

UK Housing Market Update

UK housing market shows surprising resilience as activity stabilises and values hold pace

House prices grew by 0.5% in September, according to Nationwide.

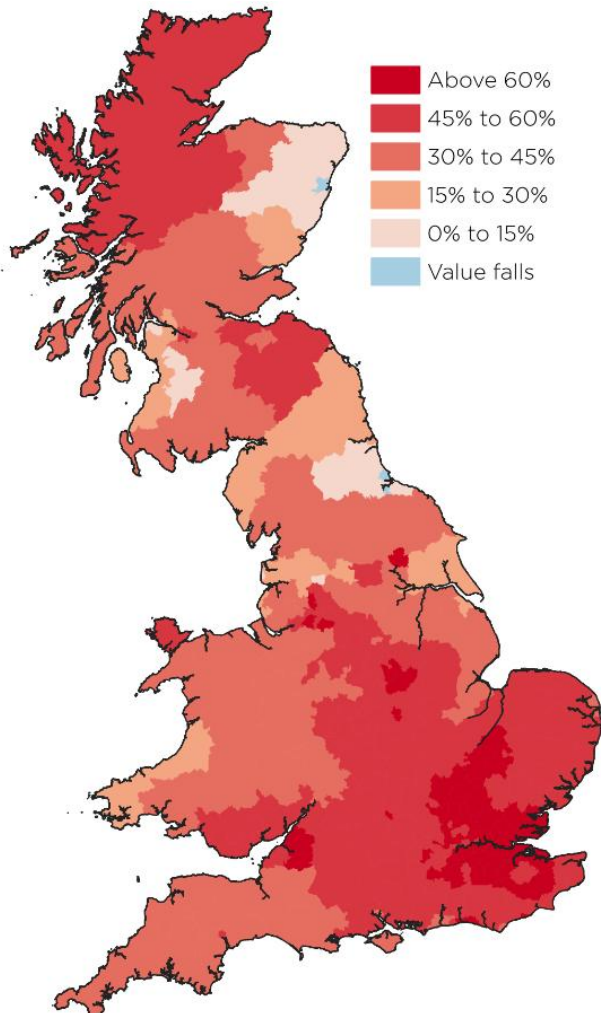
That put price growth at 1.1% over the last three months and 2.5% over the last year, surprisingly strong numbers given the lingering uncertainty in the market. There is a clear North-South split, with the North East and Yorkshire and the Humber seeing 5.2% and 3.9% annual growth, compared to less than 1% across the South and London.

National activity levels are broadly in line with pre-Covid norms.

Sales agreed were 5% above the 2017-19 average in September, whilst mortgage approvals were only 4% below the 10 year average in August. The number of completed transactions in August was 10% below the 2017-19 level, but given the strength of other indicators this may still be part of normalisation following the April SDLT change.

There is more activity in the North, where price growth is strongest. Exchange numbers over the last six months were above the pre-pandemic average in the North, but below in the South and Midlands. London was above pre-pandemic levels, but this compared to a weaker 2017-19 market. Demand for properties above £500,000 has declined ahead of the Budget, according to Zoopla, and [we have seen lower sentiment in prime markets](#). This is due to speculation around property taxes on higher value homes, which would disproportionately affect higher value markets in London and the South.

Figure 1 House price growth to Jun-25 since 07/08 peak



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

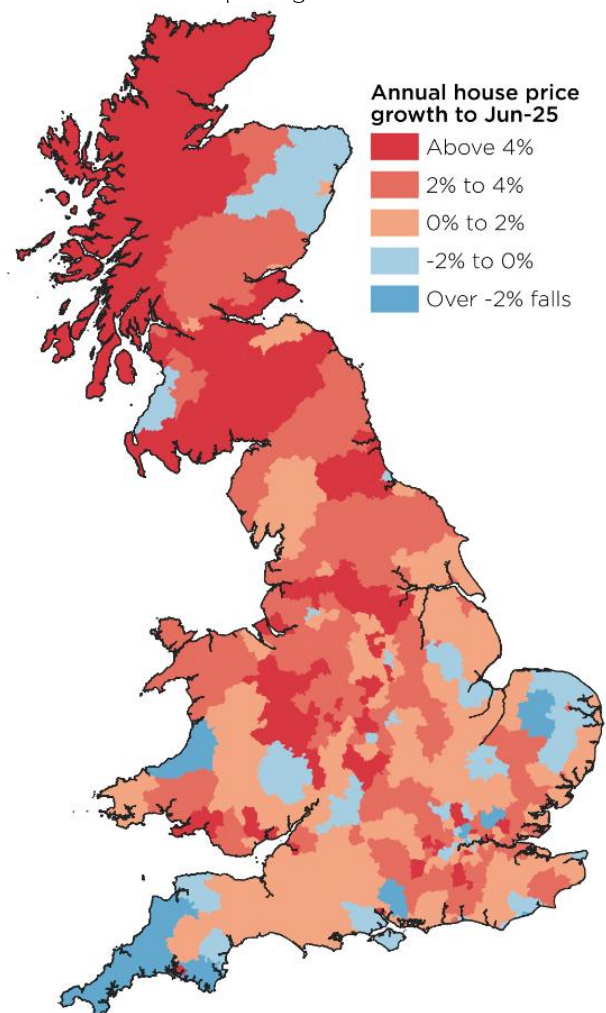
The outlook for both house prices and activity levels looks

increasingly challenging, despite improved affordability. Lower mortgage rates alongside relatively strong wage growth have improved the affordability of buying a house over the last year. But consumer confidence remains subdued and the RICS survey for September has reported fewer buyer enquiries and fewer instructions to sell for the second month in a row.

Affordability improvements may be on pause as inflation remains sticky. In its September meeting, the Bank of England Monetary Policy Committee voted to hold the base rate at 4%, citing persistent inflation. While initially forecasting a further base rate cut in Q4, Oxford Economics are now forecasting the next cut to come in Q1 2026 as the forthcoming Budget falls awkwardly between the last two meetings in 2025. As a result, mortgage rates will largely be held until base rate cuts resume again.

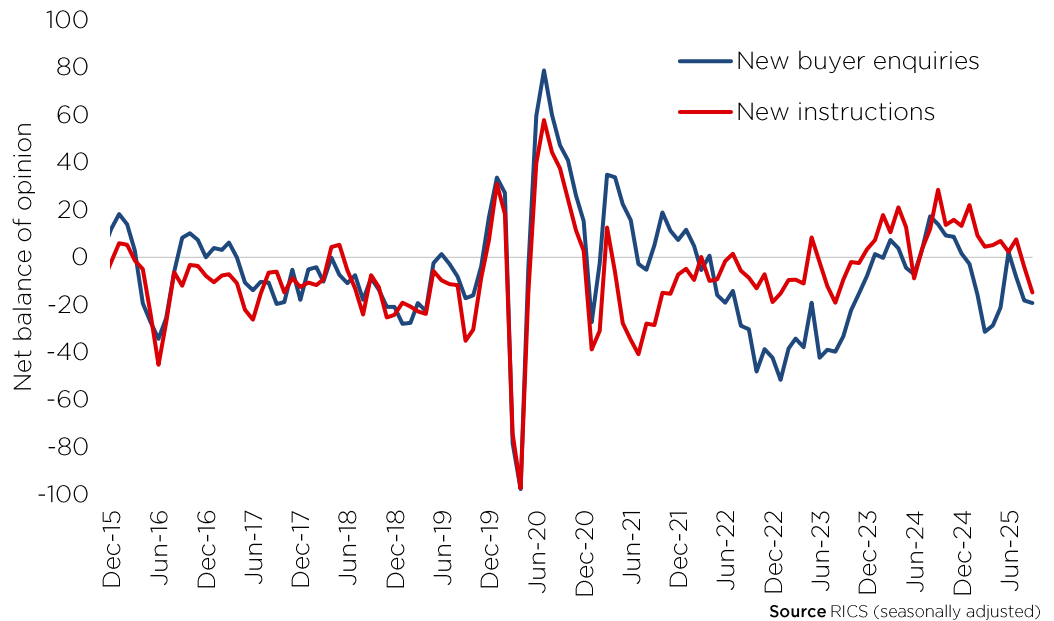
More localised house price data from June shows that areas with the greatest value growth were in Scotland and the North, chiefly North Lanarkshire and Middlesbrough with prices up 8.4% and 8.2%, respectively. Fewer regions are seeing prices fall, with just 14% of local authorities seeing price falls. Ceredigion and Barnet saw the most significant price falls of -7.5% and -4.4%.

Figure 2 Annual house price growth to Jun-25



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

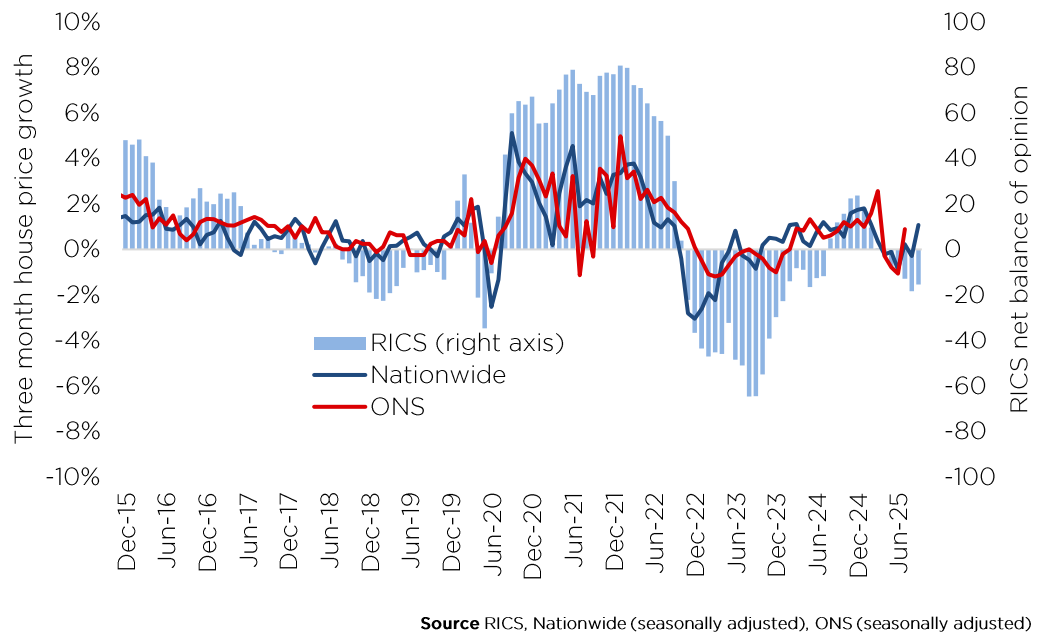
Figure 3 Surveyors reported a further drop in new buyer enquiries in September



The majority of surveyors reported new buyer enquiries falling further into negative sentiment. The Budget announcement may have spooked buyers in certain parts of the market.

New instructions fell further this month. The dip into negative territory in August, the first time both measures have been negative since June 2024, and the further falls in September could lead to a quieter market heading into the last quarter of the year.

Figure 4 Nationwide reported a surprisingly strong September while RICS was down

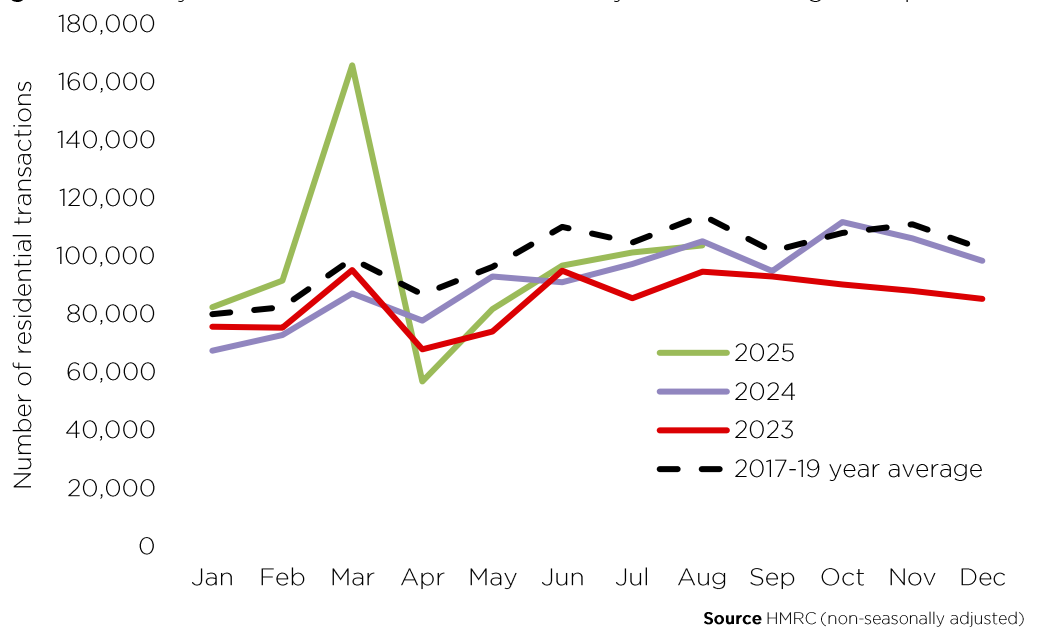


Price indicators are presenting a mixed picture. The RICS survey, which can be a good early indicator of house price movements, saw an increased majority of surveyors reporting price falls.

Nationwide, however, reported a surprisingly strong September, with house prices growing by 1.1% on a three monthly-basis. This may be reflecting some of the initial weakness in the aftermath of the SDLT changes.

The more lagged ONS index reported 0.9% growth in July.

Figure 5 Monthly transaction volumes still affected by the SDLT changes in April



In August, there were 103,610 transactions according to HMRC. This took transaction numbers 10% below pre-Covid norms, in line with the weaker market of 2024. This was a surprisingly poor outturn, following the relatively strong July figure and the strength of other indicators, including sales agreed and mortgage approvals.

Outside of SDLT changes and other market disruption, August is usually the peak month for transaction completions. Numbers may improve over the rest of 2025, but buyers and sellers may seek to delay deals amidst market and budget uncertainty

Annual rental growth across the UK in August was 2.5% according to Zoopla, a slight acceleration from 2.4% in July. This comes despite RICS surveyors reporting a slight dip in tenant demand.

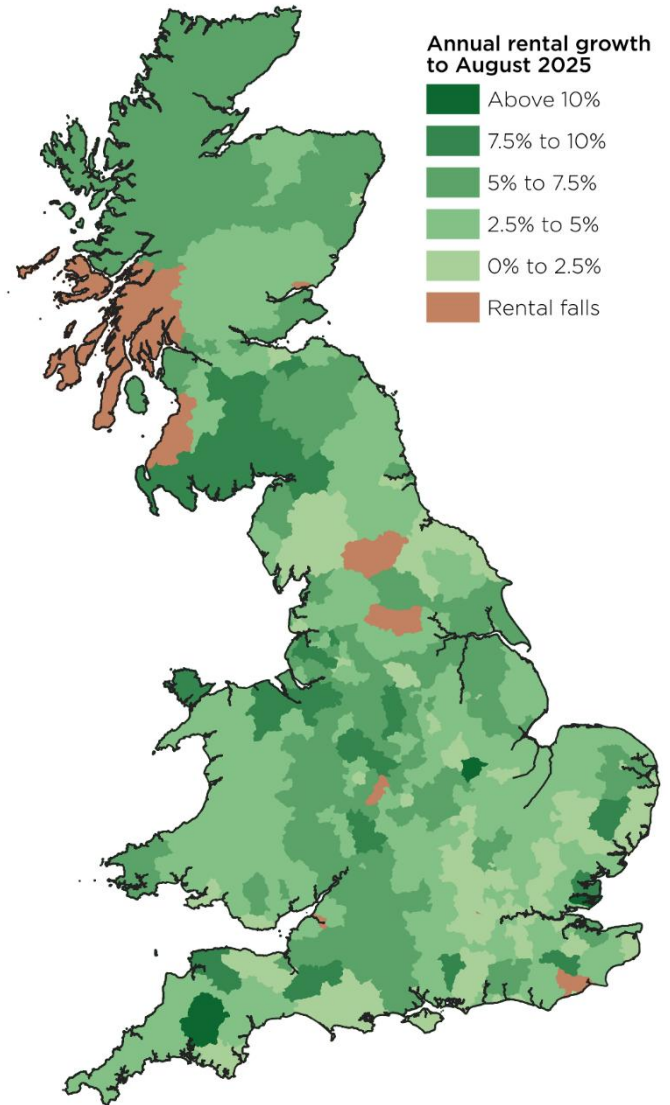
The Renters' Rights Bill is nearing its final stages, and landlords are waiting to find out what the expected transition period will look like. There are warnings that implementing these changes could create an uncertain market as new rules come into force, but the pace and scale of change remains unknown. RICS surveyors continued to report landlords leaving the market as a result of legislative changes. The National Residential Landlord Association, however, reported a boost in landlord confidence, possibly indicating adaptiveness from landlords looking to remain in the sector.

Table 1 Regional rental growth to August 2025

	m/m	q/q	y/y
UK	0.5%	1.1%	2.5%
London	0.5%	1.1%	1.9%
South East	0.3%	0.8%	2.6%
East of England	0.3%	0.8%	2.9%
South West	0.5%	1.4%	3.3%
East Midlands	0.2%	0.8%	2.4%
West Midlands	0.3%	0.6%	2.1%
North East	0.6%	1.2%	4.9%
Yorkshire and the Humber	0.7%	1.9%	1.2%
North West	0.8%	2.1%	3.7%
Wales	0.4%	1.1%	3.3%
Scotland	0.4%	0.8%	1.5%

Source Zoopla Rental Index powered by Hometrack

Figure 6 Annual rental growth to August 2025



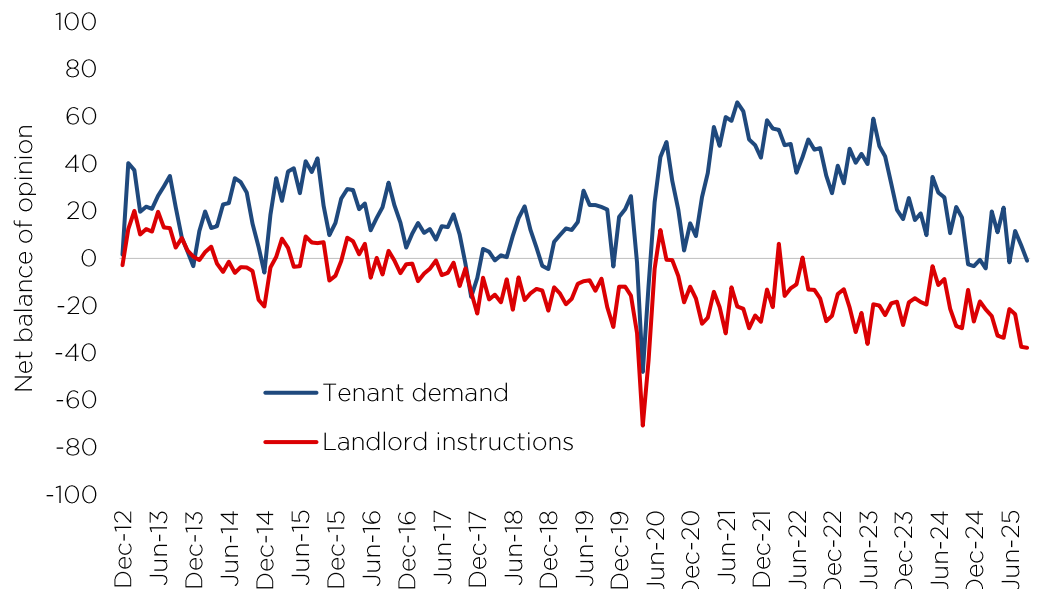
Source Zoopla Rental Index powered by Hometrack

The RICS survey showed that landlord instructions dipped to their lowest level ever (excepting the extraordinary circumstances of April 2020).

September typically marks the start of a slowing rental market heading towards the end of the year. People are typically more settled with the start of the school year and graduate schemes in September. This could explain why tenant demand dipped into negative territory.

Slowing tenant demand could see rental growth remain steady.

Figure 7 Landlord instructions dipped to their lowest level ever (outside the pandemic)



Source RICS

Table 2 Rental forecasts (published November 2024)

Region	2025	2026	2027	2028	2029	5 years to 2029
UK	4.0%	3.5%	3.0%	3.0%	3.0%	17.6%
London	2.5%	2.5%	2.5%	3.0%	3.0%	14.2%

Source Savills

Table 3 Recent house price growth

	Nationwide (Regions to Q3 2025, UK to September 2025)			ONS (to July 2025)			Savills* (to June 2025)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.5%	0.3%	2.2%	0.5%	2.0%	3.3%	0.0%	-0.3%	2.4%
London	-	0.0%	0.6%	-0.2%	3.2%	2.2%	-0.2%	-0.7%	1.3%
South East	-	-1.1%	0.3%	0.4%	5.2%	4.8%	0.0%	-0.6%	1.6%
East of England	-	0.3%	1.2%	0.4%	2.7%	2.7%	-0.2%	-0.7%	1.3%
South West	-	-0.4%	0.9%	-0.3%	1.7%	1.2%	-0.1%	-1.3%	0.8%
East Midlands	-	1.1%	2.8%	-0.5%	0.8%	2.0%	0.0%	-0.2%	1.8%
West Midlands	-	1.1%	3.1%	1.4%	3.4%	1.3%	0.1%	0.0%	3.0%
North East	-	0.9%	5.2%	0.0%	-0.9%	0.7%	0.1%	0.1%	4.3%
Yorks & Humber	-	2.0%	3.9%	0.3%	4.3%	3.3%	0.2%	0.0%	3.1%
North West	-	0.4%	3.2%	0.0%	5.6%	7.9%	0.2%	-0.1%	3.3%
Wales	-	0.7%	3.1%	0.3%	2.7%	2.8%	-0.1%	0.1%	2.9%
Scotland	-	0.0%	3.1%	0.0%	0.0%	2.5%	0.4%	1.2%	3.7%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

Table 4 Mainstream house price forecasts (published July 2025)

Region	2025	2026	2027	2028	2029	5 years to 2029
UK	1.0%	4.0%	6.0%	6.0%	5.5%	24.5%
London	0.0%	2.5%	4.5%	5.0%	3.5%	15.3%
South East	1.0%	3.5%	5.0%	5.0%	4.5%	20.4%
East of England	-1.0%	3.0%	5.5%	5.5%	5.0%	19.2%
South West	0.0%	3.0%	5.0%	5.5%	5.5%	20.4%
East Midlands	-1.0%	3.5%	5.5%	6.0%	5.0%	20.3%
West Midlands	2.5%	5.0%	6.0%	6.0%	5.5%	27.6%
North East	2.0%	4.5%	6.0%	6.0%	5.5%	26.4%
Yorks & Humber	2.0%	4.5%	6.5%	6.5%	6.0%	28.2%
North West	2.5%	5.0%	7.0%	7.0%	6.5%	31.2%
Wales	5.5%	6.0%	6.0%	6.0%	5.0%	28.2%
Scotland	2.5%	5.5%	6.5%	6.5%	5.5%	29.4%

Source Savills

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*Savills index is an unadjusted repeat sales index based on HM Land Registry and Registers of Scotland price paid data. Note that Savills national index (labelled UK) is for Great Britain, not including Northern Ireland.

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