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Week ending 19 June 2026 · sandhutel.com

The Bank Held.
The Market Did Not Wait for Permission.

THIS WEEK AT A GLANCE

- The biggest June asking-price fall in 14 years is not a headline. It is sellers receiving the same message buyers have been sending all year.
- London records nine consecutive annual house price falls. This is not a weak market. It is a market with a specific affordability ceiling and it is enforcing it.
- The MPC voted 7-2 to hold. Two members wanted a rise. That vote split closes the door on a July cut more than the headline decision does.

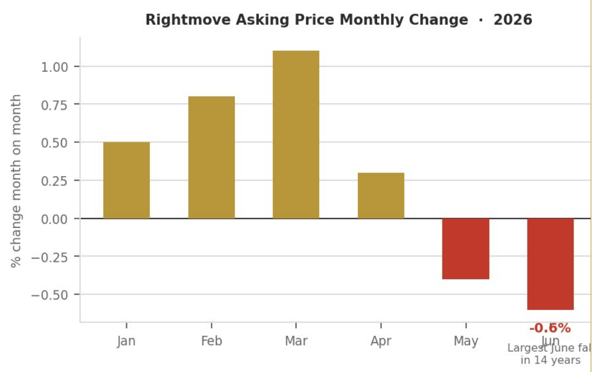
The Bank of England held Bank Rate at 3.75% on Wednesday. The vote was 7-2, with two members voting for a rise to 4.00%. Most of the coverage will treat the hold as confirmation that conditions are stable. That reading is too comfortable. A committee with two members pushing for a rise is not signalling a cut in July. It is signalling that the pressure on rates has not fully resolved.

Against that backdrop, Rightmove published its June house price data with a result that captures where the market actually sits. Average new-seller asking prices fell 0.6% in a single month to £376,191. That is the largest June asking-price drop in 14 years. Buyer demand was down 10% year on year across May. Sales agreed were down 6%. Chris Watkin's Week 22 data shows homes sold subject to contract running 8.9% below the same week in 2025. The market is moving. It is moving slowly and only where pricing is realistic.

The ONS UK HPI published this week for April 2026 showed average UK house prices rising 3.8% annually to £270,000. That national figure obscures what is happening at the extremes. It is pulled up by regions where affordability allows buyers to transact at current mortgage rates. It does not represent the cost-of-capital reality facing borrowers in higher-value markets.

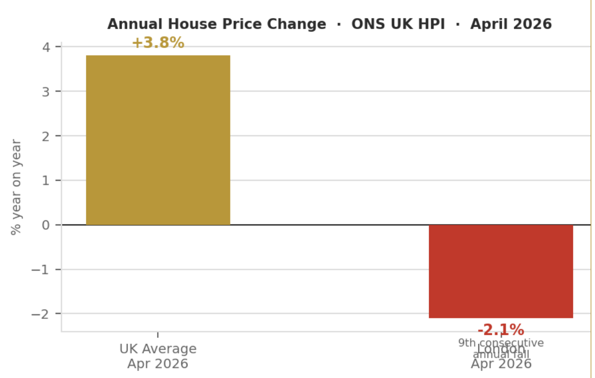
London provides the sharpest illustration of what sustained affordability pressure looks like over time. ONS data confirmed a 2.1% annual fall in April 2026, the ninth consecutive month of annual decline. Rightmove puts the average London asking price at £687,080, down 1.2% annually. Savills has revised its London mainstream forecast to a 4.0% fall for 2026. These are not data points in isolation. They are a direction. London prices are adjusting to what borrowers at current mortgage rates can actually service. That adjustment has been running for nine months and is not complete.

The fiscal data released today adds a further constraint on the rate outlook. Public sector net borrowing reached £23.3bn in May, £5.6bn above the OBR forecast and £5.4bn higher than May 2025. Public sector net debt sits at 95.1% of GDP. The government has limited room to stimulate demand through spending. The path to lower mortgage rates runs through the MPC, and the MPC has just confirmed it is not ready to move. The next decision date is 30 July. The two members who voted for a rise this week will need to be heard differently before that date changes anything material.



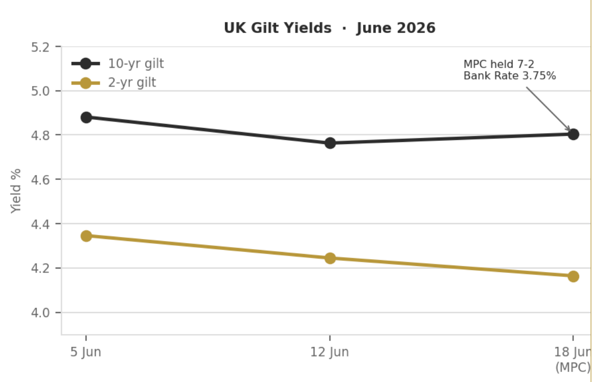
The largest June asking-price fall in 14 years reflects sustained buyer resistance, not a one-month correction. Demand down 10% and sales agreed down 6% show the same pressure across every transaction metric.

Source: Rightmove House Price Index · June 2026



UK average prices rising 3.8% annually mask London falling 2.1% for a ninth consecutive month. The national figure covers regional divergence that matters enormously to anyone underwriting a London acquisition today.

Source: ONS UK House Price Index · April 2026, published 18 June 2026



Two-year gilt yields fell from 4.35% on 5 June to 4.16% on 18 June, providing the funding movement that makes fixed-rate repricing possible. The MPC held, but the debt market has already moved in the direction lenders needed.

Source: Investing.com UK Gilt Yield Data · June 2026

BANK RATE	LONDON ANNUAL HPI	RIGHTMOVE ASKING PRICE	PUBLIC BORROWING MAY
3.75% ▬	**-2.1%** ▼	**£376,191** ▼	**£23.3bn** ▼
HELD 7-2 · MPC 18 June 2026	*9th consecutive fall · ONS Apr 2026*	*Jun 2026 · down 0.6% monthly*	*£5.6bn above OBR forecast*

Sources: Bank of England, ONS UK HPI, ONS Private Rents, ONS Public Sector Finances, Rightmove, Chris Watkin / Property Industry Eye, Investing.com UK. Data as at week ending 19 June 2026.

M A R K E T   C O M M E N T A R Y

> ***The vote was 7-2 to hold. Two members wanted a rise. The market has not heard the word caution this clearly from the MPC since 2023. That is the signal, not the 3.75% headline.***

The hold was expected. The vote split was not priced for comfort. A 7-2 decision with two members pushing for a rise to 4.00% is a committee that is not aligned on direction. That matters because the market had been building in a degree of dovish drift. This week's MPC minutes close that door, at least for 30 July.

What connects the MPC position to the Rightmove asking-price data is the affordability transmission mechanism. The two members who voted for a rise are focused on the same thing the Rightmove data is showing. Demand is down 10% year on year. Sales agreed are down 6%. Sellers are cutting asking prices at the fastest June rate since 2012. These are not separate stories. They are the same story told from opposite ends. Mortgage rates at 5.07% on a two-year fix are still materially above where demand recovers. Until that changes, the gap between what sellers want and what buyers can borrow will persist.

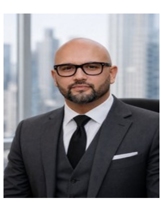
London is where this plays out with greatest clarity. Nine consecutive months of annual house price falls are confirmed by ONS. Savills has written a 4.0% full-year fall into its mainstream forecast. The Coutts prime data shows 43.5% of prime listings carrying a published price cut and an average negotiated discount of 10.3%. That is a market in active price correction. The mainstream end is now catching up to what the prime end has been experiencing since 2014.

The fiscal data released today adds a layer that does not help the rate outlook. Borrowing £5.6bn above forecast in a single month, with debt at 95.1% of GDP, limits the government's ability to stimulate through spending. The policy lever is the MPC, and the MPC just told the market it is not ready to pull it. This is a market that rewards those who understand current funding costs, price acquisitions accordingly, and hold discipline when the numbers do not work.

T H E   W E E K   A H E A D

The week of 23 June brings two ONS methodological publications on Monday: improvements to private actual and imputed rentals in household expenditure, and developments in public sector finance statistics. Neither will move markets. The short-term lets data covering July to December 2025 publishes Tuesday. Watch for any shift in the share of rental stock moving through platforms versus long-term tenancies. That data matters to anyone holding or acquiring residential assets with a hybrid letting strategy.

The ONS real-time economic indicators publish Wednesday 25 June. Given the GDP contraction in April and the public borrowing overshoot confirmed today, any softening in the real-time data will reinforce the view that the economy is weakening faster than official forecasts. That is the environment that eventually forces the MPC's hand. Watch the data not for what it confirms but for the speed of any directional shift.



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