

COVID-19 And What The Mortgage Market Might Look Like

From First Time Buyers To Buy To Let Landlords.

BELFAST, DOWN, UNITED KINGDOM, July 30, 2021 /EINPresswire.com/ -- What a year it has been! 2020 was filled with ups and downs, the circulating uncertainty has flooded the property market and touched the lives of first time home buyers and property investors alike.



Covid Mortgage Market

[Mortgage](#) deals hitting an all time low for buyers, dwindling from the vast selection of years past, whilst millions already on the property ladder were seeking payment holidays as a result of the effects of Covid-19.

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The Mortgage Clinic

First time buyers, homeowners, and landlords - There is still uncertainty in the future, but with the vaccine rolling out at the moment, here are some predictions on mortgage trends for 2021 depending on the economy, Brexit, and the pandemic.

1. Rates on 90% mortgages will begin to drop

2020 contrasts dramatically with last, first time buyers embarking on their journey into the property world had an abundance of options available to them, that number dwindled with nine out of ten 90% mortgages taken off the market and 95% of mortgages, all but disappeared. November and December saw the relaunch, the first steps back to normality, with a host of lenders bringing back their 90% mortgages. Now, after months shut out in the cold, first time buyers hopes can begin to rise, although the deals aren't exactly generous, think 3.09%-4.03%, the spring may look, Rosier, with 90% mortgages making their way out of the Covid hibernation period.

2. Low-deposit mortgages won't return anytime soon

With two million first time buyers ready to take the plunge and start their journey on the property ladder, the government has assured the public that they will make low-deposit mortgage deals more readily available. The Chancellor has said that A mortgage guarantee scheme to help people with small deposits get on the property ladder is set to be announced at next week's Budget. The government will offer incentives to lenders, bringing back 95% mortgages that have "virtually disappeared" during the pandemic, the Treasury says.

Although the future with Covid-19 is uncertain, it is unlikely that 95% of mortgages will make their way back onto the scene until late 2021. In the meantime, keep saving.

3. Banks could boost borrowing power 'Safety Margin'

The Bank of England put measures in place to ensure household resilience so that homes were able to withstand the shocks to their jobs, incomes and mortgage rates. This is going to be reviewed and a possible uncapping of the number of mortgages offered at four and a half times the applicants annual income or higher. The relaxation of these restrictions might boost the borrowing power of first-time buyers.

4. The Help to Buy scheme may be a slow burner

There are always things that are certain and the new version of the help to buy scheme is no different, the certain thing is the new scheme comes into place in April and will run to March 2023. The government will lend buyers up to 20% of the cost of a new build and up to 40% in London. Put simply this should mean that you should be able to get onto the property ladder with a 5% deposit, the uncertainty lies in whether or not developers will build help to buy homes in vast volumes as the margins are set to be significantly smaller. Only time will tell!

5. All eyes will be on the furlough scheme

Furlough has become a part of everyday conversation over the past year. As if the uncertainty of furlough wasn't enough, it also brought other issues, with banks very reluctant to lend to those who had been furloughed and a huge effect on people looking to [remortgage](#). With the scheme set to end in April, if unemployment continues to rise, millions of homeowners could again see a plummet in the offers that are available to them, missing out on better rates that were previously available to them.

6. Payment holidays and credit reports will be a hot topic

March 2021, as it stands will mark the end of the mortgage payment holidays. Although these payment holidays are not registered as a missed payment on credit reports, it remains to be seen what effect these payment holidays will have on applying for mortgages in the future. This will be a hot topic in the coming months and will shape the future of remortgaging.

7. Homeowners will borrow more for renovations

During the pandemic, the time spent at home dramatically increased for everyone, and as a result, so did home renovations. Many homeowners flocked to remortgage, with the primary goal of renovating their homes, and a survey from Natwest found that 62% would consider switching deals again to renovate their properties.

8. The stamp duty cut won't bring a mortgage boom

Data shows that a record 51% of purchases were cash buyers across England, Scotland, and Northern Ireland. Whilst Landlord purchases made up 15% of the market in the last quarter of last year, it is highly unlikely to see a surge from those buyers that require finance, but rather a surge in the portfolio buyers that are searching for bargain buys. No mortgage booms are in the immediate future.

9. Rates will fall, but don't expect major sales

Buy-to-let mortgage rates have risen slightly since the start of the pandemic, from 3% on average in March to 3.09% in December, but there are signs that costs are coming down again. A handful of lenders reduced their rates in December, and in January. It's likely that we'll see relatively small rate cuts rather than major sales in the early part of 2021, and lenders may look to entice landlords with fee-free and cashback incentives rather than headline-grabbing rates.

Are fee-free and cashback incentives the new gripping rate deals? Buy to let mortgage rates have risen throughout 2020, but all of the signs point towards costs making their way back down. Small rate cuts will likely be made, with no massive surge in sales early this year, but the enticing of landlords.

Get in touch today.

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