



BELVOIR!

Andover

Is it the right time to buy my
first home?

June 2020

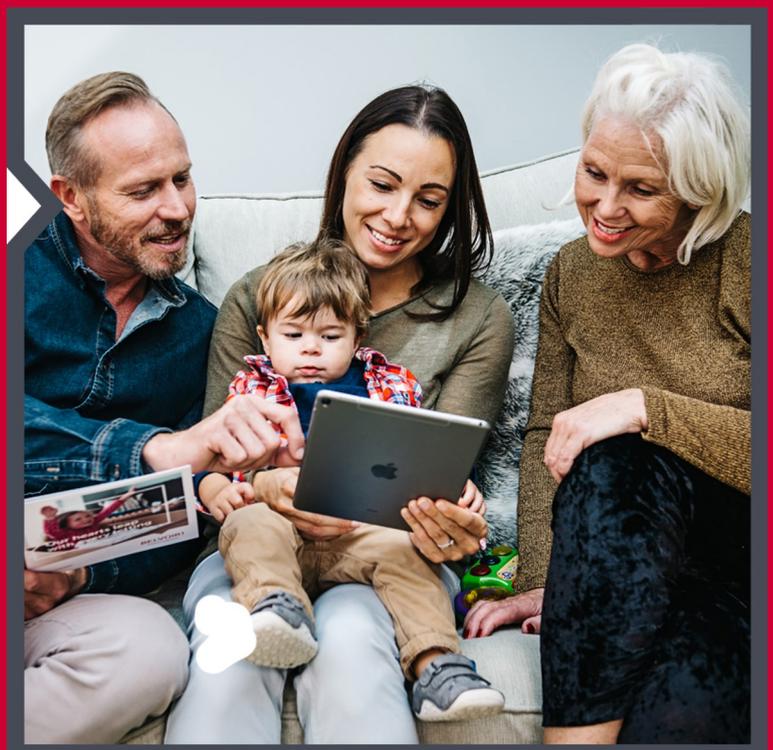
Should you wait to buy your first home in Andover or buy now? What sort of mortgages are available? What sort of deposit is required? These are questions all Andover buyers are asking at the moment, yet this week I would like to focus on Andover first-time buyers and what it means directly and indirectly to Andover homeowners looking to move up the Andover property ladder and Andover buy to let landlords.

Well quite frankly, to answer that question it's contingent on what Andover property you are looking to move into and even more significantly, how long you are hoping to live in that property.

We have many armchair economists and even professional economists predicting Armageddon when it comes to the property market, yet the Andover (and UK) property market is essentially very sound. Don't forget the Chancellor himself, George Osborne warned that if we voted to leave the EU two things would happen. Firstly, the UK property market would crash, and property values would drop by 18% in the two years after the vote. Secondly, there would be an 'economic shock' to the country's economy that would increase the cost of mortgages (through increased interest rates as there would be a run on the Pound). UK GDP rose by £132bn in the two years after the referendum and interest rates actually dropped and locally, with regard to property values...

Andover house prices rose by 11.6% in the 2 years following the Brexit vote

Lloyds have predicted an enormous 30% fall in property prices over the next 36 months whilst Savills have suggested a short dip of 5% during the summer, based on very low transaction numbers, with property prices bouncing back to be just over 15% higher in 5 years' time. This assumes that the UK plc economic downturn is short & sharp, and that no substantial gap opens up between supply and demand in the property market (*i.e. everyone doesn't dump their property market all at the same time*).

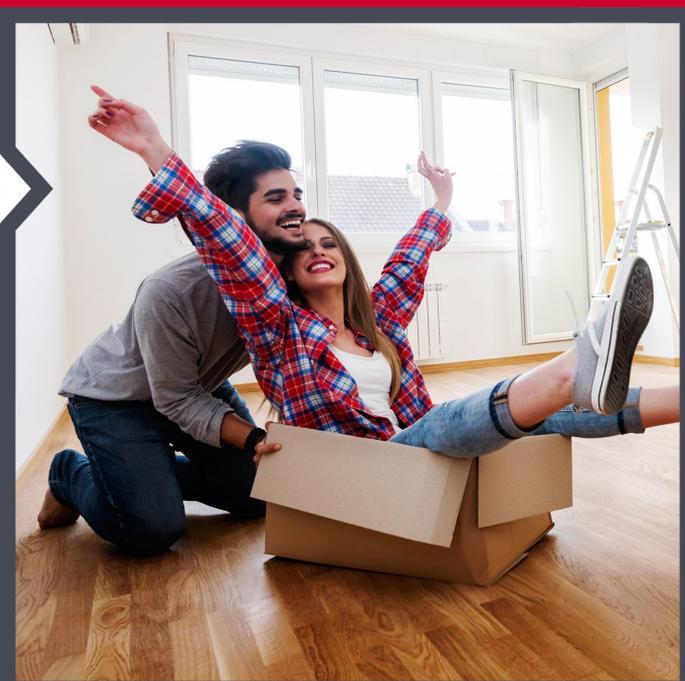


Andover property values after the 2008 Credit Crunch crisis plummeted 8.6% between 2008 and the end of 2009

Yet, the circumstances of the 2008/9 property crash were fundamentally different to today. Many 'armchair economists' assume there will be a re-run of the 2008/9 and 1988 property crashes in the coming 12 months in terms of house value falls. Yet, dissimilar to the last recession, this dip has not been led by previous years of strong property price growth like the other two crashes. House prices in many parts of the UK have been down in the last 12 months.

You would think Andover first-time buyers who have already saved their deposit could grab a bargain in the coming months, as you would believe they would have less competition in the market because of landlords holding back buying additional rental properties. This is because of the press speculation that rent arrears are sky high from tenants who are unable to pay their rent. Yet evidence from many professional bodies in the private rental sector state rent arrears across the whole of the country are appearing to be very low indeed, despite Covid-19.

Interestingly, the firm Yomdel who handles 'web live chat' and 'phone support' for thousands of estate and letting agents have reported national activity is higher than the two months of the Boris Bounce (in January and February 2020). The number of new buyer enquiries for the last two weeks is double (108.9% higher to be precise) than the 2019 yearly rolling average. New landlord enquiries are 32.1% higher than the 2019 average and tenants are 150.1% higher than the 2019 average ... these are all great signs and go against the doom monger economists.



Our best advice to all Andover property buyers is, be they second time buyers, first-time buyers, landlords ... whatever number buyers, they should buy with a medium-term view of future Andover property values, instead of an expectation of always looking to making a quick few pounds flipping a property (i.e. selling it quickly).

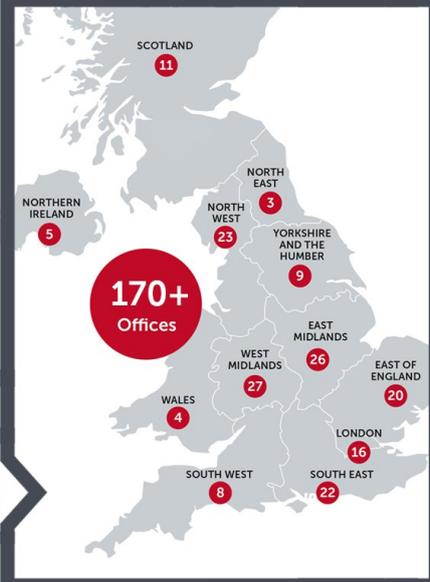
Let's not forget that mortgage Interest rates are another important factor: they are at a 325-year low, so borrowing money has never been so inexpensive. If you know you are going to be living in your first (or second) Andover home for five years and you want the peace of mind of knowing precisely what your mortgage payments will be, then it's very attractive. At the time of writing, Barclays are offering any first-time buyer a 95% mortgage on a 5-year fixed rate of 2.95%. The average value of an average terraced house in Andover is £234,400 and so with the 5% deposit of £12,000 on a 35-year term the...

Mortgage payments on a typical Andover terraced house would only be £825 per month (i.e. this could be cheaper than renting)

Many lenders are lending money even if you are on furlough, yet you may find you won't be able to borrow as much pre Covid-19. Interestingly, some mortgage companies will even take into account total income, where your employer is topping up the Government's furloughed amount, whilst other lenders will consider mortgage applications on a case-by-case basis. The best advice we can give is, don't assume what you can or can't borrow. Speak to a whole of market mortgage broker, to see what is possible – not what your friend on Facebook tells you what you can or can't borrow.

You only need to put down a 5% deposit for the property you would like to buy

If you think about it, it's inconsequential if Andover property values drop or not, or if they do drop whether they bounce back quickly (or not as the case maybe) because it's impossible to know the bottom of the property market. I would say if you find the right Andover property for you, at the price that feels right, that will be your home together and you are going live in that Andover property for the next five to ten years, it's not a bad time to be buying. It's like waiting for the next piece of tech – there will always be a better model or an assumed better time. We are talking about your home here – a home for you and your partner and family, be that your kids, dog, cat, pet or favourite pot plant because...



Reason #9

National Coverage

With over 170 offices nationwide, we have you covered.

BELVOIR!
Property is personal

Region	Number of Offices
SCOTLAND	11
NORTHERN IRELAND	5
NORTH EAST	3
NORTH WEST	23
YORKSHIRE AND THE HUMBER	9
EAST MIDLANDS	26
WEST MIDLANDS	27
WALES	4
EAST OF ENGLAND	20
LONDON	16
SOUTH WEST	8
SOUTH EAST	22

Spending money on rent could be considered wasted money -
at least when you buy your own home, you start to pay your
mortgage off from day 1

So many first-time buyers use the Bank of Mum and Dad to help with their deposit, yet I have spoken to many parents who wouldn't want to interfere in their mature children's life and subsidise day to day expenditure yet are embarrassed to offer help with the deposit. If you don't ask ...you don't get!

Why not give our friendly team a call to discuss you moving home. We'll find just the right one for you!

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