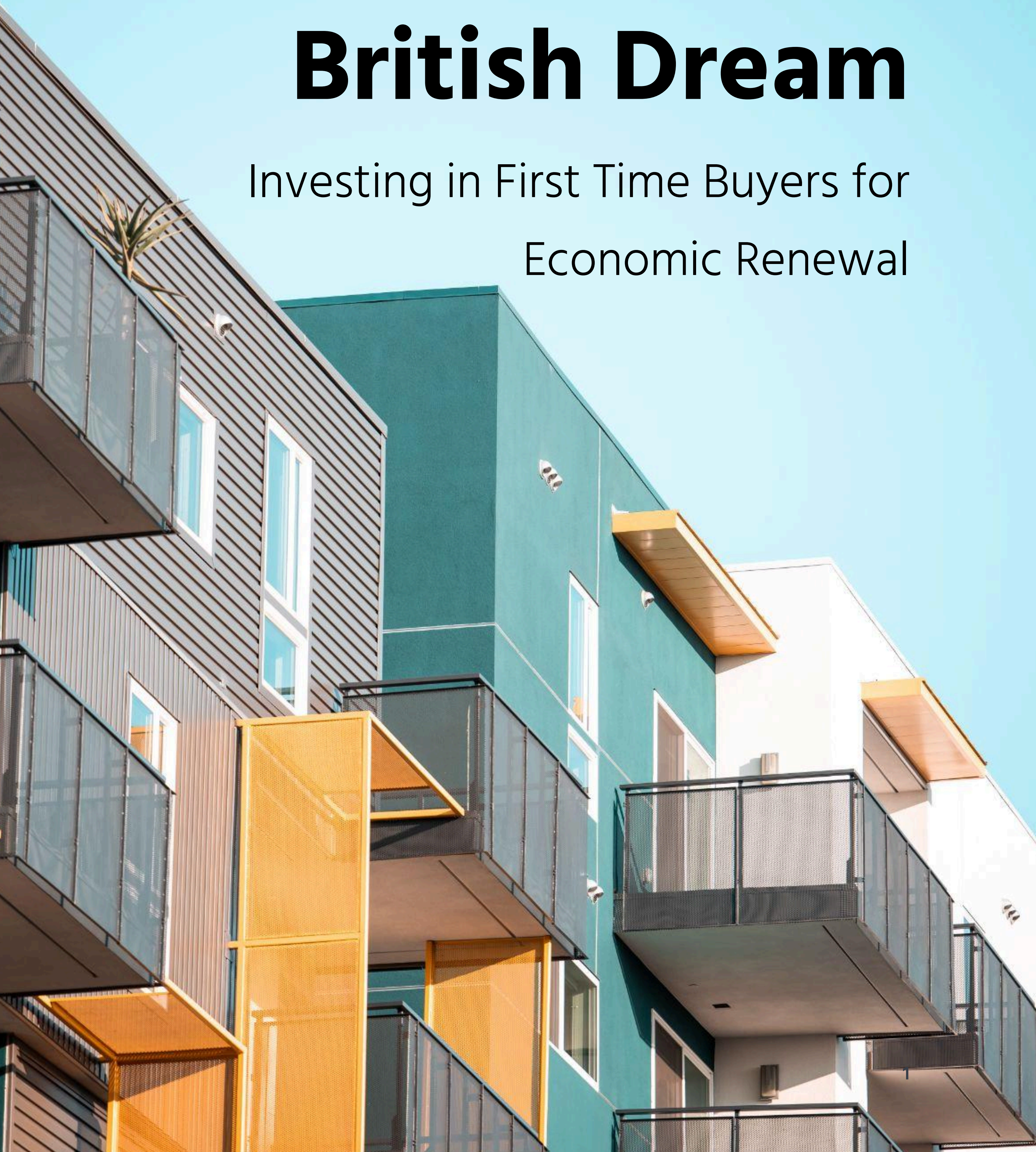
PUBLIC FIRST

Saving the British Dream

Investing in First Time Buyers for Economic Renewal



I actually think that our generation have let them [our children] all down with housing, because we've pulled up the bridge. We've pulled, you know, the ladder behind us, so that there isn't a choice anymore for most people.

Man,
60s, Selby

I think if kids that haven't got a bit of a leg up from wherever financially, or, you know, they [are] kind of stuck. And in this area [Hitchin], you know, in an aging constituency, I wonder if any child manages to save a hefty deposit, because the house prices are very high, as we all know.

Man,
60s, Hitchin

They get me a house, I'll shine their shoes.

Man,
30s, South Swindon

I agree it's about stability, and it's a very British thing as well. An Englishman's home is his castle.

Man,
60s, Hitchin

You have that instant feeling in your stomach as soon as you say, 'I'm renting'. You should be forever ahead. You should have a house, but it's so difficult to get one. For me personally, it's just having that security. It's my own. I can make it my own. I can, you know, if I think, oh, I want to make the house bigger or do something to the garden like it, I can without thinking, 'oh, I need to speak to the landlord first'.

Man,
30s, South Swindon

If you drag your butt out of bed every day and you go to work and you're earning your money and you're paying your way, absolutely, you should be in a position that you've got that opportunity to buy your own home. That should be a right that we all have, if we work hard for it.

Woman,
30s, South Swindon

[Help to Buy is a good idea because] it sounds like it makes it affordable for first time buyers and also encourages them to save. And we've already covered why it's difficult for young people who are paying really high rents to do that.

Man,
60s, Hitchin

I think the government could actually help... I know that they're pushing for house building at the moment, but I do feel that they have got the ability and the power, if you like, to be able to... actually take on [the responsibility of] helping [people] with the ownership, of being able to get people to buy the houses.

Woman
50s, Selby

About this report

Saving the British Dream was written by **Jack Airey**, Director of Housing and Infrastructure at Public First. The economic modelling was conducted by **Ben Savours**, Senior Economist at Public First, and supported by **Ned Field**. The research was supported by the **Home Builders Federation**.

About Public First
Public First is a global strategic consultancy that works to help organisations better understand public opinion, analyse economic trends and craft new policy proposals. It has worked directly with some of the world's biggest companies, government departments, top universities and major charities to produce bespoke, original policy proposals and reports derived from an evidence base of economic analysis and public opinion research. Public First is a member of the British Polling Council and is a Company Partner of the Market Research Society, whose rules and guidelines it adheres to.

About the Home Builders Federation
The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies: www.hbf.co.uk

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EXECUTIVE SUMMARY

Buying a home remains a life ambition for the great majority of people. Home ownership is seen to be a particularly British trait and one that people are proud of. While achieving homeownership has generally become more challenging - as property prices have increased more quickly than wages, rents have risen and saving has become harder, and mortgage costs have escalated rapidly - it remains an aspiration that resonates strongly with the public. They want to see more young people, whether that is themselves, their children, their grandchildren, or society more broadly, provided the opportunity to fulfil their dream of getting onto the housing ladder.

Worryingly for the Government and for all policymakers, the public increasingly considers the ever-growing challenge of getting onto the housing ladder as an indictment of our economy and the political class. People frequently refer to younger generations being "let down". They worry about housing wealth being concentrated among an ever smaller part of society and think the housing ladder has been "pulled" away from people that work hard and do the right thing.

The challenges young people face getting onto the housing ladder also present immediate issues for the Government's fiscal strategy. In its recent Economic and fiscal outlook prepared ahead of the 2025 Spring Statement, the Office for Budget Responsibility (OBR) forecasts that UK homebuilding rates will increase to 305,000 a year by 2029/30 (likely around 275,000 a year for England), generating billions of pounds of additional economic output and providing greater headroom for the Government to make choices around public spending.[1] These projections are underpinned by the Government's reforms to the National Planning Policy Framework, which are estimated to unlock the delivery of 170,000 new homes over five years, and a very large increase in housing demand, to levels of annual housing transactions unseen since prior to the 2008 Global Financial Crisis.

It is essential for the Government's economic agenda that this increased rate of housebuilding is now delivered. Otherwise it risks the forecasts - and associated headroom - being downgraded, which would leave it needing to make further spending cuts. **Improving the purchasing power of prospective first-time buyers will be fundamental to sustaining the expected levels of demand.**

The size of the problem

Analysis for this report demonstrates the scale of the effective first time buyer demand issue. Public First's First Time Buyer Index finds that **just 10.4% of 20 to 44 year olds who do not own a property are currently in a financial position to purchase a first home.** Many in this group are only in a position to purchase because they are in a

[1] Office for Budget Responsibility (2025) - Economic and fiscal outlook

couple with double the purchasing power. **Total effective first time buyer demand is around 350,000 households**. We estimate that **just 2.9% of young single adults are in a financial position to get onto the housing ladder**, a trend driven by poor wage growth, a low savings rate and stubbornly high house prices.

Over 89% of people between the ages of 20 and 44 who are non-homeowners are not in a financial position to join the property market. This should alarm policymakers. These young adults either do not have enough savings to afford the deposit, cannot borrow enough to meet the purchase price of an average first time buyer property in their region based on their current salary, or don't have enough disposable income to meet the normal affordability criteria of mortgage lenders. Our analysis demonstrates that it is the borrowing power criteria that most people fall foul of, with just 17% of people having a high enough income.

These figures demonstrate that effective first time buyer demand for housing is relatively weak. **If all those currently in a financial position to buy a home were to do so over the next five years, this would result in just 69,000 first-time buyers per year - well below the typical annual number of first-time mortgaged purchases, which usually ranges from 200,000 to 300,000.**[2]

Many young people will be able to rely on the 'Bank of Mum and Dad' for help with a mortgage deposit. Others may gradually earn and save more. They might start a relationship and will be able to combine deposits and pool their borrowing potential, or they might move further from their family, friends and job where house prices are lower. This report's analysis nonetheless demonstrates that **most young people, especially those from less wealthy backgrounds, will be cut off from home ownership for many years and decades to come, creating further disparities between generations.**

87%

Of the public believe it is difficult these days for young people to purchase a home

10.4%

Of 20 to 44 year olds are in a financial position to buy a home

94%

Of non-homeowners aged 18 to 44 would like to own their home

This is a worrying societal trend and one the public associate with broader decline and a lack of political leadership. Polling conducted for this report finds that people think that rents will go up, fewer families will be started and people will have less of a stake in society if young people find it harder to buy a home. A growing reliance on the 'Bank of Mum and Dad' to buy a first home would also further entrench wealth inequalities, with even the highest earners unable to afford to buy a first home if they do not have

[2] ONS (2025) - First-time buyer mortgage sales, by local authority, UK: 2006 to 2023

access to family wealth. For politicians of all parties, this scenario should be deeply concerning.

It is also a worrying economic trend. First time buyers are one of the biggest components of the housing market, particularly for new homes. Around a third of all homes are sold to first time buyers rising to a half in London. A reduction in the number of prospective first time buyers shrinks the market into which residential developers can build to sell, heightening risk in the development process, which ultimately dampens construction rates. This is particularly so in areas where flats are predominantly built, like in the capital. A fall in first time buyer numbers also reduces liquidity in the wider housing market, making it harder for existing homeowners to move up the ladder.

Longer term, a rise in the number of older people renting will also have profound consequences for the state, the economy and society. For example, it will change the way people pay for care in old age, with more likely to be reliant on the state. It is also likely to mean more older people living in homes that are not appropriate for their health requirements. Both would be significant changes for policymakers to manage.

The role of government in supporting first time buyers

For many decades, governments of all political colours have responded to the issues presented by falling rates of home ownership by providing direct support to people buying their first home. Policies have centred on lowering the upfront costs of home ownership alongside boosting housing supply. Schemes like Right to Buy and Help to Buy have helped millions of people to buy their first home, particularly those on lower incomes.

Yet, today, there is no first time buyer support scheme of significance. The Government's Mortgage Guarantee Scheme, which encourages lenders to provide higher loan-to-value mortgages, is relatively small in scale. It supports under 10,000 first time buyers each year and only one lender currently uses it to provide mortgages for new build houses (but not flats).[3] The costs of buying a first home have in fact recently increased significantly for many people after certain Stamp Duty Land Tax reliefs for first time buyers expired on 1st April 2025.

The need to support more first time buyers again

To support the delivery of more homes and economic growth, this report argues **the Government should help more young people to own their home by introducing a new equity loan scheme** that is part-funded by industry, available for new homes and that lowers the deposit and affordability barriers to home ownership. The scheme could initially run for a time-limited period and would lower the deposit barrier to 5% for prospective first time buyers while enabling them to access new build mortgages at monthly repayment rates they can afford. Like with previous equity loan schemes

[3] HM Treasury (2025) - Mortgage Guarantee Scheme Quarterly Statistics

supported by the Government, the equity loan would be interest-free for the first five years. As a loan scheme the upfront cost to the Exchequer would be repaid over time and likely at a positive return as is happening with Help to Buy equity loans.[4] This should mean a scheme is treated as an investment on the Government's balance sheet (as Public Sector Net Financial Liability rather than Public Sector Net Debt) due to changes made last year to the way debt is measured.

490,000	69%	98,500
Additional people would be immediately able to buy their first home if a 20% equity loan scheme (40% in London) was introduced	Of people support an equity loan scheme that lowers the deposit to 5% on new build homes	Additional new homes would be delivered over five years if a 20% equity loan scheme (40% in London) was introduced alongside improved circumstances in the planning system

Economic modelling for this report estimates a new scheme that provided equity loans of 40% in London and 20% in the rest of England could:[5]

- Bring **home ownership into the immediate reach of 490,000 more young people**, widening the prospective first time buyer market by over 80%;
- Unlock the delivery of at least **19,700 additional new homes per year**, which would be **98,500 new homes over five years** and an **8% increase on the OBR's forecast for net supply in England**, helping the Government to achieve its 1.5 million new homes target;
- Generate **£5.7 billion in additional economic activity per year**, which would be **£28.5 billion over five years**, boosting growth and providing greater fiscal headroom for the Government;
- Position the Government as supporting home ownership, aspiration and hard work, while recognising the long-term benefits of home ownership for individuals, families and wider society.

Crucially, **a new equity loan scheme would most benefit those people who cannot rely on parental wealth to save for a deposit, as well as those who are not on the highest incomes**. A new equity loan scheme, supported by the Government and industry, would help prevent home ownership becoming the preserve of the privileged

[4] Around 40% of the Help to Buy loan book had been repaid by March 2024 at an uplift on original loan values of around 8% (Homes England Annual Accounts 2023/24).

[5] These impacts are calculated based on analysis carried out on the Wealth and Assets Survey, Land Registry house price data, and the interaction between this and policy design assumptions, with further detail on the methodology provided in the appendix.

few as part of a wider strategy to alleviate the entrenchment of societal wealth inequalities.

Without providing more direct assistance to young people wanting to buy their first home, it is highly unlikely that homebuilding rates will increase at the rate required for the Government to get close to achieving its 1.5 million new homes target, the run rate for that objective or even the lower rate projected by the OBR in its recent forecast, which was projected at just under 1.2 million in England over the parliament. Both scenarios would be challenging for the Government's political and fiscal strategies.

Equity loans would be popular with key voter groups

The public resents how home ownership has become a more and more distant prospect for younger generations and want to see it made possible for anyone that works hard and earns a normal wage, not least nurses, police officers and other key workers. A large proportion of the public (76%) see this situation as "ridiculous".

It is unsurprising therefore that opinion research conducted for this report, which included four focus groups and one public poll,[6] found **a new equity loan scheme for first time buyers would be popular with the public.** 69% of the public support a first time buyer scheme that lowers the deposit to 5% for new build homes, which is currently not widely available in the mortgage market. Support for a new equity loan scheme is remarkably cross-partisan and stretches beyond those who would directly benefit themselves, from young to old and renters to existing homeowners.

As well as supporting its growth and fiscal strategies, a new equity loan scheme would be an effective part of the Government's political agenda because **it is popular with the voters that are essential to its prospects at the next General Election.**

More broadly, the Government is staking its electoral chances in 2029 on people feeling better off than they did in 2024 and being able to say that a Labour government has made their lives better. While the wider economic situation may make this difficult to achieve in many policy areas, home ownership remains a uniquely powerful and visible sign of progress. If the Government can increase home ownership over the course of the Parliament, it has a clear opportunity to demonstrate personal and practical impact to voters, which is a crucial step in converting its broad but shallow electoral coalition into a lasting one. The OBR forecasts for government growth prospects are highly dependent on achieving significant increases in housing supply, so the Government's wider economic mission is intrinsically linked to unlocking development. Without a mechanism to turn demand into effective first time buyer demand, it is not easy to see how this will be achieved by policymakers and industry.

[6] Public First conducted a poll of 2,000 adults in England. The poll was conducted online, from the 20th to the 25th February 2025. The results were weighted to be nationally and regionally representative on age, gender and social grade.

Perhaps the most important voter group for the Government is 'Labour switchers', those who voted Labour in the 2024 General Election **but now say they would vote for another party. Labour switchers are the group most concerned about falling rates of home ownership and most supportive of a new equity loan scheme.**

If the Government can demonstrate that it is helping first time buyers to achieve a significant life milestone, they would be **delivering on an area of high concern for the public and target voters**, doing so in a way which is genuinely believed by the public to be effective. As voters are most likely to associate an equity loan scheme that supports first time buyers with the Labour Party, there is also an opportunity for the Government to attach itself to a new equity loan scheme - and realise the political and electoral benefits of doing so - in a way previous administrations failed to do so with Help to Buy. As one focus group attendee put it, "they get me a house, I'll shine their shoes."

Labour switchers are most concerned by the plight of first time buyers

- 74% would support a first time buyer scheme that lowers the deposit to 5% for new build homes, compared to 69% of the general public;
- 84% think it is ridiculous that people who work in the UK cannot afford to own their own home, compared to 76% of the general public;
- 69% think Help to Buy should have been continued, compared to 61% of the general public;
- 72% think it is a problem if fewer people are able to buy a home, compared to 67% of the general public;
- 63% think the fact that young people cannot buy a home shows that the country is in decline, compared to 58% of the general public;
- 63% think government policy should aim to help people own their homes and get away from renting, compared to 56% of the general public. In contrast, 30% think government policy should prioritise helping people have more comfortable rental situations compared to 34% of the general public.

Introduction

In advance of the 2024 General Election, the Labour Party pledged to boost homebuilding and save the dream of home ownership. The Prime Minister warned that without action home ownership would become “a luxury for the few”, and championed that Labour would be the party of home ownership.

While the new government has taken significant actions to enable long-term homebuilding through changes to the National Planning Policy Framework (NPPF), this report finds the challenges facing households looking to buy their first home are becoming ever tougher. This is particularly so for those who cannot rely on parental wealth, with intergenerational wealth inequalities likely to be entrenched. Consequently, despite the very positive supply side reforms introduced in less than a year since the General Election, the Government’s target of delivering 1.5 million homes during this parliament is very much under threat without more assistance for prospective first-time buyers over the next few years.

The current housing market is simply not strong enough to support the level of new supply the Government is hoping to see. Although there is very strong demand for housing - as evidenced by increasing housing costs, the level of overcrowding in rental properties and growing social housing waiting lists - the ability of prospective first-time buyers to purchase a home is relatively weak.

Effective first time buyer demand depends on a range of factors like economic confidence, wage growth, loan-to-income ratios for new-build houses and flats, savings and interest rates, and the number of people able to service a mortgage. Most of these factors have pointed in the wrong direction for some time following years of stagnant economic growth. While none of these factors can be effectively influenced by developers, it is these that will determine their appetite to invest in new land and labour needed to build new homes.

For the first time in decades, there is no government scheme of significance to support first-time buyers. The Government’s Mortgage Guarantee Scheme is relatively small in scale and has very limited applicability to new build homes. In fact, recent changes to the Stamp Duty regime have increased the cost of buying a first home valued at £425,000 by £6,250.[7] This further shrinks the number of people that are in a financial position to get onto the housing ladder, reducing effective demand for new homes, and undermining the homebuilding industry’s ability to deliver on the Government’s housing supply targets. Home ownership will seem even more like a luxury for the few, while the Government will be further away from achieving their ambitions to boost economic growth. This would have short-term consequences for its fiscal strategy as

[7] Skipton Group (2025) - A Home of Your Own

well, given the importance of higher rates of homebuilding to the Office for Budget Responsibility's (OBR) forecasts.[8]

The growing challenge of buying a first home has an impact not just on the economy, but also on public attitudes towards the country's progress and the Government. As opinion research for this report - including a public poll[9] and four focus groups - makes clear, the public and particularly voter groups that are fundamental to Labour's electoral prospects are overwhelmingly supportive of extending home ownership to more people. They want it for themselves, their children and their grandchildren. They think it should be a government priority and they see falling levels of ownership as an indictment of our economy and governing class.

This report sets out these issues in more detail, making the case that the Government should fulfil its past pledges to restore the dream of home ownership. First, we explore the challenges of buying a first home in reality and perception. Second, we set out why this issue resonates with the public. Third, we outline the potential for a new equity loan scheme for prospective first time buyers. Fourth, we evaluate how implementing such a scheme could accelerate homebuilding and stimulate economic growth. Fifth, we describe the political opportunity for the Labour Government to 'own' the benefits of this scheme. And lastly, we conclude that the forthcoming Spending Review is the right time for the Government to bring forward this scheme in support of first-time buyers and the economy.

Government home ownership support schemes over time

- **Mortgage Interest Tax Relief (MITR) (1962-1983)**. A scheme that provided tax relief on mortgage interest for owner occupier households.
- **Option Mortgage Scheme (1968-1983)**. A scheme that provided the equivalent of mortgage interest relief to lower-income households that did not have high enough incomes to benefit from the mortgage interest relief programme.

[8] Office for Budget Responsibility (2025) - Economic and fiscal outlook

[9] Public First conducted a poll of 2,000 adults in England. The poll was conducted online, from the 20th to the 25th February 2025. The results were weighted to be nationally and regionally representative on age, gender and social grade.

- **Right to Buy (1980- present).** The legal right for tenants to buy their council home at a discounted price. Discounts are determined by length of tenancy and property type, and can reach up to 70% of the home's market value, subject to regional maximum caps. As of March 31 2024, over 2 million social homes have been sold through Right to Buy schemes.
- **Shared Ownership (1980- present).** A scheme that allows buyers to purchase a share of a property (typically between 10% and 75%) while paying rent on the remaining portion. Over time, buyers can increase their ownership share by "staircasing". The scheme is designed to assist those who may not be able to afford a full mortgage, with eligibility criteria including household income limits and first-time buyer status or specific housing needs. As of 2021, approximately 202,000 households in England were living in shared ownership homes.[10]
- **Mortgage Interest Relief at Source (MIRAS) (1983-2000).** A tax relief scheme that allowed homeowners to deduct mortgage interest payments from their taxable income, thereby reducing their income tax liability. Introduced in 1983, MIRAS aimed to encourage homeownership by making mortgage borrowing more affordable and replaced Mortgage Interest Tax Relief, making the process of claiming reliefs more simple. The scope of MIRAS was gradually reduced in the 1990s and ultimately abolished in April 2000. During the mid-1980s, the value of tax reliefs totalled £4.5bn in 1985 prices, equivalent to more than £13bn per year in today's prices.
- **Right to Acquire (1997- present).** A companion scheme to Right to Buy, available to eligible housing association tenants in England who do not qualify for Right to Buy. It allows these tenants to purchase their home at a smaller fixed discount, typically ranging from about £9,000 up to £16,000 off the property's market price (depending on the region).
- **First-Time Buyers' Initiative (2000–2010).** A government equity loan scheme delivered by English Partnerships and later the Homes and Communities Agency, aimed at helping eligible first-time buyers purchase new-build homes with a significantly reduced mortgage requirement. The Government provided an interest-free equity loan of up to 50% of the property's value, repayable on sale or after 25 years as a proportion of the home's

[10] House of Commons Library (2021) - Shared ownership (England): the fourth tenure?

market value. Targeted primarily at key workers and buyers in high-demand areas.

- **Homebuy Direct (2007–2010).** An equity loan scheme jointly funded by the UK Government and participating housebuilders to support first-time buyers and key workers during the post-financial crisis housing slump. Buyers received an interest-free equity loan of up to 30% of a new-build property's value - split equally between the Government and the developer - alongside a minimum 5% deposit and a 70% mortgage. The scheme enabled over 10,000 households to access homeownership.
- **FirstBuy (2011-2013).** A rebranded successor to HomeBuy Direct, launched by the Coalition Government in 2011 to support first time buyers to purchase newly built homes. The scheme provided an equity loan of up to 20% of the property's value, funded equally by the Government and participating housebuilders (50% each). Buyers were required to contribute a minimum 5% deposit and secure a mortgage for the remaining 75%. The loan was interest-free for the first five years and repayable on sale or after 25 years as a proportion of the home's market value.
- **NewBuy (2012-2014).** A mortgage guarantee scheme to help buyers purchase newly built homes with a 5% deposit. Under the scheme, participating homebuilders contributed 3.5% of the property price to an indemnity fund and the Government provided an additional 5.5% guarantee. Approximately 5,700 purchases were completed through NewBuy.[11]
- **Help to Buy Equity Loan scheme (2013-2021 and 2021-23).** A scheme that enabled first time buyers to purchase newly built homes with the help of a government equity loan covering up to 20% of the property's value (40% in London). Buyers needed a minimum 5% deposit, and the loan was interest-free for five years. Over 328,000 first time buyers bought their first home using the Help to Buy Equity Loan scheme.[12] As of March 2024, 40% of all equity loans had been fully paid back at an average positive to return to the Exchequer of 9%, or total uplift of £718 million on the original loan values.[13]

[11] MHCLG (2017) - Help to Buy (Equity Loan scheme) and Help to Buy: NewBuy statistics: Data to 31 December 2017, England
[12] DLUHC (2024) - Help to Buy: equity loan scheme: data to 31 May 2023
[13] Homes England (2024) - Annual Accounts 2023/24

- **Help to Buy Mortgage Guarantee Scheme (2013-2016).** A UK-wide scheme in which the Government guaranteed a portion of high loan-to-value mortgages, enabling lenders to offer 95% mortgages on new or existing homes (up to £600,000) with a 5% deposit. Just over 56,000 mortgages were completed under the scheme, of which 78% were by first time buyers.[14]
- **Starter Homes (2014).** This scheme aimed to provide first-time buyers under 40 with new-build homes at a minimum 20% discount off market value. Despite legislative provisions and funding allocations, no Starter Homes were built.
- **Rent to Buy (2014- present).** A scheme that allows eligible individuals to rent a home at a reduced rate, typically 20% below market rent, for a specified period (usually five years). This arrangement enables tenants to save for a deposit with the option to purchase the property at the end of the rental term.
- **Stamp Duty Land Tax (SDLT) discounts for First Time Buyers (2017- present).** This relief exempts first time buyers in England and Northern Ireland from SDLT on property purchases up to £300,000, and applies a reduced rate of 5% on the portion between £300,001 and £500,000. This measure reduces upfront costs for first-time buyers, making homeownership more accessible. More generous reliefs were introduced in 2022 but lapsed in April 2025.
- **Lifetime ISA (2017- present).** A UK-wide savings scheme available to people aged 18–39 that offers a 25% government bonus on contributions (up to £4,000 per year, yielding a maximum £1,000 annual bonus) to help them save for a first home or for retirement. Savings and the bonus can be used towards the purchase of a first home (capped at a property value of £450,000) without incurring withdrawal penalties, or can be withdrawn after age 60 for retirement purposes. The Lifetime ISA has become a popular vehicle for first-time buyers to build deposit funds in a tax-free manner.
- **First Homes (2021- present).** This scheme offers first time buyers in England the opportunity to purchase new-build homes at discounts ranging from 30% to 50% off market value. The discounted price must not exceed £250,000 (or £420,000 in Greater London). Eligibility criteria include being a first-time buyer and having a household income not exceeding £80,000 (£90,000 in Greater London). It is not widely supported by local authorities

[14] HM Treasury (2015) - Help to Buy: mortgage guarantee scheme Quarterly Statistics

and in 2023/24 only around 600 households made use of the scheme.[15]

- **95% Mortgage Guarantee Scheme (2021-present).** A UK-wide scheme offering lenders a government guarantee on 95% loan-to-value mortgages. It covers new and existing homes (up to £600,000) and is open to first-time buyers and home movers. As of the third quarter of 2024, the scheme had supported 50,000 mortgage completions, of which 86% were by first time buyers.[16]

[15] MHCLG (2024) - Live Tables on Affordable Housing (Live Table 1000C)
[16] HM Treasury (2025) - Mortgage Guarantee Scheme Quarterly Statistics

CHAPTER ONE:

The challenge of buying a first home

Public First carried out extensive economic modelling to understand the extent to which relatively young working age adults are in a financial position to buy their first home. To do this we used the Government's Wealth and Assets Survey (WAS) to identify individuals and couples:

- Between the ages of 20 and 44;
- Who don't own a property;
- Whose wealth is high enough to meet the deposit requirements of lenders (assuming a loan-to-value of 90%) when purchasing the average priced property for first time buyers in their region;
- Whose wealth is high enough to also pay the additional costs associated with purchasing a first home, including Stamp Duty;
- Whose salary is high enough to secure the required mortgage size to pay the remaining balance on the property;
- Whose income is high enough to meet mortgage affordability requirements typical of lenders (including so-called 'stress tests'), assuming an interest rate of 5% and a mortgage term of 25 years.

This allowed us to estimate for each region the percentage of 'potential first time buyers' for whom home ownership is an option (a full methodology is provided in the appendix). This included identifying couples living in the same household and identifying potential first time buyers based on their joint financial position. Not all of these singles and couples will be in an immediate position to buy, given people's desire to retain savings for other purposes and to maintain a financial cushion, but our analysis demonstrates the number of people and couples that could feasibly buy their first home.

The current size of the market

Public First's First Time Buyer Index shows that in England, **just 10.4% of 20 to 44 year-olds who do not currently own a home are in a financial position to buy their first property.** This equates to **610,000 out of 5.9 million people.**

Most people able to purchase a home can do so only because they are buying as part of a couple, which means **total effective first time buyer demand is lower at around 350,000 households.** The situation is especially difficult for single people: **just 79,000 individuals who are not part of a couple can currently afford a home on their own.** These figures should deeply concern any government committed to supporting first-time buyers and addressing intergenerational inequality.

Accessibility also varies sharply by region. Table 1 compares by region the wealth and salary necessary to afford a first home with the average wealth and salaries of individuals aged 20 to 44 that do not already own property.

Unsurprisingly, given high property prices, London fares poorly, with only 4.9% (44,000 people) able to afford their first home without help from family. This is driven primarily by the extraordinary salary necessary to get on the property ladder, a product of very high house prices in the capital. Other poorly performing regions include the East Midlands (4.1%) and the North East (5.1%). The affordability criteria are a particular challenge in the East Midlands, where salaries are simply not strong enough to meet very high house prices. In the North East, the challenge of raising a deposit for a 90% loan-to-value mortgage locks many out of the market despite relatively low house prices in the area. The South West (18%) and Yorkshire and Humber (16%) benefit from relatively low house prices compared to salaries.

Region	Minimum wealth required	Average wealth available*	Minimum salary required	Average salary**	Total number who can buy	Percentage who can buy
South West	£30,100	£16,200	£62,000	£20,000	106,800	18.0%
South East	£39,600	13,300	£78,200	£21,900	115,200	12.7%
London	£67,900	£9,100**	£120,600	£27,400	44,300	4.9%
East of England	£36,100	£9,500	£77,300	£20,200	45,500	8.2%
West Midlands	£25,400	£10,100	£54,500	£12,000	84,100	12.2%
East Midlands	£24,800	£8,800	£53,100	£15,200	19,400	4.1%
Yorkshire and The Humber	£21,800	£10,900	£45,900	£17,500	103,500	16.0%
North West	£22,900	£10,600	£48,400	£15,100	76,400	10.0%
North East	£19,200	£7,000	£39,600	£9,000	17,900	5.1%

*Table 1. A comparison of the wealth and salary needed to purchase a first home and the average wealth and salary of 20 to 44 year old individuals who don't own a property. Also includes the total number and percentage of this group who are in a position to purchase, by region. *median of 20 to 40 year old individuals who don't own a property **mean of 20 to 40 year old singles who don't own a property.*

If all those currently in a financial position to buy a home were to do so over the next five years, this would result in just 69,000 first-time buyers per year - well

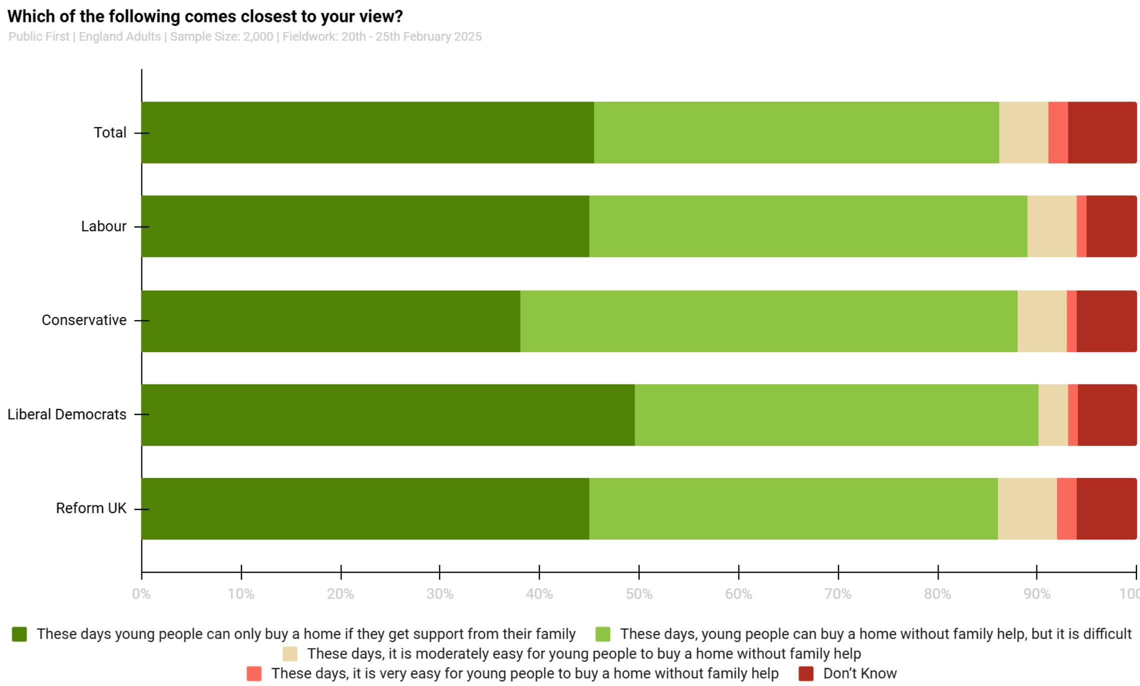
below the typical annual number of first-time mortgage sales, which usually ranges between 200,000 and 300,000.[17]

This gap is largely explained by the support many buyers receive from family. The so-called 'Bank of Mum and Dad' is estimated to help fund around 300,000 property purchases each year (including those moving home), a scale that aligns closely with the shortfall in financial readiness among aspiring first-time buyers.[18] However, this still leaves a significant number of people who would like to buy their first home but cannot, and who do not have access to family wealth to bridge the gap.

The realities of a housing market in which only the very highest earners or those with access to family wealth can afford to buy a home should be a cause of great concern to policymakers given the consequences of ongoing entrenchment of wealth, home ownership and security among a minority of the population.

The public worries about the plight of first time buyers

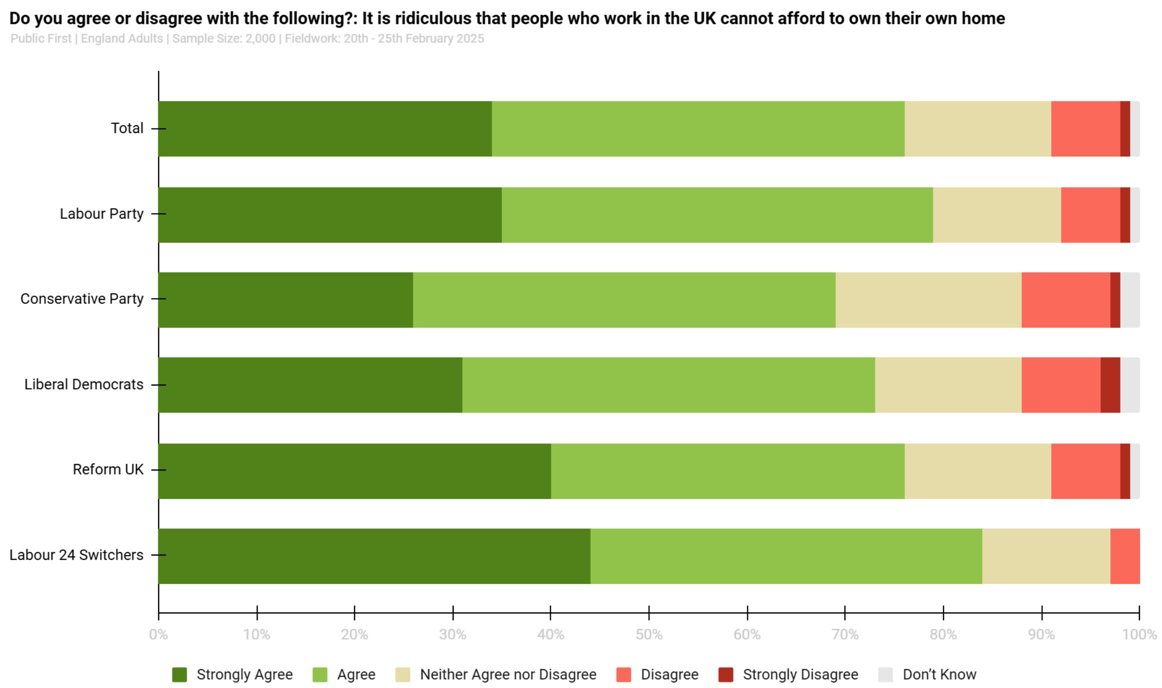
The statistical trends described above are reflected in public sentiment - the challenges of buying a first home were clearly recognised throughout our opinion research. **87% of the public believe that it is difficult these days for young people to find a home**, and this includes 46% who believe young people can only buy a home with family help. This was a view held consistently across age groups, and between political parties.



Sentiments are particularly intense around the challenges faced by working people wanting to own a home. Just over three-quarters (76%) of the public think this situation is "ridiculous". These sentiments are held strongest by Reform UK voters and Labour

[17] ONS (2025) - First-time buyer mortgage sales, by local authority, UK: 2006 to 2023
[18] Legal & General (2019) - Bank of Mum and Dad

switchers, i.e. those who voted Labour at the 2024 General Election but now say they will vote for another party.



In our qualitative research, a number of participants were able to provide **personal stories of younger relatives running into barriers to home ownership**. The discussion of housing availability invariably returned to one about age disparities, while there were concerns about key workers being stuck renting.

I've got two boys that have actually moved out now and they are renting accommodation, and it's extremely expensive for them, renting accommodation. But they've got no chance of probably buying their own home. They've got no chance of having a council property like I did when I was a teenager.

Woman,
60s, Hitchin

I actually think that our generation have let them [our children] all down with housing, because we've pulled up the bridge. We've pulled, you know, the ladder behind us, so that there isn't a choice anymore for most people.

Man,
60s, Selby

My daughter, she's doing her nursing degree so she's at university, and she's working as well in the hospital. And she sort of said to me, it's just ridiculous. They just won't be able to, just not going to be in a position anytime soon to be able to buy a property.

Woman,
50s, Selby

For some, there is a clear link between being able to afford to buy a home and wealth inequality. By 41% to 38%, people tended to agree that these days only very rich people own a home. This included an outright majority of those under the age of 45, as well as 59% of those who are currently renting. This sentiment was more partisan, with Conservative and Reform UK voters tending to disagree and Labour voters tending to agree, but it goes some way to showing just how intense the sentiments on housing can be.

Our qualitative research further indicated how this sentiment around housing unaffordability can exacerbate concerns on wealth disparities. A number of respondents brought up multi-home ownership in this context.

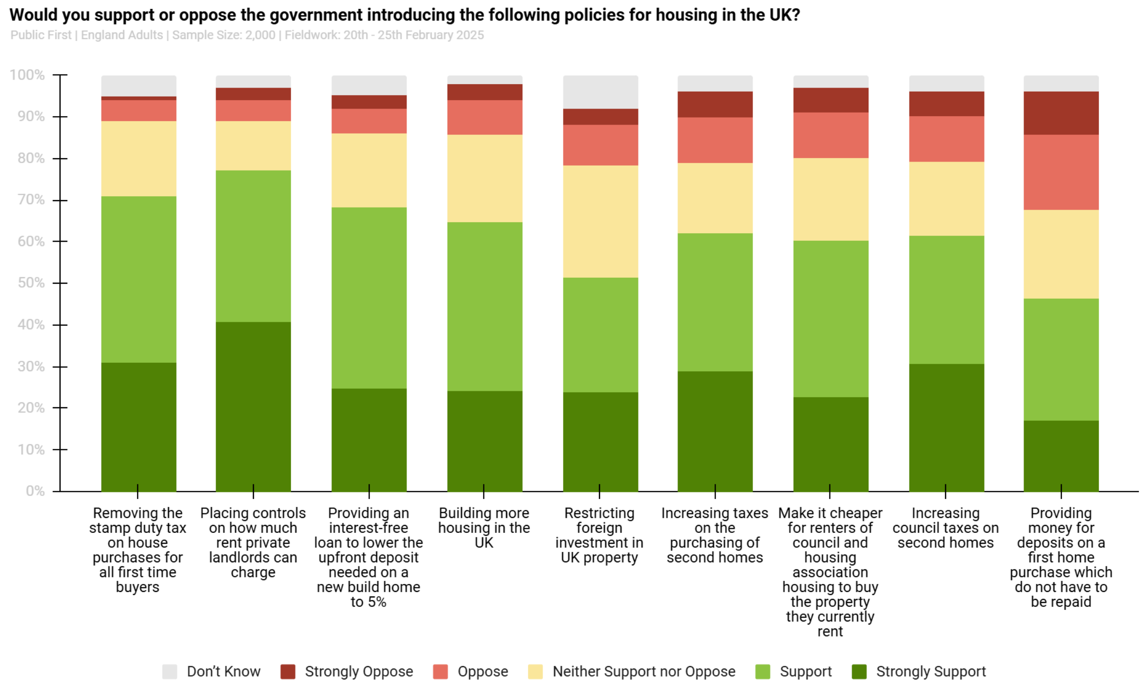
Where I used to live, the whole street was new builds, there was a man that literally bought one entire side of the street ... the more houses people are allowed to buy, the less chance there is for other people to buy houses.

Woman,
40s, South Swindon

We don't want to become a nation of just landlords. What does that mean for the future, if we've got people owning 20 houses and nobody owning their own?

Woman,
30s, South Swindon

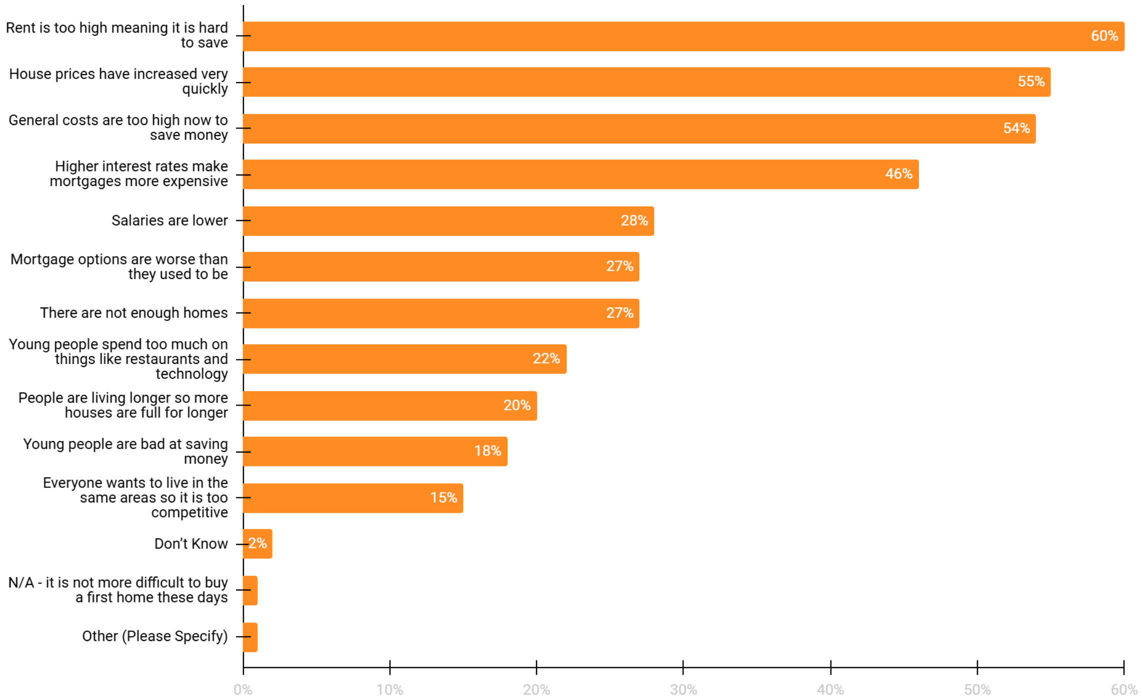
It is perhaps unsurprising, then, that our quantitative research showed high levels of support for increasing taxes on second home purchases, and increasing council taxes on second homes, though there was also relatively high support for policies that lower the deposit barrier and build more homes.



Central to people's understanding of the challenge facing prospective first time buyers was the perception of high rents. A majority of the UK believes that young people struggle to buy because of how high rent is (60%), and it is worth noting that our research showed high levels of support for rent controls. Interestingly, this perception that rent costs were the core issues was higher among older people; younger respondents themselves, were slightly more likely to talk about higher costs in general rather than just focussing on rent.

Some say it is becoming more difficult for young people to buy their first home. In your view, why is this? Select any which apply

Public First | England Adults | Sample Size: 2,000 | Fieldwork: 20th - 25th February 2025



How can they [renters] expect to be able to save, to be able to buy their own place, you know, a deposit to buy, when the prices of rent are just so extortionate?

Woman,
50s, Selby

It's the cost around it. I've been looking for ages for houses and stuff and trying to save at the same time. And that's mainly just because every year my rent goes up. So every year, I'm just thinking, well, that's taken away a bit from my savings because my rent goes up.

Man,
30s, South Swindon

I think if kids that haven't got a bit of a leg up from wherever financially, or, you know, they [are] kind of stuck. And in this area [Hitchin], you know, in an aging constituency, I wonder if any child manages to save a hefty deposit, because the house prices are very high, as we all know.

Man,
60s, Hitchin

Our quantitative research indicated that the public perceives this as a vicious cycle. Asked about the likely impacts of young people struggling to buy a home, the most reported impact was that it would incentivise landlords to increase rents, ahead of still strong concerns around economic decline and starting families. **In this context, there is a significant political opportunity if the Government can help more younger people into home ownership.**

They get me a house, I'll shine their shoes.

Man,
30s, South Swindon

CHAPTER TWO:

The public would like to see greater home ownership

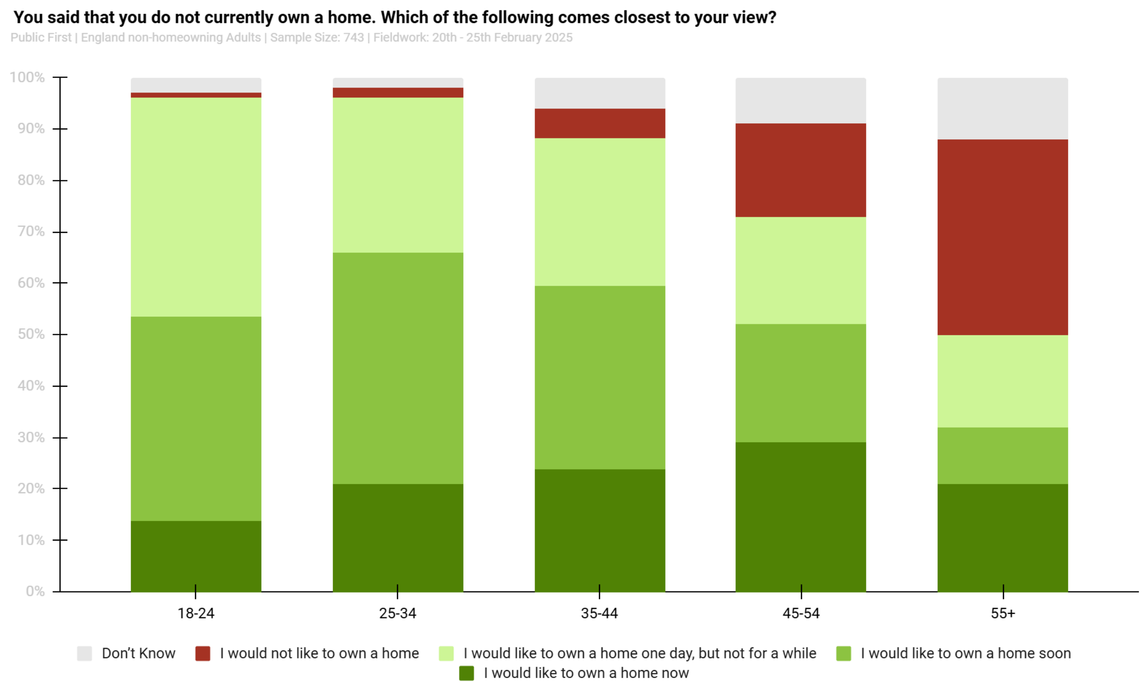
Home ownership is important for the public. Broadly speaking, responding to the challenges facing people in the housing market, the public tends to prioritise resolutions through ownership. A majority, when forced to choose, believe that government policy should aim to help people own a home (56%), rather than making their rental situations more comfortable (34%).

In our qualitative research, **we found a strong sentiment that home ownership was a particularly British trait**, and one they were proud of.

> *I agree it's about stability, and it's a very British thing as well. An Englishman's home is his castle.*

Man,
60s, Hitchin

Among those who do not own a home themselves, many would like to. 53% would either like to own a home right now, or soon. 66% of 24-34 year olds that do not already own a home want to own a home now or soon. The strength of this sentiment decreases among older non-owners, though there are far fewer of them. For the small number of participants in our research who were over 65 and did not own a home, only around a quarter (23%) would like to own a home now or soon.

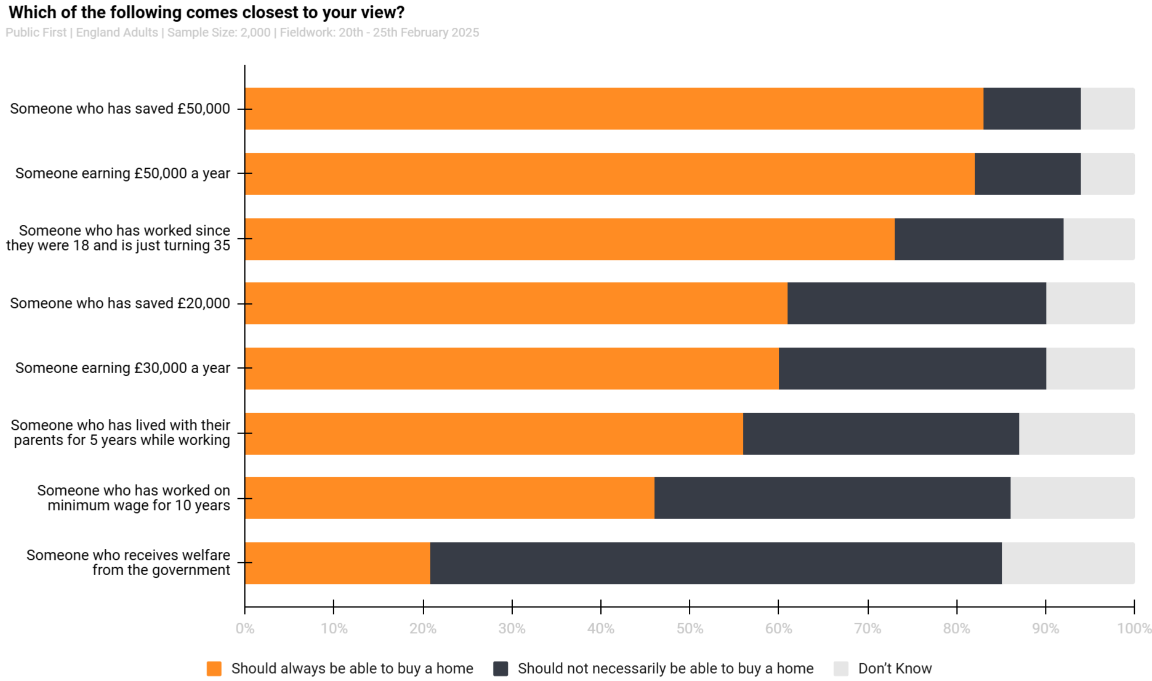


You have that instant feeling in your stomach as soon as you say, 'I'm renting'. You should be forever ahead. You should have a house, but it's so difficult to get one. For me personally, it's just having that security. It's my own. I can make it my own. I can, you know, if I think, oh, I want to make the house bigger or do something to the garden like, I can without thinking, 'oh, I need to speak to the landlord first'.

Man,
30s, South Swindon

Critically, **our research indicates that the public's expectations of who should be able to afford a home is out of step with who they believe can afford a home**. The majority of people believe that those with savings under £20,000 should be able to buy a home (58%). This included 66% of those over the age of 65. A majority (64%) believe that people currently need to save more than £20,000 to afford a home, including a substantial proportion believing that people need to save more than £30,000 (42%).

When we move away from discussing financial specifics towards describing character portraits, we find the sentiment is even stronger. As an example, 73% of people believe that someone who has worked since they were 18 and is just turning 35, should always be able to buy a home.



If you drag your butt out of bed every day and you go to work and you're earning your money and you're paying your way, absolutely, you should be in a position that you've got that opportunity to buy your own home. That should be a right that we all have, if we work hard for it.

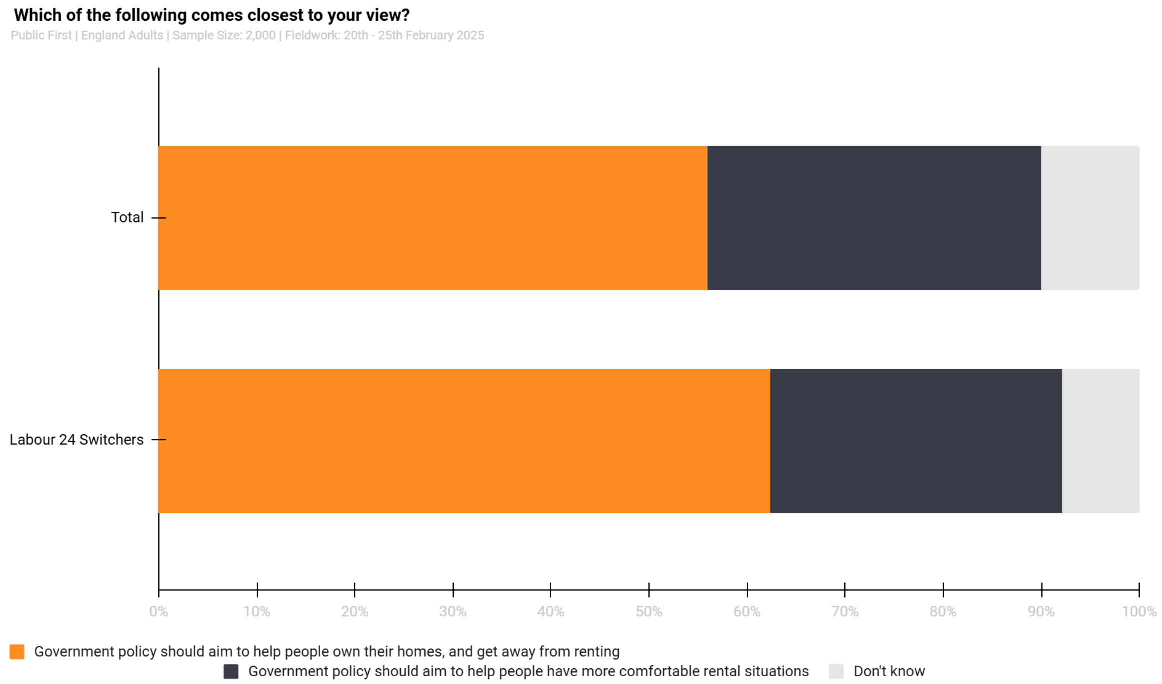
Woman,
30s, South Swindon

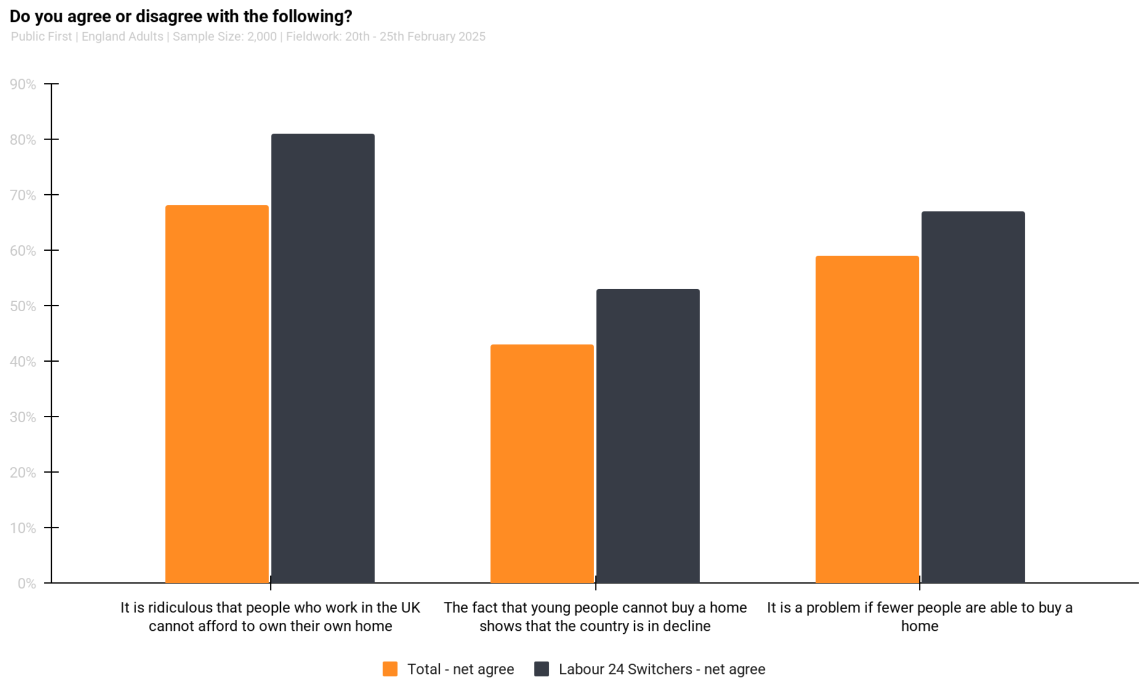
Home ownership is important to 'Labour switchers'

Winning back 'Labour switchers', those who voted Labour in the 2024 General Election but now say they would vote for another party, is essential to the electoral prospects of the Government in the next General Election. This voter group tends to feel strongly about the cost of living and preserving the services that make communities function, like healthcare, high streets and housing.

Throughout our quantitative research, it was evident that **Labour switchers were particularly concerned about falling rates of home ownership and most supportive of the Government doing something to help prospective first time buyers**. They want government policy to prioritise home ownership over rental by over two-to-one. They are also more likely than the general public to think falling rates of home ownership is a bad thing for the country. **Supporting young people to buy their first**

home would be an effective way for the Government to demonstrate it is delivering on the priorities of this voter group.





Help to Buy is viewed positively

To understand how the public perceive the role of the Government in assisting people into home ownership, our research tested attitudes to Help to Buy, the most significant recent government scheme to support home ownership.

Given the combination of widely held beliefs that it is becoming too challenging for young people to become first time buyers, and that home ownership is a greater priority than comfortable rental situations, it is in some ways unsurprising that we found widespread support for Help to Buy. When asked directly, 58% said they were positive about the scheme.

The scheme also has relatively high awareness. **81% said they had heard of Help to Buy, though we found a great deal of uncertainty around the political context in which it was introduced.** 46% of people believed the Conservative Party introduced the scheme, though 37% were unsure. Younger people actually believed that Labour introduced the scheme, and Labour voters were evenly split on whether it was a Labour or Conservative policy.

> *It [Help to Buy] sounds excellent. I echo everyone's thoughts and the fact it's a low deposit, and there's an amount that can come back to the new buyer as well. So it sounds, it seems excellent. I'm surprised it's not more, not higher publicised.*

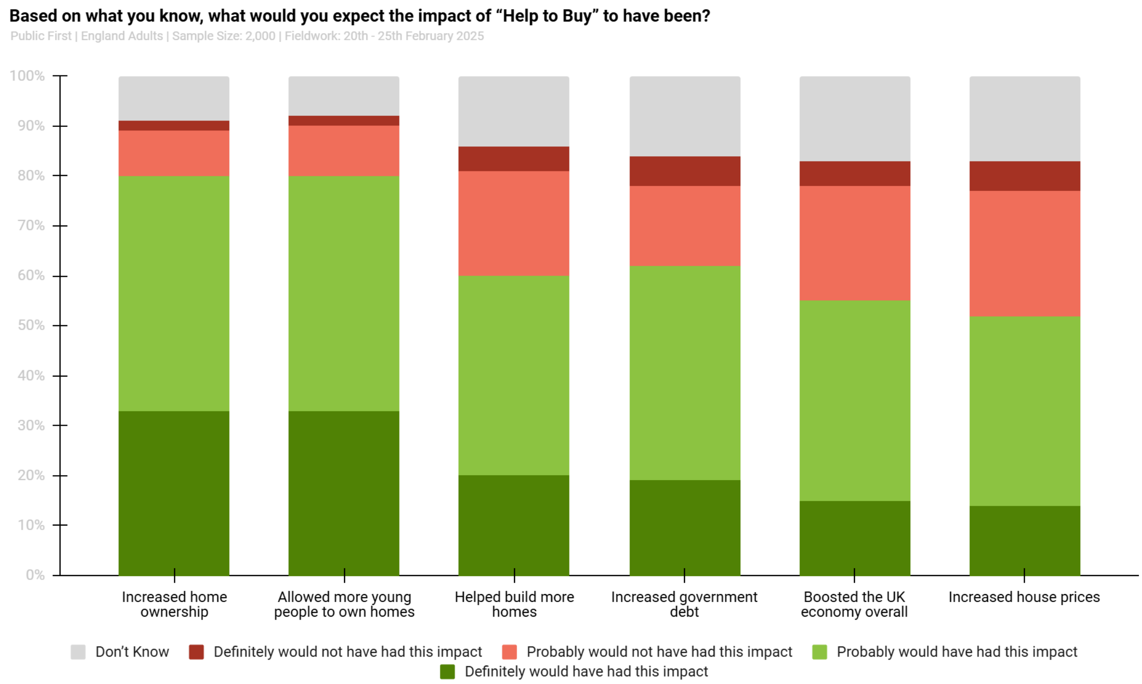
Man,
50s, Hitchin

> *[Help to Buy is a good idea because] it sounds like it makes it affordable for first time buyers and also encourages them to save. And we've already covered why it's difficult for young people who are paying really high rents to do that.*

Man,
60s, Hitchin

While many are unsure, the tendency was for the public to believe the scheme was still available (35%) as opposed to scrapped (19%). There was far greater uncertainty among older people, with 61% of those aged 65 or over unsure whether the scheme was still available. When told it was removed, a majority felt that it should have been continued. Few people had personal links to those who had used it; only 16% had friends who used it, 13% had family members who used it, 16% (including 30% of 18-24 year olds) reported having considered using it themselves.

This lack of awareness did not dampen positive views towards the scheme. The vast majority expected that the scheme would have had the desired impact of increasing home ownership (80%) and allowing more young people to own homes (80%).



In our qualitative research, we at points came across a more muted view on the scheme, though this seemed to stem from a general distrust of the government and "schemes" at large. It may also relate to attitudes towards other government supported home ownership schemes. Some participants discussed how they would be worried about whether the scheme was truly as it was presented, and if ultimately it would catch a recipient out in the long run.

> *In reality it's probably good, because it's helping people, like all of us, to get onto the property markets. It's just as long as there's no nasty clauses that, in five years time say they've lent us 10% of the equity they then are entitled to 20% or something like that.*

Man,
30s, South Swindon

They come with loads of stipulations, not only do they not give you the benefit and then they penalize you six per cent. So it just seems like you can't trust any of these schemes ... If something goes wrong then they penalize you so much more. They make these schemes so difficult that you don't want to trust any of them.

Woman,
20s, Hendon

I think they still profit from it. It's not really yours. They're making you feel that it's yours. They're putting a cover on her face to say that you're on the property ladder, but it's not really.

Man,
30s, Hendon

There was also a feeling that the scheme would not go far enough to solve the wider housing problem. In our survey, while Help to Buy was popular, adjustments to taxes on second home owners, removing stamp duty and rent controls did perform better. Help to Buy or a similar scheme should be considered, and presented as, part of a solution rather than the totality of the solution.

It's a good incentive, but it's a bit restrictive [only being available to new build], and they could help out a little bit more with having to have a 5% deposit.

Woman
50s, Selby

CHAPTER THREE:

Unlocking more home ownership

While many people would like to buy their first home, they are constrained by the price of housing and the amount they can affordably borrow and repay relative to their income and savings. This will be true for a wide group of people until they earn and save more or housing becomes more affordable. It will also depend on the availability and cost of low deposit mortgages and the rules and lender practices that limit the amount households can borrow relative to their income.

It is to be desperately hoped that each of these dynamics improve so more people are in a financial position to buy their first home, not just those on the highest incomes and those who can rely on parental wealth for the deposit. Higher rates of sustained economic growth would raise people's incomes, building more homes would put downward pressure on house prices and greater economic stability should encourage the provision of more high loan-to-value mortgages. These trends would go some way to unlocking the significant increase in housing demand recently forecast by the OBR, which underpin their projections on higher rates of homebuilding.[19] However, each trend is likely to take years and is highly uncertain.

> *I think the government could actually help... I know that they're pushing for house building at the moment, but I do feel that they have got the ability and the power, if you like, to be able to... actually take on [the responsibility of] helping [people] with the ownership, of being able to get people to buy the houses.*

Woman
50s, Selby

To unlock home ownership for more people and higher rates of homebuilding *over the next few years*, a scheme is needed that lowers the deposit and affordability barriers to home ownership. A new equity loan scheme for new builds, whose design is improved from previous iterations, would achieve this and bring home ownership into the immediate or close reach of many people, particularly those on lower incomes who cannot rely on parental wealth.

[19] Office for Budget Responsibility (2025) - Economic and fiscal outlook

A new equity loan scheme for first time buyers

The most effective way to expand home ownership and support homebuilding over the next few years is for the Government and industry to introduce a new equity loan scheme for first time buyers. The scheme should initially run for a time-limited period and would lower the deposit barrier to 5% for prospective first time buyers while enabling them to access new build mortgages at monthly repayment rates they can afford. Like with Help to Buy, the equity loan would be interest-free for the first five years.

The size of the equity loans available could mirror the previous Help to Buy scheme, which provided an equity loan of up to 20% of the purchase price in England outside of London and up to 40% in the capital. Alternatively, to reduce the upfront cost to the Exchequer, loans of up to 15% of the purchase price could be provided in England outside of London and loans of up to 20% or 30% provided in the capital. As demonstrated in the next chapter of this report, a scheme which provides larger loans is more impactful in terms of boosting home ownership, homebuilding and economic growth. This is particularly so in London where affordability challenges are most acute.

Crucially, unlike Help to Buy, this scheme would be part-funded by homebuilders. Any organisation selling homes through the scheme would need to pay a fee that is a proportion of the purchase price, a similar model to the 'commercial fee' payable by mortgage lenders for access to the Mortgage Guarantee Scheme. This design feature would reduce the proportion of the loan provided by the Government, but the Government would retain the full equity share. A graduated contribution scale could be used, so a 1% fee is paid on the first 50 homes purchased from a homebuilder through the scheme each year, with a 2% fee paid on the 51st to 250th home, 3% on the 251st to 1000th home, and 4% paid on any home above this rate. This would make the scheme affordable to SME builders, while ensuring the largest companies contribute the most.

How the public would design an equity loan scheme

Through our quantitative research, we explored the ways that the public would "design" a novel equity loan scheme. We found that largely respondents did not deviate from the previous Help to Buy scheme's structure. While not always in the majority, the most popular options for a potential redesigned scheme would:

- Bring the deposit down to 5% of the property price
- Be interest free for the first 5 years
- Provide a higher loan for properties in London

As an equity loan scheme, the upfront cost to the Exchequer would be repaid over time. For context, as of March 2024, 40% of all equity loans secured via Help to Buy had been fully paid back at an average positive to return to the Exchequer of 9%, or total uplift of £718 million on the original loan values.[20]

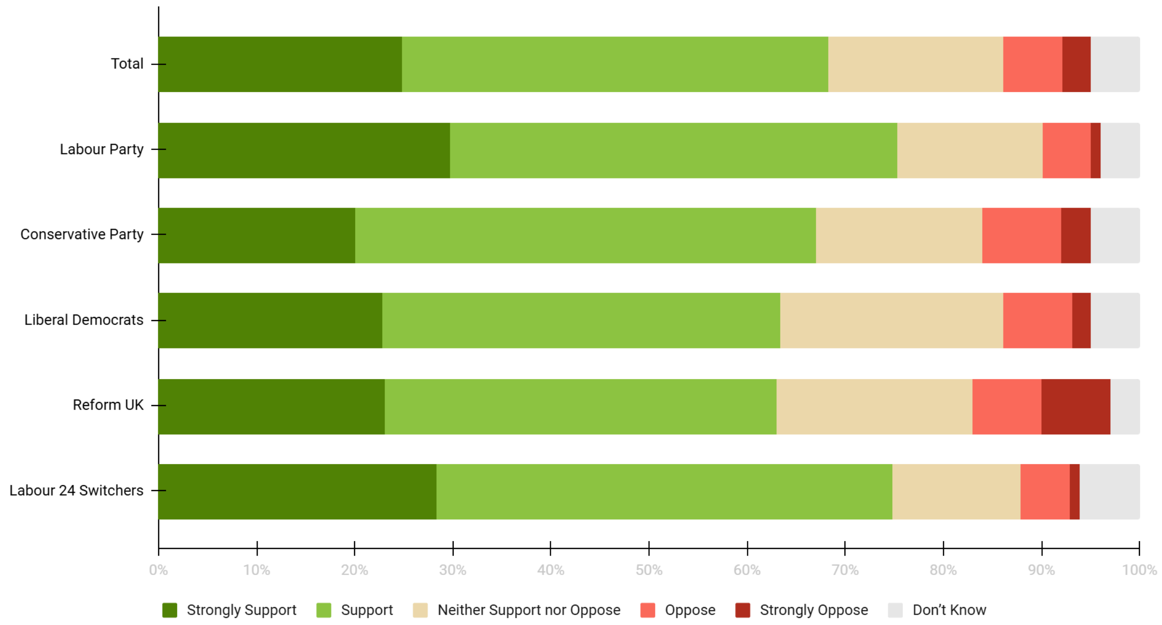
The repayment and developer contribution elements of a new equity loan scheme would also likely mean that it would be treated differently on the Government's balance sheet to Public Sector Net Debt (PSND). As the scheme would provide a return and would not just be a liability - and the Government would retain the full equity share despite the developer fee - the scheme could be treated as a Public Sector Net Financial Liability (PSNFL). These changes to the Government's definition of debt for its fiscal target were announced in Autumn Budget 2024 as part of efforts to allow the Government to borrow for investment. Indeed, Help to Buy is specifically referenced by the ONS in its explanation of how financial assets and liabilities are to be treated on the Government's balance sheet: "*PSNFL ex additionally captures the loan asset created when the public sector extends loans to those within these schemes, with PSND ex capturing only the liability.*"[21]

As demonstrated by our research, the introduction of **a new equity loan scheme would be popular with the public**, who place a strong emphasis on helping more people own their home. 69% of the public would support the reintroduction of a scheme similar to Help to Buy, rising to 74% of Labour switchers.

[20] Homes England (2024) - Annual Accounts 2023/24
[21] Office for National Statistics (2024) - Public sector net financial liabilities (PSNFL)

Would you support or oppose the government: Providing an interest-free loan to lower the upfront deposit needed on a new build home to 5%

Public First | England Adults | Sample Size: 2,000 | Fieldwork: 20th - 25th February 2025



An equity loan scheme delivers a step change in affordability

Access to an equity loan scheme would be transformative for prospective first time buyers because it would lower the deposit barrier to 5%, make monthly mortgage repayments more affordable and boost their borrowing potential. The latter point is particularly important in high value areas like London where mortgage rules constraining the amount someone can borrow relative to their income mean that only those earning the very highest salaries are eligible for a mortgage.

To consider the impact of a new equity loan on the number of people who can get on the property ladder, we modelled the effect of three scheme designs:

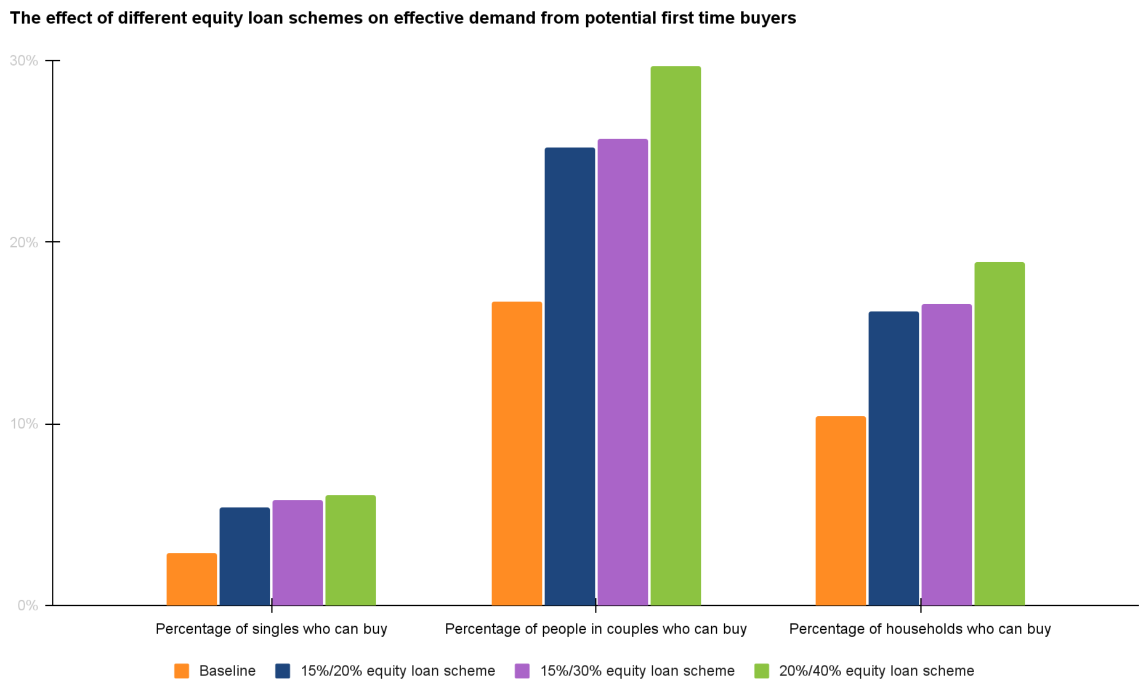
- The first provided an equity loan of 15% of the value of the property for those outside of London, and 20% for those in London. With a 5% deposit, this would enable users of the scheme to access what is in effect an 80% loan-to-value mortgage outside of London and a 75% loan-to-value mortgage inside London, with the associated lower interest rate.
- The second provided an equity loan of 15% of the value of the property for those outside of London, and 30% for those in London. With a 5% deposit, this would enable users of the scheme to access what is in effect a 80% loan-to-value mortgage outside of London and a 65% loan-to-value mortgage inside London, with the associated lower interest rate.
- We then modelled loans of 20% and 40%, similar to the previous Help to Buy equity loan scheme. With a 5% deposit, this would enable users of the scheme to

access what is in effect a 75% loan-to-value mortgage outside of London and a 55% loan-to-value mortgage in London, with the associated lower interest rate.

Introducing **the first scheme would provide an additional 330,000 people the opportunity to buy their first home**, an increase on the baseline of 55%, and increasing the share of 20 to 44 year olds that can buy their first home from 10.4% to 16.2%. An additional 67,000 single people would be able to purchase, an increase of 85%, with the share of single 20 to 44 year olds that can buy their first home increasing from 3.1% to 5.4%. The regions which would see the biggest increase in the number of people able to buy their first home would be the South East (59,000) and the South West (43,000). London would see an increase of 29,000.[22]

The **second scheme would provide an additional 360,000 people the opportunity to buy their first home**. This is driven entirely by the higher equity loan possible in London, where an additional 52,000 people would be able to buy compared to the baseline, an increase of over 110%.

The **third scheme would provide an additional 490,000 people the opportunity to buy a home, an increase of 80% on the baseline**. In London, where the loan would be 40%, an additional 91,000 people would be in a position to buy their first home compared to the baseline, an increase of over 200%. It would bring home ownership into the reach of more Londoners who are currently locked out of the market due to such high house prices. Raising the basic rate from 15% to 20% impacts the South East and North West significantly, with 74,000 and 102,000 additional potential buyers respectively.



[22] Due to relatively small sample sizes at the regional level, estimates should be interpreted with caution.

An equity loan scheme brings down monthly costs

The effect of an interest-free equity loan on mortgage costs is significant. Enabling prospective first time buyers to access mortgages at lower loan-to-values potentially saves them hundreds of pounds a month - for some households in some places, monthly mortgage costs will be lower than monthly rental costs.

Table 2 and Table 3 demonstrate the impact of each equity loan scheme design on the likely monthly repayments associated with buying a typical first time buyer property outside and inside London. We have modelled mortgage repayments at a 5% interest rate typical for 95% loan-to-value mortgages now and a 4.25% interest rate available at lower loan to values, both for a £300,000 property bought outside London and a £535,000 property that reflects prices in the capital. The impact of the equity loan schemes for young Londoners would be particularly strong.

Share equity scheme	Effective LTV mortgage	Mortgage rate available	Monthly repayments on a £300,000 home
No scheme	90%	5.00%	£1,578
Equity loan of 15%	80%	4.25%	£1,300
Equity loan of 20%	75%	4.25%	£1,219

Table 2. Modelled mortgage repayments on a £300,000 property outside London under different equity loan schemes

Share equity scheme	Effective LTV mortgage	Mortgage rate available	Monthly repayments on a £535,000 home
No scheme	90%	5.00%	£1,578
Equity loan of 20% in London	75%	4.25%	£1,219
Equity loan of 30% in London	65%	4.25%	£1,056
Equity loan of 40% in London	55%	4.25%	£894

Table 3. Modelled mortgage repayments on a £535,000 property in London under different equity loan schemes

CHAPTER FOUR:

Economic impact of unlocking more home ownership

Supporting more people to purchase their first home through the introduction of a new equity loan scheme would expand the prospective first time buyer market. The extent to which it would then help the Government to drive housing supply and boost the economy through increased output in the construction sector, and indirect and induced effects throughout the economy, would largely depend on three factors:

1. The size of the equity loan available - as our analysis has demonstrated, a larger loan has a bigger impact on the increase in size of the prospective first time buyer market, particularly in London;
2. The extent to which the introduction of an equity loan encourages developers to make more planning applications - it is likely that developers will take on the costs and risks of seeking more planning consents on the basis there will be a bigger market in which to sell new homes; and,
3. Whether and how quickly those planning applications are approved - the Government has made a number of positive changes to the planning system, which we expect to increase the number of permissioned homes over the next few years.

Higher homebuilding generates more economic activity, increasing rates of employment and the amount wage earners take home at the end of the month. This is not only in the construction industry but for businesses that supply home builders, such as manufacturing and financial and legal services. Further still, the additional income that wage earners take home has an induced effect on their local economies, with local businesses enjoying the additional disposable income. The provision of more homes in productive areas also boosts the economy over the long term by enabling more workers to live closer to centres of employment.

As demonstrated by recent projections by the OBR, higher rates of homebuilding can have very positive effects on the economy and the Government's fiscal headroom.[23] However, as demonstrated by this report, more homebuilding is supported by sustained and substantial housing demand alongside planning reforms that make extra homebuilding possible.

[23] Office for Budget Responsibility (2025) - Economic and fiscal outlook

New homes impact assuming no change in planning

Assuming developers do not seek a higher rate of residential planning consents in response to the introduction of an equity loan scheme and the Government's planning reforms have no impact on the currently very low price elasticity of housing supply:

- A 15% equity loan scheme (with 20% provided in London) would provide an additional 330,000 people the opportunity to purchase their first home. This increases potential demand for new homes by 200,000 (couples only purchase one home between them). Modelling this additional demand over a five year period implies **an additional 11,300 homes being delivered every year, contributing £3.3 billion to the English economy annually.** Over five years, 56,500 additional homes would be delivered, contributing £16.5 billion to the English economy.
- A 15% equity loan scheme (with 30% provided in London) would provide an additional 360,000 people the opportunity to purchase their first home. This increases potential demand for new homes by 220,000. The introduction of this scheme would lead to the delivery of **12,100 additional homes every year, contributing £3.5 billion to the economy annually.** Over five years, 60,500 additional homes would be delivered, contributing £17.5 billion to the English economy.
- A 20% equity loan scheme (with a 40% loan provided in London) provides an additional 490,000 people the opportunity to purchase their first home. This increases potential demand for new homes by 290,000. The introduction of this scheme would lead to the delivery of **16,000 additional homes every year, contributing £4.6 billion to the economy annually**. Over five years, 80,000 additional homes would be delivered, contributing £23 billion to the English economy.

New homes impact assuming a positive change in planning

If developers increase the rate of residential planning consents sought and the Government's planning reforms are designed and implemented in a way that increases the elasticity of housing supply to the average of comparable OECD countries, the additional housing delivery and economic benefits would be larger still:

- A 15% equity loan scheme (with 20% provided in London) would drive the delivery of **an additional 13,900 homes every year, contributing £4.0 billion to the English economy annually.** Over five years, 69,500 additional homes would be delivered, contributing £20 billion to the English economy.
- A 15% equity loan scheme (with 30% provided in London) would drive the delivery of **an additional 15,000 homes every year, contributing £4.3 billion to the economy annually.** Over five years, 75,000 additional homes would be delivered, contributing £21.5 billion to the English economy.

- A 20% equity loan scheme (with a 40% loan provided in London) would drive the delivery of **an additional 19,700 homes every year, contributing £5.7 billion to the economy annually.** Over five years, 98,500 additional homes would be delivered, contributing £28.5 billion to the English economy.

CHAPTER FIVE:

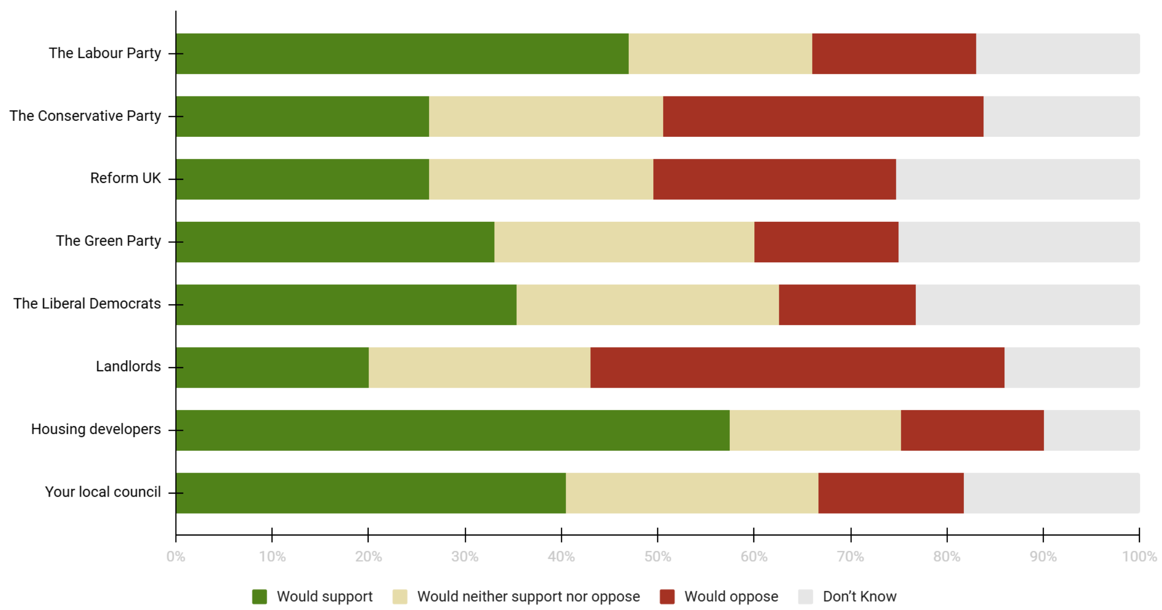
An equity loan scheme would be politically helpful

Our research shows that **a new equity loan scheme would be welcomed by a wide range of people**, particularly the voter groups that are most important to the Government's electoral prospects like 'Labour switchers' and existing Labour voters. It is widely supported, particularly by those aged 25 to 54 and renters.

A new scheme would inevitably be compared to the previous Help to Buy equity loan, which may invite questions about why a Labour Government is bringing back a policy of previous Conservative governments. Yet, Help to Buy has limited association with the Conservative Party. If anything, more people would align it with the Labour Party. When asked if they felt the Labour Party would support a similar scheme, 47% felt they would, but the result was just 26% for the Conservative Party and Reform UK.

Not only that, but we find that people tend to believe that their own political party would support a similar equity loan scheme. For example, among Conservative voters themselves, 46% believe that the Conservative Party would support the scheme. These are the hallmarks of a popular policy.

Do you think the following groups would support or oppose a proposal for the national government to lend money to people who are buying their first home to lower their upfront costs?



Given this context, **there is space for the Labour Party to 'own' any new iteration of a first time buyer scheme.** We find little evidence that it would be perceived as the resurrection of a Conservative policy, and if anything an indication that the public might be confused to discover that the scheme went away in the first place. As these results also show, the support is remarkably cross-partisan; discussed correctly, the support would see little opposition even among some of the voters most opposed to the current Labour government.

At the moment, it feels like we're just being battered with the amount of costs, and it'd be nice for us to have something that was positive that we could use. To an extent, it would change my view of the government, that they were trying to help rather than make us spend more money on all the things that we can't afford in the first place.

Woman,
40s, South Swindon

How best to communicate any new scheme

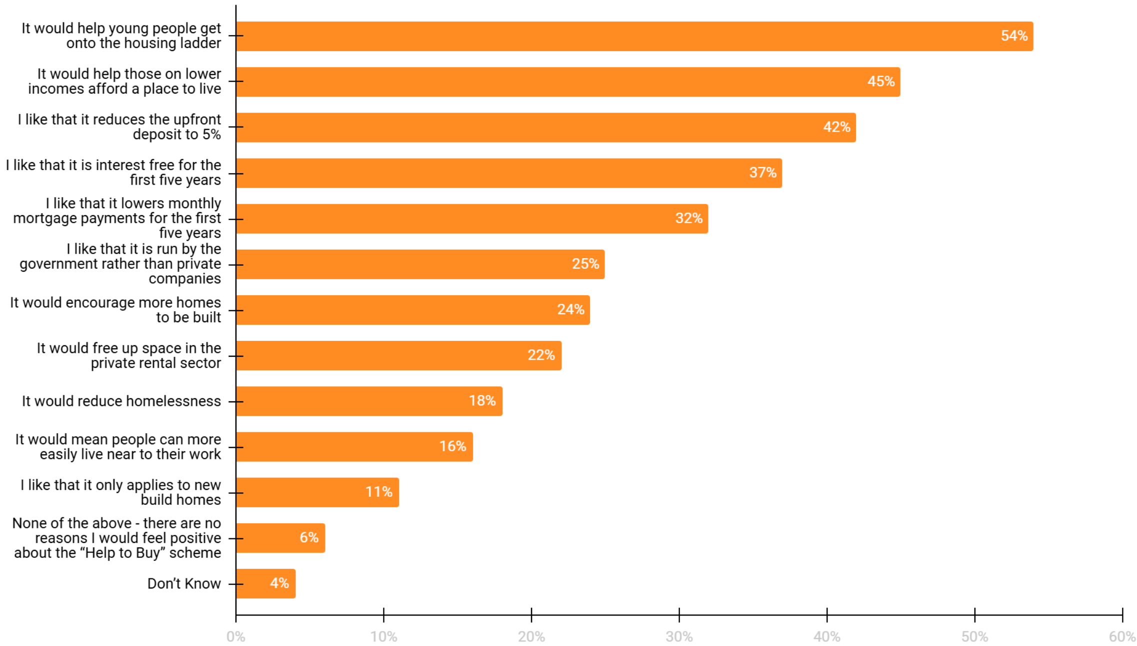
If the Government and industry were to announce a new equity loan scheme, our research indicates the emphasis must be on young, first-time buyers. There is a widespread acceptance that this is the core housing issue that needs resolution, and the scheme would be placed politically - and welcomed by the public - as a solution to this.

This came through in both our quantitative and qualitative research. Asked to choose the key priorities for a prospective new scheme to achieve, respondents tended to indicate that enabling under 30s to own (31%) and broadly growing the economy (30%) should be the key objectives. Asked why people felt positive about the Help to Buy scheme, the top reason was that it helped young people (54%), which was ahead of the view that it helped those on lower incomes (45%).

A message of supporting young first time buyers would also resonate with older generations and existing homeowners. 64% of 65+ year olds, and 63% of those who own their home outright, believe that the advantages of owning a home outweigh those of renting.

What are the reasons you would feel positive about the "Help to Buy" scheme, if any? Select any which apply

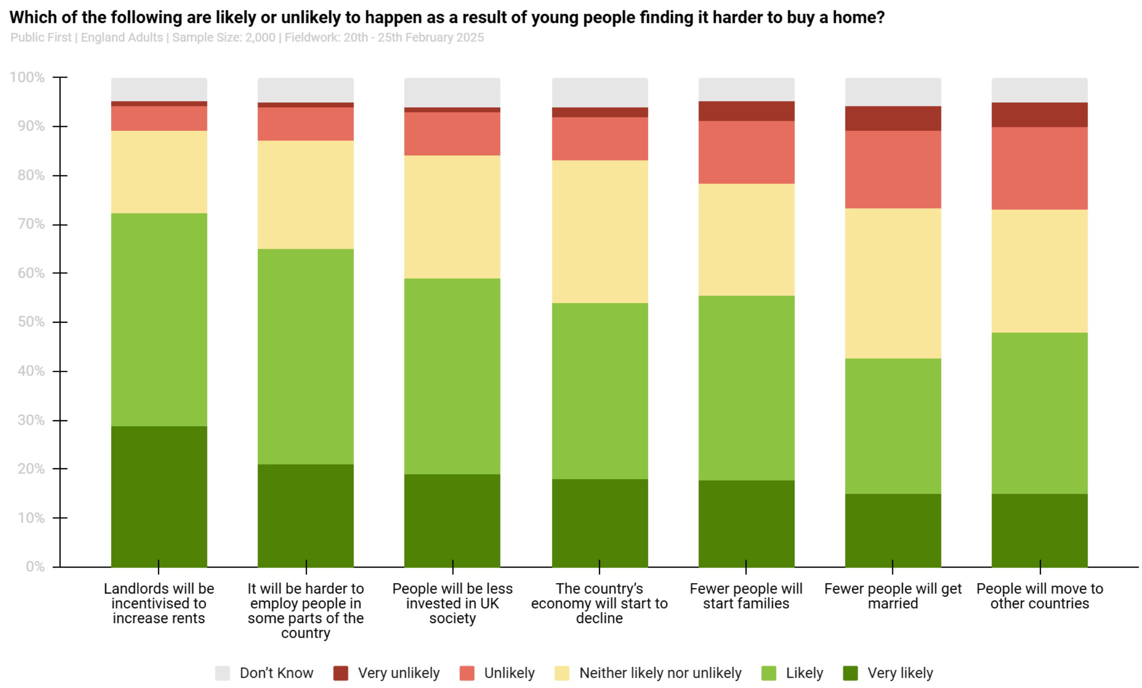
Public First | England Adults | Sample Size: 2,000 | Fieldwork 20th - 25th February 2025



I think you should only stick with first time buyers, because otherwise there is so much incentive for people that do have money to go for a third, fourth, fifth house, simply because it becomes cheaper and cheaper for them.

Man,
30s, Hendon

A focus on young people like this has the added advantage of communicating other benefits to the scheme, as people could see links between the difficulty facing younger generations on home ownership and other national-level challenges. For example, many saw a link between this challenge and fewer young people starting families, economic decline, a lack of investment in society, and challenges to businesses looking to employ locally.



Communications of any new scheme should avoid the clear pitfalls raised by the results of our research. The "new build only" aspect should be downplayed, and it should not be presented as an incentive for home building, even if, as demonstrated by our economic modelling, the scheme would provide a significant boost to the economy.

Similarly, the more complex a scheme is, the more likely it is to be met with an anti-political concern about how honestly it is being presented. The goal should be simple; to get young people onto the property ladder.

I suppose the most helpful would be the affordability. So reducing mortgage payments the interest rate on a house going up a couple of percent even can make a vast difference. So I think being able to have mortgages at quite a low rate that they know is going to stay the same. Because I think that's a big worry as well, because of the fluctuations.

Woman,
50s, Selby

A more general challenge is communicating the benefits of a potential new first time buyer scheme when public attitudes towards the Government in general are so low. Our research shows the skepticism with which the public approaches government announcements, and the incredulity.

I think it's important. But I can't really see anything changing anytime soon. I just can't say that anything is going to change, if anything really, I think it's just the society that we're living in now. I think it's just going to be a struggle for everybody forever.

Woman,
50s, Selby

I don't really think it's important to the government to help any of us, to be fair. Because I think that they're all for themselves. I mean, and I've thought that for, like, a long time. For the first time ever, I stood in the polling station last year and it took me 20 minutes to put a cross on the paper.

Woman,
60s, Selby

However, this is a challenge facing all government announcements and policies. **A new equity loan scheme would have the advantage of latching onto an area of high concern for the public (the affordability crisis for prospective first time buyers), and doing so in a way which is genuinely believed to be effective.**

Conclusion

This report makes clear that supporting prospective first time buyers is essential to:

1. **The Government achieving its 1.5 million homes target and its wider pledge to boost economic growth.** Without expanding the number of young people that can afford to buy their first home, it is highly unlikely that homebuilding rates will increase at the rate required by the Government and society more generally. This would have a negative knock-on impact on rates of economic growth, which would also reduce the Government's fiscal headroom over the next few years. A new equity loan scheme could unlock 19,700 additional homes a year, generating £5.7 billion more to the economy annually.
2. **Reducing intergenerational and wealth inequalities.** Our analysis shows that home ownership risks being a "luxury for the few" - a scenario previously condemned by the Prime Minister. Just 69,000 people will be able to buy their first home per year over the next five years if all those currently in a financial position to buy a home were to do so. Those that cannot rely on parental wealth will be stuck renting. A new equity loan scheme could bring home ownership into the immediate reach of 490,000 more young people, significantly widening the prospective first time buyer market.
3. **Demonstrating to voters the Government is delivering their priorities.** Our research is clear that home ownership resonates strongly with the public. It is seen as something that is particularly British that should be possible for anyone that works hard and earns a normal wage. People view this issue through the lens of what it means for themselves, their family and society more broadly. They resent how home ownership has become a more and more distant prospect for younger generations. This is particularly true for the key voter groups fundamental to the electoral prospects of the Government at the next General Election, like 'Labour switchers'. Supporting young people to buy their first home would be an effective way for the Government to demonstrate it is delivering on the priorities of the voters it needs to persuade in 2029.

The Spending Review is one of the few significant opportunities the Government will have to improve its support for getting more people into home ownership. It is also a chance for the Government to attract large scale private investment into an economy desperately in need. As this report makes clear, unlocking more home ownership would deliver more homes and economic growth each year.

The Government should therefore use the Spending Review to bring forward a new equity loan scheme in partnership with industry. This should be designed in a way to support the biggest number of additional first time buyers and the highest rate of new homebuilding and economic growth. Developers should have to pay a fee to access the scheme, starting at 1% for those smaller developers building a small number of homes each year, and rising to 4% when a developer builds over 1,000 homes per year.

While it would require some upfront capital spending by the Exchequer, equity loans would be repaid over time - indeed, 40% of all Help to Buy equity loans have been fully paid back at an average positive to return to the Exchequer of 9%, or total uplift of £718 million on the original loan values.[24] A new equity loan scheme could also be treated as an investment due to changes made by the Government last year to the way debt is measured.

As our research makes clear, there is an opportunity for the Government to attach itself to a new scheme - and realise the political benefits - in a way previous administrations failed to do so with schemes like Help to Buy. The foundations for this attachment are strong because voters are most likely to associate this type of scheme with the Labour Party and support for it is remarkably cross-partisan.

By demonstrating they are helping first time buyers to achieve a significant life milestone, the Government would be delivering on an area of high concern for the public and doing so in a way which is genuinely believed to be effective.

[24] Homes England (2024) - Annual Accounts 2023/24

Appendix

A1. Economic modelling methodology

1. Provide analysis of prospective first time buyers:

We create an economic model, **Public First's First Time Buyer Index**, that allows us to investigate the extent to which singles and couples aged 20 to 44 who don't own property are in a financial position to purchase their first home.

To do this, we use the Wealth and Assets Survey (WAS) to estimate the gross salary of single individuals and the combined income of couples, and net income after taxes and living expenses.[25] We also estimate the wealth available for a home purchase, excluding pension wealth and other non-accessible assets. From there, we calculate each household's borrowing capacity, the size of their available deposit (including their savings available to afford the upfront costs of purchasing a home, e.g. Stamp Duty Land Tax), and their ability to afford monthly mortgage repayments.

We then compare our affordability estimates with average first-time buyer property prices, by region, using ONS house price index data.[26] To determine which singles and couples can afford to buy a property in their area, we apply three affordability criteria:

- **Housing affordability:** Multiply gross income by four and add available wealth. This total must exceed the sum of the property price, the stamp duty land tax and other purchase costs (which we estimate to be £2,500).
- **Deposit requirement:** Available wealth must be greater than or equal to the sum of 10% of the property value, the stamp duty land tax and other purchase costs.
- **Mortgage affordability:** We estimate monthly repayments based on the mortgage size implied by the household's available wealth, assuming a 5% interest rate over a 25-year term on a 90% loan-to-value mortgage. These repayments must be less than the household's net income after taxes and essential living expenses.

From this analysis, we estimate the total number and proportion of singles and couples who are financially able to purchase a home, along with the implied effective first time buyer demand for housing. For couples, we applied a 25% 'breakup rate' to account for the additional instability of a couple's financial position.[27][28] We carry out this analysis for

[25] ONS (2021,2019,2017,2015) - Wealth and Assets Survey
[26] ONS (2024) - House price data: annual tables
[27] Centre for Population Change (2020) - How partnerships have changed in the UK over the last 30 years
[28] Economic and Social Research Council (2024) - Understanding Society Working Paper Series

2025, adjusting income, wealth and house prices to today's prices using household wealth and disposable income data and the Land Registry house price index.[29] [30] [31]

2. Estimate impact of equity loan schemes on first time buyer numbers

We augment the economic model described above so that we can investigate the ability of first time buyers to purchase a property in their region or local authority under various equity loan schemes.

To do this, we incorporate the equity loan share into our assessment of housing and mortgage affordability by treating it as a reduction in the total purchase price of the property. We then re-run the analysis from Part 1 to evaluate, for each scheme, the impact on the number and proportion of singles and couples who can afford to buy a home. We assume a lower mortgage rate is accessible of 4.25% due to the lower loan-to-value of the mortgage, but assume a deposit requirement based on 5% of the original price of the property.

3. Estimate impact on housing supply

We model the additional housing delivery that results from the increase in demand generated by the equity loan scheme.

We first estimate the potential additional demand created by the scheme - defined as the number of singles and couples who are only able to purchase a home by making use of the equity loan. We then estimate actual additional demand by applying evidence of homeownership aspirations amongst non-home owners and assuming that 75% of this potential demand is realised through actual purchases.[32] We model this additional demand over a five year period and sense check it against the take-up rate of previous schemes, and find it is in line with this data.

To estimate the additional housing supply resulting from this increased demand, we draw on estimates of price elasticity of supply (PES) and price elasticity of demand (PED) for the housing market, both specific to the UK and from broader international studies.

Our baseline model uses a PES of 0.395 - an estimate for the UK from an OECD cross-country analysis.[33] This measures the price elasticity of residential investment, reflecting the responsiveness of new housing delivery (rather than total housing stock) to changes in price. To explore a scenario with improved planning responsiveness, we

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29 ONS (2025) - Household total wealth in Great Britain
30 ONS (2024) - Gross Disposable Income
31 HM Land Registry (2025) - UK House Price Index
32 HomeOwners Alliance (2018) - The Home Owner Survey
33 OECD (2011) - The Price Responsiveness of Housing Supply in OECD Countries

also model supply using a PES of 0.567, the average for comparable OECD countries. For demand, we use a PED of -0.6, in line with Bank of England estimates.[34]

We model the increase in demand as an outward shift in the demand curve, a demand shock, using a percentage increase equal to the estimated number of additional new build purchases resulting from the scheme, divided by the forecast number of new build completions (sold in the unsupported private market) over the next five years.[35] Using our PED and PES values, we model the demand and supply curves and solve for the resulting increase in housing delivery, assuming a fixed supply curve and constant elasticities.

The price elasticity of demand used in our method is calculated using the whole residential property market. When applied to this equity loan scheme some complications should be considered. Firstly, our estimated increase in demand for new build homes has a downward bias because our model only estimates demand from people who previously couldn't afford to get on the property ladder, when in fact the scheme could be used by any prospective first time buyers who otherwise might have purchased an existing home This effect serves ultimately to underestimate additional supply. However, there are assumptions working the other way. The introduction of the scheme and the additional demand for new builds generated means people who may have bought a new build without the scheme may choose to purchase on the second hand home market instead due to the increased competition. This substitution effect serves to flatten the demand curve and ultimately reduce supply. It is difficult to judge which of these effects will be stronger and so our method implicitly assumes that whatever effect they have are cancelled out by the other.

A further consideration is the impact that planning restrictions have on the supply curve. A scarcity of land to build on may lead developers to substitute into homes suitable for first time buyers using an equity loan scheme, so that an increase in supply estimated above may negatively impact delivery of other types of homes. Improvements to the planning system would help mitigate this problem.

4. Estimating the economic impact of additional supply

We model the total economic impact by estimating the value of economic activity generated through the delivery of additional housing.

To do this, we multiply the total estimated additional housing supply by the average construction cost per home.[36] We then apply Type II multiplier effects from the UK input-output tables for the construction sector. These multipliers capture the gross value added (GVA) from direct construction activity, indirect activity within the supply

[34] Bank of England (2019) - Staff Working Paper No. 837
[35] Savills UK (2024) - Housing Completions Forecast for England
[36] Housing Forum (2024) - The Cost of Building a House

chain, and induced effects from increased household spending due to additional wages.[37] All values are presented in 2025 prices.

[37] ONS (2025) - UK input-output analytical tables: industry by industry