

VIEWPOINT

HGC FINANCE

Thank you for reading our newsletter, if you would like to discuss any of the articles further, please do not hesitate to contact us



HGC FINANCE
mortgages, protection, wealth

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How the Stamp Duty holiday works

On 8 July, the threshold at which Stamp Duty became payable on properties was increased from £125,000 to £500,000. This means that almost nine in 10 buyers will pay no Stamp Duty before the holiday ends on 31 March 2021.

For those purchasing properties the rates are as follows:

0%

£0 to £500,000

5%

The part from
£500,001 to £925,000

10%

The part from
£925,001 to £1.5m

12%

Anything above £1.5m

Stamp Duty holiday has positive impact

The COVID-19 pandemic has had a significant impact on the property market, but latest figures indicate there are positive signs of growth following the introduction of the Stamp Duty holiday.

Property searches rise

Coinciding with the Stamp Duty cut July was the busiest month so far this year for mortgage searches. The largest rise occurred in the £500,000 - £1m region, with Stamp Duty savings making these properties more accessible. Remortgage levels have remained consistent with pre-lockdown levels and purchase levels have quadrupled. Searches from first-time buyers are also up.

House prices jump

On another positive note, house prices rose by 7.5% year-on-year in October bringing the average price to £250,457, according to data from Halifax.

Pent-up demand and a low supply of available homes, plus support from the Stamp Duty holiday, has helped to exert upwards pressure on house prices. This, along with a significant jump in mortgage approvals and signs that confidence is growing, suggests the immediate future for the housing market is looking brighter. However, Halifax also warned that looking further ahead, there is still much uncertainty around the lasting impact of the pandemic, particularly as government support measures come to an end.

Increasing interest from overseas

The Stamp Duty cut has also led to a surge in interest in the UK property market from overseas. In addition, many overseas buyers are looking to purchase property before the introduction of an extra 2% Stamp Duty surcharge for non-UK buyers in April 2021.

Throughout July, highly searched terms by mortgage advisers included 'visas', 'expats not in the UK' and 'foreign income'. One in 22 residential searches related to a query for an applicant currently on a visa or an expat not based in the UK.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Considerations for first-time buyers

Being a first-time buyer can be daunting. Not only are you about to make one of the biggest financial decisions in your life, but you'll probably also have family members and friends offering their ideas on the right house, mortgage, lender conveyancer and even removal company for you.

We've put together some ideas to try and take away some of the stress and confusion and give you confidence to move through the home buying process as smoothly as possible.

Get the right advice

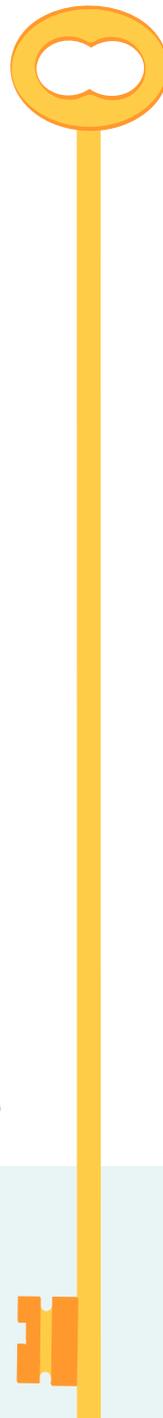
Of course we're going to say that - it's what we do! We'll review your circumstances and look at your income, debt, day-to-day outgoings, employment and the size of your deposit, to assess what you can afford to borrow now and in the future. We'll talk you through the types of mortgage we think are right for you and the lenders who offer them.

Save as much as possible

Buying a house is going to be expensive so it's important to save, save, save and save some more to get yourself in the best position possible.

Many lenders will accept a minimum deposit of 5% of the cost of the house you're buying, but aim higher. The bigger your deposit the smaller the mortgage (and monthly mortgage payments) making you more attractive to a lender.

Talk to us and we can help with practical financial advice on your first and future home purchases.



Know your budget

Your hard-saved deposit and monthly mortgage repayments aren't the only expenses you need to be mindful of when buying your first home:

Some lenders will charge for a **valuation fee** to help them establish how much they are prepared to lend you.

You'll also need to factor in the cost of a **survey** (depending on the type of property you're buying and the lender you choose to go with you might need a basic mortgage valuation, a homebuyer's report or a full structural survey).

In Scotland you also need to budget for **Land and Buildings Transaction Tax** and in Wales you'll need to budget for **Land Transaction Tax**. If you live in England or Northern Ireland, you won't pay any **Stamp Duty Land Tax** on properties worth up to £300,000.

You'll also need to pay your **solicitor** or **conveyancer** for any legal work and local searches they do on your behalf.

Your home may be repossessed if you do not keep up repayments on your mortgage

