



We would like to wish you all a very Merry Christmas and a prosperous New Year and thank you for your continued support.

House Prices and Interest Rates

Has the bubble burst? For some months now the property market has been cooling, house price rises began to moderate in the summer and values in the past couple of months have been falling, albeit modestly, from an inflated level. The Nationwide and Halifax have reported drops of 1-2% since the autumn, and in November the average house price dropped by £2,000.

However, it is generally expected the housing market is heading for a soft landing as there remains a very tight balance between supply and demand. The UK population has been expanding at a relatively rapid rate due to a combination of net migration and longevity. As long as there is excess demand for housing there will continue to be a degree of inflationary pressure in the housing market. We predict that average house prices will rise by up to 5% next year (although the doom and gloom merchants are predicting only 1%). It should however be emphasised that for individual purchasers average house price data hides numerous areas and property type price variations.

UKFact File

- Average house price: £184,131
- Annual percentage increase: 9.3%
- Quarterly change (seasonally adjusted): 1.6%
- Most expensive region: London
- Least expensive region: North
- Region with strongest price growth: Northern Ireland
- Region with weakest price growth: West Midlands

Interest Rates

The recent reduction in the bank base rate was predicted with a further reduction of 0.25% likely early next year, is anticipated the base rate in 2008 will remain at 5.25%.

First Time Buyers

Reduced house prices and falling interest rates should be the ideal market for first time buyers and people re-joining the housing ladder. However, due to the credit crunch Banks and Building Societies have started to tighten up on who they will lend to and how much. This will make it harder to obtain higher income multipliers, 100% mortgages, and for the lenders to accept previous credit problems.

The good news, and possibly the way forward, is the **Government range of Low Cost Home Ownership and the main schemes available, such as:-**

- New Build Homebuy Up to 50% Shared Ownership
- First Time Buyers Initiative Up to 50% Equity Loan
- Open Market Homebuy Up to 32.5% Equity Loan

The lenders are responding with different mortgages to accommodate the above schemes and also offering to fill some of the other gaps with:-

- Key Workers Mortgages For Police, Nurses and Firefighters
- Professional Mortgages For Teachers, Doctors, Vets, Accountants, Solicitors and Dentists
- Graduate Mortgages For all graduates of a recognised UK university

The above schemes allow you, or your children, to purchase the property of your choice with very little savings and an affordable monthly mortgage payment. Due to the growing demand of this market and the specialist knowledge that is required, we have introduced a **First Time Buyer** desk dealing only with the above products.

The Free Phone Number is 0800 043 1011

Please call if you would like more information.

3 Hampton Close, Hucclecote, Gloucester, GL3 3TT

Telephone 01452 547783 Fax 01452 610927 E-mail: mail@warren4mortgages.co.uk

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Home Information Packs

HIP's are now necessary for all properties going on the market in England & Wales from 14th December, regardless of the number of bedrooms.

The HIP will include the Energy Performance Certificate (EPC) a sales statement, searches and evidence of title. There have been problems with leasehold properties but an allowance has been made in that whilst the lease document must be made available, the full lease contract can be obtained at a later date.

Reports so far seem to show that:-

- Approx 20% of homes will score a low rating on the Energy Performance Certificate.
- If this is the case and the rating is F or G, the owners should receive an offer of discount to help with energy efficient measures such as how to reduce carbon emissions and fuel bills.
- The average HIP takes between 7-10 days to complete.
- There has been little or no effect on property listings, no discernable effect on prices, transactions or mortgages.
- The average cost is between £300 and £350, but don't forget part of that cost will be the searches etc, which your solicitor won't have to do so you should see a reduction in the conveyancing fee.

Good news for the First Time Buyer, their up-front costs will be reduced by those search fees. There is still an undercurrent of voices that say that HIP's won't last, but the Government are committed to roll out EPC's for new houses from April 2008 and for commercial properties (whether for sale, rent or build) and all public buildings will have to display a certificate by October 2008.

If you're planning to put your home on the market in 2008, then don't forget that Warren & Co can arrange the Hip for you along with all the other aspects of your mortgage and protection needs.

Offset Mortgages

You may have noticed, if you've been looking for a mortgage recently, that more and more lenders are offering what is known as an "Offset" mortgage. This is a product which has been around for a few years but seems to be coming more and more popular.

An Offset mortgage means that alongside your traditional mortgage account sits a "Savings Account". You can pay into this account on a regular basis or with lump sums, large or small.

Any additional payments are deemed to be an over-payment and are "offset" against the interest charged on your main mortgage. With some lenders you can then choose whether this money reduces the interest charged on a monthly basis, therefore reducing the payment or it comes off the balance and then by default, reduces the term.

- The savings account money is always accessible, no tie ins, no penalties.
- Your savings are tax free and at the same rate you're paying for your mortgage.
- Borrow extra money now for a possible future house move. Put the money in a the savings account and draw the money down when you need it. The best part of this is you won't be paying for those funds until you need them, and you can move at any time knowing you have got the money available. If your plans change and you don't move, then you'll benefit from the money in the account reducing the overall interest also charged.
- You can also borrow extra money for home improvements, holiday homes etc and the same applies.
- Fixed rate offset mortgage are now available..

There are quite a few lenders offering a "flexible" mortgage, but this is not always as good as the offset. Offsets also vary from lender to lender so don't be fooled!

Phone us and we will research the best deal to suit your plans

Launching the new Warren & Co **(Independent Financial Consultant)**

Protection Review Service

Over the years, you may have taken out insurance policies when moving house or refinancing your existing mortgage debt. It may well be the case that you are now paying premiums to several insurance plans.

Have you stopped and asked yourself the questions;

- What are the benefits being provided by my existing insurance plans?
- Is this cover relevant to my current circumstances and do they still meet my current, and future needs?
- What are my employers benefits and will they mean some of my policies may not pay out?
- In a competitive market place is it possible to get the same or better cover for a better price?

If you don't know the answer to one or more of these questions the Warren & Co Protection Review Service is something that may be of interest to you.

As an Independent Financial Adviser, Warren & Co is not tied to any insurance company. This means that we have an overview of the whole of the market place and can recommend plans which offer the best cover at the cheapest cost for your individual needs.

For existing clients this means that we can provide a review of all of your existing insurances
FREE OF CHARGE
and provide information of the cover provided by each of these plans.

More importantly, we can provide advice on if these plans meet your current insurance needs and if not provide alternative solutions.

I like the sound of the Warren & Co Protection Review Service, what do I do next?

The first step is to ring Mark Manning to discuss your personal circumstances. With your agreement, Mark will send you a letter of authority which will simply appoint Warren & Co as your adviser in connection with existing insurance plans. He will then send this letter to the various insurance companies asking for a complete breakdown of the cover provided and the monthly premiums.

Upon receipt of this information he will then provide you with an initial assessment of the cover provided by your existing insurance plans, and follow this up with a phone call or meeting to see if this cover meets your current protection needs.

Based on yours discussions and with your agreement Mark, will then look at the whole of the market place to see if the same or better cover can be offered at a cheaper cost.

Remember there is no charge for this service and no obligation.

If you are interested in this service call

Mark Manning
Cert (PFS)
on **01452 548998**

If you have any questions relating to the issues raised in this newsletter please call us on

01452 547783
on visit our web site

www.warren4mortgages.co.uk

