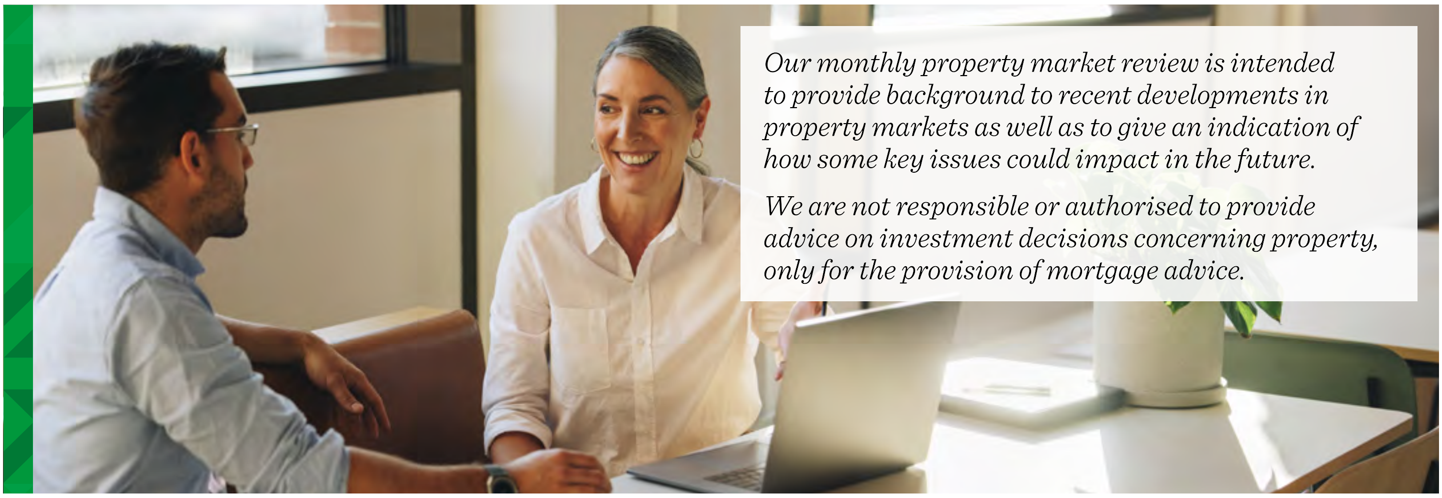
Property review

July 2026

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.

Office occupier market update

The latest Commercial Market Outlook from Carter Jonas has highlighted the current trends in the office occupier market.

More organisations are implementing return-to-office mandates, which have caused office attendance levels to increase. More businesses are looking for high-quality space to make office working more appealing for those who have become accustomed to working from home since the pandemic. Buildings that are sustainable and energy-efficient are particularly popular as they have reduced occupational costs and can help businesses meet their ESG goals. Also, from 2031 the government plans to introduce a minimum EPC rating of B for larger non-domestic properties.

There continues to be a shortage of prime supply in key city centre markets, partly because office development has been limited since 2020. This issue extends to the core City of London, which is low on quality floor space despite being more able to accommodate large-scale high-rise schemes.

Investors shift focus to commercial assets

According to NAEA Commercial Propertymark's Advisory Panel, investors may be shifting their focus from residential to commercial assets in response to changing tax rules.

In recent years, there have been changes to the rules and regulations of the private rental sector, affecting residential landlords. As a result, panel members reported that some investors are turning to commercial property as the legislative framework is considered to be less restrictive. Despite commercial property typically having higher entry costs and more complex transactions, agents have noted a rise in enquiries from investors looking to move away from the residential market.

Steve Lane, a member of the Advisory Panel, noted that more investors are seeking professional advice if they are considering the switch. He explained, *"Many of these investors need guidance on the differences between the tax and regulatory structures of the two markets. This includes borrowing ratios, tax liabilities, and regulatory obligations."*

Retrofitting likely to rise

Retrofitting is likely to become a key topic of conversation in the coming years as the focus shifts to improving existing buildings rather than developing new ones.

Savills notes that most of the buildings that will exist in 2050 are already standing. With the UK committed to reaching net zero by this time, the attention will necessarily shift to retrofitting. In the offices and retail sector, retrofitting is largely connected to an aim to achieve EPC ratings of A and B, with a view to all buildings becoming fully electric. In this area, investors are increasingly prioritising assets that will protect their income, maintain liquidity and support leasing. Meanwhile, in the industrial and logistics sector, retrofitting is generally motivated by meeting occupier needs and complying with regulations. Operational performance is also a key factor, with many projects aiming to minimise disruption by aligning improvements with lease events and planned refurbishments.

The latest RICS Market Survey

The latest Residential Market Survey from the Royal Institution of Chartered Surveyors (RICS) suggests that the deteriorating market conditions may be easing slightly.

Tarrant Parsons, Head of Market Research and Analysis at RICS, observed, "June's survey results offer some cautious encouragement that the worst of the slowdown in market activity may be beginning to pass, with several key indicators moving in a less negative direction for a second consecutive month."

New buyer enquiries posted a net balance of -29%, up from -34% in the previous two months and the highest reading since February. Meanwhile, near-term sales expectations showed some improvement, rising to -16%. Over the next twelve months, sales volumes are expected to remain broadly flat, with a net balance of +1%.

In the lettings market, tenant demand showed signs of improvement as it rose to +18%, the strongest reading since May 2025, but landlord instructions remained in negative territory at -18%.

Plans to end 'gazumping'

The government has announced plans to end 'gazumping,' meaning buyers in England and Wales will no longer be at risk of being outbid at the last minute, potentially causing a sale to fall through.

Currently, buyers and sellers can walk away after an offer has been accepted, which can disrupt the sale chain and incur unwanted costs for the other party. However, there are plans to follow in the footsteps of Scotland and make sales agreements legally binding at an earlier stage. This will stop a buyer from being 'gazumped' unless there is a legitimate reason. It is hoped that these changes, which are expected to be introduced in 2029, will speed up the homebuying process. As well as this, sellers and estate agents will be required to share more information upfront. Overall, the government estimates that the reforms should save the average buyer £650.

Homebuyer demand slips

Recent data from eXp UK indicates that homebuyer demand in England dipped in Q2, as the proportion of properties under offer fell to 41.2%.

The statistics highlight that the regional divide persists, with performance varying significantly depending on the area. East Riding of Yorkshire saw the strongest increase in buyer demand, with a quarterly rise of 3.1%. Although the City of London is the most expensive area in which to buy, demand still increased by 0.7% in Q2. Meanwhile, Dorset, Surrey and Bristol saw the sharpest drops in homebuyer demand. This coincides with new data from Connells showing there has been a 6% decline in the number of homes for sale that have secured an offer this year.

Adam Day, Head of eXp UK and Europe, commented, *"What continues to stand out is the resilience being shown by many markets across the North and Midlands, where affordability remains comparatively stronger and buyer activity has generally held up better."*

House price
Headline statistics

House Price Index (March 2026)	**104.0**
Average House Price	**£271,000**
Monthly Change	**0.3%**
Annual Change	**2.7%**

Average house prices in the UK increased by **2.7%** in the year May 2026

House prices increased by **0.3%** on average between April 2026 and May 2026

The average price in London was **£544,814**.

House price
Price changes by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.1%	2.3%	**£292,095**
Northern Ireland	1.5%	7.4%	**£198,015**
Scotland	1.5%	4.4%	**£195,543**
Wales	1.3%	4.2%	**£215,252**
East Midlands	-0.4%	3.2%	**£240,758**
East of England	0.3%	2.3%	**£338,224**
London	-1.2%	-3.7%	**£544,814**
North East	0.6%	5.9%	**£163,933**
North West	1.4%	5.8%	**£219,506**
South East	0.8%	1.2%	**£381,311**
South West	-0.3%	1.7%	**£302,559**
West Midlands Region	-0.9%	2.7%	**£247,764**
Yorkshire and The Humber	0.2%	4.3%	**£208,549**

All details are correct at the time of writing (22 July 2026).

Source: The Land Registry | Release date: 22/07/26 | Next data release: 19/08/26