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Khaled Alanani
Head of Real Estate Finance and Investments,
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The UK Residential Real Estate Market 2026 Update

Henry Faun

Head Of Private Office Middle East at Knight Frank



UK Residential Market Update

February 2026
Henry Faun MRICS

The economic and political context

Inflation sticky



The rise, fall & plateau of swap rates



Mortgage rates start to ease

Average mortgage rates

— 5 year swap — 5 year fix (75% LTV) — 2 year fix (75% LTV)



Source: Knight Frank Research, Bank of England

Mortgage Approvals and Transactions Stable



% change versus the five-year average (excludes 2020)

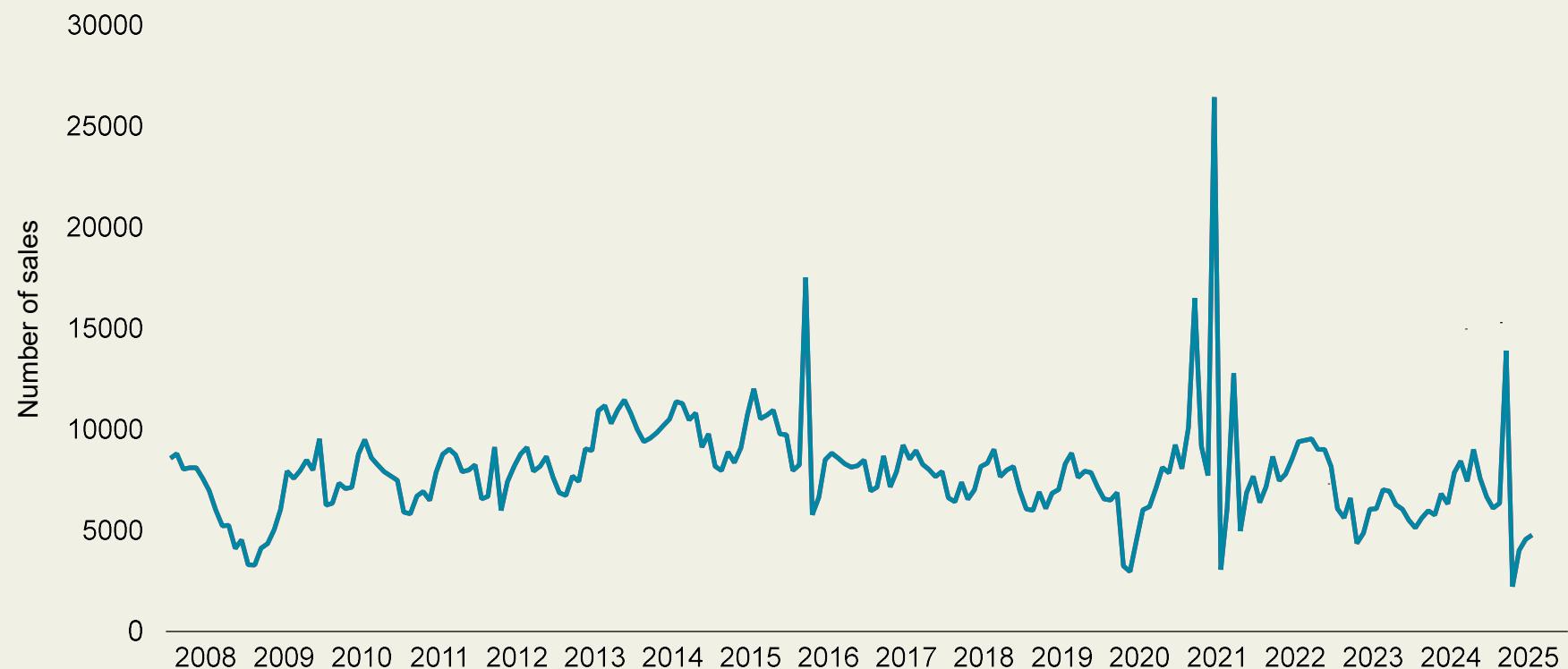
Mortgage Approvals Transactions



Sources: Knight Frank

London housing sales - all

All sales, total monthly volume



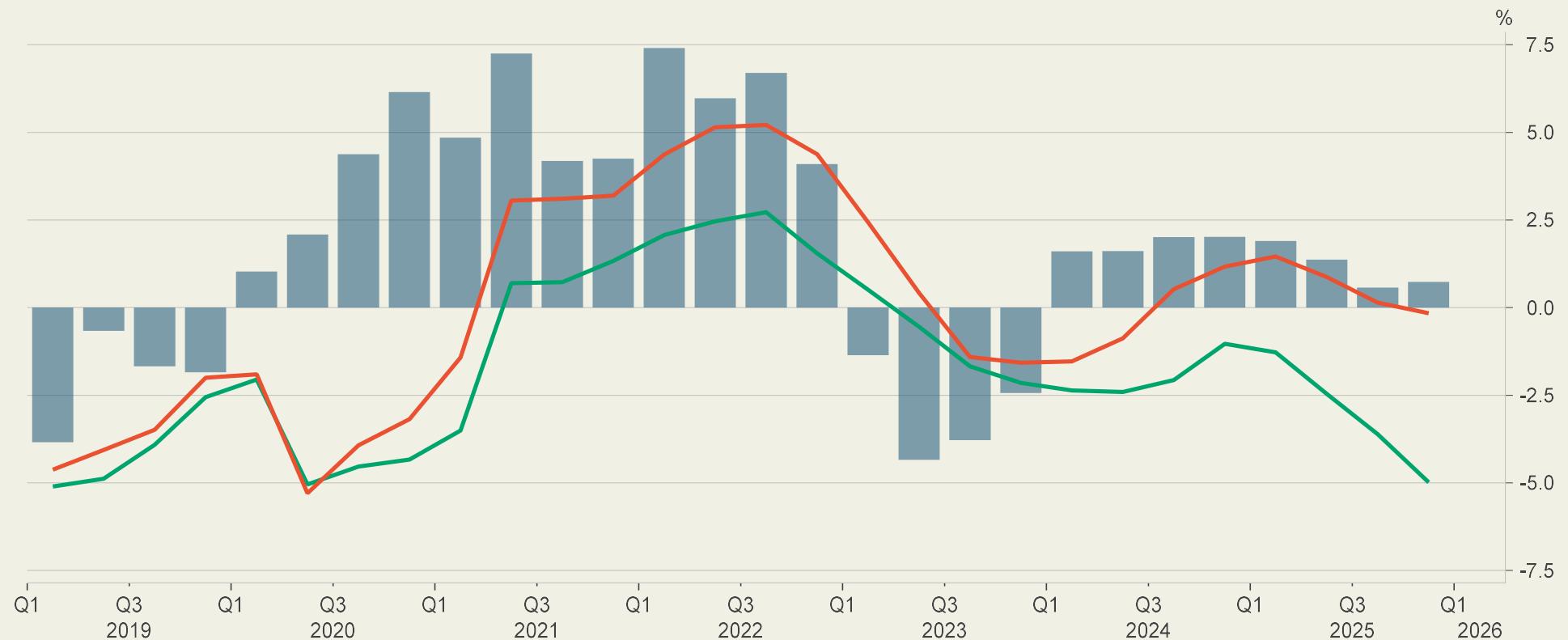
Source: Knight Frank Research, Land Registry

But markets are moving at different paces



Annual % change

— Prime outer London — Prime Central London ■ London mainstream

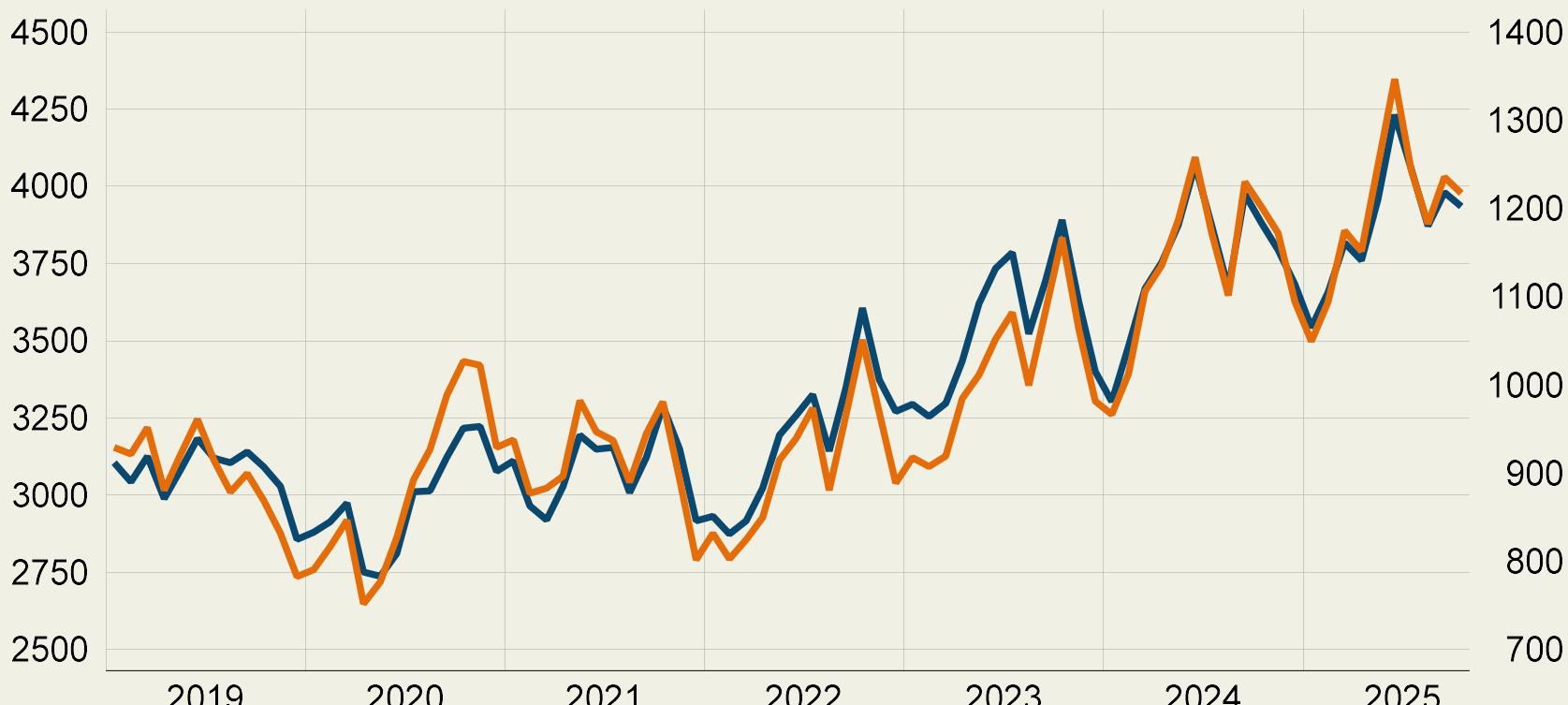


Source: Knight Frank Research, Nationwide

PCL Supply Remains High

Cumulative Sales Listings in PCL (Rightmove)

— £5m+, rhs — £2m+, lhs

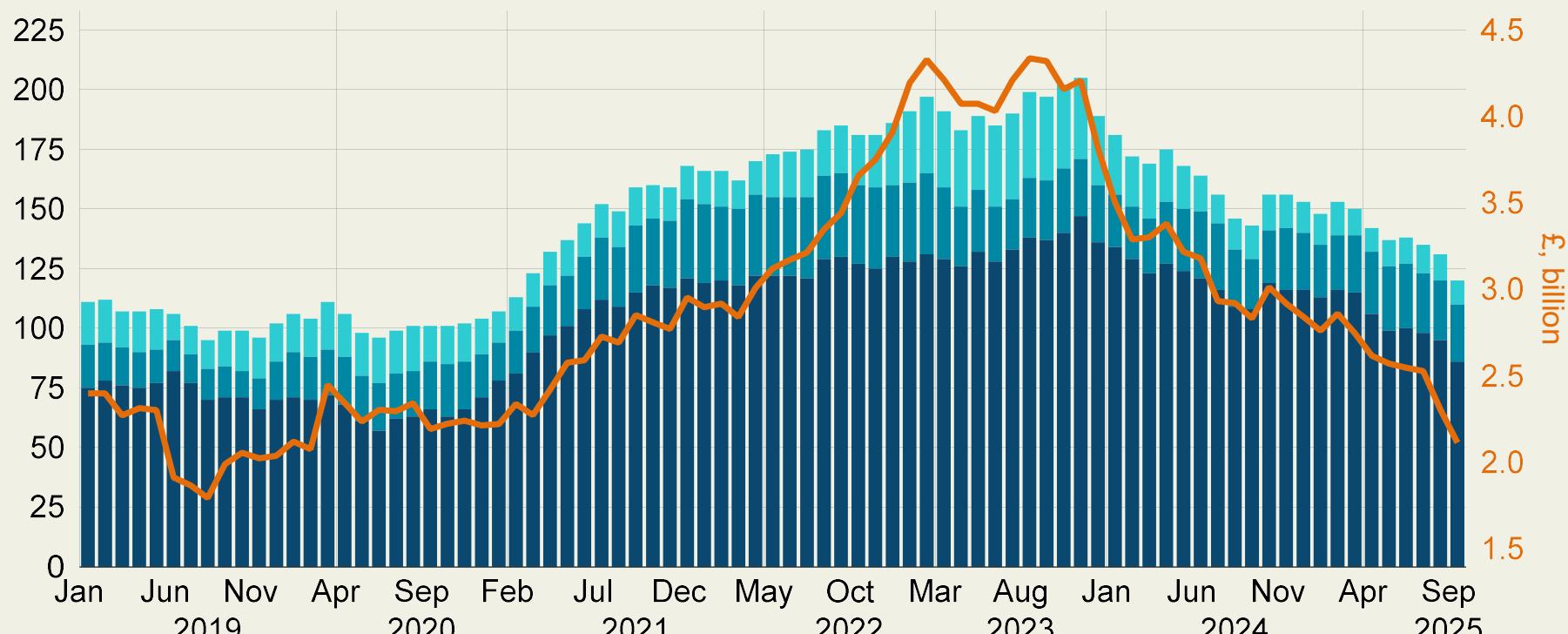


Sources: Knight Frank

Super-Prime Spending Slides

Rolling 12-month total, All London

■ £10m-£20m, lhs ■ £20m-£30m, lhs ■ £30m+, lhs — Total Value, rhs



Sources: Knight Frank

The Budget



Mansion Tax: Better Than Feared

A sense of relief



Budget 2025: Now what?



- High Value Council Tax Surcharge (“Mansion Tax”)
 - Levied on £2m+ property, annual charge from £2.5k per year up to max. £7.5k above £5m
 - From April 2028

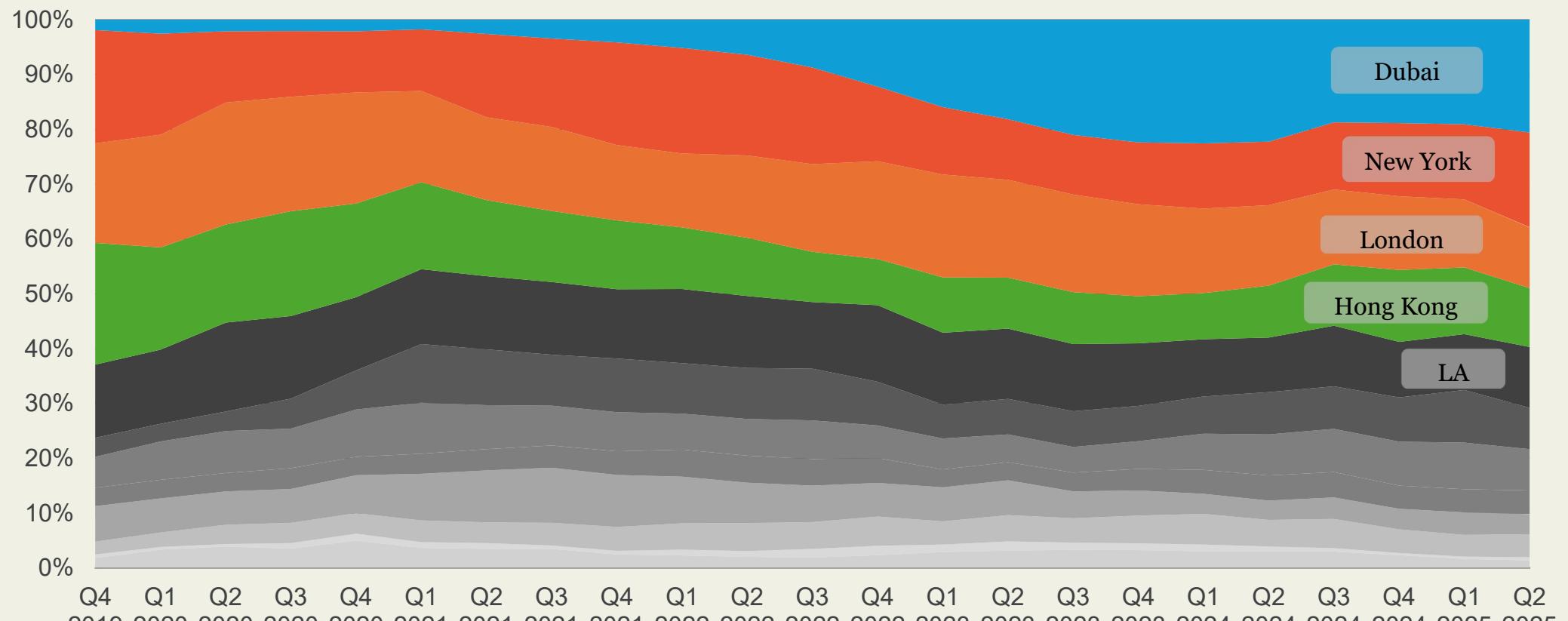
Bond market shrugs (for now)

— 10 year Gilt



Share of Global Super-Prime Sales

12-city % share, annualised sales



Source: Knight Frank Research

Prime London rental forecasts

2026-2029

Year	UK	Greater London
2026	3.50%	3.00%
2027	3.50%	3.00%
2028	3.00%	3.00%
2029	3.50%	3.50%
Four-year Cumulative 26-29	14.2%	13.1%



UK
4 year cumulative % change
2026-29



GREATER LONDON
4 year cumulative % change
2026-29

Source: Knight Frank Research

UK and London sales forecasts

2026-2029

Sales Forecast	UK	PCL	POL	Prime Country
2026	3.0%	0.0%	2.0%	2.0%
2027	4.0%	3.0%	3.0%	3.5%
2028	4.5%	5.0%	3.5%	4.0%
2029	5.0%	6.0%	4.0%	4.0%
Four-year Cumulative 26-29	17.5%	14.6%	13.1%	14.2%



UK
4 year cumulative % change
2026-29



Prime Central London
4 year cumulative % change
2026-29

Source: Knight Frank Research

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UK Real Estate Market Outlook

5 Feb 2026, Waldorf Astoria Dubai, International Financial centre



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Close

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