

Newsletter No. 3 – October 2023

Dear Valued Client

We hope this newsletter finds you well. There have been great responses to our first few publications. In this edition: rents, interest rate forecasts and property.

1. Rates on a descending path at last?

There is a question mark after the heading this time. Rates have been held by the Monetary Policy Committee this month but we're not out of the water yet on inflation. The strength in the price of oil implies that more may need to be done by the Bank of England. So hopes of the mortgage rate having peaked may be dashed.

The following headlines in recent news outlets: 'Rental prices rise at fastest rate for nine years', 'value of UK mortgage arrears jumps by a third', 'planning permission for new homes at record low', average price of a home falls by £14k in a year' all point to more Government intervention in the housing market, e.g. extending the interest free period on Help to Buy equity loans.

A number of lenders including NatWest, TSB, HSBC, Nationwide building society and Virgin Money have cut their mortgage rates, with some fixed deals going below 5%. All this while retail prices in Britain continue to rise led by food and petrol.

Speak to your favourite mortgage adviser now to get the best rates; they may not hold for long.

2. Property prices

The average house price fell by 5.3% in the year to August 2023. This is the most substantial annual drop in house prices since the aftermath of the financial crisis in 2009. According to the HMRC, residential property transactions also fell by 22% in July 2023 compared to the same month in 2022.

The market's downturn is being blamed on soaring mortgage rates affecting demand for homes and forcing sellers to cut their prices to ensure a sale. The average two-

year fixed mortgage rates has jumped from around 2.3%% in 2021 to 6.56% just recently. So now may indeed be the right time to buy.

3. Proving income as an employee

With so much volatility and competition in the mortgage market it's never been more important for mortgage applicants to get their own house in order. Make sure you can provide the right proof of income paperwork when needed.

A copy of your most recent weekly or monthly payslip showing the name of your employer, your year to date income and the tax and National Insurance that's been deducted, a handwritten payslip with a P60 or job offer letter or contract of employment showing your annual salary.

4. Examples of our success in holiday times

Holiday month which included completion on a commercial mortgage to fund a residential house move £150k with Allica Bank, Commercial £200k remortgage to purchase a commercial property with Together Finance.

5. Do let us know your thoughts

Thank you for your continued support and trust in MortgageTek. If you have any questions or need assistance, please don't hesitate to contact us. We look forward to helping you achieve your homeownership dreams!

Best regards,

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