Quilter

Property review

April 2025

8 minute read

Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice.

Most homeowners underestimate property value by tens of thousands

Zoopla research says most homeowners are in the dark about their property's true value.

While house prices have held steady in recent years, long-term growth has come as a surprise to many homeowners. Zoopla's data shows 64% of homeowners underestimate how much their property is worth. Over a third valued their home at least £100,000 too low, while nearly one in five missed the mark by £250,000 or more.

Undervaluing their biggest financial asset is especially common for homeowners in the North East, where 81% reported their property was worth more than expected, followed closely by Scotland and the South West. Many said rising demand in their area or home improvements had driven the increase in value. Owners who've held their property for 30 years or more tended to be most in tune with market trends, checking values more regularly.

Prime London property market cools in early 2025

Demand for high-end London homes dipped in Q1 2025, despite the strong finish to last year.

While pockets of the market remain resilient, overall buyer appetite has softened across much of London's luxury property scene. Figures from estate agent Benham and Reeves show demand across prime London neighbourhoods fell nearly 4% compared to Q4 2024, with just under 16% of homes priced at £2m or more securing a buyer.

Richmond was the most sought-after area, with nearly 39% of homes finding a buyer. Chiswick saw the biggest quarterly boost in activity, while Clapham recorded the steepest decline.

Demand for 'super-prime' homes priced at £10m upwards slipped to just 3.1%. Wimbledon led the pack, with a third of properties finding buyers, although this was a sharp drop from the previous quarter. Victoria and Chelsea posted gains of 5.6% and 3.2%, respectively.

Home moving costs climb sharply as Stamp Duty relief ends

Moving costs have risen sharply over the past year, with Stamp Duty changes hiking buyers' bills.

Estate agency Yopa says the average cost of moving is now £51,826, up nearly 11% in just 12 months. One year ago, the average mover paid around £1,400 in Stamp Duty. That jumped to just over £2,000 earlier this year, but with tax relief thresholds changing on 1 April, the typical bill has now more than tripled to £4,528. Conveyancing fees now average £1,364, up 12.5%, while average mortgage payments have risen 3% to £1,432. Removal costs have edged higher to just under £920. The largest cost incurred, averaging over £43,000, is a deposit.

Yopa's CEO Verona Frankish said, *"Like house prices, [home ownership] costs have increased pretty much across the board and total as much as £52,000 depending on which UK nation you're looking to make your move within."*

Office market outlook brightens as demand outpaces supply

The UK office market is recovering, with new data pointing to a steady increase in demand.

Rightmove's Commercial Insights Tracker reported interest in office space rose 11% in Q4 2024 compared to Q4 2023, while supply grew by just 2%. The investment side of the market saw even greater momentum, with demand up 57% against a 1% rise in available stock.

The findings reflect positive industry forecasts for the commercial property market. CBRE confirmed companies that planned to reduce their office footprint have done so and many are actively expanding again. In central London, twice as many businesses upsized than downsized last year, with one-third of London lettings coming from new entrants. Consultancy Hollis predicts a 10% rise in office employment outside London over the next decade, creating demand for an additional 50 million sq. ft of office space across the UK.

Investor appetite for UK healthcare rises amid stable returns and social need

The sector is set for an investment surge, with 93% of investors planning to boost their allocations, according to CBRE.

Most investors polled in CBRE's Healthcare Sentiment Survey expect transaction volumes to rise in 2025, with specialist and elderly care homes attracting the most capital. Healthcare properties linked to age-related care have shown resilience during economic downturns and offer dependable income over time. Healthcare operators are also upbeat, with 62% planning to expand in the next five years. While rising staff costs and new tax obligations pose challenges, staffing pressures have eased, with vacancy rates at just 4.3%.

While high construction costs and sluggish planning approvals are still widespread concerns, nearly half of developers plan to take on new projects in 2025. Demand is strongest in the North West, with growing interest in Scotland and Northern Ireland.

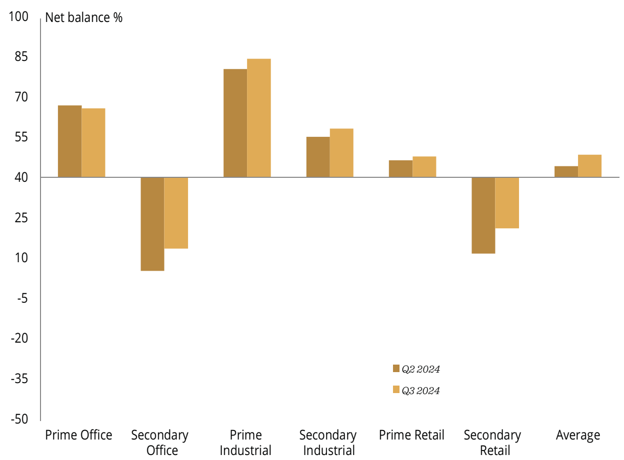
Scotland stands out as UK hotel investment hotspot

Scotland leads the UK hotel market, with Edinburgh top of Colliers' 2025 Hotel Market Index.

Edinburgh hotels recorded an 85% occupancy rate last year, alongside a 10% rise in average daily rates and a 13% uplift in revenue per available room. According to Colliers, premium pricing, limited development supply and consistent performance makes Edinburgh one of the UK's most attractive hotel markets. Glasgow climbed four places in the rankings, and revenue-per-available-room (RevPAR) rose by nearly 9% in 2024, supported by a busy events schedule, corporate travel and relatively low build costs.

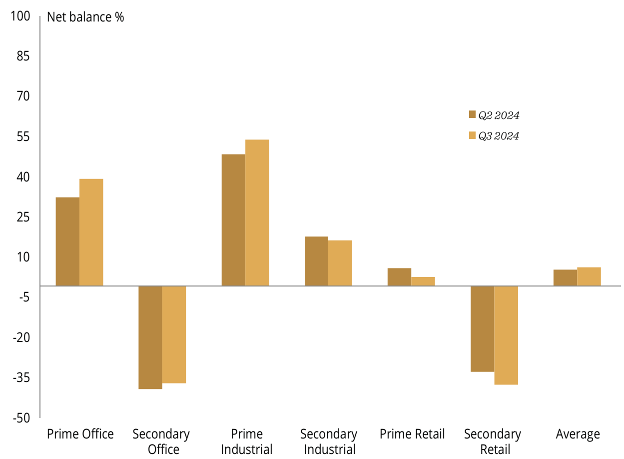
Beyond the capital, Inverness is a rising star, with demand fuelled by experiential tourism and access to the Highlands. A 10% rise in RevPAR and limited competition in new development has sparked interest in boutique and luxury offerings. Together, these three cities demonstrate Scotland's strength as a hotel investment destination.

12-month capital value expectations – broken down by sector



- From a headline average perspective, a net balance of +5% of respondents expect capital values to rise over the year to come
- A net balance of +44% of respondents see prime industrial values rising during the next twelve months
- For prime offices, a net balance of +30% of contributors anticipate an increase in values.

12-month rent expectations – broken down by sector



- A net balance of +55% of respondents foresee prime industrial rents moving higher
- Prime office rents are seen rising by a net balance of +40% of respondents
- The outlook remains firmly negative for secondary office rents, at a net balance of -36%.

All details are correct at the time of writing (16 April 2025)

Source: RICS, UK Commercial Property Market Survey, Q4 2024