# Uncertainty over UK Budget causes sharp slowdown in prime property demand



New data reveals that uncertainty ahead of the UK Government's Autumn Budget is significantly dampening activity in the higher end of the property market. Analysis from Zoopla illustrates that buyer demand for homes listed at £500,000 or more has fallen by 4 per cent compared to the same period last year. The effect is pronounced in the prime property segment, with demand for properties priced at £1 million or greater dropping by 11 per cent over the past five weeks. Industry experts attribute this cautious stance to fears surrounding potential new property taxes expected to be outlined in the Budget, scheduled for November 26.

Further evidence from Savills supports these findings, showing that prime central London property prices have declined by 1.8 per cent over the last three months, marking the steepest quarterly fall since December 2016. Over the year, prices in this sector have fallen by 4.7 per cent. The country house market segment is experiencing an even steeper annual price decline of 8.1 per cent. Riz Malik, director at R3 Wealth, told the Daily Mail via Newspage that buyers are reluctant to commit until the Chancellor, Rachel Reeves, provides clarity on the reform proposals, which reportedly include the introduction of an annual property tax on homes over £500,000 and potential changes to council tax valuations and capital gains tax on high-value sales. Malik described the market sentiment as “paralysed by uncertainty,” underscoring that the prospect of “mansion taxes” is driving both buyers and sellers to pause.

The impact of this speculation is not only visible in demand but also in supply. Zoopla's analysis indicates a 9 per cent reduction in the number of homes priced above £1 million listed for sale compared to a year ago, with a 7 per cent decrease in listings for properties over £500,000. This retrenchment contrasts with other segments of the housing market, where buyer demand and new listings are broadly stable year-on-year. Zoopla highlights that the southern regions—London, the South East, and East of England—where there is a high concentration of homes valued over £500,000, are experiencing the most pronounced slowdown.

Supporting these observations, conveyancing professionals in London have reported an increasing number of buyers withdrawing from high-value deals, citing uncertainty over the impending Budget measures as their rationale. Chris Barry, director at Thomas Legal in London, confirmed to the Daily Mail that negative press around the Budget has led to a notable decrease in completed transactions above the £1 million threshold.

While the luxury property market faces these uncertainties, the wider housing market appears less affected. Zoopla's House Price Index shows that overall house price inflation slowed to 1.4 per cent last month, down from 1.9 per cent in December 2024. The average UK home now costs around £271,000. Price growth remains strongest in more affordable areas, with Northern Ireland leading at 7.9 per cent annual increase and the North West rising by 3.1 per cent. By contrast, regions with typically higher prices, including London and the South East, are seeing minimal gains below 0.5 per cent, a trend largely attributed to increased stamp duty and affordability constraints.

Historical trends from earlier in 2025 corroborate this dynamic. Zoopla’s July report highlighted that 83 per cent of homeowners now face stamp duty on new purchases—a sharp rise from 49 per cent before the new tax thresholds introduced in April—which has dampened price inflation particularly in southern England. However, despite these headwinds, overall sales are projected to rise by 5 per cent in 2025 compared to the prior year, indicating underlying demand in the market beyond the prime segments.

Mortgage rates have remained relatively stable, with typical five-year fixed deals ranging between four and five per cent, enabling some buyers to borrow about 20 per cent more than six months ago for the same income. This increased borrowing power has helped sustain demand in more affordable parts of the country, especially among first-time buyers.

Experts in the sector emphasise that this mix of factors has created a bifurcated market. Kevin Shaw, national sales managing director at LRG, noted that while the market overall has shifted in favour of buyers—prompting sellers to accept price adjustments—speculation over property taxes at the upper end has caused noticeable hesitation and deferred decision-making. Similarly, Kundan Bhaduri, entrepreneur and landlord, observed that the high-value market is caught in a “perfect storm” of stalled transactions due to fears of punitive fiscal measures, with sellers increasingly withdrawing properties rather than selling at lower prices.

In summary, while the broader UK housing market maintains moderate growth and activity, the top-end property segments appear to be slowed by caution awaiting Government clarity. As ministerial discussions and possible policy announcements approach, the market awaits the outcome that will likely shape investor and buyer confidence for the remainder of the year and beyond.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.zoopla.co.uk/press/releases/uk-house-price-growth-slows-to-1-8-per-cent-as-spring-surge-in-homes-for/)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/), [[4]](https://www.zoopla.co.uk/press/releases/uk-house-price-growth-slows-to-1-8-per-cent-as-spring-surge-in-homes-for/)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)

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## Bibliography

1. <https://www.dailymail.co.uk/money/galleries/article-15145643/Data-Budget-property-tax-fears-paralyse-500k-plus-property-market.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.zoopla.co.uk/press/releases/housing-markets-summer-surge-dampened-by-soaring-stamp-duty-costs/> - Zoopla's press release from 29 July 2025 discusses how the housing market's summer surge was dampened by increased stamp duty costs. It highlights that 83% of homeowners now pay stamp duty on new purchases, up from 49% before April 2025. The release also notes that higher stamp duty costs have a greater impact on buyers in southern England, contributing to a slowdown in price inflation. The report anticipates a 5% increase in sales for 2025 compared to the previous year, but expects price growth to remain in low single digits.
3. <https://www.zoopla.co.uk/press/releases/zoopla-boosts-quality-leads-for-housebuilders-defying-market-trends/> - Published on 26 June 2025, this Zoopla press release reports a 30% year-on-year increase in quality home buyer leads for its homebuilder customers. Despite weaker buyer demand for new homes across the wider market, Zoopla's enhancements to its website have led to improved visibility for new homes, benefiting housebuilders. Stephen Parker, Head of Digital at Taylor Wimpey, commented on the quality of leads delivered by Zoopla, noting a sector-leading percentage of leads converting into reservations.
4. <https://www.zoopla.co.uk/press/releases/uk-house-price-growth-slows-to-1-8-per-cent-as-spring-surge-in-homes-for/> - Zoopla's press release from 26 March 2025 reveals that UK house price growth slowed to 1.8% in February, down from 1.9% in January. The slowdown is attributed to a surge in the number of homes for sale, which outpaced the increase in sales being agreed. The release also notes that static mortgage rates and higher stamp duty from April have reduced buying power in recent months. The report anticipates continued growth in sales agreed over 2025 but expects house price growth to moderate further.
5. <https://www.zoopla.co.uk/press/releases/zoopla-data-shows-buyer-demand-in-2025-tracking-14-ahead-of-early-2024/> - Published on 17 January 2025, this Zoopla press release indicates that buyer demand in 2025 is tracking 14% ahead of early 2024, with new sales agreed up 15% compared to the first week of 2024. The release highlights a significant increase in vendor sales leads and valuation leads, suggesting a positive outlook for the property market at the start of 2025.
6. <https://www.zoopla.co.uk/press/releases/price-gap-between-houses-and-flats-at-30-year-high-with-buyers-favouring/> - Zoopla's press release from 27 February 2025 reports that the price gap between houses and flats has reached a 30-year high, with the average house value at £319,500, 1.7 times higher than the average value of a flat at £191,300. The release notes that despite flats offering value for money, buyers continue to favour houses, with 52% of first-time buyers outside of London looking for a three-bedroom house, while less than 20% want a one or two-bedroom flat.
7. <https://www.zoopla.co.uk/press/releases/zoopla-data-shows-buyer-demand-in-2025-tracking-14-ahead-of-early-2024/> - This Zoopla press release from 17 January 2025 indicates that buyer demand in 2025 is tracking 14% ahead of early 2024, with new sales agreed up 15% compared to the first week of 2024. The release highlights a significant increase in vendor sales leads and valuation leads, suggesting a positive outlook for the property market at the start of 2025.