

PRIME CENTRAL LONDON

AUTUMN REPORT 2026

Prime central London entered the autumn with its options open. Ahead of the late October Budget, buyers, sellers, landlords and tenants across our prime network kept their choices in reserve: buyers renting rather than committing, owners letting rather than selling and, where homes sit close to it, both sides pricing around the £2m threshold of the High Value Council Tax Surcharge, the so-called mansion tax.

The effect on sales was clear. Deal-making across our offices had its quietest quarter in 18 months, in step with the wider prime market, and the buyers who did commit did so on their own terms. The typical home sold for 94% of its final asking price, and only one in eight achieved asking or more, half last year's share.

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The rate of asking-price cuts across the £2m line since the mansion tax was announced

1 in 8

Homes that sold at asking price or more in Q3 2026

3.5:1

The ratio of tenants to buyers registered across our prime network in Q3 2026

Yet this is a quieter market, not a stalled one. Well-priced homes continue to find buyers, the backlog of long-listed stock that shaped the spring has largely cleared, and September brought more enquiries, viewings and offers, even if fewer of them turned into agreed sales.

This quarter we examined every asking-price cut across the £2m line in our PCL offices since the start of 2024. Since the surcharge was announced last November, those cuts have run at twice their previous rate, and deals agreed just above the line have proved fragile. On the ground we report that, for most buyers, the surcharge is a cost to factor in rather than a deal-breaker. Close to £2m, though, it is shaping decisions, and over the summer, talk of a lower £1.5m threshold, since ruled out, left its own mark on pricing.

Lettings told the other half of the story. In the spring, around two tenants registered with our offices for every buyer; this quarter, more than three did, as would-be buyers chose the flexibility of renting. It was also the first full quarter under the Renters' Rights Act, and its effects are already visible on both sides: tenants who can now leave on two months' notice, some landlords weighing a sale each time one does, and a growing share of our lets sitting above the £100,000-a-year line, outside the new rules. Rents rose where good stock was scarcest and met resistance where it was not.

What happens next depends on the Budget, and on where mortgage rates go from here.

PRIME SALES

AUTUMN MARKET

The Quarter in Transactions

Sellers stepped back this quarter as decisively as buyers. Fewer owners sought a valuation ahead of the Budget, and those who did largely came to market: new instructions across our prime patches fell by around 13% on a year ago, a far gentler decline than in agreed sales. The result was a market with more choice than conviction, and a standoff that one of our directors puts plainly.

"Buyers have control," says Robert Oatley, Director of our Pimlico & Westminster office. "Sellers don't need to sell, buyers don't need to buy, so there's an impasse. The transactions going through are only those where a buyer sees great value."

That impasse is not a lack of interest. Viewings across our offices slipped by just 7% on a year ago, but conversion slowed sharply: it took around seven and a half viewings to agree each sale this quarter, against five a year ago. Buyers are still looking. They are simply looking longer, comparing harder and making fewer offers that a seller can accept.

When offers do come, they start low. "It's difficult to get offers, and buyers are starting from a low base," says Charles Erwin, Director and Head of Sales in Notting Hill. "Below £1m, buyers have a huge amount of choice, and they know it."

At the top of our patch, the gap is less about choice than about price history. Prices there have already adjusted, yet buyers are pressing for more. "Sales agreed remain slow, as buyers look for bigger discounts off already heavily discounted stock," says Christian Lock-Necrews, Director of Winkworth Knightsbridge & Chelsea.

None of this is unique to our offices. LonRes data shows agreed sales across prime London at the start of October running nearly a third below the same week last year, a sign that the pause is market-wide rather than local, and that it has carried on beyond the end of the quarter. For now, the deals that do get done are the ones where price and value meet, and nowhere is that tested more sharply than around £2m.



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Charles Erwin, Director & Head of Sales,
Winkworth Notting Hill

Where the Line Falls

From April 2028, homes valued at £2m or more will pay an annual surcharge on top of council tax, starting at £2,500 a year and rising through further bands at £2.5m, £3.5m and £5m, based on what each home was worth in April 2026. The tax is still about 18 months away. Its effect on pricing was not.

As a share of all the reductions made across our prime offices, cuts that took a home's asking price across £2m nearly doubled once the surcharge was announced. They came in a cluster through the spring relaunch season, and there were none at all in the third quarter, a sign that by the summer much of the repricing around the line had already happened.

The deals behind those figures show what is at stake. One Kensington house, marketed at £2.5m, saw agreed sales at £2.13m and then £2.25m fall through before it exchanged with us this summer at £1.95m. A Mayfair flat agreed at £2m, before the Budget, fell through in February and finally exchanged at £1,999,999. A price a pound under the line is no guarantee of escaping the charge,

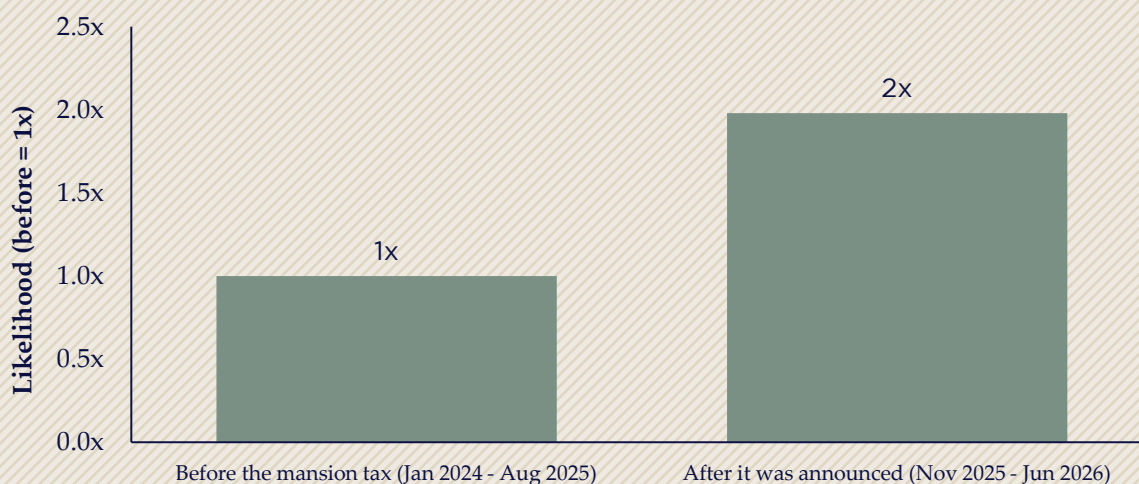
since the Valuation Office will assess each home on comparable evidence rather than the figure agreed on the day. Nationally, the clearest evidence so far is of prices bunching beneath the line, rather than of values falling more widely.

Our agents are careful not to overstate it. "Purchasers feel totally beaten up after the last few years of increasing stamp duty and the introduction of the mansion tax," says Joshua Grinling, Director of our Kensington office. "I think they are now numb to new threats." Buyers may be numb in what they say. In what they pay, our data shows the line still registers.

The summer offered a second test. As speculation grew that the threshold could fall to £1.5m, price cuts taking homes across that level ran at more than twice their usual rate in the third quarter. The Chancellor has since ruled out the change, and the base is small, but it shows how quickly pricing responds to a line, even one that was only ever rumoured.

A price cut became twice as likely to cross £2m

Share of all asking-price reductions across Winkworth's prime central London offices that took a home from above £2m to £2m or below, relative to the period before the tax was announced.



What Sells Now

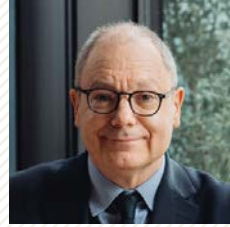
What sold this quarter was fresher and, more often, larger. Some 71% of the homes we sold exchanged within a year of first coming to market, and those took a median of 19 weeks from launch to exchange. Nearly one in four of our sales was a home with three or more bedrooms, against fewer than one in ten a year ago, and houses made up a markedly bigger share of our sales than last year.

The detail varies from street to street. "Smaller houses between £1.5m and £2.5m are still selling well, and one-bedroom flats are moving again," says Joshua Grinling. "Mansion blocks are tough due to a lack of overseas demand, and bigger houses are slow as the wealthy watch and wait." Christian Lock-Necreus sees a similar divide in his patch, with Belgravia and Chelsea proving more liquid than Knightsbridge and Mayfair, and reports interest from investors returning now that prices have adjusted.

For homes that have been on the market for some time, a token reduction rarely changes anything. "Small reductions generally weren't enough," says Guy Steenkamp, Sales Manager in South Kensington & Earl's Court. "Where vendors were prepared to make a meaningful adjustment, we were able to target a new buyer pool and re-engage buyers." Well-positioned homes can still draw competition: his office agreed sales off-market at asking, one after three offers went to best and final.

Potential commands a premium too. In Kensington, a small terraced cottage sold at a tangible premium this quarter, its value lifted by planning consents secured on neighbouring houses.

For owners not prepared to meet the market, there is increasingly another option. Many are choosing to let instead.



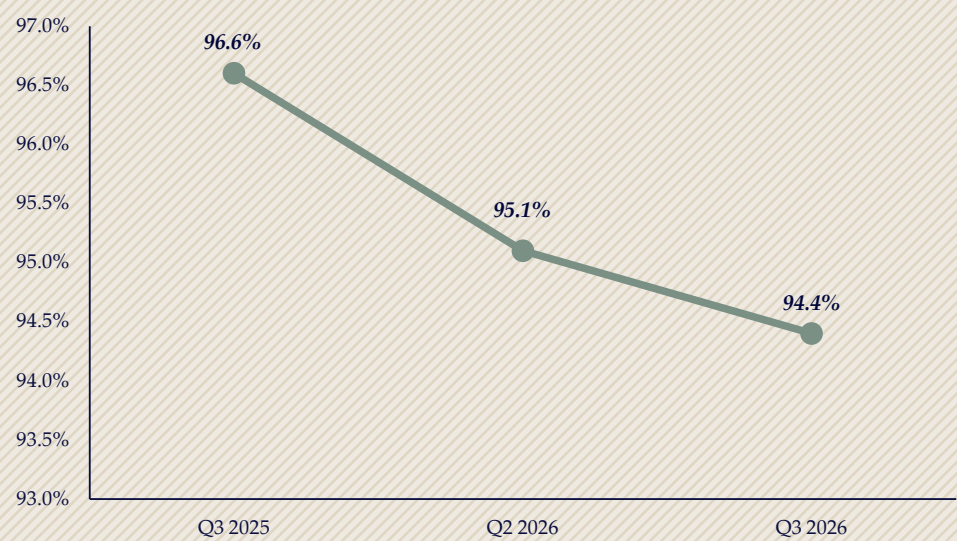
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Joshua Grinling, Director,
Winkworth Kensington



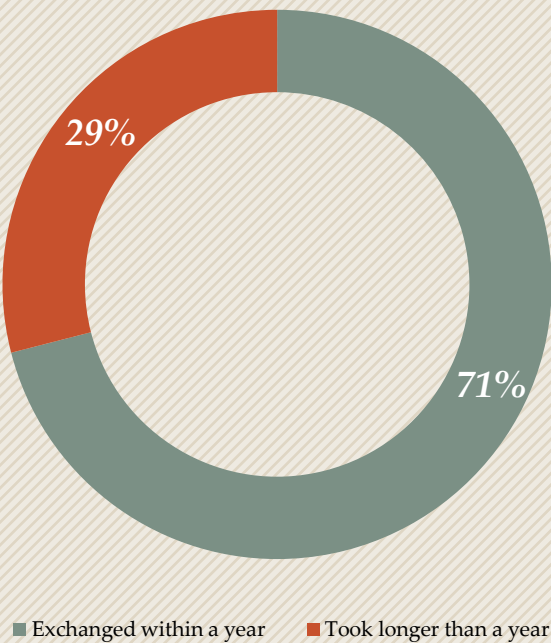
Buyers set the price,
but the backlog has cleared

Median achieved price vs final asking



Sold within a year of launch, Q3 2026

Up from 47% in Q2 and 66% a year ago



PRIME LETTINGS

AUTUMN MARKET

Renting for Now

Many of the tenants who arrived this quarter are buyers in all but name. "A lot of tenants are enjoying the new flexibility and watching the sales market, safe in the knowledge that if they find somewhere, they aren't tied in any more," says Lucinda Richardson, Director and Head of Lettings in Notting Hill. "There's a lot of talk of buying next year, when the road map of any government changes may be a bit clearer."

In Notting Hill, Americans and single professionals in their thirties still make up much of the demand, now joined by families based in the country who rent a London base for children at university rather than buy one. Smart, modern one- and two-bedroom flats, especially with outside space, let fastest. Christian Lock-Necreus describes rentals in Knightsbridge & Chelsea as extremely busy. "Lettings remains the

same, with high demand and low supply," says Joshua Grinling in Kensington. Across prime central London, lets above £3,000 a week reached a record over the past year.

Supply is being shaped by the sales market as much as by landlords. Owners who cannot sell, or would rather not for now, are turning to letting: in one Notting Hill example, a flat that had failed to find a buyer was let on a short let, with viewing rights for sale, and is now being considered for a longer let. Requests for lettings valuations rose by around a quarter on a year earlier, and across spring and summer combined, new rental instructions matched last year's level. Landlords are not leaving the market. More of them simply brought their homes to it earlier this year, around the Act's May Day start.

That change in timing is one of several ways the new regime is already reshaping behaviour.



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Life Under the Act

The Act's effects are clearest in the decisions landlords now make each time a tenancy ends. "Every time a tenant serves notice now, most of our landlords are requesting a sales valuation as well before committing to another tenancy," says Lucinda Richardson. The reason lies in the new rules on selling. A landlord who re-lets cannot end the new tenancy to sell within its first 12 months, must give at least four months' notice when they do, and cannot re-let for a year if the sale then falls through. For anyone already weighing a sale, every new tenancy is now a

much bigger commitment. Few are walking away, though. Fewer landlords withdrew homes from the rental market in our offices than a year ago, and only a handful of those that did cited a sale.

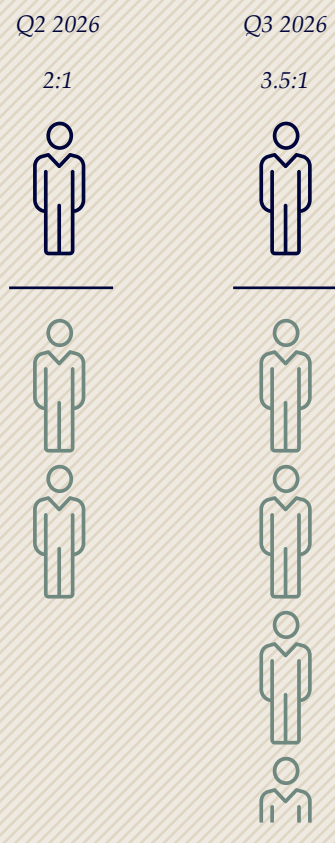
Tenants' freedom to leave early is reshaping the market at the margins too. Below the £100,000 threshold, short lets have lost much of their premium, since a tenant can take a furnished flat on a standard let and simply give notice. Our Notting Hill team now advises landlords who want longer tenancies to let unfurnished. Above the threshold, where the new rules do not apply, the share of our new lets has nearly doubled since May.

With bidding wars banned, landlords now choose on the strength of each application. "Ultimately, we present the options, and the landlord makes the decision," says Alexandre Von der Muehll, Senior Lettings Negotiator in Paddington & Bayswater. "Price is often the clincher, with applicants offering the asking rent generally being the ones accepted." Well-priced flats there let quickly, while ambitious ones took longer, and rents broadly held with some softening at the top end.

In Pimlico, scarcity told a different story. "A number of properties achieved record rents, with many landlords securing significant increases," says Isabel Sunde, Lettings Manager in Pimlico & Westminster. "Despite the Act, demand has remained extremely strong, and the shortage of good-quality stock is creating competition between applicants." With bids above the advertised rent now banned, that competition is settled on the strength of applications rather than the size of offers. Across prime London, rents have returned to modest growth since May.

Tenants registered for every buyer registered

Prime central London offices, Q2 vs Q3 2026



■ Registered Buyer

■ Registered Tenant

LOOKING AHEAD

WINTER MARKET OUTLOOK

The final quarter opens with John Healey's first Budget on 28 October. With the £1.5m threshold reportedly ruled out, the £2m line looks set to stand, but speculation continues around capital gains tax and National Insurance on rental income, and many buyers, sellers and landlords are likely to stay cautious until it is settled.

Borrowing costs matter as much as tax. Markets now expect the Bank of England's next move to be up, and many mortgage offers agreed before the conflict in the Middle East have now expired. The quieter summer for agreed sales also points to fewer exchanges before the year ends.

For sellers, competition is likely to sharpen, and pricing correctly from the outset will count for most. For buyers who can act, there is room to negotiate, with values well below their former peak and the pace of price falls now easing.



“Autumn, once a hive of activity, is increasingly a damp squib as thoughts turn to the October Budget. The annual speculation has created such negativity for the high-end market that fears of the next initiative are putting buyers off. A successful Budget would be ‘property light’, focusing little on property taxes and reassuring the markets that the UK economy is on a sustainable path to growth, so that mortgage rates rise no higher. Ruling out a lower £1.5m threshold was the right decision: it would have caught many families with significant mortgages living in terraced Victorian houses, and knocked buyers’ confidence.”

Dominic Agace,
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