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The Welsh housing market is waking up

Andy Mottram
 Head of
 Product
 Lending


£258k


Average purchase
 price for residential
 properties in Wales*



* Wales Q2 2026

+4.0%

Annual change
 Q2 2025 – Q2 2026


+0.6%

Quarterly change
 Q1 2026 – Q2 2026


+4.3%

Volume of first time
 buyer and home mover
 mortgage applications*



*Wales Q2 2025 – Q2 2026

H1 House Price Index Narrative

Andrew Mottram, Head of Product Lending, said:

The Welsh housing market is waking up. Activity is gathering pace and momentum is returning, giving us room for cautious optimism. However, affordability remains a sticking point, while wider economic uncertainty is keeping buyers and sellers on their toes.

Mortgage activity has picked up, with average purchase prices increasing across 17 of Wales' 22 local authorities compared with the same period last year, suggesting confidence is beginning to return after a softer start to the year. That being said, affordability remains under particular pressure in parts of the country, where the recovery is still feeling more uneven.

First-time buyers are showing strength, with volumes up almost 10% and average deposits falling to £35,000, suggesting more people are getting the keys to their first home. At the same time, many buyers are still stretching further by

relying on smaller deposits and higher borrowing. Home movers are driving growth in lending value, with lending up 7.5% and average prices rising to £322,000.

Against that backdrop, buyers and sellers still need to keep one eye on the wider picture. Geopolitical uncertainty and the future path of interest rates could continue to shape household finances and borrowing costs over the months ahead.

Cardiff and Monmouthshire remain the toughest places for many buyers to make the numbers work. First-time buyer purchase prices are equivalent to 4.5 times average household income respectively, while home movers face an even sharper squeeze at 7.6 times income in Cardiff and 7.3 times in Monmouthshire.

By contrast, some of Wales' most affordable housing markets continue to be found in the

South Wales Valleys and West Wales. While house prices in Blaenau Gwent are on the rise, the area still offers strong affordability relative to local incomes. Unlike parts of South-East Wales, where house prices have pulled ahead of earnings, Carmarthenshire has maintained a healthier balance. Between incomes and property values, Carmarthenshire has retained the strongest affordability position for those taking their first step onto the property ladder.



Newport was this quarter's standout growth story, with home mover lending value up 48% and volumes up 41%. As one of Wales' fastest-growing cities, Newport continues to benefit from comparatively affordable prices versus Cardiff and Bristol, alongside strong transport links. Major regeneration projects, including developments at Llanwern, and the long-term impact of the removal of Severn Bridge tolls are helping to keep demand moving among residents and investors.

Anglesey is one of the clearest examples of affordability pressure intensifying in the Welsh housing market. First-time buyers are borrowing more, with average lending up almost 17% this quarter to £162,000 – the strongest percentage increase in Wales. Home movers are also facing higher costs, with average purchase prices rising 11% despite mortgage volumes remaining stable.

Our Member sentiment tells a similar story. Their feedback highlights the pressures facing prospective homeowners: just 17% of surveyed Members are confident that first-time buyers on an average income could afford a home locally, while half agree that buying in their area has become less affordable over the past year.¹

While short-term factors will keep shaping the market, the bigger answer still lies in supply.

Increasing the number of suitable homes remains fundamental to addressing Wales' long-term affordability challenge.

Housing supply and affordability are likely to remain central to the policy agenda in Wales. The Welsh Government's proposals place a clear focus on expanding housing supply with the commitment to deliver 20,000 social homes by 2030. However, translating that ambition into homes on the ground will depend on funding and capacity to deliver at scale.

Principality is focused on being part of the solution to Wales' housing challenges. Our commercial lending makes us unique in the market by funding new homes, and we're proud to support the majority of housing associations in Wales. During the first half of 2026, we agreed funding to property developers that will fund the development of 352 new homes, helping more people towards a place to call home.

Increasing the supply of suitable homes is essential if Wales is to improve affordability and meet the needs of growing communities. As a mutual, Principality is committed to working with governments, developers and industry partners to help accelerate homebuilding, to strengthen housing supply and ultimately support more people to take the next step in their housing journey.

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**Newport was this quarter's
standout growth story**

▲ **48%**

Home mover
lending value up

▲ **41%**

Volumes up

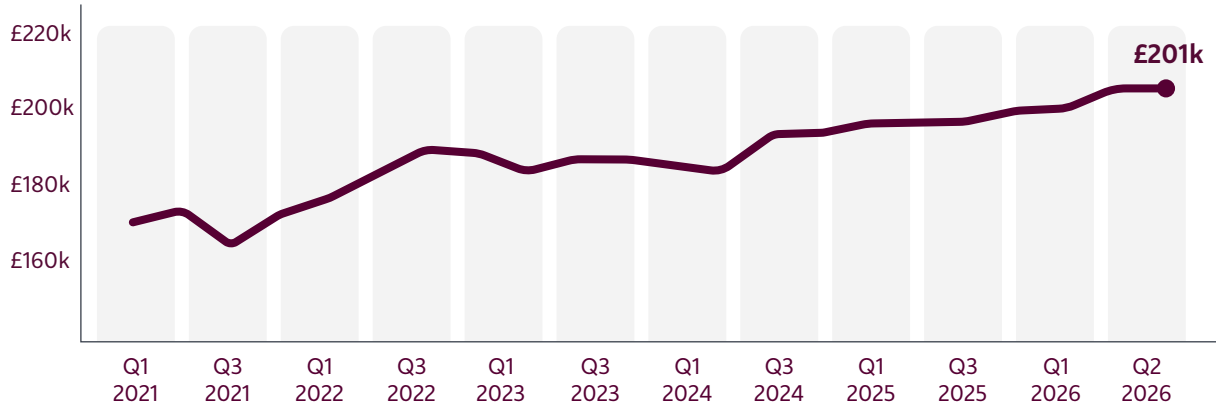


¹Source: Principality Online Member Community Quick Polls, September 2026 (c.1,300 respondents from across the UK).

First Time Buyers: Average purchase price



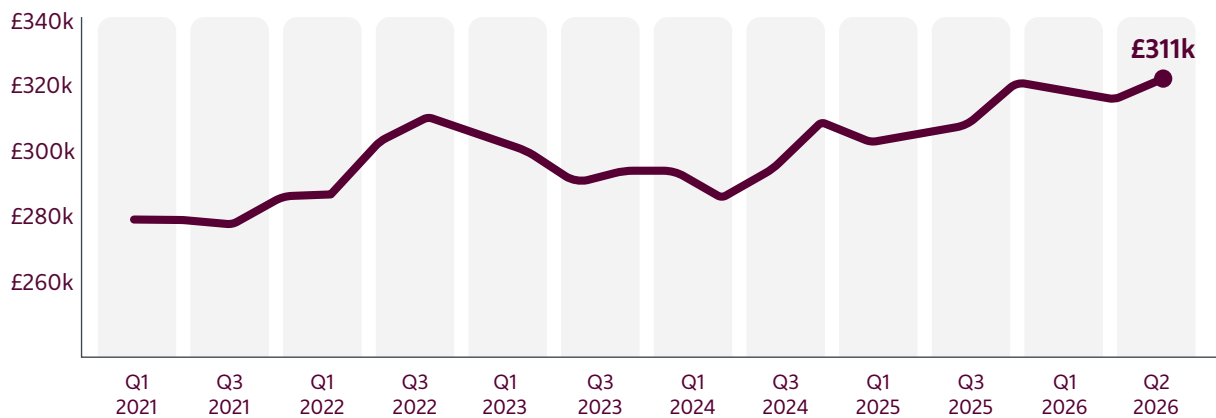
Total average purchase price, Q1 21 to Q2 26



Home Movers: Average purchase price



Total average purchase price, Q1 21 to Q2 26



Geography Annual and quarterly average house price changes

Local Authority	Jun 2025	Mar 2026	Jun 2026	Annual Change %	Quarterly Change %
Blaenau Gwent	£160,713	£154,876	£167,239	4.1%	8.0%
Bridgend	£222,337	£239,534	£229,712	3.3%	-4.1%
Caerphilly	£202,537	£213,778	£232,272	14.7%	8.7%
Cardiff	£291,653	£312,610	£303,323	4.0%	-3.0%
Carmarthenshire	£213,388	£216,786	£226,507	6.1%	4.5%
Ceredigion	£261,666	£254,640	£237,351	-9.3%	-6.8%
Conwy	£236,753	£232,899	£240,793	1.7%	3.4%
Denbighshire	£230,991	£242,226	£231,208	0.1%	-4.5%
Flintshire	£232,529	£240,087	£232,555	0.0%	-3.1%
Gwynedd	£217,571	£227,508	£227,023	4.3%	-0.2%
Isle of Anglesey	£221,804	£257,969	£270,967	22.2%	5.0%
Merthyr Tydfil	£187,395	£175,728	£184,769	-1.4%	5.1%
Monmouthshire	£354,234	£348,961	£387,606	9.4%	11.1%
Neath Port Talbot	£190,164	£180,290	£192,418	1.2%	6.7%
Newport	£266,899	£250,019	£274,327	2.8%	9.7%
Pembrokeshire	£226,909	£252,164	£253,101	11.5%	0.4%
Powys	£260,374	£271,634	£271,867	4.4%	0.1%
Rhondda Cynon Taf	£190,572	£193,503	£203,164	6.6%	5.0%
Swansea	£236,523	£224,809	£226,843	-4.1%	0.9%
Torfaen	£219,303	£225,853	£235,500	7.4%	4.3%
Vale of Glamorgan	£310,668	£320,809	£307,905	-0.9%	-4.0%
Wrexham	£207,542	£222,004	£240,682	16.0%	8.4%
Wales	£248,212	£256,568	£258,129	4.0%	0.6%