



Summer Market Report 2025

Resilience and renewed activity this summer

The housing market has shown continued resilience, maintaining momentum after the pre-April stamp duty rush. While price growth is beginning to ease as supply increases, mover activity remains steady, reflecting a strong current of underlying market demand.

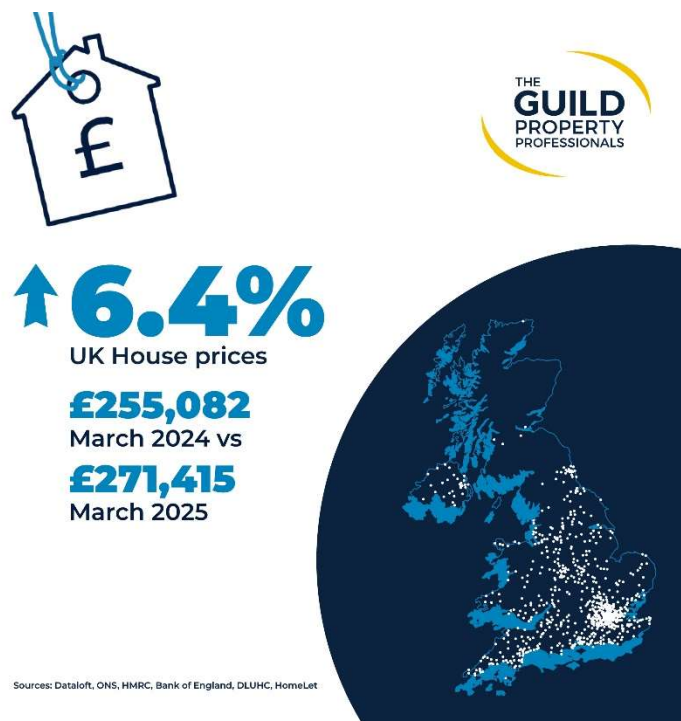
After a busier-than-usual March due to looming stamp duty changes, monthly mortgage approvals declined by 4.9% in April alongside new buyer demand. This was an expected slowdown after the stamp duty rush and there are early signs of a bounce back in May. According to the Bank of England, mortgage approvals are only marginally below where they were last year, pointing to a steady level of demand and confidence in the market following the stamp duty deadline. In a recent poll, over half of agents say buyer confidence has improved compared to three months ago.

The interest rate cut in May to 4.25% is helping support demand. The Bank of England announcement resulted in better mortgage rates and a flurry of press headlines on sub-4% mortgages. Housing market activity is regaining momentum following the end of stamp duty reliefs, with Zoopla data showing that the number of sales agreed in May reached a four-year high. Strong demand, however, has been counterbalanced by an increase in homes for sale, up 13% year-on-year. With higher levels of supply, buyers will enjoy a broader range of options, helping to keep prices balanced.

Average mortgage rates remain below last year's levels, with the typical two-year fixed at 4.62% and the five-year at 4.58%, down 0.78% and 0.45% respectively. Mortgage rates are expected to remain relatively stable between 4-5% for the rest of the year. In response to higher-than-expected inflation, major lenders including Santander, Nationwide, and Halifax have slightly increased mortgage rates, reversing recent cuts. This follows a 0.3 percentage point rise in swap rates.

At the same time as lower mortgage rates easing affordability pressures, several lenders have relaxed their affordability criteria, enabling buyers to borrow up to 13% more than previously. Stress testing requirements have been revised, with borrowers now being assessed against mortgage rates of 6–7% instead of the previous 8–9%. As a result, this measure is expected to play a crucial role in helping drive more sales transactions

The ONS HPI data suggests that average house prices rose by 6.4% to £271,000 in the year to March 2025, up from 5.5% in February, marking the strongest annual increase since December 2022. All regions recorded price rises with London seeing the most moderate uplift of 0.8%. This difference in regional performance is driven by different patterns of affordability. For 2025, a more measured pace of growth is currently forecast. House prices are forecast to rise by 1.3% in 2025, increasing to 2.3% in 2026.



According to HMRC, transaction levels in March reached 164,650, well above the 20-year average of 97,700. This made March the fifth-highest monthly rate for transactions in the past 20 years, driven largely by first-time buyers rushing to beat the stamp duty deadline on 1st April. Transaction levels fell sharply by 64% between March and April due to some demand being pulled forward, however recent interest rate cuts are helping cushion any slowdown in market activity. Early signs suggest the market is adjusting to the higher stamp duty tax, with the level of agreed sales falling through holding steady and most buyers who missed the deadline still going ahead. Across Wales, the most active housing markets are currently those of

Newport, Bridgend and Cardiff, where close to one in every 32 properties has changed hands in the past year.

Homes took an average of 36 days to sell in April, faster than 38 days during the first three months of the year. As the housing market usually picks up pace in spring, the second quarter is typically the busiest time for sales activity, with Q2 sales on average five days faster than in Q1 and 10 days quicker than in Q4. According to Rightmove, the average time to sell in Wales is 37 days.

To find out what the housing market might have in store for you in 2025, contact Kate and her team by:

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