

MARKETBEAT
ECONOMY & HOUSING
APRIL 2026

CROSSROADS

On 8th April, a two week ceasefire to the war in Iran was announced, with the US stating that Iran's proposal was a "workable basis on which to negotiate". Despite the ceasefire, strikes in Lebanon continued, and the Strait of Hormuz was still suspended.

Energy markets had responded positively on the announcement of the ceasefire Brent fell 13-15% on 8th April to around \$95 on ceasefire news, down from \$112 earlier in the week. UK natural gas (NBP) fell 15% to 114p/therm on 8th April. The following day, UK NBP gas closed at 112.47p/therm on 9th April, down a further 1.56% on the day. The two-day move represented a decline of roughly 17% from the ~134p range seen in the days before the ceasefire. Despite the drop, NBP remained around 36% above year-ago levels, reflecting how much the conflict has structurally repriced European gas. Intraday on 9th April, futures briefly recovered toward 118p as Israeli strikes on Lebanon raised doubts about whether the ceasefire would hold, before settling back to close lower, a pattern that captures the volatility of the market.

Gold closed at \$4,776/oz on 9th April, up 0.95% on the day and extending three straight sessions of recovery after the ceasefire driven by dollar weakness as safe-haven demand unwound rather than any genuine repricing of risk. Nevertheless. Gold was still down roughly 9-10% from its pre-conflict peak above \$5,100.

The ceasefire on 8th April produced the sharpest single-day unwind of VIX: the index dropped over 5.8 points to 20.13, its lowest level since 27th February and the largest one-day fall since the US paused his tariff rollout a year ago. It fell again on 9th April to close at 19.49, down a further 7.37%, before edging back to around 20.2 on the morning of 10th April. The move effectively erased the entire conflict premium that had built up over six weeks.

However, at the time of writing, the positives of the potential ceasefire have now been eroded. The US announced there was no peace deal with Iran after talks in Pakistan, with the response being the announcement of a naval blockade of the Strait of Hormuz, potentially seizing vessels paying tolls to Iran. While initially, markets responded well, oil prices increased. There will be uncertainty and an increase in energy prices and risk up until a resolution is found.



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KEY TAKEAWAYS



The economy showed zero growth in January, stalling after 0.1% in December 2025 and the revised 0.2% in November.



Consumer confidence fell to -21 in March 2026, according to the GfK Consumer Confidence Barometer This is two points lower than February's -19 and five points below January's -16, reaching the lowest level in nearly a year.



The final Composite PMI collapsed to 50.3, below the preliminary estimate of 51 and sharply down from February's 53.9, barely remaining in expansionary territory.



UK house prices experienced a 0.9% monthly increase bringing annual growth to 2.2%. This is likely noise in the data, and we will continue to see house price, with mortgage approvals already slowing.



The MPC voted unanimously (9-0) to hold Bank Rate at 3.75% at its meeting ending 18 March 2026.

ECONOMIC INDICATORS

	YOY Change	Monthly Change
102.6 MONTHLY GDP	▲	▲
50.3 UK COMPOSITE PMI	▼	▼
-21 CONSUMER CONFIDENCE	▼	▼
5.2% UNEMPLOYMENT RATE	▲	▲
3.2% CPIH	▼	-
4.0% 5 YEAR SONIA*	▲	▲
4.8% 10 YEAR GILTS*	▲	▲

Source: ONS, Moody's, Bank of England, GfK, S&P, FTSE Russel

*Markets are notably volatile

ECONOMIC OVERVIEW

The most recent monthly GDP release covering January 2026, published by the ONS on 13th March showed zero growth, stalling after 0.1% in December 2025 and the revised 0.2% in November.

Services remained flat, production fell 0.1%, and construction grew 0.2% in January. On a rolling three-month basis, GDP grew 0.2% in the period to January 2026, a modest step up from the 0.1% recorded in the three months to December. The next release, covering February, is due 16th April.

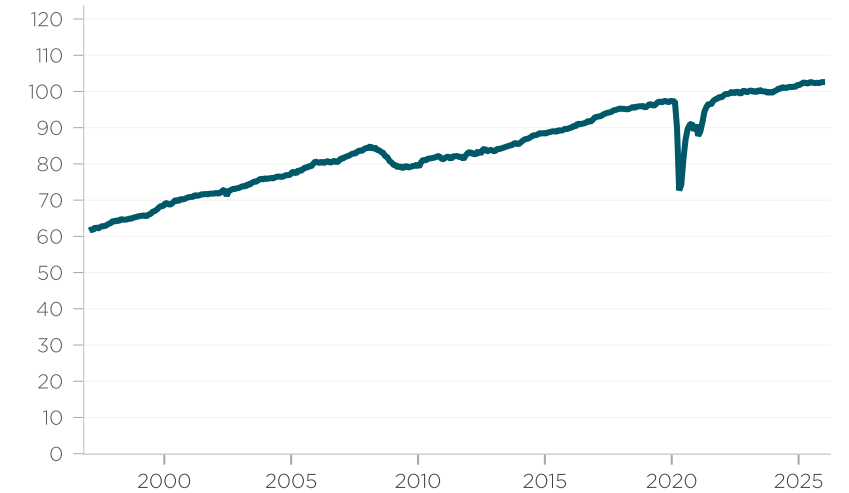
March unsurprisingly saw a strong reversal in business confidence. The S&P Global Composite PMI had finalised at 53.9 in February, above the preliminary reading of 53.7 and the strongest reading in 17 months. March brought a sharp reversal: the final composite collapsed to 50.3, well below both the preliminary flash estimate of 51 and February's outturn, as the Iran conflict immediately weighed on demand, accelerated job cuts and intensified cost pressures.

CPI held at 3.0% in the 12 months to February 2026. This was unchanged from January - as was CPIH, at 3.2%. Core CPI ticked up to 3.2% from 3.1%, an early signal that underlying price pressures have not fully dissipated. The BoE now projects headline CPI approaching 3.5% in March. The MPC voted unanimously (9-0) to hold Bank Rate at 3.75% at its 18th March meeting, after February's 5-4 hold vote.

Heightened geopolitical uncertainty has already fed into the mortgage market, where 5-year fixed rates spiked to 5.75% from 4.94% in early February. Similarly, two-year fixed products increased over the same period from 4.85% to 5.84%.

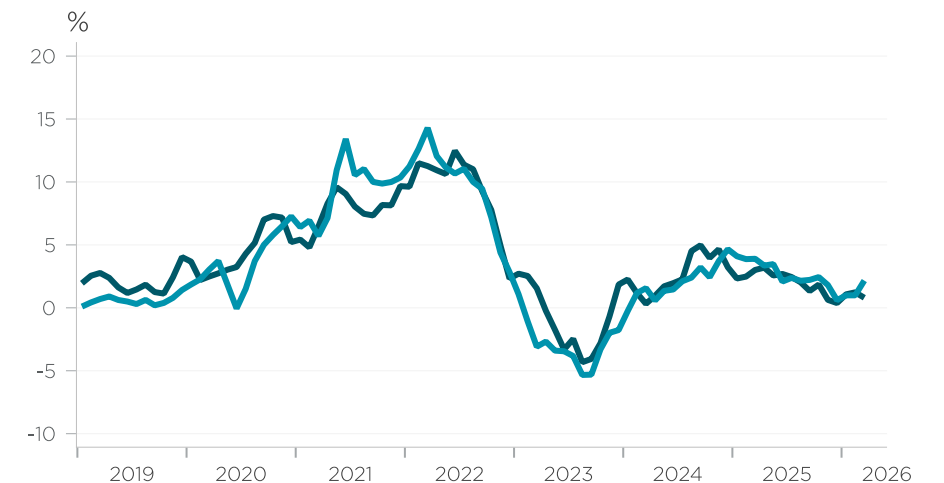
MONTHLY GDP

Index (2019 = 100)

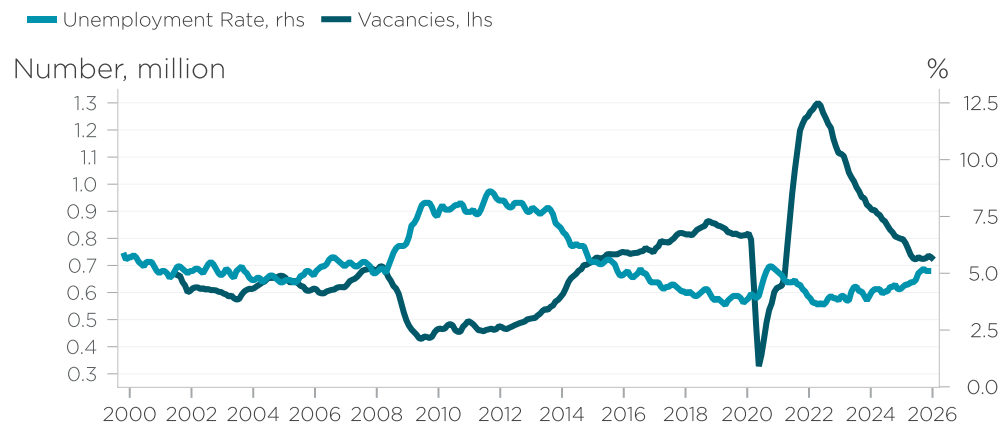


UK ANNUAL HOUSE PRICE INFLATION

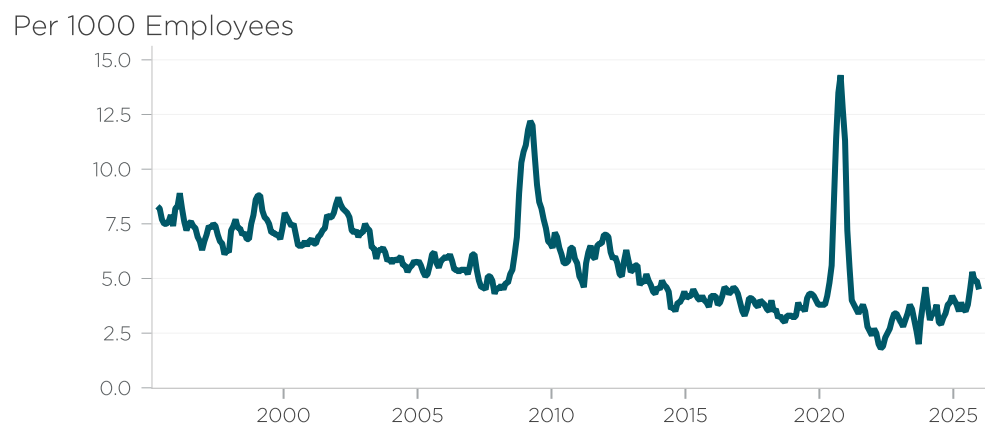
— Nationwide — Halifax



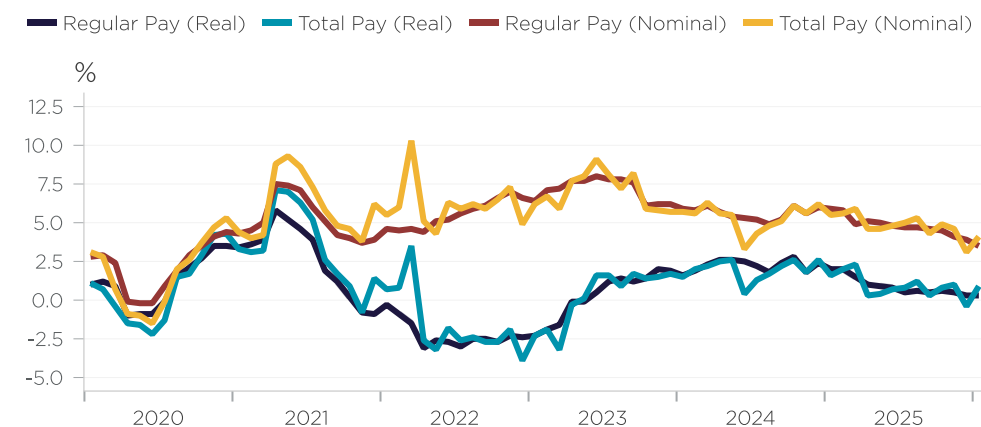
UNEMPLOYMENT & JOB VACANCIES



ILO REDUNDANCY RATE



PAY IN REAL & NOMINAL TERMS



EMPLOYMENT

The labour market continues to loosen. The unemployment rate rose to 5.2% in the three months to January 2026, just one percentage point down from the pandemic high and up sharply from 4.4% a year earlier. The BoE projects a further rise to 5.3% by mid-2026.

The most recent PAYE release shows payrolled employment at 30.3 million in February 2026, down 49,000 (0.2%) year-on-year. There was a provisional monthly rise of 20,000 in February, although this figure is subject to revision. January saw broadly flat monthly payroll numbers, with a revised decline of 6,000. Over the 12 months to January 2026, payrolled employment fell by an estimated 134,000.

Vacancies have stabilised at around 734,000 after a prolonged decline, but remain well below their post-pandemic peak. There are now approximately 5.4 unemployed people per vacancy, 1.5 more than pre-pandemic.

Even before the war in Iran, PMI had indicated further declines in employment, with firms citing the ongoing impact of employer National Insurance contribution increases effective from April 2025. The sharp fall in the March PMI to 50.3 signals that the employment outlook is deteriorating further as the conflict adds to existing cost and demand headwinds.

According to the REC survey, collected between March 12th and March 25th, the job market was stable in March.

EARNINGS

Wage growth continues to moderate and is approaching target-consistent levels. In the three months to January 2026, regular pay (excluding bonuses) grew 3.8% in annual terms, and total pay grew 3.9%, both down from 4.2% in the prior period.

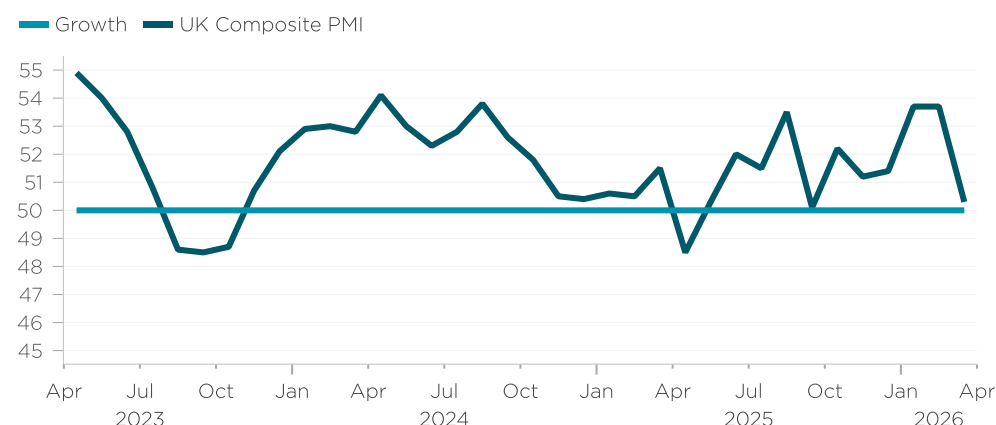
Private sector regular pay slowed further to 3.3%, its weakest reading since early 2021. Public sector regular pay ran at 5.9%, though this elevated rate is distorted by a base effect from earlier pay settlements being applied in 2025 rather than 2024; this distortion will likely phase out over the coming months.

In real terms, regular pay grew just 0.4% (CPIH-adjusted) and total pay rose 0.7% (CPI-adjusted). Average weekly earnings for January 2026 stood at £690 for regular pay and £742 for total pay.

The Bank's Agents' pay survey suggests basic private sector settlements will average 3.6% in 2026, 0.2pp above the February estimate, as some firms front-loaded awards in early 2026. PAYE data for January showed median monthly pay of £2,588, representing 4.6% year-on-year growth, continuing to decelerate. The next ONS earnings release is due 21st April.

The caveat remains that labour market data provided by the ONS are subject to considerable uncertainty due to ongoing small sample sizes in the Labour Force Survey.

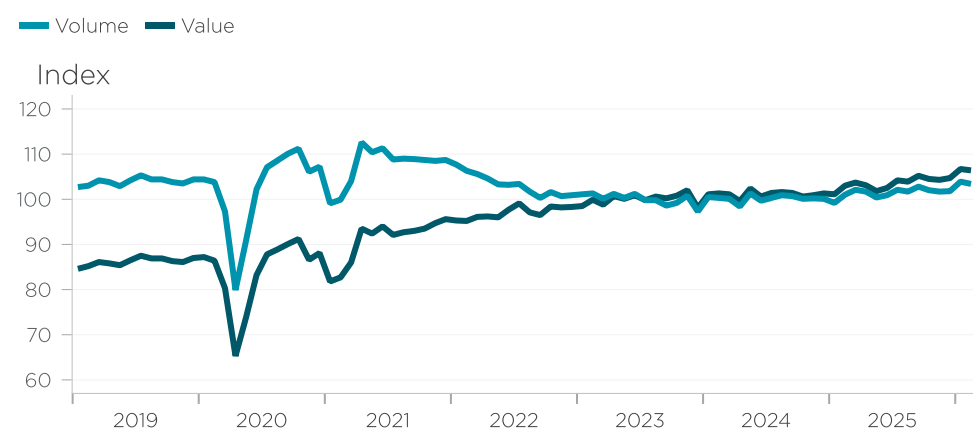
UK COMPOSITE PMI



CONSUMER CONFIDENCE



RETAIL SALES AND VOLUME INDICES



BUSINESS DEMAND

The S&P Global Composite PMI had finalised at 53.9, its highest level since April 2024. However, March brought a sharp deterioration in PMI. The final Composite PMI collapsed to 50.3, below the preliminary estimate of 51 and sharply down from February's 53.9, barely remaining in expansionary territory. Manufacturing eased slightly to 51.4. The surveys suggest that the outlook is clouded at best.

BUSINESS FAILURES

The total number of registered company insolvencies in England and Wales was 1,878 in February 2026, 7% higher than January 2026 (1,749), but 7% lower than February 2025 (2,015). Monthly insolvency numbers at the start of 2026 remain below the levels typically seen between 2022 and 2025, continuing the welcome trend of year-on-year improvement.

CVLs accounted for 78% of insolvencies at 1,473, up 11% from January but 3% lower than February 2025. Administrations numbered 146: down 4% from January, but 30% higher than February 2025 and 17% above the 2025 monthly average, warranting continued close attention. Compulsory liquidations fell 2% to 249.

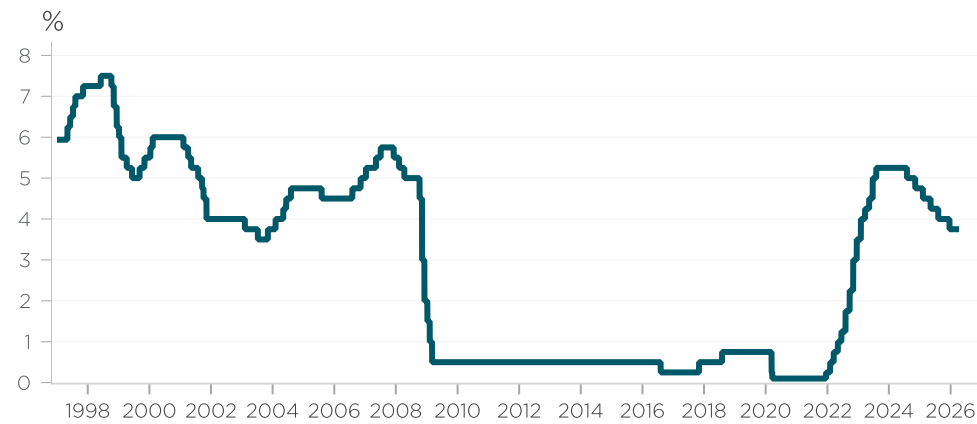
Individual insolvencies totalled 11,609 in February 2026, 18% higher than February 2025 and 6% above January 2026. Debt relief orders hit a record high of 4,210 in February, the highest monthly total since their introduction in 2009, driven in part by the removal of the entry fee for DROs in April 2024.

CONSUMER DEMAND

Consumer confidence fell to -21 in March 2026, according to the GfK Consumer Confidence Barometer – which for reference – was conducted between 2nd and 16th March. This is two points lower than February's -19 and five points below January's -16, reaching the lowest level in nearly a year. The largest fall came in expectations for the general economic situation over the next 12 months, which slumped six points to -37. The Major Purchase Index fell four points to -18. The Savings Index rose six points to 27, indicating that households are hoarding cash in response to energy and inflation uncertainty. Tellingly, the GfK warned of “this ripple of fear...has the danger of turning into a flood”.

Retail sales volumes fell 0.4% in February 2026, following a revised 2.0% surge in January. On a year-on-year basis, volumes rose 2.5% in February. Online sales accounted for 28.2% of total retail in February. The household saving ratio, at 9.7% in Q3 2025, remains elevated relative to pre-pandemic levels. The six-point rise in the GfK Savings Index in March reinforces the view that consumer caution is intensifying in the face of energy cost and mortgage market uncertainty. The prospect of consumers beginning to release these savings has likely now dissipated.

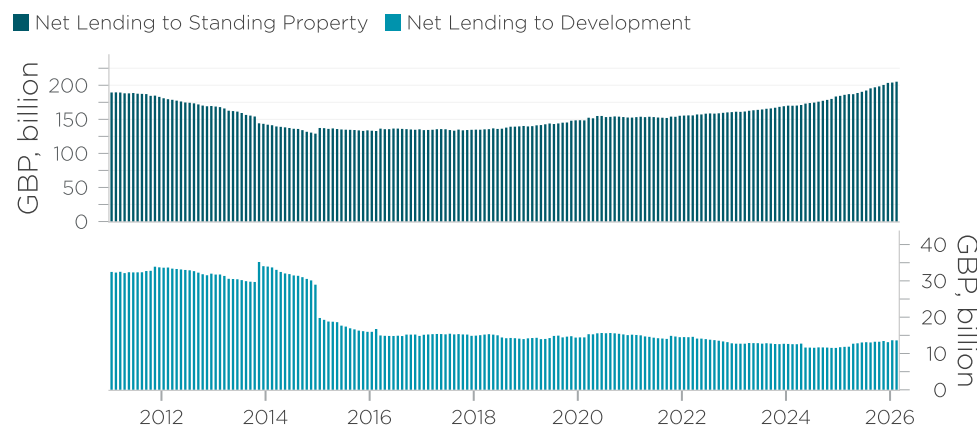
INTEREST RATES



5 YEAR SONIA & 10 YEAR GILTS



LENDING TO COMMERCIAL PROPERTY



INFLATION

CPI held at 3.0% in the 12 months to February 2026, unchanged from January. CPIH also held at 3.2%. This followed the sharp fall from 3.4% in December, the largest monthly decline since spring 2025.

Core CPI (excluding energy, food, alcohol and tobacco) ticked up to 3.2% in February, from 3.1% in January a modest but notable reversal of the disinflationary trend that we had been seeing. Services CPI eased marginally from 4.4% to 4.3%, its joint-lowest level since May 2022.

The previous narrative of broad-based disinflation has been halted. The Iran conflict has materially altered the trajectory of UK inflation. Even with Brent futures easing to around \$95/barrel following the ceasefire (but now increasing again after talks collapsed) this was still approximately 25-30% above pre-conflict levels. The pass-through to UK household energy bills via the Ofgem price cap from July 2026 will drive a renewed inflationary impulse. The Bank of England projects headline CPI approaching 3.5% in March 2026, remaining around 3% through Q2, before rising toward 3.5% in Q3.

The British Chambers of Commerce have warned that the headline rate could exceed 4% by summer if energy prices do not normalise quickly. The Bank's February forecast of a return to 2% by April is now clearly off the table. The next CPI release is due 22nd April.

MONETARY POLICY

The MPC voted unanimously (9-0) to hold Bank Rate at 3.75% at its meeting ending 18 March 2026. The Committee cited Brent crude above \$100/barrel and Dutch TTF gas above €50/MWh - both approximately 60% above the February Monetary Policy Report forecast as having materially changed the near-term inflation outlook.

The BoE made clear that while monetary policy cannot directly influence global energy prices, it stands ready to act to ensure CPI returns to target in the medium term. The MPC will be closely monitoring second-round effects on domestic wages and prices and will have six weeks of additional data on the conflict's scale and duration before the next meeting.

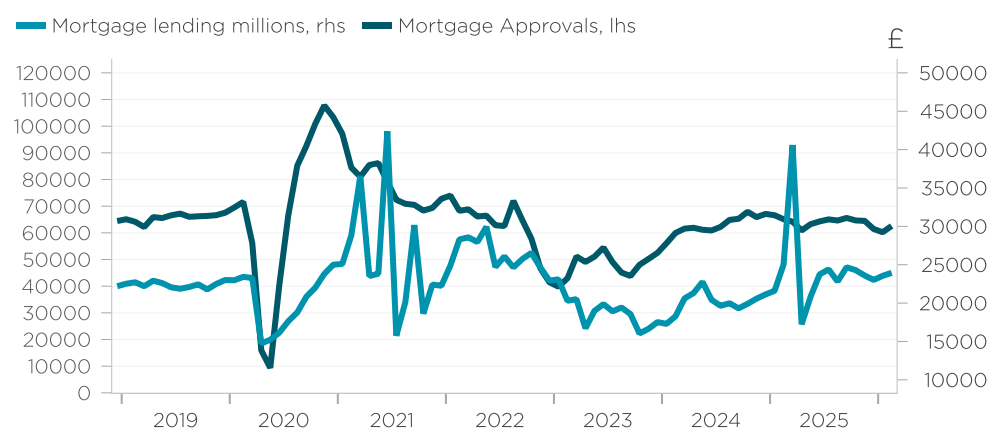
The ceasefire agreed on 7th April has provided some relief. However, at the time of writing, talks had already collapsed. Until we see a resolution to energy supply constraints, prices will remain significantly elevated, and the BoE's near-term inflation projections remain well above target. After the ceasefire, the 10-year gilt had fallen as low as 4.7%, its lowest since 17th March, and down from its conflict peak of 5.01% on 27th March, as a risk-on reversal unwound some of the inflation premium. However, as of the end-day 10th March, it was hovering north of 4.8% once again.

5-year SONIA swap rates have risen to 4%, from approximately 3.6% before the conflict. The next MPC decision is on 30th April 2026.

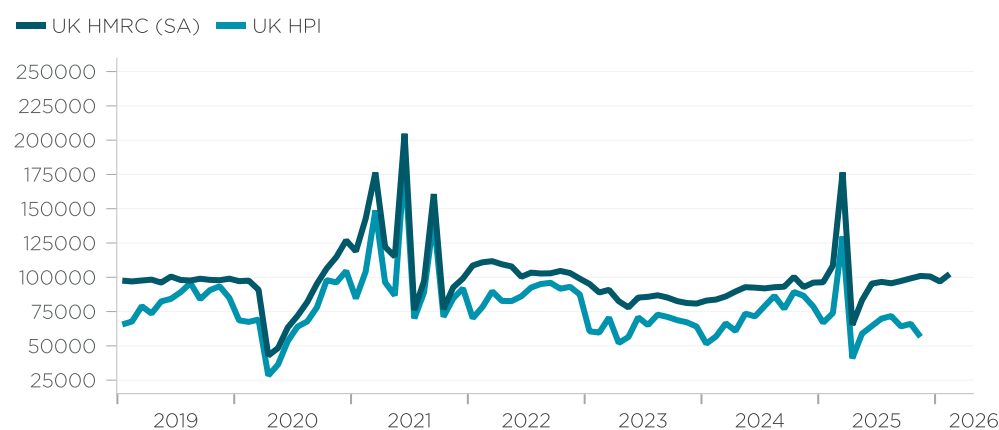
LENDING

Net lending to property in February reached £1.2 billion, marking an improvement on January but down significantly from the £2.47 billion measured at the end of 2025. This early-year softness had been evident even prior to the Iran War.

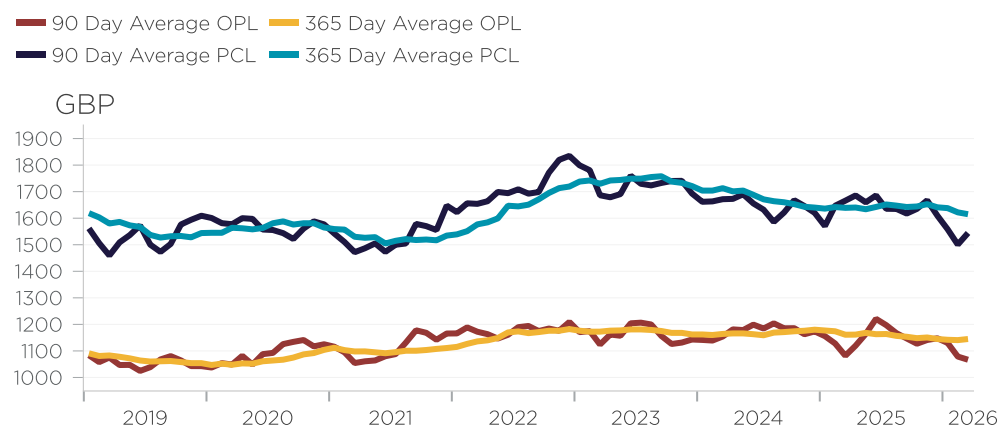
UK MONTHLY MORTGAGE APPROVAL & LENDING



UK MONTHLY TRANSACTION VOLUMES



CENTRAL LONDON CAPITAL VALUES



MORTGAGES

Heightened geopolitical uncertainty has already fed into a higher interest rate environment. Money markets are now pricing in a single 25 bps hike in 2026 (although down from a 50 bps increase) to the BoE base rate, going from 3.75% to 4.0%. This is also reflected in the mortgage market, where 5-year fixed rates spiked to 5.75% from 4.94% in early February. Similarly, two-year fixed products increased over the same period from 4.85% to 5.84%. The overnight swap index (OIS) market which mortgage rates are based on has jumped up since the Iran conflict began, with the 5-year SONIA swap rate rising 50 bps to just above 4.0%. The temporary cessation in hostilities has pulled back some of the earlier rises in the money markets, but rates remain elevated.

Turning to demand, data prior to the Iran conflict was already showing a slowdown in mortgage approvals at the end of 2025. This continued into 2026 with a monthly average of 61,500 mortgages approved in January and February, down from an average of 64,500 in 2025. The rolling 3-month average annual growth shows approvals down 7.3%. Given the rise in mortgage rates and corresponding fall in affordability, mortgage approvals are likely to remain flat over H1 2026.

SALES & PRICING

Overall transactions have seen a modest pick up in February, up 5.6% to 102,000 and broadly in line with the monthly average in 2025. There is typically a few months lag for mortgage approvals to feed into transactions, so we do expect overall transaction numbers to dip in Q2 2026. As for house prices, in March, UK house prices experienced a 0.9% monthly increase bringing annual growth to 2.2%. This is likely noise in the data, and we will continue to see house price growth moderate in the coming months.

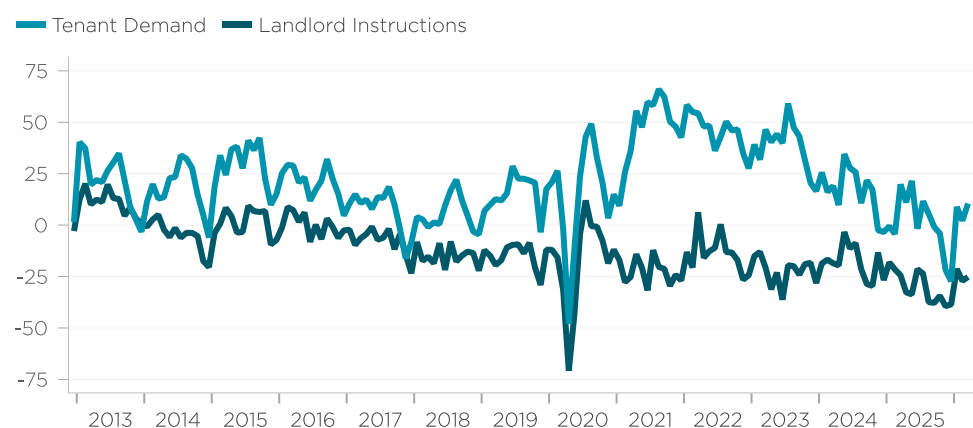
It is too early to tell how lasting the impact the Iran conflict will have on the UK housing market. However, we do expect higher mortgage rates and reduced consumer confidence to have an impact on buyer demand at least in the short term. This combined with a slowing economy and a weaker labour market will put downward pressure on house price growth. That said, there are some tailwinds for the sector. The relaxation of the cap on high loan to income mortgages will increase the availability of secured debt to homebuyers and support demand. In addition, the anaemic rate of house building continues to underpin the demand-supply imbalance, creating a floor for house price declines.

PRIME LONDON CAPITAL VALUES

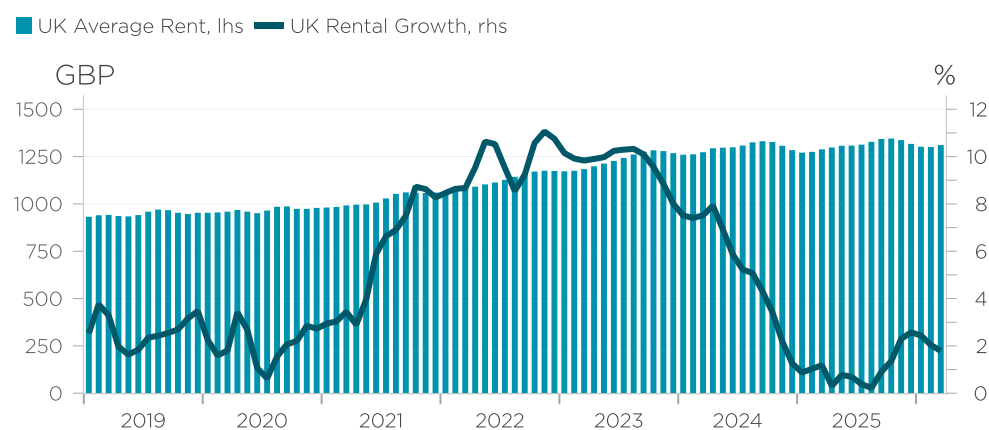
Prime London has experienced muted growth in capital values due to broader economic and geopolitical uncertainties. Tax policies on non-doms, second homes, and the new 'mansion tax' signal a tighter environment for wealth management and property ownership.

PCL - As of March 2026, 365 day average values in PCL were £1,622 psf, 0.4% below last month and 1.5% below last year. 90 day average values in PCL for March 2026 were £1,544 psf, 2.9% above February. Achieved discounts to asking prices (365 day average) in PCL remained unchanged at -4.7%. OPL - As of March 2026, 365 day average values in OPL are £1,145 psf, 0.4% above last month and 1.4% below last year. 90 day average values in OPL for March 2026 were £1,079 psf, 1.1% below February. In OPL, discounts grew to -3.6% from -3.5% in February.

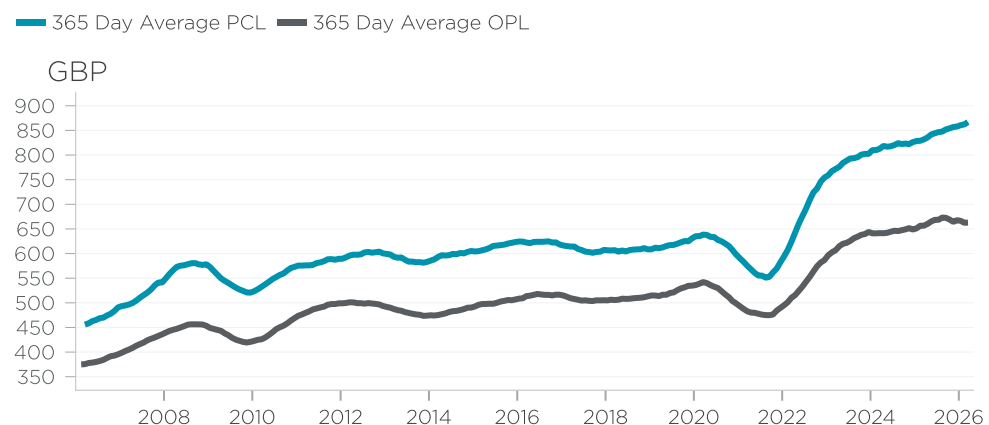
UK LANDLORD INSTRUCTIONS VS TENANT DEMAND



UK ANNUAL RENTS



UK LONDON RENTS



SUPPLY & DEMAND

The RICS residential survey for February 2026 showed demand remaining in positive territory at 2%, and the second consecutive month of improving tenant demand. On the other hand, landlord instructions remained in decline with a net balance of -27%, deteriorating from -21% last month, highlighting continuing constrained supply in the rental market.

The imbalance between supply and demand remains and is unlikely to improve in the short to medium term. Increased regulations (recent tax changes, MEES, and the Renters Right Act) and higher mortgages are likely to continue to push many private landlords out of the market. This will create more space for institutional investors to step in and provide future supply in the maturing Build to Rent (BTR) segment, although the supply response has been hampered by viability issues. The recently launched National Housing Bank backed by the government aims to accelerate house building, and bring more stock to the market by providing equity, debt and guarantees to both developers and investors. The hope is that this will make viable more development sites and increase the build rate of BTR stock.

As for tenant demand, increased mortgage rates and reduced buyer demand will likely increase tenant demand, as some first-time buyers opt to delay buying their first-home in the current uncertain environment.

RENTAL VALUES

In March, the average UK rent was £1,311, 0.8% above last month, bringing annual rental growth to 1.8%.

The annual rental growth varied across the UK, with the greatest increase in Northern Ireland (4.9%), followed by the Scotland (3.6%) and North East (3.2%). The East Midlands (1.2%), South East (0.9%) and East of England (-1.0%) experienced the lowest levels of annual rental growth.

PRIME LONDON RENTAL VALUES

Regulatory and tax changes in the sales market such as the new 'Mansion tax', previous introductions of non-dom changes and overseas buyer SDLT surcharges, will likely increase tenant demand for prime London stock. In addition, the rise in tax on rental income, increased mortgage rates and the Renters Right Act, is likely to impact Buy-to-Let landlords, reducing rental supply. This is reflected in the fifth consecutive month of positive rental growth in the segment.

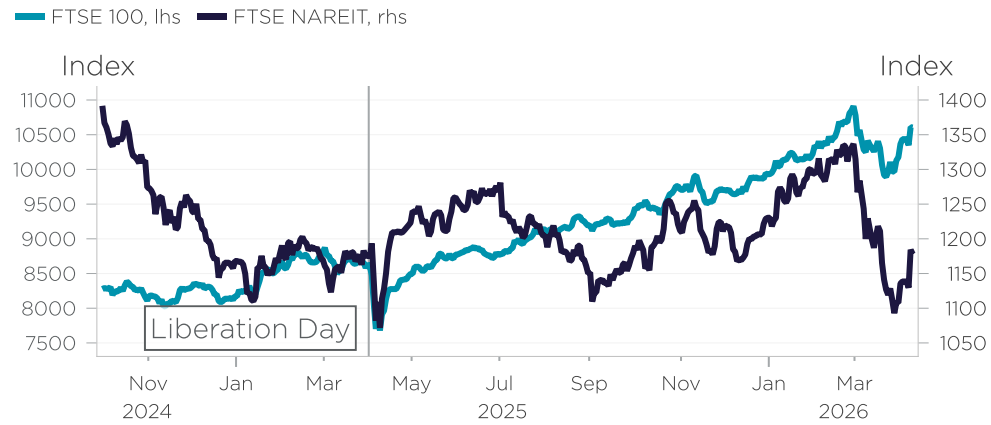
365 day average rental values in March 2026 show rents in PCL are 0.5% above the previous month and 4.2% above last year. Median monthly rental values are more volatile and recorded larger increases. One bed flats in March let for £775 pw, 11.8% above last month and 14.1% above the same time last year. Two bed flats let for £1062 pw, 6.7% above the previous month and 1.1% above the previous year.

365 day average rental values in March 2026 show OPL rents are flat but remain 0.9% above last year. In OPL median weekly rents for one bed flats let for £550 pw, 4.8% above last month and 3.6% above last year. Two bed flats let for £738 pw, 0.8% below last month and 1.6% below last year.

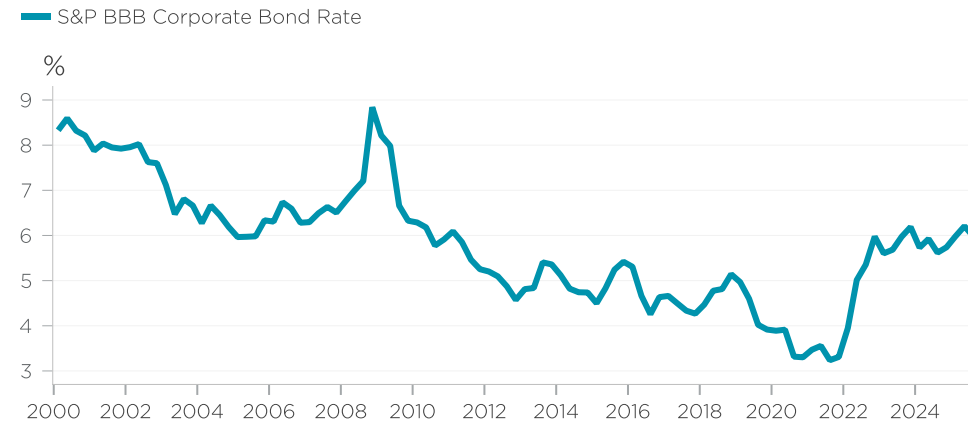
ADDITIONAL KEY CHARTS

Source: FTSE Russell, Federal Reserve, CBOE, ONS, Bank of England, LonRes, Economic Policy Uncertainty, Nationwide, Macrobond, Cushman & Wakefield

FTSE 100, FTSE NAREIT



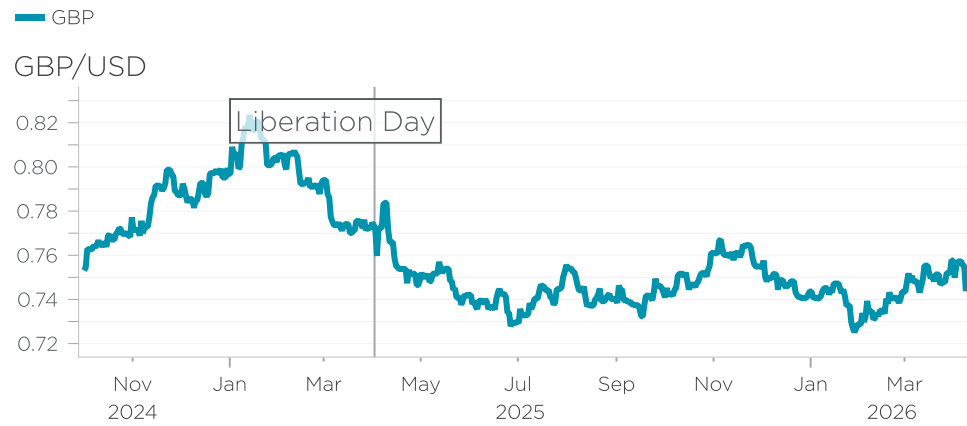
CORPORATE BBB BONDS



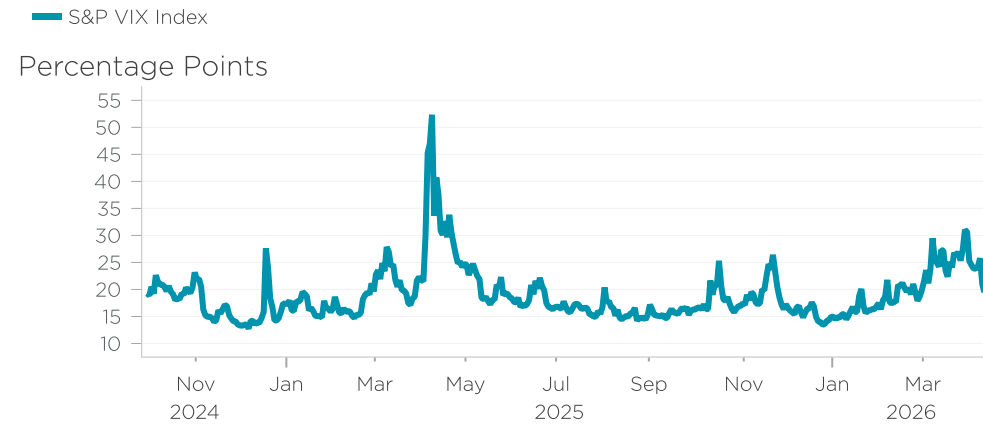
UK EARNINGS GROWTH



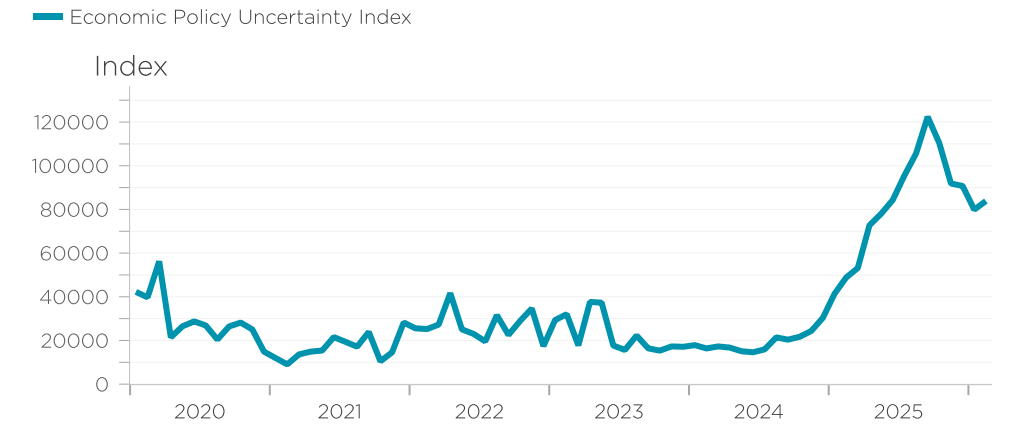
GBP USD SPOT RATES



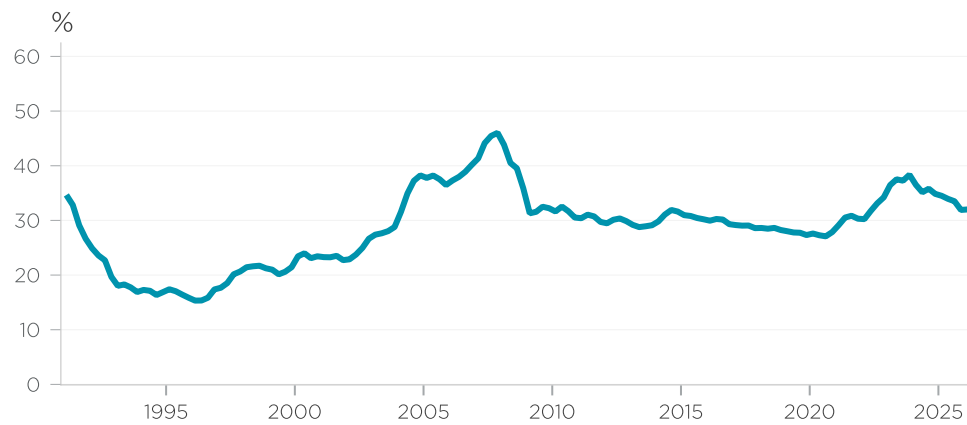
VIX INDEX



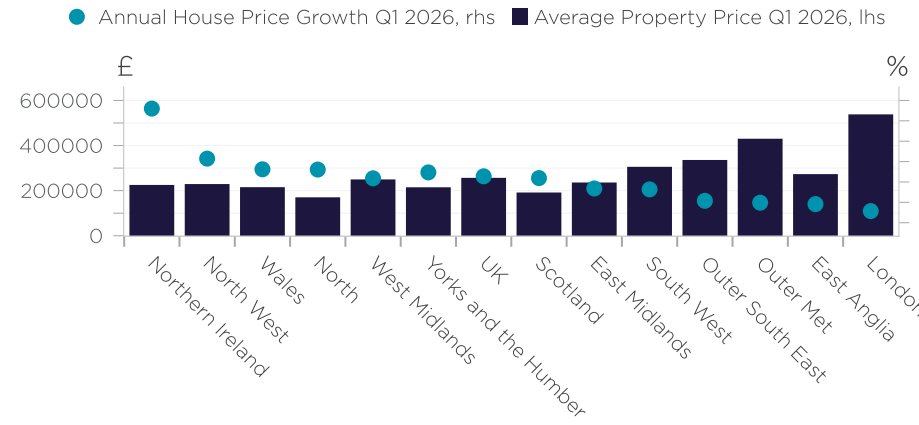
GLOBAL ECONOMIC POLICY UNCERTAINTY INDEX



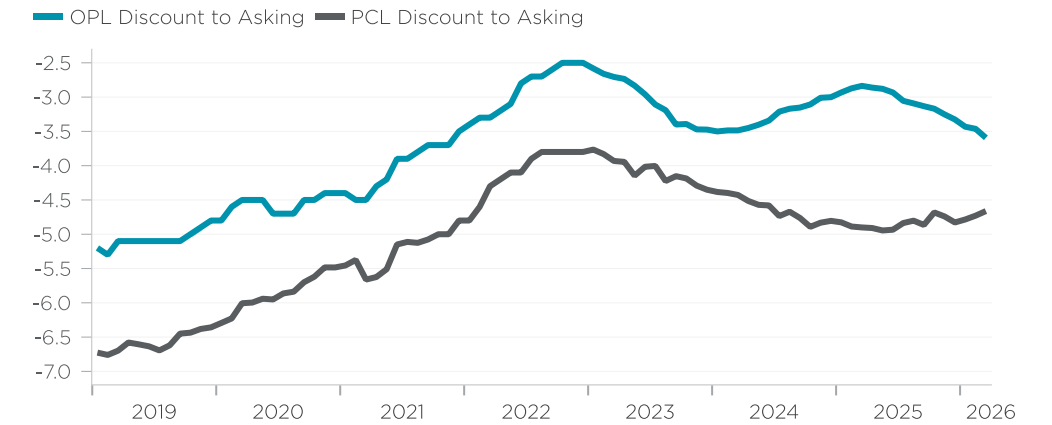
FTB MORTGAGE AS % OF TAKE HOME PAY



REGIONAL HOUSE PRICE GROWTH



CENTRAL LONDON RESI CAPITAL VALUE DISCOUNTS TO ASKING





MARKETBEAT

ECONOMY & HOUSING

APRIL 2026

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Better never settles

