MASON
VALUATION CONSULTANTS

Prime Central London Update

July 2025



Key highlights

- Prime Central London* sales activity rose in Q2 2025, with 146 transactions recorded by LonRes**. This is 10% up on sales volumes in Q1 2025. There were 620 sales above £3m in the 12 months to June, 6% lower than the 12 months to March 2025 but 22% 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 33.0 in Q2 2025, up from 32.0 at the end of Q1, and significantly above the long-term average of around 20.

- Values fell in Q2, 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 Q2, with house prices falling and flats rising.

- Average discounts in PCL increased slightly in Q2, but there has been little significant change since the end of 2023. Broken down by property type, average discounts for prime houses remain smaller than for flats (9.0% vs. 10.2%), with the gap slightly larger than in Q1.

- Q2 saw no change to our forecast monitor. The only significant variation from the usual expectation of '20% growth over five years' remains Savills PCL forecast of less than 10% growth. With inflation expected to be 11.5% over this period, this would be a further fall in real terms.

*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

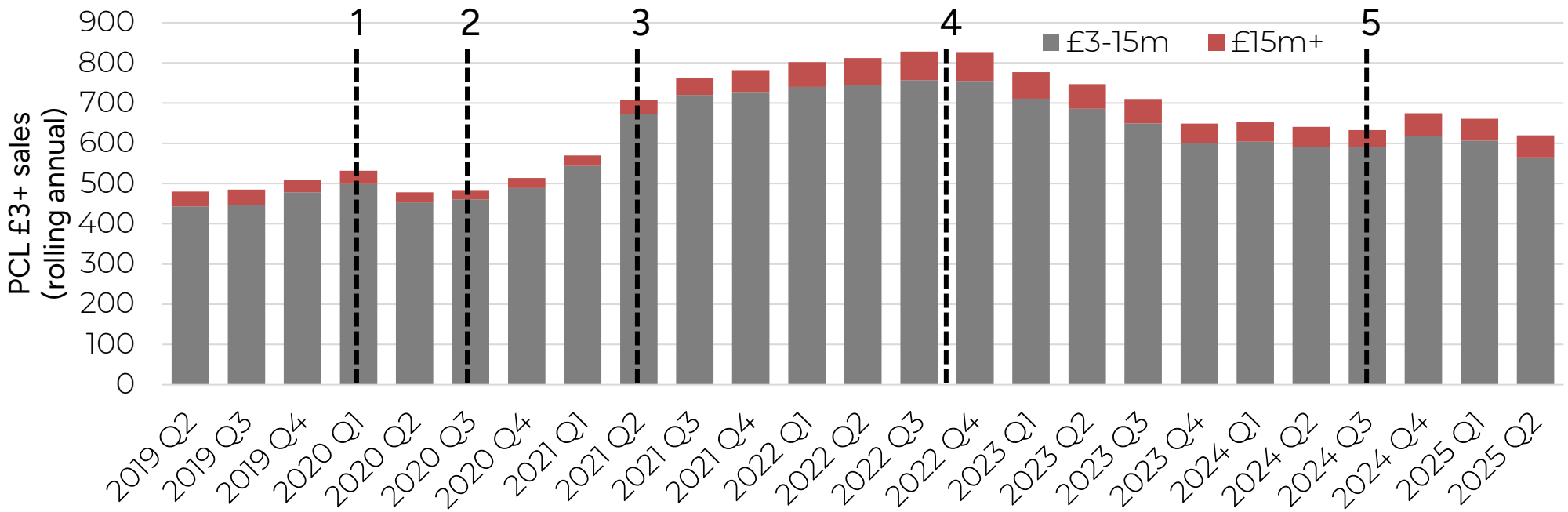


Area	Transactions (12m to Mar-25)	Compared to last Q (12m to Dec-24)
England	752,000	Down 9,000 (-1%)
London	85,000	Down 1,000 (-1%)
Camden, Westminster and RBKC	5,800	Down 500 (-7%)
PCL £3m+	510	Down 130 (-20%)

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



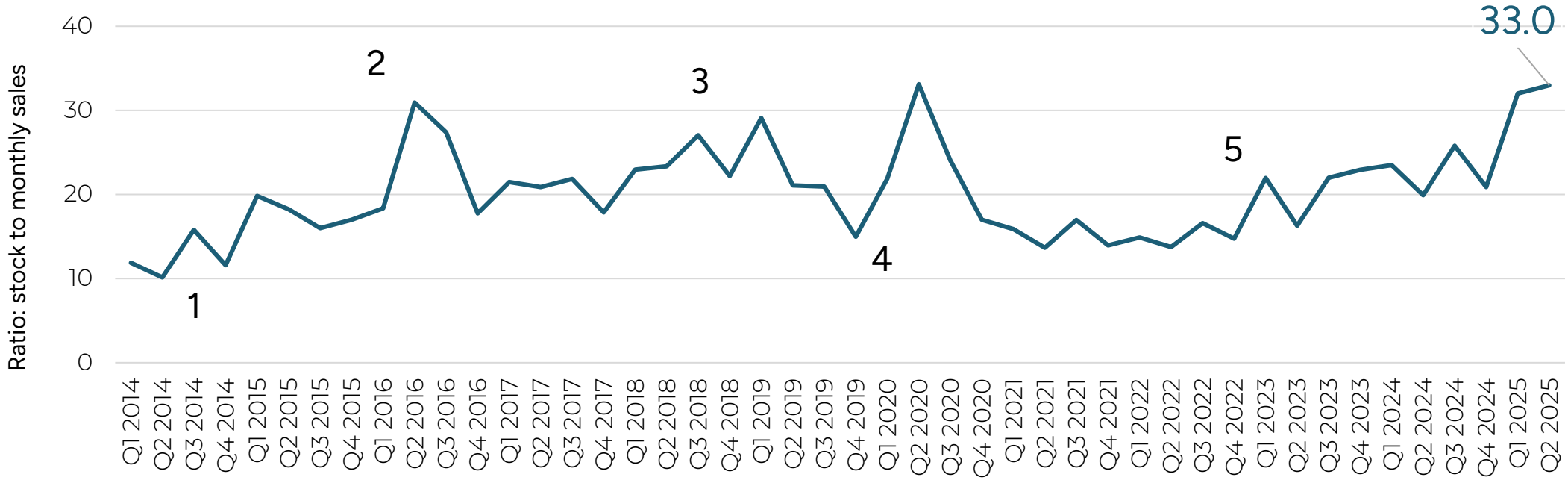
Source: LonRes

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 Q2 2025 increased compared to Q1, driven by rises in both the prime (£3-15m) and super prime (£15m+) markets.
- In Q2 there were 146 transactions across both price bands, 10% more than Q1 but 6% lower than Q2 a year ago, based on LonRes data.
- There were 565 recorded prime sales and 55 super prime in the 12 months to June 2025. The total figure of 620 transactions is 6% down compared to the 12 months to March 2025.
- For longer-term context, the current level is around 22% 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

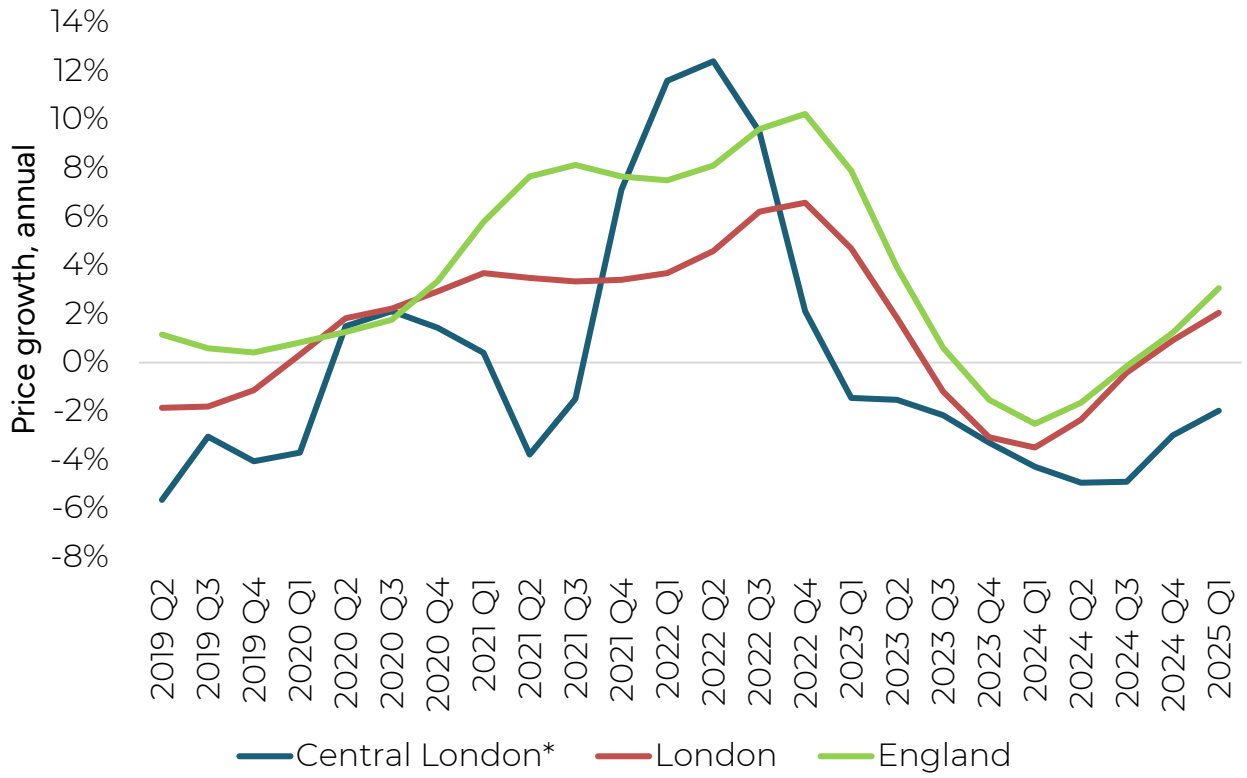
Note: £3-15m properties only, includes properties under offer

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 Q2 it reached 33.0, close to its highest-ever level (series starts in 2012).

House price history

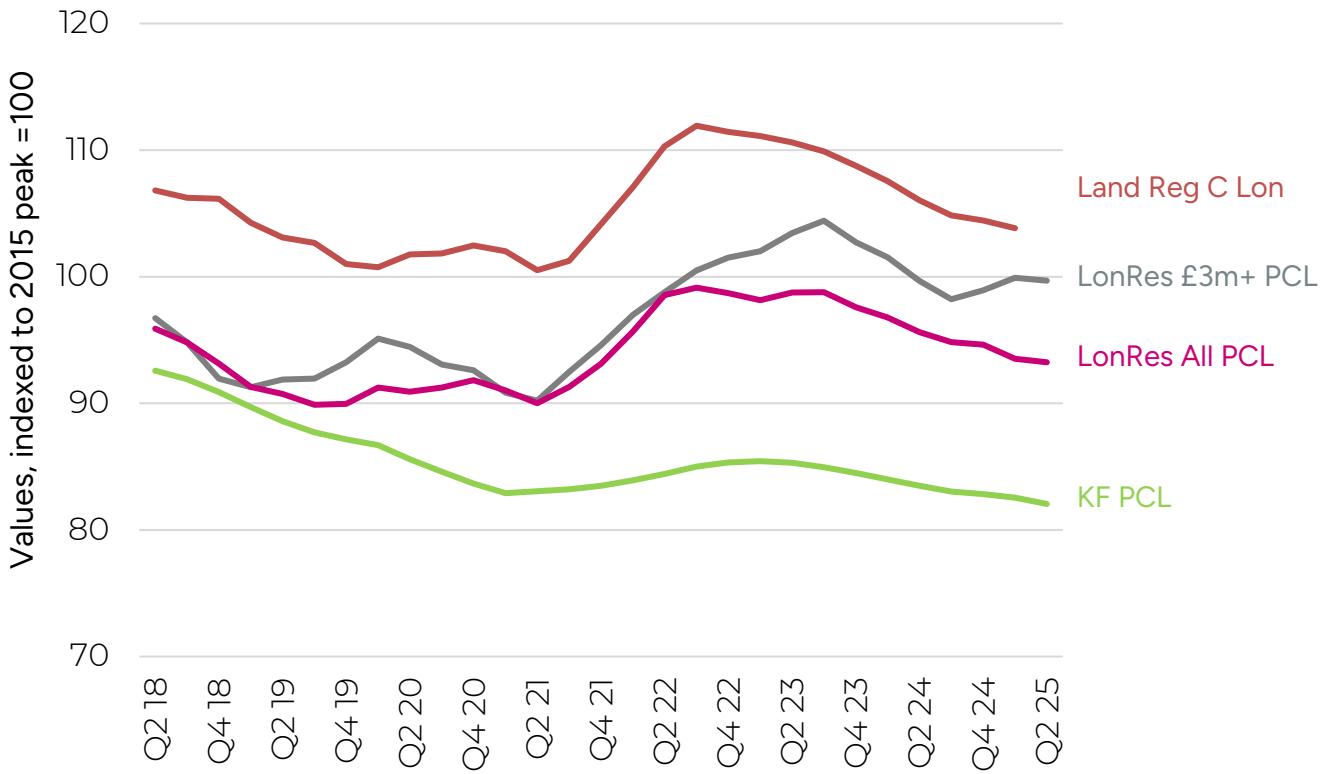


Source: ONS UK HPI (data smoothed, 6 months)

**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 Q1 2025 by 3.1% on an annual basis, according to the ONS index for England.
- Prices fell in central London boroughs* in Q1, with an annual change of -2.0%, a slower pace of fall from -3.0% in the previous quarter.
- The wider London region more closely tracked the national figure with an annual rise of 2.0%.

Achieved prices and agents' indices

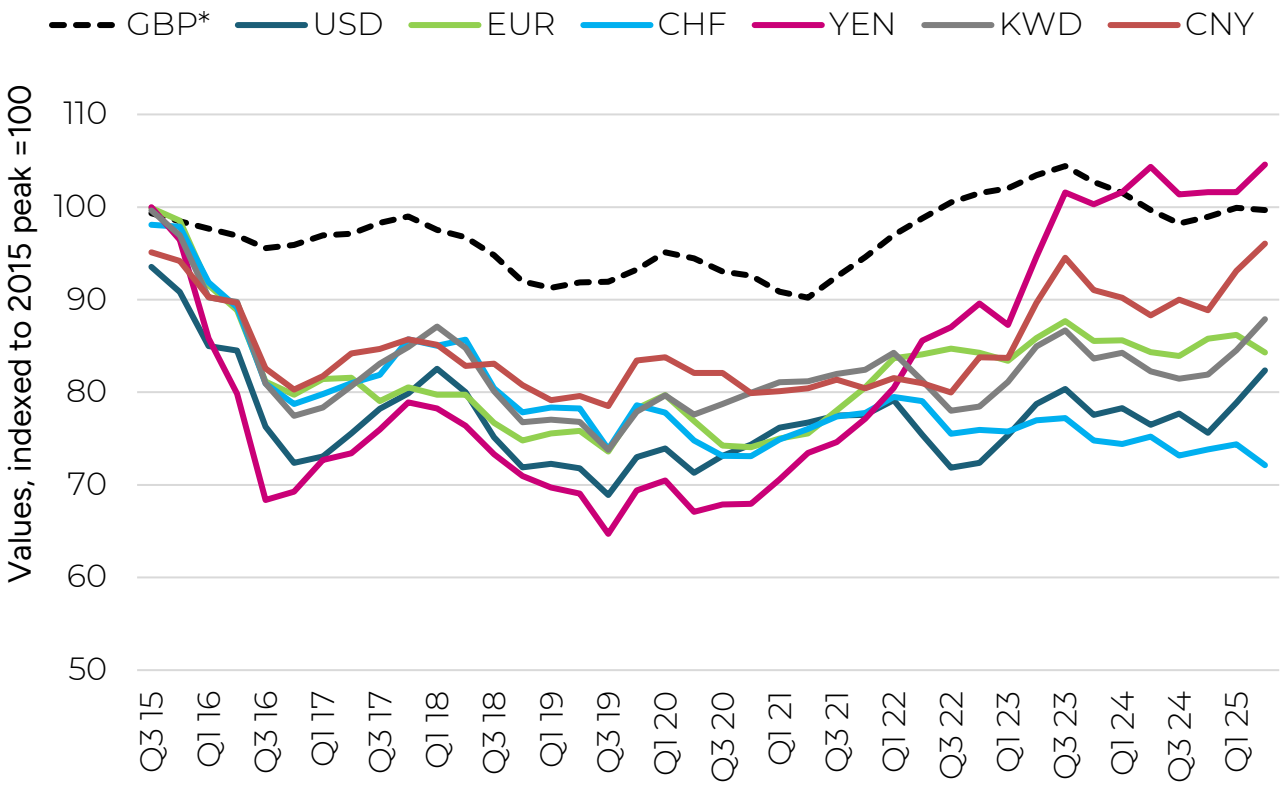


Source: Land Registry, Knight Frank, LonRes

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 2.5% annual fall in Q2. 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.
- Both the 'all PCL' and £3m+ averages from LonRes decreased slightly in Q2. 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

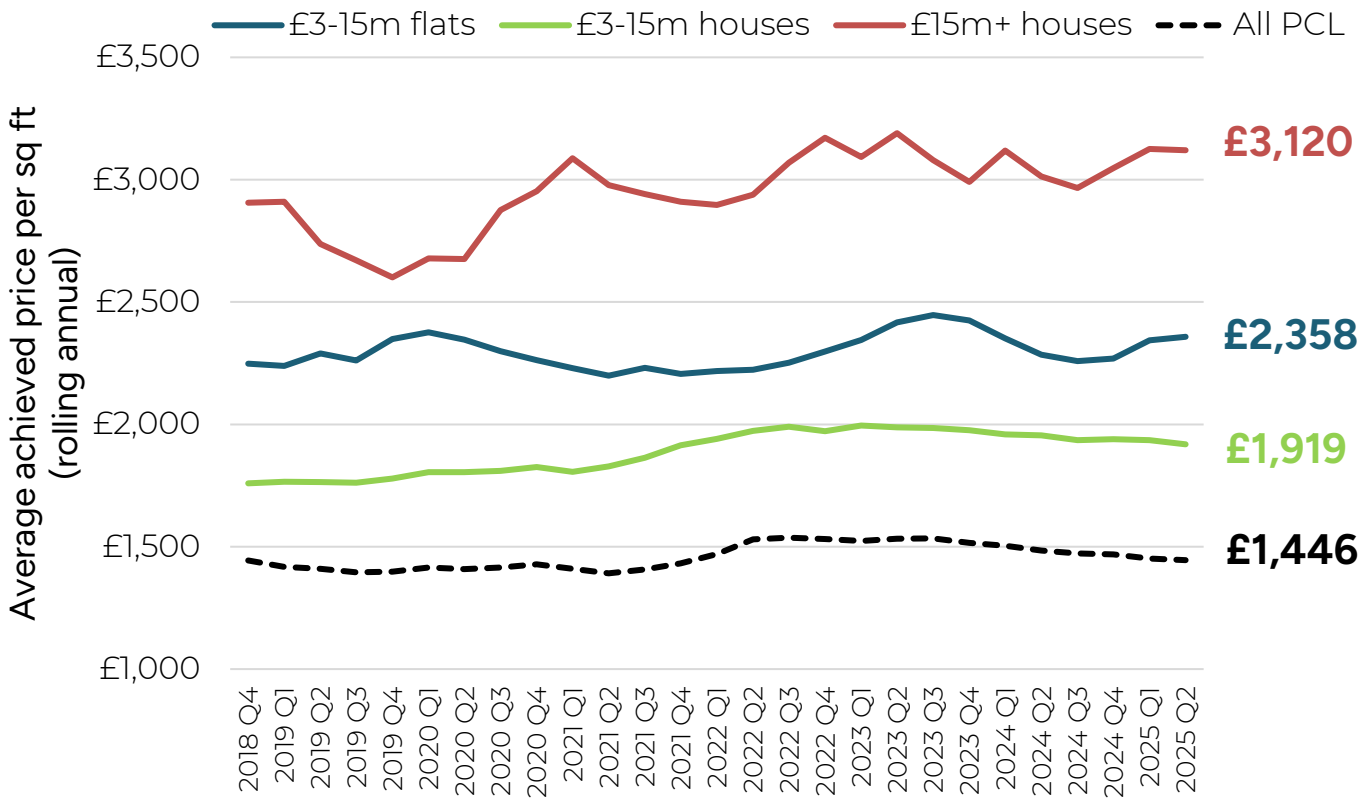


Source: LonRes, OECD, Yahoo Finance

** 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 approximately in line with the 2015 peak, whereas the effective 'discount' over that same period is high as 28% in Swiss Francs.

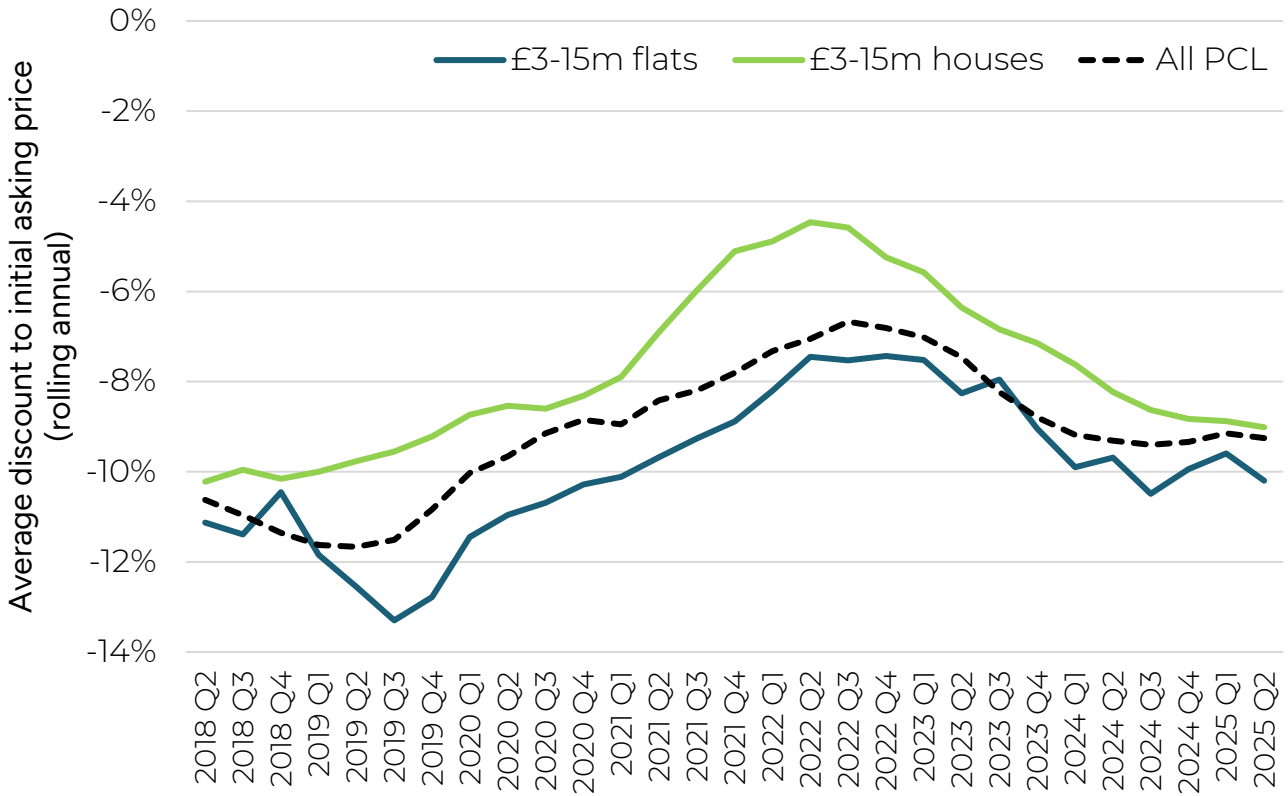
Achieved £ per sq ft by year



Source: LonRes

- On an annual basis, achieved values for PCL overall saw a 3% fall in Q2 (£1,446 vs £1,485 in Q2 2024).
- In the higher price bands the gap between flat and house values grew slightly on a quarterly basis. £3-15m flat values were up 3% compared to a year earlier, with £3-15m houses down 2%.
- £15m+ houses were up by 4% 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:
  - No change for £3-15m flats
  - +6% for £3-15m houses
  - +17% 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

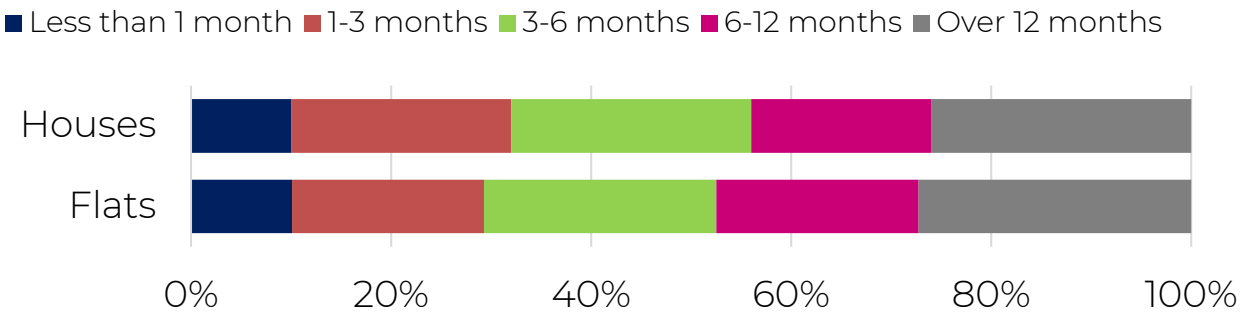


Source: LonRes

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

- Average discounts across PCL increased in Q2 to 9.3%, from 9.1% in Q1.
- In the £3-15m markets, discounts for flats increased to 10.2% (from 9.6% in Q1), and house discounts also increased, from 8.9% to 9.0%.
- The difference in average discounts between flats and houses in the £3-15m band was 1.2 percentage points, down from a peak of 3.8 at the end of 2021.
- Discounts are now broadly unchanged since the end of 2023, having increased in 2022 and 2023.

Time on the market



- For current listings in PCL*, 47% have been on the market for over 6 months (44% for houses; 47% for flats).
- This data indicates an average time on the market of around 8.1 months for flats and 7.9 months for houses.
- Stock levels rose on an annual basis, by 13.4%. This is due to slowing sales volumes and higher numbers of new instructions compared to recent levels.

53.0%

Just over half of properties have been reduced

14.0%

Around 1 in 7 are currently under offer

+13.4%

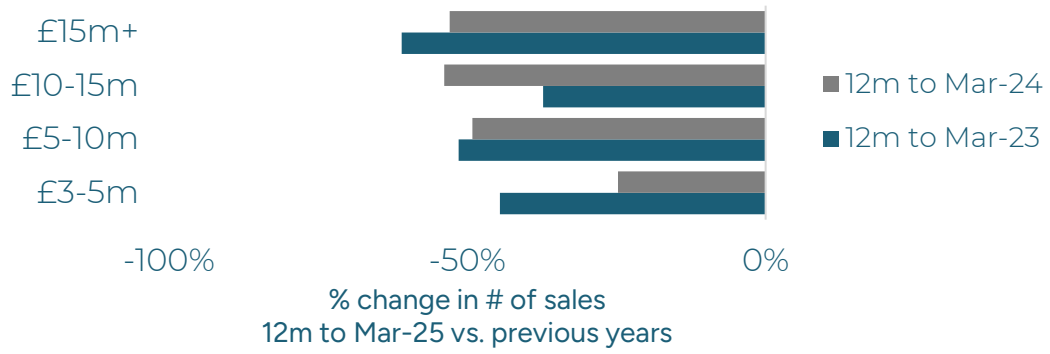
Stock levels are higher than one year ago

Source: LonRes, data for Q2 2025 only

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

Depth of market

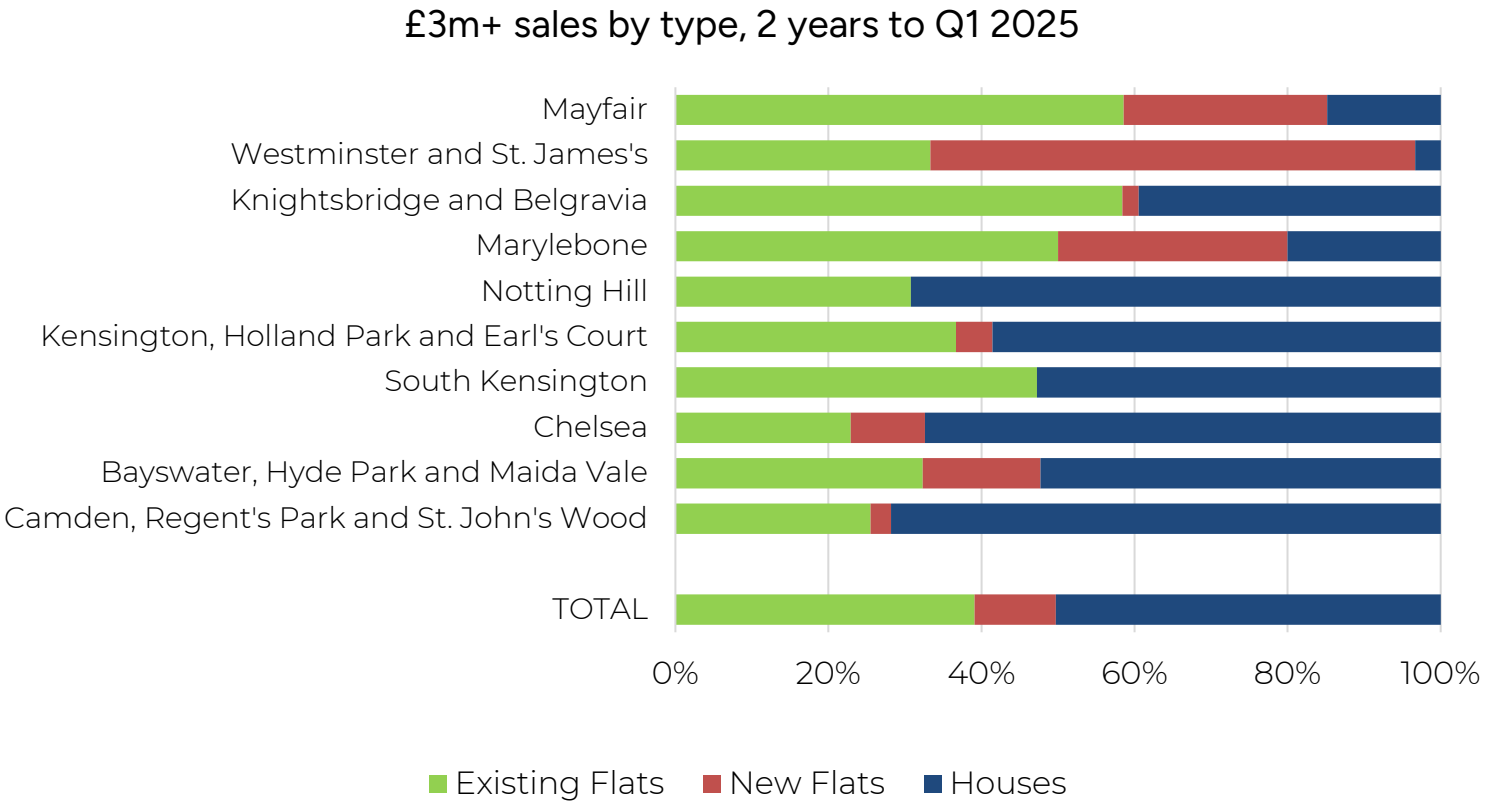
Price band	Existing flats	New flats	Houses*
£3-4m	82	11	75
£4-5m	50	6	59
£5-6m	19	4	45
£6-7m	13	1	22
£7-8m	5	0	15
£8-9m	5	0	12
£9-10m	3	0	9
£10-12.5m	8	2	16
£12.5-15m	7	4	5
£15-17.5m	0	0	7
£17.5-20m	0	0	9
£20-25m	1	1	4
£25-30m	1	0	5
£30-40m	1	0	0
£40-50m	1	0	0
£50m+	0	0	2
TOTAL	196	29	285



- The table shows £3m+ sales volumes by price band in the 12 months to March 2025, 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

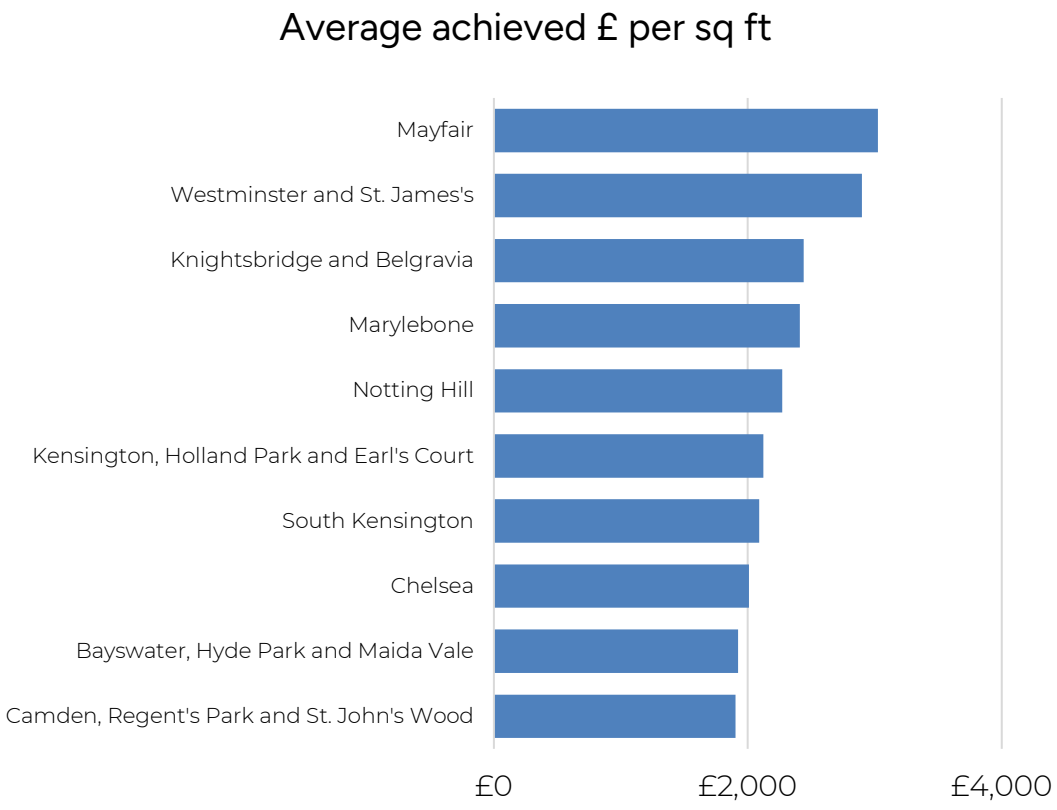
Local analysis: Sales volumes by type



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.

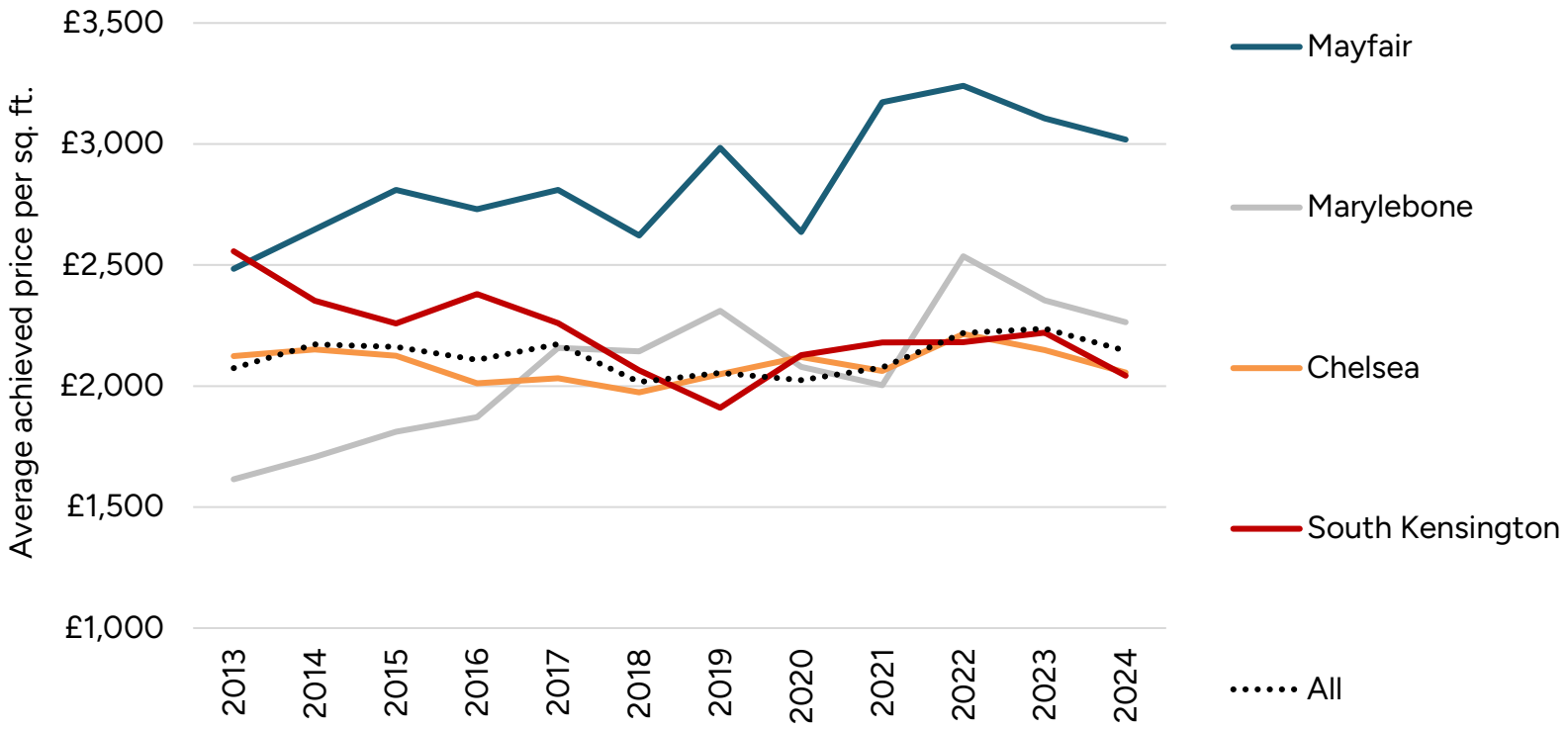
Local analysis: Average prices and discounts





Source: LonRes, £3m+, 12 months to Q2 2025

Local analysis: Values over time



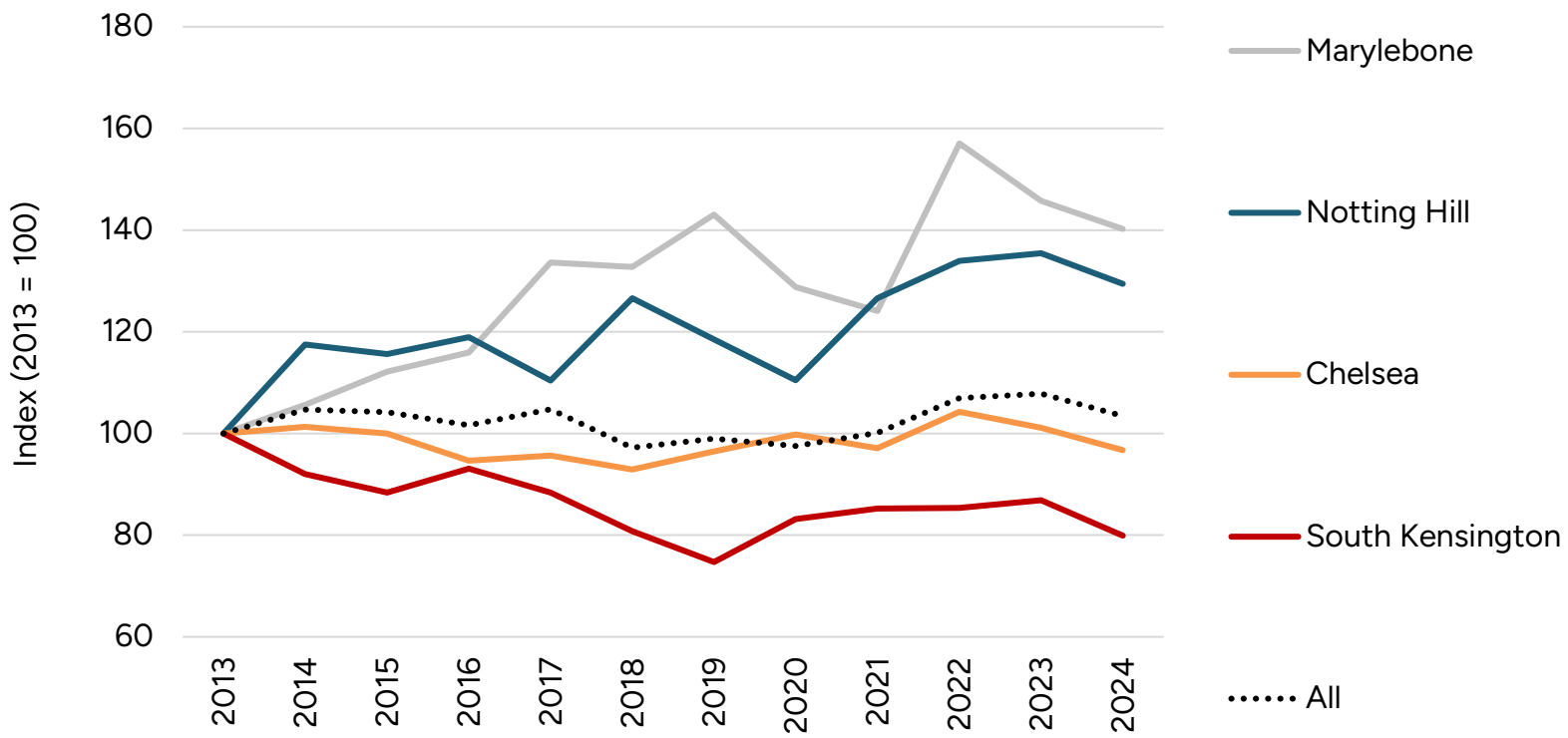
Source: LonRes.

Note 1: This is annual data, updated once a year. Last update Q1 2025.

Note 2: Only the top and bottom two local markets are shown on the chart. For further details please look out for our series of local market reports.

- Average achieved values across the £3m+ PCL market have been broadly flat over the past decade, but locally there has been more movement.
- In absolute £ per sq. ft. terms, Marylebone and Mayfair have seen the biggest positive changes since 2013.
- South Kensington and Chelsea have seen the largest absolute price falls over the same period.
- *Note: These are average achieved local £ per sq. ft. figures, not an index.*

Local analysis: Value changes over time



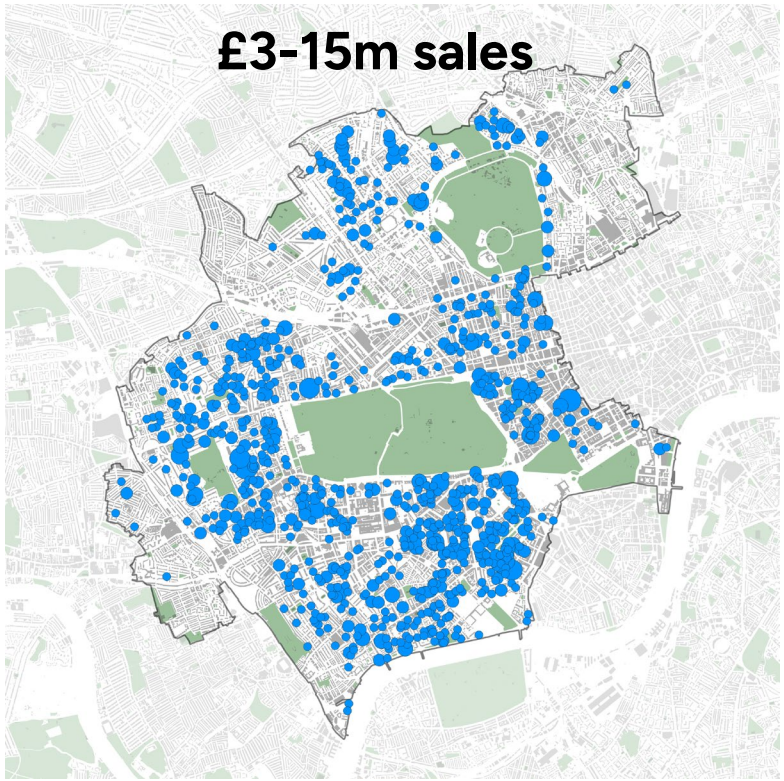
- Average achieved values across the £3m+ PCL market have been broadly flat over the past decade, but locally there has been more movement.
- In percentage terms, Marylebone and Notting Hill have seen the biggest positive changes since 2013.
- South Kensington and Chelsea have seen the largest relative price falls over the same period.

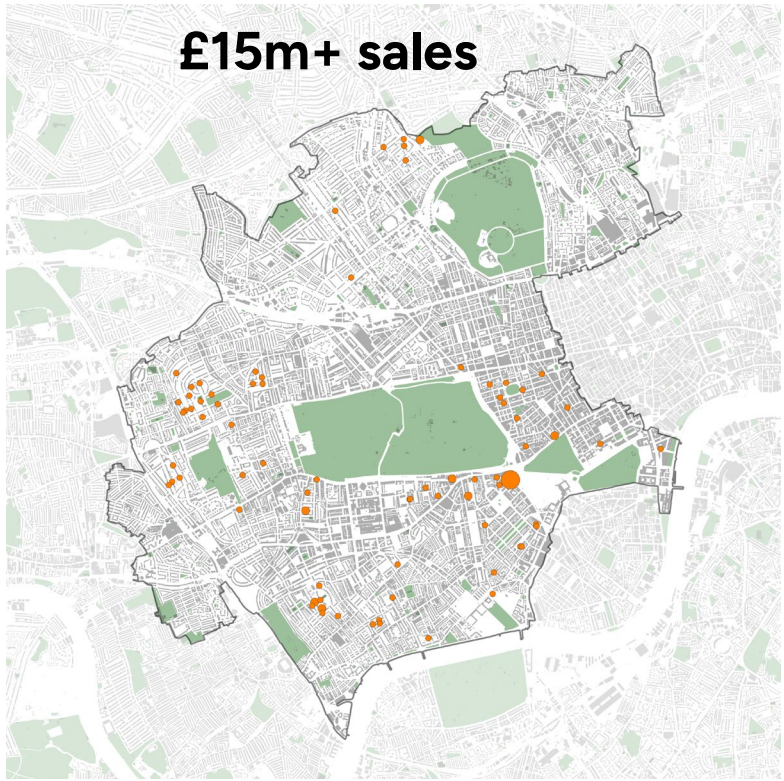
Source: LonRes.

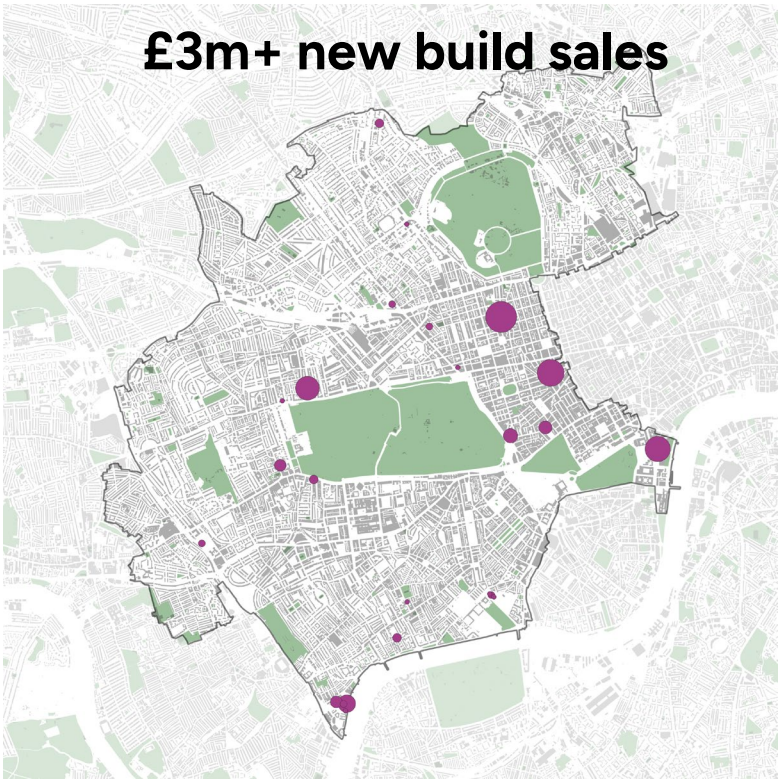
Note 1: This is annual data, updated once a year. Last update Q1 2025.

Note 2: Only the top and bottom two local markets are shown on the chart. For further details please look out for our series of local market reports.

Activity maps







Source: OS OpenData, HM Land Registry

Notes: Size of dot = # of sales. All recorded sales Apr 2023 to Mar 2025. First two maps pre-owned only.

Forecast summary

- Q2 saw no change to our forecast monitor (Knight Frank's May update was picked up in our last report).
- Knight Frank's PCL forecast predicts five-year total growth of 19.2%, with most of this coming in the later years. Their mainstream Greater London forecast is similar at 18.2% over five years, but with growth more balanced through the period.
- Savills forecasts remain 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.
- Two factors add context to these forecast figures. First, we have seen very little price growth over the past five (or more) years in PCL, whether measured by average sold values or the agent indices. The relatively pessimistic outlook suggests that values have not yet corrected enough to start a meaningful recovery. The second point relates to inflation. The OBR expects CPI to average 2.2% per annum over the five years to 2029, well below the 4.5% per annum of the past five years. Even if this lower rate comes to pass, assuming growth in line with Knight Frank's higher forecast means that by 2029 PCL values will remain significantly below their 2015 level in real terms, with limited 'catch up' of the real terms falls of the past decade.

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%	21.6%

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

Risks and Outlook

Positive

Super prime demand resilient

Sentiment around international buyers in PCL – focused on 'non doms' but not restricted to those with this status – has been negative for a while now. But the reality is that the £15m+ market is still moving.

Q2 saw a significant increase in £15m+ sales volumes compared to Q1 and a slight increase relative to Q2 last year. It's a small market so these figures can be volatile from quarter to quarter, but the data suggests that, even if more people are looking to sell up than usual, there are buyers out there.

Finding value in central London

During the current market cycle, house prices in PCL have underperformed the rest of London and the UK. While there is of course no guarantee that this trend will reverse, it offers a potential opportunity for buyers to trade back into some of the traditionally most desirable areas that have perhaps fallen out of fashion.

The 30-40% price premium in 2015 for, say, Knightsbridge over Notting Hill has reversed completely over the past decade. We might not be there yet, but there will come a point for some investors or buyers where the original prime postcodes start to look like good value relative to the emerging ones.

Negative

Shift to renting may limit sales activity

While sales volumes have proven resilient in recent quarters, there are also signs that many potential buyers are still holding off making a purchase. With the cost of buying high and house price forecasts relatively pessimistic, renting may become a preferable option for some.

The top end of the lettings market in central London has seen activity rise in response, while these potential buyers wait and see what's going to happen with the sales market. If increasing numbers choose to rent going forward, sales transactions could be subdued.

Weakness in UK economy

As noted as a possibility in our previous update, the strong economic performance of Q1 was indeed followed by a weaker Q2. UK GDP recorded monthly falls in both April and May.

Like the housing market, the monthly figures can be volatile, but the overall trend is not hugely promising either. One year on from the change in government and GDP has grown by less than 1%, continuing a trend of underperformance relative to other major economies.

MASON

VALUATION CONSULTANTS

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