

Mortgages - UK - March 2010

Report Price: £1500 / \$3000 / €2250



What is this report about?

The 2007-08 credit crisis marked the end of the housing boom and had far-reaching consequences for the UK mortgage market. The latter has been transformed over the past two years, with the collapse of the wholesale funding markets and the withdrawal of numerous smaller and specialist lenders. Many of those remaining have had to contend with rising bad debts and, as a result, have become more risk-sensitive. This, along with restricted access to capital/wholesale markets and prevailing concerns about future funding, has created a more conservative lending environment.

What have we found out?

- The property market is increasingly polarised between the 'haves' and the 'have-nots'. The proportion of mortgage holders has been steadily falling, as would-be first-time buyers find themselves shut out of the market, and older homeowners clear their mortgages.
- There's cautious optimism when it comes to house prices. Consumers are more positive about the market than at any point since 2007.
- Despite the turmoil of recent years, there's an overwhelming belief that property remains a good long-term investment. Even the most dramatic financial crisis in living memory can't dent the UK consumer's faith in bricks and mortar.
- 2010 is likely to be another slow year for the mortgage industry. Just 11% of those with a mortgage are thinking of remortgaging. The constant quest for a new discounted deal that characterised the mortgage market in the run-up to the credit crunch is a thing of the past.
- Reality has hit home for younger borrowers. A fifth of mortgage-holders aged under-35 don't think that they'd be able to get a new mortgage in the current climate.
- A third of people would only consider getting a mortgage after getting professional advice, but the internet is playing a growing role in the search process. Three in ten would search online for information, and a quarter would even be prepared to apply online if it meant they got a better deal.

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