Fingerprint
FINANCIAL PLANNING

Fingerprint Financial Planning
Admirals Offices
The Historic Dockyard
Chatham, Kent
ME4 4TZ

T: 03452 100 100
E: hello@fingerprintfp.co.uk
W: www.fingerprintfinancialplanning.co.uk

Your Window on
Home Finance

SUMMER 2021

Bright summer expected for the housing market

House prices are predicted to continue rising this summer as buyer demand shows no sign of slowing down. According to data captured from conveyancing quotes by one comparison site, deals agreed between buyers and sellers during springtime could result in house price increases of 2.9% in June and 3.7% in July[1].

Fastest growth rate in 14 years
The Office for National Statistics confirmed the ongoing house price boom, releasing figures to show that average UK house prices in March had increased by 10.2% in a year, which is the highest annual growth rate since August 2007, before the financial crisis hit.

Buyer demand has been fuelled by the extension of the Stamp Duty holiday in England and Northern Ireland, the government 95% mortgage guarantee scheme, and a desire to move into different types of property, as homebuyers prioritise larger gardens and space to work from home.

Will 2021 break more records?
As well as impressive house price growth, this year could be the busiest for many years. Zoopla[2] has predicted that 1.5 million homes could change hands this year, representing sales of £461bn, some 46% higher than 2020 and 68% higher than 2019. This would make 2021 the busiest year for 14 years and one of the top 10 busiest years since 1959.

The hotspots this summer
The 'hottest' regional markets, with faster sales (10 to 15 days) and the strongest house price growth, are Yorkshire and the Humber, Wales and the North West. The outlook in central parts of London is much cooler in contrast, where homes are taking, on average, two months to sell.

Get in touch
This summer there is an array of mortgages to choose from, so if you are planning to make the most of the warmer weather to progress your house hunting, please get in touch with us so we can help you assess all the available options – including your protection needs.

[1]reallymoving, 2021, [2]Zoopla, 2021

Value of holiday homes soars

The rise of the 'staycation' has led to a considerable jump in the price of holiday homes, according to data[3].

Holiday let mortgage applications show that average purchase prices rose by 12% between October 2020 and March 2021, leaping from £387,993 on average to £435,476.

Mortgage applications increase by a third
The number of holiday let mortgage applications received has also risen sharply. In the six months to March 2021, applications for holiday let mortgage finance increased by nearly a third (30%).

Are staycations here to stay?
Due to international travel restrictions, it is unsurprising that more holiday let investors have taken the plunge this year, as the staycation trend looks here to stay. According to research[4], 84% of Britons say they would consider a staycation in the future, with Cornwall, the Scottish Highlands and Devon at the top of the list for 2021 staycationers.

Looking to let?
If you'd like to invest in a holiday let and take advantage of the staycation trend, get in touch. We can assist you in finding suitable mortgage finance for your needs.

[3]Hodge, 2021, [4]holidaycottages.co.uk, 2020

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:

Investing in your garden

It seems that gardens have become more important to UK homeowners during the pandemic[5], with 58% saying that their garden has become more of a priority, resulting in a willingness to spend considerably more on their outdoor space. Just 12% of homeowners normally spend more than £600 on their garden each year; this figure increased to 22% in 2020, and 27% say they plan to spend more than £600 in 2021.

The most (and least) profitable BTL locations

The average annual return from buy-to-let (BTL) properties in the UK is reported to be around 5%, but this can vary considerably, depending on which locality you choose for your BTL. The top 10 places to invest in a rental property are reported to be: Sunderland, Blackburn, Durham, Blackpool, Oldham, Cleveland, Liverpool, Wigan, Bolton and Manchester. Languishing in the bottom spots for BTL profitability are West and North West London, St Albans, Hereford, Bromley, Cambridge, Dorchester and Slough.

Antisocial neighbours prompt many to move

The trend for more outdoor space, escaping the city and moving to more spacious homes aren't the only reasons prompting homebuyers to move. Another contributing factor has been a desire to move away from noisy or messy neighbours, reported by 28% of recent homebuyers[6] when they were asked the reasons for leaving their previous home. Neighbour annoyance is likely to have been exacerbated by lockdown, as more time spent at home means more time with neighbours getting on our nerves.

[5]Quickmovenow, 2021, [6]Yes Homebuyers, 2021

Mortgage guarantee scheme reassures lenders

Launched in April 2021, the government guarantee scheme for 95% loan to value (LTV) mortgages has been welcome news for prospective homebuyers with a 5% deposit. The scheme offers a government 'guarantee' on 95% LTV mortgages to encourage cautious lenders to bring back these deals. The guarantee applies to the portion of the loan over 80%, with the government compensating the lender for this portion of the net losses suffered in the event of repossession.

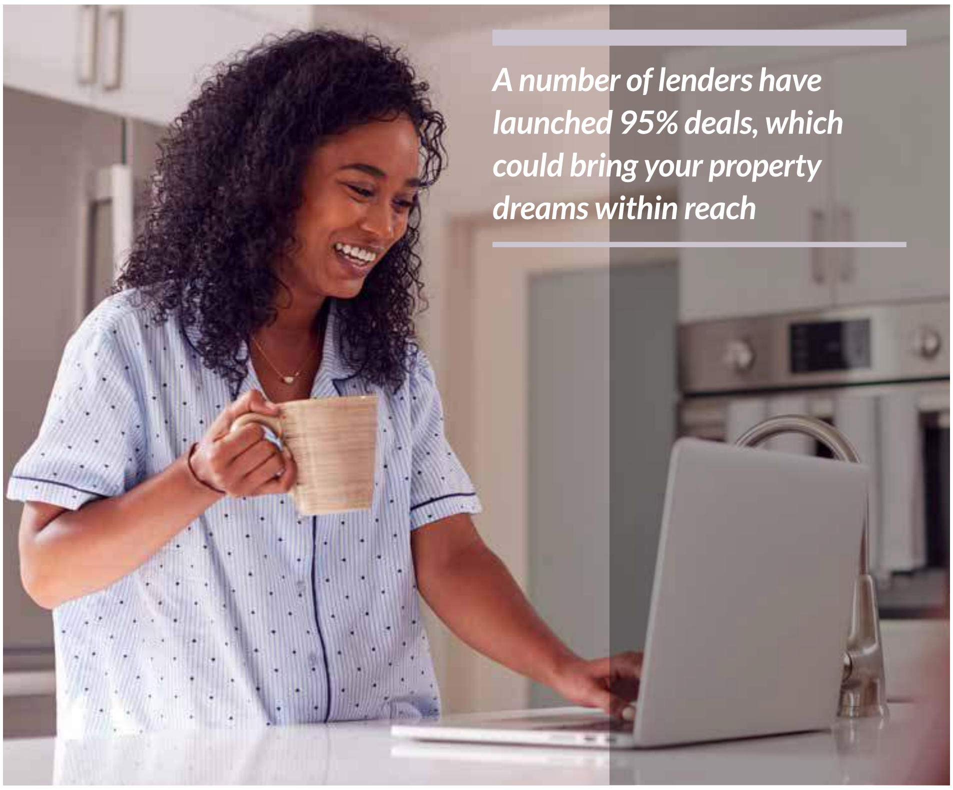
First-time buyers and home movers can apply, other eligibility criteria include:

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

Get your journey started

A number of lenders have launched 95% deals, which could bring your property dreams within reach. Whether you've had to put your plans on hold or are just beginning your property search, we can help find the most suitable mortgage for your circumstances.

The scheme is due to end on 31 December 2022, subject to review.



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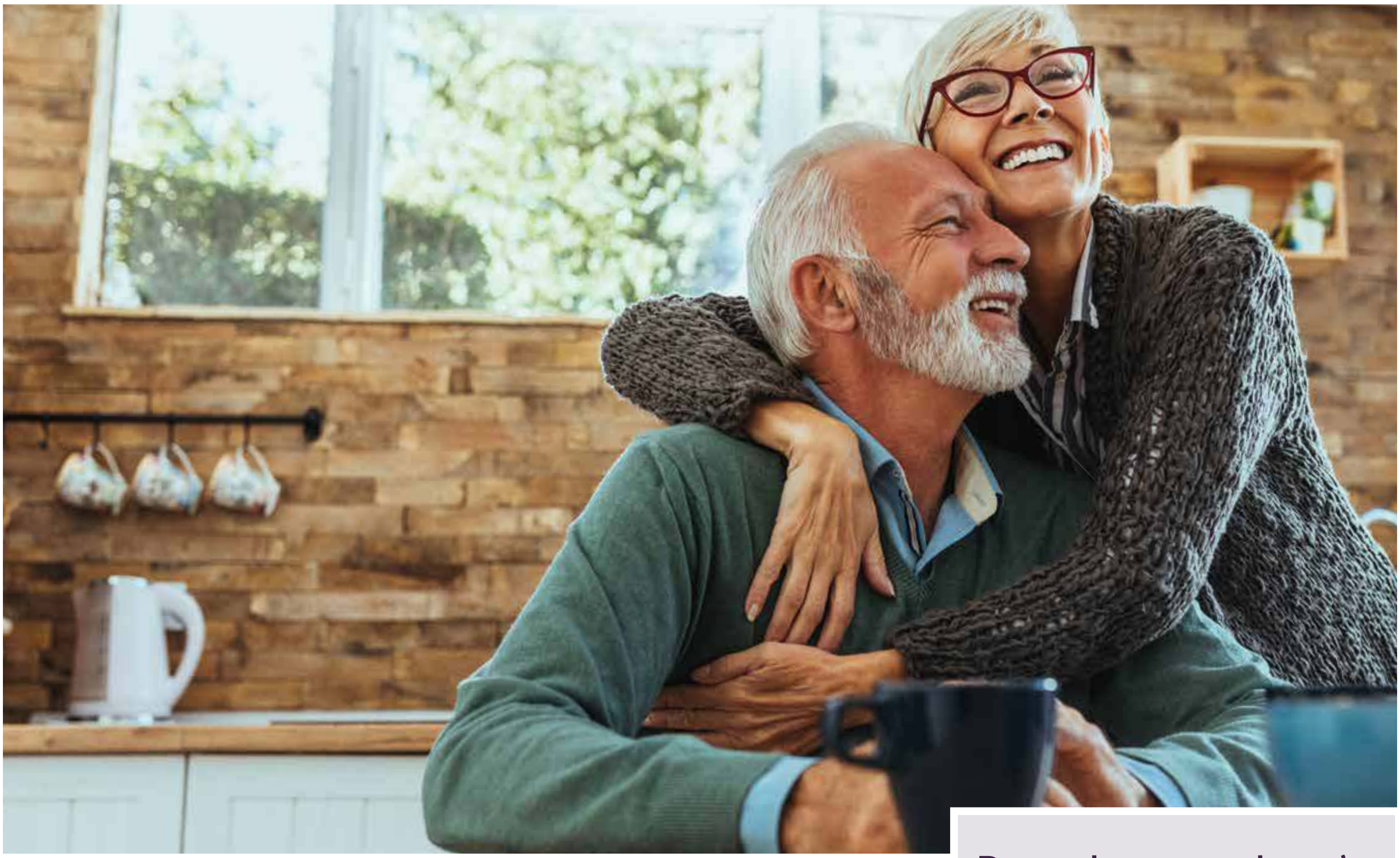

Equity release availability hits record high

The number of equity release products on the market is the highest it has ever been, with rates over two percentage points lower than five years ago.

Data[7] shows that the number of equity release products now exceeds 500 – the highest on record. The analysis also reveals that the maximum available LTV has remained constant over the past five years, standing at 49% .

A competitive market
And, with a report from the Equity Release Council[8] revealing that customers took out 19% more lifetime mortgages in the second half of 2020 than in the first half of the year, the market is proving resilient to the impact of the pandemic, showing that equity release is still a popular method of accessing funding in later life.

Assess your options
Despite growing choice and competitive rates, many equity release customers are paying too much because they are unaware they can switch to a cheaper rate. This is likely due to the fact that equity release brokers aren't required by the Financial Conduct Authority to keep in touch with borrowers once they've taken out a loan, or to inform them if there is an opportunity to switch. However, switching could save you a significant sum.

[7]Moneyfacts, 2021, [8]Equity Release Council, 2021

Despite growing choice and competitive rates, many equity release customers are paying too much

Do you know your home's true worth?

Most people have a rough estimate in their head of how much they could sell their home for if they ever decided to move – but how accurate is it?

In a survey[9], nearly half (45%) of homeowners undervalued their property by £46,305 on average, while 25% overestimated by an average of £44,313, with under a third getting it right.

Know your (home's) worth
Taken together, the responses showed that homeowners are undervaluing their properties by £9,470 each, or £237bn collectively.

Knowing your home's worth could actually have a significant impact on your life. Eighty-one percent of the respondents who went on to sell their home after the survey said their unexpected windfall had enabled them to improve their lifestyle.

[9]Zoopla, 2021

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Think carefully before securing other debts against your home. Equity released from your home will be secured against it.

Holiday season is officially on (but make sure your home is protected)!

With the limited resumption of international travel prompting a flurry of holiday bookings, whether you're raring to fly or sticking with a staycation, make sure you don't leave your home vulnerable.

With lockdowns preventing us from going on holiday for much of the past year, it's little wonder we're all desperate to get away. However, a year at home and a national DIY craze later, your insurance cover may be a little out of date.

'Renovation Nation'
According to money.co.uk's Renovation Nation report, property owners spent £55bn (£4,035.70 each) on home improvements between March and July 2020, as spending more time at home prompted 65% of homeowners to invest in their properties. When asked why they chose to invest, over a quarter (27%) cited increasing their home's value as their main reason.

If you've recently put money into renovating your home (or purchased expensive new possessions such as electronics and equipment to alleviate lockdown boredom), then your buildings/contents cover may no longer be adequate – so do check before travelling.

Lock all the doors (and everything else)
Failing to lock up your home properly could invalidate your insurance if your house is broken into while you're away. Make sure you lock not only your doors, but windows, skylights, cat flaps and other openings that might leave your house vulnerable. If you have an alarm, make sure you activate it as not doing so could also impact the outcome of a claim.

Going on a longer break?
Most home insurance policies will only provide cover if your home is left unoccupied for less than 30 days. Unoccupied property insurance may be needed if you're going away for longer than a month.

Just a reminder...

The 30 June has now passed, marking the end of the temporary nil-rate Stamp Duty threshold of £500,000.

If you missed the deadline, don't despair! There will be a tapered nil-rate threshold of £250,000 in place until 30 September, meaning that you could still make savings if you purchase a property before October.

From 1 October, the normal tax-free threshold of £125,000 will resume.

If you are looking to get your property purchase over the line before the September deadline, we can help you assess your mortgage options and get your transaction progressing as swiftly as possible.

Mortgage myth-busting

When it comes to taking out a mortgage, there are lots of myths flying about – especially when it comes to that all-important deposit.

We're here to bust those mortgage myths and help you onto the property ladder.

1. **You need a huge deposit to get a mortgage**
   There's a prevailing belief that you need a massive deposit to be approved for a mortgage. While it is true that a larger deposit means lower monthly repayments and usually a better rate, it is certainly untrue that a large deposit is a prerequisite to getting a mortgage.

   In April, the government launched a 5% deposit scheme, which is designed to help those struggling to save up enough money for a deposit on a typical mortgage.

2. **Once you've saved up for a deposit, that's it**
   Many buyers mistakenly believe that once they have their deposit saved, that's it. Unfortunately, there are a range of other upfront costs buyers must pay before purchasing a property, including legal fees, mortgage fees, Stamp Duty and surveyor's fees. If you use an estate agent to find your home, you will also need to take this cost into account.

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IF YOU WOULD LIKE ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.