

The UK average house price hits a record high as clear ...

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The Halifax (which is a trading division of the Bank of Scotland, which is, in turn, a subsidiary of Lloyds Banking Group) [has reported this morning that](#):

The UK housing market started the year on a positive note, with average prices rising by +0.7% in January, more than recovering the slight dip of -0.2% in December. This increase pushed the average property price to a new record high of £299,138.

They added:

As things stand, mortgage rates are likely to hover between 4% and 5% in 2025, influenced by both global financial markets and domestic monetary policy. Over the past year, buyers have been getting used to this new normal, understanding that rates are unlikely to return to the historical lows of 1%.

But the fundamental issue in the housing market remains the lack of supply. This long-term trend, coupled with a gradual improvement in affordability, should support further modest house price growth this year.

It so happens I have spent some time talking to estate agents of late. This is not what they are telling me.

They are reporting four things:

- * Young, first-time buyers cannot afford to buy.
- * The buy-to-let market is in reverse, with more sellers than buyers.
- * There is an ample supply of property for sale, but not enough people are willing or able to buy them.
- * The market is very slow as a result.

This, I stress, may just be in East Anglia, where the conversations took place. I do, however, doubt it. I think this is a general trend, which makes the spin from the Halifax

look to be wrong for three reasons.

Firstly, a shortage of supply is not the problem in the housing market. A shortage of affordable supply is.

Second, people are not getting used to high interest rates. Large numbers of people are not able to afford to buy to get the opportunity to pay any interest rate because those rates are so over-inflated. The comment made by the Halifax comes from a position of decided privilege.

Third, looking more broadly, there is a housing crisis, whatever the price of properties for sale, but it is in the rental sector, where the situation is getting increasingly desperate.

And what is the government doing about this? Precisely nothing, as far as I can work out. When they could be tackling this problem nationwide, they are instead obsessing with building fantasy projects such as a third airport at Heathrow, for which the airport has not even applied for planning permission, and nuclear reactors, which no one knows will work. That is how out of touch with reality they are.