

Residential Research Update

July

The Savills logo consists of the word "savills" in a lowercase, sans-serif font, colored in a dark red or maroon hue. It is positioned on a bright yellow rectangular background.

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Against the backdrop of economic uncertainty, policy U-turns and concerns over the changing tax environment, earlier this week we released the results of our prime house price indices.

A price-sensitive prime market

In what can probably best be described as “a price-sensitive, buyers’ market”, our indices showed annual price movements of:

- -3.7% in prime central London, bringing prices to -22.4% below their 2014 peak;
- 0.0% across the rest of prime London, despite a small fall of -0.5% in the three months to the end of June; and;
- -2.7% in the prime regional markets, with the greatest price pressure in the coastal locations and the large country house market, but greater resilience in the North of England and Scotland.

While there hasn’t been the level of competitive demand we would expect in a normal market and the amount of stock on the market remains elevated, activity levels at the top end have stood up relatively well.

Across the UK, activity levels in the £1m+ market were 3% above 2024 levels in the three months to June, albeit the numbers of homes in this price bracket seeing their asking price cut was some 33% higher than this time last year.

Data from TwentyCi also tells us that the number of sales of properties £5m and over publicly marketed in London were 10% down compared to the same period last year.

You can read more about the whys and wherefores behind these numbers [**in our press release**](#). Alternatively, if you are settling



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into Wimbledon fortnight, there is a **tennis themed market update** which I have written for our buying arm, Prime Purchase.

Top-end rental stability

In the prime rental markets, our own indices look somewhat more positive, if a little mixed.

In the second quarter of the year, rents of prime properties remained stable in central London, while rising by 1.0% elsewhere in the capital and increasing by 0.6% on average in the regions. This means annual rental movements of -0.3%, +2.5% and +0.8% in each of those markets respectively.

We'll be providing more detail on these numbers later in coming weeks, as the Renters' Rights Bill works its way through the House of Lords before the summer recess.

Mainstream metrics

In the mainstream housing market, Nationwide reports that annual house price growth is now running at just +2.1%, with prices having fallen by -0.6% in the first six months of the year. Not unusually this hides regional variation with a north-south divide **which you can read more about here**.

This comes at a time when lead indicators for the housing market remain suppressed. Though we await the figures for June, the RICS measure of new buyer enquiries has been in negative territory in each of the first five months of the year.

And earlier in the week **the Bank of England put mortgage approvals at 63,000** in May, an improvement on recent months, but still 5% down on the figures seen at the beginning of the year.

Interest rate dilemmas

Mortgage approvals seem to reflect uncertainty around the speed at which interest rates are going to be cut. The market seems to be pricing in two further rate cuts this year, despite inflation remaining above the **Bank of England target at 3.4%**.

And so, as we approach the summer holiday season, the markets remain relatively finely balanced. That means for buyers and sellers,

and landlords and tenants alike, it's a time for pragmatism above anything else.



MY TOP PICKS



In focus: Wimbledon

For a fortnight each summer, Wimbledon takes centre court. But what does the leafy enclave of south-west London have to offer during the remaining 50 weeks of the year?

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