PRIME CENTRAL LONDON AUTUMN REPORT 2025

Prime Central London entered the autumn months with a steadier rhythm after strong momentum over the summer. Demand remained resilient, but activity became more selective, with progress increasingly dependent on pricing realism, measured negotiations, and a willingness from both sides to adapt.

In sales, our prime offices noted a quarter that balanced resilience with caution. Buyers remained present in healthy numbers, and applicant levels continued to exceed last year, but sellers were more measured in their decisions. Many preferred to seek valuations rather than commit to full instructions, waiting to see the impact of the forthcoming Budget before testing the market. Where properties were launched at the right level, activity was decisive. The mid-market drew consistent interest, with competitively priced flats attracting multiple viewings and moving relatively quickly. The profile of exchanges reflected this shift, with one-bedroom homes making up nearly four in every ten completions, a significant increase on last year and clear evidence that compact, needs-driven purchases are underpinning the market. Larger family houses, particularly at higher values, faced greater resistance and longer pipelines, often requiring deeper adjustments before deals could move forward. For many, motivation to sell was there, but aligning on price remained the deciding factor on whether progress was possible.

The lettings market, meanwhile, delivered a more decisive uplift. Tenant registrations rose by more than +20% compared with the summer quarter, fuelled by the September return of students and young professionals. Available rental stock also increased by +13% from Q2, although overall levels remain below a year ago, ensuring competition for quality homes remained fierce. Two-bedroom flats were highlighted as the most in-demand segment, frequently drawing multiple applicants and letting with minimal voids. Yet this strength in demand was tempered by landlord caution. Valuations fell back on an annual basis, reflecting hesitation linked to upcoming regulatory change and licensing requirements. Affordability ceilings further shaped conditions, keeping rents largely steady: while further growth was limited, landlords who priced sensibly and offered well-presented homes achieved quick results against a backdrop of tight supply. In practice, this meant well-prepared homes were let within days, while those slower to adjust on price or presentation risked being overlooked despite strong overall demand.

Taken together, the quarter highlighted both the sustainability and the realism shaping the Prime Central London market. Interest remained firm and activity continued to flow, but success relied increasingly on alignment between expectations and market conditions. As the market heads into winter, that balance between firm demand and measured caution looks set to define the colder months ahead.

+10%
sales applicants vs Q3 2024

+20%
lettings applicants vs Q2 2025

+13%
available rental stock vs Q2 2025

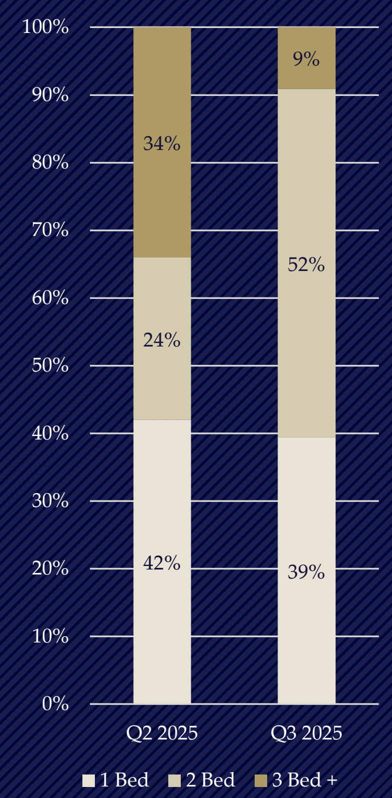
PRIME SALES

AUTUMN MARKET

The third quarter of 2025 highlighted both the opportunities and the challenges of the Prime Central London sales market. We saw buyer demand remain stronger than one year ago, with applicant levels up on 2024, but progress to exchange was often slower and more dependent on realism around pricing. Where alignment was achieved, deals were completed, but when expectations remained too high, stock lingered.

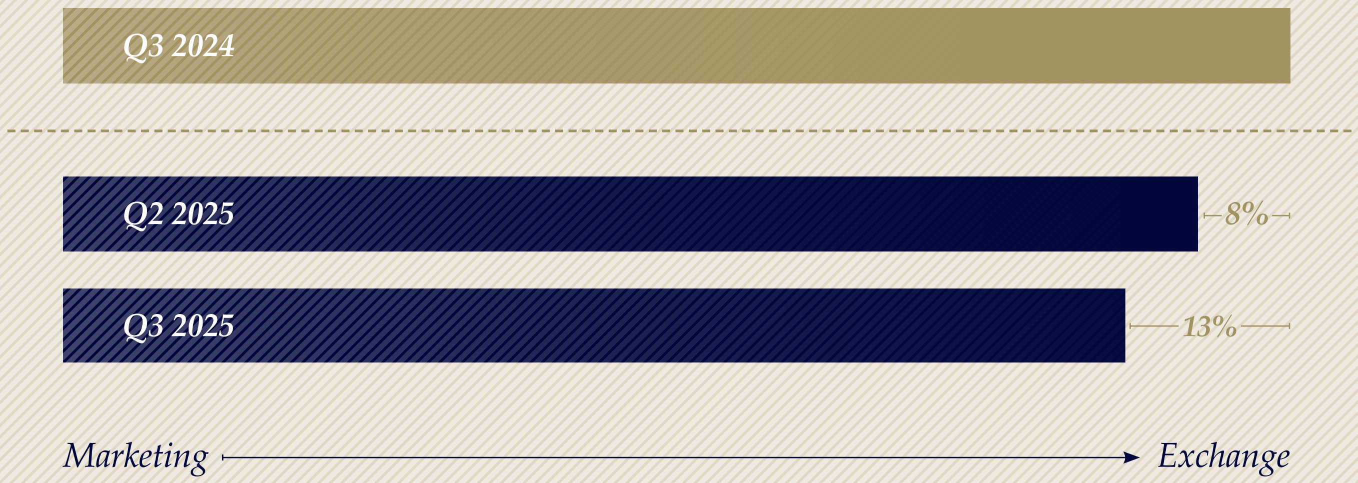
Applicants rose over 10% year-on-year across our prime network, showing that interest in the area is far from diminished. At the same time, valuations climbed ~13% but instructions eased back from Q2 summer levels, underscoring that many vendors are waiting for clearer signals from the Autumn Budget before formally listing. Christian Lock-Necrews, Director of Winkworth Knightsbridge & Chelsea, noted: “The market has slowed, but there are still needs-based buyers: parents purchasing for children or overseas clients seeking a base. Buyers now have more leverage and are negotiating harder than before.”

Exchanges by Property Size
Q2 2025 vs Q3 2025



Marketing-to-Exchange Time in weeks

(Q2 & Q3 2025 vs. Q3 2024 - for properties that took less than 52 weeks to exchange)

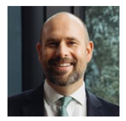


The shape of activity this quarter reinforces this selective behaviour. One-bedroom flats accounted for almost 40% of all exchanges, a sharp rise on the previous year, while two-bedroom properties made up just over half. Larger homes accounted for less than one in ten, compared with a much higher share in 2024. This reflects a practical, needs-driven market, where smaller units are progressing, but family houses and higher-value stock face headwinds. Internal data also shows that the average size of exchanged properties has contracted by more than 10% compared with a year earlier, reflecting the pivot towards compact homes.

In our Kensington patch, the atmosphere has been marked by Budget uncertainty and speculation on tax changes leading to nervousness. Josh Grinling, Director of Winkworth Kensington, explained: “This year’s later Budget has extended the slowdown, with speculation around higher taxes adding to buyer caution. Prices continue to deflate, even as stock levels rise.” This aligns with wider Prime London indicators, where under-offer levels rose across the summer but transactions still lagged, with high-value sales in particular remaining subdued.

Despite these challenges, there were also signs of progress. The average marketing-to-exchange time across our six PCL offices shortened by around 13% compared with last year, showing that once alignment is achieved, sales are moving more efficiently. Buyers are still taking more viewings before committing, with an average of six more viewings per exchanged property compared to Q2, but this reflects due diligence rather than disengagement. Internal data also shows that sales agreed were ahead of last year’s levels, underlining that when vendors adjust expectations, buyers are willing to commit and pipelines are being replenished. On pricing, our achieved values averaged ~6% below asking, a margin comfortably within the mid-single-digit to high-single-digit reductions typically seen across prime London, underlining that where vendors meet the market, transactions are still being secured.

> *The market has slowed, but there are still needs-based buyers: parents purchasing for children or overseas clients seeking a base. Buyers now have more leverage and are negotiating harder than before.*



Christian Lock-Necrews, Director at Winkworth Knightsbridge & Chelsea

In Paddington, this dynamic was particularly clear. Charlie Rosling, Sales Manager of Winkworth Paddington & Bayswater, observed: "The market feels cautious, but sellers who reduce prices are attracting buyers. Where expectations have shifted, we've seen sales agreed and exchanges rise sharply." This reflects a broader truth across PCL: where expectations were reset, activity picked up.

According to Lonres, wider Prime London market data for Q3 supports this picture. Across the capital, stock levels rose by double digits compared with last year, price reductions continued to climb, and achieved prices slipped modestly. Under-offer levels increased, suggesting buyers remain engaged, but transaction volumes fell by around a quarter, reflecting the slower pipelines we have also experienced internally.

This period ultimately illustrates a Prime Central London sales market that is not short of demand but is defined by caution. Smaller, needs-driven properties remain resilient, while higher-value homes are held back by policy uncertainty and protracted negotiations. Sellers are cautious to commit instructions, and buyers are taking time to ensure value is clear. Yet once alignment is achieved, progression is faster than last year, and volumes improve. Looking ahead for what is left of 2025, the balance between resilience and restraint will remain the defining feature of the market, with the Autumn Budget likely to determine how quickly confidence returns.

"The market feels cautious, but sellers who reduce prices are attracting buyers. Where expectations have shifted, we've seen sales agreed and exchanges rise sharply."

Charlie Rosling,
Sales Manager at Winkworth Paddington & Bayswater

~13%
increase in sales valuation vs Q3 2024

PRIME LETTINGS
AUTUMN MARKET

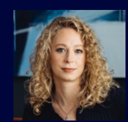
The Prime Central London lettings market maintained strong momentum in the third quarter, defined by firm tenant demand, but shaped increasingly by affordability ceilings and landlord caution. Network data shows applicant registrations were flat year-on-year at the same level as Q3 2024, but rose by 22% compared with summer, underlining the seasonal uplift in activity. Yet supply did not move in step: new instructions were 13% higher than Q2 but still 6% lower year-on-year, while valuations were down on both measures, reflecting landlords' hesitancy despite sturdy tenant appetite.

Arabella Roupell, Director of Winkworth South Kensington & Earls Court, observed: "Demand has been robust, with tenancies agreed up on last year, but landlords are cautious and affordability is becoming a ceiling." These dynamics were replicated across the network. Students and young professionals returned in strength, driving competition for well-located two-bedroom flats. At the same time, landlords remained selective about launching properties, citing uncertainty linked to the Renters' Rights Bill and Westminster's evolving licensing rules.

The strong applicant uplift from Q2 reflects the normal seasonal influx, but affordability is shaping the pace of deals. While tenants continue to bid quickly on the right stock, headline rent growth is clearly easing. LonRes data reported that end-of-quarter rental growth was at its lowest annual rate this year, though average rents remain ~38% higher than pre-pandemic levels. This matches our experience on the ground: activity is healthy, but tenants are pushing back against further rises, particularly on properties that are not newly refurbished.

~38%
increase in rent compared to prepandemic
Lonres

"Demand has been robust, with tenancies agreed up on last year, but landlords are cautious and affordability is becoming a ceiling."



Arabella Roupell,
Director at Winkworth South Kensington & Earls Court

"Demand remains strong for immaculate flats, particularly two-beds, but if a property doesn't let quickly landlords need to cut prices."

Lucinda Richardson,
Director at Winkworth Notting Hill

Lucinda Richardson, Director and Head of Lettings at Winkworth Notting Hill, explained: "Demand remains strong for immaculate flats, particularly two-beds, but if a property doesn't let quickly landlords need to cut prices. Family houses are quieter, with some higher-end tenants leaving due to tax uncertainty." This divergence captures the market's split personality. Apartments and smaller flats remain the engine of demand, while larger houses face headwinds from tax and affordability constraints. Furnished demand also picked up, pointing to a more transient tenant mix than in previous cycles.

In Pimlico & Westminster, demand was especially competitive. Isabel Sunde, Lettings Manager, noted: "We're still seeing best and final offers and minimal voids, especially on two-beds and in the student market. The supply-demand imbalance is keeping rents high despite more landlord hesitation." This underscores the structural tension in PCL lettings: tenant demand is sustained, but stock is selectively constrained. Mid-market properties in good condition move quickly, while weaker stock lingers.

Overall, the PCL lettings market remains strong this quarter, but increasingly nuanced. Applicants rose sharply from the summer, but valuations slipped and instructions remain lower than a year ago. Smaller, well-presented two-bedroom flats are leading activity, students and young professionals are driving demand, and affordability is testing limits.

Landlords are cautious, balancing opportunity against legislative uncertainty, leaving supply only partially responsive. External indicators confirm this backdrop: rents are historically high but growth is slowing, and stock recovery is happening unevenly across price brackets. Moving into the final quarter, performance will depend on how far affordability ceilings hold and whether more landlords decide to re-enter the market.

Quarter on quarter change in new tenant registrations (Q2 2025 vs. Q3 2025)

LOOKING AHEAD

AUTUMN MARKET OUTLOOK

The coming months will be defined less by volume than by timing. With the Autumn Budget set against a late-year market, many buyers and sellers may wait to see the details before committing, raising the prospect of an unusually active December and early January should outcomes prove less severe than anticipated. This "delayed autumn bounce" could give PCL a different rhythm compared to previous years, where activity traditionally eases toward year-end.

Another factor shaping the outlook is the changing mix of international buyers. While European demand has been steady, early signs suggest renewed interest from the Middle East and Asia, attracted by currency advantages and the perception of London as a long-term safe haven. If this momentum builds into the winter months, it may offset some of the hesitancy among domestic discretionary vendors.

On the lettings side, affordability is likely to cap rental growth into 2026, shifting attention to tenant quality rather than headline rents. Landlords may prioritise stability and longer-term agreements over chasing marginal increases, especially as regulation continues to evolve.

The final quarter, then, may not deliver traditional seasonality but instead a more compressed, selective market, with opportunity concentrated around realism, timing, and international capital flows.

Dominic Agace,
CEO of Winkworth Franchising Limited

"The Autumn Statement has increasingly taken on the feel of a traditional election, with policy speculation slowing transactions as buyers and sellers wait for clarity. In these periods, people often fear the worst, but once the detail emerges, the reality is usually less severe, and activity rebounds.

Prime Central London has recalibrated over the past decade into a more needs-based market, closer to the dynamics of outer London. This shift in buyer type has kept demand resilient even as prices have struggled, and the value gap with Zone 2 has narrowed. Once the Government's tax strategy becomes clear, we expect this recalibration to support a renewed pick-up in activity."

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