

South East Residential Market Update



Q3 2025

a brief summary of the quarter....

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Key Points

- 1. Applicants** - Applicant registrations increased 2% compared to Q2 and were up 3% year on year (YOY).
- 2. Valuations** - Valuations fell 9% Q2 to Q3, matching a 9% decrease YOY.
- 3. Instructions** - The volume of properties coming to market dropped 11% from Q2 to Q3, though this metric remained level YOY.
- 4. Reductions** - Price reductions increased 5% on Q2 figures, with a significant 24% rise YOY.
- 5. New Offers** - New offers softened slightly, down 3% compared to Q2 and down 2% when compared YOY.
- 6. Net Sales** - Net sales decreased 5% from Q2 but remained level when compared YOY.

Comments

The KPIs present a mixed picture of a resilient yet highly price-sensitive market as we move into October and Q4. Applicant registrations are positive, rising 3% YOY, but several metrics indicate a challenging operational environment. Both Instructions and Valuations saw significant Q2 to Q3 decreases, with Valuations matching a 9% decline YOY. This suggests seller confidence remains fragile. Furthermore, a significant 24% increase in price reductions YOY highlights price sensitivity, confirming that adjustments are often necessary to secure a sale. This sensitivity is visible in the transactions pipeline, where New Offers and Net Sales both experienced quarter on quarter dips.

While Q3 metrics may seem challenging on the surface, the market is showing crucial signs of adjustment. This indicates sellers are meeting the price sensitive market. Rising applicant numbers and seller realism kept Net Sales level YOY, a strong sign of resilience despite the stamp duty policy change at the start of Q2.

Latest Bank of England data shows slight cooling in buyer activity, with net mortgage approvals in August dipping marginally to 64,700. The market still demonstrates resilience, consistently holding above the 60,000 threshold after three months of consecutive growth. Lending conditions continue to improve: the effective interest rate on newly drawn mortgages fell for the sixth straight month, reaching 4.26% in August. Major lenders reflect this easing with competitive fixed-term pricing; for instance, HSBC and Santander are offering competitive 5-year fixed products starting from approximately 3.86% and 4.04% respectively.

Summary

The consensus is that uncertainty over hinted tax hikes in the upcoming Autumn Budget and a lack of political clarity on future fiscal policy are the primary factor causing people to rethink major purchasing decisions, and this is weighing heavily on market sentiment.

As Quarter 4 brings shorter days and more challenging weather, teams must focus on site presentation, effective signage, and lighting. Maintaining an outstanding customer journey and first impression is crucial for converting viewings into sales. We find that active buyers are more willing to shop around and therefore good site presentation must be strategically combined with a willingness to offer sales incentives, such as Stamp Duty contributions or other deals, to secure sales.

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