

# ARE SOLO MORTGAGES A TREND BEING OVERLOOKED?

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With more people staying single for longer, and UK divorce rates rising, the need for services to solo buyers has increased significantly over the past five years. In the travel industry, 'solo travellers' represent 11% of the market, with Google showing a 771% increase since 2016 in search terms for solo holidays<sup>1</sup>.

With this demographic on a steady rise, it will come as no surprise that more people are attempting to purchase a property as a solo applicant, begging the question, is this feasible?

## The landscape is changing for solo applicants

Schroders research shows housing affordability has worsened in every local region over the last 25 years, and that home ownership has fallen by 63-65% in the last five years<sup>2</sup>.

House prices have continued to outpace income and given where interest rates currently sit, it hasn't been this expensive to own homes since 1876- the year Alexander Graham Bell patented the telephone.

Meanwhile, the number of people living alone in the UK has increased by 8.3% over the last 10 years<sup>3</sup> with 28% of 20-34-year-olds living with parents<sup>3</sup>.

However, despite 41% of 18 to 24-year-old hopeful homeowners experiencing mortgage rejection before buying their first home<sup>4</sup>, the percentage of first time buyers rose from 37% in 2010 to a record 52% in 2022<sup>5</sup>.

In 2022, 29% of all properties sold were to solo applicants<sup>6</sup>, who were benefiting from low interest rates, which supported affordability and helped offset house price inflation.

Today, buyers face a more acute affordability challenge. Interest rates are 3-4 times what they were in the first half of 2022. Inflation is high, and markets are sensitive to economic news, creating shocking headlines and causing uncertainty.

Shared Ownership applications have been increasing, with 56% of all Shared Ownership purchases in 2021 and 2022 being made by solo applicants<sup>7</sup> and a recent survey by shareto buy.com showing that 57% of their respondents were looking to purchase as a solo applicant<sup>8</sup>.

Lenders can also help with solutions to enhance affordability. At Kensington, we have a range of products designed to consider the earning potential of applicants, in some cases allowing us to lend a higher income multiple, subject to client affordability. With our Hero range for employed keyworkers, as well as our Young Professionals range created for clients under 40 in certain professions, this affordability stretch could make a massive difference to the borrowing possibilities for your solo applicant clients.

Additionally, our criteria for self-employed applicants considers their latest years' accounts, regardless of their role or profession.

## Societal norms

There is increasing research into why we've seen an increase of "singledom" in society, shifting social norms to economic realities. But as millennials have started this increased trend we have to wonder about the next generation – will we see this increase further and how will the housing market adapt?

## Solutions for solo applicants

<sup>1</sup> Travel Daily: <https://www.traveldailymedia.com/solo-travel-a-growing-trend-in-2023/>

<sup>2</sup> Schroders: <https://www.schroders.com/en-gb/uk/individual/insights/what-174-years-of-data-tell-us-about-house-price-affordability-in-the-uk>

<sup>3</sup> Families and households in the UK - Office for National Statistics (ons.gov.uk)

<sup>4</sup> Which? <https://www.which.co.uk/news/article/four-in-10-young-homeowners-had-a-mortgage-application-rejected-a0ldN7m64YZS>

<sup>5</sup> Uswitch <https://www.uswitch.com/mortgages/first-time-buyer-statistics/>

<sup>6</sup> Gov.uk English Housing Survey 2021 to 2022: headline report - GOV.UK (www.gov.uk)

<sup>7</sup> Gov.uk <https://www.gov.uk/government/statistics/social-housing-sales-and-demolitions-2021-22-england/social-housing-sales-and-demolitions-2021-22-shared-ownership#:~:text=Characteristics%20of%20Shared%20Ownership%20purchases.-Shared%20Ownership%20is&text=In%202021%2D22%2C%20an%20estimated%2056%25%20of%20purchases%20were,made%20by%20households%20with%20children>

<sup>8</sup> Share to buy.com <https://www.shareto buy.com/news/survey-results-shared-ownership-helps-single-buyers/>



## Adam Sheldon – National Account Manager.

Adam has over 10 years of sales and relationship management in Financial Services, most recently as Key Relationship Manager at Legal and General.

Prior to this, Adam's experience was with Building Societies, working his way from customer advisor through to branch manager before becoming a BDM, giving him a wholly rounded view of the industry, and gaining key insight into intermediaries and their clients. Joining Kensington, Adam will continue to build and nurture key relationships, underpinning the key values of Kensington as an innovative, solution-led and forward-thinking specialist lender.

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