

Housing market outlook

Key themes for agents in 2025

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25 November 2024

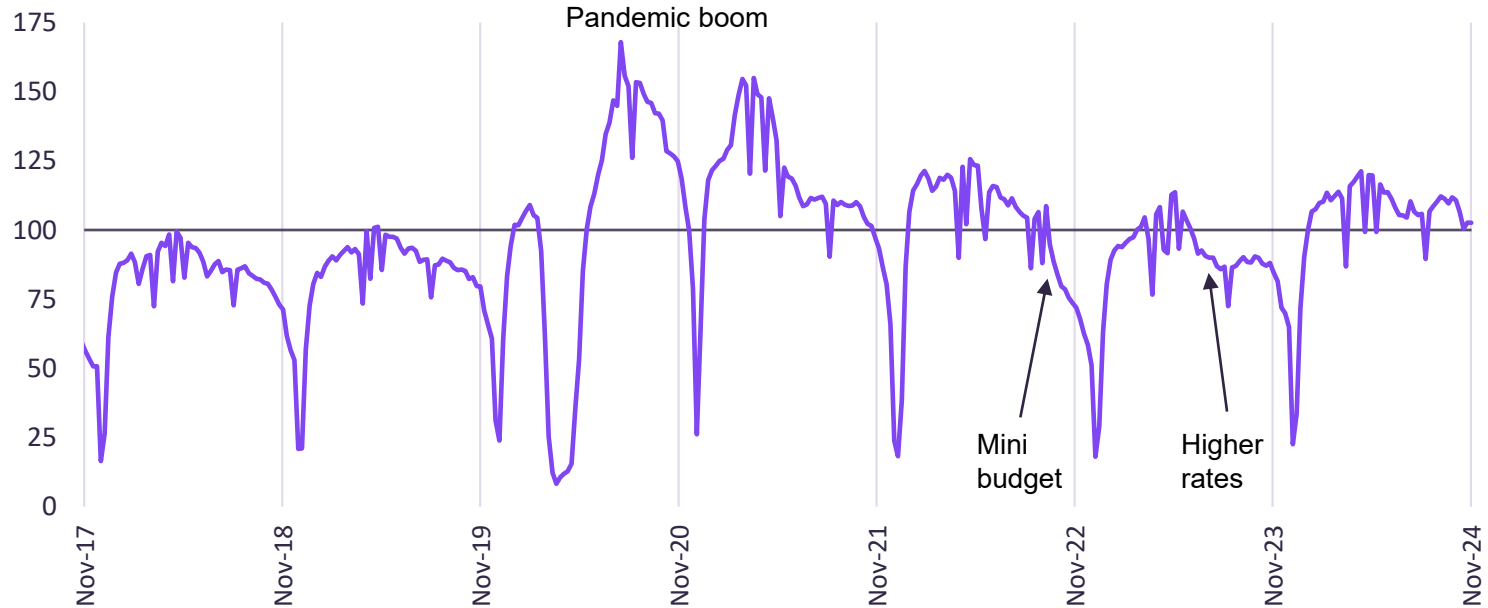
Sales market

Sales volumes edge 5% higher

House price inflation +2.5%

Strong sales pipeline (+30%) to carry over into 2025 H1

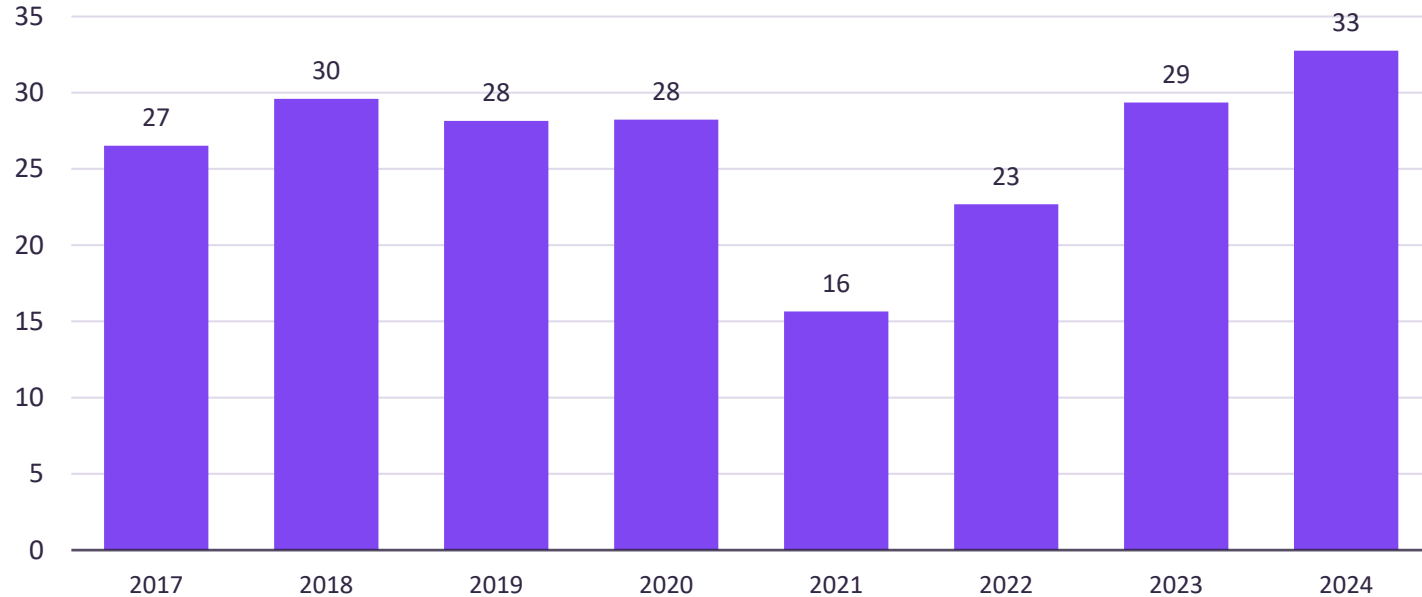
UK sales agreed index – 5yr average = 100



Source: Zoopla Research

Sales inventory highest for 7 years - 12% landlord sellers

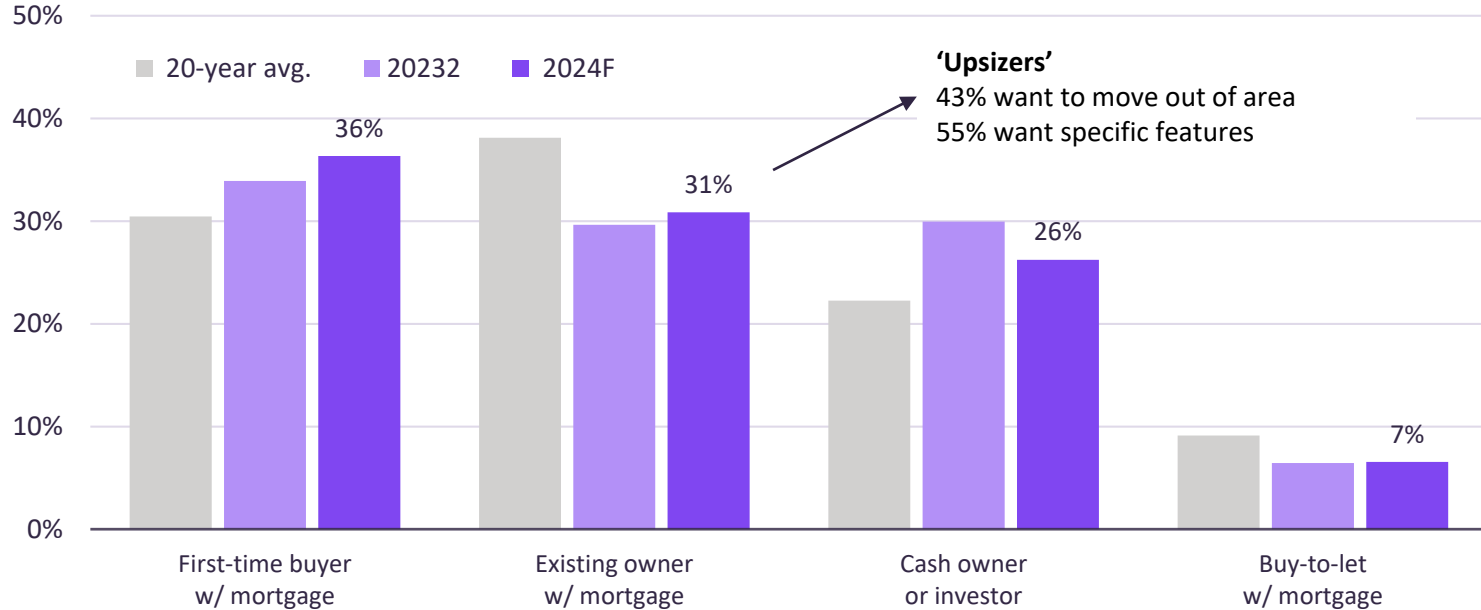
Number of homes for sale per estate agent (November each year)



Source: Zoopla Research

FTBs account for 36% sales ... need to target/support upsizers

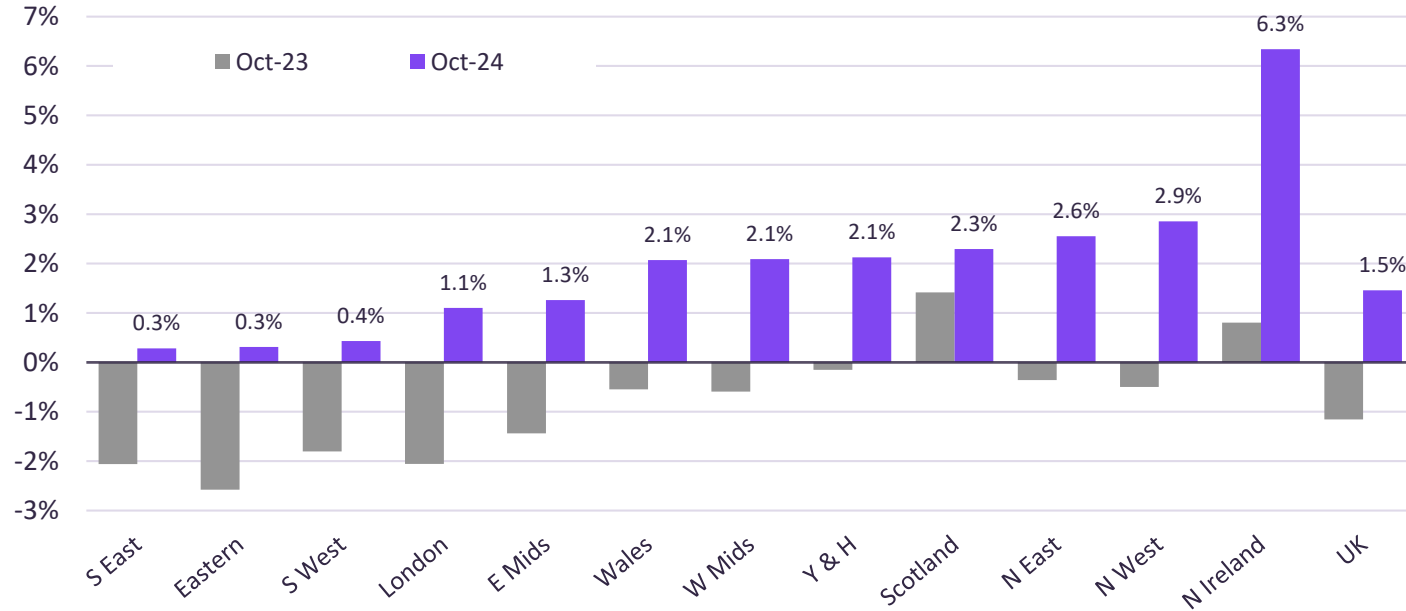
Home purchases by type of buyer – mortgage and cash buyers (residual)



Source: Zoopla Research analysis of UK Finance & HMRC data

House prices return to growth on lower mortgage rates

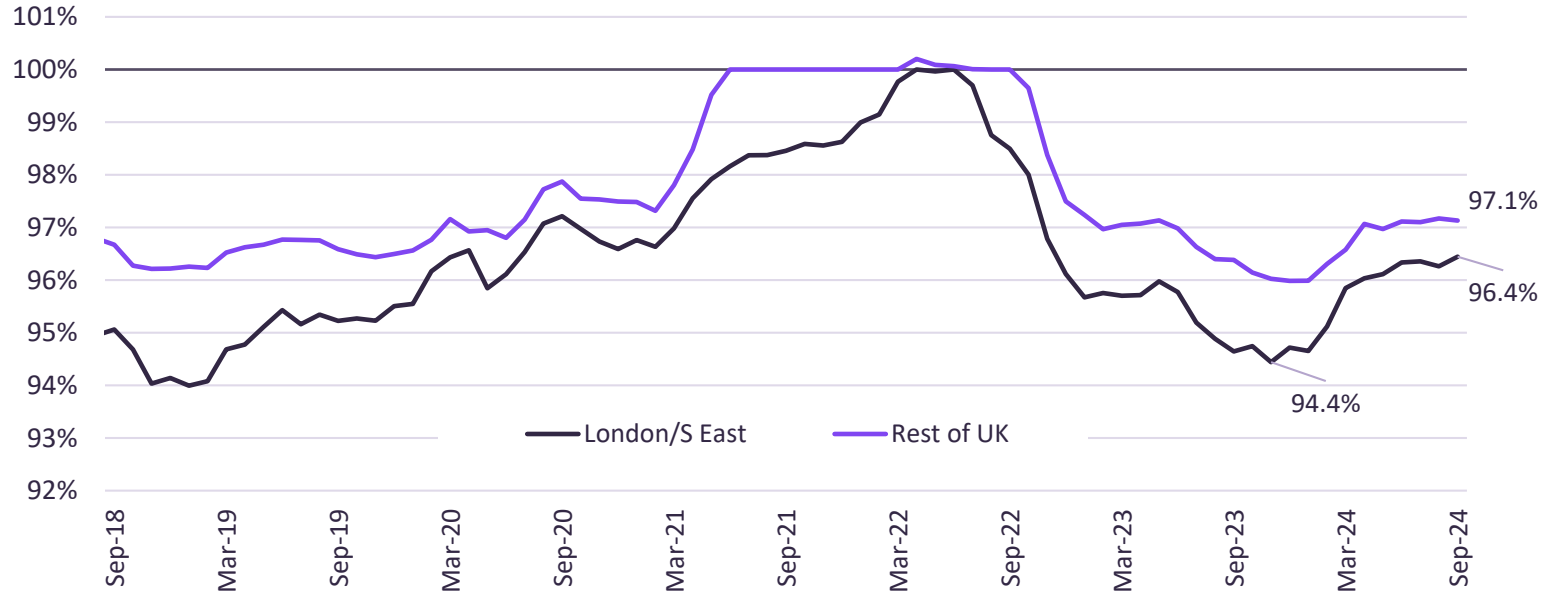
House price inflation



Source: Zoopla House Price Index

Still a buyers' market but agreed sales prices firming

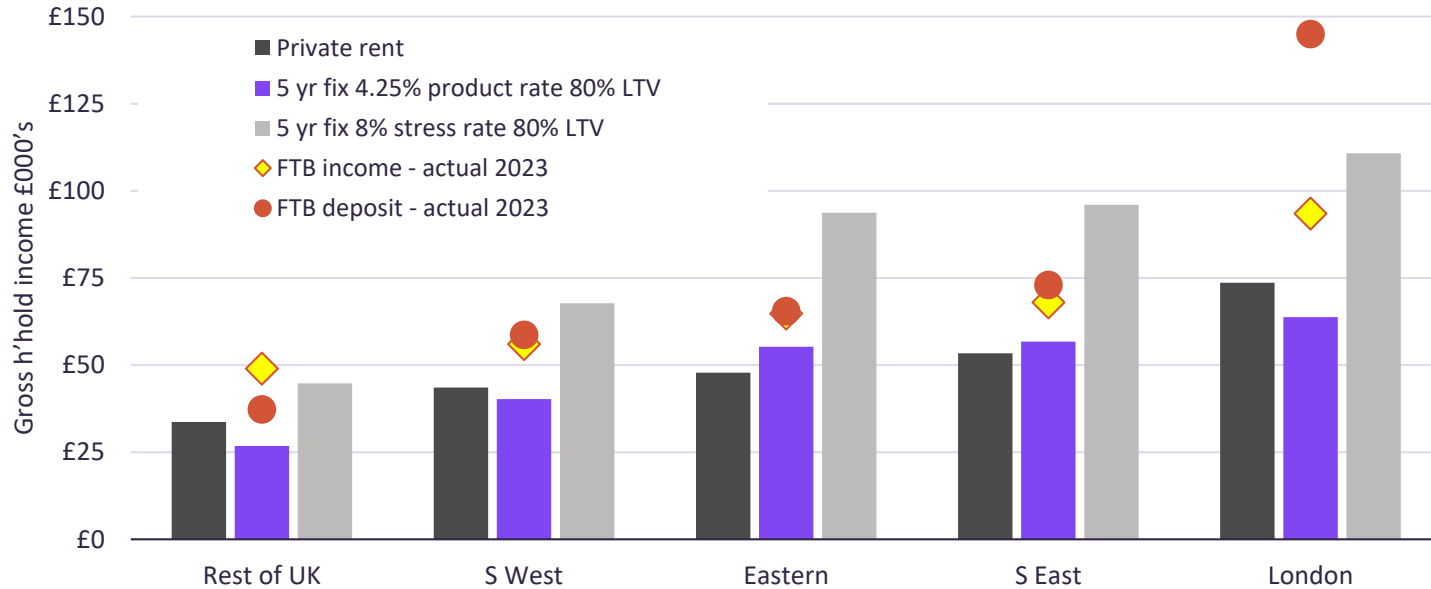
% initial asking price achieved



Source: Zoopla Research / Hometrack analytics

First time buyer affordability – renting v buying

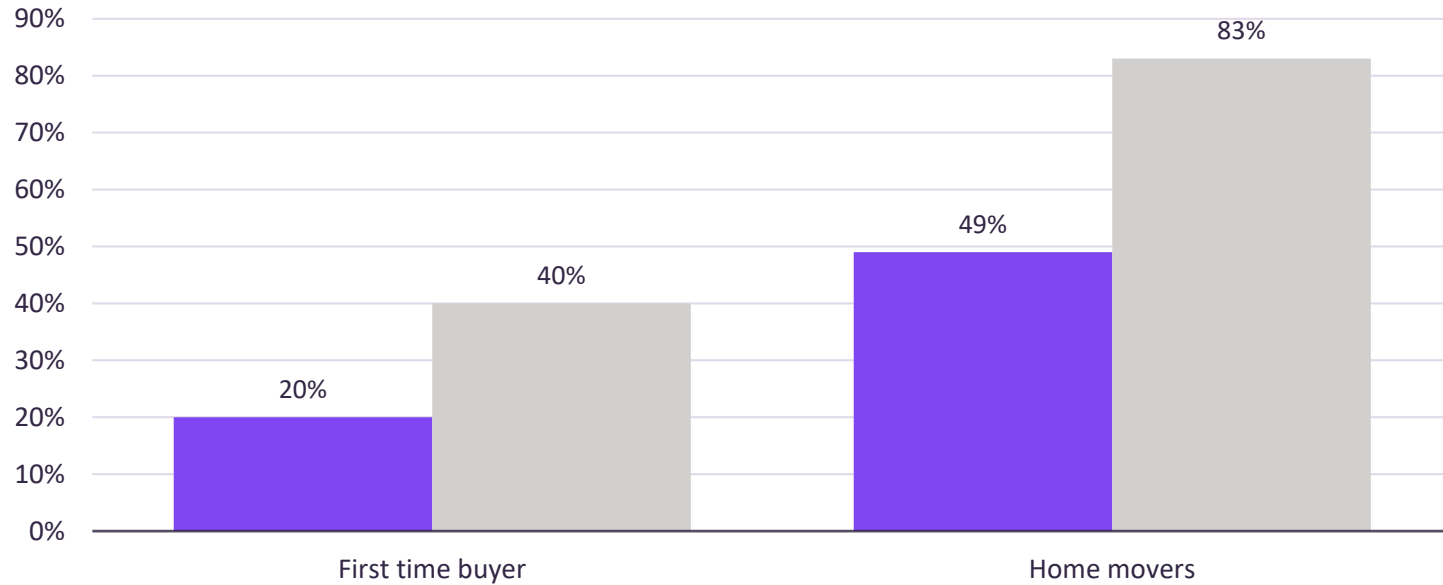
Gross income to rent and buy a typical FTB priced home



Source: Zoopla Research calculations using actual rents and FTB home prices and average new home values; FTB deposit/income data from ONS

More buyers paying stamp duty from April 2025 (Eng. & NI)

% of buyers paying stamp duty based on applicant data



Source: Zoopla Research

Vendors – 7 years in home and £60k capital gain

Region/ country	Average capital gain	Ave. years in home
North East	£24,000	7
Scotland	£38,000	7
Yorkshire & Humber	£45,000	7
North West	£48,000	7
Wales	£55,000	7
East Midlands	£60,000	7
West Midlands	£60,000	7
UK	£60,000	7
South West	£80,000	7
East of England	£80,000	7
South East	£89,000	8
London	£115,100	8

Key theme – prospecting your buyers for future vendors

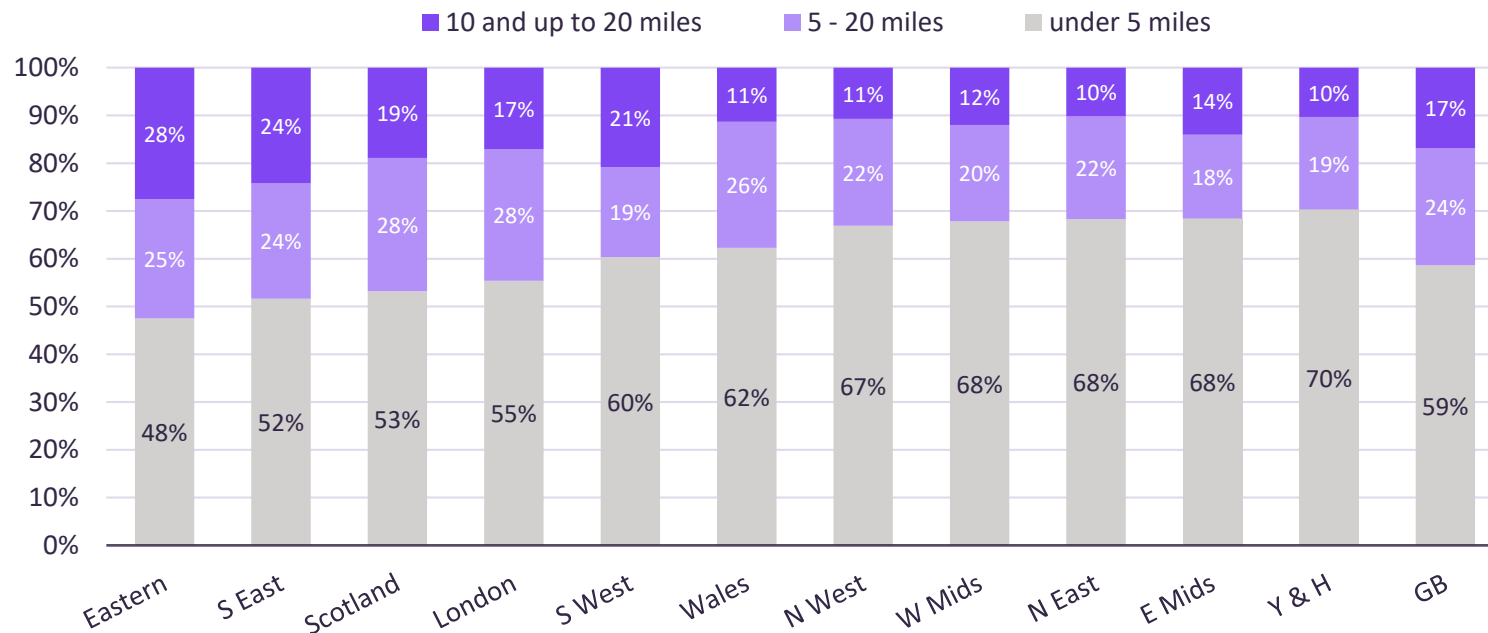
Years since property last sold (sales 2021-2024)



Source: Zoopla Research analysis of HMLR data

Key theme – more buyers looking ‘out of area’

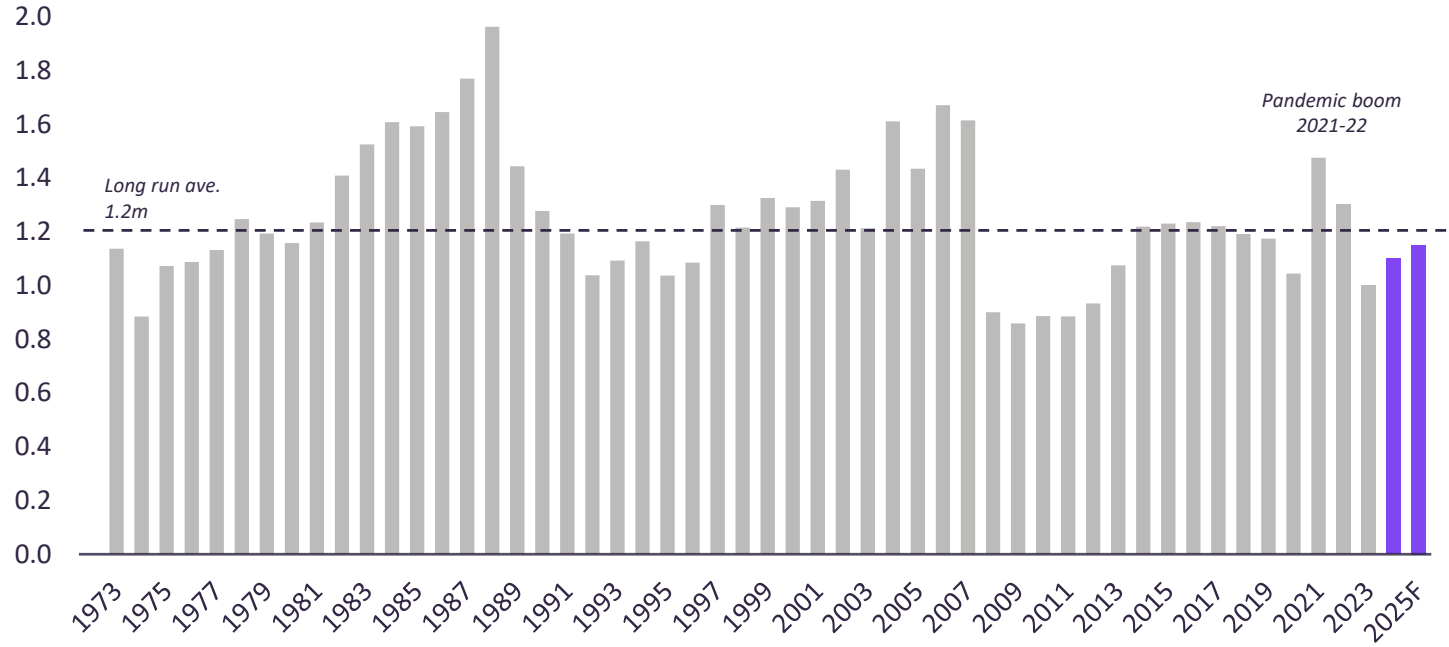
Distance applicants look to find their next home



Source: Zoopla Research

Housing sales up 5% to 1.15m over 2025

Number of UK residential transactions (millions)



Source: Zoopla Research / HMRC

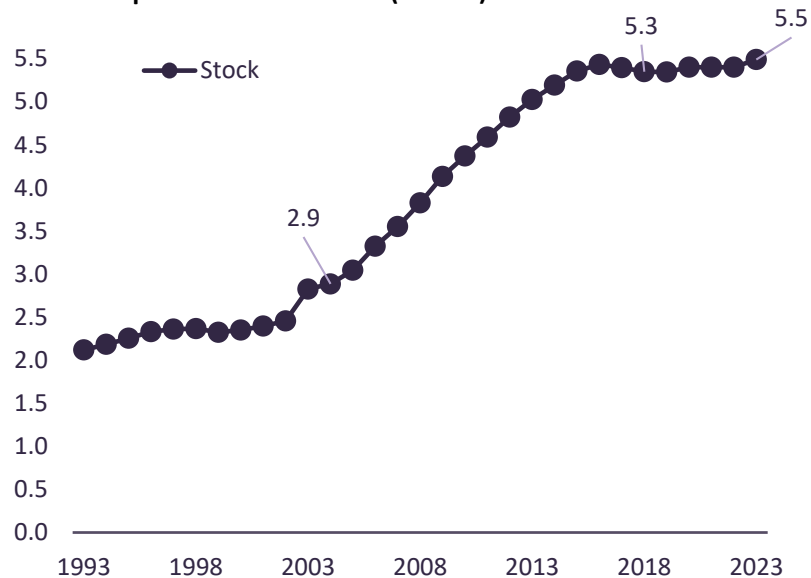
Lettings market

Supply/demand remains

Rent inflation for new lets slow to 4%

PRS stopped growing in 2016, now consolidating

Number of private rented homes (million)



Source: DLUHC, Welsh Govt, Scottish Govt

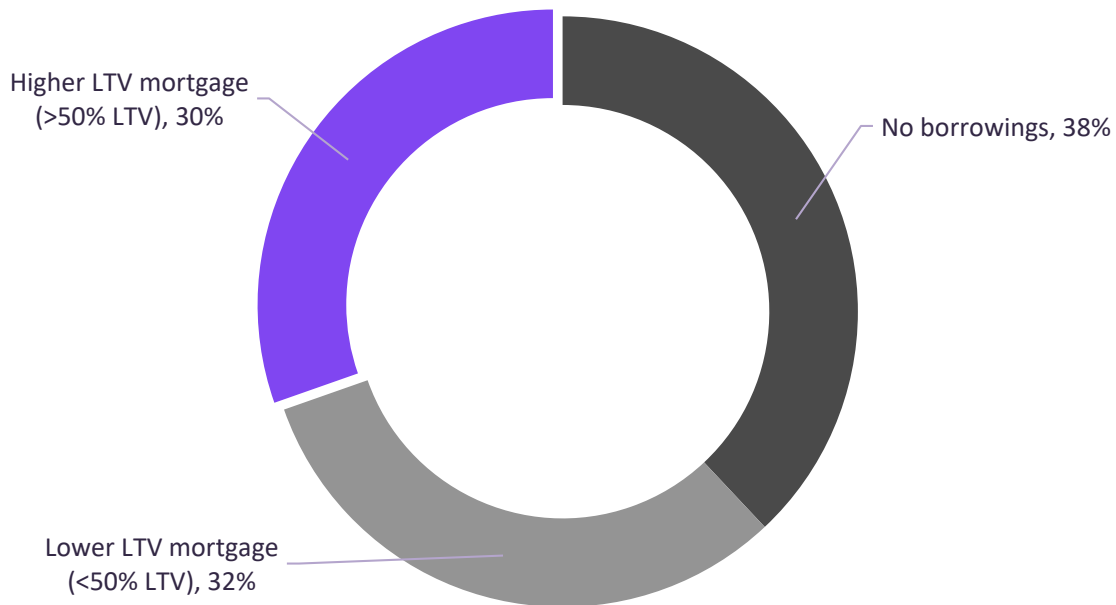
% of landlords and homes by portfolio size, 2021



Source: DLUHC private landlords survey, 2021

Higher mortgage rates hit landlords with >50% LTV loans

Profile of private landlords by size of mortgage



Source: Zoopla Research analysis of DLUHC private landlord survey, 2021

Yields and maximum LTV have increased for landlords

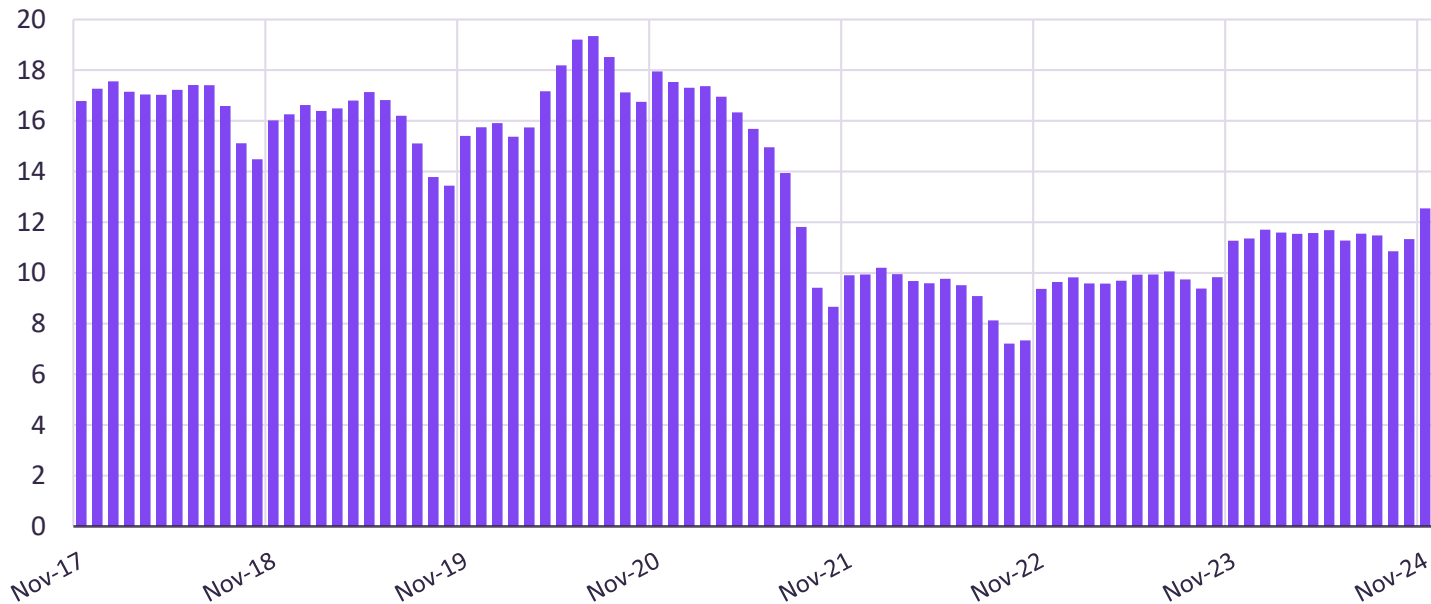
Region/country	3-year rent growth	Gross yield	Maximum loan to value	Min. deposit
London	32%	5.1%	64%	£187,000
S East	25%	5.4%	68%	£97,000
S West	24%	5.5%	69%	£76,000
Eastern	25%	5.5%	69%	£83,000
E Midlands	24%	5.9%	74%	£47,000
W Midlands	27%	6.1%	75%	£47,000
Wales	29%	6.4%	75%	£42,000
Yorks & H	24%	6.5%	75%	£39,000
N West	32%	6.8%	75%	£40,000
Scotland	33%	7.6%	75%	£34,000
N East	28%	7.8%	75%	£29,000
GB	28%	5.7%	72%	£76,000

Source: Zoopla Research

Maximum LTV and minimum deposit assumes a higher rate taxpayer using a BTL loan

Lower rental inventory/supply, recovering off low base

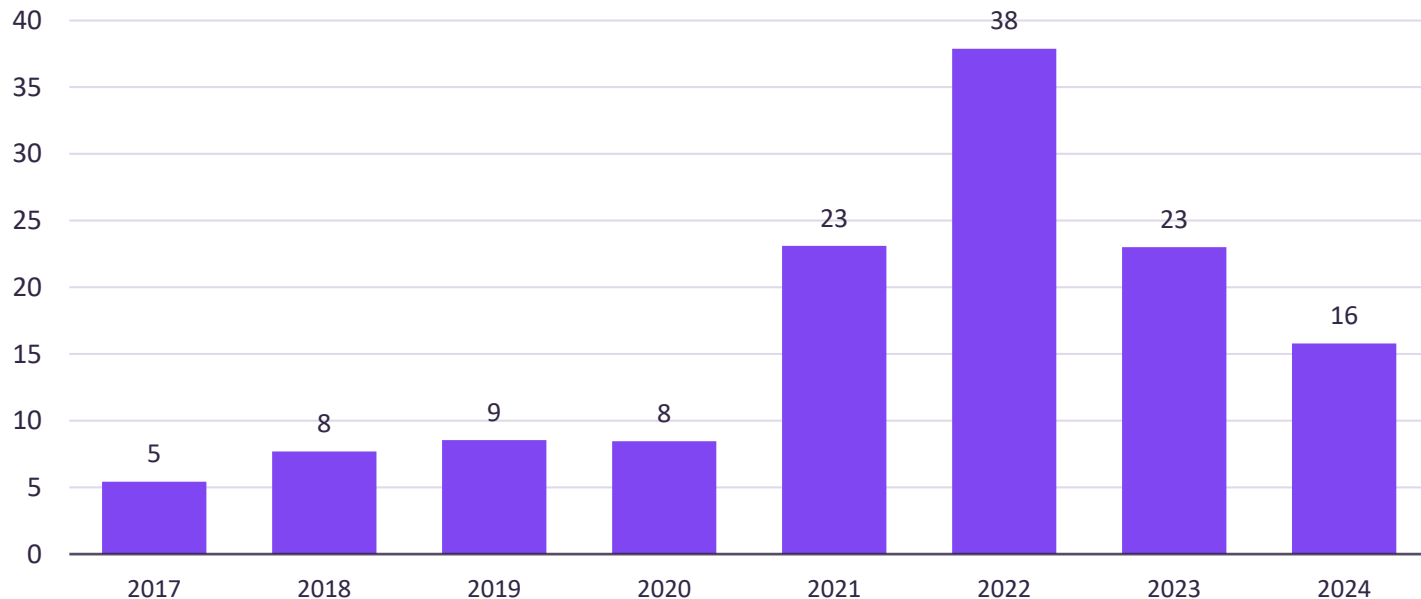
Homes for rent per estate agent branch (GB)



Source: Zoopla Research

Demand cools on lower migration, softer jobs market, more FTBs

Enquiries per home for rent (Oct each year)



Source: Zoopla Research

Rental inflation to hold up better outside major cities

Rental inflation (new lets) by typology



Source: Zoopla Research

Summary

Key themes into 2025

- PRS largely through the consolidation phase – growth in professionals
- Enough price growth to support home moves
- Support for sales from innovation in lending
- Helping vendors find their home
- Updates and insight to your back book of customers