# UK housing market poised for 2026 rebound with forecasted house price growth of 4-5%



After several challenging years for the UK housing market characterised by rising interest rates, increased regulation, and squeezed affordability, new research points to a forecasted rebound in house prices in 2026, offering a potential turning point for buyers, sellers, and landlords alike.

Research from LandlordBuyer anticipates national house price growth of 4–5% in 2026, following a relatively flat market in 2025. Economists predict a 5% rise in prices through to the fourth quarter of 2026, improving on slower growth estimated at 2.5% for 2025. Estate agents also foresee approximately 4% price growth next year, contributing to a cumulative 22.8% increase by the close of 2029. At present, the average UK house price is around £280,000, with projections suggesting it could surpass £300,000 by the end of 2026. Jason Harris-Cohen, Managing Director of LandlordBuyer, highlighted the significance of this rebound: “After several challenging years… the forecasted rebound in 2026 offers a welcome turning point,” noting that this period could encourage landlords who have faced tighter regulations and higher borrowing costs to consider exiting the market.

Adding further depth, a detailed report by Savills corroborates this outlook but suggests the UK housing market is already past its “peak pain.” Savills projects average growth of 17.9% over five years ending in 2028, with notable regional outperformance from the North West and Yorkshire & Humber, expecting rises of 24.3% and 23.7% respectively. The Bank of England’s anticipated interest rate cuts in the latter half of 2024 are identified as a key catalyst supporting renewed price growth from late 2024 into 2026 and beyond. Savills’ longer-term forecasts extend these growth trends through to 2029, predicting an overall 22.8% price increase nationally, with house prices potentially reaching £300,108 by the end of 2028.

Meanwhile, polling from Reuters aligns closely with these figures, estimating home prices will rise by 3.5% in 2025, higher than previous expectations, aided by the Bank of England’s predicted rate reduction to 3.75% that year. London’s housing market is expected to see a 3% increase in 2025 and 4% growth in 2026, consistent with LandlordBuyer’s predictions that London’s price growth may track the national average. This view contrasts somewhat with other forecasts such as those from Capital Economics, cited by MoneyWeek, which argues London prices could rise more rapidly—by 6.5% in the coming year—driven by falling mortgage rates, relaxed lending criteria, and limited housing supply. This represents a possible turnaround after nearly a decade of underperformance in the capital’s housing market.

Reflecting recent market momentum, data from the Office for National Statistics (ONS) showcased in a Reuters report reveals UK house prices climbed 4.9% annually to January 2025, marking the fastest growth rate in two years, with an average price of £269,000. This rise underscores a market starting to rebound ahead of the expected acceleration in 2026.

Supply-side developments also contribute to the outlook. British homebuilder Persimmon announced plans to increase home completions to around 12,000 in 2026, up from 11,000-11,500 in 2025, signalling growing housing availability amid robust demand. This could help moderate price growth over the longer term but also suggests sustained market activity.

Overall, the emerging consensus paints a cautiously optimistic picture for the UK housing market. The expected price growth in 2026 and beyond, driven by easing borrowing costs and historically low supply in key regions, might enable improved sale values and revitalise investment appetite across both the owner-occupier and landlord sectors. However, the sector also faces structural challenges, such as changing landlord dynamics and regional disparities, making the next few years a defining period for many market participants.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.propertyreporter.co.uk/uk-house-prices-forecast-to-rise-4-5-in-2026.html)
* Paragraph 2 – [[1]](https://www.propertyreporter.co.uk/uk-house-prices-forecast-to-rise-4-5-in-2026.html), [[4]](https://www.savills.co.uk/insight-and-opinion/savills-news/369036-0/average-house-prices-to-increase-by-23.4--over-the-next-five-years)
* Paragraph 3 – [[2]](https://www.savills.co.uk/insight-and-opinion/savills-news/353744-0/uk-s-housing-market-is-past--peak-pain-)
* Paragraph 4 – [[3]](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/), [[5]](https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk), [[1]](https://www.propertyreporter.co.uk/uk-house-prices-forecast-to-rise-4-5-in-2026.html)
* Paragraph 5 – [[6]](https://www.reuters.com/world/uk/uk-house-prices-jump-by-most-two-years-ons-says-2025-03-26/)
* Paragraph 6 – [[7]](https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/)
* Paragraph 7 – [[1]](https://www.propertyreporter.co.uk/uk-house-prices-forecast-to-rise-4-5-in-2026.html), [[2]](https://www.savills.co.uk/insight-and-opinion/savills-news/353744-0/uk-s-housing-market-is-past--peak-pain-), [[3]](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/), [[5]](https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk), [[7]](https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.propertyreporter.co.uk/uk-house-prices-forecast-to-rise-4-5-in-2026.html> - Please view link - unable to able to access data
2. <https://www.savills.co.uk/insight-and-opinion/savills-news/353744-0/uk-s-housing-market-is-past--peak-pain-> - Savills reports that the UK housing market is past its 'peak pain', with house prices expected to grow by an average of 17.9% over the five years to 2028. The Bank of England is anticipated to start cutting rates in the second half of 2024, providing more capacity for price growth in the mainstream market from the end of next year. The forecasted growth includes a 5% increase in 2026, contributing to a cumulative 22.8% rise by the end of 2029. The North West and Yorkshire & Humber regions are projected to lead the way with 24.3% and 23.7% growth, respectively. The average UK house price is expected to reach £300,108 by the end of 2028. [Source: Savills UK](https://www.savills.co.uk/insight-and-opinion/savills-news/353744-0/uk-s-housing-market-is-past--peak-pain-)
3. <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, exceeding previous projections. The Bank of England is predicted to cut interest rates by 75 basis points to 3.75% by the end of the year, which could support the housing market and improve purchasing affordability for first-time buyers. London home prices are projected to grow by 3.0% in 2025 and 4.0% in 2026. [Source: Reuters](https://www.reuters.com/world/uk/uk-home-prices-rise-35-this-year-bank-england-continue-cutting-bank-rate-2025-02-25/)
4. <https://www.savills.co.uk/insight-and-opinion/savills-news/369036-0/average-house-prices-to-increase-by-23.4--over-the-next-five-years> - Savills forecasts that average house prices in the UK will increase by 23.4% over the next five years, with a £84,000 rise by the end of 2029. The forecast includes a 4% increase in 2025, followed by 5.5% in 2026. The North West and Yorkshire & Humber regions are projected to lead the way with 29.4% and 28.2% growth, respectively. The average UK house price is expected to reach £442,000 by the end of 2029. [Source: Savills UK](https://www.savills.co.uk/insight-and-opinion/savills-news/369036-0/average-house-prices-to-increase-by-23.4--over-the-next-five-years)
5. <https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk> - According to a forecast by Capital Economics, London house prices are expected to 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. The anticipated rebound is attributed to falling mortgage rates, relaxed lending criteria, and limited housing supply in London. [Source: MoneyWeek](https://moneyweek.com/investments/house-prices/london-house-prices-to-outperform-rest-of-uk)
6. <https://www.reuters.com/world/uk/uk-house-prices-jump-by-most-two-years-ons-says-2025-03-26/> - In the 12 months leading up to January 2025, British house prices experienced a significant increase, rising at their fastest pace in two years, as reported by the Office for National Statistics (ONS). The average house price rose by 4.9% annually, reaching £269,000, marking the highest growth since January 2023. [Source: Reuters](https://www.reuters.com/world/uk/uk-house-prices-jump-by-most-two-years-ons-says-2025-03-26/)
7. <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. [Source: Reuters](https://www.reuters.com/world/uk/uks-homebuilder-persimmon-expects-deliver-more-homes-2026-2025-08-13/)