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Mortgage and Property

Halifax HPI – reaction from brokers and property experts

by Brandon Russell | Feb 7, 2023

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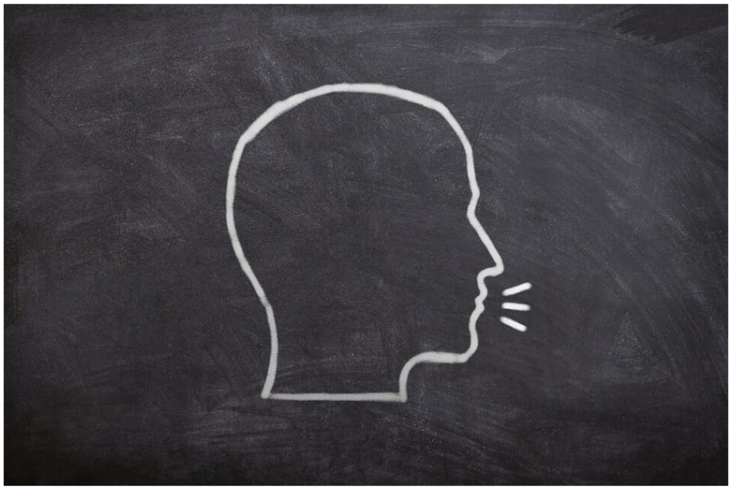

Following today's report from Halifax on HPI – mortgage brokers and property experts have shared their reactions with IFAM via Newspage.

Katy Eatenton, mortgage and protection specialist at St. Albans-based Lifetime Wealth Management: "Though the annual rate of house price growth slowed last month, and prices are down on the quarter, for January to flatline shows the fallout from the mini-Budget may now be behind us. Fixed rates are falling daily and the price war among lenders appears to be supporting the property market. However, while fixed rates falling is brilliant news, those that are completing purchases or remortgages imminently will miss out on further future reductions unless they go for a tracker with no early repayment charges for the next few months until fixed rates stabilise and then switch over. The downside to a tracker, of course, will be if the Bank of England raises the base rate again towards the end of March."

Nick Harris, co-founder at Wokingham-based Quarters Residential Estate Agents: "Activity was far busier than expected in January given that buyers went into hibernation at the tail end of last year following the mini-Budget. This may explain why prices stayed flat rather than fell last month. After a quiet first half of the month, once the schools returned buyers and sellers alike were back in touch and we started to see some pre-pandemic seasonality return to the market. At the moment, discretionary buyers are staying at home but those with a compelling reason to move are active, albeit often with revised budgets given affordability due to higher rates and inflation. Given the current level of buyer activity, we expect prices to hold and perhaps even increase marginally throughout the year. Last week's base rate increase appears to have had little impact on buyers, and with mortgage rates continuing to trend downwards, albeit marginally, market confidence remains stable."

Zaid Patel, director at London-based estate agents, Highcastle Estates: "January was far stronger than we'd expected and this data underlines that. The first week back was very quiet, as usual, but now we have four sales agreed. Two buyers are investors and the others are first-time buyers. The first-time buyers met the asking price, as neither vendor was rushing to sell. In comparison, the investors both had offers accepted 10%-15% below the asking price, as both sellers are landlords now on a variable interest-only mortgage, which has increased considerably. This weekend we have an open house for a property that needs complete refurbishment. There are 37 buyers booked in, varied between first-time buyers and investors, with four cash offers under asking price already on the table. Still, we're confident we can achieve above asking price. There's life in the property market yet."

David Conway, director of Woodford Green-based mortgage broker, Clayhall Financial Services: "The property market was buoyant in January, after a juddering December. There's almost a 'feel good factor' emerging as buyers are surprised at access to fixed rates of around 4%. Mortgage rates are on a downward spiral. The current 2-year swap rate is almost 4% and the 5-year at 3.25%. Borrowing at 3% will still seem cheap even if it's double the rates of recent times, and expect that pattern to continue. Lender confidence has them actively competing for buyers' business and they are also being innovative in the buy-to-let market. With affordabilty and lending calculations expected to improve, unemployment now predicted by the Bank of England to not rise as much as expected and inflation slowly getting back under control, 2023 should be a year of recovery not carnage. The projected house price drops should be nothing but a blip."

Steven Morris, director at Bristol-based independent mortgage broker, Advantage Financial Solutions: "Though the property market is still under pressure, the fixed rate mortgage price war currently raging and the fact prices were flat in January shows there's light at the end of the tunnel. Every time we apply for a fixed rate for a customer, within no time it's cheaper elsewhere. I am currently on application number six for the same client in a bid to get them the best deal, which must be a personal record since I started advising back in 2008. On the one hand, it's great, but on the other, it's outright insomnia."

Luke Thompson, mortgage adviser at King's Lynn-based PAB Wealth Management: "I had a customer last week who was able to save over £150 a month compared to the interest rate I was originally able to offer them back in December. In short, the mortgage market is really starting to improve and this will eventually feed through into the property market. The fact that prices didn't fall in January may suggest it already is. It is important to remember that back in September and October of last year, due to the mini-Budget, there was a significant amount of turmoil in the money markets and this caused rates to have no real correlation to the Bank of England base rate. What we have seen recently is the return of normality to the markets, which has meant that lenders have been able to reduce their rates. In addition to this, fewer buyers due to a slowdown in the property market has meant lenders have had to start competing for business, which has triggered the fall in fixed rates over the past month or so."

Gary Bush of the Potters Bar-based MortgageShop.com: "January was busier than expected, showing signs that the general public has now factored the higher fixed rates into their budgets. We are optimistic that the UK property market in 2023 will represent good value to buyers and be a busy period on the whole. The expected 0.5% increase, last week, in the Bank of England base rate was already baked into lenders' fixed rates and, encouragingly, we saw a fixed rate at sub-4% appear for the first time in a while. We're seeing a mixed bag of applicants coming to us, mainly remortgagors and first-time buyers. Affordability is tricky with lenders' black box guided criteria proving troublesome."

Nicola Schutrups, managing director at Southampton-based mortgage broker The Mortgage Hut: "We've seen inbound enquiries from new customers increase to "pre-Truss" levels with lots of customers now coming to terms with the rate shock they had in Q3 and Q4 of last year. Activity in the market for us has gone from around 40 customers a day contacting us to around 80 a day, which is nearly back to our normal average during the height of the market. Customers seem more confident that rates are coming towards their peak and, as with all markets, there is a necessity to move, whether that be through marriage, divorce, birth, death or something else. What we have noticed is a shift in customer preferences back towards shorter fixed rates and also discounted and tracker rates as the perceived risk of increasing rates reduce."

Gaurav Shukla, mortgage adviser at London-based broker, Home Me: "The first couple weeks of January were quiet, which was the usual hangover from Christmas. Since then, it's been much busier with a lot more first-time buyers coming back to talk to us. I suspected this would be the case as fixed-rate mortgages have been reducing consistently. The housing market in 2023 won't be as bad as first feared and I genuinely believe we are heading in the right direction. Affordability is still an issue for buyers at the moment, especially those with existing debts or on incomes lower than £50k, as the cost of living has increased and with energy prices due to rise again, this will have further impacts. Towards the end of the year is when we will see affordability eased further off, as energy prices hopefully come down."

Gindy Mathoon, founder of Derby-based mortgage broker, Create Finance: "Although the base rate rose last week, the price of fixed rates is coming down. As fixed rates decrease from the highest levels seen in a number of years in October 2022, the enthusiasm among homeowners looking to move is reappearing again. During the start of the pandemic we saw fixed rates in and around the 3% mark. Fast forward to today and fixed rates just above 4% are available and, for a number of borrowers, this isn't such a drastic increase in monthly payments. Getting the loan amount you actually require can be an issue unless you're a high income earner with a salary of typically £70,000+. Accord, HSBC, NatWest, Halifax can lend 5.5x income multiple for larger income earners, which can boost affordability. However stringent affordability rules are affecting those households with lower incomes."

Austyn Johnson, founder at Colchester-based Mortgages for Actors: "It's still a fact that the UK cannot build houses fast enough, and I'm still getting enquiries for all types of property, from new build to residential, from commercial to buy-to-let. Things are not slowing down for us, we are simply adapting to different areas of the business. If the market stays like this until it has stabilised, I can foresee a big boom in the market when the property market has bottomed out. Landlords will be snapping up all of this cheaper housing and then remortgaging it to release equity once house prices are back up again."

Rob Gill, managing director at mortgage broker Altura Mortgage Finance: "Mortgage activity picked up strongly from mid-January. After a short buyers' strike in the aftermath of September's mini-budget, softening property prices have started to attract buyers back to the property market, aided by falling mortgage rates, which are now approaching pre-mini-Budget levels. With inflation and base rate both looking like they've peaked, the outlook for the housing market is a lot rosier than many of the dire forecasts of a few weeks ago."

Vishal Vyas, partner at independent mortgage broker, London Mortgage Partners: "The level of activity and enquiries was surprisingly high in January, from first-time buyers to first-time landlords and developers alike. We have seen a particular uptick in enquiries from first-time buyers, especially those looking to utilise recent salary increases or receipts of their annual bonuses towards mortgage affordability, to allow them to make a move in the market that they may have delayed in the fourth quarter of 2022. Landlords and developers are still active and looking for opportunities in the marketplace, as stress tests reduce and loan-to-values increase. Though we had a base rate increase last week, this was priced in and lenders need to remain competitive to position themselves in the market. Hopefully, this will see rates remain consistent."

Justin Moy, founder at Chelmsford-based mortgage broker, EHF Mortgages: "January has been nearly 300% better than December, but that's not a difficult increase to achieve. The mix of enquiries has been from all corners, first-time buyers, upsizers and landlords alike. Landlords have noticed that rates have fallen, and the professional ones are definitely keeping an eye out for a bargain or two. The Bank of England has signalled their forecast of a peak in the base rate, which should give the signal to the market to launch cheaper fixed deals. Long-term rates are now below 4%, and others will follow in due course. This will give everyone a boost, especially those home movers who were scared by the thought of rates of around 6%-7% before Christmas. The opportunity to buy, over the cost of renting, still makes it an attractive option to jump on the homeowning ladder."

Samuel Mather-Holgate of Swindon-based advisory firm, Mather & Murray Financial: "Confidence in the housing market is low and despite the Bank of England revising its forecast for the UK economy, it is still expecting to raise rates further and is predicting a recession lasting over a year. This is not good news. The housing market will continue to fall this year, and it won't be until summer until confidence returns. This is when the central bank is most likely to start slashing rates. This will be a result of an incoherent policy of rate rises in the face of a recession. Sit on your hands and wait for the sunny weather before entering property in 2023."

Graham Cox, founder of the Bristol-based broker, SelfEmployedMortgageHub.com: "Whilst the economic picture is looking slightly better, the housing market fundamentals haven't changed. Mortgage rates are likely to remain, at best, double what they were in late 2021, making affordability extremely difficult for many. About 1.2m mortgage holders will be remortgaging onto those much higher rates this year. Landlords are selling up in droves either because it's no longer profitable or they can't refinance, or both. And we're heading into a recession. All these factors will put downward pressure on property prices. The good news for first-time buyers and those looking to buy a bigger home, is house prices are falling fast and are likely to continue falling well into next year. My best guess is a 15%-20% decrease in 2023 and a 25%-30% drop peak to trough."

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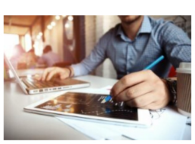

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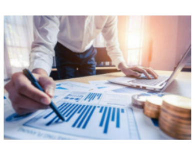

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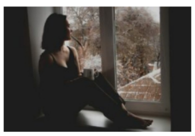

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