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Property review

8 minute read



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice.

Current commercial market conditions

The commercial market is facing tighter lending conditions, but some sectors are showing resilience.

This year has been shaped by economic uncertainty, so investors have turned to assets offering secure income, according to Allsop. In the industrial market, investment volumes reached £1.26bn in quarter two, marking a 13% quarterly increase, with distribution assets attracting strong investor interest. In the City market, investment volumes were at £1.21bn in quarter three, bringing the year-to-date total to £3.085bn, up 25% on the previous year. Demand remains high for *'well-located, best-in-class office buildings with strong ESG and sustainability.'*

The latest survey from the Royal Institution of Chartered Surveyors (RICS) shows that rising gilt yields have affected investment sentiment, with the credit conditions indicator falling from a net balance of -23% in Q2 to -37% in Q3. However, occupier demand remains broadly stable, and respondents still expect rental growth for prime offices in the coming year.

Government to accelerate stalled developments

The government has launched a Strategic Sites Accelerator (SSA) to help bring forward stalled commercial developments with strong investor interest.

The pilot scheme is backed by over £700m in public capital and will invest in six to 10 sites over the course of this Parliament. The fund will be complemented by technical advisory support and could potentially bring forward other early-stage projects to an investment-ready state.

Mayors and local authorities will help to identify suitable pipeline projects for the programme, which aims to attract up to £2bn in private investment. The government is already in talks about bringing forward the Science and Technology Park in Burgess Hill and Don Valley Corridor's Runway Park in South Yorkshire.

Chancellor John Healey said, *"This £700m package is helping break down the barriers to local growth, so people can feel the benefits of a growing economy and love where they live."*

The impact of the Budget

In the Budget, Chancellor John Healey announced measures that will affect specific areas of the commercial property market.

The Small Business Rates Relief thresholds will increase from a rateable value of £12,000 to £18,000 for full relief, and £15,000 to £21,000 for tapered relief, which is expected to benefit an additional 70,000 regional high street businesses. As part of the roadmap to fiscal devolution, mayors will receive a 20% share of locally retained business rates from April 2027, with local authorities set to retain 100% by the end of the decade. Knight Frank notes that *'giving mayors and councils a clearer financial stake in business-rate growth should strengthen the incentive to support commercial development and reinvest in enabling infrastructure.'*

It is expected that the changes could help reduce the number of empty shops, particularly on smaller high streets outside major cities, by making retail spaces more affordable.

Smaller property owners, especially those with properties valued at under £18,000 for business rates purposes, could also benefit from increased interest from potential tenants and a stronger pool of businesses looking to rent.

The Budget, Bank Rate and the housing market

Chancellor John Healey delivered his first Budget at the end of October, and the following week, the Monetary Policy Committee (MPC) voted to increase Bank Rate for the first time since August 2023. What does this all mean for the housing market?

Property Income Tax

In the Autumn Budget 2025, former Chancellor Rachel Reeves announced that landlords will face a 2% increase on their Income Tax bill from April 2027. In this year's Budget, Healey confirmed that tax rates for property income will rise by an additional 2%, meaning that landlords will pay rates of 24%, 44% or 49% depending on the tax band (different tax rules apply in Scotland). Industry experts have expressed concern that this could cause an increase in rents and a reduction in supply.

First-time buyer support

The Chancellor confirmed that the previously announced 'Your First Home' scheme will launch in 2027, with applications set to open in February and the first property sales expected in April. The Treasury has allocated £4.7bn in funding for the scheme, which enables first-time buyers (FTBs) to buy new-build homes with a 2.5% deposit, supported by a government-backed equity loan. Eligible applicants must have a total annual household income of £110,000 or less outside London, or £140,000 or less within London.

Healey also confirmed that the new FTB ISA will be introduced in April 2029, replacing the Lifetime ISA (LISA) for new savers. Savers will receive a 25% bonus when buying their first home, on properties valued at up to £450,000.

Bank Rate

Bank Rate was increased to 4% in a bid to keep inflation under control as energy prices remain volatile. This has likely knocked the confidence of borrowers, who may face higher mortgage rates as a result, with many experts expecting to see another rise to Bank Rate in the new year.

Britain's most affordable towns

A report from Zoopla has revealed the most affordable towns in Britain, with Shildon in County Durham taking the top spot.

The average home in Britain costs 4.3 times a couple's combined annual earnings. However, the typical property in Shildon is priced at £73,600, which is only 1.15 times a local household income.

The second and third most affordable towns are Ferryhill and Peterlee, also in County Durham, where the average home costs £91,500 and £96,500 respectively. Scotland also featured heavily on the affordability list, with six towns located in Aberdeenshire, North Ayrshire or Fife.

Overall, the research found that there are 36 towns in Britain with a house price to earnings ratio below 2. At the other end of the list, the most expensive area is Esher in Surrey, where the average home is 11.93 times the average local earnings. Beaconsfield and Chalfont St Peter were also flagged with ratios of 11.70 and 10.58 respectively.

House price
Headline statistics

House Price Index (September 2026)	**104.5**
Average House Price	**£273,000**
Monthly Change	**-0.5%**
Annual Change	**1.2%**
Average house prices in the UK increased by **1.2%** in the year September 2026	
House prices decreased by **0.5%** on average between August 2026 and September 2026	
The average price in London was **£545,579**.	

House price
Price changes by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-0.4%	0.8%	**£292,998**
Northern Ireland	2.7%	7.4%	**£207,272**
Scotland	-0.7%	2.3%	**£197,975**
Wales	-1.2%	1.8%	**£214,548**
East Midlands	-0.1%	1.3%	**£242,863**
East of England	-0.2%	0.7%	**£338,357**
London	-1.4%	-3.5%	**£545,579**
North East	0.1%	4.6%	**£166,649**
North West	-0.5%	3.2%	**£220,477**
South East	-0.3%	-0.2%	**£378,915**
South West	-0.9%	0.3%	**£301,616**
West Midlands Region	-0.4%	0.9%	**£250,355**
Yorkshire and The Humber	0.4%	2.9%	**£210,799**

All details are correct at the time of writing (18 November 2026).

Source: The Land Registry | Release date: 18/11/2026 | Next data release: 16/12/2026

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