

Finding stability in volatility

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Availability of Mortgage Products

There is much coverage of lenders 'exiting' the market; this is not the case. Lenders are withdrawing products temporarily because they're no longer profitable and they can't afford to maintain them whilst they prepare re-priced products. This is not the same as 2008; lenders want to lend and will be back very shortly albeit with higher prices. Even last month the average product was available for 17 days; this is now considerably shorter. Therefore, it's imperative to act swiftly to secure products and to have ready the necessary documents for packaging.

Mortgage Interest Rates

Around 80% of mortgages have the advantage of a fixed rate interest product with the security of the payments for the fixed period. However, in light of recent events, **we are now recommending a review for any mortgages due to expire this & next year**. Of course, it's key not to fall on to the lender's standard variable rate (SVR), although analysis must also be made to establish if it is financially prudent to remortgage earlier than originally intended to have stability and peace of mind with today's rates. Establishing a breakeven interest rate is extremely helpful to assist this decision-making. We will need to conduct a full fact-find and consider individual circumstances and goals in a calm and measured way. A consideration should also be made to establish any capacity to overpay the existing fixed monthly payments. This will moderate any future payment shocks and reduces the loan, potentially improving the LTV pay rate tier when refinancing is actioned.

Housing Market

The recent increasing of Stamp Duty Land Tax nil-rate thresholds for first time buyers (£300K to £425K) and for homemovers (£125K to £250K) is welcomed but the impact will be stymied by mortgage rate increases. It must be said that this will not help most FTB as the a typical purchase price was already below the £300K threshold. The economic backdrop and affordability challenges will most likely mean a return to a buyer's market. It is anticipated to see a house price growth slowdown, last month Zoopla suggested an 8% annual growth, but not a market crash.

Importance of Advice

The power of quality mortgage advice is even more important today. Not only are the rates changing rapidly, so too is lender affordability assessments and criteria. This coupled with complex income structures means a detailed understanding of lending criteria and good lender relationships can be a super benefit to open up opportunities and sourcing of right products for great client outcomes.

Your home may be repossessed if you do not keep up repayments on your mortgage.