

ZOOPLA

Housing market update

Unlocking demand for new homes in London & S East

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Who buys new homes?

Outside London, 75% of new home buyers are consumers – first time buyers and homeowners

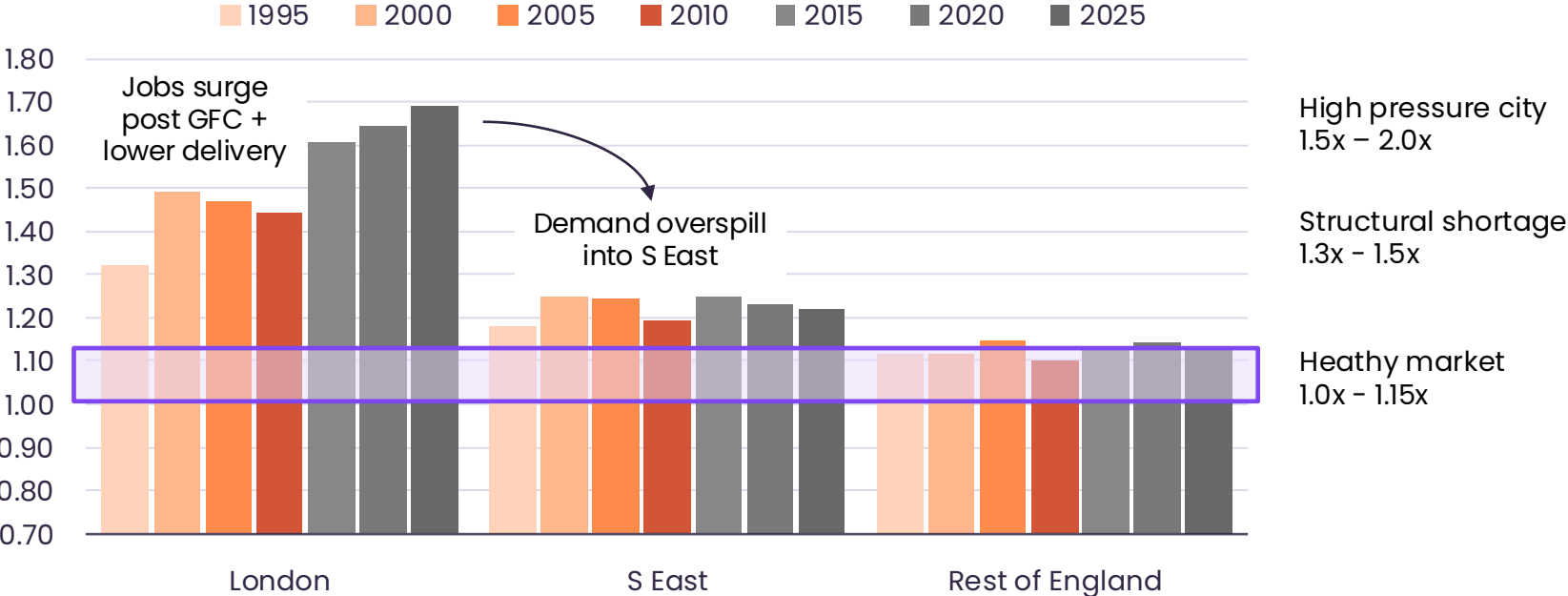
In London 75% of sales are by corporate investors and housing associations

How to boost demand for homes in London from consumers?

	Low density new build schemes outside London	London new homes
First time buyer	30-40%	25% inc. overseas buyers
Homeowner	30-35%	
Affordable housing	15-20%	20-35%
Corporate investors	5-10%	40-55%

London housing supply doesn't respond to economic growth

Ratio of jobs to homes (all tenures)



Source: Zoopla analysis - ONS. And MHCLG

What jobs/homes ratios mean for housing

Healthy market

Healthy alignment between jobs and homes

- prices track wages
- reasonable mobility
- moderate rents
- workers can live near jobs

Structural shortage

Housing supply persistently lagging jobs

- affordability declines long term
- rental sector expands
- delayed household formation
- inequality increases

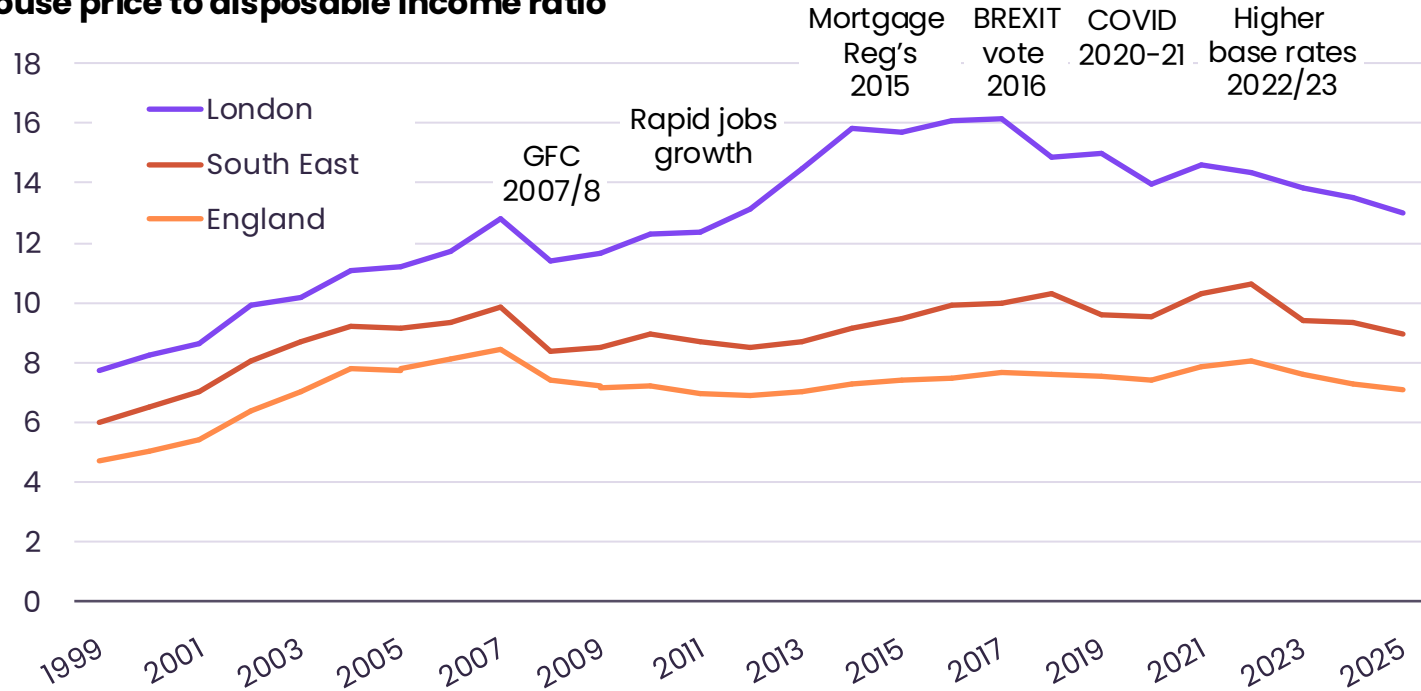
High pressure city

Housing becomes constraint on the economy itself

- key workers priced out
- longer commutes
- reliance on subsidised housing
- wealth increasingly tied to property ownership

Jobs outpacing supply = affordability pressures

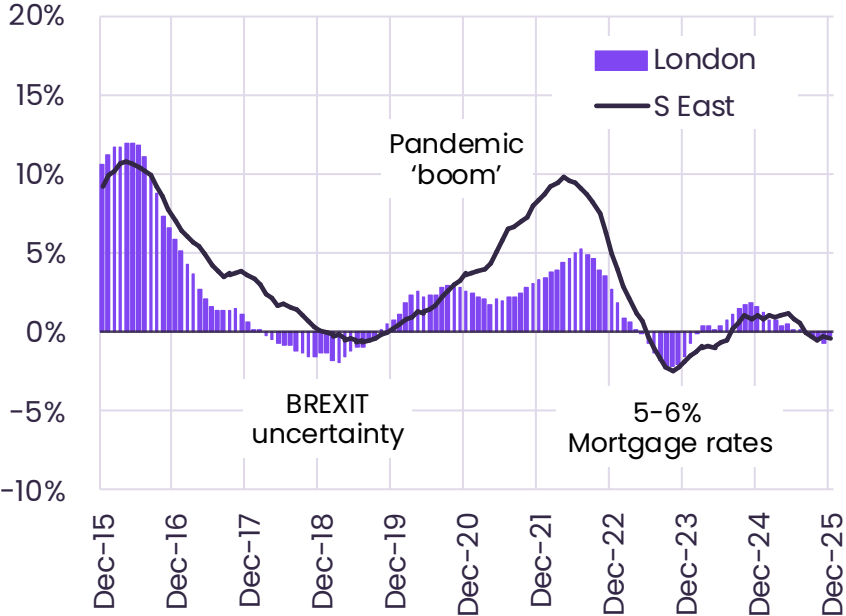
House price to disposable income ratio



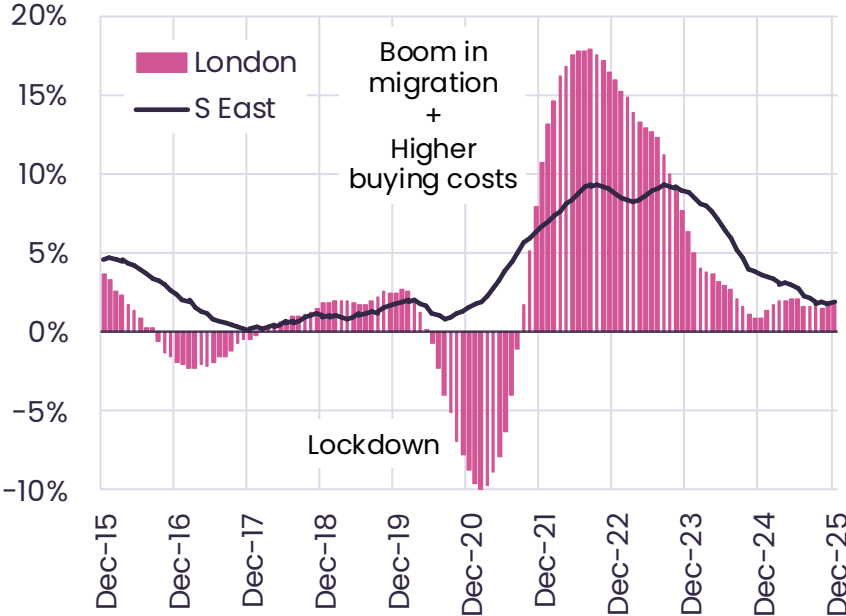
Source: ONS house price to earnings ratio

Rents have powered ahead as house price inflation stalls

House price inflation (% yoy)



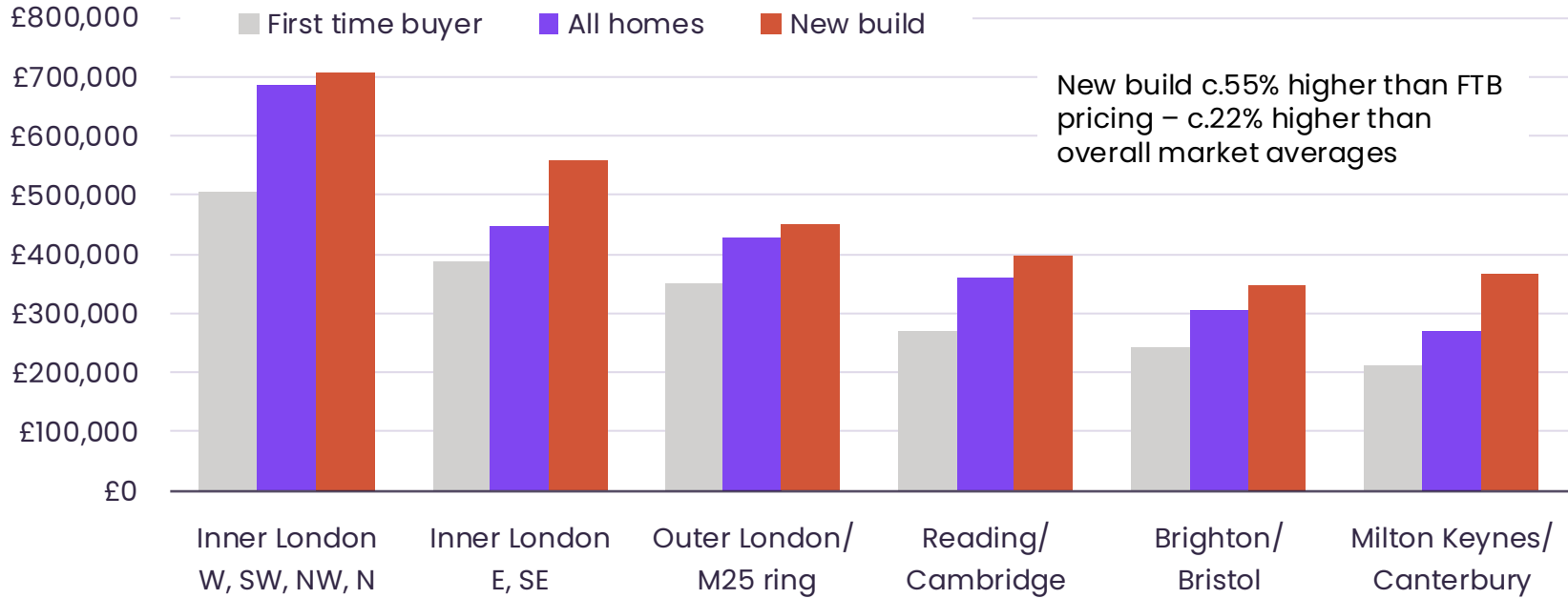
Rental inflation (new lets, %yoy)



Source: Zoopla House Price and Rental Indices

Price points across London & South East

Median house prices by location and type of home 2025



Source: Zoopla listings (new homes), house price index (all homes) and applicant data (FTB)

Prices increase in more affordable areas

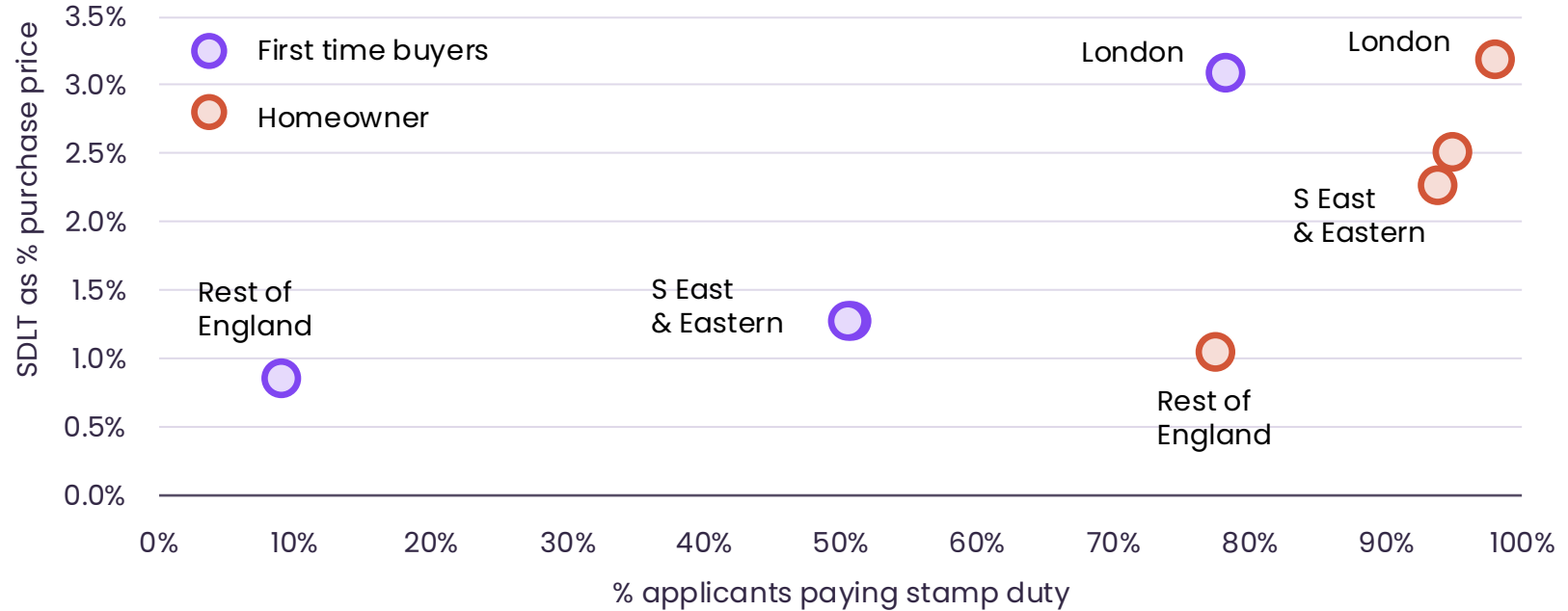
House price inflation 2021 to 2025



Source: Zoopla listings (new homes), house price index (all homes) and applicant data (FTB)

Tax policy – SDLT hits London buyers hardest

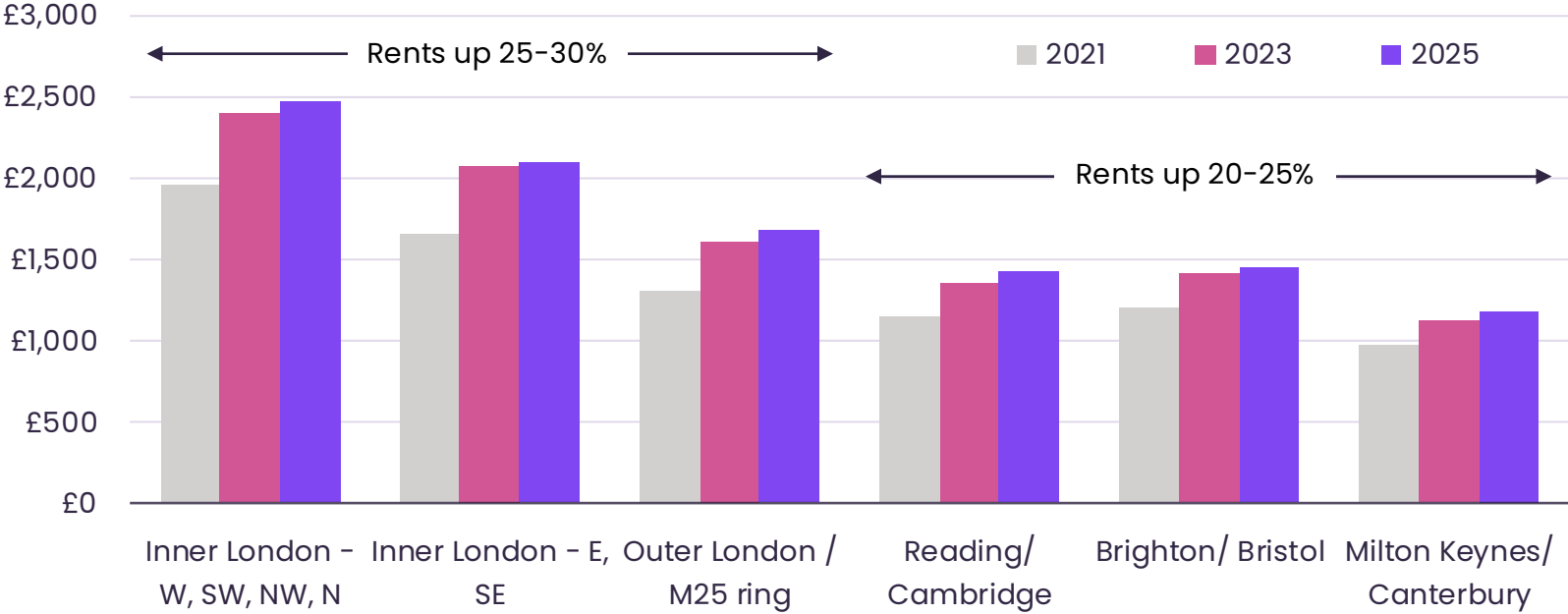
% buyers paying stamp duty and % of purchase price



Source: Zoopla analysis of applicants

Rent inflation highest in inner London, now just 2%

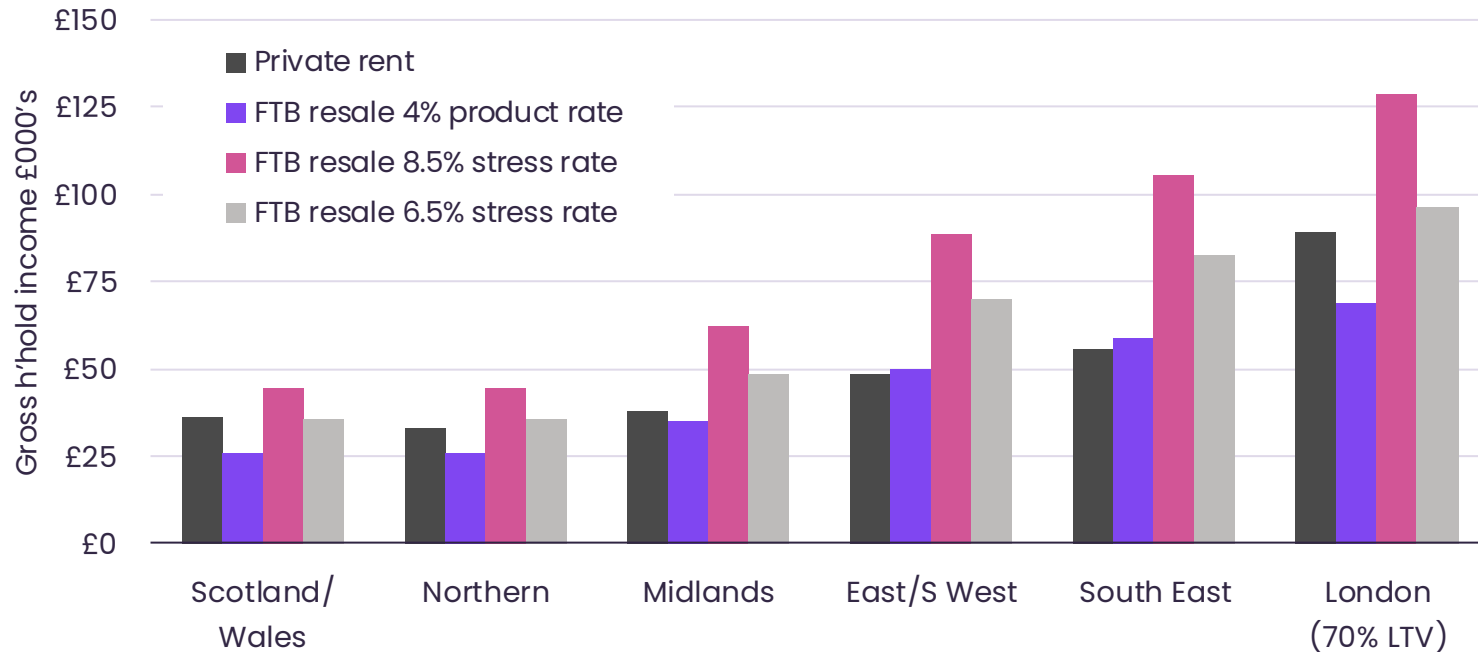
Rental values £pcm - 2021-2025



Source: Zoopla rental index - all homes

Mortgage regulations impact affordability / demand

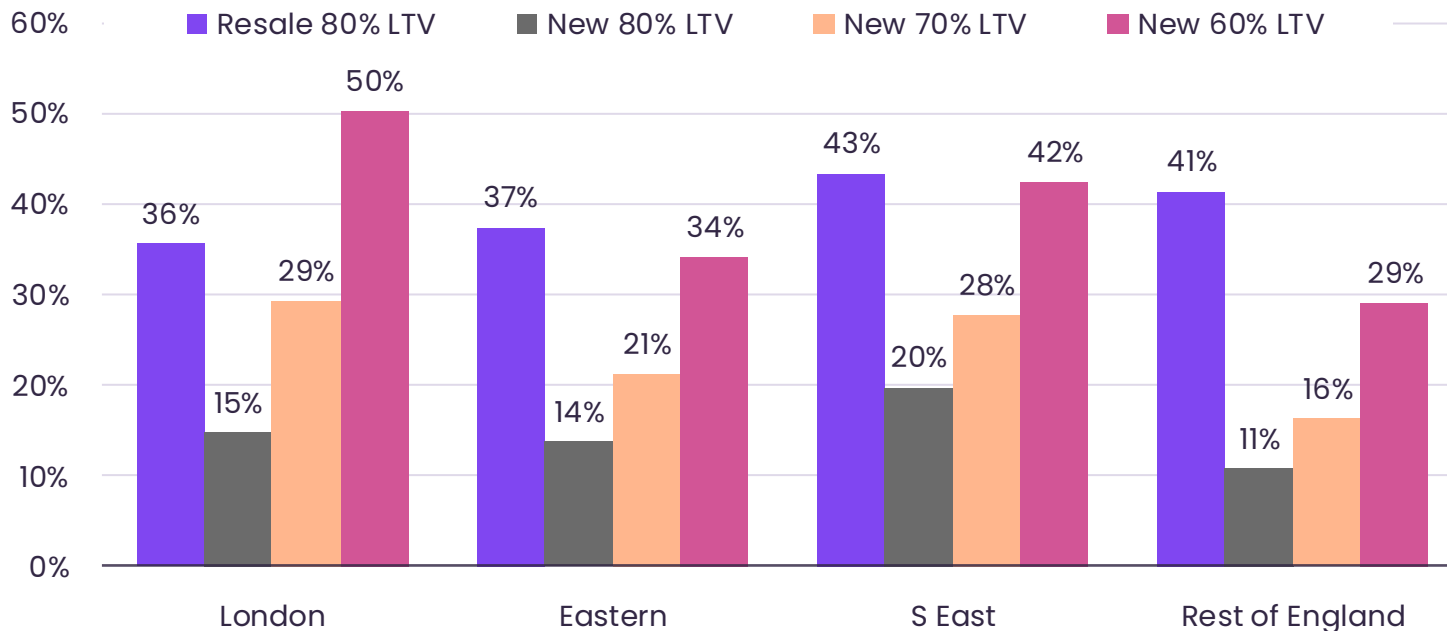
Gross income to rent and buy a typical FTB priced home (80% LTV)



Source: Zoopla Research calculations using actual rents and FTB home prices and average new home values; FTB deposit/income data from ONS - Shared ownership 25% initial purchase with 5% deposit

Help to Buy 2.0 would help at c.30%+ equity loan !

% homes affordable to buy for less than renting with 80% LTV mortgage



Source: Zoopla Research analysis of listings – 1-3 bed homes, under £600,000

London is creating jobs ...

... but low housebuilding has created major affordability challenge

Strong rental inflation has boosted corporate investor demand

Rent inflation has now weakened, hitting demand and valuations

More home buyers for new homes needs an HtB 2.0

... or other subsidies / forms of guarantee