

Richard Sexton, Director at e.surv

The housing market boom continued apace in September, as home buyers reaped the benefits of the Government's stamp duty tax holiday.

Rishi Sunak, the Chancellor of the Exchequer, announced the tax break on July 8 and this immediately caused activity to increase and house prices to rise, with home movers and buy-to-let landlords among the biggest beneficiaries.

Data published by e.surv showed that prices in England and Wales rose by 0.5% between July and August, leaving the average house price standing at £304,521. This figure is 1.5% higher than August 2019.

The main drivers of growth were the increased demand for larger properties, as homeowners swapped city centre apartments for bigger homes in rural areas and smaller towns.

In Wales, the average house price has increased by 2.9% in the last 12 months while in England, the Nottingham area had the fastest price growth, with property values increasing by 10.3% in the year to July.

While there has been talk of an exodus among London homeowners, it appears that many are simply moving further away from the city's central zones. Demand for detached properties in the capital's outer suburbs has pushed up average prices in these areas, e.surv found.

Across the Greater London region, the average house increased in value by 2.2% in

the year to August, resulting in an average house price of £633,906 in the capital.

Mortgage approval levels return

Encouragingly for house buyers, mortgage approvals have returned to the levels seen before the country entered the coronavirus lockdown in March.

A report by the Bank of England found that there were 66,300 loans approved in July, 66% higher than the previous month and only 1% lower than July 2019's figure. However, first-time buyers and others seeking small-deposit mortgages have continued to struggle with poor loan availability, as banks shy away from these customers.

Existing homeowners have been able to reap the rewards by switching to a much cheaper loan, although rates have started to gently rise in recent weeks, a report from Moneyfacts has found.

Fixed rates slowly rising

The average two-year fixed mortgage had a rate of 2.24% this month. That rate is higher than the 2.08% recorded in August and even further ahead of the 1.99% rate found in July. However, it remains well below the market average of 2.43% recorded in March, the month the Covid-19 crisis first hit Britain.

There was a similar story in the five-year fixed rate market. The average loan today has an interest rate of 2.49%, higher than the 2.34% recorded last month but well below the 2.74% March figure.

Equity Release: market update



The equity release market had slowed during the coronavirus crisis, but lower rates and greater product choice have increased their appeal.

The Equity Release Council, the trade body, reported that the average interest rate reached a record low of 4.11% in July 2020, down from 4.48% at the start of the year. About half of the plans on the market today have an interest rate of 4% or lower, with rates of 6% or above making up just 3% of the loans available.

The primary reason for using equity release was to help fund a comfortable retirement. More than a third (37%) of over-65s said they were worried that they would not be able to maintain their current living standards throughout their later years.

The number of new equity release plans agreed in the first half of 2020 was 15% down compared to the same period a year ago.

However, this is an encouraging statistic given the housing market was closed for much of this period, the Council said. There

are now 379 different loans available to older homeowners, 29% more than in July 2019.

Sources

<http://www.acadata.co.uk/assets/uploads/2020/09/e.surv-House-Price-Index-England-and-Wales-August-2020.pdf>

<https://www.bankofengland.co.uk/statistics/money-and-credit/2020/july-2020>

<https://moneyfacts.co.uk/news/mortgages/mortgage-rates-continue-to-rise-here-are-the-most-competitive-rates-available-today/>

<https://www.equityreleasecouncil.com/documents/autumn-2020-market-report/>

About e.surv

e.surv is the UK's largest valuation provider, directly employing over 600 residential surveyors across the UK, supported by a network of consultant valuers. The business is the largest distributor and manager of valuation instructions in the UK and is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property. The business also provides a number of private survey products direct to the home-buying public. e.surv is a subsidiary of LSL Property Services plc. For further information, see www.esurv.co.uk.