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Residential Property Review

August 2026

Construction sector stuck in neutral

The latest Glenigan Index indicates the construction sector is stuck in neutral and struggling to regain momentum.

In the three months to the end of July, the value of work starting on-site declined by 11% and was 29% lower than last year's levels. Residential construction starts also saw a drop, falling by 25% when compared with the preceding three months, a 46% reduction versus 2025 levels.

It seems the overall construction sector is being impacted by ongoing global conflict and domestic political change, with plans at risk of being halted and private investors unsure about releasing investment capital.

Yuliana Ivanykovych at Glenigan commented, *"Try as it might, the sector continues to be held back by external factors beyond its control, with a changing of the guard at the top of government being the latest in a string of extraordinary events."*

Right to Buy reforms on the horizon

As Right to Buy reforms make their way through Parliament, analysis shows that more homes are being sold under this scheme.

During 2025-26, the number of council homes sold under the Right to Buy scheme increased by 90% when compared with 2024-25. As a result, local authorities received £1.61bn from Right to Buy sales, up 99.6% on the previous year.

Overall, there have been over two million sales since the Right to Buy scheme was established in 1980.

While this is positive for helping people become homeowners, it has affected the social housing supply.

Therefore, Starmer's Labour Government announced in April that it will bring forward reforms to the scheme in order to better protect and rebuild depleted housing stock. The minimum qualifying period to apply for the Right to Buy scheme will increase from three to ten years. Also, newly built social homes will not be sold under the scheme for 35 years.

Activity lags in Devon and Cornwall

Sales activity in Devon and Cornwall has not picked up despite holiday let reforms.

Since April 2025, local authorities in England have been able to charge a Council Tax premium of up to 100% on second homes. This policy was designed to increase the availability of properties for local residents and deter holiday homeowners. While some holiday let owners have put their property on the market, it seems that this reform has not yet boosted the local property markets.

According to property marketplace LandSale, there are an estimated 10,334 properties on the market in England that are suitable as holiday lets. 51.2% of these are in the South West, with Cornwall and Devon being particularly popular destinations.

However, between 2024 and 2025, residential transaction volumes only increased by 3.7% in Cornwall and 1.5% in Devon. This is lower than the national average of 4.4%, indicating that the Council Tax premiums have not yet translated into stronger market performance.

House prices
headline statistics

House Price Index (June 2026)	104.3
Average House Price	£272,000
Monthly Change	0.1%
Annual Change	2.0%

* (Jan 2023 = 100)

- Average house prices in the UK increased by **2.0%** in the year to June 2026
- House prices increased by **0.1%** on average between May and June 2026
- The average house price in London was **£553,870.**

Source: The Land Registry
Release date: 19/08/26
Next data release: 16/09/26

House prices
Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.2%	1.8%	£293,262
Northern Ireland (Quarter 2 - 2026)	2.1%	9.2%	£202,487
Scotland	-0.5%	2.3%	£195,355
Wales	-0.9%	1.8%	£213,162
East Midlands	-0.7%	2.4%	£240,457
East of England	-0.2%	1.1%	£338,707
London	1.0%	-2.5%	£553,870
North East	1.0%	4.3%	£165,550
North West	0.4%	4.7%	£219,922
South East	-0.3%	0.3%	£380,380
South West	0.6%	1.9%	£304,562
West Midlands Region	1.0%	2.6%	£250,941
Yorkshire and The Humber	-0.6%	3.6%	£207,948

Average monthly price by property type – June 2026

Property Type	Annual Increase
Detached £444,652	2.3%
Semi-detached £277,332	3.4%
Terraced £230,994	3.0%
Flat / maisonette £193,711	-1.6%

Source: The Land Registry
Release date: 19/08/26

Housing market outlook

"The housing market remains subdued, and while that is not usual over the summer months, it is clear from the RICS seasonally adjusted data, that the combination of geopolitics, the domestic political climate and the cost of mortgage finance are continuing to weigh on sentiment. Significantly, the forward-looking metrics also remain downbeat, which is not the sort of climate likely to encourage housebuilders to step on the gas on existing sites or in land-buying."

Source: Simon Rubinsohn, RICS Chief Economist, August 2026

All details are correct at the time of writing (19 August 2026)

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