RESEARCH

BRIEFING NOTE

UK Housing Market Update

Research – Residential – November 2026

savills

High rates drive weak activity levels

There was no change in house prices during October, according to Nationwide. This meant annual growth fell to 0.5%, down from 0.8% in September. Our new forecasts expect higher mortgage rates to push annual growth to zero by the end of the year.

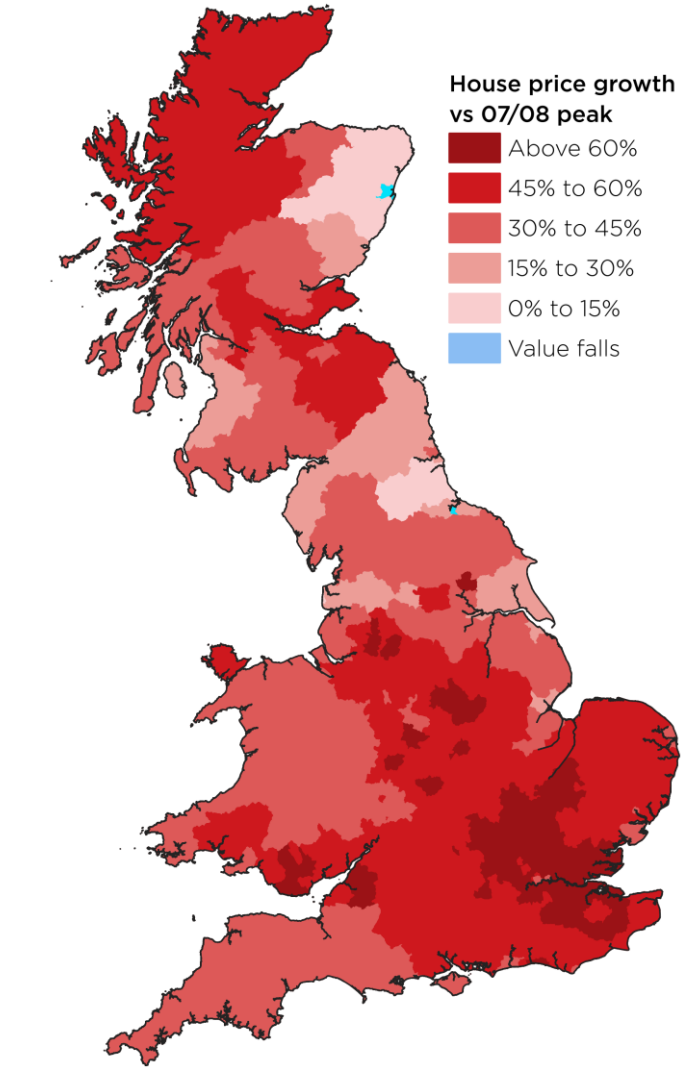
Mortgage rates have climbed to their highest level in almost three years. Annual inflation rose to 3.5% in September and is expected to peak at 4.0% in early 2027. Increased concern around inflation means that the Bank of England is likely to follow November's rate hike with another in February. This is pushing up mortgage rates. Moneyfacts reported average two- and five- year fixed rate mortgages at 6.0%, up from 4.9% in January. At this level lenders have largely priced in the expected rate rises, so mortgage costs may not increase much further. The average mortgage product shelf life now sits at just 16 days, the lowest level since 2023.

Higher mortgage rates are leading to a reduction in activity that will persist in 2027. Completed transactions are down -5% on an annual basis to September, while more forward-looking annual sales agreed (net of fall throughs) are down -7.5% to October. Mortgage approvals were -19% down on an annual basis in September and below 60,000 for the fifth consecutive month. This indicates that completed transactions, which lag mortgage approvals by 4-6 months are likely to remain suppressed into the first half of 2027.

All signs point to a recovery being pushed out to 2028. We expect house prices to fall by -1.5% in 2027 due to continued high mortgage rates because of the Iran War. Several factors over the medium term should prevent prices falling further than this, however. Interest rates are set to fall during 2028, and house prices are at their lowest level relative to incomes for a decade. The labour market remains robust and first-time buyer numbers are strong. Lower mortgage rates are the key factor, however. So, an easing of inflationary pressure of high oil prices and continued political stability are important.

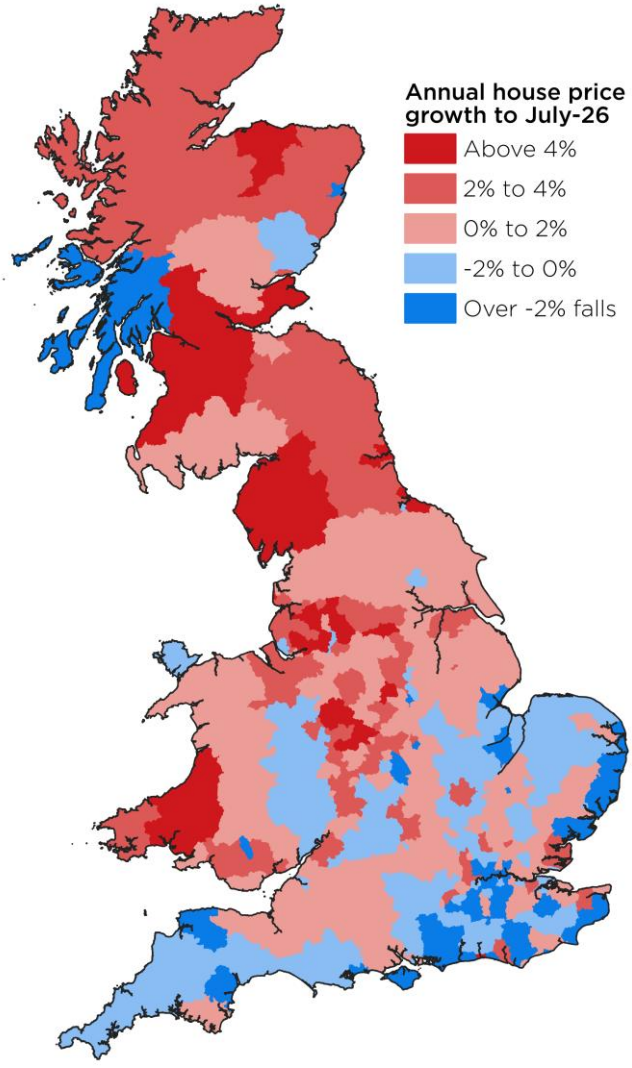
Scotland and the North West saw the most house price growth, according to more localised data from July. South Ayrshire (11.6%), East Dunbartonshire (10.0%) and East Ayrshire (8.7%) saw the highest annual growth. At the other end of the spectrum was central London, with Kensington and Chelsea (-9.2%), Camden (-8.5%) and Westminster (-8.4%) seeing the largest falls.

FIGURE 1 House price growth to July-26 since 07/08 peak



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

FIGURE 2 Annual house price growth to July-26



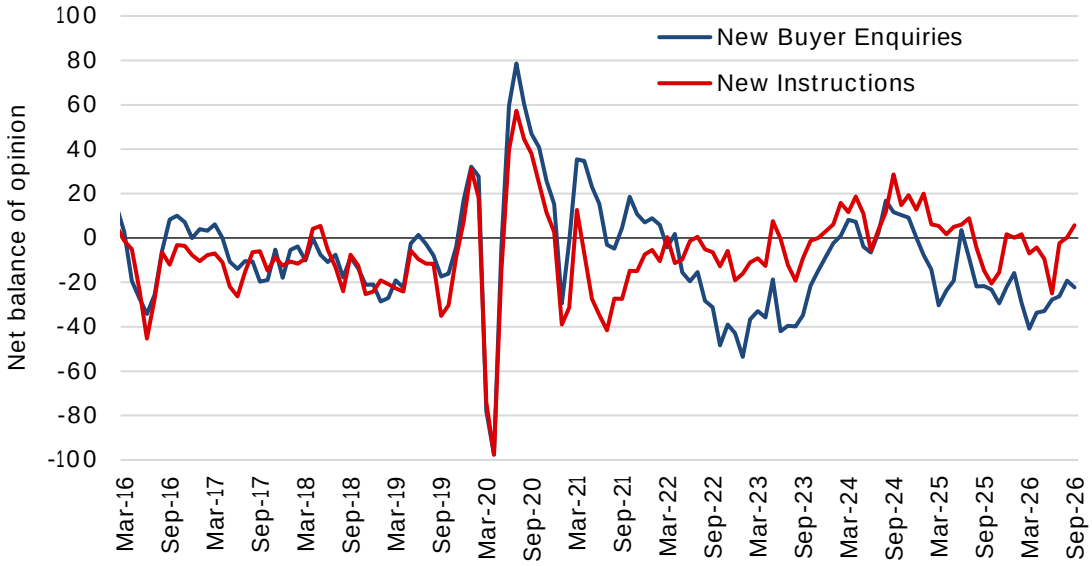
Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

FIGURE 3 The gap between supply and demand has widened as new instructions rose and buyer demand fell

New buyer enquiries fell slightly, with a clear majority of surveyors reporting falling numbers. This indicates continued low demand in the market.

New instructions returned to positive territory (+6), for the first time since December 2025. So, a small majority of surveyors reported an increase in new instructions to sell.

Surveyors continue to report that the level of stock on the market is high, primarily due to weaker levels of buyer demand.



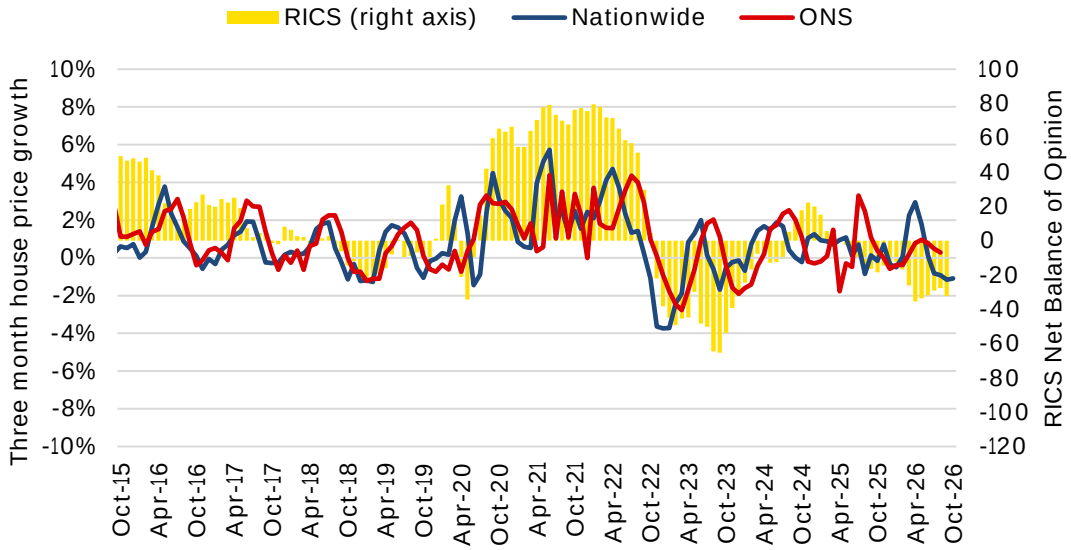
Source RICS (seasonally adjusted)

FIGURE 4 Nationwide reported a 3-month price fall of -1.1% in October

The RICS survey can be a good early indicator of house price movement. It reported a large majority of surveyors seeing price falls in September.

Nationwide reported a 3-month price fall of -1.1% in October, a slight improvement from the previous month's figure of -1.2%.

The more lagged ONS index, which tracks completed sales, reported 3-month price growth of 0.3% in August, down from the revised figure of 0.5% in July.

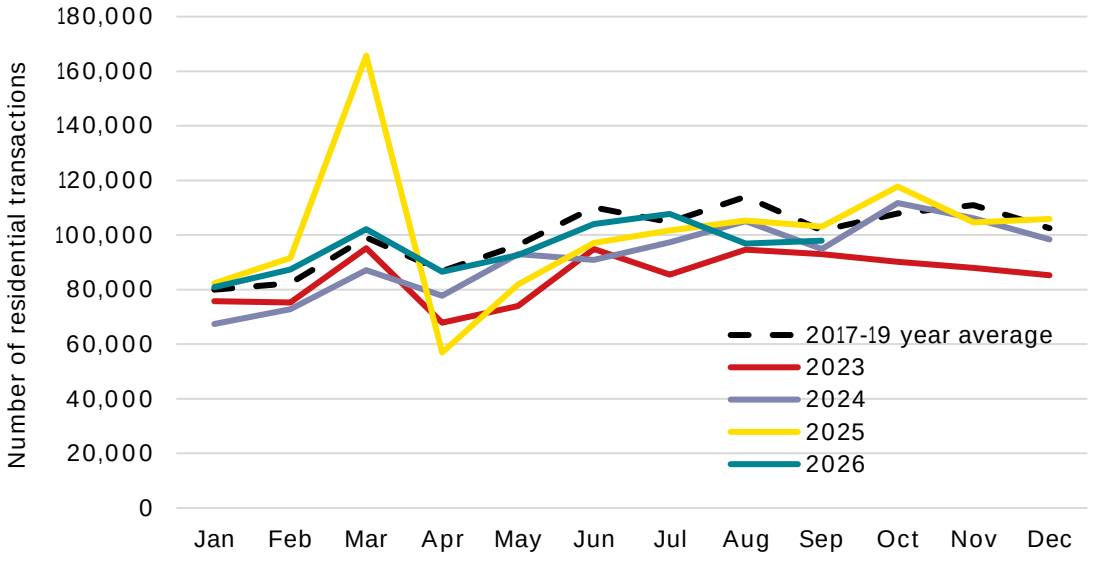


Source RICS (price expectations), Nationwide (seasonally adjusted), ONS (seasonally adjusted)

FIGURE 5 Monthly transaction numbers in September were -4% below 2017-19 levels

There were 97,940 completed transactions in September according to HMRC, -4% below the 2017-19 average for September.

Transaction numbers, which typically lag mortgage approvals by 4-6 months, are expected to remain subdued into 2027 following the past 5-months of lower levels of mortgage approvals.



Source HMRC (Non-seasonally adjusted)

Annual rental growth across the UK in September was 2.9% according to Zoopla, up from 2.8% in August. Yorkshire and the Humber, and the North East continue to see the strongest annual rental growth of 3.9%. The East and West Midlands saw the lowest annual rental growth of 1.4%.

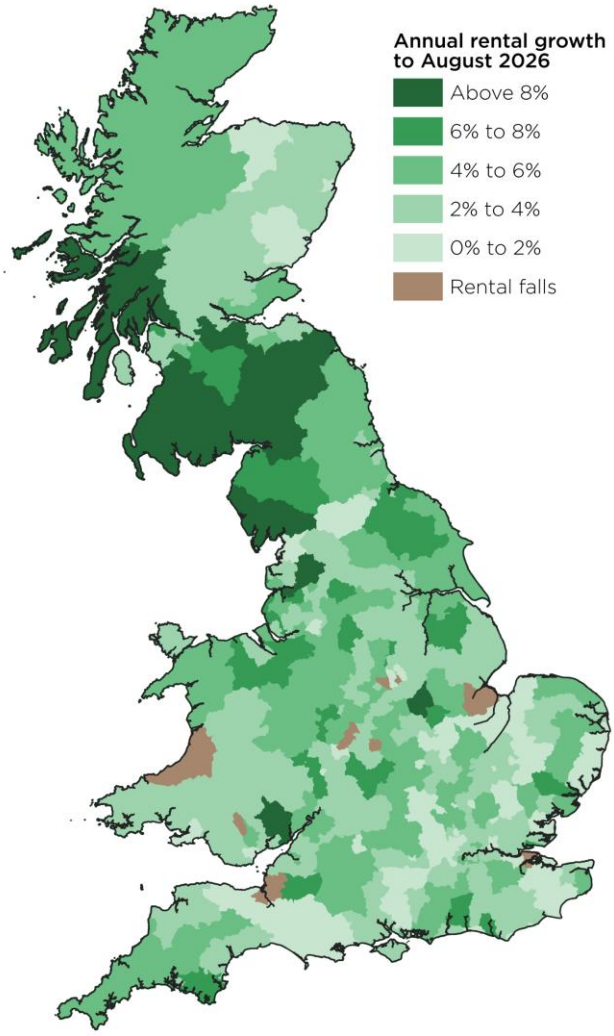
Annual rental growth to September continues to accelerate across most regions. Our forecasts for the next 5-years expect demand to be stable, while supply remains low following the Renters' Rights Act (RRA) and increased taxation of property income. As a result, we expect rents to increase broadly in line with household incomes, with no further improvement in affordability. This assumes we do not see an acceleration of landlords leaving the sector, which would drive higher rents.

TABLE 1 Regional rental growth to September 2026

Region	m/m	q/q	y/y
UK	0.4%	1.3%	2.9%
London	0.5%	1.9%	3.5%
South East	0.2%	0.8%	2.1%
East of England	0.2%	0.9%	2.8%
South West	0.4%	1.3%	3.4%
East Midlands	0.1%	0.5%	1.4%
West Midlands	0.0%	0.5%	1.4%
North East	0.7%	1.1%	3.9%
Yorkshire and the Humber	0.5%	1.6%	3.9%
North West	0.5%	1.6%	3.4%
Wales	0.6%	1.1%	2.1%
Scotland	0.3%	1.4%	2.4%

Source Zoopla Rental Index – powered by Hometrack

FIGURE 6 Annual rental growth to August 2026



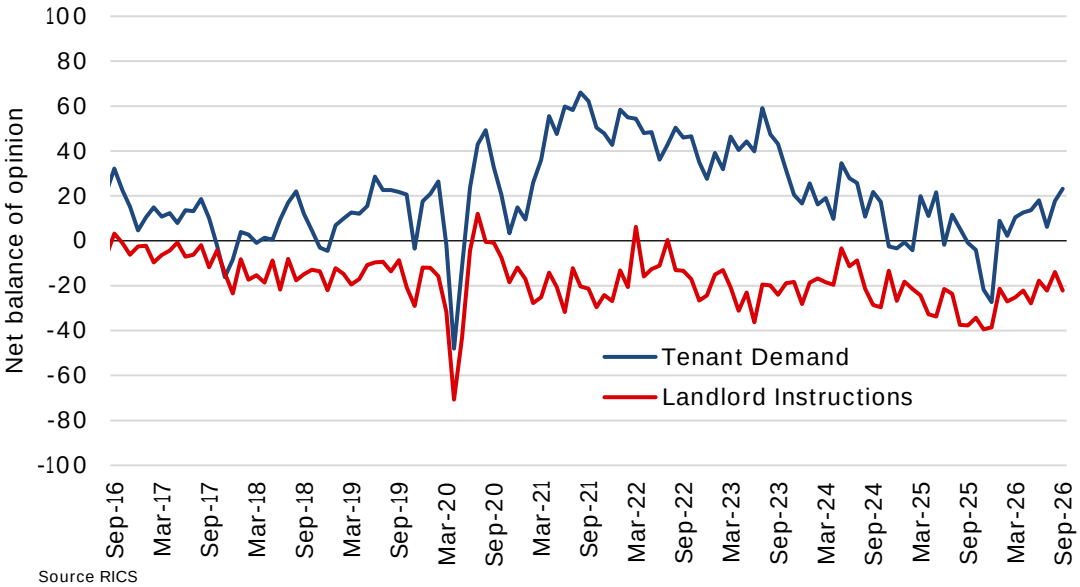
Source Zoopla Rental Index – powered by Hometrack

FIGURE 7 Tenant demand rose to the highest level since July 2024, while supply continues falling

Tenant demand rose to +23, the highest level since July 2024. This continues the trend of rising tenant demand since the implementation of the Renters' Rights Act on 1st May.

Landlord instructions fell to -22, further widening the supply-demand imbalance in the rental market.

Stronger demand and the lack of supply is the key driver of accelerating rents across almost all regions.



Source RICS

TABLE 2 Rental forecasts (published November 2026)

Region	2027	2028	2029	2030	2031	5 years to 2031
UK	2.5%	2.75%	3.0%	3.0%	3.0%	**15.1%**
London	2.75%	3.0%	3.0%	3.25%	3.0%	**15.9%**

Source Savills

TABLE 3 Recent house price growth

	Nationwide (Regions to Q3 2026, UK to October 2026)			ONS (to August 2026)			Savills* (to July 2026)		
Region	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	-0.0%	-0.2%	0.5%	-0.2%	-1.3%	1.0%	0.1%	0.0%	0.7%
London	-	-0.9%	0.4%	0.1%	-0.7%	-2.2%	-0.2%	-0.9%	-2.2%
South East	-	-0.8%	0.1%	-0.6%	-1.8%	-0.7%	0.0%	-0.1%	-0.6%
East of England	-	-0.7%	-0.6%	-0.1%	-1.5%	0.3%	-0.1%	-0.4%	-0.2%
South West	-	-1.1%	-0.6%	0.1%	-1.1%	0.0%	0.0%	-0.3%	-0.2%
East Midlands	-	-1.1%	-0.4%	-0.3%	-1.8%	0.5%	0.0%	-0.3%	1.0%
West Midlands	-	-1.1%	0.7%	0.0%	-0.9%	1.2%	0.2%	0.1%	1.3%
North East	-	0.4%	3.3%	-0.9%	-0.6%	3.1%	0.3%	0.4%	3.0%
Yorkshire and the Humber	-	0.3%	1.3%	-0.6%	-2.0%	1.8%	-0.1%	0.0%	1.4%
North West	-	0.5%	4.0%	-0.7%	-1.2%	2.2%	0.3%	0.5%	3.1%
Wales	-	-1.4%	0.8%	0.5%	-1.0%	3.1%	0.6%	0.7%	2.0%
Scotland	-	0.2%	3.4%	0.4%	-1.1%	3.0%	0.5%	1.1%	3.6%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

TABLE 4 Revised mainstream house price forecasts (published November 2026)

Region	2027	2028	2029	2030	2031	5 years to 2031
UK	-1.5%	3.5%	5.0%	5.0%	3.0%	**15.8%**
London	-3.5%	2.0%	3.5%	3.5%	2.5%	**8.1%**
South East	-3.5%	2.0%	4.0%	4.0%	2.5%	**9.1%**
East of England	-3.5%	2.0%	4.5%	4.5%	3.0%	**10.7%**
South West	-3.0%	3.0%	5.0%	5.0%	3.0%	**13.5%**
East Midlands	-2.0%	4.0%	5.0%	5.0%	3.0%	**15.7%**
West Midlands	-1.5%	4.0%	5.0%	5.0%	3.0%	**16.3%**
Yorkshire and The Humber	0.5%	4.5%	5.5%	5.5%	3.5%	**21.0%**
Wales	0.5%	4.5%	5.5%	5.5%	3.5%	**21.0%**
Scotland	1.0%	4.5%	5.5%	5.5%	3.5%	**21.6%**
North East	1.0%	5.0%	5.5%	5.5%	3.5%	**22.2%**
North West	1.0%	5.0%	6.0%	6.0%	3.5%	**23.3%**

Source Savills Research | Note: these forecasts apply to average values in the second-hand market. New build values may not move at the same rate.

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/



Dan Doherty
Analyst
020 7123 6349
daniel.doherty@savills.com



Corranne Wheeler
Associate
020 3107 5454
corranne.wheeler@savills.com



Chris Buckle
Director
020 7016 3881
CBuckle@savills.com

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure it's accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.