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Mortgage and Property

Nationwide HPI: "January was a tale of two halves" – reaction from estate agents and brokers

by Brandon Russell | Feb 1, 2023

Following the Nationwide January house price index published this morning, Newspage have shared the thoughts of estate agents, mortgage brokers and financial advisers with IFA Magazine:

Nick Harris, co-founder at Wokingham-based Quarters Residential Estate Agents: "Though average property values fell in January and annual price growth continued to slow, overall activity levels were stronger than expected. January was a tale of two halves. The first half saw tumbleweed on the streets while the second half was particularly energetic. Once schools had returned, parents were able to breathe a sigh of relief and activity levels immediately picked up. The high number of browsers reported by the property portals in the first half of January did not materialise into viewings until later in the month. An interest rate hike this week will cause people to pause for longer but as long as we continue to see the number of mortgage products increase and fixed rates decrease, we'll see the return of buyers. Locally, I don't expect prices to fall in 2023. In fact, a small rise is likely and this will be the same in many areas of the South East. Nationally, of course, the picture may be different as the Nationwide data shows average values continue to fall. 2023 could be a patchwork property market in terms of values."

Kylie-Ann Gatecliffe, director at Selby-based independent mortgage broker, KAG Financial: "While December saw many buyers put the brakes on, in January they put their skates on. The downward pressure on prices once again reported by the Nationwide is stimulating demand. We have had an influx of enquiries from people looking to remortgage or move this year. I think the Bank of England will increase the base rate this week but the increase has already been priced into the fixed rates being offered. This means current activity levels should continue. However, the main challenge we are facing is buyer confusion around the link between the base rate and lenders pricing their products. We have been educating our clients more on swap rates and how the rates are actually looking, as opposed to the doom and gloom of the headlines. We are simply going through a slight correction to pre-pandemic prices and I will be surprised if average values drop by more than 10%."

Gary Bush of the Potters Bar-based MortgageShop.com: "The continued decline in annual price growth in January was always on the cards as the fall-out from the mini-Budget continued. Property prices in 2023 are almost certainly set to undergo a correction after the crazy highs of the past two years and the strength of the economic headwinds. However, if fixed-rate mortgages keep reducing, as they currently are, then with the shortage of decent available properties across the UK and a strong jobs market we may get away with a temporary rather than a long-term reduction in house prices. Economically, 2023 is set to be turbulent and affordability remains an issue, but despite this we may not see the dramatic house price falls many are predicting."

Phil Gamblin, founder of Cardiff-based mortgage broker, Oak Financial: "While annual price growth continues to slow and prices dropped in January, there's still life in the property market and, as it often does, it defied expectations in the first month of 2023. We've seen a large number of enquiries from home buyers and remortgagers alike, suggesting that the turmoil felt at the end of 2022 is dying down and confidence is returning to the market. If, as expected, the Bank of England raises rates again this week, I don't expect this to have a massive effect on the property market. Mortgage rates have been coming down consistently over the past couple of months and lenders are now firmly entering 'rate war' territory. This will only encourage buyers further. House prices have dropped, on average, by around 5% in the past few months. I think we can expect the same to happen over the next three to four months and that things will then level off. I don't think the huge price drops that some are predicting are going to materialise, all the more so given the lack of stock."

Vishal Vyas, partner at independent mortgage broker, London Mortgage Partners: "The level of activity and enquiries has been 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. A base rate increase is likely but we are hoping that some of this may be priced in, with swap rates maintaining their level and lenders needing to remain competitive to position themselves in the market. Hopefully, this will see rates remain consistent."

Joe Stallard, director of Stroud-based House & Holiday Home Mortgages: "Making predictions about the housing market at the moment is a mug's game. The mainstream media are constantly pushing the doom and gloom narrative but some sellers we're working with now are getting above asking price offers, as there's still intense competition for limited stock. For anyone selling right now, it's all about going in at the right price to start with, as if you don't, you won't generate any interest. There's still plenty of activity out there despite the Bank of England's hawkish stance. There's life in the property market yet."

Rob Gill, managing director at London-based mortgage broker Altura Mortgage Finance: "After a quiet start to 2023, mortgage enquiries have risen dramatically from mid-January to something approaching pre-mini-Budget levels. Flat-lining property prices have enticed buyers into the market, and the outlook for the property market looks better than many expected."

Hannah Bashford, director of Devon-based independent mortgage broker, Model Financial Solutions: "In January, we saw a lot of remortgage enquiries and a small amount of enquiries regarding buying or moving home. We often see a lot of people looking at what they can afford at this time of year and this correlates with an increase in properties on the market. Although we do have some enquiries about affordability and clients looking to move, it has not been the usual January rush. The Bank of England rate hike that is forecast this week will have little impact on fixed rates as these are already priced to include the expected base rate increases, but people who have taken out tracker rates will see a difference and discounted rates will likely be tweaked. I don't think there will be a property crash, but more of a correction in prices from the highs we have seen over the past couple of years."

Gaurav Shukla, mortgage adviser at London-based broker, Home Me: "January has been busy as fixed rate mortgages have started to come down considerably compared to October 2022. This is having a positive impact on house prices as they aren't dropping as much as experts and the media estimated. Even back in Q4 2022 I felt house prices would only drop around 5%-8%, which would be a market correction rather than a housing market crash, and this seems to be the case. People still want to sell and more importantly, people still want to buy. When the base rate increases again, it won't have much impact on the mortgage market, unless you're on a standard variable rate or a tracker product. The fixed rate market has become a lot more competitive and we are seeing rate reductions constantly, so more people are interested in buying again, despite the numerous economic headwinds.

Jamie Lennox, director at Norwich-based mortgage broker, Dimora Mortgages: "Despite initial concerns, January has been extremely buoyant with plenty of people looking to buy or move. The right property at the right price will continue to sell even with the economy where it is. However, agents who have overvalued properties to win listings are going to find they are stuck with stock that won't move. Any further base rate increases will have minimal impact on customers looking to buy given that the pricing of fixed-rate mortgages continues to fall."

Craig Fish, Managing Director at London-based mortgage broker Lodestone: "January is generally a slower month than normal and this year was no different. However, we have been inundated with enquiries from first-time buyers who all sense that they can grab a bargain, and with mortgage rates dropping it's all looking very positive. I anticipate that property prices will drop by no more than 10% this year, which is a slight correction rather than the crash that has been reported by many. There is also every reason to expect a 0.5% base rate increase this month, but this will not affect the fixed rate offerings from lenders."

Riz Malik, director of Southend-on-Sea-based broker, R3 Mortgages: "January has surprised me as there has been more purchase activity than expected given the catastophe that was the last quarter of 2022 and all the rate hikes. Many people have come to terms with the fact that the rates are the rates and it will not stop their life plans. The January sales even made their way into the mortgage market, which has certainly helped stimulate activity. Property investors on the other hand seem to have temporarily gone into hiding. Given the surprising level of purchase activity in January, I do not think a rate rise this week will dampen the mood of those who want to move. All it may result in is people preferring one mortgage product over another or extending the term of the loan to keep the repayments reasonable."

Justin Moy, founder at Chelmsford-based mortgage broker, EHF Mortgages: "The expected base rate increases have already been factored into recent mortgage pricing, so a base rate rise this week will do little to dampen any confidence in the market. Those who flocked to tracker rates may move back to fixed rates as the gap between the pricing narrows further. But activity has been quite brisk so far this year, with both first-time buyers and homemovers looking at their options, the cost of moving, and setting budgets accordingly. The ability to buy, rather than rent, is one of the biggest reasons that buyers are still looking, even if prices are delicate at the moment."

Gary Boakes, director of Salisbury-based mortgage broker, Verve Financial: "All the fixed rate mortgage reductions we've seen are bringing buyers back to the market. We have had several buyers who held off from doing anything in the last three months of 2022 following the mini-Budget and are now feeling confident enough to start looking again. Appointment levels have certainly increased and expect that to translate into an increased level of mortgages agreed over the next few weeks. The Bank of England base rate rise this week should not affect the market. If anything, if we get a base rate rise and lenders continue to drop rates then it is only going to boost confidence in the market further. How the base rate rises are portrayed by the media is usually the biggest worry. Even if Bank Rate is hiked to 4.5%, I expect we will see mortgage rates comfortably between 4%-4.5% for the rest of the year."

Scott Taylor-Barr, financial adviser at Shropshire-based Carl Summers Financial Services: "I've been surprised at the number of calls I've had in January from people who have just agreed on new purchases, both owner occupiers and landlords. I expected January to be a lot quieter due to all the negative talk around rate rises and house prices, so I'm happy to see that people aren't believing everything they read and are being pragmatic about buying when they are ready and not waiting for a "perfect time to buy", which rarely ever comes."

Samuel Mather-Holgate of Swindon-based advisory firm, Mather & Murray Financial: "Confidence in the market is pretty low and the number of properties being listed shows that. Although the listing prices are more realistic than asking prices last month, there is a long way to go before buyers are tempted back as we know more rate rises are coming and that there is a plethora of bad economic news down the line. House prices will fall 15% by the summer when the pain of the national finances is being fully felt. However, when the central bank reacts to this by cutting rates and the Government start signalling they may relax some of their tax increases, confidence will return and we could see out 2023 on an even keel."

Graham Cox, founder of the Bristol-based broker, SelfEmployedMortgageHub.com: "We're seeing plenty of buyer interest from business owners and the self-employed generally. It's encouraging because with house prices falling, there's plenty of incentive to wait and see if they drop further. Which I've no doubt they will. With high mortgage rates and the effects of inflation slashing living standards, I think a 15% fall in house prices this year is very likely. 20% is not out of the question.**"**

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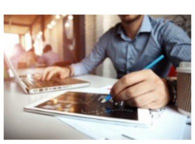

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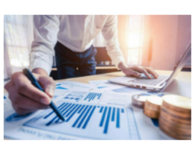

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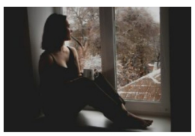

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