THE BIG PICTURE:
LONDON'S LONG GAME IN A SHORT TERM WORLD

2026

FOREWORD

London stands today as one of the world's most compelling global cities, a place where economic dynamism, cultural richness and international connectivity combine to create unmatched opportunity. Its strengths run deep: a world-leading financial centre, a hub of innovation across technology, AI and life sciences, and a magnet for talent.

This is a city that continually evolves itself while holding fast to the qualities that define it. London's universities are among the most influential in the world; its cultural institutions set global trends; and its neighbourhoods, green spaces and heritage give it a character and energy that is unmatched globally.

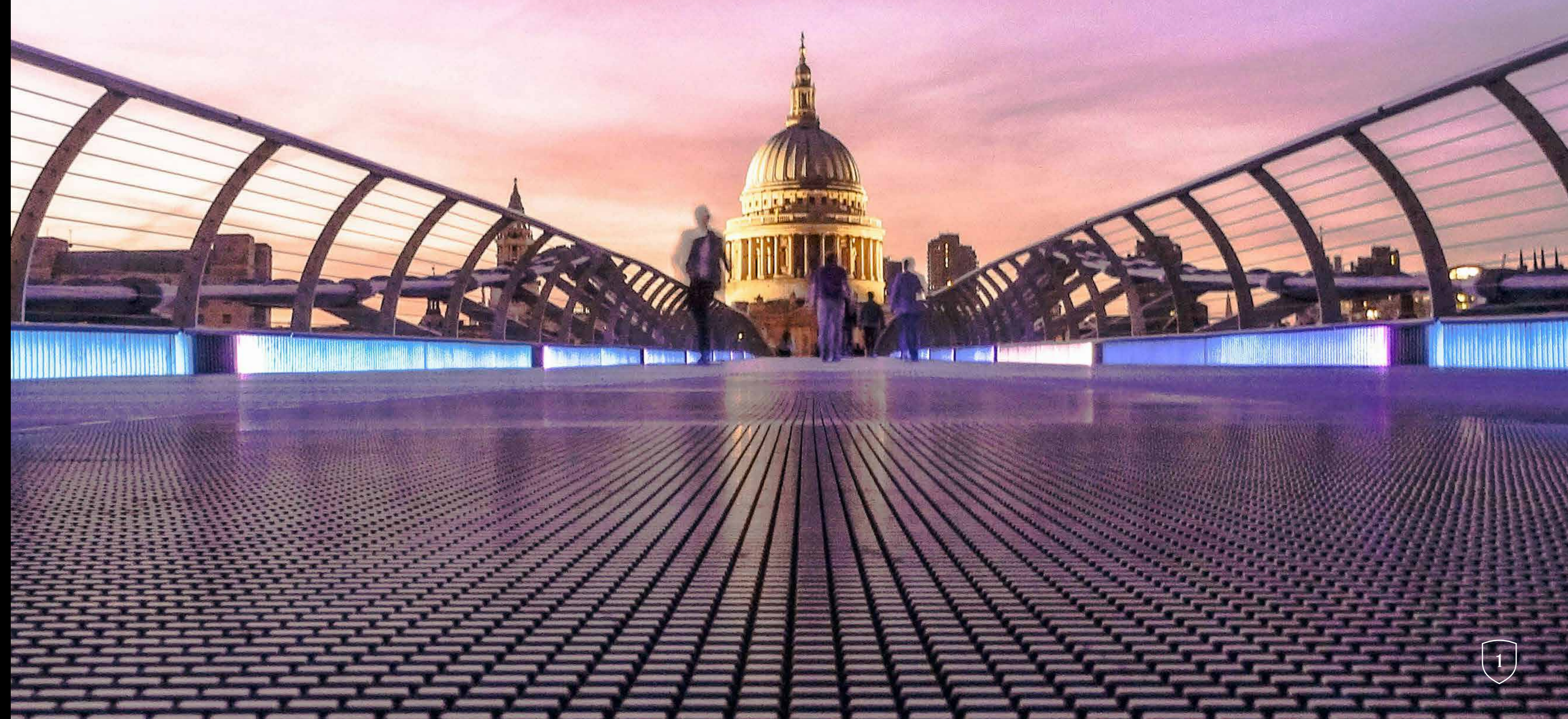
These attributes have helped London remain one of the most desirable places to live, learn and work and helped it absorb significant shocks over the last decade. From the aftermath of the global financial crisis to Brexit and the pandemic, the city's resilience and ability to adapt has seen it defy expectations in a decade of disruption.

A 2026 global study of 1,000 people show perceptions of the city worldwide are also enviable. Our research demonstrates that London commands strong international confidence, with around 80% of respondents holding a favourable view of the city and nearly two thirds saying they would choose to live here given the opportunity. This combination of economic strength, global appeal and cultural depth continues to underpin sustained demand for homes across the capital.

Today, London's residential market offers investors a rare alignment of long term fundamentals and compelling value. Following a period of price correction and currency movements, the market is now substantially more competitive relative to global peers. With supply constrained and demand supported by London's enduring appeal, conditions point towards a stabilising market and a unique window to access world class assets in a world class city at attractive prices.

London's resilience has never been accidental, it is structural, shaped by its openness, its creativity and its global outlook. These are the foundations that will continue to guide the city forward and secure its place as one of the most extraordinary and rewarding places to live, learn, work and invest.

Adam Lawrence
CEO
London Square



EXECUTIVE **SUMMARY**

London's fundamentals remain strong and market dynamics create a window of opportunity to acquire world class assets in a world class safe haven city at attractive prices.

1 Since 2020, the city's GDP had grown by c20% reinforcing its position as Europe's largest urban economy and a global financial powerhouse.

2 Beyond finance, London's economic base has diversified with a leadership position in high growth innovation sectors including fintech, AI and life sciences.

3 London's population has grown since 2020, vs falls in Paris, New York, Hong Kong and Tokyo. It is home to the most millionaires of any European city and the highest number of centi millionaires outside the USA.

4 The city is globally recognised for a peerless offer supporting quality of life including exceptional education, significant access to public green spaces, and leading connectivity, sport, culture and heritage.

5 London property is now priced more competitively than its global peers driven by a policy led price correction and currency weakness.

6 Supply remains constrained and rental yields continue to improve.

7 The stability of the market and safe haven status of the city and UK provide attractive opportunities to investors.

1 A FINANCIAL POWERHOUSE

Despite extraordinary pressures and disruption over the past decade, London has continued to grow, attract capital and reinforce its status as one of the world's most resilient and future-ready cities.

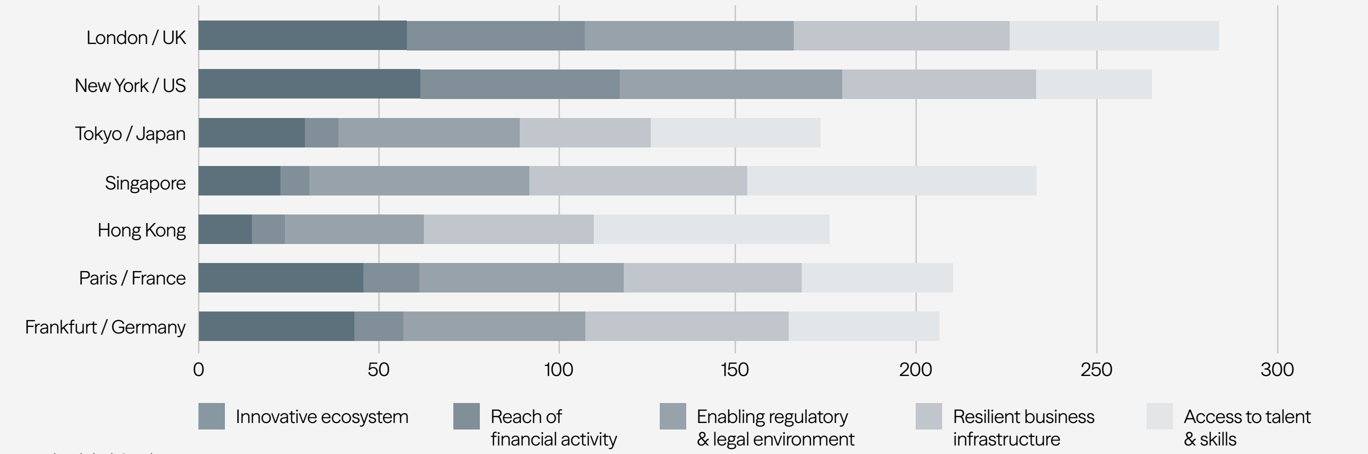
When Britain voted to leave the European Union in June 2016, the warnings were stark. The consensus was that the capital faced a severe and immediate economic shock. There were fears of a recession, a mass exodus of financial services jobs, and hollowing out London's workforce.

But this catastrophe never materialised.

Yes, London did lose its dominant position in equity trading to Amsterdam almost overnight. But this is only one metric within a much broader, deeper and evolving financial-centre ecosystem.

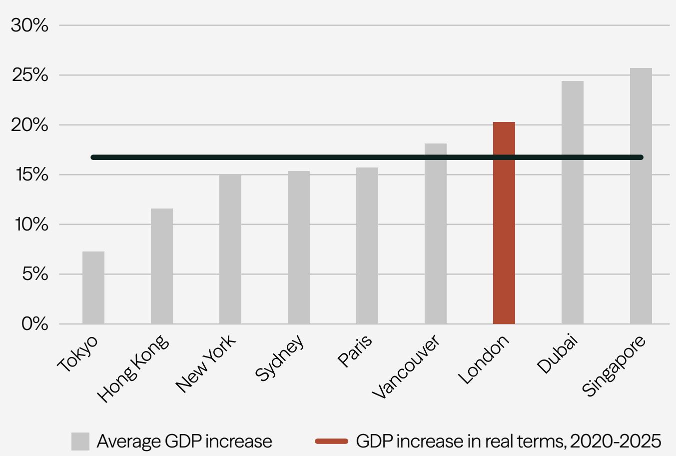
Multiple benchmarks today confirm London remains Europe's top financial centre.

LONDON AND THE UK PERFORM CONSISTENTLY WELL ACROSS ALL COMPETITIVENESS MEASURES



Source: theglobalcity.uk

REAL GDP GROWTH 2020-2025



London's standing as Europe's leading financial city is further illustrated by data showing the London Stock Exchange ended 2025 with 11 IPOs that raised £1.9 billion, marking its strongest year since 2021. This contrasts with the wider decline in the European deals market, both in terms of value and volume.

Moreover, London's economy has diversified. Free from EU regulatory constraints, London moved quickly in fintech, artificial intelligence, capital markets reform and life sciences. The UK's AI sector has expanded rapidly, growing by 85% over the two years to 2024. London now has the continent's strongest concentration of AI talent, investment and infrastructure signalling where the next generation of high value skilled jobs will be concentrated. As a result, while London retains its position as Europe's leading financial hub, it has evolved into a global centre for high-growth technology, innovation and science and is Europe's dominant technology hub.

London also weathered the COVID storm, rapidly recovering with real GDP increasing by around 20% since 2020. Despite challenges around energy prices and inflation, London remains the fourth-largest city economy in the world and the first European city with a $1 trillion GDP.

2 THE LEADING GROWING GLOBAL GATEWAY CITY

The demographic predictions following Brexit were broadly correct in one respect and completely wrong in another.

EU net migration did fall sharply, turning negative from 2021 as the new points-based immigration system took effect. Between 2021 and 2025, approximately 162,000 more EU citizens left the UK than arrived.

However, total net migration surged to record levels, peaking at an estimated 906,000 in the year to June 2023, driven by arrivals from India, Nigeria, China and beyond on skilled worker and student visas.

Rather than shrinking, London's population has continued to grow, reaching approximately 9.1 million by 2024. Overall, London's population has grown by around 4% since 2020, while the populations of New York, Hong Kong, Paris and Tokyo have fallen.

8%

LONDON'S POPULATION IS EXPECTED TO GROW BY A FURTHER 8% BY 2035.

3 EDUCATION LEADER, TALENT MAGNET

London's education sector, particularly its world-leading universities, is a pillar of its international status.

London is the world's number-one student city, and around 550,000 students enrol in one of London's 40+ universities each year. Approximately 40% of these students are from overseas.

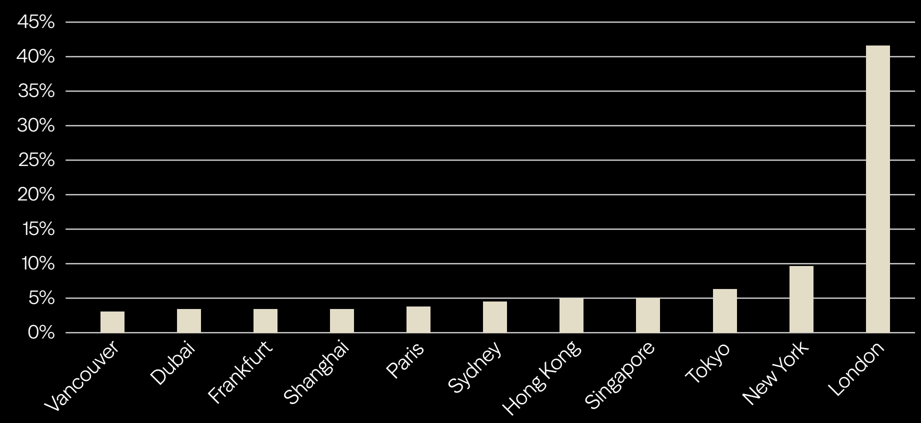
It is therefore unsurprising that nearly 80% of respondents in our survey associate London with high-quality schools and universities.

What is perhaps more striking is how much stronger this perception is compared with other global cities.

Over 40% of respondents stated London was the best city for education, compared with just 10% selecting second placed New York.

This strong reputation for education supports a resilient level of international and affluent migration to London, which remains broadly consistent regardless of wider economic fluctuations.

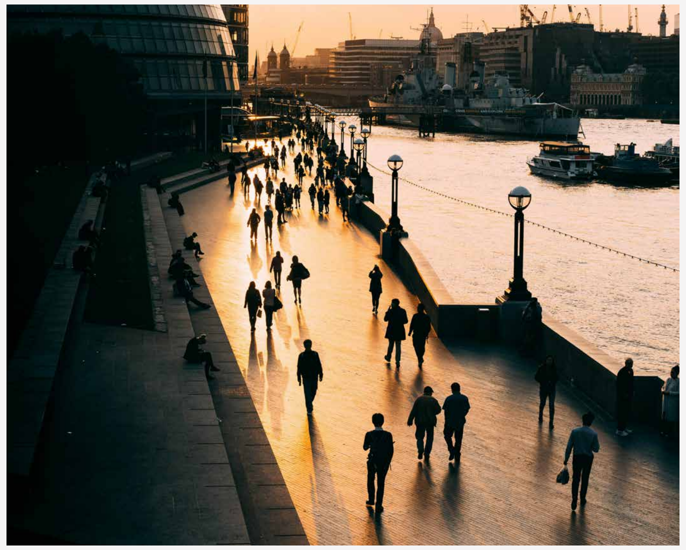
WHICH IS THE WORLD'S BEST CITY FOR EDUCATION?



Source: What the World thinks of London, London Square 2026

80%

OF PEOPLE ASSOCIATE LONDON WITH HIGH-QUALITY SCHOOLS AND UNIVERSITIES.



4 EXCEPTIONAL CAREER OPPORTUNITIES **AND WEALTH CREATION**

As well as education, a large share of migration to London is driven by employment opportunities.

Nearly half of those surveyed by London Square believe London offers the best opportunities for skilled professionals to advance their careers.

Even accounting for the recent fall in the number of millionaires, London still has more millionaires than any other European city (215,000). It also has the highest number of centi-millionaires outside the United States.

Around 64% of the population is employed, and nearly half of London households (46%), or over 2.3 million households, have a disposable income of more than $100,000 (£75,000).

#1

BOSTON CONSULTING GROUP RECOGNISED LONDON AS THE WORLD'S LEADING TALENT MAGNET

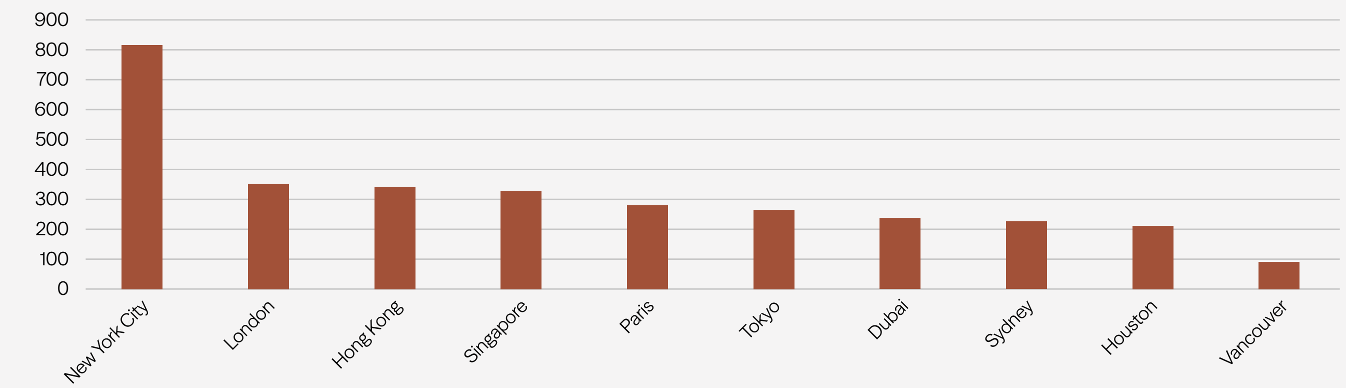
As a result, London attracts a particularly high calibre of economic migrant. Around 75% of visas granted are for skilled workers, with 22% categorised under global mobility routes. London also has the highest proportion of employee jobs held by non-UK employees, at 42%.

86%

OF PEOPLE WHO RELOCATED TO LONDON CITED CAREER PROSPECTS AND HIGHER EARNING POTENTIAL AS KEY MOTIVATIONS

This means that London's population is relatively wealthy compared with many other global cities.

CENTI MILLIONAIRES BY GLOBAL CITIES



Source: Top 50 Cities | Wealthiest Cities 2025 | Henley & Partners

5 SIGNIFICANT CULTURAL **AND LIFESTYLE ADVANTAGE**

Career prospects are just one of London's many pull factors. London is also a cultural powerhouse, with 850 museums and 240 theatres.

London has the most UNESCO World Heritage Sites of any city, and historic landmarks sit cheek to jowl with bold contemporary architecture, creating a cityscape where the past and present are always in conversation. This juxtaposition of heritage and innovation is a defining feature of London's identity.

Its citation as the world's first National Park City in 2019 recognised the exceptional public green spaces including 3,000 parks, gardens, and woodland that cover 47% of its total area.

London's global appeal, combined with its connectivity (it is served by six airports including Heathrow, Europe's busiest airport) makes it one of the world's most visited cities. The capital attracts more than 20 million tourists a year, generating around £17bn in annual visitor spending.

47%

OF LONDON IS COVERED BY PARKS, GARDENS AND WOODLAND

6 WHAT THE WORLD THINKS OF LONDON

International perceptions are a critical driver of long-term residential demand in London, where overseas buyers and globally mobile professionals play an important role.

Our survey of 1000 people living in 5 global cities highlights the strength of London's global brand.

Around 80% of respondents had a favourable perception of London, and for around 40%, that perception has improved over the past five years.

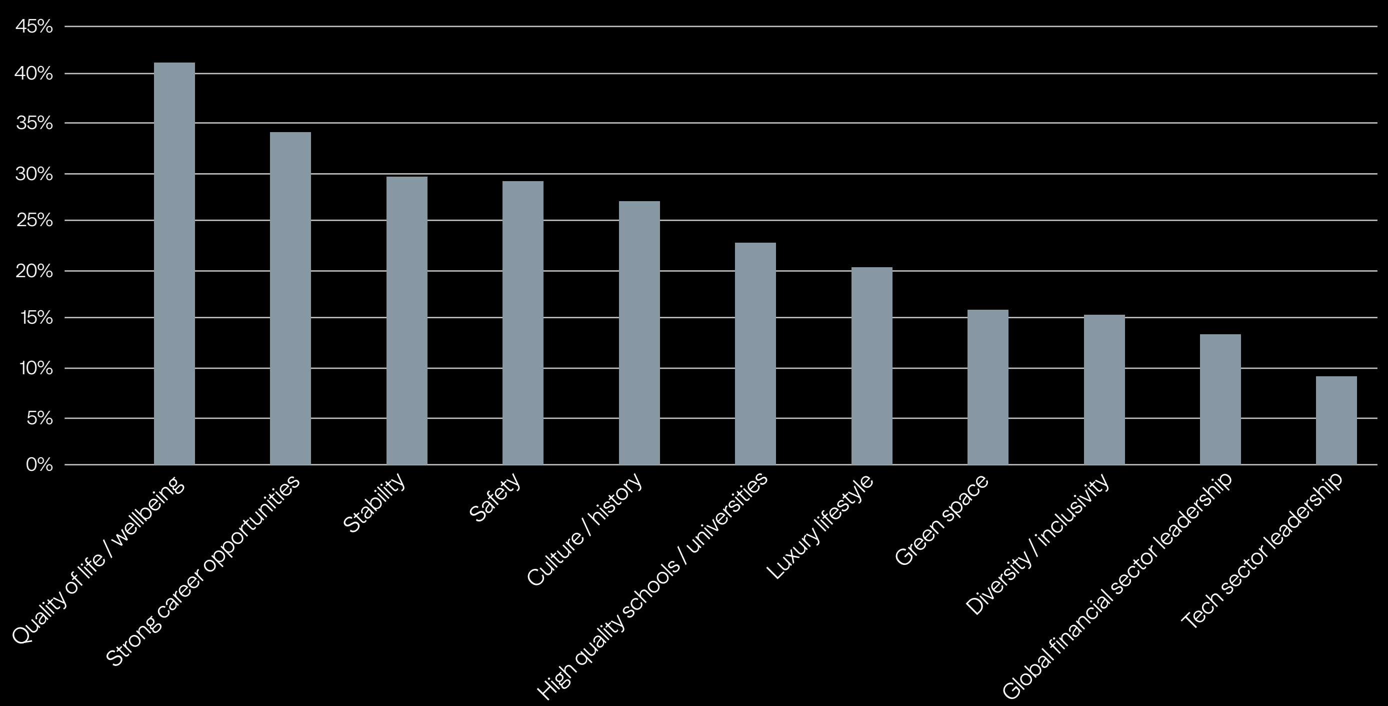
Perhaps most strikingly, 64% of respondents said they would live in London if the opportunity arose.

This reflects London's unique combination of career opportunities, cultural depth, education and global connectivity. Together, these attributes reinforce London's reputation as one of the world's most desirable cities in which to live, learn and work.

80%

OF RESPONDENTS HAD A FAVOURABLE PERCEPTION OF LONDON

REASONS TO MOVE TO LONDON



Source: What the World thinks of London, London Square 2026

7 LONDON'S RESIDENTIAL PROPERTY MARKET HAS DELIVERED STRONG LONG-TERM RETURNS

London's residential property market has long attracted interest from both domestic and international investors. Historically it has been easy to access, considered a safe haven and viewed as a strong long-term investment.

This reflects superior long term growth rates. Over the past 30 years, property prices in London have increased by around 7% per annum.

However, more recently the market, particularly the prime market, has underperformed relative to its long-term benchmark.

This has not been driven by a deterioration in London's underlying fundamentals but largely reflects a decade of policy changes designed to cool the market.

7%

PER ANNUM

AVERAGE INCREASE IN PROPERTY PRICES OVER THE LAST 30 YEARS

8 LONDON PROPERTY NOW AT ATTRACTIVE LEVELS

Exceptionally strong demand for prime London property, combined with constrained supply, pushed prices higher in the years following the Global Financial Crisis.

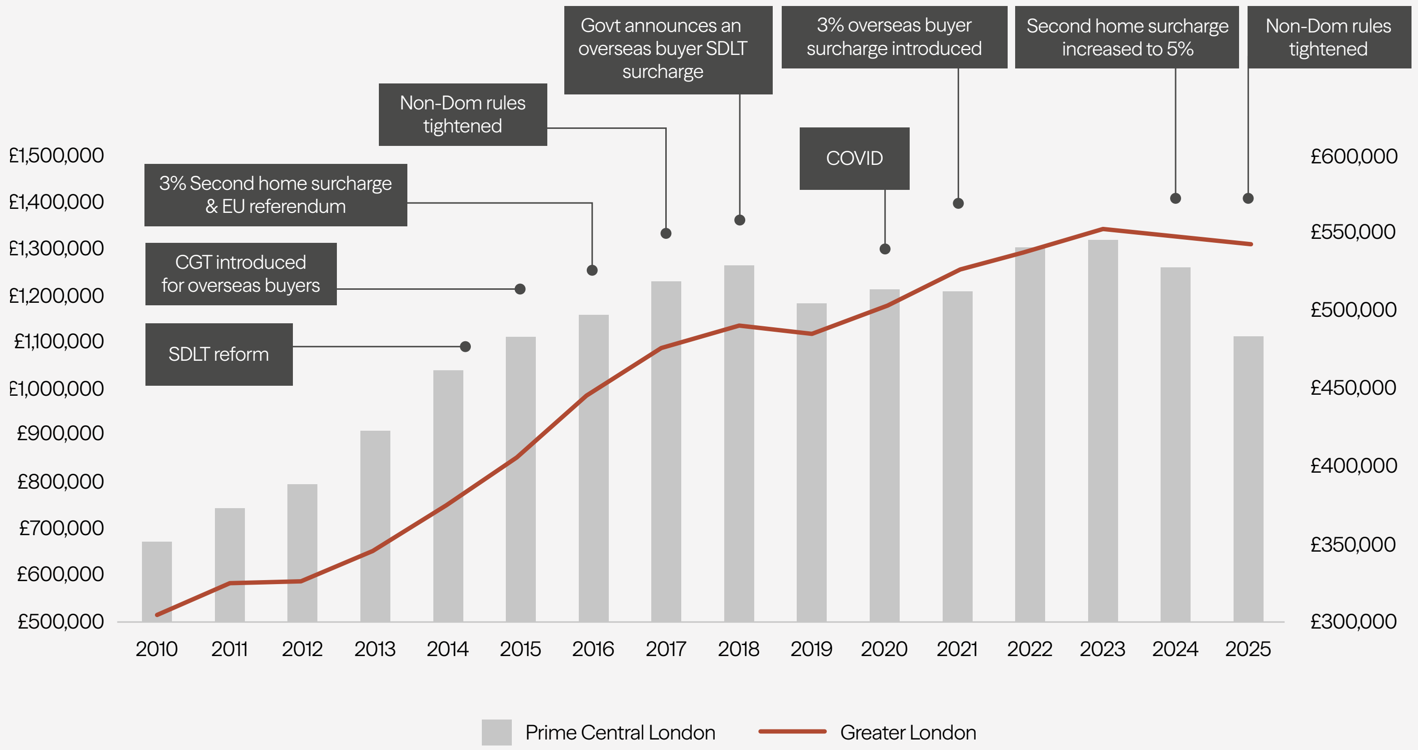
Over this period, 2010-2014, prime property prices increased by around 11% per year, compared with around 5% for the wider London market.

This led to a widening price differential between Prime Central London and the wider market, rising from around 2.1 times to nearly 2.8 times.

Policy makers became increasingly concerned about the risk of an asset bubble and introduced a series of policy interventions to cool speculative demand.

From 2014 onwards, multiple tax and regulatory changes increased the cost of buying and holding property though transaction costs remain competitive relative to cities like Hong Kong and Singapore where foreign buyer levies are higher.

THE IMPACT OF POLICY INTERVENTIONS ON LONDON RESIDENTIAL PROPERTY PRICES 2010 - 2025



Although the market absorbed the early interventions, the cumulative effect has been a gradual slowdown in investor demand.

Over the past two years the market has faced additional disruption due to political uncertainty, the increase in the second-home stamp duty land tax surcharge in October 2024 and speculation around the introduction of a mansion tax.

These factors have had a greater effect on confidence and affordability in the higher end of the market. Prime Central London sales now account for around 4% of London's total transactions, compared with around 6% in 2015.

Prices have also moderated and are now around 18% lower than the most recent peak in 2023 and around 12% below the 2018 peak.

As a result, the premium for Prime Central London properties has returned to its historical norm of around 2.1 times the wider market, suggesting valuations have returned to more typical levels.

This indicates that the structural adjustment in the market may now be largely complete.

9 SIGNS THE MARKET IS STABILISING

The wider London market has also been affected by affordability pressures, particularly since mortgage rates began rising in 2021.

While these pressures have been easing since mortgage rates began falling, sentiment and activity in the market was hit in 2025 by speculation around a mansion tax alongside other tax rises.

Now that uncertainty has been removed, activity should recover. Particularly as mortgage rates are expected to fall further, gradually improving affordability and potentially unlocking pent-up demand.

Taken together, these factors suggest that the market is stabilising and may be approaching an inflection point in the current cycle.

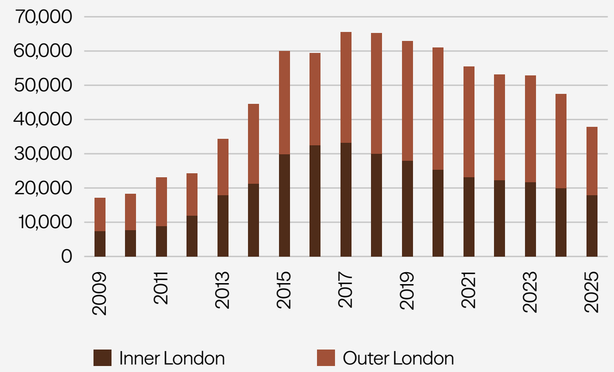
However, any recovery is likely to be gradual rather than rapid, reflecting modest but positive outlook for GDP and growth in 2026. The impact of conflict in the Middle East is yet to be fully understood and may delay any significant recovery.

10 SUPPLY CONSTRAINTS REMAIN SEVERE

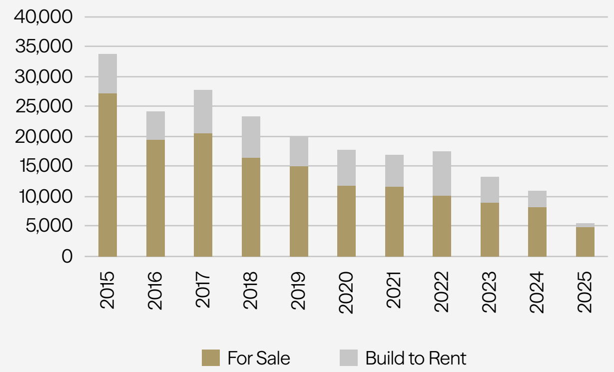
While demand has been subdued in recent years, supply constraints have intensified. Over the past two years, London has delivered around 110,000 fewer homes than required against current targets.

Construction volumes are significantly below historic averages, and new housing starts have fallen sharply. As demand begins to recover, this imbalance between supply and demand is likely to place upward pressure on prices.

HOMES UNDER CONSTRUCTION



NEW STARTS IN LONDON DECLINE



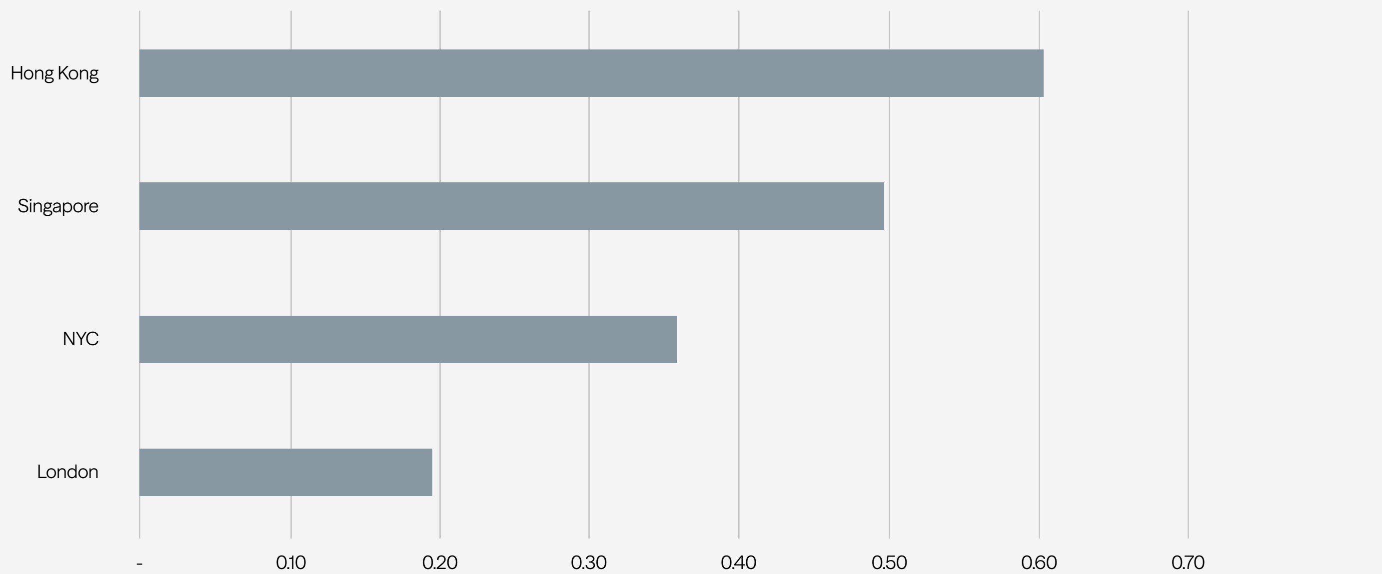
Source: Molior

Low building rates are best illustrated when set against population increases and compared with other global cities.

Since 2011 London has built just over 260,000 homes, or 17,333 a year.

In contrast its population has increased by 1.3 million or 86,667 a year. London's ratio of building to population increase is, at 0.35, while similar to New York, it is much lower than Hong Kong and Singapore.

RATIO OF BUILDING RATES TO POPULATION INCREASE



Source: ONS, SingStat, RVD Ong Kong, The Office of New York State Comptroller.

11 STRONG RENTAL DEMAND SUPPORTS INVESTOR RETURNS

With housing construction falling well below target levels and legislation aimed at returning homes to the for sale market, the supply of rental homes has not kept pace with rising demand.

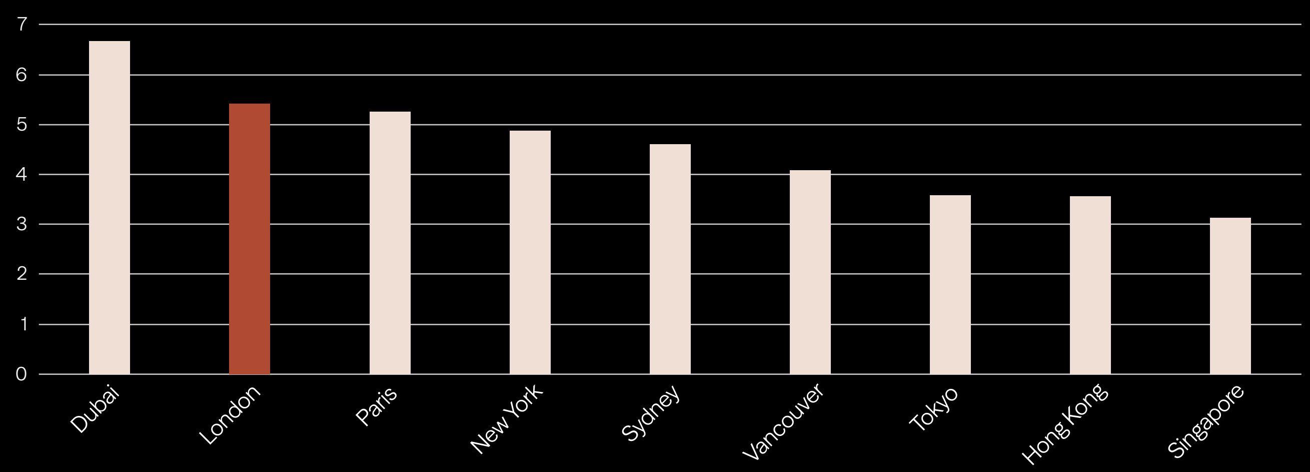
London has an affluent young renter population. In the prime areas of London, average renters' income is around £77,000, with upper quartile renter incomes well in excess of £200,000.

As well as young professional and corporate relocations, demand is underpinned by the large student population (especially typically more affluent overseas students).

Over the last few years, the share of rental households in London has been increasing, reversing a gradual decline seen in the end of last decade. There are now around 1.2 million rental households, which is 32% of all households, which compares with 27% in 2019.

However, with demand for rental homes continuing to outpace supply there has been unusual pressure on rents. In Inner London rents have increased by 41% over the past five years, and as a result gross yields are now favourable when compared with other global cities.

AVERAGE GROSS YIELDS



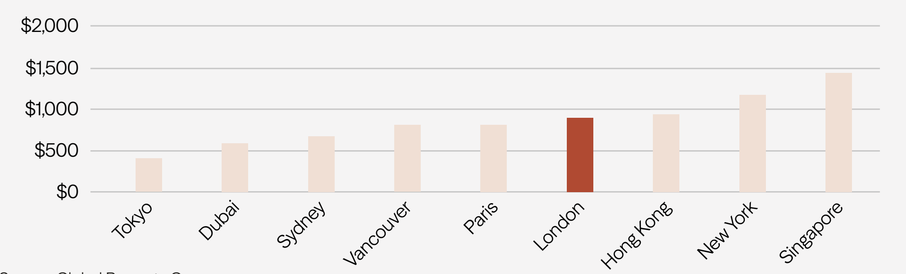
Source: Global Property Group

12 GLOBAL PEERS ARE MORE EXPENSIVE

Following a period of price correction and currency weakness, London property is now priced more competitively relative to its global peers. Prices for a typical 2 bed apartment/property in London are currently around:

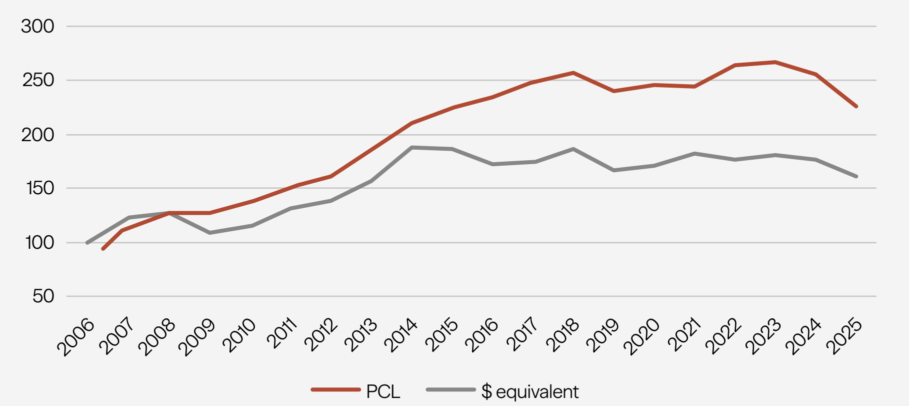
- 23% lower than New York
- 60% lower than Singapore
- slightly lower than Hong Kong

MEDIAN PRICE FOR A 2-BED HOME, $000



Source: Global Property Group

CHANGE IN PROPERTY PRICES IN POUNDS AND IN DOLLAR EQUIVALENT



Source: Land registry, Fed reserve bank of St Louis

Transaction costs are also significantly lower for overseas buyers compared with markets such as Hong Kong and Singapore, where foreign buyer levies are considerably higher.

At the same time, the depreciation of sterling has further enhanced London's attractiveness for international investors.

Since 2014, the sterling-dollar exchange rate has fallen by around 20%. As a result, property price growth in London appears significantly lower when measured in dollar terms. For example, since 2006 Prime Central London prices have increased by around 125% in sterling terms, but by just 61% when measured in dollars.

13 AN OPPORTUNITY FOR INVESTORS

These short-term market dynamics, combined with London's long-term fundamentals, continue to support investor interest in the city.

Our survey shows that 64% of respondents in other global cities believe buying residential property in London is an attractive proposition. Domestic sentiment also remains strong, with 83% of London residents believing property in the city is a good investment.

Given the gradual pace of the economic recovery we do not expect a rapid rebound in property demand in 2026.

However, as activity begins to improve, the limited pipeline of new housing supply may create increasing competition and price tension for high-quality new homes.

LONDON SQUARE

AN ALDAR COMPANY