

Residential Research Update: April

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The word disruption has been part of the English language since the 1620s, when it started to proliferate scientific texts to describe structural failure or the disturbance of natural orders. While used to describe moments of change in the housing market, it rarely equates to 'failure'.

During the 2020s it has been liberally used during periods of volatility, as the UK housing market adjusts to an ever-changing backdrop. Given recent events in the Middle East, we can expect its use to burgeon through the spring of 2026.

From a sales perspective, another round of inflationary economic pressure has already been priced into fixed rate mortgage costs. This is a reminder of how quickly markets adjust.

The headline cost of a 2-year fixed rate mortgage for someone borrowing 75% of their property's value was 3.64% at the end of February with the Nationwide. Today, the same mortgage with a £1,499 up front product fee comes in at 4.62%.

That, together with an air of wider economic uncertainty, points to the continuation of price sensitivity across both the prime and mainstream housing markets in coming months. You can [read more in my blog post](#), which was published on the day that the nine members of the Bank of England's Monetary Policy Committee voted unanimously to keep Bank base rate at 3.75%.

Our most recent client survey indicated that buyer commitment was improving before 28th February, but our prime indices tell us that prices of the most desirable London property fell by -0.5% in the first quarter of



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the year leaving them down by -2.6% year on year.

Similar quarterly price falls were seen for the best homes across the rest of the South of England, with more price stability across the Midlands, the North, Wales and Scotland.

More detail can be found in our press release.

However, up to the minute data from TwentyCi contradicts the change in sentiment associated with this disruption. In February, net agreed sales of homes worth over £1 million were -3% below the same month last year, while in March they were 2% above, likely supported by a smaller number of motivated buyers looking to lock into mortgage offers in anticipation of further rate rises.

The trend is similar, but less pronounced in the mainstream markets, where the **Nationwide tells us that annual house price growth stood at 2.2%** at the end of March, with a similar north-south divide.

Meanwhile, disruption comes in a different form in the rental sector.

The Renters' Rights Act comes into force across England on 1st May, bringing with it the changes set out in the **recently published Renters' Rights Information Sheet** (which is firmly aimed at advising tenants of changes in their rights).

At the top end of the London market, annual rental growth stands at 2.0%, with rents rising by 0.7% in the first quarter of the year. The rental value of prime property beyond the capital rose by a similar 0.6% in the quarter, though annual rental growth is more modest at just 0.2%.

We'll be providing more housing market insights in our next Prime UK Residential report, that is due to be released later in the month, further disruption notwithstanding.

