

# Mortgage Market Forecasts



Release date: 11 December 2023

UK Finance: Mortgage Market Forecasts 2024-2025

## UK Finance predicts a subdued mortgage market in 2024 with affordability constraints restricting activity

- Through 2023, higher interest rates and household costs limited access to mortgage credit. We expect that gross mortgage lending will reach £226 billion in 2023, 28 per cent lower than in the previous year. In 2024, we predict a contraction of five per cent.
- Lending for house purchase fell by 23 per cent in 2023, and we forecast a further contraction of eight per cent in 2024.
- Affordability constraints have also dampened external remortgaging activity, falling by 21 per cent to £65 billion. However, there was growth in the internal Product Transfer market, where affordability tests are not required. In 2024 we expect remortgaging activity will fall by eight per cent to £60 billion.
- The buy-to-let market contracted particularly sharply through 2023, with purchase activity down by some 53 per cent in 2023, and a further 13 per cent contraction is forecast for 2024.
- Cost of living and interest rate pressures also pushed more customers into arrears. There will be an estimated 105,600 arrears cases by the end of 2023, 30 per cent up on the historically low number in 2022. We expect the pressure on mortgage payments to continue, and for arrears to reach 128,800 cases by the end of 2024.
- Possession activity remained very low in 2023, with 4,400 mortgaged properties taken into possession. Our forecast is for 5,100 possessions in 2024. Whilst this is 16 per cent greater than in 2023, that would still see possessions lower than in any year from 2019 all the way back to 1981, when the mortgage market was a little over half its current size.

Commenting on the forecasts, [James Tatch](#), Head of Analytics at UK Finance said:

*"2023 was a challenging year for both prospective and existing mortgage borrowers, facing affordability pressures from higher interest rates and cost-of-living, and house prices still at elevated levels relative to income. In the face of these challenges, borrowing for house purchase is constrained. At the same time most existing customers looking to refinance their loans chose to take a Product Transfer with their current lender, where affordability tests are not required."*

*"With these pressures unlikely to ease significantly in the short term, we expect lending to remain weak in 2024, with a gradual improvement in affordability reflected in a modest increase in activity levels in 2025."*

*"The challenging environment has also pushed more households into mortgage arrears. However, the rigorous affordability tests in place since 2014 are now working to ensure that the vast majority of customers can still afford their mortgage payments even with the increased pressure on their finances. Although we forecast more customers will encounter arrears next year, we expect numbers to peak well below levels seen previously."*

*"As always, any customers who do find themselves in difficulty should speak to their lender at an early stage, as the industry continues to provide help to anyone struggling with a range of tailored support options."*

### Notes to Editor

1 For more information please call the UK Finance press office on 020 7416 6750 or mail [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk).

2 UK Finance is the trade association formed on 1 July 2017 to represent the banking and finance industry operating in the UK. It represents almost 300 firms in the UK providing credit, banking, markets and payment-related services. The organisation brings together most of the activities previously carried out by the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.

3 Product Transfer activity does not feature in official measures of gross mortgage lending.

Next update: December 2024



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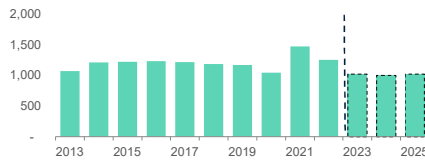
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## Property transactions

Next year (2024) Y-o-Y comparison

Property transactions

Number of residential property purchase transactions (000s)



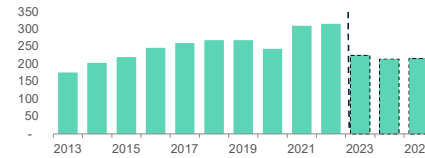
Total 1,005 -2%

## Gross lending

Next year (2024) Y-o-Y comparison

Gross mortgage lending

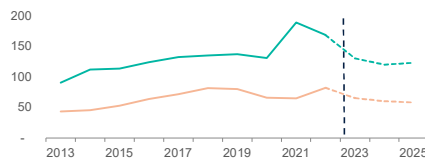
Gross 1st charge residential mortgage lending (£ billions)



Total 215 -5%

Lending to homeowners

Value of gross mortgage lending to purchase or remortgage property for owner occupation (£ billions)

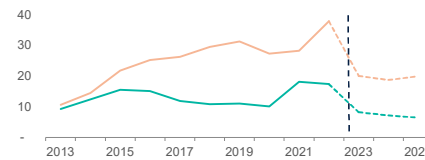


House purchase 120 -8%

Remortgage 60 -8%

Lending to landlords (buy to let)

Value of mortgage lending to purchase or remortgage property for buy-to-let landlords (£ billions)



House purchase 7 -13%

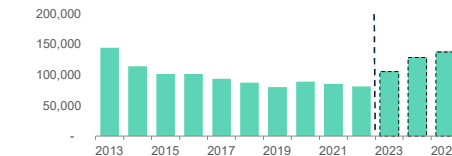
Remortgage 19 -7%

## Arrears and possessions

Next year (2024) Y-o-Y comparison

Mortgage arrears

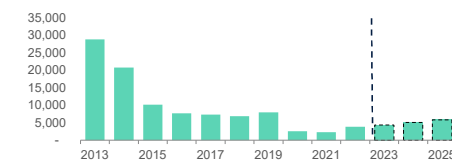
Number of 1st charge mortgages in arrears representing over 2.5% of balance outstanding at end of period



Total 128,800 22%

Number of mortgage possessions

Number of possessions of first charge mortgaged properties in period



Total 5,100 16%

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												2023	2024	2025	Source table	
<b>Property transactions</b>																
Number of residential property transactions (000s)																
	Total	932	1,074	1,219	1,230	1,235	1,220	1,192	1,177	1,045	1,476	1,258	1,025	1,005	1,027	PT1
<b>Gross mortgage lending</b>																
Total (£ billion)																
	Total	144	177	204	220	247	260	269	269	244	310	316	226	215	216	MM8
Of which: for house purchase (£ billion)																
	Homeowners	79	90	112	114	124	132	135	137	131	189	168	130	120	123	RL3
	Buy-to-let	7	9	12	16	15	12	11	11	10	18	17	8	7	6	BTLA1
Of which: for remortgaging (£ billion)																
	Homeowners	40	43	45	53	64	72	82	80	66	65	82	65	60	58	RL4
	Buy-to-let	8	11	15	22	25	26	30	31	27	28	38	20	19	20	BTLA1
<b>Product Transfers</b>																
Value (£ billion)																
	Homeowners	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	168	193	198	219	202	195	RF14
<b>Net mortgage lending</b>																
Net lending (£ billion)																
	Total	10	14	23	35	41	46	45	49	47	72	61	1	5	8	MM13
<b>Mortgage arrears and possessions)</b>																
Arrears																
	Total 1st charge mortgages in arrears representing over 2.5% of the outstanding balance	157,900	144,600	114,400	101,600	102,000	93,800	87,500	80,600	89,300	85,700	81,200	105,600	128,800	137,800	AP2
Possessions																
	Total 1st charge mortgaged properties taken into possession	33,900	28,900	20,900	10,200	7,700	7,400	6,900	8,000	2,600	2,300	3,900	4,400	5,100	5,900	AP4

Source data tables are available to UK Finance members or data associates from [www.ukfinance.org.uk/industry-data/industry-data-tables/](http://www.ukfinance.org.uk/industry-data/industry-data-tables/). For information or enquiries, please contact [ukfstatistics@ukfinance.org.uk](mailto:ukfstatistics@ukfinance.org.uk)

For media enquiries, journalists should contact [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)

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