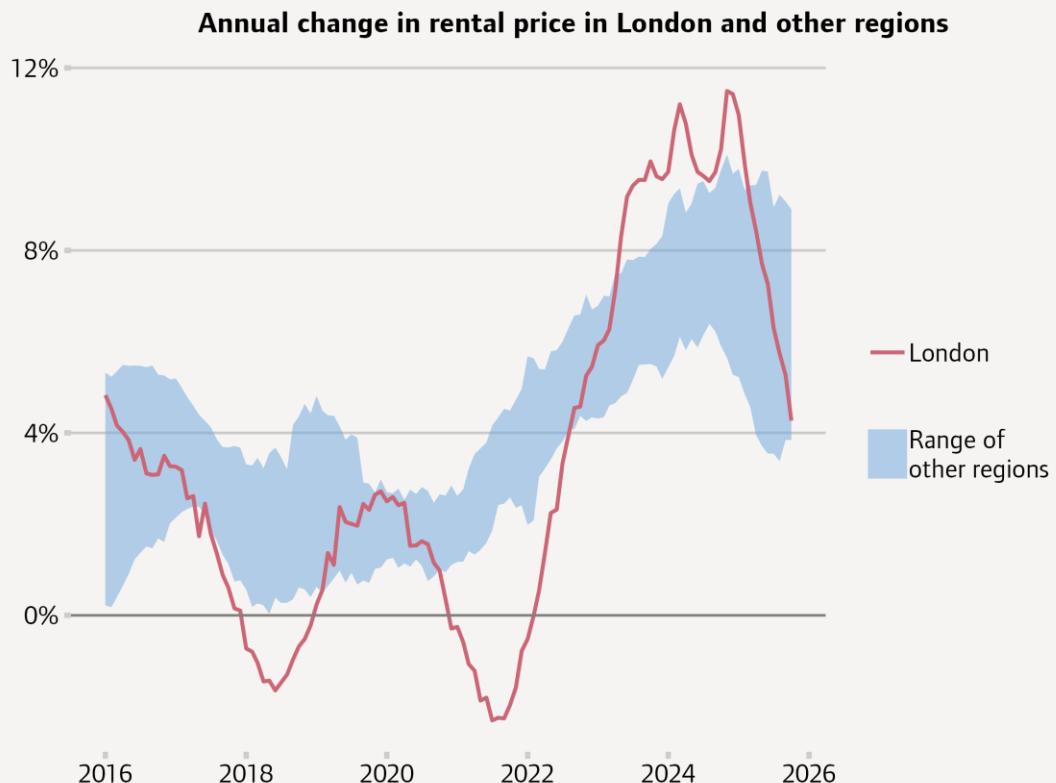


London Housing Market Report: November 2025

Summary

1. Growth in average private rents across all tenancies has been falling for 12 consecutive months, as growth in rents for new tenancies slowed markedly (and by some measures turned negative).
2. Research shows the Renters' Rights Bill has yet to have significant impact on the lettings market, however this is expected to change in coming months.
3. September saw the first negative house price growth rate since July 2024, after a year of moderate growth
4. Buyer demand continues to trend negative this quarter, with economic and political uncertainty outweighing the recent easing in mortgage affordability.
5. The construction industry experienced the highest number of insolvencies in the year to September 2025, compared to other industries.
6. Measures of housebuilding activity in London has fallen to some of its lowest level in a decade.
7. Housing completions so far in 2025 tracks close to the trend of 2024 and 2023, two of the lowest performing years in the last five years.

1. Growth in average private rents across all tenancies has fallen for 12 consecutive months, as growth in rents for new tenancies slowed markedly (and by some measures turned negative).

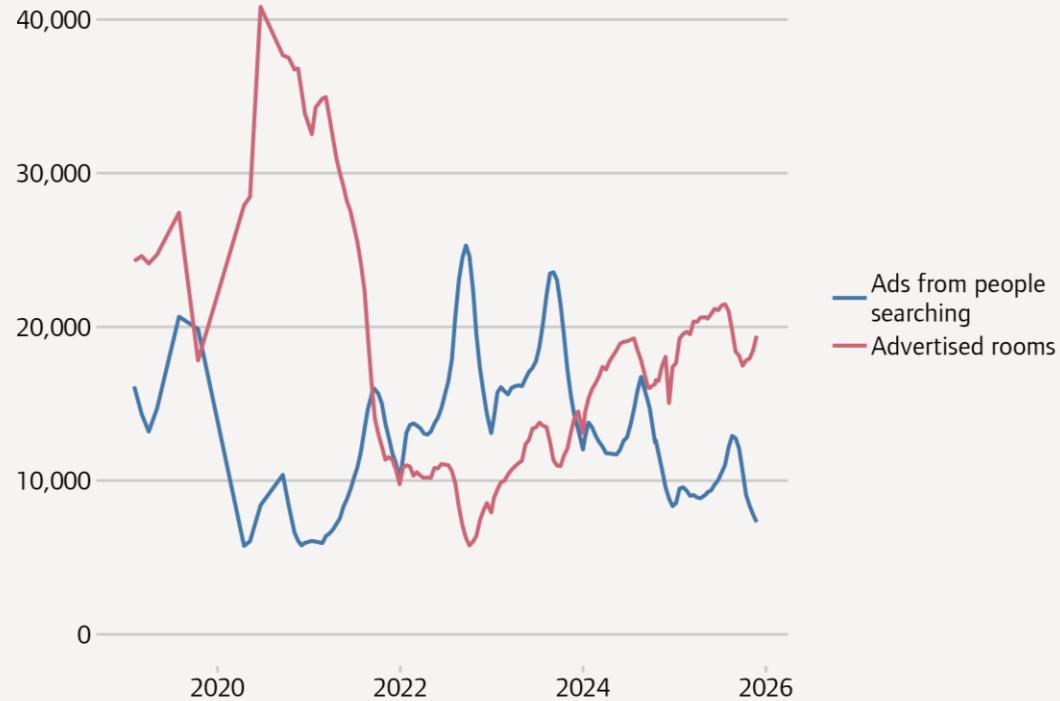


Source: *ONS Price Index of Private Rents*.

- According to the [ONS Price Index of Private Rents](#), which covers both new and existing tenancies, the average monthly private rent in London reached £2,265 in October 2025, up 4.3% in the last year. This is a significant and consistent slowdown from the peak annual growth rate of 11.5% in November 2024.
- [Rightmove](#) reports that average asking rents for new tenancies in London reached £2,736 a month in Q3 2025, with the annual growth in rent prices falling to 1.6%, compared to 2.5% a year prior. The rate of growth in asking rents for the rest of Britain was recorded at 3.1%, lowest rate since Q3 2020.
- Monthly [HomeLet](#) figures on rents for new tenancies in London saw a 0.3% increase in the year to October, continuing a year-long trend of subdued or negative rental growth rate. Despite a fall in rent, affordability remains stretched. According to Homelet, an average of 38.6% of income is being spent on rent in London, still above their long-run averages.

2. Research shows the Renters' Rights Bill has yet to have significant impact on the lettings market, however this is expected to change in coming months.

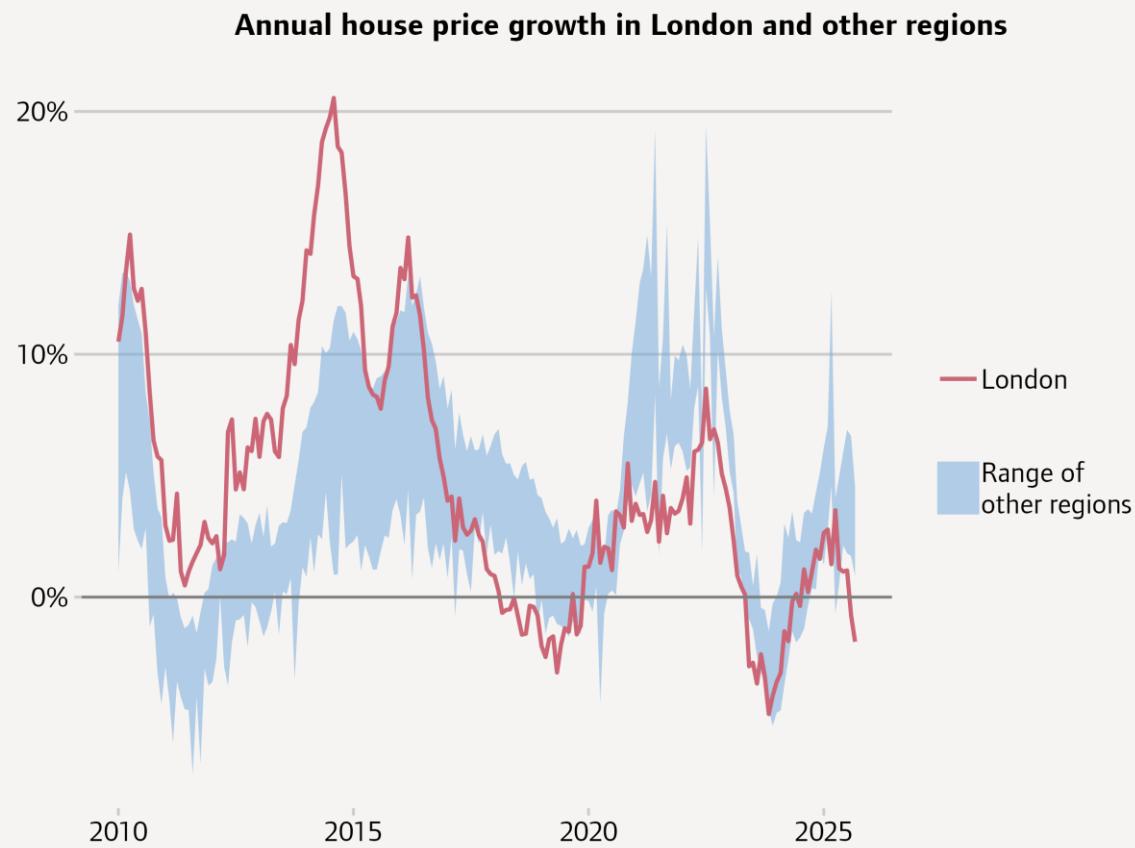
Supply of and demand for rooms in London flatshares (SpareRoom data)



Source: Data gathered from [SpareRoom](#). The number of people searching is measured as the number who have placed a 'room wanted' ad, which is lower than the number of people searching for rooms on the site.

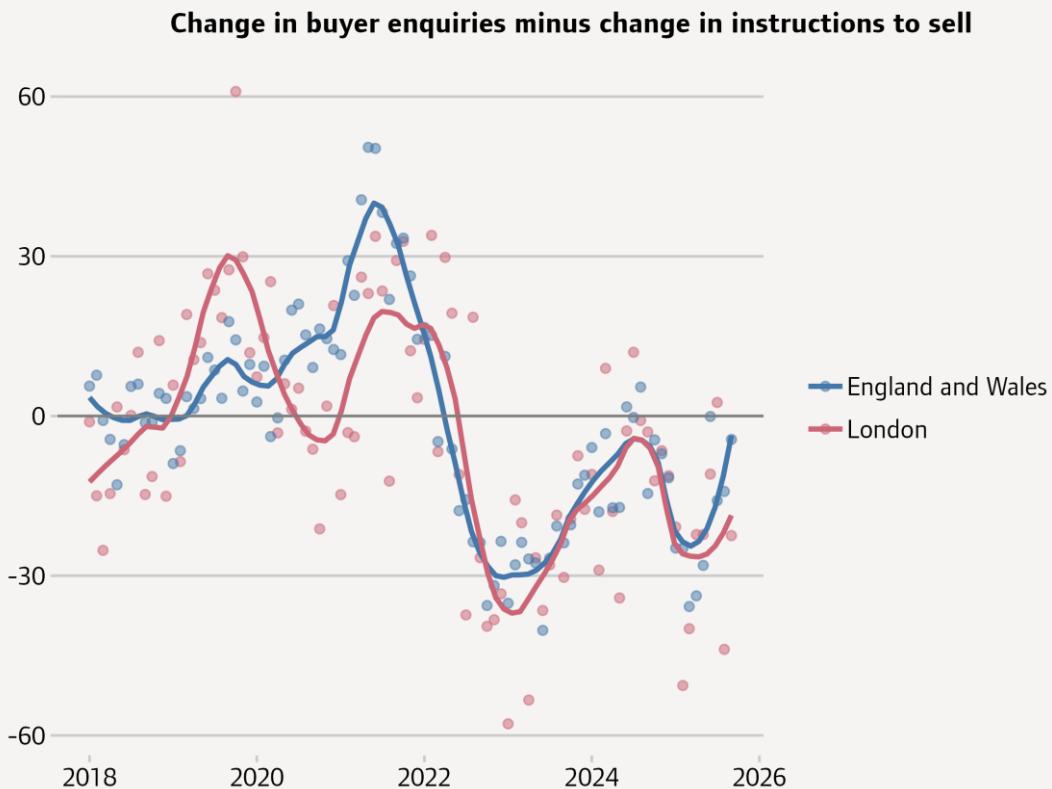
- Figures gathered from SpareRoom.com show the number of advertised available rooms to rent in London flatshares was 19,421 in November, 8% higher than November 2024, while the number of advertisements placed by people searching for rooms fell by 24%. There were 2.66 rooms available per searcher, 41% higher than same time last year.
- [Savills](#) reports that the Renters' Rights Bill has yet to cause landlords to leave the sector, citing of the Savills tenancies that ended in 2024 and 2025 nationally so far, 38% were due to the landlord selling up, and of those, only 6% cited the Renters' Rights Bill.
- However this is likely to change as the law come into effect in May 2026, providing upward pressure on rents. Only 60% of landlords expect to remain a landlord by the end of 2026, according to a survey by the NRLA cited by the [CBRE](#). Over a fifth of landlords have decreased their portfolio size in the last 12 months and a further 38% are expecting to do so in the next 12 months.

3. September saw the first negative house price growth rate since July 2024, after a year of moderate growth.



- According to the ONS [House Price Index](#), the average house price from completed sales in London fell from £567,000 in September 2024 to £556,000 in September 2025, an annual decrease of 1.8%, the first negative growth since July 2024.
- More recent data from Rightmove shows that the average price of London homes coming to market fell by 2.1% in the year to November. The average asking price in London (not adjusted to account for the mix of homes sold as per ONS figures) in October was £666,040.
- [Zoopla](#) reports buyers demand is down 8% nationally compared to last year, while agreed sales agreed has fallen by 5% in London. The slowdown is attributed to uncertainty surrounding the November Budget specifically speculation of property tax changes has also slowed down sales, particularly among homes priced over £500,000, primarily concentrated in London and across Southern England.

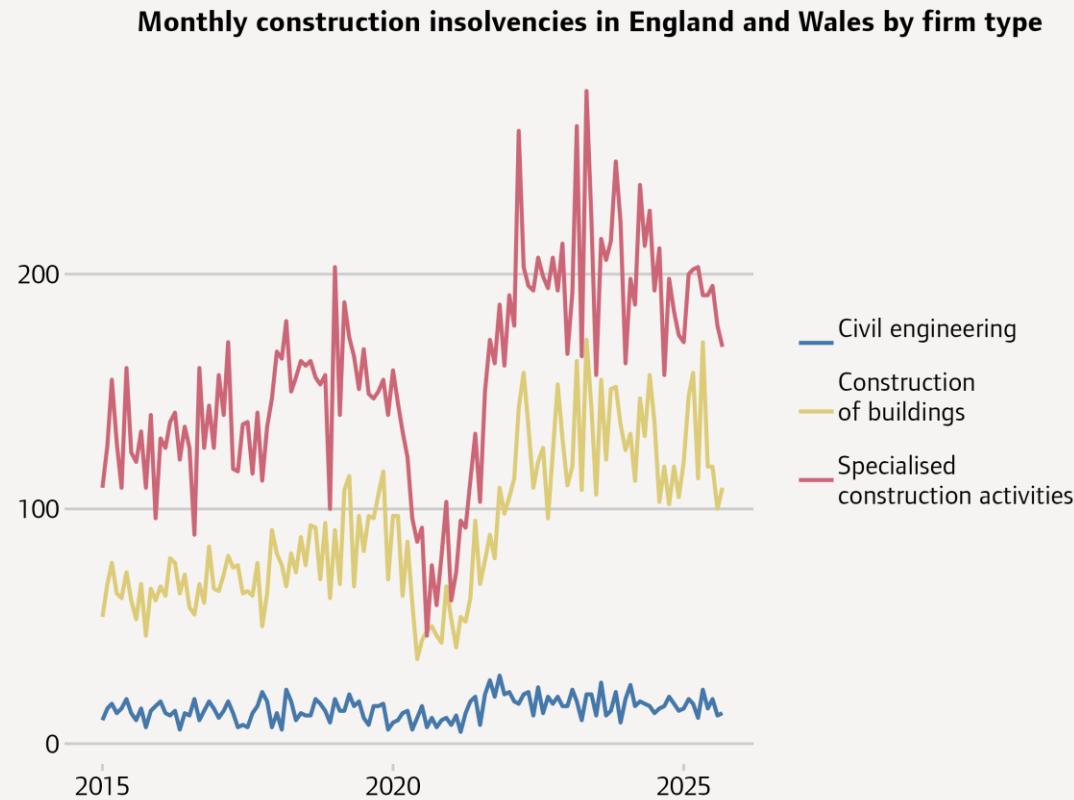
4. Buyer demand continues to trend negative this quarter, with economic and political uncertainty outweighing the recent easing in mortgage affordability.



Source: [RICS monthly housing market survey](#)

- This chart combines the monthly change in buyer enquiries and the change in the number of new homes listed for sale in London and England and Wales, as reported by RICS survey respondents.
- Buyer demand in the last quarter remained negative as measured by new enquiries, citing uncertainty surround potential tax-raising measure in the Budget. A growing majority of respondents reported supply increased as measured by new instruction to sell in the past year.
- Mortgage affordability has continued to improve as three cuts to the base rate have eased some affordability pressures. According to the Bank of England, the average quoted interest rate for a 2-year fixed-rate mortgage at a 75% loan-to-value ratio was 4.22% in October, compared to 4.41% a year ago, but still far above typical levels in recent years. Rates on 90% LTV products have fallen the most, coming down from 5.37% at the end of 2024, to 4.59% in October.

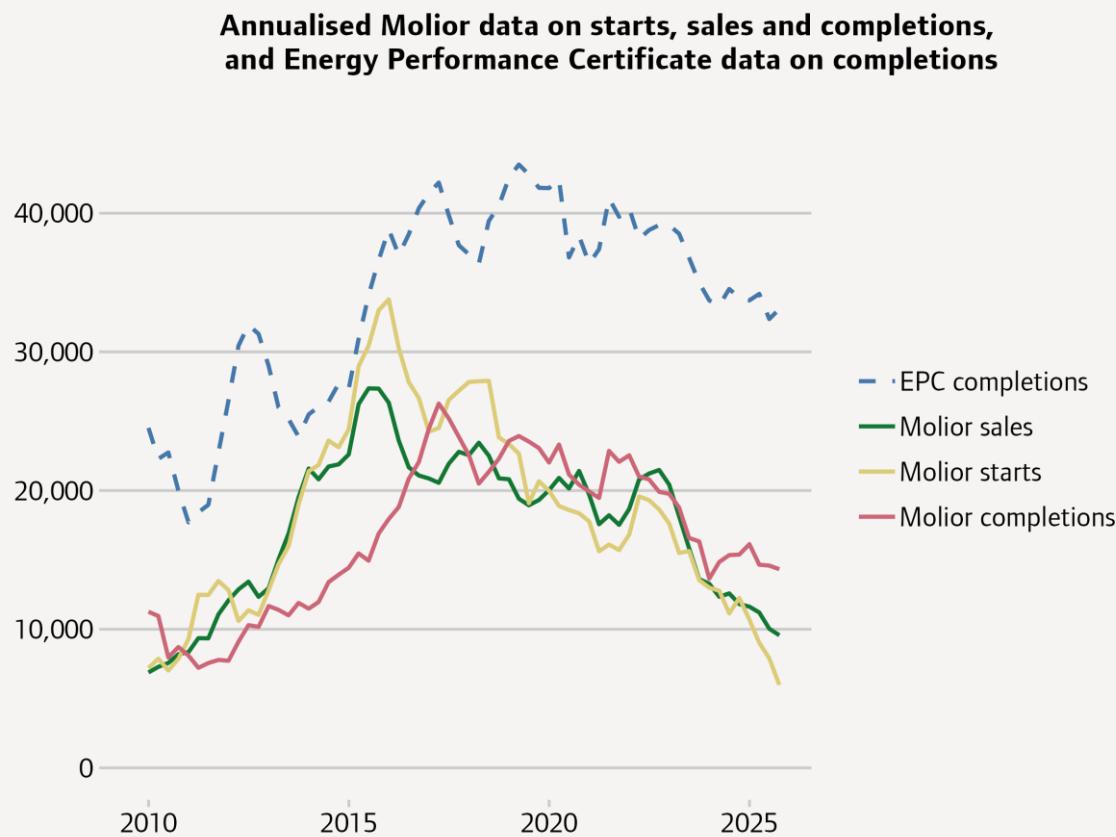
5. The construction industry experienced the highest number of insolvencies in the year to September 2025, compared to other industries.



Source: [The Insolvency Service](#)

- According to data from the [Insolvency Service](#), construction firms accounted for 15.2 % of all insolvencies in England and Wales in September 2025. This included 109 firms specialising in the construction of buildings (both residential and non-residential), 169 in specialised construction activities (such as site demolition, preparation, and building completion), and 13 in civil engineering.
- The numbers of construction insolvencies in the 12 months to September 2025 (3,933) were 8% lower than those in the 12 months to September 2024 (4,276), aligned with wider insolvency trends. The construction industry again recorded the highest number of insolvencies in the year to September 2025 compared to other industries.
- In the October ONS [Business Insights and Conditions Survey](#), 26% of surveyed construction firms reported a decrease in turnover compared to the previous month, a 3 percentage point increase from 2024, and 6 percentage points increase from 2023. The most cited challenges were cost of materials, cost of labour and economic uncertainty. 13.4% of construction firms reported shortage of workers, the highest proportion of any sector.

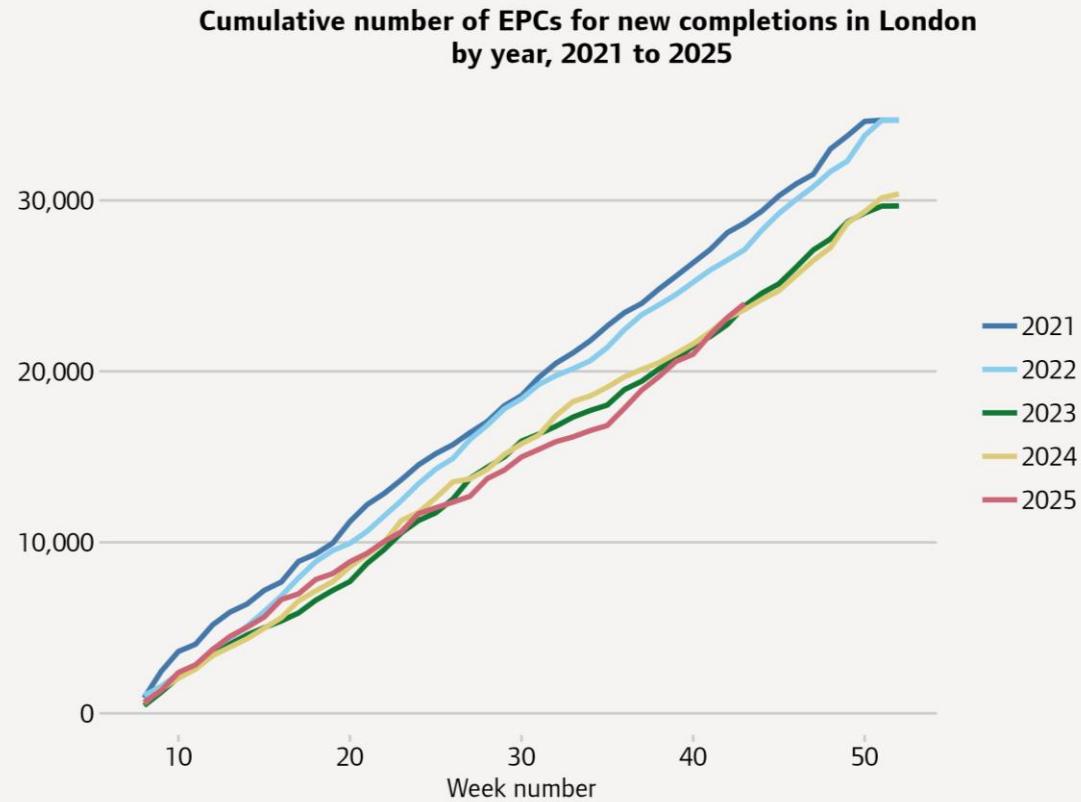
6. Measures of housebuilding activity in London has fallen to some of its lowest level in a decade.



Source: Molior. The data only covers schemes in London with at least 20 private homes.

- Molior monitors data on the construction of homes in London on schemes with at least 20 private units. This data therefore covers only a part of the housebuilding activity across London, while Energy Performance Certificates (EPCs) for new homes provide a more comprehensive picture.
- Molior figures show a continued decline in the annualised numbers of starts and sales in the most recent quarter after persistent downward trends since 2022. In the third quarter of 2025, London recorded 1,955 sales, after reaching its lowest sales figure since 2010 in the previous quarter at 1,706 units. There were 3,001 completions recorded this quarter, over a third less than the completions recorded in Q2. 965 units were started on site in London in 2025 Q3, a slight increase from 900 starts in the last quarter, but still by far some of the lowest quarterly total recorded since 2009.
- According to Molior data at the end of Q3 2025, London has 281,000 unbuilt private and affordable residential permissions. Molior points to high development costs and falling sales rate, which in turn discourage construction starts and resulting in more halted schemes. Work has stopped at one in six construction projects.

7. Housing completions so far in 2025 tracks close to the trend of 2024 and 2023, two of the lowest performing years in the last five years.



Source: MHCLG Energy Performance Certificate data

- [MHCLG data](#) showing the number of EPCs recorded weekly in London gives a more comprehensive picture of completions than the Molitor data, and recent figures point to a 0.1% increase in number of completions in 2025 compared to same point in 2024, and a 13% decrease compared to 2022.
- The latest [CIPS UK construction PMI](#) reported a steep reduction in housebuilding activity, with the latest decline the greatest in eight months. Surveyed firms mentioned poor market conditions, lower volumes of incoming new business and elevated economic and political uncertainty had discouraged spending and investment. The number of job shedding was the steepest for just over five years, with survey respondents often commenting on the non-replacement of voluntary leavers. Subcontractor usage also decreased, albeit to the least marked extent since July.
- The [CBRE](#) forecasts an annual average of 31,800 homes will be built between 2025 and 2027. Based on their housing need calculations, this would result in a potential shortfall of almost 170,000 homes over this period. While the proposed release of green belt sites is a positive step, additional measures are needed to overcome the other challenges currently faced by the industry.