

Autumn Budget 2026: What It Means for the Property Market

Stamp duty hasn't changed. If that's the one thing you wanted to know from Wednesday's Budget, there's your answer.

Chancellor John Healey delivered his first Budget on 28th October, and for most people moving home it was a quiet one. The Prime Minister had ruled out any change to stamp duty back in July, and he kept his word. There was no new annual property tax, no rise in capital gains tax and nothing that changes the cost of an ordinary house move.

That doesn't mean nothing happened. There's a new scheme for first-time buyers, landlords face their second tax rise in 12 months, and we now know exactly how the so-called mansion tax will work.

In this article I'll go through what was announced, how the financial markets reacted and what that means for mortgage rates, and then what it all means for you, whether you're buying, selling, letting or renting. I've also looked at what the government's own forecaster expects for the next few years, and what has happened to the market around previous Budgets.

What was announced

There were 6 announcements that matter if you own, buy, rent or let a home.

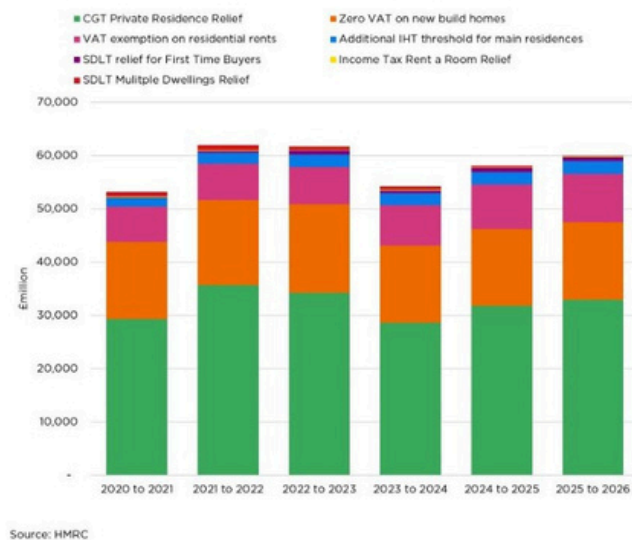
What	Who it affects	When
Stamp duty unchanged	Everyone buying	Now
Your First Home: 2.5% deposit plus a 20% government equity loan on new-build homes	First-time buyers in England	Pre-registration by the end of December 2026, first loans from April 2027
Lifetime ISA penalty cut to 20% when buying above the £450,000 cap, and a new First Time Buyer ISA	First-time buyers saving a deposit	Penalty change from 29th October 2026, new ISA from April 2029
Tax on rental income up a further 2%, to 24%, 44% and 49%	Landlords who own in their own name, in England, Wales and Northern Ireland	6th April 2027
High Value Council Tax Surcharge of £2,500 to £7,500 a year	Owners of homes worth £2 million or more in England	April 2028
An extra £1.5 billion for around 10,000 social and affordable homes	Future supply, mainly social rent	From 2027

There was also a £100 energy payment from January 2027 for households in council tax bands A to D in England, and a technical fix so tenants on the new rolling tenancies can't get caught out by stamp duty on their rent.

What wasn't in the Budget matters just as much. There was no stamp duty holiday, no relief for downsizers, no abolition of stamp duty on main homes and no new annual property tax. A lot of us in the industry were hoping for some help for people moving home, and it didn't come. HomeOwners Alliance research found more than 800,000 homeowners have shelved plans to move because of stamp duty, so that's a lot of people still waiting.

It's also worth knowing what the Chancellor left alone. Using HMRC figures, Savills worked out that homes benefit from around £60 billion a year of tax reliefs, and all the big ones survived. By far the largest is that you pay no capital gains tax when you sell your own home, which is worth £32.9 billion a year. Next comes zero VAT on new-build homes at £14.6 billion, then no VAT on rents at £9 billion. Before the Budget, Savills' Lucian Cook warned the government to "tinker with them at your peril". It didn't.

£60bn of tax relief on residential property



	2025-26 £m	5-year change £m	5-year change %
CGT Private Residence Relief	32,900	+3,600	+12%
Zero VAT on new build homes	14,600	+100	+1%
VAT exemption on residential rents	9,000	+2,400	+36%
Additional IHT threshold for main residences	2,440	+790	+48%
SDLT relief for First Time Buyers	750	+660	+733%
Income Tax Rent a Room Relief	160	-20	-11%
SDLT Multiple Dwellings Relief	15	-865	-98%

Source: Savills, using HMRC data

How the markets reacted, and what it means for mortgage rates

For most homeowners, the reaction that matters most came from the financial markets, because that's where your next mortgage rate gets decided.

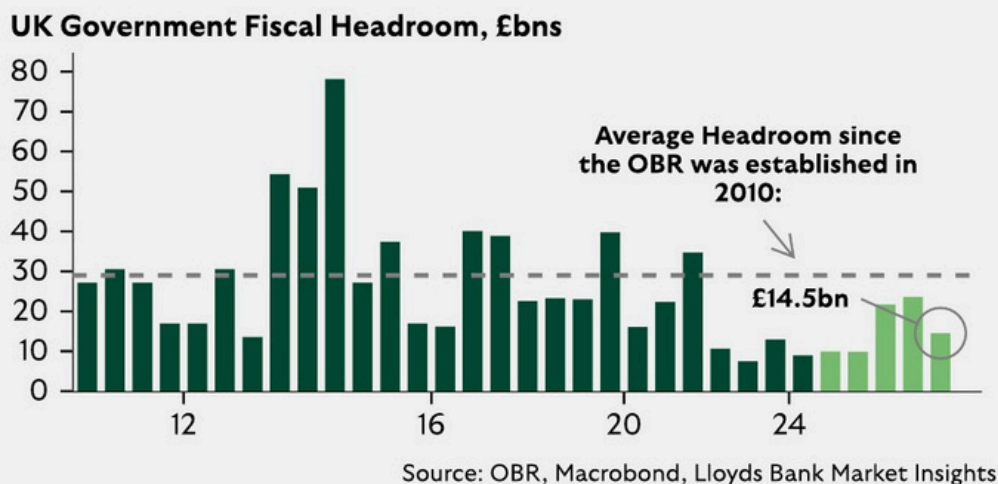
Here's how it works. When the government borrows money, it sells bonds called gilts. The return investors demand on those bonds, known as the gilt yield, feeds into swap rates, which is what banks pay to fix their own borrowing for 2 or 5 years. Lenders price their fixed-rate mortgages off swap rates. The Bank of England base rate matters most if you're on a tracker or variable rate. So if the markets had taken fright at this Budget, as they did with the mini-budget in 2022, fixed rates could have jumped within days.

They didn't take fright. The 10-year gilt yield dipped slightly after the speech, to around 5.32%, and the pound barely moved. Earlier in October, that same yield had hit 5.53%, its highest since 2007, so the markets were nervous going in. James Bilson of Schrodgers summed up the mood: "The UK Budget was uneventful and this is exactly what the bond market wanted to see."

The reason for the relief was borrowing. Lloyds Bank's economists had expected the Budget to add just over £50 billion to what the government needs to borrow over the next 5 years. In the end it added £19 billion, on top of the roughly £620 billion it was already expected to need, and 6 planned gilt sales have been cancelled. Lloyds called it a "big sigh of relief" for the gilt market. Less government borrowing means less pressure on gilt yields, which helps stop fixed mortgage rates climbing further.

There is a catch. The government's safety margin against its own borrowing rules has shrunk from £23.6 billion in March to £14.5 billion, about 50% of the average since the OBR was set up in 2010. It doesn't have much room left if the economy takes another knock, and some big decisions have been pushed back to next year's Spending Review. If the markets start to doubt the plan, gilt yields and mortgage rates could rise again. Lloyds also warned the gilt market could be sensitive to any talk of an early general election.

Chart 1: The Budget leaves a smaller fiscal buffer



Source: Lloyds Bank Market Insights, using OBR data, 28 October 2026

Where the base rate is heading

A calm market doesn't mean mortgages are about to get cheaper. The Bank of England base rate is 3.75%, and its next decision is on 5th November. With inflation rising, the markets expect the Bank to start putting rates up, possibly as soon as November, and Knight Frank's Liam Bailey expects it to raise them as a precaution.

The government's own forecaster, the Office for Budget Responsibility (OBR), has built that into its numbers. Its forecast assumes the base rate rises to just over 4.25% by the middle of 2027 and just over 4.5% by the end of the decade, around 0.75 percentage points higher than it assumed in March. The main reason is the rise in oil and gas prices since the conflict in the Middle East began.

It isn't just a UK story. With oil at around \$115 a barrel, markets are also expecting the US Federal Reserve and the European Central Bank to raise rates in December. When borrowing costs go up around the world, it pushes up the cost of borrowing here too, which is another reason not to bank on cheaper mortgages over the winter.

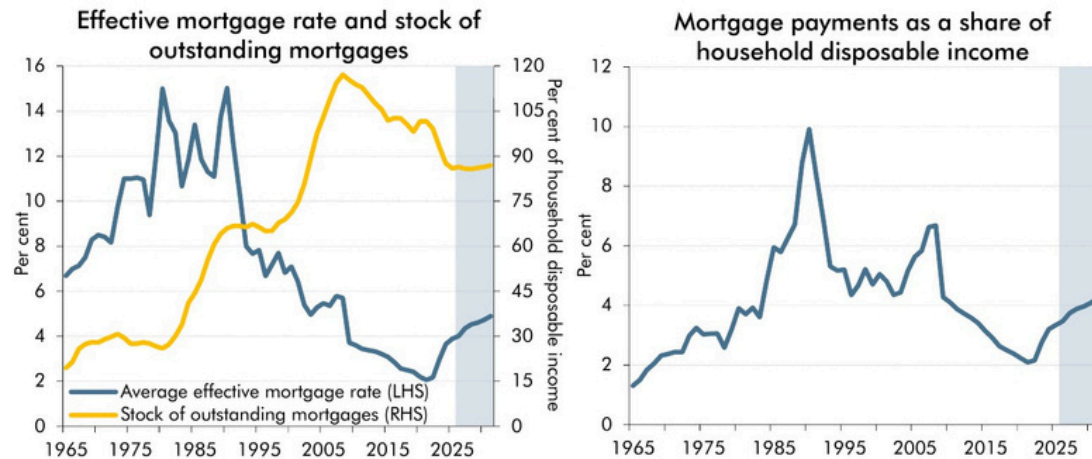
Where mortgage rates are now

At the start of October, Moneyfacts had the average 2-year fix at 5.98% and the average 5-year fix at 6%, both the highest in 3 years. Its latest average new mortgage rate is 5.88%.

In real money, a first-time buyer with a 5% deposit, borrowing £250,000 over 25 years on a 2-year fix, is now paying £147 a month more than last November, because the average rate for that kind of mortgage has gone from 5.41% to 6.38%. If you already own and your deal is coming to an end, the same £250,000 mortgage costs £131 a month more than it would have last November.

The OBR expects the squeeze to carry on as people come off cheaper fixed deals. It forecasts the average rate paid across all existing mortgages rising from 4% this year to around 5% by 2031. By then, the interest paid on all the UK's mortgages is expected to equal 4.25% of the income of every household in the country, homeowners and renters alike. That's the highest since 2009 and more than double the 2% of 2021. Your own mortgage will take a much bigger share of your pay than that, but the direction of travel is the point: more of the nation's income is going on mortgage interest.

Chart 2.17: Mortgage rate and mortgage debt



Note: Shaded area marks forecast period. In the right panel, mortgage payments as a share of household disposable income are calculated by multiplying the stock of outstanding mortgages by the average effective mortgage rate.

Source: ONS, OBR

The left chart shows the average mortgage rate (blue) against how much mortgage debt we hold (yellow). The right chart shows mortgage payments as a share of household income, with the shaded area showing the forecast. Source: OBR Economic and fiscal outlook, October 2026, Chart 2.17

To put that in context, it's nowhere near the early 1990s, when mortgage payments took nearly 10% of household income. But the cheap money of the 2010s isn't coming back any time soon.

The bank tax

The Chancellor is doubling the extra tax on bank profits, from 3% to 6%, for 15 months from January 2027, to help pay for support with energy bills. The obvious worry is that lenders pass it on through higher mortgage rates. Moneyfacts doesn't think they'll need to. With the average new mortgage rate at 5.88% and the average savings rate at 3.79%, its Head of Consumer Finance, Adam French, said lenders "should have the capacity to absorb higher costs" and that the cost to customers "is likely to be modest, if any".

Not everyone agrees with others saying this could backfire if the banks decide to recover some of their losses through higher mortgages. Competition between lenders will decide it, so it's one to keep an eye on.

What to do about it

- **Don't wait for a big drop in rates.** Neither the markets nor the OBR expect one. If you're ready to move, the price of the right home matters more than trying to time the mortgage market.
- **If your fixed deal ends in the next 6 months, look now.** Many lenders let you lock in a new rate up to 6 months early, and almost 900,000 people did just that in the first half of this year. If rates fall before you switch, a good broker can often move you onto the cheaper deal.
- **Think carefully before choosing a tracker.** Trackers can look tempting because many have no early repayment charges, but they follow the base rate, and the base rate is more likely to go up than down over the next year.
- **Expect rates to move quickly.** Swap rates react within hours to news, but lenders usually take a few days to reprice. Speak to a good mortgage broker before you start viewing, not after.

If you're buying

For most buyers, nothing has changed. Stamp duty is exactly what it was before the Budget. In England and Northern Ireland, first-time buyers still pay nothing on the first £300,000 and 5% on the slice up to £500,000, and home movers still pay nothing up to £125,000. Scotland and Wales have their own versions of the tax, which weren't part of this Budget.

You can work out your bill to the pound today, and there's no deadline to beat. Before you start viewing, set your total budget, not just the price you'll offer. Add stamp duty, legal fees, surveys and moving costs, so you know exactly what you can afford. I've covered mortgage rates in the section above, and they matter more than anything in the Budget, so read that first.

Your First Home

The big news for first-time buyers is Your First Home, and it's worth understanding properly before you get excited.

- You put down 2.5% and the government lends you 20% as an equity loan, interest-free for the first 5 years.
- It's for new-build homes only, bought from developers signed up to the scheme, and it's only available in England.
- Household income has to be under £110,000, or £140,000 in London.
Price caps are set locally, up to £500,000 in outer London and £650,000 in inner London.
Pre-registration opens by the end of December, full applications open in February 2027, and the first loans will be paid from April 2027.

On a £300,000 new build, that's a £7,500 deposit from you, £60,000 from the government and a mortgage of £232,500. Because your mortgage is only 77.5% of the price, you can get better rates than you would with a 95% mortgage.

The government has set aside £4.7 billion for the scheme, which the Treasury says will help around 70,000 households and support around 20,000 new homes being built. That's a real number of people, but it's spread across all of England over several years.

Zoopla thinks up to 30,000 first-time buyers a year could use it, roughly 1 in 10, if the local caps are set sensibly. At around £1.5 billion a year, the money would last about 3 years, which Zoopla's Richard Donnell reckons makes it around half the size of the old Help to Buy scheme. The interest is clearly there: when the scheme was first announced in September, searches for new homes on Zoopla jumped by 40%.

Not everyone is as optimistic. Anthony Codling at RBC Capital Markets reckons the money works out at only around 14,000 purchases a year, and called it "a catalyst, but not the catalyst we had hoped for". The honest answer is that nobody knows yet, and a lot depends on how many homes come in under the caps.

Will there be homes under the cap?

Where you live makes a big difference. Rightmove looked at new builds for sale in 6 areas and found that in most of them, only a minority come in under the local price cap.

Area	Price cap	New builds for sale under the cap
Manchester	£355,000	60%
Outer London	£500,000	46%
Inner London	£650,000	35%
North Devon	£320,000	26%
Reading	£375,000	20%
Middlesbrough	£220,000	18%

Source: Rightmove, October 2026

Part of the reason is what first-time buyers actually want. Rightmove says 89% of first-time buyer enquiries on new builds are for houses, and 48% are for 3-bedroom houses, because people would rather buy once than pay to move again a few years later. Those are exactly the homes most likely to sit above the cap. Felicity Barnett at Mortgage Advice Bureau made a similar point: with build costs so high, many sites are weighted towards bigger homes to make the numbers work, so the scheme "risks being a scheme without enough of the right homes to support it".

If you're interested, check the cap for your area and look at what's actually available under it before you get your heart set on a particular development.

The small print

In my view, the scheme will help a lot of people who can afford the monthly payments but haven't got family to help with a deposit. But go in with your eyes open.

It's a loan, and it gets more expensive. The equity loan is tied to the value of your home, so if your home goes up in value, so does what you owe. It's interest-free for 5 years. In year 6 you pay 1.5% interest on the loan, and from year 7 it's 3%. On a £60,000 loan, that's an extra £75 a month in year 6 and £150 a month after that, on top of your mortgage. As Sarah Bush of Cheffins put it, "the equity contribution is a loan, it is not a gift." There's no guarantee your home will rise in value, so you may need to remortgage or find the cash to pay it back.

You've got very little cushion. With only 2.5% of your own money in, even a small dip in prices could wipe out your share, which matters if you need to sell within a few years. If prices dip, you're in negative equity from day one.

Watch the price. Developers pay a fee on every sale through the scheme: 1% on their first 100 homes, 3% on the next 150 and 4% after that each year. They're unlikely to swallow that, so don't be surprised if it shows up in new-build prices. Compare what similar second-hand homes nearby are selling for, and get an independent survey and valuation before you reserve, not after.

Check the developer. Because the scheme points you towards new builds, make sure the developer is signed up to the New Homes Quality Code and the New Homes Ombudsman, so you've got somewhere to turn if there are problems with the build.

If you're looking at a second-hand flat or terrace, the scheme won't help you at all, so don't put your plans on hold waiting for it. Savills' Lucian Cook expects some buyers to wait for April anyway, which could mean a quieter winter for new-build sites: "less jam today with the promise of more jam tomorrow". Then, once applications open, I'd expect a lot more first-time buyers looking at new builds in the spring. If that's you, getting your mortgage agreed in principle and your paperwork in order early could put you ahead of the queue.

Saving for a deposit

If you're saving in a Lifetime ISA, there's good news straight away. From 29th October, if you buy your first home above the £450,000 cap, the penalty for taking your money out drops from 25% to 20%. That means you get back everything you paid in and only lose the government bonus.

From April 2029, a new First Time Buyer ISA will replace the Lifetime ISA for new savers:

- You can save up to £4,000 a year, and the government adds a 25% bonus, up to £20,000, when you use it to buy your first home.
- The bonus is worked out on your final balance, so there's no penalty for taking your own money out if you need it.
- The bonus is paid when you exchange contracts, and you then have 90 days to complete. You'll need to have held the account for at least a year and be buying with a mortgage.
- The property price cap stays at £450,000, and there's no upper age limit.
- If you've got an old Help to Buy ISA, you can move the whole balance across between 6 April 2029 and 1 December 2030 without it counting towards your yearly limit.
- If you've already got a Lifetime ISA, you can't transfer it across, but you can keep it, hold a First Time Buyer ISA as well, and use both towards the same purchase.

The track record of these schemes is worth knowing. According to HMRC figures, the Help to Buy ISA helped with 612,426 home purchases between 2015 and 2024. The Lifetime ISA helped with around 228,000 purchases over 6 years, but over the same period more people took money out early and paid the penalty than used it to buy a home. Taking the penalty away should make the new account far less of a trap.

One last thing for anyone saving. From April 2027, tax on savings interest goes up by 4% across all bands, to 24%, 44% and 49%. With income tax thresholds frozen until 2031 and interest rates where they are, a decent-sized deposit sitting in an ordinary savings account could start costing you tax. The good news is that the planned cut to the cash ISA allowance, from £20,000 to £12,000 a year, has been scrapped, so

you can still save up to £20,000 a year tax-free. If your deposit isn't in an ISA, it's worth asking whether it should be.

If you're selling

The best thing about this Budget for sellers is that it's over. For weeks, some buyers have been sitting on their hands to see what came out of it. Now they know, and very little has changed for them.

You can see the wait-and-see mood in the numbers. Rightmove's October figures showed the number of new buyers contacting agents was 9% lower than a year ago, while the number of homes coming to market was 3% higher. Sales agreed were down 8% on last year, and the average asking price of £371,015 was slightly lower than 12 months ago. Zoopla's figures tell the same story: house prices rose just 0.8% in the year to September, sales agreed are down 7% on a year ago, and there are 7% more homes for sale.

So you're selling into a market with more choice for buyers and fewer of them. You can still sell, but you've got to get the price right from day one. The homes that are selling are priced for today's market, not last year's, and not where the seller hopes it might get to. Overpricing and then reducing is the most expensive mistake you can make in a market like this.

Presentation matters too. Decluttering, a lick of paint and good photos cost a lot less than a price reduction. As Lizzie Hillman of Decoroom put it, "a relatively modest investment in presentation can cost considerably less than the first asking-price reduction."

Once you've found a buyer, the next job is keeping them. Research from Landmark Information Group found that 67% of people moving home hit uncertainty or delays after their offer was accepted. The best thing you can do is get your paperwork together before you go on the market: your ID, the property's title, guarantees and certificates for any work done, and your leasehold information if it applies. The less there is to chase later, the less chance your sale has to fall through. The government has promised to make this kind of upfront information compulsory and to bring in binding contracts earlier in the process, but the Budget didn't say when. Until it does, the sellers who get organised early have the edge.

A few other things worth knowing:

- **No help for downsizers.** There was talk of stamp duty relief for older homeowners moving somewhere smaller. It didn't happen, so if you've been waiting for that, there's no reason to keep waiting.
- **More former rental homes for sale.** With tax on rental income going up by 4% in total from April 2027, some landlords will decide to sell, and many will want it done before the new rates start. In areas with lots of rented homes, there could be more competition from similar properties between now and April.
- **More competition for starter homes.** If you're selling a starter home that isn't a new build, some of your buyers may be tempted by the new-build site down the road once Your First Home opens.
- **Pensions and inheritance tax.** From April 2027, money left in a pension will count towards inheritance tax. That was announced back in 2024 rather than in this Budget, but it'll start to bite next year, and some families may decide to sell or pass on property sooner as part of their planning. If that's you, speak to a financial adviser before you speak to an estate agent.

If your home is worth £2 million or more

The mansion tax is going ahead. From April 2028, owners of homes in England worth £2 million or more will pay an extra £2,500 to £7,500 a year on top of their council tax. It's based on what the home was worth in April 2026, and it's charged to the owner, not the tenant.

Home value	Extra charge a year
£2 million to £2.5 million	£2,500
£2.5 million to £3.5 million	£3,500
£3.5 million to £5 million	£5,000
£5 million and above	£7,500

Source: Budget 2026, via Propertymark

It only affects a small slice of the market. Zoopla estimates just over 100,000 homes, around 0.5% of the total, with 85% of them in London and the South East. There had been rumours the threshold would drop to £1.5 million, which would have pulled in far more homes, but it stayed at £2 million.

Buyers at that level will factor it in, so expect them to negotiate harder on homes priced just above £2 million. Nigel Bishop of Recoco Property Search warned it will leave buyers "thinking twice before putting in an offer on properties near or over the £2million mark", so homes in that bracket could take longer to sell.

The other details:

- **Empty homes pay double.** A planned extra charge for overseas owners has been dropped, but homes left unfurnished or empty for 12 months or more will pay a 100% premium.
- **Deferral is tight.** You can put off paying if your household income is £35,000 or less, your savings are £16,000 or less, or someone in the household meets the disability criteria. A deferred charge isn't written off. It builds up with interest and has to be paid when the home is sold or changes hands.
- **Bands by autumn 2027.** Owners will find out which band they're in by autumn 2027 and can challenge it. The first bills land in March 2028.
- **Don't ignore the paperwork.** If you're asked for information to value your home and miss the 21-day deadline, you could be fined 10% of the annual charge, rising to 30% after a further 21 days.
- **It goes up over time.** The charges rise with inflation from 2029-30, and homes will be revalued every 5 years from 2033.

If you're a landlord

Landlords took the hit again. Last year's Budget had already put tax on rental income up by 2% from April 2027. On Wednesday, the Chancellor added another 2% on top, from the same date. So from 6th April 2027, if you own rental property in your own name, you'll pay:

Taxpayer	Tax on rental profit now	From 6th April 2027
Basic rate	20%	24%
Higher rate	40%	44%
Additional rate	45%	49%

In plain terms, for every £10,000 of taxable rental profit, a basic-rate landlord goes from paying £2,000 to £2,400, and a higher-rate landlord from £4,000 to £4,400. That all happens in one go, in just over 5 months' time.

It bites harder than those headline rates suggest, because if you own personally you can't deduct your mortgage interest in full. You only get a tax credit at the basic rate. Savills ran the numbers using HMRC data for the 2.88 million people and partnerships who paid tax on rental income in 2024-25. The average landlord made a profit of £8,417 after costs, including £4,451 of mortgage interest. For a higher-rate taxpayer, the effective tax on that profit goes from 50.6% today to 54.6% from April 2027. In other words, more than half of what's left after the bills goes in tax.

The rise applies in England, Wales and Northern Ireland. Scotland sets its own income tax, so Scottish landlords will find out where they stand in the Scottish Budget on 3rd December. If you own your properties through a limited company, this particular rise doesn't apply to your rental profits, although last year's increase in dividend tax still affects what you take out. Capital gains tax was left alone, so if you sell a rental property you'll still pay 18% on the gain as a basic-rate taxpayer or 24% as a higher-rate taxpayer.

The Office for Budget Responsibility, the government's own forecaster, said these changes mean a material reduction in returns for landlords and warned they risk leading to a steady rise in rents. To be fair to the government, it sees it differently. The Treasury calls the change "a fair and proportionate approach", leaving tax on wages untouched while asking more from people with income from assets. It says 84% of income tax payers won't be affected, and around half the money raised will come from the top 10% of households.

Add all this to the Renters' Rights Act, which since 1st May has meant no more Section 21, rolling tenancies and rent increases only once a year, and it's no surprise some landlords are asking whether it's still worth it.

My advice is not to rush into anything.

1. Sit down with an accountant and work out what April 2027 actually means for your own numbers, including your mortgage costs.
2. Don't move your properties into a company on a whim. Doing that can trigger stamp duty and capital gains tax straight away, and for many landlords it costs more than it saves. That said, buying through a company is now common for new purchases: Fleet Mortgages says 71% of its buy-to-let mortgage applications between July and September came through limited companies. It can work, but get proper advice first.
3. Look at each property on its own merits. A tired flat with a low yield might be worth selling, while a good house with a long-term tenant may well be worth keeping.

4. If you do decide to sell, think about whether it's better to sell with your tenant in place to another investor, or with vacant possession to a home buyer. The answer can make a real difference to the price you get.

There are just over 5 months until the new rates start. That's enough time to make a good decision, but not if you leave it until the new year to start thinking about it.

If you're renting

There was nothing in this Budget aimed directly at tenants, but what happens to landlords lands on your doorstep eventually.

Rents are already rising. The latest official figures put the average UK rent at £1,406 a month, up 3.8% in a year, while house prices went up just 0.9%. Over the last 5 years, Zoopla says average rents have gone from £1,008 to £1,350 a month, a rise of 34%, and it expects rent growth to pick up to 4% to 5% by the end of this year as fewer homes come up to rent. It's the same story if you rent a room: SpareRoom says room rents are at an all-time high in 7 of the UK's 9 regions.

The landlord tax rise adds to that pressure. When landlords pay more tax, some sell, which means fewer homes to rent, and the ones who stay try to pass some of the cost on. The OBR said as much in its Budget forecast. I'd expect that to show up gradually over the next couple of years rather than overnight, and it'll vary a lot from area to area. There's a knock-on effect people don't always think about, too: the more you pay in rent, the harder it is to save a deposit to buy.

The good news is you've got more protection than you used to. Since 1st May in England:

- Your landlord can only put your rent up once a year, with at least 2 months' notice.
- If you think an increase is above the going rate for your area, you can challenge it at a tribunal.
- No-fault evictions under Section 21 have gone, so your landlord needs a proper legal reason to end your tenancy.

There were 2 smaller things in the Budget that help. Households in council tax bands A to D in England will get £100 towards energy bills, paid straight into their bank accounts from January. And the government has made sure tenants on the new rolling tenancies can't get caught out by stamp duty on their rent, which was a real risk under the old rules for people who stayed in the same home for years.

If you're renting and want to buy, have a proper look at Your First Home. Plenty of renters can afford a mortgage payment lower than their rent but have never been able to save a big enough deposit. A 2.5% deposit on a new build could change that, as long as you're happy buying new.

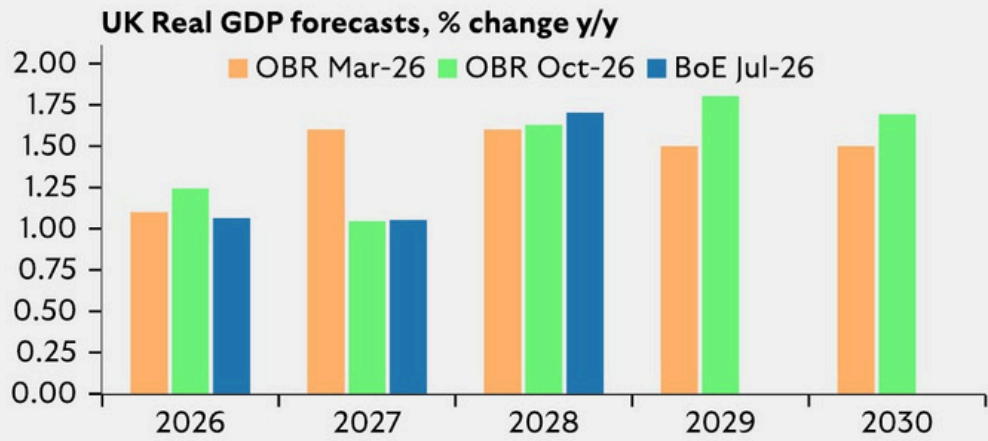
What the government's forecaster expects

Alongside every Budget, the OBR publishes its forecast for the economy. It runs to 200 pages, so here are the parts that matter if you own, buy, rent or let a home. I've already covered what it says about interest rates and mortgages in the markets section above.

The economy: a tougher 2027

The economy has held up better than expected this year, and the OBR has nudged its growth forecast for 2026 up to 1.2%. But it expects higher energy prices and borrowing costs to bite next year, with growth slowing to 1%, about 0.5 percentage points lower than it predicted in March. Things should pick up again from 2028 as the energy shock fades.

Chart 3: The energy shock is expected to hit growth hardest next year



Source: OBR, Bank of England, Macrobond, Lloyds Bank Market Insights

Source: Lloyds Bank Market Insights, using OBR and Bank of England forecasts, 28 October 2026

For anyone moving home, that's the backdrop to keep in mind. With inflation forecast at 3.4% next year and mortgage costs higher, household budgets will feel tighter in 2027 than they do now. If you're buying, make sure your monthly payments still work if things get a bit harder.

House prices and sales

The OBR expects house prices to rise by about 2% this year and 2.4% next year, then settle at around 2.75% a year from 2028. That's slower than it predicted in March. With inflation running at 3% to 3.5% over the next 2 years, prices are falling slightly in real terms, largely because of higher mortgage rates and wages not keeping up with the cost of living.

Year	House prices	Inflation (CPI)	Unemployment
2026	2.1%	3.1%	5.0%
2027	2.4%	3.4%	5.1%
2028	2.8%	2.1%	4.9%
2029	2.8%	2.1%	4.5%
2030	2.7%	2.0%	4.3%
2031	2.7%	2.0%	4.1%

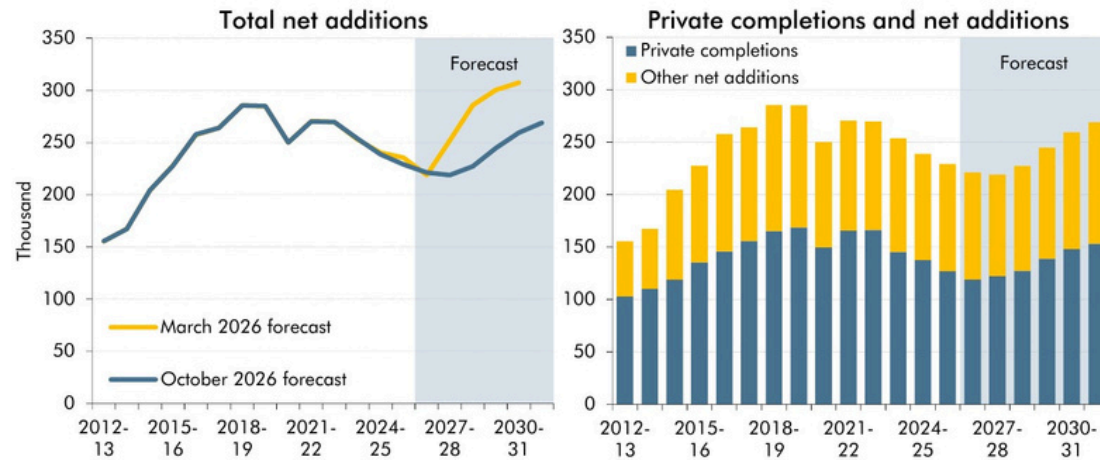
Source: OBR Economic and fiscal outlook, October 2026, Table A.1

The number of homes changing hands is expected to rise from about 1.18 million this financial year to 1.33 million by 2031-32. That's a healthy recovery, but around 4% lower than the OBR expected in March, again because of higher mortgage rates. The OBR's long-run assumption is that the average home sells once every 24 years.

New homes: fewer being built than hoped

The OBR now expects around 220,000 new homes to be added each year in 2026-27 and 2027-28, rising to 260,000 by 2030-31. That's 190,000 fewer homes over the next 5 years than it expected in March. The government still talks about building 1.5 million homes during this Parliament, but on these numbers it will fall well short.

Chart 2.18: Net additions to the housing stock



Source: ONS, OBR

Source: OBR Economic and fiscal outlook, October 2026, Chart 2.18

The OBR is blunt about why. Higher interest rates have hit buyer demand, so developers can't push prices up enough to cover rising build costs. On top of that, a decade of new rules and charges, from the Building Safety Levy to Biodiversity Net Gain, has made building homes slower and more expensive.

The early warning signs point the same way. Home Builders Federation figures show just 45,315 homes got planning permission in England between April and June, the lowest for any quarter since 2012, and the total for the past year is 36% below its 2017 peak. The National House Building Council says builders registered 26,231 new homes in July to September, 13% fewer than a year earlier. Some of the big developers are rethinking where they build, particularly in London. Just last week, British Land paused the second phase of its 4,000-home Canada Water project because of rising costs, and Landsec withdrew plans for 1,700 rental homes in Lewisham.

Chart 2.19: Housing completions indicated by residential planning permissions



Note: The "Expected housing completions, given planning permissions outturn" line shows the path for housing completions implied by the latest outturn data for residential planning permissions. This is calculated by applying the historical average lag between permissions being granted and homes completed to the residential planning permissions outturn data. The latest residential planning permissions outturn data is from MHCLG analysis of Glenigan data and remains subject to revision.

Source: Glenigan data from 2016 to 2021 Q4, MHCLG analysis of Glenigan data from 2022 Q1 onwards, ONS, OBR

The green line shows how many homes the planning permissions already granted would normally lead to. Source: OBR Economic and fiscal outlook, October 2026, Chart 2.19

The Budget did offer builders a little help. There's a promise of no major changes to building regulations for the rest of this Parliament, other than for building safety, which should at least stop the goalposts moving. Smaller brownfield sites of up to 1.5 hectares will also be exempt from the Biodiversity Net Gain rules, which should cut costs and red tape for some schemes.

For sellers of existing homes, fewer new builds means less competition. For buyers and renters, it means the shortage of homes isn't going away.

Your First Home: helpful, but small

The OBR expects the scheme to lend £0.7 billion in 2027-28 and around £1 billion a year after that. Its verdict is that the scheme is too small to make much difference to the number of homes being built, and that it could push house prices up slightly by adding to demand. Good news for the people who use it, but it won't transform the market.

Landlords and rents

The OBR expects the extra landlord tax to raise around £0.4 billion a year. It gives 2 reasons why it could push rents up. Fewer people will become landlords, so there will be fewer homes to rent, and it says rents rising as a result is "more likely than not". And as some landlords leave, the ones who stay will have more power to put rents up.

Stamp duty: a shrinking tax

Stamp duty and the equivalent taxes in Scotland and Wales are expected to raise £17 billion this year, slightly less than last year. Compared with its March forecast, the OBR now expects around £3.2 billion less this year and roughly £4 billion a year less after that, because less money has been coming in than

expected and it has lowered its forecasts for prices and sales. It puts part of that down to falling prices in London and the South East, where homes are more expensive and buyers pay the most stamp duty.

That's worth remembering when people say the government can't afford to cut stamp duty. When the market slows, the tax take falls anyway. Knight Frank found that on homes over £5 million, sales fell by 14% in the 18 months after the October 2024 Budget, and stamp duty from those sales fell by £541 million. As Russell Smithers of REDD put it, "The Treasury can't collect tax from transactions that never happen."

What history tells us

Anyone who's worked in estate agency for a while has seen this happen time and again. The weeks before a Budget go quiet, and what happens afterwards depends on whether the Budget gives people a reason to rush, a reason to panic, or simply the all-clear. The last 4 Budgets show all 3.

Budget	In the run-up	Afterwards
September 2022 mini-budget	The market was busy, with prices near a record high	Hundreds of mortgage deals were pulled and rates shot up. Mortgage approvals fell from 74,400 in August to 66,800 in September and about 59,000 in October. By February 2023, Nationwide prices were 3.7% below their peak
October 2024 Budget	Asking prices rose just 0.3% in October, against a usual rise of more than 1%	Stamp duty thresholds were confirmed to fall in April 2025. Buyers rushed to beat the deadline: 177,370 sales completed in March, more than double a year earlier. Then April fell to 64,680, down 64% in a month
November 2025 Budget	Rumours started in August. New sellers went from 9% up on the year in the first half to 4% down in the second, and buyer demand from 3% up to 6% down. Asking prices fell 1.8% in both November and December	A relatively mild Budget. In the 2 weeks after Christmas, buyer demand was up 57% on the 2 weeks before, new listings were up 81%, and January asking prices jumped 2.8%, Rightmove's biggest January rise on record
October 2026 Budget	Completions in August were 2% down on a year earlier. Rightmove's October figures showed buyer demand down 9% and sales agreed down 8% on the year	Still to be seen, but with no stamp duty change there's no deadline to rush for and no cliff edge afterwards

There's a clear pattern:

1. **The run-up is always quieter.** People don't like making the biggest financial decision of their lives when they think the rules might change next month. Activity slows in the 2 to 3 months before, especially at the top end, where the rumours tend to focus.

2. **Deadlines create spikes, then hangovers.** When a Budget sets a date for a tax change, buyers pile in before it and the market falls off a cliff afterwards. That rush is demand borrowed from the following months.
3. **A calm Budget brings people back.** When the rumours don't come true, the people who paused come back. Because autumn Budgets land just before Christmas, that usually shows up in the new year rather than straight away.
4. **Mortgage rates matter more than tax.** The one recent Budget that really hurt house prices was 2022, and that was because it sent mortgage rates through the roof.

This year's Budget looks most like 2025. No deadline, no stamp duty change, and nothing that should stop an ordinary move. If history repeats, the buyers and sellers who've been sitting on the fence should start coming back after Christmas. The difference this time is that mortgage rates are higher than they were a year ago, so the size of that bounce will depend on what happens to rates over the winter.

What happens next

Don't expect a sudden rush. With no major property tax changes, Knight Frank's Tom Bill thinks there could be a "relief rally" in the final months of the year, as long as mortgage rates don't spike again. Will Watson of The Buying Solution goes further, saying there are "signals we're at the bottom of the market right now", and that buyers prepared to do a deal in the coming months could find themselves in the strongest position.

Some buyers who were waiting for the Budget will pick up their search before Christmas, and sellers who've had a long, frustrating time on the market may find them more willing to commit. But mortgage approvals have been falling in recent months, which means fewer sales completing before the year is out. With the time of year and mortgage rates where they are, the bigger return is more likely in the new year.

The next big moment is the Bank of England's interest rate decision on 5th November. That will tell us more about where mortgage rates are heading than anything said in Parliament this week.

Longer term, the OBR's forecasts point to modest price growth, a gradual rise in sales and mortgage rates staying higher for longer. It's a steady market where the right home at the right price will sell, and the wrong price will sit.

If I had to sum it up for each of you:

- **If you were waiting for the Budget before moving**, you've got your answer. Nothing in it should stop an ordinary move.
- **If you're a first-time buyer**, look into Your First Home and get your name down when pre-registration opens in December, but only if a new build is right for you.
- **If you're remortgaging in the next 6 months**, start looking now and consider locking in a rate.
- **If you're selling**, the buyers who paused are likely to come back in the new year. Getting your home ready and priced properly now puts you in front of them first.
- **If you're a landlord**, you've got until April 2027. Get proper advice and make a calm decision.
- **If you're renting**, know your rights and expect rents to keep creeping up.