Report 1 of 2 | November 2026

UNDERSTANDING *LONDON*

Exploring the forces shaping
London's residential housing market



AUTHORED BY

Mount Anvil,
better London living

RESEARCH FROM

PriceHubble

FOREWORD



London is a city we know well. We've spent over 35 years building homes and communities across the capital.

It never stands still (and nor do we).

For residential investors, that constant change brings opportunity and complexity. So, we've commissioned two reports drawing on independent research from PriceHubble. Where's the value? What's happening with demand, yields and long-term returns?

The findings strengthen our conviction. London attracts people and businesses, yet new homes remain in short supply. That's a compelling combination for long-term investors. But not all homes, or neighbourhoods, are created equal. Location matters. Quality matters. So does the community that grows around a home.

Our first report, *Understanding London*, examines the fundamentals: the economy, demand, supply and market performance. Our second, *Understanding Opportunity*, explores the factors that lead to a residential development becoming a success - for both developers and investors.

No one has a crystal ball. But evidence and experience provide stronger foundations for our decisions. When you buy with Mount Anvil, you're choosing a home in a location we've researched, believe in and backed with our own money.

We're all in on London. And we see plenty more opportunity ahead.



JON HALL
Group Sales Director
Mount Anvil

London's appeal has always rested on world-class fundamentals.

A strong economy, stable political system, diverse population and outstanding cultural and educational institutions - our research shows that these fundamentals remain firmly in place.

What makes the current market particularly interesting is the combination of conditions emerging around those enduring strengths. Rental demand is growing, while fewer new homes are being started. The gap between the homes London needs and those being delivered is becoming increasingly significant.

Understanding how these pressures interact - and how they differ across London's local markets - will be central for developers, policymakers and investors alike tasked with shaping the city's next chapter.



JULIA MIDDLETON
Chief Real Estate Economist
PriceHubble

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EXECUTIVE SUMMARY

London's investment case ultimately rests on high demand for homes and a restricted pipeline of new supply. Its economic, political and cultural standing is strong, attracting skilled workers, students and global businesses. Over the long-term, capital values and rental yields have consistently delivered impressive performance, with a growing rental market that serves multiple overlapping groups.

Our report highlights below tell the story of a resilient city with strong fundamentals, but preparing for a unique period of reduced housing supply, supporting the investment potential for well-located, well-built homes - both now and in the future.

LONDON'S GLOBAL STANDING

#1

Ranked first in the Global Power City Index for the past 14 consecutive years.[1]

#1

The leading global destination for foreign direct investment over the next three years.[2]

DEMAND OUTSTRIPPING SUPPLY

+36,600

Households forecast to be added each year to 2032.[3]

+10,000

Private completions forecast annually between 2026 - 2028.[4]

LONG-TERM PRICE AND YIELD PERFORMANCE

+113%

Greater London residential price growth over the past 20 years.[5]

+13.7%

House price growth forecast in Greater London between 2026 and 2030.[6]

+43%

Greater London rental growth over the past five years.[7]

5.4%

Current average gross rental yield for new build apartments in Greater London.[8]



[1] Global Power City Index 2025, [2] EY UK Attractiveness Survey 2026, [3] ONS Household Projections for England: 2022-Based (released Oct 2025), [4] Molior Residential Ddevelopment in London (Oct 2026), [5] PriceHubble (2026) report 'Why London? Why Now? Why Mount Anvil?, [6] Consensus across agents, Savills (Jun 2026), JLL (May 2026), Knight Frank (Apr 2026), [7] Dataloft Rental Market Analytics by PriceHubble, £sqft, all property types, May 2026 v May 2021, [8] Dataloft Rental Market Analytics by PriceHubble, Land Registry, MHCLG, rolling 12-month average to May 2026

1. LONDON IS A *GLOBAL POWERHOUSE*

The strongest residential markets are built on something bigger than property. London's underlying proposition is its ability to attract and retain economic activity, talent, education and capital - and to keep doing so through cycles of disruption.

The Global Power City Index has ranked London the world's leading city for 14 consecutive years. The Index looks beyond economic size alone, assessing a city's ability to attract people, businesses and investment.

London has held that position for more than a decade because its appeal is broad and not swayed significantly by the warp and weft of cycles. Businesses, skilled workers, students, and international capital are consistently drawn here.

Ernst & Young's 2026 UK Attractiveness Survey also identifies the capital as the leading global destination for foreign direct investment over the next three years, ahead of New York, Paris and Singapore.

No. 1

London has been ranked number one in the Global Power City Index for 14 consecutive years.



A broadening economic base

Finance remains a hallmark industry for London, but the city's economic base is broadening. A third of London's workforce is employed in high-value, knowledge-intensive sectors. Finance, Artificial Intelligence and Life Sciences are three growing sectors attracting investment and creating high-value future employment as well as demand for quality housing.

Finance

London is Europe's leading financial hub and the world's second-largest financial centre.

It is home to more Fortune 500 Europe HQs than any other European city, with some of the world's most powerful companies recently expanding or recommitting their presence - JP Morgan, Barclays, Visa and Revolut.

Artificial Intelligence

20,000+ AI engineers are work in the capital (more than twice the number in any other European city).

The UK technology sector is valued at around £1.2 trillion.

British AI start-ups raised £8.2 billion in the first half of 2026 – nearly half of all European tech investment.

Life Sciences

London lab take-up in H1 2025 was 36% above its five-year average.

£3.37 billion UK life sciences Venture Capital investment in 2025, consistently outperforming long-term averages.

23-storey 'vertical science campus' in Canary Wharf will become Europe's tallest purpose-built lab space.

Why this matters for investors?

Strong economic standing and employment growth means that housing demand is supported by more than population growth alone. High-value employment attracts higher-earning households and corporate re-locations: people with both the need and the means to rent or buy well-located homes.

2. HOUSING DEMAND HAS *DEPTH*

London's housing demand comes from a broad mix of people at different stages of life, from both domestic and international markets. London's typical renter is young, flexible and professionally ambitious. Nearly half are aged 22-29, renting as a lifestyle choice and over a third work in technical, financial or professional roles (nearly 10% above the national average). Renter earnings in London have also grown substantially over the past five years, providing a strong foundation for continued demand for high-quality rental homes in the years ahead.

LONDON'S HIGH EARNING RENTERS

£120,816

Upper quartile gross individual income.

+30%

Average renter earnings
grew by 30% over the past 5 years.



+37%

of London's student population is international.

+41%

International students were found to pay 41% higher rents vs. domestic students in prime locations.

An international student base

Students are another important source of housing demand. London has more than 40 universities and higher education institutions, and the student population grew 26% over the past 5 years. Unsurprisingly, the city is ranked among the world's leading student destinations and around 37% of its student population is international. This is highly relevant, because in the past year, international students were found to pay rents 41% higher than domestic students in prime locations

Demand also comes from owner-occupiers: domestic professionals, relocating families and international buyers purchasing homes for children studying in London. This range of households helps explain the residential market's long-term resilience.

Why this matters for investors?

For investors, diversity matters. A city that serves multiple rental groups is less dependent on one employment sector, nationality or stage of life. The strongest locations can draw from several pools at once, maximising yields, reducing the risk of void periods and increasing the overall resilience of a residential asset.

3. THE HOUSING GAP IS *WIDENING*

London is adding households faster than it completes new private homes. ONS data show housing starts in England falling to their lowest level in almost two decades around 2024. In London, Molior forecasts around 10,000 private completions a year across 2026 – 2028, against household growth of around 36,600 per year to 2032. The GLA's overall housing target is higher again, at 88,000 homes a year across tenures.

These figures are not directly interchangeable: household growth is a demographic forecast, the GLA target is a policy target and private completions are a measure of actual delivery. However, together, they illustrate the same underlying tension - London's current development pipeline isn't able to meet the demand for homes.

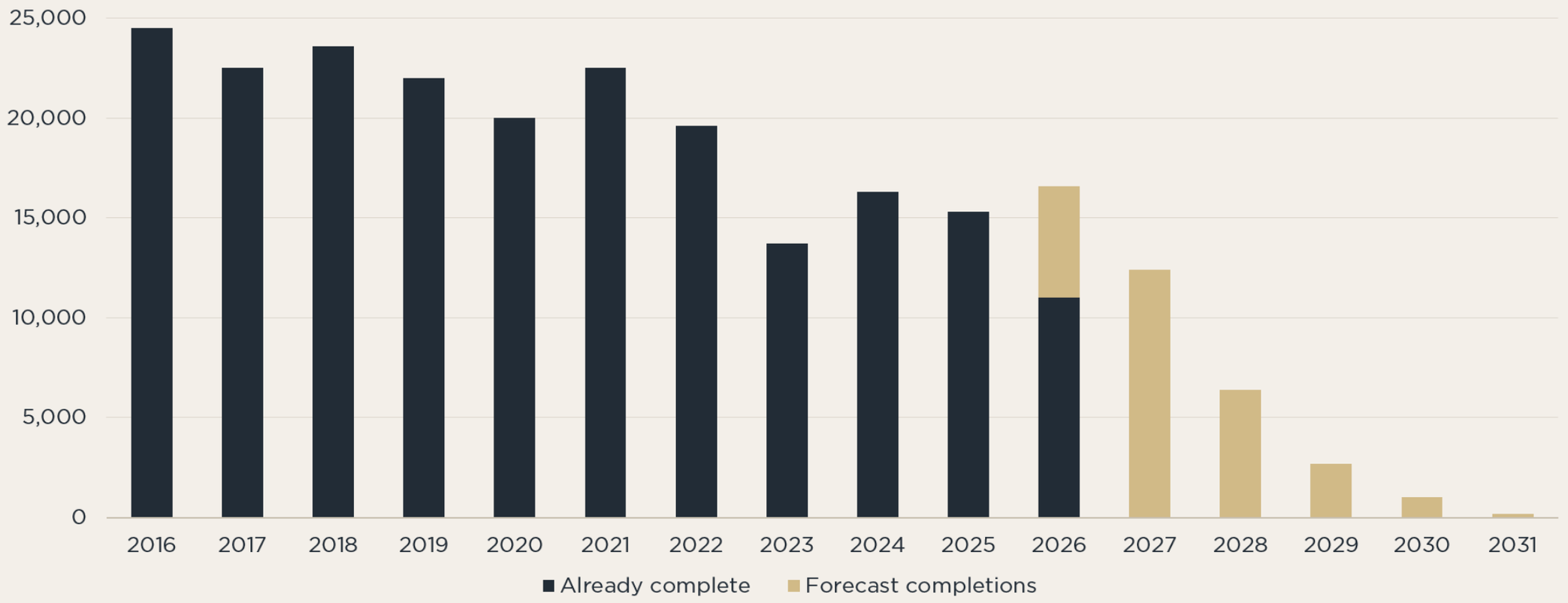
Construction costs, planning complexity and funding pressures are making new homes harder to deliver, and development takes time. For buyers, this matters because today's new homes may be joining a market with fewer coming through behind them. In areas where demand remains strong, this scarcity can help underpin rental demand and long-term resale value.

+36,600
Annual household growth to 2032

+88,000
GLA annual housing target across tenures

+10,000
Private forecast completions per year between 2026 - 2028

London completions: historic and forecast



Source: Molior 2026

Why this matters for investors?

Buying today means securing a home ahead of a period of limited new supply. With rental and buyer demand remaining strong, fewer homes could push rental income and resale value up over time. However, location, affordability, the price paid and confidence in delivery remain central to the investment decision.

4. RENTS ARE *INCREASING*

Greater London rents per square foot have increased by 43% over five years, while average void periods have reduced (from around 21 days in 2021 to 17 days in 2026). Rising rents and shorter letting periods point to pressure in the rental market and strengthen the case for investing for rental income alongside capital growth.

A decreasing supply of rental stock is one explanation for high rental price growth. Zoopla reported that 31% of homes for sale in London in December 2025 were former rental properties, with PriceHubble's analysis identifying the 2016 additional stamp-duty surcharge and the 2026 Renters' Rights Act as important drivers of change to the economics of being a landlord.

Against this backdrop, average gross yields in newer, energy-efficient homes across Greater London have been increasing, reaching 5.4% in May 2026, up from 3.9% in 2023.

+43%

Greater London rental growth over the past five years.

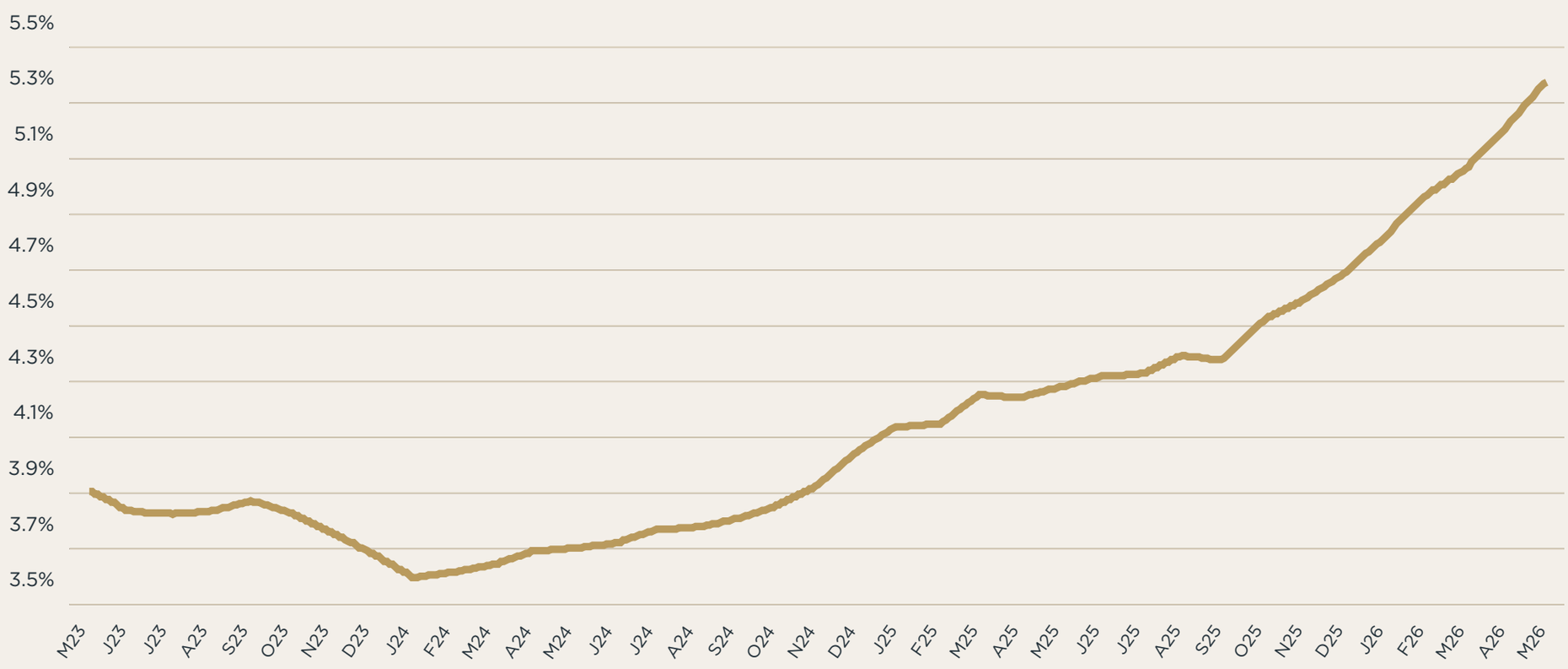
5.4%

Average gross yield in Greater London new build homes in May 2026.

17 days

Average void period in 2026 (down from 21 days in 2021)

Average new build gross yield from March 2023 - May 2026



Source: Dataloft Rental Market Analytics by PriceHubble, Land Registry, MHCLG, rolling 12 month average to May 2026, EPC ratings A and B used as a proxy for new-build

Why this matters for investors?

Higher rental yields can make income a more significant part of an investor's return, reducing reliance on capital growth alone. Faster lettings also mean less time without rental income between tenancies. This strengthens the case for homes with lasting tenant appeal.

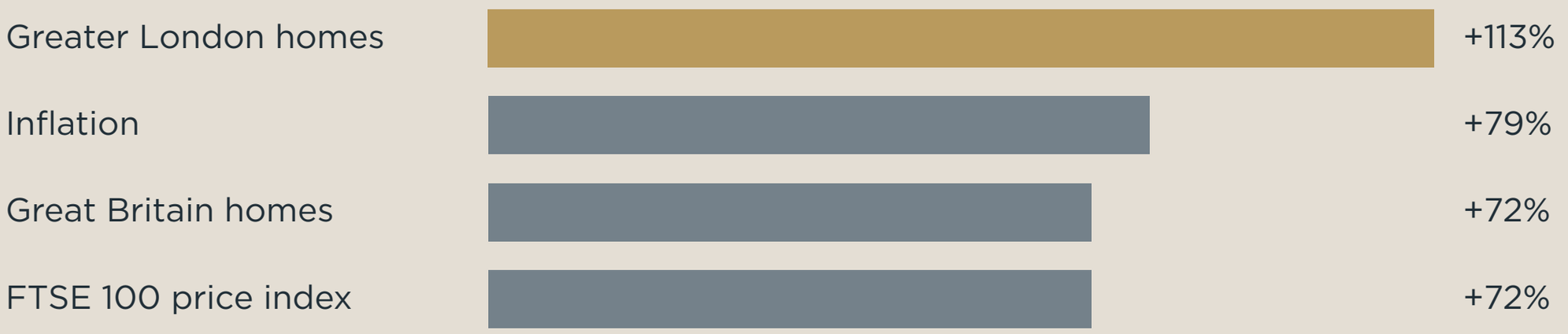


5. LONG TERM PERFORMANCE IS *POSITIVE*

London's recent market cycle has included Brexit, the pandemic, higher mortgage rates and substantial changes in tax and regulation. The longer-term record offers useful context, while showing why the entry price and holding period matter.

Over the past twenty years to April 2026, average Greater London residential property values rose by 113%, compared with 72% for Great Britain. Over the same period, inflation was 79% and the FTSE 100 price index rose by 72%.

20-year price change to April 2026

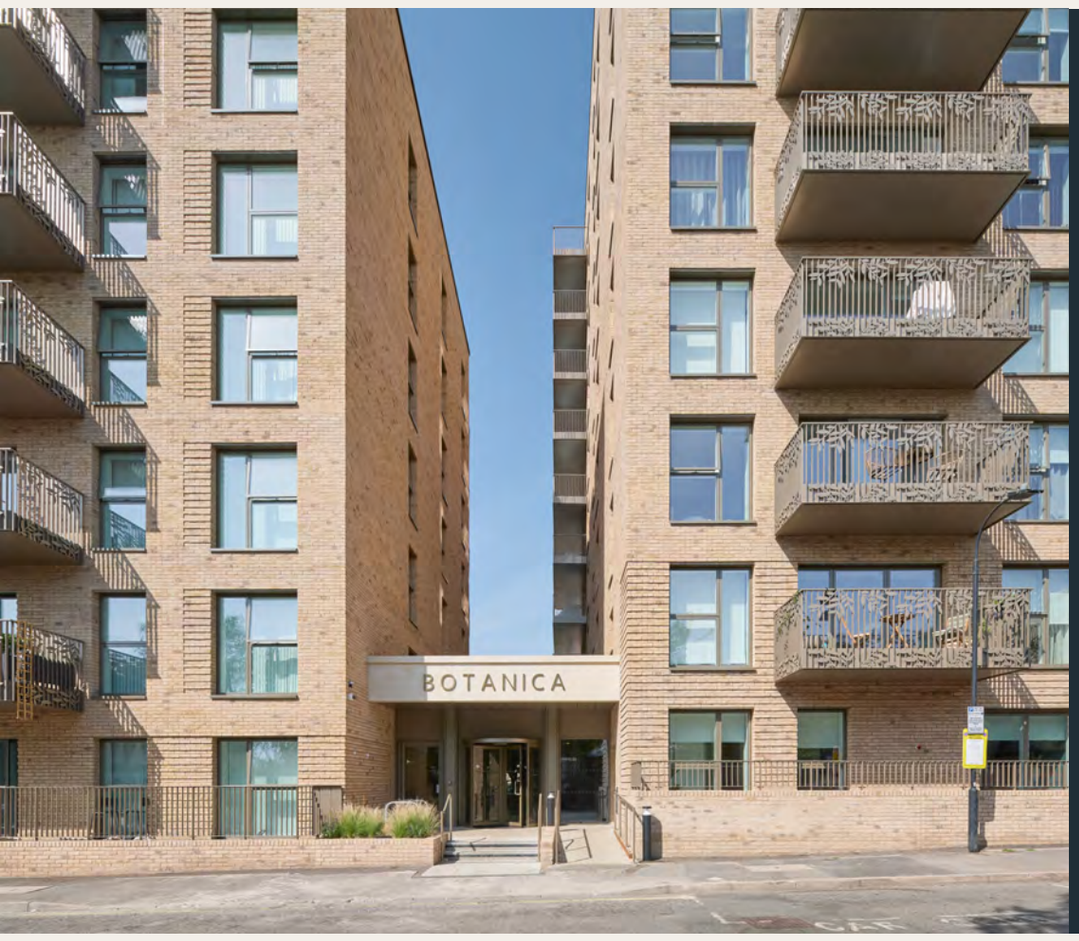


London's shorter-term performance is more mixed. The city's price premium over Great Britain has compressed back towards its long-term average, which creates a different proposition from the one investors faced when London traded at a much larger premium.

Nevertheless, looking ahead, forecasts from Savills, JLL and Knight Frank point to 13.7% Greater London price growth between 2026 and 2030.

+113%

Greater London residential price growth over the past 20 years.



Why this matters for investors?

London's long-term record shows why investors should look beyond single market cycles. With its price premium closer to the historical average, buyers today can consider London at a less stretched valuation relative to the wider market. For those able to hold through shorter-term fluctuations, this may offer scope for capital growth alongside rental income, although future gains will depend on the home, the price paid and how the market develops.

6. OPPORTUNITY IS *LOCALISED*

London is a collection of distinct local markets, each shaped by transport, employment, regeneration, public investment, housing supply and demographics. Getting location right is just as critical for us as it is for our customers because we're committing our own money too.

Before we invest, we look for better connections, meaningful regeneration, growing employment and depth of housing demand. We assess competing supply, the quality of the homes we can create and the public spaces and amenities that will make people want to live there. This meticulous approach has led to 13 out of 14 Mount Anvil developments being delivered within London's designated 'Opportunity Areas' (see below). PriceHubble's subsequent finding that developments in these Opportunity Areas delivered 2.9% additional growth per year compared to other parts of London shows the significance of getting location right. It also demonstrates our expertise in selecting the right places to build.



Regeneration Areas *Outperform*

‘Opportunity Areas’ are identified in the Mayor's London Plan as locations with capacity for substantial new homes, jobs and infrastructure. Many are linked to existing or potential public transport improvements and typically have capacity for at least 2,500 new homes or 5,000 new jobs, or a combination of the two. The designation matters because of the investment and change it can support.

+2.9%

Annual price performance over a 10-year period in 25 Opportunity Areas, according to PriceHubble.

13 out of 14

Mount Anvil developments have been delivered within designated Opportunity Areas.*

Why this matters for investors?

Where you buy can be the difference between a good investment and a poor one. Local knowledge helps identify which neighbourhoods have the foundations for future growth. Where investment is taking shape and connections are improving, demand is likely to deepen. Understanding those changes helps investors choose an area for its future potential, rather it’s appeal today.



*The 14th development is The Verdean, on the border of the £26 billion Old Oak Common an Park Royal Regeneration Zone.

CONCLUSION

London creates *the conditions.*

The right developer *creates the opportunity.*



London's long-term investment case comes from the bigger picture. Its economy attracts people and businesses. Its housing demand is broad. The pipeline of new homes is constrained, while rents are rising. Together, these conditions support a compelling long-term case for well-located and well-designed residential property. Yet, a strong city-wide case is just the starting point for a decision.

For us, building and buying in London comes down to understanding the where, what and why: the neighbourhoods that are changing, the infrastructure and investment behind them, the people who want to live there and the types of homes they value. We need to get that right, because we're investing our own money too.

We've spent over 35 years building only in London. In our next report, *'Understanding Opportunity'*, we explore how that experience has shaped how we decide where we invest, when we commit and what we deliver...decision points that are equally important for investors too.

Want to find out *more?*

If you'd like to find out where we consider to be the most important opportunities in London, get in touch with one of our Sales Team today.

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SOURCES

All data sourced from:

PriceHubble (2026) report 'Why London? Why Now? Why Mount Anvil?, using data from: Dataloft Rental Market Analytics by PriceHubble (2026) Office for National Statistics (ONS); HM Land Registry; UK House Price Index (UK HPI); Ministry of Housing, Communities and Local Government (MHCLG), Energy Performance of Buildings Register (2012–2026); Greater London Authority (GLA) / London Plan; GLA Economics (Autumn 2025; March 2026); Business Register and Employment Survey (BRES, 2024); Global Power City Index (2025); Global Financial Centres Index (September 2025); Knight Frank (April–May 2026; Wealth Report 2026); Savills (November 2025; June 2026); JLL (May 2026); EY (2026); Resonance, World's Best Cities 2026; City of London Corporation (May 2026; 2026); Colliers, Global Tech Markets 2025; CBRE (2026); Tech Nation (2026); UK Government (2026); DTRE (July 2025); The Sunday Times (January 2026); JPMorgan Chase; Canary Wharf Group; Revolut; LonRes (12 months to April 2026); Zoopla (December 2025); Hometrack (May 2026); Information Works (May 2026); RICS; Higher Education Statistics Agency (HESA, 2024/25); QS World University Rankings (2026); QS Best Student Cities (2026); Department for Education (2025); Think Orion; Home Builders Federation, Watt a Save (2026); UK Investing; FXTOP; and Mount Anvil internal sales and reservation data (2021–2026), Molior, 'Residential development in London', October 2026

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Past performance is not a reliable guide to future performance. Forecasts are uncertain. Gross yields exclude costs, tax and finance. Prices and rents can fall as well as rise.

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