

ON THE LADDER

HELPING THOSE WITHOUT
GENERATIONAL WEALTH BECOME
HOMEOWNERS

Ben Cooper and Palma Oxley
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Fabian Research Report

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The New Homes Quality Board (NHQB) is an independent, not-for-profit organisation that champions the quality of new homes and better customer outcomes. It operates the New Homes Quality Code (the Code) for private new homebuyers across the UK and the Shared Ownership Code for shared owners in England.



The New Homes Quality Code sets clear requirements for quality and service provided by developers and provides customers access to the independent New Homes Ombudsman Service (NHOS) if those standards are not met. The NHOS is overseen by NHQB, adjudicates complaints under the code, and offers redress if things go wrong.



Like all publications of the Fabian Society, this report represents not the collective views of the society, but only the views of the individual writer. The responsibility of the society is limited to approving its publications as worthy of consideration within the labour movement.

Since its launch in 2022, the code has gained strong industry support and now protects the majority of new-build homebuyers. In 2026, over 55 per cent of new homes being built in England, Scotland and Wales are covered by the code, reflecting the value it delivers for both consumers and developers.

In October 2025, the NHQB was appointed by the Shared Ownership Council to operate the Shared Ownership Code.

About the report

This report sets out the challenges facing first-time buyers to get onto the property ladder, alongside the causes of these difficulties and its impact on new-build supply. It makes series of recommendations needed to help more people afford their first home, cut the costs of homeownership with a particularly focus on shared ownership, and improve consumer outcomes for those buying a new-build property.

The research involved a literature review, an expert solutions-focused roundtable, two focus groups, analysis of the relevant data published by the government, a survey, and a series of in-depth expert interviews.

The report and its recommendations apply to England only.

About the focus group

The Fabian Society conducted two focus groups in May 2026, one with recent first-time buyers and one with potential first-time buyers. The groups were demographically diverse. The group considered all the challenges facing first-time buyers owning their home, including saving for a deposit and securing a mortgage, perceptions of new-build properties, and potential different options to help first-time buyers.

About the polling

The Fabian Society commissioned Focaldata to survey 1,545 adults across England. The survey was carried out online. Fieldwork was undertaken between 5 and 15 June 2026. The figures have been weighted and are representative of all adults (aged 18+) in England.

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SUMMARY

Homeownership is the aspiration for millions of people across the country. Our survey with Focaldata found 79 per cent believe “owning your own home is one of the most important things that a person can achieve in life”. It remains a route to lower housing costs, increased wealth, greater security and control, and higher wellbeing.

But homeownership is being realised later in life than ever before – and when people can buy a home, they are often reliant on good luck or the ‘bank of mum and dad’ rather than hard work alone.

There were 245,000 first-time buyers in England in 2023-24, a 56 per cent decrease from 2004-05. The average age of an English first-time buyer in 2024-25 was 34 years old outside of London), up from 31 in 2004-05. In London, the average age was 35 years old, up from 31.

The average home cost 7.4 times median wages in 2025, up from 4.1 times in 2000. London is the most expensive region to buy relative to wages, and the north-east is the cheapest.

Between January 2012 and April 2026, prices paid by specifically first-time buyers increased by 78 per cent. The north-west experienced the largest increase 87 per cent, while the north-east saw the lowest (53 per cent). Inflation increased by 50 per cent.

There was a 13 per cent reduction in the number of first-time buyer mortgage sales between 2006 and 2024, equivalent to 41,000 fewer transactions. In London, the number of first-time buyer mortgages has fallen by 30 per cent.

Difficulties for first-time buyers

There are three main interconnected challenges for first-time buyers who want to buy their home:

- **Saving for a deposit.** Higher house prices increase the size of the deposit needed to get onto the property ladder. The median deposit has increased by 66 per cent since 2014-15, reaching over £36,500 in

2024-25. The cost-of-living crisis is making saving for a deposit more difficult, with the average first-time buyer of a new build in England needing to save 50 per cent of their income after essentials for nearly 12 years. The need for a larger deposit has resulted in growing reliance on help from friends and family, particularly the bank of mum and dad.

- **Finding an affordable mortgage.** Regulation since the financial crisis and the rising cost of owning since 2022 have made finding an affordable mortgage without a sizeable deposit more difficult. Most owner-occupier mortgages have been issued at a maximum loan-to-income ratio of 4.5 times or less – restricting the number of homes for which borrowing can be secured. At the same time, interest rates have increased dramatically as the Bank of England has tried to control the inflation resulting from multiple economic shocks. Small interest increases have significant financial consequences due to the size of mortgages.
- **The cost of shared ownership.** Shared ownership offers a vital, alternative route to homeownership for those on low incomes. But the part-rent, part-ownership nature of the tenure introduces distinct challenges. Estimates indicate the cost of renting for shared owners has risen faster than rents in the private rented sector between 2015 and 2025. Service charges have also risen dramatically. Growing the ownership share (known as staircasing) is also expensive thanks to uncapped fees and charges and price creep over time. This has prevented many residents from growing their ownership share, with the vast majority never staircasing to 100 per cent. As a result, dissatisfaction amongst shared owners is high.

Governments have tried to address these challenges with mixed success. Between 2013 and 2023, around 330,000 first-time buyer households were helped onto the property ladder because of Help to Buy. The policy reduced the required deposit and amount borrowed through a standard mortgage for affordable homeownership. It had a positive impact in many respects, supporting people onto the property ladder and lead to more homes being built.

However, the scheme initially helped anyone purchasing a new home, not just first-time buyers. This increased prices in places where planning policy was restrictive. It didn't change the type of people able to buy a home and created a financial risk for government.

There is currently no significant, effective scheme to help first-time buyers with the cost of a deposit.

New-builds and first-time buyers

Falling demand risks affecting housing supply. In 2025, England built around 37 per cent of the homes required to meet indicative local housing need despite good progress on the number of homes started. There are many supply constraints that prevent this target being met, as Fabian Society research has shown.¹ But developers also need to know that people can purchase the homes they build. Demand for new-builds from first-time buyers appears to be falling. This has contributed to a 39 per cent reduction in the number of new-build homes sold in 2024-25 compared to 2000-01. This lack of demand is due to the higher cost of new-build properties and because they are perceived to be low quality (although they can be more energy efficient).

Recommendations

Unless we want homeownership to be the preserve of those with the bank of mum and dad, the government must intervene. The public supports action, with 73 per cent supporting 'a government loan for first-time buyers which covers part of their deposit'. Policy should learn from the successes and failures of Help to Buy. The government should:

Help first-time buyers

- 1. Introduce 'First Step', a targeted deposit loan scheme for first-time buyers.** A first-time buyer would be able to borrow up to 20 per cent of the cost of their home outside of London from a government supported scheme and up to 40 per cent inside the capital. They would still need to provide at least 5 per cent for a deposit. This scheme would only be available for new-build properties. First Step should be temporary, with its closure linked to a specific, easily understood metric. Access to the scheme should be capped according to income. A proportion of the deposit loan would be held back by the homebuyer for three months after completion to pay for the repair of any defects or snags found. The deposit loan scheme should be connected to social housing supply on sites of more than 10 dwellings. This would help 136,000 first-time buyers get onto the property ladder over the next five years.
- 2. Establish a £1 house scheme to provide low-cost homeownership for low-income key workers.** Suitable empty and poor quality properties should be identified to be sold for £1, requiring new owners to improve

them over time. The scheme should aim to provide low-cost homeownership to around 25,000 households over a decade.

Support shared owners

3. **Cut the monthly costs of shared ownership properties.** A cost-of-living package for shared owners should be introduced by tackling excessive costs caused by unadopted amenities on privately managed estates, intervening to cut communal utilities costs, and capping administrative fees that are incurred separately to service charges. Rent increases for shared ownership should be capped at CPI plus one per cent.
4. **Make it easier for owners to staircase and own a larger proportion of their property.** The requirement for repeated valuations and associated costs when staircasing should be scrapped. Staircasing costs should be discounted based on rental contributions that have already been paid.

Improve new home quality and consumer outcomes

5. **Phase in allowing all buyers to withhold 5 per cent of the price of their newly built home for three months.** This payment would be used for the repair of snagging and defects upon completion. Following its introduction through First Step, the government should assess its impact on homebuyers and on developers – particularly SMEs. The policy should then be rolled out to all first-time buyers who purchase a new-build – and then all purchasers of a new property.
6. **Enable the New Homes Quality Board to effectively advocate for those purchasing a new-build property.** A single consumer code for all housebuilders should be approved immediately using the powers in the Building Safety Act 2022. There should be an annual, independent consumer satisfaction survey with data gathered direct from buyers. All awards to customers made in the event of a dispute should be published.
7. **Increase the transparency and satisfaction of shared ownership.** Using its powers in the Leasehold and Freehold Reform Act, the government should require service charge breakdowns to be transparent and in plain English. The Shared Ownership Code should be made statutory. The Regulator of Social Housing should include housing quality and communal area maintenance in its tenant satisfaction scores. Providers with tenant satisfaction scores below 70 per cent for shared ownership

should be required to publish an improvement plan, enforced by the Regulator of Social Housing.

1. INTRODUCTION

Homeownership remains a fundamental ambition of the British people. Millions work hard and scrimp and save to get closer to the dream of buying their first home. They want to buy because homeownership has long been a route to lower housing costs, greater financial security, increased wealth, and higher wellbeing.

However, the dream of homeownership is being realised later in life – if at all. In every age group, a smaller proportion today have bought their home than at the start of this millennium.² And with fewer people becoming first time buyers, this has pushed down demand for new homes – contributing to an inadequate number of dwellings built each year.

The result is inequality. Homeownership is effectively dependent upon luck – or the ability of parents and relatives to help – rather than how hard you work. Parental homeownership is amongst the strongest predictors of housing outcomes, something that has strengthened in recent years.³ Those who lack parental wealth or access to the ‘bank of mum and dad’ are all too often locked out of homeownership.

Many young people are now stuck renting privately or living with their parents. Previous generations would have grown up in a country where homeownership defined success and was achieved early in adulthood. But today, many young people are trying to settle down with a family without the stability that comes from having a place of their own. This gap between their dreams and the reality is why so many people feel angry, disconnected and insecure.

Since Labour took office, the government has rightly prioritised reform of the private rented sector and has increased investment in social housing. It has significantly reformed planning policy, making it easier to build good quality homes in the places that need them. These are welcome steps that will help to tackle the housing crisis and transform the lives of millions across England.

But the government must now improve access to homeownership, cut the costs of shared ownership, and deliver fairer consumer outcomes.

This report analyses the extent of the decline in homeownership amongst young people, its causes, and its impact on new-build supply. It sets out

why increasing homeownership rates should be a priority for the government and the lessons of the Help to Buy initiative. Finally, the report will make a series of recommendations to help more people afford their first home, cut the costs of homeownership – with a particular focus on shared ownership – and improve consumer outcomes for those buying a new-build property.

2. FIRST TIME BUYERS

This section describes the nature of first-time buyers today. We analyse the benefits of homeownership, how many first-time buyers there are, the decisions they are making, the prices paid and the geography of first-time mortgages.

Many people still hope to buy their first home

Over 3.6m renters in England expect to buy their own home at some point, including a majority (58 per cent) of those who live in the private rented sector. A majority (57 per cent) of those who expect to purchase think they will do so within the next five years.⁴

Homeownership is valued enough to stretch their personal finances to the limit to secure. First-time buyers seek:

- **Greater security and control:** 47 per cent of aspiring buyers said 'stability and security' was the biggest motivation for owning their home – the most selected reason.⁵ Seven in ten (71 per cent) of homeowners aged between 25 and 45 in London said homeownership had improved the stability of their life.⁶
- **Lower housing costs.** Homeownership provides more predictable and lower housing costs compared to private renting.⁷ Even with the significant rise in mortgage rates since 2022, mortgage holders still spend less on average than private renters. On 2 July 2026, the average mortgage cost for a first-time buyer with a 80 per cent loan to value ratio was £1,069 a month, compared to £1,442 a month in May 2026 for renting in England.⁸ Just 14 per cent of mortgagors found it either fairly or very difficult to pay their mortgage, compared to 33 per cent of private renters and 26 per cent of social renters.⁹ As housing costs fall, homeowners are able to use this as an opportunity to build wealth.
- **Higher satisfaction with their home.** More than nine-tenths (94 per cent) of owner-occupiers are satisfied with their accommodation, compared to just 81 per cent who rent privately and 75 per cent who rent socially.¹⁰ In part, this reflects quality: 15 per cent of owner-

occupied homes are non-decent compared to 22 per cent of private rented homes.¹¹ But it is also because homeowners, including first time buyers, can improve their own home.

- **Improved health and wellbeing.** Physical and mental health is affected by homeownership, even if the direct causal relationship is much debated. Owner-occupiers reported better scores for life satisfaction, life being worthwhile, and happiness compared to private and social renters.¹² They also reported lower levels of anxiety. This is likely due to an increased sense of control over their life and home, which provides psychological safety.¹³

Our survey found 79 per cent of respondents agreed that ‘owning your own home is one of the most important things a person can achieve in life’ (with 16 per cent disagreeing and 4 per cent saying they didn’t know). The benefits of homeownership were strongly articulated in our focus groups with recent and potential first-time buyers:

“I am living with my girlfriend at the moment and we rent, and I feel like at the moment rent money is going in the bin. So to have that going into a property would be a lot better” – participant from Norwich.

“I think [buying a home offers] like long-term security. Also I don’t know if we’re going to have like state pension in the future, so I think it’s a way of paying into a very reliable pension” – participant from Weston-super-Mare.

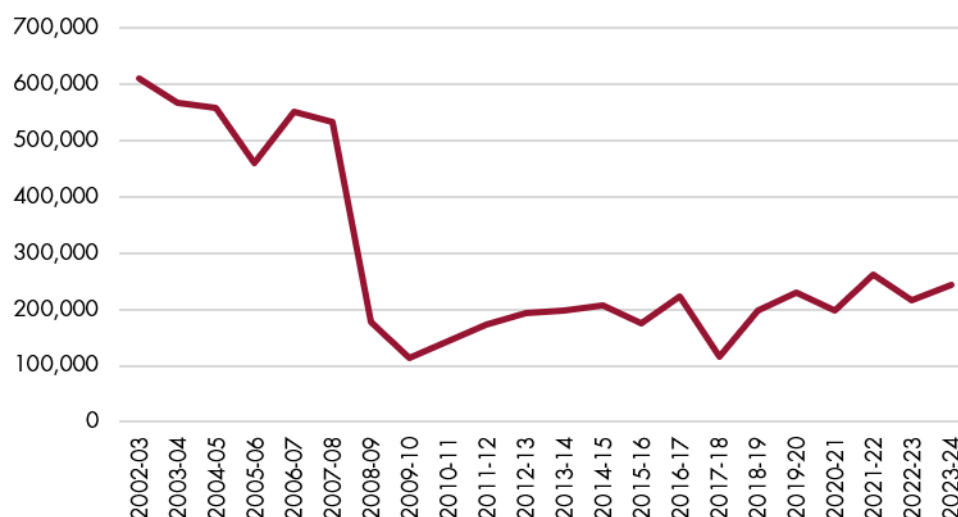
“I think the reason I bought was a little bit, almost ego and status. There’re not many people that are buying houses young. So I think it’s sort of a bit of a flex really to say that you’ve done it yourself at a young age. And I was in a pretty fortunate position where I could” – participant from Kenilworth.

There are more first-time buyers today than two decades ago

In 2023-24, there were 245,000 first-time buyers – defined as those who are owner-occupiers and had not previously owned any accommodation in the

year prior to the English Housing Survey.ⁱ This represents a 56 per cent decline since 2004-05 when the number was 558,000.

FIGURE 1: THE NUMBER OF FIRST-TIME BUYERS HAS DECREASED BY 56 PER CENT IN TWO DECADES



Source: Table FT4421 (S369): Recent first-time buyers¹ by previous tenure and age, Ministry of Housing, Communities and Local Government

People are buying their first home later in life

According to the English Housing Survey, the average first-time buyer is older than in the past (see figure 2).¹⁴

FIGURE 2: THE PROPORTION OF THOSE PURCHASING AGED UNDER 34 YEARS OLD HAS DECLINED SIGNIFICANTLY IN TWO DECADES

	2004-05	2024-25
Average age in England (outside of London)	31 years old	34 years old
Average age in London	31 years old	35 years old

ⁱ The English Housing Survey has not published the number of first-time buyers who bought in the previous year for 2024-25. It has published a three-year rolling average, but it is not possible to identify how many of those bought in 2024-25.

Proportion aged 16 to 24 years olds	12 per cent	5 per cent
Proportion aged 25 to 34 years old	64 per cent	58 per cent
Proportion aged 35 years old or above	23 per cent	37 per cent
Proportion who are couple households	62 per cent	65 per cent

First-time buyers seem to be buying larger properties than they used to. They are increasingly turning to houses rather than the flats which the idea of a 'property ladder' implies. Over a third (37 per cent) of first-time buyers bought a terraced house between April 2020 and March 2024 compared to a fifth buying flats (22 per cent). Compared to the period between April 2007 and March 2011, there has been a 5 percentage point reduction in the proportion of first-time buyers buy a flat (27 per cent to 22 per cent).¹⁵ Barclays found that 22 per cent of first-time buyers aged 28 to 43 buy a property with more bedrooms than they currently need to avoid upsizing later in life.¹⁶ This compares to 13 per cent across all other ages.

House prices have risen faster than incomes

The cost of buying a first home has risen rapidly. Between January 2000 and April 2026, the average property price in England has increased by 310 per cent – or by £220,000 in nominal terms.¹⁷ This is three times higher than the inflation rate since 2000 (95 per cent).¹⁸ A quarter of a century ago, the average home was relatively affordable for someone on the average wage in England. Years of property price growth and stagnant wages means that is no longer the case.

In 2025:

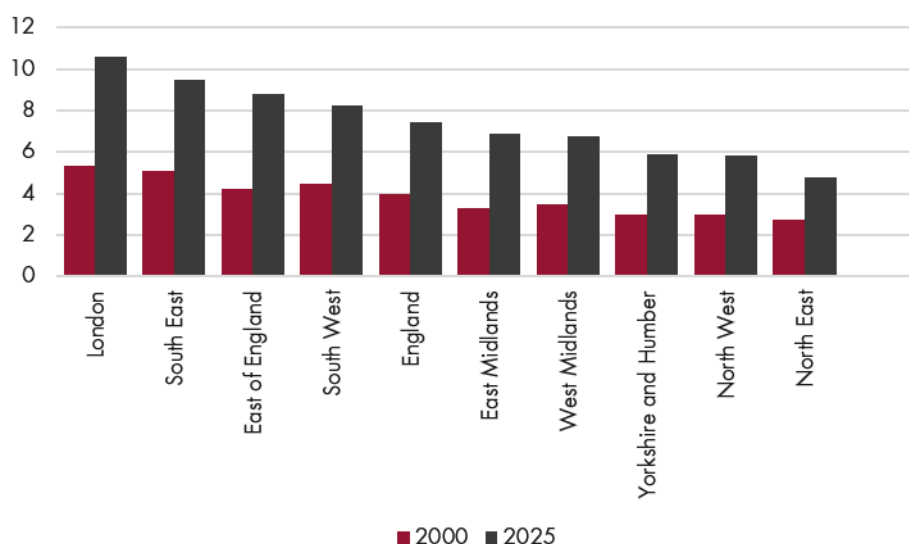
- The average home cost 7.4 times median wages in England. This is the lowest since 2015, but significantly up from 4 times median wages in 2000.ⁱⁱ
- London is the most expensive region, with the average home sold at 10.6 times median wages. In 2000, the average home in the capital

ⁱⁱ This is data on wages by workplace as data on wages by residence has only been available since 2002.

was 5.37 times wages. The most affordable region is the north-east, at 4.8 times average wages, up from 2.75 in 2000.¹⁹

- Just 8 per cent of English councils are affordable for someone on the average wage earning the average salary, down from 71 per cent in 2000.²⁰

FIGURE 3: IN 2000, THE AVERAGE PROPERTY PRICE WAS FOUR TIMES AVERAGE WAGES. IN 2025, IT WAS NEARLY EIGHT TIMES



Source: Fabian Society analysis of House price (existing dwellings) to workplace-based earnings ratio, published by the Office for National Statistics

High house prices have a particular impact on first-time buyers. They are forced to save for longer, take out larger mortgages, and pay more monthly. As our focus group participants said:

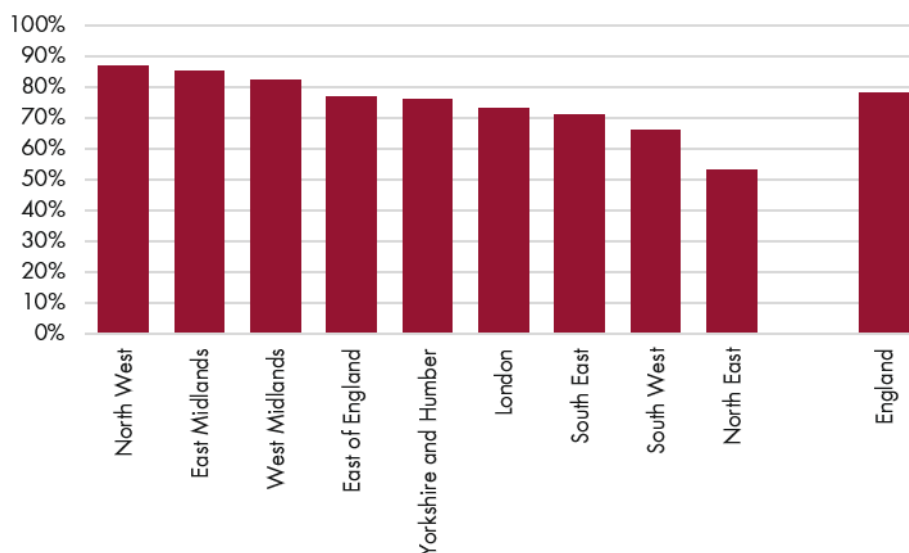
“I live in Stratford. When my parents bought a house, it was peanuts, and they weren’t certainly earning that much. Then for me now, I earn – well, significantly more than they do, and it’s a lot harder. Property prices have obviously increased a lot, so it’s not linear with your wage increase” – participant from London.

“Even if you work full-time, it’s kind of impossible [to buy a home] ... I think, for my parents, they bought properties a lot younger and they were doing similar roles. It just seemed more accessible” – participant from the East of England.

Since January 2012 when the data was first collected, the average price paid by a first-time buyer has increased by 78 per cent – or over £107,000 in nominal terms.²¹ The inflation rate between January 2012 and April 2026 was 50 per cent.²² There are significant regional differences, with the north-

west seeing the largest price increases for first-time buyers (87 per cent) and the north-east seeing the lowest (53 per cent).

FIGURE 4: THE AVERAGE PRICE PAID BY A FIRST-TIME BUYER HAS INCREASED THE MOST IN THE NORTH-WEST – AND THE LEAST IN THE NORTH-EAST

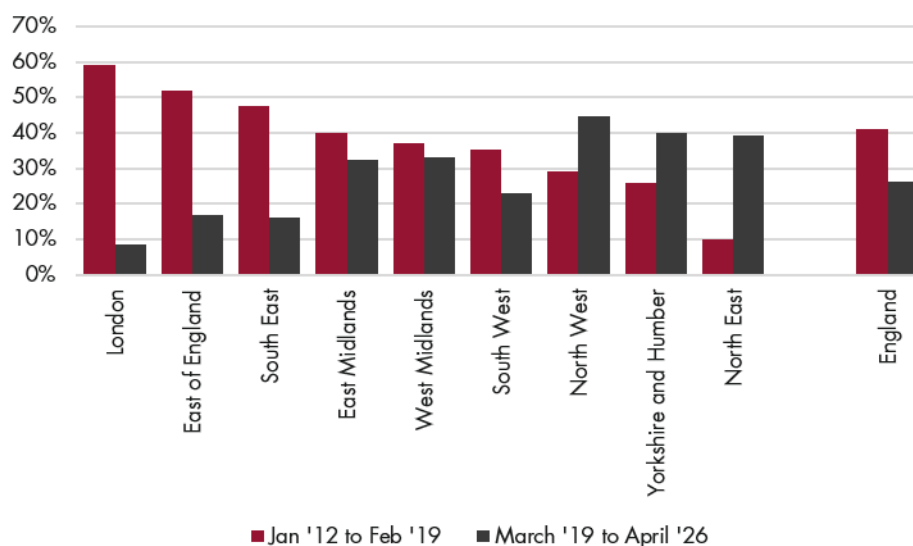


Source: Fabian Housing Centre analysis of House price index data, published by HM Land Registry

However, it is important to recognise that the rate of price increases has changed in recent years. Between March 2019 and April 2026, prices for first-time buyers in London have risen by just 9 percent, compared to 45 per cent in the north-west.ⁱⁱⁱ The south-east and the East of England have also seen much lower increases in prices in recent years (see figure five).²³ Prices increased by 33 per cent over this time period.²⁴ This has not made a dramatic impact in the number of first-time buyers in London (see below), suggesting that significantly slower price increases have not been transformative for access to homeownership.

ⁱⁱⁱ March 2019 is halfway between January 2012 and April 2026.

FIGURE 5: LONDON EXPERIENCED THE LARGEST PRICE INCREASES FOR FIRST-TIME BUYERS BETWEEN JANUARY 2012 AND FEBRUARY 2019, BUT THE LOWEST BETWEEN MARCH 2019 AND APRIL 2026



Source: Fabian Housing Centre analysis of House price index data, published by HM Land Registry

The geography of first-time buyers has changed

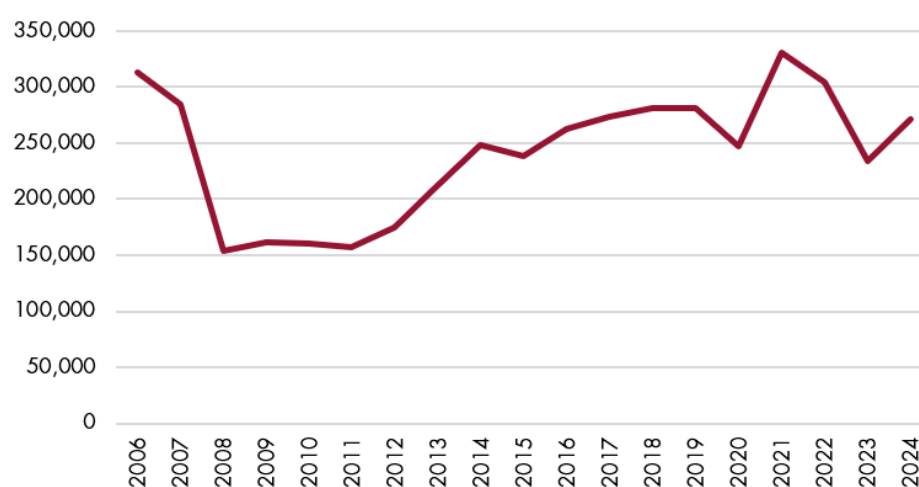
There has also been a fall in first-time buyer mortgages across most parts of the country since 2006 (when data started being collected by the FCA) and 2024, with a particularly large decline in London.^{iv} Between 2006 and 2024, we find:

- A 13 per cent reduction in the number of first-time buyer mortgage sales, equivalent to 41,000 fewer transactions.
- A reduction in the number of first-time buyer mortgage sales in over two-thirds (67 per cent) of English local authorities.
- London has seen the largest fall in the number of first-time buyer mortgage sales (30 per cent), followed by north-east (15 per cent) and Yorkshire and Humber (14 per cent). There was no English region that saw an increase.

^{iv} The Office for National Statistics and the Financial Conduct Authority have collected data on first-time buyer mortgage sales by local authorities across England. This allows for more granular analysis, both in terms of geography but does not include anyone who bought using cash.

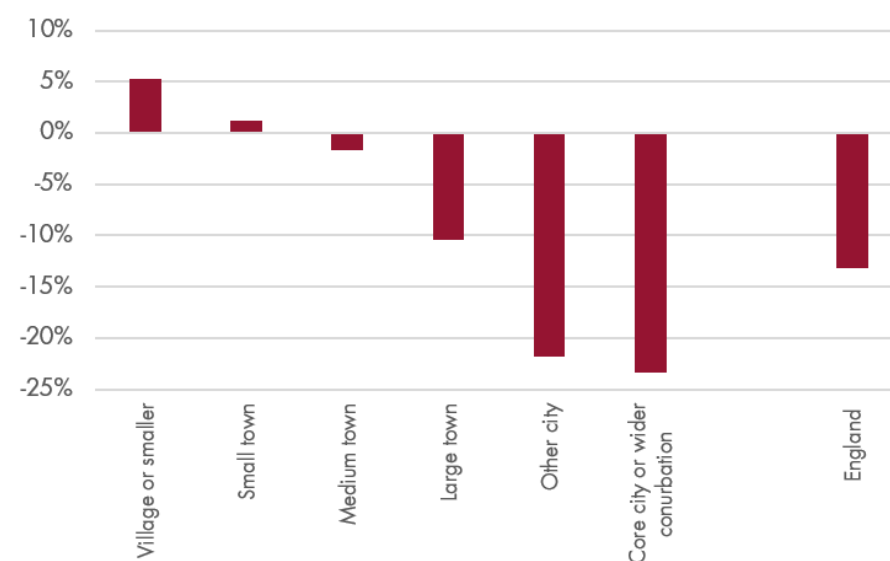
- 20 per cent of the 97 local authorities that have seen an increase in mortgage sales were in the south-east and 19 per cent in the East of England. Just 1 per cent were in London, and none in the north-east.
- First-time buyer mortgage sales have proven more resilient in smaller communities, increasing by one per cent in 'small town' councils and 5 per cent in 'village or smaller' ones. They fell by 23 per cent in the 'core city' local authorities and 21 per cent in 'other city' ones.²⁵

FIGURE 6: THERE HAS BEEN A 13 PER CENT REDUCTION IN THE NUMBER OF FIRST-TIME BUYER MORTGAGE SALES SINCE 2006



Source: Firsttime buyer mortgage sales, by local authority, UK published by ONS

FIGURE 7: FIRST-TIME BUYER MORTGAGE SALES HAVE BEEN MORE RESILIENT IN SMALLER COMMUNITIES



Source: Firsttime buyer mortgage sales, by local authority, UK published by ONS

3. DIFFICULTIES FOR FIRST-TIME BUYERS

There are three main interconnected challenges facing future first-time buyers who want to make homeownership a reality. This section discusses those challenges, including saving for a deposit, finding an affordable mortgage, the cost of shared ownership and staircasing in a shared ownership property.

Challenge one: Saving for a deposit

Rising house prices paid by first-time buyers have increased the size of the deposits that buyers need to put down to own a home. With interest rates rising, a smaller deposit means higher repayments and greater risk of negative equity due to unstable house prices.

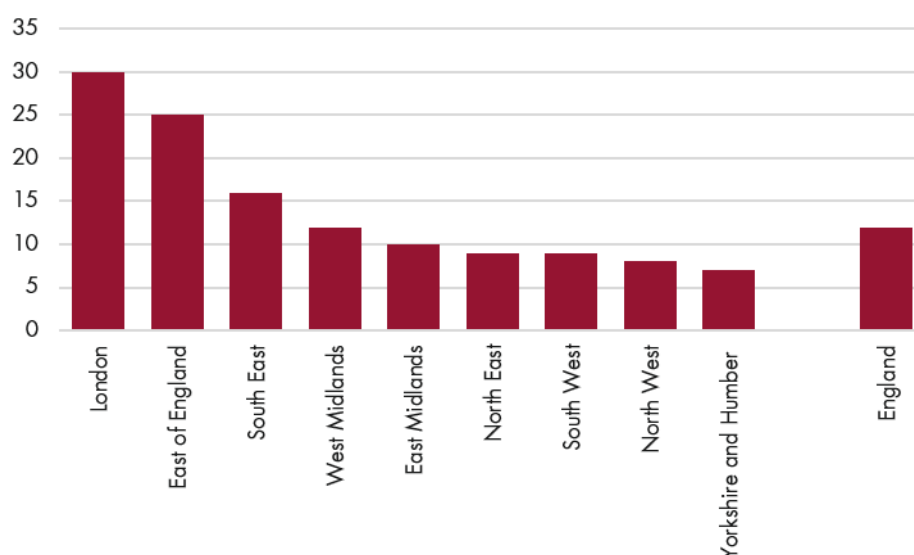
The cost of living makes saving harder

According to the English Housing Survey, the median gross deposit has increased by 66 per cent since 2014-15, reaching over £36,500 in 2024-25.²⁶ This is partly driven by the incredibly high average deposits in London and the south-east. While the English Housing Survey does not provide regional breakdowns, new analysis by the Fabian Housing Centre finds the average deposit in London (£132,00) is significantly higher than the deposit in the north-east (£22,000).²⁷ And Savills, the estate agency, has estimated that a typical first-time buyer would need to raise an extra £20,000 for their deposit to keep mortgage payments at the same level as before the conflict in the Middle East started.²⁸

Potential first-time buyers are forced to save significantly greater amounts than in the past at a time when the cost-of-living crisis is making that more difficult. Rapidly rising private rents over recent years have reduced the ability of households to save for their long-term future. Just over half (52 per cent) of private renter households have any kind of savings – compared to 73 per cent of those with a mortgage.²⁹ And analysis by the Fabian Housing Centre finds the average first-time buyer needs to save 50 per cent of their

income after essentials for over 12 years to afford the average deposit in England. In London, that increases to 30 years (see figure 8).

FIGURE 8: THE AVERAGE FIRST-TIME BUYER NEEDS TO SAVE 50 PER CENT OF THEIR INCOME AFTER ESSENTIALS FOR NEARLY 12 YEARS TO AFFORD THE AVERAGE DEPOSIT IN ENGLAND



Source: Fabian Housing Centre analysis of 'private rent and house prices, UK: June 2026', published by the Office for National Statistics; 'UK house price index', published by HM Land Registry; 'Average household incomes, taxes and benefits (£ per year) of all individuals by country and region, UK, 2023/24', published by the Office for National Statistics; 'Housing, fuel and power, and transport continued to be the highest expenditure categories for UK households in FYE 2025', published by the Office for National Statistics and the Family Resources Survey (FRS), published by the Department for Work and Pensions.

Our focus group participants were clear about how difficult it is to save for a deposit:

"I would say it's been hard to save, and especially living ... in London ... Just getting that product or that money to put down for saving. But then you want that work/life balance" – participant from London.

"The cost of living crisis has just gone through the roof. So things that you'd usually buy are just extortionate amounts. So it's harder to actually save any money and live at the same time. So yeah. That's in my opinion the highest barrier to entry" – participant from Kenilworth.

"It's hard work trying to balance saving and actually having a life at the same time, because you need a big deposit to buy straightaway, don't you?" – participant from Norwich.

It is this inability to save enough quickly for a deposit that is the main constraint for millions of potential first-time buyers. A smaller deposit relative to the value of a property increases the likelihood of a household being unable to borrow enough under loan-to-income restrictions or being unable to afford the mortgage. More than half (58 per cent) of people think that raising a deposit is the biggest barrier to a property purchase followed by 54 per cent saying the cost of monthly repayments.³⁰ The Resolution Foundation found that just 15 per cent of potential buyers had enough saved to pay a 5 per cent deposit a ‘starter home’ — pretty much the minimum required for a mortgage.³¹ Even amongst the richest fifth, just 26 per cent had the required savings.³¹ In regions where house prices and the deposit required are lower, the deposit remains the main obstacle. In the north-east, just 23 per cent had enough savings for a 5 per cent deposit – compared to 15 per cent in London and 12 per cent in the south-east.³²

The ‘bank of mum and dad’ provides a major, unequal advantage

As saving for a deposit has become more difficult, there has been a growing reliance on family and the ‘bank of mum and dad’. The English Housing Survey found 31 per cent of first-time buyers received a gift or loan from a family or friend and 6 per cent received an inheritance.³³ It is likely that these gifts have gotten larger, with Savills estimating £9.6bn was paid out by parents in 2024 compared to £2.9bn in 2006.³⁴ This analysis is likely to underestimate the advantages family members can provide since it doesn’t take into account other mechanisms that parents can use to help. For example, TSB found 80 per cent of first-time buyers had moved back in with their parents for a period of time prior to purchasing their home in order to save more money.³⁵ Our focus group participants talked about how parents help:

“Our deposit came from our parents ... It’s easy for us to get that ... But at first we said we’re going to pay it back. You know because we are really embarrassed to get that. But they said, ‘No it’s a gift’” – participant from Nuneaton.

“I’m quite lucky in that I’m living at home with parents, so I’ve got that advantage to be able to save. Whereas I know that if I had

³⁰ The Resolution Foundation defined a ‘starter home’ as the lower-quartile price of a terraced home in the buyers’ respective region, except in London where the median price of a flat in outer London was used.

chosen to move out and rent, it would have been really difficult to save for that deposit” – participant from Hertford.

“You need additional help, I think. You either get it from parents, by moving back with parents, to build a deposit, because unfortunately nowadays, outgoing costs are so excessive with rent, the cost of food. And wages have really not gone up, so I think that is the biggest barrier is, you are really going to struggle without additional help” – participant from Weston-super-Mare.

As a result, parental homeownership is amongst the strongest predictor of the housing outcomes of a child and their likelihood of owning a property. This intergenerational transmission of advantage has strengthened over time as more parents provide gifts to their children.³⁶ Homeownership is increasingly dependent upon who your parents are, not how hard you work or the income you earn. And millions of first-time buyers are locked out of homeownership because they have no access to a bank of mum and dad. This divide will only increase as more children grow up in the private rented sector, requiring their parents to focus on paying ever-increasing rents rather than helping their child.

Government policies have had mixed success

Between 2013 and 2023, successive governments effectively reduced the required deposit and amount borrowed on a standard mortgage for affordable homeownership through ‘Help to Buy’. Alongside a mortgage guarantee scheme that came to an end in 2016, Help to Buy provided an equity loan scheme for new-build properties. Outside of London, the loan was always worth 20 per cent of the purchase price. In London, the loan was initially for 20 per cent but was raised to 40 per cent in 2016. Combined with a 5 per cent cash deposit, it reduced the size and loan-to-value ratio of a mortgage – and therefore the interest rate and the cost of the mortgage.

There were two phases of the Help to Buy equity loan scheme:

- Between April 2013 and April 2021, Help to Buy supported any buyer – with around a four-fifths of those using the scheme being first-time buyers. Homes England offered a loan on a new-build property costing up to £600,000.
- After April 2021, Help to Buy supported just first-time buyers. There was a regional price cap of 1.5 times forecast prices for first-time buyers. London kept the original maximum under the previous scheme of £600,000.

Help to Buy made around 390,000 equity loans over a decade, helping nearly 330,000 first-time buyer households onto the property ladder.³⁷ These loans were interest-free for the first five years. After this period, borrowers are required to pay the interest in monthly payments – starting at 1.75 per cent of the equity loan. This repayment rate increases in line with the consumer price index plus 2 percent.^{vi} The loan has to be paid off within 25 years, or when recipients pay off their mortgage without remortgaging, or when they sell the property. If someone with a Help to Buy equity loan wants to pay part of it off, the smallest repayment possible is 10 per cent of the property's market value.³⁸

Help to Buy:

- **Did support people onto the property ladder.** In 2018, it was estimated that 37 per cent of those who used the scheme could not have bought without it.³⁹ It enabled 79 per cent of buyers to purchase a property sooner than they had otherwise been able to.⁴⁰ At a time of rising average ages among first time buyers, this was a positive outcome – even if many would have been able to buy at some point without the scheme. Most will have left the private rented sector, reducing demand and freeing up space for households and individuals who need it. However, it was a policy failure to allow those who previously owned a property to use the scheme. This was an ineffective use of public money, as it merely helped existing homeowners to buy a more expensive property.⁴¹
- **Did not transform dramatically who can purchase a home.** Those who were able to afford a home under Help to Buy were concentrated amongst higher-income households and individuals.⁴² The average household income in the final year of Help to Buy was over £65,000. This should not be a surprise. After Help to Buy ended, over 60 per cent of first-time buyers in 2024-25 had an income in the top 40 per cent of the distribution. Removing the deposit constraint led to greater homeownership, but other constraints such as loan-to-income ratios or the stress test still barred those on the very lowest incomes.
- **Enabled people to buy bigger homes.** One survey found 61 per cent of those who used Help to Buy were able to buy a bigger property sooner than planned.⁴³ This should not be seen as unequivocally negative, considering 65 per cent of first-time buyers are couple households, and 25 per cent have dependent children, so it is likely to have helped many to afford a property more suited to their needs

^{vi} For Help to Buy equity loans between 2013 and 2021, the interest rate increases by adding the retail price index plus one per cent.

and ambitions for the long-term. Help to Buy had a price cap on available properties, which sought to maximise value for money while enabling households to buy a home most suited to their needs. Setting this at a regional level did effectively bar the use of Help to Buy in certain local authorities where the property values were significantly higher than the regional average. Nonetheless, it is a policy failure if a scheme designed to help people onto the property ladder predominantly supports already privileged people to buy a bigger home than they would otherwise be able to buy.

- **Raised prices in certain places, but not everywhere.** The evidence of Help to Buy's impact on prices is mixed. The House of Lords built environment committee concluded that Help to Buy inflated prices, particularly in places where help is most needed.⁴⁴ But Help to Buy only affected around 5 per cent of property transactions, so any impact is likely to be limited. Indeed, the Home Builders Federation found that average new-build prices (which Help to Buy was available for) increased around the same rate as existing properties (which Help to Buy was not available for).⁴⁵ The impact on the policy is largely linked to constraints around housing supply and the sector's inability to respond to demand by building more homes. In places where supply is less constrained, Help to Buy had relatively little impact on prices.⁴⁶ Supply should be much less constrained in the future since the government's changes to the National Planning Policy Framework will help to boost the supply of homes.
- **Led to more homes being built.** Help to Buy did have an impact on supply, with an independent evaluation for the Ministry of Housing, Communities and Local Government estimating that 43 out of every 100 purchases with Help to Buy led to new dwellings being built. This resulted in a 14 per cent increase in new-build supply.⁴⁷ Increased demand for housing through targeted interventions can support higher build out rates across developments, and the potentially viability of sites. However, there was no clear policy link between the scheme and the requirement to increase supply.⁴⁸
- **Created both a risk and a reward for the government through the equity loan.** An equity loan means that the borrower pays back a percentage of the property value when it is redeemed rather than a fixed sum. The minimum that a borrower could pay back was 10 per cent, meaning the loan was often paid back around remortgaging or property sale. If the property price increased, buyers would pay back more than they borrowed. If prices fell, losses would be borne by the government. Homes England argued that a downturn in house prices or other economic conditions could place the balance sheet under considerable pressure.⁴⁹ Previous governments assumed that property prices would continue to increase, reducing the risk of losses.⁵⁰ And Help to Buy has generated around £1.4bn through

repaid loans at higher property values and interest repayments.⁵¹ However, such an assumption creates a tension with any government that wants to make housing more affordable by slowing or reversing rises over the long-term.⁵²

Our focus groups did indicate some scepticism around Help to Buy and similar government support, suggesting it was a complicated or bad deal for first-time buyers. Participants said:

“I call [Help to Buy] a scam, to be honest ... Whilst it’s helpful to get you on the property ladder, it also, in a way, helps banks and lenders make more money in the long-term. Interest rates also get hyped as well with Help to Buy and there are a lot of things or hidden costs that you don’t see as a first-time buyer that you will later then have to go through at a later time” – participant from London.

“I fully disagree with a government loan. Those sorts of things like the old Help to Buy scheme, again financial trap. And I’ve seen cases where people when they sell their property later down the line when they’re in a better financial position. Then the price of the properties went up so the equity that they then owed back to the government is also increased. It can send people into financial ruin” – participant from Cramlington.

“I don’t know if I would trust a loan agreement, because it can seem rather changeable, depending on what’s going on in the world ... Student loans at the moment are a bit of a mess, aren’t they, because of what’s happened with interest rates” – participant from Weston-super-Mare.

Since 2023, there has been no major effective government-backed first-time buyer support scheme that reduces the size of the deposit required to make a mortgage affordable. The newer mortgage guarantee scheme, introduced in 2021 and made permanent in 2025, is having a negligible impact on the availability of high loan-to-value mortgages and their affordability, with the expected impact likely to be only felt in the event of economic downturn.⁵³ While those who can rely on family members’ wealth are still able to buy for the first time, those without such support are left behind and unsupported by the government. They face fewer choices for homes, more years stuck in the private rented sector or living with their parents, and then higher mortgage repayments if they can get onto the property ladder.

Box 1: Public attitudes towards first-time buyer support

Our survey with Focaldata found public concern about the government's approach to homeownership and first-time buyers. Just 19 per cent of respondents overall trusted Labour to support first-time buyers -- the same as trusted the Conservatives (19 per cent). Only half (51 per cent) of Labour 2024 voters trust the party on the issue.

Our survey also identified significant public support for action to help first-time buyers. We found:

- 73 per cent support 'a government loan for first-time buyers which covers part of their deposit', while 15 per cent disagreed and 13 per cent said 'don't know'.
- 81 per cent of those currently intending to vote Labour supported the policy – compared to 15 per cent who opposed and 5 per cent who said 'don't know'.
- 75 per cent of those who voted Labour in 2024 but have 'switched' to the Greens, Liberal Democrats, saying they wouldn't vote, or saying they did not know who they would vote for supported the idea – compared to 10 per cent who disagreed and 15 per cent who said 'don't know.'

Challenge two: Finding an affordable mortgage

Regulation since the financial crisis, and the rising cost of owning since 2022, have made finding an affordable mortgage without a sizeable deposit more difficult.

Necessary regulatory changes following the financial crisis has restricted borrowing

Since the financial crisis, first-time buyers have largely been limited in how much they can borrow relative to their incomes. These limits were intended to curb risky borrowing and mitigate potential system-wide threats to the stability of the financial sector. Most owner-occupier mortgages have been issued at a maximum loan-to-income ratio of 4.5:1 or less. Just 15 per cent of

mortgages could be issued at a higher loan-to-income ratio, typically for those on the highest incomes. An ‘affordability test recommendation’ required lenders to use a stress test that assumed a three-percentage point increase in rates when assessing a first-time buyer’s ability to afford the mortgage. These regulatory changes restricted the supply of credit to mortgagors.⁵⁴ In 2022, the Financial Conduct Authority scrapped this stress test.⁵⁵

The Resolution Foundation estimates that around 50 per cent of potential first-time buyer households are unable to buy a ‘starter home’ in their region due to one or both of these regulations.⁵⁶ It is a particular challenge for those on the lowest incomes, regardless of region. But in London and the South, extremely high property prices mean these restrictions affect significantly more people due to their inability to borrow enough – even with reasonably high incomes. For example, just 30 per cent of potential first-time buyer households in London have an income high enough to afford a starter home under the loan-to-income restrictions – compared to 94 per cent in the north-east.⁵⁷ This is why average deposits in London are so high, cutting the amount that is needed to be borrowed so it can fall under the maximum loan-to-income ratio. It is also why the Help to Buy equity loan allowed much higher levels of support in the capital.

Interest rates have risen in response to economic shocks

The cost of owning a home has increased dramatically since 2022 due to the war in Ukraine leading to high inflation and Liz Truss’s mini-budget. These shocks led to the Bank of England increasing interest rates to levels that remain far higher than those before Covid. In December 2021, the average two-year fixed mortgage had a 2.3 per cent interest rate. This rose to 5.8 per cent in March 2024 before falling to 4.9 per cent in February 2026.⁵⁸ The conflict in the Middle East has now pushed rates back up. This means that, according to figures from Savills, a first-time buyer purchasing an average priced property (£259,000) on a 30-year mortgage will be paying £47-127 more per month than they would otherwise have been due to the Middle East conflict.⁵⁹

Homeownership now is far more expensive than previous generations faced, despite historically higher interest rates. Despite recent interest rate rises, these rates are far lower than those faced by previous generations, particularly in the 1980s and early 1990s. However, recent first-time buyers borrowed larger multiples of their income than previous generations – and will continue to do so. In 1985, the average mortgage was under two times income for a purchaser. By 2024, it was 3.2 times income.⁶⁰ Slight increases in interest rates, therefore, will have much larger impact on monthly

repayments than in the past.⁶¹ This means that the proportion of gross income spent by first-time buyers on mortgage repayments has increased, rising from 17 per cent in August 2019 to 22 per cent in December 2025.⁶² In response to higher borrowing amounts and rising interest rates, first-time buyers are securing longer mortgages. The average length of a mortgage reached 31 years in 2025 – far higher than the traditional mortgage term of 25 years.⁶³ By the final quarter of 2024, 42 per cent of mortgages required repayments into retirement.⁶⁴

Challenge three: The cost of shared ownership

Shared ownership is available to those who cannot afford to buy on the open market and tend to not qualify for social housing. To buy a shared ownership property, someone's annual household income must be £80,000 or less outside of London and £90,000 a year or less in the capital. Shared ownership allows buyers to purchase an initial share of 10 to 75 per cent of a home's market value while paying rent on the remainder of the property (for example, someone with a 40 per cent share will pay rent on the remaining 60 per cent). Owners have the option to increase their share over time (otherwise known as 'staircasing'). On top of rent and staircasing costs, shared owners will pay for:

- Repairs and maintenance inside their home, as most homeowners do.
- A service charge for their property, covering the cost of cleaning and maintaining the communal areas of their building.
- Estate charges which cover the maintenance of communal areas that have not been adopted by local authorities, which can include green spaces and private roads.

Although the scheme is not exclusively for first-time buyers, 70 per cent of shared ownership purchases in 2024-25 were people buying their first home.⁶⁵ Around 250,000 households live in shared ownership properties, up from just over 200,000 in 2020.⁶⁶ Those who access shared ownership have an income of around half of those who buy on the open market.⁶⁷

Ultimately, the scheme serves as an alternative route to homeownership for those on low incomes. It provides a stable foothold on the property ladder, allowing buyers to build equity through part ownership, benefit from capital growth, and enjoy long-term security of tenure alongside reduced rents. In addition, our research highlights shared ownership's value as a savings mechanism and financial shield for lower-income buyers. Outside London, shared owners who bought in 2015 and exited in 2025 left with more than a £5,500 surplus, compared to private renters who lost nearly

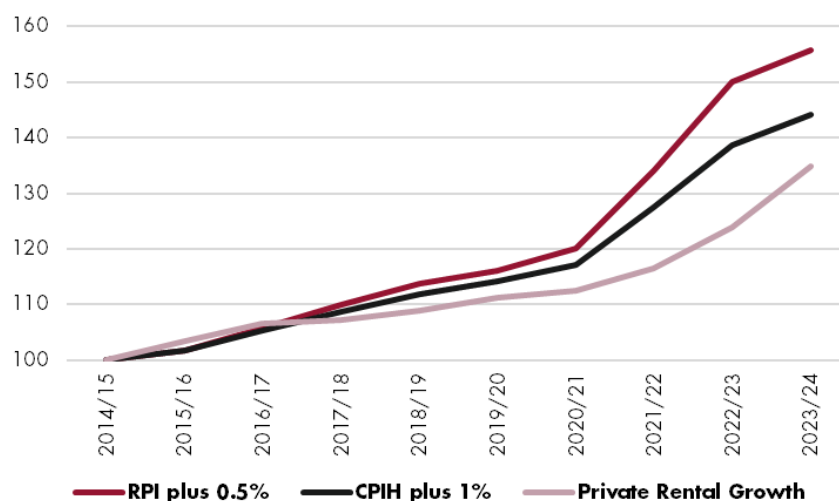
£93,000. In London, shared owners found themselves in a £10,500 deficit and private renters lost almost £210,000.

Rent has grown despite protections

While shared owners benefit from rent increases being aligned with either RPI plus 0.5 per cent or CPI plus 1 per cent, these formulas have failed to prevent explosive growth in annual costs.^{vii} According to our analysis, rents paid by shared owners grew significantly faster than rents in the private sector from 2014-15 to 2023-24. Over this period, rents for shared owners that increased at RPI + 0.5 per cent increased by 21 percentage points more than private rental growth.

FIGURE 10: SHARED OWNERSHIP RENT HAS GROWN FASTER THAN RENTS IN THE PRIVATE SECTOR

Nominal rental growth by different potential increases (RPI plus 0.5 per cent, CPI plus 1 per cent and average private rents) from 2014-25 – all indexed at 100 in 2014-15, the base year.



Source: Fabian Society analysis of 'RPI all items: Percentage change over 12 months: Jan 1987=100', 'CPIH annual rate 00: all items: 2015=100' and 'price index of private rents: Historical series chain-linked to index of private housing rental prices – annual percentage change by countries and regions', published by the Office for National Statistics. Data across all sources was only available from 2014/15 to 2023/24.

^{vii} Housing associations tend to review rent once a year. Rent can increase when reviewed but will not decrease. How much rent will increase depends on when the lease was signed. For leases signed before 12 October 2023, housing associations can raise rent by the percentage increase in the Retail Prices Index (RPI) for the last 12 months plus 0.5 per cent. Housing associations can raise rent up to RPI plus 0.5 per cent or CPI plus 1 per cent if the lease is signed on or after 12 October 2023.

Service charges have spiked and quality of service is often poor

Shared owners as leaseholders are also exposed to rising service charges, a widespread issue affecting mainly flats. Shared owners in London saw their service charges increase by roughly 44 per cent between 2015 and 2025, while charges outside the capital rose by nearly 49 per cent. In part, this is due to inflation, the rising cost of insurance and utilities, and the cost of complying with the Building Safety Act.⁶⁸ As a result of these rising costs, the average shared owner outside of London spent nearly £26,500 on rent and service charges over the 10-year period studied, rising to £49,000 inside London. This dual increase in rent and service charges undermines affordability and financial security for a group who tend to have far lower incomes than the average first-time buyer. And these financial burdens have led to widespread buyer regret.⁶⁹

In addition to the high service charges, there are measures which make shared ownership even more challenging for tenants:

- **Lack of transparency and limited redress.**⁷⁰ Under lease terms, housing associations and management companies retain absolute control over procurement, leaving shared owners with no ability to nominate their own contractors or decide what services are paid for when it comes to repairs and maintenance of communal areas. Many shared owners have properties that are in poor condition due to building defects, poor estate management, or a combination of both.⁷¹ Shared owners have expressed concerns about high-cost, poor-value contracts for shoddy or delayed maintenance work, the bills for which are then passed directly to residents.⁷² Additionally, shared ownership properties delivered via Section 106 agreements are not covered by the New Homes Ombudsman or the New Homes Quality Code. This is because these properties are bought by housing associations rather than individuals.⁷³ As a result, housing associations have no recourse to action where a developer is the freeholder of the property, and the property has defects or is being mismanaged.
- **Lack of representation.** While the government's commonhold and leasehold reform bill will empower those who own their leasehold properties entirely to make decisions on the costs that they pay, there are concerns that it will exclude those who own shared ownership properties.^{viii}

^{viii} Housing associations provide shared owners on the 'new lease' with up to £500 a year for repairs not covered by their new-build warranty during their 10-year initial repair period (IPR). The Commonhold and Leasehold Reform Bill will allow providers to exercise

- **Low satisfaction.** If they are unhappy, shared owners are often left with limited routes of redress and are caught in exhausting, unclear processes they feel rarely resolve the underlying issues. Consequently, dissatisfaction with the tenure is widespread.⁷⁴ The Regulator of Social Housing's (RSH) recent tenant satisfaction survey found that only 48 per cent of occupants in low-cost homeownership (which is largely shared ownership) were satisfied with the overall service from their housing association. This compares with 72 per cent in low-cost rental accommodation.⁷⁵ There are also concerns about the limited coverage of the RSH's tenant satisfaction survey which – if expanded – may reveal even greater issues.^{ix} Furthermore, the broader regulatory judgements given to housing associations by the RSH do not adequately account for the services given to residents under shared ownership. Housing associations are given one performance score on 'consumer outcomes' based on the work they do for both social rent **and** shared ownership tenants – despite the very different experiences they have. Several housing associations have been awarded consumer scores of C2 (only *some* weaknesses in delivery and improvements needed) despite tenant satisfaction with shared ownership sitting at 40 per cent or less.⁷⁶

Staircasing in a shared ownership property is challenging in practice

While shared owners might initially purchase less than 75 per cent of their property, they can gradually increase their share over time. This process – known as staircasing – moves them closer to full homeownership and allows

a shared-owner's vote under certain circumstances while they are within their IPR. At present, it is not clear how this will affect their ability to take part in decisions on the management of their building.

^{ix} The Regulator for Social Housing's tenant satisfaction survey is focused on complaints handling, and with how landlords listen to their tenants' views and act upon them. The survey does not measure satisfaction with repairs and maintenance services specifically for shared ownership – even though it does for low-cost rental accommodation. This omission has been criticised. The most-cited reason for this is that shared owners carry out their own repairs and maintenance internally, while those in low-cost rental accommodation do not. This does not negate the fact that shared owners are not responsible for repairs and maintenance of communal areas in their building.

them to benefit from increases in property value. The larger equity share also means less rent paid.^x

However, the rising costs of shared ownership have prevented many residents from growing their ownership share. Research by the Law Commission found “the vast majority of shared ownership leaseholders will never staircase to 100 per cent”.⁷⁷ Just 2 per cent of shared owners staircase to 100 per cent annually between 2020 and 2025, according to CBRE.⁷⁸ Most of these are likely to have been simultaneous staircasing and sales transactions, rather than instances where an owner has purchased additional shares over time and reached full equity ownership.⁷⁹

On top of rising day-to-day costs, the appreciation of property values makes it more difficult for shared owners to buy any additional shares in their homes. This is important because increasing ownership shares cuts the cost of social rent and allow owners to benefit from greater appreciation in their property’s value. House prices increased by nearly 39 per cent outside London over the period between 2015 and 2025, according to our analysis. This means that a 20 per cent share of the average shared ownership property at the time – purchased for £34,400 in 2015 – would cost more than an additional £14,000 in 2025.

Fees and charges associated with staircasing are also a major obstacle. Mandatory RICS valuations, legal fees, and administrative charges paid to housing associations are all required.⁸⁰ In addition, administrative and legal fees for staircasing are not capped by the government, which makes them susceptible to price creep over time. This also leaves shared owners vulnerable to a housing association ‘lottery’, whereby providers can charge anywhere from £150 to £500 for their services.⁸¹ While someone buying their home on the open market will only pay for these fees once, shared owners must make these payments every time they staircase, unless they staircase by 1 per cent. These charges act as a deterrent for shared owners wishing to gradually increase their share over time, reduce their rent, and slowly build wealth through a greater ownership share of increased property value.

^x Note that staircasing is not always to the benefit of shared owners, as there are some instances where owning a larger equity share can limit one’s pool of eligible buyers in the future. There are also exceptions to staircasing rules. For example, older person’s shared ownership has a cap of 75 per cent ownership.

4. NEW-BUILDS AND FIRST-TIME BUYERS

One of the best ways to help first-time buyers is to build more homes. This section looks at new-builds in England, dealing first with supply and then with demand and quality.

New-build supply

In 2025, over 142,000 new-build properties were built – or 38 per cent of the 370,000 homes required to meet indicative local housing need.⁸² The government has introduced significant, necessary reforms to tackle the housing crisis and build 1.5m new homes. As a result, the Office for Budget Responsibility has estimated that England will build around 240,000 homes in 2029-30. The Fabian Housing Centre has suggested further reforms to deliver over 300,000 new good quality homes in the final year of this parliament.⁸³

However, as we head towards the second half of this parliament, there remains a large question mark over whether the government will achieve its incredibly ambitious, but necessary, targets on housing supply.

New-build demand

Whether the 1.5m new homes target is delivered will depend, in large part, on demand for market sale new-build homes – particularly from first-time buyers. This is because developers need a high degree of certainty that people can purchase the homes they build before they start the development process and incur significant upfront costs. This is particularly the case for SME builders who need to be particularly mindful of cashflow. Unless demand is there, housebuilders will not purchase land and seek planning permission to kickstart a process that can take over three years before a home is completed.⁸⁴ On many complex sites, homes are built in phases. This often means that developers have to sell enough homes from one phase

to progress onto building the next phase, with receipts used to fund subsequent housebuilding or pay off borrowing required for developments.⁸⁵ And in many cases, the supply of social and affordable housing is dependent on cross-subsidy, either directly through market sales of homes or through section 106 contributions on sites with a significant number of properties for homeownership.⁸⁶

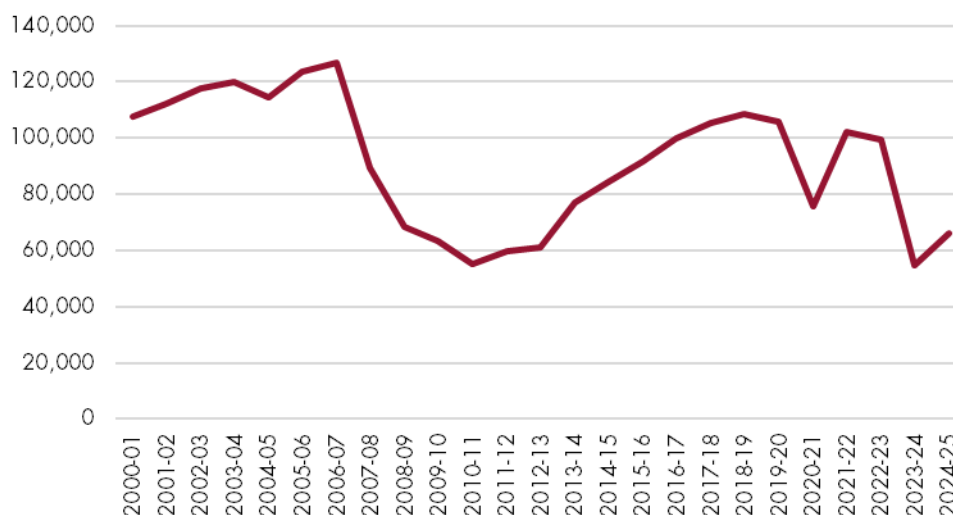
However, new-build homes tend to be more expensive, which often puts them out of reach for first-time buyers. New-build homes come with a premium due to the promise of being ready to move in straight away without building work or renovation requirements.^{xi} These homes often require larger deposits and higher monthly mortgage payments as a result. The difficulties first time buyers face, listed above, have made this premium increasingly difficult to save for and afford, dampening first-time buyer demand for new-build homes.

First-time buyers still account for most mortgaged house purchases in Q1 2026 and around a third of all new-build purchases. Reduced demand from this group, then, has significant consequences.⁸⁷ It has contributed to a broader collapse in new-build sales. In 2024-25, just 66,000 new homes were recorded as sold across England.^{xii} This is a 39 per cent reduction compared to 2000-01, which saw 108,000 new-build homes sold.⁸⁸

^{xi} It is worth noting that there was no new-build premium in London in January 2026 with the average new-build price standing at £479,000 – compared to £555,000 for an existing resold property.

^{xii} While HM Land Registry collect data on the number of new-build sales up to April 2026, it takes around 12 months for the most new-build sales to be registered with the organisation. Therefore, we have excluded any data after March 2025.

FIGURE 11: THE NUMBER OF NEW-BUILD HOMES SOLD FELL BY 39 PER CENT BETWEEN 2000-01 AND 2024-25



A lack of demand has resulted in larger developers offering deposit boosts, mortgage subsidies, and specific help for key workers.⁸⁹ Smaller and regional housebuilders have struggled to do this, placing them at a disadvantage – despite being critical to increasing housing supply.

But over the longer term, demand is not high enough to support the level of new supply required to meet the 1.5m new homes target.⁹⁰ Under the current housebuilding model, developers will seek to build and sell homes at a rate that avoids price reductions as far as possible (otherwise known as the absorption rate). If demand is reduced, homes will be built at a slower rate to avoid investment being tied up in partly finished or completed homes that are unsold.⁹¹ Despite undertaking significant planning reform, low demand for new-builds could keep the number of homes completed this parliament far below expectations.

New-build quality

It is not enough to increase the ability of first-time buyers to purchase a new-build. There is a need to shift the perception of them too – by improving quality and delivering better consumer outcomes.

For a first-time buyer who has spent years saving, used up most of those savings to purchase a home, and now has little disposable income remaining, short-term running costs are a significant concern. A new-build should offer reduced maintenance costs, lower energy bills, and a liveable, stress-free existence straight away. This effectively underpins the new-build 'premium' in England.⁹² While new-builds are undoubtedly more energy efficient and can have fewer hazards, there is low consumer confidence in

the quality of new-build properties. A survey by the Chartered Institute of Building found:

- 60 per cent would not buy a new-build home.
- 55 per cent believed that older properties were usually higher quality than new-builds, with 21 per cent saying the reverse.
- 63 per cent were either very or somewhat concerned about the potential issues in new homes.⁹³

Many participants in our two focus groups shared these concerns. They said:

“I just assumed new-builds were like the most fantastic thing in the world. And then when you actually live in it you see obviously how it’s been quickly thrown up or things have had a bit of a shortcut ... My experience personally has not been brilliant. And the property builder that I had whenever you would raise a concern or a complaint ... they were not very helpful with those problems” – participant from Stainforth.

“Ours was of really good quality. But I’ve got friends who’re on the same development but with a different builder and they’ve had nothing but problems. I think also you look at reviews online of different snag companies and ... the nightmares they uncover. And they’re absolutely unbelievable how low-quality some of the new-builds can actually be” – participant from Cramlington.

“I do like the clean, sharp sides of a new-build, but ... sometimes they’re not built properly, so with older buildings you have [they are] built properly, more solid, more stable, so to speak” – participant from London.

The New Homes Quality Board found most of the flaws in new-build quality relate to snagging: minor issues and defects that are apparent only once a home is occupied.⁹⁴ Indeed 94 per cent of buyers report snags in their new home, and a quarter reported 16 or more of them.⁹⁵ Increasingly, buyers are effectively assuming snagging and defects will have to be dealt with if they purchase a new-build property. These can inconvenience first-time buyers who may have little money left.

Consumers, whether buying their first property or not, have limited information about the quality of the home built by a developer. While various metrics do report whether builders would be ‘recommended’ to a friend, buyers struggle to ensure what they are paying for is a quality product. Inspections by warranty providers largely focus on compliance with building regulations rather than identifying defects that need to be fixed before the buyer moves in.⁹⁶ Too often, homeowners believe these

checks are more comprehensive than they are – creating disappointment and frustration when they move in and experience defects.

And where defects do occur, some consumers can struggle with securing repairs and fixes to the problem. After purchase, a buyer can get builders to resolve any issues within the first two years under the developer's warranty. Any latent structural defects are covered by an insurance-based warranty for another eight. The Competition and Markets Authority argues that these current redress routes do not provide effective consumer protection.⁹⁷

As more homes are built, there is a risk of declining quality and reductions in consumer confidence. There is a negative relationship between housing delivery and housing quality.⁹⁸ A surge in housebuilding, without an expanding construction workforce, can equal reduced customer satisfaction and more defects. Minimising snagging and addressing perceptions that new-builds come with 'hidden costs' is critical.⁹⁹

5. RECOMMENDATIONS

Millions of people want to own the place they call home. They want to move out of the rented sector or their parents' property. Homeownership offers financial security, lower housing costs, and the ability to build wealth over time.

But it is harder than ever before to be a first-time buyer. The size of the deposit required to buy a home is growing, and it is becoming harder to save. Mortgages are more expensive than in the past due to rising interest rates and loan to value ratios. Shared ownership is supposed to provide a low-cost route to full homeownership over time, but it is currently failing to do so for some.

This will affect the supply of new homes, risking a 'doom loop' of constrained supply, higher costs and lower ability to pay. With falling demand from first-time buyers, there is a risk that the supply of new homes will stay far below what is needed to tackle the housing crisis. In turn this will even affect social housebuilding, which often depend on the building of homes for market sale.

Unless we want homeownership to be the preserve only of those with generational wealth, intervention is required. The government was right to prioritise reforming planning, tackling insecurity in the private rented sector and increasing investment in social housing in the first two years of the parliament. It must now act to unlock the lower lifetime housing costs, increased wealth, greater financial security, and higher wellbeing that homeownership provides.

Below we set out how the government can help first-time buyers, support shared owners, and improve new home quality as well as consumer outcomes.

Help first-time buyers

The priority of the government should be to weaken the link between homeownership and family wealth, while supporting the supply of new-build homes in every part of the country. The government should:

1. Introduce 'First Step', a targeted deposit loan scheme for first-time buyers

Securing a large enough deposit is the biggest challenge for most first-time buyers. The larger the deposit, the lower the interest rate on a mortgage – and therefore, the more affordable it is. Help to Buy supported more than 330,000 first-time buyers onto the property ladder, many of whom would have been unable to buy without the scheme, or they would only have been able to do so much later on in life.¹⁰⁰ Currently, there is no effective government mechanism to support first-time buyers to secure a deposit and to buy a home.¹⁰¹ This will make it far harder for the government to achieve its housebuilding targets.

The government should introduce 'First Step', a targeted deposit loan scheme for first-time buyers. A first-time buyer would be able to borrow up to 20 per cent of the cost of their home outside of London, and up to 40 per cent inside the capital. They would still need to provide a minimum of 5 per cent for a deposit and be able to secure a mortgage at a lower loan-to-value income ratio to cover the rest. This would allow first-time buyers to access the lower interest rates that come with a larger deposit. The larger deposit in London is required to ensure that households can borrow enough to purchase a property considering the high property prices and the existing caps on loan-to-income or loan-to-value for mortgages.

First Step must improve on Help to Buy. In particular, it must avoid excessively inflating house prices, subsidising the very richest households, or costing the taxpayers by relying on equity appreciation. It must improve affordability of homeownership, reflect changing demand, and contribute to increased supply of homes – including social and affordable dwellings. First Step must be transparent and simple to understand from the start, build public trust, overcome deep scepticism, and encourage take up from first-time buyers.

Therefore, the design features of First Step should include:

- **A temporary commitment.** There should be no open-ended commitment to this scheme. The end of First Step should be linked to a specific, easily understood regional metric that indicates the policy is having a negative impact on affordability rather than a specific date. This metric should be announced from the start. For example, the government could require Homes England to end the deposit loan scheme for any new applicants in a region where annual new-build price increases, compared to the baseline when First Step was

introduced, outstripped wages every month for a year.^{xiii} This would reduce the possibility that fluctuations in house prices ends the scheme prematurely, and gives first-time buyers significant notice that the scheme is at risk of closure. While a spike in transaction volumes as the scheme comes to an end is probably inevitable, applying it regionally and providing significant advanced notice should minimise increased sales stretching lenders. Meanwhile avoiding a specific date to end the scheme, and linking the closure to potentially negative impacts, would avoid frequent, unnecessary extensions of the policy.

- **A fixed amount to repay.** Unlike Help to Buy, the government will not take an equity stake in the property and repayments will not be linked to the future property price or any unpredictable increases in value. First-time buyers will owe the cash amount borrowed when the property was first purchased, with any interest owed (see below). The amount owed will be clear, transparent and easily understood – enabling first-time buyers to be confident about the decisions relating to repayment. And it will give the Treasury confidence that these loans will be repaid in full, even where the value of a property fails to increase.
- **More flexible repayments.** Anyone taking out this deposit loan would have to pay it back either within 25 years, when paying off their mortgage without remortgaging, or when they sold the property.¹⁰² If they wanted to pay off part or all of the loan before then, first-time buyers should be able to make lower, more frequent instalments than were allowed under Help to Buy.
- **A fixed interest rate.** The interest rate on the loan should be low, easily understood and predictable. It should be a fixed percentage rather than increasing by the rate of inflation. And the interest rate should be as low as possible to cover the costs of the scheme, reflecting the reality that most first-time buyers will pay back the loan (and often quickly, as Help to Buy has found). Interest repayments on the loan should only occur after year five, as under Help to Buy. Consideration should be given to an income threshold for interest repayments to protect those who fall into financial difficulties in the short-term, placing the amount owed onto the principal owed.
- **A cap on household income.** Access to the scheme should be capped according to household income. The cap would be higher in London than outside, reflecting higher wages and property prices. It would

^{xiii} This assumes that Homes England would administer the equity loan scheme as it did under Help to Buy. A new equity loan scheme could be administered by the National Housing Bank.

be the same principle as the income cap for shared ownership, which is £80,000 outside of London and £90,000 inside the capital.¹⁰³ The cap should be increased each year in line with wage growth, rather than being fixed, as it is for shared ownership. There should be no formal property price cap (as in the second iteration of Help to Buy) although most mortgages being limited to 4.5 times a buyer's income will provide an informal cap. This will ensure that the scheme is targeted, both in terms of the families it helps, and the properties it helps them to afford.

- **Availability for new-build properties only.** The scheme should only be available for first-time buyers who seek to purchase a new-build property. This would be the same as Help to Buy. Connecting it only to new-builds would ensure that increased demand is directed towards growing the supply of new homes, rather than increasing the value of existing stock.
- A proportion of the deposit loan, equivalent to 5 per cent of the overall property price, would be held back by the homebuyer for three months after completion. It would be used to pay for the repair of any defects or snags found and reported within the time period. Working with the New Homes Quality Board and the devolved administrations, the government should identify a longlist of snags and defects that are covered by this policy. The sum would be held with Homes England, with the money released easily to the homeowner or the developer when required to fix covered defects and snags – and then returned to the housebuilder once the three months is over. This should not be used to ensure compliance with building regulations. Setting a three-month limit would ensure the money held back is used for legitimate snags and defects caused by poor quality workmanship or materials rather than normal wear and tear. A similar policy was implemented successfully in the Netherlands. This will ensure First Step is not being used to subsidise poor-quality workmanship, encouraging housebuilders to build the property right first time or carry out repairs promptly.¹⁰⁴
- **A link to social and affordable housing supply.** The deposit loan scheme should only be available for dwellings on developments that contribute to increased social and affordable housing. Any site bigger than 10 dwellings with less than 10 per cent of homes for affordable and social rent will not be covered by the scheme – and first-time buyers would not be able to use the scheme to buy a home on such sites. First Step would be available for smaller sites, regardless of the number of social and affordable homes. This link would be a powerful lever to ensure greater first-time buyer demand for new-builds is used to support increase supply of all types of homes.

If First Step is introduced before a mandatory single code and the New Homes Ombudsman (see recommendation seven), the scheme should only be available for developers who have voluntarily signed up to it. This was supposed to happen with the second phase of Help to Buy, but was not possible due to the lack of an ombudsman.

As the government develops the scheme, they should work closely with mortgage providers to ensure they trust the product – as, without the support of lenders, this scheme will fail to unlock lower interest rates and more affordable mortgages.

We estimate that First Step would help 136,000 first-time buyers onto the property ladder over the next five years.^{xiv} Over the first five years of homeownership, it would save the average first-time buyer around £5,300 a year outside of London, and £13,900 a year inside the capital.^{xv} It would cost around £2.1bn a year, with the vast majority of loans being paid back by first-time buyers quickly.

2. Establish a £1 house scheme to provide low-cost homeownership for low-income key workers

Low-income key workers should have the opportunity to buy too. In the final year of Help to Buy, the average household income of someone who used the scheme was over £65,000.¹⁰⁵ Even with a deposit loan scheme, there will be many households who are unable to purchase a property.

At the same time, there are many properties that could be used to support affordable homeownership, learning from schemes around the world (box two). Over 94,000 properties are classed as empty without a good reason – and have been for more than two years.¹⁰⁶ Many of these are in a poor condition or in a state of disrepair, contributing to perceptions of neighbourhood decline.¹⁰⁷ Social housing providers have many properties that will fail the new Decent Homes Standard and energy efficiency requirements without significant investment. In some cases, this investment

^{xiv} We have modelled this number using historic data and assumptions, including the number of first-time buyers stays the same in the future and the proportion of first-time buyers who use First Step is the same as under Help to Buy. We estimated the average cost of a new-build bought by a first-time buyer.

^{xv} This saving is for someone who borrows the full amount under First Step (20 per cent of the property price outside London, and 40 per cent inside the capital) with a 5 per cent deposit, compared to someone with just a 5 per cent deposition.

will not be economical to make – and providers will seek to dispose of the homes in the near future.

The government should establish a £1 house scheme to provide low-cost homeownership for low-income key workers. This should be introduced alongside First Step (see recommendation one), supporting more people to access homeownership even if they lack access to wealth. This scheme should aim to provide low-cost homeownership to around 25,000 families over a decade.

The government should work with councils and housing associations to identify suitable properties for the scheme, focused on long-term empty and cheap dwellings. Often, this will mean sourcing properties from the bottom quarter of property value in different housing markets. These properties will often be in some state of disrepair.

Homes from this scheme can be sourced from empty homes and disposals by social housing providers. The government should:

- **Streamline compulsory purchase powers for existing properties.** The secretary of state should provide general consent to any council seeking to compulsorily purchase an empty property providing it is not the sole residence of the owner.¹⁰⁸ This general consent should only be available for properties that have been empty for more than two years, and where purchasing it would materially improve the local environment. The secretary of state should designate purchases for the £1 scheme as applicable under these criteria.
- **Encourage social housing providers to dispose of their properties via this scheme.** Properties where investment to meet the Decent Homes Standard is uneconomical should be disposed of through the £1 house scheme. Housing associations should sell these properties to local authorities at existing use value rather than market value. This would have a financial consequence for councils and housing associations, so disposing of their stock via this scheme should be compensated either through capital grants or through transfers of public land on which to build homes.

These homes should be available for low-income key workers. The definition of key worker should be focused on those occupations essential to the everyday running of local communities – particularly in emergencies.¹⁰⁹ Applicable occupations in the public and private sector should be defined at a national level, drawing from the job list for London's key worker housing.

The scheme should only be available for households:

- Where all adults are occupied as key workers and have been for at least five years.
- With total household wages in the bottom 40 per cent of the income distribution.
- Able to afford the renovations and improvements for the property, either through savings or the ability to repay a loan. Owners would be encouraged, but not required, to meet the Decent Homes Standard since it does not apply to owner-occupied properties.

However, this scheme should not require individuals to stay in a key worker occupation permanently.

If the new occupants do wish to sell the property in the future, the government could:

- **Require a proportion of the sale price be repaid.** As a condition of the sale, a charge could be placed onto the property to be repaid if it is sold on the open market in the future. This could be equal to 10 or 20 per cent of the subsequent sale price. In doing so, the state would be able to cover some of its initial investment – and benefit from rising property prices because of this scheme.
- **Require the home to be affordable in perpetuity.** This could require the sale price to be linked to local incomes whenever it is sold, similar to community-led housing. It would mean the home could support successive key workers to own a home while enabling households to move up the property ladder should they wish.
- **Prevent any home bought under the £1 house scheme from being let in the private rented sector or becoming a holiday let.** These properties could not be placed on the national landlord database or on the short-term let registration scheme once both have been established. This restriction should be around 35 years in length, similar to the restrictions on right to buy for new social homes currently before parliament.¹¹⁰

These requirements could be mutually exclusive, since requiring the home to be affordable in perpetuity would limit the amount of government could recoup through future sales. The government should select whichever requirement best meets their aims.

Box 2: £1 house schemes or similar around the world

There are several examples where empty or poor quality properties have been used to improve access to affordable homeownership:

- **Homes for a pound scheme.** Over 110 vacant homes were sold for £1 in Liverpool.¹¹¹ Applicants must have lived or worked in Liverpool, be first-time buyers and employed, and those with children are prioritised. They must have the resources to undertake the cost of the refurbishment work, and complete it within 12 months. Many homes sold were not in a liveable condition, limiting the number of people who this scheme could benefit.¹¹²
- **€1 house programme in Italy.** Around 73 struggling and depopulating towns have offered properties for €1. These properties were often privately owned and usually in dire need of renovation. Towns can place conditions on the sale, requiring them to fix the house up within a certain amount of time or maintain full-time residency.¹¹³
- **Akiya banks in Japan.** Over 1,000 municipalities operate databases with lists of empty properties. Current owners register their vacant homes with the local government who make them available for applications from prospective buyers. While most are sold, some are transferred to people for free. These properties must be renovated but the support for improvements are often worth more than the house itself.¹¹⁴

Support shared owners

Rising rents and service charges are making shared ownership increasingly unaffordable and putting staircasing out of reach. The government should:

3. Cut the monthly costs of shared ownership properties

The benefits of shared ownership are diminishing as rents and service charges rise rapidly. A lack of transparency on service charges; limited control over contractor procurement; responsibility for paying for maintenance and repair services that end up being poor value for money;

and limited redress have resulted in many shared owners regretting their purchase.¹¹⁵

The government should cut the monthly costs of shared ownership properties. It should:

- **Introduce a cost-of-living package for shared owners.** This could include tackling excessive costs caused by unadopted amenities on privately managed estates, intervening to cut communal costs for utilities, and capping administrative fees that are incurred separately to service charges (for example, license to alter).
- **Require rent increases to be set at CPI plus 1 per cent.** This would ensure that rents for shared ownership rise at a slower rate than they have in the recent past. This measure would bring shared ownership rent formulas into alignment with the social rented sector. Had it been in place between from 2015 to 2025, a shared owner in London with a 42 per cent share – the average share in England in 2015 – would have saved roughly £94 a year. However, this change should be assessed to make sure that it improves affordability in practice and avoids costs being passed on elsewhere, limiting access to the scheme.

These reforms would make shared ownership more affordable and more effective in its mission to get lower-income earners onto the property ladder.

4. Make it easier for owners to staircase and own a larger proportion of their property

The benefits of shared ownership tend to increase the larger the equity share owned. However, staircasing rates are critically low. This is due to significant financial hurdles and rising monthly costs. First-time buyers on the lowest incomes or with the fewest savings are disadvantaged by choosing shared ownership. They are forced to pay substantially more over the long-term to secure a similar property as someone who can buy a full share immediately.

The government should make it easier for owners to staircase and own a larger proportion of their property. Intervention should minimise the financial hurdles shared owners face to purchasing shares when they can afford them and they should enable shared owners to reach 100 per cent ownership more quickly.

The government should scrap the requirement for repeated valuations and associated costs when staircasing. To do this, the value of the unpurchased share could:

- **Be indexed at average property price increases.** The price of shares could be based on the original price of the home, increased or decreased in line with the house price index (HPI). This is the current requirement for staircasing by 1 per cent.¹¹⁶ This should be based on regional HPI as set out by HM Land Registry. Implementation should ensure this would not put shared owners at significant risk of paying more than the additional share is worth or overinflate the estimated value of the property.
- Be assessed at every 10 per cent staircasing interval, or every 10 years.

These measures would encourage shared owners to increase their share when they can afford to do so and at a proportion that works for them. The government should also consider capping administrative fees for staircasing for the first 15 years of ownership, to save shared owners from rising costs, and a housing association 'lottery'. In addition, they should explore allowing shared owners to staircase by 2-4 per cent using one of the valuation methods suggested above. This would allow shared owners more flexibility to increase their shares in-line with their financial capacity.

The government should also discount staircasing costs based on rental contributions. Housing associations should be required to make purchasing additional equity more affordable by discounting the additional share price relative to the rent the shared owner has already paid. This could be achieved by offsetting a percentage of cumulative rent payments against the final valuation price of the new share. Incorporating rental equity credits would directly lower the financial barrier to full ownership, rewarding long-term residents and ensuring that rent paid acts as a stepping stone to building greater capital, rather than just an ongoing sunk cost.

Improve new home quality and consumer outcomes

Alongside making it easier for first-time buyers who cannot rely on the bank of mum and dad to purchase their home, improvements to new home quality and consumer outcomes are required. The government should:

5. Phase in allowing all buyers to withhold 5 per cent of the price of their newly built home for three months

Consumers have limited mechanisms to ensure the new-build home they buy is a quality product, or secure redress for snags and defects that may occur. The home warranty system is complicated, and the Competition and Markets Authority argues that consumer protection is inadequate.¹¹⁷ Buyers

are often left without power and are forced to sort the problems out themselves – even if they have few savings and little disposable income left. We recommend that first-time buyers who use X should access a simplified redress route for snags that does not leave them out of pocket. However, there is a case to extend this to all buyers of new-builds.

The government should phase in allowing all buyers to hold back 5 per cent of the price of their newly built home for three months. This payment would be used for the repair of any snagging or defects upon completion, and reported within three months.

Following its introduction as part of First Step (see recommendation one), the government should assess its impact on homebuyers and on developers – particularly SMEs. If required, it should amend the policy to improve its effectiveness, including enabling developers to adapt without placing significant pressure on company finances in the short-term.

The policy should then be rolled out to all first-time buyers who purchase a new-build even if they do not use First Step – and then all purchasers of a new-build property. This would extend the benefit from a few thousands of people each year to tens of thousands. And it would mean if First Step was ‘switched off’ due to an impact on property prices, first-time buyers would not lose these protections.

6. Enable the New Homes Quality Board to effectively advocate for those purchasing a new-build property

Across essential sectors like energy and water, consumer advocates exist to ensure effective functioning of markets that serve consumers well. They are designed to spot emerging and existing causes of consumer harms within a sector, and influence decisions made about regulations. Most statutory consumer advocates are funded through a levy on the companies operating in the markets.

In housing, there is no such consumer advocate. The New Homes Quality Board is the closest to such a body. Established in 2021, New Homes Quality Board is responsible for operating the New Homes Quality Code which requires developers to improve the quality of new homes and customer service. As part of this, anyone purchasing a property from a developer covered by the code has access to the New Homes Ombudsman Service which deals with complaints regarding the buying process, snagging, and building defects. Around 500 housebuilders have voluntarily signed up to this code, but membership of the code is not mandatory.¹¹⁸ This creates an uneven playing field for developers and consumers, limiting the ability of

the New Homes Quality Board to fully represent and advocate for those buying a new-build.

The government should enable the New Homes Quality Board to effectively advocate for those purchasing a new-build property. The New Homes Quality Board should have the powers and resources to identify emerging consumer problems, defend consumer interests and ensure they are heard when decisions are taken. They should be a champion for and provide advice to anyone purchasing a new-build property, but especially first-time buyers and shared owners.

There are several steps the government can take to enable the New Homes Quality Board to become a stronger advocate for consumers. It should:

- **Immediately approve a single consumer code for all housebuilders.** Using the powers in the Building Safety Act 2022, the government should approve a consumer code that covers the quality of new homes and the service provided by developers before, during and after the purchase of a property. This code should be mandatory for all builders.^{xvi} The statutory code should ensure that new homes are liveable when complete, and require housebuilders to provide efficient service to deal with snagging and defects after the buyer moves in. It should be flexible to accommodate changes and innovation in the industry, as well as changing consumer wishes. This code should be underpinned by access to the New Homes Ombudsman to enable purchases to secure redress where required.
- **Require an annual, independent consumer satisfaction survey.** Following consultation with the Welsh and Scottish governments, the UK government should require independent data to be gathered on new-build quality and customer satisfaction. data should be gathered direct from buyers. The survey should include data on defects per home, warranty claims, aftercare, and sector averages for benchmarking over time. The New Homes Quality Board should support the collection of this data. All housebuilders should be required to display their results publicly, and share them with potential customers. This should replace the current survey gathered by the Home Builders Federation.
- **Mandate the publication of awards made by the New Homes Ombudsman.** All awards to customers made in the event of a dispute should be published by the New Homes Quality Board and collated in an annual report. The reporting should cover the number

^{xvi} This would apply to builders across the UK, subject to agreement from the devolved administrations.

of cases where an award was made and a general description of what the award was made for, rather than the specific amount of compensation that was agreed.

These measures will help increase trust in new-builds for all who are purchasing one, which will be especially important as England ramps up building rates over the next few years.

7. Increase the transparency and satisfaction of shared ownership

Shared owners are significantly less satisfied with their living arrangements than tenants in low-cost rental accommodation.¹¹⁹ Much of this dissatisfaction has to do with rising costs, a lack of transparency, and limited redress.¹²⁰ Many people purchase a shared ownership property expecting to staircase to 100 per cent at some point despite the data showing this is unlikely. There is inadequate data on quality of shared ownership homes, with tenant satisfaction services and inspections failing to focus on what really determines the satisfaction of shared ownership. Consumer outcomes must improve, power must be put back in the hands of shared owners, and housing associations must be held accountable for poor services.

The government should increase the transparency and satisfaction of shared ownership. It should:

- **Require housing associations to present service charge breakdowns that are transparent and written in plain English.** Expectations around what qualifies as an adequate breakdown should be co-produced with shared owners and housing associations. How to meet these expectations should be placed into the shared ownership code (see below). Housing associations should ensure their managing agents support the use of transparent service charge breakdowns. Residents' rights to request additional information should be enhanced, with access to receipts for works and copies of fire risk assessments.¹²¹ The government has the power to do this through the Leasehold and Freehold Reform Act and should enact these changes through secondary legislation. This would provide all leaseholders – including shared owners – with the clarity they deserve, and the information needed to effectively challenge unfair costs.
- Set out disclaimers in all shared ownership advertising by housing associations that most shared owners are unable to staircase to 100 per cent. Housing associations should be fully transparent about their products, just like other organisations are. They should be required to explicitly state that staircasing to full ownership is

unlikely for most. The government could require all housing associations to set out the proportion of owners that reached 100 per cent after a decade of ownership. Housing associations should also be required to make clear that staircasing is likely to become more expensive over time as house prices increase. This will help shared owners to plan for the future and minimise potential frustration or disappointment of first-time buyers, ensuring that they purchase a shared ownership property with all the information they need. This should complement the current rules set out by the Advertising Standards Authority.

- **Improve how the Regulator of Social Housing scrutinises shared ownership provision.** The Regulator of Social Housing should include housing quality and maintenance of communal areas in its tenant satisfaction measures for shared ownership. This should differ from how satisfaction with repairs and maintenance is measured for those in low-cost rental accommodation. Shared owners do their own repairs and maintenance internally, while housing associations and managing agents are responsible for the procurement of services in communal areas. The Regulator for Social Housing should also be required to provide a separate 'consumer outcome' score for providers who offer both social rental properties and shared ownership homes. This should align with how it currently carries out its regulatory assessments. These measures should make housing associations more accountable for poor services.
- **Require providers with tenant satisfaction scores below 70 per cent for shared ownership to publish an improvement plan.** Housing associations should be given five years to reach this target. Following this, those who fall below 70 per cent satisfaction will have their progress assessed annually. Housing associations should then be subject to an improvement plan enforced by the Regulator of Social Housing, where they fail to improve satisfaction by at least 5 per cent annually. Implementing this reform could be part of the review of the Regulator's consumer regulation regime.¹²²
- **Make the Shared Ownership Code statutory.** Every housing association that provides shared ownership properties would be required to sign up to the Shared Ownership Code which is currently operated by the New Homes Quality Board. As a result, they would be required to adopt best practice and consumer protections for shared owners. They would pay a levy to the New Homes Quality Board to have the resources to support housing associations of all sizes.
- **Extend the scope of the New Homes Quality Code and the New Homes Ombudsman to cover shared ownership properties delivered via Section 106 agreements.** Housing associations will be able to have

recourse to action where a developer is the freeholder of the property, and the property is defective or being mismanaged.

- **Improve the collection of data on shared ownership by the government.** This should include the collection and publication of data on partial staircasing trends and additional data on the demographics of shared owners. Demographic data on shared owners should be on par with the English Housing Survey's demographic data on first-time buyers, including information about income and savings. Data should similarly be collected on mean loan-to-value mortgage borrowing, source of deposit, life-satisfaction, and satisfaction with current accommodation. This can be collected through adding questions to the continuous recording of lettings and sales in social housing in England (Core) platform. This will provide greater transparency about consumer outcomes and identify barriers to affordability and obtaining full equity ownership.

As the commonhold and leasehold reform bill passes through parliament, the government should make clear how commonhold will impact shared ownership, including how the 10-year Initial Repair Period will affect shared owners' ability to take part in decisions on the management of their buildings. Shared owners should have full membership and voting rights since they own a property in the building, even if they are covered by the 10-year repair period.¹²³ This would empower them to determine who manages their building and how money is spent – just like owners of other leasehold properties who bought on the open market. This would also address concerns about transparency, low levels of satisfaction, and poor services.

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