

Your Home Finance

Winter Q1 2022



What trends will dominate the housing market in 2022?

Last year house prices rose to new heights and the sales market was at its most active since 2007. Last year's property boom was fuelled by a desire for more space, a mismatch in supply and demand, and the temporary Stamp Duty holiday. Looking ahead, what trends will dominate the housing market in 2022?

Strong finale

More than 1.5 million homes were set to change hands in 2021, while the average UK house price hit a record high of over £270,000 in November¹. According to the latest figures, the annual growth rate is at 8.1%. Will this growth be sustained into 2022?

Uncertain outlook

One prominent estate agent² has predicted that house prices will increase by 7% in 2022 in a 'best case' scenario, though it also made a 'downside' prediction of 2% growth. It remains to be seen how much impact an expected rise in the Bank of England's base rate will have on the market.

Robert Gardner, Nationwide's Chief Economist, thinks any increase will have minimal effect given that most mortgages are now on fixed rates, "Even a 0.4% increase in rates (to 0.5%) is likely to have a modest impact on most borrowers who are on variable rates. For example, on the average mortgage, an interest rate increase of 0.4% would raise monthly payments by £28 to £625."

Regional differences

Another pattern to watch out for is how regional discrepancies change. Variation is currently high across different regions. For example, the North West of England was the strongest performing region in 2021 with annual growth of 10.4% (to October) compared to London's rise of just 2.8%. Yet, the average property price in the North West (£205,881) remains far below the average in the capital (£514,907).

House prices also saw strong growth in Scotland, with the average property now costing £190,023 following year-on-year growth of 8.6%.

Have you been 'catfished' by a property?

Not all prospective homebuyers will be familiar with 'catfishing' – a term from the online dating world to describe a person who presents themselves differently online to how they are in person. But a lot of them have suffered the catfishing experience at property viewings.

New word, familiar trend

A recent survey³ of homebuyers suggested that more than seven in ten were 'catfished' by a property during their search. The most common issue was a property being much smaller than it appeared in photos.

Other let-downs included properties looking more outdated than expected, tiny rooms being advertised as extra bedrooms and poor build quality, which frequently led buyers to believe a property wasn't worth the asking price.

Extra tools

The best way to avoid disappointment is by doing some extra research rather than relying on the estate agent's photos. A floor plan can give you an idea of the actual size of each room, while a street view tool could give you a more realistic view of the state of the property.

³MoveStreets, 2021

Here to advise

Finding a suitable mortgage and the right protection cover can be tough, especially in a rapidly moving property market. We can assess a wide range of mortgages and protection policies and advise on which ones are best suited to your circumstances.

¹Halifax, 2021, ²Strutt & Parker, 2021

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

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IN THE News

FTBs go mad for BoMaD

Half of all first-time buyer (FTB) transactions in 2021 involved support from the Bank of Mum & Dad (BoMaD),⁴ with £9.8bn of BoMaD loans helping 169,000 FTBs onto the housing ladder. Analysts suggest the trend towards higher parental contributions could be here to stay given that Help to Buy is set to be withdrawn completely from March 2023 onwards.

To haggle or not to haggle?

A new survey⁵ has shown that six in ten UK homebuyers don't know when to negotiate during the house buying process, even though the same percentage say they feel confident doing so. In today's seller's market, negotiating can be a risk: 70% admit their biggest concern is losing the property or being outbid by another buyer.

Unlucky for some

Almost half of homeowners have never remortgaged their home⁶, despite a third knowing that remortgaging would probably save them money. Not considering other mortgage options, such as swapping a variable rate for a fixed term deal, can be costly; since the average Briton has held their mortgage for over 13 years, many will be missing out on better rates.

⁴Savills, 2021, ⁵Douglas & Gordon, 2021, ⁶Barclays, 2021



Long-term renters miss out

In today's market, getting a foot on the housing ladder is no easy task, but new research highlights just how rewarding home ownership can be.

Research from the Equity Release Council (ERC)⁷ has found that someone buying a house today could save £326,214 in the next 30 years compared with people who rent throughout the same period – before house price growth is even factored into the equation!

Financial security

Working to build up the funds for a deposit, although difficult, is well worth the effort. Over two-thirds of homeowners say they feel confident about their financial future, higher than the 45% of renters who feel the same. Yet, more than half of people who are not yet homeowners believe it is “unrealistic” to think they ever will be.

Confidence and flexibility

Homeownership, the research concludes, is becoming ever more critical to financial wellbeing and being able to achieve one's long-term financial goals.

Chair of the ERC, David Burrowes, said, “People today are living and working longer with responsibility to fund their later years and will need to think differently about their financial decisions at different life stages. For people who manage to buy their own home during their working lives, the extra confidence and flexibility this provides will be even more critical to their financial wellbeing than it is today.”

A foot on the ladder

When you're looking to get onto the property ladder, sound advice improves your chances of success. To make your first steps towards homeownership, get in touch.

⁷Equity Release Council, 2021

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Equity release may require a lifetime mortgage or a home reversion plan. To understand the features and risks, ask for a personalised illustration.

How to minimise your risk of property chain collapse

Picture the scene: you've found your dream home, you're almost ready to exchange contracts, and then you get the call... your buyer has pulled out.

Domino effect

Such unexpected events in the property chain can leave your own purchase in jeopardy. Many property transactions are interlinked in this way, with the decision of one buyer having a knock-on effect on the whole chain. In the worst possible scenario, every single buyer will lose out on their new home.

Thankfully, there are actions you can take to speed up the process and reduce the risk of things going wrong.

Dodge the jeopardy

The first option is to avoid a chain altogether by finding a seller whose own transaction isn't dependent on the sale of their property. However, this does limit your options and will not be possible for everyone. So, what steps can you take if you do find yourself in a chain?

Be organised

Getting your transaction over and done with as quickly as possible limits the chances of your chain collapsing. Be proactive in instructing your solicitor and other professionals, ensure you're completing forms and sending them back as quickly as possible, and chase up any delays.

Don't be afraid to rent

Depending on your circumstances, it may be possible to sell your home and rent for a little while so that you're not dependent on a buyer. Likewise, if your seller's transaction falls through, you may be able to ask them to rent on a short-term basis so that you can still complete your purchase.

Let us help

Another way you can speed up your transaction and protect your chain is by securing an agreement in principle with a mortgage provider before beginning your search. We can help you there – so get in touch.



Getting a mortgage when retired – what you need to know

Becoming a homeowner later in life is not uncommon these days, but is it possible to get a mortgage if you're retired?

All the fives

It's true that getting a mortgage becomes a lot harder after the age of 55. First because it is more difficult to prove retirement income than it is to prove a salary, and second because mortgage providers will want to be sure you're able to pay off the loan during your lifetime.

Pensions and spending plans

Difficult doesn't mean impossible though. Some lenders are willing to provide mortgage finance to retirees so long as you can prove your income. Sources of income include a private or workplace

pension (or a mixture of the two), as well as any savings you might have. These details, along with an outline of your expenditure, will help prove you will have enough to live on and to pay your mortgage for the duration of the term.

Depending on the lender, and your age, you may have to accept a shorter mortgage term or a higher interest rate. This is because most lenders have a maximum age by which they will want the mortgage to be paid off – this can be as high as 85 or as low as 70.

Find the right deal

For help and advice, get in touch and we will work with you to secure mortgage finance that suits your circumstances.

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Money for new homes in the Autumn Budget

The Autumn Budget included fresh spending pledges on housing from the Chancellor, with £1.8bn set aside to assist housing supply via land regeneration.

Community focus

The additional funds are aimed at delivering 160,000 new homes and will be divided into two parts:

- £300m for councils and combined authorities to help them unlock smaller brownfield sites for housing “and improve communities in line with their priorities”
- £1.5bn to “regenerate under-used land and deliver transport links and community facilities.”

Chancellor Rishi Sunak said, “We are investing in better quality, safer, greener and more affordable homes to create thriving places where people want to live. Transforming our unloved and neglected urban spaces will help protect our cherished countryside and green spaces, while improving the physical and mental health of our communities.”

More promises

As well as the headline pledge, the Budget also reconfirmed £11.5bn through the Affordable Homes Programme (2021-26), promised an additional £65m investment to improve the planning regime through a new digital system, and confirmed more than £5bn to remove unsafe cladding from the highest-risk buildings.

The top beauty spots for UK buyers

New research⁸ has revealed the UK’s top ten most sought-after beauty spots from the 46 areas of outstanding natural beauty across England, Wales and Northern Ireland and 40 national scenic areas across Scotland.

Country living

The Cotswolds leads the way, with houses in this area notching up over 8.5 million views on Zoopla in 2021. Homebuyers are attracted by its acres of open countryside, charming villages and an average property price of £474,164.

In second place is the Kent Downs with 8.25 million views and an average house price of £460,132, while the Chilterns ranks third with 7.27 million views and an average price of £613,200. High Weald,

Cornwall, the Gower, the North Wessex Downs, the Surrey Hills, South Devon and the Wye Valley complete the top 10.

High and low

The rankings look slightly different when price is taken into account. The Surrey Hills is the most expensive area, with the average home costing £704,813, followed by the Chilterns and High Weald (£580,537). At the other end of the scale, the Scottish Highlands’ Kyle of Tongue was the least expensive beauty spot, with homes selling for £118,302 on average.

On the move?

If you’re in search of your own slice of paradise in 2022, we can help you find the most suitable mortgage finance for you.

⁸Zoopla, 2021

The fine print of home insurance T&Cs

Few people enjoy reading the fine details of insurance terms and conditions. However, failing to do so can leave you with insufficient cover or, in the worst cases, the wrong type altogether.

Cost, time or font?

A fifth of UK adults admit to not checking the T&Cs before taking out insurance. The explanations are varied: a quarter of respondents to a recent survey⁹ said the T&Cs were too long, while 17% said they only care about the cost, not the details. 15% said they don’t have time to worry about the detail, and 6% were put off because the writing was too small.

Just under a fifth said they occasionally read the T&Cs of their home cover, while a hearteningly high 50% said they always check the small print.

We can help

It can end up costing you a lot more if you take out an insurance policy without checking the fine print. We can help make sure you have the right level and type of cover in place.

⁹Go Compare, 2021

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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It is important to take professional advice before making any decision relating to your personal finances.

Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain.

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Information is based on our understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation are subject to change.

A mortgage is a loan secured against your home or property. Your home or property may be repossessed if you do not keep up repayments on your mortgage or any other debt secured on it.

Tax treatment is based on individual circumstances and may be subject to change in the future.