MARCH 2024

OUR AMAZINGLY HELPFUL MARKET UPDATE

TMP The Mortgage People

KELLY'S **HOT TAKE**

Wow, where to start? As a business, we're busier than ever and there's a buzz around housing at the moment. That's a good thing, and all the talk and innovation it's sparking is great to see. But it's also thrown up some big questions. And if we want Shared Ownership to remain viable, we need to answer them.

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

- 30 — ACTIVE LENDERS IN SO
- 26 — 95% LENDERS
- 38.81% — AVERAGE SHARE (90 DAYS)
- 3 — SUB-25% LENDERS
- 5.25% — BANK OF ENGLAND BASE RATE
- ENQUIRY LEVELS (AGAINST SEASONAL EXPECTATIONS)

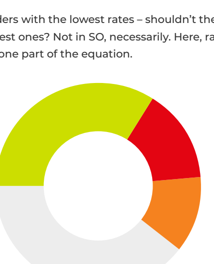
LOWEST **FIXED RATES**

The latest figures from our list of lenders.

85% LTV	
2 year	Reliance – 4.45%
3 year	Nationwide – 4.74%
5 year	Leeds – 4.32%
90% LTV	
2 year	Reliance Bank – 4.45%
3 year	Leeds – 4.99%
5 year	Leeds – 4.57%
95% LTV	
2 year	Halifax – 5.35%
3 year	Leeds – 5.69%
5 year	Newbury – 4.99%

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**

All of a sudden, all at once
For many RPs, the end of the financial year is in sight, spring is here almost here and enquiries are coming in thick and fast. There seems to be a bit of energy around the sector at the moment.

It's all down to (don't hold your breath, this probably won't come as news to you!) a considerable rush of people who have suddenly decided they've had enough of waiting. 2024 is the year for them. They're going to buy.

That's awesome. Buyers power our industry, after all. Their mass return will re-energize the market, and that'll be a good thing for all of us. But… there's an elephant in the room. And it's getting bigger.

Decreasing shares
While our enquiry levels suggest more people are buying, we're also noticing that the average shares are going down. That's probably because although it seems like the appetite to buy may have returned, financial means haven't caught up and they don't look as though they will anytime soon.

That's a problem for all of us. But Registered Providers especially, because lower shares equal smaller revenues (and let's not forget, staircasing isn't ever a given).

Should we…
Is it a good idea to make higher shares more affordable? That could prevent a bulky mass of low-share ownership from forming and capital receipts would go straight back to RPs. Customers would benefit too. They might have to pay more initially, but once rates drop, as many are now predicting they will, they'll be spending more on a mortgage than on rent. (As ever, advice will always reign supreme though, and for a lot of people, higher shares is the right advice for them, assuming, of course, that the affordability fits.)

Industry-wide issue
Meanwhile, the removal of Help To Buy coupled with rising interest rates rapidly made selling new builds much more difficult across the market generally. This created a perfect storm for builders, and it also had a negative impact on the planning and funding of new developments. That's the bad news. The good news is that the industry reacted positively by seeing what was happening, learning from it, and innovating.

So today, we're starting to see inventive products aimed at tackling affordability like this one, offering sub-1% rates for new-build buyers, being introduced in the wider property market. Could something similar work for SO?

Era of innovation
Have you noticed a shift? Because we have. Conversations are happening, new housing products are emerging and Non RP Private SO is evolving from a concept to a possibility. We're on the cusp of change. It feels like an era of innovation. And better still, one that's based on cross-sector communication and cooperation.

Big questions remain. How do we keep SO affordable for customers while keeping it viable for RPs? It's a nuanced discussion to be had.

Stronger together
Our market is changing fast. That's really exciting and we're grateful. It's really reassuring to see our sector coming together to tackle new challenges too. Let's hope that continues. Otherwise, there's a chance that Shared Ownership's slide into unaffordability is that bit more likely.

WE'RE MEMBERS OF THE EXCHANGE, ARE YOU?

the exchange

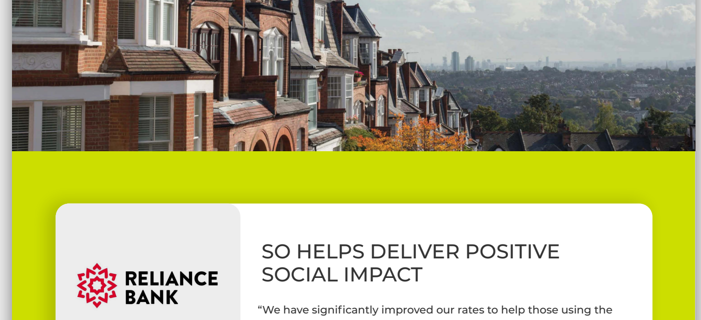
Big things are happening in SO, but they're not necessarily being discussed at a national level by those of us who work in the sector, day-in, day-out. Until now.

The Exchange is a new national community for Shared Ownership professionals, run by Shared Ownership professionals. Our people. All in one place. Connecting, communicating and building a stronger sector. For us, and our customers.

Explore the heart of the action

PLUS, The Exchange is helping the National Housing Federation deliver the 2024 Affordable Home Ownership Conference (AHO) on 6 June. We're going and it'd be great to see you there!

Here's a discount code that will give you some money off when you book your tickets: **AHTEG1F**



RELIANCE BANK

SO HELPS DELIVER POSITIVE SOCIAL IMPACT

"We have significantly improved our rates to help those using the UK Government's Shared Ownership Scheme. And we continue to offer cashback incentives for those utilising the Shared Ownership Mortgage product range. This helps us deliver positive social impact."

Gareth Byrne, Head of Mortgages at Reliance Bank, commenting on rate reductions that Reliance has made to its Shared Ownership range.

Hanley ECONOMIC Building Society

"2024 has started with a constant stream of enquiries from a variety of first-time buyers who are now more aware of the interest rate landscape, their own borrowing capabilities, and their options.

"Shared Ownership is playing an increasingly prominent role within many of these conversations, meaning it's vital that we – as a lending community, alongside our intermediary partners – ensure that borrowers can access a range of competitive options in a responsible, appropriate and well-informed manner."

David Lownds, Head of Products at Hanley Economic Building Society, commenting on Hanley's revamp of its Shared Ownership offering.

Keychain

END-YEAR RESULTS ARE IN

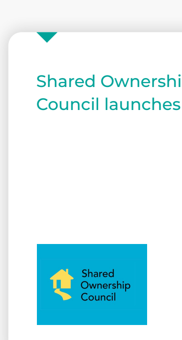
"Three takeaways from UK mortgage lenders' 2023 end-year results.

"High retention rates: Santander UK noted that 77% of customers reaching the end of their incentive period were retained in the year.

"Shift to longer duration fixes: Barclays noted that 51% of their mortgage book is on 5+ year fixed rate deals, up from 33% at 2019 year end.

"Generally improving macro scenario: BoE base rate assumed to decrease over the next 2 years across banks' scenario modelling."

Jack Rogers, Founder at Keychain, commenting on the UK mortgage lenders' 2023 end-year results.



SNAPSHOT: WIDER MARKET

"The new year has arrived and those who had delayed selling, buying, and renting in November and December 2023 have returned to the market on mass. However, there has been little change in the economic environment that households must contend with [and] the global geopolitical and economic landscape remains challenging… Although 2024 has started well, it remains to be seen how long this initial uptick in activity will be sustained."

Nathan Emerson, CEO, Propertymark

NEWS IN BRIEF

Shared Ownership Council launches

Shared Ownership Council

Property Industry Eye reported on the emergence of a new cross-industry body that wants to improve Shared Ownership for consumers: [The Shared Ownership Council's] mission is to build a brighter future for Shared Ownership, through helping to provide a clearer, more transparent and consistent offer for consumers.

The initial intention of this work is to address the environment within which Shared Ownership operates and seek to drive consistency in the information available for consumers. This may evolve over time to consider the product more closely following industry and consumer consultation on areas that most need attention.

New lender enters SO arena

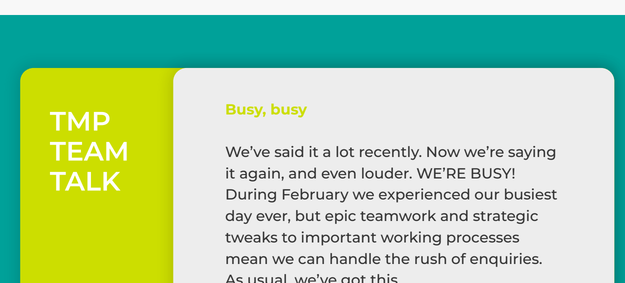
THE MORTGAGE LENDER realistic lending

Mortgage Solutions reported on The Mortgage Lender's (TML) launch of SO products: the lender has launched two- and five-year fixed products up to 95 per cent of the share being purchased.

Chris Kirby, Head of Sales at TML, said: "I'm pleased to be able to offer a Shared Ownership proposition that will help to better support brokers and their clients. Our proposition will provide a greater range of possibilities for customers with smaller deposits, be that by optimising affordability based on how we assess self-employed and complex incomes or by taking a more pragmatic approach to past credit issues."

DATA DIVE: HOUSE PRICE INDEX

As of December 2023 (most recent figures), the average house price in the UK is £284,691, and the index stands at 149.3. Property prices have risen by 0.1% compared to the previous month, and fallen by 1.4% compared to the previous year.



TMP TEAM TALK

Busy, busy

We've said it a lot recently. Now we're saying it again, and even louder. WE'RE BUSY! During February we experienced our busiest day ever, but epic teamwork and strategic tweaks to important working processes mean we can handle the rush of enquiries. As usual, we've got this.

YOUR AMAZINGLY HELPFUL **MORTGAGE PARTNERS**

16+ YEARS IN THE BUSINESS

70+ RP PARTNERSHIPS

We know the Shared Ownership sector better than any other mortgage broker.

Along with our famously human approach, that wealth of experience is the key to TMP's success. Accurately evaluating your customers, matching them with their perfect mortgage and guiding them along the home-buying process from initial assessment to point of exchange is all part and parcel of what we do best.

LET'S TALK ABOUT **WORKING TOGETHER**

08707 669 388
chirpy@tmpmortgages.co.uk
tmpmortgages.co.uk/housing-associations

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