# House and flat price disparity reaches 30-year high in the UK



Recent data from property portal Zoopla reveals that the disparity between house and flat prices in the UK has reached a 30-year high, a trend attributed to concerns surrounding cladding safety and escalating service charges affecting the desirability of apartments. In January 2025, the average house price was recorded at £319,500, representing 1.7 times the average cost of a flat, which stands at £191,300. This gap marks the largest difference since at least 1995.

The analysis shows that house prices have observed a growth of 2.2 per cent over the past year, while flat prices have only increased by 0.5 per cent. Richard Donnell, Zoopla’s executive director, elaborated on the circumstances, stating, “There has always been a gap between house and flat values but this widened over the pandemic when buyers prioritised a search for space at a time when flats were hit by concerns over running costs and building safety.” He continued, “Buyers are still prioritising houses over flats, but there are opportunities for canny buyers prepared to do their homework and weigh up the purchase of a flat.”

The widening gap first emerged in 2021 following the UK's cladding crisis, exacerbated by the pandemic-driven "race for space", where increased remote working diminished the appeal of compact living spaces. The Grenfell Tower fire in 2017, which resulted in 72 fatalities, led to heightened scrutiny of fire safety regulations involving blocks of flats. This incident triggered prolonged and costly remediation efforts for millions of leaseholders to address unsafe cladding and repair building defects.

The costs associated with owning leasehold properties have further affected flat prices. Aneisha Beveridge, head of research at estate agency Hamptons, noted that “the complexity and higher costs associated with owning a leasehold” have contributed to the decline in flat values. Moreover, an analysis from Hamptons indicated that the average service charge has risen by 11 per cent in 2024, reaching £2,300 per annum.

Despite the subdued demand for flats, listings for apartments have seen an uptick, with a 14 per cent increase in the first six weeks of 2025 compared to the previous year. In contrast, the stock of houses available for sale grew by only 5 per cent during this timeframe, while buyer demand for houses surged by 16 per cent. As per Zoopla, flats now constitute one in four of all homes on the market. Tom Bill, head of UK residential research at estate agency Knight Frank, observed that many flat owners are seeking to sell before anticipated stamp duty increases in April, which may impact lower-value markets more significantly.

According to Zoopla, the overall annual property price growth has slowed to 1.9 per cent as of last month, a slight decrease from December's 2 per cent. Donnell commented on the current market dynamics, stating, “While market activity is on the rise, we expect house price growth to be kept in check over 2025,” noting that a substantial increase in homes available for sale early in the year is granting buyers enhanced choice and negotiating leverage.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.financialreporter.co.uk/house-prices-and-sales-to-grow-in-2025-despite-budget-headwinds-zoopla.html> - This article supports the claim that house prices and sales volumes are expected to grow in 2025 despite budget headwinds, aligning with Zoopla's forecasts. It also highlights the north-south divide in housing affordability.
* <https://www.mpamag.com/uk/news/general/uk-house-prices-set-for-modest-growth-in-2025-zoopla/515983> - This source corroborates the modest growth in UK house prices expected for 2025, driven by higher incomes and stabilizing mortgage rates. It also mentions the north-south divide in house price growth.
* <https://www.zoopla.co.uk/press/releases/house-prices-and-sales-volume-expected-to-grow-in-2025-despite-budget/> - This press release from Zoopla supports the forecast of a 2.5% increase in house prices over 2025 and a 5% rise in sales volumes. It also discusses the impact of income growth on housing affordability.
* <https://www.hamptons.co.uk/insights/research> - Although not directly available, Hamptons' research typically covers trends in property prices and leasehold costs, which would support the discussion on the decline in flat values due to higher service charges and leasehold complexities.
* <https://www.knightfrank.co.uk/insights> - Knight Frank's insights often cover UK residential market trends, which could include observations on flat owners seeking to sell before anticipated stamp duty changes, as mentioned by Tom Bill.