

Welsh Housing Market and Supply Update



Research – Residential – April 2026

All eyes on the election as rising mortgage rates pose risk to positive outlook

It's wait and see in the Welsh housing market at the moment. 2026 began with cautious optimism. While demand was still fragile, a gradual fall in mortgage rates meant prices were growing and transactions sat just above the 2017-19 average, giving some confidence that the mainstream market could improve over the year and into 2027. But a sharp rise in mortgage rates as a result of the conflict in the Middle East poses a significant downside risk to this outlook. The impact this has on housing will very much depend on the length and severity of the conflict, but price falls are possible, certainly in the short term. Wales should be insulated compared to other parts of the UK to some extent by stronger housing affordability. Beyond this, the medium-term outlook for Wales is still positive but relies on interest rates falling over the coming years.

Does the election hold the key for the development industry? Completions rose at the end of last year, possibly buoyed by positivity in Affordable Housing, but remained below newly-calculated housing need figures. Conversely, new planning consents dropped to a record low. The major parties have all floated ideas around planning reform in the run-up to the May elections, and a sharp uptick in consents will be needed if completions are to meet housing need over the next five years.



2.6%

Annual house price growth to Mar 2026



1.8%

Annual rental growth to Feb 2026



+1%

Increase in mortgage rates since Jan 2026

House prices in Wales rose by 2.6% in the year to March 2026, and by 0.8% in the first quarter, according to Nationwide. Transactions in 2025 were broadly on par with their 2017-19 levels, 4% below over the year, per HMRC. And activity rose in the first two months of 2026, 4% above 2017-19.

But the RICS survey suggests that demand has been quite low in the first three months, sitting some way below supply. This survey provides a reasonable forward indicator for activity and price growth, suggesting the coming months are likely to be slower. This is not uncommon – political events and particularly elections often have a negative impact on demand, with buyers choosing to wait and see what the future tax and regulatory environment looks like before committing to a home purchase. This was true in Wales in the third quarter of last year in the run-up to the Autumn Budget in Westminster and appears to be happening again as we approach the Senedd elections in May.

Conflict in the Middle East risks derailing the positive outlook for Wales. The signs pointed to cautious optimism at the end of 2025 and into the first couple of months of this year; although demand was low, prices were rising and mortgage rates were gradually coming down. On that basis, we forecasted 3% growth across Wales in 2026, and 27.6% over five years.

The conflict has caused mortgage rates to rise by around 100 basis points since January, hampering affordability. The

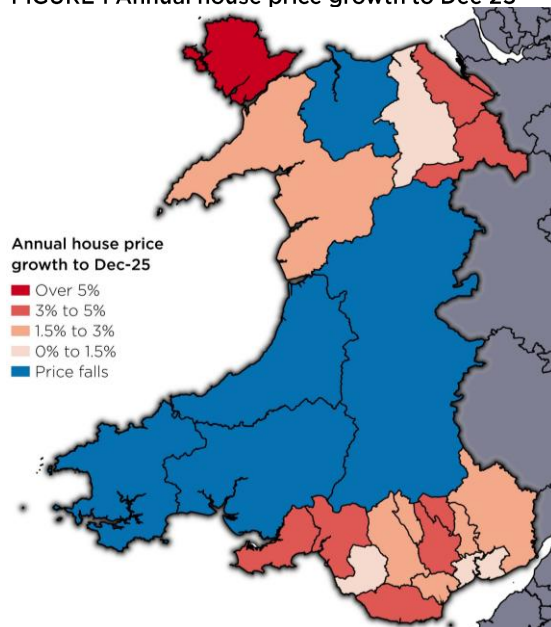
availability of mortgage debt has also reduced, particularly for higher loan-to-value products. The Bank of England has adopted a 'wait and see' approach, pausing rate cuts for now. In the medium term, rates are still likely to fall, so we still expect house prices to rise over five years, although there is a heightened downside risk to this outlook. In 2026, there is more likely to be downward pressure on prices and activity, but this is very much dependent on the length and severity of the conflict and its impact on global energy markets.

Second home hotspots are feeling the pressure of higher council tax, with falling prices in many coastal markets.

This includes Ceredigion (-4.5%), Carmarthenshire (-2.6%) and Pembrokeshire (-1.9%). House price growth has slowed across most Welsh local authorities in the year to December 2025, with only the Isle of Anglesey seeing growth above 5%, according to the more lagged Land Registry index.

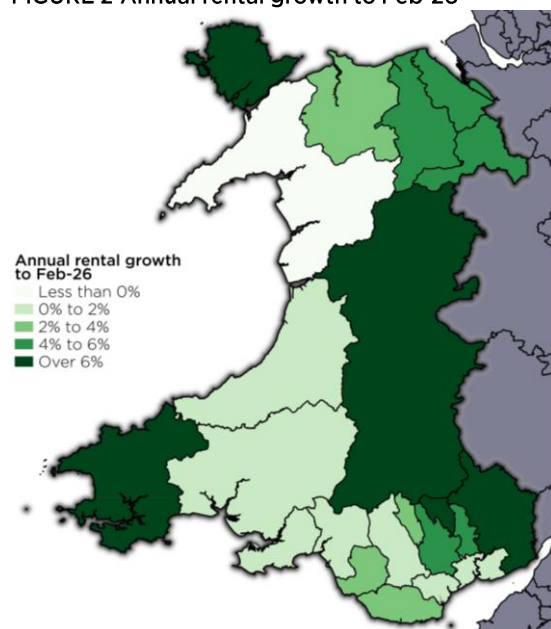
Rental growth has slowed to 1.8% in the year to February, down from 4.5% in the previous year and 12.2% at peak, according to Zoopla. For now, the very high levels of rental growth recorded in Wales over the past five years appear to have subsided, as weaker levels of demand are met with higher supply. Growth has slowed in two thirds of Welsh local authorities over the last six months. Gwynedd was the only local authority to see rental falls (-1.9%) while Denbighshire has seen the strongest growth at 10.4%.

FIGURE 1 Annual house price growth to Dec-25



Source HM Land Registry (6 month smoothed)*

FIGURE 2 Annual rental growth to Feb-26



Source Zoopla rental index – powered by Hometrack

Completions buoyed by Affordable delivery, but consents at record lows

Annualised new homes completions rose by 8% in the year to December 2025 to c.7,500, according to EPC data, reversing a four-year decline. This brings completions back to their mid-2023 level and is corroborated by Stats Wales completions figures.

Although encouraging, completions remain -16% below the newly-calculated housing need figure of 8,900 for 2025/26. This figure covers newly arising housing need, while the Government estimate that there is also an existing unmet need of 9,400 affordable homes.

Planning consents are at record lows, limiting the pipeline of land on which to develop and threatening future completions. According to the HBF, only 715 homes gained full planning consent in Wales in Q3 2025, bringing annual consents down -43% compared to the previous year. Starts still sit below completions, according to Stats Wales, but have been on a positive trajectory since the start of 2025, with annual growth of 19%.

Affordable housing delivery fell short of target, but rose to record levels in 2025/26. A provisional 4,202 new affordable homes were built in the year to March 2026, 15% up on the previous year. This brought 5-year delivery to 17,145, 22% higher than the five years to March 2021 despite very challenging conditions for development.

Use of the Help to Buy Scheme remains more limited, with fixed value caps limiting the number of new homes eligible under the scheme. Use of the scheme has plateaued at around 8% of new home completions in the last year. Build cost inflation in excess of house price growth, alongside a higher cost of debt, have hampered development on viability grounds. That means it is challenging in some markets for developers to build houses at a low enough cost to fit within the scheme's value caps. Sales under the scheme are therefore concentrated very close to the value cap. A regional approach to value caps or an adjustment in line with inflation may help promote more use of the scheme.



+8%

Annual growth in completions to Dec-25



-43%


Annual growth in consents to Sep-25

Senedd Election: Housing Commitments

All parties are focused on increasing housing supply, with Labour setting the largest overall target at 100,000 homes over 10 years. Apart from the Conservatives, who aim to deliver 40,000 homes by 2030, the other parties have not set out explicit targets for overall delivery, instead focusing on affordable housing targets. The Greens have set the largest affordable housing target of 60,000 affordable homes in the next ten years. Meanwhile, Plaid Cymru aim to deliver 20,000 social homes by 2030 and Labour are aiming for 40,000 warm, low carbon homes in the next ten years. Reform did not specify any specific housing target.

The need for planning reform is widely agreed upon, while opinions on Help to Buy vary. Plaid Cymru, Labour and Reform all mention measures for planning reform, while the Conservatives suggest incentivising local authorities to make faster decisions. Both Labour and the Conservatives want to expand Help to Buy, whereas Reform want to end it and replace it with more targeted incentives.

Polls suggest Plaid Cymru will win the most seats on the 7th May but fall short of a majority, with Reform close behind. If this were the case, depending on how many seats short they were, Plaid Cymru could declare a minority government or possibly from a coalition with parties close on policy, such as the Greens, Labour or Liberal Democrats.



- **Deliver 100,000 homes over next ten years**, including a minimum of 40,000 warm, low carbon homes for rent in the social sector.
- **Planning reform** via a new entity - the National Housing Taskforce.
- **Energy efficient homes** - all new homes to include renewable energy generation as standard, support energy efficiency upgrades to more than 100,000 homes over the next Senedd term.
- **Expand Help to Buy** beyond new-build homes.
- **Introduce vacant land tax** to prevent land-banking and encourage development.
- **Guarantor scheme for private renters.**



- **Deliver 20,000 new social homes by 2030**
- **Unnos** – establish a new national development body and social housing enabler.
- **Enhance rental protections** – similar to Renters' Rights Act in England, an end to no fault evictions, a ban on rental bidding and rent increases limited to wage growth, CPI or other benchmark tbc.
- **Planning reform** - reduce complexity, provide firmer guarantees on timelines and extend permitted development rights.
- **New National Development Framework** – focus on a clear and simple spatial strategy which can spend public funds more efficiently.



- Enforce the **Community Infrastructure levy (CIL)** in all local authorities.
- **Planning reform** - impose clear time limits on planning decisions, limit repeat consultations, expedite decision-making, strengthen the presumption in favour where supply is inadequate and require every town to publish a strategic plan.
- **End Help to Buy** in September 2026 and replace with targeted incentives.
- **Repeal certain sustainability requirements** that increase housebuilding costs.
- Introduce a **10-year residency requirement for social housing**



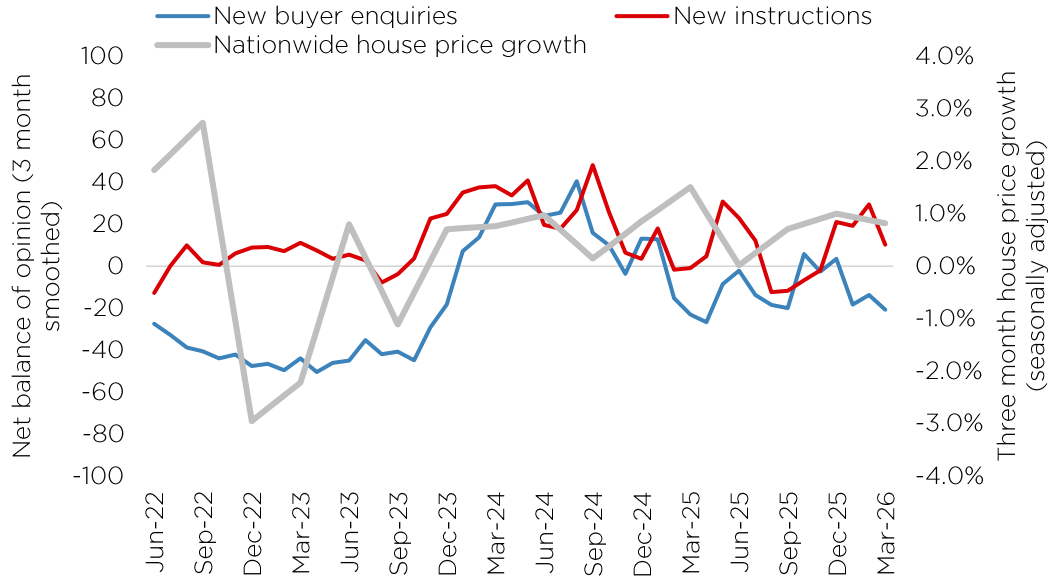


- Greens - deliver **60,000 affordable homes** in next 10 years, with the majority as social housing; freeze rents for a year, followed by **rent controls**; and require all new homes to meet **low- or net-zero carbon standards**.
- Conservatives - build **40,000 new homes** by 2030; **expand Help to Buy** to all FTBs; **scrap LTT** on primary residences; **scrap Wales-wide Nitrate Vulnerable Zone** adopting a targeted catchment approach instead; and incentivise local authorities to make **timely planning decisions**.
- Liberal Democrats - build **30,000 social homes**; **improve energy efficiency** of the housing stock with a ten-year emergency upgrade programme; and **end the leasehold tenure**.

FIGURE 3 Demand and supply have diverged so far in 2026

Demand stabilised towards the end of 2025 but has turned negative again in 2026, according to the RICS sentiment survey. Meanwhile supply has been growing since December, after having been muted in the second half of 2025. This mismatch between demand and supply suggests softer price growth.

House prices have grown at a steady pace in the last three quarters, according to Nationwide, growing 0.8% in Q1 2026. Prices are now 2.6% higher than a year ago. Conflict in the Middle East is likely to delay further cuts to interest rates, meaning price growth in 2026 could be more muted than seen in the last year.

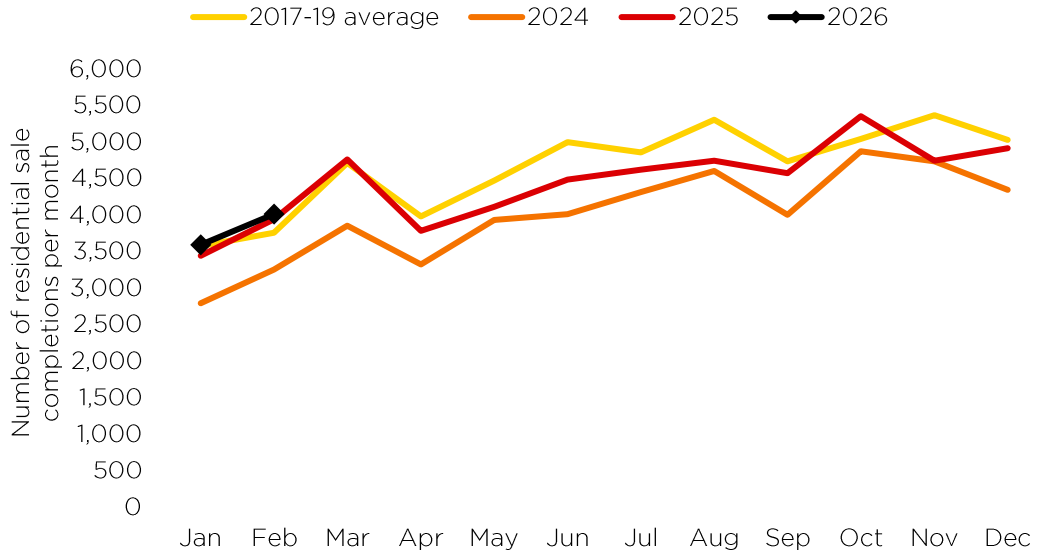


Source RICS (seasonally adjusted), Nationwide (seasonally adjusted)

FIGURE 4 Market activity in 2025 broadly recovered to 2017/19 levels

Transactions were 11% above their 2024 levels and just -4% down on the 2017-19 average in 2025. This strength has so far continued into 2026, with transaction levels in the first two months of 2026, 3% above their level in 2025.

Transaction volumes have been supported by gradually falling mortgage rates. However, with further interest rate cuts expected to be delayed, continued transaction growth into 2026 is not guaranteed.

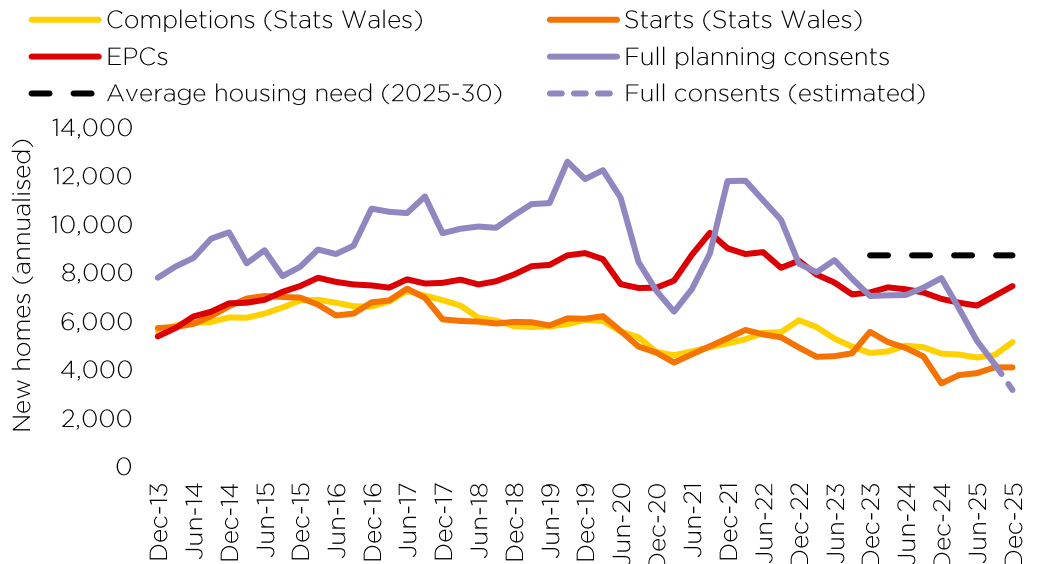


Source Welsh Revenue Authority, HMRC

FIGURE 5 New home completions are on the rise while consents slip further

Annual new home completions rose by over 12% in the last half of 2025 and are now at their highest level in two and a half years, according to EPC data. While encouraging, delivery remains 14% below the government's new average housing need figure for 2025-2030.

The future pipeline of new homes highlights more pressure to come with annual consents declining steeply in 2025, down 43% in the year to September. Estimates for Q4 2025 point towards a continuation of this trend. According to Stats Wales, starts have been gradually increasing in 2025 but remain below completions.

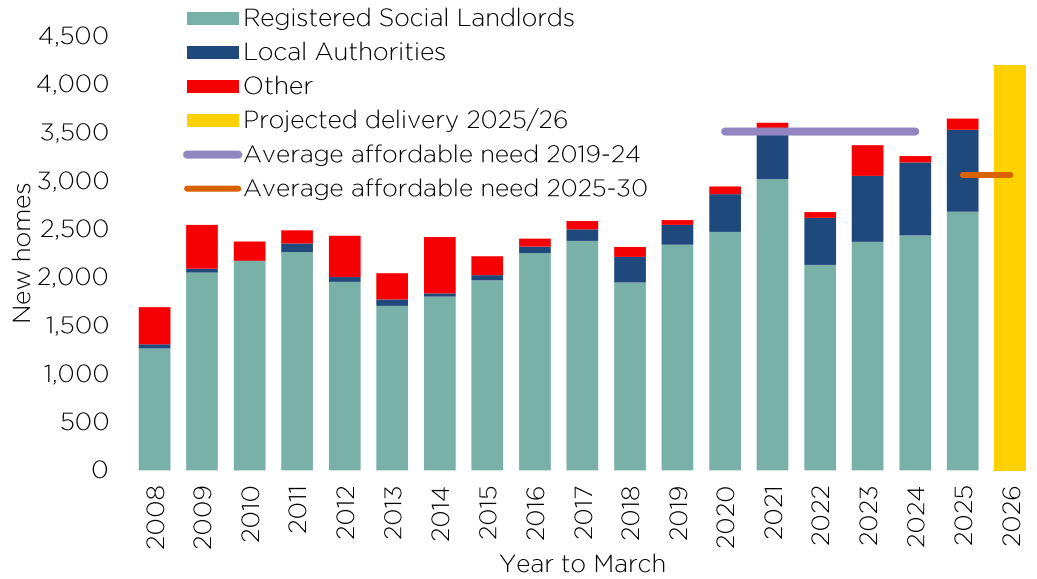


Source Stats Wales, MHCLG Table NB1, HBF and Glenigan

A provisional 4,202 new affordable homes were built in the year to March 2026, the highest level on record and 15% up on the previous year which had also set a record at the time. This brings 5-year delivery to 17,145. The Welsh government estimated in November that it will deliver 18,652 affordable homes by the end of the government's term, which will mean fulfilling 93% of their 20,000 target.

Strong affordable delivery in recent years has meant that the average affordable need for 2025 to 2030 has fallen to 3,060 homes per year, a target which has been surpassed for the last 4 years. However, there is a risk delivery could fall at the end of the Senedd term due to front-loaded completions.

FIGURE 6 Affordable housing delivery is at record levels but will likely fall short of target

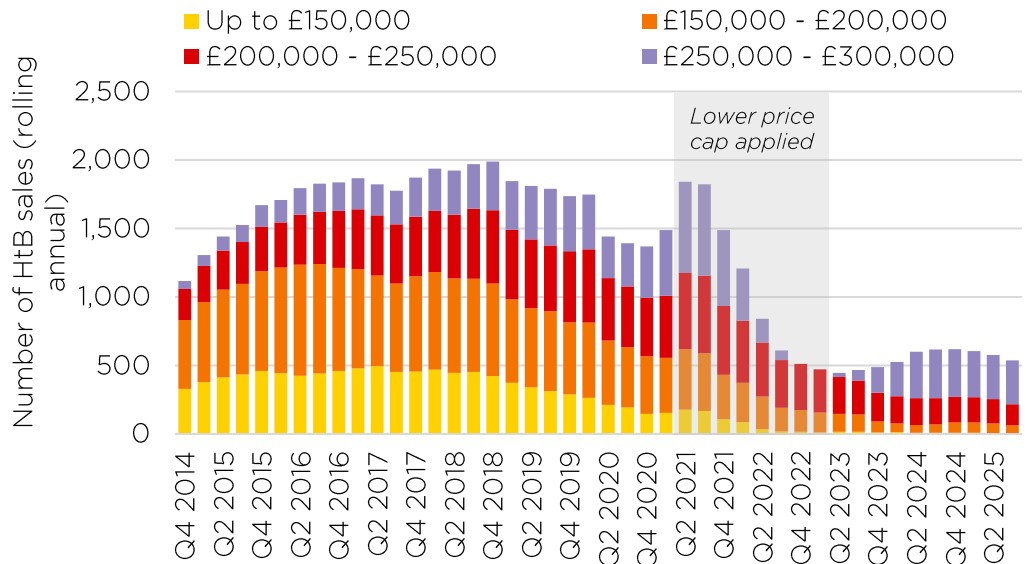


Source Stats Wales

FIGURE 7 Use of Help to Buy has levelled out, with higher-value eligible homes driving usage

8% of new homes were purchased under the scheme in the year to September, a level that has remained broadly consistent since mid-2024 but remains a long way below the scheme's peak use in 2018.

Usage is increasingly concentrated at the upper end of the eligible range, with 60% of sales in the year to September 2025 priced between £250,000 and £300,000. Before the price cap was lowered in 2021, the distribution of sale values was much more even but as the cap has not kept up with house price growth, fewer homes now qualify and usage is skewed towards higher value properties.



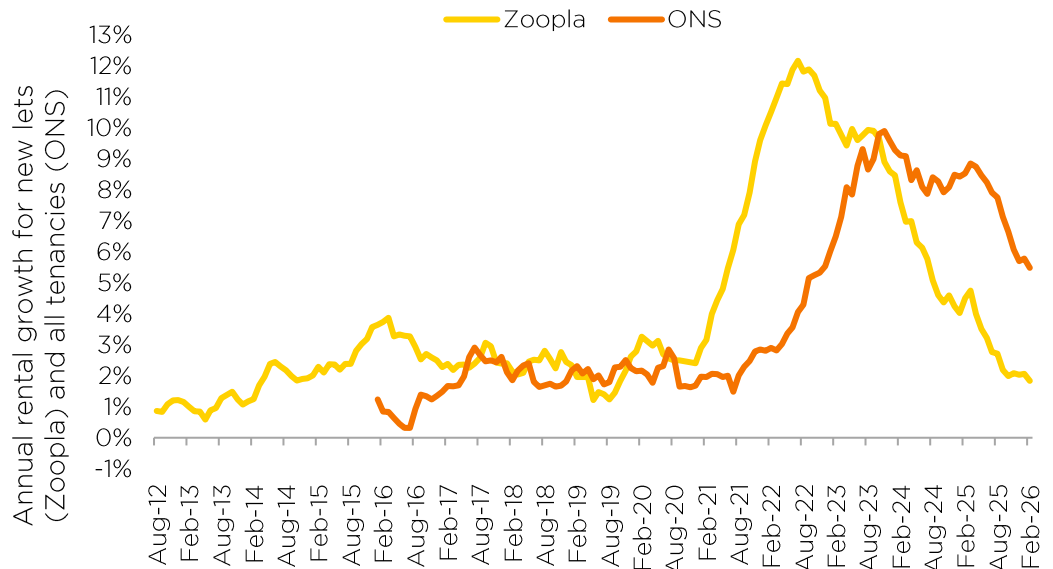
Source Stats Wales, MHCLG Table NB1

FIGURE 8 Rental growth on new lets has returned to pre-2021 levels

Rental growth declined sharply over the course of 2025, with rents on new lets growing by only 1.8% in the year to February 2026, according to Zoopla. Meanwhile, rental growth for all tenancies (including renewals and existing leases) was 5.5% over the same period, according to the ONS.

The RICS sentiment survey has reported a softening of tenant demand and increase in landlord instructions during 2025 and into 2026, driving the downward pressure on rental growth.

Affordability remains stretched and further rental growth is likely to be closely linked to income growth.



Source ONS, Zoopla Rental Index - powered by Hometrack

FIGURE 8 Progress continues on replacement LDPs

The remainder of 2026 promises to be a busy time for plan making in Wales.

Calls for Sites are expected to take place for both the South East Wales and South West Wales Strategic Development Plans (SDPs) in the coming months. The SDPs are regional planning policy level documents with extended plan lengths that will contain new allocations and development management policies.

Examination of both the Cardiff and Monmouthshire Replacement Local Development Plan (RLDP) is due to take place in June and July whilst Blaenau Gwent and Torfaen have committed to jointly preparing a federated RLDP.

Local Development Plan Progress

- Progress with second LDP
- Adopted
- Examination
- Deposit Plan
- Preferred Strategy
- Call for Sites
- Delivery Agreement
- End date for first LDP (if no progress with second LDP)
- 2011
- 2030
- National Parks

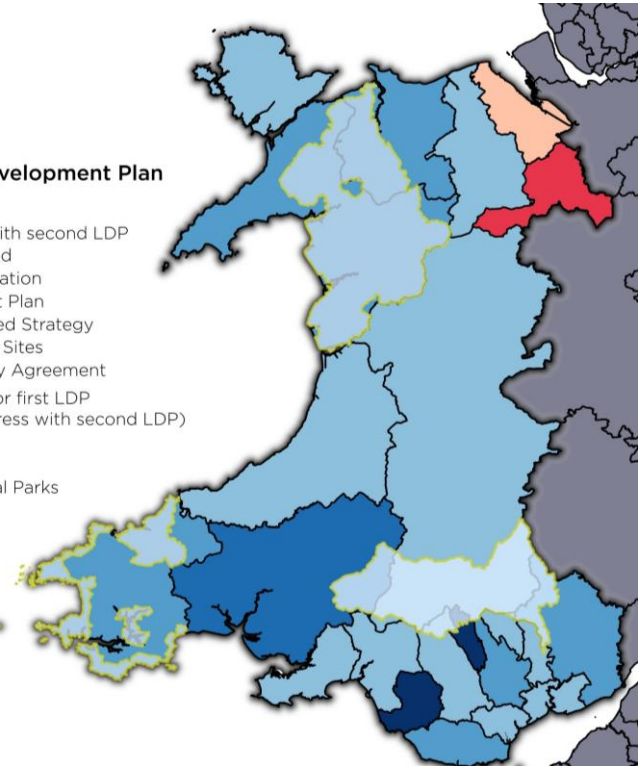


TABLE 1 Recent house price and rental growth

	Nationwide (house prices) (to Mar-26)			Savills (house prices) (to Dec-25)			Zoopla (rents) (to Feb-26)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.9%	0.7%	2.1%	0.0%	0.7%	1.3%	0.3%	0.5%	2.0%
Wales	-	0.8%	2.6%	0.3%	0.2%	1.7%	0.3%	0.5%	1.8%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*, Nationwide quarterly data (seasonally adjusted), Zoopla Rental Index - powered by Hometrack

TABLE 2 House price forecasts - first published November 2025

	2026	2027	2028	2029	2030	5yrs to 2030
UK	2.0%	4.0%	5.0%	5.5%	4.0%	22.2%
Wales	3.0%	5.0%	6.0%	6.0%	5.0%	27.6%

Source Savills

TABLE 3 Rental growth forecasts - first published November 2025

	2026	2027	2028	2029	2030	5yrs to 2030
UK	2.0%	2.0%	2.5%	2.5%	2.5%	12.0%

Source Savills



Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous Spotlight publications, go to www.savills.co.uk/insight-and-opinion/



Evie Sargeant

Analyst
07779 908231
evie.sargeant@savills.com



Dan Hill

Associate
0207 299 3065
dan.hill@savills.com



Emily Williams

Director
07971 880 389
emily.williams@savills.com

