

UK Housing Market Update

Research – Residential – March 2026



New risks emerge in a cautious market

House prices rose by 0.4% in February, according to Nationwide. Annual growth to February was 1.0%, unchanged from January. This is in line with the total annual growth seen through the 2025 calendar year.

Sales agreed to February indicate a recent improvement in activity following the November budget. February data from TwentyCI gives some cause for optimism, with agreed sales above the level of a year ago for the first time since September. This indicates a stronger start to 2026. More lagged mortgage approvals to January are down, reflecting some end of year nerves around the budget. But completed transactions remain in line with the 2017-19 average and this level of activity is likely to continue, although greater downside risk has emerged.

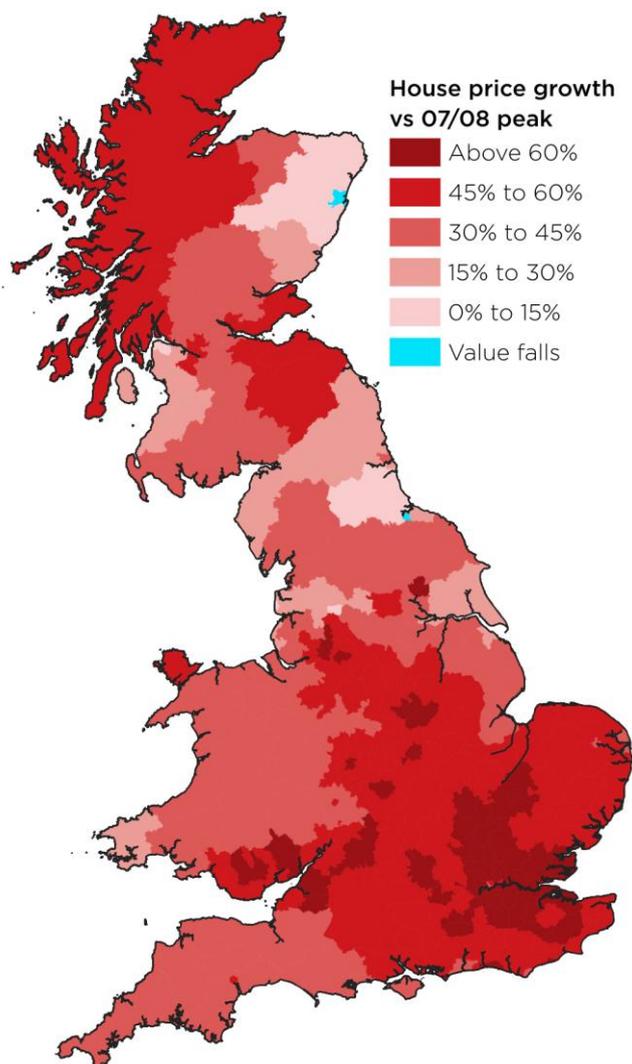
The UK's economic outlook remains subdued, with some forecasters noting that prolonged geopolitical tension could add to existing pressures. While at this stage, it remains unclear what this may mean for the UK housing market in 2026, it is likely that needs-based buyers will continue to be the dominant driver in the short-term, with limited upward pressure on prices. This will be a continuation of current market conditions, with most surveyors

reporting in January's RICS survey that demand was falling while stock levels remain high.

Longer term, mortgage rates are at risk of increasing, curtailing improvements to affordability. Several mortgage lenders have begun raising mortgage rates, with concern that global unrest will feed through to higher levels of inflation. Oxford Economics expects that the Bank of England will hold rates at the next MPC meeting, with central banks now more reactive to second-round effects of energy inflation following the 2022 invasion of Ukraine. A shorter conflict will see more limited inflation with a pause in planned cuts to mortgage rates, whereas a prolonged conflict will have longer term inflationary effects and could lead to higher mortgage rate rises. Lenders are likely to be cautious until greater clarity emerges.

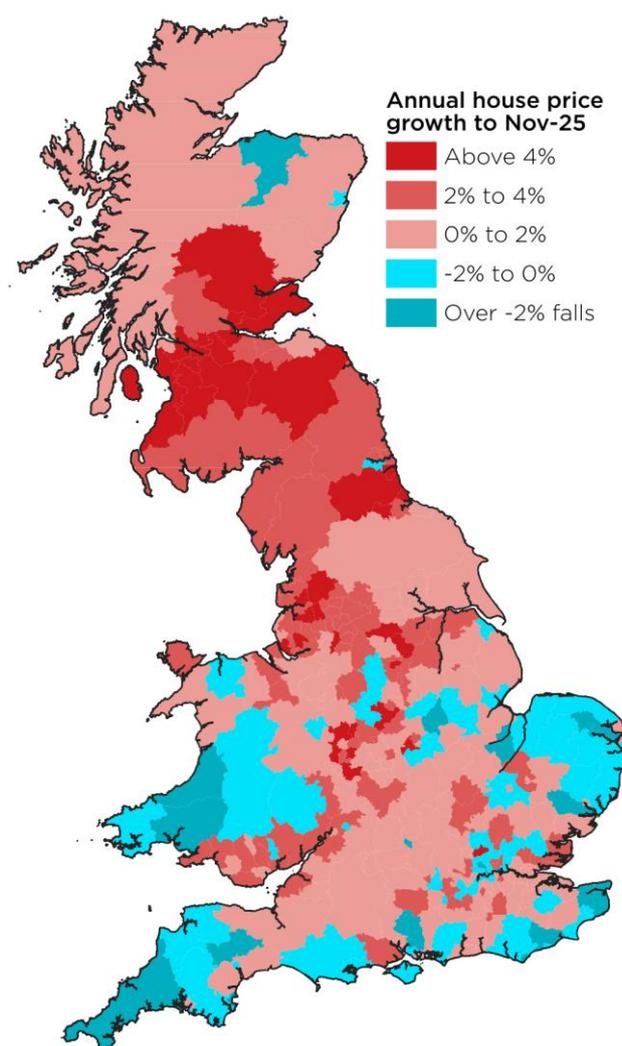
More localised house price data from November shows that the North East and Scotland had the greatest price growth, particularly East Renfrewshire (7.5%), Renfrewshire (7.0%) and Sunderland (6.8%). The weakest growth was in Ceredigion (-8.1%), Brent (-7.6%) and Rother (-4.9%).

FIGURE 1 House price growth to Nov-25 since 07/08 peak



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

FIGURE 2 Annual house price growth to Nov-25

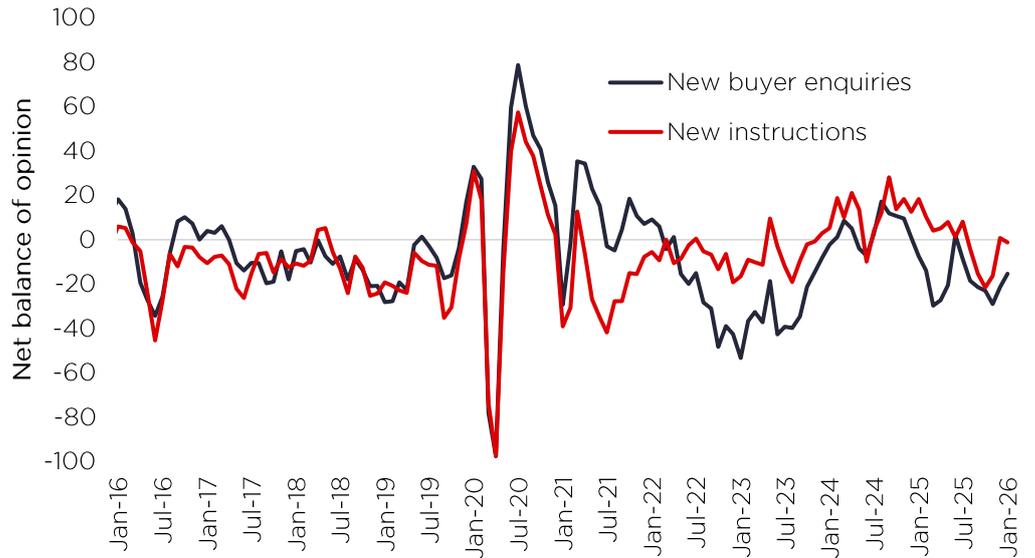


Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

FIGURE 3 New buyer enquiries rose for the second month but remain negative

The majority of surveyors are continuing to report falling numbers of buyer enquiries. New instructions are more balanced, maintaining the recovery in stock coming to the market following the uncertainty of the Budget.

The narrowing gap between new buyer enquiries and new instructions indicates a reduced supply/demand imbalance. But there remains little upwards pressure on prices.



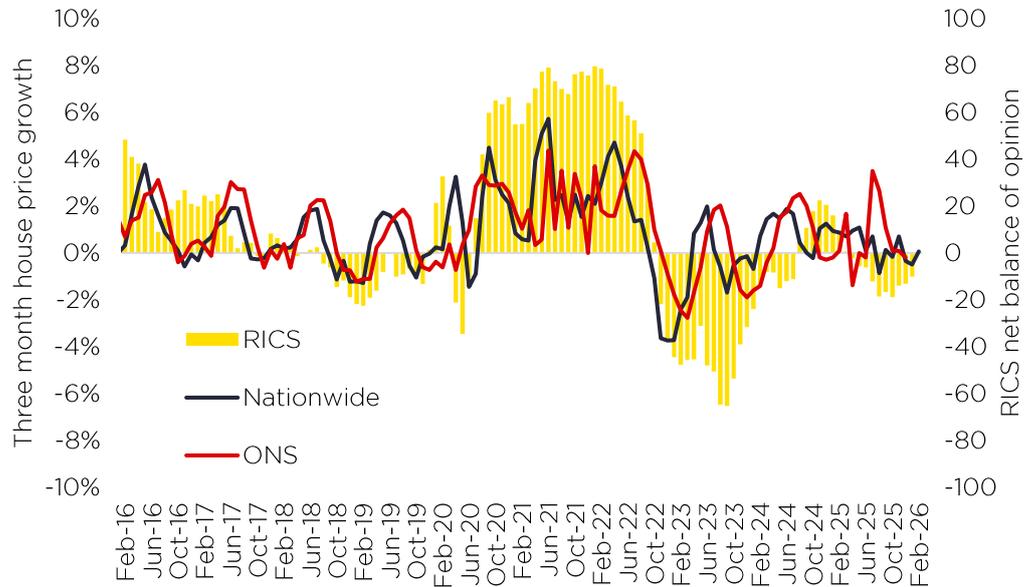
Source RICS (seasonally adjusted)

FIGURE 4 Nationwide reported 3-month growth of 0.1% with other indicators reporting price falls

The RICS survey, which can be a good early indicator of house price movement, reported house price falls in January, although with less negativity than in previous months.

Nationwide reported a 3-month increase of 0.1% in February 2026, a return to positive 3-month price growth after falls in December and January.

The more lagged ONS index now aligns more closely with RICS and Nationwide, reporting a 3-month fall of -0.1% in November.

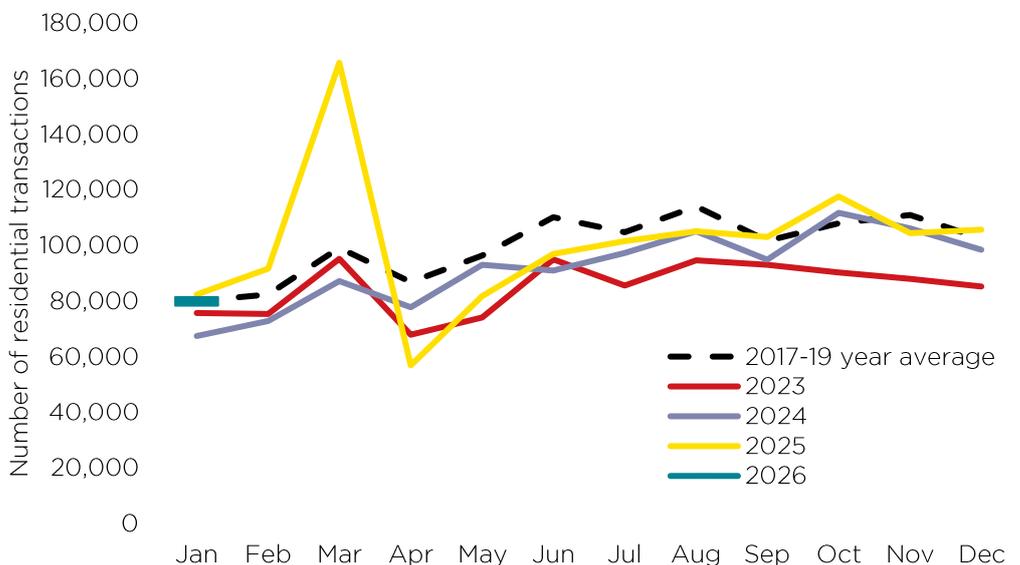


Source RICS, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

FIGURE 5 Monthly transaction numbers in January were in line with 2017-19 levels

There were 79,880 transactions in January according to HMRC, -3% lower than January 2025, but in line with the average between 2017-19.

2026 will not see the same bunching of activity as we saw in early 2025 as a result of the Stamp Duty changes, so comparisons to 2017-19 will provide a more normalised measure of activity through the first half of the year.



Source HMRC (seasonally adjusted)

Annual rental growth across the UK in January was 1.9% according to Zoopla, up marginally from 1.8% in December. The North East and North West continue to see the strongest annual rental growth of 4.2% and 3.0%, respectively. The West Midlands (0.3%) and East Midlands (1.4%) have seen the weakest growth.

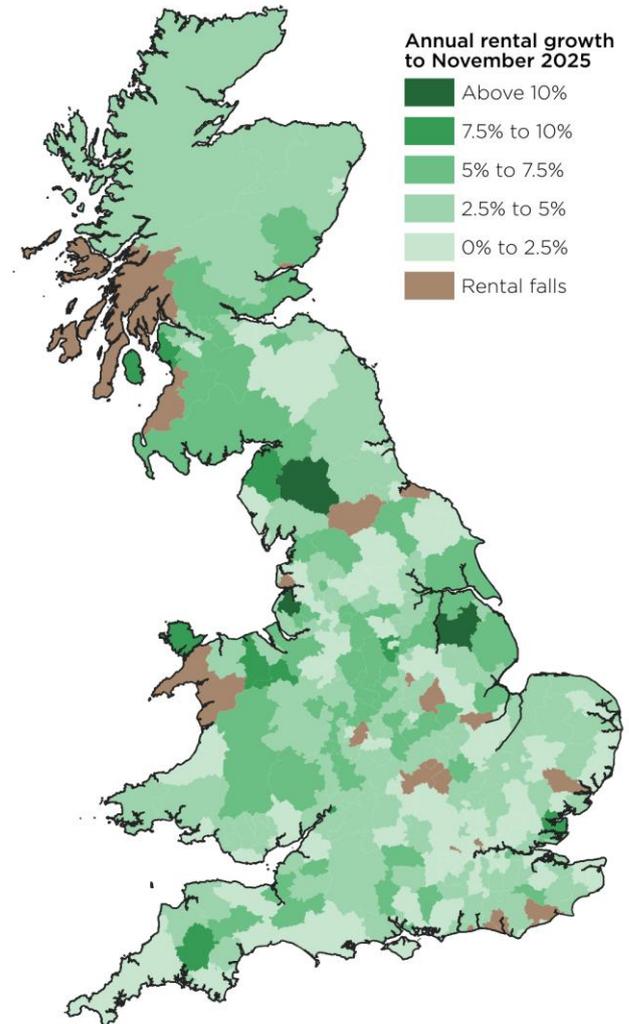
Rental growth is likely to remain slow in the coming months. Net migration, a key driver of rental growth over the past few years, has fallen sharply and is expected to remain low. Half of local authorities now have an average rent of over £1,000, up from less than a quarter in 2020. The extraordinary growth over the past five years will limit capacity for further strong growth in the coming months.

TABLE 1 Regional rental growth to January 2026

Region	m/m	q/q	y/y
UK	0.1%	0.3%	1.9%
London	0.1%	0.4%	1.7%
South East	0.1%	0.4%	1.9%
East of England	0.3%	0.3%	1.9%
South West	0.3%	0.2%	2.6%
East Midlands	0.2%	0.1%	1.4%
West Midlands	-0.1%	-0.3%	0.3%
North East	0.6%	1.8%	4.2%
Yorkshire and the Humber	-0.1%	0.1%	1.5%
North West	0.2%	0.4%	3.0%
Wales	0.2%	1.0%	2.3%
Scotland	0.2%	0.1%	1.8%

Source Zoopla Rental Index – powered by Hometrack

FIGURE 6 Annual rental growth to November 2025

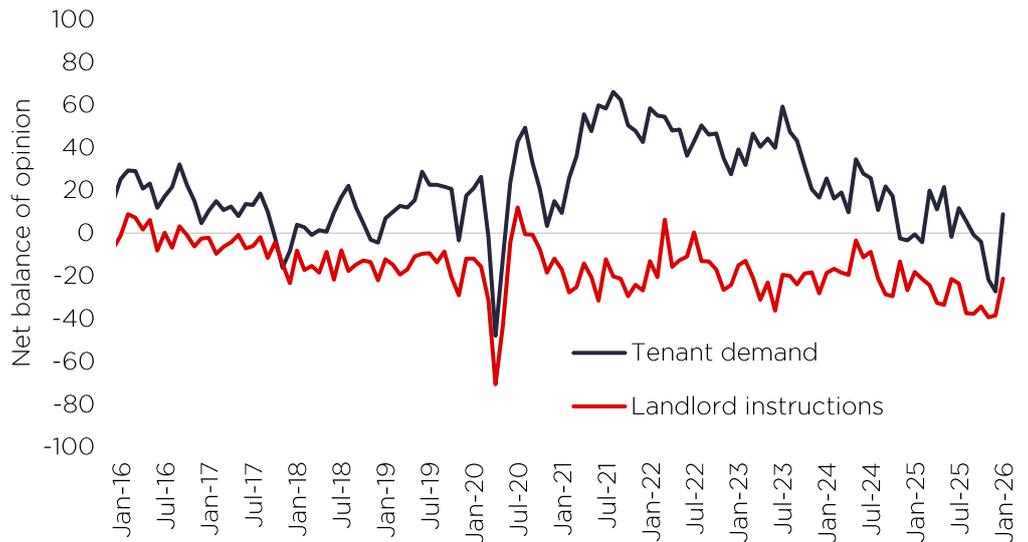


Source Zoopla Rental Index – powered by Hometrack

FIGURE 7 Rental market activity increased in January after Christmas slowdown

Tenant demand is growing again after a muted second half of 2025, according to RICS surveyors. The amount of rental supply was also reported to have improved but to a lesser extent. This may increase upwards pressure on rents, although this will be limited by tenant affordability.

The next few months will begin to show the longer-term direction of travel for the UK rental market ahead of the full implementation of the Renters' Rights Act in May.



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 Q4 2025, UK to February 2026)			ONS (to December 2025)			Savills* (to October 2025)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.3%	0.2%	1.0%	-0.7%	-0.2%	2.4%	0.2%	0.5%	1.4%
London	-	0.6%	0.7%	-0.8%	-1.8%	-0.9%	-0.1%	0.2%	0.4%
South East	-	0.8%	0.1%	-0.7%	-1.1%	0.0%	0.1%	0.3%	0.5%
East of England	-	-1.0%	-0.8%	-0.4%	-0.4%	1.5%	0.3%	0.4%	0.7%
South West	-	0.9%	0.5%	-1.6%	-1.0%	0.4%	0.2%	0.7%	-0.1%
East Midlands	-	0.3%	0.9%	0.3%	0.6%	2.4%	0.1%	0.7%	1.6%
West Midlands	-	1.1%	2.3%	-1.1%	-1.0%	2.0%	0.2%	0.5%	2.1%
North East	-	-0.2%	2.1%	-1.4%	2.0%	4.6%	0.5%	1.0%	3.2%
Yorkshire and the Humber	-	0.1%	2.2%	-0.5%	0.9%	3.3%	0.3%	0.5%	1.7%
North West	-	1.6%	3.5%	-0.4%	1.4%	4.6%	0.3%	1.1%	3.0%
Wales	-	1.0%	3.3%	2.7%	2.2%	5.0%	-0.1%	0.2%	1.2%
Scotland	-	0.5%	1.8%	-1.6%	-1.2%	4.9%	0.2%	1.3%	3.5%

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)



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