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## Mortgage Approvals on the Rise Again as Buyer Confidence Slowly Returns

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Mortgage approvals across the UK continued to climb in June, marking a second consecutive month of growth, according to the latest Bank of England (BoE) figures. The data shows that 64,167 mortgages were approved for house purchases in June, up 1.4% from May's 63,288. This also represents a 5.6% increase compared to the 60,761 recorded in June 2024.

The figures reflect a gradual recovery in buyer demand, aided by improved affordability and the possibility of interest rate cuts in the near future. Though the uptick remains modest, it

signals a market slowly finding its footing after a period of uncertainty.

Industry analysts welcomed the news with cautious optimism. Sarah Coles, head of personal finance at Hargreaves Lansdown, said: “The mortgage market is staging a small recovery, with approvals for purchases rising for the second consecutive month after falling for four. It’s a slow climb, but the direction of travel is important, and demonstrates that the end of the stamp duty holiday hasn’t brought the market to a dead end.”

Coles added that the figures, while not groundbreaking, show stability. “In context, none of these moves is earth-shattering. Approvals for purchases came in at 64,200. Last year, approvals averaged 62,700 a month. So far this year, they are averaging 64,400. The year before the pandemic, the 12-month average was 66,700. It means this is a relatively steady set of figures.”

The BoE noted that further growth in the mortgage market is likely if the Monetary Policy Committee (MPC) decides to cut the base rate next month and if lenders continue to ease borrowing conditions. The current base rate, set by the BoE, directly affects the cost of borrowing for both banks and consumers.

John Phillips, chief executive of Just Mortgages and Spicerhaart, commented: “It’s positive to see another monthly increase in mortgage approvals, even if it’s only marginal. While the summer period may slow things slightly, it’s encouraging to see some momentum building in the mortgage market, with prospective buyers and movers buoyed by ever-growing innovation among lenders and an increasing spotlight on improving affordability and access to new mortgages. Although the jury may still be out on its decision, all eyes will be on the MPC meeting next month and whether we see another cut to the base rate.”

While the figures provide some hope, industry experts caution against reading too much into short-term increases. Lucian Cook, head of residential research at Savills, said: “The steady rise in mortgage approvals is encouraging, but despite some easing in how lenders apply affordability tests, approvals remain slightly below levels typically seen in a normal market. That reflects the relative caution among prospective home movers in what remains a price-sensitive market, particularly in the south of England.”

Cook also pointed out that while regulatory changes could help unlock more lending, long-term confidence in the broader economy would be essential for any substantial market shift. “Changes in the way mortgage regulations are being applied have the capacity to free up

more mortgage lending among both first-time buyers and home movers, especially as we see further interest rate cuts. We anticipate that mortgaged buyer demand will pick up gradually heading into early autumn. However, for momentum to truly build, households must feel more confident not only in their personal finances but also in the broader economic environment.”

Alice Haine, personal finance analyst at BestInvest by Evelyn Partners, highlighted how persistent inflation and other economic pressures have not stopped determined buyers. “It appears slower house price growth in June, as the stamp duty changes, geopolitical uncertainty, and a lacklustre economic outlook fed through to the market, failed to deter committed buyers from taking action and plunging into the market. Any buyers purchasing a property since April 1 are subject to the previous, lower stamp duty thresholds, so while some may be reevaluating their affordability position, others are pushing ahead with purchases.”

Haine also pointed out that there has been some relief in borrowing costs. “Despite inflationary pressures forcing consumers to grapple with higher household, energy, and food bills once again, affordability is improving for buyers. This was evident in the effective rate on newly drawn mortgages, which eased to 4.34% in June compared to 4.47% in May.”

With the next BoE meeting expected in August, and speculation building around another potential rate cut, all eyes are now on whether further stimulus can help lift the housing market as it heads towards the autumn season.