



**GINKGO**  
FINANCIAL

**GINKGO FINANCIAL**

2 Delacourt Road (Unit 1)  
Blackheath Royal Standard  
London, SE3 8XA

**Email** [contact@ginkgofinancial.com](mailto:contact@ginkgofinancial.com)

**Phone** 020 3675 9050

[www.ginkgofinancial.com](http://www.ginkgofinancial.com)

# ESSENTIALLY **MORTGAGES**

Q3 2022 ISSUE 25

**WHAT'S IN STORE  
FOR THE PROPERTY  
MARKET?**

**THE PRICE OF A  
GREAT EDUCATION**

**PROTECTION –  
NEEDED NOW  
MORE THAN EVER**

**VIRTUAL PROPERTY  
TOURS – HERE  
TO STAY?**

**DOWNSIZER  
REGRETS – THEY'VE  
HAD A FEW!**

**A POSITIVE APPROACH  
TO MORTGAGES FOR  
OVER 65s**

## IN THIS ISSUE

VIRTUAL PROPERTY TOURS – HERE TO STAY?	3
PROTECTION – NEEDED NOW MORE THAN EVER	3
HOMEOWNERS SPEND A THIRD OF THEIR INCOME ON MORTGAGE	4
DOWNSIZER REGRETS – THEY’VE HAD A FEW!	4
THE PRICE OF A GREAT EDUCATION	5
DOUBLE FIGURE HOUSE PRICE RISE SHOWS SIGNS OF SLOWING	5
‘BIGGEST CHANGE TO RENTERS LAW IN A GENERATION’ – WHAT NEXT FOR LANDLORDS?	6
COULD PLATINUM JUBILEE CITIES SEE HOUSE PRICE SPIKE?	7
FTBs FACING PRICE RISE OF £24 PER DAY	7
A POSITIVE APPROACH TO MORTGAGES FOR OVER-65s	8



## WHAT’S IN STORE FOR THE PROPERTY MARKET?

Over the past couple of years, we have all been affected by the chaos the pandemic has left in its wake. Although the property market was no exception, there are some signs of normality returning to the market.



### Going once, going twice (as fast)

Q1 2022 was the fifth busiest quarter for the property market in 15 years, data<sup>1</sup> has revealed. What is more, properties are currently selling twice as fast as they were in 2019 with an average of just 33 days on the market.

### Reaching a peak?

2021’s double digit house price growth has continued into 2022, with most property price indices concurring that April 2022 saw year-on-year growth of around 10%. After the frenetic activity we’ve witnessed in the past 18 months, however, many experts agree that growth is set to slow as we move into the second half of the year (H2 2022).

### Supply catching up with demand

An increase in the number of homes coming onto the market has contributed to slowing house price growth, with the number of new listings up for the first time in a year. According to an industry survey<sup>2</sup>, +8% of respondents have reported an increase in housing supply, while new buyer enquiries

are at +9%. This is the most balanced that supply and demand have been since the pandemic.

### First-time buyers put off plans

Many people are facing a squeeze on their finances; little wonder, then, that 70% of potential first-time buyers (FTBs) are planning to put homebuying on hold over the next couple of years due to the rising cost of living<sup>3</sup>.

### No chain, everything to gain

2022 isn’t done with breaking records yet, with a massive 73% of buyers this year so far having no chain!<sup>4</sup>

### Get your ducks in a row

There’s plenty going on – don’t worry, we’re on top of it all! Whatever your situation or plans, let us help you get your ducks in a row and achieve your property dreams.

<sup>1</sup>Rightmove, 2022, <sup>2</sup>RICS, 2022, <sup>3</sup>Nationwide, 2022, <sup>4</sup>Hamptons, 2022

## VIRTUAL PROPERTY TOURS – HERE TO STAY?

During the pandemic, many locked down househunters were forced to buy their next property based solely on images on their laptop screen.

Hence the rise of the 'virtual tour', which uses cutting-edge technology to produce a 360° scan of a property that can be explored with a few clicks of a mouse. Between November 2019 and June 2021, the use of virtual tours soared by 600%<sup>5</sup>.

### The future of property marketing?

Fast forward to 2022 and virtual tours are continuing to deliver results for sellers. According to research, 59% of all properties listed with a virtual tour are under offer or sold subject to contract<sup>6</sup>. Despite this compelling evidence, however, just 4% of all listings are currently marketed with a virtual tour.

### High buyer demand

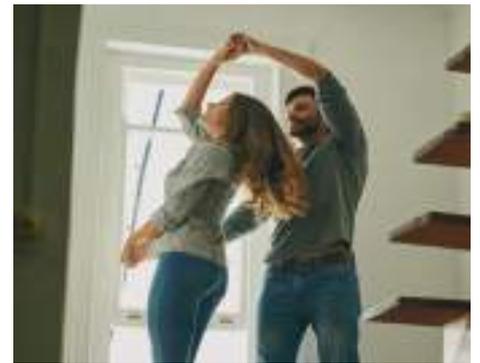
It looks like estate agents need to revisit the trend if they want to stay relevant to today's buyers. In a US study<sup>7</sup>, more than 80% of millennials said they would like to view virtual tours and digital floorplans when searching for a home.

<sup>5</sup>Made Snappy, 2021, <sup>6</sup>Giraffe360, 2022, <sup>7</sup>Zillow, 2021

---

**THE 'VIRTUAL TOUR',  
WHICH USES CUTTING-EDGE  
TECHNOLOGY TO PRODUCE  
A 360° SCAN OF A PROPERTY  
THAT CAN BE EXPLORED WITH  
A FEW CLICKS OF A MOUSE**

---



## PROTECTION – NEEDED NOW MORE THAN EVER

Nobody likes the fact that so much of their income is spent on unglamorous outgoings like mortgage repayments and household bills, but they're an unavoidable fact of life. With the cost of living rising and many facing financial uncertainty, protection insurance should also be regarded as a necessary expense.

If you're struggling with soaring costs, you're likely looking at places to cut back. Cancelling your Netflix subscription and cutting back on protection, however, are not one and the same. When you take out protection cover, you are paying for your family's security and wellbeing should life take a turn for the worse.

Starting early is likely to save you money because the younger and healthier you are, the lower your premiums are likely to be, but it really is never too late to get your protection cover in place.

Understanding what is available and choosing the right amount of cover for you and your family is important. Working with your financial adviser will help you find protection which is affordable and understand the value of each type of insurance, so you are reassured that you are selecting the correct policies to secure your financial future.



## HOMEOWNERS SPEND A THIRD OF THEIR INCOME ON MORTGAGE

A soaring housing market combined with rampant inflation means that homeowners are now losing on average a third (32.8%) of their monthly income to mortgage payments alone<sup>8</sup>.

This is according to new calculations based on someone earning the average UK salary (£31,447) buying a property valued at the current average house price (£276,019) with a three-year fixed mortgage and a 25% deposit. This would result in somebody earning £2,621 per month paying out £859 every month on their mortgage.

### 2008 all over again

Looking at the cost of a mortgage as a proportion of monthly income, mortgage affordability is now nearly as difficult as it was during the 2008 financial crisis, when a homeowner would on average lose 34.3% of their monthly income to mortgage repayments.

### Let us help

If you are concerned about mortgage affordability with the cost of living on the rise, don't worry alone. Get in touch with your financial adviser to see how we can help.

<sup>8</sup>Octane Capital, 2022



## DOWNSIZER REGRETS – THEY'VE HAD A FEW!

Downsizing remains a popular choice for many people. With a quarter of over-55s in the UK choosing to move to a smaller property, interestingly almost 60% say that they regret their decision and miss the extra space and the garden in particular<sup>9</sup>. Not a situation you would want to find yourself in. The study also highlights that 18% of downsizers regret leaving the location of their previous home.

While 62% of older people have no plans to downsize, 50% feel their current home is too big and the prospect of less maintenance that a smaller home would provide is leading them to think again about the possibility of downsizing.

The decision to downsize can be a difficult one, as there's plenty to weigh up. While downsizing can be a great option for many people, it may not be right for everyone. Serious consideration is required to avoid any regrets.

<sup>9</sup>Stannah, 2022

---

**60% SAY THAT THEY REGRET THEIR DECISION AND MISS THE EXTRA SPACE AND THE GARDEN**

---



## THE PRICE OF A GREAT EDUCATION

Even if you're not paying out fees for a prestigious private school, ensuring your child gets a great education can still come at a cost.

According to research<sup>10</sup>, homes within the catchment areas of schools rated 'Outstanding' by Ofsted command a hefty premium. For example, buyers in Sunderland will face the heftiest premium of 40.01% to live near an outstanding school, while Durham (39.31%) and Blackpool (31.55%) take second and third places.

<sup>10</sup>Money.co.uk, 2022

---

**HOMES WITHIN THE CATCHMENT AREAS OF SCHOOLS RATED 'OUTSTANDING' BY OFSTED COMMAND A HEFTY PREMIUM**

---

## DOUBLE FIGURE HOUSE PRICE RISE SHOWS SIGNS OF SLOWING

House prices grew by 11.2% year-on-year in May<sup>11</sup> – but there are signs that rampant price inflation may be slowing.

The May figure compares to a 12.1% rise on the year in April and is perhaps a sign that the increasing squeeze on household budgets is beginning to bite. Despite strong buyer demand continuing to push up prices, it seems that increasing borrowing costs and rising inflation are causing buyers to exercise more caution.

Chief Economist at Nationwide, Robert Gardner, commented, "We continue to expect the housing market to slow as the year progresses. Household finances are likely to remain under pressure with inflation set to reach double digits in the coming quarters if global energy prices remain high."

<sup>11</sup>Nationwide, 2022



## 'BIGGEST CHANGE TO RENTERS LAW IN A GENERATION' – WHAT NEXT FOR LANDLORDS?

As he delivered the Queen's Speech in May, Prince Charles made an announcement that many tenants have been waiting for – and landlords have been dreading.

It was 2019 when the government first announced their intention to abolish controversial 'Section 21' notices, which currently allow landlords to evict tenants without giving a reason. Fast forward three years and that pledge is set to become reality as part of the Renters Reform Bill.

### Landlords plan to quit the market

Despite government promises of further legislative amendments set to strengthen landlords' grounds for repossession under Section 8 of the Housing Act 1988, it appears that some landlords no longer believe the private rented sector is worth their while. According to the latest edition of the English Private Landlord Survey<sup>12</sup>, 10% of respondents plan to sell off their entire portfolio – largely attributing their actions to recent and planned legislative reforms.

### 'Biggest change to renters law in a generation'

The government has touted its shakeup of the private rented sector as the most significant in a generation, according to a recent press release<sup>13</sup> published after the Queen's Speech. Other proposed changes include:

- Reducing the number of non-decent rental properties
- Limiting rent increases to once per year
- Introducing a Property Ombudsman to give tenants more power to hold landlords to account
- Giving tenants the right to request to keep a pet in their property.

<sup>12</sup>English Private Landlord Survey, 2021,

<sup>13</sup>GOV.UK, 2022

**THE GOVERNMENT HAS TOUTED ITS SHAKEUP OF THE PRIVATE RENTED SECTOR AS THE MOST SIGNIFICANT IN A GENERATION**



## COULD PLATINUM JUBILEE CITIES SEE HOUSE PRICE SPIKE?

For the Queen's Platinum Jubilee, eight towns including Colchester and Doncaster in England, Dunfermline in Scotland, and Bangor in Northern Ireland, were awarded city status.

A prestigious achievement indeed – and historic data suggests that homeowners in these new Platinum Jubilee cities could see a welcome boost to the value of their homes. This is according to research<sup>14</sup>, which looked at house prices in towns that were awarded city status as part of the Millennium Competition in 2000, and the Queen's Golden and Diamond Jubilees in 2002 and 2012.

For example, house prices in Newport, Wales (which became a city as part of the Golden Jubilee celebrations in 2002) soared by 29% in the year that followed.

### A Platinum premium

Overall, being awarded city status has led to an average 12% boost to house prices the year after, in the nine towns that became cities in 2000, 2002 and 2012. For Milton Keynes residents, with a current average house price of £315,000, this could mean a boost of nearly £37,000 to the value of their home!

<sup>14</sup>Boomin, 2022



## FTBs FACING PRICE RISE OF £24 PER DAY

First-time property prices increased by nearly £24 every single day between 2016 and 2021 – faster than the property market as a whole<sup>15</sup>. First-time buyers are having to save £43,623 more than they did in 2016 for an average property price of £223,751.

Given that the average salary for a thirtysomething (i.e. the age at which most people get on the property ladder) rose by just 10% in the same period, that's a considerable deficit.

Dan Simson of Direct Line commented on the findings, "The rate at which FTB prices have been increasing is frankly frightening. However, this generation of property owners are facing the challenge of

dramatically increasing property prices in traditionally popular areas such as London and instead are buying in places that are less well-known. We may see an even more dramatic emergence of these 'young towns and cities' with the increasing prevalence of remote working that enables people to be far more flexible as to where they live. Given the commitment people need to make to get on the property ladder, it is vital they protect their investment with insurance should the worst happen."

<sup>15</sup>Direct Line, 2022

---

**WE MAY SEE AN EVEN MORE DRAMATIC EMERGENCE OF THESE 'YOUNG TOWNS AND CITIES'**

---



## A POSITIVE APPROACH TO MORTGAGES FOR OVER-65s

Are you over 65 and finding it challenging to get a mortgage? You're certainly not alone, according to recent findings<sup>16</sup>.

According to research, less than two fifths (37%) of mortgage applicants over the age of 65 are offered the mortgage amount they've requested compared with three quarters of younger borrowers. This is despite older borrowers requesting much less – £100,000 on average – than younger buyers.

There are ways to increase your chances of securing your requested loan at an older age. Lenders will be looking for evidence you'll be able to afford your mortgage repayments for the duration of the term, and that you have a good credit history and a stable income. Don't despair – getting a mortgage when you're older is absolutely doable. Whatever your situation, we can help.

<sup>16</sup>MBT Affordability Index, 2022

---

**GETTING A MORTGAGE WHEN YOU'RE OLDER IS ABSOLUTELY DOABLE**

---

**Important Information:** We have updated our Privacy Policy to better explain how we keep and use your information to profile groups based on factors like interests, age, location and more, so we can better understand our customers, to adapt and improve our products and services. To find out more, please read our Privacy Policy online.

*It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.*