Monthly Remortgage Snapshot

Key performance metrics

9%
Instructions increased by 9% in February

31%
31% less remortgages completed in February

4%
The overall cancellation rate increased by 0.35%

2%
Pipeline cases decreased by 2% month on month

Fast facts

£257
average monthly payment increase for those who remortgaged in February

70%
of borrowers increased their loan size in February

54%
of those who remortgaged took out a 5-year fixed rate product, the most popular product in February

30%
said their main aim when remortgaging was to gain longer term security, the most popular response

Remortgage loan sizes

Change in loan size reported by borrowers

- 40% increased their total loan size
- 37% saw no change in their total loan size
- 23% reduced their total loan size

Average loan increase post remortgage: £18,802

Average loan decrease post remortgage: £13,743

Monthly loan repayments

Change in monthly loan repayments reported by borrowers

- 70% increased their monthly remortgage repayments
- 12% saw no change in their monthly remortgage repayments
- 18% reduced their monthly remortgage repayments

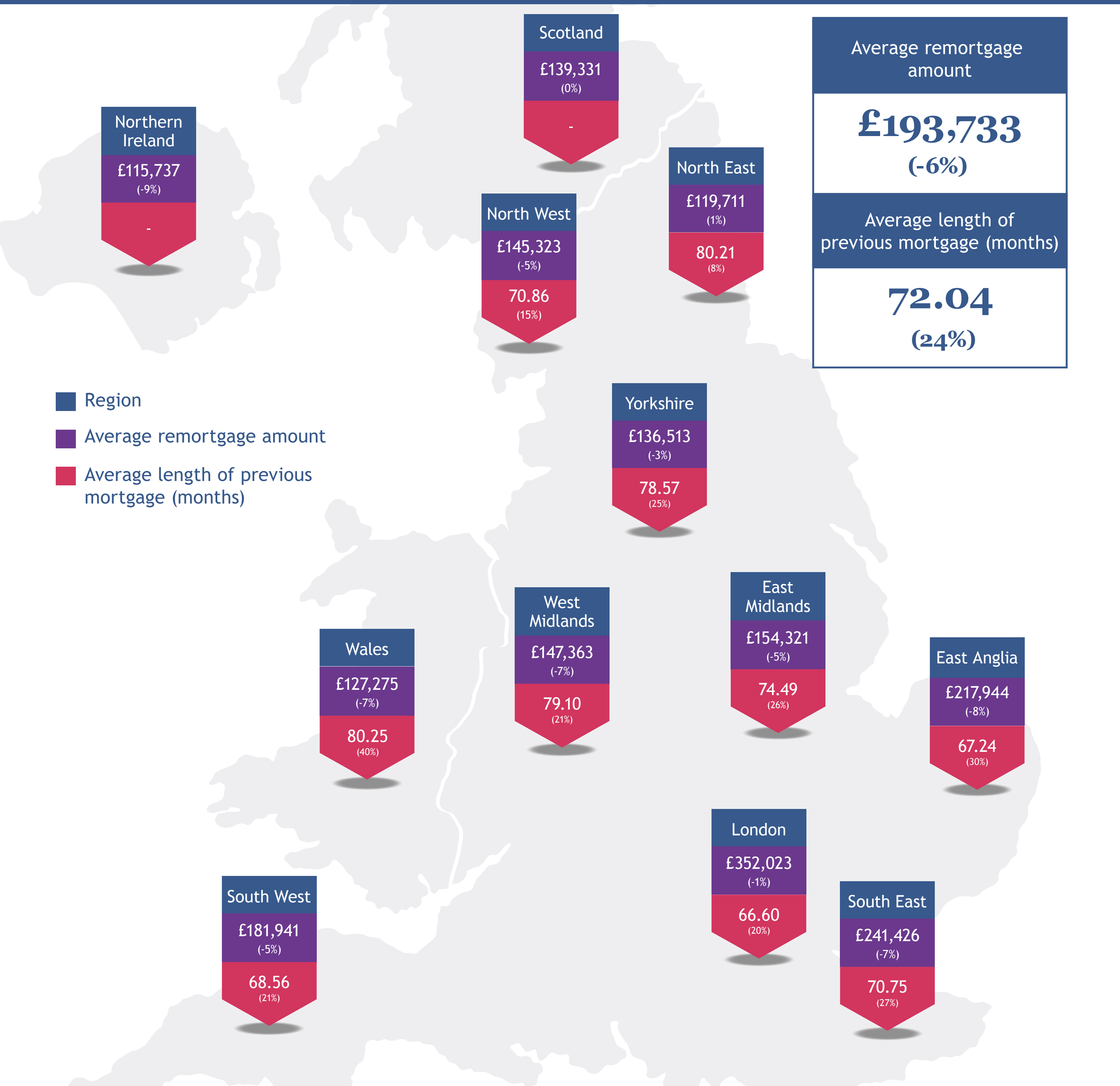
Average monthly repayment increase: £257

Average monthly repayment decrease: £270

Regional trends

The average remortgage loan amount in London and the South East was £296,725 while the average for the rest of the UK stood at £148,546, putting remortgage loan amounts almost 50% higher in London and the South East than the rest of the UK.

The longest previous mortgage length was found in the Wales at 80.25 months (6.69 years) and the shortest was in London at 66.60 months (5.55 years), putting the longest previous mortgage term 17% longer than the shortest.



Nick Chadbourne, CEO, LMS

"Market needs more government measures to boost affordability" – LMS

"Instructions continued to rise in February as expected as people looked to lock in rates before they rise again - this is to be expected since we have seen swap rates bottom out, and the majority of borrowers continued to go after 5-year fixed rates in a push for longer term security. Despite this, the pipeline contracted as a result of a simultaneous increase in cancellation rates - this was predictable, though, as people who secured rates in December started cancelling and reapplying for more attractive rates.

Heading into March, we are likely to see an uplift in instructions thanks to the ERC spike expected at the end of the quarter. This will be tempered a little as affordability remains a challenge, and with the Spring Budget doing nothing to help the housing market this will be unlikely to go away anytime soon. What we needed was measures to help people get on the property ladder, with the government taking steps to increase housing stock and therefore improve affordability, and to make the long-term rental market more stable by easing punitive measures on landlords, but we didn't see any of that. Hopefully there will be more input in the coming months, but until then we are likely see reduced activity overall as people effectively wait and see before making any decisions."

Interest rate rise expectations

84%
Within the next year

4%
More than a year away

13%
No change

Product purchasing

54%
5-year fixed

25%
2-year fixed

3%
10-year fixed

13%
Tracker

Fixed-rate purchase motivations

65%
Security over monthly payments

27%
Worried about the economy and wanted to lock in a fixed rate now

27%
Worried about job security and wanted to lock in a fixed rate now

Primary goal when remortgaging

30%
to lock-in a good deal now/ gain longer-term security

23%
to lower monthly payments

20%
to release equity in property i.e. borrow more money

Methodology

LMS' UK remortgage lending estimates are forecasts based on LMS' up to date internal conveyancing data and remortgage lending figures provided by UK Finance. Together these two datasets cover 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. 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.