APRIL 2023

KELLY'S HOT TAKE

Breathe a sigh of relief. Mad March is over, and as spring buds and blossoms, there's lots to look forward to. Although the Base Rate has risen and house prices are falling, we believe the eye of the storm has passed. And as Help to Buy fades into the past, a world of opportunity is opening for Shared Ownership.

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

29 Active lenders in SO	25 95% lenders
41.43% Average share (90 days)	2 Sub-25% lenders
4.25% Bank of England Base Rate	Enquiry levels (against seasonal expectations)

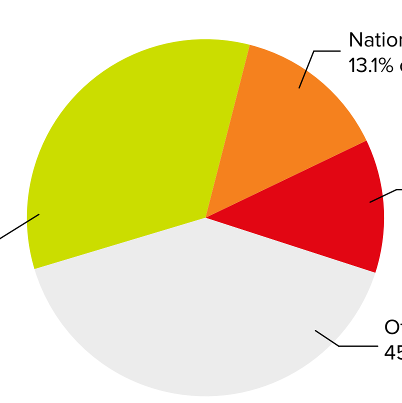
LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Newbury 5.69%
3 year	Newbury 5.49%
5 year	Newcastle 4.99%
90% LTV	
2 year	Leeds 5.39%
3 year	Newbury 5.49%
5 year	Leeds 4.74%
85% LTV	
2 year	Halifax 5.10%
3 year	Newbury 5.49%
5 year	Halifax 4.62%

TOP LENDERS THIS MONTH

It's interesting to note that the busiest lenders aren't necessarily those with the lowest rates; in SO, rate is just one part of the equation.



THIS MONTH UNDER THE MICROSCOPE

If you work for a Housing Association, there's no doubt that you'll have had your head buried in work over the last month. Hopefully all the stress, excitement and long hours that come with the end of the year have paid off and you're enjoying some well-earned rest.

Busy as you're likely to have been, you almost certainly noticed March's three biggest pieces of industry news. The Bank of England's latest rate rise has increased rates to 4.25%. Although unheard of in recent times, this, the 11th rise in a row, hasn't come as a huge surprise. Little market reaction is expected.

> Lenders are really seeing the value of not just being in the Shared Ownership market, but of giving it the attention it deserves and developing attractive, enduring products.

House prices – for the wider market at least – have experienced their sharpest fall in 14 years and are expected to continue dropping into 2024.

Another major event took place last month, too. This one may have escaped your attention, but if it proves to be the flap of a butterfly's wing we're hoping for, its effects will not.

What happened is this: Halifax differentiated their stress testing on two and five year fixed-rate deals and now don't stress the five year term as much. Unextraordinary, yes. But it means better affordability for customers when they choose a five year fixed. Plus - and this is the extraordinary bit - for Halifax to apply this criteria-shift to Shared Ownership demonstrates a sustainable, considered strategy. SO has therefore found itself promoted from an afterthought to a new topic in the main conversation.

Our fingers are crossed that this change will be permanent, and there are plenty of signs to suggest we're right to be hopeful. We're hearing plenty of positivity from lenders. SO is well-placed to fill the post-Help to Buy void, and for that reason, many who are keen to increase their market share are starting to give real consideration to it as a product.

As far as the sector in general is concerned, there are still hurdles to overcome – not least the need to make SO more attractive to builders. But the future looks bright, as it also does in the wider economy. Three years since the beginning of the pandemic, lenders are loosening criteria on the self-employed. Brexit's economic ripples no longer feel as destabilizing.

Winter has passed and green shoots are continuing to grow.

RENT RISES

"We recognise that the rent increase for shared owners has been unusually high this year. This is because of the high level of inflation and the lease terms customers agreed when they bought a share in their property."

Les Clarke, executive director of housing and care at Housing Plus Group, commenting on rent increases for shared owners.

INCREASED PRESSURE

"It will be hard for the market to regain much momentum in the near term, since consumer confidence remains weak and household budgets remain under pressure from high inflation."

Robert Gardner, Nationwide's chief economist, commenting on the recent fall in house prices

SNAPSHOT: WIDER MARKET

"There has been a lot of doomy whispers about the housing market since last Autumn, but the activity being seen by Propertymark agents paints a robust picture. Transaction levels year on year have been stable and listings of new properties coming to the market have also been steady.

"Any indicators of something negative on the horizon would see these figures dropping below previous years. Prices have been affected by rising interest rates, but sellers are still keen to keep moving, and whilst interest rates are expected to rise again, they are not expected to climb excessively higher before reaching a level footing.

"The lettings market remains very much out of balance however, with an average of ten registered applicants per property. As demand continues to outweigh supply, pressure on rents has eased slightly since the peaks of last summer but it has by no means gone away."

Nathan Emerson, CEO, Propertymark

NEWS IN BRIEF

Biggest fall in house prices for 14 years

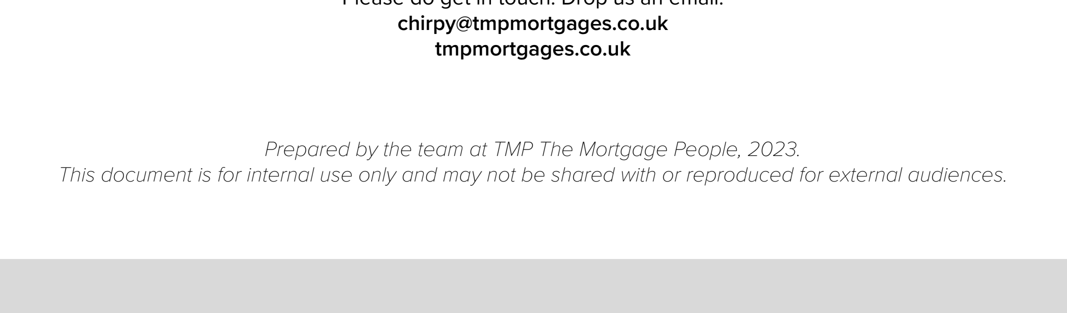
While it's been reported that house prices in the wider market are falling, the story is more nuanced with SO showing more resilience. Nevertheless, In March, the Office of Budget Responsibility - which advises the government on the health of the economy - predicted that house prices will drop by 10% between their peak last year and the middle of next year.

Meet Sovereign Network

A press release from Sovereign says: "Sovereign Housing and Network Homes have today announced their intention to merge...The new organisation, Sovereign Network Group, will be one of the largest Housing Associations in the UK...Sovereign Network Group will have an annual income of over £830m in 2024-25 and will invest £9.2bn over the next ten years, building 25,000 new homes...Together Sovereign and Network Homes will be well-placed to weather the economic storms and to continue to invest in building safety, technology to improve customer experience and decarbonisation."

DATA DIVE: HOUSE PRICE INDEX

The most recent data (January 2023) reports that the average house price in the UK is £289,818, and the index stands at 152.0. Property prices have fallen by 1.1% compared with the previous month, and risen by 6.3% compared with the previous year.



TMP TEAM TALK

Despite a busy month, we took the chance to step back and appreciate how far we've come recently. It's now been over three years since the pandemic and our team is bigger and better than ever. Our Feefo ratings are through the roof and we're continuing to work on those 'little wins' in our processes that make HAs' lives even easier!

GOT A QUESTION? WANT TO KNOW MORE?

Please do get in touch. Drop us an email:
chirpy@tmpmortgages.co.uk
tmpmortgages.co.uk