

INVEST SOUTHWEST

12 Hammet Street, Taunton TA1 1RZ

T: 01823 353970

E: info@investsouthwest.co.uk

W: www.investsouthwest.co.uk

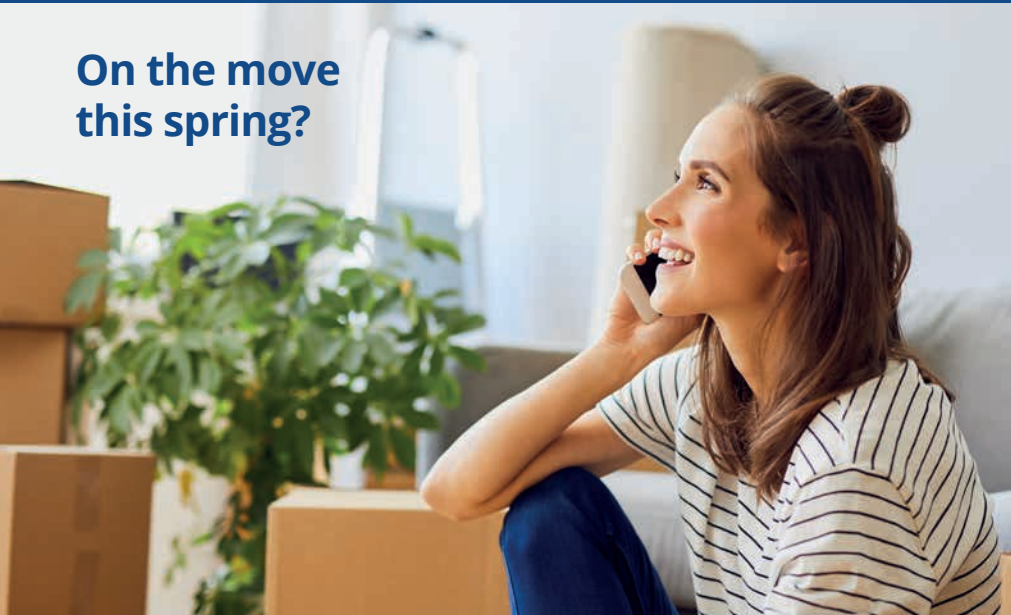


INDEPENDENT FINANCIAL ADVISERS

Your Home Finance

Spring Q2 2022

On the move this spring?



As we move into spring, aspiring movers will likely find themselves feeling galvanised to proceed with their homeownership goals.

Whether you're a first-time buyer looking to get onto the property ladder, a second stepper seeking the perfect home for a growing family, or a downsizer on the hunt for a smaller property to help build a retirement nest egg, spring is a popular time with aspiring buyers and sellers.

On the up

Those looking to buy a property this year will be pleased by news that the ongoing imbalance between housing supply and demand may be beginning to ease. According to Rightmove, the number of properties listed in the final week of January 2022 was up 8% compared with the previous year¹.

Tim Bannister, Director of Property Data at Rightmove, commented, "The market

has picked up pace after a busy festive period, and it's really encouraging to see more properties start to come to market for sale. More new listings, coupled with the higher number of requests from prospective sellers to estate agents to value their home we are seeing, certainly suggests good news and positive signs we are moving towards a better-balanced market in 2022."

However, he added that continued high demand would see buyers continuing to face "stiff competition" for available properties – so they "should act fast when a property they like comes onto the market."

One step at a time

In a competitive market, buying a house can feel overwhelming. In fact, 40% of homeowners in a 2021 report² said that moving home had made them feel stressed and ill. From getting a mortgage to instructing estate agents, solicitors and surveyors, it's a lot to deal with.

Renters feeling the strain

The cost-of-living crisis is likely to be felt by most Britons this year, with increases in energy and food costs and the increase in National Insurance Contributions from April. In addition, renters need to add in the rising cost of renting a property, with the average price for a new tenancy up by 8.5% from last year³.

Average rental values

Recent figures show the average cost of renting in the UK is now £1,064 per calendar month (pcm). Every region has seen an increase in costs, the greatest being in London, where rentals average £1,760pcm, 12.6% higher than January 2021; outside London the average rent is up by 6.9% year-on-year at £897pcm. In Scotland, the average rent is £747 pcm, up 9.4% from a year ago.

Commenting on the latest data, Andy Halstead, HomeLet & Let Alliance Chief Executive Officer, said, "Whilst there's no doubt that it's been a challenging year for many landlords, the increase in house prices has only increased the appeal of property investment. We expect to see more focus from the Government on the rental sector in 2022, through legislation like the Renters' Reform Bill."

³HomeLet Rental Index, 2022

Breaking the process down into manageable steps, and then dealing with each step as an individual task, can help make the buying process more manageable. For example, when it comes to finding suitable mortgage finance, our expertise could help take the pressure off and get you on the way to your homeownership dreams.

¹Rightmove, 2022, ²Yopa, 2021

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

Inside this issue

In the news // As life changes your mortgage should too // BTL investors tap into domestic holiday demand // 2022's buy-to-let hotspots // Are your home contents worth more than you think // Up close and personal with your mortgage rate



IN THE
News

New government initiative 'The Older People's Housing Taskforce'

With demand for homes for older people four times higher than supply, the government has been urged to investigate⁴. The UK's largest retirement housebuilder is requesting the introduction of rules to ensure 10% of new housing is designed for pensioners. A new government initiative 'The Older People's Housing Taskforce' is set to examine barriers to supply of housing for older people, to look at how homes can be adapted to make them more suitable for older inhabitants and to examine the limited choice of properties available to pensioners, revealed in the Levelling Up White Paper.



Equity release – bumper Q4

The Equity Release Council says record amounts of property wealth were accessed through equity release products in the last quarter of 2021, taking total lending for the year to £4.8bn, representing a 24% rise from the 2020 figure of £3.86bn⁵. Average loan sizes also increased, which the Council says is partly influenced by a rise in property prices as well as an increase in wealthier customers using equity release as part of their financial planning.

⁴McCarthy Stone, 2022

⁵Equity Release Council, 2022



As life changes your mortgage should too

The cost of living has shot up in recent months, with inflation expected to reach a peak of 8.7% in Q4⁶ and many families facing a significant hike on their annual energy bills from April.

With finances squeezed, every penny counts – so it's important to consider all the options for streamlining your outgoings. If you're reaching the end of your current mortgage term, taking the time to explore whether more favourable rates are available could really pay.

Paying over the odds?

If your mortgage deal has expired and you are on your lender's Standard Variable Rate (SVR), it is likely you'll already have been hit by recent increases to the Bank of England base rate. SVRs are typically higher than those offered by available deals and fluctuate as interest rates rise and fall. Switching to a fixed rate mortgage deal instead could both save you money and make budgeting easier, as you'll know exactly what is going out each month.

Time for a review?

While you can switch your mortgage at any time, you may face early repayment charges (ERCs). Even if your current mortgage deal hasn't quite expired, however, you could start the remortgaging process up to six months beforehand. Many lenders will permit you to lock into a new deal in advance, so starting early will give you the time you need to assess your available options. That's where we can help – we can scour the market for the most suitable mortgage finance for your circumstances.

⁶OBR, 2022

With finances squeezed, every penny counts – so it's important to consider all the options for streamlining your outgoings

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.

BTL investors tap into domestic holiday demand

Pandemic-related travel restrictions have unleashed huge demand for UK-based rentals among British holidaymakers – with buy-to-let (BTL) investors scrambling to take advantage.

According to figures⁷, holiday let mortgage availability has trebled since 2020, giving would-be investors ample opportunity to tap into this demand. There are now 231 buy-to-let mortgages eligible for holiday lets on the market, versus just 74 back in August 2020.

As the number of deals increases, competition between lenders is also on the rise, with average rates reducing from 4.14% in September 2021 to 3.92% in January 2022.

Factors to consider

If you're thinking about investing in a holiday let, there are some factors to consider before taking the plunge. Firstly, the government is currently working to close a tax loophole that has seen people

claiming tax relief on empty 'holiday lets'. Holiday let owners will soon be required to prove that their property is being let for at least 70 days each year in order to claim small business tax relief.

Secondly, it's important to think about the cost of purchasing a holiday let above and beyond the property itself. For example, you may have to spend a significant amount up-front to get the property ready for holiday let clientele. You'll also have to consider how much the property is likely to generate in rental income – is it in a good enough location to attract a steady stream of holidaymakers?

Weigh it up

We'll be able to help you weigh up the various factors and recommend mortgage finance that's suitable for your needs.

⁷Moneyfacts, 2022

2022's buy-to-let hotspots

Bristol, Oxford, Cambridge, Manchester and Luton have been hailed the best top five cities for landlords to invest in this year, based on analysis of key indicators impacting BTL desirability (including average total rent, the best short-term returns through yield and long-term return through house price growth)⁸.

Investors have been eschewing London, which has slipped to sixth place. It seems many landlords are looking to areas with a high student population – where they can attract a greater rental yield.

The Scottish cities of Edinburgh and Glasgow both sit within the top 20 and are cited as 'particularly attractive to landlords looking for short-term yields.' Edinburgh benefits from a high percentage of private renters (86%) ensuring one of the highest rental returns of all cities.

Head of Mortgage Distribution at Aldermore Bank, Jon Cooper, commented on the findings, "The City Tracker shows the UK housing market is rich with diverse and unique conditions across the regions that are ripe for investment opportunities. As we move towards a post-COVID environment, we hope this analysis gives food for thought to many landlords on where to look for those hidden gems and returns that meet their business strategies."

He continued, "Private landlords are a central part of the housing market, supporting over 4.5 million households in the UK and, as we emerge from the pandemic, landlords will need to meet the emerging demand for choice and variety from renters. With the economy opening up and EPC rating changes coming in 2025, now is a great time for landlords to talk with their broker to review where they want to take their portfolios in the future."

First-time buyer or building up your property investment portfolio? We can provide buy-to-let mortgage advice, get in touch.

⁸Aldermore, Dec 2021



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Are your home contents worth more than you think?



In January this year, a team clearing out the home of a retired antiques dealer and lifelong hoarder found a treasure trove of valuables worth £50,000.

Among the piles of bags and boxes stuffed haphazardly into the Victorian townhouse were eight grandfather clocks worth £1,000, an antique chair worth between £600 and £800, and a 1956 Morris Minor 'Split Screen' classic car valued at up to £6,000 in the garage.

Do you know what's in your home?

Of course, most people don't have a home crammed with antiques; nevertheless, homeowners have made some incredible discoveries over the years. For example, an ancient Japanese coffer that had been

sought after for decades by the Victoria and Albert Museum was found in the owner's home after his death, where it had served as a TV stand for 16 years. It sold for £6.3m!

If you haven't been up in your attic for a while, now could be the time. If you have any valuables knocking around that are currently unaccounted for, you might risk being underinsured.

Know your worth

Understanding the true value of your home contents (whether or not you have undiscovered valuables lurking in the attic) is crucial to getting the right home insurance cover. We can help you value your possessions and source the home insurance policy that best suits your needs.

Up close and personal with your mortgage rate

Do you know if you could benefit from remortgaging? If not, the first step is to compare your current interest rate to those currently available on the market.

Several surveys over recent years have shown that a substantial minority of people have no idea what their mortgage interest rate actually is.

Interest rates on the rise

If you're unsure about your mortgage interest rate, now is the time to find out, with Base Rate on the rise. If you currently have a tracker or discount mortgage, or are on your lender's Standard Variable Rate, it's likely you're already feeling the impact on your bank account. So, now would be a good time to lock into a fixed rate deal before interest rates rise any further.

All knowing

Understanding your current financial situation is the first step towards improving it. Don't stick your head in the sand – we can help you to assess your current mortgage rates, and whether more favourable options are out there. Please get in touch to find out whether you could save on your mortgage.

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.

Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.

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 2022).