

THE **PROPERTY** **MARKET**

A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

Analysis by Dataloft (PriceHubble) | Spring 2025

SOLID START TO 2025

SALES



↑4.6%

UK House prices

£256,177 December 2023 vs
£268,087 December 2024



↑14.4%

Property sales

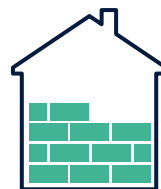
83,140 January 2024 vs
95,110 January 2025



↑18.3%

Mortgage approvals

55,941 January 2024 vs
66,189 January 2025



↓7.2%

New private homes completions

62,690 Q4 2023 vs
58,168 Q4 2024



↑22.6%

Gross mortgage lending

£17.4bn* January 2024 vs
£21.3bn* January 2025

Source: Dataloft, ONS, HMRC, Bank of England, DLUHC, HomeLet
*Figures rounded to nearest £0.1bn

2024 turned into a much stronger year for the housing market than many anticipated, with a return to house price growth. This year looks set to continue in a very similar way with continued stronger levels of market activity and solid price growth.

Economic growth expectations

Whilst economic growth expectations have moderated a little for 2025 (the Bank of England recently cut its GDP forecast for the year to 0.75%), the economy is still expected to grow and growth levels should be sufficient to drive moderate house price growth. Beyond 2025, current economic forecasts point to stronger year next year, with economic growth momentum picking up speed. With a few conflicting signals the Bank of England will likely take a slow and measured approach to further interest rate cuts, but forecasts suggest there is scope for further rate cuts. The consensus forecast for year end is 3.75%.

Sales volumes recovery

Sales volumes suffered through much of 2023 and early 2004, what is evident now in the market is a recovery to normal levels of activity. The latest month sales volume for the UK* reported 88,200 monthly sales – broadly in line with the levels of activity in the market for the five years prior to covid. Mortgage approvals, which are the front runner to transaction activity, have also recovered to long-term trend levels. Latest monthly data** was 66,500 exactly the same as the monthly average for the five years to end 2019 (pre covid).

Market activity

January activity levels are certainly much stronger than a year ago. The number of new sellers coming to market was 13% ahead, buyer demand 8% ahead, and sales agreed numbers up by 15% according to Rightmove data. Additionally, the RICS leading indicator for prices has been at its strongest level for the last three months since the Truss mini budget in September 2022. First-time buyers have an extra motive to get on with their transactions, with the reversal in the stamp-duty exemption now looming close at the end of March.

*HMRC, data to end December 2024, **Bank of England, data to end December 2024

LETTINGS



↑1.0%

Average rents
February 2024 vs
February 2025



£1,275

Average monthly
rent across the UK
February 2025

12×

Renters chasing
each available
rental home

Hometrack
(March 2025)

Slower pace of rental growth

The last few years have seen exceptional levels of rental growth, this pace is now slowing but rents are still expected to grow. In the year to end February rents were 1.0% higher than they were a year ago with a median rent level of £1,275. Tracking back the performance of the rental market, this time last year the growth rate was 7.4%. With mortgage rates improving, there has been a resurgence in first-time buyer activity, helping take some pressure off the rental sector. With such a tight market over the last few years, many renters decided to sit tight and renew, with potentially less competition per rental property this year, there might well be increased level of activity as more renters feel more confident to move on.

Analysis by Dataloft (PriceHubble)



Whilst the economy faces certain challenges in 2025, not least from geo-political tensions and remaining inflationary pressures, the level of forecast GDP growth is still expected to drive strong levels of sales market activity and modest levels of price growth in 2025.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY
PROFESSIONALS

LATEST MORTGAGE TRENDS

Making sense of mortgage data



93.0%
of new lending
on fixed rates

Source: FCA, Bank of England

Mortgage rates improving

Interest rates on new mortgage lending averaged 4.5% on the latest data (Dec 2024), this is a significant improvement from the peak of 5.4% just over a year earlier (Nov 2023). The Bank of England cut its bank rate in February to 4.5%, on the back of which there has been an increase in more competitive rates announced by lenders. For borrowers with a significant deposit, some fixed rates have recently dipped below 4%.

65.3%
of new lending
on joint incomes

First time buyer numbers recover

The number of first-time buyers in 2024 was 19% above 2023 levels. This is due to improving affordability as mortgage rates fall as well as the looming deadline for the reversal of the stamp duty exemption for first-time buyers. The proportion of first-time- buyers versus other borrowers* was the highest since the data series commenced in 2007 at 29%. Conversely, the proportion of buy-to-let mortgages within new lending was one of the lowest (at just 8%).

4.5%
average new
lending rate

Underlying affordability

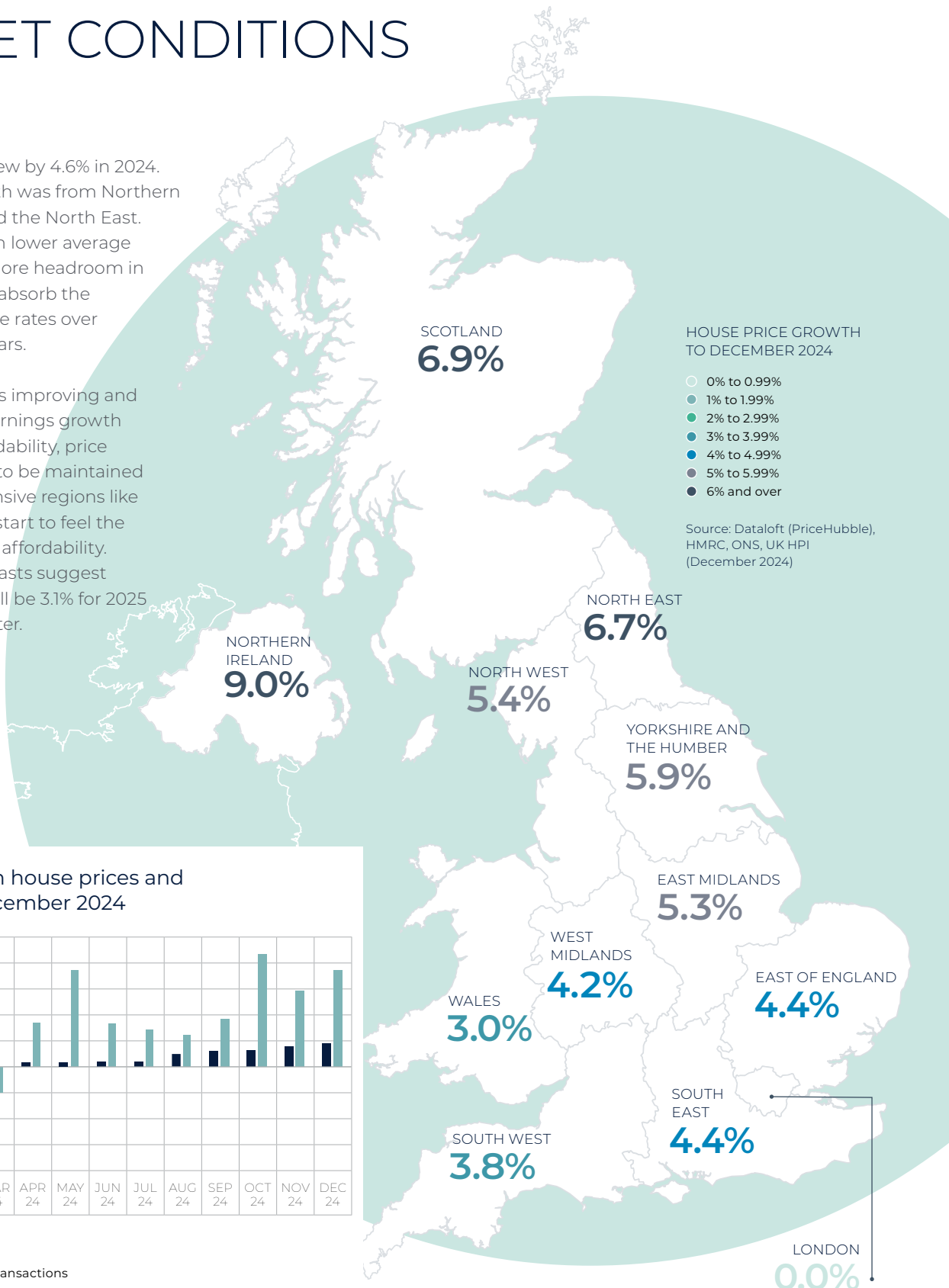
The mortgage data gives insight into the underlying affordability of the market. The majority (65.3%) of new mortgage borrowers apply on a joint income basis, in line with the average over the last 15 years (62.2%). Likewise, there hasn't been a discernible shift in the loan to value rates on new mortgages, the latest data shows that 59% of new lending was less than 75% loan-to-value, which is very similar to 61% average over the last 15 years.

*other owner occupiers and buy-to-let

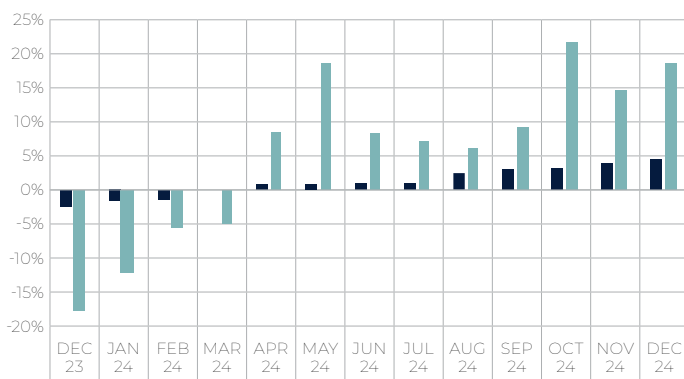
NATIONAL MARKET CONDITIONS

Overall UK prices grew by 4.6% in 2024. The strongest growth was from Northern Ireland, Scotland and the North East. In these regions with lower average pricing, there was more headroom in affordability to help absorb the increase in mortgage rates over the last couple of years.

With mortgage rates improving and continued strong earnings growth also a boost to affordability, price growth is expected to be maintained over 2025 and expensive regions like London should see start to feel the benefit of improved affordability. Consensus UK forecasts suggest that price growth will be 3.1% for 2025 and 3.7% the year after.



Annual change in house prices and transactions, December 2024



● House prices ● Transactions

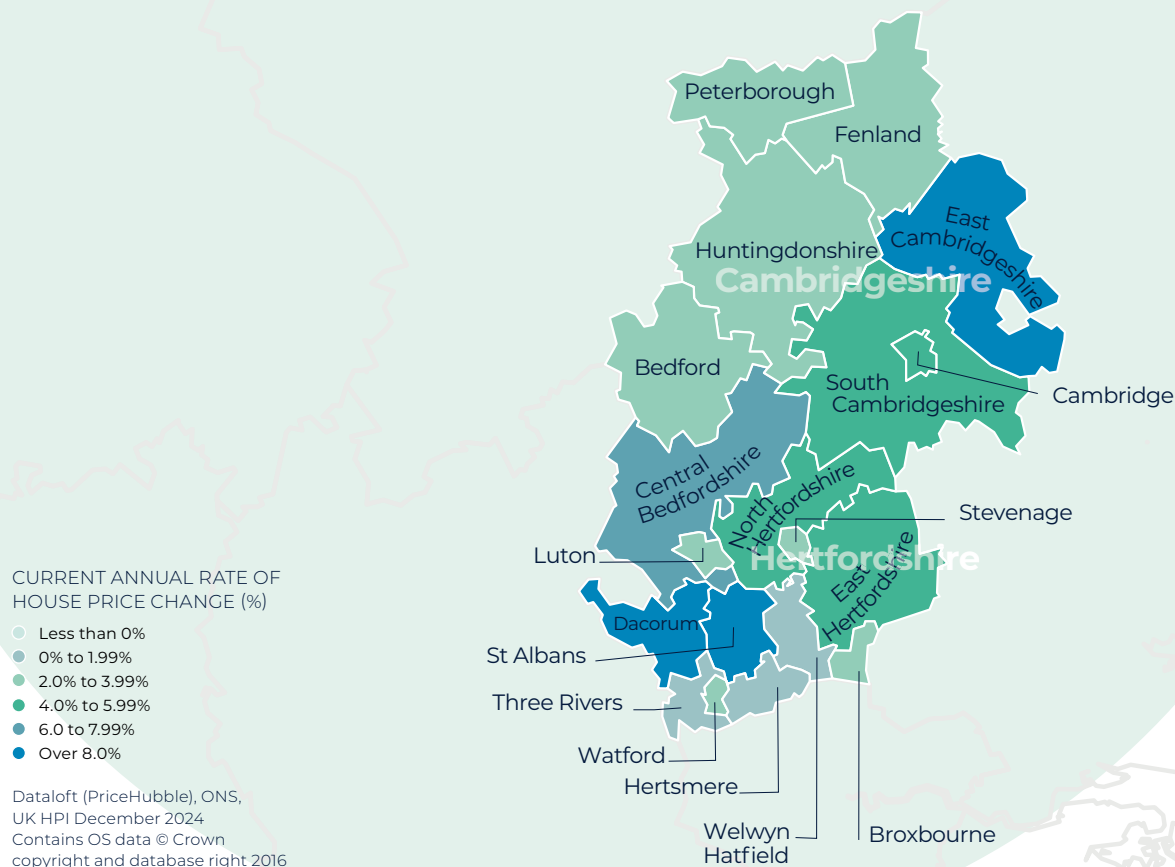
Source: Dataloft (PriceHubble), HMRC, ONS, UK HPI (December 2024)

REGIONAL ACTIVITY

HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

Buyer confidence appears to be continuing to grow. In a recent poll, 62% of agents think that buyer confidence has slightly or significantly improved compared to three months prior*. However, the positive impact of improvements in buyer activity have been tempered slightly by extra supply for sale coming onto the market – keeping price growth low in some geographies. In fact, Rightmove data suggests that the national supply of homes for sale is at a 10 year high.

As ever local level pricing differs from the national picture with local factors feeding into the mix. Average property values in the region grew by 4.4% on last year's levels. Strongest price growth was evident in East Cambridgeshire, St Albans and Dacorum where prices increased by 8% and over.



Shifting market dynamics

*Dataloft by PriceHubble, poll of subscribers

3.2%

North Hertfordshire

% of private stock turnover

Dataloft (PriceHubble),
DLUHC, ONS, UK HPI
(December 2024)

Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	NORTH HERTFORDSHIRE	3.2%	£415,305
2	CENTRAL BEDFORDSHIRE	3.2%	£352,671
3	HUNTINGDONSHIRE	3.0%	£305,846
4	EAST HERTFORDSHIRE	3.0%	£450,374
5	ST ALBANS	2.9%	£651,451
6	DACORUM	2.9%	£463,782
7	FENLAND	2.9%	£224,872
8	SOUTH CAMBRIDGESHIRE	2.8%	£450,557
9	EAST CAMBRIDGESHIRE	2.7%	£345,041
10	STEVENAGE	2.7%	£308,422
11	BROXBORNE	2.7%	£401,319
12	BEDFORD	2.7%	£321,021
13	THREE RIVERS	2.6%	£577,205
14	CITY OF PETERBOROUGH	2.5%	£232,821
15	WELWYN HATFIELD	2.5%	£436,565
16	WATFORD	2.4%	£403,413
17	HERTSMERE	2.4%	£540,640
18	CAMBRIDGE	2.4%	£514,897
19	LUTON	2.0%	£283,504

Dataloft (PriceHubble), DLUHC, ONS, UK HPI (December 2024)

Cash sales

With the recovery in mortgage lending in 2024, the proportion of cash sales (those not requiring a mortgage) has also fallen back to more typical levels. Through 2023, when mortgage lending fell, the proportion of cash sales rose to a cyclical peak of 34%. For the five years prior to that the average was 28%. In 2024, the proportion of cash deals fell back to 31% and will likely fall back further in 2025 towards the long-term average.

30%

East of England sales in the last year were cash transactions

Source: PriceHubble, Land Registry

Growing divide

Buyers are still prioritising houses, despite the lower prices of flats. Over the past five years, house prices have risen by 24%, while flats have seen just a 7% increase (Zoopla). The price gap between houses and flats is now at a 30-year high, with the average house costing 67% more than the average flat. Concerns over service charges, ground rents, and building safety have dampened demand for flats, with fewer buyers considering them as an option.

67%

More expensive for the average house vs flat

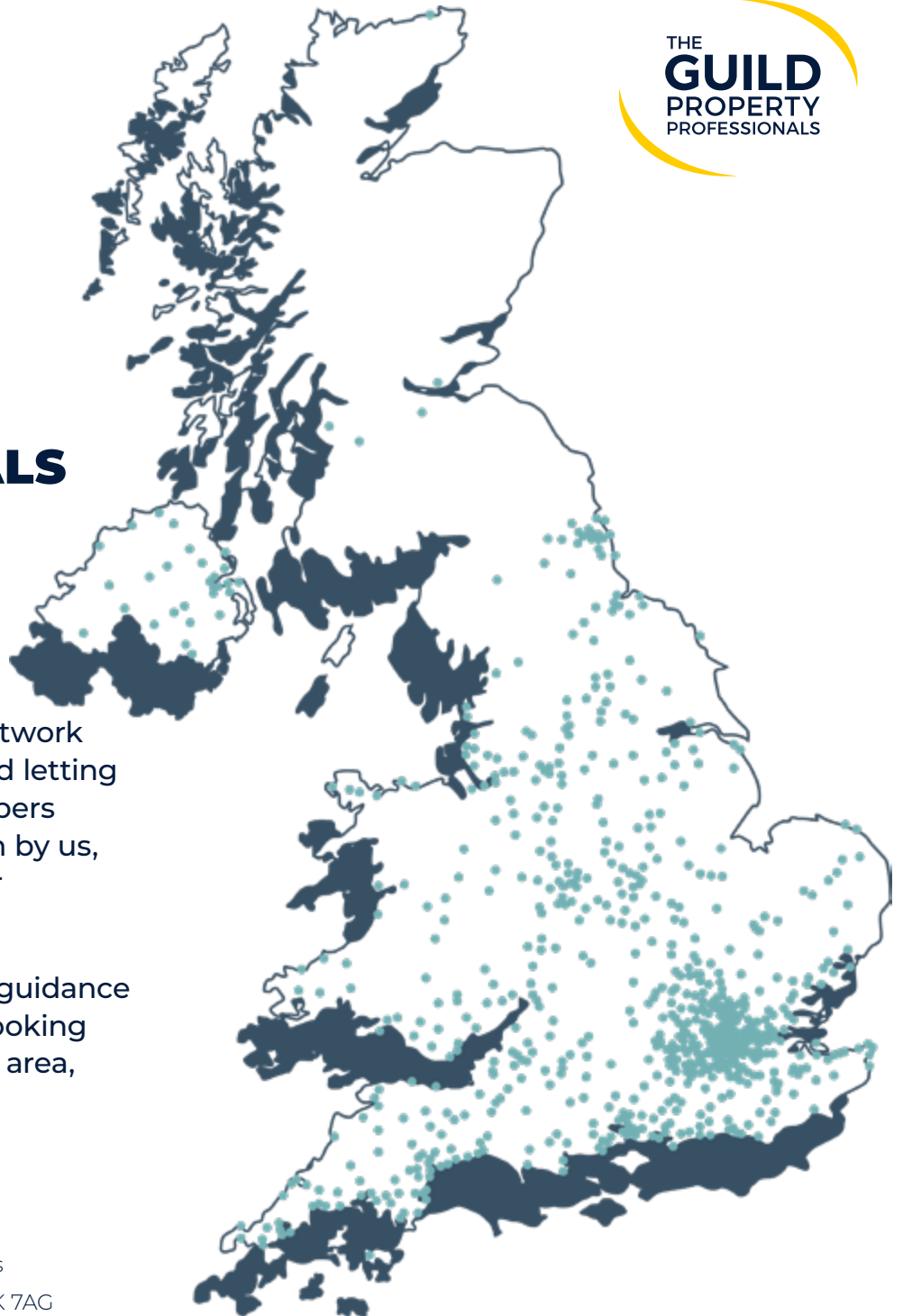
Source: Zoopla



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