

# THE PROPERTY MARKET

A REVIEW OF THE KEY TRENDS IN THE  
NATIONAL AND LOCAL HOUSING MARKET.

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**LONDON**

Analysis by Dataloft | Summer 2025

# RENEWED ACTIVITY

## SALES



**↑6.4%**

UK House prices

**£255,082** March 2024 vs  
**£271,415** March 2025



**↓28.0%**

Property sales

**89,860** April 2024 vs  
**64,680** April 2025



**↓2.1%**

Mortgage approvals

**61,740** April 2024 vs  
**60,463** April 2025



**↓13.9%**

New private homes completions

**55,652** Q1 2024 vs  
**47,898** Q1 2025



**↓19.2%**

Gross mortgage lending

**£20.9 bn\*** April 2024 vs  
**£16.9 bn\*** April 2025

Source: ONS, HMRC, Bank of England, DLUHC, HomeLet  
\*Figures rounded to nearest £0.1bn

The housing market has shown continued resilience, maintaining momentum after the pre-April stamp duty rush. While price growth is beginning to ease as supply increases, mover activity remains steady, reflecting a strong current of underlying market demand.

### Buyer activity

After a busier-than-usual March due to looming stamp duty changes, monthly mortgage approvals declined by 4.9% in April alongside new buyer demand. This was an expected slowdown after the stamp duty rush and there are early signs of a bounce-back in May. Mortgage approvals are only marginally below (-2.1%) where they were last year, pointing to a steady level of demand and confidence in the market following the stamp duty deadline<sup>1</sup>. Over half (53%) of agents say buyer confidence has improved compared to three months ago<sup>2</sup>.

### Rebound

The interest rate cut in May to 4.25% is helping support demand. The Bank of England announcement resulted in better mortgage rates and a flurry of press headlines on sub-4% mortgages. Housing market activity is regaining momentum following the end of stamp duty reliefs, with the number of sales agreed in May reaching a four-year high<sup>3</sup>. Strong demand, however, has been counterbalanced by an increase in homes for sale, up 13% year-on-year. With higher levels of supply, buyers will enjoy a broader range of options, helping to keep prices balanced.

### Stronger economic performance

There is always a strong link between the overall health of the economy and the residential market. The latest GDP data for Q1 2025 showed growth of 0.7%; the strongest growth for a year and a marked improvement on the prior quarter (0.1%). According to the Office for National Statistics, this improvement was powered by stronger growth in the service sector and an increase in net investment. This translates into an annual average growth rate for 1.1%, very much in line with the consensus forecast for the whole of 2025.

<sup>1</sup>Bank of England, <sup>2</sup>Dataloft by PriceHubble (poll of subscribers), <sup>3</sup>Zoopla.

# LETTINGS



**↑0.8%**

Average rents  
May 2024 vs  
May 2025



**£1,307**

Average monthly  
rent across the UK  
May 2025

**3–4%**

forecast increase  
in rents over 2025

Zoopla

## Rental dynamics

Average rents rose to £1,307 in May, up 0.8% year-on-year, with a stronger increase of 2.8% recorded outside London<sup>1</sup>. The monthly increase from April was 0.7%, with all regions having seen small month-on-month rent prices increases. The supply-demand imbalance continues to impact the rental market, with indicators suggesting that demand remains steady and in most markets there continues to be a lack of supply. Testimony to the consistently high market demand, voids rates in May held stable for the third consecutive month at 21 days<sup>2</sup>. Rental activity typically peaks later in the year, most notably Q3, driven by students, job relocations, and families moving before term starts.

Sources: <sup>1</sup> HomeLet, <sup>2</sup> Goodlord

Analysis by Dataloft



The housing market is seeing early signs of renewed activity as buyers return after the rush to beat stamp duty reliefs. Momentum is likely to pick up steadily throughout summer, supported by favourable buyer conditions, driven in particular by improving affordability.

IAIN MCKENZIE  
CEO, THE GUILD OF PROPERTY  
PROFESSIONALS

# INTEREST RATE CHANGES

Expectations for the year ahead



## 3.85%

Expected bank rate  
to end 2025

Source: HM Treasury, Average of Independent Forecasts, May 2025

## 3%

Expected CPI inflation  
to end 2025

Source: HM Treasury, Average of Independent Forecasts, May 2025

## 4–5%

Expected mortgage  
rates throughout 2025

Source: Zoopla

## Interest rate expectations

The Bank of England cut interest rates by 25 basis points in May, bringing the base rate to 4.25%<sup>1</sup>, welcome news for borrowers. CPI inflation rose to 3.5% in April from 2.6% in March, driven by higher household bills<sup>2</sup>. This stronger-than-expected inflation has the potential to shift interest rate forecasts, at the moment consensus forecasts compiled by HM Treasury in May forecast an average rate of 3.85% by Q4.

## Mortgage moves

Average mortgage rates remain below last year's levels, with the typical two-year fixed at 4.62% and the five-year at 4.58%, down 0.78% and 0.45% respectively<sup>4</sup>. Mortgage rates are expected to remain relatively stable between 4–5% for the rest of the year<sup>5</sup>. In response to higher-than-expected inflation, major lenders including Santander, Nationwide, and Halifax have slightly increased mortgage rates, reversing recent cuts. This follows a 0.3 percentage point rise in swap rates.

## Relaxing affordability criteria

At the same time as lower mortgage rates easing affordability pressures, several lenders have relaxed their affordability criteria, enabling buyers to borrow up to 13% more than previously<sup>6</sup>. Stress testing requirements have been revised, with borrowers now being assessed against mortgage rates of 6–7% instead of the previous 8–9%. As a result, this measure is expected to play a crucial role in helping drive more sales transactions.

<sup>1</sup>Bank of England, <sup>2</sup>ONS, <sup>3</sup>Reuters, <sup>4</sup>Rightmove, <sup>5</sup>Zoopla, <sup>6</sup>Halifax



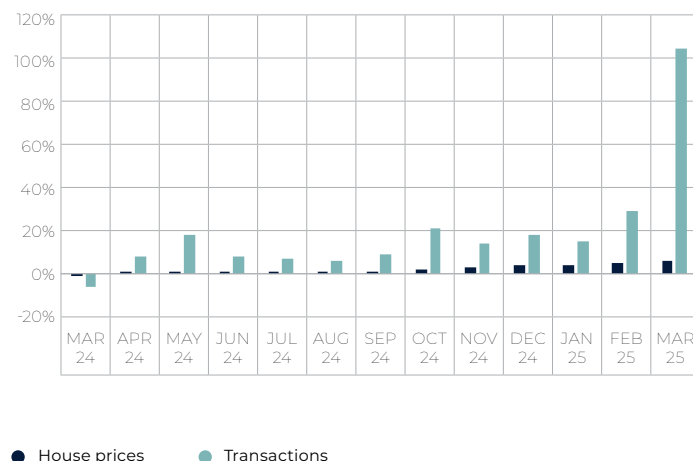
# NATIONAL

## MARKET CONDITIONS

Average house prices rose by 6.4% to £271,000 in year to March 2025, up from 5.5% in February, marking the strongest annual increase since December 2022<sup>1</sup>. The North East led regional gains at 14.3%, followed by Northern Ireland and Yorkshire and The Humber at 9.5% respectively. All regions recorded price rises with London seeing the most moderate uplift of 0.8%. This difference in regional performance is driven by different patterns of affordability. For 2025 as a whole, a more measured pace of growth is currently forecast. House prices are forecast to rise by 1.3% in 2025, increasing to 2.3% in 2026<sup>2</sup>.

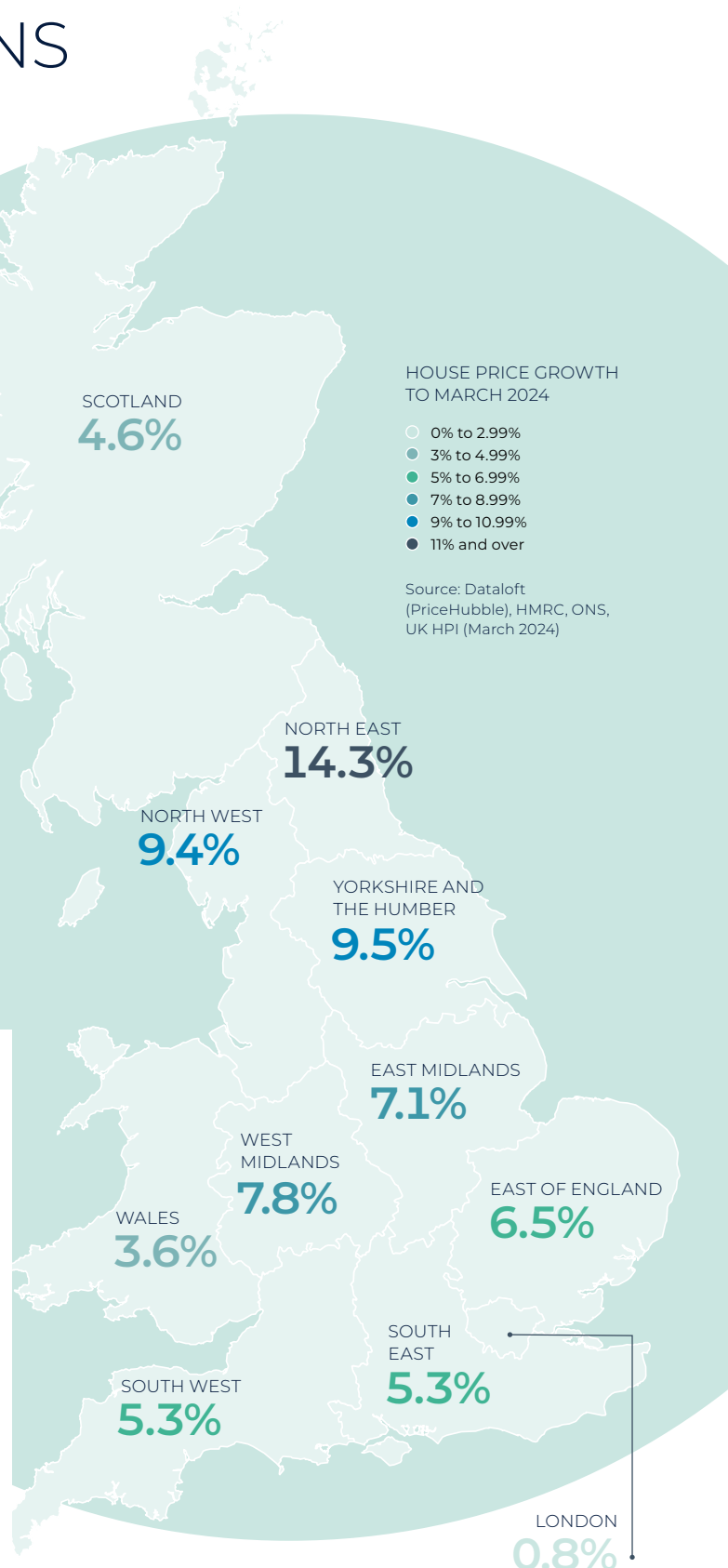
<sup>1</sup>ONS, UK HPI, <sup>2</sup>HM Treasury April 2025, Average of Independent Forecasts

Annual change in house prices and transactions, March 2025



Source: Dataloft (PriceHubble), HMRC, ONS, UK HPI (March 2025)

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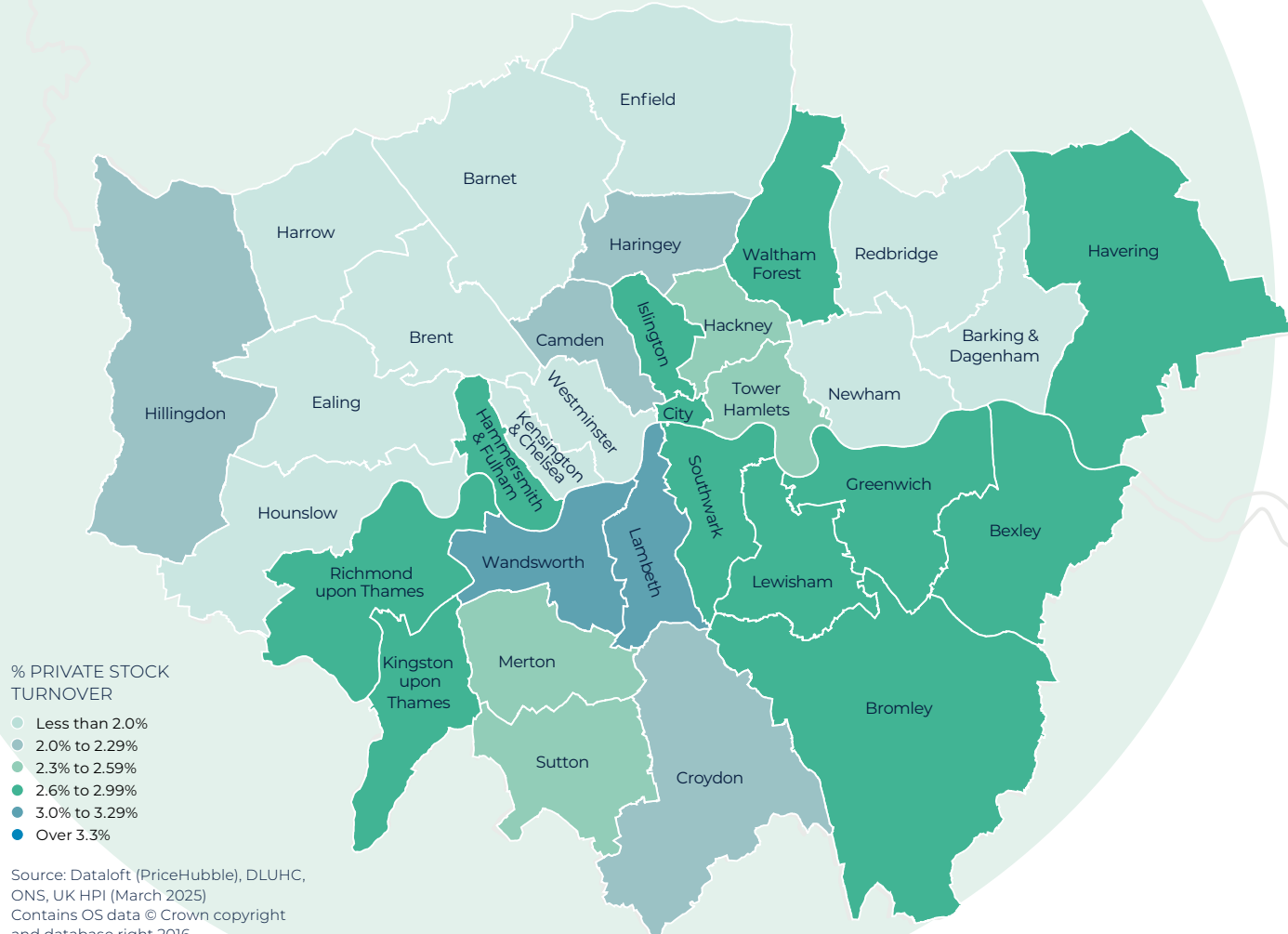


# REGIONAL ACTIVITY

## LONDON

Transaction levels in March reached 164,650 - well above the 20-year average of 97,700<sup>1</sup>. This made March the fifth-highest monthly rate for transactions in the past 20 years, driven largely by first-time buyers rushing to beat the stamp duty deadline on 1st April. Transaction levels fell sharply by 64% between March and April due to some demand being pulled forward, however recent interest rate cuts are helping cushion any slowdown

in market activity. Early signs suggest the market is adjusting to the higher stamp duty tax, with the level of agreed sales falling through holding steady and most buyers who missed the deadline still going ahead. Across London, the most active housing markets are currently those of Wandsworth, Lambeth and Richmond upon Thames, where close to one in every 31 properties has changed hands in the past year.



## Adjusting market

<sup>1</sup>HMRC, <sup>2</sup>Rightmove

# 9.1%

Redbridge

Current annual  
rate of price  
change (%)

Source: Dataloft (PriceHubble),  
ONS, UK HPI (March 2025)

## Picking up the pace

Homes took an average of 36 days to sell in April, faster than 38 days during the first three months of the year<sup>1</sup>. As the housing market usually picks up pace in spring, the second quarter is typically the busiest time for sales activity, with Q2 sales on average five days faster than in Q1 and 10 days quicker than in Q4.

<sup>1</sup>Dataloft by PriceHubble using Information Works data, average number of days on the market for all properties that went under offer or SSTC in the month.

# 41 days

Average time to sell in  
Greater London

Source: Dataloft by PriceHubble using Information Works data, April 2025, average number of days on the market for all properties that went under offer or SSTC in the month.

## Building Ambitions

Over 211,000 new homes were built in the year to the end Q1 2025, marking a 16% quarterly drop and a 14% fall year-on-year. The Government has pledged to deliver the challenging target of 1.5 million homes over this Parliament, supported by major planning reforms in 2024. Ambitions are high, with the Office for Budget Responsibility estimating that this spring, housebuilding would rise to its highest level in 40 years and contribute to the UK's economic growth.

# 211,000

New homes built in the year  
to end Q1 2025

Source: DLUHC

## Current annual rate of price change (%)

RANK		CURRENT ANNUAL RATE OF PRICE CHANGE (%)	AVERAGE HOUSE PRICE
1	REDBRIDGE	9.1	£492,390
2	HAVERING	8.9	£449,753
3	LEWISHAM	8.6	£488,497
4	BARKING AND DAGENHAM	8.3	£370,501
5	BROMLEY	6.6	£520,839
6	HILLINGDON	6.5	£481,197
7	HARROW	6.4	£540,181
8	MERTON	6.4	£614,520
9	HARINGEY	5.9	£645,361
10	KINGSTON UPON THAMES	5.5	£591,829
11	ENFIELD	5.1	£471,549
12	SOUTHWARK	4.8	£593,888
13	WALTHAM FOREST	4.5	£522,282
14	CROYDON	4.5	£408,259
15	RICHMOND UPON THAMES	4.5	£775,935
16	BRENT	3.1	£569,764
17	BEXLEY	2.9	£408,318
18	TOWER HAMLETS	1.9	£497,367
19	HOUNSLOW	1.8	£528,150
20	EALING	1.7	£570,931

Source: Dataloft (PriceHubble), ONS, UK HPI (March 2025)

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Analysis by Dataloft

## **data**loft

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