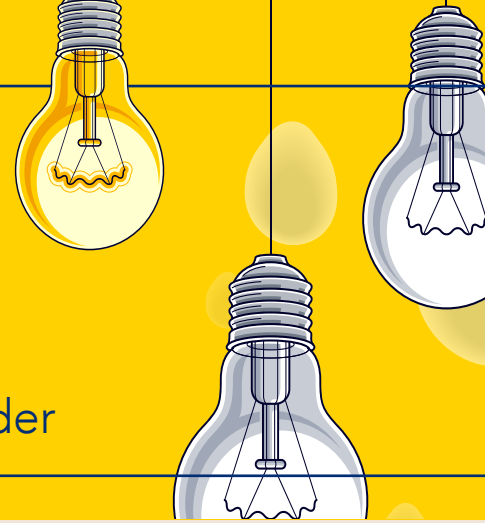


Industry insights

Self-Build...

Maximise the opportunity with a specialist lender



For years now we've all heard that property values could fall. They still may in time, but the predicted wholesale downturn hasn't materialised. UK house prices have actually been rising at their fastest rate since 2007 in recent months, with the typical property reaching its biggest annual cash gain in nearly 40 years¹.



The market will need to be monitored carefully in the year ahead but I predict brokers will have an ongoing opportunity to ride this wave of heightened property values,

especially in certain mortgage categories.

So which areas of lending will be particularly buoyant?

SELF-BUILD SET TO GROW

One standout option is self-build. Those overseeing the development of a new home have opportunity to increase returns as self-builds often prove cheaper to construct when compared to buying an existing property making it a strong consideration. Would-be self-builders who also consider doing the work themselves can lower costs by up to 40%², a significant saving and an opportunity to boost equity. A self-build project will also save on the amount of stamp duty due as owners are taxed on the value of the land, not the completed property.

As well as maximising cost savings a self-build project is appealing in other ways too. It's the perfect opportunity for customers to create their own, bespoke dream home.

So what does your typical self-builder (and potential mortgage customer) look like?

A SELF-BUILDER'S PROFILE

The National Custom & Self-Build Association has reported that 3-8% of self-builders do the work themselves, with most people using a combination of builders and contractors to create their homes. The NaCSBA also outlined that most self-builders are older but that the largest group aspiring to self-build is actually 18-24 year olds.

WHAT TO LOOK OUT FOR

As a specialist self-build lender, our own experience concurs with these statistics with the majority of self-build mortgage applicants matching this profile. To meet this demographic's self-build needs we review our products on a regular basis; observe the market and adjust our offering accordingly. Local builder Matt Martin, based in Harpenden where our Society is based, gives some useful insights:

"Self-build is big right now. Most builders and small construction firms I speak with regularly work in this type of property development, contracted by self-build customers. A few years back these same firms would have been involved in their own development projects but buying the right land, in the right location and at the

right price is becoming increasingly difficult. In contrast, Self-Builders often have access to an existing plot where they can build a standout property to fit their exact needs. They are also more likely to pay more for any available land too as the self-builder is in it for the long game and doesn't need to make an immediate return."

Matt adds, "Self-build projects are complicated on many levels but the returns can be significant, hence their popularity. Getting the right finance in place is one of the key factors determining success. Partnering with a specialist lender, experienced in the complexities of a self-build project is a must in my opinion for anyone borrowing money to fund the project."

MORTGAGE OPTIONS

At Harpenden, we manage complex cases, offer bespoke solutions and provide flexible underwriting. Our team have a wealth of knowledge when it comes to self-builds and a long established record of facilitating finance options in this specialist area. Here is what we offer, including unique features within the market, which can act as a benchmark when you are considering which lender to work with:



SELF-BUILD:

- 3.69% - for loans £75,000 - £999,999
- 4.19% - for loans £1,000,000 - £2,000,000
- Standard Self Build 65% LTV
- Premium Self Build 75% LTV
- Knock Downs, Re-Builds & Refurbishments - Residential Developments
- No ERCs
- Flexible construction types (dependent on valuer comments)
- Self-build retention releases not linked to stages
- Independent self-build product
- Most UK based incomes considered
- Flexible draw down options
- We allow up to 3 properties across all self-build/development products
- Up to 3 units accepted within 1 title
- We fully explain the Self Build process and steps

We'll be with you and your customers during every step of the financing journey – we understand that this process can be daunting due to the intricacies of a self-build project, and it might not be an area familiar to some brokers. We also recognise that a lot rides on the success of the self-build so we work hard with all parties involved to maximise the opportunity.

All the signs point to a healthy year for the self-build mortgage market. If you are looking to secure financing relating to a strong self-build application we, as a specialist lender, will be pleased to outline the opportunities available to you.

Jean Errington

Jean Errington, Business Development Manager,
Harpenden Building Society



¹ Source: The Guardian ² Source: The Sun



We individually assess and approach applications.



We offer a manual underwriting process.



A flexible view on merits of all cases - we're very accommodating.



We provide clear, fair and transparent charges for all cases.



Many types of income are considered when assessing affordability.

Review purposes only:

NaCSBA statistics: <https://nacsba.org.uk/news/report-calls-for-better-data/>

Cost statistics: <https://www.thesun.co.uk/money/13666986/cost-self-build-house/>

Rise in property prices: <https://www.theguardian.com/business/2022/mar/07/uk-house-prices-rise-at-fastest-rate-in-15-years-says-halifax>



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