

## R3 MARKET INSIGHTS Q4 2025

**Beyond the hype, the outlook is not great**

### Prices are beginning to recede

Falling interest rates won't rescue a market weakened by punitive left-wing taxation on capital and wealth. The signs are becoming increasingly clear within the data itself confirming average listing price have receded year-on-year (**FIGURE 1 – R3 Quarterly Indices**), marking a sustained downturn in the market.

### Prime drivers

The primary drivers are adverse wealth-targeting political policies, notably:

- the abolition of non-dom status; and
- the revived "mansion tax" (the high value council tax surcharge – which is everything but a Council Tax).
- Lowering yields and higher costs of holding real estate investments.

These measures have eroded confidence and purchasing power (and appetite to invest) among key international buyers. While interest rate cuts may provide some stimulus, they are unlikely to be sufficient at this high-value tier, given the weight of fiscal headwinds.

### Weakest year since COVID

2025 is on course to be the weakest year since COVID for prime sales. Despite optimistic rhetoric from listing agents seeking to generate some level of activity, the outlook for 2026 is not materially brighter.

In this climate, securing genuine value will become increasingly challenging. Off-market and distressed opportunities will emerge, but navigating them will require an expert knowledge of the market.

## R3 RESIDENTIAL SALES DASHBOARD

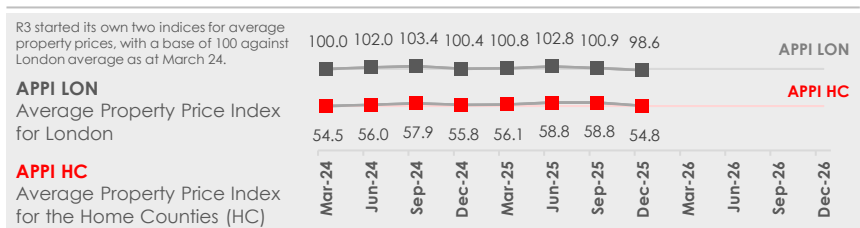
Did you know we help people buy? For more info see [LINK](#)

### WHY USE A BUYING AGENT?

Expertise	Time-saving	Off-market	Financial Savings	Best Interest
Extensive knowledge of the property market, helping to secure the best deal	Saving on research time, more focused search, scheduling viewings, managing the process	Access to off-market properties, being those that are not publicly listed, giving you a competitive advantage	Negotiating effectively; identifying the true market value with access to key market intelligence	It makes sense to use a trusted expert that works for you in the context of a complex financial investment

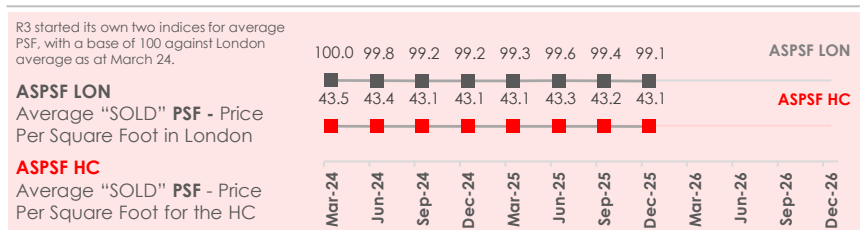
**FIGURE 1 – R3 Quarterly Residential Indices**

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

London		Home Counties		Average £ PSF	
	£'000		£'000		
1-B	526	1-B	206	LONDON	
2-B	821	2-B	331	SOLD	969
3-B	1,351	3-B	489	ASK	1,005
4-B	2,174	4-B	703	Discount (3.6%)	
5-B	3,607	5-B	1,101		
				HOMECOUNTIES	
				SOLD	448
				ASK	443
				Discount 1.2%	



### Marco Previero

Director and Research Lead at R3

"I find it a profound shame to witness London's inherent vibrancy being undermined by such a managed decline, with a Government appearing more focused on placating its internal factions than on pursuing a coherent long-term growth strategy."

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