January 2026 | Released 15/01/26

Supply Rebound Portends a Buyer's Market in 2026

Headlines

- Vendor numbers rebounded during December in the wake of November's hesitancy. Twenty per cent more properties were placed on the market than in December 2024. The largest surges in new sales listings were in Scotland, the North East, East Midlands and the North West.
- Pricing remains very subdued. Agents are clearly pricing to sell in an increasingly challenging market. Home prices in England and Wales are just 0.5% higher than in January 2025.
- The mix-adjusted average slipped in Wales, Scotland and all English regions except the North East (+0.7%), North West (+0.3%) and Greater London (+0.4%). The East of England indicated the largest month-on-month decline (-0.8%).
- While the total unsold stock on the market has decreased over recent months, the current total is the highest January figure since 2015. Moreover, seasonal expectations indicate a rapid rise over the next six months.
- The North East is now the top regional property market growth leader with a year-on-year gain of 2.7%, pushing the North West into second place. Meanwhile, London remains the worst regional performer with an annualised decline extending to 1.0%.
- Typical Time on Market (TTM) for unsold properties continues to move higher overall and is currently five days higher than in January last year. The worst increase in marketing times is to be found in the South West and prices are correcting accordingly.
- The annualised national growth in asking rents trends even further into the negative (now -4.1%) thus providing further downward pressure on home prices. All English regions, Scotland and Wales continue to indicate year-on-year declines in the mix-adjusted average asking rent. The worst performer is the East Midlands with an annualised decline of 12.5%.
- Eighteen of the 33 London boroughs indicate negative asking rent growth. Kensington and Chelsea is the slowest market (TTM: 49 days) and asking rents have fallen 6.9% over the last twelve months in this borough.

For media enquiries and interviews please contact: press@home.co.uk 0845 373 3580
The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics Ltd

Overview

The UK property market lies at a critical juncture. With overall growth trending to zero and possibly below, confidence is on the ebb even for the most seasoned property bulls. Losses in capital values in *real* terms and falling rents are operating like a pincer movement on property investors. "Hold on and hope" stalwarts are gradually capitulating. For any prospective buyers, caveat emptor must be taken seriously as valuations slide.

With stock levels at their highest for many years and persistent oversupply, the situation is not going to improve anytime soon. Despite December's cut, mortgage rates still remain too high for demand to take up the slack. When Tim Moore of S&P Global Market Intelligence says that construction companies experienced "challenging business conditions and falling workloads in December", the writing is surely on the wall?

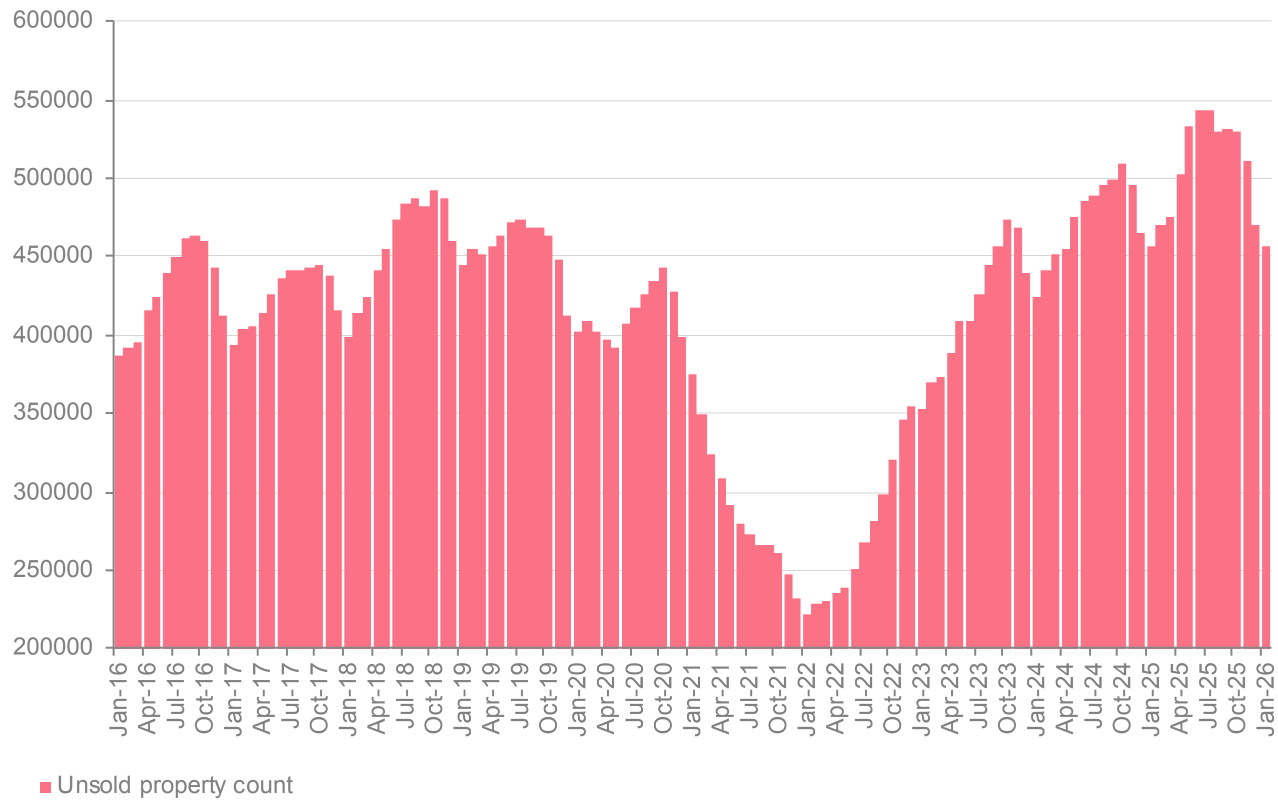
He continues: "Despite a lifting of Budget-related uncertainty, delayed spending decisions were still cited as contributing to weak sales pipelines at the close of the year." The latest figures showed that activity in the UK's construction industry has been slowing for 12 consecutive months. "There's trouble at t'mill", as the saying goes, and unfortunately it's often the humble first or next-time buyer that is last to know.

Frankly, headlines like "House Prices Unexpectedly Fall" look somewhat ridiculous in the current economic environment. Unexpected? Perhaps try paying attention: supply has outpaced demand. Moreover, prices are soft and sliding because many investors are willing to take a hit if it allows them to cash out quickly and turn to other more profitable markets. The sense of urgency is palpable.

Stock

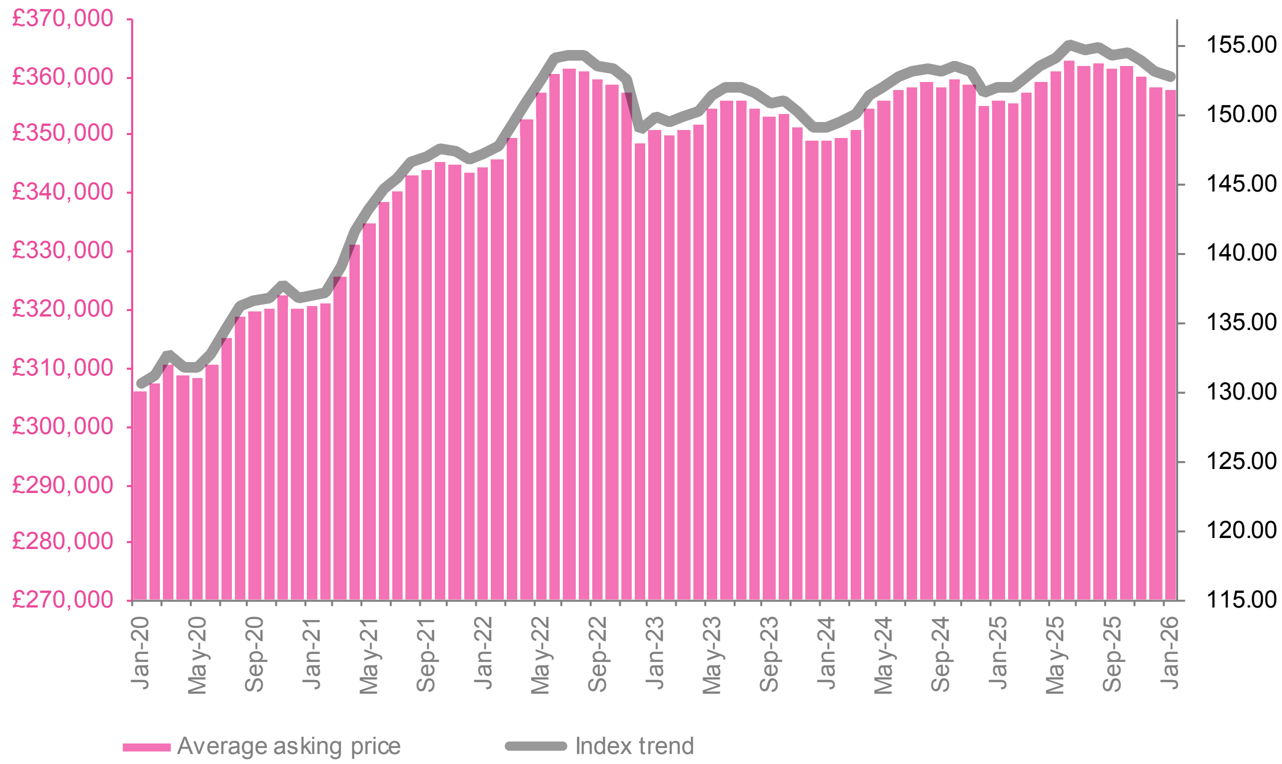
Despite a steep descent from the June high point, stock remains at an 11-year high for the month of January. Seasonal expect-

Total Stock of Property for Sale, (England & Wales)



Source: Home.co.uk Asking Price Index, January 2026

Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, January 2026, Indexed to May 2004 (Value=100).

ations suggest that new listings will ramp up quickly over the first half of the year, perhaps surpassing last year's maximum.

Asking Price Trend

Home prices have followed a typical seasonal decline overall and now sit a mere 0.5% higher than in January 2025. This paltry growth is clearly outpaced by monetary inflation and therefore home prices are falling in *real* terms.

Potential buyers who are aware of this and are able to postpone their purchase will likely do so. This group includes buy-to-let investors. Others who need to upsize or downsize will likely go ahead, along with first-time buyers who simply want to stop paying rent. The market in 2026, therefore, will probably experience reduced demand.

Supply, on the other hand, looks set to remain strong and the resulting imbalance will push pricing to the downside.

Regional Variation

During the last month prices fell in all English regions (except London, the North West and the North East), Wales and Scotland. The largest falls were in the East of England and the South West (see map), while the largest gain was in the North East. Annualised growth is now negative in three regions, namely London, the South West and the East of England. We anticipate that more regions will suffer the same plight in 2026.

Our comprehensive data shows that one of the best predictors for price adjustments is the change in Typical Time on Market for unsold property. Regions that are picking up the pace will experience price gains while slowing markets will correct. Therefore, as we head into the new year, we expect prices in the South West, Greater London and the South East to come under the greatest downward pressure. The North East, meanwhile, as the only regional market to have accelerated over the last twelve months, may well increase its nominal growth.

Other formerly top-performing northern regions will likely continue to indicate weak, sub-inflation, annualised price growth. The search for higher yields was the key driver for growth in the northern regions but, with rents sliding, negative real capital gains, anti-landlord legislation, spiralling running costs and additional tax on rental income, the party is all but over.

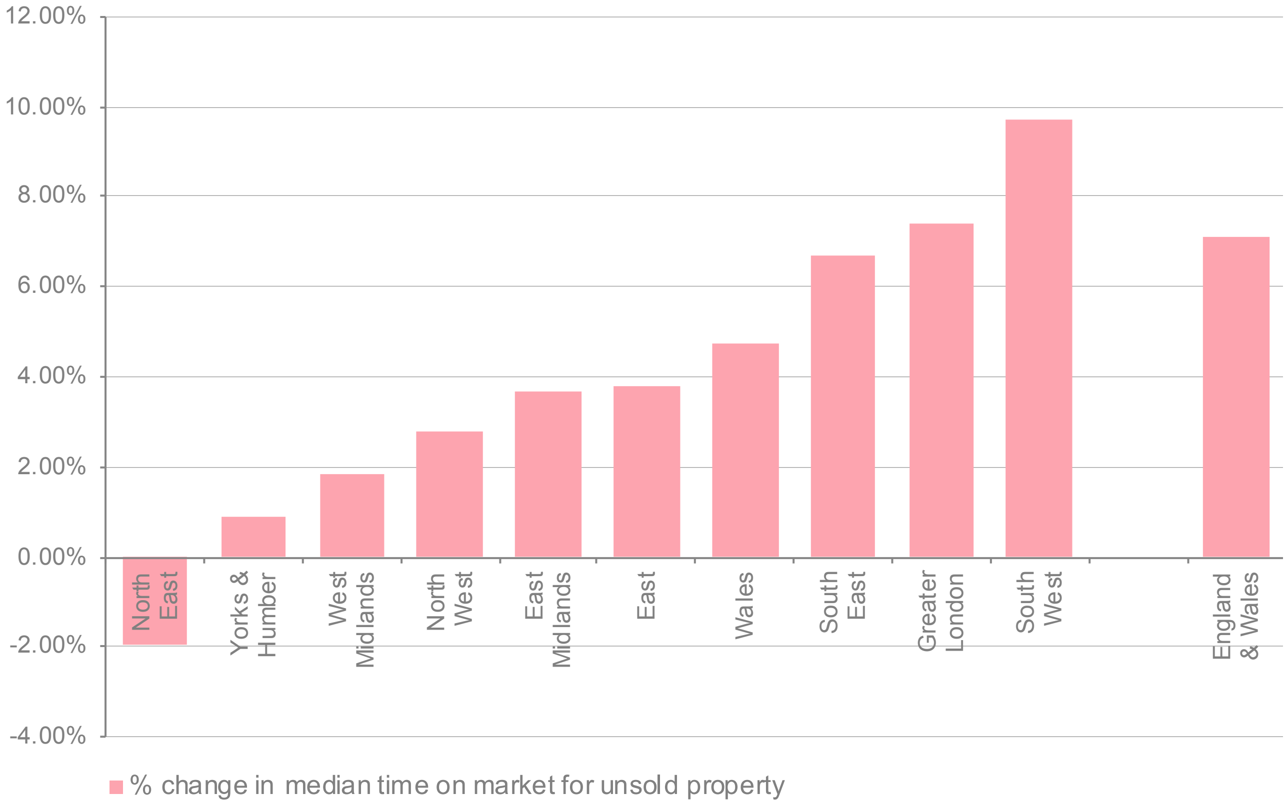
Inflation

So how long should an investor hold onto an asset that is slowly but surely losing capital value in *real* terms? Unfortunately for landlords and homeowners, price growth continues to be outpaced by monetary inflation. At least the former is getting a rental return on their investment, while the latter can do nothing about the constant erosion of their equity other than sell and emigrate.

Former US president Ronald Reagan said: "Inflation is as violent as a mugger, as frightening as an armed robber, and as deadly as a hit man." Hyperbole? Perhaps not. Our chart shows how capital invested in property was ravaged by the wave of huge inflation during 2023. Many cheered while home prices rose nominally, but the awful reality is that this growth was massively outpaced by the loss of purchasing power of sterling. Many investors held on in the hope that the market would return to real growth and recover these losses.

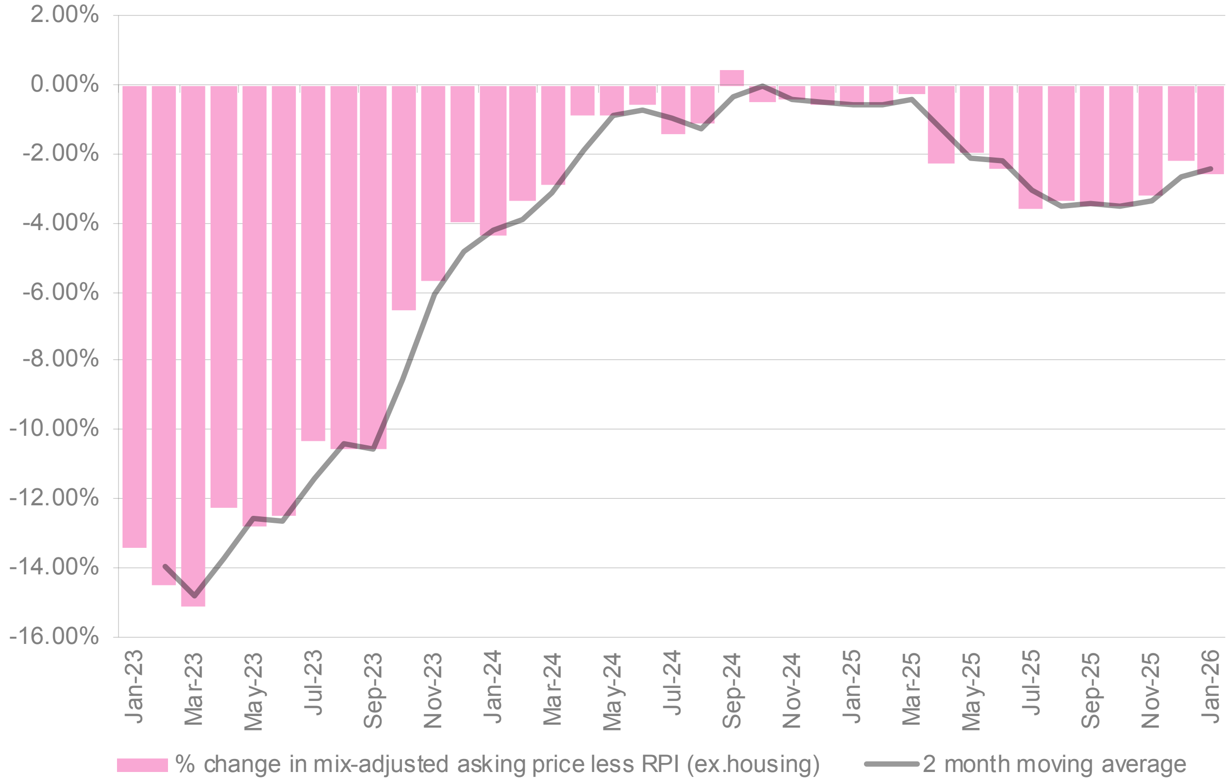
Alas, this was not to be. In fact, using RPI (ex. housing), real home price growth has been positive for only one month in the last three years. Moreover, it reared its ugly head again in 2025 to further erode real capital values. To hold onto property and hope is a bet on the Bank of England getting its forecasts right this time around, something that they never seem to have achieved before. Some will recall the Old

% Change in Typical Time on Market, Jan. 2026 vs Jan. 2025



Source: Home.co.uk Asking Price Index, January 2026

Real Asking Price Growth, (England and Wales)



Source: Home.co.uk Asking Price Index, January 2026, ONS (Our estimates of RPI for Dec and Jan are 3.2% and 3.1% respectively)

Lady of Threadneedle Street stating back in 2021 that inflation would spike briefly and fall back naturally so they need not intervene. Then came the tsunami that ravaged the UK's economy and further impoverished millions.

Despite four quarter point cuts in 2025, UK interest rates (and therefore mortgage rates) are currently the second highest in the developed world (second to Norway). The Monetary Policy Committee are under pressure to make further cuts in 2026. Obviously, cheaper financing would support property valuations and much-needed wider investment in the economy. However, this dovish path also runs the risk of devaluing sterling thereby making imports more expensive. In other words, it could trigger further inflation. Economists are predicting two or three further rate cuts in 2026, perhaps starting in April.

> **With the festive period now behind us, we expect activity in the sales market to pick up rapidly.**

The key question is whether or not there will be sufficient demand to avoid downward repricing. One thing is for sure: supply will ramp up dramatically, accentuated by smaller, so-called "accidental landlords" quitting the sector.

This year is when the Renters' Rights Act will be implemented, albeit in stages, with the main legal part applying from 1 May 2026. The ensuing market upheaval should not be underestimated. The timeline looks something like this:

- January 2026: Wording for tenancy agreements to be confirmed.
- March 2026: Publication of the information sheet that will need to be given to current/existing tenants to inform them of the changes.
- April 2026: Guidance issued to tenants on what the changes will mean for them.
- 30th April 2026: Last day a Section 21 notice can be served.
- May 1st 2026: Implementation of the first phase of the Renters' Rights Act, including the loss of Section 21 and the abolition of fixed-term assured short-hold tenancies.
- Spring/Summer 2026: Financial penalties for Category 1 hazards (following publication of updated guidance).

- 31st May 2026: Deadline for serving information leaflet to existing tenants about the changes and for notifying student tenants that agents and landlords may use the new Ground 4A.
- July 31st 2026: Deadline for applications to court for possession under Section 21. After this, all Section 21 notices will be invalid.
- From late 2026: PRS database which requires landlords to register themselves, along with property details and compliance information, goes live. This will involve a phased, regional roll-out for landlords.

Here's some more detail on what will change on May 31st.

Fixed-term assured shorthold tenancies (ASTs) will be abolished and replaced with assured periodic tenancies (APTs):

- Tenants must be given a written tenancy agreement before the tenancy is entered into.
- Rents can only be increased once per year and only after serving a Section 13 notice.

- No further section 21 notices can be served. Instead, possession must be sought via Section 8 and, if the tenants don't comply/contest, a court appearance is required with an estimated 15-month backlog already. Clearly, if the grounds are for non-payment of rent, the landlord could face bankruptcy if they don't have rental payment insurance. Grounds such as anti-social behaviour are notoriously difficult to prove.
- For new tenancies, you may not accept rent before signing an assured periodic tenancy and you may not demand more than a month's rent at a time after the agreement is signed.
- The government will ban so-called rental bidding wars by requiring adverts list a rental price and banning landlords from accepting or encouraging offers above this listed rent.
- New rules will be introduced that prevent discrimination against tenants with children or those in receipt of benefits.

This legislative restructuring of the rental market will no doubt have a negative impact on an already weakened sales market. Moreover, it could be 2027 or 2028 before the dust settles on what are the biggest changes to the way the property market functions in a generation. Uncertainty is never good for growth, although it may present an opportunity for corporate landlords - who can access cheaper financing and deal with regulation more easily - to buy up rental stock on the cheap. However, Grainger plc, the UK's largest corporate landlord, is not thriving and has seen its share price fall 30% over the last five years, so financing will be more difficult. Moreover, and somewhat tellingly, the value has never returned to the 2007 high point. The markets don't like Rightmove anymore either: their stock price plummeted in November (just after the Renters' Rights Act became law), leaving the shares now worth 35% less than just six months ago.

The analysts have done their homework. 2026 looks like a tough year for the UK property market.

Caveat emptor.

Doug Shephard

UK Asking Prices

England & Wales	Jan-26
Average Asking Price	£357,949
Monthly % change	-0.1%
Annual % change	0.5%

Scotland	Jan-26
Average Asking Price	£236,513
Monthly % change	-0.2%
Annual % change	2.1%

North East	Jan-26
Average Asking Price	£205,553
Monthly % change	0.7%
Annual % change	2.7%

Yorks & The Humber	Jan-26
Average Asking Price	£260,236
Monthly % change	-0.2%
Annual % change	1.9%

North West	Jan-26
Average Asking Price	£277,470
Monthly % change	0.3%
Annual % change	2.6%

West Midlands	Jan-26
Average Asking Price	£309,417
Monthly % change	-0.2%
Annual % change	2.2%

East Midlands	Jan-26
Average Asking Price	£285,611
Monthly % change	-0.1%
Annual % change	1.0%

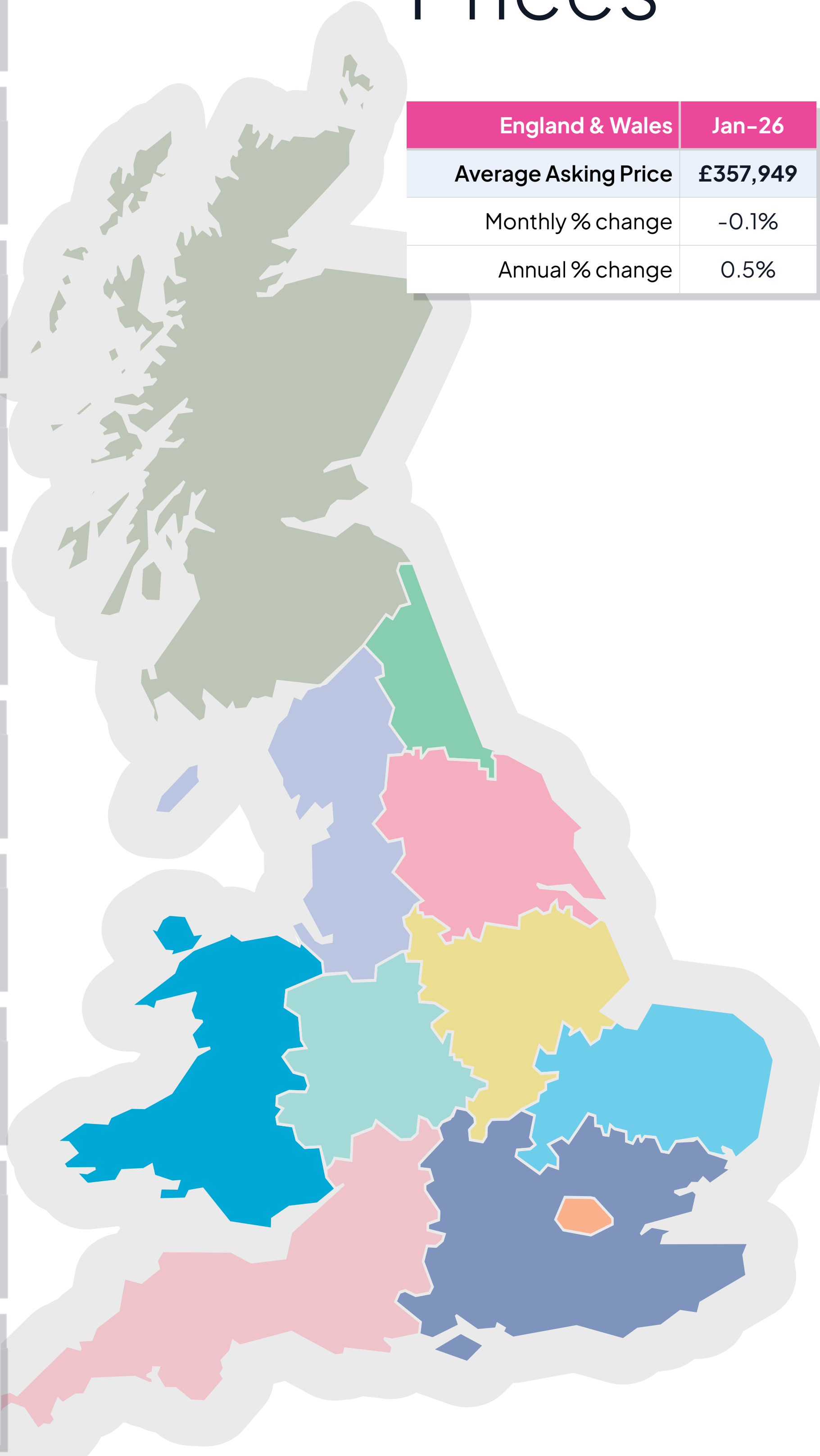
East	Jan-26
Average Asking Price	£389,072
Monthly % change	-0.8%
Annual % change	-0.2%

Wales	Jan-26
Average Asking Price	£276,582
Monthly % change	-0.1%
Annual % change	2.1%

Greater London	Jan-26
Average Asking Price	£541,843
Monthly % change	0.4%
Annual % change	-1.0%

South East	Jan-26
Average Asking Price	£442,615
Monthly % change	-0.4%
Annual % change	0.1%

South West	Jan-26
Average Asking Price	£375,523
Monthly % change	-0.6%
Annual % change	-0.7%



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UK Time on Market

Scotland	Jan-26
Average Time on Market	**n/a**
Typical Time on Market	n/a
Annualised % supply change	n/a

North East	Jan-26
Average Time on Market	**176**
Typical Time on Market	102
Annualised % supply change	27%

Yorks & The Humber	Jan-26
Average Time on Market	**175**
Typical Time on Market	112
Annualised % supply change	18%

North West	Jan-26
Average Time on Market	**181**
Typical Time on Market	110
Annualised % supply change	23%

West Midlands	Jan-26
Average Time on Market	**179**
Typical Time on Market	112
Annualised % supply change	19%

East Midlands	Jan-26
Average Time on Market	**172**
Typical Time on Market	112
Annualised % supply change	25%

East	Jan-26
Average Time on Market	**172**
Typical Time on Market	110
Annualised % supply change	18%

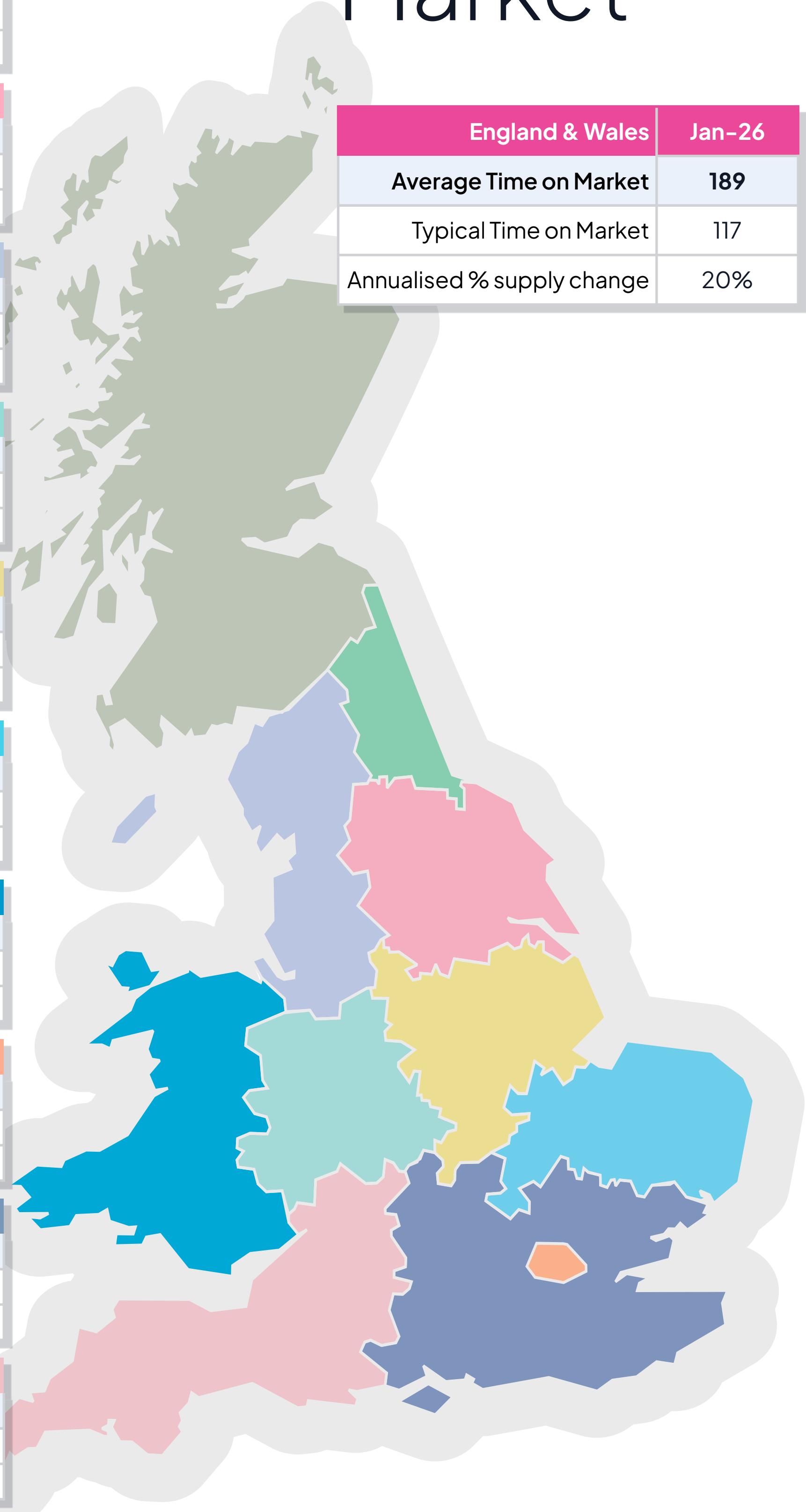
Wales	Jan-26
Average Time on Market	**204**
Typical Time on Market	133
Annualised % supply change	19%

Greater London	Jan-26
Average Time on Market	**199**
Typical Time on Market	116
Annualised % supply change	17%

South East	Jan-26
Average Time on Market	**181**
Typical Time on Market	112
Annualised % supply change	19%

South West	Jan-26
Average Time on Market	**192**
Typical Time on Market	124
Annualised % supply change	19%

England & Wales	Jan-26
Average Time on Market	**189**
Typical Time on Market	117
Annualised % supply change	20%



Source: Home.co.uk Asking Price Index, January 2026. Average = Mean (days), Typical = Median (days).

About the Home.co.uk Asking Price Index

- The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics: the statistical consultancy responsible for the production of the official Land Registry House Price Index.
- The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National Statistics.
- The HAPI is the UK's only independent forward market indicator. The published figures reflect current and historic confidence of buyers and sellers of UK property on the open market. The HAPI is calculated every month using around 500,000 UK property house prices found in the Home.co.uk Property Search Index. This figure represents the majority of the property for sale on the open market in the UK at any given time.
- The HAPI is based on asking price data which means the index can provide insights into price movements around 5 months ahead of mortgage completion and actual sales data – thus making it the most forward looking of all house price indices. Properties above £1m and below £20k are excluded from the calculations.

Contact details and further information

- For media enquiries please contact:
  press@home.co.uk
  0845 373 3580
- To learn more about Home.co.uk please visit: https://www.home.co.uk/company/about.htm
- For further details on the methodology used in the calculation of the HAPI please visit: https://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf
- To learn more about Home.co.uk data services please visit: https://www.home.co.uk/company/data/

Future release dates:

- **Monday 16th February**
- **Monday 16th March**
- **Wednesday 15th April**