

OUR AMAZINGLY HELPFUL MARKET UPDATE

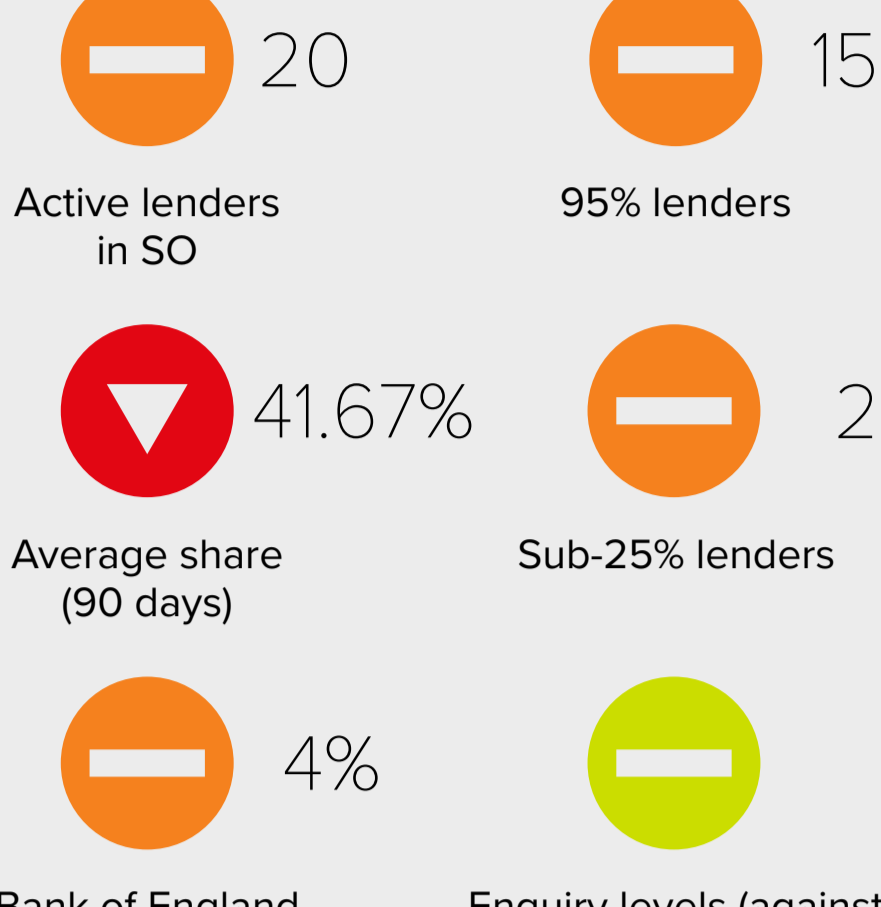
KELLY'S HOT TAKE

February was short but sweet. It was another positive month at TMP Towers, with a steady stream of enquiries and a general feeling of optimism from our Housing Associations and lenders. Talking of which, there's the faint whiff of a mortgage rate war out there, which always makes life interesting...

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

This month's figures to 2 February



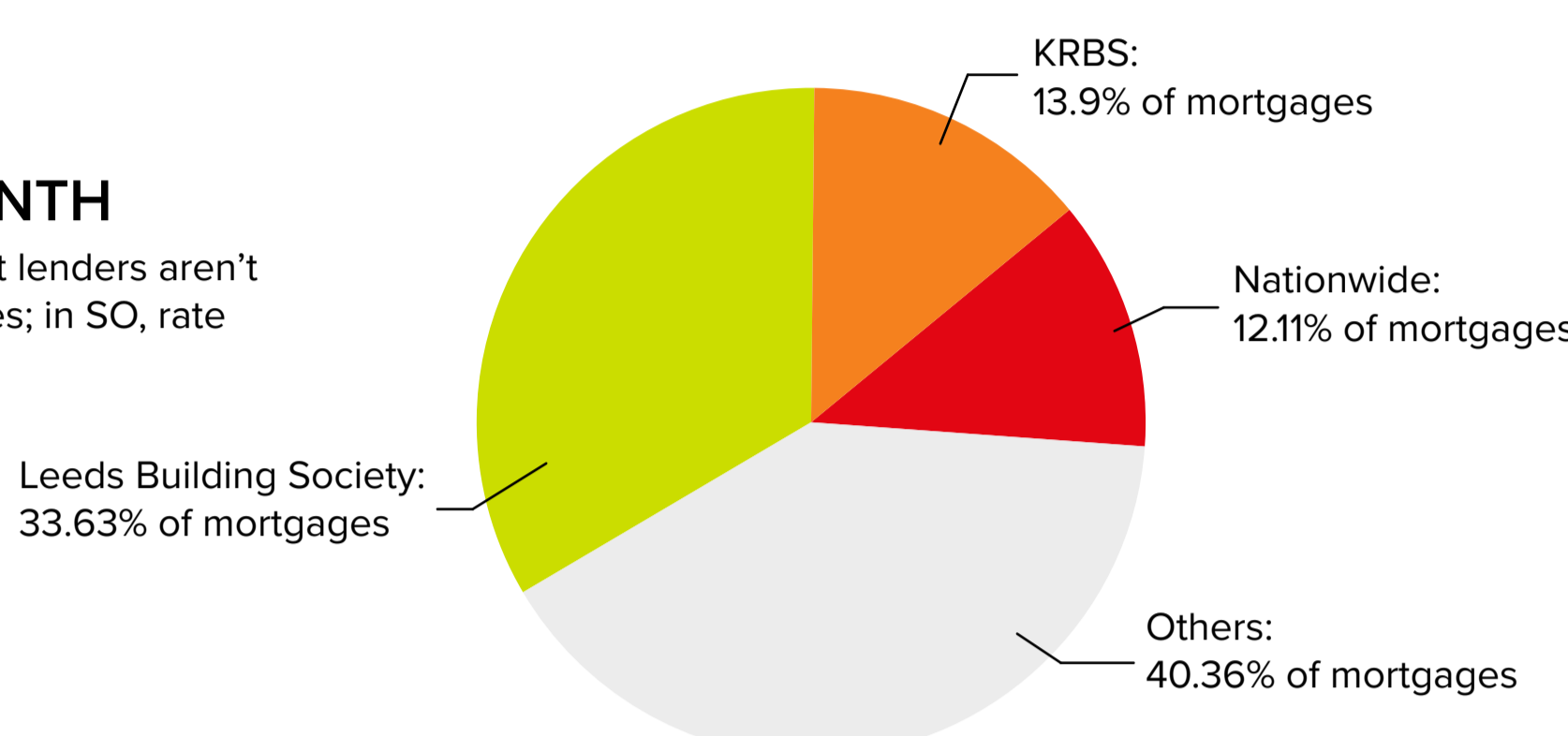
LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Newbury 5.69%
3 year	Newbury 5.69%
5 year	Newcastle 4.99%
90% LTV	
2 year	Leeds 5.39%
3 year	Skipton 5.65%
5 year	Leeds 4.82%
85% LTV	
2 year	Halifax 5.10%
3 year	Newbury 5.69%
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

The market's buoyant and there's a gentle feeling of normality out there at the moment and there's the seasonal ebb and flow of business, which is hard for many of us to get our heads around – given that just a few months ago, rates were raging upwards and the newspapers were predicting that the country would be in a ruinous recession by now.

In truth, the market had needed to shift for a very long time and we experienced a spike of pain back in October that has put us in a better position today.

Rates are continuing to come down (slowly, but surely) and, as mentioned in the introduction, there's been a bit of a pricing battle between lenders that's also helped to move things in the right direction. We are expecting another increase to the Bank of England Base Rate, but this won't come as a surprise to the market and has already been costed for.

Our customers are also changing. The debt to income ratio (basically, the level of indebtedness) had been stubbornly sat at a level of around 40%, but that has now pushed to around 42%. This is nothing to worry about for the moment, but it is something to keep an eye on – people are working harder for their shares than they were.

HAs are busy. Lenders are busy. They're both working hard at the moment because the focus is definitely on Shared Ownership right now. At government and board level, all eyes are on SO to 'solve the housing crisis' because Help to Buy has finally gone. (We're just a teeny bit frustrated by this because SO has been here all along, but that's another matter!)

The good news is that more lenders are engaging with us. Plus we're having conversations in which we are able to dispel some of the myths that still exist around SO. Slowly but surely the sector is maturing, and more and more converts are joining us.

So we wave goodbye to a positive February and look ahead to what is promising to be an even more eventful month ahead. March is typically busy as HAs push for reservations and exchanges before the year-end.

Onwards and upwards.

“The headline rates are coming down and, while that's interesting to see (and important to track), it's not the whole story when it comes to Shared Ownership.”



SOVEREIGN

CREDIT RATING DOWNGRADES

"The fact that the economy continues to impact the housing sector should come as no surprise. Inflation, higher interest rates, and labour shortages are all things we must contend with...Moody's decision to downgrade six housing associations, shows that today's decision is not just about Sovereign – but also about the sector in general."

Ken Youngman from [Sovereign](#) commenting on [Moody's recent downgrades](#)

LLOYDS BANK

'MORTGAGE SHOCK' LOOMS

"20% of customers are having to take difficult decisions, cancelling subscriptions, moving towards value brands. We are focussing in on those customers who are going to have an income shock."

Lloyds Bank CEO Charlie Nunn [commenting on a predicted 7% fall in house prices](#)



SNAPSHOT: WIDER MARKET

"January's market has picked up pace with Propertymark estate agents reporting sales agreed up 50 per cent from December. Serious buyers are still very much in the market, but more homes are coming up for sale, meaning competition is considerably lower than what we have previously seen. This provides buyers with all important purchasing power, but sellers are still comfortably gaining with prices still higher than pre-pandemic levels.

"The number of applicants looking for a rental property rose sharply in January, and although we have seen a slight increase in the number of properties available per member branch, it is nowhere near enough to keep in line with high demand."

Nathan Emerson, CEO, [Propertymark](#)

NEWS IN BRIEF

Rent increases

The [Intermediary](#) noted this month that: "Almost seven in ten (68%) landlords plan to increase rents if their mortgage rate goes up when they remortgage... [and] in the coming 12 months, 44% of landlords said they expect to increase rent by 6-10% if their mortgage rate increases."

This is particularly relevant because going to face. A 10% increase on rent, say, on top of wider financial challenges, will see more people face financial hardship and need affordable housing.

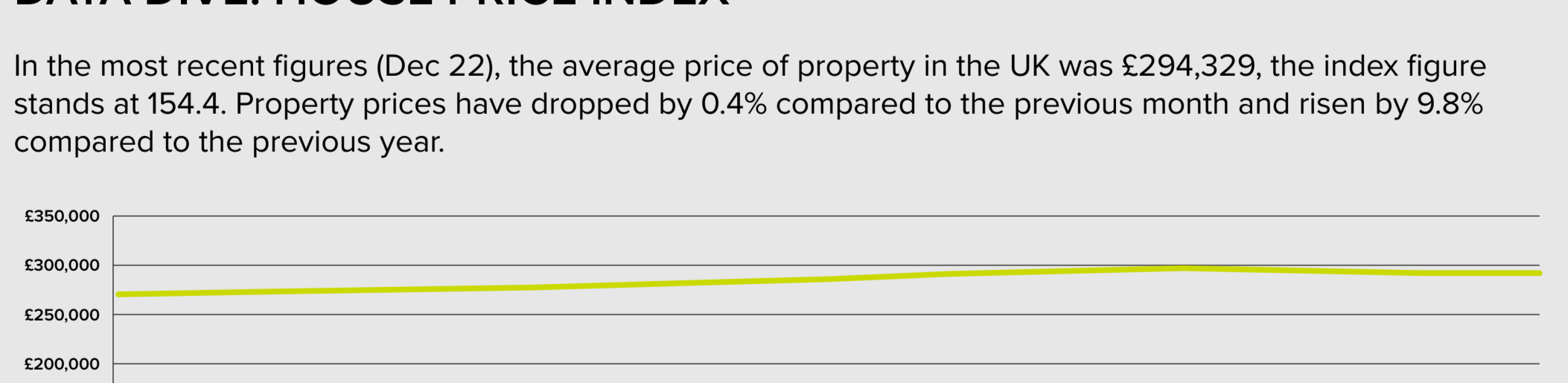
Business as usual?

"...The frantic market of recent years was unsustainable in the long term, and our key indicators now point to a market which is transitioning towards a more normal level of activity after the market turbulence at the end of last year. Agents are reporting that they are now increasingly seeing buyers who have more confidence and more choice albeit with revised budgets to accommodate higher mortgage rates. It's a positive sign for the market to see many in the first-time buyer sector getting on with their moves, though despite average mortgage rates having edged down, some first-time buyers will still be priced out of their original plans and may need to look for a cheaper property, save a bigger deposit, or factor higher monthly mortgage repayments into their budgets."

Tim Bannister, Director of Property Science, [Rightmove](#)

DATA DIVE: HOUSE PRICE INDEX

In the most recent figures (Dec 22), the average price of property in the UK was £294,329, the index figure stands at 154.4. Property prices have dropped by 0.4% compared to the previous month and risen by 9.8% compared to the previous year.



TMP TEAM TALK

We've been trying to buy ourselves some time this month by making small, incremental changes to our systems and processes. The thinking behind it is that these efficiencies will all add up and put us in a better position to do what we do best, which is relationship building with our clients and Housing Associations.



GOT A QUESTION? WANT TO KNOW MORE?

Please do get in touch. Drop us an email:
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