

# HOME FINANCE NEWS

A brown and white dog, possibly a Jack Russell Terrier, is sitting on a brown doormat. The doormat has the word "HOME" written on it in large, dark letters. The dog is looking towards the camera. The background shows a white door and a wooden floor.

**LIFETIME INTEREST RATES AT  
RECORD LOW**

**MOVING HOME? REMEMBER THESE  
FIVE THINGS**

**DON'T FORGET YOUR OWN  
PROTECTION NEEDS**

March 2020

# WHAT ARE HOUSE PRICES DOING?



**The most recent housing data from HM Land Registry, indicates average house prices in the UK increased 2.2% in the year to November 2019, up from 1.3% in October.**

Looking at the data from a country perspective, the highest annual price growth was in Wales, increasing by 7.8% in the year to November 2019. This record growth was driven by higher value properties transacted between October and November, combined with a fall in prices during the same period in the previous year.

England experienced the slowest annual growth, with an average price increase of 1.7% in the year to November 2019. Over the last 12 months, house prices increased 3.5% on average in Scotland. The latest data for Northern Ireland shows house prices increased by 4.0% over the year to quarter three.

## AFFORDABILITY FOR HOMEBUYERS IMPROVING

**Almost two-thirds (64%) of Britain became more affordable for home buyers in 2019. Research has highlighted that, at a local authority level, wages increased faster than house prices in 233 areas of Britain last year, improving affordability for homebuyers.**

However, buying a home in just under half (49%) of local authority areas remains less affordable than in 2007, before the financial crash because, despite an increase in wages, house prices in those areas have risen at a faster rate.

Despite improvements in affordability, average house prices in some areas such as parts of central London, are over 20 times the average local wage. In other places, such as Copeland in Cumbria, there is a low house price to wage ratio of 3.70. Across the UK the average house price to earnings ratio is 7.72.



## DON'T FORGET YOUR OWN PROTECTION NEEDS

**According to a recent survey, around a third of people already have, or would take out, pet insurance to cover a pet's medical costs. A further 30% of people would take out mobile phone insurance.**

This obviously makes sense, but it's important not to forget to protect yourself and your family in case the unexpected should happen. In fact, just 17% of the adult population has income protection - a form of insurance which pays a regular monthly income if you became unable to work through illness or injury.

Don't let protection procrastination delay you any longer. As protection premiums generally increase with age, the sooner you think about taking out protection insurance for yourself and your family, the better.

***As with all insurance policies, conditions and exclusions will apply***



# PROTECT YOU AND YOUR FAMILY IN 2020

**Make it a priority to get the right insurance plans in place in 2020 to protect your, your family, your home and your valuables, in case an unexpected event should happen.**

Insurance cover isn't just about a payout when you die, it can also provide you with valuable peace of mind in knowing that you would be able to cope financially if you were ill, had an accident or injury, lost your job or your possessions, or if your home was damaged (perhaps by storms or flooding).

Insurance comes in a variety of different forms designed to protect you and your family against a variety of risks that may be ever-present. With so many options available, it can be difficult to determine what insurance you really need - the most suitable insurance for your individual circumstances will depend on factors like your age, lifestyle and employment and whether you have financial dependents.

Don't overlook the importance of having the protection you need. We can help you find the right protection for your needs this year and beyond, so you can be confident that you have the right plans in place to protect yourself, your family, your valuables and your home, should the worst happen. Get in touch to make sure you tick all the boxes in 2020.

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## ELECTION RESULT AND THE FUTURE OF HOUSING

**The Conservative victory resulted in a majority government in Parliament and a firmer resolution on Brexit, but what does this mean for the property market?**

### **A leap in transactions**

Experts expect a jump in transactions as buyers who have put off their property plans due to Brexit return to the market. On the other hand, RICS is warning that some uncertainty does remain, with clarity needed on whether the UK will have to agree a trade deal with the EU, as well as uncertainty over the impact Brexit will have on the economy.

### **Stronger sterling may put off overseas buyers**

The fall of sterling since the referendum result has already begun to reverse, meaning that overseas buyers who were effectively purchasing at a discount may not find the prospect of UK property so appealing in future.

Furthermore, while there's no news yet on the government's proposed 3% surcharge for overseas buyers, if introduced this is also highly likely to lessen non-domestic interest.

### **A million homes**

The Conservatives have also committed to tackling the housing crisis, pledging to build a million more homes during this Parliament. And, while the Help to Buy scheme is due to be phased out from 2021, the government has committed to reviewing other options to help Generation Rent onto the property ladder.



## MOVING HOME? REMEMBER THESE FIVE THINGS

**Moving home is stressful. In fact, it's said to be worse than getting divorced or starting a new job. Don't worry – we've got your back with the top five most important things to do when you move.**

### **Turn on the taps...**

...appliances, lights and anything else you need to check is working. There's nothing worse than arriving with all your belongings in winter to find your boiler's broken.

### **Get covered**

You'll likely already have buildings insurance as it's usually a mortgage lender requirement. However, you'll also need to get contents cover to protect your possessions from theft or damage.

### **Contact your energy supplier**

A new home could be the perfect opportunity to switch suppliers. You'll need to take a last reading at your old address to get your final bill, giving you the freedom to find a better deal.

### **Get on the electoral register**

Not only will you be unable to vote if you don't update your details on the electoral register, but it may actually harm your credit score.

### **Get a locksmith**

It's a good idea to change the locks just to be safe. For example, the previous owner could have given a key to a neighbour and forgotten about it.

Once you've done these things, you can slow down, relax and enjoy life in your new home!

**As with all insurance policies, conditions and exclusions will apply**

## LIFETIME INTEREST RATES AT RECORD LOW

In the past, Equity Release (ER) products have been criticised for their high interest rates, but recent analysis of the mortgage market has found that ER products are now being offered at record low interest rates. At the time of writing, the average ER rate is 4.55%, compared to an average of 5.40% just 18 months ago.

### **ER explained**

ER is only available to homeowners aged 55 and over. The loan is secured against your property and paid off from the proceeds of the property sale when you die. Such plans can be valuable in allowing you to access the value of your home and provide you with a cash lump sum, without having to move.

### **What is ER used for?**

Recent figures have shown an increase in the number of people using ER to pay off debts and mortgages, with 27% of customers in 2019 using ER for this purpose, compared to 15% in 2016. In addition to clearing debts and mortgages, ER is often used to help family and friends or for home improvements.

### **Take advice**

ER is a major decision which can have ramifications for the rest of your life. Talk to us for expert advice before making any decisions.

**A lifetime mortgage is a long-term commitment which could accumulate interest and is secured against your home. Equity release is not right for everyone and may reduce the value of your estate.**



# BRITS INSURE GADGETS OVER THEIR HEALTH



**Figures on the so-called 'protection gap' make for interesting reading.**

Despite one in five people admitting they'd struggle financially if they were unable to work due to long-term illness, more of us would take out phone insurance than critical illness cover.

What's more, only 50% of households with a mortgage have life insurance, meaning those without might be unable to make their repayments if the breadwinner were to die – leaving them vulnerable to repossession.

While gadgets can be expensive, the repercussions of losing or breaking them pale in comparison to what could happen without the right life or critical illness cover. Don't get caught short – get in touch to see how we can help with your protection needs.

***As with all insurance policies, conditions and exclusions will apply***

## FANCY A COFFEE - OR PEACE OF MIND?

**Many of us don't think twice about the cost of a morning coffee on the way to work. But have you considered that you could provide something even more satisfying for you and your loved ones for less than the cost of that coffee?**

Knowing that you and your family will be financially supported if the unexpected happens can give you valuable peace of mind. The cover offered by protection policies (e.g. life insurance, critical illness cover and income protection) is essential if you have a mortgage or people who depend on your income. It might be cheaper than you think.

We will tailor protection to your individual needs, ensuring you have the product and cover, all within your budget. Please get in touch to see how we can help.

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## MANY FIRST-TIME BUYERS IN THE DARK

**For some, purchasing a first property can be quite a daunting process. Confusion about the process and the terminology could have significant financial consequences.**

Over half of people taking their first step on the property ladder think they can borrow up to 10 times their income. In reality, mortgage lenders will usually lend three or four times a borrower's income, following strict affordability tests. Over three quarters of FTBs believe that LTV stands for 'long-term value' and refers to the amount a property is expected to rise in value, rather than 'loan to value' (the proportion of a property's value being advanced).

If you feel there is a maze to navigate, we are on hand to help you every step of the way.

**Your home may be repossessed if you do not keep up repayments on your mortgage**





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