

# PRIME CENTRAL LONDON 2025

A report by Winkworth Research

Winkworth

2025 was a year of recalibration, not retreat across Prime Central London. Buyer demand held firm, transaction efficiency improved, and the market quietly found its footing, even as uncertainty triggered by external factors tested confidence at every turn.

The defining theme was realistic pricing. Sellers who understood market expectations were able to transact; those anchored to historic ones often waited for months with little traction. This wasn't a market lacking demand: our total sales applicants rose 6% year-on-year, and sales agreed increased 9% compared with 2024. But it was a market that demanded precision. Where alignment was achieved, deals moved faster than the year before; we saw average marketing-to-exchange time shorten by 8%, and the total time from valuation to sale agreed fell by almost a quarter.

# PRIME CENTRAL LONDON 2025

# +6%

Sales Applicants vs FY 2024

# +9%

Sales Agreed vs FY 2024

# +31%

£2m-£5m Applicants vs FY 2024

# +8%

Quicker Marketing to Exchange vs 2024

# -16%

Lettings Stock supply constrained

# +25%

Lettings Valuations

The composition of demand shifted meaningfully across our PCL network. Interest in the £2 million to £5 million segment surged (applicants in this bracket rose 31%), while activity at higher price points softened. Domestic, needs-based buyers drove momentum: parents purchasing for children, long-term residents upsizing or downsizing, professionals relocating for work. The discretionary international buyer, once a mainstay of prime activity, remained cautious amid tax changes and regulatory uncertainty.

The year's rhythm was shaped by the Autumn Budget. The first half saw steady engagement, with applicants and instructions running ahead of 2024. But

from late summer, speculation around tax changes, from mansion taxes to capital gains reform, cast a long shadow. Buyer and seller activity contracted through October, with many choosing to wait rather than commit in the face of unknown policy outcomes.

When the Budget arrived in late November, it delivered tax increases but avoided the worst fears. The anticipated mansion tax was confirmed as a high-value council tax surcharge on properties above £2 million, but implementation was deferred to April 2028. Stamp duty thresholds remained unchanged and capital gains tax on property was untouched. The market's response was immediate: the final week of November saw the highest weekly sales activity of the year

outside the March stamp duty deadline, and for the first time in 2025, sales exceeded new instructions.

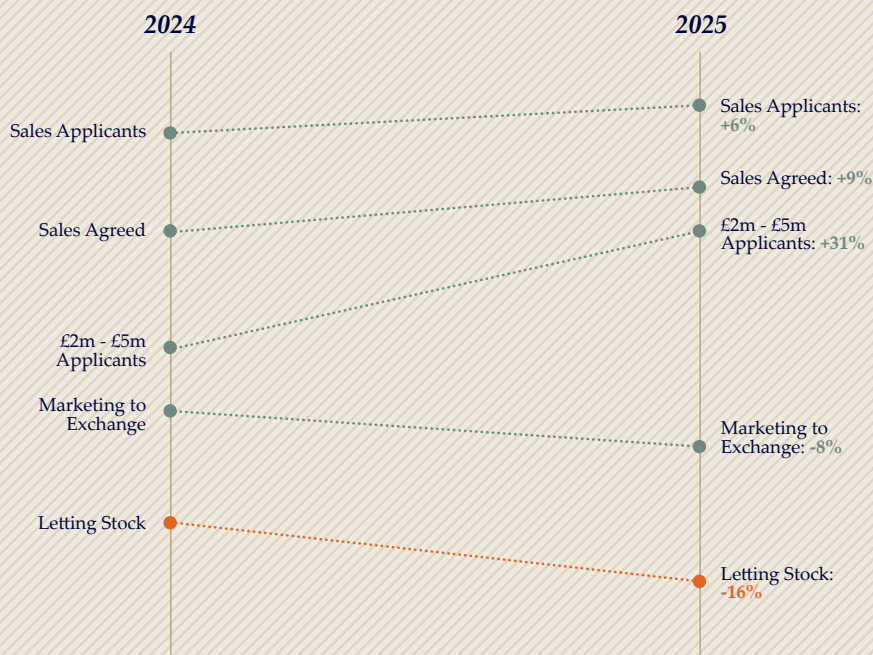
In lettings, supply constraints persisted throughout the year. Our available prime rental stock fell 16% compared with 2024, even as landlord valuations rose 25% - a signal of intent that didn't always translate into new listings. Regulatory uncertainty, particularly around the Renters' Rights Bill and new licensing requirements in Westminster, kept many landlords cautious. Those who did commit found a receptive market: tenant demand remained robust, and well-presented properties, particularly two-bedroom flats, let quickly and often

above asking price. But affordability increasingly became a ceiling. Rents remained elevated, but the pace of growth slowed sharply through the second half and agents reported a rise in tenant pushback on further increases.

As the year closed, the picture was one of foundations being laid rather than momentum being lost. We saw Q4 buyer applicants rise 8% year-on-year and lettings applicants increase by 12%. Sales agreed held steady despite the autumn paralysis. The market that enters 2026 is leaner, more realistic, and — with greater policy clarity — better positioned than it was twelve months ago.

## 2025 vs 2024 - Key Metrics

Network Sales Applicants, Sales Agreed, Time to Exchange & Lettings Stock



The headline picture for 2025 was: demand up, transactions up, timelines shorter. But beneath those numbers lies a more nuanced story, one of evolving buyer psychology, shifting supply dynamics, and a market that rewarded precision while punishing complacency.

Buyer behaviour changed meaningfully through the year. The first quarter saw caution: a desire to “wait and see” amid uncertainty around interest rates, political noise, and tax positioning. But as 2025 progressed, that hesitancy gave way to a more decisive tone. Buyers came to accept that waiting for a perfect macro environment was unrealistic. Those in search of Prime Central London property refocused on quality, longevity, and replacement value rather than short-term market timing. Family offices, long-term London residents, and international buyers with a multi-generational view drove activity, particularly for best-in-class, turn-key properties that required no further work.



# PRIME SALES 2025

*“The gap between what sellers hoped to achieve and what buyers were prepared to pay narrowed materially through the year. Those who understood the global context of Prime Central London — not anchored to historic peaks — were able to transact. Those who waited often sat for months.”*

Christian Lock-Necrews, Managing Director,  
Winkworth Knightsbridge & Chelsea



## A Market Rebalanced

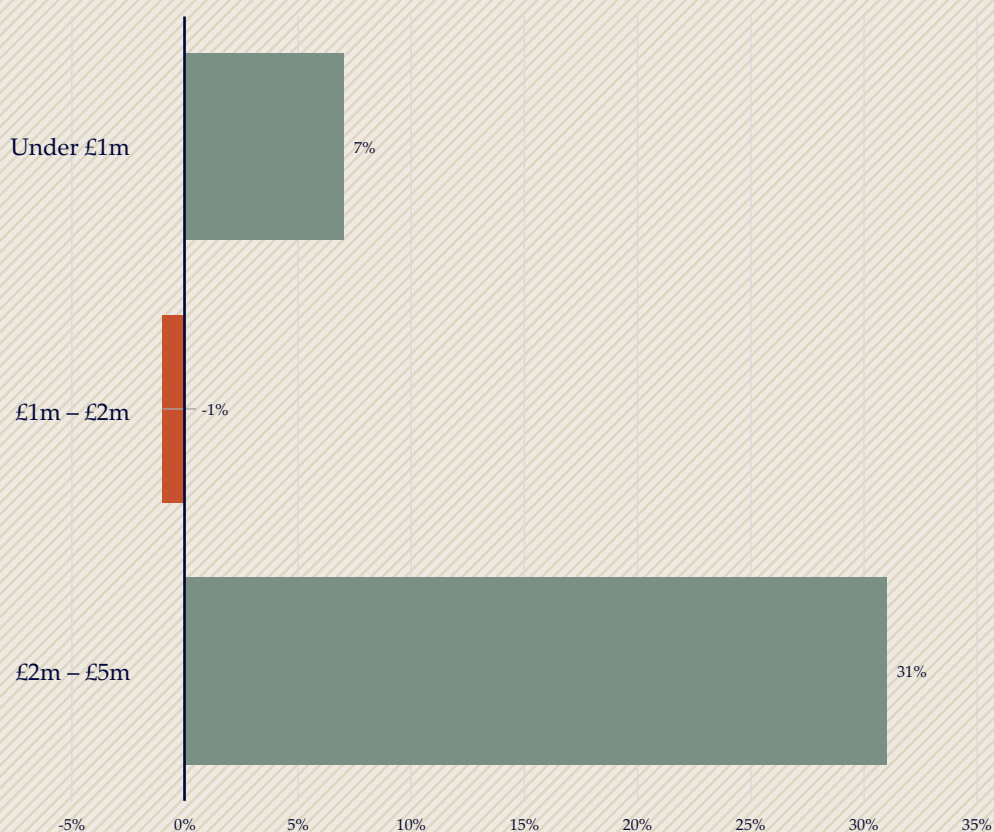
The composition of demand shifted. International applicants fell to their lowest share in years, reflecting the impact of non-dom tax changes that took effect in April. But the mix of overseas interest evolved: American buyers overtook Chinese as the largest international cohort, while Middle Eastern enquiries reached a record share. Domestic buyers also gained ground; families relocating from Outer London, recognising that prime prices now sit more than 20% below their 2014 peak, made up a growing proportion of completed sales. For many, this represented long-term value rather than speculative opportunity.

Cash and low-leverage buyers provided consistent depth. At the upper end of the market, cash purchases accounted for around three-quarters of transactions, and the profile of these buyers shifted - a growing number were first-time buyers at the ultra-prime level, a cohort that barely existed a decade ago. These buyers were analytical and selective: more likely to undertake renovations, less flexible on location, and prepared to wait for the right property rather than compromise. Legislation and tax changes did not stop deals, they simply led to buyers becoming more forensic in their approach.

Supply dynamics added complexity. New instructions rose through the year, and stock levels climbed, in part driven by foreign owners exiting ahead of or in response to the non-dom reforms. By autumn, available stock was markedly higher than the prior year, and price reductions accelerated as vendors adjusted to market reality. December saw the strongest new listings activity in over a decade. For buyers, choice increased; for sellers, competition intensified.

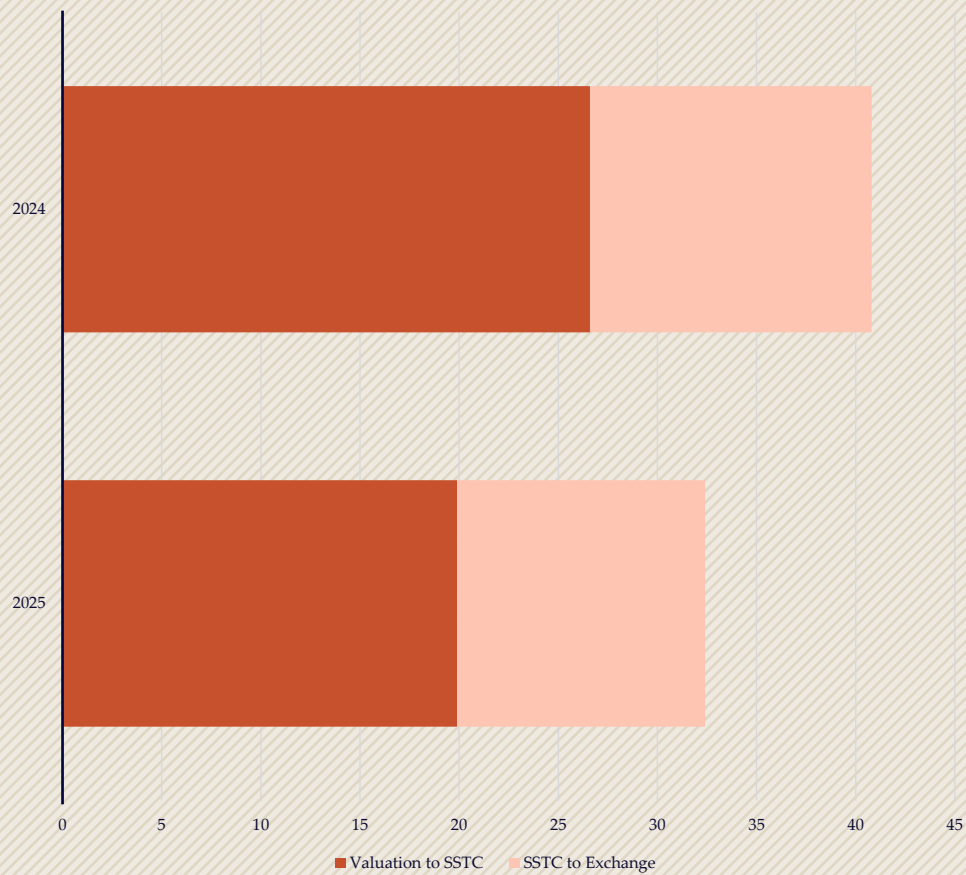
## *Sales applicants by price band*

Year-on-year change of applicants looking in price bands between £0 - £5m 2025 vs 2024

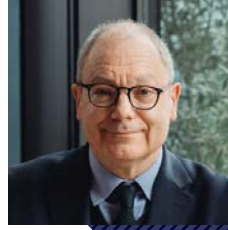


## Transaction Journey Time

Time in weeks from valuation to exchange 2025 vs 2024



“  
*Last year's later Budget  
extended the slowdown, with  
speculation around higher  
taxes adding to buyer caution.  
Prices continued to deflate,  
even as stock levels rose. But  
after eleven difficult years,  
I'm reasonably confident 2026  
will be a good year — even  
price stabilisation would feel  
like a dramatic improvement.*”



Josh Grinling, Director,  
Winkworth Kensington

## A More Rational Market

Pricing reflected a new equilibrium. While average asking prices across our network rose 6% year-on-year and achieved prices increased 4%, the gap between the two widened: sellers were launching higher but having to concede more ground to transact than in 2024. Wider prime market data told a similar story: achieved values per square foot fell to their lowest level in over a decade, and buyers with cash and patience routinely negotiated 10–15% below initial expectations on properties that launched at aspirational levels. Yet deal flow was more consistent than the headlines suggested. The market was not frenetic, but it was liquid for well-priced, best-in-class stock. Under-offer activity edged up through the year, though fall-through rates also rose, a sign that even committed buyers remained cautious and willing to walk away if surveys or negotiations revealed problems.

What surprised many was how resilient demand proved once pricing aligned with reality. There was no collapse in appetite for Prime Central London. Instead, the market quietly found its level and began to function again - more rational, more selective, and ultimately more sustainable.

# PRIME LETTINGS 2025

The overarching tension of strong tenant demand meeting constrained supply remained. But, in 2025 the lettings market was more layered than that summary suggests - a story of sharp divergence by price band, shifting landlord mindset, and a sector quietly consolidating around those with the appetite to stay.

The year's rhythm was uneven. The first half felt familiar: strong demand, constrained supply, landlords in control. But as the year progressed, conditions shifted. The sales market's weakness began to feed back into lettings in unexpected ways, and by the final quarter, the balance looked different.

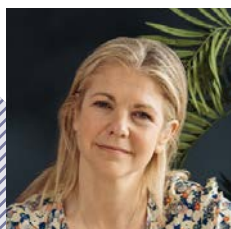
*“The start of the year saw demand far outweighing supply, with many landlords serving notice to sell. By Q4, some of those sellers — having not achieved the prices they wanted — revisited the lettings market. For the first time in a while, supply began to catch up with demand, and rental values softened accordingly.”*

Arabella Roupell, Director, Winkworth  
South Kensington & Earls Court



*“Many landlords are bruised by the pending changes — the Renters’ Rights Act, licensing requirements, the prospect of further taxes. I expect stock to reduce further, but it may balance with shrinking demand as some prime tenants relocate outside the UK. It will be an interesting year for the new supply-demand equilibrium.”*

Lucinda Richardson, Director & Lettings Manager, Winkworth Notting Hill



## A Two-Speed Rental Market

Performance diverged sharply by price band. Properties at accessible price points continued to let quickly (often within a fortnight), with tenants paying at or near asking rent. Mid-market stock showed steady momentum. But the picture at the upper end was markedly different. Family houses and properties at the prime level, particularly above £2,500 per week, cooled materially, with landlords facing significantly larger discounts to achieve lets. Fewer wealthy international tenants were entering the market, and those who were proved more selective and more willing to negotiate.

Tenant relocation was a recurring theme in conversations across our six PCL offices. Some prime tenants spoke openly about leaving the UK for the next five years, a response to tax changes and broader uncertainty. This contributed to the cooling at the top end, even as demand remained firm at lower price points. The tenant profile itself held steady: young professionals, often living alone or sharing with one other, dominated the applicant pool. Corporate relocations and international students provided seasonal support, and affordability (while clearly a ceiling) did not translate into reference failures. Tenants understood they had to pay asking price or close to it to secure a property, and for well-presented stock, that remained the case.

Landlord sentiment was more fragile. Across our network, frustration with regulatory complexity was evident, not just the Renters’ Rights Act but the cumulative weight of licensing requirements, with Westminster’s new scheme carrying a £1,000 charge and

significant administrative burden. Many landlords questioned whether they had the energy to continue, and concern about diminishing grounds for possession after May 2026 added to the unease. Some worried about being locked in with difficult tenants as the balance of power shifted.

## Survival of the Fittest

Wider market data confirmed the structural shift underway. Buy-to-let landlords represented their lowest share of property purchases since records began, with tens of thousands exiting the sector over the year. But this was not simply a story of decline, it was one of consolidation. Professional operators, institutional investors, and landlords operating through corporate structures absorbed much of the slack. For those who remained, yields in prime central London, while compressed compared to outer boroughs, still sat near multi-year highs and tenant demand remained structurally supported. The amateur landlord was retreating; the professional landlord was adapting.

Quality mattered more than ever. Properties that were well-presented, competitively priced, and newly refurbished let quickly and held their value. Those that were tired or overpriced faced longer voids and harder negotiations. Value had to be added to encourage viewings, particularly for stock that was not super-modern. The landlords who understood this outperformed; those who did not found 2025 a difficult year.

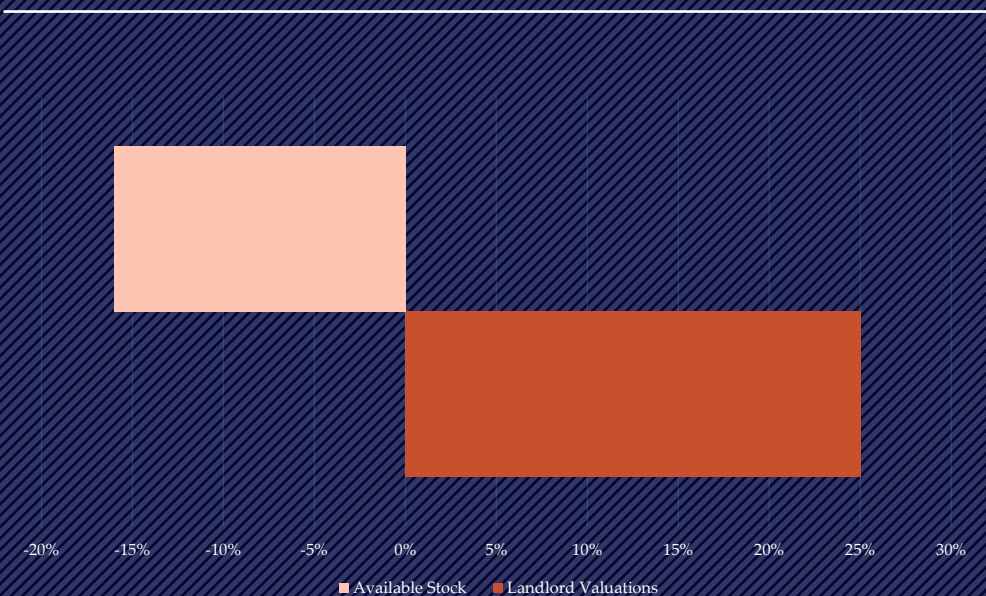
*“Lack of supply dominated the whole year. Tenants understand they must pay asking price or close to it to secure a property. But landlords continue to explore sales when tenancies expire — some succeed, some are disappointed with the response and return to lettings. Once landlords realise the market won’t collapse and get their heads around the new processes, confidence will return.”*

Robert Oatley, Director,  
Winkworth Pimlico & Westminster



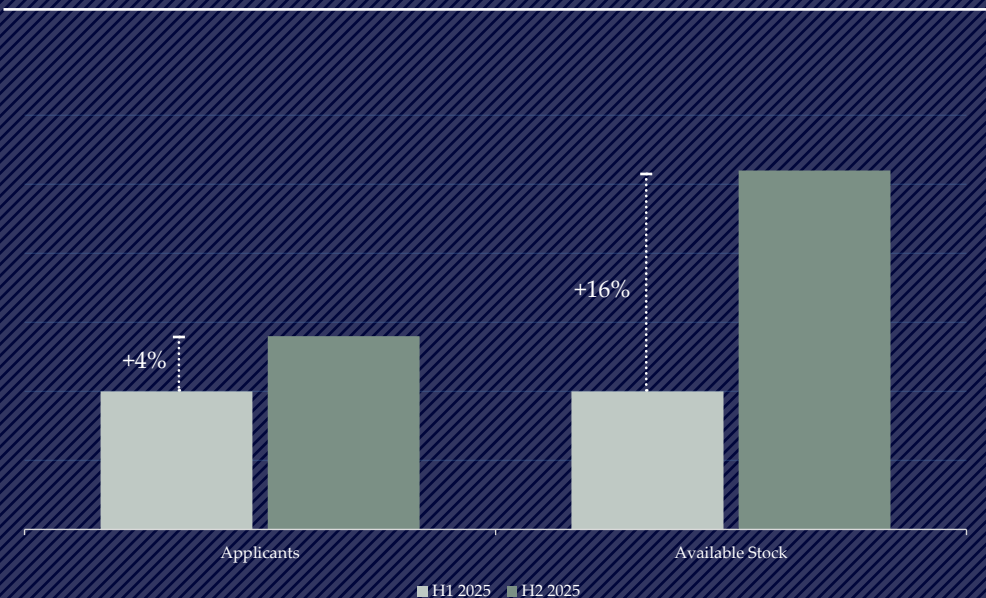
# Lettings: The Supply Tension

Year-on-year change of available lettings stock vs lettings valuations 2025 vs 2024



# Lettings Applicants & Available stock

H1 2025 vs H2 2025



Across our Prime Central group, the mood entering 2026 is one of cautious optimism. Not euphoria - the market has been through too much for that, but a genuine sense that the foundations are more stable than they have been for years.

In sales, there is relief that the Budget avoided the worst scenarios. The mansion tax was lower than feared and deferred until April 2028 and there is hope the government may now leave Prime Central London alone for a period, giving the market time to stabilise and confidence to rebuild. Prime Central London remains a long-term store of value and those who approach 2026 with clarity and professionalism, rather than waiting for perfect macro conditions, are likely to be rewarded. The message from our offices is clear: this year favours preparation over speculation.

In lettings, the focus turns to what comes next. There is a sense that the worst of the

landlord exodus may already be behind us. The initial panic around the Renters' Rights Act appears to have passed and landlords now seem able to take a more pragmatic view of the incoming changes which may, in time, encourage stock levels to recover. That said, reduced supply may be matched by reduced demand: some prime tenants are relocating outside the UK, and 2026 will reveal what the new equilibrium between supply and demand actually looks like. In the meantime, the static sales market offers an unexpected support - disappointed sellers returning properties to lettings will help ease the shortage and give landlords more confidence to stay in the sector.

The external environment supports this measured stance. Beyond the mansion tax deferral, the Budget left stamp duty thresholds unchanged and capital gains tax on residential property untouched. For a market that spent much of 2025 fearing the worst, the clarity alone is valuable.

# LOOKING AHEAD TO 2026

*“Prime Central London’s shift toward a more needs-based market continued through 2025, with domestic and lifestyle buyers playing a greater role. Where vendors priced realistically, transactions continued to progress.”*

*“The Budget provided much-needed clarity and, as uncertainty eased, confidence began to return. As we move into 2026, the market feels leaner and more grounded, with the foundations in place for a more stable year ahead.”*

Dominic Agace,  
CEO Winkworth Franchising



Interest rates provide a tailwind. The Bank of England cut base rate to 3.75% in December and is expected to reduce this further through 2026, with forecasts pointing to 3.25% by year-end. For prime buyers using leverage, particularly in the £1–3 million range, this easing supports affordability and may release pent-up demand.

Market forecasts cluster around stabilisation. Many anticipate prime central London prices to be flat to marginally positive, a year of consolidation rather than recovery. Rental growth is expected at a modest 2–4%, constrained by affordability but supported by undersupply. For landlords committed to the sector, yields near multi-year highs keep the investment case intact.

The Renters’ Rights Act takes effect on 1 May 2026. Section 21 no-fault evictions will be abolished, fixed-term tenancies will convert to periodic arrangements, and restrictions on rent bidding will come into force. There will be friction, but professional landlords in the prime market are better placed than most to absorb the transition.

The international buyer remains uncertain. The abolition of the non-dom regime, accumulated stamp duty surcharges, and the incoming high-value levy have changed the economics for overseas purchasers. Some will return as prices stabilise; others have permanently redirected capital elsewhere. For now, domestic owner-occupiers are the market’s engine and 2026 will be shaped by their confidence and capacity to act.

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