



First-Time Buyer Confidence Crisis: Halifax reveals more than half of young homebuyers “don’t know where to start”

- **Baby steps** – 61% of young first-time buyers are daunted by the prospect of buying their first home
- **Helping hand** – Halifax is first large UK bank to offer mortgage lending on a 20% Shared Ownership stake
- **Breaking it down** – Average Shared Ownership deposit is 52% lower than when buying a home outright
- **Broaden horizons** – While 81% of first-time buyers know what Shared Ownership is, only 43% would consider it as an option

London, 16.09.2024: New data from Halifax shows that young people in the UK are having a crisis of confidence when it comes to getting on the property ladder.¹ Over half (55%) of under-35s admit to not feeling confident in the home-buying process, while six in ten (61%) feel “daunted” by the prospect of purchasing a property. Further to this crisis of confidence, 61% of first-time buyers also say they feel “priced out” of the market.

While the majority of people aged between 18 and 34 (83%) are keen to purchase their first home, data shows there is also a knowledge gap, with over half (53%) admitting they aren’t aware of all the options available – such as Shared Ownership – that could help them get on the property ladder.

Closing the gap

To help more people get on the property ladder, Halifax re-launched its [Shared Ownership](#) offer earlier this year, introducing a new lower lending threshold for a 20% share in new-build properties. This means greater access to home ownership for those with smaller deposits.

Shared Ownership products have existed since 1980. While four fifths (81%) of young people are aware of these options, just four in ten (43%) first-time buyers would consider them for their first home purchase.

For those buying a home with full ownership and traditional mortgage lending, first-time buyer deposits are now an average £49,906 nationally, reaching £108,848 in London. When using Shared Ownership, the average deposit would be **£23,973**, or £31,460 in London.

How does Shared Ownership work?

FULL VALUE/PURCHASE PRICE OF THE PROPERTY £200,000



Share the customer is purchasing	75%
Value/purchase price of the share the customer is purchasing	£150,000
Maximum Halifax will lend	£142,500 (or 95% of £150,000)
Deposit required	£7,500 (based on 95% LTV)

Shared ownership allows people to buy a portion of a property and pay rent on the remaining share (to a housing association, local council or other provider). Over time, an owner can pay to increase their share, reducing the amount of rent paid. In addition to the mortgage and rent payments, service charges and maintenance fees may also be charged.

Amanda Bryden, Mortgages Director at Halifax, says “For many, the challenge of raising a deposit to buy a first home is a bigger obstacle than the monthly cost of a mortgage. While there’s no ‘silver bullet’ to the difficulties first-time buyers face, alternatives like Shared Ownership could offer a more accessible way onto the property ladder, thanks to the smaller deposit demand.

“This makes it a great option for anyone who wants to buy, but has a smaller savings pot to start with, as they can work their way up to a larger share, known as ‘staircasing’, over time.

“Just as buying outright isn’t for everyone, there are aspects of Shared Ownership that may not be suitable and need to be considered – there will be costs related to maintenance and ground rent, as well as the role of your housing association when it comes to selling the property.

“Shared Ownership isn’t an option that a lot of people are currently using, with only 3% of first-time buyers choosing it as a way to get on the property ladder. Clearly, there’s more work to be done to ensure people who are trying to get on the property ladder understand the options available to them, especially while people feel uncertain about their prospects of buying. We would urge any aspiring homeowners, regardless of their financial situation, to consider the whole range of buying options when getting started on their search.”

Meryl Williams, 27, from Edinburgh, shares her experience of buying her first home via Shared Ownership: “Buying your first home can seem like a daunting task, I remember at the time being unsure about what options were out there for me. I first came across it when my local council were offering Shared Ownership with Halifax – discounted housing for those who were a first-time buyer struggling to buy a home on the open market.

“For my circumstances, this worked well as I was able to put in a lower deposit. The total cost per month is similar to renting the same house, but with Shared Ownership you can own the house eventually. I was really happy to have found out about this option, as the scheme helped me to get on the property ladder where otherwise I might have struggled.”

Table: Difference in average deposit for English first-time buyers²



Region	Average first-time buyer age (Shared Ownership)	Average deposit (non-Shared Ownership)	Average deposit (Shared Ownership)
East Midlands	35.8	£36,139	£23,091
East of England	35.3	£52,682	£26,200
London	35.5	£108,848	£31,460
North East	38.5	£29,740	£14,815
North West	37.3	£35,581	£23,394
South East	34.6	£59,075	£25,387
South West	35.9	£49,135	£26,820
West Midlands	37.0	£37,459	£22,580
Yorkshire and The Humber	35.8	£33,208	£22,013
English average	35.7	£49,906	£23,973

Exploring options

With over half (52%) of under-35s looking to buy their first property saying they are considering non-traditional routes to help them get on the property ladder, there are a range of options available, in addition to Shared Ownership, to make a first purchase possible:

- Higher Loan to income products:** A number of banks allow first-time buyers to borrow more in relation to their income, making it easier to secure a mortgage. Halifax offers [First-Time Buyer Boost](#), allowing prospective homebuyers to borrow 5.5 times their household annual income, up from 4.49x. Based on a household income of £50,000 and a deposit of 10%, this will increase the maximum loan available from c£224,500 to c£275,000 (a 22% increase).
- Family Support Mortgages:** Some banks offer mortgages which are tailor-made for families looking to support their children or other direct family member. Halifax's [Family Boost mortgage](#) can make getting onto the property ladder easier when family members are keen to help loved ones purchase a home but aren't in a position to gift the deposit. Family Boost gives family members the option to put 10% of the agreed property purchase price into a three-year fixed term savings account instead of the buyer putting down a deposit. The family member will get their money back after three years plus interest, providing the buyer doesn't miss any mortgage payments.



- **95% mortgage**: A number of banks, including Halifax, support the government's mortgage guarantee scheme, making it possible to buy a home with a deposit of 5% of the property's value.
- **Concessionary purchase**: A concessionary purchase is when a property is sold at a lower (or concessionary) price. This is often between family members or a landlord and a tenant. Concessionary purchases are normally made where parties have inherited a property or the owner (such as a landlord) is looking to sell a property quickly. This can allow people additional flexibility if they have inherited a share in a property with a family member and would like to purchase the other share in the property.

To further help aspiring homeowners get on the property ladder, Halifax has introduced a £1,000 cashback scheme for A/B EPC rated properties for first-time buyers, including those buying via Shared Ownership and Family Boost mortgages, with £500 on offer for properties with an EPC rating below A/B.

-ENDS-

NOTES TO EDITORS

1. Research conducted by Censuswide on behalf of Halifax. Total sample size was 3,000 UK adults aged 18-34 who have not yet bought a property. Survey conducted online between 15th March and 19th March 2024. Censuswide abides by and employ members of the Market Research Society which is based on the ESOMAR principles.
2. Average FTB Deposit: Halifax rolling 12 months to 31st December 2022, 2023
3. Average Shared Ownership Deposit: Halifax rolling 12 months to March 2024