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Summer property market update

– key trends, ongoing pressures and record highs

> *“Despite rising prices and higher upfront costs, there is some encouraging news: affordability for first-time buyers is now at its strongest point in ten years”*

As summer gets underway, the housing and mortgage sectors are showing a blend of notable milestones and changing dynamics, bringing a mix of opportunities and obstacles for buyers and movers.

House prices reach record levels

In May, the average asking price for a property on the market reached a new peak of just under £380,000[1]. While prices are at an all-time high, the annual growth rate appears to be slowing, with many experts indicating that conditions now favour buyers more than sellers.

Moving costs climb higher

Moving home has become significantly more expensive across the UK, with the average cost rising by 13% over the past year[2]. In England, this is partly driven by adjustments to Stamp Duty Land Tax (SDLT) from 1 April. Factoring in upfront expenses such as the deposit, Stamp Duty, legal fees, mortgage charges and removals, estimates[3] place the average cost of moving in England at nearly £52,000. Comparatively, the average is £34,429 in Wales (where Land Transaction Tax applies), £32,172 in Scotland (under the Land and Buildings Transaction Tax), and £31,353 in Northern Ireland. Across the board, moving or upgrading has become a more expensive undertaking for many families.

Best first-time buyer affordability in a decade

Despite rising prices and higher upfront costs, there is some encouraging news: affordability for first-time buyers is now at its strongest point in ten years[4]. This is thanks to a mix of wage growth, stabilising home values and more accessible mortgage products.

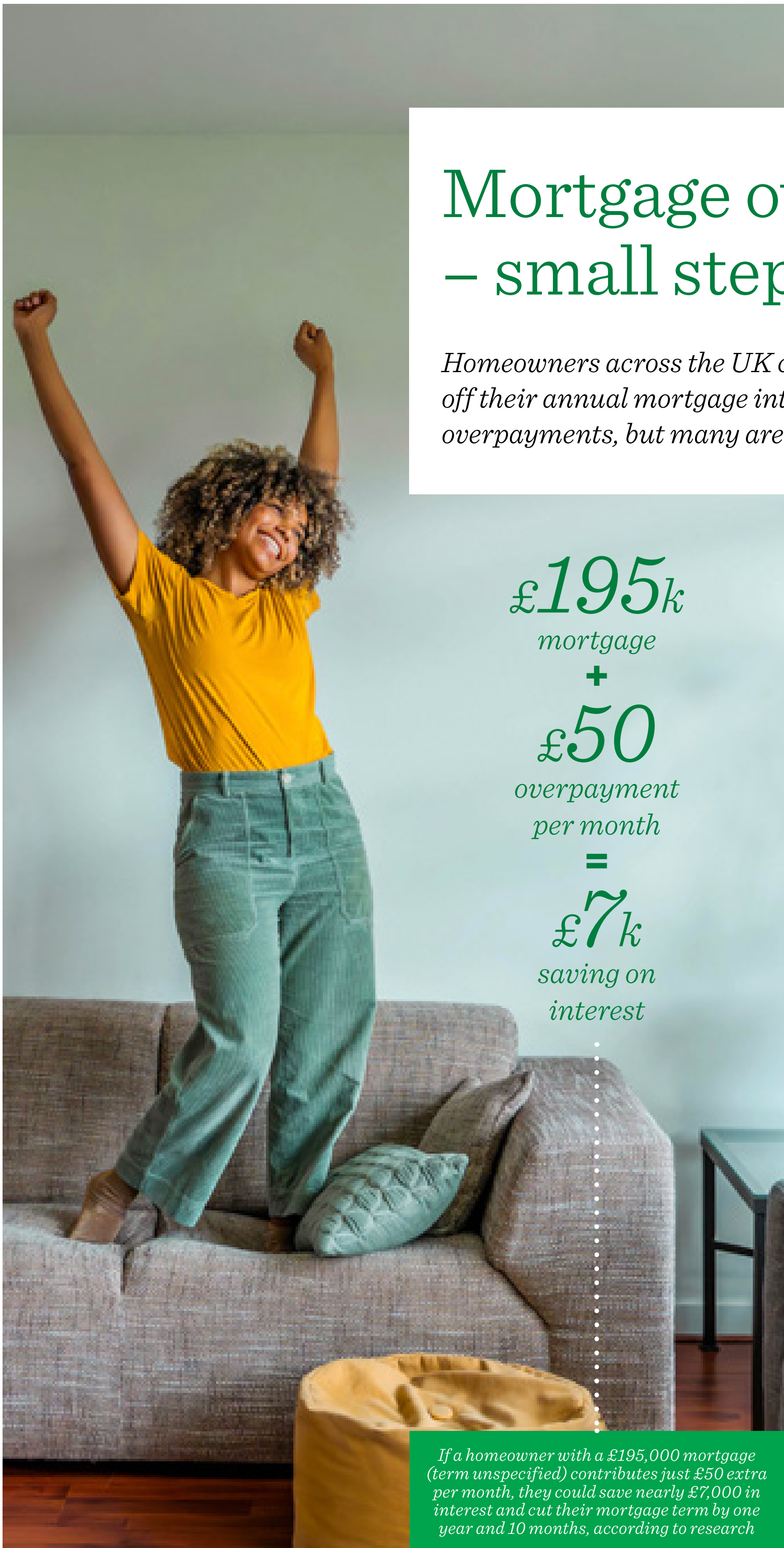
Rise in low and no-deposit mortgages

Lenders are increasingly accommodating buyers with smaller savings. The availability of low-deposit mortgages has reached its highest level in 17 years[5], reflecting a more flexible lending environment. Additionally, 100% mortgages requiring no deposit have made a cautious comeback.

Looking ahead

Although record-high asking prices and steeper moving costs present clear challenges, improved first-time buyer affordability and more inclusive mortgage options are creating new possibilities. As the summer progresses, the market appears to be adjusting, potentially setting the stage for a more balanced and accessible housing landscape.

[1]Rightmove, 2025, [2,3&4]Yopa, 2025, [5]Moneyfacts, 2025



Mortgage overpayments – small steps, big savings

Homeowners across the UK could collectively shave £2.3bn off their annual mortgage interest bills simply by making overpayments, but many are hesitant to get started.

£195k mortgage
+
£50 overpayment per month
=
£7k saving on interest

If a homeowner with a £195,000 mortgage (term unspecified) contributes just £50 extra per month, they could save nearly £7,000 in interest and cut their mortgage term by one year and 10 months, according to research

Overpaying reduces the total interest you'll pay overtime

Recent research[6] shows that, while overpayments worth a combined £5.3bn could potentially be made each year, 40% of homeowners admit they don't feel confident enough to take that first step. Currently, only one in three mortgage holders is making overpayments.

Making overpayments work for you

Most mortgage lenders allow overpayments of up to 10% of your outstanding balance each year without applying any charges. Overpaying not only reduces the total interest you'll pay overtime but also shortens the length of your mortgage.

Whether it's a lump sum or a modest monthly amount, even small overpayments can have a meaningful impact. For example, if a homeowner with a £195,000 mortgage (term unspecified) contributes just £50 extra per month, they could save nearly £7,000 in interest and cut their mortgage term by one year and 10 months, according to the research.

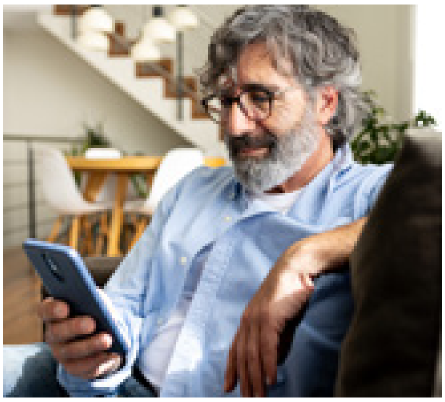
Understanding the long-term benefits

Many homeowners are missing out on these potential savings, with a third of non-over payers citing *'friction or lack of understanding'* as the reason for holding back. This is particularly relevant given the trend toward longer mortgage terms, some stretching up to 40 years.

With 69% of first-time buyers expressing a desire to reduce their interest, debt, or mortgage term, overpayments could be a practical strategy to consider. However, it's essential to weigh this decision against your broader financial priorities. We're here to help you assess whether overpaying your mortgage could be a smart move for your situation.

[6]Monzo, 2025

EPC – three letters that can help landlords get cheaper mortgage deals



Have you carried out energy-efficient upgrades to your property? Did you then get new energy assessments?

Landlords are missing out on cheaper mortgage rates, a new survey[7] warns, by failing to get a new Energy Performance Certificate (EPC) after making green improvements to a property. Indeed, some six in 10 landlords who have undertaken energy-efficient upgrades could be missing out.

Going green

The rise in recent years of green mortgage products means that environmentally friendly properties are often eligible for cheaper rates. Landlords who have invested in achieving an EPC rating between A and C can access green mortgage deals.

However, many forward-thinking landlords who have installed new windows or insulated lofts are stopping a step short by not getting a new EPC, which is necessary to access the cheaper financing options.

EPC how easy it is to save!

For the six in 10 landlords who still own a property with an EPC rating of D, green mortgage deals provide an incentive to make energy-efficiency improvements. Just don't forget to get a new EPC once you have done so!

[7]Paragon Bank, 2025

Home renovations are in – what's driving the trend?

Seven million UK homeowners plan to renovate their home this year[8]. It's not just simple DIY fixes on the menu: renovators will spend more than £14,000 each on average in the next two years. What are the main drivers of this upswing?

Taking work home

Extending the layout of homes is one of the most popular changes, with one in five planning to add more space in the next two years. Home working practices are cited by one in four respondents as the reason for this renovation, notably desires for a home office (15%) or space for a business venture or side hustle (13%).

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Multi-generational living

Another key factor driving an increase in UK home extensions is multi-generational living, the study notes. With more than one in 10 UK adults living with their parents, step-parents or in-laws, increasing home space is especially appealing to this cohort of cohabitees. Extra bathrooms, toilets or shower rooms are cited as a high priority.

[8]*Aviva, 2025*

Meet the renovators

Interestingly, renovation plans are particularly popular among younger age groups. Generation Z (73%) and Millennials (65%) lead the way with expansion plans. Younger homeowners are especially likely to favour green upgrades, the research notes, with 86% stating that improving energy efficiency was a key motivator for their home improvement work.

> *"Seven million UK homeowners plan to renovate their home this year"*

Why dedicated dressing room spaces are in demand

More than just storage, they offer convenience and hotel-style luxury, potentially adding up to £40,000[9] to your home's value. Although converting a bedroom may seem a sacrifice, many buyers now prioritise smart layouts and unique features over bedroom count, making a stylish dressing room a competitive advantage.

Affordable style tailored to you

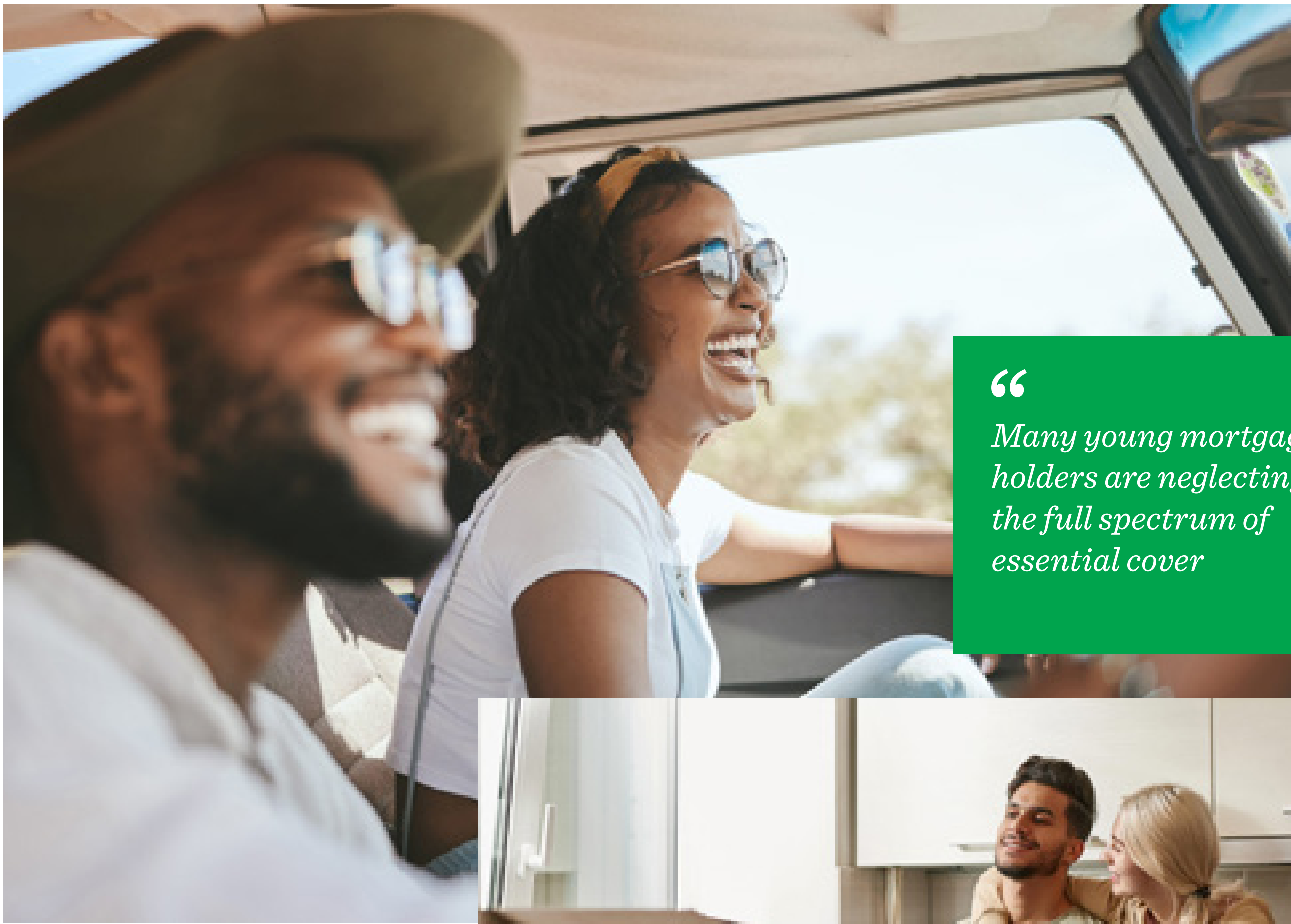
For a budget-friendly option, you could opt for pre-designed wardrobes to allow easy conversion of spare rooms with customisable doors, handles, shelving, finishes and sizes – delivering a bespoke look without the high cost.

Personalisation not to be forgotten

To maintain resale appeal, interior designers recommend avoiding bold colours and instead suggest opting for neutral tones to provide a classic, high-end feel. Still, it's your home, so incorporate colour thoughtfully to express your personality.

[9]*Benham and Reeves, 2025*

> *"For a budget-friendly option, you could opt for pre-designed wardrobes to allow easy conversion of spare rooms"*



> “Many young mortgage holders are neglecting the full spectrum of essential cover”

Young mortgage holders play a risky protection game

Some three in 10 homeowners aged between 18 and 34 have no protection cover in place, a new study suggests[10], a risky game for a generation at a critical point in building their financial resilience.

Many young mortgage holders are neglecting the full spectrum of essential cover, the survey found, including life insurance, critical illness and income protection.

Real consequences

As a homeowner, protection is a vital safety net, as mortgage holders must contend with a large monthly expense that needs to be met come what may.

In the event that they lost their income due to sickness or injury, some 57% of young mortgage holders said they would be in financial difficulty within six months. Worse yet, one in seven would immediately struggle to meet mortgage payments.

Proactive risk management

The solutions proposed by respondents to deal with this loss of income ranged from taking on extra work (29%) to lowering their savings or pension contributions (23%). Some 12% said they would consider a bank loan.

Rather than rely on uncertain responses that have the potential to worsen financial vulnerability, many mortgage holders instead choose a simpler and more proactive approach – taking out protection cover.

Don’t risk it

Whatever your financial situation, we can help you find a policy that suits your circumstances and budget. With plans starting from just a few pounds a month, protecting your financial future is simple and affordable.

[10]LifeSearch and HomeOwners Alliance, 2025

Choosing the right life insurance – joint, dual or individual cover?

When you've already combined finances, through a joint bank account or shared mortgage, it's natural to consider a joint life insurance policy as your next move. And you wouldn't be alone. Forty percent of life insurance policies in the UK are joint rather than individual[11].

A joint policy insures two people but typically pays out only once, usually on the first death. After the payout, the policy ends, which could leave the surviving partner without cover. For older individuals or those with health concerns, arranging new individual cover at that point may prove difficult or costly.

What happens if your circumstances change?

Joint life insurance can become complicated if the relationship changes. If you separate or divorce, both policyholders must agree to amend or cancel the cover. This isn't always straightforward and can cause delays or friction.

In some cases, joint policies can also restrict one partner's financial independence. Alarmingly, research[12] suggests that up to 40% of UK adults have experienced some form of financial or economic abuse – life insurance should never be a contributing factor to that.

Why dual life cover may offer more flexibility

Dual life insurance may be a more adaptable option. Like joint policies, dual cover is set up with a shared application process and quote. However, unlike joint cover, each partner receives their own individual policy. That means the cover remains in place even if one person dies or the relationship ends.

What's more, if both policyholders pass away, dual cover can lead to two separate payouts – providing more comprehensive financial protection for dependants or beneficiaries.

[11]Money Expert, 2025,
[12]Aviva, 2025

> *"Like joint policies, dual cover is set up with a shared application process and quote"*

Reviewing your protection needs

Whether you're looking to put life cover in place for the first time or reviewing existing arrangements, it's essential to understand the implications of each type of policy. From joint and dual policies to individual cover, we can help you assess which solution best fits your current needs and can adapt with you in future.

'Unexpected costs' hit two in three homebuyers

It's no secret that buying a house can be far from cheap, but two in three homebuyers end up facing 'unexpected costs' during the process[13].

Commonly cited examples of such costs include renovations and repairs, moving costs, legal fees and Stamp Duty. While first-time buyers (66%) saw the highest percentage experiencing unexpected costs, more than half of those with previous buying experience (55%) were still caught unawares.

The costs of costs

Unexpected costs don't just add financial pressure for prospective homebuyers; they can also contribute to delays. Indeed, going hand in hand with paying more than anticipated, surveys show that many homebuyers find that the buying process also takes longer than expected.

Specifically, some 46% say it took between three and six months to exchange contracts, while a further 16% reported delays of six months or more, according to one study[14].

Expect the unexpected?

More than a quarter called unexpected costs the most *'frustrating'* part of buying their home.

[13]Smoove, 2025, [14]Open Property Data Association, 2025

Mortgage payments set to rise for half a million

Some 469,192 homeowners who took out a mortgage in 2020 are set to face hefty rises in monthly repayments at the end of their five-year fixed rate deals[15].

These mortgage holders, who have so far been shielded from rising rates, currently hold deals with an average interest rate of 2.11%, the analysis shows. This means that, if they were to move to their current lender's standard variable rate (SVR), payments would jump by a whopping £510 a month on average.

Rates a-rising

Since 2020, average mortgage rates have soared, as global events, including the pandemic, rampant inflation and trade tensions, have conspired to push the cost of borrowing higher. After a decade of ultra-low rates, a steady rise has seen average SVR reach 7.48% in the most recent data[16].

Not all doom and gloom

The good news is that homeowners are not obliged to stay with their lender's SVR. Indeed, the research revealed that switching to an average new five-year fixed rate mortgage could result in up to £3,618 in savings per year! Get in touch to find out how we can help.

[15]Compare the Market, 2025, [16]Moneyfacts, 2025

What are the biggest homebuyer concerns?

Buying a home is an exciting and optimistic time but it also comes with many stresses and uncertainties. Among the biggest causes of stress for prospective homebuyers are affordability, supply, the leasehold system and Stamp Duty, new research suggests[17].

Leasehold leader

The survey, which has tracked UK housing concerns for the past decade, found that the leasehold system is the fastest-growing cause for concern, with 42% more buyers citing this is as a key area of worry than 10 years earlier.

Similarly, Stamp Duty rates have seen a steady rise in anxiety, from 52% a decade ago to around 64% now. The home buying and selling process itself was cited by around 60% as a key concern, up by 9% since 2015.

Affordability crowned again

Nothing can compete with affordability, which again topped the list of biggest worries. More than four in five respondents named house prices as stress-inducing, ahead of saving for a deposit (79%), housing quality (77%) and the availability of housing (75%).

Meanwhile, issues such as the cost of living, mortgage costs, economic uncertainty and the rising cost of Stamp Duty were the most mentioned financial troubles.

Facing the fears

Getting on the housing ladder is no easy task. With the right support, it is possible to address any issues and take a proactive approach to dealing with them. Knowing the key challenges is already a great start – allowing you to start your homebuying journey with open eyes.

[17]*HomeOwners Alliance, 2025*

The leasehold system is the fastest-growing cause for concern, with 42% more buyers citing this is as a key area of worry than 10 years earlier

Home insurance premiums and claims on the rise

Rising construction expenses, higher property values, and increasingly extreme weather patterns have all contributed to an 8.5% increase in combined home insurance premiums across the UK.

Data from the fourth quarter of 2024[18] reveals that the average annual cost for a buildings and contents insurance policy climbed to £231. However, prices vary significantly by region. For instance, Greater London ranking as the second most expensive area, saw a median premium of £336. Scotland aligned more closely with the national average at £228, while the most affordable regions in England were the North East at £190 and the North West at £196.

Rising re-build costs, driven by material shortages, higher labour rates, and broader inflationary pressures, have placed added strain on insurers. Compounding the issue, claims activity has spiked. In the first quarter of 2025, UK insurers paid out a record £886m[19] in domestic property claims – a 20% year-on-year increase, largely due to severe weather events.

Tips to reduce costs

Even with premiums on the up, there are still ways to keep your insurance bill manageable. Opting for a combined buildings and contents policy, avoiding unnecessary extras, paying annually rather than monthly and shopping around can all lead to savings. Your individual circumstances also play a role. Factors like how many bedrooms your home has and whether you have a burglar alarm, will influence your premium.

Going away this summer?

If you're going on holiday, remember not to leave a spare key in an obvious place like under a plant pot or doormat. Most insurers will only honour theft claims if there's clear evidence of forced entry, so taking small precautions can help protect your cover.

[18]Go.Compare, 2025, [19]ABI, 2025

> *"In the first quarter of 2025, UK insurers paid out a record £886m in domestic property claims"*