

# UK House Price Index

**1.8%**

Annual UK house price inflation (Feb 2025)

**+11%**

Increase in the number of homes for sale

**-3%**

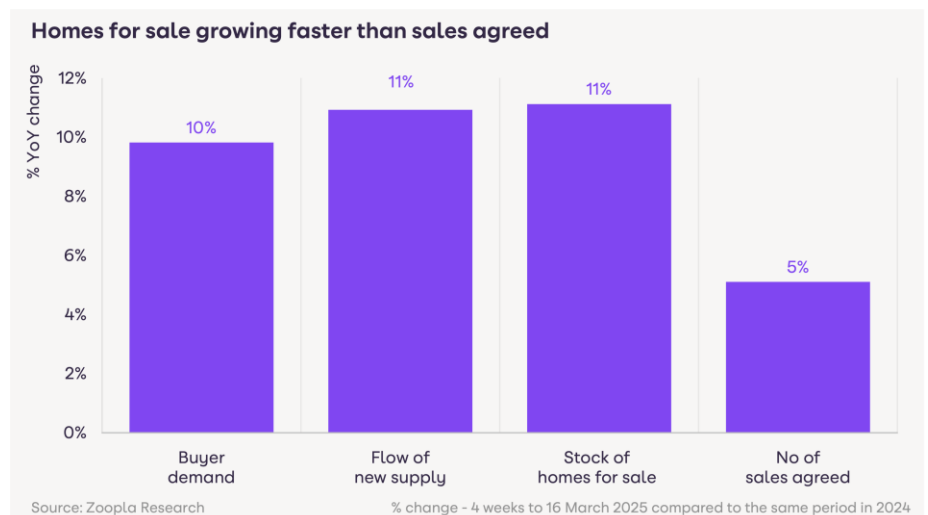
Year-on-year change in buyer demand - London

## Executive summary

- House price inflation slows to 1.8% as the supply of homes for sale outpaces the growth in sales agreed
- Sales agreed continue to rise, up 5% year-on-year
- Price inflation above average in northern regions and Scotland, where demand is growing faster than supply
- Supply/demand mismatch keeping price inflation 1% or lower in southern regions of England and London
- London facing a stamp duty deadline hangover, with demand for homes 3% lower than a year ago
- We expect agreed sales to continue increasing but rising supply and static mortgage rates will temper the rate of price inflation

**“Buyers have a wide choice of homes for sale which will keep price inflation in check. Sellers need to be very careful in how they price their homes if they are serious about moving in 2025”**

**Richard Donnell**  
Executive Director - Research



**+5%**

Number of sales agreed vs March 2024

### House price inflation slows as supply grows

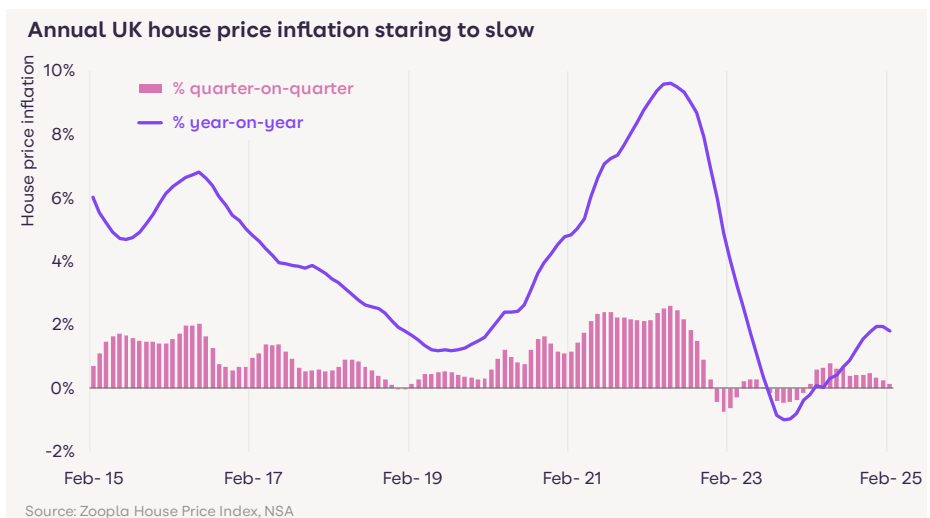
House price inflation is starting to slow after a sustained recovery over the last 12 months. The annual rate of UK house price inflation edged lower in February to 1.8%, down from 1.9% in January.

Prices are still rising faster than a year ago (-0.2%) but we expect the rate of UK house price inflation to moderate in the coming months.

There are several factors behind the expected slowdown. The number of homes for sale is growing faster than the number of sales being agreed, boosting choice for buyers and re-enforcing a buyers' market.

While house price inflation is slowing, the number of sales agreed continues to increase, up 5% on a year ago, with demand 10% higher<sup>1</sup>.

The number of homes for sale is 11% higher than this time last year<sup>1</sup>, and set to keep rising as we enter the spring selling period. Almost 30% of homes are listed for sale between March and May each year.



Concerns over the outlook for inflation mean fewer base rate cuts are expected over 2025. This has reduced expectations that mortgage rates might fall further, which would support household buying power. Average mortgage rates<sup>2</sup> have stabilised in recent months at c.4.4%, up from 4% at the end of 2024.

Robust growth in average earnings, up 6% in the last year<sup>3</sup>, is the biggest support for household buying power at present. However, many more buyers are facing higher stamp duty costs from the 1st April<sup>4</sup>, which they will want reflected in the price they pay for a home.

In addition to these national factors, the London housing market is also suffering something of a hangover in the wake of the rush to beat the 1 April stamp duty deadline. This has created a lull in market activity, with demand 3% lower over the last year. The impact is more pronounced amongst first time-buyers, hitting price rises in the capital.

<sup>1</sup> Comparing 4 weeks to 19 March 2025 with same period in 2024

<sup>2</sup> Average 5-year fix at 75% LTV (Bank of England Bank Stats)

<sup>3</sup> January 2025 data - AWE: Whole Economy Year on Year Three Month Average Growth (%): Seasonally Adjusted Total Pay Excluding Arrears

<sup>4</sup> Eighty percent (4 in 5) homeowners will pay stamp duty from April, up from 1 in 2 today. 2 in 5 first time buyers will pay more stamp duty up from 1 in 5 today with the biggest impact in London and southern England

4.3%

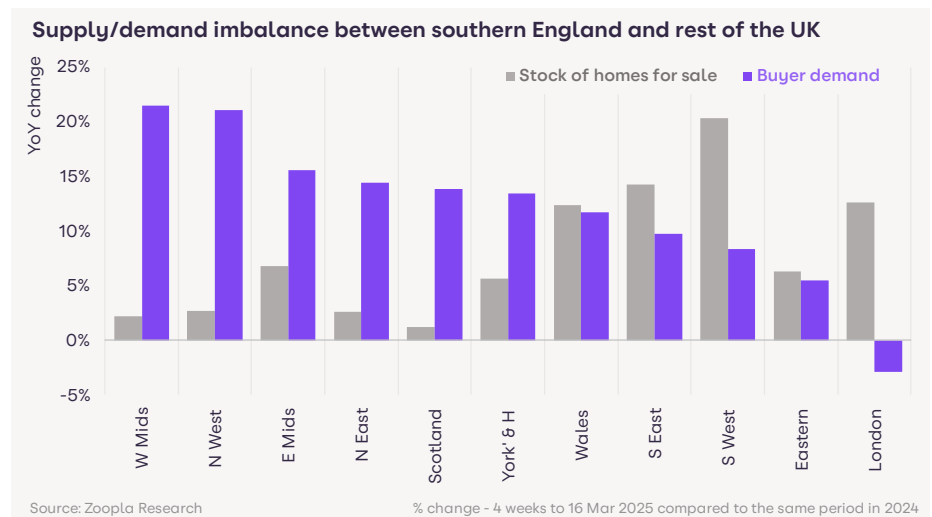
House price inflation in Motherwell, Scotland

### North-south divide in supply and demand

The number of homes for sale is higher than a year ago across all areas. Supply has increased the most in southern England, as a return to price increases and rising sales has encouraged more sellers to put their homes on the market. Double council tax on second homes from April 2025 is also boosting supply in areas with a greater share of second homes such as the South West of England.

Buyer demand in southern England is higher than a year ago, but it is failing to keep pace with the growth in supply. This explains why house price inflation is running at +1% or lower across London, the South East, South West and Eastern regions.

At a localised level, prices are falling in Truro (-0.8%) and Torquay (-0.7%) in the South West, both second home hotspots. In the South East, house prices are falling in the Dartford (-0.8%), Ipswich (-0.2%) and NW London (-0.1%) postal areas.



In northern England, the Midlands and Scotland buyer demand is 10%+ higher than a year ago, while the supply of homes for sale has grown more slowly. This is supporting above-average house price inflation, which is running 3% higher in the North West and 2.5% higher in Scotland over the last year.

Lower house values in regions outside southern England mean improved affordability for home buyers and greater potential for house prices to increase at a faster rate.

At a localised level, house prices are rising fastest in Motherwell (4.3%) and Kirkcaldy (3.8%) postal areas in Scotland. In Northern England prices are rising over twice as fast as the national average in Wigan (3.8%), Blackburn (3.7%), Lancaster (3.6%) and Bradford (3.6%) postal areas. In all these areas, average house prices are between £130,000 and £220,000 compared to a national average of £267,500.

80%

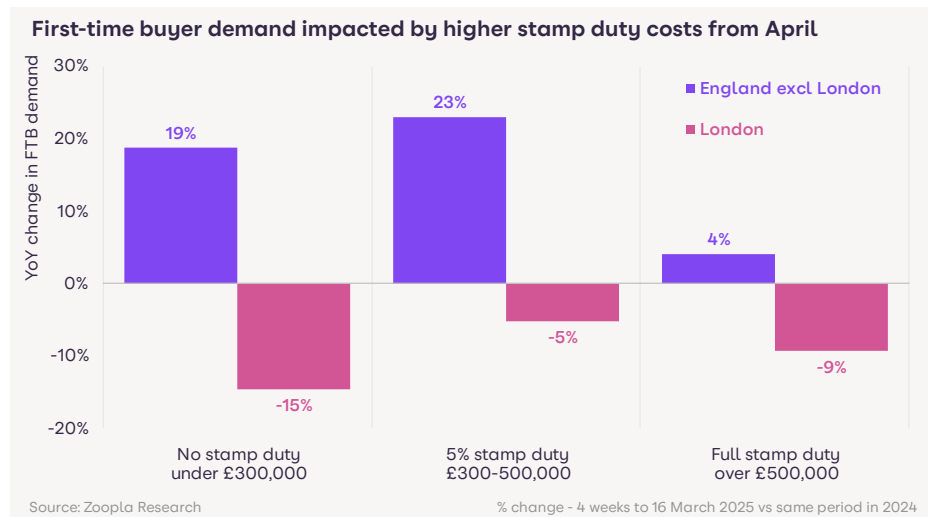
First-time buyers in London facing higher stamp duty from April 2025

### First-time buyer stamp duty ‘hangover’ in London

London is the one area of the country where buyer demand is lower (-3%) than a year ago. Many first-time buyers (FTB) bought forward decisions to buy homes late last year to avoid paying higher stamp duty from 1 April 2025. This has created a lull in FTB demand.

8 in 10 FTBs in London will pay stamp duty from April 2025, compared to less than half under the current thresholds. FTB demand<sup>5</sup> is down across all price bands in London and this has contributed to the decline in buyer demand across the capital.

FTB demand is higher across the rest of England, where the majority of FTBs (6 in 10) will continue to pay no stamp duty on purchases below £300,000 from April. FTB demand is noticeably higher than a year ago in the South East and the Midlands as FTB demand is displaced from London into markets with better value for money.



### Outlook – slower price growth, more sales

We expect the growth in sales agreed to continue rising at a steady pace over 2025 as more sellers, most of whom are also buyers, enter the market in the coming months. House price inflation is set to moderate further as supply grows and the extra costs of stamp duty in England feed through into house prices.

A slowing in house price inflation is not a major concern although the market needs some growth in prices to encourage sellers to come to market and buyers to make realistic offers on homes for sale.

There is plenty of demand for homes but also lots of choice. Households looking to sell their home in 2025 need to be careful in how they set their asking price to attract sufficient demand to agree a sale. It’s important to seek the advice of local estate agents to inform the most suitable pricing strategy for every home.

<sup>5</sup> Analysis of first-time buyer applications to buy property listed for sale on Zoopla

## 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.

February 2025 Index  
(Published March 2025)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
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City	Annual % change in house price
1 Belfast	5.7%
2 Liverpool	3.0%
3 Manchester	2.9%
4 Newcastle	2.5%
5 Birmingham	2.4%
6 Sheffield	2.3%
7 Leeds	1.9%
8 Glasgow	1.7%
9 Nottingham	1.6%
10 Edinburgh	1.5%
11 Cardiff	1.5%
12 Bristol	1.3%
13 Oxford	1.0%
14 Bournemouth	0.9%
15 Leicester	0.8%
16 Portsmouth	0.8%
17 Southampton	0.6%
18 Cambridge	0.6%
19 Aberdeen	-1.9%

United Kingdom	1.8%
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### Zoopla House Price Index, city summary, February 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 Feb-25	%YoY Feb-24	Monthly trend	Annual trend
United Kingdom	£267,500	1.8%	-0.2%		
20 City Composite	£307,600	1.5%	0.3%		
Belfast	£183,900	5.7%	5.1%		
Liverpool	£162,000	3.0%	1.9%		
Manchester	£228,800	2.9%	1.2%		
Newcastle	£157,000	2.5%	1.5%		
Birmingham	£211,600	2.4%	0.5%		
Sheffield	£175,100	2.3%	1.7%		
Leeds	£212,700	1.9%	1.3%		
Glasgow	£152,900	1.7%	3.8%		
Nottingham	£204,800	1.6%	0.0%		
Cardiff	£253,800	1.5%	1.0%		
Edinburgh	£275,700	1.5%	1.6%		
Bristol	£339,700	1.3%	0.2%		
London	£533,200	1.0%	-0.5%		
Oxford	£448,100	1.0%	-0.8%		
Bournemouth	£326,700	0.9%	-2.3%		
Leicester	£227,800	0.8%	-0.5%		
Portsmouth	£277,600	0.8%	-1.8%		
Southampton	£257,800	0.6%	-1.1%		
Cambridge	£469,600	0.6%	-0.5%		
Aberdeen	£138,100	-1.9%	0.2%		

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

If you have any questions about our research please do get in touch

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