OCTOBER 2022

OUR AMAZINGLY HELPFUL MARKET UPDATE

KELLY'S HOT TAKE

It's extraordinary that the political and economic turbulence of last month has, in some ways, been topped again. For us, the market has remained steady and so we're continuing to focus on the here and now. With that in mind, once again, things may have changed in the market by the time you read this.

Kelly McCabe
TMP The Mortgage People

AT A GLANCE: DASHBOARD

This month's figures to 21 September

16	Active lenders in SO
13	95% lenders
41.65%	Average share (90 days)
3	Sub-25% lenders
2.25%	Bank of England Base Rate
	Enquiry levels

LOWEST FIXED RATES

The latest figures from our list of lenders.

95% LTV	
2 year	Halifax 6.79% (Green)
3 year	Newbury 6.29%
5 year	Leeds 6.09%
90% LTV	
2 year	Barclays 6.22% (Green)
3 year	Nationwide 5.94% (£999 fee)
5 year	Nationwide 5.49% (£999 fee)
85% LTV	
2 year	Nationwide 6.19%
3 year	Nationwide 5.89% (£999 fee)
5 year	Nationwide 5.39% (£999 fee)

THIS MONTH UNDER THE MICROSCOPE

At the time of writing Liz Truss has just resigned and we have no idea who's going to be next in the running for the top job at Downing Street. Meanwhile, over at TMP Towers, our enquiries are where we'd expect them to be for this time of the year and we're also seeing strong interest from re-mortgaging customers (who are becoming a lot more savvy, it's worth noting).

Rumours

We had been prepping ourselves for the Bank of England Base Rate to ramp up again but there are rumours circling around that it's not going to jump up as high as initially expected – possibly 0.75% - which is good news (in some ways). The caveat is that it depends on which news outlet you trust so we need to remember that these are speculations. Nevertheless, it's a nice little hit of hope for the time being.

The markets had been forecasting rates to be at around 5.25% by the middle of 2023 but Deputy Governor Ben Broadbent has been quoted as saying that the level of interest rate rises being priced into the market may be larger than what is actually required and that the need for such a large rise "remains to be seen." He also stated, "It remains the case that most of the overshoot in headline CPI inflation, relative to target, reflects the direct impact of higher import prices. Much of this is likely to fade as those prices stabilise. This appears already to be happening in areas most affected by the pandemic." (Source: The Intermediary)

Not just the BoE

Let's not forget that the rates we're seeing aren't wholly based on the Bank of England right now and that swap rates are predictions in the market that can allow us to assess whether these predictions have credibility. Under normal circumstances a rise of 0.75% would be dramatic but currently, it's good news.

Perspective

We're actually seeing a relative period of rest. What we're going through is so unusual and in just a few short weeks the extreme volatility that we have experienced makes it easier to appreciate things slowing down (comparatively). In a nutshell: we've seen periods of very intense turbulence in the past few weeks and while it is still turbulent now – it's not as intense as it was.

Customer base

Currently, we've got two different types of customers: our new enquiries and our existing customers who are re-mortgaging. Our re-mortgage customers are now much more tuned-in to changing their rate, so we're experiencing heavier traffic from those mortgage holders. That awareness and activeness is really reflective of the widespread understanding about interest rates rising. It's a positive sign in some ways because they're choosing to take productive steps rather than burying their heads in the sand. Even so, customers are still nervous.

Affordability

Lenders have tightened up on their affordability – as expected – and with Office for National Statistics cost of living data starting to roll through, it's starting to have an impact on the affordability assessments conducted by lenders. Again, a caveat: while the ONS data is really tight, it does have a slight lag so there will be a trickle down effect.

Property price

Without wanting to speculate on the future too much, we have been encouraged to hear HAs discussing down-valuations, which suggests an imminent market dip. And while this obviously isn't great in many respects, it does bode well for property price for affordability reasons.

Active lenders

Overall, the number of lenders active in SO is down, but that doesn't mean they're out. Some lenders are simply inactive right now and we've got every reason to think that they are coming back; they aren't exiting SO, they're just taking time to reprice.

INSIGHT: GOVT. FIGURES

The total number of transactions for all UK residential properties in September (non-seasonally adjusted) came to 112,370, the latest government figures show. And while this is a 32% fall on an annual basis, there was no change compared to the number seen in August 2022. A personal finance specialist for Hargreaves Lansdown commented: "House sales plummeted by a third in the year to September, but this shuddering drop isn't what it seems, because September sales were actually well above their pre-pandemic levels."

HARGREAVES LANSDOWN

SNAPSHOT: WIDER MARKET

"The sales market is continuing to rebalance after the intense demand of the past two years. The number of new instructions was up slightly in September with new buyers registering with our member agents remaining the same, and they're being more cautious with sales agreed at or above asking prices coming down albeit from a very high bar. Sellers will need to be more realistic about the price their home will achieve as the uncertainty of the wider economic landscape begins to cool the previously very hot market, while at the same time remembering prices have risen by 20 per cent since pre-pandemic.

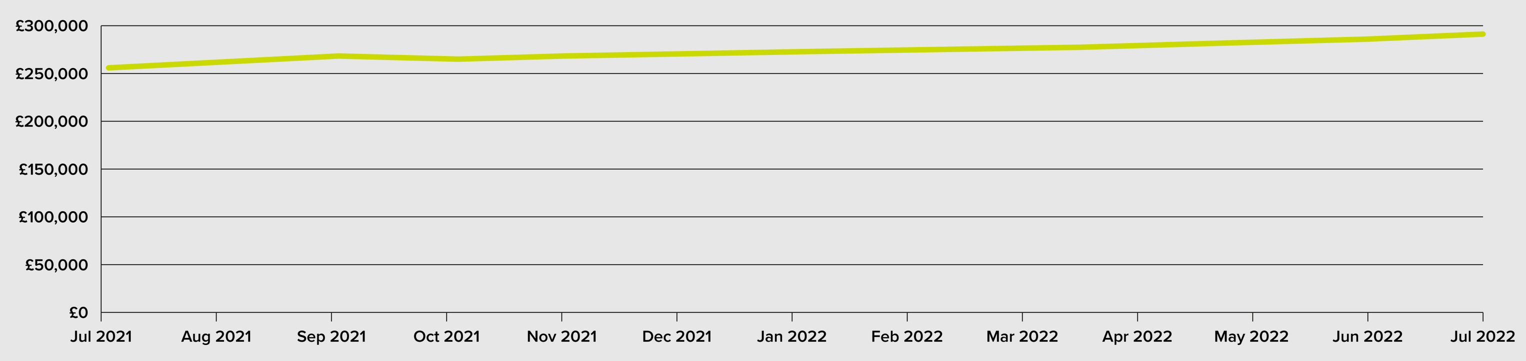
"The rental market continues to be fuelled by high demand and low supply. The number of our agents reporting rent increases is down but the UK-wide reform of this part of the market is continuing to affect the sentiment of landlords. Add into the mix rising costs that are impacting their annual yields means we do not anticipate an end to affordability issues until we see many more homes introduced to the market."

Nathan Emerson, CEO | Propertymark

DATA DIVE: HOUSE PRICE INDEX

The most recent figures are still those from July 2022; average price of a property in the UK was £292,118, the index figure stands at 153.2. Property prices have risen by 2.0% compared to the previous month, and risen by 15.5% compared to the previous year.

The Industry is looking forward to the update on Wednesday 16th November for the September 2022 UK HPI.



TMP TEAM TALK

With things a little up in the air, we're committed to providing the absolute best level of service to our HAs. So we're continuing to expand the team and are recruiting and training in earnest. And while the pressure of the national economic situation is starting to be felt by all of us, Team TMP are in good shape. Are we already looking forward to the Christmas break? We couldn't possibly comment.

team TMP

GOT A QUESTION? WANT TO KNOW MORE?

Please do get in touch. Drop us an email:
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