

UK House Price Index

+1.1%

UK house price inflation
(November 2025)

1.5%

Estimated house price
inflation over 2026

1.18m

Estimated housing
transactions over 2026

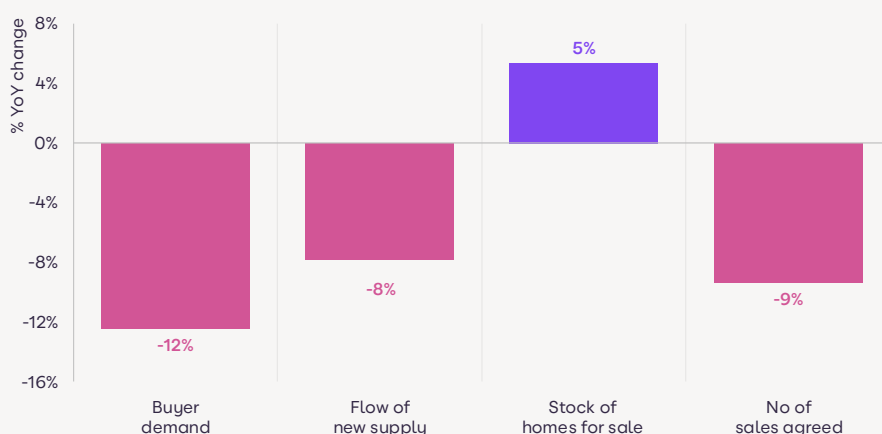
Executive summary

- Housing sales hit 1.2m in 2025 - the highest level for 3 years
- Mortgage rate stability, higher incomes and mortgage affordability improvements support sales
- Sales are higher but UK price inflation slows to 1.1% (1.9% in 2024)
- First-time buyers are the largest buyer group in 2025 (39% sales)
- Desire to move remains strong, subject to affordability
- House prices projected to increase 1.5% over 2026
- Estimated housing transactions total 1.18m in 2026
- North-south divide in price inflation set to remain

“We expect a stronger than usual start to 2026 as buyers return to the market. The appetite to move home remains strong but affordability remains a constraint for those buying their first home or looking to trade-up to a larger home, which will keep prices in check”

Richard Donnell
Executive Director

Budget compounds end-of-year slowdown



Source: Zoopla Research

% change - 4 weeks to 14 December 2025 compared to the same period in 2024

+9%

Increase in housing
sales over 2025

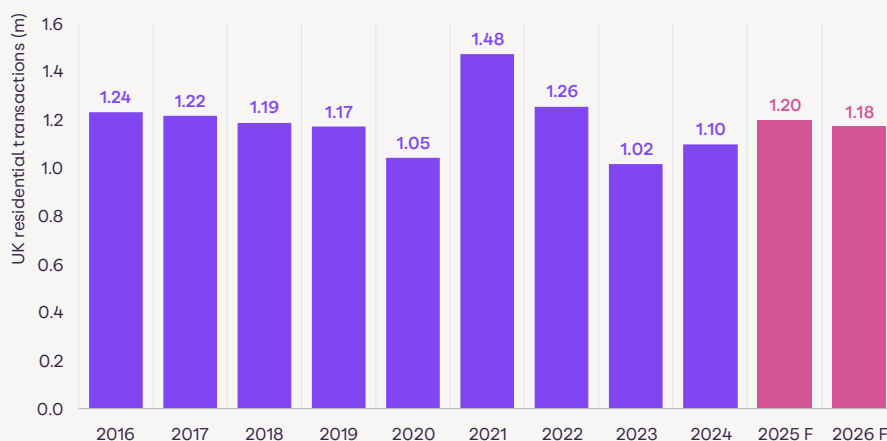
Recovery in sales - most home moves for 3 years

The health of the housing market is best described by how many people feel confident and able to move home. The last 2 years have seen a sustained recovery in the number of sales alongside modest house price inflation as the market adjusts to higher mortgage rates.

Faster growth in household incomes and stability in mortgage rates have encouraged more home moves. Over 2025, estate agents had had the highest numbers of homes for sale in 7 years. Many of these sellers were also buyers, which has supported the recovery in sales.

The housing market is on track to reach 1.2m transactions over 2025. This is 9% higher than last year and in line with the 10-year average. The total value of homes sold in 2025 is £367bn, the highest since 2022. We expect the total sales to dip slightly to 1.18m in 2026.

UK housing transactions on track for 1.2 million in 2025



Source: Zoopla Research/ HMRC

Budget speculation hits new sales agreed in Q4 2025

Budget speculation reduced levels of housing market activity over the final quarter of 2025 to a greater extent than the usual seasonal slowdown. Q4 2025 has registered the sharpest decline in sales agreed since the 2022 mini-Budget as buyers held back from making decisions.

Over the last 4 weeks, demand for homes has been 12% lower than a year ago, while new sales agreed are down 9%¹.

It's too late for the drop in sales agreed to hit the number of housing transactions in 2025. It takes, on average, 5 months for a 'sale agreed' to turn into a completed sale when the buyer gets the keys and moves in. The decline in sales over recent months will only become apparent in housing transactions numbers over the first quarter of 2026. It is one reason why we expect a slight dip to 1.18m sales in 2026.

¹ Four weeks to 14 December 2025 vs same period in 2024

39%

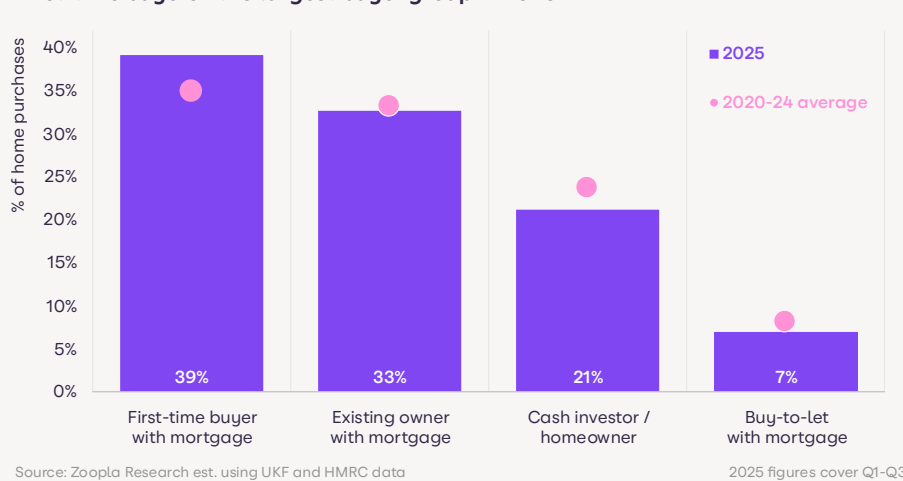
First-time buyers' share of housing sales in 2025

First-time buyers drive market ahead

First-time buyers (FTBs) have been a driving force for increased sales and account for 2 in 5 sales. Existing homeowners buying a home with a mortgage account for 1 in 3 sales. Cash buyers account for just over 1 in 5 sales, while landlords using a mortgage account for 7% of sales.

Improvements to the availability of mortgages since the spring boosted affordability for buyers using a mortgage. FTB numbers are on track to be 20% higher over 2025, which has pushed FTB's share of all sales above the 2000-2024 average. We expect FTBs to be the largest buyer group once again in 2026, but affordability and buying costs remains an important influence on what they can pay.

First-time buyers - the largest buyer group in 2025



UK house prices increase by 1.1% over 2025

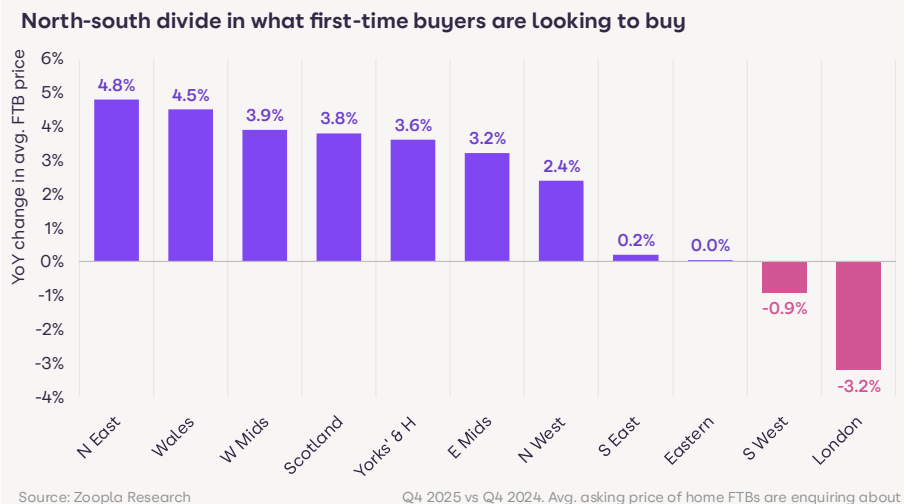
While there are more home moves, this is not translating into faster levels of headline house price inflation. UK house prices are just 1.1% higher than a year ago, below the 3.8% average over the last decade. House prices are still adjusting to the impact of higher borrowing costs and increased buying costs after stamp duty reliefs ended in April.

There is a clear north-south divide in price inflation. Average home values are registering modest price falls of up to -0.6% across southern England where affordability and higher buying costs are a drag on prices. Lower house prices in northern England and Scotland mean improved buyer affordability and faster levels of house price inflation of up to 2.9% in the North West. We expect this north-south divide in price inflation to continue over 2026.

This pattern of regional house price inflation is reflected in the price of what FTBs are looking to buy on Zoopla. Despite a boost to mortgage affordability over 2025, our data shows FTBs are looking to buy cheaper homes than a year ago in London and southern England - largely due to higher stamp duty costs - while they are paying more in regional markets, which is supporting faster levels of price inflation.

6.7%

YoY House price inflation
in Northern Ireland
(November 2025)

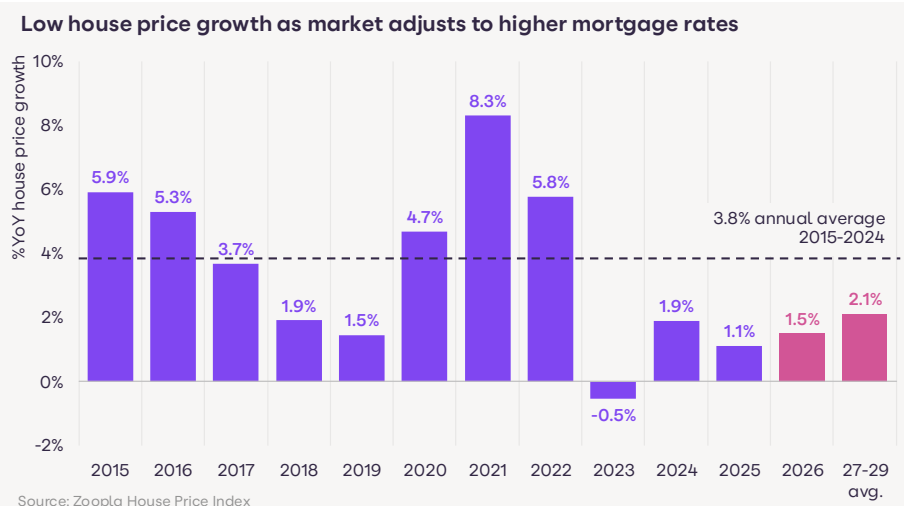


Prices up 4.7% in Scottish Borders and 2.4% down in Truro

House price inflation varies widely at a localised level. House prices are rising fastest across Northern Ireland (6.7%), where prices are rising off a low base on a more settled economic and political backdrop. The hottest markets for price inflation across Britain are the Scottish Borders (TD postal area at 4.7%), followed by Oldham (OL, 4.4%), Kirkcaldy (KY, 4.2%) and Falkirk (FK, 4.2%). Northern regions of England and Scotland have further scope for faster price inflation over 2026.

At the other end of the spectrum, prices are posting small falls across southern England, particularly in coastal areas where double council tax on second homes and a return to office working is impacting demand. House prices are 2.4% down in the Truro (TR) postal area, as well as Torquay (TQ, -1.9%) and Bournemouth (BH, -1.8%).

In London, house prices are down by 2% in North West London (NW), 1.8% lower in West Central London (WC) and 1.5% lower in West London (W). High house prices and stamp duty costs are the main drag on prices across inner London. However, most London suburbs continue to register small house price gains of up to 1%.



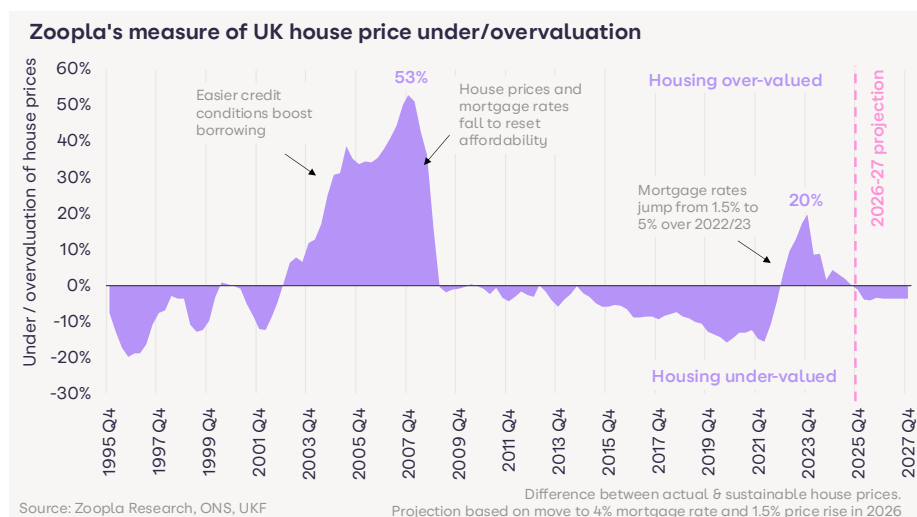
1.5%

Projected UK house price inflation over 2026

House prices 'fairly valued' at the end of 2025

The outlook for transactions and house prices in 2026 is largely down to the economic outlook, in particular the jobs market and incomes growth. The jobs market has softened over 2025 and while disposable incomes have been increasing at a faster pace, this is now starting to slow. Fierce competition in the mortgage market is keeping average borrowing costs close to 4% and rates are likely to edge lower in 2026.

To inform our forecasts, we have a model that tracks whether house prices are 'over' or 'under' valued². Higher mortgages over 2023 led to house prices being 20% 'over-valued' which explains why price growth has been subdued over the last 3 years as affordability was resetting. Today, UK house prices are 'fairly valued', which creates headroom for house prices to rise in line with incomes, assuming no large decline in average mortgage rates or any major loosening in mortgage lending.



Outlook for 2026

We expect a release of pent-up demand over Q1 2026 as buyers return to the market, having delayed decisions in the run-up to the budget. We expect a stronger than usual start to the year in 2026.

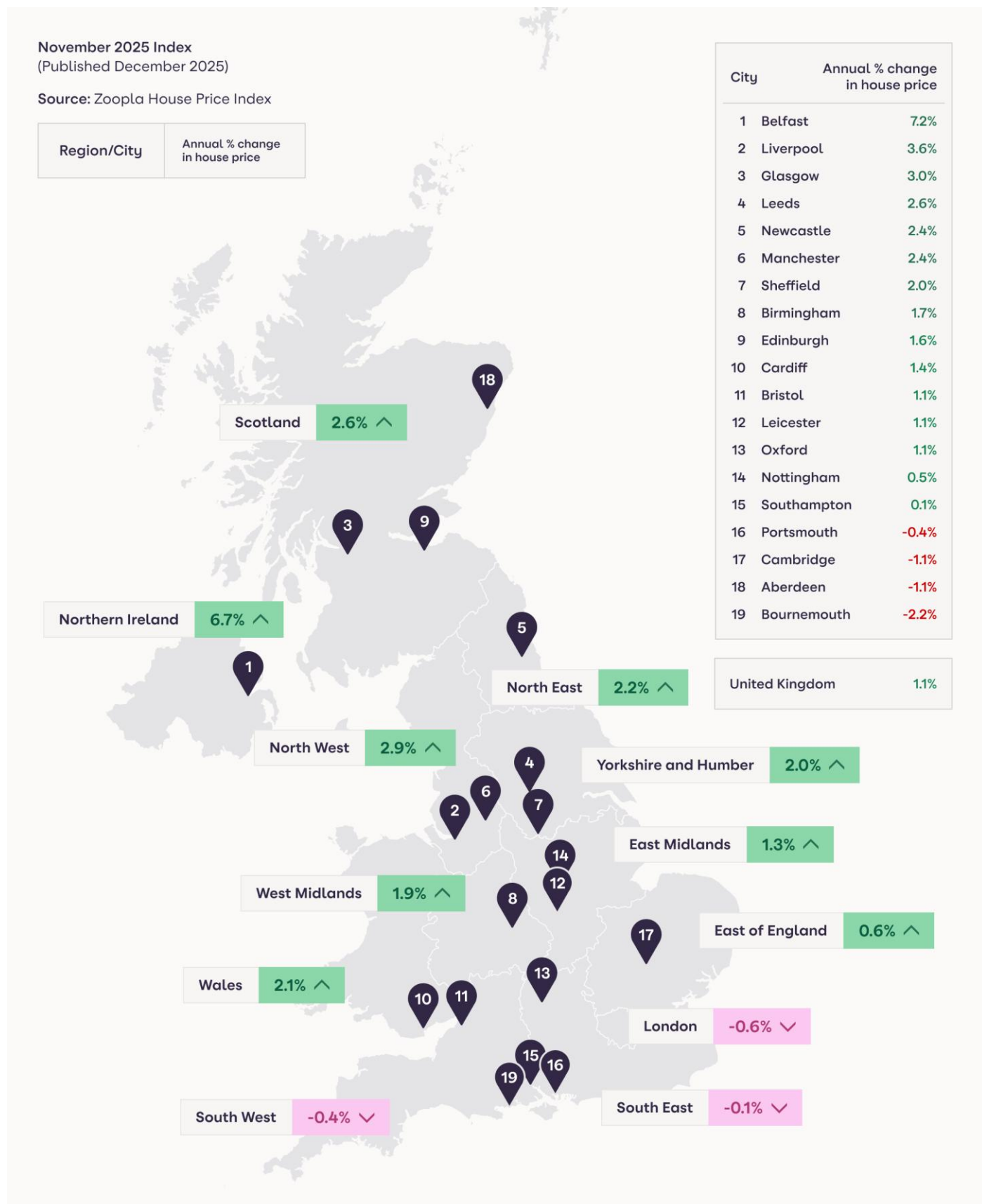
This will support housing sales, which are expected to total 1.18m over 2026. The appetite to move home amongst UK households remains strong but affordability remains a constraint for those buying their first home or looking to trade-up to a larger home. It is very important that sellers remain realistic on pricing to secure sales in 2026, especially across southern England.

We expect sales volumes to remain elevated, close to the 1.2m long run average, with plenty of homes for sale, which will boost buyer choice and keep price rises in check. Average UK house prices are projected to be 1.5% higher over 2026, with an annual average increase of 2.1% between 2027 and 2029 as housing affordability continues to steadily reset and supports the number of sales.

² The Zoopla' UK house price over/under valuation model compares actual house prices to a modelled 'affordable house price', which are based on incomes and mortgage rates. Using a long-run ONS series for the average household disposable income for all households in all tenures, we assume a fixed proportion of income (25%) is spent on mortgage repayments over time. Using the prevailing mortgage rate over time, we estimate the amount of mortgage that is affordable at the average mortgage term for home purchases. The average LTV is used to estimate the affordable house price for the average UK household. This figure is compared to the actual price of homes to get a measure of over/undervaluation.

House Price Index - Country, region and city summary

Note: The Zoopla house price index is a repeat sales-based price index, using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.



Zoopla House Price Index, city summary, November 2025 index

Sparklines show last 12 months trend in annual and monthly growth rates - red bars are a negative value - each series has its own axis settings providing a more granular view on price development.

	Average price	%YoY Nov-25	%YoY Nov-24	Monthly trend	Annual trend
UK	£270,300	1.1%	1.9%		
20 City Composite	£310,100	0.9%	2.1%		
Belfast	£195,700	7.2%	7.6%		
Liverpool	£167,000	3.6%	3.1%		
Glasgow	£159,200	3.0%	3.1%		
Leeds	£216,200	2.6%	1.8%		
Manchester	£234,800	2.4%	3.4%		
Newcastle	£161,100	2.4%	2.5%		
Sheffield	£176,900	2.0%	2.5%		
Birmingham	£215,200	1.7%	2.4%		
Edinburgh	£279,300	1.6%	1.7%		
Cardiff	£260,200	1.4%	2.3%		
Leicester	£228,400	1.1%	0.9%		
Bristol	£343,200	1.1%	1.9%		
Oxford	£447,200	1.1%	0.9%		
Nottingham	£206,600	0.5%	2.4%		
Southampton	£258,400	0.1%	1.0%		
Portsmouth	£276,400	-0.4%	0.7%		
London	£529,400	-0.6%	1.5%		
Cambridge	£469,500	-1.1%	2.7%		
Aberdeen	£138,100	-1.1%	-0.3%		
Bournemouth	£317,400	-2.2%	1.1%		

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

Contacts

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