

# UK GDP Grows 0.5% in February 2025 – Economic Growth Signals Potential Impacts for Mortgage and Housing Markets

*UK economy grows 0.5% in February 2025. Two expert mortgage brokers share insights on the impact for the mortgage market and lending conditions.*

LONDON, UNITED KINGDOM, April 14, 2025 /EINPresswire.com/ -- The UK economy grew by 0.5% in February 2025, according to the latest figures from the [Office for National Statistics \(ONS\)](#). This growth, which exceeds expectations, follows a period of weak performance and recession concerns, suggesting an economic rebound.

The monthly growth was driven by improved performance in key sectors such as services, manufacturing, and retail. This positive development signals a more resilient economy, providing an optimistic outlook as the country moves into the spring of 2025.

## What is GDP?

Gross Domestic Product (GDP) is the total value of goods and services produced within the UK over a specific period. It is a key indicator of economic health, and growth in GDP typically reflects a thriving economy, with increased business activity and job stability. Conversely, a shrinking GDP often signals reduced demand and potential job losses.

The 0.5% growth in February reflects improvements in several sectors, including services, manufacturing, and retail. This suggests a more robust economy than previously anticipated.

## Measuring GDP

GDP is calculated using three methods:



Pictured: Steve Humphrey, Founder at The Mortgage Pod Left & Jamie Elvin, Director at Strive Mortgages Right.

Production: Measures the value added by industries across the UK.

Expenditure: Tracks total spending by households, businesses, and the government.

Income: Adds up wages, profits, and taxes.

The Office for National Statistics (ONS) uses all three methods to provide a balanced estimate. Early GDP figures are based on partial data and are subject to revision as additional information becomes available.

### Implications for the Mortgage Market

The latest GDP data is expected to influence [mortgage rates](#), lending behaviour, and housing market conditions. Here's an overview of the potential impacts on mortgages:

#### Interest Rates May Stay Elevated

As the economy grows, increased spending could lead to higher inflation. In response, the Bank of England may maintain or raise interest rates further to control inflation.

This could lead to:

Higher mortgage rates for new buyers and remortgagers.

Increased monthly payments for those on variable or tracker mortgages.

Fewer opportunities for rate reductions in the short term.

While GDP is just one factor, sustained growth makes rate cuts less likely in the near future.

#### Housing Market Confidence Could Improve

A growing economy tends to boost confidence in the housing market. This may result in:

Increased buyer confidence, as job security rises.

More property listings from sellers, which could increase supply.

Lenders becoming more willing to offer competitive mortgage products.

This could help stabilise the housing market, which has faced uncertainty in recent months.

#### Remortgaging Becomes More Strategic

As [mortgage deals](#) approach their expiry in 2025, homeowners may need to review their options sooner rather than later. With interest rates likely to remain high for longer, early planning will be critical.

Mortgage brokers recommend reviewing mortgage deals six months before they expire, particularly for homeowners coming off low fixed-rate deals. This proactive approach allows borrowers to secure competitive products before potential rate changes occur.

## Lending Criteria May Remain Strict

Despite economic growth, lenders are expected to maintain stringent affordability checks. Stress testing at higher interest rates remains standard, and lending criteria are unlikely to loosen significantly in the short term.

This is particularly relevant for first-time buyers, self-employed individuals, and those with complex income structures, who may benefit from expert advice.

## Outlook for the Mortgage Market

The growth in GDP signals positive momentum for the UK economy, which is likely to affect the mortgage market. Key trends to watch include:

Homeowners should consider reviewing remortgage options well in advance of their deal expiring.

First-time buyers may face increased competition for properties as housing market confidence grows.

Tracker and variable mortgage holders should prepare for potential rate fluctuations as further economic data is released.

Property professionals should expect renewed market activity and higher client expectations as the economy stabilises.

## Conclusion

The 0.5% growth in February 2025 indicates a recovering UK economy, providing both opportunities and challenges for the mortgage market. The continuation of higher growth may keep interest rates elevated, improving buyer confidence but potentially increasing borrowing costs. As the economy evolves, it remains crucial for homeowners, buyers, and financial professionals to stay informed and prepared.

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