RESEARCH

BRIEFING NOTE

UK Housing Market Update

Research – Residential – April 2026

savills

Uncertainty weighs on mortgage rates

House prices rose by 0.9% in March, according to Nationwide. Annual growth to March was 2.2%, up from 1.0% in February. This is the highest level since the Budget, however this momentum will likely fade over the coming months as rising mortgage rates slow activity. The North West saw the strongest annual regional price growth (3.2%) while the South East saw price falls of -0.8%.

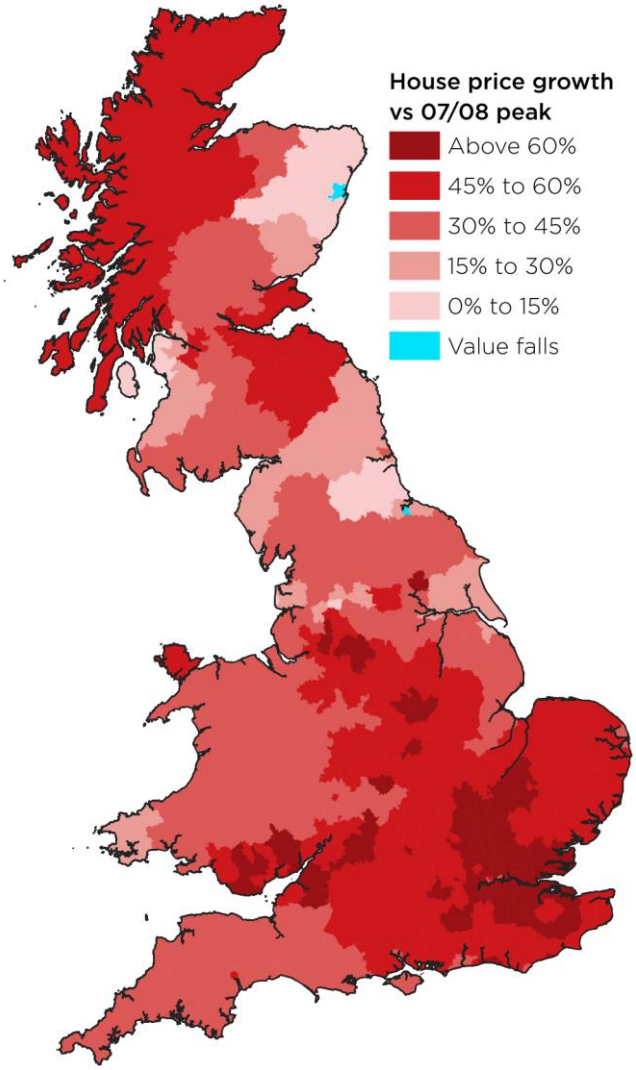
Activity is starting to slow after a strong start to 2026. Completed transactions in February were up 5% compared to 2017-19 levels and indicate growing momentum in early 2026. However, more timely data from TwentyCI showed that sales agreed net of fall throughs in March were down -2.5% on the 2017-19 average, while RICS surveyors reported a drop in new buyer enquiries. Headwinds in the mortgage market are likely to further suppress activity over the coming months.

Geopolitical uncertainty will drive inflation, but not to the same extent as 2022. Oxford Economics expects inflation to peak at 4% in Q4 2026 before falling sharply below 2% in 2027. The effects of this spike are likely be more muted than in 2022 when a combination of the global economy restarting after Covid, Russia's invasion of Ukraine, and the mini-Budget caused a large and prolonged inflationary shock, and saw annual inflation reach a peak of 11.1% in October 2022. The current situation is one in which the UK and global economy is growing more slowly than 4 years ago, and the prospect of inflation increasing to the same level is less likely.

The Bank of England has adopted a 'wait and see' approach to further rate cuts or rises. The effects of this are already being felt with the Bank of England pausing rate cuts, and with the mortgage markets adopting a more cautious approach. Lenders have already raised rates by 1% from where they were in January, with 2- and 5- year fixes at 4.8% and 4.9%, respectively. The number of mortgage products available in the UK has fallen from 8,500 to 7,000 but this is a modest change when compared to 2022, when a quarter of all mortgage products were taken out of the market.

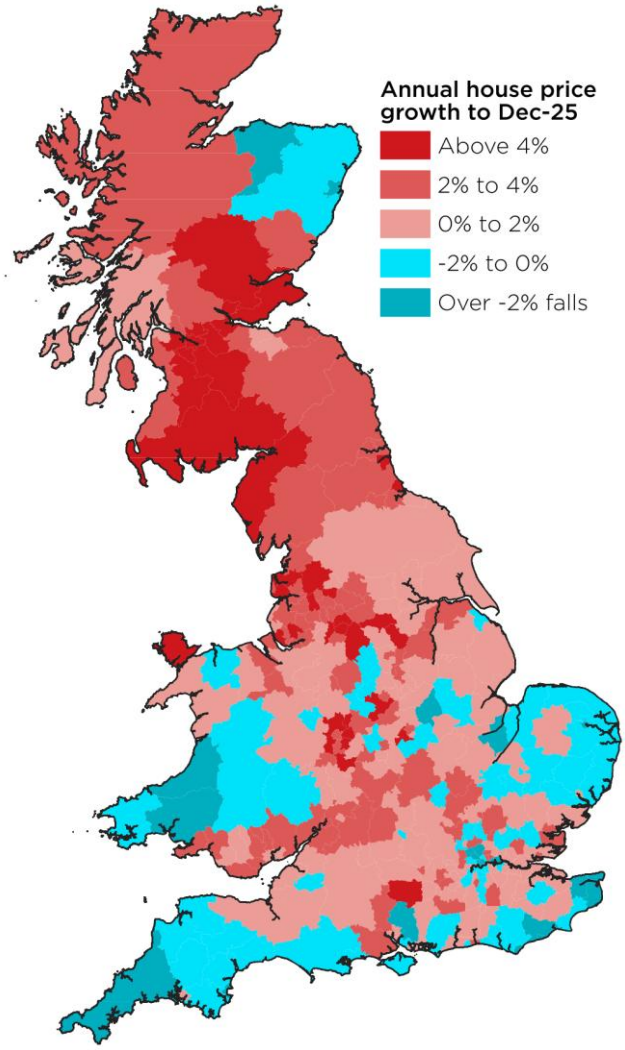
More localised house price data from December shows that the North East and Scotland had the greatest price growth, particularly East Renfrewshire (6.7%), Renfrewshire (6.4%) and Ribble Valley (6.4%). The weakest growth was in Tower Hamlets (-5.5%), Brent (-5.4%) and Hastings (-4.9%).

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



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

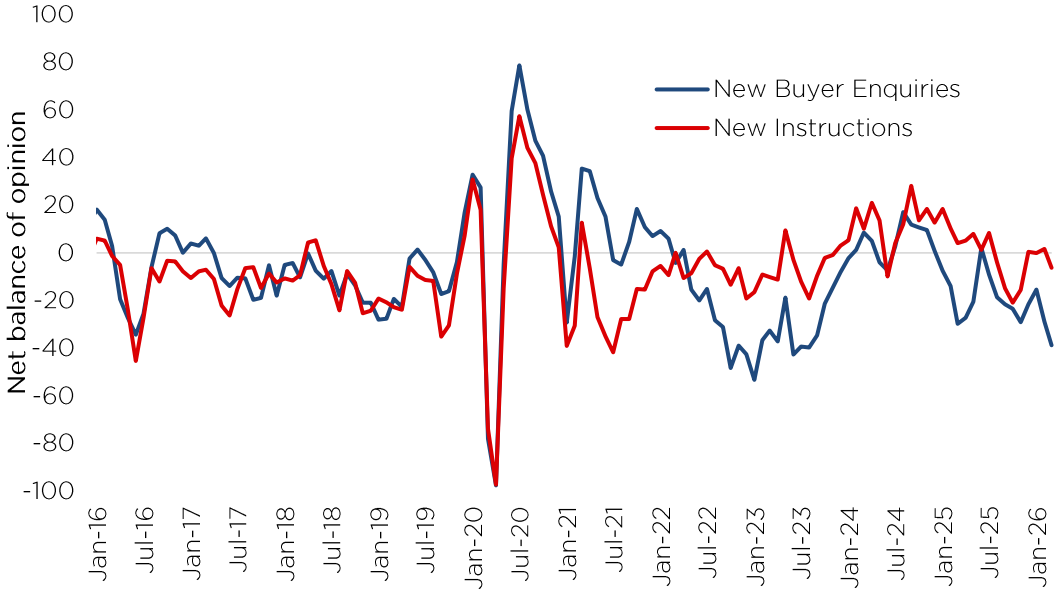
FIGURE 2 Annual house price growth to Dec-25



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

Surveyors reported a fresh decline in new buyer enquiries to levels not seen since 2023. The prospect of higher mortgage rates are likely to prove a significant challenge to buyers over the coming months. New instructions also dipped, indicating that some sellers are pausing until wider economic sentiment improves.

FIGURE 3 Both new buyer enquiries and new instructions were negative



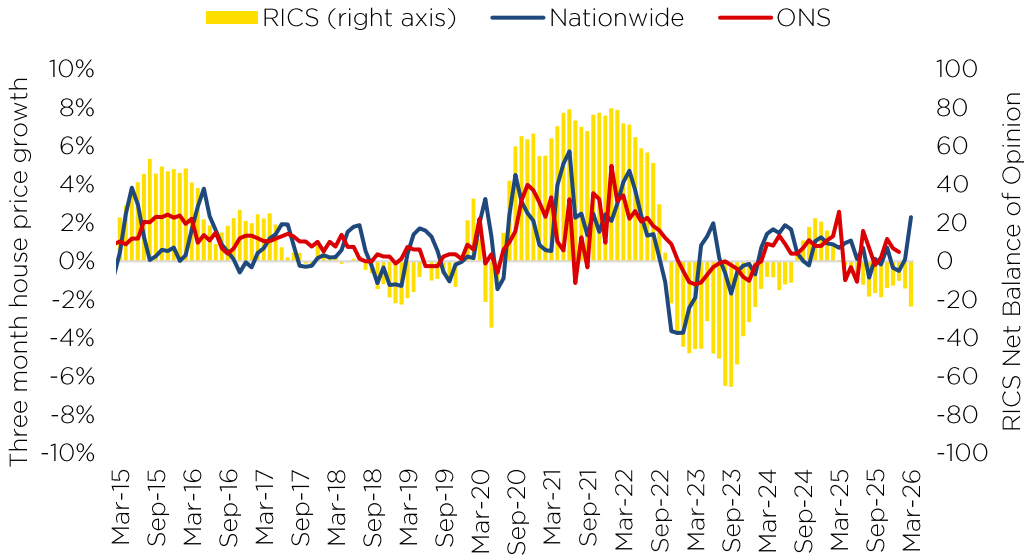
Source RICS (seasonally adjusted)

The RICS survey, which can be a good early indicator of house price movement, continued to report house price falls in March. Price expectations have been negative since April 2025.

Nationwide reported a 3-month increase of 2.3% in March 2026. This is the highest level since June 2022 and is likely driven by buyers committing to purchases before rates rise. Nationwide expect that this growth will fall sharply over the coming months in response to geopolitical uncertainty.

The more lagged ONS fell for the third month in a row and reported 3-month growth of 0.5% in January.

FIGURE 4 Nationwide reported 3-month growth of 2.3%; more lagged indicators report a slowdown

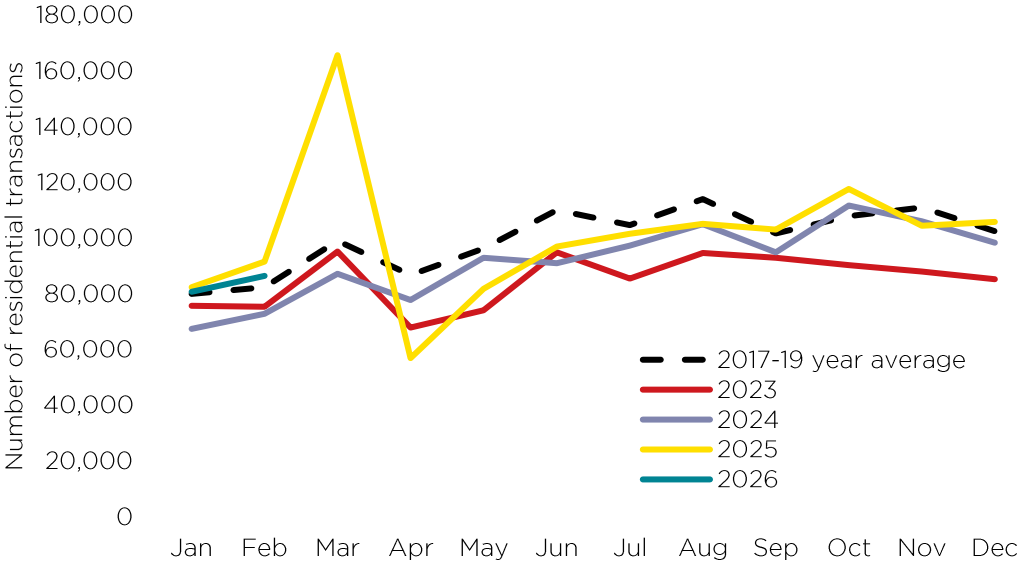


Source RICS, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

There were 86,430 transactions in February according to HMRC, -6% lower than February 2025, but 5% higher than the average between 2017-19.

This fall compared with 2025 is likely due to transactions taking place earlier in 2025 to beat the SDLT deadline. Comparisons to 2017-19 will provide a more normalised measure of activity through the first half of the year.

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



Source HMRC (seasonally adjusted)

Annual rental growth across the UK in February was 2.0% according to Zoopla, up slightly from 1.9% in January. The North East and North West continue to see the strongest annual rental growth of 4.4% and 3.3%, respectively. The West Midlands saw the weakest annual growth of 0.6%.

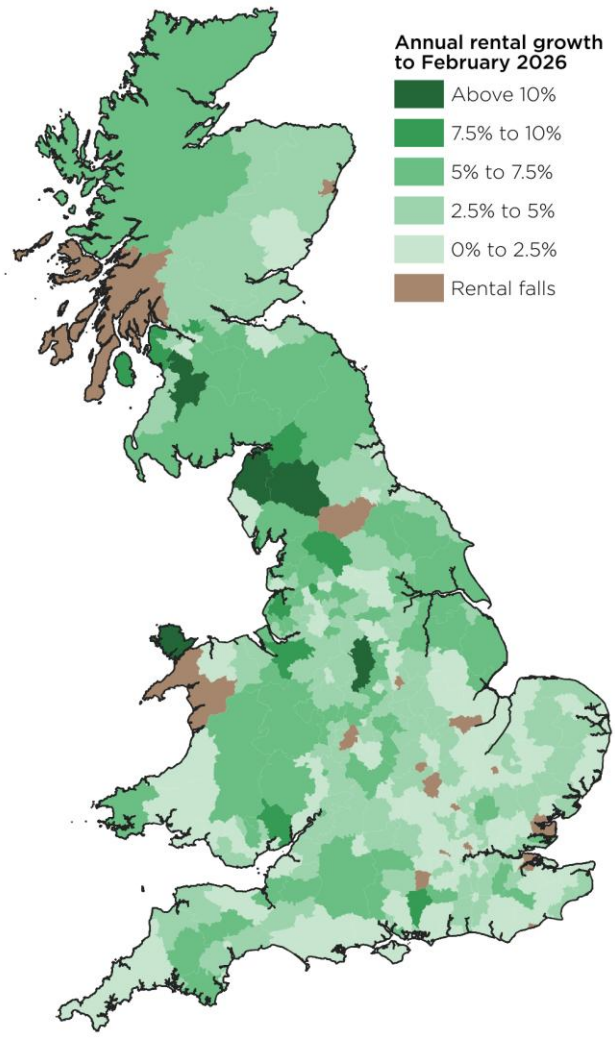
The UK rental market continues to stabilise with a mixed regional picture. Rental growth in the North West has been driven by a combination of more affordable areas such as Allerdale (16.7%) and Eden (13.1%), and urban markets such as Liverpool (3.9%) seeing stronger rental growth. Urban markets in the Midlands have seen rental falls due to decreased demand; Birmingham (-1.5%), Nottingham (-2.0%), Milton Keynes (-0.7%) and Cambridge (-0.6%) have all seen falls.

TABLE 1 Regional rental growth to February 2026

Region	m/m	q/q	y/y
UK	0.3%	0.5%	2.0%
London	0.2%	0.4%	1.6%
South East	0.3%	0.7%	2.0%
East of England	0.2%	0.4%	1.7%
South West	0.3%	0.4%	2.3%
East Midlands	0.3%	0.3%	1.2%
West Midlands	0.4%	0.3%	0.6%
North East	0.7%	1.9%	4.4%
Yorkshire and the Humber	0.2%	0.1%	2.1%
North West	0.4%	0.7%	3.3%
Wales	0.3%	0.5%	1.8%
Scotland	0.6%	0.5%	1.8%

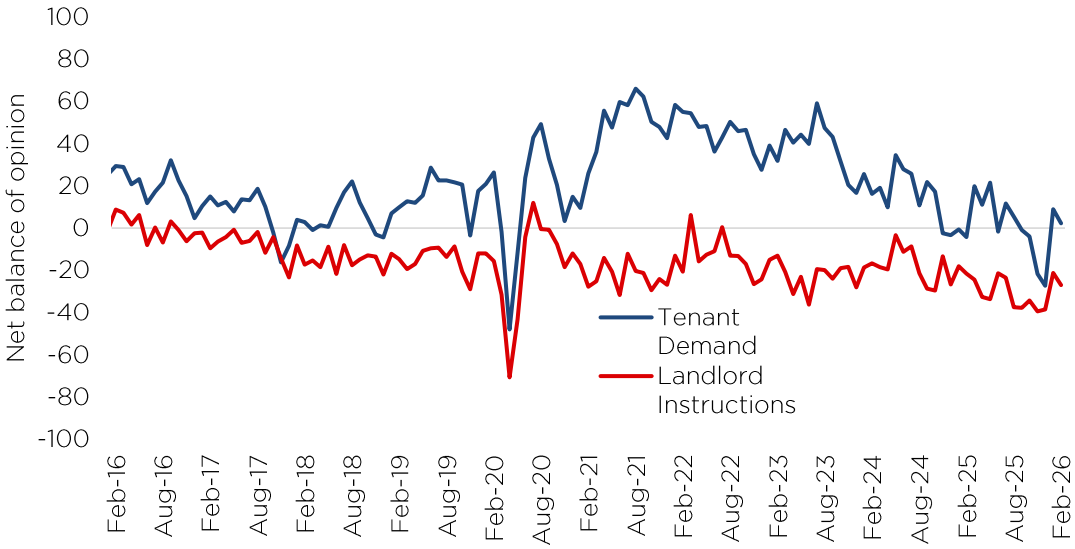
Source Zoopla Rental Index – powered by Hometrack

FIGURE 6 Annual rental growth to February 2026



Source Zoopla Rental Index – powered by Hometrack

FIGURE 7 Landlord instructions and tenant demand remain imbalanced in the rental market



Tenant demand remained positive for the second month, according to RICS surveyors, after a long run of negative demand in 2025. The amount of rental supply fell again after a seasonal recovery in January. Landlords are likely to remain cautious with the impending Renters' Rights Act which comes into force in May.

The rental market is likely to see continued regional variation over the coming months as local supply and demand imbalances are addressed, and the effects of new regulations are absorbed by landlords and tenants.

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 March 2026)			ONS (to January 2026)			Savills* (to December 2025)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.9%	0.7%	2.2%	0.0%	0.5%	1.3%	0.0%	0.7%	1.3%
London	-	1.7%	1.6%	0.4%	0.4%	-1.5%	-0.3%	0.9%	-0.1%
South East	-	0.0%	-0.8%	0.2%	-0.4%	-0.4%	-0.1%	0.3%	0.4%
East of England	-	1.2%	-0.5%	0.0%	-0.3%	1.1%	-0.1%	0.3%	0.5%
South West	-	0.0%	0.0%	-0.4%	0.5%	0.0%	0.1%	0.8%	0.0%
East Midlands	-	-0.5%	0.2%	0.4%	0.7%	2.2%	0.1%	0.7%	1.6%
West Midlands	-	-0.4%	-0.1%	0.7%	0.8%	2.4%	0.1%	0.7%	2.0%
North East	-	1.3%	2.5%	-0.8%	-0.8%	2.3%	0.2%	1.1%	2.9%
Yorkshire and the Humber	-	0.8%	1.5%	0.4%	1.3%	3.0%	0.1%	0.8%	1.7%
North West	-	1.3%	3.2%	0.4%	1.3%	3.2%	0.3%	1.4%	3.1%
Wales	-	0.8%	2.6%	-0.2%	1.3%	2.0%	0.3%	0.2%	1.7%
Scotland	-	1.5%	3.0%	-1.2%	-0.7%	1.2%	0.1%	0.6%	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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