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UK House Prices Set for Steady Rise by 2029, Says Savills

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The average British house price is set to climb by over £86,000 by the end of 2029, according to new projections by real estate firm Savills, despite a sluggish start in 2025. While short-term expectations have been pared back due to global uncertainties, a more optimistic long-term outlook is being shaped by changes in mortgage affordability criteria and anticipated interest rate cuts.

Savills has adjusted its forecast for this year's house price growth down to just 1 per cent, significantly lower than the 4 per cent it previously predicted. Yet the company's five-year

outlook has become more positive, with prices across Britain now expected to grow by 24.5 per cent through to 2029, up from its earlier estimate of 23.4 per cent.

At the heart of this revised projection lies a shift in mortgage lending practices. Many banks have begun to relax their affordability stress tests and offer greater flexibility for borrowing above 4.5 times a buyer's income, making it easier for households to secure a mortgage. This, coupled with falling interest rates, is expected to provide buyers with improved financial room to manoeuvre.

Mortgage Reforms

Lucian Cook, head of residential research at Savills, commented: "Interest rates have fallen as expected, giving buyers a bit more financial capacity than they had a year ago. But a lot has changed over the last six months. Greater geopolitical uncertainty, including tariffs and trade wars, has made predicting the precise path of further cuts more challenging."

Savills estimates the average house price in the U.K. will rise from £362,300 in mid-2025 to £448,600 by the close of 2029. While buyer demand was initially muted in early 2025, largely due to economic concerns and changes to stamp duty thresholds, the firm anticipates a revival in market activity as the year progresses.

The early part of 2025 saw a wave of buyers rushing to beat stamp duty changes in England and Northern Ireland, inflating transaction levels temporarily. However, underlying demand has since stabilised, and the overall sales figure for the year is projected to hit 1.04 million, in line with previous expectations.

Emily Williams, director of research at Savills, said: "We anticipate that buyer demand will pick up heading into early autumn, particularly among first-time buyers and mortgaged home movers, driven by an expected base rate cut in August and a more competitive mortgage market."

That said, Savills acknowledged that tax policy may still cast a shadow over the top end of the property ladder. "We expect concerns over the prospect of future tax increases to weigh most heavily on the top end of the market," said Mr Cook.

Looking at regional performance, the forecast predicts that areas outside London are likely to experience stronger growth. The North West is expected to lead with a 31.2 per cent rise,

followed by Scotland at 29.4 per cent and Wales at 28.2 per cent. London, in contrast, is projected to see the most modest gains at 15.3 percent, reflecting ongoing affordability challenges and market sensitivity to tax policy.

The revised data is supported by figures from HM Land Registry and Nationwide Building Society, providing a grounded view of current and future market dynamics.

While challenges remain, particularly at the premium end of the market, Savills' analysis suggests the broader property landscape is poised for sustained, if gradual, recovery aided by structural changes in lending and continued buyer appetite outside the capital.