

UK Housing Market Update

Research – Residential – May 2026



Cautious prevails in a resilient market

House prices rose by 0.4% in April, according to Nationwide.

Annual growth to April was 3.0%, up from 2.2% in March, and was the highest level since May 2025. This momentum will fade over the coming months, however, as inflation and rate rises prompt discretion from buyers.

Approvals for remortgaging reach a 4-year high. There were 51,300 approvals for remortgaging in March 2026, the highest monthly figure since October 2022. The recent rises in mortgage rates, reminiscent of Autumn 2022, have prompted homeowners to act promptly to secure the best rate. Rates are comparable to those two years ago but may be a shock for buyers coming off a 5-year fixed term. Mortgage approvals for new house purchases remained resilient, up 1.3% from February. The threat of further rate rises is spurring some immediate action in the short-term where buyers have been able to lock in lower rates.

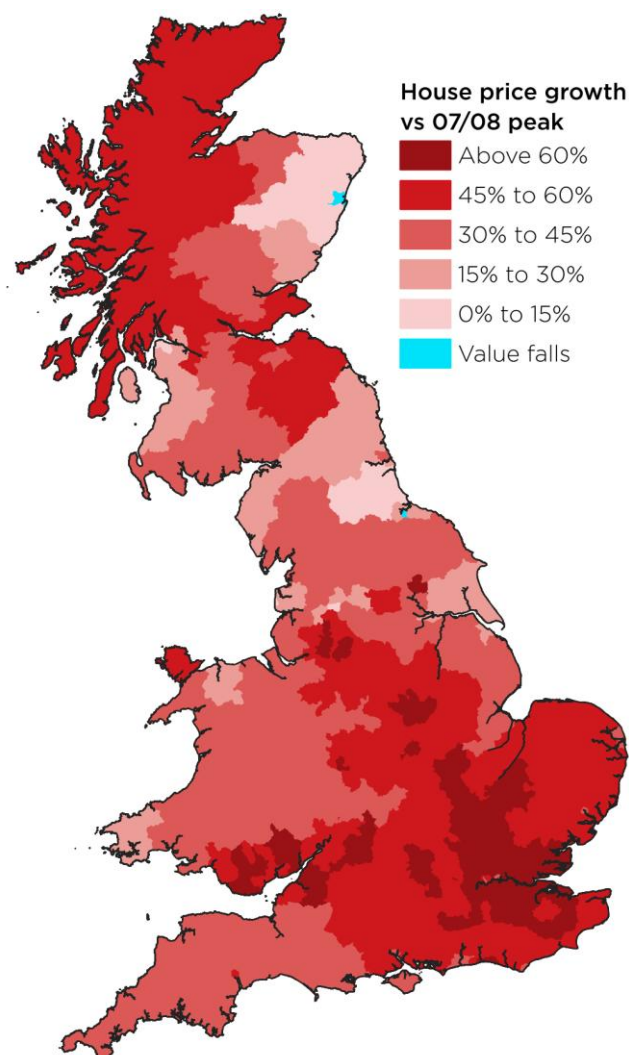
More forward-looking indicators show some signs of a slowdown in market activity. In April, sales agreed (net of fall throughs) fell by -4.6% on the previous month according to TwentyCI, although they remain up 2.6% on the 2017-19 average. In March, RICS reported

that surveyors have seen the lowest level of new buyer enquiries since August 2023, alongside greater levels of unsold stock and downward pressure on prices because of recent mortgage rate hikes. These indicators suggest a slowdown in market activity will be reflected in more lagged transaction and mortgage approval metrics over the coming months.

The Bank of England (BOE) continues to keep an eye on inflationary risks. The BOE Monetary Policy Committee voted to hold the base rate at 3.75% on 30th April. While forecasting rates to be held until Q3 2027, Oxford Economics notes that continuing geopolitical uncertainty and the secondary inflationary impacts of higher energy costs in the wider economy has increased the risk of a rate increase in the summer. If rates do increase, the higher costs for borrowers over the longer term will impact affordability.

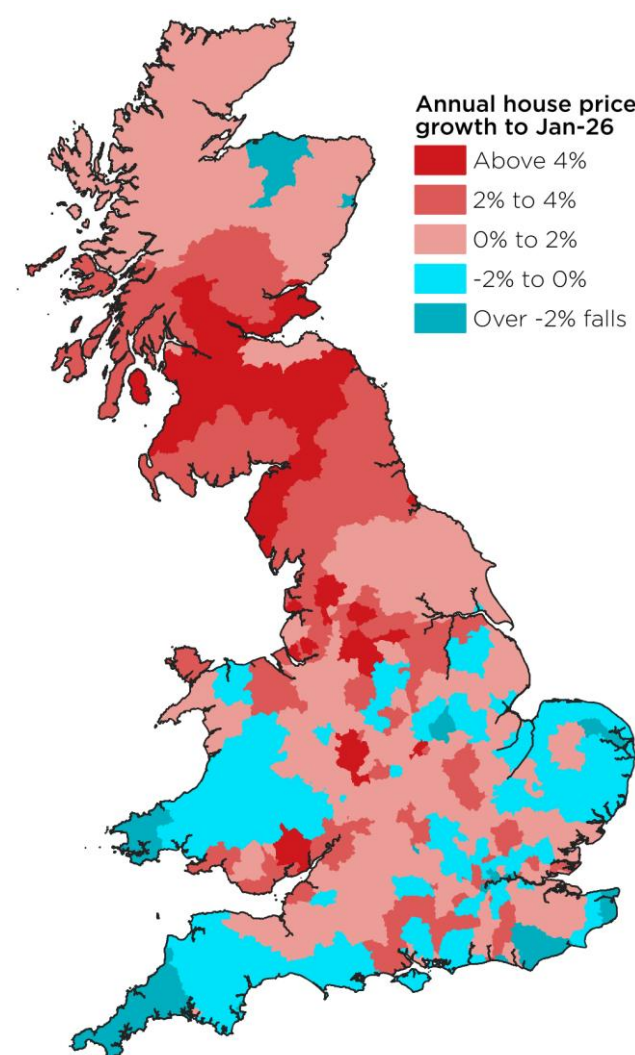
More localised house price data from January shows that Scotland and the North West had the greatest price growth, particularly East Renfrewshire (7.9%), East Dunbartonshire (7.1%) and Renfrewshire (6.8%). The weakest growth was in Brent (-6.0%), Kensington and Chelsea (-5.5%) and Tower Hamlets (-5.3%).

FIGURE 1 House price growth to Jan-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 Jan-26



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

FIGURE 3 Both new buyer enquiries and new instructions were negative

Rising borrowing costs and greater inflationary pressures led to a sharp fall in new buyer enquiries in March. At -39, this is the weakest level since August 2023.

New instructions fell to -6 indicating a slowdown in new supply coming to the market. Weaker sentiment is driving a slowdown in sales rates, and an increase in unsold stock. Surveyors are reporting an average of 47 properties on their books, up from 45 at the start of the year.

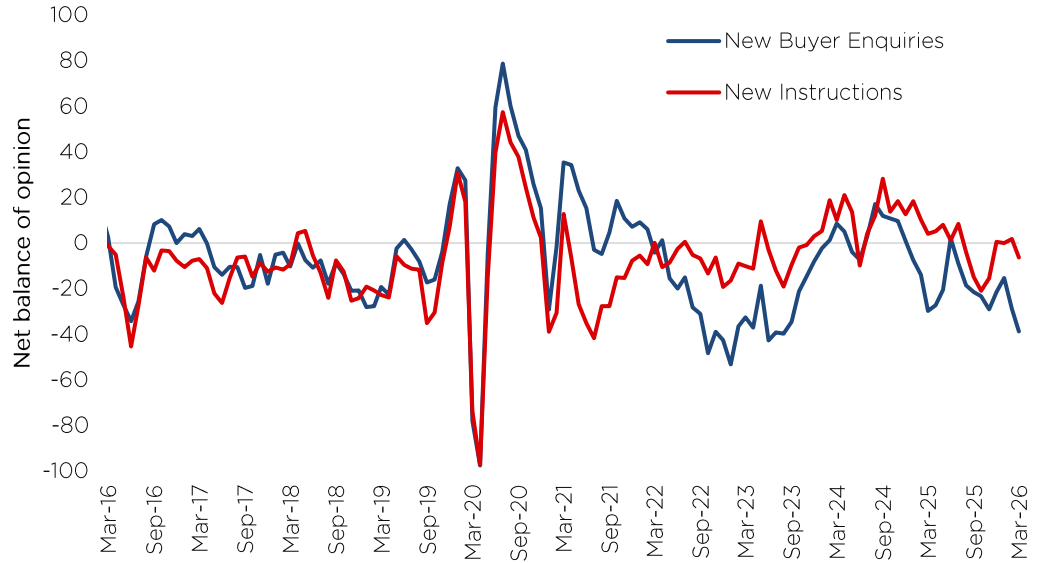
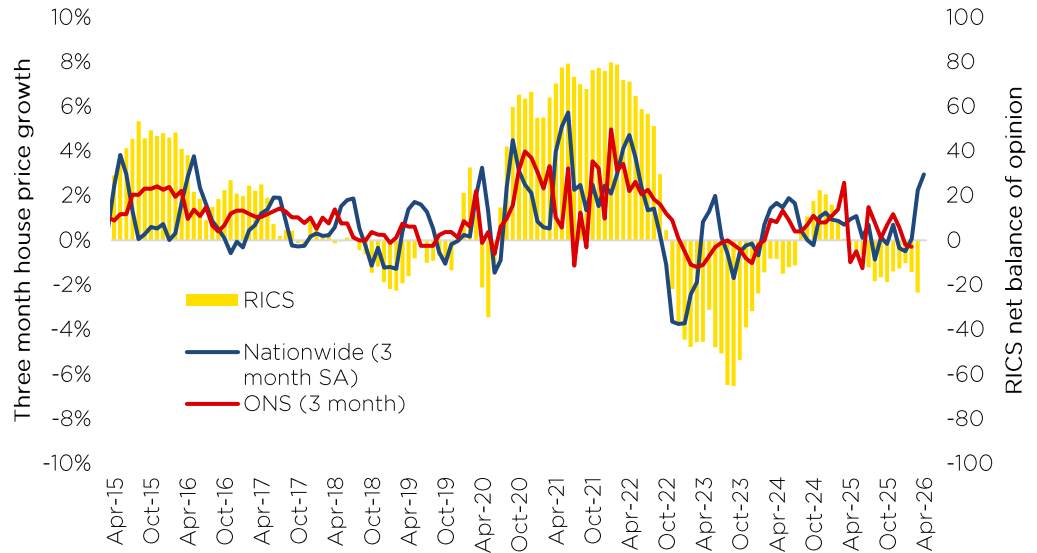


FIGURE 4 Nationwide reported 3-month growth of 3.0%; more lagged indicators report price falls

The RICS survey, which can be a good early indicator of house price movement, continued to report house price falls in March (-23).

Nationwide reported a 3-month increase of 3.0% in April, demonstrating resilience and momentum. Nationwide report that strong household finances and affordability improvements have supported growth up to this point, but a prolonged conflict will erode this resilience.

The more lagged ONS fell into negative territory and reported 3-month price falls of -0.3% in February.

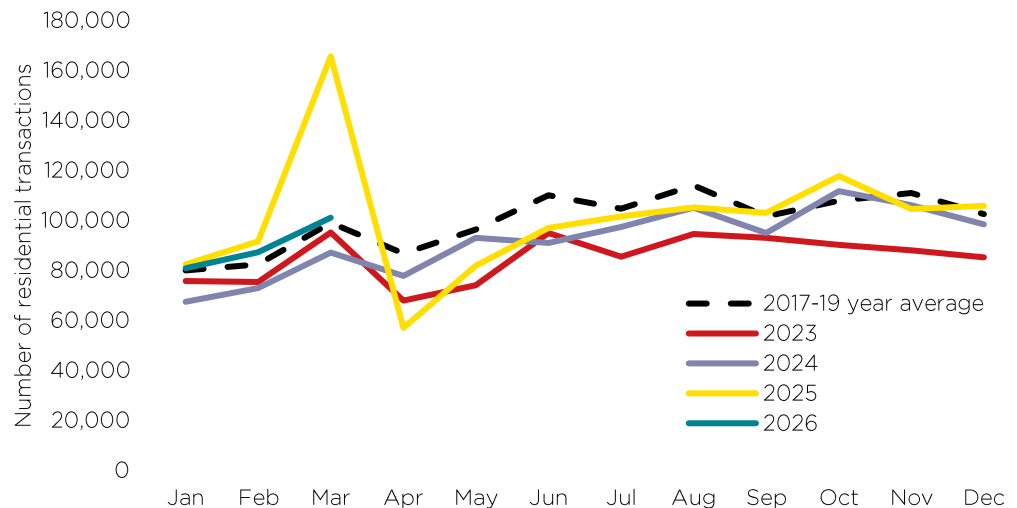


Source RICS, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

FIGURE 5 Monthly transaction numbers in March were 2% above 2017-19 levels

There were 101,070 transactions in March according to HMRC, 16% higher than in March 2024, when the market was recovering from the Mini-Budget. Comparisons to the 2017-19 average, are a more normalised measure of activity. These show that transactions were 2% higher for March, showing that transaction levels are in line with longer term averages.

Robust transaction levels reflect the momentum built up in January and February, and the effects of the conflict will test the resilience of buyers over the coming months.



Source HMRC (seasonally adjusted)

Annual rental growth across the UK in March was 1.9% according to Zoopla, down slightly from 2.0% in February. The North East and North West continue to see the strongest annual rental growth of 4.0% and 3.3%, respectively. The West Midlands saw the weakest annual growth of 0.4%.

The Renters' Rights Act (RRA), which came into force from the 1st May, has changed the nature of the UK rental market.

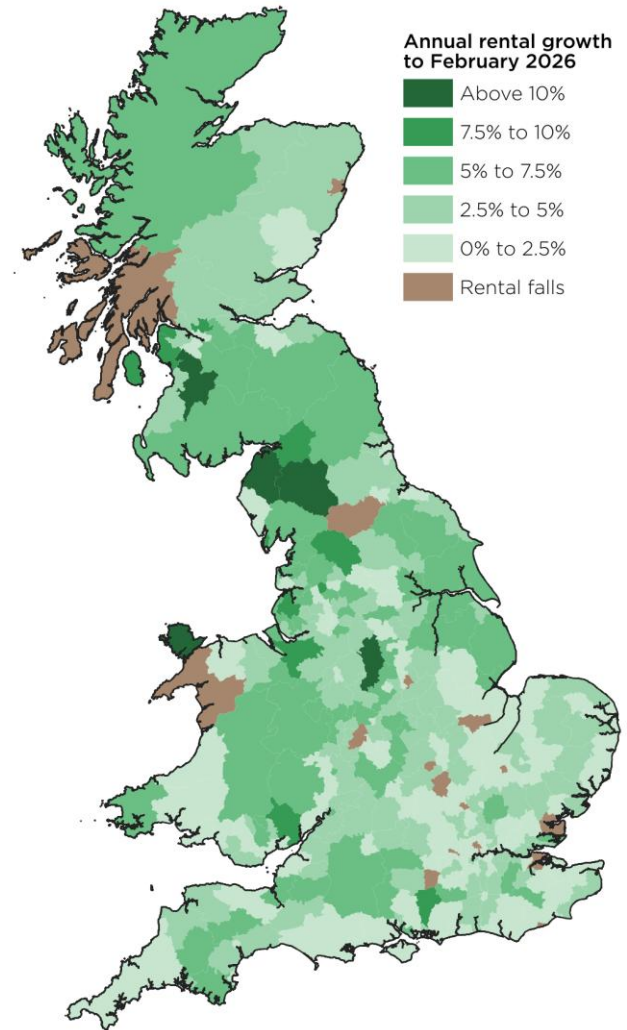
According to the NRLA, the RRA was consistently ranked as the greatest concern among landlords over 2025, with many landlords leaving the sector in anticipation of the new legislation over recent years. As of Q1 2026, however, the largest concern is now high costs, some of which will be associated with the new legislation.

TABLE 1 Regional rental growth to March 2026

Region	m/m	q/q	y/y
UK	0.3%	0.4%	1.9%
London	0.3%	0.3%	1.7%
South East	0.1%	0.3%	1.8%
East of England	0.4%	0.6%	1.7%
South West	0.6%	0.8%	2.4%
East Midlands	0.2%	0.2%	0.8%
West Midlands	0.4%	0.1%	0.4%
North East	-0.3%	1.0%	4.0%
Yorkshire and the Humber	0.4%	0.4%	2.4%
North West	0.4%	0.6%	3.3%
Wales	0.5%	0.4%	1.4%
Scotland	0.4%	-0.2%	1.1%

Source Zoopla Rental Index – powered by Hometrack

FIGURE 6 Annual rental growth to February 2026

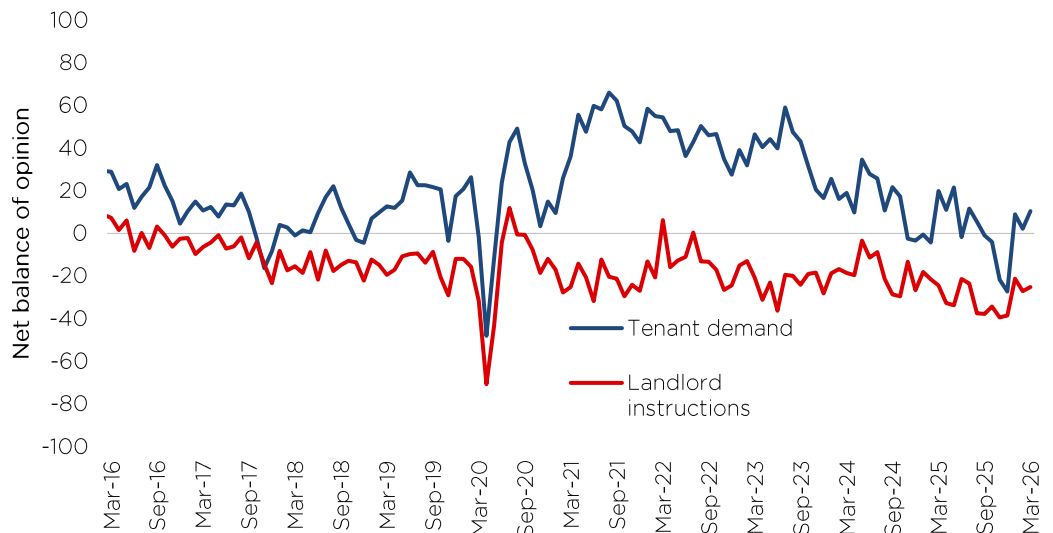


Source Zoopla Rental Index – powered by Hometrack

FIGURE 7 Tenant demand continues to outweigh rental supply

Tenant demand stayed positive for the third consecutive month in March (+10). However, landlord instructions remain firmly negative, indicating an ongoing imbalance between supply and demand in the rental market.

RICS survey respondents expect rents to continue rising because of this imbalance, with rent expectations rising to +29, up from +20 in February. The longer-term impacts of the RRA on rental growth remains to be seen, as the frequency and nature of rental increases change in response to the new regulation.



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 April 2026)			ONS (to February 2026)			Savills* (to January 2026)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.4%	1.2%	3.0%	0.6%	-0.3%	1.2%	-0.1%	0.1%	1.2%
London	-	1.7%	1.6%	-0.9%	-1.3%	-3.3%	-0.5%	-1.1%	-0.6%
South East	-	0.0%	-0.8%	0.1%	-0.4%	-0.8%	-0.1%	-0.1%	0.2%
East of England	-	1.2%	-0.5%	0.2%	-0.8%	1.0%	-0.2%	0.0%	0.3%
South West	-	0.0%	0.0%	0.3%	-1.3%	-0.5%	-0.2%	0.0%	-0.2%
East Midlands	-	-0.5%	0.2%	0.1%	-0.5%	1.2%	0.0%	0.2%	1.6%
West Midlands	-	-0.4%	-0.1%	0.3%	0.3%	1.6%	0.0%	0.2%	1.8%
North East	-	1.3%	2.5%	2.3%	-1.3%	3.6%	-0.2%	0.6%	2.5%
Yorkshire and the Humber	-	0.8%	1.5%	1.3%	1.2%	3.9%	0.1%	0.4%	1.9%
North West	-	1.3%	3.2%	1.0%	0.4%	3.3%	0.0%	0.5%	2.9%
Wales	-	0.8%	2.6%	0.5%	1.6%	2.6%	-0.1%	0.2%	1.6%
Scotland	-	1.5%	3.0%	1.1%	-0.5%	2.3%	0.1%	0.4%	3.4%

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

TABLE 4 Mainstream house price forecasts (published November 2025)

Region	2026	2027	2028	2029	2030	5 years to 2030
UK	2.0%	4.0%	5.0%	5.5%	4.0%	22.2%
London	0.0%	2.0%	3.5%	4.5%	3.0%	13.6%
South East	1.0%	3.0%	4.0%	4.5%	3.5%	17.0%
East of England	1.5%	3.5%	4.5%	5.0%	3.5%	19.3%
South West	2.0%	4.0%	5.0%	5.0%	3.5%	21.0%
East Midlands	2.5%	4.0%	5.5%	6.0%	4.0%	24.0%
West Midlands	2.5%	4.5%	5.5%	6.0%	4.0%	24.6%
North East	3.5%	5.5%	6.0%	6.0%	5.0%	28.8%
Yorks & Humber	3.5%	5.5%	6.0%	6.0%	5.0%	28.8%
North West	3.0%	5.5%	6.0%	6.0%	4.5%	27.6%
Wales	3.0%	5.0%	6.0%	6.0%	5.0%	27.6%
Scotland	3.0%	5.0%	6.0%	6.0%	5.0%	27.6%

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



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