



Quilter
Financial Advisers

Essentially

Mortgages

Q4 2025

What's in store
for the housing
market this
autumn?

The financial
benefits of
owning a home

Buying later,
borrowing longer –
finding the right fit

Mortgage Guarantee
Scheme made
permanent

Inside: Is your fixed rate coming to an end? / How to avoid falling victim to insurance fraud / Monthly payments increase home insurance cost by a third / Moving house? Don't forget the protection review / New data reveal trigger points for getting cover / 40-year mortgages offer lifeline to FTBs / First-time buyers get a move on



Welcome

Welcome to the Q4 2025 edition of Essentially Mortgages.

It's officially autumn and it's a buoyant time for the UK housing market. Buyers are enjoying greater choice and improved affordability, while sellers face new pressures to price competitively. We look at why now could be a favourable time to move, sharing the latest data on house prices and mortgage rates.

Find out how owning a home can deliver long-term financial benefits – potentially saving homeowners £200,000+ over 30 years compared to renting – and why younger generations feel more positive about getting on the property ladder. We also explore why it's becoming more popular to buy later in life and borrow over longer terms, as well as the government's decision to make the Mortgage Guarantee Scheme permanent.

If you're facing the end of a fixed-rate deal, discover some timely advice on navigating rising repayments. Finally, we reveal how paying for home insurance monthly could cost you a third more and highlight the changing attitudes of first-time buyers, who are moving on from their first homes faster than ever.

Thank you for being a valued Quilter client and we hope this edition helps you make confident choices.



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What's in store for the housing market this autumn?

The seasons may have changed, but the UK housing market continues to be buyer-friendly thanks to a high volume of available properties and a modest improvement in affordability.

A buyer's market

As the market transitioned into autumn, supply was at a decade-high level according to Rightmove. Sellers have therefore realised that they need to price competitively if they want to successfully attract a buyer. Rightmove's Property Expert, Colleen Babcock commented, *"We're seeing an interesting dynamic between pricing and activity levels right now. The healthy and improving level of property sales being agreed shows us that there are motivated buyers out there who are willing to finalise a deal for the right property. What's most important to remember in this market is that the price is key to selling."*

House price update

Figures from Rightmove¹ show that, in July, asking prices fell by 1.2%, the biggest July drop in over 20 years, but this is still 0.1% above last year's level,

indicating some market resilience. Rightmove has now revised its predictions for 2025 house price growth, scaling their forecast down from 4% to 2% due to increased competition among sellers.

Zoopla's August House Price Index² showed the average UK property price at £270,000, a 1.3% annual rise. Regional variation persists, with northern regions and Scotland showing steady growth while southern England lags behind.

Improving affordability

Lower mortgage costs are helping buyers – in August, the average five-year fixed rate fell below 5% for the first time since May 2023. Meanwhile, the number of transactions remains solid, with agreed sales up 5% and buyer enquiries up by 6% in August.

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Autumn outlook

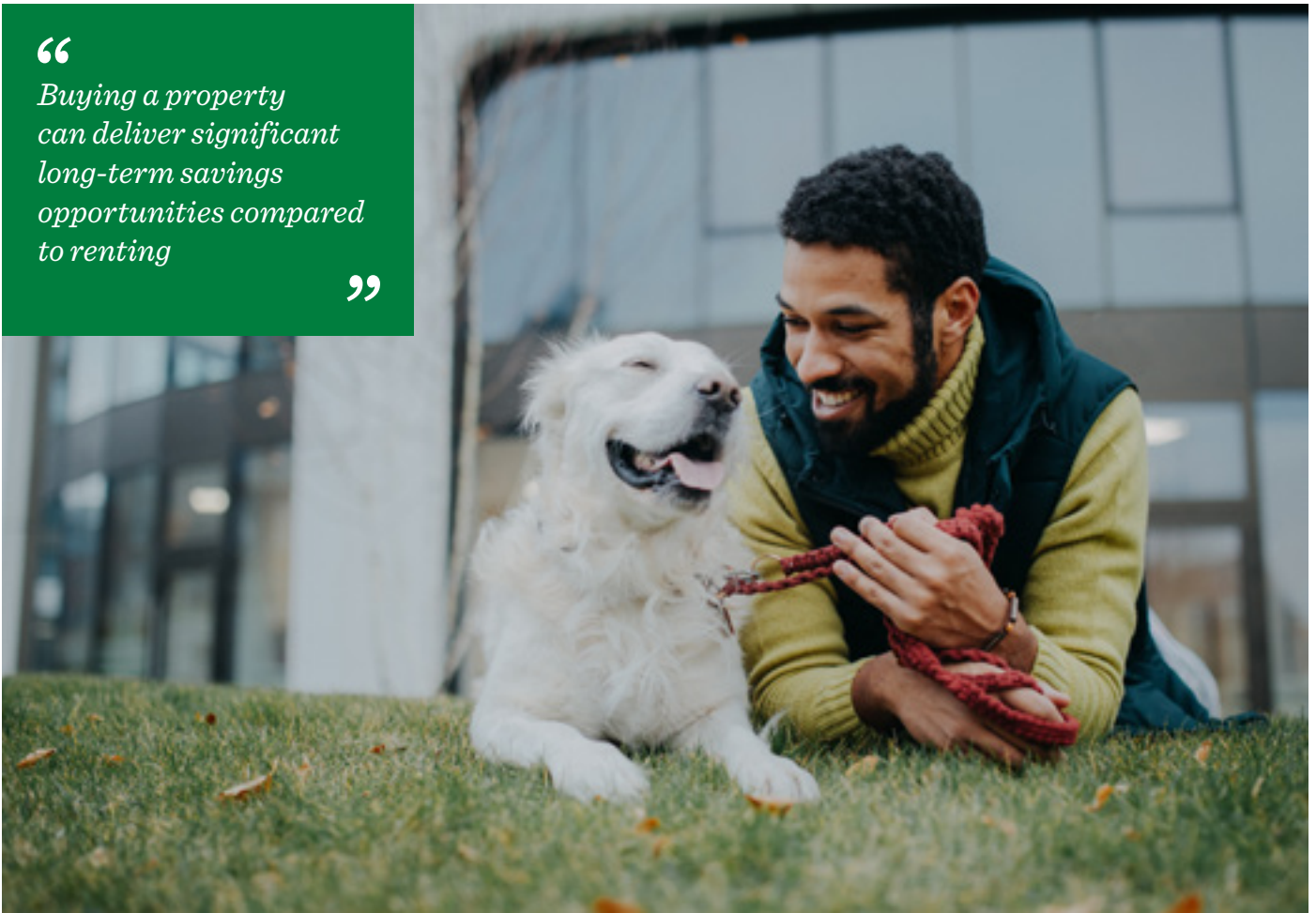
- **For buyers** – greater choice, more negotiating power and better affordability make this a potentially good time to search and secure value
- **For sellers** – setting the right price is key; overpricing now risks your property being overlooked
- **For the market overall** – modest price growth is expected, but steady activity and potential rate cuts could sustain momentum through the autumn months.

¹Rightmove, 2025, ²Zoopla, 2025

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Buying a property can deliver significant long-term savings opportunities compared to renting

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The financial benefits of owning a home

New research³ has found that buying a property can deliver significant long-term savings opportunities compared to renting.

Buying vs renting – the long-term outlook

The report showed that, while the upfront costs of buying a property can feel steep, homeowners will soon notice the benefits. By the second year, buyers could already be saving an average of £99 in comparison to renters. The difference becomes even more significant in the long run; after a decade, the gap in wealth creation could reach £12,157 and after 30 years, potential savings can rise to £206,031. Those who choose to invest their savings could see even greater returns.

The gap in wealth creation varies depending on the region. Renters in London could miss out on as much as £540,687 over a 30-year period of ownership, while the figure is even higher in Bristol, at £573,110.

Challenges faced by first-time buyers (FTBs)

Despite the investment opportunities that homeownership can offer, many renters think buying isn't achievable. Two-thirds (65%) aspire to own a home and 64% acknowledge that it offers better long-term financial security. Yet more than a quarter (27%) do not believe homeownership is within their reach, while just 8% said they actively prefer the flexibility of renting. High property prices continue to be the main obstacle, cited by 61% of renters. Saving for a deposit remains another hurdle (56%), with 32% pointing to income instability as a barrier.



More than half (56%) of tenants say they would buy if monthly mortgage payments were the same price as their rent

Younger generations are optimistic

Younger renters appear more hopeful; only 11% of 25 to 34-year-olds consider ownership unattainable, and this proportion drops to just 7% among 18 to 24-year-olds. More than half (56%) of tenants say they would buy if monthly mortgage payments were the same price as their rent. In some UK regions, this is becoming increasingly feasible, so FTB confidence may grow in the years ahead.

³MAB, 2025

Buying later, borrowing longer – finding the right fit

Getting onto the property ladder has become more challenging in recent years and a clear trend has emerged – people are buying later in life and taking on longer mortgage terms to keep monthly payments affordable.

In 2019/20, just 3.6% of FTBs with a mortgage were aged 45 or older, but by 2023/24 this had risen to 11.5%⁴. At the same time, more borrowers are stretching repayments. Nearly 85% of FTBs now take mortgages lasting 25 years or more, with almost a third opting for 35 years or longer. As a result, many will still be repaying in their 60s.

Managing affordability

Longer terms are often the only way buyers can access the market. In July, the Bank of England confirmed lenders could offer more mortgages above 4.5 times income, with HM Treasury estimating this could generate up to 36,000 additional FTB mortgages in the first year.

What's right for you?

Buying a home is a major financial step, and the right approach will depend on your personal circumstances. We can help you weigh up the options and secure a mortgage that is suitable for your unique requirements.

⁴Sprive, 2025



Mortgage Guarantee Scheme made permanent

The government's Mortgage Guarantee Scheme is now a permanent feature, following its inclusion in Labour's election manifesto.

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The scheme supports the availability of 91% to 95% loan-to-value mortgages by offering lenders a government-backed guarantee to cover part of their potential losses. It is open to both FTBs and home movers across the UK

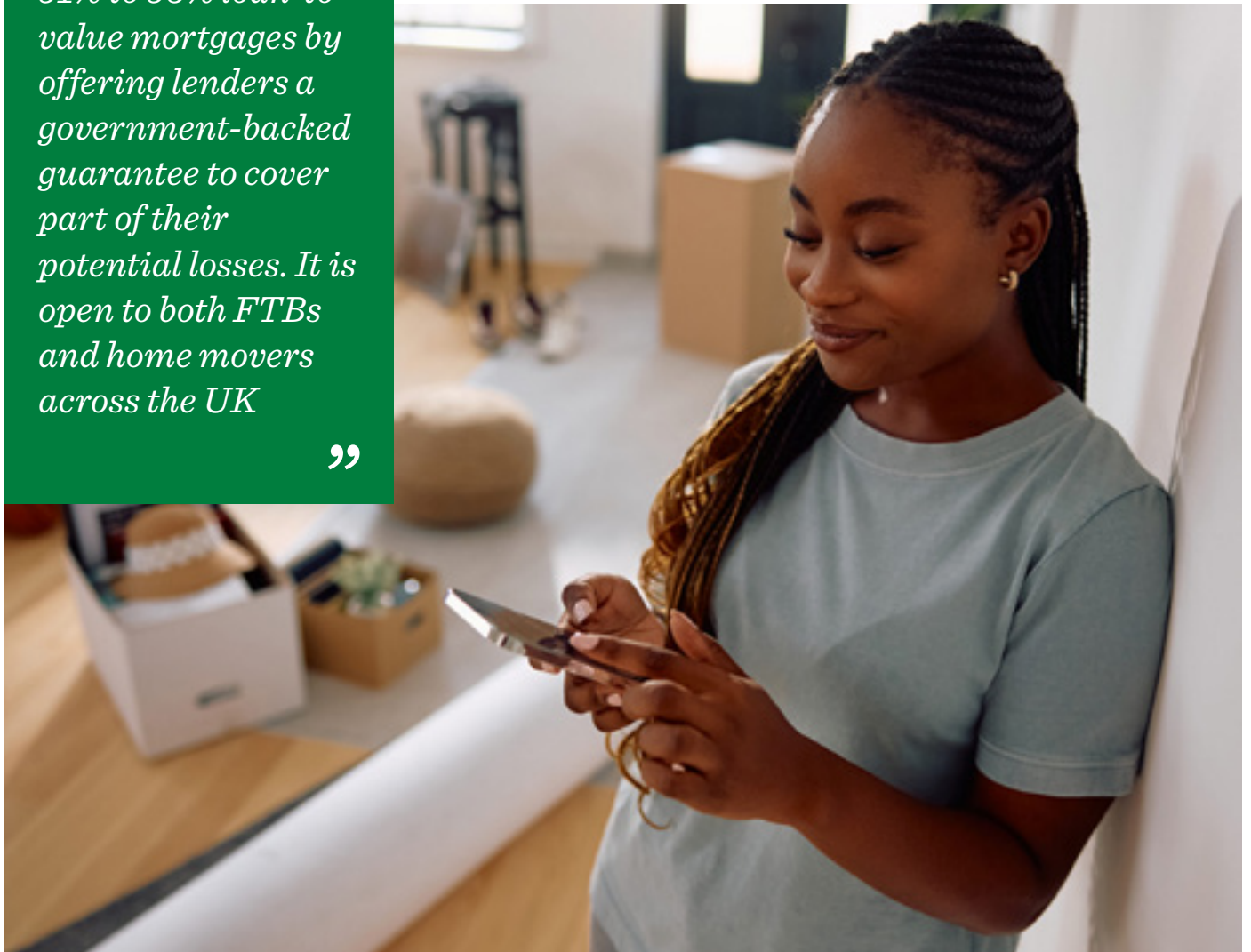
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The scheme supports the availability of 91% to 95% loan-to-value mortgages by offering lenders a government-backed guarantee to cover part of their potential losses. It is open to both FTBs and home movers across the UK. Announcing the move, the Treasury acknowledged the challenges facing aspiring homeowners, particularly the difficulty of raising a sufficient deposit.

An earlier version of the scheme, introduced in 2021, supported around 53,250 mortgage completions before its expiry in 2024, the majority of these (86%) being FTBs.

Balancing opportunity and risk

The scheme applies in England, Wales, Scotland and Northern Ireland, with only minor adjustments to terminology. While higher loan-to-value borrowing can provide an important route onto the housing ladder, it also carries greater risk if property prices fall. Taking advice before committing is essential to ensure you choose a deal that balances rate, fees and suitability for your circumstances.





Is your fixed rate coming to an end?

It is estimated that over 350,000 UK households are facing significantly higher mortgage payments this winter, as fixed-rate deals taken out during the era of ultra-low interest rates are set to expire⁵. These are largely five-year fixes taken out between October 2020 and February 2023, when rates were below 2%.

As borrowers move off these deals, many will be refinanced at current higher fixed rates, resulting in steep payment increases. For example, on a £200,000 mortgage, monthly repayments could jump by around £333 on a fixed rate of 5%, adding nearly £4,000 annually to household budgets. Mortgage borrowers with higher outstanding balances will see even greater hikes.

Reviewing your mortgage strategy matters more than ever to ensure you find the best deal possible to avoid paying more than is necessary. If your fixed-rate deal is ending soon, it is vital to review your options early. We can help you navigate today's complex market.

⁵Nous, 2025



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How to avoid falling victim to insurance fraud

Taking out an insurance policy is one of the best ways to protect your wealth and future. Unfortunately, scammers sometimes use protection as a way to try to catch people out. Looking after your wealth includes being aware of fraud – and how to avoid becoming a victim.

Stay safe

To outsmart the scammers, make sure to double check any communications from insurance companies. Think carefully if something looks or sounds wrong. Always take a moment to check if the company you are speaking to is genuine – and if you are in any doubt, ask for proof.

There is a high chance that unsolicited messages on social media or out-of-the-blue phone calls are fraudulent because this is not how insurance companies will contact you. Don't share your personal details unless you are certain you are talking to a legitimate company.

Am I talking to a scammer?

If things don't feel right, trust your instinct. Scammers have become more sophisticated in recent years, but it is still possible to detect when someone is trying to commit fraud. In particular, be wary of anything that sounds too good to be true.

If you are ever tempted to hand over personal details, stop and think: “do I know who I am talking to?” If an unsolicited caller offers you cover at an ultra-low price, that should ring alarm bells. Be mindful that they might be offering you a 'ghost policy': make-believe policies set up by fraudsters to entice you into buying them, which offers no genuine protection.



Monthly payments increase home insurance cost by a third

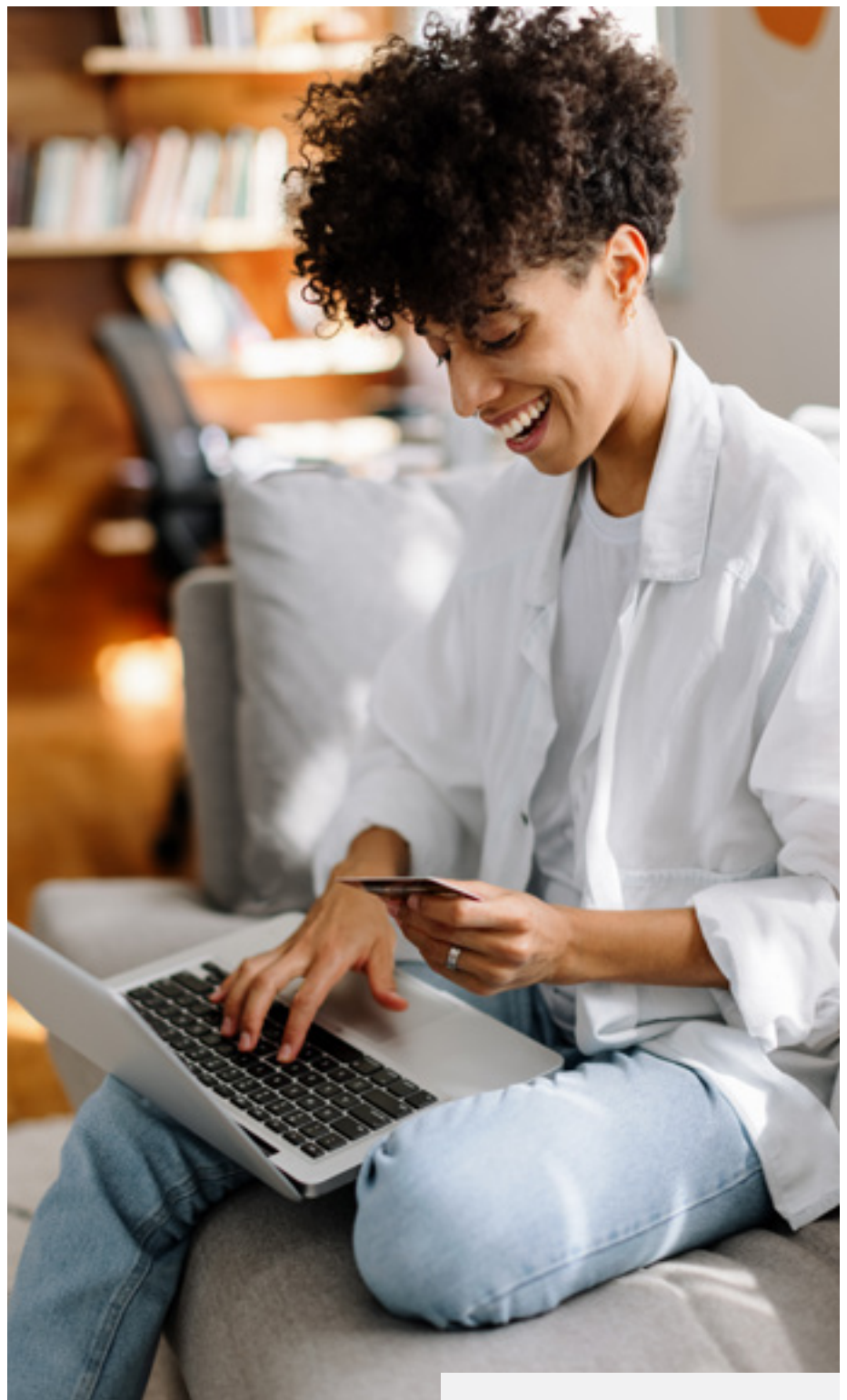
We all want to get a good deal on insurance policies, but have you considered how much difference it makes whether you pay monthly or annually?

New research⁶ suggests that the extra cost associated with paying monthly can be as high as 33%. Specifically, choosing to spread your cost into 12 instalments results in a total median cost of £87 for contents-only cover, compared with £65 for annual payment.

Likewise, the difference for buildings-only cover was £236 when paid monthly against £206 on an annual basis. Finally, savvy customers could save £50 by paying annually (£230) for buildings and contents cover, compared with monthly payments (£280).

The research also found that timing can make a major difference to the total cost. To save even more, purchasing your home insurance policy around 28 days before it's due for renewal could reduce the price by 24% compared to leaving it until the last day, figures revealed.

⁶Go Compare, 2025



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Moving house? Don't forget the protection review

When moving to a new home, house buyers are faced with a huge amount of admin.

Although adding one more thing to the list might not seem appealing, making time to add a review of any protection policies should be a crucial consideration. Despite this, new research⁷ has found that one in four policyholders have moved house since taking out protection cover but that some 32% have never reviewed their policy.

First timers

Key life milestones are the main motivation for people to take out protection, with events like having a child or getting married two of the most popular prompts to take out cover. Top of the list for the most common time when people take out protection, however, is buying a first home. At this major life event, life insurance (21%), income protection (23%), and critical illness cover (26%) are the main types of protection purchased.

Time for a review?

Although FTBs naturally think about adding protection when completing this major purchase, moving to a second, third or tenth new home should also be a prompt for a protection review. Any change in circumstances could be cause to update the level of cover you need. Moving to a new home is a time when your financial responsibilities



One in four policyholders have moved house since taking out protection cover but some 32% have never reviewed their policy

shift, whether because of a new mortgage or a new location.

Get protection sorted

The research also found that some 63% of respondents have looked at their policy without making any changes. This suggests that even when people take the important step of securing protection, they often leave it untouched, potentially exposing themselves to gaps in cover. Don't delay: get your cover sorted today!

⁷Vitality, 2025

A close-up photograph of a man with short dark hair, wearing a light blue button-down shirt, holding a newborn baby. The man is looking down at the baby with a gentle expression. The baby is wearing a white onesie and is sleeping peacefully. The background is softly blurred, showing what appears to be a home interior.

New data reveal trigger points for getting cover

Most people know about the benefits of having protection cover, but for many a trigger event is needed for them to take the leap and actually take out a policy. New data reveal some of the most frequent reasons people give that tipped them from “I should do that” to “I did it.”

Life insurance

Some 35% of the UK population have a life insurance policy, figures show⁸, with more than 50,000 new life insurance claims paid out in 2024. In total, the value of these payouts exceeded £4bn for individual term life insurance claims. Yet, for many, these figures alone are not enough to convince them to take the leap. What pushes most people to take out a new policy?

General caution

According to new research⁹, the most common reason for taking out cover was not a specific event but an accumulation of factors. Indeed, almost four in ten respondents cited “general caution” as their primary motivation.

Trigger events

Other people take out cover in response to specific events. For 30% of respondents, the major trigger factor was becoming a parent, while some 21% took out a policy because it was a requirement for their mortgage. A further 15% said they took out a policy to pay their mortgage in the event of their death since they are the only financial provider in their household.

Risky work was a factor for more than one in ten, with some 11% saying they took out a policy because their occupation is more dangerous than the average job. The same percentage did so because their lifestyle is more dangerous than average.

⁸ABI, 2025, ⁹Forbes, 2025

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40-year mortgages offer lifeline to FTBs

Longer-term mortgages have surged in popularity in recent years and it's not hard to see why. In a market that can sometimes feel impenetrable for FTBs, spreading repayments over a longer time period can help make buying a home more affordable.

More than six in 10¹⁰ would-be FTBs said that affording the mortgage payments was a significant obstacle to buying a home. In this context, a longer mortgage term is an ideal way to get a foot on the ladder.

Take the example of a young couple borrowing £250,000 at the average rate of 5.05%. Analysis¹¹ shows that they could save £255 on their

payments each month by choosing a 40-year mortgage term instead of a 25-year term.

Of course, a longer term does mean that over the whole lifetime of the mortgage, borrowers will end up paying more interest overall. It can therefore be worth considering making overpayments on a mortgage, where possible.

It's important to choose a mortgage term that is suitable for your circumstances. While a longer term mortgage can make getting on the ladder easier, it's vital to plan ahead to ensure you are not saddled with mortgage debt in retirement, or in a situation where you are having to push back retirement because of mortgage costs.

¹⁰Building Societies Association, 2025,

¹¹Moneyfacts, 2025

25%

25% of FTBs are ready to say goodbye to their first home within an average of four and a half years

First-time buyers get a move on

Whether it's a pet or a car, the big firsts in life can prompt big emotions. Today's FTBs, however, are less sentimental about their first homes than previous generations.

According to a recent survey¹², 25% of FTBs are ready to say goodbye to their first home within an average of four and a half years. This lack of sentimentality is driven primarily by a lack of space.

In a bid to get on the property ladder, 51% of FTBs purchase a studio flat or a property with one or two bedrooms – even when they have dependents. Two-thirds of FTBs also purchase homes in unfamiliar locations due to affordability.

As a result, the transition to becoming a next-time buyer is now happening quicker than before: 20% of Brits aged over 80 still live in their first property.

¹²Santander, 2025

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