Thames Valley Office
Tel: +44 (0)1344 875 000

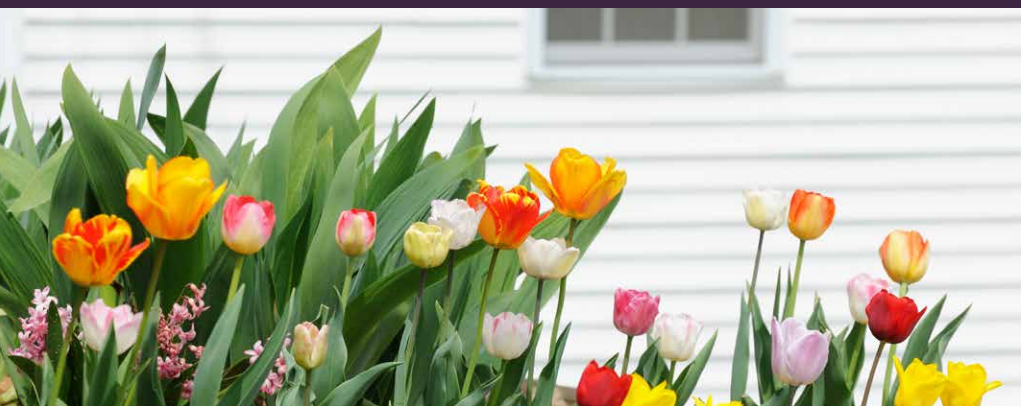
North Hampshire Office
Tel: +44 (0)1252 960 500

Central London Office
Tel: +44 (0)203 004 2232

West London Office
Tel: +44 (0)208 789 8588

info@kirkrice.co.uk www.kirkrice.co.uk

Your **Home Finance** Spring Q2 2025



Spring tips for UK homebuyers

As spring gets under way, the UK property market is looking refreshed. Rightmove[1] reports the average asking price rose by 1.7% (£5,992) to £366,189 in January 2025, the best start to the year since 2020. This suggests both buyers and sellers are optimistic about the property market this year.

Why is spring popular with buyers and sellers?

Longer daylight hours and blooming gardens make properties more appealing in springtime, boosting seller prospects. Rightmove says nearly 70% of homes listed in February and March go through to completion, with February homes taking an average of just 51 days to find a buyer.

A buyer's market

With more homes being listed, buyers have more options and better chances of securing a good deal. Sellers are pricing competitively, and mortgage rates have stabilised, with a five-year fixed rate at 4.75%, slightly lower than last year's 4.78%.

How buyers can get a head-start

Acting early can help buyers beat the competition. Securing a mortgage agreement in principle before starting the search strengthens a buyer's position when making an offer. A clear budget is essential, considering not just the deposit but also legal fees, Stamp Duty, and moving costs. First-time buyers (FTBs) should also be aware of Stamp Duty changes from 1 April affecting properties over £300,000.

Researching local property prices and neighbourhoods helps buyers assess fair value. Transport links, schools, and shops can impact both lifestyle and long-term investment potential. With high demand expected, scheduling viewings early increases the chances of securing the right home before competition intensifies.

Talk to us about your plans

We can help buyers and sellers create a strategy to manage savings, navigate mortgage options and make informed decisions. With strong market conditions and increased choice, now looks a great time to move onto or up the property ladder.

[1]Rightmove, 2025

UK cities see strong property market growth

The UK property market saw a significant rise in activity in 2024, with nearly half of all homes listed for sale either receiving an offer or being sold subject to contract[2].

The data shows that Sunderland led the way, recording a 10% increase in homes finding buyers compared to the start of the year. Leicester followed closely with a 9% rise, while Liverpool (8%), Newcastle (7%) and Leeds (6%) also saw notable growth. Other cities experiencing strong demand included Manchester, Sheffield and Bristol. In Scotland, Aberdeen saw buyer activity levels increase by just 0.2%, the lowest increase of all cities.

Capital lags behind

London, however, failed to break into the top ten, with a relatively modest 3.3% increase in market activity. Despite this, the capital's housing market remained active, though less dynamic than other major cities.

Increased confidence

The data highlights a broader trend of rising buyer demand across the country. Market conditions have continued to improve, with increased confidence from both buyers and sellers. Factors such as stabilising mortgage rates and growing consumer confidence have likely contributed to the positive momentum.

With strong demand continuing into this year, many cities are expected to maintain their upward trajectory, keeping the housing market competitive in the coming months.

[2]GetAgent, 2025

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

Inside this issue

In the news // One in six plan to move in 2025 // Stamp Duty changes – tune in // Why life insurance matters // Flooding puts 6.3 million homes at risk // Equity release – *"cause for optimism"*

There seems to be plenty of appetite left among homeowners and renters for seeking pastures new

IN THE **News**

Retiring with a mortgage

With a rise in ultra-long mortgage terms and deals taken out later in life, the number of people who will be paying a mortgage into their seventies has grown rapidly. Data[3] reveal a 156% increase in older borrowers taking out longer loan terms in the last five years.

Regional divide in house prices

Half[4] of the UK's 30 million homes increased in value by 1% or more in 2024, while a third recorded a price decline of 1% or more. The split followed a clear north-south divide, with fewer homes recording price gains in Southern England. Coastal towns in Kent and East Sussex were least likely to see values rise.

Record rent rises

Rents paid by tenants aged under 45 rose by £3.5bn last year, a new survey[5] has revealed, pushing their combined rental costs to a record high of £56.2bn. *"Higher mortgage rates have clipped the wings of many young aspiring homeowners,"* commented Aneisha Beveridge of Hamptons.

[3]Financial Conduct Authority, 2025, [4]Zoopla, 2025, [5]Hamptons, 2025

One in six plan to move in 2025

After a busy period in the housing market, there seems to be plenty of appetite left among homeowners and renters for seeking pastures new, research[6] suggests.

Keep on moving

Some 30% of Brits have moved home in the past three years. The main motivations for doing so have included lifestyle improvements (17%), a desire to be closer to family and friends (17%) and finding a bigger home (15%).

There is no sign that the moving frenzy is over: one in six existing homeowners intend to relocate this year. In 2025, top priorities for prospective buyers are garages or driveways (40%), which came out narrowly ahead of gardens (39%) and functional spaces like pantries or utility rooms (32%).

A foot on the ladder

Among renters, one in five think that home ownership is within their reach during the next five years. Yet, affordability concerns remain at the forefront for many: property prices (40%) and the amount needed for a deposit (37%) are respondents' two biggest barriers to home ownership. Besides, six in 10 renters believe it would be impossible to buy a home without support from a family member.

Staying put

For homeowners who are staying put, many are focused on sprucing up instead: some 43% are considering renovating or redecorating. Meanwhile, a quarter plan to update their property to boost energy efficiency.

[6]Barclays, 2025

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

Stamp Duty changes – tune in

From 1 April 2025, Stamp Duty Land Tax (SDLT) rates will revert to the thresholds prevailing before temporary increases were put in place in September 2022. What will it mean for homebuyers?

What are the new thresholds?
Stamp Duty is a government tax paid by house buyers as a lump sum upon completion. It is payable only by buyers purchasing a property or land over a certain price bracket. Currently, existing homebuyers pay no SDLT on properties up to the value of £250,000, while FTBs owe nothing on any purchase below £425,000.

After reverting to their previous levels, however, FTBs will have to start paying the tax on any home valued above £300,000. Everyone else will return to paying Stamp Duty on properties valued above £125,000.

First-time buyers bear the brunt
Whilst this change will impact everyone planning to move, it is arguably FTBs who will be hit hardest. In the heat of the pandemic in 2022, the government announced a temporary change to Stamp Duty to support the housing market and those hoping to get on the housing ladder.

Now, affordability questions will return along with the lower thresholds. As well as adding thousands of pounds in extra costs for many, others will miss out on first-time buyers' relief when buying a property up to £500,000.

Plan, don't panic
After the change, fewer than one in 10 buyers will get a Stamp Duty free purchase, compared to a third in the current market, research[7] suggests. Analysts also predict fierce competition for properties that fall just below the new thresholds.

Although the new thresholds add an unwelcome price bump to a house purchase, buyers should not panic. The key is to factor in any SDLT costs into your budget and understand how this affects your affordability.

[7]Yopa, 2025

Why life insurance matters

Taking out life insurance is a crucial step in protecting what matters most – your loved ones and their financial security.

The life insurance gap
Recent research[8] highlights a concerning 'life insurance equality gap' among UK workers. The survey found that only 50% of salaried employees have life insurance, while an even lower percentage – just 33% – of non-salaried workers, including freelancers, self-employed, and those on zero-hour contracts, have cover in place.

The importance of life insurance
Life insurance provides essential financial support for your family in the event of your passing. The payout can help cover major expenses, such as your mortgage, rent, household bills and education costs. Suitable life insurance written in trust can also serve as an effective estate planning tool, as payouts are typically free from Inheritance Tax, allowing beneficiaries to receive the full amount.

Isn't life insurance expensive?
Despite its benefits, many people hesitate to get life insurance, believing it's too costly. The survey found that 25% of non-salaried workers and 19% of salaried workers cited high costs as a barrier to obtaining cover. However, this is often a misconception as life insurance policies can start at just a few pounds a month.

Peace of mind for you and your family
Beyond financial security, life insurance is a simple yet effective way to provide lasting protection and peace of mind, helping your loved ones receive the support they deserve. We are here to help you find the right cover for you and your family.

[8]Beagle Street, 2024

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Financial protection policies typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Flooding puts 6.3 million homes at risk

A recent report from the Environment Agency has revealed that one in four properties in England are in areas vulnerable to flooding, with millions of homes at risk of being overwhelmed by water from rivers, the sea, or surface water accumulation.

The survey examined 25 million homes across England to evaluate their flood risk. The findings indicate that 4.6 million properties are now susceptible to flooding from surface water – a dramatic 43% increase from the agency's previous assessment in 2018. Surface water flooding occurs when rainwater fails to drain properly, often due to intense rainfall, waterlogged ground, or overwhelmed drainage systems, leading to flash floods that can develop within minutes.

Climate change and future risks

Currently, 6.3 million homes face flooding threats, but the dangers are expected to rise significantly due to climate change. Projections suggest that, by 2050, the number of at-risk homes could increase to around 8 million. Rising global temperatures contribute to more extreme weather patterns, with heavier rainfall and rising sea levels exacerbating the issue.

Preparedness and mitigation

As flood risks continue to climb, experts are urging homeowners, businesses and policymakers to take proactive steps to mitigate potential damage. Investing in improved drainage infrastructure, implementing sustainable urban planning and increasing public awareness are crucial measures in addressing the growing threat.

Protecting your home

While flooding is a significant risk for millions of homeowners, it's just one of many potential threats to your property. A comprehensive home insurance policy can provide vital protection against fire, theft, storm damage and other unexpected events. Ensuring you have the right cover in place can give you peace of mind, no matter what challenges arise. Review your policy with us to make sure your home is fully protected.

Equity Release – *"cause for optimism"*

Looking at The Equity Release Council's (ERC) recent data[9] for Q4 2024, it highlights that there were over 15,000 active customers in the market during the period, the highest recorded since Q3 2023.

With customers, either agreeing new plans, taking drawdowns from existing plans or agreeing further advances (extensions) to existing plans, total lending in Q4 2024 reached £622m, a significant rise from the £525m recorded in Q4 the previous year.

The report highlights a 3.3% rise in UK house prices, which contributed to larger loan sizes for both drawdowns and lump sum mortgages. It also notes that product availability has improved over the last year. The market also saw a rise in returning customers using further advances, with a 27% increase in Q4, which, according to ERC Chair, David Burrowes, reflects *"the confidence that homeowners have in leveraging their property wealth responsibly."*

Confidence returns

Marking a third consecutive quarter of growth, signalling returning consumer confidence, Burrowes commented, *"The equity release market has turned a corner and there is cause for optimism. Interest rates have started to settle and if the growth seen in 2024 continues to gain momentum, 2025 will see more customers considering the option to access their housing equity using an increasingly diverse range of innovative products."*

Speaking of customers making use of reserve facilities to manage borrowing efficiently over time, Burrowes said this demonstrates *"the versatility of equity release in addressing diverse financial goals, from home improvements to supplementing retirement income."*

[9]ERC, 2025

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Think carefully before securing other debts against your home. Equity released from your home will be secured against it.

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. Information is based on our understanding of taxation legislation and regulations. Tax treatment is based on individual circumstances and may be subject to change in the future.
The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get back the full amount you invested. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency.
No part of this document may be reproduced in any manner without prior permission.
Kirk Rice LLP is authorised and regulated by the Financial Conduct Authority. Kirk Rice LLP is authorised and regulated by the Financial Conduct Authority (FCA). Details of our registration can be viewed at www.fca.org.uk/register under FCA Registration No: 531538. The firm is also registered to carry out audit work in the UK by the Institute of Chartered Accountants in England & Wales.