



2024 REVIEW, AND COULD THE MARKET THRIVE IN 2025?

As 2024 comes to a close, it's a natural time to pause, reflect, and take stock of the year behind us. For our final webinar of the year, I was joined by Tim Bannister, Director of Property Science Innovation at Rightmove, who gave an update on the market data from 2024 and what might lie ahead, and Mark Arnold, Kensington Mortgages CEO & Head of Savings and Mortgages at Barclays UK, who sat down with our Head of Mortgage Intermediary Partnerships, Frances Cassidy, for an exclusive interview.



Market update

Tim shared his data-driven insights on how the property market evolved this year, and the outlook for 2025. Following a stop-start year in 2023, the general consensus in 2024 was a desire to get on with things.

Sales picked up across the course of the year, with overall activity significantly above 2023 levels and slightly higher than 2019. As of the latest data, SSTC activity is around 20-30% higher than in 2023. Housing stock levels were also on the rise, building back up from historic lows, with current levels now at around 12% higher compared to a year ago.

But affordability remains a concern for many, despite a greater availability of stock. Mortgage rates, while down from the highs of July 2023, remain significantly higher than pre-pandemic levels. As a result, there is still a need to price sales competitively. Since the end of 2022, we have seen the proportion of stock being reduced come back down to more normal levels, and price growth has been muted in recent months.

In the rental market, there remains a significant mismatch between supply and demand, though this has been easing, and we are seeing more price reductions compared to 2023. However, despite demand from renters, an increasing number of landlords are selling up — with around 17% of current properties in sales channels having come from lettings. According to a recent Rightmove survey, legislation, compliance and regulation are the key concerns driving landlords to exit the market.

Off the back of robust activity levels in 2024, uncertainties and challenges remain in 2025 — but there are certainly some positive signs. Having seen inflation slow and the cost-of-living squeeze lessen, we can reasonably expect to see further rate cuts from the Bank of England next year. Sales prices are forecasted to rise by 4% by the end of next year, alongside a slight increase in sales activity, while the supply-demand imbalance in the rental market is expected to continue to ease.



Industry insights from Kensington's CEO

Frances was joined by Mark who shared his thoughts on the industry trends we saw in 2024, and his predictions on whether the market will thrive next year.

Following a frenetic few years, the market in 2024 was relatively calm, but it was still held back by a lack of consumer confidence. One of the key lessons from the turbulence in the years since the pandemic is that volatility is the new normal — which means resilience is key for brokers and lenders alike.

As we approach the two-year anniversary of Barclays' acquisition of Kensington Mortgages, Mark reflected on the successes of the move, despite it being a challenging time within the market. By bringing the two businesses together — each with their own unique propositions and customer bases — the ability to serve a broader market has been key. In the year ahead, further growth is expected as Barclays continues to support and invest in Kensington.

In the wider market, we are likely to see continued volatility in 2025, but the outlook is positive. 2024 has shown that there is real momentum in the market: what we need now is the consumer confidence to unlock pent-up demand. Alongside the expectation that interest rates will continue to fall, the government's ambitious target to build 1.5 million new homes over the next five years, and discussion around refreshing mortgage guarantee schemes to support first time buyers, is all helping to fuel momentum.

Mark also highlighted the potential for 'right-sizing' to catalyse the market and to help address the UK's housing supply issue. [Research](#) published by Barclays this year found that right-sizing, or down-sizing, could unlock significant untapped capacity in the housing market. With the right interventions by policymakers, as many as 3.8 million homeowners could be encouraged to move home, freeing up spare capacity.

Utilising technology to deliver consistently high levels of service to customers will be key for brokers going into next year. While there is much discussion around the potential for AI to disrupt, Mark advised that the industry instead engages with and embraces new technologies. By using AI to reduce administrative burden and to gather data and insights, brokers can spend more time on what they do best: engaging with clients and adding value.

While predicting a strong 2025, Mark urged both lenders and brokers to continue to innovate and not to remain stagnant — and, as always, the customer must come first. Asked about his leadership advice having spent 35 years in markets around the globe, Mark's key advice is to 'lean in' and take on the challenging assignments: the skills that you build in tough times will put you in good stead for the more positive periods.



Kensington business update

Buy to Let is a key focus for Kensington, and we recently launched a new product range which offers payrate lending. **Buy to Let Prime** offers greater affordability for your landlord clients requiring a simple income ratio of the higher of either initial payrate or 5%. The product is available up to 75% LTV and is suitable for landlords and limited companies*. We also offer up to 70% LTV on HMO and multi-unit block properties*. We also recently launched the Own New Rate Reducer mortgage, which offers lower rates for your specialist customers during the initial 2 or 5 year fixed term, using the house builder's incentive towards the cost of the mortgage.

We're proud of our continued commitment to support our intermediaries, offering 48 hours notice on all standard product withdrawals and excellent underwriting turnaround times throughout the turbulence of recent years. Keep in touch with us for more information on our range of products, and do keep an eye on your inbox as we continue to launch more special rates.

My takeaways

With 2024 now largely in the rearview mirror, it's encouraging to look back at the progress we've made as an industry this year, despite some of the headwinds. I came away from the session feeling optimistic for the year ahead: while we can expect to see some continued volatility in 2025, the outlook suggests it will be at much more tolerable levels. The key message seems to be that consumer confidence has the potential to unlock the momentum that's already in the market, and, on a personal level, I'll certainly be taking Mark's advice to 'lean in' to the challenges as we enter a new year.

I'd like to say a huge thank you to our broker community for your continued support and collaboration. I wish you all a very happy festive period, and look forward to continuing to grow with you in 2025.

* Information is correct as of 18th December 2024



Eloise Hall – Head of National Accounts

Eloise joined Kensington Mortgages in 2019, bringing a wealth of experience from both Leeds Building Society and Principality Building Society, she has supported, nurtured and grown many of our key account relationships across the UK. Eloise has continued to grow Kensington's brand as an innovative and forward-thinking specialist lender and has won an array of awards in her tenure at Kensington Mortgages, including Woman in Specialist Lending at Women's Recognition Awards and Head of National Accounts at both the 2022 and 2023 British Specialist Lending Awards. Most recently Eloise has been recognised in the Mortgage Introducer Global Top 100 Mortgage Professionals and named as an Elite Woman in 2024.

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