



NEWS RELEASE

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PREDICTIONS OF HIGHEST GROSS LENDING IN A DECADE MAY ONLY GO HIGHER

Gross lending this year could reach the highest levels in more than a decade according to recent predictions, but would go higher still if revised today, experts say.

Speaking on the latest Accord Mortgages Growth Series podcast out today (Thursday 18 March), Rob Thomas, principal researcher at IMLA, and Charles Roe, director of mortgages at UK Finance, share their reasoning behind making such forecasts and explain how brokers could use a wealth of economic data to add value to conversations with clients.

Rob, who initially forecast £283bn gross lending for the year - the highest since 2007 - exclusively revealed if he was reforecasting today, it would likely only go higher, thanks to continuing unprecedented levels of government support stimulating demand in the housing market.

Rob said: “What we’re forecasting for 2021 is in line with the monthly average of gross lending in 2020, excluding the three months of lockdown in April-June. The market has performed well during the pandemic, lenders have done an extraordinary job and demand has been far higher than people expected. There was a lot of talk about a house price collapse and we’ve seen exactly the opposite.”

While UK Finance originally forecast lower than IMLA, for similar reasons Charles considers their prediction of £215bn would also be revised up if reforecasting today. A combination of positive market indicators, including the success of the Covid vaccine rollout have all contributed to this. He also suggests what may be needed from brokers this year.

Charles said: “I think we can expect increased demand from borrowers looking to squeeze in a purchase before the first or second step down in stamp duty, but advisers also need to take into account the end of the furlough scheme and what that means for borrowers, and the ending of the mortgage payment deferral scheme as there will be some customers who may find their mortgage is unaffordable and look to downsize.

“Product transfers are also likely to be a continuing feature for some customers as we’ve seen over the last nine months. It will be interesting to see how brokers adapt to the new

normal, working remotely, which they've done with remarkable resilience in the last year."

The two-part podcast also explores what the Budget means for the housing market, discusses a potential review of affordability testing and looks at what useful economic information is out there for brokers to keep abreast of.

Unemployment rates, the closure of large organisations, how the economy recovers post-Covid and how accumulated savings could be spent in the coming months are all indicators, the guests say, of what will influence the year ahead.

Rob adds: "It's worth paying attention to inflation because there's a risk that if we see that money [an average of £14,000 increased savings per household], being spent quickly we could see what I'd describe as a mini-boom in the economy, particularly in some sectors, where you could see some pressure on inflation.

"That's important for the housing market too as we could see upward movements in interest rates later in the year, which is one argument for borrowers fixing their mortgage."

Jeremy Duncombe, managing director at Accord who hosted the podcast, said: "The last 12 months have had a monumental impact on the economy and in this latest Growth Series podcast it's fascinating to hear both Rob and Charles discuss the knock-on effects to the housing market and the reasons behind their differing gross lending forecasts.

"We discussed how this might affect how much and what type of business a broker can expect to write this year, and what advisers can learn from leading economic forecasts to improve their conversations with clients.

"It's a great topic area with a wealth of knowledge from two of the industry's leading experts and there's some really great takeaways for brokers."

Part one of the podcast is out today (18 March) and the follow up will be available on Thursday 1 April. To listen, please visit:

<https://info.accordmortgages.com/growth-series-podcasts>

Brokers can sign up to receive the Growth Series material for free at

<https://info.accordmortgages.com/growth-series>

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Notes to Editors

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To view the current Accord product range visit www.accordmortgages.com or click [here](#).

Accord Mortgages Limited is the intermediary lending subsidiary of Yorkshire Building Society.

Accord's approach is to recognise the intermediary's relationship with their client and to work in partnership with intermediaries to meet client needs through competitive products and excellent service.

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