

NOVEMBER 2023

OUR AMAZINGLY HELPFUL MARKET UPDATE

TMP

The Mortgage People



KELLY'S HOT TAKE

Is it just us, or do things seem slightly rosier than expected in the Shared Ownership market right now? People want to buy. Lenders want to lend. Rates have finally stopped increasing. You'd be forgiven for sitting back and letting out a nice big sigh of relief. Unfortunately, though, that's not the full picture...

Kelly McCabe

TMP The Mortgage People

AT A GLANCE: DASHBOARD

29

ACTIVE LENDERS IN SO

25

95% LENDERS

38.93%

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.

95% LTV

2 year	Leeds 6.04%
3 year	Newbury 5.99%
5 year	Leeds 5.69%

90% LTV

2 year	Leeds 5.79%
3 year	Newbury 5.99%
5 year	Leeds 5.29%

85% LTV

2 year	Santander 5.6%
3 year	Santander 5.54%
5 year	Santander 5%

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

The calm before...

Let's play devil's advocate for a second. Things are looking fairly good right now. There is no shortage of SO mortgage products and no shortage of lenders that want to be involved.

Plenty of people want to buy, too. That's great. It's what keeps our industry moving, after all. And better still, incoming buyers have a reassuring air of pragmatism. To them, the rates are what they are, and they just have to figure out how to make the situation work for them as best they can.

But there's an elephant in the room. Change is coming. And affordability isn't what it was. There are all sorts of things on the way that might make that elephant grow too big to keep on hiding in the shadows.

Snakes and ladders

Help to Buy gave many people unrealistic aspirations. Until recently, we were a nation of beer money with champagne taste, and for a while we could indulge that because the Government was helping to fund it.

That era, however, has ended. So perhaps now we should finally stop thinking about buying property to climb the ladder – or for the sake of investment, in other words. Let's get back to thinking in terms of buying a home, and buying within our means to meet our needs.

Buyers, for the most part, seem to be catching on and being pragmatic about the situation. That's good. And sure, it will help the affordability problem. But the trouble is, a whole load of other things beyond anyone's control might be about to make it worse...

Change is coming

A lot is going to happen in the next six months. The cliff-edge of November and December product end dates is just around the corner.

The cost of living crisis is still very much with us and yet to properly bite. Mortgage rates have plateaued, but are showing no signs of falling.

Oh, and the next General Election is edging closer.

It pays to be prepared

It's easy to adopt a 'worry about it later' attitude, especially when things seem alright and there's plenty to be getting on with in the present. But we really need to be having conversations about preparing for more possible market disruption, and we need to be having them now.

Big questions

If repossession suddenly spike, is the market going to dip? What happens if house prices fall? If development wanes? If more people decide that renting is the better choice? And what if an unexpected recession hits?

These are the big questions that we need to be asking ourselves and each other. Because by working out what might be on the way and making preparations in good time, we can keep a tighter lid on any future disruption.



NEWBURY BUILDING SOCIETY LAUNCHES NEW SO PRODUCTS

Newbury Building Society

"Due to the stabilising swap rates, we are able to reduce the rates for new and existing customers."

"Shared Ownership continues to be a popular choice for those wanting to secure their first home in a market where rental demand is currently outstripping supply – we hope these two new additional products will help customers."

Roger Knight, lending manager at Newbury Building Society, commenting on Newbury's launch of new SO products

WEAK OUTLOOK

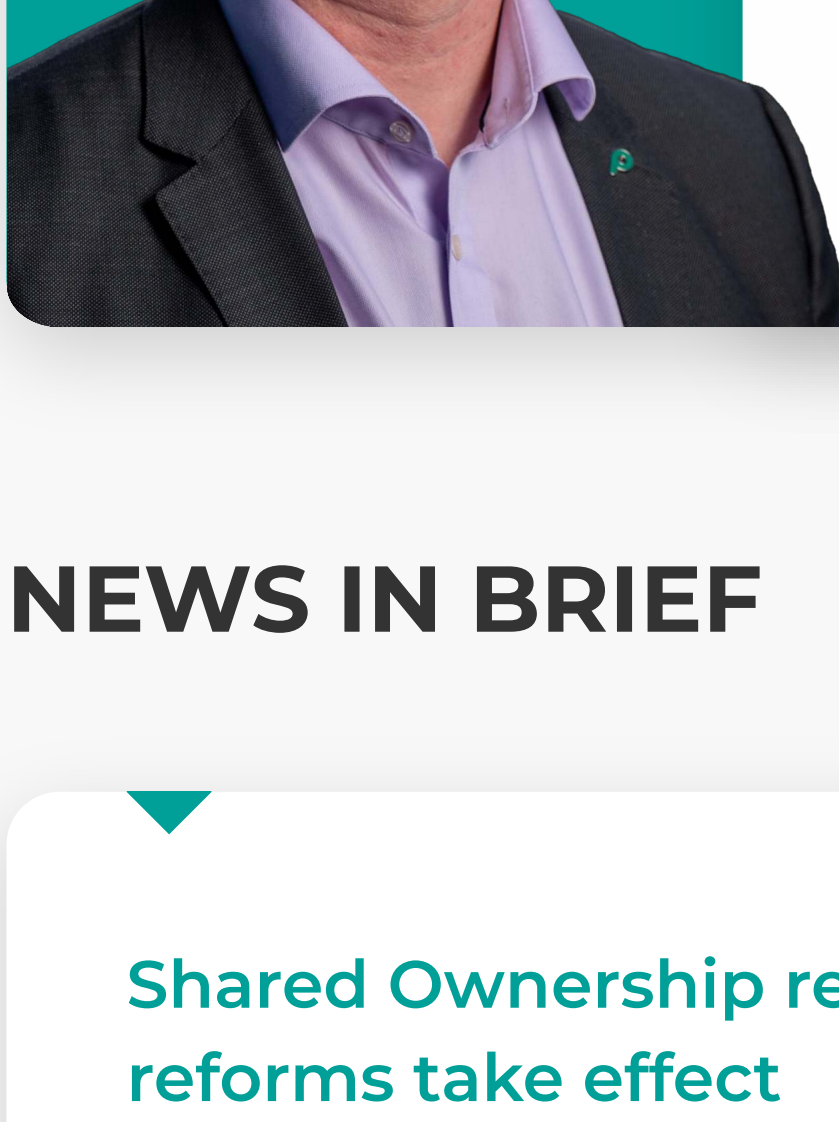
BARCLAYS

"Over the last few months a picture has been building of consumers beginning to pull back on discretionary spending as the cost of living, and monetary tightening from the Bank of England increasingly bite. We've seen the warning signs from surveys, and now we see it in the more concrete spending data."

"This suggests the outlook for consumers, and the businesses that rely on them, is weak, even as they finally see their disposable incomes rise faster than inflation. It makes it hard to see anything but a relatively stagnant economy on the horizon."

Jack Meaning, Chief UK Economist at Barclays, commenting on consumer card spending.

SNAPSHOT: WIDER MARKET



"Uncertainty continues to pervade the UK economy and the housing market in general. Whilst the interest rate hold in September was good news, it offers little respite for those who need to remortgage or those seeking leveraged entry into the housing market. However, despite inflation remaining stubbornly high, it is moving in the right direction for both households and businesses. In the residential sales sector, there has been a slight reduction in the number of available properties in September 2023. This reflects ongoing market uncertainty, but we expect this trend to level out in the short term."

Nathan Emerson, CEO, Property mark

NEWS IN BRIEF

Shared Ownership rent reforms take effect

Property Industry Eye reported on the Government's Shared Ownership rent reforms: "rents for new shared owners can [now] be increased once a year by no more than the Consumer Prices Index (CPI) plus 1%."

Homes England is also amending the Rent Review schedule of its model Shared Ownership lease to make it clear that Registered Providers of social housing have discretion to increase rents by less than CPI plus 1%.

Finally, the Department for Levelling Up, Housing & Communities has reduced the floor for Shared Ownership rent increases from 0.5% to 0%. This means that rents cannot be increased if CPI is minus 1% or lower.

Fixed mortgage rates fall

Meanwhile, coverage of the recent fall in fixed mortgage rates was widespread:

According to Moneyfacts data, the overall average two- and five-year fixed rates have dropped for the second consecutive month to 6.47% and 5.97% respectively.

The average two-year fixed rate stands at 0.5% higher than the average five-year equivalent, a marginally narrower gap than the 0.51% last month.

Rachel Springall, finance expert at Moneyfactscompare.co.uk, said: "Fixed mortgage rates have fallen across the spectrum, signalling a positive change in the market. Overall, the average two and five-year fixed rates have now fallen for the second month running, so borrowers could find cheaper deals to choose from."

Firm announces Shared Ownership scheme

The Negotiator reported on Heylo's new scheme Your Home: "[This is] a way for both first and second-time buyers to part own a home without a mortgage...Your Home is a private Shared Ownership proposition that turns most freehold property that is on the market in England up to £600,000 into part buy – part rent."

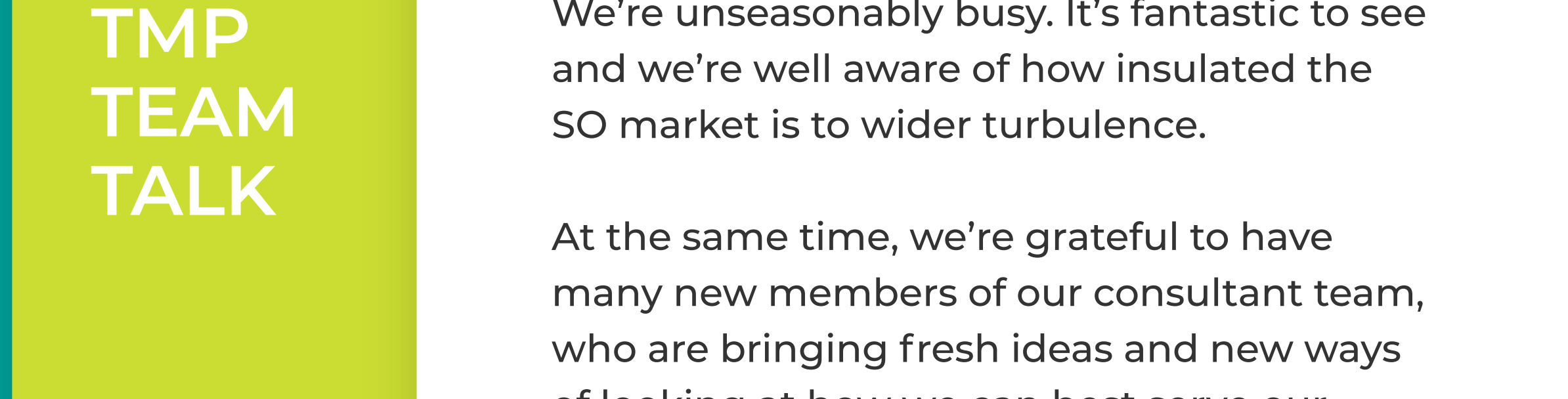
"Unlike the Government's Shared Ownership scheme, qualifying property must be a standard construction freehold property and cannot be less than one-year old, so it isn't available on new builds."

"Buyers put down a minimum of 25% deposit of the home's full value and pay rent to Your Home on the remaining share on a 999 year lease, capped at 4.89% for the first year. Clients then have the option to 'staircase' – buy more of the actual property and rent less – as and when it suits, eventually owning 100% of the property and the freehold."

DATA DIVE: HOUSE PRICE INDEX

As of August 2023 (most recent figures from ONS), the average house price in the UK is £291,044, and the index stands at 152.6.

Property prices have risen by 0.3% compared to the previous month, and risen by 0.2% compared to the previous year.



TMP TEAM TALK

We're unseasonably busy. It's fantastic to see and we're well aware of how insulated the SO market is to wider turbulence.

At the same time, we're grateful to have many new members of our consultant team, who are bringing fresh ideas and new ways of looking at how we can best serve our lenders, customers and RPs.

YOUR AMAZINGLY HELPFUL MORTGAGE PARTNERS

15+ YEARS IN THE BUSINESS

70+ RP PARTNERSHIPS

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

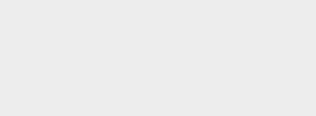
Along with our famously human approach, that wealth of experience is the key to TMP's success. Accurately evaluating your customers, matching them with their perfect mortgage and guiding them along the home-buying process from initial assessment to point of exchange is all part and parcel of what we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

LET'S TALK ABOUT WORKING TOGETHER

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