Should I sell my central London flat, or rent it out?

Prepared for Andrea Frigo · 24 August 2026 · Handwritten amendments applied throughout

There is no obvious winner, but the two options are not in the same shape as each other.

Selling means a slow market and a real discount off your asking price. Letting has the better numbers at the moment, and rents across prime London are rising again. What has changed is the commitment. Since the Renters' Rights Act came into force on 1 May 2026, letting a flat is no longer something you can reverse in six months if you change your mind.

So the decision rests on three things, and a forecast is not one of them: whether you need the capital, whether the flat's rental economics work once you have costed them honestly, and how long you are prepared to be tied in. Here is what the numbers say, and what we are seeing on the ground.

Selling: slow, and priced accordingly

Average achieved prices across prime London fell 7.5% in the twelve months to June 2026, the largest annual fall since 2009, according to LonRes. Homes took an average of 186 days to sell in the first half of the year, at an average discount to asking price of 10.4%.

What that means for you: roughly six months on the market is normal here rather than a sign something has gone wrong, so plan your timings around it. And the figure you end up with will come out of a negotiation, not off the brochure.

The number that should actually worry you

Not the headline fall. The asking price.

Across prime London in 2026 so far, properties that sold inside three months went for an average of 3.9% below asking. Properties that took more than twelve months went for 19.3% below. More than half of everything sold in July had already been reduced at least once.

Sitting on the market does not cause the discount. The two usually share a cause, which is an asking price that was wrong on day one. That is the pattern you need to understand before deciding what to ask for.

The highest valuation is the easiest one for an agent to give and the most expensive one for an owner to accept.

Letting: the better numbers

Rents across prime London are up 5.3% in the year to July 2026, the strongest reading since February 2025. Lets are being agreed in an average of 57 days across the first half of the year, and yields reached 4.82% in Q2. (Source: LonRes)

What letting now commits you to

With the introduction of the Renters' Rights Act on 1 May 2026, fixed-term tenancies and no-fault evictions under Section 21 are gone. They have been replaced by open-ended periodic tenancies. To regain possession of your flat you now need a valid reason, and you need to plan ahead. If you want to sell, you cannot require your tenant to leave during the first twelve months, and you must give at least four months' notice.

The part most owners miss comes next. Having used the selling ground to end the tenancy, you cannot market the flat to let or re-let it for twelve months. So if you take possession and the sale then falls through, you have an empty flat you are not free to put a tenant back into.

None of that applies if you sell with the tenant in place, which is a real option, though it narrows your buyer pool to investors and usually costs you something on price.

If you do need vacant possession, treat the whole exercise as an eighteen-month plan rather than a twelve-month one: a year to possession, then a sale that is currently averaging six months. That is an illustrative planning estimate rather than a statutory timetable, and it assumes the tenant leaves when the notice expires. If they do not, court timescales are added on top. It is not an argument against letting. It is an argument against letting as a way of postponing the decision.

One exception: where the annual rent exceeds £100,000, roughly £8,300 a month, the tenancy cannot be an assured tenancy and none of the above applies.

So which is it?

Selling is more likely to be right where you need the capital and can name what for and when, where you are buying elsewhere in the same market and will recover the discount on the purchase, where the flat needs work you are not going to fund, where the lease is short enough that waiting makes it worse, or where you have read the section above and decided you do not want to be a landlord under these rules. Those are all sound reasons to sell into a weak market. Wanting a better price is not one of them, because the market is not currently offering one.

Letting is more likely to be right where you do not need the money now, the flat will present well without significant spend, the rent covers mortgage, service charge, ground rent, management, insurance, compliance and a realistic allowance for voids with room left over, and you are comfortable being committed for a couple of years rather than a couple of quarters.

What should not decide it is a forecast. Rightmove has cut its expectation for average new seller asking prices across 2026 to between 0 and -2%, citing mortgage rates, the geopolitical picture and the Chancellor's October Budget. Buyer demand has picked up around 5% since 20 July, which is encouraging without being a recovery. Anyone telling you confidently where prices will be next spring is guessing, and if they are doing it while asking for your instruction, treat it accordingly.

What we are seeing on the ground in central London

On the sales side, there are buyers. Most are first-time buyers and most are looking up to around £1m. Almost all of them need a mortgage, which makes them sensitive to every movement in rates, and a good number are sitting on their hands, waiting either for prices to fall further or for rates to come back to where they were at the beginning of 2026.

They also know they have options, and they behave accordingly. It is common now for one buyer to put low offers on several flats at once and negotiate hard on all of them. What is actually selling is a narrow group: properties that are priced correctly and in good or very good condition. Being only one of the two is usually not enough.

Letting looks different. Stock is low, enquiries are picking up, and the rents we are achieving are the strongest we have seen. A flat in good order should let quickly.

If you are still undecided

Then you are probably weighing two numbers you do not yet have. The simplest place to start is with both: what the flat is realistically worth today, and what it could realistically rent for. We can give you both, and then you can decide which makes more sense for you.

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SOURCES

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