

OCTOBER 2023

OUR AMAZINGLY HELPFUL MARKET UPDATE



KELLY'S HOT TAKE

While the Bank of England base rate may have finally plateaued, this month has seen the clearest signs of a market of two halves. The wider market continues to be buffeted by fluctuating rates, seasonality and a now-entrenched cost-of-living crisis, while Shared Ownership remains buoyant and very well suited to the needs of its customers. Meanwhile, Help to Buy's failings have become apparent (see below)...

Kelly McCabe

TMP The Mortgage People

AT A GLANCE: DASHBOARD

29

ACTIVE LENDERS IN SO

25

95% LENDERS

39.73%

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.

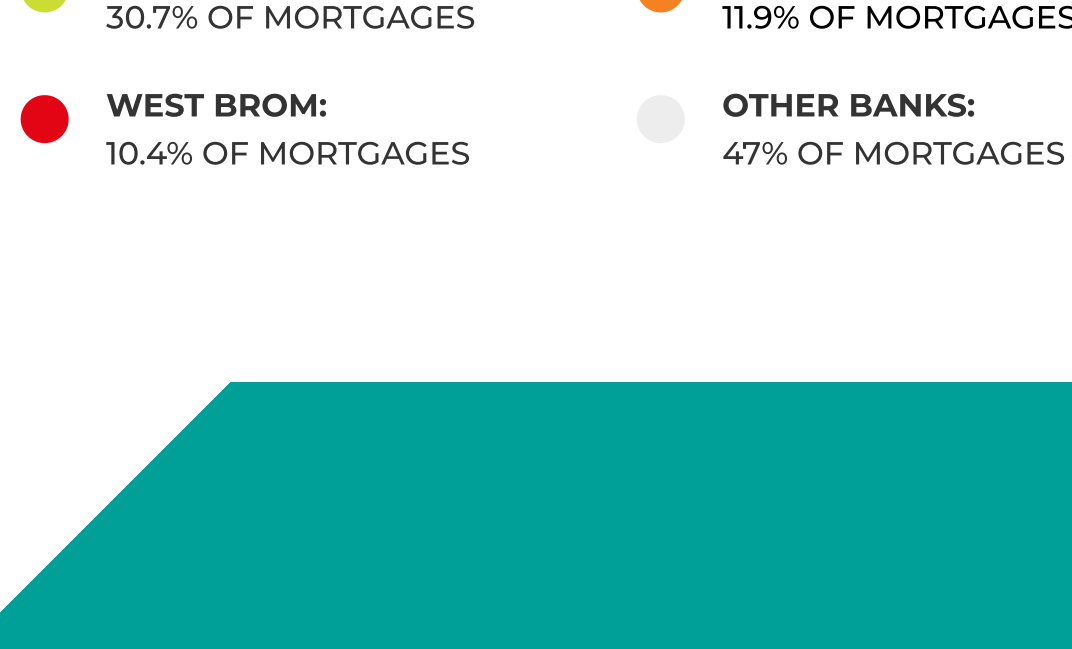
95% LTV	
2 year	Leeds 6.24%
3 year	Newbury 5.99%
5 year	Newbury 5.89%

90% LTV	
2 year	Leeds 5.89%
3 year	Newbury 5.99%
5 year	Virgin 5.49%

85% LTV	
2 year	Santander 5.86%
3 year	Nationwide 5.8%
5 year	Nationwide 5.18%

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 upward trajectory of the Bank of England base rate seems at last to be losing thrust. After 14 consecutive rises, it steadied last month at 5.25%. And while – thanks to our old friends, swap rates – it won't have that much of an impact on wider lending rates for a while, it will offer a boost to market confidence among prospective buyers.

It's a different story for those who've already bought, especially homeowners looking to remortgage. We're having a higher-than-average number of sensitive conversations with emotional customers about the rates that they're going to have to renew on, and this is likely to get worse before it gets better. Why? When Stamp Duty was suspended a couple of years ago, the market boomed and huge numbers signed up for two-year deals. Hence there's now a big remortgage cliff looming...

Growing arrears

Elsewhere, the number of borrowers struggling to cover higher mortgage costs is growing fast, and that's especially the case among those who signed-up through Help to Buy. Between January to July this year, the number of the scheme's recipients who had fallen into arrears doubled. See [Help to Buy chaos forces first-time buyers to sell up](#) (if you are a non-subscriber, you can access the article by signing up for a month's free trial).

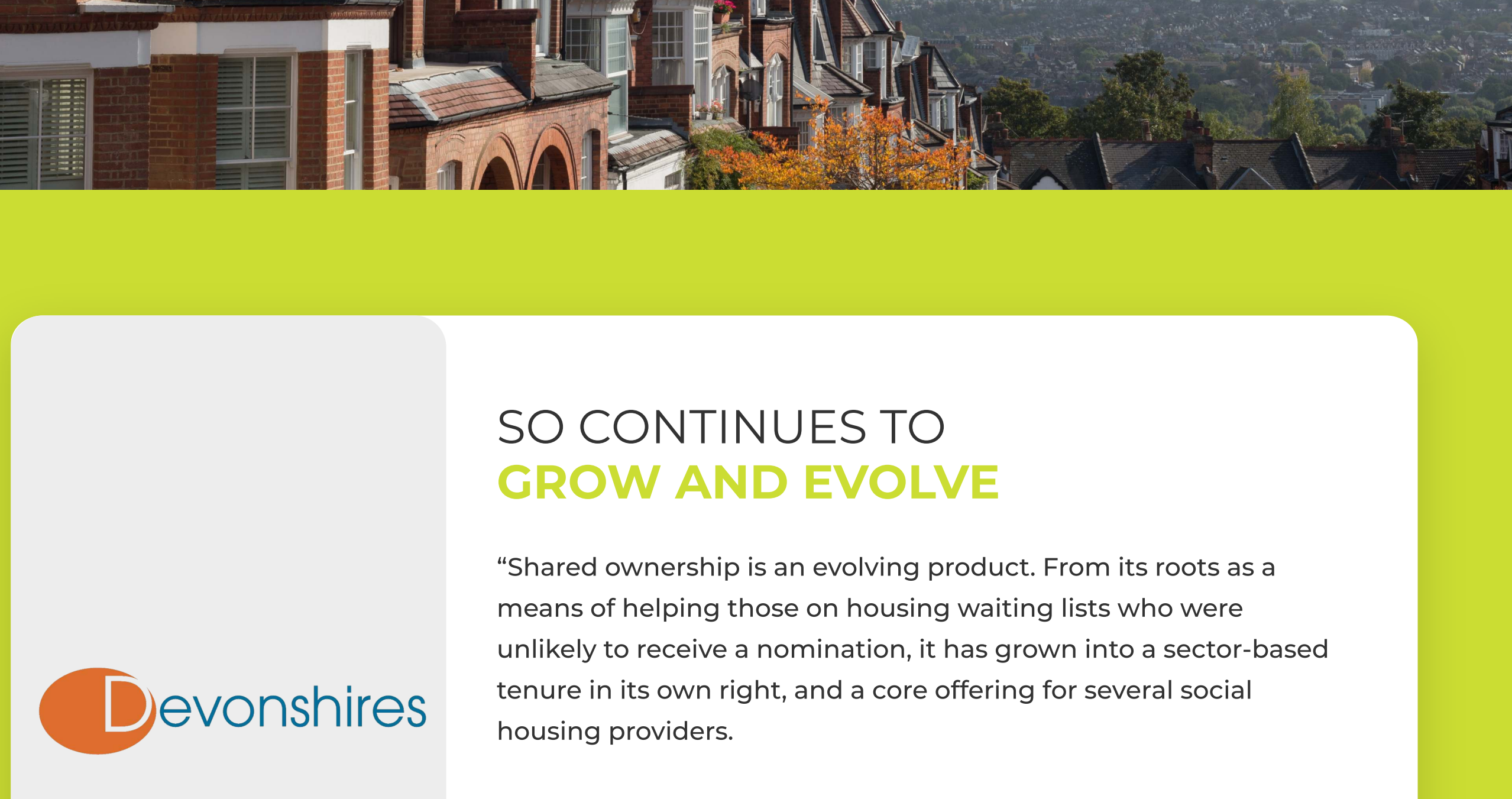
Market of two halves

Yet there's another side to the equation. Shared Ownership is really showing its affordability, strength and resilience right now. We saw a busier September than we were expecting, and indicators are hinting that October will be even busier. Our average share may have dropped slightly, but only slightly.

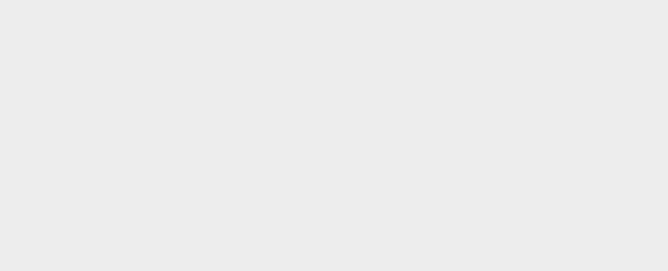
That's not to say Shared Ownership customers aren't also weathering the brunt of higher prices. They are. But thanks to SO's built-in damage-limiters, the price-rise storm they're facing is only raging at perhaps half force. (This is of course down to the fact that Shared Owners buy a proportion of the property, and any rate increase will only apply to that share.)

It's therefore no surprise that the rate of people falling into arrears – according to our on the ground observations – is much lower among Shared Owners.

Yet again, SO is defying expectations. It's a good, flexible, enduring product that is well suited to people's changing needs... long may it continue.



SO CONTINUES TO GROW AND EVOLVE



"Shared ownership is an evolving product. From its roots as a means of helping those on housing waiting lists who were unlikely to receive a nomination, it has grown into a sector-based tenure in its own right, and a core offering for several social housing providers.

"With the withdrawal of Help to Buy, it could once again become the tenure of choice for those who aspire to homeownership, but have insufficient income and/or savings to purchase outright."

Andrew Cowan and Gemma Bell, Partners at Devonshires, [commenting on SO's potential](#)

NEWCASTLE BUILDING SOCIETY ENHANCES THEIR SO PROPOSITION



"Given the current mortgage market and inflationary pressures, innovative solutions that help address borrowers' affordability challenges are even more crucial to enabling people to achieve the dream of homeownership.

"The introduction of our remortgage and staircasing proposition will provide brokers and their clients the opportunity to support even more Shared Ownership customers."

Franco Di Pietro, Head of Intermediaries at Newcastle Building Society, [commenting on Newcastle Building Society's enhancement of their Shared Ownership proposition](#)

SNAPSHOT: WIDER MARKET



"The sales market is strong as we see a 29% rise in the number of new properties for sale when compared with last month. This shows that many people are continuing to find an affordable middle ground when coming to the market with negotiations well underway. We imagine this picture will only get stronger with more sales completing in the coming months given the recent positive news of inflation rates remaining unchanged. This will give much needed encouragement to those buyers who were hesitant."

Nathan Emerson, CEO, [Property mark](#)

NEWS IN BRIEF

Mortgage rates fall

Property Industry Eye reported on the return of confidence among lenders: the unexpected drop in inflation last week and the pause in base rate hikes has allowed for better rate options to enter the property market.

Mortgage holders and homebuyers have received a fresh boost over the past few days as lenders have continued reducing rates – with some fixed deals now available below 5%.

Following the Bank of England's decision to halt interest rate hikes last week – holding the base rate at 5.25% – several lenders, including NatWest, TSB, Nationwide and Virgin Money have reduced mortgage rates.

Affordable homes commitment

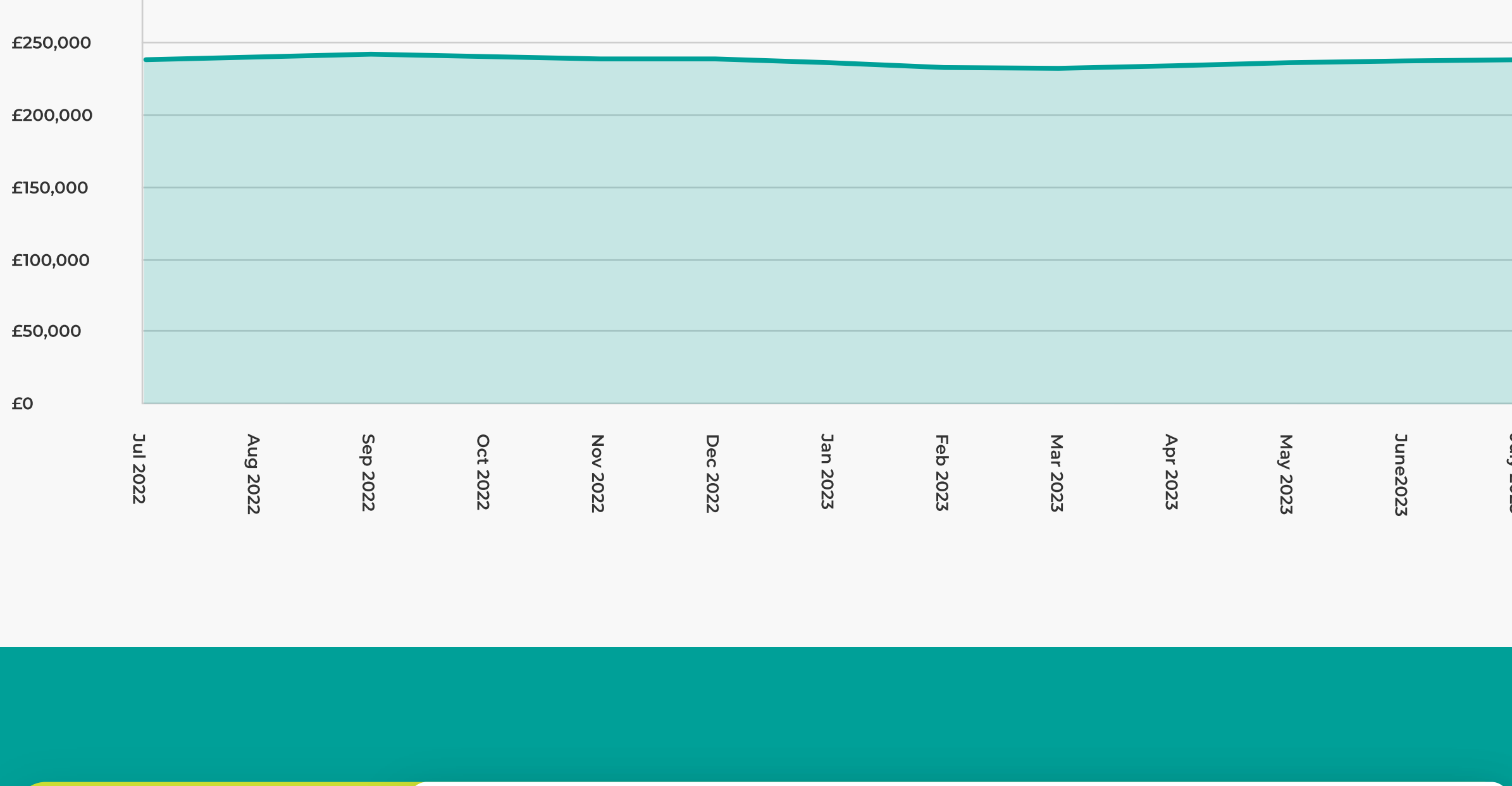
Property Industry Eye also reported on the launch of the long-term housing plan by the Housing Minister, Rachel Maclean: "The Affordable Homes Programme also now offers funding for estate regeneration – for providers looking to replace existing homes with new affordable homes – something I know has been widely welcomed, underlining, the important contribution that social housing providers can make to levelling up and regenerating communities across the country.

"We're determined to use every possible lever to increase the supply of affordable homes and deliver for those who need them most."

DATA DIVE: HOUSE PRICE INDEX

As of July 2023 (most recent figures), the average house price in the UK is £289,824, and the index stands at 152.0.

Property prices have risen by 0.5% compared to the previous month, and risen by 0.6% compared to the previous year.



HAVE YOU MET SIAN?



Allow us to introduce you to our fantastic Head of Client Partnerships, Sian Allaway. She's the go-between for our internal administrators and co-ordinators and our external Registered Provider partners.

That means any time you need an issue resolving with processes like document checks or want a mortgage approval fast-tracked, she's the person who can make it happen.

Want to talk to Sian?
Call 01604 600588 or
email siana@tmpmortgages.co.uk

YOUR AMAZINGLY HELPFUL MORTGAGE PARTNERS

15+ YEARS IN THE BUSINESS

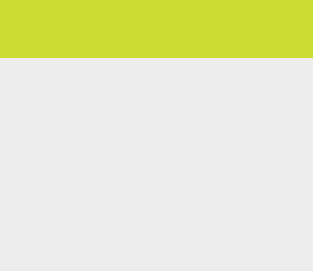
70+ RP PARTNERSHIPS

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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