

Newsletter No. 5 – December 2023

Dear Valued Client

We hope this newsletter finds you well. There have been great responses to our first few publications. In this edition: commentary on interest rates, leasehold property and buytolet.

1. Medium term predictions on interest rates shaping the market.

Even though inflation has fallen just as the Chancellor predicted commentators all agree that interest rates have peaked and are unlikely to fall back any time soon. It may be that we stay at these levels until late 2024 before the Bank of England's Monetary Policy Committee vote for them to reduce. And the drop will be slow with forecasts of the base rate falling to around 3 per cent by the end of 2025. Right now 2-year deals are more expensive than 5-year deals. Recently, the gap between 2 and 5-year deals was around 0.5%. So the gamble is whether you can access a cheaper mortgage rate after your 2-year deal is up. Right now you'll pay more per month by opting for this length of fixed rate.

2. Leasehold undergoing change!?

Leasehold property prices are set to rise by up to 10% if the proposals put forward by Government come to fruition. The automatic setting of lease length to 990 years will end 'marriage values', the difference in price between a short and long term lease. There are always unintended consequences to any radical change in legal norms in the property world so watch this space to get the up to date view of this leasehold saga. Maybe now's the time to buy a short term lease property.

3. Buy-to-let going, going

As we reported last month the buy-to-let market is under severe pressure. Reforms to landlord and tenant laws are stalling and the sector's vital signs are weak. With rents rising at a record pace, along with owner's mortgage debts having doubled, evictions have soared. As we move toward the election probably at the end of next year we are certain to see some vote grabbing headlines about helping landlords. But it's unlikely to be agreed in time. In the meantime, there may be some bargains out there from freeholders desperate to sell.

4. Examples of our recent successes

In addition to supporting our existing clients whether they are contractors, locums or company directors we have completed on a bridge with MT Finance for a buy to let purchase.

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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MortgageTek – Making Homeownership Dreams Come True!

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