

Purchasing A Home Revealed To Be Evermore Expensive

Consumers are coming under more pressure in an attempt to get on to the housing ladder, a new study shows.

April 19, 2008 (FPRC) -- In the annual Roof Affordability Index carried out by Shelter, it was indicated that rising costs mean that it is becoming a more difficult and expensive process for Brits to buy their own home. Between the course of 1997 and 2007 it was indicated that it became now 78 per cent harder for prospective first-time buyers to purchase a home. Now the average home for a first-time buyer is indicated as standing at 159,494 pounds, with this figure posting growth of a "staggering" 200 per cent over the course of the decade.

And although wages were indicated to have also increased over this ten-year period, it was revealed that they have been outstripped by surging property expenses. Between 1997 and 2007 it was indicated that the average household weekly income has surged by 53 per cent from 590 pounds to stand at 900 pounds. Meanwhile, mortgage costs have gone up by 172 per cent over this length of time.

It was also revealed that in 1997 the typical monthly mortgage repayment stood at 304 pounds and 80 pence. However, ten years later such costs had risen to 827 pounds and 87 pence. Such rises mean that making payments on mortgages now account for just over a fifth (21 per cent) of the average household's income, an increase from the 12 per cent proportion noted in 1997.

Due to the increased cost attached to buying a home, those who do manage to get on to the property ladder might find that they come under pressure when it comes to making mortgage repayments. In turn, they may also find that they encounter difficulties with demands for payment on other financial areas such as loans, credit and store cards and household bills.

Adam Sampson, chief executive for Shelter, said: "Every year the gulf between what first-time buyers can afford and the cost of housing is widening. Despite falling house prices, many lenders are increasing their mortgage rates, making an already desperate situation worse. It means there is a generation of young people and young families being locked out of the housing market without a hope of ever sharing in the asset wealth of the generation before."

The chief executive added: "Salaries throughout the UK may be rising but ordinary people are still being priced out of the housing market. Buying a home has now become a distant, unaffordable dream for millions of first-time buyers, while thousands of others are facing repossession and homelessness."

For consumers - whether potential first-time buyers or existing homeowners - who are worried about their ability to manage various financial demands, getting a cheap loan might prove to be of assistance. By getting this type of loan, borrowers could discover that they can meet the cost of mortgage repayments and other spending commitments quickly and affordably. This might be of particular help as numerous Britons are set to see a rise in mortgage costs.

Recent research by the Motley Fool showed that 1.4 million consumers are set to come to the end of their fixed-rate mortgage deals over the remainder of this year. However, following on from the

continued difficulties in the financial markets it was claimed that mortgage rates are set to increase and competitive deals will become harder to come across. It was revealed that consumers who are to go to a 6.3 per cent standard-variable rate from a 4.8 per cent 200,000 pound fixed-rate deal are set to see their monthly mortgage repayments rise by 180 pounds to 1,326 pounds.

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