

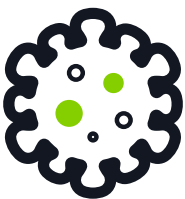
# THE EVOLVING MORTGAGE MARKET

**ELOISE HALL**  
KEY ACCOUNT MANAGER



Just as we all thought we could start to return to some form of normality after two difficult years, geopolitical developments abroad and the spiralling cost of living at home has meant that, for many of us, life continues to feel somewhat uncertain.

Yet uncertainty can often be the source of innovation and progress. This was the message that came through loudly and clearly from the experts in our latest webinar, Frances Cassidy, Kensington Mortgage's Head of National Accounts, Nicola Firth from Knowledge Bank and Yael Harp from Y Commercial.



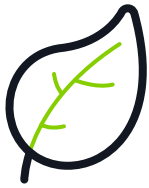
## **The Post-Covid Landscape**

Frances began by describing how the housing market has now recovered from the extensive product withdrawals which we saw at the start of the pandemic. Today there are currently 3300 specialist products available, an increase of 27% on pre-Covid numbers.

Despite this welcome rebound, the market remains undeniably challenging, for three key reasons.

- **Deposits.** The average deposit for a first-time buyer has risen by £11,000 since the pandemic began and is now £57,279, making it very difficult for renters to save enough.
- **Affordability.** The ratio of house prices vs earning is at a record high - almost x12 in London, and even x6 in Yorkshire. House price inflation has been made worse by the pandemic, with many properties being sold above asking price. Meaning fewer people than ever can afford to get on the property ladder
- **Economic uncertainty.** We are all feeling the pinch now. The rising cost of energy, fuel, transport and food is well documented, while interest and mortgage rates are also increasing.

However, we know from experience that it is precisely when things become difficult that growth and innovation is most likely to take place. With customers' needs continuing to evolve, we have been working harder than ever to develop new products and explore different ways to help people who might not be able to secure the lending they need from traditional lenders.



### **Make Sure You Review Your EPC**

Since 1st April 2020, Minimum Energy Efficiency Standards have required all privately owned properties to have an Energy Performance Certificate (EPC) rating of at least an 'E' before they are sold or let. The legislation applies to both domestic and commercial properties, although there are some exemptions. If a property does not secure an 'E' rating you may be fined up to £5,000 (for domestic dwellings) and up to £150,000 for non-domestic properties.

That, Yael explained, is why it is so important to encourage your clients to review their portfolios as a matter of urgency. EPCs are only valid for 10 years and in that time the energy efficiency of a property is likely to have changed.

She suggested four easy upgrades you can make to your properties to improve their EPC rating.

- 1. Lighting:** simply changing all the lightbulbs to LED might be the difference between a B or a C score.
- 2. Insulation:** Insulate your walls, roofs and floors - especially in pre-1900 constructions or those with solid brick walls
- 3. Windows:** Install double or triple glazing wherever possible
- 4. Heating:** Upgrade older boilers with newer, more efficient models.

To help landlords who have made their properties more energy efficient, Kensington has developed some specific products. [Our eKo £1,000 Cashback Mortgage](#) is designed for older properties and gives £1,000 cashback if the homeowner improves the EPC rating either by moving up a band (for example from D to C) or increases their rating by 10 points within 12 months from completion. Other green mortgage products available from Kensington include the New Build eKo Reward mortgage, offering double the cashback of the standard range, on new build properties with an A or B rating.



### **The Self Employed Need Our Help**

There are currently around 4.2 million self-employed workers in the UK – c.15% of the total workforce. As a result of the pandemic, it has become much harder for many of them to secure mortgages.

Lenders often ask the self-employed for extra documentation and look much more deeply into their finances, history and personal circumstances to find the information, and reassurance, they need.

Nicola suggested several ways you can help your clients. For example, you could check Companies House, which may reveal if they have any other businesses that could provide alternative incomes. You should also review their bank statements which, unlike historic accounts, will tell you how the business is currently performing and may assist their application.

Last year, Kensington launched our [Income Recovery for the Self-Employed mortgage](#), so that those clients whose income took a hit can still be considered for a mortgage by looking at an average over their last two years accounts, rather than just their latest figures.



## Kensington Business Update

Frances closed the presentation by announcing that, despite the difficulties as a result of the pandemic, Kensington achieved record levels of business last year – almost £2bn worth of new lending, which we know we couldn't have done without you.

However, we're not resting on our laurels. We have also launched a range of new products and partnerships (including with Nested, the online estate agent) to provide your clients with [small deposits](#) with more options than ever before. And our product team are continuing to create innovative mortgages to help even more of your clients in the future – another reason to make sure you keep up to date with Kensington to be the first to hear about our new product launches.

Finally, we've been listening to you carefully and know that product transfers direct to customers are something that you have wanted for a while. We have been trialling this over recent weeks and are delighted to say that it will be coming very soon.

## My takeaway

What became crystal clear from listening to all our guest speakers is that the need for high quality advice and specialist products has never been greater. Many people are being turned away by the high street and increasingly looking to lenders like ourselves, and brokers like you, to provide them with the information and service they may not receive elsewhere.

The simple truth is that with uncertainty comes opportunity. That's why now is the perfect time to check in with your clients, build your relationships and expand your network and client base.

And we'll be with you every step of the way.



### Eloise Hall – Key Account Manager Kensington Mortgages.

Eloise joined Kensington Mortgages as Key Account Manager in 2019. She brought with her a wealth of experience from both Leeds Building Society and Principality Building Society and has worked with many accounts throughout the UK. Eloise has continued to grow Kensington's brand as an innovative and forward-thinking specialist lender amongst her wide network of intermediaries, and in 2021 was recognised by the British Specialist Lender Awards as the best for Business Development among mortgage lenders.

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