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Inside this issue

£231k – what can you get for your money?

With the nation spending more time at home than ever before, it's unsurprising we're focusing more on our living space – or lack thereof. For those thinking of upping sticks, it's worth considering what you can get for your money in different regions of the UK.

According to a study[1] of how much space the average house price (£231,000) buys you in different areas of the country, the West Midlands is the clear winner at 104.92 sq m – 30% more space than average. Buyers in this region will also benefit from more bedrooms, at 3.02 against the national average of 2.64. It's not the top area for bedrooms, though – Northern Ireland takes this spot, with £231k buying an average of 3.26 bedrooms.

And the worst value?

That would be the capital, with buyers in Greater London getting a minuscule 45.74 sq m on average for their hard-earned cash – with some properties measuring as low as 21 sq m! Those paying £231k in London are also much less likely to have a garage or utility space compared with West Midlands buyers. Outside of London, South East buyers can expect only a moderately larger property at 62.91 sq m for the average house price, while the cash will buy 72.31 sq m of space for Scottish residents.

[1]Space Station, 2020

Property market update

Thousands of aspiring homebuyers flooded the property market when it reopened in May last year, as pent-up demand, combined with new enquiries from buyers reassessing their property needs during lockdown, created a surge in demand. This was further intensified by the Stamp Duty holiday announced in July, which raised the Stamp Duty tax-free threshold from £125,000 to £500,000 for most home purchases in England and Northern Ireland until 31 March 2021.

Q4 2020 sees encouraging market activity

Nationwide data shows that house prices increased by 0.9% in September and 0.8% in October, bringing the total annual growth figure to an impressive 5.8% – the highest rate since January 2015.

September also saw 91,500 mortgage approvals, a significant improvement on August's figure of 84,700. This represents the highest number of mortgage approvals since September 2007.

The positivity continues with Zoopla reporting a 50% increase in the size of the home sales pipeline compared to the same time in 2019, with 140,000 extra buyers rushing to get their transaction completed ahead of the Stamp Duty holiday deadline.

Mortgage payment holidays

31 October was the original deadline for the mortgage payment holiday scheme, but it was extended following England's second national lockdown announced in November 2020. Borrowers who hadn't yet applied for the scheme could approach their lenders for a repayment break of up to six months.

Why you should protect your mortgage

While we might think we'll always be able to pay our mortgage, the unexpected can happen. Being prepared is essential to ensuring your family will be protected should the worst happen. This includes taking out mortgage protection cover – so make it your priority for this year.

Searching for a mortgage? Let us help

While it can be difficult to find competitive protection cover or mortgages (especially in the current climate), it's not impossible. We can assess a broad range of mortgages and protection policies to help you decide which is right for you.

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

In the news

Residents hit by parking scam

A new scam has seen fraudsters pocket our hard-earned cash by renting out parking spaces on unwitting homeowners' driveways. A website which lists empty parking spaces has found itself caught up in the scam after unknowingly listing parking spots advertised by scammers. In some cases, owners have come home to find strange cars parked in their private parking space. Even worse, it can be very difficult to remove cars parked on your property due to legal loopholes.

Three quarters find defects after moving in

More than three quarters (77%) of us have found issues with our new home after moving in, according to research[2]. The most commonly overlooked defects include damp and mould (24%), faulty electrics (22%), poor plumbing (20%), cosmetic issues with walls, ceilings or internal fixings (19%) and problems with the central heating (18%). A survey would reveal these kinds of defects *before* you buy – and it would be well worth it, as it costs around £5,000 to fix these faults!

Mum and Dad still forking out

The Bank of Mum and Dad (BoMaD) continues to shell out an average of £19,000 to help first-time buyers onto the property ladder, with 56% of buyers under the age of 35 receiving financial support[3]. BoMaD continues to occupy a major role in the property market; 71% of those who bought a home with financial assistance from parents or relatives said they wouldn't have been able to buy without it, and would instead have had to delay their purchase by four years on average.

[2]Compare the Market, 2020 [3]Legal & General, 2020

Things are looking up for the equity release market

It's positive news for the equity release market after a significant fall in activity during the first lockdown last spring. A total of £963m was released by new and returning customers in Q3 2020 – a 38% increase on Q2. Even so, activity remained 3% down on Q3 2019, according to data from the Equity Release Council (ERC).

September was the busiest month for new equity release plans during Q3; across the quarter, the number of plans rose by 41% on Q2's levels to reach 10,351. This was likely helped along by an extended pipeline, with some plans due to have been completed earlier in the year only coming to fruition in Q3. Despite this encouraging figure, Q3 2020 was still the second quietest quarter for new equity release customers since Q1 2018, while new plans were down 9% year-on-year.

This pattern was found to extend to returning customers, with 19% more customers (6,697) returning to take extra drawdowns from their agreed reserves than in Q2. However, numbers remained 30% down on Q3 2019's total of 9,605.

What can we expect?

According to ERC Chairman David Burrowes, the market has adjusted well to operating during a pandemic. Looking to the future, he says, the key market drivers remain in place, *"People are living longer and retirement finances are increasingly squeezed as generous final salary pensions edge further to extinction. Many older households are already facing a situation where their expenses outweigh their disposable income, which makes access to property wealth an important pillar to support later life living standards."*

Help is at hand

If you're considering equity release, it's important to think it over carefully as it's not the right option for everyone. If you're unsure, help is at hand. Just get in touch to chat about the various options available.

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A history of mortgages in the UK

We all know about mortgages. The vast majority of us are dependent on getting one to buy a property. With the value of outstanding residential mortgage loans hitting £1,513.3bn in Q2 2020[4], it's a multi-billion-pound industry. But it wasn't always.

Before records began

There is little mortgage data from centuries gone by. However, analysis of data from 1831 suggests that up to 22% of households could have owned their property[5]. For the vast majority who couldn't afford a home outright, building societies sprang up in the 18th and 19th centuries to enable the less affluent to achieve their homeownership dreams. Members would pool their money for the purchase of land and building materials, as well as mortgages. For many years, building societies were stalwarts of the mortgage scene.

Home improvements

It wasn't until the 20th century, following World War I, that the mortgage market really took off. Increasing dissatisfaction with slum-like living conditions resulted in a huge homebuilding drive at the end of the war to provide '*homes fit for heroes.*' By the 1930s, cheap homes and readily available mortgage finance enabled a budding middle class to get onto the property ladder. Total mortgage assets held by building societies rocketed from £69m in 1919 to £678m in 1940[6]. Even so, homeownership was still mostly unaffordable for the working classes, as evidenced by a 1931 survey[7].

The rise of the affordable mortgage

Following the abstinence of WWII came a period of economic boom, with low house prices and interest rates boosting homeownership from 29% in 1951 to 45% in 1964[8].

The 1980s saw a flurry of new legislation to boost mortgage affordability. First, the Right to Buy scheme was introduced under the Housing Act 1980, enabling council house tenants to purchase their home at heavily discounted rates. Next, in 1983, came the MIRAS initiative (Mortgage Interest Relief at Source), which gave borrowers tax relief on their mortgage interest payments. By 1991, homeownership rates had soared to 67% for 25 to 34-year-olds and 78% of 35 to 44-year-olds[9].

A difficult era follows

Unfortunately, the mortgage boom wasn't to last. The bubble was burst by the 2008 financial crash, the impact of which still reverberates today. Tighter restrictions, introduced in 2014, brought in more stringent lending criteria that have had a particularly significant impact on first-time buyers. Recent figures tell a tale of declining homeownership, with 35 to 44-year-olds more than three times more likely to rent privately than they were 20 years ago[10].

[4]FCA, 2020, [5]The Smith Institute, 2011,
[6]The Smith Institute, 2011,
[7]University of Oxford, 2000,
[8]Stonewater, 2019,
[9]ONS, 2016,
[10]ONS, 2020

Get paid to go green this year

In line with its continued commitment to reducing carbon emissions, the government introduced its Green Homes Grant on 30 September 2020 to help pay for energy-efficient home improvements. Households can now claim up to £5,000 for renovations such as insulation or low-carbon heating systems to reduce their home's carbon footprint.

The £2bn initiative, which forms part of a larger government plan to cut emissions, will cover around two-thirds of home improvement costs for the majority of households, although fuel-poor and low-income households may be eligible to have the entire cost covered with vouchers of up to £10,000. The deadline for completion of qualifying improvements has now been extended by a year until 31 March 2022.

Who stands to benefit?

Many people have shown interest in the scheme, including 62% of respondents to a recent poll[11]. Some stand to be disappointed however, with limited vouchers on offer. Those whose homes aren't energy efficient are most likely to be very or fairly interested in the scheme, at 66%.

While the initiative is only available to English households, residents in Wales, Scotland or Northern Ireland have recourse to other financial schemes that offer support for energy efficient home improvements.

Don't fall prey to fraud

Scammers have wasted no time in taking advantage of the scheme, with fraudsters contacting vulnerable consumers via text, email and telephone informing them of their 'eligibility' for the scheme in order to get hold of their personal details. Other scammers pretended to be part of the new scheme and offered loft insulation to consumers. You can report such calls to Action Fraud, and of course don't hesitate to get in touch with us if you're concerned.

[11]Energy and Climate Unit and YouGov, 2020

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Here to help in 2021 – and always!

2021 is here and we're all hoping it will be a better year than the last. Whatever it has in store, we'll be here to keep your finances on track.

The economic outlook over the coming months remains an uncertain one. Although continued global recovery from 2020's coronavirus-induced recession is expected, it remains dependent on a wide variety of factors. Brexit, trade and political issues are likely to further compound the uncertainty of the times we live in.

The state of the property market depends on a wide variety of factors, but one thing is sure – it is massively impacted by uncertainty. Should you have any concerns or queries about the property sector, mortgages or protection insurance, get in touch.

We're honoured to be here assisting you throughout 2021 and beyond, and look forward to the future with confidence.

A, B, C and D – get mortgage ready!

Knowledge is power, so get mortgage ready by learning your ABCs and Ds:

Advice
Knowing what mortgage is right for you isn't always easy. That's why it's essential to get professional advice so you can find the best deal for your personal situation.

Be prepared with a Budget
You'll need lots of paperwork to apply for a mortgage, so get prepared. Documentation you'll need includes utility bills, a form of ID, P60 from your employer, pay slips from the past three months, as well as the last three to six months' bank statements. If you're self-employed, you'll need a statement of two to three years' accounts signed off by an accountant and an SA302 tax return form. You should also take the opportunity to kick your budget into shape. Look at what's coming in and out of your bank account, and cancel any unnecessary subscriptions or memberships you don't need.

Credit rating
Improving your credit score will help you secure a better mortgage deal. You can do this in a variety of ways, for example by registering on the electoral roll, making loan and bill payments on time, and paying off your credit card balance every month.

Deposit and Debt
Saving for a deposit should be a major priority before applying for a mortgage – the bigger the deposit, the better your mortgage will be. To help you along, try to find a savings account with a competitive interest rate. Paying down your debt should also be high on the agenda, as lenders will look into the amount of debt you have. They'll also look at your current account to see whether it is in credit, as well as checking that you're making more than the minimum repayments (as not doing so suggests you are living beyond your means). So, paying off your debts can only be a good thing.

Could your attic be home to buried treasure?

You're probably in the minority if you don't have at least a little clutter in your home. Perhaps you can't bear to get rid of the kids' old toys or haven't got round to clearing out your schoolbooks. Most people's lofts and garages are packed full of 'keepsakes' (otherwise known as junk).

But it's not all worthless. Over the years, unwitting homeowners have uncovered some stunning finds in the depths of their cupboards and attics. For example, a rickety old box used as a TV stand by an elderly gentleman was discovered when his house was cleared out after his death. Far from being worthless tat, it turned out to be an ancient Japanese artefact worth £6.3m. Similarly, a priceless treasure trove of old rugby memorabilia was discovered languishing in the home of the great grandson of WWI veteran and rugby player Charlie Pritchard, including a shirt worn at the first ever England rugby match at Twickenham in 1910.

Think you're insured? Think again
You may think you have adequate home insurance, but what if you have a valuable treasure awaiting discovery in the loft? Before you do your spring clean, take stock of what's in the attic and make sure you're covered for all your home's contents. For assistance in finding home contents cover to suit your needs, talk to us.

IF YOU WOULD LIKE ANY ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.

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