

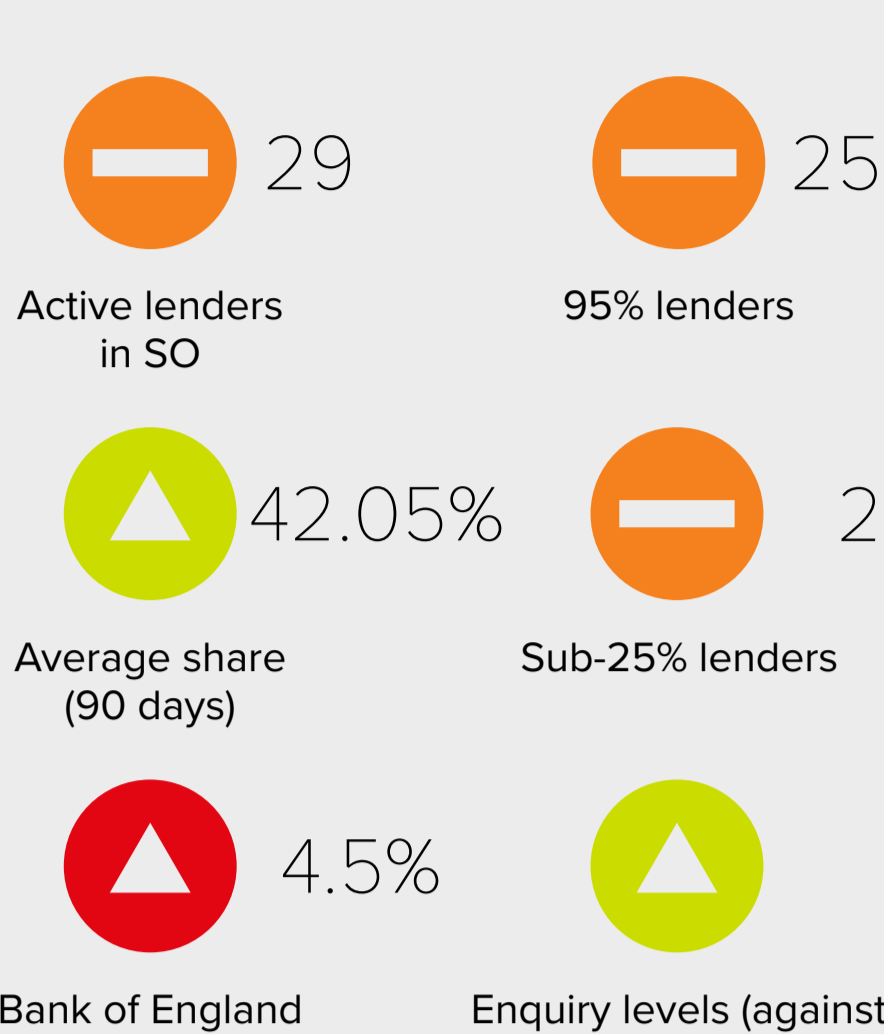
OUR AMAZINGLY HELPFUL MARKET UPDATE

KELLY'S HOT TAKE

May was a month of promise. The economic stabilisation that started at end of last year continued over Q1 of 2023, and that's created small but promising upticks in the wider housing market. Lenders and borrowers are acclimatising to our new higher-rate reality. Things are looking brighter.

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD



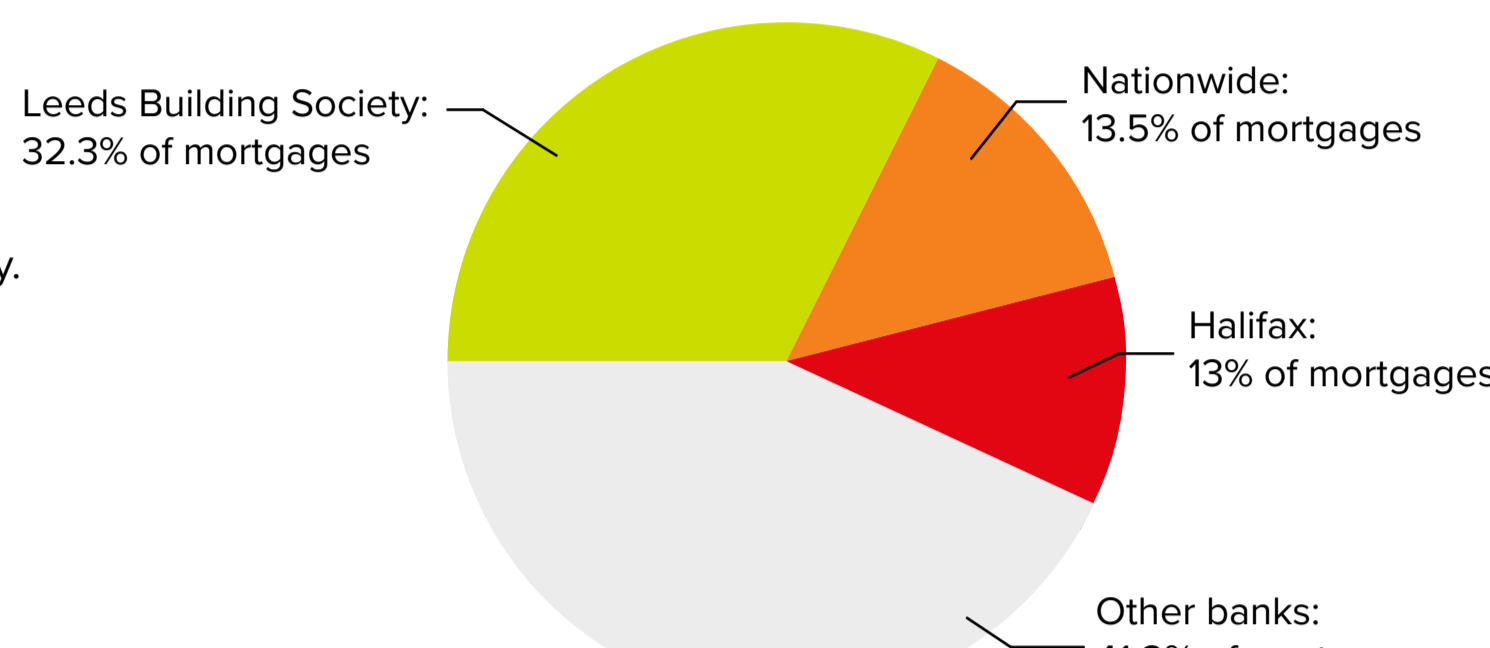
LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Reliance 5.52%
3 year	Newbury 5.29%
5 year	Newbury 4.99%
90% LTV	
2 year	Reliance 4.80%
3 year	Leeds 5.12%
5 year	Leeds 4.69%
85% LTV	
2 year	Reliance 4.80%
3 year	Leeds 5.12%
5 year	Barclays 4.48%

TOP LENDERS THIS MONTH

The lenders with the lowest rates – shouldn't they be the busiest ones? Not in SO, necessarily. Here, rates are just one part of the equation.



THIS MONTH UNDER THE MICROSCOPE

Yes, rates have gone up. Again. But we won't dwell on that – it's already yesterday's chip paper. At this point, rises are less news, more expectations. The lenders have long factored higher rates into their planning and pricing, and for first-time buyers, "but this time last year it would only cost me..." is a forgotten mantra.

Rate increases have become just another fact of reality. For now, anyway. Although there are likely more to come, their end may be in sight.

Shifting perspectives

Earlier in the year, the IMF's voice was one among many forecasting economic doom: "The UK's economy will fare worse than Russia's this year!", they proclaimed. It hasn't, and they've eaten those words. They had predicted that the UK economy would contract by 0.3% in 2023, but they're now saying they think it will grow by 0.4%.

Governmental priorities

With a general election in the approaching distance, the government are hellbent on making that happen. They believe that bringing down the high prices feeding the cost-of-living crisis is, in their words, 'the only path to sustainable growth', and their method for doing that is rate rises. So, we're not clear of the woods yet. But positive signs are creeping in.

Slow progress

That timidly brightening economic outlook is reflecting in the housing market. Mortgage applications are back on the rise, and after falling for seven months on-the-trot, house prices are bouncing back. Let's avoid the word 'recovery' just yet though. Household budgets remain strained, and affordability is still a huge concern for those looking to take their first step on the property ladder.

There has been a silver lining though. One thing this cash-strapped time has cast a light on is the amazing flexibility of Shared Ownership. Thanks to that flexibility, even when people have less to spend, they still have the option of buying a lower share of an SO property. That's a massive advantage. And one that Leeds Building Society have indicated loud and clear that they've recognised by releasing a new suite of SO products.

Which begs the question: how long will it be before all the other big lenders catch on?

“We're not over the bump yet, but things are looking brighter: for the economy, the housing market and Shared Ownership.”



BEST LOW DEPOSIT OPTION

"By leading the way in Shared Ownership, we remain steadfast in our commitment to help people onto the property ladder... Shared Ownership remains the most effective means of reducing deposits for renters who want to become homeowners but do not yet have the means for traditional full ownership... We are pleased to be able to add new Shared Ownership mortgage products and will continue to support first-time buyers to get on the housing ladder as the 40-year-old scheme continues."

Sean Hanson, Senior Mortgage Manager at Leeds Building Society commenting on the firm's introduction of new SO products



POPULARITY OF SO CONTINUES TO GROW

"The likes of Shared Ownership have long been a viable alternative, especially since the government changed Help to Buy to include regional price caps. This effectively made it less accessible to a number of buyers... As it continued to wind down, we saw more enquiries and interest in Shared Ownership, with 2022 being our busiest year. This clear demand for low deposit alternatives has continued into 2023, especially as both First Homes and Deposit Unlock have continued to expand.

Doughty added that a "joined-up approach" behind these schemes would help highlight the opportunities available for those facing tougher affordability challenges.

John Doughty, Financial Services Director at Just Mortgages' New Build Division commenting on the suitability of Shared Ownership to fill the void left by Help to Buy.



SNAPSHOT: WIDER MARKET

"What we are seeing here is an interesting change in the property sales market year on year. The fall in demand from buyers has allowed the number of homes available for sale to recover some. But we are seeing a steady level of transactions happening which is good news for the market and the wider economy."

Nathan Emerson, CEO, Propertymark

NEWS IN BRIEF

Leeds Building Society introduces new Shared Ownership products

Mortgage Strategy detailed the new SO products introduced by Leeds Building Society: Leeds Building Society has introduced a new range of Shared Ownership mortgages at three-year fixed terms.

The deals can be secured with the 90% borrowing share at 5.12% and 95% borrowing share at 5.40% and are available alongside the lender's existing one- and five-year Shared Ownership mortgages.

Each of the new products is available for purchase and remortgage and comes with a free standard valuation and has no product fee.

Property prices rise for the first time in seven months

Property Industry Eye reported on the latest house price data from Nationwide: UK house prices increased by an average of 0.5% in April after seven consecutive months of falls, the latest data from Nationwide revealed on Tuesday.

The building society is predicting a "modest recovery" in the housing market as mortgage rates start to come down. But it said any improvement would be relatively modest, as household finances remain under pressure and average earnings have been failing to keep pace with inflation.

Iain McKenzie, CEO of The Guild of Property Professionals, said: "After a slow start to the year fuelled by the financial challenges households are facing, it appears as though there are now clear signs of vitality in the housing market."

DATA DIVE: HOUSE PRICE INDEX

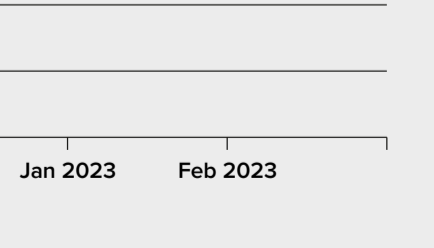
The most recent figures (March 23) report that the average house price in the UK is £285,009. The index figure stands at 149.48.

Property prices have fallen by 1.2% compared with the previous month and risen by 4.1% compared with the previous year.



TMP TEAM TALK

Holiday season is here. You know what that means? Some of us are soaking up sun on the beach and the rest have stacks of work to get through. That's why we've been busy reminding everyone about the best ways to reduce stress – by carefully managing our time, by looking after our health... and by taking time off. Has to be done!



GOT A QUESTION? WANT TO KNOW MORE?



Please do get in touch. Drop us an email:
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