

May 2025

MARKET UPDATE

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May Market Activity

May has been a busy month with a couple of Bank Holiday weekends, a trade agreement with the US, a cut to the base rate to its lowest point since March 2023, inflation rising to its highest level in just over a year, the highest month for new listings since August 2020, over 100,000 price reductions, the best month for sales agreed since April 2022 and the best May sales results in four years, plus a new record for house prices according to the Land Registry.

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UK Property Listings Hit a 13-Year High

The UK property market saw an unprecedented surge in available listings in May 2025, with stock levels reaching their **highest point** since October 2013. This significant increase—30% above the monthly average since May 2020—can be attributed to a **growing number of sellers** entering the market and longer times to sell properties. Sellers appear highly motivated, reflected in the over **100,000 price reductions** recorded in May—a 66% increase compared to historical averages.

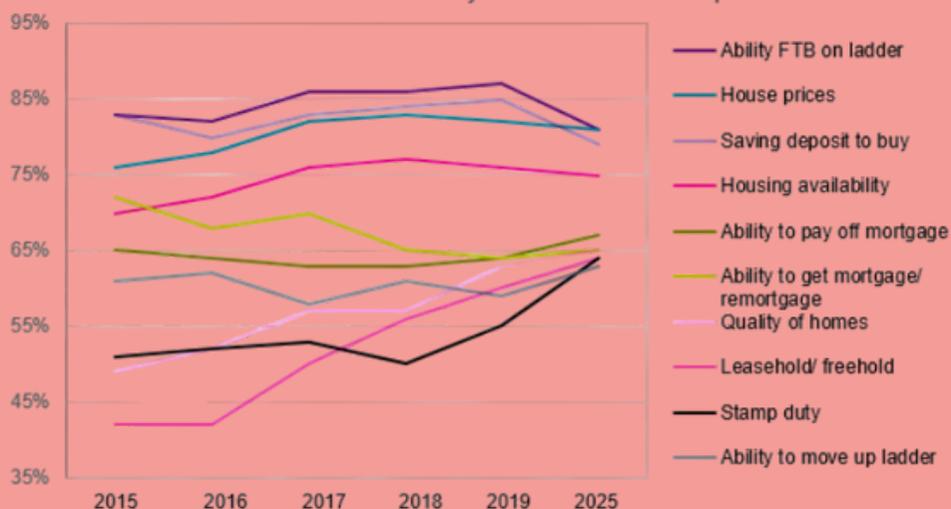
While this abundance of options has created opportunities for buyers, sellers are finding it essential to competitively price their properties to secure a sale in this buyer-favored market.

First-Time Buyers Lead the Market

Despite financial hurdles, first-time buyers (FTBs) remain a pivotal force in the UK housing market. In the past 12 months, **67%** of home purchases were made by this group, highlighting their critical role in maintaining market activity.

The "Bank of Mum & Dad" continues to be a significant enabler, providing an average contribution of **£55,572 per buyer**. While this support helps bridge the affordability gap, the percentage of FTBs receiving assistance dropped slightly from 57% in 2023 to 52% in 2024, signalling an increasing reliance on personal savings and innovative financing solutions. This resilience ensures that FTBs remain central to sustaining momentum in the market.

Top 10 Housing Concerns trend (among UK adults)
% of UK adults very/ somewhat serious problem

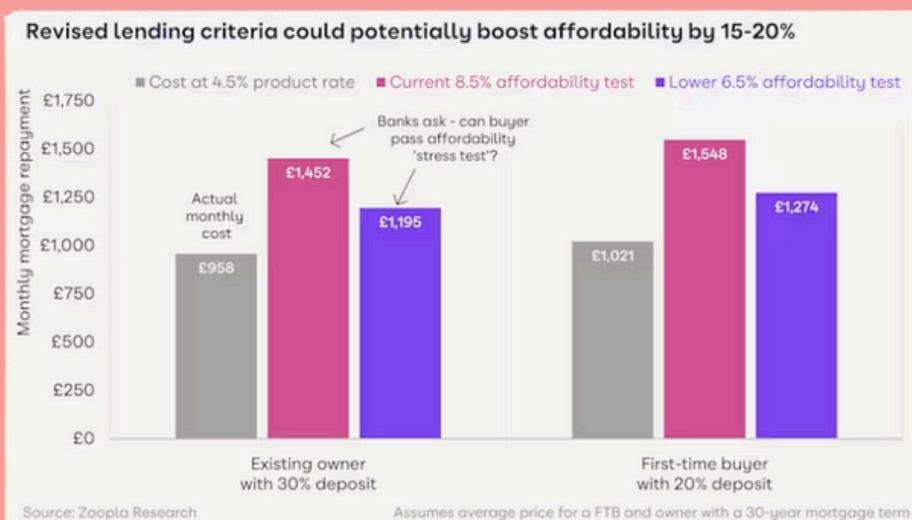


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Mortgage Affordability Rules Relaxed

Recent shifts in mortgage affordability rules and reduced fixed rates have greatly **improved the accessibility** of home financing. Major lenders such as Barclays, Nationwide, and HSBC have relaxed stress-testing criteria and enhanced loan-to-value ratios, allowing borrowers to secure **higher loan** amounts.

For example, Barclays increased its maximum loans for high LTV (loan-to-value) purchases, enabling buyers with a 10% deposit to access homes in higher price brackets. As a result, borrowers are now able to secure an average of **£28,000 to £39,000 more**, depending on their financial profile. These changes are expected to stimulate demand, especially among first-time buyers and young families



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Renovation Over Relocation

A growing number of UK homeowners are opting to **stay put** and invest in their properties rather than navigate the high costs and stress of moving.

In 2025, renovation budgets averaged £15,788—a dramatic increase from £5,600 in 2020. High moving expenses, limited suitable listings, and rising stamp duty costs are key factors influencing this trend.

Data also reveals that **90% of additional borrowing** applications were for home improvements, indicating that many homeowners view upgrading their current property as a more affordable and practical choice than purchasing a new one.

Positive Sentiment in the Real Estate Sector

Confidence in the UK real estate market has rebounded impressively.

According to a landmark survey from UKREiF, **positive sentiment** among industry professionals rose from 52% to 70%, with negative sentiment dropping to just 6%. This shift reflects a decisive improvement in market conditions, including robust buyer demand, better mortgage accessibility, and stabilized economic indicators.

Further, 72% of conveyancers expressed confidence in the market's stability, marking a significant increase from previous years. These findings underscore a growing optimism that is likely to drive both **investment and activity** in the coming months

Conclusion

Plenty of choice for buyers, sellers willing to adjust their pricing expectations, strong competition between lenders driving interest rates down, less stringent affordability testing, and stable market conditions are all helping to support supply and demand, which is creating an environment conducive to enhanced activity.

As always, the UK property market seems to defy odds and continue to perform well despite everything that is thrown at it with forecasts of modest house price growth and a 5% rise in transactions still widely reported to be on the cards by the end of the year.

THINKING OF MOVING?

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