

Remortgage activity spikes as borrowers contend with further rate rises – Legal & General Mortgage Club

- Searches on behalf of homeowners wanting to remortgage after just 6 months climbed by 20% as many attempted to beat future rate rises
 - First-time buyer activity remained high in May, with searches increasing by 16%
- Buyers also took advantage of the last months of the Help to Buy scheme, with searches for help to buy mortgages rising by 47%
 - Searches for holiday lets grew by 11%, as staycation demand shows little sign of easing

May saw a spike in remortgage activity as borrowers looked to beat further rate rises, according to new research from Legal & General Mortgage Club's SmartrCriteria tool. Searches for homeowners wanting to remortgage after just 6 months rose by 20%, suggesting that concerns about rising interest rates could be prompting borrowers to obtain fixed deals over tracker mortgages, or lock into low rates that are still available on the market.

This latest data comes from Legal & General Mortgage Club's SmartrCriteria tool, which tracks product searches from over 8,000 advisers, shedding light on the purchase trends witnessed across the UK.

As consumers continue to navigate the current cost-of-living crisis, searches on behalf of those with missed mortgage payments and unsecured arrears grew by 20% and 10% respectively. The data also suggests that more borrowers are seeking financial support from loved ones to progress with their purchase plans. Searches for joint borrower sole proprietor mortgages increased by 27% in May, and searches for products that accept shared equity climbed by 40%.

First-time buyer demand remains strong

Searches on behalf of first-time buyers rose by 16% in May. Many of these borrowers will be looking for higher LTV products and searches for interest-only mortgages increased by a dramatic 80% over the month.

Another option that continues to prove popular with these buyers is the Help to Buy scheme. Even as the deadline for the final applications was brought forward by two months, searches for Help to Buy mortgages rose by 47% in May.

Legal & General Mortgage Club's data also suggests that international demand remains strong. Searches for borrowers with visas remained the top searched metric in May, as it was in April. In a similar vein, searches for expatriates not in the UK also climbed by 23%.

As summer approaches, staycation demand continues to surge, with searches for holiday lets up by 11% over the month.

“Following a further increase in the Bank of England base rate in June, it is perhaps unsurprising that remortgage activity is on the rise, as borrowers look to lock in competitive rates while they still can. While we have seen a lot of re-pricing from lenders, there are still a very wide range of competitively priced products available, both for homeowners looking to remortgage and potential borrowers looking to step onto the property ladder. The speed at which the market is moving means that advisers have an absolutely critical role to play to ensure that borrowers are aware of the options at their disposal and to guide them towards the right mortgage for their needs.”

Clare Beardmore, Head of Broker and Propositions, Legal & General Mortgage Club

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Notes to editors

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* at 9 March 2022

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

Further information [journalists only]

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