PRIME CENTRAL LONDON SPRING REPORT 2025

Following an understated close to 2024, the first quarter of 2025 marked a clear shift in pace and motivation across Prime Central London. As buyers re-engaged and landlords returned to the market, activity levels rose sharply - pointing to a more confident, if still cautious, start to the year.

Buyer interest reignited as the new year began, with our PCL office network recording a +57% rise in sales applicants quarter-on-quarter. While this remained just –3% below the same period in early 2024, the typical rebound from a static winter period, shadowed by legislative noise, suggested that many would-be purchasers were back in the market, encouraged by greater pricing realism and growing assurance that values may be nearing a floor. Echoing this, broader sales agreed levels and achieved prices began to firm up in February and March market-wide. Prime Central, alongside the broader Prime London market, remains price-sensitive, with correctly priced properties seeing stronger momentum than those requiring adjustments.

Lettings activity also picked up meaningfully. We saw a +55% year-on-year increase in first quarter lettings valuations, as landlords re-entered the market amid rising rents and renewed competition from high-quality tenants. Across the wider PCL arena, rents returned to growth (+8.3%) during Q1 YoY, rising for the first time since mid-2023. This rebound has been supported by a resurgence in trans-Atlantic and corporate tenant interest, with demand at the upper end helping to reset expectations and underpin the optimism of prime landlords, less deterred by new tenant regulations. Rising rents, high-calibre tenants and long-term confidence in their asset class were all key drivers.

Despite this, it's still a considered market, reflected in our average time from marketing to exchange rising to 29.3 weeks.* This increase, up from 22.2 weeks in Q4, points to heavier transaction volumes, more deliberate buyer behaviour, and continued negotiations on pricing. Quality listings are finding committed buyers, but the path to completion remains steady rather than swift.

As we continue deeper into spring, the signs are somewhat promising: buyer registrations are rising, sellers are increasingly more in tune with the market, and rental instructions are responding to tenant demand. Prime Central London's long-term fundamentals remain firmly intact despite broader worries. However, Q1 has laid the groundwork for a potentially busier second quarter. In spite of notable changes to stamp duty now being in effect, and continued discussion around rental legislation, our view from the ground saw many clients move decisively in Q1, aiming to stay ahead of shifting regulations and foggy market sentiment.

+57%
sales applicants
vs Q4 2024

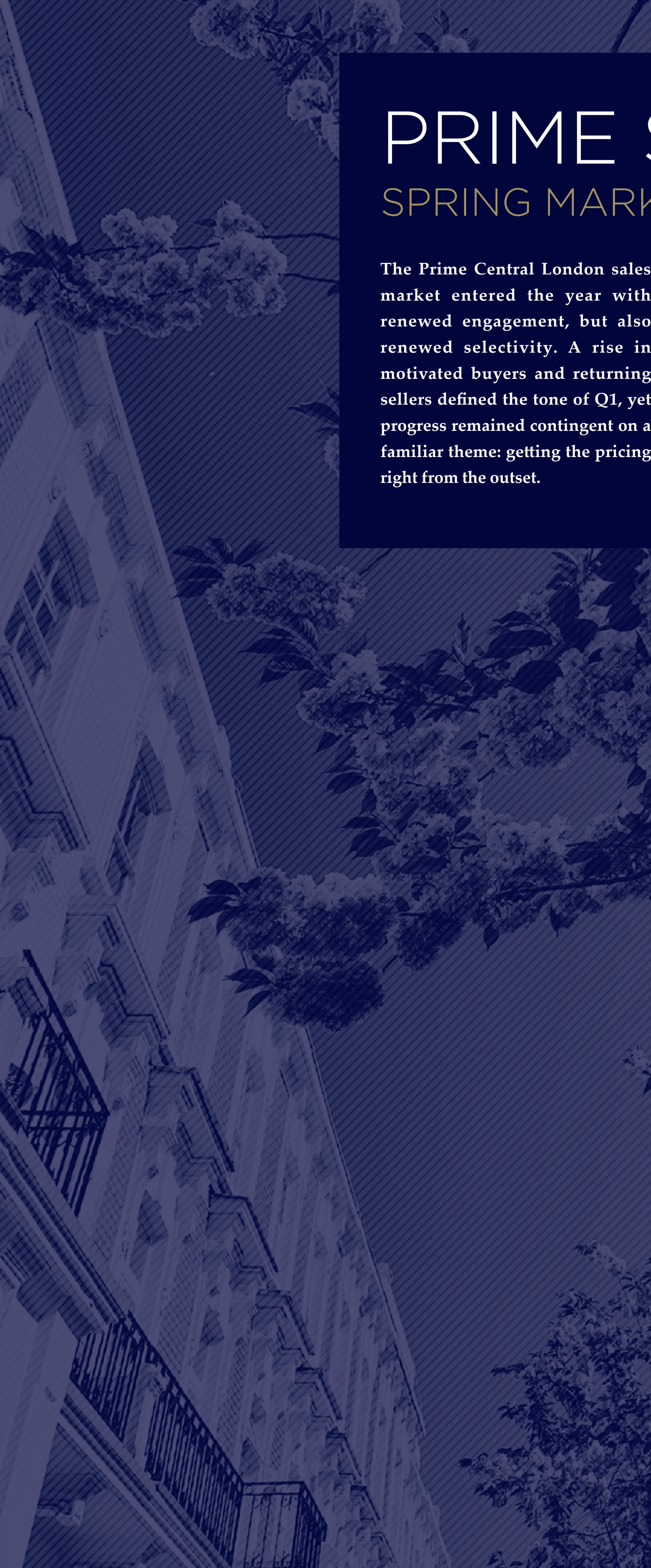
+25%
new instructions
vs Q1 2024

+55%
lettings valuations
vs Q1 2024

*For periods under 1 year (52 weeks)

winkworth.co.uk/prime-central-london

Winkworth



PRIME SALES

SPRING MARKET

The Prime Central London sales market entered the year with renewed engagement, but also renewed selectivity. A rise in motivated buyers and returning sellers defined the tone of Q1, yet progress remained contingent on a familiar theme: getting the pricing right from the outset.

Our PCL offices saw a +25% year-on-year increase in new instructions, signalling heightened seller conviction across the board. Total sales viewings rose +33% quarter-on-quarter, with buyers active across all six offices, though not yet at the point of decisive action. Sales agreed were –21% below Q1 2024. While buyer presence was strong, completions continued to take time.

Emmie-Lou Barclay, Senior Associate at Winkworth South Kensington notes:

“The market appears to be gaining momentum... We’re seeing encouraging signs as we head into the late spring market, particularly in the £1 million to £2 million range, which is showing notable activity.”

Emmie-Lou Barclay
Senior Associate at Winkworth South Kensington

Increase in Sales Instructions (Q1 2024 vs. Q1 2025)

Shown as a multiplier of previous year totals

Management figures reflected this sentiment. The £1m–£2m property range accounted for ~40% of all sales applicants, and two-bedroom flats were the most sought-after property type, representing over half of new buyer registrations over the quarter. While overall viewings were up, the average number of viewings per property exchanged fell to 26.3, down from 33.6 in Q4 2024, suggesting that buyers are narrowing their focus and responding more efficiently to accurately priced listings.

As Josh Grinling, Director at Winkworth Kensington, reports:

> *Sellers are now more aware of the need for sensible pricing... and where they're not, the property sits.*

Josh Grinling,
Director at Winkworth Kensington

In Knightsbridge, Christian Lock-Necrews, Managing Director, noted a subtle shift in market power:

> *Stock levels have improved, giving buyers more choice… There's been a realignment: this is now a buyer's market in many respects. Sellers are having to work harder to meet the moment. The days of testing the market with inflated expectations are behind us.*

Christian Lock-Necrews,
Director at Winkworth Knightsbridge & Chelsea

That mindset was clearly reflected in our own pricing data. Both average asking and achieved prices rose year-on-year in Q1, yet the average discount widened to over 6%, from ~3% in Q1 2024. Prime-wide, this average discount stood at ~9% for the quarter: the highest level in the past five years. Additionally, over 80% of transactions went through at a discounted price. At the same time, Winkworth PCL's exchanges rose +27% quarter-on-quarter and +18% year-on-year. This growth in volume, paired with higher achieved values, points to a stabilising mid-market where accurately priced listings are converting with more consistency.

As Charles Erwin, Director at Winkworth Notting Hill, observed:

> *Ultimately, it all comes down to pricing. There is a clear pool of active buyers, and when a property is priced appropriately, they are prepared to make offers.*

Charles Erwin,
Director of Sales at Winkworth Notting Hill

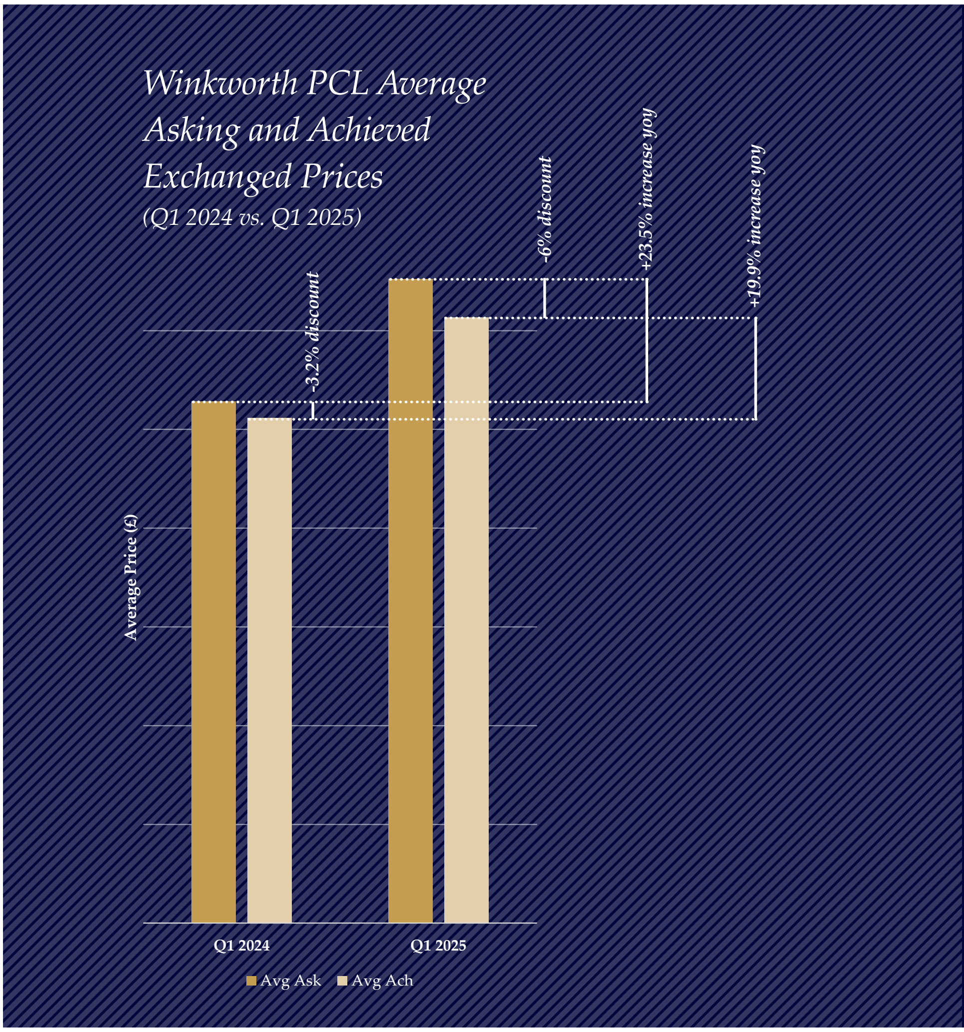
Winkworth Q1 PCL's exchanges rose:

+27%
quarter-on-quarter

+18%
year-on-year

Several macroeconomic factors also shaped buyer behaviour during the quarter. The reform of the UK's non-dom regime, announced in the Spring Budget, has prompted some international clients to reassess their longer-term ownership strategies, while geopolitical and economic uncertainty abroad, particularly in the U.S., was noted by some of our prime offices as a backdrop to shifting buyer motivations.

Putting the spotlight on vendor behaviour, we noted that some sellers were also looking to simplify portfolios or pre-empt future tax changes, adding to an already large mix of motivations for bringing new stock to the market. These dynamics, combined with the rollout of new stamp duty thresholds, added further weight to the need for clarity, value, and timing within PCL transactions. With some better weather, a refreshing level of confidence has returned, and buyers are committing again with a new-norm in place.



PRIME LETTINGS

SPRING MARKET

The Prime Central London lettings market entered 2025 with traction cautiously rebuilding after a subdued winter. While supply constraints and tenant selectivity continued to characterise conditions, the first quarter saw pricing sharpen, applicant registrations rise, and competitive pressure build - pointing to a more active, if still measured, landscape.

Tenant activity picked up noticeably as the year began. Our PCL offices saw Q1 registrations rise by +35% quarter-on-quarter, reflecting a strong and expected seasonal rebound, although volumes held broadly steady year-on-year (–3.7%). At the same time, available rental stock remained tight: the number of properties available to let at the end of March was –12.5% lower than a year earlier, despite the typical seasonal uplift from winter levels.

New lettings instructions remained more measured year-on-year, reflecting a delicate supply-demand balance. While some landlords have adjusted pricing to meet evolving tenant expectations, overall rental values have been supported by quality-led demand.

Across our network, on-the-ground sentiment reflected the ongoing recalibration.

In Pimlico, Director Robert Oatley noted a marked shift in tenant expectations:

Tenants are becoming noticeably more selective; focusing on specification, features like dishwashers, storage, and natural light. Everything is being scrutinised more closely.

Rob Oatley,
Director at Winkworth Pimlico & Westminster

+35%

increase in tenant applicants vs Q4 2024

Winkworth Notting Hill, echoed this trend while highlighting the influence of external demand factors:

> *While some long-standing landlords are choosing to exit the market in response to tax changes and anticipated regulatory reforms, prime rental demand remains robust—particularly supported by corporate tenants and incoming Americans. We're seeing strong activity in high-quality two-bedroom, two-bath properties with outdoor space, especially among corporate relocators.*

Lucinda Richardson,
Director of Lettings at
Winkworth Notting Hill

In the Paddington & Bayswater area, Sales Manager Charlie Rosling underscored the importance of pricing accuracy in today's market:

> *The market is steady—there are tenants out there, but if the price isn't right, they simply move on.*

Charlie Rosling,
Sales Manager Winkworth
Paddington & Bayswater

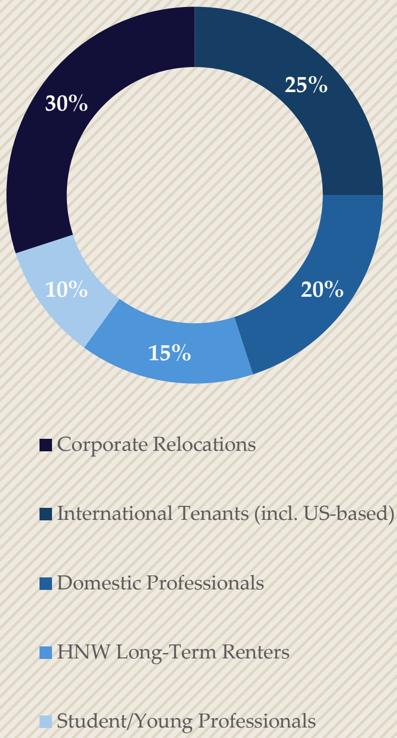
Broader Prime trends mirrored these dynamics. According to LonRes, annual rental growth in prime areas returned to +6.0% by February, the highest rate since November 2023 - helping to stabilise positive landlord sentiment even as new instructions and lets agreed fell market-wide. Meanwhile, we have found that prime landlords remain relatively resilient against the backdrop of the evolving Renters' Rights Bill, focused more on longer-term asset security and sustained rental performance than short-term regulatory pressures.

Tenant profiles continued to evolve through the quarter, with more demand observed from American executives, corporate tenants, and wealthier relocators, particularly around best-in-class properties. In many cases, landlords were able to secure modest rental increases at renewal, often around +10% (as noted by our Pimlico & Westminster team), provided properties met rising tenant expectations around condition and presentation.

Legislative uncertainty remains a watchpoint, but prime lettings fundamentals: tight stock, sustained applicant interest, the enduring appeal of London's core addresses and relative stability continue to provide a solid foundation for the months ahead

Prime Central London Tenant Profile - Q1 2025

(based on Winkworth Research estimates)



LOOKING AHEAD

SPRING MARKET OUTLOOK

As spring progresses, activity in PCL's residential market is clearly gathering pace. Buyers and tenants are returning with more zest than at the end of 2024 in selected neighbourhoods, but pricing, presentation and timing remain critical to unlocking successful transactions.

On the sales side, stock levels have quietly improved across the network, with realistic pricing now generating more serious buyer interest, particularly in the £1m–£2m range. The prospect of further base rate cuts later in the year is beginning to underpin hopefulness, although broader political and economic uncertainties, including U.S. policies and changes to the UK's non-dom regime, are likely to influence higher-end behaviour into the second half of 2025, or at the very least reveal how sentiment is trending currently.

Lettings activity is expected to accelerate further into the summer, with American and corporate tenants driving strong demand for high-specification apartments, especially two-bedroom homes with a space outside to call their own. With available rental stock still relatively tight, best-in-class properties are forecast to see the strongest competition.

Across both markets, our offices report a sense of measured confidence. Prime London's fundamentals remain firmly in place; location, quality, and global appeal. However, success will continue to hinge on understanding today's selective buyer and tenant expectations.

> *"As the UK re-engages with the global stage, from renewed European ties to emerging alliances, Prime London stands to benefit. A more open tone from the government, combined with new trade conversations, is helping to re-establish the capital as a preferred destination for both investment and relocation. While certain policy changes have introduced some uncertainty at the top end of the market, the return of international confidence is likely to support Prime Central London's long-term appeal to overseas buyers, relocating corporates and long-term investors."*

Dominic Agace,
CEO of Winkworth Franchising Limited

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