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Essentially Mortgages

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Taking control of your first home plans

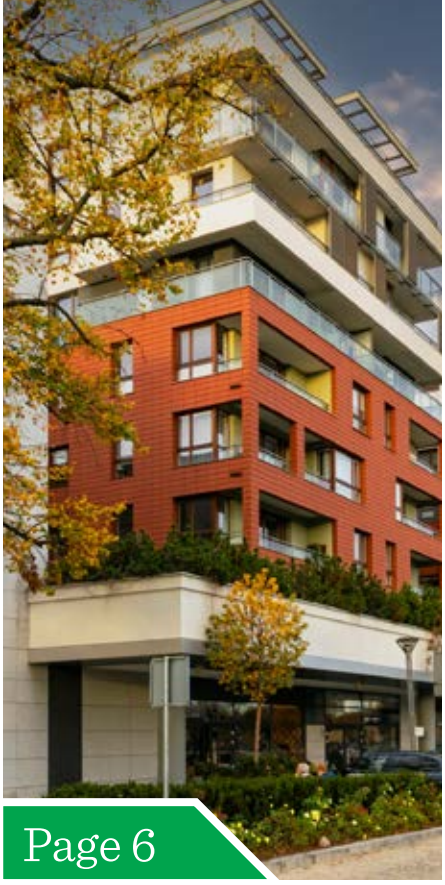
Budget 2026 – new opportunities for first-time buyers

House envy – keeping your property goals realistic

Is paying off your mortgage early the right choice?

Inside: *A more cautious housing market / Mortgage pressure – plan ahead for higher payments / Lifetime mortgages become part of wider retirement planning / Younger homeowners stretch mortgage terms / Could you cope without your income? / Building a stronger financial safety net / The top concerns of FTBs*


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Budget 2026

New opportunities for first-time buyers

For many aspiring homeowners, saving a deposit remains one of the biggest barriers to getting onto the property ladder. Budget 2026 put first-time buyers in the spotlight, with new support schemes and changes to existing savings incentives designed to make home ownership more achievable.

The Budget announced a new First-Time Buyer ISA, which will launch from April 2029 and eventually replace the Lifetime ISA (LISA) for new savers



Your First Home Scheme – a helping hand onto the ladder

One of the Budget's flagship housing measures is the government's newly announced Your First Home equity loan scheme. Backed by £4.7bn of government lending, it is expected to help around 70,000 first-time buyers purchase a property in England.

The scheme is designed to help people who can afford monthly mortgage repayments but struggle to save a sufficiently large deposit. By providing government-backed equity loan support alongside a traditional mortgage, it could reduce the amount buyers need to fund themselves and help more people get onto the property ladder sooner.

Through the scheme, FTBs will be able to purchase a new-build home with a deposit of 2.5%, backed by a 20% equity loan from the government, which would be interest free for five years. The scheme only applies to new-build homes from participating developers, with housebuilders expected to make a contribution when signing up to the scheme.

A new First-Time Buyer ISA

The Budget also announced a new First-Time Buyer ISA, which will launch from April 2029 and eventually replace the Lifetime ISA (LISA) for new savers.

The new product will provide a 25% government bonus, paid when funds are withdrawn to purchase a first home valued at up to £450,000. The maximum government bonus available will be £20,000, creating a substantial incentive for long-term deposit saving.

Good news for existing LISA savers

Existing LISA holders will be able to continue contributing up to £4,000 a year.

Importantly, from 29 October 2026, the withdrawal charge on funds used to purchase a property above the current £450,000 cap has been reduced from 25% to 20%. This should help savers whose preferred property has risen beyond the original price threshold avoid losing some of their government bonus and investment growth.

Other housing measures announced

- £1.5bn of additional funding for social and affordable housing, taking planned investment over the next decade to more than £40bn
- From April 2027, Income Tax rates on property income will increase by two percentage points, taking the basic rate to 24%, higher rate to 44% and additional rate to 49% in England, Wales and Northern Ireland
- £432m to tackle rough sleeping in England.

> *The autumn market is likely to remain price-sensitive, with affordability continuing to influence decisions*



A more cautious housing market

As we move into autumn, the UK housing market remains relatively subdued. Higher borrowing costs and economic uncertainty continue to weigh on demand, while house prices have shown little movement. However, the market remains active, with buyers and sellers continuing to adjust to the current environment.

Prices remain broadly flat

Lloyds' August House Price Index (formerly Halifax House Price Index) showed the average UK property price was £298,468, down 0.4% annually and 0.2% month-on-month. Lloyds also says prices overall were 0.2% higher than at the start of 2026. Prices have remained within a narrow range for almost two years, highlighting the impact of affordability pressures and higher borrowing costs.

Savills expects mainstream UK house prices to fall by 2% across 2026, before returning to growth of 2.5% in 2027. It expects the recovery to build as affordability improves and economic conditions become more supportive.

Mortgage rates remain uncertain

The outlook for mortgage rates remains uncertain. After easing earlier in the year, fixed mortgage rates began rising again in August and the trend continued into September. Changes in market expectations and swap rates have prompted several lenders to increase fixed rates.

The Bank of England held Bank Rate at 3.75 % in September, but mortgage rates do not necessarily move in line with Bank Rate. Market expectations, swap rates and lender competition can all influence the cost of fixed-rate borrowing.

New-build supply under pressure

While buyers continue to have a reasonable choice of existing properties, the supply of new homes remains a concern. Rightmove reports that the number of new-build developments coming to market is at its lowest level since January 2017. It says this highlights a shortage of homes in the right places and at affordable price points.

Looking ahead

The autumn market is likely to remain price-sensitive, with affordability continuing to influence decisions. Buyers may have opportunities to negotiate, while sellers will need realistic expectations. With the outlook still changeable, borrowers may benefit from taking advice rather than relying on forecasts about where rates will go next.

House envy – keeping your property goals realistic

Social media can make buying your first home look exciting, but it can also make it easy to compare your own circumstances with someone else's carefully curated highlight reel.

A recent survey[1] found that 75% of first-time buyers experience 'house envy' after seeing property milestones shared online. Almost half (45%) said they always or often experienced pressure or influence from social media while navigating the property market.

Keeping expectations in check

With picture-perfect homes and *'We got the keys'* posts appearing regularly, it is perhaps unsurprising that 78% of first-time buyers admitted comparing their actual budget with the 'perfect' homes they see online.

Social media can also encourage immediate action. Almost half (46%) said they went straight to property apps after seeing a home-buying post, while 50% had researched the price of a property they spotted on social media.

Focus on your own financial goals

There is nothing wrong with taking inspiration from social media, but it is important to remember that every buyer's circumstances are different. What you see online rarely shows the full financial picture behind a purchase.

Rather than letting comparisons knock your confidence, focus on what is realistic and achievable for you. Understanding your budget, deposit, mortgage affordability and wider financial commitments can help turn homeownership aspirations into a practical plan.

[1]Mojo

> *"78% of first-time buyers admitted comparing their actual budget with the 'perfect' homes they see online"*



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Mortgage pressure – plan ahead for higher payments

Mortgage costs could come under renewed pressure for millions of homeowners as more fixed-rate deals come to an end.

The Bank of England now expects more than five million homeowners to face higher mortgage repayments by the end of 2028 – around one million more than previously forecast. The change reflects increased inflation expectations, with geopolitical tensions and higher energy prices adding to uncertainty around the outlook for borrowing costs.

How much could payments change?

For the average homeowner coming off a fixed-rate deal over the next two years, monthly repayments are expected to increase by around £45. However, this is only an average. Those who secured particularly low mortgage rates in recent years could face much larger increases when they come to remortgage.

For some households, a higher monthly payment could make a noticeable difference to their finances, particularly alongside rising household costs and other financial commitments.





> *"For the average homeowner coming off a fixed-rate deal over the next two years, monthly repayments are expected to increase"*

Planning ahead can help

If your mortgage deal is due to end in the next couple of years, it is worth reviewing your position well in advance rather than waiting until the last minute. Understanding how different rates could affect your monthly budget can give you time to consider your options.

Reviewing your mortgage arrangements alongside your wider financial circumstances, will help you prepare for potential changes and avoid unwelcome surprises.



> *16% of lifetime mortgages completed in the second quarter of 2026 were taken out by homeowners with properties worth £700,000 or more*

Lifetime mortgages become part of wider retirement planning

Lifetime mortgages are increasingly being used by homeowners with higher-value properties, suggesting that later-life borrowing is becoming part of a broader range of retirement planning strategies.

Recent data[2] shows that 16% of lifetime mortgages completed in the second quarter of 2026 were taken out by homeowners with properties worth £700,000 or more, up from 15% in the same period last year. A further 7% were secured against properties valued at £1m or more.

The average property value among new lifetime mortgage customers also rose to £463,650, an increase of 3.3% year-on-year.

A role in retirement planning

The figures challenge the perception that lifetime mortgages are primarily used by people with lower-value properties or who have limited financial options. Instead, some homeowners with significant property wealth are choosing to consider their home alongside other assets when planning for later life.

A lifetime mortgage can provide access to some of the value tied up in a property without requiring the homeowner to move. However, borrowing against a home can reduce the value of the estate and may affect future financial options. Interest can also build up over time.

For these reasons, it is important to consider a lifetime mortgage alongside other ways of funding retirement and to take regulated advice before making a decision. The right approach will depend on individual circumstances, objectives and wider financial plans.

Equity release and lifetime mortgages will reduce the value of your estate and can affect your eligibility for means tested benefits.

[2]More2life



Don't lose hope

Preparation is key. Seeking professional advice can help you make informed decisions and turn homeownership into a realistic goal. Let's talk it through.

Taking control of your first-home plans

For many aspiring first-time buyers, getting a mortgage can feel like one of the biggest hurdles to homeownership. Understanding your options early could make the process feel much more manageable.

Research[3] has found that 56% of prospective first-time buyers believe it will be difficult to get accepted for a mortgage. Concerns about affordability and the size of the deposit are among the biggest barriers, with 39% highlighting large deposit requirements.

Research[3] suggests Britain could be at risk of a *'lost generation of homeowners,'* with confidence in achieving homeownership falling sharply as people get older.

Understanding what lenders are looking for

It is understandable that affordability, deposits and mortgage rates can make the process seem daunting. However, knowing what lenders may look at and understanding your options can help you prepare.

Your income, regular outgoings, credit history, deposit and other financial commitments can all affect how much you may be able to borrow. It is also important to consider what you can comfortably afford each month, rather than simply focusing on the maximum mortgage available.

The research suggests there is also a knowledge gap – 15% of aspiring buyers said they lacked understanding or education about mortgages, while 71% of people who had used mortgage advice services said advice made it easier to buy a home.

Forget the outside noise

We know that housing market conditions are challenging at the moment, but buying your first home is still possible with realistic planning and the right support. This autumn, try to focus on what you can control rather than being discouraged by external factors. There are practical steps you can take to get you closer to homeownership. You can check your credit score for free, so you have time to make improvements before applying for a mortgage. Put any spare money into a savings account to maximise your deposit. Speak to us to help you understand what you can realistically afford.

[3]Yorkshire Building Society

Is paying off your mortgage early the right choice?

For many homeowners, becoming mortgage-free is an appealing goal. Making overpayments or clearing a mortgage early can reduce the amount of interest paid over the life of the loan and provide valuable peace of mind.

The benefits of paying off your mortgage early

Even relatively modest overpayments can lead to significant interest savings and shorten the mortgage term. However, paying off a mortgage early is not always the right choice.

Before committing extra funds, it is worth considering whether higher-cost debts should be repaid first and whether you have sufficient emergency savings in place. You should also check whether your mortgage has any early repayment charges, as these could reduce the benefits of overpaying or paying it off early.



Think about your wider financial plans

For those approaching retirement, the decision can be even more nuanced. Entering retirement without a mortgage can lower monthly outgoings and reduce financial stress, making household budgeting more predictable.

On the other hand, using part of a pension pot to clear a mortgage could leave less accessible cash available for unexpected expenses, while tying more of your wealth up in your home.

Ultimately, the right approach depends on your individual circumstances, including your mortgage rate, savings, other debts and future plans. Keeping funds accessible may be more appropriate for some people.

We can help you assess the costs and benefits of overpaying and consider whether becoming mortgage-free sooner fits with your wider financial objectives.

The top concerns of FTBs

A study[4] has highlighted how first-time buyer concerns differ across age groups. While younger buyers are typically worried about affordability and upfront costs, older buyers may be more focused on the expenses that can arise once they own a home.

The research shows that 38% of aspiring homeowners aged 18 to 24 are concerned about Stamp Duty, legal fees and moving expenses

The research shows that 38% of aspiring homeowners aged 18 to 24 are concerned about Stamp Duty, legal fees and moving expenses, which they see as the biggest barrier to homeownership. A similar number (36%) are worried about job and income security.

For prospective buyers aged 25 to 30, affordability pressures are the main concern, with 56% worried about high house prices and 37% concerned about mortgage rates. Anxieties change among buyers aged 31 to 40, with 36% saying they are most worried about paying for unexpected repairs once they have bought a home.

Focus on what you can control

While some of these concerns may be outside your control, understanding your own financial position can help you prepare. Knowing how much you have available for a deposit, what you could comfortably afford to borrow and what additional costs you may face can give you a clearer picture of your options.

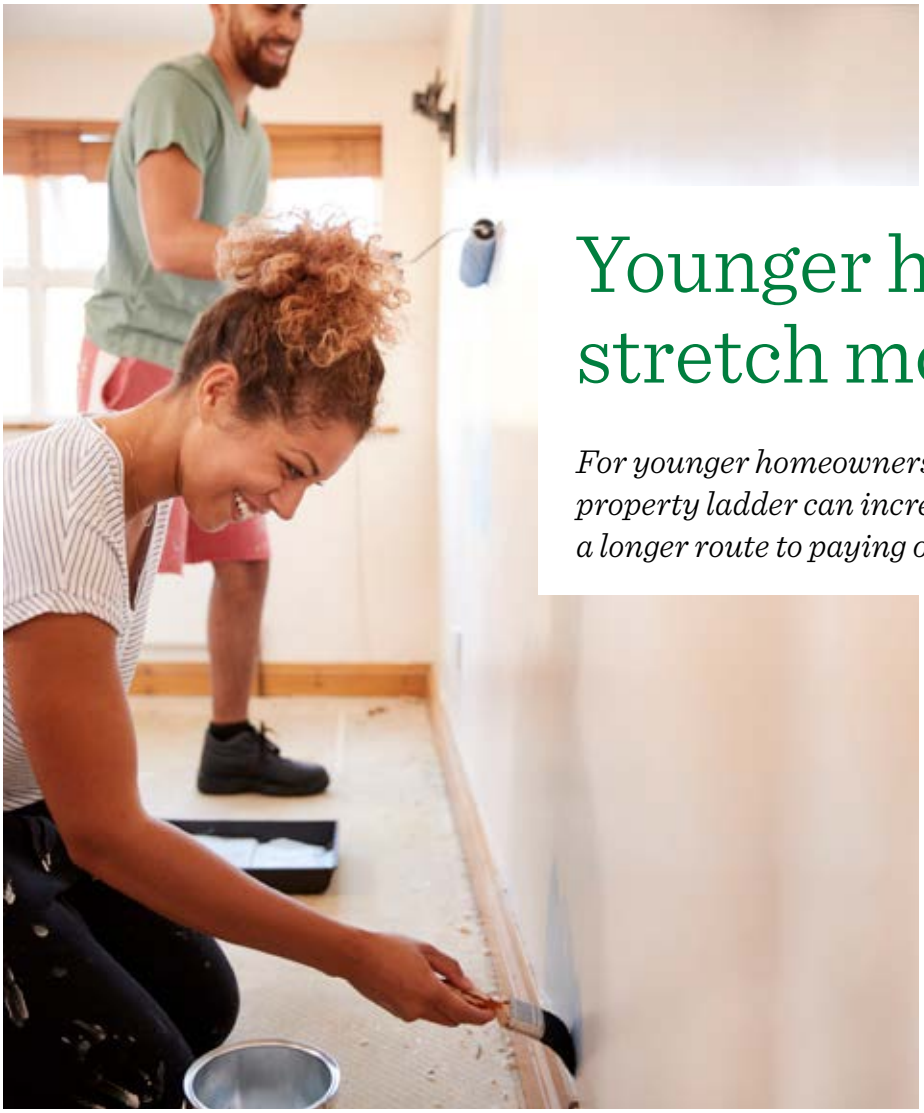
It can also be helpful to seek advice before you start viewing properties, to assess your circumstances, explain the mortgage options available and help you understand what may be realistic for you.

Take the next step

Buying your first home can feel daunting, but you don't have to navigate the process alone.

[4]MAB





Younger homeowners stretch mortgage terms

For younger homeowners, getting onto the property ladder can increasingly mean taking a longer route to paying off the mortgage.

Research[5] shows that 66% of homeowners aged 30 and under now have mortgage terms of between 30 and 40 years. Higher mortgage rates and larger loan-to-value ratios are among the factors driving this trend.

A longer mortgage term can make monthly repayments more manageable, but it also means paying interest for longer and potentially increasing the overall cost of borrowing. Anyone considering extending their mortgage term should weigh the short-term affordability benefits against their longer-term financial plans.

[5]Sprive

Could you cope without your income

Have you considered what would happen if illness or injury meant you could no longer work? For most homeowners, losing an income could make keeping up with the mortgage and other essential bills difficult.

Research from LV found that only one in five employed people have some form of protection in place, falling to just one in ten among self-employed workers. This is particularly significant for the self-employed, who do not have the same safety net of statutory sick pay.

The risk of relying on savings

The research also highlights how many people may be underestimating the financial impact of being unable to work. More than half (53%) of self-employed people and 47% of employed workers said they would rely on their savings if they could not work. However, the typical respondent estimated their savings would last just three months.

For homeowners, that could leave little room for manoeuvre if illness or injury kept them away from work for longer than expected. Mortgage payments still need to be made, alongside household bills and other essential expenses.

Think about your safety net

Income protection can provide a regular income if you are unable to work due to illness or injury, subject to the policy terms and conditions. It could help you continue meeting essential commitments, including your mortgage, while you recover.

Seeking professional advice can help you assess how long your savings might realistically cover your essential outgoings and whether protection could form part of your financial plans. Why not make protecting your income part of your plans for the year ahead?

Building a stronger financial safety net

Having a financial safety net can provide valuable reassurance when unexpected costs or changes in circumstances arise. For homeowners, that safety net can be particularly important when a mortgage is one of the biggest monthly financial commitments. New research suggests many people may not be as financially prepared as they would like to be.

One in five UK adults (20%) has no financial safety net at all, according to the research[6]. While 42% have a rainy-day fund and 37% have an emergency fund, 11% of those with an emergency fund say it would last no more than a month.

Mortgage decisions are also becoming a source of greater anxiety. The proportion of adults feeling apprehensive about making mortgage decisions has risen from 15% to 21% over the past year. At the same time, a third (33%) feel apprehensive about making investment decisions themselves, while concern about pensions has risen from 19% to 26%.



Looking beyond the mortgage payment

Having a mortgage is not just about securing a suitable product or keeping monthly payments affordable. It is also worth considering what might happen if circumstances change and household income is reduced or stops altogether.

Savings can provide an important buffer, but they are only one part of a wider financial safety net. Protection such as life cover, critical illness cover or income protection may also have a role to play, depending on individual circumstances and needs.

For example, life cover can help provide financial support for those left behind following a death, while income protection can provide an income if illness or injury prevents someone from working. Critical illness cover can provide a lump sum following a qualifying diagnosis. The right approach will depend on the individual, their mortgage, income, family circumstances and existing cover.

Prioritising financial resilience

Taking time to review your mortgage and wider finances can help identify where you may be exposed and what you could do to strengthen your position. This could include reviewing your mortgage arrangements, assessing your savings and considering whether your existing protection would provide enough support if your circumstances changed.

Professional advice can help bring these different areas together, rather than looking at the mortgage or protection in isolation.

Don't wait for a financial shock to expose a gap. Reviewing your mortgage and protection arrangements now could help give you greater financial resilience for whatever the future brings.

[6]Handelsbanken

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