NOVEMBER 2022

OUR AMAZINGLY HELPFUL MARKET UPDATE

KELLY'S HOT TAKE

After last month's political and economic unrest, it's heartening to report that things are settling down and generally feeling much less frantic. Enquiries are actually up at TMP and the market seems to be falling in line with pre-pandemic norms. Seasonal shifts are back once again and we're seeing increasingly typical customer behaviour.

Let's not forget that we have had two exceptional years and we should be careful not to roll everything up under the 'recession' header – we have seasons, people!

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

This month's figures to 21 September

17 – Active lenders in SO	13 – 95% lenders
40.63% – Average share (90 days)	3 – Sub-25% lenders
3% – Bank of England Base Rate	Enquiry levels

LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Cambridge 6.19%
3 year	Skipton 6.75%
5 year	Halifax 6.35%
90% LTV	
2 year	Cambridge 6.19%
3 year	Skipton 6.72%
5 year	Leeds 5.92%
85% LTV	
2 year	Leeds 6.12%
3 year	Skipton 6.72%
5 year	Leeds 5.72%

THIS MONTH UNDER THE MICROSCOPE

In almost every corner of the Shared Ownership sector there seems to be a sense of cautious optimism.

Swap rates – which, let's face it, have been setting the agenda in recent weeks – are looking much better, and the Bank of England's estimated yield curves predict a continued and gradual improvement when it comes to rates. But the important point to note is that we're not going to go back down to where we were. The Base Rate was at an unnaturally low level for a long time and we're seeing a 'rate reset'.

Elsewhere in the economy, we would have of course all liked to have seen a bit more positivity in the Chancellor's recent 'repair budget', but it's no surprise that tax hikes are a necessity. So while the short term is likely to be difficult, all signs suggest that we'll soon be on a road to recovery (barring any other political upheaval, of course).

Lenders

We're also seeing a gradual shift towards normality when it comes to lenders as they adopt a more considered and comfortable position. There's been a slight reduction in rates across the board and although they aren't down to what was previously the norm, these reductions are genuine. Buyers are active and pushing ahead with purchases.

Rolling with the punches

Different news outlets have different takes on where house prices are heading, but the message of this month is that you can't judge based on one measure. Predicting trends (or even just clarifying where we are) is really difficult.

What we have seen though is a return to seasonality when it comes to prices as well as enquiries. This is something that we've not seen for a while, but it's a more natural reflection of supply and demand. So treat any tabloid scare stories about plunging house prices with caution – it's worth remembering that there were industry-wide predictions of prices dropping at the start of the pandemic, and the opposite happened.

(FYI: according to Rightmove, the average price of property coming to the market rose by 0.9% (+£3,398) in October, hitting a new record of £371,158.)

Talking of supply and demand, we've also got the end of Help to Buy approaching, so builders are desperately trying to deliver these properties, which will have a knock-on effect causing build delays on other projects.

Open market

The open market in some areas has been difficult for the first time in what feels like forever. Some brokers are unfortunately losing their jobs because there simply isn't enough work to go around. Whereas in contrast, we at TMP are recruiting hard and fast. So Shared Ownership is painting a very different picture to the open market right now, and that's something we can welcome. Yet again the bubble that is Shared Ownership continues to weather the storms differently.

That's not to say that we didn't all feel the shock of what's been happening over the past month or two. But we've been through worse and we're well equipped for what may or may not happen in the future. For now, let's try and enjoy this new, new normal.

MARKET VIEWPOINTS

BACK TO REALITY

"The rapid rise in average mortgage interest rates has understandably caused some would-be home-movers to pause their plans and wait to see how the next few weeks and months unfold. Overall demand is down by 15% in the last two weeks compared with the same two weeks last year, but it is still 20% higher than the more normal market of 2019,"

"...The frenzied market of the past two years has turned into a more normal market more abruptly and less smoothly than we were expecting."

Tim Bannister, Rightmove

POSITIVE OUTLOOK

"With the Bank of England recently indicating that we may be approaching the peak of its base rate hikes, there is potential for a slight easing of borrowing costs in the coming months. Under the new management of Prime Minister Rishi Sunak and Chancellor Jeremy Hunt, we can also expect greater economic stability going forward. A complete recovery will require time, but sound economic management, in combination with strong underlying demand for housing should see a more robust market come back in 2023."

Simon McCulloch, Smoove

REMAINING RESILIENT

"As we head towards the end of the year and the desire to complete on a property purchase or sale intensifies, sellers are reducing prices in order to get transactions through. Rising costs and interest rates are having an impact but largely buyers and sellers remain resilient,"

"...With the expected higher mortgage rates already resulting in buyers and sellers feeling the pinch, many of the new properties coming to market are priced to reflect this – slightly reduced to allow for extra payments as well as building in any market reduction over the forthcoming 12 months or so,"

"...Thankfully, the interest rate pain could have been a lot worse but the markets are now factoring in a lower maximum predicted rate as they respond well to Rishi Sunak becoming Prime Minister."

Tomer Aboody, MT Finance

SNAPSHOT: WIDER MARKET

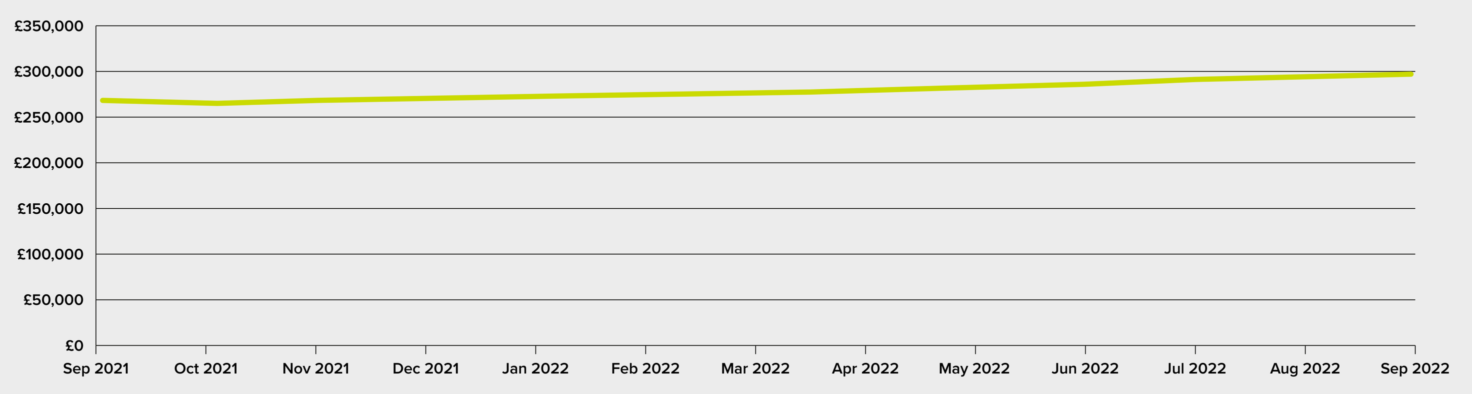
"For the first time, our figures indicate that we are on the cusp of seeing the sales market hand back purchasing power to buyers, which is a trend we haven't seen in months as the market was very much in the seller's favour. Signs of balance within the market is also being seen as competition for homes starts to slow, which will allow the number of properties available to buy to fall back in line and a return to a more realistic and sustainable market.

As for lettings, we are now seeing a slight decrease in the number of prospective tenants registered per branch, as due to the ongoing lack of supply, a hike in rent prices was seen across the UK. This should start to ease pressures on rents at a crucial time for many as the cost of living crisis continues to pinch at people's finances."

Nathan Emerson, CEO | Propertymark

DATA DIVE: HOUSE PRICE INDEX

The new figures for September 2022 are as follows; the average price of property in the UK was £294,559, the index figure stands at 154.5. Property prices have risen by 0.0% compared to the previous month, and risen by 9.5% compared to the previous year.



TMP TEAM TALK

We may be in slightly calmer waters at the moment, but we are still keeping busy at TMP The Mortgage People. This month we've been using any spare minutes to check in on customers and catch up with HAs. Is there anything we can help you with? Let us know.

GOT A QUESTION? WANT TO KNOW MORE?

Please do get in touch. Drop us an email:
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Sources: The Intermediary, Financial Reporter