# Central London house prices plunge as market faces oversupply and waning buyer confidence



Home sellers in central London are grappling with a stark reality: many properties may now fetch prices significantly lower than their purchase values. Recent data reveals a troubling trend for the capital's prime real estate market, where some boroughs have seen prices plummet by over 20% in the past four years. In one notable area, house prices dropped by a staggering 25% in just two years. This dramatic decline has prompted a reevaluation of expectations among sellers who often remain reluctant to acknowledge the shift in market conditions.

Despite efforts from some estate agents to project optimism, factual data portrays a different narrative. According to analysis by TwentyCi, eight of the top ten most difficult postcodes to sell a home are situated in London itself. The study took into account variables like sold prices compared to asking prices, time on market, and the propensity for sales to fall through. Presently, central London homes are achieving an average of 96.1% of their original asking prices, which lag behind the national average of 97%. This translates into a scenario where a property initially listed at £1 million typically sells for around £961,000—a sharp decline from previous valuations.

Compounding these issues is the protracted sales cycle; homes in central London are taking an average of 89 days to sell, slightly longer than the UK average of 84 days. Some prime locations paint a particularly bleak picture. In Marylebone, properties are achieving only 88.1% of their original asking prices, and nearly 36% of offers fall through—well above the national average. In more affluent areas like Belgravia and Chelsea, homes are on the market for approximately 201 days, and nearly half of the listings in Pimlico see at least one price reduction.

The City of Westminster stands out with average house prices that have dropped by 25% since peaking in January 2023. Based on recent Land Registry figures, the average home is now selling for £920,000, down from £1,225,000. Similar trends are seen in Kensington and Chelsea, where average prices have fallen by 28.5% from their peak in October 2021, with current values resting at £1,183,000 compared to a high of £1,653,000.

Amid these unsettling statistics, several experts are weighing in on the shifting landscape. Henry Pryor, a professional buying agent, highlighted that estate agents are hesitant to address the market's underlying weaknesses. He stated, “The market isn’t as strong as it was… the froth has come off.” He lamented that while sellers appear to hold on to inflated expectations, many prospective buyers are operating as though it’s 2015, leading to a significant disconnect.

A multitude of factors contribute to this downturn. Higher interest rates, the aftermath of Brexit, increased taxation, and alterations to non-dom tax rules have spurred a flight of wealthy individuals from the UK. A report noted that the proportion of overseas buyers monitoring the market hit a historic low in early 2025. Jonathan Hopper, chief executive of Garrington Property Finders, suggested that a recalibration of London's prime market is underway, as many high-net-worth individuals reconsider their investments in the capital.

The current stamp duty landscape further complicates matters for buyers, particularly for those seeking to invest in properties of £1 million and above. The associated costs can be prohibitively high, deterred by the prospect of financial loss if the property needs to be sold within a short timeframe. Instead, many buyers are pivoting towards larger properties in outer areas, which provide more stable investment opportunities.

Experts also point to market oversaturation as a critical factor in driving prices down. The number of homes listed for sale has surged, especially properties over £5 million, reflecting an increase of 30% compared to the previous year. Many high-end buyers are cautious and prefer to wait, creating a surplus of available properties that diminishes their appeal.

While the landscape appears challenging now, some analysts indicate a glimmer of hope for the future, suggesting that prices might stabilise, with forecasts anticipating a rise in values by 2028. As well, a recent report hinted that while prices in prime London are still decreasing, the rates are slowing down. However, until buyer confidence fully rebounds, the London market may continue to lag behind, presenting both challenges and potential opportunities for discerning buyers willing to navigate the current climate thoughtfully.

In summation, the central London property market is in a state of flux. While current trends indicate a decline in sales and prices, the mounting stock and cautious buyer sentiment suggest that a period of adjustment is necessary. With economic indicators pointing both towards continued declines and eventual rebounds, those with an eye on the London property market will need to remain vigilant and adaptable.

### Reference Map

1. Paragraphs 1, 2, 3, 4
2. Paragraph 5
3. Paragraph 6
4. Paragraphs 7, 8
5. Paragraphs 9, 10
6. Paragraph 11
7. Paragraph 12

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

## Bibliography

1. <https://www.dailymail.co.uk/news/article-14702487/Central-London-property-prices-crashed-wants-talk-warns-buying-agent.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/homesandproperty/luxury/prime-london-suburban-property-house-price-falls-b1128606.html> - An article from The Standard discusses the recent decline in prime London property prices, noting that house prices in London's most expensive areas could be close to bottoming out after a turbulent year. The piece highlights that buyer confidence is returning, and while prices continue to drop, they are doing so at a slower rate. The article also mentions that prime central London price falls had slowed, leaving property values down just 0.8% year on year, with forecasts of flat prices in 2024 and a projected 18.7% increase by 2028.
3. <https://www.ft.com/content/efb517cc-dee1-478f-a1d2-c42949dd83ea> - This Financial Times article addresses the challenges faced by flat owners in moving up the property ladder due to low demand, which has left many flat values below their purchase prices. It reports that flat sales have decreased by 25-33% over the past three years, with an estimated 400,000 fewer flat owners in England and Wales expected to move by the end of 2024. The piece also highlights that stagnant flat values since 2015-16 have forced owners to wait longer to build equity, and challenges such as cladding and leasehold issues, along with high transaction costs and mortgage rates, have further compounded the problem.
4. <https://www.cluttons.com/property-market-research/research-articles/uk-london-sales-market-update-autumn-2023/> - Cluttons' UK & London sales market update for Autumn 2023 provides insights into the property market trends, noting that average house prices in the UK were down 5.3% on the year in September. The report highlights that prices are falling in most areas of the UK, with London experiencing a 3.8% decline. It also mentions that activity levels are muted, with mortgage approvals in August falling to the lowest level since the end of the previous year. The report anticipates continued downward pressure on prices amid rising stock levels and pressure on buyers’ budgets due to increased interest rates.
5. <https://moneyweek.com/investments/property/is-prime-property-making-a-comeback-as-a-safe-haven-asset> - An article from MoneyWeek discusses the resurgence of prime London property as a safe haven asset amid global economic uncertainty. It notes that despite concerns over Brexit and increased taxation, prime central London real estate is regaining appeal, particularly among U.S. and Middle Eastern buyers who find prices relatively attractive due to the weakened pound. The piece highlights that London's property market offers perceived stability and comparative value, with prices about 18% below their 2015 peak and a 37% discount for dollar-pegged buyers compared to 2014. It also mentions that lower mortgage rates, spurred by reduced swap rates and potential Bank of England rate cuts, are further boosting interest.
6. <https://www.coutts.com/insight-articles/news/2024/coutts-london-prime-property-index-q4-2023.html> - Coutts' London Prime Property Index for Q4 2023 provides an overview of the property market, noting that 80% of properties were sold at a discount, compared to 74% in 2022. The report highlights that the average discount throughout 2023 per property was 8.3%, the highest level in three years. It also mentions that after two years of strong property sales, 2023 saw a 17.2% drop compared to the previous year, the largest annual fall in over a decade. The article attributes this decline to rising interest rates and high inflation, making it more expensive to purchase property, combined with an unwillingness of sellers to sell unless they obtain their desired price.
7. <https://residential.jll.co.uk/insights/research/prime-central-london-index-q2-2023> - JLL's Prime Central London Index for Q2 2023 reports that prices fell for the third consecutive quarter, recording a quarterly fall of 2.1%, with prices 5.9% down compared with the same period in 2022. The report notes that prices are now 6.8% lower than they were when prices peaked in the third quarter last year. It also highlights that the upper echelons of London’s prime market are proving more resilient, with prices down 0.8% in the 12 months to June 2023 compared with a 6.7% fall in homes priced at under £2 million.