

YOUR WINDOW ON **HOME FINANCE**

WINTER 2026

House Prices – what to expect in 2026 and beyond



As 2026 begins, many homeowners and would-be movers are reassessing their plans. The latest five-year outlook from real estate services company Savills offers a clear view of where the property market may be heading, suggesting a slow start, followed by a steady and sustained recovery through to 2030.

Savills expects subdued price growth in the short term, with average UK house prices estimated to have risen by just 1.0% in 2025 and believed likely to pick up to 2.0% in 2026. This muted pace reflects ongoing economic uncertainty and softer buyer demand still working its way through the market.

Momentum is expected to build from 2027 as, on current economic predictions, interest rates continue to ease. The forecast points to price growth of 4% in 2027, 5% in 2028 and a peak of 5.5% in 2029, followed by 4% in 2030. Over the five-year period, Savills predicts a total increase of over 22% in UK house prices.

Regional outlook

Price growth will not be evenly distributed. The strongest increases are forecast in more affordable regions such as the North East, and Yorkshire and the Humber, where values could rise by around 28.8% by 2030.

By contrast, growth in London and the South of England is expected to lag, limited by affordability pressures. In London, house prices are forecast to rise by a more modest 13.6% over the same five-year period.

What this means for different buyers

- **First-time buyers** – early years of low growth may offer an opportunity to buy before prices are expected to accelerate from 2027 onwards
- **Growing families and upsizers** – those planning a move over the next three to five years may benefit from rising equity as the market strengthens
- **Buyers in high-value regions** – expect steadier, slower growth. Long-term planning becomes even more important
- **Buyers in more affordable regions** – stronger forecast gains could make early purchases particularly advantageous
- **Buy-to-let investors** – because of moderating prices, falling mortgage rates and rising rents, activity is expected to pick up gradually. However, any increase is likely to be limited by tighter rental regulation and higher taxation.

Whatever your circumstances, if you need support navigating the changing property market in the coming years, please contact us for advice.

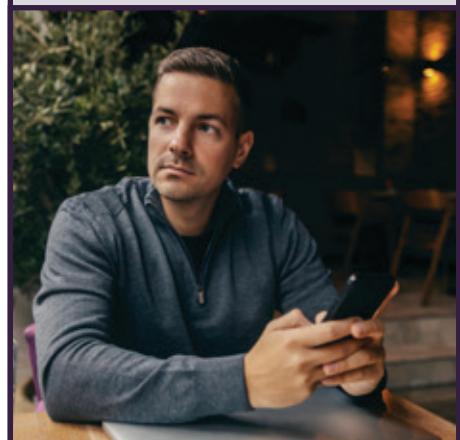
Looking ahead: turning property goals into reality in 2026

As we welcome 2026, we want to thank you for your continued trust and partnership throughout 2025.

Looking ahead, we're here to help you make 2026 the year your property dreams take shape. Whether you're buying your first home, moving up the ladder or reviewing your mortgage, we'll work with you to find the right solution for your needs. We'll also make sure your protection plans continue to safeguard what matters most.

Now is the ideal time to take stock and plan the next steps with confidence. Together, we'll ensure your mortgage and protection strategy supports your long-term goals, giving you clarity, security and peace of mind for the year ahead and beyond.

Here's to a successful 2026 – and to helping you make your home and financial aspirations a reality.



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Key changes in the housing market

Although November's Budget announcements may now feel like a distant memory, several measures introduced at the time remain highly relevant as we enter 2026. Here's a reminder of the key changes that could affect you:

Landlords – new rental income rules
Landlords will see additional pressure from tax changes. From April 2027, Income Tax on rental earnings will go up by 2 percentage points across the board, raising the basic, higher and additional rates on property income to 22%, 42% and 47% respectively. For many buy-to-let investors, this will reduce after-tax rental yields, adding to the ongoing cost pressures.

Lifetime ISA to be replaced

The government has announced its intention to reform the Lifetime Individual Savings Account (LISA). A consultation on reforms is due in early 2026, with the aim

of implementing 'a new, simpler ISA product to support first-time buyers to buy a home.' This marks a significant change for first-time buyers, who have relied on the LISA's tax-benefits and the government bonus as a route to home ownership.

Council Tax changes

This has been dubbed by some as a 'mansion tax' and will apply from April 2028 to homes worth £2m or more in 2026. Owners (rather than tenants, who remain liable for Council Tax) of such properties will face a High Value Council Tax Surcharge (HVCTS) of £2,500 per year, rising to £7,500 for properties worth £5m or more.

Only a small fraction, around 0.5% of homes nationwide, are expected to be directly affected, with the greatest concentration in London and the South East. The measure may, however, have some impact on the wider market.

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Financial protection policies typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

IN THE NEWS

Rents eat up 44% of average wage

Recent data¹ shows that rents across Britain have hit record highs. The average advertised rent in London has risen to £2,736 per month, up 1.6% from 2024, while rents outside the capital now average £1,385 a month, a 3.1% increase, which is the smallest annual rise since 2020. Despite slower growth, tenants face continued pressure, with rents now consuming 44% of the average wage.

Life insurance misunderstood – costs overestimated

A recent survey² reveals that people overestimate the cost of life insurance by 184%, guessing an average monthly premium of £79.50 – while the actual average policy is just £27.95. This misperception leads many to delay protection until major life events like marriage or homeownership, even if those milestones occur later or not at all. Over a quarter of respondents said cost is their main barrier, illustrating a major disconnect between perceived and real affordability.

Manual workers missing out on income protection

A survey³ of 5,000 UK adults has uncovered a stark protection gap – while nearly a quarter of manual workers believe they'll suffer a workplace accident within three years, only 4% hold income protection policies and just 1% have accident-only cover. Many haven't even considered how they'd cope financially after injury. Clear advice is essential to help workers understand and access suitable protection.

¹Rightmove, 2025, ²L&G, 2025, ³Protection Reporter, 2025

Keep your home safe this winter

Frozen pipes. Blocked gutters. Damp rooms. The winter months can take their toll on your home – and your health. Here are some top tips to keep you and your property safe.

Weather the storm

Make sure your home is protected against bad weather, such as freezing temperatures, high winds and heavy downpours. Watch out for a build-up of debris in gutters and drains, insulate any outdoor taps and pipes, and safely store garden items.

Insurers paid out a record £585m for weather-related damage to people's homes and possessions in 2024⁴, so check you have adequate cover. Fences and gates are not always covered for storm damage, so make sure they are secured. Be prepared for floods and power cuts. You can report a power outage by calling 105 and sign up to flood alerts online.

Feel the heat

Boiler breakdowns are often excluded from standard home insurance policies, so it's important to keep them well maintained with an annual service. If you're concerned your boiler might not make it through the winter, then home emergency cover could provide added protection.

Try to heat your home to at least 18°C – especially if you are 65-plus or have a chronic health condition or reduced mobility. A warm, ventilated home can also help to prevent condensation and damp building up during winter months.

Don't play with fire

A log burner or open fire can add a touch of magic to a cold dark night, but remember to get your chimney swept once a year to prevent any blockages. If you use portable heaters or candles, keep them away from soft furnishings.

Take a moment to test your fire, smoke and carbon monoxide alarms to ensure they're working properly. You could also complete an online home fire safety check to identify any hazards in your home – see your local fire brigade's website for more details.

Make sure your home is properly insured

Winter can bring unexpected damage, having the right level of cover can save you from costly surprises. Adequate home insurance not only provides financial security but also peace of mind, so you can focus on staying warm and well, knowing your home is protected whatever the weather.

⁴ABI, 2025

Secure your home and future

The death of a partner can be devastating – not just emotionally but also financially. A survey⁵ has revealed that 30% of UK adults could be forced to sell their family home if their partner passed away unexpectedly. Another 18% would need to take on a second job or a side hustle to make ends meet.

The research demonstrates the impact that a sudden bereavement can have on personal finances – especially when loved ones don't have sufficient resources to cover big expenses, such as mortgage payments.

A lifeline in difficult times

The survey of 18 to 55-year-olds also revealed that 60% of those with a mortgage don't have a life insurance policy that includes mortgage protection.

Life insurance provides loved ones with financial support when the policyholder dies – normally in the form of a cash lump sum. Policies offer different levels of cover and can be taken out jointly or individually.

Planning for the unexpected

Trusts can also be a way to help secure your family's financial future. For example, life insurance policies can be written 'in trust,' which means the payout will not be included in your estate and therefore exempt from Inheritance Tax.

Making financial provision for loved ones in the event of your death can be complicated. Talking things through with family members and seeking professional advice are essential.

⁵Tesco, 2025

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New year, new home?

If you're hoping to make a move in 2026, here are some top tips to help you plan ahead and beat the stress.

Before you start looking at properties, it's worth getting your finances in good shape. Speak to us about finding a suitable mortgage and checking what you can comfortably afford – this will give you a clear picture of your budget before you start house-hunting. Remember to factor in moving costs, such as solicitor fees, surveys, removals and Stamp Duty, as these can quickly add up. The more financially prepared you are, the smoother and less stressful your move will be when the time comes.

And when the time comes...

- **Streamline your stuff** – moving home is the perfect time to take stock of your possessions. Before you pack, identify any unused items that could be sold or donated
- **Keep track of boxes and contents** – make sure every box is labelled with a specific room and a brief description of its contents, this will help simplify the unpacking process and support any insurance claims
- **Create a room plan** – make sure you know where furniture is going in advance. Measure the space as well as entrances and doors to prevent any problems on the big day
- **Stay connected** – as soon as your moving date is confirmed, it's a good idea to start the broadband ball rolling
- **Pack an essentials box** – make sure you have easy access to key items on move day, such as mugs, mobile chargers, cleaning supplies and linen. Keep your essentials box separate from everything else, so it doesn't end up buried at the back of the removal van. Add the kettle, tea, coffee and milk to the box last – moving is thirsty work!

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Think carefully before securing other debts against your home. Equity released from your home will be secured against it.

It is important to take professional advice before making any decision relating to your personal finances. Information within this newsletter is based on our current understanding of taxation and can be subject to change in future. It does not provide individual tailored advice and is for guidance only. Some rules may vary in different parts of the UK; please ask for details. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from taxation are those currently applying or proposed and are subject to change. The information contained within this newsletter is for information only purposes and does not constitute financial advice. The Financial Conduct Authority does not regulate commercial buy-to-let mortgages.

All details correct at time of writing – December 2025.

A shift in equity release priorities

From property renovations to dream holidays, homeowners are increasingly using equity release to help fund later life choices.

Figures from the Equity Release Council revealed a 10% increase in borrowing in the second quarter of 2025 compared with the previous year⁶. Equity release enables homeowners aged 55-plus to cash in on the wealth tied up in their property.

In the first half of 2025, making home adaptations or improvements was the top reason (43%) for taking out a lifetime

mortgage, followed by clearing an existing mortgage (27%), according to one customer survey⁷. The previous year, the results were the other way round, showing a shift in borrowers' priorities.

Sharing the gift of property wealth

The number of homeowners taking out a lifetime mortgage to fund day-to-day living increased from 20% in 2024 to 27% last year, highlighting the impact of the cost-of-living crisis on older adults. Funding holidays (25%) and making gifts to family and friends (22%) also featured in 2025's top five reasons.

⁶ERC, 2025, ⁷Canada Life, 2025

The surprising property premium of some floral addresses

As spring edges into view, new research⁸ suggests that a floral touch may do more than lift the mood – it could also boost property prices. Homes on streets with flower-inspired names are proving especially desirable, selling for as much as 199% more than comparable properties elsewhere.

The biggest premium was found on 'Bellflower' streets, where the median sale price increased 199%. Other bloom-brightened addresses such as 'Pinks' and 'Helenium' also commanded sizeable uplifts of 53% and 41% respectively. Not every floral street flourishes, though – names like 'Phlox', 'Weigela' and 'Gloxinia' were linked to value drops of up to 55%.

Property experts suggest that floral street names evoke charm, calm and a sense of natural beauty – qualities that appeal strongly to buyers seeking both sanctuary and style. As the days lengthen and gardens begin to stir, the findings offer a reminder that even a touch of springtime in an address can shape perceptions of value.

A blooming good name, it seems, might just help your home come into full flower this year.

⁸Hillarys, 2025

IF YOU WOULD
LIKE ADVICE
OR INFORMATION ON
ANY OF THE AREAS
HIGHLIGHTED IN THIS
NEWSLETTER, PLEASE
GET IN TOUCH

