# London’s luxury property market adapts as wealthy owners shift from sales to lettings



London's luxury property sector is experiencing significant changes as a result of the recent abolition of the non-dom tax regime in April 2025. This policy shift has led to an exodus of high net worth (HNW) individuals from the capital, with around 10,800 millionaires leaving the UK last year, a number second only to China, according to Garrington Asset Management.

Despite departing, many wealthy owners are choosing to retain their prestigious London properties, opting to rent them out rather than sell. This trend is driving a notable increase in rental prices across the city's most exclusive neighbourhoods. Pippa Mitchell, a director at Garrington Asset Management, explained the situation to Property118, saying: “The dynamics driving London’s prime property market are being redrawn, but for those who understand them and think on a generational, rather than short-term, timeline, the capital remains one of the world’s most resilient and rewarding locations for property investment. That’s why many of the HNW owners navigating Britain’s shifting tax sands are increasingly opting to focus on lettings rather than sales.”

Mitchell also highlighted the personal and practical reasons behind this approach. She said: “On an emotional level, this is about those who’ve acquired a rare, irreplaceable property in the capital keeping a home they love. And on a pragmatic level, a well-managed property asset will deliver consistent income year after year yet can also be a home to live in whenever you wish.”

Data from LonRes supports this shift towards lettings, revealing that rents for flats in prime Central London increased by 7.9% in the first quarter of 2025 compared to the previous quarter. Over the past year, average rents have risen by 11.3%, signalling strong demand for high-end rental properties.

Conversely, the sales market for luxury homes is showing signs of cooling. According to Land Registry figures, average London house prices fell by 1.1% between January and February 2025. There is also an increased supply of homes priced above £5 million, with a 30% rise in listings in February 2025 compared to the same month last year, and a 21.1% increase annually in total £5 million-plus property listings.

This combination of rising rental prices and a more cautious sales market illustrates a changing landscape in London’s luxury property sector, shaped significantly by tax policy changes and the resulting behaviours of high-net-worth individuals.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.surreyworld.co.uk/community/real-estate-trends-whats-in-store-for-the-luxury-property-market-in-2025-4999329> - This source highlights emerging trends in London's luxury property, such as a focus on wellness technology, which parallels the idea of HNWIs customizing properties for personal reasons. It also mentions Marylebone's rise as a super-prime area.
3. <https://europeanproperty.com/the-european-luxury-property-market-in-2025-key-trends-and-investment-hotspots/> - This article discusses the transformation of the European luxury property market in 2025, including evolving investment trends, which could relate to changes in tax policies and their impact on property decisions.
4. <https://www.ennessglobal.com/insights/press/islay-robinson-featured-tatler-insights-londons-super-prime-property-market-2025> - This source provides insight into personalization and customization in luxury London properties, aligning with the emotional reasons HNWIs retain properties. It also highlights demand for diverse architectural styles.
5. <https://www.property118.com> - Property118 is a platform where Pippa Mitchell, a director at Garrington Asset Management, might share insights on the dynamics of London's prime property market. However, specific articles or statements may need to be retrieved from their site directly.
6. <https://landregistry.data.gov.uk> - While not directly providing real-time data or specific articles, the Land Registry website offers access to property data, which could support claims about house price fluctuations and supply changes in London's luxury market.
7. <https://news.google.com/rss/articles/CBMiTkFVX3lxTE1xNndCclVpYVZBMEtuZmRSbWFMbFZCXzdNbFlIOFJrYWZmaE5yV3ZsRHJ2SEpLTjZWNFFUWmRBc00zYk1vRWpSSFcyejVQdw?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data