

HALIFAX UK HOUSING MARKET REVIEW AND OUTLOOK FOR 2025

- **UK housing market beat expectations in 2024, with recovery supported by lower mortgage rates and strong wage growth**
- **Property prices hit a record high of £298,083 following annual growth of +4.8%, with transaction volumes returning to pre-pandemic levels**
- **Affordability has improved but continues to be a challenge for many buyers, with a decline in interest rates widely expected to be slower, impacting those who are yet to refinance older, existing deals**
- **Modest house price growth in the range of 0% to +3% is expected for 2025, along with a further small increase in the number of transactions**
- **As with recent years, forecast uncertainty remains high given the current economic environment**

Attributable to Amanda Bryden, Head of Halifax Mortgages:

“2024 was a year when UK property prices once again defied expectations, rising by +4.8% on an annual basis, to now sit at a record high of £298,083. The market remained largely flat until the summer, with most of that growth concentrated in the second half of the year.

“Two key factors have driven the recovery in the housing market over the last 12 months. The first is lower mortgage rates, at times up to 160 basis points below the peaks of 2022 and 2023.

“Second is that income growth continues to catch up with the consumer price increases of the past few years. For new mortgages, monthly costs as a percentage of earnings fell from 33% to 29% over the last year.

“This easing financial pressure has boosted buyer confidence as demand for mortgages reached its highest level in more than two years, with volumes now back in line with pre-pandemic levels, having trailed by around 20% at the start of the year.

“The uneven availability of properties for sale across the country, relative to demand, also continues to underpin prices. Higher mortgage rates compared to a few years ago may have made some homeowners hesitant to sell, to avoid triggering an immediate increase in their monthly mortgage cost when they move. Additionally, new build completions were at their lowest level since 2018, excluding the pandemic lockdown periods.

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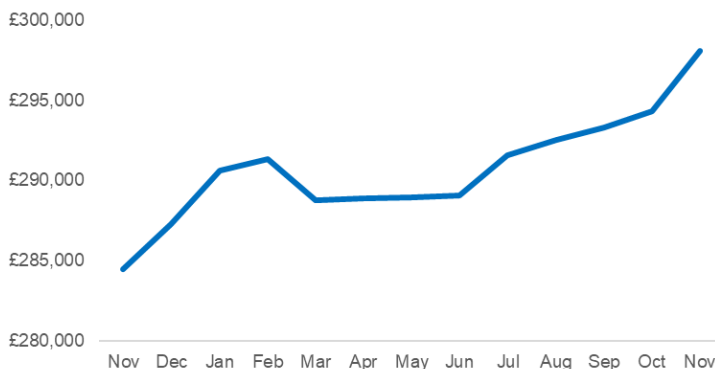
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Halifax House Price Index

Average UK house price: 13 months to November 2024



“Looking ahead to 2025, despite the positive trends we’ve seen over recent months, there’s no doubt mortgage affordability remains a challenge for many buyers.

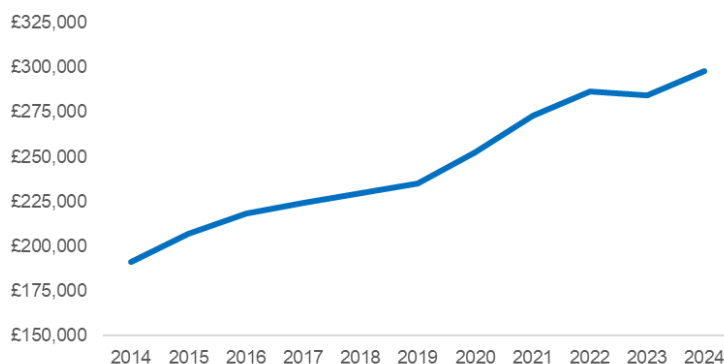
“While further cuts to Bank Rate are still on the cards, the pace looks likely to be more gradual than previously anticipated, and many homeowners with older fixed-rate deals ending next year face refinancing at much higher rates.

“But with employment conditions remaining positive, buyer demand should continue to hold up well. We expect modest house price growth in 2025, likely a little lower than this year at up to +3%, along with a further small increase in the number of transactions.”



Halifax House Price Index

Average UK house price: 2014 to 2024



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Key facts and figures:

- The average UK house price is now £298,083 compared to £284,442 a year ago, a rise of £13,641. That's a record high, with the last peak prior to 2024 being in June 2022 (£293,507).
- Annual house price growth is +4.8% (year to November), its strongest level since November 2022. Property prices fell on a monthly basis only once during 2024, dropping by -0.9% in March.
- Property prices for homes bought by first-time buyers rose by +4.1% over the last year (to £234,361), while the amount paid by home-movers increased by +5.0% (to £356,491).
- Northern Ireland saw the highest rate of annual property price inflation of any UK region or nation in the year to November 2024 at +6.8%. The slowest annual growth was in Scotland at +2.8%.
- The typical UK house price has increased by +56% over the last decade (£191,238 in November 2013), a rise of £106,845. Average property prices are £58,907 (+24.6%) higher than at the onset of the pandemic (£239,176 in March 2020).

Notes:

- 2025 house price forecast based on Lloyds Banking Group's economic projections as stated in its 2024 Q3 results: <https://www.lloydsbankinggroup.com/investors.html>
- All house price figures, unless otherwise stated, taken from the Halifax House Price Index up to and including November 2024 data: <https://www.halifax.co.uk/media-centre/house-price-index.html>

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