

Mortgage Circle Monthly Newsletter – November 2024

Welcome to the November edition of Mortgage Circle's monthly newsletter! We are here to provide you with the latest insights into the UK mortgage market, property trends, and economic developments. Stay informed and ahead with our expert analysis.



Mortgage Market Updates

Bank of England Base Rate Adjustment

On 7th November 2024, the Bank of England announced a 0.25% reduction in its base rate, lowering it to 4.75%. This is the second rate cut this year, following one in August, reflecting the Bank's efforts to support economic growth amid signs of slowing inflation.

While the base rate cut typically brings down borrowing costs, its effects on mortgage rates have been mixed. Borrowers are advised to monitor rates closely and consider short-term fixed options for flexibility.

Changes in Mortgage Rates and Products

Despite the base rate cut, major lenders including HSBC, Barclays, Santander, and Nationwide have increased some of their mortgage rates and withdrawn certain high-demand products. Over 200 mortgage deals have disappeared from the market in the past month. This trend highlights the ongoing volatility in the mortgage landscape.

In response to these changes, borrowers are encouraged to seek advice from independent mortgage brokers who can access a wide range of deals and provide tailored recommendations.

Short-Term Fixed-Rate Mortgages Introduced

Halifax has introduced an 18-month fixed-rate mortgage for remortgage clients. This innovative product offers an initial rate of 4.37% for borrowers with a 40% deposit. It's designed to provide a balance between stability and flexibility, appealing to those who anticipate further base rate cuts in the near future.

Property Market Developments

Surge in House Prices

The UK property market has shown surprising resilience, with house prices increasing by 1.2% in November 2024, marking the highest monthly growth since March 2022. On an annual basis, prices rose by 3.7%, pushing the average UK house price to £268,144, just 1% below the all-time high.

This growth has been fueled by strong wage increases and a robust labor market, which have bolstered buyer confidence despite higher mortgage costs.

Regional Affordability Trends

Affordability varies significantly across the UK. London and the Southeast remain the least affordable regions due to high property values. Conversely, the Northeast, Scotland, and Northern Ireland offer more accessible housing markets, with better affordability ratios relative to income.

Economic Indicators

Inflation and Interest Rates

UK inflation climbed to 2.3% in October, slightly exceeding the Bank of England's 2% target. This upward movement may delay further rate cuts until 2025, as policymakers balance economic growth with inflation control.

For mortgage borrowers, this underscores the importance of reviewing fixed-rate deals and preparing for potential fluctuations in borrowing costs.

Wage Growth and Employment

The UK labor market remains strong, with low unemployment and solid wage growth. These factors continue to support housing demand, helping to offset the impact of higher interest rates on affordability. First-time buyers and home movers should keep an eye on these indicators, as they can influence market conditions.

Regulatory Updates

Stamp Duty Changes

Chancellor Rachel Reeves has announced significant changes to stamp duty that will take effect in April 2025. Key changes include:

- **Increase for Second-Home Buyers:** The additional stamp duty for second-home purchases will rise from 3% to 5%.
- **Adjusted Thresholds:** Stamp duty thresholds will be updated, potentially impacting first-time buyers and those purchasing lower-value properties.

These changes are expected to influence property transactions in the lead-up to April 2025, as buyers and sellers adjust their plans accordingly.

Recommendations for Borrowers

1. **Seek Expert Guidance:** With shifting mortgage products and rates, it's more important than ever to consult with an independent mortgage broker. They can provide insights into the best deals available for your situation.
 2. **Stay Updated:** Regularly track economic and regulatory changes to make informed decisions about your mortgage and property investments.
 3. **Explore Flexible Options:** Consider short-term fixed-rate deals or products with no early repayment charges to maintain flexibility in a fluctuating rate environment.
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For personalized advice and tailored mortgage solutions, contact Mortgage Circle today. Our team is here to help you navigate the complexities of the mortgage market with confidence.

Disclaimer: The information in this newsletter is for general informational purposes only and does not constitute financial advice. Please consult with a qualified financial advisor before making any financial decisions.