



## March 2025

# This month in mortgages

### Residential news

- After a stormy 2024, where we saw interest rates at their highest levels in over a decade and intense spells of high pressure for mortgage brokers, lenders and buyers alike, the outlook for the UK mortgage market is cautiously optimistic.
- The Bank of England predicts between 2 and 4 interest rate cuts throughout 2025 which could see rates falling as low as 2.75%.
- As interest rates cool, house prices are expected to rise by 4% in 2025.
- House prices have been rising since September and the housing market continues to show resilience despite ongoing affordability pressures.
- Overall, 2025 looks set to be a year of recovery and stabilisation in the UK housing and mortgage market with opportunities for buyers and homeowners to benefit from brighter conditions.
- House price growth was muted in February at 0.5% but there was no shortage of activity.
- The government announces plans to digitalise the house buying process. This will enable conveyancers, Land Registry, mortgage lenders and other parties to share information rapidly.
- Whilst there are a number of lenders that have release rates at below 4% again and swap rates have reduced a little, inflation is back on the rise which would suggest a March Bank of England rate drop is increasingly unlikely.
- The government considers relaxing mortgage affordability rules to support first-time buyers.
- Barclays cuts rate down to 3.96% and increases 90% LTV loan sizes.



## Buy-to-let news

- Buy-to-let is back on a positive path after a shaky start to the year.
- 19% of tenants have moved five times in five years due to landlords exiting the market.
- UK rents rise by 3% as Zoopla warns rental reforms will continue to limit supply.
- The government to end 'feudal' leasehold system and make commonhold 'default tenure'.
- Landlord confidence - landlords are less positive about rental yields than they were a year ago, but more upbeat about the prospects for both capital gains and their lettings business overall. Landlords looking to sell in the next year and those not making a profit tend to be less positive about the prospects for both rental yields and their own lettings business overall.
- Intended sales activity in the next year is now at around six times the level of expected purchasing (41% vs. 7%). For the minority looking to purchase, 60% plan to utilise BTL mortgage finance and 69% intend to buy within a limited company. 43% of leveraged landlords will remortgage or take a product transfer in the next year, with 18% doing so within a limited company.

## Mortgage protection

- Consumer Duty is leading to an increase in protection conversations and sales.
- Demand for income protection continues to rise as individuals get a better understanding of its value

## Property insurance

- We partner with property insurance specialists who offer a bespoke policy which has been specifically developed for property owners to suit their unique requirements. Cover can be arranged for a wide range of property types including non-standard properties which are typically more difficult to place.
- Protection can be offered for both standard and non standard properties including:
  - Residential: all tenants including professionals/working/unemployed, students, asylum seekers
  - Unoccupied
  - Commercial
  - Block of flats
  - Block management
  - Holiday lets: AirBNB, short term lets
  - Listed buildings
  - Portfolios and difficult to place risks
- It is important that the correct level of cover is in place as this is a mandatory requirements for all lenders. Should you wish to review your current policy/cover, please contact us.



## Stamp duty changes from April 2025

You pay SDLT at these rates if, after buying the property, it is the only residential property you own. You usually pay 5% on top of these rates if you own another residential property.

### Rates up to 31 March 2025

Property or lease premium or transfer value SDLT rate

Up to £250,000	0
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

### Example

In October 2024 you buy a house for £295,000. The SDLT you owe will be calculated as follows:

- 0% on the first £250,000 = £0
- 5% on the final £45,000 = £2,250
- **SDLT - £2,250**

### Rates from 1 April 2025

- Property or lease premium or transfer value SDLT rate

Up to £125,000	0
The next £125,000 (the portion from £125,000 to £250,001)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

(With thanks to Greg Hill from George Square Financial Management for this info)

