

Residential Update and Outlook

April 2025

Market Overview

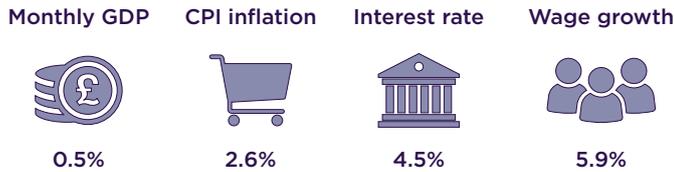
There were some positive economic indicators for the UK in the latest data round. Monthly GDP reached a robust 0.5% in February and the pace of inflation declined again, to 2.6% in the 12 months to March. Nevertheless, the global uncertainty caused by rapidly changing US tariff policy is lowering business and consumer confidence, delaying decision making and causing volatility in financial markets. The International Monetary Fund has also now cut forecast growth for every major economy, citing a 'major negative shock' due to the impact of the various trade policies. So although the latest GDP and inflation figures may currently paint a flattering economic picture, this is unlikely to persist. Economic growth is projected to be subdued, and inflation is likely to increase throughout the remainder of the year.

In the residential sales market recent data indicates a stalling in UK house price growth, with both Nationwide and Halifax reporting monthly declines and unchanged annual growth. There is also softening in the market evidenced by declines in new buyer enquiries, agreed sales and new listings from respondents in the RICS Residential Survey. Wider economic and geopolitical conditions may be partly responsible for some unease in the market, but data may also be reflecting the effects of the stamp duty changes from 1 April.

Key Points

- GDP grew by a strong 0.5% in February, above consensus expectations and well above the previous month's (upwardly revised) figure of zero growth. All three of the major economic sectors showed growth during the month with production output growing by 1.5%.
- There was a surprise decline in the pace of inflation again in March with the figure moving to 2.6%, down from 2.8% in February.
- Consumer confidence declined to -23 in April, down from -19 the month before. All sub-measures fell and this marks the lowest confidence level over the last 12 months.
- A rise of 0.4% in retail sales volumes in March was boosted by the sunnier weather during the month, with non-food store sales increasing by a robust 1.7% over February.
- The latest Labour Force Survey (LFS) showed little change, with the employment rate slightly increasing to 75.1% and the unemployment rate remaining at 4.4% in the three months to February.
- Early estimates from the LFS indicate a fall in payrolled employees between February and March, and job vacancies continued their downward trend for the 33rd consecutive quarter, falling below pre-COVID levels for the first time since May 2021.
- Wage growth remained strong in the three months to February, increasing by 5.9% annually, up slightly from January's (downwardly revised) figure of 5.8%. The UK has now experienced 32 consecutive months of wage growth exceeding 5% (annual).
- This month's Purchasing Managers Indices (PMIs) painted differing pictures with the construction and manufacturing sectors still in contraction (below '50') while the Services PMI remained in expansion and rose to 53.2 in March.
- House price growth has stalled according to both Nationwide and Halifax, with both indices recording monthly price declines and no change in annual growth rates this month over last, at 3.9% and 2.8% respectively.
- There was a further softening in the residential sales market according to the latest RICS Residential Market Survey. The new buyer enquiries, agreed sales and new listings metrics all declined on the month.
- Mortgage approvals in February fell slightly over January, although at just over 65,000 they are still close to the long-term average. Total transactions however jumped 13% over January, to the highest level in 34 months.
- In the rental market, latest ONS official figures show the pace of average UK rental growth slowing again, to 7.7% annually. This is the lowest figure in 22 months.

Economic indicators



Sources: Bank of England, ONS (wage growth regular pay, excl bonuses)

The macroeconomy

- The UK economy grew by an estimated 0.5% over the month in February, up from (a revised) no growth in January and well above consensus expectations. This was the strongest monthly performance for 11 months with industrial production rising 1.5%, notably with manufacturing output jumping by 2.2%. Services also grew by 0.3%, following growth of 0.1% in January. The construction sector also recorded growth of 0.4%, well above the fall of -0.3% recorded in January.
- The annual rate of inflation slowed to 2.6% in the 12 months to March, down from 2.8% the month before. The largest downward contributions came from recreation / culture and transport, largely due to a fall in motor fuel prices. Prices also rose by less for restaurants and hotels. On the other hand, the largest upward contribution came from clothing and footwear, although there is usually a usual rise in prices for these items at this time of year.
- There was no meeting of the Bank of England's Monetary Policy Committee (MPC) in April so interest rates remain unchanged at 4.5%. Their next meeting will take place on 8 May when they will need to consider the more subdued economic outlook, against strong wage growth and above-target inflation.

Labour and employment

- There was little change in the core figures from the Labour Force Survey this month. The UK employment rate moved to 75.1% in the three months to February, up from 75.0% the month before while the unemployment figure was unchanged at 4.4%.
- Of the additional figures in the latest labour market suite of data, early estimates for the number of payrolled employees fell by 78,000 between February and March and decreased by 70,000 over the 12 months to March. These early figures however are likely to be revised over the coming weeks and months. Job vacancies also declined and a revision from last month now makes this the 33rd consecutive quarter of declining vacancies. The figure now stands at 781,000, the first time since May 2021 where they are below the pre-COVID level.

- For the third month in a row annual earnings growth remained unchanged at 5.9% (average, excluding bonuses), in the three months to February. On average, private sector wages grew by around 5.9% while 5.7% was recorded in the public sector.

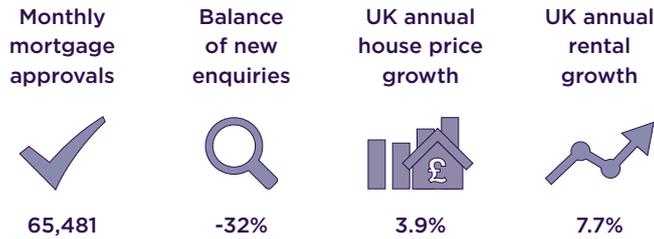
Market indicators

- The S&P Global UK Manufacturing PMI for March ended at 44.9, down from 46.9 in February and now the lowest figure since September 2023. Many companies report that domestic market conditions are deteriorating while costs are rising due to national minimum wage and national insurance contribution changes. Amidst the difficult domestic market are wider global geopolitical tensions and global trade and tariffs disputes. All of this is leading to falling business confidence which is now at a nearly 2.5 year low.
- Quite different to the manufacturing PMI, this month's Services PMI figure stayed in expansion territory and rose to 53.2 in March, from 51.0 in February and above market expectations. There was an apparent rebound in both the domestic and overseas sales markets with an increase in new work reported for the first time this year. Rising wage pressures however have caused input prices to rise, however service-provider optimism for the year ahead has risen to a five-month high.
- The Construction PMI rose slightly in March to 46.4, up from 44.6 the month before. Despite the rise, construction companies noted an overall downturn in activity alongside rising input costs and a squeeze in margins. A drop in new orders was also noted, all of which combined to produce the sharpest reduction in employment in the sector for almost five years. Civil engineering works was the weakest sub-sector with an index figure of 38.8 but both residential and commercial were also well inside the contraction zone at 44.7 and 47.4, respectively.

Consumer demand and sentiment

- Retail sales volumes rose by 0.4% in March, according to the latest ONS data. This is down from 0.7% in February (downwardly revised from 1.0%). The good weather during the month boosted clothing and outdoor retail sales with non-food store volumes increasing by 1.7% over the month. A decline of -1.3% in food store sales volumes however partially offset this rise.
- Headline confidence figures from the monthly GfK Consumer Confidence Index fell four points in April to -23. The largest decline was seen in the Economic metric over the next 12 months which fell eight points to -37. This compares with -21 during the same month one year ago. All five sub-measures declined, with the 'Personal Financial Situation' metric being the 'least negative' at -3.

Residential market



Sources: Bank of England, RICS, Nationwide, ONS

Residential sales

Mortgages and transactions

- February's mortgage approvals data indicates a negligible dip to just over 65,000, down -1% over January's figure, according to the Bank of England. This is probably the beginning of a slight slowdown in approvals over the next few months as the stamp duty changes take effect from 1 April. At the moment though, this figure is still very much in line with the pre-pandemic monthly average of just over 66,000 approvals.
- Total transaction figures however did show a strong jump in February, reaching 108,250. This was 13% more than occurred in January and 7% more than the long-term pre-pandemic monthly average. We expect a similar, or higher, figure in March as buyers rush to get their purchase over the line before the stamp duty changes take effect.
- Mortgage rates have been slowly declining over the last four weeks, particularly in the 85% LTV range. The latest average two-year fixed rate is now 4.76% (85% LTV), down from 4.86% one month ago. (Rightmove / Podium).

Supply and Demand

- Latest figures from the RICS Residential Market Survey suggest a further softening of the market. The net balance of new buyer enquiries measure dropped to -32%, from -16% last month and -1% in January while the agreed sales figure also dipped to -16%, from -13% previously. The new listings measure has stayed positive for now at +6%, but this is also down from recent months and is the lowest figure since July 2024. While these declines may be in part due to the stamp duty changes effective from 1 April, it is also likely that wider domestic and global political and macroeconomic concerns are now suppressing the market.
- Rightmove's latest house price report also shows that the supply of available properties coming to the market remains resilient, with a 'decade-high' number of homes for sale for the time of year. They go on to say that new buyer demand is up 5% over the same time last year,

with the number of new sellers up 4% compared with this period in 2024.

UK prices and price growth

- House price growth stalled in March according to Nationwide's latest index report. On a seasonally adjusted basis there was no recorded monthly house price growth, while annually prices were found to have increased by 3.9%, unchanged from February's annual figure. The average UK house price is now £271,316.
- For the second month in a row Halifax recorded a monthly house price fall, with average UK prices declining by -0.5% in March. This follows a -0.2% decline in February and leads to an annual price rise of 2.8%, unchanged from the previous month. The average UK property price is now £296,699. Northern Ireland again shows the strongest rise in house prices at 6.6% annually followed by Scotland at 4.3% and Yorkshire and The Humber at 4.2%. London meanwhile saw the slowest annual rise of just 1.1%.
- According to Rightmove's latest House Price Index, asking prices rose by a 'larger-than-usual' April figure of 1.4% (monthly), adding an additional £5,312 to the average asking price of a property which is now £377,182. On an annual basis this equates to a 1.3% increase, up from last month's 1.0% annual rise.
- The Official House Price Index for February found that house prices rose by an average of 5.4% annually, up from 4.8% the month before and the highest annual rate since December 2022. On a monthly basis there was no growth and average house prices remain at £268,319.
- The timelier figures from the RICS still indicate that house price growth is probably easing. A net balance of just +2% of respondents felt that prices in their area were growing, compared with +11% in each of the previous two months. This sentiment seems to be consistent across most areas of the country with the exception of Scotland and Northern Ireland which show a stronger upward trend in house prices currently.

Regional prices and price growth

- This month Nationwide produced their quarterly regional series which showed that house prices in Northern Ireland grew the most, up 13.5% over the last year. Much further down the table was the next highest, the North West, which saw 5.9% growth, the West Midlands (5.8%) and Yorkshire and The Humber (5.2%). Once again bottom of the table were some of the most expensive areas of the country including London at 1.9% annual growth, East Anglia (2.1%) and the South West at 2.8%.



- The regional data from the Official House Price Index produced by the ONS found a similar trend to Nationwide data. Northern Ireland recorded the strongest annual rate of growth at 8.4% followed by the North West (8.0%), while bottom of the table were again some of the most expensive regions including London (1.7%), the South West (3.9%) and East of England (4.2%).
- Across our Carter Jonas office locations, there was a huge spread of house price growth over the last year, with Vale of White Horse recording average growth of 10.2% followed by South Oxfordshire at 9.3%. However, York recorded a slight fall of -1.6% while Cornwall saw growth of just 1.1% and Bath and North East Somerset recorded 2.0%.

Residential lettings

Supply and Demand

- Tenant demand jumped sharply according to the latest RICS Residential Market Survey, with the net balance of this metric moving to +20%, up from -4% last month and the first positive reading since October last year. Landlord instructions remained firmly negative and declined to -24% from -22% in February.
- The latest Housing Insight Report from PropertyMark (February) found that tenant demand remains elevated with the average number of tenants registered per branch at 100, down slightly from January's figure of 115. On the other hand, supply dropped sharply, with the average number of properties available for rent declining from 12.3 in January to 10.4 in February. This is one of the lowest supply figures over the last 12 months.

Rents and rental growth

- The deceleration in rental growth continued into March, according to the latest ONS Price Index of Private Rents (PIPR) data. On an annual basis rents were found to have grown by 7.7% on average (UK), down from 8.1% the month before and the slowest pace of growth since June 2023. This month rents rose the fastest in the North East with an average annual rate of growth of 9.4%, followed by London at 9.1%. Of our Carter Jonas tracked locations there was a wide spread of rental growth ranging from 12.5% in Bath and North East Somerset, 9.9% in South Oxfordshire all the way to 3.6% in West Berkshire and 2.6% in York.
- Rental inflation on new lets was just 3.0% in the last 12 months according to Zoopla's latest UK Rental Market Report (March), although this is a higher 3.9% when London is excluded. On a regional level Northern Ireland is still reporting rental growth of 9.1% but the next highest is the North East at 6.1% followed by the North West at 5.0% while London reports growth of just 1.1%. On a city level inflation ranges from -1.1% in Nottingham to 6.2% in Newcastle, according to the web portal.
- *A reminder on rental growth rate differences between the official PIPR and other private sector measures such as Zoopla and Rightmove:- PIPR measures all stock of rents and compares achieved rents in the current month with the same month one year prior. Private sector measures only count asking rents for new let properties. The PIPR measure covers a much greater number of properties and will always lag by around 6 months or more as the new let rental prices take time to filter into the whole rental market stock.*

HM Treasury Forecasts for the UK Economy, April 2025

Sources: HM Treasury Consensus Forecasts (April 2025)

	2025	2026	2027	2028	2029
Official Bank Rate (%)	3.88	3.53	3.47	3.26	3.24
House price inflation (annual, %)	2.1	2.3	2.3	3.1	3.8
CPI inflation rate (annual average, %)	3.1	2.3	2.2	2.2	2.1
Unemployment rate (%)	4.7	4.8	4.7	4.6	4.6
GDP (annual, %)	0.8	1.0	1.5	1.6	1.7
Average earnings growth (annual, %)	3.8	3.1	3.1	3.1	3.1

Select Market Indicators, latest versus previous data

Sources: ONS (unless otherwise indicated) (final six indicators retrieved 25 April)

	Current	Previous	Direction of change
GDP monthly	0.5%	0.0%	↑
Inflation rate (CPI)	2.6%	2.8%	↓
Interest rate	4.5%	4.5%	↔
Employment rate	75.1%	75.0%	↑
Unemployment rate	4.4%	4.4%	↔
Weekly earnings growth, regular pay (excl bonuses)	5.9%	5.9%	↔
S&P Global UK Manufacturing PMI	44.9	46.9	↓
S&P Global UK Services PMI	53.2	51.0	↑
S&P Global UK Construction PMI	46.4	44.6	↑
Retail sales volumes (monthly)	0.4%	0.7%	↓
GfK Consumer Confidence Index	-23	-19	↓
Bank of England mortgage approvals (monthly)	65,481	66,041	↓
Nationwide house price inflation (annual)	3.9%	3.9%	↔
Halifax house price inflation (annual)	2.8%	2.8%	↔
Official UK House Price inflation (annual)	5.4%	4.9%	↑
Rightmove House Price Index (UK, annual, asking)	1.3%	1.0%	↑
Price Index of Private Rents (UK, annual)	7.7%	8.1%	↓
£ Sterling: \$ USD	\$1.33	\$1.29	↑
£ Sterling: € Euro	€1.17	€1.20	↓
Brent Crude Oil (USD)	\$65.75	73.67	↓
Gold (USD per ounce)	\$3,294.75	\$3,024.24	↑
FTSE 100	8,417.72	8,687.34	↓
UK 5 YEAR GILT YIELD	4.0445	4.3895	↓

Official House Price data, HM Land Registry, February 2025

Sources: HM Land Registry

CJ Regional Location	Average Price	Monthly Change (%)	Annual Change (%)
Vale of White Horse	£417,116	1.9%	10.2%
South Oxfordshire	£483,793	-0.6%	9.3%
West Berkshire	£399,710	0.5%	7.5%
Leeds	£243,193	0.5%	6.4%
Cambridge	£509,906	0.4%	6.3%
West Oxfordshire	£415,911	-1.8%	6.1%
Wiltshire	£330,507	0.6%	4.9%
Cambridgeshire	£341,758	0.0%	4.7%
Somerset	£283,260	1.5%	4.6%
Oxford	£484,848	-0.1%	4.3%
South Cambridgeshire	£437,844	-0.8%	4.3%
Dorset	£336,691	0.7%	3.9%
North Yorkshire	£270,433	-1.1%	3.5%
Winchester	£482,223	-1.8%	3.1%
Suffolk	£288,865	0.7%	2.3%
Devon	£314,132	-0.4%	2.2%
Bath and North East Somerset	£404,284	-1.3%	2.0%
Cornwall	£287,812	-0.3%	1.1%
York	£299,489	-1.4%	-1.6%

UK Region	Average Price	Monthly Change (%)	Annual Change (%)
Northern Ireland	£183,259	0.0%	8.4%
North West	£211,977	0.7%	8.0%
North East	£160,452	0.4%	7.9%
Yorkshire and The Humber	£205,455	1.6%	7.5%
West Midlands region	£246,636	1.1%	6.0%
East Midlands	£241,209	0.4%	6.0%
Scotland	£185,870	-1.5%	5.7%
United Kingdom	£268,319	0.0%	5.4%
England	£291,640	0.3%	5.3%
South East	£384,659	-0.3%	4.6%
East of England	£338,468	0.0%	4.2%
Wales	£207,382	-0.7%	4.1%
South West	£308,207	0.7%	3.9%
London	£555,625	-1.1%	1.7%

London	Average Price	Monthly Change (%)	Annual Change (%)
London	£555,625	-1.1%	1.7%
Prime Central London	£1,051,909	-2.3%	-17.5%
South West London	£744,384	-1.5%	-1.5%

Official House Price data, HM Land Registry, February 2025

Sources: HM Land Registry

London Borough	Average Price	Monthly Change (%)	Annual Change (%)
Lewisham	£499,866	0.7%	9.6%
Redbridge	£496,408	1.7%	9.3%
Merton	£619,145	1.6%	7.9%
Barking and Dagenham	£363,323	2.9%	7.8%
Havering	£444,121	1.0%	6.8%
Richmond upon Thames	£788,485	-0.4%	6.0%
Harrow	£538,080	1.0%	5.3%
Hillingdon	£477,446	0.3%	4.5%
Bromley	£517,679	0.2%	4.5%
Waltham Forest	£523,121	0.9%	4.4%
Kingston upon Thames	£587,729	2.6%	4.4%
Croydon	£411,032	-0.7%	3.8%
Sutton	£445,207	-0.9%	3.8%
Bexley	£408,294	0.7%	3.6%
Haringey	£636,881	-0.4%	3.6%
Enfield	£473,748	-0.1%	3.2%
Lambeth	£569,784	0.5%	3.0%
Southwark	£583,935	0.3%	3.0%
Ealing	£579,736	0.0%	2.2%
London	£555,625	-1.1%	1.7%
Tower Hamlets	£502,561	-0.2%	1.7%
Hounslow	£526,127	-0.3%	1.4%
Hackney	£606,146	0.2%	0.7%
Barnet	£602,832	-1.3%	0.7%
Greenwich	£469,825	-1.8%	0.5%
Wandsworth	£710,541	1.0%	-0.1%
Brent	£555,173	-3.1%	-0.9%
Camden	£809,827	-3.4%	-2.2%
Islington	£657,235	-0.8%	-5.1%
Newham	£414,561	-0.6%	-6.8%
Hammersmith and Fulham	£734,126	-5.0%	-10.3%
Kensington And Chelsea	£1,183,172	-1.4%	-14.2%
City of Westminster	£920,645	-3.3%	-20.9%
Outer London	£509,345	0.1%	4.0%
Inner London	£641,357	-0.6%	-2.3%

Official Price Index of Private Rents, ONS, March 2025

Source: Office for National Statistics

CJ Regional Location	Average Rent (£ pcm)	Monthly Change	Annual Change
Bath and North East Somerset	£1,734	0.71%	12.5%
South Oxfordshire	£1,373	0.28%	9.9%
Oxford	£1,825	0.49%	9.8%
Winchester	£1,436	0.76%	9.7%
South Cambridgeshire	£1,342	0.39%	7.7%
Cambridge	£1,763	0.15%	7.6%
Vale of White Horse	£1,309	0.74%	7.3%
Wiltshire	£989	0.07%	6.8%
North Yorkshire	£818	0.41%	6.7%
West Oxfordshire	£1,285	0.24%	6.2%
West Berkshire	£1,241	-0.04%	3.6%
York	£1,117	0.63%	2.6%

UK Country / Region	Average Rent (£ pcm)	Monthly Change (%)	Annual Change (%)
North East	£725	1.40%	9.4%
London	£2,243	0.32%	9.1%
North West	£896	0.36%	9.0%
Wales	£792	0.91%	8.9%
East Midlands	£873	0.65%	8.3%
East of England	£1,223	0.45%	8.2%
England	£1,386	0.37%	7.8%
South East	£1,368	0.41%	7.0%
West Midlands	£920	0.27%	6.9%
Scotland	£1,001	0.23%	5.7%
South West	£1,168	0.09%	5.4%
Yorkshire and The Humber	£816	0.40%	4.6%

London	Average Rent (£ pcm)	Monthly Change (%)	Annual Change (%)
London	£2,243	0.32%	9.1%
Prime Central London	£3,458	-0.3%	10.8%
South West London	£2,463	0.4%	10.8%

Official Price Index of Private Rents, ONS, March 2025

Source: Office for National Statistics

Notes: Average rent is across all bedrooms and property types, per calendar month (pcm)

London Borough	Average Rent (£ pcm)	Monthly Change (%)	Annual Change (%)
Camden	£2,840	0.12%	14.1%
Ealing	£2,033	0.11%	13.2%
Richmond upon Thames	£2,163	0.45%	12.7%
Enfield	£1,698	0.70%	12.5%
Haringey	£2,153	0.84%	12.5%
Hackney	£2,534	0.69%	12.4%
Hounslow	£1,870	-0.12%	12.0%
Redbridge	£1,659	0.59%	11.8%
Barking and Dagenham	£1,568	1.44%	11.7%
Westminster	£3,277	-0.39%	11.3%
Hammersmith and Fulham	£2,738	0.50%	11.1%
Islington	£2,699	0.19%	10.6%
Havering	£1,478	0.74%	10.3%
Kensington And Chelsea	£3,639	-0.13%	10.3%
Lambeth	£2,366	0.55%	10.2%
Waltham Forest	£1,721	0.54%	10.2%
Hillingdon	£1,521	0.35%	9.8%
Sutton	£1,507	0.23%	9.5%
Bexley	£1,422	0.45%	9.4%
Brent	£2,105	-0.01%	9.2%
London	£2,243	0.32%	9.1%
Merton	£2,049	0.42%	9.0%
Harrow	£1,702	0.13%	8.7%
Lewisham	£1,764	0.42%	8.5%
Wandsworth	£2,488	0.32%	8.5%
Croydon	£1,502	0.53%	8.4%
Tower Hamlets	£2,355	0.22%	7.7%
Southwark	£2,358	0.37%	7.2%
Barnet	£1,838	1.01%	6.9%
Bromley	£1,611	0.43%	6.7%
Kingston upon Thames	£1,736	0.24%	5.8%
Newham	£1,776	0.91%	5.6%
Greenwich	£1,865	0.13%	5.2%



About Carter Jonas

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