

RESEARCH

Housing Market Update

May 2026

Market Overview

The ongoing geopolitical uncertainty caused by the war in Iran and the wider Middle East are having clear, far-reaching effects on the UK economy. Rising inflation and mounting input costs are straining all three major sectors; manufacturing and services both saw key metrics decline this month, while the construction sector remains firmly in contraction territory. It was encouraging to see monthly GDP rise by 0.5% in February, but this growth occurred prior to the outbreak of the war and likely does not reflect the current downward pressure on the domestic economy.

The economic ramifications of the war are also impacting the residential housing market. Mortgage rates recently surged to their highest levels in nearly two years, although the latest data shows a slight retreat to an average of 5.2% (at time of writing). This volatility is reflected in the RICS market survey, which suggests increased buyer caution and a modest decline in new buyer enquiries since the start of the year. Conversely, Rightmove's latest report indicates that demand remains higher than the same period last year, while both agreed sales and new supply have seen only minimal decreases.

Sales and Lettings Prices

- UK annual house price growth increased in March, up to 2.2% from 1.0% in both January and February. Monthly growth also increased to 0.9% leading to an average UK house price of £277,186. The market had clearly been showing some signs of increased momentum following a sluggish start to the year.
- In contrast though, house price growth slipped in March, according to Halifax's latest price index. Annual growth reached just 0.8% according to the Bank, down from 1.2% in February and reflecting a monthly decline in prices of -0.5%. Their report goes on to say that the wide uncertainty surrounding the war in the Middle East and higher and rising interest rates have already begun to impact the market.
- Rightmove's latest index on asking prices reported a monthly rise of 0.8% in April, following the same month on month increase in March. On an annual basis though prices fell by 0.9% in April, following a decline of 0.2% the previous month. Looking at asking prices by type, the report shows that 'top of the ladder' properties had the highest monthly

- increase of 2.4% while first time buyer and second stepper homes rose by 0.2% and 0.4%, respectively.
- The deceleration of rental growth, which had been easing rapidly throughout the second half of 2025, appears to have stabilised recently. According to the ONS Official Price Index of Private Rents, the annual rate in March was 3.4%, only a marginal decrease from 3.6% in February and 3.5% in January. The average UK rental price now stands at £1,377 per calendar month (pcm).



The average UK house price is now £277,186

(Source: Halifax)

Activity

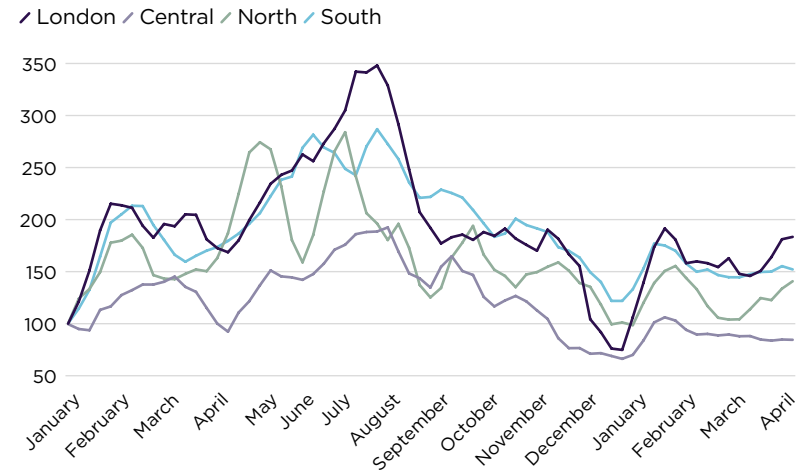
- February's mortgage approvals figure from the Bank of England showed an improvement, increasing 4% over January to 62,584 on the month. This is down around 4% over the same month one year ago though and we expect this to drop significantly over the coming weeks and months as average mortgage rates have risen sharply recently.
- Total residential transactions rose to 102,500 in February, a 6% increase over January. While this figure is lower than the same period last year, the 2025 data was inflated by buyers rushing to beat the April 1 stamp duty changes. Consequently, February and March 2025 do not represent a typical market.
- Despite rising mortgage rates and geopolitical uncertainty surrounding the war, Rightmove had some encouraging figures to report in their April House Price Index. The report indicated that new buyer demand for April is 7% higher than the same period last year. They also find that the number of sales agreed is just 3% behind this time last year and the supply of newly listed homes is just 1% less than the same period in 2025.
- Mirroring the latest Rightmove data, our office enquiry levels remained remarkably resilient over the last two months, despite economic volatility and rising mortgage rates. During April, three of our regions experienced a growth in enquiries on a four-week basis. Notably, our northern offices posted a 22% increase, while London locations saw a strong 11% rise. Only the central offices reported a slight decline during this period.



Residential transactions rose to 102,500 in February

Figure 1 Carter Jonas Enquiry level trend index, since January 2025

Source: Carter Jonas. Enquiry levels are four-week rolling average



Official House Price data

HM Land Registry
February 2026

Source: HM Land Registry



Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Vale of White Horse	£408,653	-1.9%	3.2%
Leeds	£244,218	-0.7%	2.8%
York	£308,589	-0.8%	1.7%
North Yorkshire	£270,910	-0.4%	1.6%
Wiltshire	£327,942	-0.9%	1.4%
United Kingdom	£267,957	0.1%	1.2%
Cambridgeshire	£336,106	-0.8%	1.0%
West Berkshire	£402,630	0.8%	0.9%
England	£290,001	0.2%	0.8%
Somerset	£277,687	-0.9%	0.3%
Suffolk	£279,783	-0.5%	0.3%
Outer London	£505,629	-0.6%	0.1%
West Oxfordshire	£416,210	-1.9%	-0.1%
South Cambridgeshire	£430,155	-0.5%	-0.2%
South Oxfordshire	£473,848	1.4%	-0.4%
Oxford	£473,971	-0.5%	-0.7%
Winchester	£460,728	-0.3%	-1.3%
Cambridge	£474,976	-0.3%	-1.7%
Bath and North East Somerset	£399,351	-1.4%	-2.0%
London	£542,304	-1.9%	-3.3%
South West London	£726,741	-1.7%	-5.0%
Inner London	£622,861	-1.0%	-5.6%
Prime Central London	£1,029,443	-3.2%	-13.2%

Official Price Index of Private Rents

ONS March 2026

Source: ONS

Note: Rents are for all property types and bedroom numbers, £ per calendar month

Carter Jonas location	Average Rent (pcm)	Monthly Change (%)	Annual Change (%)
Bath and North East Somerset	£1,876	0.7%	8.2%
Oxford	£1,952	0.7%	6.9%
Wiltshire	£1,056	-0.1%	6.7%
York	£1,173	0.1%	5.0%
South Cambridgeshire	£1,399	0.2%	4.3%
Winchester	£1,498	0.3%	4.3%
England	£1,434	0.3%	3.4%
South West London	£2,540	0.5%	3.4%
West Berkshire	£1,273	0.3%	2.6%
Cambridge	£1,795	0.1%	1.8%
Vale of White Horse	£1,332	0.3%	1.7%
London	£2,235	0.3%	1.7%
North Yorkshire	£831	0.3%	1.6%
South Oxfordshire	£1,377	0.3%	0.3%
West Oxfordshire	£1,270	0.3%	-1.1%
Prime Central London	£3,361	-0.7%	-2.9%

***A note on rental growth rate differences between the official PIPR and other private sector measures such as Zoopla and Rightmove: PIPR measures all stock of rents and compares achieved rents in the current month with the same month one year prior. Private sector measures only count asking rents for new let properties. The PIPR measure covers a much greater number of properties and will always lag by around 6 months or more as the new let rental prices take time to filter into the whole rental market stock.*



Monthly change in enquiry levels

11%

LONDON

4%

SOUTH

-5%

CENTRAL

22%

NORTH

We're closely analysing what happens next

We're monitoring the market so we can get you the best possible price for your property. If you're keen to sell your property as soon as possible or simply curious to know what it's worth during these changing times [CLICK HERE](#) to book a complimentary market appraisal.

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Sources: Carter Jonas Research, Halifax, Nationwide, ONS, Rightmove, Zoopla

About Carter Jonas

Carter Jonas LLP is a leading UK property consultancy supported by a national network of 34 offices and 1,000 property professionals. Our team is renowned for their quality of service, expertise and the **simply better property advice** they offer their clients.

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