



SANDHÜTEL | REAL ESTATE WEEKLY
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Asking Prices Rose This Month. Mortgage Rates Rose Faster.

THIS WEEK AT A GLANCE

- Sellers are pricing a recovery that lenders will not finance.
- Funding costs, not asking prices, will set where deals clear this autumn.
- Stock that prices to the mortgage market will sell, and the rest will sit.

A market can look like it is recovering for about as long as nobody tries to borrow against it. September's asking-price bounce is a case in point. Rightmove's average asking price for newly listed homes rose 0.7% in the month to £367,440, the first monthly rise since May, and on its own that reads like the autumn market finding its feet. It is not. Sellers have marked their homes up in the same month the funding market marked borrowing up faster.

The cost of borrowing moved the other way, and moved harder. The Moneyfacts average 2-year fixed rate stood at 5.92% on 25 September, up from 5.84% a week earlier, and the 5-year average reached 5.94%. The Bank of England held Bank Rate at 3.75%, but 3 of the 9 members of its Monetary Policy Committee voted to raise it, and August CPI inflation climbed to 3.1%. Nothing in that sequence points to cheaper money before the year is out.

Buyers have read the mismatch correctly. Enquiries on Rightmove were 9% lower than a year earlier, stock available for sale sat at its highest level for the time of year in 12 years, and the average home took 64 days to find a buyer in August. A seller asking more in a market where the buyer can afford less is not the market turning. It is the start of an autumn in which list prices and achievable prices drift further apart before they meet.

RATES AND LENDING

This month's rate move did not come from the Bank. It came from the market pricing out the cuts it had assumed. Savills said in its August commercial note that expectations of steadily falling borrowing costs had weakened as gilt yields and inflation concerns rose. The 10-year gilt closed at 5.36% on 25 September, from around 5.21% on 21 September, according to market-price data. Fixed-rate mortgages follow market funding costs, not Bank Rate, which is how a hold at 3.75% has still delivered dearer mortgages.

The vote split matters more than the hold. The Monetary Policy Committee kept Bank Rate unchanged on 17 September by 6 votes to 3, with the minority wanting 4.00%, and the Bank judged the risks to inflation tilted to the upside. August CPI rose to 3.1% from 2.9%, with motor fuels making the largest upward contribution, while services inflation on the CPIH measure held at 3.6%.

A committee arguing about whether to raise is not a committee preparing to cut, and mortgage pricing is now following that argument rather than waiting for its outcome.

For borrowers, the practical consequence is a wider spread between the best deal and the typical one. The lowest widely available 2-year purchase rate was 4.75% from Barclays at 60% loan-to-value with an £899 fee, and the best 5-year was 4.74% from first direct, both more than 1 percentage point below the market average. Rightmove's own 2-year average, drawn from Podium data covering 95% of mortgage lending, rose to 5.29% from 5.09% a month earlier. The 2 series differ in method, but they agree on direction. Equity is now the cheapest thing a buyer can bring to the table.

DEMAND AND TRANSACTION ACTIVITY

The sentiment data are improving from a weak base, and that is being mistaken for momentum. The RICS new buyer enquiries balance improved to -19 in August, the least negative since January and the 5th consecutive improvement, while agreed sales reached -17 against an April low of -38. Expectations for sales over the next 3 months moved to -3 from -13. Every one of those readings is still negative. Surveyors are reporting fewer buyers falling away, not more buyers arriving.

The hard data confirm the distinction. Bank of England figures show 56,100 mortgage approvals for house purchase in July, down from 58,200 in June and below the prior 6-month average of about 60,800, while net mortgage borrowing fell to £4.3bn from £7.7bn. Residential transactions ran at 97,000 in July, 1.1% lower than a year earlier, and the official UK HPI put the average price at £272,611, up 1.4% on the year. Prices are holding because volumes are adjusting, and approvals are the forward indicator that says the adjustment is not finished.

An asking-price rise only holds where buyers are there to meet it, and Scotland shows what that looks like. Asking prices there rose 3.8% in September, yet Rightmove records 91% of homes for sale finding a buyer, in 33 days on average, against 71% in the North West and 56% in the South East. The North East and North West lead official annual price growth at 4.9% and 4.4%. The pattern is consistent: activity follows the places where price and funding still meet, and it thins out wherever sellers are asking buyers to stretch.

LONDON

London shows the distance between asking and achieving more sharply than anywhere else in the country. Rightmove's September London asking price rose 1.8% in the month to £657,775, the largest monthly rise of any English region, yet it remains 2.6% below a year earlier. Behind that bounce, only 42% of London homes for sale are finding a buyer, and the average time to secure one has lengthened every month since May, reaching 78 days in August. That is a rise without the buyers to carry it, and London sellers made it in a month when their buyers' funding costs went up.

The official figures show where the pressure is landing. The UK HPI put London's average price at £550,037 in July, down 3.3% on the year, with flats down 6.6% to £424k while detached homes rose 1.2% and semi-detached homes 1.1%. First-time buyers paid 4.0% less than a year earlier. The capital's repricing is concentrated in flats and the entry-level stock first-time buyers compete for, and that is the stock where September's higher asking prices will prove hardest to hold.

Prime is the counterpoint, and it proves the rule rather than breaking it. Knight Frank recorded prime central London sales 6% higher than a year earlier in the 3 months to August, while prices in the same market fell 3.3%. Stuart Bailey of Knight Frank described buyers using uncertainty "to negotiate the price down rather than walk away from the deal completely." Deals are happening

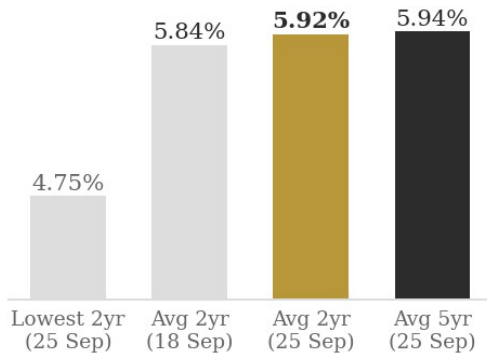
where sellers accept the new level. For London landlords and investors, the lesson holds at every price point: volume returns when price concedes, and not before.

REGULATORY AND POLICY DEVELOPMENTS

Policy this week pointed at supply and the use of existing stock, not at the cost of buying. The government announced reforms to Empty Dwelling Management Orders on 27 September, proposing that a home become eligible after 6 months empty rather than 2 years. Councils can manage such a property for up to 7 years while ownership stays private, and the reforms remove the evidential requirements on anti-social behaviour and community support at tribunal. For owners holding vacant stock through a slow market, the cost of waiting is about to go up.

The support on offer builds capacity, not supply. Homes England opened its £21.8m Council Housebuilding Support Fund on 21 September, offering up to £300,000 per proposal in each funding year to March 2029, with the current round closing on 2 November. It is designed to help around 75 councils build the capacity to bid into the Social and Affordable Homes Programme. Official figures published on 24 September showed England housing starts up 20% on the year in Q2, although MHCLG attributes part of that rise to a change in Building Safety Regulator reporting. Capacity funding and a flattered starts count do not add up to a supply response buyers will feel this year.

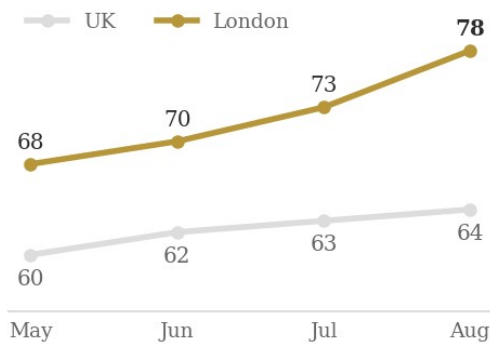
The larger policy risk is still speculation rather than announcement. Knight Frank mapped press reports that the high-value council tax threshold could fall to £1.5m from £2m, estimating that 73,600 properties sit between £1.8m and £2.2m and that a £1.5m threshold would widen that valuation grey area to 222,800 homes. Nothing had been confirmed by 27 September. With August public borrowing £3.5bn above the OBR forecast, revenue measures stay on the table, and the uncertainty lands on exactly the London stock where sellers are already under pressure to cut.



THE COST OF FUNDING MOVED FIRST

The average 2-year fix rose from 5.84% to 5.92% in a week. The best deals still sit more than 1 percentage point below the average.

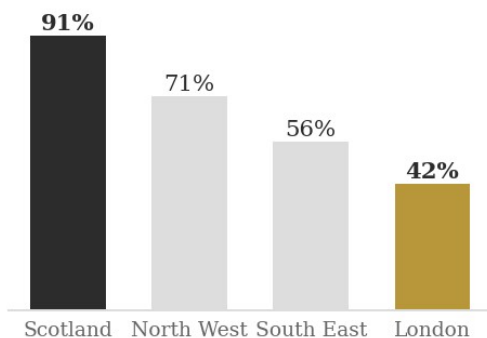
Source: Moneyfacts, 18 and 25 September 2026



BUYERS ARE TAKING LONGER EVERY MONTH

Time to secure a buyer has lengthened for 3 months running. London moved from 68 to 78 days, the UK from 60 to 64.

Source: Rightmove House Price Index, September 2026



WHERE PRICE MEETS FUNDING, STOCK SELLS

91% of homes for sale in Scotland are finding a buyer. In London, 42% are.

Source: Rightmove House Price Index, September 2026

AVG 2YR FIX

▲ **5.92%**

25 Sep, up from 5.84% a week earlier

UK ASKING PRICE

▲ **£367,440**

Sep, up 0.7% on the month

BUYER ENQUIRIES

▼ **-9%**

Sep, versus a year earlier

LONDON DAYS TO BUYER

▲ **78**

Aug, up from 73 in July

Sources: Moneyfacts (18 and 25 Sep 2026); Rightmove House Price Index (Sep 2026).

This is not a recovery that rates are interrupting. It is a repricing that sellers have not yet accepted.

Rates And Lending and Demand And Transaction Activity tell the same story from opposite ends. Funding costs rose through September while asking prices rose alongside them, and buyers answered with fewer enquiries than a year ago and slower decisions. Price has to close that gap, because the rate curve will not.

London is where that plays out first and hardest. A 1.8% monthly rise in asking prices against 42% of homes finding a buyer is a seller's hope, not a market's verdict, and prime has already shown what the verdict looks like once sellers accept it.

At Sandhütel, we underwrite to the achieved price and the actual cost of debt, never to the asking price. This market rewards buyers who bring equity and patience, and sellers who price to what a mortgage will fund rather than to what the neighbours listed at. The listings that sell this autumn will be the ones that stop waiting for rates to rescue them.

“An asking price is a seller's opinion. A mortgage offer is the market's.”

THE WEEK AHEAD

The key release lands on Tuesday 29 September, when the Bank of England publishes Money and Credit for August, the first test of whether July's fall in mortgage approvals was a pause or a trend. Across 29 and 30 September, Savills runs a 386-lot auction with remote bidding, a direct read on where mixed residential and commercial stock actually clears.

Wednesday 30 September brings HMRC's August property transactions alongside the ONS Q2 national accounts, which will revise growth and its components. Thursday 1 October closes the window with the mid-2025 population estimates, a long-run demand input rather than a price signal. Watch for lender repricing if gilts move on the Wednesday data.



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