
Rents up, prices down: London's two directions

London market overview

5 September 2026

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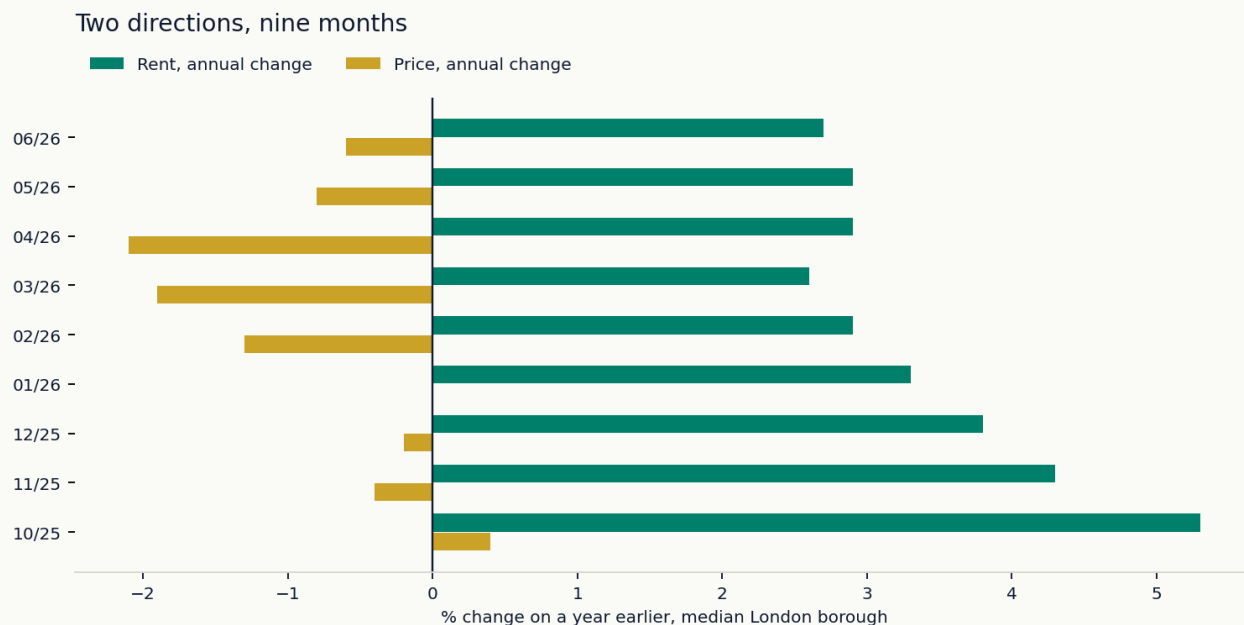
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London's rental market and its sales market spent the last nine months moving in opposite directions, and the gap between them is now doing something a lot of buyers have not priced.



Built by us from the two official series named in the methodology: ONS Price Index of Private Rents and the HM Land Registry UK House Price Index. No stock photography and nothing generated — the provenance of this image is the data itself.

Across the 32 London boroughs with both series, the median borough saw rents **2.7% higher** than a year earlier and prices **-0.6% lower**. In **17 of 32** boroughs both were true at once: rent up, price down, in the same borough in the same period.

That is the whole story of the year in one line, and it has a consequence that is arithmetic rather than opinion. Gross rental yield in the median London borough has moved from **6.01%** a year ago to **6.34%** — up 0.33 of a percentage point. Yields are rising across London. In more than half of it they are rising because the denominator is falling.

Methodology, and what these numbers do not cover

Read this before the figures, not after. This report is published in August 2026. The data is not from August 2026: official series run behind, and stating the month of publication as though it were the month of the data is the most common way a market report becomes quietly wrong.

- **Prices and price changes** — HM Land Registry UK House Price Index, latest month **1 June 2026**.
- **Rents and rent changes** — ONS Price Index of Private Rents, latest month **1 July 2026**.
- **Transaction medians** — HM Land Registry Price Paid Data, the twelve months to **30 June 2026**, category A only, 32,616 completions.
- **Bank Rate** — Bank of England, latest decision **29 July 2026**.

So the oldest figure here is from **1 June 2026**. Anything that happened in London since then is not in this report, and this report cannot tell you it did not happen.

Every borough figure is a **median**, and it is labelled as one wherever it appears. Where an average is used it says average. The two are not interchangeable and a table that mixes them presents two different measures as one.

Rent is doing the work, not price

Rent rose in **30 of 32** boroughs over the year. Price rose in far fewer. The chart shows both series month by month for the last nine: one bar above zero for most of the period, one below it for most of the period.

The rent line is also decelerating — from over five per cent a year in late 2025 to 2.7% now — which matters, because a yield built on rent growth that is slowing is a yield with a shorter runway than it looks.

The rate has not moved all year

Bank Rate stands at **3.7500%** and the Monetary Policy Committee has held it at every one of its **5** meetings in 2026. For a buyer, the consequence is narrower than the headlines suggest: the rate that prices a mortgage is not Bank Rate, it is a swap curve that prices expectations rather than decisions. But a year in which the Committee has not moved is a year in which the cost of money is a **known** quantity, and a known cost belongs in the model at the start rather than as a variable at the end.

What this does not tell you

- **It is a market overview, not a valuation.** Nothing here values a property, and nothing here is advice.
- **The borough is the unit.** A borough median describes a borough. It does not describe a street, and it does not describe a flat.
- **Yield here is gross.** Service charge, ground rent, voids, management, stamp duty and tax all sit below it.
- **The medians rest on 32,616 recorded completions**, and Price Paid is revised as late registrations arrive. A recomputation next month will move these figures slightly. That is the source behaving normally.
- **We are not publishing the borough-by-borough table here.** The conclusion and the method travel; the row-level detail does not.

In closing

A market where rent rises and price falls is not a market in trouble. It is a market repricing the relationship between the two, and it does so slowly enough that most people notice it after it has finished. The number to hold is not the -0.6% or the 2.7%. It is the 17 boroughs out of 32 where both were true at the same time.

Rerun it. If we are wrong, we would rather hear it from you than publish it twice.