# UK housing market faces prolonged slowdown ahead of Budget reforms



Home buyer demand in the UK has shown signs of weakening for the third consecutive month, with sales activity also subdued, reflecting mounting caution in the market ahead of the upcoming November Budget. According to the latest survey from the Royal Institution of Chartered Surveyors (Rics), a net balance of 19% of property professionals reported a decline in new buyer inquiries in September. This continuing trend of diminishing demand was accompanied by a net balance of 16% of firms seeing fewer agreed sales, marking a softer but still downward movement compared to August's figure.

The Rics report highlights that concerns linked to the November Budget are weighing heavily on both buyers and sellers, who face affordability challenges and a cautious market sentiment. The anticipated government measures and potential tax revisions have contributed to a growing hesitancy. Rics also points to regional disparities, with the South East of England and East Anglia experiencing some of the steepest falls in house prices, while Scotland and Northern Ireland continue to register modest price gains. Despite the ongoing short-term caution, surveyors remain optimistic about house prices in the longer term, expecting overall increases over the next 12 months.

Alongside demand softening, the supply of properties is cooling, with a net balance of 15% of professionals observing a fall in new seller instructions for the second month running. This declining supply has been echoed in the rental market, where tenant demand remains broadly flat but landlord instructions have fallen sharply, with 38% of property professionals noting a reduction. Rents are projected to rise by approximately 3% over the coming year. Sarah Coles, head of personal finance at Hargreaves Lansdown, remarked to The Irish News that the shrinking number of landlords is intensifying competition for rental properties, pushing rents higher and increasing uncertainty for renters who may face frequent relocations.

The government has recently unveiled plans to overhaul the home-buying system to make it more efficient and reduce costs for buyers. These reforms could include mandating property sellers and estate agents to provide more comprehensive information upfront, thus limiting the need for lengthy searches and surveys typically conducted by buyers. Furthermore, the introduction of binding contracts earlier in the process aims to mitigate the risk of transaction chain collapses, potentially shortening the time it takes to complete purchases by weeks. The model draws from systems in Scotland, where upfront information and earlier binding agreements are standard. According to Reuters, these measures could cut typical first-time buyer costs by around £710 and receive backing from industry bodies like Rics.

Market data from Zoopla and Halifax paint a nuanced picture of house price trends amid this subdued demand and supply scenario. Zoopla’s research indicates that the average price for a first-time buyer home reached £229,000, reflecting a 2.4% increase year-on-year, outperforming the overall average house price rise of 1.3%. Price growth is notably strong in the North East, climbing over 10%, while London bucks the trend with a 2.4% price decline for first-time buyer homes, where entry costs average £420,600. Regional affordability contrasts markedly, with first-time buyers outside London primarily targeting three-bedroom houses, whereas Londoners focus mainly on one- and two-bedroom flats.

Meanwhile, Halifax reports the slowest annual house price increase since April 2024, at just 1.3%, with a slight monthly price decline of 0.3% in September defying some economist expectations. This slowdown is partly attributed to ongoing economic uncertainty, concerns about potential property tax hikes, and high borrowing costs. The autumn Budget slated for November, overseen by Finance Minister Rachel Reeves, stirs further market unease due to prospective tax changes. Northern Ireland continues to buck the softer trend with annual price growth of 6.5%, contrasting with modest gains in London. Housing market commentators and analysts emphasize a mixed regional outlook, reflecting underlying economic and fiscal variations.

Despite subdued demand, some experts suggest conditions may be relatively favourable for certain buyers. Mortgage rates, which had surged in prior months, have started to ease—average rates hover around 5%, with some sub-4% deals re-emerging following cuts from the Bank of England. This easing, coupled with a growing stock of homes, particularly in southern England, may provide better affordability and choice for buyers than recent periods. Nevertheless, elevated inflation at 3.8% continues to limit further rapid interest rate reductions. Prospective buyers are advised to assess their financial security carefully before entering the market, considering the possibility of further tax and policy shifts.

In conclusion, the UK housing market is currently characterised by cautious buyer sentiment, moderated sales, and a tentative supply environment, underscored by concerns over upcoming fiscal policies and affordability constraints. Government reforms to streamline and reduce costs in the home-buying process may provide some relief, but near-term momentum appears weak. Regional variations remain significant, with the strongest growth witnessed in parts of Northern Ireland and the North East of England, while London and the South East face sharper challenges. The long-term outlook retains cautious optimism, contingent on economic stability and the impact of forthcoming government measures.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[2]](https://www.itv.com/news/2025-10-08/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors), [[7]](https://www.standard.co.uk/business/money/housing-market-royal-institution-of-chartered-surveyors-northern-ireland-east-anglia-b1247117.html)
* Paragraph 2 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[2]](https://www.itv.com/news/2025-10-08/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors)
* Paragraph 3 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[3]](https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/)
* Paragraph 4 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[3]](https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/), [[2]](https://www.itv.com/news/2025-10-08/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors)
* Paragraph 5 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[4]](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/), [[2]](https://www.itv.com/news/2025-10-08/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors)
* Paragraph 6 – [[6]](https://moneyweek.com/investments/property/605415/is-now-a-good-time-to-buy-a-house), [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[4]](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/)
* Paragraph 7 – [[1]](https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/), [[3]](https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/), [[4]](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/), [[5]](https://moneyweek.com/investments/house-prices/house-prices), [[6]](https://moneyweek.com/investments/property/605415/is-now-a-good-time-to-buy-a-house), [[7]](https://www.standard.co.uk/business/money/housing-market-royal-institution-of-chartered-surveyors-northern-ireland-east-anglia-b1247117.html)

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## Bibliography

1. <https://www.irishnews.com/news/uk/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors-H7RFOLOHYZMJHFZHH2QYP5YDGQ/> - Please view link - unable to able to access data
2. <https://www.itv.com/news/2025-10-08/home-buyer-demand-weakens-for-third-month-in-a-row-as-sales-fall-surveyors> - In September 2025, home buyer demand in the UK declined for the third consecutive month, with 19% of property professionals reporting a fall in new buyer inquiries. Sales activity also softened, with 16% noting a decrease in agreed transactions. Surveyors cited concerns over the upcoming November Budget, leading to increased caution among buyers and sellers. The Royal Institution of Chartered Surveyors (RICS) highlighted downward pressure on house prices, particularly in the South East and East Anglia, while Scotland and Northern Ireland experienced modest price gains. The rental market remained stable, with rents expected to rise by around 3% over the next year.
3. <https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/> - The UK government announced plans to streamline the home-buying process, aiming to reduce costs and delays to stimulate the property market. Proposed changes include requiring search and survey information to be published before a property is listed, potentially shortening the average transaction time by four weeks. The government is also considering introducing binding contracts to reduce the number of failed transactions, which currently affect nearly one in three property deals. These reforms are projected to lower the average cost for first-time homebuyers by £710. The Royal Institution of Chartered Surveyors supports the initiative, citing the inefficiencies and high costs of the current system.
4. <https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/> - UK house prices rose by just 1.3% in the year to September 2025—the slowest increase since April 2024—according to Halifax. Prices also declined month-on-month by 0.3%, countering economists' predictions of a 0.2% monthly gain and a 2.2% annual rise. This softening in growth contrasts with stronger performance in the second half of 2024, when annual increases were between 4% and 5%. The market slowdown is attributed to economic uncertainty, concerns over potential property tax increases, and high borrowing costs. Finance Minister Rachel Reeves is expected to unveil tax changes in her upcoming budget, adding to market caution. Regional disparities persist, with London registering a modest 0.6% annual increase while Northern Ireland saw the strongest growth at 6.5%. Despite the subdued figures, Halifax's head of mortgages, Amanda Bryden, maintained expectations for modest growth due to improving affordability. Meanwhile, Capital Economics warned that tax rises could reduce disposable income and further impact housing demand. Rival lender Nationwide previously reported a 0.5% price rise in September and a 2.2% annual increase, indicating mixed signals in the housing market.
5. <https://moneyweek.com/investments/house-prices/house-prices> - As of October 2025, the UK housing market is showing signs of a modest recovery, with house prices rising 0.5% in September after a slight dip in August, bringing the average house price to £271,995—a 2.2% annual increase. However, uncertainty looms due to potential tax changes in the upcoming Autumn Budget, especially a rumored new property tax targeting homes over £500,000. This speculation has already dampened buyer demand and listings in the high-end market. Despite recent gains, forecasts for 2025 have been lowered, with Savills and Knight Frank revising their growth expectations down to 1%, citing affordability issues, economic pressures, and tax speculation. Longer-term projections are more optimistic, with Savills predicting 4-6% annual growth from 2026-2029, fueled by wage growth, falling mortgage rates, and eased lending criteria. Knight Frank forecasts slightly slower growth for the same period. The market remains divided regionally, with Northern Ireland and the North East experiencing the strongest growth, while London lags. Asking prices have stagnated, particularly in southern England, indicating a buyer’s market where realistic pricing is key to transactions. While debate continues over possible stamp duty reforms, experts urge buyers to focus on current conditions rather than speculate on policy shifts.
6. <https://moneyweek.com/investments/property/605415/is-now-a-good-time-to-buy-a-house> - As of October 2025, several indicators suggest a relatively favorable time for some buyers to consider purchasing a house, though challenges remain. Mortgage rates have eased from recent peaks, with sub-4% deals returning following the Bank of England’s interest rate cuts. Current mortgage rates average around 5%, and housing price growth is sluggish—only 1.3% annually—offering better affordability for buyers. Additionally, there is an increased supply of housing stock, especially in southern England, giving buyers more options. However, obstacles persist. The recent hike in stamp duty and rumors of impending property tax increases have raised costs for buyers. Inflation remains elevated at 3.8%, holding back further interest rate cuts and keeping borrowing costs relatively high. Experts emphasize the importance of personal financial stability, advising buyers to ensure they have a robust deposit, manageable repayment capacity, and adequate emergency savings. New government reforms may improve the buying process by requiring sellers to provide more upfront information, potentially saving buyers time and money. These include binding agreements and clearer disclosures. Despite some political opposition, the changes aim to address inefficiencies in the housing market. Ultimately, whether now is the right time to buy depends heavily on individual financial circumstances and risk tolerance.
7. <https://www.standard.co.uk/business/money/housing-market-royal-institution-of-chartered-surveyors-northern-ireland-east-anglia-b1247117.html> - In August 2025, the UK housing market experienced a decline in buyer demand and sales, with 17% of property professionals reporting a fall in new buyer inquiries and 24% noting a decrease in agreed sales. Surveyors expect sales to remain largely stagnant over the next three months. The Royal Institution of Chartered Surveyors (RICS) highlighted concerns over the wider economic and fiscal outlook, including interest rates, affecting market sentiment. Notably, new instructions to sell fell for the first time in over a year, indicating a potential cooling in the market. Regional variations were observed, with Northern Ireland bucking the trend with rising prices, while East Anglia and the South West reported more noticeable declines. The report underscores the need for cautious optimism in the current housing market landscape.