

UK House Price Index

+1.4%

UK house price inflation
(June 2026)

-7%

Change in sales agreed
versus a year ago

£244

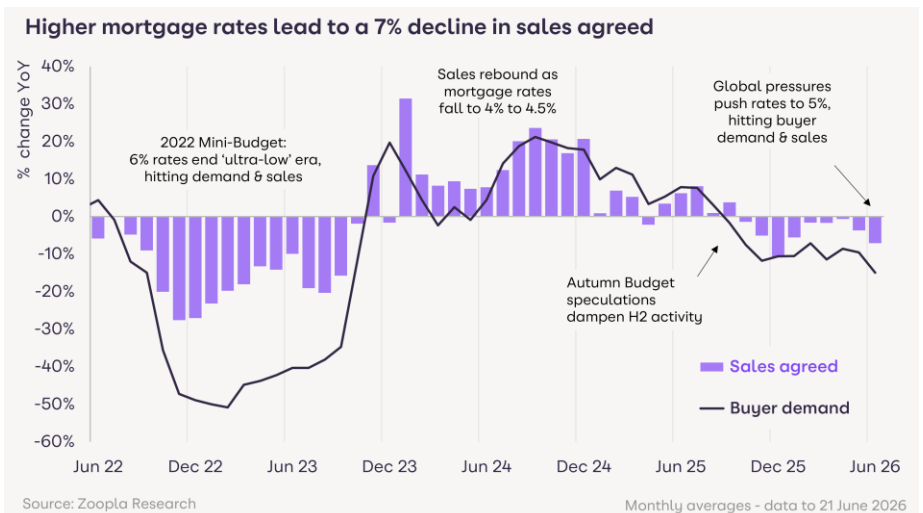
Increase in monthly mortgage cost for a new purchase in London

Executive summary

- Higher mortgage rates and political uncertainty have shrunk the pool of home buyers - sales agreed are 7% lower in June
- House price inflation has edged lower to 1.4%
- Mortgage rates peaked at 5% in April having started the year at 4% and are now falling. The cash cost for buyers varies widely
- Mortgage costs are £244 a month higher in London but just £69 in the North East since January
- Sales are down in across areas and house price inflation varies from 3.5% in northern England to small price galls in the south
- We expect price inflation to drift lower in H2, while sales agreed are on track to be 6-8% lower than last year at 1.1m completions

“It’s a buyer’s market across much of the South right now, but motivated sellers in northern England and Scotland are still finding buyers at broadly last year’s pace which shows the housing market is not moving at one speed”

Richard Donnell
Executive Director



£125

Increase in average monthly mortgage costs January to April 2026

Sales down 7% as sellers adopt a wait-and-see approach

The desire to move home remains strong but the recent jump in mortgage rates and political uncertainty have shrunk the pool of committed home buyers. Sales agreed over June¹ are running 7% below with buyer enquiries 15% lower, a consistent trend this year¹.

A change of Prime Minister and questions over likely tax and spending priorities in the Autumn Budget have added to the uncertainty in recent weeks, which is reflected in other measures of consumer confidence. More buyers are taking a wait-and-see approach until the outlook becomes clearer.

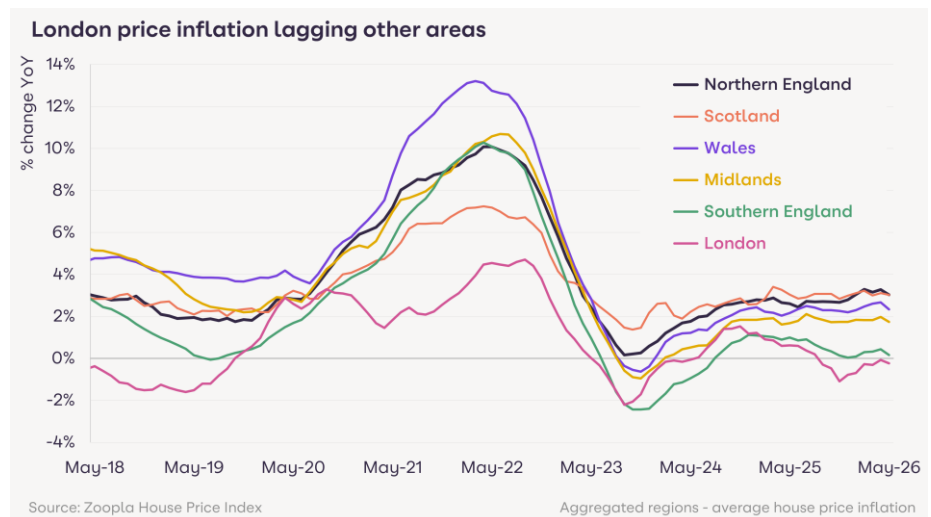
This is not the first time the market has absorbed economic and political uncertainty. The 2022 mini-budget triggered a far sharper fall in sales and on both previous occasions the market recovered once mortgage rates stabilised and started moving lower.

Higher mortgage rates increase mortgage costs

Average mortgage rates² were less than 4% in January and peaked in April at almost 5%. This added around £125 a month³ to the cost of a typical mortgage on the average UK home or £1,500 a year. Higher mortgage rates do not have a uniform impact and this has a straight flow through into sales activity and house price inflation.

In London, this extra cost for a home buyer is £244 a month (£2,900 a year) but just £69 a month (£830 a year) in the North East. For a first-time buyer in London the monthly repayment increased by £232 at the April peak: nearly three and a half times the £66 monthly increase facing a first-time buyer in the North East.

It's positive that mortgage rates have already started to fall, edging lower in May to an average of 4.8%. The decline in borrowing costs needs to go further to improve affordability and support housing sales in the second half of 2026.



1 Four weeks to 23 June 2026 vs same period in 2025

2 Average mortgage rate for a new 75% LTV, 5-year fixed rate loan - Bank of England Bankstats

3 Mortgage repayments estimate assumes a 75% LTV purchase for a 30-year term using average mortgage rates for a 5-year fixed rate loan applied to the average house price

72%

Proportion of 1-bed flats listed in 2026 that remain unsold

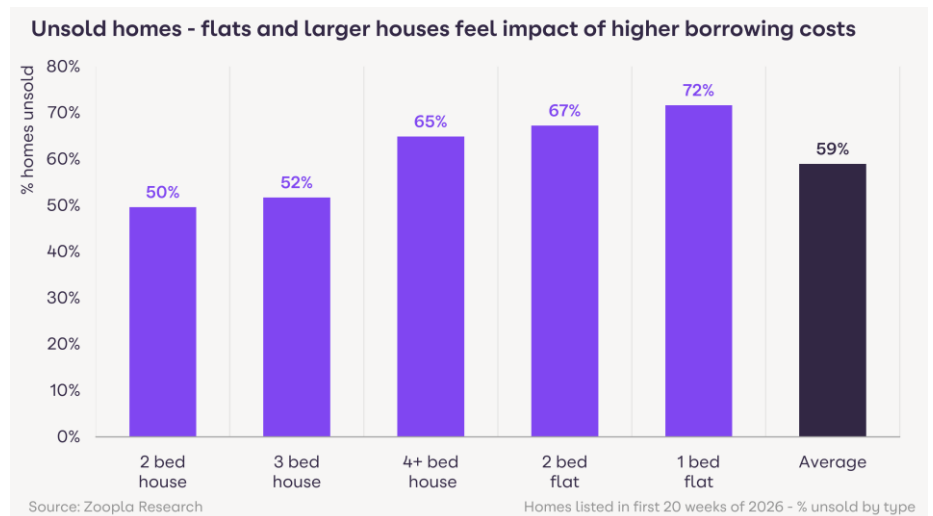
Affordability shapes variations in market trends

Higher mortgage costs explain why some markets are holding up and others are not. Sales agreed are down 3-6% in northern England and Scotland¹, where there are fewer homes for sale and the cash increase in mortgage costs is smaller, but down more than 10% in Wales, the South West, the East of England and the East Midlands.

Two and three-bedroom houses are selling at close to last year's pace across most of the country. Flats are the weakest segment with over two thirds of one and two-bedroom flats listed this year still unsold⁴. This is not a new trend, but it highlights the choice available to buyers and the importance of pricing homes to attract demand.

The lower sale rate in the flats market is a first-time buyer story: the buyers most exposed to higher borrowing costs, and in London, to stamp duty costs of around 3% of the purchase price compared to less than 1% for a first-time buyer in northern England⁵.

For any seller who has been on the market since spring without an offer, the most important step is speaking to your local agent about whether your asking price reflects where the market is today.



House price inflation is still positive but starting to slow

Slower sales are feeding through into UK price inflation, which has edged lower to 1.4% in May. The current index reflects sales agreed earlier in the year before the full impact of higher rates was felt over April. We expect price inflation to move lower into the autumn unless mortgage rates fall below around 4.5% and sales recover.

House prices are rising at 3.5% across the North East and North West and at 3.0% in Scotland, where supply remains tight. London has recorded negative annual price growth for nine consecutive months at -0.2% and the South East is at -0.3%. For sellers in London and the South, getting the asking price right is essential and the difference between moving and not moving this year.

⁴ Residential resale homes listed for sale in GB in first 20 weeks of 2026 yet to be marked as Sold or Sold subject to contract - allowing for a reasonable sale period

⁵ Zoopla calculations based on buyer enquiries

+3.5%

House price inflation –
North West and North
East regions

Outlook

Annual house price inflation is running at 1.4% and we expect this to soften further towards 1% over the second half of the year with prices in the North of England and Scotland holding firmer than in the South. Prices in London and the South East are set to remain flat to negative.

Mortgage rates need to fall below 4.5% to improve affordability and bring buyers back into the market. The selection of a new Prime Minister and the Autumn Budget are key moments that will influence buyer confidence beyond pure affordability factors.

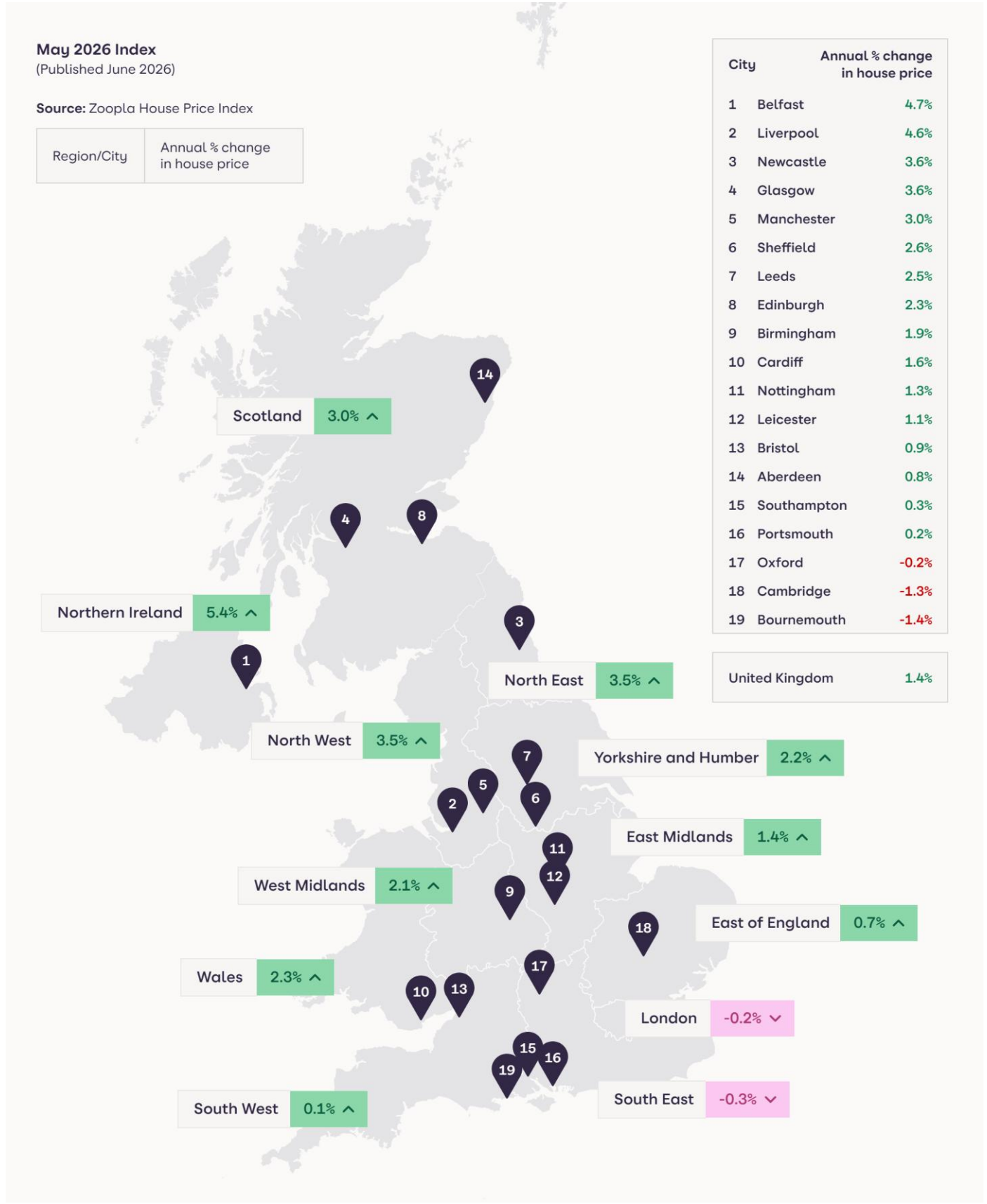
Sales agreed have weakened in recent weeks but were broadly in line with 2025 through the spring. With sales in H2 2025 suppressed by Autumn Budget speculation, the year-on-year comparison is likely to narrow through Q3 and Q4 even without a significant recovery in buyer demand and sales. At the start of the year, we expected sales would be 2% below their high of 2025. This gap will be wider on the back of higher borrowing costs reducing sales activity.

Stock levels remain elevated in southern England giving buyers plenty of choice and keeping price inflation in check. Pricing conversations with sellers remain very important as getting the price right from the outset will define whether a home sells. Buyers are being selective but well-priced homes are still selling.

The First-time buyer segment is the most rate-sensitive and London FTBs are the most squeezed and this is where any further rate falls will have the most immediate impact on demand and activity.

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, May 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 May-26	%YoY May25	Monthly trend	Annual trend
UK	£272,300	1.4%	1.7%		
20 City Composite	£312,000	1.3%	1.5%		
Belfast	£199,100	4.7%	8.9%		
Liverpool	£170,100	4.6%	3.5%		
Glasgow	£165,200	3.6%	3.6%		
Newcastle	£164,000	3.6%	2.5%		
Manchester	£238,800	3.0%	3.0%		
Sheffield	£178,400	2.6%	2.5%		
Leeds	£216,900	2.5%	1.9%		
Edinburgh	£282,200	2.3%	1.6%		
Birmingham	£217,200	1.9%	2.1%		
Cardiff	£258,000	1.6%	1.3%		
Nottingham	£205,800	1.3%	1.0%		
Leicester	£229,500	1.1%	1.1%		
Bristol	£341,600	0.9%	2.0%		
Aberdeen	£130,100	0.8%	-2.6%		
Southampton	£258,200	0.3%	0.5%		
Portsmouth	£276,100	0.2%	0.6%		
London	£529,900	-0.2%	0.6%		
Oxford	£450,600	-0.2%	1.6%		
Cambridge	£468,600	-1.3%	1.5%		
Bournemouth	£317,100	-1.4%	-0.8%		

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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