

Breaking through: the challenge to afford the first rung on the property ladder.

First-time buyers are vital to the home buying landscape and yet, too many people in the UK struggle to afford their own home. Skipton Building Society was founded with a purpose of helping people into homes and today that purpose is behind much of the innovation you have seen from us in recent years. We're continually striving to help more first-time buyers onto the housing ladder, our Track Record and Income Booster propositions, our first-time buyer product range, with 40 a year mortgage term, cash back options and our ability to lend on new build houses and flats at 95% LTV (or with no deposit using Track Record) are all testament to that.

But our work doesn't stop there. We know that moving into your first home can be an expensive time. Our research shows that 71% of first-time buyers say the entire moving process cost a lot more than they expected, with 63% saying they felt financially strained in the first three months. 35% of those we surveyed had an overlap with their rental, meaning they were simultaneously paying a mortgage and rent.

We wanted to provide an option to ease the strain, so we've launched our **Delayed Start mortgage** product, designed to give some breathing space to first-time buyers, with no mortgage repayments due for the first three months of their mortgage. These new products also work with our income booster proposition for anyone who is getting a little boost from family or friends.

Our Affordability Index highlights the challenges facing first-time buyers. Nearly 90% of potential first-time buyers can't afford to buy a typical first home in their local area based on their personal financial situation alone (i.e. without help from Bank of Family). Unsurprisingly, 9 of the 10 most affordable areas for first-time buyers are in Scotland, but more of a surprise is that 6 of the 10 least affordable areas are in Wales – not London as you might expect.

On 1st April 2025, the stamp duty threshold for first-time buyers in England fell from £425,000 back to £300,000 and our analysis shows the proportion of Local Authorities areas in England where the average first-time buyer home attracting stamp duty almost quadrupled overnight from 8.4% to 32%. By the end of 2027, it's forecast to increase to 42% as house prices increase – making stamp duty no longer a challenge for just London and South-East first-time buyers.

Skipton Group's Affordability Index tool, designed in conjunction with Oxford Economics, combines data from ONS, Bank of England and Skipton Group to provide a unique Index that measures not only the affordability of trying to buy a property in Great Britain, but the affordability of running it too, looking beyond house prices and household incomes, including moving costs, household savings and essential housing costs. It gives granular insight, down to Local Authority Level (that's 363 areas across Great Britain) and brokers can use our tool to look across housing tenures, age, income, location and family type to see how affordability fluctuates based on different circumstances.

This is the second iteration of the Skipton Group Home Affordability. Once again, the Index has laid bare the scale of the challenge facing first-time buyers but we've also worked hard to provide a useful tool that will add value to brokers' discussions with customers.

We're sharing these findings with Government and policy makers –standing ready to inform and contribute to the wider conversations around how we're really going to start improving access to the housing market for first-time buyers.

Looking to dive deeper? Our BDM team are ready to answer questions and help brokers integrate affordability insights into their client discussions, get in touch today.



These are thoughts of authors own.

Lucy Lewis

Senior National Account Lead and FTB Specialist

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