

## **Richard Sexton, Director at e.surv**

### **There was some welcome good news for first-time buyers in December as major lenders returned to the 10% deposit market.**

Loans at 90% loan-to-value (LTV) have been scarce since the coronavirus pandemic began in March, as banks concentrated their limited capacity on customers with larger deposits.

However, several banks and building societies have relaunched their 90% LTV ranges. High street names including Halifax, Lloyds Bank, TSB and Yorkshire Building Society have returned to the market, albeit with higher rates than were commonplace in the spring.

This offers a much-needed break to first-time buyers, some of whom have found it difficult to take out loans since the spring and have faced increased competition from other buyers who are benefiting from the Government's Stamp Duty tax holiday.

### **Buy-to-let mortgage rates are increasing**

Among those enjoying the tax break are landlords, though buy-to-let product rates have begun to rise again.

A report published by Moneyfacts, the financial analyst, found that the average

two-year fixed rate buy-to-let loan has increased from 2.85% to 2.9% in the last two months.

Longer-term deals saw a similar rise, with the average five-year fixed rate growing from 3.22% to 3.26% in the same period. The biggest rate increase was on two-year fixed deals at 80% LTV, these loans increased by 0.19% from 3.97% to 4.16%, the report found.

Looking back further, rates have increased significantly since the start of March. Then, an average two-year fix at 60% LTV had a rate of 1.89%, but this has since risen by 0.67% to 2.56%.

### **House prices continue to rise across the UK**

The latest house price index published by e.surv found that prices in all areas of England and Wales rose in the year to November.

Leading the growth was the South West, where property prices have jumped by 6.4% in the last year to hit an average of £311,221.

On a monthly basis London was the area which saw prices rise fastest. Average prices in the capital increased by 1.9% between October and November. London continues to have the highest prices of any region, with an average property costing £640,297.

The slowest annual growth was in the North East, where prices increased by 3.1% in the last year to reach £172,706. The region is still home to the cheapest house prices in the country, the report found.

Across all areas, the average house price has grown by 5.8% in the last year to reach £319,816. Prices in England and Wales rose by an average of 1% between October and November.

## Equity Release: market update

A major beneficiary of these property price rises have been older homeowners, who can use the opportunity to cash in and release equity from properties that have risen in value.

The Equity Release Council, the industry trade body, has taken steps to help customers by releasing a new code of conduct for firms in the sector.

This guide to best practice enshrines the fact that advisers must robustly challenge a customer's reasons for choosing equity release. They must also ensure any plans fit their short, medium and longer-term needs.

The Council said that the new guidelines would ensure those operating in the sector met the highest standard required by both the trade body and the regulator, the Financial Conduct authority.

## Sources:

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<https://www.esurv.co.uk/wp-content/uploads/2020/12/e.surv-House-Price-Index-England-and-Wales-November-2020.pdf>

<https://www.equityreleasecouncil.com/news/equity-release-council-publishes-best-practice-guide-for-advisers/>

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