



# Help to Buy Survey Report

November 2022

# What next after Help to Buy?

Since its inception in 2013, Help to Buy has helped over 360,000 people to purchase a home in England. But the scheme is ending, with no announcement from government on a replacement forthcoming. The last applications for a Help to Buy loan had to be lodged by 31 October 2022, with home purchases to complete before 31 March 2023.

As Help to Buy ended JLL surveyed almost 1,000 of our Help to Buy buyers to understand how influential the scheme has been over the past decade. Examining how these buyers bought and what they would have expected to do next without Help to Buy.

Throughout this report, we highlight some of the key themes and trends we have found from the survey and what we think this will mean for the housing market going forward, particularly for first time buyers.

## All about deposits?

Help to Buy was always intended to enable buyers with smaller deposits to access home ownership. As well as add reassurance to lenders to offer mortgages to purchasers with lower deposits.

Half of our respondents said they used all their deposit to buy a home. A large proportion of deposits were sourced from buyer's savings (74%), whilst 20% of deposits were a gift from parents or relatives. This means that going forward, it will likely take longer for most to be able to save the money required for a deposit.

But the other half (49%) said they had access to a larger deposit than the one they used. With 30% of respondents having access to 10% or more. Meaning it would have been possible for at least some of these purchasers to buy homes on the open market. Albeit in most cases at a lower price than the property they would have been able to secure using Help to Buy.

## Deposit size which buyers had or have access to



Source: JLL Research

# A market without Help to Buy

With rates rising and lenders becoming more cautious, being a first-time buyer, particularly with a smaller deposit, will be challenging in the current environment. Add the removal of Help to Buy and we expect that the number of first-time buyers purchasing homes will fall back in 2023. Contributing to an overall fall in transactions in 2023 of 30% against a busy 2022.

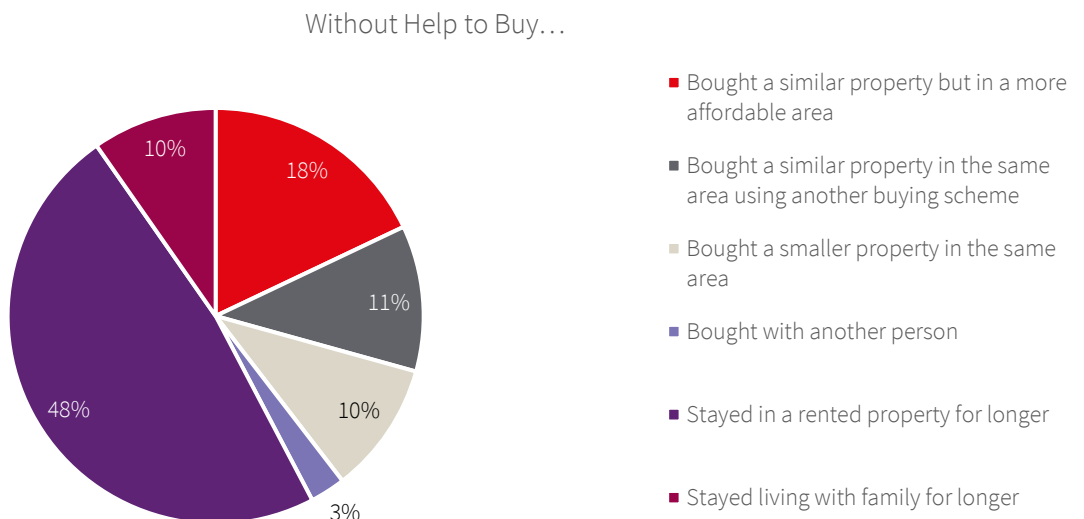
When asked, 64% of survey respondents did not expect they would have been able to buy a home without Help to Buy. Almost half of respondents expected they would stay living in rented accommodation for longer than they had planned, pointing to increased demand for a rental property, in a market already struggling with an imbalance between supply and demand.

This is a larger issue for those who were not able to access higher deposits than the 5%-10% required. We anticipate that going forward there will be a larger number of buyers looking at alternative buying options such as buying with friends or other family members.

However, over 20% of respondents had access to 15% or more of the purchase price, suggesting that Help to Buy allowed buyers to purchase a larger home than the open market would have allowed them to, or in a location they would have otherwise been priced out of.

**David Jubb, Director, Residential Capital Markets at JLL, comments: “Help to Buy has been the backbone of the New Homes sales industry since 2013 and it has become the fundamental tool to aiding many people step on to the housing ladder and afford their own home. Without Help to Buy we are likely to see increased demand for more affordable areas and price points across the country, where purchasers will no longer be able to buy at the higher price points which help to buy allowed them, with the support of a government backed equity loan. With a further 64% of our respondents indicating they would not be able to afford their own home without the scheme, it is likely to put increasing pressure of rental prices and demand in the short to medium term. In turn, this will support rental growth, and potentially the stability of the sales market too”.**

## How will our buyers respond to a market without Help to Buy?



Source: JLL Research

# What options do buyers have now?

Post Help to Buy, Shared Ownership and First homes are two of the most obvious options for buyers with lower deposits. 60% of respondents said they would also consider using Shared Ownership and First Homes to get onto the property ladder.

Some 61% of the developers who responded to our survey are already using Shared Ownership and First Homes to sell homes and are anticipating that they will deliver more homes using these schemes in the future.

## Developers view

Help to Buy has been an important source of buyers for developers and housebuilders over the past decade. 42% of those surveyed stating that Help to Buy accounted for more than 60% of their sales.

Of the Help to Buy alternatives, 83% of developers expect Shared Ownership will become more popular as Help to Buy ends. Of those developers currently self-delivering Shared Ownership properties into the market all expected they will deliver more in the future.

The majority of developers surveyed remain positive about the prospects for first time buyers, with 62% not

expecting to reduce delivery of homes targeted at first-time buyers. With only 17% of developers expected to deliver fewer homes targeted at first-time buyers.

Developers and housebuilders were not looking to become landlords. A third of developers expected to deliver more rental stock through Build to Rent (BTR) to sell on to a BTR provider, whereas just 11% were looking to increase BTR delivery and retain the units themselves.

Looking ahead current market conditions mean developers were expecting sales rates to slow in the coming year. 83% of developers expecting sales rates to fall in 2023 versus 2022.

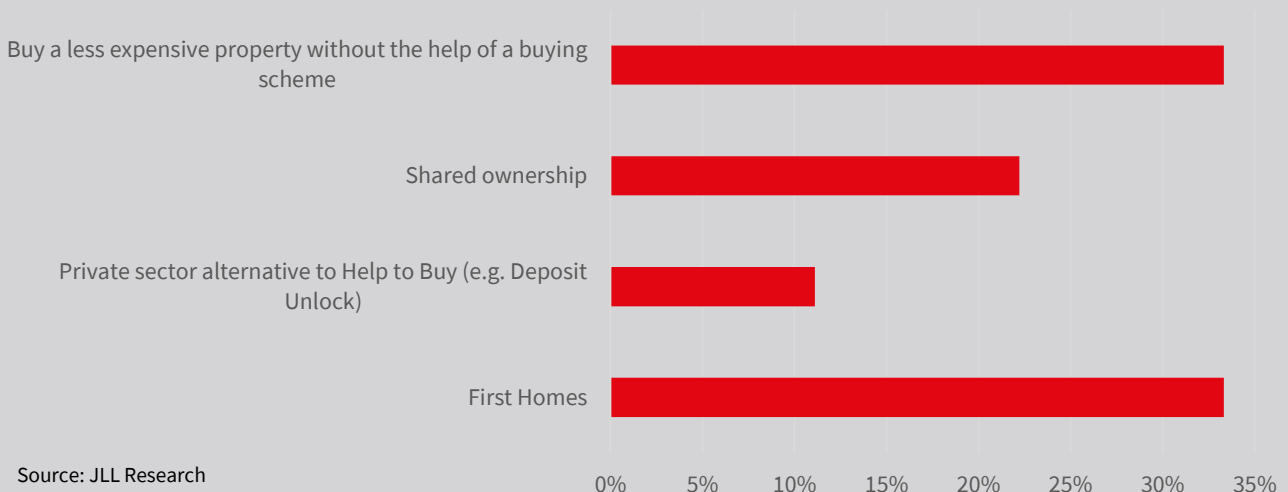
## Lenders view

Talking to lenders, a third of brokers expected buyers to return to open market sale, albeit at a lower price point, with another third expecting heightened interest in First Homes. The remainder split between private sector alternatives and Shared Ownership.

Overall brokers were expecting fewer first-time buyers entering the market, particularly in high value markets.

## Brokers views on buyers' preferences

What do you think buyers will use most after Help to Buy ends?



Source: JLL Research

# Market Outlook

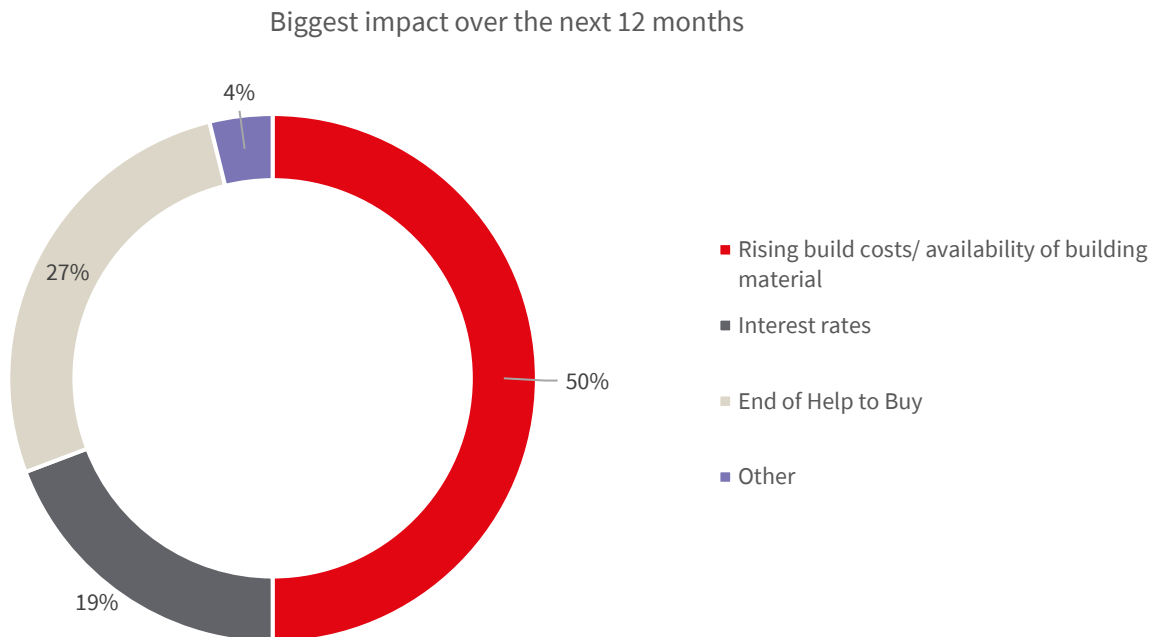
Developers and housebuilders anticipate rising build costs and interest rates will have the biggest negative impact on delivery, and sales volumes over the next 12 months. 69% of developers saw build costs and interest rates as the most significant factors, compared with 27% citing the end of Help to Buy.

Any reduction in the supply of new homes will put additional pressure on an already constrained housing market. Uncertainty in the mortgage market will only add fuel to the fire, with first time buyers with low deposits being less attractive to lenders than equity rich home movers.

But our survey suggests almost half of our buyers had access to a larger deposit, with some buyers stating that they would still be able to buy, albeit a smaller home or in a more affordable location.

The end of Help to Buy obviously limits options for these buyers but those looking to get on the ladder will likely look at other options. We expect to see an increased number of first-time buyers purchasing with friends or family to increase their buying power. First Homes and Shared Ownership, which had taken a back seat to Help to Buy will also, we expect, see demand rise.

## According to developers and housebuilders, what is likely to have the biggest impact on delivery and sales over the next 12 months?



Source: JLL Research

# House price forecasts

## UK and regional forecast

Sales price growth (% pa)	2023	2024	2025	2026	2027	Cumulative 2023-27	Average pa 2023-27
<b>UK</b>	<b>-6.0</b>	<b>1.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>8.9</b>	<b>1.7</b>
Central London	2.5	3.0	3.5	4.0	5.0	19.3	3.6
Greater London	-4.0	2.5	4.0	5.0	6.0	13.9	2.6
South East	-6.0	2.0	4.5	4.5	5.5	10.5	2.0
East of England	-6.0	2.0	5.0	4.5	4.5	9.9	1.9
South West	-7.0	1.5	4.0	4.0	4.5	6.7	1.3
East Midlands	-6.0	2.0	5.5	5.0	4.0	10.5	2.0
West Midlands	-7.0	2.0	5.0	5.0	4.5	9.3	1.8
Yorkshire & The Humber	-8.0	1.0	4.0	4.5	3.0	4.0	0.8
North West	-7.0	1.5	4.0	4.0	3.0	5.2	1.0
North East	-8.0	0.0	3.5	5.0	3.0	3.0	0.6
Wales	-8.0	0.0	3.0	5.0	4.5	4.0	0.8
Scotland	-5.0	1.0	3.0	5.0	5.0	9.0	1.7

## UK City Centres

Sales price growth (% pa)	2023	2024	2025	2026	2027	Cumulative 2023-27	Average pa 2023-27
Bristol	0.5	2.0	3.5	4.0	6.0	17.0	3.2
Birmingham	1.0	2.0	4.0	4.5	6.5	19.2	3.6
Manchester	1.5	2.5	4.0	4.0	6.0	19.3	3.6
Leeds	0.0	1.5	3.0	4.0	5.0	14.2	2.7
Liverpool	-1.0	1.5	3.0	3.5	4.5	11.9	2.3
Edinburgh	1.0	2.0	3.5	4.5	5.5	17.6	3.3
Glasgow	0.0	1.5	3.0	4.0	5.0	14.2	2.7

Source: JLL Research

# Rental growth forecasts

## UK and London rental forecast

Rental growth (% pa)	2023	2024	2025	2026	2027	Cumulative Average pa 2023-27	
<b>UK</b>	<b>4.0</b>	<b>3.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>15.9</b>	<b>3.0</b>
Central London	6.0	4.5	3.0	2.5	2.5	19.9	3.7
Greater London	4.5	4.0	3.0	2.5	2.5	17.6	3.3
UK BTR	6.0	5.0	4.0	3.0	3.0	22.8	4.2

## UK City Centres rental forecast

Rental growth (% pa)	2023	2024	2025	2026	2027	Cumulative Average pa 2023-27	
Bristol	4.0	4.0	3.5	2.5	3.0	18.2	3.4
Birmingham	5.0	4.0	3.5	3.0	2.5	19.3	3.6
Manchester	6.0	5.0	3.5	3.0	2.5	21.6	4.0
Leeds	3.5	3.5	3.0	2.5	2.5	15.9	3.0
Liverpool	3.5	3.0	3.0	2.5	3.0	15.9	3.0
Edinburgh	1.0	5.0	3.5	2.5	3.5	16.4	3.1
Glasgow	1.0	5.0	3.5	2.5	2.5	15.3	2.9

## Housing starts and transactions

Private housing starts	2022	2023	2024	2025	2026	2027
Greater London	18,000	15,000	16,000	17,000	17,000	18,000
UK	170,000	160,000	165,000	175,000	190,000	200,000

Housing transactions (millions)	2022	2023	2024	2025	2026	2027
UK	1.3	1.0	1.1	1.2	1.2	1.3

Source: JLL Research

*Marcus Dixon*

Director of UK Residential Research

[Marcus.Dixon@jll.com](mailto:Marcus.Dixon@jll.com)

+44(0) 7563 380165

*Meg Eglington*

Senior Analyst, Residential Research

[Meg.Eglington@jll.com](mailto:Meg.Eglington@jll.com)

+44(0) 7514 315698



#### **About JLL**

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. JLL shapes the future of real estate for a better world by using the most advanced technology to create rewarding opportunities, amazing spaces and sustainable real estate solutions for our clients, our people and our communities. JLL is a Fortune 500 company with annual revenue of \$19.4 billion in 2021, operations in over 80 countries and a global workforce more than 98,000 as of December 31, 2021. JLL is the brand name and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit [jll.com](http://jll.com).

© 2022 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to JLL and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of JLL and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of JLL. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.