JLL Prime Central London Report

Q2 2025

Prime Central London Overview

The Prime Central London market continues to navigate challenging conditions. There were fewer sales in Q2 this year than last and prices dropped 4.4%.

Uncertainty over taxation, both for those with non-domiciled status and wealthier UK nationals, has created a cautious buying environment, with fewer sales at the top end of the market and cooling rental growth.

Implications of the new non-dom rules, talk of U-turns and discussions around wealth taxes have added further complexity. This is reflected in the FT and Savanta Wealth Management Survey (2025) indicating an average of 52 clients per wealth management firm are considering leaving the UK, with some firms reporting figures as high as 300. Of course, the word ‘considering’ is import here, we don’t expect most of those weighing up their options to sell up and leave, however the chance of them making a significant property purchase in the current market will be significantly reduced.

That said, the market in Prime Central London is busier than some of the headlines would suggest. Realistically priced properties continue to find buyers and for some these headwinds create opportunity. More stock provides greater choice and opportunity to negotiate. LonRes data does show a modest improvement in negotiating positions in Q2, but buyers were still able to negotiate average discounts off initial asking prices of 9.5%.

PCL Overview - Q2 2025

PCL Market – Q2 2025	Sales	Rents
Annual change in values	-4.4%	1.4%
Annual change in transactions/letting volumes	-7.6%	-5.2%

The JLL PCL Index recorded a **-4.4%** change in average prices and a **+1.4%** change in average rents over the past year.

+10.4% quarterly increase in the number of homes for sale and **+19.3%** more homes to let on the market in Q2.

The exodus of wealthy residents remains a key concern, but there are opportunities for those who remain.

Prime Central London Sales

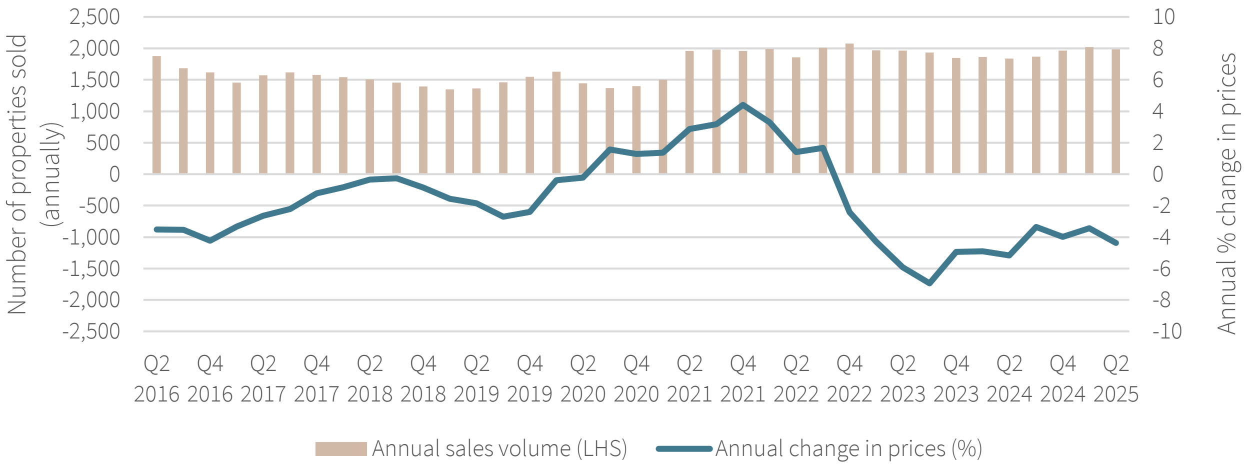
Lower value markets supported by domestic buyers are propping up sales, while fewer wealthy international buyers has left the top end of the market more challenged.

Data shows there were 1,983 sales across PCL in the year to Q2 2025, 7.8% higher than a year prior. On an annual basis however, homes under offer have fallen by 22.3% according to LonRes.

Transactions over the past year have been propped up by the lower end of the market; with sales of homes priced under £2million up 11% annually. Typically, demand for homes in this price bracket is weighted towards domestic purchasers, often reliant on debt. Lower mortgage rates have helped underpin demand in part here.

But several policy changes over the past five years, most notably to inheritance tax for non-domiciled individuals, has meant demand at the top end of the market has been subdued for some time now. As a result, areas and price brackets which have historically relied more heavily on the international market are far quieter and are seeing more significant price reductions.

Number of properties sold vs. annual change in prices



Source: JLL Research, LonRes

The slowdown in activity at the top end wasn't that evident when looking at Q2 in isolation. Across the JLL PCL catchment there were 52 sales of homes priced £5million or higher in Q2, in line with the five-year quarterly average.

But annual numbers better illustate the slowdown at the top end, with £5million plus sales down 10.7% compared to the year to Q2 2024.

It remains a buyer's market. There were more than 4,200 homes for sale in Q2, 10% higher than a year prior and the highest number since we started collecting data in 2017.

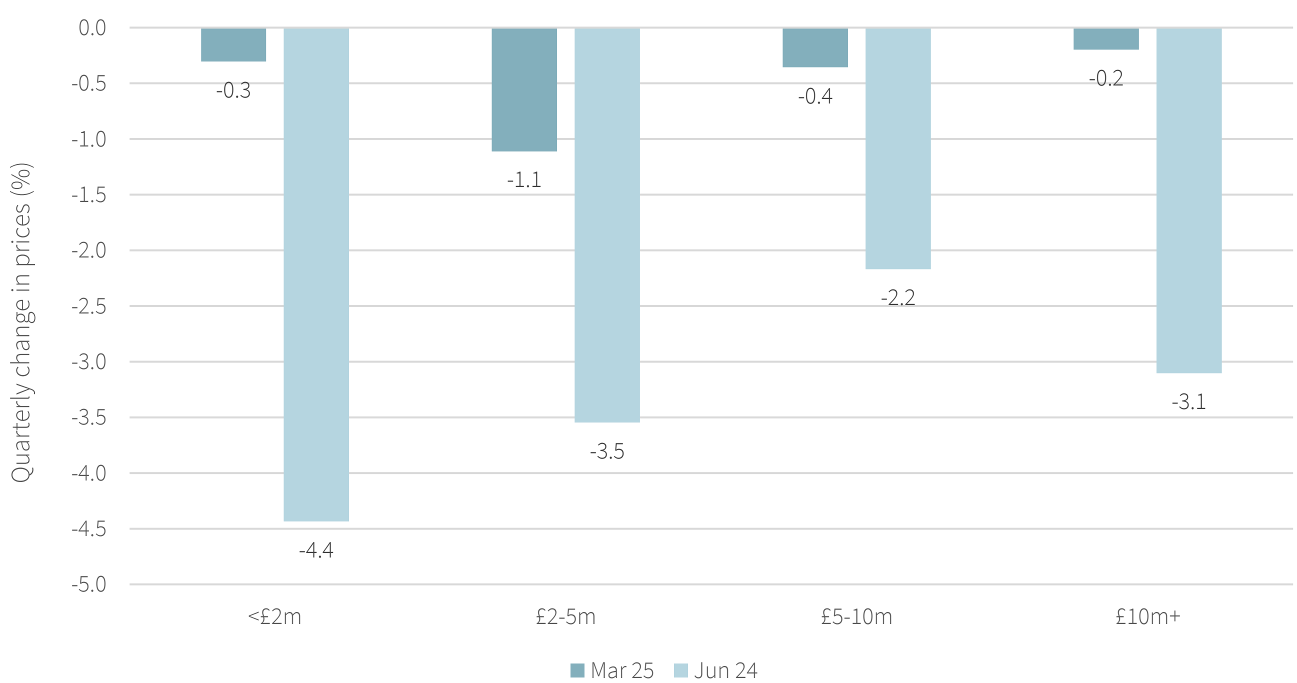
The gap between asking and achieved prices across Prime Central London has been gradually widening over the past decade. At the peak of the market in 2014, the average discount to asking price was just -1.9%. This had risen to -9.7% in H1 2025.

Average prices are now 20% lower than the peak of the market in June 2014. Sharp quarterly falls in prices highlight the difference in activity and prices between different Prime Central London micro-markets.

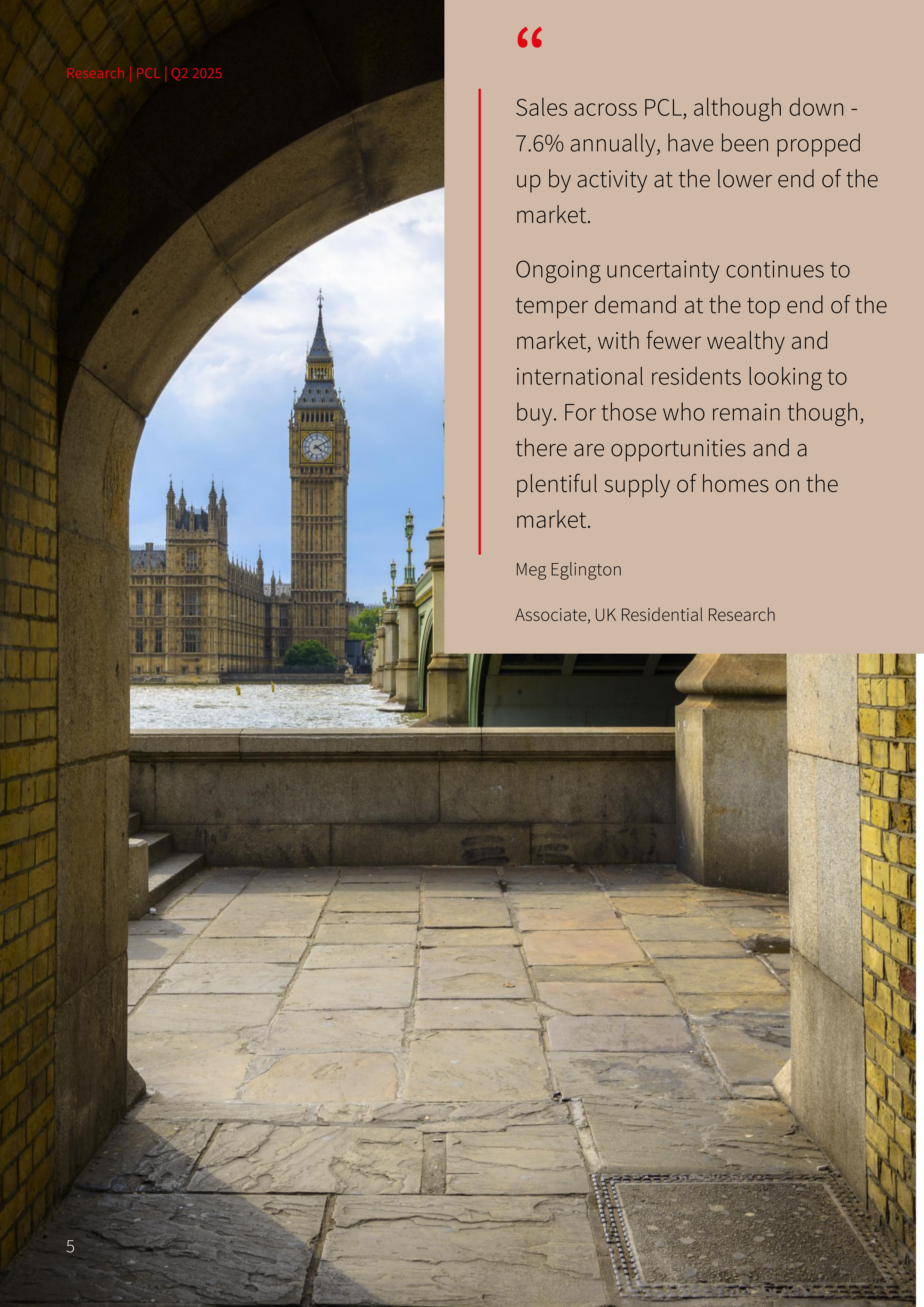
In emerging ‘prime’ markets outside of Zone 1, prices appear to be holding up relatively well. Strong demand coupled with new developments coming to the market have underpinned price growth in areas such as Battersea and Wandsworth. These markets, which are more responsive to domestic sentiment and interest rate changes, will likely continue to perform better than central London areas like Mayfair, Belgravia and Knightsbridge in the months ahead.

Average flat prices in Battersea, Nine Elms and Wandsworth have risen 15% over the past five years according to LonRes. Comparatively, the JLL Prime Index shows average prices across Mayfair have fallen 8%, with prices down 11% in Belgravia.

Prices across Prime Central London drop back in Q2 2025



Source: JLL Research, Lonres



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Sales across PCL, although down -7.6% annually, have been propped up by activity at the lower end of the market.

Ongoing uncertainty continues to temper demand at the top end of the market, with fewer wealthy and international residents looking to buy. For those who remain though, there are opportunities and a plentiful supply of homes on the market.

Meg Eglington

Associate, UK Residential Research

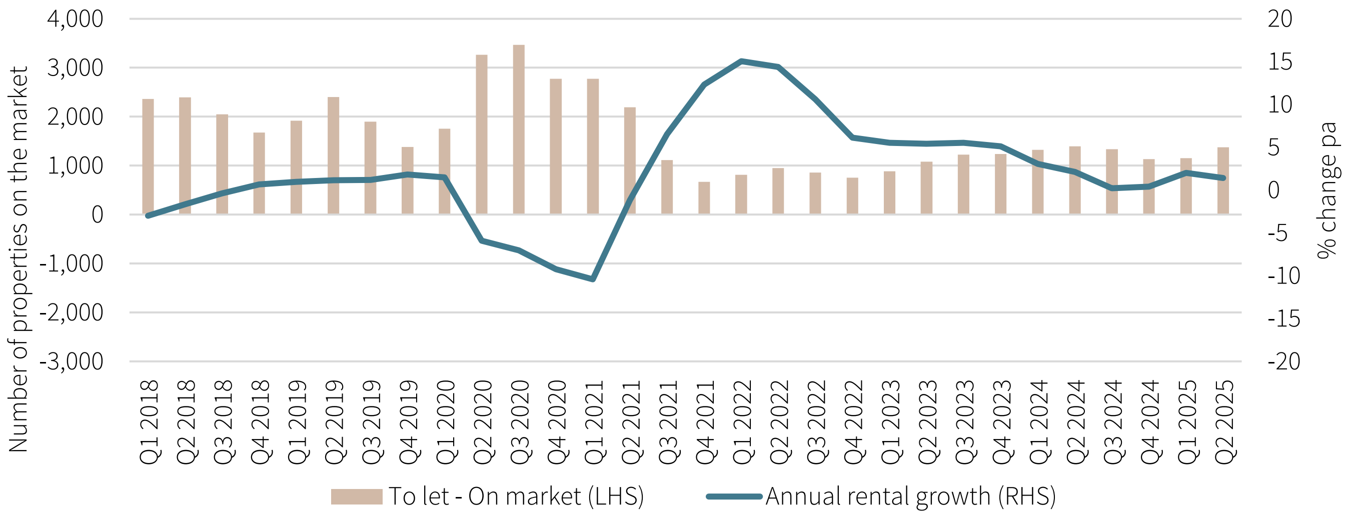
Prime Central London Lettings

Rents across Prime Central London rose 1.4% in the year to Q2 2025, with demand expected to pick up as the market gears up for the summer.

There were just over 1,000 homes let across PCL in Q2; a 24% increase over the quarter but still 35% down on the 10-year Q2 average of 1,549 (excluding 2020).

Although the lettings numbers show reasonable demand across Prime Central London, most areas show little to no movement in rents compared to last summer. Rents in Mayfair, Belgravia and Knightsbridge remain flat or lower than they were at the same point a year ago, reflecting the slowdown in the number of prospective tenants entering the market this year.

Properties on the market to let vs annual change in rents



Source: JLL Research, LonRes

Trends in the rental market echo the sales market across Prime Central London, with the top end, notably homes let for £3,000 per week or higher, seeing fewer prospective tenants in Q2. Achieved rents for homes let at over £3,000 per week have fallen -0.4% over the quarter, while homes let for less than £1,000 per week have seen rents rise 0.5%.

The demand for larger flats, penthouses and more expensive houses has dipped over the past year as demand from wealthy corporate singles and international residents remained subdued. More caution around new job creation and relocation of more senior roles to London means we've failed to see the significant new wave of wealthy tenants needed to create sufficient competition for stock at the top end of the market. However, a recent KPMG Financial Services Sentiment survey revealed that six in ten financial services firms plan to invest more in their London operations over the next five years, which could help support employment in the City of London and demand for higher priced rental properties across PCL.

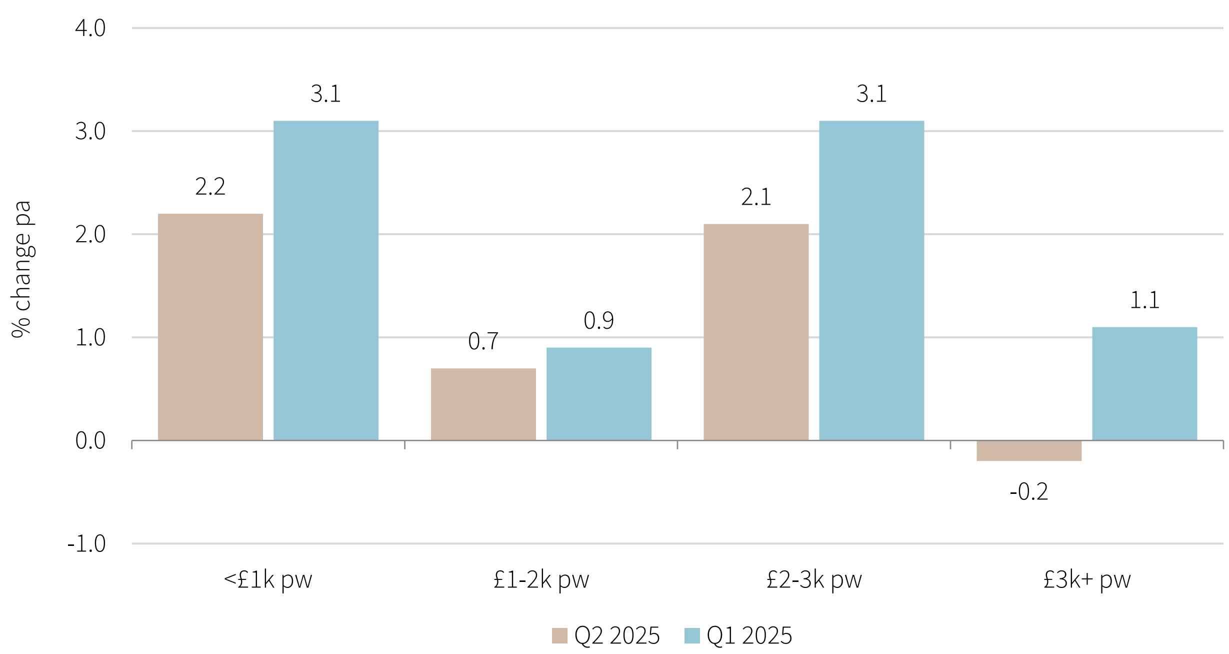
-0.2%

Annual change in rents
of homes let for £3,000 or more per week.

+2.2%

Annual change in rents
of homes let under £1,000 per week.

Annual rental growth by property value: Q2 2025 vs. Q1 2025



Source: JLL Research, LonRes

JLL Forecasts

Ongoing uncertainty around government plans to tax (or not) non-doms on their global assets means fewer prospective buyers at the top end of the market this summer.

Additional tax liabilities for overseas buyers and those buying additional properties from April, alongside ongoing uncertainty around the non-dom regime, are all impacting buyer appetite. Many buyers remain cautious with stock levels outstripping demand.

Relative scarcity of stock in the new homes market in central London means we are not seeing any notable reduction in prices, but activity remains skewed towards owner-occupiers and needs-based purchasers rather than investors, with sales volumes lower than historic norms.

We expect some markets - particularly those neighbourhoods more reliant upon high-net-worth overseas buyers - will see prices end the year lower than they started, but others could see small single digit annual increases this year. This means overall we expect prices to be flat in 2025, with growth of 2% forecast in 2026. We anticipate rental growth to remain at 2% across Central London in 2025.

JLL Central London house price forecast

Sales price growth (% pa)	2025	2026	2027	2028	2029	Cumulative change (%) 2025-29	Average % pa 2025-29
Central London	0.0	2.0	4.5	5.5	4.5	17.5	3.3
UK	3.5	4.0	4.5	3.5	3.0	19.9	3.7
Greater London	2.5	3.5	5.0	5.0	4.0	21.6	4.0

JLL Central London rental forecast

Rental growth (% pa)	2025	2026	2027	2028	2029	Cumulative change (%) 2025-29	Average % pa 2025-29
Central London	2.0	3.0	3.5	4.5	4.5	18.7	3.5
UK	3.0	2.5	3.0	3.5	4.0	17.1	3.2
Greater London	2.5	3.0	3.5	4.0	4.5	18.8	3.5

Source: JLL Research 2025

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About JLL Research

JLL is a leading global professional services firm specialising in real estate and investment management, with $16.6bn annual revenue in 2020, operations in over 80 countries and a global workforce of over 90,000. With over 7,000 employees and 15 offices in the UK, we support our investor, developer and occupier clients at every stage of the property lifecycle across both commercial and residential asset classes. This includes land purchase, access to capital, planning, development advisory, leasing, building management and sales.

JLL's Residential and Living team consists of over 300 professionals who provide a comprehensive end-to-end service across all residential property types, including social housing, private residential, build to rent, co-living, later living, healthcare and student housing.