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UK Property Market Recovers: Best Areas to Buy Now as Interest Rates Fall

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London, July 1, 2025. The UK housing market is starting to recover after a period of high mortgage rates and falling demand. With interest rates now coming down and prices beginning to stabilise, experts say this could be a smart time for buyers to re-enter the market.

“We’re seeing a return to balance,” said Eleanor Ward, senior analyst at HomeScope UK. “With borrowing costs easing, more people are looking at property again carefully, but with growing confidence.”

The Bank of England's recent decision to lower rates for the first time since 2021 has already had a positive effect. Average mortgage rates are now dropping below 4%, and more competitive loan deals are becoming available. This shift is encouraging both first-time buyers and investors to act.

Where to Buy in 2025

Some areas across the UK are standing out for their value, growth potential, and strong local demand:

Manchester

One of the country's most active property markets, Manchester offers good rental yields, strong job growth, and a number of new housing and transport developments. The city continues to attract young professionals and investors.

Bristol

Bristol is a top choice for buyers looking for a mix of quality of life and employment opportunities. Well-connected and full of green space, it remains popular with families and remote workers.

Sheffield

Sheffield is becoming a rising star thanks to affordable house prices, a growing student population, and improved transport links. It's ideal for buyers looking for long-term value.

East London Suburbs

Places like Barking, Ilford, and Dagenham are gaining attention due to their improved transport access via the Elizabeth Line. These areas offer more affordable options compared to central London.

Glasgow

Scotland's largest city offers relatively low property prices and strong rental demand. Regeneration projects and new infrastructure are attracting buyer interest.

What to Expect Ahead

Most experts agree that the UK housing market is now more stable. Prices are not rising quickly, but they are no longer falling in many areas. With borrowing becoming more affordable, activity is expected to pick up gradually in the second half of 2025.

“This isn’t a boom, but it is a recovery,” Ward said. “And for many buyers, this could be a great time to act before prices start climbing again.”

For those watching and waiting, now may be the right time to take a closer look.