

Remortgage activity surges as borrowers try to beat further rate rises – Legal & General Mortgage Club

- In an attempt to beat future rate rises, searches for homeowners wanting to remortgage after just 6 months climbed by 30%
- The buy to let market remains resilient, with searches for first-time landlords rising by 23% in February
- With house prices hitting record highs, the Bank of Mum and Dad continues to support demand. Searches for those with gifted equity climbed by 119%
- The figures also indicate growing demand in the buy-to-let market, with searches for first-time landlords rising by 23%

February saw a spike in remortgaging activity as borrowers sought to beat interest rate rises, according to new research from Legal & General Mortgage Club's SmartrCriteria tool. Searches for homeowners wanting to remortgage after just 6 months climbed by 30%, suggesting that rises in the Bank of England's base rate to curb inflation could be prompting borrowers to lock into low fixed-rate deals.

Legal & General Mortgage Club's SmartrCriteria tool tracks product searches from over 8,000 advisers, shedding light on the purchase trends witnessed by brokers across the industry.

While many consumers tried to manage their mortgage repayments, strong demand from buyers also continued despite rising inflation and other costs, particularly in the buy-to-let sector. Searches for first-time landlords continued to climb, rising by 23%, and searches for those with corporate lets grew by 28% in February.

The Bank of Mum and Dad supports demand amid the cost-of-living crisis

As house prices continue to soar and rising energy costs hit affordability, borrowers are becoming increasingly reliant on financial support from their loved ones to complete their purchase plans. Searches for those with gifted equity jumped by 119%, and searches from landlords with gifted equity followed this trend, climbing by 15% in February. Searches by advisers for borrowers with gifted deposits similarly increased by 6%, perhaps suggesting that the cost-of-living squeeze has resulted in first-time buyers needing a bigger deposit for completion.

Legal & General Mortgage Club's data also suggests that families could be looking to alternative options to either minimise their monthly outgoings or free up cash to help their loved ones with a deposit as house prices rise and the Help to Buy programme enters its final year. Searches for interest-only mortgages grew by 33% in February.

“The cost-of-living squeeze and rising interest rates are clearly driving borrowers to remortgage and lock into low fixed-rate products that are still available on the market. Others are exploring alternative means of managing their finances, perhaps by taking out interest-only mortgages. Whether borrowers are looking for alternative solutions or simply want to lock into a fixed-rate mortgage for the future, advisers have a critical role to find products for these borrowers that can help them keep their monthly repayments low, while ensuring they have a mortgage that continues to meet their needs.

“As advisers seek to support many of their clients to find new mortgages, technology remains key to processing these requests quickly and efficiently. Research tools that consider criteria, affordability, and products are an ally to intermediaries, helping them match clients that have a broad range of borrowing needs with the right lenders. Taking advantage of these capabilities will put advisers' businesses in a good position to help them thrive and, importantly, allow them to spend more time giving great advice to their customers.”

-ENDS-

Notes to editors

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

Further information [journalists only]

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