



## PRESS RELEASE

# Real estate-mates: Data from Lloyds Bank shows half (46%) of first-time buyers considering property purchase with friend or sibling to afford first home

With affordability stretched for many aspiring homeowners, new research from Lloyds Bank shows that as many as half (51%) of young first-time buyers are willing to consider “non-traditional routes” to get onto the property ladder – like purchasing with a friend (24%) or sibling (22%).

While six in ten (62%) under-35s still say they would prefer to purchase their first property with a partner, many are now looking to alternative routes into home ownership.

The most common reason for first-time buyers to consider purchasing with a friend or sibling is to make it more affordable (60%) and because they trust the person (56%), with 14% thinking they would have no other way to buy. However there are some perceived barriers to buying with a friend or sibling.

Psychologist and relationship expert Jo Hemmings comments, “Buying with a friend or a sibling is not the same as buying with a partner – there is so much to consider when it comes to the relationship dynamic. A lot can change when finances become involved with friendship, but provided you both know how to talk about your finances these changes can absolutely be positive”.

Even traditional reliance on the “bank of mum and dad” to support a first property purchase may be at risk, as half (48%) of young first-time buyers would feel ashamed of borrowing money from family for a deposit compared to just one third (34%) who would feel confident. Young people are pioneering this new trend towards non-traditional ways of buying, with one third (32%) of 18 to 34-year-olds who have yet to buy a property reporting that they “don’t care how” they buy a home as long as [they] get onto the property ladder.

With many people considering purchasing their first home with a friend or sibling, Lloyds Bank has worked with psychologist and relationship expert Jo Hemmings to

offer her tips on broaching financial topics and help them avoid potential awkwardness:

1. **Dogs or cats:** When considering buying a property with a friend or family member, your relationship will inevitably change. Before you so much as open a property app for 'just a look', discuss your finances, future plans and the practical side of owning a property to help maintain communication and trust. Practical issues can include anything from being a cat or dog person, playing a musical instrument to how often you wash the dishes.
2. **Split wise:** Often there can be a disparity in the amount of money each of you is able to save for a deposit or the monthly mortgage each of you is able to pay. Drawing up a legal agreement regarding co-ownership is essential to cover each owner's percentage of equity in the property. While this might feel like 'overkill' between friends or family, a formal document will give you more clarity and save you from any misunderstandings further down the line.
3. **Preferred property:** Not every property is right for everyone's needs, so begin by discussing the type of property you want – a flat or a house, leasehold or freehold, where it might be located and how long you plan on living there. These should be joint decisions, but you must outline who is ultimately responsible for any aspects of this or whether everything will be decided together.
4. **Understanding conflict:** Even if you have jointly decided that you want a property with a garden or will invest in a new kitchen, disagreements over major or minor issues will inevitably happen. Raise any issues with your purchasing partner when they arise and don't bottle them up.
5. **Look to the future:** When buying a property, it is important to consider that circumstances can change. This includes everything from finding a new partner to a job change or relocation, which can all impact on your original plan. To mitigate any issues down the line it is wise to draw up an exit strategy agreement should one of you want to sell or move out before the other.

"It's totally understandable that many people don't feel particularly comfortable discussing finances. Whether it's the classic British approach to money or perhaps negative experiences in the past, it's easier to start those conversations if you feel you have a good starting point."

Four in ten (37%) who said they would not consider buying with a friend or sibling said they wouldn't want to complicate their relationship, and one third (32%) reported that they were unsure how buying in this way would affect potential plans to move out and purchase with a partner in future.

**Amanda Bryden, Mortgage Director at Lloyds Bank says:** “While many of us may picture our first property purchase as a home purchase with a partner, this new data shows that more people are open to buying with a friend or sibling than many would expect.

“Buying with a friend or sibling can be appealing because you have probably known this person for a long time, but this new data also shows that people don’t always feel confident broaching financial subjects.

“Just as you should when purchasing with any other person, we would always suggest that you speak with a qualified solicitor about the implications of a shared property purchase, to ease your future progression if you do choose to sell further down the road.

“While a wider variety of options exist for people to purchase their first property, these are only suitable for people if they are able to discuss financial topics openly which is why we are trying to help first-time buyers discuss financial topics”.

The first step onto the property ladder can feel overwhelming, and with the wide variety of options available the best thing an aspiring first-time buyer can do is understand their options and get advice from those they might wish to purchase with.

Lloyds Bank offers a range of mortgage options for a range of needs. For more information visit [lloydsbank.com/mortgages](https://lloydsbank.com/mortgages).

### **About the research**

Research conducted by Censuswide on behalf of Lloyds Bank. Total sample size was 3,000 18-34 year olds who haven’t yet bought their first property. Survey conducted online between 15th and 19nd March 2024.