

# Remortgage Report



## ➔ Resurgence in demand for five-year fixed rate remortgages, says LMS

### 🕒 Fast facts:

# ↑47%

proportion of borrowers choosing five-year fixed rate remortgages in April – up from 36% in March

# ↑82%

lowered their overall mortgage rate in April

# ↓58 months

remortgaging frequency (three-month average) decreasing from 56 months

# ↑19%

increase in average remortgage loan amount month-on-month to record high of £175,000

# ↑78%

consulted a broker or mortgage adviser in April – a new record

### Interest rate expectations

# 77%

expect rate rises

# 22%

expect no change

# 1%

expect rate falls

### 🗣️ Quick quote

“The popularity of five-year fixed rate deals rebounded in April, having dipped in the first three months of the year. Lenders are eager to attract longer term business which has created a competitive landscape for customers. This has ensured five-year average rates have remained relatively flat month-on-month. As more borrowers seek independent advice when remortgaging, the market is reacting quickly to the shifts in headline rates.

“Five-year fixed rate remortgages will always be popular when borrowers are seeking financial security. Many consumers are now opting for these deals to ensure they have certainty and stability through the potential economic and political upheaval of the next few years.”

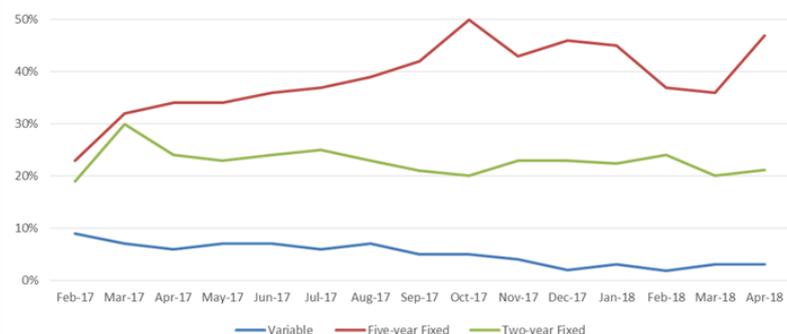
Nick Chadbourne, Chief Executive of LMS

### 👁️ Key findings at a glance

Proportion of market	April-18	March-18	April-17
Five-year fixed rate	47%	36%	34%
Two-year fixed rate	21%	20%	24%

Demand for five-year fixed rate remortgages rose to represent 47% of the total remortgage market in April – the highest proportion in six months.

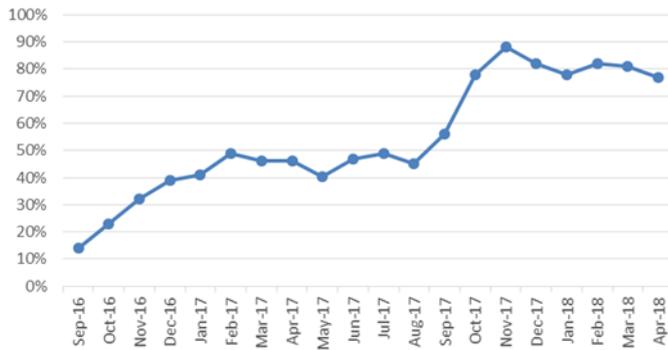
Remortgage Demand



This is a significant increase in demand for five-year fixed rate remortgages from the previous month when these deals made up just 36% of the market. Demand for five-year fixed rate remortgages is also 13 percentage points higher than in April 2017 (34%).

The growth has been driven by lenders providing competitive offers to attract long term borrowers. The average rate for five-year fixed remortgages only increased by 0.01% month-on-month to reach 2.91% in April – well below the increase in the average two-year fixed rate.

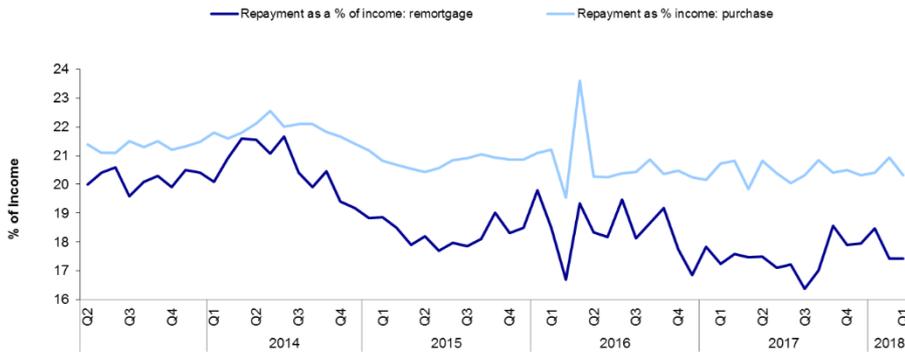
Bank Rate Expectations - Rate Rise



The proportion of remortgagors who expect a base rate rise this year has declined to 77% - the lowest level in seven months. This is a 4 percentage point decline month-on-month.

Expectations for an increase in the base rate are still significantly higher than they were in April 2017 when just 46% of borrowers believed there would be a rate rise in the year ahead.

## Affordability and frequency of remortgaging



### Affordability: Key findings at a glance:

The average mortgage rate rose to 2.06% in March, an increase of 0.02% in the month from February's 2.03% – but this is still lower than March 2017 when the average rate was 2.11%

	Household Income (£)	Interest rate (%)	Annual repayment (£)	Annual repayment as % of income
Mar-18	47,367	2.06	8,253	17.4
Feb-18	47,076	2.04	8,200	17.4
Mar-17	46,021	2.11	8,344	17.6

**17.4%**

annual repayment as percentage of income in March

Remortgaging took up a lower proportion of income in March than the same month in 2017 (17.6%)

**£15k**

average amount of equity released in April

The average amount of equity released by remortgaging has decreased year-on-year – down from £29,148 in April 2017

**2.06%**

March's average mortgage rate

The average mortgage rate rose to 2.06% in March, up slightly from 2.04% in February

### Mortgage rates:

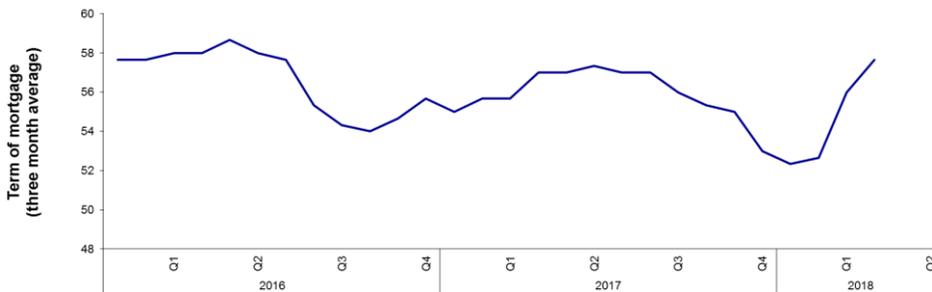


The percentage of homeowners who lowered their mortgage rate rose to 82% in April, an increase of just over 1.4% month-on-month.

The proportion of remortgagors consulting an independent mortgage adviser or broker has risen to a record high of 78% in April – increasing from 72% in March.

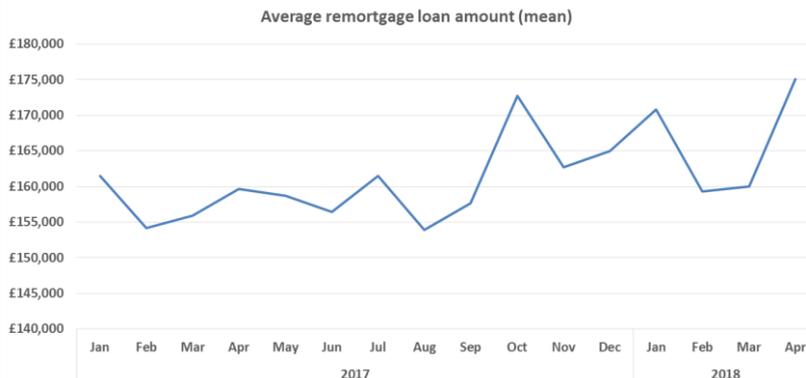
### Frequency:

The term of a remortgage, as a three-month rolling average, increased to 58 months in April – up from 56 months in March. This is the highest level since July 2016.



### Average loan amount:

The average remortgage loan amount increased to a record high in April of £175,000. This represents a 9% rise on March's average of £160,000 and a 10% increase year-on-year



**78%**

Of remortgagors consulted an independent mortgage adviser or broker

A record high – up from 72% in March

**58 months**

Average term length in April

This is the longest average term length since July 2016 – increasing by two months from March

**9%**

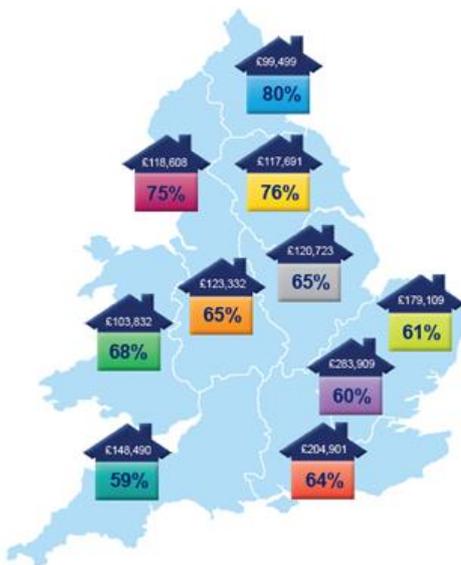
Increase in the average remortgage loan amount month-on-month

April saw the average loan amount rise to a record high of £175,000 – a 9% increase from March

## Regional trends

- Highest LTV is 80% found in the North East – down from 84% in February
- Highest average remortgage loan amount is in London – £283,909 – down by almost £6,000 from February
- Fastest remortgaging frequency in London – an average of three years and ten months

Average loan amount



Length of mortgage

Region	April 18 (Months)	March 18 (Months)	Change (Months)
East Anglia	47	59	-12
East Midlands	54	66	-12
London	46	53	-7
North East	62	67	-5
North West	56	67	-11
South East	49	61	-11
South West	54	62	-8
Wales	60	61	-1
West Midlands	56	68	-12
Yorkshire	53	65	-12

Average LTV for England and Wales is 67% in March, increasing from 70% in February. At 60%, London has the lowest average LTV.

In March, the highest average remortgage loan was in London at £283,909. This is £5,950 lower than the London average in February. The average remortgage for England and Wales was £150,009 – down from £157,748 in February.

### About LMS

LMS's UK remortgage lending estimates are based on LMS's up to date internal conveyancing data, which, every month, covers many thousands of remortgage completion transactions. LMS (Legal Marketing Services) is one of the UK's largest providers of outsourced property services, including conveyancing, remortgage and IT services. Each year LMS successfully manages over 200,000 transactions, helping to enable more than £30 billion in loans for intermediaries and lenders. The LMS system is based on the company's unique STARS (Servicer Tracking & Reporting System) technology which manages transactions electronically on-line to ensure speed, cost efficiency and quality of service.

To find out more about LMS, visit [www.lms.com](http://www.lms.com)

# 60%

lowest average LTV

The lowest average LTV in March found in London – up from 57% in March 2017

# 62 months

least frequent remortgaging

On average, homeowners in the the North East remortgage least frequently in April – every five years and two months

# £99k

lowest remortgage loan size

The lowest average remortgage loan size in March was in the North East – £99,499 – while the next lowest was in Wales (£103,832)