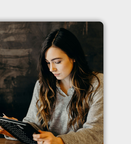
MAY 2024

OUR AMAZINGLY HELPFUL MARKET UPDATE



KELLY'S HOT TAKE

There's no avoiding it – the media hasn't got a whole lot of good things to say about Shared Ownership at the moment. That's partly fair. Excessive service charges are the like do need to be addressed. But we don't think the full story is being told...

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

30 ACTIVE LENDERS IN 30	26 90% LENDERS	39.06% AVERAGE SHARE (90 DAYS)
3 SUB 20% LENDERS	5.25% BANK OF ENGLAND BASE RATE	ENQUIRY LEVELS (AGAINST SEASONAL EXPECTATIONS)

LOWEST FIXED RATES

The latest figures from our list of lenders.

25% LTV	
2 year	Reliance Bank – 4.75%
2 year	Santander – 5.0%
5 year	Leeds – 4.67%
10% LTV	
2 year	Reliance Bank – 4.75%
2 year	Leeds – 5.29%
5 year	Leeds – 4.83%
5% LTV	
2 year	Reliance Bank – 5.5%
2 year	Newbury – 5.89%
5 year	Newbury – 4.99%

TOP LENDERS THIS MONTH

The lenders with the lowest rates – shouldn't they be the busiest since? Not in 5Q. Necessarily. Here, rates are just one part of the equation.

THIS MONTH UNDER THE MICROSCOPE

Bad news first

Have you seen the headlines? Most haven't mentioned Shared Ownership specifically. Shared Ownership, it's mostly because The Leveling Up, Housing and Communities (LUHC) Committee has completed its Shared Ownership inquiry and come to some not so flattering conclusions. Recommendations will be made in 5Q, and But there's a missing half to the story going on in the media, and we think it's important that we fill it.

But hang on

The truth is, Shared Ownership has come under fire for a lot of reasons that really, it isn't to blame for. Big service charges are one example. As you may have heard, some non-RP landlords have been charging service charges so high that Shared Owners have been forced out of their homes. There's no question about it – this is a problem that needs a fix.

But strictly speaking, it's to do with leaseholds rather than Shared Ownership. After one of these companies buys a development, they own the head lease. That gives them the power to set charges as high as they like, and that's exactly what they do. We've seen, in fact, that instances of huge service charge hikes are uncommon. They're anomalies, rare exceptions to the generosity with leaseholds.

And this has knock-on consequences for RPs, which rightly look to make their best assessment of being excessive when they raise their service charges – even when they do fairly because their own costs have suddenly gone up.

Costs or savings?

Cost of repairs is also a big talking point. And on the face of it, that seems fair. Ahead of the moment, Shared Owners are responsible for 100% of repair costs, no matter what share of their property they own.

There's a flaw here, too, though. Shared Ownership rent is set at 2.75 partly because Shared Owners pay 100% of costs. The idea is that the rent subsidy already offsets – roughly – the cost of repairs. But that rent subsidy is effectively already in the Shared Owners' pockets, or that's the rationale anyway.

Meanwhile...

Our numbers and the news are saying different things. We're busy, record breakingly busy. Customers clearly aren't being put off by the media narrative. And at the same time, more lenders than ever are involved with 5Q. So they aren't, either.

That probably has a lot to do with the massive amount of support and guidance we receive from Shared Ownership. The scheme has enabled thousands and thousands to become owners of properties they love and gain security that would otherwise have been beyond their reach. We've yet to meet a client to hear about that so often in the media.

And there are two more recent nuggets of positive news. Halifax has become the latest lender to offer mortgages to Shared Owners, and after a sitting-off probably lasting up last year's rate increases and general affordability concerns, mortgaging appears to be back on the agenda. We're just beginning to see an uptick in the number of people who want to increase their share, which is great.

Some balance, please

Some of the negativity we're hearing at the moment isn't unfair, but mean is disproportionate. And it's starting to affect the day-to-day perception of our sector.

As an example, last week, a lender changed its mortgage offer to include a new service charge, and another lender has recently reduced the amount they'll lend on apartments. In the grand scheme of things, neither of these are huge issues. But they do show that messages in the media are having an effect. And we might, as a sector, need to ask government that's looking to shake things up, what it would be much better if that happen (see Exchange panel, below). You really should join us.

We can handle this

So, what's the answer? It can only be coming together as a sector and having meaningful conversations that lead to constructive action. Action that both helps improve Shared Ownership and shows government that we're committed to improving everyone's benefits. Because if we let the negative side of the narrative overshadow the other, we risk eventually losing a product that does so much good for so many people. And that's exactly why we've helped launch a national community group, Shared Ownership Exchange, to make that happen (see Exchange panel, below). You really should join us.

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WANT TO JOIN THE SO CONVERSATION?

The Exchange is a national community that brings together all Shared Ownership, big and small, that make our Shared Ownership sector tick.

It's where important conversations are happening that are sparking positive change. To make Shared Ownership work better, for all of us, we need to be in the room together. We need participation of people like you. That's why we'd love to have you on board.

Join the conversation

TALKING POINTS
CONVERSATIONS AROUND SHARED OWNERSHIP, SUPPORTED BY THE EXCHANGE

'Shared Ownership offers a great way to provide these much needed homes, delivering a tangible social impact while generating a secure, inflation-linked income for investors. What's more, geographically focused investment in Shared Ownership has local authorities more demand for affordable housing in their locality.

'We believe Shared Ownership represents a standout solution to the structural issues affecting the UK's regional housing markets and should be viewed as a core element in the portfolio of institutional investors looking to combine quantifiable impact with strong and secure, inflation-linked investment returns.'

Ben Fry, Managing Director of Housing at Gresham House, commenting on the role of Shared Ownership in tackling the UK's lack of affordable homes.

"We're looking forward to welcoming guests from Edvestion and beyond to browse the comprehensive offering of Shared Ownership homes we have on offer at Edvestion Fields. "It's always great to open our homes up to the public, especially when we see visitors walk away knowing they've just set foot in their dream home.

"With the popularity of Shared Ownership and the shift towards more rural living since the pandemic, we don't expect these homes to be on the market for too long."

Syeda Bhuiyi, Sales Consultant at Platform Home Ownership, commenting on a new Shared Ownership development in Hertfordshire.

"A massive thank you for supporting The Exchange's aims and sharing your needs with us openly. We know that this is not an easy fully controlled environment to progress, there are many complex significant obstacles, to be overcome, right now there's a lot of change in the sector and it's only through conversations and collaboration that we can face our challenge, and identify opportunities for growth."

Amy Hettiaratchi, Assistant Sales & Marketing Director at Aster Group and Cofounder of The Exchange, commenting on a cross Shared Ownership sector session held by The Exchange

the exchange

Interest rates remained static in March 2024, and although the changes were small, GDP and inflation continued to move in the right direction. Barring global shocks, we remain optimistic that inflation will continue its downward trend, eventually allowing for interest rates to be reduced.

Demand increased within the residential sales sector, with the number of buyers registered and the number of viewings per property both increasing.

Nathan Emmerson, CEO, Propertymark.

NEWS IN BRIEF

Lender launches 50 products

Financial Reporter reported on West One Lowers new Shared Ownership and Right to Buy products (the new products have been launched) as part of an expansion of its residential mortgage range.

Marie Grundy, managing director of residential mortgage and second charge at West One Lowers, said: "We are always looking at ways we can help first time buyers get into the housing ladder, so we are glad to introduce new sets of products to help borrowers achieve ownership through more affordable housing solutions."

"These new products will appeal to those who are finding it difficult to raise a deposit, either because of regional variances in house prices or where home ownership simply feels out of reach."

Inquiry concludes 50 must improve

Mortgage Strategy reported on the findings of the Leveling Up, Housing and Communities (LUHC) Committee's inquiry into Shared Ownership, ownership schemes have "drastically failed to deliver" affordable homes for first-time buyers, says an MPs' report.

These programmes have buyers exposed to rising rents, unexpected service charges, and disappointingly repair and maintenance costs, claims the Leveling Up, Housing and Communities Committee.

The cross-party group calls on the government to take "urgent and significant action to reform how shared ownership schemes currently operate so they can deliver an affordable route to homeownership".

DATA DIVE: HOUSE PRICE INDEX

As of February 2024, the average house price in the UK is £289,680, and the index stands at 141.2. Property prices have risen by 0.4% compared to the previous month, and fallen by 0.2% compared to the previous year.

TMP TEAM TALK

Working smart

We were record-breaking busy last month. This month, we still are. And that's why Working patterns are a hot topic at TMP at the moment. Does your organisation run condensed hours? If so, has it improved productivity and work/life balance? We'd love to know.

Oh, and in case you haven't heard, Homes England are introducing some guidance that RPs should follow in order to work with brokers. And we're a step ahead – you'll find all the info you need in our new Due Diligence pack, coming soon...

YOUR AMAZINGLY HELPFUL MORTGAGE PARTNERS

18+ YEARS IN THE BUSINESS

70+ BIP 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

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