

First-time buyers offered no financial support from mum and dad – just as house prices begin to fall

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New research reveals 83% of active first-time buyers were offered no financial support from mum and dad.

82% admit they struggled to raise the deposit and upfront costs for their home.

House prices are showing signs of dropping as more lenders begin rolling out 90% LTV mortgages this month.

Saffron Walden, 29 January 2021

Just as reports are released showing that house prices are beginning to drop in the UK following the unexpected increases, against all predictions, during the pandemic, it appears first-time buyers are still struggling to raise that all-important deposit.

New research with 500 first-time buyers in the UK - actively looking for their first home - 82% had found it difficult to raise the deposit and upfront costs of a mortgage. The survey, commissioned by Saffron Building Society between 15th-18th January 2021, via FindOutNow, also found that 83% of those currently house-hunting had been offered no financial support from mum and dad, a common source of upfront funding for first-time buyers.

The survey results arrive as the UK starts to see the first sign of a decline in house prices since before the pandemic began. A raft of lenders began to release new 90% LTV, first-time buyer products late in 2020, with many following suit this year. Could it finally be the right time for first-time buyers to get themselves on to the property ladder? With the property industry able to continue to operate under current government guidelines of this lockdown - with Covid-safe estate agencies and socially distanced viewings – is it wise for first-time buyers to seize the opportunity?

John Penberthy-Smith, Saffron Building Society's chief commercial officer, commented on the survey: "Mum and Dad have always been a reliable source of funding when buying your first home. We were initially surprised that a large number of first-time buyers had received no financial support. However, with many workers furloughed, the country in a recession, and ongoing fear over more job losses, it is understandable that parents may want to sit on their nest egg savings for their own financial security."

The research release coincides with Saffron Building Society (<http://www.saffronbs.co.uk>)'s launch of two brand new first-time buyer mortgages. Both products, a 2-year and 5-year fixed-rate that offers a 90% LTV, launch on 27th January 2021 - available exclusively through a mortgage broker. In addition to the higher LTV, the mortgages also offer free valuation and no arrangement fee. This reduces the upfront costs, ideal for people struggling to raise funds and keen to get on the property ladder. The mortgage also offers the option to have a deposit gifted from any close family member.

John continues: "We launched two first-time buyer products at the end of last year, which have been very popular but have since reviewed those products. From today, we are delighted to offer a free

valuation and have removed the arrangement fee, reducing the upfront costs to the buyer. Saffron has always accepted gifted deposits across all our mortgage products. It must be a close family member, but that includes nan and grandad - who we have identified in the past as a common source of first-home financial support.”

Although the first-time buyer mortgages are only available via a broker, you can find details on the society's website www.saffronbs.co.uk. Speak to a local mortgage broker, or visit www.saffronmortgagefinders.co.uk, who will be able to access further information about the mortgages and assist with the application process on your behalf.

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Notes to Editors:

Image Credit: John Penberthy-Smith, Saffron Building Society

About Saffron Building Society

Saffron Building Society is a mutual organisation and is owned by its member base. Saffron offer a variety of mortgage products to meet a range of individual needs, assist with remortgages and further advances and have specialist alternative lending products. In addition, saving services include a range of savings including cash ISA's, notice accounts, immediate access, and children's savings.

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