



Landlord Newsletter 2/24



Steven Sim – Associate

Welcome to our Landlord Newsletter covering industry updates and insight.

Housing market outlook for 2024

The Nationwide House Price Index for December 2023 found that UK house prices fell by 1.8% over the course of 2023, with only Scotland and Northern Ireland seeing rises during the year.

Nationwide's Chief Economist, Robert Gardner, said "Housing market activity was weak throughout 2023. The total number of transactions has been running at around 10% below pre-pandemic levels over the past six months, with those involving a mortgage down even more (around 20%), reflecting the impact of higher borrowing costs."

"Housing affordability has remained stretched. A borrower earning the average UK income and buying a typical first-time buyer property with a 20% deposit would

have a monthly mortgage payment equivalent to 38% of take-home pay – well above the long run average of 30%."

The Bank of England has raised interest rates enough to reduce inflation to its target and interest rates are predicted to drop in coming years. This has contributed to the recent drop in the longer-term fixed mortgage rates. This gives a more optimistic outlook for the coming years.



However, Nationwide does not expect activity or house prices to improve rapidly in 2024.

It is predicted that income growth, combined with modestly lower house prices and interest rates, will gradually improve affordability over time.



Landlord Newsletter 2/24

Housing market activity is expected to remain fairly subdued in 2024.

They expect that if the economy remains sluggish and mortgage rates moderate only gradually, house prices are likely to record another small decline or remain broadly flat (perhaps 0 to -2%) over the course of the year.

Mortgage rate outlook for 2024

Competition is intensifying amongst mortgage lenders, with some major lenders announcing significant cuts on some of their products in January 2024.



According to financial information service Moneyfacts, the average rate on a two-year fixed mortgage has dropped to 5.62% compared with 5.93% at the start of the year.

This is despite upheaval in the Red Sea, which could impact upon the UK economy. Disruption to vessels using the Red Sea and upheaval in the wider region could result in higher inflation, higher

mortgage rates and lower activity than otherwise predicted. In spite of this, analysts predict that the lowering of inflation we have already seen will lead to the Bank of England cutting the benchmark rate of interest on several occasions during 2024. These predictions have lowered funding costs for lenders, leading to increased competition in the sector.

This is good news for those nearing the end of fixed-term mortgages, although rates will still be much higher than those seen before 2021.

If you would like to speak to us and find out how we can help you with any property-related issues, please contact Steven Sim on 0131 226 2233 or email ssim@thomsoncooper.com.

The newsletter is part of our online [Property and Landlord Hub](#) which also features factsheets and property-related articles.

