

# Mortgage Circle August 2024 Newsletter: UK Mortgage and Housing Market Update



Welcome to the August 2024 edition of the Mortgage Circle newsletter! This month, we examine the latest developments in the UK mortgage and housing market, along with a broader financial overview.

## UK Mortgage and Housing Market Overview – August 2024

**Mortgage Rates and Borrowing Trends:** In August, the Bank of England reduced the base interest rate by 0.25% to **5%**, marking its first rate cut since the pandemic. This has eased some pressure on mortgage rates, with two-year fixed rates dropping to an average of **5.56%**, and five-year fixed rates declining to **5.20%**(

### [Financial Reporter](#)

). These reductions have sparked increased activity in mortgage approvals, with buyers showing renewed interest.

**House Prices:** House prices in August experienced a slight month-on-month dip of **0.2%**, although the annual growth rate remains at **2.4%** ([Savills](#))([Office for National Statistics](#)). While overall house prices have cooled slightly, regional disparities persist, with areas like London seeing only marginal growth of 0.6%, while Scotland and Northern Ireland recorded higher annual price growth([Office for National Statistics](#))

([Savills](#)).

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## UK Financial Overview – August 2024

**Inflation and Interest Rates:** The inflation rate in August 2024 was recorded at **2.2%**, slightly above the Bank of England's target of 2% but showing progress compared to earlier in the year ([Statista](#)). This has allowed the Bank of England to reduce the base rate, offering some relief to borrowers. However, inflationary pressures in energy and food remain a concern for households.

**Economic Growth:** The UK economy showed modest growth, driven by strong activity in the services sector, but wage growth continues to lag behind inflation. This has led to challenges for household budgets, even as mortgage rates have become slightly more affordable ([Financial Reporter](#))([Savills](#)).

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### What Does This Mean for You?

With mortgage rates easing and house price growth remaining stable, this could be an ideal time for homebuyers and those looking to remortgage. However, regional variations in the housing market mean it's important to consider your specific location when making decisions.

At Mortgage Circle, we're here to help you navigate these changes and find the best mortgage options for your situation. Get in touch with us for personalised advice.

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