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House prices have continued to enjoy sustained growth, with record prices being seen in many areas as buyers race to purchase properties before the stamp duty deadline.

The Government's stamp duty giveaway will end on March 31, meaning buyers need to act fast if they are to complete their purchases before the spring deadline. This has contributed to a boom in the property market, with prices rising quickly across the country.

Data published by e.surv showed that prices in England and Wales rose by 3.4% in the year to September. The average house price is now £311,624. This is 0.7% higher than August's figure.

London drove the property market once again, with prices rising by 7.6% in the last 12 months. However, on a local authority basis, Nottingham recorded the faster growth. Prices in the East Midlands city rose by 10.7% in the past year, the report found.

Prices are now at record levels in 19 unitary authority areas, suggesting that the housing boom is affecting properties across the country.

Product choice for small deposit buyers falls

However, there are growing concerns for first-time buyers and those with small deposits, as banks have retreated from high

loan-to-value mortgages since the coronavirus pandemic began. This has left many borrowers struggling to access finance.

A report issued by Moneyfacts, the industry analyst, showed that the average two-year fixed mortgage has increased by 0.14 percentage points between September and October. The average rate now stands at 2.38%.

Five-year fixed rates saw a similar rise, increasing from 2.49% to 2.62% in the last month. Both rates are higher than at any time since the Covid-19 crisis hit Britain in March.

Product choice has also fallen, with the number of mortgage deals dropping by 153, from 2,412 in September to 2,259 in October. There are now only 12 deals available to borrowers with a 5% deposit, and many of these are building society loans restricted to residents in the local area.



Equity Release: market update

Interest in equity release has rebounded, as mature homeowners look to cash in on rising house prices and secure their finances in retirement. A report by Knowledge Bank, the

mortgage criteria tracker, found that there was increased interest in homeowners looking to release equity to help their children get onto the property ladder.

Other popular searches were for loans on properties with annexes and outbuildings, suggesting that many people had taken elderly relatives out of care homes since the spring lockdown and wanted to bring them closer to the family home.

FCA announces guidance for lenders on intra-group switching

The Financial Conduct Authority (FCA) has issued new guidance about how banks should deal with the issue of borrowers looking to switch from closed book mortgage lenders to other active lenders that are owned by the same parent company.

In its new guidance, the FCA said that it was for banks to decide whether they would offer intra-group lending facilities. Rules have now been issued that make it easier for banks to offer these intra-group loans, should they wish to switch customers from a closed brand to an active lender.

Sources:

<https://www.esurv.co.uk/wp-content/uploads/2020/10/e.surv-House-Price-Index-England-and-Wales-September-2020.pdf>

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<https://www.financialreporter.co.uk/later-life/criteria-searches-show-volatility-in-equity-release-market-knowledge-bank.html>

<https://www.fca.org.uk/news/press-releases/fca-confirms-measures-support-closed-book-and-interest-only-part-and-part-mortgage-borrowers>

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