

# Mortgage Market Forecasts



Release date: 16 December 2024

UK Finance: Mortgage Market Forecasts 2025-2026

## UK Finance predicts modest growth in 2025 amidst gradual easing of affordability pressures

Through 2024 lower inflation, rising real wages and gradual cuts in mortgage offer rates began to ease the affordability constraints which held back new lending in 2023. Gross lending rose slightly (by four per cent) to reach £235 billion. In 2025, we expect conditions to continue to improve, driving a further 11 per cent growth in gross lending to £260 billion.

Lending for house purchase rose by 11 per cent in 2024, and we forecast growth of another ten per cent in 2025.

Lower numbers of fixed rate deals coming to an end and still-constrained affordability saw external remortgaging fall by ten per cent to £59 billion in 2024. Internal Product Transfers, which are not subject to affordability tests, fell by a more modest seven per cent to £224 billion. In 2025 we expect remortgaging rise to rise by 30 per cent to £76 billion as affordability improves, with Product Transfers rising by 13 per cent to £254 billion.

The buy-to-let market saw a particularly sharp contraction in 2023 but also recovered some ground through 2024. Purchase activity in was up by 13 per cent compared with 2023, and remortgaging by seven per cent. In 2025, we expect a more challenging environment for landlords will contribute to a contraction of seven per cent in purchase lending, compared with 2024.

Responsible lending standards, low unemployment and extensive lender forbearance have greatly mitigated the extent of payment problems, even in the face of the considerable cost and rate pressures of the last three years. Having risen through 2023, the number of customers in arrears is expected to end 2024 at 104,200, three per cent down on the end of 2023. In 2025 we anticipate a further fall of five per cent to 99,000 cases.

There were 6,300 mortgage possessions in 2024. Although this was 31 per cent up on 2023, this remains very low by all historic comparisons, excluding the artificially low numbers seen since the pandemic. We forecast a modest eleven per cent increase in possessions in 2025 to 7,000 cases as the industry and court system work to help customers in long-term unrecoverable arrears exit their mortgage with the maximum amount of equity.

Commenting on the forecasts, [James Tatch](#), Head of Analytics at UK Finance said:

*"As cost and rate pressures began to recede, the mortgage market showed resilience in 2024, with growth in purchase markets and arrears starting to fall away. Although affordability constraints continued to hold back external remortgage activity, competitive internal Product Transfer rates ensured that customers coming off of fixed rates were able to find a new deal without the need for a new affordability test. We expect continued steady growth in 2025 in both purchase and remortgage markets as affordability improves further."*

*"Responsible lending rules will continue to ensure those able to access the market can do so affordably. However, as the housing market gains momentum and affordability pressures creep back up, regulatory lending rules will limit the borrowing options for some prospective customers."*

*"The prudent underwriting standards in place for the past decade have helped most customers navigate the challenges of the past two years and, whilst arrears did rise through 2023, they looked to have early in 2024, well below peaks in previous cycles. We expect further gradual improvement through 2025."*

*"Whilst we expect arrears to fall next year, there will always be some customers who encounter financial hardship. As always, any customers who do find themselves in difficulty should speak to their lender at an early stage, as the industry continues to provide help to anyone struggling with a range of tailored support options."*

## Notes to Editor

1 For more information please call the UK Finance press office on 020 7416 6750 or mail [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk).

2 UK Finance is the collective voice for the banking and finance industry. Representing around 300 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

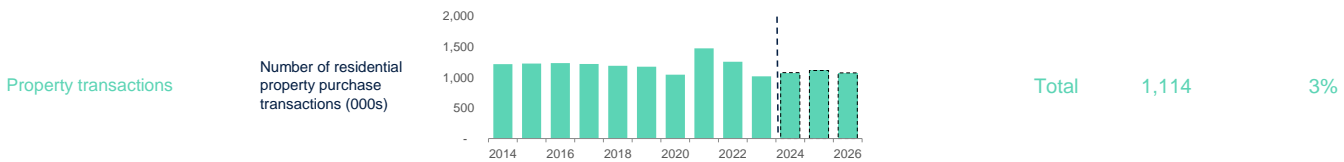
3 Product Transfer activity does not feature in official measures of gross mortgage lending.

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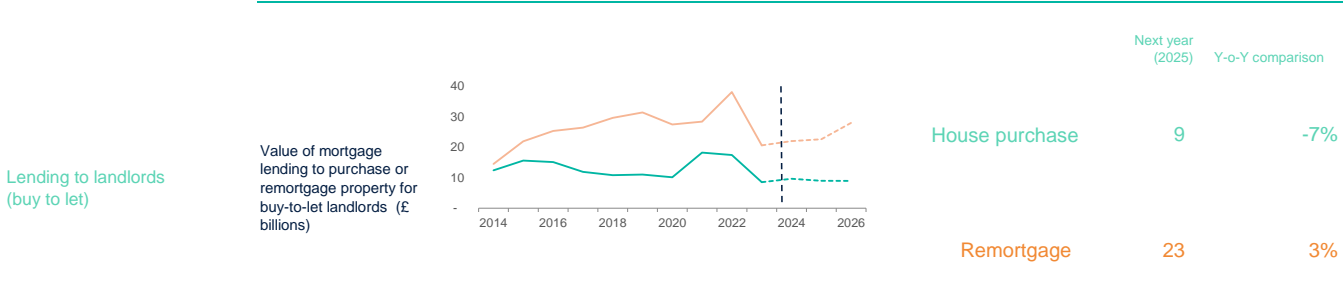
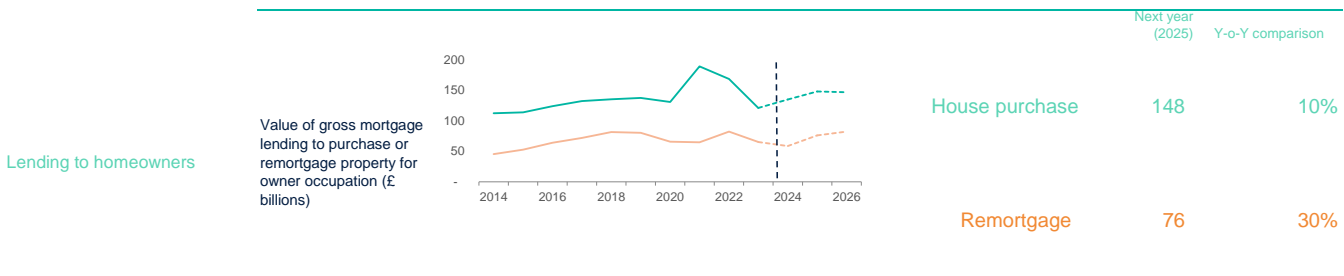
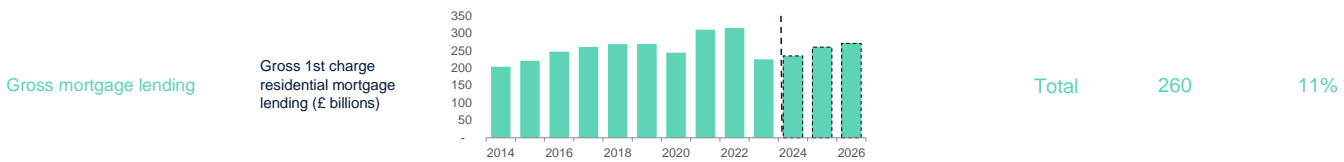
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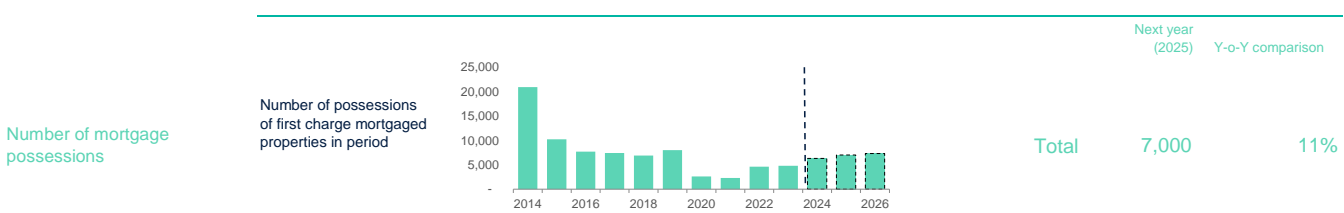
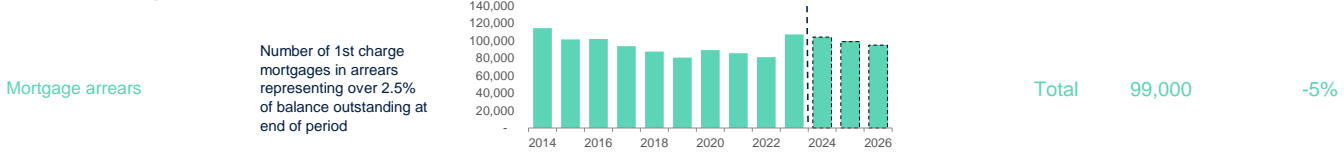
## Property transactions



## Gross lending



## Arrears and possessions



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<b>Property transactions</b>		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source table	
Number of residential property transactions (000s)		Total	1,219	1,230	1,235	1,220	1,192	1,177	1,045	1,476	1,258	1,019	1,079	1,114	1,075	PT1
<b>Gross mortgage lending</b>		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source table	
Total (£ billion)		Total	204	220	247	260	269	269	244	310	315	225	235	260	270	MM8
Of which: for house purchase (£ billion)		Homeowners	112	114	124	132	135	137	131	189	168	121	135	148	147	RL3
		Buy-to-let	12	16	15	12	11	11	10	18	17	9	10	9	9	BTLA1
Of which: for remortgaging (£ billion)		Homeowners	45	53	64	72	82	80	66	65	82	65	59	76	82	RL4
		Buy-to-let	15	22	25	26	30	31	27	28	38	21	22	23	28	BTLA1
<b>Product Transfers</b>		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source table	
Value (£ billion)		Homeowners	N/A	N/A	N/A	N/A	N/A	N/A	193	198	240	224	254	249	RF14	
<b>Net mortgage lending</b>		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source table	
Net lending (£ billion)		Total	23	35	41	46	45	49	47	72	58	0	23	34	36	MM13
<b>Mortgage arrears and possessions</b>		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source table	
Arrears		Total 1st charge mortgages in arrears representing over 2.5% of the outstanding balance	114,400	101,600	102,000	93,800	87,500	80,600	89,300	85,700	81,200	107,300	104,200	99,000	95,000	AP2
Possessions		Total 1st charge mortgaged properties taken into possession	20,900	10,200	7,700	7,400	6,900	8,000	2,600	2,300	4,600	4,800	6,300	7,000	7,300	AP4

Source data tables are available to UK Finance members or data associates from [www.ukfinance.org.uk/industry-data/industry-data-tables/](http://www.ukfinance.org.uk/industry-data/industry-data-tables/).

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Next update: December 2025