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Summer housing market update – records, challenges and changing trends

As summer begins, the housing and mortgage markets are experiencing a mix of milestones and shifts offering both opportunities and challenges for buyers and movers.

House prices at a new high
The average asking price of a property coming to the market climbed to a record high of just under £380,000 in May[1]. However, the annual pace of growth appears to be slowing and many analysts suggest we are now in a buyers' market.

The cost of moving also rises
Across the UK, the average cost of moving home has surged by 13% over the last year alone[2]. In England, this is largely linked to changes in Stamp Duty Land Tax (SDLT) from 1 April. Taking into account initial costs including a deposit, Stamp Duty, conveyancing, mortgage costs and removals, one estimate[3] puts the cost of moving in England at nearly £52,000. This compares to £34,429 in Wales (where Land Transaction Tax applies rather than SDLT), £32,172 in Scotland (where Land and Buildings Transaction Tax applies rather than SDLT) and £31,353 in Northern Ireland. So, whichever nation you live in, upgrading or relocating has become more financially challenging for many households.

First-time buyer affordability at 10-year high
However, despite rising property prices and increased initial costs, there is promising news for first-time buyers as affordability for this group has reached its best level in a decade[4], helped by a combination of wage growth, stabilising property values and more accessible mortgage options.

Low and no deposit options on the rise
Lenders are increasingly catering to new buyers with limited savings. The number of low-deposit mortgages is at a 17-year high[5], reflecting greater flexibility in the lending market. Furthermore, 100% mortgages, which require no deposit, have made a cautious return.

Looking ahead
While high asking prices and moving costs present clear hurdles, improved affordability and expanded lending options offer hope for first-time buyers. As the summer unfolds, the market seems to be recalibrating, potentially paving the way for a more balanced housing landscape.

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

Bank of Mum and Dad – worth their weight in gold

More than half of first-time buyers relied on family to get on the property ladder last year, according to new research[6] from Savills. The estate agents reported the 'Bank of Mum and Dad' (BoMaD) contributed around £9.6bn in loans and gifts, supporting 173,500 homebuyers, worth an average of £55,572 each.

Savills' estimates are based on data covering first-time buyer numbers, loan-to-value ratios and survey responses on family support. The figures include contributions not just from parents but from grandparents and other relatives too. The report highlights the increasingly vital role that intergenerational support plays in the UK housing market. With affordability stretched in many parts of the country, access to family money has been a key factor in homeownership for younger generations.

There are expectations that with Bank Rate and mortgage rates falling, and lenders generally relaxing their affordability rules allowing buyers to borrow more, the support provided by BoMaD will likely fall to lower levels.

Head of Residential Research at Savills, Lucian Cook, said *"Relaxation of mortgage stress tests is expected to boost borrowing by lowering the barrier for entry and allowing first-time buyers to qualify for larger mortgages. So, although more first-time buyer activity may mean more Bank of Mum and Dad assistance, this is likely to be at a lower average cost per first-time buyer."*

[6]Savills, 2025

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

INSIDE THIS ISSUE:

Home insurance premiums and claims increase

Extreme weather conditions. Rising construction costs. Higher property prices. These are some of the factors that have contributed to an 8.5% increase in combined home insurance premiums in the UK.

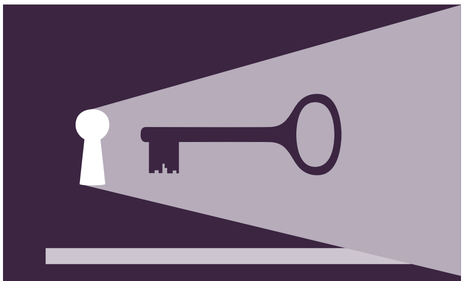
According to data[7] for the fourth quarter of 2024, the average cost for an annual buildings and contents policy rose to £231 a year – although there are significant regional variations. For example, the median cost for Greater London, the second most expensive location, came in at £336, while Scotland was closer to the national average at £228. The cheapest regions were the North East at £190 and the North West at £196.

Material shortages, labour expenses and inflation rates have all played a part in driving up repair and rebuild costs for insurers, who have also seen a surge in claims. A record £886m[8] was paid out for domestic property claims by British insurers in the first quarter of 2025, a 20% increase on the same period last year, with adverse weather a major cause.

Weather the storm

Despite the uptick, there are ways to save on your home insurance: from taking out a combined policy and avoiding unnecessary add-ons to shopping around and paying annually. The premium you pay will also be influenced by factors closer to home: from bedroom numbers to burglar alarms. We can help you source the most suitable cover for your needs.

[7]Go.Compare, 2025, [8]ABI, 2025



Planning a summer holiday? *Make sure you don't invalidate your insurance by leaving a spare key where it can be easily found. Most policies only accept theft claims if there are signs of a forced entry.*

IN THE NEWS

Dressing rooms – the new must-have

Once seen as a luxury, dressing rooms are gaining popularity among everyday homeowners inspired by celebrities and influencers. Offering convenience and a hotel-like aesthetic, they're becoming a sought-after feature that could boost your property's value by up to £40,000[9]. Though converting a bedroom may seem wasteful, buyers now prioritise space and features over bedroom count. Experts say a stylish dressing room can make a home stand out in today's competitive market.

Property wealth held by over 65s reaches £2.9trn

Recent research[10] has revealed that more than 10 million over 65s own their homes outright, bringing property wealth owned by this age group to over £2.9trn. Around 37% of this wealth is in London and the South East. Will Hale, from Key commented, *"Over 65s have considerable wealth tied up in their homes and are literally sitting on money that could give them a more comfortable or fulfilling retirement. Alternatively, this wealth could be used to provide a living inheritance and offer family members cash at a point in their lives when they need it most, for example when children or grandchildren are looking to get on the housing ladder."* Unlocking home equity is one way to boost retirement funds or help support younger generations with property deposits. Equity release isn't suitable for everyone, it is important to take specialist advice.

Delays in house sales

The house buying process is reported to be taking 41% longer than anticipated[11]. Buyers expect to exchange contracts in 88 days, but it takes 124 days on average. In England and Wales, exchanges take 38 days longer than believed, and in Scotland, 32 days longer. The report concludes that digital transformation is needed to speed up the process.

[9]Benham and Reeves, 2025, [10]Key, 2025, [11]OPDA, 2025

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Think carefully before securing other debts against your home. Equity released from your home will be secured against it.

Mortgage overpayments: small sums add up

UK homeowners could collectively save £2.3bn on mortgage interest each year by making overpayments, but they need help to make the first move.

According to recent research[12], homeowners could be making combined annual overpayments worth £5.3bn, but 40% say they lack the confidence to take the plunge. As a result, only a third are currently making overpayments on their mortgages.

Pay your own way
Most lenders allow you to make overpayments of up to 10% of your mortgage balance each year without incurring any penalties. When you make an overpayment, it doesn't just reduce the total interest paid but also the overall term.

An overpayment could be a large one-off sum or a small regular payment: even as little as £50 a month can add up, as the research revealed. Based on an average mortgage of £195,000 (unspecified term), a homeowner could save a total of nearly £7,000 in interest and cut their loan by one year and 10 months by paying £50 extra per month.

With some mortgages now lasting up to 40 years, 69% of first-time buyers are keen to reduce their debt, term or interest

In your best interests
Thousands of homeowners could be tapping into these benefits, but a third of the people not making overpayments say they are being held back due to *'friction or a lack of understanding'* about the impact.

With some mortgages now lasting up to 40 years, 69% of first-time buyers are keen to reduce their debt, term or interest. Although overpayments could help them achieve this goal, it's important to consider other financial commitments. We can help you determine if mortgage overpayments may be suitable for you.

[12]Monzo, 2025

Joint, dual, individual: understanding your life insurance options

You've opened a joint bank account. You've signed up for a joint mortgage. So, a joint life insurance policy might seem like an obvious next step. According to research[13], 40% of life insurance policies in the UK are joint rather than individual.

Joint policies provide life insurance cover for two people but pay out only once, typically after the first death. The policy is then terminated, which can leave the surviving partner without cover. Depending on their age and medical history, taking out a replacement individual policy could be challenging.

Breaking up is hard to do
Joint life insurance policies can also prove problematic when a relationship breaks down, as both parties need to consent to a change or cancellation.

They can also inadvertently become tools for economic control or abuse, limiting one partner's financial independence and life choices. According to research[14], 40% of UK adults may have suffered some form of financial or economic abuse.

A new lease of life for insurance
Dual life insurance cover is an alternative to individual and joint policies. Although the application process and quote are combined, the cover for each partner is separate, which means policies can be retained even if a relationship breaks down or one person dies. If both policyholders die, this can result in two payouts, offering greater financial security to any dependants.

[13]Money Expert, 2025, [14]Aviva, 2025

Whether you're taking out your first policy or reviewing your existing cover, we can help evaluate the different life insurance options

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments. Financial protection policies typically have no cash-in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Demand for second homes falls: what does it mean for local buyers and sellers?

From country cottages to seaside retreats, the second home market is facing challenges. From Tenby to Truro, owners of holiday homes and short-term rental properties are selling up in response to rising costs and policy changes.

A shift in Council Tax rules has been a major trigger, with some local authorities charging up to an extra 100% on furnished homes not used as a sole or main residence from April 2025.

Greater choice, lower price
In popular holiday destinations, such as Bournemouth and Torquay, the number of properties being listed for sale has increased by more than 40%, according to research[15].

More properties on the market means more choice for buyers. Holiday homes and lets, however, are not always a good match with full-time living. For example, there might be restricted parking, limited outdoor space or a lack of nearby local services, such as schools.

A surge in properties for sale can also impact market dynamics. This can be good news for buyers, but bad news for sellers.

Sell and buy with confidence
This shift in property ownership has the potential to impact entire communities not just buyers and sellers. Local economies can suffer if there's a drop in tourists, while community services, such as GP surgeries, can come under greater pressure if there's a rise in permanent residents.

Whether you are buying or selling, there's a lot to consider - especially when it comes to securing or redeeming a mortgage. We can help you navigate the different financing options and minimise potential risks.

[15]Zoopla, 2025

Homing in on the mortgage challenges facing gig workers

Variable income streams. Multiple employers. Seasonal side hustles. This is business as usual for gig economy workers, freelancers and contractors, but for some mortgage providers these factors could be looked at in such a way as to make getting credit more difficult.

As a result, approximately 76% of UK gig workers struggle to obtain approval for financial products, such as loans or mortgages. Even with a good credit score, 74% of gig workers had their applications declined[16].

Finances and future dreams on the line
Traditional credit scoring systems are not equipped to assess the different income streams and employment sources that are typical of gig workers. And it's making it harder for millions of people to plan for their futures and manage their finances. Nearly two-thirds of gig workers had to apply to three or more lenders before securing a credit card or loan, with only 10% achieving success on their first application.

When it comes to mortgages, the impact on people's lives is even greater. Around 50% of gig workers lost out on a new home after their application was declined by a bank or building society, which can have emotional and practical ramifications.

Put your house in order with expert advice
So how do you secure a mortgage or loan when the system is stacked against you? It's important to remember that financial institutions often lack the mechanisms to verify the solvency of self-employed individuals accurately.

We can guide you through the process to help you demonstrate non-traditional income streams as part of your application, improving your chances of success. We can also advise you on different lending options and providers suited to your individual circumstances.

[16]Rollee, 2025

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