

Quilter Property review

January 2025

🕒 8 minute read



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice.

Commercial property outlook for 2025

According to Savills, the outlook is for increased stability in the UK commercial property market for 2025, following a 20% rise in investment volumes for the office and industrial sectors in 2024.

With two Bank Rate reductions and expectations of further cuts, borrowing costs look set to decrease, enhancing investor confidence. Economic growth is projected to accelerate, benefiting commercial real estate and driving occupational markets, which have shown resilience with low vacancy rates and above-average prime rental growth.

Savills predict renewed institutional interest in UK retail sectors, including prime shopping centres and retail parks, due to rising rents and increased consumer confidence. The office sector is also expected to experience significant growth, with limited new supply and improving business demand leading to strong rental growth across various quality segments. Overall, Savills expresses cautious optimism for a commercial real estate recovery in 2025.

A 'year of opportunity' for Scottish commercial property

Scotland's commercial property sector is poised for a promising 2025, with experts predicting a 'year of opportunity.' Lismore Real Estate Advisors report that Q4 2024 saw £406m in investment transactions, a 6% increase from the same period in 2023, though 4% below the five-year average.

Notably, Scotland remains 'on the radar' for overseas investors, with interest in office, industrial and retail warehousing. The market is expected to stabilise in 2025 and while interest rates are anticipated to decline gradually and inflation may stay slightly elevated, substantial yield compression is unlikely. Early 2025 is expected to see investors prioritising income potential over yield shifts, with momentum building as the year progresses.

Despite challenges like economic contraction and budget pressures, nearly 90% of respondents view 2025 optimistically, with fund and investment managers particularly positive. Lismore's Director, Simon Cusiter, notes that after a challenging period, the market shows clear signs of recovery, with rising investment volumes, easing interest rates and returning confidence.

A new industrial revolution

According to research by JLL, the new industrial revolution, driven by advances in artificial intelligence (AI), robotics, and the push for sustainability, is significantly reshaping the UK's commercial property market.

As industries adopt cutting-edge technologies, there is a growing demand for modern facilities equipped to support automation, AI integration and energy-efficient operations. Warehousing and manufacturing spaces are evolving to include smart infrastructure capable of enhancing productivity while aligning with net-zero carbon goals.

This shift is transforming investment strategies in the industrial real estate sector. Developers are prioritising properties that incorporate renewable energy solutions, adaptive designs and advanced digital systems. Additionally, urban locations with access to strong transportation networks are increasingly sought after to facilitate efficient supply chains and rapid delivery services.

The research concludes that the changes brought about by this industrial revolution are not only redefining the physical requirements of commercial spaces but are also influencing the broader economic landscape, fostering innovation and driving sustainable growth across the UK.



What to expect in 2025...

Property experts Savills are hopeful that 2025 will be a positive year for the housing market, despite some challenges.

The average house price is expected to increase by 4% over the course of this year, partly due to improved mortgage affordability restoring confidence among potential buyers. In 2024, performance in London was better than expected; more people returned to work in the capital, reversing the pandemic's 'race for space'. As a result, house price growth in the South West, and East of England is expected to fall below London in 2025.

Challenges are expected to persist for the rental market because demand continues to exceed supply. Savills expect that rents will increase by 4.0%, outpacing income growth. Also, the prime housing market is likely to display slower recovery due to the abolition of the 'non-dom' tax status plus the increased Stamp Duty surcharge on second homes.



Uptick in property listings in January

The number of property listings surged at the start of 2025, according to online estate agents Yopa.

There is often a spike in housing stock in January, as many homeowners make new year's resolutions to move. This year was no exception, with 25,837 new homes listed within the first week of 2025. Bristol experienced the most significant rise, with the number of properties for sale going up by 12.3%. There was also a notable increase of 9.4% in both Merseyside and Norfolk. This flurry of activity could be attributed to the upcoming Stamp Duty deadline, which is expected to prompt a busy Q1.

On the other hand, the City of London has seen the weakest seller activity of 2025 thus far, with property listings increasing by only 2.3%. Similarly, Cornwall (3.3%) and Cumbria (3.6%) experienced marginal rises in owners putting their homes up for sale.



How long do people live in their homes?

Zoopla has revealed the average time spent in a property before moving out.

According to Zoopla's research, the typical UK homeowner will live in their home for nine years. Of the homes sold over the last 18 months, two trends were found. Firstly, there was a peak in sales from owners who moved in between 2005-2007, before the global financial crisis. Also, there was a spike in activity amongst sellers who bought their homes three to six years ago (before or during the pandemic). The key factors motivating people to move are changes to lifestyle, fire safety issues and affordability challenges.

The length of time spent in a property varies depending on region. Those living in Scotland and the North East are more likely to sell within five years because the cost of moving is cheaper, meanwhile Londoners stay put the longest.

House price headline statistics

	House Price Index (Nov 2024)	151.9
	Average House Price	£290,000
	Monthly Change	-0.4%
	Annual Change	3.3%
	Average house prices in the UK increased by 3.3% in the year to November 2024	
	House prices fell by 0.4% on average since October	
	The average price in London was £511,279 .	

Price changes by region

Region	Residential		
	Monthly change (%)	Annual change (%)	Average price (£)
England	-0.4%	3.0%	£306,494
Northern Ireland (Q3 2024)	2.8%	6.2%	£190,553
Scotland	-0.8%	4.7%	£195,036
Wales	-0.7%	3.0%	£219,446
East Midlands	-0.4%	2.7%	£248,561
East of England	-1.0%	2.0%	£339,560
London	-1.0%	-0.1%	£511,279
North East	1.1%	5.9%	£168,791
North West	0.6%	5.7%	£226,627
South East	-0.7%	1.4%	£377,822
South West	-1.8%	2.2%	£317,608
West Midlands Region	0.0%	3.7%	£254,912
Yorkshire and The Humber	0.8%	5.7%	£217,939

All details are correct at the time of writing (16 January 2025)

Source: The Land Registry | Release date: 15/01/25 | Next data release 19/02/2025

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