Residential Research
October 2025

Carter Jonas

Residential
Update and Outlook

October 2025

Market Overview

This month the data points to a general cooling of the UK economy. Although there was modest GDP growth of 0.1% in August, this was largely driven by production output, with the crucial services sector showing no growth for the second consecutive month. Inflation remained stubbornly high as well, at 3.8%, with price pressures and the forthcoming Budget announcement undoubtedly fuelling a growing sense of consumer uncertainty. Labour market data also reflects unease, with employers adopting a more cautious approach to hiring, as shown by the continued fall in both job vacancies and payrolled employee figures.

Similarly, the residential sales market is characterised by a subdued and cooling trend, largely driven by cautious buyer sentiment. Latest RICS data shows a continued slowing of new buyer enquiries, alongside a decline in the supply of new instructions. On the price front, Nationwide suggests the annual rate of price growth has stabilised at around 2% but Halifax data shows growth easing to 1.3%, the slowest rise in 17 months. In the private rental market, the pace of rental growth continues to ease across most parts of the country as tenant demand slows.

Key Points

- *GDP grew by an estimated 0.1% in August with production output showing the highest sub-sector growth at 0.4%. The services sector showed no growth for the second month in a row.*
- *The Consumer Prices Index (inflation) remained at 3.8% for the third month in a row in September. Transport prices (mostly motor fuel) made the largest upward contribution.*
- *The GfK Consumer Confidence Index moved up two points to -17 in October. The Major Purchase Index rose the most, increasing by four points to -12 and well above the same time last year when it read -21.*
- *Retail sales volumes rose for the fourth month in a row, increasing by 0.5% in September. Computer and telecoms retailers from the non-food stores sector posted the strongest monthly increase.*
- *Latest data from the UK Labour Force Survey continues to point to a cooling labour market. Employers remain cautious in their approach to hiring amid a decline in payrolled employee figures as well as another drop in job vacancies which fell by 9,000 in the latest quarterly dataset.*
- *Wage growth remains elevated although it continues to ease. At 4.7%, the annual growth rate is the lowest since May 2022 but remains well above the long-run 20-year average of 3.2%.*
- *The September Services Purchasing Managers Index (PMI) fell sharply to 50.8 from a one-year high of 54.2 in August. Worries about the economy and market uncertainty is weighing heavily on consumers. The manufacturing and construction sector PMIs remained below '50', again marking contraction in both.*
- *The two major house price indices showed some differences in September: Nationwide reported stable annual growth at 2.2%, reflecting a current supply-demand balance; conversely, Halifax indicated a third consecutive month of slowing growth to 1.3%.*
- *The residential sales market showed sluggishness again this month according to the RICS Residential Market Survey. Both new buyer enquiries and new listings remained negative and fell month on month. This kept the agreed sales measure in negative territory although less negative than the month before.*
- *The number of mortgage approvals and total transaction volumes fell slightly in August over July's figures. Despite this, they are both still largely in line with the same month last year.*
- *Again this month the annual pace of private rental growth eased, moving to 5.5% from 5.7%, across the UK, according to the latest ONS data. Some regional variations exist but overall the pace of growth is continuing to slow as tenant demand declines.*

Economic indicators

Monthly GDP	CPI inflation	Interest rate	Wage growth
0.1%	3.8%	4.0%	4.7%

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

The macroeconomy

- Monthly GDP grew by an estimated 0.1% in August, up from a (downwardly revised) fall of -0.1% the month before. Production output accounted for the largest rise, having grown by 0.4% in August, following an equivalent contraction of -0.4% in July. On the other hand, the services sector posted no growth while construction declined by -0.3% on the month.
- September's annual rate of inflation remained unchanged from the previous two months, at 3.8%. Higher costs for motor fuel as well as rising prices in restaurants and hotels helped put upward pressure on the rate of inflation this month. On the other hand, there was downward pressure from slowing prices in recreation and culture and food and alcoholic beverages, the latter seeing the first moderation in prices since March.
- There is no meeting of the Bank of England's Monetary Policy Committee in October. Therefore the base rate remains at 4.0%. The next meeting is scheduled for 6 November.

Labour and employment

- Both the unemployment and employment rates held relatively stable this month compared with last, at 4.8% and 75.1%, respectively. Data is three months to August from the latest Labour Force Survey by the ONS.
- This month's early estimate of payrolled employees shows a fall of 10,000 on the month (September) and by 100,000 year on year. Again, these are early estimates and August's data which originally showed a decline was later revised to now show growth of 10,000 on the month. By industry, the biggest decline was seen in the accommodation and food service activities sector.
- The estimated number of job vacancies in the UK fell by 9,000 or 1.3% in the three months to September. This marks the 39th consecutive period of falling vacancy figures. Vacancies decreased in nine of the 18 industry sectors.
- The rate of growth in average annual earnings continued to ease this month with regular earnings moving to 4.7%, down from 4.8% the month before. Private sector wages were found to have grown by an average 4.4% compared with 6.0% for the public sector. However, the public sector figure is affected by some public sector pay rises being paid earlier in 2025 than they were in 2024.

Market indicators

- The UK Manufacturing PMI (S&P Global) dropped to 46.2 in September, down from 47 in August and now marks a full 12 consecutive months of contraction. US tariff risks, high costs and subdued confidence are all weighing heavily on the sector. Export orders experienced the sharpest fall in two years, and employment fell for the eleventh month in a row as employers are still struggling with rising costs from higher wages and NI contributions.
- The UK Services PMI also fell in September, down to 50.8 from 54.2 the month before. A continued nervousness from consumers about the overall UK economic situation as well as global geopolitical uncertainty is constraining growth. Providers noted a particularly steep rise in operating costs, including from wages, energy bills and food prices.
- The UK Construction PMI meanwhile rose slightly during September, up to 46.2 from 45.5 the month before. This is its highest level in three months but still marks overall contraction in the sector and is the ninth consecutive month of contraction. Civil engineering work was the weakest performer, followed by commercial construction and then residential. Survey respondents noted subdued demand and high business uncertainty among clients. Employment fell for the ninth month in a row with firms noting hiring freezes and non-replacement of departing employees. Participants also noted the high impact of elevated wages, as well as energy costs and raw material prices, on input prices.

Consumer demand and sentiment

- Retail sales volumes grew by an estimated 0.5% in September, after (upwardly revised) growth of 0.6% in August. This marks the fourth consecutive rise in sales volumes and the highest volumes since July 2022. Non-food store sales rose by 0.9% with computer and telecommunications retailers showing the largest upward rise.
- UK consumer confidence rose two points to -17 in the latest GfK Consumer Confidence Index. They report increased 'buying sentiment' as the Major Purchase Index rose the most of all the sub-measures, up four points to -12. They go on to say that this increase is partly driven by retail sales events that were held earlier than usual this year. Three of the remaining four sub-indicators also increased over last month.

Residential market

Monthly mortgage approvals	Balance of new enquiries	UK annual house price growth	UK annual rental growth
64,580	-19%	2.2%	5.5%

Sources: Bank of England, RICS, Nationwide, ONS

Residential sales

Mortgages and transactions

- Mortgage approvals dipped slightly for the first time in four months in August, with August's approvals falling by 1% to 64,580 according to the Bank of England's first estimates, largely in line with last year's figure of just over 65,000. Year to date approvals are 5% above the same period in 2024.
- The total transaction figure also declined month on month, according to HMRC's preliminary figures for August. At just over 93,600 this was 2% below July's figure but was still slightly above the same month one year ago. Year to date, total transaction volumes are nearly 15% above the same time last year.

Supply and Demand

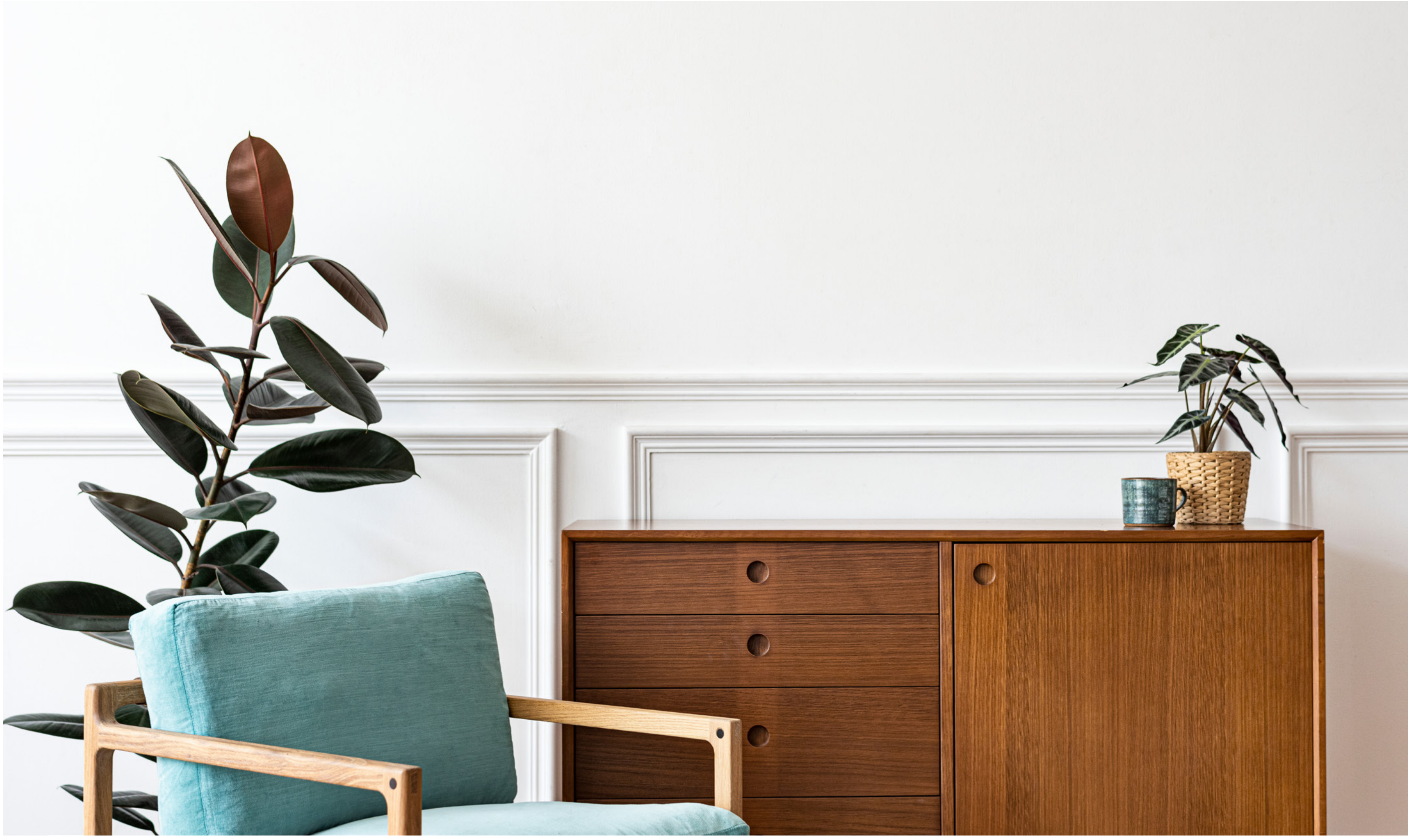
- A subdued market continues to be evident in the latest RICS Residential Market Survey results. The balance measure of new buyer enquiries edged down slightly again to -19%, the third month of negativity and the seventh time over the last eight months it has been negative. On the supply side the new instructions measure stayed negative for the second month in a row at -15%, the lowest level for this metric since September 2023.
- Rightmove's latest House Price Index report finds that so far this year there has been an overall slight increase in activity compared with last year. They report that year to date new buyer demand this year is up 2% compared with the same period last year while the supply of new vendors is also up by around 5%.

UK prices and price growth

- The annual rate of house price growth remained relatively stable in September according to Nationwide, increasing 2.2% compared with 2.1% in August. This now marks the fourth month in a row where house price growth has hovered around this figure and reflects the relative equilibrium between supply and demand.
- Halifax however continues to indicate a slowing of annual house price growth, down to 1.3% in September from (a downwardly revised) 2.0% in August. This marks the third month in a row of declining annual growth and the slowest rise in 17 months. On a monthly basis prices were found to have declined by -0.3% leading to an average house price of £298,184.
- Asking prices are currently down by around -0.1% year on year according to Rightmove's latest index report. The largest declines are seen in London (-1.4%), the South West (-1.0%) and the South East (-0.8%) while almost all other regions in the North and West have seen price increases compared with last year.
- The Official House Price Index for August from the ONS finds that average house prices in the UK rose by 3.0% annually. This is down from (a revised) 3.2% in July. The average UK house price is now £273,000, £8,000 higher than 12 months ago. On a monthly basis prices rose by 0.8% between July and August.
- The RICS market survey results pointed to little change in the house price indicator although it moved up slightly to -15% from -19% in the August iteration. Once again the figure is more negative from respondents in southern areas such as the South East (-43%) and East Anglia (-38%) whereas Scotland and Northern Ireland participants report house price growth in those countries.

Regional prices and price growth

- On a regional basis, yet again price affordability is continuing to dominate the price growth figures across the country. In the North East house prices are still growing robustly at 6.6% annually, followed by the North West (4.5%) and the East Midlands (4.4%). On the other hand, East of England has seen prices drop by an average of -4.6% over the last 12 months while in London prices fell by -0.3%. Some of the other historically more expensive housing areas in the South East (1.8%), and the South West (2.4%) continue to see a slower pace of growth.
- Nationwide's quarterly regional data showed that most places across the United Kingdom reported house price growth of between 1% and 3.8%. Outside of this, Northern Ireland is still showing the strongest growth rate at 9.6% followed by the North at 5.1%. At the bottom of the table are still the areas of the country that are traditionally the most expensive – the Outer South East (0.3%), London (0.6%) and the South West (0.9%) all lagged behind.
- Our tracked Carter Jonas locations posted a large spread of house price growth over the last 12



months, according to the ONS Official Index. Vale of White Horse topped the table at an average 9.1% rise followed by its neighbour, West Oxfordshire, at 7.2%. However, other areas saw some price declines such as Winchester (-1.2%), Oxford (-0.3%) and York (-0.2%).

Residential lettings

Supply and Demand

- Propertymark's latest Housing Insight Report (August data), shows the average number of properties available for rent per agent continues to edge upwards, reaching 13.3. This follows an upward trend since 2023, when the average was around 8 to 9 per branch. This is also reflected in the number of rental applicants per available property. This figure has been slowly moving down from a high of 14 in early 2023, to around 6 or 8 currently.

- In the RICS Residential Market Survey the net balance of the tenant demand measure moved to negative territory at -1%. This is little changed over the last two months when the figure was 5% and 4%, respectively so indicates relatively 'flat' market movement. Landlord instructions however continue to fall with this metric returning a balance of -38%, the most negative since April 2020.

Rents and rental growth

- Rental growth continued to ease in September, with the annual UK rate now down to 5.5%, from 5.7% in August (ONS, Price Index of Private Rents). This is now well below the peak of 9.0% at the end of 2024.

- However, strong regional and local variations in the pace of growth still exist. The North East is recording an average annual growth rate of 9.1%, followed by Wales and the North West at 7.1%. Yorkshire and The Humber though has seen slower rates at 3.8%. Of the Carter Jonas tracked locations, double digit rates still exist in Oxford at 10.5%, while Bath is not far behind at 9.0%. Interestingly though, areas just outside of the centre of Oxford including West Oxfordshire and South Oxfordshire are posting some of the slowest rates of annual growth at 1.1% and 2.7% respectively.

- *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.*

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HM Treasury Forecasts for the UK Economy, October 2025

Sources: HM Treasury Consensus Forecasts (October 2025 and August 2025 (long-term))

	2025	2026	2027	2028	2029
Official Bank Rate (%)	3.94	3.44	3.35	3.26	3.22
House price inflation (annual, %)	1.7	2.9	2.7	3.6	4.0
CPI inflation rate (annual average, %)	3.7	2.4	2.2	2.2	2.1
Unemployment rate (%)	4.8	4.8	4.8	4.8	4.7
GDP (annual, %)	1.4	1.2	1.4	1.4	1.4
Average earnings growth (annual, %)	3.8	3.1	3.0	2.9	3.1

Select Market Indicators, latest versus previous data

Sources: ONS (unless otherwise indicated) (final six indicators retrieved 24 September)

	Current	Previous	Direction of change
GDP monthly	0.1%	-0.1%	↑
Inflation rate (CPI)	3.8%	3.8%	↔
Bank Rate (base interest rate)	4.0%	4.0%	↔
Employment rate	75.1%	75.2%	↓
Unemployment rate	4.8%	4.7%	↑
Weekly earnings growth, regular pay (excl bonuses)	4.7%	4.8%	↓
S&P Global UK Manufacturing PMI	46.2	47.0	↓
S&P Global UK Services PMI	50.8	54.2	↓
S&P Global UK Construction PMI	46.2	45.5	↑
Retail sales volumes (monthly)	0.5%	0.6%	↓
GfK Consumer Confidence Index	-17	-19	↑
Bank of England mortgage approvals (monthly)	64,680	65,161	↓
Nationwide house price inflation (annual)	2.2%	2.1%	↑
Halifax house price inflation (annual)	1.3%	2.0%	↓
Official UK House Price inflation (annual)	3.0%	3.2%	↓
Rightmove House Price Index (UK, annual, asking)	-0.1%	-0.1%	↔
Price Index of Private Rents (UK, annual)	5.5%	5.7%	↓
£ Sterling: $ USD	$1.33	$1.35	↓
£ Sterling: € Euro	€1.15	€1.15	↔
Brent Crude Oil (USD)	$66.03	$63.40	↑
Gold (USD per ounce)	$4,118.12	$3,652.78	↑
FTSE 100	9,578.56	9,231.52	↑
UK 5 Year Gilt Yield	3.892%	4.128%	↓

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Official House Price data, HM Land Registry, August 2025

Sources: HM Land Registry

CJ Regional Location	Average Price	Monthly Change (%)	Annual Change (%)
Vale of White Horse	£410,654	2.9%	9.1%
West Oxfordshire	£434,815	1.0%	7.2%
Leeds	£243,926	1.5%	4.2%
Cambridgeshire	£341,609	1.5%	3.6%
Wiltshire	£332,625	1.7%	3.2%
West Berkshire	£397,373	0.0%	3.1%
North Yorkshire	£273,008	0.8%	3.0%
Cornwall	£288,513	0.8%	2.9%
Dorset	£338,132	1.7%	2.7%
Suffolk	£289,203	0.8%	2.6%
Somerset	£281,521	0.4%	2.4%
South Cambridgeshire	£440,233	1.7%	1.9%
Devon	£310,659	0.6%	1.9%
South Oxfordshire	£480,428	1.5%	1.8%
Cambridge	£498,163	1.3%	0.5%
Bath and North East Somerset	£415,832	3.1%	0.0%
York	£315,504	0.9%	-0.2%
Oxford	£501,992	1.1%	-0.3%
Winchester	£469,434	0.0%	-1.2%

UK Region	Average Price	Monthly Change (%)	Annual Change (%)
North East	£163,534	0.8%	6.6%
North West	£216,789	1.6%	4.5%
East Midlands	£244,677	1.2%	4.4%
Scotland	£193,786	0.3%	4.0%
West Midlands region	£250,017	0.7%	3.7%
United Kingdom	**£272,995**	**0.8%**	**3.0%**
England	£295,670	0.9%	2.9%
Yorkshire and The Humber	£207,330	0.9%	2.7%
Northern Ireland	£185,108	0.0%	2.6%
South West	£310,480	0.5%	2.4%
Wales	£211,361	1.0%	2.0%
South East	£388,812	1.3%	1.8%
London	£565,567	0.1%	-0.3%
East of England	£317,021	-6.7%	-4.6%

London	Average Price	Monthly Change (%)	Annual Change (%)
London	£565,567	0.1%	-0.3%
Prime Central London	£1,092,263	-6.4%	-11.1%
South West London	£755,516	-0.6%	-3.7%

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Official House Price data, HM Land Registry, August 2025

Sources: HM Land Registry

London Borough	Average Price	Monthly Change (%)	Annual Change (%)
Barking and Dagenham	£362,062	-0.8%	9.1%
Hounslow	£554,551	3.0%	8.0%
Waltham Forest	£533,974	3.1%	7.9%
Hillingdon	£489,761	2.3%	6.1%
Camden	£904,443	-1.7%	6.0%
Bromley	£531,139	-1.1%	5.9%
Lewisham	£502,914	2.7%	5.9%
Haringey	£642,413	2.4%	4.6%
Harrow	£549,708	-0.2%	4.0%
Sutton	£449,194	-0.1%	3.8%
Havering	£441,589	0.0%	3.7%
Redbridge	£492,939	0.5%	3.5%
Hackney	£636,099	3.2%	3.3%
Enfield	£481,996	1.5%	2.8%
Bexley	£412,151	0.3%	2.2%
Richmond upon Thames	£804,246	-0.2%	2.0%
Merton	£633,514	0.0%	1.6%
Ealing	£584,370	1.0%	1.3%
Southwark	£598,420	1.8%	1.2%
Kingston upon Thames	£582,798	-1.5%	0.7%
London	**£565,567**	**0.1%**	**-0.3%**
Croydon	£401,214	-1.0%	-0.5%
Brent	£560,535	4.6%	-1.6%
Newham	£417,905	0.6%	-1.7%
Lambeth	£558,112	2.0%	-2.2%
Greenwich	£471,654	1.3%	-2.2%
Barnet	£615,503	2.3%	-2.6%
Islington	£685,018	-0.7%	-3.0%
Wandsworth	£698,956	1.0%	-5.0%
Kensington And Chelsea	£1,263,106	-5.7%	-7.0%
Tower Hamlets	£488,300	0.0%	-7.0%
Hammersmith and Fulham	£763,345	-2.5%	-8.0%
City of Westminster	£921,419	-7.4%	-15.1%
Outer London	£515,192	0.7%	2.7%
Inner London	£650,838	0.0%	-2.5%

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Official Price Index of Private Rents, ONS, September 2025

Source: Office for National Statistics

CJ Regional Location	Average Rent (£ pcm)	Monthly Change	Annual Change
Oxford	£1,911	0.75%	10.5%
Bath and North East Somerset	£1,761	0.34%	9.0%
Wiltshire	£1,032	1.01%	7.1%
South Cambridgeshire	£1,366	0.31%	5.1%
North Yorkshire	£832	0.36%	5.0%
Vale of White Horse	£1,306	-0.58%	4.4%
West Berkshire	£1,277	0.19%	4.1%
Cambridge	£1,772	-0.07%	3.9%
Winchester	£1,445	-0.21%	3.8%
South Oxfordshire	£1,348	-0.52%	2.7%
York	£1,130	0.40%	2.0%
West Oxfordshire	£1,269	-0.94%	1.1%

UK Country / Region	Average Rent (£ pcm)	Monthly Change (%)	Annual Change (%)
North East	£750	0.68%	9.1%
Wales	£815	0.49%	7.1%
North West	£923	0.70%	7.1%
East Midlands	£894	0.52%	6.4%
East of England	£1,251	0.47%	6.3%
England	£1,410	0.47%	5.5%
South West	£1,200	0.67%	5.3%
London	£2,260	0.34%	5.3%
West Midlands	£942	0.66%	5.1%
South East	£1,390	0.38%	4.9%
Yorkshire and The Humber	£829	0.45%	3.8%
Scotland	£1,004	0.24%	3.4%

London	Average Rent (£ pcm)	Monthly Change (%)	Annual Change (%)
London	£2,260	0.34%	5.3%
Prime Central London	£3,425	0.3%	4.5%
South West London	£2,497	-0.1%	6.7%

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Official Price Index of Private Rents, ONS, September 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 (%)
Barking and Dagenham	£1,659	0.27%	12.5%
Bexley	£1,514	0.10%	11.4%
Camden	£2,796	0.10%	11.1%
Lambeth	£2,454	0.81%	9.6%
Havering	£1,553	0.70%	9.2%
Newham	£1,875	0.08%	8.9%
Richmond upon Thames	£2,230	-0.23%	8.7%
Kingston upon Thames	£1,829	-0.19%	8.6%
Redbridge	£1,698	0.27%	8.1%
Haringey	£2,196	0.34%	7.7%
Hackney	£2,567	0.04%	7.6%
Enfield	£1,739	0.04%	7.5%
Ealing	£2,049	0.09%	7.1%
Barnet	£1,898	0.61%	6.9%
Hounslow	£1,893	0.08%	6.5%
Wandsworth	£2,535	0.37%	6.4%
Lewisham	£1,796	0.15%	5.8%
Harrow	£1,732	0.27%	5.7%
Merton	£2,066	0.27%	5.6%
Croydon	£1,534	0.01%	5.5%
Waltham Forest	£1,731	-0.38%	5.5%
London	**£2,260**	**0.34%**	**5.3%**
Kensington And Chelsea	£3,629	0.40%	5.1%
Hillingdon	£1,529	-0.15%	5.1%
Hammersmith and Fulham	£2,726	-0.31%	5.1%
Bromley	£1,640	-0.01%	4.8%
Islington	£2,705	0.15%	4.7%
Tower Hamlets	£2,372	0.09%	4.5%
Westminster	£3,221	0.20%	3.9%
Sutton	£1,524	0.00%	3.6%
Greenwich	£1,884	0.17%	3.4%
Southwark	£2,345	-0.09%	2.9%
Brent	£1,923	-1.28%	-8.9%

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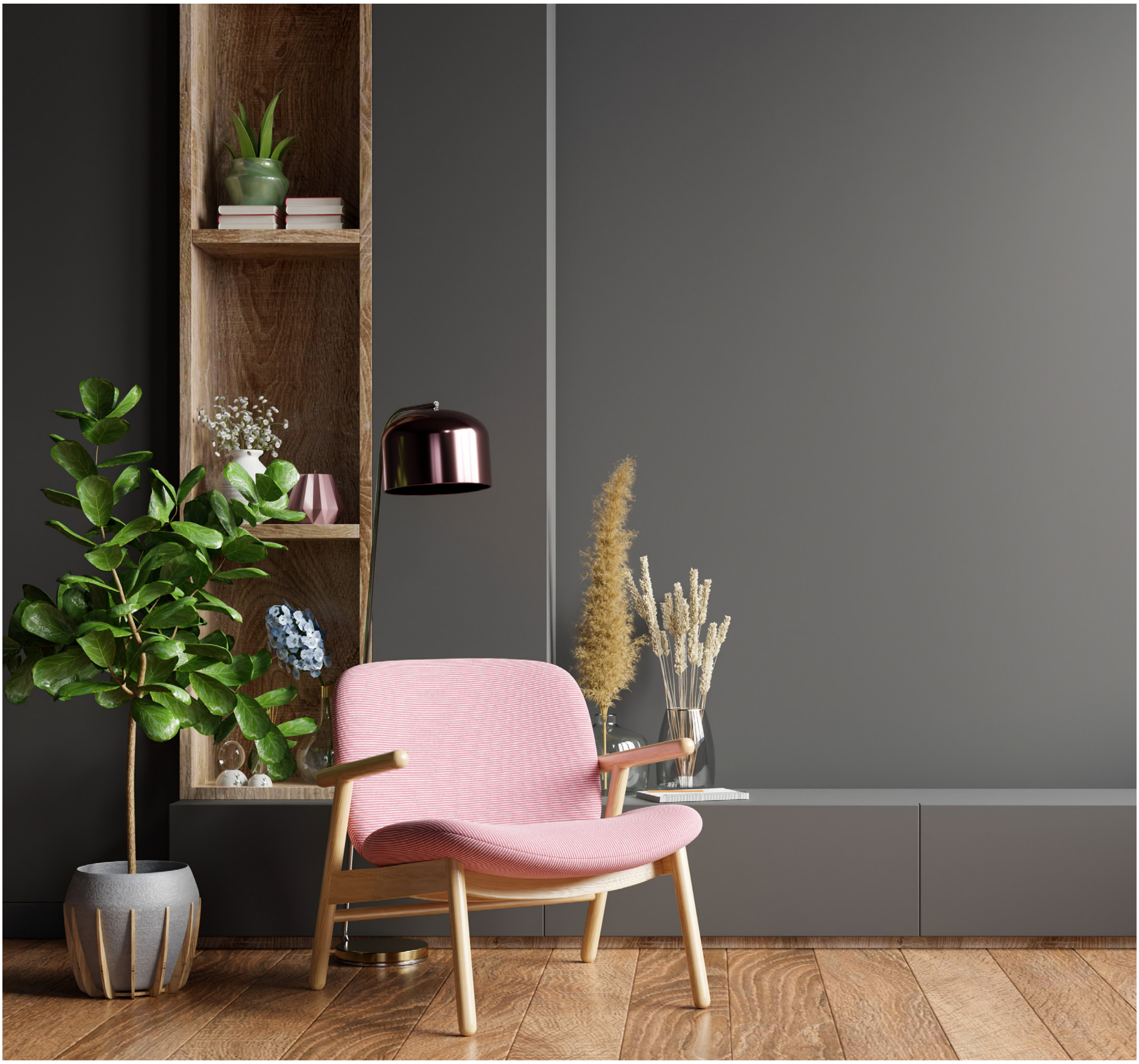

About Carter Jonas

Carter Jonas LLP is a leading UK property consultancy working across commercial property, residential sales and lettings, rural, planning, development and national infrastructure. Supported by a national network of 34 offices and over 1,000 property professionals, our divisional teams are renowned for their quality of service, expertise and the **simply better property advice** they offer their clients.

Residential Research

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