# UK house prices set for 2026 rebound amid regional disparities and market optimism



House prices in the UK are widely expected to rebound in 2026, with forecasts ranging between 4% and 5% growth, signalling a potential turning point after several challenging years for the housing market. According to analysis by LandlordBuyer, which draws on input from economists and major estate agents, this anticipated rise follows modest growth of around 2.5% in 2025. If these projections hold, the average UK home—currently valued at approximately £280,000—could surpass the £300,000 mark by the end of next year.

Analysts attribute the forecasted recovery to a combination of falling interest rates, which are expected to ease borrowing costs, and improving affordability for buyers. A Reuters poll of property analysts corroborates this outlook, predicting a 4% national increase in house prices in 2026, with London expected to match this figure and other regions, such as the North West and Yorkshire & Humber, potentially seeing even stronger growth. Long-range analysis from Savills also supports these trends, suggesting a cumulative rise of over 21% by 2029, led by regional hotspots where house prices could climb by nearly a quarter over the next five years.

Jason Harris-Cohen, managing director of LandlordBuyer, emphasised the significance of the forecasted growth for landlords: “After several challenging years driven by rising interest rates, increased regulation, and squeezed affordability, the forecasted rebound in 2026 offers a welcome turning point. With over a third of landlords reportedly considering exiting, 2026–2027 could prove a defining window for decision-making.” He added that the improving market conditions may stimulate renewed investment and demand across the sector in the latter half of the decade.

While the overall outlook appears positive, there are some nuances and divergent views on regional performances. For instance, Capital Economics predicts that London could see a sharper rise of around 6.5% in the next year, reversing nearly a decade of underperformance in the capital. This optimistic forecast is attributed to London’s limited housing supply, relaxed lending criteria, and falling mortgage rates, which may boost borrowing capacity despite historically high price-to-earnings ratios. However, other experts, such as those from Knight Frank, are more cautious, anticipating a more modest 3% increase in London that lags behind the national average, citing affordability constraints and weaker demand rejuvenation as limiting factors. Jeremy Leaf, a former RICS residential chairman, noted to MoneyWeek that price growth in London will be uneven and highly dependent on location and property type.

The recent months have seen early signs of market activity reflecting these dynamics. Nationwide reported a stronger-than-expected 0.4% rise in house prices in February 2025, driven partly by buyers accelerating purchases before the expiry of a tax break. While this uptick exceeded forecasts, Nationwide’s chief economist, Robert Gardner, warned of short-term volatility due to policy changes, suggesting a spike in transactions in March followed by a slowdown. Furthermore, Zoopla’s index indicated a slowing national house price growth to 1.4%, linked to an increase in homes for sale that has provided buyers with more choice and put downward pressure on prices, particularly in the South and South East of England.

On the supply side, British homebuilder Persimmon has announced plans to increase home completions to around 12,000 in 2026, up from the 2025 target of 11,000 to 11,500. The company reported stronger-than-expected first-half earnings amid growing demand from private buyers but cautioned that ongoing cost pressures and affordability challenges could limit margin growth. This optimistic supply outlook aligns with the general recovery narrative but underscores persistent hurdles within the market, notably economic sluggishness and inflationary pressures.

Meanwhile, landlords continue to navigate a complex environment marked by regulatory concerns and economic uncertainty. Research from Market Financial Solutions shows that despite these challenges, a significant proportion remain positive about future prospects; 36% plan to expand their portfolios in 2025, and over half expect house prices to rise. However, concerns persist over tenants’ ability to pay rent amid inflation and cost of living increases, which landlords will need to carefully manage as they position themselves for the predicted market rebound.

In summary, the UK housing market appears poised for a meaningful recovery starting in 2026, driven by easing interest rates, renewed buyer demand, and increased supply from homebuilders. However, regional disparities, affordability constraints, and economic uncertainties suggest that while overall growth is anticipated, the pace and scale of recovery will vary across the country and market segments. For landlords and prospective buyers, the coming years could present both opportunities and challenges as the market transitions into this next phase.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://theintermediary.co.uk/2025/09/house-prices-predicted-to-rebound-in-2026-analysis-finds/), [[2]](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/), [[3]](https://www.reuters.com/world/uk/uk-house-prices-rise-04-february-nationwide-says-2025-02-28/)
* Paragraph 2 – [[1]](https://theintermediary.co.uk/2025/09/house-prices-predicted-to-rebound-in-2026-analysis-finds/), [[2]](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/), [[4]](https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk)
* Paragraph 3 – [[1]](https://theintermediary.co.uk/2025/09/house-prices-predicted-to-rebound-in-2026-analysis-finds/), [[6]](https://theintermediary.co.uk/2025/03/landlords-plan-expansion-despite-economic-and-regulatory-concerns-research-reveals/)
* Paragraph 4 – [[4]](https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk)
* Paragraph 5 – [[3]](https://www.reuters.com/world/uk/uk-house-prices-rise-04-february-nationwide-says-2025-02-28/), [[7]](https://theintermediary.co.uk/2025/06/greater-choice-for-buyers-slows-house-price-growth-to-1-4-zoopla/)
* Paragraph 6 – [[5]](https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/)
* Paragraph 7 – [[6]](https://theintermediary.co.uk/2025/03/landlords-plan-expansion-despite-economic-and-regulatory-concerns-research-reveals/)
* Paragraph 8 – [[1]](https://theintermediary.co.uk/2025/09/house-prices-predicted-to-rebound-in-2026-analysis-finds/), [[2]](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/), [[5]](https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/), [[6]](https://theintermediary.co.uk/2025/03/landlords-plan-expansion-despite-economic-and-regulatory-concerns-research-reveals/)

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## Bibliography

1. <https://theintermediary.co.uk/2025/09/house-prices-predicted-to-rebound-in-2026-analysis-finds/> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/> - A Reuters poll indicates that UK home prices are expected to rise by 3.5% in 2025, with a further 4.0% increase in 2026. Economists attribute this growth to anticipated interest rate cuts by the Bank of England, which are expected to support the housing market and improve affordability for first-time buyers. The poll also forecasts that London home prices will grow by 3.0% in 2025 and 4.0% in 2026, aligning with the national trend. However, the market faces challenges such as higher taxation and a weak economic backdrop, which may constrain property values despite the projected growth.
3. <https://www.reuters.com/world/uk/uk-house-prices-rise-04-february-nationwide-says-2025-02-28/> - Nationwide reports that UK house prices rose by 0.4% in February 2025, surpassing expectations and marking a stronger increase compared to January's 0.1% rise. This uptick is attributed to buyers hurrying to finalize purchases before the expiration of a tax break at the end of March. The increase exceeded all forecasts from a Reuters poll, which had predicted a 0.2% rise. The housing market has witnessed a recovery driven by lower borrowing costs and the impending expiration of the stamp duty incentive. Robert Gardner, Nationwide's chief economist, indicated that the tax changes would cause short-term volatility, leading to a spike in transactions in March followed by a slowdown. British home prices are forecasted to rise by 3.5% in 2025 and 4.0% in 2026, aided by anticipated interest rate cuts from the Bank of England. Year-on-year, house prices were up by 3.9% in February, a slight deceleration from January's 4.1% increase.
4. <https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk> - Capital Economics forecasts that London house prices will rise by 6.5% in the next year, outpacing the projected UK average of 5%. This marks a reversal after nine years of underperformance in the capital, where prices rose by just 1.4% over the past year compared to 2.9% nationwide. The consultancy attributes this anticipated rebound to falling mortgage rates, relaxed lending criteria, and a limited housing supply in London. Economist Ashley Webb highlights that London's house prices tend to recover more quickly than other regions when interest rates drop, and that increased borrowing capacity—especially significant given London’s high price-to-earnings ratio—will further drive growth. However, other experts are less optimistic. Knight Frank forecasts just a 3% rise in Greater London compared to 4% nationally, suggesting London will continue to lag due to affordability constraints and lack of demand rejuvenation. Jeremy Leaf of RICS notes that while London remains desirable, price growth will be uneven and heavily dependent on location and property type. Past underperformance in London is attributed to post-Brexit employment trends, higher taxes, rising rates, and the remote work shift encouraging moves away from the capital.
5. <https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/> - British homebuilder Persimmon announced on August 13, 2025, that it expects to increase home completions to approximately 12,000 in 2026, up from its 2025 target of 11,000 to 11,500 homes. This forecast comes as the company reported stronger-than-expected first-half earnings, with an underlying pre-tax profit of £164.9 million, exceeding the analyst consensus of £161.1 million. The rise in profit was driven by increasing demand from private buyers. However, Persimmon cautioned that margin growth may be limited due to ongoing cost pressures and affordability issues in the housing market, exacerbated by a sluggish UK economy and persistent inflation. The company is particularly exposed to the first-time buyer segment, which remains sensitive to market affordability.
6. <https://theintermediary.co.uk/2025/03/landlords-plan-expansion-despite-economic-and-regulatory-concerns-research-reveals/> - Research from Market Financial Solutions (MFS) reveals that landlords remain optimistic about the buy-to-let market, with 36% planning to increase their property portfolios in 2025, while only 9% intend to reduce them. The survey also indicates that 54% of landlords expect house prices to rise, and 43% believe rental yields will improve. Despite this optimism, concerns persist over affordability, economic stability, and regulatory changes. Notably, 41% of landlords worry about tenants' ability to pay rent due to inflation and cost of living pressures, and 27% are troubled by increased regulation in the buy-to-let market. Paresh Raja, CEO of Market Financial Solutions, commented on the resilience of the sector and the continued demand for rental properties, emphasizing the need for landlords to remain vigilant in managing their portfolios amidst potential risks.
7. <https://theintermediary.co.uk/2025/06/greater-choice-for-buyers-slows-house-price-growth-to-1-4-zoopla/> - Zoopla's latest House Price Index (HPI) reports that house price growth has slowed to 1.4% as more homes have come on the market, providing buyers with greater choice. The average UK house price is now £268,400, which is £3,960 higher than the same time last year. The research found that since last year, the average estate agent had 37 homes for sale, up from 32, and sales agreed were up 6% year-on-year. More homes for sale meant buyers had more choice, holding back price growth, especially in the South, South East, and South West, where the number of homes for sale was up 16-19%. In these areas, house prices rose by less than 0.5% over the year. In contrast, the North, West Midlands, and Scotland experienced smaller increases in homes for sale, leading to less choice for buyers and above-average price growth of 2-3%. Higher value areas, especially where average property values were over £500,000, saw slight price declines.