



## Specialist mortgage products buoyed market in October, reveals Legal & General

- Criteria searches for Discounted Market Sale (DMS) schemes grew by a quarter (25%)
- Criteria searches for consumer buy-to-let products rocketed by over a third (36%)
  - 7% increase in criteria searches for Retirement Interest Only (RIO) mortgages

Legal & General's SmartrFit platform has today revealed that mortgage criteria searches were dominated by niche criteria in October, reinforcing the importance of specialist products, lenders, and advisers.

### **First-time buyers leant on alternative support as we said goodbye to Help to Buy**

The data reveals that searches for products suitable for Discounted Market Sale (DMS) schemes grew by a quarter (25%) in October alone. Additionally, 'Joint borrower sole proprietor' was the third most used criteria point of the month. This coincides with the deadline for applications for the Help to Buy Equity Loan scheme on 31<sup>st</sup> October.

### **Weakened pound boosts investment from foreign buyers**

The interest of foreign buyers in the UK property market remained strong throughout October, with criteria searches on behalf of buyers with foreign income growing by 5%. Last month, the most adviser searches were also made on behalf of applicants with a VISA. This coincided with the weakened value of sterling, with the value of the British Pound hitting a [thirty-seven year low](#) in the final week of September.

### **Private Rented Sector still flying high**

Elsewhere, searches for consumer buy-to-let products rocketed by over a third (36%), likely boosted by the recently tightened criteria in this area. October also saw a 13% jump in criteria searches for mortgages suitable for high-rise flats. While many tenants chose to relocate to more rural areas at the height of the pandemic, inner-city property markets are now being boosted by their return.

### **Demand for specialist products high across the board**

Criteria searches for Retirement Interest Only (RIO) mortgages also grew by 7%. This could perhaps be an indication of the growing reliance on gifted deposits following the end of the flagship Help to Buy scheme, or customers exploring options after the end of their interest-only mortgage. Criteria searches that consider a property's Energy Performance Certificate (EPC) also climbed by 6% last month as consumers faced October's energy price cap rise.

**“The mortgage market has experienced an array of recent political, social, and economic changes, all of which are reflected in today’s data. One of the major changes is the upcoming end of the long-running Help to Buy scheme. Many prospective buyers could benefit from consulting an adviser to explore their alternative paths to homeownership and this will likely be an important focus for brokers from now on. Elsewhere, other buyers are contending with factors such as the stipulations around VISAs, DMS schemes, and buy-to-let product criteria.**

**“With COP27 in full swing, it is also reassuring to see that the mortgage market is committed to greening its output. Lenders and brokers have worked hard to provide green options and educate consumers on the choices available to them. Consumers are increasingly conscious of their energy efficiency, and this is almost certainly going to become a more important part of the homebuying process, as evidenced by the 6% monthly rise in criteria searches for EPC ratings during October.**

**“This month’s data shows the sheer volume and array of new and innovative products currently available to borrowers. In such a rapidly changing market, the value of mortgage advice has never been so high.”**

**Jodie White, Head of Mortgage Products & Transformation, Legal and General Mortgage Services**

**-ENDS-**

## **Notes to editors**

### **About Legal & General**

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.4 trillion in total assets under management\* of which a third is international. L&G also provides powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 9 March 2022*

### **About Legal & General Retail**

As of 1st January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

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

## **Further information [journalists only]**

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