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## End of Stamp Duty Relief Slows Property Market as Costs Climb

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The conclusion of stamp duty relief in April has led to a notable slowdown in the property market, with buyers now facing significantly higher costs and a drop in activity observed in the months since. Government figures show stamp duty receipts rose sharply in the first half of the year, but early signs suggest that buyer demand is weakening under the new tax rules.

Stamp duty land tax, which applies to property purchases in England and Northern Ireland, saw a major shift on April 1 when temporary relief measures introduced in 2020 ended. The

changes affected both first-time buyers and existing homeowners, increasing the financial burden on most transactions and altering buyer behaviour almost immediately.

First-time buyers are now charged 5% stamp duty on the portion of a property's price between £300,001 and £500,000, whereas previously, they paid nothing on the first £425,000 for homes costing up to £625,000. For other buyers, the threshold at which stamp duty becomes payable has been halved from £250,000 to £125,000, meaning even modestly priced properties now attract tax.

The market saw a rush of activity in the weeks before the changes. Figures from His Majesty's Revenue and Customs (HMRC) show 177,370 property transactions were completed in March, a dramatic 104% increase from the same month in 2024. According to estate agent Savills, this was the second-highest monthly sales level since 2006.

However, that surge was short-lived. Once the relief ended, transactions fell sharply. In April, completions dropped to just 64,680, a fall of 64% from the previous month and 28% down on April 2024. May brought some modest recovery, with transactions rising by 25% month-on-month, though still 12% lower than the year before. Savills observed that "while a dip was anticipated, the scale of the decline outpaced the earlier surge."

## Market Response

The Treasury, meanwhile, benefited from the flurry of March purchases. Stamp duty receipts totalled £6.6 billion in the first half of 2025, up 21% compared to the same period last year, according to figures from Coventry Building Society. However, with activity slowing, there are questions over whether this trend will continue.

Property values have also been affected. The average U.K. house price peaked at £272,922 in March, just before the tax changes took effect. By April, prices had fallen by 2.6%, and although there was a slight increase in May, values remained below pre-relief levels.

Other market indices reflect a continued downward trend. Nationwide, whose data is based on mortgage lending, reported a 0.8% price drop in June. Its chief economist, Robert Gardner, commented: "The softening in price growth may reflect weaker demand following the increase in stamp duty at the start of April." Property portal Rightmove also recorded slight declines in June and July.

These developments have implications for prospective buyers and sellers alike. Stamp duty may not apply to homes priced just under £300,000, but just a few thousand pounds higher can significantly raise the bill. A property priced at £499,500, for example, incurs £9,975 in tax, while one at £525,000 would cost £16,250 in stamp duty alone.

With more homes on the market than buyers in some regions, those purchasing without a chain may find themselves in a stronger negotiating position. On the other hand, sellers may need to temper price expectations if they wish to attract serious interest.

Looking ahead, there is some cautious optimism. Gardner said activity will likely “pick up as the summer progresses.” Savills’ director of research, Emily Williams, believes 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.”

For now, however, the market is adjusting to the higher cost of moving, and it may take several more months before a clear picture of the long-term impact emerges.