

UK property values to tip £300k threshold in 2025

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The average UK house price could surpass the £300,000 threshold this year, as market sentiment is further buoyed by an increasing number of buyers returning to the market, with this increase in demand expected to allow developers to release equity in existing schemes at a greater pace and break ground on their next project – bringing more new homes to market in the process.

That's according to the latest forecast by [West One Loans](#), a leading provider of property finance and specialist mortgages, who looked at the [current and historic trajectory of UK house prices on a seasonally adjusted basis](#) and how they are expected to perform over the year ahead.

Property market on the up

2024 was a year of far greater stability with respect to the property market, with [Bank of England data](#) showing that monthly mortgage approvals have sat north of the 60,000 per month threshold since February of last year and, with buyers returning to the market in their droves, the average UK house price currently sits 3.3% higher than it did this time last year (Nov 24 – latest available).

House prices forecast to climb further in 2025

The overarching opinion from the industry is that 2025 is set to be a year for greater positivity when it comes to house prices. In fact, perhaps surprisingly, all of the major industry commentators were in agreement over the last few months that house prices will increase in 2025, albeit at varying rates.

The most modest came from the OBR who are forecasting a 1.1% increase, with many of the big agents, such as Savills, JLL, Chestertons and Hamptons expecting an increase of between three to four percent,

whilst the CEBR have gone as far as estimating a 4.1% increase.

The forecast from West One Loans sits largely in line with those predicting a more buoyant picture for the year ahead. The firm's analysis of current and historic Gov data, seasonally adjusted to account for seasonal market fluctuations throughout the year, estimates that the average UK house price could climb by 3.5% to 3.9% over the course of 2025.

Should the market meet this expectation based on the upper confidence level of the forecast by West One Loans, it would see the average UK house price tip the £300,000 threshold to hit £303,913.

What does it mean for property developers?

With the pace of the market set to quicken in 2025, property developers looking to take advantage of improving market conditions need to remain agile enough to move at the same pace in order to maximise the return seen on their investment.

Not only is there a benefit to investing now before property values increase further, but in doing so, developers can reap the benefits of upward growth further down the line when they do bring their investment to market. At the same time, a heightened level of buyer demand will enable developers to push forward with their pipeline for the year ahead.

In recent years, new-build stock has been slow to shift, largely due to the price premiums associated with new homes and the affordability constraints placed on buyers due to higher mortgage rates.

Now, as the market gains momentum, developed units are likely to sell at a greater pace, allowing developers to release the equity stored in existing schemes to fund new ventures.

Of course, this improvement to the market landscape will also bring an increased level of competition when new opportunities do arise, which again highlights the need to be able to move at speed when it comes to financing and securing new development opportunities.

Utilising short-term lending, such as bridging loans, is key in this respect, allowing many developers to move at speed, not just when it comes to new investments, but also when hastening the speed at which they can complete renovation projects.

West One Loans has already seen a significant uptick in activity across the short-term lending space so far in 2025, as developers have looked to hit the ground running ahead of what is expected to be another year of property market positivity.

Co-Head of Short-Term Finance at West One Loans, Thomas Cantor, commented: "The outlook for the year ahead is that the market will continue to improve from the ground made in 2024 and we've already seen a strong start to the year from those looking to utilise specialist lenders in order to capitalise on the growing opportunities that are emerging due to current market momentum."

Many of those now utilising specialist lending are clients who have been dormant for the last couple of years and this inactivity has largely been down to the slower pace of the new-build market.

We've seen a slowdown with respect to demand for new-build homes and this has meant that developers have seen a great deal of equity tied up in existing developments, which has prevented them from pushing

forward on their next project.

However, this tide is certainly starting to turn and, with the expectation of a more buoyancy market over the next 12 months, we're now seeing these clients turn their focus to their next project and look to specialist lending to help get the ball rolling.

Our ability to allow developers to utilise specialist lending during multiple stages of the journey has been vital in the current market and we're also seeing clients value the speed of delivery with respect to this finance, as it allows them to remain agile and capitalise on opportunities in a market where demand is increasing by the day."

Data Tables and Sources

- [You can view the full data tables and sources online here.](#)
- [2025 house price forecast based on house price data from the Gov UK - UK House Price Index \(November 2024 - latest available\).](#)
- House price forecast for 2025 conducted using 120 months of historical, seasonally adjusted house price data and an exponential smoothing forecasting model, including interpolation and accounting for seasonality with middle to upper confidence intervals given.
- [Mortgage approvals data sourced from the Bank of England \(December 2024 - latest available\).](#)