together.

Is this the road to residential revival?

Residential property market report

2024/2025

Welcome to

Together's residential property market report

2024/2025

together.

Inside this brand new study, you'll find an unrivalled look at the present, and the future, of the residential property market.

Including...

- **Research from five independent primary research studies – two conducted exclusively for this report.**
- **Commentary from eight residential market experts – including estate agents, social media influencers, brokers and journalists, to name a few.**
- **Market insight from nine Together spokespeople, harnessing a direct view from our 50 years in the industry.**
- **Mortgage market sizing projections from an independent economist.**

All of the above is collated into this exciting and easy-to-digest report, to provide you with the latest insight into opportunities on the road ahead.

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There's 50 years of Together's industry expertise, and multiple primary consumer research studies, jam-packed into this report. Alongside that, we've enlisted a panel of industry experts from our wide network to provide a crowd-sourced, 'on-the-ground' view of the residential property market. Meet the contributors...

Rob Thomas

Economist and Principal Researcher, Intermediary Mortgage Lenders Association

Previously an economist for the Bank of England, a high-profile analyst at investment bank UBS, and a senior policy adviser to the Council of Mortgage Lenders, Rob is uniquely placed to provide expert analysis and commentary on the UK residential property market.

Andrew Montlake

Managing Director at Coreco

Including his time at Coreco, a multi-award winning, London-based mortgage broker, Andrew has spent three decades in the property industry and knows everything there is to know about the mortgage market.

Andrew Hynes

Managing Director at Weaver Finch

Weaver Finch was founded on the principle that developments should serve the whole community. Andrew brings over 25 years of experience as a Chartered Surveyor in the retail, leisure and specialist residential sectors. This varied experience has allowed him to deliver on a wide range of town centre regeneration projects, incorporating specialist social housing, either as part of larger developments, or as standalone schemes.

Stuart Rushton

Director at Stuart Rushton & Company

Stuart Rushton & Company, established in 1998, is the largest volume estate agency for residential sales and lettings in the North Cheshire and South Manchester region. Founder and director Stuart has nearly 40 years of experience in the market, selling and letting homes for a wide range of budgets.

Lucy Nash

Social media renovation influencer, property developer

With nearly 65,000 followers on her award-winning Instagram, Lucy is one of the leading renovation and property development influencers in the UK.
Follow along for the full journey on Instagram - @victoria_road_renovation.

Clare Beardmore

Director, Mortgage Club at Legal & General Mortgage Services

As the largest and longest-running mortgage club in the UK, Legal & General is involved in nearly a quarter of all UK mortgages, and nearly a third of all intermediated mortgages. As Director, Clare brings her wealth of experience to head up the business.

Michelle Niziol

CEO & Business Owner, IMS Property Group

An award-winning CEO and founder of six businesses, providing bespoke property solutions and services, Michelle uses over 20 years of industry experience to help her clients build prosperous property portfolios.

Ken Roscoe

Architectural designer, developer and company director

Alongside over 25 years of experience creating multi-million pound houses for clients in the UK and around the world, Ken is also the owner and creator of More4's 'Garden of the Year' 2022.

Jonathan Rolande

Professional property buyer, housing market commentator

Jonathan has made over 700 property purchases and sales over a 30 year career, and in 2013 founded The National Association of Property Buyers in collaboration with The Office of Fair Trading and the Property Ombudsman Service.

And meet our Together contributors...

Chris Baguley
Group Channel Development Director

Ian Pickering
Head of Development Funding

Ryan Etchells
Chief Commercial Officer

Tanya Elmaz
Director of Intermediary Sales

Nick Parker
Head of Networks & Clubs

Scott Hendry
Director of Auction Sales

Alex Bodie
Director of Corporate & Community Housing

Marc Goldberg
CEO of Sales & Distribution

Executive summary and economic outlook.

“Is this the road to residential revival?

An opening note.

Chris Baguley
Group Channel Development Director at Together

With the first shoots of economic recovery in sight, it's exciting to see a renewed sense of optimism in the residential property market. The easing of interest rates and stabilising of inflation has brought a sense a relief to many people (and put cash back in their pockets). After a challenging and turbulent two to three-year period, new opportunities for both owner occupiers and investors appear to be opening up for those looking to acquire residential property.

This doesn't mean that we're out of the woods just yet, and we are likely to see a number of challenges in the latter part of 2024, into 2025, and possibly beyond. But for now stability in the market is a welcome relief.

Amongst the challenges, we'll continue to see residential property prices remain strong as demand for housing far outstrips the current supply. These factors will deprive a large proportion of the population the opportunity of home ownership, which in turn will place increased pressure on affordable and social housing.

The plans outlined by the new Labour government to build 1.5 million to 1.85 million new homes in their first term are a welcome boost to purchasers and housebuilders alike. However, the UK is already an estimated 2.5 million homes short of its targets, meaning that until additional supply is a reality, competition and pricing will remain high for the foreseeable future.

If we're to boost the UK's housing stock, tackling the many issues surrounding the planning system is essential. It's clear that, at a local level, many of the planning processes in place are highly inefficient and decision making needs to be simplified and delivered within far shorter timescales. Doing so will also make it much easier for developers to regenerate, renovate and reimagine abandoned land and buildings in the heart of our towns and cities, providing much needed housing and facilities in the communities that require urgent assistance. Brownfield and greyfield sites are ripe with opportunities and can help us limit the amount of green belt development needed to meet housing targets.

One thing which is apparent from this latest report is that the specialist lending sector will increasingly support borrowers with flexible finance options, as more people find themselves outside of what constitutes a standard high street lender. Affluent individuals with complex income streams are starting to welcome the simplicity and speed that specialist finance can provide; no longer viewing specialist lenders as a last resort but as a smart move to enable them to seize opportunities.

With a wide range of flexible products, specialist lenders will continue to be an effective solution for this growing part of the UK lending market. This is how we support more of these types of borrowers, who don't fit in to the more standard criteria favoured by the mainstream banks and traditional lenders.

2024 has been particularly special for Together as we've celebrated our 50th year. We've been part of the residential mortgage landscape since 1974 and we've seen our fair share of both economic boom and gloom. We've opened doors for homebuyers, landlords and investors throughout, using a common-sense approach that can adapt to meet market needs, and look forward to doing the same for the next 50 years.

This report takes an in-depth look at the road ahead for both the residential property market and specialist lending in the sector. The journey to where we are now has seen its fair share of challenges, but the path ahead looks to be paved with opportunities for those ready to take the advantage."

Economic overview.

Rob Thomas

Economist and Principal Researcher, Intermediary Mortgage Lenders Association

Previously serving as an economist for the Bank of England, a high-profile analyst at investment bank UBS, and as senior policy adviser to the Council of Mortgage Lenders, Rob is uniquely placed to provide expert analysis and commentary on the UK residential property market right now.

Economic overview.

"Since the mid-noughties, the UK has experienced a consistently high house price to earnings ratio, reflecting strong population growth and low interest rates. And, even in the face of the shocks of the early 2020s - including a global pandemic, full scale war in Ukraine and a mini-budget that provoked a loss of confidence in the UK government from international investors - the economy and housing market proved highly resilient.

However, with the previous government's response to COVID including a large injection of cash and a stamp duty holiday to help the housing market recover, house prices rose, while the cost-of-living crisis reduced disposable income, pushing housing costs even further out of reach. The house price to earnings ratio is now estimated at 7.9 in 2024 and is forecasted to be 7.7 in both 2025 and 2026.

Although this represents a considerable drop from the 2022 ratio of 8.8, it still means that the average house is nearly eight times that of the average UK salary.

The changing character of society since COVID, including the nature of work and family relationships, has also made today's population and their property needs more diverse than in the past.

And so, with specialist mortgage products able to cover far more scenarios than mainstream offerings, we're seeing demand has never been higher. Customers range from those with complex incomes, the self-employed and those with impaired credit, to those seeking large loans, second charge loans, bridging loans, shared ownership and right-to-buy properties, plus many other specialisms besides. The specialist market truly shows no signs of slowing down.

Against this backdrop, for the components of specialist lending that we have data for, we have seen lending rise 59% (from £29 billion in 2015 to £46 billion in 2021) before falling back slightly in 2022, and more sharply in 2023 to £32 billion, as the mortgage market reacted to higher interest rates.

We expect a more stable economy over the next five years and anticipate specialist lending playing an increasing role in the coming period to ensure more households who do not fit the criteria of high street lenders can purchase property.”

Executive summary.

Here are some of the key action points from our economic analysis.

- **The promise of further interest rate cuts and a stabilising of inflation is bringing renewed optimism to the property market after a tumultuous, yet resilient, two to three-year period.**

- **The cost of living and credit impairment continue to cause concern for all sectors of the market, but aspiration is still high and the number of residential transactions is expected to increase by 15% over the next five years.**

- **Demand for housing is outstripping supply; the UK is already an estimated 2.5 million homes short of its targets against a backdrop of the government's ambitious house building targets, aimed at creating between 1.5 million and 1.85 million new homes.**

- **Specialist lenders will continue to cater for a growing segment of the market, as more consumers find themselves in the 'non-standard application' bracket.**

The road so far...

Let's take a deeper look at the factors influencing the mortgage industry – both overall, and in the specialist sector.

Using primary consumer research studies and insight from economist Rob Thomas, we consider the areas of change and focus for the residential property market today.

Some of the numbers.

All figures from Together's research and Rob Thomas' study are referenced at the end of this report.

Under
1 in 5 (16%)
homeowners
are looking to
move in the next **12 months**

• • •

Housing turnover
to increase by 15% to
1.3m
between 2025 and 2029

• • •

40% of those considered
'specialist' or 'non-standard'
have **never** tried to get a **mortgage**

Since 2000, the number of **self-employed workers** in the UK **has risen from 3.2m to 4.3m**

House prices expected **to rise 17%** **between 2025 and 2029** (6% adjusting for inflation)

46% of people feel the number of **abandoned or derelict buildings in their local city is getting worse**

Over half (58%) of those with **thin or impaired credit** who don't currently own **aren't confident they'll own their own home by the end of 2025**

It's estimated that more than **1 in 6 regulated mortgages fall into a specialist category** (expected to be over 20% by 2029)

3m families who **would** have bought their first home based on previous trends **have failed to do so since the financial crisis of 2008**

Cost of living crisis.

As one of the most dominant economic topics for UK individuals in 2024, the cost of living crisis is unsurprisingly a key theme in our analysis.

It goes without saying that the ongoing crisis was a reoccurring debate theme during this year's election season.

Since mid-2021, the British public have been feeling the pinch of rising costs, including inflated prices on food and energy.

Initially, high consumer demand at a time of supply chain disruption post-COVID saw median global inflation soar from 1.9 percent to 8.8 percent[1].

Other contributing factors included the ongoing effects of domestic events like Brexit and the mini budget, or those further afield such as the Russian invasion of Ukraine, and shortages of semi-conductors affecting technology and automotive sectors.

Although it's been another challenging year for the UK economy, the residential market and households across the country, inflation is starting to return to pre-pandemic levels with the Bank of England announcing UK inflation sat at 2.2% in October 2024.

The cost of living crisis has left its impression on the public. Our research found:

- **59% were concerned over the cost of living crisis and its impact on applying or renewing a mortgage in the next 12 months.**
- **In 2024, 23% of people had experienced any of the following financial difficulties in the past 5 years; defaulting on credit cards, missing loan payments, being issued with a CCJ, or entering debt management plans - compared with 17% surveyed in 2022.**
- **Of these, 39% cited increased expenditure as a reason for experiencing financial difficulties in 2024, up from 22% in 2022.**
- **On average, for those who have been impacted, household running costs have increased by £310 per month, and monthly mortgage costs have increased by an average of £314 per month.**

Cost of living crisis.

But, even with higher mortgage rates (at 5.8% in June 2024 for a two-year fix[2]) and strained household budgets affecting affordability, homeownership is still clearly an ambition for many.

73% of current renters are concerned about affording the cost of buying or moving into a home in the next 12 months, but a recent Together study found that 69% of millennials were still aiming to buy within the next five to ten years.

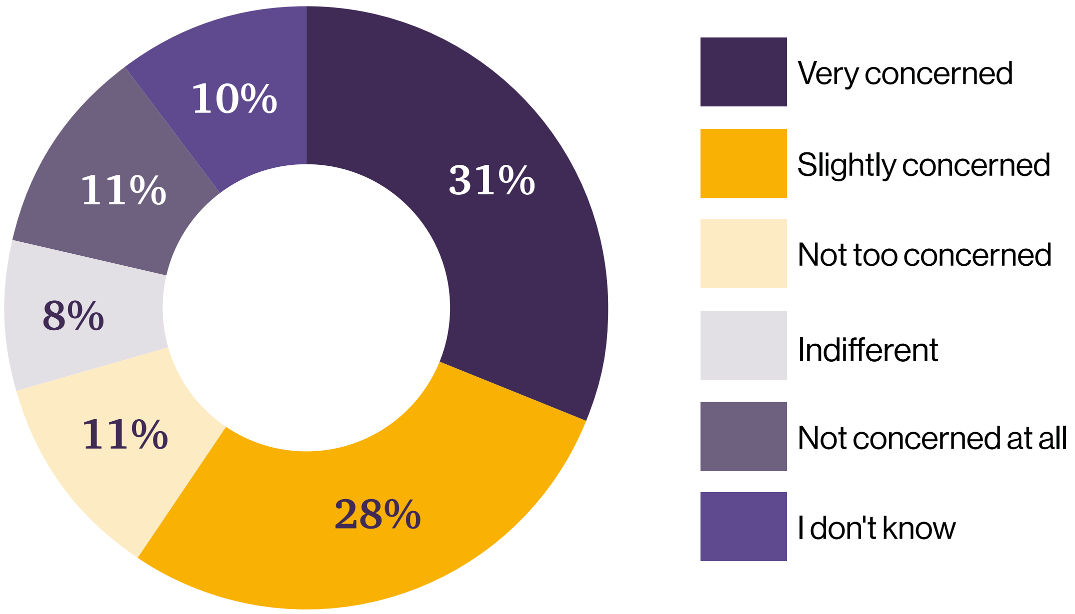
Some current homeowners are also seeing opportunity through the cost of living crisis, with increases in property values allowing equity release; supporting home improvement ambitions, business endeavours, or downsizing to maximise profit. In fact, Together saw evidence of this in its loan book, which grew from £6.4 billion in FY23 to £7.4 billion in FY24.

When it comes to landlords, many have also been resilient in the face of rising mortgage costs. A number are looking to diversify their portfolio to include higher yield properties, such as student lets and Houses in Multiple Occupation (HMOs). Over 50,000 landlords, a record amount, set up limited companies in 2023 alone to capitalise on the more generous tax regime afforded to them, compared to landlords owning property in their own names[3].

So, with predictions of a mass exodus from the profession failing to materialise, it's clear that many landlords were successful in weathering the economic storm and identifying new opportunities during the cost of living crisis.

Overall, The Office for National Statistics reports that the GfK Consumer Confidence Index for August 2024 showed a drop in how positively consumers feel about the economy over the last year, but there was a three point uptick in personal finance expectations for the coming year[4].

Imagine you are applying for or renewing a mortgage in the next 12 months. How concerned would you be about the current cost of living crisis impacting your application process?



Source: Together research

The 2024 UK General Election and change in government.

As the Labour government continues to settle into Downing Street, home building and home buying remain hot topics. We spoke to housing market commentator Jonathan Rolande to get his analysis on the state of play, now the political waters are seemingly calming following a choppy pre-election period.

“Jonathan told us...

Post-election, there are definitely reasons to be cheerful; interest rates have come down and I believe we'll have further reductions still ahead, leading us to see a boost in the economy overall.

Slowing wage growth feels like a negative but can be good for the wider economy; as a little bit less money in people's pockets has a knock-on effect in lowering inflation. Of course, this is a good thing in stimulating the property market.

However, the housing market remains tricky for many. It works for those of us who are a little older and already on the housing ladder, but for everyone else it can be harder, with people under 35 not being able to afford a mortgage and their income taken up paying a huge amount of rent, while having to put their life plans on hold. In fact, Together's research found that one in ten people (who don't currently own a home) are willing to delay starting a family in order to get on the housing ladder by the end of 2025, and nearly a quarter (23%) are willing to take on extra work to achieve home ownership. These are very real decisions being made by people on a daily basis.

There are schemes such as shared ownership, which help buyers get on to the housing ladder - and I would encourage these, at a time of high house prices, as the situation isn't going anywhere in the immediate foreseeable future. This point is underpinned by findings by economist Rob Thomas, and his forecast that shared ownership is set to be the fastest growing specialist finance segment, increasing by 126% by 2029.

In terms of government policy, building is key; but this needs to be the right type of homes. Now the election is over and the plans are to be formulated, many think we need to get back to building the proper housing that people need, rather than three bedroom detached houses on new estates that sell for £300,000, £400,000 or £500,000. This continues to price many out of the market, and is a challenge to be tackled. My view? We need social and community housing and Build-to-Rent schemes, to provide homes for people who can't buy at the moment and for those who may have to rent forever.

Jonathan Rolande
Professional property buyer, housing market commentator

There's a knock-on effect to this approach, too. A good social or community house building programme will ease demand for homes in the private rental sector, so high rents will be able to come down. Eventually, this helps the people that want to buy save up a deposit.

House-building is a long-term project, so it could be five years from now before schemes go through the planning system. We need to look at making the most of the development land we have available to really meet those government targets. We certainly ought to be building on brownfield and 'grey belt' land as a priority. Why bother knocking down trees when there are plenty of garage compounds, disused town centre car parks and other sites which could be used for development?

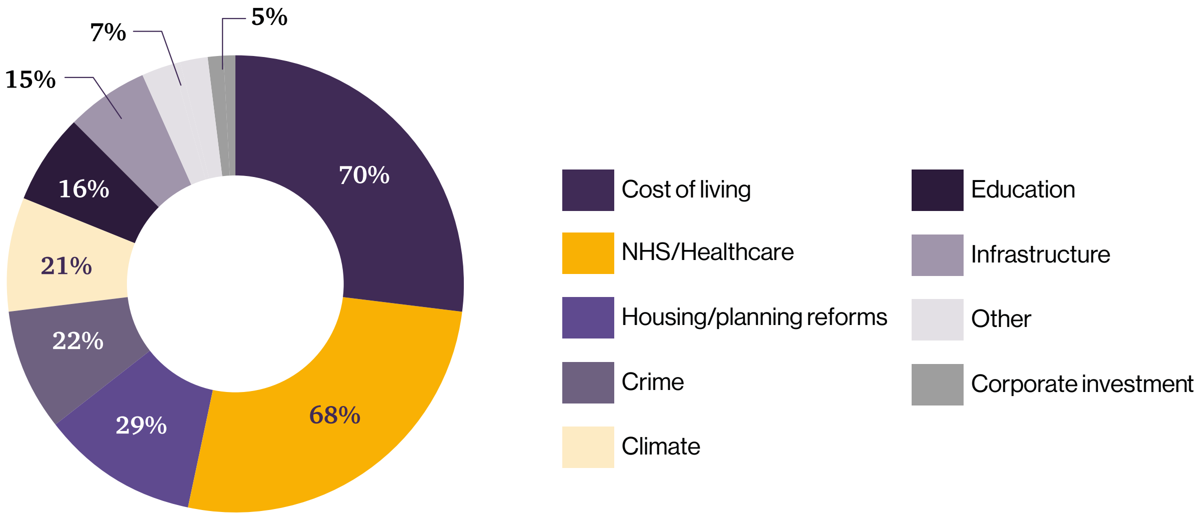
Overall, the post-election landscape has clear, outlined and urgent needs for the government to address. As optimism seems to be returning to the market, hopefully it is here to stay."

The 2024 UK General Election and change in government.

Our findings also outlined strong feelings from those surveyed on the role of Government within the home ownership market:

- Almost a quarter (24%) of all respondents believe that more social and affordable housing should be addressed by Labour in their first 6 months of power – 12% think the government's efforts should be directed towards more help for first time buyers.
- 29% listed housing and planning reform in their top three highest priorities for the government in the next 12 months.
- Tackling the cost of living crisis (70%) and investing in the NHS and healthcare sector (68%) were high on priority lists; investing in these areas would have a positive impact on challenges facing the residential market in the next 12 months.

What, if anything, do you think the new government's priorities should be in the next 12 months? (Survey respondents tick up to three options.)



Source: Together research

Rob Thomas, economist, says...

Despite population growth averaging 395,000 a year since 2000, total house building has never exceeded 250,000 completions a year and has averaged less than 180,000 annually, illustrating the challenge of raising output to the new government's target of 1.5 million new homes over five years.

Housebuilders have found it challenging to increase output with insufficient land being set aside for development, particularly where it is needed most, in our main conurbations and in particular in Greater London and its commuter belt.

This is in large part due to a planning system that has tended to prioritise the maintenance of green spaces over development, but a shortage of skilled workers and materials has also been a constraint in recent years.”

The global pandemic.

Remember it?

Lockdowns and banana bread. Toilet roll shortages. Countless quizzes over Zoom. In many ways, the hangover from that period still affects aspects of our daily lives in 2024.

In the residential space, the change initially manifested itself in the so-called 'race for space'; a property boom in 2020, with 40% more buyers entering the market compared with the previous year[5] – even with lockdowns and a two month suspension of housing sales. In fact, £62bn more sales were agreed in 2020 compared to 2019[6].

COVID-19 normalised remote working, prompting many to reassess their homes – and some looked for houses (rather than flats), home offices or smaller towns with a reduced requirement for commuter links.

Rob Thomas, economist, says...

> "The unexpected surge in house prices after the end of COVID lockdowns left property even more out of reach for many buyers, driving the house price earnings ratio to a new high of 8.9 in the third quarter of 2022."

In 2024, apartment purchases in urban areas are becoming more popular as businesses look to transition back to a hybrid or office-based routine, and individuals struggle to afford higher property prices for larger properties. Between June 2023 and May 2024, 50% of all properties sold in London were flats, with over 28,400 sales (out of approx. 56,200)[7].

The 2022 mini budget.

Despite being more than two years ago, the 2022 mini budget leaves a fingerprint on the economy today.

While mortgage rates were slowly increasing at the time of the mini budget in October 2022, the seminal moment in Liz Truss's short-lived premiership triggered a stark and severe rise in interest rates and inflation, saddling many with higher monthly mortgage payments at the same time as a cost of living crisis.

The Bank of England Base Rate rose from 2.25% in September 2022 to 5.25% in August 2023, where it plateaued for a significant amount of time before falling to 5% in August 2024[8].

Along with this, the average mortgage rate on a two-year fixed term rocketed from 2.87% in June 2022 to 5.42% only six months later[9].

For homeowners that fixed for two years in the months immediately after the budget, fearful of future interest rate rises, their terms will end in 2024 and many face a dilemma.

With the Bank of England expected to reduce the Base Rate further over the course of the coming months, fixing again may lead to home owners being locked in to higher payments as others benefit from falling mortgage rates. However, not fixing could leave them vulnerable, should another pandemic-level or mini-budget-level event cause interest rates to rocket again.

The changing make-up of the market.

The shape of British society has changed drastically over the 50 years that Together has been helping people achieve their property ambitions, and we know that an individual's motivations and challenges are influenced just as much by their circumstances and values as big global events.

At the end of 2024, we've seen that this is truer than ever. There are a number of changes to homebuyer demographics and motivations that are influencing market trends.

Employment status.

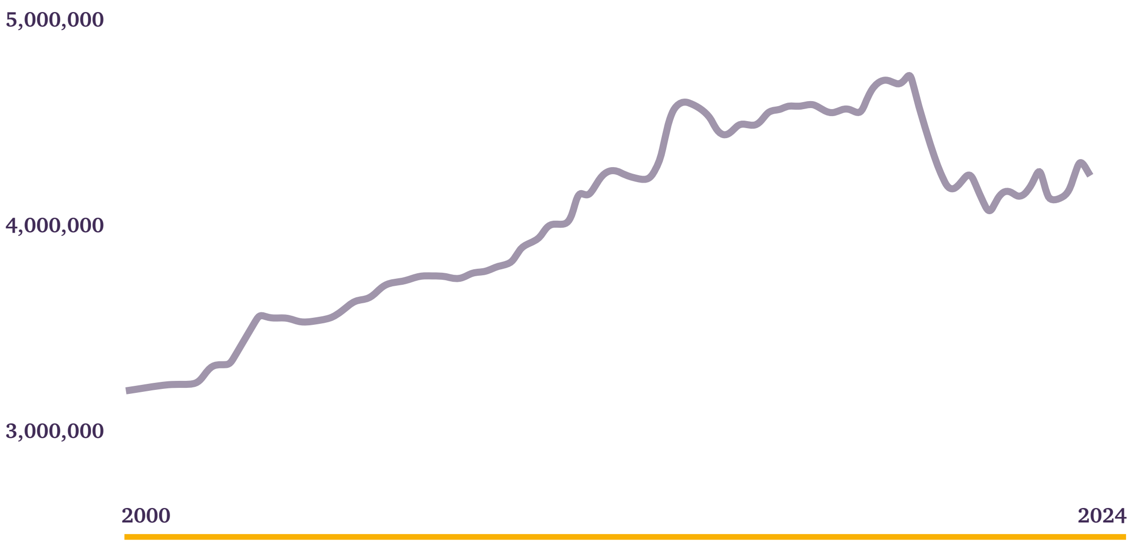
The number of people classed as self-employed has increased from 3.2 million in 2000 to 4.3 million today, ranging from ad-hoc gig workers to company directors[10]. And all face the same challenge when looking to access finance – the possibility of rejection due to inconsistent or multiple sources of income.

According to ONS data, self-employment in the UK grew by 183,000 in the first quarter of 2024[11], and our own research suggests that 22% of rejected mortgage applicants who would be classed as 'non-standard' applications believe they were rejected because they were self-employed. This points to a growing need for specialist lenders and products amongst brokers and consumers.

'Non-standard' broadly refers to mortgage or loan applications that don't necessarily fit the traditional borrowing criteria. For example, applicants may be self-employed, have multiple income sources, have impaired credit, or they may be over 55.

A mortgage application may also be classed as 'non-standard' if the property itself doesn't satisfy certain requirements. For example, properties built using non-typical building materials like thatched roofs, or buildings without working toilets.

Number of self-employed



Source: ONS

Age.

Another change in homebuyer demographic seems to be the increase in the number of older buyers (over the age of 50) looking to purchase their first home. Legal & General Mortgage Services reported that in the first quarter of 2024, there was a 13% increase in the number of 56 to 65 year-olds enquiring for their first property[12].

This shows that the financial crash of 2008 and the more recent economic crises have made it increasingly difficult for people to put together an adequate deposit until later in life, leaving some buyers incapable of homeownership until their late 50s and beyond. Buying at a later age may cause challenges when it comes to getting a mortgage as it's likely that first-time buyers could be repaying beyond the traditional retirement age.

Some older individuals who already own their property, on the other hand, are showing a reluctance to leave their large family homes, even after their children have flown the nest. In addition to the emotional attachments tying them to their homes, other influences and costs such as the requirement to pay stamp duty when downsizing may also be to blame for the hesitancy to move to smaller properties.

This 'empty nester' phenomenon is adding to the reduced number of three to five bedroom residential properties on the market, driving up competition and prices for families outgrowing their current homes. Our own research suggests that even if people over the age of 55 are actively planning to move within the next 12 months, only 34% are looking to downsize to a smaller property. However, downsizing has been able to help many retired households unlock additional equity, move into properties that can support their needs and reduce the costs of utility bills.

If we add the average age of first-time buyers, currently at 33[13], to longer mortgage terms, and factor in an increase of older property owners either downsizing or adding improvements to their existing homes, we can see why economist Rob Thomas is forecasting a 126% increase in specialist lending to the retired over the next five years.

Rob Thomas, economist, says...

“Data from the Bank of England shows that 42% of mortgages advanced in the fourth quarter of 2023 had an end date beyond the borrower’s expected retirement date, up from 31% two years earlier.

These changes have left many more homeowners with mortgages extending into retirement. When it’s time to remortgage, affordability will need to be assessed based on the borrower’s retirement income rather than the earned income typically used with mainstream mortgages.”

The modern family.

Family arrangements have become more diverse, undoubtedly impacting home buying and living arrangements.

Fewer couples are marrying than in the past. In 1972, 8.4% of unmarried men and 6.4% of unmarried women over 16 years of age tied the knot. By 2022, this had fallen to 2.0% and 1.8% respectively. With higher rates of separation amongst cohabiting couples, relationship breakdown has become more common – and this can create financial strain for many. Relationship breakdowns and bereavement usually require changes to housing arrangements.

But it isn't just the in-home affairs that are influencing home buying or home moving - family plays a very important role when influencing where people choose to live. Our research shows that 27% of people would choose a property because their family was close by, with having friends in the area only resonating with 13% of respondents. As an example, adults moving closer to their parents might want grandparents to be an active part of their children's lives, and to help tackle the costs and logistics of childcare. Conversely, nearly 7% of people we asked said they'd actually choose a property because their family wasn't close by.

Going green.

Although the desire for more energy efficient homes has understandably risen, with 23% of people listing it as a motivation for moving (compared to 17% in 2022), only slightly more homeowners are actually planning on making energy efficiency improvements to their existing properties in the next five years (17%), compared to those we asked two years ago (16%).

There could be a slight reluctance to add improvements such as solar panels, insulation, heat pumps and draught insulation to homes due to potentially large upfront costs and invasive construction work. However, the popularity of adding EV charging stations is booming, with 33% of people saying they plan to install a charging point at home in the next 1-5 years. This is a huge shift, considering that the last time we asked the question in 2022, no respondents indicated that they were planning on making this addition to their property.

Empty properties and personal portfolios.

With the focus on building new properties to fight the housing crisis, you may be forgiven for thinking that current stock is at full occupancy. This simply isn't true, as many UK residential properties stand empty, either permanently or for long periods of time during the year.

In fact, as the government targets the construction of 1.85 million new homes in the next five years[14], our research indicates that 1.55 million residential buildings in England and Wales alone are sitting empty and abandoned. For example, it's estimated that there are just under 260,000 empty semi-detached homes and nearly 680,000 flats and apartments standing empty; ideal for both upsizers, downsizers and first-time buyers looking to get onto the property ladder.

In addition to depriving local residents of quality accommodation, empty houses are sometimes a magnet for crime and anti-social activity. It's no surprise that local authorities are looking at ways to discourage owners from leaving properties dormant, including imposing council tax rises that scale as the property stays empty[15]. Our research also suggests that residents are sick of the scourge of abandoned properties with 46% saying that the problem is getting worse in their city.

With such an abundance of underused stock, there's ample opportunity for developers and renovators to bring these hidden gems back to life. In fact, the value of empty properties is estimated to be worth £531bn[16].

At the higher end of the market, high net worth individuals are once again looking to expand their personal property portfolios to include second homes, holiday homes and lets, and long-term investments. This is a reversal of a trend seen over the last 24 months where many were actively offloading properties, mainly due to economic concerns.

In areas where second homes and holiday properties are popular, the subject can be divisive. Some local authorities are against the practice, as local residents often feel forced out of the property market due to a lack of available residential stock and competition driving up prices. Local authorities in England and Scotland are also looking to utilise council tax rises of up to 100% on second homes from April 2025[17], with local authorities in Wales already able to raise the tax by up to 300%[18] (leading to a 200% rise in the number of second homes for sale in one Welsh county[19]).

Recap.

Here are some of our key learnings on the factors influencing the residential market right now...

- The cost of living crisis is negatively affecting affordability, but homebuyers are not being deterred with 69% of millennials aiming to buy within the next five to ten years.

- The UK population has rapidly increased in size and average age over the last two decades, putting a higher demand on housing stock, homebuyer criteria and retirement care needs.

- 1.55 million properties currently stand empty, at a combined value of £531bn; these hidden gems are ready for reinvestment and renovation.

- The total value of housing sales is expected to rise from £326bn in 2025 to £438bn by 2029.

- The demand for specialist lending is rising, as more support is needed for buyers with non-standard applications or those seeking non-standard products.

Setting the roadmap for residential revival...

Now we've laid out the main influencing factors and the current state of play, the question remains: what lies ahead for the residential property market?

To get an exclusive insight, we spoke to a host of seasoned property professionals in our network, and collated their expert opinions and forecasts. And then we asked the nation about their plans, fears and aspirations for the upcoming year.

The result? A view of what today looks like, and what we might expect on the next leg of the journey to residential revival.

First time buyers.

Getting on the property ladder takes a big first step. Given market conditions, the profile and needs of the first time buyer seems to be changing. Let's take a look at a leading broker's perspective on the first time buyer business – right now, and in the coming months.

Andrew Montlake

Managing Director at Coreco

Including his time at Coreco, a multi-award winning, London-based mortgage broker, Andrew has spent three decades in the property industry and knows everything there is to know about the mortgage market.

“From a broker perspective, it feels like some industry forecasts may have been a little over-excited earlier this year.

A lot of brokers and lenders may be off their projections and targets, but now rates have moved, there's time for everyone to catch up.

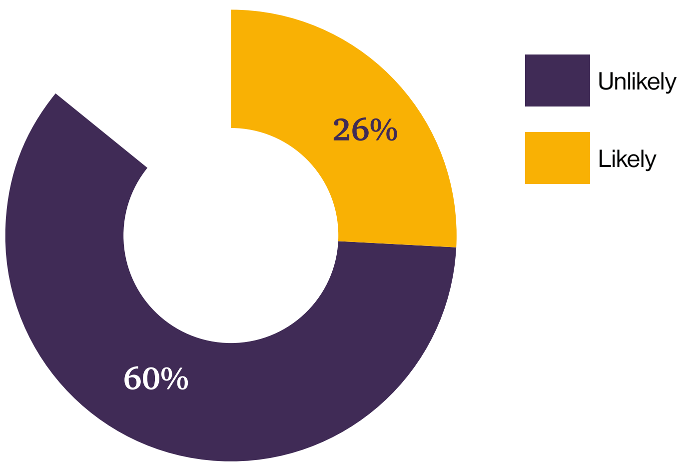
From a buyer demographic perspective, we're definitely seeing the age of first time buyers rising. People aren't buying a one bed, then a two bed, then having a family and buying a three bed. We're seeing that people rent a lot longer, start a family and then look to buy a three or four bed home in their late thirties.

Aside from housing stock availability, there are two main issues that are currently blocking people from getting on the ladder; deposit and affordability. Raising money is hard in today's cost of living environment, and even with a deposit it can be a challenge.

As rates fall, the affordability element is helped. But it still takes an innovative and pragmatic approach from lenders to help people act on property purchase opportunities when they arise.

The market has been hibernating for a while, but there are some green shoots starting to emerge. For a few years, it's been a somewhat torrid time for brokers, lenders and the industry at large. But, with the exception of another black swan event or any government missteps, I'm approaching the last quarter of 2024 and the start of 2025 with an abundance of optimism (albeit slightly cautious). People have been sat on their hands for a while, there's a lot of pent up demand and there's the opportunity for movement.”

How likely or unlikely do you think you'll be able to achieve homeownership by end of 2025?



Source: Together research

A word from our team.

Ian Pickering

Head of Development at Together

“The pent up demand that Andrew refers to in his analysis is palpable in the market.

Our research found that 73% of current renters are concerned about affording the cost of buying in the next 12 months – showing that there's a real sense of pessimism from those looking to own their own home. Undoubtedly, the cost of living crisis is impacting affordability and deposit raising. Plus, the changing demographic of first time buyers is also something interesting – for example, there was a year on year rise in the number of full-time self-employed people this year, according to ONS figures from April to June 2024[20]. This backs up the trend that many in the industry have seen - the UK has a significant number of homeowners and potential homeowners with 'non-standard' situations. In fact, by 2029, it's expected that over 20% of all regulated mortgages will fall into a specialist category.

That might feel scary for first time buyers, but it's not as bad as it sounds. There are lots of funding options for both standard and non-standard applications; lenders like Together have a pragmatic and common-sense approach to loans. Hopefully, the tide is now turning and there are signs people understand that their mortgage options are wider than the high street – regardless of their individual circumstances.

However, even with the right funding in place, there's no getting away from the plain and simple fact; we need more developers to build more houses. Housing stock availability is a key factor blocking buyers from getting on the ladder. And it's only the creativity of developers – both large and SME – that will help solve the housing crisis.”

A real-world success story.

People are pulling out all the stops to get onto the housing ladder. This includes exploring some of the routes less travelled by first time buyers.

Vickylee Cain had found her dream village, and had set her heart on calling it home, but knew she could never afford a home there through traditional home buying routes. Undeterred, the first time buyer decided to take a different approach – buying at auction.

Her plan was to buy a run-down, two-bedroom bungalow needing extensive remodelling, at a fraction of the price of other local properties, and renovate it into her ideal home. But, when a high street lender refused to help (due to the property having issues with damp and having no working bathroom), her homeownership ambitions looked in tatters.

Additionally, being self-employed with an irregular income added to the challenges against her mortgage application.

> Vickylee approached Together and told us her plan. We looked at her circumstances instead of criteria – a common-sense approach that allows us to lend on non-standard properties and in cases with irregular income streams or credit history.

Our speed and auction expertise also allowed her to fund her mortgage and complete the purchase well within the 28-day completion period required on auction properties, turning her home-buying dreams into a reality.

Some of the numbers.

73% of **current renters** have concerns about **affording the cost** of buying in the next 12 months

3m families

who **would** have bought their first home based on previous trends **have failed to do so since the financial crisis of 2008**

Specialist lending

on shared ownership properties
is forecasted to **grow** by

126%

between 2023 (£2,305m) and 2029 (£5,218m), as first time buyers search for affordable routes onto the property ladder.

23% of

first time buyers

would find additional work to **fund home ownership**

Recap.

Here are the key action points from our study of the first time buyer market.

- Affordability and deposit-raising struggles are pushing the average age of first time buyers up, leading to them looking for larger three or four bed properties in their late thirties to support families.

- Housing stock availability is still the key factor blocking buyers from getting on the ladder.

- Falling mortgage rates will help with affordability, and the pent-up demand over the last few years will start to be alleviated as more opportunities arise in late 2024 and 2025.

- More people with credit impairment are approaching specialist lenders for help buying a property.

- First-time buyers will continue to search for alternative and affordable routes onto the property ladder, such as shared ownership, auction purchases and right to buy schemes, requiring specialist lending solutions to meet the complexities of each scenario.

Care homes and housing for good.

With an ever-growing need for affordable housing, care homes and supported living, Andrew Hynes discusses what's changing in this sector.

Andrew Hynes

Development Director, Weaver Finch

Weaver Finch was founded on the principle that developments should serve the whole community. Andrew brings over 25 years of experience as a Chartered Surveyor in the retail, leisure and specialist residential sectors. This varied experience has allowed him to deliver on a wide range of town centre regeneration projects, incorporating specialist social housing, either as part of larger developments, or as standalone schemes.

“At Weaver Finch, we develop specialist residential accommodation and we continue to see growing demand for these schemes across the UK. There is currently a shortage of appropriate accommodation, and councils are actively looking to improve the quality of their housing stock to ensure the older generation and adults with additional needs can live more independently, with care when required.

In order to free up social housing stock and release homes for families, part of the solution is to create high-quality apartment communities, known as Extra Care developments, that are an attractive proposition to people finding it hard to live in their current home.

These developments allow residents to enjoy the benefits of their own front door but within a secure, vibrant community, with bespoke care packages tailored to their needs. We’ve found that residents’ care hours actually reduce, becoming more independent, when they are housed in the right environment. As individuals’ needs become more acute over time, the in-built assistive technology can scale up gradually to enable them to maintain their independence for longer.

Providing modern and contemporary housing, where people feel comfortable and suitably cared for, will change perceptions and help to relieve the reluctance to downsize into retirement living complexes and communities. This is part of the solution in rolling the social housing stock and releasing family housing back into the market.

By incorporating quality Extra Care housing as part of wider mixed-use town centre regeneration projects, residents also enjoy the benefits of being connected to wider society. Central locations provide essential access to amenities, such as leisure centres, cinemas, restaurants, shopping centres and transport hubs, and often make it easier for friends and family to visit, helping to combat loneliness and isolation.

One of our main challenges in bringing forward our developments quickly is the planning system. Planning departments are simply under-resourced, and the volume of work and the processes required cause significant delays. This can cause havoc on a development, as costs mount up or priorities change. Talking about streamlining the process and system is a good start, but more personnel are needed to work through the backlog. In my opinion, there needs to be more investment in planning teams within councils to speed up the process.”

A real-world success story.

Using a £1.75m development loan from Together, developer Weaver Finch were able to transform the site of a former bowling green into a state-of-the-art supported living complex for adults with additional learning needs.

The flagship scheme at Mornington Road, Preston, allows residents to live more independently, supported by on-site care and the latest technology. The site is now part of Lancashire County Council's adult care services, providing a vital resource to the local community.

A word from our team.

Alex Bodie

Director of Corporate and Community Housing at Together

"Last year, Centrepoint's Youth Homelessness Databank found that almost 136,000 young people approached their council for help because they were homeless or at risk of homelessness.[21]

If the last year has taught us anything, it's that more people are being pushed towards poverty, with the residential housing shortage being a contributor as house prices and rents continue to increase in line with demand.

The Community Housing and Healthcare sector can make a real difference to people's lives, providing affordable homes and specialist care spaces for some of the most vulnerable in our society. Even just continuing to ensure housing is attainable for young people whose futures can be supported by homeownership. The work developers do is more important than ever. But, they can't do it alone.

Firstly, more support is needed at a government level. Labour's promise to build 1.85 million new homes[22] over their first term in office is a welcome boost, which should start to alleviate some of the pressures causing the current housing crisis. But we also need to see a shift in public policy to help those who are underserved, vulnerable and most in need. This can be done by increasing local housing allowances to provide greater benefits, creating more care homes, incentivising developers with affordable housing allocations and working with planning to speed the approval process up.

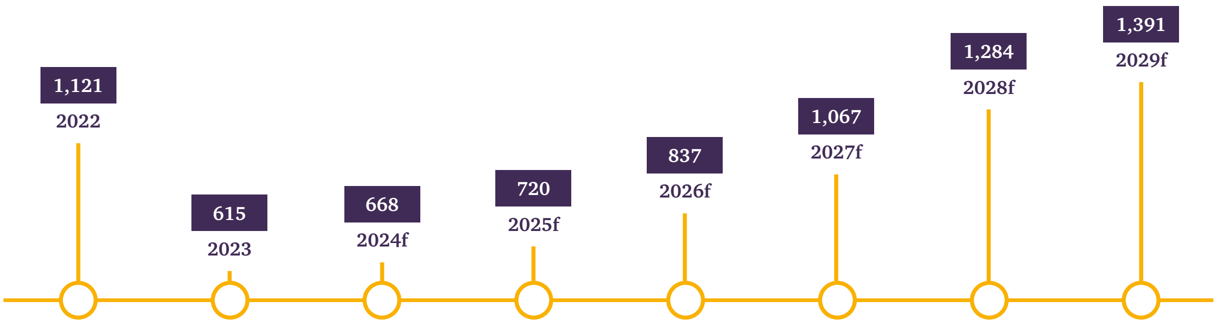
Secondly, the Community Housing and Healthcare sector needs help from lenders. Building cooperative relationships with developers and providers is vital if financial institutions want to understand the unique requirements of the sector. It's that specialist knowledge that will allow lenders to provide the speed and flexibility required when customers want to access finance."

A real-world success story.

Inspired by the ambition of VSPG Housing to 'see an end to homelessness in Manchester', Together set up a funding line for the social housing company, run by brothers Ron and Servak Singh, to support their growth and ambitious targets.

The brothers purchase and refurbish properties before making them available to vulnerable adults and families in the local area, providing safe, secure and permanent accommodation for those in need. As of July 2023, they provided 138 single bed spaces and over 50 family homes, and had ambitions to add an extra 500 spaces by the end of 2024.

Forecast for specialist lending categories (£ millions)
Specialist borrower characteristics - retired



Source: Rob Thomas, economist.

Rob Thomas, economist, says...

“Over the 2000-22 period, the UK’s resident population rose by 8.7 million to 67.6 million. In contrast, over the two decades from 1980 to 2000, it increased by only 2.6 million. Naturally, this has placed great pressure on our housing stock, particularly as our ageing population means that more homes are occupied by one or two-person pensioner households nowadays.”

Some of the numbers.

72% of people have to **travel outside their local authority to receive adult specialist care**[23]

More than **95%** of **council respondents** said demand for adult specialist care in their **local authority** area had **increased in the past two years**[24]

55% of **young people** state that the **lack of stable housing** is inhibiting their access **to employment**[25]

£250,000 so far donated by **Together to Centrepoint's Independent Living Programme**[26]

26% of those who have a **'non-standard' profile** (including being 55 years old or above) **want to see social and affordable housing addressed by Labour in the first 6 months**

Recap.

Want a quick overview of the action points from this section? Take a look here.

- A growing and ageing UK population, alongside a cost of living crisis, is putting increased pressure on housing stock and specialist residential care.

- Creating retirement and independent living accommodation that can scale with the care needs of residents, with the right level of technology, can help to minimise supervision and costs compared to 24/7 specialist care.

- A shift in public policy is needed to help the underserved and vulnerable; increasing housing allowances, incentivising the building of affordable housing, and speeding up the approval and planning process are a few of the suggestions from our spokespeople.

- Developers in the sector, especially those classed as SMEs, will benefit from working with lenders with a specialism in the community housing and healthcare sector, understanding the processes and stakeholders involved in these often unique projects.

Home movers: Upsizing, downsizing, rightsizing.

Lots of people are on the move. And we wanted to get a view on what lies ahead for those who own property, but not necessarily the right property.

Stuart Rushton

Director, Stuart Rushton & Company

Stuart Rushton & Company, established in 1998, is the largest volume estate agency for residential sales and lettings in the North Cheshire and South Manchester region. Founder and director Stuart has nearly 40 years of experience in the market, selling and letting homes for a wide range of budgets.

> **“I feel that there’s a common misconception in the home sellers’ market that things are in a difficult state at present.**

It is true to say we’ve definitely seen a slowing down in the number of people moving home in the last 24 months compared to the two years between the summer of 2020 and 2022, but it’s probably natural to have a slow down after such a period of demand, especially in a market this cyclical. There was never a truly stagnant period, but with confidence returning to the market there are more people now looking to move home again.

Of course, when buyers fear rising house prices may lock them out of the market for example, it creates urgency and they tend to move quicker. This hasn’t really been the case for the past year or so and the market has been slower. As a rough generalisation, home buying timescales across our book pre-COVID were averaging around eight months. Now, that’s around five or six months.

Clearly, people still want to move. It’s harder when mortgage rates are higher but I think a generation of homeowners were potentially spoiled by the super-low era of rates. The current rates are actually pretty cheap in comparison to those experienced by older generations, and I can see them continuing to decrease further in the next year or so.

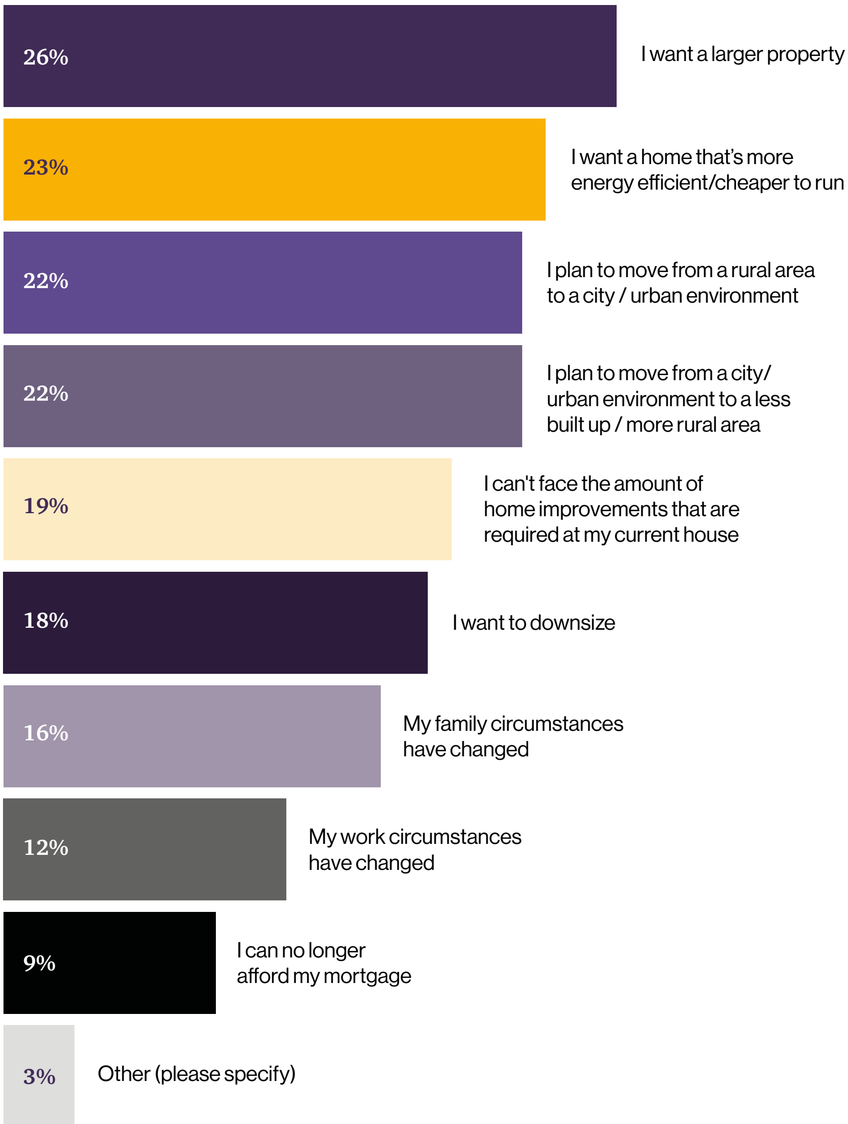
In terms of what the consumer wants, there was a definite 'COVID bounce' after the lockdowns - where a lot of people reassessed what was important to them and house purchases went up dramatically. But, there also seems to be a myth that there was a mass exodus to the countryside or an irreversible rejection of city living.

Some people may have relocated to more rural areas as a result of the pandemic; but it's the view of many property professionals like myself that the migration wasn't quite as dramatic as others might claim.

With that, we've definitely seen upsizing become a bit less common than it was before. It's already costing people more to pay their current mortgage, so there's not as much appetite to go for something even bigger right now. Many of the upsizers we do see, especially in my region of Cheshire, are those that have sold businesses or made a considerable amount of money quickly, and want a trophy house with all the latest tech and luxuries. That's not realistic for a lot of people on fixed salaries, as they probably haven't seen much of a wage increase over the past three years, and struggle in relation to other increased costs.

Finally, another home mover trend is definitely centred around domain knowledge. Buyers are a lot more educated and savvy about the home buying process, primarily due to various online tools and resources. Customers will come to us and know exactly what a property cost when it was last sold five years ago, and they'll do the maths to ensure they understand the appreciation or depreciation. Selling a property can be an emotional decision and we just always need sellers to be realistic when it comes to pricing – as estate agents, we have a direct finger on the pulse and our customers trust that we're sharing our hard-won expertise to advise them in an ever-changing market.”

You said you were planning to buy and move into a new home which will be your main residence in the next 12 months, why is this? (Please select all that apply)



Source: Together research

A word from our team.

Ryan Etchells

Chief Commercial Officer at Together

“Stuart mentions that the ‘escape to the country’ exodus many claim occurred during and post-pandemic may be more myth than fact.

While I don’t think the huge numbers some predict are correct, I believe there’s a kernel of truth that remote working and a want for more living and outdoor space acted as potential motivators for movers at the time.

Either way, our research has revealed a rather amusing quirk about the current market: whilst 22% of our survey respondents plan to move from an urban area to the country, another 22% of respondents wanted to swap rural living for the city.

This suggests that the scales may well be balanced for home movers motivated by their environment in this way.

From upsizing, downsizing, to general rightsizing, we’ve found that almost one in five homeowners are looking to move, despite interest rate rises. This trend is particularly prominent in the younger generation, as 26% of those looking to move home in the next 12 months are actually aged 18-24. Due to the ‘return to office’ trend, better transport links, amenities and career opportunities, as well as smaller, less expensive properties, I’d expect this demographic to be leading the charge for urban living in the next 24 months.”

A real-world success story.

As life goes on, home movers are motivated by many different factors. Dorothy, 73 from Orkney, had a life change that spurred a desire to change her living situation.

After her sister sadly passed away, Dorothy decided it was time to move from her second floor flat in Kirkwall, Orkney. She wanted to use an inheritance left to her to buy a beautiful bungalow just a few miles away, with a spacious garden and stunning sea views.

Having entered into a private sale with a friend who owned the bungalow, Dorothy pushed on with the process of purchasing the property. But, as completion day dawned, she still hadn't received the inheritance as it was tied to the sale of her sister's house. To make matters worse, the owner of the bungalow also needed the funds to finalise their own move. Both the buyer and the seller were stuck in a chain.

Dorothy spoke to her financial advisor who recommended Together. We understood the urgency and emotional investment of the situation.

Taking her inheritance into consideration when we assessed the case, we were able to provide a regulated bridging loan within just ten days to cover the funds needed. Dorothy was able to immediately move into her new dream home, with the peace of mind that she could repay the loan in full, at any point within 12 months, once the inheritance was settled.

Some of the numbers.

Under
1 in 5 homeowners
are looking to
move in the next 12 months

26% of **homeowners and first time buyers** planning to move **want to upsize**

18% **want to downsize**

23%
of those planning to move
want a home that's more energy efficient or cheaper to run

1 in 4 people
that aren't planning to move this year say they are **unable to afford to, due to the cost of living**

Good transport links
influence location choice for **30%** of **homebuyers**

Property price affordability
influences just 25%

Recap.

Here are the key points to take away from our review of the home mover market.

- The market hasn't been as buoyant as it was during the 'COVID bounce' (between summer 2020 and summer 2022), but confidence is returning with almost one in five (16%) homeowners looking to move again in the next 12 months.

- Over a quarter of homeowners (26%) that are planning on moving in the next 12 months are under 25.

- Buyers are more educated and savvy thanks to online resources.

- People are aspiring to upsize their properties with 26% of movers planning to buy bigger (compared to 18% looking to downsize); but our experts are yet to see this materialise in the market due to rising living costs and high mortgage rates.

- Bridging products may provide home movers a level of reassurance in the volatile market, especially in scenarios where funds are delayed, such as a chain break or waiting on an inheritance or settlement.

Home improvers and fixer uppers.

Being happy with your home doesn't mean there isn't room for improvement. We spoke to someone who has 'been there, done that' when it comes to buying and renovating, and covered the trends and challenges for those looking to improve rather than move.

Lucy Nash

Social media renovation influencer, property developer

With nearly 65,000 followers on her award-winning Instagram, Lucy is one of the leading renovation and property development influencers in the UK. Follow along for the full journey on Instagram - @victoria_road_renovation.

“Like many things in life, especially in the current cost of living crisis, renovation often costs more than people think.

Firstly, materials and labour costs have skyrocketed in recent years – my husband and I watched prices rise weekly at the local building merchants during our most recent project. Secondly, one piece of work often uncovers another – and anyone doing any DIY can vouch that smaller jobs are often slightly (or significantly) bigger than first anticipated.

Despite this, people aren’t deterred from renovation projects; the housing market is pushing people to create a dream home for themselves rather than buy it fully-formed and finished. And the £15,000 average renovation spend revealed in Together’s research backs up a trend I’m seeing in the home improvement space; people are opting to tackle smaller renovation jobs bit by bit over time, rather than throwing everything at it in one go.

Realistically, in today’s market, £15,000 won’t touch a full-scale fixer upper project. But it’s a good amount of money for a home face lift. For example, Together’s survey revealed that new carpets and kitchen/bathroom upgrades were high up on renovation to-do lists. Those jobs can really make a difference to home happiness (and house price, if done correctly) but they aren’t as draining on time, effort or budget as remodelling or extensions.

To fund those renovations, the research found that people are far less likely to dip into savings to fund home improvements now compared to a few years ago (63% in 2022 to 52% in 2024).

I think this is motivated by the fact that people want to feel more financially secure in today's climate and are very willing to consider other finance routes. Taking a big hit to your savings is scary, especially with pressure from unexpected bills and cost of living hikes.

As for our renovation, we're extremely proud of our finished product (although a home is never truly 'finished'). There is one renovation regret that we have... we considered installing an air source heat pump and were deterred by the upfront cost. In hindsight, I wish we'd taken the plunge and made that investment. We've recently retrofitted solar panels to our home, and it's been a worthy project already. During renovation, careful budget management might require that some of the 'pretty' things in the build might have to be compromised. It's reassuring to see that a considerable 23% of people who are planning to buy a new home in the next 12 months are doing so because they want somewhere that's more energy efficient/ cheaper to run.

These more practical home renovations are becoming more popular, even becoming as important as a cosmetic uplift and I'd recommend that anyone looking to futureproof their property should consider the appeal eco-choices will have in years to come. ”

Successes in the real world.

Improveasy is a market leader in the green home improvement sector, and has been guiding property owners through their EPC (energy performance certificate) retrofit journey for more than a decade.

It offers services including energy assessments, installation and support in securing grant funding where eligible.

This year, Together announced a partnership with Improveasy, to continue the education and support for customers making improvements to their properties. The EPC Builder brings together Improveasy's in-house services into a web-based online portal, guiding property owners through their retrofit journey - from beginning to end.

Austin Barcley, CEO of Improveasy, told us, "It is a huge achievement to be able to bring EPC Builder to Together's customers. Our in-house team has extensive experience installing green home improvements such as insulation, heating, lighting and renewables.

Our expertise, coupled with Together's, will provide much needed support to homeowners and landlords, helping us all move towards a more sustainable future.

Making energy efficient improvements to residential properties is more than just a trend; it's a necessity if we want to meet our net zero targets and reduce energy bills."

Going green?

There are lots of ways to futureproof your home for the future of energy efficiency. Together's EPC Hub covers the info you'll need to know. Visit: togethermoney.com/sustainability/epc-hub

Over the next 5 years home owners plan to:

Source: Together research

A word from our team.

Scott Hendry
Director of Auction Sales

> **"There's a wave of buyers using renovation as a way to get on, or move up, the property ladder – and they're buying 'fixer uppers' with the intention to put in the work (whether that's DIY, with trades or a mix of both).**

Together research found that 48% of people have already purchased or would consider buying an abandoned building to renovate it – and that only covers the hidden gems that are already standing empty.

Auction is, of course, one key way of finding those potential properties. In recent years, we've all seen a boom in the number of homes going under the hammer. Essential Information Group (EIG) actually reports that there's been a 13.7% increase in the number of residential lots brought to auction[27] – a stat that may prompt first time buyers, newbie portfolio builders and even experienced investors to explore the possibilities of the renovation.

Our research found that the desire for more energy efficient homes has risen from 17% in 2022 to 23% in 2024. Additionally, a further 42% of people said they plan to improve the energy efficiency of their home in the next 1-5 years and 33% said they planned to install electric vehicle charging stations (which has increased massively from a flat 0% in 2022). It's clear that going green is top of the list for many home improvers right now. As a direct response, we've partnered with Improveasy to help individuals improve their home's green credentials.

But there's no denying it, the old saying is correct; it takes money to make money. And when the market looks like it does, that's never been more appropriate. For those buying with the intention to flip, or for those renovating rather than moving, it's critical to have both the right finances in place and the ability to access funds at the right time."

Some of the numbers.

Compared to 2022
people are now
18% less
willing to dip into
savings to fund
renovation work

23% of those
planning to buy
in the next 12 months
are doing so for
energy efficiency or
cheaper running costs
(up from 17% in 2022)

The average
renovation spend is
£15,000

12%
will use
credit cards
to fund a renovation

7%
will access funds from
inheritance

Recap.

Here are the key action points from our analysis of the home renovation space.

- People aren’t deterred from renovation projects, but many seem to be opting for smaller jobs rather than full-scale remodelling.

- Energy efficiency renovations are increasing in popularity for both home renovators, and homebuyers.

- Renovators don’t want to use savings to fund projects, and are opting for other funding methods.

- Investors will look to take advantage of short-term finance solutions such as bridging when looking to refurbish and resell properties quickly.

- Landlords and homeowners may benefit from longer-term solutions such as second charge mortgages to spread the cost of home improvements over multiple years.

Remortgaging and refinancing.

Stay with your lender or look for a better deal? We look at the opportunities and challenges facing those considering remortgaging or refinancing in the upcoming year.

Clare Beardmore

Director, Mortgage Club at Legal & General Mortgage Services

As the largest and longest-running mortgage club in the UK, Legal & General are involved in nearly a quarter of all UK mortgages, and nearly a third of all intermediated mortgages. As Director, Clare brings her wealth of experience to head up the business.

“Together’s research found that just over one in five people (21%) delayed taking a mortgage or remortgaging in the last year due to the high rate environment.

It’s a fairly disheartening statistic. But it’s not all doom and gloom – despite what the news seems to continually say...

At Legal & General, we generally see product transfers account for between 20% and 25% of our business – although it was as high as 40% during the rocky economic environment following the pandemic and again following the Liz Truss budget. In recent months, we’ve seen these figures start to reduce, to levels similar to those seen pre-pandemic, signalling an increase in remortgages as the option becomes a more accessible and attractive proposition.

That said, there’s a finding that doesn’t surprise me in the Together research. It highlights the gap in consumer awareness of the full range of finance options: 31% of respondents said they weren’t aware of what a second charge loan is, nor would they consider taking one out. In some circumstances, a second charge loan can be a good alternative to a remortgage. Despite the returning optimism, I definitely expect to see an element of continued cautiousness when it comes to second charge. These loans are an important tool in the consumer/broker/lender toolbox, especially where customers are looking for further borrowing but the interest rate is higher than their existing rate. With a second charge loan, the customer can access the extra funds they need, which will be charged at the higher rate, but keep their original deal intact, potentially saving over the long term. Unsurprisingly given the uncertain landscape, Together research found in 2022 that 5% of people were reportedly looking at second charge borrowing, and that figure has risen to 10% in 2024. That earlier mentioned 31% figure shows that the lack of awareness and the legacy reputation of the product lingers, but this is where having an independent adviser is critical when it comes to specialist lending.

Brokers have an important role in bridging the gap between the customer need and the finance solution – they're there to give holistic, bespoke advice on which product and which lender suits which case.

Specialist lending options are evolving, and what's mainstream now was classed as 'specialist' ten years ago. When rates can only go so far, competition between lenders moves to the arena of service, speed and flexibility to deliver a point of differentiation which will massively help consumers. In this landscape it's more important than ever that the broker and the lender stay in partnership to ensure customers are getting the right information and solutions to suit their finance needs."

A second charge mortgage is a loan secured against a property that already has another loan, such as a primary mortgage, secured on it. It's typically used to raise funds for home improvements or debt consolidation. Both loans are completely independent of each other and will have their own rates, terms and conditions.

A word from our team.

Tanya Elmaz

Director of Intermediary Sales

“When it comes time to look at refinancing for existing property, product transfers have a reputation of being more common and less work for the broker and for the customer compared to some other options. That means that remortgages often aren't the primary product.

That said, our research suggests that remortgages are still more of a 'household name' than other options, such as second charge. For example, 25% of people who wouldn't take out a second charge mortgage aren't keen on second charge mortgages simply because they don't know enough about them.

Anecdotally, economic turbulence usually leads to a rise in the popularity of specialist lending. But, as Clare notes in her analysis, specialist lending is becoming more and more non-specialist, and we're seeing second charge increasingly become a topic of discussion with our broker partners. Most notably, even non-specialist brokers are now able to confidently offer products that were traditionally more bespoke. That includes second charge and accessing regulated bridging (for chain breaks, for example).

Also touched on by Clare, competition in the lending space can only go so far in a rate-driven environment. Customers and brokers should be looking at true flexibility from their lender – specifically around non-traditional ways of supporting affordability. All income and expenditure should be taken into consideration; every person and every case is different, and should be treated that way.”

Working with brokers to provide the best customer experience.

Nick Parker

Head of Networks and Clubs at Together

“At Together, we partner closely with intermediaries to make sure we're supporting our broker partners in offering the very best and most-suitable solutions to customers. This includes working alongside experienced professionals like Clare and her team at Legal & General Mortgage Services to make life easier for the estimated 35,000 network and club advisers in the business.

There’s a thirst for knowledge – brokers want to build their understanding of specialist lending to help open more doors for their customers. It’s Together’s job to speak to brokers and understand them; we want to support and help educate them.”

A real-world success story.

When entrepreneur Oliver and self-employed doctor Joanna found themselves with an uninhabitable family home midway through an ambitious renovation project, without enough money to continue and ever-growing unsecured debts, their first instinct was to approach their original lender to see if they could refinance.

But, as they were on an ultra-low fixed mortgage rate, their bank was unable to offer a further advance at a higher rate or remortgage. The couple felt trapped by a rate that was 'too good' at a time when the cost of borrowing was increasing across the board in 2023.

Under the stress of rising credit card debts, owing money to family and paying back bridging loans, Oliver approached a broker to see if they had a solution.

They helped Oliver and Joanna get in contact with Together, as a specialist lender with a proven record of helping people in a wide range of situations.

We assessed the couple's monthly self-employed income and recognised that the renovations so far had added to the property's value. We were able to agree a second charge mortgage for £250,000 on a fixed two-year term, enabling them to consolidate accumulated debts, settle payments and finish the renovation. The second charge mortgage essentially allowed the couple to use the equity in their home as security without disturbing their existing mortgage.

Some of the numbers.

59% of people are worried about the **cost of living** impacting **remortgage applications in the next 12 months**

25% of people

who wouldn't get a

second charge mortgage

aren't keen on them simply because they don't know **enough about them**

In 2022

our research predicted that

5% of people

were looking to take a

second charge mortgage

in the next 12 months.

In 2024, that has **risen to 10%**

Recap.

From our review of remortgaging, refinancing and second charge mortgages, here's what you need to know.

- Number of product transfers is reportedly dropping, as the attractiveness and awareness of remortgaging and second charge products increases.

- Economic turbulence tends to lead to a rise in specialist lending – this is the case in recent years, and specialist lending is becoming more desirable and common.

- There's a lack of education and awareness of some specialist mortgage products in the market – brokers and lenders have to bridge the gap between the customer need and the finance solution.

- Customers that are in need of refinancing may find themselves 'trapped' by great fixed rates on their existing mortgage. Finance options that help them access funds without disturbing their current mortgage, such as second charge mortgages, could work for them in the long run.

- Brokers are starting to see the benefit of providing specialist finance options, such as second charge mortgages and regulated bridging, to diversify their income stream and to secure better customer outcomes.

High net worth individuals.

Our insight on the future fortunes of affluent individuals touches on their unique challenges accessing finance and the appetite for personal property portfolio growth.

Michelle Niziol

CEO & Business Owner, IMS Property Group

An award-winning CEO and founder of six businesses, providing bespoke property solutions and services, Michelle uses over 20 years of industry experience to help her clients build prosperous property portfolios.

“I think there’ll be a drastic change in the conversation over the next 12 to 18 months for high net worth individuals.

I've got over 20 years of experience helping high net worth individuals build their property portfolios, and I've seen a real nervousness in the last 24 to 36-month period due to economic concerns and a large number of businesses leaders – specifically in the tech-sector – making significant job and funding cuts. This has led to us seeing a large number of clients offloading their residential property portfolios.

That said, unsurprisingly, hesitancy seems to be lifting and portfolio diversification seems to be an attractive move for many. High net worth individuals are seeing a decent return in the bank, but they don't want all their money tied up that way. Now, they're looking to the future and investing in bricks and mortar again. Not only that, but I'm hearing an increasing number of high earners who have a renewed attitude towards inheritance; many are now spending more in their retirement, rather than leaving it behind for the next generation.

House prices are still relatively stable and competition isn't as strong as it was pre-COVID, but both will start to rise again soon as more high net worth buyers continue to return to the residential property space.

It wouldn't be a conversation about high income property buyers without talking about Airbnb. The demand for holiday homes is huge – both for personal use and for investment purposes. A mix of property types in the residential space is having a resurgence, after things reducing during the COVID era.

Brokers, or high net worth individuals who might be looking to build their personal property portfolios, have an amazing opportunity... the ones that position themselves correctly will be the ones that reap the benefits.

My advice to brokers? Be open minded about complex income. For example, many clients are reluctant to draw out income from businesses or assets due to tax, or have complex income streams, so approach situations with logic, personalisation and provide a specialist solution that works for each case.”

Rob Thomas, economist, says...

“The Financial Conduct Authority (FCA) defines high net worth mortgage customers as having an annual net income of no less than £300,000 or net assets of no less than £3 million and their numbers have been rising thanks in part to buoyant stock markets and property prices. High net worth has thus become an increasingly important category of the mortgage business.”

A real-world success story.

When architectural designer and property developer Ken Roscoe – the owner of the UK's 'Garden of the Year' 2022 – wanted to buy the £2.5 million country hall he'd been leasing for a decade, it seemed a natural choice to approach a trusted lender he'd built a relationship with on several commercial projects.

Offering a dedicated, personalised service, Together considers the more complex situations that can arise when lending to high net worth individuals, including those that mainstream lenders often struggle to help.

We were able to iron out the complexities of the mortgage deal, including taking into account Ken's multiple income sources as a self-employed company director, and fund the purchase of the stunning estate.

We asked Ken about his views on the market...

"As an architectural designer and developer over the last 25 years, I've worked on homes from £5 million to more than £80 million for clients in France, the Caribbean, and all over the UK. My own home was an investment project that truly was a labour of love.

Having created homes for many high net worth individuals, it's clear there's a 'trickle down' effect from the super prime market to the prime market. Not for taste and style, but for standards. High value properties are now expected to have higher standards than ever before – for example, ample home working space is a hygiene factor for luxury buyers now. But those requirements and expectations can vary based on stage of life. From third homes and onwards, people are asking 'what's important to me?', and ensuring that they create living spaces that deliver just that. On the whole, it's fewer rooms that are bigger with often multiple high-spec en-suite bedrooms.

But it's not always plain sailing. I'm a director of nine companies, and it can be a real problem to secure a mortgage – and there are many others in the same situation.

Proving affordability is one of the greatest obstacles to securing high street lending for people who may take their income from many different sources, and whose wages may not be consistent from month to month. On top of that, many projects get stifled when lenders can't see the potential in a property investment.

This isn't just my experience. For example, an acquaintance founded and owns a law firm and his income can be 'lumpy' from basic salary to irregular dividends. Another person I know works in the hospitality sector and takes an income from many different sources in a year. He doesn't know exactly what his order book will look like from year to year as it will only fill up three to four months in advance.

My own income can be irregular. Of course there's a business plan in place, but going to the bank for a mortgage isn't a simple case of saying "this is my income". Many lenders rely on automated affordability checks, so they may come back with a 'computer says no' response.

People's incomes are becoming more and more complex, with us seeing a rise in well-paid consultants and others with multiple forms of revenue, so I think we're going to see a greater need for specialist mortgage lenders such as Together, to provide a service for these kinds of borrowers."

Among applicants with a 'non-standard' profile who've had a mortgage application rejected...

10% said it was due to having **multiple sources of inconsistent income**

22% said it was **due to being self-employed**

... two factors often common for high net worth individuals.

A word from our CEO of Sales & Distribution.

Marc Goldberg
CEO of Sales & Distribution

“We know that high net worth individuals are often entrepreneurial and largely work for themselves as founders of highly successful businesses. As a result they often have multiple sources of income and complex company structures, which require a personal approach to qualifying their overall net worth.

Our research found that higher net worth applicants with a ‘non-standard’ income profile have occasionally had their mortgage application rejected. Of these rejections; 10% were due to sporadic income and 22% highlighted the primary reason, due to being self-employed. Those figures just aren’t good enough, and lenders need to work harder to support these individuals achieve their property ambitions.

In our conversation with Ken Roscoe, he discussed how it’s not unusual for high income earners to receive a large windfall payment – often as a result of one-off work projects, investments, sales of properties or businesses.

Ken highlighted that these income contributions may be tens or hundreds of thousands of pounds and may be sporadic in nature and be the only income source for an individual over a number of months.

In cases like this, particularly in the current economic climate, individuals need the support of a trusted lender who will work with their individual case to provide a bespoke solution. Having a key relationship with a finance specialist can result in their circumstances being fully understood, leading to the right customer outcome.

For me, this is where a specialist lender like Together excels. We have an incredibly diverse and broad product set and flexible criteria designed to support a wide range of people across the societal spectrum.

It means we can adapt to circumstances and challenges that other lenders can’t or won’t, ensuring we deliver the best service and outcome. By working together with these valued customers, we can provide products that suit their individual needs, both residentially, but also across their wider business through commercial mortgages, development loans and buy to let or investment portfolio loans, when and where required.

It’s this commitment to our customers that has enabled Together to grow over the last 50 years, and, as we aim to become the UK’s most valued lender, we’re looking forward to opening doors for even more customers in the future.”

Recap.

Here are the key action points from our review of the high net worth mortgage market.

- Optimism and confidence is returning to the high net worth market, with individuals looking to invest and diversify in property again, for personal and professional portfolios.

- Post-pandemic, high net worth individuals have been hesitant to purchase or invest in residential property, due to changes in attitude and lifestyle as well as economic and business concerns.

- As many high net worth individuals are self-employed and have complex incomes, they're challenged when trying to access funding. Mortgage products and loans that offer flexibility around income are an attractive proposition for those who may be rejected by other lenders, or those having to go to great lengths to prove affordability.

- Brokers and lenders need open minds when dealing with those with complicated and often inconsistent income, and need to provide personalised, specialist solutions.

In conclusion...

The future of the specialist lending market.

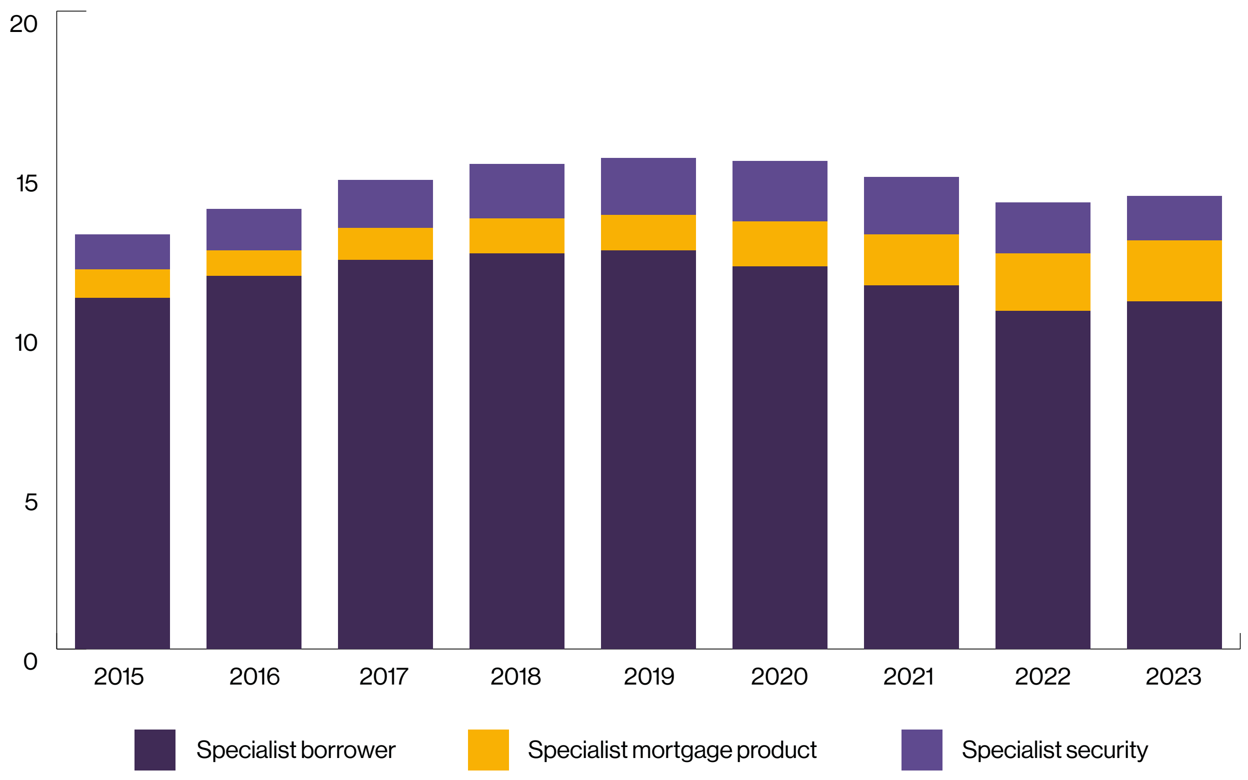
Rob Thomas

Economist and Principal Researcher,
Intermediary Mortgage Lenders Association

“Non-standard mortgage applications cover lending to those with complex incomes, the self-employed, those with impaired credit, and many other homeowners, or potential homeowners. On top of that, there’s a huge demand for large loans, second charge loans, bridging loans, shared ownership and right-to-buy properties, plus many other specialisms. Demand for specialist lending has never been higher.

Including those segments for which we do not have data, we estimate that more than one sixth of regulated mortgage lending in 2023 fell into one or more specialist category.

Market sizing for specialist lending categories



Specialist segments as % of total mortgage lending

Source: Rob Thomas, economist.

The future of the specialist lending market.

Although domestic inflationary pressures are proving harder to control than expected, which might delay further interest rate cuts, we do expect the Bank Rate to be cut again in 2025 and more sharply in 2026. Lower interest rates and rising real wages should ensure the recovery picks up momentum with the 2027-29 period seeing growth exceeding 2% per annum. This is despite the full effect of higher rates not being felt yet, as many households are still on low fixed rate products taken out before rates started to rise.

The housing market will be a key beneficiary of rising real wages and falling interest rates. House prices could rise by 20% between 2023 and 2029 while property transactions could reach 1.3 million by 2029 against 1.019 million in 2023. These conditions are bound to stimulate growth in the mortgage market. We expect total lending to rise from £224 billion in 2023 to £315 billion by 2029, a 41% gain.

Our forecast for specialist lending sees the total, for segments on which we have data, increasing from £32 billion to £54 billion over 2023-29 - a 70% increase. We expect lending for shared ownership to be the fastest growing segment over this period, increasing by 126% as the government and the lending industry encourage this as a path for those who find full ownership to be out of reach, followed closely by lending to the retired as the older population with mortgages continues to rise sharply.

Lending to other borrowers who are not employed is also expected to show a healthy gain. The only category we see declining is Right to Buy (down 36%) as a result mainly of reduced discounts for purchasers.

We forecast that by 2029 over 20% of all regulated mortgage lending will fall within one or more specialist category.

Although we expect specialist lending to play an increasing role in the coming years, we believe that there are still many households who may believe that they cannot achieve their housing ambitions because they do not fit the criteria of high street lenders.

A higher profile and awareness for specialist lending could help to reach these households, allowing more of them to enjoy the wide range of benefits that homeownership brings.”

A final note from Together.

Chris Baguley
Group Channel Development Director

"Our research and forecast suggests that the residential property market is on the verge of a revival after the recent down turn. The expected 15% increase in residential property transactions over the next five years alone demonstrates that people are ready and willing to buy.

However, many individuals will continue to face challenges accessing the finance they need as a direct consequence of the economic hardship the UK has faced over the last two to four years. Credit impairment, in particular, will be an issue, but working patterns and lifestyles have also become more diverse.

Combined, this means that the proportion of people who fall neatly into the 'conventional mortgage' categories has declined, leaving a growing legion of people who will need the support of the specialist market.

Looking ahead, we forecast that this proportion will grow to more than one fifth by the end of the decade as improving economic conditions spur solid growth in lending overall, with even faster growth in the specialist lending sector. This is a pattern that repeats the pro-cyclicality of specialist lending seen in previous decades.

Since the 1970s, the specialist mortgage market has become a vital component of the UK's wider mortgage lending landscape, and spans across borrowers with complex incomes and the retired, to those with previous credit defaults and ex-pats or foreign nationals. It includes products as simple as flexible criteria mortgages, to diverse products such as second charge mortgages, bridging loans, owner-occupied mortgages, and residential buy to let mortgages. It supports housing that does not conform to the conventional security that mainstream lending is secured on such as shared ownership, self-build or listed buildings.

Ultimately, it's about getting people into the homes they want to be in, and supporting everyone looking for property finance. That's why Together takes a common-sense approach to lending; to help people achieve their property ambitions.”

A word from our Vice Chairman and Founder.

Henry Moser

“Looking back over our 50 year history we have always been resilient to many economic cycles. However the current market outlook following a long period of uncertainty, coupled with the recent change in government, means that there is a renewed sense of optimism across the UK property market.

Throughout all these cycles we are proud to have been able to support so many valued customers to achieve their property ambitions. We are seeing increasing numbers of customers who need a relationship lender who fully understands their individual circumstances and we look forward to continuing to work together with our customers and business partners, as we realise our ambition to become the UK’s most valued lending company.”

We're Together.

PROUDLY CELEBRATING 50 YEARS SUPPORTING CUSTOMERS

Get in touch.

Whatever the circumstances, our dedicated team of experts are on-hand to answer all your questions at every stage of the process.

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For a personal mortgage or loan:
03330 601 951

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Any property used as security, including your home, may be repossessed if you don't repay your loan.

We're Together. For over 50 years, we've helped thousands of people, businesses and professionals unlock their property ambitions with our common-sense approach to lending.

That means we take the time to understand our customers and find a property finance solution that works for them. Our door is always open, so we can often help when other lenders can't or won't.

Our large product suite of mortgages and secured loans gives us the flexibility to help in a wide range of specialist lending scenarios, including residential mortgages, short-term finance, buy-to-let, commercial and semi-commercial mortgages and loans, auction finance and development funding.

Based in Cheadle, Cheshire, our 800 colleagues use their expertise and industry knowledge to help our customers throughout the UK, backed by the power of a £7 billion loan book.

References and details.

Methodology notes.

This report pulls from multiple research studies, details of which can be found below.

Residential property market survey

The research was conducted by Censuswide, among a sample of 4004 nationally representative UK consumers, aged 18+. The data was collected between 19.07.2024 and 25.07.2024. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

Research commissioned by Together and conducted by Opinium research between 5 June and 10 June 2022 among 7,000 UK adults, and is weighted to be nationally representative.

Residential property market lifestyle survey

The research was conducted by Censuswide, among a sample of 2002 nationally representative UK consumers, aged 18+. The data was collected between 17.07.2024 and 19.07.2024. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

Residential lifestyle survey on second charge mortgages

Research commissioned by Together and conducted by Opinium research between 3 January and 6 January 2023 among 2,000 UK adults, and is weighted to be nationally representative.

‘Hidden Gems’ empty properties and abandoned buildings campaign research

The research was conducted by Censuswide, among a sample of 2005 nationally representative UK consumers, aged 18+. The data was collected between 21.02.2024 and 23.02.2024. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

The number of empty homes is sourced from Census 2021 data. Local authority data on long-term (6 months +) empty properties used to estimate shifts in empty homes across England and Wales since the Census and up to end 2023. Average property prices by property type from HM Land Registry data from Nov 2023.

Opening Doors, A review of people's property plans and ambitions over the last 50 Years

The research was conducted by Censuswide, among a sample of 2,017 nationally representative UK consumers, aged 18+. The data was collected between 03.01.2024 and 05.01.2024. Censuswide abides by and employs members of the Market Research Society which is based on the MRS code of conduct and ESOMAR principles. Censuswide is also a member of The British Polling Council.

Market analysis study.

Rob Thomas, economist, market analysis study

Rob Thomas: "The outlook for the specialist mortgage market has at its foundation a forecast for the UK macro economy based on projections for key economic variables such as growth, inflation, interest rates and earnings growth. The projections for each variable are the product of the interplay of these variables such that, for example, higher earnings growth and lower interest rates both stimulate higher output and have an incremental positive impact of the rate of inflation. These forecast variables in turn determine the expected level of activity in the housing market including the level of lending for house purchase. The forecast for specialist mortgage lending is built up by projecting each category of specialist lending for which data has been available. Influences on each category can be estimated from these past data, allowing a projection to be made underpinned by the forecast for overall lending while taking account of factors relevant to each category such as policy changes or demographic trends."

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Any property used as security, including your home, may be repossessed if you don't repay your mortgage.

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