SANDHÜTEL · REAL ESTATE WEEKLY
Week ending 26 June 2026 · sandhutel.com

Income Is Holding.
Capital Is Choosing Its Moment.

THIS WEEK AT A GLANCE

- Prime commercial income held firm while residential asking prices posted their largest June fall in 14 years. The market is splitting on quality, not contracting across the board.
- Retail parks at 1.8% vacancy. Logistics attracted a rejected £12.6bn global bid. Income assets are not waiting for rate cuts to perform.
- Renters Rights Act in full effect from 1 May. Compliance is now a value factor. Professional management is a competitive advantage.

The residential price data makes the headlines this week. Rightmove recorded the largest June asking-price fall in 14 years, average prices down 0.6% month on month to £376,191, buyer demand off 10% year on year. That is a real signal. Sellers are being forced to respond to a more selective buyer pool. But reading the residential data in isolation misses what the week actually reveals. **The sharper story is in what income-producing assets are doing while residential prices soften.**

The Bank of England held Bank Rate at 3.75% on 18 June. The 7-2 vote split matters more than the hold. Two members voting for a rise tells you the MPC is not satisfied that inflation has cleared. Cuts are conditional, not imminent. Mortgage rates softened marginally into the week end, the Rightmove tracker showing two-year fixed rates at 5.00% and five-year at 4.99%, still around 40 basis points higher year on year. For first-time buyers at 95% LTV, the rate is 5.76%. Affordability is doing the real disciplinary work.

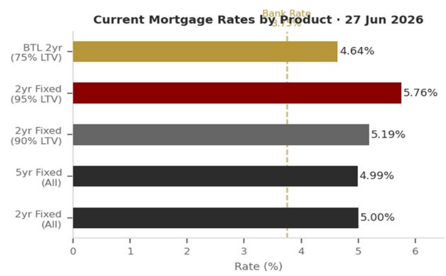
RICS May data showed buyer enquiries at minus 34% net balance, unchanged from April. Stabilisation at weak levels is not recovery. Halifax May data showed average prices at £298,806, down 0.1% monthly, with annual growth at 0.5%. Savills moved its 2026 UK price forecast to minus 2.0%, London at minus 4.0%. Knight Frank trimmed its expectation to 1.5% growth. The direction is agreed. The degree is the only debate.

London is no longer absorbing the market. It is exposing it. ONS May data showed London private rent inflation at 2.0% annually, the lowest of any English region against a UK average of 3.3%. Tenants have hit the ceiling of what they can pay. The affordability constraint is now visible in the sales and rental markets simultaneously. Central London prime prices remain 10.3% below their 2014 peak. **London is where the affordability argument is most legible, not most extreme.**

The Renters Rights Act came into full effect on 1 May, bringing the ban on Section 21 no-fault evictions and a requirement for written tenancy information. Fines of up to £7,000 for serious hazards are live. For professional landlords with compliant portfolios, this raises the bar for everyone below them. Compliance is no longer overhead. **It is a value differentiator.**

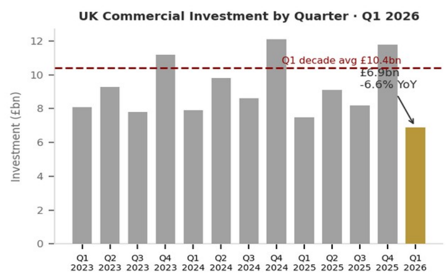
Rightmove recorded the largest June asking-price fall in 14 years. Sellers are responding to a more selective buyer pool. Pricing discipline is being imposed by the market, not chosen by vendors.

Source: Rightmove House Price Index · June 2026



At 5.00% for two-year fixed and 5.76% for 95% LTV, the affordability ceiling is intact. For buy-to-let, the question is not the headline rate. It is total cost against a stress-tested rent.

Source: Rightmove Mortgage Tracker · 27 June 2026



Commercial investment at £6.9bn in Q1 is below the decade average but this is a volume story, not a yield story. Prime income held. The market is selective about what it buys, not retreating from quality.

Source: Savills UK Commercial Market in Minutes · May 2026

KEY DATA POINTS

Bank Rate
3.75% ▬
UNCHANGED · 7-2 hold · 18 June

Rightmove Asking Price
£376,191 ▼
June 2026 · largest June fall in 14 yrs

UK Commercial Investment
£6.9bn ▼
Q1 2026 · Savills · down 6.6% YoY

London Rent Inflation
2.0% ▼
May 2026 · ONS · lowest English region

Sources: Bank of England, Rightmove, ONS, Halifax, RICS, Savills, Knight Frank, GOV.UK, Financial Times, RLB, BCIS. Data as at week ending 26 June 2026.

Income assets did not wait for rate cuts. Neither is capital.

The framing that dominates residential coverage right now is about what the market is losing. Asking prices down. Buyer demand down. Savills cutting its forecast. That framing is accurate and incomplete. Set the residential data alongside what income assets did this week and the picture sharpens considerably.

UK retail parks are running at 1.8% vacancy across 407 million square feet. British Land reported 99% occupancy across its retail park units. Prologis tabled a £12.6bn approach for Segro, which was rejected, but the bid tells you something: global capital is watching listed logistics and data-centre-adjacent platforms at current public market discounts and concluding the value gap is worth testing. City prime office yields held at 5.25%. West End prime held at 3.75% to 4.00%. Income is not under threat. Volume is subdued. Those are different problems.

The connection to the residential picture is mechanical. The same affordability constraint suppressing residential buyer demand, the 7-2 MPC hold, the 5.00% two-year fixed rate, the first-time buyer rate at 5.76%, is what keeps occupiers in rented accommodation and tenants renewing rather than buying. That is structural occupier demand. It supports income assets across residential rental and commercial occupier markets simultaneously. It does not evaporate because asking prices soften.

The Renters Rights Act accelerates a bifurcation already underway. Poorly managed landlords face enforcement risk and exit pressure. Professionally managed, compliant portfolios become more defensible by comparison. The act did not create this dynamic. It formalised it. **Compliance is now the floor. What you do above it is where advantage lives.**

At Sandhütel, we manage income assets with rigour, price realistically when we transact and examine development economics carefully before commitment. Planning consents are down 39%, housing starts down 31%, build costs rising 3.87% this year with 14% forecast over five years. The supply constraint is not resolving. Income assets with quality tenants and professional management remain the clearest trade in this market.

THE WEEK AHEAD

Halifax publishes its June house price index next week. Against Rightmove showing the largest June asking-price fall in 14 years, the Halifax transaction-based data will show whether that weakness has filtered through to agreed prices. A negative monthly reading would be the fourth consecutive fall and confirm the repricing Rightmove has been signalling in real time.

Rightmove and Zoopla rental market updates are expected before month end. Watch for any movement in London rental demand following the Renters Rights Act coming fully into effect on 1 May. If Section 21 reform is affecting enquiry levels, it will show on the listed platforms before it reaches official ONS data.

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