MASON
VALUATION CONSULTANTS



Prime Central London Update

June 2025

Key highlights

- Prime Central London* sales activity fell in Q1 2025, with 131 transactions recorded by LonRes**. This is 29% down on sales volumes in Q4 2024. There were 657 sales above £3m in the 12 months to March, 2% lower than the 12 months to December 2024 but 29% above the Q3 2016 to Q1 2020 average, the period following the Brexit referendum but pre-Pandemic.

- The number of homes for sale in the £3-15m market is high compared to past levels and relative to current sales activity. The ratio of available stock to monthly sales was 34.4 in Q1 2025, up from 21.3 at the end of last year and significantly above the long-term average of around 20.

- Values fell in Q1, according to both the agents' opinion-based indices and figures based on sold prices. The value gap between houses and flats on a £ per sq ft basis increased slightly in Q1, with house prices stable and flats rising.

- Average discounts in PCL decreased slightly in Q1, with little change over the past year. Broken down by property type, average discounts for prime houses remain smaller than for flats (8.9% vs. 9.6%), with the gap slightly smaller than in Q4.

- Q1 saw some change to our forecast monitor as Knight Frank issue a full update of their figures, revising PCL down and Greater London up. Savills and JLL are unchanged from November.

*PCL in this report refers to £3m+ sales in the following areas unless otherwise stated: SW1(A, W, X, Y), SW3, SW7, SW10, SW5, W14, W11, W8, W2, W9, NW1, NW8, W1(C, G, H, J, K, S, U).
**LonRes is a well-publicised data source for professionals working in London.

Market background

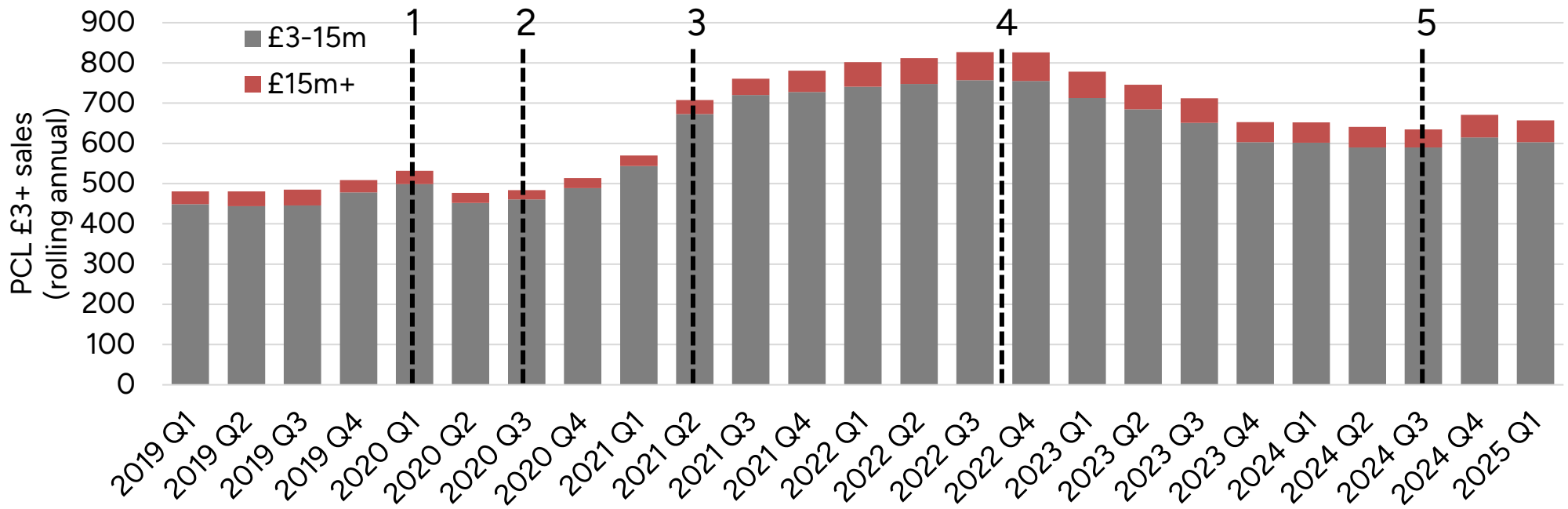


Area	Transactions (12m to Dec-24)	Compared to last Q (12m to Sep-24)
England	707,000	Down 39,000 (-5%)
London	79,000	Down 4,300 (-5%)
Camden, Westminster and RBKC	5,800	Down 600 (-10%)
PCL £3m+	550	Down 140 (-21%)

Source: Land Registry Price Paid Data
Note: Figures rounded. Previous Q figures have been revised.

- The £3m+ Prime Central London market typically makes up less than 1% of all transactions in London, and around 0.1% nationally.
- At times it can behave very differently to the mainstream markets because the drivers of activity are not the same.
- Smaller sales volumes – plus unique properties and a higher proportion of off-market deals – mean prices can be volatile.

Transaction trends



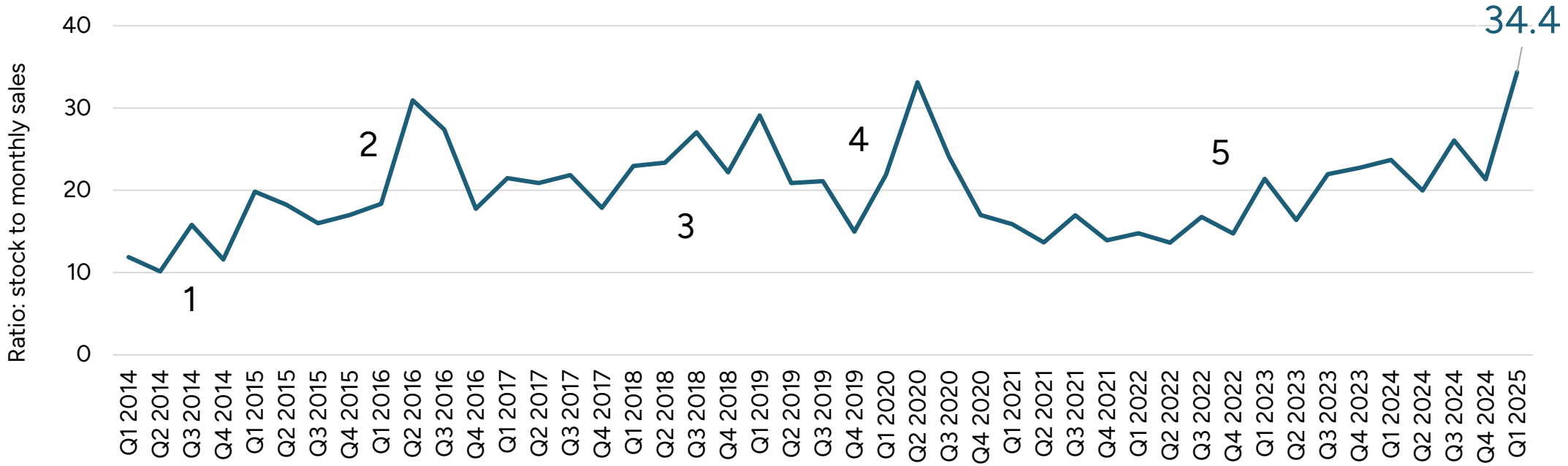
Source: LonRes

Mar 2020	Jul 2020	Q2 2021	Sep-Oct 2022	Jul 2024
1: First Covid-19 lockdown starts	2. Stamp Duty holiday starts	3: Stamp Duty holiday tapers down (ends in Q3)	4: Rishi Sunak becomes third PM of 2022 after Liz Truss resigns	5: Labour Government – first in 14 years

Transaction trends

- £3m+ activity in PCL in Q1 2025 decreased compared to Q4 2024, driven by a 26% fall in the volume of sales in the prime (£3-15m) market. Transactions in the smaller super prime (£15m+) market fell by 57% over the same period.
- In Q1 there were 131 transactions across both price bands, 29% fewer than Q4 2024 and 10% lower than Q1 a year ago, based on LonRes data.
- There were 603 recorded prime sales and 54 super prime in the 12 months to March 2025. The total figure of 657 transactions is 2% down compared to the 12 months to December 2024.
- For longer-term context, the current level is around 29% above the annual average from mid-2016 to early 2020 – the period following the Brexit referendum but before the Pandemic.

Supply and demand



Source: MVC using LonRes data

Note: £3-15m properties only, includes properties under offer

2014	2015-16	2017-21	2019-20	Late 2022
1: Previous market peak	2. Property tax increases (ATED Apr-15, additional SDLT 16)	3: Tapering of mortgage interest relief on rental properties	4: 'Boris Bounce' (Q4 2019) followed by pandemic (Mar-20 on)	5: Jump in interest rates after Truss 'mini-Budget'

Supply and demand

- The chart on the previous page shows the ratio of available stock for sale at the end of each quarter to the average sales per month in that quarter. The long-term average over the past decade is a ratio of around 20. When the ratio is below 20 for an extended period – i.e. less supply (available stock) relative to demand (sales) for consecutive quarters – we have tended to see price growth, although there is not a rigid relationship due to external factors.
- The lowest points (= stronger market) were seen in 2014 and 2021/22. Tax changes in 2015 (ATED), 2016 (additional SDLT), and 2017 (removal of mortgage interest relief), combined with the vote to leave the EU also in 2016, weakened the market.
- It started to recover in late 2019 after Boris Johnson secured a large majority at the General Election, but this was immediately cut short by the Covid pandemic in Q2 2020. The post-pandemic recovery in 2021, boosted by a SDLT cut, slowed in 2022 following conflict in Ukraine and Liz Truss's short-lived spell as Prime Minister.
- The ratio has in general continued to rise since then, with negative sentiment from geopolitical uncertainty and an underperforming domestic economy putting pressure on the market. In Q1 it reached 34.1, its highest-ever level (series starts in 2012).

House price history

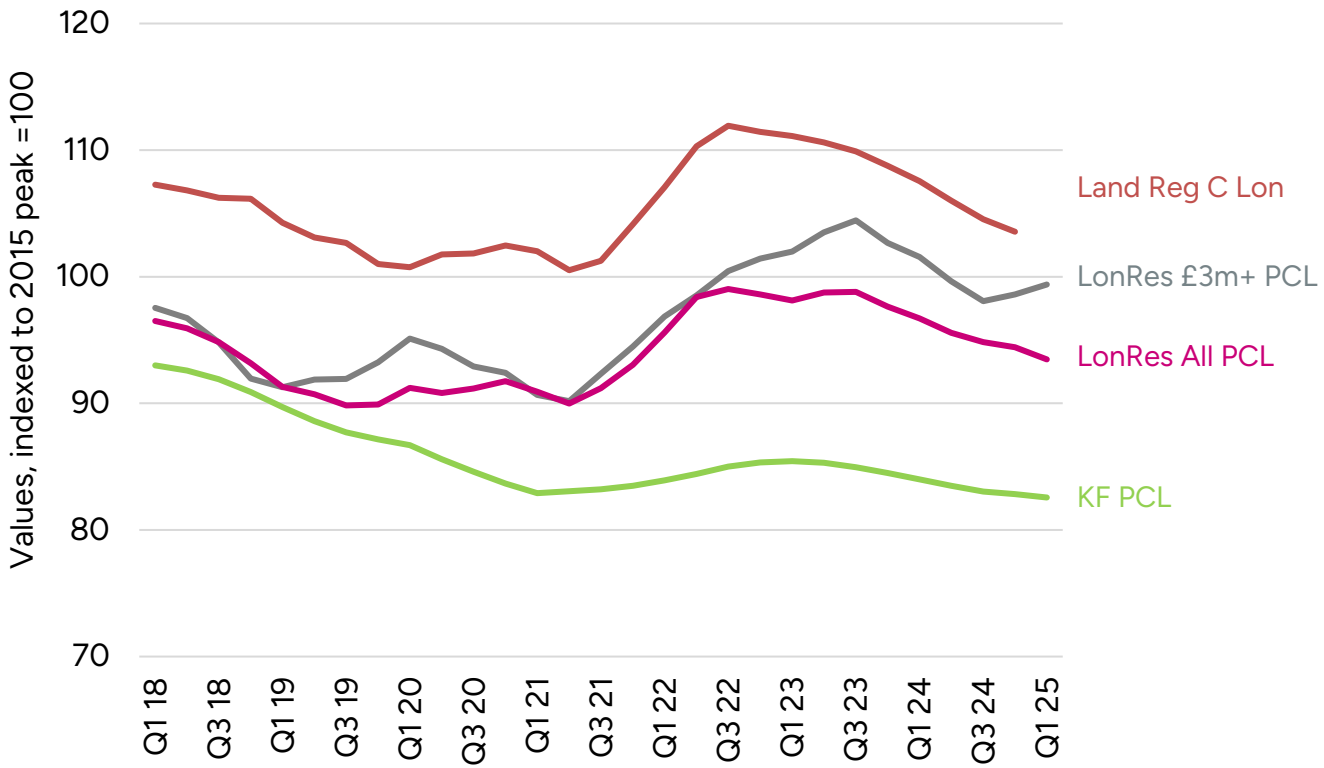


Source: ONS UK HPI (data smoothed, 6 months)

**Note: Central London defined here as Westminster, RBKC and Camden average – a larger area with lower average values than the PCL area used in the rest of the report*

- National house prices rose in Q4 2024 by 1.6% on an annual basis, according to the ONS index for England.
- Prices fell in central London boroughs* in Q4, with an annual change of -4.6%, a slower pace of fall from -5.5% in the previous quarter.
- The wider London region more closely tracked the national figure with an annual rise of 0.7%.

Achieved prices and agents' indices

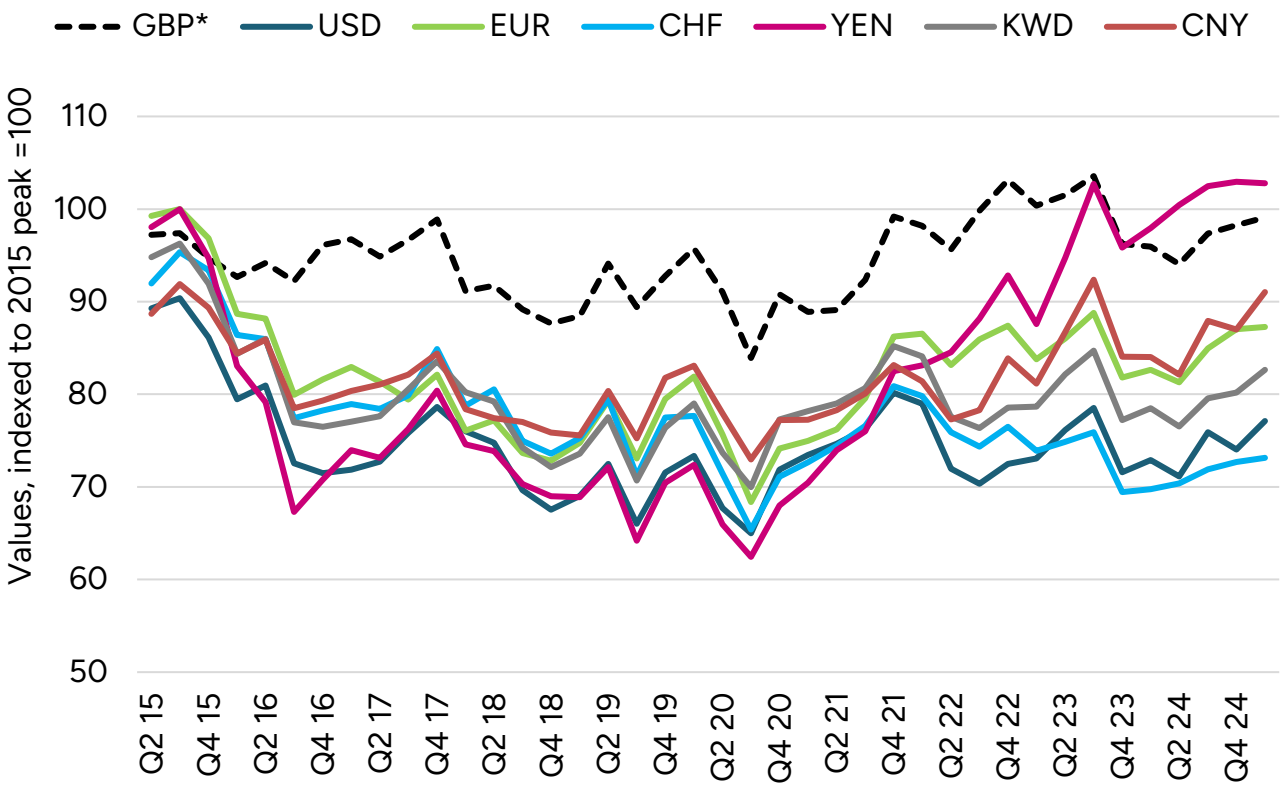


Source: Land Registry, Knight Frank, LonRes

Notes: All data 12-month smoothed. LonRes data is not an index, see page 11.

- This page compares an opinion-based house price index from a central London agent with average achieved price-based data from both the Land Registry* and LonRes.
- Knight Frank's PCL index recorded a 1.3% annual fall in Q1. This index continues to show lower relative performance compared to figures based on actual sold prices, with values more than 15% below their 2015 peak. Savills PCL indices (not shown) record similar trends.
- The £3m+ average from LonRes increased in Q1 but the 'all PCL' figure fell. The £3m+ band has outperformed the wider 'all PCL' figure for the past two to three years.
- *Land Registry figures are an average of their Westminster, RBKC and Camden indices.

Pricing in other currencies

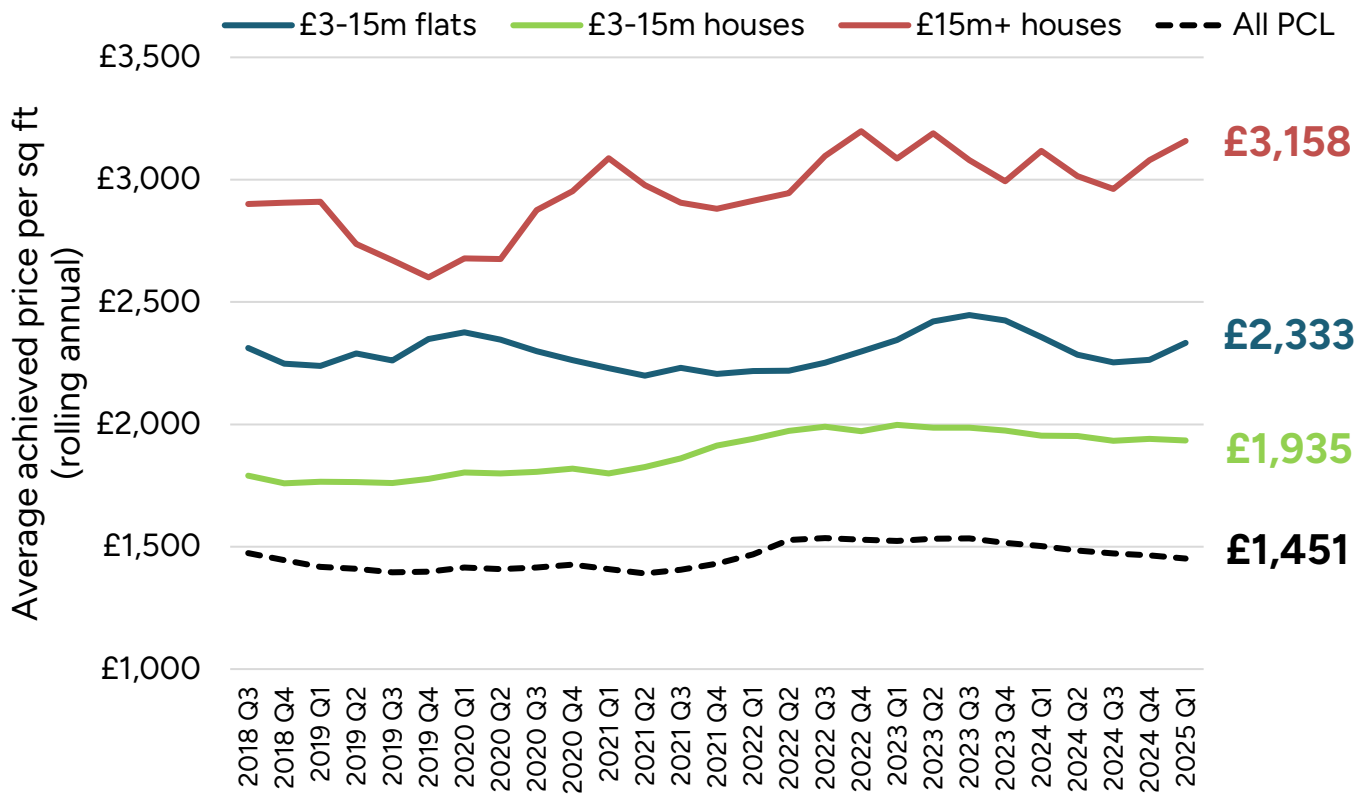


Source: LonRes, OECD, Yahoo Finance

** GBP is based on LonRes £3m+ average £ per sq ft values*

- London is a global city with market participants from all over the world.
- Nominal price movements in sterling therefore do not necessarily reflect the effective price for buyers holding wealth in other currencies.
- This chart shows the effective price movements of PCL property in a range of major currencies.
- In Sterling values are around 1% below the 2015 peak, whereas the effective 'discount' over that same period is high as 27% in Swiss Francs.

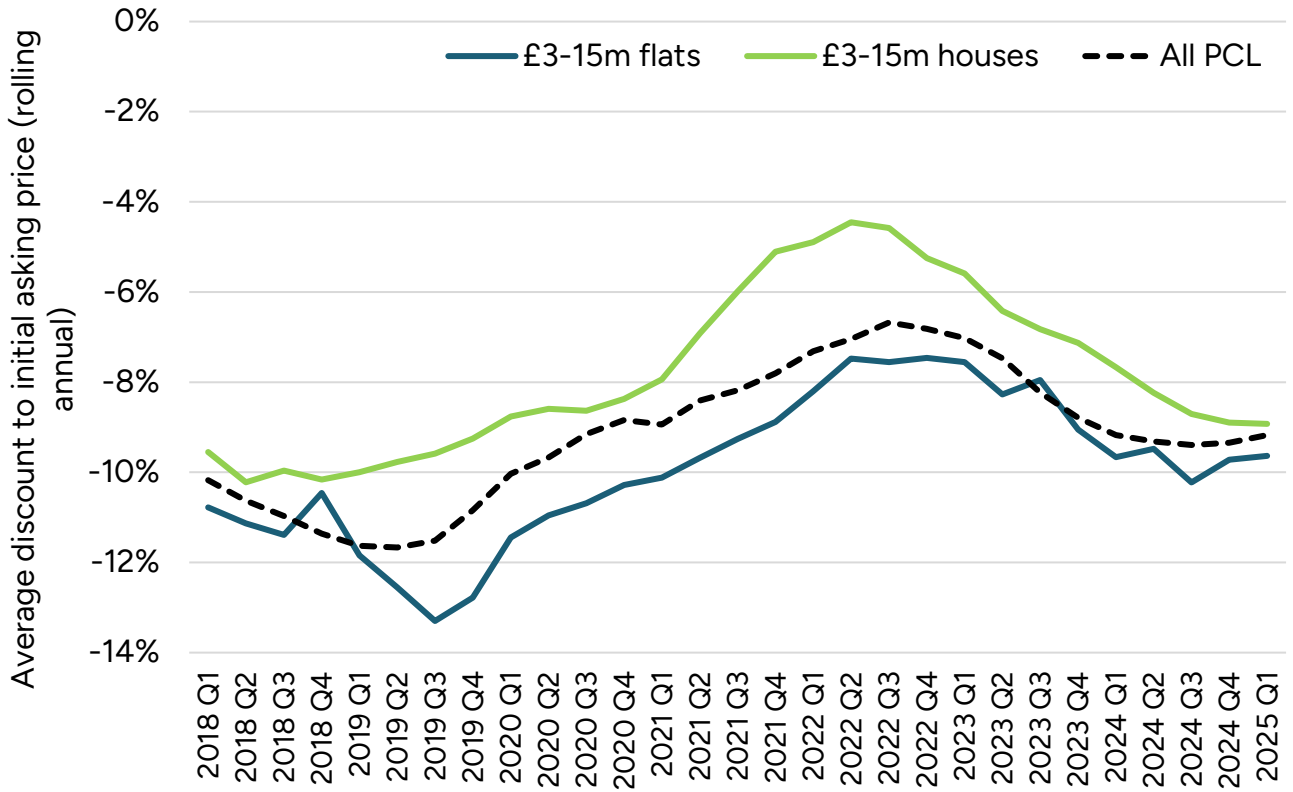
Achieved £ per sq ft by year



Source: LonRes

- On an annual basis, achieved values for PCL overall saw a 3% fall in Q1 (£1,451 vs £1,503 in Q1 2024).
- In the higher price bands the gap between flat and house values grew slightly on a quarterly basis. £3-15m flat values were down 1% compared to a year earlier, with £3-15m houses also down 1%.
- £15m+ houses were up by 1% annually (but this is a smaller sample and more volatile).
- Over the past five years, the changes in £ per sq ft values are as follows:
  - -2% for £3-15m flats
  - +7% for £3-15m houses
  - +18% for £15m+ houses
  - +3% for all PCL
- Note that these figures are simple averages rather than an index, but they indicate lower falls in the value of sales agreed since 2015 compared to the opinion-based indices.

Average Discount to Asking Price

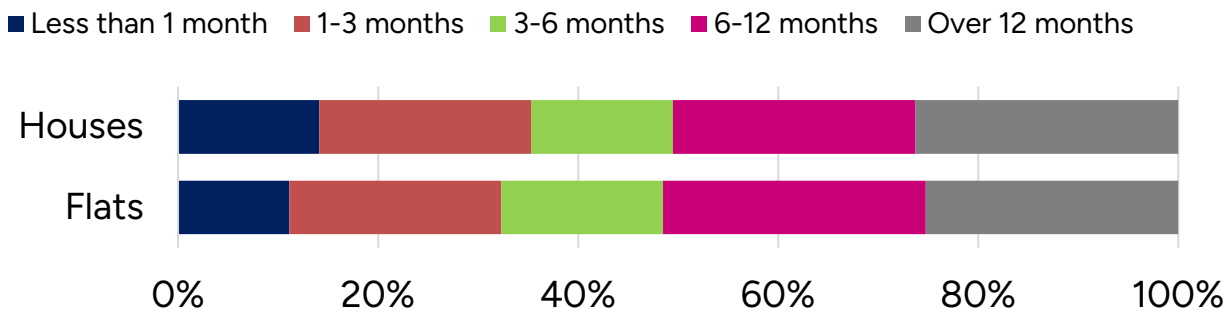


Source: LonRes

Note: £15m+ data very volatile so not included – volumes too low

- Average discounts across PCL decreased in Q1 to 9.2%, from 9.3% in Q4. This is the fourth consecutive minor change.
- In the £3-15m markets, discounts for flats decreased to 9.6% (from 9.7% in Q4), and house discounts were stable at 8.9%.
- The difference in average discounts between flats and houses in the £3-15m band was 0.7 percentage points, down from a peak of 3.8 at the end of 2021.
- Discounts had been increasing steadily since 2022 but have stabilised over the past year, indicating perhaps more balance between buyer and seller expectations.

Time on the market



- For current listings in PCL*, 51% have been on the market for over 6 months (50% for houses; 51% for flats).
- This data indicates an average time on the market of around 8.0 months for both houses and flats.
- Stock levels rose on an annual basis, by 11.8%. This is due to slowing sales volumes and higher numbers of new instructions compared to recent levels.

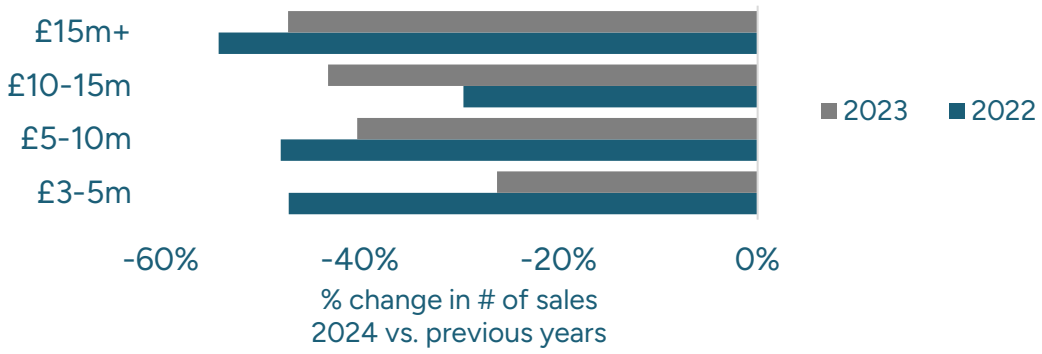
51.2%	12.8%	+11.8%
Just over half of properties have been reduced	Around 1 in 8 are currently under offer	Stock levels are higher than one year ago

Source: LonRes, data for Q1 2025 only

**Note: Time on market data relates to PCL properties of all values – not available by price band*

Depth of market

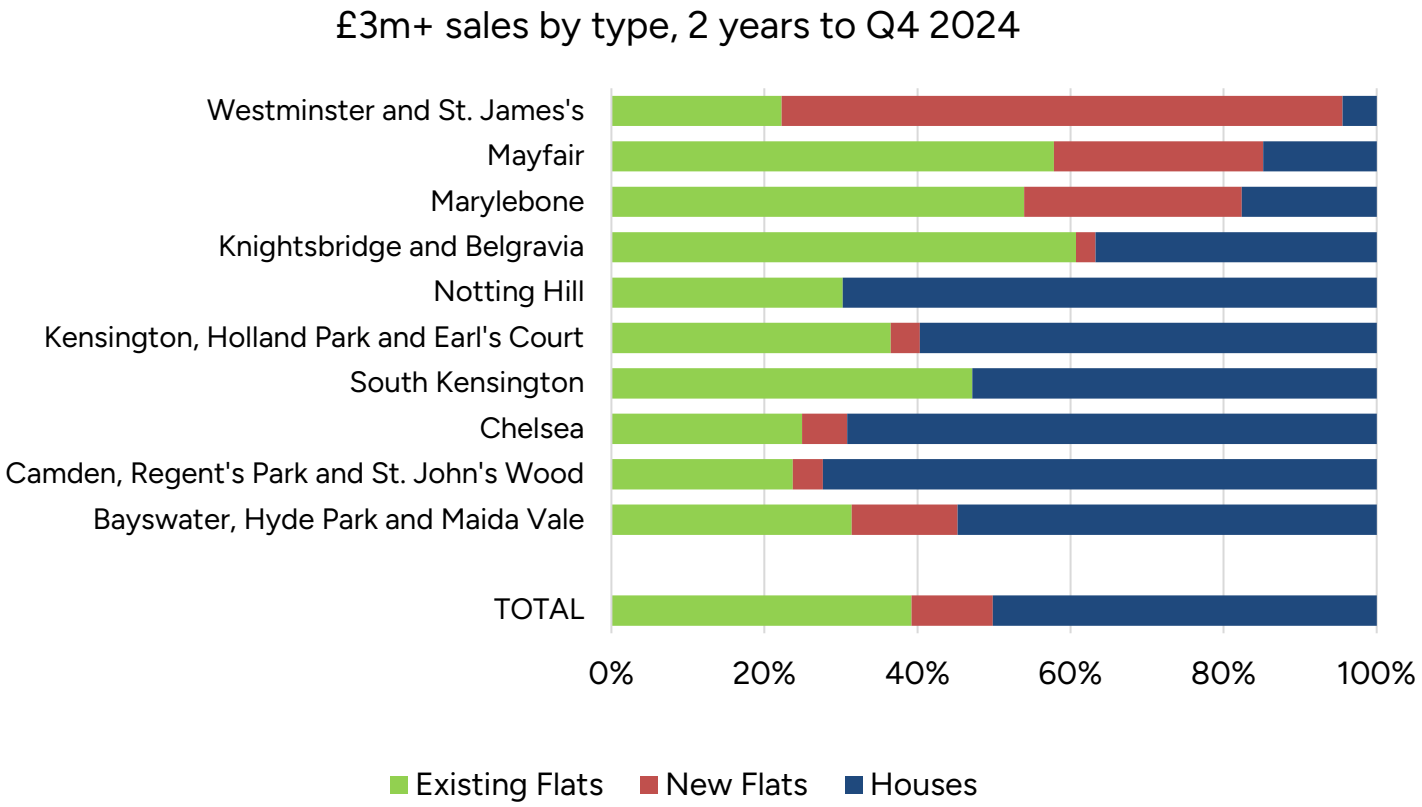
Price band	Existing flats	New flats	Houses*
£3-4m	96	5	65
£4-5m	59	2	60
£5-6m	17	1	46
£6-7m	19	1	24
£7-8m	8	1	18
£8-9m	8	3	17
£9-10m	3	0	12
£10-12.5m	8	4	20
£12.5-15m	7	3	8
£15-17.5m	0	0	7
£17.5-20m	0	1	8
£20-25m	1	2	6
£25-30m	4	0	2
£30-40m	2	0	2
£40-50m	0	0	0
£50m+	1	0	2
TOTAL	233	23	297



- The table shows £3m+ sales volumes by price band in 2024, according to Land Registry completions data.
- A comparison to the trends in the two previous years is shown in the chart. Activity over the most recent 12 months is lower at all price points relative to past years.
- * Land Registry data notes:
  - Refurbished houses are included in 'Houses' as these are not distinguished in the data.
  - There can be a significant delay in recording completions, so any drops in activity shown in the chart may be overstated, with revisions in future releases likely.

Source: Land Registry Price Paid Data

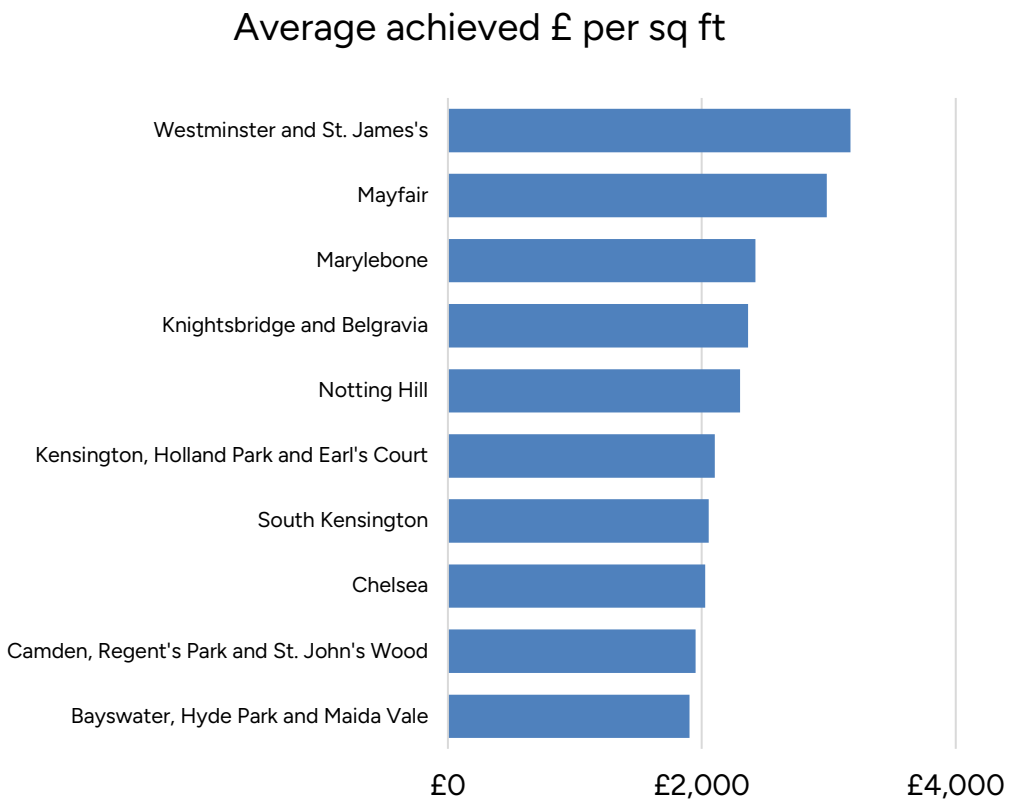
Local analysis: Part one

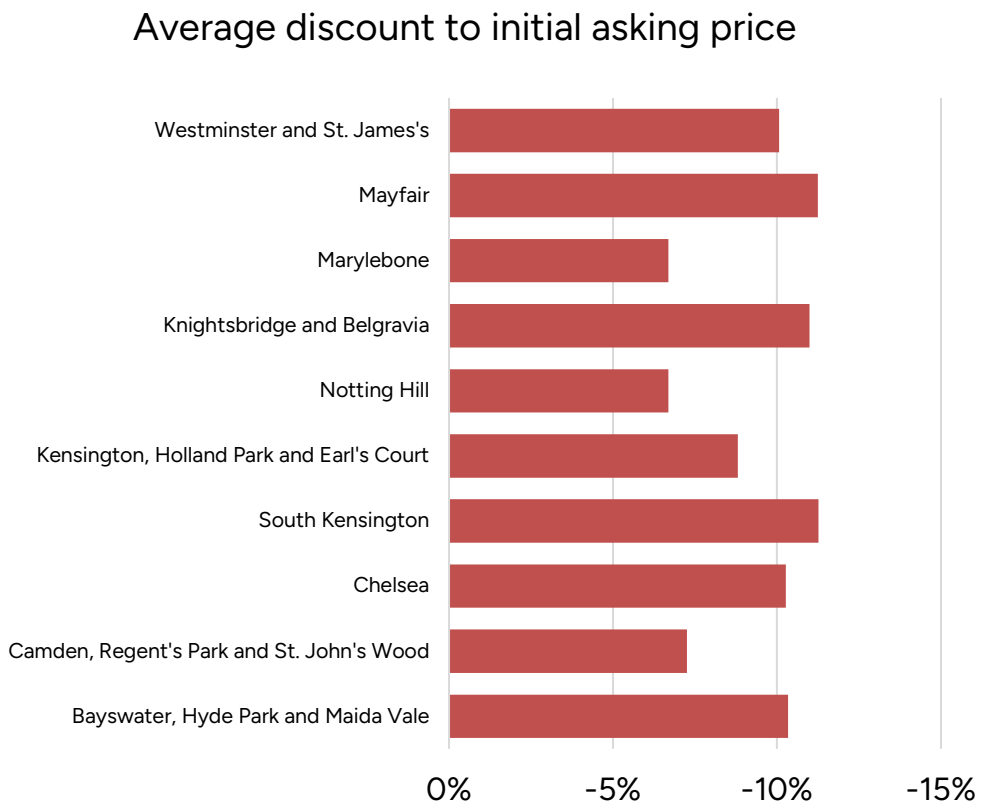


Source: Land Registry Price Paid Data

- New build homes have accounted for 11% of sales in the £3m+ market over the past 2 years.
- Overall, houses and flats were split 50-50.
- Westminster & St. James's had the highest proportion of new build activity over this period.

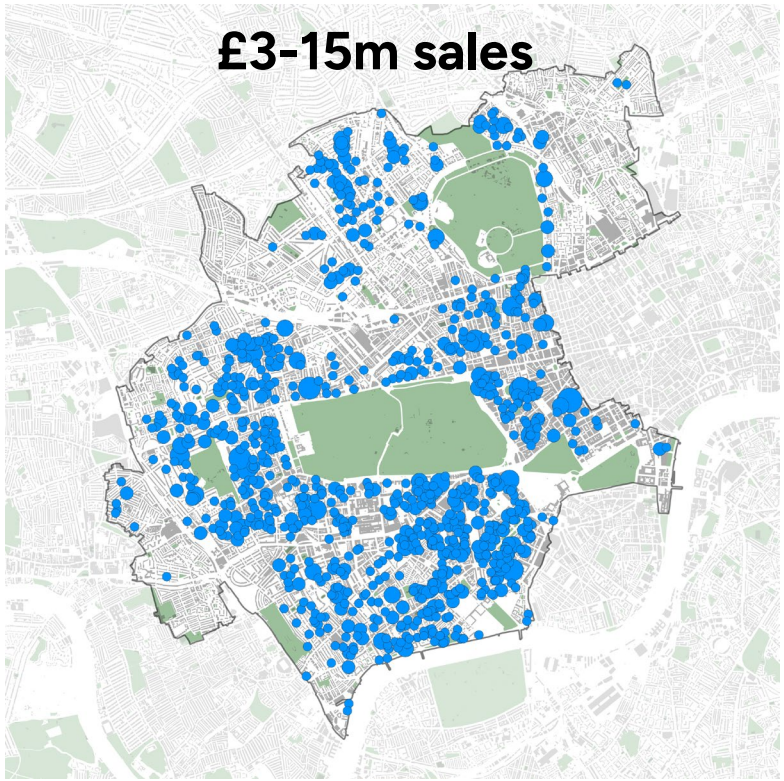
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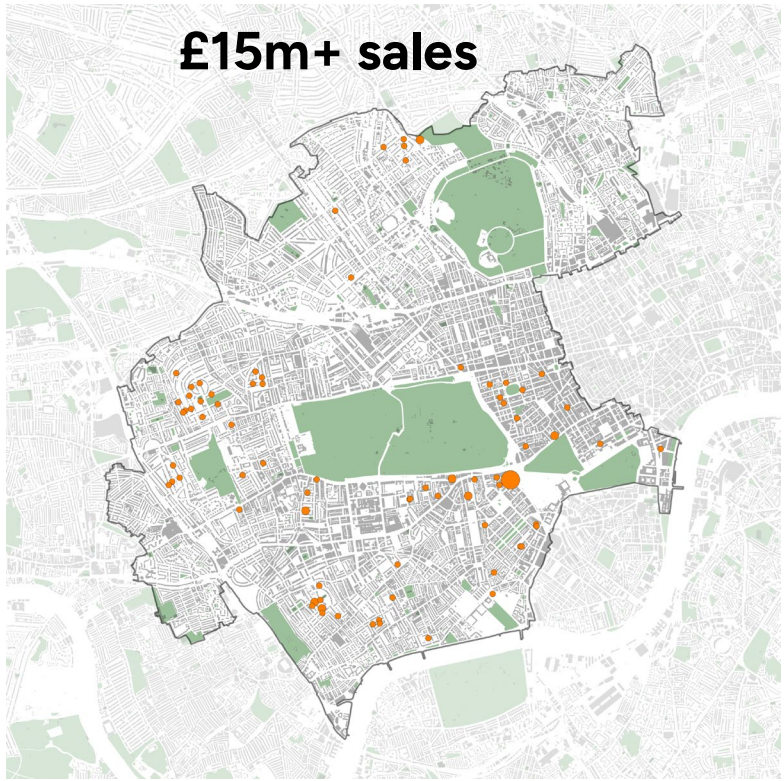


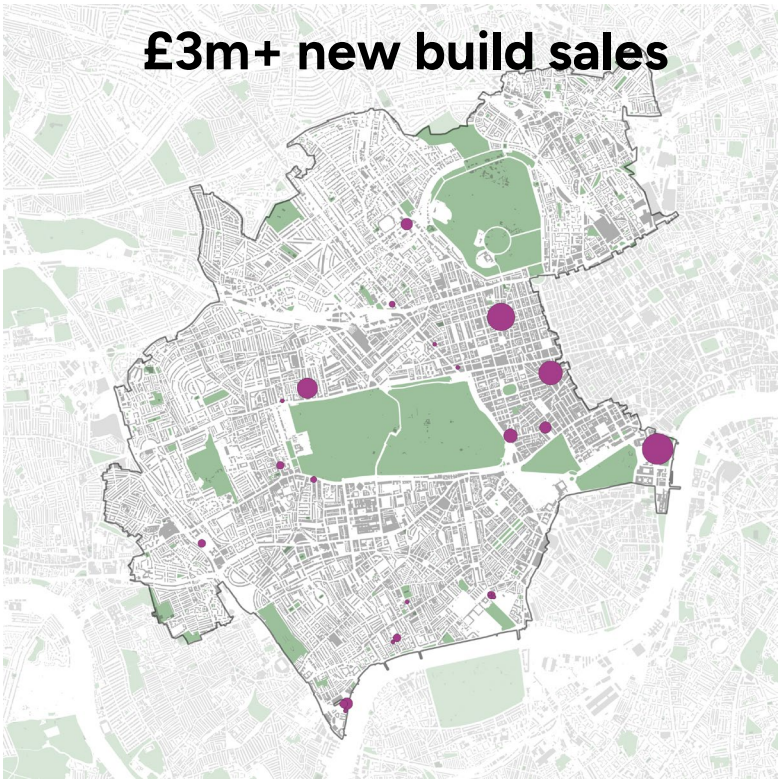


Source: LonRes, £3m+, 12 months to Q1 2025

Activity maps







Source: OS OpenData, HM Land Registry

Notes: Size of dot = # of sales. All recorded sales Jan 2023 to Dec 2024. First two maps pre-owned only.

Forecast summary

- Q1 saw some change to our forecast monitor as Knight Frank issue a full update of their figures.
- Knight Frank's PCL forecast for this year was revised (from +2% to zero), with the accompanying commentary explaining the reason for this reduction as "the political backdrop has become more uncertain for higher-value markets over the last six months". They also adjusted the growth over the final years of their forecast, with a new five-year total figure of 19.2% compared to November's 21.6%. Their mainstream Greater London forecast has been adjusted in the opposite direction are similar overall, with five-year growth rising from 15.3% to 18.2%, with this change due to the more positive outlook on interest rates.
- Savills forecasts are unchanged since November. They are much more negative on PCL, expecting five-year growth of 9.6% after a 4.0% fall this year. They are closer to the other forecasters on Greater London, expecting prices to rise 17.1% over five years.
- JLL have still not published a PCL forecast this year. Of our three agents, they are the most positive about mainstream Greater London values, expecting a rise of 21.6% over the five years to 2029.
- The forecasters appear to have reached a consensus for Greater London, with relatively low growth in the short-term moving higher in the later years of the forecast, adding up to a five-year total in the 17-19% range. Despite their divergent views on this year for PCL, the forecasts of Savills and Knight Frank also suggest a similar pattern, but with Savills expecting consistently lower growth in this market across the forecast period.

Forecast summary

	Agent	Last updated	2025	2026	2027	2028	2029	5 year total
Prime Central London	Savills	Nov 2024	-4.0%	1.0%	3.5%	5.0%	4.0%	9.6%
	Knight Frank	May 2025	0.0%	2.5%	4.0%	5.5%	6.0%	19.2%
	JLL				Not published			
Greater London (mainstream)	Savills	Nov 2024	3.0%	4.0%	3.5%	3.0%	2.5%	17.1%
	Knight Frank	May 2025	3.0%	3.0%	3.5%	3.5%	4.0%	18.2%
	JLL	Nov 2024	2.5%	3.5%	5.0%	5.0%	4.0%	19.9%

Source: Agent websites and latest reports. All figures nominal.

Risks and Outlook

Positive

Economic growth returns

The UK economy outperformed expectations in Q1. Trade deals/agreements were reached with the US and India. The Bank of England expect this year's inflation peak to be lower than previously thought, plus signalled further rate cuts.

All seemingly good news and usually improvements in these key indicators would start to feed in to better sentiment for the housing market. Clearly, some volatility remains and there are some risks on the horizon.

London living still attractive

Activity overall was subdued in Q1 but multiple transactions were concluded in the £25m+ bracket, a vote of confidence in the market. Anecdotally, the shift from landlord/investor/developer buyers to people looking for somewhere to live for the long-term continues.

London remains well-placed to cater to these buyers. The factors that underpin PCL's appeal don't disappear and there are many neighbourhoods where landowners have invested in placemaking while, on a smaller-scale, well-managed buildings with amenities continue to appeal to buyers.

Negative

Economic risks remain

The first counter-argument is that the GDP could be a mirage. Some industries have reported stockpiling materials and goods ahead of potential tariffs, artificially inflating trade figures in Q1. The risk of a full-blown global trade war appears to have subsided, but can't be ruled out completely.

Domestically, April saw annual tax rises come into effect as well as more pressure on the cost of living as bills are uprated, so the Q2 economic data is not expected to be as positive as Q1.

Mismatch in stock limits activity

Investor demand remains weak, while supply from those looking to exit the market rises. Areas and buildings that appeal to tenants may not be so popular with potential owner-occupiers, so buyers aren't necessarily seeing the benefit of the number of homes on the market.

The result is fewer transactions and something of a stand-off between picky buyers and sellers reluctant to accept that they have seen little capital value growth in more than a decade.

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