# Rising stamp duty thresholds continue to cool UK property market in 2025



Higher stamp duty costs have significantly dampened activity in the UK property market earlier this year, according to data from the Financial Conduct Authority (FCA). Between April and June 2025, the value of new mortgages granted fell sharply by nearly 25% compared to the first quarter, dropping from £77.6 billion to £58.8 billion—the lowest level since early 2024. This decline follows changes to stamp duty thresholds implemented on 1 April, which lowered the nil-rate threshold from £250,000 to £125,000. The result is that many more homebuyers are now liable for stamp duty, increasing their upfront tax bills and effectively slowing the market.

The impact has been particularly stark for first-time buyers. Previously exempt from stamp duty up to £425,000, this threshold was reduced to £300,000, meaning those purchasing homes above this value now face substantial additional costs. For instance, a £250,000 property purchase attracts an extra £2,500 in stamp duty compared to last year. First-time buyers could face increases of up to £11,250 in stamp duty, further complicating affordability. Data from HMRC shows a 25% surge in Stamp Duty Land Tax (SDLT) revenues for buyers in the first five months of 2025, rising to £5.5 billion from £4.4 billion for the same period the previous year, underscoring how widespread the tax’s impact now is.

Mortgage market experts highlight how these changes, coupled with ongoing high interest rates, are suppressing lending activity. Karen Noye, a mortgage specialist at Quilter, notes that while early 2025 saw a temporary spike in lending as buyers rushed to complete transactions before the stamp duty hike, the ensuing months have seen a predictable downturn. With buyers facing both inflated stamp duty and costly borrowing, the market’s momentum has faltered. Yet, forward-looking data suggests some resilience, with new mortgage commitments increasing by nearly 15% to £78.2 billion in the same period—primarily driven by lenders targeting first-time buyers, a segment now crucial for market share.

Compounding this uncertainty are rumours around further property tax changes expected in the forthcoming Autumn Budget. Industry insiders suggest that the prospect of additional taxes is causing potential sellers to delay transactions, wary of higher liabilities. Simon Gammon, managing partner at Knight Frank Finance, points out that while recent mortgage data predates these budget speculations, the market could slow further as anticipation builds. The government is also set to increase the stamp duty surcharge on second homes sharply—from 3% to 5% from the end of October 2024—a move expected to raise over £200 million in additional revenue within the next 17 months but may discourage buy-to-let investors and second-home buyers.

These evolving tax policies underscore a broader governmental push to recalibrate the property market and generate substantial tax income. The upcoming reduction in first-time buyer relief at the end of March 2025 and the lowered nil-rate threshold aim to increase SDLT receipts while potentially cooling demand. Regional analyses indicate that the most significant stamp duty burdens will be concentrated in London's southern regions, including the South East, East, and South West, where house prices are highest. This regional disparity in tax impact may lead to slower price growth, which is already evidenced by a national slowdown in house price inflation to about 1.3%, despite increased housing stock and buyer interest in some areas.

In sum, the recalibrated stamp duty landscape has clearly exerted a braking effect on property market activity this year and is likely to continue influencing buyer behaviour and lending patterns throughout 2025. While some segments, particularly first-time buyers, remain active aided by targeted lender strategies, the overarching environment of higher upfront costs and looming further tax changes is creating substantial uncertainty. Market participants appear caught between acting swiftly before new rules bite and holding back in anticipation of potential policy shifts due in the Autumn Budget, painting a cautious outlook amid a recalibrating property tax regime.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.mpamag.com/uk/news/general/homebuyers-hit-hard-as-stamp-duty-changes-bite/539940)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.hamptons.co.uk/articles/budget-briefing-october-2024), [[4]](https://www.mpamag.com/uk/news/general/homebuyers-hit-hard-as-stamp-duty-changes-bite/539940), [[6]](https://www.cbre.com/insights/articles/how-will-the-upcoming-changes-to-stamp-duty-impact-the-housing-market)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://www.ashfords.co.uk/insights/articles/how-will-changes-in-the-2024-budget-impact-the-property-market), [[7]](https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.propertymark.co.uk/resource/autumn-budget-2024-tax-changes-that-impact-the-property-sector.html), [[5]](https://www.ashfords.co.uk/insights/articles/how-will-changes-in-the-2024-budget-impact-the-property-market)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.cbre.com/insights/articles/how-will-the-upcoming-changes-to-stamp-duty-impact-the-housing-market), [[7]](https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.hamptons.co.uk/articles/budget-briefing-october-2024), [[5]](https://www.ashfords.co.uk/insights/articles/how-will-changes-in-the-2024-budget-impact-the-property-market), [[7]](https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/)

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

## Bibliography

1. <https://www.dailymail.co.uk/money/galleries/article-15081183/Higher-stamp-duty-caused-property-market-slowdown.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.hamptons.co.uk/articles/budget-briefing-october-2024> - This article discusses the end of the stamp duty holiday in April 2025, highlighting the reduction of the nil-rate threshold from £250,000 to £125,000, and the first-time buyer threshold from £425,000 to £300,000. It explains that home movers could see their stamp duty bills increase by up to £2,500, while first-time buyers may face a rise of up to £11,250. The piece also notes that these changes are expected to bring approximately 310,000 more property purchases in England into paying stamp duty annually.
3. <https://www.propertymark.co.uk/resource/autumn-budget-2024-tax-changes-that-impact-the-property-sector.html> - This article outlines the tax changes introduced in the Autumn Budget 2024, focusing on the increase of the Higher Rates for Additional Dwellings (HRAD) surcharge from 3% to 5% from 31 October 2024. It also mentions the rise in the stamp duty rate for businesses purchasing dwellings over £500,000 from 15% to 17%. The piece discusses the potential impacts of these changes, including raising £115 million in the next five months and an additional £90 million in the following 12 months.
4. <https://www.mpamag.com/uk/news/general/homebuyers-hit-hard-as-stamp-duty-changes-bite/539940> - This article reports on the significant increase in Stamp Duty Land Tax (SDLT) paid by homebuyers in the UK following changes to tax thresholds introduced in the April Budget. Between January and May 2025, buyers paid £5.5 billion in SDLT, a 25% rise from the £4.4 billion recorded over the same period last year. The piece attributes this increase to the reduction of the nil-rate threshold from £250,000 to £125,000, which has made more homebuyers liable for the tax, thereby pushing up the cost of moving.
5. <https://www.ashfords.co.uk/insights/articles/how-will-changes-in-the-2024-budget-impact-the-property-market> - This article examines the impact of the 2024 Budget on the property market, highlighting changes such as the increase in the stamp duty land tax rate for second homes from 3% to 5% from 31 October 2024. It also discusses the end of the first-time buyer relief for SDLT, which will revert to £300,000 on 31 March 2025, and the reduction of the nil-rate threshold from £250,000 to £125,000 from 1 April 2025. The piece suggests that these measures could lead to a spike in transactions before the changes take effect and a potential stagnation of the market post 31 March 2025 due to affordability issues.
6. <https://www.cbre.com/insights/articles/how-will-the-upcoming-changes-to-stamp-duty-impact-the-housing-market> - This article discusses the upcoming changes to stamp duty and their potential impact on the housing market. It notes that from 1 April 2025, first-time buyers will be liable for Stamp Duty Land Tax (SDLT) on homes valued at £300,000, which are worth £500,000 or less. The piece also mentions the increase in the SDLT surcharge for second homes from 3% to 5% from 31 October 2024, which is expected to deter some landlords from the market. The article provides regional insights, indicating that the maximum increase in SDLT for home movers can be expected to be felt in just four regions: London, South East, East, and South West.
7. <https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/> - This press release from Zoopla discusses the impact of higher stamp duty costs on the housing market's summer surge. It reports that housing market activity has surged, with buyer demand up 11% and agreed sales up 8% year-on-year, defying the typical summer slowdown. However, national house price inflation has slowed to 1.3%, driven by a 12% increase in homes for sale and higher stamp duty costs for many buyers. The release also notes that higher stamp duty costs now impact 83% of homeowners and 41% of first-time buyers, with the impact on prices felt primarily in Southern regions such as London and the South-East.