



HBF Policy Conference 2025

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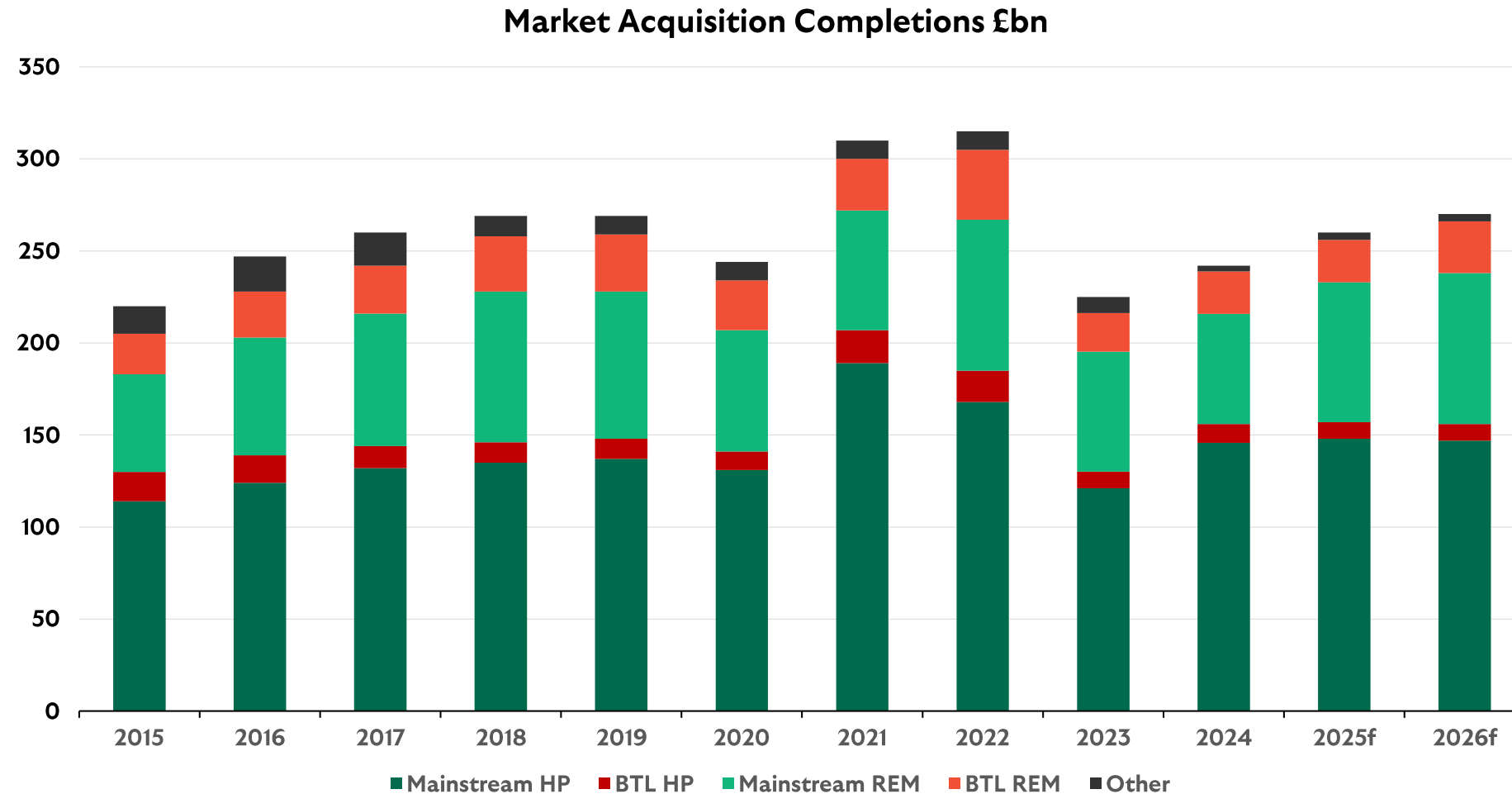


**Mix of monetary policy and fiscal
policy have shaped the mortgage
market we have today**

UK Mortgage Market

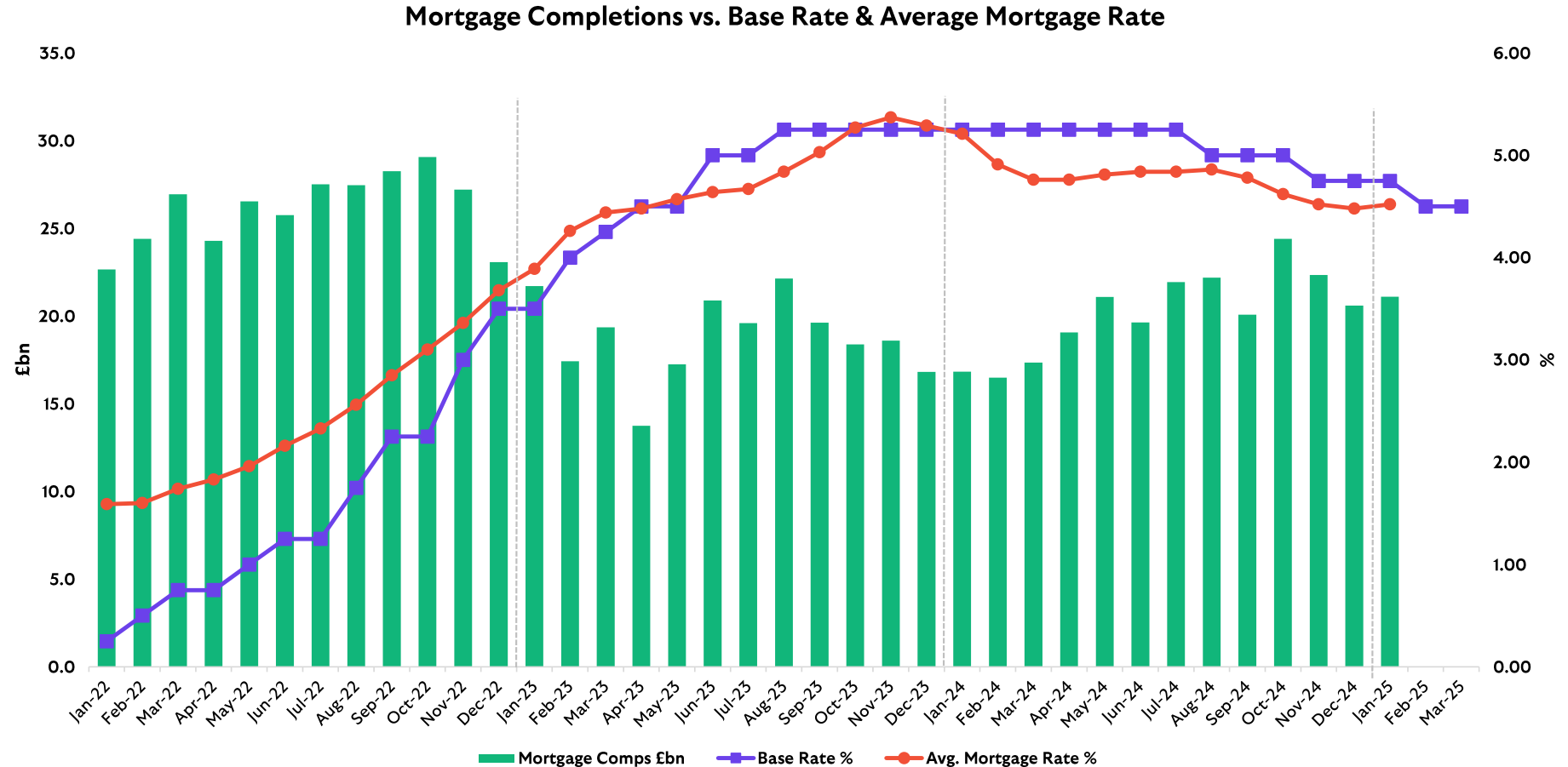


Increase in overall business expected in 2025 and 2026, mainly driven by Remortgage.



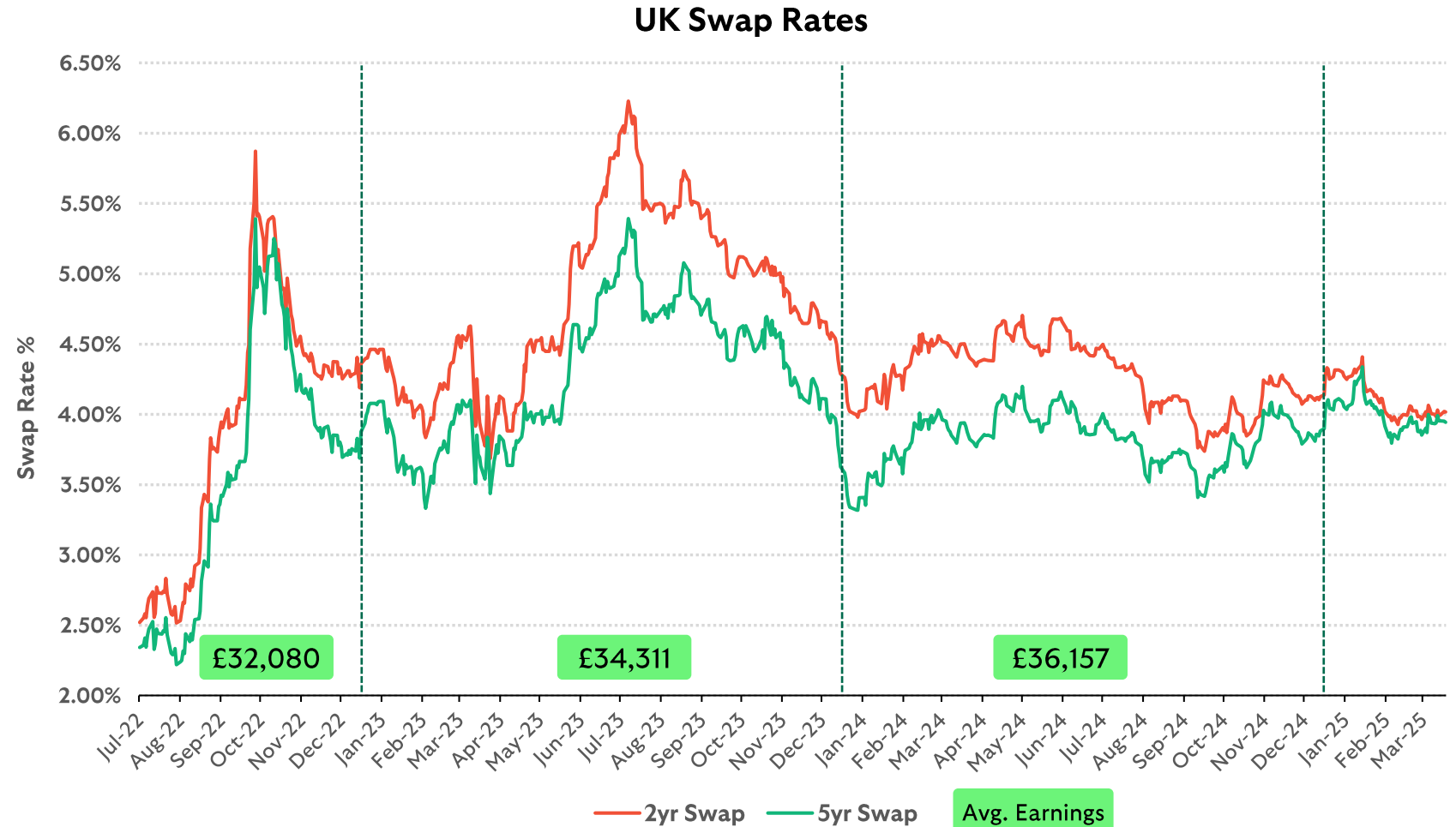
Impact of Base Rate Changes

- 2022-2023: Completions fell by 28% as Avg. Mortgage Rate rose from 1.59% to 5.37%
- 2024: 8% YOY uplift in completions



SWAP Rates

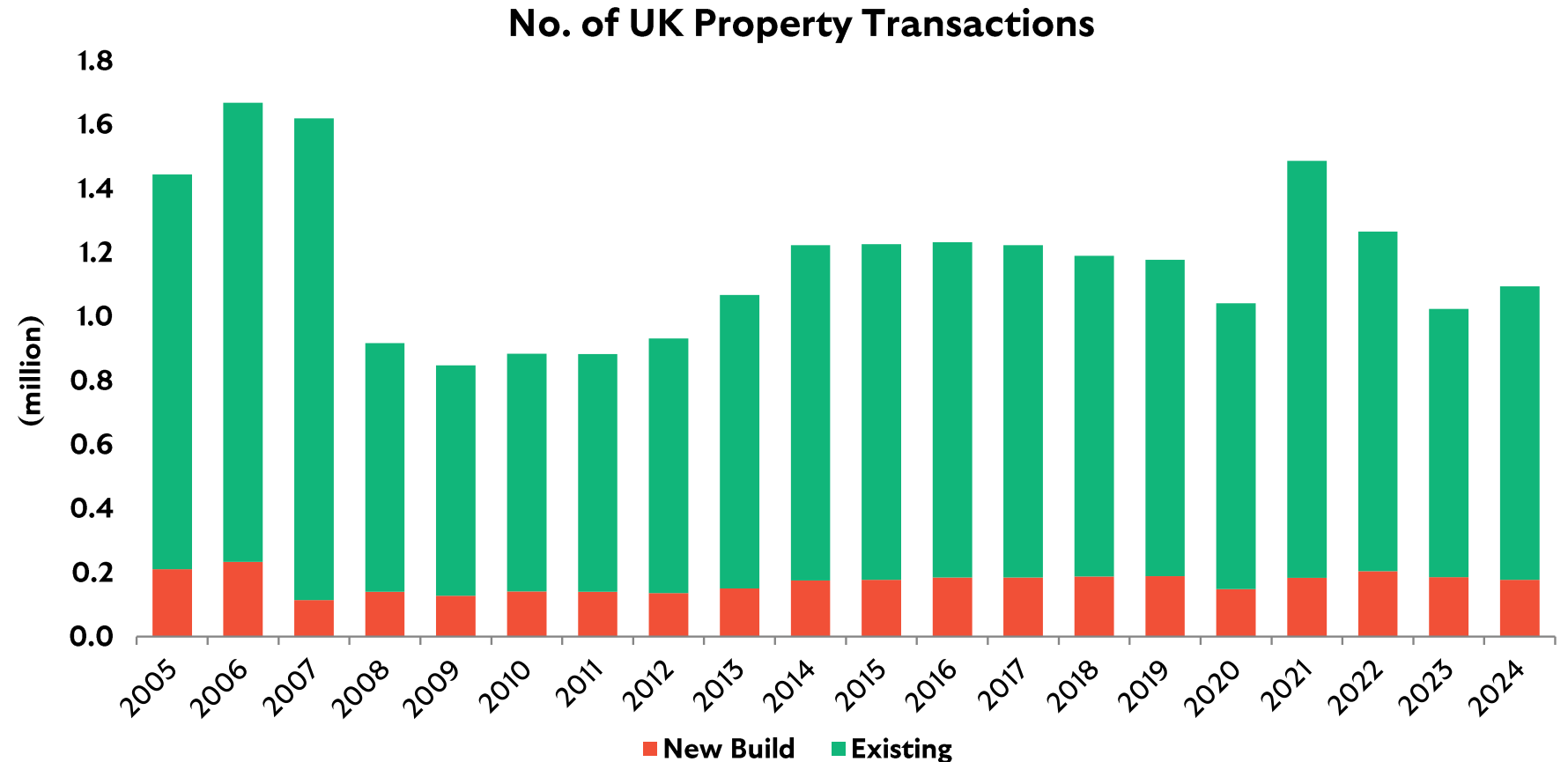
- SWAP rates have been comparatively stable since early February
- Impact of latest US tariffs is still to be seen although its likely to add increase pressure on inflation
- Group outlook is for 2 further 25bps Base Rate reductions in 2025 and a further two in 2026



Property Transactions



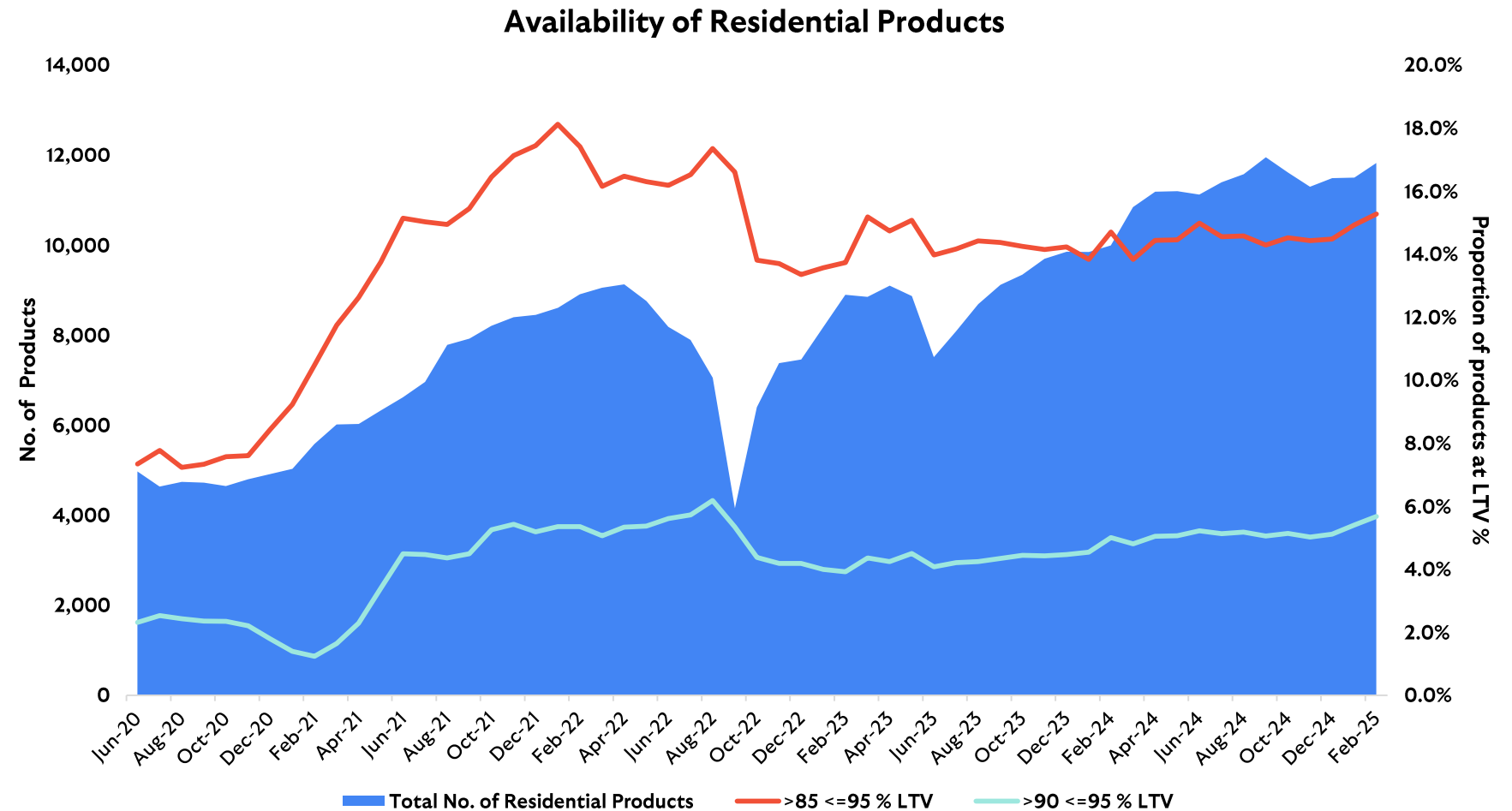
- 2024 Total Property Transactions were up 7% YOY to 1.1m, reversing the falling trend from 2021
- In contrast, New Build completions fell by 7% YOY in 2024 to the lowest level since 2020, the year in which the Covid lockdown periods began



Residential Mortgage Products



- The total number of Residential products available to borrowers has increased from 5,000 in June 2020 to almost 12,000 in February 2025
- High LTV availability has improved significantly since April 2021

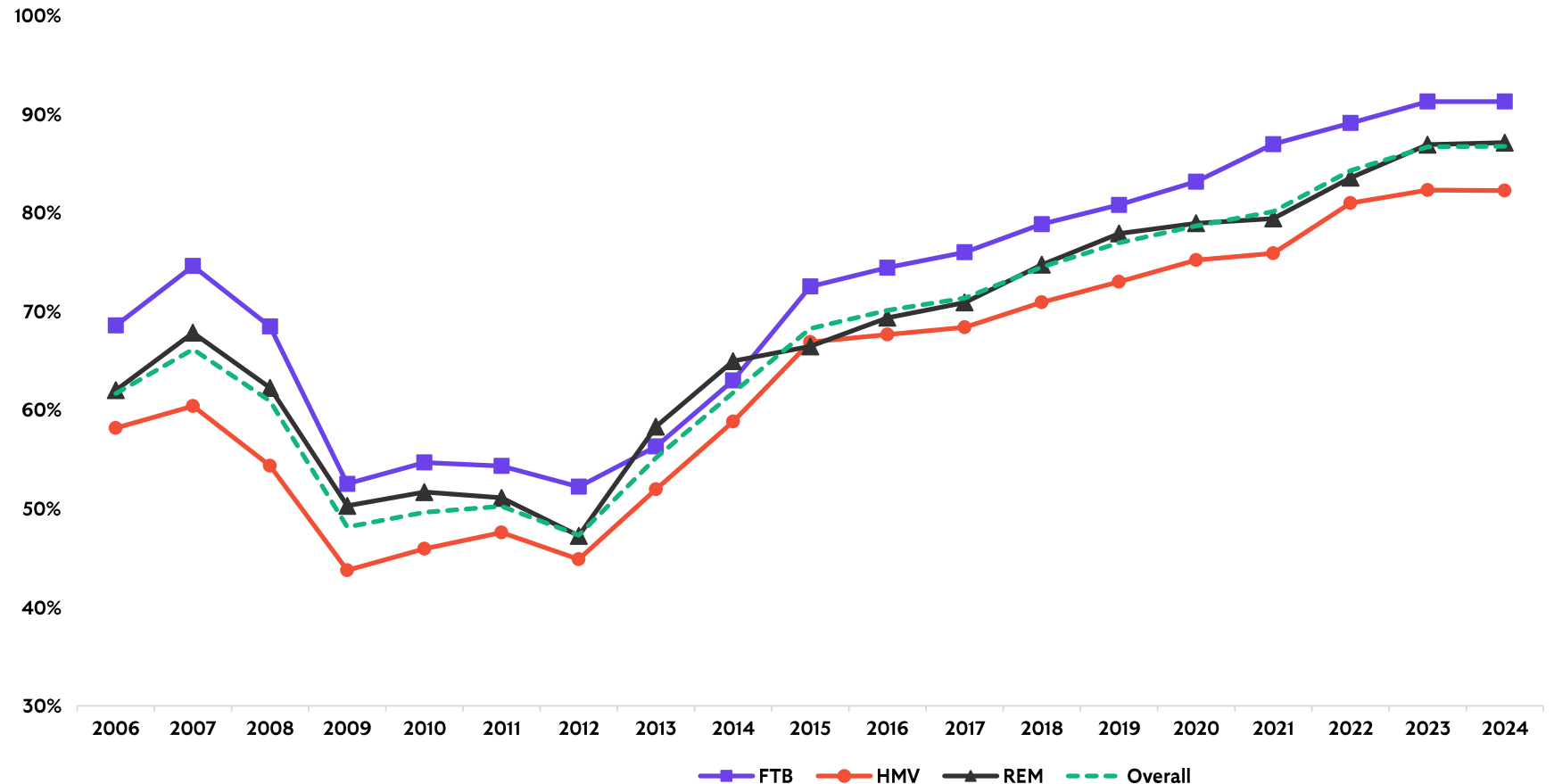


Shifting Distribution Trends



Proportion of Residential Lending Sold via Intermediaries

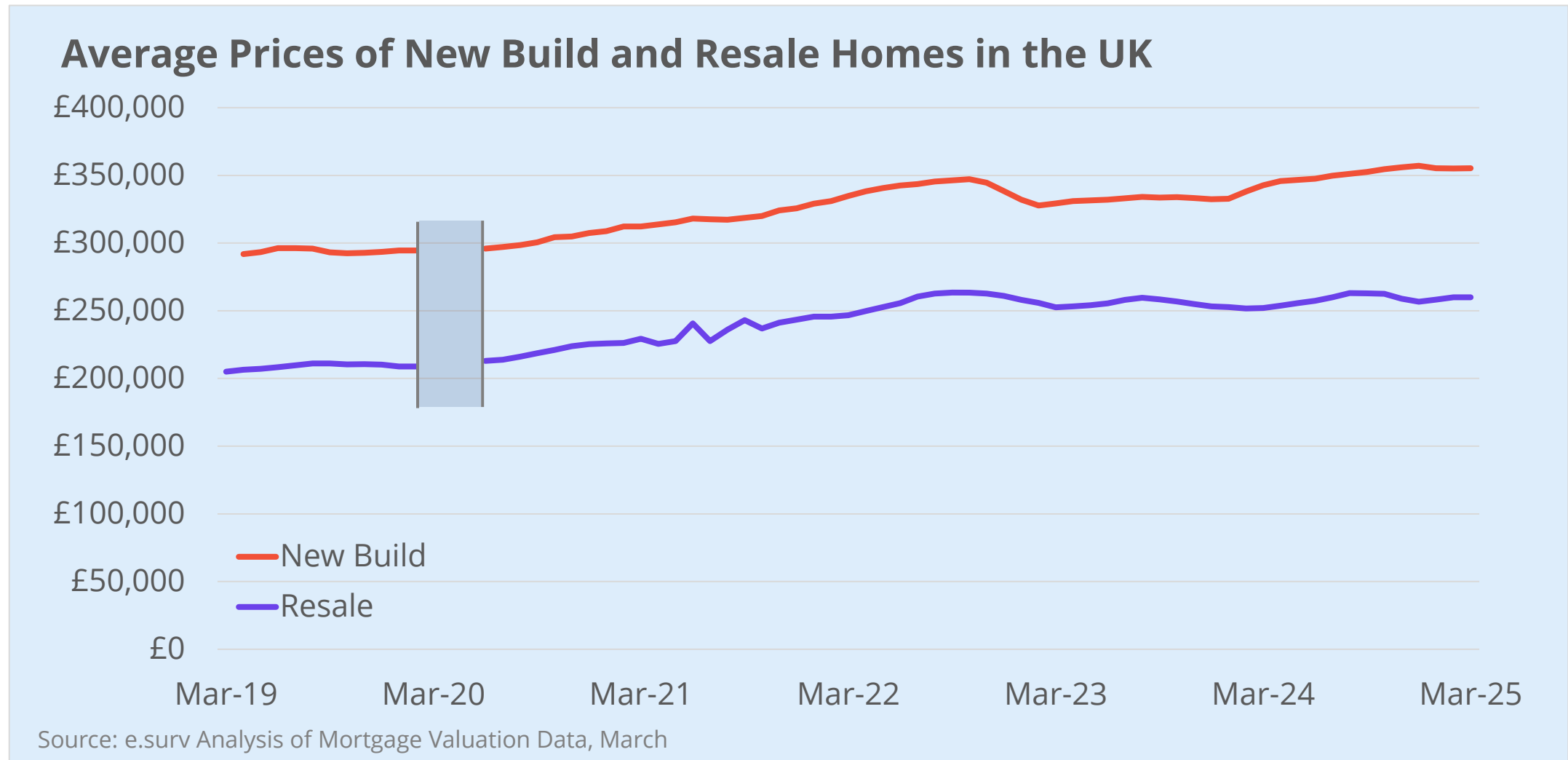
- Mortgages sold via Intermediaries took a notable decrease in the late 2000s following the financial crisis
- This has gradually recovered to average 87% overall in 2024



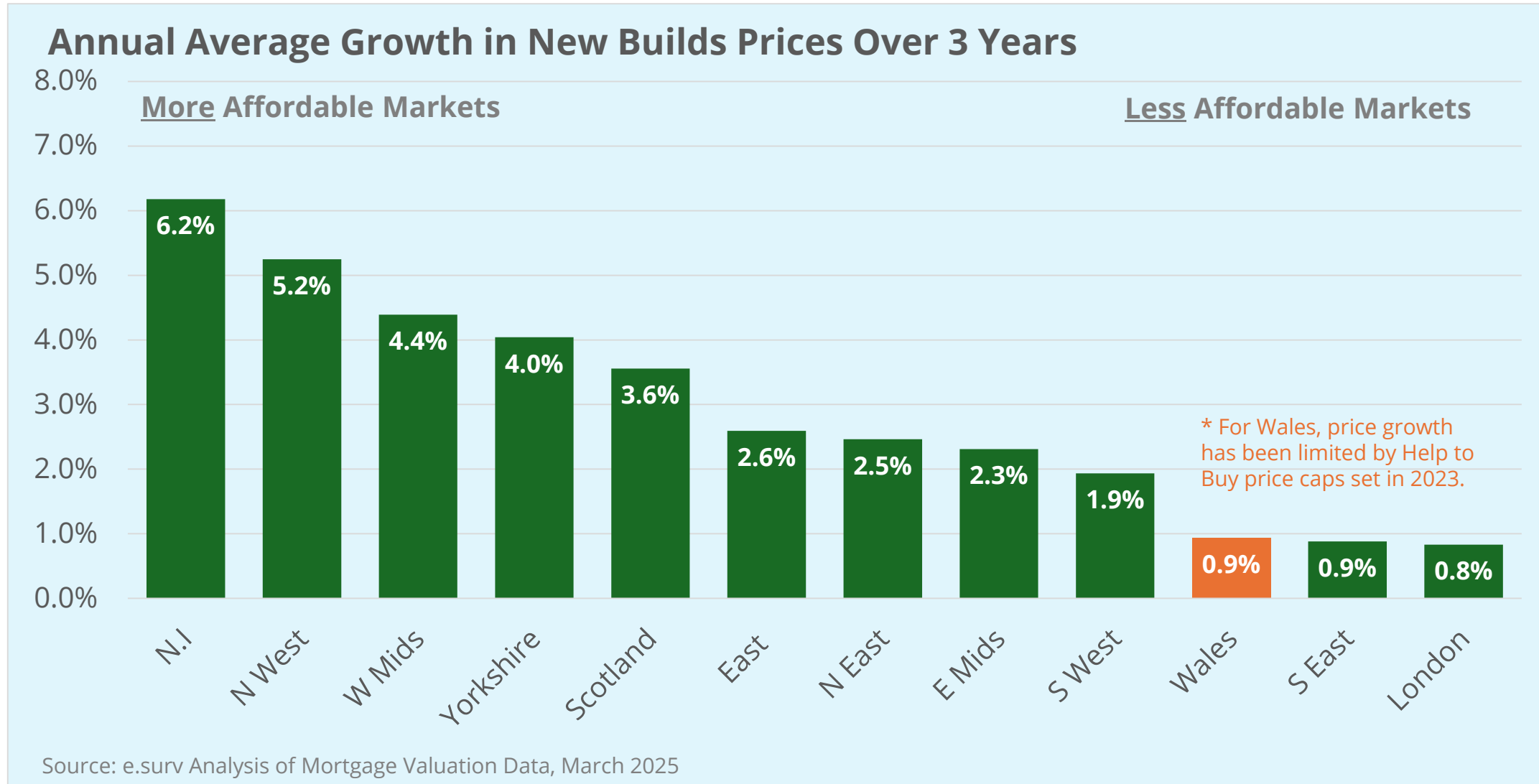
New Build & Resale Average Prices



Between April 2019 and March 2025 on average, Resale prices increased from £205k to £260k (up 26%), New Build prices increased from £293k to £355k (up 21%).



New Build House Price Growth





FTB Innovation, and the critical role of new build

FTBs Holding Steady, But Climbing the Ladder Later



33 years old
the UK average age of First Time Buyers



£311,034
the average house price for First Time Buyers



6.6 times house price: income ratio
the average UK salary is £46,970

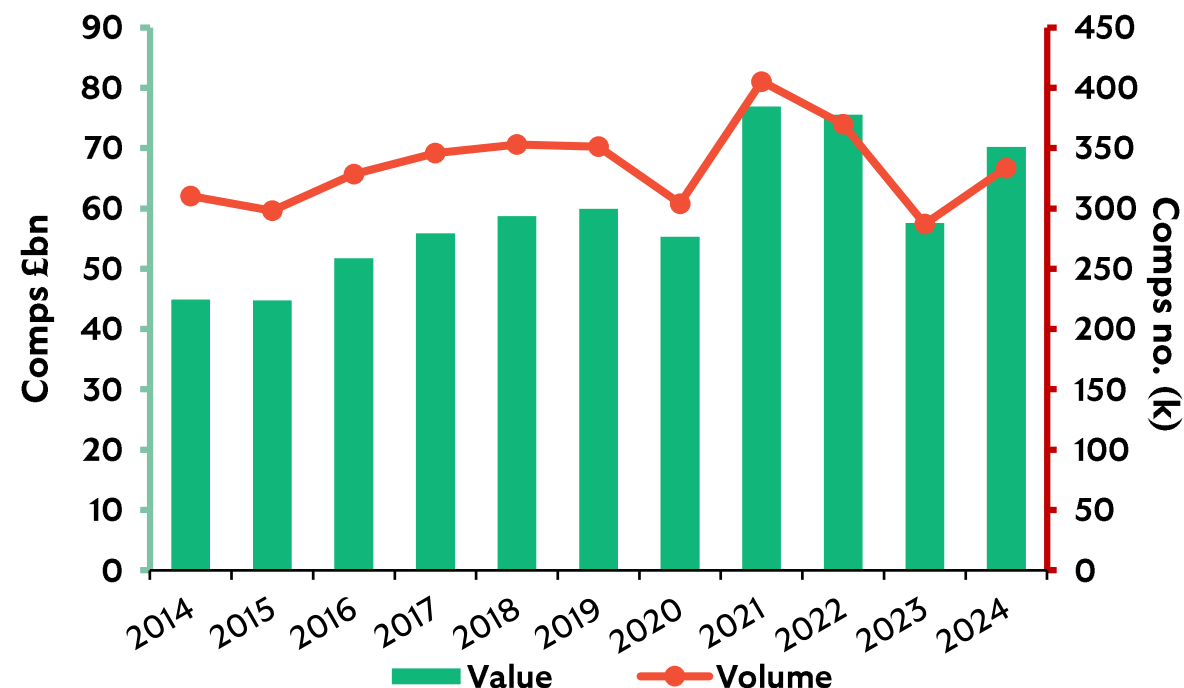


£61,090
the average deposit put down a First Time Buyer



62% of mortgage completions
from joint First Time Buyers

FTB Completions Lending



FTB Lending

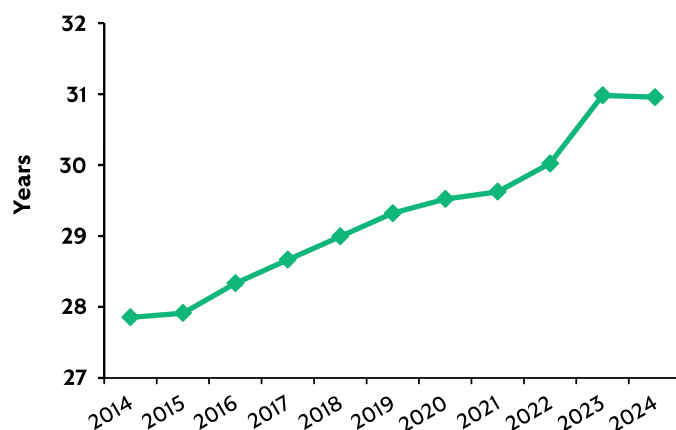


Volumes increased YOY in 2024 supported by lower interest rates and higher income.

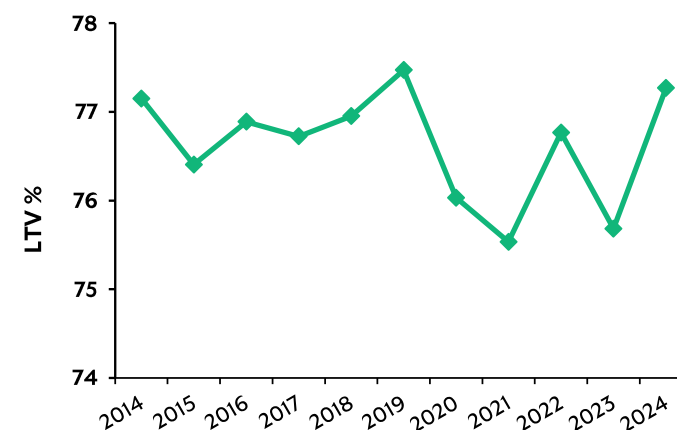
FTB Completions Lending



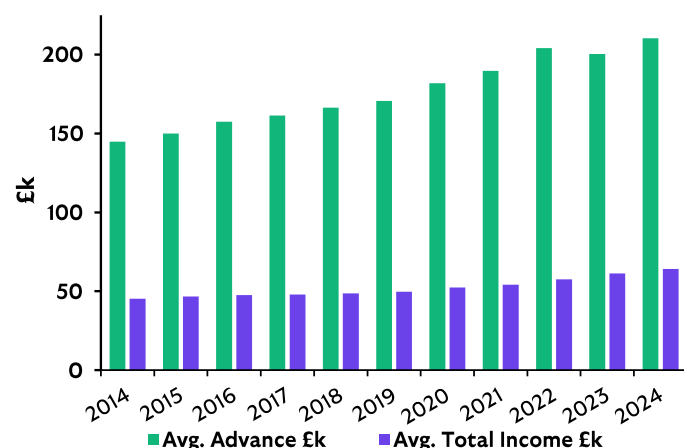
FTB Average Mortgage Term



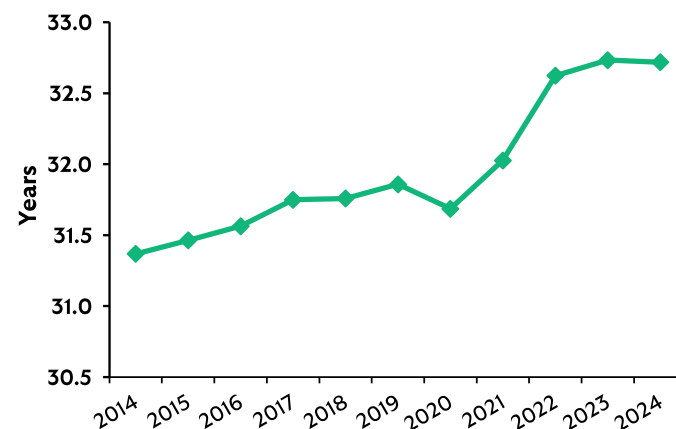
FTB Average LTV



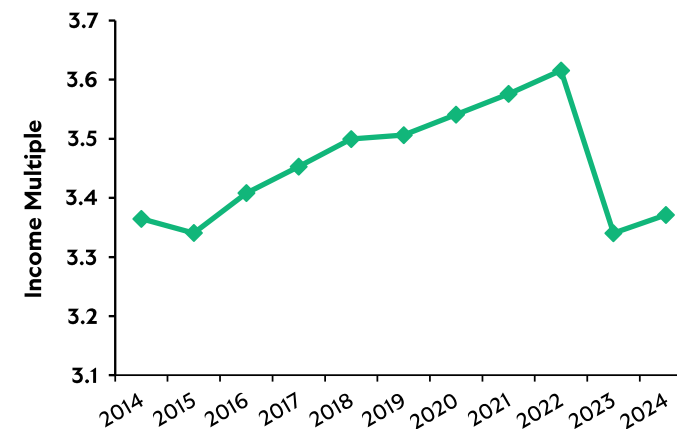
FTB Average Advance & Total Income



FTB Average Age



FTB Income Multiple

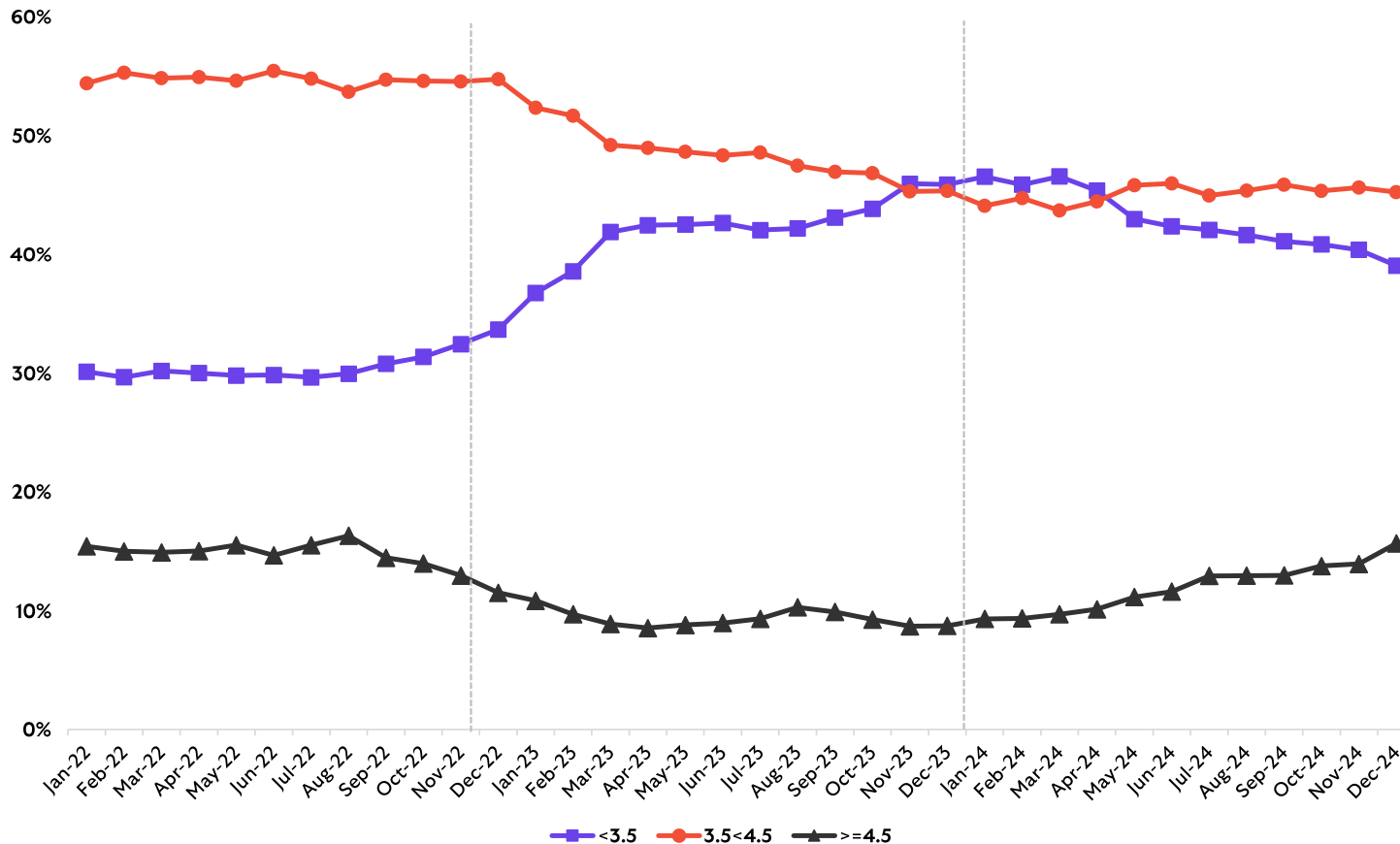


Boosting First Time Buyer Affordability



Proportionally, business at 4.5 times income increased through 2024, compared with the other income brackets.

FTB Completions by Income Multiple



First Time Buyer Boost

Enhances the loan to income multiple to 5.5 times (currently, the is 4.49 times their income). This will enable us to lend eligible FTBs up to 22% more.



Mortgages with a 5% deposit

Support the UK Government's Mortgage Guarantee Scheme, allowing FTB to apply for a mortgage of up to 95% of the property's value.



Family Boost Mortgage

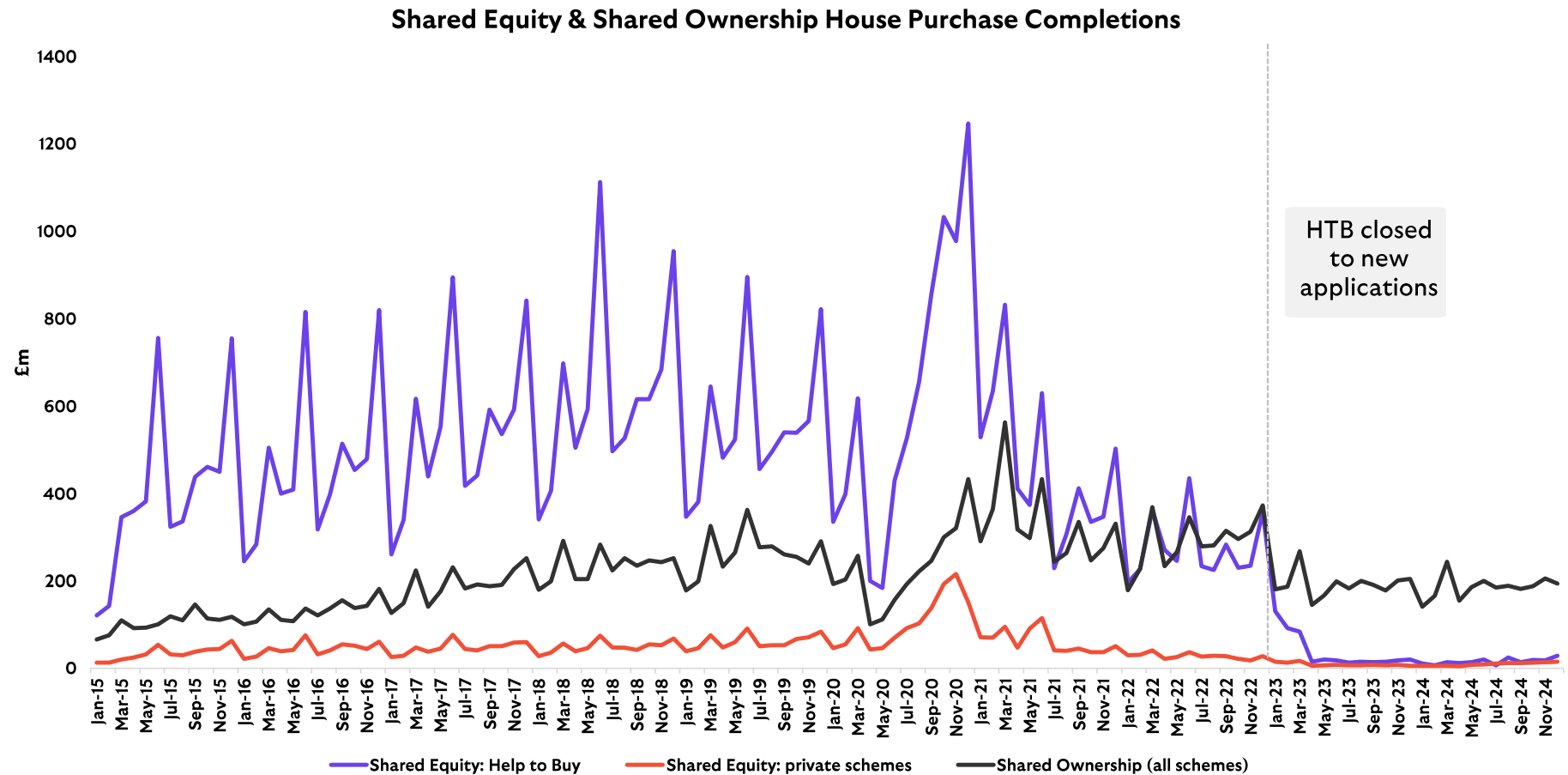
Allows family members of FTBs to put 10% of the property price into a three-year fixed term savings account as security, instead of a deposit.

"Since 2000 house prices have increased by 240%, while earnings have risen by just 112%."

Shared Equity & Shared Ownership



- UK Help to Buy scheme closed to new applications on 31st October 2022 and officially ended on 31st March 2023
- In the period since, there's been little evidence of other schemes picking up the void



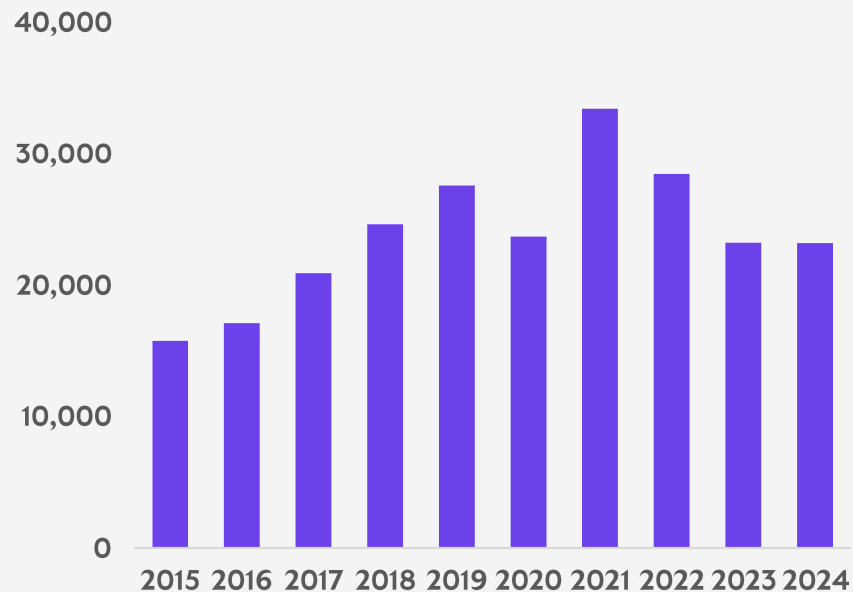
Scheme Support for First Time Buyers



Ownership schemes are key to supporting First Time Buyers

Growth potential for shared ownership

Shared Ownership (all schemes)



Shared Ownership Council

Aim of the Council is to drive for a shared ownership sector that is focussed on progress, enabling more consumers to access this form of tenure.

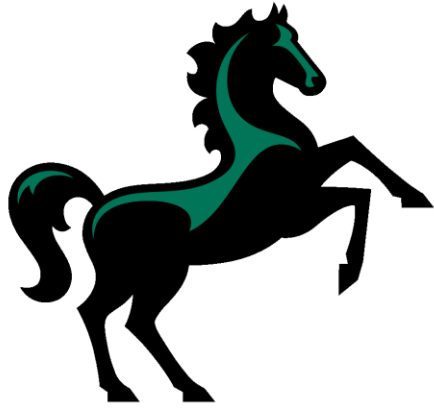
Improve customer
experience and
higher demand for
the tenure



Greater investment
in the supply of the
tenure

Can private investment
accelerate supply?





Pivotal moment for UK housing

Entering a new era?



Catalyst for change

- Government will to “Get Britain Building”
- Falling interest rate environment
- Regulatory and planning reform
- Public-private partnerships
- Transition to net zero
- Spending Review and long-term housing strategy

Challenging progress

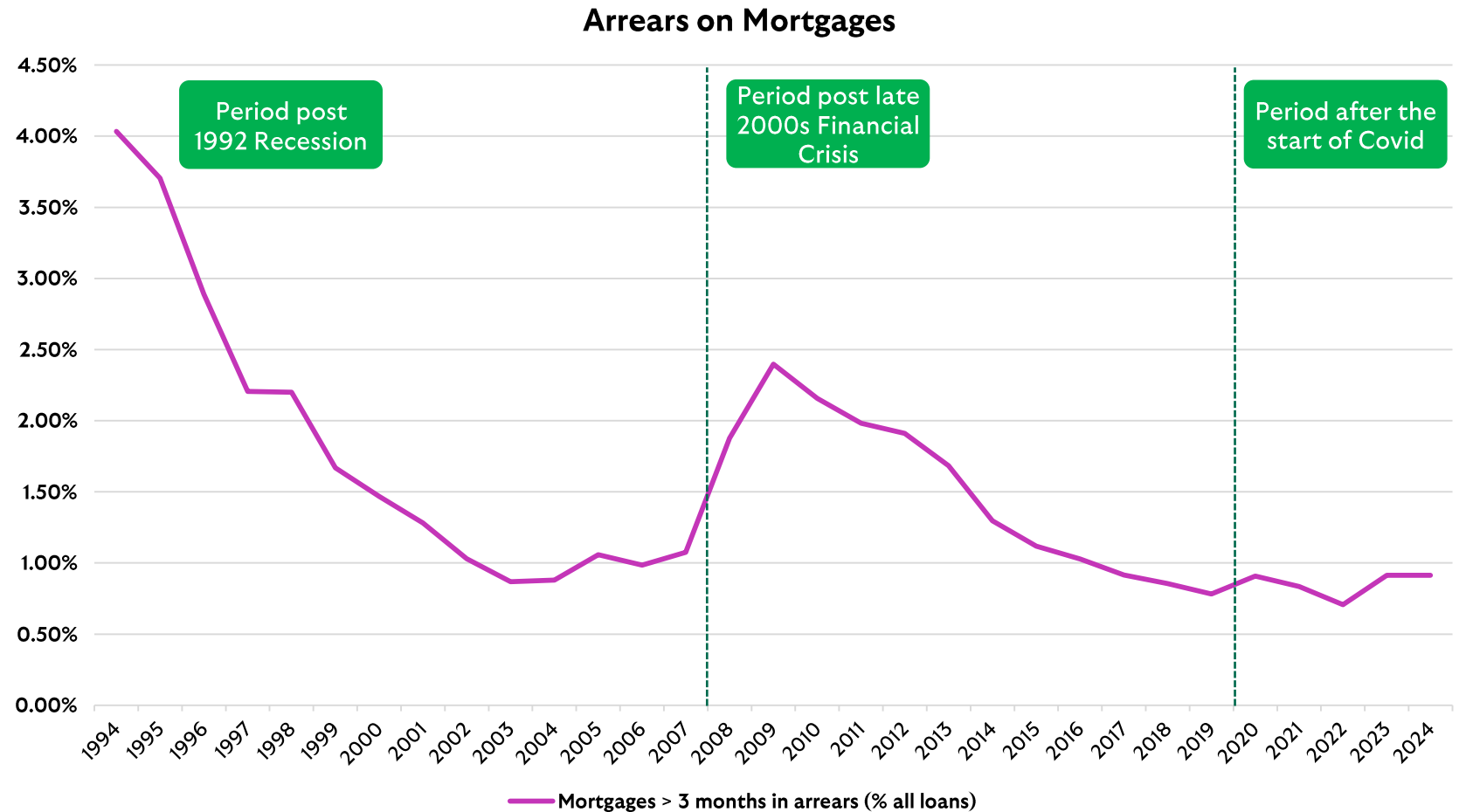
- Economic uncertainty
- Restrictive monetary policy
- Viability
- Local opposition to housing delivery
- Skill shortages

“How can a coalition of industry and government unlock more funding for the UK housing market?”

Regulation has reduced risk in the sector



- 1992 Recession: Mortgage arrears peaked at over 4%
- Late 2000s: arrears rose back up to nearly 2.5%
- Post 2020: levels stayed below 1.0% due to regulation and proactive lender support



FCA Call for Evidence on Mortgage Regulations



Key Focus Areas:

Stress Testing:

Evaluating current and alternative approaches to ensure borrowers can afford mortgages at higher interest rates.

Flexibility for Lenders:

Encouraging lenders to use existing rule flexibility to help more people become homeowners.

Simplifying Rules:

Proposals to ease remortgaging, options outside regulated advice, and reducing mortgage terms.

Future of the Mortgage Market:

Public discussion on the market's needs for different consumers and the role of regulation.

Additional Considerations:

LTI Limits:

Impact of current limits restricting high LTI ratio mortgages.

Capital Requirements:

Reforming requirements for higher-risk mortgages, potentially leveraging the Freedom to Buy mortgage guarantee scheme.

Nikhil Rathi, FCA Chair:

"Firms have the flexibility to help more people become homeowners and we want them to use it."

Rachel Reeves, Chancellor of the Exchequer:

"This is a welcome action by the regulator to kick-start economic growth and help working families get on the housing ladder."

Public & Private Partnerships



Unlocking funding for large scale and local SME housebuilding



£300m
Commitment to SME & regional housebuilders across the UK

Partnership aims to bridge the homebuilder funding gap, supporting developers building between 5 and 500 units per year

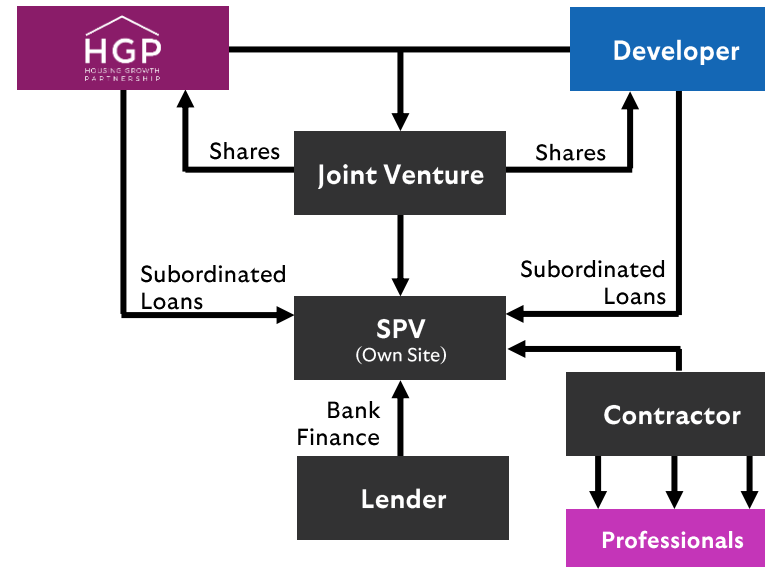


£150m
Joint venture with Barratt Developments & Homes England

Master developer for large sites; delivering residential-led developments ranging in size from 1,000 homes to more than 10,000 homes

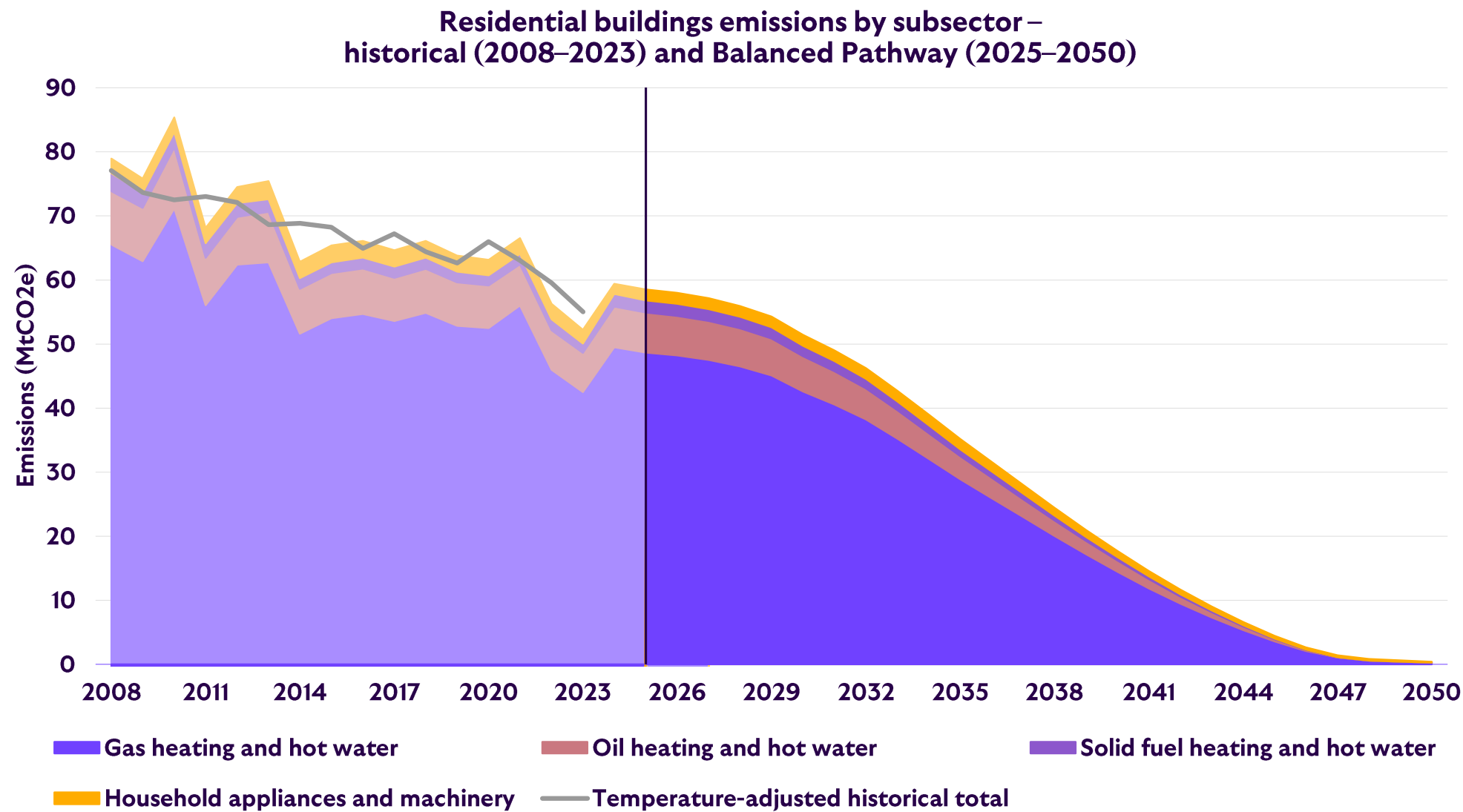
Bridging the Housebuilder's Funding Gap

Joint venture structure



Joint ventures allows housebuilders to build more homes across the UK and grow their businesses

Net Zero Ambitions for Housing



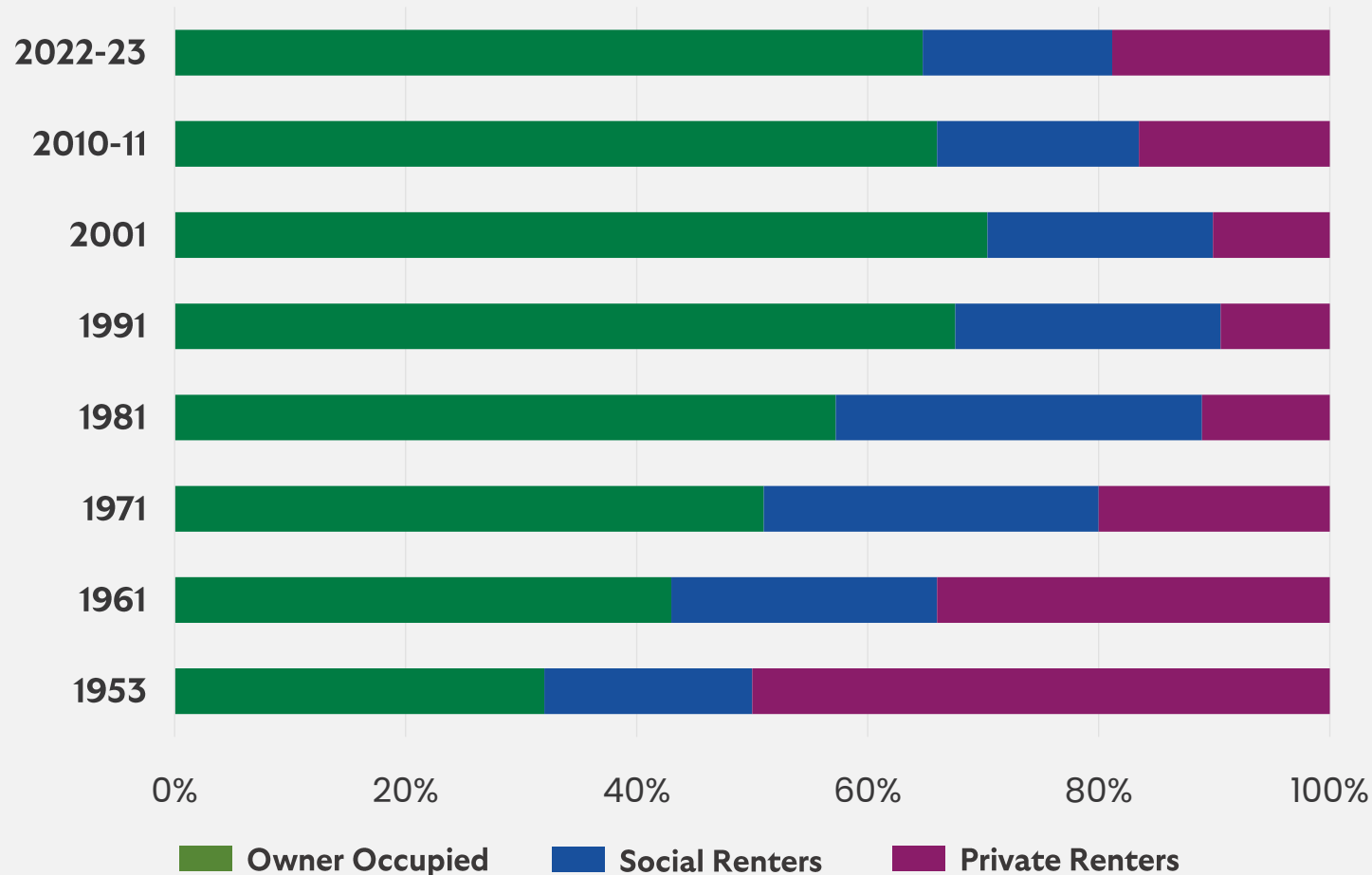
Source: DESNZ (2024) Provisional UK greenhouse gas emissions national statistics 2023; DESNZ (2024) Final UK greenhouse gas emissions national statistics 1990–2022; CCC analysis..

Long Term Housing Strategy



Changing tenure of homes over time

England percentage of household tenure; 1953 to 2022-2023^{1,2}



Current Housing Policy:

Role of the market to achieve optimal outcomes is central to policy

1980s and Social Housing:

Right to Buy and drive for home ownership, with reduction in local authority housebuilding

Post World War 2:

Government and local authorities embarked on extensive housebuilding

Our UK Social Housing Support



£19.5bn
social housing
finance since
2018



Partnering with
Crisis to call for
one million
more homes for
social rent



Converting our
old offices and
data centres to
social housing



Collaborating
with
320+
housing
associations



£500m
funding alongside
National Wealth
Fund to retrofit
social housing



In Summary

- Green shoots in UK Mortgage Market
- Strong Product Availability and Further Innovation Likely
- New Government Committed to Housing
- Pivotal Moment for UK Housing Net Zero Ambitions
- Challenges Persist, Optimism with Caution

