

Subject: Your residential research update: March

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Residential Research Update

March



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This month's housing market update comes with the chance for you to win £250 of gift vouchers and a donation to **Crisis charity** by filling in our **latest buyer and seller survey**. Alongside measuring market sentiment, it looks at the importance of different property features along with how far you would be prepared to move to secure your dream home.



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Key metrics in the mainstream market

Despite an interest rate cut earlier in February, the Nationwide reported very little change to the annual rate of house price growth which came in at 3.9% at the end of February.

At the same time, TwentyCi data suggested a slight softening in activity levels. That came in response to an easing of new buyer enquiries which were flat in January, according to the **RICS residential market survey**, and a **broadly stable number of mortgage approvals**.

This emphasises the fact that prospects for further short-term house price growth hinge on the pace and scale of interest rate cuts this year.

Mortgage markets and interest rates

In February seven Monetary Policy Committee (MPC) members voted for a 25 basis point cut, while the remaining two were prepared to go further as the emphasis shifts to protecting the economy. This is despite some residual inflationary pressures that were evidenced by the **rate of headline inflation nudging above 3% in January.**

At the same time, the government has continued to push for a relaxation of mortgage regulations with Treasury ministers formally writing to the Financial Conduct Authority (who ultimately bear the responsibility for how they should be applied).

Considerations for the prime market

Meanwhile, the prime housing market continues to grapple with some of the fiscal changes announced in the October Budget including the abolition of non-doms status, the addition of VAT on private school fees and a higher stamp duty surcharge on the purchase of investment property and second homes.

Nonetheless activity levels in the market above £1m have been higher in the first two months of this year compared to 2024.

Rental reform

Landlords continue to prepare for the introduction of the Renters' Rights Bill currently at the Committee stage in the House of Lords.

This comes at a time when the RICS residential market survey has shown three successive months where tenant demand has contracted (albeit very marginally and in the context of continued shrinkage in new stock coming to the market).

As a reminder, you can keep up to date with how the changes will impact landlords **here.**

UK property value hits £9 trillion

Against the backdrop, I thought you may enjoy a few interesting pieces of our research that have appeared in the press over recent weeks.

First among those is our annual assessment of **the total value of the UK's housing stock**. According to our calculations, this tipped over £9 trillion for the first time in 2024 with the value of homes held by mortgage free owner occupiers continuing to grow the most.

Second is our work on the **total number of homes worth £1m or more**. This now stands at over 700,000, and changed very little last year after some significant movements in the preceding four year period.

All of the above meant there was plenty to discuss when the Savills heads of research recently got together to discuss the outlook for all aspects of the commercial, rural and residential property. You can listen to this on our Real Estate Insights Podcast series **here**.



MY TOP PICKS



Savills Prime Residential Index: World Cities

Savills Prime Residential Index: World Cities monitors the performance of prime residential property across 30 global cities; tracking capital values, rents and yields.

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Scotland £1m+ Market – 2024 Analysis

Scotland's £1 million-plus market recorded more sales last year, led by continuing demand for family homes and well-presented country houses.

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