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Week ending 5 June 2026 · sandhutel.com

Asking Prices Are Confidence… Transactions Are Proof!

THIS WEEK AT A GLANCE

- Both Halifax and Nationwide fell monthly for a third consecutive month. Three months is not a blip. It is a direction.
- Mortgage approvals hit a six-month high in April. Buyers are in the market. The problem is not demand. It is seller pricing.
- The UK Construction PMI posted its sharpest contraction outside a pandemic since March 2009. Development economics are getting harder, not easier.

There is a version of this week’s data that you will read in most places. Prices softened. Approvals rose. The market is muddling through. **That version is not wrong. It is just missing the point entirely.**

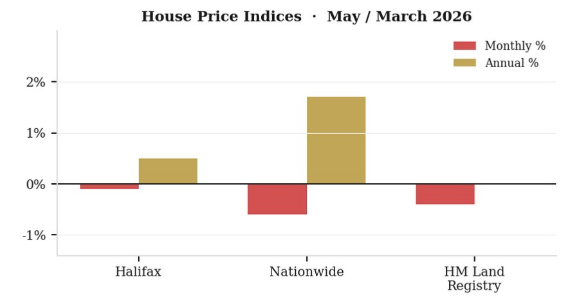
Halifax reported a third consecutive monthly price fall in May. Nationwide reported a 0.6% monthly decline with annual growth halving from 3.0% to 1.7% in a single month. These are not one-off readings. They are consistent signals from the two most-watched indices in the country pointing in the same direction. When both Halifax and Nationwide move together across three consecutive months, you stop calling it volatility. You call it a repricing.

Here is what makes this week genuinely interesting. Mortgage approvals rose to 65,900 in April. Sixth consecutive monthly increase. Well above the six-month average. Buyers are not sitting on the fence they are in the market, they have financing, they are making offers. So why are prices falling? Because the offers they are making do not match the prices sellers are asking. **Chris Watkin's data puts a number on the gap: 21.6% between average listing asking price and average sale agreed price. Long-term average is 16 to 17%. That extra five percentage points is the cost of seller denial.**

Thirty-two percent of homes currently for sale have already had a price reduction. A reduced home takes 91 more days to sell on average. Sellers who are cutting are still not cutting enough, or not cutting fast enough. The market has been communicating the same message for months. Some vendors are hearing it. Most are not.

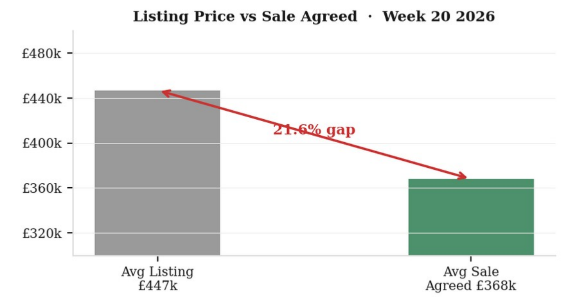
Savills revised its mainstream UK house price forecast this week from growth to a 2.0% fall nationally and a 4.0% fall in London. Savills does not move its forecasts lightly. When they do, it is worth paying attention. The Coutts prime London data adds the ground-level picture: Central London prices are still 10.3% below their 2014 peak, the average negotiated discount on prime property is 10.3%, and 43.5% of prime listings have required a published price cut. **The premium end of the London market has been in price correction since 2014. The mainstream end is now joining it.**

The construction data adds a warning that goes beyond pricing. The UK Construction PMI fell to 38.2 in May. Excluding the pandemic, that is the worst reading since March 2009. BCIS forecasts building costs rising 14% and tender prices 15% over five years. Knight Frank sees 3.3% tender price inflation this year. Against gilt yields sitting at 4.90% and five-year mortgage rates back up at 5.62%, the arithmetic of development is not improving. The supply problem will not solve itself while these numbers persist.



Three indices. Three monthly falls. Halifax at -0.1%, Nationwide at -0.6%, Land Registry at -0.4%. Annual growth is slowing across the board. This is not a single index outlier. It is a consistent market signal.

Source: Halifax, Nationwide, HM Land Registry · May / March 2026

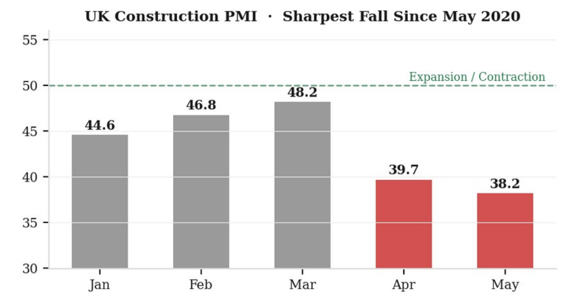


The 21.6% gap between what sellers ask and what buyers pay is 5 percentage points above the long-term average. This gap is the entire story of the current market. Correct pricing transacts. Aspirational pricing does not.

Source: Chris Watkin / Property Industry Eye · Week 20, May 2026

Six consecutive monthly increases in mortgage approvals to 65,900. Buyer demand is not the problem. Buyers are present, financed and active. The disconnect is on the vendor side, not the buyer side.

Source: Bank of England Money and Credit · April 2026



Construction PMI at 38.2. Outside a pandemic, the worst reading since March 2009. Well below the 50 expansion threshold. Development viability is under genuine pressure. Supply will not recover while this persists.

Source: S&P Global / Trading Economics · May 2026

KEY DATA POINTS

Bank Rate	Halifax House Price	10-Yr Gilt Yield	Mortgage Approvals
3.75% ▬	**£298,806** ▼	**4.90%** ▲	**65,900** ▲
UNCHANGED · Next MPC 18 June	*May 2026 · down 0.1% monthly*	*Up from 4.81% · w/e 29 May*	*April 2026 · 6th monthly rise*

Sources: Halifax, Nationwide, HM Land Registry, Bank of England, Chris Watkin / Property Industry Eye, Savills, Coutts, S&P Global, BCIS, Knight Frank, ONS, Investing.com UK. Data as at week ending 5 June 2026.

MARKET COMMENTARY

> ***A falling price index and rising mortgage approvals in the same week is not a contradiction. It is the market finding its level. Buyers are ready. Vendors need to catch up.***

I want to be direct about something the coverage of this week's price data is missing. Halifax and Nationwide both falling for three consecutive months is being treated as a gentle softening story. It is not. It is a market completing its repricing from the pandemic era highs, and the reason it is taking this long is that a significant proportion of vendors have refused to accept it. The 21.6% gap between asking price and sale agreed price is the number that explains everything. That gap does not exist because buyers are too cautious. It exists because sellers are too stubborn.

The opportunity this creates is specific. Motivated sellers who have already processed the new reality are transacting at prices that reflect what the market will actually bear. Those deals are happening. They are not making headlines because no one writes about properties that sold sensibly. But they are where disciplined buyers with clear funding structures are finding genuine value. **If you are waiting for the market to recover before you act, you are waiting for sellers to come back to prices that buyers already left behind.**

The construction data reinforces the supply argument that underpins the medium-term case for residential property. PMI at 38.2, build costs forecast up 14% over five years, tender prices up 15%. The planning system is not delivering. The viability stack is not working. The number of new homes coming to market will remain constrained while development economics look like this. That does not help first-time buyers today. But it does mean that well-located residential stock holds its fundamental value over time regardless of short-term pricing corrections.

At Sandhütel we are not waiting for the market to recover. We are working it. The gap between asking price and transaction price is where opportunity lives for those prepared to do the analysis, structure the deal properly and move when the numbers say go.

THE WEEK AHEAD

Bank of England Mortgage Lenders and Administrators Statistics for Q1 2026 publishes on Tuesday 9 June. Watch for arrears data specifically. Six consecutive months of rising approvals tells you buyers are entering the market. The arrears data will tell you whether existing borrowers are managing at current rates or whether payment stress is beginning to surface.

ONS publishes dwelling stock by tenure data on Wednesday 10 June covering 2024. The key figure is whether the private rented sector continues to grow despite the landlord exit narrative, and whether long-term vacancy numbers have moved. Both will matter to the supply picture.

David R. Sandhu

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