2024: REVIEW OF THE YEAR

OUR AMAZINGLY HELPFUL MARKET UPDATE

2024
REVIEW

KELLY'S HOT TAKE

2024? It was a tale of two halves. It started off busily. Then came the economic, political and sectoral shenanigans. And our enquiry levels turned from busy to bananas.

The open market may have been a different story, but in our sector, rates remained within a reasonable ballpark, and lenders were lending as usual. With the BIG exception of the changes to affordability (which we'll get to), the world of Shared Ownership has been pretty much business as usual.

While at TMP, we shifted up a gear. Here's our take on the year.

Kelly McCabe
TMP The Mortgage People

LAST YEAR UNDER THE MICROSCOPE

LOWEST FIXED RATES

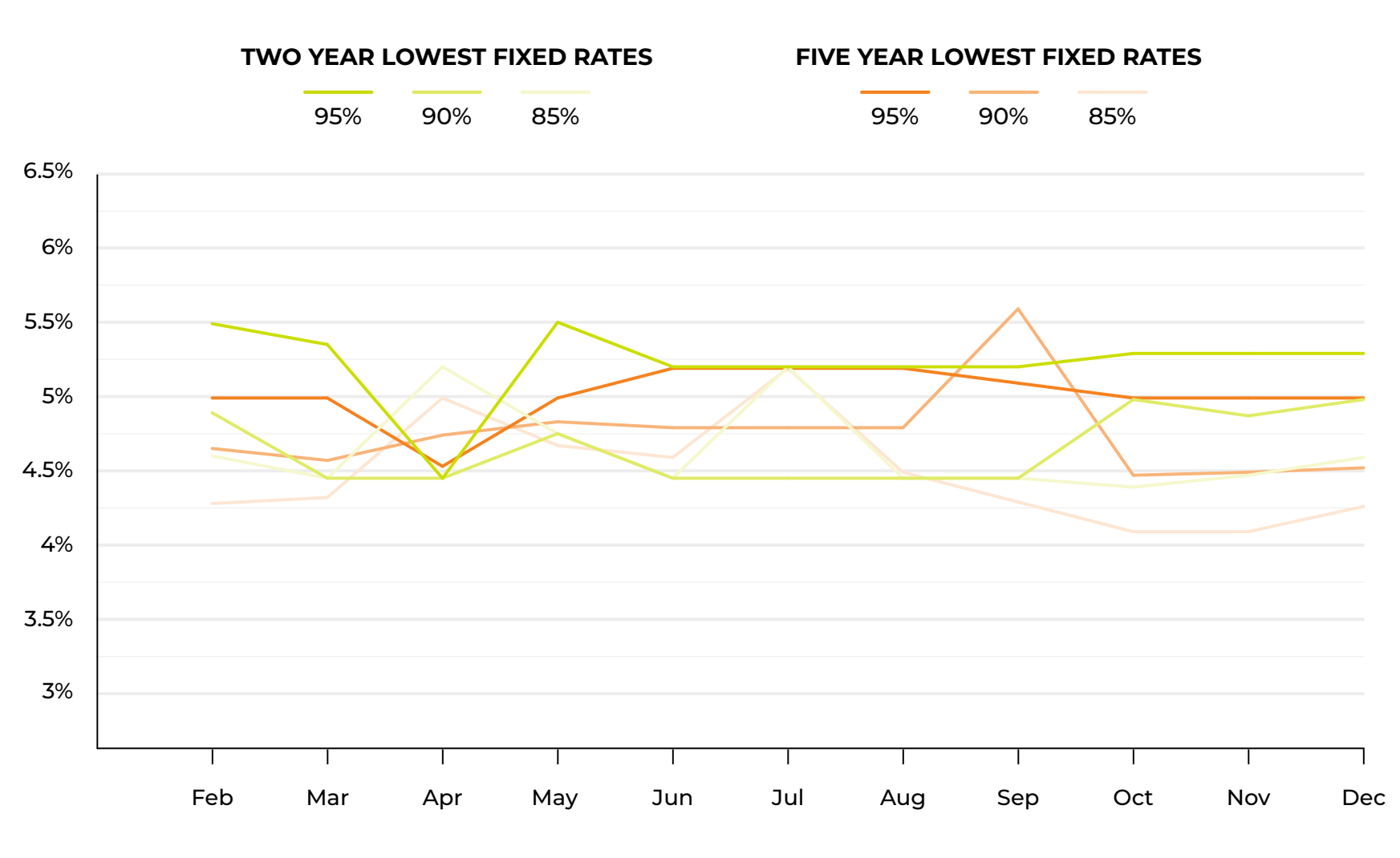
The figures from our list of lenders.

TWO YEAR LOWEST FIXED RATES

	95%	90%	85%
February	5.49%	4.89%	4.60%
March	5.35%	4.45%	4.45%
April	4.45%	4.45%	5.20%
May	5.50%	4.75%	4.75%
June	5.20%	4.45%	4.45%
July	5.20%	4.45%	5.20%
August	5.20%	4.45%	4.45%
September	5.20%	4.45%	4.45%
October	5.29%	4.98%	4.39%
November	5.29%	4.87%	4.47%
December	5.29%	4.98%	4.59%

FIVE YEAR LOWEST FIXED RATES

	95%	90%	85%
February	4.99%	4.65%	4.28%
March	4.99%	4.57%	4.32%
April	4.53%	4.74%	4.99%
May	4.99%	4.83%	4.67%
June	5.19%	4.79%	4.59%
July	5.19%	4.79%	5.19%
August	5.19%	4.79%	4.49%
September	5.09%	4.59%	4.29%
October	4.99%	4.47%	4.09%
November	4.99%	4.49%	4.09%
December	4.99%	4.52%	4.29%



Quick recap: mortgage rates began rocketing in tandem with the Bank of England base rate following the September 2022 mini budget. And although they're now graaaaaadually heading earthwards again, the drama isn't over yet. Five-year fixed mortgages were still being taken out on the historically low rates that lasted until August 2022, so the property industry can probably expect to experience ripples for another couple of years. But things are looking better.

Since just before the start of last year, average SO interest rates seem (let's not tempt fate!) to have stabilised. Somewhat, anyway. And that's based on real rates, not headlines. They started off last year at 4.98 and they're now down to 4.6. Which is good. It's stability with a downward movement, and we'll take that. It's about as good as we can ask for right now and although the BoE base rate has been falling gently, lenders knew what was coming. Swap rates had steadied themselves and the outlook is more stable.

Looking ahead to this year, odds are on for another base rate drop of half a percent. The general expectation is that more drops will follow. But considering things in the economy are looking a bit slow at the moment, we'll just have to wait and see.

Active lenders in SO

We began last year with **29** lenders, and we're starting this year with the same number. In other words, things are rock-steady stable in this corner. New lenders taking an interest in Shared Ownership is always nice to see, but most have had (what they might perceive as) bigger fish to fry since the mini budget. (Which we're now officially talking about, THREE YEARS ON, by the way!). Anyway. Truthfully, 29 is plenty to be going on with for now. We can place 99.9% of applications with the ones that are already active in the sector.

Plus, there's always a chance that a sudden rush of incomers could knock the balance the sector has got going. If a real challenger came in, some of the currently available SO products might lose their commercial edge. Over-saturating a small market like ours isn't likely to give the competitive outcome it might be easy to think it would.

⊖ 29

95% lenders

We've got a couple more lenders offering 95% mortgages than we did this time last year. And that's really nice to see. It's a good sign of an understanding of the nuances of the market. Plus, it indicates that repossession rates are low enough to mean that going to 95% is a move worth making.

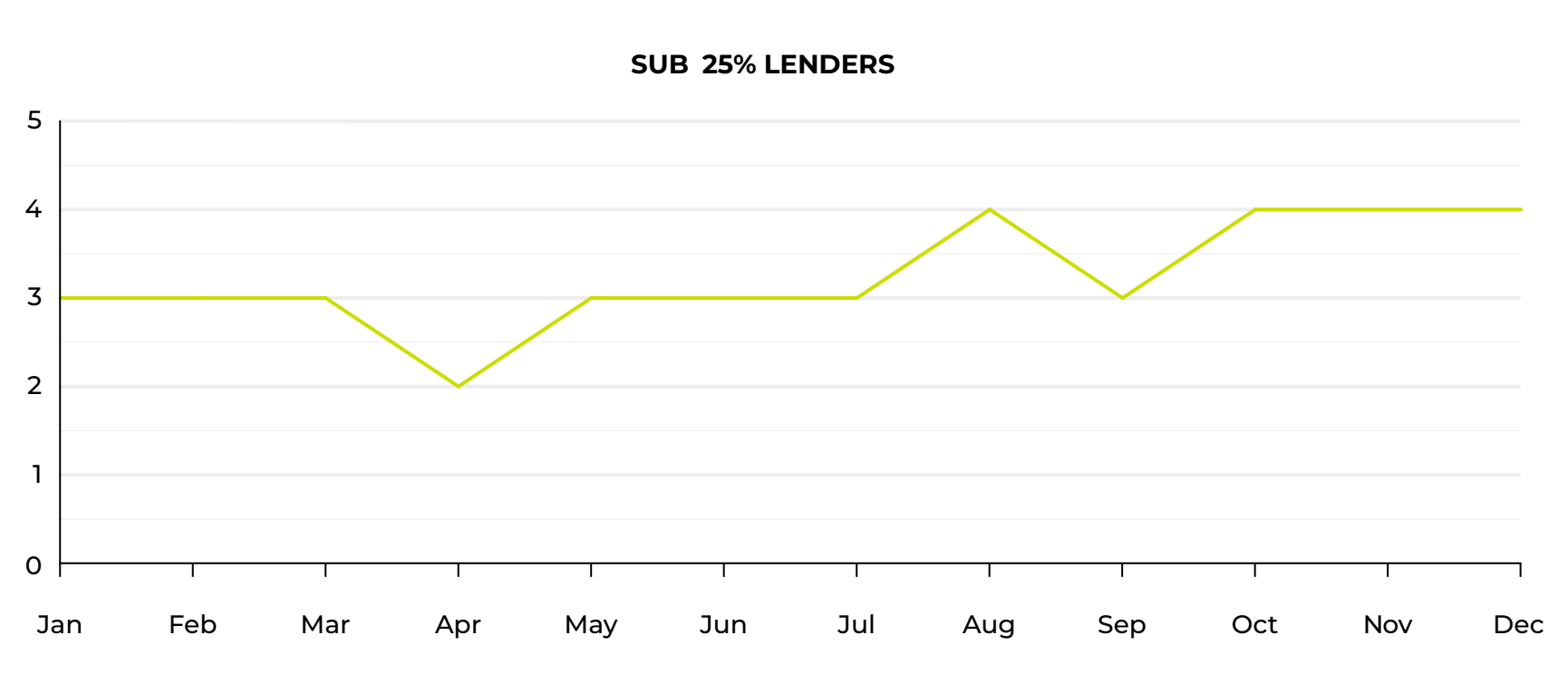
Hopefully this trend will continue, because lenders improving their products is something our sector can never have too much of!

▲ 27

Sub 25% lenders

2024 saw a few sub-25% lender ins-and-outs, but the total is up. It's worth mentioning here that the need for customers to buy a 10% share remains very rare. Especially outside of London.

So, although there's been an uptick over the past year, we're likely to see a big increase for the foreseeable future. The demand simply isn't there.



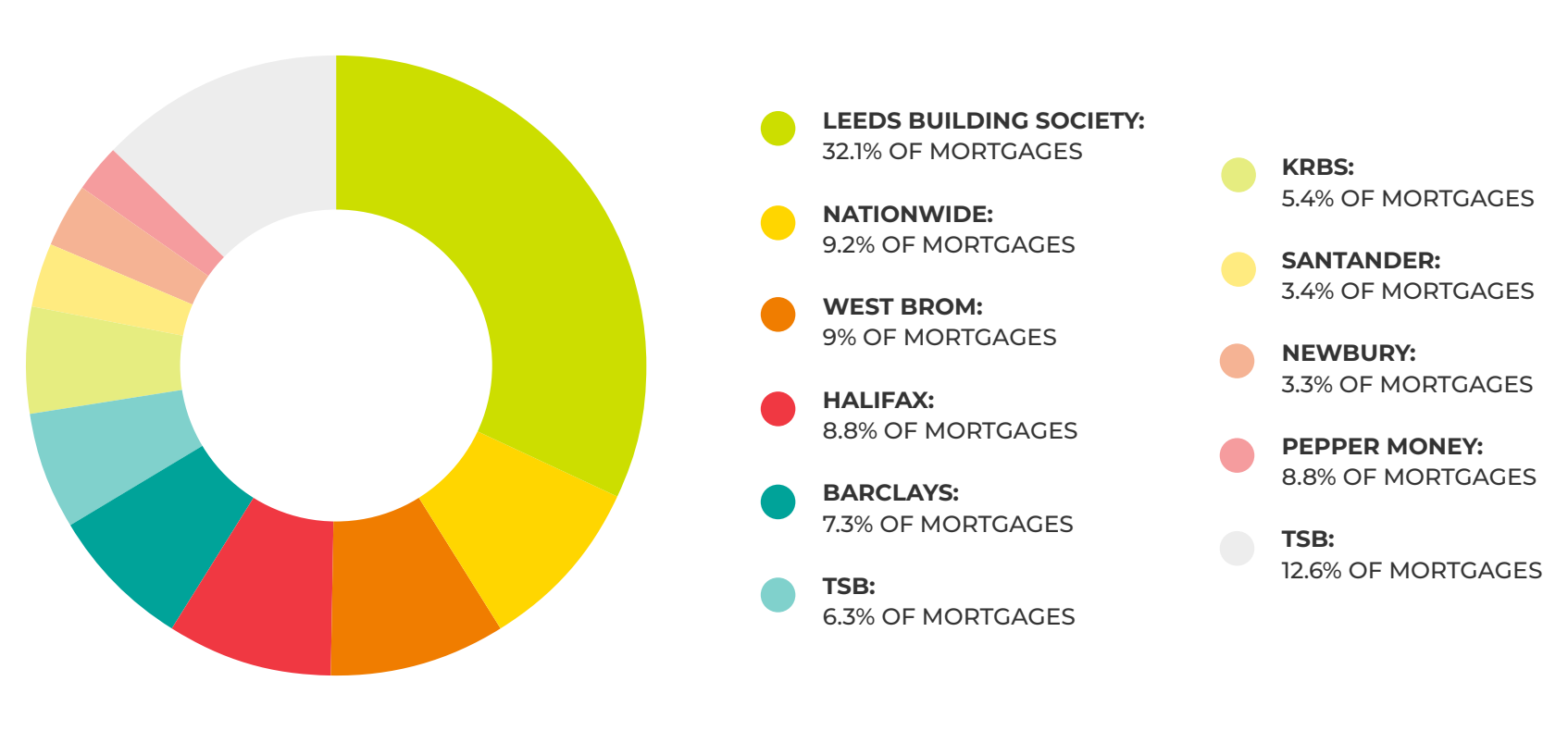
Dominant lenders by rate

Leeds are still the big kids on the block (with us, at any rate). But over time, lenders' services naturally fluctuate. New lenders coming in with the best 5% deposit rates in the world tend to get swamped and then disappear, unlikely to be seen again. So: dominant doesn't necessarily mean that forever.

Last year we didn't see anything like the end of Help to Buy, stamp duty changes, or the other big disruptions that have come along in recent years. Those things put huge pressure on lenders. There's been nothing to cause major behaviour changes, either. So what we've got instead is a relatively stable market. Wow, that does feel nice to say.

	TWO YEARS	FIVE YEARS
95%	Reliance	Newbury
90%	Reliance	Virgin Money
85%	Reliance	Leeds

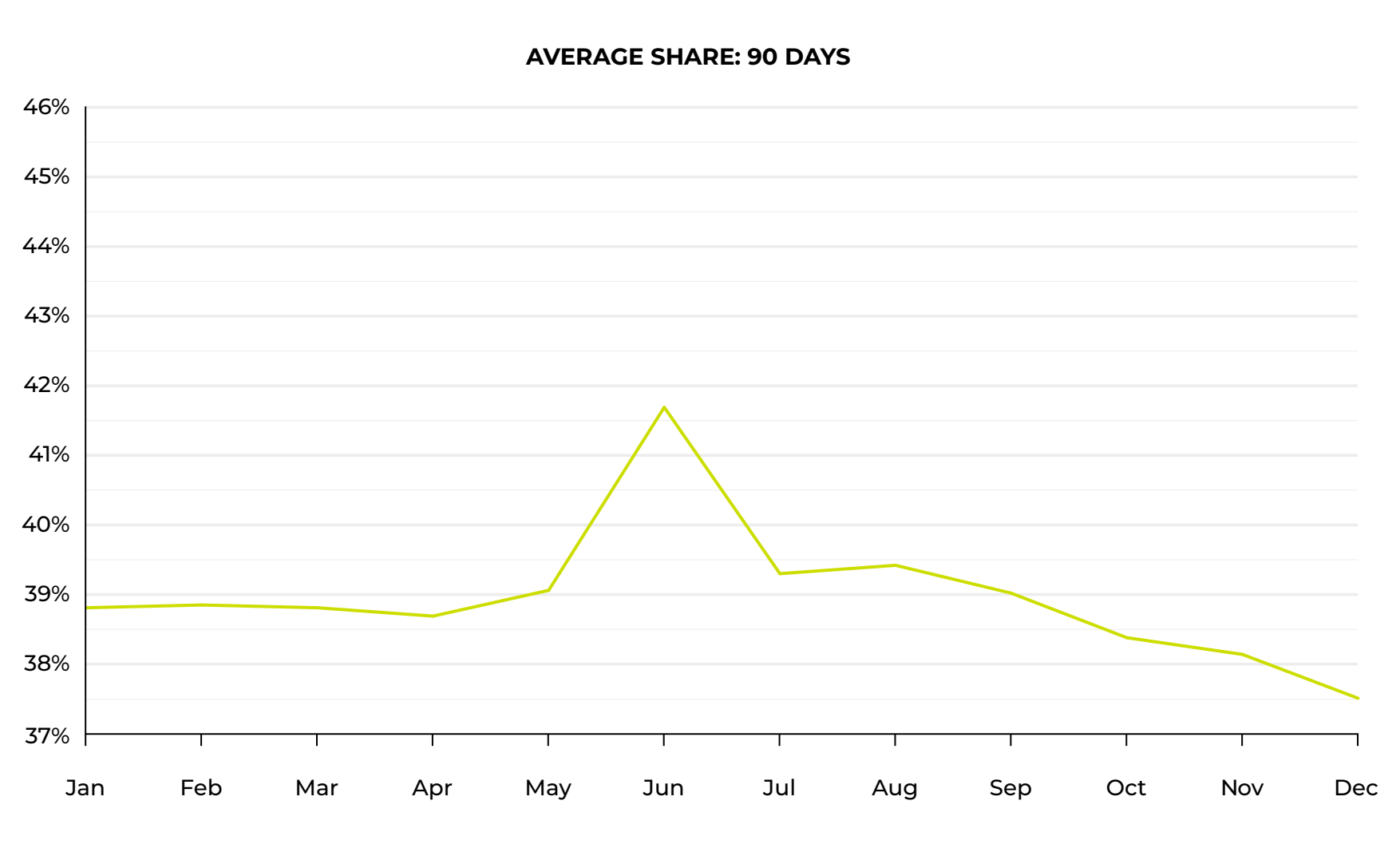
RATIO OF LENDERS



Average share: 90 days

There's been a drop. And it's probably fair to say higher interest rates have played a big role in that. After all, the size of a share a customer can buy is always linked to the interest they pay: higher rates equal lower shares.

After a brief spike, they dipped after the affordability changes, but that was probably always going to happen. Since then, the downward slide has continued… but our on-the-ground feeling is that this is due to change. Our fingers are crossed that by the end of this January they might tip the 40% mark again. One to watch.

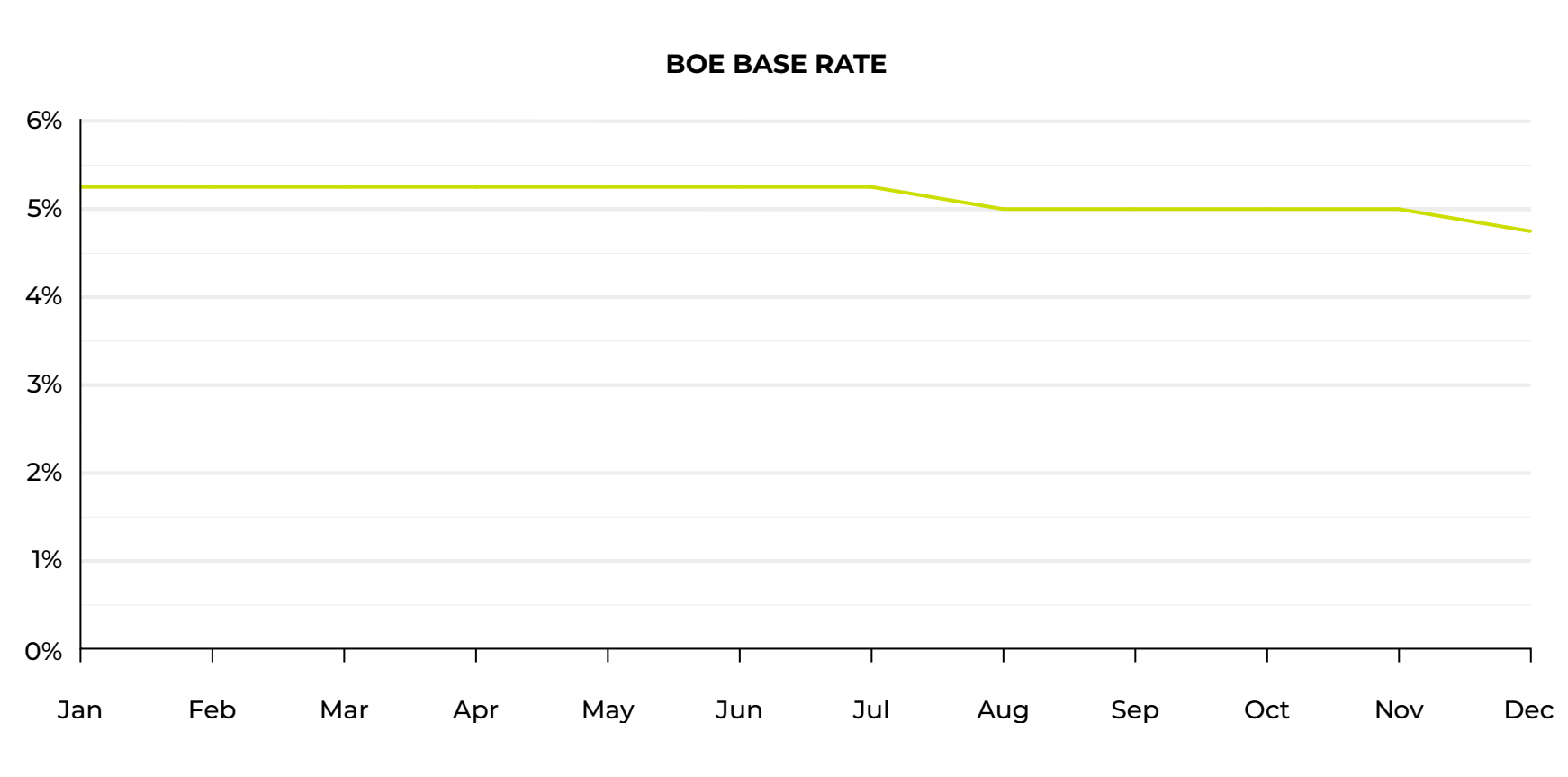


Bank of England base rate

Back at the start of last year, the Bank of England base rate had plateaued after reaching a 15 year high of 5.25%. Fast-forward to now, and it's on the descent. Gradually.

August saw a fall to 5%, then in November it was cut again to 4.75%, where it still stands.

That's hardly a freefall, but then drops were never expected to be big or come in quick succession. Downward movement is downward movement, and even a little is nice to see. Let's hope speculations for another drop this year come true.



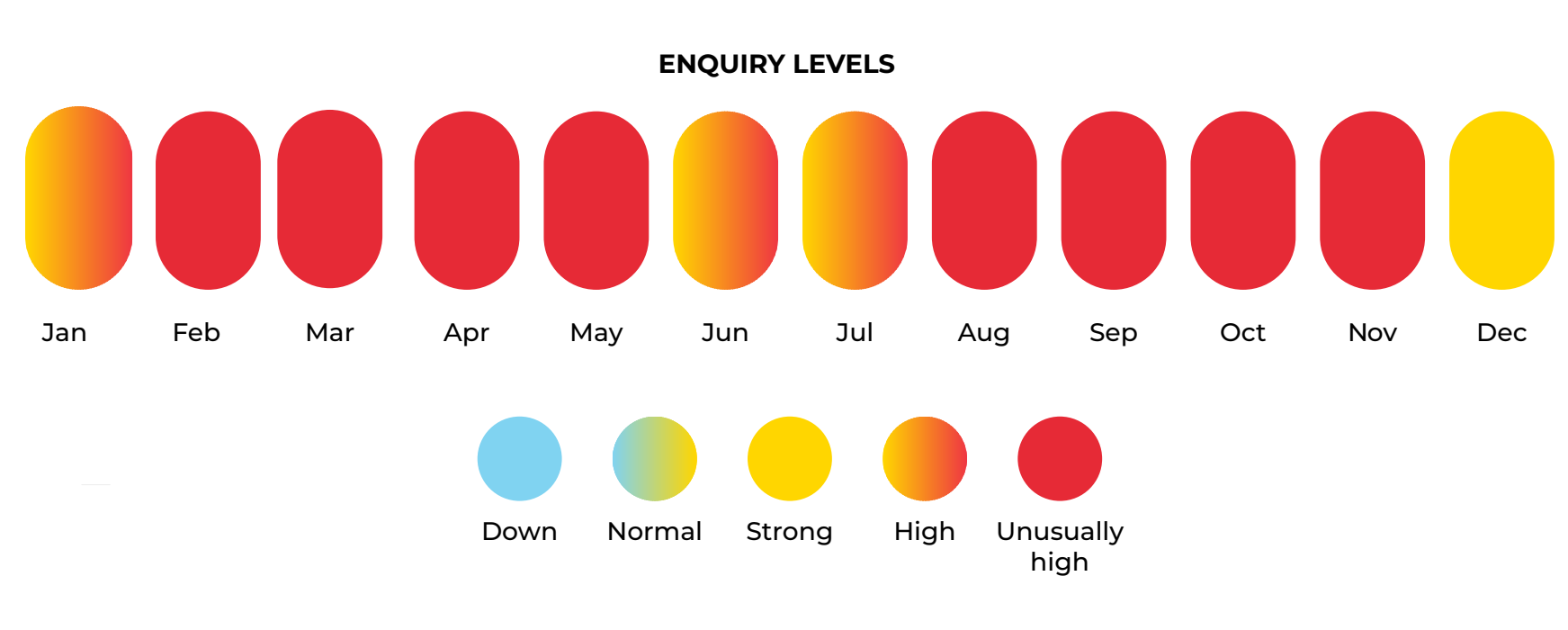
Enquiry levels

Busy, to busier, to a whole new level of busy. That's the story of our enquiry levels during 2024. We've never known anything like it. Gone were any trace of the usual seasonal slowdowns, and new records were set then smashed month after month.

Since 2020, the pattern had been an enquiry-heavy start to the year, a petering off during the summer, then another busy period in Autumn, followed by a dip for Christmas. 2024 bucked the trend. Big time.

In last year's round up we talked about an unexpected January spike. Well, that spike ended up lasting all year. Even December was busy last year. And Christmas Day? Five new customers registered.

The affordability changes may have meant that brokers started to receive all enquiries, and that's gone to show just how much more activity there is in Shared Ownership than was previously apparent from a data perspective. If that's the case, what we're now seeing is the complete picture. One thing we can say for sure? There's been a shedload going on in Shared Ownership.



Loan To Value

Generally speaking – we're showing mean, modal and median averages for context – in 2024, people borrowed between 90 and 95% of the value of the property. At TMP, we might see the occasional 75% loan, with people finally investing their 'Covid savings pot' or money from elsewhere, but it's rare.

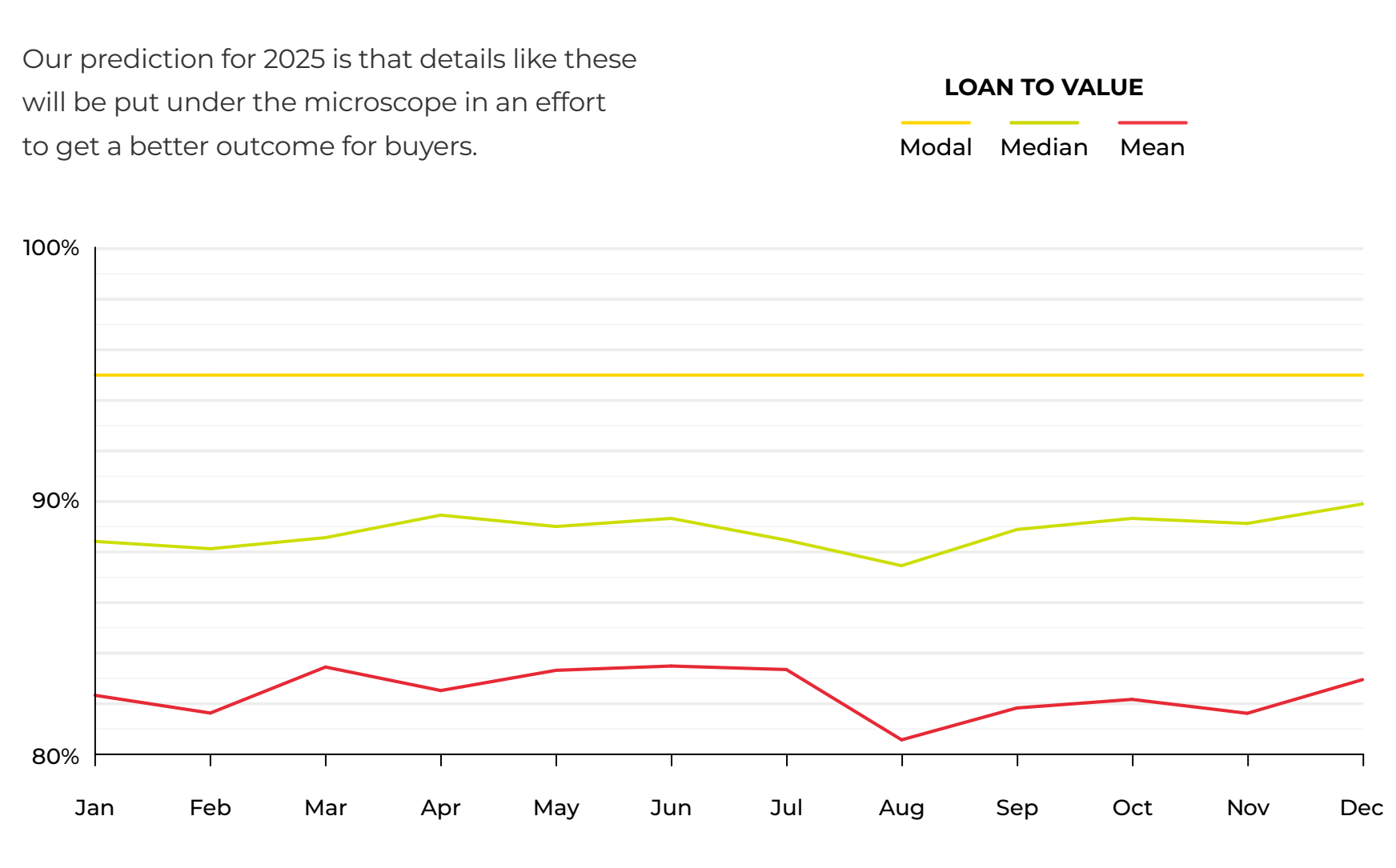
What we have seen is an increase in gifted deposits. We don't have figures on this yet (we'll add this to our list of metrics to track) but our estimate would be that around a third of cases are coming through with gifted deposits.

Which begs the question: is it worth us, as a sector, being a bit more pragmatic and revisiting how we think about 100% mortgages? And while we're about it, isn't it time to take another look at why we are declining people with adverse?

Our prediction for 2025 is that details like these will be put under the microscope in an effort to get a better outcome for buyers.

LOAN TO VALUE

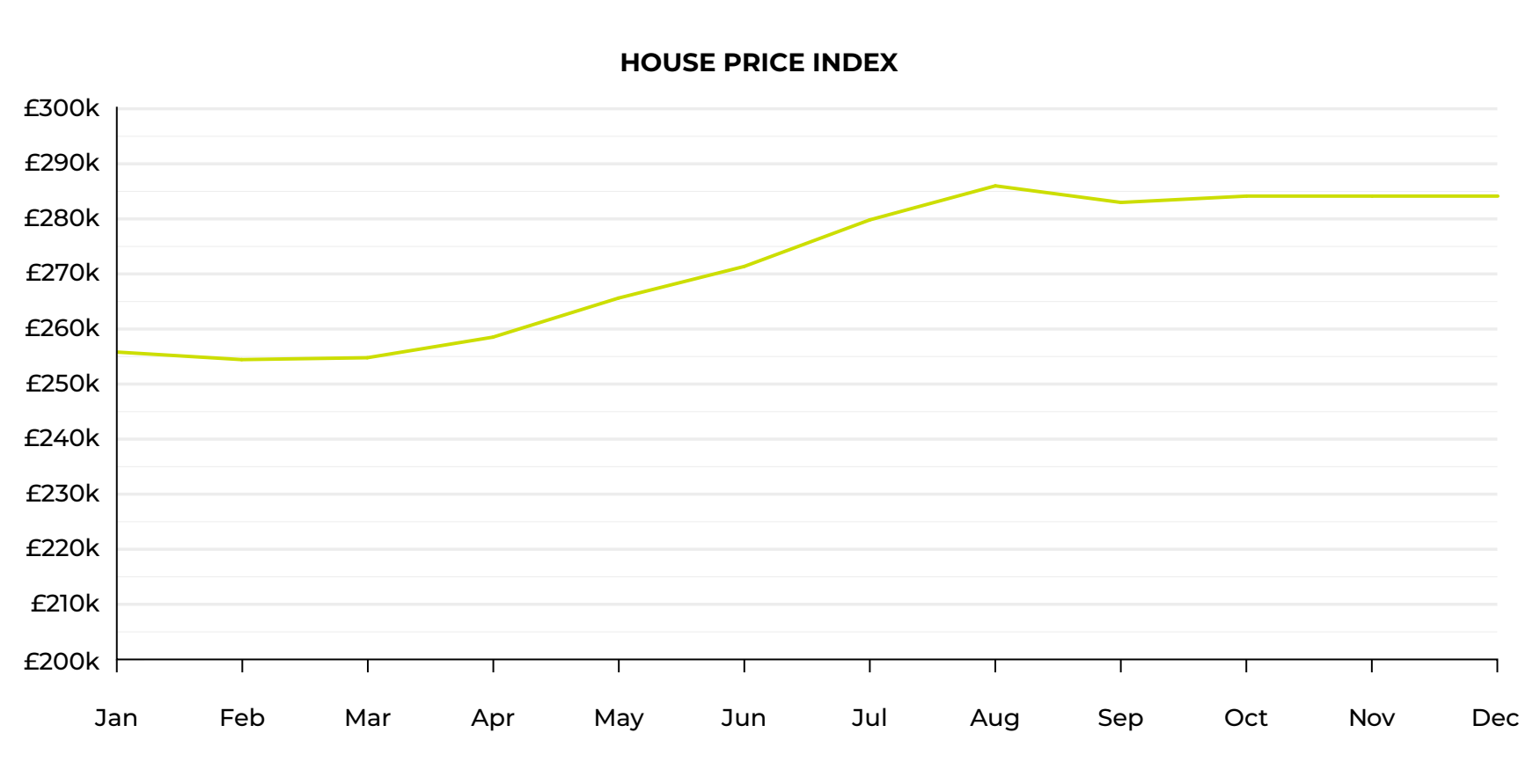
	Modal LTV	Median LTV	Mean LTV
January	95	88.42	82.33
February	95	88.13	81.63
March	95	88.57	83.45
April	95	89.46	82.52
May	95	89.01	83.32
June	95	89.33	83.49
July	95	88.47	83.35
August	95	87.46	80.57
September	95	88.89	81.83
October	95	89.33	82.17
November	95	89.13	81.62
December	95	89.9	82.95



House price index

With the average house price in the UK now at £292,059 (as of October 2024; most recent figures), property prices have risen by 3.4% over the past year. In 2025, the average UK house price is set to rise by 2.5%.

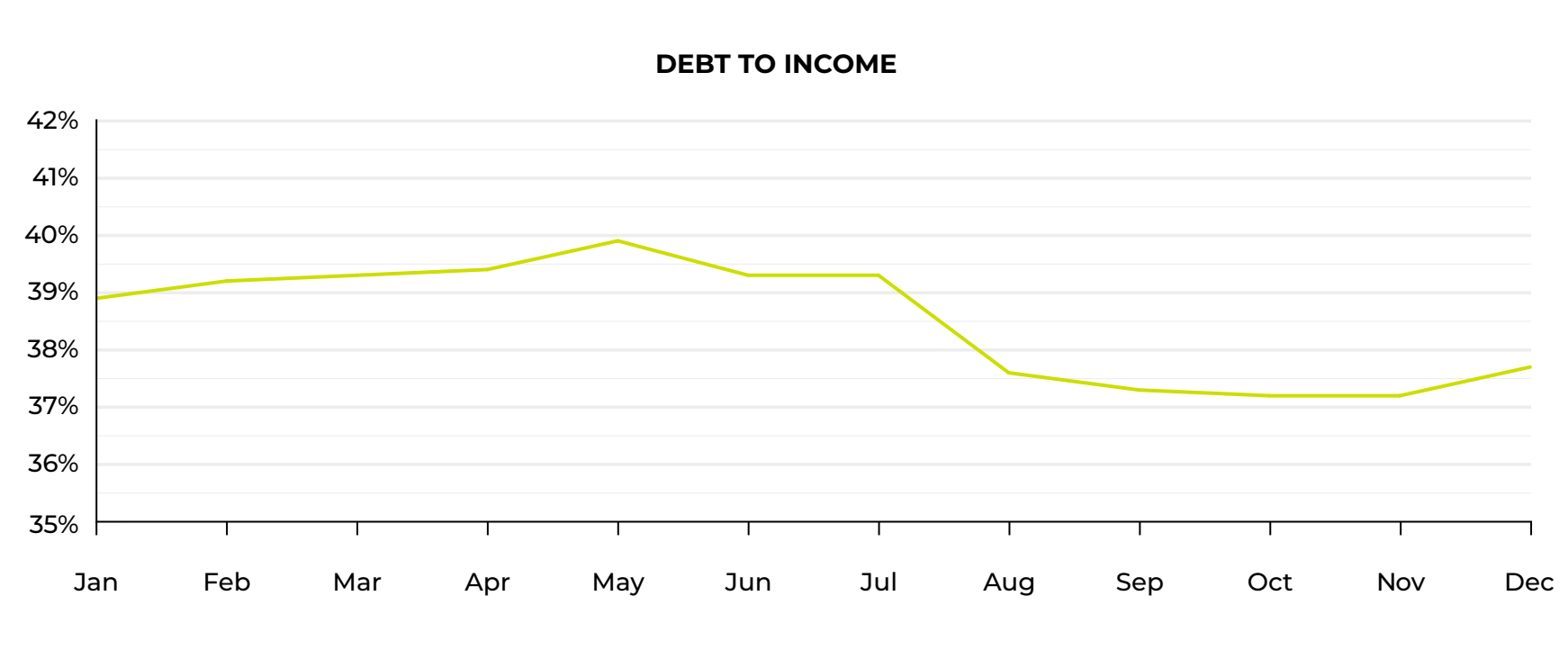
According to Zoopla: "Buyers and sellers returned to the housing market in larger numbers over 2024, having delayed moving decisions in the face of higher mortgage rates. More homes for sale and lower mortgage rates has driven a sustained growth in new sales over 2024, with the end-of-year sales pipeline at its highest for four years."



Debt To Income

The measure for DTI has changed this year (Homes England's changes were designed to eradicate some behaviours around affordability), but as expected we're seeing a slow, gradual decline. And we're seeing very, very few cases coming through with a DTI in excess of 50%.

Let's not forget, 2024 was a landmark year for changes. We've had a complete change in method for how we look at affordability and we expect that, as RPs become more and more comfortable with the new affordability processes, they'll tailor things so that we start seeing DTI returning to its old levels.



TMP TEAM TALK

Get ready for TMP 2.0

We've grown in 2024, welcoming many new team members as we've navigated a busy year and the monumental changes to affordability. Has it been plain sailing? No. But Shared Ownership is more complex and nuanced than the open market, and the time and the effort that we've invested in our people this year will continue to reap rewards for both us and our RPs in 2025.

We're also embracing and extending our use of technology in 2025, not to cut corners, but to improve the customer journey, make assessments even more accurate, and improve outcomes for more people than ever before.

Because that's what it's all about, isn't it?

YOUR AMAZINGLY HELPFUL MORTGAGE PARTNERS

19+
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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