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House Prices Up in North, But Southern England Sees Slump

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U.K. house prices are showing a growing regional divide, with some parts of the country seeing sharp increases while others face noticeable declines. According to new figures from property website Zoopla, house prices in Northern Ireland surged by 6.1% annually, while areas in southern England, including Truro and Exeter, recorded falls of over 1%. Despite a busier-than-expected summer market, the overall forecast for house price growth this year has been downgraded.

Zoopla reported that buyer activity has picked up compared with the same period in 2024, with demand up 11% and agreed sales rising by 8%. This uptick comes despite an expected seasonal slowdown and follows changes in mortgage affordability rules clarified by the Financial Conduct Authority (FCA), allowing some buyers to secure larger loans. However, the return of full stamp duty costs after temporary relief ended in April has led many buyers to seek price reductions to offset the higher tax burden, particularly in southern regions.

The average U.K. house price now stands at £268,400, up 1.3% compared to last year. That figure, though, reflects slower growth than earlier in the year. In December 2024, annual growth was 2.1%. While price increases have been more robust in Scotland, Wales, and northern England, typically in the 2% to 3% range, the southern regions have underperformed. London and the South East have seen minimal gains of 0.2%, while the South West lags slightly behind at 0.3%.

Regional Divide

Zoopla identified Northern Ireland as a clear outlier, with Belfast alone posting a 7.8% annual increase in property values, though from a relatively low base. In contrast, popular towns in southern England such as Truro, Torquay, and Exeter saw annual price drops of 1.3%, 1.2% and 1.1% respectively. The disparity underlines how regional differences in affordability, supply, and tax burdens are increasingly shaping the UK housing market.

Richard Donnell, Executive Director at Zoopla, explained: “We’re seeing healthy levels of demand and sales, but this isn’t sparking faster price inflation. In fact, more homes for sale, particularly across southern England, are (sic) reinforcing a buyer’s market, keeping price rises in check. Many more home buyers are paying stamp duty since April and want this extra cost reflected in the price they pay.”

He added: “While mortgage rates are holding steady, less stringent affordability testing has boosted buying power and is supporting more sales despite increased uncertainty.”

At the start of 2025, Zoopla had forecast 2% house price growth, but that estimate has now been halved. “Prices are on track to be 1% higher over 2025, half the level forecast,” Donnell noted. “Greater supply of homes for sale and mortgage rates remaining higher than expected are the key reasons for weaker growth. Low house price inflation is not a bad thing

so long as there is enough market confidence for people to list their homes and make bids to buy homes.”

Commenting on the broader market, David Powell, Chief Executive Officer of Andrews Property Group, said: “The market continues to show incredible resilience; however, the slowdown in house prices is starting to impact consumer confidence, illustrated by the increased numbers of properties currently on the market for sale.”

Matt Thompson, Head of Sales at Chestertons, offered a similar view: “Compared to the summer of last year, we have seen a more active property market which has been driven by an influx of vendors putting their home up for sale. This has given some house hunters a larger selection of properties to choose from, which inevitably led to more contracts being exchanged.”

However, he also warned that some buyers remain cautious. “Some buyers, however, are still pausing their search in the hope that the Bank of England will announce another rate cut in August.”

With the outlook for further rate changes still uncertain, and stamp duty weighing on affordability, market watchers will be paying close attention to how regional trends continue to diverge in the months ahead.