



## Legal & General: Lower rates stoke first-time buyer demand

- The 'First-time buyer' searches grew by 9.1% in September, building on a 5.4% increase in August
- Searches for 'Maximum Age' increased by 19.8%, while searches for 'Maximum Loan Term' surged by 27.9% in September
- Searches for 'EPC Rating' increased by 53.5% in September

The latest data from [Legal & General Ignite](#), the free mortgage research and sourcing platform, shows that improved mortgage affordability and lower interest rates are tempting prospective buyers to purchase their first home.

### Improving affordability is the key to a brighter market outlook

Searches by brokers on behalf of first-time buyers grew 9.1% in September, following a 5.4% increase in the previous month.

This positive growth in activity shows that lower mortgage rates and improved affordability are encouraging first-time buyers into the market. Average rates on five-year fixed mortgages are hovering around 4.5%, and, according to the latest figures from the Bank of England, mortgage approvals have risen to their highest level in two years, with 64,900 approvals in August.

Overall, the market appears to be on an upward trajectory, with improved activity as we move into Q4 and early 2025.

### Buyers committed to finding the right option to make homeownership feasible

Searches for 'maximum age' increased by 19.8%, while searches for 'Maximum Loan Term' surged by 27.9% in September. Despite sometimes needing to save longer for a deposit, buyers are committed to homeownership and are exploring longer mortgage terms to make buying a property more affordable.

Earlier this year, Legal & General Ignite revealed that there was a 13% increase in 56-65-year-olds searching for their first property in Q1 2024, and September's statistics indicate that this trend is continuing.

### Green issues remain important for buyers

While affordability is a primary concern for buyers, environmental factors and the drive to save on energy bills are still playing a key role in their homebuying decisions. Searches for 'EPC rating' increased by 53.5% in September, highlighting the growing interest in green and EPC related mortgages.

This rise may also be linked to the 10% increase in the energy price cap which came into force on the 1<sup>st</sup> of October. According to recent data from the Mortgage Advice Bureau, 61% of prospective buyers are more likely to make an offer on a property with a good EPC rating. As a result, buyers may be paying closer attention to properties' energy ratings as they become more mindful of potential energy costs and seek to minimise future expenses.

**Kevin Roberts, Managing Director, Legal & General Mortgage Services:** "While there is still pent-up demand in the mortgage market, September's results suggest that some of the activity is starting to kick into gear, providing a positive outlook for the remainder of 2024, going into early 2025. It's great to see first-time buyer

activity increasing as rates come down and affordability improves. And while affordability issues do remain overall, it's encouraging to see that buyers aren't being deterred by the possibility of having to save longer to afford the home of their dreams.

"While activity looks set to increase towards the end of the year, it's vitally important that brokers have the tech tools they need to find the most suitable products for their clients. At Legal & General, we continue to invest in our technology, talent, and processes to help streamline and optimise decision-making for our valued broker and lender partners."

**-ENDS-**

## Notes to editors

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Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at FY23) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

As at 7 June 2024, we estimate the Group's Solvency II coverage ratio to be 224%.

As at 11 June 2024, Legal & General has a market capitalisation of £14.6 billion.

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Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.14 million retail policyholders and workplace members.

In 2023, we had total individual annuity sales of £1,431 million, and issued £299 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 5.2 million members, while our Protection businesses gave peace of mind to several million direct, group and US customers, taking in £1,991 million of UK and \$1,584 million of US gross written premiums.

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