

Barriers to Homeownership

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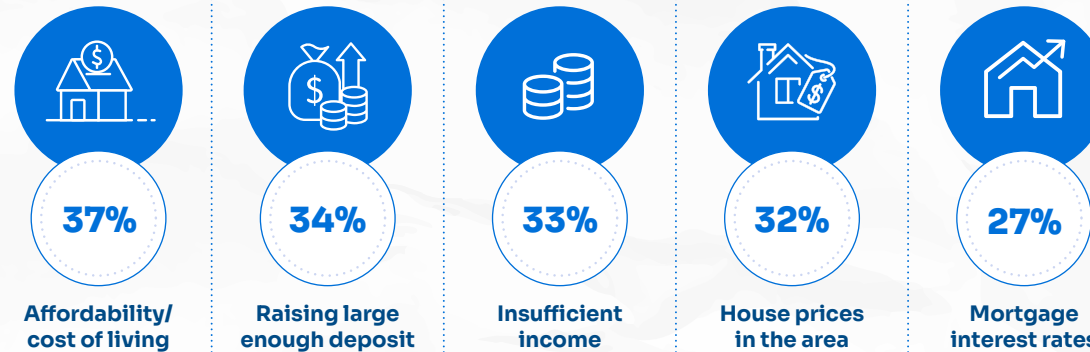
The definitive source on adverse credit, tracking the life events that get in the way of homeownership

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With rising house prices, the cost of living crisis and pressures from inflation, there are a growing number of people who feel like owning a property – or moving up the property ladder – is simply beyond their means.

First time buyers can be looking at providing a deposit of as much as 19% of the value of the property. According to Statista, the average first-time buyer deposit in the UK was about £53,414 in 2023. However, for buyers in Greater London, their deposit could be more than double this¹.

The top 5 barriers to homeownership for first-time buyers are:



First-time Buyer Struggles

The cost of living crisis, now into its third year, continues to have a significant impact on people's ability to save. Although we are starting to see signs of recovery, **nearly two fifths (37%) of potential first-time buyers identified general affordability** – and the crisis – as their main barrier to getting onto the property ladder.

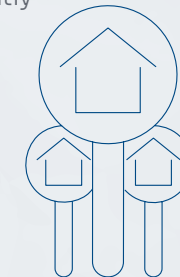
Running a close second and third were **the ability to raise a large enough deposit (34%)** and **not having a sufficient income to get a mortgage (33%)**. This is compounded by high mortgage rates, which more than a quarter of interviewees revealed to be their biggest concern.

¹ <https://www.statista.com/statistics/557891/first-time-buyer-average-deposit-by-region-uk/>

3/10

Only three in 10

are currently using a broker to help them secure a mortgage



Top Takeaway for Brokers

The industry needs to focus on developing and raising awareness of innovative solutions to tackle the challenges associated with getting onto the property ladder. Brokers have a key role to play in this, not only through marketing their services and demonstrating where they can add value, but highlighting the range of products available to help customers with smaller deposits achieve their homeownership ambitions.

Ryan Davies,
Strategy Director,
Bluestone Mortgages

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36%

Only a third (36%) were aware of Shared Ownership



8%

Less than one in 10 (8%) were aware of Deposit Unlock and how it could help them



Where to Go for Help

Our research revealed that potential first time buyers **don't know where to get guidance** on how to reach that first rung. **Only a third (36%) were aware of Shared Ownership**, and **less than one in 10 (8%) were aware of Deposit Unlock** and how it could help them.



Climbing the Ladder

For those who want to move onwards and upwards, there are also considerable perceived barriers. **House prices** were listed as the biggest concern by **over two fifths (43%)** of respondents. For **nearly four in 10 (37%)**, **mortgage interest rates** are holding them back while a quarter pointed to the **lack of housing stock**.

Unsurprisingly, the **cost of living crisis** is having an impact on home movers too, with **more than a third (35%)** pointing to this as their biggest barrier to homeownership. This is having an impact on their ability to raise a large enough deposit to step up a rung, as well as affording the additional fees associated with securing a mortgage.



43%

House prices in the area



37%

Mortgage interest rates



35%

Affordability/cost of living



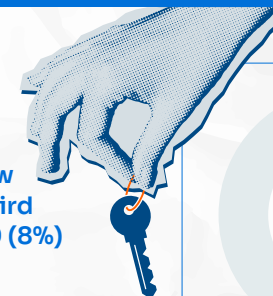
25%

Available properties in desired locations



19%

Raising large enough deposit



A third of people are hoping to engage with a broker in the future



Whereas, 15% are planning on applying directly with the lender



The Role of Brokers

Despite these challenges to moving onto and up the property ladder, **only three in 10 are currently using a broker** to help them secure a mortgage. **Another third** are hoping to **engage with one in the future** whereas **15%** are planning on **applying for their mortgage directly** with the lender.

There is a scope here for **brokers to play a larger role in guiding** both first time buyers and those hoping to climb the ladder. Financial pressures are having a notable **impact on confidence** for both groups of people looking at mortgage options. With the barriers to buying looming over their clients, brokers can help them figure out **how to hurdle these whilst the challenging conditions continue**.