# Savills warns Budget uncertainty and Q2 sales slump have dented UK transaction activity



Savills has told investors that a slump in secondary residential sales and nervousness ahead of the government’s autumn Budget weighed on activity in the second quarter, even as the group posted modest revenue growth across its global business in the first half of 2025. The estate agent said revenue from its UK residential re‑sales arm — which excludes new‑build transactions — fell by about 8% in the six months to the end of June, and warned that uncertainty around forthcoming fiscal decisions had a “dampening effect” on both private and corporate investment. The comments were made in the company’s interim results statement.

On a group basis Savills reported revenue of roughly £1.13bn for the period, with reported pre‑tax profit rising sharply to about £15.8m and underlying profit in the low‑£20m range. Different market summaries set the underlying profit change at slightly different levels — some noting a 6% rise to £23.3m, others describing a larger percentage increase — but all record the same headline earnings figure and an underlying basic earnings‑per‑share of about 11.7p. The board lifted the interim dividend to 7.4p a share.

Investors reacted to the slower second quarter: Savills’ shares fell more than 5% on the day the results were published as markets digested the Q2 pause in transactions. Market commentators noted that upbeat early‑year trading was tempered by the slowdown and that sentiment appeared to have been affected by both geopolitical uncertainty and expectations of nearer‑term tax changes.

Management framed the weakness in transactional volumes as a near‑term pause rather than a structural problem. Chief executive Mark Ridley said in the results statement that “Q2 saw a slowing of transactional activity as occupiers and investors digested the implications of tariffs and geopolitical events,” and the group reported a 13% reduction in real‑estate investment volumes period‑on‑period in the UK. Savills also pointed to a fall in prime London exchange volumes and weaker turnover in certain overseas markets as contributors to the decline.

There were bright spots. Sales of new‑build developments increased by around 13% year‑on‑year and the company’s institutional residential and student‑housing business grew strongly, while its auction operation raised a record c.£420m across live and online sales — a performance Savills said reflected robust regional demand and widening participation in online bidding. At the same time, activity in Asia was softer: transaction volumes in China slipped substantially, which contributed to a double‑digit drop in investment volumes across the Asia‑Pacific region.

The group’s caution over UK activity explicitly linked back to the policy backdrop. Savills told investors that both actual and anticipated fiscal changes ahead of the autumn Budget had dented buyer and investor confidence, a view that sits alongside wider commentary from Westminster. Reporting on Chancellor Rachel Reeves’ priorities has emphasised a push for productivity‑boosting investment while acknowledging the possibility of further tax measures to shore up the public finances — speculation that advisers and some market participants say is already changing behaviour.

Wealth managers and advisers, in particular, have been signalling concern about potential changes to inheritance‑tax rules and other measures that could affect high‑net‑worth clients, prompting a rise in planning enquiries and adding to near‑term market caution. At the same time, housebuilders and sector analysts point to persistent affordability constraints: although interest and mortgage rates have eased from their peaks, they remain high enough to deter many buyers and cap demand in parts of the market.

Analysts welcomed the diversified nature of Savills’ income stream while urging caution over timing. Broker notes highlighted that transactional pipelines were reportedly growing and that, should volumes recover, Savills’ earnings could rebound materially; but they also warned that the pace of recovery will be crucial and remains dependent on clearer fiscal direction and broader macroeconomic stabilisation. Savills has maintained its full‑year expectations while signalling that near‑term performance will be sensitive to how and when investment activity resumes.

### 📌 Reference Map:

## Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903)
* Paragraph 2 – [[2]](https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903), [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 3 – [[4]](https://www.ajbell.co.uk/news/articles/savills-backs-full-year-outlook-despite-slowdown-second-quarter), [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903)
* Paragraph 5 – [[3]](https://www.savills.com/insight-and-opinion/savills-news/378582/savills-sets-h1-record-with-%C2%A3420m-raised-at-auction), [[2]](https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903), [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://www.theguardian.com/politics/2025/aug/13/rachel-reeves-uk-productivity-economy-growth-autumn-budget)
* Paragraph 7 – [[6]](https://www.ft.com/content/676addd9-da60-49fe-87f0-70057b4ed9e1), [[7]](https://www.reuters.com/world/uk/uks-persimmon-eyes-2026-sales-growth-margin-concerns-weigh-shares-2025-08-13/)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903), [[4]](https://www.ajbell.co.uk/news/articles/savills-backs-full-year-outlook-despite-slowdown-second-quarter)

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## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-14999473/Savills-blames-property-sales-revenue-slump-dampening-effect-upcoming-Autumn-Budget.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.directorstalkinterviews.com/savills-h1-2025-profit-up-78-as-revenue-rises-to-1-13bn/4121211903> - Savills announced unaudited results for the six months to 30 June 2025, reporting group revenue of £1,127.8m, up 6% year‑on‑year, underlying profit of £23.3m (up 10%), and reported pre‑tax profit of £15.8m (up 78%). Underlying basic EPS fell to 11.7p while the interim dividend was raised to 7.4p. The group said transactional activity slowed in Q2 owing to geopolitical tensions and tariff uncertainty, with UK residential re‑sales revenue down 8% and prime London exchanges down 7%. Savills highlighted strong auction performance, selling over £420m in H1, and maintained full‑year guidance amid improving pipelines. Management expects recovery as markets stabilise soon.
3. <https://www.savills.com/insight-and-opinion/savills-news/378582/savills-sets-h1-record-with-%C2%A3420m-raised-at-auction> - Savills reports its auction business raised more than £420 million in the first half of 2025, a record amount and roughly an 8% increase year‑on‑year. The company outlines major commercial and residential lots sold via live and online auctions, highlighting strong regional demand and notable transactions, including a high‑value office sale. Savills says online bidding and a diverse catalogue supported competitive outcomes despite price sensitivity at the top end of the market. The auction team comments on continued momentum and confirms further scheduled sales and an active pipeline for the remainder of the year, underpinning fee income.
4. <https://www.ajbell.co.uk/news/articles/savills-backs-full-year-outlook-despite-slowdown-second-quarter> - AJ Bell reported market reaction to Savills’ half‑year results, noting shares fell about 5.6% to roughly 920p as investors digested a Q2 slowdown. The piece summarises H1 metrics: revenue around £1.13bn, underlying profit near £23.3m and reported pre‑tax profit of £15.8m, and highlights management commentary that Q1 outperformance was tempered by a second‑quarter pause in transactional activity as occupiers and investors processed tariff and geopolitical uncertainty. AJ Bell records Savills’ maintained full‑year expectations, the interim dividend uplift to 7.4p, and market caution despite improving transaction pipelines.
5. <https://www.theguardian.com/politics/2025/aug/13/rachel-reeves-uk-productivity-economy-growth-autumn-budget> - The Guardian outlines Chancellor Rachel Reeves’ priorities ahead of the autumn Budget, emphasising a focus on boosting productivity through investment in infrastructure and planning reform while acknowledging potential fiscal measures. The article reports widespread speculation that the Chancellor may need to take further tax decisions to address budget pressures, prompting concern among businesses and financial advisers. It stresses Reeves’ stated intent to prioritise growth and productivity but notes commentators and market participants expect some fiscal tightening, which has already influenced investor and buyer sentiment across property and capital markets ahead of the Budget statement.
6. <https://www.ft.com/content/676addd9-da60-49fe-87f0-70057b4ed9e1> - The Financial Times reports that wealth managers are increasingly worried about possible changes to the UK’s inheritance tax rules ahead of the autumn Budget. The article describes options under consideration — such as tighter limits on tax‑free gifts, a lifetime cap, or reform of reliefs — and highlights client concern and a surge in advisory enquiries. It explains the potential behavioural consequences for wealthy clients and estates, while noting the Treasury had not announced formal measures. The piece situates those fears within the wider need for additional revenue and the political sensitivity of tax changes affecting intergenerational wealth.
7. <https://www.reuters.com/world/uk/uks-persimmon-eyes-2026-sales-growth-margin-concerns-weigh-shares-2025-08-13/> - Reuters covered Persimmon’s trading update and H1 performance, noting the housebuilder flagged ongoing affordability constraints in the UK housing market. Persimmon said that while interest and mortgage rates have softened, they remain at levels that continue to impede many potential buyers, limiting demand and constraining near‑term margin recovery. The article provides Persimmon’s profit and sales outlook and places the caution in context of wider industry concerns about build costs, borrowing conditions and customer affordability. Reuters also records investor reaction to the guidance and analysts’ commentary on sector prospects amid higher structural costs.