

UK House Price Index

+1.4%

UK house price inflation
(August 2025)

-11%

Decline in buyer
demand for homes
over £1m

+2.8%

House price inflation in
markets with average
prices below £200,000

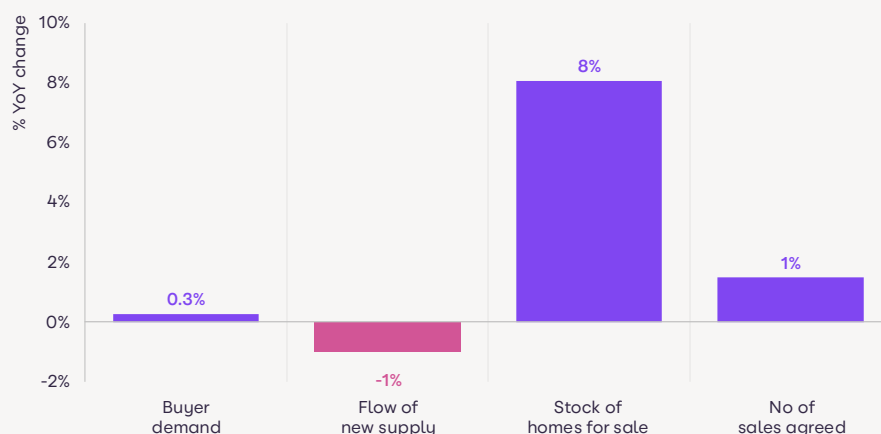
Executive summary

- House price inflation running at 1.4% to August 2025
- Pre-Budget tax speculation hits activity for higher-value homes – demand down 11% for homes priced at £1m+ and fewer new listings over £500,000
- Stronger price inflation in more affordable areas - up to +2.8%
- Mortgage rates stable at 4-5%, supporting demand but unlikely to fall in the near term
- North/south divide in price inflation and activity widens - weaker southern England and stronger rest of UK
- Market activity is set to plateau in coming weeks, but serious buyers and sellers shouldn't put decisions on hold

“Pre-Budget speculation over possible tax changes is impacting market activity for homes over £500,000. The rest of the mainstream housing market is carrying on, largely unaffected.”

Richard Donnell
Executive Director

More sales agreed but new buyer demand slips on Budget uncertainty



Source: Zoopla Research

% change - 4 weeks to 21 Sept 2025 compared to the same period in 2024

33%

Proportion of homes
for sale
over £500,000

Budget uncertainty starting to impact home buyers

UK homebuyers have returned to the market in strength over the past two years, fueling a sustained recovery in housing sales. The average agent has 36 homes for sale, a fifth more than in 2023 and 8% higher than this time last year¹. Sales agreed also continue to climb as committed buyers move to secure homes this autumn.

In recent weeks, however, speculation over potential tax changes has begun to weigh on activity. Our data shows both buyer demand and new listings for homes priced above £500,000 have fallen compared to a year ago, as buyers take stock ahead of Autumn Budget.

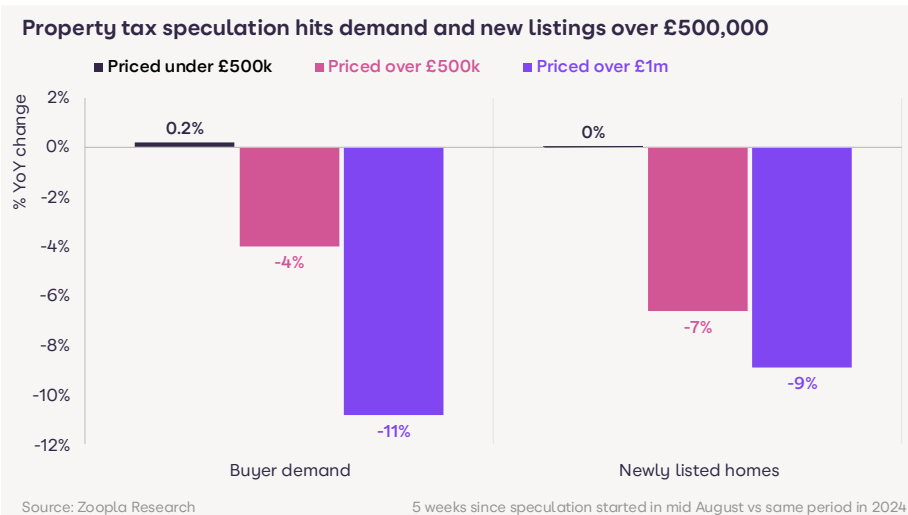
The uncertainty was sparked by a series of policy papers reported in the media during August. Proposals ranged from abolishing stamp duty and replacing it with an annual property tax on homes sold above £500,000, to a council tax revaluation, and even taxing capital gains on sales above £1.5m. None of these ideas came directly from the government, but they were presented as “options ministers are considering”, which has been enough to unsettle parts of the market.

Property tax speculation hits demand and new listings

One in three homes currently on the market for sale is priced above £500,000, with 8% over £1m. Over the past five weeks, buyer demand for homes priced at £1m+ has fallen 11% compared to the same period last year, while demand for properties above £500,000 is down 4%.

Sellers are also holding back, with 9% fewer £1m+ homes and 7% fewer £500,000+ homes listed for sale. In contrast, demand and new supply across the rest of the market remain in line with last year, showing that Budget speculation is having less of an impact on activity across the wider mainstream market.

London and the South East have the most homes for sale over £500,000, which is where the impact of this speculation on market activity will be felt more strongly in the coming weeks.



3.1%

House price inflation
in the North West
England

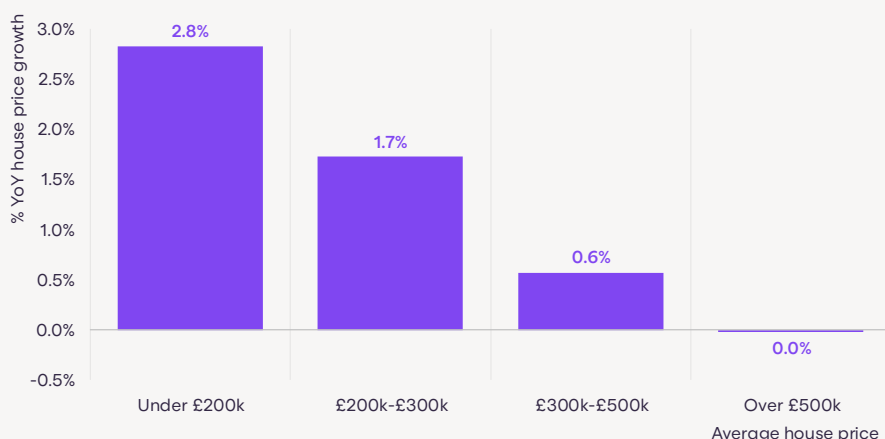
UK house price inflation running at 1.4%

UK house price inflation has been slowing in recent months. Average house prices in August were 1.4% higher than a year ago, down from 1.9% annual growth in December 2024. The average UK house price has increased by £4,350 over the last year, standing at £271,000 now.

House price inflation remains weakest across southern England with prices rising by less than 0.5% across London, the South East, the South West and the East of England. All other areas of the UK are registering annual price inflation of between 1.4% and 7.9% in Northern Ireland. House prices in the North West are 3.1% higher.

Higher stamp duty costs since April and greater affordability constraints are a drag on price inflation across southern England, but less of a challenge for homebuyers across other parts of the UK.

Affordability matters: House prices rise in lower value markets



Source: Zoopla House Price Index

Average house price inflation by average price per postcode area. Aug 2025

Market resilient in more affordable areas

There is a clear link between average home values and house price inflation in a local area. Prices are rising fastest, by an average of 2.8%, in lower-value markets with average house prices below £200,000. In contrast, house prices are barely increasing in local markets with average house prices higher than £500,000.

House prices are rising by more than 4% in five postal areas including Kirkcaldy (KY) to the north east of Edinburgh, Oldham (OL) in North West England, Tweeddale (TD) covering the eastern side of the Scottish Borders, Motherwell (ML) to the south of Glasgow and Llandrindod Wells (LD) in Wales, north of Cardiff.

Prices continue to register annual falls of more than 1% across southern England, led by Bournemouth (BH), Truro (TR), Exeter (EX) and Torquay (TQ) alongside parts of central London (WC and EC). Council tax changes for second home owners is seeing more homes listed for sale, which is impacting price inflation.

4.1%

Average mortgage rate
for a 5-year fixed-rate loan
at 75% loan-to-value

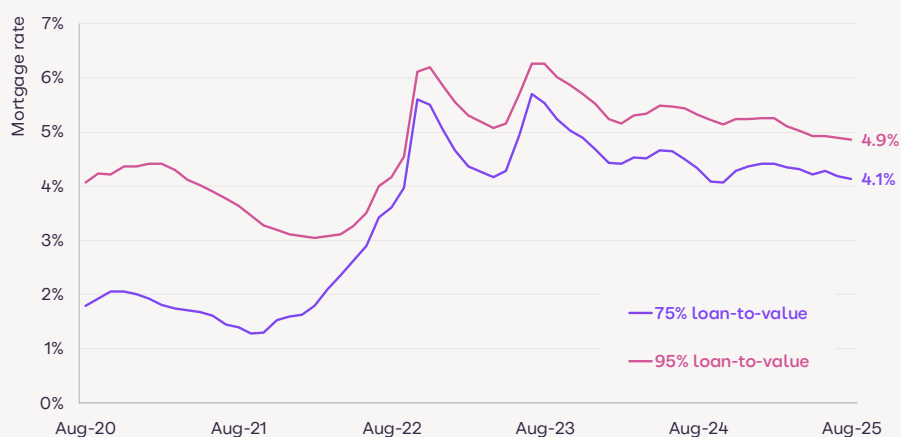
Mortgage rates stable between 4% and 5%

Greater stability in mortgage rates is one reason why there has been a sizeable recovery in housing market activity after the shock of average rates increasing sharply over 2022 and 2023.

Average mortgage rates for new loans are currently between 4% and 5% for a 5-year fixed rate deal², depending upon the size of the loan. Earlier in 2025, expectations were that base rates would fall faster, helping to reduce mortgage rates further, but this was not the case.

While mortgage rates remain stable, homebuyers can afford to borrow 20% more than six months ago with the same mortgage rate and with the same income as lenders have changed their affordability criteria. This has supported demand for homes in recent months, especially amongst first-time buyers and in areas with more affordable house prices.

Average mortgage rates have stabilised but they are not falling



Source: Bank of England, Bankstats

Average rate quoted for new business - 5-year fixed-rate loan

Outlook

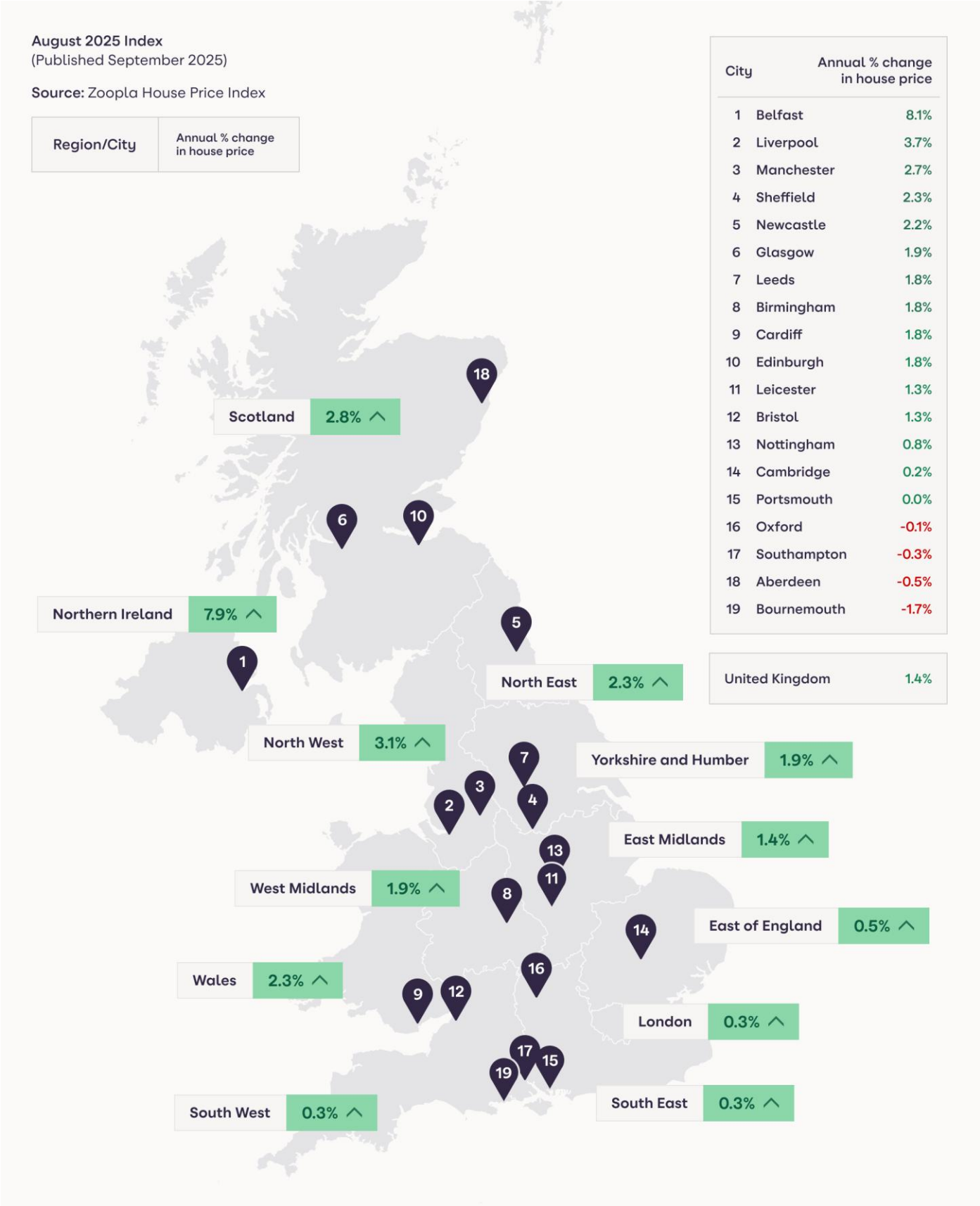
The sustained upward momentum in housing activity over the last 18 months will start to plateau in the coming weeks as Budget uncertainty impacts home-buying decisions. Budget speculation is always a factor for homebuyers, but this year possible changes appear to have been more heavily trailed. While it may well come to nothing, there is already a clear market impact starting to emerge.

Weaker demand and fewer listings of higher value homes is driven as much by hopes of savings on stamp duty as concerns over what a new tax may look like. Activity across the mass market remains stable compared to a year ago and prices are rising more quickly where there is affordability, reinforcing the north/south divide.

Given that it takes 6-7 months to agree to buy a home and then complete on a purchase, and the Budget is just 2 months away, serious buyers shouldn't delay their decisions.

House Price Index - Country, region and city summary

Note: The Zoopla house price index is a repeat sales-based price index, using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.



Zoopla House Price Index, city summary, August 2025 index

Sparklines show last 12 months trend in annual and monthly growth rates - red bars are a negative value - each series has its own axis settings providing a more granular view on price development.

	Average price	%YoY Aug-25	%YoY Aug-24	Monthly trend	Annual trend
United Kingdom	£271,000	1.4%	0.9%		
20 City Composite	£311,100	1.1%	1.3%		
Belfast	£193,100	8.1%	6.3%		
Liverpool	£166,300	3.7%	2.5%		
Manchester	£234,600	2.7%	2.7%		
Sheffield	£176,800	2.3%	1.7%		
Newcastle	£160,900	2.2%	2.2%		
Glasgow	£158,200	1.9%	3.4%		
Birmingham	£214,400	1.8%	1.7%		
Leeds	£215,800	1.8%	2.0%		
Cardiff	£258,500	1.8%	1.5%		
Edinburgh	£279,500	1.8%	1.3%		
Leicester	£230,200	1.3%	0.1%		
Bristol	£343,300	1.3%	1.1%		
Nottingham	£205,900	0.8%	1.2%		
London	£536,200	0.3%	0.4%		
Cambridge	£467,900	0.2%	0.7%		
Portsmouth	£276,900	0.0%	-0.3%		
Oxford	£452,500	-0.1%	1.5%		
Southampton	£258,800	-0.3%	1.1%		
Aberdeen	£136,200	-0.5%	-1.6%		
Bournemouth	£323,700	-1.7%	0.7%		

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

Contacts

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