Quilter Essentially Mortgages

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House prices – what to expect in 2026 and beyond

Financial challenges still top barriers to buying a home

Where buying is currently cheaper than renting

Why do some homes sell faster than others?

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House prices – what to expect in 2026 and beyond

As 2026 gets underway, many homeowners and prospective movers are taking stock of their plans. The latest five-year forecast from real estate services firm Savills provides a useful snapshot of where the UK housing market may be heading.

A measured start to the cycle

According to Savills, house price growth is expected to remain subdued in the near term. Average UK prices are estimated to have risen by just 1.0% during 2025, with growth likely to edge up to around 2.0% in 2026. This relatively slow pace reflects lingering economic uncertainty, affordability constraints and softer buyer demand that has yet to fully unwind.

Growth gathering pace from 2027

Looking further ahead, momentum is forecast to strengthen from 2027 onwards. On current economic assumptions, easing interest rates should support improved confidence and affordability. Savills forecasts price growth of 4% in 2027, rising to 5% in 2028 and peaking at 5.5% in 2029, before easing back to 4% in 2030. Taken together, this equates to a cumulative rise of just over 22% in average UK house prices across the five-year period.

Regional differences remain significant

More affordable regions are forecast to see the strongest performance, with areas such as the North East, and Yorkshire and the Humber, seeing total price growth of around 28.8% by 2030.

By contrast, London and much of the South of England are likely to lag due to ongoing affordability pressures. In the capital, prices are forecast to rise by a more modest 13.6% over the same time frame.

Implications for buyers and movers

- **First-time buyers** – the early years of low growth may offer a window of opportunity before prices begin to accelerate from 2027
- **Upsizers and growing families** – those moving within the next three to five years may benefit from rising equity as the market strengthens
- **High-value regions** – slower, steadier growth means long-term planning is increasingly important
- **More affordable regions** – stronger forecast gains could make earlier purchases particularly attractive
- **Buy-to-let investors** – moderating prices, easing mortgage rates and rising rents may gradually improve activity, though tighter regulation and higher taxation are likely to cap growth.

“Whatever your circumstances, if you would like support navigating the changing property market in the years ahead, please contact us for advice”

Equity release – changing motivations

From updating homes to enjoying long-planned experiences, more homeowners are turning to equity release to support their later-life plans. Recent data suggests that how and why people access this wealth is continuing to evolve.

Figures from the Equity Release Council show that borrowing rose by 10% in the second quarter of 2025 compared with the same period a year earlier[1]. Equity release allows homeowners aged 55 and over to unlock some of the value held in their property, without the need to move home.

Customer research[2] from the first half of 2025 highlights a notable change in priorities. Making home adaptations or improvements became the most common reason for taking out a lifetime mortgage, accounting for 43% of cases. Clearing an existing mortgage followed at 27%. A year earlier, these two reasons were reversed, indicating a growing focus on improving comfort and suitability of homes in later life.

Using housing wealth to support lifestyle and family

The research also shows a rise in homeowners using lifetime mortgages to help meet everyday living costs. This increased from 20% in 2024 to 27% in 2025, reflecting the ongoing pressures created by the higher cost of living for older households.

Lifestyle spending continues to feature prominently as well. Funding holidays was cited by 25% of borrowers, while 22% used equity release to make financial gifts to family and friends. Together, these trends underline how property wealth is increasingly being used not just for financial obligations, but to enhance quality of life and support loved ones.

[1]ERC, 2025, [2]Canada Life, 2025

A fresh start for 2026: planning your next move with confidence

As we step into 2026, we would like to thank you for the trust and support you placed in us throughout 2025. We truly value the opportunity to support your property and financial decisions.

Focus now turns to helping you turn plans into progress. Whether you're taking your first step onto the property ladder, considering a move to suit a growing family, or reviewing your existing mortgage arrangements, we're here to guide you every step of the way. Our aim is to find solutions that align with your circumstances today while supporting your ambitions for the future.

Alongside your mortgage, we'll also help ensure your protection arrangements remain fit for purpose. As life evolves, so too should the plans that protect your home, income and loved ones. A regular review can help confirm that what matters most to you continues to be properly safeguarded.

The start of a new year is an ideal moment to pause, reassess and plan. By working together, we can make sure your mortgage and protection strategy is well structured, resilient and aligned with your longer-term goals.

Here's to a positive and successful 2026. We look forward to supporting you as you move closer to achieving your home and financial aspirations.

Key changes in the housing market

November's Budget introduced a number of housing-related measures that are expected to affect landlords, homeowners and first-time buyers over the coming years. While some changes will not take effect immediately, they signal a clear shift in government policy and could influence decisions across the property market. Here's a quick reminder:

Landlords – higher tax on rental income

Landlords are likely to feel increased financial pressure following announced changes to the taxation of rental income. From April 2027, Income Tax on property earnings will rise by two percentage points across all bands, taking the basic rate to 22%, the higher rate to 42% and the additional rate to 47%. For many buy-to-let investors, these increases will reduce after-tax rental yields and add to existing cost pressures, including mortgage rates, maintenance costs and regulatory requirements.

Lifetime ISA set for reform

First-time buyers are also facing a significant change, with the government confirming plans to reform the Lifetime Individual Savings Account (LISA). A formal consultation is due in early 2026, with the intention of introducing a new, simpler ISA product designed to support people buying their first home.

Council Tax changes for high-value homes

The Budget also outlined plans for a new High Value Council Tax Surcharge, sometimes described as a 'mansion tax.' From April 2028, owners of homes valued at £2m or more (based on 2026 values) will face an additional annual charge of £2,500, rising to £7,500 for properties worth £5m or more. While only around 0.5% of homes are expected to be affected – mainly in London and the South East – the measure could still have wider implications for the high-end market.

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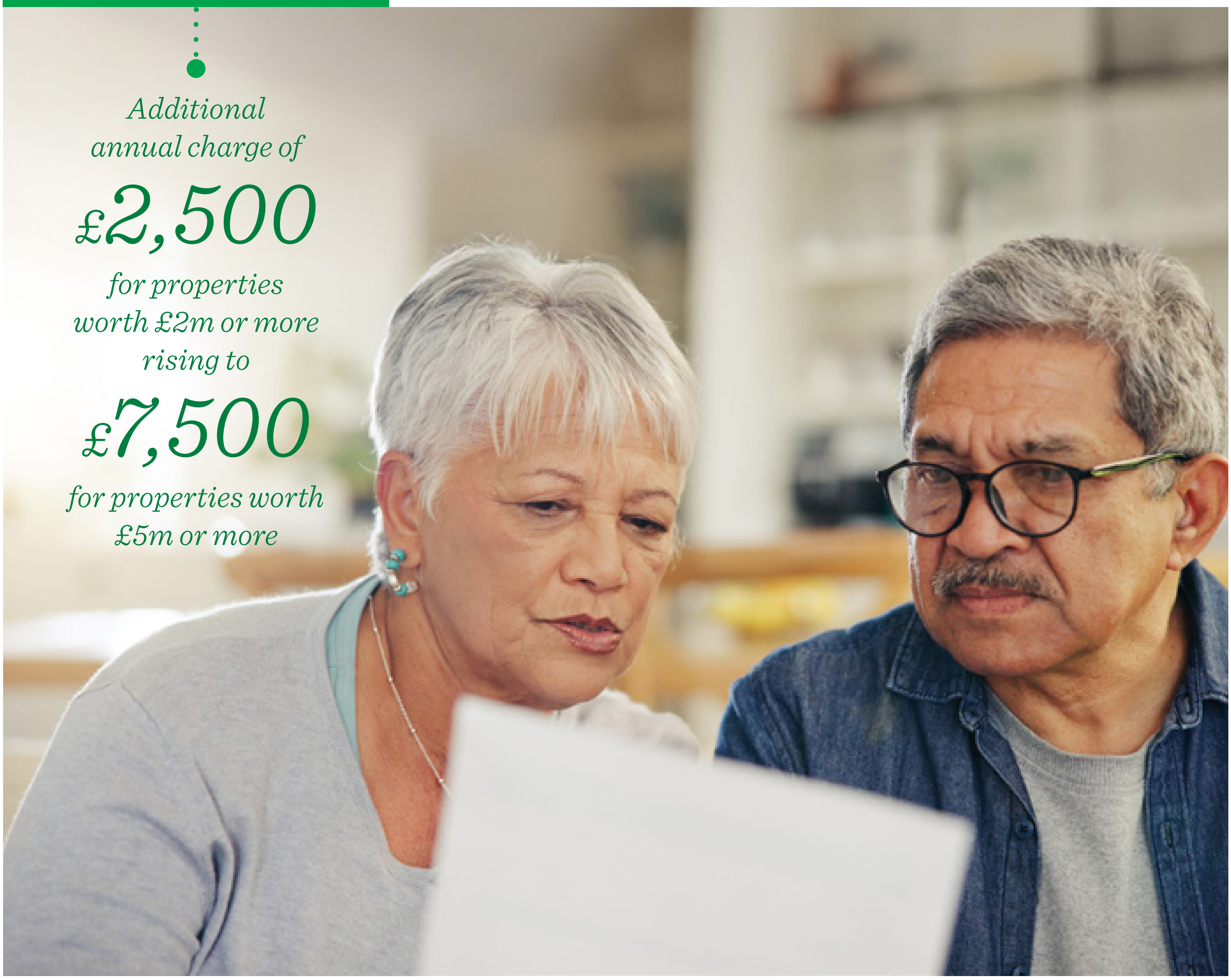

> “Cost remains the most common perceived barrier”

The true cost of cover

Life insurance is still widely misunderstood, with many people dramatically overestimating how much it actually costs. A recent survey[3] highlights the scale of the misunderstanding, showing that respondents believed a typical life insurance policy would cost around £79.50 per month. In reality, the average premium is closer to £27.95, meaning costs are overestimated by around 184%.

Why misconceptions cause delays

This gap between perception and reality has a real impact on behaviour. Many people assume life insurance is unaffordable and delay arranging cover until reaching major milestones such as marriage, having children or buying a home. For some, these events may come later than expected, or not happen at all, leaving long periods without financial protection in place.

Cost remains the most common perceived barrier. More than a quarter of those surveyed said affordability was the main reason they had not taken out life insurance, despite the fact that many policies can be tailored to suit a wide range of budgets. In practice, monthly premiums can often cost less than everyday subscriptions or discretionary spending.

The value of early planning

The findings highlight the importance of understanding how flexible life insurance can be. Arranging cover earlier in life can often reduce costs while providing reassurance that loved ones would be financially supported if the unexpected were to happen.

[3]L&G, 2025

Financial challenges still top barriers to buying a home

Research[4] confirms that the biggest obstacles to homeownership in the UK remain financial, with many aspiring buyers still struggling to take their first step onto the property ladder.

According to the findings, raising a sufficient deposit and affording monthly mortgage payments are the principal hurdles for would-be homeowners. Around six in ten potential buyers cite saving for a deposit as their main challenge, while more than half say the cost of mortgage repayments is a major barrier to buying a home.

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Affordability pressures hit first-time buyers hardest

The ongoing affordability crisis is particularly acute for first-time buyers. Research suggests that despite recent efforts to make borrowing easier, nearly half of aspiring buyers feel they cannot secure a mortgage large enough to meet property prices, highlighting continued financial strain. Uncertainty about tax policies such as Stamp Duty has also emerged as a growing factor in discouraging home purchases, adding to the sense of caution among potential buyers.

Building confidence through planning and advice

While confidence in the housing market remains cautious, this uncertainty highlights the value of having a clear plan in place. Many people feel hesitant about buying due to concerns around affordability, deposits and mortgage repayments, as well as wider economic conditions. However, with the right guidance, these challenges can often be broken down into manageable steps.

We can help you understand what is realistically achievable, explore your mortgage options and create a structured plan towards homeownership.

[4]BSA, 2025

“On average, working adults have three people who depend on them financially, yet many have little in reserve if their income were to stop”

Is your income properly protected?

Recent research[5] has highlighted a significant gap in financial protection among UK workers. A report shows that only around a quarter of working adults currently have an income protection policy in place.

The research shows that just 27% of the working population have cover designed to protect their income if they are unable to work due to illness or injury. Despite this low level of cover, the benefits are clearly recognised. Around half of those surveyed said they would feel more financially secure if they had suitable income protection in place.

Who faces the greatest financial risk?

The findings suggest that couples may be particularly exposed. Around 45% rely on both partners' incomes to meet their regular monthly outgoings. This reliance is even more pronounced among younger age groups, with 70% of working couples aged 18–24 depending on two salaries to cover everyday living costs.

Low savings add to the pressure

On average, working adults have three people who depend on them financially, yet many have little in reserve if their income were to stop. A third of respondents reported having savings of less than £5,000, almost a quarter had under £1,000 and one in ten had no savings at all. This is especially concerning given that average household debt stood at £20,640 in 2023–24.

Income protection can play a vital role in providing stability during unexpected periods off work. If you'd like help finding cover that suits your circumstances, we're here to support you.

[5] LV, 2025

Shorter fixes back in favour

Bank of England data shows a clear shift in borrower preferences, with two-year fixed-rate mortgages ranking as the most popular.

In the second quarter of 2025, around 50% of new mortgages were taken out on two-year fixed terms, compared with 35% choosing five-year deals. Many borrowers took the decision to remortgage sooner, hoping to benefit if Bank Rate continues to fall over the next couple of years.

This marks a notable change from 2022, when interest rates were rising sharply. At that time, longer five-year fixed deals were more attractive, as borrowers looked to lock in lower rates and protect themselves from further increases in mortgage costs.

Why longer-term deals still matter

Despite growing interest in shorter fixes, longer mortgage terms remain worth careful consideration. Analysts do not expect mortgage rates to return to the historic lows seen in 2021. Instead, rates are forecast to settle at a higher level, potentially around 3.5% over the longer term. It's also important to remember that expectations of future Bank Rate cuts are already factored into fixed-rate pricing.

Choosing between a two or five-year fix, or other type of mortgage, depends on individual circumstances, risk appetite and future plans. If you're considering your next move, we can help you weigh up the options and select a mortgage deal that best supports your financial goals.

Where buying is currently cheaper than renting

In many UK cities outside London, buying a home with a low-deposit mortgage can be more affordable than renting on a monthly basis[6].

Analysis comparing typical rental costs with first-time buyer (FTB) mortgage payments found that, on average, mortgage repayments are around 17% cheaper than equivalent rents when buyers secure a mortgage with just a 5% deposit.

The calculations assume a typical FTB property price of around £228,233 and use a fixed interest rate of 4.78% over a 30-year term. Based on these figures, the average 5% deposit would be about £11,412.

City hotspots for savings

In nine out of 11 cities analysed, owning proved cheaper than renting. Glasgow offered the most significant savings, where buyers could pay around 32% less on mortgage repayments than rent, potentially saving more than £4,750 a year. Cities such as Newcastle, Edinburgh and Bristol also showed notable cost advantages for buyers.

Making the choice that suits you

While these findings underline the financial case for buying in many areas, homeownership isn't the right fit for everyone. Factors like job flexibility, lifestyle preferences and long-term plans all play a role. However, for many FTBs ready to commit, the data suggests that ownership could be more affordable than staying in the rental market.

[6]Lloyds Banking Group, 2025

> *“Glasgow offered the most significant savings, where buyers could pay around 32% less on mortgage repayments than rent, potentially saving more than £4,750 a year”*

New rental protections on the horizon

The UK government has confirmed that the first stage of the Renters' Rights Act will take effect from 1 May 2026, bringing significant changes to the private rented sector in England. This marks the beginning of a phased rollout of reforms designed to improve security and fairness for tenants while updating how tenancies are managed overall.

End of fixed term contracts and no fault evictions

Under the initial phase of the Act, all fixed term assured shorthold tenancies (ASTs) will automatically convert into periodic tenancies, meaning agreements will roll on a month by month basis with no set end date. Tenants will be able to end a tenancy at any time by giving two months' notice.

The controversial Section 21 'no fault' eviction will be abolished for most private rentals. Landlords will no longer be able to evict tenants without giving a legally valid reason and must instead rely on specified possession grounds under Section 8 of the Housing Act. This change is intended to provide renters with greater stability and peace of mind.

> *"The Renters' Rights Act will take effect from 1 May 2026"*

Fairer rent terms and additional rights

Rent increases will be limited to once per year, with at least two months' written notice required, and tenants will be able to challenge above market rent rises at a tribunal. The Act also bans rental bidding above the advertised price, limits rent paid in advance to one month and prohibits discrimination against tenants with children or those receiving benefits.

These reforms represent the most significant update to tenancy law in decades, aiming to create a fairer and more balanced rental market as the legislation is rolled out in subsequent phases after May 2026.

Why do some homes sell faster than others?

One of the biggest factors influencing how quickly a property sells is its asking price.

Homes that are priced realistically from the outset tend to attract more interest and generate viewings early on. Overpricing can cause a property to linger on the market, often leading to later price reductions that may weaken buyer confidence.

Presentation makes a powerful difference

First impressions matter. Properties that are clean, decluttered and well-presented typically sell more quickly than those that feel cramped or neglected. Neutral décor, good lighting and simple styling can help buyers imagine themselves living in the space, increasing emotional engagement and speeding up decisions.

Location and local demand

While location is something sellers can't change, it plays a major role when selling. Homes in desirable areas, close to transport links, schools or amenities, often benefit from stronger demand. In contrast, properties in less sought-after locations may require sharper pricing or additional marketing effort to attract buyers.

Effective marketing and strong photography

High-quality photography and clear, engaging property descriptions are essential. Most buyers begin their search online, so professional images and well-written listings can significantly increase enquiries. Poor marketing can mean fewer viewings, even if the property itself is appealing.

Flexibility and readiness to move

Sellers who are organised, responsive and flexible with viewings often achieve quicker sales. Being ready to move and having paperwork prepared can also reassure buyers and help maintain momentum once an offer is made.

> “*Overpricing can cause a property to linger on the market*”