

Positivity in the market

- Uplift helped by household moves ahead of Stamp Duty changes
- But some evidence there is underlying momentum which further rate cuts might help sustain
- Market recovery broadly-based but London and South East still lagging

House Price	Index*	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£357,313	365.2	0.7	-2.5	-0.5

Rob Owens, Head of Research at e.surv, comments:

"In February, the average sale price of homes in England and Wales rose by nearly £2,500, or 0.7%, reaching £357,300. This marks the second month in a row of positive growth, driven by better household finances and lower mortgage rates.

Despite these gains, annual prices are still £9,000, or 2.5%, lower than a year ago and well below the peak of late 2022. The increase in transactions in January and mortgage approvals in February indicates ongoing market activity, with expectations of further rate cuts this year potentially sustaining this momentum, even with the upcoming stamp duty changes.

Buyers continue to enter the market, suggesting strong pent-up demand. The recent market recovery has been widespread, with many areas seeing price increases for the first time in over two years. However, there is a noticeable geographic divide: Wales, the Midlands, and the North are showing improvement, while southern England, particularly London and the South East, continues to struggle.

With the Spring Budget set for later in March 2025, significant housing stimulus is unlikely due to budget constraints. The ongoing global economic uncertainty has led to higher inflation and borrowing costs in the UK, limiting the government's headroom to increase spending across all services."

The housing market in February

The average sale price of a home in England and Wales increased by nearly £2,500 or 0.7% to £357,300 in February – the second positive month in a row.

Table 1. Average House Prices in England and Wales for the year to February 2025

Month	Year	Property Price	Index	Monthly % change	Annual % change
Feb	2024	£366,417	374.5	0.5	-2.5
Mar	2024	£363,971	372.0	-0.7	-2.6
Apr	2024	£364,098	372.2	0.0	-1.8
May	2024	£362,663	370.7	-0.4	-1.7
Jun	2024	£362,272	370.3	-0.1	-1.2
Jul	2024	£360,786	368.8	-0.4	-1.4
Aug	2024	£362,529	370.6	0.5	-1.0
Sep	2024	£364,383	372.5	0.5	-0.8
Oct	2024	£360,807	368.8	-1.0	-1.7
Nov	2024	£355,879	363.8	-1.4	-2.2
Dec	2024	£352,721	360.5	-0.9	-3.1
Jan	2025	£354,842	362.7	0.6	-2.6
Feb	2025	£357,313	365.2	0.7	-2.5

Having drifted lower over much of the past two years, the pick-up in recent months reflects improving household finances and easing mortgage rates, as well as a short-term boost as households keen to move home in England and Northern Ireland try to do so before April when a favourable stamp duty regime comes to an end.

Figure 1. England and Wales has seen a gentle but sustained period of softness

E&W annual price changes, last 3 years



Despite stronger prices in January and February, average annual prices are still £9,000 or 2.5% lower than a year ago (see Figure 1) and more than double that below the previous peak reached in late 2022, according to Acadata figures.

Standing back a little we can see that transactions were up in January, at the end of the sales process and mortgage approvals were up in February, at the start of that process. This suggests there is a continued pipeline of activity feeding through and that with the market pricing in further rate cuts this year it is quite possible the build-up in momentum will continue despite the negative stamp duty changes noted above.

Indeed agents have been noting the buyers entering the market now with no prospect of completion before April seem undeterred even though it must impact on some. We know there is significant pent-up demand and with prices starting to rise some may have taken the view that it is better to push on rather than delay again.

Government and regulators are still looking at what might be done to ease market pressures but given the constraints on public expenditure it is hard to envisage any substantial housing stimulus measure being proposed. This is even though the Prime Minister, in announcing a series of new towns, spoke out strongly on the need to recognise that for “so many families, homeownership is a distant dream” and that he wanted to address this.

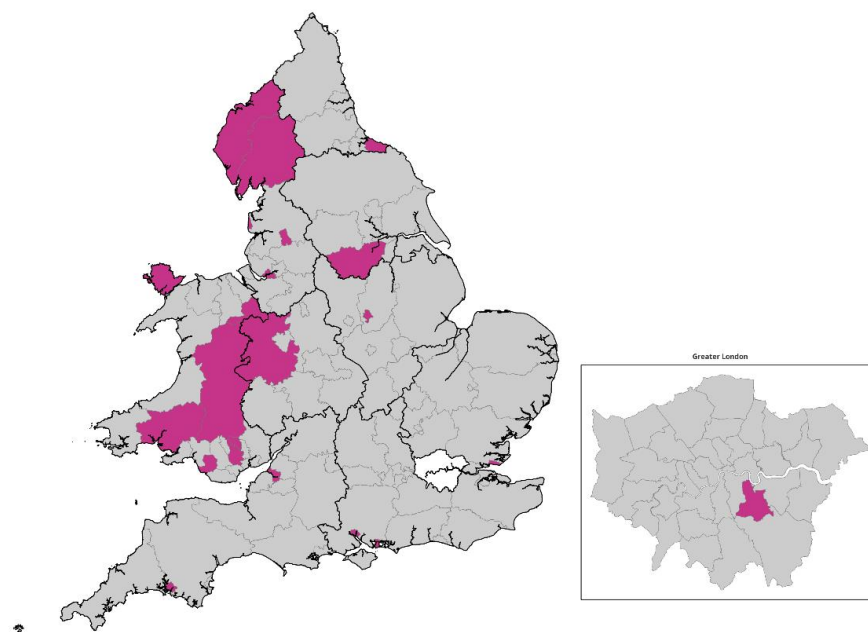
The English Regions and Wales

Table 2. Average Prices in the English regions and Wales, January 2025

Geography	Jan 2024	Dec 2024	Jan 2025	Monthly % chg	Annual % chg
East Midlands	£277,105	£272,982	£274,868	0.7%	-0.8%
East of England	£394,302	£383,026	£385,358	0.6%	-2.3%
London	£692,907	£645,194	£646,803	0.2%	-6.7%
North East	£199,255	£199,006	£200,180	0.6%	0.5%
North West	£251,141	£253,931	£254,771	0.3%	1.4%
South East	£456,552	£435,592	£439,110	0.8%	-3.8%
South West	£363,015	£351,872	£355,317	1.0%	-2.1%
West Midlands	£284,974	£281,681	£284,499	1.0%	-0.2%
Yorkshire and The Humber	£246,197	£245,206	£246,167	0.4%	0.0%
England	£371,122	£358,845	£361,055	0.6%	-2.7%
Wales	£240,438	£238,578	£239,054	0.2%	-0.6%
E&W	£364,466	£352,721	£354,842	0.6%	-2.6%

Encouragingly, the market recovery seen in recent months has been broadly based, with the greatest number of local areas reporting price increases for more than two years.

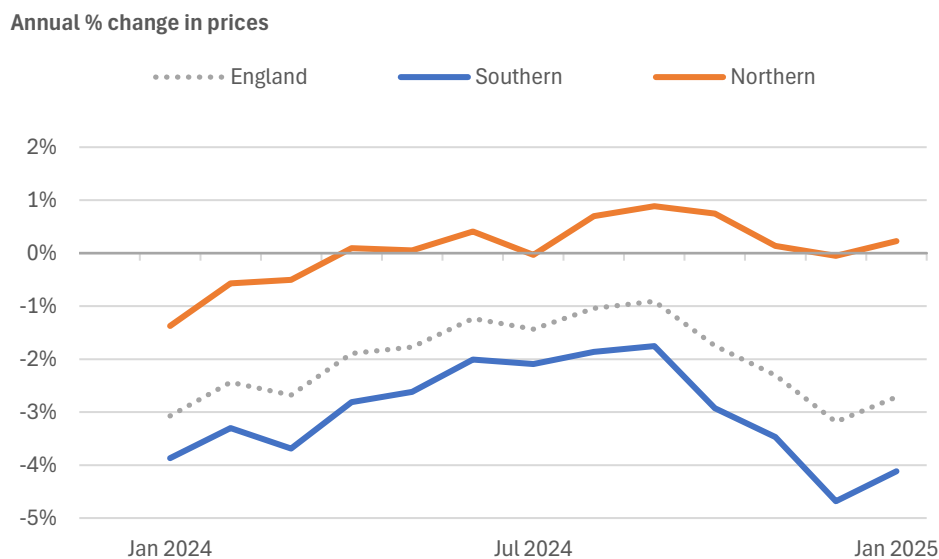
Figure 2. Local markets with above CPI house price increases, January 2025
Areas shaded pink saw annual house price increases of 3% or more



Year-on-year price increases are typically quite small, however, according to our metrics, with relatively few instances of them matching or exceeding consumer price inflation of 3% in January (see Figure 2). As can be seen, the more buoyant areas are mostly located in the north or Wales.

That said, all the English regions and Wales experienced higher house prices in **January** (see Table 2) and the early indications are that this was also the case in February too. If so then we are likely to see prices post fresh market highs in some or all of the North East, North West and Yorkshire & Humberside.

Figure 3. House price changes in different parts of England



Note: Figures are calculated on a rolling three-month basis centred on the middle month, compared with year-earlier periods.

There is a clear geographic divergence of house price movements across England, as we have reported for some time. Broadly speaking, there are improving trends in Wales, the Midlands and the North, but southern England continues to languish (see Figure 3).

London and the South East are the weakest markets by far, between them accounting for more than 2% of February's overall 2.5% year-on-year price decline in England & Wales.

About the e.surv Acadata House Price Index

1. The e.surv Acadata House Price Index is produced by Acadata, a consultancy specialising in house price data.
2. The index is based on the **actual** prices at which residential properties in England and Wales are transacted, including prices for properties bought with cash. Based upon HM Land Registry reporting, such data typically represents the vast majority of all relevant transactions. As such, our figures stand out from those based on mortgage-based sales only, asking prices or prices based upon smaller samples.
3. The initial e.surv Acadata House Price Index for each month, employs an academic “index of indices” model, custom-built at Cambridge, to address smaller but still material sampling levels.
4. Our property prices and indices are calculated on a seasonal- and mix-adjusted basis. All e.surv Acadata House Price Index results are subject to change, for example when HM Land Registry publishes updated figures.
5. In June 2024 we made extensive one-off revisions to our entire dataset of Index figures so that they are now fully consistent with our published house price data. The cumulative nature of these revisions means that for April 2024 our revised Index figure is 6% higher than previously reported. Our methodology for estimating house prices has not changed.
6. Our indices reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. They may not be used for commercial purposes without written permission from Acadata.
7. For longer time series of the data highlighted in this report and an interactive table comparing national and regional price metrics over time, please contact Acadata via its [website](#).

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e.surv is the UK’s largest valuation provider, directly employing over 600 residential surveyors across the UK, supported by a network of consultant valuers.

The business is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property, and also provides a number of private survey products direct to the home-buying public.

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