

UK Housing Outlook: Growth, Rates, and Regional Shifts to Watch in H2 2025

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— Categories: Real Estate

London, July 1, 2025 The UK housing market has shown signs of stability in the first half of 2025, and experts believe that steady growth may continue over the coming months. However, rising mortgage costs, regional differences, and ongoing pressure in the rental sector could shape how the rest of the year plays out.

According to recent data, UK house prices rose 1.4% year-on-year, bringing the average home value to £268,400. More homes have come onto the market, and buyer demand especially in more affordable areas remains strong. Sales agreed this spring were at their highest level in four years.

Looking ahead, analysts expect house prices to grow by 2% to 4% during the second half of 2025. This is being supported by gradually falling mortgage rates, stable employment, and improved consumer confidence.

“It’s a healthy pace of growth, not too fast or too slow,” said Matthew Cole, housing analyst at Capital Property Insights.

A key trend to watch is the wave of remortgaging expected in the second half of the year. Many homeowners who secured low fixed-rate deals during the pandemic are now renewing at rates between 4% and 5%. This could lead to higher monthly payments and may reduce overall market activity.

Regional differences will likely become more noticeable. In Northern England, the Midlands, and Scotland, tight housing supply is pushing prices higher. Meanwhile, London and the

South East are seeing more listings, which may slow price growth in those areas.

The rental market is also under pressure. New rules for landlords and higher maintenance costs have caused some to leave the market. This has reduced rental supply, driving up average rents by 3% to 4% in many areas.

There is some positive news for buyers. The Bank of England is expected to lower interest rates later this year, which could make mortgages more affordable and support further market activity.

In summary, the UK housing market is expected to remain stable and resilient, though not without challenges. Steady price growth, shifting mortgage conditions, and regional supply issues will all influence how the second half of 2025 unfolds. Buyers, sellers, and renters alike are advised to stay informed and plan carefully.