PRIME CENTRAL LONDON SUMMER REPORT 2025

The second quarter of the year brought a shift in pace across Prime Central London, with both sales and lettings activity showing signs of improvement. Though caution remained, particularly at the upper end of the market, pricing became more aligned with expectation in key segments, prompting renewed engagement from buyers and tenants alike.

Sales activity strengthened over the quarter. Our PCL network recorded a ~10% year-on-year rise in new buyer registrations, while the number of agreed sales rose by 65% compared to Q1. This pick-up in transactions, alongside a notable drop in average marketing-to-exchange times (from 29.3 weeks in Q1 to just 23.3 weeks in Q2), suggests that buyer confidence is improving where value is perceived: particularly in the £2M–£4M range. Vendors willing to price in line with the current market are seeing results, while aspirational pricing continues to face resistance. Our offices noted that motivated sellers and pragmatic buyers are now finding greater alignment, with competitively priced properties attracting stronger interest and quicker timelines.

Lettings also saw a return to seasonal momentum. Applicant registrations rose by 14% quarter-on-quarter, supported by demand from relocating professionals, corporate tenants, and international students. Competition remained particularly strong for well-presented one- and two-bedroom flats, with several of our offices reporting multiple bids and fast turnarounds.

As Bella Roupell, Director at Winkworth South Kensington notes, "landlords are now more willing to be flexible with asking rents, but well-finished homes are still letting within days."

Lettings valuations remained ahead of Q2 2024 levels, even as volumes dipped slightly from the highs seen within the first quarter of the year, suggesting landlords remain engaged, if slightly more measured, amid an evolving regulatory backdrop.

While activity improved, the quarter remained characterised by selectivity. Buyers continued to approach the market with care, and sellers who sought to test unrealistic price points often found little engagement. Stock levels increased, but homes that required work or appeared overpriced struggled to gain traction. In lettings, strong demand persisted, but tenants remained conscious of quality and value, especially in areas where asking rents have risen sharply in recent years.

Q2 was ultimately defined by balance. Demand returned, but only where pricing was right. Both buyers and tenants remain active, but discerning. And with more realistic strategies now in play, PCL's core market continues to demonstrate resilience, especially in price bands where long-term appeal and value align.

+10%
sales applicants
vs Q2 2024

+65%
sales agreed
vs Q1 2025

+14%
lettings applicants
vs Q1 2025

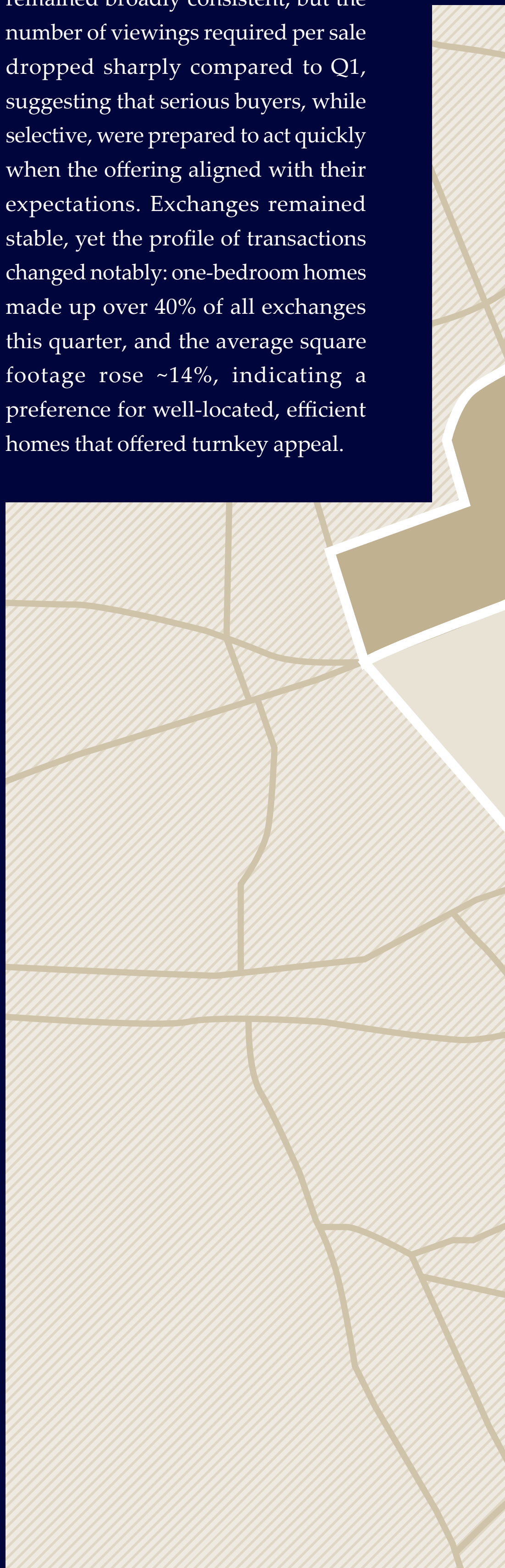
*For periods under 1 year (52 weeks)

PRIME SALES

SUMMER MARKET

As the quarter progressed, sales activity across Prime Central London began to reflect a more complex and fragmented market reality. The underlying drivers of buyer interest were still in place: long-term confidence, appetite for London as a global asset class, and more realistic seller expectations but the market continued to demand precision. Conversations shifted from generalised optimism to targeted execution, with both pricing and product quality proving decisive in securing deals.

Sales instructions through our PCL offices edged slightly above Q2 2024 levels, while valuations rose by 9% year-on-year. Viewing volumes remained broadly consistent, but the number of viewings required per sale dropped sharply compared to Q1, suggesting that serious buyers, while selective, were prepared to act quickly when the offering aligned with their expectations. Exchanges remained stable, yet the profile of transactions changed notably: one-bedroom homes made up over 40% of all exchanges this quarter, and the average square footage rose ~14%, indicating a preference for well-located, efficient homes that offered turnkey appeal.



Buyer Decisiveness by Area: average viewings per exchange (Q1 2025 vs. Q2 2025)

At the higher end of the market, a distinct behavioural divide emerged around the £3m mark. Below that threshold, buyers were generally more decisive, moving forward when pricing felt realistic. Above it, commitment became more tentative, with purchasers more inclined to negotiate heavily.

As Christian Lock-Necrews, Director at Winkworth Knightsbridge & Chelsea observed, “buyers have the intent but the additional SDLT increases… mean they are thinking long and hard before committing, and then negotiating heavily.”

He also noted a notable shift in buyer mix this quarter, with the proportion of domestic purchasers rising from around 40% to 60%. A recent exchange in the exclusive Beaufort Gardens (SW3) — achieved within five days and 10% above guide, underscored what’s possible when pricing is pitched correctly from the outset.

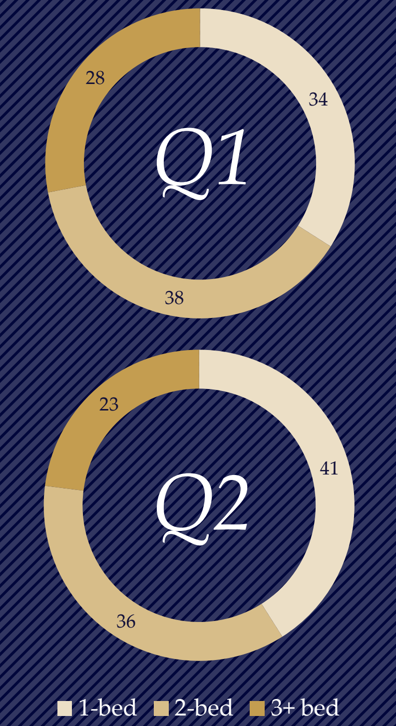
That theme of pricing realism cut across all PCL micro-markets. Charles Erwin, Director and Head of Sales, noted that while demand in Notting Hill remained steady, “the pace is slower, but considered. Buyers are responding to homes that show value — and quickly filtering out anything that doesn’t.” This sense of buyer discernment echoed in our data: although Q2 exchanges were marginally lower than a year ago, the quality and preparedness of purchasers appeared stronger, and average home size rose for the third consecutive quarter.

Near Hyde Park, at our Paddington & Bayswater office, the interplay between interest rates, seller motivation, and rising stock levels created a sharper edge. “We’ve seen a noticeable increase in listings within W2,” says Charlie Rosling, Sales Manager, “particularly from landlords who bought during the last low-rate cycle and are now facing higher borrowing costs.” With more choice on offer, buyers had greater leverage but weren’t rushing in. “The disconnect between what sellers hope to achieve and what buyers will pay is widening. That’s why the ‘realistically priced’ homes are getting attention, they stand out immediately.”

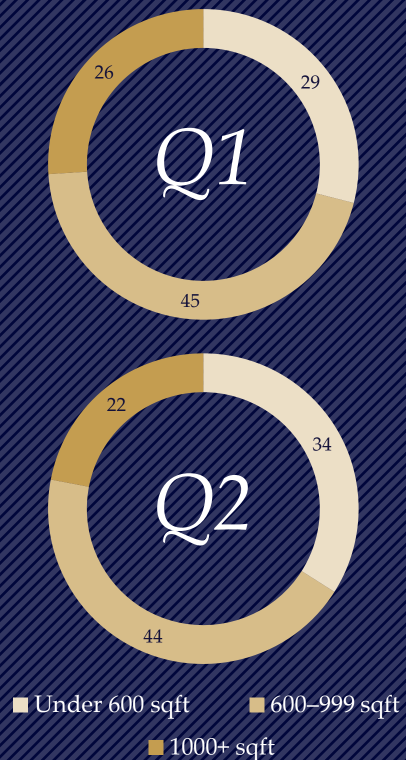
> *Buyers have the intent but the additional SDLT increases… mean they are thinking long and hard before committing, and then negotiating heavily.*

Christian Lock-Necrews,
Director at Winkworth Knightsbridge & Chelsea

% of exchanges by bedroom count
(Q1 2025 vs. Q2 2025)



% of exchanges by property size
(Q1 2025 vs. Q2 2025)



Early in the quarter, a rise in registrations from one-bedroom buyers also hinted at a shift in buyer strategy. From March leading into April, we saw interest in smaller homes jumped, while interest in two- and three-bedroom plus properties softened. For some, this may reflect a tactical downsize; for others, a focus on boltholes or pieds-à-terre with strong long-term fundamentals.

Across the board, it wasn't a lack of demand that shaped the quarter, but a market that required sharper positioning. Price, presentation, and realism remained the key levers for success. Where those elements aligned, the results followed. Where ambition outpaced market appetite, listings lingered. In a landscape where international demand has become more tempered: influenced by tax changes, political recalibration, and currency movement - domestic, equity-driven buyers were especially active this quarter.

What's also becoming clear is that lifestyle drivers are playing a more prominent role in purchase decisions. While financial caution still underpins many transactions, buyers are increasingly prioritising quality of life, future flexibility, and long-term utility - particularly in centrally located flats and well-proportioned family homes. This marks a potentially subtle evolution in the market this summer: from purely value-driven engagement to more lifestyle-led acquisition, signalling that while caution remains, so too does commitment to Prime London living.

"The pace is slower, but considered. Buyers are responding to homes that show value — and quickly filtering out anything that doesn't"

Charles Erwin,
Director of Sales at
Winkworth Notting Hill

+9%
valuations vs Q2 2024

+14%
rise in average sqft vs Q1 2025

PRIME LETTINGS

SUMMER MARKET

Momentum returned to Prime Central's lettings market this summer, with rising tenant demand meeting a long-awaited uptick in new instructions. The result was a quarter marked by fast-paced activity in popular price brackets and a noticeable lift in tenant expectations, particularly for newly refurbished or well-located properties.

Lettings instructions across our PCL offices rose by ~11% compared to Q1, following a subdued and often constrained start to the year. This improvement was mirrored in activity on the ground. "June was incredibly busy," noted Lucinda Richardson, Director and Head of Lettings at Winkworth Notting Hill, "with tenants keen to get ahead of the September rush." Enquiry levels surged towards the second half of the quarter, driven in part by international students, a seasonal influx that bolstered demand in areas like Pimlico and South Kensington. American, European and Israeli nationals were among the most active international tenants in Q2, reflecting wider patterns in the luxury rental space.

"Within the last six weeks of the quarter, the Pimlico rental market gained real momentum," said Isabel Sunde, Lettings Manager at Winkworth Pimlico & Westminster. "Multiple offers were typical, with quality flats being snapped up within days alongside very few void periods." This sense of urgency was echoed across other parts of PCL, where applicant demand for one- and two-bedroom homes outstripped available supply across several price bands.

+11%

increase in lettings instructions vs Q1 2025

The appeal of turnkey stock became especially apparent. At our South Kensington office, Director Bella Roupell reported a significant spike in tenant interest for properties that had been recently upgraded. "Prospective tenants have higher expectations now. We're seeing record rents for newly renovated homes, while those that need work are sitting longer or achieving lower rents than a year ago." One standout deal in her office during the quarter saw a refurbished one-bedroom flat achieve 16% above asking, with five offers within 48 hours of going live. The gap between done-up and unrenovated rental properties widened. In several cases, refurbished homes achieved up to 15–20% higher rents, while older stock often sat longer or let below asking.

Landlords, however, remained cautious. While instructions were more abundant, with South Kensington's lettings instructions alone for H1 (January through June) up 10% on the same period last year, many property owners remained wary of the legislative backdrop. The looming Renters Reform Bill continued to weigh on decision-making, particularly around tenancy lengths. "Landlords are more selective and hesitant to commit to longer-term agreements," Sunde noted, with several choosing to review their strategies before re-letting.

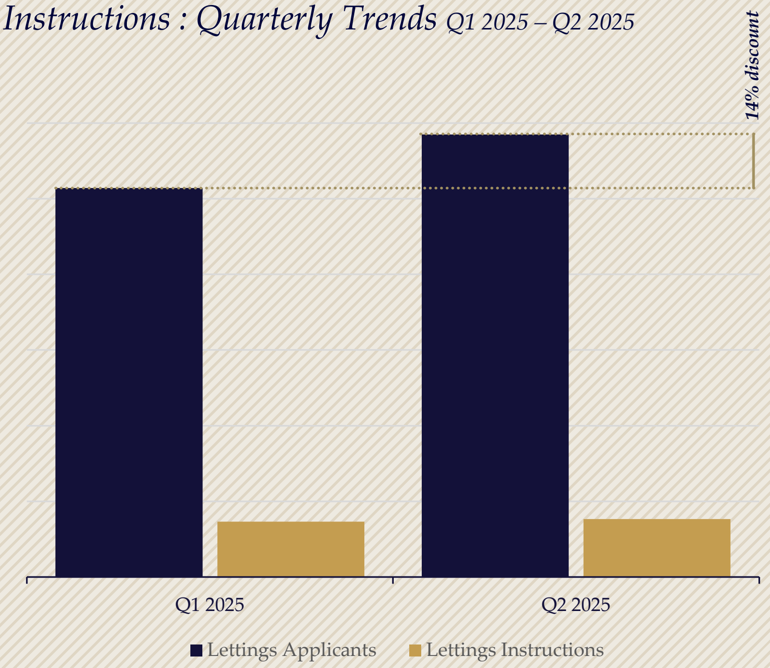
In some areas, that uncertainty has led to landlords exploring exit routes. "We've seen a number of landlords wanting to sell," said Richardson, citing concerns about regulatory change and shifting market dynamics. Yet tenant appetite, particularly for well-located, high-spec homes with outdoor space remained robust throughout.

The quarter's defining dynamic was choice: tenants had more of it, and they used it wisely. As stock levels gradually recovered across PCL, competition cooled slightly from the fever pitch of 2023, but the market remained price-sensitive and condition-led. For landlords, this created a clear mandate: meet rising tenant expectations or risk being overlooked.

> *Prospective tenants have higher expectations now. We're seeing record rents for newly renovated homes, while those that need work are sitting longer or achieving lower rents than a year ago.*

Bella Roupell,
Director at Winkworth South Kensington

Prime Central London Lettings Applicants and Instructions : Quarterly Trends Q1 2025 – Q2 2025



LOOKING AHEAD

SUMMER MARKET OUTLOOK

As we move deeper into summer, the Prime Central London market enters a pivotal period. For sales, the first half of the year reaffirmed the importance of pricing precision and realistic negotiation. That discipline is expected to persist over the summer months, but there's a growing sense of momentum, especially at the lower end of the prime market, where demand has remained consistent and buyers are beginning to act with more confidence. Stock levels remain stable, with pockets of strong competition for well-located homes, particularly in the sub-£2m bracket and for one-bedroom properties with strong fundamentals.

On the lettings side, seasonal pressures will continue to shape activity. July and August are traditionally the busiest months, with student interest and corporate relocation combining to drive demand. We anticipate further upward pressure on rents in certain segments, especially for newly refurbished homes and family-size apartments with outdoor space. However, with more stock coming to market and landlords weighing legislative risks, some moderation in pace may also occur.

The outlook for Q3 is one of cautious resilience. In both sales and lettings, well-presented properties that align with shifting buyer and tenant priorities: flexibility, efficiency, and location are set to outperform, reinforcing the need for accuracy and adaptability in every transaction.

> *Since the 2014 peak, Prime Central London has steadily evolved from an investor-led landscape to one increasingly driven by domestic and lifestyle demand. While recent political signals aim to reassert the UK's international standing, upcoming non-dom tax changes and wealth tax speculation are creating fresh uncertainty at the top end. Yet activity has remained resilient where buyers see value, particularly for well-located flats and smaller homes suited to long-term living. We're seeing more equity-led UK and European buyers prioritising quality of life over capital gains, and as hesitation persists around higher-value homes, the more accessible tiers are proving increasingly active: a sign of PCL's continued shift toward a more grounded, end-user-led market.*

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