pure mortgage

SPRING ROUNDUP, JUNE 2026

News from us at Pure Mortgage HQ

We are currently assisting **4** customers with commercial mortgage enquiries, including one for a semi-commercial property, a remortgage of an existing commercial premises and a purchase of commercial premises where a client's existing hospitality business is based.
This may reflect a growing movement by traditional buy-to-let landlords towards commercial and semi commercial property investment in a bid to diversify portfolios.

Several major research houses expect respectable commercial returns over the next few years, with yields generally stabilising and some sectors benefiting from rental growth. Click here to read more.

Economy Update

The UK's economy shrank by 0.1% in April as the conflict in the Middle East began to have an impact on businesses, according to the Office for National Statistics (ONS). This followed growth of 0.7% in the three months to April.

Household energy bills are set to increase in the coming months with the energy price cap rising in July. It is anticipated that the resultant pressure on consumers and businesses is likely to persist over the coming months with growth subdued for the rest of the year.

The Bank of England's decision to hold the base rate for the fourth time in a row at 3.75% on 18th June is encouraging news for borrowers and we are already seeing swap rates ease slightly as a result, at the time of writing. The hope is that swap rates continue to reduce and borrowers can benefit from more competitive finance

Property Market Predictions

Zoopla reports that data for June 2026 shows that every region **except the South East** is now in positive growth or flat ground for house prices, vs this time last year when most of England was in annual decline.

Despite uncertainty stemming from events in the Middle East, changes to mortgage affordability testing last year have made more homes accessible to first time buyers. This has pushed up entry-levels prices and is feeding into higher house price inflation across the market, in a trend expected to continue in the months ahead.

MORTGAGE NEWS

Residential Market

The Financial Conduct Authority (FCA) is conducting a Mortgage Rule Review, open for consultation until 28th July 2026. It aims to propose changes to mortgage rules that could make it easier for more people to borrow. Some of the key areas under review include:

- Greater flexibility for people with variable incomes
- A fairer look at affordability
- More options for older homeowners
- More flexibility with interest-only mortgages

Average rates for 2-year and 5-year fixed-rate mortgages, 13th June 2026

Term	Average rate	Weekly change	Yearly change
2-year fixed	5.08%	-0.01%	+0.45%
5-year fixed	5.08%	-0.03%	+0.47%

These rates are provided by Podium and are an average based on 95% of the mortgage market. All rates are based on products with a circa £999 fee.

Buy-to-let Market

Rental inflation of 2%-3% is expected for the remainder of 2026, marking the third consecutive year in which earnings have outpaced rents (Zoopla, Rental Market Report: June 2026).

Every region has fewer homes available to rent than before the pandemic however, and this shortage will ultimately keep rents rising faster than they otherwise would.

Limited Company buy-to-let is increasingly becoming the default route for portfolio building for the purposes of tax efficiency. Paragon Banking Group reports that 43% of all mortgaged buy-to-let purchases completed in Britain during 2025 were made through limited companies, up from 35% in 2024 and a sub-8% share in 2018.

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Self-Employed?
Preparing for a Mortgage Before Your Next Set of Accounts

Start planning 6-12 months before your next set of accounts is prepared as a relatively small change in declared income can have a substantial impact on mortgage options.

This is especially relevant when focusing on reducing tax liabilities.
While tax efficiency is important, there can be a trade-off between *minimising taxable income* and *maximising mortgage affordability*. If you are planning a mortgage/re-mortgage within the next 12-18 months, before finalising your accounts discuss with your **accountant and mortgage broker:**

- Expected borrowing requirements
- Whether profits need to be stronger
- Timing of major expenses
- Director remuneration strategy

Review Your Income Strategy

Some lenders assess:
- Salary plus dividends

Others will consider:
- Salary
- Dividends
- A share of retained profit

EXAMPLE

Director takes:
Salary: £12, 570 Dividends: £20, 000
Total personal income: £32, 570

However the company retains an additional **£50, 000** profit.
Depending on the lender, that retained profit may or may not be considered during affordability assessments.

Plan the Timing of Your Application

If profits have increased significantly this year, waiting until the latest accounts are finalised may unlock higher borrowing.

If the current year's figures are weaker, applying before the new accounts are submitted could be advantageous.

Get in touch before your accounts are finalised to understand how lenders are likely to assess your income and what steps could improve your options.

Want to know more?
Contact us on 01273 722122

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