

UK House Price Index

+1.3%

UK house price inflation
(January 2026)

-3%

Sales agreed
vs last year

40%

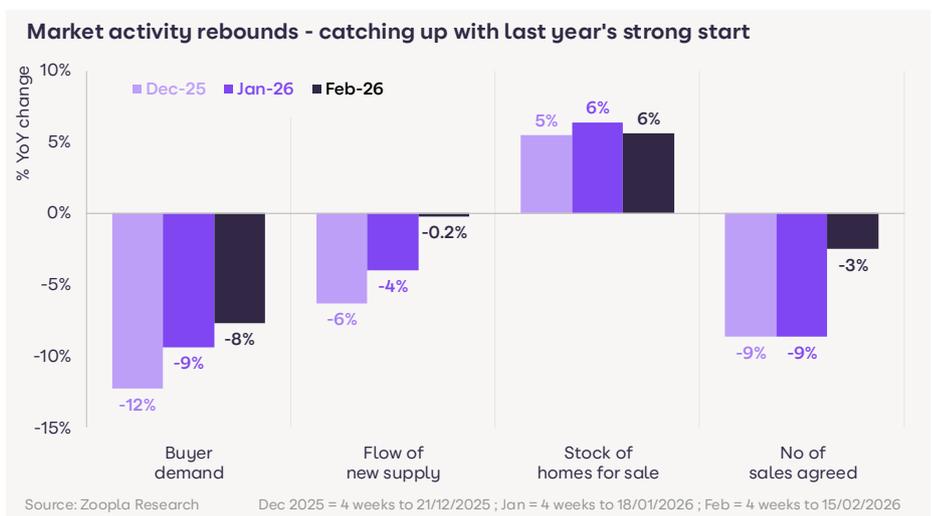
% homes that could be
bought for less than the
cost of renting

Executive summary

- Sales agreed are running at one of the highest February levels in the past decade but down 3% on last year
- Mortgage rates below 4% are boosting sales volumes
- New listing activity is accelerating boosting stock levels
- 40% of homes for sale are cheaper to buy with a monthly mortgage than renting – up from 25% of homes last year
- Sales activity is healthy, but price inflation remains subdued
- UK price inflation running at 1.3%, down from 1.8% last year
- Price inflation is higher than last year in northern England and Scotland. Price falls have moderated in southern England

“The housing market has started 2026 with renewed momentum, supported by improving affordability and strong demand from movers, while house price growth remains modest. Conditions continue to vary widely across the country, making local market insight more important than ever.”

Richard Donnell
Executive Director



3.9%

Average mortgage rate for a 2-year fixed-rate at 75% LTV

Sales agreed rebound

The housing market has started 2026 with a strong rebound in activity. This has been driven by the lowest mortgage rates in four years and improved access to mortgages, particularly for first-time buyers.

Sales agreed have increased sharply but remain 3% below the very strong start to 2025¹. Sales are currently running at the fourth strongest February level in the past decade², even though there are 8% fewer buyers in the market than a year ago.

Surge of sellers listing homes

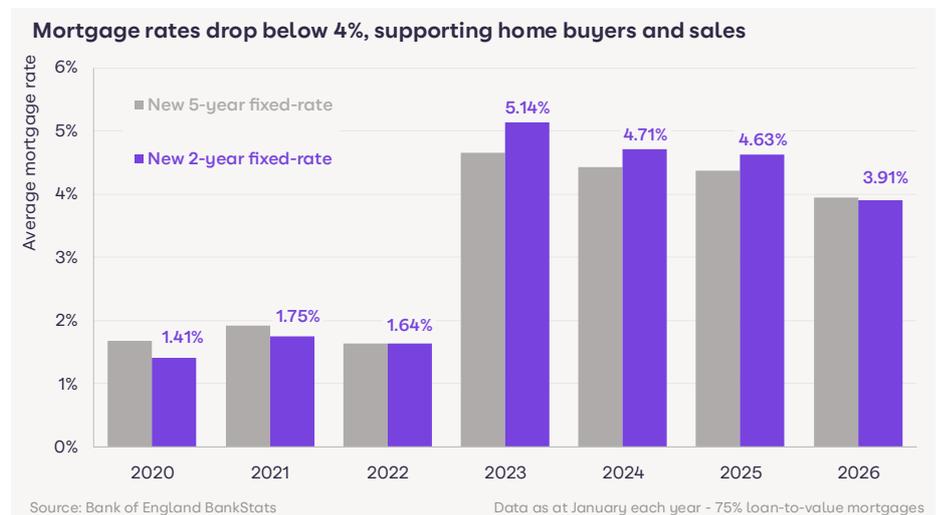
One clear trend is a surge in sellers bringing homes to the market. February is on track to record the highest monthly number of new listings in a decade, reflecting improving seller confidence and a strong desire for households to move home.

There are already 6% more homes for sale than a year ago¹, and this is expected to rise further in the coming months. Increased supply is boosting choice for buyers and is expected to keep house price growth in check over 2026.

Lowest mortgage rates for 4 years supporting sales

Healthy market activity is being supported by falling base rates and strong competition between mortgage lenders. As a result, average mortgage rates for new loans fell to their lowest level in four years in January³. Rates on both two-year and five-year fixed deals are now below 4% for the first time since 2022.

While the base rate is likely to be cut again this year, mortgage rates are unlikely to fall much further. Even so, buyers currently have access to some of the lowest rates seen for several years, particularly for home buyers with larger deposits.



1 Four weeks to 15 February 2026 vs same period in 2025

2 Comparing the first 2 weeks of February to the same period over the last decade

3 Bank of England BankStats - average mortgage rate for new business at 75% loan-to-value

40%

% homes that could be bought for less than the cost of renting

More homes to buy for less than the cost of rent

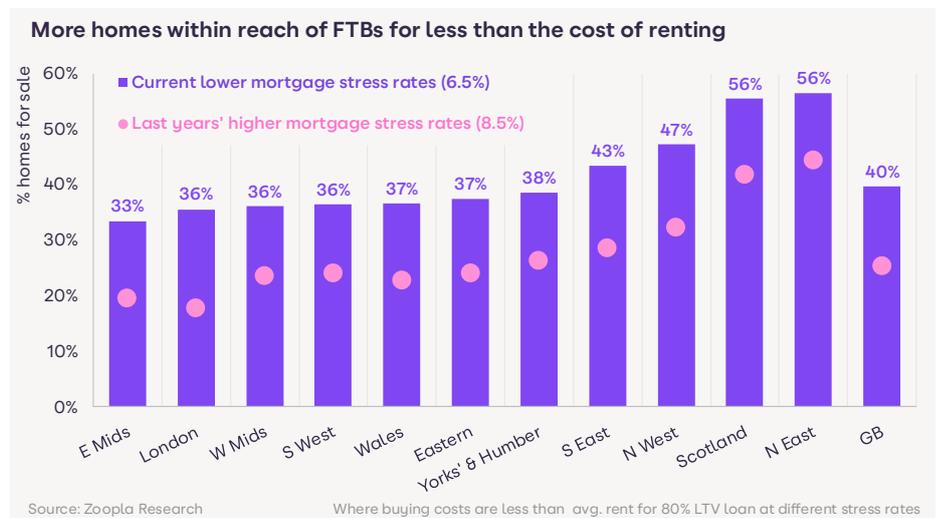
Another key development over the past year is how mortgage lenders assess affordability. In particular, the ability of a borrower to afford higher mortgage rates in future. Lenders are typically assessing the ability to pay a 6.5% mortgage ‘stress rate’ (which was 8.5% last year).

Lower stress rates mean 40% of homes currently for sale on Zoopla are now cheaper to buy with a mortgage than to rent locally⁴. This is up from just 25% of homes assuming the higher stress rates a year ago.

These changes have delivered the strongest improvement in first-time buyer affordability since before mortgage rates began rising in 2022.

Regionally, more than half of homes for sale are cheaper to buy than rent in the North East and Scotland, followed by the North West. In contrast, higher house prices in London and the Midlands mean that fewer than 40% of homes are cheaper to buy than rent.

These changes benefit all buyers using a mortgage, supporting higher house price growth across northern England and Scotland. The impact is more limited across southern regions where higher stamp duty costs are an increasingly costly financial hurdle for home buyers.



House price inflation remains subdued at 1.3%

While housing market activity is increasing, house price growth remains modest. Average UK house prices are 1.3% higher over the 12 months to January 2026, down from 1.8% a year ago.

Northern Ireland is seeing the fastest growth at 8%, reflecting continued gains from a low base. Across Great Britain, the North West is the strongest-performing region, with prices up 3.3% year-on-year, followed by Scotland (2.8%) and the North East (2.5%). In contrast, average prices in London are 0.2% lower than a year ago.

⁴ The analysis focused on 1-3 bed homes for sale priced below £600,000. It assumed a buyer having a 20% deposit, which was the UK average in 2025. The monthly mortgage repayments for a loan with a 30-year term were compared to average rental costs in the same local authority, assuming a mortgage affordability ‘stress rate’ of 6.5%. The comparison to last year is based on a mortgage stress rate of 8.5%.

Lenders stress test affordability to see if the borrower can afford a rate that is higher than the one that they will pay.

16%

Increase in number of homes for sale in London over the last 12 months

House prices firming on improved affordability

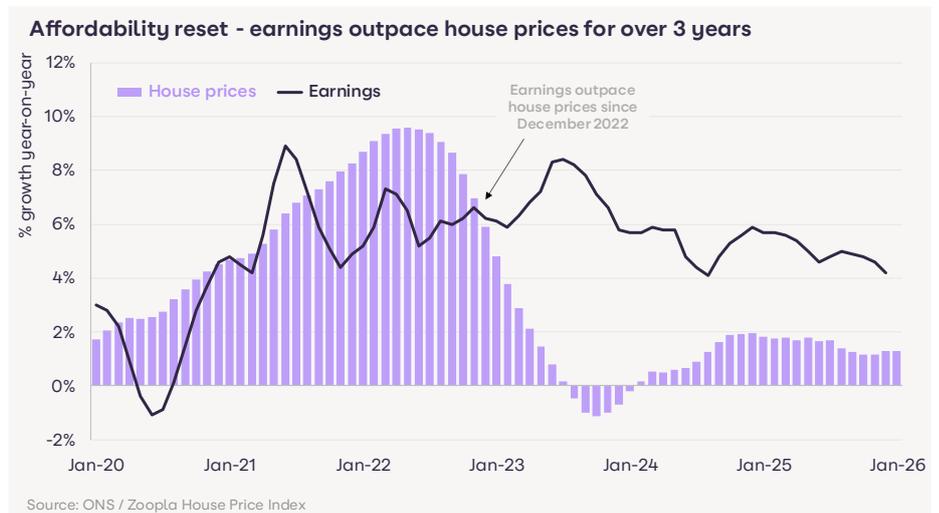
In addition to lower mortgage rates and less onerous affordability testing, average earnings have grown faster than house prices for 3 years, further improving housing affordability and supporting sales.

Our house price index shows annual house price growth is higher than a year ago in four areas - the North West, Scotland, the North East and Northern Ireland. These markets are more affordable and have fewer homes for sale than a year ago, limiting buyer choice and supporting price increases.

Across the rest of the country, house price growth is the same or weaker than a year ago. In southern England house prices are unchanged over the last 12 months which marks an improvement on the more widespread price falls seen over the second half of 2025.

Affordability pressures and higher stamp duty costs continue to weigh on demand in southern regions. This is compounded by increased supply, with up to 16% more homes available in some areas. As a result, price growth is likely to remain modest through 2026.

Sellers in southern England who are planning to move this year will need to price realistically to secure a timely sale and should factor this into the offer they make on their next purchase.



Outlook

The housing market is registering improved levels of market activity and subdued house price inflation - this is good news for buyers and sellers and represents a more stable market. Market conditions have improved but some headwinds remain.

We expect continued modest rates of price inflation over 2026, which will support healthy levels of sales with some wide variations across local markets. Sellers need to seek the advice of local agents to get the right pricing strategy for their home.

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.

January 2025 Index
(Published February 2026)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
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City	Annual % change in house price
1 Belfast	8.0%
2 Liverpool	4.0%
3 Glasgow	3.0%
4 Manchester	2.9%
5 Sheffield	2.6%
6 Newcastle	2.6%
7 Leeds	2.2%
8 Birmingham	1.5%
9 Edinburgh	1.4%
10 Cardiff	1.2%
11 Oxford	1.1%
12 Bristol	1.1%
13 Aberdeen	0.9%
14 Leicester	0.8%
15 Nottingham	0.7%
16 Southampton	-0.2%
17 Portsmouth	-0.7%
18 Cambridge	-1.0%
19 Bournemouth	-1.8%

United Kingdom	1.3%
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Zoopla House Price Index, city summary, January 2026 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 Jan-26	%YoY Jan-25	Monthly trend	Annual trend
UK	£269,900	1.3%	1.8%		
20 City Composite	£309,700	1.0%	1.9%		
Belfast	£199,500	8.0%	6.3%		
Liverpool	£167,000	4.0%	3.5%		
Glasgow	£163,100	3.0%	3.6%		
Manchester	£235,400	2.9%	2.9%		
Sheffield	£177,100	2.6%	2.1%		
Newcastle	£161,900	2.6%	2.7%		
Leeds	£215,300	2.2%	2.2%		
Birmingham	£215,200	1.5%	2.6%		
Edinburgh	£281,500	1.4%	1.5%		
Cardiff	£257,100	1.2%	1.9%		
Bristol	£341,000	1.1%	2.2%		
Oxford	£449,300	1.1%	0.3%		
Aberdeen	£133,100	0.9%	-3.6%		
Leicester	£226,100	0.8%	1.0%		
Nottingham	£203,900	0.7%	2.0%		
Southampton	£257,300	-0.2%	1.2%		
London	£526,600	-0.2%	1.3%		
Portsmouth	£274,000	-0.7%	0.9%		
Cambridge	£461,700	-1.0%	2.0%		
Bournemouth	£317,300	-1.8%	0.5%		

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.

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