THE

MORTGAGE & PROPERTY

MAGAZINE

ISSUE 15 - SUMMER 2024

WHAT TO LOOK FOR WHEN FINDING THE PERFECT FAMILY HOME

Several considerations that can help you simplify the process

HOW TO SELL YOUR HOME

The pivotal point in continuing your property-selling adventure

RENOVATE OR RELOCATE

Should you improve your existing home or purchase a new one?

HOUSING AND MORTGAGES UNDER A LABOUR GOVERNMENT

First-time buyers, the broader housing market and setting a distinct course from the previous policies

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Berkshire IFA

Summer 2024

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Welcome

WELCOME TO the Summer 2024 quarterly issue of *The Mortgage & Property Magazine* from Berkshire IFA Limited.

The process of purchasing a family home can be arduous due to the many factors you need to consider when viewing properties for sale. Although finding the perfect family home is challenging, several considerations can simplify the process. On page 76, before investing hours in property viewings, we consider why you should distinguish between essentials and mere conveniences. This approach conserves time and ensures you do not exclude too many properties by being overly selective.

The sale of a home is invariably a period filled with stress and significant emotional investment, often mirroring the complexities encountered when purchasing your first property. This experience can become even more intricate for those simultaneously selling their current home while buying a new one. Following the acceptance of an offer on your property, a wave of excitement is natural, marking an important milestone in the selling process. On page 32, we explain why this is not the conclusion but a pivotal point in continuing your property-selling adventure.

As the UK enters a new era following a Labour government victory during the July 4 general election, what do we know about Labour's approach to the future of housing and mortgages under a government led by Prime Minister Starmer? Amidst the growing concerns over affordability and access to housing, Mr Starmer says Labour aims to address the pressing needs of first-time buyers and the broader housing market, setting a distinct course from the previous Conservative government's policies. Read the full article on page 18.

Deciding between improving your existing home or purchasing a new one can take considerable time and effort. If your family is expanding, your workspace is spilling onto the kitchen table, or your bathroom feels more like a closet, it might be time to upgrade your living arrangements. But should you renovate your existing home or pack up and move to a new one? This is a significant decision that requires careful thought. On page 82, we look at some factors to help you navigate this important life choice.

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

ARE YOU LOOKING TO SECURE YOUR NEW HOME OR PROPERTY WITH EXPERT ASSISTANCE?

Whether you are a first-time buyer, planning to move, investing in a second property, remortgaging your existing home, or expanding your buy-to-let portfolio, we are here to help. Our expert team will guide you through every step. We hope you enjoy reading this issue. ◆

Ashton Eddolls
Managing Director, Berkshire IFA Limited

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MORTGAGE DEALS ON OFFER

A wider choice of products is a positive sign for borrowers

"Average mortgage rates have steadily increased since February, and in June, the average two- and five-year fixed rates rose again by 0.02 percentage points."

ACCORDING TO DATA from a new report, borrowers had 6,629 mortgage deals at the start of June, marking the largest number available since February 2008[1]. This is an increase of 1,662 compared to June 2023, when there were just 4,967 mortgage deals on offer. While the wider choice of mortgage products is a positive sign for borrowers, they will need to act promptly if they want to secure a deal as the average shelf-life of a product almost halved to 15 days, compared to 28 days the previous month.

Lenders spent the first few weeks of May repricing in reaction to a volatile swap rate market, but the latter end of the month was more subdued, around the time the then government announced there would be a general election. As lenders reviewed their ranges, which included repricing, launches, and withdrawals, the moves reduced the average shelf-life of a mortgage to 15 days, down from 28 days at the start of May.

STEADY INCREASE IN AVERAGE MORTGAGE RATES

Average mortgage rates have steadily increased since February, and in June, the average two- and five-year fixed rates rose again by 0.02 percentage points. The average two-year fixed rate stood at 5.93% at the start of June, while the average five-year fixed rate stood at 5.50%. However, even though borrowers may be disappointed to see rates continue to rise, this was the smallest monthly increase we've seen this year. Furthermore, average rates remain lower than they were in December 2023.

Those coming to the end of a two- or five-year fixed mortgage will probably find that current rates are higher than their existing deal. But, with the average Standard Variable Rate (SVR) standing at 8.18%, locking into a new deal, whether that's a fixed or variable rate option (such as a tracker mortgage), is still likely to be a cheaper option than reverting to your lender's SVR.

ENCOURAGING SIGNS FOR FIRST-TIME BUYERS

In an encouraging sign for first-time buyers, the number of products at 90% and 95% loan-to-value (LTV) increased year-on-year. At the start of June, there were 353 products at 95% LTV and 792 at 90% LTV, increases of 124 and 156, respectively, from June 2023. This is despite several providers withdrawing their higher LTV mortgage products at the end of May.

Average rates on deals at 90% and 95% LTV increased between the start of May and the start of June, with 95% LTV deals seeing a particularly noticeable rise. The average two-year fixed rate at 95% LTV rose from 6.14% to 6.20%, and the average five-year fixed rate rose from 5.64% to 5.73%.

STABILITY IN LOWER LTV DEALS

By contrast, the average two-year fixed rate on deals with a maximum LTV of 60% stayed the same between May and June, while the average five-year rate dropped. Some borrowers may be hoping that the Bank of England will cut the base rate in the coming months, causing mortgage rates to fall.

However, many factors affect the mortgage market, making it difficult to predict the direction of mortgage rates. As a result, it's a good idea to compare rates regularly and, when you're ready, make sure you obtain professional mortgage advice tailored to your situation. ◆

Source data:
[1] Moneyfacts UK Mortgage Trends Treasury Report 11/06/2024

Mortgage planning for Over-60s

Finding innovative ways to mitigate Inheritance Tax

IN AN EVOLVING financial landscape, older homeowners are finding innovative ways to mitigate their Inheritance Tax (IHT) obligations, highlighting a growing trend that circumvents the levy. One notable strategy involves individuals who have fully paid off their homes, securing mortgages against their property.

This approach allows them to gift the proceeds to their descendants. Provided the benefactor survives for seven years following the gift, the sum falls outside the taxable estate, rendering it tax-exempt.

MAKING A TAX-SAVVY GIFT

Should the benefactor pass away, the remaining mortgage balance is subtracted from the estate before tax calculations, effectively lowering the IHT liability. This method gains traction as more financial institutions are willing to extend credit to individuals over 60.

This shift in escalating property values and stagnant tax thresholds have made such financial manoeuvres increasingly appealing. Thus, by leveraging a mortgage, benefactors can significantly enhance the value of the legacy they intend for their heirs.

ACCESSING MORTGAGE OPTIONS

For those over 60 contemplating this approach, the term "unencumbered" becomes key; it signifies a property free of mortgages, ripe for use as collateral. Some present-day lenders' criteria allow individuals up to 85 years of age to secure a mortgage, offering those at 60 potentially up to a 25-year term.

Without the prerequisite of a deposit due to outright ownership, these mortgages function like traditional loans, albeit with the property as security.

NAVIGATING THE FINANCIAL LANDSCAPE

Lenders undertake thorough evaluations to ensure applicants possess the means for repayment, scrutinising pensions, investments, and savings. While the primary aim for raising funds through such mortgages often centres on gifting, lender policies vary, particularly concerning borrowers over 75.

For these applicants, independent legal advice may be required not for IHT discussion but to verify the borrower's capacity to make informed financial decisions.

EQUITY RELEASE ALTERNATIVES

Alternative equity release schemes present another avenue for homeowners seeking to gain access to money. These typically incur higher costs than conventional mortgages.

Here, interest accumulates until the homeowner's demise, which could potentially counteract any IHT benefits achieved through the initial approach.

INHERITANCE TAX CONSIDERATIONS

Understanding the nuances of IHT is crucial. Estates valued below £325,000—or those bequeathing assets above this threshold to spouses, registered civil partners, charities, or community amateur sports clubs—are exempt from IHT.

Passing on one's home to direct descendants may elevate the threshold to £500,000. However, professional planning becomes imperative for estates that may impact beneficiaries with an IHT. ◆

>> DO YOU WANT TO DISCUSS A PROACTIVE STEP TO ENSURE YOUR LEGACY IS PRESERVED? <<

If you require further information or guidance on navigating the intricate aspects of IHT planning, particularly through strategic mortgage arrangements, this proactive step can ensure your legacy is preserved and passed on according to your wishes, with minimal fiscal burden on your loved ones. To learn more, contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**

Mortgage payments outpace wage growth

How have first-time buyers been impacted since the 2019 election?

A RECENT STUDY reveals a significant increase in mortgage payments for first-time buyers, which have risen by 61% since the last election year of 2019[1]. Over the past five years, the average monthly mortgage payment for a typical first-time buyer home has surged from £667 to £1,075. This results from elevated mortgage rates, which have remained high over this period.

WAGE GROWTH LAGS BEHIND

Significantly, this rise in mortgage payments has outpaced wage growth, which saw an increase of only 27% over the same five-year span. The mortgage payment calculations assume that first-time buyers take out a five-year fixed mortgage, spread over 25 years, at an 80% Loan-To-Value (LTV) ratio. According to UK Finance data, an 80% LTV mortgage is standard practice for first-time buyers.

MORTGAGE RATE INCREASES

The average rate for five-year fixed, 80% LTV mortgages has climbed from 2.24% in 2019 to 5.09%. Meanwhile, the average first-time buyer home cost has risen to £227,757, reflecting a 19% increase since 2019. However, this average masks significant regional variations.

REGIONAL PRICE VARIATIONS

The North West experienced the most significant jump in first-time buyer prices at a regional level, with a 33% increase since 2019. Conversely, London recorded the smallest rise, with prices growing by just 6% over five years. This trend is evident in local data, where 16 out of the top 20 areas with the highest increases in first-time buyer prices are located in the North West and Wales.

TOP OF THE PRICE RISES

Bolsover in the West Midlands tops the list, with a staggering 55% increase in average asking prices. The study underscores the impact of rising mortgage rates on first-time buyer affordability. Many commentators suggest that a Bank of England rate cut could offer immediate relief to those trying to get onto the property ladder, as it likely leads to lower mortgage rates.

COPING STRATEGIES FOR BUYERS

With rates surging over the past five years, the typical first-time buyer's monthly mortgage payments have outstripped wage growth. As a result, some first-time buyers are extending their mortgage terms to 30 or 35 years to reduce their monthly payments. Others are looking at cheaper homes to minimise borrowing.

POTENTIAL BENEFITS OF RATE CUTS

If mortgage rates were to decrease, it would provide substantial short-term relief for first-time buyers, more so than any housing promises made during elections. These potential reductions could make homeownership more accessible for many aspiring buyers. ◆

>> TIME TO DISCUSS YOUR OPTIONS WITH A PROFESSIONAL MORTGAGE ADVISER? <<

If you require additional information or guidance on navigating the complexities of first-time buyer mortgages, please do not hesitate to contact us. We'll explain your options to help you make informed decisions and secure a more manageable path to homeownership. Speak to

Winnersh Triangle – **0118 334 3500**
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Source data:

[1] https://www.rightmove.co.uk/press-centre/average-first-time-buyer-mortgage-payment-up-61-since-last-election/

REASONS TO CONSIDER REMORTGAGING

Carefully consider all your options before making a change

WHEN YOU REMORTGAGE, you switch from one mortgage to another on your own home. This might be a new deal with your existing lender, or you could move to a new mortgage with a different lender.

Remortgaging is an important financial decision and can be as significant as obtaining your first mortgage. Your mortgage is your biggest financial commitment, so it's crucial to carefully consider all your options before making a change.

There are various reasons why you might contemplate remortgaging:

Your current mortgage term is ending: You'll be moved onto your lender's standard variable rate (SVR), which you want to avoid at all costs since the interest rate is almost always much higher.

Increasing your borrowing: You might want to free up funds for a significant expense, move home, or need additional money to fund a home improvement project. Other reasons might include paying for measures to improve your home's energy efficiency, covering school fees, investing in a buy-to-let property, or consolidating debts.

Reducing monthly repayments and overpaying: You can reduce your monthly repayments to secure a cheaper deal and make your mortgage more affordable each month. You don't have to borrow more to switch to an alternative deal with more favourable rates. Although there may be fees involved in exiting your current deal, it could still be financially advantageous.

Overpaying your mortgage: Your circumstances may have changed, and you may want to move to a mortgage provider that allows you to overpay your mortgage by more than your current one permits.

Responding to rate changes and property value increases: Changes in the Bank of England base rate can prompt you to shop around for a more competitive rate if you're on a variable-rate mortgage. Moreover, if your property has increased in value, a lower loan-to-value (LTV) ratio might enable you to qualify for a reduced mortgage rate.

Fixing your payments: If you anticipate changes in your circumstances or foresee rate increases, you might remortgage to a fixed-rate deal to provide certainty of your monthly mortgage outgoings.

ENSURE YOU ARE ON THE BEST DEAL AND NOT OVERPAYING

Selling a property with a mortgage presents choices such as porting your mortgage or repaying it and switching to a new deal. We can help you determine the best option for you. It can be prudent to look at remortgaging every few years to ensure you are on the best deal and not overpaying.

Set a reminder for three to six months before your fixed deal ends. This will give you sufficient time to discuss your options with us and complete your remortgage application in time to switch to a more competitive deal. If you've paid off a substantial amount of your mortgage over the past few years and gained equity in your home, switching to a different mortgage could reduce the interest you pay every month because you can take advantage of alternative deals.

OTHER CONSIDERATIONS

You may incur penalties if you switch before your current mortgage deal expires. However, we can calculate whether it may still be cheaper for you to pay the penalties and switch.

It typically takes between 18-40 days from application to offer to remortgage. However, there are no hard and fast rules regarding the time it takes. ◆

>> READY FOR A DISCUSSION ABOUT YOUR REMORTGAGE REQUIREMENTS? <<

Please get in touch with us if you require further information or would like to discuss your remortgage options in detail. We are here to help you through the process and secure the right deal for your circumstances. Contact

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How much can you afford to borrow for a mortgage?

Factors and costs that need careful consideration

"Determining your borrowing capacity involves several factors and costs that need careful consideration."

WHEN BUYING A home, the first step is understanding how much you can afford to borrow for a mortgage. Most people aim to purchase as much house as they can reasonably afford without overstretching their finances or having too little money left to cover monthly bills.

Determining your borrowing capacity involves several factors and costs that need careful consideration. This includes your income, job security, and prospects for pay rises. Additionally, prospective homeowners should account for moving costs and potential renovation expenses.

ASSESSING MONTHLY LIVING COSTS AND MARKET EXPECTATIONS

Evaluating how much money you need each month for living costs is essential. Consider what your expectations are in terms of house prices and mortgage rates. Reflect on the property size you desire and whether you are comfortable being "house poor"—owning a larger house with less disposable income—or prefer a more modest home with more cash available.

You should also consider your safety net, including savings or family support, and your risk appetite—how much debt you are willing to take on. Understanding these points will help you calculate the additional costs you'll incur when you move, how much money you need to maintain your desired lifestyle, and how comfortably you can stretch yourself financially.

WHAT SIZE MORTGAGE CAN I OBTAIN?

Lenders typically allow borrowers to access funds up to between 4.5 and 5.5 times their annual salary. However, lenders must also conduct an affordability assessment, considering your outgoings and income. This includes evaluating your ability to manage the monthly payments and other financial commitments.

CONSIDERATIONS FOR INCOME AND OUTGOINGS

Your income is a crucial factor in this assessment. Lenders will consider your basic income, any additional income such as overtime, bonus payments, a second job, income from pensions or investments, and child maintenance or financial support from ex-partners. Payslips and bank statements are usually required to provide evidence of income. Two or three years' worth of tax returns and business accounts are often necessary for self-employed individuals.

Your outgoings are equally important. Lenders will examine your monthly household spending, including council tax, utility bills, loan repayments, credit card payments, car payments, childcare costs, school fees, and insurance premiums. Everyday expenses such as food, holidays, and leisure activities will also be considered.

REVIEWING CREDIT SCORE AND FINANCIAL RESILIENCE

Lenders will check your credit score to assess your financial reliability. They will also evaluate whether you can keep up with repayments if circumstances change, such as an increase in interest rates or a change in your income.

Understanding how lenders assess your financial situation can provide better insight into what you can realistically afford when considering a mortgage. Deciding how much you can afford to borrow for a mortgage is a complex but essential step in home-buying. By carefully evaluating your income, outgoings, and overall financial situation, you can make a more informed decision that aligns with your long-term goals and financial stability. ◆

>> ARE YOU READY TO DISCUSS YOUR MORTGAGE OPTIONS WITH US? <<

For further information or personalised advice, please get in touch with our team of mortgage experts, who can help guide you through the process.

Contact

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The future of housing and mortgages under a Labour government

First-time buyers, the broader housing market and setting a distinct course from the previous policies

"Mr Starmer says Labour aims to address the pressing needs of first-time buyers and the broader housing market, setting a distinct course from the previous Conservative government's policies."

AS THE UK enters a new era following a Labour government victory during the July 4 general election, what do we know about Labour's approach to the future of housing and mortgages under a government led by Prime Minister Starmer?

House prices have been on a seemingly never-ending treadmill, perpetually rising higher. Amidst these growing concerns over affordability and access to housing, Mr Starmer says Labour aims to address the pressing needs of first-time buyers and the broader housing market, setting a distinct course from the previous Conservative government's policies.

With housing affordability at the forefront of the nation's minds, many are asking what Labour will do about housing now that they are in power.

LABOUR GOVERNMENT PLANS FOR HOUSING

Labour's plans encompass three significant areas: making rent prices more affordable, granting first-time buyers an exclusive six-month opportunity to buy new-build properties, and restricting developers from selling more than 50% of properties to overseas buyers.

This three-pronged approach ensures that high rent costs do not excessively burden first-time buyers, allowing them to save for a deposit to purchase a home. By providing a dedicated time window, Labour aims to enable first-time buyers to purchase new builds without facing competition from potentially wealthier domestic or international buyers.

ADDRESSING HOUSING AFFORDABILITY

Labour's policy of restricting sales to foreign buyers aims to prevent overseas investors from dominating the housing market. This can drive up property prices and make it more challenging for local buyers to secure homes. This measure seeks to prioritise UK residents in the housing market.

Additionally, Labour has articulated its commitment to making housing more environmentally friendly. The new government intends to tackle climate-related issues in the housing sector over the coming decade.

LABOUR'S ECO HOMES INITIATIVE

Labour's housing agenda extends beyond first-time buyers to include plans for eco-friendly homes. They intend to allocate £6 billion over ten years to retrofit homes to achieve a minimum standard of EPC band C. This initiative will involve offering grants to low-income households and providing other households with the option of low-interest loans.

Based on pre-price cap increase estimates, Labour says these retrofitting measures are projected to save households at least £400 per year on energy bills. By improving energy efficiency, they aim to reduce the environmental impact of housing while also alleviating some financial pressures on homeowners.

A HOUSING MARKET ACCESSIBLE AND EQUITABLE FOR ALL

As the Labour government embarks on its housing and mortgage policies, affordability and sustainability are central to its agenda. By focusing on first-time buyers, controlling overseas property purchases, and promoting eco-friendly homes, Prime Minister Starmer says he aims to establish a housing market that is both accessible and equitable for all. ◆

Age is just a number, but it plays a role in mortgages

Aged 50 and over and struggling to get your desired mortgage loan?

AGE IS JUST a number, or so the saying goes, but it does matter if you're applying for a mortgage. If you're aged 50 and over and want a mortgage or remortgage into retirement, you may struggle to get the loan you desire.

Getting a mortgage at any age may not be possible because lenders often impose upper-age limits on each mortgage. It's not unusual to see an upper age limit for new mortgages of 65 to 70 or age limits for repaying a mortgage between the ages of 70 and 85.

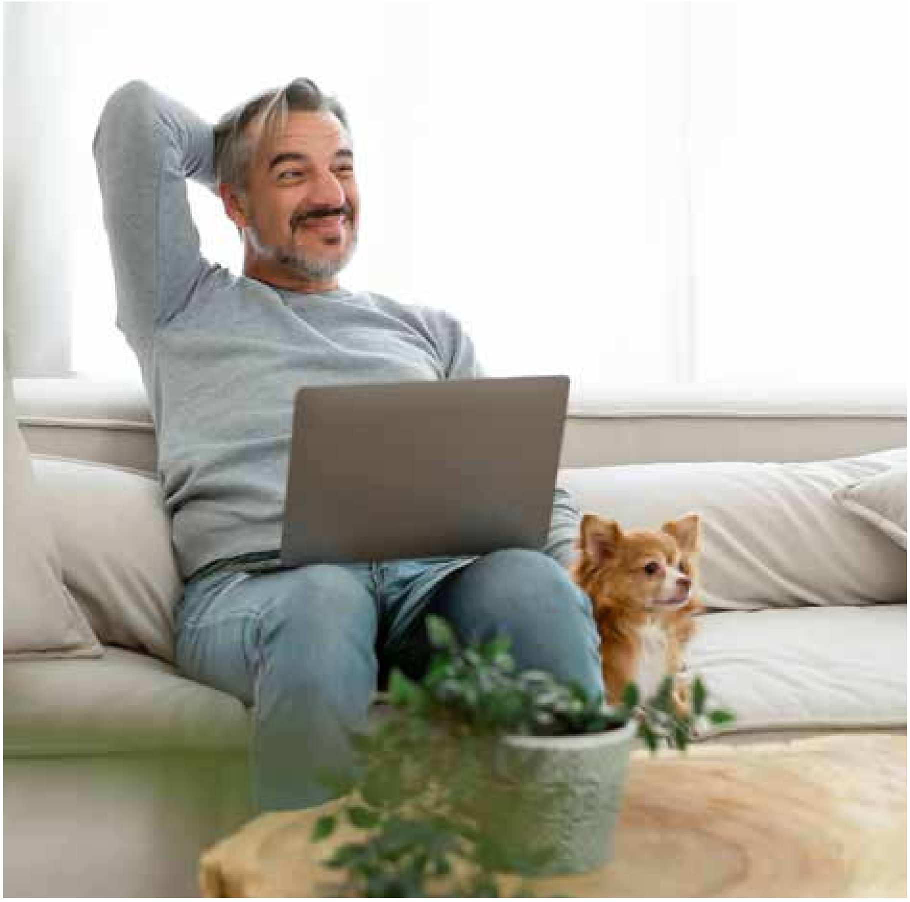
CHALLENGES WITH AGE LIMITS

Banks and building societies are likely reluctant to approve loans extending beyond retirement age. This is primarily because that's when your income is likely to drop. Even though many borrowers will continue to earn beyond retirement age and be able to support a mortgage, either through working longer or using income from savings and investments, challenges remain.

If you're aged 50 and planning to retire at 60, you may struggle to get a mortgage. And if you do secure a mortgage, you may have to repay it before your 70th birthday. This means a term of 20 years instead of the typical 25. A shorter term results in more expensive monthly repayments at a time when your income may fall as you enter retirement.

OPTIONS FOR OLDER BORROWERS

Generally speaking, smaller banks and building societies are more likely to be amenable to older borrowers as they will



“If you’re aged 50 and planning to retire at 60, you may struggle to get a mortgage. And if you do secure a mortgage, you may have to repay it before your 70th birthday.”

often lend beyond the age of 75 on a case-by-case basis. Another option is a retirement interest-only mortgage. This type of home loan is aimed at older borrowers who may need help to get a mainstream mortgage due to age limits.

One of the best ways to increase your chances of getting a mortgage in your 50s is to have a clear plan for repaying the loan. Knowing your budget and monthly outgoings will help you understand how much you can afford to borrow.

PREPARING FOR YOUR MORTGAGE APPLICATION

You should also check your credit report and look at improving your credit score before a mortgage application, as this will also increase your chances of approval. For mortgages for over-50s, you will need to prove you have adequate income to cover the repayments post-retirement, just as you would if you were working full-time.

Expect to show your bank statements and a statement confirming your pension payments or evidence that you are receiving a pension. Your lender will also examine your regular expenditure to assess an affordable borrowing amount.

PROVING FUTURE INCOME

As you near retirement, you will need to provide a statement forecasting your income. When you are more than 10 years away from retirement, lenders may only want to see whether you contribute to a pension scheme.

If you’ve had different jobs over the years, check your records to ensure you have details of all the various pension schemes you may have contributed to. Proper documentation and proof of contributions can significantly impact your application’s success. ◆

>> ARE YOU LOOKING TO OBTAIN A MORTGAGE LATER IN LIFE? <<

While obtaining a mortgage after age 50 presents unique challenges, it is not impossible. By understanding the specific requirements and preparing thoroughly, you can improve your chances of securing the loan you need. For further information or assistance, we’re here to help you with the complexities of obtaining a mortgage later in life. Contact

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Navigating the mortgage application process

Exploring how to cope with the process effectively for your unique circumstances

KNOWING WHERE TO start if you've never applied for a mortgage can be challenging. Navigating the myriad of options, jargon, and financial commitments can feel overwhelming. However, understanding the essential steps can significantly ease the stress and smooth the journey.

This article explores how to cope with the mortgage application process effectively. From learning how to budget, checking your credit history, and saving for a deposit, these tips will stand you in good stead in choosing the right mortgage deal. Whether you're a first-time homebuyer or looking to refinance, we'll guide you to make informed decisions every step of the way.

By following these practical tips and understanding what to expect, you'll be well-equipped to embark on your mortgage journey with confidence.

BUDGETING

Start your mortgage journey by establishing a budget. Understanding how much you can afford to spend on your monthly mortgage is crucial.

Review your bank statements and assess your income and expenses accurately, including any current financial commitments. Use an income-based calculator to estimate the mortgage size that suits your income and financial goals.

"Start your mortgage journey by establishing a budget. Understanding how much you can afford to spend on your monthly mortgage is crucial."

ASSESSING YOUR CREDIT HISTORY

Lenders assess your credit history to evaluate your financial responsibility. They'll obtain a copy of your credit report from reputable credit reference agencies like Experian or Equifax.

Review your credit history before applying for a mortgage to identify any potential issues affecting your chances of acceptance. For instance, close any unused credit card accounts that may negatively impact your credit score. Simple steps like registering on the electoral roll can also enhance your rating.

EVALUATING YOUR DEPOSIT SIZE

Your deposit size significantly influences the mortgages you can apply for. You'll typically need a minimum deposit of 5% of the property value to qualify for a mortgage. Remember that additional costs like stamp duty and conveyancing fees should be considered when planning how much money you need to save.

Saving a larger deposit widens your mortgage options and grants access to better interest rates, so prioritise saving up as much as possible.

OBTAINING A MORTGAGE IN PRINCIPLE

Before submitting a full mortgage application, getting a Mortgage in Principle (MIP) from a lender is a good idea. This gives you an idea of the mortgage amount they may be willing to offer you.

To get an MIP, you'll need to supply basic information such as income and desired loan amount, and the lender will conduct a credit search through a credit reference agency. Remember, an MIP does not guarantee mortgage approval but strengthens your credibility as a serious buyer.

CHOOSING THE RIGHT MORTGAGE

When choosing the right mortgage for you, consider the type of mortgage deal that suits your requirements. Fixed-rate mortgages offer stability with consistent monthly payments, whilst flexible deals enable substantial overpayments.

We can guide you through the available options based on your unique circumstances and support you throughout the application process, ensuring a smooth experience from start to finish.

PREPARING YOUR PAPERWORK AHEAD OF TIME

To speed up your mortgage application, prepare all necessary paperwork in advance.

Lenders typically require proof of income and outgoings, including childcare costs and utility bills. Gather recent payslips or annual accounts if you're self-employed and bank statements reflecting your monthly expenses. Remember also to prepare photo identification, such as your passport or driving licence, and recent utility or council tax bills to verify your address. ◆

>> LOOKING FOR EXPERT GUIDANCE TO IMPROVE YOUR MORTGAGE APPLICATION CHANCES? <<

Please get in touch with us for further information or assistance with finding the right mortgage. Our experts are here to help you every step of the way. Speak to

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Increasing popularity of equity release among older homeowners

Redistributing wealth to younger generations and paying for care

“The most common form of equity release is borrowing money secured against your home. This loan is repaid from the sale of your home when you die or move permanently into residential care.”

MANY OLDER HOMEOWNERS are looking to unlock the equity in their properties to address a range of financial needs as they age. Research shows that more than three in five (61%) UK homeowners, which equates to approximately 18.7 million individuals, are contemplating some form of equity release[1].

By leveraging the value of their homes, these homeowners aim to bolster their spending during retirement. This shift marks a notable increase from the 57% of people who shared this sentiment in 2021, indicating a rising awareness and acceptance of equity release as a viable financial strategy for retirement planning.

WHAT IS EQUITY RELEASE?

Equity release is designed for homeowners aged 55 and over. There are two main types:

Lifetime mortgage: The most common form of equity release is borrowing money secured against your home. This loan is repaid from the sale of your home when you die or move permanently into residential care.

Home reversion plan: You sell all or part of your property while continuing to live there until you die or move into long-term residential care.

Some homeowners opt for drawdown lifetime mortgages, allowing them to make several smaller withdrawals rather than one lump sum. This flexibility enables them to reserve funds for future needs and benefit from potential future rate cuts, as each withdrawal is charged at the prevailing rate at the time.

EVOLUTION OF RETIREMENT BORROWING ATTITUDES

The research also highlights a shifting attitude towards borrowing into retirement. Increasingly, homeowners believe it is becoming more common (39%) and acceptable (39%) to have a mortgage in later life, up from 34% in 2021. Only 26% of homeowners completely rule out the idea of accessing money from their homes when they are older.

Almost half (46%) of homeowners aged 55 and over now view property wealth as a means of satisfying later life needs. Furthermore, three in four (75%) individuals below the age of 55 are open to drawing on their property wealth in later life.

KEY MOTIVATIONS FOR EQUITY RELEASE

The primary motivations for considering equity release include meeting care-related costs (17%), boosting pension income (16%), and funding travel plans (15%). Supporting the financial well-being of younger family members also remains a significant priority.

One in seven (14%) older homeowners are interested in ‘giving while living’ by gifting money from their property wealth to help family members with a deposit for their first home. Moreover, another 13% want to gift money to younger relatives to support other financial goals.

INCREASING DEMAND FOR LATER-LIFE BORROWING

In the past, people expected their mortgages to run only for the specified term. However, changing attitudes and an increased acceptance of borrowing into retirement have driven ongoing demand for these financial products.

Coupled with a decline in pension provisions, savings, and longer life expectancy, there is a rising need to borrow in later life. People want to redistribute their wealth to younger generations, pay for care, replace their mortgages, or fund various lifestyle goals. ◆

>> NEED TO BORROW IN LATER LIFE AND WANT TO LOOK AT YOUR OPTIONS? <<

If you need further information or assistance with equity release options, please contact us. Our experts are here to guide you every step of the way. Contact

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Source data:

[1] Research by the Equity Release Council - 28/05/2024

Mortgage terms increasingly extending into retirement

Elevated house prices, high borrowing costs, and stringent affordability criteria are key drivers

ACCORDING TO RECENT data, mortgage terms are getting longer, with many buyers potentially still paying off their loans well into their retirement years[1]. Elevated house prices, high borrowing costs, and stringent affordability criteria drive more people to opt for 30 years or more home loans. However, this choice has the downside of incurring higher interest payments over time. Borrowers may have to dip into their pension savings to continue mortgage payments or clear the loan, leaving them with diminished financial resources during retirement.

Figures from the Bank of England reveal that over the past three years, more than one million new mortgages have been issued with end dates extending beyond the current state pension age of 66 for both men and women. This trend is accelerating, as the data shows that in the fourth quarter of 2023 alone, 91,394 new mortgages—or 42% of the total—had terms that stretched beyond the borrower's state pension age.

RISING TREND AMONG YOUNGER BORROWERS

The trend highlights a significant rise from 38% in the same period in 2022 and 31% in the fourth quarter of 2021. The challenging task of entering the housing market is compelling large numbers of young homebuyers to commit to longer mortgage terms. Under substantial affordability pressures, younger borrowers, in particular, are increasingly securing mortgages that extend past their pension age. Between 2021 and 2023, the number of people under 30 who took out such mortgages surged by 139%.

In comparison, the number of people aged 30 to 39 taking out long-term mortgages increased by a more moderate 29%. In contrast, all other age groups saw a decrease in issuing these extended-term mortgages over the same period.

LENDERS' RESPONSIBLE PRACTICES

Lenders adhere to the Financial Conduct Authority's responsible lending rules when assessing new mortgage applications. They meticulously evaluate whether the borrower can afford their mortgage in the future, including whether the requested term extends beyond the borrower's anticipated retirement age. In such cases, it is common practice for lenders to request proof of pension income.

For those nearing retirement—typically within a decade—lenders often require assurance that the borrower can manage mortgage repayments based on their projected retirement income. This added scrutiny ensures borrowers do not face undue financial strain during retirement. ◆

Source data:

[1] Freedom of Information (FOI) - Bank of England - data request compiled - 20/05/2024

Promising outlook for homebuyers

Mortgage rates experiencing a notable decline

ACCORDING TO RIGHTMOVE data, the average five-year fixed mortgage rate has fallen below 5% for the first time in two months. As of 3 July, it stood at 4.99%, down from an average of 5.02%. This represents a significant drop compared to last year, when the rate averaged 5.69% in 2023.

The average two-year fixed rate decreased from 5.42% to 5.37%, which is also lower than the 6.17% recorded last year. This downward trend in mortgage rates is a welcome relief for many prospective homeowners.

POSITIVE IMPACT ON FIRST-TIME BUYERS

The data also highlighted a beneficial impact for first-time buyers. A first-time buyer's average monthly mortgage payment has reduced annually from £1,203 to £1,131. This calculation is based on a mortgage at 85% loan-to-value (LTV) against a typical first-time buyer home worth £227,757 over 25 years.

As of 3 July, the average two-year fixed mortgage rate for a deal at 60% loan to value (LTV) was 4.82%, consistent with the previous week. However, this tier's average five-year fixed rate decreased slightly from 4.42% to 4.39%.

TRENDS IN MID-RANGE LTV MORTGAGES

For those with a 75% LTV mortgage, the average two-year fixed rate dropped marginally from 5.25% to 5.22% over the week. Similarly, the average five-year fixed rate reduced from 4.88% to 4.86%. These rates have gradually declined from 6.03% to 5.56% respectively.

At the 85% LTV level, the average two-year fixed mortgage rate was 5.38%, while the average five-year fixed rate was 4.99%. Both figures are lower than their previous counterparts of 5.42% and 5.01%, which decrease from last year's rates of 6.17% and 5.68%.

HIGH LTV MORTGAGES SHOW IMPROVEMENT

In the 90% LTV bracket, the average two-year fixed rate was 5.65%, down from 5.68% last week. This rate is also lower than the previous year's average of 6.28%. Meanwhile, the average five-year fixed rate was 5.16% as of 3 July, slightly down from 5.19% the previous week and from 5.82% the year before.

At the highest LTV bracket of 95%, the average two-year fixed rate was 6.11%, while the average five-year fixed rate was 5.67%. Both rates are lower than their respective values of 6.12% and 5.74% and are down from the previous year's rates of 6.75% and 6.08%.

MAKING AN INFORMED DECISION

The overall decline in mortgage rates across various LTV brackets offers a promising outlook for potential homebuyers. Whether you are a first-time buyer or looking to remortgage, understanding these trends can help you make an informed decision. ◆

>> TIME TO LOOK AT WHAT YOUR MORTGAGE OPTIONS ARE? <<
Please contact us for further information or advice on finding the right mortgage solution for your needs. Our experts are here to assist you in navigating the current market conditions. Please contact

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HOW CAN I GET A MORTGAGE IF I'M SELF-EMPLOYED?

Mortgages shouldn't be complicated just because you're self-employed

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To find out what you could borrow and what your payments may be, contact us today.

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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

NEARING THE END OF A CURRENT MORTGAGE DEAL

Should you secure a fixed rate now or wait in the hope of a more competitive deal?

HOMEOWNERS NEARING THE end of their current mortgage deals may question whether to secure a fixed rate now or wait in the hope of more competitive deals soon. Although interest rates remain relatively high, this dilemma affects thousands of homeowners deciding between locking in now or hoping for a potential rate decrease.

The primary appeal of fixed-rate mortgages over variable-rate deals is the assurance that monthly mortgage payments will remain consistent. Currently, the most attractive fixed rates are lower than variable mortgage rates. Therefore, locking in a fixed rate could result in lower monthly costs if you seek the stability of unchanging payments regardless of interest rate fluctuations.

LONG-TERM FIXED RATES

For those contemplating a long-term fixed rate, it's important to understand that while longer fixes are more competitive now, a potential cut in the Bank of England's base rate might lead to more affordable fixed rates later. Being tied to a deal could mean facing substantial early repayment charges if you wish to switch.

Additionally, most long-term fixed-rate mortgages are portable, allowing you to take them with you when moving home. However, reapplying for the mortgage is necessary, and with lenders tightening affordability checks due to rising living costs, there is a risk you might not qualify to transfer your mortgage to a

new property, especially if your financial circumstances have changed.

AFFORDABILITY AND BORROWING CONSIDERATIONS

If you are planning a move and require additional borrowing, this will typically be arranged at a different rate from your existing mortgage. Consequently, you might have two separate mortgages on the same property.

Should you currently be on your lender's standard variable rate or revert rate, transitioning to a discounted or tracker rate mortgage may offer savings if you prefer to wait and observe fixed rate trends. However, if previously locked into a low fixed-rate deal, expect a significant rise in monthly payments despite finding a competitive variable-rate deal.

EVALUATING TRACKER RATES AND FUTURE TRENDS

Opting for a tracker rate could lower your monthly payments should the base rate be reduced. However, predicting future interest rates is challenging, and deciding whether to fix your mortgage now or wait hinges on your outlook on rate movements in the coming months and your need for budget certainty provided by a fixed rate.

MANAGING FUTURE MORTGAGE PAYMENTS

Many people are worried about how they will manage steeper mortgage payments when their current mortgage deal ends, so it's worth thinking about how you'll cope and whether there are any steps you can take now to minimise the impact.

If you're lucky enough to have savings available, you may want to consider making mortgage overpayments to reduce the amount you owe more quickly. Most lenders will allow you to repay up to 10% of your mortgage balance each year without penalty, but always check the terms of your particular deal before you start overpaying.

UNDERSTANDING OVERPAYMENT PENALTIES

If you decide to pay down or pay off a mortgage, you must consider any penalties. Early repayment charges (ERCs) often apply during any fixed or discounted period and are usually calculated as a percentage of the amount you repay. Frequently, these are tiered and fall away over time.

Depending on the circumstances, it can be worth paying an ERC as the interest saving could be more than the fee incurred. However, this requires careful consideration and consultation with an expert mortgage adviser to ensure it is the right move for your situation.

ALTERNATIVES FOR THOSE WITHOUT SAVINGS

If you don't have savings available to reduce your mortgage and know you won't be able to afford higher mortgage costs when your current deal ends, it is crucial to talk to your lender as soon as possible. They may be able to offer solutions or guidance tailored to your circumstances.

Start thinking about ways you can reduce your monthly payments. For instance, if you are a homeowner over age 55, seeking advice on retirement interest-only mortgages could be worthwhile. These enable you only to pay the interest on your mortgage amount indefinitely, thus alleviating the worry of repaying the capital loan, which is only repaid upon death or relocation.

SEEKING PROFESSIONAL GUIDANCE

It is always advisable to seek professional mortgage advice when making significant financial decisions. We can provide insights and strategies tailored to your unique financial situation, offering solutions you may not have considered.

Managing increased mortgage payments requires careful planning and consideration of all available options. Whether it involves overpayments, understanding ERCs, or exploring alternative mortgage products, the key is to act proactively and seek the necessary advice to make informed decisions. ◆

>> READY TO FIND A SOLUTION THAT BEST SUITS YOUR NEEDS? <<

If you require further information or assistance, please do not hesitate to contact us. Our team of experts is here to help you navigate your mortgage options and find solutions that best suit your needs. Contact

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HOW TO SELL YOUR HOME

The pivotal point in continuing your property-selling adventure

THE SALE OF a home is invariably a period filled with stress and significant emotional investment, often mirroring the complexities encountered when purchasing your first property. This experience can become even more intricate for those simultaneously selling their current home while buying a new one.

Following the acceptance of an offer on your property, a wave of excitement is natural, marking an important milestone in the selling process. However, it is essential to understand that this is not the conclusion but a pivotal point in continuing your property-selling adventure.

LEGAL AND FINANCIAL PRELIMINARIES

If you haven't already, appointing a solicitor to convey your home is critical. Doing this without delay ensures that the transaction advances smoothly. A deposit or a portion of the conveyancing fees is generally required at the outset.

OBTAINING YOUR MORTGAGE OFFER

Next, translating an Agreement in Principle from your mortgage lender into an Offer in Principle is necessary. This step formalises the loan amount you will be granted.

"If you haven't already, appointing a solicitor to convey your home is critical."

VALUATION AND DOCUMENTATION

Your mortgage lender will arrange for a professional property valuation, a prerequisite for finalising your mortgage application. This assessment may cost between £150 and £1,500, typically absorbed into the overarching mortgage fees.

FINAL STAGES BEFORE COMPLETION

It is not uncommon for a mortgage lender to request further documentation when finalising the loan agreement. This could include asking for additional identification or proof of income.

CONCLUDING THE TRANSACTION

Upon receiving a formal mortgage offer, your solicitor will coordinate the signing of contracts, leading to the exchange with the seller's legal representative.

COMPLETING THE SALE

The final steps involve transferring funds, including your deposit and the borrowed mortgage amount, to complete the purchase. Following this, the long-awaited moment of moving into your new home arrives, signalling a time for more celebration. ◆

>> ARE YOU READY TO DISCUSS YOUR MORTGAGE REQUIREMENTS? <<

If you require further assistance or information on the complexities of selling your property or your mortgage requirements, do not hesitate to contact our team. We are here to support you every step of your property-selling journey. For more information, contact

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MOVING HOME

Why segmenting the process into manageable activities is key

IT'S WIDELY ACKNOWLEDGED that relocating is among our most daunting experiences. However, with meticulous organisation in the weeks and months leading up to the relocation, it's possible to segment the process into manageable activities, thereby mitigating overwhelming feelings.

Ensuring all preparations are addressed well before your moving day is critical. Maintain organisation and keep on top of your tasks with our guide to moving home.

ARRANGING TRANSPORTATION OR REMOVAL SERVICES

Whether transporting belongings personally, with assistance from family and friends, or through a professional removal service, it is crucial to plan these arrangements far in advance. This ensures availability on the desired date and potentially more favourable transportation rates. Additionally, acquiring packing materials should be a priority. For an environmentally friendly approach, consider requesting surplus boxes from local retailers.

SECURING EDUCATIONAL AND CHILDCARE ARRANGEMENTS

Registration at local educational institutions must typically be completed at least six weeks prior. While nurseries and other childcare services may offer more leeway, the more sought-after options often have lengthy waiting lists.

ARRANGE INSURANCE COVER

Though building insurance is likely already arranged via your mortgage provider, arranging contents insurance at this stage is advisable. Given the risk of loss or damage during the move, selecting a policy encompassing this cover is wise.

NOTIFYING UTILITY PROVIDERS

Transitioning your gas and electricity services to your new address may be achievable with your current providers. Alternatively, initiating a new account upon relocation might be necessary. In either scenario, providing final meter readings from your previous residence is essential to conclude service billing accurately. This period also presents an opportunity to explore new energy contracts for your forthcoming residence.

COORDINATING WITH YOUR WATER SUPPLIER

You'll need to contact your regional water company when preparing for a move. The necessity to remain with the same supplier will depend on the distance of your move. Should you not be transitioning between providers, a simple notification of your change of address is required, in conjunction with the assurance that your account is settled. Conversely, if your relocation involves a switch in providers, you'll need to communicate with current and future companies.

TRANSITIONING HOME SERVICES

The logistics of relocating extend to your digital and entertainment amenities as well. To ensure a seamless transition of your TV, phone, and broadband contracts, it is advisable to initiate contact with your service provider well ahead of your move. This facilitates the availability of services upon your arrival. If your existing provider does not cater to your new locality, termination of the contract and pursuing alternative arrangements will be required.

SETTLING COUNCIL TAX AFFAIRS

Addressing your council tax obligations is another step in the moving process. You'll need to inform your local council of your impending move, thereby enabling the closure or transfer of your council tax account. Depending on the circumstances, this action may result in either the issuance of a final bill or a refund if prepayments exceed the amount due.

FURNISHING YOUR NEW HOME

The anticipation of settling into a new home often comes with the need for new furnishings. Early planning and ordering will ensure your new residence feels like home from the moment you arrive, whether it's sofas, beds, or window dressings.

MAIL MANAGEMENT STRATEGIES

A pivotal aspect of relocating involves updating your contact details across various institutions. Banks, financial entities, and employers must be notified of your new address to maintain uninterrupted communication.

Additionally, consider monitoring your mail before your move for any overlooked correspondences. Utilising the Royal Mail redirection service can also safeguard against missing post during this transitional phase.

PARKING ARRANGEMENTS AND ESSENTIALS PACKING

If you need to secure a parking permit for your new residence, it can typically take several weeks to acquire, so apply for this well before your moving date. Equally important is preparing an essentials box. This box should include items necessary for immediate use upon arrival, mirroring the contents one might pack for an overnight stay. Such foresight not only ensures comfort but also allows for a celebratory toast to mark the conclusion of your moving day. ◆

>> DO YOU WANT TO DISCUSS FINDING THE RIGHT MORTGAGE? <<

Relocating presents a multifaceted challenge that requires meticulous planning and coordination. Taking proactive steps can significantly alleviate the stress associated with moving. If you require further information or guidance or want to discuss your mortgage options, please contact

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PRESENTATION MATTERS

Several strategies can enhance the appeal of properties under pressure to sell quickly

IN THE COMPETITIVE realm of property sales, presentation is paramount. A well-prepared home is foundational, encompassing internal and external repairs, decluttering, new paintwork, and selecting a proficient estate agent. Equally important is the collation of necessary legal documents.

Several strategies can enhance the appeal of properties under pressure to sell quickly—be it due to a professional relocation, financial constraints, or personal circumstances—reduce the time on the market and secure favourable offers.

ENHANCING MARKET COMPETITIVENESS

Amidst a surging housing market in the UK, standing out in a crowded field becomes crucial. Preparing your property for sale involves more than just aesthetic improvements; it requires strategic forethought and readiness to proceed with your subsequent purchase.

Being 'sale-ready' involves early discussions with your mortgage adviser, appointing a solicitor, and organising all documentation. Such preparedness streamlines your buying process and can expedite the sale of your current home.

PREPARATION IS KEY

Anticipating the need for information will facilitate a smoother transaction. Ensuring access to essential documents such as window and door certificates, boiler warranties, building regulations approvals, and your Energy Performance Certificate (EPC) can significantly expedite the selling process. Possessing a valid EPC is mandatory to list your property. Verify whether your estate agent can provide this service, as it forms a critical part of your marketing package.

INITIAL IMPRESSIONS

The initial view of your property significantly influences potential buyers' decisions. Enhancing your home's exterior, or 'kerb appeal,' ensures a captivating first impression. Simple enhancements, such as tidying the front garden or refreshing the front door with paint, make a substantial difference as prospective buyers approach, setting a positive tone for their visit.

CREATING A BLANK CANVAS

It is important to enable buyers to imagine themselves living in your space. An overly personalised and cluttered house can hinder this vision. By decluttering and temporarily removing personal items, you create a neutral space that invites buyers

“It is important to enable buyers to imagine themselves living in your space. An overly personalised and cluttered house can hinder this vision.”

to imagine personalising it themselves, thereby increasing its appeal.

ADDRESSING DIY TASKS

Neglecting minor imperfections in your home might deter potential buyers. Viewing your property through a new lens will help identify and rectify these issues. It is important to maintain areas that contribute value, such as kitchens and bathrooms, in pristine condition. Investing in simple upgrades, whether it’s applying fresh paint, updating kitchen appliances, or repairing minor defects, enhances the overall appeal of your property before it goes on the market.

ELEVATE YOUR GARDEN’S CHARM

The allure of a garden is frequently underestimated in the property market despite being a pivotal aspect for buyers searching for a new home. Although the upkeep of gardens is often viewed as burdensome, it plays a crucial role in attracting prospective buyers. Capitalising on its existing features is essential to harness your outdoor space’s full potential. Whether it’s a cosy courtyard that could benefit from the vibrant splash of flowerpots or a larger garden needing a trim and tidy-up, enhancing your garden can significantly boost your property’s appeal.

MANAGING PET PRESENCE

Consider making arrangements for pets during house viewings. A pet’s presence, along with any associated odours or the mere apprehension of animals, can deter potential purchasers. Securing a pet sitter can ensure your property is presented in the best possible light.

ADAPTABILITY IN VIEWINGS

Flexibility with viewing schedules is paramount in facilitating a successful sale. Welcoming potential buyers even after a long day signifies your commitment to the sales process, increasing the likelihood of receiving an offer. Being accommodating with viewings can enhance your chances of a swift transaction.

GETTING THE SALE PRICE RIGHT

Setting the right price for your property is critical. Your estate agent will assess current market trends and demand to help you price your property competitively and sensibly, thereby streamlining the selling process.

SMOOTH PROGRESSION OF THE SALE

The choice of buyer is integral to the smooth progression of the sale. Information gleaned during property viewings can be invaluable in identifying the most suitable purchaser. It’s important to look beyond the highest offer to consider factors such as the buyer’s position, ability to proceed quickly, and financial arrangements. ◆

INHERITED PROPERTY OWNERSHIP

The legalities and logistics of property ownership

INHERITING PROPERTY FROM a late family member often carries a complex mix of emotions and financial considerations. While it may serve as a tangible connection to cherished memories and lost loved ones, it also introduces a series of responsibilities and decisions that can weigh heavily on the inheritor. The bittersweet nature of such inheritance lies in the juxtaposition of grieving for a lost relative while simultaneously navigating the legalities and logistics of property ownership.

This situation often requires managing estate taxes, maintenance costs, and, potentially, the decision to keep, sell, or rent the property. These financial implications can significantly impact one's personal finances and require careful planning and advice. Furthermore, the emotional toll of dealing with an inheritance amidst mourning can complicate these decisions, making it a deeply personal experience that varies widely among individuals.

CLARIFYING OWNERSHIP

Clear delineation of ownership is straightforward if the deceased's intentions are documented within a Will; however, absent such documentation, heirs could find themselves having to navigate additional procedures to affirm rightful ownership.

Seeking the expertise of a legal professional well-versed in estate matters is crucial in avoiding potential hurdles in establishing ownership. For those inheriting property alongside others, the path forward involves the intricate process of applying for a Grant of Probate, which requires careful consideration and legal guidance.

ESSENTIALS OF PROBATE

For those appointed as executors within a Will, the responsibility of managing the deceased's estate—including assets, financials, and property—becomes theirs. In England and Wales, this initiates the probate procedure, termed a Grant of Confirmation in Scotland, which entails a formal application to assert control over the estate.

In situations where a Will is absent, the role of Administrator falls to the nearest kin, invoking a similar procedural approach to that required for obtaining a Grant of Probate. This ensures the estate is managed in accordance with legal expectations.

NAVIGATING MORTGAGES AND ESTATES

The estate's complexity influences the duration of the probate process and whether a Will was left behind. Part of this process involves a comprehensive valuation of the estate, encapsulating all assets held at the time of death. It may also include evaluating gifts made in the latter years of the individual's life.

Encountering a property with an existing mortgage introduces a scenario where the inheritor is liable for continuing mortgage payments post-inheritance. Should the deceased have had a life insurance policy, it might cover the outstanding mortgage; otherwise, the inheritor is generally presented with two options. Following the conclusion of probate, one can either sell the property to settle the remaining mortgage or undertake a new mortgage agreement on the inherited property.

INSURANCE CHOICES FOR INHERITED PROPERTY

After the Probate process has been finalised, determining the right type of insurance for the inherited property is crucial and largely depends on your plans. Securing standard home insurance is necessary if you're considering moving into the property temporarily before its eventual sale.

However, second home insurance is required if you already own another residence and wish to maintain both. Alternatively, leasing the property requires landlord insurance to protect you adequately.

NAVIGATING INHERITANCE TAX OBLIGATIONS

Inheritance Tax (IHT) does not apply if you are the deceased's spouse or registered civil partner. Additionally, estates valued under the Nil-Rate Band (NRB) of £325,000 for the tax year 2024/25 are exempt from IHT, with this threshold potentially increasing to £500,000 where a property is bequeathed to children or grandchildren. This is due to the Residence Nil-Rate Band (RNRB) introduced in 2017, which allows an additional £175,000 allowance for estates, including a property.

However, it's essential to know that the RNRB benefit diminishes for estates valued over £2 million, decreasing by £1 for every £2 above the threshold. Given the complexity surrounding IHT, professional guidance is often necessary to understand potential tax liabilities, which could reach up to 40% of the estate's value.

UNDERSTANDING CAPITAL GAINS TAX RESPONSIBILITIES

The UK's tax regulations offer various deductions and exemptions that can significantly lower or altogether remove the Capital Gains Tax (CGT) on properties received as inheritance. CGT considerations apply if the property's value has increased since the initial Probate valuation. CGT can be mitigated by deducting expenses related to the sale and any significant improvements made to the property.

Annual Exemption: The system grants an

annual CGT exemption. For the 2024/2025 fiscal year, individuals are entitled to a £3,000 exemption. The first £3,000 of capital gains within the current tax year are CGT-free.

Spouse Exemption: Beneficiaries who opt to allocate their portion of an inherited property to their spouse or registered civil partner before its sale will see such transfers exempt from CGT. This strategy allows for the utilisation of additional annual CGT exemptions.

Principal Private Residence Relief: Individuals can qualify for this relief when they sell a property that served as their sole or primary residence. It potentially reduces or negates CGT for the duration the deceased owned the property and when it was the beneficiary's primary residence.

Charity Exemption: Properties sold by or on behalf of charities are not subject to CGT. However, selling an asset to a charity does not exempt you from CGT on any profit made. Assigning property interests to a charity before the sale can avoid CGT for the estate.

Allowable Losses: Reporting losses from a chargeable asset to HM Revenue & Customs can decrease your total taxable gains for the year. These reported losses are subtracted from your yearly gains; if total taxable gains exceed the exemption threshold, you can apply losses from previous years. Should these adjustments bring your gains below the exemption amount, the leftover losses can be carried forward into future tax years.

"The UK's tax regulations offer various deductions and exemptions that can significantly lower or altogether remove the Capital Gains Tax (CGT) on properties received as inheritance."

THE SALE PROCESS

With any IHT settled and Probate concluded, the next step involves registering the new ownership with the Land Registry, mindful that IHT payments are due by the end of the sixth month following the death to avoid interest charges from HM Revenue & Customs. When selling the property, the method chosen — a traditional private treaty sale or an auction — depends on your circumstances and objectives for a swift transaction. ◆

What are your options when you receive an offer to buy your property?

Accept the offer, outright reject it, or engage further by presenting a counter-offer

SELLING YOUR HOME is a monumental moment in your life, encapsulating the culmination of years spent within its walls and a significant financial transition. When the moment arrives, and you receive an offer, the path you choose next is critical. Fundamentally, you're faced with three distinct courses of action: you can accept the offer, outright reject it, or engage further by presenting a counter-offer.

This is the beginning of what many find to be the most exhilarating part of the selling process—the negotiation. It's a phase ripe with opportunity and strategy, where the initial offers and subsequent counter-offers serve as the primary means of communication between buyer and seller. Each proposal and response carries with it the potential to bring both parties closer to a mutually agreeable outcome or to highlight irreconcilable differences in valuation or expectations.

Your estate agent plays a pivotal role during this phase, acting as the intermediary who bridges your interests with prospective buyers' interests. Legally obligated to present every offer made on your property, your agent ensures that you are kept fully in the loop, delivering each offer to you in writing. This guarantees transparency and enables you to make informed decisions based on the complete array of bids your property has attracted.

ACCEPTING AN OFFER TOO HASTILY

The importance of each choice in this sequence cannot be overstated. Accepting an offer too hastily might result in financial compromise while rejecting an offer without due consideration could lead to missed opportunities. Similarly, countering an offer opens a dialogue that could either result in a sale that meets your expectations or prolong the negotiation process with uncertain outcomes.

Whichever route you decide to take, it's essential to approach this negotiation phase with a blend of strategic foresight and open-mindedness, ensuring that the final decision aligns with both your financial goals and personal circumstances regarding the sale of your home.

CONSIDERATION BEFORE DECISION

Take your time to ponder any offer, especially those below expectations, free from the compulsion for immediate decision-making. Remember, accepting an offer is not obligatory. A prospective buyer may meet your asking price yet lack the readiness to proceed, prompting the wisdom of continuing your search for a more prepared buyer.

VALUATION INSIGHTS

Before listing your home, it's wise to invite evaluations from at least three estate agents familiar with local market trends and comparable property prices to suggest a realistic selling price. This groundwork aids in setting accurate expectations for your property's worth on the market.

SETTING YOUR TERMS

Setting a minimum acceptable offer can streamline the process, empowering your agent to filter out unsuitable bids. Conversely, should you question your property's market longevity or its valuation's accuracy, consider consulting a chartered surveyor for a comprehensive Home Buyer Report.

MERIT OF MULTIPLE OFFERS

Your agent might recommend a sealed bid process in scenarios attracting numerous proposals. Here, buyers submit their best offer by a set deadline, enabling you to choose the best offer that meets your requirements.

ESSENCE OF NEGOTIATION

Understanding the fluidity of property value is crucial. Being open to negotiation can substantially enhance your chances of securing a sale at an agreeable price. Evaluate the quality of each offer meticulously - its significance cannot be overstated.

TOWARDS A SUCCESSFUL TRANSACTION

Key considerations include the buyer's readiness, financial arrangements such as an 'Agreement in Principle' (AiP) for any required mortgage, their current property status, and how their offer compares to your expectations and marketing price.

Equipped with negotiation readiness, you're better positioned to sidestep potential complications, steering towards a successful sale. ◆

SELLING A LEASEHOLD PROPERTY

What you need to know to facilitate a smooth transaction

WHEN YOU PURCHASE a leasehold property, your ownership is for a predetermined period, based on an agreement with the landlord or freeholder, who retains the overarching ownership of the land. This contract specifies the duration of your property ownership and its conditions.

Upon the expiration of the lease, the ownership reverts to the freeholder, leaving you without any claim to the property, irrespective of the mortgage status. Notably, flats predominantly fall under leasehold titles, a trend that has extended to new-build houses since the early 2000s.

APPROVAL FROM THE LANDLORD

Selling a leasehold property mirrors the process of selling a freehold, except that approval from the landlord is necessary to transfer the lease to the new buyer—a process known as "assignment." Before initiating the sale, it's crucial to fully comprehend the lease terms to ensure compliance with the assignment conditions. Soliciting the assistance of a conveyancer or solicitor is vital in facilitating a smooth transaction.

Selling a leasehold can present unique challenges. These include selling properties with short leases (under 80 years), increased paperwork, high-ground rents that may escalate, and various landlord fees, such as administration and exit/transfer fees. Additionally, high service charges and strict compliance with lease terms can deter potential buyers.

EXTENDING YOUR LEASE

The remaining time on your lease significantly influences your property's marketability and value. Properties with shorter leases are more challenging to sell and often fetch lower prices. However, the Leasehold Reform Act of 1993 provides leaseholders the right to request a 90-year extension, given they meet specific criteria, including a minimum two-year ownership of a long lease.

The cost of extending a lease is contingent upon the remaining lease term and the property's value. In contrast, a shorter lease diminishes property value but increases the premium for an extension.

REFORMING LEASEHOLD OWNERSHIP

In a pivotal move towards reforming the leasehold system within England, the government initiated an inquiry in 2017 to address the growing concerns surrounding the complexities and perceived injustices of the leasehold property market. Three prominent measures stand out among the myriad proposals for legislative consideration.

Notably, in June 2019, an announcement by the then Housing Minister marked a significant turn in policy direction: new-build houses were to be exclusively sold as freeholds, barring exceptional circumstances. This decision aimed to alleviate countless leaseholders who found themselves trapped in their own homes, grappling with the exorbitant costs of ground rent and service charges that severely hindered their ability to sell.

IMPLEMENTING FAIR PRACTICES

The changes are poised to dismantle the practice of selling new-build houses under leasehold terms in England and introduce a nominal ground rent for flats, potentially

reducing it to zero. To further fortify the rights of leaseholders, the framework proposes a fixed time limit of 15 working days and a cap on fees of £200 for those wishing to purchase their homes.

Additionally, adjustments to Help-to-Buy contracts have been promised to exclude the sale of new leasehold houses. A provision that obligates landlords to relinquish half the profit from any increase in property value upon lease extension for leases nearing the 80-year threshold has also been included. The Help-to-Buy scheme is closed to new applications in England and Scotland. In Wales, it is available until 31 March 2025.

TOWARDS OWNERSHIP EASE

If ratified, these legislative amendments will significantly uplift the prospects for owners of properties with short leases, making the acquisition of freehold both accessible and economically viable. Currently, leaseholders facing development plans by landlords, which could inflate the property's value, find themselves cornered into compensating for potential profits not realised by the landlord.

The proposed legal alterations ingeniously empower leaseholders, granting them the leverage to either veto the landlord's development ambitions or take on the development works themselves, provided they fairly compensate the landlord.

CHALLENGES LEASEHOLDERS FACE

The revelation of these proposals has been met with optimism, particularly among prospective homeowners and existing leaseholders eager to dispense with their properties. Despite this enthusiasm, the enactment of these reforms remains in limbo, as indicated by a House of Commons briefing dated February 7th, 2021, which alluded to legislative action in the forthcoming Parliamentary Session.

Yet, the gestation period for these reforms is anticipated to span several years before their full incorporation into law. The perennial challenges leaseholders face, including escalating ground rates and the encumbrance of additional costs that can surge alongside property valuation or at predetermined milestones, underscore the urgency of these reforms. Such financial burdens not only jeopardise the marketability of properties but also encumber their mortgageability for prospective buyers.

CONSIDERATIONS FOR LEASEHOLDERS

For those entangled in the leasehold quagmire, acquiring the freehold—or ensuring the lease extends beyond 100 years—emerges as a pragmatic strategy to mitigate future financial liabilities and preserve the property's allure to potential buyers. The impending ban against selling new-build houses on leasehold terms promises to rectify this issue prospectively.

However, individuals contemplating the purchase of existing leasehold properties are advised to diligently assess the lease term, acquaint themselves with renewal expenses, and explore avenues to secure the freehold. ◆

The new Labour government has announced it is committed to overhauling the leasehold structure but is wary that there is no quick fix to change a centuries-old system. They plan to enact the Law Commission's remaining recommendations when there is time. There is also pressure for Labour to go beyond this, such as making commonhold the default tenure for new houses.

Selling your home before the end of your mortgage term

A scenario that applies to nearly everyone except the fortunate few who own their residence outright

MANY HOMEOWNERS FIND themselves in a position where they opt to sell their property before the mortgage is fully repaid. This scenario applies to nearly everyone except the fortunate few who own their residence outright or decide to remain in their initial home for life. Thus, navigating the sale of a property while still under a mortgage is an inevitable consideration for many.

Can you sell your home before the end of your mortgage term? Unquestionably, yes. If you can settle the remaining balance on your mortgage, selling your property is permissible at any stage. An alternative route involves transferring your current mortgage to a new property.

For those looking to liquidate assets without immediate intentions to reinvest in another property, it's crucial that the sale price sufficiently exceeds the mortgage's outstanding balance, taking into account any associated fees such as early repayment charges. Situations of negative equity, where the property value falls below the mortgage debt, can occur, albeit infrequently, during market downturns.

EARLY REPAYMENT OBLIGATIONS

We can advise you whether you're subject to early repayment charges. These fees can be avoided by awaiting the end of your mortgage's fixed-term contract, typically between three and five years. If you transition to a lender offering more favourable terms, the financial benefits gained could surpass any early repayment fees. We can explain your options so that you can make an informed decision about what's suitable for your particular situation.

OPTION TO PORT YOUR MORTGAGE

The concept of 'porting' your mortgage allows you to sell your property while retaining your existing mortgage, conditional on the mortgage being utilised towards purchasing another property. This facility depends on various factors, including income, age, employment status, and property type. Through porting, the sales proceeds from your previous home go towards settling the existing mortgage, whereby your lender facilitates a new loan for your next property under similar conditions.

LOGISTICS OF MORTGAGE PORTING

Porting represents an efficient method of transferring your mortgage to a new property, preserving beneficial interest rates or remaining within the window to avoid early repayment charges. This process removes the need to initiate a fresh mortgage application with a different lender, streamlining the transition. Although generally exempt from fees if the loan amount remains unchanged, porting eligibility is determined by personal and property-related circumstances.

BRIDGING THE FINANCIAL GAP

For individuals considering upgrading to a more costly property, the need for a supplemental mortgage might arise to bridge the financial gap between the two properties. Undertaking a mortgage port requires a straightforward application process, as the mortgage's terms and conditions are transferred rather than the loan itself. While most mortgages offer portability, it's not universal, with eligibility hinging on the borrower's situation and the property in question.

SECURING YOUR FUTURE RESIDENCE

When the time comes to move onto a new home before your current one has sold, you might find yourself in a precarious financial position, mainly if you rely on obtaining a mortgage for the new purchase. For many homeowners, the prospect of juggling two mortgages simultaneously is simply untenable, raising the question of how to secure your future residence without the sale of your existing home being finalised.

EXPEDITED SALE TECHNIQUES

Several solutions have been developed to accelerate the property sale in response to these challenges. Notably, the rise of modern auctions offers a swift solution, obliging buyers to complete the transaction within a tight 56-day timeframe following the auction. Despite the promise of speed, this route can be fraught with difficulties for the uninitiated, potentially resulting in sales below the desired asking price or, in some cases, not at all.

UTILISATION OF BRIDGING LOANS

An alternative is the utilisation of bridging loans, short-term financial instruments designed to span the interval between the sale and purchase of properties, typically lasting up to a year. Additionally, selling directly to a cash buyer can dramatically reduce the timeline, enabling sales in as few as seven days, albeit at a reduced market value, which, however, comes with the advantage of circumventing many of the conventional costs associated with selling a home.

BRIDGING THE FINANCIAL DIVIDE

The advent of bridging loans has provided a lifeline for many homeowners caught between selling and purchasing properties. These loans afford a temporary financial reprieve, offering the necessary funds to progress with acquiring a new home while awaiting the old's sale. It's imperative, however, to approach such agreements with a comprehensive understanding of their terms, acknowledging that the convenience of immediate liquidity comes at the cost of higher interest rates than those associated with traditional long-term mortgages.

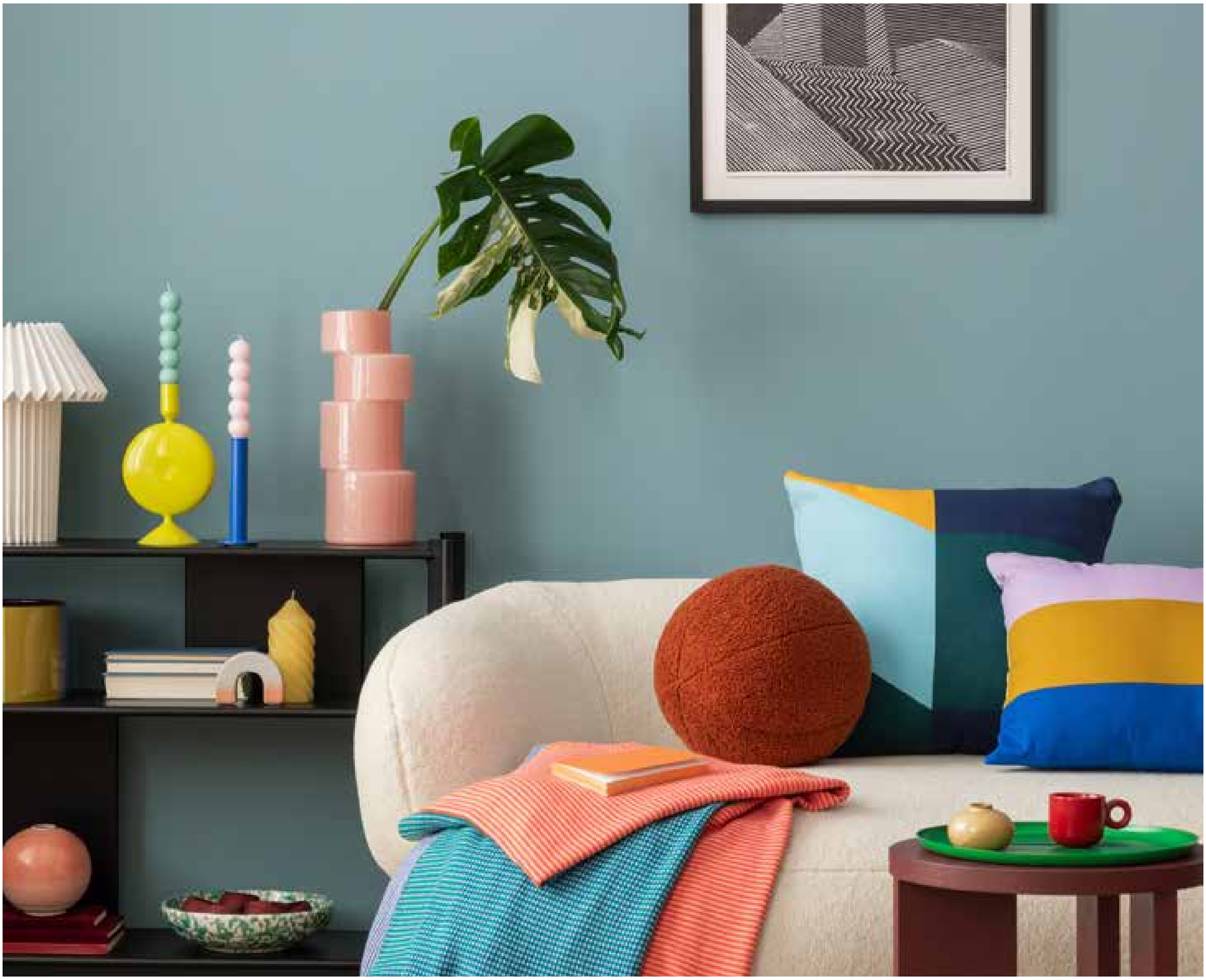
SELLING YOUR PROPERTY TO A CASH BUYER

Opting to sell your property to a cash buyer presents a straightforward, albeit financially conservative, path forward. This method's appeal lies in its simplicity and speed, providing a pragmatic solution for sellers motivated by the urgency of moving on rather than maximising profit. The reduction in sale price is often offset by the elimination of typical selling expenses, making it an attractive proposition for those prioritising efficiency over economic gain. ◆

>> DO YOU REQUIRE PROFESSIONAL MORTGAGE ADVICE TO REVIEW YOUR OPTIONS? <<

If you require further guidance or wish to explore your options for professional assistance, contact

Winnersh Triangle – **0118 334 3500**
Newbury – **01635 635 655**
Post@berkshireifa.com



Buying an additional property

A second home comes with its own set of challenges and regulatory intricacies

"Stamp Duty represents a significant facet of the property transaction process, especially when it involves purchasing additional properties."

ACQUIRING A SECOND home comes with its own set of challenges and regulatory intricacies. Among the considerations, Stamp Duty on additional properties is a financial element that demands thorough understanding.

Stamp Duty represents a significant facet of the property transaction process, especially when it involves purchasing additional properties. Unlike the straightforward application for primary residences, the rules governing Stamp Duty for second homes are nuanced and require careful consideration.

STAMP DUTY FOR SECOND HOMES

The Stamp Duty threshold is lower if you own one property but buy another. If the second property is worth more than £40,000, you'll have to pay Stamp Duty for second homes.

You'll also pay more Stamp Duty when buying an additional property. This is known as the Stamp Duty surcharge. This is set at a minimum of 3% in England and Northern Ireland. Whereas in Wales, it's a minimum of 4% and in Scotland, a minimum of 6%.

PORTION OF THE PROPERTY PRICE

These rates apply until March 31, 2025, providing a level of predictability for buyers and the real estate market. It's also worth noting that these rates apply only to the portion of the property price within each bracket, not the entire cost.

Stamp Duty applies solely to transactions within England and Northern Ireland. Scotland and Wales enforce their variants, named Land and Buildings Transaction Tax and Land Transaction Tax, each with unique rates and guidelines.

IMPLICATIONS OF HIGHER RATES

When purchasing a second property, being aware of the elevated Stamp Duty rates is vital. These heightened rates are determined by several factors, including the property's value, residential or non-residential designation, and location. This additional cost underscores the necessity for comprehensive financial planning among prospective buyers.

Understanding the implications of acquiring a second home is paramount. With Stamp Duty constituting a considerable portion of the investment, being well-informed about the specific rates, exemptions, and calculations is crucial for making a successful and financially sound property acquisition.

EXEMPTIONS AND REDUCTIONS

Whilst it is often expected that Stamp Duty charges can only be avoided partially, there are several schemes and exceptions that could significantly reduce your payable amount.

MAIN RESIDENCE CONSIDERATIONS

A vital aspect for those purchasing an additional property is the possibility of qualifying for main residence relief. This relief may drastically decrease the financial burden, primarily when the purchased property is intended to replace the buyer's primary residence. For instance, if the purchase of your second home is to replace your primary residence, and you sell your former principal residence within three years of acquiring the new one, you may request a refund on the higher Stamp Duty rate paid.

Therefore, on a property purchase in England and Northern Ireland of £350,000, you would initially pay 3% on the first £250,001 and then 8% on the remaining amount up to £350,000, which equates to £15,500 in Stamp Duty. Within three years, a refund of £10,000 could be claimed if your second property transitions to your primary residence.

UNDERSTANDING LINKED TRANSACTIONS

Multiple properties acquired simultaneously may be classified as linked transactions, thereby impacting the calculation of Stamp Duty. Grasping these details is essential for precise financial forecasting. Since 2016, transactions have been deemed linked when they involve the same buyer and seller across two or more property deals.

This classification requires the buyer to cover any Stamp Duty owed on the collective value of all linked properties, which could result in a higher Stamp Duty rate than separate transactions. For more detailed guidance, consult the HM Revenue & Customs website or a tax professional.

FURTHER STAMP DUTY EXEMPTIONS

INHERITANCE AND DIVORCE SETTLEMENTS

An exemption is afforded when property

is acquired through inheritance, contingent upon the absence of monetary exchange. Similarly, the reallocation of property ownership to an ex-spouse during divorce proceedings may also be exempt from Stamp Duty, provided no third parties are involved, and a court order or a ratified written agreement sanctions the transfer. These provisions offer a financial reprieve for individuals navigating the complexities of property inheritance and divorce settlements.

LEASEHOLD PURCHASES AND THRESHOLDS

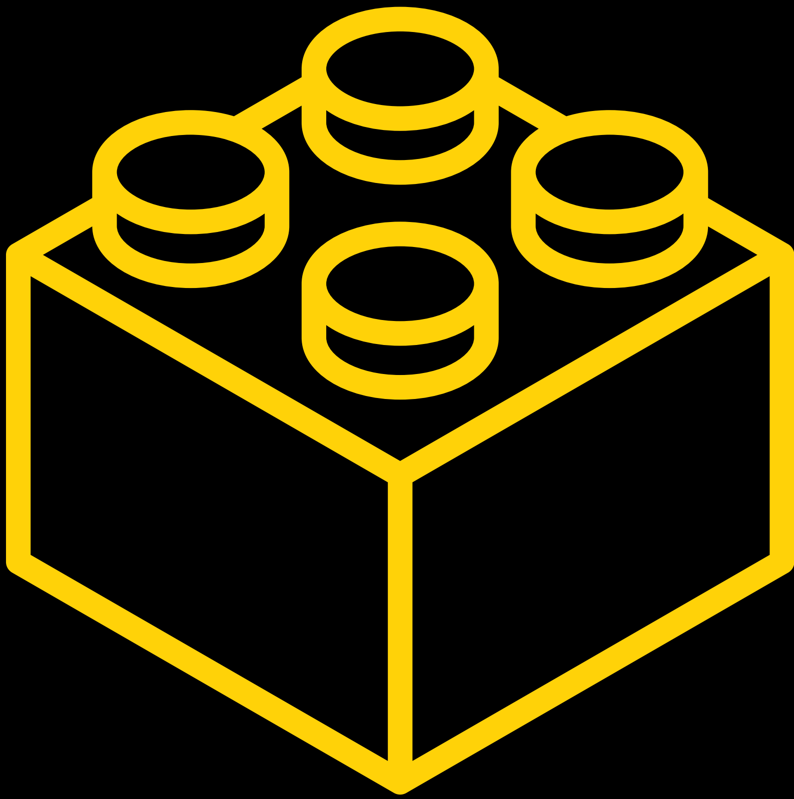
When it comes to leasehold properties, the duration of the lease plays a pivotal role in determining Stamp Duty liability. Exemptions apply for new or transferred leases exceeding seven years if the transaction value and annual rent are under £40,000 and £1,000, respectively. Conversely, leases shorter than seven years may also fall outside the scope of Stamp Duty, provided their purchase price is below the designated residential or non-residential thresholds.

ALTERNATIVE FINANCIAL PRACTICES

Alternative arrangements may facilitate exemption from Stamp Duty for individuals adhering to specific financial practices, such as those dictated by Sharia law. Under such arrangements, the responsibility for Stamp Duty payment is transferred to the financial institution, which facilitates the property acquisition. This approach provides a method for aligning property purchasing with religious principles while mitigating potential Stamp Duty charges.

STRATEGIC FINANCIAL PLANNING

Procuring a second home in the UK is often accompanied by substantial financial outlay, exacerbated by increased Stamp Duty fees. Strategic financial planning, encompassing careful budgeting for these additional costs, is crucial for potential buyers. A proactive approach to financial planning can empower individuals to manage the implications of Stamp Duty more effectively, ensuring a more informed and financially viable property acquisition process. ◆



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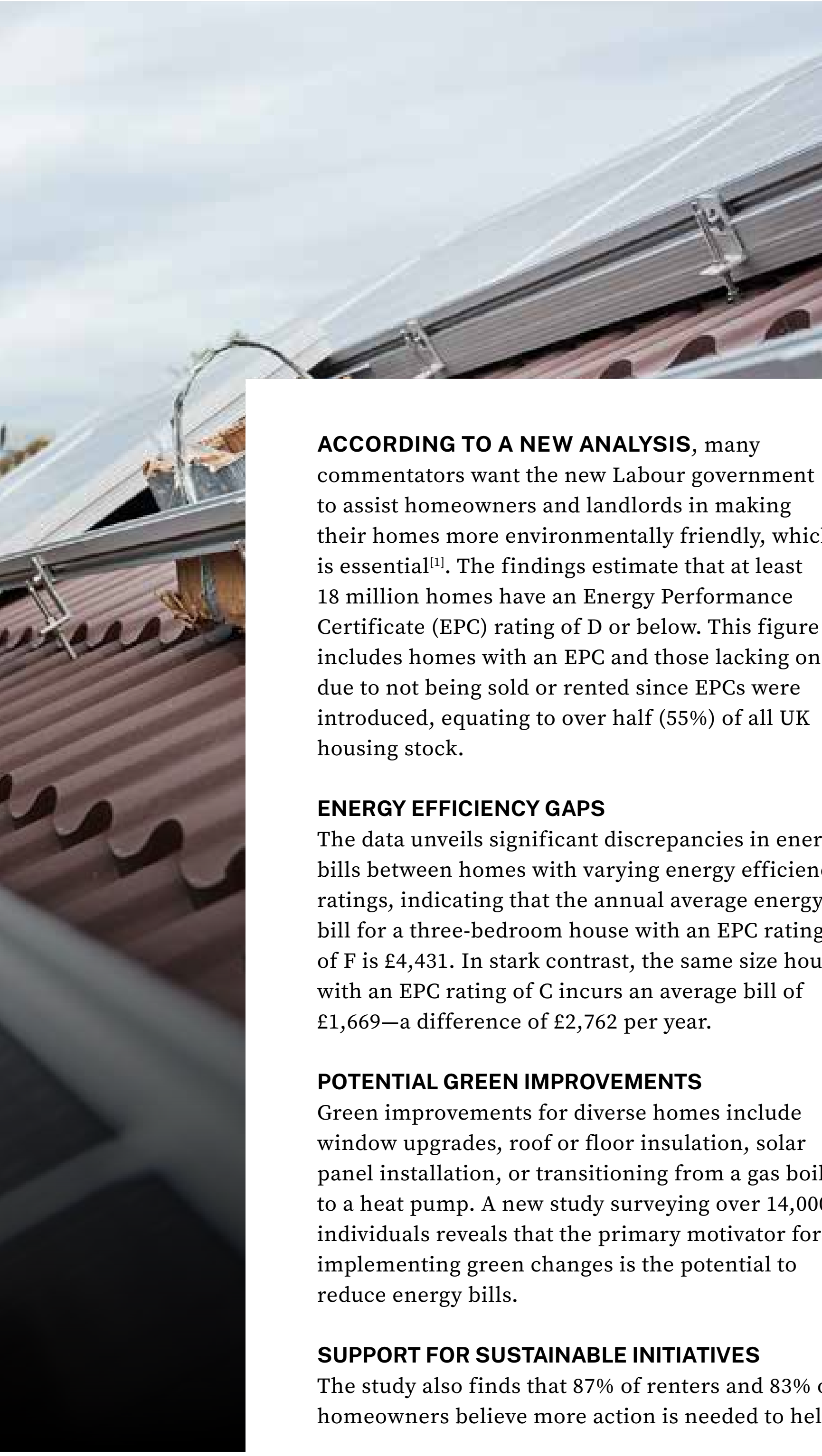
THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Call for greener homes

Urgent need for the new government to assist homeowners and landlords



"The study also finds that 87% of renters and 83% of homeowners believe more action is needed to help people make their homes greener."

ACCORDING TO A NEW ANALYSIS, many commentators want the new Labour government to assist homeowners and landlords in making their homes more environmentally friendly, which is essential[1]. The findings estimate that at least 18 million homes have an Energy Performance Certificate (EPC) rating of D or below. This figure includes homes with an EPC and those lacking one due to not being sold or rented since EPCs were introduced, equating to over half (55%) of all UK housing stock.

ENERGY EFFICIENCY GAPS

The data unveils significant discrepancies in energy bills between homes with varying energy efficiency ratings, indicating that the annual average energy bill for a three-bedroom house with an EPC rating of F is £4,431. In stark contrast, the same size house with an EPC rating of C incurs an average bill of £1,669—a difference of £2,762 per year.

POTENTIAL GREEN IMPROVEMENTS

Green improvements for diverse homes include window upgrades, roof or floor insulation, solar panel installation, or transitioning from a gas boiler to a heat pump. A new study surveying over 14,000 individuals reveals that the primary motivator for implementing green changes is the potential to reduce energy bills.

SUPPORT FOR SUSTAINABLE INITIATIVES

The study also finds that 87% of renters and 83% of homeowners believe more action is needed to help people make their homes greener. Homeowners and landlords urgently need access to schemes that facilitate these improvements, potentially resulting in substantial savings on energy bills. Each home requires bespoke enhancements, and the upfront costs remain a significant barrier to change.

OVERCOMING FINANCIAL BARRIERS

Without additional support, many homeowners and tenants will continue living in high-carbon-emitting homes with elevated energy costs. The new government must implement measures that enable more people to undertake these necessary upgrades. ◆

Source data:

[1] https://www.rightmove.co.uk/press-centre/over-18-million-uk-homes-need-green-upgrades-to-lower-energy-bills/

UK EXPERIENCING THE HIGHEST SUPPLY OF HOMES FOR SALE IN EIGHT YEARS

Growth was driven by a rebound in three—and four-bedroom homes

RECENT DATA HAS REVEALED that the UK is currently experiencing the highest supply of homes for sale in eight years[1]. This greater buyer choice will likely keep property prices in check for 2024. Sales are growing but need to catch up with the number of homes for sale.

The supply growth has been driven by a rebound in three—and four-bedroom homes for sale as existing owners return to the market and feel more confident about moving. The average estate agent office has had 31 properties for sale, compared to 26 properties last year.

INCREASE IN MARKET LISTINGS

While most homes for sale are new to the market, 31% were marketed in 2023. Rising mortgage rates saw demand weaken, but homeowners have now returned to the market to seek a home move. This increase in the supply of homes for sale boosts choice for buyers and is expected to keep house price growth in check over the rest of 2024.

Sales agreed are up 13% year on year, but across most regions, the growth in new homes for sale is outpacing the growth in the number of sales agreed. One notable region that has seen well above-average growth in the number of homes for sale is the South West. There are a third more homes for sale than last year.

REGIONAL VARIATIONS AND POLICY IMPACTS

Tax and planning changes concerning holiday lets and the prospect of double council tax for second homes are likely to exacerbate the increase in homes for sale in this region, which has the highest levels of second home ownership. The outcome of the general election with a new Labour government is expected to have a modest impact on housing market activity.

The data highlights that there are currently 392,000 homes in the sales pipeline working their way through to completion in 2024. An increase in fall-throughs is unlikely due to the election announcement, as there is no considerable policy divide between the two main parties. Some buyers may have delayed their decision early in the home-buying process. Still, the underlying motivations to move remain strong for others who will likely continue their search for a home and secure a sale in 2024.

MARKET OUTLOOK FOR THE REMAINDER OF 2024

The pace at which sales are being agreed is likely to slow in the short term, which means the total number of sales for 2024 could drop below 1.1 million. The north and south divide in annual house price growth continues with modest house price falls across Southern England. This split in house price inflation is most evident at a city level, with the strongest house price growth

"Buyers and sellers should remain informed about regional trends and be prepared to adapt to the evolving landscape. Understanding these patterns can facilitate more informed decisions, whether purchasing a first home or selling a long-term residence."

in Belfast (+3.6%), Burnley (+2.5%), and Bolton (2.4%), and the highest house price falls in Ipswich (-3%), Hastings (-2.7%), and Norwich (-2.4%).

Affordability pressures, exacerbated by higher mortgage rates, primarily drive the variation in house price growth. Across the south of England, price falls are focused on coastal cities and those where prices jumped higher during the pandemic during the 'race for space', where demand is now weaker. House prices are rising in cities with below-average house prices, where the impact of higher mortgage rates is less pronounced.

NORTH/SOUTH DIVIDE IN HOUSE PRICES EXPECTED TO PERSIST

The findings also underscore the ongoing north/south divide in house price growth, which is anticipated to continue throughout 2024 as incomes and house prices re-align across the country. The increase in the supply of homes for sale signifies renewed confidence among homeowners, some of whom postponed moving decisions in 2023.

In recent months, the quarterly rate of house price inflation has accelerated as more sales are agreed upon and prices stabilise. It is crucial for those intent on moving in 2024 to price their homes realistically if they wish to secure a sale.

FUTURE MARKET TRENDS

The renewed homeowner confidence indicates a healthier market environment, fostering steady but controlled growth in house prices. As interest rates show signs of stabilising, more homeowners may feel encouraged to proceed with long-awaited moves, thus contributing to the overall dynamics of the housing market.

Buyers and sellers should remain informed about regional trends and be prepared to adapt to the evolving landscape. Understanding these patterns can facilitate more informed decisions, whether purchasing a first home or selling a long-term residence. ◆

Source data:

[1] https://www.zoopla.co.uk/press/releases/highest-supply-of-homes-for-sale-in-eight-years-will-keep-house-prices-in/

PROPERTY PERFORMANCE

The latest data shows the average gains and trends for 2023

"On average, detached homes generated £137,000, equating to £18,000 per year. Bungalows followed closely, with an average gain of £102,000 or £13,300 per year for owners."

ACCORDING TO THE LATEST DATA[1], homeowners who sold their property in 2023 made an average gain of £74,000. The analysis of Land Registry entries over the 12 months was used to calculate the typical gross profit from property sales in England and Wales. It also found that nine in ten (93%) of those who sold their home last year did so at a price above the original purchase price.

This is significant despite a fall in house prices throughout the UK in 2023, meaning only one in ten homes sold made a loss, with an average deficit of £17,000. Interestingly, even with demand for detached homes down by 41% in 2023, detached houses and bungalows showed the most significant capital gains.

PERFORMANCE OF DIFFERENT PROPERTY TYPES

On average, detached homes generated £137,000, equating to £18,000 per year. Bungalows followed closely, with an average gain of £102,000 or £13,300 per year for owners. However, homeowners with smaller properties, such as terraced and semi-detached homes, made smaller gains, reflecting the lower value of these homes.

This trend was mirrored with flats, which saw just a 19% increase in sales on average due to slower price growth for this property type over recent years. Evidently, the type of property significantly influences the potential capital gains for homeowners.

IMPACT OF OWNERSHIP DURATION AND TIMING

Unsurprisingly, those who have owned their homes for more extended periods cash in the highest prices when selling. However, not only does the length of home ownership impact gains but the timing of the purchase and the location are also affected. For instance, those who bought before the 2007 financial crash saw smaller gains than those who purchased after the crisis, when average prices fell.

"The findings show that most homeowners who sold in 2023 made meaningful capital gains, which, for many, will have provided essential financial support for their next home move. This is positive news, considering house prices posted modest declines for the first time in 11 years."

Monetary gains are also closely linked to the average value of homes in specific areas. This means the most substantial profits were seen by sellers in London who had lived in their homes for over 15 years, typically making over £250,000 between sales.

REGIONAL VARIATIONS AND HISTORICAL CONTEXT

Outside of London, the winners are those who bought a home 10 to 15 years ago, after the 2007 financial crisis, with average gains ranging from £63,000 in northern England to £115,000 in the south of England. These findings underscore the importance of timing and regional market conditions on property investment returns.

The findings show that most homeowners who sold in 2023 made meaningful capital gains, which, for many, will have provided essential financial support for their next home move. This is positive news, considering house prices posted modest declines for the first time in 11 years.

FUTURE MARKET CONSIDERATIONS

However, lower levels of house price growth mean the potential gains in future are likely to be less resilient than in the past. Consequently, more households are looking further afield to find their new home and seek better value for money. ◆

Source data:
[1] https://www.zoopla.co.uk/press/releases/homeowners-who-sold-in-2023-made-74000-on-average-with-nine-in-10-selling-above-purchase-price/

EXCHANGING ON A PROPERTY

How to make the experience smoother and less daunting

WHETHER BUYING OR SELLING A PROPERTY, it is one of the most significant transactions in a person's life, both financially and emotionally. The process of exchanging on a property can often seem complex and intimidating. Understanding the steps involved in this process helps make the experience smoother and less daunting.

WHAT DOES EXCHANGING ON A PROPERTY MEAN?

To exchange on a property refers to the legal process where the buyer and seller enter into a binding contract to purchase and sell a property. This is the moment in the property transaction process where both parties agree to proceed with the sale under the terms outlined in the contract. After this stage, it becomes tricky and expensive to back out of the purchase or sale.

HOW DO YOU PREPARE FOR EXCHANGE?

When you're ready to exchange contracts, several key conditions must be satisfied. Both solicitors (representing the buyer and seller) must be content with the contract terms. A price must be agreed upon between the buyer and seller, and both solicitors should hold a signed version of the contracts. The seller's solicitor must also have a signed 'transfer of title deed' called a TR1 form. The buyer's solicitor must manage the cleared deposit funds, secure a mortgage offer, and obtain a buildings insurance policy if needed.

Both parties must also agree upon a date for completion. At this juncture, solicitors will communicate—typically over the phone—to confirm they possess all necessary legal documents. They then proceed to 'exchange' contracts over the phone, rendering the transaction legally binding for both the seller and buyer. This pivotal step marks a significant milestone in buying or selling a property.

CONSIDERATIONS FOR THE COMPLETION AND MOVING DAY?

On the mutually agreed-upon completion date, the remaining purchase price balance is transferred from the buyer (or their mortgage provider) to the seller. This transfer officially changes the ownership of the property. For buyers, this is the exhilarating moment when they receive the keys to their new home.

Sellers must ensure the property is vacated on time and in the agreed-upon condition for handover. Moving day can be hectic, but careful planning and organisation can help make the process smoother.

WHAT ARE POST-COMPLETION RESPONSIBILITIES?

Once the sale has been completed, the buyer is liable to pay any Stamp Duty Land Tax (SDLT) due to HMRC. This tax is typically handled by the buyer's solicitor, who usually register the buyer's ownership with the Land Registry. However, the buyer must ensure the payment is made and the ownership is registered.

HOW LONG DOES IT TAKE TO EXCHANGE CONTRACTS?

The process of exchanging contracts can be completed within a few hours and is predominantly managed by your solicitors. Each party's solicitor will meticulously review the contracts for their client. This is often conducted through a recorded phone call, during which both legal firms read the contracts aloud to ensure they are identical. Once satisfied, the buyer signs their contract and pays the deposit. They then instruct their solicitor to exchange contracts with the seller's solicitor.

DOES MY SOLICITOR INFORM ME WHEN WE'VE EXCHANGED CONTRACTS?

Yes, your solicitor will inform you of the planned exchange date in advance. They will only finalise this date once they are content with the responses to all local search, legal title, and contract queries they have raised. Understanding the significance of this part of the process, they will guide their client, whether buyer or seller, throughout. Several factors can delay the exchange of contracts. Some are within the control of the buyer or seller, while others are not.

WHAT CAN HOLD UP THE EXCHANGE OF CONTRACTS?

Your solicitor will only recommend proceeding once they have received satisfactory responses to all raised queries. If the property is leasehold, this can prolong the process. Similarly, non-standard construction can add to the number of queries. The Land Registry has been struggling to cope with the volume of local search requests, sometimes taking months to respond fully regarding a property's legal title. Sometimes, the buyer or seller may inadvertently or deliberately slow the process by not providing the requested information or struggling to secure finance.

WHAT IS THE ROLE OF MORTGAGE LENDERS?

If the buyer is reliant on a mortgage, they are subject to the timelines of their mortgage lender. High loan-to-value (LTV) ratios or properties deemed "riskier" by the lender can further delay the contract process. When contracts are exchanged, the buyer pays an exchange deposit, typically 10% of the property price. This stage is sometimes called the 'point of no return', as backing out afterwards results in forfeiture of the deposit to the seller.

WHO HOLDS THE DEPOSIT ON THE EXCHANGE OF CONTRACTS?

The deposit remains with the seller's solicitor until the transaction is concluded. Once both parties have signed their contracts, the buyer is legally bound to purchase the property. Legally, the seller retains ownership until completion day. However, the buyer must ensure the property is insured.

Although the seller can permit access to survey work, it should be supervised, and the buyer should only receive the keys after the sale's completion. If damage occurs after the exchange, the seller must inform the buyer. Nonetheless, the buyer is responsible for insuring the property from the contract exchange date, arranging necessary repairs, and claiming on their insurance as needed.

TYPICALLY, HOW LONG IS IT BETWEEN EXCHANGE AND COMPLETION?

Usually, buyers and sellers agree to wait one to two weeks between the exchange of contracts and completion. This

period allows both parties to properly organise their move, given they are now legally committed to the transaction.

However, it is sometimes possible to exchange and complete on the same day. Alternatively, a future date may be agreed upon. The essential factor is that both parties are committed, and the plans are communicated and agreed upon.

WHAT POTENTIAL DELAYS MAY OCCUR AFTER EXCHANGING CONTRACTS?

While not common, unforeseen issues can arise even at this advanced stage. For instance, the buyer might experience delays with their mortgage funds. Additionally, there could be a storm or flood damage to the property, or in tragic circumstances, one of the parties might pass away.

Such situations can be highly stressful for all involved, and this is where your solicitor will step in. The solicitor will issue a notice to complete to the defaulting party, requiring them to finalise the transaction on a new date, usually one to two days later, to address the issue.

WHAT ARE THE CONSEQUENCES OF FAILING TO COMPLETE?

If the buyer fails to complete on the new date, the seller is entitled to retain the 10% deposit paid at exchange and may claim additional damages. Conversely, if the seller fails to complete, the buyer will receive their deposit back and can charge daily interest for the delay period between the initial and revised completion dates.

A seller should only hand over the keys to their property on the day of completion and only after all funds have been received.

WHAT IS THE EXCHANGE OF KEYS PROTOCOL?

Should a buyer require access to the property before completion, it must always be pre-arranged and supervised to ensure proper conduct. This measure helps protect both parties and maintains the integrity of the transaction process. ◆

>> ARE YOU TAKING YOUR FIRST STEP OR PLANNING YOUR NEXT MOVE? <<

Whether you want to take that first step or plan your next move, your search for the right mortgage starts here. To discuss your requirements, contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**

How do you rent your home for photoshoots and film productions and earn money?

A lucrative source of income for homeowners, commercial property owners, and landlords alike

“Properties typical of a specific era are often in demand. Period dramas seek genuine Georgian and Victorian houses with untouched interiors. A film set in the 70s or 80s will require features from that period, including an avocado bathroom suite.”

THE DEMAND FOR UNIQUE AND INTERESTING LOCATIONS for photoshoots and film productions has increased significantly in recent years. Whether it’s a rustic farmhouse, an ultra-modern loft, or a scenic outdoor space, if you have a property that fits the bill, you can monetise it by renting it out to photographers, filmmakers, and location scouts.

This burgeoning market has opened up a new and lucrative source of income for homeowners, commercial property owners, and landlords alike.

SHOW ME THE MONEY

Every type of property can serve as a film location. Consider a typical evening in front of the television and the numerous houses and properties you see. Unless they are standalone sets, like on Coronation Street, they are likely someone’s home.

Location agencies are always looking for various types of properties, particularly those that represent contemporary living or historical periods. If your property meets their criteria, you could earn from a few hundred pounds per month for magazine photoshoots to thousands for a film.

PERIOD POPULARITY

Properties typical of a specific era are often in demand. Period dramas seek genuine Georgian and Victorian houses with untouched interiors. A film set in the 70s or 80s will require features from that period, including an avocado bathroom suite. If your home remains unchanged, it may be sought after as a film location.

Homes that evoke foreign climates are also popular, especially near London. Limited production budgets often prevent travel to places like Miami or the Mediterranean. Therefore, if your house resembles a Miami mansion or a Mediterranean villa, it could be considered for filming.

LOGISTICAL CHALLENGES

Despite the demand for diverse locations, only some properties are suitable for filming due to logistical challenges. Filming involves substantial crew and equipment, all requiring space and amenities. Film production teams will overcome obstacles to find a unique location but need ample space close to major production centres.

Locating near London or major studios like Pinewood or Elstree can increase your chances of selection. Additionally, more films are now being produced in Manchester or Bristol, so proximity to these cities is beneficial.

SPACE REQUIREMENTS

Even if your location is ideal, insufficient crew or filming equipment space can be a dealbreaker. Large rooms are needed for the crew and equipment, and additional spaces are required for hair, make-up, and green rooms.

Registration with a location agency is necessary to hire your property for filming and photoshoots. The agency will assess your property’s suitability and request images and detailed descriptions. ◆

FIRST HOME, MOVING INTO SOMETHING LARGER, OR PLANNING TO DOWNSIZE

Questions to ask when looking for a new property

WHETHER PURCHASING YOUR FIRST HOME, moving into something larger, or planning to downsize, buying a property is a significant financial and emotional decision. As the adage goes, knowledge is power. Therefore, it's crucial to ensure you're asking the right questions.

Getting swept up in the excitement of viewing potential new homes is easy. When you find a property you like, it can be tempting to get carried away. However, knowing what to ask could save you from future heartache.

UNDERSTANDING PROPERTY TYPES

Did you know there are two main types of property in the UK? These are 'freehold' and 'leasehold', and the distinction between them determines how much of the property you own and its associated costs.

When you purchase a freehold property, you own the house and the land it sits on. Conversely, with a leasehold property, you own the house but not the land. It's imperative to know what you're investing in.

INCLUDED ITEMS IN THE SALE

The sale may include extras such as garden sheds, fittings, and fixtures. Are white goods or furniture part of the sale? Is the washing machine included? What about the carpets? On a moving day, you wouldn't want to discover that the previous owner has taken everything, including the light bulbs.

If the property has been on the market for an extended period, this could indicate that the owner needs help in selling it. Has the property been available for a while? It's worth investigating why. You might even secure a lower price if it hasn't sold in several months.

REASONS FOR SELLING

It's always prudent to understand why the current owners are selling. If they are in a rush to move, you may have the opportunity to negotiate a lower price. Additionally, if someone else has made an offer, this could make things more competitive for you.

Are you entering a bidding war with another buyer? Knowing this can help determine if this house is the one for you. Your estate agent should be able to advise you on whether to make a counteroffer.

SELLER'S URGENCY AND PRICE NEGOTIATION

Do the sellers need to move out quickly? If so, they may be open to lower offers. Sometimes, the listed price can be negotiated. Is the seller willing to entertain a lower offer? If they're hastening to sell, this could benefit both parties.

Understanding from the beginning whether there is any price flexibility could save you thousands in the long run.

MONTHLY EXPENSES

When buying a property, it's essential to consider your monthly expenses. Knowing the tax band and utility bills will help you afford the ongoing costs. Water, council tax, electricity, and gas are significant monthly expenses besides mortgage payments.

Asking the seller can give you an idea of these costs. Additionally, it is advisable to check the home's Energy Performance Certificate (EPC). A low score means higher heating and running costs. Double glazing or loft insulation improvements could enhance the rating, albeit at a cost.

NOISY NEIGHBOURS AND OTHER CONSIDERATIONS

Noisy neighbours can ruin an otherwise perfect house. Are they excessively loud, frequently hosting parties, or do they own a dog that barks incessantly? If you value your sleep or have children, this can become a significant issue, so it's worth considering.

Find out as much as possible about the people living around you. It's not just about the home you're looking to buy. As the saying goes, location, location, location.

EVALUATING THE LOCATION

What are the crime levels in the area? How are the local schools rated? If you have children or plan on starting a family, consider the availability of suitable nurseries or schools nearby. Is public transport easily accessible?

"When buying a property, it's essential to consider your monthly expenses. Knowing the tax band and utility bills will help you afford the ongoing costs. Water, council tax, electricity, and gas are significant monthly expenses besides mortgage payments."

Are there any building developments planned that could impact your decision? For instance, is a new school, bypass, or airport being built nearby? These factors contribute significantly to the broader picture beyond the house itself.

UNDERSTANDING THE SELLER'S SITUATION

How long have the current owners lived in the property? If they have only been there for a short period, it's prudent to ask why they wish to move so soon. It could be due to a change in lifestyle or their family outgrowing the house. Although it's up to them to disclose this information, it's worth inquiring, as a house that frequently changes hands may indicate underlying issues.

When is the seller looking to move? If you need to relocate swiftly, it might not be ideal if the seller can't vacate for another four months. Conversely, they might be eager to move quickly, which could align well with your plans.

ASSESSING THE PROPERTY'S CONDITION

How old is the property? Is it listed? Listed properties often have restrictions on the extent of alterations you can make. Not all home insurance providers cover listed properties, so it's crucial to ascertain this early on.

Will you need a parking permit? On-street parking can be expensive and accumulate over time. Therefore, free off-street parking can be a valuable bonus, helping to reduce regular costs.

FUTURE PLANNING AND MAINTENANCE

Has any planning permission been granted or applied for? A two-bedroom house might suit your current needs, but what if you decide to extend in the future? The owners should know if any planning permission has been previously refused and the reasons behind it.

How old are the drains and guttering? Are there any issues with dampness? Repair work for such problems can be costly, especially if the property isn't new. Thus, it's crucial to be aware of potential issues that could arise in the future.

BUDGETING FOR UPKEEP

How old are the boiler and electrical systems? Replacing an old boiler or electrical circuit can be a significant financial burden, potentially impacting your budget down the line. It's important to consider whether the property's age might result in higher maintenance costs in the future. ◆

ROGUE TRADERS

The warning signs and protecting yourself from doorstep scams

IF YOU PLAN ON HAVING ANY WORK DONE around your home, it's essential to be aware of the risks rogue traders pose. These individuals often cold-call householders, offering their services at a discount, but typically perform subpar work or overcharge for their efforts. You can take several simple measures to protect yourself from such unscrupulous practices.

WHAT ARE ROGUE TRADERS OR DOORSTEP SCAMS?

Imagine you're at home one day when you hear a knock at the door. A supposed tradesperson—often a roofer, driveway builder, or gardener—is standing there. They claim they're already working in your area.

The individual states they've noticed some urgent work that needs to be done at your home and offers their services for a cash fee. Alternatively, they may offer to patch up a small job for a surprisingly low cash-in-hand price.

THE IMMEDIATE TEMPTATION AND CONSEQUENCES

You might not want to let this opportunity slip by, especially if you're concerned about potential damage to your property. Given the urgency, you agree to their price.

However, the scammer may trick you into paying the full amount upfront before any work begins. They might also find 'additional problems' once they start, requiring immediate extra cash. Sometimes, they may only complete part of the work or disappear after receiving a partial payment.

WARNING SIGNS OF A ROGUE TRADER

THEY REFUSE TO GIVE YOU A WRITTEN QUOTE

Without a written quote, verifying company details, comparing prices, or contacting them if issues arise becomes challenging. Always aim to obtain at least three itemised quotes for any work needed and ensure you fully understand what each quote includes.

THEY PRESSURE YOU INTO AN URGENT DECISION

Take your time deciding on home repairs by someone at your doorstep. Explain calmly that you need time to obtain other quotes. A reputable tradesperson will understand. If the work is necessary, take the time to ask other tradespeople questions about why the work is needed and why they recommend certain materials. Consult friends, family, and neighbours—they may also have helpful advice or know a reliable tradesperson.

THEY HAVE NO ONLINE PRESENCE, REVIEWS AND SAMPLES OF WORK

Not all tradespeople are active on social media or comparison websites, but these platforms can provide valuable insights

through reviews and examples of their work. Conducting a quick online search can help you read about other people's experiences with them.

THEY SAY THEY'RE DOING WORK LOCALLY

Seeing a tradesperson's previous work and speaking to past customers can be beneficial. Ask about their experience: were they respectful of the property? Was the quote accurate? Consider this a warning sign if the tradesperson claims to be doing local work yet cannot show you any.

THEY TELL YOU TO WITHDRAW CASH WHILE THEY SET UP

Avoid paying upfront for home improvement work. A small deposit is sometimes acceptable after you've received a written quote or relevant paperwork, but the total amount should only be paid upon completion of the job. ◆

STYLE, DESIGN, AND UTILISE OUR GARDENS

Trends to modernise outdoor spaces this summer

OUTDOOR GARDEN SPACES offer an excellent way to enjoy the summer weather, a season dedicated to outdoor living and al fresco dining. Each summer promises exciting new garden trends to modernise our outdoor areas, with significant predictions on how to style, design, and utilise our gardens.

Gardens provide a sanctuary to decompress and recalibrate, offering a much-needed respite from our stressful lives. Why not consider a purpose-built garden room designed exclusively for recovering from day-to-day life? A restorative place to craft, chill or even vent when adulting becomes overwhelming – sounds appealing, doesn't it?

AT-HOME WELLNESS SANCTUARIES

Create a wellness sanctuary at home for meditation. Soft cream meditation cushions and mats can instantly instil calm. Bean bags serve as a great alternative while maintaining a relaxed vibe. Additionally, incorporating a sound bath and abundant natural light can create a sun-filled, safe space for your mind to de-stress and your soul to sing, 'Om!'

With gardens focusing on wellbeing, water features are making a grand return. Establish an oasis of calm with a gently trickling stream or introduce a birdbath to attract feathered visitors. Combining the water trend with the interior look dubbed 'Greek Chic' will create a Mediterranean garden getaway with ancient aesthetics.

LUXURIES OF STAYCATIONS

With the increasing popularity of UK staycations, the focus has shifted towards bringing holiday luxuries into home gardens. Leading this trend are pools, specifically natural swimming ponds. Interior elements such as TVs, sound systems, built-in outdoor kitchens, and fireplaces are becoming more prevalent in gardens. Setting up a garden room to extend your living space provides a cosy spot to enjoy fresh air.

Curves significantly impact garden design, softening hard landscaping to create greater flow and harmony. Erecting a garden arch or painting an arch on a wall are simple ways to embrace this trend. Curvaceous garden furniture and structures also instil calm and offer a comfortably cocooned feeling, making spaces more hospitable.

GARDENS IN A DIFFERENT LIGHT

Start seeing your garden in a different light! Gardens after dark certainly capture the imagination. Many summer gardens this season will feature celestial celebrations. Could your outdoor space host full moon parties or twilight gatherings? Outdoor cinemas and

DIY bars help create a fantastic atmosphere for friends and family to gather in the open air. Transforming a garden building into a night-time venue with a few decorations and cosy accessories can ramp up the charm.

Depending on your commitment to starlit soirées, you might enhance the drama by planting dark foliage as a backdrop. With travel still somewhat restricted and office time reduced for many, people are investing in smart outdoor kitchens, top-notch garden furniture, hot tubs, and garden buildings to entertain family and friends. Nothing beats a warm summer evening with a refreshing drink and a good BBQ. Enjoy your modernised garden space this summer! ◆

What to look for when finding the perfect family home

Several considerations that can help you simplify the process

THE PROCESS OF PURCHASING A FAMILY HOME can be arduous due to the many factors you need to consider when viewing properties for sale. Although finding the perfect family home is challenging, several considerations can simplify the process.

Before you invest hours in property viewings, distinguish between essentials and mere conveniences. This approach conserves time and ensures you do not exclude too many properties by being overly selective.

LOCATION, LOCATION

First and foremost, having a realistic budget and understanding the various types of homes available is essential. Consider what kind of home would best suit your family's needs. The location is paramount, as proximity to schools, parks, and other necessary amenities can significantly impact your overall satisfaction with the home.

PROXIMITY TO SCHOOLS

Proximity to schools is particularly crucial if you have school-aged children. A lengthy commute can be stressful and time-consuming, making it worthwhile to consider homes near schools. Additionally, the home's location relative to amenities like shops, restaurants, and parks can enhance your daily life, providing convenience and enjoyment.

SIZE MATTERS

If peace and tranquillity are priorities, assess the noise levels in the area. Traffic, construction, and noisy neighbours can disrupt sleep and well-being. The size of the home is another critical consideration. Ensure there is adequate space for your family to live and grow comfortably. Pay attention to the number of bedrooms and bathrooms and the property's total square footage.

SPACE INVADERS

Contemplate how your family will utilise the space. A home with a garden may be ideal for families with young children, offering a safe play area. A larger living room or kitchen might be necessary for those who entertain frequently.

If your hobbies require extra storage, ensure the home accommodates this need. Remember that your needs might evolve over time, so it's wise to select a home that can adapt to these changes.

HOME CONDITION

The condition of the property is paramount when purchasing a home. Ensuring that any repairs or updates are within your financial means is essential. If there are significant issues with the property, it might be prudent to negotiate the price down or consider walking away from the deal.

BUDGETING FOR REPAIRS

Acknowledging that even good-quality homes may require modernisation or repairs is important. Before making an offer, have a realistic estimate of these potential costs to avoid overpaying. This foresight can help you avoid unexpected expenses in the future.

PROFESSIONAL INSPECTIONS

Engaging professional inspectors to evaluate the property's state thoroughly is advisable. Their expertise can highlight existing problems and predict future maintenance needs. This can be crucial in decision-making, ensuring you are fully informed about your commitment.

CRIME RATES

Another vital aspect to consider is the safety of the neighbourhood. A secure environment contributes significantly to overall well-being and peace of mind. Researching crime rates in the area before making an offer is a wise step. One effective method to obtain this information is contacting the local police department for their latest crime statistics. This can provide a comprehensive overview of the types and frequency of crimes in the vicinity.

Additionally, the Crime Map website (https://www.ourwatch.org.uk/crime-prevention/crime-prevention/crime-map) offers up-to-date data on reported crimes, aiding you in making an informed decision. No one desires to reside in an unsafe neighbourhood; hence, this factor cannot be overlooked. The security of your living environment should be a primary consideration in the home-buying process. ◆

The appeal of new-build homes

Bespoke design choices, greater energy efficiency and carefully selected locations

WHETHER YOU ARE A FIRST-TIME BUYER or looking to upsize or downsize, there are numerous reasons to consider purchasing a new-build home. As the need for flexible and adaptable spaces that can accommodate the demands of everyday life continues to grow, new-build properties offer a multitude of attractions.

The benefits are substantial, from the ability to leave your mark with bespoke design choices to greater energy efficiency and carefully selected locations.

A BLANK CANVAS

A new-build house is exactly that: brand new. It's a blank canvas ready for you to make your mark. With no previous occupants, there's no wear and tear to address when you move in. Additionally, no one else has put their stamp on it. This contrasts with second-hand homes, where multiple past owners may have made various changes, some of which might not meet your standards.

One of the significant drawbacks of buying a second-hand home is inheriting the improvements, repairs, or neglect of previous owners. In some cases, inadequate maintenance by former residents can result in nasty surprises in the form of costly renovations. The real advantage of a new-build house is avoiding the need to undo someone else's work or style preferences.

VARIETY AND CUSTOMISATION

New-build homes come in all shapes and sizes, from small studio flats to grand five-bedroom houses. There are countless designs and styles to choose from, catering to everyone's tastes. Depending on the stage of construction, some builders offer bespoke services, enabling you to select fixtures and fittings or opt for higher specifications from the builder's range at an additional cost. This can include flooring, soft furnishings, interior design, or even a garden landscaping service.

From the outset, you can enjoy living in a low-maintenance new home without spending time and money on decorating. A new-build home is constructed to modern standards and specifications, allowing you to enjoy the latest features and amenities.

MODERN STANDARDS AND SPECIFICATIONS

New-build homes are designed to comply with the latest building regulations set by the government. They have the latest heating systems, excellent wall and loft insulation, and double-glazed windows and doors. The number of 'as standard' features in new-build homes has also significantly increased. For instance, many new builds come with fitted kitchens, including a cooker and hob, fridge/freezer, washing machine, dishwasher, and fitted en-suite bathrooms or shower rooms.

By purchasing a new-build home, you eliminate the need for renovations, repairs, or DIY projects, freeing up more time to spend with family and friends and engaging in activities you genuinely enjoy.

BUILT BY A REGISTERED BUILDER

Buying a house is likely the most significant investment you will ever make, so choosing a new home built by a registered builder is a sensible decision. Most new homes come with an insurance-backed ten-year

NHBC or Zurich warranty, providing peace of mind that those purchasing a secondhand property, mainly if it is over ten years old, are unlikely to have.

ENERGY EFFICIENCY AND ENVIRONMENTAL BENEFITS

With costly gas and electricity prices and increasing environmental concerns, many prospective home buyers are now emphasising the energy efficiency requirements of their new homes. A new-build property is constructed to be more energy efficient, helping you save money on energy bills while benefiting the environment.

House builders are incorporating various environmental features and energy-efficient technologies to ensure they conform to at least Level 3 of the Code for Sustainable Homes. This code is an environmental assessment method for rating and certifying the performance of new homes. It is a government-owned national standard that encourages continuous improvement in sustainable home building.

"New-build homes come in all shapes and sizes, from small studio flats to grand five-bedroom houses. There are countless designs and styles to choose from, catering to everyone's tastes."

SIMPLIFYING THE BUYING PROCESS

Purchasing a new build can streamline the buying process, as you can view the property without existing sellers. You can move into your new home as soon as it is complete, eliminating the need to wait for current residents to vacate. This significantly reduces the chain, one of the most stressful aspects of buying a secondhand property.

When you place an offer on a new build, you also eliminate the risk of being gazumped or encountering a seller who decides to pull out. Having no chain offers greater flexibility in negotiating your moving date without the pressure of synchronising with the seller's schedule.

MODERN STANDARDS AND SPECIFICATIONS

New homes are constructed to modern standards and specifications, including advanced sustainability features. Builders are adopting sustainable practices and materials to reduce the carbon footprint of new properties. These homes often feature superior insulation, double-glazing, and energy-efficient heating systems, ensuring lower energy consumption and reduced utility bills.

Furthermore, many new-build homes incorporate renewable energy sources such as solar panels, further enhancing their environmental credentials. By opting for a new-build home, you are positively impacting the environment while enjoying the benefits of state-of-the-art living conditions.

ENHANCED SAFETY AND SECURITY

Another advantage of new-build homes is the enhanced safety and security they offer. These properties are built to meet current building regulations, which include stringent safety standards. New homes have the latest fire detection systems, secure doors and windows, and robust structural integrity.

New-build developments often feature well-lit streets, secure parking, and neighbourhood watch schemes, contributing to a safer living environment. This level of security is usually lacking in older properties, providing further peace of mind for new home buyers.

CUSTOMISATION AND PERSONALISATION

One of the unique benefits of purchasing a new-build home is the opportunity for customisation and personalisation. Many developers offer buyers the chance to select finishes and fixtures according to their preferences, allowing you to create a home that truly reflects your style and needs.

From choosing the type of flooring to selecting kitchen countertops and bathroom fittings, new-build homes provide a level of personalisation that is rarely possible with secondhand properties. This ensures that your new home feels uniquely yours from the moment you move in. ◆

"When you place an offer on a new build, you also eliminate the risk of being gazumped or encountering a seller who decides to pull out."

>> ARE YOU READY TO DISCUSS EXPLORING YOUR MORTGAGE OPTIONS? <<

Are you in the market for a new home? Whether you're a first-time buyer, seeking a larger space for your growing family, or considering downsizing, a new-build home might be the perfect fit for you. To discover more about the mortgage options available, please contact

Winnersh Triangle – **0118 334 3500**

Newbury – **01635 635 655** **Post@berkshireifa.com**

RENOVATE OR RELOCATE

Should you improve your existing home or purchase a new one?

DECIDING BETWEEN IMPROVING your existing home or purchasing a new one can take considerable time and effort. If your family is expanding, your workspace is spilling onto the kitchen table, or your bathroom feels more like a closet, it might be time to upgrade your living arrangements.

But should you renovate your existing home or pack up and move to a new one? This is a significant decision that requires careful thought.

Here are some factors to help you navigate this important life choice.

FINANCIAL CONSIDERATIONS

It's essential to consider the two main factors: the financial impact and the potential inconvenience. Ask yourself these questions: Will the value of my home increase at least as much as the cost of improvements? Will buying another property cost more or less than any renovations?

Consider the disruption that renovations can cause. Can you live in the property while work is being done? Would it be easier to relocate to a home that meets your needs?

EVALUATING PROPERTY WORTH

To make an informed decision, estimate your home's worth after the planned renovations. Be aware of your area's property 'ceiling', i.e., the highest price properties like yours can reach. For example, if adding bedrooms and living spaces could align your home with larger, more expensive properties in your neighbourhood, it might be a sound investment.

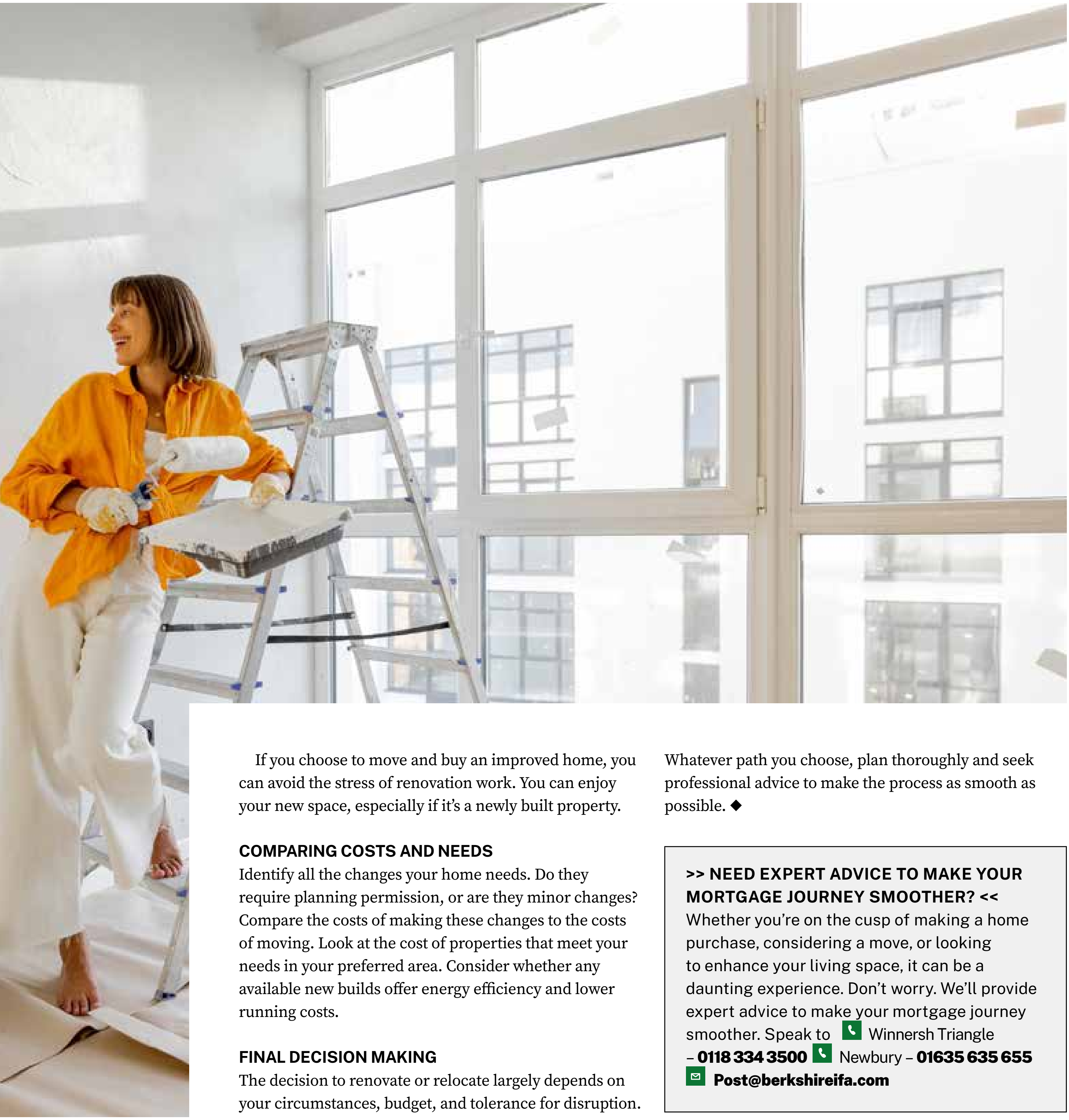
DETAILED PLANNING FOR RENOVATIONS

Renovations involve detailed planning, including cost estimates, obtaining planning permission, meeting building regulations, and hiring reliable contractors. This process can be time-consuming and may entail unexpected expenses.

Even with high-quality renovations, there may be a limit to how much someone will pay for your property based on its location and comparison to neighbouring homes. Adding more rooms might translate into a lower value if the local market has many larger properties but fewer three-bedroom houses.

EXPERIENCED EXPERT INSIGHTS

An experienced local estate agent can provide insights into your residential area's average values and price ceilings. They can also help you understand whether selling your current home would be more cost-effective and finding a new one that suits your future needs.



If you choose to move and buy an improved home, you can avoid the stress of renovation work. You can enjoy your new space, especially if it's a newly built property.

COMPARING COSTS AND NEEDS

Identify all the changes your home needs. Do they require planning permission, or are they minor changes? Compare the costs of making these changes to the costs of moving. Look at the cost of properties that meet your needs in your preferred area. Consider whether any available new builds offer energy efficiency and lower running costs.

FINAL DECISION MAKING

The decision to renovate or relocate largely depends on your circumstances, budget, and tolerance for disruption. Whatever path you choose, plan thoroughly and seek professional advice to make the process as smooth as possible. ◆

Navigating home renovation legalities

Do you need planning permission or approval for building regulations?

UNDERTAKING A HOME RENOVATION or expansion project is an exciting endeavour. However, it's essential to understand the legal aspects, including whether you need planning permission or approval for building regulations. Planning permission is likely required if you're embarking on significant changes to your home.

Certain developments fall under Permitted Development Rights (PDR), but it's always prudent to confirm. Proceeding without the necessary permissions can lead to complications and added costs.

PROFESSIONAL ASSISTANCE

When working with architects, they often submit the plans on your behalf. Engaging one with a solid track record in securing planning permission in your locality is advisable. Alternatively, a competent planning consultant can assist with obtaining planning permission and understanding local planning restrictions and preferences.

Not all home or garden improvements require planning permission. Many projects can be executed under Permitted Development Rights, which are government-established rules that allow various alterations without needing to apply for planning permission.

BENEFITS OF PERMITTED DEVELOPMENT

Permitted development offers a clear idea of what can be constructed without the subjectivity of a full planning application. It's particularly beneficial for residents in areas known for high planning refusals, providing direction and a starting point for their vision.

Common renovations under permitted development include rear extensions, loft extensions, and outbuildings. While these extensions typically require building regulations approval, full planning permission is only sometimes necessary, especially if you're not altering your existing roof shape.

EXAMPLES OF PERMITTED DEVELOPMENT RIGHTS

Here are some examples of when you can use permitted development rights:

- Single-storey extensions up to 6 metres on terraced and semi-detached homes.
- Single-storey extensions up to 8 metres on detached homes.
- Extensions up to 4 metres in height, or 3 metres if within 2 metres of a property boundary.
- Double-height extensions up to 3 metres in depth, as long as it's no closer than 7 metres to the property's rear boundary.

The extension must cover at most half of the garden, and construction should use materials similar to those of the original building.

RESTRICTIONS ON PERMITTED DEVELOPMENT

However, there are instances where you cannot use permitted development rights. These include:

- If your home has been extended since 1948.
- If your home is listed or on 'designated land' (conservation area).
- If your property is a flat or maisonette.

In these cases, you will need to apply for planning permission. Most planning applications are submitted online through platforms like the Planning Portal.

THE APPLICATION PROCESS

Navigating the complexities of planning permission and building regulations can be daunting. Whether you're considering a home renovation or expansion project, ensuring compliance with legal requirements is crucial. If your project requires planning permission and building regulations, you might have to make two separate applications.

Before submitting your application, meeting with your local authority may be worthwhile to address potential concerns about your work. This service may have a fee, but it could help streamline the process. Your application should include detailed drawings and comprehensive information on the materials you plan to use and any necessary reinforcements.

IMPORTANCE OF A PRE-APPLICATION MEETING

A pre-application involves a formal meeting with a planning officer to discuss your project's feasibility and potential issues that could arise with your planning application. This proactive step allows you to explore innovative ideas without risk, anticipate changes before

making your official application, and reduce response time on your official application.

Even if full planning permission is optional, significant works, including extensions, usually require approval from building regulations. This includes all new buildings, garages that aren't fully detached and under 30 square metres, all sizes of extensions, roof extensions, balconies and roof terraces, basements and basement extensions, and some conservatories and porches.

NECESSITY OF PLANNING PERMISSION

Planning permission is a requirement for various types of building projects. Whether you're constructing a new home, subdividing your existing property, or changing listed buildings or those in designated areas, you'll need planning permission. Likewise, if you consider adding large outbuildings or extensions to your property, you must secure planning permission.

However, it's not just these large projects that require permission – there are some less obvious cases where planning permission is necessary. Here are some examples:

PLANNING PERMISSION FOR OUTBUILDINGS AND FENCING

Sheds and summer houses: If these structures exceed 4m in height with a pitched roof or 3m with a flat roof, they require planning permission.

Fences and trellises: Any fencing, including trellises, that exceeds 2m in height requires planning permission, especially if it's adjacent to a neighbouring highway.

SPECIAL CONSIDERATIONS IN CONSERVATION AREAS

Changes in conservation areas: If your property is in a conservation area, any alterations to windows and doors that don't align with the area's character require planning permission.

Driveways and patios: If constructed using impermeable materials like concrete, tarmac, or clay, these require planning permission.

Tree houses may seem harmless, but they can infringe on a neighbour's privacy and thus require planning permission.

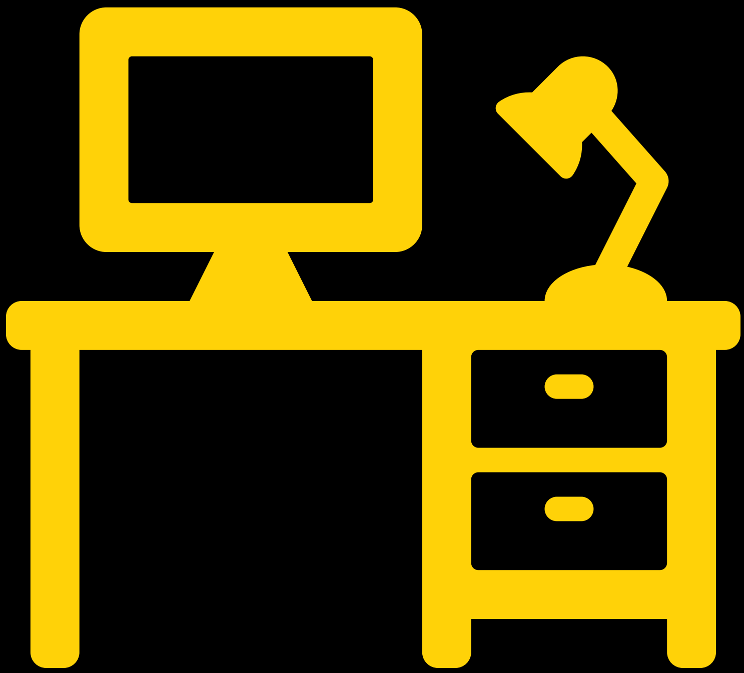
Raised timber decking: You'll need planning permission if your decking is more than 30cm above ground level.

TIMELINES AND LEGAL COMPLIANCE

Remember, it's always better to check if your project needs planning permission before starting work to avoid legal issues. On average, your local authority takes around eight weeks to grant planning permission. Once granted, the consent lasts approximately three years from its date.

NAVIGATING HOME RENOVATION PROJECTS

By understanding the ins and outs of planning permissions and building regulations, you can confidently navigate your home renovation or expansion project, ensuring a smooth and successful process. ◆



ARE HOUSE SURVEYS WORTH THE INVESTMENT?

One in three home buyers who invested in a house survey managed to save money

IF YOU'RE QUESTIONING WHETHER house surveys are worth the expense, the latest research offers compelling evidence of their value. A comprehensive house survey can help identify potential issues that may not be visible during a standard property viewing.

According to the latest research, one in three home buyers who invested in a house survey managed to save money[1]. Specifically, 30% of these buyers could take action before finalising their purchase. The report highlights that nearly 60% of homeowners who bought a property within the last five years had either a RICS house survey or a new build snagging inspection performed.

TAKING ACTION ON SURVEY FINDINGS

Among those who used a survey before purchasing their property, nearly a third (30%) acted on the issues identified. This group saw 10% renegotiate the purchase price, while 9% persuaded sellers to address the problems. Having a survey enabled other buyers to obtain quotes for remedial work, helping them decide whether to proceed with the purchase or discuss flagged issues with their surveyor.

THE IMPACT OF NOT HAVING A SURVEY

Only 4% of people who had a survey reported that they withdrew from the purchase altogether, indicating that a survey leads to a better home-buying experience in most cases. Conversely, 11% of those who skipped the survey later discovered problems with the property's condition and regretted their decision.

UNDERSTANDING MORTGAGE SURVEYS

It's important to differentiate between mortgage surveys and independent property condition surveys. A mortgage company's survey does not assess the property's condition. Banks and building societies typically perform desktop-based surveys that do not involve an expert's physical inspection. Therefore, the buyer is responsible for commissioning a thorough survey to evaluate the property's condition, making it a crucial step in home-buying.

HOW TO FIND A QUALIFIED SURVEYOR

To find a qualified surveyor to conduct your house survey, follow these steps:

Shop around: Always obtain quotes from multiple firms to compare. Use our House Survey quotes tool to find qualified chartered surveyors in your local area, allowing you to compare quotes and select the best surveyor at the optimal price.

Check accreditation: Ensure your surveyor is a member of the Royal Institution of Chartered Surveyors (RICS)—look for the letters MRICS or FRICS after their name. The RICS ensures its members maintain professional standards. Alternatively, confirm they are part of the Residential Property Surveyors Association (RPSA).

Independence matters: While estate agents may recommend a surveyor they work with, you can obtain quotes to avoid paying more for potentially lower-quality service. Independent research will help you find the best service at the best price.

HERE'S WHY INVESTING IN A HOUSE SURVEY IS AN INTELLIGENT DECISION:

Save money: House surveys can uncover hidden problems that could lead to costly repairs down the line. By identifying these issues early, you can either negotiate a lower purchase price or request that the seller address the problems before closing the deal.

Renegotiate terms: If the survey reveals significant defects, it gives you the leverage to renegotiate your purchase terms. This might include asking for a reduction in the sale price or requesting that specific repairs be made before finalising the sale.

Avoid unforeseen surprises: A detailed survey can help you better understand the property's condition, avoiding unpleasant surprises after moving in. Knowing about structural issues, dampness, electrical faults, or other potential problems beforehand allows you to make a more informed decision about your investment.

MAKE INFORMED DECISIONS

Commissioning a house survey is an essential investment in the home-buying process. It provides vital insights into the property's condition, enabling you to make informed decisions and save money. ◆

>> ARE YOU LOOKING FOR A MORTGAGE? <<

If you need further information or guidance on selecting the most suitable mortgage for your circumstances, please do not hesitate to contact us. Our team of experts is dedicated to assisting you in making informed decisions. Speak to the team at

Winnersh Triangle – **0118 334 3500**
Newbury – **01635 635 655**
Post@berkshireifa.com

Source data:

[1] HomeOwners Alliance research - sample size 759 - 16/05/2024

Gazumping cases on the rise

Insurance can help cushion the financial blow

RECENT RESEARCH REVEALS a worrying trend in the housing market: 37% of buyers are now being gazumped, a rise of 6% over the past two years[1]. While homebuyers cannot completely prevent this from happening, there are measures you can take to mitigate its impact and put yourself in a stronger position.

One effective solution is to take out Home Buyers Protection Insurance to cushion the financial blow. The risks associated with gazumping can be significant. The findings reveal that 78% of homebuyers want gazumping made illegal, and 59% of those who were gazumped suffered financial losses. On average, a failed property purchase costs £2,400.

FINANCIAL PROTECTION

Home Buyers Protection Insurance, which is relatively inexpensive, allows you to recover some of your costs if you are gazumped. In the 2023/24 period, claimants received an average payout of £975. This insurance can provide vital financial protection against the unpredictable nature of the housing market.

EMOTIONAL AND FINANCIAL INVESTMENT

Nearly eight in ten homebuyers (78%) wish gazumping were outlawed. This practice allows sellers to accept a higher offer from another party after accepting a buyer's offer. The current home buying and selling system is flawed, as the purchase is not legally binding until the exchange of contracts, long after the buyer has invested significantly financially and emotionally. Buyers face expenses such as mortgage and conveyancing fees, property surveys, and local searches, which can amount to hundreds or thousands of pounds.

BE PREPARED AND MOVE QUICKLY

To mitigate the impact of gazumping, it's crucial to be prepared and move quickly. Ensure you have your mortgage agreement in principle, solicitor lined up, and all necessary documentation ready. Any unnecessary delays increase the risk of another buyer making a better offer. Swift action can help you reach the point of exchanging contracts, making the transaction legally binding.

TAKE PROACTIVE STEPS

Ask the seller to take the property off the market once your offer is accepted. Sellers may be hesitant, but it's worth requesting as it reduces the chance of a higher offer emerging. Additionally, consider negotiating a "lockout" agreement. This contract gives the buyer the exclusive right to purchase the property within a specified period. ◆

>> NEED GUIDANCE ON PROTECTING YOURSELF FROM GAZUMPING? <<

If you require further information or guidance on protecting yourself from gazumping, please do not hesitate to contact us. Our team of experts is here to assist you in making informed decisions. To speak to our highly experienced mortgage team, contact

Winnersh Triangle – **0118 334 3500**

Newbury – **01635 635 655** **Post@berkshireifa.com**

Source data:

[1] Research from HomeOwners Alliance – 10/06/2024.

"BANK OF MUM AND DAD"

Do you feel guilty about not being able to do more?

WHILE IT IS WELL KNOWN that the "Bank of Mum and Dad" facilitates many people's first steps onto the housing ladder, a recent survey reveals the significant emotional and financial strain this support places on families in today's Britain[1]. Parents with adult children recognise the importance of homeownership but are overwhelmingly worried, wanting to help more and feeling guilty they cannot.

Beyond the emotional burden, an alarming picture of the impact on older parents' lives is emerging. The survey indicates many people are concerned that assisting their children may leave them financially strained. More than half of homeowners with adult children have either helped or expect to provide financial assistance for purchasing a home.

EMOTIONAL AND FINANCIAL IMPLICATIONS

What are the broader implications of this trend? Do you feel guilty about not being able to do more? And what are the potential avenues through which you can assist your grown children in getting onto the property ladder? Home-owning parents are increasingly anxious about the prospects of their adult children, who do not currently own a home, being able to purchase the property.

The latest findings underscore that parents are crucial in helping their children gain a foothold on the housing ladder. Amongst this group, 59% worry about their children's chances of owning a home in the future. Specifically, half of the parents with adult children who do not yet own a home want to provide more financial support.

GUILT AND EXPECTATIONS

Additionally, a quarter of these parents feel a palpable sense of guilt regarding the level of support they can offer. Among home-owning parents with adult children who do not yet own a home, 59% are concerned about their children's chances of future homeownership, 50% wish they could provide more financial aid, and 25% experience guilt over their inability to offer more substantial support.

More than half (54%) of parents with adult children over 18 have assisted or anticipated assisting their children with financial support for home purchases. However, not all parents can afford to give a deposit as a gift to help their children save for their first home, necessitating various forms of financial assistance.

DIVERSE FORMS OF ASSISTANCE

Whether it involves acting as a guarantor on a mortgage or allowing their adult children to live rent-free while they save, our data illustrates precisely how parents have or plan to

"More than half (54%) of parents with adult children over 18 have assisted or anticipated assisting their children with financial support for home purchases."

provide financial support. The majority of parents (56%) expect this assistance to have a direct impact on their own financial situation.

Among those who foresee supporting their children, 28% indicate that this will require dipping into savings or investments. This leaves 13% concerned they won't have adequate funds for the long term and 10% worried they might lack sufficient resources should they need long-term care.

LONG-TERM CONSEQUENCES

A substantial 9% of parents providing support anticipate needing to work longer and delay retirement, while a similar proportion (9%) believe they may need to downsize their home. These are the sacrifices parents are willing to make to secure their children's future. ◆

Source data:

[1] Research HomeOwners Alliance – 15/04/2024.

THE RENTAL MARKET REACHES A NEW HIGH

New Labour government urged to incentivise landlords to invest in more homes for tenants

THE LATEST SNAPSHOT of the rental market from Rightmove reveals that average advertised rents for tenants outside London have risen to a new record of £1,316 per calendar month. This milestone signifies that the average rent advertised outside London is now 7% higher than last year. Although rental growth has moderated from its peak of 12% two years ago, it remains significantly above the pre-pandemic norm of around 2% per year.

The analysis highlights the pressing need for approximately 120,000 additional rental properties to enter the market to achieve this more sustainable level of 2% rent growth annually. The current imbalance between supply and demand is a key

driver behind the rapid increase in advertised rents since the pandemic, with far too few homes available to meet tenant demand.

REGIONAL DISPARITIES EVIDENT

Scotland is experiencing the most severe supply and demand imbalances, while London appears to be the least affected. An improved balance between supply and demand in London has contributed to a deceleration in rental price growth. During 2022 and 2023, London experienced some of the largest annual rent increases, driven by a significant widening gap between supply and demand during the pandemic.

A notable 15% decrease in the number of tenants looking to move in London, coupled with a 16% increase in available rental properties, has resulted in the capital seeing the most significant overall improvement in supply and demand compared to last year. Consequently, rental price growth in London has decelerated from its peak of +18% in 2022 to +4%, marking the joint smallest yearly rise across all areas in Great Britain.

CALLS FOR GOVERNMENT INTERVENTION INCREASE

Commentators are urging the new Labour government to streamline the planning process, expedite housebuilding, and incentivise landlords to invest in more homes for tenants. These measures are essential to addressing the supply and demand imbalance in the rental market and ensuring sustainable rent growth.

The new government must prioritise planning reforms, accelerate housebuilding, and encourage more supply into the rental market. These steps are necessary to create a more balanced and sustainable rental market and avoid the unsustainable double-digit yearly rent increases witnessed in recent years. ◆

>> TIME TO CONSIDER YOUR PROPERTY INVESTMENT MARKET OPTIONS? <<

Please get in touch with us for further information or advice on navigating the property investment market. Our experts are here to help you understand your options.

Contact

Winnersh Triangle – **0118 334 3500**

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Investing in properties with sitting tenants

Allowing landlords to start earning rent income immediately

A SITTING TENANT can provide a valuable opportunity for buy-to-let investors, particularly those new to the sector. This scenario offers a ready-made investment, allowing investors to hit the ground running with an immediate rental income. However, it remains crucial to conduct thorough due diligence, particularly concerning the tenant, to ensure they maintain their rental payments and that no other issues have been raised.

Choosing a tenanted property managed by an agent can facilitate this process. Agents typically vet tenants initially and, having managed the property professionally, will likely possess a more comprehensive tenant history. This can provide added peace of mind to investors.

MARKET REALITIES AND POTENTIAL SAVINGS

While properties with sitting tenants might allow landlords to start earning rent immediately, research indicates that such opportunities are relatively scarce. These properties account for just 2.8% of total market listings. However, those who manage to find a suitable investment could benefit significantly, saving up to 25% on the market value of their investment.

A buy-to-let investment can be expensive, with numerous costs associated with preparing a rental property before even starting the tenant search. Acquiring a property with a sitting tenant is one way to invest in the rental market with minimal hassle.

BENEFITS OF IMMEDIATE RENTAL INCOME

The primary advantage of purchasing a property with a sitting tenant is the guaranteed rental income from the outset. This setup ensures that investors secure a steady income stream without the

initial void period that can occur when finding a new tenant for an empty property.

Moreover, the presence of a sitting tenant can indicate a well-maintained property, especially if managed by a reputable agent. This can save new landlords from unexpected maintenance costs and tenant-related issues, making the investment more predictable and less risky.

A VIABLE STRATEGY FOR NEW INVESTORS

Investing in a property with a sitting tenant can be a strategic move for those entering the buy-to-let market. It simplifies the initial phase of property ownership, providing immediate returns and reducing the administrative burden. Nevertheless, investors should remain vigilant and ensure all legal and financial checks are thoroughly completed.

Investing in a property with a sitting tenant offers peace of mind, as a letting agent has already vetted these tenants. Additionally, the previous landlord will have addressed many administrative tasks associated with rental properties, such as compliance certificates, gas safety checks, and licensing requirements in the case of Houses in Multiple Occupation (HMOs). This can significantly reduce the burden on new investors.

SCARCITY OF TENANTED PROPERTIES

However, research suggests that the benefits of investing in a rental property with a sitting tenant may take more work, depending on the location of the investment. Properties with sitting tenants make up just 2.8% of all homes listed for sale. The figures indicate that, currently, there are approximately 12,423 investment opportunities available with a tenant in situ across Britain.

In London, properties with sitting tenants account for as little as 0.3% of total market listings. Even in Yorkshire, which has the highest proportion of properties with sitting tenants, such opportunities still only constitute 6.3% of the total market stock. These statistics underscore the scarcity of this type of investment opportunity.

FINANCIAL BENEFITS AND MARKET VALUE

The figures show that those locating such an investment opportunity could benefit from more than immediate rental income. A sitting tenant can often devalue a property because any potential buyer inherits the responsibility of the tenancy agreement with the existing tenant.

This scenario can deter average buyers who intend to use the property for their own use, as they may only be able to move in once the tenancy ends or the eviction process is completed. For buy-to-let investors, however, the potential reduction in the market value of a property with a sitting tenant only increases the yield on their investment.

DISCOUNTED PRICES AND INCREASED YIELDS

The figures demonstrate that the average asking price for a property with a tenant in situ currently stands at £149,124 across Britain, around 15% less than comparable market values. This discount can be as high as 24.6% in Scotland.

Even in the East of England, where the reduction in the value of a property with a sitting tenant is at its lowest, investors can still benefit from an average discount of 10.8% compared to wider market values. ◆

>> NEED TO FIND THE RIGHT FUNDING SOLUTION FOR YOUR PROPERTY INVESTMENT REQUIREMENTS? <<

Whether you're considering buying to let or expanding your property portfolio, talk to our experienced team about your mortgage funding options.

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NEW RULES FOR FURNISHED HOLIDAY LETS

A significant shift in the tax regime is on the horizon

> “Each partner will be liable for tax on 50% of the rental profits by default.”

CURRENT RULES AROUND furnished holiday lets—i.e., short-term holiday rental properties—include more favourable tax rules than traditional rented assets, including Income and Capital Gains Tax. From 5 April 2025, however, the regime will be abolished in efforts to address housing market distortions, simplify regulations, and raise funds.

With a significant shift in the tax regime on the horizon, some investors are contemplating selling their current holiday let property or halting the buying process altogether. The planned changes are designed to align tax rules for holiday lets with those for other residential property lettings, making it crucial for current or potential owners to understand what this means for them.

IMPACT OF NEW TAX RULES

The new rules will mean that interest on borrowings (mortgage interest and associated financing costs) will no longer be fully deductible when calculating taxable profits from a rental property. In addition, various Capital Gains Tax reliefs will no longer be available, including business asset disposal relief, business assets rollover relief, and gifts holdover relief. For pension contribution purposes, profits from holiday lets will no longer count as ‘earnings’.

The new rules will also prevent owners from claiming tax relief on the original cost of domestic items purchased for use in the property. Moreover, where a holiday let is owned jointly by spouses or registered civil partners, each partner will be liable for tax on 50% of the rental profits by default. This could have significant consequences for anyone whose income is close to the threshold of a higher income tax bracket, increasing their personal Income Tax burden.

STRATEGIC ADJUSTMENTS

While there is no getting away from the changes being made to the tax rules, in general terms, there are some adjustments that one could make between now and April of next year to sidestep some of the impacts. Given that everyone is in a unique position, we strongly recommend taking professional advice to understand better how these rules apply to your situation.

To avoid automatic 50:50 taxation, spouses or registered civil partners could consider altering the beneficial ownership of their property to unequal shares. To effect this, relevant parties must also submit a formal application to HM Revenue & Customs to change the income split from the property for tax purposes.

CAPITAL GAINS TAX CONSIDERATIONS

If reducing Capital Gains Tax is a priority, owners could consider selling their holiday let before the next tax year to secure business asset disposal relief at the current 10% Capital Gains Tax rate. Giving the property away to a family member before the coming tax year would allow owners to claim Capital Gains Tax ‘gifts holdover relief’.

However, the amount of gain that may be ‘held over’ may need to be time-apportioned if the property has not qualified as a short-term holiday let throughout your ownership. Additionally, there may also be stamp duty issues to consider. If they occupy the property personally, they must pay an open market rent to ensure the gift is effective for Inheritance Tax purposes.

MAXIMISING PENSION CONTRIBUTIONS

If short-term holidays provide the only source of earnings, owners could consider maximising their personal pension contributions this tax year. They may find they can bring extra tax relief from the previous three tax years. ◆

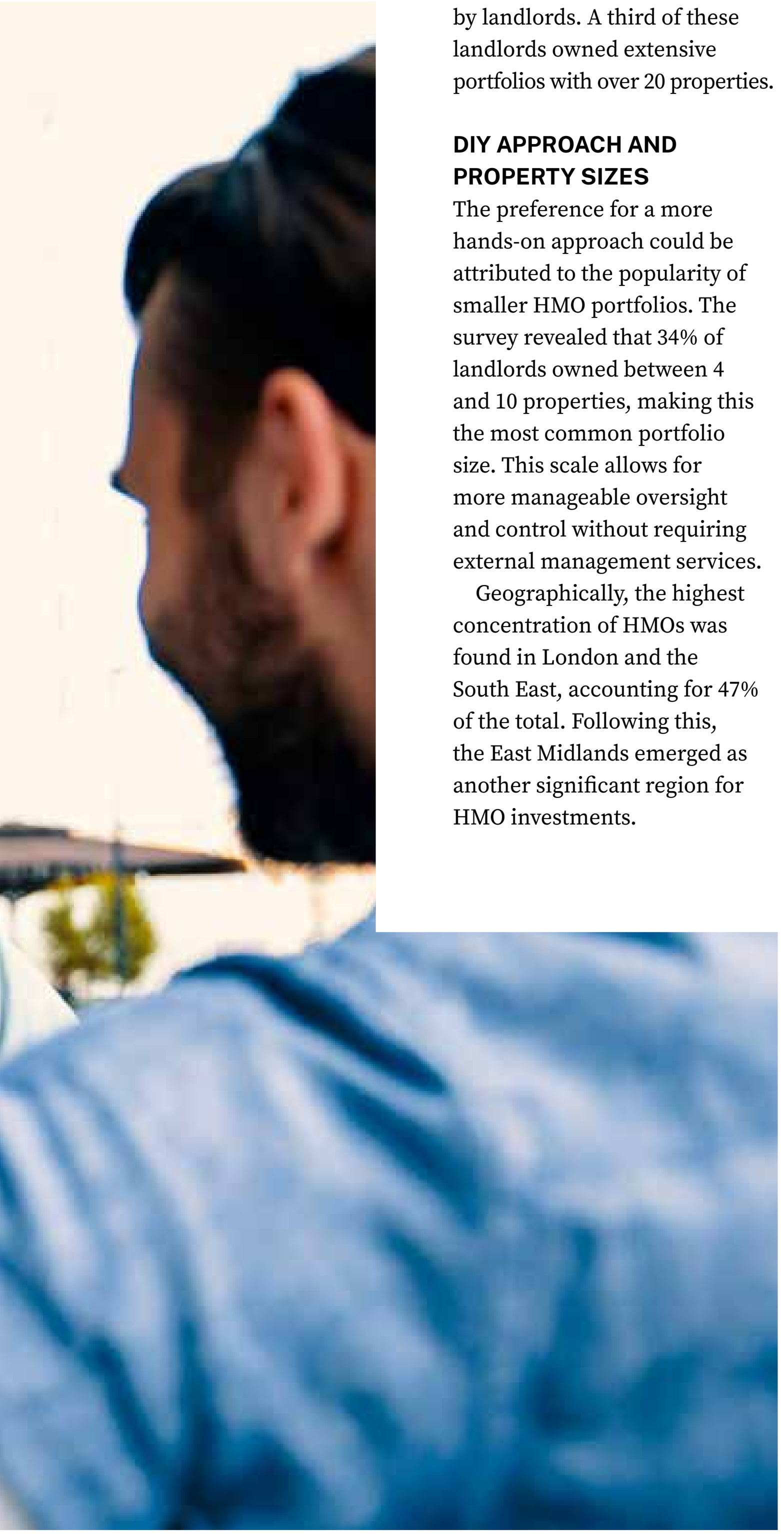
>> WANT TO DISCUSS YOUR OPTIONS? <<
We can help you navigate these upcoming changes by providing further information on how they might affect you. Contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**

ENDURING CONFIDENCE IN THE HMO SECTOR

Sector's resilience amidst regulatory changes and economic pressures

HALF OF HOUSE in Multiple Occupation (HMO) landlords have reported that they rely solely on their property or portfolio as their primary source of income. According to a recent survey, just under 30% of participating landlords owned an HMO property or portfolio[1]. Of these, 72% managed their HMO properties through a limited company structure.

Interestingly, half of these landlords disclosed that they did not have another occupation and depended entirely on their property investments for financial sustenance. Despite the complexities involved in managing HMOs, nearly half of



the properties were self-managed by landlords. A third of these landlords owned extensive portfolios with over 20 properties.

DIY APPROACH AND PROPERTY SIZES

The preference for a more hands-on approach could be attributed to the popularity of smaller HMO portfolios. The survey revealed that 34% of landlords owned between 4 and 10 properties, making this the most common portfolio size. This scale allows for more manageable oversight and control without requiring external management services.

Geographically, the highest concentration of HMOs was found in London and the South East, accounting for 47% of the total. Following this, the East Midlands emerged as another significant region for HMO investments.

> **"Geographically, the highest concentration of HMOs was found in London and the South East, accounting for 47% of the total."**

STEADFAST CONFIDENCE AMIDST CHALLENGES

The survey results indicate enduring confidence in the HMO sector. The market remains steadfast despite looming rental reforms and the introduction of local authority licensing schemes. The persistent housing shortage continues to fuel demand for quality, well-managed house shares.

HMO landlords have also benefited from reduced utility bills, which translates to higher net rental income. This financial improvement enhances the ability to secure larger loans against the property's value, bolstering investment potential.

FINANCIAL RELIEF AND ATTRACTIVE RETURNS

In addition to lower utility costs, regulatory changes have further supported HMO landlords. The reversal of council tax banding for individual rooms in shared houses has reinstated HMOs as single dwellings, easing the financial burden. These developments make HMO investments even more appealing and financially viable.

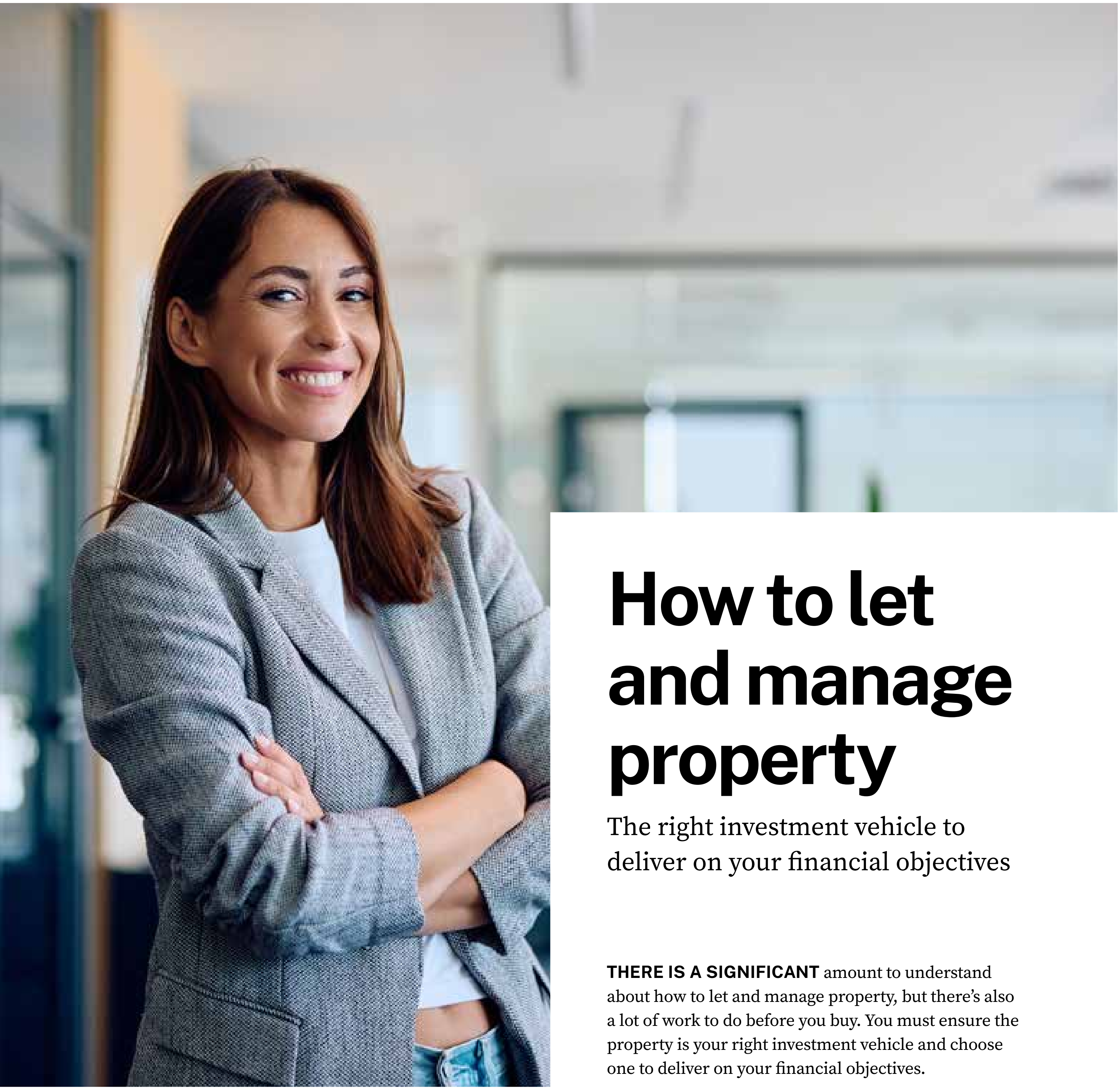
Investors who conduct thorough research can find HMOs a lucrative investment opportunity. The sector's resilience amidst regulatory changes and economic pressures highlights its potential for stability and profit. ◆

>> ARE YOU THINKING OF INVESTING IN AN HMO PROPERTY? <<

Please get in touch with our professional advisers for further information on HMO investments or bespoke funding advice. They are ready to provide the guidance you need to capitalise on the HMO market successfully. To find out more, contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**

Source data:

[1] Survey data Landbay 21/06/2024



How to let and manage property

The right investment vehicle to deliver on your financial objectives

THERE IS A SIGNIFICANT amount to understand about how to let and manage property, but there's also a lot of work to do before you buy. You must ensure the property is your right investment vehicle and choose one to deliver on your financial objectives.

DEFINING YOUR INVESTMENT OBJECTIVES
What are your investment objectives? Are you primarily looking for a monthly income from rental profit, or are you more interested in building up equity to get a lump sum return in the future? Do you want an asset you can pass on to your children, or something they can live in themselves someday? It's important to know what kind of returns you want and when.

ASSESSING PROPERTY AS AN INVESTMENT
Is property the right investment for you? Before moving ahead, discussing your plans and objectives with our expert team will enable you to make an informed decision. While property can be a proven investment, it's not necessarily right for everyone.

CHOOSING THE RIGHT LOCATION
Many landlords invest reasonably locally. There's not necessarily a need to chase 'hotspots' as once they are 'known', the best growth can already be priced. The good news is you can find suitable rental investments nationwide.

SELECTING THE TYPE OF PROPERTY
What type of property should you invest in? This will depend primarily on supply and demand in your local area now and in the future. The critical thing to remember is this isn't about what you personally like or don't like; it's about what tenants are looking for and what kind of property will deliver on your financial objectives.

IDENTIFYING YOUR TARGET TENANT
What type of tenant and let should I have? Again, this is mainly down to supply and demand, so speak to qualified agents in your area and conduct online research to see where the most significant demand is coming from. It will also depend on your objectives. For example, if a three-bedroom house best meets your long-term goals, families looking for unfurnished accommodation could be your target market.

CONSIDERING FURNISHED VERSUS UNFURNISHED OPTIONS
If you focus on rental income, you could offer furnished flats or House in Multiple Occupation (HMO) rentals to professionals or students.

"Return on investment (ROI) is the annual profit figure expressed as a percentage of the total capital invested in the property."

UNDERSTANDING COSTS INVOLVED IN PROPERTY PURCHASE
In addition to the deposit, the most significant consideration here is the 3% higher rate stamp duty that applies to any property you buy in addition to your own primary residence – and it's applied to the whole price of any purchase worth £40,000 or more.

MEETING LETTINGS STANDARDS
Numerous health and safety considerations need to be satisfied, and the property must meet certain overall

standards to be legally let, such as gas and electrical safety checks. The amount you'll have to spend will depend on the property's condition, but make sure you know how much you'll have to invest before you buy.

BUDGETING FOR LETTING COSTS

In addition to any necessary upgrades, refurbishment and furnishing, you need to be aware of all the other costs you'll incur and expenditures you'll have to budget for. These include mortgage payments, landlord insurance, local council licensing fees, gas and electrical safety checks, repairs and maintenance, and allowance for void periods.

ADDITIONAL CONSIDERATIONS

You will also be liable for council tax, and if the property is empty for some time and a second property is vacant, this might incur an increased charge, so double-check the amount you will pay each month.

ASSESSING AND COMPARING FINANCIAL PROPERTY RETURNS

Understanding three key figures is crucial for assessing and comparing financial property returns. First, we have yield, which represents the annual rental income as a percentage of the property's value. This provides a gross yield percentage that allows you to compare investments and gauge their profitability.

Calculating profit is another crucial figure, the rental income minus costs. Maintaining monthly and annual figures is advisable, ensuring that allowances for voids and more significant

"Knowledge of eviction procedures is also essential. Landlords must understand when and how to require a tenant to vacate a property and the steps to take if legal intervention is necessary."

periodic maintenance works are accounted for. This comprehensive approach will give you a clearer picture of your investment's health.

Return on investment (ROI) is the annual profit figure expressed as a percentage of the total capital invested in the property. Any equity growth must be included in this calculation. ROI is a pivotal metric for comparing the performance of buy-to-let investments against other investment opportunities.

Additionally, if you are investing with 100% cash, it is vital to consider inflation in your calculations. This ensures that your investment returns are realistically assessed over time.

INDIVIDUAL VS. LIMITED COMPANY PURCHASES

A significant consideration for landlords is whether to purchase property individually or through a limited company. One primary reason for choosing a limited company structure is its potential tax benefits. You should obtain professional advice before making a decision.

SELF-MANAGEMENT VS. USING AN AGENT

Another important decision is managing the property yourself or using an agent. Employing an agent to handle letting and management can alleviate substantial work and responsibility. While there is a cost associated with this, a professional, experienced agent should deliver savings and value far exceeding their fee.

A crucial benefit of using an agent is ensuring legal compliance, significantly reducing stress for the landlord. If you choose to manage the lettings and management yourself, it is imperative to understand your legal responsibilities and obligations.

UNDERSTANDING LEGAL RESPONSIBILITIES

You must invest time and effort in staying updated with legislative changes. Non-compliance, even if unintentional, can result in severe penalties.

HANDLING DEPOSITS

Landlords must know the maximum deposit permissible under the Tenant Fees Act and know how to protect it correctly in a government-approved scheme.

DRAFTING CONTRACTS

Each tenancy should be governed by a written agreement, the most common being an Assured Shorthold Tenancy Agreement (AST). Understanding the rights and responsibilities of both parties and the enforceability of contract clauses is vital.

MANAGING TENANT ISSUES

Whether dealing with tenant queries, rent arrears, or problematic behaviour, it is crucial to handle these issues professionally and legally.

LEGAL INTERVENTIONS

Knowledge of eviction procedures is also essential. Landlords must understand when and how to require a tenant to vacate a property and the steps to take if legal intervention is necessary. Incorrect procedures can render an eviction invalid. ◆

>> WANT TO EXPLORE YOUR INVESTMENT PROPERTY FUNDING OPTIONS? <<

If you'd like to discuss whether investing in property is right for you and to explore your funding options, contact our experts, who will happily answer your questions. Contact

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Property auctions

What to look for when viewing potential investments

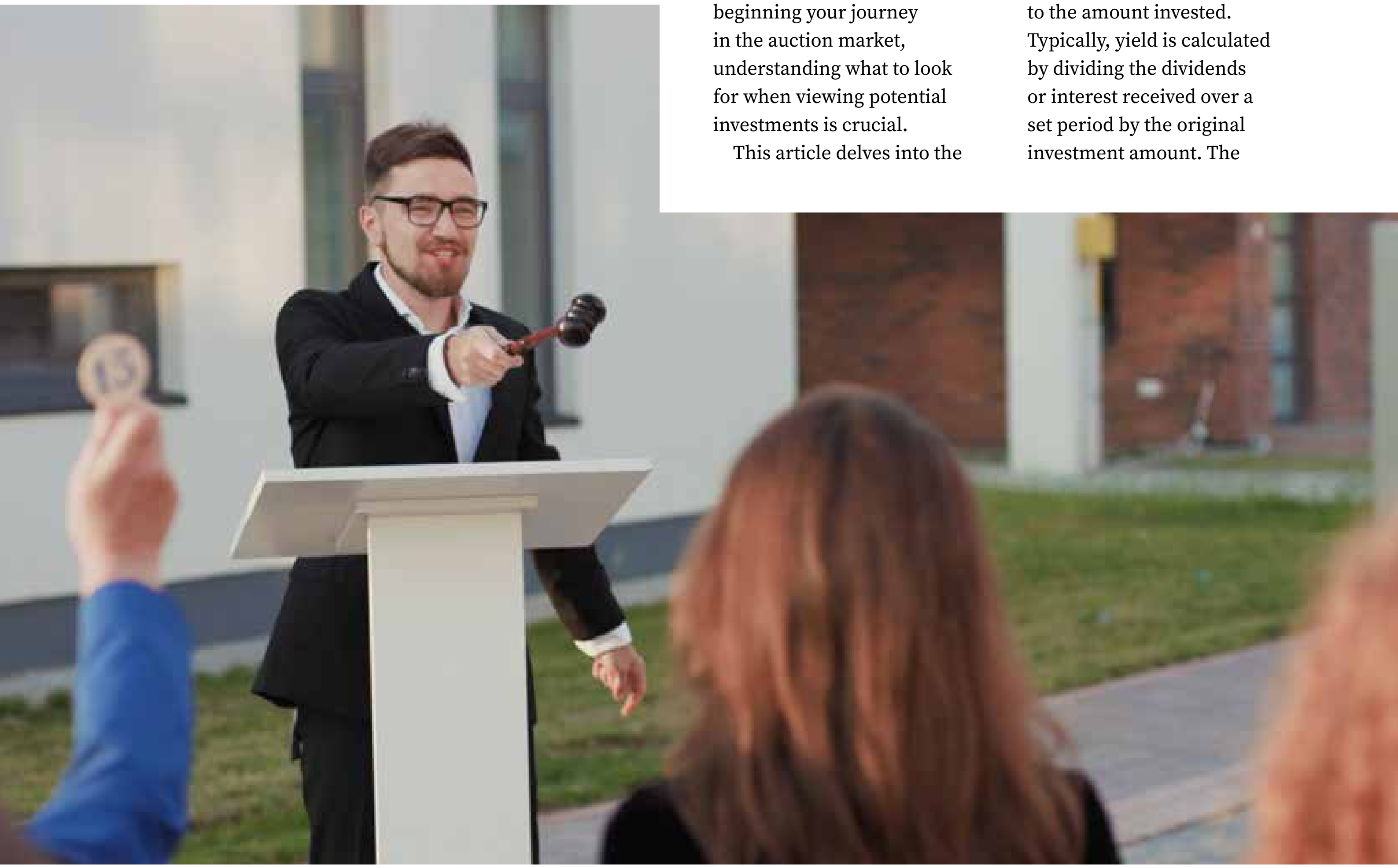
IN THE DYNAMIC WORLD of property trading, auctions give savvy investors unique opportunities to acquire properties at potentially lower prices to add value and secure a profitable return.

However, navigating the complexities of auction properties requires a keen eye for detail and strategic planning. Whether you're a seasoned trader or just beginning your journey in the auction market, understanding what to look for when viewing potential investments is crucial.

This article delves into the essential factors to consider during property viewings, ensuring you make informed decisions and maximise your profit margins.

YIELD

When considering an investment in a buy-to-let property, one of the primary factors to assess is the yield. Yield represents the cash flow an investor receives relative to the amount invested. Typically, yield is calculated by dividing the dividends or interest received over a set period by the original investment amount. The



higher the yield, the greater the return on investment.

LOCATION

The yield will largely depend on various factors, with the property's location paramount. Is the area in demand? Is it on the rise in terms of development and desirability? Proximity to local transport links and schools can significantly impact the property's appeal. Generally, a desirable location ensures a higher yield and promises better capital appreciation over time.

EXIT STRATEGY

Even if you are a long-term investor, having a clear exit strategy is crucial in case your circumstances change.

There are several types of exit strategies to consider:

SELLING AT SHORT NOTICE.

RE-FINANCING TO UNLOCK EQUITY WHEN NEEDED.

Restructuring your portfolio. A balanced portfolio might include a mix of residential and commercial properties tailored to your risk tolerance and income needs. Restructuring may be particularly beneficial for those relying on income from their portfolio during retirement.

INVESTMENT MINDSET

It is vital to remember that emotional detachment from any property is essential for investors. The property should be viewed solely as a source of income rather than a personal asset.

Investors viewing auction property: What should you look for?

TRADERS VIEWING AUCTION PROPERTY

As a property trader, you aim to add value and sell for a profit. The old saying 'buy low, sell high' originates from this. If you are looking to flip a property, you are a property trader, not an investor per se. So, what do you need to look out for when searching for the perfect 'flip'?

LOCATION MATTERS

Have you heard the saying "buy the worst house in the best street"? Every property has a ceiling price, the top price a house would sell for in the area. We know this price by looking at comparable properties sold in the area.

How much value are you looking to add? It is essential to understand the different levels of work required:

LEVEL 1: INTERIOR REDECORATION

This level includes some or all of the following: clearing the property, deep cleaning, and some minor TLC.

LEVEL 2: ROOM REFITS

This level involves refitting a new kitchen and bathroom and some or all of the tasks in Level 1.

LEVEL 3: MAJOR ENHANCEMENTS

This is where you can maximise the property's value by adding an extension or converting the loft. These ideas increase the interior space of the property, thus adding value.

EXPERT ADVICE AND ASSISTANCE AVAILABLE TO YOU

Have a clear budget, and set aside funds for unforeseen circumstances or "miscellaneous" expenses. What is your timeframe? Remember, when the gavel falls, you are the new legal owner, and the property is at your insurable risk. Are you doing any of the work yourself? Do you have family or friends who can help with specific aspects? How much of the project will be completed by contractors? Do you already have contact with any reputable contractors?

CONDUCT THOROUGH DUE DILIGENCE

These are all points you should consider when viewing a property, as these key thoughts will help you evaluate if a property is profitable. Once the work is completed, get numerous valuations and weigh your selling options. The key point to remember is that you are always in control. Do your own due diligence, and you can maximise your profit margins. ◆

>> WHAT ARE YOUR DEVELOPMENT FINANCING OR AUCTION FUNDING OPTIONS? <<

For further information or assistance, please contact us. Our experts are here to help you navigate the complexities of property trading and ensure you achieve the best possible outcomes. To discuss your development financing or auction funding options, speak to

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The housing market has several positive markers right now

Buy-to-let investors continue to experience extremely high levels of demand for their properties

THE UK RENTAL MARKET has an imbalance between supply and demand, with fewer properties available than people seeking homes. The good news for buy-to-let investors is the continuation of extremely high demand for their properties, with new data indicating another rise[1]. For buy-to-let property investors, the UK housing market has several positive markers right now. Resilient pricing and mortgage rates finally edging back down after recent increases provide a favourable environment.

RISING RENTAL DEMAND

Alongside these factors, rental demand remains extremely strong across almost all parts of the country, with the number of tenants far exceeding the number of available homes. The report shows the average number of new prospective tenants registered at each member branch has risen to 97 in May, up from an average of 90 in April, representing around a 7% increase. This suggests that tenant demand in the UK buy-to-let sector is rising.

INCREASING STOCK LEVELS

At the same time, buy-to-let stock levels have increased to around 11 rental homes available per member branch in May. Although this remains within long-run parameters, it highlights a significant disparity between tenants seeking homes and the available properties. On average, about nine new tenant applicants are registered for each available property as demand continues to outstrip supply.

TENANCY AGREEMENTS AND RENT TRENDS

The number of tenancies agreed per branch also increased in May to just over eight, having fallen to a lower point over the past few months. However, this figure is still down from the middle of last year, when the average was around 11 new monthly tenancy agreements per branch between July and October. This imbalance has had a knock-on effect on rents, pushing upwards over the past couple of years partly due to escalating mortgage rates and changes to tax rules.

FLUCTUATING RENTAL RATES

According to the report, rents "continue to fluctuate by market and region". Almost half (47%) of member branches reported seeing rents remain static this May, while 34% said they had increased overall. Conversely, 18% said they had seen rents fall month-on-month, up from 12% who reported the same in April.

RENTAL ARREARS AND MARKET OUTLOOK

Rental arrears for buy-to-let landlords remain towards the lower range, despite a slight increase in May, with less than 3% of fully managed and rent collect/rent management properties in arrears. Buy-to-let property investors will also keep a keen eye on the sales market, particularly with the promise of a future base rate cut and more positive economic influences expected to boost the housing market, including the buy-to-let space. ◆

>> READY TO EXPLORE YOUR BUY-TO-LET FUNDING OPTIONS? <<

For more detailed insights or to discuss your mortgage and property investment needs, please do not hesitate to contact us. We are here to assist you with expert advice and guidance in navigating the dynamic buy-to-let market. For more information, speak to

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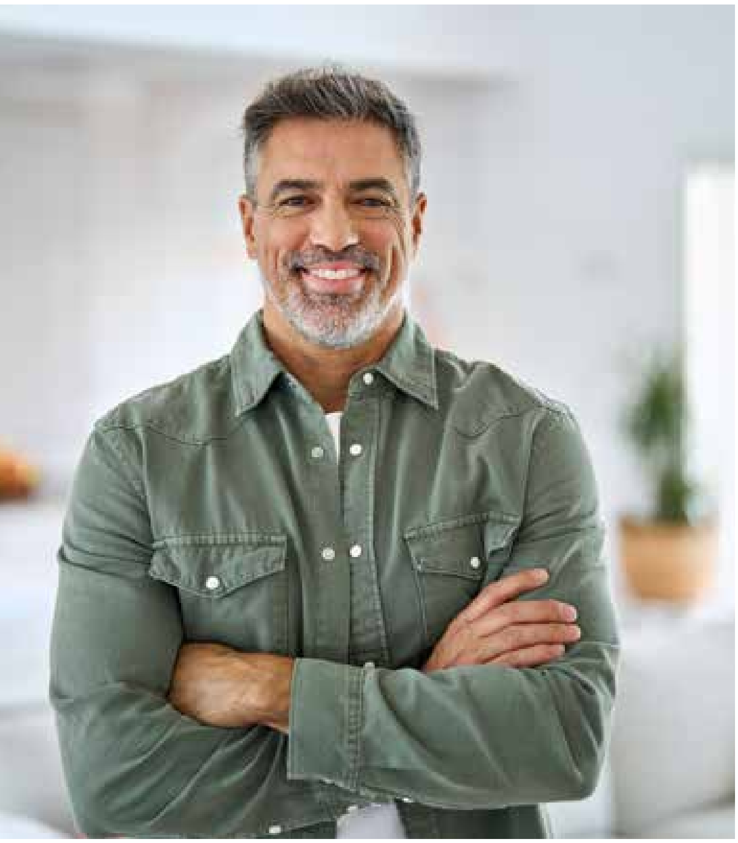
Source data:
[1] Housing Insight Report from Propertymark – 03/07/24.

SHIFTING LANDSCAPES AND EVOLVING LANDLORD PROFILES

How the buy-to-let market is undergoing significant transformations



BUY-TO-LET HAS undergone significant transformations in recent years, leading to a fundamental shift in the profile of the typical landlord. The buy-to-let (BTL) market, which was once a refuge for casual investors looking to diversify their income streams or secure their financial futures, has been substantially impacted by several economic factors.

These changes have rendered BTL investments less advantageous for non-professional landlords, ushering in a new era where professionalisation and strategic planning are essential.

RISE AND FALL OF 'ACCIDENTAL' LANDLORDS

Until recently, many BTL investors were individuals who had inherited homes or retained previous properties upon moving, often referred to as 'accidental' landlords. Casual investors also viewed BTL properties favourably as a means to augment their income, particularly in preparation for retirement. High house price growth, stable borrowing costs, attractive rental yields, and tax reliefs made BTL properties a relatively safe option for these non-professional landlords.

ECONOMIC SHIFTS IMPACTING THE BTL LANDSCAPE

However, by 2024, the scenario has changed dramatically. An increasing number of 'accidental' and casual landlords have exited the market, driven by the turbulent economic conditions of the past few years.

The challenges began in 2020 when landlords could no longer mitigate their tax bills by offsetting mortgage expenses against rental income. Instead, they receive a tax credit of 20% of their mortgage interest payments. This shift has posed problems, particularly for those pushed into higher or additional tax brackets.

TAX CHANGES AND THEIR CONSEQUENCES

In April this year, the Capital Gains Tax allowance was reduced to £3,000, down from £6,000, and significantly lower than the £12,000 it was not long ago. Consequently, those selling property now face potentially larger tax bills, especially individuals who have held properties for more extended periods and enjoyed significant price growth.

"Investing in energy-efficient upgrades reflects a commitment to sustainability and the property's long-term value."

Additionally, landlords are feeling the impact of the cost-of-living crisis, with rising costs and bills compounding the challenges posed by high interest rates, particularly for those who have had to remortgage in the past two years.

OPPORTUNITIES AMIDST CHALLENGES

Despite these difficulties, there is more optimistic news for professional landlords. While recent times have been less favourable for non-portfolio landlords (those with fewer than four properties), opportunities have emerged for professional landlords (those working full-time as landlords with more than four properties).

Many professional landlords have taken advantage of stalling house prices over the past year to expand their portfolios, with a significant number now focusing on higher-yield options.

FOCUS ON HMOS AND RENTAL YIELD ADVANTAGES

As rental demand continues to grow and outpace sufficient stock supply, professional landlords have set their sights on property types such as Houses in Multiple Occupation (HMOs). These properties offer rental yields that are more attractive in a higher interest rate environment, allowing for better mortgage lending conditions. The frequent turnover of tenants in HMOs also enables landlords to adjust rental prices to continuously align with the current market.

Some landlords have converted existing single-let properties into HMOs to increase their income streams significantly. This shift not only maximises rental yields but also provides an opportunity to meet the growing demand for affordable shared housing options.

DIVERSIFICATION INTO SEMI-COMMERCIAL PROPERTIES

In addition to HMOs, landlords are increasingly paying attention to semi-commercial properties. Retail units with flats above are proving particularly popular due to their dual-income potential. Combining commercial and residential spaces allows landlords to benefit from higher yields through diversified income sources.

This diversification enhances financial stability and provides a buffer against market fluctuations. The ability to draw income from commercial rents and residential tenancies makes these properties a resilient investment choice.

ADAPTING TO ENERGY EFFICIENCY REQUIREMENTS

Although the proposed overhaul of the current energy performance certificate (EPC) regulations has been scrapped, professional landlords continue prioritising energy efficiency improvements. These enhancements benefit tenants by helping them manage their living costs during challenging financial times, and they also make properties more cost-effective for landlords as energy bills remain high.

Investing in energy-efficient upgrades reflects a commitment to sustainability and the property's long-term value. It is a strategic move that aligns with broader environmental goals while providing immediate economic benefits.

PROFESSIONALISATION OF THE BUY-TO-LET MARKET

The increasing trend of buy-to-let (BTL) purchases made through company structures indicates a significant shift towards the professionalisation of the market. This approach offers tax advantages and greater operational efficiencies, positioning landlords to navigate the complexities of the property landscape better.

The rise in HMO and semi-commercial investments exemplifies how professional landlords have managed to remain agile. Despite the high interest rate environment and other market challenges, they continue to grow their businesses. This adaptability is crucial for sustaining growth and ensuring business resilience.

OVERCOMING CHALLENGES AND FUTURE-PROOFING STRATEGIES

Despite the various obstacles landlords face this year, the greater professionalisation of the BTL market is proving advantageous. Portfolio landlords are leveraging these challenges by diversifying their portfolios, implementing strategic growth plans, and future-proofing their investment strategies.

By adopting a proactive and innovative approach, landlords can continue to thrive and expand their businesses. The combination of professional management, diversified investments, and a focus on efficiency positions them for sustained success in the evolving property market. ◆

>> ARE YOU LOOKING FOR A BUY-TO-LET MORTGAGE TO START OR EXPAND YOUR PROPERTY INVESTMENT PORTFOLIO? <<

For more detailed insights or to discuss your investment funding requirements, please do not hesitate to contact us. Speak to

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INVESTING IN BUY-TO-LET PROPERTIES

Lending criteria, eligibility, and affordability

IF YOU PURCHASE A PROPERTY to rent it out, you cannot use a traditional residential mortgage. Instead, you will need a specialist buy-to-let mortgage designed for individuals who purchase a property to lease to tenants rather than as a personal residence. Such an investment should be considered medium to long-term.

The rules for buy-to-let mortgages are similar to those for regular mortgages, but there are crucial differences in lending criteria, eligibility, and affordability. Most buy-to-let mortgages are interest-only, meaning monthly payments are generally lower than those for repayment mortgages.

FINANCIAL CONSIDERATIONS

In the short term, interest-only mortgages can reduce your monthly outgoings; however, in the end, you'll need to pay off the property's cost as it was at the time

"Most buy-to-let mortgages are interest-only, meaning monthly payments are generally lower than those for repayment mortgages."

"If your monthly interest payments are £600, you must charge at least £750 per month in rent. The higher the rent you can charge, the larger the loan you could potentially qualify for."

of purchase. Many landlords achieve this by selling their property at a profit, although this may not always be straightforward.

If house prices decline and the property is worth less than what you paid, you must use personal funds to settle the remaining debt. Therefore, it is essential to have a long-term strategy to either pay off the loan or refinance it at the end of your mortgage term.

MINIMUM DEPOSITS

The minimum deposit for a buy-to-let mortgage can vary. It is typically 25% of the property's value, but it could range from 20% to 40%. For example, for a property valued at £250,000, you would need to put down between £50,000 (20%), £62,500 (25%), and £100,000 (40%).

BORROWING LIMITS AND RENTAL INCOME

The maximum amount you can borrow depends on the anticipated rental income. Lenders will assess how much rental income the property will generate and compare this to your monthly mortgage repayments. Generally, the rental income must be at least 125% of your mortgage repayment.

For instance, if your monthly interest payments are £600, you must charge at least £750 per month in rent. The higher the rent you can charge, the larger the loan you could potentially qualify for. For first-time buyers priced out of the market in their local or desired area, purchasing a property elsewhere and renting it out could be a pathway to entering the property market.

APPLICATION REQUIREMENTS

Similar documentation will be required for a residential mortgage when applying for a buy-to-let mortgage. This includes:

- Proof of identity such as a passport or driving licence
- Your last three payslips
- Proof of monthly outgoings
- Existing mortgage statement (if applicable)
- Utility bill statements
- P60

We can ensure you have the appropriate documents ready, enhancing your chances of a successful mortgage application. ◆

>> LOOKING TO ACCESS THE RIGHT FINANCE YOU NEED? <<

For further information or assistance with finding the right buy-to-let mortgage for your requirements, to learn more, contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655**
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How to attract the most desirable tenants

Several key factors consistently appeal to tenants when searching for rental properties

AS THE RENTAL MARKET expands, landlords increasingly encounter heightened competition as they seek to rent out their properties. With more landlords entering the market to capitalise on the financial benefits that renting can offer, presenting properties attractively has become crucial for securing a good rental income.

This necessitates effective marketing strategies to draw the most desirable tenants. While priorities may vary between long-term and short-term rentals, several key factors consistently appeal to tenants when searching for rental properties.

ATTRACTING AND RETAINING THE RIGHT TENANTS

LOCATION MATTERS

Tenants prioritise proximity to essential destinations such as workplaces, schools, and other important facilities. They generally prefer to avoid lengthy daily commutes. Transport links are vital in a property's attractiveness, although their nature depends on its location. In urban areas, proximity to bus stops and tube or tram stations enhances a property's appeal. Conversely, easy access to major roads is advantageous in suburban or rural locations. Moreover, nearby train stations in commuter towns significantly boost a property's desirability.

CONSIDER SPACE REQUIREMENTS

The size of the rental property is another critical consideration for tenants. Adequate space is necessary for tenants to store their belongings and ensure comfort in their living environment. Generally, properties offering more space attract favourable attention from prospective tenants.

AMENITIES AND CONVENIENCE

Tenants seek properties equipped with essential amenities. It is important to consider the specific needs of your target tenant demographic and adapt accordingly. For instance, students may value proximity to universities or direct bus routes to them, whereas families might prioritise nearby schools. While the importance of nearby supermarkets and shopping centres has diminished due to the rise of online shopping, having a convenient corner shop nearby remains beneficial for everyday essentials.

PET-FRIENDLY ACCOMMODATIONS

Offering pet-friendly rentals can be a significant advantage. Even if tenants do not have pets initially, the option to accommodate pets in the future can be highly appealing. Many prospective tenants are looking for homes that will also welcome their animal companions.

THE VALUE OF OUTDOOR SPACE

Many tenants prioritise having outdoor space, whether it be a garden, patio, or balcony. Green space is particularly vital for those with young children, offering a safe and pleasant environment for play. However, maintaining a garden can be onerous, so properties with communal gardens, where upkeep is managed by someone else, are often in high demand.

PARKING IS A CRUCIAL AMENITY

Securing parking can be significantly more challenging in urban areas. Most individuals prefer to own at least one car outside of London, and even within the capital, some choose to drive. Any form of parking, especially off-road parking, markedly increases the value of a rental property and enhances its appeal to prospective tenants.

THE NECESSITY OF WHITE GOODS

In today's rental market, many

"Offering pet-friendly rentals can be a significant advantage."

tenants expect white goods to be provided as standard, particularly if they are not planning to stay long-term. For instance, students are unlikely to purchase a fridge if they intend to move out at the end of the academic year. Additionally, having appliances such as washing machines and tumble dryers can significantly boost the attractiveness of a property.

EMPHASISING SAFETY AND SECURITY

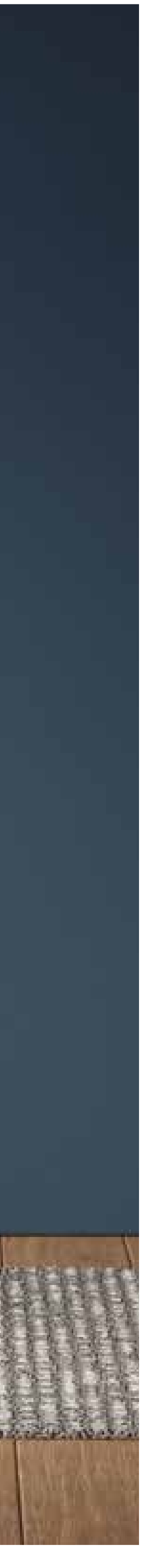
Tenants are keenly interested in their neighbourhood's safety and the property's security features. Living in a safe and secure environment is a top priority and a legal requirement for landlords. Ensuring that all security measures are up-to-date is essential. With increasing legislation imposed on the lettings industry, ensuring tenant safety in an ever-growing rental market is imperative.

DISTINGUISHING YOUR PROPERTY FROM OTHERS

As a landlord, distinguishing your property from others is crucial for attracting desirable tenants. The higher the quality of the property, the higher the rent you can command, and the better the quality of tenants you will attract. Tenants generally seek out well-maintained properties in good condition and are likely to avoid homes that appear run-down. ◆

CONSIDERING SHORT-LETTING YOUR PROPERTY?

A new source of income and providing travellers with an affordable and comfortable alternative



AS A LANDLORD, you may contemplate short-letting your property for various reasons. You may want to generate additional income, or you may need to move temporarily due to work or personal matters. The term might seem self-explanatory, but short-term lets usually have to adhere to a specific timeframe to be considered as such.

Generally, a short-term tenancy is a rental property offered to the market for six months or less. Whatever your motivation, there are several factors to remember before deciding to short-let. One of the main advantages of short-letting is the flexibility it affords. Property owners can determine when their property is available for rent, allowing them to use it for personal purposes during off-peak periods or special occasions.

NEW INCOME SOURCE

By renting out your otherwise vacant home, you can benefit from a new source of income and provide travellers with an affordable and comfortable alternative to hotels and hostels. Many people opt for short-let properties when they relocate for work. These relocations often occur quickly and in unfamiliar locations, so many choose a more temporary solution instead of making hasty decisions.

“Invest in quality furnishings and amenities to maximise the appeal of your short-let property.”

Some individuals also seek short lets while their own homes undergo construction work. They desire a comfortable place close to home to monitor their progress, yet they want to escape the dust and noise.

ATTRACTING THE RIGHT TENANT

Short-letting is a way to generate extra income, but it’s crucial to understand what’s involved. For instance, if you plan to let your property temporarily, ensure you have adequate insurance. Additionally, consider that short-term tenants may cause additional wear and tear on your property.

Another factor to consider is the type of tenant you wish to attract. If you hope to let your property to holidaymakers, ensure it is in a favourable location and well-equipped for their needs. Conversely, your property must meet their requirements if you aim to rent to professionals or students.

LEGAL CONSIDERATIONS AND COMPLIANCE

Before embarking on short-letting, it is crucial to understand the legal implications. Ensure your property complies with local regulations regarding short-term rentals. Some regions may have specific licensing requirements or restrictions on the duration and frequency of short lets. Insurance is another critical consideration. Standard homeowner policies often do not cover short-term rentals, so obtaining specialised insurance to protect against potential liabilities and damages is essential.

It is also worth noting that short-letting can be more costly than traditional long-term renting. Typically, you’ll need to pay higher insurance premiums, and additional expenses may be associated with marketing your property and dealing with tenants.

ENHANCING PROPERTY APPEAL

Invest in quality furnishings and amenities to maximise the appeal of your short-let property. Guests are likelier to leave positive reviews and return if they experience comfort and convenience. High-speed internet, modern appliances, and thoughtful touches like welcome baskets can distinguish your property from others.

Precise and accurate property descriptions and professional photographs are crucial in attracting potential tenants. To entice prospective guests, highlight nearby attractions, transportation links, and unique features.

MANAGING COSTS AND RESPONSIBILITIES

While short-letting can be financially rewarding, it also comes with additional costs and responsibilities. Effective marketing, maintaining cleanliness standards, and promptly addressing tenant inquiries are key to successful short-letting. It also enables frequent inspections and maintenance. Regular tenant turnover offers more opportunities to ensure the property remains in excellent condition.

Additionally, consider the time and effort required to manage bookings, perform check-ins and check-outs, and handle any issues that may arise during a tenant's stay. Employing a professional property management service can alleviate some of these responsibilities, albeit at an extra cost.

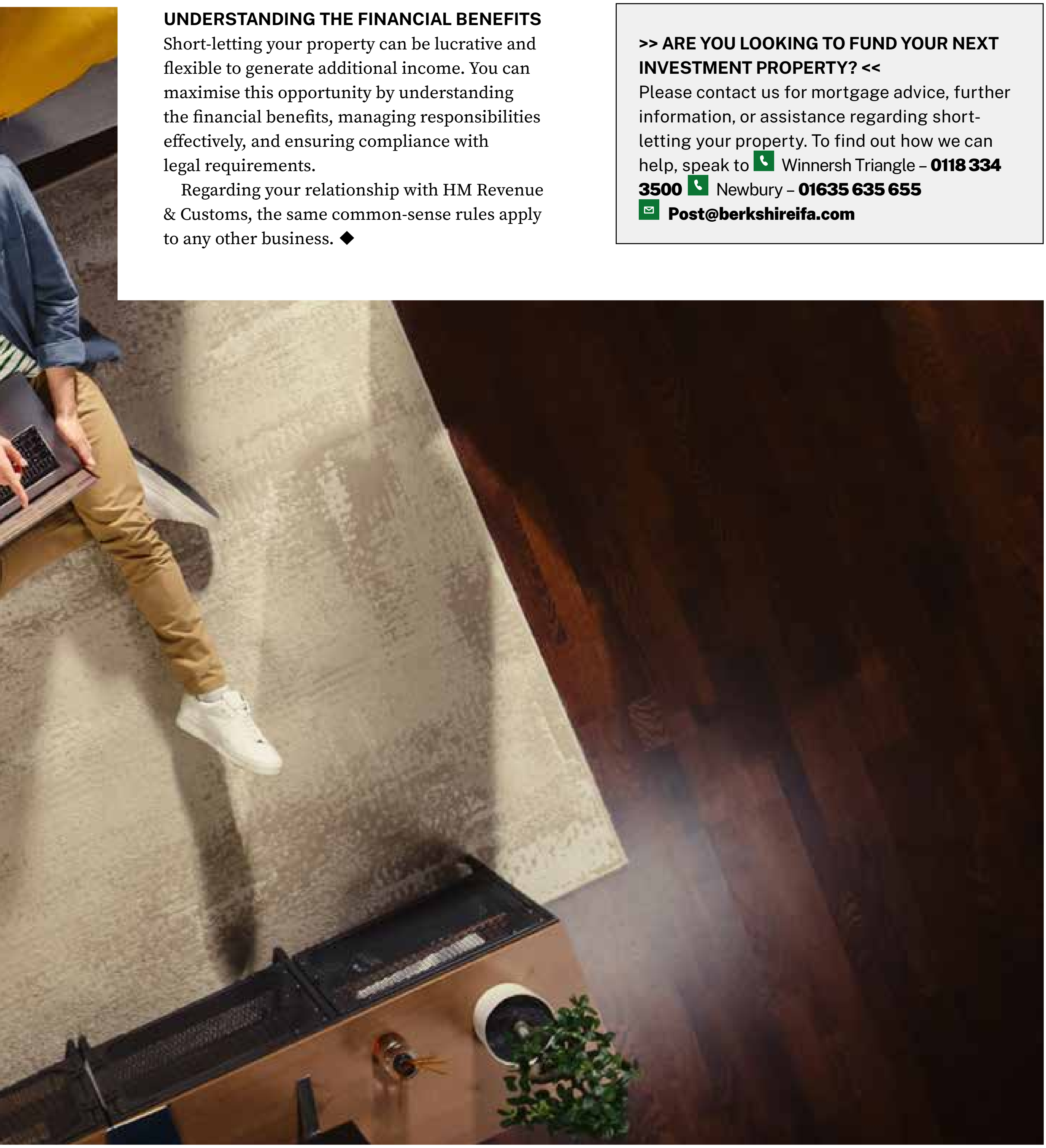
UNDERSTANDING THE FINANCIAL BENEFITS

Short-letting your property can be lucrative and flexible to generate additional income. You can maximise this opportunity by understanding the financial benefits, managing responsibilities effectively, and ensuring compliance with legal requirements.

Regarding your relationship with HM Revenue & Customs, the same common-sense rules apply to any other business. ◆

>> ARE YOU LOOKING TO FUND YOUR NEXT INVESTMENT PROPERTY? <<

Please contact us for mortgage advice, further information, or assistance regarding short-letting your property. To find out how we can help, speak to Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**



WHY IS RENTAL YIELD KING?

Understanding how to maximise your investment returns

WHETHER YOU ARE contemplating your first buy-to-let investment or you are an experienced portfolio landlord, there is much to consider when letting out a property. As with any investment, rent yield is crucial, and landlords should focus on this metric.

Rental yield measures the annual return on investment from renting out a property. It is calculated by taking the annual rental income and dividing it by the property's purchase price (or value).

WHAT IS RENTAL YIELD?

For instance, if you bought a property for £100,000 and achieved a rental income of £5,000 per year, the gross rental yield would be 5%. This metric allows you to compare the return on investment from different properties, thereby identifying which may offer better financial prospects.

A higher-yielding property will generate more income relative to its purchase price, making it a potentially more advantageous investment. Understanding this distinction is vital for making informed decisions about your property portfolio.

CALCULATING RENTAL YIELD

There are two primary types of rental yield: gross yield and net yield. Gross yield is the simplest way to calculate rental yield, involving just the annual rental income divided by the property's purchase price (or value).

Referring to our earlier example, if you purchased a property for £100,000 and brought in £5,000 per year in rental income, the gross rental yield would be 5%.

UNDERSTANDING NET RENTAL YIELD

Net rental yield provides a more comprehensive measure by determining the associated costs and fees of owning a property. To calculate net yield, deduct all these costs from the annual rental income and then divide by the property's purchase price (or value).

For instance, if your annual rental income was £5,000 and your total annual costs were £1,500, the net rental yield would be 3%. This approach offers a clearer picture of the actual profitability of the investment after accounting for expenses.

IMPORTANCE OF RENTAL YIELD

Rental yield is an indispensable metric for landlords as it facilitates comparing returns from different properties. A robust understanding of gross and net yields can guide you in selecting investments that align with your financial goals and risk tolerance.

Moreover, comprehending rental yield can also help set realistic rental prices, ensuring competitive positioning in the market while optimising returns.

MAXIMISING RENTAL YIELD

Several strategies can enhance rental yield. Renovating and upgrading your property can attract higher rents and more reliable tenants. Additionally, ensuring your property is well-maintained and in a desirable location can significantly impact rental income and yield.

Regularly reviewing rental prices and market trends can help you adjust your strategy and keep your property competitive, thereby maximising returns.

TOP TIPS FOR BOOSTING YOUR RENTAL YIELD

There are numerous strategies that landlords can employ to boost their rental yields.

Here are some of the most effective methods to enhance your returns on investment:

REVIEWING YOUR MORTGAGE DEAL

It is crucial to ensure that you are on the right mortgage deal. Even a slight difference in the interest rate can significantly impact your bottom line, saving you money on monthly repayments and freeing up equity for further investments. Regularly reviewing your mortgage options can contribute to better financial outcomes.

Another effective way to improve your rental yields is to increase rent gradually over time. This method keeps your property competitively priced relative to other properties in the market while still achieving healthy rental growth.

ADDING VALUE TO YOUR PROPERTY

Investing in improvements and upgrades to your property can also help to boost your rental yields. By adding value to your property, you can charge more rent and achieve a higher return on investment.

HERE ARE SOME SIMPLE AND COST-EFFECTIVE WAYS TO ADD VALUE TO YOUR PROPERTY:

Decorating and redecorating: A fresh coat of paint can significantly improve a property's appearance and is relatively inexpensive.

Upgrading fixtures and fittings: Replacing old and outdated fixtures and fittings can improve the property's aesthetic appeal.

Adding storage: Additional storage space, such as built-in wardrobes or loft conversions, can attract tenants and help increase rental values.

REVIEWING YOUR INSURANCE POLICY

Insurance is another cost that can eat into your rental income. It is vital to ensure that you are adequately covered against risks such as fire, theft, and tenant damage, but it is equally important not to overspend on unnecessary cover.

Review your current policy to ensure you are getting the best possible deal. Consider taking out landlord insurance, which can offer additional protection tailored to landlords' needs.

BEING EFFICIENT WITH YOUR COSTS

As a landlord, you incur various costs, including maintenance and repair, marketing, and more. It is essential to be as efficient as possible with these costs to maximise your rental income.

For example, consider using a property management company rather than handling all repairs and maintenance yourself. This can save you time and money in the long run by leveraging professional services that could be more cost-effective. ◆

>> ARE YOU LOOKING FOR A BUY-TO-LET MORTGAGE FOR YOUR NEXT ACQUISITION? <<

By following these tips, you can boost your rental yields and achieve a higher return on investment from your buy-to-let property portfolio. If you require further information about funding your next buy-to-let or assistance enhancing your rental yields, please do not hesitate to contact us. Speak to Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**

Safeguarding an empty rental property

What to consider when leaving the property vacant for an extended period

VOID PERIODS ARE AN inevitable part of being a landlord, with most encountering a vacant rental property at some point. A property without tenants poses significant risks, as no one can promptly handle daily maintenance or report issues. Therefore, safeguarding your empty property is crucial.

While void periods are generally unwanted, they can sometimes be intentional, such as when conducting necessary work on the property. Regardless of whether you own a single property or a portfolio, any period without tenants means a loss of rental income, which impacts your overall return on investment.

KEEPING YOUR PROPERTY SAFE AND SECURE

When leaving your rental property vacant for an extended period, it is essential to inform your insurer. An "extended period" definition varies among insurers, so checking your policy's small print is vital.

Due to the increased risk, insurance costs may rise when a property is unoccupied. To mitigate these risks, landlords can take several steps to manage a vacant property effectively. While some measures might seem obvious, they remain critical.

AVOIDING FURTHER DAMAGE

Maintaining the property in good condition is paramount. Ensure no significant repairs are needed, and the property remains clean and presentable. Address any required repairs as soon as possible to make the property more attractive to potential tenants and prevent further damage.

To fill the vacancy quickly, advertise your property through multiple channels. This could include online listings, social media posts, or placing signs at the property itself. Broadening your advertising reach increases the chances of attracting tenants swiftly.

KEEPING AN OPEN MIND

Flexibility with prospective tenants can significantly enhance your chances of renting out the property. Be open to negotiating terms such as rent price, lease length, and move-in dates. The more accommodating you are, the more likely you are to secure a tenant.

Additionally, maintain an open mind about various rental strategies. What works for one landlord may not necessarily work for another. Experiment with different approaches to discover what suits you and your property best. With effort and adaptability, you should be able to rent out your property even during void periods.

TIPS TO PROTECT A VACANT PROPERTY AND MAINTAIN ITS CONDITION UNTIL YOUR NEXT TENANT ARRIVES

Here's how to keep your property in top condition while it awaits new tenants:

CONDUCTING REGULAR INSPECTIONS

Regular inspections, both inside and outside the property, are crucial. These inspections help identify potential problems early, allowing you to address them promptly and prevent them from escalating into more significant issues.

ENHANCING SECURITY
Securing your property against intruders is of utmost importance. Ensure that all doors and windows are properly locked, and consider installing robust locks if necessary. Additionally, well-lit exterior areas can deter potential trespassers, enhancing the security of your property.

ONGOING MAINTENANCE
Regular maintenance is vital to keeping the property in good condition. Addressing minor issues before they become major problems can save you time and money in the long run. Consider enlisting a professional company to perform regular checks and maintenance tasks, ensuring everything remains in optimal working order.

ADEQUATE INSURANCE COVERAGE
Ensure that you have comprehensive insurance cover for your vacant property. This protects against potential damage or theft during the vacancy period. Check your policy details to confirm the extent of coverage and make any necessary adjustments.

ADDITIONAL SECURITY MEASURES
Beyond basic locking mechanisms and lighting, consider additional security measures such as installing a security system or surveillance cameras. These can provide extra protection and peace of mind, making the property less attractive to opportunistic intruders.

KEEPING THE PROPERTY PRESENTABLE
Maintaining the property's appearance is also essential. Ensure the lawn is mowed, gardens are tended to, and rubbish is disposed of regularly. This keeps the property appealing and avoids giving the impression that it is unoccupied.

INFORMING NEIGHBOURS
If you have a good relationship with the neighbours, inform them the property will remain vacant. They can help monitor the property and notify you if they notice anything unusual.

By following these strategies, you can ensure that your vacant property remains secure and well-maintained, ready for the next tenant. ◆

DOES HOME INSURANCE FULLY COVER YOU?

Protection from unforeseen events and potential disasters

HOME INSURANCE IS essential when you move into a new property. It provides a crucial safety net that protects your most significant investment from unforeseen events and potential disasters. The importance of home insurance cannot be overstated, as it forms the foundation of a secure and stable living environment.

BUILDINGS COVER

When you buy a new home, you must have insurance to cover the property's structure. This is for more than just peace of mind, as most lenders use whether you have insurance to decide whether to offer you a mortgage.

If you've rented for a long time, this type of insurance will probably be new to you.

“Consider joint buildings and contents cover, which is often a cost-effective option. It covers structural damage and stolen or damaged valuables and possessions.”

Building insurance generally includes coverage against fires, storm and flood damage, burst pipes, fallen trees, and subsidence. But remember, all insurance providers are different, so check the small print before choosing a policy.

CONSIDER ADD-ONS AND EXCLUSIONS

Most insurance providers will offer add-ons for your buildings cover, including accidental damage and legal expenses. You'll also need to know what's not covered, including general wear and tear and any damage that occurs when the house is unoccupied for 30 consecutive days or longer.

The amount of cover and the excess will depend on your policy. You should have enough cover to rebuild your home if it's completely damaged, which can be tricky to calculate.

CONTENTS INSURANCE

Contents insurance covers your home's possessions. If your house is burgled or its contents are damaged by fire, for example, your insurance policy should cover the cost, depending on the specific terms.

Before taking out your contents insurance policy for your new home, list the items in your house. This should include electrical devices, jewellery, carpets, clothes, items in your garden shed, and an estimated cost per item.

UNDERSTAND 'SINGLE ITEM' LIMITS

In most cases, contents insurance has a 'single item' limit, so consider this when choosing a provider. When you select a policy, you can opt for 'new for old', where your insurer pays out the value of a new item if your existing one is damaged.

Alternatively, indemnity policies, which are forms of insurance that can be used to “fix” legal issues during the sale of a property, are generally cheaper. However, they consider depreciation and wear and tear when valuing your items, so you'll only get the current market value.

ADDITIONAL COVER OPTIONS

Additional cover is usually available for accidental damage and personal possessions, such as your smartphone, when you're out and about. Take extra security steps to protect and secure your new home. Installing security lights, a visible burglar alarm and CCTV cameras can reduce your premiums and the chance of burglary.

Consider joint buildings and contents cover, which is often a cost-effective option. It covers structural damage and stolen or damaged valuables and possessions.

WEIGHING VOLUNTARY EXCESS

Compulsory excess is a pre-decided amount you'll need to pay if you make a house insurance claim. Your insurance provider decides the mandatory excess amount, which will only be used if you make a claim. It's worth noting that compulsory excesses may vary under a single policy.

"You'll get to decide how much you wish to pay, which can be as little as zero. You may find that the more voluntary excess you pay, the cheaper the overall premium cost."

Alternatively, voluntary excess works similarly to compulsory excess, but you choose the amount you pay. You'll get to decide how much you wish to pay, which can be as little as zero. You may find that the more voluntary excess you pay, the cheaper the overall premium cost.

However, you must pay voluntary and compulsory excess when making a claim. If you increase your voluntary excess, weigh the pros and cons first. You choose voluntary excess in addition to compulsory excess, which can be set as low as zero. This reduces how much you will have to pay when making a claim. ◆

>> TIME TO FIND GOOD-VALUE HOME INSURANCE? <<

To get the right home insurance policy, speak to our team. We'll assess your requirements and discuss your options. For further information or personalised advice, please contact us today. Let us help you find the best home insurance solution tailored to your needs. Contact

Winnersh Triangle – **0118 334 3500**

Newbury – **01635 635 655**

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Property jargon buster

NEED CLARIFICATION on 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 are likely to encounter as you search for your new home in 2024.

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.

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<
Let us help you find the right mortgage for your home. To discuss your particular situation and find out how much you could borrow, contact Winnersh Triangle – **0118 334 3500** Newbury – **01635 635 655** **Post@berkshireifa.com**