

HALIFAX UK HOUSING MARKET REVIEW AND OUTLOOK FOR 2026

UK housing market steady in 2025, modest growth expected in 2026

- UK housing market performed broadly in line with expectations over the last year
- Limited annual growth of +0.7% lifted the average property price to a new high of £299,892
- Market activity was influenced by stamp duty changes but overall remained close to pre-pandemic levels
- Affordability still challenging, though easing mortgage rates and steady wage growth have supported buyer confidence
- Property prices expected to rise modestly in 2026, by between 1% and 3%
- Forecast uncertainty remains high given the wider economic backdrop

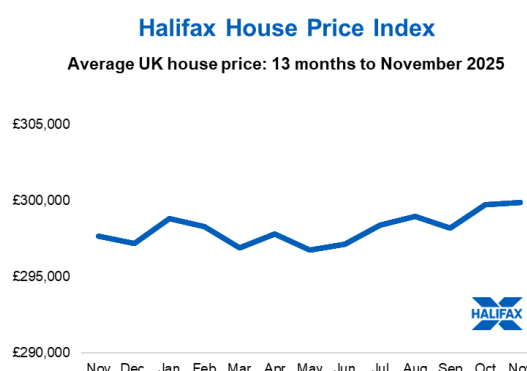
Attributable to Amanda Bryden, Head of Halifax Mortgages:

“2025 was one of the most settled years for UK house prices over the last decade. The average UK home now costs £299,892, up just +0.7% over the year, reaching a new record high price.

“The biggest talking point was the change to stamp duty thresholds in the spring, which led to a rush of buyers trying to beat the deadline. March was one of the busiest months ever for completed transactions, but this spike didn’t translate into a significant rise in prices, and activity levels soon returned to normal.

“While affordability remains challenging, the picture has improved compared to recent years, driven by a combination of above-inflation wage growth, lower interest rates and some expansion of eligibility criteria from mortgage lenders.

“For those taking their first steps onto the property ladder, monthly mortgage costs as a share of income are now at their lowest level since 2022, with the rate on a typical two-year first-time buyer mortgage (90% LTV) dropping by roughly 0.8 percentage points over the last year.



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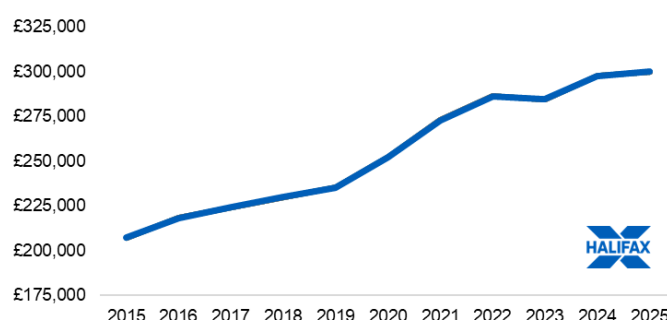


“The second half of the year was dominated by speculation about potential tax rises in the run up to the Autumn Budget. While this kept market confidence subdued for a time, both prices and activity broadly held steady.

“Looking ahead to 2026, we expect house prices to rise modestly, by somewhere between 1% to 3%. While wage growth is expected to slow and unemployment may edge higher, lower interest rates and easing inflation should help to gradually improve homebuyers’ purchasing power.

Halifax House Price Index

Average UK house price: 2015 to 2025



“If you’re thinking about buying your first home next year, it’s a good idea to speak to a mortgage professional early on. They can help you figure out what you can afford, how much you’ll need for a deposit, and guide you through the whole process step by step. There’s a lot to consider when looking for your first place, but getting expert advice usually makes things much simpler, giving you the confidence to take that next step.”

Key facts and figures:

- The average UK house price is now £299,892 which is a new record high. This compares to £297,671 a year ago, a rise of £2,221.
- Annual house price growth was +0.7% (year to November), its weakest level since March 2024 (+0.3%). Property prices have so far fallen four times on a monthly basis during 2025, and risen on seven occasions.
- Property prices for homes bought by first-time buyers rose by +1.1% over the last year, to an average of £236,836.
- Northern Ireland saw the highest rate of annual property price inflation of any UK region or nation over the last year at +8.9%. Greater London saw average prices fall by the most at -1.0%.
- The typical UK house price has increased by +4.7% over the last three years (2022 to 2025), a rise of £13,565. This compares to a rise of +21.7% over the previous three-year period (2019 to 2022), an increase of £50,974.

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Notes:

- 2026 house price forecast based on Lloyds Banking Group's economic projections as stated in its 2025 Q3 results: <https://www.lloydsbankinggroup.com/investors.html>
- All house price figures, unless otherwise stated, taken from the Halifax House Price Index up to and including November 2025 data: <https://www.halifax.co.uk/media-centre/house-price-index.html>

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