Specialist lender innovation and flexibility will be key post Covid-19

The past six months have seen such a frenzy of property-related activity that we've barely had time to catch our breath and dig that bit deeper into potential future trends generated by this artificial housing market boost and the underlying economic effects of the pandemic.

Of course, brokers on the front line are constantly experiencing changes to affordability, availability, criteria and product ranges (especially around self-employment and complex income scenarios) to gain a natural feel for the direction the market is taking.
However, business has been so brisk that it's easy to get stuck in the present and gloss over issues which are likely to dominate the property market once the stamp duty holiday door is well and truly shut – whenever that might be.

The debate between renting and buying is hardly a modern-day phenomenon but in an increasingly complex mortgage market – and when also taking into account wider economic conditions – there are a growing number of new factors for borrowers and intermediaries to consider.

The pandemic lag
Vida Homeloans research showed that while the data suggested two-thirds of Britain's rental population aspire to own their own home, it also pointed out that 19 per cent of these renters are now finding it harder than before to purchase a property because of Covid-19.

This includes 20 per cent of renting key workers, who are now having to reconsider their plans to buy. Furthermore, 28 per cent of those renters who have had to push back their plans to buy, reported the virus has caused a fall in their income, while 27 per cent have had to dip into funds that could have been used to help them buy a home.

In addition, 29 per cent outlined that stricter lending requirements had made it harder to find a mortgage. ONS data shows that house prices have increased by £20,000 since 2019, with the average property price now sitting at £250,000.

And the research highlighted that, even prior to the crisis, a fifth of renters struggled to find a lender willing to offer them a mortgage, with two in every five saying the biggest barrier to owning a home is being able to save a large enough deposit.

Not banked by Mum and Dad

Staying on the topic of deposits, a report from Saffron Building Society outlined that the majority of first-time buyers are struggling to raise a deposit, despite reports showing a fall in house prices.
It showed that 83 per cent of those currently house hunting had been offered no financial support from mum and dad. Saffron noted that the research arrives as lenders begin to return to higher loan-to-value lending, following product removals in 2020.

The past 12 months have been tough for everyone and this period does seem to have driven an even wider gap between those who can and those who can't get a foot onto or up the property ladder.

Personal financial situations have been hit by furlough, sudden losses of income and mortgage payment holidays which are all putting some degree of additional pressure on people and families across the UK.
As recently outlined by Steve Seal, managing director at Bluestone Mortgages, when commenting on its recent results – "ultimately, our goal is to continue to deliver innovative and flexible solutions to underserved borrowers across the UK – particularly those impacted by the Covid-19 crisis."

I'm sure this sentiment is shared across the specialist mortgage markets, and such lenders will prove increasingly prominent when it comes to providing a valuable lifeline for a growing number of potential buyers and homeowners in 2021 and beyond.

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