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INDEPENDENT FINANCIAL ADVISERS

Your Home Finance

Spring Q2 2023



Selling your house this spring?

If you're planning to put your home up for sale, there's a lot to think about right now. As the first daffodils start to bloom across gardens and verges, the housing market usually blossoms too.

In 2023, with expectations of slowing demand and house price falls, it has never been more important to focus on the fundamentals of selling a house. Here are some things you should think about before the 'For Sale' sign goes up.

Buyers aplenty

The overall market might seem to indicate waning demand. However, to sell a house, you only need to find one keen buyer – and there are plenty still out there!

The number of views of homes for sale on Rightmove soared by 20% between the week commencing 19 December and Boxing Day week¹. The *"promising activity and familiar patterns over the festive period... are good signs for the year ahead,"* commented Rightmove's Tim Bannister.

Focus on what you can control

With house prices forecast to fall, some potential sellers are rushing to the market and others are holding off until conditions stabilise. It is important, though, not to become fixated on market movements.

Instead, focus on the things you can control. Making your house as marketable as possible before listing will help you maximise your chances of achieving a good price. Some easy ways to add value and ensure a speedy sale include:

- **Removing clutter** before viewings. Your house shouldn't look empty, but prospective buyers need to be able to picture themselves living there
- **Making minor repairs** can reassure buyers they won't have too much work to do when they move in. Small details can make a big difference.
- **Controlling the smells** of your home can make a big difference to a viewing experience. A fresh spring scent might not seal the deal on its own, but it won't put buyers off!

Mortgage holders impacted

Rising rates have been a feature of the mortgage market for almost a year. Following the latest Bank Rate rise, how should mortgage holders react?

What happened?

With Bank Rate at its highest level in 15 years, in the short term, this will affect anyone with a tracker or variable rate mortgage through higher repayments. Those with fixed-rate mortgages are protected for now but could be forced to pay more when their current deal ends.

What next?

With inflation still high, the Bank of England is expected to continue increasing Bank Rate until the middle of 2023, at which point it is predicted to peak.

Interest rates seem high now after a decade of ultra-low figures, but the current rates fit into longer-term market cycles.

Finger on the pulse

We're here to keep things in perspective and help you find the most suitable mortgage for your needs.

Ask the experts

Are you looking to move this year? Have you considered your mortgage options? Get in touch today to see how we can help get you moving this spring.

¹Rightmove, 2023

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

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IN THE
News

Buyers priced out

Some 41% of participants in a recent survey² agreed with the statement, 'I cannot afford to live in the area I want or need to live in.' Many renters and homeowners alike were unhappy with their current location, with job opportunities (37%), proximity to friends and family (35%) and a better lifestyle (29%) the key reasons for wanting or needing to move elsewhere.

Holiday lets bounce back

In the early weeks of this year, 173 more mortgage options were on the market for holiday let borrowers than in October 2022³, and a broad range of fixed and variable options remain available now. After the September 'mini-budget', the range plummeted to only 26 lenders, but investors' appetites have picked up as 'staycations' remain a popular holiday choice.

Hard resell for new builds

One in eight new-build homes are being resold at a loss, figures show⁴, with flats making up more than four-fifths of these loss-making sales. The average new-build property lost 7.8% (£22,000) of its value, with the typical sale taking place after 8.8 years. New builds are often sold at a premium, which can mean prices fall back to market rate when resold.

²Kindroom, 2023, ³Moneyfacts, 2023,

⁴Hamptons, 2023

Where are house prices most resilient?

In a housing downturn, not all cities and towns are equal. New research⁵ has highlighted which areas of the UK are the most resilient in the face of falling prices.

On the slide

In January, overall property prices fell for a fifth consecutive month, as the market continued to cool. Sliding prices have been brought about by soaring inflation and mortgage costs, as well as cost-of-living pressures placed on households.

The safest bets

Which areas are standing firm? The most 'recession-proof' area, according to the study, is the London Borough of Kensington and Chelsea, closely followed

by Westminster and Camden. Swansea in Wales and Oxford in England both also deserve a mention.

In total, Scotland has so far suffered a less abrupt slowdown in house prices than elsewhere in the UK, according to Nationwide.

Here to help

The ranking of the 96 most-populated local authority areas was based on factors such as mortgage debt, the proportion of first-time buyers and price changes in the past year.

In an uneven market, we are here to help guide you through everything you need to know.

⁵Garrington Property Finders, 2023

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Equity release – continues to rise

An increasing number of older homeowners are choosing to release equity, latest figures⁶ reveal, with cost-of-living pressures still the main reason for tapping into the value of their home.

Equity release allows over-55s to access some of the value of their home as tax-free cash. In total, homeowners used equity release to borrow £6.2bn in 2022, a 29% yearly rise. Since 2017, the market has more than doubled.

It's not only higher amounts being borrowed; there are now more individual equity release plans too. In 2022, 93,421 people chose to release wealth from their property, up 23% from a year earlier. The number of new equity release plans taken out also rose by a fifth.

Everyday spending

Cost-of-living pressures continue to be the main prompt for people choosing to release equity. With household budgets stretched, equity release is a convenient

choice for many older homeowners trying to meet rising bills.

Last year, more than half of new customers opted for lump sum plans, up from 43% in 2021. The average lump sum received was £128,382 in the final quarter.

Greater flexibility

The popularity of equity release reflects recent improvements for consumers. For example, in March 2022, new regulation was introduced to guarantee that all new plans with Equity Release Council approval give customers the right to make voluntary, penalty-free partial repayments to reduce interest costs.

The best for you

When considering equity release, it is important to weigh up your options and make sure it is suitable for your unique needs. Get in touch today to see how we can help.

⁶Equity Release Council, 2023



Don't risk living without home contents insurance

One in five 18 to 24-year-olds plan to cancel their home contents insurance at renewal to save money, according to new research⁷.

Risky game

As well as highlighting current cost-of-living concerns, the statistic reveals a worrying picture for young people who plan to abandon protection.

Home contents insurance can be a shrewd financial investment because it protects you from the worst-case scenario of having to replace costly contents, maybe all at once.

Cost effective

With policies starting from just over £1 a week, the expense is low in proportion to the peace of mind that home contents insurance provides.

Indeed, the average price paid for home insurance has fallen to its lowest levels in at least a decade, according to the Association of British Insurers (ABI)⁸.

Get advice

Before you 'opt out' of your home contents insurance, it is helpful to think of the bigger picture and develop a plan to balance all your financial commitments.

⁷GoCompare, 2023, ⁸ABI, 2023

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

Landlords tune in

More than two in five landlords are not aware of the proposed Renters' Reform Bill, a new study⁹ has claimed, despite the impact it will have on their portfolios. Should landlords be worried?

What could change?

The proposed legislation, which is set to be voted on before May 2023, includes many significant elements. If passed in full, the act will:

- Scrap section 21 'no fault' evictions
- Create a register of landlords
- Introduce a private rented ombudsman to help enforce renters' rights
- Make it illegal for landlords and agents to refuse to rent properties to people who receive benefits
- Give local authorities more power to enforce and protect renters' rights.

What do landlords think?

The survey found that 47.55% of landlords are 'Strongly Concerned' or 'Concerned' about not being able to refuse to rent properties to people who receive benefits.

Similarly, landlords are worried about changes to section 21 evictions (45.45%), private rented ombudsman (43.86%), property registration (42.65%) and the right to request a pet in their house (41.45%).

Increased pressure to remain compliant will add to the pressures placed on landlords and could lead to some selling up, the study suggests.

⁹Finbri, 2023

Green home improvements on hold

Homeowners are delaying improvements to the sustainability of their homes, according to the latest 'Greener Homes Attitude Tracker' from Natwest¹⁰, as cost-of-living difficulties remain.

Cost-of-living delay

More than a quarter of homeowners indicated they are less inclined to implement energy saving measures in the upcoming 12 months amid enduring financial concerns. In the three months to December 2022, this figure fell for the first time since the Green Home Improvements Index started in Q2 2021.

Furthermore, 71% of homeowners who do not plan to make modifications in the next decade cited the expense of the work as the single biggest obstacle.

Simplicity the key

Although homeowners continue to place importance on energy saving measures, barriers remain. Smart energy meters are the most likely sustainability measure to be installed over the next year, highlighting a preference for simplicity.

¹⁰Natwest, 2023

Unaffordable deals trap mortgage prisoners

The Financial Conduct Authority (FCA) has been reported to estimate over a quarter of a million homeowners are trapped on mortgage deals because their lenders have become inactive or unable to authorise new products¹¹.

What could change?

Many of these 'mortgage prisoners' are no longer able to keep up with repayments, prompting campaigners to reiterate their calls for government action to free the prisoners from unaffordable deals.

After the latest Bank Rate rise, the situation has worsened, especially for those on variable or tracker rates. In total, more than 750,000 households are now at risk of mortgage default, according to the FCA.

¹¹FCA, 2023

If you would like any advice or information on any of the areas highlighted in this newsletter, please **get in touch.**



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

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

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

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

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

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

All details correct at time of writing (March 2023).