

PRIME LONDON MARKET UPDATE

Autumn 2026

Sales volumes across prime London fell 10.0% in Q3 and achieved prices are down 4.0% over the year, while rental growth reached its highest level in over a year at 4.0%. This edition includes the LonRes Agent Survey, Autumn 2026.

Research by **Nick Gregori**, Head of Research · Opening thoughts by **Anthony Payne**, Chief Executive

**View the interactive report**lonres.com/public/prime-london-market-update-autumn-2026

CONTENTS

Autumn Edition

03 Opening thoughts

Anthony Payne, Chief Executive

04 Introduction

Nick Gregori, Head of Research

05 Sales market

Chapter 01 · Overview

09 The LonRes Agent Survey

Chapter 02 · Feature

12 Lettings market

Chapter 03 · Overview

Q3 2026 AT A GLANCE

London house prices and market activity: the headline numbers

-4.0%

Annual change in achieved sale prices, Q3 2026

-10.0%

Sales volumes, Q3 2026 vs Q3 2025

10.1%

Average discount to asking price, Q3 2026

-3.1%

Homes on the market at the end of September, vs a year earlier

5.19%

Average gross yield across prime London, Q3 2026

+4.0%

Annual change in achieved rents, Q3 2026

View the interactive report 

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— FOREWORD

Opening thoughts

**Anthony Payne**

CHIEF EXECUTIVE, LONRES

I'm writing this column one week before the Chancellor's Budget, which means when you come to read it, everything – or nothing – could have changed!

I suspect – sitting on the fence – the reality will lie somewhere between the two. One thing that hasn't changed is the state of the prime London housing market, which at best remains tricky.

Stripped of developers, investors and second home buyers, demand in today's market is being largely driven by owner-occupiers. But, looking at our latest Agent's Survey – always an interesting read – suggests that while buyers may be nervous, they are serious too.

And the good news for them is that sellers are equally serious. Our figures show that the number of properties withdrawn from the market in Q3 2026 compared to the same point last year is up by 15.8%. Meaning those sellers not prepared to discount on prices further have simply taken their property off the market. What we're left with is a cohort of sellers keen to sell at the right price.

The sales market may be weak, but it's been to the gain of the lettings market. At the top end of the rental market – that is to say where rents are above £2,000+

per week – we've seen stock levels rising. Increased stock can, in some part, be accounted for by accidental landlords unable or unwilling to sell at a time when rental demand is strong. Tapping into a market of wait-and-see buyers, choosing to rent rather than commit to a purchase – at least for now – has undoubtedly helped all parties – landlords and tenants alike.

That's not to say that landlords have had an easy time of it. They certainly haven't. In the mainstream lettings market, the Renters' Rights Act which came into force in May, added to a long list of policy and tax changes. This, together with an environment where interest rates have risen faster than yields, has combined to see landlords exit the market and deter others from entering it.

It's been a slow year for prime London's housing market, which has continued to be buffeted by headwinds. While not entirely blown off course – deals are still being done and demand is still out there – it continues to be a challenging market. It will be interesting to see how the final quarter of the year shapes up.

“While buyers may be nervous, they are serious too.”

ANTHONY PAYNE, CHIEF EXECUTIVE

— INTRODUCTION

Tax headwinds and geopolitics contribute to cautious mood

**Nick Gregori**

HEAD OF RESEARCH, LONRES

The third quarter of 2026 was a mixed one for prime London property. Many of the issues affecting the sales market remain but, given some of the events of recent quarters, a period where they don't get significantly worse can perhaps be seen as a success.

We will have to wait until our next edition to digest the Budget, it having inconveniently been scheduled during the production process of this one. But as I write in mid-October the main news is that most of the potential negative tax or policy changes have been ruled out. Perhaps relatedly, the top end of the sales market began to pick up in September, but too late to save the quarter overall from a somewhat subdued set of figures after a slow summer.

Activity in the wider sales market was steady in Q3 but remained a little below past benchmarks. Responses to our latest LonRes Agent Survey continue to suggest that demand is not coming from a diverse enough group of buyers, with investors and developers failing to perceive value despite lower prices and higher yields. Global factors continue to weigh down on sentiment, with further instability in the Middle East stoking inflation fears and limiting the scope for reductions in borrowing costs in the near future.

These geopolitical issues were mentioned by agents responding to our survey question asking about how to

improve the market, but they were not seen as the main problem. Unsurprisingly, that honour went to taxation, with the biggest share of the blame directed at stamp duty. There were also calls to reverse the forthcoming 'mansion tax' and lower the tax burden on landlords. As acknowledged by some responses, changes to make buying and owning prime property more favourable seem unlikely under the current government. Therefore, policy stability and better economic growth may be the best that can be hoped for.

The prime London lettings market continues to adjust to a major policy change, and we used our survey to follow up with agents on how the Renters' Rights Act was impacting their landlords and tenants. They explained that many of the expected issues have come about, as well as some unexpected ones, with the £100,000 annual rent threshold having a significant impact in some central London areas and leading to the creation of two almost separate markets where the Act does and doesn't apply.

“Policy stability and better economic growth may be the best that can be hoped for.”

NICK GREGORI, HEAD OF RESEARCH

Sales market

01

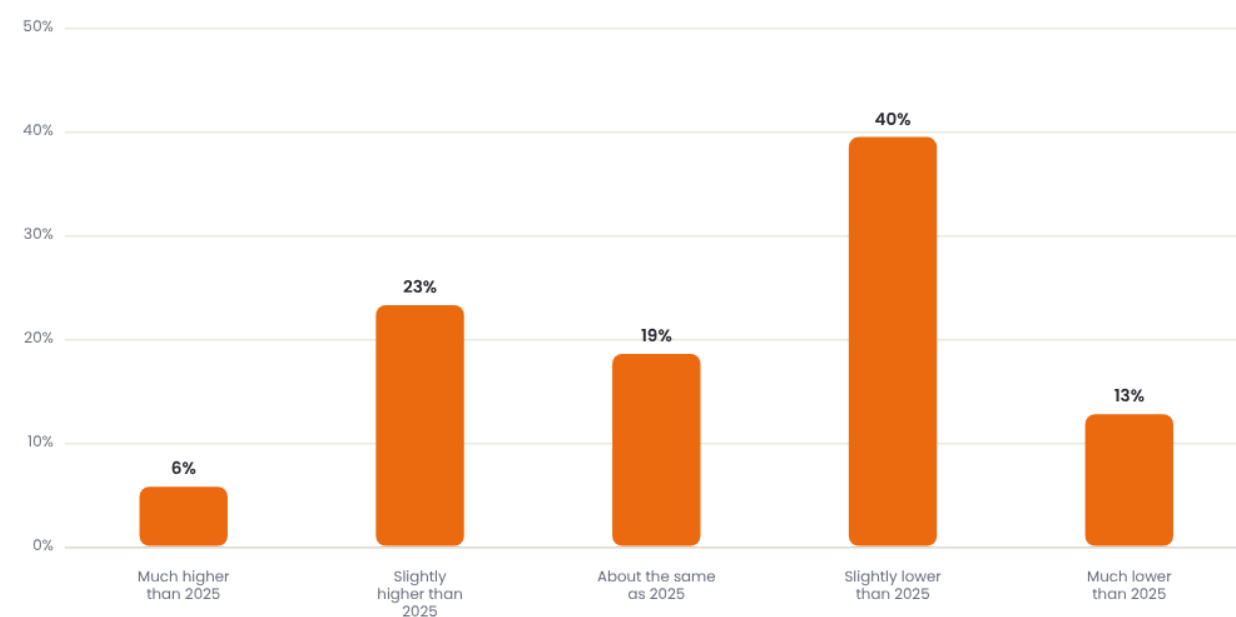
Sales volumes across prime London fell by 10.0% in Q3 compared to the same period last year. Relative to the 2017–2019 first quarter average, transactions were also down by 10.0%. The equivalent figures for the £5m+ market show an annual change of -9.3% in Q3 but growth relative to the longer-term average of 10.9%.

Responses to our latest LonRes Agent Survey*, which took place in September and October, are aligned with the data. 29% of respondents forecast higher transaction levels (in their local market) for 2026 compared to 2025, against 53% expecting them to end the year lower.

CHART 1

Agents' transaction forecast for 2026 against 2025

How sales agents expect transaction levels in their own local market to end the year.



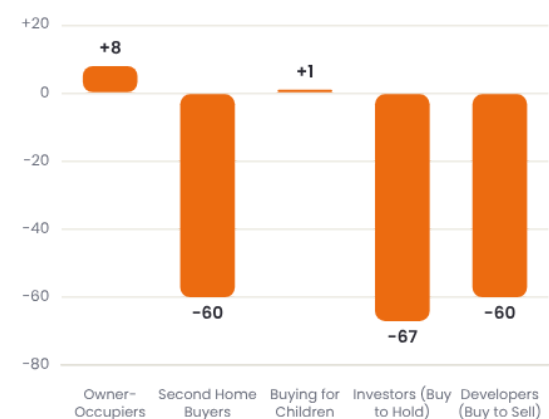
Source: LonRes Agent Survey Autumn 2026

* The LonRes Agent Survey is described on page 15.

— CHART 2

Net balance* of sales agents reporting increased demand, by buyer type

Compared with a year ago. Positive means more agents saw demand rise than fall.



Source: LonRes Agent Survey Autumn 2026

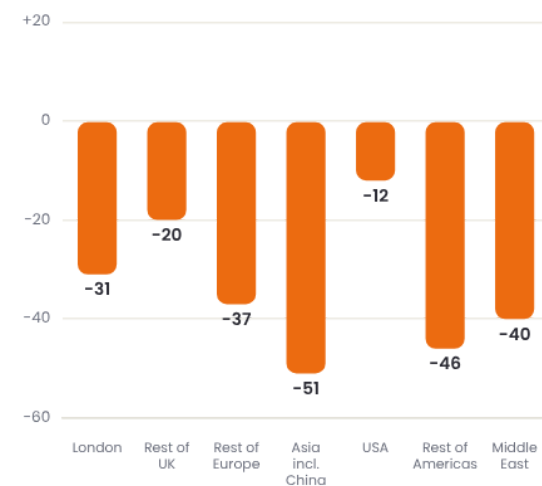
The survey responses provide a clear reason for lower activity levels – falling demand from important buyer groups. Agents reported significantly decreased demand from developers, investors and second home buyers – net balances of -60, -67, and -60. These results add to the negative figures from last year's Autumn survey, indicating that demand from discretionary buyers has fallen from an already low position.

There is some good news in the form of robust demand from owner-occupiers, with a net balance of +8, building on positive results in past surveys. Demand from those buying for children was broadly neutral at +1, but as a more niche group has less impact on overall transaction levels.

— CHART 3

Net balance of sales agents reporting increased demand, by buyer location

Compared with a year ago.



Source: LonRes Agent Survey Autumn 2026

There were zero positive results in terms of demand split by buyer origin. Domestic demand looks weak, with net balances of -31 for buyers from London and -20 for those from the rest of the UK. Buyers located in the USA were the best performer for the fourth consecutive quarter, but only with a net balance of -12. Demand from other international buyers was reported to have fallen significantly.

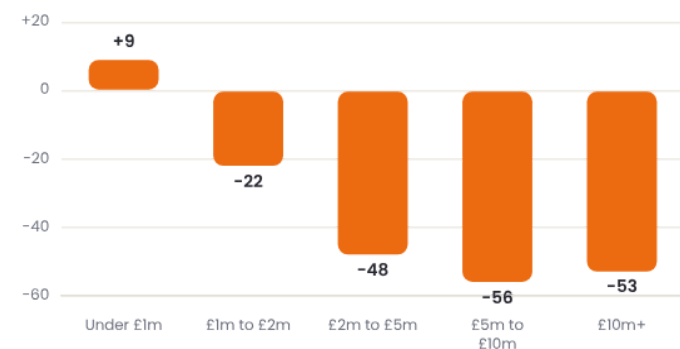
***NET BALANCE EXPLAINED**

'Net balance' is calculated as the proportion of respondents answering positively minus the proportion answering negatively. E.g. 44% of agents reporting higher demand and 8% reporting lower demand = a net balance of +36. Note that references to proportions of respondents exclude any answers of 'not applicable' and some calculations may not sum due to rounding.

— CHART 4

Net balance of sales agents reporting increased demand, by price band

Compared with a year ago.



Source: LonRes Agent Survey Autumn 2026

Our recent past surveys have recorded a strong trend showing demand improving at lower price points but falling as you move up the value bands, and that is continued here. Only the under £1m category saw agents reporting rising demand with a net balance of +9. Responses indicated significant falls in demand for all market segments over £2m. The result for £10m+ saw a little less consensus among respondents, with 13% reporting that demand had increased. This sliver of optimism is borne out by the fact that, despite the overall low levels of activity, we have seen some substantial trophy deals done so far this year at the very top end.

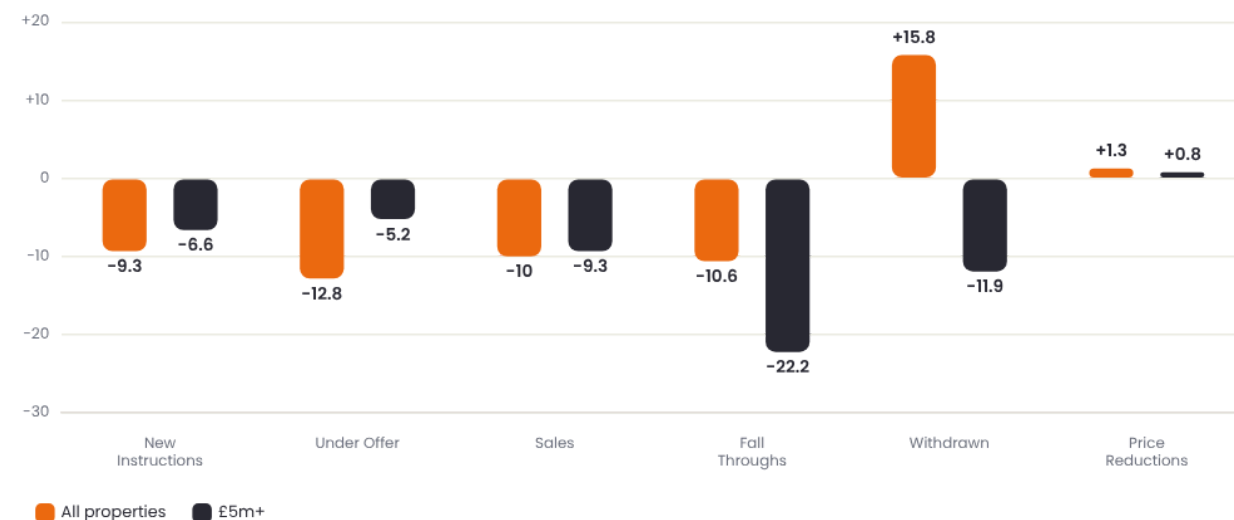
Vendors – and potential vendors – have responded to falling demand by bringing fewer homes to market. New sales instructions in Q3 fell by 9.3% compared to a year earlier, while new £5m+ listings were 6.6% lower over the same period. At the end of September there were 3.1% fewer homes on the market across prime London than a year earlier, with 3.8% less £5m+ stock for sale.

The subdued market is confirmed when looking across the sales metrics. Under offers – previously a cause for optimism – fell in Q3 by 12.8% on an annual basis. Fall throughs are high compared to historical levels but also fell back in Q3, while growth in the number of price reductions was negligible.

— CHART 5

Activity measures across prime London in Q3 2026

Change on the same period last year, all properties and £5m+.

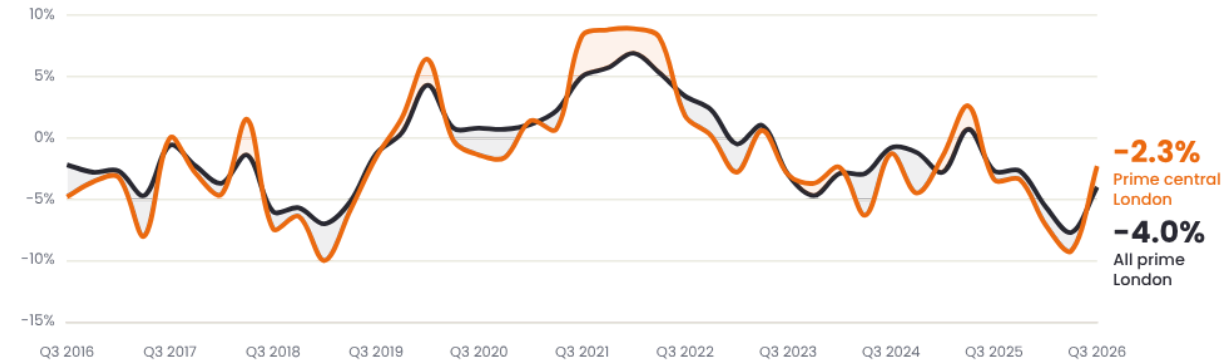


Source: LonRes

— CHART 6

Average annual change in achieved sale price

The LonRes Prime London Sales Index, quarter by quarter since 2016.



Source: LonRes Prime London Sales Index

The lack of demand means continued downward pressure on values, though this has been mitigated by lower supply in recent months. The result is a slower pace of price falls, with the latest LonRes Prime London Sales Index recording an annual change of -2.3% in prime central London (PCL) in Q3 and a 4.0% decrease for the wider prime London market.

Over the past decade, values have fallen in total by 9.2% across prime London as a whole, with PCL recording a 10.6% fall over the same period. The average discount (from initial asking price to achieved sale price) in Q3 was 10.1% for prime London and 12.7% for PCL, both above long-term average levels but falling back from recent highs.

On price expectations, our survey responses match up well with the data again. Three-quarters of agents forecast values in 2026 to finish the year down on 2025. The most popular answer, chosen by 47% of respondents, was that prices in their local market would end the year between 1 and 5% lower, suggesting little change from the current situation. A sizeable minority of 28% expect falls of at least 6%, suggesting sentiment remains weak across some parts of the market.

-4.0%

annual change in achieved sale prices across all prime London, Q3 2026

Source: LonRes

10.1%

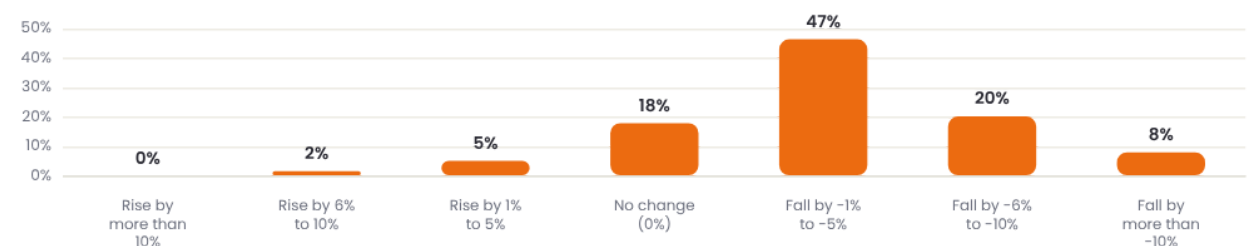
average discount to asking price achieved in Q3 2026

Source: LonRes

— CHART 7

Agents' price forecast for 2026 against 2025

How sales agents expect values in their own local market to end the year.



Source: LonRes Agent Survey Autumn 2026

THIS QUARTER'S FEATURE

The LonRes Agent Survey Autumn 2026

The LonRes Agent Survey is published twice a year. This Autumn survey was carried out between 25 September – 13 October 2026 and received more than 350 responses. Over 17 questions, we asked LonRes sales and lettings subscribers for their views on the prime London housing market. The survey is designed to complement LonRes data and provides a snapshot of what agents are seeing

in their market at a given time. The survey includes views on buyer, seller, landlord and tenant behaviour.

As part of the survey we include some open questions on topical issues. These provide additional depth and colour to the survey. Here are some of the questions we asked and responses given.



The LonRes Agent Survey – Autumn 2026

The prime London sales market has been subdued for a while. In your opinion, what would contribute to a sustained recovery?

An interesting starting point is that there was a consensus that underlying demand remains strong but external factors are stopping it from being unlocked. While there were a range of views on the causes, a clear number 1 emerged – tax. Within that subject, agents mentioned a range of options that would boost the market, broadly split into three categories.

First, was the reduction or removal of transaction taxes, mainly stamp duty. Given the central London focus of many respondents, there were specific mentions relating to the impact of the top SDLT bands and the additional dwelling surcharge. Second could be grouped as ownership taxes, including the forthcoming 'Mansion Tax' and ongoing costs for landlords. Finally, the less direct issue of wealth taxes, or more broadly the impact of

policies perceived to be anti-business or international investment.

Beyond tax, affordability was a key topic. Borrowing costs are a part of this but some agents highlighted structural issues like wage and economic growth as being more important. A related theme here was that some responses made the case that it is not necessarily the absolute mortgage rate that is the main problem, rather the volatility.

Further to the subject of certainty, there were multiple comments looking for political and policy stability, both domestically and globally. Alongside this were calls for a new UK government, which is effectively the opposite of political stability, so it's safe to say you can't please everyone.

“A reduction in SDLT. That is the main issue. Otherwise a reduction in general taxation making us more appealing internationally again.”

“Reduction in SDLT. That is the biggest contributing factor to reduced buyer activity for all buyers whether primary homes or 2nd/3rd home buyers. SDLT in PCL is the equivalent of 3-5 years rent. Interest rates a close second as there is no buy-to-let market currently.”

“I think a sustained recovery would need greater economic confidence, more stable interest rates, and clearer tax policy. If buyers feel more certain about borrowing costs and the longer-term investment environment, that should help bring both domestic and international demand back into the prime London market.”



The LonRes Agent Survey – Autumn 2026

Has the Renters' Rights Act had the impact on the prime London lettings market that you were expecting? If not, what's different and why?

Many responses to the first part of this question could be summarised as “yes!”, but overall there were some interesting issues raised, both foreseen and unforeseen.

Agents commented that they expected supply to decline and that this has indeed come to pass. Some of their landlords are trying to sell their properties while some have shifted approach – to corporate or short lets not covered by the Act. Agents also noted that some of the predicted negative consequence for tenants have also come true, namely landlords being picky and more competition leading to higher rents.

A perhaps unexpected consequence of the above is that tenants may be less inclined to move by choice. While stability is good for those who want it, increased competition for new lets means that staying where you are becomes the default option.

Another issue highlighted by multiple responses was of tenants using the lack of a fixed term to effectively take a property at long let rent for a shorter term. One agent noted the impact this could have on their business in terms of when fees are charged, having previously been on a more consistent annual basis for each tenancy.

“ Stock under £100k pa has decreased noticeably, thus pushing prices up. Many landlords are saying it's not worth their while doing an APT so it's either a company let or nothing.”

“ It has made tenants far more nervous about the market and those that don't need to move won't. They can't trust the pricing in the market and so [are] offering low across the board.”

“ Yes, unfortunately a few tenancies have just ended within 3-5 months from the start, and this is disappointing for landlords, who invest a lot in the start of a tenancy. [Plus] we end up doing the job at least twice to collect the same amount of commissions.”



CHAPTER 03 · OVERVIEW

Lettings market

03

Rental growth picked up again in Q3 after a pause in Q2, reaching its highest level in over a year. The latest LonRes Prime London Rental Index recorded 4.0% growth on an annual basis, up from -0.1% in Q2. Rents in Prime Central London saw higher annual growth, rising by 5.8%. Over the past decade, rents have risen in total by 42.2% across prime London as a whole, with PCL recording 44.8% growth over the same period.

Strong rental growth combined with falling capital values means rising yields. The average yield across Prime London was 5.19% in Q3, up from 4.82% in Q2. Looking longer term, yields remain significantly above their 2013 to 2020 average of around 3.5%.

Other metrics add weight to the view that there is robust demand underpinning rents. The average discount to asking rent was 2.7% in Q3, down from 3.3% in the first half of the year. Average time on the market was also down, from 57 days in the first half of 2026 to 54 days in Q3.

— CHART 8

Average annual change in achieved rents

The LonRes Prime London Rental Index, quarter by quarter since 2016.



Source: LonRes Prime London Rental Index

54 days

average time on the market, Q3 2026

Source: LonRes

2.7%

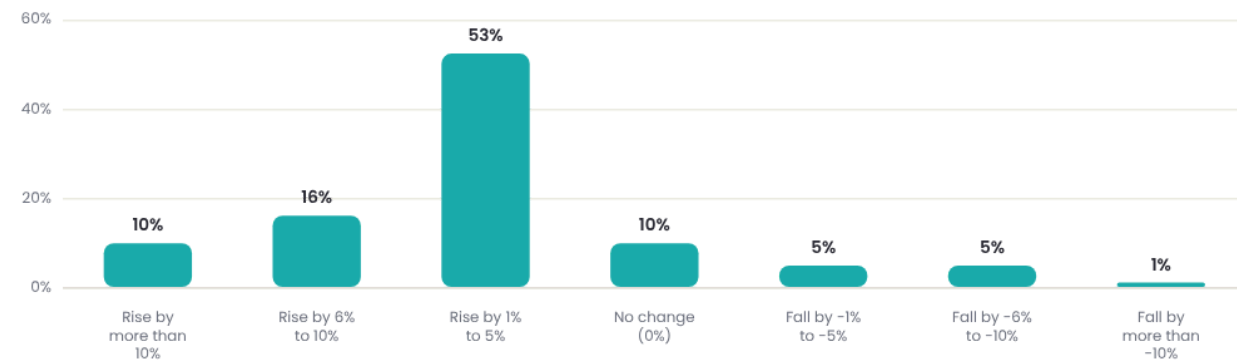
average discount to asking rent, Q3 2026

Source: LonRes

— CHART 9

Agents' rental value forecast for 2026 against 2025

How letting agents expect rents in their own local market to end the year.



Source: LonRes Agent Survey Autumn 2026

After the significant rise in Q3, it is unsurprising that a large majority of agent responses – almost 4 in 5 – forecast rental growth for the full year in their local markets. The 1 to 5% band was the most popular answer at 53%, while only 11% of agents forecast any size of fall in rents.

+4.0%

annual change in
achieved rents across all
prime London, Q3 2026

5.19%

average gross yield across
prime London, Q3 2026

Source: LonRes

Source: LonRes

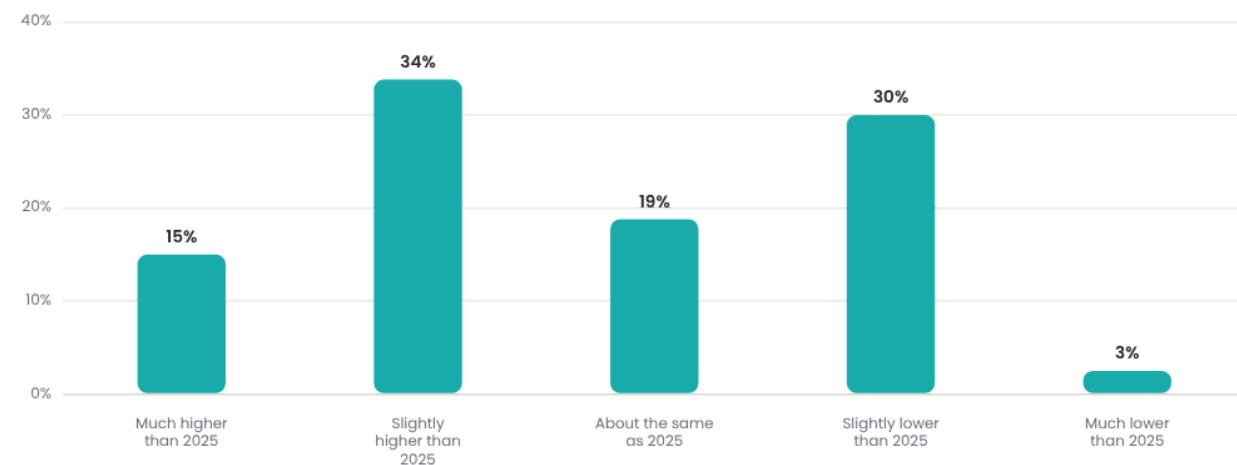
There was much less of a consensus when it came to agents' views on rental market activity, with 49% of responses expecting more lettings transactions in 2026 than 2025 and 33% forecasting fewer. We might take this

result to mean that we should expect activity to be broadly similar to last year, but fewer than 1 in 5 respondents (19%) chose this option when thinking about their local markets.

— CHART 10

Agents' rental transaction forecast for 2026 against 2025

How letting agents expect lettings activity to end the year.



Source: LonRes Agent Survey Autumn 2026

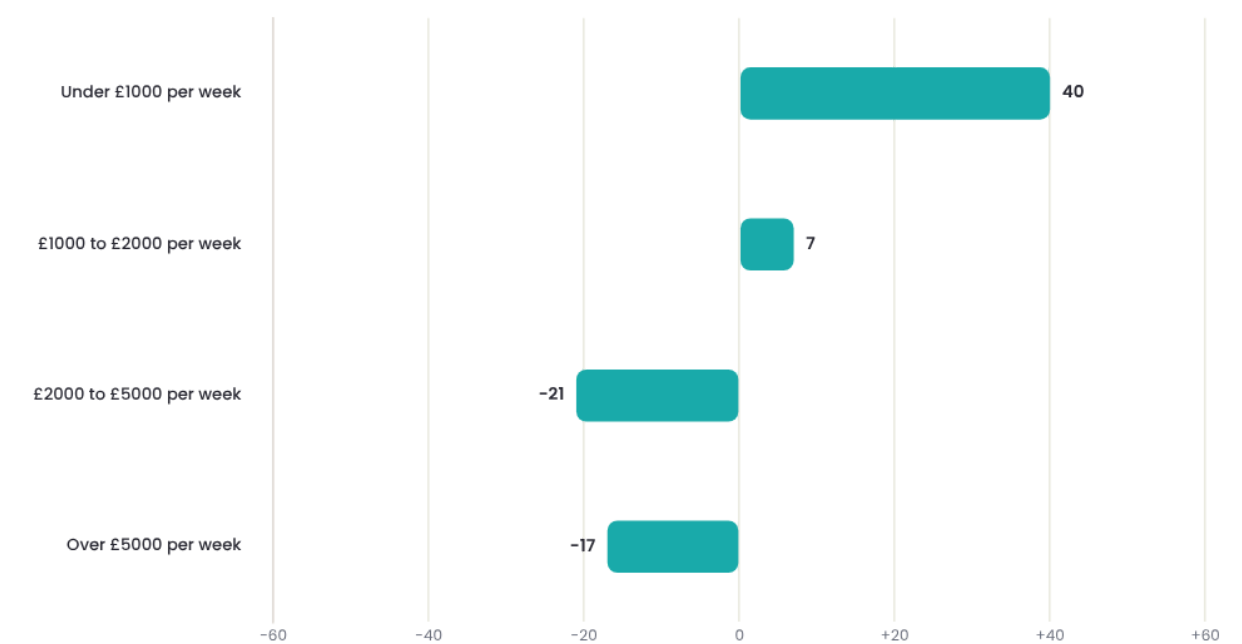
The source of these varying opinions can potentially be found in the responses to the question on tenant demand by price band. These show that there is a clear divide above and below the £2,000 per week point, with demand perceived to be rising in the more affordable parts of the market but falling above that. 49% of respondents reported that demand was higher than a year earlier for the under £1,000 per week band, with a net balance of +40.

It is unlikely to be a coincidence that the £100,000 per annum threshold for tenancies to fall outside the scope of the Renters' Rights Act is equivalent to around £2,000 per week. In the open question responses, many agents suggested that the main impact of the Act so far is to tighten supply, so it is no surprise that demand appears strongest at price points where it applies.

— CHART 11

Net balance of letting agents reporting increased demand, by weekly rent

Compared with a year ago.



Source: LonRes Agent Survey Autumn 2026

5.8%

annual rise in achieved rents in prime central London, Q3 2026

Source: LonRes

42.2%

rise in achieved rents across prime London over the past decade

Source: LonRes

44.8%

rise in achieved rents in prime central London over the past decade

Source: LonRes

LonRes Data

The analysis for this report takes in the three LonRes catchment areas:

Prime central London SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, W1K, W1J, W8

Prime inner London NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W, W2, W11, W14

Prime fringe SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10

Analysis of LonRes data for this Prime London Market Update has been carried out by Nick Gregori, Head of Research at LonRes, using data up to 30 September 2026.

DEFINITIONS

The LonRes Agent Survey Twice a year we ask LonRes subscribers a series of questions about their market. The questions are designed to complement LonRes data and provide a snapshot of market sentiment from agents, their buyers and their sellers. The Autumn 2026 survey was carried out between 25 September and 13 October 2026 and received more than 350 responses from LonRes sales and lettings subscribers.

Net balance 'Net balance' is calculated as the proportion of respondents answering positively minus the proportion answering negatively. E.g. 44% of agents reporting higher demand and 8% reporting lower demand = a net balance of +36. Note that references to proportions of respondents exclude any answers of 'not applicable' and some calculations may not sum due to rounding.

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