Rewriting the story for first time buyers

By James Enos, national account manager for Hodge

When we think about first time buyers, what's the picture we still paint? A couple in their 20s, walking through a show home, wedding bands not long out of the box, talking excitedly about which room will be the nursery.

It's a nice picture, but is it a little outdated?

For a growing number of Brits, this vision of homeownership won't match up with reality. Today, the average age of first time buyers in the UK is 34 - and even older in cities like London, where purchase prices are higher.

And that's just the average. Many are well into their 40s before buying their first home, waiting for their income to catch up with their plans. So, maybe it's time to stop thinking of first time buyers as young – in fact, maybe it's time to stop thinking of them as one single group at all.

Repainting the picture of today's borrowers*

Meet Ruby. She's 42, single and on cloud nine about buying her first home - but she doesn't see securing a mortgage as straightforward. Up until this point, her career as an architect has taken centre stage, moving around the UK and building her professional network to achieve her ambitions. She earns well, but her income is complex, part salary and part freelance. She's saved some of her deposit and her parents have gifted her the rest.

Or Tony and Priya, 37, with two young children, eagerly waiting for their chance to buy. Between rental costs, childcare and maternity leave, affordability is tight. They're opting for a longer term now, knowing it will take them into retirement, but hope to reduce it once Priya returns to work full-time.

Or Tom and Alex. They've been together since university, travelled the world and lived a hectic lifestyle in London. Now, in their late 40s, they want to move to the countryside for a quieter life – but the market looks different from when their parents bought their home, and they're worried about being considered for a mortgage once they hit 50.

It's not just about age—it's about complexity.

Homeownership isn't the first step into adulthood anymore. In fact, it's often the last. Ruby, Tony and Priya, Tom and Alex—they're a snapshot of the new first time buyers. They don't fit the old labels, and they don't need to.

And we're not just talking about them being older. Today's first time buyers bring a completely different set of lifestyle and financial considerations to the table. They have more complex needs - they're self-employed, on varied incomes, or relying on family support to get on the ladder. They need mortgage terms that work for them now, not just in an ideal world.

Mortgage terms that stretch now and can shrink later.

FCA data shows a 156% increase in older borrowers taking out longer mortgage terms up to 40 years, with a growing number of first time buyers over 36 opting for terms of 35 years or more.

At Hodge, we see buyers in their 30s and 40s, accepting their mortgage may extend into retirement. But that doesn't mean they see it as a lifetime commitment. Instead, they're making decisions that work for them right now, knowing that their financial situation could be very different in ten or twenty years. In their 50s they could be earning more, receive an inheritance or be overpaying to reduce their term.

A mortgage is a huge financial commitment, but it isn't a ball and chain - it's there to give clients the home they love along with the life they want.

For brokers, choosing a term and securing a mortgage isn't just about helping clients find the right fit today - it's about knowing they'll have flexibility to adapt for tomorrow.

For brokers, this isn't just a shift in demographics. It's a shift in perspective.

The more we understand who today's borrowers really are, the better we can serve them.

- **Understanding your client's story:** helping borrowers find a mortgage that reflects their situation today but can flex with them over time.
- **Options for complex income:** working with lenders, like Hodge, who can consider freelance work, multiple income streams or varying earnings.
- **Longer terms:** recognising a 35- or 40-year term can be a strategic move, not just a necessity and starting with a longer term doesn't always mean they'll still be paying a mortgage into their 70s or 80s.
- **The bank of mum and dad:** financial family support is growing in the UK, with stats showing between 35% and 57% of first time buyers rely on gifted deposits or intergenerational mortgage options.

Real life mortgages for real life people

There's so much innovation across the market to help first time buyers get onto the first rung of the property ladder. At Hodge, we're committed to providing flexible mortgage solutions that work for today's borrows, whatever the stage of life they're in.

- **Increased borrowing power:** we've raised our loan to income (LTI) ratio and extended the maximum age at the end of the mortgage term.

- **Income considered up to age 80:** we understand careers and earnings change, so we take earned income into account for longer.
- **Complex incomes:** From self-employed, mix of salary and freelance to multiple income terms, we've seen it all, we understand it and we look at the full picture.
- **Longer mortgage terms –** terms offered from 5 – 40 years
- **Gifted deposits accepted:** if family support is part of the plan, we can support that too.

Speak to your local Hodge BDM about our real-life mortgages - designed for real people.

*The lovely Ruby, Tony and Priya, Tom and Alex are examples of Hodge borrowers, not real life case studies.