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UK House Prices See Sharpest Monthly Drop in Two Years

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The United Kingdom housing market faced a significant setback as average home prices recorded their steepest monthly decline in two years, reflecting mounting economic pressures and weakening buyer demand.

According to the Nationwide Building Society, UK house prices slipped 0.2% in June, the biggest monthly fall since mid-2022, as high interest rates continue to cool the housing market.

Though the drop seems small, it signals growing pressure on homeowners and cautious sentiment among buyers. Over the past year, prices are up just 1.5%, trailing inflation and wage growth.

Experts say rising mortgage costs make it harder for people to buy or move. “Even though inflation is falling, borrowing remains expensive and buyers are holding back,” said Nationwide’s Chief Economist Robert Gardner.

Economic uncertainty and tighter lending rules are especially hitting first-time buyers. Some sellers are also cutting prices to attract offers amid softening demand.

Despite the slowdown, the market isn’t collapsing. Jobs are still plentiful, and the housing supply remains limited in many areas. Still, after years of soaring prices, the market seems to be catching its breath.

Much now depends on whether the Bank of England will lower interest rates later this year. Until then, the housing market will likely stay quiet as buyers and sellers wait for clearer signals.