

# UK Housing Market Update



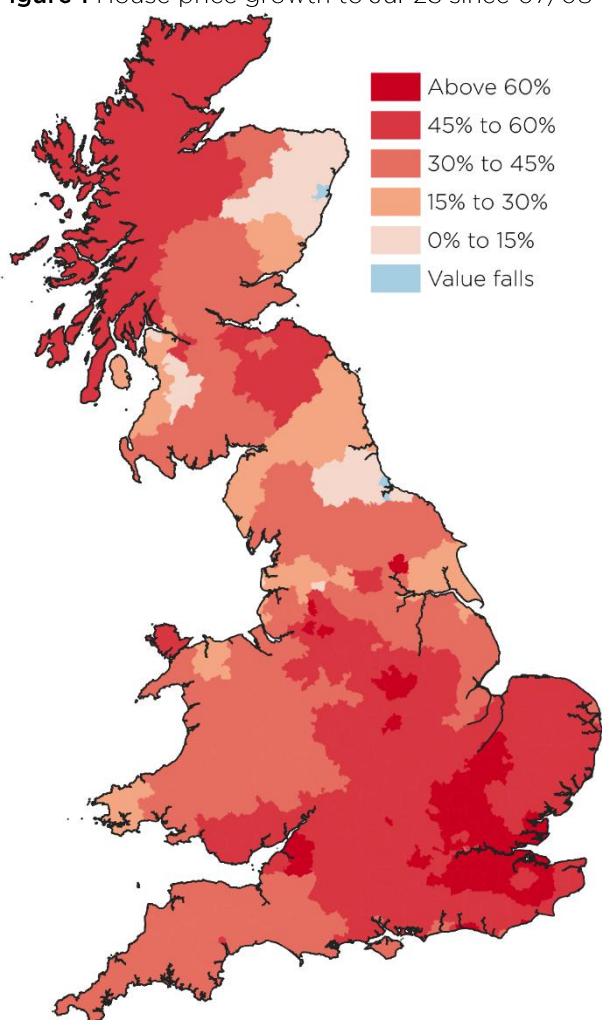
## UK housing market sees activity stabilise, but pre-Budget jitters remain

House prices grew by 0.3% in October, according to Nationwide. That put price growth at 0.9% over the last three months and 2.2% over the last year, although the pace of house price growth is decelerating.

**Activity remains stable, despite market apprehension ahead of the Budget on 26th November.** Despite concerns that sales activity would stall, provisional estimates on the number of completed transactions in September were slightly higher than pre-pandemic levels for the same month. Furthermore, data from TwentyCI shows sales across price bands continuing at normal levels for September and October. There remains a potential risk of increased fall-throughs if there are changes to property taxation announced in this month's Budget, which could cause buyers to reassess their future commitments. Prime markets, which face the greatest uncertainty from the Budget, have shown surprising resilience in terms of activity in September, but [our agents have reported prices softening](#).

**More positive economic data could see one more base rate cut before the end of the year.** Inflation held steady at 3.8% in September and some mortgage lenders have made small cuts to rates. The Bank of England Monetary Policy Committee narrowly voted to hold the base rate at 4%, increasing the possibility of a rate cut in December.

**Figure 1** House price growth to Jul-25 since 07/08 peak



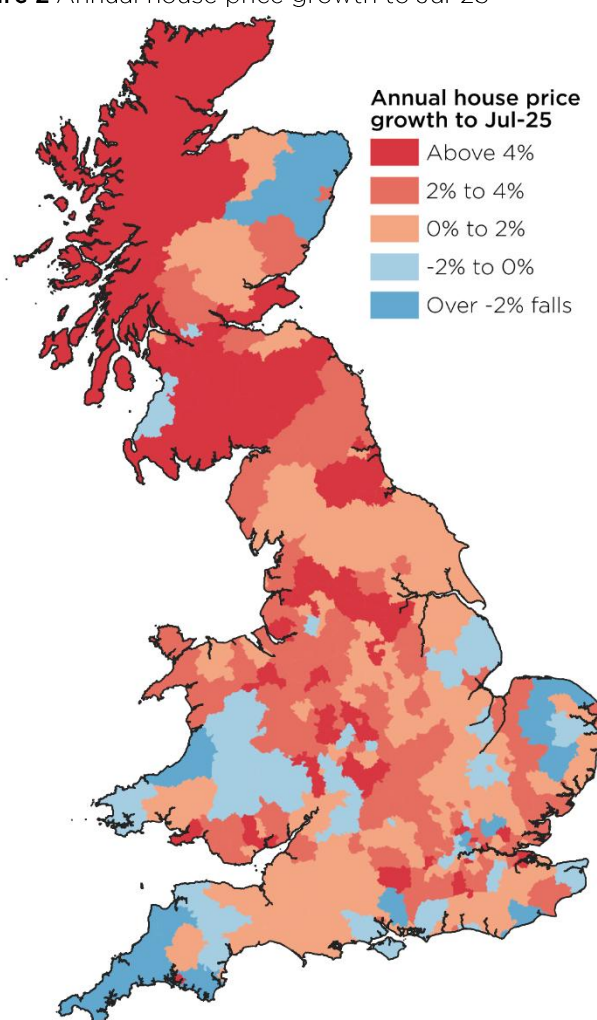
Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*

**With weaker buyer sentiment and lingering economic concerns, we are forecasting price growth of 2% in 2026.** The biggest influence on price growth will come from the financial markets' reaction to the Budget. We are forecasting real-term value growth from 2027 onwards driven by a strengthening economy, with the greatest longer-term growth in more affordable regions in the North. [Our full analysis and mainstream sales and rental forecasts can be found here](#).

**Rental growth is decelerating across most of the UK.** According to Zoopla, annual rental growth was 2.2% in September, the same as in August. Some regions with lower rental growth, such as Scotland and Yorkshire and the Humber, both seeing 1.6% growth, have seen renewed, albeit marginal, acceleration. The Renters' Rights Act received Royal Assent on 28th October, but the timescales for its implementation have yet to be announced. The NRLA has stressed that landlords will need at least six months to prepare for changes.

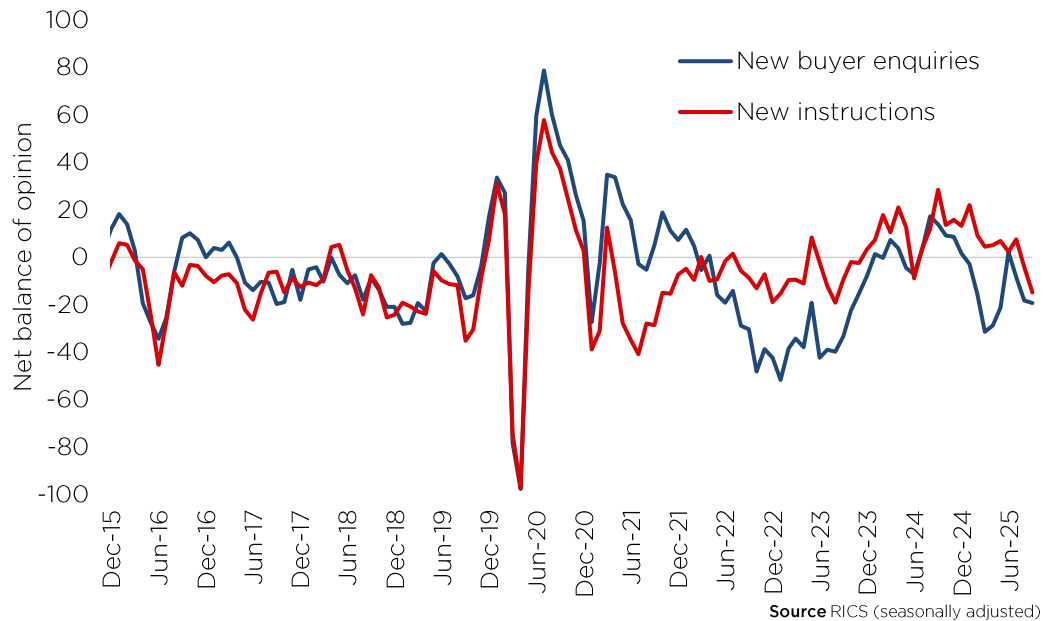
**More localised house price data from July shows that areas with the greatest value growth were in Scotland and the North,** chiefly Middlesbrough and North Lanarkshire with prices up 8.2% and 8.0%, respectively. Ceredigion saw the most significant price falls of -8.8%, followed by Kensington and Chelsea -5.1%.

**Figure 2** Annual house price growth to Jul-25



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

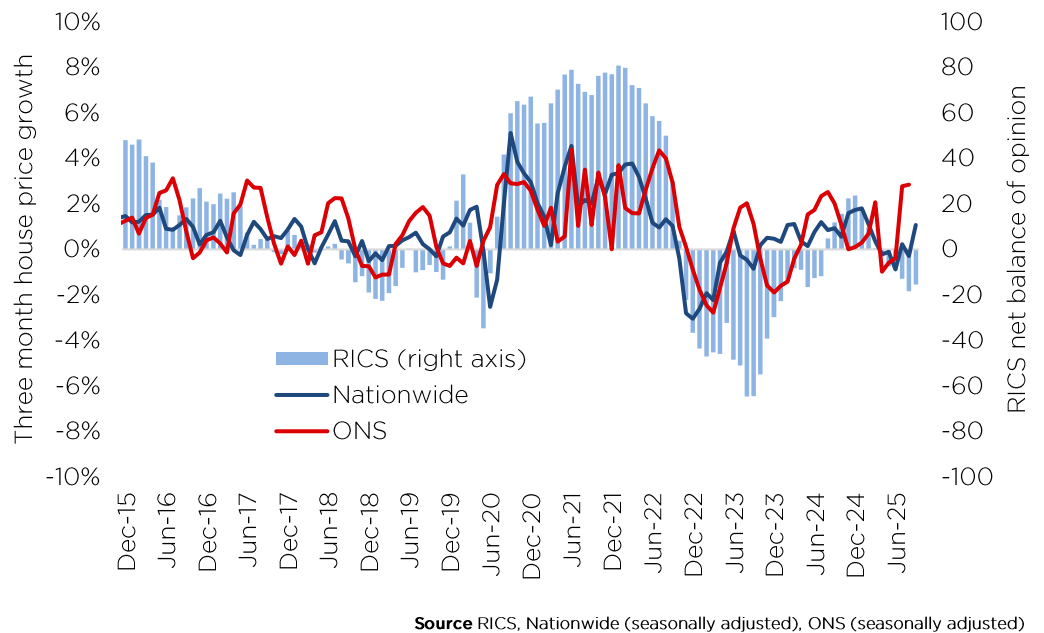
**Figure 3** Surveyors reported a further drop in new buyer enquiries in September



The majority of surveyors reported new buyer enquiries falling further into negative sentiment. The Budget announcement may have spooked buyers in certain parts of the market.

New instructions fell further this month. The dip into negative territory in August, the first time both measures have been negative since June 2024, and the further falls in September could lead to a quieter market for completed sales over the last quarter of the year.

**Figure 4** Nationwide reported a strong October while RICS remained negative

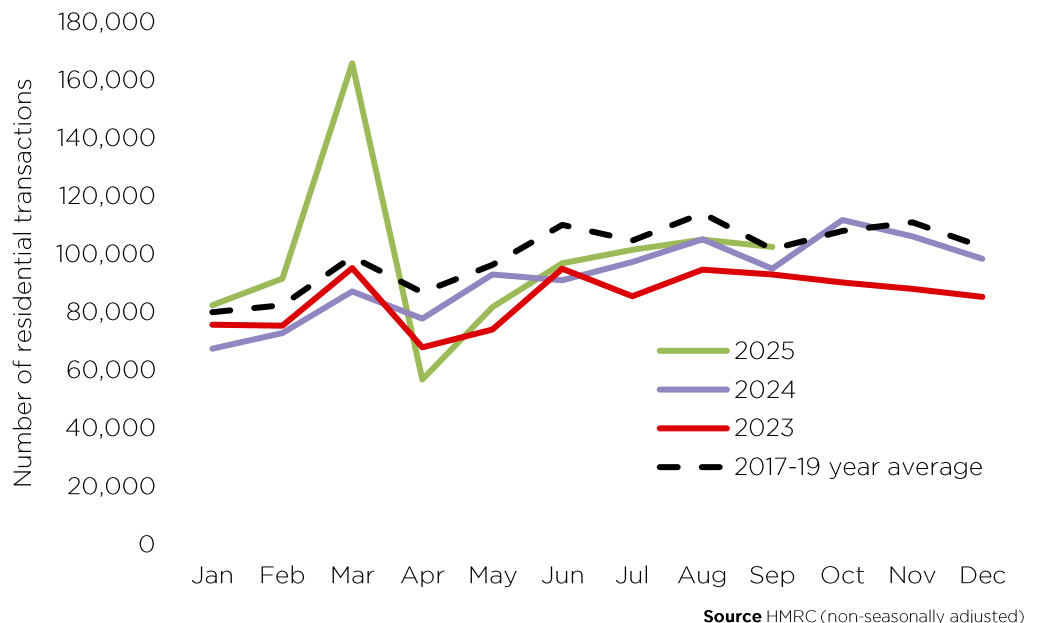


Price indicators are presenting a mixed picture. The RICS survey, which can be a good early indicator of house price movements, saw an increased majority of surveyors reporting price falls in September.

Nationwide, however, reported a strong October, with house prices growing by 0.7% on a three monthly-basis. This may be reflecting some of the initial weakness in the aftermath of the SDLT changes.

The more lagged ONS index reported 2.9% growth in July, a more pronounced acceleration in the market following the SDLT changes than the other metrics.

**Figure 5** Monthly transaction volumes are at 2017-19 levels



In September, there were 102,420 transactions according to HMRC. This is in line with the 2017-19 average for September, and above 2023 and 2024.

September typically sees a dip in the number of transactions, with families in particular looking to avoid disruption at start of the school year, but transaction numbers have held up this year. Budget uncertainty will likely limit higher value sales through October and November, but transactions are likely to remain healthy for the rest of the market.

**Annual rental growth across the UK in September was 2.2%** according to Zoopla, a slight deceleration from 2.5% in August. This aligns with RICS surveyors reporting a dip in tenant demand. Most regions saw slowing rental growth, except for Scotland, London, and Yorkshire and the Humber, which saw some of the smallest annual rental growth of less than 2%.

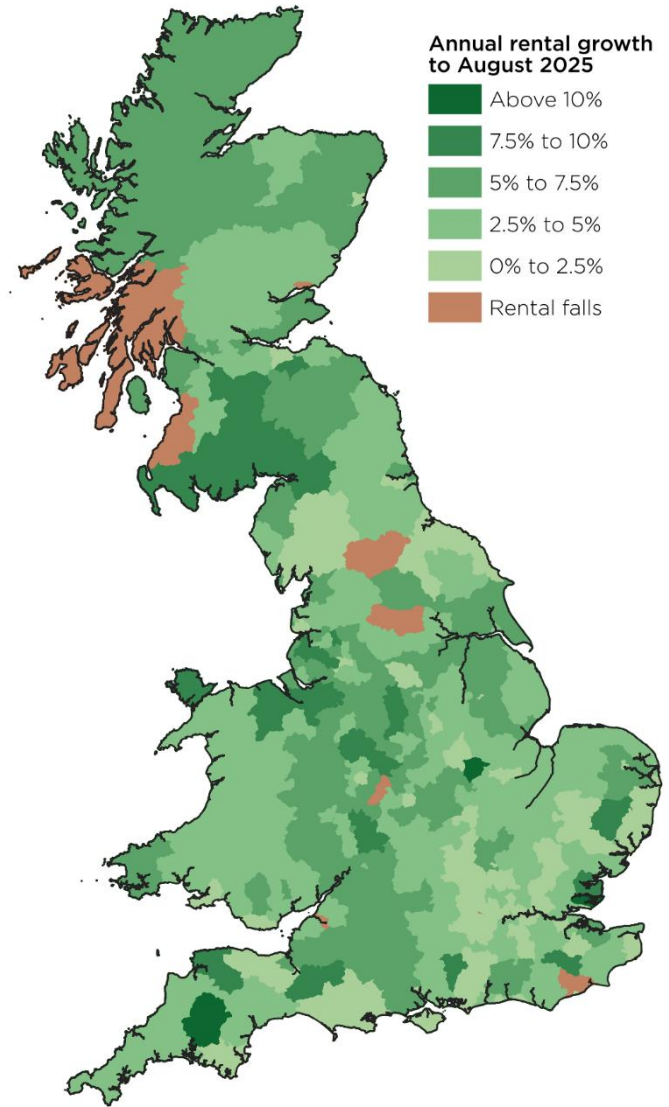
**The Renters' Rights Bill obtained Royal Assent on 28<sup>th</sup> October.** We are still waiting to hear how and when it will be brought into force. We estimate that 200,000 rental properties have left the market in the last 12 months, partially in response to policy changes. The National Residential Landlord Association reported, however, that landlord confidence rose across England and Wales in Q3, suggesting there is greater commitment from those remaining in the market.

**Table 1** Regional rental growth to September 2025

|                          | m/m   | q/q  | y/y  |
|--------------------------|-------|------|------|
| UK                       | 0.3%  | 0.9% | 2.2% |
| London                   | 0.4%  | 0.9% | 1.8% |
| South East               | 0.3%  | 0.4% | 2.0% |
| East of England          | 0.2%  | 0.6% | 2.5% |
| South West               | 0.1%  | 0.7% | 2.8% |
| East Midlands            | -0.1% | 0.3% | 1.8% |
| West Midlands            | 0.1%  | 0.5% | 1.7% |
| North East               | 0.5%  | 1.1% | 3.9% |
| Yorkshire and the Humber | 0.7%  | 2.0% | 1.6% |
| North West               | 0.5%  | 1.6% | 3.1% |
| Wales                    | 0.0%  | 0.5% | 2.5% |
| Scotland                 | 0.3%  | 0.8% | 1.6% |

Source Zoopla Rental Index powered by Hometrack

**Figure 6** Annual rental growth to August 2025

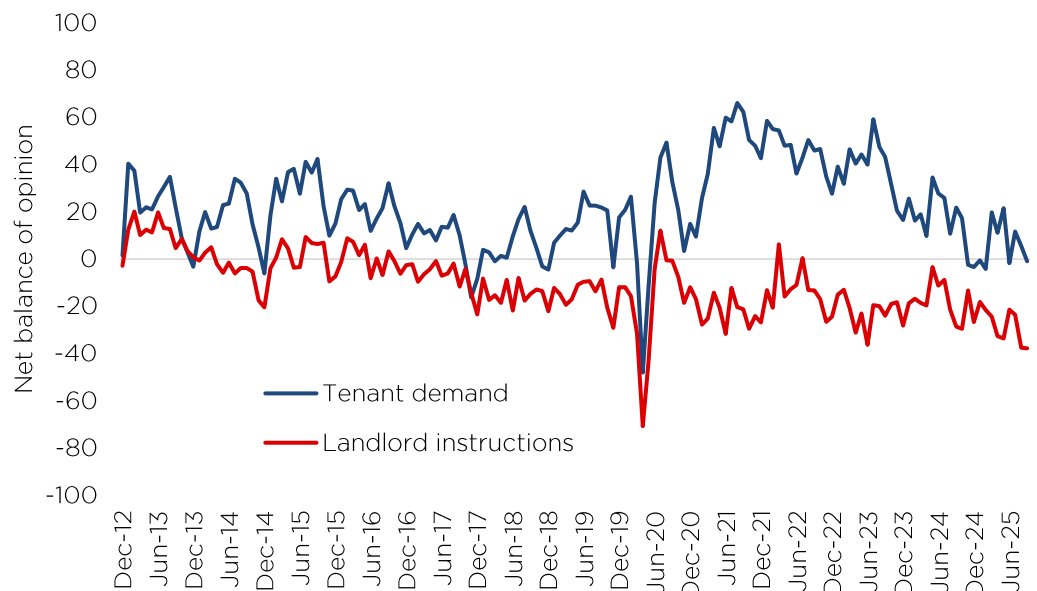


Source Zoopla Rental Index powered by Hometrack

**The RICS survey showed that landlord instructions dipped to their lowest level ever (excepting the extraordinary circumstances of April 2020),** possibly suggesting tenants are staying in properties for longer, reducing the amount of turnover of rental stock

However, this drop in supply has been offset by falling tenant demand, as is typically seen in the final months of the year. This will likely see rental growth remain around its current level.

**Figure 7** Landlord instructions dipped to their lowest level ever (outside the pandemic)



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

|                           | Nationwide<br>(Regions to Q3 2025,<br>UK to October 2025) |       |      | ONS<br>(to August 2025) |      |       | Savills*<br>(to July 2025) |       |      |
|---------------------------|-----------------------------------------------------------|-------|------|-------------------------|------|-------|----------------------------|-------|------|
|                           | m/m                                                       | q/q   | y/y  | m/m                     | q/q  | y/y   | m/m                        | q/q   | y/y  |
| <b>UK</b>                 | 0.3%                                                      | 0.7%  | 2.5% | 0.8%                    | 2.9% | 3.0%  | 0.1%                       | 0.1%  | 2.1% |
| <b>London</b>             | -                                                         | 0.0%  | 0.6% | 0.2%                    | 1.2% | -0.2% | 0.0%                       | -0.6% | 1.0% |
| <b>South East</b>         | -                                                         | -1.1% | 0.3% | 1.3%                    | 2.9% | 1.8%  | -0.1%                      | -0.4% | 1.2% |
| <b>East of England</b>    | -                                                         | 0.3%  | 1.2% | 0.8%                    | 2.4% | 3.0%  | 0.1%                       | -0.3% | 1.3% |
| <b>South West</b>         | -                                                         | -0.4% | 0.9% | 0.4%                    | 2.7% | 2.3%  | 0.0%                       | -0.4% | 0.7% |
| <b>East Midlands</b>      | -                                                         | 1.1%  | 2.8% | 1.2%                    | 2.8% | 4.4%  | 0.2%                       | 0.1%  | 1.6% |
| <b>West Midlands</b>      | -                                                         | 1.1%  | 3.1% | 0.7%                    | 3.1% | 3.8%  | 0.0%                       | 0.3%  | 2.7% |
| <b>North East</b>         | -                                                         | 0.9%  | 5.2% | 0.7%                    | 4.6% | 6.6%  | 0.2%                       | 0.2%  | 3.7% |
| <b>Yorks &amp; Humber</b> | -                                                         | 2.0%  | 3.9% | 0.9%                    | 2.6% | 2.7%  | 0.4%                       | 0.5%  | 3.0% |
| <b>North West</b>         | -                                                         | 0.4%  | 3.2% | 1.7%                    | 5.0% | 4.6%  | 0.3%                       | 0.5%  | 3.3% |
| <b>Wales</b>              | -                                                         | 0.7%  | 3.1% | 1.1%                    | 1.4% | 2.0%  | 0.2%                       | 0.2%  | 2.5% |
| <b>Scotland</b>           | -                                                         | 0.0%  | 3.1% | 0.3%                    | 3.4% | 4.0%  | 0.5%                       | 1.3%  | 3.9% |

**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 |
|---------------------------|------|------|------|------|------|-----------------|
| <b>UK</b>                 | 2.0% | 4.0% | 5.0% | 5.5% | 4.0% | 22.2%           |
| <b>London</b>             | 0.0% | 2.0% | 3.5% | 4.5% | 3.0% | 13.6%           |
| <b>South East</b>         | 1.0% | 3.0% | 4.0% | 4.5% | 3.5% | 17.0%           |
| <b>East of England</b>    | 1.5% | 3.5% | 4.5% | 5.0% | 3.5% | 19.3%           |
| <b>South West</b>         | 2.0% | 4.0% | 5.0% | 5.0% | 3.5% | 21.0%           |
| <b>East Midlands</b>      | 2.5% | 4.0% | 5.5% | 6.0% | 4.0% | 24.0%           |
| <b>West Midlands</b>      | 2.5% | 4.5% | 5.5% | 6.0% | 4.0% | 24.6%           |
| <b>North East</b>         | 3.5% | 5.5% | 6.0% | 6.0% | 5.0% | 28.8%           |
| <b>Yorks &amp; Humber</b> | 3.5% | 5.5% | 6.0% | 6.0% | 5.0% | 28.8%           |
| <b>North West</b>         | 3.0% | 5.5% | 6.0% | 6.0% | 4.5% | 27.6%           |
| <b>Wales</b>              | 3.0% | 5.0% | 6.0% | 6.0% | 5.0% | 27.6%           |
| <b>Scotland</b>           | 3.0% | 5.0% | 6.0% | 6.0% | 5.0% | 27.6%           |

**Source** Savills

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\*Savills index is an unadjusted repeat sales index based on HM Land Registry and Registers of Scotland price paid data. Note that Savills national index (labelled UK) is for Great Britain, not including Northern Ireland.

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