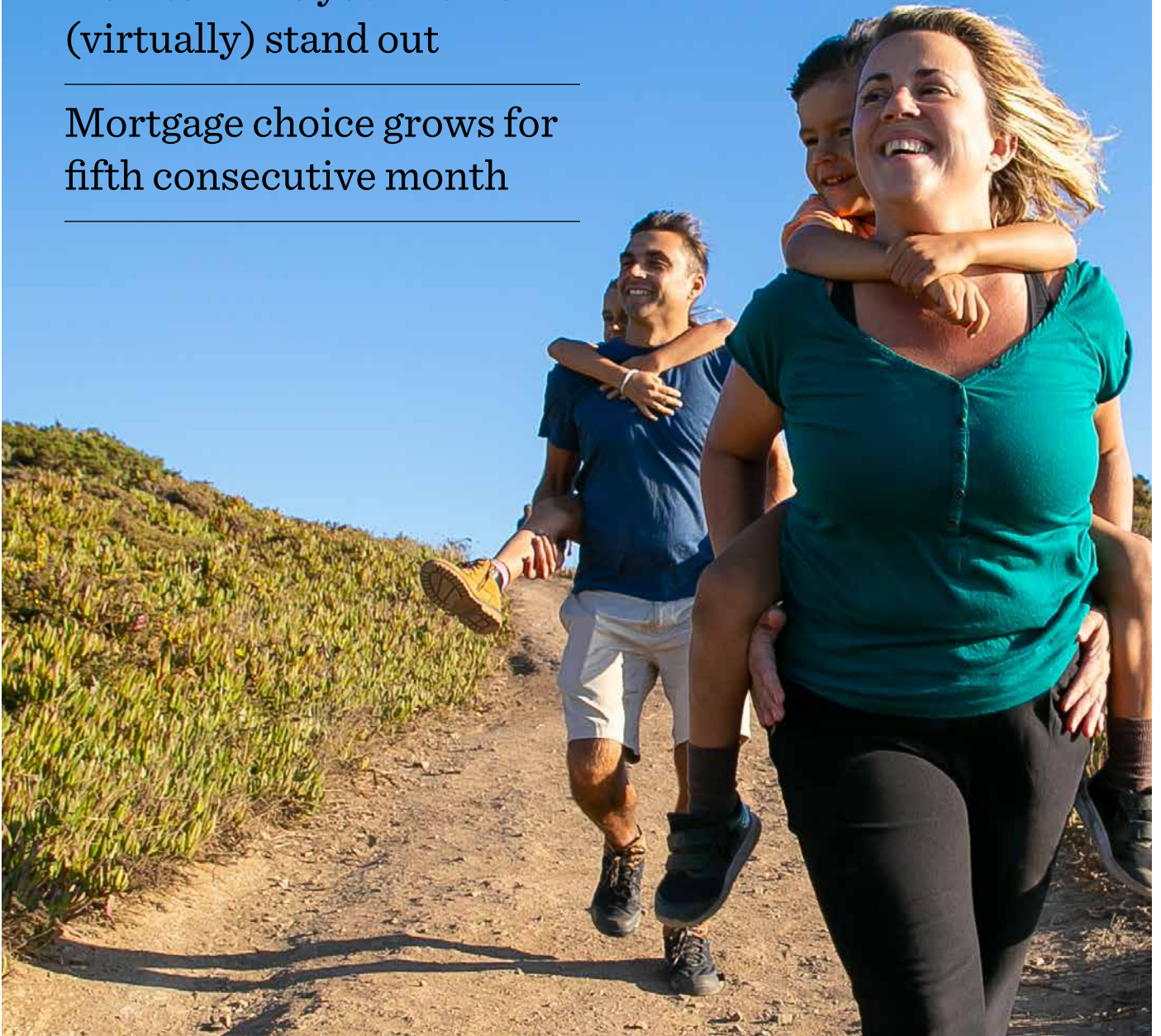


Essentially Mortgages

Property market continues to gather momentum

How to make your home (virtually) stand out

Mortgage choice grows for fifth consecutive month



Q2 2021

- ▶ Move or extend?
- ▶ Generation rent – are you protected?
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Property market continues to gather momentum

The recent Stamp Duty holiday extension, combined with continued high demand for property, has led to the strongest sellers' market in a decade, Rightmove has revealed¹.

Demand for property this spring is up 34% on the same period last year, driving up the price of property coming to market by an average of £2,484 in March alone. The property site commented, "the current excess of buyer demand oversupply is the largest we've seen in the last ten years."

Recent announcements bolster market

The continuation of 2020's property boom can be partly attributed to several important announcements made by the Chancellor in the Spring Budget. Firstly, he announced that the temporary Stamp Duty threshold of £500,000 would continue to apply for a further three months until the end of June, tapering down to £250,000 for another three months before returning to its usual £125,000 threshold from 1 October. Secondly, he unveiled a new government guarantee on 95% mortgages, which could bring first-time buyers flooding back to the market.

Warmer weather puts a spring in buyers' step

Blue skies and blooming gardens have historically made spring the best season for property transactions, allowing sellers to present their property in the best possible light. The first week of March has certainly borne this theory out, with the number of sales agreed up 12% on the same week last year.

These factors, combined with a general air of hope as England makes its slow ascent from lockdown, is certainly making for a positive atmosphere on the property market this spring!

Want to get moving?

If you're looking to get your own property on the market and want to dedicate time to the search for your new home, talk to us about your mortgage requirements.

¹Rightmove, 2021



How to make your home (virtually) stand out

With 'virtual' becoming the norm, it's important to make your home stand out from the crowd of online listings.

Here are some of our top tips for catching the attention of scrolling buyers:

A picture says 1000 words

A good photo can make the difference between a quick sale and an ignored listing. Bright, professional photographs of uncluttered spaces will make a better impression than quick snaps taken on your phone. It's also important to include attractive pictures of sought-after features in your listing.

Accurate pricing

You could have the world's best photo, but you'll still struggle to sell an overpriced property. In fact, pricing correctly has been proven to double your chance of achieving a sale.

Keywords

Most property sites will allow you to attach keywords to your listing to help the right buyers find it. If you have a feature you would like to promote, such as a high-spec kitchen or south-facing garden, then make sure you include these.

You should also include these keywords in your property description. Think about the characteristics you love about your property, and make sure your enthusiasm comes through in the description.

Video tour

Many agents are now offering this option, so including one could help you seal the deal.

Let us help

There's so much to do when selling a property, so let us help. We can take the pressure off finding a suitable mortgage, so you can concentrate on presenting your property for maximum online interest.

A good photo can make the difference between a quick sale and an ignored listing



Mortgage choice grows for fifth consecutive month

Confidence appears to be returning to the mortgage market, with data showing that product choice has expanded for the fifth month in a row².

Move or extend?

Do you need more living space? Could extending your existing property be a realistic option?

Well, there are several questions you need to ask yourself to understand whether a home extension is a viable option for your circumstances. These include:

How attached are you to your current home?

You may have put down roots and be really happy where you are. If so, the benefits of an extension might outweigh those of selling up.

Will it add value to your property?

It's important to look at how much an extension will cost vs how much value it will add to your home. For example, a downstairs extension will result in a smaller garden, with the added value of extra indoor space potentially cancelled out by the reduction in garden size.

How long do you plan to stay?

It can be several years before you reap the full financial benefits of an extension. If you are planning to stay in your home in the medium to long-term, it is likely that your extension will become more financially lucrative as prices rise over time. However, it may not be worth it if you're planning to sell up anyway in the next couple of years.

If you do decide that an extension is right for you, how will you fund the project? We can help you consider your financial options.

Over the past two months, 639 new products have become available on the market, bringing the current total to 3,532 deals. This is the highest number of products on offer since March 2020, when 5,222 mortgage deals were available.

95% LTV mortgages lagging behind

Mortgage availability has improved across all loan-to-value (LTV) ratios – with the exception of 95% LTV mortgages, which have seen their numbers drop. The economic climate has rendered most lenders more cautious about offering high LTV mortgages to borrowers they perceive to be at higher risk of defaulting or slipping into negative equity. First-time buyers particularly suffered from the withdrawal of these deals – which is why the Chancellor's announcement of a government guarantee on 95% LTV

mortgages likely came as welcome news to those who have watched their dreams of homeownership ebb away.

Guarantee reassures lenders

The new scheme, which launched in April, will guarantee the portion of the mortgage that is over 80% LTV (i.e., the remaining 15%). This basically means that the government will compensate the lender for this portion of the net losses suffered in the event of repossession.

Find the best mortgage for you

A number of major high-street lenders have launched 95% deals, which could bring your property dreams within reach. We can help find the most suitable mortgage for your circumstances.

²Moneyfacts, 2021





Generation rent – are you protected?

Two million privately rented households (48%) have no home contents insurance

We often take out protection insurance such as income protection or critical illness cover following a significant life event, such as buying a home or having a child. But what if you're renting?

Less than 10% of tenants have protection insurance in place to cover their rent if they were unable to work³. By contrast, 58% of mortgage holders have life insurance, while 28% and 12% have critical illness or income protection cover, respectively⁴. Meanwhile, a study from Shelter suggested that 45% of renters would be unable to afford more than a month's rent if they lost their income⁵.

Protection makes sense

It may be another monthly outgoing, but income protection insurance is well worth the cost and is often less expensive than people might think. It works by providing an income (typically

a percentage of your usual monthly income) to cover expenses such as your rent and bills while you are unable to work, reducing stress and improving your ability to withstand financial shocks.

What about your possessions?

A recent study revealed that two million privately rented households (48%) have no home contents insurance. While 19% mistakenly believe this is their landlord's responsibility, others are put off by the monthly cost. However, with property contents averaging £25,126, it's well worth having⁶.

Speak with us

If you're renting and unsure about the insurance cover you need, we can help you to arrange suitable protection insurance cover that will improve your ability to withstand unexpected events.

³Hymans Robertson, 2019, ⁴Aviva, 2019, ⁵Shelter, 2019, ⁶Nationwide, 2021



Mortgage guarantee scheme: what you need to know

Mortgages catering to buyers with small deposits have unfortunately been a casualty of the pandemic, with 95% LTV mortgages all but disappearing from the market over the past year.

The Chancellor's announcement of a new government guarantee scheme for 95% LTV mortgages is therefore welcome news for prospective homebuyers with a 5% deposit, who have effectively been blocked from the property market during the coronavirus crisis.

The details

Launched in April 2021, the scheme offers a government 'guarantee' on 95% LTV mortgages to encourage cautious lenders to bring back these deals. The guarantee applies to the portion of the loan over 80%, with the government partially reimbursing lenders for the net losses suffered in the event of repossession. The scheme is due to end on 31 December 2022, subject to review.

Who can apply?

Both first-time buyers and home movers can apply, with other eligibility criteria including:

- You must be buying a property to live in yourself
- You must pass all normal affordability checks
- The mortgage must be between 91% and 95% LTV

Get your journey started

Whether you've had to put your plans on hold or are just beginning your property search, get in touch now for expert mortgage advice.

More people looking to move than ever before

On 17 February, Rightmove reported its highest ever number of visits (over 8.5 million), a strong indication that many people were looking to move home irrespective of the Stamp Duty holiday (the extension not having been announced at this point).

Data analysts also recorded a 22% upswing in the number of people contacting estate agents this February compared with the same month last year, while March saw demand levels soar by 34% compared with 2020's pre-lockdown market.

Supply and demand

While buyer demand is high, with families continuing to reassess their

priorities for their home and lifestyle after lockdown, sellers are continuing to hedge their bets, with a third saying they want to wait until lockdown is over before putting their home on the market. This means that demand is far outpacing supply at the moment, with an average of 17 buyers chasing every newly-listed home in February.

Time to rebalance

Recent developments, including the Stamp Duty holiday extension and the first steps taken on the roadmap out of lockdown, are likely to provide sellers with the reassurance they need to take the plunge in the coming months.



Divorce and your mortgage

The pandemic has had an impact on all areas of life, including relationships. Citizens Advice reported a 25% upswing in visits to its divorce page in the first weekend of September 2020 compared with 2019⁷.

Detangling the mortgage

There are several routes to take when it comes to dividing your property.

Selling the property and splitting the proceeds

This may be an attractive option if the proceeds from the sale will enable each partner to buy a new home.

Buying your partner out

If you can afford to, it may be possible to buy your former spouse's share in the property in order to take complete ownership.

Selling up when the children have moved out

It is possible to keep the ownership of your home unchanged until a later date (to provide stability for your children, for example), and only sell up once they have moved out.

Making the decision

Depending on your relationship with your ex-partner, it may be difficult to agree on what should happen to your mortgage. If so, a court will decide for you, prioritising the wellbeing of any children in order to minimise the disruption to their lives.

Getting your life back on track

Our sympathetic advisers are on hand to help you get your life and finances back on track. Whether this be through helping you organise your post-divorce finances or assisting you in finding a suitable mortgage for a new property, we're here to help you move forwards.

⁷Citizens Advice, 2020

There are several routes to take when it comes to dividing your property

Millions had low financial resilience before the pandemic

The FCA's recently published 'Financial Lives survey', conducted in February 2020, with a follow-up 'COVID panel survey' conducted in October 2020, revealed that 20% (10.7 million) of UK adults had low financial resilience even before the pandemic struck⁸.

Adults described as having low financial resilience are often over-indebted, with little capacity to withstand financial shocks. In the FCA's survey, people with low financial resilience were unable to withstand a £50 drop in their monthly income or losing their main source of household income for just a week. The October survey revealed a further 3.5 million adults then had low financial resilience, compared with the February data, with the largest growth amongst

those aged between 18-34 and employed adults.

Nearly 40% of adults have seen their financial situation worsen overall because of the pandemic, while 48% of adults have not been impacted financially. The report outlines that, 'Comparatively, the retired population has been better insulated from the financial impacts of Covid-19. This is perhaps not surprising as key sources of income for this group – the State Pension and defined benefit pensions – have not changed.'

Improving your resilience

Improving your financial resilience and your ability to withstand financial shocks will stand you in good stead for the future. You can achieve this in many different ways, for example by building up a savings buffer or taking out protection insurance. We can help you shore up your financial resilience.

⁸FCA, 2021



Sell in May?

Spring to early summer has historically been the best time of year to put your house on the market⁹.

Regarded and proven to be the optimum time for selling your home as gardens are coming into bloom, the milder weather draws more people out house hunting and the brighter light helps properties to look their best. An increase in competing buyers may also prompt a potential bidding war.

As we enter the golden season for home sellers, if you're looking for mortgage advice, we can help you get moving this spring.

⁹The Advisory, 2020

House price forecasts elevated

With experts warning that thousands of buyers would fall off the 'cliff edge' as the Stamp Duty holiday deadline loomed, the Chancellor's announcement of an extension in his Spring Budget was met with relief.

The £500,000 nil-rate Stamp Duty band is now set to remain in place until 30 June, tapering down to an interim £250,000 for a further three months until the normal £125,000 ceiling returns on 1 October.

House prices expected to hit record highs

Last year was a year of records for property prices, and now 2021 looks to be following suit. Following the Budget announcement, the Office for Budget Responsibility revised its house price growth forecasts for 2021 and 2022 up by 10% compared with its predictions in November 2020.

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