



Mortgage Circle

independent mortgage brokers

December 2024

# WELCOME TO THE DECEMBER 2024 EDITION OF MORTGAGE CIRCLE'S NEWSLETTER

[WWW.MORTGAGECIRCLE.CO.UK](http://WWW.MORTGAGECIRCLE.CO.UK)



## Highlights

As we conclude 2024, we are pleased to provide you with the latest updates on the mortgage industry, the UK property market, and the broader financial landscape.

This edition also includes insights and predictions for 2025 to assist you in your financial planning.

## UK Mortgage Market Update

### Interest Rates

The Bank of England's base rate remains at 4.75%, following a series of adjustments aimed at controlling inflation.

Fixed-rate mortgages have become more competitive, with the average two-year fixed rate now at 5.09%, down from 5.44% last December.

Borrowers with variable-rate mortgages should remain vigilant, as their monthly payments may fluctuate with any future changes in the base rate. If your mortgage deal is set to expire in 2025, now is an opportune time to consult with a broker to explore competitive remortgaging options.



we're here to help!

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## Mortgage Approval Trends

The housing market has experienced a significant uptick, with house sales surging by 22% compared to the same period last year.

This resurgence is attributed to stabilized mortgage rates and increased buyer confidence. First-time buyers and homeowners looking to move are actively engaging in the market, indicating robust demand.

## UK Property Market Insights

### House Prices

The UK property market has demonstrated resilience, with the average house price reaching £269,426, marking a 4.7% year-on-year growth.

Regional disparities persist, with areas like Stoke-on-Trent experiencing significant growth, while some London boroughs have seen price declines.

### Rental Market

The rental market remains highly competitive, with demand outpacing supply, particularly in major cities. This trend presents opportunities for landlords considering portfolio expansion, as rental yields continue to be attractive.

## UK Economic Overview



### Inflation and Cost of Living

Inflation has eased to 2.6%, aligning closely with the Bank of England's target. However, the cost of living remains a concern for many households, with energy bills and essential goods maintaining elevated prices.

### Employment and Wages

The UK unemployment rate remains low, and wages have experienced growth.

However, real wage growth is under pressure due to persistent inflation, affecting disposable incomes and spending power.



## Predictions for 2025

### Interest Rates

Economists anticipate that the Bank of England may begin reducing rates by mid-2025, potentially lowering the base rate to around 3.75%, provided inflation continues its downward trend.

### Property Prices

House prices are expected to grow by 2.5% in 2025, supported by improved affordability, sustained demand, and renewed market confidence. Regional markets, particularly in the North and Midlands, are projected to outperform London in terms of growth.

## Economic Recovery

The UK economy is projected to grow by 1%-2% in 2025, driven by resilient consumer spending and increased business investment.

While challenges remain, such as global economic uncertainties and domestic policy changes, the outlook is cautiously optimistic.

### Get in Touch

At Mortgage Circle, we are committed to helping you navigate the mortgage market with confidence. If you have any questions or require tailored advice, please contact us:

**Phone: 0121 572 0675 or 0800 644 0190**

**Email: [info@mortgagecircle.co.uk](mailto:info@mortgagecircle.co.uk)**

**Website: [www.mortgagecircle.co.uk](http://www.mortgagecircle.co.uk)**

*Our team of experienced advisors is here to assist you with personalised solutions to meet your unique financial needs.*

## Mortgage Tips for December:



- 1. Review Your Mortgage:** If your fixed-rate deal is ending soon, consult with a broker to explore the best remortgaging options. Early action can secure more favorable terms and provide financial stability.
- 2. Plan Ahead:** Assess your financial situation and prepare for potential changes in interest rates in 2025. Budgeting for possible rate fluctuations can help mitigate financial stress.
- 3. Consider Green Mortgages:** Many lenders offer preferential rates for energy-efficient properties. Investing in eco-friendly home improvements can enhance property value and reduce utility costs.