

dwello
mortgages



Mortgages Snapshot
February 2024

Snapshot Summary

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Dwello hunt down the right mortgages for our customers by being on the frontline of the mortgage market, tracking offers and rates across a broad range of lenders from high street banks to bespoke specialists. The following provides a summary of key trends from across the market in February 2024.

Despite the challenging environment, there is good news to be found in the data...

- The interest rates for an 85% Loan-to-Value purchase remain unchanged in February, with the lowest rate standing at **5.37% as the market remains poised awaiting further base rate movements.**
- The interest rates for an 85% Loan-to-Value remortgage remain steady, **with the low rate standing at 3.26% in February 2024.**
- The estimate of the number of UK residential transactions in **January 2024 on an annual basis is 84,273, 12% lower than January 2023, but 2% higher than December 2023.**
- Average new seller asking prices rise by **0.9% (+£3,091) this month to £362,839.** The annual price change moves tentatively back into positive territory after 6 months of annual **price falls, with prices up by 0.1% on a year ago.**
- A notable further **5% drop in variable rates compared to fixed rates suggests that individuals anticipate minimal interest rate fluctuations in the upcoming months, prompting them to forego waiting for further declines.**
- First time buyers represented **26% of Q3-23 lending, an increase from 23% in Q1-23.**

Mortgages aren't just numbers, they're dreams and ambitions waiting to be realised.

Our ambition is to hunt down your mortgage match.

Sit back and relax, our aim is to hunt down the right mortgage for you and your life.

If you're moving home, re-mortgaging or a buy-to-let investor, let us search a wide range of products from high street lenders to specialist providers, so we can find the right mortgage match for you.



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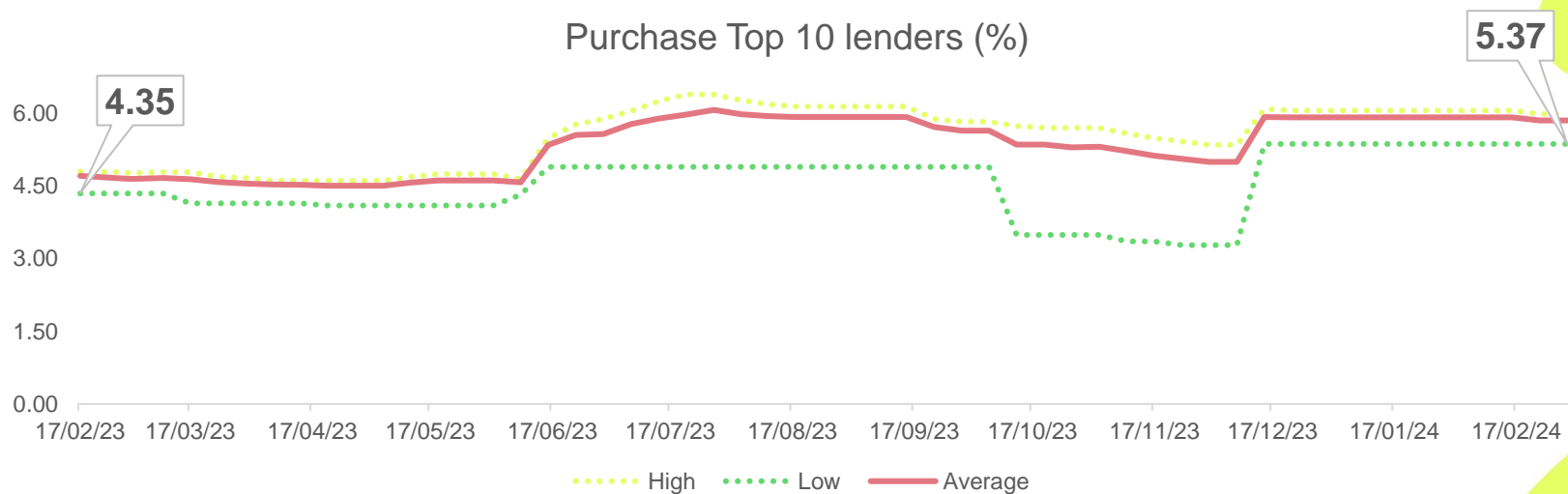


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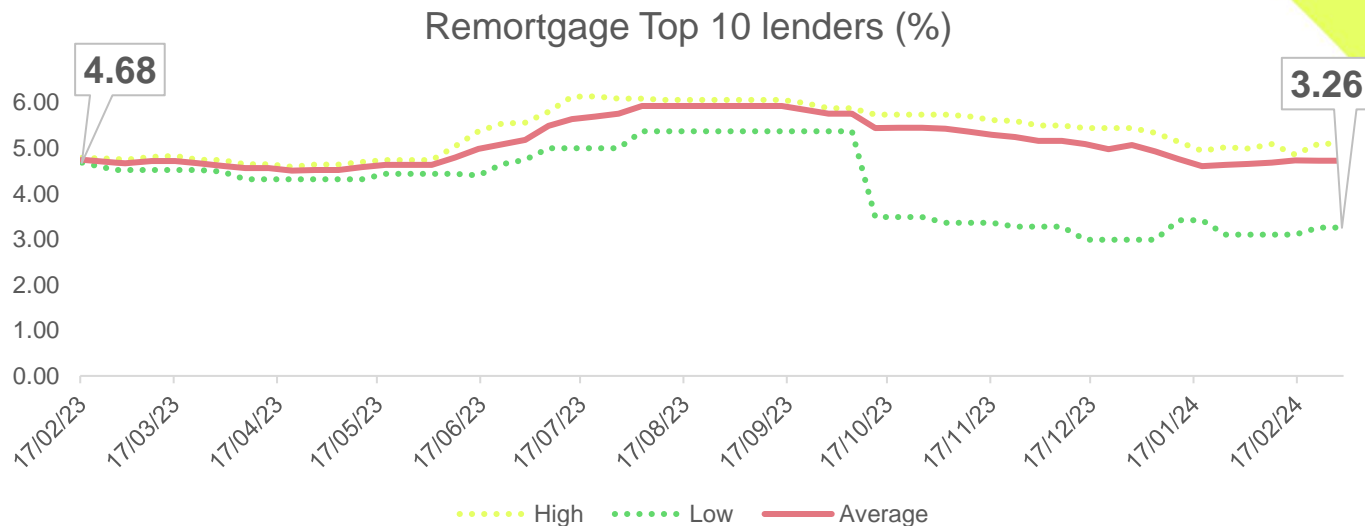
Dwello – Mortgage Rate Index (85% LTV Purchase)

“The interest rates for an 85% Loan-to-Value purchase remain unchanged in February, with the lowest rate standing at 5.37% as the market remains poised awaiting further base rate movements.”



Dwello – Mortgage Rate Index (85% LTV Remortgage)

“The interest rates for an 85% Loan-to-Value remortgage remain steady, with the low rate standing at 3.26% in February 2024.”



Our internal Dwello MRI is a weekly reflection of the rates we are tracking on a daily basis. The rates are based on the average UK home value of £294,559 (Sept 22 – changed annually), a 15% deposit, 2 years fixed rate, with a duration of 30 years. Rates stated exclude initial product fees.

The UK is Going Dutch...

With a new type of mortgage on the horizon, the lender April has shaken the UK market with their new adjustable proposition.

The new proposition will enable homeowners to secure cheaper interest rates within their longer fixed term deals and depending on the LTV (Loan to Value) thresholds they may enter within the mortgage term.

This product will be available in the spring to home buyers and owners with a minimum of 15% deposit.

This could revolutionise the mortgage market and advice given to respective clients to adopt a more Financial Advisory role, which would have annual check ups to discuss the property market value and best options based on current life events.

Clients can also request valuations throughout their mortgage term to take advantage of market conditions where their house price may have increased in value allowing them to secure a cheaper interest rate based on their new LTV.

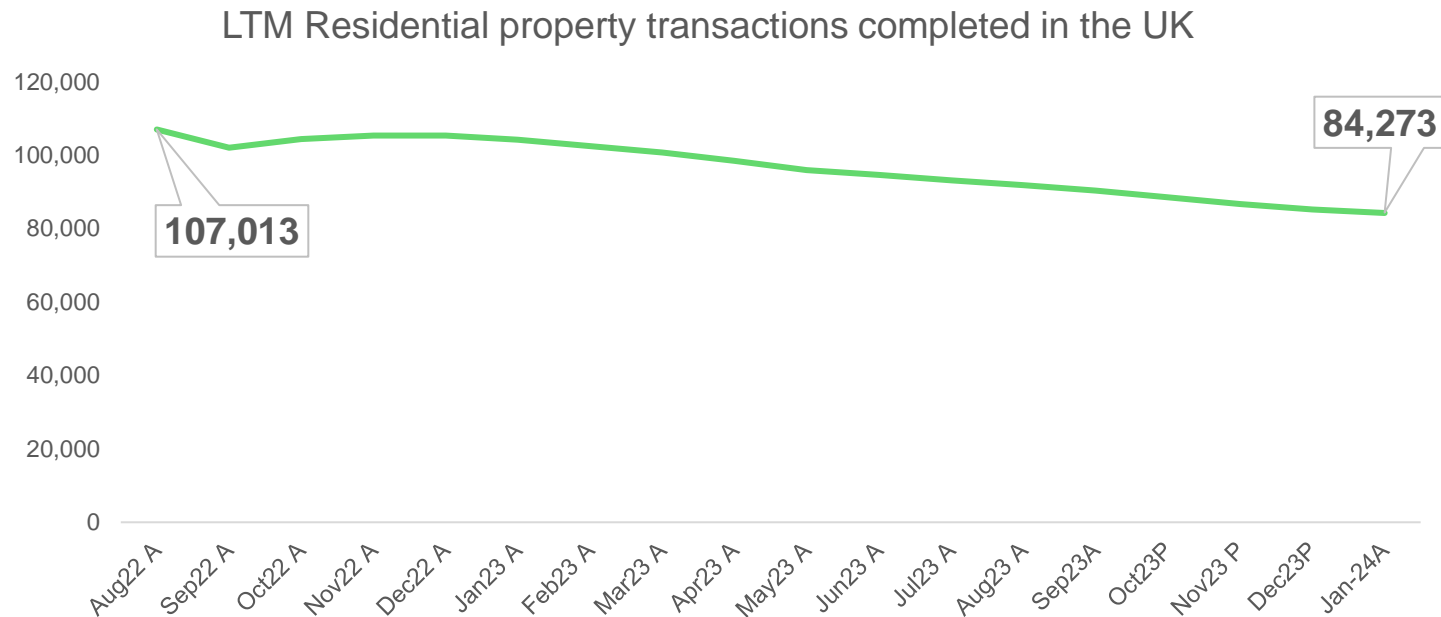
This product seems very flexible with £0 Early Repayment Charges to exit to another lender, showing April has real confidence in this model of lending.

Nathan would definitely welcome this product and the benefits definitely throw a spanner in the works of the generic products available on the market currently. It will be interesting to see if other lenders will follow suit.



Residential transaction volumes

“The estimate of the number of UK residential transactions in January 2024 on an annual basis is 84,273, 12% lower than January 2023, but 2% higher than December 2023.”



Residential transaction prices

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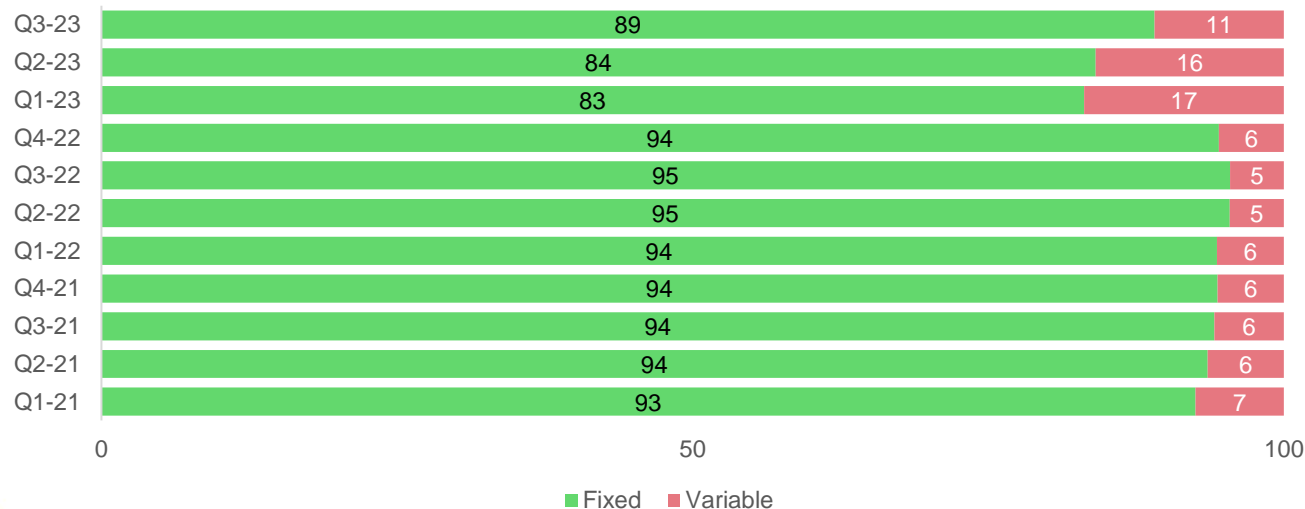
Average price vs. average asking price (Rightmove)

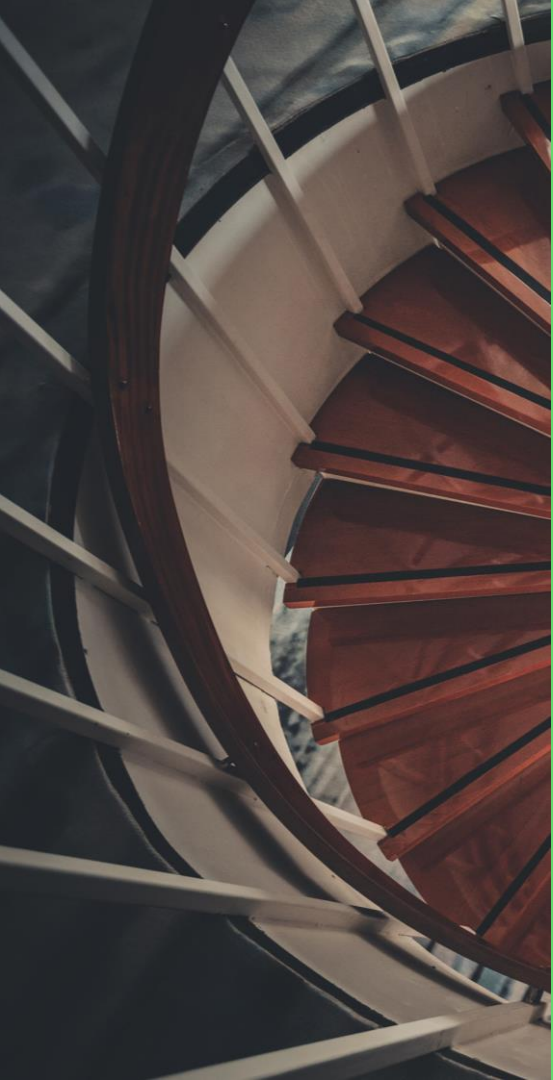


Fixed vs variable

“A notable further 5% drop in variable rates compared to fixed rates suggests that individuals anticipate minimal interest rate fluctuations in the upcoming months, prompting them to forego waiting for further declines.”

Fixed Rate vs. Variable in %





The staircase to a new home....

For many first-time buyers in the UK, the dream of home-ownership can feel tantalizingly close, yet frustratingly out of reach. Soaring house prices and demanding deposit requirements often leave aspiring home-owners grappling with insurmountable financial hurdles.

But amidst this daunting landscape, a glimmer of hope emerges in the form of shared ownership mortgages – a unique and potentially transformational pathway to unlocking the door to their own bricks and mortar. The core appeal of shared ownership lies in its innovative approach to bridging the affordability gap. By allowing buyers to purchase a specific share of a property (typically between 25% and 75%), shared ownership significantly reduces the upfront deposit required compared to traditional mortgages.

Owning a smaller share naturally translates to a smaller mortgage, resulting in lower monthly repayments. This frees up valuable breathing room in their budget, potentially allowing them to prioritise other financial goals or simply enjoy a higher standard of living. Shared ownership mortgages offer a built-in element of flexibility, empowering buyers to gradually increase their ownership stake over time.

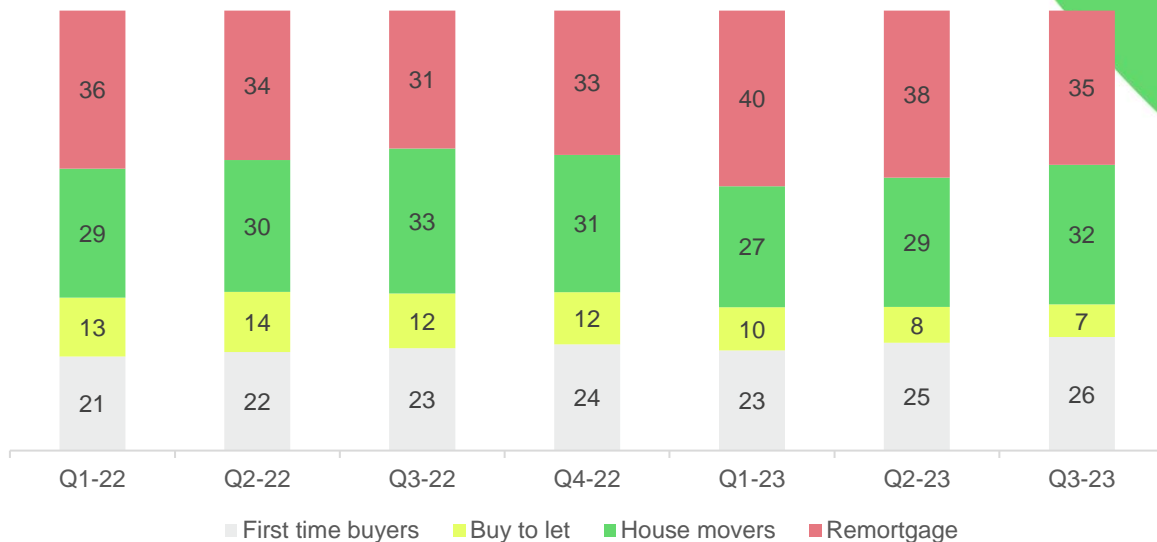
Through a process known as "staircasing," individuals can purchase additional shares in the property at pre-agreed intervals. This fosters a sense of progressive ownership, providing tangible milestones on the path towards full ownership. The UK government further sweetens the deal by offering substantial support for shared ownership schemes. Backed by government-backed initiatives, these schemes often come with additional benefits like lower interest rates and increased access to suitable properties.

However, while the advantages of shared ownership are undeniable, it's crucial to acknowledge its limitations, ensuring informed decision-making. Shared ownership properties are typically part of a housing association's portfolio, which can restrict the available options compared to the open market. Additionally, buyers are liable for a monthly rent on the unowned portion of the property, adding to their overall housing costs.

Purpose of loans

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Purpose of loans (%)





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