



# Leeds Building Society

## Homeownership dream in tatters as first-time buyers buffeted by cost-of-living storm

- *81% of first-time buyers agree that the cost-of-living crisis has made it harder to save for a deposit*
- *60% of those planning to buy in the next 5 years have delayed their purchase, on average by 18 months*
  - *49% of aspiring first-time buyers now doubt if they will ever be able to buy a property*

New research from Leeds Building Society paints a harrowing picture of the housing market for first-time buyers, as prospective buyers are putting plans on ice due to concerns over unaffordable mortgage rates and rocketing rises in energy, living costs and rents hamper savings across the country.

The research, which was conducted in late October following the Truss government's mini budget, suggests that 60% of those looking to buy in the next five years have decided to delay their purchase because of the rising cost of living (21%), higher mortgages rates (19%) and falling house prices (20%). Of those that have decided to delay their purchase, almost 9 in 10 (89%) say it will be for 6 months or more – and the average expected delay in buying is 18 months. People have done so in the hope that the economy will have improved enough to make buying more affordable then, suggesting they don't have confidence in short term improvements to the economic climate.

The survey showed the impact that the current economic environment is having on first-time buyers and the housing market more broadly:

- 81% of first-time buyers say that it has become hard to save for a deposit because of increases in the day-to-day cost of living. Over a third (36%) have been forced to cut back on the amount they can save towards a deposit and 10% have had to stop saving altogether.
- 69% of first-time buyers are worried whether they will still qualify for a mortgage as affordability becomes an issue – and almost three quarters (73%) are worried about the availability of mortgage deals.
- And 68% of first-time buyers are now worried that – even if they were able to get the deposit together – they would now struggle to meet the higher mortgage repayments.

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Overall, 1 in 5 first-time buyers (20%) said that they'd had a mortgage offer withdrawn and cannot get another. Given all these headwinds it's no surprise that a worrying 49% of prospective first-time buyers now fear that they now might never be able to buy a property.

However, the research also reveals a possible solution – Shared Ownership. This [government scheme](#) lowers the deposit required as users effectively buy part and rent part of their home. Once first-time buyers were told about Shared Ownership and what it is, more than half (60%) said it would either help them get on the ladder in the future, whilst 22% of homeowners feel it would have helped them get on the ladder sooner. Given that 36% of people had not heard of Shared Ownership before, there is a clear lack of awareness and understanding about this potential lifeline to homeownership.

Those that have used Shared Ownership to buy are clear about its benefits: 77% said they needed a smaller deposit as a result and 72% said they were able to buy sooner as a result.

Shared Ownership remains the most effective means of reducing deposits for renters who want to become homeowners but do not yet have the means for traditional full ownership. Shared owners are younger and more likely to be sole occupants, giving them the opportunity to grow their equity over time.

**Richard Fearon, CEO, Leeds Building Society, said:**

**“The findings from our research are stark but clear: the home ownership dream in the UK is in crisis. Houses have never been less affordable, and the cost-of-living crisis and the recent increases in interest rates are a further blow to those hoping to buy.**

**“In the short term, a stronger case needs to be made for Shared Ownership to help more people get the keys to their first home. The key advantage of Shared Ownership is that buyers need a smaller deposit, potentially allowing them to buy sooner than they might otherwise. There is a clear lack of awareness about the benefits of Shared Ownership and lenders, brokers and estate agents all have a role to play in changing that.**

**“However, delivering meaningful change to the housing market requires a number of more structural issues, including building more homes. That's why we've published our 'Housing Roadmap' of seven changes that need to happen so create a housing market that functions for everyone.”**

Leeds Building Society's 'Tackling the UK's Homeownership Crisis' roadmap for the housing market is published today. It sets out the seven changes that Leeds believe are needed to create a housing market that works for all.

Leeds Building Society has won the What Mortgage Best Shared Ownership Mortgage Lender award for seven years in a row and will continue to support first-time buyers to get on the housing ladder as the 40-year-old scheme continues.

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## **Notes to editors**

### **Research methodology**

The research was conducted by Censuswide, among a sample of 4,006 UK adults (2,006 nationally representative respondents and 2,454 Respondents looking to buy within the next 5 years). The data was collected between 24.10.2022 – 27.10.2022. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles.

### **About Leeds Building Society**

The Society operates throughout the UK and had assets of £24.1bn at 30 June 2022. The UK's fifth-largest Building Society has its head office in the centre of Leeds, where it was founded in 1875. The Society won the title of Best Shared Ownership Mortgage Lender in the 2022 What Mortgage Awards, its seventh consecutive year of success in this category. It also received a Gold Ribbon from Fairer Finance for savings accounts for the fifth year running, based on customer happiness and trust, along with the ability to explain things clearly.

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