London's prime property market is one of the world's worst

The latest wealth report ranks the capital 93rd out of 100 cities for luxury house price growth — and its authors blame Rachel Reeves's tax changes

In terms of prime property, London is in a slump

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David Byers

Thursday April 23 2026, 5.00am, The Sunday Times

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Property price growth at the top end of London's housing market lags behind that in almost any other global city, according to a new report.

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non-dom status by the chancellor, Rachel Reeves.

While this means property is (slightly) more affordable in these plush neighbourhoods, it is a sign of London’s diminishing appeal to the world’s wealthy.

ices in 100 global cities

utheast Asia and the Middle East made big gains in 2025, but t
hange the picture in 2026

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Tokyo	58.5%
Dubai	25.1%
Manila	17.5%
Seoul	14.7%
Prague	14.6%

s and The Sunday Times • Source: Knight Frank

According to the report, house prices in the prime neighbourhoods of London fell by 4.7 per cent in 2025. By contrast, the cities at the top of the league table (Tokyo in first, followed by Dubai and Manila) experienced double-digit growth. However, the report was written before the bombing of Iran on February 28.

London was the worst-performing city in Europe, with Prague (up 14.6 per cent), Rome (rising by 5.5 per cent), Florence (6.7 per cent), Madrid (5 per cent) and Berlin (3.4 per cent) among the cities outperforming it.

Tokyo ranks first globally for prime property

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The report blames the decision by Reeves to abolish non-dom tax status — a move that was confirmed in October 2024 but came into force in April 2025 — plus tax hikes including rising stamp duty, for cooling demand. “The prevailing anxiety about the city’s role in the world has crept up slowly,” the report says. “Tinkering with wealth and property taxes has continued alongside the rise of low-tax competitors like Dubai.”

It adds: "October 2024 prompted a flurry of high-profile wealthy individuals to announce they were relocating. Office for Budget Responsibility projections suggest that as many as 20 per cent of affected non-doms might leave, roughly 1,200 people. The Centre for Economics and Business Research suggests the figure could be closer to a quarter.”

In the report Professor Tony Travers, from the department of government at the London School of Economics, says the city’s cultural attractions and transport links remain a draw for visitors and residents. However, he adds that governments overlook the role of the wealthy in the cultural scene at their peril. “You need the lawyers, hedge funds, private equity people and the financial and business services industry. You need more than the bright lights of a big city.”

Liam Bailey, the global head of research at Knight Frank, says overseas wealthy residents increasingly had a “dip in, dip out” attitude towards London, taking out expensive short-term rentals for brief visits rather than staying permanently.

Separate data confirmed that prime property was becoming cheaper to buy in London, with $1 million buying 32.9 sq m in the final quarter of 2025 compared with 30.7 sq m in 2020. The

Prague’s prime market is outperforming London’s

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Non-dom status used to allow wealthy UK residents to designate a permanent home, or domicile for tax purposes as being overseas, which meant they avoided paying tax on overseas income and were taxed only on money earned in Britain. About 68,000 people benefited from the arrangement but as many as 1,800 have left the country since the privileges ended in April last year.

The report showed a large rise in ultra-high-net-worth individuals (those with more than $30 million in global assets), up from 551,435 in 2021 to 713,626 this year because of the impact of the global tech boom, with 89 created every day. The report cited the trend as further evidence of an intensifying emergence of a “plutonomy” — a small group of very wealthy people who “command a disproportionate, and growing, share of global wealth”.

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	2021	2026	2031*	2021-26 change ▼	2026-31 change
Poland	1,442	3,017	4,906	109%	63%
Qatar	405	838	1,007	107%	20%
Turkey	2,174	4,208	4,772	94%	13%
Romania	388	749	1,120	93%	50%
Greece	523	910	1,140	74%	25%

US nationals have been disproportionately responsible, with 41 per cent of the world’s new super-rich residents in the past five years coming from there. There were 66,916 American ultra-high-net-worth individuals created in the past five years, bringing the total to 251,352, with a predicted further rise of 54.1 per cent by 2031.

The UK’s ultra-high-net-worth population is 27,876, compared with 24,871 in 2021 (a 12.1 per cent rise), and is predicted to creep up 11 per cent in the next five years to 30,942 — suggesting its wealthy have not taken advantage of the tech boom in the same numbers.

Are luxury developments such as One Hyde Park, in Knightsbridge, losing their lustre?

ALAMY

Alex Isidro, the managing director of United Kingdom Sotheby’s International Realty, whose agent Marcus O’Brien recently brokered a £265 million deal to sell Nick Candy’s Chelsea mansion, says he remains “bullish” about London because of a combination of falling prices here and instability in the Middle East. However, he launched a veiled attack on the government’s tax rises, which he suggested were putting off wealthy newcomers.

“I think I see this market only getting better and better over the next two years. Maybe if there’s a new government change that comes in that brings a focus on property again [that] would be lovely,” he says.

Art (impressio	14%
Art (modern)	7%
Art (postwar)	5%
Watches	5%
Art (top 100 artists)	4%
Art (European Old Masters)	2%
Handbags (Hermès Birkin)	0%
Colour diamonds	−1%
Wine (Liv-ex Italy 100)	−1.7%
Wine (Liv-ex 100)	−2.5%
Cars	−3.7%
Wine (Liv-ex Burgundy	−4.8%

Pressed on whether he had any hope this government might cut taxes, he adds: “I mean, there’s always hope, right? That’s fingers crossed. Let’s see. But I don’t read a huge amount of positivity coming out about what they’re going to do about the housing market.”

Crucially, Bailey cautioned that interviews and research for the report were carried out before the Iran conflict began, which may yet cause a reversal in fortunes for Dubai in 2026 — something that will be reflected only in next year’s report.

“There is no doubt, I think, over the past five years, particularly post-Covid, that Dubai has proved the case that there is a role for and a need for a Middle Eastern hub at a global level,” Bailey says. “But who knows where this conflict goes? I think at the moment it’s almost impossible to read it.”

A government spokesman said: “The UK remains a highly attractive place to live and invest. Our main capital gains tax rate is lower than any other G7 European country and our new residence-based regime is now simpler and more attractive, while also addressing tax system unfairness, so every long-term resident pays their taxes here.”

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Sophia Cook

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Iain Russell
23 APRIL, 2026

Maybe properly values in London will fall to their true values, and attract home owners, and not be inflated due to foreign investors.

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K Burke
23 APRIL, 2026

My thoughts exactly. The same for capital cities across Europe. The locals can no longer afford to live in them-only the super rich and the incredibly poor. The middle are hollowed out.

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Jim Webb

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WThomas

23 APRIL, 2026

I'm pretty fussed if they're paying tax elsewhere that they could have been paying in the UK

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Martin Bailey

23 APRIL, 2026

Got a feeling this list is already well out of date with Dubai at No2!

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Tim Reay

23 APRIL, 2026

It's the inheritance tax that has killed London as a base for wealthy people. IHT payable on your worldwide assets while you are resident in the UK and for up to 10 years after you have left! Why would a wealthy person move to the UK and risk that?

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Ms J Robinson

23 APRIL, 2026

Boo hoo I can't stop crying.

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Derek P Smith

23 APRIL, 2026

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J Brown

24 APRIL, 2026

Well done Labour,

keep smashing it. *(Edited)*

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DAVID JONES

23 APRIL, 2026

I loved the caption about 1 Hyde Park "losing its lustre". Beyond parody.

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Trevor Warren

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Reeves + Khan = lose, lose.

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A Stevens

23 APRIL, 2026

Whoop, that £10m penthouse will soon be yours for just £9.5m. Pile in, pile in!

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Paul Connelly

23 APRIL, 2026

The number of sleepless nights this revelation will bring is unsettling.

Almost as unsettling as the changes in non-dom conesion, which amongst other things, is...**See more**

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Ron Hoover

24 APRIL, 2026

"The UK remains a highly attractive place to live and invest."
Was that said with a straight face?

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Peter Page

24 APRIL, 2026

It's not about how much these properties have fallen in value , more about are they unsaleable . Confidence in property is currently flat lining and will not return until Labour are kicked out and another party returns credibility to the country . (Of course , that is if any party could possibly a...**See more**

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Graham Legge

23 APRIL, 2026

Strange. I thought houses were for living in not an investment. London will remain an attractive place to live due to its culture and wide range of services.

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Donald Bradley

25 APRIL, 2026

You may need to travel more

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Charles Gray

A

Alex Gooch

24 APRIL, 2026

London prices have been falling in real terms ever since Brexit...oops can't mention that.... single most stupid cut-off-my-nose-to-spite-my-face act since ....

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D

Donald Bradley

25 APRIL, 2026

Single most inaccurate comment on this trail

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N

N Clay

24 APRIL, 2026

'Worst' is relative. Is this measure of health the best for everyone?

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C

Caroline Waters

24 APRIL, 2026

I am sure that I have read that the problem with One Hyde Park is that the air con doesn't work and needs to be completely replaced which will involve residents having to move out.

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D

DAVID JONES

23 APRIL, 2026

Couldn't care less.

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So where did Nick Candy buy? Isnt that more relevant?

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M

Michael Heenan

28 APRIL, 2026

here in north Derbyshire we worry about little else

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