RESIDENTIAL RESEARCH | FIRST HALF 2026

MIDTOWN, CITY & EAST LONDON

HURFORD SALVI CARR

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YOUNG ADULTS
DELAY THE STEP
INTO HOME OWNERSHIP
AND STAY AS RENTERS
FOR LONGER

HURFORD SALVI CARR

MARKET OVERVIEW

PRICES CONTINUE TO FALL

There is plenty to digest in the housing market at the mid-point in 2026. Against a backdrop of falling prices, moribund construction and scarce buyers, when even the rental market was uncharacteristically sluggish, housing policy in England entered a new chapter on May 1st 2026 – Day One of the Renters' Rights Act.

The implications are far reaching. Renters now have the right to walk away from a lease after giving just 2 months' notice. Other provisions include an absolute ban on accepting rents above the asking rent and a more formal process for agreeing a rental uplift once in occupation.

SHOREDITCH N1 - ONE BEDROOM LOFT, LET MAY 2026, £4,000 PCM

A flood of Section 21 notices to end tenancies ahead of the April 30th deadline, triggered a wave of new sale listings as investors decided to slim down their portfolios, change tenants, move family in or exit the market altogether. We experienced an 80% jump in Section 21 notices in the first 4 months of the year compared to the same period in 2025.

We had fewer enquiries from renters looking to move this year. However, with the stock of rental homes being eroded, rents rose by an average of 2% across our markets in what is always the less active half of the year for renting, as a direct consequence of the introduction of The Renters Rights Act.

Landlords who were concerned about the added uncertainty created by this legislation were equally unhappy with the current sales values and the majority decided to retain their property investments until sale values recover.

In fact, the underlying demand for rental homes is stronger than ever as young adults delay the step into home ownership and stay as renters for longer. All hope of a continued decline in interest rates to boost the sales market, was dashed when the USA went to war with Iran in February and oil prices spiked. That situation remained unresolved in June and the knock-on effect of high energy prices was felt across all major economies. In London, political and economic uncertainty have undermined the confidence of buyers, while mortgage lenders have become more and more cautious in their lending parameters.

With investors, overseas and second home purchases taxed out of the market, the London sales market is now reliant on first time buyers.

Prices fell another 2% in H1 2026 on the heels of an 8% fall in 2025. Capital values have been falling consistently since 2015 and today are broadly equivalent to the time of the London Olympics in 2012. A 32 year old considering home ownership in our markets today could buy an apartment at the price it would have cost when they sat their A levels – or took out their student loan. Unfortunately the cost of borrowing is significantly higher today, so the repayments on a mortgage would not look the same.

The other substantial financial burden is the service charge. The shared cost of insurance, maintenance and energy have soared in recent years to a level that turns away many prospective buyers. Lower asking prices are not a panacea for high service charges. This is now an established (and unwelcome) feature of the central London sales market.

Half of all one bedroom flats in London are now selling for less than they were bought for, according to Land Registry analysis by property data firm Bricks&Logic. Apartments in the inner London boroughs of Westminster, Kensington and Chelsea, The City of London, Camden, Islington, Hackney and Tower Hamlets have been most affected by the reduction in values.

On 22nd June Sir Keir Starmer announced he would resign as Labour leader and that a new Prime Minister would be in place by the autumn. Andy Burnham – the strong favourite to be Prime Minister – has made it clear that he prefers taxation to shift from Stamp Duty on the purchase price, to an annual tax on property ownership. This will have wide ranging repercussions for homeowners and buyers.

CLERKENWELL EC1 - 2 BEDROOM LOFT, SOLD MAY 2026, £1,275,000

A new leader will be in place before parliament returns in September. Until then Sir Keir Starmer will remain in post but the UK's increasingly characteristic political uncertainty will persist.

ECONOMIC OVERVIEW

WEAK ECONOMIC GROWTH

Global geopolitics have not made it easy for the government. Conflict in the Middle East has caused a severe oil price shock and consequent inflationary pressures. This comes at a time when there are already major cross-border challenges, not least the meteoric rise of AI capabilities and the persistent problem of immigration controls.

Before the war in Iran, UK inflation had been forecast to fall to 2% but that is now almost unthinkable. Growth was positive for Q1 although paltry at 0.7% quarter on quarter but the monthly figure for April, released in June, showed a 0.1% contraction, led by a slowdown in the services sector. Companies reported reduced turnover after closure of the Straits of Hormuz.

Hopes that defence spending might be the boost that the economy needed were dashed when the Defence Secretary resigned over the failure to agree the Defence Investment Plan, which would have relied on budget cuts in other government departments. His departing words were sobering, stating that the proposed £13.5bn: 'falls well short of what is required for defence of the country at this dangerous time.'

The cost of UK government borrowing hit a high not seen in decades as Sir Keir Starmer faced mounting threats to his leadership. Investors were nervous about the ability of the UK to repay those debts amid uncertainty over the prime minister's stewardship of the UK economy.

Property taxes are growing. UK homebuyers paid £899m in Stamp Duty Land Tax (SDLT) in January 2026 – up 6% from the £848m paid in January 2025 and the OBR forecasts that SDLT will generate £16.4 billion for the Exchequer this year.

The UK Inheritance Tax (IHT) take is forecast to reach a record £8.7 billion for the 2025–26 tax year and climb toward £15 billion by 2030. This surge in revenue is driven by frozen tax thresholds, rising asset prices, and major recent reforms that bring pension pots and large family businesses into the scope of IHT.

Unemployment is expected to rise as employers take a cautious stance in the face of rising energy costs in the near term and, in the longer term, as AI is expected to become increasingly capable of taking on new roles.

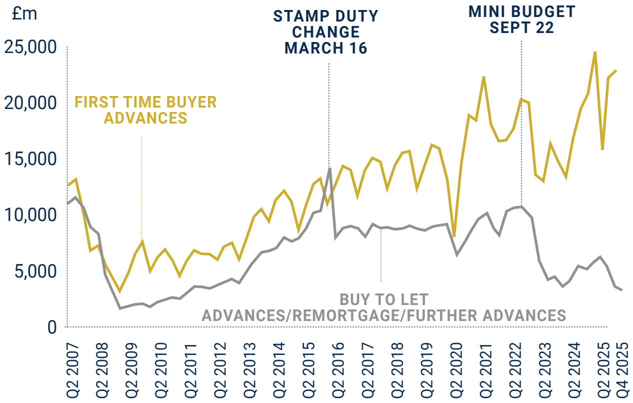
There was some encouraging news on productivity. 2025 was one of the strongest years for UK productivity since the Global Financial Crisis in 2008. Opinions vary on whether the improvement is driven by reduced headcount in retail and hospitality sectors (to offset increased national insurance), or because AI is already replacing white collar jobs. The headline rate of inflation defied expectations. It remained unchanged at 2.8% in May and had not risen as high as many had predicted. The Bank Of England held interest rates at 3.75% on 18th June for the fourth consecutive meeting.

The repercussions from the war in the Middle East, will last beyond its end. It will take time to clear the backlog of ships and higher energy prices have already taken their toll on businesses. This, combined with borrowing costs and political disarray, look likely to halt growth for the rest of the year.

The Governor of the Bank of England said on May 29th that the bank 'is in no rush to raise interest rates while the outcome of the Iran war remains uncertain and the UK's growth rate stays weak'.

FIGURE 1

MORTGAGE TRENDS FOR FIRST TIME BUYERS AND BUY TO LET



Source: Bank of England, FCA

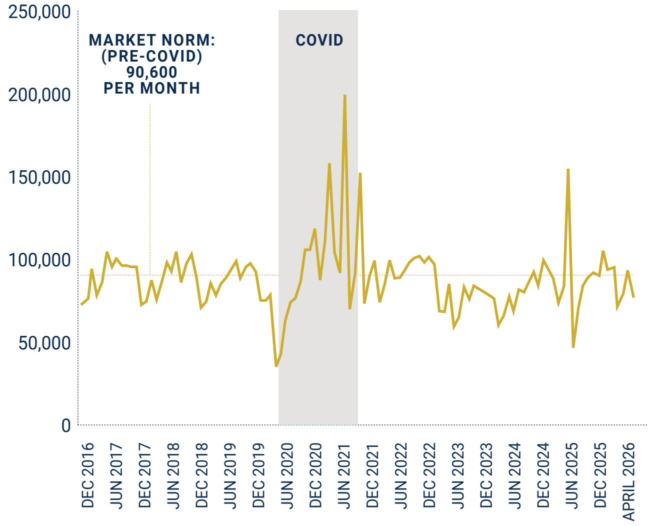
Mortgage rates spiked when war broke out in the Middle East and the Home Owners Alliance was cautious about the prospects for the rest of the year warning that recent falls in mortgage rates 'may slow or even be reversed due to the current outlook'.

For a borrower with a 10% deposit, a 5 year fixed rate mortgage would have moved from 4.95% at the beginning of March to 5.71% in early June. So, while rates had fallen 3 points, they remained higher than before the war. Similarly, a 2 year fix rate mortgage, was 4.83% at the start of March and 5.89% in early June. At the outset of the year, expectations were that rates would fall.

The UK has long prided itself on political stability and the rule of law. The prospect of a seventh Prime Minister in a decade, threatens to undermine that reputation.

FIGURE 2

MONTHLY SALES TRANSACTIONS : ENGLAND AND WALES



Source: HMRC

SALES MARKET

DEMAND FALLS

Sale prices in central London are poised at the same level today as they were in 2012 and, if buyer interest continues at its current pace, it looks as though prices have further to fall.

The blame for the loss in value has long been put at the door of successive changes to SDLT, which turned away investors and second-home owners. That was exacerbated by fire safety regulation which was, in turn, largely responsible for steep rises in service charges - but the final blow this year has been dealt by mortgage rates which failed to fall as anticipated when the year began.

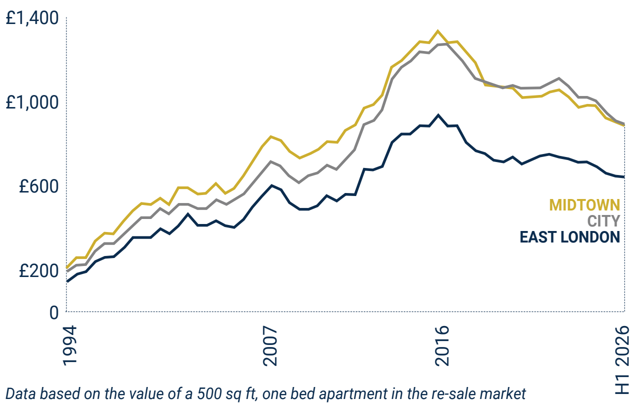
LIMEHOUSE E14 - THREE BEDROOM FLAT, SOLD MARCH 2026, £1,150,000

Confidence in the housing market is low. Sellers resist crystallising capital losses and buyers are reluctant to buy if prices might fall further.

It is an unhelpful irony that the fall in prices does not make the market more affordable for first time buyers because of interest rates that remain doggedly high and service charges that demand a bigger slice of take-home pay. In fact, service charges account for a growing proportion of total housing costs as prices fall. This has proved to be a substantial barrier to sales in our markets and we are now seeing mortgage providers imposing a cap on lending whereby annual service charge cannot exceed 1% of the capital value.

FIGURE 3

PRICE TRACKER £PSF OF A ONE BEDROOM APARTMENT IN THE CITY, MIDTOWN AND EAST LONDON, 1994 - H1 2026



Data based on the value of a 500 sq ft, one bed apartment in the re-sale market

Source: Hurford Salvi Carr

The average price of a one bed apartment in our markets is now £392,000, almost 30% below its peak in 2016. There was some price growth in the 2 years following covid but it was quickly eroded in 2023. So far this year, the price fall has been modest at an average of 2%, equating to an annual fall of 4% - half the rate of 2025 when price fell by 8%.

The relative pricing is more telling when we break it down by property type and into the three sub-markets. Midtown prices are significantly higher than the City whether for a 1 bed, a 2 bed or a 3 bed. That was not the case just 5 years ago. Prices have fallen more sharply in the City, particularly for 1 bed homes.

Prices in East London have always been more affordable and it remains the case that a buyer expanding their search from City and Midtown to the east, could have an additional bedroom within the same budget.

TABLE 1

PRICES AND ANNUAL GROWTH FOR ONE BEDROOM APARTMENTS IN THE RESALE MARKET AT HALF YEAR : AVERAGE FOR MIDTOWN, CITY & EAST LONDON

YEAR	ANNUAL PRICE CHANGE %	MARKET VALUE £	ANNUAL CHANGE IN VALUE £
1998	NA	150,000	NA
1999	26%	189,000	39,000
2000	11%	210,000	21,000
2001	10%	230,000	20,000
2002	13%	260,000	30,000
2003	-8%	245,000	-15,000
2004	0%	246,000	1,000
2005	10%	270,000	24,000
2006	26%	340,000	70,000
2007	9%	371,000	31,000
2008	-15%	318,000	-53,000
2009	8%	338,000	20,000
2010	4%	351,000	13,000
2011	10%	386,000	35,000
2012	5%	405,000	19,000
2013	20%	486,000	81,000
2014	8%	520,000	34,000
2015	6%	550,000	30,000
2016	1%	555,000	5,000
2017	-4.5%	530,000	-25,000
2018	-8.5%	485,000	-45,000
2019	-2.1%	475,000	-10,000
2020	-3.2%	460,000	-15,000
2021	1.1%	465,000	5,000
2022	1.1%	470,000	5,000
2023	-5.3%	445,000	-25,000
2024	-2.2%	435,000	-10,000
2025	-8.0%	400,000	-35,000
H1 2026	-2.0%	392,000	-8,000

Source: Hurford Salvi Carr

The gap between Midtown and the other markets has narrowed as City and East London have gained in status. The long run price change table shows that anyone who has owned since the mid 1990s, when we began collecting data, has a property worth 3 or

4 times what they originally paid. Prices continued to grow albeit less steeply, through the first decade of the new millennium, past the global financial crisis of 2008 and until 2016 when the change in Stamp Duty caused a watershed.

TABLE 2

PRICES & PRICE CHANGES FOR
1,2 & 3 BEDROOM APARTMENTS
IN THE RESALE MARKET AT YEAR H1 2026

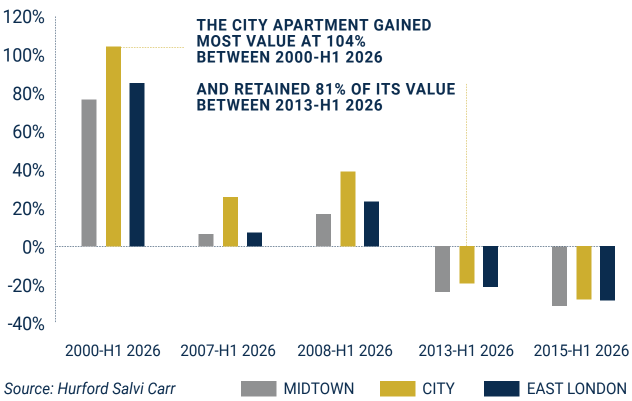
	£ 2024	£ 2025	£ H1 2026	£ PER SQ FT	CHANGE 2025 - H1 2026
MIDTOWN					
1 BED	520	480	470	940	2%
2 BED	840	780	765	1,020	2%
3 BED	1750	1600	1570	1,047	2%
CITY					
1 BED	500	455	446	892	2%
2 BED	750	690	675	900	2%
3 BED	1500	1350	1335	890	1%
EAST LONDON					
1 BED	350	325	320	640	2%
2 BED	500	460	450	600	2%
3 BED	925	850	840	560	1%

1 bed is 500 sq ft, 2 bed is 750 sq ft with 2 baths, 3 bed is 1,500 sq ft
Source: Hurford Salvi Carr

Since then, prices have fallen year by year and the outcome is evident in the table on long run price change. We show prices for a 1 bed apartment in each of our sub-markets and all three have lost around 30% in value over the past decade.

FIGURE 4

LONG RUN PRICE CHANGES
FOR A ONE BEDROOM APARTMENT IN THE RESALE MARKET



Source: Hurford Salvi Carr

When reflecting on these price changes, two facts are material. First, the cost of borrowing fell dramatically after 2008 and second, interest rates remained very low until 2022. That means that someone who bought in the 1990s, did so with expensive money. In the early 1990s, mortgage rates were as high as 15% and even in the late 90s, 7or 8% would have been normal.

Equally, the opportunity cost of capital was also much higher – leaving capital in the bank in the 1990s would have yielded interest of 6% or more. Today, gross rental income yields are pushing towards that level.

Owners wishing to sell no longer aim to recoup the original purchase price, which for many is not feasible, but instead prioritise the release of equity to repurpose the capital. Research by Hamptons found that more than a quarter (28.2%) of sellers in Tower Hamlets in 2025 sold for less than they paid, the highest of anywhere in the UK, followed by the City of London (26.2%), Kensington and Chelsea (22.4%) and Westminster (22.1%).

Understandably, many owners decide to postpone selling, in the hope that prices and demand will recover. Opting to rent out a property in the meantime, has been made more onerous by the Renters' Rights Act, although income returns are increasingly attractive as prices fall and rental demand is sustained (see Rental Market section).

Service charges have become a significant barrier to sales. They can be as high as £10 per sq ft in apartment blocks with high levels of on-site services. For a one bed flat that translates into an annual fee of around £5,000 on top of mortgage repayments – increasingly painful as the cost of living rises. To date, fire safety regulation has been the main culprit, with increased regulations driving up maintenance costs and insurance premiums. There can be little doubt however, that the impasse in the Strait of Hormuz (and consequent inflationary pressures) will be felt in service charge bills going forwards.

SPITALFIELDS E1 - ONE BEDRROM FLAT, SOLD JUNE 2026, £695,000

Lenders are cognoscente of how this affects a borrower's capacity to cover mortgage payments and some are now categorising any property where the service charge exceeds 1% of capital value, as a 'high risk loan'. As values fall and service charges rise, a growing number of properties now fall foul of this rule. In April, the Housing Minister ruled any attempt to impose a cap on service charges as 'unworkable' and stated that he did not see any need for a regulator to oversee service charges.

This government has made other changes. In her first budget in October 2024, the Chancellor raised the surcharge on SDLT levied on 'additional homes' from 3% to 5%.

In her second budget a year later, The Chancellor announced an additional council tax levy on high value homes. The new regime was less punitive than many had feared but is material in Central London. Any home bought for more than £2 million will incur an additional £2,500 charge, with four additional bands between £2.5 million (£3,500) and £5 million (£7,500).

OLD STREET EC1 - TWO BEDROOM LOFT, SOLD FEBRUARY 2026, £1,375,000

Properties will be valued this year by the Valuation Office and the Higher Value Council Tax will be levied from 2028. The additional tax will rise annually in line with the Consumer Prices Index (CPI) and properties will be revalued every five years by the Valuation Office. In May 2026, two years before the additional tax is due to start, the government announced plans to expand the tax and force overseas owners to pay a higher rate of mansion tax.

The government proposals to introduce new measures aimed at speeding up property transactions are welcomed and long overdue. The proposed reforms are intended to streamline the home-buying and selling process, reduce delays, and improve certainty for buyers and sellers. The planned reforms, first announced in October last year, will be introduced at the end of this Parliament in 2029.

CLERKENWELL EC1 - TWO BEDROOM FLAT, SOLD JUNE 2026, £2,100,000

LEASEHOLD REFORM

The Government introduced its draft Commonhold and Leasehold Reform Bill (CLRB) to Parliament in late January, signalling a significant moment for leasehold reform. The Bill will cap ground rents at a maximum of £250, changing to a peppercorn after 40 years – so effectively abolition. Once passed into law, nearly 1 million leaseholders will see their ground rent reduced and nearly 5 million will know their ground rent will never go above £250.

The draft bill makes the system of Commonhold the default way to own new flats and also pledges to give the right to existing leaseholders to switch to Commonhold - although that pledge lacks details. Commonhold means you own your own home outright and common parts jointly with neighbours. Commonhold will be similar to condominiums in the US and strata title in Australia.

Following the confirmation of leasehold reform in the King's Speech on 13th May the Government says Commonhold is expected to be available in 2029 and that the £250 cap on ground rents is expected in 2028, although following pressure from his own MPs the Prime Minister has promised to implement the £250 cap by late 2027.

The Government aims to enact the remainder of the Law Commission's recommendations on leasehold enfranchisement and the Right to Manage during this parliament. This means that there will need to be another bill on leasehold reform.

The government has stated that it is committed to regulating block managing agents to stop opaque and excessive charges related to building insurance, often in the form of commissions - but there are yet to be any tangible proposals.

BANKS TIGHTEN LENDING CRITERIA

With a downturn in confidence in the UK economy and volatile property prices, banks have restricted or pulled back from lending on certain types of flats in the UK, due to fire safety, valuation, and structural concerns. Major hurdles for buyers include delays with fire safety works, high-rise buildings without lifts, high service charges, ground rents and even leasehold terms.

As lenders increasingly prioritise lending on freehold family housing, we have seen mortgage applications for flats in London being refused by banks and building societies for a growing list of reasons.

Below is a summary of the key areas affected:

1 - Cladding and Safety Issues

Following the Grenfell Tower fire in 2017, lenders heavily restricted mortgages on flats with unsafe cladding or other external wall system issues. Lenders often demand an External Wall Fire Review (EWS1) form to prove a building is safe. Lack of this certification can make a flat unmortgageable.

Up to 3 million people in private flats are estimated to be affected by these restrictions, unable to sell or remortgage. Since 2023, some major banks (Barclays, HSBC, Lloyds, Nationwide, NatWest, Santander) changed their stance, agreeing to lend on buildings 11m+ with cladding or fire safety remediation plans in place. We have seen a recent improvement in lending where housebuilder 'letters of comfort' are available confirming that a developer will be paying for the life critical fire safety works.

2 - Flats Without Lifts

Several lenders have tightened criteria, refusing to offer mortgages on flats that are on the fourth storey or higher if there is no lift access, citing lower demand and harder resale. In reality few flats fall into this category.

3 - High Service Charges

Many UK mortgage lenders have tightened their criteria to restrict or refuse financing on flats where the service charge exceeds 1% of the property's value.

Lenders vary in how strictly they apply this limit. Some use it as a hard cap, while others use it as a trigger for further investigation. Some lenders, require conveyancers to report any case where the service charge exceeds 1% of the value. With higher service charges and lower sale prices a greater number of flats now fall into this category, potentially making them "unmortgageable".

Many mainstream banks will refer any charge above 1% to their surveyors or valuers. If the valuer deems the charge "onerous" or likely to affect future resale, the lender may reject the application entirely.

4 - Leasehold Terms

Lenders are increasingly refusing to lend on flats where ground rent doubles every 5, 10, or 15 years. The solution is to apply to your freeholder for a Deed of Variation.

Flats with leases under 80–85 years are increasingly difficult to mortgage, despite the Leasehold Reform Act 2024 giving flat owners the legal right to extend their leases to 990 years. As lenders are aware of this option it makes little sense that they should refuse mortgage applications on this point.

5 - Flats Above Commercial Units

Banks have always been cautious about lending on apartments located directly above retail units, particularly fast-food outlets or restaurants. The concerns include fire risk, noise, and their perception of a lower resale value.

6 - High-Rise Ex-Local Authority Flats

Some lenders have strict restrictions on high-rise, ex-council flats, particularly those with concrete construction, often citing "limited marketability" in their valuation reports.

7 - Over-Exposure to a Building

Lenders often limit their exposure to a specific building to avoid taking on too much risk. If a bank already holds a large percentage of mortgages in a single block, they may stop lending in that building.

Borrowers with higher deposits are more likely to have mortgage applications accepted. In 2020, HSBC increased the required deposit for flat purchases to 15% (20% for new builds) due in part to the risks outlined above.

Despite an increase in upfront material information at the point of marketing many transactions still fall through, as lenders decline applications upon receiving the buyer's solicitor's report on the property, that includes the building's management, fire safety status, and lease terms.

NEW HOMES

There has been a dramatic fall in new home construction and a severe shortfall against the housebuilding target.

In the first quarter of 2026, only 937 new homes were registered with the National House Building Council (NHBC) in London, compared to 1,495 in the same period last year, a stark illustration of the fall in new home building. The equivalent figure in 2014 and 2015, when construction was at its peak, was 7,000. This rate of activity is nowhere near enough to meet the government target of 88,000 per annum for London. NHBC reported that it was the slowest start to UK housebuilding since 2012.

According to research company, Molior, 16,250 new homes will be completed in London in 2026 and another 10,000 in 2027. The outlook for 2028 and beyond is worse. They found 4.600 homes where construction has been halted and 5,900 scheduled to be completed in 2028 (although that could change in the intervening period).

JADE WHARF, LONDON DOCK, WAPPING E1 - ST GEORGE

Sales of new homes in London reached 2,850 in Q1 according to Molior – a 30% improvement on the same period of 2025 but still a long way short of the rate required to support the government housebuilding target. Alarmingly, only 600 of the 2,850 sales were to individual buyers, the majority were sold to large corporate investors who seized the opportunity to buy in bulk from housebuilders desperate to make sales. These homes will become part of the 'Build to Rent' sector where owners hold large portfolios of homes as long term rental stock.

In May, JLL reported that there were 22,000 new homes completed and unsold in the capital. That overhang is the reason housebuilders are open to conversations about bulk sales.

In a blow to Labour's ambitious housebuilding targets, Berkeley Homes announced in March that it had stopped buying new land and would slow build rates at its existing developments as it struggled to hit sales targets. Britain's largest housebuilder Barratt Redrow also plans to dramatically cut back on buying new land, blaming the impact of the conflict in the Middle East.

Berkeley is one of a number of traditional housebuilders now looking seriously at Build to Rent on its own account. Others who have made public their interest in this sector and appointed teams, include London Square and Wates.

Developers have found London an increasingly difficult place to build homes in recent years, citing viability as the barrier.

Developers blamed delays getting projects signed off by the Building Safety Regulator and weaker demand for its homes alongside rising costs associated with materials, labour and borrowing rates.

The share of new homes sold "off plan" before they are built has fallen to a 12-year low as buy-to-let investors leave the market and higher interest rates slow sales. This is a having a detrimental effect on developers' funding options.

The collapse of housebuilding in London prompted the government and the London Mayor to announce emergency measures to unblock stalled sites at the end of 2025, changing the required quota for affordable housing from 35% to 20%. In March of this year they announced another series of measures to help housebuilders including:

- A new fast-track planning route for sites delivering at least 20% affordable housing;
- Temporary relief from the Community Infrastructure Levy for eligible schemes
- Removal of targeted GLA guidance on density,

The GLA has also commissioned a report on how service charges affect affordability of new homes across London.

A new mandatory tax on residential development in England, introduced by The Building Safety Levy (England) Regulations 2025, will come into force on 1 October 2026. The aim of the Building Safety Levy is to raise £3.4 billion over 10 years to fund the remediation of historic building safety defects. The Levy applies to all residential new builds of more than 10 units.

FIRE SAFETY UPDATE

Almost nine years after the Grenfell disaster, up to 566,000 people are still living in flats with fire risks across Britain. Housing Ministry data shows that only 18% of buildings over 11m with known or estimated fire risks, have been fixed.

In 2023 54 developers signed the government's pledge to fix fire safety defects in blocks they built of over 11m high, at no cost to the leaseholders. There has been a noticeable increase in housebuilders issuing "letters of comfort" to leaseholders this year, as part of their commitment to accelerate the remediation of buildings with unsafe cladding. These letters are part of a wider government and industry initiative to help leaseholders borrow against or sell their homes. The letters confirm that remedial work will be carried out without costs being passed to them.

We have sold flats where buyers have been able to secure mortgages in blocks requiring remediation and where there is a 'letter of comfort' supported by a Landlords Certificate and a Leasehold Deed of Certificate, that confirms the developer's liability for remediation costs under the Building Safety Act.

One of the big challenges for managers of higher-risk buildings is the Building Safety Regulator's (BSR) Gateway process. The scrutiny of that policy (where designs must be confirmed as compliant before work begins) has mostly focused on the impact on new build housing – but its effect on occupied properties is arguably larger.

Anything that meets the legal definition of 'building work' is caught by the process, which means large-scale cladding remediation work, but also more minor actions resulting from fire risk assessments and a huge range of general maintenance to the building.

Unfortunately, we are yet to see an increase in fire safety remedial works commencing on site so far this year, with continual delays in buildings trying to access grant funding from the governments Building Safety and Cladding Safety funds.

The estimated cost to replace cladding-related and fire-prevention defects is £16.6 billion across the industry and the work may not be completed until 2037 according to a National Audit Office projection from November 2024.

On 13 May King Charles III confirmed the long-awaited Remediation Bill will be brought in during this parliamentary session. The legislation will aim to fix "longstanding gaps" in the law so that the Government and developers who have paid for cladding work on buildings can chase product manufacturers for some of the cost. The legislation is expected to bring in deadlines of 2029 and 2031 for landlords to fix unsafe cladding on blocks above 18 metres and 11 metres respectively. A separate Remediation Bill will hand ministers new powers to require construction product manufacturers to contribute towards the cost of removing unsafe cladding from residential buildings.

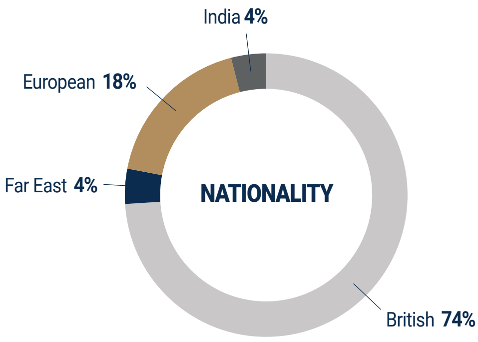
The government intends to create a national database to find medium-rise buildings (11-18 metres) that need cladding remediation work.

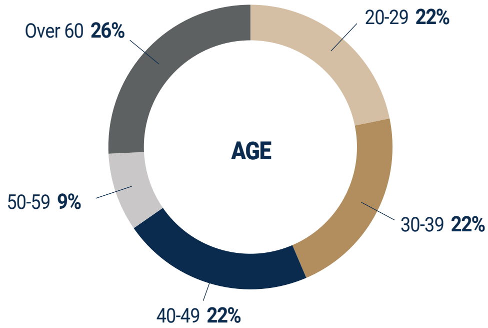
In April the government replaced the Waking Watch Replacement Fund with a new Interim Measures Alarm Fund to support the installation of fire alarms in buildings that are awaiting remediation works.

The Building Safety Levy (BSL) is a UK government charge on new residential developments in England, commencing 1 October 2026. Designed to raise £3.4 billion over 10 years, to fund the governments costs for cladding removal and safety repairs, ensuring developers, not leaseholders, pay for safety defects. The levy applies to major developments above 10 units and varies by location/size.

SALES MARKET

BUYER PROFILES FIRST HALF 2026





Three quarters of buyers in our markets in the first six months of 2026, were British. This is always the dominant group but never so much so, as in this period. Typically British buyers account for closer to 65%.

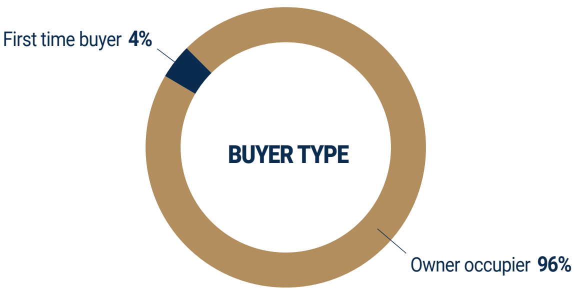
There was also a far narrower range of nationalities than in previous years, with no representatives at all from USA or the Middle East – both of which have been regular features for many years. The USA is currently at war in the Middle East - but that kind of unrest more often drives buyers into the stability of the London market.

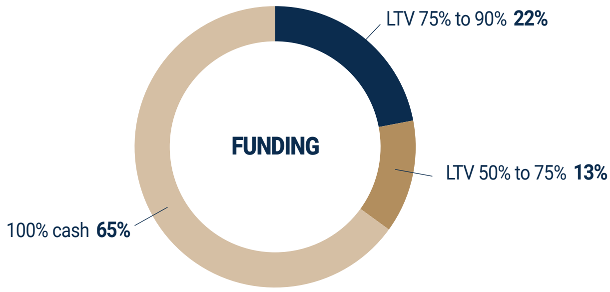
The simple truth is that buying conditions have not been favourable for overseas nationals in the UK since the SDLT surcharge was raised again and the stagnant UK economy is not attractive. Those working on short term assignments of 2 or 3 years will find the rental market more appealing. Overseas student numbers have also been impacted by changes to the visa regulations.

The presence of buyers aged over 60 has come as a surprise. In the past, this cohort has made up only a small proportion of our buyers but so far this year it has accounted for 26%.

Some of this might be explained by the growing tendency for parents or grandparents to buy for the younger generation. The buying power of this older generation is often funded by selling their buy to let investments – enabling them to exit the buy to let market and pass wealth (hopefully tax-free) down the line. This would also explain the huge jump in cash buyers.

There is still a steady flow of 20-somethings able and willing to get onto the housing ladder in our markets although the much-anticipated fall in interest rates has not progressed as many had hoped. Again, this aligns with the dominance of cash buyers at this time and, again, funds being passed down the generations are supporting many of these moves. All these observations should be caveated with the observation that buyer numbers are low in this period.





There have been no investor buyers in our areas so far this year - and we do not expect that situation to change any time soon. Investors have left the market.

Neither did we have any buyers looking for a pied a terre. In fact, virtually all our buyers were recorded as 'owner occupier'. Some of these could also be described as 'first time buyers' but the key finding is that we have UK nationals buying properties as homes. That has not always been the case in our markets. Prices are lower than they have been for a decade or more and, for some, this is a moment of opportunity. Again, we note that overall buyer numbers are low this year.

Two thirds of all purchases so far in 2026, were funded entirely with cash. The proportion of cash buyers has been rising steadily in recent years and is now well above the long-term average of 35%. Conversely, the proportion borrowing more than 50% of the value of a property has fallen from a long term average of 52%, down to 35%. As we have shown, these buyers are not investors or pied a terre buyers, instead they are first time buyers and owner occupiers – and yet they have the resources to be cash buyers. As we point out elsewhere, many are supported by capital passed down from parents and grandparents. Buyers in our markets are far from typical.

LETTINGS MARKET

RENTERS RIGHTS BOOST RENTS

Rents continued to rise in the first half of 2026, albeit at a much slower pace than in recent years. Across our markets the average increase settled at 2% - equivalent to 4% per annum, despite the fact that new enquiries were down.

There were fewer properties available to rent than usual and fewer new tenancies between January and June 2026. The rental growth that occurred was driven by a loss of supply this time, rather than an increase in demand.

The changes are driven by two trends: first, the growing number of investors deciding to sell up and second, the growing number of renters deciding to stay put. The two are clearly related and the causes can be traced back to the Renters' Rights Act. We recorded an 80% increase in landlords serving s21 notices ahead of the deadline on April 30th – with a view to selling – while many more tenants chose to extend their leases beyond May 1st to benefit from the protection of the new Act and to avoid competing for a reduced supply of rental homes.

It is usually the tenant who chooses to end a tenancy, not the landlord. That is unlikely to change in the longer term. It is a reflection of the typical renter demographic in London – they are usually young, highly mobile and in a position to make choices about where and how they live. The average length of tenancy is 28 months. In others words, renters tend to stay 2 or 3 years in the same home, even though they had the option to leave at the end of 12 months.

In our offices, we have had 22% less stock to let this year than in the equivalent period last year and 47% fewer new enquiries from prospective tenants. That led to a 23% reduction in viewings. There has been a drop in the number of overseas students looking to rent in our markets –a trend we highlighted in our last report. The other significant change has been the fall in graduate recruitment amongst City employers. That has also reduced the number of people looking to rent and kept activity lower this year. International migration has fallen dramatically too.

HATTON GARDEN EC1 - ONE BEDROOM FLAT, LET JUNE 2026, £3,750 PCM

There were differences between the three sub-markets. East London had virtually no uplift in rents while Midtown pushed towards 3% which, as an annual equivalent, would be significantly above the rate of inflation.

The Renters' Rights Act will, more than ever, focus attention on the reliability of a renter. While it has always been important to find a reliable tenant, there are provisions in the act that make it harder to take any risks at all and that will have unintended consequences for some groups of renters.

TABLE 3

WEEKLY RENTS FOR 1, 2 & 3 BEDROOM APARTMENTS IN MIDTOWN, CITY & EAST LONDON AT H1 2026

	£ 2021	£ 2022	£ 2023	£ 2024	£ 2025	£ H12026	% CHANGE 2025 -H1 2026
MIDTOWN							
1 BED	550	600	620	620	630	645	2%
2 BED	700	775	800	800	800	820	3%
3 BED	1,100	1,200	1,250	1,275	1,275	1,315	3%
CITY							
1 BED	510	550	575	575	585	600	3%
2 BED	650	750	750	750	760	775	2%
3 BED	1,000	1,100	1,100	1,125	1,140	1,150	1%
EAST LONDON							
1 BED	350	400	425	425	445	450	1%
2 BED	450	525	550	550	575	575	0%
3 BED	600	700	700	700	735	735	0%

1 bed is 500 sq ft, 2 bed is 750 sq ft with 2 baths, 3 bed is 1,500 sq ft
Source: Hurford Salvi Carr

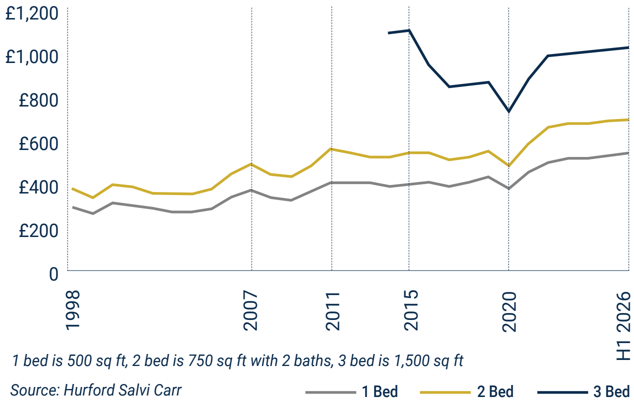
For instance, it is no longer possible to take rent in advance, which was common practice for those who could not provide an employment reference. In the same way, the ban on accepting offers over asking rent, will prevent renters from competing on price. In order to differentiate in a competitive market, a reference from a previous landlord will become more valuable currency to prove reliability. One unintended consequence will be that people who have not previously rented (early career, or newly arrived) will look riskier and will be disadvantaged in the selection process.

Landlords will now place greater emphasis on affordability checks and income protection when assessing prospective tenants. Guarantors are becoming an increasingly common requirement for renters who fall outside standard affordability criteria, particularly younger tenants, overseas applicants, self-employed workers, and students. Since the 1st May our offices have agreed more new tenancies with tenants providing UK personal guarantors, insurance-backed guarantor policies and UK Universities acting as guarantor.

The standard tenant referencing process sets the 'pass' bar for afordability at 2.5 times the annual rent. To pass referencing for a 1 bed apartment in Midtown would require a household income of £83,000, while the gross income required for a two bed flat would be £106,000. When the rent is shared by a couple or sharing household, these remain manageable rates for a very large pool of renters across London. Our analysis of household type (see page 15) shows that 70% of lettings in our offices are to couples or sharers, while the proportion rented to singles has fallen from an average of 34% over the past decade, to 27% this year.

FIGURE 5

WEEKLY RENTS FOR 1, 2 AND 3 BEDROOM APARTMENTS
MIDTOWN, CITY & EAST LONDON



1 bed is 500 sq ft, 2 bed is 750 sq ft with 2 baths, 3 bed is 1,500 sq ft

Source: Hurford Salvi Carr

Renters are generally renting for longer periods of their lives too. The primary reason for this is probably affordability – the cost of becoming a homeowner has increased but at the same time, the attraction of becoming a homeowner has diminished, certainly in economic terms, as capital values have been falling. A quarter of renters in our markets were aged over 35 years in the first six months of the year. Renting has always had the attraction of flexibility as a lifestyle choice and now, with the end of the AST and its 12-month commitment, renting has become far more flexible.

TABLE 4

ANNUAL RENTS FOR 1, 2 & 3 BEDROOM APARTMENTS
IN MIDTOWN, CITY & EAST LONDON AT H1 2026

	WEEKLY RENT £	SQ FT	TOTAL RENT PAYABLE P.A. £	RENT PSF £
MIDTOWN				
1 BED	645	500	£33,540	£67
2 BED	820	750	£42,640	£57
3 BED	1,315	1,500	£68,380	£46
CITY				
1 BED	600	500	£31,200	£62
2 BED	775	750	£40,300	£54
3 BED	1,150	1,500	£59,800	£40
EAST LONDON				
1 BED	450	500	£23,400	£47
2 BED	575	750	£29,900	£40
3 BED	735	1,500	£38,220	£25

1 bed is 500 sq ft, 2 bed is 750 sq ft with 2 baths, 3 bed is 1,500 sq ft
Source: Hurford Salvi Carr

In the short term, the Renters' Rights Act has boosted asking rents. It is too early to know how directly that will translate into achieved rents. The ban on accepting offers above asking rent effectively obliges landlords to set asking rents high enough to capture any potential for bids above asking rent. By definition, rents will settle at the 'market rate' but that market rate depends on the depth of competition at the time.

A renter keen to secure a particular property has always had the option of paying the asking price and this must be especially tempting when the commitment to that rent is no longer 12 months but only a minimum of 2 months.

As a broad rule, rents track earnings but many other factors can affect that relationship in the short term. In the busier summer months renters may well feel comfortable outbidding their rivals in the very short term and there is enormous scope for rents to be artificially driven upwards until the market settles in the new 'post RRA' norm. We will reflect on the outcome in our year-end report by which time we will have 6 months of data to consider.

VICTORIA PARK, E3 - TWO BEDROOM FLAT, LET MAY 2026, £3,000 PCM

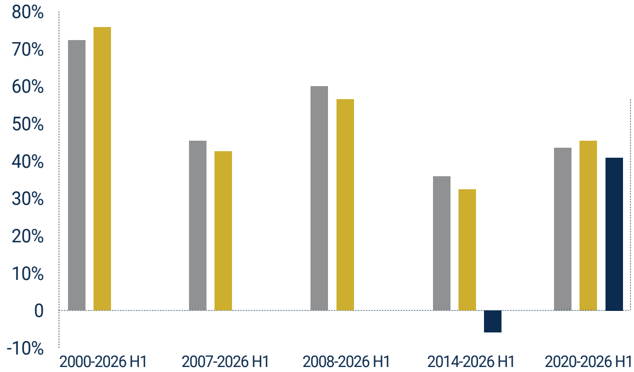
There is no doubt that identifying 'market rent' for rent reviews will be less clear in the months ahead. Under the Renters' Rights Act, rents can only be raised once every 12 months and the proposal must be in the form of a 'section 13' notice, with supporting evidence of comparable rents. If asking rents are not a realistic reflection of the market, we have the advantage of specialist knowledge of achieved rents which are not in the public domain. As we explained in our last report, the tenant is incentivised to challenge the proposed rent increase because a referral to the First Tier Tribunal would defer any uplift until the case has been determined. For this reason, proposing a fair and reasonable rent that can be supported with evidence, is critical.

SMITHFIELD EC1 - ONE BEDROOM FLAT, LET APRIL 2026, £3,150 PCM

Our long-run rental growth series is helpful. It shows that rents have risen by 38% since 2014. The cumulative inflation rate over that same 12-year period is 45% and national wages growth has been 53%. Of course, timing is critical. If we calculate the same stats for the period 2019 to 2026, they would be rents up by 26%, while inflation rose by 30% and wages by around the same amount in London.

FIGURE 6

LONG TERM RENTAL GROWTH



Source: Hurford Salvi Carr

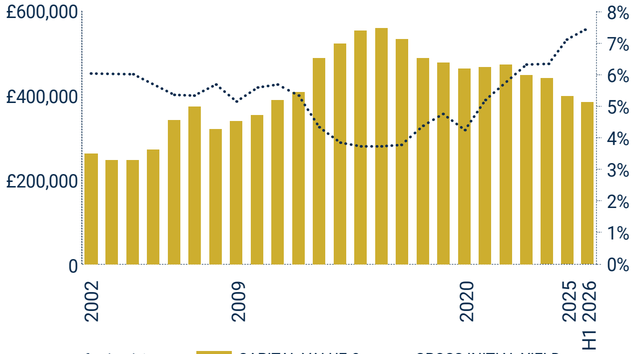
Income returns on rental investments have been boosted over the past decade by the combination of rising rents and falling capital values. The gross initial yield today is just under 7.5% - a very attractive yield if it were not for the associated costs of the initial purchase (SDLT) and ongoing cost of maintaining the property (the service charge), which make a considerable dent into the net yield. Nevertheless, for an owner who sunk the cost of acquisition years ago, renting out a property is an increasingly attractive alternative to selling up.

In our experience, the motivation for sale is often to redirect the capital to the next generation or to fund retirement. An investor with a mortgage has the added burden of borrowing costs that have not fallen as expected. The big jump in interest rates in 2022 means that the final round of '5-year fix' mortgages will mature within the next year and, unless rates fall, many of those landlords are likely to consider a sale.

ALDGATE E1 - ONE BEDRROOM FLAT, LET MAY 2026, £2,500 PCM

FIGURE 7

CAPITAL VALUES AND YIELDS FOR ONE BEDROOM APARTMENTS
MIDTOWN, CITY & EAST LONDON



Source: Hurford Salvi Carr

There are other costs on the horizon for landlords. All rental properties must have a minimum EPC rating of 'C' by 2030. While that is still more than 3 years away, experts are warning that cost of works will rise as the deadline approaches and it will be increasingly difficult to find trades people to carry out the work. There is a cap of £10,000 per property on what a landlord would be expected to spend to upgrade their property and, while this is helpful, it seems likely that the EPC rating will become more material in determining rental value. This initiative is part of the 'Warm Homes Plan' launched in January to improve energy efficiency across the nation's private rental stock and there are interest free loans available to help pay for solar panels and heat pumps.

TABLE 5

GROSS INVESTMENT RETURNS FOR ONE BEDROOM APARTMENTS
AVERAGE OF MIDTOWN, CITY AND EAST LONDON 2014 - H1 2026

	GROSS ANNUAL INCOME £	CAPITAL VALUE £	GROSS INITIAL YIELD %
2014	21,060	520,000	4.10%
2015	21,580	550,000	3.90%
2016	21,840	555,000	3.90%
2017	21,060	530,000	4.00%
2018	21,840	485,000	4.50%
2019	23,140	475,000	4.90%
2020	20,280	460,000	4.40%
2021	24,336	465,000	5.20%
2022	26,760	470,000	5.70%
2023	27,820	445,000	6.25%
2024	27,300	435,000	6.28%
2025	28,600	400,000	7.15%
H1 2026	29,100	392,000	7.42%

Gross Yields - Gross to Net is typically depleted by 2.5%
Source: Hurford Salvi Carr

ISLINGTON N1 - TWO BEDROOM LOFT, LET MARCH 2026, £4,200 PCM

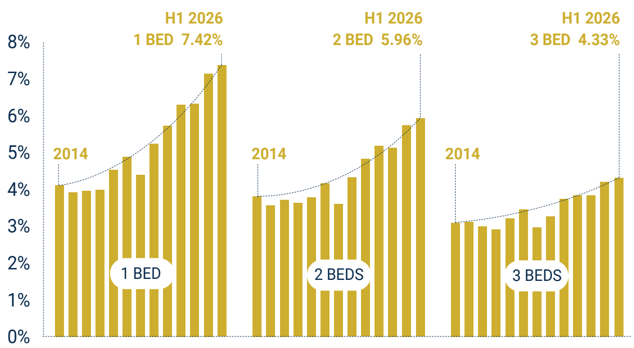
The cost of maintaining a rental investment has been climbing steadily but the rise in gross yields is also steep.

A suggestion from the Chancellor that the government could implement 'emergency rent controls' in response to the war in the Middle East, met with strong opposition from the sector and was quickly retracted. However, a number of think tanks have also published papers recommending caps to moderate rental growth. The arguments against are robust, especially now, when there is already a queue of landlords at the exit door. Rent controls have been shown to discourage investors and developers and this is not the time to threaten anything that could reduce supply.

The London construction market in particular is highly dependent on selling new homes to investors. That is, in large part, the reason why new home numbers have plummeted. (see New Homes section). According to Molior, in 2025, only 19% of new home sales were to homeowners or landlords – the majority were bulk deals to Build to Rent operators and investors.

FIGURE 8

CHANGE IN YIELDS FOR MIDTOWN, CITY AND EAST LONDON
2014 - H1 2026



Source: Hurford Salvi Carr

RENTERS' RIGHTS ACT

The Renters' Rights Act has been designed to protect tenants and is widely expected to have unintended consequences. The most noticeable and immediate of those is the increase in landlords deciding to sell their rental investments. For some, the time is right and the Act has simply been the trigger to reach the decision, for others, it reflects a fear that they will be caught with a problematic tenant who will exploit the new rights.

Here is a summary of the provisions of the Act:

The End of the Assured Shorthold Tenancy

Welcome to the APT (Assured Periodic Tenancy). All tenancies have been converted to a single 'rolling' periodic tenancy model. They continue indefinitely until they are terminated by tenant notice, or by landlord notice for specific reasons. Tenants can end the tenancy at two months' notice and if there are joint tenants, then notice by one will be effective for all tenants. Landlords can serve a Section 8 notice to meet specific legal grounds for possession. Different grounds have different notice periods and different statutory minimum periods of tenure.

Grounds for Possession by Landlord

These include:

- Landlord, spouse, civil partner, children, siblings, grandparents wish to occupy.
- Landlord wishes to sell
- Mortgagee in possession wishes to sell
- All these need to give 4 months' notice.
- Other provisions relate to, for example, key worker or employee housing; student lets, rent arrears and planned redevelopment.

The Abolition of Section 21 Notices

Landlords will rely on specific legal grounds for possession

Rent Increases by Section 13 Notices

Rent can be increased no more than once a year, by serving a section 13 notice. The notice must specify a new market rent and a payment date not less than 2 months in the future. Tenants can contest the rent at the First-Tier Tribunal if they believe the increase is unfair. There is a £47 fee to apply to the FTT and the rent will not increase until the first due date after the Tribunal has made its determination. Landlords and tenants will need to rely on comparable evidence. The government is intending to set up a new body to assess rents without involving the FTT as a first step, leaving the FTT for appeals.

Ban on Rent Bidding Wars

Accepting offers of rent that exceed the initial advertised rate is prohibited. Also, tenants can challenge the rent within the first 6 months if the rent is above market level – even if the tenant bid that sum.

Decent Homes Standard

New standards for private rented homes including Awaab's Law requiring landlords to investigate damp and other serious hazards promptly.

New Anti-Discrimination Measures

Landlords are legally prevented from discriminating against prospective tenants based on whether they have children or receive benefits although the need to prove affordability is unchanged.

Limiting Rental Payments in Advance

Landlords will only be able to accept a maximum of 1 month's rental payment in advance.

New Landlord Registration & Redress Requirements

Landlords must join the Private Rented Sector Database and the PRS Landlord Ombudsman before the property can be marketed. Database ID numbers for landlord and property must be included in adverts.

Expanded Local Authority Powers for Enforcement

Local Authorities are no longer be required to give notice before entering a property to assess whether there is an HMO licensing offence. Tenants can apply to the FTT for a Rent Repayment Order for up to 24 months rent for over 30 different offences.

Greater Rights for Tenants to Keep Pets

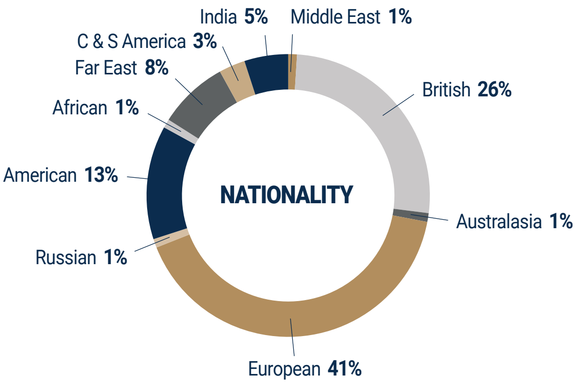
Properties can be advertised as unavailable for pets. However, landlords may not unreasonably refuse a request to keep a pet once the tenancy has begun and must respond to any request within 28 days or risk defacto acceptance.

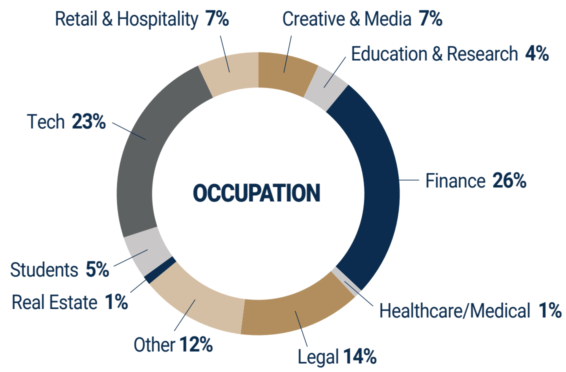
Further Updates

The Renters Rights Act represents one of the biggest legislative changes for landlords for over 30 years. We are supporting our clients through every change via a series of themed explanatory communications as well as tailored advice for each specific tenancy. Our Tenancy Management team are always on hand to answer any queries and they can be contacted on 020 7791 7022.

LETTINGS MARKET

RENTER PROFILES FIRST HALF 2026

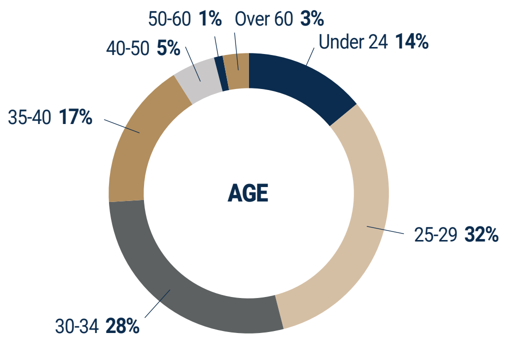




Three quarters of renters in our markets originated from overseas in the first half of 2026 while the remaining 26% were UK citizens. The largest single grouping from overseas was European – our closest neighbour and, of course, made up of 44 individual nation states.

Our numbers for the rental market as ever, are very much impacted by the academic year. Students take leases in the second half of the year and that means that the first six months does not reflect the nature of London's student population. This generally means fewer renters from the Far East and Asia in H1.

We had more renters from the USA than is typical in our markets, perhaps reflecting the change in the political landscape there which has prompted some US citizens to consider a move closer to their family roots. With the common language and its large financial sector, London can look like a relatively easy transition for Americans.

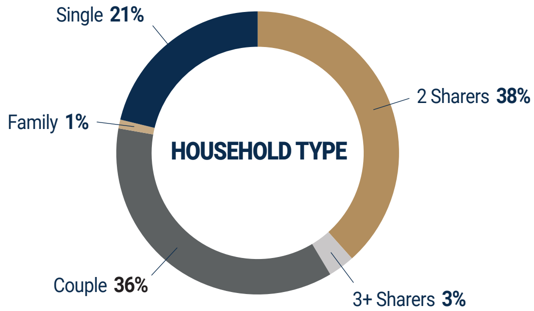


Renters are more mature in the first half of the year, simply because there is no influx of students. Only 14% were aged under 24 and the majority – 77% - were between 25 and 40 years old. That will change in the summer when the new student intake arrives and the existing cohorts move around.

This data is fairly typical of the January to June period. It is notable that 45% are aged 30-45, the age at which renters tend to become buyers in a more confident housing market. We have seen the trigger point rising from late-20s to mid 30s over the past decade. That has prolonged the period of renting, which increases demand overall and puts upward pressure on rents.

Renters working in the tech sector made up 23% of the total let in our markets in the first six months of 2026. Tech has been a growing presence in our market for several years – but this is the highest we have seen. The only sector to account for a larger share was finance with 26%. However, these are half-year figures and the relative proportions will change once the annual student market kicks in over the summer.

It has been widely reported that the number of graduate positions has dramatically reduced in finance, law and professional services and it will be interesting to see how that affects the data by the year end.



We have noted in previous reports, a significant shift in the make-up of household types with the growth of sharer households and corresponding decline of single-person households. That has continued – so far this year, 41% of homes we rented were taken by sharers compared to a long term average of 33%. Similarly, the proportion of couples has risen too.

It is undoubtedly a logical response to affordability. Renters very often prioritise a central location over personal space. The additional rent for each extra bedroom is not a linear relationship because the kitchen and other living spaces are shared.

The proportion of single renters has declined in parallel from an average of 34% over the longer term, to 21% this year. The issue of affordability has led to discussions about co-living developments where occupants can choose to live in smaller spaces and stay within a rental budget. It is interesting to note that the supply of one bed apartments to rent is being eroded as buy to let investors exit the market.

FUTURE PROSPECTS

POLITICAL UNCERTAINTY

The gloomy outlook for the UK economy looks set to weigh on confidence in the UK housing market for the rest of 2026 and our markets will be no exception. A new Prime Minister creates a fresh layer of uncertainty.

Since Labour came into Government in 2024 there has been a swathe of tax rises: increases to employer national insurance, capital gains tax, and SDLT and council tax on second homes. VAT has been added to private school fees. Pensions are to be included in the inheritance tax net, the pension contribution (while still saving national insurance) under salary sacrifice is to be capped at £2,000 a year, and a "mansion tax" (the high value council tax surcharge) will target homes valued above £2 million.

Andy Burnham - strong favourite, at the time of writing, to be the next Prime Minister - has made it clear that he would prefer taxation to shift away from SDLT and towards property ownership by abolishing Council Tax and SDLT replacing them with a single annual Proportional Property Tax (PPT). It has been reported that the tax would only be paid by homeowners, not renters.

While the Government has been warned by a cross-party group of MPs that it must overhaul SDLT if it is serious about helping first-time buyers get on the property ladder, Mr Burnham's proposal will, in the short-term, lead to greater uncertainty around property taxes.

In reality, the future direction of property taxes is not likely to be fixed until after the next General Election, which is still 3 years away. Boosting the housing market is generally seen as a vote winner. The Tory party says it will abolish SDLT. Any incumbent government must surely be cautious about adopting policy that threatens tax revenue while it faces an acute need to spend on defence and to service a growing public debt. A new version of Help to Buy seems more likely to encourage first time buyers onto the housing ladder and kick-start housebuilding.

Following Reform UK's strong performance in the local Mayoral elections in May, the prospect of a reversal of anti-landlord legislation is now on the political agenda for the first time in decades. Reform UK has pledged to scrap the Renters Rights Act should they win the next General Election. In recognition that too many properties are being lost from the rental sector and the percentage of income being spent on rent is rising, they propose to increase incentives for landlords to boost the supply of homes for rent.

The aftermath of war in the Middle East will endure long after the conflict has been resolved because of the damage done by the closure of the Straits of Hormuz. Economists now expect the Bank of England to hold the base rate at 3.75% and some anticipate a rate rise later in the year.

The haemorrhaging of rental stock is continuing, bolstered by the Renters' Rights Act - which has proved to be the final straw for many landlords already worn down by the long succession of policies since 2016 designed to penalise landlords. Some of the capital released will be recycled into the first-time buyer market via gifts to children and grandchildren.

Our markets now rely on domestic purchasers and first time buyers. We can see no short term prospect of a return of the investor – whether domestic or overseas. First time buyers have little motivation as long as interest rates are stuck and service charges are high. They currently have no concerns about missing the moment to buy.

Prices may fall further this year, as sellers look to release equity from their investments and encourage prospective buyers to commit. Today, the cost of buying an apartment in our areas of Central London is similar to the cost of buying in zones 3 and 4, while travel costs are considerably lower.

Cash-rich buyers have always been an important element in our markets and that will continue as capital is passed down through generations, older first time buyers are more established and mortgage rates remain unattractively high.

We are delighted that the government has announced reforms to fix the "broken" home buying and selling process. New legislation on binding sale agreements and sales packs is due in the Commons by 2029. This is in response to the problem of ever longer conveyancing times – an issue we have highlighted in previous reports.

Under new rules there will be legally binding agreements earlier in the process and a financial penalty if a buyer or seller pulls out of the sale outside of the terms agreed. Sellers will have to compile sales packs so the buyer can see, upfront, all associated costs, any defects and where the property is in the chain.

The rental market is set to perform strongly for landlords over the next 12 months, albeit driven by falling stock rather than rising demand. We expect fewer overseas students to arrive in London this year as visa restrictions deter new entries, not helped by negative messaging on social media around immigration. Graduate recruitment looks likely to be lower as businesses reduce their headcount.

There is likely to be less movement within the rental market as a direct result of the reduced number of rental homes on offer – it is ironic that renters are likely to move around less, just as the Renters' Rights Act ended the fixed term AST and gave all renters the right to end any tenancy with only 2 months notice.

However, despite constraints on demand, the loss of stock will support rental growth and we expect rents to continue to rise by a further 2% in the second half of the year.

There is little to indicate that the London property market will see an upturn until 2027 given the wider economic slowdown, the level of property taxes especially SDLT, an expectation that the US Iranian war will lead to higher inflation, and the possibility that interest rates may rise.

We need to see a significant uptick in buyer enquiries before we will see any prospect of property prices improving, but history shows that when prices move they tend to move quickly.

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