



# SIMPLY MORTGAGE

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## MORTGAGE AFFORDABILITY

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Bank of England rips up rules despite rate rises

## TIME IS MONEY

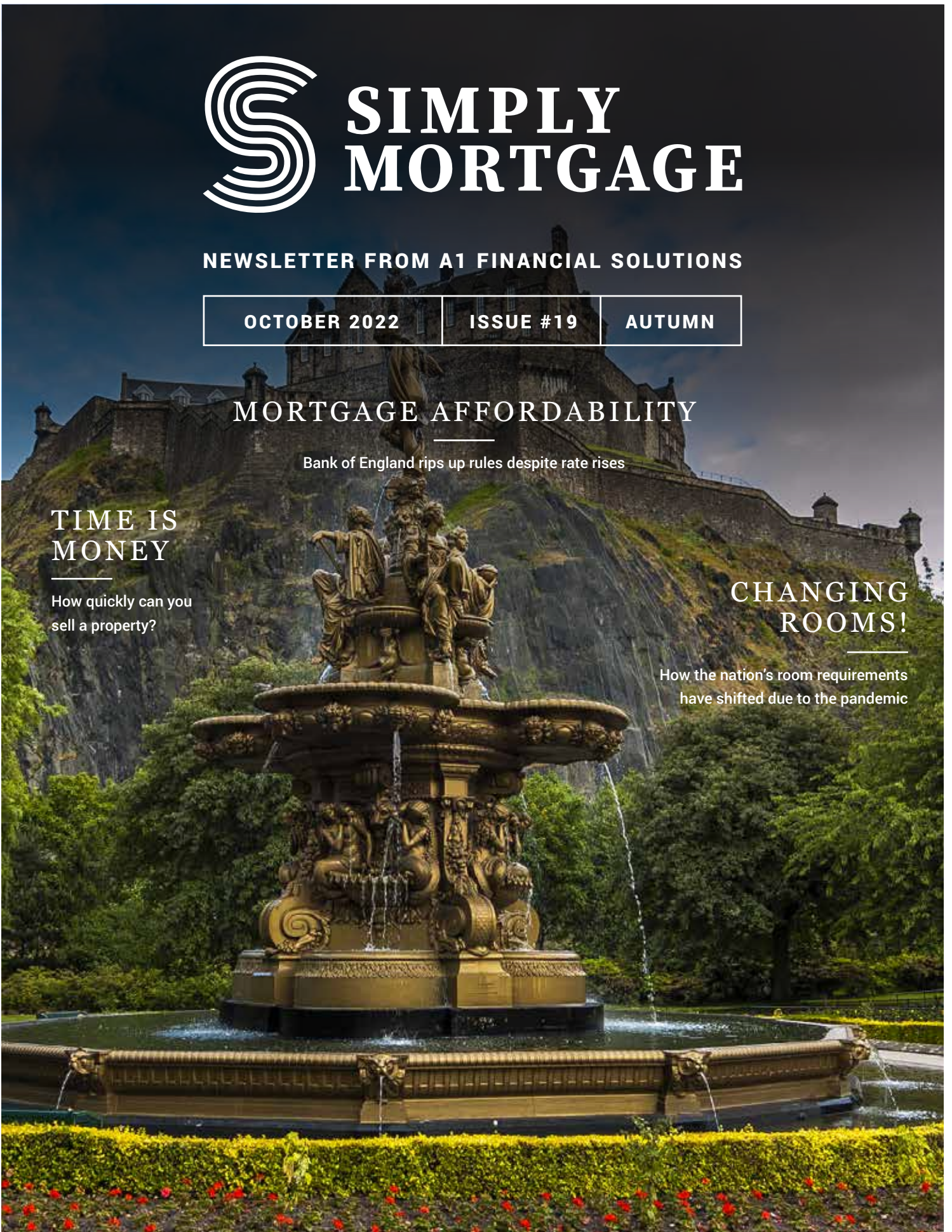
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How quickly can you  
sell a property?

## CHANGING ROOMS!

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How the nation's room requirements  
have shifted due to the pandemic





# MORTGAGE AFFORDABILITY

Bank of England rips up rules despite rate rises

**F**ollowing its latest review of the mortgage market, the Bank of England (BoE) Financial Policy Committee withdraw its affordability test commencing 1 August 2022.

Introduced in 2014, the test specified a stress interest rate for lenders when assessing prospective borrowers' ability to repay a mortgage. The stress test meant borrowers had to prove they could still afford their mortgage repayments if their mortgage rate were to increase to 3% above their lender's standard variable rate.

## MORTGAGE UNDERWRITING STANDARDS

The other loan to income (LTI) 'flow limit', which has not be withdrawn, limits the number of mortgages that can be extended to borrowers at LTI ratios at or greater than 4.5.

The BoE Recommendations were introduced to guard against a loosening in mortgage underwriting standards and a material increase in household indebtedness that could in turn amplify an economic downturn and so increase financial stability risks.

## LEVEL OF RESILIENCE

The BoE announced that an existing limit on mortgages with a high loan-to-income ratio and the Financial Conduct Authority's other required affordability checks 'ought to deliver the appropriate level of resilience to the UK financial system, but in a simpler, more predictable and more proportionate way'.

The move is likely to fuel competition among lenders and removing the restriction may soften any price slump

for homeowners. The change could also lessen the impact of lenders' own decisions to approve mortgages more cautiously, giving support to the market as it enters a more challenging phase. ■

## WANT TO FIND OUT HOW MUCH YOU COULD BORROW?

Whether you want to buy a first or new home, or remortgage your current property, we'll help you find the right mortgage for your needs. To find out more please contact us.

## Source data:

[1] <https://www.bankofengland.co.uk/news/2022/june/financial-policy-committee-confirms-withdrawal-of-mortgage-market-affordability-test>

# TIME IS MONEY

How quickly can you sell a property?

**S**elling your home is often considered one of life's most stressful events. There is no denying that it can be a frustratingly lengthy process. If you are keen to sell your property, you will understandably want to know how long it could take for the sale to go through.

The average time taken to sell a property is around four to six months, with it being closer to four months in a 'hot' market and over six in a 'cold' market<sup>[1]</sup>. It is important to keep in mind that the length of time it takes to sell a property depends on many different factors, not least of which being how hot or cold the property market might be in the area where you are selling your home.

## SPECIFIC TYPE OF PROPERTY

The more desirable the property and the bigger the target market for that specific type of property, the easier it is to sell. This might mean that three- and four-bedroom homes sell faster in family-friendly areas, whereas one- and two-bedroom homes may be popular in yuppie-centric cities.

Those with very large houses — such as six or more bedrooms — often find that they have a smaller pool of buyers, and their homes can therefore take longer to sell. The same applies to luxury properties, notably those that have extensive grounds or are architecturally impressive. This is because they exceed the typical price cap of the area, which limits their market substantially.

## LOCATION, LOCATION, LOCATION

In addition, the area of the country where you live plays a big part in how long it can take to sell your home. If you are in an area where the housing market is less fluid, properties can languish on the market for much longer and, as such, the old adage applies: 'Location, location, location'.

Most factors (such as location, the economy and size of the property) are beyond your control, but you can make your property appear more desirable to encourage a faster sale. Firstly, price is everything. The more competitively you price your property, the more likely it is to sell faster and the less likely you are to have to drop the asking price, but too low, and you may be shooting yourself in the foot.

## WHAT ISSUES ARE MOST LIKELY TO IMPACT ON THE LENGTH OF TIME IT TAKES TO SELL YOUR PROPERTY?

- Price being asked for the property
- State of the market (whether it's hot or cold)
- Quality of the solicitors being used
- Quality of the estate agents being used
- Position of your buyers at the time
- Overall length of the property chain
- Title, search or surveying problems, as well as the condition of neighbouring properties
- Time of the year it is, the condition of the property and how unique it is

## MAKE YOUR PROPERTY MORE DESIRABLE

To get the best offers in the shortest amount of time, you need to make your property look desirable. Go for a neutral look throughout, eliminate any clutter and keep the garden tidy. It's also a good idea to move rubbish bins and any other undesirable items out of sight so they aren't the first thing buyers see when they arrive.

Ultimately, the time it takes to sell your property can vary, but you should always allow at least four months, and in slow-moving areas, allow up to six months for completion of the sale. Also remember that whilst you can make your property more desirable, there are a lot of factors you cannot control, with the all-important location being one of them. ■

## NEED HELP TO FIND THE RIGHT MORTGAGE?

With so much to think about when moving house, we'll help remove the hassle and make finding your next mortgage easy for you. To discuss your requirements or find out more about how we could help – please contact us.

### Source data:

[1] <https://www.thepropertybuyingcompany.co.uk/news/post/how-long-does-it-take-sell-house-our-guide-2022#1>

# CHANGING ROOMS!

How the nation's room requirements have shifted due to the pandemic

**M**ore than four in ten British homeowners (41%) adapted their home to suit their changing needs during the COVID-19 pandemic, costing the nation a huge £36.5 billion, according to new research<sup>[1]</sup>. Homeowners were surveyed across the UK to understand how the nation's room requirements have shifted due to the pandemic and how our homes have changed as a result.

Amongst those who said they had to make changes, more than half (53%) say they have entirely repurposed at least one bedroom whilst one in five households (22%) have lost multiple bedrooms. Nationally, this equates to a whopping 8,856,000 bedrooms that have been 'lost' amongst the UK's 24 million privately owned homes during the pandemic.

## HYBRID WORKING SET TO BE A MAINSTAY

With remote and hybrid working now set to be a mainstay for many, almost half (46%) of those who have made changes have created a home office – which equates to over 4.5 million new home offices emerging across the UK. Of these, over half (58%) say that they plan to permanently keep it.

Alongside home offices, there are plenty of other ways in which Britons have reincarnated rooms in their home since March 2020. Nearly 1.3 million home gyms have been created, alongside 984,000 home bars, nearly 900,000 home cinemas or music rooms and 688,800 dedicated classrooms.

## MORE CONTENTIOUS ROOM CHANGES

Repurposing entire rooms doesn't come cheap. The research shows that UK homeowners who adapted their homes spent an average of £3,714, with home offices costing on average £1,735, gyms £1,568 and home cinemas £3,841. Nationally, this is a total of £36.5 billion.

Home offices, in particular, have been one of the more contentious room changes, with many being forced to give up living space in order to simply carry out their job. In fact, 16% of homeowners who created one say they resent giving up space in their home for the benefit of their employer.

## COMPENSATION FOR THE SPACE LOST

Nearly seven in ten (67%) believe that employers should pay all or some of the cost of setting up a home office, with 12% thinking that they should even offer compensation for the space lost. However, the reality is that just 2% of those who set up home offices say that their employer offered compensation, and only 30% say they made any contributions towards costs at all. Just 10% covered the full costs.

For those who have had to repurpose rooms, more than half (55%) say this has meant they have had to compromise on their space at home, leaving homeowners less happy with the space they have. Amongst those who have, 28% say they now have less space for guests to stay, 21% say they have

less or no privacy and 11% state that their children now have to share a bedroom.

## COMPROMISE WITH LIVING SPACES

However, this feeling of not being completely happy with your home rises significantly amongst younger homeowners who likely have smaller properties. More than eight in ten (83%) homeowners under 25, 78% aged 25-34 and 65% aged 35-44 say they are currently having to compromise with their living spaces.

For many, having to change their home setup during the pandemic has highlighted the need to find somewhere new and better suited to their changed needs. Of homeowners who have made changes, nearly a third (32%) say that this has made them consider moving home. ■

## LOOKING TO FIND A MORTGAGE OR CHANGE AN EXISTING MORTGAGE?

Looking for a new home, your first home, to remortgage your current home – to discuss your options, co, please contact us.

### Source data:

[1] <https://www.zoopla.co.uk/press/releases/changing-rooms-nearly-9-million-bedrooms-lost-in-the-uk-after-homeowners-repurposed-their-homes-during-the-pandemic/>

# MORTGAGE MATTERS

40% of available mortgages withdrawn from the market

**T**he chancellor, Kwasi Kwarteng, on Friday 23 September, announced during the mini-budget, £45 billion worth of tax cuts. He said further tax cuts should be expected in a full budget in November.

The uncertainty around the future of rate rises has subsequently caused the withdrawal of a plethora of mortgage products. At the time of writing on Friday 30 September, figures showed that more than 40% of available mortgages had been withdrawn from the market since the government announced the most extensive programme of tax cuts for 50 years in its mini-budget.

Forecasts that the Bank of England's base rate is on course to rise to 6% from 0.25%

only a year ago, has resulted in lenders re-pricing their mortgage products, in some cases for the fifth of sixth time this year.

The uncertainty around the risk of an emergency rate rise is likely to see other lenders withdrawing products or increasing rates dramatically until they know the extent of the uncertainty.

If you are considering refinancing a fixed rate mortgage that is coming to the end of the introductory fixed rate period, we're here to help!. We will guide you through your remortgage from start to finish, with all the services and information you need in one place. ■

## LOOKING FOR A BETTER MORTGAGE DEAL?

Whether the fixed rate of your mortgage is coming to an end, or you're just looking for a better deal due to current market volatility, please talk to us about your options.



**When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.**

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.

Contact us today to begin your journey – we look forward to hearing from you.

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