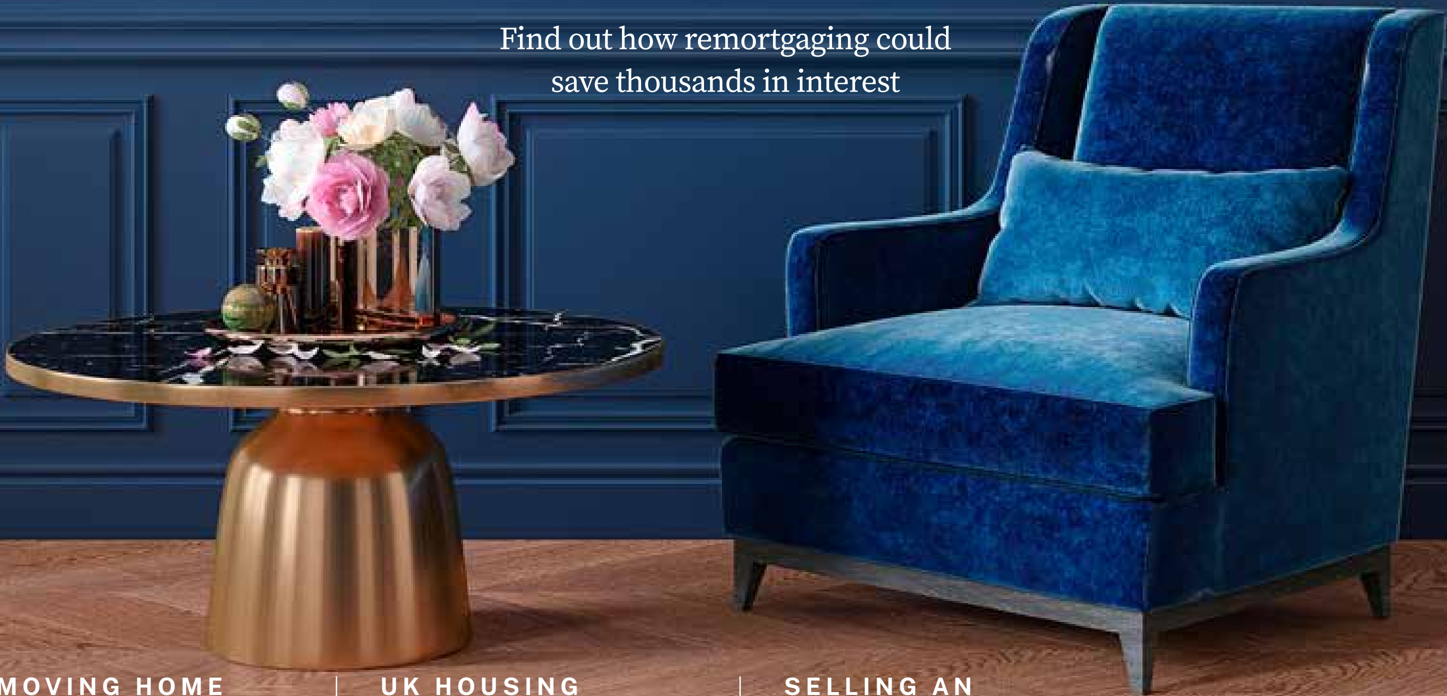
THE
MORTGAGE & PROPERTY
MAGAZINE

ISSUE 3 - SUMMER 2021

TIME TO SWITCH YOUR MORTGAGE?

Find out how remortgaging could save thousands in interest



MOVING HOME CHECKLIST

Countdown has commenced – what to do in the weeks before

UK HOUSING MARKET SURGES

Mortgage borrowing reaches its highest level since modern records

SELLING AN INHERITED PROPERTY

What to do when faced with taxes, a mortgage and home insurance

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WEALTH MANAGEMENT

Summer 2021

Mortgage finance

ON THE COVER

Find out how remortgaging could save thousands in interest

Buying and selling

Property matters

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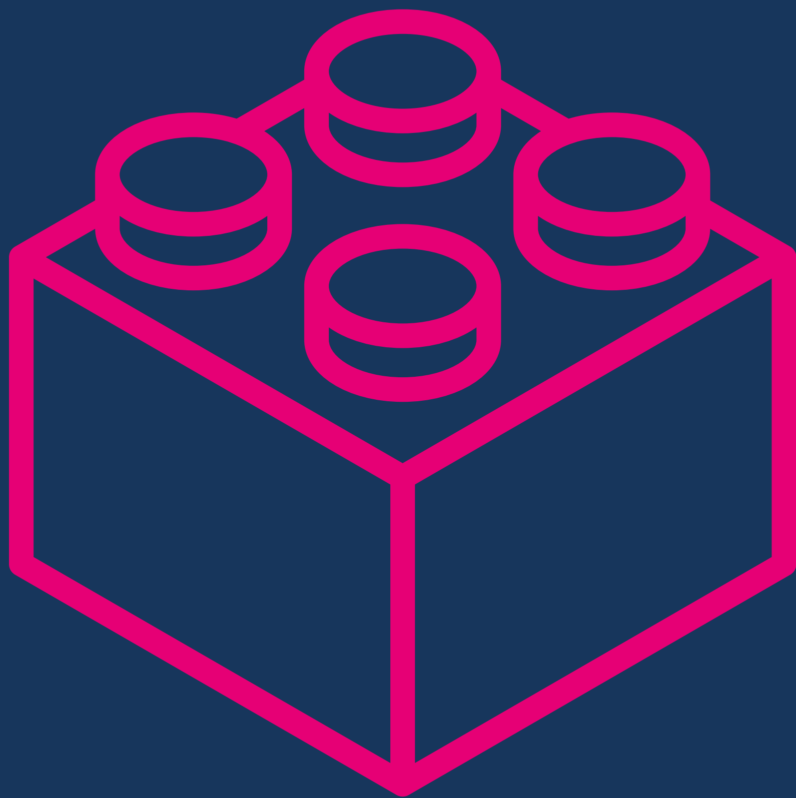
Property glossary



Welcome

I AM DELIGHTED to welcome you to the Summer 2021 quarterly issue of *The Mortgage & Property Magazine* from Nightingales Wealth Management Ltd.

Your mortgage is likely to be one of your biggest monthly costs and making sure you're on the best possible deal can make a huge difference to your overall finances. On page 24 we look at how remortgaging could save you thousands of pounds, without making any lifestyle sacrifices. Essentially, it's nothing more complicated than switching to a different mortgage deal. Just as mortgaging means taking out a loan to buy a property (usually using that same property as collateral), remortgaging means finding a new loan, either with the same lender or another lender, but with different terms.

They say that moving home is one of the most stressful life events that most of us endure. But with careful planning in the weeks and months before the big day, you can break down the process into manageable tasks and avoid getting overwhelmed. There is a lot to do leading up to your moving day. Make sure you have everything covered in plenty of time. Stay organised and keep on top of your to-do list with our moving house checklist on page 29.

UK mortgage borrowing in the first quarter of this year reached its highest level since modern records began. The government's 95% mortgage scheme, coupled with the Stamp Duty Holiday, saw mortgage lending soaring to the biggest net increase on record according to latest data from the Financial Conduct Authority. Turn to page 46 to read the article.

There's far more to being a landlord than simply owning a property. On page 93, whether you're an experienced landlord who has been managing a portfolio of properties for many years, or a new landlord, we look at why understanding your legal obligations as a landlord will help you to protect your investment, yourself and your tenants.

A complete list of the articles featured inside this issue appears on page 03, 04 and 05.

I hope you enjoy reading our latest issue and find it informative, and welcome your feedback. ◆

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Sam Farmer - Company Director

THE
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MAGAZINE

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EQUITY RELEASE WILL AFFECT POTENTIAL INHERITANCE AND YOUR ENTITLEMENT TO MEANS-TESTED BENEFITS BOTH NOW AND IN THE FUTURE.

To fix, or not to fix

Could a fixed rate deal be the right type of mortgage for you?

A MORTGAGE is arguably the biggest financial commitment you'll ever make, so understanding the options available to you is extremely important. One of the biggest decisions you face when choosing a mortgage is whether you should go for a fixed or variable rate.

If you've taken out a fixed rate mortgage, your interest rate is locked in for a fixed period. In other words, the interest rate – and consequently your monthly mortgage repayment – will remain unchanged for an agreed number of years.

SET PERIOD OF TIME

The interest rate stays the same for the set period of time, usually between two years or five years. When the fixed rate term expires, you're automatically switched to a standard variable rate (SVR). This is usually either your lender's SVR or a tracker rate.

As the monthly repayment stays the same throughout the agreed term, it's easier to budget for monthly expenses and stay on top of your finances.

ALLOW SUFFICIENT TIME

Once the fixed rate term expires, you have two choices – either do nothing, or look to remortgage to a new deal. If you do nothing you're put on a SVR, which tends to be higher than the fixed rate. And, because you'll pay more interest, your monthly mortgage repayment might go up.

If your fixed rate period is about to end, you should evaluate your current mortgage and consider switching to a new mortgage deal. It's a good idea to start looking about 14 to 16 weeks before your fixed rate period expires. This will allow sufficient time for you to switch straight to your new mortgage without ever paying the SVR.

FINANCIAL STABILITY

If you're concerned about the stability of your financial situation and would rather know exactly how much your monthly mortgage repayments are each month, a fixed rate mortgage could be the right option for you.

Key points to consider about fixed rate mortgages include:

- You know how much you'll pay each month, helping with monthly budgeting
- Your payments will not go up during the fixed term
- If market rates drop, you wouldn't benefit from lower repayments
- You can choose a short or long fixed term deal while thinking about your next move
- If interest rates go up, you can relax – yours will stay the same
- There's usually a charge for leaving a mortgage during the fixed term

INTERESTING POSSIBILITIES

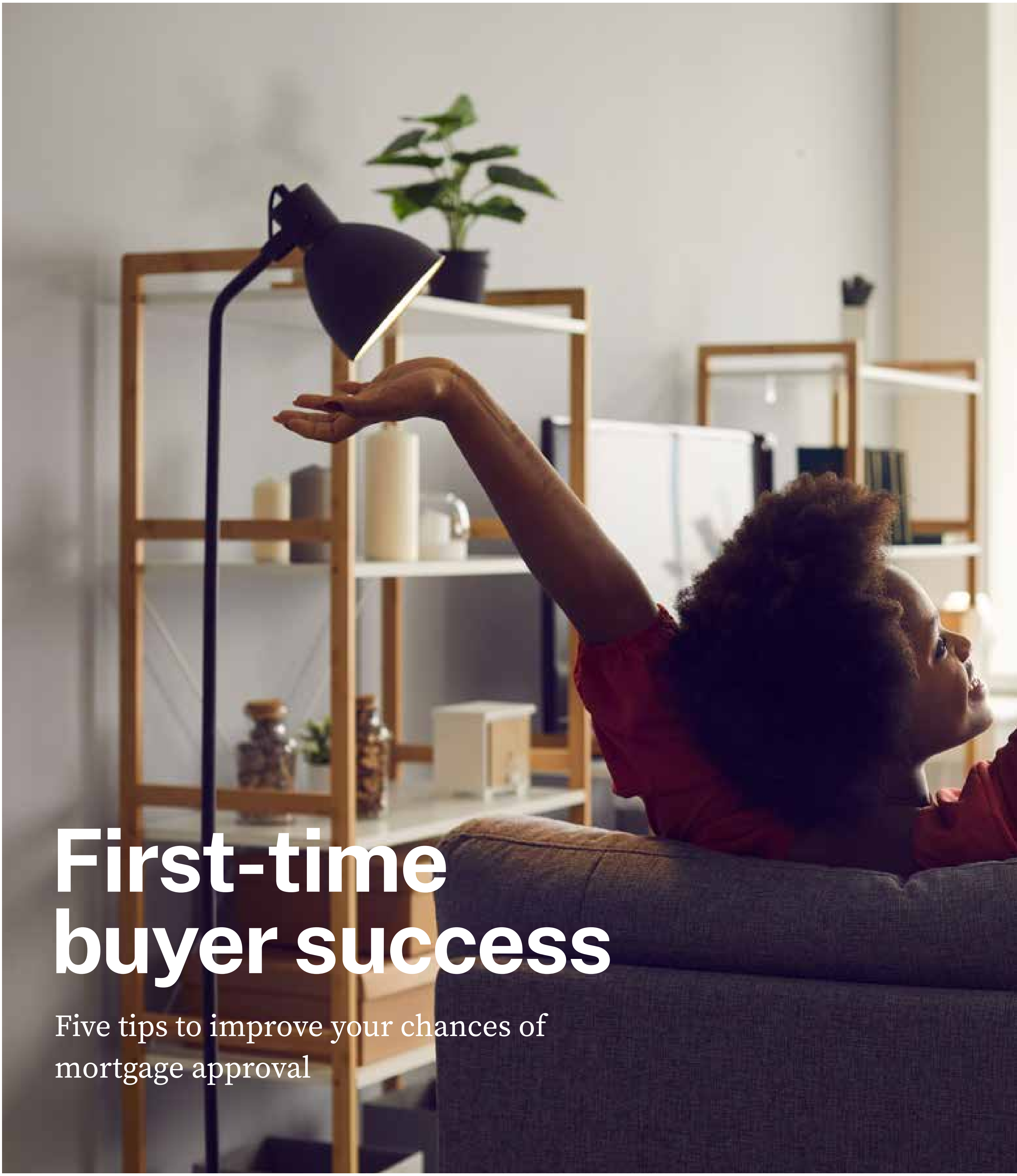
If you are coming to the end of a fixed rate mortgage and are looking to remortgage, you can – but you need to understand the implications before you make a decision. It's possible to remortgage with your existing mortgage provider or switch to a new one.

Whichever option you choose, it's likely that you'll have to pay fees for exiting your existing mortgage early. When a lender offers you a mortgage, you usually have between three and six months to accept it – after that, you'll have to reapply. That's why you should start your search when your current mortgage deal has at least three months or more to go.

The end of your mortgage deal could open up some interesting possibilities. Doing nothing is an option, but it's always worth researching what else is out there as you might find there's money to be saved. ◆

>> LOOKING TO FIND A MORTGAGE DEAL THAT SUITS YOUR NEEDS? <<

Our expert mortgage advisers are on hand to help you find a mortgage deal that suits your needs and we'll guide you through the mortgage process. To discuss your requirements, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.



First-time buyer success

Five tips to improve your chances of mortgage approval

MANY FIRST-TIME buyers hope to make this year the year they get on the property ladder, thanks to the increasing availability of 95% mortgages. But while there are higher numbers of suitable mortgages available, there's no guarantee you'll be approved.

To improve your chances, here are five of our top tips.

1. REGISTER TO VOTE

It might not sound like this has much to do with your mortgage, but you'll find it impossible to get approved if you're not on the electoral roll. Though the main purpose of this register is to prevent fraudulent voting, it's also used in credit applications and is one of the first things a mortgage provider will check.

The process of registering is easy (as long as you're a British citizen, an Irish citizen, or a Commonwealth or EU citizen who is living in the UK) and it can be completed online.

2. CHECK YOUR CREDIT REPORT

Your credit report includes any financial issues on your record in the last six years. If you've received a county court judgement or filed for bankruptcy in that time, more than likely you're aware of the issue and how it could affect your mortgage application. But even smaller incidents, such as late bill payments, can impact your score, and occasionally you'll see something on the report you weren't aware of. Very occasionally you may also find an error, which can be corrected by contacting the creditor.

You can check your credit report for free with ClearScore, Equifax or Experian.

"Mortgage providers will check to see how many credit arrangements you already have before they approve your mortgage, and they want to see that number as low as possible."

3. ORGANISE YOUR FINANCES
Lenders want to see that your financial affairs are in order, so is now a time you need to tidy them up? If you have bank accounts that you no longer use, close them. If you have small amounts of money in different accounts, consider pooling them together into one to give a clearer picture of your financial position.

If you have a Lifetime Individual Savings Account (LISA), top it up to the maximum £4,000 annual allowance, so that the £1,000 government bonus will be added to boost your savings.

4. PAY OFF OUTSTANDING DEBTS
Mortgage providers will check to see how many credit arrangements you already have before they approve your mortgage, and they want to see that number as low as possible. So, if you have small outstanding debts that you can clear without subtracting from the money you have saved as a deposit, it makes sense to do so.

5. DELAY NEW CREDIT APPLICATIONS
Usually, when you make a new credit application, the lender will perform a hard enquiry on your credit score. If several hard enquiries are made during a short period, that can temporarily affect your credit score. So, until your mortgage application is approved, it's best to delay new credit applications, whether this is a new credit card, a new phone contract, car financing or any type of loan. ◆

>> TIME TO STEP ONTO THE PROPERTY LADDER? <<
Finding the right mortgage may seem like a confusing process. Which is the best first-time buyer mortgage to go for? How much can you borrow? What deposit will you need? To discuss your mortgage options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

MORTGAGE GUARANTEE SCHEME

Need help to buy your first home with a 5% deposit?

THE CORONAVIRUS (COVID-19) pandemic led to a reduction in the availability of high loan-to-value (LTV) mortgage products, particularly for prospective homebuyers with only a 5% deposit. This has resulted in many households being unable to get onto the housing ladder.

Access to finance and affordability play a key role in the ability for people to purchase their dream home. The launch of the new mortgage guarantee scheme will enable more households to access mortgages, without the need for prohibitively large deposits. The scheme is intended as a temporary measure.

ELIGIBILITY FOR NEW MORTGAGES

It opened for new mortgage applications from April 2021 and will run to December 2022, in line with the government's view that the current scarcity

“Lenders tend to think that 95% mortgages are risky because, if house prices were to fall, the homebuyer could end up owing more than their home is worth.”

of high loan-to-value lending is primarily a response to the pandemic rather than a symptom of a longer-term structural change in the mortgage market.

The government will review the continuing need for the scheme towards the planned end date, and determine whether extending the period of eligibility for new mortgages would continue to deliver benefits for prospective homeowners.

STIMULATE THE HOUSING MARKET

The mortgage guarantee scheme is a government initiative to encourage lenders to reintroduce their 95% mortgages and stimulate the housing market. Instead of lenders taking on all of the risk of offering such large mortgages, the government will shoulder some of the risk. Specifically, the government will guarantee the portion of the loan above 80%.

A 95% mortgage is, simply, a loan a homebuyer can take out which covers 95% of the value of their chosen property. The buyer, therefore, only needs a 5% deposit. These mortgages are often favoured by first-time buyers, who might struggle to save a deposit of more than 5%. However, 95% mortgages aren't always easily available, particularly in times when the economic outlook is uncertain.

FAILURE TO MAKE THE REPAYMENTS

Lenders tend to think that 95% mortgages are risky because, if house prices were to fall, the homebuyer could end up owing more than their home is worth. If they fail to make the repayments and their home is repossessed, the lender may not be able to recoup the total loan by selling the property.

So, when the economic outlook is uncertain, many lenders choose to withdraw their 95% mortgages to avoid this risk. We saw this happen last year, due to the COVID-19 pandemic outbreak.

PORTION OF THE MORTGAGE OVER 80% GUARANTEED

Here's a simplified example: If a borrower buys a home for £100,000 with a 95% mortgage, and fails to make any repayments, the home could be repossessed. Without the government guarantee, the lender would need to recover the £95,000 they had provided, which they may not be able to do by selling the property.

Under the terms of the scheme, the government guarantees the portion of the mortgage over 80% (so, with a 95% mortgage, the remaining 15%). With the guarantee, in this example the government would compensate the lender with £15,000, meaning they'd only need to recover £80,000 by selling the property.

WHAT PROPERTY PURCHASES ARE NOT GUARANTEED?

The mortgage guarantee scheme doesn't cover all mortgages. The scheme includes loans on properties up to the value of £600,000 and only includes properties the buyer intends to live in, not buy-to-let properties or second homes.

It also only applies to mortgages that are over 90%, where a five-year fixed rate is offered. The scheme is available to any buyer, not just first-time buyers, though it's likely to be mostly first-time buyers who will benefit. ◆

First-time buyers First Homes initiative

Discounts of up to 50% on new-build homes under government scheme

THE GOVERNMENT'S new First Homes initiative could save first-time buyers in England £100,000 or more. The government says the scheme is aimed at first-time buyers in the area where the homes are built, many of whom will be key workers such as NHS staff and those on the pandemic frontline such as delivery drivers and supermarket staff.

It is aimed at helping them get onto the property ladder by offering homes at a discount of at least 30% compared with the market price. However,

"The scheme will support local people who struggle to afford market prices in their area, but want to stay in the communities where they live and work."

local authorities will be able to offer a bigger discount – either 40% or 50% – if they can demonstrate a need for this.

SUPPORTING LOCAL PEOPLE

Crucially, the discount will be passed on with the sale of the property to future first-time buyers, meaning homes will always be sold below market value, thereby 'benefiting local communities, keyworkers and families for generations to come,' the government said.

'The scheme will support local people who struggle to afford market prices in their area, but want to stay in the communities where they live and work,' the Ministry of Housing said.

FOR FIRST-TIME BUYERS ONLY

First Homes is the latest initiative aimed at tackling the challenges of helping people get on the property ladder and follows a government guarantee scheme for 95% mortgages.

The First Homes scheme is for first-time buyers only; households with a combined annual income of more than £80,000 – or £90,000 in Greater London – cannot apply. Local councils will be able to bring in their own requirements, such as prioritising key workers or local people.

IMPOSING LOWER PRICE CAPS

There are also price caps – after the discount has been applied, the purchaser cannot be required to pay more than £250,000, or £420,000 in Greater London. However, councils will be able to make the case for imposing lower price caps.

The initial First Homes properties have gone on the market as part of the opening phase of an early delivery project in Bolsover, Derbyshire. More new homes will be offered to first-time buyers under the scheme across the country in the coming weeks and months.

HOMES PURELY AS AN INVESTMENT

The government said it would be funding a further 1,500 homes, which will come onto the market from the autumn, and plans to have 'at least 10,000 homes a year being delivered in the years ahead, and more if there is demand.'

Those who can afford to buy a first home without a mortgage will not be eligible, and there are measures aimed at preventing people buying the homes purely as an investment.

REALISTIC AND AFFORDABLE ROUTE

Robert Jenrick, the Housing Secretary, said: 'First Homes will offer a realistic and affordable route into home ownership for even more people who want to own their own home.'

HIGH-STREET LENDERS

Halifax and Nationwide Building Society, along with local building societies and community lenders, announced that they will be offering high loan-to-value mortgages against first homes to support the roll-out of the scheme. ◆

Property wealth and retirement planning

Equity release options rise to meet pension shortfalls

"Typically borrowers can access up to 60% of the value of their home, and after their death, the property will be sold to repay the loan."

MANY OVER-55S in the UK have concerns about whether they can afford to retire and live the lifestyle they want because they lack pension savings. Yet, UK private property wealth has recently reached its highest-ever levels, meaning that the average homeowner has more wealth than they may realise.

Unlocking that wealth could change your retirement plan entirely. Towards the end of 2020, the total value of property in the UK passed £6 trillion to reach a record high[1]. While most private owners buy with the help of a mortgage and therefore don't own 100% of their home, the equity that owners do hold also reached its highest levels.

PEOPLE IN OLDER AGE GROUPS

The average loan-to-value of a UK mortgage fell to 24.6% (meaning that the average owner holds equity of over 75% in their property). So, the total value of private property wealth in the UK reached £4.6 trillion. People in older age groups tend to hold more property wealth than those in younger age groups, simply because they have spent longer paying off their mortgages.

Due to changes in the way pension income can be taken, combined with increasing life expectancies, many savers are no longer able to rely on their pension savings alone to meet their income needs throughout their retirement. For people aged over 55 who face a shortfall in pension wealth, property wealth is becoming integral to retirement planning.

BORROW MONEY AGAINST PROPERTY

There are a number of options for people aged over 55 to unlock the value in their home. Equity release products allow you to borrow money against your property, with no repayments to make during your lifetime.

Typically borrowers can access up to 60% of the value of their home, and after their death, the property will be sold to repay the loan. Any profit (after the loan, interest and fees are paid) will be passed to their loved ones.

PASSING ON MORE OF PROPERTY WEALTH

Similarly, retirement interest-only mortgages allow people to borrow money against their property and repay only the interest due. The capital is repaid after their death, along with the fees, and again, any profit can be passed to loved ones.

There are options to allow voluntary partial capital repayments during your lifetime. This can be helpful if circumstances change, and you'd prefer to pass more of your property wealth to your children, for example. ◆

>> LET US DISCUSS THE RIGHT OPTIONS FOR YOU <<

For people who may not have considered, or understood, equity release in the past, if appropriate, it could be an option to consider. For further information about how we can help, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.equityreleasecouncil.com/wp-content/uploads/2021/04/Equity-Release-Council-Spring-Market-Report-2021.pdf

Government homeownership options

Providing an affordable route to homeownership for aspiring homeowners

SAVING A deposit, securing a mortgage or finding the right home at the right price is difficult for some people, which can result in them being priced out of buying on the open market. If you're in this situation, it is worth looking into the government schemes on offer to help you get on the property ladder.

HELP TO BUY

The government's new Help to Buy scheme replaced the previous scheme. It came into place from 1 April 2021 and comes to an end in March 2023. There are no plans for any further extensions. The new scheme introduced property price caps and is restricted to first-time buyers only, supporting people onto the housing ladder.

You'll need to pay a minimum deposit of 5% of the property purchase price and arrange a repayment mortgage of at least 25% of the property purchase price.

You can then borrow an equity loan to cover from 5% and up to 20% of the property purchase price of your newly built home. If the property is in London, you can borrow up to 40%. The equity loan percentage you borrow is used to calculate your interest and equity loan repayments.

You do not have to pay interest for the first five years. In the sixth year, you'll be charged interest at a rate of 1.75%. This will be applied to the equity loan amount you originally borrowed (the equity loan percentage of the property purchase price). This annual interest is spread over the year in monthly payments.

The interest rate increases every year in April, by adding the Consumer Price Index (CPI) plus 2%. Your interest payments will decrease if you make a part repayment of the equity loan. This is because the amount to which the interest rate is applied will reduce.

95% MORTGAGES

From 19 April, first-time buyers are now able to purchase a home with only a 5% deposit. The scheme is aimed at increasing the supply of 5% deposit mortgages for credit-worthy households by supporting lenders to offer these products through a government-backed guarantee.

First announced in Budget 2021, the scheme will help first-time buyers or current homeowners secure a mortgage with just a 5% deposit to buy a house of up to £600,000 – providing an affordable route to homeownership for aspiring homeowners.

The government has offered lenders the guarantee they need to provide mortgages that cover the other 95%, subject to the usual affordability checks.

SHARED OWNERSHIP

This route gives first-time buyers, previous home owners who cannot afford to buy one now or existing shared owners the option to buy a share of their home (between 25% and 75%) and pay rent on the remaining share.

You can buy a home through shared ownership if your household earns £80,000 a year or less (or £90,000 a year or less in London).

If you're aged 55 or over you can buy up to 75% of your home through the Older People's Shared Ownership (OPSO) scheme. Once you own 75% you will not pay rent on the rest.

You can apply for a scheme called Home Ownership for People with Long-term Disabilities (HOLD) if other Help to Buy scheme properties do not meet your needs, for example, you need a ground-floor property. With this scheme, you can buy up to 25% of your home.

If you're disabled you can also apply for the general shared ownership scheme and own up to 75% of your home.

Under shared ownership you can buy more of your home after you become the owner. This is known as 'staircasing'. The cost of your new share will depend on how much your home is worth when you want to buy the share.

It will cost more than your first share if property prices in your area have gone up and less than your first share if property prices in your area have gone down. The housing association will get your property valued and let you know the cost of your new share. You'll have to pay the valuer's fee.

If you own a share of your home, the housing association has the right to buy it first. This is known as 'first refusal'. The housing association also has the right to find a buyer for your home. If you own 100% of your home, you can sell it yourself. ◆

"The government's new Help to Buy scheme replaced the previous scheme. It came into place from 1 April 2021 and comes to an end in March 2023."

Time to switch your mortgage?

Find out how remortgaging could save thousands in interest

"Remortgaging your home and the amount of time needed will depend on your individual circumstances and remortgage needs."

YOUR MORTGAGE is likely to be one of your biggest monthly costs and making sure you're on the best possible deal can make a huge difference to your overall finances. Remortgaging could save you thousands of pounds, without making any lifestyle sacrifices.

Essentially, it's nothing more complicated than switching to a different mortgage deal. Just as mortgaging means taking out a loan to buy a property (usually using that same property as collateral), remortgaging means finding a new loan, either with the same lender or another lender, but with different terms.

WHY DO PEOPLE REMORTGAGE?

Usually, people remortgage to find a mortgage deal with a lower interest rate, which means lower monthly repayments and less to pay in total. Often, they'll be looking to replace an existing fixed rate or tracker rate mortgage that is coming to an end. This avoids switching to the lender's standard variable rate at the end of the period, which is usually higher than the introductory rate.

For most homeowners their biggest outgoing is their mortgage repayment, but by reducing your mortgage rate by even a small amount, you could save thousands of pounds per year, every year, until it's all paid off.

Mortgage payments could also be reduced by extending the term of an existing mortgage, for example, increasing a 25-year mortgage term to 30 years. However, this option will cost more in the long term due to accruing interest. On the other hand, remortgaging to a different lender may allow you to reduce your mortgage term and enable you to pay it off sooner so that you can be mortgage free.

Some people also remortgage their property to release some of their built-up equity, which can be used as finance to consolidate other debts or fund expensive home improvements, for example.

Another reason to remortgage is because, once a significant portion of the original mortgage loan is paid off, the homeowner could apply for a lower LTV (loan-to-value) mortgage, which may have lower rates.

Some people may also want to switch from a variable rate mortgage to a fixed-rate mortgage so they know exactly how much they will be paying each month during times of financial uncertainty.

WHO CAN REMORTGAGE?

Whether or not you can remortgage depends on the terms of your current mortgage. Some lenders demand an exit fee or early repayment charge, which can amount to more than you'd save by switching.

Also, if you're switching lenders, you'll need to pass the new lender's affordability assessment. So, if your financial circumstances have changed (for example, your income is much lower than it was), you may not be able to remortgage with a new lender, although you could still potentially remortgage with your current lender.

Remortgaging your home and the amount of time needed will depend on your individual circumstances and remortgage needs. Providing clear, accurate and relevant documents when needed, such as proof of earnings, can speed up the process.

HOW MUCH COULD YOU SAVE BY REMORTGAGING?

If you're nearing the end of an introductory period on your current mortgage, you'll be switching to the lender's standard variable rate (SVR).

This is relatively cheap compared to recent years, but may still be nearly double what you might pay by switching. That difference in interest rates could cost you hundreds of pounds a month, or several thousand pounds a year, in repayments.

WHAT STOPS PEOPLE REMORTGAGING?

Some people worry that they won't be accepted for a new mortgage deal because they've been furloughed or have been made redundant. Some feel uncertain about their financial future and want to wait until they feel more secure. Some think that there might be a lot of hassle involved in remortgaging.

These are all valid concerns but not necessarily reasons to remain with your current mortgage. By obtaining professional mortgage advice you'll get a better understanding about what mortgages are available to you, what rate you're likely to be approved for and whether this is the right choice for you now, as well as saving you time shopping around for the best deals. ◆

>> WANT TO FIND OUT MORE ABOUT REMORTGAGING? <<

To find out if you could save money by moving your mortgage, let us know what's important to you and we can build the right deal together. To discuss your options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Buying and selling a residential property

What's next once your home offer is accepted?

SELLING IS A STRESSFUL TIME, we know that! The process can be as daunting as when you bought your home. If you're selling and, at the same time, buying another property it can be even more stressful and complicated.

Once you have had your offer on your new home accepted, it's a moment for celebration. But it's not the end of your property journey. There are still several stages to complete before you're the owner of your new home.

APPOINT YOUR SOLICITOR

If you have not already appointed a solicitor to carry out the conveyancing of your property purchase, do so as quickly as possible to keep the transaction moving. You'll usually pay a deposit for the conveyancing fees, or you might pay a percentage upfront.

SECURE YOUR OFFER IN PRINCIPLE

If you've already received an Agreement in Principle from your chosen mortgage provider, you'll need to transfer this to an Offer in Principle. This is a confirmation of the exact amount the mortgage provider will be lending you.

To obtain this, you'll need to provide your ID, proof of income (for example, three months of bank statements and a P60), deposit details, your solicitor's details and the property details. Your mortgage provider will run a full credit check (also known as a hard enquiry) on you, and your partner if you are buying as a couple.

AWAIT THE PROPERTY VALUATION

Your mortgage provider will arrange for a property valuation from a surveyor before they'll approve your mortgage application. This usually takes about two weeks, and costs between £150 and £1,500 (though this can typically be included in the total mortgage fees you pay).

PROVIDE ADDITIONAL DOCUMENTATION

It's not unusual for a mortgage provider to request additional documents before finalising the loan arrangements. They might want to see your passport, payslips or bank statements.

RECEIVE A FORMAL MORTGAGE OFFER

Once your mortgage provider is satisfied that you can afford the mortgage you've applied for, they'll make you a formal, signed offer through your solicitor. This can take up to around three weeks.

SIGN THE CONTRACTS

Your solicitor will invite you to sign the contracts for the property sale and exchange them with the seller's solicitor.

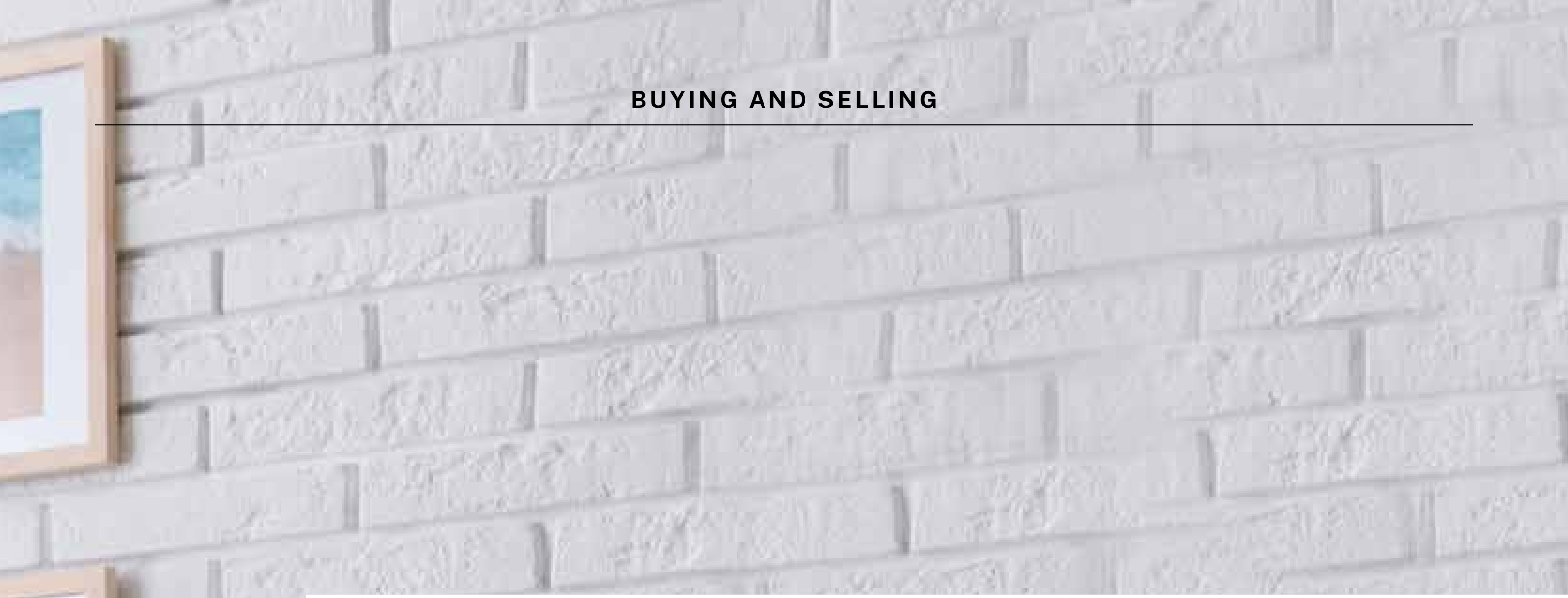
"Your mortgage provider will send the funds you are borrowing to your solicitor, on a date they agree between them."

RECEIVE THE MORTGAGE FUNDS
Your mortgage provider will send the funds you are borrowing to your solicitor, on a date they agree between them.

PAY YOUR FEES
You'll pay all remaining conveyancing fees to your solicitor. These may include a range of charges for searches, land registry, et cetera. If stamp duty is due, you'll also pay that to your solicitor now.

TRANSFER OF FUNDS
You'll transfer your deposit to your solicitor. They will then transfer the total sales amount (the deposit and the mortgage funds) to the seller's solicitor to complete the sale.

PREPARE TO MOVE
Once all the payments have been transferred, your house purchase is complete. You'll receive the keys to your new house and can move in whenever you're ready. Now it's time to celebrate again. ◆



Moving home checklist

Countdown has commenced – what to do in the weeks before

THEY SAY THAT moving home is one of the most stressful life events that most of us endure. But with careful planning in the weeks and months before the big day, you can break down the process into manageable tasks and avoid getting overwhelmed.

There is a lot to do leading up to your moving day. Make sure you have everything covered in plenty of time. Stay organised and keep on top of your to-do list with our moving house checklist.

BOOK YOUR REMOVAL COMPANY OR TRANSPORT

You might plan to move your possessions yourself, with the help of friends, or with a professional removals company. Whichever you choose, you'll need to arrange it well in advance to ensure availability on your chosen date and get the best prices for transport.

You'll also need to shop for packing supplies or, for a more sustainable option, ask at local stores for leftover boxes.

ENROL AT THE LOCAL SCHOOL

Most schools require you to enrol your child at least six weeks in advance. Nurseries and other childcare facilities may be more flexible, but popular choices could also have a waiting list.

ARRANGE CONTENTS INSURANCE

Your buildings insurance should already be in place as your mortgage provider will have required it, but if you didn't arrange contents insurance at the same time, you could do so now. Since your possessions could get lost or damaged as part of the move, you might want a policy that will cover this.

“Remember to update your address with your bank, other financial service providers, your employer, et cetera, to ensure you continue to receive important communications.”

CALL YOUR GAS AND ELECTRICITY SUPPLIERS

It might be possible for your current gas and electricity suppliers to move your account to your new address, or you may need to close your account and register a new one once you move in. Either way, you’ll likely need to supply your final meter readings to settle the bill at your current home, so remember to note these down on moving day.

Now might be a good time to shop around for new energy deals to begin at your new property.

CALL YOUR WATER COMPANY

Water companies are regional, so whether you’re staying with the same provider depends on how far you’re moving. If you won’t be changing providers, you’ll just need to notify them about your change of address and make sure your bill payments are up to date. If you’re changing providers, you’ll need to contact both of them.

MOVE YOUR TV, PHONE AND BROADBAND CONTRACTS

If you want to move your existing contracts for internet and entertainment services, try to give your provider plenty of notice so that everything is up and running when you move in. If your provider doesn’t offer service to your new address, you’ll need to close the contract and shop for new deals.

CLOSE YOUR COUNCIL TAX ACCOUNT

Contact your local council to confirm your moving date and close your council tax account. You may need to settle a final bill, or you may get a refund if you’ve paid in advance.

ORDER CRUCIAL FURNITURE

If you’ll need new sofas, beds, curtains or blinds in your new house, you may need to order many weeks in advance.

MANAGE YOUR MAIL

Remember to update your address with your bank, other financial service providers, your employer, et cetera, to ensure you continue to receive important communications.

You might want to keep a note of other mail you receive in the months leading up to your move in case there are any service providers you’ve forgotten about. You could also use Royal Mail’s redirection service to have your post forwarded to your new address.

ARRANGE PARKING PERMITS

If you have to apply for a permit to park near your new home, it’s best to arrange it a number of weeks in advance before you move.

PACK AN ‘ESSENTIALS’ BOX

While you’re packing up your home, there are some things you’ll want to keep separately, in a box that you’ll have immediate access to during and after the move. Add anything you’d take for an overnight trip, such as clothes, towels, toiletries, and essential medications and documents. Include toilet paper, snacks, mugs, and tea and coffee.

You might even want to pack a bottle of champagne, so you can celebrate as soon as your move is over. ◆

Is your home worth more than you think?

7 in 10 homeowners do not know the true value of their home

OUR HOME IS OFTEN OUR greatest asset, and for many of us it makes sense to capitalise on that investment. But a significant number of homeowners in the UK are wealthier than they realise because they are underestimating the value of their property, a new survey has revealed[1].

The survey asked 2,000 UK homeowners about their experiences of receiving a property valuation from an estate agent in the last three years. Of those surveyed, 3 in 10 reported that the valuation was roughly equal to their expectation of their home's value.

UNDERESTIMATED HOME'S VALUES

A smaller number (25%) of respondents said they had overestimated their home's value. But the largest group (45%) had undervalued their property. People in this group discovered that it was worth more, often far more, than they realised.

Of the 45% of respondents who had underestimated their home's value, the average amount they underestimated by was £46,305. Upon discovering the true value of their property, many of these homeowners were able to move to a larger property than they thought they could afford. In some cases, they were able to retire early.

EVEN SMALL CHANGES CAN ADD VALUE

A significant number of the homeowners surveyed (10%), mostly located in London and the southeast, reported that their estate agent valuation was £100,000 or more higher than they expected. If the survey is an accurate representation of all UK homeowners, that could mean that more than 1 million homes carry over £100,000 in hidden equity, which could be life-changing for the people living in them.

If you've made significant improvements to your home over the years, it's likely that you've added to its value. Extensions, loft conversions and basement conversions tend to add the most value, but new kitchens and bathrooms also contribute. Even small changes, like sprucing up your home's exterior to give it more kerb appeal, can add value.

CREATE AN EXCELLENT FIRST IMPRESSION

The average home prices in your area may also have increased since you bought your home, so looking at similar properties for sale in your area could give you a more accurate idea of your home's value. Getting an estate agent's valuation is a way to find out whether you have hidden equity, and then to make a decision about how to capitalise on it.

Boosting your home's kerb appeal is a really important part of preparing to sell. There are lots of relatively simple ways to ensure your property gives an excellent first impression to potential buyers and to passers-by, while also boosting its value. Even straightforward maintenance and tidying can have a big impact on viewers, as well as saving you money through the prevention of long-term problems. ◆

"Getting an estate agent's valuation is a way to find out whether you have hidden equity, and then to make a decision about how to capitalise on it."

Source data: [1] https://www.zoopla.co.uk/discover/property-news/how-much-is-my-house-worth-hidden-equity/

Presentation is everything

Top tips to give your property a competitive edge

SELLING PROPERTY REQUIRES good preparation. It typically requires a few repairs on the outside and inside, decluttering, fresh paintwork and finding the right estate agent, along with preparing the necessary documentation.

Whether you need to sell quickly for a new job, for financial reasons or because of a personal situation, we've provided a few tips you can use to increase your home's marketability, decrease your time on the market and attract strong offers.

With the UK experiencing a home-buying boom, your property will be competing with lots of other properties. So what do you need to consider to give your property sale that competitive edge?

FAIL TO PREPARE, PREPARE TO FAIL

Most sellers will be in a chain and looking to buy a property themselves. This can slow the sale down. However, making sure you are ready to move by being as prepared as you can be to purchase your next property can help you to sell more quickly.

Being sale-ready includes speaking to your mortgage adviser, having a solicitor lined up in advance and getting all your documents in order, amongst other things.

PRE-EMPT REQUIRED INFORMATION

Any window and door certificates, boiler warranties, building regulations certificates, the property's Energy Performance Certificate (EPC), as well as any legal documents, will all speed up the selling process.

You'll need to ensure you have a valid Energy Performance Certificate (or commission one) in order to market your property in the first place, so check to see if your estate agent offers this as a service.

"Make sure you de-clutter and put some of those knick-knacks that make your home look too 'you' into storage."

MAKE FIRST IMPRESSIONS COUNT

When buyers view a property, they will generally make up their mind about whether they like it or not within a few minutes. It is known that the way the property looks from the outside, the kerb appeal, plays a big part in influencing this decision.

Tidy up the front garden or give the front door a fresh lick of paint, so that when buyers are approaching the property from across the street, the first impression is a positive one.

DE-PERSONALISE AND DE-CLUTTER

A buyer will want to imagine your home as their own. Having your home full of clutter and with too many personal belongings on display can prevent them from doing this.

Make sure you de-clutter and put some of those knick-knacks that make your home look too 'you' into storage, so that buyers can imagine putting their own stamp on the property.

TIME FOR SOME DIY

We all have a few imperfections in our property that we overlook on a daily basis. Don't let small issues put off your prospective buyers. Look at your home with fresh eyes. Keeping parts of the home that add value to the property – for example, the kitchen or bathroom – in good condition can increase the appeal of your home.

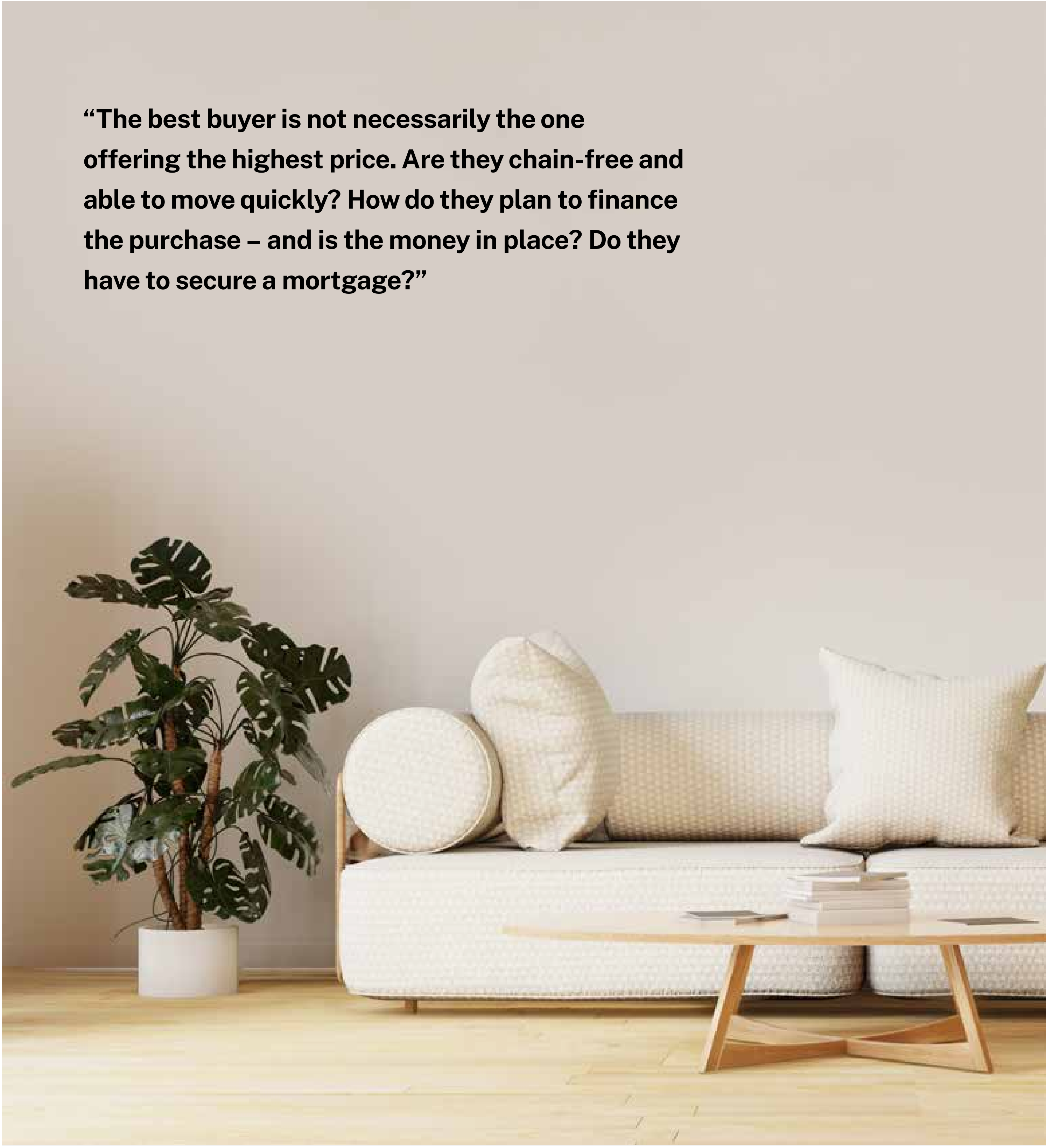
Whether it's just a fresh lick of paint, new kitchen equipment or fixing that wonky shelf, it is important that these parts of the home are in the best condition possible before you start marketing the property.

DON'T OVERLOOK THE GARDEN

The garden landscape can often be overlooked when preparing to sell a home. Many see garden maintenance as a chore. But gardens are one of the most important features people want when they are looking to buy.

Make the most of what you have. If you have a courtyard, put out some flowerpots to add colour. If you have a more substantial garden, get those hedges trimmed, cut the grass and tidy your borders. Don't overlook one of your biggest selling points.

“The best buyer is not necessarily the one offering the highest price. Are they chain-free and able to move quickly? How do they plan to finance the purchase – and is the money in place? Do they have to secure a mortgage?”



GET A PET SITTER
You should consider asking a friend to look after your pet for the afternoon to ensure that a potential buyer is not put off your property due to a pet-specific odour or a fear of dogs!

BE FLEXIBLE WITH VIEWINGS
This is important throughout the sale process. If a potential buyer wants a night-time viewing after you've had a long day at work, consider allowing them to view the property. The more potential buyers that view your property, the more likely you are to get an offer, so flexibility can really pay off.

MAKE SURE THE PRICE IS RIGHT
This may seem obvious, but ensuring your property is priced correctly and competitively will save you time in the long run. Your agent will give you the best advice based on the market and current demand at the time you are looking at selling, along with your property valuation.

CHOOSE THE BEST BUYER
This is where the information on the buyers that you gathered during viewings comes in handy. These factors can all influence how quickly a sale can proceed. The best buyer is not necessarily the one offering the highest price. Are they chain-free and able to move quickly? How do they plan to finance the purchase – and is the money in place? Do they have to secure a mortgage? ◆

>> LOOKING TO MAKE YOUR NEXT MOVE? <<
If you're thinking of selling your home and looking for another mortgage, talk to us about your requirements for your next move. To discuss your options, please speak to **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

HOME-HUNTERS

Towns and cities seeing the biggest jumps in asking prices!

THERE ARE MORE HOME-hunters looking to move right now than ever before. Nearly a quarter (23%) of properties have been selling within a week.

According to Rightmove, the average national asking price of a home has now reached a record high of £327,797, which is five per cent higher than this time last year[1].

So, which towns and cities are seeing the biggest jumps in asking prices? The data shows that many of the areas with the biggest rises are in the North West region of England.

THE TOP TEN PROPERTY PRICE HOTSPOTS

The average asking prices of all locations in the price hotspot list are below the national average and are expected to see strong price growth continue for the rest of the year, especially as many buyers will be exempt from stamp duty in these areas right up until the end of September.

LOCATION	ASKING PRICE MARCH 2021	ANNUAL CHANGE
Wallasey, Merseyside	£176,707	15.6%
Leigh, Greater Manchester	£160,345	12.8%
Penzance, Cornwall	£280,102	12.5%
Birkenhead, Merseyside	£145,437	12.4%
Wednesbury, West Midlands	£172,753	12.2%
Lancaster, Lancashire	£199,707	11.8%
Sandbach, Cheshire	£280,888	11.6%
Rossendale, Lancashire	£207,618	11.4%
Oldham, Greater Manchester	£174,925	11.3%
Burntwood, Staffordshire	£254,418	11.2%

Liverpool, Merseyside

"The data also shows that in April this year there were 45% more buyers contacting estate agents about properties for sale than in April 2019."

TIPS FOR BUYERS IN A BUSY HOUSING MARKET

The data also shows that in April this year there were 45% more buyers contacting estate agents about properties for sale than in April 2019.

With so many home-hunters looking to move right now, property viewings are competitive. Many estate agents are now prioritising physical viewings for buyers who are ready to move forward with a purchase straight away.

The survey also found that almost half of estate agents are asking that a buyer has already had an offer accepted on their home if they want to physically view a property, and just over a third are asking that a buyer at least has their property already on the market.

For first-time buyers, many agents are asking that they first have a Mortgage in Principle before they can view. There is a very real possibility that you could miss out on the home you really want to move to if you haven't already put your own up for sale, or if you're a first-time buyer and you haven't first researched what you can definitely afford.

To put yourself in the best possible position before you request a viewing, it is recommended to get a Mortgage in Principle ready, and to be clear on what the final asking price you can offer is, especially if it is a popular market where the property is likely to go to best and final offers. ◆

Source data: [1] Rightmove 5 May 2021

Selling an inherited property

What to do when faced with taxes, a mortgage and home insurance

UNTIL YOU INHERIT a property, it's likely that you've never thought about the process for selling one. Now, at an already difficult time, you're faced with paperwork and legal jargon which can seem intimidating.

When you first inherit a property, you may also be faced with potential costs that fall into three categories: taxes, mortgages and home insurance. Don't forget that you're liable for council tax on an inherited property, even when it's unoccupied.

ESTABLISHING LEGAL OWNERSHIP

If the property was left to you in a Will, then ownership will be clear. But if the deceased person did not document their wishes for their property to be left to you, you may need to go through some additional steps to confirm their intention.

To avoid any problems establishing ownership, it's important to enlist the help of a legal professional with experience in these matters.

Shared ownership can make things a little trickier when making those major decisions, but the next steps are to apply for a Grant of Probate.

APPLYING FOR PROBATE

If you are named as the executor of the person's Will, you are responsible for handling their estate, property, money, et cetera. When someone dies in England and Wales, you may need to go through a process called 'Probate'. The Scottish equivalent is a Grant of Confirmation.

This means formally applying, or asking a legal representative to apply on your behalf to ensure that the right person takes control of the estate.

If there is no Will, the estate is handled by an Administrator, who is usually the closest living relative, such as a legal partner, a child, a grandchild, and so on. If you are the closest living relative, you will need to follow the same steps as applying for a Grant of Probate.

THE PROBATE PROCESS

The Probate process can take weeks or months, depending on the complexity of the estate and whether a Will was left. Part of the Probate process is calculating the total estate value. This includes all properties, money, investments, et cetera, that the deceased person owned when they died. It can sometimes include gifts they made in the final years of their life, too.

A PROPERTY WITH A MORTGAGE

In the situation whereby you inherit a property with an existing mortgage, you automatically become responsible for meeting the mortgage repayments, even if you don't live there. In some cases, the deceased may have a life insurance policy, which can be used to cover the cost of the outstanding mortgage.

If there's no policy, or their life insurance policy isn't enough to pay the mortgage off in full, you generally have two options. Once the property has been officially released to you after Probate is settled, either sell the property and use funds from the sale to pay off any remaining mortgage, or take out a new mortgage on the inherited property in your name.

“The probate process can take weeks or months, depending on the complexity of the estate and whether a Will was left.”

PROPERTY INSURANCE OPTIONS

Once Probate is complete, the insurance you need for the property will depend on what you decide to do with it. If you initially move in before selling it you’ll need standard home insurance, or second home insurance if you are keeping another property too. Alternatively, if you’re planning to let out the property before you sell, then you’ll need landlord insurance.

PAYING INHERITANCE TAX

If you are the deceased person’s legal partner, there will be no Inheritance Tax to pay. There is also normally no tax to be paid if the value of the estate is below the current Nil-Rate Band (NRB) of £325,000, or if a property is gifted to children or grandchildren the threshold can increase to £500,000.

The reason being that in 2017 the government introduced the Residence Nil-Rate Band (RNRB) – a scheme designed to add up to another £175,000 to the Nil-Rate Band, providing the deceased left behind a property.

In terms of the whole estate, there’s another threshold to be aware of too. For every £2 the total estate is over £2 million, the RNRB allowance will drop by £1.

There are various other factors involved in determining whether there is Inheritance Tax to pay. If you’re not sure, obtaining expert advice may be necessary. Remember you could be facing a tax bill of up to 40% of the estate.

PAYING CAPITAL GAINS TAX

You will only have to pay Capital Gains Tax on an inherited property if the value of the property has risen since it was first valued for Probate purposes. This can be offset against the fees incurred to sell it and any major improvements you’ve made. Everyone receives a tax-free Capital Gains Tax allowance for the 2021/22 tax year of £12,300.

SELLING THE PROPERTY

Once the Probate process is complete and any Inheritance Tax bill is paid, you can register your ownership of the property with the Land Registry. Inheritance Tax must be paid by the end of the sixth month after the person’s death. If the tax is not paid within this timeframe, HM Revenue & Customs will start charging interest.

You can then sell the property through whichever method you prefer. Some people choose a private treaty sale (the most common type of property sale), but if you’re motivated to sell quickly, you might choose to sell at auction. ◆

>> IT’S GOOD TO TALK<<

Inheriting a property can be complicated, so it’s important to receive professional advice. To discuss your options, please speak to **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Homebuyers' priorities

Fresh air and family top the list of must-haves

THE CORONAVIRUS (COVID-19) pandemic has changed many buyers' priorities when selecting a new home. Nature, family and modern conveniences have risen sharply in perceived importance, while some buyers have lost interest in transport connections and commuting times, according to a new survey[1].

NATURE AND THE OUTDOORS

Demand for access to green spaces and open air has risen in 2021. 55% of home buyers now say that proximity to a park or other open space is their first or second priority when choosing their next home, which is an increase from 42% a year ago. In London, 50% of buyers say that having a garden has become more important to them over the last year.

This shift in preferences might be seen in both the types of properties buyers are selecting in future and the locations they're searching in. To attract buyers, property listings should be sure to mention nearby open spaces and feature photos of outdoor areas.

FAMILY AND FRIENDS

Forced distance from loved ones has been one of the hardest parts of the pandemic, so it's natural that staying close to family is seen as another crucial factor in selecting a property. 48% of buyers now name this one of their top two priorities, compared to 39% last year.

A higher value on family is likely to be a lasting legacy of the pandemic and something that will influence purchasing decisions for years to come. It will undoubtedly be a factor in many relocations in the near future.

HOMEWORKING CAPABILITIES

Unsurprisingly, homeworking considerations have become vastly more important since the outbreak of COVID-19 and enforced lockdowns. 48% of buyers now state that a separate homeworking space is a must-have. Similarly, 39% say that having a good Wi-Fi connection is vital.

Meanwhile, proximity to workplaces is far less important than it has been in the past. This year, it was named by only 15% of buyers as a first or second place priority, compared with 27% last year. In London, the fall is even more substantial, from 32% to 14%.

TRANSPORT CONNECTIONS

Properties that are close to stations are, for similar reasons, rapidly losing their appeal. While, last year, 39% of buyers rated this their first or second priority, that number has dropped to just 28%. In London, the number of buyers who list proximity to a Tube station as a top-two concern has fallen dramatically, from 69% last year to 39% this year.

No doubt the rise of remote and flexi working is partly responsible for this shift in sentiment. It is yet to be seen how many workers will return to offices over the course of this year and how many continue to work from home, but this is sure to influence the housing market. ◆

Source data: [1] Savills 23 March 2021

"The coronavirus (COVID-19) pandemic has changed many buyers' priorities when selecting a new home."

>> LOOKING TO SECURE THE KEYS TO YOUR NEW HOME?<<
If moving to a more rural location suddenly looks a lot more appealing, let us help you find the right mortgage deal and secure the keys to your new home. For more information and to discuss your options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

UK HOUSING MARKET SURGES

Mortgage borrowing reaches its highest level since modern records

UK MORTGAGE BORROWING in the first quarter of this year reached its highest level since modern records began. The government's 95% mortgage scheme, coupled with the Stamp Duty Holiday, saw mortgage lending soaring to the biggest net increase on record, according to latest data from the Financial Conduct Authority[1].

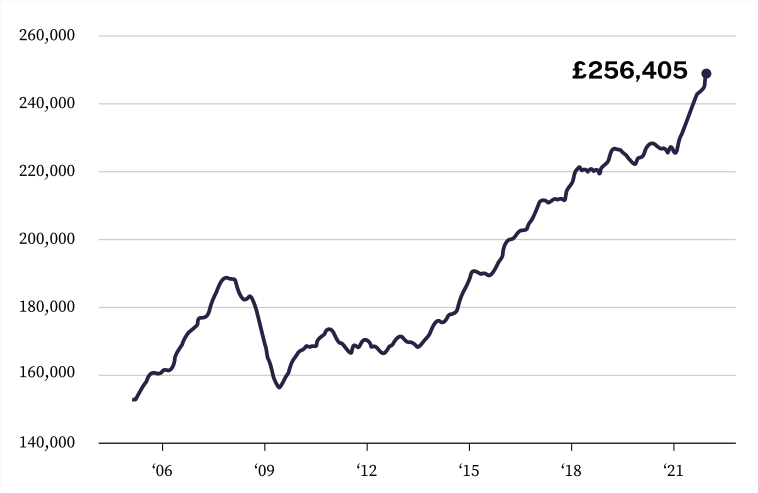
Home movers accounted for a record share of the mortgage lending. Some 42% of total mortgage lending went to this group, the highest level since comparable records began in 2007. This was up from 27% of lending a year earlier, and was in stark contrast to first-time buyers, whose share of loans was up by just 2% in the same period.

The UK housing market has been surging this year, with potential buyers competing for homes. This demand has not been matched by supply, which has led to rising prices. Official figures show they have been increasing at their fastest rate for more than a decade, despite the coronavirus (COVID-19) pandemic.

Total gross mortgage lending in the first three months of the year was 26.5% higher

AVERAGE UK HOUSE PRICE

Figures in £



Source: Office for National Statistics, HM Land Registry

“The UK housing market has been surging this year with potential buyers competing for homes.”

than the same period a year ago at £83bn.

The data confirms that it is home movers who were being advanced an increasing proportion of home loans, whereas the share that went to owners who were remortgaging fell by 14% to its lowest level since 2007. The share that went to buy-to-let property owners and first-time buyers was relatively unchanged.

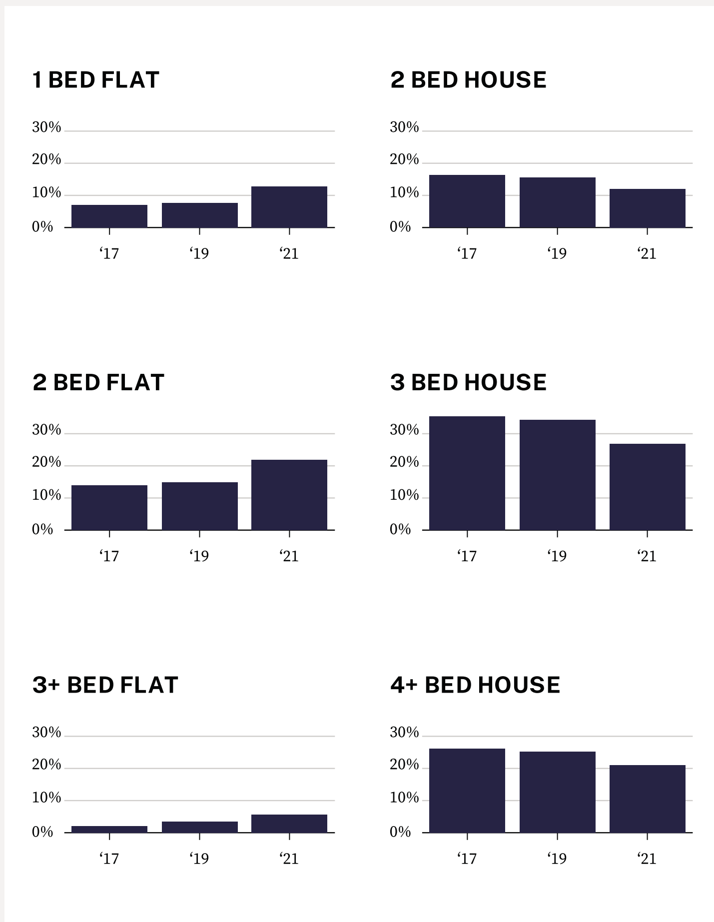
Part of the reason is the ‘race for space’ as home movers seek larger homes and properties with gardens as a result of a shift in working patterns. ◆

>> THINKING ABOUT BUYING A PROPERTY? <<
Explore your mortgages options and find one to suit your life, whether you are a first-time buyer or later life borrower. To talk to us about your requirements, please contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.fca.org.uk/data/commentary-mortgage-lending-statistics-q1-2021

SEARCH FOR SPACE MEANS FEWER FAMILY HOMES FOR SALE

Proportion of homes for sale in April 2017, 2019 and 2021



Source: Zoopla

Saving to buy your first home

Why it's important to give yourself a realistic time frame

PROPERTY PRICES HAVE never been higher, in relation to average salaries, than they are for this generation. That can make saving to buy your first home seem like an uphill battle. That's why it's important to give yourself a realistic time frame.

Putting saving habits in place, even if you don't have a lot of extra income to save, will stand you in really good stead for when you are able to save more. It takes effort and determination, but it's perfectly realistic if you're armed with the right knowledge and can-do attitude.

HOW BIG DOES YOUR DEPOSIT NEED TO BE?

Usually, you'll need to save at least 5% of the property value, meaning you'll borrow the remaining 95% from a mortgage provider. The new government-backed mortgage scheme helps first-time buyers or current homeowners secure a mortgage with just a 5% deposit.

First announced in this year's Budget, the scheme is available to first-time buyers or current home-owners looking to secure a mortgage with just a 5% deposit to buy a house of up to £600,000.

The government offers approved lenders the guarantee they need to provide mortgages that cover the other 95%, subject to the usual affordability checks.

HOW MUCH WILL YOU BE ABLE TO BORROW?

The amount a mortgage provider will lend you is based on several factors, but the leading factor is your annual income (plus the annual income of anyone else you are buying with). If you multiply your combined income by four, you'll have a rough estimate of how much you might be able to borrow.

So, if your annual income is £32,225 and your partner's annual income is £27,150, your combined income is £59,375 and you might be able to borrow around £237,500, to pay for 95% of the property value.

The total property value you could afford would be £250,000, if you saved a 5% deposit of £12,500.

HOW LONG WILL IT TAKE TO SAVE FOR A DEPOSIT?

Let's assume you can borrow four times your annual salary to

"The amount a mortgage provider will lend you is based on several factors, but the leading factor is your annual income."

pay for 95% of a property. That means you need to save roughly a quarter of your annual salary to pay for 5% of the property.

How long it will take you to save that amount depends on how much you put aside. If you put aside 25% out of every salary payment you receive, it will take one year. If you put aside 5% out of every salary payment, it will take five years.

HOW CAN YOU SAVE MORE QUICKLY?

Here are our top tips:

- **Be consistent** Even if you start by saving just a small amount each month, doing this consistently means you will see good progress, and you can adjust your spending so you don't miss the money.
- **Set realistic goals** If you aim to save the deposit in one year but can't really afford to save 25% of your earnings, you'll need to dip into your savings often. This means you won't see the results you want, which can be frustrating and discouraging.
- **Cut back** If you can identify something you spend money on that's not necessary and cut it out, that one sacrifice can help you to make quick progress. One example might be a gym membership. If you can switch to exercising for free in the park, you can cancel your direct debit to the gym and send that money straight into your savings instead.
- **Earn government bonuses** With a Lifetime Individual Savings Account (LISA), you can save up to £4,000 a year and the government will add a 25% bonus to help you buy a property (assuming you're eligible). If you and your partner each have a Lifetime ISA, and you both save the maximum each year, after three years you could earn a combined £6,000 in government bonuses.

Saving for several years can initially seem daunting. But the time will pass more quickly than you think. Stay positive and focused on your goal. ◆

>> TIME TO START THE JOURNEY TO YOUR FIRST HOME?<<

It can be a real slog saving up to buy your first property, but once you've finally achieved your goal it's important to obtain expert mortgage advice to review the options available to you. To talk to us about your requirements, please contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Taxing times

How to ensure you aren’t caught out by unexpected charges

ON 6 APRIL 2021, we began a new tax year, which means a new set of allowances and new rules to be aware of regarding taxes on property. Here are what the updates could mean for you.

INDIVIDUAL SAVINGS ACCOUNT (ISA)

At the start of the tax year, your Individual Savings Account (ISA) allowance resets, allowing you to contribute up to £20,000 to an ISA (or several ISAs of different types) before 5 April the following year. The proceeds from any money you choose to contribute to your ISA are protected from taxes that you might otherwise incur when you accrue interest or investment gains.

If you’re saving to buy a property, you might choose to use an ISA as your main savings account. For first-time buyers, Lifetime ISAs are an option. Though you can only use £4,000 of your ISA allowance to make contributions into a Lifetime ISA (or LISA), the government adds a 25% bonus, meaning you get up to £1,000 extra.

Bear in mind, though, that a Lifetime ISA can only be withdrawn when buying a property (with certain conditions) or once you reach the age of 60.

CAPITAL GAINS TAX

Capital Gains Tax (CGT) on property is charged at different rates and for residential property, it is now a requirement to report and pay any taxable gains within 30 days of the completion of a sale.

The personal Capital Gains Tax annual allowance for 2021/22 is the same as in the previous year, £12,300. This means that any relevant gains you make within that limit will be tax-free, while gains above the allowance will be taxed.

The normal reporting deadline for capital gains is 31 January following the end of the tax year in which you make a gain.

Capital Gains Tax does not apply to profits you make from selling your home (your main residence) but it does apply to second homes, including buy-to-let properties.

If you own a second home with your partner, you can apply

"If you're saving to buy a property, you might choose to use an ISA as your main savings account. For first-time buyers, Lifetime ISAs are an option."

both of your tax-free allowances when selling the property, meaning that only gains over £24,600 will be taxed.

INHERITANCE TAX

The Inheritance Tax Nil-Rate Band remains at £325,000 for this tax year, with an additional Residence Nil-Rate Band of £175,000 that applies to a home inherited by a direct descendant.

So, if you inherit a property from a parent or grandparent, the first £175,000 of the property value is automatically tax-free. Whether Inheritance Tax is payable on any property value above that threshold depends on whether the total estate of the deceased person exceeds £325,000 (after taking into account any other reliefs that may apply).

PROPERTY INCOME ALLOWANCE

The property income allowance for 2021/22 is £1,000. This means that the first £1,000 of income you make from property is tax-free. For developers or buy-to-let landlords with a property portfolio, this won't dramatically reduce your tax bill. But, if you make a small income from property, such as by renting out a room occasionally, it can make a difference.

RENT A ROOM

The government's Rent a Room scheme allows you to earn up to £7,500 tax-free by renting out long-term furnished accommodation in your own home. This applies to resident landlords and to those who run a B&B or guest house.

Unlike the Capital Gains Tax allowance, you cannot pool your Rent a Room allowance with a partner. If you share the profits of the room rental with another person, you can each only claim half the total allowance.

MORTGAGE INTEREST TAX CREDIT

From April 2020, buy-to-let landlords were no longer able to claim tax relief on mortgage interest and have instead received a tax credit of 20% on mortgage interest. Now that the 2020/21 tax year has ended, this change will affect the next self-assessment tax returns. ◆

Already own a property, and thinking about buying another?

Make an informed decision and fully understand the financial implications

INVESTING IN A SECOND PROPERTY is on the increase. In fact, the number of people in the UK who own more than one property has risen by more than 50% over the last 20 years[1]. If you're thinking about buying a second property, here are some of the financial implications you need to consider.

Make sure you factor in additional expenses such as Stamp Duty and potential Capital Gains Tax on your second property in the future. When doing your calculations these can add significantly to the overall cost. There will also be ongoing expenses to consider such as council tax, insurance and utilities.

REASONS TO BUY A SECOND PROPERTY

There are several ways that you can make a profit from buying a second property:

- By renovating the home and reselling it, hopefully for more than you paid
- By owning it for several years or more, since property prices tend to increase over long periods
- By renting it out as a residence to long-term tenants
- By renting it out as a holiday home for short periods

CONSIDER YOUR GOALS AND MOTIVES

The motive for buying a second property may not only be financial. Maybe you want a holiday home to visit on weekends, holidays or in the summer. Or you'd like to live in the home when you retire or pass it on to your children.

But, even if you're buying for these reasons, you're likely hoping that you'll make some money from the property over the long term. Property is generally considered a relatively low-risk long-term investment, but you do need to be aware of the costs that are involved.

STAMP DUTY FOR SECOND HOMES

As a homeowner, you're probably familiar with Stamp Duty, the tax you pay to the government when you buy a property. If you're buying a second residence in England or Northern Ireland you'll pay a 3% Stamp Duty surcharge on top of the standard Stamp Duty rate.

The full Stamp Duty holiday ended in June 2021 and is tapered until the end of September in order to smooth the transition back to the original rates.

Where the purchase is for an additional property such as a second home or buy-to-let, the normal rates will come back into force on 1 October, plus the additional 3% rate:

Properties up to £125,000	3%
The portion between £125,001 and £250,000	5% (2% + 3%)
The portion between £250,001 and £925,000	8% (5% + 3%)
The portion between £925,001 and £1.5m	13% (10% + 3%)
The remaining amount, above £1.5m	15% (12% + 3%)

CAPITAL GAINS TAX FOR SECOND HOMES

Another tax that applies is Capital Gains Tax. This is a tax charged on profits you make from selling valuable possessions, including second homes.

For each tax year, every individual has a capital gains allowance, which is currently £12,300. The Chancellor announced in Budget 2021 that the annual exemption will remain at this amount for the tax years 2021/22 to 2025/26.

Any profits you make from selling assets, including a second home, up to this amount are tax-free. If you gain more than that from selling the property, you'll be liable to pay Capital Gains Tax at a rate of 18% (if you're a basic rate taxpayer) or 28% (if you're a higher or additional rate taxpayer).

MORTGAGES FOR SECOND PROPERTIES

Before you commit to purchasing a second home you will need to decide how to finance it. There are a number of mortgage options available depending on your financial situation.

The type of mortgage you'll need depends on how you'll use your second home. For example, you might be looking for a buy-to-let mortgage, holiday-let mortgage or conventional mortgage.

BUY-TO-LET MORTGAGE

Most conventional mortgages won't allow you to rent out your property to long-term tenants, so you'll need a mortgage specifically designed for buy-to-let investors. These tend to require a higher deposit (usually 25% or more of the total property value, compared to 5% or more for conventional mortgages).

Often, buy-to-let mortgages are interest only, meaning you won't need to make capital repayments until either the end of the mortgage term or when you sell the property.

HOLIDAY-LET MORTGAGE

Holiday lets are sometimes considered riskier than long-term lettings since the income they generate is less predictable and relies on your property receiving plenty of bookings. So, you'll need a specific mortgage for holiday lets.

Personal use is usually allowed for up to 90 days per year and mortgages considered can be on an interest-only or repayment basis available on properties across mainland UK. The maximum loan is typically 75% or less.

CONVENTIONAL MORTGAGE

If you're buying for other purposes, such as to use the property yourself as a holiday home, or to renovate and resell it, you can apply for a conventional mortgage. You'll still have all the usual options, such as a fixed-rate or tracker mortgage. Alternatively, if you own your property outright, you could consider remortgaging rather than taking out a second mortgage, as long as you have built up sufficient equity. ◆

Source data: [1] Resolution Foundation 2020

>> LOOKING TO EXPAND YOUR PROPERTY PORTFOLIO? <<

People have all manner of reasons for buying a second property. They may own their house outright and want to buy another as a holiday home, or to give to a dependant, or as an investment to generate income. To discuss how we could help you secure your next property, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

OWNING A BRAND-NEW HOME

Why buying a newly built property could save you money

WHEN DECIDING WHETHER to buy a newly built or older property, the cost is naturally one of the biggest factors to consider. Just as with any other item you might buy, a home usually costs a little more when it's brand new than when it's had a previous owner.

For many buyers, a new home is fresh, bright and clean. It provides a blank canvas on which to stamp your own style and personality from day one. New properties are also more environmentally friendly and therefore cheaper to run.

The difference between the running costs of an older property and a new home can be substantial. Here are just a few of the ways buying a newly built home could save you money in the long term.

BUYING INCENTIVES

Developers may offer discounts or additional items to encourage you to buy one of their newly built properties. Your new home will often come with furnishings or household appliances included, so you don't need to splash out on these immediately after buying the property. If you factor these savings into the asking price, it might not necessarily be cheaper to buy an older home.

SAVINGS ON CONVEYANCING

Another incentive that developers will sometimes offer is to pay all or part of your conveyancing fees. If not, you might be able to save in other ways. The developer might offer a part-exchange scheme, where they make an offer on your existing home and then take on the responsibility of selling it. This can create less legal work than if you sell to a third-party. At the very least, buying a new-build home is chain-free, which typically means a smoother and shorter transaction and less risk of the purchase falling through.

TEN-YEAR GUARANTEE

The Consumer Code for Home Builders requires that developers register newly built properties with a housing warranty insurance provider. Most of these offer a ten-year guarantee on the home, which will cover the cost of repairing structural issues during that period. Newly built and older homes can both suffer from structural faults, but older homes don't come with this guarantee.

LOWER MAINTENANCE COSTS

Even if they have no structural issues, older homes are far more likely to need maintenance in the first few years after you buy one, as the woodwork, tiling, fitted kitchen, et cetera, could already be years old. With a newly built property, everything is brand new and shouldn't need maintenance for at least a few years.

APPLIANCE WARRANTIES

Your boiler and white goods will also be brand new with a newly built property, so you should be able to request the warranties from your developer. That means you'll have a few years without having to worry about replacing or repairing these expensive items.

CHEAPER BILLS

Because they have modern appliances as well as the latest energy-efficient features, like insulation or solar panels, new-build homes are not only greener but also cheaper to run.

FEWER COSMETIC CHANGES

If you buy a new home during the building process, you can often customise some of the features to your taste. You may be able to choose fittings in the kitchen or bathroom or make changes to the planned layout. This is unlike buying an older property, which will be decorated to the current owner's taste and might need cosmetic changes either immediately or in the future. ◆

“For many buyers a new home is fresh, bright and clean. It provides a blank canvas on which to stamp your own style and personality from day one.”

>> TIME TO DISCUSS YOUR MORTGAGE OPTIONS? <<
Whether you’re a first-time buyer or moving up the property ladder, developers typically offer a number of buying schemes to help get you moving. To discuss your mortgage options, we can help. Contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

PREMIUM PROPERTY LOCATIONS

Parents prepared to pay thousands more for a school in the right catchment area

EVERY PARENT WANTS to give their child the best possible start in life and that includes making sure they have access to a top education. Proximity to local school services is usually one of the first things to be included on an estate agent's sales particulars, often appearing before other important details such as the number of bedrooms, bathrooms and reception rooms.

Research shows that parents will go to great lengths to make sure that their children can attend the school of their choice, including paying thousands more for a school in the right catchment area[1].

PROXIMITY TO GOOD SCHOOLS

For parents, proximity to good schools is among the leading factors. The research highlights that parents have rated this more important than proximity to friends and family or good transport links. Not only is proximity to the best schools

“Not only is proximity to the best schools a deciding factor for potential buyers, but it can also persuade them to spend more.”

a deciding factor for potential buyers, but it can also persuade them to spend more.

But how much more will people pay to live close to a school? What if that school has a strong reputation compared to others in the area? What influence does a good Ofsted rating have on local property values?

According to the research, more than one-quarter of parents are willing to pay more for a property that is within the catchment area of the school they want their children to attend. How much more they were willing to pay varied, but the average response was over £20,000.

SEARCHING FOR A NEW HOME

Potential buyers have a range of different requirements when searching for a new home, with some specific to the property itself (such as the floor area, number of bedrooms and space for parking) and some related to the location and local area (such as the commute time to work, access to green space and proximity to family).

But for parents, getting their child into the right school is a bigger concern than you might think. The research reveals that 22% of parents start to think about schooling shortly after the birth of their child, and 13% start even earlier, either when they fall pregnant or even when they begin planning their family.

ATTRACTING A MUCH HIGHER PREMIUM

While there is no doubt that the school catchment premium exists, it varies considerably from year to year. The data shows that in 2018 parents were willing to pay a premium of 15% (£51,600) on top of the property value if the location was within the catchment area of one of the UK’s top 100 state secondary schools. Data from 2019 suggests that this fell to 5% (£19,500).

It is fair to assume that the premium varies not only from year to year but also from school to school. Certain properties in the UK may still be attracting a much higher premium based on their proximities to schools deemed the best in the area. ◆

Source data: [1] https://www.santander.co.uk/about-santander/media-centre/press-releases/boost-for-parents-as-premium-for-properties-near-top-secondary-schools-falls-from-fifteen-to-five

Fewer family homes available post-pandemic

Buyers search for more space, gardens and a better quality of life beyond cities

THE CORONAVIRUS (COVID-19) pandemic has changed the kind of property many of us want to buy or rent but, as lockdown restrictions have started to ease, there are signs of a return to the old priorities.

If you're the owner of a three-bedroom or four-bedroom family property, you could be in a strong position to sell it now. That's because the availability of homes of this size is currently far lower than the demand for them.

ACTIVITY HAS DRIVEN UK PROPERTY PRICES TO RECORD HIGHS

Homebuyers are searching for more space, gardens and a better quality of life beyond cities after lockdown. This frenzy of activity has driven UK property prices to record highs. Growing optimism due to the successful vaccination rollout is also encouraging people to look for a fresh start in fresh surroundings.

As a result, UK house prices are soaring[1]. Official figures show they have been increasing at their fastest rate for more than a decade, despite the country being gripped by a pandemic.

UK average house prices increased by 10.2% over the year to March 2021, up from 9.2% in February 2021; this is the highest annual growth rate the UK has seen since August 2007.

SUPPLY OF HOMES FOR SALE HAS FALLEN OVER THE LAST YEAR

According to recent figures, the number of homes for sale so far in 2021 is 18.4% lower than the average number of homes for sale in 2020[2]. That's despite a long closure of the property market last year, without which the figure for last year could have been even higher.

The availability of larger family homes has fallen slightly more than other properties, with the number of four-bedroom homes currently for sale more than 20% lower than last year.

AVAILABILITY OF HOUSES HAS BEEN FALLING SINCE 2017

The figures show 59% of all current property listings are houses, compared to 76% in 2017. Three-bedroom homes account for a quarter of all listings, which is a third less than in 2017.

The shortage is magnified when looking for a family home because houses make up a smaller proportion of all listings.

"If you're the owner of a three-bedroom or four-bedroom family property, you could be in a strong position to sell it now."

WHILE SUPPLY IS LOW, HOMEBUYER DEMAND IS HIGH

Lockdowns in 2020 and 2021 have driven many people to reconsider their living situation, and we're seeing that reflected in the property market. So far in 2021, homebuyer appetite is 27.5% higher than across last year.

There is also a trend towards buying bigger. Many potential buyers are hoping to upsize and enjoy the additional space since they're spending more time at home.

PRICES MAY RISE FOR LARGER HOUSES

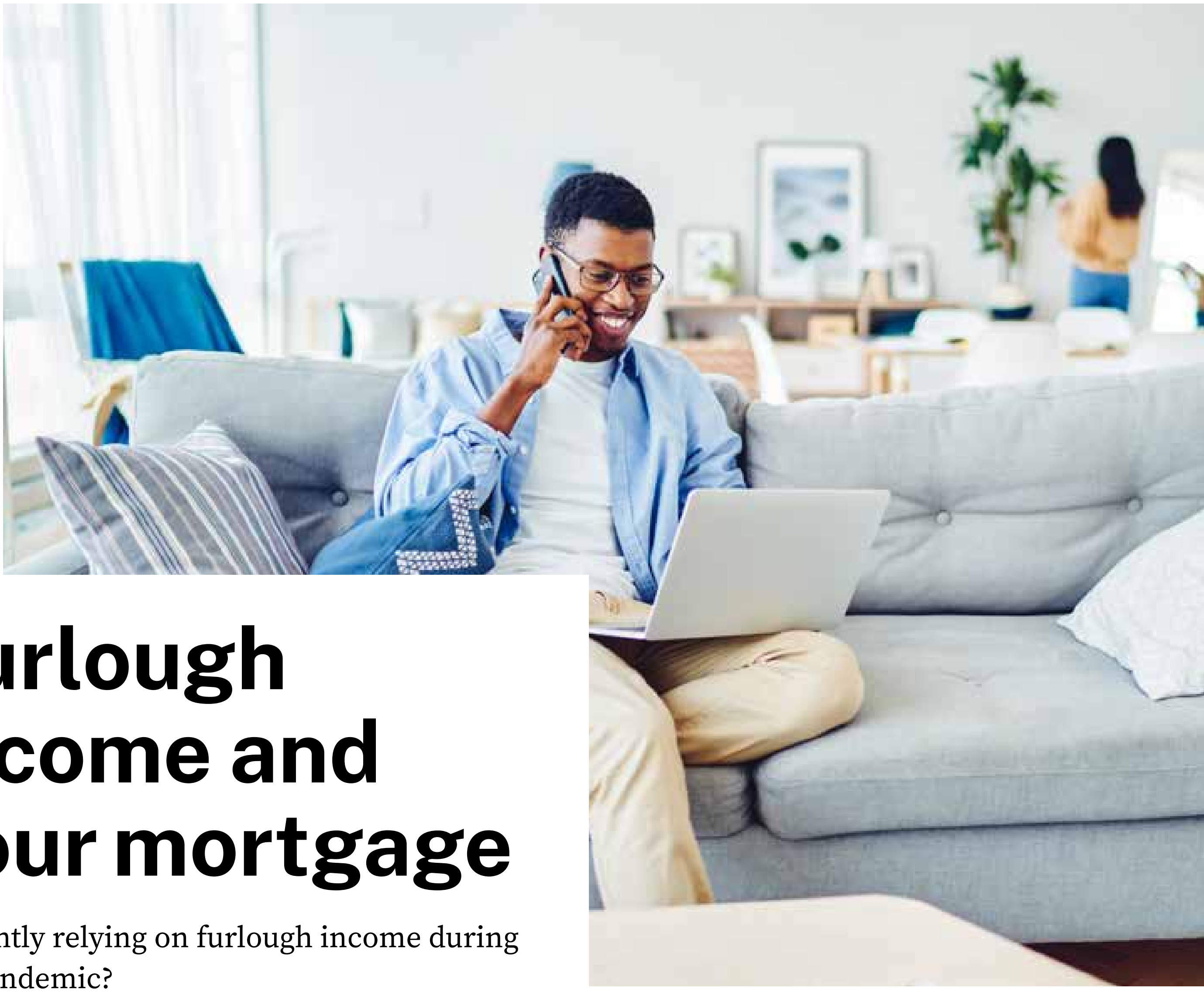
When demand for these large family homes outstrips supply, the increased competition for the ones available tends to drive up the prices.

An added factor was the Stamp Duty holiday, which offered savings of up to £15,000. The Stamp Duty savings were more significant when buying larger, more expensive homes, which gave potential buyers of these homes a bigger budget to spend on them.

So, if you're the owner of one of these homes, perhaps you'll be surprised by how much it is currently worth. ◆

Source data:[1] Office for National Statistics UK House Price Index: March 2021– https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021

[2] https://www.zoopla.co.uk/discover/property-news/number-of-family-homes-for-sale-falls/



Furlough income and your mortgage

Currently relying on furlough income during the pandemic?

MANY PEOPLE ACROSS the UK have been furloughed at some point since last March, and some have been furloughed continuously for over one year. If you have or are currently relying on furlough income during the pandemic, you can still apply for a mortgage but your choice is more limited.

The Coronavirus Job Retention Scheme (CJRS), commonly known as furlough, was introduced by the government on 20 March 2020 and will last until the end of September this year. Those on the CJRS will continue to receive 80% of their salary – for hours not worked – until the scheme ends.

Here are the answers to common questions about how that could affect a mortgage application.

Q: Is it possible to get a mortgage if you're still furloughed?
A: If you've been continuously furloughed since the start of the scheme, you will, unfortunately, find it more difficult to get a mortgage, as lenders will consider your future income uncertain.

It may be advisable to wait until you've returned to work for several months before you make your mortgage application. However, each situation will be reviewed on a case by case basis.

Q: Is it possible to get a mortgage if you had an Agreement in Principle before you were furloughed?
A: Even if you had a mortgage Agreement in Principle before you were furloughed, your

situation has changed. Most notably, your income is likely to be only 80% of the income your mortgage Agreement in Principle was based on.

If you've been furloughed recently and have a confirmed date to return to work, your mortgage provider may still agree to lend to you, but otherwise it's likely that they will refuse despite the Agreement in Principle.

Q: Is it possible to get a mortgage if you've been given a date to return to work?
A: If you are furloughed but have been given a date to return to work, you might be able to find a lender, but you may find it better to wait.

That's because lenders will decide how much you can borrow based on your current income. If you're currently furloughed at 80% of your usual income, you'll be able to borrow less now than if you wait until your income is back to 100%.

However, lenders may be more cautious about lending to you than they would otherwise be. It will help if you can provide documentation from your employer to show that your employment status is stable, and if you wait until you have three months of payslips you can provide as evidence.

Q: Is it possible to switch mortgages after you return from furlough?
A: Yes, if you've been waiting to remortgage until you returned to work, you can now shop around and find that a lot of deals will be available to you.

To get the right deal, it might be worth waiting for three months after your return to work, when you'll have plenty of documentation, such as payslips, to confirm your income level. Bear in mind that the administrative process of switching providers may take longer as your new mortgage provider may conduct more checks. ◆

"It may be advisable to wait until you've returned to work for several months before you make your mortgage application."

Q: Is it possible to switch mortgages if you're currently furloughed?
A: For the same reasons as above, it is likely to be more difficult to switch your mortgage to a new lender.

However, you may be able to switch mortgages with your current lender. For example, if you've reached the end of the introductory period on a fixed-rate mortgage, you may be able to switch to a different fixed-rate mortgage with the same lender.

Q: Is it possible to get a mortgage after you return to work from furlough?
A: If you're now back at work, you'll find a lot more mortgage options available to you.

Add value for higher returns

Increasing the sale price of your home before selling

THERE ARE MANY REASONS to carry out home renovations or add an extension. But if your motive is to increase the sale value, you'll want to know which type of work brings the best return on investment.

Certain projects are quick and easy and will add instant interior appeal, while others may be larger extensions that will give you kerb appeal or help your house sell for the right price on the property market. While you may be tempted to take on large scale projects, don't forget that the smaller things can add value too.

Here are some of the most popular home improvements and examples of how much value you could expect them to add.

NEW BATHROOM (0-5%)

An unattractive bathroom can limit the value of your home, particularly if the décor makes it easy to date the last overhaul. Buyers can also have a preference for a bath or shower, or be put off by cheap fittings. So, installing a new bathroom can help to raise your home's value by about 5%, but only if your current bathroom has evident problems. You'll need to weigh up the cost of the work with the gain to be made, as the profit margin can be small.

OPEN-PLAN LIVING (0-6%)

Over recent years, there has been a definite shift in preference towards open-plan living. If your home has an older layout, with a separate dining room, living room and kitchen, you could increase the sale price by up to 5-6% by simply removing internal walls.

Of course, you'll need to seek specialist advice before undertaking the work, as not all walls can be easily removed. And your home may require further work, such as redesigning your kitchen, if the current layout doesn't lend itself to an open plan.

PLANNING PERMISSION (0-10%)

You don't necessarily have to carry out any work at all to raise the value of your home. Obtaining planning permission for an extension could help to attract a certain buyer who otherwise wouldn't look at your property.

CONSERVATORY (5-10%)
A conservatory adds more living space to your home, but it doesn't automatically raise the value by a significant margin. Buyers are looking at how useful that additional space is. If they're able to build a first-floor extension above it, that can be very valuable. Or, since the start of the pandemic, a well-functioning office space can be attractive.

EXTENSION (5-15%)
The value you can add with an extension depends on which room you're enlarging. A little extra living space has some value, but you'll add more to your home's sale price if you can expand the kitchen and add a utility room.

LOFT OR GARAGE CONVERSION (10-15%)
Converting your garage or loft is a more certain way to add value, if the work is done well. You'll get the most value from adding an extra bedroom, particularly if there's space for an en suite bathroom too. A home office or gym can be another great use of this space.

Make sure you speak to an architect before carrying out the extension, to avoid wasting money on work that's not of a high enough standard.

BASEMENT CONVERSION (UP TO 25%)
If you're lucky enough to have a large basement space with good possibilities for ventilation and natural light, you can add substantial value by converting it into an extra bedroom, extra living room or home office. And, in most cases, you won't need to apply for planning permission as most types of basement conversion are pre-approved.

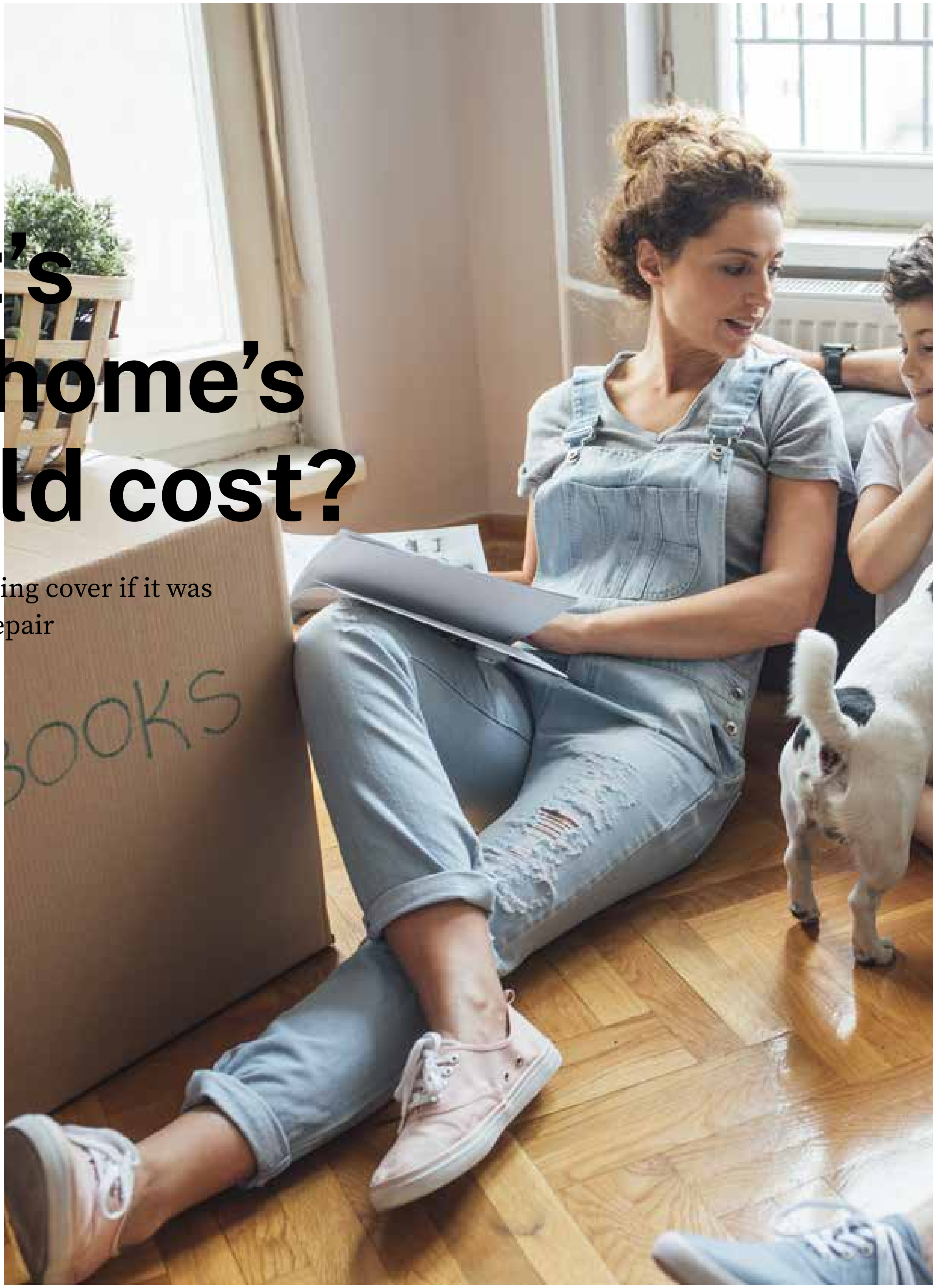
Of course, as well as adding the most value, this can be one of the more costly projects to take on, so create a thorough budget and seek an expert's opinion. ◆

"Obtaining planning permission for an extension could help to attract a certain buyer who otherwise wouldn't look at your property."

>> WANT TO DISCUSS YOUR REMORTGAGE OPTIONS? <<
If you're considering remortgaging to carry out a home renovation or add an extension, we are here to help you save time and money. To discuss your options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

What's your home's rebuild cost?

Peace of mind building cover if it was destroyed beyond repair



THERE IS NOT a legal requirement to insure your building, but if you have a mortgage on the property, it is likely your provider will insist you do to cover any damage to the structure of your home.

To get buildings insurance, you'll need to know the rebuild cost of the property. The rebuild cost is the amount it would cost to completely rebuild your home if it were destroyed beyond repair. It includes the price of labour and materials. This cost is usually lower than your home's sale price or market value.

Basing your policy on your home's rebuild cost will prevent you from over-insuring and paying higher premiums than necessary

But how do you know how much the rebuild cost would be? We'll explain how to estimate it.

WHAT IS THE REBUILD COST OF YOUR HOME?

The rebuild cost is the total amount of money that would be required to rebuild your home from nothing if it were destroyed in a disaster such as a fire. It includes the cost of all the materials that would be needed and the labour involved.

It's different from the market value of your property, which takes into account other factors like the desirability of the area you live in and the cost of the land your property is built on.

WHY DO YOU NEED TO KNOW THE REBUILD COST OF YOUR HOME?

You need to know the rebuild cost of your home to be sure that it is insured at an appropriate level. Buildings insurance is essential, both to get a mortgage and to cover the cost of rebuilding after a disaster.

But it's ineffective if you haven't properly calculated the rebuild cost. If you have underestimated the cost, you won't be able to recoup all of the expenses of the restoration and will be left to pay part of the bill. If you have overestimated the rebuild cost, you could be paying more than you need to for insurance

HOW CAN YOU FIND OUT THE REBUILD COST OF YOUR HOME?

There are two ways to find out the rebuild cost:

1. **Ask a surveyor.** A chartered surveyor can carry out a detailed assessment of your home and provide an accurate rebuild cost, for a fee. This is called a 'rebuild cost assessment' and it is the most effective method.

2. **Do it yourself.** To assess your home value yourself you could use an online rebuild calculator, but this will be less accurate than a professional rebuild cost assessment. It is not advisable to use this in all circumstances.

WHO CAN AND CAN'T USE AN ONLINE REBUILD CALCULATOR?

If you live in a detached, semi-detached or terraced house with one or two storeys, a rebuild calculator can usually be used as an easy way to estimate the cost.

Online calculators will be less reliable for flats, listed buildings, buildings with basements, buildings with non-standard construction and houses with special features or unusual building materials. In these cases, it's far safer to ask a surveyor.

HOW DO YOU USE AN ONLINE REBUILD CALCULATOR?

An online calculator can estimate the rebuild cost of your home based on the floor area.

"An online calculator can estimate the rebuild cost of your home based on the floor area."

To calculate your home's floor area, you'll need to measure around the outside of your home, at ground level. If your home is square, you can simply measure the length and width, and multiply the two. The calculation will be a little more complicated for irregularly shaped homes.

If your home has an upper floor with the same dimensions as the ground floor, you can multiply that figure by two to get the total floor area. If your home has an upper floor with different proportions, you'll need to measure it separately and add the two together.

If this calculation is too complex for you to feel confident that you've estimated correctly, it's always better to seek expert help. ◆

>> WE'LL HAVE YOU COVERED <<

Whether you're a first-time homeowner or moving into another home – we'll have you covered. To discuss how we can help with your insurance needs, speak to **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

‘Green premium’ for new homes

Are homebuyers willing to pay more for sustainable properties?

SUSTAINABILITY IS ONE of the biggest challenges currently facing the house building industry. There is no question that property must become greener and more energy-efficient, and the government has pledged that all new homes should be zero-carbon by 2050.

But building greener homes comes at an additional cost and, as yet, it’s unclear whether buyers are willing to pay that extra cost, and how they can be motivated to do so.

SUSTAINABILITY CREDENTIALS

One crucial measure of a home’s sustainability credentials is its Energy Performance Certificate (EPC) rating. The EPC scores the property’s energy use, carbon emissions and likely energy costs, out of a maximum of 100. This score corresponds to a grade of A to G, with A being the best grade, representing a score of 92 to 100.

Since 2001, only 1% of the new homes built in England and Wales achieved an EPC A grade. Older properties rarely achieve this grade, with the majority achieving grades C, D or E.

BUYING DECISIONS

Increasingly more homebuyers are reporting that their decisions are driven by sustainability concerns, and that includes home-buying decisions. A recent survey found that 29% of buyers of new homes said that energy efficiency was the most important factor in their choice of property[1].

However, because of the low number of green homes currently available in the UK, it is difficult to judge whether this sentiment is reflected in sales. We are left with the debate of whether supply must be created first or demand.

GREEN FEATURES

Again, because sustainable homes make up such a small part of the market, it’s hard to collect sufficient data on this topic. To an extent, buyers are aware that green features, such as solar panels or smart thermostats, can lower the running costs of their homes and bring savings on energy bills.

Findings from the survey suggest that homebuyers are willing to pay a premium for properties that include these features but put the figure at less than £3,000.

LARGER PROPERTIES

Data from the survey highlights that only larger properties come with a green premium (a higher price tag for sustainable features). Homes of under 1,000 square feet in sustainable developments have achieved a sales price just 1% higher than comparable, non-sustainable properties nearby.

Highly sustainable homes of over 1,500 square feet have achieved a sales price 19% higher than comparable, non-sustainable properties. However, other factors, such as outdoor space and quality of design, may also have influenced this higher price point. ◆

>> FIND THE RIGHT MORTGAGE DEAL FOR YOU <<

Looking for a mortgage? The first step is to talk to one of our expert mortgage advisers to ensure you can make an informed decision about your options. Contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data:[1] https://www.savills.co.uk/research_articles/229130/3137370

Understanding Shared Ownership

How to buy a home through the government scheme

IF YOU WANT to get on the property ladder then shared ownership could be a good way to help you take your first step up, by buying a share of your home. It works differently to the conventional house-buying process and is generally a more affordable way to start homeownership.

It also gives you a chance to buy a bigger property than you may otherwise be able to afford. And, over time, you can acquire a larger share if your finances change and you can afford it.

So if saving a deposit to buy a home seems like an impossible goal, the government's Shared Ownership scheme could make it more achievable.

"Shared Ownership is a government scheme designed to make it more affordable to get on the property ladder."

WHAT IS SHARED OWNERSHIP?

Shared Ownership is a government scheme designed to make it more affordable to get on the property ladder. Instead of having to save up to buy a whole home of your own, you can buy a share of a property, with the rest owned by a housing association.

You'll pay the mortgage on the share that you own, and you'll pay rent and service charges on the remaining share but at a subsidised rate.

HOW MUCH DO YOU NEED TO SAVE?

You can currently buy a share of 25% or more of a property, but the government has plans to reduce the minimum share to 10%.

You'll need to get a mortgage to pay for your share of the property, so you'll need to save a deposit of around 5-10% of the share you plan to buy. A 5% deposit for a 10% share would be just 0.5% of the total property price.

CAN YOU BUY MORE OVER TIME?

Yes. You can buy a larger share of your home through a process called 'staircasing'. So, you could start by buying 10% of your home, and then save to buy the next 10%, and so on.

Each time you increase your share in your home, you'll have to increase your mortgage, and your repayments are likely to become more expensive. The rent and service charges you'll pay will decrease as you'll be renting a smaller portion of your home.

Through this process, you could eventually own 100% of your property.

HOW MUCH WILL YOU PAY IN RENT AND SERVICE CHARGES?

Your annual rent is usually around 3% of the value of the portion of the property owned by the housing association. For example, if the property is worth £200,000 and you own a 50% share (£100,000), the portion the housing association owns is worth £100,000. Your annual rent will be around £3,000, or £250 a month.

Service charges vary but are intended to cover the maintenance and repairs of the property, which will be managed by the housing association.

HOW DO YOU BUY A SHARED OWNERSHIP PROPERTY?

You can find Shared Ownership properties online, through the usual listing sites. Once you've found the one you want to buy, you'll put down a reservation fee of around £200. Then the housing association will check your financial background and agree on what share of the

property you can buy.

Next, you'll need to find a mortgage. Not all mortgage providers offer Shared Ownership mortgages, so you should seek professional mortgage advice to discuss your options.

The properties are usually leasehold properties and you therefore have to pay a monthly service charge as well as contribute to major maintenance works.

HOW DO YOU SELL A SHARED OWNERSHIP PROPERTY?

You can sell your share of the property at any time, to someone else who wants to take part in the Shared Ownership scheme. The housing association will even help you to find a buyer.

WHO IS ELIGIBLE FOR THE SHARED OWNERSHIP SCHEME?

You need to be 18 or over, with a household income of up to £80,000 (or £90,000 in London). You must be a first-time buyer or in the process of selling your property. You must meet the affordability criteria of a mortgage provider but be unable to afford the full cost of a home on the open market. ◆

URBAN FLIGHT

Disparity in house price growth between different types of areas

HOUSE PRICES IN the least densely populated areas of the UK have risen almost twice as much as those in the most densely populated areas over the past year.

This reflects both the COVID-19 pandemic prompting people to choose to live and work outside of busy cities, and the Stamp Duty Holiday, according to new Resolution Foundation research[1].

DIFFERENT TYPES OF AREAS

The quarterly Housing Outlook examines the impact of the coronavirus crisis on housing demand across the UK, and considers what might be driving the disparity in house price growth between different types of areas.

The report highlighted that, while average house prices have risen in the UK since the start of the pandemic, it has been the least densely populated areas of the UK that have seen the biggest price increases.

MORE RURAL LOCATIONS

Since February 2020, prices have jumped by over 10% in the least densely populated tenth of local authorities in the UK, compared to rises of 'only' 6% for the most populous deciles.

The outlook also finds evidence of so-called 'urban flight', in which workers opt to leave urban areas in favour of more rural locations, from the UK's biggest cities such as London, Manchester and Birmingham to the hinterlands.

BIGGEST 'CORE' CITIES

In London, for example, house prices in Outer London rose by an average of 7% since February 2020, compared to just 2% on average for those in denser Inner London. Similarly, house prices have risen by 9% in small towns and villages, compared to 6% in the UK's 12 biggest 'core' cities.

The analysis also suggests that smaller, more limited properties – such as flats – have become less attractive to buyers when compared to more spacious homes. The average price of a flat has grown by just under 6% over the last year, while houses of all types have increased by around 9%.

AFFORDABLE LARGER PROPERTIES

While this is part of a longer-term trend, it seems likely that repeated lockdowns, during which many people were confined in their homes for long periods of time, have fuelled a desire for space, access to gardens and less crowding. These attributes are typically easier and often less costly to find away from city centres.

Equally, the temporary Stamp Duty holiday, which has since ended, boosted the purchasing power of second-steppers rather than first-time buyers, who are more likely to be interested in, and able to afford, larger properties. ◆

Source data: [1] The Resolution Foundation independent think-tank published 1 May 2021

>>SHOPPING AROUND FOR A NEW MORTGAGE?<<

If you're shopping around for a new mortgage, we could help find the right deal for you. To discuss your requirement, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@ nightingaleswm.co.uk**.

Protection, protection, protection

Understanding the different home insurance options

WITHOUT ADEQUATE PROTECTION, one single incident, such as fire or burglary, could have a devastating effect on you and your home. Insurance can't stop the incident happening, but it can help put things back the way they were – quickly and with the minimum of fuss.

Whether you are buying a home, own a property or are renting, your home and possessions are precious. Your home contains all your belongings, memories and comforts. Choosing to insure them, and making sure you have the right insurance products for your circumstances, will offer peace of mind and can lower the financial pain of repairing your home and replacing damaged or stolen belongings.

Buildings and contents insurance is also often referred to as 'home insurance', a combination insurance that covers both your building and its contents in one.

BUILDINGS INSURANCE

Buildings insurance isn't a legal requirement, but it will usually be required by your mortgage lender. It protects the actual building you live in, for example, the roof, walls, windows, doors, et cetera.

The type of incidents that buildings insurance may cover are fire, flooding and subsidence. You could receive a payment to cover damage to any part of the structure of your home, which includes built-in furniture such as fitted kitchens and wardrobes, but not impermanent content such as furnishings.

In the worst case, if your home was destroyed and must be rebuilt, buildings insurance is the policy designed to cover that cost.

To be totally confident that your home is adequately insured, an independent

surveyor can calculate the exact rebuilding cost of your home.

CONTENTS INSURANCE

Contents insurance protects the contents of the building you live in, for example, your possessions, valuables and furnishings that are not permanently attached to the building.

It typically covers loss of or damage to items due to fire, theft, flooding, et cetera. The exact incidents covered, and the items covered, differ between policies. You can often pay extra to insure items even when they are lost or damaged by accident, or when they are outside your home. Otherwise, these incidents aren't usually covered.

MORTGAGE PAYMENT PROTECTION INSURANCE

Mortgage payment protection insurance protects your home from repossession if you're unable to make your mortgage repayments on time.

You can purchase a policy that will cover the monthly mortgage repayments for up to one or two years if you can't work, typically up to a maximum of 65% of your monthly income. Without this cover, you could lose your home if you cannot keep up with your repayments.

LIFE INSURANCE

Life insurance protects your family's lifestyle in case of your death or the diagnosis of a specified critical illness. It can pay out a tax-free lump sum or regular payments to help them cope without your income, which may allow them to stay in your current family home.

INCOME PROTECTION INSURANCE

Income protection insurance protects your family's lifestyle in case you're unable to work due to illness or injury and lose your income. It can provide a monthly payment, linked to your salary, to help you cover costs including your mortgage repayments. ◆

>> PROTECTING AGAINST THE UNEXPECTED <<

Buying a home will be one of your biggest investments. So making sure your home and you are fully protected against the unexpected is important. Speak to a member of our team to review your options. Contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

NEW-BUILD HOMES GROWING IN POPULARITY

What's behind the trend towards newly built properties?

NEW HOMES AND APARTMENTS offer many benefits for owner-occupiers and investors alike. Not only do you benefit from a chain-free purchase but new-build properties are often more energy efficient, built to modern standards and require a low level of maintenance once you move in.

According to a recent report, nearly 40% of all newly built homes this year are already under offer or sold (subject to contract). Compared to the same time last year, this is an increase of 9%[1]. Demand for new-build properties seems to be highest in the south of England, particularly in coastal towns such as Bournemouth and Plymouth.

DIFFERENT DEFINITIONS

A new-build home is usually considered one that has been built in the past two years but has never been owned or lived in. Some lenders have different definitions of what qualifies as a new-build home, often regarding how long ago it was built, so make sure you find out what your lender considers a new-build.

There are many benefits to buying a new-build home, such as the opportunity to customise the design and layout during the building phase, and the chance to participate in part-exchange buying schemes.

TEN-YEAR GUARANTEE

Newly built properties typically have fewer problems within the first few years of buying one, and if problems do occur, there's a good chance they will be covered by a ten-year guarantee. So, it's no surprise that many buyers prefer this option to buying an older home, which comes with more risks and unknowns.

Perhaps the biggest benefit of buying a newly built property is that they are far more energy-efficient, which also means they're cheaper to run. Sustainability is increasingly important to buyers, which is one factor in the rising demand for new-build homes.

ZERO-CARBON BY 2050

The government has a target for new homes to be zero-carbon by 2050. So, housebuilders will be looking to build a higher proportion of green homes, with an Energy Performance Certificate (EPC) of A or B, in the future.

Another factor for the need to build new homes is simply the growing population and increasing need for housing. Housebuilding in recent years hasn't been keeping up with the pace of change.

NEW HOMES DEMAND

Housebuilding will need to increase to keep up with this high demand for new homes. The government has set a target to reach 300,000 new properties per year in the next five years.

New, sustainable homes can also be appropriate investments for buy-to-let investors as the costs are more predictable. While these properties do cost more upfront, investors will have to budget less for repairs, maintenance and energy costs. It may also be easier to find quality tenants for this type of property. ◆

>> FIND THE RIGHT MORTGAGE WITH US <<

Whether you're buying your first home or moving house, or looking to finance an investment property, talk to us today. For more information, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.propertyreporter.co.uk/property/appetite-for-new-build-homes-sees-9-rise-during-the-last-year.html

Reimagining the future of homeownership

Family help, an inheritance or government support

FOR MANY DECADES, property prices have been increasing at a vastly faster rate than average salaries. For existing homeowners, this is positive news that has seen their wealth grow with little personal involvement. But for young people who do not yet own their own homes, it pushes their dream further and further out of reach.

Though buying a property now means taking on a debt many multiples of one's annual salary, it is still a goal that many young people aspire to. According to one survey, nine out of ten young people dream of getting on the property ladder, and over half name this one of their top life goals, above having children or getting married[1].

INCOME AND RELATIONSHIP STATUS

Over the last two decades, the average age of a first-time buyer has risen by eight years, from 25 to 33. Commentators predict that, by 2026, only one in four Britons aged under 34 will own their own home.

Of course, age is not the only factor. Income and relationship status also play significant roles. In 2019, 64% of first-time buyers had a household income of over £40,000, and only 16% were individual buyers. The growing disparity between salaries and house prices punishes first-time buyers in two ways.

DIFFICULT TO SAVE A DEPOSIT

Firstly, it makes it more difficult to save a deposit. Typically, it's necessary to save a minimum of 5% of a property value to secure a mortgage and even more to access better mortgage rates. With the average house price in the UK currently £256,000 [2] and the average salary for someone in their 20s between £24,000 and £28,000 [3], a 5% deposit equates to around half a young person's annual earnings.

But even those who manage to save this much face another barrier. Mortgage lenders will typically only lend four times a person's salary. For a salary of £24,000, that's £96,000 – well short of the mortgage they would need to buy a £256,000 property with a 5% deposit.

OTHER OPTIONS TO CONSIDER

Growing numbers of parents are seeing their adult children struggle to save enough to put down a deposit on a house, let alone afford to move up from a first home to something larger. Which is why many young people could be forgiven for assuming they will never become a homeowner in their own right.

The reality is that some first-time buyers will need family help, an inheritance or government help to purchase a home. For those without family wealth to rely on, the government offers different schemes to help via Help to Buy equity loans, Shared Ownership and the new First Homes initiative.

>> LET US HELP YOU GET THE KEYS TO YOUR NEW HOME <<
You've found your dream home. Now you just need to get your mortgage arranged. To discuss your mortgage options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.santander.co.uk/about-santander/media-centre/press-releases/the-death-of-the-homeownership-dream-for-middle-income-britain

[2] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021

[3] https://www.statista.com/statistics/802183/annual-pay-employees-in-the-uk/

Tenant demand on the up

Renters return to city centres as lockdowns lift

AFTER THE COUNTRY entered its first nationwide lockdown in March 2020, for many there was little attraction to urban living, since workplaces, shops, restaurants and entertainment venues were all off-limits.

Meanwhile, the downsides of central properties, such as higher rent costs, smaller dimensions and lack of outdoor space, were magnified by the pandemic. Those who were able to move were heading to suburban and rural areas.

RENTAL DEMAND RISES IN UK'S CITIES

Now, though, it seems that life is returning to the city centre more quickly than some may have expected. While there are still restrictions in place, the end is hopefully in sight, and that appears to be enough to attract back many renters. Research shows that enquiries for rental properties have increased by more than 100% in some city centre areas over the past year[1].

Popular areas include Battersea (where searches have increased by 111%) and Clapham Common (+109%). And it's not just in London where this trend is seen, but also in Sheffield (+102%), Manchester (+69%), Leicester (+68%) and other cities.

DEMAND LIKELY TO INCREASE IN COMING MONTHS

As lockdown restrictions ease, it's likely that central rental demand will continue to grow. The first key milestone will be offices re-opening, when workers will want to cut their commute time.

Next, if universities are able to fully open in September, which currently looks probable, students are likely to flood into cities for a taste of the urban life they've been missing out on. And after the stamp duty holiday ends, the number of house sales may fall and the number of renters may rise.

FIRST MOVERS REWARDED WITH LOWER RENT

Those who move now, before demand has fully returned to its pre-lockdown levels, will be able to take advantage of the lower rental prices currently on offer in these urban areas. For example, the average monthly rent in Battersea this February was -10% on the previous year (£2,569 vs £2,854). Rent in some areas has fallen by as much as 30%, including Hyde Park in Westminster.

However, if rental demand surges in the next few months, prices could quickly return to normal and periods of vacancy will become shorter, which is good news for the UK's buy-to-let landlords.◆

>> LOOKING FOR THE RIGHT BUY-TO-LET MORTGAGE DEAL? <<
We can help you arrange the right buy-to-let mortgage deal for your property investment needs. To find out more, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

"It seems that life is returning to the city centre more quickly than some may have expected."

Source data: [1] Rightmove – the time period for rental searches is 1 February 2021 to 28 February 2021 versus 1 February 2020 to 29 February 2020.

Space invaders

Tenants looking for larger modern living spaces

CURRENT PROPERTY market conditions are encouraging some new and existing buy-to-let investors to apply for larger mortgages to buy more expensive properties. Demand for rental property is increasing, with tenants looking for modern living spaces and luxury accommodation.

This means buy-to-let investors can benefit from consistent rental yields and a healthy return on an investment. Not to mention the added value to the property from owning a lucrative asset. Let's look at what's happening in the property market.

HIGH CONFIDENCE IN THE BUY-TO-LET MARKET

There are currently multiple factors converging in the property market. Some investors have high confidence in the buy-to-let market, as the number of renters in the nation has been steadily growing for many years and this looks set to continue.

The coronavirus (COVID-19) pandemic is encouraging renters to look at larger properties, as we've all been spending more time in our homes over the last year and space concerns have become paramount.

ATTRACTING PROPERTY INVESTORS TO THE MARKET

The Bank of England base interest rate and mortgage rates remain incredibly low right now, although they are beginning to inch up. This is

further attracting property investors to the market, whose borrowing costs directly affect the bottom line.

Plus, the Stamp Duty Holiday which ended in June has now become tapered through to the end of September, and this has made more expensive properties affordable by potentially cutting thousands of pounds from the purchase process.

A SENSIBLE MOVE BY MANY INVESTORS

Another factor influencing some buy-to-let landlords is the need to diversify property portfolios. Rent arrears are becoming more common in the financial aftermath of the pandemic, so having more properties, and catering to more budgets, is seen as a sensible move by some investors.

A recent report shows that last year there were over 4.4 million[1] privately rented households in England, with many mortgage providers reporting an increase in the number of applications from buy-to-let investors, particularly on larger properties.

PROVIDING THE OPPORTUNITY FOR HIGHER YIELDS

As well as larger residential properties, some investors are looking at other markets, such as commercial property. Though this usually involves a higher workload than residential property, commercial property can provide the opportunity for higher yields.

If you're a new or existing buy-to-let landlord or property investor looking to secure a mortgage on a larger, more expensive property, now could be a good time to review your options and look to secure a good rate.

SECURING THE LOAN AGAINST AN EXISTING PROPERTY

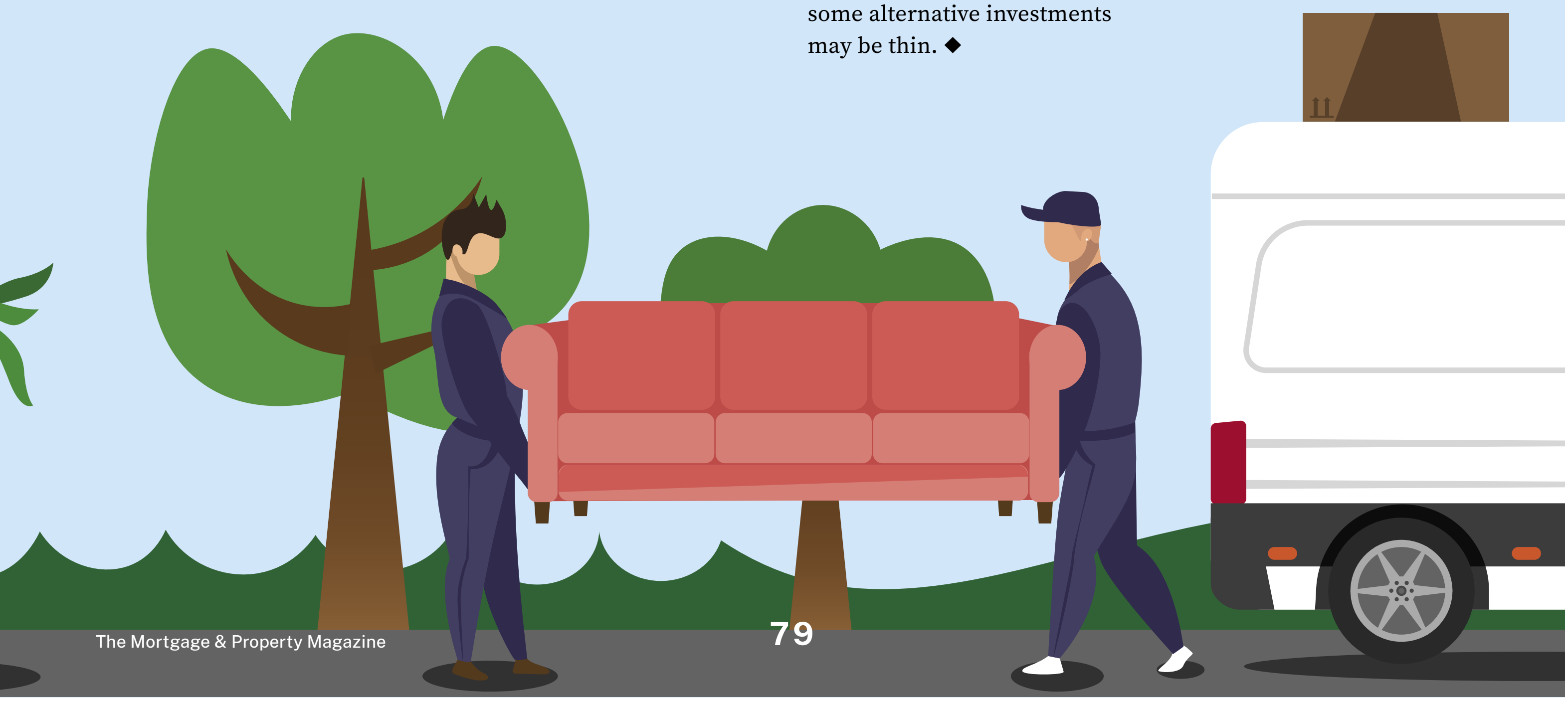
You will, however, need a deposit of typically 25% or more of the property value. If you have a portfolio of other properties, one option to consider is to secure the loan against an existing property.

Property has outperformed many other assets over the long term, and with interest rates at historic lows, yields on some alternative investments may be thin. ◆

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<

Options for first-time landlords and existing investors are changing all the time, so getting professional expert mortgage advice is essential. To discuss how we can help you, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] Hamptons 'Buy-to-let' Report Spring 2021



How to choose a buy-to-let property

Tips to help you make the right investment choice

SEARCHING FOR a buy-to-let property to invest in is very unlike looking for a home of your own. Your budget, criteria, and decision-making process will all be different. Here are some of the differences and considerations at each stage.

WHAT IS YOUR BUDGET?

Before looking at properties, you need to establish the price range for your search. This will largely depend on how much you have saved as a deposit and how much a mortgage provider will agree to lend you.

Buy-to-let mortgages typically require larger deposits than standard residential mortgages. So, you should plan to have a deposit of around 25% or more of the property value.

The mortgage provider will decide how much to lend you based on factors including the expected rental income from the property. The monthly rent you charge for the property will typically need to be in the region of between 25% to 45% higher than the monthly mortgage repayments.

WHAT TYPE OF TENANT?

Something else to do before you start your search is to decide what type of tenant you want to appeal to, since different tenants are looking for different properties. It's important to have a clear idea of the type of tenant you are hoping to attract as this will be key in finding the right buy-to-let property.

For example, if you want to attract professionals then you should probably steer clear of a noisy student area. If your target tenants are families then local parks and amenities will be a good selling point.

If you want students then you obviously need a property in an affordable location, close to the campus, or even a flat within a purpose-built block. If you'd ideally like to attract circus clowns, you may want to buy a place near a glitter shop, with parking for cars whose wheels fall off when you close the doors.

Consider the rental market in the location in which you'll be buying. Is it a university town with lots of students? A city centre full of young professionals? Or a suburb filled with commuters and families? Once you have decided on your tenants' persona, you can then start your property search with this in mind.

HAVE YOU ESTABLISHED YOUR CRITERIA?

This will help you to create a list of features your property needs to have.

Ask yourself:

- Should it be a house or a flat?
- Does it need to have a garden?
- Will your tenant want space for parking?
- What nearby facilities will they be looking for?

“If your target tenants are families then local parks and amenities will be a good selling point.”

"A property that costs £250,000 and delivers a rental income of £12,500 a year has a rental yield of 5%."

- Would a newly built or period property be more attractive?
- How big does it need to be?
- How many bedrooms and bathrooms will your tenants need?
- How much can your target tenants afford to spend?

You'll likely come up with a list of must-have features and some others that are preferable but not essential. It's good to approach prospective properties with some flexibility.

WHAT TYPE OF PROPERTY?

Taking the time to find the right house or flat is an essential part of investing in a buy-to-let property. The best and most expensive homes do not always make the best buy-to-lets.

The ideal investment properties for landlords are flats and houses that are cheap to buy and mortgage, but which command comparatively good rents. Local estate agents can give you valuable information about the local market and demographics.

House prices indexes can help you to identify properties with long-term investment potential. Online and social media research can also help you to understand local communities. The more attention you pay to this part, the better.

HAVE YOU DONE THE MATHS?

After you've chosen a property that you think would be suitable, you need to do the maths to be sure it's a sensible investment. Whatever your experience level, rental yields are the number one thing that as an investor you need to focus on.

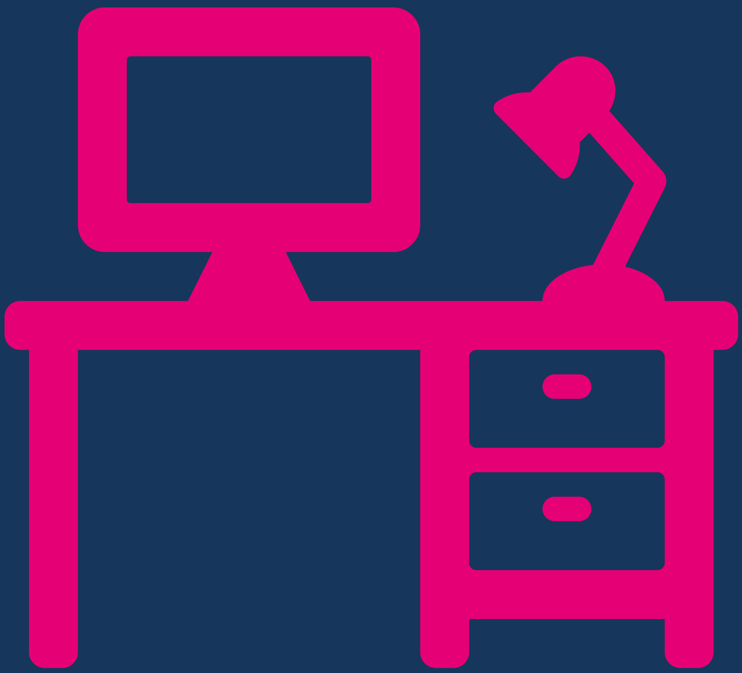
A rental yield is the percentage of return on investment that you receive through rental income. A property rental yield tells you how much money you will make from your investment.

Without knowing what a rental yield is or how to identify a good rental yield, you will limit your potential returns. Calculate the rental yield, the amount you'll make back on your initial investment. This is the total income you expect to receive in rent annually as a percentage of the property price.

For example, a property that costs £250,000 and delivers a rental income of £12,500 a year has a rental yield of 5%. You're aiming for a rental yield of at least 5%, but ideally more. If you've done the maths and the rental yield looks promising, you might be ready to make an offer. ◆

>> DISCOVER A RANGE OF BUY-TO-LET MORTGAGE SOLUTIONS <<

Before making financial decisions about buy-to-let, always do research and make sure you obtain professional mortgage advice. To discuss how we can help you, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.



Rental values rising across much of the UK

Average monthly rent is higher than last year

"Outside of London, the average monthly rent for a newly let property is now 8% higher than in February 2020."

RENTAL DEMAND has been rising rapidly in recent months and this, combined with a shortage in supply of rental properties, has led to an increase in the average monthly rent charged.

Since the start of the coronavirus (COVID-19) pandemic, research shows 300,000 fewer properties have been listed for rent than in the previous 12 months, a drop of nearly one-third[1]. With demand also growing, the competition for rental properties is considerable.

Increasingly, not only are many vacant rental properties being filled more quickly, but landlords are able to charge rent at higher rates than before the pandemic. Around half of buy-to-let landlords have benefited so far from these market conditions.

AVERAGE MONTHLY RENT FOR A NEWLY LET PROPERTY

Outside of London, the average monthly rent for a newly let property is now 8% higher than in February 2020. Growth is highest in the South East of England, where prices have increased by more than 10%. In the South West, prices have increased by 9.2%. The North of England has seen less growth, but rent has still risen by an average of 6.8%.

Inner London has, by contrast, seen rental values fall by 17.7%, though it's likely that these will rebound as lockdown lifts. Some areas of outer London, however, such as Barking and Wall End, have seen rental values increase by almost 6%.

SUPPLY SET TO RISE IN THE COMING MONTHS

These market conditions could change rapidly in favour of renters. In the first quarter of 2021, there was an increase in first-time landlords investing in buy-to-let properties, and an increase in general in the number of rental properties being purchased, which will bring a strong number of new properties onto the market soon.

While interest rates remain favourable, there are likely to be continued rises in the number of rental properties being listed. ◆

>> READY TO DISCUSS YOUR INVESTMENT PORTFOLIO OPTIONS? <<

Whether you're a first-time landlord or a seasoned professional, we're here to help. To discuss your requirements, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] Hamptons 'Buy-to-let' Report Spring 2021

New rules for high street property conversions

Choosing the right location may matter more post-COVID-19

ON 31 MARCH 2021, Housing Secretary Robert Jenrick announced new, relaxed rules relating to the conversion of high street commercial properties into homes. In the past, unused commercial properties could not be converted for residential use without a full planning application. This was a lengthy, time-consuming and potentially costly process that often involved input from an architect or surveyor.

Under the rules announced in March, this process will be simplified. To obtain permission, developers will only need to show that the conversion plans meet the government's requirements for living space and natural light.

WHY HAVE THESE CHANGES BEEN MADE NOW?

The government has recognised the urgency to increase the number of residential properties available in the UK as housebuilding has failed to keep up with the rate of growth of the population in recent decades.

The announcement is also timely because the coronavirus (COVID-19) pandemic has led to the closure of many businesses with a high street presence, leaving properties sitting empty. Various lifestyle changes linked to the pandemic, such as increased flexi-working from home and a huge rise in online shopping, make it unlikely that these properties will be required for commercial use in the future.

As the vaccine rollout continues, people will start moving back to town and city centres after a brief exodus to the suburbs and countryside. So, this property can be put to good use as housing. The new rules allow this to be done in a shorter time frame.

WHAT'S THE INVESTMENT OPPORTUNITY?

According to recent research, nearly 10,000 fewer stores are currently occupied on the UK's high streets than at the start of 2020[1]. That's a huge opportunity for developers to take them on and convert them under the new rules.

Not only is this a significant investment opportunity, but it's also in the best interests of the local communities for the properties to be occupied and for the high streets to be revitalised and diversified.

WHO CAN BENEFIT?

This opportunity is best suited to experienced developers who are qualified to take on a conversion project of this scale. Buying an office building and turning it into a block of flats, for example, is an extremely complex undertaking in comparison to a typical buy-to-let venture.

Anyone looking to secure financing for a project of this nature should expect to have to prove their track record. ◆

>> LOOKING TO CHANGE YOUR STRATEGY? <<

There are significant opportunities to repurpose and reposition existing stores to support new business models, or indeed working models. To discuss how we could help you through the mortgage financing process, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.pwc.co.uk/industries/retail-consumer/insights/store-openings-and-closures.html

Rising demand for holiday let mortgages

Property investors prepare for a staycation summer

WITH NON-ESSENTIAL international travel to many countries and territories still banned due to the coronavirus pandemic and lockdown restrictions easing, for the owners of UK holiday let properties this could mean a busy season and a great return on investment.

It's no wonder, then, that applications for holiday let mortgages have been rising, as many investors look to complete a purchase of a holiday let property ready for this summer's rush. Lenders are expanding their offerings to meet this growing demand in the short-term holiday let sector. In the past year, more lenders have opened up mortgage options for this type of property investment.

SHORT-TERM LETS TO HOLIDAYMAKERS

Many standard mortgages or buy-to-let mortgages do not allow short-term lets to holidaymakers. A holiday let mortgage is designed with this purpose specifically in mind. It's to help you buy a property that you don't intend to live in but will be letting out for short periods.

You can either secure a loan on the property you plan to let out as a holiday home or on your existing home. Rates on these mortgages may be a little higher than for standard mortgages, as lenders may feel they are riskier because occupation of the property can't be guaranteed.

"You can either secure a loan on the property you plan to let out as a holiday home or on your existing home."

LOCATION IS CRUCIALLY IMPORTANT

When choosing a holiday let property, location is crucially important. Popular areas in the UK include the Lake District, rural Wales, the Cotswolds, and coastal Devon and Cornwall. In part due to these locations, where property prices can be high, holiday homes tend to sell for more than other residential properties.

Holiday lets are a popular choice for property investors for several reasons. Demand for holiday homes in the UK is rising and there is plenty of room for this market to continue growing. Properties in the most desirable vacation spots have a good track record for increasing in value and there's reason to believe this will continue. And holiday homes have a higher potential yield than long-term rentals, as the nightly or weekly charge can be significantly higher.

FURNISHED HOLIDAY LETTING RULES

As a holiday let is classed as a property letting business, if you qualify under the Furnished Holiday Letting rules, you can currently offset the interest on your holiday let mortgage against the rental income you make for tax purposes.

So for example, if your holiday let made £12,000 in one year and the interest on your mortgage for that year was £9,000, you would only be liable to pay tax on the £3,000, according to your own tax rate. ◆

>> AN ATTRACTIVE ALTERNATIVE TO STANDARD BUY-TO-LET <<

Short-term lets have become a go-to option for some property investors. And there will likely be even greater take-up from investors in the coming months and years with increasing interest in UK staycations. To discuss your mortgage options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Exploring your investment opportunities

Three popular property strategies you might be interested in pursuing

PROPERTY INVESTMENT is one of the most common types of investments. Many people feel property should be one of the first investments to consider when looking at the different ways to invest their money.

When investing in property, there are two ways investors can make money through their property – by capital growth and by rental yields. If you can earn both, this provides an opportunity to earn money both in the short term and long term.

WHICH STRATEGY WILL WORK BEST FOR YOU?

THREE TYPES OF PROPERTY INVESTMENT
Historically, property has proved to be a sound investment that delivers strong returns. There are many ways to make money from property. Here are three popular strategies you might be interested in pursuing.

BUY-TO-LET
The most common type of property investment is buy-to-let, for example, buying a residential or commercial property and letting it to an appropriate tenant, who will pay rent to occupy it for long periods, typically a year or more.

This is considered a relatively safe investment. Looking at recent market conditions and current trends, it's fairly easy to forecast the rental income you'll be able to achieve from a property and calculate what return on your investment this provides.

With the number of renters in the UK consistently rising over the years, demand for rental properties looks sure to increase. However, this doesn't guarantee you'll find a tenant for your property, which is one of the biggest risks of buy-to-let investment. It's crucial to understand the needs of your target tenant and buy a property that will appeal to them, in the location where they will be looking.

"If you buy a holiday let property in the right location, the potential rental yield is far higher than a traditional buy-to-let, as you can charge more per night."

HOLIDAY LET

Another type of property investment is a holiday let, for example, buying a residential property and letting it for short periods, typically anything from one night to one month, to a series of different tenants.

This type of investment is growing in popularity, partly in response to the COVID-19 pandemic. Due to restrictions on international travel, the domestic tourism market is thriving and there is plenty of growth potential over this summer.

If you buy a holiday let property in the right location, the potential rental yield is far higher than a traditional buy-to-let, as you can charge more per night. However, it may take a lot more work to ensure that the property remains occupied and, outside of peak holiday season, it may be empty for long periods.

BUILD-TO-RENT

A third type of property investment is build-to-rent, for example, buying land on which to build a property or properties with the intention of letting them to appropriate tenants.

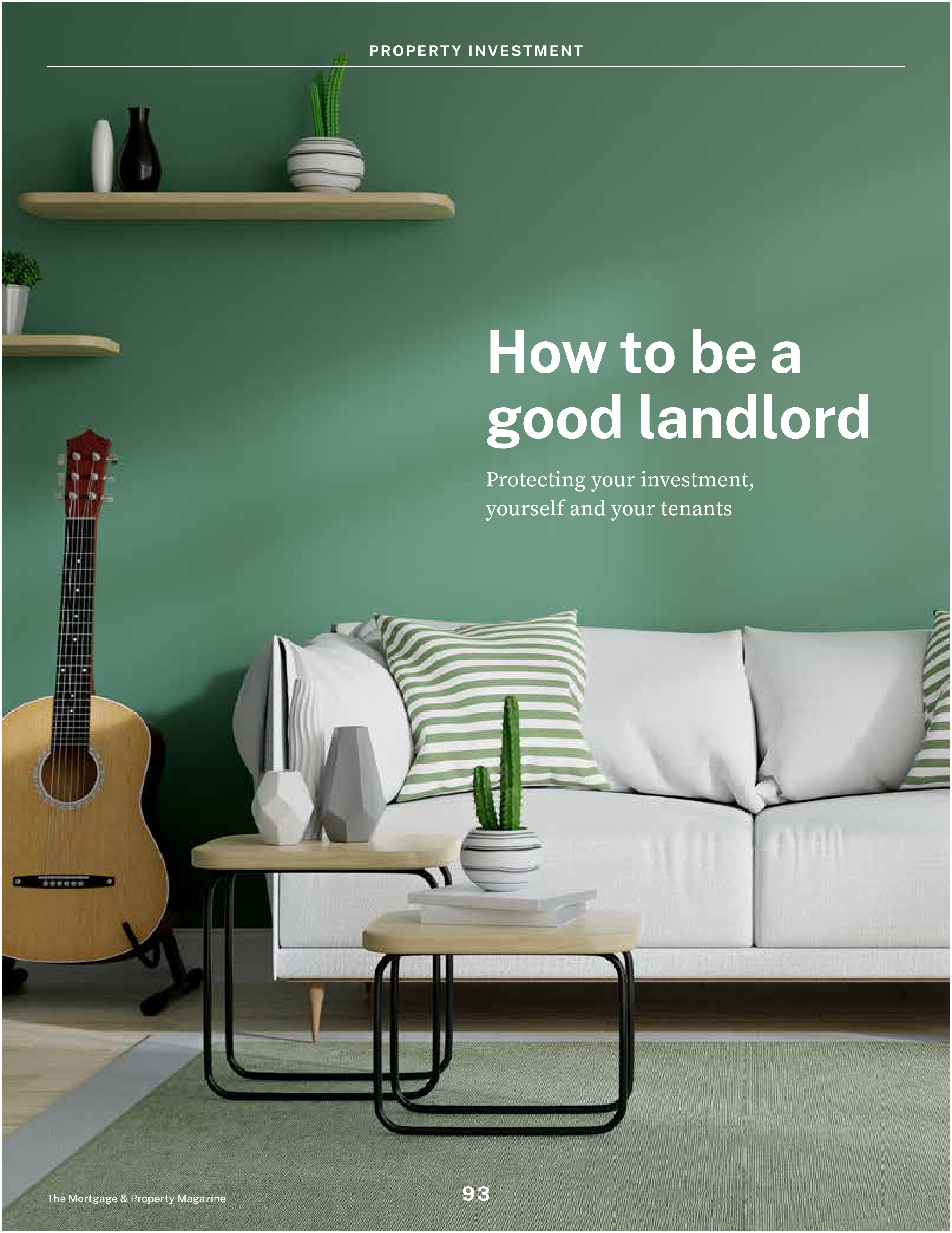
For investors who keep a close eye on trends in the rental market, there are plenty of opportunities to capitalise on. For example, there has been a shift in the features renters have been looking for since the start of the pandemic, and properties that include amenities such as shared office space or gyms can attract premium prices. Build-to-rent investors can construct with these trends in mind.

Creating a community through shared spaces can encourage longer rentals, and so delivers a better return on investment for the developer.

The type of property investment that suits you best depends on a variety of factors, including your strengths and skills, experience and budget. ◆

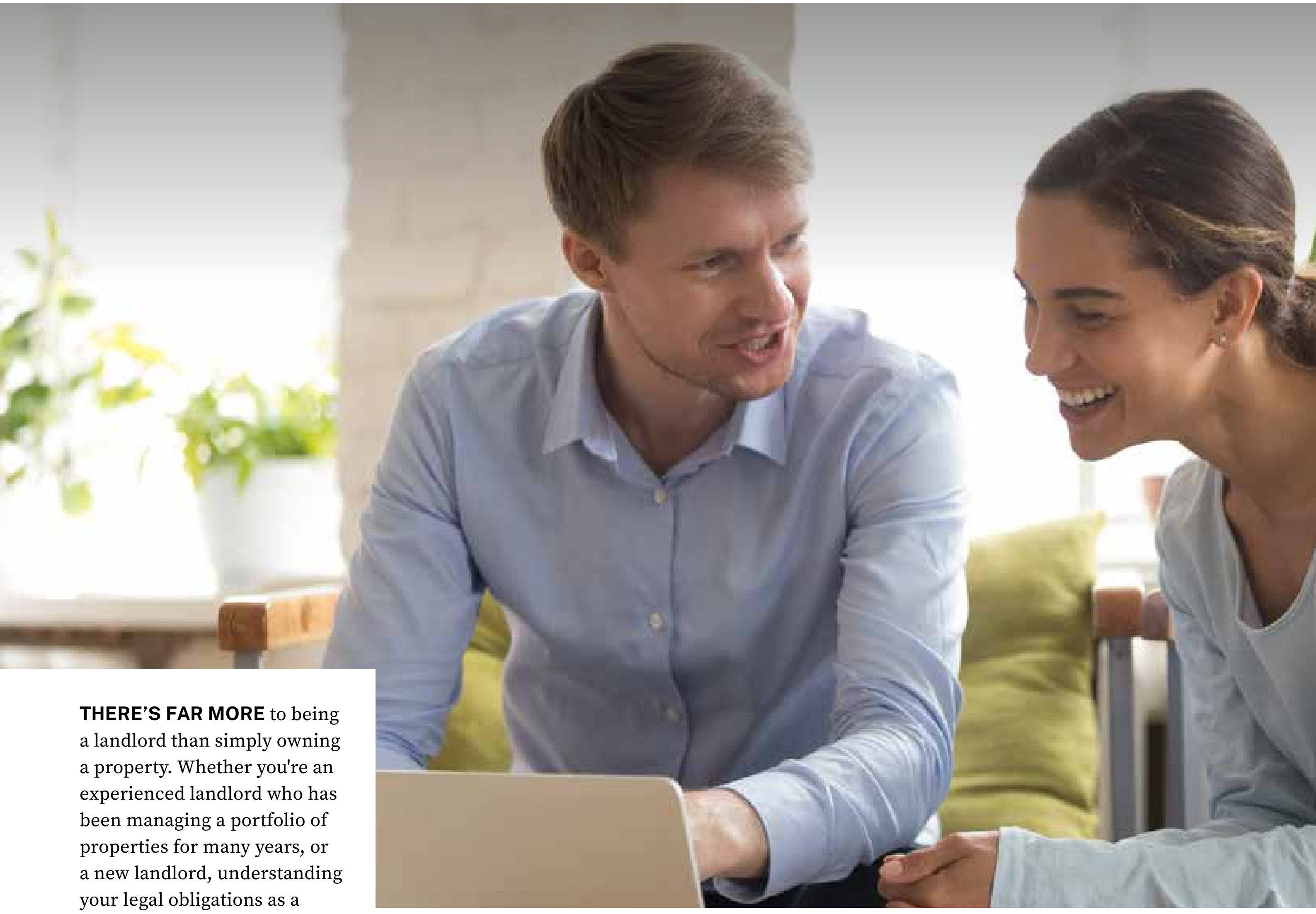
>> READY TO DISCUSS WHY TO INVEST IN UK PROPERTY? <<

Property investment can be a good option to create a reliable income and financial security. It can also be both rewarding and profitable. If you find the right property, and can secure the right mortgage, it can be a viable investment proposition. To discuss your mortgage options, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.



How to be a good landlord

Protecting your investment, yourself and your tenants



THERE'S FAR MORE to being a landlord than simply owning a property. Whether you're an experienced landlord who has been managing a portfolio of properties for many years, or a new landlord, understanding your legal obligations as a landlord will help you to protect your investment, yourself and your tenants.

The primary role of the landlord is to provide accommodation that is of a decent standard and 'fit for purpose'. It is the landlord's responsibility to ensure the safety of their property and to keep it well maintained.

This applies to the whole structural part of the property as well as interior fittings, furnishings and appliances. It is also the role of the landlord to make sure that the tenant is aware of their duties and responsibilities and to help address any issues they may have before and during a tenancy.

CREATE A COMPREHENSIVE TENANCY AGREEMENT

A tenancy agreement is a legal requirement for Assured Shorthold Tenancies. It's also the best way to make your expectations of your tenants clear from the outset and let them know what they can expect from you in return. A clear and comprehensive Assured Shorthold Tenancy Agreement helps to avoid misunderstandings about who is responsible for what.

TAKE AN ACCURATE INVENTORY

To help everyone avoid misunderstandings, take an accurate inventory. If you have noted the precise condition of the building and its contents, and taken photographs, at the beginning of the tenancy, it will be very clear what has changed at the end and whether any damage is the fault of the current tenants.

PROTECT YOUR TENANTS' DEPOSITS

Another legal requirement is that you protect your tenants' deposits and provide them with the details of the protection scheme you have used. If, at the end of the tenancy, there is any dispute over the deposit, the deposit protection scheme will give a determination to resolve it.

"The primary role of the landlord is to provide accommodation that is of a decent standard and 'fit for purpose'."

KEEP UP WITH SAFETY STANDARDS

There are various government guidelines to keep up with regarding the safety of your property, and some of them vary for different property types or geographical regions, so it is your responsibility to stay informed. For example, you'll need an annual gas safety check, regular smoke alarm and carbon monoxide alarm inspections, and appliance testing.

STAY IN CONTACT

If you're managing the property yourself, rather than through a letting agent, it's crucial that your tenants can reach you easily and quickly to report problems. If you need to take time off for any reason and will be uncontactable, you'll need to provide your tenants with an alternative point of contact for that period.

FIX PROBLEMS QUICKLY

If your tenants report a problem, you'll need to resolve it promptly to keep them happy. You might need a list of professionals, such as plumbers and electricians, whom you can rely on to respond at short notice.

BE FLEXIBLE

All tenants have different needs from you, so you might need to adapt to suit them. Your new tenants might want some furniture to be removed from the property when the old tenants have left. Some tenants might need to change the rent payment date to suit their income cycle.

You can't be expected to accommodate every request, but if it is reasonable and doesn't create difficulties for you, your willingness to adapt will likely be appreciated.

PROTECT YOURSELF FINANCIALLY

Landlord insurance is crucial to protect you from financial loss in case of missed rent payments or damage to your property. Sometimes things go wrong, even for the best landlords, and the peace of mind of protection may be worth far more than the cost of the insurance. ◆

Money's too tight to mention!

Increasing the rental yield of your investment property is key

FOR BUDDING PROPERTY INVESTORS and those already experienced in the field of investment properties, one of the most important questions when looking for a suitable investment should be 'what is the rental yield?'

Making sure you know the rental yield for your property is essential. It's a key measure when comparing different properties within your portfolio, plus it can be a useful target when considering future investments.

The average rental yield landlords received highlighted in a recent survey rose to a three-year high of 6% in the first quarter of 2021[1]. After a difficult 2020, in which many landlords suffered from the closure of the property market, a suspension on evictions and a rise in rent arrears, this is a positive sign of recovery.

WHAT IS RENTAL YIELD?

Rental yield is the measure by which we express return on investment in the private rented sector. It is calculated by deducting all of the costs of letting a property (mortgage payments, agent fees, maintenance, et cetera) from the rental income it achieves and expressing that figure as a percentage of the initial cost of purchasing the property.

There are two ways of calculating yield. Gross yield is a calculation which looks at the value of the property when it was purchased versus the rent usually received.

So, for example, if a property was bought for £250,000, and the rent is £1,000 per month then the yield is 4.8%; that's because £12,000 rental income divided by £250,000 expressed as a percentage is 4.8.

However, this rather basic calculation doesn't consider the other costs that a landlord may have to pay out. Therefore, calculating the true, or net, rental yield will include incorporating the additional costs you have to pay.

These costs include fixed and known costs such as mortgage repayments, leasehold costs and insurance premiums.

WHY IS RENTAL YIELD IMPORTANT?

Rental yield is considered one of the key metrics of success when letting a property. That's because the rental income alone isn't a reliable indicator of profitability. Even if the rental income of a property is £50,000, if the costs are £45,000, it is not generating a great deal of profit. The rental yield would likely show this more accurately.

But rental yield isn't the only metric for success. It's also important to consider the gains you will make by selling the property in the future if the sales price has increased since you bought it. As a property investor, you should look at both.

HOW CAN YOU INCREASE YOUR RENTAL YIELD?

Rental yield balances three factors: your rental income, your costs and the price of the property. So, by changing any of those figures you can increase your rental yield.

When buying a new property, it's crucial to negotiate the best possible price for it, as every additional pound you pay cuts into your rental yield.

Buying in an area where demand is rising for private rental properties will ensure that you can achieve the optimal rental income relative to the purchasing price.

You can also increase the rental income achievable from your property by carrying out improvement works. Adapting to changing lifestyles is one way to improve your property, for example, by installing a faster internet connection and creating a dedicated home office space. Extending a property to add an extra bedroom would be another way to increase the rental income.

Maintaining a good relationship with your tenants can help you retain them at the end of the tenancy to avoid vacant periods and the costs of relisting the property. And there are many other ways to cut costs marginally, which can have a big impact overall.

Finally, lowering your costs will improve your rental yield. Remortgaging at the end of a fixed-rate period on your mortgage could save you thousands each year. ◆

>> READY TO START YOUR BUY-TO-LET MORTGAGE CONVERSATION? <<

Are you a first-time landlord or experienced landlord with a portfolio of properties? We could help you secure that first buy-to-let mortgage or review your portfolio's remortgage options. To find out more, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

Source data: [1] https://www.buyassociation.co.uk/2021/05/05/how-are-buy-to-let-landlords-achieving-higher-rental-yields/

Secure your family's financial future

Will your mortgage be paid off in the event of your premature death?

LIFE INSURANCE COVERS the worst-case scenario and has become more important as financial foundations have shifted, government resources have been strained and costs have climbed.

Being prepared for the unexpected will protect your family from any sudden and long-term financial hardship. It goes without saying that we need to enjoy our wealth today but at the same time ensure it remains there for us and our family tomorrow.

HAVING FINANCIAL PROTECTION IN PLACE MAKES SENSE

You're not legally obliged to get life insurance for a mortgage, but some lenders may consider it a precondition for letting you borrow money to buy a home. For the vast majority of homeowners, having financial protection in place makes sense. If you own a property, a mortgage is likely to be the biggest debt you leave behind should the worst happen, so having a policy in place can help give you peace of mind.

Life insurance is certainly important to consider when buying a house as a couple. If you're buying your home with your partner, your mortgage repayments could be calculated on the basis of two salaries. If you or your partner died while your mortgage loan was still outstanding, would one of you alone be able to keep up the regular mortgage repayments?

MOST BASIC TYPE OF LIFE INSURANCE

With a term life insurance policy, you choose the amount you want to be insured for and the period for which you want cover. This is the most basic type of life insurance. If you die within the term, the policy pays out to your beneficiaries. If you don't die during the term, the policy doesn't pay out and the premiums you've paid are not returned to you.

There are two main types of term life insurance to consider – level-term and decreasing-term life insurance.

Level-term life insurance policies - A level-term policy pays out a lump sum if you die within the specified term. The amount you're covered for remains level throughout the term – hence the name. The monthly or annual premiums you pay usually stay the same, too.

Level-term policies can be a good option for family protection, where you want to leave a lump sum that your family can invest to live on after you've gone. It can also be a good option if you need a specified amount of cover for a certain length of time, for example, to cover an interest-only mortgage that's not covered by an endowment policy.

Decreasing-term life insurance policies - With a decreasing-term policy, the amount you're covered for decreases over the term of the policy. These policies are often used to cover a debt that reduces over time, such as a repayment mortgage.

Premiums are usually cheaper than for level-term cover as the amount insured reduces as time goes on. Decreasing-term insurance policies can also be used for Inheritance Tax planning purposes.

FAMILY INCOME BENEFIT POLICIES

Family income benefit life assurance is a type of decreasing-term policy. Instead of a lump sum, though, it pays out a regular income to your beneficiaries until the policy's expiry date if you die.

You can arrange for the same amount as your take-home income to be paid out to your family if you die. ◆

>> IT'S YOUR LIFE – WE'RE HERE TO HELP YOU PROTECT IT <<

Life insurance is all about making sure your dependents have the money they need and are able to live free of any money worries if you were no longer around to pay off your mortgage. Don't leave it to chance, contact **Nightingales Wealth Management Ltd** – telephone **0345 2221177** – email **Customer@nightingaleswm.co.uk**.

PROPERTY JARGON BUSTER

Getting confused by waffly terms and property speak?

THOUGH THE WORLD OF MORTGAGES and property is filled with unfamiliar vocabulary, there is no need to be intimidated. Our jargon buster will help you navigate the terms you're likely to encounter.

ACCEPTANCE
A document indicating acceptance of a mortgage provider's offer.

AFFORDABILITY ASSESSMENT
The process which lenders complete to establish if someone can afford to repay the loan repayments over the term of the loan.

AGREEMENT IN PRINCIPLE (AIP)
A statement from a mortgage lender confirming they'll lend a certain amount before the purchase of your property is finalised.

ANNUAL PERCENTAGE RATE (APR)
A numerical value that represents the true cost of a loan or mortgage, taking into account not just the interest rate, but also the other costs, such as arrangement fees and charges.

ARRANGEMENT FEE
A fee paid to your mortgage provider at the start of your mortgage.

ASSIGN
To hand over the rights to a property from one individual to another.

ASSURED SHORTHOLD TENANCY (AST)
A common type of rental

agreement in the UK, between a private landlord (or letting agent) and tenant. ASTs are periodic or fixed-term contracts that can be terminated by the landlord without stating a reason.

BASE RATE
An interest rate set by the Bank of England. Mortgage interest rates are often linked to the base rate.

BREAK CLAUSE
A contractual clause in a tenancy agreement that allows either party to terminate the arrangement after a fixed term, for example, six months into a 12-month contract.

BRIDGING LOAN
A short-term loan designed to help the borrower to buy property for a short period, for example, before they have arranged a mortgage, or if they intend to sell the property soon afterwards.

BUILDING INSPECTION
See 'Survey'.

BUY-TO-LET
A property bought with the sole intention of letting it to tenants.

CHAIN
A string of property sales dependent on one another to progress.

COMPLETION
The final stage of a property sale and the point at which a buyer receives the keys and becomes the legal owner.

COMPLETION STATEMENT
A solicitor's record of the transfers and transactions conducted as part of the completion.

CONDITIONS OF SALE
Items in a contract relating to the responsibilities of the various parties involved.

CONTRACT
An agreement and accompanying legal document between two parties. In a property context, these are usually the buyer and seller of a specific property.

CONVEYANCER/ CONVEYANCING
The individual who undertakes the legal procedures involved in property sales on behalf of the buyer and seller, and the work they undertake.

CREDIT SEARCH REFERENCES
Third-party checks on a tenant's credit history to establish their suitability to rent a particular property.

DECISION IN PRINCIPLE (DIP)
See 'Agreement in Principle (AIP)'.

DEEDS
The legal documents establishing the ownership of a property.

DEPOSIT
A lump sum of money a buyer (mortgage deposit) or renter (tenancy deposit) pays to a property owner to secure the right to own or rent their property.

DEPOSIT PROTECTION SCHEME (DPS)
An authorised scheme to hold and protect a rental tenancy deposit.

DILAPIDATIONS
Items requiring repair or replacement at the end of a tenancy due to damage by the tenant.

DISBURSEMENTS
Costs and expenses incurred and paid during the conveyancing process, such as search fees and stamp duty.

DISCOUNTED RATE MORTGAGE
A mortgage deal where the interest rate is a set amount less than the mortgage lender's standard variable rate (SVR).

DRAFT CONTRACT
An early version of a contract that may be updated before the contracts are exchanged.

EARLY REPAYMENT CHARGES (ERCS)
Penalty fees charged when someone leaves a mortgage during a specified period, usually the period of the initial deal.

EASEMENT
A right to cross or use an area of land, that may affect a property owned.

ENDOWMENT MORTGAGE
You pay money into a type of investment called an 'endowment' to pay off an interest-only mortgage at the end of the term.

ENERGY PERFORMANCE CERTIFICATE (EPC)
A document that displays a property's energy efficiency rating and environmental impact. Legally required for the sales and lettings process.

EQUITY
The value of a property owned by an individual (versus the value they are still required to make mortgage repayments on).

EXCHANGE OF CONTRACTS
The moment at which a property sale is final, and the buyer and seller have both signed the contract of sale, which can no longer be amended.

FITTINGS
Items current within a property that do not constitute part of the property and are not included in the sale, such as furniture.

FIXED RATE MORTGAGE
The mortgage interest rate stays the same for the initial period of the deal.

FIXTURES
Items attached to the land or property that are included in its sale.

FREEHOLD
A type of property ownership (see also 'Leasehold') that indicates that the land and building are within the ownership of an individual indefinitely.

GAS SAFETY RECORD
A document legally required of all landlords to demonstrate that all gas appliances have been checked by a qualified engineer and declared safe.

GAZUMPING
An alternative buyer makes a higher offer to buy a property that is already under offer.

GAZUNDERING
When the buyer lowers their offer to buy a property at the last minute, just before contracts are exchanged.

GROUND RENT
A charge paid by a leasehold owner to a freehold owner of a property, usually on an annual basis.

HOMEBUYER REPORT
See 'Survey'.

INTEREST-ONLY MORTGAGE
Interest is paid on the mortgage each month, without repaying any of the capital loan itself.

INVENTORY
A document stating the contents and condition of a property at the start and end of a tenancy period, to record any loss or damage.

LAND REGISTRY
The registry of ownership of land and property in the UK, to which a fee is paid when ownership changes hands.

LEASEHOLD
A type of property ownership (see also 'Freehold') that indicates that an individual has purchased the right to live in a property for a fixed period, although the land and building belong to a freehold owner.

LISTED BUILDING
A property or structure that appears on a register due to its special historic or architectural interest.

LOAN-TO-VALUE (LTV)
The size of the mortgage as a percentage of the property's value.

MARKET VALUE
The estimated value that a property would sell for at the current time on the open market.

and accepted but before contracts have been signed and exchanged.

SURVEY
A property inspection and report conducted by a qualified surveyor to identify issues or faults with the property that may affect its safety or value.

TENANCY/TENANT
A period in which an individual is granted the right to live in a specified property, subject to a tenancy agreement, and the individual involved.

TRACKER MORTGAGE
The interest rate on the mortgage tracks the Bank of England base rate at a set margin above or below it.

TRANSFER DOCUMENT
The document that legally transfers the rights to a property from one party to another.

UNDER OFFER
A phase of a property sale after an offer has been made.

VALUATION
An appraisal of a property to establish its market value.

VARIABLE RATE MORTGAGE
Interest rate on the mortgage can go up or down according to the lender's standard variable rate. ◆

MORTGAGE VALUATION
A report on the value of a property by an independent surveyor on behalf of the mortgage provider.

NEGATIVE EQUITY
A state in which the owner of a property owes more to their mortgage provider than the total value of the property.

OFFSET MORTGAGE
Mortgage linked with a savings and, sometimes, current account. Credit balances are offset against the mortgage debt so interest is only paid on the difference, while also paying off the capital.

REMORTGAGE
Changing a mortgage without moving property to save money, change to a different type of mortgage or release equity from the property.

REPAYMENT MORTGAGE
Paying off the mortgage interest and part of the capital of the loan each month. Unless any repayments are missed, the mortgage is guaranteed to be paid by the end of the term.

SEARCHES
Checks conducted as part of the conveyancing process before a property sale is made final.

SHARE OF FREEHOLD
A form of property ownership (see also 'Freehold' and 'Leasehold') where several individuals own a portion of the property through a limited company.

SOLE AGENT INSTRUCTION
A sale or tenancy managed by a single estate or letting agent.

STAMP DUTY
A tax paid when buying a property over a certain value (currently £500,000, until 30 June 2021).

STANDARD VARIABLE RATE (SVR)
The default mortgage interest rate a lender will charge after the initial mortgage deal period ends.

SUBJECT TO CONTRACT
A phase of a property sale after an offer has been made