

UK House Price Index

+1.2%

UK house price inflation
(December 2025)

-9%

Buyer demand vs
this time last year

4%

Average mortgage rate
for a 5-year fixed rate
mortgage at 75% LTV

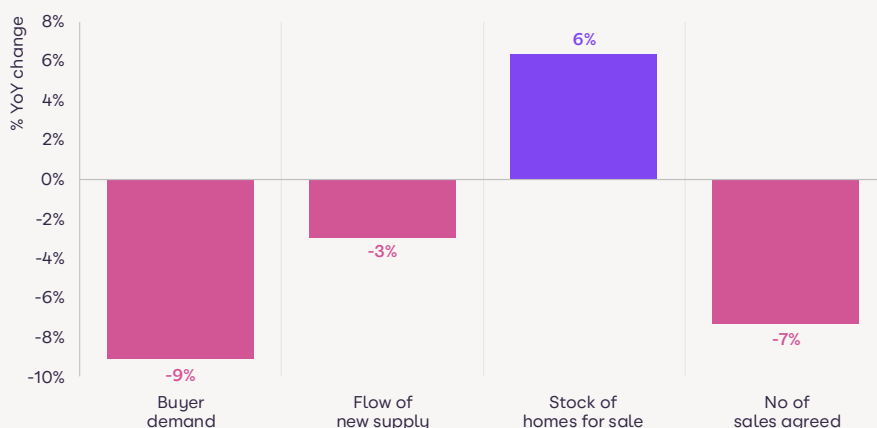
Executive summary

- UK house prices increased 1.2% over 2025 (1.9% in 2024)
- Confidence returns after 2025 Autumn Budget uncertainty
- Buyer demand rebounds as 2026 gets underway - tracking in line with 2024 levels and 9% down on 2025's strong start
- Housing supply rises, giving buyers more choice
- City-level house price inflation varies from -2.6% to +5.5%, highlighting wide variations in local market conditions
- Average mortgage rates reach lowest level since 2022
- Higher stock levels put pricing discipline front and centre for sellers, especially in southern England

“Buyer demand has picked up at the start of the year as confidence returns following Budget uncertainty in late 2025. While market activity is improving, higher levels of supply mean pricing and presentation are more important than ever for sellers.”

Richard Donnell
Executive Director

Market activity rebounds but falls short of strong start to 2025



Source: Zoopla Research

% change - 4 weeks to 20 Jan 2026 compared to the same period in 2025

+6%

Stock of homes for sale in January 2026 vs January 2025

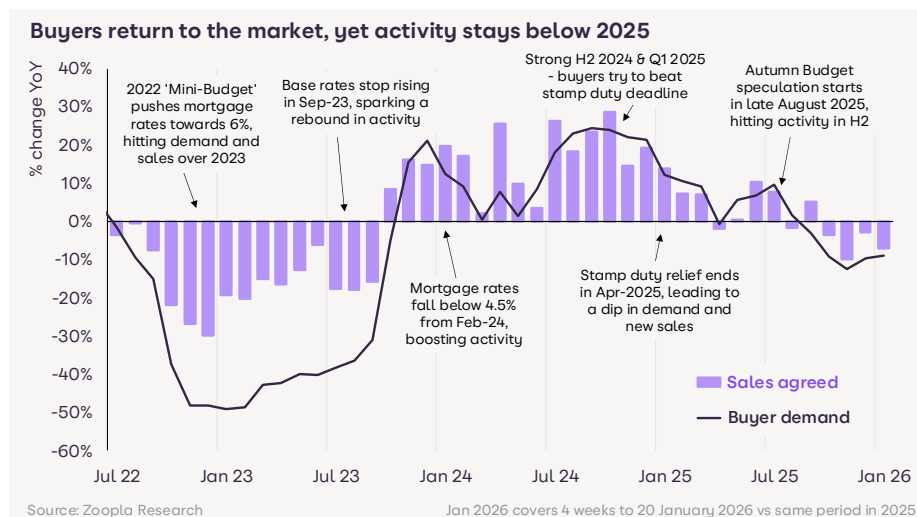
Strong rebound in demand, but 9% down on last year

The housing market has recorded a strong seasonal increase in buyer interest over January, following a quieter end to 2025. Many would-be buyers delayed moving decisions late last year due to Budget uncertainty, but our data shows confidence has started to return.

The start to the year mirrors that of 2024, but our data shows demand is 9% lower¹ than the very busy start to last year when buyers were rushing to beat the ending of stamp duty relief in April.

More buyers mean more sellers and there has been a sharp increase in homes newly listed for sale as well as more sales being agreed, although both measures remain below last year's levels¹.

One notable difference to last January is the amount of choice available to buyers. The total number of homes for sale is 6% higher¹ than last year, with the average estate agent currently marketing 34 properties - the highest level seen in eight years. This means buyers have more choice, and sellers face more competition.



UK house price increases 1.2% over 2025

The average UK house price increased by 1.2% over 2025, lower than the 1.9% increase recorded over 2024. The average UK house price grew by £3,200 to £269,800 at the end of 2025.

House price inflation follows a clear north-south divide. The North West of England registered a 3.5% increase in average prices over 2025, followed by a 2.9% increase in house prices across Scotland. Northern Ireland prices were 7.6% higher, coming off a low base.

Affordability pressures, higher stamp duty costs and a much greater choice of homes for sale explain why London recorded a 0.7% decline in average house prices over 2025 (-0.7%). Smaller price falls of -0.1% were recorded across the South East and South West regions.

¹ Four weeks to 20 January 2026 vs same period in 2025

5.5%

Burnley house price inflation over 2025

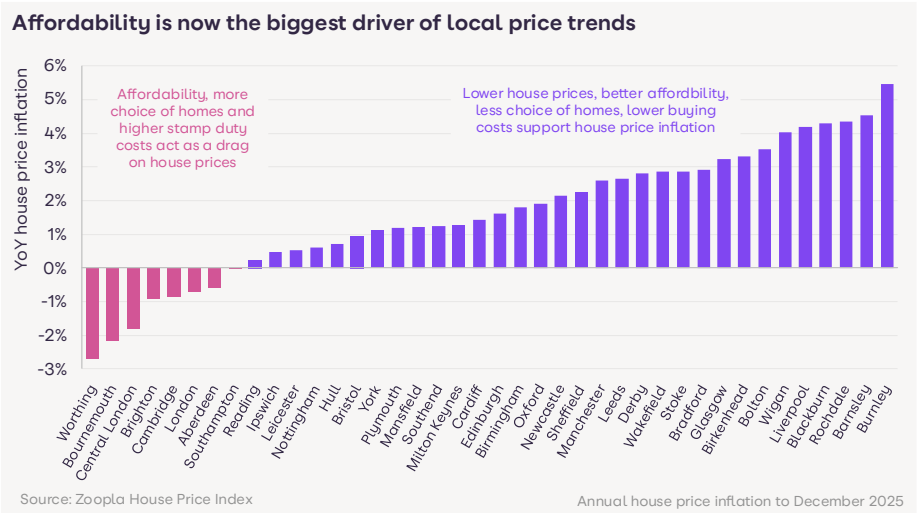
City level price inflation reflects local affordability

The housing market is very localised and market conditions vary widely around the country, meaning home buyers and sellers face different considerations depending on where they live.

The highest house price growth over 2025 was recorded in Burnley, where prices increased by 5.5%, over four times the national average. Several other towns and cities across the North West recorded price gains of over 4% including Rochdale, Blackburn, Liverpool and Wigan. All of these towns and cities are characterised by having average house prices below the regional North West average of £205,400.

Buyers seeking value for money are boosting demand and pushing prices higher, backed by improved mortgage rates and more lenient mortgage affordability checks. The number of homes for sale in the North West is also 7% lower than a year ago, limiting buyer choice.

House prices have risen across most towns and cities outside of south eastern England as lower house prices, better affordability and similar levels of supply have resulted in modest house price gains.



Prices falling in cities across south eastern England

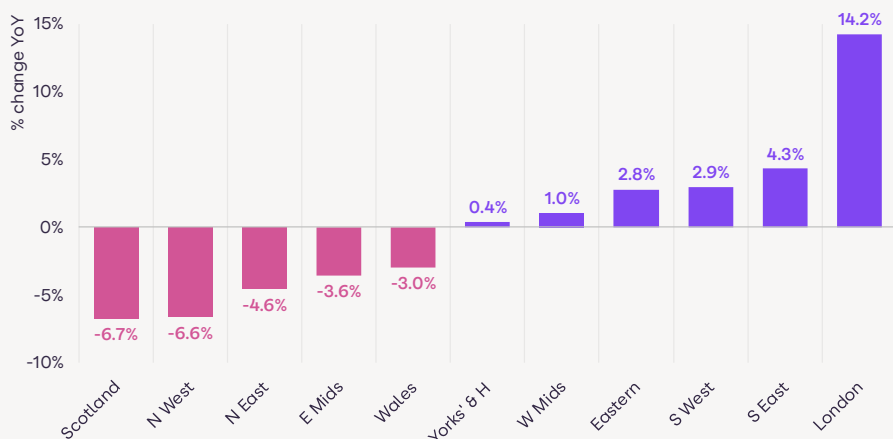
House price inflation is the weakest in southern England. This reflects higher house prices, which makes buying more expensive in terms of both mortgage payments and stamp duty. In addition, there is a greater choice of homes for sale than a year ago, reinforcing a buyers' market. London has 14% more homes than a year ago, with 3-4% more homes for sale across southern regions.

There is demand to buy homes in southern England, but our analysis shows buyers are price-sensitive. Market conditions will vary at a localised level. While most sellers are sitting on sizable capital gains from their current home, they need to consider what local buyers may be willing to pay and factor this into the budget for their next home.

14%

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

Supply trend : Buyers have more choice in the south, less in the north



Source: Zoopla Research

4 weeks to 20 January 2026 vs same period a year ago

Many buyers can now borrow more than a year ago

The last 2 years have seen a strong rebound in sales and households making home moves after the shock of higher mortgage rates in recent years. Last year saw the highest number of sales completed since the pandemic, at 1.2m.

Mortgage rates have stabilised and the mortgage market remains very competitive with more attractive rates for home buyers, especially for those with larger deposits. The average mortgage rate for new loans dropped to 4% in December, its lowest level since September 2022².

In addition, many households can borrow up to 20% more with the same income and mortgage rate than a year ago, which has supported more home moves and higher prices where affordability and buying costs allow. Understanding what you could afford is an important step in planning your next move.

Outlook

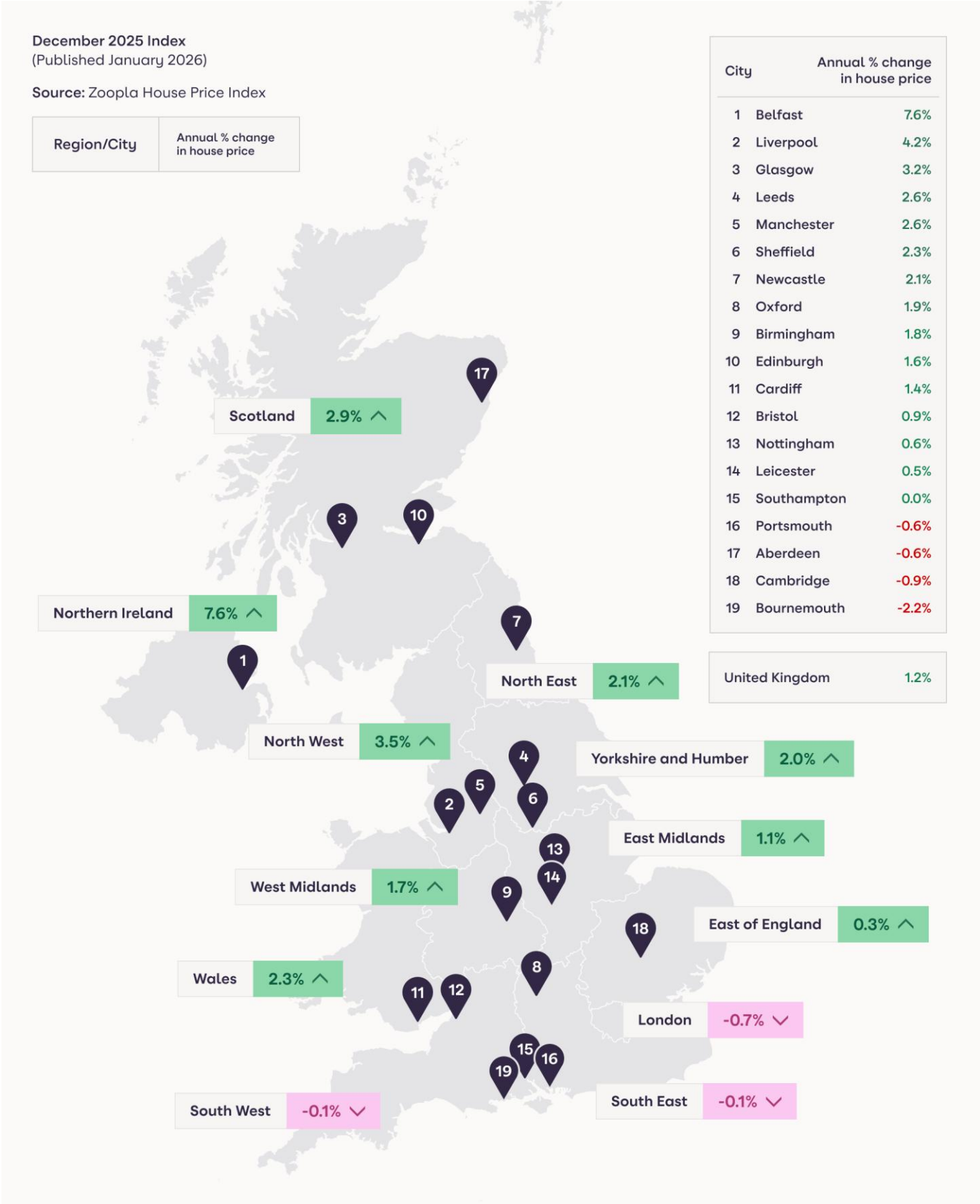
More homes for sale means more buyers in the market. This shows the desire to move home remains, but sellers must factor in local market conditions as they plan their move. Speak to local agents to discuss how to price your home to attract good levels of buyer interest.

We expect current trends in market activity to continue over the early part of the year, with There is healthy demand for homes that are well priced.

² Bank of England Bankstats - average mortgage rate for new business (5-year fixed rate at 75% loan to value)

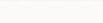
House Price Index - Country, region and city summary

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, December 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 Dec-25	%YoY Dec-24	Monthly trend	Annual trend
UK	£269,800	1.2%	1.9%		
20 City Composite	£309,600	0.8%	2.0%		
Belfast	£199,600	7.6%	7.2%		
Liverpool	£166,900	4.2%	3.2%		
Glasgow	£163,000	3.2%	2.9%		
Manchester	£235,300	2.6%	3.3%		
Leeds	£215,200	2.6%	1.7%		
Sheffield	£177,000	2.3%	2.5%		
Newcastle	£161,700	2.1%	2.9%		
Oxford	£448,800	1.9%	-0.1%		
Birmingham	£215,000	1.8%	2.3%		
Edinburgh	£281,400	1.6%	1.4%		
Cardiff	£257,000	1.4%	1.8%		
Bristol	£340,900	0.9%	2.1%		
Nottingham	£203,900	0.6%	2.3%		
Leicester	£226,000	0.5%	1.2%		
Southampton	£257,300	0.0%	1.0%		
Portsmouth	£273,900	-0.6%	0.7%		
Aberdeen	£133,000	-0.6%	-1.3%		
London	£526,400	-0.7%	1.5%		
Cambridge	£462,400	-0.9%	2.3%		
Bournemouth	£317,100	-2.2%	0.9%		

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.

House price index
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