THE MORTGAGE & PROPERTY MAGAZINE

ISSUE 10 - SPRING 2023

SPRING INTO ACTION WITH OUR TOP TIPS

How to make your home stand out if you're planning on selling during this season

LOOKING TO REMORTGAGE?

Understand the process and what options are available

MOVING CHECKLIST

Who to notify to help you get prepared for your new home

EXPANDING YOUR PROPERTY PORTFOLIO?

5 reasons why investing in buy-to-let could be a profitable decision in 2023

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THE MORTGAGE COMPANY

Spring 2023

Mortgage finance

Selling property

ON THE COVER

Spring into action with our top tips - How to make your home stand out if you're planning on selling during this season

Property matters

Property investment

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Welcome

WELCOME TO the Spring 2023 quarterly issue of *The Mortgage & Property Magazine* from The Mortgage Company.

There are all sorts of myths about when is the best time to sell your house, but many experts say the spring season is considered the ideal time for selling a property. Historically, property sales tend to peak during the months of March to May, so it's the perfect time to get your property ready for sale. Milder temperatures and longer daylight hours during spring make it a more attractive season for property hunting. On page 48 we provide seven useful tips to help you maximise the selling potential of your home during this season and avoid the frustration of an unsold property.

So, you've found your perfect home – moving day is all that's left, right? Regardless of whether it's your first property or your fifth, it's simple to become sidetracked by the myriad of duties associated with moving. It's important to inform the relevant authorities of your change of address. You should notify these organisations as soon as possible so that any post or other correspondence can be sent to your new address. Turn to page 74 to read the full article.

Remortgaging could save you hundreds of pounds on your mortgage payments and ensure that you are getting the right deal from your lender. On page 22 we look at why it's essential to understand the process and what options are available before diving into it. The process of remortgaging refers to changing your existing mortgage to a new one, either with your current lender or with a different one. It's an important decision as your mortgage is likely to be your biggest ever financial commitment.

Some property investors may be wondering if 2023 is the right year to expand their portfolio. Ultimately, it will all depend on their investment goals. On page 108 we consider five reasons why a new buy-to-let investor may consider entering the rental market or an established investor expanding an existing portfolio this year.

A complete list of the articles appears on pages 03 to 05.

We understand that everyone's circumstances are different. That is precisely why we offer a comprehensive range of mortgage options to ensure that you find the right one for your needs. Whether you're planning to buy your first home, relocating or want to expand your investment property portfolio, we are here to help. So why wait? Please contact us – we look forward to hearing from you. ◆

Laura Lamb, Owner and Adviser

THE MORTGAGE & PROPERTY MAGAZINE

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Considering buying or maintaining a home?

Homeowners anxious about the issue of affordability in current economic climate

HOMEOWNERS IN THE UK are continuing to face a growing economic challenge with high interest rates. With an already expensive housing market, many residents fear that affordability is the biggest challenge they face when considering buying or maintaining a home.

The average UK house price in February 2023 had fallen to £257,406, while in February 2022 it was £260,230, according to Nationwide. But even with the slight fall in property values it is still increasingly difficult for many potential buyers to afford a home of their own, and with high interest rates due to inflation concerns and economic uncertainty, these issues are only expected to continue.

CURRENT LIVING ARRANGEMENTS

Affordability remains a major concern for many UK homeowners in today's property market. A recent survey identified a growing sense of insecurity among many homeowners who fear their current living arrangements could become unaffordable in the future[1].

Consumer worries about their financial situation and future property plans are dominated by the cost of living crisis. Despite slowing house price growth, high inflation and interest rates, combined with limited wage growth, have widened the affordability gap. Moving onto or up the property ladder is still a significant challenge.

AFFORDABLE SOLUTION THAT WORKS

The issue of affordability is not just confined to those on lower incomes either; even some middle-income families are finding it challenging to balance their budgets. Ultimately, finding an affordable solution that works for both buyers and sellers is essential if the housing market is to remain stable.

The survey revealed that almost 43% of homeowners expressed concern about the state of the UK economy. In comparison, rising interest rates were a source of worry for 48% of those surveyed.

ABILITY TO MOVE TO A NEW PROPERTY

Other significant concerns highlighted in the survey included affording household bills (37%) and mortgage payments (21%). Furthermore, approximately 15% of respondents were worried about their ability to move to a new property in the future, and 11% expressed concerns over extended stays by family members or children.

According to the survey, 34% of respondents also expressed a desire for increased government support in managing the cost of living. Additionally, 30% indicated a need for more assistance in making energy-efficient upgrades.

SPEAK TO A PROFESSIONAL MORTGAGE ADVISER

Lowering mortgage payments through reduced interest rates was identified as a priority by 39% of those surveyed, while 22% sought greater support for first-time buyers.

Mortgage rates are starting to come down but are likely to still remain relatively higher than many are used to for some time. Speaking to a professional mortgage adviser is an important step for existing homeowners in the home loan process.

SEARCHING FOR AN ALTERNATIVE LENDER

A mortgage adviser will be able to provide valuable advice and guidance when it comes to understanding your options and finding an alternative lender for your current income and affordability situation. They can provide tailored support based on your unique requirements and use their knowledge of the different lenders available to help you get the most favourable terms possible.

Additionally, they may have access to exclusive deals that may not be available elsewhere. So speaking with a professional mortgage adviser early can help existing homeowners feel more confident when searching for an alternative lender. ◆

>> LOOKING FOR A NEW MORTGAGE? <<

Your mortgage is likely to be your biggest financial commitment. So finding the right deal is vital. To discuss mortgage deals that could help you get the keys to your new home, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Survey conducted by The Mortgage Lender (TML) among 2,000 UK adults – 06/02/23.

FIXED RATE MORTGAGES

Is now the right time to fix and for how long?

IN THE REALM of mortgages, a fixed rate mortgage refers to a financing option where the interest rate remains unchanged for a set initial period, which could span anywhere between two to five years, and occasionally longer.

With historically low base interest rates, fixed rate mortgages have surged in popularity and are now the most sought-after type of mortgage. It is important to note, however, that not every fixed rate mortgage is ideally suited for all individuals in the market for a new home or seeking to remortgage their current mortgage.

AVAILABILITY OF TEN-YEAR FIXED MORTGAGE DEALS

The mortgage market has recently seen a rise in the availability of ten-year fixed mortgage deals. However, it is important to weigh the advantages and disadvantages of opting for such a mortgage. Despite mortgage interest rates increasing across the board, the hikes have not been as significant in the case of ten-year and lifetime fixes (mortgages that remain fixed throughout the entire term, usually spanning 25 years).

If you are a first-time homebuyer planning to purchase this year, fixing your mortgage rate will be an option you are more than likely going to explore. Fixed rates offer the security and predictability of knowing exactly how much you will pay each month over the life of the mortgage loan. This can provide peace of mind as it helps shield you from potential interest rate rises over time.

DECISIONS ABOUT WHETHER OR NOT TO FIX

However, if interest rates fall during the time period for which your fixed rate is locked in, you could end up paying more than necessary with a fixed rate compared to what you would have paid with a variable or adjustable-rate loan.

Consumer price inflation still remains high, although many experts believe it is likely to have peaked. That's why it's important to obtain professional mortgage advice to weigh the pros and cons carefully before making any decisions about whether or not to fix your mortgage rate.

"There are both advantages and disadvantages to fixing your mortgage rate."

REPAYMENTS IN TIMES OF FINANCIAL UNCERTAINTY

There are both advantages and disadvantages to fixing your mortgage rate. On the plus side, it offers a degree of stability since you know what your payments will be for the duration of the fixed period.

This can ease concerns about making loan repayments in times of financial uncertainty when interest rates may rise quickly.

UNDERSTAND ALL OF THE COSTS INVOLVED

On the other hand, fixing your mortgage rate means that you won't benefit from any potential drop in interest rates during the fixed period and this could be costly if market conditions change significantly before your mortgage is repaid. There may also be penalties for early repayment or switching lenders which could further reduce savings.

Whichever path you choose, it's important that you understand all of the costs involved in taking out and repaying a mortgage so that you can plan effectively for the future. With careful planning and budgeting, fixing your mortgage rate could be beneficial in securing long-term financial stability, but ultimately, fixing your mortgage rate is a personal decision.

ADVANTAGES

Get assured with consistent payments – By fixing your mortgage for two or more years, you can be sure of how much you will have to pay each month. This could be a valuable help amid the present-day cost of living crisis caused by high degrees of inflation.

Shield yourself from increasing payments – If inflation is not tackled and the base rate rises further this year, this could lead to higher mortgage payments for those on variable rates.

DISADVANTAGES

End up paying more than needed – If you fix your mortgage when many are predicting the base rate will go down, you might end up paying more than required. However, you'll only realise that in hindsight!

Miss out on the benefit from future rate decreases – If inflation falls faster than predicted and so does the bank base rate, you won't be able to take advantage of future lower mortgage rates until your fixed deal ends.

Pay early redemption charges to get out of the agreement – If rates do fall and you choose to switch your mortgage or relocate during your fixed-rate period, you may have to pay an early-exit fee which can cost thousands of pounds. It's also important to remember that there could be limits on how much you can overpay as well. ◆

>> LOOKING FOR A MORTGAGE, OR GOT A QUESTION? <<

Get an idea of how much you could borrow. To discuss options to lower your mortgage costs, for more information, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

GETTING A MORTGAGE WITH BAD CREDIT

Obtaining a mortgage becomes more challenging and costly

WHEN INDIVIDUALS MENTION having bad credit, they often refer to possessing a low credit score or negative elements in their credit report. These factors can make obtaining a mortgage more challenging and costly. Reasons for a poor credit rating may include late or missed payments, county court judgments (CCJs), or numerous credit applications within a short period.

Additionally, if you've never borrowed money before, your lack of credit history could result in a low credit score. So when applying for a mortgage, your credit score is one of the key factors that lenders consider. A low credit score can make it difficult to secure a mortgage, and even if you are approved, it could mean higher interest rates and less favourable terms.

TIPS FOR IMPROVING A LOW CREDIT SCORE

Late or missed payments on your credit report can be particularly concerning to lenders. However, the impact of these markers decreases over time and they will eventually be removed from your report after six years. Some lenders may still consider applicants with missed payments from several years ago, so it may be worth waiting before applying for a mortgage.

Before starting the application process, it's important to review your credit report for any errors and take steps to improve your score if necessary. Don't just focus on your score, you should also check the entire report for accuracy and dispute any incorrect information with the relevant credit reference agency. Many agencies also offer tips for improving a low credit score.

'ASSOCIATION' SECTION OF YOUR CREDIT REPORT

If you have a bad credit score and are looking to get a mortgage, your mortgage adviser will be able to suggest lenders with more lenient criteria that may accept your application. It's best to avoid making multiple applications as this could damage your credit score. Make sure you choose a credit broker who only charges you if your application is successful.

If you are considering applying for a joint mortgage with someone who has bad credit, it is important to know that their credit rating could potentially affect yours. This includes joint accounts, loans or credit cards that you share with them. It is recommended that you check the 'association' section of your credit report to understand how their bad credit may impact your overall score.

It's worth noting that if one person in the partnership has bad credit, it could result in a higher interest rate on the mortgage, a larger deposit required or even being turned down completely. Lenders will want to assess your financial position as a couple, especially if you are married.

COMMITMENTS COULD IMPACT AFFORDABILITY

When purchasing a shared ownership property, your monthly payment is divided between the mortgage and rent paid to the housing association that owns part of the property. Lenders may be more willing to accept you as you're only applying for a smaller mortgage (25% to 75% of the purchase price). However, this isn't always the case as your current credit commitments could impact affordability.

If your application is accepted, improving your credit score could allow you to remortgage for a larger share or even the property's full value through 'staircasing'.

BEST TO ACT SOONER RATHER THAN LATER

When preparing for a mortgage or remortgage, improving your credit score can make a big difference. Keep in mind that positive changes may take up to six months to reflect on your credit report, so it's best to act sooner rather than later.

INCREASE YOUR CHANCES OF APPROVAL

To prepare for a mortgage application, it's important to keep in mind that lenders consider more than just your credit score or report. Lenders also assess your monthly expenses before approving your application and may request several months' worth of bank statements to verify that you can afford your payments.

To increase your chances of approval, it's wise to pay off debts, reduce spending and avoid opening new lines of credit or using overdrafts. This demonstrates financial responsibility to potential lenders and may even improve your credit score in the long run. ◆

>> LESS THAN PERFECT CREDIT HISTORY? <<

If you have been turned down elsewhere, or have had some issues in the past with your credit or with your employment or self employment status, we will take the time to understand what you want to achieve and what your actual needs are, and then take a common sense approach in finding the right solution. To discuss your options contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Mortgage types explained

How will fluctuations in interest rates impact on my mortgage?

THE BANK OF ENGLAND sets the base rate for interest rates in the UK, which is a benchmark for other lenders who use this as a guideline to set their own credit and mortgage rates. Consequently, changes in the base rate can have an impact on how much you pay each month on your mortgage.

Mortgage payments tend to be affected more by small fluctuations, rather than large ones; however, if there is a significant change that has a prolonged effect then it could result in substantial savings or costs over time. When interest rates rise, borrowers will find themselves paying more; conversely, when they are reduced, the amount needed to cover the repayment will be lessened.

It is important to remember that while many people are aware of the base rate, lenders may not necessarily pass on any changes immediately. Therefore it is important to be mindful of what your lender has done with their own interest rates and how this could potentially affect your household budget.

With the recent rise in interest rates, many people with a mortgage are likely to have been affected in some way, unless they are still on a discounted or fixed rate deal. The magnitude of the impact on your finances will depend on various factors, including the type of mortgage you have.

STANDARD VARIABLE RATE (SVR) MORTGAGES

If you have an SVR mortgage, your lender sets the interest rate, which usually follows the Bank of England's base rate movements. While rates may not rise as much as tracker rate mortgages, lenders will likely pass on the interest rate increase on to their customers.

When your initial mortgage deal comes to an end, your lender may automatically transfer your mortgage to their SVR. This means that your payments could increase as soon as your next payment.

Your lender should send you a letter explaining the new rate and what you can expect to pay. If you haven't received any communication from them, it is advisable to contact them immediately.

FIXED RATE MORTGAGES

With this type of mortgage loan, the borrower pays a set amount each month for an agreed period of time. The interest rate remains fixed throughout the fixed-term duration of the loan and so there is no fluctuation in monthly payments or risk that you will have to pay more if interest rates rise.

This makes it easier to budget and can make your mortgage payments more manageable over a longer period of time. Fixed rate mortgages have become increasingly popular as borrowers seek to protect themselves from rising interest rates and volatile markets.

They provide a comfortable level of security, knowing that payments remain consistent by usually fixing the rate on your mortgage for between two and five years at a time. Although you may be able to get a fixed rate mortgage for between seven and ten years, too. If you need to switch lenders or refinance your loan during this period, however, then there may be additional fees involved.

DISCOUNTED RATE MORTGAGES

Discounted rate mortgages usually come with an initial period when the interest rate is discounted from the SVR. This initial period may last for one, two or three years or even longer, depending on the lender's terms and conditions. After this period ends, the interest rate will revert back to the SVR unless you have taken out an extended fixed-rate deal.

During this initial period, borrowers can also benefit from any changes to either the Bank of England Base Rate or SVR, whichever is lower at any given time during your mortgage term. It is important to note that although discounted rates can help you save money over the course of your loan in some cases, they may not always be more cost-effective than other types of mortgages such as fixed-rate deals.

Overall, discounted rate mortgages can be a useful option for borrowers looking to save money on their monthly mortgage payments. However, it is important to research all the available options before committing to any deal and ensure you are getting the best deal for your particular circumstances.

TRACKER RATE MORTGAGES

Tracker rate mortgages change in line with the Bank of England's base rate plus a few percent. Tracker rates usually last for one to five years before reverting to a SVR. This means that if the Bank of England increases its base rate, then your interest payments will also increase, so you would be paying more for your mortgage each month.

But if there is a reduction in the base interest rate, then you would pay less for your mortgage each month. However, you do not have the security of a fixed rate mortgage and should interest rates increase significantly during your loan period then this could be costly for borrowers.

It is important to consider all aspects when choosing a tracker rate mortgage. Talk to a professional mortgage adviser before committing to one so they can discuss all the options available and help you find the right solution for your needs. ◆

>> WHICH TYPE OF MORTGAGE IS SUITABLE FOR ME? <<

One of the most important things to consider when buying a property is the type of mortgage you take out. If you'd like advice on which mortgage may be suitable for you, we'll review your financial situation and provide suggestions and recommendations, based on the information you provide. To discuss your requirements, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

MORTGAGE FINANCE

Mortgage lending into retirement

The changing landscape for older borrowers

IT CAN OFTEN be difficult to secure a mortgage past the age of 65 or 70, depending on the lender. Even if you have the income to support a mortgage, your application may be declined because your income is likely to decrease with retirement. Smaller lenders are more likely to approve loans beyond the age of 75 and some might even lend up to 85.

GETTING APPROVED MAY STILL BE CHALLENGING

Although many borrowers will be able to continue earning past retirement and have the financial means to back a mortgage, getting approved may still be challenging. If you're 50 and intending to retire at 60, the chances are higher that your application could be denied.

And if approved, you may still need to repay the loan before turning age 70, reducing the term of 25 years to 20, in turn making monthly payments more expensive while your income decreases with age.

PAYING THE LOAN BACK OVER TIME

Alternatively, you may want to look into retirement interest-only mortgages which are specifically designed for older borrowers who may find it hard to get approved by mainstream lenders due to their age.

If you're in your fifties and looking to get a mortgage, there are several steps you should take to increase your chances of approval. First, have a plan for paying the loan back over time. Know your budget and what kind of monthly payments you can afford to make.

MONTHLY REPAYMENTS AFTER RETIREMENT

Additionally, check your credit report and work on improving your credit score before applying for a mortgage. All these factors will help you secure the best loan possible.

When considering a mortgage for those over 50, it is important to show proof of adequate income to cover the monthly repayments after retirement. Your lender will also assess your regular expenditure to determine an affordable borrowing amount. As you get closer to retirement, lenders may need a statement with a forecast of your income in retirement.

CONTRIBUTING TO PENSION SCHEMES

If you are more than ten years away from retirement, some lenders may also look at whether you have been contributing to any pension schemes over the years. If this is the case for you, take time to go through your records and check if you have documented details of all the different pensions that may have been contributed too.

If you're looking to port your mortgage, you'll typically have to apply for your current loan as if it's a new one. Your lender will reassess you based on the current affordability criteria, so even if nothing has changed in your financial situation, they may still reject you.

DESIRED TERM FOR THE MORTGAGE

They may also take into account any forthcoming reductions in your income post-retirement. Additionally, they could have a cap on the upper age limit, which could mean that depending on your age, you won't be able to get the desired term for the mortgage. If porting is not an option for you, early repayment charges might be applied.

Don't think that a rejection from one lender ends your mortgage journey; there are likely to be alternative options to consider. Both mainstream and specialised lenders will offer mortgages specifically tailored to those over 50 years old.

SECURED AGAINST YOUR HOME

Alternatively, you could opt for a lifetime mortgage which is secured against your home. While it may not be the cheapest option, due to higher interest applied to the loan, you only have to pay back what you borrow upon selling your home.

Lastly, if you're looking to purchase a home or refinance your current mortgage, a retirement interest-only mortgage could be the right option to consider. You won't be subject to the same affordability tests as you only need to prove that you can cover the interest payments and not the total capital amount borrowed. ◆

>> LOOKING TO BORROW INTO RETIREMENT? <<

Lifestyles have changed and with them the financial needs of older borrowers. Today, the age limit for securing a mortgage varies amongst lenders and depends on your individual circumstances, so it is essential to obtain professional mortgage advice. To find out more about how we could help, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Cohabitation nation

Over 60% of first-time buyers opt for a joint mortgage as a means of scaling the property ladder

"The average cost of a home for first-time buyers in 2022 increased by 13%, reaching £302,010."

MORE THAN SIX in ten first-time buyers are now going joint on the property ladder, according to the latest analysis[1]. This trend towards shared ownership instead of lone purchases can be attributed to several factors, including economic necessity and lifestyle preferences.

Cohabiting couples may also find that their combined incomes make it easier for them to qualify for larger mortgage loans than either could get on their own. They benefit from pooling resources when it comes to putting down a deposit and other costs associated with buying a home. In addition, splitting living expenses increases affordability for both partners and helps them build up equity faster.

'RACE FOR SPACE'

The average age of a first-time buyer has increased to 32 years old, with the number of first-time buyers decreasing by 11% in 2022 compared to the previous year, the analysis identified. Nonetheless, the figures for first-time buyers were still higher than pre-pandemic levels, except for the record spike seen in 2021 and the peak in 2006.

In 2021, a combination of factors such as pent-up demand from the pandemic, government measures to ease stamp duty costs, and a 'race for space' led to a record number of first-time buyers purchasing their first homes.

ENOUGH SUPPLY

Moreover, the analysis also indicates that joint mortgage completions involving two or more people now account for almost two-thirds (63%) of all mortgage completions. More than 362,000 people entered the property market in 2022, with first-time

"The average age of a first-time buyer has increased to 32 years old, with the number of first-time buyers decreasing by 11% in 2022 compared to the previous year, the analysis identified."

buyers comprising over half of all home loans. However, purchasing a new home for the first time now typically involves paying over £300,000 and putting down an average deposit of £62,000.

While the number of first-time buyers remains high and even exceeded previous years except for 2021 (which saw record demand) and 2006 (the peak year), the cost of buying a home is still significant. Buyers may welcome the anticipated drop in more recent property prices this year but only if there is enough supply. Saving for a deposit can also be challenging for some first-time buyers due to the length of time needed and cost.

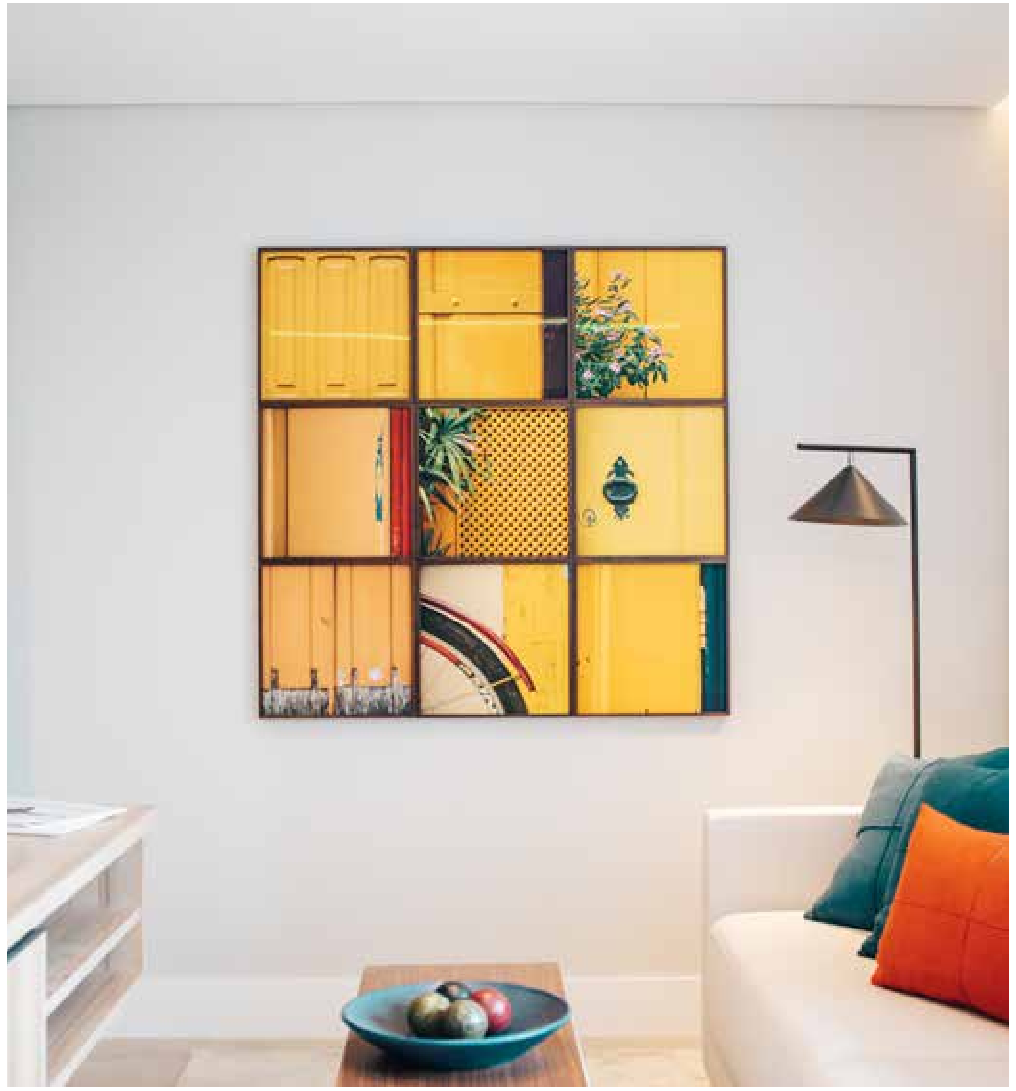
AVERAGE DEPOSITS

The average cost of a home for first-time buyers in 2022 increased by 13%, reaching £302,010. This increase resulted in average deposits accounting for 21% of the purchase price, equating to an average deposit of £62,470. This marks an 8% increase from the previous year.

Despite these significant costs, first-time buyers continue to account for over half (52%) of all loans on homes – the highest figure seen in the last decade. It's becoming increasingly common for first-time buyers to apply for mortgages in joint names as the average property values are now around 7.6 times the average UK salary. ◆

>> LOOKING TO START THE JOURNEY TO YOUR FIRST HOME? <<
We'll advise you on how to obtain your first mortgage, guiding you through each stage that must be completed in the process.
Contact us today to find out more. Contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Research based on data from the Halifax's housing statistics database, UK Finance statistics (including Halifax estimates based on the expected levels of market completions given the prevailing economic environment and lead indicator of market applications), and ONS ASHE data on average earnings – 25 January 2023.



Looking to remortgage?

Understand the process and what options are available

REMORTGAGING COULD SAVE you hundreds of pounds on your mortgage payments and ensure that you are getting the right deal from your lender. But it's important to understand the process and what options are available before diving into it.

The process of remortgaging refers to changing your existing mortgage to a new one, either with your current lender or with a different one. It's an important decision as your mortgage is likely to be your biggest ever financial commitment.

MORTGAGE TERM MAY BE COMING TO AN END

There are various reasons why remortgaging might currently be appropriate for you. Your current mortgage term may be coming to an end, and you don't want to end up paying your lender's standard variable rate (SVR), which can typically be higher.

Maybe you need to borrow more money for a major expense, such as moving home or funding a home improvement project, or you want to reduce your monthly repayments and find a cheaper deal with better rates.

ELIGIBLE FOR A CHEAPER MORTGAGE

You may also want to switch to a mortgage provider that allows overpayments, or the Bank of England base rate has changed, prompting you to shop around for a more competitive rate.

Alternatively, your property has increased in value, making you eligible for a cheaper mortgage with a lower loan-to-value (LTV) ratio and you want to fix your payments and have certainty about your monthly mortgage outgoings if your circumstances change or rates increase.

"There are various reasons why remortgaging might currently be appropriate for you."

AMPLE TIME TO REVIEW YOUR OPTIONS

To ensure you are not paying more than necessary, it may be appropriate to consider remortgaging every few years. In addition, to make sure you have enough time to shop around and complete the application process, set a reminder for six months before your current deal ends and contact your professional mortgage adviser. This will give you ample time to review your options.

If you have paid off a substantial amount of your mortgage over the past few years and gained equity in your home, switching to a different mortgage can reduce your monthly interest payments by taking advantage of the most competitive deals available.

MOST APPROPRIATE DEALS AVAILABLE

If you are considering remortgaging, it's important to know the steps involved. Gather your paperwork and review your current mortgage deal. Take note of the type of mortgage, interest rate, remaining payment period and monthly payments. Your mortgage adviser will then discuss the most appropriate deals available.

Get a conveyancing solicitor if necessary. If you're remortgaging with your current lender, there is no additional legal work required as it is considered a 'product transfer'. However, if you choose another lender, you'll need a solicitor or conveyancer to assist with the legal aspects.

The remortgaging process typically takes between 18 days to 40 days from application to mortgage offer. However, there are no hard and fast rules when it comes to the duration of the process.

REMORTGAGE COSTS: UNDERSTANDING THE FEES INVOLVED

If you're considering remortgaging your property, it's important to understand the fees that may apply.

Early Repayment: If you have a fixed rate or discounted mortgage deal, ending that arrangement early may result in an early repayment charge. These charges are typically calculated as a percentage of the balance still owing on the mortgage and can cost between 3% to 5%. However, they often decrease each year of a fixed term.

Exit Fees: Many lenders charge an exit fee when closing your mortgage account. This fee can be called something different depending on the lender, such as a 'mortgage account fee'. Typically, these fees range from £50 to £300.

Arrangement Fees: Lenders may charge for various aspects of arranging your new mortgage, including product fees, admin fees or application fees. New lender arrangement fees usually cost around £1,000 but can be higher.

Legal Fees: Most legal fees involved with remortgaging are usually covered by the lender themselves. However, if there is a charge, it will need to be paid upfront and cannot be added on to the new mortgage. Remortgage legal fees can cost from £300.

Valuation Fees: The valuation fee will depend on the value of your property and varies significantly between lenders. Some lenders offer free valuations while others may charge up to £1,500.

Don't overlook these costs before deciding whether to remortgage and which lender to choose.

When considering paying remortgage fees, you have the option to either pay them upfront or add them to your loan. While adding them to your loan is a common choice, this will result in added interest over the life of the mortgage term, ultimately costing more overall. ◆

>> WANT TO SEE IF A REMORTGAGE DEAL COULD HELP YOU SAVE MONEY? <<

If you want to find out if you could save money by moving your mortgage, let us know what's important to you and we'll discuss your options . To find out more, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

NAVIGATING YOUR MORTGAGE OPTIONS

With many mortgage borrowers facing uncertain times, what steps can be taken?

THE UK HOUSING and mortgage market has witnessed a rollercoaster ride in the past few years. This phenomenon was fuelled by low interest rates, government incentives like the Stamp Duty Land Tax scheme, and a growing urge amongst many workers to embrace hybrid and home-based working arrangements for a better work-life balance.

After October 2021, prices slowly rose until March 2022, when Russian President Vladimir Putin launched his full-scale invasion of Ukraine. While UK property prices rose a steady 1% a month between the start of the invasion and June 2022, many still feared that the invasion could lead to a downturn in UK house prices.

RISING INTEREST RATES AND INFLATIONARY PRESSURES

Rising inflation, partially caused by increases in the wholesale price of food, gas and electricity following the Ukraine war, has led to the Bank of England repeatedly increasing their base interest rate, resulting in many homeowners across the board and at all stages of their mortgage lifecycle worrying about the effects of rising interest rates and inflationary pressures on their budget.

This has subsequently resulted in a sluggish housing market and led to a decrease in property values for the first time since March 2020. The biggest issues looming over many homeowners with mortgages remain unanswered: 'How high can interest rates go?' and 'What will my mortgage payments be when my fixed rate ends?' It is impossible to predict what lies ahead with any real certainty.

With many mortgage borrowers facing uncertain times, these are a few steps that can be taken, if appropriate.

MAKE A LUMP SUM OVERPAYMENT ON YOUR MORTGAGE LOAN

When it comes to monthly mortgage repayments, three factors come into play: the amount borrowed, the full term of the mortgage and the applied interest rate. Borrowers with capital and interest repayment mortgages see their borrowing level decrease with each monthly repayment. If you can do so, consider making a lump sum overpayment to your mortgage. However, before doing so, checking whether your mortgage incurs a penalty for overpayments is important.

> **"In today's tough economic climate, it's more important than ever to shop around for the best mortgage rate."**

CONSIDER MAKING REGULAR OVERPAYMENTS ON YOUR MORTGAGE

For borrowers who have fixed their rate prior to the increases, it might be worthwhile to consider making regular overpayments to their mortgage, provided that their monthly budget allows for it. This strategy can serve a dual purpose – helping them acclimatise to the increased monthly payments that are inevitably coming down the line and reducing their underlying borrowing faster, ultimately leading to interest savings in the long run. However, before proceeding with this approach, it's important to check with your mortgage provider whether overpayments incur a penalty.

EXTEND THE LENGTH OF YOUR MORTGAGE TO REDUCE MONTHLY PAYMENTS

If borrowers don't have the means to make overpayments on their mortgage, it might be worthwhile to consider extending the repayment term. While 25 years used to be the standard mortgage term, higher house prices and delayed retirement ages have led many borrowers to opt for longer terms when buying their home.

Extending a mortgage term can lead to reduced monthly repayments since the original capital sum is spread over a longer period of time. While this may appear attractive to homeowners looking to maximise their borrowing potential, there is a significant downside – these longer-term mortgages are much more expensive in real terms. This is because interest continues to be charged over a longer period, and the total cost of an extended mortgage term can be considerable.

COMPARE DIFFERENT LENDERS AND THEIR OFFERINGS TO FIND THE MOST COMPETITIVE RATES

In today's tough economic climate, it's more important than ever to shop around for the best mortgage rate. While many borrowers might be tempted to stick with their current lender or bank, this could prove to be a costly mistake.

Whether you're a first-time buyer or an existing borrower, it's essential to be aware of your loan-to-value (LTV) ratio. This is expressed as a percentage and is calculated by dividing the amount of borrowing against the value of the property. Lenders set their interest rates based on LTV bandings ranging from 60% up to 95%, with the lowest rates available to those with a lower LTV ratio.

To get the most attractive mortgage interest rates, even a small overpayment can make all the difference at this time. It's essential to speak to a professional mortgage adviser, who will undertake a comprehensive review of your situation and explain your options.

FINDING THE RIGHT MORTGAGE FOR THOSE NEARING RETIREMENT

For borrowers who are nearing retirement, there is a range of options available in the mortgage market. In recent years, there have been many developments in this sector, with product ranges growing in both variety and flexibility, albeit at a higher cost than conventional mortgages.

When it comes to interest rates, there are several options to consider. Fixed rates are typically available for periods of between two to ten years, while variable rates may be set by the lender or linked to an external source such as the Bank of England base rate. Each type of interest rate has its own pricing structure, which will influence the level of monthly payments.

It's important for borrowers close to retirement to carefully consider their options and choose a mortgage that suits their financial circumstances. While the range of products available can be overwhelming, seeking professional mortgage advice will help ensure borrowers who are nearing retirement make an informed decision. ◆

>> LOOKING TO SWITCH TO A NEW DEAL, BORROW MORE OR MOVE TO A NEW HOME WITH YOUR EXISTING MORTGAGE? <<

Are you ready to make your next move and want to find out what you need to know? To discuss how we could help, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

MORTGAGE FINANCE

SHORT-TERM FINANCING

Bridging loans, the loan of last resort explained

"A bridging loan is a short-term finance option that helps buyers bridge the gap between buying a new property and selling an existing one."

BUYING AND SELLING properties simultaneously can be a challenging task, especially when it comes to aligning the completion dates. Additionally, situations such as buying at auction or delayed financing can further complicate matters. In such cases, a bridging loan may come in handy.

A bridging loan is a short-term finance option that helps buyers bridge the gap between buying a new property and selling an existing one. While this option comes with certain risks, it can also provide benefits such as flexibility and speed.

It may be an option and appropriate to consider using a bridging loan in scenarios such as when you're in a property chain that has collapsed and you don't want to lose your dream home, or if you need to raise funds quickly for purchasing an auction property.

UNMORTGAGEABLE PROPERTY

Alternatively, you could consider a bridging loan when buying an unmortgageable property with the intention of making it habitable or lettable, so that a traditional mortgage can be arranged.

It's also important to note that bridging loans are secured against an asset, typically a property or properties. Since there is a risk of losing your asset, they are often referred to as 'the loan of last resort'.

MAXIMUM LOAN AMOUNT

That's why a bridging loan is a short-term financing option that can help you buy or refinance property. Depending on the equity you have available, you can typically borrow between £50,000 and £10 million through this type of loan. The amount you can borrow is secured against the property or properties involved in the transaction.

Unlike a mortgage, your income does not directly affect your eligibility for a bridging loan. However, the maximum loan amount, including interest, is typically limited to 75% of the property's value.

ADVANTAGES AND DISADVANTAGES

Repayment of the bridging loan occurs either by selling the property or refinancing with a traditional mortgage. Before applying for a bridging loan, you need to weigh up its advantages and disadvantages.

The advantages are that you can quickly borrow funds to keep your property transaction on track and it may be possible to borrow significant sums of money. You can ensure that the repayment terms are flexible to fit in with your plans and secure lending on properties where high street lenders may not.

ASSET AS COLLATERAL

A disadvantage of a bridging loan is that, as it is a secured borrowing option, you must put up an asset as collateral. This means that if you cannot repay the bridging loan, you risk losing that asset (e.g. a property). Interest rates on bridging loans are higher than those of traditional mortgages and come with various fees that add to your expense.

So while bridging loans provide fast financing solutions for property transactions and offer flexibility in repayment terms, they also come with risks and higher costs compared to other forms of borrowing.

There are three ways that interest can be charged on a bridging loan:

- **Monthly:** Similar to an interest-only mortgage, where you pay monthly payments towards the interest without adding them to the loan
- **Rolled up:** The interest payments are added to your loan and paid when you clear your bridging loan
- **Retained:** You borrow the interest upfront for a set period, and any unused interest is returned when you repay the loan

OTHER FEES ASSOCIATED

In addition to the interest rate, there are other fees associated with bridging loans: an arrangement fee paid to the lender, typically 2% of the loan and added to it, an administration fee payable upfront and legal fees part payable upfront and part on completion.

Valuation fees typically range from £900 to £2,000 depending on how quickly you require funds and there is a broker fee payable upon receipt of the mortgage offer, either a flat fee or a percentage of loan.

Lenders will also want an exit plan, in other words how you plan on repaying the loan and by when. If you need additional financial support such as a traditional residential or buy-to-let mortgage, evidence proving that these mortgages will be available is necessary.

UNDERTAKE AFFORDABILITY CHECKS

The lender will undertake affordability checks as standard with normal mortgage lending or look at rental income generated. This ensures that they are confident in your ability to secure a mortgage and make any required repayments on time.

When taking out a bridging loan, a charge will be placed against your property since it is a secured loan. If you own the property outright, this will be a first charge loan, meaning that the lender will be the first to be repaid when the property is sold.

“A bridging loan is a short-term finance option that helps buyers bridge the gap between buying a new property and selling an existing one.”

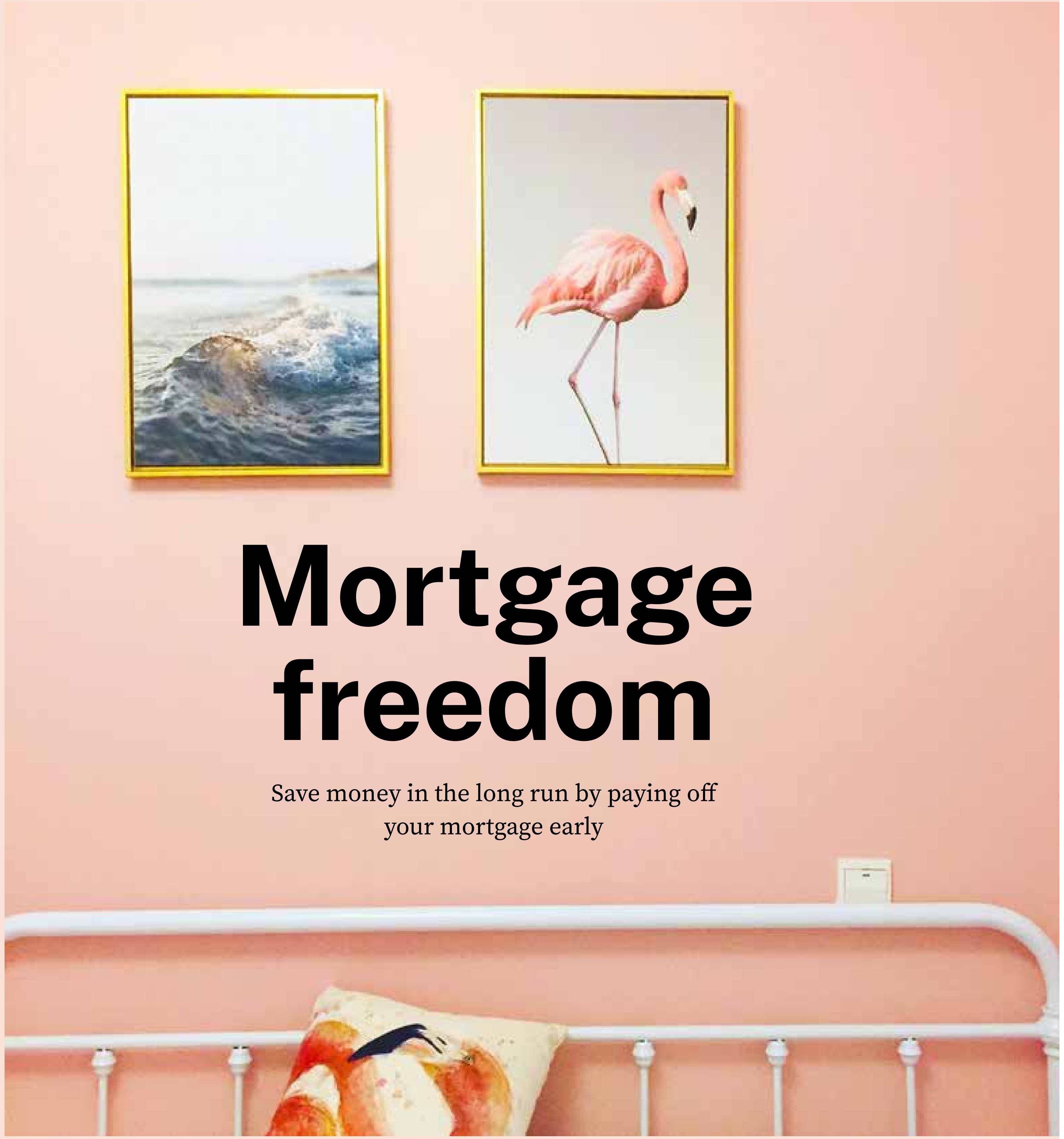
FIRST CHARGE LOAN

On the other hand, if you have an existing mortgage or loan on the property, that will be considered as the first charge loan and the bridging loan will become a second charge loan. With a second charge bridging loan, you will need permission from the first charge lender before you can take out the bridging loan. Usually, second charge loans are more expensive than first charge bridging loans.

When it comes to financing your property purchase, a bridging loan is not the only option available. There are several alternatives that you could consider based on your financial situation and needs. By assessing all of these options, you can make an informed decision on which financing route best suits your circumstances and budget. ◆

>> HOW MUCH COULD YOU BORROW? <<

Whether you intend to revamp your property portfolio or transform your home into your dream space, to start a conversation about how we could help, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**



Mortgage freedom

Save money in the long run by paying off your mortgage early

PAYING OFF YOUR mortgage early can be a wise financial decision. While you are obligated to pay back your mortgage, choosing to make overpayments each month or adding a lump sum payment to your mortgage can help reduce the amount you owe.

To make overpayments, some lenders may require you to apply first, but it's always worth asking if you're unsure. By making overpayments, you may be able to shorten the length of your loan term or lower your monthly payment amount, ultimately saving you money in the long run.

If you're are keen to overpay on your mortgage, the approach you take is entirely up to you. You have the option of using your monthly wages to make overpayments, paying a lump sum from your ISA or freeing up some money from investments. Nonetheless, it's worth remembering that seeking professional mortgage advice is important to understand what's best for you.

ALLOCATING ANY OVERPAYMENTS

It's also worth noting that you may opt for an interest-only mortgage, which means you'll only have to pay off the interest on your loan each month. However, you'll have to devise a strategy to pay off the entire amount owed by the end of your term.

Nonetheless, you may discuss the possibility of allocating any overpayents to the entire amount owed with your lender, which will reduce your monthly interest payments. While the interest-only strategy works for many people, it's important to identify the option that is best suited for your situation.

REALISTIC STARTING POINT

With your mortgage adviser, you can establish a suitable budget for your repayments before you start considering overpayments. This allows you to determine how much you are capable of paying on a monthly basis, providing a realistic starting point.

If you wish to overpay, you need to understand what is feasible for you. The majority of lenders allow up to 10% of your balance being repaid annually, while some may permit more. However, be aware that there may be an early repayment fee for doing so.

CLARIFICATION OF THE TERMS

Your lender may also have limitations on the amount you can overpay until your fixed-term mortgage comes to an end. In case of any uncertainty, always consult your mortgage adviser for clarification of the terms.

If you're looking to take a break from paying your mortgage, some mortgages offer a payment holiday option that can be applied for in advance. This option typically provides a break of one month, six months or a year where you won't have to make any payments.

CHECKING WITH YOUR LENDER

However, it's important to note that each lender has their own criteria for who can take advantage of this option and when. Additionally, lenders may still charge interest during this period, which could result in higher monthly payments following the holiday. If you're uncertain about whether or not this option is right for you, it's worth checking with your lender.

Have you considered which type of mortgage would suit you best? If you're in the process of purchasing a new home and have plans for making repayments in the future, it's important to explore the various options available.

MORTGAGE TYPE YOU SELECT

For instance, tracker mortgages change in accordance with interest rates, while fixed rate mortgages allow you to pay a predetermined amount for a certain period (usually two to five years). It's worth bearing in mind that the ultimate decision is entirely up to you.

Regardless of the mortgage type you select or the repayment method you choose, it's necessary for your unique situation to align with your choice, and you may want to seek professional mortgage advice if you're uncertain. ◆

>> TIME TO FIND A MORTGAGE YOU FEEL AT HOME WITH? <<

If you are looking for a new mortgage or want to discuss your existing mortgage options, to find out how we could help you, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Does it make sense to downsize?

30% of British homeowners have already considered changing their living arrangements

"Downsizing your home can be an exciting and liberating experience, but it also requires careful planning and preparation."

TYPICALLY, A LARGER HOME is acquired to accommodate a larger family. However, once the children have grown up and left, it may not be financially feasible to keep the current home. Apart from the unused rooms, larger houses have higher insurance rates and maintenance expenses.

Downsizing your home can be an exciting and liberating experience, but it also requires careful planning and preparation. According to a new research, 30% of British homeowners have already considered changing their living arrangements to tackle the increasing cost of living[1]. But despite the apparent advantages, it is important to consider various factors before committing to a move.

BIGGEST COST OF LIVING IMPACT

The research indicates that basic household bills, such as energy costs and grocery bills, are having the greatest impact on people's finances, while only one in three homeowners with mortgages suggested that mortgage rates were the biggest cost of living impact they faced.

The research also highlights that downsizing, relocating or cohabiting are among the options being considered by those who want to reduce their largest single household expense – rent or mortgage. Although just 4% of respondents had moved to a smaller home, nearly two-thirds (60%) said they would consider doing so.

SIGNIFICANT FINANCIAL BENEFITS

Reduced cost of living was identified as the primary benefit of downsizing, with 72% naming it as a benefit and a third (33%) ranking it first. By selling larger homes, moving to lower monthly mortgage payments, or both, homeowners can realise significant financial benefits from downsizing.

The main disadvantages of downsizing are the high moving costs (39% of respondents listed this as a top concern) and the lack of space for personal belongings (38%). Other top concerns include being far from family and friends (29%) and living in an unfamiliar area (28%).

STAYING CONNECTED WITH LOVED ONES

Interestingly, people's expectations about how close they could move to find a smaller home were quite ambitious, with an average expected distance of 29 miles. However, those who have already downsized moved an average of 54 miles away, which could pose challenges for those concerned about staying connected with loved ones.

While downsizing can lower mortgage costs and provide financial flexibility, it's important to consider the potential challenges such as the time it takes to move, distance from loved ones and reduced living space. ◆

>> WANT TO TALK ABOUT YOUR MORTGAGE OPTIONS? <<

We're here to help you find a mortgage that is suitable for your needs and will explain the different options to find a mortgage type that matches your new circumstances. For more information, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.**

Source data:

[1] Halifax–Downsizing–could less be more? – 16/11/22.

SELLING PROPERTY

DO I NEED AN ENERGY PERFORMANCE CERTIFICATE?

Now a legal requirement if you are a selling a property in the UK

WHEN YOU'RE SELLING or renting out a property in England, Wales and Northern Ireland, it's important to remember that you need to get an Energy Performance Certificate (EPC). An EPC will provide information on how energy efficient the property is, which can be an important factor for potential buyers and tenants.

Sellers in Scotland have to provide a more extensive 'Home Report', which includes an EPC, as well as a survey and a property questionnaire.

MOST ENERGY EFFICIENT HOMES

An EPC ranks properties in terms of energy efficiency (they are not required for listed buildings). The most energy efficient homes are rated A while the lowest are rated G. It is required whenever someone sells or rents out a property and will include information about the amount of fuel used by different types of appliances within the home as well as details about insulation levels. This means that prospective buyers/tenants can make educated decisions about the energy efficiency of their new homes before committing to purchase or rent.

The requirement to have an EPC has been the law since 2008 and, once completed, the EPC is only valid for ten years. The certificate must be prepared by a qualified assessor who has been accredited through the Department for Business, Energy and Industrial Strategy (BEIS).

IDEA OF FUTURE ENERGY BILLS

The assessor will inspect the property to identify areas where energy efficiency can be improved. They'll then recommend ways to improve these areas and advise on how costs can be kept down in order to make a property more energy efficient.

The report will also include details about the environmental impact of the property, indicating how much carbon dioxide is produced by its current energy use. This information allows buyers/tenants to get an idea of their future energy bills before they move into their new home.

"The requirement to have an EPC has been the law since 2008 and, once completed, the EPC is only valid for ten years."

MAKING AN INFORMED DECISION

By having an EPC, you'll not only increase your chances of selling or renting out a property quickly, but you'll also be helping to ensure that the new owners or tenants are aware of the energy efficiency of the property they're considering. This will help them make an informed decision about their future living arrangements and reduce any potential bills arising from inefficient heating or cooling systems.

If you do not have an EPC you could be fined up to £5,000. And, under new government proposals, this would be increased to £30,000 from 2025. So, if you're selling or renting out a property in England, Wales or Northern Ireland, remember to get an EPC for the best outcome. It could save you time and money in the long run! ◆

Seller discounts

UK homeowners relinquish about a third of their property's gain in worth to secure a sale

MOVING TO A NEW HOME can be driven by a multitude of factors, such as personal, financial or health-related reasons. However, at times, a property may fail to sell on the open market despite your best efforts. Some home sellers in today's market are finding that they are having to offer a discount from the asking price in order to complete a sale. This can ultimately mean giving up some of the gains made in recent years, when property prices have risen steadily.

However, it is important for buyers and sellers alike to understand why this may be necessary in order to achieve a successful transaction. The current state of property prices can make it difficult for individuals to get the best value possible out of their homes, as there is often little room for negotiation with potential buyers if you want your home sold quickly.

FACING CHALLENGES

Additionally, competition among some other sellers in the same area can mean that discounts need to be offered by those trying to stand out in the marketplace. Home sellers who are willing to offer a discounted price can benefit from more interest in their homes, and therefore more offers from potential buyers.

It's not uncommon for sellers facing challenges in achieving a sale having to accept an average discount of 4.5% on the asking price, which is the highest in five years due to the current buyers' market. This means that on average, sellers are forgoing £14,100 or one-third of their pandemic house price gains, according to new research[1].

BUYER AFFORDABILITY

In Scotland, most homes continue to be marketed as 'offers over', with discounts from the asking price larger than pre-pandemic levels. This reflects a shift towards a buyers' market, after a period of time where buyers had to pay the asking price for most properties throughout 2021 and 2022. As mortgage rates have risen and with the impact of buyer affordability, there is nationwide repricing taking place as the market adjusts to these changes.

"It's not uncommon for sellers facing challenges in achieving a sale having to accept an average discount of 4.5% on the asking price."

Recent trends also highlight that the purchasing power of buyers is gradually improving as mortgage rates drop from their peak of 6% in late 2022. However, despite the decrease to 4%, the average home buyer still has 20% less buying power compared to a year ago when mortgage rates were as low as 2%, according to the data.

BUYERS REBOUNDED

The demand for homes from buyers rebounded in the first two months of 2023, but it's still behind last year's levels due to cautiousness among buyers. However, sales volumes have recovered and are tracking the usual seasonal upturn seen post-Christmas. Although they are a quarter (24%) lower than this time last year.

In contrast to 2022, there has been a significant increase in the number of homes for sale by over 60% compared to last year. This means that market supply is returning to normal, creating more choice for home buyers.

PRICE REDUCTIONS

On average, estate agent offices now have 24 homes for sale compared to just 15 a year ago. This increase in available properties provides more options for homebuyers who can negotiate on price and reduce the upward pressure on house prices. Many sellers, supported by agents, are adjusting their asking prices in response to weaker demand.

Looking ahead, small month-on-month price reductions are expected over the next two to four months as a soft reset in house prices continues. By summer, modest annual price reductions of up to 2%–3% are anticipated. Overall, these changes will further boost buyer choice and make homeownership more accessible for those looking to enter the housing market.

PROSPECTIVE BUYERS

Although it may be disheartening for home sellers to give up some of their recent gains in order to find a buyer, discounting may be necessary in order to make sure that you get the best possible deal.

Discounts can also attract more attention from prospective buyers and help your home stand out from other properties on the market. By understanding why this is sometimes necessary, you can ensure that you maximise the value of your property when selling your home. ◆

>> HOW MUCH CAN I BORROW FOR MY NEW HOME?<<
Do you currently have a mortgage and are looking to save money? To discuss your options, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Zoopla – Press Release – Home sellers give up third of recent price gains to achieve a sale –28/02/23.

“The demand for homes in the UK has been compounded by various factors. The country’s population has grown by 20% since 1971, reaching over 67 million people.”

Getting a foothold on the housing ladder

Average price in the UK the most unaffordable level in around 150 years

HOME PROPERTY PRICES in the UK have been steadily increasing for many years and recently reached an all-time high. The average house price in the UK has reached its most unaffordable level in around 150 years, with an average of £294,329 from £1,692 since 1953, according to a recent study[1].

The figures show, at 5.9 times, first-time buyers currently have a higher average house price-to-earnings ratio than ever before. This means that it is becoming increasingly difficult for first-time buyers to get on the housing ladder without taking out a large mortgage or relying on some form of assistance from parents or other relatives. It also spells unfortunate news for renters, as rents are likely to increase accordingly in order to keep pace with rising home prices.

"The two greatest increases in property prices came during the 1980s, when they jumped by 262%, and over the last two decades, lifting by 341%."

ANNUAL PROPERTY PRICES ROCKETED

This also particularly impacts on younger people and their ability to get a foothold on the housing ladder. Rates of homeownership among 25 to 34-year-olds have fallen over the last three decades. The two greatest increases in property prices came during the 1980s, when they jumped by 262%, and over the last two decades, lifting by 341%.

However, it was in 1973 when annual property prices rocketed by 36%, marked by rising inflation caused by an oil crisis, which saw the greatest growth in house prices. Over the past 70 years, there has been a rise in owner occupation levels, although they have declined in recent times. Initially, in 1953 only 31% of people owned their own homes, which gradually increased and peaked at 70.9% in England during 2003.

DECREASE IN THE NUMBER OF NEW HOMES

This percentage then fell steadily until early 2017, when the trend started to reverse. Currently, home ownership stands at 64%. The biggest surge in owner occupation levels was observed during the 1980s due to former Prime Minister Margaret Thatcher's Right to Buy policy. This policy enabled almost two million extra people to become homeowners during that decade.

According to building society reports, the number of houses constructed has declined over time by 69% since the 1960s. The largest number of new homes ever built was in the 1960s, with over 3.5 million constructed. Since then, each decade has seen a decrease in the number of new homes built. The latest figures indicate that just over one million new homes were built during the 2010s – the lowest level since World War II.

GREATER DEMAND FOR PROPERTIES

The demand for homes in the UK has been compounded by various factors. The country's population has grown by 20% since 1971, reaching over 67 million people. Additionally, changes in demographics such as an ageing population, a rise in divorces and an increase in single-person households have led to greater demand for properties.

The study highlights that forecasts predict the need for five million new homes over the next 15 years, which averages at around 340,000 per year, surpassing the government's target of 300,000. However, this level of housebuilding hasn't been achieved since 1971, with less than half of this figure delivered annually over the past ten years. ◆

Source data:
[1] Leeds Building Society – Homeownership remains the crowning glory for millions of people: A look back at 70 years of British Housing – 27/02/23.

Showcasing your property

How to generate interest in your home sale and attract a multitude of potential buyers

IF YOU'RE LOOKING for an effective way to generate interest in your home sale and attract a multitude of potential buyers, hosting an open house is a brilliant idea! In this article, we'll explore the pros and cons of this approach, share valuable tips for success and answer the question of whether open houses actually work when it comes to selling your home.

So, get ready to discover an alternative way to showcase your property and give your listing the exposure it deserves!

EFFICIENT ALTERNATIVE TO MULTIPLE INDIVIDUAL VIEWINGS

If you're selling your home, hosting an open house can offer an efficient alternative to multiple individual viewings. Rather than arranging viewings as and when buyers show interest, an open house allows you to set aside a specific block of time on a particular day for multiple viewings.

During this time, potential buyers can drop in and take a look, or your estate agent can schedule back-to-back appointments to fill the allocated time.

> **"Listing your property through a high street or online estate agent will ensure that your home is seen by as many potential buyers as possible."**

NOT A SUBSTITUTE FOR ONLINE ADVERTISING YOUR PROPERTY

While some sellers may prefer unscheduled viewings, many opt for scheduled appointments to avoid unexpected disturbances. However, it's important to note that hosting an open house is not a substitute for online advertising your property on property portals.

Listing your property through a high street or online estate agent will ensure that your home is seen by as many potential buyers as possible. With the rise of online estate agents, where the owner typically conducts viewings themselves, an open house can be an attractive option to limit viewings to a single day.

ONLY NEED TO TIDY UP AND PREPARE YOUR HOME FOR ONE DAY

Open days can be a seller's saving grace. By utilising an open day, you can schedule multiple viewings in one go, which means you only need to tidy up and prepare your home for one day.

During the open house, you can choose to either personally guide potential buyers through your home or let your estate agent handle the showings while you take a break. This approach can save you from constantly having to keep your home in showcase condition, especially if you have a busy schedule, kids or pets to manage.

ENSURE YOUR PROPERTY LOOKS ITS BEST AND GETS PLENTY OF FOOT TRAFFIC

Another great benefit of open days is the inherent urgency they create. With multiple potential buyers viewing your home all at once, competition can motivate them to act fast and make a serious offer. Seeing their competition may push them to offer a higher value or present an offer on the spot, bringing you one step closer to a successful sale.

To ensure your property looks its best and gets plenty of foot traffic, avoid evenings and weekdays for your open day. Saturdays are the optimal choice, providing ample time for a final morning clean before the busiest hours typically between late morning to early afternoon. If demand requires, extend viewing slots into the late afternoon and schedule appointments back-to-back for maximum impact.

IMPORTANT TO START PREPARING WEEKS BEFOREHAND

Spread the word about your open house by advertising it on property listings and asking your estate agent to create a brochure to hand out to potential buyers. Additionally, have your estate agent promote the open day on their website and in local publications while personally reaching out to interested

“While open houses can be a convenient way to show your property to multiple potential buyers at once, there are some potential drawbacks to keep in mind.”

“Don’t forget to pay attention to the outside of the house, as kerb appeal plays a key role in attracting potential buyers.”

parties in their network.

To ensure a successful open house, it’s important to start preparing weeks beforehand. Clear out clutter by selling, donating or storing excess items elsewhere. Next, perform minor repairs and fixes throughout the house, such as touching up paintwork or replacing worn-out rugs.

KERB APPEAL PLAYS A KEY ROLE IN ATTRACTING POTENTIAL BUYERS

Don’t forget to pay attention to the outside of the house, as kerb appeal plays a key role in attracting potential buyers. Trim hedges, tidy up the front garden and consider repainting the front door. As the open day approaches, give the house a thorough cleaning. Pack away any valuable items and keep sensitive documents out of sight.

Finally, discuss with your estate agent how offers will be handled, such as setting a deadline for buyers to submit sealed bids a couple of days after the open house. With these preparations, your open house is sure to generate interest and offers!

THERE ARE SOME POTENTIAL DRAWBACKS TO KEEP IN MIND

On the day of your open house, there are a few things you can do to ensure it goes smoothly. Start by tidying up and giving your home a final clean. Have your property brochure with all the necessary details available for visitors to take home. You may also want to provide additional local information to showcase the area’s benefits.

While open houses can be a convenient way to show your property to multiple potential buyers at once, there are some potential drawbacks to keep in mind. One issue is that an open house can restrict buyers who are unable to attend that specific day. To ensure its success, your estate agent needs to heavily market your home, fill slots and make the open day worthwhile.

CONSIDER WHETHER TO REMAIN IN YOUR HOME DURING THE OPEN HOUSE

You should also consider whether to remain in your home during the open house. If you have any doubts about your agent’s ability to do a good job, it’s best to be present to answer questions and highlight the positive features of your home.

Additionally, unexpected viewers may turn up on the day. You will need to decide with your estate agent how to handle them and ensure adequate staff are available to accompany additional viewings.

IT’S IMPORTANT TO WEIGH THE BENEFITS AGAINST POTENTIAL DISADVANTAGES

Another concern is security. If you are worried about visitors roaming your home, you may want to be present during the open house. Moreover, the pressure to make an offer quickly may cause buyers to overcommit or deter them from visiting altogether.

In summary, open houses can be an effective way to showcase your property, but it’s important to weigh the benefits against potential disadvantages, and work with a reliable estate agent who ensures both the safety and success of the event. ◆

Spring into action with our top tips

How to make your home stand out if you're planning on selling during this season

THERE ARE ALL SORTS OF MYTHS about when is the best time to sell your house, but many experts say the spring season is considered the ideal time for selling a property. Historically, property sales tend to peak during the months of March to May, so it's the perfect time to get your property ready for sale.

Milder temperatures and longer daylight hours during spring make it a more attractive season for property hunting compared to the scorching summer or colder winter months. As a result of higher demand for properties, it is wise for sellers to capitalise on this selling opportunity and list their property on the market during this season.

"Milder temperatures and longer daylight hours during spring make it a more attractive season for property hunting compared to the scorching summer or colder winter months."

ENHANCING A PROPERTY'S CURB APPEAL

Spring's brighter, more radiant days can also significantly enhance a property's curb appeal. In contrast to the gloominess of winter days, spring's ample natural light brings out the natural hues of brick or stone and accentuates your property's architectural features.

Similar to its effect on exterior curb appeal, enhanced natural light also contributes to the quality of interior property photography. High-quality images are an essential component of a successful property sale, and having improved natural light available can make a significant difference to their visuals. With less editing required to refine the pictures, your agent can list your property more expeditiously, saving valuable time.

INVITING AND CHARMING TOUCHES

Even for properties without a garden, the sight of trees blossoming or flowers blooming nearby can contribute positively to the property's outlook. For apartment dwellers with a balcony, a few blooming pots of spring flowers provide an inviting and charming touch to the exterior space.

Preparing your home for sale is an important step to take before entering the market. You want it to look its best and capture a potential buyer's attention, so take some time to highlight what attracted you in the first place. Creating a good first impression is essential.

"A spotless home is irresistible! To attract potential buyers, it's crucial to make sure your home is thoroughly cleaned."

TO MAXIMISE THE SELLING POTENTIAL OF YOUR HOME DURING THIS SEASON AND AVOID THE FRUSTRATION OF AN UNSOLD PROPERTY, HERE ARE 7 USEFUL TIPS:

1. Identify your target audience – Aim to tailor your space to match the specific preferences of potential buyers. Strike a balance between appealing to your key audience without alienating other groups of homebuyers. Try to showcase the versatility of the space, such as demonstrating how an office can be transformed into an extra bedroom.

2. Keep decor simple – Since individual tastes in interior decoration vary vastly, it's advisable to minimise excessive decoration. This will allow potential buyers to envision their personal style in your property without any distractions from your personal taste. By keeping your decor simple, you allow them to see themselves living there comfortably rather than feeling like they're intruding in a stranger's home.

3. Spring cleaning can work wonders – A spotless home is irresistible! To attract potential buyers, it's crucial to make sure your home is thoroughly cleaned. Don't forget to wash your windows (inside and outside), and polish your mirrors to reflect sunlight and brighten your rooms. Your kitchen and bathroom should look properly hygienic, so give them some extra attention.

4. Create an inviting fragrance – The aroma of your home can significantly impact how potential buyers perceive your property. It's crucial to leave a positive impression, and not have them associate your home with unpleasant odours from rubbish or leftover food. This is why staging is vital. One great tip is to do some baking – bread, cakes, cookies or other delicious treats – so that your home will be filled with a welcoming smell, creating a homely atmosphere.

5. Revamp worn-out spaces – If your home looks worn-out or outdated, it's essential to spruce up these areas. You can consider adding a fresh coat of paint, or installing new flooring or doors to transform and improve problematic spots in your home for viewings.

6. Declutter your space – Prospective buyers are likely to inspect the storage capacity of the property by peering into the cupboards, wardrobes and drawers where you might have hidden clutter away. Therefore, ensure you clear out any unnecessary items. This will help potential buyers envision themselves living in the house more easily.

7. Spruce up your outdoor spaces – Finally, remember that your garden is just as much a part of your living space as the inside of your home. Therefore, it's crucial to ensure that it complements the overall look and style of your property while presenting itself as a perfect spot for entertaining. Control unruly vegetation, trim tree branches and clear away debris from your lawn to showcase the exterior and brighten up the interior of your home. ◆

>> READY TO FIND THE RIGHT MORTGAGE SOLUTION FOR YOU?<<
We understand that everyone's situation is different – that's why we discuss the range of different mortgage options that could work for you. So whether you're looking to buy your first home or moving home, we pride ourselves on finding the right mortgage solution for you. To find out more, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

PROPERTY MATTERS

Our car's electric

Electric cars unsuitable for almost half of UK homes, according to report

ELECTRIC CARS ARE growing in popularity as consumers become more aware of their environmental benefits, yet under a half of all homes are unsuitable for electric car charging.

According to research, the current infrastructure in UK homes can only accommodate electric charging points for 56% of households, leaving many unable to switch to electric vehicles[1].

INFRASTRUCTURE NOT BEING UP TO PAR

Despite this, there has been a significant increase in the number of people opting for electric vehicles, with Battery Electric Vehicle registrations rising by 38% in the past year. However, over a quarter (27%) of those who drive petrol cars still have concerns about the country's electric vehicle infrastructure not being up to par.

The UK will stop selling new petrol or diesel cars in 2030. However, the study also reveals that over two-fifths (44%) of UK homes are not suitable for electric vehicle ownership.

EXCLUDED FROM SUSTAINABLE DRIVING

Unfortunately, those without garages or dedicated parking spaces may feel excluded from sustainable driving due to the lack of available charging points. The data shows that around 30% of people applying for a mortgage do not have space for a car or garage.

Although new laws require house builders to install electric charging points in new-build homes, workplaces and supermarkets, many people will still be unable to charge their electric vehicles at home.

NOTABLE DIFFERENCE IN OPINIONS

Homeowners with private driveways seem to be more confident about owning an electric vehicle as they can make provision for charging it. The UK's charging infrastructure is improving, with over 36,000 charging points across 21,000 locations; however, many rural areas still face challenges.

There is a notable difference in opinions regarding charging infrastructure across different regions. While London's high number of flat-dwellers poses a charging challenge, residents of the capital are more likely to believe that charging coverage is adequate (54%).

CHARGING POINTS AVAILABILITY

In contrast, only 22% of Midlands residents share this perspective. Nationally, less than one-third (30%) of people have a favourable view on the availability of charging points.

The cost of living crisis has influenced many people's driving decisions. Nearly half (48%) of Britons are driving less due to fuel costs, with 30% stating that they have delayed purchasing their next vehicle by an average of two years.

COST OF LIVING CHALLENGES

This trend could result in slower adoption rates for electric cars as 18% say they are now less inclined to buy one because of cost of living challenges.

Moreover, when it comes to installing a home charging port, hardware and installation expenses will also be a factor to consider, with an average cost of around £1,000. ◆

>> GOT A QUESTION ABOUT MORTGAGES? <<

Securing a mortgage should be an exciting time for people as they look forward to getting the keys to their first home or improving their existing one. Whatever your mortgage requirements, we're here to provide the necessary assistance and guidance. Please contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Lloyds Bank – Nearly half of UK homes unsuitable for electric cars – 30/12/22.

"Unfortunately, those without garages or dedicated parking spaces may feel excluded from sustainable driving due to the lack of available charging points."

Tired of moving into fixer-uppers?

Contrary to popular belief, buying a new home doesn't mean sacrificing personalisation

"Buying a new build property can also provide peace of mind knowing that most come with warranties, so there's no need to worry about major structural repairs or unpleasant surprises when moving in."

WHEN IT COMES TO purchasing a property, buying something brand new usually comes with a premium price tag. However, in the long run, investing in a new build can actually save you money compared to buying an older property.

Not only can it lower your monthly bills, but you'll also have the peace of mind knowing that you're covered by a housing warranty.

FLEXIBILITY AND CHOICE

Many people are aware of the energy savings that come with living in a new home, but they may not realise the flexibility and choice that buying a new build can offer. Contrary to popular belief, buying a new home doesn't mean sacrificing personalisation.

In fact, if you purchase off plan, there are plenty of opportunities to make your home unique to your style and preferences, from choosing fixtures and fittings to deciding on the layout.

ECO-FRIENDLY AND AFFORDABLE HOMES

It's a well-known fact that new build homes are more cost-effective to run due to their superior energy efficiency. However, the extent of these savings might surprise you.

New build properties are required to meet stringent legislation around high energy efficiency standards, resulting in eco-friendly and affordable homes.

NEW BUILD HOMEOWNERS

Over 80% of new builds in England and Wales have an Energy Performance Certificate (EPC) rating of A or B, compared to just 3% of older homes[1]. These modern houses often feature condensing boilers, double or triple glazing, insulation, solar panels and the latest energy-efficient appliances and heating systems.

Additionally, a recent study by the Home Builders Federation in 2022, found that new build homeowners save an average of £2,600 per year on energy bills, a significant reduction in both costs and carbon footprint.

IMPROVING NEW BUILDS' QUALITY

Buying a new build property can also provide peace of mind knowing that most come with warranties, so there's no need to worry about major structural repairs or unpleasant surprises when moving in.

Many major house builders have agreed to adhere to the New Homes Quality Board (NHQB) guidelines for improving new builds' quality and aftercare processes for consumers dealing with snags.

GET ANY WARRANTY DOCUMENTS

The Consumer Code for Home Builders (CCHB) also protects and grants rights to anyone purchasing a new build home. It ensures fair treatment and full disclosure about the property before and after signing the contract.

Another benefit is that all white goods are brand new, less likely to break down and more efficient to run. They also come under warranty, including fridges, freezers, cookers, hobs, dishwashers and washing machines. So it's essential to get any warranty documents from the builder when moving in.

CHECK WITH YOUR DEVELOPER

You can also choose your own bathroom and kitchen fixtures, as well as their configuration. By specifying what you want from the outset, you can avoid spending too much money (or time) on decorating or renovating later on. It's worth noting that this customisation may come at an extra cost, so be sure to check with your developer.

When purchasing a resale property, it's common to get a survey report into its condition, which depending on how in-depth you decide to go, can cost between £400 and £950 on average. However, with a brand new house, many people opt for a 'snagging survey' that costs around £300.

USING A SNAGGING SURVEY

This survey can be used to spot any minor defects before the sale goes through, such as chipped worktops, poor joins in the woodwork and doors that don't shut properly. It can also alert you to bigger issues such as dangerous electrics and faulty plumbing.

If you don't use a snagging survey, it's recommended that you compile your own snagging list for the developer before moving in.

DEALS TO HELP SELL HOMES

Developers often offer deals to help sell their homes, such as including fixtures and fittings or upgraded white goods. Some house builders may offer even bigger incentives, especially during quieter periods, to help sell homes within their developments.

PAYING YOUR STAMP DUTY

These could include paying your stamp duty, paying your deposit, free fixtures and fittings, interior design advice or landscaping, cash-back or part-exchange deals.

Of these incentives, the offer to pay your stamp duty is likely to provide the biggest saving but remember that first-time buyers are exempt from stamp duty up to £425,000 on properties costing up to £625,000; for everyone else, it commences at £250,000.

ASK FOR ADDITIONAL INCENTIVES

Remember that if you don't ask for additional incentives, you won't get them. So be sure to discuss what additional incentives you may be able to secure when putting an offer in.

Although Help to Buy has ended, there are still several initiatives available to help first-time buyers get onto the property ladder. Deposit Unlock is the newest scheme launched by the house-building industry.

PARTICIPATING HOUSE BUILDERS

This initiative enables first-time buyers and second-steppers to purchase a new build home with just a 5% deposit. The scheme is being offered by 39 participating house builders, and it's available for any house or two-bedroom+ apartment.

Alternatively, Shared Ownership is a government-backed programme that allows you to purchase a share of a property. Since you only own part of the property, you can buy it with a smaller deposit and mortgage. However, it's important to remember that you'll still need to pay rent and some fees on the sections of the property that you don't own.

FREEDOM AND FLEXIBILITY

As a first-time buyer or someone not selling another property, you have the advantage of not being part of an onward chain. This means that you can purchase a new home at your own pace and move in as soon as the home is ready or set a move-in date that works for you.

You won't have to wait on other buyers in an upward chain or worry about the possibility of the chain collapsing. Enjoy the freedom and flexibility of buying chain-free! ◆

>>LOOKING FOR A MORTGAGE THAT MEETS YOUR NEEDS, WITH DEDICATED SUPPORT AND GUIDANCE? <<

Whether you're purchasing a new property or looking to remortgage an existing one, we understand the importance of clarity and obtainable options, providing professional, friendly and personalised advice every step of the way. For more information please contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Office for National Statistics (ONS) – Energy efficiency of housing in England and Wales: 2022 – 25/10/22.

[2] Home Builders Federation – New build houses save homeowners £2,600 in annual energy bills – 12/10/ 22.

HIGHS AND LOWS OF THE PROPERTY MARKET

Trend of increasing stamp duty intake has continued this year

THE UK PROPERTY MARKET has seen a number of highs and lows over the past couple of years, with 2021 proving to be a particularly difficult year for many.

After seeing prices falling in 2020 due to the coronavirus pandemic, there were fears that this trend would continue into 2021 and beyond. However, despite these concerns, the market has seen some encouraging growth.

RESIDENTIAL TRANSACTIONS

Analysis of National Statistics from the English Housing Survey 2021 to 2022 figures reveal an estimated increase of 200,000 residential transactions in 2021 and 2022 compared to the previous year[1]. In the years leading up to 2008, there were 1.7 million and 1.5 million residential transactions recorded in 2007 and 2008, respectively.

The current figures align with those from 2014 and 2015 when residential transactions totalled at around 1.207 million, similar to the current figure of 1.208 million for the year 2021 to 2022.

RECORD-BREAKING

The stamp duty holiday introduced in 2020 has had a significant impact on the UK property market. Despite its expiration in September 2021, the total amount of stamp duty paid on residential properties during 2021 and 2022 amounted to £10.1bn, which is a staggering 69% increase from the previous year.

In fact, the stamp duty intake reached a record-breaking £16.2bn in 2022, up by 23% compared to 2021. This impressive figure was achieved despite the holiday being in place between April and September 2021. Moreover, the trend of increasing stamp duty intake has continued this year with receipts of £12.7bn recorded in the first three months of this tax year alone.

"After seeing prices falling in 2020 due to the coronavirus pandemic, there were fears that this trend would continue into 2021 and beyond."

HOUSING MARKET

These numbers highlight that the temporary reduction in stamp duty effectively injected life into the property market during a time of uncertainty. It enabled people to move more freely and was especially crucial during the pandemic when many individuals were suddenly working from home and reassessing their housing needs.

With the housing market currently experiencing another period of uncertainty, to address this issue, the government may need to introduce incentives for energy-efficient home improvements or waivers for downsizers. While the government has eased the tax burden on some homebuyers by increasing stamp duty thresholds, there is still room for more creative approaches.

PURCHASE PRICE

On 23 September 2022, the government increased the nil-rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for First-Time Buyers' Relief was increased from £500,000 to £625,000. This will now be a temporary SDLT reduction. The SDLT cut will remain in place until 31 March 2025. The government will amend the Stamp Duty Land Tax (Reduction) Bill to implement this measure. These measures ensured that around 43% of purchasers paid no stamp duty.

These changes are set to remain in place until 31 March 2025. ◆

Source data:

[1] GOV.UK website National Statistics – English Housing Survey 2021 to 2022: headline report published 15/12/22.

PREPARING YOUR PROPERTY FOR SPRING

Time to give your property a much-needed boost for the upcoming season?

SPRING IS KNOWN to bring a sense of rejuvenation, a time for new beginnings and fresh starts. Why not channel this sentiment towards our homes too? Preparing our homes for spring is an excellent way to give our property a much-needed boost for the upcoming season.

Following the winter months, some homes may be looking a little bit the worse for wear and needing some sprucing up before we can host get-togethers to celebrate the upcoming weather or even look at selling.

So it's time to start tackling those projects to get your property ready for the season. With these few tips, you will be on your way to having a well-prepared home for springtime!

WELL-PREPARED HOME FOR SPRINGTIME

1. Inspect your roof – Inspecting your roof after winter is important because it can help you identify any damage that might have occurred. Winter weather can be hard on roofs, with high winds, heavy snow and ice accumulation all taking a toll. By inspecting the roof in the springtime, you can catch any minor issues before they become major problems in the summer months. When inspecting the roof, be sure to look for signs of wear and tear such as damaged shingles, moss or algae growth, cracked caulk, blocked gutters, loose flashing and discoloured areas where water may have soaked in.

2. Clean your gutters – Gutter inspection and cleaning after winter months is an important chore to maintain the health of your home. When gutters get clogged up with leaves, ice or debris, they can cause water damage to your roof and walls; this can lead to costly repairs. Gutters also play a big role in protecting your foundation by redirecting water away from the house. By inspecting and cleaning your gutters, you can prevent potential damage to your home, while keeping it looking great.

3. Get your garden ready for the warmer weather – Rake up all the leaves that may have accumulated over winter and prune any shrubs or trees. Plant some new flowers or shrubs to give your property some life and colour after a dull winter. Lastly, spread out some mulch or bark in your flower beds, both to keep the soil moist and reduce the amount of weeds you'll need to deal with.

4. Tend to your lawn – The winter months can be harsh on your lawn. The cold weather, heavy snowfalls and lack of sunlight can take their toll, resulting in damage to the plants, soil and grass in your garden. It's important to tend to your lawn after the winter months so that you can restore it to its former glory. This means taking steps such as raking up any dead leaves, aerating the soil, fertilising the grass and removing any weeds. Doing these things will help to ensure that your lawn is in a healthy condition and can survive through the summer months.

5. Check your home's exterior – Inspect the exterior of your home for any signs of damage from winter weather, such as cracks in the paint or cladding, warped wood around windows or doors, etc. Repair any issues as soon as possible to avoid further damages occurring down the road.

6. Give your deck and patio a thorough inspection – Make sure you clean out any mildew and mould that has accumulated throughout the winter to keep them looking their best. Additionally, consider resealing or re-staining your deck in order to protect it against damage from the elements. Don't forget to check for any cracks or structural issues that may need repairs to get your deck in top condition for when the weather heats up. ◆

"Following the winter months, some homes may be looking a little bit the worse for wear and needing some sprucing up before we can host get-togethers to celebrate the upcoming weather or even look at selling."

Taking the first step onto the property ladder

Overlooked costs to prepare for before you start looking for your first home

"The research highlighted first-time buyers in the UK need to consider a minimum savings amount before taking the first step onto the property ladder. "

WHEN BUYING A home for the first time, it is important to consider all of the costs associated with this major purchase. In addition to the initial purchase price, there are certain fees that may come up during the process that can add thousands of pounds onto your total bill.

These include taxes and fees that are not always immediately visible but add up to significant amounts when added together. According to research, first-time buyers in the UK can expect to pay an average of £35,839 in hidden costs when purchasing their first home[1]. However, this figure can soar up to £46,844 in the East and a staggering £76,742 in London.

MINIMUM SAVINGS AMOUNT

The research highlighted first-time buyers in the UK need to consider a minimum savings amount before taking the first step onto the property ladder. The study factored in various costs such as solicitor/ conveyancing fees, surveyor fees, average furniture price, leasehold cost, stamp duty fees, removal van fees and the deposit.

Mortgage fees can vary greatly from lender to lender. It is important to ensure you get the right deal as well as checking for any additional fees or charges for which you may be liable. Common mortgage-related charges may include arrangement fees and product fees – both of which could add a significant amount to the overall cost of buying a property.

MAKING YOUR CALCULATIONS

Solicitors' and conveyancers' fees are another area to consider when making your calculations. The cost of a solicitor, for example, will vary depending on the region and complexity of the transaction and could add hundreds, if not thousands, to your total expenditure.

Surveyor fees can also take you by surprise. A survey is important to assess the condition of a property before purchase; however, it can be an expensive part of the process so it's important to factor this into your budget too.

MORE COSTS INVOLVED

Additionally, don't forget about moving costs such as van hire or a removal company – even if you choose to undertake some or all of the physical labour yourself.

When you become a homeowner for the first time, it's important to remember that there will be more costs involved than just the purchase price of a property. You should also consider any potential charges or fees related to council tax and utility bills.

VALUE OF THE PROPERTY

Council tax is based on the value of the property and will need to be paid after moving in, while energy bills may vary depending on the type of heating system installed.

It's worth doing some research into energy providers and their corresponding tariffs before buying so you can factor this cost into your budget. Additionally, especially if you are buying an older property, check whether the building requires any safety checks or certification.

INITIAL FINANCIAL OUTLAY

By keeping these hidden costs in mind when budgeting for a property purchase, you can make sure there are no surprises later down the line.

Remember that buying a home isn't just about the initial financial outlay; it's important to factor in ongoing costs such as maintenance and repairs into your calculations too.

FUTURE UPKEEP COSTS

Some older properties may require more attention than others so it's wise to plan ahead and make sure you are prepared for any potential upkeep costs in the future.

Owning a property is one of life's biggest decisions and investments, so it pays to be well-informed about all the associated costs before making a commitment. With careful consideration of the involved fees and charges, you are sure to have a smooth transition to becoming a new homeowner! ◆

Source data:

[1] LifeSearch – Hidden costs in first-time home buying – 01/11/22.

Relying on an inheritance for future financial security

50% of British adults admit to having checked the value of their parents' property

"Despite the fact most whose parents own a home are expecting to inherit it (68%), fewer than a third (30%) have asked them how much they are likely to receive."

WITH HOUSE VALUE data now easily available to access online, it's interesting to see that so many are using this, not just to get an idea of what their own home may be worth, but to get an idea of the sort of amount they may get in terms of parental inheritance in the future.

Some Britons impacted by the cost of living say that they are relying on a property inheritance from their parents for their financial future, and to be able to buy a home, according to new research[1]. The figures show that more than four in ten (43%) are relying on inheritance from home-owning parents during increasingly challenging economic times.

FUTURE FINANCIAL SECURITY

In fact, half (50%) of British adults whose parents own a property admit they have checked the value of their parents' property. But despite basing their future financial security on their inheritance, only 30% say they have actually spoken with their parents about how much they are likely to inherit.

Among those whose parents own a property, the average amount they expect to receive is £195,687, with the vast majority (£182,621) of this money coming from property inheritance alone. According to the research many are making lofty plans with inheritance they've not yet received.

RECEIVING AN INHERITANCE

Almost six in ten (58%) expect to be able to move house, upgrade their home or pay off some or all of their mortgage as a result of receiving their inheritance. Of those, 36% are renting until they inherit, at which point they will buy to get on the property ladder, whilst 29% have gone as far as to purchase a home on the basis they will be receiving an inheritance in the future to help pay their mortgage.

CHECKING THE VALUE

Although some claimed the primary reason for checking the value of their parents' home was for their parents' benefit, with 36% saying it was to provide financial advice, a third (33%) admit the reason they checked the value was to get an estimate of their inheritance, and 27% check out of pure curiosity.

Beyond checking the value of the home, many even admit to making plans for the home they expect to inherit whilst their parents still live there. Amongst those expecting to inherit a home, nearly half (44%) have designs on how they would change it and, incredibly, one in seven (14%) have already started to make changes.

EMBARRASSING OR AWKWARD

Despite the fact most whose parents own a home are expecting to inherit it (68%), fewer than a third (30%) have asked them how much they are likely to receive. The primary reason given for not asking is they believe it is not any of their business (30%) whilst others opt not to simply because it is too awkward (13%).

Of the 12% who checked the value of their parents' home in secret, 30% admitted this was because it would be embarrassing or awkward to admit they had checked, and 25% because they didn't want to look money-grabbing or for their parents to get the wrong idea.

HELP FINANCIAL PLANNING

Discussing the topic of inheritance is often seen as taboo, with a quarter (25%) of respondents agreeing that it is not acceptable to talk to anyone about inheritance. However, 43% believe it is acceptable to talk to your parents about inheritance, but only 19% believe it is acceptable to talk to your children about inheritance, suggesting that, whilst children may be keen to discuss inheritance with their parents to help financial planning, parents would prefer not to discuss it.

Perhaps explaining why so many are wary of discussing the topic, 30% say they have fallen out with family members in the past over inheritance discussions, and 51% think inheritance could be the cause of family arguments in the future. Currently, 41% with home-owning parents say they have never discussed inheritance with family. ◆

>> NEED PERSONAL MORTGAGE ADVICE? <<

Obtaining a mortgage can be a bewildering process, especially if you're new to home buying. At our core, we take pride in providing straightforward advice that steers you towards your home buying objective. To discuss your mortgage requirements, please contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

PROPERTY MATTERS

Choosing between buying and renting

Data shows first-time homebuyers are £500 better off each year compared to renters

FOR FIRST-TIME BUYERS IN THE UK, the cost of ownership can be daunting. However, when you look at the long-term benefits, it is clear that being a homeowner pays off. The monthly cost of owning a home for first-time buyers is currently 4% lower than the cost of renting the equivalent property, according to new analysis[1].

The latest Owning vs Renting Review data shows the average monthly mortgage cost for a first-time buyer is £42 lower than the cost for renters. The analysis, which is based on housing costs for first-time buyers with a mortgage on a three-bed home compared to the average monthly rent of the same property type, found that the £971 owners are now paying compares to £1,013 for renters, each month.

GAP BETWEEN OWNERS AND RENTERS

While this equates to an estimated £504 saving per year for owners, the gap is down from its peak in 2016, when homeowners were saving £1,567 annually compared to renters.

The UK's greatest gap between owners and renters, in percentage terms, can be found in Scotland. Those renting in the nation are paying an average £918 per month, compared to £727 for homeowners – a saving of 21% for those on the property ladder.

BOTH RENTAL COSTS AND HOUSE PRICES IN THE UK ROSE:

- The average rental payment outside London is now at £1,126 a month (up 11.8% from the previous year)
- The average rental payment in London is now £2,257 a month (up 15.8% from the previous year)
- The average house price is £293,835 (up 9.9% from the previous year) – a monthly mortgage payment on this would be around £1,574, assuming you put down a 10% deposit with a 30-year term

Month to month, and depending on where you live, renting can be the cheaper option.

MOVING FROM RENTING TO HOME OWNERSHIP

Making the move from renting to home ownership can be difficult for many, as raising a sufficient deposit and then finding the right property can be challenging. However, nationally homeowners are almost £500 better off than renters each year.

While a fall in house prices this year will be welcome news for those looking to buy their first home, it doesn't change the fact that getting on the property ladder remains expensive – a problem that is compounded when rents are high, impacting the ability to save.

MANAGING YOUR BUDGET BETTER

The process of saving for a house deposit can be daunting and overwhelming, especially for first-time buyers. However, there are ways to make the process easier and ensure that you reach your goal more quickly.

One of the most important things is to create a budget plan. Start by calculating your monthly income and expenses, then work out what you can afford to save each month. Make sure you factor in unexpected expenses, as this will help you manage your budget better and make sure that your savings are not affected.

SET CLEAR GOALS AND CREATE A TIMELINE

It is also important to set clear goals for yourself and create a timeline for achieving them. Break down the total amount that you need to save into small manageable chunks and set milestones for each of them. This will help you keep track of your progress and stay motivated to continue saving.

In addition, start looking for ways to save money wherever possible. Look for opportunities to cut down on your monthly expenses, such as reducing utility bills or switching to a cheaper mobile plan. You can also look at other lifestyle changes, such as cutting back on eating out, going out for entertainment and cancelling unwanted subscriptions.

ACHIEVING YOUR DREAM FASTER

Finally, consider taking advantage of other options to increase your savings. Consider putting your money in a higher-yielding account or look into government schemes that may offer tax incentives and help you save more.

By following these tips and staying focused on your goal, you can make the process of saving for a house deposit much easier and get closer to achieving your dream faster. ◆

>> FIRST-TIME BUYER LOOKING FOR A MORTGAGE? <<

Purchasing your first home should be an exhilarating experience. Whether you're ready with your deposit or starting your property hunt by setting alerts, or if you're out and about viewing properties – we're here to help you get that initial foothold on the property ladder. To discuss your options, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

"Making the move from renting to home ownership can be difficult for many, as raising a sufficient deposit and then finding the right property can be challenging. However, nationally homeowners are almost £500 better off than renters each year."

Source data:
[1] Halifax Owning vs Renting Review data – 15/03/23.

Master the art of property viewings like a professional

Essential tips to maximise your viewing experience and feel more prepared

LOOKING FOR THE PERFECT HOME can be a daunting task and stressful time. To make things easier for you, we've gathered some essential tips on what to consider when choosing properties and how to maximise your viewing experience.

The first step towards buying a new home is to determine your borrowing power. Your professional mortgage adviser will explain how much you are able to borrow towards a property purchase, and will also explain the other costs such as legal fees and surveys you need to consider.

HOME-BUYING CHECKLIST

To help you narrow down your search, use a home-buying checklist to identify what's important to you. Consider your three to five must-haves for your new home, such as the number of bedrooms or off-road parking. When deciding on these deal breakers, think about your future plans – do you hope to start a family or have pets?

It's important to keep an open mind during your search. There may be hidden gems that fit your criteria in neighbourhoods you haven't considered yet. And remember, you might end up realising that your dream home wasn't exactly what you were originally looking for.

MAKE AN INFORMED DECISION

Before visiting properties, it's important to do your research. Take a good look at the online photos and floor space, and read the descriptions carefully to ensure they meet your needs.

Price is also a crucial factor. To determine if it's a fair price, property websites can provide information on selling prices of houses in the same area and how often they are sold. This can help you make an informed decision and identify any potential issues.

REMEMBER, LOCATION IS KEY!

Driving through the area at different times and days is also recommended. This will allow you to discover local facilities such as transport links and schools while keeping an eye out for traffic that could affect your daily commute or other factors such as sewage works or flight paths.

Checking online for crime rates, broadband speeds and planning permissions available on local council websites can also be helpful in making an informed decision. Remember, when it comes to property – location is key!

SHARE IN THE VIEWING EXPERIENCE

Viewing properties is an exciting moment, but it's important to remain objective. Consider bringing along a trusted family member or friend who can share in the experience and offer a second opinion.

You may also want to take photos (if the property is still lived in, be sure to check with the agent/seller) so that you can compare properties later on. Additionally, don't hesitate to visit multiple times because you'll be surprised at what you notice the second, third or fourth time around.

CAREFULLY EXAMINE THE CONDITION

When viewing the property, take your time and spend around 20 to 30 minutes inside and outside. Don't feel rushed! Carefully examine the condition of the property because it's better to discover loose tiles, broken light fittings or cracks now rather than later.

If there are any warning signs like a musty smell, sagging floors, peeling wallpaper or bubbling paint, there might be dampness issues that need to be addressed. It's important to consider if this is something you and your budget can handle.

UPDATING CAN BE EXPENSIVE

During your viewings, imagine your favourite colour on the walls, but keep in mind that updating the kitchen and bathroom can be expensive. Similarly, furniture and storage solutions come with costs as well.

Think about making the garden your own, too. Does it face in the right direction to catch sunlight? Are there any trees that could block natural light? These are all important things to consider when viewing a property.

HERE ARE SOME QUESTIONS YOU MAY WANT TO ASK AT EVERY PROPERTY YOU VIEW:

- How long has the property been on the market?
- How long have the current owners lived here, and why are they selling?
- Is this property in a chain? This could affect how long it takes to complete and if there's a chance the sale could fall through.
- How many viewings have there been? Many viewings mean greater interest, but no offers could indicate a problem.
- What's included in the price?
- Are there any serious issues with the property?
- Are there any management fees to pay on the property, such as shared garden upkeep fees?
- What type of boiler does the property have, and when was it last serviced?
- What are the neighbours like?

With these tips, hopefully you will feel much more prepared. ◆

>>WANT TO FIND THE RIGHT MORTGAGE FOR YOUR NEW HOME? <<
You're moving into a new home. Exciting times. Contact us **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

PROPERTY MATTERS

Taxing times

Is it possible to gift a property without incurring Inheritance Tax?

"The government introduced an additional 'residence nil-rate band' (RNRB) allowance in 2017, which is available if you leave your interest in the family home to direct descendants (such as children, stepchildren and/or grandchildren)."

GIFTING A PROPERTY in the UK can be done without paying Inheritance Tax by taking advantage of certain allowances that are available. The key element to gifting property without triggering Inheritance Tax is ensuring that you stay within the Inheritance Tax (IHT) threshold or nil-rate band.

Currently, this stands at £325,000 (tax year 2023/24) for an individual or £650,000 for a married couple or registered civil partnership, and is set to remain at this level until at least 5 April 2028. This allowance hasn't changed since the tax year 2010/11.

OPTIONS YOU MIGHT CONSIDER

The government introduced an additional 'residence nil-rate band' (RNRB) allowance in 2017, which is available if you leave your interest in the family home to direct descendants (such as children, stepchildren and/or grandchildren). This can apply to any individual property that has been your residence at some time and can be available even if that home had been sold after 7 July 2015.

For the 2023/24 tax year, the maximum RNRB additional allowance is £175,000 (frozen at this amount until 5 April 2028), potentially increasing your total Inheritance Tax allowance to £500,000 (£1,000,000 for a married couple). Note that the extra allowance only covers properties that you have lived in and not any other properties such as holiday homes.

PROPERTY NO LONGER PART OF YOUR ESTATE

If your estate's value exceeds the RNRB, gifting your property to your children could be an option. By transferring ownership and either moving out or paying rent at market value, you could make a Potentially Exempt Transfer (PET). If you survive for at least seven years after making the gift, the property will no longer be part of your estate and won't attract Inheritance Tax.

However, if you pass away within seven years, the PET will fail and be liable to up to 40% Inheritance Tax if its value exceeds your available nil-rate bands. It is important to seek legal advice before making any decisions and ensure that you are comfortable with the end result.

DON'T WAIT UNTIL IT'S TOO LATE

If you have other assets such as savings and investments, there may be options available to reduce a potential Inheritance Tax liability such as taking out life insurance written in an appropriate trust or setting up a specific trust.

Don't wait until it's too late. If you believe you may leave your loved ones with a potential Inheritance Tax liability start planning now to reduce any unexpected surprises and ensure that they receive more of what you want them to have. ◆

>>READY TO EXPLORE FINDING THE RIGHT MORTGAGE DEAL THAT YOU ARE ELIGIBLE FOR? <<
Homebuyers today are often presented with a bewildering array of mortgage options. With different options to choose from and varying methods to repay them, opting for the right mortgage product can seem like a daunting task, particularly given the fact that your new home is likely to be your most substantial purchase ever. To review your options, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

PROPERTY MATTERS

Share to buy!

Buying a home through the shared ownership scheme

SAVING A HIGHER deposit is usually the key to securing better mortgage deals, but it's not always feasible to save tens of thousands of pounds upfront. However, this doesn't mean that purchasing a property is out of reach. Fortunately, there are affordable home ownership schemes available, and shared ownership is one of them.

Shared ownership is a scheme designed for first-time buyers or individuals who may find it more difficult to purchase a home on the open market due to small deposits. It enables them to buy a share in a property and pay rent on the rest.

GETTING ONTO THE PROPERTY LADDER

Under this scheme, you purchase a share in a property from a housing association or registered provider. You only make mortgage repayments on the percentage you own, which can vary from 10% up to 75% of the property. You also pay rent on the remaining share at a reduced rate directly to the housing association or developer.

As a result, you will require less upfront deposit and smaller mortgage payments – sometimes as little as 5% of your share purchase. This makes shared ownership an alternative option for those who cannot afford to buy their dream house outright but want to get onto the property ladder.

BECOMING AN OUTRIGHT OWNER

Shared ownership is a popular way for people to get on the property ladder. If you buy a 25% share in a property worth £150,000, your share would be worth £37,500. The remaining balance of £112,500 is owned by the housing association, which charges rent based on an assumed initial rental rate of 2.75%. This means paying approximately £257.81 per month in addition to your mortgage payments. The landlord will review your rent annually and link it to RPI inflation.

'Staircasing' allows you to increase the percentage of the property you own in stages, up to 100%, becoming an outright owner. The amount you pay is based on the value of the property at that time; if it rises, you'll pay more for your share and vice versa.

NEW GRADUAL STAIRCASING MODEL

A valuation carried out by the housing association determines the cost of buying additional shares in the property. Generally, you can buy a minimum of 5% or 10% shares when staircasing, depending on each housing association's rules. Buying shares above 10% must be done incrementally (e.g. 15%, 20%, 25%). In 2022, a new gradual staircasing model was introduced enabling shared owners to staircase in smaller instalments of 1% per year for the first 15 years.

It's essential to keep up with mortgage repayments and shared ownership lease payments; otherwise, there's a risk of home repossession.

ELIGIBILITY FROM COUNTRY TO COUNTRY

Shared ownership eligibility requirements vary from country to country. You can check the specific criteria for each country, such as England, Scotland and Wales, by visiting their respective websites. Northern Ireland has a similar scheme called co-ownership.

If you have a long-term disability and haven't been able to find a home that suits your needs through other shared ownership schemes, HOLD (Home Ownership for People with Long-Term Disabilities) may be a useful scheme available only in England.

GUIDING YOU THROUGH AFFORDABLE OPTIONS

Similarly, OPSO (Older People's Shared Ownership) is another scheme exclusively available in England for people aged over 55. It works just like the general shared ownership scheme, but you can only buy up to 75% of your home.

During the application process, expect questions about your income, savings and credit history. The agent will guide you through affordable options and eligibility criteria while showing shared ownership properties in your area. After finding a suitable property, pay the reservation fee and undergo another financial assessment that may include a credit check.

OTHER BUYERS LOOKING TO PURCHASE

If you own 100% of the property, selling it is straightforward. However, if not wholly owned by you or someone else on the scheme, there's usually a set period during which housing providers try to sell it to other buyers looking to purchase through the same scheme.

Once this time lapses without success or if all parties agree to it earlier on, then selling it yourself is possible, but as part of shared ownership where buyers must purchase an equal or higher share than what is currently owned. ◆

>> READY TO DISCUSS YOUR NEW MORTGAGE? <<

We know how important it is to get the right mortgage. Our professional team of mortgage advisers will ensure that you're making the right decision. To find out more, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

> **"Shared ownership is a scheme designed for first-time buyers or individuals who may find it more difficult to purchase a home on the open market due to small deposits. It enables them to buy a share in a property and pay rent on the rest."**

MOVING CHECKLIST

Who to notify to help you get prepared for your new home

SO, YOU'VE FOUND your perfect home – moving day is all that's left, right? Regardless of whether it's your first property or your fifth, it's simple to become sidetracked by the myriad of duties associated with moving.

It's important to inform the relevant authorities of your change of address. You should notify these organisations as soon as possible so that any post or other correspondence can be sent to your new address.

MOVING HOME CHECKLIST AND WHO TO NOTIFY

AUTHORITIES

COUNCIL TAX

Make sure that you're paying the correct amount of council tax in your new home. Update your address on the gov.uk site and set up a new council tax account.

DEPARTMENT OF WORK AND PENSIONS (DWP)

If you're receiving benefits or a State Pension, you'll need to update the DWP to avoid missed payments.

RE-REGISTER TO VOTE

You will need to re-register to vote after moving house. It's simple to update your address details by re-registering at gov.uk/register-to-vote.

HM REVENUE AND CUSTOMS (HMRC)

You need to wait until you've moved to notify HMRC about your change of address. HMRC is an important organisation to tell as they deal with your Income Tax, National Insurance, State Pension, tax credits and child benefits.

CAR-RELATED ORGANISATIONS

DRIVER AND VEHICLE LICENSING AUTHORITY (DVLA)

Be sure to update your driver's licence address or you could face a fine of up to £1,000. It won't cost a thing to update your address and should be done as soon as possible. You can continue driving while you wait for the new licence to arrive.

V5C VEHICLE LOG BOOK AND CAR TAX

You must let the DVLA know about any changes in both your driver's licence and car logbook, which should include your updated contact details. Be sure to also update your direct debit if you use one for paying car tax.

CAR INSURANCE PROVIDER

Your insurance premium can be affected by where you live, so be sure to let the insurance company know about any changes. Not keeping them updated can decrease their willingness to pay out on a claim and may even have an effect on your coverage.

Additionally, make sure you provide your current contact details in case of an accident. Don't forget to double-check that your breakdown cover (if you have it) is also up-to-date with the correct information.

BREAKDOWN COVER

Don't forget to update your car breakdown provider – this is especially important if you have a home-start service as part of your membership.

HOUSEHOLD

UTILITY COMPANIES

Be sure to notify your utility companies when you move so that you don't receive a bill for services you haven't used. Certain providers may let you transfer your existing deal to the new location, which can reduce any interruptions and not risk cutting off your service. Contact each electricity, gas and water utility company for more information.

HOUSEHOLD SERVICES

Make a list of all the household services you pay for.

This might include:

- Internet providers – you may get a better deal if you cancel and take out a new subscription at your new address
- Satellite television
- Phone providers, both landline and mobile
- Do you have any physical services like a window cleaner or a gardener?
- You'll also need to update your details on the TV Licensing website
- Don't forget to cancel or change any subscription services you might have, such as a food delivery service, magazine subscription, etc

ROYAL MAIL

Redirect your mail with Royal Mail and get peace of mind knowing you don't have to worry about missing important documents or letters. You can do this easily on the Royal Mail website. Prices start at around £34 for three months up to £69 for twelve months. If you're redirecting mail overseas, expect higher costs. An extra fee may apply if additional people are involved in the redirection process.

WORK

YOUR EMPLOYER

Let your employer know when your address is going to change so that they can update your contact details on the system and make sure that your information is correct for payroll purposes.

If you hold any other employment or volunteer role, you'll need to make sure they update your address too.

FINANCIAL

THE BANK

It's essential to make sure your data is secure, so update your contact details with your bank or building society when you move home. Doing this will ensure you stay protected from potential identity theft and have no trouble accessing your account. Most banks offer the option of doing this online, so be sure to check out their website for more information.

CREDIT CARD PROVIDERS
Update your credit card provider/s to help them ensure that any statements and communications they send out reach the right address. It also means that if there are any suspicious activities on your account, such as fraudulent purchases or unusual transactions, they will be able to contact you quickly and take the necessary steps to protect you.

LOAN COMPANIES
Inform any companies that you have a loan with outside of your bank when you plan to move. That way they will have time to update their records and ensure that any payment notifications get sent to the correct address. Don't forget to let them know ahead of your move date!

STORE CARDS
As with credit cards, you need to update any companies you hold store cards with, so they can contact you where necessary.

OTHER PROVIDERS

EDUCATION
If you or your children attend school, college or university, let them know about your move to make sure that you don't miss out on important information and that they can contact you if there's an emergency.

HEALTHCARE
To determine if you need to switch to a new GP practice after moving, contact your current surgery. When relocating, you have the option to keep your current dentist. Nevertheless, it's essential to notify them of your updated address.

MAKING THAT MOVE
Make sure you plan ahead when you're changing your address! Start making a list of people and companies that you need to alert months before the move. Take note not only of the important mail that you receive, but also examine your bank statements to get a better idea of who you make regular payments to.

Don't forget to go through your emails too, as there might be others that you interact with on a regular basis. If there is more than one person living in your home, ask them all to do the same to get an even more comprehensive list of addresses! ◆

>>WANT TO DISCOVER HOW WE CAN HELP YOU FIND A MORTGAGE YOU FEEL AT HOME WITH? <<
If you are planning to purchase or remortgage, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Green up your home and reduce your energy bills

Even minor changes can add up and make a significant impact

IMPROVING THE ENERGY EFFICIENCY of your home can lead to reduced bills and greater warmth during colder months. Therefore, if you are planning on making home improvements, it's a good idea to consider environmentally friendly options as well. Even minor changes can add up and make a significant impact.

According to research, approximately 17% of individuals who are making home improvements have a goal of making their homes more environmentally friendly[1]. However, one in twenty people who are keen on becoming more sustainable are unsure where to begin.

ENERGY EFFICIENCY PRIMARY MOTIVATION

Out of the participants surveyed, almost 60% are considering the environment in some way while undertaking home updates. At present, less than a tenth (8%) of individuals seem uninterested in making their homes more sustainable.

For 22% of individuals who are currently making home improvements, energy efficiency is the primary motivation behind their efforts.

RELATIVELY SIMPLE UPDATES

Some relatively simple updates like draft exclusion, better underlay, loft insulation and double glazing can have an immediate effect on both your home and bills. More expensive alternatives such as ground and air source heat pumps or solar panels can provide long-term financial and environmental benefits.

The cost of installing loft insulation may vary depending on the size and type of property, with mid-terraces being typically cheaper while detached bungalows tend to be more expensive. Installation can typically range between approximately £450 to £640. However, annual savings on energy bills could amount to between £330 to £590, which means that investing in loft insulation may pay off in a relatively short time frame.

UNAPPEALING POTENTIAL PROBLEMS

It's important for homeowners to be aware of issues that can cause energy inefficiency in their homes, as these problems could create difficulties if they decide to sell their property in the future.

The survey highlighted 56% of homebuyers would only consider purchasing a home that requires minimal or no work. Structural problems such as cracks, subsidence, and major damp and mould were the most unappealing potential problems when looking for a new home. In fact, 70% of individuals claimed that these issues would discourage them from buying a home.

INCREASINGLY IMPORTANT FOR HOMEOWNERS

With almost 60% of individuals considering it to be an essential feature in their homes, energy efficiency is becoming increasingly important for homeowners.

Additionally, the research indicates that many people now view a study space and open plan living as necessary, but having a good Wi-Fi connection tops the list of priorities for most individuals. ◆

Source data:

[1] Halifax – all figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,621 adults. Fieldwork was undertaken between 13–15 July 2022. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). Roof and loft insulation guide – Energy Saving Trust. Figures correct as at 20 October 2022.

"According to research, approximately 17% of individuals who are making home improvements have a goal of making their homes more environmentally friendly[1]."

Home improvements

What house renovation tasks will increase the value of your property the most?

IF YOU ARE A HOMEOWNER and have decided not move out but instead are looking for ways to improve your existing home, if appropriate, one solution is to consider adding an extension to the property. This will provide additional space or valuable amenities that can also significantly improve the value of your property.

By investing in an extension, you can also get more out of your property without subjecting yourself to any of the headaches associated with buying a new home. But not all renovation projects add as much value to your home as you might think.

VALUE-ADDING RENOVATION PROJECTS

Research identified some common value-adding renovation projects that homeowners could undertake and how much each project is expected to add to today's house price once costs have been taken into consideration.

The research findings identified that adding a property extension adds the most value, increasing the market price of the average home by 15%[1]. However, the average cost of adding an extension is estimated at £40,000. Once this cost is deducted from the £44,149 it's thought to add to the value of your home, it leaves just £4,149 in actual added value.

HOMEOWNERS MAXIMISING NET PROFITS

Another option for homeowners who want to maximise their net profits is a garage conversion, which will cost around £13,750 but will add 10% (£29,433) in value. This leaves an actual increase in value of £15,683.

A garden office is another alternative option with a cost of around £9,500 and a 7.5% (£22,075) increase in value, which leaves an actual added value of £12,575.

TURN-OFFS FOR FUTURE PROSPECTIVE BUYERS

However, some renovation projects may not be worth it if you're looking for added value. The research identified typical landscaping costs only £3,750 but only adds 1.4% (£4,121), leaving you with an actual added value of just £371. A roof replacement results in an actual added value of £1,124, while a new boiler results in a net boost of £1,592.

Homeowners should still address these final projects if necessary because such issues can be big turn-offs for future prospective buyers when viewing your home. Home renovations aren't always about adding market value to a property before selling; they're often about adding enjoyment to living in our homes. There is no right or wrong project to get stuck into.

MAXIMISE YOUR PROPERTY'S VALUE POTENTIAL

By remortgaging your property, if appropriate you could raise money for home improvement projects while still paying off your existing mortgage. This can be an effective method of financing renovations or extensions, as it allows you to benefit from the increased value that these improvements bring to your property.

If you are specifically looking to maximise your property's value potential make sure you do your research before committing. A good place to start is by looking at similar properties in your local area to get an understanding of current valuations. ◆

>>LOOKING TO REMORTGAGE FOR HOME IMPROVEMENTS? <<

You could save money by moving your mortgage to another lender and raise money to carry out home improvements. Let us know what's important to you and we can explain your mortgage options. For more information, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Barrows and Forrester – Which home renovation jobs will maximise the value of your property? – 03/03/23.

Home and garden trends

Looking to make a statement in your garden or want to add a touch of comfort and luxury to your home?

"One in ten people now consider a home cinema to be a necessity, along with a wood burner to stay cosy[1]."

WHEN IT COMES to their homes and gardens, research found that while a good Wi-Fi connection and energy efficiency are top priorities, the rise of certain home trends on social media is also influencing Britons' interior preferences.

One in ten people now consider a home cinema to be a necessity, along with a wood burner to stay cosy[1]. Additionally, 9% of respondents believe that a boiling water tap is a must-have, as opposed to an old-fashioned kettle. A small proportion of people (3%) still see hot tubs as essential for their relaxation.

OUTDOOR SPACE

When it comes to gardens, almost half (46%) of people prefer natural grass over artificial options or paving. Garden sheds and other outbuildings remain popular too, with one-third (33%) considering them important features for their outdoor space.

Interestingly, over a quarter (26%) of respondents said that a beautiful garden would persuade them to buy a house they would otherwise discount.

CONSIDERED UNDESIRABLE

While some home and garden trends are gaining popularity, others are failing to impress. Keeping things simple is important for almost half (47%) of Britons, who aren't impressed with high maintenance plots. For 26% of respondents, swimming pools are also considered undesirable.

Additionally, almost one-third (30%) of people selected wood cladding exteriors and loud wallpaper as some of their least favourite home fads.

CONTEMPORARY CONVENIENCES

In today's climate, it's possible people may look to stay in their current home for longer, which explains why the research shows that almost half (46%) of homeowners are considering making improvements to their homes within the next few years.

Over one-third (34%) of respondents dream of owning a large modern detached property with all contemporary conveniences, such as new kitchens and built-in wardrobes. Meanwhile, one-quarter (24%) fantasise about owning Georgian, Edwardian or Victorian period properties with high ceilings and windows. ◆

Source data:

[1] Halifax – All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,621 adults. Fieldwork was undertaken between 13–15 July 2022. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). 26 October 2022.

PROPERTY MATTERS

HOW TO BUILD LONGER-TERM FINANCIAL RESILIENCE

Taking the time to review and assess your financial health

MANY PEOPLE ARE concerned about the rising prices of everyday items. Reflecting on where you spend your money and how you manage it can help build longer-term financial resilience.

Managing your finances can be a daunting task, but taking the time to review and assess your financial situation can have many significant benefits.

HERE ARE SOME TIPS TO HELP YOU IMPROVE YOUR FINANCIAL HEALTH:

REVIEW YOUR PAYMENTS

By reviewing your Direct Debit payments, you'll get a better understanding of where your money is going and where you can make adjustments to your budget. Ask yourself if the service or product provided is still needed or wanted. Consider cancelling any services that are no longer providing value for you. The same goes for regular subscriptions – if you haven't used them in months or longer, it may be time to cancel them.

If a service or product still provides you with value, take a look at the payment amount charged by the company. Is this an appropriate amount for what you are getting in return? If not, consider reaching out to the company and negotiating a better deal. Many companies are willing to work with existing customers as they value their loyalty.

Review your direct debit dates. Do any of them clash and need adjusting? This is especially important around paydays when there's often less disposable income available. Speaking to your bank about amending due dates could help reduce stress and ensure bills are paid on time each month.

CHECK YOUR CREDIT SCORE

It's a good idea to check your credit score regularly. Doing so helps you stay on top of any changes that may be impacting your financial future and gives you the opportunity to address any issues before they become bigger problems. The better your score, the more likely you will be to benefit from lower rates on products like loans and credit cards, making your borrowing cheaper.

If you have an online banking account, you can often access your credit score through that service. It's important to remember, however, that the figure you get from this type of service might not be totally accurate as they may not take into account all elements of your financial history.

If you want an up-to-date and comprehensive picture of your credit situation, consider using a pay-for service like Experian or Equifax. These companies will provide you with a detailed report of your credit score, as well as an analysis that can help you understand where your finances currently stand and any improvements you might need to make.

KNOW YOUR MORTGAGE

Mortgages can often be the biggest household expense. So the first step to understanding your mortgage is to review your current deal. Make sure you know whether you're on a fixed rate or a variable rate, as well as the term length and monthly repayment amount. You should also check what early repayment charges you may be liable for, should you decide to switch before the end of the term.

It's always worth comparing different mortgages with a professional mortgage adviser in order to make sure that yours is still competitive, especially if it's due to expire soon. When looking at potential new deals, bear in mind any differences between an initial discounted interest rate and the standard variable rate, which could start after an introductory period ends. Also consider various fees such as arrangement and valuation fees.

Make sure you compare like-for-like products and factor in all the costs, including any potential penalties for early repayment. Your mortgage adviser will help you make sense of the market and find the right mortgage for you.

By carefully reviewing your mortgage, understanding what options are available to you and seeking professional mortgage advice, you can ensure that your home loan remains competitive and cost-effective. This will give you peace of mind knowing that your biggest expense is working for you, not against you.

CHECK HOW YOU PAY YOUR BILLS

It can also be beneficial to review the way in which you pay your bills each month. Are you paying too much? Is there a cheaper way to do it? Make sure that you compare providers and take advantage of any discounts available.

There are a variety of options available that could save you money, such as Direct Debit discounts or better overall amounts if you pay as a lump sum. Direct Debit is one of the most common ways to pay bills and is often the default setting with many providers.

While it can be convenient, there may be other payment methods that offer more savings. For example, some companies offer a discount for those who choose to set up Direct Debit payments in advance; this could add up over time if you have multiple bills to pay each month.

Alternatively, if you have regular monthly outgoings (such as rent or utilities) you could save money by paying as a lump sum. Some companies offer discounts for this type of payment, so it's worth checking if it's an option.

CONSIDER DEBT CONSOLIDATION

Debt consolidation can be a way to help save money, if appropriate. It could reduce stress and simplify your financial life. It involves taking out one loan to pay off all of your other debts, usually at a lower interest rate. This means you'll have just one payment each month instead of multiple payments for each separate debt.

Before considering debt consolidation, it is important to assess your current financial situation. You should take into account the amount of debt that you have, what type of debts you are dealing with

"A subscription audit is a great way to make sure you're not paying for something you don't really need or use."

(e.g. credit cards or personal loans) and the interest rates associated with those debts. It's also important to make sure you have enough income or assets available to cover the repayment costs associated with consolidating the debt.

You should also consider the different types of debt consolidation options available. For example, a balance transfer credit card may allow you to consolidate your debts into one account with a lower interest rate. Alternatively, you could take out a personal loan to pay off all of your other debts and then make one single payment each month. There are also more specific solutions, such as debt management plans and home equity loans, that can help if you find yourself struggling with debt.

DO A SUBSCRIPTIONS AUDIT

A subscription audit is a great way to make sure you're not paying for something you don't really need or use. Take some time to review the subscriptions and memberships that you've signed up for and determine whether they are providing value to your life. Start by going through all of your payment records over the past 12 months.

Make a list of any recurring payments that you can identify, such as magazine subscriptions, club memberships or meal kit delivery box subscriptions. It's important to look out for one-off payments too, as these may be services that require an annual or semi-annual renewal.

Once you have identified all your current subscriptions, take some time to assess each one individually. Ask yourself: Do I still need this subscription or membership? Am I actively using it often enough to justify the cost? Does it provide value to my life in some way, either financially or just generally.

If you determine that a particular subscription isn't worth keeping, contact the company and cancel it. Be sure to ask for any refunds you may be entitled to as well, such as prorated amounts for unused months of service.

SAVE FOR UNEXPECTED EXPENSES

Having an emergency fund is a great way to prepare for the unexpected. It can help you save money, reduce stress and give you peace of mind knowing that if something unexpected does happen, you have some savings to fall back on. Building an emergency fund starts with budgeting your income each month to make sure you are able to put aside a certain amount from each salary or from other sources of income.

When it comes to deciding how much money should be saved in an emergency fund, it's important to consider your needs and lifestyle. Generally speaking, financial experts recommend saving at least six months' worth of living expenses in case of job loss or other major life events. However, depending on factors such as your job security and the amount of debt you have, it may be more or less beneficial to save a different amount.

Once you know how much money should go into your emergency fund each month, it's important to create a plan and stick with it. Automating payments so that the money is taken out of your salary or bank account before you have time to spend it can make saving easier. By budgeting and setting up a plan to save up for unexpected expenses, you'll be able to keep track of your finances more easily and have peace of mind knowing that you're prepared if something goes wrong.

CHECK IF YOU CAN EARN REWARDS ON PURCHASES

If you're looking for ways to save money when making purchases, then you may want to consider whether your bank offers rewards on purchases made with their debit or credit cards. Increasingly, banks offer some type of reward system that gives customers cashback, points or other types of discounts after they have used their card.

Before you can start earning rewards from your bank's credit and debit cards, it's important to know what's available and how the scheme works. It's also worth doing some research into different providers so that you can compare the features of each one and decide which one best meets your needs.

Once you've found the right rewards scheme for your needs, you should be able to sign up online and start enjoying all the benefits it has to offer. It's also a good idea to keep an eye on any changes made by your bank as these could affect how much reward you can earn. Many providers offer cashback on certain types of purchases, so it's worth checking what your bank offers before you make any big purchases to ensure that you're making the most out of the rewards programme. ◆

Staying charged!

Electric cars impractical for almost 50% of UK households

THE CONSEQUENCES OF HOMES

unsuitable for electric cars is far-reaching. For starters, it means that Britons are missing out on a chance to switch to greener forms of transport. Electric cars produce fewer emissions than petrol or diesel vehicles and can help reduce air pollution from traffic.

Additionally, those who cannot use electric vehicles may not be able to take advantage of any green car subsidies that could save them money in the long run.

EXTRA COST BURDEN

It also makes it harder for people living in urban areas to access electric vehicle charging points. Even if someone does have an electric car, without a suitable home, they may still struggle to charge it efficiently, potentially leading to an extra cost burden or even risking running out of power in the middle of a journey.

According to research, just 56% of households in the UK have the capability to install electric charging points, which may hinder many from adopting electric vehicles[1]. Despite this, there has been a significant increase in the number of people switching to electric vehicles, with a 38% rise in registrations for Battery Electric Vehicles over the past year.

ELECTRIC VEHICLE INFRASTRUCTURE

However, 27% of drivers currently using petrol cars still have reservations about the country's electric vehicle infrastructure and believe it needs improvement. The UK government has announced a ban on new petrol or diesel cars being sold from 2030.

While this is encouraging news for sustainable driving, the research suggests that more than two-fifths (44%) of UK homes are unsuitable for electric vehicle ownership.

PLACE OF RESIDENCE

Homes without garages, driveways or dedicated parking may find it challenging to transition to driving sustainably due to the lack of a suitable charging point, with figures showing that around 30% of people applying for a mortgage do not have a garage or space for a car.

To address the issue, new laws require house builders to ensure any new build homes, workplaces and supermarkets have an electric charging point installed. However, this leaves many existing homeowners unable to charge an electric vehicle at their place of residence.

CHARGING BLACKSPOTS

Homeowners with a private driveway are the most positive about their home's suitability for a greener vehicle, with over half (55%) confident they would be able to make provision to charge an electric car.

While the charging infrastructure in the UK is improving, many rural areas remain charging blackspots.

There are significant regional variations in views on charging infrastructure. While residents of London tend to believe that charging coverage is sufficient (54%), only a fifth (22%) of those living in the Midlands agree this is the case.

PEOPLE'S DRIVING DECISIONS

The cost of living crisis is also impacting many people's driving decisions. Just under half (48%) of Britons are now driving less because of fuel costs, with three in ten (30%) saying they have been forced to postpone buying their next vehicle. For electric vehicles, this means that future adoption may slow. The price of hardware and installation will likely be a consideration when it comes to installing a charging port for home use, at an average price of around £1,000.

It is clear that being unable to use electric cars can have serious impacts on individuals and society as a whole. It is therefore essential that further steps are taken to address the issue and ensure everyone has access to green transport options if they want them.

RETROFITTING EXISTING PROPERTIES

This could range from investing in charging infrastructure for unsuitable homes or providing financial incentives such as grants or subsidies for retrofitting existing properties – both would help make electric vehicles accessible to more people.

The future of green transportation ultimately relies on making sure everyone has access to efficient electric vehicle charging infrastructure, regardless of where they live. ◆

>>WANT EXPERT ADVICE ON YOUR MORTGAGE NEEDS? <<
Get in touch and talk to a professional mortgage adviser about how we might be able to help – contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] The research was conducted by BVA BDRC in September 2022 with 1,000 UK adults – Zap-Map December 2022 https://www.zap-map.com/statistics/, Lloyds Banking Group mortgage application data, November 2020 to November 2022 – Electric Car Charging Point Costs 2022 (theecoexperts.co.uk) – Company cars and EVs drive November market bounceback – SMMT – 30/12/22.

PROPERTY INVESTMENT

BUY-TO-LET MARKET STILL PROVES RESILIENT

Most landlords don't plan to sell their properties in the next 12 months

IN THE LAST COUPLE OF YEARS, buy-to-let investors have found many reasons to rejoice. The housing market has witnessed two back-to-back years of double-digit growth and rental earnings have skyrocketed. But what about the buy-to-let market today in the current economic climate and with all the headwinds it faces?

A survey, which asked landlords about their plans for the coming twelve months, identified that landlords have remained relatively resilient despite increased costs and tougher stress tests. Of those surveyed, almost three-quarters said they had no intention of selling their properties in the next year[1]. The survey also revealed that most landlords are expecting to take on more tenants, with over half planning to increase their portfolio size.

"Despite challenging market conditions, this resilience was strongest among landlords with smaller portfolios of one to three properties, at 78%."

CHALLENGING MARKET CONDITIONS

The findings show that seven out of ten landlords do not plan to sell their properties in the next year. Despite challenging market conditions, this resilience was strongest among landlords with smaller portfolios of one to three properties, at 78%. It was followed by those who had four to ten properties at 76%, and landlords with more than 20 properties at 69%.

Respondents cited potential falls in property prices and strong rental yields as primary reasons not to sell. Others said they wanted to wait and see what happens to mortgage rates over the next few months before making a decision. Just under half of landlords stated that rising interest rates would be the deciding factor to sell, while under a quarter said that rent did not cover mortgage costs.

STILL SIGNIFICANT OPPORTUNITIES

In light of this news, it is clear that many landlords remain an important part of our housing market, providing a vital service for renters across the country. Despite rising mortgage rates and stricter lending criteria, there are still significant opportunities available for prospective landlords looking to invest in buy-to-let properties.

With the help of expert advice, a key point from the survey is that making an investment in the right buy-to-let property could be a good move for some property investors. ◆

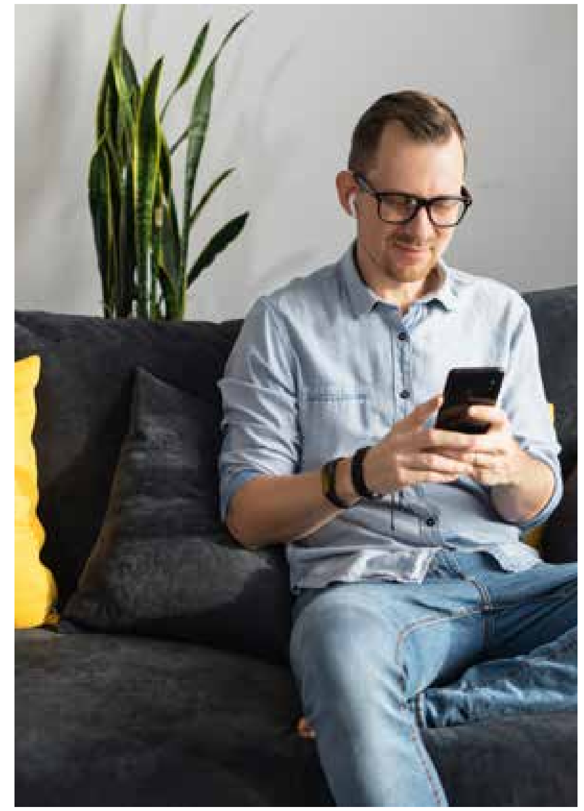
>> READY TO SEE IF WE COULD HELP WITH YOUR BUY-TO-LET PLANS? <<
Whether you're thinking about buying-to-let or expanding an existing property portfolio, to discuss how much you could borrow, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Landbay Partners Limited (Landbay) – collated views of 700 landlords – 08/02/23.

Nationwide trend towards more flexible tenancy options

Landlords witness unchanging rental returns as rental yields 'hold firm'

PROPERTY INVESTMENT



LANDLORDS HAVE BEEN PLEASED to see that rental yields held firm in the fourth quarter (Q4) of 2022. Despite the turbulent housing market and economic challenges brought on by the pandemic, rents remained strong.

This has been driven largely by a nationwide trend towards more flexible tenancy options as people increasingly look for shorter-term rentals and greater flexibility. This shift towards more 'demand-driven' leasing has helped to maintain and even increase rental yields in certain areas of the country where there is strong demand from tenants.

TENANT DEMAND

According to research, rental yields and tenant demand showed that rental yields softened only slightly by 0.1% to an average of 5.7% across the country in Q4 2022[1].

Welsh rental properties secured the highest yield figures at 6.4%, while Houses in Multiple Occupation (HMO) properties returned to the top spot offering the strongest yield by property type at 6.4% for the quarter, followed by multi-unit blocks at 6.2%.

LANDLORDS' PERCEPTION

Despite net demand remaining stable at 65%, landlords' perception of tenant demand varied regionally in Q4, with Central London landlords reporting the highest strength of current tenant demand. However, demand appears to have fallen on a net basis across several regions, including the North West, West Midlands, South East and Outer London.

The study also revealed that 81% of landlords said they were making a profit from their letting activity, and those who owned four to five properties (90%) reported making a profit.

CONTINUED PROFITABILITY

The research suggests that many landlords may raise rents this year due to increased costs such as higher mortgage costs and low supply of properties in the private rented sector, while also realigning their properties for local markets to ensure continued profitability.

Overall, the UK rental market remains strong despite wider economic uncertainty and it seems likely that rental yields will continue to hold firm as long as there is demand from tenants for short-term rentals with flexible terms.

RENTAL YIELDS

Landlords should therefore feel confident that their investments will remain profitable and offer a reliable income stream into the future.

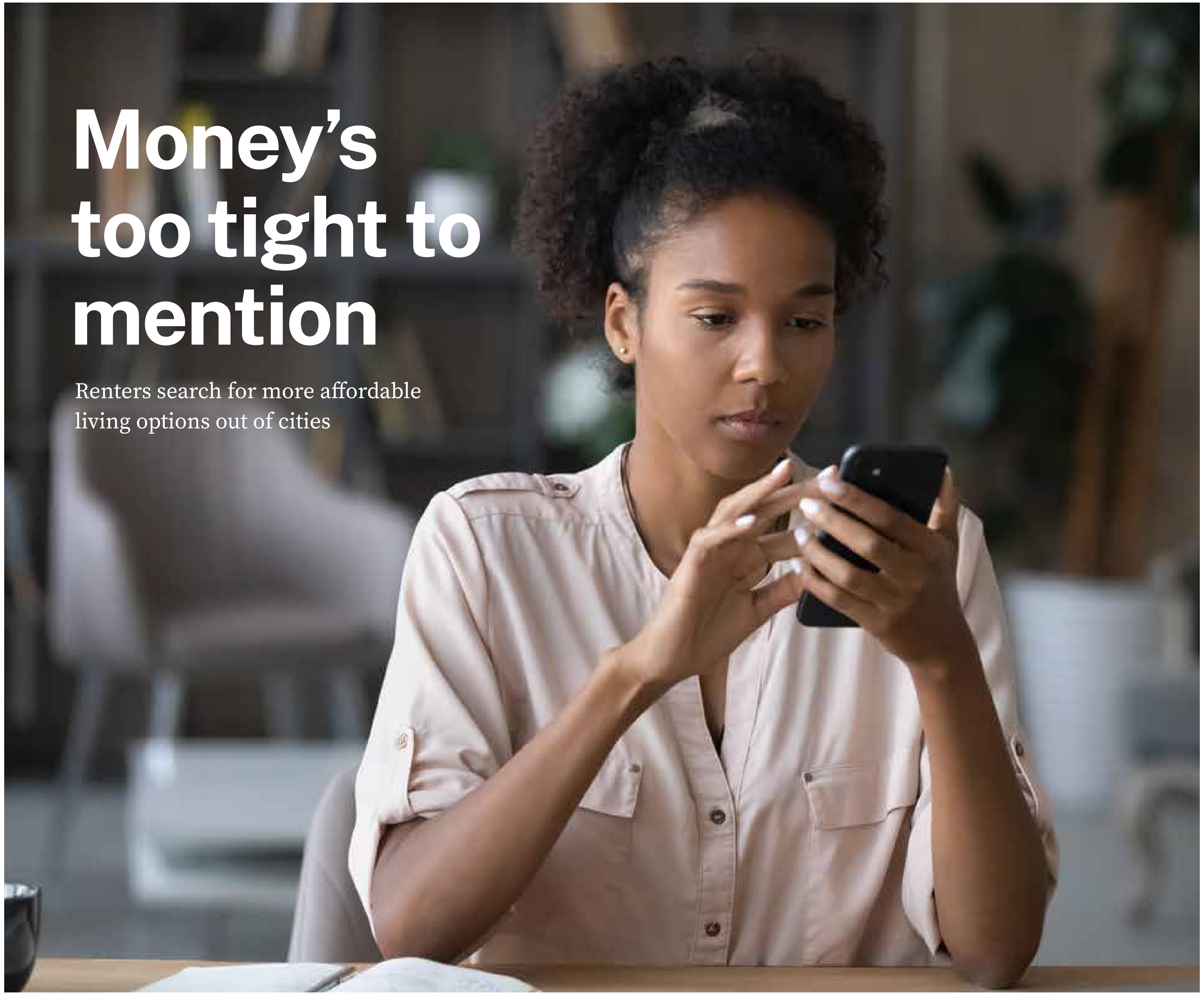
With this in mind, it is clear that now is an ideal time for landlords to make long-term rental commitments and plan for the years ahead. With help from expert mortgage advice and careful planning, investors can be sure that their rental yields remain strong despite ongoing economic uncertainty. ◆

>> WANT TO EXPLORE YOUR BUY-TO-LET MORTGAGE OPTIONS? <<

While there are similarities between a buy-to-let mortgage application and a residential mortgage application, there are also certain differences. These differences mainly concern the amount that can be borrowed and the deposit that needs to be paid. To find out more, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Foundation Home Loans – research consisted of 752 online interviews with landlords conducted between November and December 2022.



Money's too tight to mention

Renters search for more affordable living options out of cities

"Across Great Britain, average asking rents have risen by 11% compared to last year, with a 12% increase in major city centres."

NEW DATA INDICATES that an increasing number of renters are leaving Great Britain's cities in search of more affordable living options or to get more value for their money[1]. In ten major cities across the country, 42% of renters are now seeking to move out of their current city, up from 37% last year and 28% in February 2020, before the pandemic.

London has seen the largest growth in renters looking for housing outside of the city, followed by Sheffield and Manchester. Reasons driving this trend include a surge in rental costs over the past few years, along with a decline in available rental properties.

SECURE RENTAL PROPERTIES

Across Great Britain, average asking rents have risen by 11% compared to last year, with a 12% increase in major city centres. Edinburgh City Centre has experienced the largest increase at 19%, and Inner London and Manchester City Centre have both seen average asking rents rise by 18% and 14%, respectively.

Another factor driving renters out of the city is higher competition to secure rental properties, with a 125% surge in city centre competition compared to three years ago, although this trend is beginning to ease somewhat. Renters are also considering a wider range of areas for housing options, with a spread that has increased by 87% compared to February 2020.

MORE EXPENSIVE OPTION

The data also reveals that renters are less certain about their budgets during their property search, with 35% of renters ending their search with a more affordable property than the first one they contacted an agent about.

Conversely, 42% of renters are willing to look for a more expensive option than they initially contacted an agent about, illustrating that some tenants are more open to stretching their budgets to land a new home. ◆

>> STARTING OUT OR EXPANDING YOUR PROPERTY PORTFOLIO? <<
Whether you're starting out or expanding your property portfolio, talk to us about the buy-to-let mortgages to suit your needs. To find out more about your property investment funding options, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Rightmove – Increase in renters moving out of cities – 17/03/23.

'SURGE' IN OLDER TENANTS

Landlords prepared to adapt properties in response to demographic shift

THE PRIVATE RENTED sector has experienced a surge in middle-aged and older tenants, prompting a need for landlords to 'adapt and evolve' to meet their changing needs, according to a recent report[1]. The study found that the number of households with tenants aged between 45 and 64 in the private rented sector had increased by 70% in the last year, while households with tenants aged 65 and over had increased by up to 38%.

"Almost half of landlords surveyed were willing to make changes to their properties, with 21% willing to invest up to £1,000 and 11% willing to spend up to £3,000."

MAKING ADJUSTMENTS

While this is positive news for landlords, who have found that older tenants tend to be reliable and respectful, it also means they need to consider making adjustments to their properties to cater to this demographic.

The report suggests that the sector needs to target and adapt to smaller homes and be prepared for tenants to make changes to suit their needs as many older renters are more likely to live alone.

DEMOGRAPHIC SHIFT

The study also found that almost half of landlords surveyed were willing to make changes to their properties, with 21% willing to invest up to £1,000 and 11% prepared to spend up to £3,000.

With the number of older tenants expected to continue rising, it is important for landlords to meet their specific requirements and respond to this demographic shift. ◆

Source data:
[1] Paragon Bank – Landlords prepared to adapt properties for 'surge' in older tenants – 17/01/23.

FLIPS, REFURBS OR DOER-UPPERS

Is this still a profitable property strategy for 2023?

WITH THE HELP OF TV shows like George Clarke's *Flipping Fast*, property flipping has become a fast-growing trend in recent years. Property flipping involves purchasing a property for a low cost, renovating it until it's desirable and then selling it on for a higher profit margin.

According to a recent study, 92% of property investors have made a profit on their property flip[1]. In the UK, the findings highlighted that over 60% of properties that were flipped in the last two years resulted in a profit ranging from between £10k to £75k.

AREAS EXPERIENCING THE FASTEST PRICE GROWTH

However, location is key when it comes to successful property flipping. Investors should focus on areas experiencing the fastest price growth to earn the best return on investment. Based on a study conducted by Best Heating in 2022, the top three locations for flipping properties between 2020 and 2021 were Manchester, Nottingham and Liverpool.

These cities saw significant increases in property value and had easy access to home improvement stores for renovation resources. In Manchester alone, over 20,000 properties were sold with an average value added through renovation of £19,000 and an average house price increase of 26% in the last five years.

CONSIDERATION TO LOCATION AND MARKET TRENDS

Similarly, Nottingham saw an average value added through renovation of £18,000 and an

average house price increase of 37% in the last five years. In Liverpool, investors could expect an average value added through renovation of £20,000 and an average house price increase of 12% in the last five years.

Overall, with careful consideration given to location and market trends, property flipping can be a lucrative way for investors to generate short-term profits or long-term income plus capital asset growth.

ASSESSING THE COST OF FLIPPING A PROPERTY

The cost of flipping a property heavily depends on the condition of the property and the amount of renovation work needed. According to the survey, 40.96% of people budgeted between £11k and £25k for renovation work, with 23.98% of people budgeting less than £10k, closely followed by 22.88% of people budgeting between £26k to £50k.

Apartments/flats in residential blocks (44.86%) were found to be the most common properties to flip, followed by terraced properties (32.27%) and semi-detached properties (26.87%).

PRACTISE SENSIBLE BUDGETING WHEN RENOVATING

New kitchens are the most common renovation, completed by 69.35% of developers, potentially adding 5.5% to the value of a property. Bathroom renovations were completed by 62.64% of developers, adding between 4% to 6% to the value of a property, while redecoration was completed by 35.86%, potentially adding 3.1% value.

Investors need to practise sensible budgeting when renovating properties, since higher renovation costs require higher sale costs for maximum profit on a flip. Long-term trends show that buy-to-let properties tend to rise faster than inflation, making it an attractive opportunity for investors looking to benefit from a sale or diversify their property holdings amidst market fluctuations predicted in coming years. ◆

>> TIME TO TALK TO THE PROFESSIONALS ABOUT YOUR FUNDING NEEDS?<<
Whether it's your first time applying for a mortgage or whether you already own properties, our experienced team is here to help you. Contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Finbri survey – Is property flipping worth the investment? – 19/01/23.

NEW ‘HOW TO RENT: A CHECKLIST FOR RENTING IN ENGLAND’

What landlords must do to comply at the beginning of new tenancies

LANDLORDS IN ENGLAND are reminded that they must provide the latest version of the ‘How to Rent: a checklist for renting in England’ guide to their tenants when starting, renewing or updating existing tenancies.

This guide is mandatory for landlords in England to provide to their tenants when starting or renewing a tenancy, as it forms part of the prescribed information they must issue and failure to do so could result in loss of the right to repossess with Section 21.

RENTING A HOME PRIVATELY

The guide is for people who are renting a home privately under an assured shorthold tenancy, either direct from a landlord or through a letting agency. Most of it will equally apply if tenants are in a shared property but, in certain cases, their rights and responsibilities will vary.

The guide does not cover lodgers (people who live with their landlord) or people with licences (such as many property guardians) – nor tenants where the property is not their main or only home.

NEW VERSIONS ANNOUNCED

The updated guide includes information on installing carbon monoxide alarms, Electrical Installation Condition Reports (EICRs) and smart meters, as well as details on suitable provisions for tenants with disabilities. ◆

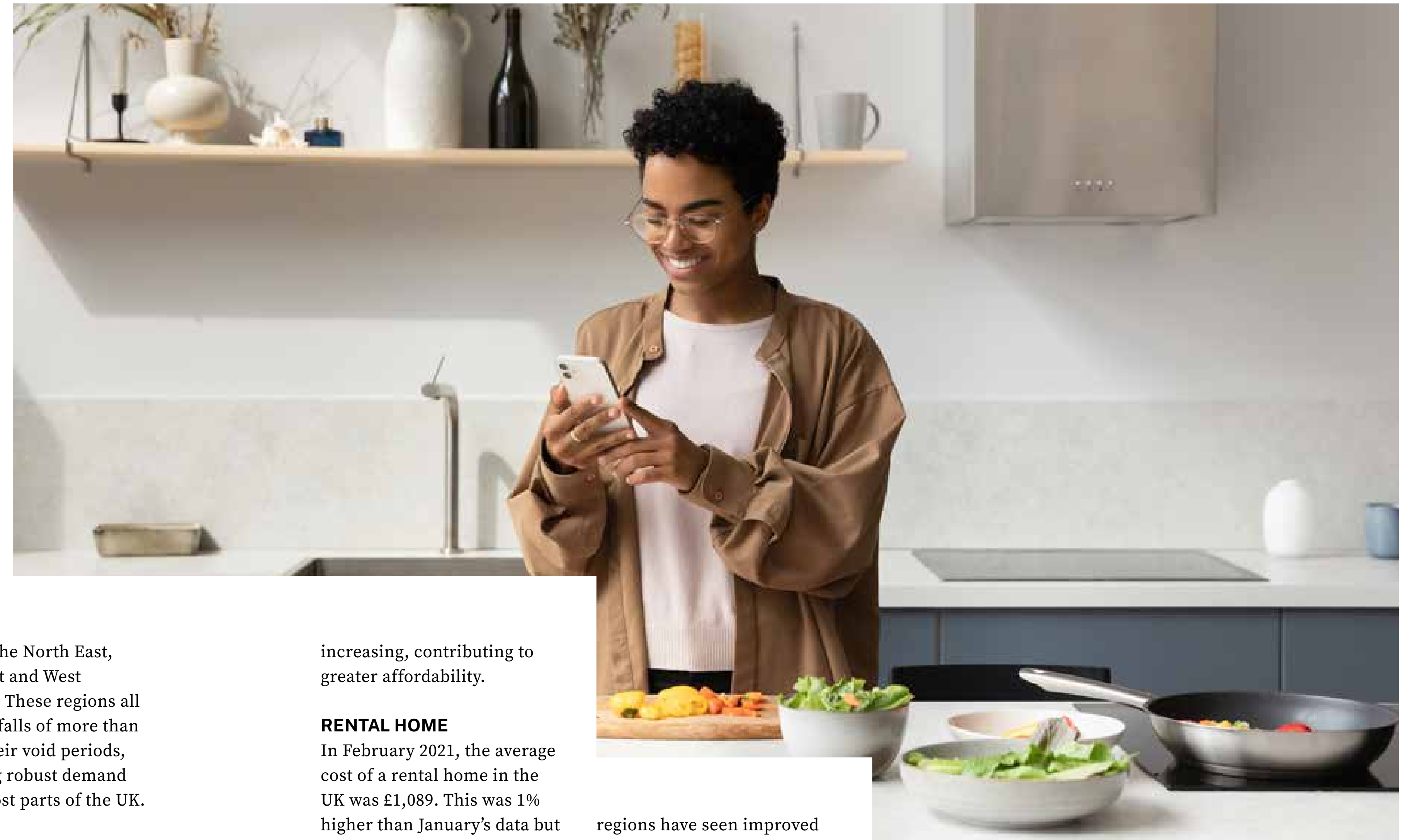
The ‘How to rent: A checklist for renting in England’ covers:

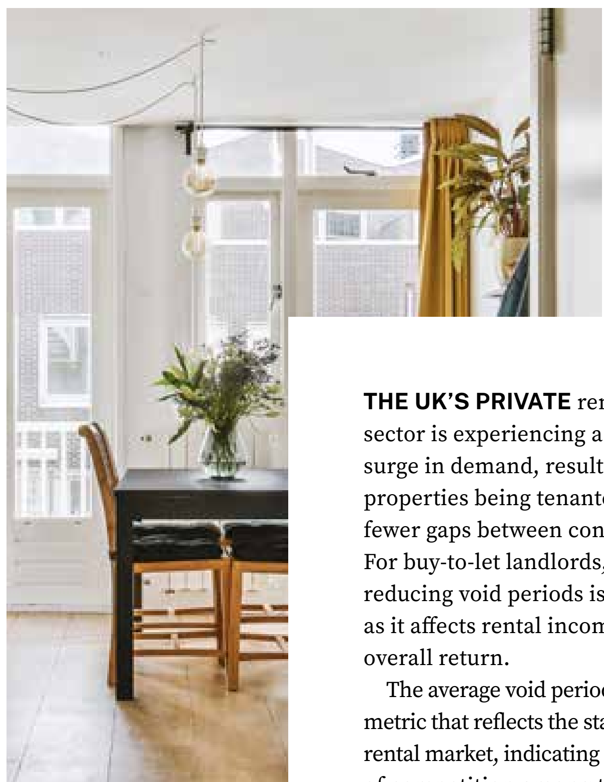
- ☑ Assured shorthold tenancies
- ☑ Before you start
- ☑ Looking for your new home
- ☑ When you’ve found a place
- ☑ Living in your rented home
- ☑ At the end of the fixed period
- ☑ If things go wrong
- ☑ Further sources of information

The new versions of the ‘How to Rent and How to Let’ guides are available on the gov.uk website.

DEMAND OUTSTRIPPING SUPPLY IN THE UK RENTAL SECTOR

Landlords receive a positive update as there is a significant reduction in void periods





THE UK'S PRIVATE rented sector is experiencing a surge in demand, resulting in properties being tenanted with fewer gaps between contracts. For buy-to-let landlords, reducing void periods is crucial as it affects rental income and overall return.

The average void period is a key metric that reflects the state of the rental market, indicating the level of competition among tenants for each available property. With demand outstripping supply in the UK rental sector, landlords have been experiencing quick turnovers and high occupancy rates.

SIGNIFICANT DECLINE

According to a new report, the average void period in England dropped by an impressive 26% from 23 days to 17 days in February[1]. This significant decline is great news for landlords as it can positively impact their bottom line. In some regions of England, such as the North West and East Midlands, void periods decreased even further – by 33% and 31%, respectively.

Other areas with strong tenant demand and fast turnaround times between tenancies were Greater London, the North East, South East and West Midlands. These regions all recorded falls of more than 20% in their void periods, indicating robust demand across most parts of the UK.

MARKET MOMENTUM

These figures are the healthiest seen since September 2022, when landlords experienced an average void period of just 15 days. The latest data indicates renewed rental market momentum after the traditionally quieter months of December and January.

The report findings highlight that not only have rents been on the rise due to steep competition in the rental sector, but average tenant salaries have also been increasing, contributing to greater affordability.

RENTAL HOME

In February 2021, the average cost of a rental home in the UK was £1,089. This was 1% higher than January's data but still lower than September's figures. However, it is worth noting that this is the highest average rental price since October last year.

Meanwhile, the average salary of a tenant in England in February was £32,168 – an increase of 11.7% from a year ago. This increase means that tenant salaries are only slightly behind the overall annual rent increase across the country.

IMPROVED AFFORDABILITY

Interestingly, both the North West and South West regions have seen improved affordability for tenants as their average salaries rose at a faster rate than rents. This is welcome news for renters in these regions, who can now enjoy better value for their money.

The good news for existing landlords is that, with low levels of housing stock, tenants are moving quickly to secure properties as everything listed is getting snapped up extremely fast. This has led to a renewed increase in rental costs, which are significantly higher than last year's averages. ◆

>> FINDING GETTING A BUY-TO-LET MORTGAGE CONFUSING? <<

If you're planning on becoming a landlord, we can assist you with a variety of buy-to-let mortgage options and remortgaging solutions. Getting a mortgage can be a confusing process, but we're here to help. To discuss your options, speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:

[1] Goodlord Rental Index – February 2023.

PROPERTY INVESTMENT

WHAT IS A FAIR RENT INCREASE?

Landlords consider raising rents to compensate for the rise in mortgage costs

AS A BUY-TO-LET LANDLORD, determining the appropriate rent to charge can be a delicate balancing act. On one hand, you want to earn a desirable yield on your investment property. But, additionally, you want to foster positive relationships with tenants as this is crucial for long-term success.

To determine the ideal rent for your rental property, consider consulting with a local letting agent who will have the knowledge of the area and its rental market. They will take into account various factors such as location, square footage, EPC rating and unique features like private outdoor spaces.

DESIRED OUTCOME FROM THE INVESTMENT OVER TIME

If you've invested in a new build property like an apartment complex, there may be guidelines available based on typical rental costs in the area. However, it's important to also factor in the added value of having a brand new property.

But for landlords facing rising mortgage costs or those who have recently remortgaged during peak rates, yielding enough profit from rent is also crucial. Consider whether the rental value aligns with your desired outcome from the investment over time.

“When considering raising rents in response to rising mortgage costs, landlords must carefully weigh the pros and cons.”

STRIKING A BALANCE THAT BENEFITS BOTH PARTIES

With mortgage rates currently once again on a downwards trajectory, following last years mini-budget, some property investors who let out their homes are still unsure whether to pass rising utility and other costs on to their tenants. While demand in the private rental sector remains high, pushing rents up, the cost of living crisis is affecting millions of households, including tenants. It's important to strike a balance that benefits both parties.

A recent survey found that 68% of buy-to-let landlords plan to increase their rents when it comes time to remortgage[1]. This is especially true for those who took out fixed rates prior to 2022, as new products have seen significant cost increases. Of those planning to increase rent, 44% said they would raise it between 6% and 10% if their mortgage rate goes up. Additionally, 70% said they would hike rent for both new and existing tenants.

CONSIDER ALL FACTORS BEFORE MAKING ANY DECISIONS

However, around 19% of landlords remain unsure about what they will do, and 13% said they won't raise rent this year due to strong rental yields or retaining good tenants. As the situation continues to change rapidly, it's important for landlords to consider all factors before making any decisions regarding rent increases.

As a buy-to-let landlord, deciding whether to prioritise yields or tenants can be a challenging decision. While increasing rent may seem like an easy way to cover rising mortgage costs, it could lead to losing loyal tenants who may not be able to afford the higher rent.

FINDING NEW TENANTS CAN BE COSTLY AND TIME-CONSUMING

It's important for conscientious landlords to maintain good relationships with their tenants. This includes promptly addressing issues and carrying out repairs, just as tenants are expected to pay rent on time and take care of the property.

Yields are undoubtedly important for buy-to-let landlords, along with potential gains from capital appreciation. However, finding new tenants can be costly and time-consuming, with void periods between tenancies causing significant financial loss.

TENANT RELATIONSHIPS ARE CRUCIAL FOR LONG-TERM SUCCESS

When considering raising rents in response to rising mortgage costs, landlords must carefully weigh the pros and cons. While additional rent may cover expenses, deterring good tenants from staying or leaving a property vacant for a month could ultimately lead to financial loss.

Finding the right balance between yields and tenant relationships is crucial for long-term success as a buy-to-let landlord. ◆

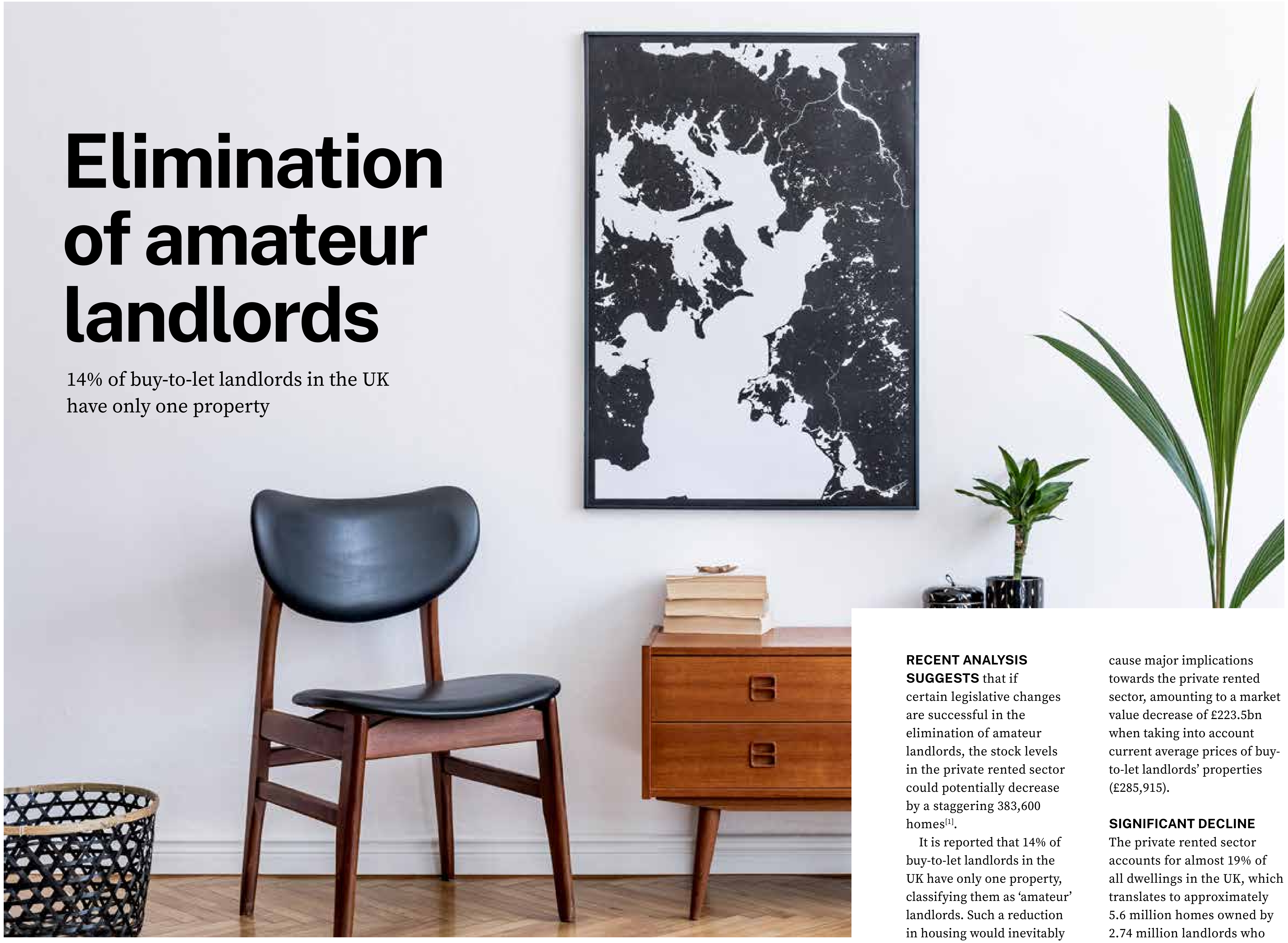
Source data:

[1] Landbay Buy-to-let landlords plan to increase their rents when it comes time to remortgage – 22/02/23.

PROPERTY INVESTMENT

Elimination of amateur landlords

14% of buy-to-let landlords in the UK have only one property



"The private rented sector accounts for almost 19% of all dwellings in the UK%."

RECENT ANALYSIS SUGGESTS that if certain legislative changes are successful in the elimination of amateur landlords, the stock levels in the private rented sector could potentially decrease by a staggering 383,600 homes[1].

It is reported that 14% of buy-to-let landlords in the UK have only one property, classifying them as 'amateur' landlords. Such a reduction in housing would inevitably cause major implications towards the private rented sector, amounting to a market value decrease of £223.5bn when taking into account current average prices of buy-to-let landlords' properties (£285,915).

SIGNIFICANT DECLINE

The private rented sector accounts for almost 19% of all dwellings in the UK, which translates to approximately 5.6 million homes owned by 2.74 million landlords who own an average of just over two properties each.

However, the analysis predicts that these numbers could see a significant decline due to recent government legislation aimed at deterring buy-to-let landlords' investment and reducing landlord profit margins.

PROPERTY SHORTAGES

While the legislative changes may help address property shortages within the sales market, it is not a practical or reasonable solution compared to building more homes. Moreover, tenants ultimately end up paying the price for any shortage in properties since this drives up rental costs even higher.

Experts predict, if amateur landlords were to cease entirely, it would further reduce private rented sector stock levels and exacerbate an already challenging problem. ◆

Source data:

[1] Octane Capital – Private rented sector could potentially decrease by a staggering 383,600 homes – 03/03/23.

PROPERTY INVESTMENT

EXPANDING YOUR PROPERTY PORTFOLIO?

5 reasons why investing in buy-to-let could be a profitable decision in 2023

SOME PROPERTY INVESTORS may be wondering if 2023 is the right year to expand their portfolio. Ultimately, it will all depend on their investment goals. While average capital values are predicted to fall this year, this is after double-digit growth during the pandemic and is expected to recover within five years.

Rental prices have also been rising steadily due to a lack of stock, making for a potentially beneficial climate for long-term buy-to-let investors looking for strong rental growth despite slower property price growth.

"If you can buy a new build with the latest eco systems or renovate an existing property to incorporate low-carbon heating and other green features, you're likely to attract the best paying tenants."

5 reasons why a new buy-to-let investor may consider entering the rental market or an established investor expanding an existing portfolio this year

1. THERE IS CURRENTLY A SCARCITY OF PROPERTIES IN THE RENTAL MARKET

There's a significant shortage of rental stock in the market. Rents have been rising consistently over the past couple of years due to high demand from tenants and not enough available accommodation. This competition for new lets has pushed prices up, with many tenants willing to pay above the advertised rental amount to secure a decent home.

However, it's crucial to research supply and demand in your area to ensure that the property you invest in will not only let well in the current market but also in the future. Tenant types can vary significantly from one part of a town or city to another. Therefore, it's essential to work with local experts like us to ensure your buy-to-let investment has good long-term prospects.

2. DESPITE THE MARKET SLOWDOWN, OPPORTUNITIES ARE STILL AVAILABLE

A slowing property market can create opportunities for investors to purchase additional properties. While some buyers may get nervous when property price growth slows, it can enable you to buy a property from a motivated seller at less than the true market value, achieving a speedy sale.

Motivated sellers may be struggling to pay higher mortgage rates or need to access the equity tied up in their home due to personal circumstances like separation or relocation. Finding these sellers and offering them a quick deal that enables them to move on gives you bargaining power to negotiate a reduction in price. Whatever discount you manage to get translates into instant equity in the property and can improve its income returns.

It's important to consult with local agents who know the area well and have experience identifying such properties with good long-term prospects. With their help, you could find the right investment opportunity that meets your goals and maximises your potential returns.

3. LANDLORDS ARE PRESENTED WITH AN OPPORTUNITY TO INITIATE, EXPAND AND CULTIVATE THEIR BUSINESS

As some landlords exit the market due to legislative and tax changes affecting buy-to-let over recent years, others have reached the end of their investment strategy and planned to sell around now.

Buying a property that's up to date from a legal letting perspective with sitting tenants means no capital investment is required to make it rent-ready. You could start earning rental profit from the first month of ownership, offering an instant cash flow opportunity.

Working with local agents will enable you to identify such properties and ensure they have good long-term prospects for sustained rental income. With their guidance, you could take advantage of these opportunities and maximise your potential returns as a property investor.

4. AS A MEANS OF ATTRACTING TENANTS, THERE IS A GROWING TREND OF OPTING FOR ENERGY-EFFICIENT HOMES

With the government's target of net-zero carbon emissions by 2050 and a widespread focus on slowing climate change, energy-efficient and environmentally friendly properties are becoming increasingly appealing to tenants, especially among the younger generation.

If you can buy a new build with the latest eco systems or renovate an existing property to incorporate low-carbon heating and other green features, you're likely to attract the best paying tenants. These properties are cheaper to heat, kinder on the environment and offer a more sustainable living option for tenants.

Moreover, funding may be available to help with the cost of improvements. These opportunities will enable you to maximise your potential returns as a property investor, and contribute positively towards reducing carbon emissions.

5. TO SUCCEED, IT IS IMPERATIVE TO STAY AHEAD OF UPCOMING LEGISLATION

With the government's publication of its long-awaited White Paper, 'A Fairer Private Rented Sector,' the industry expects regulation of the private rented sector to become more stringent. The proposals include a requirement for new tenancies to have a minimum 'C' EPC rating in the next couple of years.

Knowing about potential upcoming changes gives you an opportunity to buy something now that is already compliant with those proposals or carry out any necessary works before bringing the property to the lettings market. This puts you ahead of the competition and ensures that you're ready for any future legislative changes.

It's also important to ensure that any offer you make is affordable and that there won't be any issues securing a mortgage. ◆

>> NEED A MORTGAGE TO HELP GROW YOUR PROPERTY PORTFOLIO? <<

The right mortgage for you will depend on what you are looking for and your personal situation. Would you like to begin a conversation about how we can assist you in achieving your goal of expanding your property portfolio? Speak to **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

HOW TO REAP THE REWARDS OF A SUCCESSFUL RENTAL BUSINESS

Multiple tenants on a per-room basis can yield two to three times the rental income

HMO STANDS FOR 'Houses in Multiple Occupation' – a dwelling leased out to multiple people or households, comprising single occupants, families or cohabiting couples. Becoming an HMO landlord can be an incredibly rewarding experience and with careful planning, you'll be able to reap the rewards of a successful rental business.

However, it's important to understand that HMOs operate differently from traditional single lets. Letting to multiple tenants on a per-room basis can yield two to three times the rental income compared to letting the same property to a single household.

ESSENTIAL QUESTIONS AND TOPICS YOU SHOULD CONSIDER

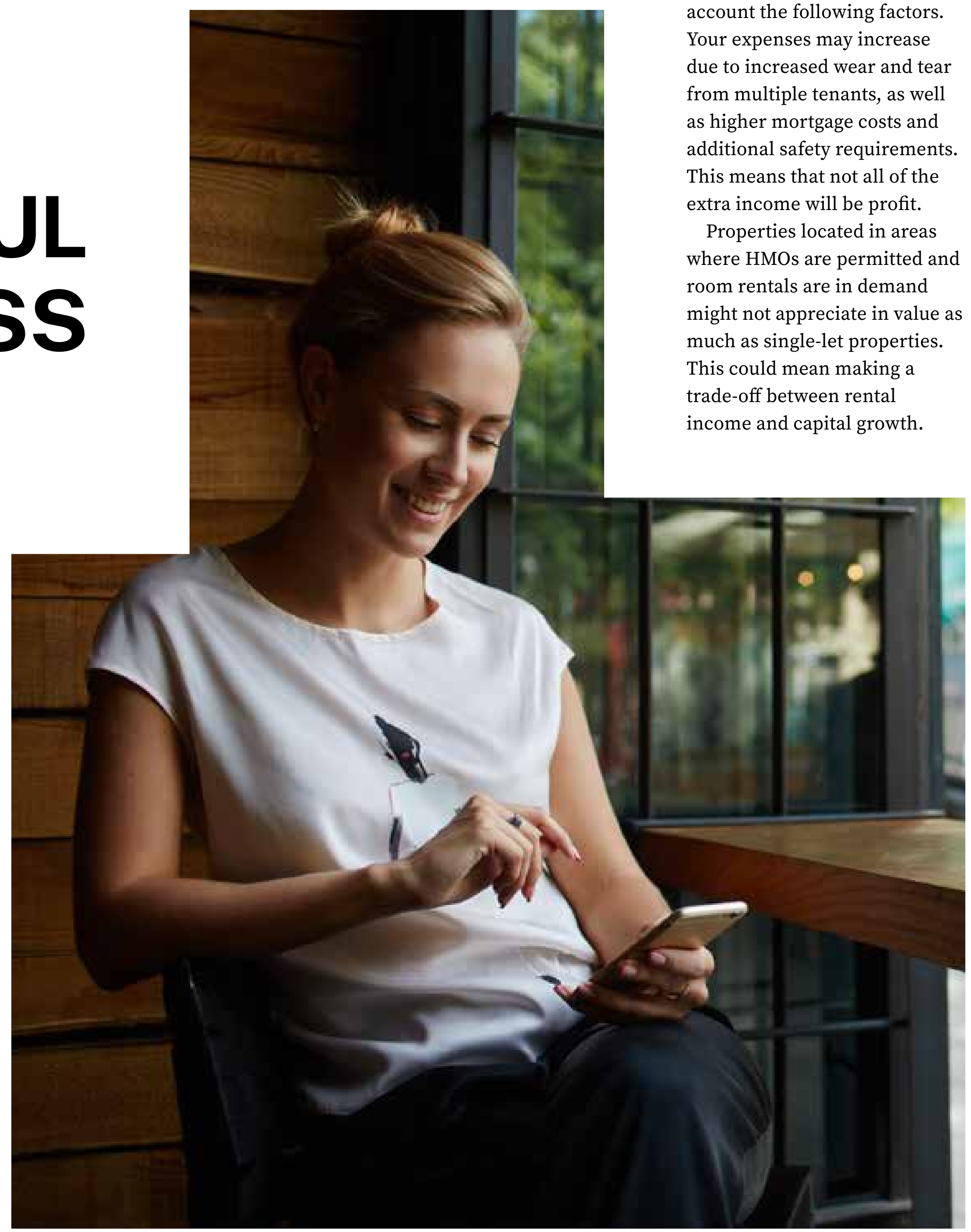
Before investing in your first HMO, there are essential questions and topics you should consider. These include: What regulations do I need to follow? What additional costs do I need to factor in? How much time will I need to dedicate to this investment? What kind of tenant mix is best for an HMO property? How often will I need to inspect my property?

Answering these questions will help ensure you're well-prepared for the unique challenges of being an HMO landlord and get the most out of your investment.

TRADE-OFF BETWEEN RENTAL INCOME AND CAPITAL GROWTH

When considering whether to convert your property into an HMO, you will need to take into account the following factors. Your expenses may increase due to increased wear and tear from multiple tenants, as well as higher mortgage costs and additional safety requirements. This means that not all of the extra income will be profit.

Properties located in areas where HMOs are permitted and room rentals are in demand might not appreciate in value as much as single-let properties. This could mean making a trade-off between rental income and capital growth.



SPECIALIST MORTGAGE AND INSURANCE

Managing an HMO takes more effort than managing a single-let property. Tenancy agreements need to be drawn up for each tenant and they tend to move in/out at different times. As they usually don't know each other, more time may need to be spent ensuring a harmonious living arrangement between them.

Investing in an HMO requires a specialist mortgage and insurance as mortgage providers consider having multiple unrelated tenants in a property to be a higher-risk investment than letting to one household. HMO mortgages have different lending criteria and usually come with higher interest rates compared to traditional buy-to-let mortgages.

MEET ALL RELEVANT REGULATIONS BEFORE LETTING IT OUT

HMOs are subject to more legislation than 'normal' lets due to the higher risk associated with having multiple unrelated tenants living in one property. So ensure that your HMO meets all relevant regulations before letting it out.

Licensing your property is required if you have five or more tenants that form multiple households. However, each local authority may require additional and/or selective licensing for smaller HMOs. If the property you purchased was not an HMO when it was bought, you may need to obtain planning permission from the council in order to make a change of use.

ROOM SIZE REQUIREMENTS MUST ALSO BE MET

Fire safety is a major responsibility as well. Fire doors must be placed on escape routes, fire extinguishers must be provided on each floor level, and mains-powered interconnected fire alarms (including smoke alarms in every bedroom and heat alarms in the kitchen) must be installed. Room size requirements must also be met – if two people are sharing a room, it has to be at least 10.22 m^2 with minimum height regulations applied.

When it comes to renting out your HMO, including bills in the rent is a great way to make the process easier for both you and your tenants. You'll be able to keep track of their usage with a smart meter and decide on a fair price that won't overcharge them – especially in today's energy crisis.

ENSURE THAT EVERYONE PAYS THEIR SHARE OF THE EXPENSES

It is better to have your property fully let at a slightly lower rate than have rooms sitting empty, so make sure you include all relevant bills such as council tax, electricity, gas, water, Wi-Fi and TV licence. This will also help ensure that everyone pays their share of the expenses.

Maximising your HMO investment success requires working with a buy-to-let expert possessing a good understanding of the local market. When dealing with multi-lets, it's particularly important to consult an agent experienced in this area and well versed in what to purchase, legal requirements, and effective property and tenant management. Regularly reviewing rental costs is essential for increasing profits over time. ◆

What the energy efficiency drive means for UK property rentals

Lenders offering discounted deals for those with more energy-efficient properties

THE RISING COST OF LIVING in the UK has led to a greater emphasis on energy efficiency in the private rented sector, according to recent research[1]. The study revealed that 58% of renters are now less inclined to consider a property with a low energy rating of D or below, motivating 54% of landlords to make efficiency upgrades in the past half-year.

Additionally, 63% of landlords have brought forward upgrades due to high inflationary pressures. However, despite government proposals to mandate energy performance certificates (EPC), the study found that knowledge on the subject is limited.

While 78% of landlords have heard of the proposals, over a third only know 'a bit' about them, and 75% of mortgage brokers worry their clients are not sufficiently informed. If tenants feel their accommodation is more cost efficient and sustainable, they will be more likely to stay, which in turn will benefit landlords.

PROPOSED EPC REQUIREMENTS

A quarter of landlords (26%) have already made energy efficiency improvements to reduce energy bills for tenants and to meet proposed EPC requirements. The research also found that landlords have spent an average of £8,900 so far on improvements – which is almost 50% more than they had expected they would need to spend. However, 22% of landlords say they have no idea how much updating their properties will cost.

When it comes to the energy efficiency changes tenants would like to see made to a property, solar panels are the most popular choice, with 26% of respondents stating that they would like them to be installed. A further 22% would like a new boiler, and 20% stated that double glazing would be their preference. Nearly a fifth of tenants (17%) said they would even consider living in a smaller property if it meant it was more energy efficient.

REDUCING ENERGY CONSUMPTION

The latest figures come as the government has pledged to reduce energy consumption from buildings and industry 15% by 2030, with aspirations for properties to have a minimum EPC rating of C in England and Wales by April 2025.

Under current government regulation, landlords are not expected to spend more than £3,500 on upgrades to meet the current EPC requirements for a rating of E. However, proposed changes could see all rental properties requiring an EPC rating of C by 2028, and a potential increase to this cap to £10,000, meaning landlords could be required to spend more to meet minimum requirements.

MEETING COMPLIANCE ACROSS PORTFOLIOS

As future legislation could see landlords unable to take on new tenants or face fines if they fail to comply with the changes, it prompts a need for further education across the sector to ensure landlords understand their role in meeting compliance across their portfolios, and the associated costs.

It's likely that efficiency standards will become tougher in the future, which is just one of the reasons that landlords should take note of tenant's requests and start making a plan. As trends now point towards tenants favouring more energy-efficient properties, these changes should not just be seen as a tick-box requirement by landlords, but also a worthwhile investment. ◆

Source data:

[1] Shawbrook – Energy crisis driving efficiency improvements in rental sector – 16/02/23.

PROPERTY INVESTMENT

GENERATION RENT

What do tenants really think about renting?

PRIVATE RENTAL PROPERTIES have been a source of controversy for many, both socially and politically. In an effort to assist first-time buyers in entering the market, the government has implemented measures to slow the growth of the sector.

A new recent report presents evidence about how tenants truly feel about renting. So who are ‘Generation Rent’, and are they content with their current living arrangements or do they desire property ownership? And what implications might further reforms have on both landlords and tenants?

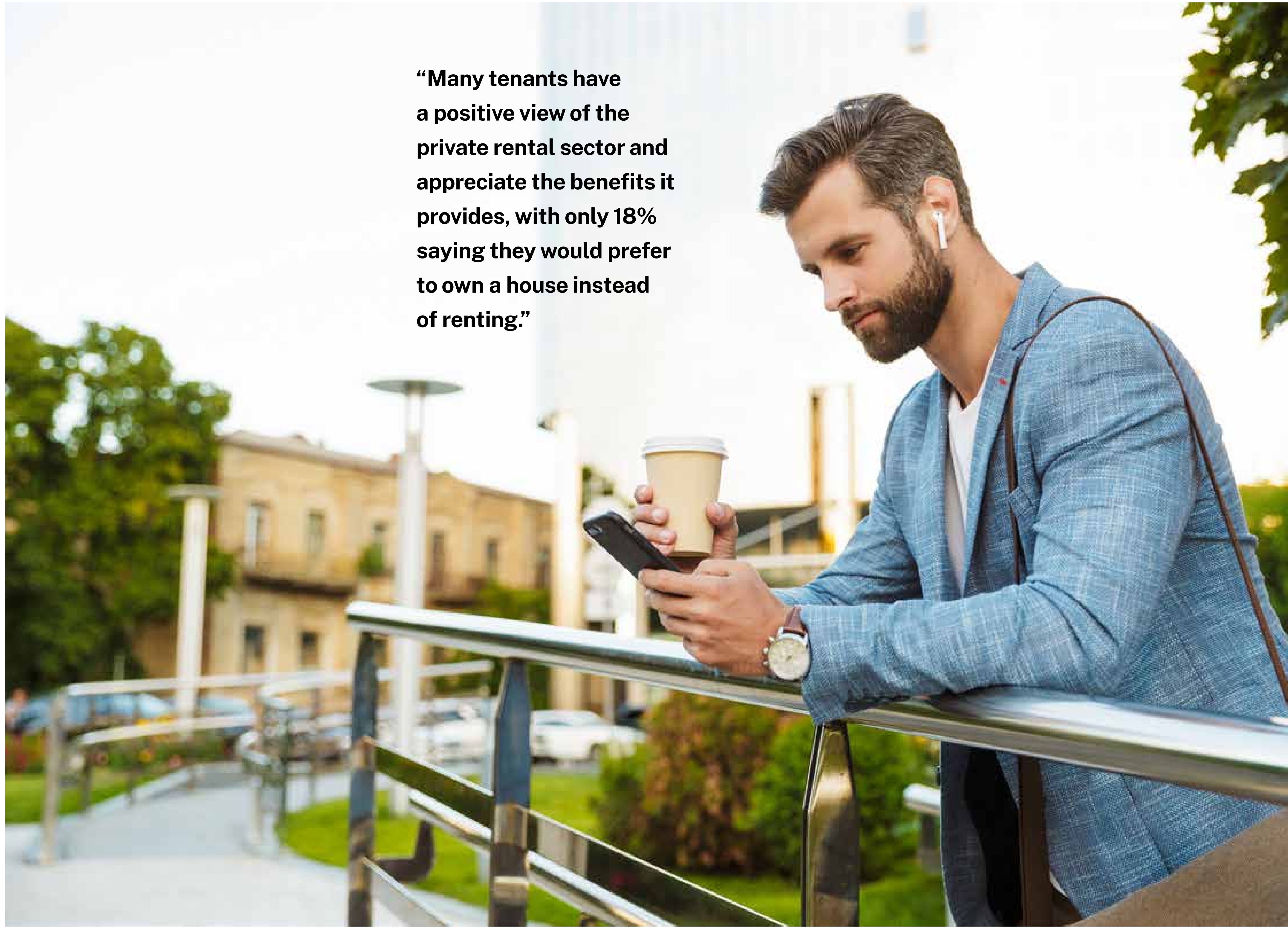
GOVERNMENT TO IMPLEMENT LAWS

The private rental sector has seen immense growth in recent decades in the UK; between 2000 and 2017 it doubled in size, rising from 10% to 20% of the housing market[1]. This has prompted the government to implement laws aimed at limiting this expansion, such as scrapping Section 21 while giving tenants more power over rent increases, which is set to take effect from May 2023.

Despite these reforms, the report suggests that the crucial role private renting plays in people’s lives is being overlooked. Is there really a problem with Generation Rent or does their situation involve both pros and cons? As a result of governmental policies, what effects will be felt by landlords and tenants alike? These remain key questions the report identifies if we are really to understand the true impact that private rentals have on society today.

POSITIVE VIEW OF THE PRIVATE RENTAL SECTOR

Many tenants have a positive view of the private rental sector and appreciate the benefits it provides, with only 18% saying they would prefer to own a house instead of renting.



“Many tenants have a positive view of the private rental sector and appreciate the benefits it provides, with only 18% saying they would prefer to own a house instead of renting.”

PROPERTY INVESTMENT

“The number of tenants aged between 45 to 64 has increased by a staggering 56% since 2013.”

This suggests that private rentals are not holding people back from buying homes.

The report also highlights several advantages that tenants enjoy in private rentals. For instance, over half (52%) appreciate not having to worry about property maintenance or repairs. Additionally, 37% value the flexibility that renting offers in terms of being able to move without being tied down to one location.

VITAL ROLE IN MEETING HOUSING NEEDS

Almost one-third (31%) stated that renting allows them to live in an area they couldn’t afford to buy in, while 45% lived within five kilometres of their workplace. Overall, this suggests that private rentals can offer an attractive lifestyle for many people and play a vital role in meeting housing needs.

Contrary to popular belief, private renting is no longer just for young people, with the average age of a tenant increasing. While tenants aged between 16 to 34 still make up a significant portion (43%) of the private rental sector, those aged 65 and over represent only 9%. This means that the majority of tenants fall in the age range of 35-64.

MOST SIGNIFICANT GROWTH IN THE LAST DECADE

Interestingly, renters between the ages of 35 and 64 have experienced the most significant growth in the last decade. Specifically, the number of tenants aged between 45 to 64 has increased by a staggering 56% since 2013.

By contrast, there has been little change in the number of tenants aged 16 to 34 during this period. This suggests that much of the growth in private rentals can be attributed to older tenants who may have owned homes in the past but are now choosing to rent instead.

CATERING TO A BROADER DEMOGRAPHIC THAN EVER BEFORE

This highlights how private rentals are catering to a broader demographic than ever before and providing a viable alternative to home ownership for many people.

While private rentals offer various benefits, there are also some challenges that tenants face. The report sheds light on the top three things that tenants dislike about renting. Firstly, 48% of tenants surveyed found renting expensive. This highlights the affordability issue faced by many renters, particularly in high-cost areas.

INSECURITY OF TENURE ASSOCIATED WITH RENTING

Secondly, 37% of respondents didn’t like the insecurity of tenure associated with renting. This suggests that many renters would prefer more stability and security in their housing situation. Lastly, 25% of tenants reported not enjoying dealing with their landlords. This could be due to issues such as poor communication or maintenance problems.

The report also sheds light on the reasons why many tenants find it challenging to transition from renting to homeownership. Unsurprisingly, 63% of respondents agreed that saving for a deposit is the most significant obstacle for tenants looking to buy. This highlights the financial barrier faced by many renters who wish to become homeowners.

INCOME INEQUALITY CAN BE A MAJOR OBSTACLE

Additionally, 57% of tenants felt that property prices were too high, making it difficult for them to afford a home. This suggests that affordability is a significant concern for those looking to purchase property. And, 41% of respondents didn’t think their income could support a mortgage. This highlights how income inequality can be a major obstacle in achieving homeownership.

The government’s goal to increase homeownership to 70% has prompted discussions on whether reducing the size of the private rental sector is the solution. But reducing the size of the private rental sector without increasing social housing availability will impact lower-income tenants more. ◆

>> LOOKING TO BUY A PROPERTY TO RENT OUT? WE’LL HELP YOU FIND THE MORTGAGE FOR YOU <<

To find out more about how we can help, whether you want to ask us more or arrange an appointment – contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] National Residential Landlords Association (NRLA) – The Data Observatory – 03/03/23.

The critical factor: Do you have a financial safety net?

Protecting against the financial impact that a serious illness can cause

"Critical illness insurance can be a great way to help protect yourself and your family in the event of an unexpected illness."

CRITICAL ILLNESS COVER is important for anyone who has a mortgage, as it can provide much needed financial protection in the event you become seriously ill. It offers an essential safety net for those who are unable to work due to a serious medical condition or illness.

With critical illness cover, you can receive a lump sum payment which could help to pay off your mortgage should you be diagnosed with a specified critical illness. This type of insurance is designed to protect you and your family's financial security if something unexpected were to happen and could make all the difference when it comes to covering costs such as mortgage repayments, medical bills or living expenses.

SEARCHES FOR 'CRITICAL ILLNESS INSURANCE' HAVE SKYROCKETED

More people are becoming increasingly concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack, according to new research findings[1]. This is reflected in the fact that searches for 'critical illness insurance' have skyrocketed, with, on average, 6,800 people searching for 'critical illness cover' every month, mostly asked on Google.

With rising rates of serious illnesses like cancer (one in two chance of getting it at some point in one's lifetime, according to NHS estimates), people are becoming more aware of their need to be covered and secure proper protection against critical illnesses.

Answers to some of the most frequently asked questions around critical illness cover:

Q: What is critical illness cover
A: Critical illness cover provides a tax-free lump sum of money – or income – if you become seriously ill from a specified condition or suffer from a life-altering injury. This type of insurance usually covers very serious and long-term conditions such as heart attack, Parkinson's disease or cancer. It supports you financially if you're diagnosed with one of the conditions included in the policy. The tax-free, one-off payment can help pay for your treatment, mortgage, rent or changes to your home, such as wheelchair access, should you need it.

"With critical illness cover, you can receive a lump sum payment which could help to pay off your mortgage should you be diagnosed with a specified critical illness."

Q: How much critical illness cover do I need?
A: The cost and amount of critical illness insurance can vary depending on a number of factors, including age, health, smoking status, policy length, coverage amount and the kinds of illnesses included in the policy. Generally speaking, the more expensive and comprehensive the cover is, the higher likelihood there is of making a claim on it. Therefore, purchasing a policy at an earlier age and maintaining a healthy lifestyle can result in lower premiums.

Q: Do I need critical illness cover?
A: Finding the right critical illness insurance policy is especially important for those with families to protect.

Before deciding on any policy, it's important to ask yourself a few key questions such as:

- What would happen if my family lost my income due to an illness?
- What financial changes would need to be made if I could no longer work because of an illness?
- Do we have any savings or other assets that can support us financially? Are we comfortable using them?

By answering these questions, you will be able to better understand your family's current and future financial context and choose a policy accordingly.

Q: What does critical illness insurance cover?
A: Critical illness insurance can be a great way to help protect yourself and your family in the event of an unexpected illness. Insurers offer a variety of policies that cover different illnesses, with some even offering coverage for less serious or earlier stage illnesses. Additionally, many insurers offer multiple levels of payout depending on the severity of the illness, ensuring full coverage if you are faced with a really serious health condition.

Furthermore, almost all policies also provide cover for children against certain illnesses. This protection can provide your family with financial support in difficult times, such as when extra costs may be required for private treatment or lost income during periods of caregiving.

Q: What illnesses are covered by critical illness insurance?
A: When it comes to critical illness insurance, most policies will cover cancers, heart attacks and strokes as a minimum. Depending on the insurer, you may be able to get coverage for more than 50 additional illnesses such as organ transplants, blindness and deafness. It is important to obtain professional advice to make sure you obtain the right policy that provides the best coverage for your and your family's specific needs.

Q: What cancers are covered by critical illness insurance?
A: There are over 100 different types of cancer, and some may be excluded from critical illness cover. Before recommending a policy, we'll explain the details of your cover to ensure you understand what illnesses you are covered for.

Even if you don't have dependents or family members who rely on you financially, critical illness insurance can still be beneficial. It can provide financial relief when you're unable to work due to an illness but still need to keep up with household bills.

Q: Do I need critical illness cover as a renter?
A: Even if you rent your home, critical illness insurance is essential for those who have dependents relying on them financially. A tax-free cash payout from a critical illness policy can provide much needed support in the event of an illness or injury during the policy period. ◆

>> DO YOU NEED CRITICAL ILLNESS OR SERIOUS ILLNESS COVER? <<
Critical illness insurance provides a helping hand for you and your loved ones when it is needed, which could help to pay off your mortgage should you be diagnosed with a specified critical illness. For more information, contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Source data:
[1] Data Collection from Semrush and Google Trends in September 2022 – LifeSearch

YOUR HOME IS A LIFE'S WORK, SO MAKE SURE IT'S FULLY INSURED

Average price of home insurance falls to the lowest since records began

IN 2022, the average cost of home insurance dropped to £300, the lowest since the Association of British Insurers (ABI) began collecting data in 2012. The fall in prices was due to a very competitive market, despite numerous homes being damaged by turbulent weather.

However, the increased cost of building materials and labour, alongside a surge in frozen pipe payouts and subsidence claims, could lead to an increase in premiums in 2023. The FCA introduced new rules on pricing for home insurance renewals, keeping them in line with new customer prices. Even with the impact of these reforms, the cost of premiums for new and existing customers will depend on multiple factors, such as the cost of settling claims.

CHOOSING THE RIGHT KIND OF INSURANCE FOR YOUR HOME

It's important to have the right kind of insurance for your home. Buildings and contents insurance provides a comprehensive cover that will protect you, your family and your belongings against a range of risks.

Buildings insurance is designed to cover the cost of repairing or rebuilding the structure of your home if it becomes damaged due to a fire, flooding, natural disasters or storms. It also covers any outbuildings such as garages, sheds and garden walls. Contents insurance protects all your possessions inside the house from theft, loss or damage caused by certain events such as fires and floods.

PEACE OF MIND THAT YOUR PROPERTY WILL BE COVERED

Without adequate buildings and contents insurance, you may be liable for any costs associated with repairing or replacing items in your home, which could total thousands of pounds. Buildings insurance is particularly useful if you live in an area prone to certain natural disasters or other risks, as this can help provide peace of mind that your property will be covered should the worst occur.

It's important to check with your insurer that all potential risks are included in your policy and what levels of cover you have for both buildings and contents insurance. This includes looking at the excess limits, which is the amount you may have to pay before the claim is accepted. It's also important to ensure that any valuables are listed separately on your policy so they're adequately protected.

"Don't forget to review your home insurance policies every year and update them with any changes or additional items such as expensive jewellery or electronic goods."

PROTECTED FROM FINANCIAL LOSSES IF SOMETHING GOES WRONG

When purchasing either type of home insurance, it's essential to shop around and compare policies from different providers so you can get a good value policy that meets your needs. Making sure you have the right kind of insurance in place will ensure you are protected from financial losses if something goes wrong.

Don't forget to review your home insurance policies every year and update them with any changes or additional items such as expensive jewellery or electronic goods. This means you'll always have sufficient cover for both buildings and contents insurance, so you're fully protected against potential risks.

>> WANT TO FIND DISCUSS OR REVIEW YOUR INSURANCE NEEDS? <<

Whether you're seeking a separate contents-only policy or a comprehensive home insurance package, we can provide a policy to suit your needs. Our experience means you can be confident your home and contents will be suitably covered. For more information, please contact **The Mortgage Company** – telephone **01993 834700** – email **reception@themortgage-company.co.uk.**

Property jargon buster

GETTING CONFUSED BY waffly terms and property speak? Though the world of mortgages and property is filled with unfamiliar vocabulary, there is no need to be intimidated. Our jargon buster will help you navigate the terms you're likely to encounter as you search for your new home in 2023.

ACCEPTANCE
A document indicating acceptance of a mortgage provider's offer.

AFFORDABILITY ASSESSMENT
The process which lenders complete to establish if someone can afford to repay the loan repayments over the term of the loan.

AGREEMENT IN PRINCIPLE (AIP)
A statement from a mortgage lender confirming they'll lend a certain amount before the purchase of your property is finalised.

ANNUAL PERCENTAGE RATE (APR)
A numerical value that represents the true cost of a loan or mortgage, taking into account not just the interest rate, but also the other costs, such as arrangement fees and charges.

ARRANGEMENT FEE
A fee paid to your mortgage provider at the start of your mortgage.

ASSIGN
To hand over the rights to a property from one individual to another.

ASSURED SHORTHOLD TENANCY (AST)
A common type of rental agreement in the UK, between a private landlord (or letting agent) and tenant. ASTs are periodic or fixed-term contracts that can be terminated by the landlord without stating a reason.

BASE RATE
An interest rate set by the Bank of England. Mortgage interest rates are often linked to the base rate.

BREAK CLAUSE
A contractual clause in a tenancy agreement that allows either party to terminate the arrangement after a fixed term, for example, six months into a 12-month contract.

BRIDGING LOAN
A short-term loan designed to help the borrower to buy property for a short period, for example, before they have arranged a mortgage, or if they intend to sell the property soon afterwards.

BUILDING INSPECTION
See 'Survey'.

BUY-TO-LET
A property bought with the sole intention of letting it to tenants.

CHAIN
A string of property sales dependent on one another to progress.

COMPLETION
The final stage of a property sale and the point at which a buyer receives the keys and becomes the legal owner.

COMPLETION STATEMENT
A solicitor's record of the transfers and transactions conducted as part of the completion.

CONDITIONS OF SALE
Items in a contract relating to the responsibilities of the various parties involved.

CONTRACT
An agreement and accompanying legal document between two parties. In a property context, these are usually the buyer and seller of a specific property.

CONVEYANCER/ CONVEYANCING
The individual who undertakes the legal procedures involved in property sales on behalf of the buyer and seller, and the work they undertake.

CREDIT SEARCH REFERENCES
Third-party checks on a tenant's credit history to establish their suitability to rent a particular property.

DECISION IN PRINCIPLE (DIP)
See 'Agreement in Principle (AIP)'.

DEEDS
The legal documents establishing the ownership of a property.

DEPOSIT
A lump sum of money a buyer (mortgage deposit) or renter (tenancy deposit) pays to a property owner to secure the right to own or rent their property.

DEPOSIT PROTECTION SCHEME (DPS)
An authorised scheme to hold and protect a rental tenancy deposit.

DILAPIDATIONS
Items requiring repair or replacement at the end of a tenancy due to damage by the tenant.

DISBURSEMENTS
Costs and expenses incurred and paid during the conveyancing process, such as search fees and stamp duty.

DISCOUNTED RATE MORTGAGE
A mortgage deal where the interest rate is a set amount less than the mortgage lender's standard variable rate (SVR).

DRAFT CONTRACT
An early version of a contract that may be updated before the contracts are exchanged.

EARLY REPAYMENT CHARGES (ERCS)
Penalty fees charged when someone leaves a mortgage during a specified period, usually the period of the initial deal.

EASEMENT
A right to cross or use an area of land, that may affect a property owned.

ENDOWMENT MORTGAGE
You pay money into a type of investment called an 'endowment' to pay off an interest-only mortgage at the end of the term.

ENERGY PERFORMANCE CERTIFICATE (EPC)
A document that displays a property's energy efficiency rating and environmental impact. Legally required for the sales and lettings process.

EQUITY
The value of a property owned by an individual (versus the value they are still required to make mortgage repayments on).

EXCHANGE OF CONTRACTS
The moment at which a property sale is final, and the buyer and seller have both signed the contract of sale, which can no longer be amended.

FITTINGS
Items current within a property that do not constitute part of the property and are not included in the sale, such as furniture.

FIXED RATE MORTGAGE
The mortgage interest rate stays the same for the initial period of the deal.

FIXTURES
Items attached to the land or property that are included in its sale.

FREEHOLD
A type of property ownership (see also 'Leasehold') that indicates that the land and building is within the ownership of an individual indefinitely.

GAS SAFETY RECORD
A document legally required of all landlords to demonstrate that all gas appliances have been checked by a qualified engineer and declared safe.

GAZUMPING
An alternative buyer makes a higher offer to buy a property that is already under offer.

GAZUNDERING
When the buyer lowers their offer to buy a property at the last minute, just before contracts are exchanged.

GROUND RENT
A charge paid by a leasehold owner to a freehold owner of a property, usually on an annual basis.

HOMEBUYER REPORT
See 'Survey'.

INTEREST-ONLY MORTGAGE
Interest is paid on the mortgage each month, without repaying any of the capital loan itself.

INVENTORY
A document stating the contents and condition of a property at the start and end of a tenancy period, to record any loss or damage.

LAND REGISTRY
The registry of ownership of land and property in the UK, to which a fee is paid when ownership changes hands.

LEASEHOLD
A type of property ownership (see also 'Freehold') that indicates that an individual has purchased the right to live in a property for a fixed period, although the land and building belong to a freehold owner.

LISTED BUILDING
A property or structure that appears on a register due to its special historic or architectural interest.

LOAN-TO-VALUE (LTV)
The size of the mortgage as a percentage of the property's value.

MARKET VALUE
The estimated value that a property would sell for at the current time on the open market.

MORTGAGE VALUATION
A report on the value of a property by an independent surveyor on behalf of the mortgage provider.

NEGATIVE EQUITY
A state in which the owner of a property owes more to their mortgage provider than the total value of the property.

OFFSET MORTGAGE
Mortgage linked with a savings and, sometimes, current account. Credit balances are offset against the mortgage debt so interest is only paid on the difference, while also paying off the capital.

REMORTGAGE
Changing a mortgage without moving property to save money, change to a different type of mortgage or to release equity from the property.

REPAYMENT MORTGAGE
Paying off the mortgage interest and part of the capital of the loan each month. Unless any repayments are missed, the mortgage is guaranteed to be paid by the end of the term.

SEARCHES
Checks conducted as part of the conveyancing process before a property sale is made final.

SHARE OF FREEHOLD
A form of property ownership (see also 'Freehold' and 'Leasehold') where several individuals own a portion of the property through a limited company.

SOLE AGENT INSTRUCTION
A sale or tenancy managed by a single estate or letting agent.

STAMP DUTY/LAND AND BUILDINGS TRANSACTION TAX/LAND TRANSACTION TAX
On 23 September 2022, the government increased the nil-rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for First-Time Buyers' Relief was increased from £500,000 to £625,000. Following the Autumn Statement 2022 this is now a temporary SDLT reduction. The SDLT cut will remain in place until 31 March 2025.

If you're buying a second home, you'll usually have to pay 3% on top of Stamp Duty rates if buying a new residential property.

If you're buying a home in Scotland you will pay Land and Buildings Transaction Tax (LBTT) on properties costing more than £145,000. If you're buying an additional property, you might need to pay an extra 4% on the total purchase price of the property, as well as the standard rates of LBTT that may apply.

If you're buying a home in Wales you will pay Land Transaction Tax (LTT) if the property costs more than £180,000. If you're buying your main home, you will pay no LTT on purchases under £250,000. If you're buying an additional property, you will need to pay the higher residential rates for each band.

STANDARD VARIABLE RATE (SVR)
The default mortgage interest rate a lender will charge after the initial mortgage deal period ends.

SUBJECT TO CONTRACT
A phase of a property sale after an offer has been made and accepted but before contracts have been signed and exchanged.

SURVEY
A property inspection and report conducted by a qualified surveyor to identify issues or faults with the property that may affect its safety or value.

TENANCY/TENANT
A period in which an individual is granted the right to live in a specified property, subject to a tenancy agreement, and the individual involved.

TRACKER MORTGAGE
The interest rate on the mortgage tracks the Bank of England base rate at a set margin above or below it.

TRANSFER DOCUMENT
The document that legally transfers the rights to a property from one party to another.

UNDER OFFER
A phase of a property sale after an offer has been made.

VALUATION
An appraisal of a property to establish its market value.

VARIABLE RATE MORTGAGE
Interest rate on the mortgage can go up or down according to the lender's standard variable rate.

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