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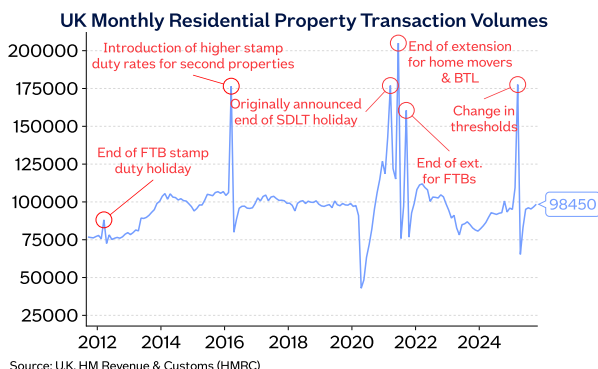
# Nationwide House Price Review and Outlook for 2026: Slight easing in affordability pressures helps underpin buyer demand

- Housing market activity remained resilient in 2025
- House price growth expected to be in the 2% to 4% range in 2026

**Looking back at the housing market in 2025 and what we can expect in 2026, Robert Gardner, Nationwide's Chief Economist, comments:**

"The word that best describes the housing market in 2025 is 'resilient'. Even though consumer sentiment was relatively subdued, with households reluctant to spend and mortgage rates around three times their post pandemic lows, mortgage approvals remained near pre-Covid levels.

"Stamp duty changes that took effect at the beginning of April created volatility through the spring and summer. Activity spiked in March as purchasers brought forward transactions to avoid paying additional tax, and this led to some softness in the following months. However, the underlying picture was little changed as demand held up well throughout.



"House prices evolved broadly in line with our expectations. Annual price growth slowed steadily from 4.7% at the end of 2024 to 2.1% in the middle of 2025 and then to 1.8% in November. As a result, prices were close to the all-time high recorded in the summer of 2022 as the year drew to a close.

"With price growth well below the rate of earnings growth and a steady decline in mortgage rates, affordability constraints eased somewhat, helping to underpin buyer demand. The first-time buyer share of house purchase activity was above the long run average, supported by easier credit availability, with the share of high loan to value lending (i.e. with a deposit of 15% or less) reaching its highest level for over a decade.

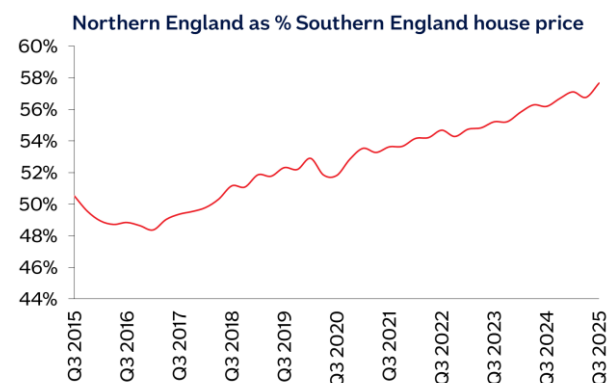
## Regional trends: Northern Ireland outperformed by a wide margin

"Annual house price growth in Northern Ireland outpaced the rest of the UK by a wide margin, averaging 11% in the first nine months of the year, almost four times faster than the 3% recorded in the UK as a whole and more than double the 5.1% recorded in the next strongest performing region (the North of England). This strong performance mirrored that in the border regions of Ireland over the same period.

"Despite these significant price gains, house prices in Northern Ireland are still around 6% below the all-time high recorded in 2007, while UK prices are almost 50% higher over the same period. As a result, the price of a typical home in Northern Ireland is currently around 79% of the UK average price, while in 2007 it was around 25% higher.

"Wales broadly matched the wider UK trend in 2025, while Scotland saw a marginally stronger rate of house price growth.

"London was the weakest performing region in the first nine months of the year with annual growth averaging 1.3%. This was part of a wider trend that saw house price growth in the northern regions of England outpacing the southern regions. As a result, the price differential narrowed to its lowest since 2013. The average price of a home in northern regions of England is now almost 58% of that in the southern regions, well above the lows of c48% seen in 2017.



## Where next in 2026?

"Looking ahead, we expect housing market activity to strengthen a little further as affordability improves gradually (as it has been in recent quarters) via income growth outpacing house price growth and a further modest decline in interest rates. We expect annual house price growth to remain broadly in the 2 to 4% range next year.

“The changes to property taxes announced in the Budget are unlikely to have a significant impact on the market. The high value council tax surcharge is not being introduced until April 2028 and will apply to less than 1% of properties in England and around 3% in London. The increase in taxes on income from properties may dampen buy-to-let activity further and hold down the supply of new rental properties coming onto the market, which could in turn maintain some upward pressure on private rental growth.”

## Notes

Indices and average prices are produced using Nationwide's updated mix adjusted House Price Methodology, which was introduced with effect from the first quarter of 1995. The data is drawn from Nationwide's house purchase mortgage lending at the post survey approvals stage. Price indices are seasonally adjusted using the US Bureau of the Census X12 method. Currently the calculations are based on a monthly data series starting from January 1991. Figures are recalculated each month which may result in revisions to historical data.

More information on the house price index methodology along with time series data and archives of housing research can be found at <https://www.nationwide.co.uk/media/hpi/>.

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