

Illuminate Wealth Management Ltd is an Appointed Representative of Vision Independent Financial Planning Ltd which is Authorised and Regulated by the Financial Conduct Authority (FCA). Firm reference number 487395.

Residential Property Review

September 2025



Housing market outlook

According to Savills, housing market performance for the rest of the year is dependent on the Autumn Budget, with many speculating that the Chancellor will announce changes to Stamp Duty and Capital Gains Tax.

This uncertainty may slow down market activity up to 26 November, as buyers and sellers wait to see what Rachel Reeves has in store. Sensible pricing will therefore be essential for those looking to secure a sale over the coming months.

Moneyfacts reported in mid-August that the average five-year fixed rate mortgage fell below 5% for the first time since May 2023. However, the yield on 30-year UK government bonds hit a 27-year high in September, bringing concerns that mortgage rates will go up again.

Meanwhile, rental growth was 2.4% in August according to Zoopla, the lowest annual rate in four years and less than half that recorded in August 2024.

15% of property sales fall through

It's not been the easiest year for sellers, with one in seven property sales falling through between January and July 2025.

According to property data analysts Outra, it took an average of 35 days for a sale to fall through after going under offer. The South East was the UK region with the highest number of fall-throughs (17.07%), followed by the South West (16.83%). Scotland had the fewest (8.14%), but this is reflective of lower market activity in the area.

The property type with the highest fall-through rate was converted homes (17.35%), followed by end-of-terrace houses (16.03%).

Simon Dawson at Outra commented, *"There's a limit to what you can do to prevent your sale falling through – when you're dealing with a buyer, some things are out of your control. By understanding market trends and buyer behaviour, you can make better-informed decisions, reduce risk and increase certainty in the selling process."*

Buyer hotspots in London

Rightmove has identified the most in-demand areas amongst homebuyers in London.

A map highlighting the most desirable areas in the capital has caused a stir online – shaped like a banana, the curve runs from South West to North East London. However, Rightmove's research has shown that eight out of the ten buyer hotspots are not actually inside this area. Docklands and Hackney are the most in demand, both outside of the banana zone. Islington and Battersea were the only neighbourhoods that fell within the curve.

Property expert at Rightmove, Colleen Babcock commented, *"Affordability is a key driver, with many of the most in-demand locations offering better value than the London average. It's a reminder that buyer interest doesn't always follow the trend, it follows the opportunity."*

House prices
headline statistics

House Price Index (July 2025)	103.4
Average House Price	£270,000
Monthly Change	0.3%
Annual Change	2.8%

*(Jan 2023 = 100)

- Average house prices in the UK increased by **2.8%** in the year to July 2025
- House prices increased by **0.3%** on average between June and July 2025
- The average house price in London was **£561,587**.

Source: The Land Registry
Release date: 17/09/25
Next data release: 22/10/25

Average monthly price by
property type – July 2025

Property Type	Annual Increase
Detached £440,309	3.6%
Semi-detached £272,456	3.6%
Terraced £226,794	2.8%
Flat / maisonette £197,037	0.7%

Source: The Land Registry
Release date: 17/09/25

House prices
Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.3%	2.7%	£291,852
Northern Ireland	0.3%	5.5%	£185,108
Scotland	0.5%	3.3%	£192,050
Wales	-0.4%	2.0%	£209,178
East Midlands	0.4%	2.8%	£239,830
East of England	-0.1%	2.1%	£337,650
London	0.0%	0.7%	£561,587
North East	0.0%	7.9%	£163,684
North West	0.4%	4.8%	£213,266
South East	-0.4%	1.2%	£381,764
South West	1.4%	1.4%	£306,148
West Midlands Region	0.3%	3.3%	£247,763
Yorkshire and The Humber	0.7%	3.9%	£205,656

Housing market outlook

"Affordability remains a challenge, but there are signs of improvement. Interest rates have been on a gradual downward path for nearly two years, and many of the most competitive fixed-rate mortgage deals now offer rates below 4%.

Combined with strong wage growth – which has outpaced house price inflation for nearly three years – this is giving more prospective buyers the confidence to take the next step. Summer is typically a quieter period for the market, so the recent rise in mortgage approvals to a six-month high is an encouraging sign of underlying demand.

While the wider economic picture remains uncertain, the housing market has shown over recent years that it can take these challenges in its stride. Supported by improving affordability and resilient demand, we expect to see a slow but steady climb in property prices through the rest of this year."

Amanda Bryden, Head of Mortgages, Halifax

Source: Halifax, September 2025

Contains HM Land Registry data © Crown copyright and database right.
This data is licensed under the Open Government Licence v3.0.

All details are correct at the time of writing (17 September 2025)

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.