

Legal & General: Rising rates encouraging buyers to reassess options in changing environment

- Searches for those looking to remortgage after less than 6 months increased by 31% (April to May)
 - Searches for products that consider EPC ratings jumped by 40%
- VISA remains the most popular criteria used, holding the top spot since October 2022

London, 28 June 2023 – Data from Legal & General's SmartFit affordability tool has today revealed that UK homeowners are increasingly reassessing their mortgage options due to recent interest rate activity. Searches on Legal & General's SmartFit platform made on behalf of borrowers looking to remortgage after less than 6 months increased by 31% from April to May.

Activity from overseas buyers continues to rise, as 'Visa' remains the most popular criteria used, holding the top spot for eight months running. Searches on behalf of borrowers with a visa increased by 28%. May also saw surges of 30% in searches from expats not in the UK, and 13% for searches on behalf of those with a deposit from a foreign source.

Rate rises prompt borrowers to seek alternative avenues

The increase in searches around remortgaging suggests that borrowers could be looking to pay Early Repayment Charges (ERCs) in order to lock in more favourable rates.

Additionally, Legal & General's recent search data indicates that buyers are relying on The Bank of Mum and Dad for gifting and financial support, shown by increases of 44% in searches for Joint Borrower-Sole Proprietor mortgages, and 33% in searches for borrowers using gifted equity. This conclusion is further supported by the steep 53% jump in Retirement Interest Only (RIO) searches, which points to retired borrowers taking out loans to support family through gifting.

Landlord exodus unlikely

In addition to growing demand for environmentally friendly mortgages, the data also points to resilience within the buy-to-let sector. May saw an increase of 66% for searches on 'Onward Loan to Value' products from buyers with a let-to-buy mortgage, and 18% from limited companies with buy-to-let mortgages.

These increases point to resilience within the BTL market, despite recent headlines on landlords 'selling up'. This could indicate that some buyers are still eager to proceed with their purchase plans, but are unable to secure their desired price, potentially due to a slowdown in the market. Further to this, searches for the terms 'Holiday Let' and 'Air B&B' increased by 19% in May.

Jodie White, Head of Mortgage Products & Transformation, Legal & General Technology:

"As people look to reevaluate their finances in response to ongoing cost-of-living pressures, and with an estimated [1.8m](#) fixed-rate deals due to end this year according to UK Finance, the remortgaging boom comes as no surprise.



“The resilience of the housing market, as demonstrated by persistent overseas activity and interest within the buy-to-let sector, is also a reassuring reminder that despite the headwinds facing the mortgage market and consumers in general, there is little evidence to suggest any need to panic.

“When supporting borrowers during this time, particularly those that are vulnerable or struggling to keep up with payments, it is crucial that brokers implement new technologies to help manage the current demand for financial guidance. By integrating tools such as CRM software and open data platforms into their advice process, brokers can reduce the time spent on manual tasks, and free up resource to focus on fostering good customer outcomes through high quality advice.”

-ENDS-

Notes to editors

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*at 31 Dec 2022

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In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

<https://www.legalandgeneral.com/adviser/mortgage-club/>

Further information [journalists only]

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