

L&G: Buy-to-let and specialist products gather steam despite market slowdown

- Criteria searches for interest-only mortgages grew by 60%
- Criteria searches for 'regulated' buy-to-let mortgages rocketed by 59%
- Criteria searches on behalf of overseas customers climbed by 57%

London, December 2022 - As UK lenders return to the market, data from Legal & General's SmartrFit platform reveals which areas of the market remain healthy despite the overall drop in demand. Specifically, the most popular mortgage criteria searches were made by those seeking guidance as Help to Buy ends and the cost-of-living crisis persists.

With Help to Buy coming to an end, buyers sought alternative solutions

As the Help to Buy scheme reached its final few months, November data reveals buyers continued to search for alternative support. Criteria searches for products suitable for Discounted Market Sale (DMS) schemes grew by almost a quarter (20%) in November. In a similar vein, searches on behalf of borrowers using gifted deposits climbed by 7%.

Rising living costs shapes demand

With the cost-of-living crisis continuing to hit household finances, the data suggests a large shift in priorities when it came to borrowing options. November saw a 60% jump in criteria searches for interest-only mortgages, exceeding market averages. With energy bills rising, this potentially contributed to a further 67% spike in searches for products that consider a property's energy performance certificate (EPC).

Buy-to-let market gets back on its feet in November

November's data also showed signs of optimism in the buy-to-let sector specifically, with a 10% growth in criteria searches for holiday lets. In addition to this, searches for 'regulated' buy-to-let mortgages rocketed by 59%, with increasing numbers of borrowers renting out their property to a relative.

Activity levels fueled by foreign buyers

Foreign buyers remained committed to investing in the UK property market throughout November, with criteria searches on behalf of overseas customers climbing by over half (57%). For another month in a row, the most criteria searches were also made on behalf of applicants with a visa. Additionally, last month saw a 38% increase on behalf of borrowers using deposits from a foreign source.

Kevin Roberts, Managing Director, Legal and General Mortgage Services: -

"With affordability coming under pressure in recent months, we would naturally expect activity to level off and the market to soften towards the end of the year. At the same time, it's been reassuring to see certain areas of the market forge ahead and outperform averages. The ongoing cost-of-living crisis is notably influencing this demand, with increasing numbers of borrowers opting for interest-only mortgages and greener homes.

"With Help to Buy soon becoming redundant, it's equally important for borrowers to consider the alternative avenues at their disposal. While the Treasury's extension of the mortgage guarantee scheme could offer a lifeline to many, advisers must be on hand to help borrowers source the best solution for their individual needs."

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Further information [journalists only]

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