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House Prices Climb in Parts of UK but Fall in Others as Stamp Duty Pressures Grow

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New data show that the United Kingdom's housing market is showing signs of activity ahead of the summer holidays, but wide regional disparities and rising stamp duty costs are starting to weigh on overall growth.

Activity in the property market has picked up compared with summer 2024, with buyer demand up 11 per cent and agreed sales rising 8 per cent year on year, according to property website Zoopla. The increase in activity contrasts with the typical summer slowdown, driven in part by a rush to close deals before the August holiday period.

Despite this uplift in transactions, Zoopla has halved its house price forecast for 2025, now expecting average prices to grow by just 1 per cent over the year, down from a 2 per cent forecast earlier. While buyers are more active, they are also becoming increasingly sensitive to the higher costs imposed by recent changes to stamp duty rules.

Stamp Duty Land Tax (SDLT) costs in England and Northern Ireland have risen since temporary reliefs ended in April. Zoopla noted that these costs disproportionately affect buyers in southern England, where property values are higher. In these regions, buyers are more likely to adjust their offers to reflect the added financial burden.

Richard Donnell, Executive Director at Zoopla, commented: “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 reinforcing a buyer’s market, keeping price rises in check. Many more home buyers have been paying stamp duty since April and want this extra cost reflected in the price they pay.”

The national average house price is £268,400, representing a 1.3 per cent increase compared to the same time last year. However, this figure is only a modest gain compared with December 2024, when annual house price inflation stood at 2.1 per cent.

Northern regions generally perform better than the South. Northern Ireland has recorded the fastest price growth, with values up 6.1 per cent across the country and 7.8 per cent in Belfast, though this comes from a relatively low base. Similarly, Scotland, Wales, and northern England have posted annual growth of between 2 and 3 per cent.

In contrast, southern England is seeing stagnation. Price growth is almost flat in the South East and London at 0.2 per cent, while the South West is only slightly higher at 0.3 per cent. Some areas, including Truro, Torquay, and Exeter, are experiencing outright declines, with drops of 1.3, 1.2, and 1.1 per cent, respectively.

Mortgage affordability rules have also been revised. Clarification from the Financial Conduct Authority (FCA) has led lenders to reassess how borrowing capacity is measured, giving some buyers access to larger loans. This has helped support demand despite the prevailing uncertainty around interest rates.

Donnell added: “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 bad so

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

Industry professionals echoed the view that the market remains resilient, though cracks are starting to show. David Powell, Chief Executive Officer at 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 number of properties currently on the market for sale.”

Matt Thompson, Head of Sales at estate agency Chestertons, noted a more active season: “Compared to 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. Some buyers, however, are still pausing their search in the hope that the Bank of England will announce another rate cut in August.”