# House prices snap back as stamp duty shock fades and BoE rate cut stirs market hopes



House prices have regained momentum after a spring wobble, with the pace of growth in June the fastest in more than a year as a stamp-duty upheaval faded into the background of buyers re-entering the market. The Independent’s synthesis of official data shows the average UK property value rising 3.7% in the year to June, taking the national average to about £269,000. That marks a notable acceleration from May’s 2.7%, and comes after a government change in stamp-duty rules earlier in the year that briefly cooled activity before buyers returned. The report also notes that the rate of price growth may still be volatile month to month, but underlying demand appears resilient as rates eased modestly. As Pantheon Macroeconomics’ Elliott Jordan-Doak put it, house prices are recovering quickly from the disruption caused by the hike to stamp duty in April, though “month-to-month inflation can be volatile at the best of times.” Speaking to The Independent, he added that while gains could wobble in the near term, fundamentals look supportive for a rise in prices through the second half of the year. ([ons.gov.uk](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/august2025), [bankofengland.co.uk](https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/may-2025?utm_source=chatgpt.com), [gov.uk](https://www.gov.uk/government/statistics/uk-house-price-index-for-may-2025/uk-house-price-index-england-may-2025?utm_source=chatgpt.com))

The latest official figures also paint a picture of how this momentum plays out across the country, with regional disparities continuing to shape affordability and buyer behaviour. Regional data from the same period show England’s average house price around £291,000, Wales roughly £210,000 and Scotland about £192,000, underscoring the north–south and urban–rural divide that remains at the heart of the housing market. Kensington and Chelsea remains the most expensive English local authority, with the average price around £1.4 million, while the City of Westminster sits just over £1 million and Camden around £876,000; London holes a large gap above many other areas, reflecting the capital’s enduring price strength. In London, a closer look reveals continued high values in central boroughs even as some surrounding areas have moved differently depending on supply and demand dynamics. These patterns come as the Office for National Statistics’ figures for May 2025 highlighted particular concentration of demand in London and other high-value boroughs, a theme that persisted into the summer. The same period also saw rents continuing to rise: average private rents rose in the year to July by around 5.9% to about £1,343 per month UK-wide, with England’s rents near £1,399 and Scotland near £999, illustrating ongoing pressure on living costs even as house-price growth steadies. The data also flag that, while price growth remains positive, the pace of rent inflation is easing from its earlier highs, a trend closely watched by borrowers and policymakers alike. ([gov.uk](https://www.gov.uk/government/statistics/uk-house-price-index-for-may-2025/uk-house-price-index-england-may-2025), [ons.gov.uk](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025?utm_source=chatgpt.com))

Against this backdrop, the policy landscape remains a critical driver of housing-market dynamics. The Bank of England’s Monetary Policy Summary for June 2025 confirmed Bank Rate at 4.25% after a 6–3 vote, with authorities emphasising a data-dependent path and a cautious, gradual approach to any further easing. Officials stressed that disinflation was under way but inflation remained above target in the near term, urging market participants to anchor expectations while monitoring the labour market for signs of pay growth re-accelerating. The minutes underscored that monetary policy would stay intentionally restrictive for the time being, even as the Committee acknowledged a margin of slack opening in the economy and pay growth moderating. In May, the BoE had already signalled a similar stance, noting inflation momentum and the uncertain balance of supply and demand. More recently, Reuters reported that on 7 August 2025 the Bank of England cut Bank Rate to 4.00% in a divided 5–4 decision, the result of a historically close vote that highlighted continued concerns over inflation versus growth. The split decision and the timing of the cut illustrate how policy communications and data shocks can shape the trajectory of mortgage rates and housing-market activity in the months ahead. Kensington and Chelsea’s price prominence, alongside the broader English average near £290,000, remains a variable in the policy outlook as authorities weigh the costs and benefits of additional easing against the risk of rekindled price pressures. ([beta.bankofengland.co.uk](https://beta.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/june-2025), [bankofengland.co.uk](https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/may-2025?utm_source=chatgpt.com), [gov.uk](https://www.gov.uk/government/statistics/uk-house-price-index-for-may-2025/uk-house-price-index-england-may-2025), [reuters.com](https://www.reuters.com/world/uk/view-highly-divided-bank-england-cuts-rates-pound-jumps-2025-08-07/?utm_source=chatgpt.com))

Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/uk/home-news/inflation-house-price-uk-map-explained-b2810906.html), [[4]](https://www.gov.uk/guidance/stamp-duty-land-tax-buying-an-additional-residential-property)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/uk/home-news/inflation-house-price-uk-map-explained-b2810906.html), [[2]](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/august2025), [[5]](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025)
* Paragraph 3 – [[3]](https://www.gov.uk/government/statistics/uk-house-price-index-for-may-2025/uk-house-price-index-england-may-2025), [[6]](https://beta.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/june-2025), [[7]](https://www.reuters.com/world/uk/bank-england-policymakers-speak-after-rate-cut-following-narrow-vote-2025-08-07/)

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

## Bibliography

1. <https://www.independent.co.uk/news/uk/home-news/inflation-house-price-uk-map-explained-b2810906.html> - Please view link - unable to able to access data
2. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/august2025> - ONS monthly bulletin on private rent and house prices across the United Kingdom reports that, in the year to June 2025, UK house prices rose 3.7% to an average of £269,000, aided by easing monetary conditions and renewed buyer activity. Regional variation persists, with England listing higher averages around £291,000, Wales £210,000, and Scotland £192,000. The bulletin also shows private rents continuing to rise, with the UK average rent around £1,344 per month in June, rising further to July levels. These figures illustrate ongoing housing-market momentum despite affordability pressures and shifting Stamp Duty, informing policy debate and consumer expectations today.
3. <https://www.gov.uk/government/statistics/uk-house-price-index-for-may-2025/uk-house-price-index-england-may-2025> - May 2025 UK House Price Index shows Kensington and Chelsea as the most expensive English local authority, with an average price around £1.4 million, underscoring London’s extreme affordability gap. The index also highlights that the City of Westminster and Camden sit near the top of the list, while Burnley features among the least expensive areas. Across England, the average house price stands near £290,000, with London boroughs predominating the upper end of the spectrum. The release confirms persistent regional disparities in property values, driven by supply constraints, demand concentration in the capital, and shifts in buyer confidence during the period.
4. <https://www.gov.uk/guidance/stamp-duty-land-tax-buying-an-additional-residential-property> - HMRC's Stamp Duty Land Tax guidance for buying an additional residential property explains the higher rates that apply when purchasing a second home or buy-to-let. From 1 April 2025, buyers face SDLT on the whole purchase at higher rates, with 5% on the portion up to £125,000, 7% on £125,001–£250,000, 10% on £250,001–£925,000, 15% on £925,001–£1.5m, and 17% above £1.5m. The guidance also notes the surcharge applies to additional properties and is separate from the main-residence rates. It provides examples and directs readers to the government calculator. This change aligns with tax policy aimed at adjusting incentives for second-home acquisitions.
5. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025> - Both private rents and house prices in the UK were the focus of the July 2025 ONS release. The data show private rent inflation easing slightly as the 12-month rise to June 2025 stood at around 6.7%, with England's rents averaging about £1,399, Wales £804, and Scotland £999. The UK House Price Index indicates prices rose 3.9% year on year to May 2025, placing the national average around £269,000. Regional variations persist: higher prices in England overall, and notable divergence between London's values and many northern authorities. The bulletin emphasises provisional estimates and revisions ahead of August's updated data figures.
6. <https://beta.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/june-2025> - The Bank of England’s June 2025 Monetary Policy Summary confirms Bank Rate at 4.25% after recent gradual reductions, with the MPC emphasising data-dependency and a cautious path toward easing further. The document notes disinflation is underway but inflation remains above target in the near term, requiring a restrictive stance to anchor expectations. It highlights that the policy path is not pre-set and warrant a measured, gradual approach to further reductions. The minutes discuss potential scenarios for growth and pay growth, stressing that any future moves will depend on the evolving balance of domestic demand, supply, and inflation pressures over time.
7. <https://www.reuters.com/world/uk/bank-england-policymakers-speak-after-rate-cut-following-narrow-vote-2025-08-07/> - Reuters reports that on 7 August 2025 the Bank of England cut Bank Rate from 4.25% to 4.00% in a divided decision, with five MPC members voting for the cut and four preferring to hold. The coverage notes the move reflects slower inflation momentum and softer demand, while warning inflation could rebound if energy and food costs rise. Governor Bailey signalled a cautious easing path, with future reductions contingent on incoming data. The story highlights the importance of communication from the MPC about the gradual pace of easing and the risk that policy remains restrictive while inflation remains above target.