

As I write on what is referred to as “blue Monday” am I feeling that sense of gloom, with Christmas cheer and relaxation a distant memory? Perhaps.

But a little less daunted by what’s to come and instead, relishing a new set of challenges that face us following the backdrop record levels of lending seen in 2022. In my view the outlook for 2023 certainly isn’t all doom and gloom.



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So, looking at the year ahead, what can we expect?

To start with, I think it's likely we will continue to see rises in the Bank of England base rate, but that doesn't necessarily mean customer rates are going to increase in the same way.

Confusingly for borrowers, as base rate rises, we're likely to see mortgage rates fall. In fact, according to research by Better.co.uk (January 2023) we already are, with the average 5yr. fixed rate reducing by over 1% since the peak last year. That's despite base rate increasing by 1.25% in the same period.

Ambiguity will continue. Are house prices going to fall? Probably. By how much? Who really knows? For how long? How long is a piece of string?!

Not great news for those looking to sell and move. But likely welcome news for First Time Buyers, who have been stung with double digit growth over the past 2 years and very modest wage inflation in comparison.

For those simply remortgaging, of course a fall in HPI is not ideal, but equally, it's no real game changer. Even considering a worst-case scenario, LTV moving from 60% to 95% LTV (most unlikely), if we use the current market average for a 2 year fixed rate (Moneyfacts data as at 12/01/2023), the differential in interest rates remains modest to say the least, roughly 0.5% which on a £200k balance is roughly £80pm.

Against this backdrop, I expect to have a very busy team in 2023, with the average product shelf life expected to remain exceptionally short and agility and speed remaining as important as ever. In contrast to last year's race to the top, stemming applications and balancing hedging requirements, with a smaller mortgage market, fewer expected base rate rises, are we now instead - in a race to the bottom?

And as for a more personal reflection, I think the past few years have demonstrated how strong and well equipped we, as an industry, are to deal with change, ambiguity and above all, how customer centric we remain.