

OUR AMAZINGLY HELPFUL MARKET UPDATE

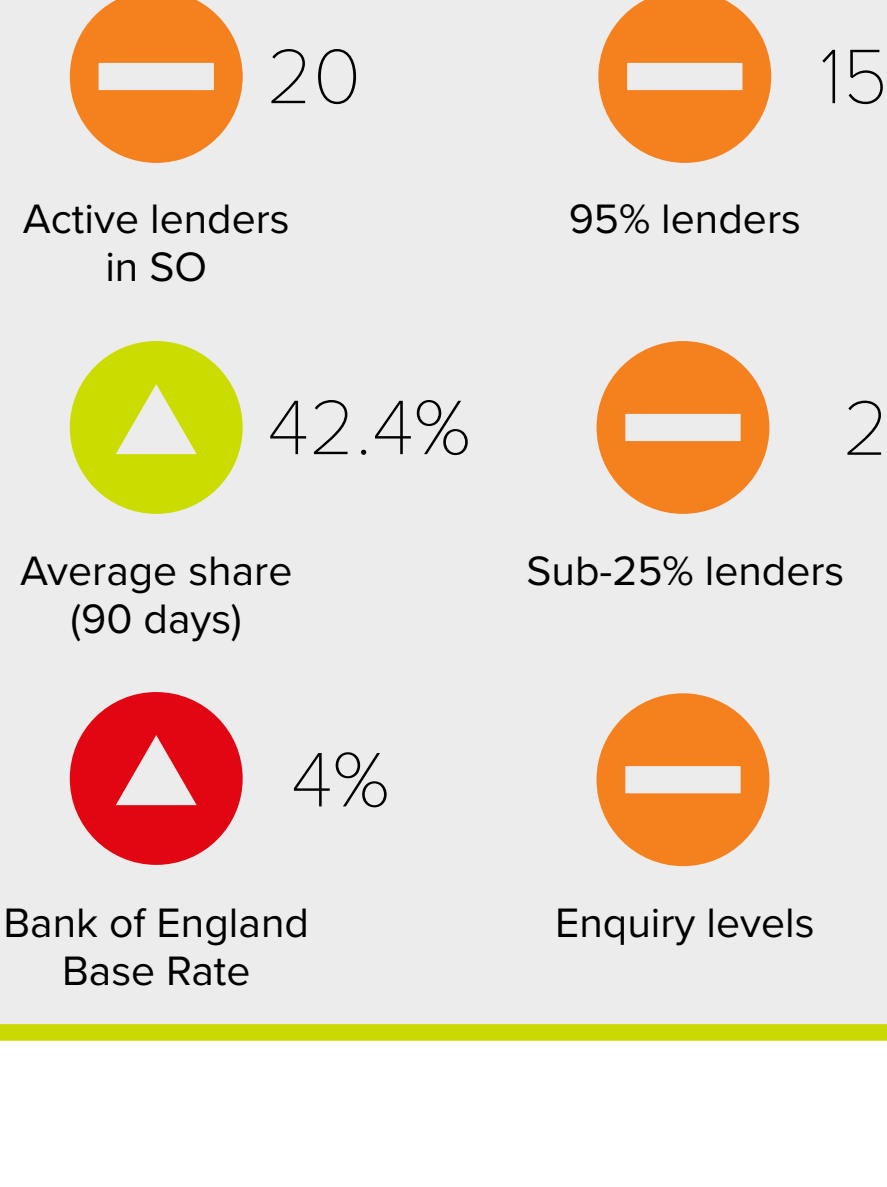
KELLY'S HOT TAKE

Enquiry levels have been very strong this month and while that's amazing, the big story is the positive market narrative. From the top levels of government to the HAs to the lenders to the sector as a whole, the tone has changed. The market is settling, rates are coming down and there's cause for optimism. 2023 is off to a strong start.

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

This month's figures to 2 February



LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Virgin 5.80%
3 year	Newbury 6.09%
5 year	Leeds 5.25%
90% LTV	
2 year	Halfax 5.62%
3 year	West Brom 5.99%
5 year	Leeds 5.05%
85% LTV	
2 year	Virgin 5.16%
3 year	Leeds 5.25%
5 year	Barclays 4.70%

THIS MONTH UNDER THE MICROSCOPE

There's much more stability in the market than there was a few weeks ago. Things are settling and rates are subsiding. Will we see rates in the twos and threes again? No. Or not for a long time, at least. Of course, this downward movement has been accounted for already (thanks to our 'old friends', the Swap Rates); the market is already two steps ahead.

So while we were looking down the barrel of a crippling recession a couple of months ago, even the most negative mood music today is: 'this is not going to be as bad as we thought'.

We've had some really good conversations with certain key lenders this month, who are very invested in Shared Ownership and want it to be successful.

One lender, in particular, is in constant dialogue with us around beefing up their offering and looking at ways to do more for this very important corner of the market. That's something to celebrate.

Throughout all of this – the pandemic, the boom, the bust and whatever else we've endured over the past few years – what we've learned is that home ownership isn't a fad. It's a hard-wired aspiration that Shared Ownership can deliver. And as house prices continue to rise, SO becomes an ever-stronger proposition.

BUT – and let's not get carried away here – there are bound to be challenges on the way in 2023. Housing Associations are under pressure and in a difficult position at the moment – almost everyone we talk to is firefighting. The removal of the Help to Buy agent's function has brought its own challenges also.

At TMP, there's plenty that we can do to relieve this pressure for HAs – do keep on talking to us about your challenges because we've developed processes and strategies that can really help.

“The Bank of England may have increased the Base Rate, but this is already accounted for in Swap Rates. BoE governor Andrew Bailey said he expects inflation to come down this year, and that any recession will be shorter than predicted. The 'mood music' is definitely changing... for the better”



rightmove

NEW YEAR BOUNCE

"Given that the pause for Christmas came unexpectedly early last year, it was important to see whether buyers and sellers would pick up their plans again at the beginning of this year, or wait to see what the first few months might bring. The numbers certainly suggest that activity has bounced back after Christmas."

Tim Bannister, Rightmove

SOUTHERN HOUSING

MAJOR ASSET ACQUISITION

"We are thrilled to have successfully completed a stock acquisition of this scale [694 homes from L&Q] during what is an exciting time for Southern Housing. It provides a timely boost for the new organisation and represents our forward-looking approach to being a strong, well-resourced local provider of homes."

Richard White, Executive Development Director, Southern Housing



SNAPSHOT: WIDER MARKET

"The largest shift over 2022 for the sales market was in prices agreed compared to initial asking prices. We started in a sellers' market and ended the year back in the longer-term normal of a buyers' market. The seller's market seen is unprecedented in our data (which stretches back to 2013). As for lettings, a rising population and a lack of adequate housing construction have led us to a peak of demand from home hunters looking to rent."

Nathan Emerson, CEO, Propertymark (Annual Review)

NEWS IN BRIEF

City heat

What is it about Bristol? The (wider market) buyer demand figures for January 2023, courtesy of [The Advisory](#), see no less than four of the city's postcodes making the top 10.

Top 10 hot markets - buyer demand		
Postcode	%	Jan 23
BS7	77	Bristol
BS6	77	Bristol
NE7	76	Newcastle Upon Tyne
CM18	76	Harlow
BS15	76	Bristol
S8	76	Bristol
S8	74	Sheffield
RG22	73	Basingstoke
S5	72	Sheffield
S6	72	Sheffield

Top 10 cold markets - buyer demand		
Postcode	%	Jan 23
B4	2	Birmingham
W1	10	London
L1	12	Liverpool
EC2	14	London
L2	15	Liverpool
NW4	15	London
SW7	16	London
SW3	16	London
W2	17	London
L3	17	Liverpool

Replacing H2B portals

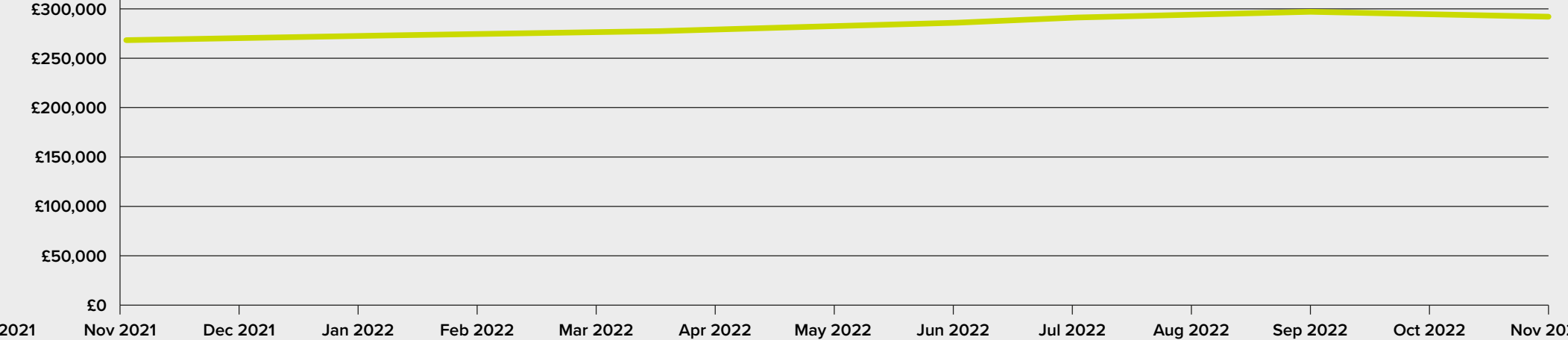
"If the closure of the Help to Buy portals from 1st April has caused uncertainty about where to advertise your homes and generate quality enquiries, we would suggest you consider listing with [sharetobuy.com](#). Last year, Share to Buy generated over 250,000 leads for the sector.

"It's free of charge to advertise and it's already used by Housing Associations, developers and agents nationwide – not to mention a database of over 145,000 active first-time buyers."

Nick Lieb, Head of Operations, Share to Buy ([contact Nick](#) directly for details)

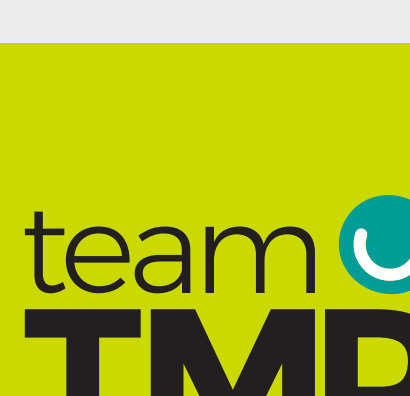
DATA DIVE: HOUSE PRICE INDEX

In the most recent figures (Nov 2022), the average price of property in the UK was £294,510, the index figure stands at 154.7. Property prices have dropped by 0.3% compared to the previous month and risen by 10.3% compared to the previous year.



TMP TEAM TALK

January was intense. Team TMP has hit the ground running and this year is, more than ever, all about truly focussing on The Customer, advising, informing, understanding, and – as we like to say – continuing to be amazingly helpful in each and every way.



FOR YOU: BONUS BLOG!

We recently commissioned a blog that you're welcome to share on your website – for free!

It's aimed at first time buyers and contains useful advice from Kelly and Jaspal at Team TMP. You'll find the full article below, by all means copy and use it as you wish. All we ask in return is that you include the links to our website. Enjoy!

PLOT TWIST: IT'S A GREAT TIME TO BUY A HOME! HERE'S WHY...

Rocketing energy prices, bigger bills and increased interest rates. Scary headlines everywhere. Right now might seem like a tricky time to be buying a home, but the reality is very different...

With so much about the soaring cost of living in the headlines, as well as another hike in interest rates, it's not surprising for potential buyers to feel cautious at the moment. We asked TMP The Mortgage People's Kelly McCabe and Jaspal Tumber to give us the inside track on what's really happening out there in the world of Shared Ownership mortgages.

Go behind the headlines

In recent months, the Base Rate (the national interest rate) has increased from 0.5% to 4% after more than a decade of being at a historically low level. Mortgage rates have risen in turn and, according to the press, this was officially a BAD THING. Admittedly, this isn't the best turn of events, but rates are still at a reasonable level – especially when compared to past decades.

"Rising interest rates is a concern with a lot of our first-time buyers, but you have to put the situation into context" says Jaspal, "because the effects of these rises are less dramatic for Shared Ownership mortgages. If you're borrowing a large figure, say £200,000-£300,000, then going from previous rates of around 2-3% up to 5-6% will make a big difference to your monthly payments.

"But with Shared Ownership you're buying a percentage of that property, and so a percentage of the mortgage amount. In real terms, the additional monthly costs are about £50 in many cases, and as low as £10 in some. It's easy to look at the top figure and become disillusioned."

Every little helps

"Plus, if you don't buy, what are your other options?", continues Jaspal. "If you rent, you'll still be paying bills. And depending on the property, these bills are very likely to be higher than those of a Shared Ownership home – nearly all of which are new builds. "Their energy performance is amongst the best there is – whereas some rental properties don't even have double glazing!"

Kelly McCabe adds that, "Most new builds also come with added assurances, like 10 years' essential repairs contributions. You don't get those kind of things on the open market, and they can really save you money when you need it".

A slowing market?

As a consequence of those interest rate rises mentioned earlier, you may have seen media reports of a 'slowdown' in property prices over the last few months. Again, this sounds like BAD NEWS, but as Kelly explains, "It's worth getting your head around the language here. A 'slowdown' doesn't mean a 'drop'. So often, when headlines say a 'drop', they mean the speed at which prices are increasing is slowing."

In other words, the price of property is still increasing, but just not as fast as it has been. And when prices are going up, it means that demand is strong. Which means, "If you've got a house in mind, don't hang around. You could you wait five or six months before you buy, but is it still going to be available?"

There's no "right" time to buy

With the property market constantly shifting and every buyer having their own story and circumstances, nobody can ever determine the definitive 'right' time to buy. As Jaspal explains, "It comes down to you in the end. What's your lifestyle? What's going on with work? How might your circumstances change?"

It's easy to get wrapped up in predicting the future when trying to pinpoint a 'good time to buy', but tread with caution. Says Jaspal, "No one really knows what the future holds – we had a global pandemic a couple of years ago and no one saw that coming – but that said, there are some situations that can be reasonably assumed. For example, a graduate starting out in work isn't likely to be on big money straight away, but as they progress they can expect their earnings to rise relatively quickly. They can factor this into their buying decision."

Affordability, affordability, affordability

Kelly adds: "Taking a good hard look at what you can afford today is really important. Consider your income, your current circumstances and what feels affordable. Work out your spending habits. Don't kid yourself that you're not going to buy clothes or not going to go out anymore. Buying a home is not about sacrificing the things you enjoy, it's about creating that balance, thinking 'OK, I might have to go out fewer times a month, but it's feels like a reasonable compromise for getting on the property ladder."

Working out what you can afford will give you a budget. And when you have a budget, you'll soon see if you can make the repayments on a mortgage or not. (Which also makes fretting about mortgage rates kind of redundant.) Plus, as Jaspal adds: "From our end, there are also things we can do to help things along, like extending the mortgage term or suggesting that you buy a lower percentage share of the property. These are individual adjustments that we make all the time to get people into the homes they need."

Let's do this!

One final piece of advice from the team at TMP The Mortgage People is: "Enjoy the process!" After all, buying a home is an exciting milestone and should make you happy. Says Kelly: "There's no doubt that it's a big responsibility that you need to go into with your eyes open, but getting the right advice is invaluable. We often find new options that people hadn't even considered and before they know it, they're picking up the keys!"

Our thanks goes to TMP The Mortgage People for contributing to this blog.

GOT A QUESTION? WANT TO KNOW MORE?



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