

# Market Report

QUARTER ONE 2025





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## M E T H O D O L O G Y

Connells Group analyses detailed data from its estate agency, land & new homes, lettings, mortgage, surveys & valuations and asset management businesses. Individual measures are stated on a like-for-like basis and are subject to restatement following acquisitions.

Each month, the researchers analyse tens of thousands of registrations, instructions, applications, approvals and valuations and use this data to publish a quarterly report which reflects trends across the property spectrum. An index point of January 2019 is used where it is appropriate.



# Executive Summary



**Helen Charlesworth**  
Chief Executive Officer

**Connells Group has seen the market have a strong first quarter, setting positive sentiment for the year ahead. The signs are that we are moving into Q2 with confidence, buoyed by the property market's performance across most sectors.**

The momentum in front end sales activity, gained through late 2024, and significantly supported by the looming Stamp Duty changes at the end of March, continued into 2025. This led to a busy end of Q1, with buyers and vendors pressing for completion before the month's end. As a result, March was an outstanding month for completions, setting records in a number of our businesses, and yet, due to good front end activity, pipelines remain in good shape.

The number of sales agreed saw a significant increase of 11.1% compared to the same period last year, with high levels of buyer activity seen across registrations, viewings, and offers.

In terms of mortgage sign-ups, this first quarter saw an especially significant increase in first-time buyer activity, up by 18.7% and, therefore, contributing to significant overall market growth.

The lettings market also showed resilience despite pending legislative changes, with available stock increasing by 14.9% compared to Q1 2024, creating a strong position as we move into the second quarter of the year.

The market in the first quarter of 2025 can be summarised with the following KPI's:



So not only has it been a great start to the year for completed business, but also, off the back of these indicators, we can see momentum continuing into quarter two and, subject to no economic shocks, there is much to be positive about when looking ahead for the residential property market in 2025.

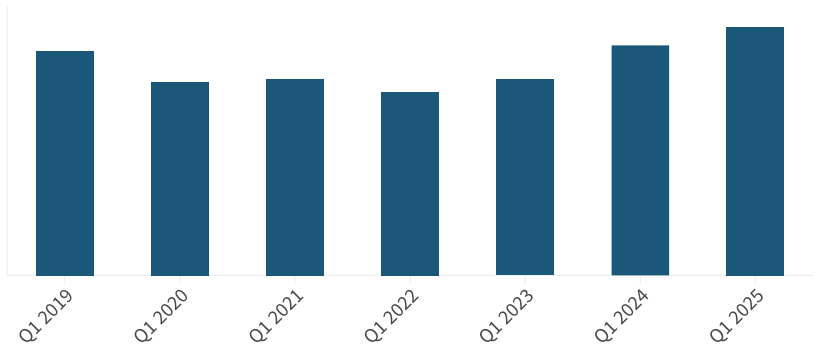
# Estate Agency



**Chris Rosindale**  
Chief Operating Officer

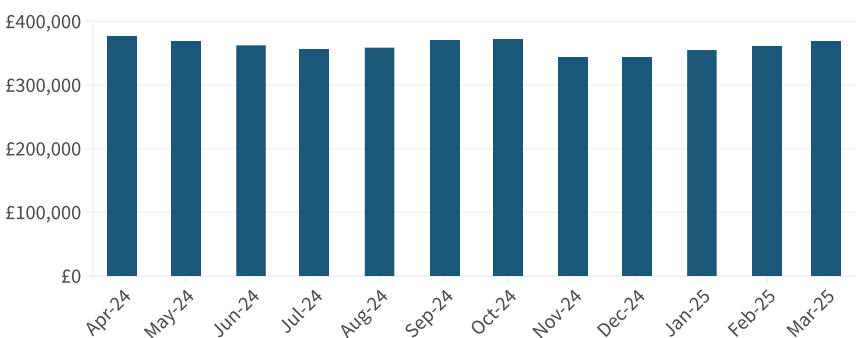
The traditional January and February bounce did not disappoint, as heightened engagement was supported by an 8.0.% rise in new instructions, and an 11.1% increase in the number of sales agreed for the first quarter.

## NEW INSTRUCTIONS (INDEXED)



(indexed against January 2019)

## AVERAGE ASKING PRICE (INDEXED)



(indexed against January 2019)

The market remains price-sensitive, with property prices increasing slowly. This is exemplified by the average property price at instruction having only gone up slightly by 1.7% vs Q1 2024. However, our average exchanged sale price increased by 6.4% compared to the same quarter last year.

**+8.0%**

**increase in  
instructions  
compared to  
Q1 2024**

**+8.8%**

**increase in  
the number  
of offers**

**+44.1%**

**increase in  
exchanges  
vs Q1 2024**

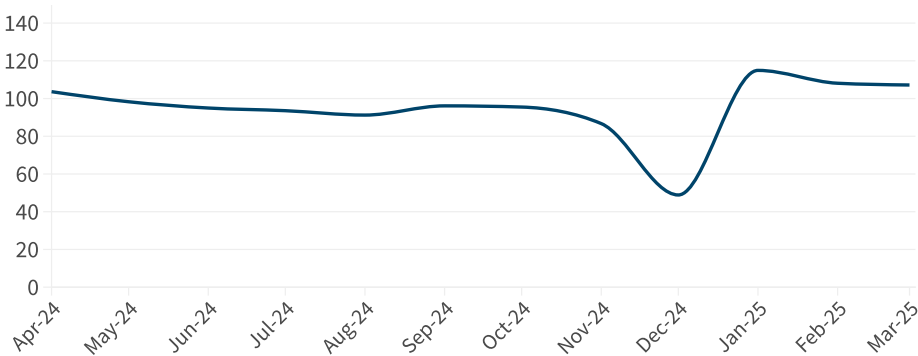
**+1.7%**

**increase  
in average  
asking prices  
vs Q1 2024**

NEWLY REGISTERED BUYERS AND INSTRUCTIONS

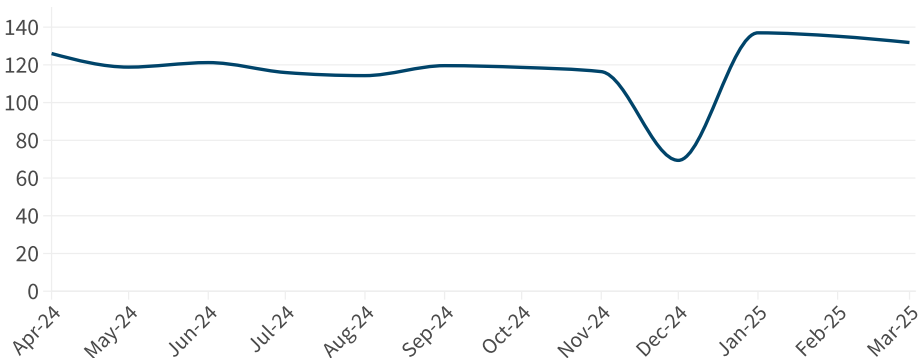
New buyer registrations increased by 44.0% compared to Q4 2024, with a marginal increase of 2.6% vs Q1 2024. Viewing activity maintained an upward trajectory with a 5.8% increase year-on-year, resulting in 438,667 viewings conducted during Q1 2025. This showed that buyers were twice as active in the marketplace, and the growth in viewings, combined with the more substantial increase in sales agreed, indicated an improved viewing-to-sale conversion rate.

NUMBER OF BUYER VIEWINGS (INDEXED)



(indexed against January 2019)

NUMBER OF BUYER OFFERS (INDEXED)



(indexed against January 2019)

1st April saw changes to the Stamp Duty thresholds that directly impacted first-time buyers and existing homeowners. As buyers rushed to beat the deadline, it positively impacted our business with the number of exchanges having increased by 44.1% vs Q1 2024 and by 12.8% vs Q4 2024. This was the largest increase in number of exchanges seen since March 2021 (which was when the first Stamp Duty holiday period was due to end).



# Sales Market Summary

UK average house price  
at exchange Q1 2025  
**£303,576**

Regional average house  
prices at completion Q1 2025

**+7.0%**  
from Q1 2024

**£204,976**

Scotland / North  
10.5% up from Q1 2024

**£322,897**

East  
9.1% up from Q1 2024

**£237,996**

Midlands  
8.1% up from Q1 2024

**£647,461**

London  
5.9% down from Q1 2024

**£261,458**

Wales / South West  
4.7% up from Q1 2024

**£401,132**

South East  
4.7% up from Q1 2024

# Land & New Homes



**Jason Howes**  
Group Land & New Homes  
Managing Director

Following the Spring Statement, the 1.5 million homes target remains a key Government ambition. However, latest estimates from the Office for Budget Responsibility (OBR) suggest that the Government will fall short of that figure, indicating that only 1.3 million homes would be created by 2029 across the UK (thus 1 million in England). Full-year figures for starts and completions showed that starts across England decreased by 28% and completions decreased by 6%.

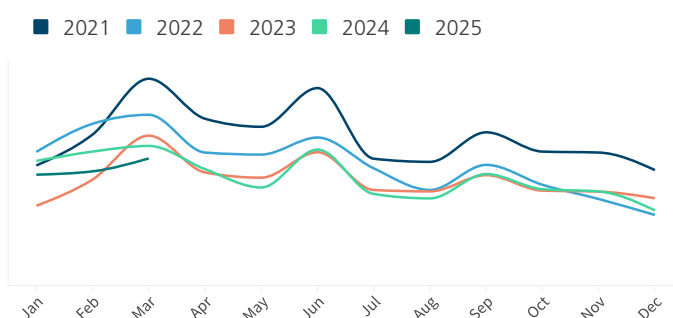
Overall, the Land & New Homes market faced headwinds in Q1 2025. The number of sales agreed declined compared to Q1 2024; however, March did represent the highest sales agreed volume over the past 9 months.

New instructions decreased marginally by 0.8%, with 3,310 new units added to the development pipeline during the quarter.

The property sector remains affected by ongoing market limitations, as increasing building expenses and more stringent construction regulations challenge the feasibility of new developments.

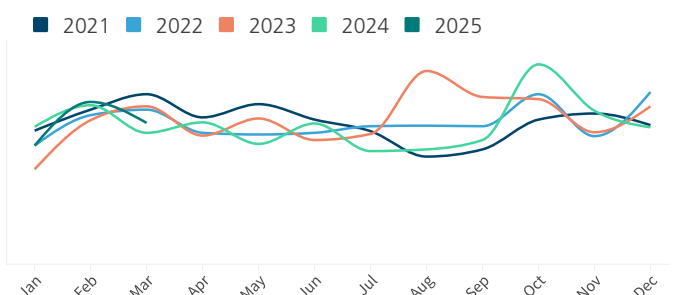
However, opportunities exist in the first-time buyer and homemover segments, where mortgage activity has grown by 18.7% and 18.1%, respectively, which has also been encouraged by the base rate sitting at 4.5% compared to 5.25% last year.

**AVERAGE MONTHLY SALES**



The Government's commitment to housing delivery targets and recent planning reforms present potential catalysts for growth, though developers will need to carefully balance these opportunities against the current pricing pressures and operational challenges.

**AVERAGE WEEKLY INSTRUCTIONS**





-11.6%

sales agreed  
vs Q1 2024

-0.8%

change in instructions  
vs Q1 2024

Over the past year, the new homes market has faced and continues to face a complex landscape of challenges. While structural reforms could potentially boost supply across the UK, several factors continue to constrain the market:

- **Regulatory hurdles:** Planning restrictions, including insufficient 'local plan' processes, and new energy efficiency standards are forcing developers to revise their strategies.
- **Supply demand imbalance:** Reduced output limits options for new build buyers, pushing some towards the more accessible second-hand property market.
- **Absence of Government support:** The lack of initiatives like Help to Buy has left a gap in market stimulation.
- **Construction industry pressures:** Ongoing skills shortages and escalating material and labour costs are squeezing both prices and profit margins.
- **Geographical disparities:** Growth patterns vary significantly across regions, with areas outside London showing more resilience compared to struggling locations.





# Residential Lettings



**Ian Culbert**  
Group Lettings  
Managing Director

**+1.6%**

**increase in  
average rent  
vs Q1 2024**

**+14.9%**

**increase in  
available stock  
vs Q1 2024**

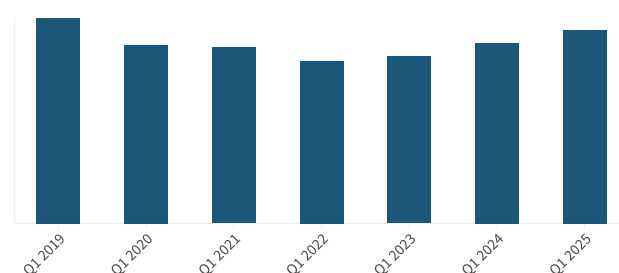
**£1,384**

**UK average  
rent pcm for  
Q1 2025**

Even with the Renters' Rights Bill slowly making its way through parliament, Q1 experienced positive growth in the residential lettings market, showing a 2.2% year-on-year growth in the number of move-ins.

Contrary to what is widely reported in the media, the Group has not experienced an increase in landlords looking to sell their rental properties and continues to experience good demand for buy-to-let investments across the UK. In fact, the number of new instructions within this first quarter was the highest generated within a first quarter since 2020. For Q1 2025, the number of new instructions was up by 7.3% vs Q1 2024.

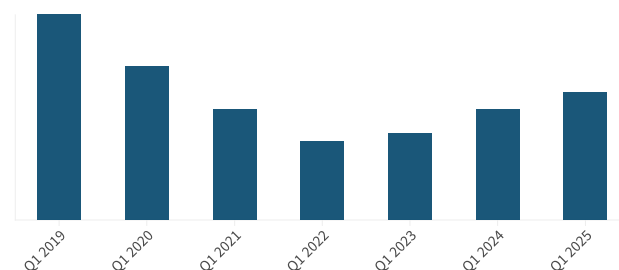
## NEW INSTRUCTIONS (INDEXED)



(indexed against January 2019)

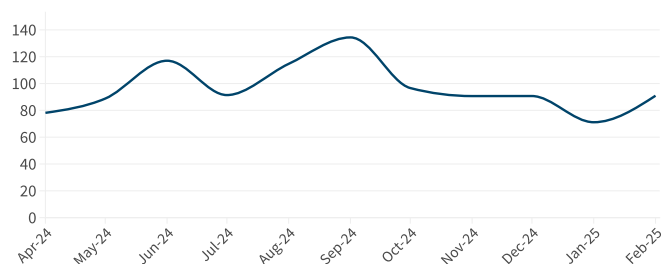
This has been accompanied by quarter-on-quarter growth in tenant demand, with over 5 applicants registered per property. Available stock was 14.9% ahead of Q1 2024, further exemplifying that across the Group's network, we are not seeing an "exodus of landlords" as often portrayed in the media. Instead, we are actually seeing available stock increase year-on-year.

## AVAILABLE STOCK (INDEXED)



(indexed against January 2019)

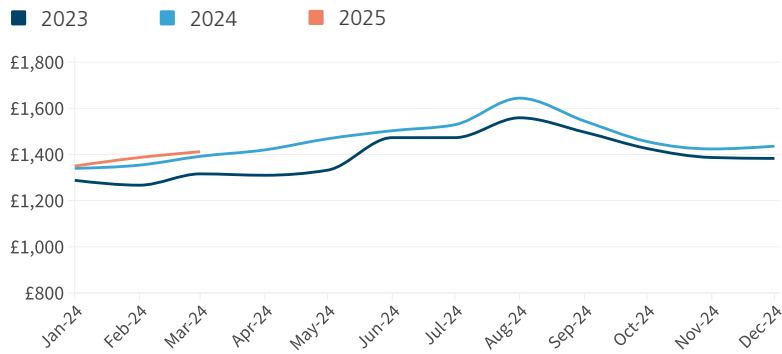
## NUMBER OF AGREED TENANCIES (INDEXED)



(indexed against January 2019)

Average rent on new lets for the whole of the UK for Q1 was £1,384 per calendar month (pcm), 1.6% ahead of Q1 2024. Furthermore, each month within Q1 saw average rents increase month-on-month, as well as year-on-year.

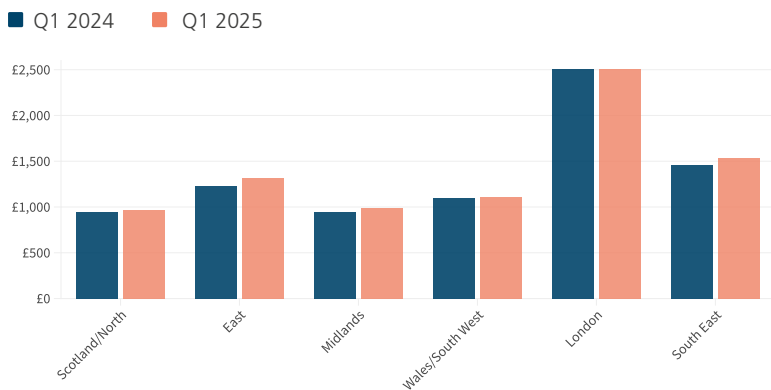
MONTHLY AGREED RENTS (UK)



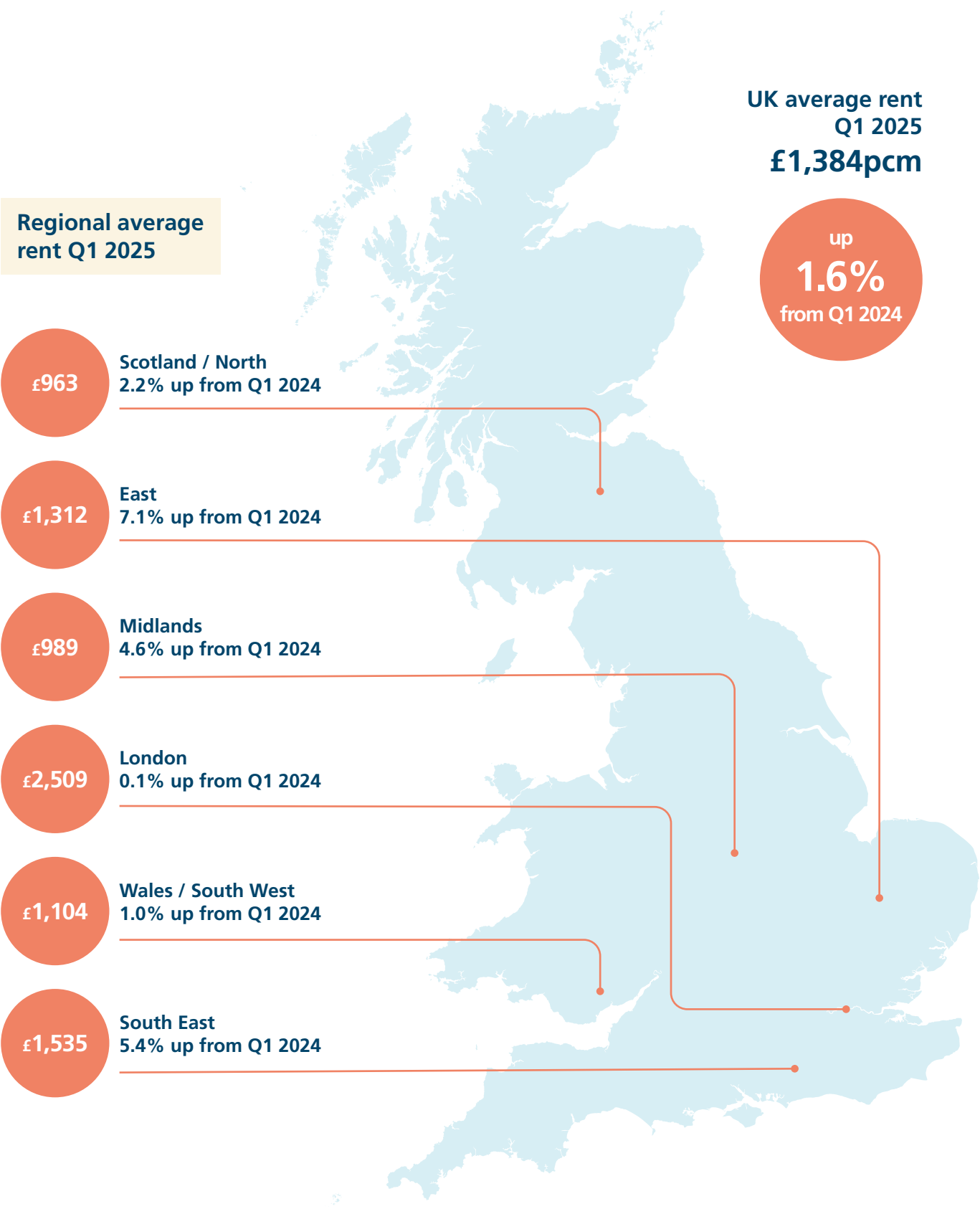
All regions experienced year-on-year rental growth, with the East of England experiencing the largest growth with a 7.1% increase.

London, where average agreed rents are the highest, saw the lowest annual rent increase at just 0.1%.

AVERAGE AGREED RENTS (REGIONAL)



# Lettings Market Summary





# Mortgage Services



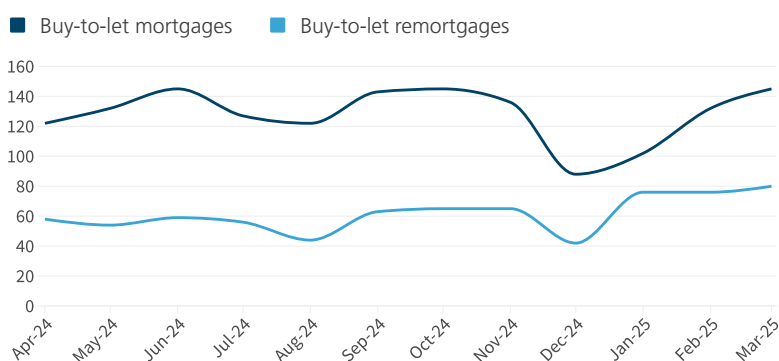
**Graham Closier**  
Group Mortgage  
Development Director

Q1 2025 has been a standout period for mortgage completions and applications. A significant portion of the existing pipeline closed successfully ahead of the Stamp Duty changes, yet purchase applications continued to rise throughout the quarter, with March delivering particularly strong results. As we move into Q2, optimism remains high, fuelled by lenders lowering rates and by regulators engaging in constructive discussions on affordability rules and loan to income (LTI) limits.

First-time buyers showed impressive resilience in Q1 2025, with mortgage sign-ups rising by 18.7% year-on-year. While some of this growth was anticipated due to the English Stamp Duty changes taking effect from 1st April, the trend was further underscored by a remarkable 44.1% increase in total exchanges compared to the previous year. Additionally, first-time buyer applications climbed 30.5% quarter-on-quarter, demonstrating that the looming Stamp Duty deadline did little to dampen their enthusiasm for entering the property market.

Buy-to-let remortgages saw the highest year-on-year growth, rising by 25.5%, with additional support from the buy-to-let purchase sector, which recorded a 13.3% increase in completions. The strong combined performance of these segments signals improved market accessibility for new entrants, while also reflecting a resurgence in investor confidence within the residential lettings sector. Notably, buy-to-let purchase applications continued their upward trajectory, registering a 14.4% increase in volume compared to Q4 2024.

## NUMBER OF BUY-TO-LET MORTGAGES BY TYPE



(indexed against January 2019)





more first-time buyers  
vs Q1 2024



increase in  
buy-to-let  
remortgages  
vs Q1 2024

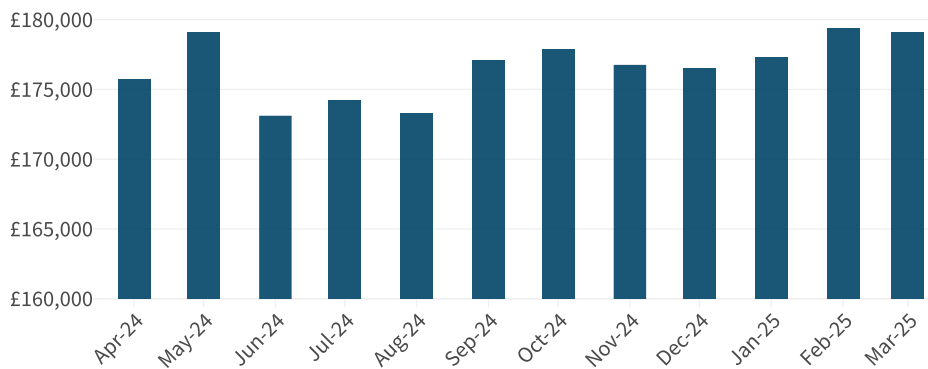


increase  
in average  
mortgage value  
vs Q1 2024

## MORTGAGE VALUES

The average mortgage value increased by 3.7% to £179,114, reflecting ongoing demand for higher-value lending despite market adjustments.

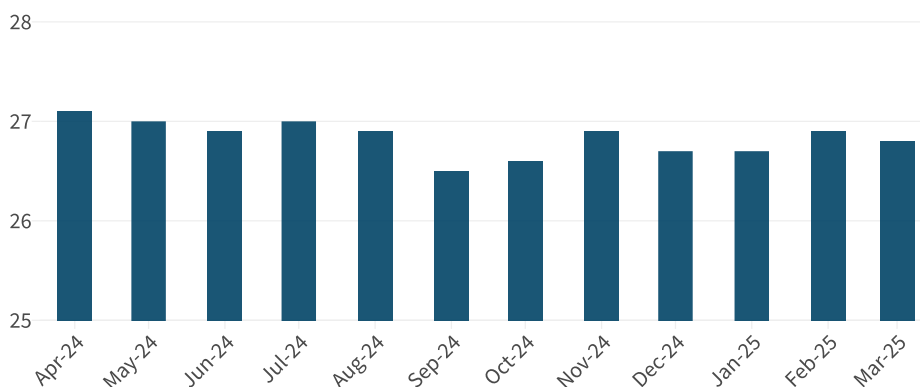
AVERAGE MORTGAGE VALUE (£)



## MORTGAGE TERMS

Mortgage terms remained largely stable with a modest 0.1% increase, suggesting that while borrowers are seeking larger loans, they are not significantly extending repayment periods to maintain affordability. This trend indicates a sustainable approach to lending, with borrowers and lenders maintaining prudent risk parameters despite the evolving market dynamics.

AVERAGE MORTGAGE TERM (YEARS)



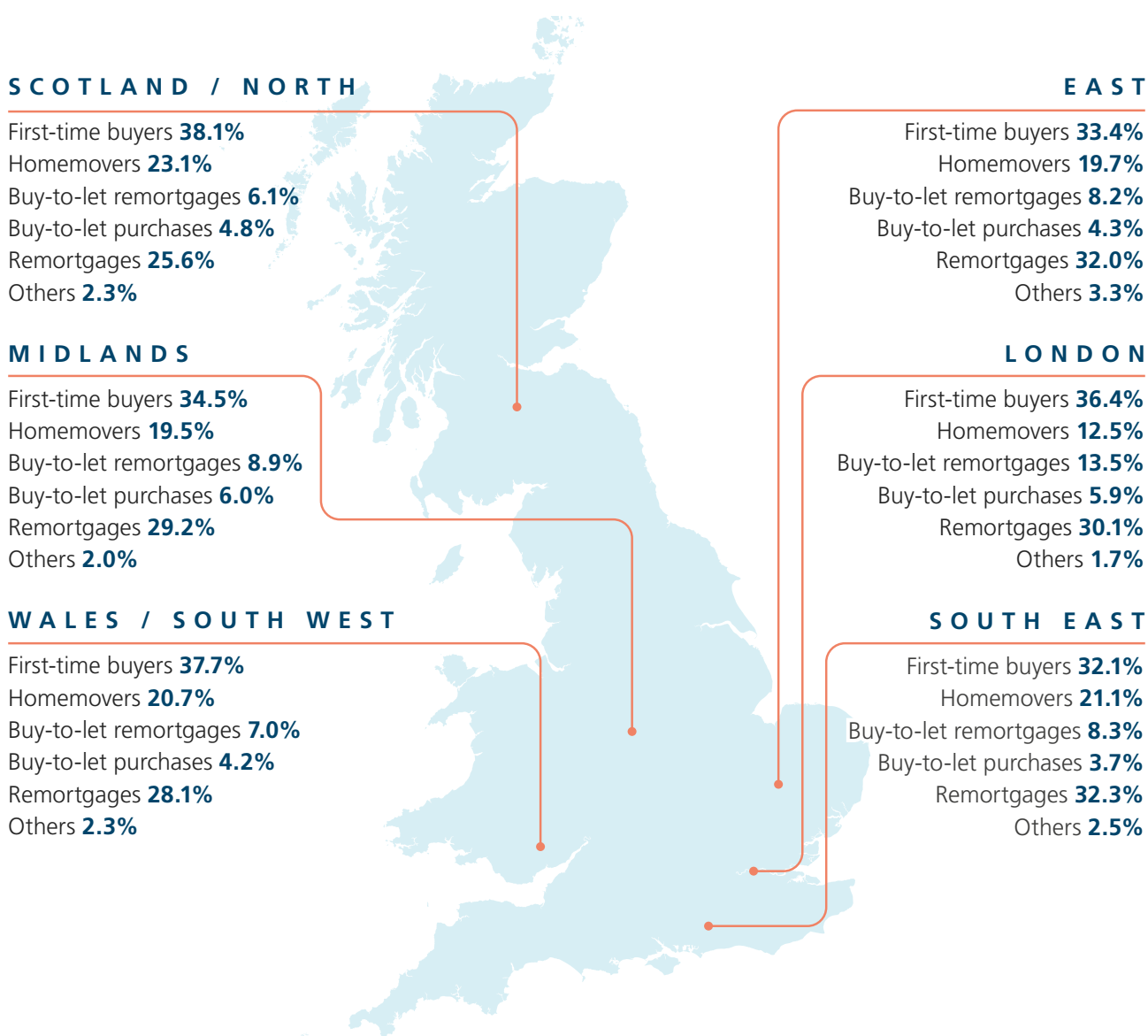
# Mortgage Services

## REGIONAL OVERVIEW

The strong demand from first-time buyers, driven in part by the recent Stamp Duty changes in England, resulted in them holding the largest share of activity across all regions in Q1, making up 35.6% of transactions.

Remortgages maintained their position as the second-largest segment, representing 28.9% of nationwide activity. In the East, South East, and London, remortgaging played an even more significant role, contributing to over 30% of regional transactions.

Meanwhile, homemovers accounted for just over 20% of all mortgage activity in Q1 2025, securing the third-largest share of the market.





# Asset Management



**Grahame Pritchard**  
Corporate Property Services  
Managing Director



**Simon Matthews**  
Asset Management Group  
Managing Director



decrease in numbers of  
homeowner mortgages  
with 2.5% arrears or more



decrease in numbers of  
buy-to-let mortgages with  
2.5% arrears or more



total number  
of possessions  
in Q4 2024

The most recent possession figures released by UK Finance provide details of market activity during the final quarter of 2024. The total number of homeowner possessions taken during Q4 2024 increased by 12.0% quarter-on-quarter, while buy-to-let possessions remained unchanged when compared to Q3 2024.

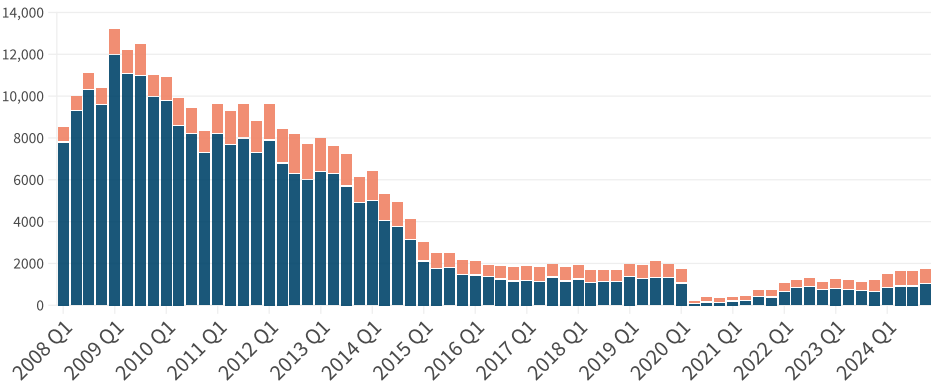
Examining the total number of owner-occupied possessions year-to-date from Q4 2024 compared to Q4 2023, there was an increase of 53.7%. 2024 shows the greatest volume of owner occupied repossessions (since 2020) and is likely due to increased cost-of-living, therefore putting a strain on household budgets.

For buy-to-let, the percentage of possessions increased by 29.6% vs Q4 2023. This marks a total increase of 43.0% across both sectors when comparing Q4 2024 to Q4 2023, and a 6.8% increase from Q3 2024 to Q4 2024.

UK Finance further notes that possession numbers remain very low when compared to historic norms, with current levels 20% lower than pre-pandemic levels and 87% lower than 2009's peak.

## NUMBER OF POSSESSIONS, BUY-TO-LET AND OWNER OCCUPIED

■ Owner-occupied repossessions ■ Buy-to-let repossessions

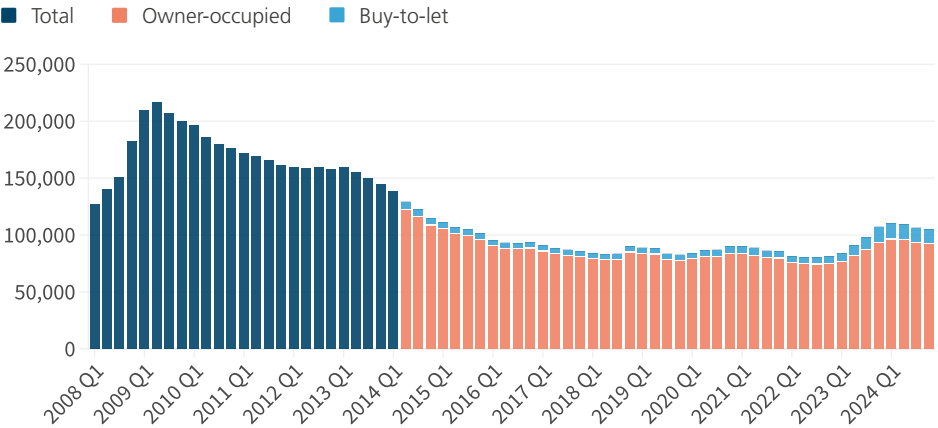


(UK Finance data)

In Q4 2024, the total number of mortgages with arrears representing 10% or more of the outstanding balance showed a 2.2% increase.

Owner-occupiers with arrears of 2.5% or more of the remaining balance totalled 92,170 in Q4 2024, a slight decline on the previous quarter (-1.5%). In the buy-to-let sector, arrears of 2.5% or more of the total balance stood at 12,610, lower than all previous quarters in 2024, and with a 7.1% decrease year-on-year.

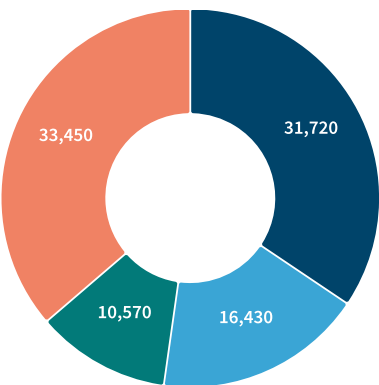
ARREARS ON MORTGAGES, 2.5% OR MORE BALANCE OUTSTANDING



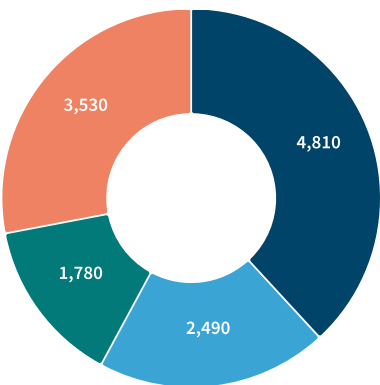
(UK Finance data)

ARREARS BY THE BANDS AS A PROPORTION OF TOTAL BALANCE

Owner-occupied arrears



Buy-to-let arrears



- Between 2.5% and 5%
- Between 5% and 7.5%
- Between 7.5% and 10%
- Greater than 10%

(UK Finance data)

UK Finance has forecast an increase of 11% in possessions in 2025, with around 7,000 mortgaged properties estimated to come into possession. This slight upward trend is also forecast to continue into 2026, with a modest increase in possessions to 7,300.

# Surveys & Valuations



**Ross Bowen**  
Managing Director,  
Connells Survey  
& Valuation

98%

service quality,  
12% ahead of  
the market

3.9  
days

Average Servicing  
Speed, 1.7 days  
faster than the  
market

“

Connells Survey & Valuation continues to closely monitor transaction levels in the mid-upper market, which have remained subdued and have lagged well behind the overall market for much of 2024. Whilst there appears to be little change over Q1, there were signs of a slight uptick in the number of sales of such properties at the end of the quarter. We hope this becomes an established trend – this is needed to underpin a healthier housing market.

We are delighted to have received the 2025 Feefo 5-star award for excellent customer service so early in the year, recognising the passion and dedication of our people in their efforts to deliver outstanding customer outcomes. We expect further advances throughout the year, supported by continuous technological enhancements, including extending the use of digital tools to enhance the customer journey.

Our wider development plans focus heavily on the design and development of new data-led valuation solutions which, given Connells Group's unrivalled footprint across the housing ecosystem, presents some exciting prospects for customers and business partners.

”



**Matthew Cumber**  
Managing Director,  
Countrywide  
Surveying Services

£298,393

average  
valuation price  
in Q1 2025

18.5%

of valuations  
were buy-to-let

“

Demand for surveys remained strong in Q1 2025, with a 7.1% year-on-year increase and an 18.1% quarter-on-quarter increase/rise. This indicates that customers continue to see the benefits of using a RICS (Royal Institution of Chartered Surveyors) Chartered Surveyor in the home-buying process.

When looking at the number of mortgage valuations, we were also ahead of last year, with a 2.8% year-on-year increase in homeowner valuations and a 4.4% increase in buy-to-let valuations.

Countrywide Surveying Services prides itself on delivering first-class service to our clients, and we have continued to ensure this remains our priority throughout the year. Our GeoConnect product, which is a property data-driven decision engine, is live and we have just launched the QualityShield product, ensuring that our customers' interests are always protected.

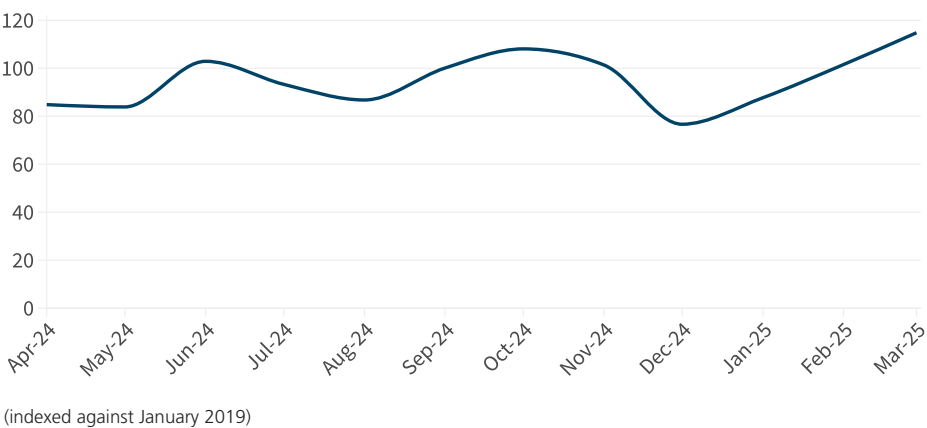
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The start of 2025 has delivered a welcome bounce in survey and valuation activity, fuelled at least in part by more first-time buyers seeking to get onto the property ladder before the increase in Stamp Duty in April. The extent to which this momentum carries over to the rest of the year remains a challenge to forecast, though overall our view is that the full year should deliver a near double-digit rise in overall transactions.

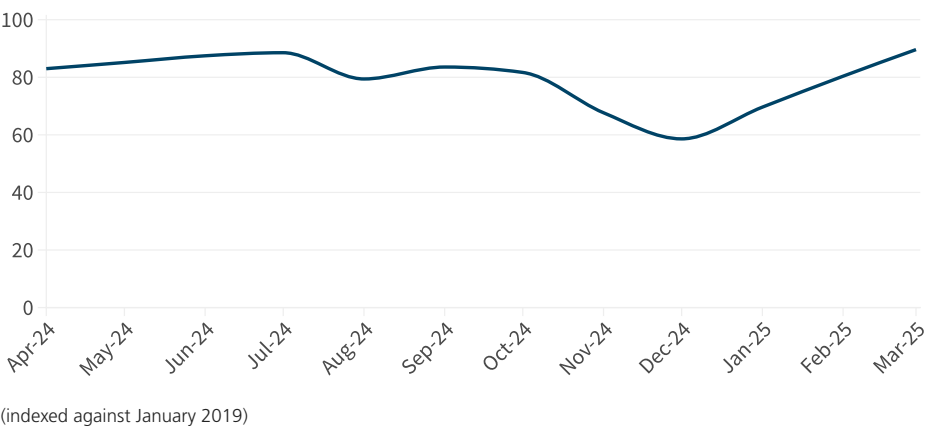
Mortgage valuation activity across the business has continued its positive growth from the previous year, with the quarter seeing a 6.3% uplift on Q4 2024 and a 10.1% uplift vs Q1 2024. In contrast, buy-to-let valuations increased year-on-year by 19.2%.

**NUMBER OF MORTGAGE VALUATIONS (INDEXED)**



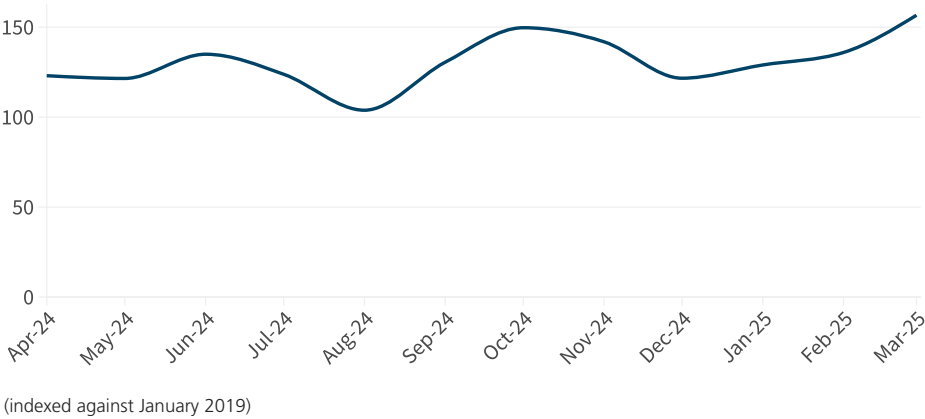
As expected, with increased buyer and seller activity, the number of surveys carried out in Q1 also rose by 15.7% vs Q1 2024.

**NUMBER OF SURVEYS (INDEXED)**



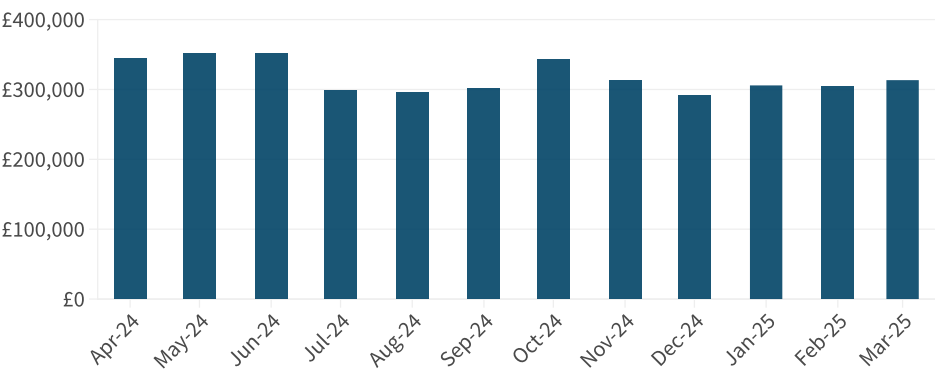
Mortgage valuations accounted for 72.9% of the total business in Q1, marking a slight increase from Q4 2024. Meanwhile, the number of buy-to-let valuations decreased slightly compared to Q4 2024, accounting for 19.9% of all activity.

NUMBER OF BUY-TO-LET VALUATIONS (INDEXED)



After experiencing an increase in the average valuation price in the final quarter of 2024, Q1 saw a 2.4% decrease to £308,006.

AVERAGE VALUATION PRICE



# About Connells Group

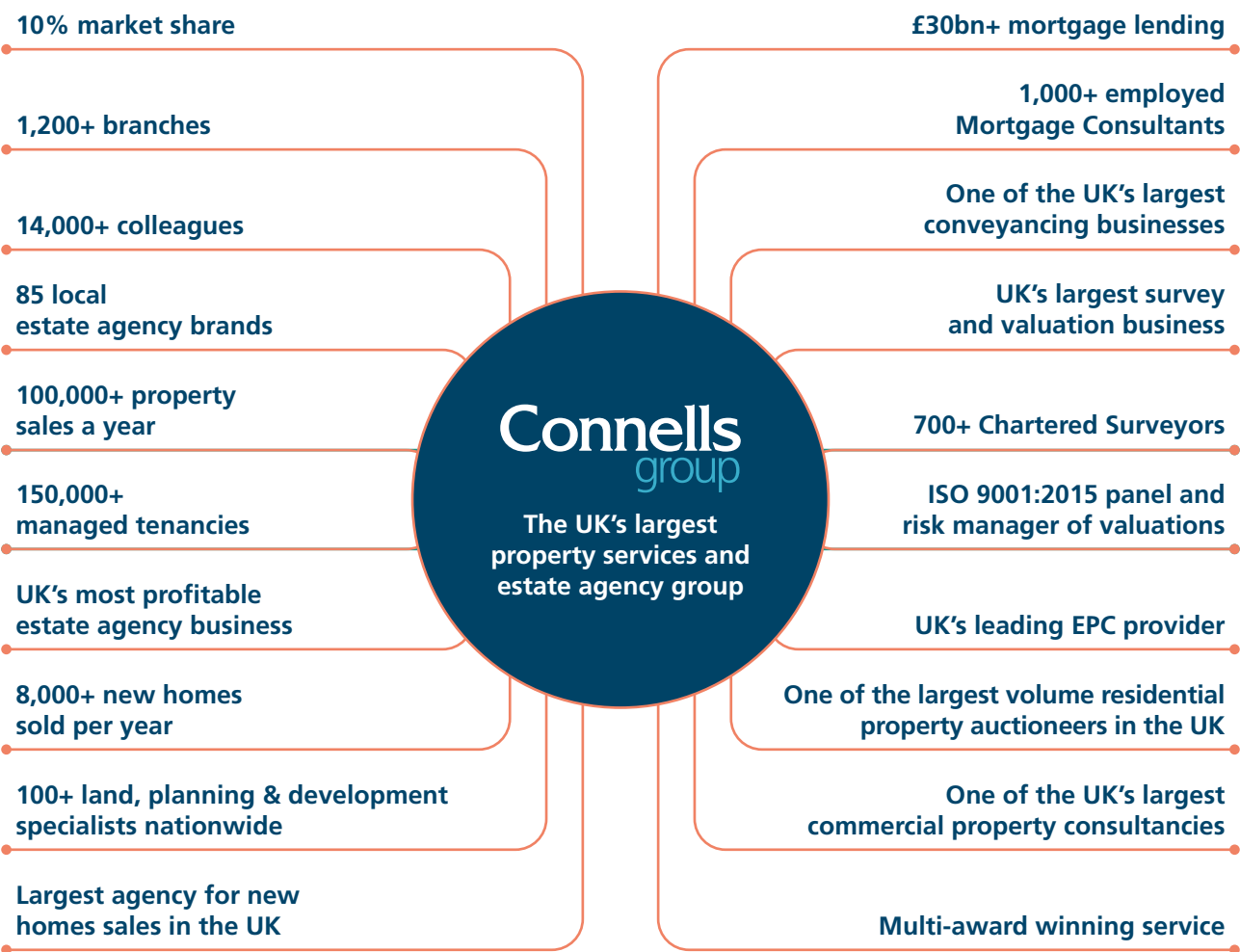
Connells Group is the largest estate agency and property services provider in the UK.

Founded in 1936, with a network of over 1,200 branches nationwide, the Group combines residential sales and lettings expertise with a range of consumer and corporate services. This includes: mortgage services, new homes, conveyancing, EPC provision, survey and valuations, corporate lettings, private rented sector, build to rent, asset management, land and planning, LPA receivers, commercial property and auctions.

Corporate clients benefit from Connells Group's broad range of award-winning services and depth of experience and expertise.

We work with some of the UK's leading organisations and institutions on land acquisition and disposal, asset management, mortgage sales and distribution, corporate lettings, auctions, conveyancing and surveying services.

Connells Group is a subsidiary of the Skipton Building Society, one of the UK's largest providers of financial services and products.



Figures quoted for full year 2024, correct as at February 2025, based on internal data.



# Our Business to Business Brands

## Land, New Homes & Planning



## Commercial Property



## Property Auctions



## Asset Management



## Strategic Investments



## EPCs & Inventories



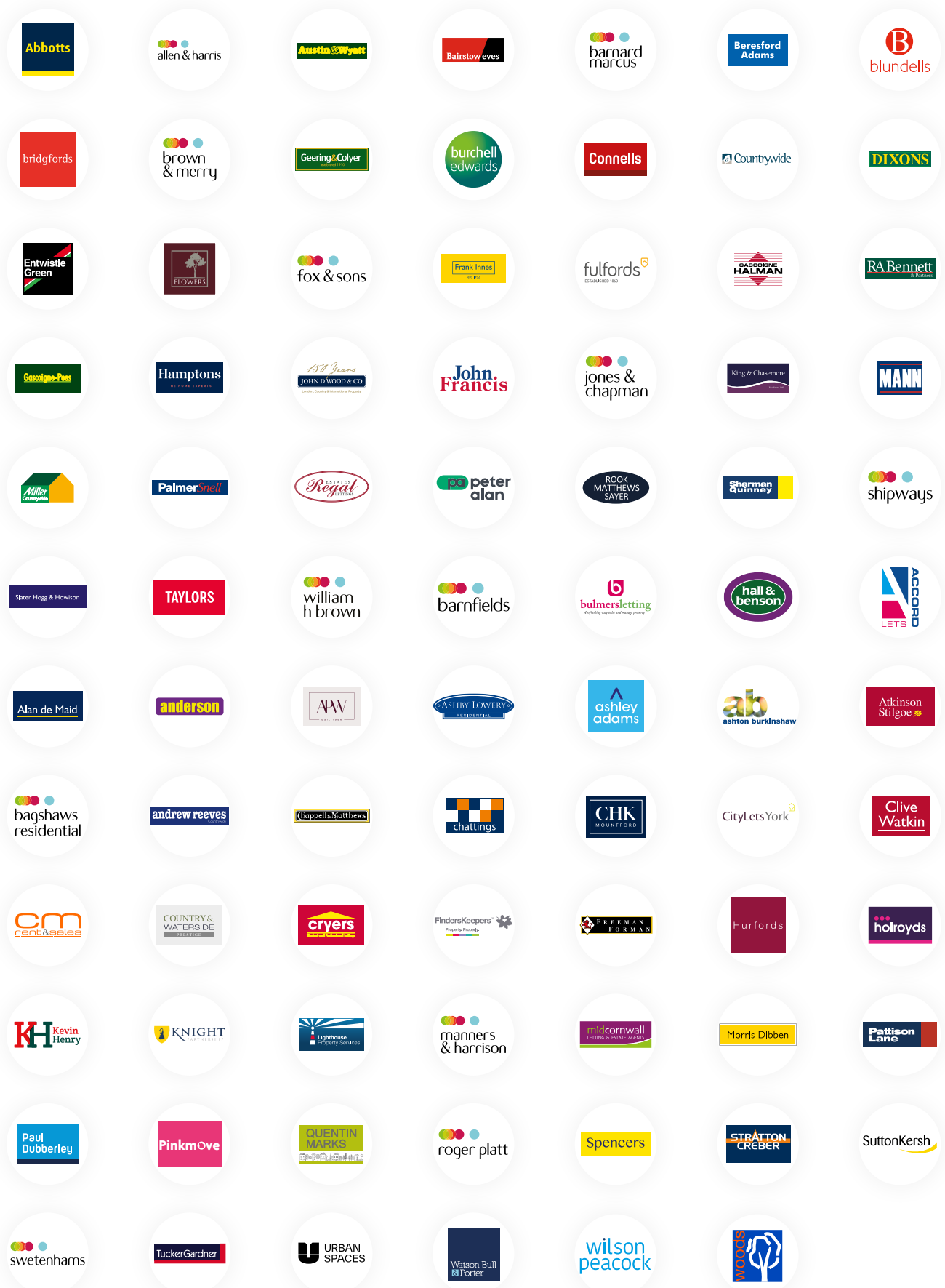
## Legal Services



## Surveys & Valuations



# Our High Street Estate Agency Brands



# Key Contacts

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## CONFIDENTIAL

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