

# UK Housing Market Update

Research - Residential - June 2026



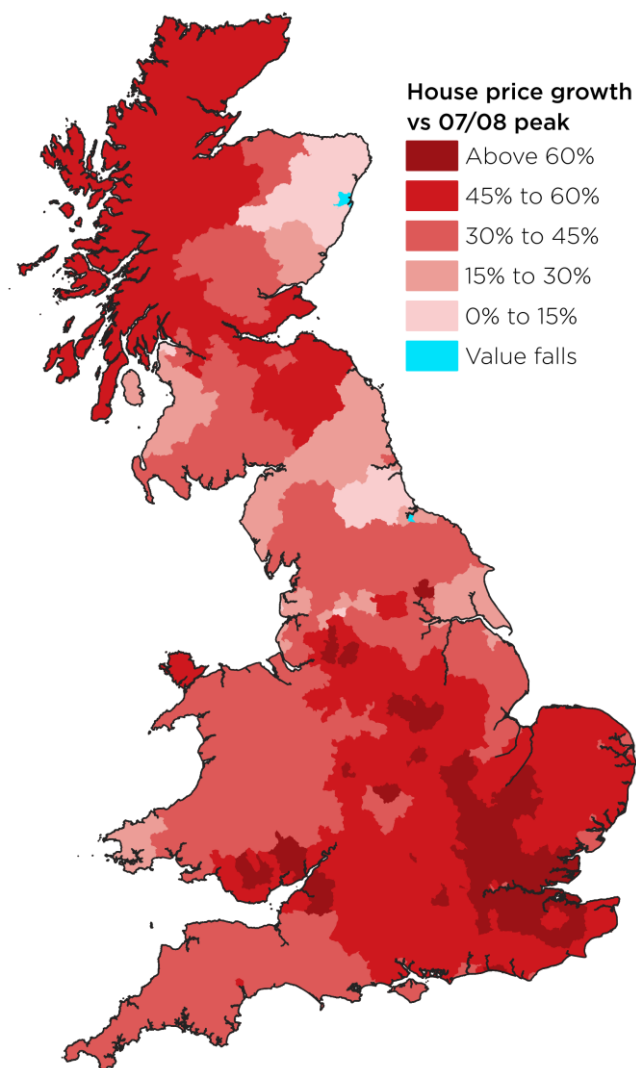
## Market slowdown as uncertainty persists

House prices fell by -0.6% in May, according to Nationwide. This meant annual growth in May was 1.7%, down from 3.0% in April. Lower levels of consumer confidence, energy price rises and higher mortgage rates mean that this loss of momentum is not a surprise. Whether this softening in house prices proves temporary remains to be seen; however, the duration of the current economic shock will largely depend on developments in the Middle East

Mortgage approvals for new house purchases rose by 3% and reached a 15-month high in April. While mortgages for new home purchases rose to 65,900, there were also 51,260 approvals for remortgaging, making April the highest month since October 2022 and the second consecutive month where this metric has topped 50,000. With little no indication that mortgage rates will come down in the short to medium term, and the risk of further rate rises mean that borrowers are looking to hedge against a greater economic shock by locking in mortgage rates at their current level.

More forward-looking indicators show weak buyer demand and limited levels of stock coming to the market. In May, sales agreed (net of fall throughs) were up 3% versus the 2017-19 average, however, price changes rose 39% over the same period according

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



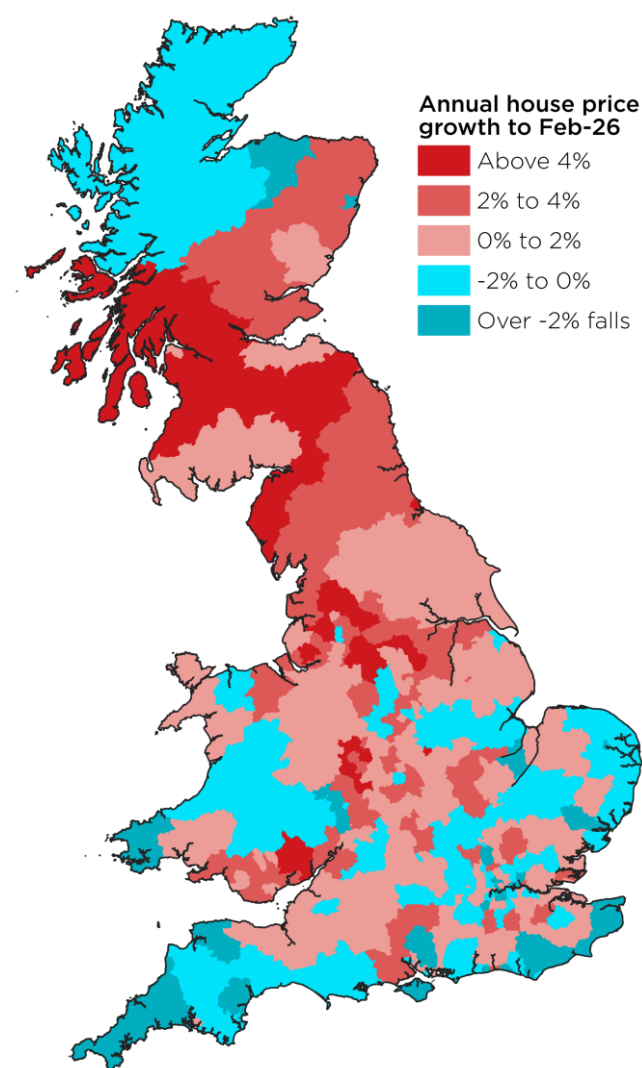
Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*

to TwentyCI. Surveyors reported low levels of new buyer enquiries in April (-34), limited levels of stock coming to the market (-3), and an expectation that there will be further price reductions (-34). All these indicators point to general slowdown in the sales market, with sellers needing to adjust prices in order to attract a smaller pool of more discretionary and cautious buyers.

Annual inflation fell to 2.8% but is expected to rise later this year. The fall in inflation is due to a reduction in the government's energy price cap; this is expected to rise again from July which will push inflation back towards the forecast peak of around 4.0% for 2026. We have adjusted our forecasts accordingly and expect that house prices will fall by -2.0% this year with the most significant falls taking place in the least affordable markets. There remains capacity for price growth in the medium term as the economy improves and the market becomes less affordability constrained, [read more here](#).

More localised house price data from February shows that Scotland and the North West had the greatest price growth, particularly East Dunbartonshire (9.3%), East Renfrewshire (8.6%) and East Ayrshire (8.2%). The weakest growth was in Brent (-6.5%), Hastings (-5.9%) and Kensington and Chelsea (-5.6%).

FIGURE 2 Annual house price growth to Feb-26



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

New buyer enquiries remain firmly negative, with many surveyors citing uncertainty around mortgage rates as the key reason for weaker levels of buyer enquiries.

New instructions rose slightly to -3 indicating that the flow of new listings coming to the market is largely flat. Without an improvement in buyer sentiment, it is unlikely there will be a greater volume of properties coming to the market, and many surveyors are continuing to report higher levels of unsold stock.

The RICS survey, which can be a good early indicator of house price movement, deteriorated further from -25 in March to -34 in April.

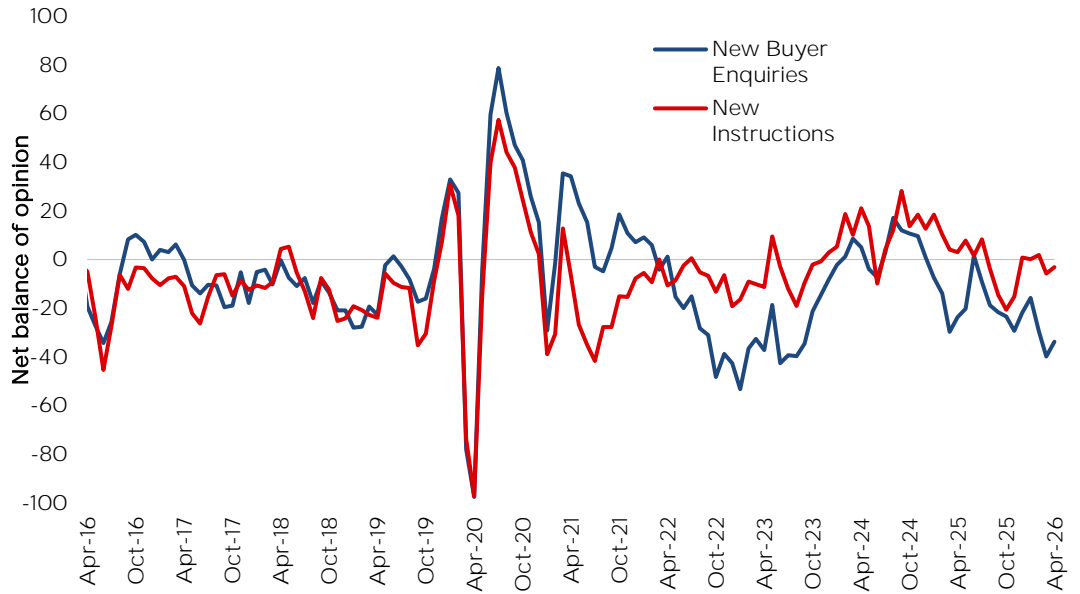
Nationwide reported a 3-month price increase of 1.8% in May, a slowdown from the previous month's 3.0%. The more lagged ONS index, which tracks completed sales, reported 3-month price growth of 0.7% in March.

Nationwide, which tracks mortgage approvals, has expected a slowdown in price growth from recent mortgage rate increases. A continuation of the current economic shock will see convergence of the two indices as both mortgage approvals and completed transactions are affected.

There were 85,880 completed transactions in April according to HMRC, -1% below the 2017-19 average for April. Despite a slight dip, transaction volumes remain strong, although a continuation of the conflict and further increases in mortgage rates, will erode transaction volumes over the coming months.

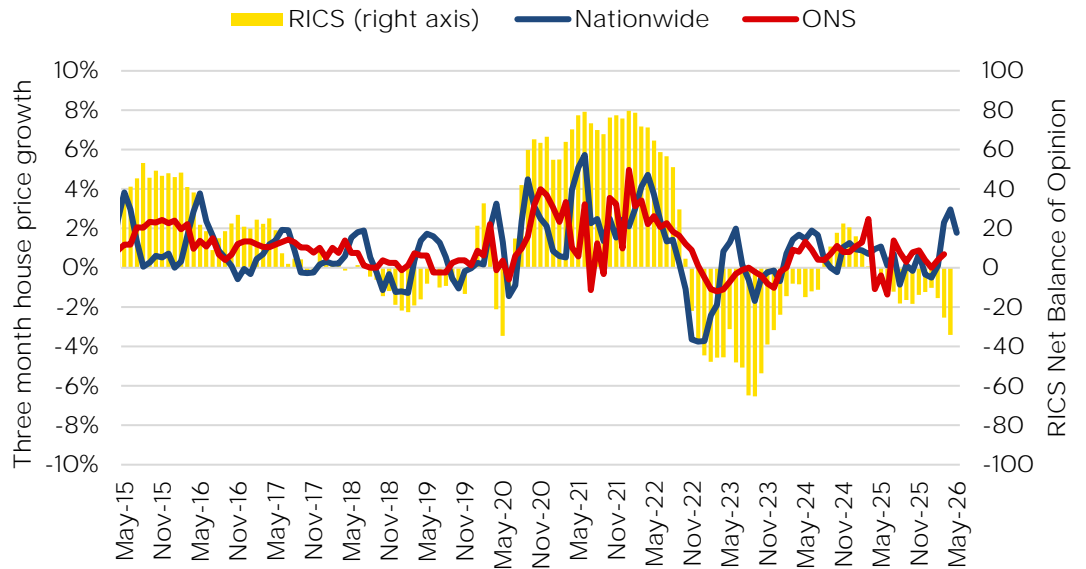
These numbers represent offers made within the past four months and demonstrate the continued resilience of the UK housing market in the face of uncertainty.

FIGURE 3 New buyer enquiries and new instructions remain negative



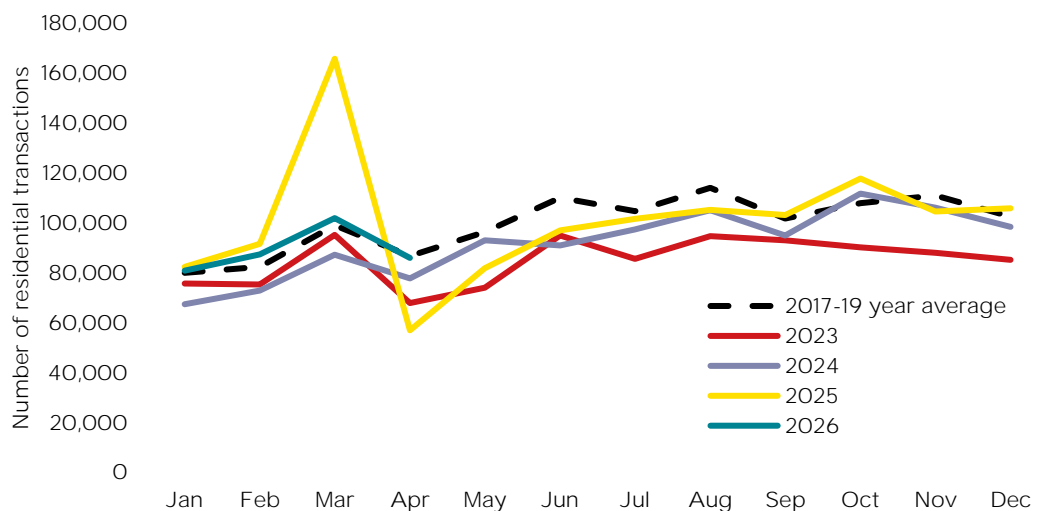
Source RICS (seasonally adjusted)

FIGURE 4 Nationwide reported 3-month growth of 1.8%; a slowdown from 3.0% the previous month



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

FIGURE 5 Monthly transaction numbers in April were -1% below 2017-19 levels



Source HMRC (Non-seasonally adjusted)

Annual rental growth across the UK in April was 2.1% according to Zoopla, up slightly from 1.9% in March. The North East and North West continue to see the strongest annual rental growth of 3.8% and 3.3%, respectively. The West Midlands saw the weakest annual growth of 0.4%.

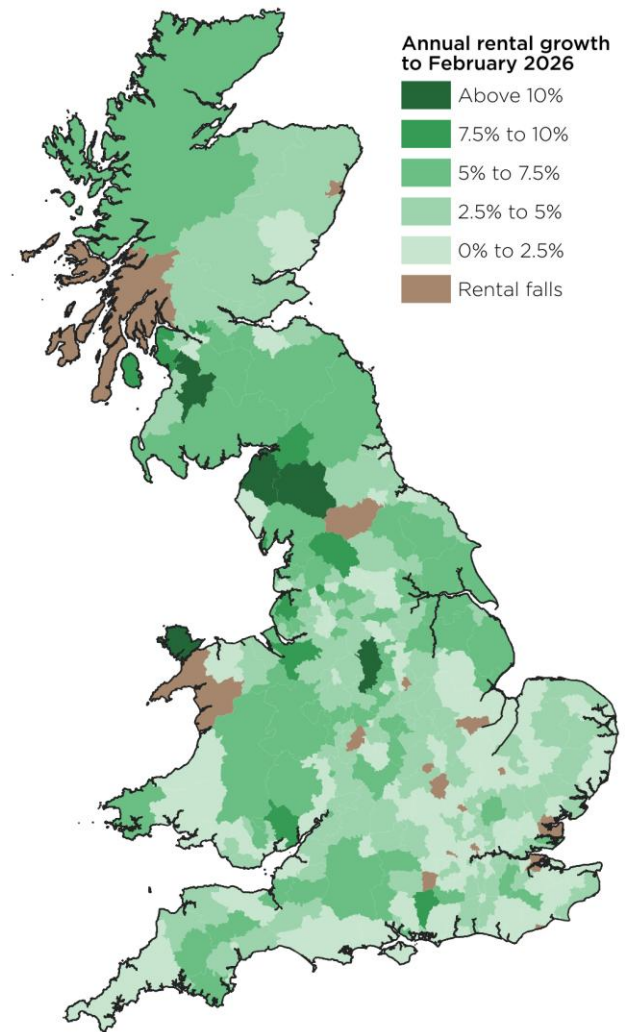
Annual rental growth is accelerating across all regions. Rental growth continues to be driven in many regions by contracting supply, although the Midlands has seen slower rental growth due to high levels of delivery of rental stock. Seasonal demand over the summer should support growth in the short term as student demand increases before the new academic year. Over the long term, rents will be constrained by regulation, affordability challenges and lower levels of net migration.

TABLE 1 Regional rental growth to April 2026

Region	m/m	q/q	y/y
UK	0.4%	0.7%	2.1%
London	0.6%	1.0%	2.2%
South East	0.2%	0.3%	1.6%
East of England	0.5%	0.9%	1.8%
South West	0.4%	0.9%	2.4%
East Midlands	0.4%	0.3%	0.8%
West Midlands	0.1%	0.4%	0.4%
North East	-0.5%	-0.3%	3.8%
Yorkshire and the Humber	0.1%	0.5%	2.8%
North West	0.4%	0.7%	3.3%
Wales	0.1%	0.5%	1.5%
Scotland	0.8%	0.7%	1.4%

Source Zoopla Rental Index – powered by Hometrack

FIGURE 6 Annual rental growth to February 2026

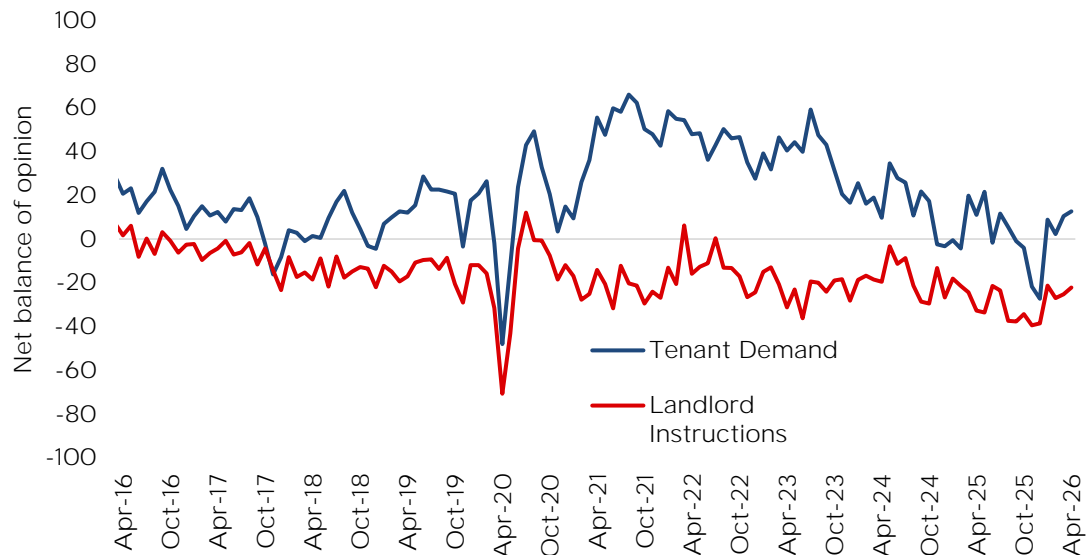


Source Zoopla Rental Index – powered by Hometrack

FIGURE 7 Tenant demand remains positive while rental supply continues to fall

Tenant demand rose to its highest level since May 2025 (+13). Landlord instructions ticked up slightly (-22) but remain negative, indicating an ongoing contraction in rental supply as landlords continue to exit the rental sector.

The RICS residential survey reported rental expectations of +25 in April, indicating that respondents think rents will continue to grow. However, the Renters' Rights Act, which came into force last month, will temper significant rental growth, making a return to the double-digit rental growth of 2022 and 2023 unlikely.



Source RICS

TABLE 2 Rental forecasts (published November 2025)

Region	2026	2027	2028	2029	2030	5 years to 2030
UK	2.0%	2.0%	2.5%	2.5%	2.5%	12.0%
London	1.5%	1.5%	2.5%	2.5%	3.0%	11.5%

Source Savills

TABLE 3 Recent house price growth

Region	Nationwide (Regions to Q1 2026, UK to May 2026)			ONS (to March 2026)			Savills* (to February 2026)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	-0.6%	1.3%	1.7%	-0.2%	0.7%	0.0%	-0.2%	-0.4%	1.0%
London	-	1.7%	1.6%	-0.3%	-0.6%	-2.3%	-0.8%	-1.7%	-1.1%
South East	-	0.0%	-0.8%	0.2%	0.9%	-0.8%	-0.4%	-0.7%	-0.2%
East of England	-	1.2%	-0.5%	0.1%	0.9%	0.1%	-0.1%	-0.4%	0.2%
South West	-	0.0%	0.0%	0.3%	0.4%	-0.8%	-0.4%	-0.6%	-0.4%
East Midlands	-	-0.5%	0.2%	0.5%	1.3%	0.7%	-0.1%	0.0%	1.3%
West Midlands	-	-0.4%	-0.1%	-1.0%	0.8%	-0.3%	0.0%	-0.1%	1.7%
North East	-	1.3%	2.5%	0.0%	1.4%	-1.2%	0.0%	0.0%	2.5%
Yorkshire and the Humber	-	0.8%	1.5%	-0.7%	1.2%	-0.4%	0.0%	0.1%	1.9%
North West	-	1.3%	3.2%	-0.6%	0.9%	-0.8%	0.0%	0.1%	2.9%
Wales	-	0.8%	2.6%	0.3%	0.9%	2.8%	0.0%	0.1%	1.6%
Scotland	-	1.5%	3.0%	-0.6%	-0.4%	1.6%	0.1%	0.3%	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 June 2026)

Region	2026	2027	2028	2029	2030	5 years to 2030
UK	-2.0%	2.5%	5.0%	6.0%	6.0%	18.5%
London	-4.0%	1.0%	3.5%	5.0%	5.0%	10.6%
South East	-3.5%	1.5%	4.0%	5.5%	5.5%	13.4%
East of England	-3.5%	2.0%	4.0%	5.5%	5.5%	13.9%
South West	-2.5%	2.5%	5.0%	6.0%	6.0%	17.9%
East Midlands	-2.5%	3.0%	5.5%	6.0%	6.0%	19.0%
West Midlands	-2.0%	3.0%	5.5%	6.0%	6.0%	19.7%
North East	0.0%	3.5%	6.0%	6.5%	6.0%	23.9%
Yorks & Humber	0.0%	3.5%	6.5%	6.5%	6.5%	25.0%
North West	0.0%	3.5%	6.5%	6.5%	6.5%	25.0%
Wales	-0.5%	3.0%	6.0%	6.5%	6.5%	23.2%
Scotland	-0.5%	3.0%	5.5%	6.5%	6.5%	22.6%

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



## 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/](http://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



Gaby Foord  
Director  
020 7299 3003  
gaby.foord@savills.com