

‘Voice of FTBs’

Understanding the UK’s FTB community

September 2024



‘Voice of FTBs’

Understanding the UK’s FTB community

Contents

| | |
|--|-----------|
| Executive Summary | 3 |
| Understanding the UK’s FTB Community | 6 |
| FTB Challenges | 12 |
| Millennials in the Middle | 12 |
| The Impact of Financial Support | 14 |
| The Single Penalty | 17 |
| The Gender Deposit Gap | 20 |
| Supporting the Next Generation of Home-buyers | 22 |
| Success Stories; Recently Successful FTBs | 25 |
| Recommendations | 28 |



With the government's pledge to "recapture the dream of homeownership" and foster nationwide prosperity, we believe that FTBs must have a voice and an opportunity to contribute to and influence government strategy.

Executive Summary

The needs of first-time buyers (FTBs) in the UK have been sidelined for far too long, and the consequences are becoming stark. Our research uncovered a growing number of challenges that, if left unaddressed, risk deepening economic divides and could undercut the very foundation of wealth creation in our society.

With the government's pledge to "recapture the dream of homeownership" and foster nationwide prosperity, we believe that FTBs must have a voice and an opportunity to contribute to and influence government strategy.

Our findings make it clear; there are several factors that disproportionately affect many aspiring homeowners' ability to realise their dream of home ownership and, importantly, their opportunity to build wealth for their future. We're proud to support the largest community of aspiring homeowners in the UK, and we want to ensure that the lived experiences of FTBs are understood by those who are responsible for shaping policy and product design.

Through our extensive research and dialogue with both aspiring and recently successful FTBs, we've captured their views on the measures that could provide real, lasting benefits. Drawing on our market expertise and customer insight, in this report we also hope to shine a spotlight on the areas where immediate attention is needed.

Homeownership has been a reliable path to financial security for generations so let's together drive the conversation towards meaningful solutions that will ensure aspiring FTBs have access to that same opportunity, so we can foster a more prosperous future for all.

Key Findings

61% feel older than most other people buying their first home vs. **37%** of Gen Zs

59% worry they started saving too late

30% have delayed having a family

67% worry they will be paying off their mortgage into retirement

71% of recently successful FTBs bought their home with financial support

46% of aspiring FTBs who hope to receive financial support intend to buy their home within the year

- Those without support think it could take **twice** as long

High earners will receive **£35k** more from family than lower earners (on average)

A quarter who had financial support are now focused on longer-term savings

FTB Challenges

Millennials in the Middle

The Millennial Generation is facing a number of unique challenges to getting their first foot on the property ladder. They most keenly feel societal pressure to own a home and so place the highest importance on achieving this key financial goal compared to other generations. They are also more likely to worry that they're missing out, with many having delayed key life events, including having a family and saving for retirement in order to prioritise buying a home. To help redress this, millennials would welcome greater government support, with 80% calling on the new administration to do more to help their plight, compared to 70% of Gen X.

Impact of Financial Support

Without mitigating action, our society risks becoming increasingly polarised between those who benefit from financial support to buy their first home and those who do not.

Our research shows that FTBs that benefit from financial support, whether a loan or a gift, are able to buy twice as quickly as those who do not have this advantage. They are also able to prioritise saving towards future financial goals earlier in life than those who have to go it alone. Consideration must be given to measures that can enable everyone to have the opportunity to achieve their home ownership goal and realise their financial potential in life.

Key Findings

Solo FTBs aim to save just **£3k** less for their first home deposit than those buying with others (**£44k vs. £48k**)

1 in 10 solo buyers took **10 years** to save the deposit for their first home

39% of solo-buyers said it will take much longer to buy than expected

Solo-buyers are **33%** more likely to describe the home buying process as 'overwhelming'

Millennial women face a **£7.4k** deposit savings gap

44% of women have had to cut back on saving for their deposit vs. **33%** of men

30% of women have said they have delayed having children to prioritise buying a home vs. **24%** of men

32% of women said the stress of home-buying had a negative impact on their mental health vs. **18%** of men

FTB Challenges

The Single Penalty

With increasing numbers of the UK population choosing to remain single into later life, solo-buyers are facing a much steeper hill to climb in order to buy their first home than those buying with a partner. It is clear that solo-buyers are in need of greater support to help them prepare for and navigate the homebuying journey and to ensure they are not financially marginalised.

The Gender Deposit Gap

While women have been affected by a gender pay gap for centuries, our research shows that the gender disparity among FTBs also includes a significant gender deposit gap. Not only is this another example of how women's financial opportunity in life is disproportionately worse, but the pay gap is causing a ripple effect impacting every element of women's lives. Our data shows just how much women are having to alter their life plans in order to meet their goals of buying a home of their own and the measures they would most value to support them on their journey.



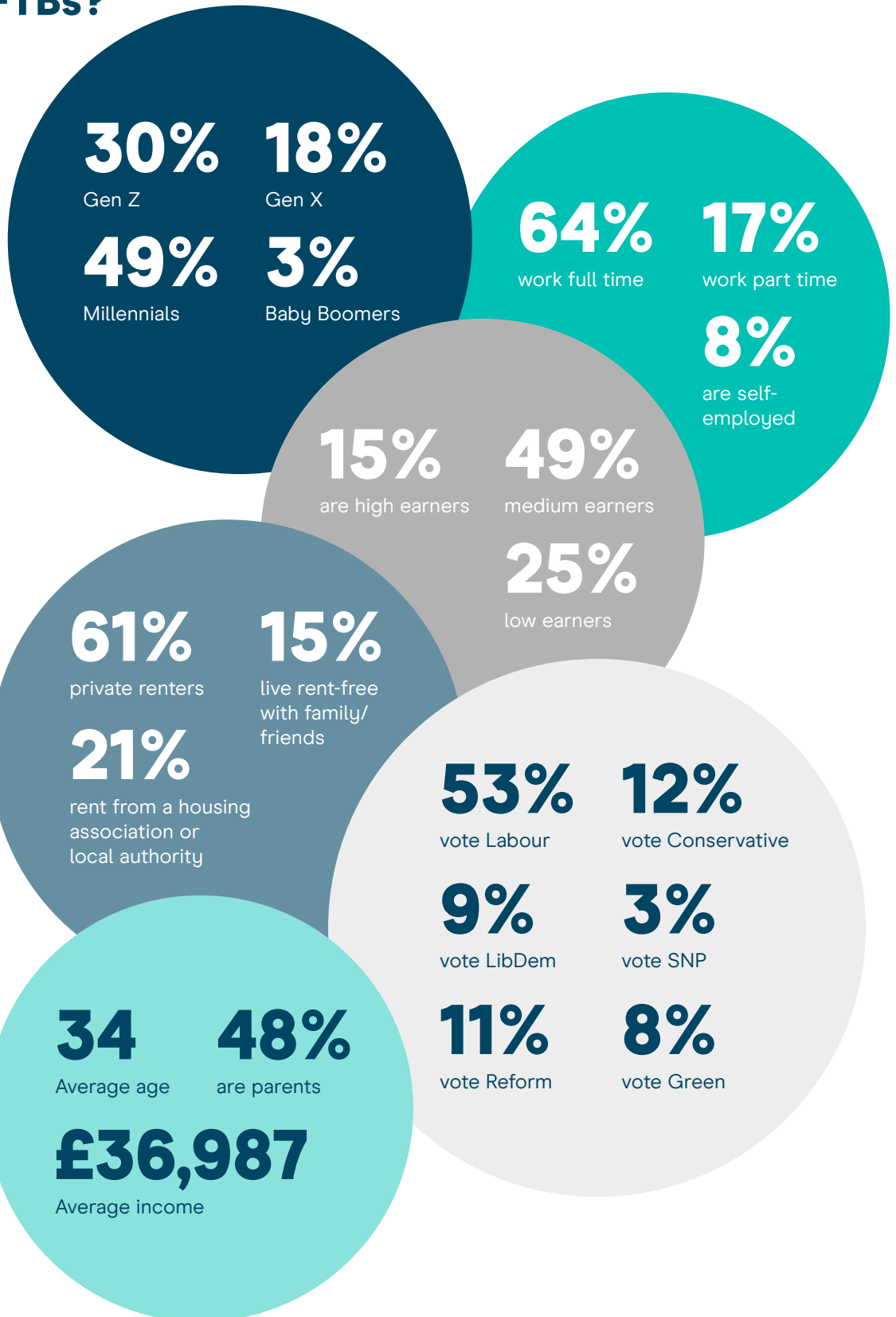
Understanding the diverse needs of FTBs is key to offering meaningful support.

Understanding the UK's FTB Community

Far too often, first-time buyers (FTBs) are thought of and treated as a single group, but their paths to homeownership are far from uniform. Income, location, gender, family status, and access to financial help, like the 'Bank of Mum and Dad,' all shape their unique experiences. Generalising their experience by grouping them together can oversimplify the challenges they face.

There's no one-size-fits-all solution to address the issues facing the UK housing market and it will no doubt require a range of tailored responses from both the government and the industry. Our research shows that understanding the diverse needs of FTBs is key to offering meaningful support and helping them onto the property ladder.

So Who Are Today's Aspiring FTBs?



It Takes a Village

Most FTBs intend to buy with another person. Over half with a partner (52%), and a smaller proportion plan to buy with friends (6%) or siblings (4%).

62% intend to buy with someone else

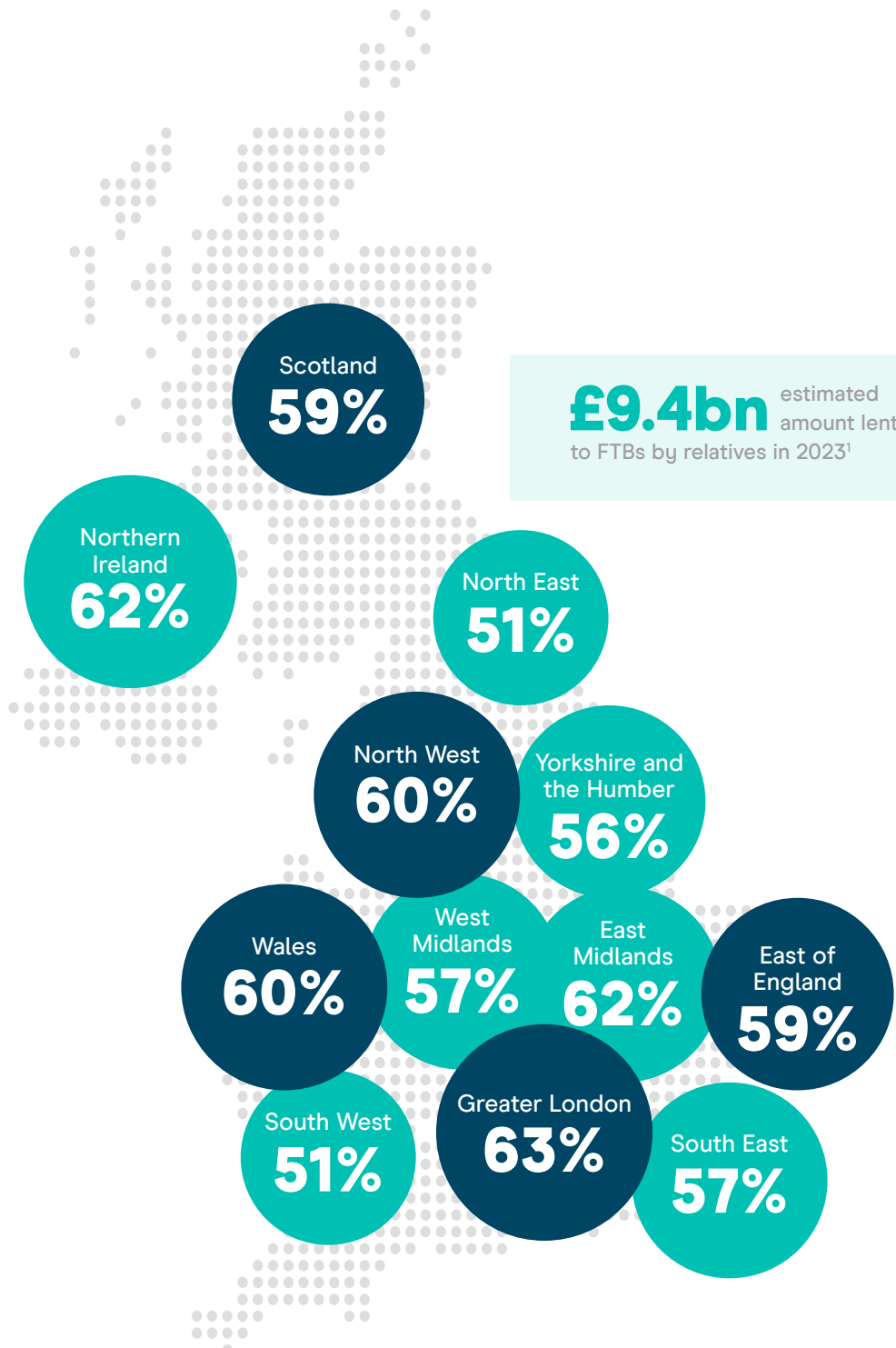
Significant numbers of FTBs are also expecting to receive financial support from their loved ones to help them buy their first home. A third (34%) are confident that they will receive some financial support and a further 27% say they will likely receive support. Of all those who expect to receive financial support, 34% anticipate it will be gifted, with no strings attached, and 29% believe it will be a loan.

41% do not expect to receive any financial support to help them buy

£30k average amount FTBs expect to receive from loved ones, whether as a loan or a gift

Londoners and those in the East Midlands think they will most likely receive financial support from their families.

Financial Support by Region



¹Bank of England Data.

Challenges Aren't Swaying FTBs' Plans

65% confident they will be able to save for a suitable deposit

£46k average deposit savings goal

£245k average target property value

The Building Societies Association (BSA) recently highlighted that the UK's FTBs are currently facing some of the toughest conditions in the last 70 years, with the average house price of a UK property increasing by over 50% in just the last ten years².

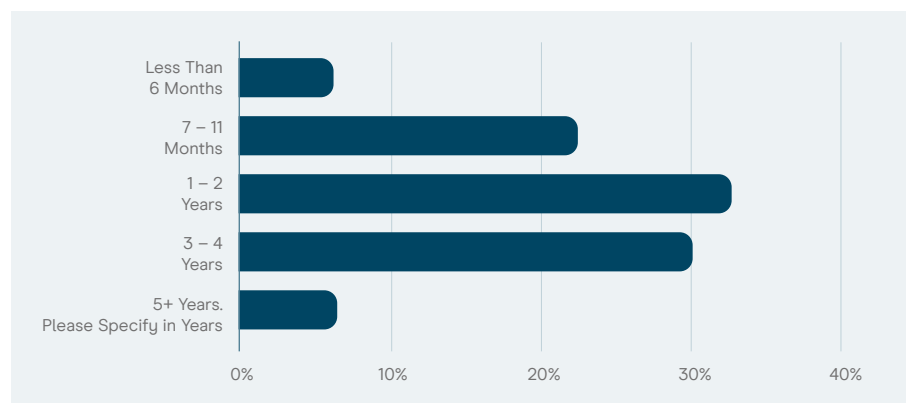
Yet despite these challenges, on the whole, FTBs are feeling optimistic about their ability to achieve their goals, with 65% confident they will be able to save what they need for a suitable deposit and buy a home of their own. This positivity is being driven by a sense that the property market is improving, with close to half (46%) expecting the market to improve within the next year.

However, the journey so far has not been without obstacles. The Cost-of-living crisis has put a dent in savings, with 57% saying they have saved less than they had hoped to towards their deposit. 40% of those who had saved less than they had hoped reported that they had cut back on savings due to the cost of living. Rent increases (30%) and high mortgage rates (21%) were also to blame.

Despite these challenges, aspiring FTBs remain committed to their dream of owning a home, with 72% pointing to the financial security home ownership brings as their primary motivator.

The majority (33%) of aspiring FTBs started to save to buy between 1-2 years ago. 30% started their deposit saving journey 3-4 years ago.

Average Time FTBs Have Been Saving for Their Deposit



FTBs who are saving for a deposit are favouring easy access savings in order to save for the deposit.

²Land Registry HPI.

In Their Words:



I have not bought just yet but me and my partner are currently saving and hope to be able to move out in the next one or two years once interest rates come down a bit. We are currently renting in the Surrey area.

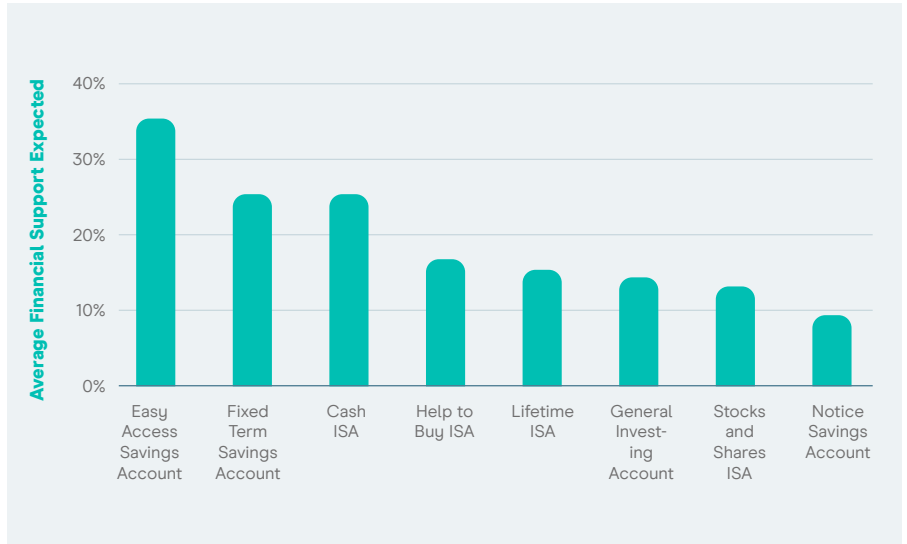
I first started by putting aside £100 every month, that was six years ago and as my salary has increased I have been able to put more and more away towards my deposit. My partner's experience has been different and he has only been saving towards a deposit for the last year or so. When it comes to funding

the deposit, my half is ready to go but my partner will have to take a large portion of his sum from his parents. I believe his mum is going to access her pension early in order to fund this.

My life has changed a lot in the past few years and there are a lot of considerations and sacrifices that need taking into account. Whilst I can work remotely, my partner is in 5 days a week and needs appropriate commuter links to his work.

- **Rebecca, Surrey**

Products Most Used by FTBs When Saving for a Deposit



Knowledge Gaps

It is clear that there are some knowledge gaps preventing some people from making the most of the support that is available to help them achieve their goal of buying a home of their own.

42% of aspiring FTBs said that understanding the range of schemes and products available to them is their greatest challenge; this is especially true amongst women. Knowing where to access support is also proving a challenge for FTBs, with 32% saying that they have struggled to find trusted sources for guidance. Knowledge barriers also extended to choosing a mortgage, with 41% of recently successful FTBs saying that understanding the best mortgage options available for their circumstances had been a key challenge.

Perhaps it's understandable that the most common words used by FTBs when describing the experience of saving for a home reflect the challenges and knowledge barriers, with 'Stressed,' 'Anxious' and 'Overwhelmed' topping the list. It's clear that more support in breaking down these knowledge barriers is required at all stages of the home-buying journey.



It is through shining a light on the range of experiences we can start to consider the measures needed to support first time buyers' needs in the short, mid, and longer-term.

FTB Challenges

Our research has looked beyond the typical headlines we see regarding the challenges faced by first-time buyers and has identified groups within the FTB community who are at risk of being disadvantaged through no fault of their own. It is through shining a light on the range of experiences that we can start to consider the measures needed to support first-time buyers' needs in the short, mid, and longer term.

Millennials in the Middle

Millennials have often been on the receiving end of advice from commentators offering a range of **helpful** tips to boost their chances of buying a home of their own, including skipping avocados and daily coffees. But of course, the reality is that this generation has faced some pretty unique circumstances having entered adulthood and the workforce during and in the aftermath of the 2008 financial crisis. The effects of this are likely still being felt as the Resolution Foundation's Intergenerational Audit found that the typical annual income of those born in the 1980s at the age of 30 was almost £1,400 lower than the income of those born 10 years earlier at the same age³.

³<https://www.resolutionfoundation.org/comment/flat-pay-little-wealth-and-a-shrinking-safety-net-whatever-happened-to-the-millennials/>

Aspiring FTBs among millennials have also had to navigate the impact of recent economic challenges, just as many would have been getting their finances ready to be able to buy. They are, understandably, feeling the pressure.

And so, perhaps unsurprisingly, more so than any other generation, millennials are calling out for support to help them become homeowners, and they place the highest importance on owning a home.

80% of millennials want greater support from the new government

Three-quarters (76%) of millennials said they would feel more financially secure if they owned a home compared to 63% of Gen Z.

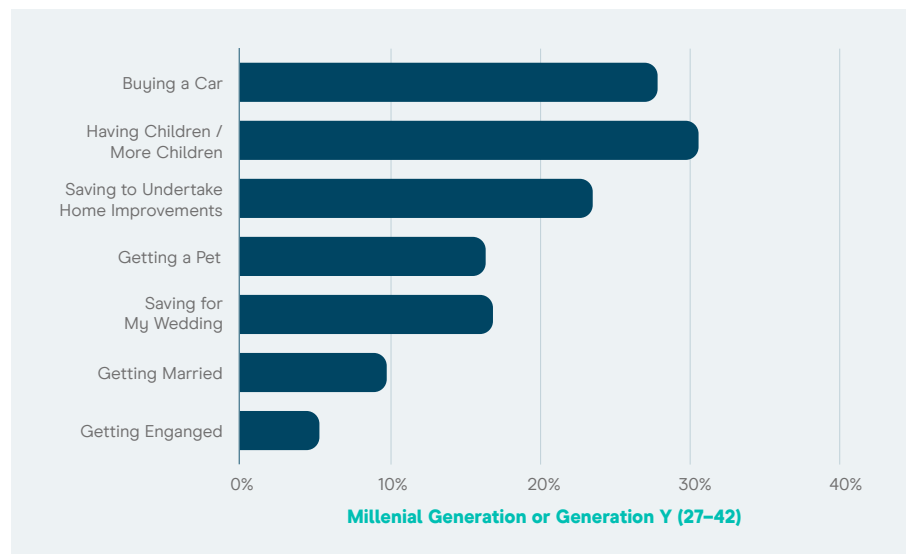
Likely for this reason, millennials were the generation that most wanted support from the government.

Our research points to the emotional impact of being an aspiring FTB in this cohort, with 51% admitting they feel under pressure to own a home and 61% feeling they are older than most other people buying their first home.

Not only do millennials feel they are behind on their goal of owning a home, but they are putting off key life events in order to continue to save for a deposit.

30% of millennials have delayed starting a family / having more children in order to get onto the ladder

Milestones Millennials are Putting Off in Favour of Saving to Buy a First Home



Long-term Concerns

67% of millennials were worried that, should they not be able to buy soon, they could still be paying their mortgage into their retirement, unlike Gen Z (55%)

Millennials are also worried about their ability to move up the ladder and buy a family home in the future. This was also a concern for those millennials already in their first home, with 22% of those who made compromises worried about outgrowing the space faster than expected.

Millennials are clearly feeling discouraged, both by the long road to getting on the ladder and the impact this will have on their future prospects.

The Impact of Financial Support

71% of FTBs in the last two years received financial support

Our research highlights how much of an impact inter-generational wealth can have, enabling some within the first-time buyer community.

71% of those who bought their first home in the last two years received some financial support. 40% were gifted money to help them buy their first home; the remainder received a loan from their loved ones.

Looking specifically at how this support has benefitted recently successful FTBs, our research shows that those who received financial support are now more likely to be focused on building their long-term finances compared to those who didn't.

23% are now focused on saving for retirement, with a further 22% focusing on building their wealth for the future through investing. In comparison, those who bought in the last two years without any financial support are primarily focused on paying down their mortgage (27%) and saving an emergency fund (23%).

61% of aspiring FTBs expect to receive financial support from loved ones

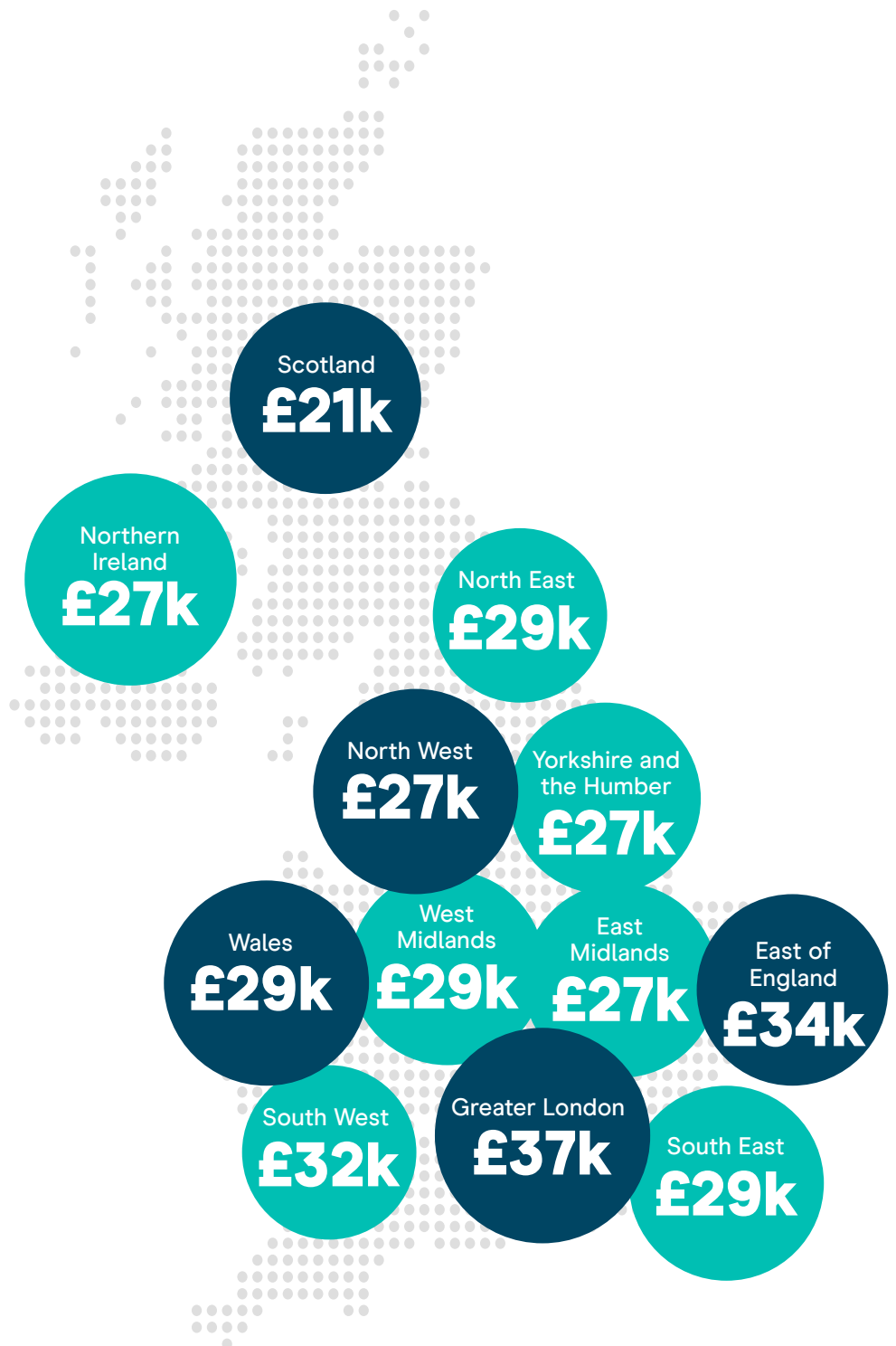
64% of those who expect to receive support have parents who own their own home

56% of those who expect to receive financial support feel financially comfortable

42% of those who expect to receive financial support in the future are higher earners themselves

High earners expect to receive on average **£35k** more than lower earners

Average Financial Support Expected by Region



In Their Words:

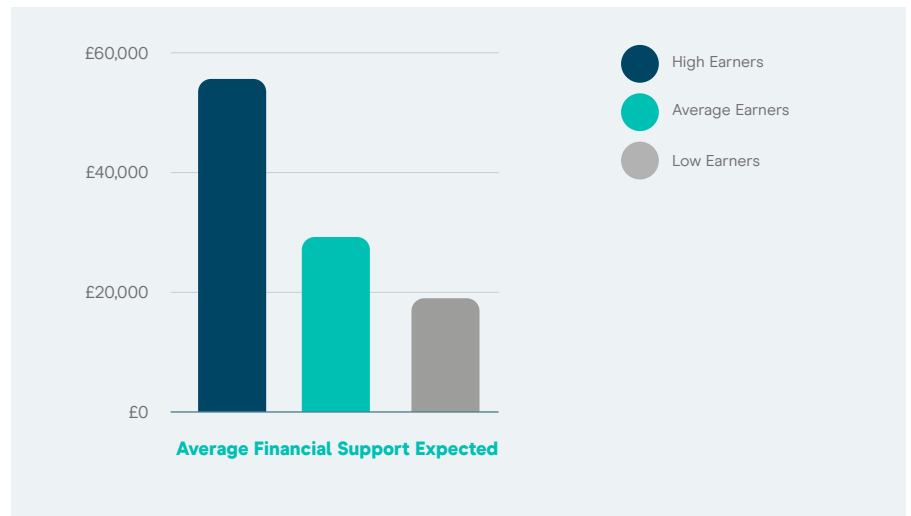


I moved into my first home in October last year in Bolton so coming up on a year now. It was difficult, for me it took a long time. I started saving in 2017 after I left university. Buying took some time for sure - the lockdown actually really helped me as we were stuck inside so it was easier to save. I put down a 10% deposit.

I used a Moneybox LISA as well as a savings account. I used the Moneybox mortgages service as well, it was super straightforward and was all contained within one app.

One thing for me was making sure you have enough money for buying things like furniture, sofas, beds and wardrobes which cost a lot of money. My new build also did not have flooring so I had to buy that as well. The only thing I got was the tiles!

Average Financial Support Expected by Income Level



46% of aspiring FTBs who expect to receive financial support from loved ones plan to buy a home within the year

Aspiring FTBs without any financial support believe it will take over two years before they will be in a position to buy.

With a new Labour government now in place, we have the opportunity to collectively consider how we can create a more equitable market where all have the opportunity to achieve their goal of buying a home of their own. Because, of course, enabling first-time buyers is not just about helping young people get on the property ladder; it will also support and nurture the future wealth creators of our society.

In Their Words:



As far as I am concerned, it will just be me. Sadly, no help as my family are just about managing to keep their homes going.

Newcastle gives me the feeling that an individual

buyer can buy a place up here, whereas where I am from which is near Bath, unless your salary is at least £60,000 at starting you are just not going to get offered a mortgage. I will always look into all the options I possibly can as I am aware I will always be on the back foot.

- Emma, Wiltshire

1 in 10 solo buyers took up to **10 years** to save for their first home

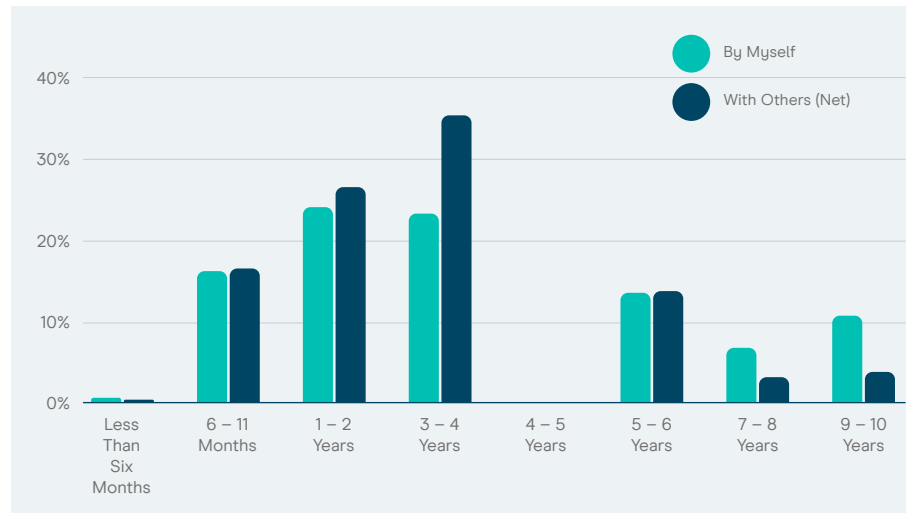
The Single Penalty

Your relationship status shouldn't impact on your ability to get on the property ladder. Increasing numbers of people in the UK are choosing to stay single into later life, with estimates suggesting close to 4 in 10 UK adults are currently single⁴. Unfortunately, aspiring solo-buyers face a much steeper hill to climb than those buying with a partner.

Of the FTBs surveyed that bought within the last two years, the majority of those buying with others (33%) managed to save for a home within 3-4 years, with 27% buying within 1-2 years of starting to save.

In comparison, solo-buyers typically took longer to save for a deposit. Just 24% managed to buy within 1-2 years, and the same proportion managed to buy within 3-4 years. 1 in 10 of this group took up to 10 years to be able to save enough for their deposit, compared to just 4% of those buying with another person.

Length of Time to Save by Home-buying Status



Saving for a house deposit is the key challenge for the majority of solo-buyers who are attempting to save for a very similar goal compared to those buying with others, illustrating just how much greater the challenge is saving on just one salary as opposed to two!

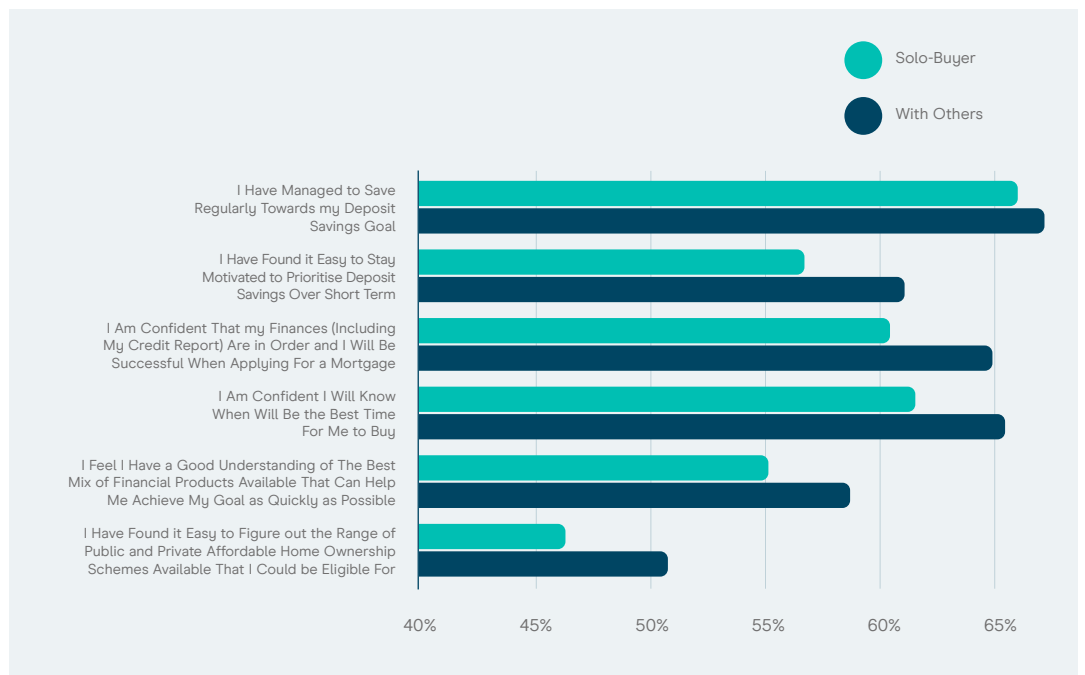
⁴ONS, Marriage and civil partnership status in England and Wales: Census 2021

£44k vs. £47k

solo-buyers' deposit goals are not dissimilar to the target deposit of those buying with another person

Solo-buyers also admitted they found it harder to stay motivated when saving and were less confident in their ability to save and their knowledge of the products and services that would help them to save and buy their first home.

Buyers Are Less Confident About Their Ability to Save Regularly and Stay Motivated



When asked about the areas where they most anticipate needing support, 43% of solo-buyers pointed to help understanding how much to save to cover for the additional costs involved in buying a home, such as legal fees. A further 40% wanted support to secure an affordable mortgage to suit their needs, and 32% are looking to find trusted sources of guidance and support to answer their questions about the home-buying journey.

Overwhelmed vs. Excited

Not only is the road to saving for their first deposit harder for solo-buyers, but so too is making decisions regarding the property, which can feel doubly daunting if doing it alone.

Solo-buyers are 33% more likely to describe the home buying process as 'overwhelming.' In comparison, those buying with others were most likely to describe the experience as 'exciting'.

But, the pay-off for solo-buyers who achieved their goal was high. 30% said they felt 'elated' upon purchasing their first home, compared to 25% of those buying with others.

In Their Words:



I rented for years and years straight out of university, struggling to save money just whilst building a career and attempting to have a social life at the same time. Eventually, once my salary was high enough to afford a mortgage for a place around London, I just bit the bullet and moved home for a year to save for a deposit. It was a pretty awful year commuting from a village in Surrey up

to London Bridge every day. However, I still feel like it is the best decision I ever made.

As soon as I finished university, buying a house was the first thing that I wanted to do. It can take a long time to figure things out and make enough to save. I lived paycheck to paycheck for the first 3 to 4 years of my career.

An understanding of the schemes available to you is a massive help. Moneybox was really good; getting that Lifetime ISA, that made a huge difference. There are a million little schemes that if you know if you're going to be tied in for a year plus that you can benefit from and make your money work a lot more for you.

- Jordan, Croydon

The Gender Deposit Gap

While women have suffered from the effects of the gender pay gap for many years, our insights show that a resulting ripple effect is a **gender deposit gap**.

£7.4k Millennial women have saved £7.4k less on average towards their first home deposit than their male counterparts

Men continue to lead the charge when it comes to saving for deposits, with amounts of £26,083 set aside compared to £18,716 for women. And this is a generation-wide problem with Gen Z women having, on average, £6k less in deposit savings compared to their male counterparts. The picture is even bleaker amongst millennials, with women having saved £7.4k less.

It appears that women have also been affected more by recent economic challenges, with almost half (44%) admitting that they have had to cut back on their deposit savings compared to a third of men (33%).

44% of women have cut back on saving for their deposit

This is not only impacting women's path to home-ownership with 35% of women saying they expect to take much longer to get onto the property ladder, but also their other life goals.

30% of women have said they have delayed having children to prioritise buying a home, compared to 24% of men

This may help explain the gender divide when it comes to saving intentions. Men intend to save £50k, on average, towards their first home deposit, compared to women who are aiming for £42k, despite hoping to buy properties of similar value.

This could mean that women will end up taking on more debt to buy their first home, have higher monthly repayments, and have longer mortgage terms than men if they are buying by themselves, illustrating how the repercussions of the gender deposit gap are far-reaching.

35% of women felt stressed when it came to saving for their first home

32% of women said the stress of home-buying had a negative impact on their mental health

The Stress Factor...

Feelings of stress and anxiety also impacted the path to homeownership for women, with 35% of recently successful female FTBs saying they felt stressed compared to 25% of men. Significantly, men typically feel more excited, whereas women said their recent home-buying experience had negatively impacted their mental health (32% compared to 17% of men).

Calls for More Support

A further gap, in the form of knowledge, is also emerging with our insights showing that 43% of women want a better understanding of the range of schemes and products available to help them get on the property ladder. And, like those not receiving any financial support, a third want more support in finding trusted sources of guidance.

Short vs. Long-term Goals

Of those who have bought in the last two years, women were also more likely to be focused on building their emergency fund (23%) and saving for short-term financial goals such as home improvements (24%), compared to men who were focused on building wealth. This includes saving in order to buy a second investment property (27%), building wealth through investing (21%), and saving for retirement (25%).

We know that women continue to face a gender pay gap, which diminishes their ability to save, both for a deposit and more widely. While this is having a clear impact on the timelines taken to get onto the property ladder and the types of homes and mortgage products they may be choosing, it could have much wider implications. With women also typically focusing on shorter-term financial goals rather than saving for the long-term, this is perhaps exacerbating the gender pensions gap which is estimated to stand at £136k⁵.

⁵Now Pensions and the Pensions Policy Institute
<https://www.nowpensions.com/app/uploads/2024/02/gender-pensions-gap-report-24.pdf>

Supporting the Next Generation of Home-buyers

76% of FTBs think the government should do more to support FTBs

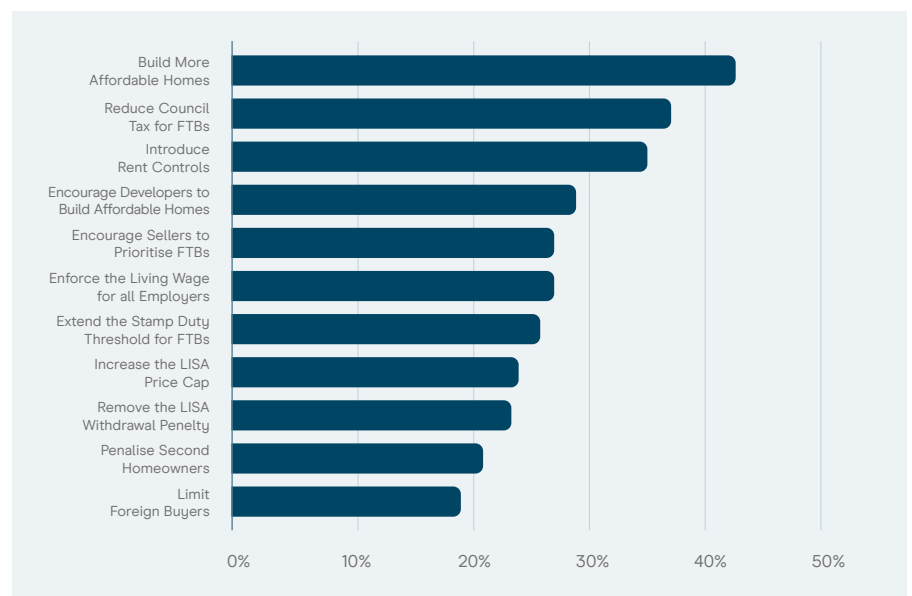
The new Labour government has been clear that its mission is to 'increase prosperity and enable wealth generation across the nation' and it stands to reason that supporting FTBs onto the ladder is a key part of this.

For decades, homeownership has been viewed as a cornerstone of financial stability and as one of the most effective ways to accumulate wealth due to the potential for equity growth over time.

This rises to 80% among Labour voters

With the cost of living and high rents being flagged as key reasons why FTBs have had to cut back from saving as much as planned, it's perhaps no surprise that saving support comes up highly among FTBs' list of wants from the government, in addition to the need for more homes.

Building More Affordable Homes Tops the Key List of Priorities for FTBs



Does the LISA Hold the Key for FTBs?

Introduced in 2017, to date over 227,600 FTBs have bought their first home with the help of a Lifetime ISA (LISA).

By saving with a LISA, FTBs are not only able to save into a tax-efficient product, they also benefit from a 25% bonus from the Government on savings up to £4,000 each tax year, meaning they receive an additional £1,000 free.

More than 1 million people are currently saving with the Lifetime ISA to help boost their deposit savings and navigate some of the most challenging market conditions in the last 70 years.

At Moneybox, our data shows that the LISA is more popular than ever, with a 32% year-on-year increase in the number of new customers opening a LISA in the first six months of 2024. And, its popularity is no surprise as using a LISA is proven to help people get on the property ladder far sooner than would otherwise be possible.

FTBs with a Moneybox Lifetime ISA were able to buy over a year sooner than the average recently successful FTB.

Our data also shows that the LISA has been invaluable to savers the length and breadth of the country and, crucially, supports both genders equally.

To ensure the Lifetime ISA continues to support all those who need it most in the future, the government must ensure it is future-proofed and that the product rules are reviewed in line with changing market conditions.

Of those not using a LISA to save for their first home, 18% were worried about the penalty in case they needed to withdraw in an emergency, and 11% are planning to buy a property above the price cap.

In line with the wishes of FTBs surveyed, Moneybox is calling for the following:

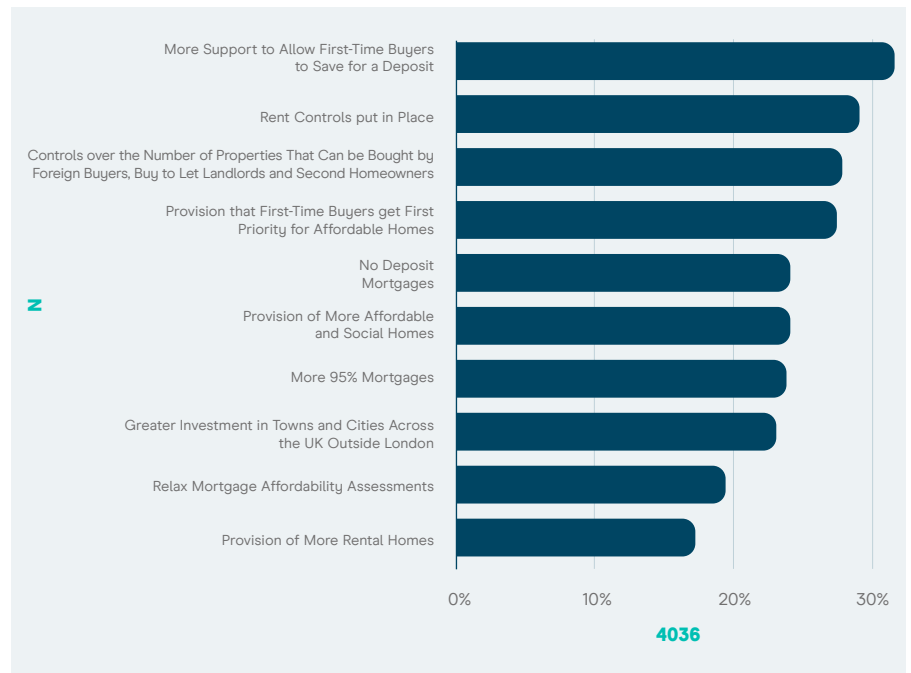
1. An annual review to the LISA property price cap linked to house price indices
2. Introduction of an Annual Emergency Withdrawal Allowance

FTBs were also asked to consider what more the industry could do to better support their needs and enable the next generation of home-buyers in the UK, and saving support came out on top.



Saving for a deposit is one of their biggest challenges and the government would be remiss not to address this.

FTBs Also Called for More Saving Support



While building more homes, and ensuring they are affordable, is evidently part of the solution to solving the housing crisis, what is clear from our research amongst FTBs is that they need more support much earlier on the journey.

Saving for a suitable deposit continues to be one of the biggest challenges many face, and the government would be remiss not to recognise and address this.

In addition, FTBs have expressed a clear need to better understand the products and services available to them. This, along with savings support, should sit within the Government's wider mandate to improve the financial literacy and confidence of the nation, which we hope will be addressed in the Advice Guidance Boundary Review.

Building affordable homes will take time, and when they are built, we need to make sure that FTBs have the savings to buy them.



At Moneybox we know firsthand how committed FTBs are to this goal, and have seen a 32% YOY increase in the number of people saving with a Moneybox LISA towards their own home.

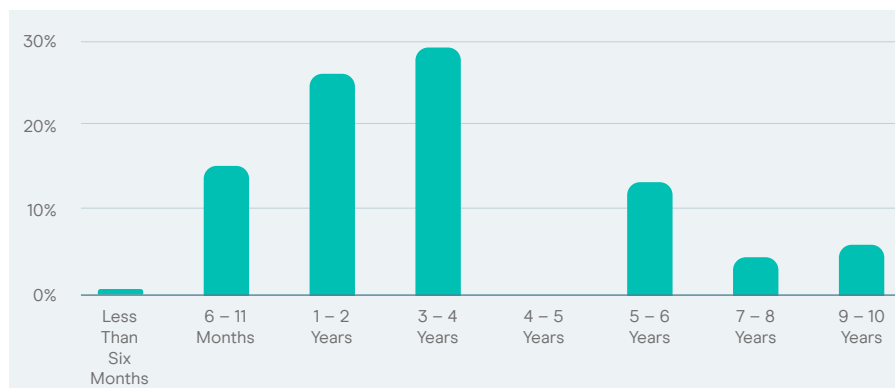
Success Stories; Recently Successful FTBs

While the news surrounding FTBs may seem discouraging, there are many reasons for hope. The number of mortgage applications from FTBs was on the rise in Q2 2024 - up 19% - and completions were up 15%, which is positive news for the market⁶.

At Moneybox we know firsthand how committed FTBs are to this goal and have seen a 32% YOY increase in the number of people saving with a Moneybox LISA towards their own home and benefit from the 25% government bonus. And this fantastic product is helping thousands of FTBs onto the property ladder each year.

Of those FTBs that had bought their first property in the last two years, the majority (30%) had taken 3-4 years to achieve their goal, with a further 13% taking 5-6 years to buy their first home from when they first started saving.

Time Taken for Recently Successful FTBs to Get Onto the Ladder



⁶UK Finance - <https://www.ukfinance.org.uk/system/files/2024-09/Household%20Finance%20Review%202024%20Q2.pdf>

32% said they wished they had started to save earlier for a deposit

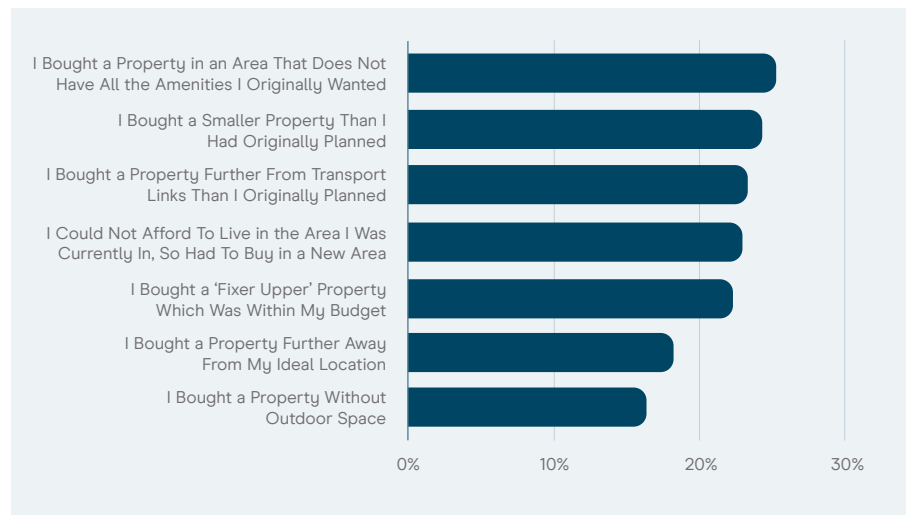
22% wished they had saved more for their deposit before buying their home

31% wished they had prepared for more the additional 'unforeseen costs' of homebuying

When asked what had surprised them the most about the journey to saving for their first home, 32% were surprised with how long it took, and a further 28% how much perseverance is needed throughout the savings journey. Unsurprisingly given this, one of the leading regrets or learnings that FTBs had after buying their first home was that they wished they had started saving earlier.

Some FTBs had to make compromises in order to get onto the ladder.

Compromises Made by FTBs to Get Onto the Ladder



However, there were positives that came out of these compromises.

30% are surprised with how positive buying their home has been despite the compromises made

26% of those who had compromised on their first home said they had gained a new perspective, while 23% said they had shown resilience. A further 21% said that their move had strengthened ties with their friends and family.

Overall, FTBs had mixed feelings over the home-buying process.

37% were generally excited but

31% still found it stressful

What Does Life Look Like on the Property Ladder?

£1,072

The average monthly mortgage payment

2.83%

The average interest rate

The majority of FTBs opted for a

5 Year Fixed

The most common mortgage term was

25 years

FTBs do still have some concerns despite meeting this long-awaited goal. 28% are worried that mortgage rates will continue to rise and become unaffordable. 25% are concerned over economic uncertainty impacting their mortgage repayments, and a further 26% are worried about juggling these repayments with other living expenses. Unexpected costs (25%) and maintenance costs (27%) are also keeping FTBs up at night.

Overall, however, meeting this goal has been a positive experience. 'Happy', 'Elated' and 'Satisfied' were all words that FTBs used to describe how they felt upon buying their first property.

Recommendations

Through this report we have aimed to shine a light on the many experiences within the FTB community in the UK. For too long, the varied and shifting needs of this group have been overlooked and our aim is that by showcasing their lived experiences, we will provide much-needed insight into where the opportunities for reform and innovation lie.

From our discussions with FTBs and the research undertaken that forms this report, we have identified four key asks that we believe will help empower FTBs now and into the future.

1.

Create a government working group to understand and address the challenges identified

Through conducting our research, it became very clear that there is truly no 'one-size-fits all' when it comes to addressing the needs of the FTB community, and therefore, any strategy to enable the next generation of homeowners in the UK must be multi-pronged in its approach. Listening to FTBs' lived experiences and working together to address the challenges identified within our report will be a vital step forward to developing this strategy.

2.

Consider short, mid, and long-term measures to support the needs of FTBs, now and into the future

While the majority of FTBs were in agreement that the commitment to building more affordable homes already made by the new Government would be effective in supporting their needs, they also agreed that there were other short and mid-term measures that would support them. This included introducing priorities for FTBs when buying affordable homes, and extending the stamp duty threshold beyond April 2025.

3.

Futureproof the LISA

FTBs also highlighted some updates to the LISA which would support them to better save for their first home deposit. Moneybox believes that the price cap should be regularly reviewed in order to futureproof the product, giving current and future savers confidence that the LISA will remain fit for purpose by the time they come to buy their first home. Going forward, Moneybox proposes that the cap is subject to an annual review where changes to its level would be made to reflect fluctuations in market price over the course of the previous 12 months.

Moneybox is also proposing an Annual Emergency Withdrawal Allowance which requires neither a wholesale removal nor flat reduction of the fee, allowing the existing system around the withdrawal penalty to remain largely unchanged. The government reduced the withdrawal penalty during the Covid pandemic and we believe this feature would help savers weather the cost-of-living crisis and future unforeseen crises.

4.

Commit to regularly meet with Moneybox's First Time Buyers customer panel to help inform and guide policy solutions into the future

We are confident that creating an open dialogue with aspiring and recently successful FTBs will provide Ministers with the crucial insight they need to shape and guide policy solutions for the future, particularly relating to the four challenges identified within the report.

We believe that by providing better building blocks along the path to homeownership, more opportunities can be created for young people to achieve their financial goals and build wealth for their future. Moneybox is committed to continuing this conversation with government and the industry, and, importantly, with first-time buyers themselves to keep pushing towards solutions that benefit all within this community.



Methodology

Moneybox commissioned Censuswide to undertake research amongst 4000 aspiring first-time buyers and 500 first-time buyers who had bought their first home in the last two years. Fieldwork took place between 15th August and 27th August 2024. Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.