

# Remortgage Report



## ➔ Increase in remortgaging due to divorce or separation, say LMS

### 🕒 Fast facts:

# ↑42%

of borrowers chose five-year fixed rate remortgages in May – up from 34% in the same month in 2017

# ↓80%

lowered their overall mortgage rate in May

# →58 months

remortgaging frequency (three-month average)

# ↑£23k

average amount of equity released – largest amount in ten months

# ↑75%

consulted a broker or mortgage adviser in May – up from 69% in May 2017

### Interest rate expectations

# 71%

expect rate rises

# 28%

expect no change

# 1%

expect rate falls

### 🗣️ Quick quote

“While most borrowers remortgage to switch deals or save money, we have seen an increase in remortgaging for different reasons this month, including homeowners remortgaging due to divorce or to pay off debts.

“In almost all cases customers are looking for an efficient process that delivers against both speed and value. A fees-assisted remortgage is the most appropriate vehicle, developed and refined for this process, it offers both customers and lenders great value and an efficient legal platform to make the switch.”

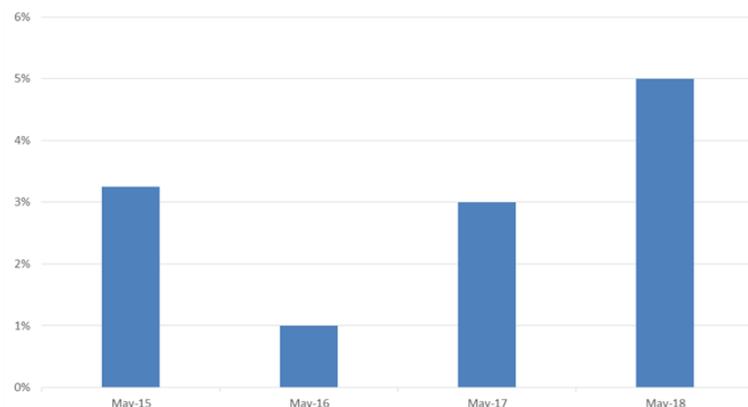
Nick Chadbourne, chief executive of LMS

### 👁️ Key findings at a glance

Reason for remortgaging	May-18	May-17	May -16	May -15
Divorce or separation	5%	3%	1%	3%
To pay off debt	16%	14%	7%	8%
Home improvements	26%	24%	19%	23%

The proportion of homeowners remortgaging due to a divorce or separation has increased to 5% of the market in May – up from 3% in May 2017 and 1% in May 2016.

These figures include borrowers who are refinancing to remove ex-partners from their mortgage as well as those who wish to raise additional funds to cover divorce settlements.

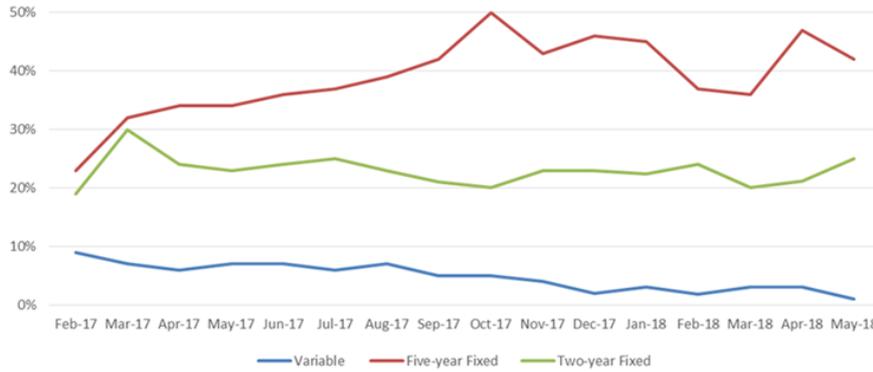


Proportion of borrowers remortgaging due to divorce or separation

The proportion of borrowers remortgaging to pay off debt has also increased in May to 16% of market, up from 13% in the previous month.

The most popular reason for borrowers to remortgage is reaching the end of a fixed rate deal (63%). In addition, 26% of borrowers remortgaged to fund home improvements in May.

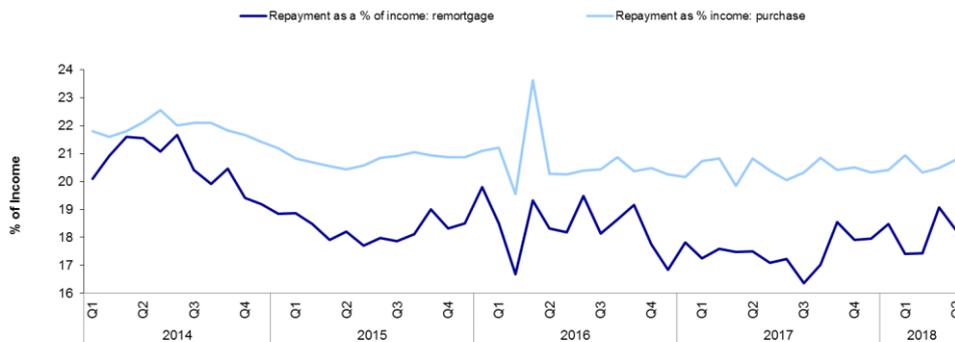
## Remortgage product type



Five-year fixed rate remortgages continue to be the most popular type of product when refinancing, as 42% of borrowers chose these deals in May – up from 34% in the same month in 2017.

However demand for five-year fixes has declined from April when these deals made up 47% of the market.

## Affordability and frequency of remortgaging



### Affordability – Key findings at a glance:

The average mortgage rate rose to 2.11% in May, an increase of 0.06% in the month from April’s 2.05% – it is also higher than May 2017 when the average rate was 2.06%.

	Household Income (£)	Interest rate (%)	Annual repayment (£)	Annual repayment as % of income
<b>May-18</b>	47,253	2.11	£8,636	18.3
<b>April-18</b>	47,278	2.05	£9,019	19.1
<b>May-17</b>	46,780	2.06	£8,187	17.5

# 25%

Of borrowers chose two-year fixed rate remortgages in May  
Popularity of two-year fixed rates increased from 21% in April

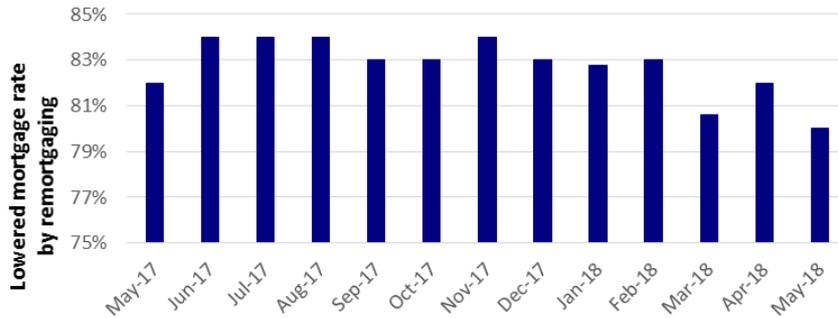
# 18.3%

Remortgage repayments as a percentage of income in May  
The average remortgage repayment as a percentage of income has fallen from 19.1% in April

# 2.11%

May’s average mortgage rate  
The average mortgage rate rose to 2.11%, up from 2.06% in April

### Mortgage rates:

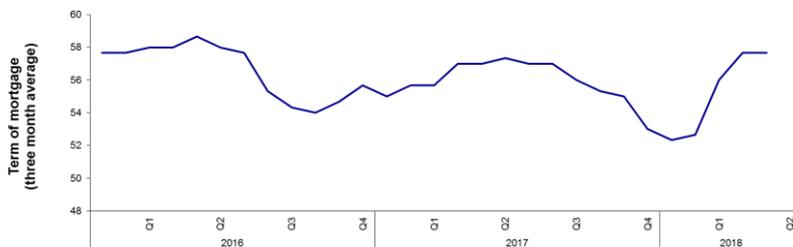


The percentage of homeowners who lowered their mortgage rate fell to 80% in May, decreasing by two percentage-points from April.

The proportion of remortgagors consulting an independent mortgage adviser or broker has risen to 75% in May – increasing from 69% in the same month in 2017.

### Frequency:

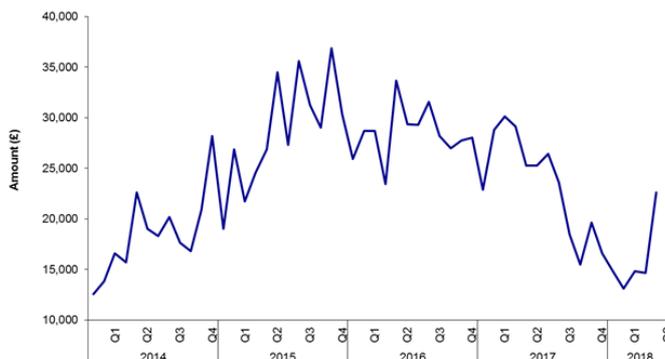
The term of a remortgage, as a three-month rolling average, is 58 months in May. This is the same as April and a slight increase from May 2017 when the average was 57 months.



### Equity released:

The average amount of equity released through remortgaging has increased to £22,600 in May – the largest amount in 10 months – up from £14,600 in April.

The increase has been mainly due to a decline in the average redemption value which has fallen to £143,000 in May – down from £162,000 in the previous month.



**80%**

Of homeowners lowered their mortgage rate by remortgaging in May. This proportion has declined from 82% in April

**58 months**

Average term length in May. This is the same average length as April, but marginally higher than May 2017

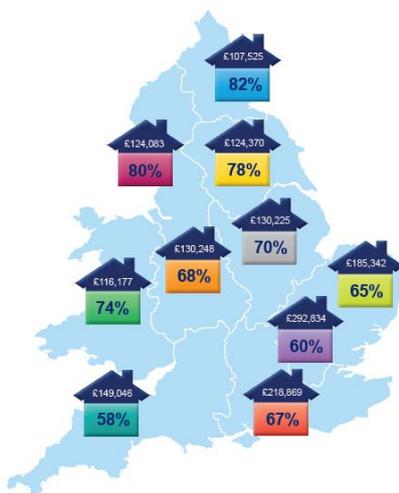
**£23k**

Average amount of equity released by remortgaging in May. Equity released increased from £14,500 in April

## Regional trends

- Highest LTV is 82% found in the North East – up from 77% in April
- Highest average remortgage loan amount is in London – £292,834 – up by almost £10,000 from April
- Fastest remortgaging frequency in London – an average of four years and three months

Average loan amount



Length of mortgage

Region	May 18 (Months)	April 18 (Months)	Change (Months)
East Anglia	57	47	+10
East Midlands	63	54	+9
London	51	46	+5
North East	64	62	+2
North West	58	56	+2
South East	57	49	+8
South West	62	54	+8
Wales	68	60	+8
West Midlands	63	56	+12
Yorkshire	60	53	7

Average LTV for England and Wales is 70% in May, increasing from 68% in April. At 58%, the South West has the lowest average LTV.

In May, the highest average remortgage loan was in London at £292,834. This is £9,845 higher than the London average in April. The average remortgage for England and Wales was £157,872 – up from £151,784 in April.

### 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)

# 58%

Lowest average LTV  
The lowest average LTV in May found in Southwest – replacing London

# 68 months

Least frequent remortgaging

On average, homeowners in the the Wales remortgaged least frequently in May – every five years and eight months

# £108k

Lowest remortgage loan size

The lowest average remortgage loan size in May was in the North East – £107,525 – while the next lowest was in Wales (£116,177)