

## UK House Prices See Fastest 2025 Rise

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July marked the strongest monthly gain in UK house prices this year, according to Halifax, with a 0.4% increase in average property values.

This outpaced economists' expectations of a 0.3% rise, indicating continued resilience in the property market despite persistent cost-of-living pressures and recent changes to property tax rules.

Average house prices were up 2.4% compared to July 2024, bringing the typical UK property value to £298,237. While this represents a slight slowdown from June's 2.7% annual growth, it closely aligns with data from Nationwide, which recorded a 0.6% increase during the same month.

The housing market has settled following a period of heightened activity earlier this year, spurred by buyers racing to complete transactions ahead of stamp duty changes introduced in April. Under the revised rules set in the October 2024 Budget, the stamp duty exemption threshold was reduced from £250,000 to £125,000, while the threshold for first-time buyers fell from £425,000 to £300,000.:

“We expect house prices to continue on a steady path of modest gains throughout the rest of the year. Although challenges remain for those seeking to enter or move up the property ladder, mortgage rates are easing, wages are rising, and affordability is improving gradually.”

She added that more flexible affordability assessments have helped support stable levels of market activity, even as economic conditions remain mixed.

Figures from HM Revenue and Customs showed a 13.4% increase in seasonally adjusted residential transactions during June, totalling 93,530 sales. Meanwhile, Bank of England data revealed that mortgage approvals rose by 1.4%, reaching 64,167 approvals in the same month.

The Bank of England's recent decision to reduce the base rate from 4.25% to 4% – the fifth cut this year – is expected to further ease borrowing costs. However, further reductions remain uncertain amid ongoing inflation and early signs of labour market softening.

Looking ahead, many households are expected to face changes to their mortgage payments as fixed-rate deals taken during the pandemic begin to expire.

“Those on two-year fixes from the period after the 2022 mini-budget are likely to benefit from lower monthly costs,” said Bryden. “But many with five-year fixed deals may face increases, though the extent will vary depending on their specific terms.”

Northern Ireland posted the strongest annual growth, with prices up 9.3% to an average of £213,832.

Scotland saw a 4.7% rise, with the average property priced at £125,238.

In Wales, average prices climbed 2.7%, reaching £227,928.

The North West and Yorkshire and the Humber both recorded 4% annual increases, with typical home values at £242,293 and £215,532, respectively.

In contrast, growth was more subdued in the south of England, where price rises remained under 1% year-on-year. London continues to lead in price levels, with the capital's average home now costing £539,914.

Despite outperforming early forecasts, the housing market's future remains tied to key economic indicators, particularly interest rates, wage growth, and broader economic stability.

For now, the combination of strong buyer demand, slightly improved affordability, and steady transaction volumes is supporting continued momentum. However, affordability concerns persist for many potential buyers, particularly in high-cost areas and among first-time purchasers.