

December 2025

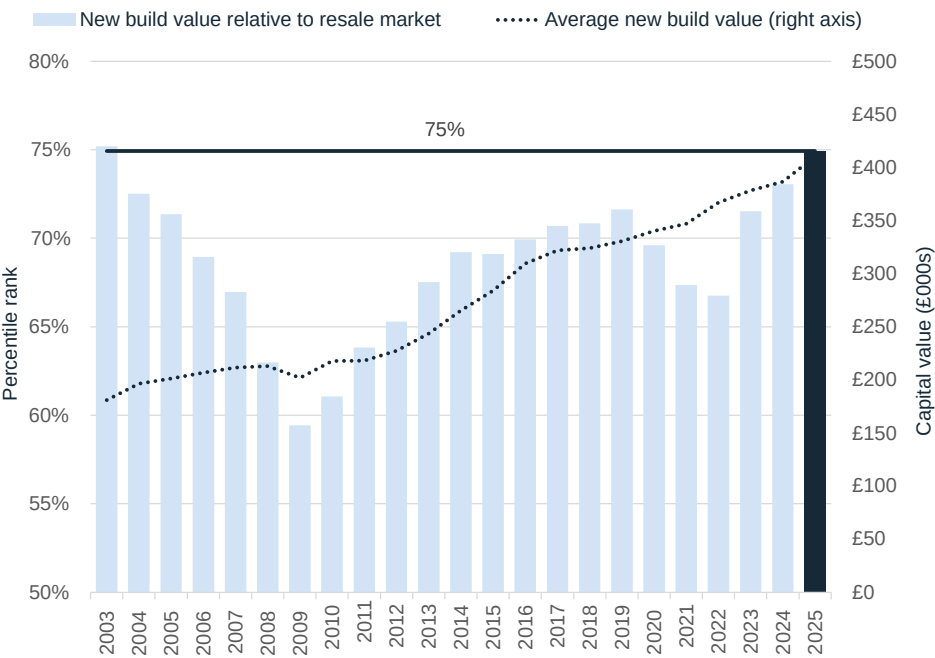
NEW BUILD PRICING REPORT





New Build Property Values at Highest Level Relative to Resale Market in Twenty Years

FIGURE 1: AVERAGE NEW BUILD VALUE RELATIVE TO UK RESALE MARKET



Source: Hometrack

Average values of new build homes have shown a growing orientation towards the upper end of the housing market since 2022. Compared to resale values and adjusted for location, property type and size, new build properties transacting and being valued in 2025 are sitting on average in the 75th percentile of the resale market. The last time new build pricing was this far from average resale values was in 2003. These findings suggest that the current new build market is catering increasingly less towards mainstream and first-time buyers and more on larger families, affluent households, and home movers.

The shifting orientation is the culmination of structural changes that

increased the price of delivering new build homes while affordability constraints have tightened. Developers are having to navigate new taxes, regulations, and requirements such as the Residential Property Developer Tax, Building Safety Levy, and Biodiversity Net Gain at a time when the costs of materials, labour, and borrowing have grown significantly. Meanwhile, buyer affordability has suffered due to the ending of Help to Buy and higher mortgage rates. It is important that the homes we build become safer and more sustainable. Yet the reality is that doing so has increased costs when market conditions have been especially challenging, distorting what is getting built and where.

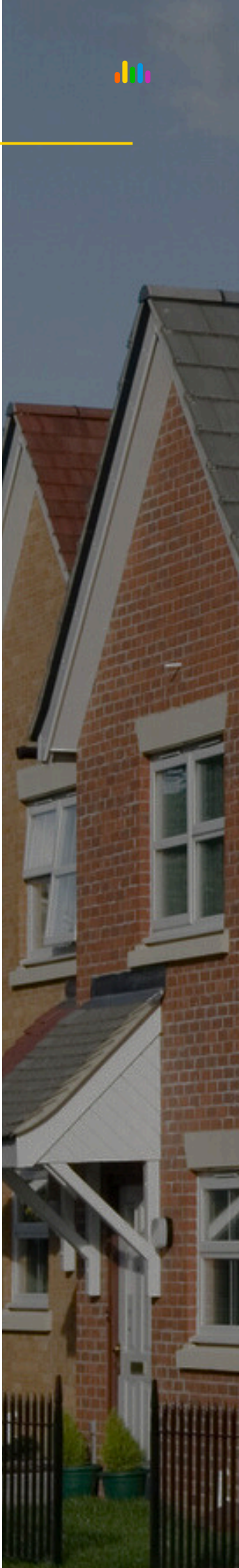
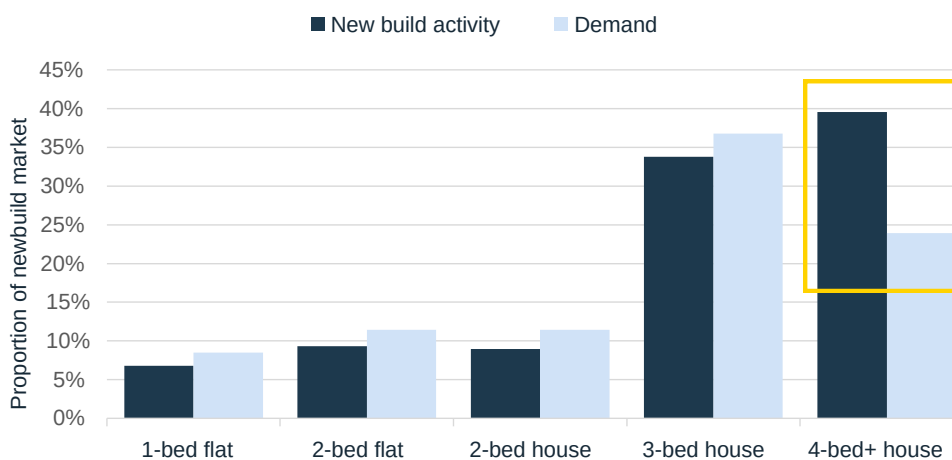




FIGURE 2: NEW BUILD ACTIVITY VS DEMAND 2025 UK

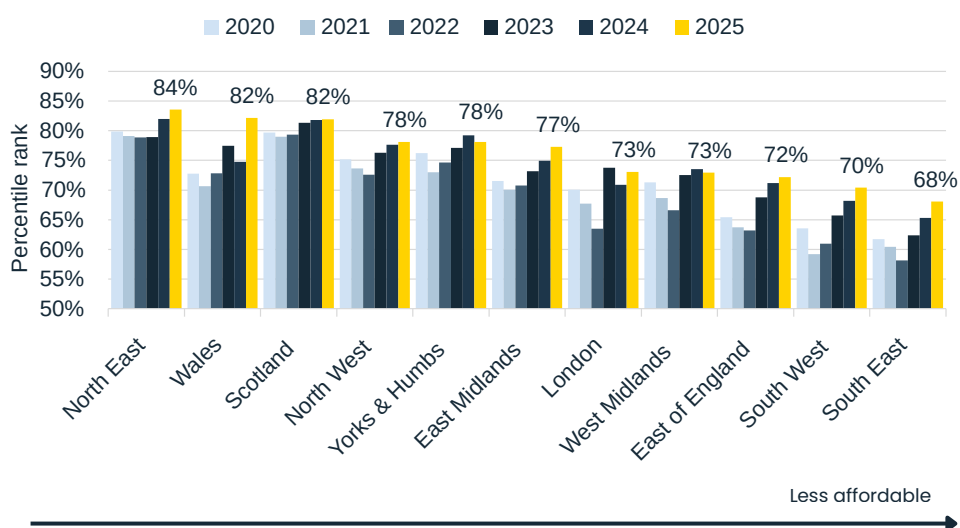


Source: Hometrack

The types of property that are making up larger proportions of market activity emphasise a less mainstream market. In 2025 40% of new build sales and valuations in the country has been for 4-bed+ houses, a significant increase from 31% in 2022. This distribution is out of kilter with demand, where just 24% of new build enquiries on Zoopla in 2025

were for these property sizes. In contrast, the proportion of new build activity for smaller property types is less than the proportion of demand. Stretched affordability means housebuilders cannot rely on high sales volumes so instead are focusing on larger homes at higher price points to help meet revenue targets.

FIGURE 3: AVERAGE NEW BUILD VALUE RELATIVE TO RESALE MARKET BY REGION



Source: Hometrack

The trend of increasingly higher new build prices compared to the resale market is evident across all regions. Notably, new build properties generally occupy a significantly higher relative position (top 20-25%) in the market in more affordable areas like Scotland, the North East, and the North West. Developers need to maintain higher pricing to ensure viability against fixed

construction and labour costs in places where capital values are lower. In contrast, in the least affordable markets like London, the South East, and South West, new builds are able to be priced lower relative to the wider market (top 30-35%) as property values are higher. They need to be priced competitively in order to unlock demand.

The fact that new builds are taking a higher position across all regions demonstrates how affordability pressures have mounted across the entire country. In the north new build pricing is quickly approaching the highest ends of the market, almost in the top 15% in some areas. In the south the increases mean these homes are even less affordable in an area where property values are already high.

The hollowing of the mainstream new build market

Higher new build values show how developers have had to target the most resilient buyer segments, namely those who are more affluent and less reliant on high loan to value mortgages, to ensure new homes are financially viable. But this presents a growing problem of oversupply for certain types of property, for example larger family homes, and an ongoing lack of starter homes for couples, fledgling families, and elderly empty nesters who remain living in larger under-occupied properties.

The homes that are built and sold are therefore not fully addressing the most immediate housing shortages.

The cost of this is substantial. Conventional market dynamics would suggest that prices for undersupplied property types should increase. But the lack of affordability means that those whose housing needs are not being met must adapt in other ways, leading to a market equilibrium based on other factors. They are renting privately, living in shared accommodation, or at home with parents for much longer. When they can finally afford to buy they are older and taking longer mortgages. Many are also skipping the first step on the housing ladder and moving into larger homes to save on costs such as stamp duty. The result is a missing mainstream new build market that fails to provide the necessary impetus to substantially increase delivery in the private sales market.



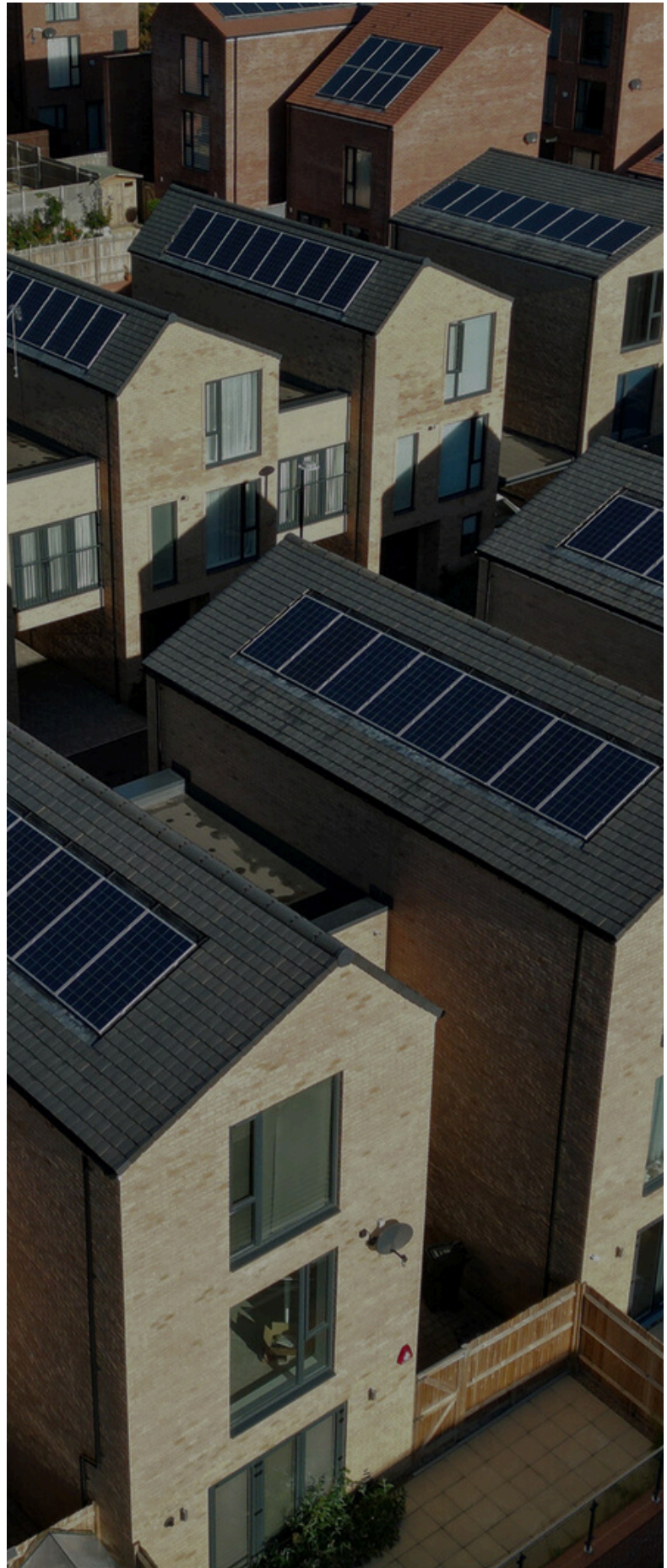
Getting the price right is crucial to building more homes

Our analysis highlights significant ramifications for both housebuilders and policy makers.

For housebuilders it emphasises the critical importance of getting their pricing right on schemes within specific regions, where a one-size-fits-all approach is not fit for purpose. This can only be achieved through accessing granular and timely new build, resale and demand data to navigate local dynamics and the extra risks posed by the current challenging market. Higher prices must be commensurate with the expectations that come with that level of product, otherwise they are

presenting an increasingly less-attractive value proposition to potential buyers. Focusing on larger, higher-end homes also poses a risk of oversupply for a limited pool of buyers, which emphasises the need to understand genuine demand.

For policy makers and the Government, the analysis exposes the impact of regulatory burdens on costs for housebuilders at a time of challenging market conditions. This is especially important with the looming implementation in 2027 of the Future Homes Standard that will push costs by an estimated additional £5,000-£10,000 per home. A well-intended policy to support net zero goals runs the risk of making it even harder for builders to find the locations and property mixes that will be financially viable. Without targeted support like Help to Buy or a reduction in the cost of construction, low demand will continue to disincentivise developers to build at the rates necessary to meet ambitious housing targets. Other tenures such as affordable housing or the private rented sector would need to play a much bigger role to deliver the scale and diversity of housing the country needs. But this would come with its own challenges, including significantly more subsidy from the Government that would be made necessary if the private sales market continues to falter.





Appendix

FIGURE 4: AVERAGE NEW BUILD PRICES FOR 2-BED FLATS AND 3-BED HOUSES BY REGION 24/25

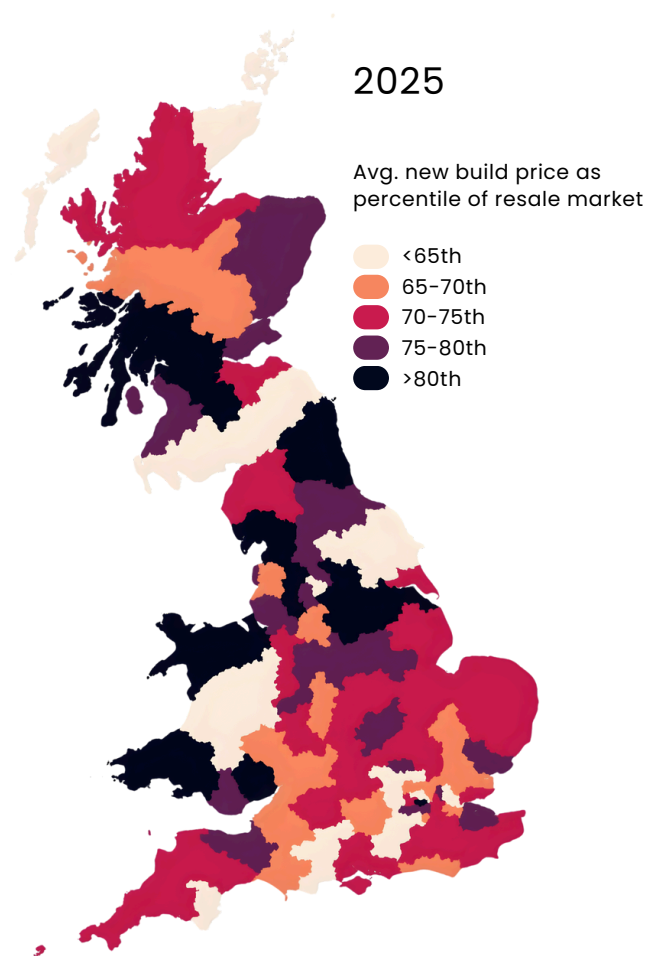
2-bed flat	New build value	Market position vs resale	3-bed house	New build value	Market position vs resale
East Midlands	£206,231	90%	East Midlands	£276,555	73%
East of England	£325,430	90%	East of England	£385,681	74%
London	£595,681	85%	London	£746,930	74%
North East	£213,476	90%	North East	£218,498	79%
North West	£274,630	88%	North West	£275,508	76%
Scotland	£250,515	88%	Scotland	£267,319	78%
South East	£332,488	85%	South East	£444,081	70%
South West	£275,702	81%	South West	£337,684	65%
Wales	£187,605	79%	Wales	£281,369	77%
West Midlands	£240,264	85%	West Midlands	£308,129	73%
Yorkshire and The Humber	£246,475	87%	Yorkshire and The Humber	£264,171	77%

Source: Hometrack





FIGURE 5: MAP OF AVERAGE NEW BUILD VALUE PERCENTILE BY POSTCODE AREA 2025



Source: Hometrack

Methodology

The analysis used our proprietary Hometrack comparables data in order to overcome the Land Registry lag.

New build properties are determined in several ways depending on the data source. The first is if the property is flagged as new build by the Land Registry. This is only applicable to transactions in England and Wales. Our previous research found that new build properties can take up to 18 months post completion to appear on the Land Registry, a lag which has become worse since the Covid-19 pandemic. To overcome this we use valuation surveys we received from mortgage lenders. These include physical, desktop, and

drive-by valuations by chartered surveyors as well as agreed purchase price from mortgage applications. For valuations for properties that have no new build designation from the Land Registry, new build status is determined by properties that have been built within the last two years prior to the first valuation date. For Scotland, where there is no new build designation in the Registers for Scotland, new build transactions are solely determined by properties that have transacted or been valued for properties with a year built date within two years prior to the first valuation date. We acquire the year built date from the surveys we receive from mortgage lenders.



The resale market is calculated using valuation and transaction data. We apply a 5% haircut on the highest and lowest values for the market spread of each property type and size in each location to remove outliers.

The analysis is calculated using weighted averages on a localised, postcode district (PCD) level (e.g. CT6 or NW1). This is to ensure that new build properties are being fairly compared to other properties within the same geographic area and affirm their positions within the local market.

The new build value is first weighted by property type (flats and houses) and bedroom count, for example 1-bed flats or 2-bed houses. This is to ensure fair comparisons are being made across

geographies. Property transactions and valuations are omitted from the calculation if they do not have both a property type and bedroom number to ensure analytical robustness. A similar filter is applied to the resale sample to ensure that only the property types present in the new build sample are included in the percentile calculation and provide a like-for-like comparison.

Larger geographies are calculated using weighted averages from these PCD level calculations according to new build sample counts. This is to ensure that areas with the largest number of new build transactions and valuations have a proportionate influence on the overall value and position within the market.

Contacts

Theo Brewer
Director of Analytics
theo.brewer@hometrack.com

Dr. Toby Parsloe
Senior Market Analyst
toby.parsloe@hometrack.com

Ross Allan
Managing Director
ross.allan@hometrack.com

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