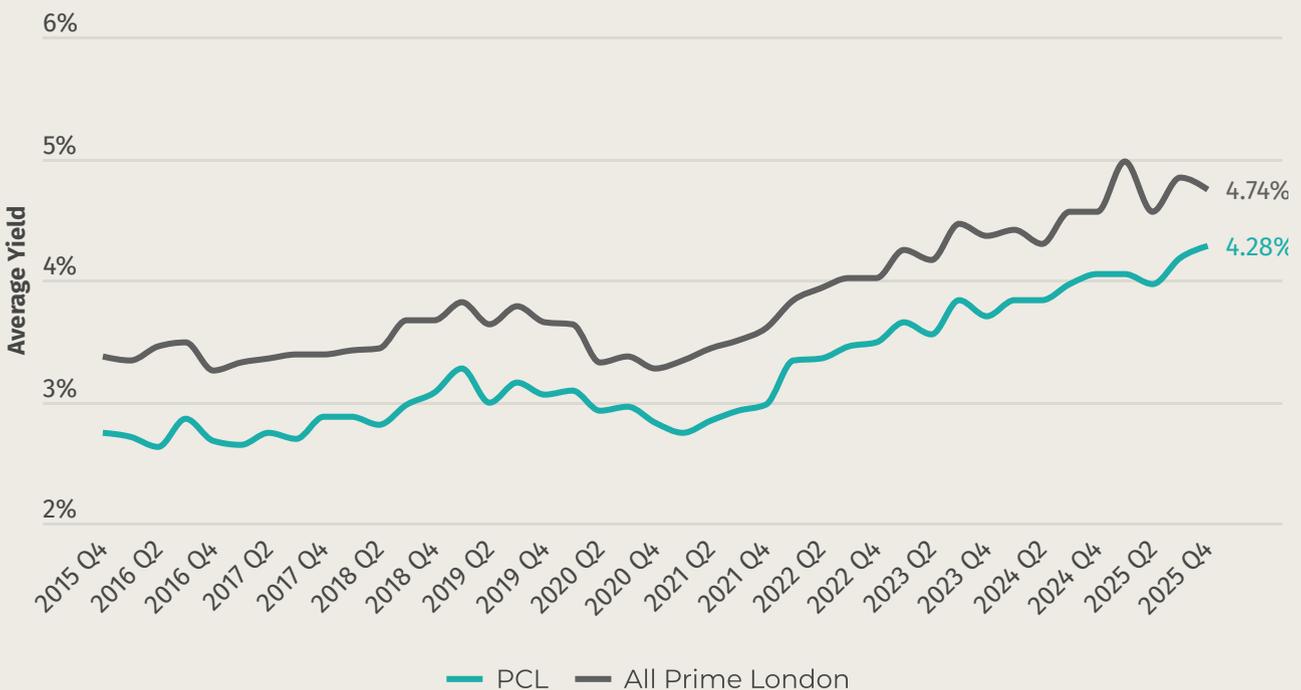
62

2025 average days on the market

Source: LonRes

### Average Annual Yields

Source: LonRes Prime London Yields Index



# *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 December 2025.

## **Contact Us**

LonRes Research Team  
[research@lonres.com](mailto:research@lonres.com)  
020 7924 6622 | LonRes.com

