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# Stop worrying about predictions. Let's have a look at the FACTS first.



With the reopening of the housing market about 3 months ago, all eyes are eagerly watching and analysing to see what happens - predictions range from delightfully optimistic to a bit pessimistic (the truth is most likely somewhere in the middle!).

Without going too much into predictions, the important thing to remember is that buying a home is not always merely a financial transaction. Most people buy homes because they want homes to live in, and no pandemic, lockdown or recession is going to change that!

On that note, this blog aims to explore five positive facts (yes facts, not predictions) about the current housing market.

## **FACT 1: Lowest interest rates ever.**

The Bank of England has slashed interest rates to a record low of 0.1%. This has resulted in some amazing mortgage deals - to give you an idea, the average two-year fixed rate is now at just over 2 per cent. The current cheapest five-year deal, a 1.34 per cent 60 per cent loan-to-value fix, is the cheapest ever, on record. Basically, it's a great time to get a mortgage.

## **FACT 2: Bigger budgets**

As you probably know, the Government has announced a Stamp Duty Holiday, which means that until the 31<sup>st</sup> of March 2021 buyers will not pay any Stamp Duty on the first £500,000 of a sole residential property. This means buyers can save up to £15,000 on the purchase of their next home.

In other words, that's an extra £15,000 that can be put towards the deposit to afford a home that was previously out of reach, creating a window of opportunity that's leading to a lot of activity in the market.

## **FACT 3: More activity**

Usually during the summer people focus on their holidays, slowing down the housing market. However, with Covid-19, the Stamp Duty Holiday and the record low interest rates, it seems people have turned to buying and selling homes to fill the summer holiday void!

According to property portal Rightmove, August 2020 has been the busiest month ever for the property market (based on the data they hold) with the highest number of sales agreed in a month having a record total value of over £37 billion.

This trend is seen even in higher value properties (which makes sense given the Stamp Duty Holiday) with the number of sales (subject to contract) for properties valued over £1m doubled as compared to this time last year.

August has also seen the highest number of new properties coming to market in a month since March 2008.

## **FACT 4: Faster sales**

According to property portal Zoopla, homes are selling at a faster rate than before the pandemic across all regions of the UK.

Since lockdown restrictions were lifted, the average number of days to sell a home (subject to contract) has been 27 days, compared with 39 days over the same timescale last year. That's almost two weeks less. This trend is evident amongst all types or properties from 1 bed flats to 5 bed houses.

This is great for buyers who are looking to take advantage of the stamp duty holiday.

## **FACT 5: Mortgage brokers get you better deals**

As discussed, the record low Bank of England base rate is resulting in some amazing mortgage deals. There are many lenders in the market, with hundreds of products and each one with a different criterion. It's complex.

Brokers understand the market really well (that's their job!) and have access to better deals than what you can find on the high street. A broker can also help you strengthen your mortgage application at this tricky time.



Alexander Southwell

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### Get in touch with us.

At Alexander Southwell Mortgage Services we can help navigate you through the complexities and get you the perfect mortgage for your new home. Get in touch with us today on 02380 971117 or 07470 701788.