

R3 MARKET INSIGHTS Q1 2026

R3 RESIDENTIAL SALES DASHBOARD

Market correction meets safe-haven demands

The Market has softened

The broader London market has softened to a low point with average house price decline in Prime and Super Prime of approx. 2.8% in the last year and as much as 7% in the last three years. This reflects a combination of stretched affordability, political headwinds for wealthy investors and less than favourable transaction costs for buyers, which are being priced in.

Many feel the market has now bottomed-out and offers a good opportunity to acquire prime assets at a discount before buyer demand returns, likely accelerated in uncertain times by London's safe-haven status.

Safe-haven dynamics

For investors and those looking to buy London offers political stability, a transparent legal framework, and choice both within prime and super prime markets. This is particularly evident in the super-prime segments where cash buyers tend to be immune to mortgage rate fluctuations, viewing London as a secure store of wealth (much like gold) in the current geopolitical uncertainty and instability in the Middle East.

Long-term shift? Prioritising lifestyle?

The ongoing conflict in the Middle East may well have long lasting effects on investors' confidence, even once hostilities subside. We anticipate this will have an effect on buyer behaviour with decisions increasingly driven by lifestyle considerations (see our Briefing on London: [R3igning Supreme](#)) such as capital protection, education, political stability and long-term security rather than purely fiscal or tax-driven as has been the case in the last 10 years. Things are looking up for the London market.

Things you might not know about London...!



London is technically a forest
 The city has over 8 million trees, making it the world's largest urban forest according to the United Nations.



Diversity and culture
 With over 300 languages spoken, London is the world's most multicultural city and houses three of the top ten museums globally.



Not as much rain as you'd think...
 Despite its reputation, London is actually less rainy than cities like Rome, Miami, Barcelona and Sydney in terms of annual volume.



Should be called The Overground!
 Only 45% of the London underground network is underground. The rest is actually – you've guessed it – overground!

FIGURE 1 - R3 Quarterly Residential Indices

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

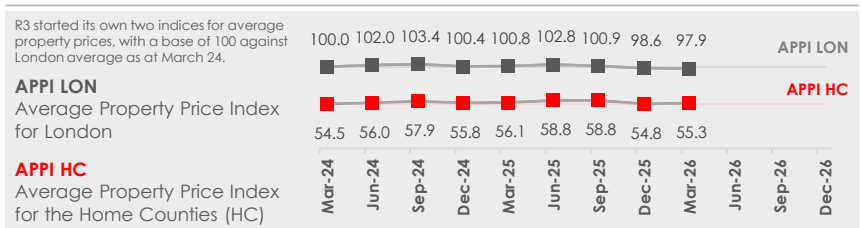


FIGURE 2 - R3 Average SOLD Price per Square Foot (PSF) Quarterly Indices

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

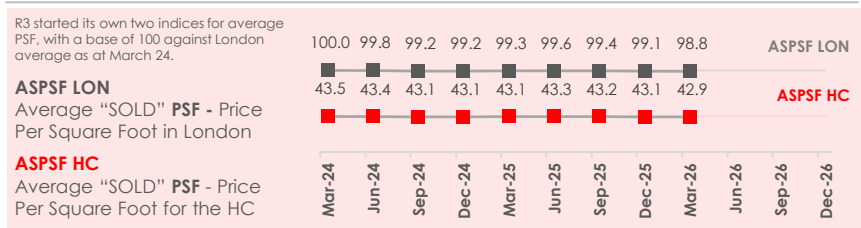
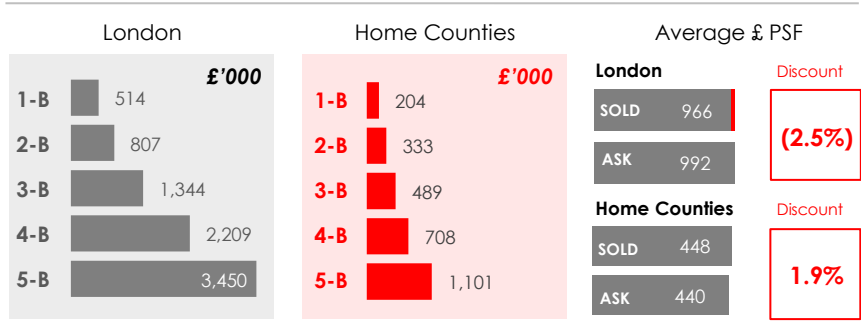


FIGURE 3 – Market Key Performance Indicators

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



Marco Previero

Director and Research Lead at R3

"The market has taken a slight dip, but London is still seen as a safe bet, now more than ever, for both investors and those wanting to move here for lifestyle reasons. It means now is a good time to 'bag a bargain' before we see the market shift upwards again.