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**2019 had its ups and downs for the mortgage and property markets, but the 2020s have begun on a positive note.**

The trend towards longer term mortgages was a major feature of the last decade, and this looks set to continue into the 2020s. The number of five-year fixed rate deals has increased substantially and now outstrips the number of two-year loans, according to data from Moneyfacts.

It found that there are 610 five-year fixes available to borrowers with a 25% deposit - 18 more than the number of two-year fixes on the market. Five years ago, two-year fixes outnumbered five-year deals by 148 and even two years ago this gap was 17 in favour of shorter-term deals.

This increased competition among lenders has also brought down rates substantially. Five years ago, the average two-year fix for borrowers with a 60% deposit was available at 2.17% compared to a typical five-year deal at 3.1% - an effective premium of 0.93%.

Today, the premium has fallen to just 0.26%, with the average two-year fix charging 1.81% and a five-year deal available at 2.07%.

**House prices**
House prices have experienced a turbulent ten years, from the rapid increases during the middle of the decade to the slowdown of recent years.

Prices grew slightly in the final month of the decade, rising 0.2% between November and December 2019, according to property firm Your Move. The average house price in England and Wales now stands at £304,054 following growth of 0.8% in the last 12 months.

**Equity release: market update**

A recent report from the London School of Economics, looking at attitudes towards later life borrowing among over-60s, has shed new light on attitudes towards equity release.

Of the 1,000 over-60s, with access to their housing wealth, who were polled for the report not a single respondent said that they were planning to use the money to meet their current or future care needs.

In fact, the most popular reason for making use of equity release was to pay for ‘treats’, such as second homes or cruises.

**Mortgage prisoners**
The industry watchdog, the Financial Conduct Authority (FCA), continued its work into so-called mortgage prisoners, borrowers who are unable to switch between banks because they do not meet modern day affordability tests.

It found that around 250,000 homeowners currently have mortgages with closed lenders or firms which are not regulated. However, as many as 170,000 of these borrowers are not in mortgage arrears and are eligible to switch under the new rules established by the FCA.

More than half of this group currently pay an interest rate of 3.5% or less. However, many of these have small outstanding mortgages, with 40,000 of this group having less than £50,000 to repay.

**First-time buyers**
Finally, the number of new first-time buyer mortgages completed in November was down substantially, according to UK Finance, the trade body.

There were 30,620 first-time buyer deals completed in the month, 10.5% down on the same point last year, although this reflects the fact November 2018 was a particularly strong month for new buyers to make a purchase.

Elsewhere, the remortgage market continued its strong recent performance. There were 18,610 new remortgages with additional borrowing in November 2019, up 5.7% compared to the previous year.

However, pound-for-pound remortgages fell by 12.4% year-on-year to 18,470.

In November there were 6,300 buy-to-let purchase mortgages completed down 4.5% compared to 12 months earlier, while buy-to-let remortgages fell 5.1% to 15,000.

**Sources:**

https://moneyfacts.co.uk/news/mortgages/early-christmas-present-for-first-time-buyers-as-average-rates-fall/

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