

R3 MARKET INSIGHTS

December 2024

What drivers might shape the Capital in 2025?

As our last Market Insight of 2024, we focus on some of the key trends we see might shape the market in London in 2025.

Continued American interest

The weakening of the British pound and London's global appeal have always made the city attractive for international buyers, particularly Americans. And we don't see this changing. Quite the contrary. Political uncertainties in the U.S. have already driven some relocations, with celebrities such as Ellen DeGeneres soon calling the UK home. We see consistent interest from U.S. buyers looking to secure a foothold in this market and we anticipate this trend to persist in 2025.

Chelsea's renaissance?

Chelsea has been undergoing a renaissance over the last two years and we see this continuing in 2025, possibly reclaiming its crown as one of London's most sought-after areas after losing out to trendier neighbourhoods such as Notting Hill and Kensington. Iconic new developments like Chelsea Waterfront and Chelsea Barracks are increasing its desirability and potential buyers are showing a clear interest for the area.

Bayswater as new Super Prime

Simultaneously, Bayswater is emerging as a rookie contender to become one of the new up and coming Super Prime areas in London in 2025. Projects like Park Modern and Whiteleys pushing price-per-square-foot figures to record levels in this area. The stage is set for this neighbourhoods to shine in 2025.

Tax and regulation resilience

Finally, it would not be a market update without talking about Tax! Despite concerns over the abolition of the non-dom regime, Prime Central London is showing resilience. While some buyers may hesitate briefly, committed investors are unlikely to abandon their plans altogether and any disruption in 2025 is expected to be short-lived, with the market quickly adapting and changes in the tax landscape becoming imbedded in pricing.

R3 RESIDENTIAL SALES DASHBOARD

What might the overall nature of the market be in 2025?

<h3>01. TRANSACTIONS</h3> <p>Transaction volumes in prime London markets may experience a rebound to higher levels in 2025.</p>	<h3>02. PRICE</h3> <p>Prices in prime and super-prime markets are projected to rise, with some areas potentially seeing double digit increases in value.</p>	<h3>03. DEMAND</h3> <p>Demand for high-value properties is on the rise, with an increase in the no. of prime London properties finding buyers in 2024.</p>	<h3>04. STOCK LEVELS</h3> <p>The supply of prime properties remains tight, with limited availability driving competition among buyers and upward pressure on prices.</p>
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FIGURE 1 - R3 Residential Indices

Average property prices as at the end of the month of the date of this Newsletter

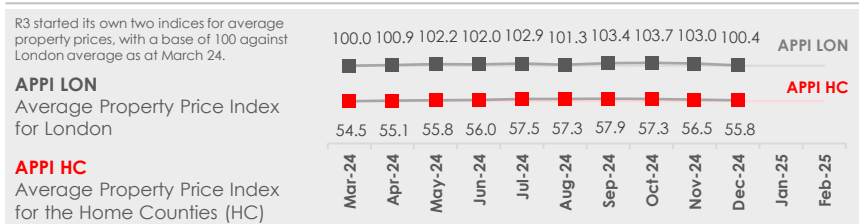


FIGURE 2 - R3 Average SOLD Price per Square Foot (PSF) Indices

Based on average property values as at the end of the month of the date of this Newsletter

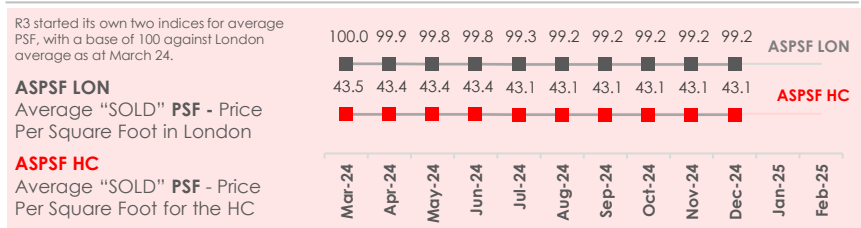
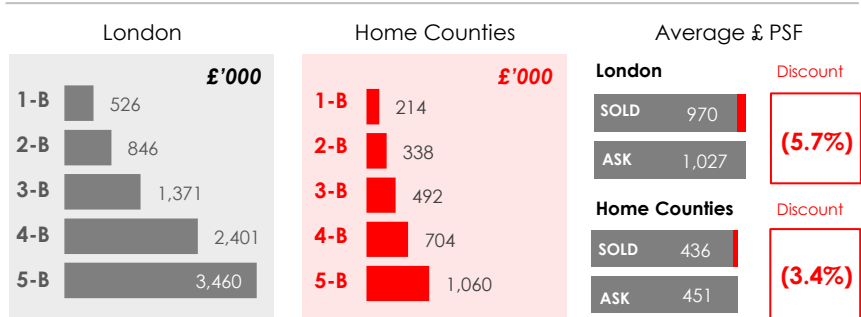


FIGURE 3 - Market Key Performance Indicators

Average property values and average ask and sold PSF, including inherent market discount on sales



Marco Previero

Director and Research Lead at R3

"London will thrive in 2025 with key indicators suggesting a challenging property market, with tight stock and where expertise to find properties and secure the right deal will provide a competitive advantage for buyers."