



First time buyers: what are the options?

2021 has seen some welcome good news in the first-time buyer market, with mortgage affordability for people buying their first home improving by 20% since the turn of the year according to Mortgage Broker Tools' latest index. We take a look at some of the newer options available to first-time buyers that can help to get you on the property ladder.

This year has seen a whole host of new plans, schemes and initiatives enter the market in the wake of the pandemic in order to help those looking to buy their first home to get their foot in the door. Turning 'generation rent' into 'generation buy' was a key goal for the current government, and the addition of various help-to-buy schemes have helped to move things in the right direction.

Help-to-buy

Help-to-buy is a scheme that is designed to aid first-time buyers in their attempts to get onto the property ladder in England by providing an equity loan of up to 20% of the value of a newbuild property. This loan is added to any potential deposit for a home,

meaning any potential buyer would only have to raise a 5% with 75% mortgage making up the difference. The maximum equity loan on offer in London is 40% to reflect the higher property prices in the capital – meaning a buyer would need to raise a 5% for a 55% mortgage. Changes to the scheme this year include higher building standards and regional price limits.

Shared ownership

This scheme offers buyers the chance to buy a portion of a home while renting the remaining amount. For example, you pay rent on the percentage of the property that you don't own, often calculated at around 3% of the unsold equity per year. Once your 5-10% deposit is paid for the portion of the property you

wish to buy, the monthly mortgage payments will be calculated, and the combined payments would usually equate to a manageable amount. This scheme allows for a more manageable way of buying your first home – or at least part of it.

Deposit Unlock

New for 2021, the deposit unlock scheme is a 95% loan-to-value newbuild lending scheme that aims to support borrowers with only a 5% deposit who are in the market for a newbuild property. This scheme is available to first-time buyers and property owners alike. The scheme is available on over 1000 newbuild sites across the nation with that figure expected to rise.

The property market can be intimidating for a first-time buyer, especially with prices at an all-time high, but with the various schemes now readily available, there are manageable methods to use when buying your first home. The average maximum loan size available in the UK has increased by nearly 10% from £230,555 to £276,000 this year alone, a statistic that demonstrates the fact that it's not all doom and gloom for first-time buyers in the UK property market.



If you'd like to discuss the options available to you, contact your adviser today.