

Remortgage Report



➔ More customers using brokers to secure the best deals on the market, says LMS

🗣️ Quick quote

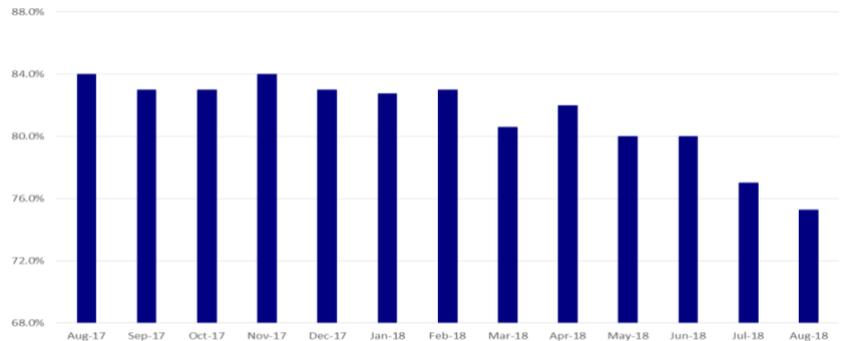
“Borrowers are proactively obtaining advice from brokers in order to successfully navigate a tougher rates environment, with 88% of remortgagers now consulting an intermediary. As a result, borrowers are still getting good deals and more people are seeing their mortgage payments fall; remortgaging presents a moment in time where individual circumstances and aspirations can be understood and that’s the value of obtaining advice from a broker. Intermediaries are adding value to the decision-making process by providing an in depth understanding of the market and lender rate tables. This is reflected in borrowers’ increasing positive opinion of brokers. Fewer borrowers feel confident about making a decision without advice and more are stating broker advice is the most important factor when selecting a new lender.”

Nick Chadbourne, chief executive of LMS

📌 Key findings at a glance

Mortgage Rates:

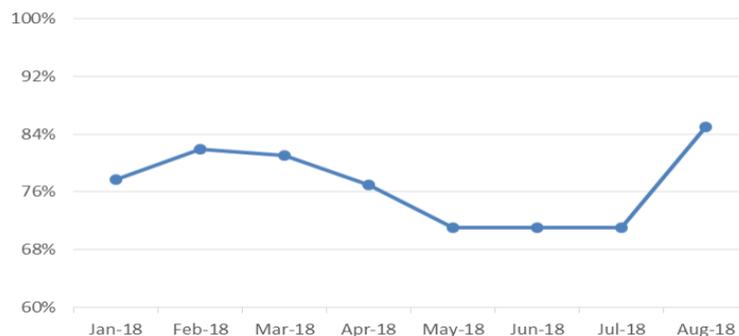
Fewer borrowers were able to lower their mortgage rate in August than in July: the number who could has fallen slightly from 77% to 75%.



With so many borrowers moving to fixed rate products, lenders have been able to increase rates on these sort of mortgages in face of rising demand. But borrower expectations are that the Bank Rate is set to rise further – with 85% expecting a rise in the next 12 months – meaning that the popularity of fixed rate products remains undiminished.

Rising Interest Rates: 85% of borrowers predict the bank rate will rise.

Bank Rate Expectations - Rate Rise



🕒 Fast facts:

↓ 75%
of borrowers were able to lower their mortgage rate down from 77% in July

↑ 88%
of borrowers are consulting brokers up from 83% in July

↑ 38,000
Volume of remortgages is up by 32% since August 2013 5 years ago

↑ £173,545
Average loan amount exceeds July’s record high (based on 12-month rolling average)

Interest rate expectations

85%
expect rate rises

14%
expect no change

1%
expect rate falls

Brokers Helping Borrowers

Despite recent rate rises, customers are still securing good deals, especially those consulting brokers:

- 88% of borrowers are consulting brokers, up from 83% in July. As a result, the number of people able to lower their monthly mortgage repayments increased from 11% in July to 16% in August.
- Increasingly, borrowers regard brokers as good value for money; fewer borrowers think that advice is too expensive (down from 14% in July to 9% in August).
- Fewer borrowers feel confident enough to make a decision about their remortgage without advice (from 93% to 84%).
- 37% of borrowers say broker advice is the most important factor when choosing a new lender, up from 34% in July, the highest since the start of 2018.
- Fewer borrowers said the most important factor affecting choosing a new lender was the best rate (47% down from 53%). There is a growing understanding in the current market that finding the right product is more complicated than looking at the rate which is why more people are turning towards brokers.

Volume of Remortgage Loans



Volume of Remortgage Loans Over Time (12 month rolling average)

In August 2018 the volume of remortgage loans, as a 12 month rolling average, reached 38,000.

This is the highest recorded volume for almost a decade (since September 2009) and represents a small rise from the previous month where 37,675 loans were taken out.

88%

of borrowers are consulting brokers. This signals a 5 percentage point increase from the previous month.

37%

of borrowers say broker advice as the most important factor when choosing a new lender. This is the highest since the start of 2018.

38,000

The number of remortgage loans taken out in August 2018. This has increased from the number of loans taken out the previous month which stood at 37,675.

Increase in Loan Amounts

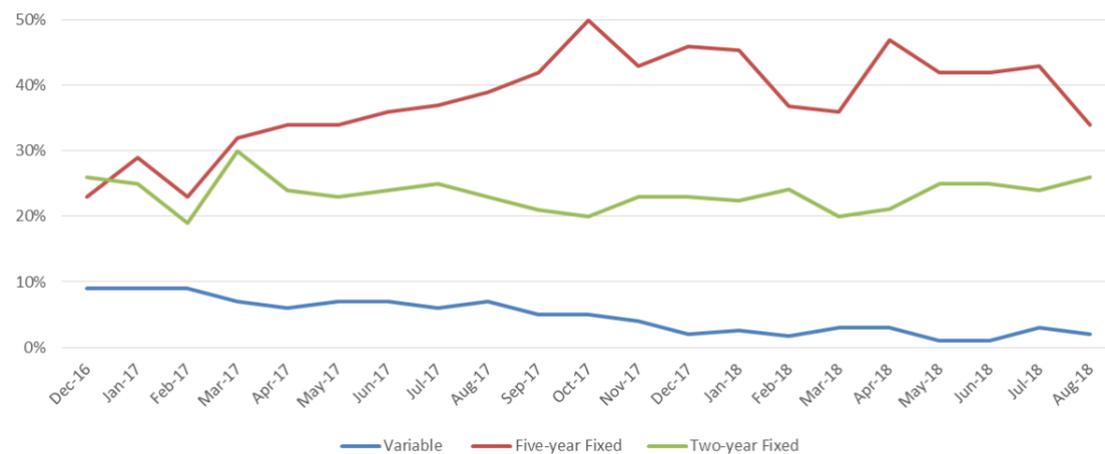
Average remortgage loan amount (3 month rolling average)



The typical remortgage loan amount has hit a record high of £173,545 based on a 3 month rolling average overtaking the record set in the previous month of £171,421.

The amount borrowers were able to increase their loan to reached £11,769, up from £11,432 in July 2018.

Remortgage Product Type



Fewer borrowers are moving on to variable mortgages: the number declined from 3% to 2%.

When borrowers were asked what their previous mortgage product type was 49% said they were coming off a fixed 2 year mortgage. Only 8% were on a fixed 5 year mortgage. But only while 26% moved on to a fixed 2 year mortgage in August, 34% moved on to a fixed 5 year mortgage.

The mix of fixed rate products is changing. In July approximately 65% of new fixed rate mortgages were 5 year products. That's now fallen to approximately 55%.

Nick Chadbourne said: "This shift towards an equal proportion of borrowers choosing either 2 or 5 year rate fixed mortgages reflects a change in pricing, as rates for longer term fixes rise."

£173,545

The average value of a remortgage loan in August 2018.

This has beaten last month's record of £171,421.

£11,769

Amount borrowers were able to increase the size of their loan by (up from £11,432 in July).

34%

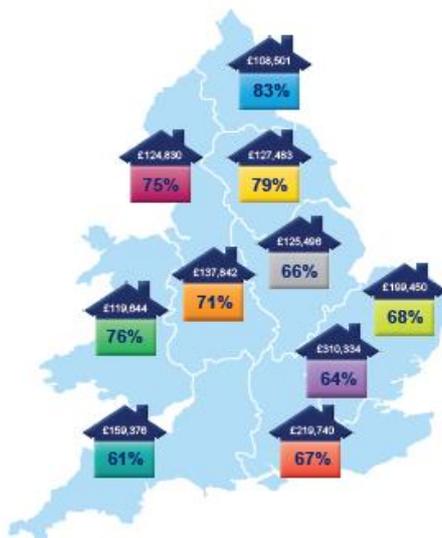
of borrowers are moving on to a fixed five year mortgage.

This can attributed in part to the expectation that interest rates will rise.

Regional Trends

- Highest LTV is 83% found in the North East
- Highest average regional remortgage amount is in London - £310,334 – marginally lower than £311,331 in July
- Fastest remortgaging frequency also in the capital – an average of four years and one month (up 8 months from July)

Average loan amount



Length of mortgage

Region	August 18 (Months)	July 18 (Months)	Change (Months)
East Anglia	52	42	+10
East Midlands	57	43	+14
London	49	41	+8
North East	62	51	+11
North West	57	45	+12
South East	49	43	+6
South West	58	47	+11
Wales	60	52	+8
West Midlands	58	47	+11
Yorkshire	63	46	+17

Average LTV's in the North East fell to 83% in August; down from 93% in July. The region currently has the lowest typical loan amount at £108,501 (lower than the North East's loan amount for July which stood at £118,923). All regions in England Wales have seen LTV's fall except Yorkshire where LTV's slightly rose from 78% to 79%.

The lowest LTV's can be found in London, the region that consistently borrows the smallest percentage of their property's value. Down 1% from July at 64%, this still equates to £310,334, the highest average regional remortgage amount.

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

61%

Lowest average LTV
The lowest average LTV in August found in the South West.

62 months

Least frequent remortgaging
On average, homeowners in the North East remortgaged least frequently in August.

£109k

Lowest remortgage loan size
The lowest average remortgage loan size in August was in the North East – £108,501.