

# 2019 to be the year of refinancing

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**IMLA economic adviser Bob Pannell has predicted that 2019 will be a robust year for refinancing.**

He acknowledged that the housing sector is in difficult territory now but said it is not solely due to Brexit uncertainty.

Pannell (pictured) said: “In 2008 the market in some senses was flattered by a very buy-out refinancing market, both remortgages and product transfers.



“I’m sure we’ll continue to see some growth in refinancing this year although it might not be the same rates of growth we saw in 2018.

“There’s still quite an attractive refinancing market with low rates, competition and lots of good opportunities to refinance.

“People can’t put their lives on hold forever so at some point if activity is being held back currently, some of that may be served, whether in the second half of this year or later.”

Pannell consults independently for the likes of the Intermediary Mortgage Lenders’ Association as Bob Pannell Economic Consulting, after previously working at fellow trade body the Council of Mortgage Lenders and its successor UK Finance.

He said that house purchases have been softening for a number of years and even for first-time buyers the numbers looked fairly flat in the second half of 2018, with people staying put and waiting to see what will happen.

Pannell added: “It’ll be a strange year where refinancing is robust and house purchase activity is caught up in all these wider uncertainties.

“But it has the potential perhaps in the second half to show a more resilient side, so lending numbers overall are hard to predict.”

Rachel Geddes, a self-employed broker at Mortgage Advice Bureau, said in this uncertain market where clients are nervous, brokers need to review what they’re looking to do, stay in regular contact with clients and talk to them in advance of their current deal ending.

She said she contacts her clients every three months after completions and then every six months to review their circumstances as well as for Christmas and birthdays so she checks on

each client four times a year.

Geddes said: “This is because circumstances can change and if you’re not in close contact with your clients you’ll lose them. Brokers need to take the responsibility and go back to owning their clients.

“During the recession brokers were desperate for business so we were all regularly talking to clients. It’s a half decent market now and brokers have got lazy again, not keeping their retention. The ones that continue doing it are the ones that did it during the recession and will continue.”

Pannell was pleased with the December Bank of England report, [‘The financial position of British households: evidence from the 2018 NMG Consulting survey’](#).

He said debt metrics have improved, mortgage credit growth was positive and arrears were at their lowest level in 30 years.

Pannell said: ‘It’s a very well-behaved mortgage market in terms of growth.

“Mortgaged households are also in a much better position than those renting as they tend to have a wider range of coping strategies. Now much more borrowing is on fixed rates and there’s much lower rates so easier debt servicing costs.

“The prospect of rate increases anytime soon are pretty slim. It looks like over the next few years they’ll be a process of gradual rate increases that won’t dramatically stress large numbers of households.

“There’ll always be pockets of greater sensitivity to adverse shocks and interest rate rises but it feels like mortgaged households are in a reasonably resilient place.

“If there’s interest rate increases most are on a fixed rate. The vast majority of people will overcome most things that’ll arise over the next few years.”