SANDHÜTEL REAL ESTATE WEEKLY

Week Ending Friday 24 July 2026

LONDON HAS STOPPED BUYING NEW HOMES AND THE COST OF DEBT IS MAKING IT WORSE

- *London's new build market needs buyers before it needs planning reform.*
- *Every basis point added to mortgage pricing narrows that buyer pool further.*
- *Landlords who lock in certainty now will outlast the ones still waiting.*

London is not short of new homes. It is short of buyers able to purchase them, and this week's data shows just how far that gap has opened. Growth returned in May and inflation eased in June, which on the old arithmetic should have made for a quiet week in mortgage pricing. It did not. The average cost of new fixed rate debt rose for the second week running, moving further from a Bank Rate that has not shifted since 18 June, and every point it adds narrows the pool of buyers London's new build market still needs.

RATE AND LENDING PICTURE

The mortgage market is compounding London's problem rather than easing it. Rightmove's tracker on 24 July put the average two year fixed rate at 5.09% and the average five year fixed at 5.08%, both up 13 basis points on the week, the second consecutive weekly rise, with the cheapest available rates moving further still to 4.33% and 4.43%. Bank Rate itself held at 3.75% on 18 June, a 7 to 2 vote with two members pushing for 4.00%, and stays there until the next decision on 30 July, but swap markets have already made their own call, with two year and five year SONIA swaps at 4.29% and 4.34%, both above where lenders were pricing a month ago. At 90% loan to value the average five year fixed is now 5.17%, and at 95% it is 5.67%, the numbers a first time buyer actually underwrites against, and the direction of travel is the same one that has been squeezing buyers for weeks.

DEMAND AND TRANSACTION ACTIVITY

Rightmove's July index confirms what agents have been describing anecdotally: this is a softer July than usual, not a normal seasonal lull. Newly listed asking prices fell 1.0%, or £3,832, to an average of £372,359, against a ten year average July fall of just 0.2%, with activity down 6% on the same period in 2025. Weekly transaction data from Chris Watkin's tracker showed 34,700 new listings against 23,500 gross sales agreed and 17,900 net sales in week 27, with 50.9% of the homes leaving agents' books this June exchanging and 49.1% withdrawn unsold, essentially a coin flip. HMRC publishes its next monthly transactions release on 31 July.

LONDON

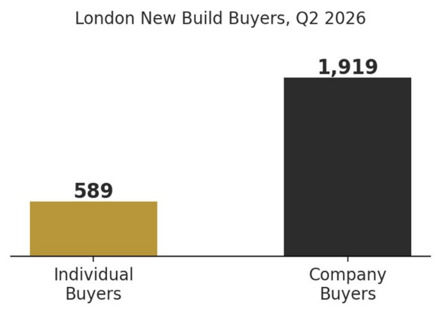
This is the story the rest of the week's data sits inside. London's problem is no longer prices. It is buyers. ONS data puts the annual change in London house prices at minus 3.7%, with inner London down 5.9% and outer London down 0.3%, but the number that matters sits further along the chain, in absorption. Molior's Q2 report, cited this week by Adam Lawrence, recorded just 589 UK individuals buying a new build home across the whole of London in the second quarter, against 1,919 companies, with Build to Rent and other block deals accounting for 52% of everything that sold.

The stock behind that number is the real warning. Molior counted 4,629 completed London homes sitting unsold, the highest figure it has recorded, a further 13,770 still under construction and unsold, and 2,704 unsold units where building has stopped altogether, with 56 developments padlocking their gates. Average weekly sales per outlet, stripped of corporate deals, sit at 0.3. That is not a sales rate. It is a waiting list. Rental demand tells a different story: it is why professional landlords remain active while private buyers are not. Average advertised London rent hit a record £2,791 a month in the second quarter, up 2.0%, even as annual rent inflation in London, at 2.2%, remains the lowest of any English region. Income is still being bid up. Capital is not, and anyone building for London right now is building for a tenant, not a buyer.

REGULATORY AND POLICY DEVELOPMENT

Two regulatory threads matter this week, and neither is really about landlords directly. The Renters' Rights Act's main reforms took effect from 1 May, and the deadline for prescribed written information to tenants passed on 31 May, so compliance is now a live test. Separately, HM Treasury's Mansion House commentary points to roughly £150bn of additional lending capacity freed up through the bank capital review, with Nationwide committing an extra £40bn to mortgage and SME lending. That capacity means little to London's unsold stock. It solves a funding constraint, not a buyer priced out at today's rate.

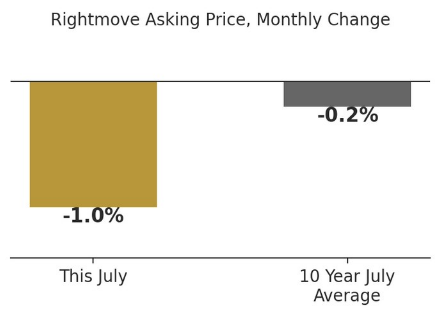
THIS WEEK IN CHARTS



London New Build Buyers by Type, Q2 2026

589 individual buyers against 1,919 companies is not a demand problem that planning reform fixes on its own. Over half of everything that sold in the quarter went through Build to Rent and block deals, and a scheme still marketed around a private buyer walking through a show home is marketing to a shrinking share of the market that actually exists.

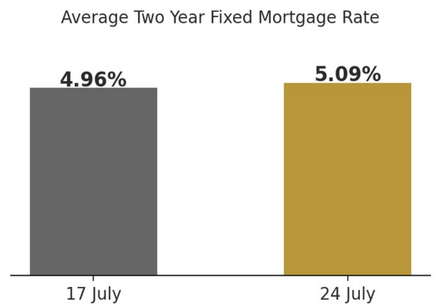
Source: Molior, Q2 2026, cited by Adam Lawrence, July 2026



Rightmove Asking Price, Monthly Change

A 1.0% July fall against a ten year average of 0.2% is not a seasonal wobble. Sellers are cutting five times harder than a normal July to find a buyer who can still make the mortgage work at today's rate, and the £3,832 average cash reduction is coming straight off asking price, not off completion.

Source: Rightmove House Price Index, 20 July 2026



Average Two Year Fixed Mortgage Rate

Thirteen basis points does not sound like much until it repeats for a second consecutive week with Bank Rate not moving at all, and every point added narrows London's already thin buyer pool further. Two year fixed pricing has climbed from 4.96% to 5.09% in seven days, and every lender making that move is pricing off the swap curve, not the MPC decision everyone is waiting for on 30 July.

Source: Rightmove / Podium Mortgage Tracker, 17 and 24 July 2026

KEY DATA THIS WEEK

LONDON BUYERS	ASKING PRICE	2 YR FIXED	CPI	BANK RATE
589 ▼	**£372,359 ▼**	**5.09% ▲**	**2.6% ▼**	**3.75% —**
Individuals buying new build, Q2	*Down £3,832 this month*	*Up 13bps on the week*	*Down from 2.8% in May*	*Unchanged since 18 June, 30 July next*

DAVID'S VIEW

London is not short of homes right now. It is short of buyers, and that is the story I want people to sit with this week, not read past. Just 589 individuals bought a new build home across the whole of London last quarter, against 1,919 companies, in a market where over half of everything sold went through Build to Rent. That is not a planning failure. It is a buyer failure, and no amount of consented land fixes it.

Mortgage pricing is making that failure worse, not better. The average two year fixed rate rose for a second straight week to 5.09%, even though inflation fell to 2.6% in June and Bank Rate has not moved since 18 June. Anyone reading the headline data and assuming borrowing is getting easier is underwriting against a number that stopped being true days ago, and every basis point added removes another slice of the private buyer that London's new build pipeline still needs and increasingly cannot find. Rate pressure and absorption failure are not two separate stories this week. They are the same story, viewed from either end of the transaction.

What this market rewards is precision, not optimism. Developers who price stock against real buyer affordability rather than last cycle's comparable, landlords who lock in fixed pricing now, and borrowers who move before the next lender reprices, all hold an advantage that shrinks with every week of delay. Everyone else is pricing risk off a number that is already out of date.

I built Sandhütel to operate on the side of that discipline, not the side of the headline. When a market has stopped clearing, I want to know why before I write a cheque, not after.

"London is not short of homes. It is short of buyers who can still afford one."

THE WEEK AHEAD

The coming week supplies the data that will confirm or break this week's pattern. The Bank of England publishes Money and Credit for June on 29 July, its first full read on mortgage approvals and consumer credit since May, followed by the MPC's Bank Rate decision on 30 July. A hold is priced in. What matters more is the language the Committee uses about swap driven pricing, given it was the Bank's own analysis that flagged the risk premium behind this month's lender repricing.

HMRC follows on 31 July with its monthly property transactions release, covering provisional June completions, the first hard number on whether July's asking price weakness was already visible in what actually exchanged. Rightmove's weekly mortgage tracker and Chris Watkin's market statistics are both due their normal weekly update in the same window, and either would confirm whether this week's rate rise was a one week wobble or the start of a trend.

David R. Sandhu

Founder and Principal at Sandhütel, a London based firm focused on strategic property investment, management and design. Over 15 years' leadership across credit strategy, investment management and real asset development, including as Global Head of Credit Product Management at Barclays Wealth, responsible for balance sheet strategy, product governance and commercial growth across the UK, EMEA and Asia.