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# Assetz Capital Property Report.

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Q4, 2025

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# Report Introduction.

The UK property market continued to show measured stability through Q3 2025, with moderate economic growth, easing inflation, and cautious optimism among developers and investors. This report provides an overview of the key factors shaping the market, including recent economic trends, regional house price movements, and construction cost developments.

We also review SME development activity, planning and legislative updates, and the broader outlook for the sector as we move into 2026. Finally, we highlight Assetz Capital's ongoing role in supporting UK developers through flexible funding and specialist guidance from our nationwide team of Relationship Directors.

## About the author

### Jonathan Witter MRICS

- Chartered Surveyor, 25 years' experience.
- Previously worked at Savills (London), CTRL (Kings Cross, Stratford/Olympics), Commerzbank (Paris), Private Investment/Family office.
- Focused on valuation, development, planning, development finance, development monitoring.
- Hobbies include cricket, rugby, football, short triathlons and Shotokan karate.



**Jonathan Witter**  
Development Monitoring  
Director

## Summary

Q3 Steady but muted growth: The UK economy experienced modest growth in Q3 2025, with GDP expanding at an annualised rate of approximately 1.2%. This growth was driven by resilient consumer spending, a steady services sector, and moderate improvements in manufacturing output.

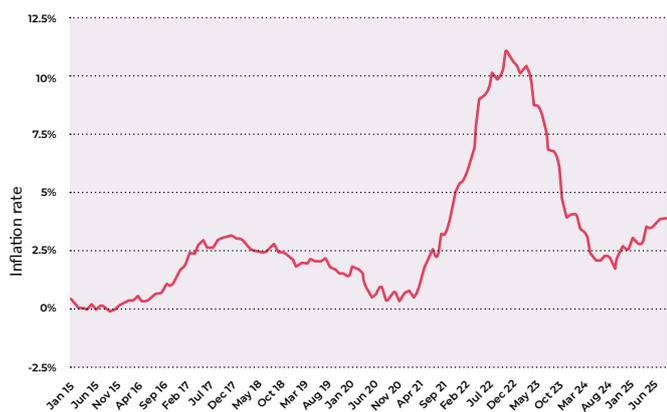
## GDP Growth

UK GDP is forecast to grow by 1.2% in both 2025 and 2026, slightly up from 1.1% in 2024. Monetary policy remains cautious, with modest interest rate cuts expected from November. Despite concerns over possible tax rises in the upcoming Budget, strong real wage growth, healthy savings, and robust public spending are helping to support the economy. Growth is expected to strengthen through 2026 as household spending benefits from rising real incomes, lower rates, and easing inflation.

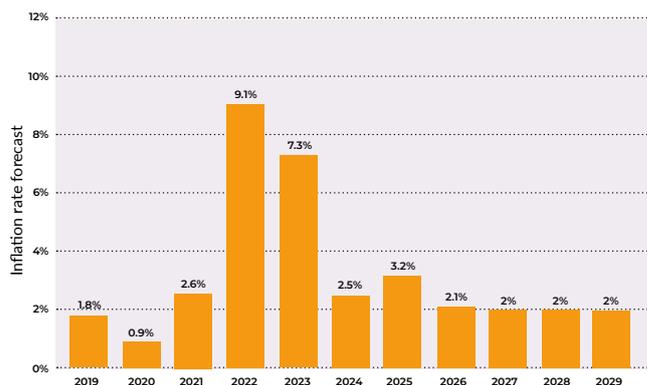
## Inflation

Inflation rose to 4.0% in September 2025, up from 3.8% in August, driven mainly by higher food and energy costs and remaining nearly double the Bank of England's target. Although forecasts suggest inflation will gradually return to around 2% by 2026 or early 2027, it remains more persistent than previously expected and continues to challenge future interest rate decisions. Households are still under pressure from rising living costs, particularly for essentials, and consumer caution is likely to persist until there is greater confidence in the economy and fiscal policy, with the upcoming November budget seen as a key turning point.

### Inflation Q3 2025 (ONS)



### BoE Inflation forecast 2025 (ONS)



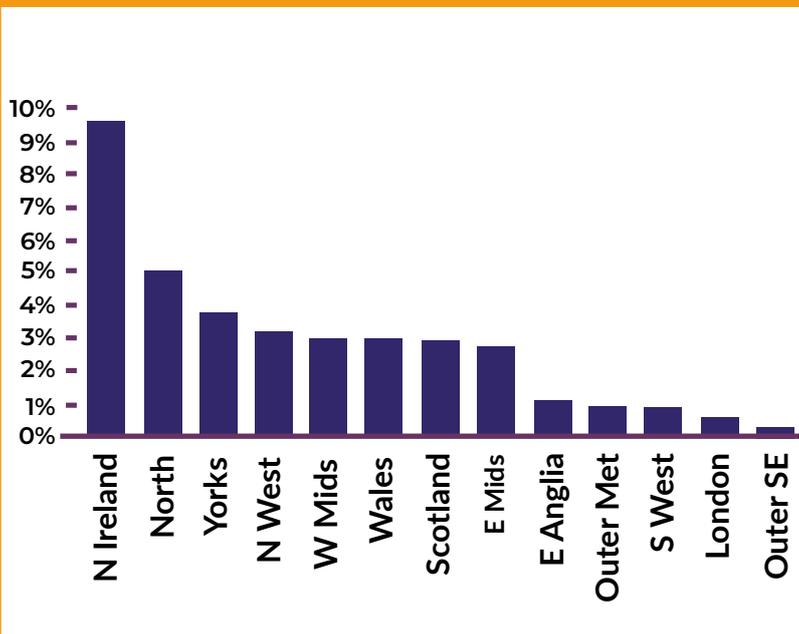
## Interest Rates

BoE base rate lowered 25bps to 4.00% in August. General consensus (BoE, Capital Economics, Oxford Economics) that interest rates will continue to fall possibly with a further rate cut in 2025, down as low as 3.25% in 2026. Sluggish growth and stubborn food & energy costs have slowed the rate of reduction in inflation.

## Summary

House prices grew 2.2% in September, broadly unchanged from August, reflecting the impact of the April Stamp Duty increase and concerns over possible tax rises in the November Budget. Growth is expected to remain stable through 2025 and improve in 2026 as economic conditions for buyers stay supportive. Transactions and mortgage approvals are close to pre-pandemic levels, indicating market stability. Overall, affordability improvements from wage growth and lower mortgage rates are underpinning the housing market.

- Annual rate of house price growth of 2.2% in September, similar to 2.1% seen in August
- The ongoing lackluster performance in house price growth probably, reflects the hangover from the increase in Stamp Duty in April combined with concern over possible future tax rises in the forthcoming November budget.
- House price growth is likely to be relatively stable for the remainder of 2025, and improving moving into 2026, as the underlying
- economic conditions for potential homebuyers remains supportive, notwithstanding the economic uncertainties and global economic headwinds.
- Transactions in September have stabilised but remain 5% above pre-pandemic levels 2017-2019.
- Mortgage approvals at 65,000 per month in September 2025 also close to pre-pandemic levels.
- Overall market appears to be stabilising, underpinned by increased affordability due to wage growth and improved access to lower mortgage rates.



Region	Average price (Q4 2024)	Annual % chg this quarter	Annual % chg last quarter
N Ireland	£215,122	9.6%	9.7%
North	£169,216	5.1%	5.5%
Yorks & The H	£214,359	3.8%	2.3%
North West	£222,664	3.2%	4.2%
West Midlands	£250,951	3.0%	2.3%
Wales	£213,359	3.0%	2.6%
Scotland	£189,863	2.9%	4.5%
East Midlands	£238,702	2.7%	20%
East Anglia	£273,945	1.1%	1.1%
Outer Met	£428,405	1.0%	2.9%
South West	£306,163	0.9%	2.4%
London	£527,694	0.6%	1.4%
Outer S East	£337,201	0.3%	26%
<b>UK</b>	<b>£272,819</b>	<b>2.3%</b>	<b>2.9%</b>

# House Price Trends Continued.

## Regional Variances

There has been a modest decrease in growth in Q3 2025 for most regions compared to last quarter. Northern Ireland remained the strongest annual performer amongst the regions at 9.6%. Average prices in Northern England comprising North, North West, Yorkshire & The Humber, East Midlands and West Midlands) were up 3.4% year on year, with the North (which incorporates areas, such as Tyneside, Teesside and Cumbria) the top performing region in England – with prices up 5.1% year on year.

The pattern of performance across the North & South mirrors the previous quarter and the rebalance in value is ongoing. Notably East Anglia and the East Midlands had improved growth and continued recovery.

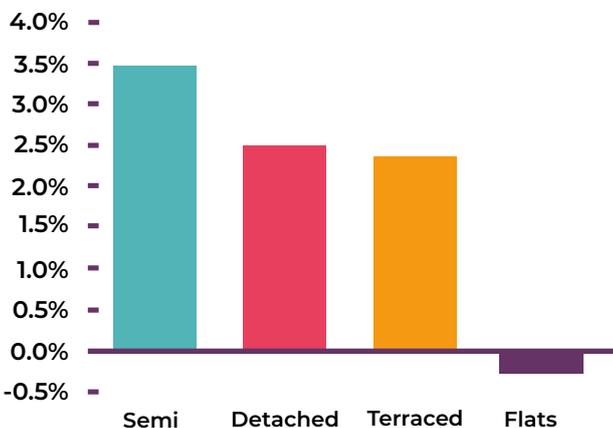
Affordability in these areas continues to be a major factor spurred on by mobility in working practices and previous low levels of value. Low affordability and relatively high existing house prices in London, the South and South East continue to play a part in tempering growth in these regions.

Redefinition of the North v South regions continues and normalising of more consistent growth is ongoing across most regions.

## House Type Trends.

### Summary

Detached and terraced properties saw similar growth, at 2.5% and 2.4% respectively. Flats saw a small year-on-year decline of 0.3%. Flats have seen noticeably weaker growth than other property types in recent years.



## Housing Starts.

### Summary

Progressive recovery in private housing starts as rising household incomes and lower interest rates lift housing market activity and new house sales.

#### Housing Starts (2024 - 2027)

Annual Change	2024	2025f	2026f	2027f
Private Housing	-8%	8%	10%	18%

(Source: Glenigan research June 2025)

## Summary

In September 2025, housing costs saw continued growth, with a 2.0% annual increase in the BCIS Private Housing Construction Price Index (PHCPI) for Q2. Construction cost inflation is increasing but at a relatively moderate rate.

- BCIS forecasted construction price growth at 2.3% for 2025.
- Labour shortages are still a challenge and will be increasingly so, as we move into a period of higher volume in 2026/27.
- Geopolitical events remain a threat to UK construction markets which could be disrupted as a significant level of materials are imported. Overseas manufacturers could target markets such as the UK. Potentially this could threaten to intensify competition and destabilise prices.
- If supply chains become disrupted, UK manufacturers would need to work quickly and hard to win specifications and lock-in their products' use on planned projects, while contractors will need to be alert to potential price volatility when costing and bidding for

**Annual growth in the BCIS Private Housing Construction Price Index and private new housing output**



## Planning and Infrastructure Bill (June 2025)

Government focusing on easing planning delivery, aiming for a 1.5m target, now downgraded for the current parliament by industry.

The Planning Infrastructure Bill passed the House of Commons stage and is now at the House of Lords 'Report Stage' receiving scrutiny. Probably the most important legislation during this term of parliament.

Government will table a series of last-minute amendments to its flagship Planning and Infrastructure Bill in a bid to "tackle blockers" such as legal challenges like judicial reviews in order to kickstart construction.



Ministers will be able to issue 'holding directions' to stop councils refusing planning permission while they consider using their "call in" powers on applications, potentially forcing approval.

Proposed amendments aimed at stopping councils rejecting planning permissions by tackling blockers in the courts and by accelerating decisions for large housing schemes, as well as infrastructure schemes such as, reservoirs and windfarms.

## Planning Applications

Plans for new homes surge by two-thirds in a year. The number of new homes for which planning permission was sought from 1 July to 30 September 2025 was 68% higher than during the same three-month period in 2024, according to the latest Planning Application Index for Q3 2025.

This rapid uptick in new homes applied for in Q3 means numbers are up by significantly against those seen at the same point in 2024, and outperforming the entirety of 2023. The figures are the highest for a single quarter in almost four years, since Q4 2021



Planning Application Index for Q3 2025 shows that **development ambitions are strong across England**, with all but two regions – the southwest and the North East – showing substantial year-on-year growth in housing applications. The North West, East of England and the South East all saw the number of homes applied for in Q3 more than double compared with the same period last year.

### Rebound in buy-to-let (BTL) growth

With average rental yields reaching a 10-year high of 6.5% in Q2 2025. This rebound is driven by robust tenant demand, rising rental prices, and improving landlord profitability, with 87% of landlords reporting a profit. The sector is also experiencing predicted growth in lending and house prices. Institutional interest builds as confidence in sector improves.

### Renters' Rights Bill

Renters' Rights Bill has advanced to the "ping-pong" stage between the House of Lords and House of Commons on the 14th October. Proposed amendments relate to student eviction, agricultural works rights and reduction of time a property can be re-let following eviction on certain grounds. Now expected to become law in the spring 2026.

### "Gateway Gridlock" (High Risk Buildings)

Consultation and pressure from industry underway to simplify Building Regulator's complex procedures on achieving sign off on particularly Gateway 2 process. Industry is still experiencing "Gateway Gridlock", where the applications are being delayed probably due to the higher regulation standards and limited resources in dealing with applications from the BSR.

### Stars are aligning

Notwithstanding the planning policy challenges, the economic metrics that favour housing development are improving and this is born out in the significant jump in housing planning applications seen in Q3 2025.

### High Demand

Significant housing demand persists, driven by demographics, which suggests a long-term, government-backed rationale for increased development in the medium to long term.



# Assetz Capital's Role in Supporting Development.

## Summary

Assetz Capital offers development financing, advisory services, and monitoring support, helping SMEs navigate the complexities of property development. Their funding has contributed to over 7,000 new homes.

- **Services Offered:** Advisory on scheme appraisals, due diligence, monitoring of development progress, and assistance in addressing development risks.
- **Impact:** Assetz Capital has funded the construction of over 7,000 new homes, lending over £1.7 billion to UK businesses.

**Higher  
Day 1  
advances**

Giving developers greater flexibility to manage their cash flow at the time they need it most.

**Expert  
Support**

You will be supported throughout your project by your local, Relationship Director. They understand both your local market and the challenges you face.

**Multiple  
projects**

You can run more than one scheme – allowing you to scale at pace.

**Up to  
£10m**

We fund larger scale projects and are flexible to meet your needs.

## The Breakdown

Benefit	Impact
<b>Strong Day-1 funding</b>	Enables developers to act decisively with minimal equity outlay.
<b>Competitive fees</b>	Enhances project feasibility and developer profitability.
<b>Flexible planning uplift</b>	Translates planning gain into working capital - unlocking tougher deals.
<b>Mid-term sales release</b>	Improves cashflow, reduces financing cost, and supports returns.
<b>Unified debt provision</b>	Less complexity, lower risk, smoother execution.
<b>New sector support</b>	Broadens developer eligibility and supports fresh market entrants.
<b>Local RD access</b>	Trust-building, responsive underwriting, and market-specific expertise.
<b>Established lender</b>	Confidence in execution, speed, and professional standby.

# Meet Your Relationship Directors.

Assetz Capital are one of the UKs leading SME property finance lenders. Our national team of Relationship Directors are on hand to support you throughout your development. If you have a project you'd like to discuss, simply get in touch with your local Director.

## Northern Ireland



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