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Week ending 31 July 2026 · sandhutel.com

The Bank Rate Held Exactly As Forecast. London Was Already Slowing Before August.

THIS WEEK AT A GLANCE

- The committee held rates exactly where the market expected, and grew more divided about what comes next.
- London's transaction market is not waiting for a rate cut to feel the pressure.
- The market is heading into its quietest month with momentum already fading, not building toward it.

The Bank of England did exactly what the market expected this week. Bank Rate held at 3.75% on 30 July, and that was the least interesting part of the announcement. What deserves attention is the vote. Six members of the Monetary Policy Committee backed the hold. Three wanted an immediate rise to 4.00%. That is a genuine split over direction, not a formality, and the committee arrives at the next decision on 17 September more divided than the headline suggests.

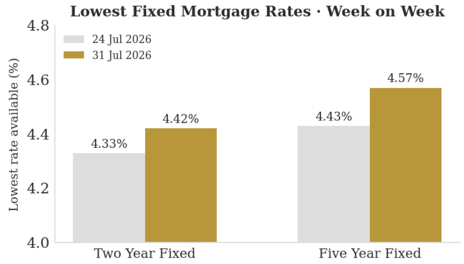
Mortgage pricing did not wait for the committee to decide anything. The cheapest two year fix available rose to 4.42% and the cheapest five-year fix to 4.57%, both up again on the week. Average pricing followed, at 5.11% for a two-year fix and 5.13% for a five-year fix. Underneath that, credit flowed more freely. Net mortgage borrowing jumped to £7.7bn in June from £3.3bn in May, and approvals for house purchase rose to 58,200, though both remain shy of their six-month averages. **Lenders are doing more business. Borrowers are paying more to get it done.**

Transaction volumes are holding rather than building. HMRC recorded 98,700 seasonally adjusted UK residential transactions in June, up 2% on the year. Nationwide's July index showed prices rising just 0.1% on the month, with annual growth slowing from 2.2% to 1.8%. The market was also already easing into its seasonal quiet spot before August began. New listings for the week to 31 July came in well below the 2026 weekly average, and the share of homes carrying a price reduction rose to 14.3% in June from 13.4% in May. **The seasonal slowdown is arriving on top of an already cautious market, not instead of a strong one.**

London is where this year's version of summer quiet is sharpest. Sales agreed in the capital were down 4.4% year on year in July, and Zoopla put the change in the value of a typical London home at minus £3,270 over the past year. Foxtons' half year results show what that means commercially: sales revenue fell 13% and pre-tax profit fell 57%, even as the company leant harder on lettings and financial services to stay profitable. Average London rent still reached £2,302 a month in June, up 2.2% on the year. **London is not short of people who need somewhere to live. It is short of buyers able to transact at today's price and today's mortgage rate, and August will not change that arithmetic.**

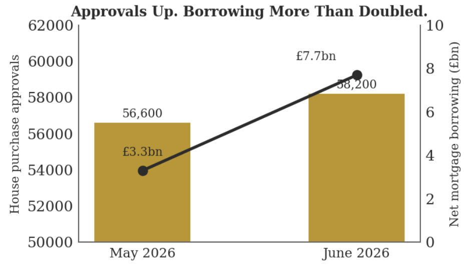
Two policy dates are now fixed in the calendar, and both raise the cost of doing business in property. The Building Safety Levy is expected to commence in October, and Basel 3.1 takes effect on 1 January 2027, with NatWest alone planning for a £10bn increase in risk weighted assets as a result. Neither change happens overnight, but both are being priced into lending and development decisions now. **The regulatory cost of building and financing property in the UK keeps rising even in a week when nothing else moved.**

MARKET DATA · WEEK ENDING 31 JULY 2026



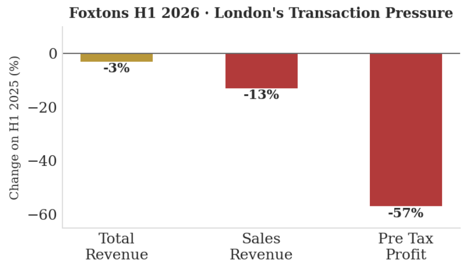
The cheapest fixed rates on the market rose again this week, the two year deal up nine basis points to 4.42% and the five year deal up fourteen to 4.57%. Average pricing followed the same direction.

Source: Rightmove / Podium, week ending 31 July 2026



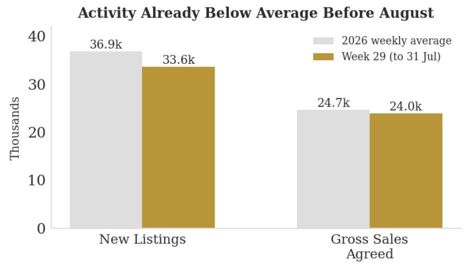
Net mortgage borrowing more than doubled in June to £7.7bn, and approvals for house purchase rose to 58,200. Credit is flowing more freely than in May, though approvals still sit below the six month average.

Source: Bank of England Money and Credit, June 2026



Foxtons' half year results show what a cautious London transaction market does to agency economics. Sales revenue fell 13%, and pre tax profit fell 57%, even as total revenue held closer to flat.

Source: Foxtons Group H1 2026 results, 30 July 2026



New listings in the week to 31 July came in below the 2026 weekly average, and gross sales agreed did too. Agents and vendors are both easing off ahead of the summer break.

Source: Chris Watkin / Property Industry Eye, Week 29 2026

KEY DATA POINTS

BANK RATE	LOWEST 2YR FIXED	NET MORTGAGE BORROWING	LONDON SALES AGREED
3.75% —	**4.42%** ▲	**£7.7bn** ▲	**-4.4%** ▼
UNCHANGED · Next MPC 17 Sept	*Up 0.09pp on the week*	*June, up from £3.3bn in May*	*Year on year · July 2026*

Sources: Bank of England, HMRC, Nationwide, Rightmove / Podium, Zoopla, Chris Watkin / Property Industry Eye, Foxtons Group, RICS, ONS, NatWest Group, Taylor Wimpey. Data as at week ending 31 July 2026.

MARKET COMMENTARY

> ***The Bank held the line this week. The mortgage market, the London transaction market and the seasonal calendar all moved anyway.***

Three things happened at once this week, and none of them depended on the other two. The Bank of England held Bank Rate exactly where it was expected to. Mortgage pricing rose regardless. And the market began its annual August slowdown from a starting point that was already softer than usual, particularly in London.

That combination is the story. A held Bank Rate does not mean held mortgage rates. Fixed pricing is set in the swap and funding markets, and this week those markets pushed rates higher even without any help from the MPC. Borrowers waiting for the Bank to hand them a cheaper deal are watching the wrong number.

London adds a second layer to that story. Sales agreed in the capital held up reasonably well against the national figure this week, but the pressure shows up elsewhere: in Foxtons' sales revenue, in the value of a typical London home, in an agency sector that now depends on lettings and financial services to stay profitable while sales struggle. That is a market entering its quiet month from a position of underlying weakness, not strength.

My view is that nothing in this week's data changes the calculus for anyone with a genuine decision to make before September. The Bank is not moving on 17 September unless the inflation picture shifts materially, and three members already want to go the other way. Mortgage pricing will track swaps and lender appetite, not the base rate headline. August will be quiet everywhere, but quietest in London, where the buyer pool was already thinner before the holidays started.

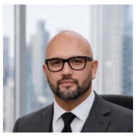
This is a market that rewards people who use the quiet month productively. Sellers who use August to prepare a realistic, well evidenced price rather than testing an ambitious one in September. Buyers who get their financing fully underwritten now, while there is less competition for a mortgage adviser's time. Developers and landlords who use the lull to stress test their numbers against where rates and regulation are actually heading, not where they hope it goes.

At Sandhütel, August is planning month, not waiting month. The properties and structures that perform in September are the ones prepared for in August.

THE WEEK AHEAD

The Bank of England publishes its Asset Purchase Facility Quarterly Report for Q2 2026 on Tuesday 4 August at midday. It will not move markets on its own, but it is the clearest read available on how quantitative tightening is affecting gilt yields, an issue the Bank flagged directly in this week's Monetary Policy Report.

The ONS publishes its regular business insights and real time economic indicators on Thursday 6 August at 9:30am. Lloyds is scheduled to publish its July House Price Index on Friday 7 August. Taken together with this week's Nationwide figure, it will be the first cross check on whether July's slowdown in annual price growth is a single index story or a broader one.



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. There he led balance sheet strategy, product governance and commercial growth across the UK, EMEA and Asia.