

Homebuyers should start their housing search by 1st November to benefit from Stamp Duty holiday, Legal & General research shows

Legal & General Mortgage Club surveyed key groups in the housing market including advisers, conveyancers and estate agents

The findings suggest that the average homebuying journey is taking at least 15 weeks from start to finish for current homeowners

Even without a second lockdown taking place, homeowners should avoid delaying beyond 1st November if they want to benefit from the Stamp Duty holiday

Homeowners planning to move and benefit from the current Stamp Duty holiday should begin their homebuying journey by 1st November or risk missing out, according to new findings from the Legal & General Mortgage Club. The survey found those who need to sell their home and find a new property will need to allow nearly four months to complete their housing transaction, as the housing market continues to experience extraordinary levels of demand.

Since reopening after lockdown, the housing market has seen heightened levels of interest from buyers looking to press ahead with their housing plans, which has been boosted further by the Chancellor's decision to grant a Stamp Duty holiday on the first £500,000 of a property's value. However, consumers currently have till 31st March 2021 to take advantage of the incentive. Unprecedented demand in the market and the impact of Covid-19 has led to delays in the journey for many borrowers. Legal & General Mortgage Club surveyed a range of stakeholders in the housing market, including estate agents, surveyors, conveyancers, and housebuilders to build an estimated timeline for a typical housing journey given these delays.

The research has uncovered that before the pandemic, a mortgage application for a consumer with straightforward circumstances took less than two weeks (61%) to move to mortgage offer. Yet, since the re-opening of the mortgage market, advisers have found that this process is taking much longer – 30% said it is taking three to four weeks with a further 32% saying it is taking four to eight weeks. Those with more complex backgrounds, such as those with impaired credit histories or who have been on furlough, may need to allow up to six to eight weeks (28%) to get approved for a mortgage.

The mortgage journey is not alone in facing delays. Other elements of the housing sector are also trying to manage demand and the ongoing impact of Covid-19 on their businesses, which has increased lead times. Conveyancers indicated that the time between offer and exchange is now taking three weeks, while the period between exchange and completion stands at one to two weeks. Responses from estate agents also indicated that the average time between receiving an offer on a property and completion has increased by some eight weeks.

Legal & General Mortgage Club has analysed the data to build an average homebuying timeline, which could be up to 15 weeks or up to 17 weeks for buyers with more complex requirements. However, this figure does not take into account the holiday season nor the impact of a possible second lockdown, and prospective buyers should take this into account in their plans. Legal & General has therefore suggested that buyers need to begin their search by 1st November to take advantage of the Stamp Duty holiday to give themselves enough breathing space should any issues arise before completion.

Kevin Roberts, Director, Legal & General Mortgage Club comments:

“The Government’s Stamp Duty holiday has helped to encourage many hopeful buyers to press ahead with their homeownership plans, providing a much-needed boost to the economy. However, those wishing to take advantage of the ‘holiday’ will need to plan carefully to avoid missing the March 2021 deadline, particularly if they have their own property to sell first. Buyers should speak to a mortgage adviser when creating a plan as these professionals understand how to navigate the ongoing changes to the mortgage and homebuying process.”

“As homebuyers rush to take advantage of the Stamp Duty holiday, policy makers need to consider if a tapering of the Stamp Duty deadline is needed instead of a hard deadline. We need to avoid those moving or purchasing a home missing out through delays after 31 March when the holiday ends.”

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FURTHER INFORMATION (JOURNALISTS ONLY)

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NOTES TO EDITORS

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