

MARKET DIGEST

INSIGHT, EXPERIENCE AND EXPERTISE | ISSUE 10 2026

The Housing Market

In September, our research revealed Britain's house prices rose by 1.5% in the year to September, taking the average price to £328,900. Annual growth remains positive, but the pace has slowed steadily from 2.5% in May and is now back around the levels seen at the end of last year.

Prices fell by 0.2% over the quarter and by the same amount during September. Quarterly growth had remained positive through the spring and early summer, but slipped below zero in August and weakened further in September. This is still a relatively modest adjustment, but the direction has changed noticeably since the first half of the year.

[Read e.surv's House Price Index here.](#)

Residential transactions across the UK

Headline statistics from the latest transactions data include:

- the provisional seasonally adjusted estimate of the number of UK residential transactions in August 2026 is 95,220, 2% lower than August 2025 and 1% lower than July 2026
- the provisional non-seasonally adjusted estimate of the number of UK residential transactions in August 2026 is 96,250, 9% lower than August 2025 and 11% lower than July 2026

<https://www.gov.uk/government/statistics/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above/uk-monthly-property-transactions-commentary--2>

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Inflation and interest rates outlook

At its meeting ending on 16 September 2026, the Monetary Policy Committee (MPC) voted by a majority of 6–3 to maintain Bank Rate at 3.75%. Three members voted to increase Bank Rate by 0.25 percentage points, to 4%.

Protracted conflict in the Middle East has contributed to further increases in crude and refined energy prices since the previous meeting, which remain more volatile and higher than pre-conflict. UK CPI inflation increased to 3.1% in August and is likely to rise further over coming quarters. Monetary policy is being set to ensure inflation comes down to 2% sustainably as the economy adjusts to the energy shock. The policy stance required to achieve this will depend on the scale and duration of the shock and how it propagates through the economy.

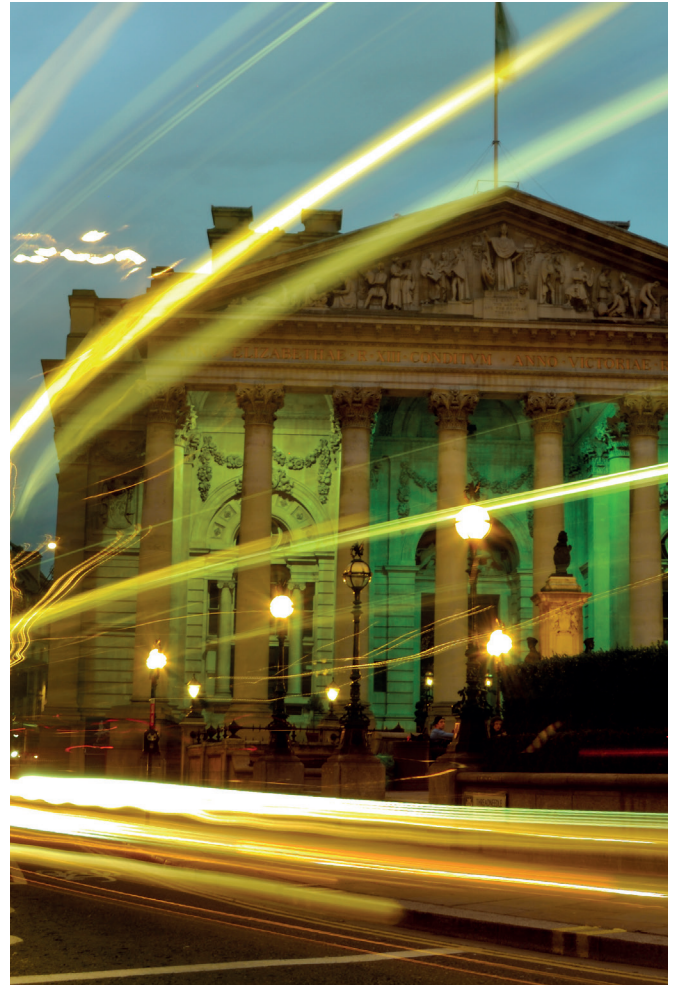
<https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2026/september-2026>

The decision elicited the following reaction from Martin Lewis.

- The mood music is definitely 'upward' now.
- This mood music matters. Markets move based on predicted future rates. And markets directly impact the rate you can get a new mortgage (and savings) fix at. So higher predicted rates, mean higher fix rates. Though exactly how much depends on what rises are already priced in.
- Yesterday's [16 September] new prediction was that the Energy Price Cap will rise 24% in January (see my video). That alone, could add over 0.5% to January's Consumer Prices Index (CPI) inflation (based on my very rough back of an envelope calculation). Never mind the knock on costs in other industries.
- Higher future inflation also increases the likelihood of future rate rises. For those who don't get this, the theory in a nutshell is... increasing interest rates discourages spending and borrowing... which reduces demand... which takes money out of the economy... which reduces inflation.
- Yet much of the inflation is supply side (energy costs), so how much impact higher rates will have is a good question (to ask proper economists, not consumer finance experts like me!) Yet the Bank doesn't have many other tools barring demand side tools, so under its 'keep inflation down' remit, I would guess it has little choice.

<https://www.moneysavingexpert.com/news/2026/09/base-rate-held-again-bank-of-england/>

But there is a lack of consensus on the pace of rises and the need to raise at all within the committee. The case for raising interest rates is "not compelling" unless energy prices



stay higher for longer and have a bigger knock-on effect on the wider economy, according to Alan Taylor, a member of the Bank's Monetary Policy Committee (MPC), who recently played down the need for pushing up borrowing costs amid increased expectations that a hike is on the horizon.

<https://uk.finance.yahoo.com/news/bank-england-policy-maker-says-raising-163707674.html>

In his recent speech, Alan Taylor discusses a key macroeconomic challenge facing the Bank of England: the risk that higher energy prices generate persistent inflationary pressures through expectations and so-called "second-round" effects.

<https://www.bankofengland.co.uk/speech/2026/september/searching-for-signposts-speech-by-alan-taylor>

According to a survey conducted by US bank Citi and polling firm YouGov, UK households' inflation expectations increased in September 2026. Quoted by Reuters, inflation expectations for the next 12 months rose to 4.5% in September from 3.9% in August. Meanwhile, long-term expectations for price increases rose to 4.3% from 4.1%.

<https://www.idnfinancials.com/news/69677/citi-yougov-survey-uk-inflation-expectations-rise>



Job Market

Estimates for payrolled employees in the UK fell by 101,000 (0.3%) between July 2025 and July 2026, and decreased by 19,000 (0.1%) between June and July 2026. This is based on administrative data from HM Revenue and Customs (HMRC).

When looking at May to July 2026, the period comparable with our Labour Force Survey (LFS) estimates, the number of payrolled employees fell by 84,000 (0.3%) over the year and by 39,000 (0.1%) over the quarter.

The early estimate of payrolled employees for August 2026 decreased by 145,000 (0.5%) on the year, and decreased by 26,000 (0.1%) between July and August 2026 to 30.2 million.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2026>

UK employment and wage growth slows

Job losses have been most severe in leisure and hospitality, where increased labour costs are affecting hiring decisions

<https://www.thetimes.com/business/economics/article/uk-unemployment-rate-rises-back-to-5-percent-k2xln5hts>

UK recruiters saw hiring pick up for the first time in four years in August, a survey showed, adding to evidence of a tentative improvement in economic confidence. An index of permanent job placements, published on a monthly basis by KPMG and the Recruitment & Employment Confederation, edged into positive territory for the first time since September 2022, rising to 50.5 from 50 in July.

<https://www.ft.com/content/fbe4ff22-59dd-4c80-89d2-7643c01a1ab3?syn-25a6b1a6=1>

UK employers are continuing to scale back recruitment as rising employment costs and economic uncertainty weigh on hiring, research has revealed. Job postings are down 11 per cent since the start of the year and now stand 32 per cent below their February 2020 pre-pandemic baseline, according to Indeed's Mid-Year UK Labour Market Update report. Hiring has weakened across most occupational categories, with only a handful of technology, engineering and healthcare roles recording year-on-year growth.

<https://www.peoplemanagement.co.uk/article/1966468/uk-job-postings-fall-11-per-cent-start-year-study-finds>

The Housing and Mortgage Market

September was another muted month for the UK housing market, as wider economic uncertainty due to the conflict in the Middle East continued to take a toll. As a result, UK annual house price growth halved from 1.6% in August to 0.8% in September, latest data from Nationwide BS revealed. This means that the average price of a UK property (not seasonally adjusted) dropped to £274,251 in September, down from £275,465 in August 2026.

<https://moneyfactscompare.co.uk/news/mortgages/house-price-growth-halved/>

One in five remortgage borrowers pondered a variable or tracker rate mortgage in September in an attempt to avoid a payment shock, insight showed. Analysis of mortgage search data from Moneyfactscompare.co.uk found that 21% of remortgage borrowers considered a variable or tracker rate mortgage, compared to 14% in July. The share of homeowners looking at variable rate deals stayed steady, moving from 6% in July to 7% in September.

<https://www.mortgagesolutions.co.uk/mortgage-news/2026/10/01/a-fifth-of-remortgagors-consider-variable-rate-gamble-moneyfacts/>

Major lenders including NatWest, Santander, HSBC, Lloyds Bank and TSB have increased selected fixed mortgage rates for the second time this month. Since the start of March,

the average two-year fixed mortgage rate rose from 4.84% to 5.73% as of 15 September, an increase of 89 basis points (bps), flagged Moneyfacts. A further rise of 25bps on a typical two-year fix would increase repayments by around £38 per month or £456 per year.

The average five-year fixed rate has increased from 5.66% at the start of August to 5.78%.

<https://www.mortgagesolutions.co.uk/mortgage-news/2026/09/15/second-wave-of-hikes-among-growing-concerns-surrounding-inflationary-pressure-moneyfacts/>

Prime Minister Andy Burnham used his Labour Party Conference speech to pledge first-time buyer support and a clampdown on bad landlords.

<https://thenegotiator.co.uk/news/uk-housing-market-news/andy-burnham-vows-to-bring-hope-back-to-the-housing-market/>

The average interest rate on a new five-year fixed mortgage deal has hit 6% for the first time in three years, figures show. The cost of home loans has been rising in recent weeks, as lenders face higher costs amid international concern over rising prices, interest rates, and government borrowing costs.

<https://www.bbc.co.uk/news/articles/c8r4yxpry5e9o>



Regulatory News

MPs on the Treasury Select Committee (TSC) are set to examine whether the Bank of England's role in monetary policy is still fit for purpose, 30 years after it was given independence.

<https://www.mortgagestrategy.co.uk/news/mps-to-examine-boes-role-after-30-years-of-independence/>

The Prime Minister has vowed to bring forward a leasehold reform bill before Christmas.

<https://www.mortgagestrategy.co.uk/news/burnham-vows-to-bring-leasehold-bill-before-christmas/>

Leaseholders will be given more rights and better protections under new rules, the government can confirm today.

<https://www.gov.uk/government/news/government-goes-further-to-protect-leaseholders>

During her speech at the Labour Party Conference in Liverpool, Angela Rayner highlighted that some estate agents, letting agents and property management agents are exploiting leaseholders and tenants.

<https://www.mortgagestrategy.co.uk/news/rayners-focus-on-the-regulation-of-property-agents-welcomed-by-property-mark/>

FCA and partners join forces to help improve financial security for millions

<https://www.mortgagestrategy.co.uk/news/fca-to-work-with-ami-and-others-to-tackle-protection-gap/>

Sustainability in Housing

Changes to the way Natural England provides planning advice for housing schemes have come into effect, potentially speeding up the delivery of thousands of new homes. From 1 October, the government says that Natural England will “focus on planning proposals which present the greatest risks or opportunities for nature”.

Previously, Natural England was required to reply to all significant planning applications, regardless of their impact on the environment. The environmental quango has been required to examine over 22,000 planning applications annually.

<https://www.showhouse.co.uk/streamlined-natural-england-role-could-boost-delivery-of-thousands-of-new-homes/news/>

The fate of a controversial plan for 800 homes on green belt land near a Shropshire village will be decided by Housing Secretary Angela Rayner in a case campaigners say could test Labour's planning

reforms. A 12-day appeal is underway into whether Boningale Homes should be allowed to build the estate south of Albrighton after Shropshire Council rejected the application.

<https://www.bbc.co.uk/news/articles/cqn4k8yrnpw4o>

An MP has claimed that grey belt rules will spell the end of an alternative route to building social housing in villages. Gideon Amos warned of the threat to so-called rural exception sites from the policy, which aims to unlock housebuilding on ‘lower-quality’ green-belt land.

Currently, these sites can be used for affordable housing in villages even if the land is protected, as long as the plot has been sold below market rate.

<https://www.insidehousing.co.uk/news/grey-belt-could-spell-end-of-social-housing-on-rural-exception-sites-mp-warns-98738>

New Build Market

Your First Home scheme could 'double new-build choice'. The number of new-build homes within reach of an average single first-time buyer in England could double under new Your First Home scheme, Rightmove says.

<https://thenegotiator.co.uk/features/housing-market-movements-features/your-first-home-scheme-could-double-new-build-choice/>

New research has urged the government to expand its new Your First Home scheme to secondhand homes to prevent inflated prices of new-build homes. Research from SAM Conveyancing suggests this could significantly inflate the average price of new-build homes. They already command a 40.1% premium over established properties, averaging £396,889 compared to £283,194 for an existing home.

<https://www.pbctoday.co.uk/news/planning-construction-news/your-first-home-scheme-needs-to-be-expanded-secondhand-homes/166358/>

Despite the Labour government's plan to build 1.5 million homes by the end of this Parliament, new-build properties currently account for just 8.1% of all homes for sale across Great Britain.

Data from UK Property Development Limited reveals that new-builds make up just 8.1% of homes currently on the market, leaving buyers with a relatively limited choice of newly built properties.

<https://www.property118.com/new-build-shortage-puts-pressure-on-governments-1-5m-homes-target/>

Barratt Redrow has reduced its housebuilding targets for the coming year, despite posting a resilient financial performance in FY26. In its second set of annual results since a £2.5bn merger in 2024, the housebuilder said it expected to build between 17,500 and 17,900 homes in FY27. It said this downward adjustment, from previous guidance of 17,700-18,200, reflected "continued planning delays and a consequent reduction to expected sales outlet openings".

<https://www.building.co.uk/news/barratt-redrow-cuts-housebuilding-forecast-despite-strong-full-year-results/5144147.article>



Renting and Leasehold

- Average UK monthly private rent increased by 3.8%, to £1,400, in the 12 months to August 2026 (provisional estimate); this annual growth rate is up from 3.7% in the 12 months to July 2026.
- Average rents increased to £1,459 (4.0%) in England, £846 (4.3%) in Wales, and £1,013 (1.1%) in Scotland, in the 12 months to August 2026.
- In Northern Ireland, average rents increased to £874 (1.6%), in the 12 months to June 2026.
- In England, private rent annual inflation was highest in the North East and North West (5.8%), and lowest in the South East (3.0%), in the 12 months to August 2026.
- Average UK house prices increased by 1.4%, to £273,000, in the 12 months to July 2026 (provisional estimate); this annual growth rate is down from 1.5% in the 12 months to June 2026.
- Average house prices increased to £293,000 (1.1%) in England, £215,000 (2.6%) in Wales, and £196,000 (2.3%) in Scotland, in the 12 months to July 2026.

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/september2026>

The UK private rented sector is losing an average of 505 properties per day in 2026, representing more than three times the rate recorded in 2020, according to analysis from property data firm TwentyEA.

The company estimates that approximately 181,000 homes left the sector through landlord sales in 2025, up from 111,696 in 2024. Since the start of the decade, TwentyEA

calculates that 834,800 properties have exited the private rented sector, representing an 18.6% reduction in rental stock nationally. In London, the decline stands at 14.2%.

<https://www.propertywire.com/news/uk/uk-rental-sector-loses-over-500-properties-daily-in-2026/>

Rental values in Birmingham are climbing more quickly than any major city outside London, according to research by JLL.

The firm's Big Six Residential Report, which compares Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester, shows average rents for new-build apartments have risen 58.8% in the last five years.

<https://www.placemidlands.co.uk/birmingham-new-build-rents-rise-more-than-58-over-five-years/>

Landlords quit rental market at fastest rate in a decade. Buy-to-let exodus gathers pace as higher costs and red tape 'mean business is no longer viable'

<https://www.telegraph.co.uk/money/property/buy-to-let/landlords-quit-rental-market-at-fastest-rate-in-a-decade/>

Around two-thirds of landlords are now planning to raise rents in the aftermath of the Renters' Rights Act, research suggests. The reforms ended Section 21 evictions, introduced rolling tenancies, and limited rent increases to once a year. A Deposit Protection Service (The DPS) poll of more than 1,000 landlords, taken just days after the Act was implemented in May, found 68% say they plan to increase rents on some or all of their properties.

<https://thenegotiator.co.uk/news/rental-market/landlords-plan-rent-hikes-and-exits-as-rental-reforms-bed-in/>



Later Life Lending

The equity release market returned to growth during Q2 2026, with lending and customer activity increasing as customer demand returned following a slower start to the year.

According to the latest data from the Equity Release Council, total lending increased to £597 million during Q2 2026, up 4% on the previous quarter (£574m). Overall customer numbers also rose 4% to 13,489. The strongest growth came from new customers, with 5,307 homeowners accessing housing wealth for the first time, a 9% increase on Q1 and returning to the same level recorded in Q2 2025.

<https://www.credit-connect.co.uk/news/consumer-lending/financial-services/equity-release-data-shows-return-to-growth/>

Later-life lending “is dead” as the meaning behind the terminology has become irrelevant to the current market, LiveMore founder and CEO, Leon Diamond, has suggested. Speaking at a panel hosted by LiveMore, Diamond explained that changing consumer behaviours, particularly in relation to pensions and mortgages, have rendered the idea of later-life lending redundant.

“Complexity starts at an earlier age. It is no longer just going into retirement at 60 or 65, the economic times are tougher and people are starting to plan in their thirties and forties,” he said.

“The other part from a statistical perspective, 40 per cent of all mortgage go past retirement, so at the advice stage they should be thinking about a solution that works for someone moving into retirement in the various forms of income change.”

<https://www.ftadviser.com/content/e28cd0f8-6c6d-4057-a91e-3faeb238c0bc>

Key Group is evolving its market-leading holistic later-life lending advice service, further underlining its commitment to achieving consistently good outcomes for customers in a later-life lending market set for exponential growth.

The holistic advice process begins with understanding a customer's circumstances, objectives, priorities, and future needs. Key Group's advisers first consider whether borrowing is appropriate at all, having explored alternatives such as using other assets or income, downsizing, changing plans and/or having facilitated access to specialist support on other areas of financial planning. Only where later life borrowing is suitable are options considered including lifetime mortgages, Retirement Interest Only (RIOs) and residential mortgages.

<https://ifamagazine.com/key-expands-holistic-later-life/>

