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A fifth of first-time buyers are taking out mortgages for 35 years or more to get on the housing ladder as budgets are squeezed

- The average age of a first-time buyer is 32.8 according to UK Finance
- Average house price in England was 8.4 times average income in year ending March 2022

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A record 20 per cent of first-time buyers are taking out mortgages of more than 35 years' duration as they stretch their finances to get on the housing ladder.

The figures from industry body UK Finance illustrate the lengths many are going to in order to afford a home - amid higher interest rates and **cost of living** pressures.

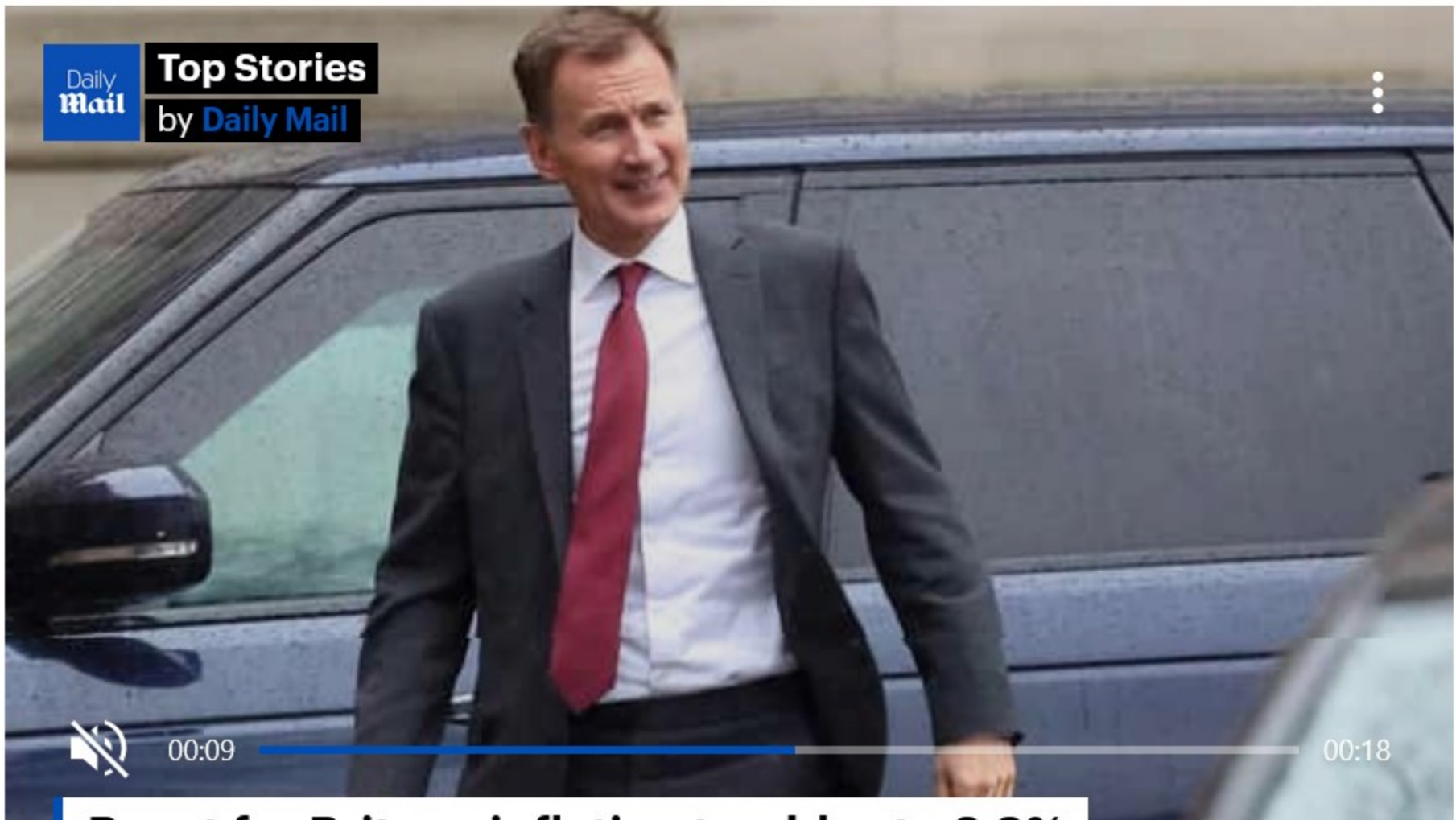
Such deals were once a rarity. Spreading out the repayments over a longer period makes them more affordable in the short term.

But it means they will accrue more interest and cost more in total.



A record 20 per cent of first-time buyers are taking out mortgages of more than 35 years' duration as they stretch their finances to get on the housing ladder

And for buyers who are in their mid-30s or older, it will mean they are still paying off their mortgages into their 70s.



Boost for Brits as inflation tumbles to 3.9% in November

The average age of a first-time buyer is 32.8 according to UK Finance.

James Tatch, head of analytics at UK Finance, said: 'Rising interest rates and cost of living pressures, combined with high house prices, have meant that buyers are looking for ways to stretch their affordability.'

'Against this backdrop, the proportion of first-time buyers who took out longer-term mortgages has crept up through 2023, although this trend looks to be moderating.'

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Buyers in their mid-30s or older will still be paying off their mortgages into their 70s (Stock Image)

The figures show how higher Bank of England interest rates - which have risen from 0.1 per cent in December 2021 to 5.25 per cent today - are affecting the financial futures of new generations of buyers.

At 20 per cent in September, the proportion of first-time buyers taking out mortgages was at its highest on records going back nearly two decades.

The proportion of first-time buyers taking out such long-term deals stood at just 9 per cent in December 2021 when the Bank of England started raising interest rates.

And it was just 2 per cent when comparable records began in 2005.

The UK Finance figures showed that mortgages lasting more than 30 years were also increasingly popular among home buyers, representing 56 per cent of deals - also a record.

And among home movers, one in three (33 per cent) take out 30 year-plus mortgages.

UK Finance said going for a longer-term deal may be 'a choice rather than a necessity' as some borrowers opt for them to keep monthly costs down even if they can borrow over the shorter term.

And it said they would have the option to shorten the term at a later date.

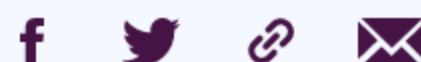
Former pensions minister Ros Altmann said: 'Given the dramatic increase in mortgage rates and high levels of house prices we have seen, it is not surprising that first time buyers have to take out longer term mortgages to have any hope of being able to afford to borrow enough to buy a first property.

'The monthly costs of a longer loan will be lower but of course in the long run they will end up paying much more to their lender as the total repayments will be higher the longer the mortgage term is.

'This means more people are likely to be still paying off their mortgages in later life possibly into retirement. This will require careful financial planning when people are assessing their working life.'

Figures published this week by the Office for National Statistics (ONS), comparing the cost of living pressures for different types of households in September, showed that mortgage holders were suffering the highest rate of cost inflation at 9.3 per cent, thanks to higher interest rates.

I owe £39,500 on my mortgage which is up next year: Should I refinance at a higher rate or pay it off? DAVID HOLLINGWORTH replies



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That compares to an 8.2 per cent average and 7.2 per cent for private occupiers.

Separate ONS figures published this summer showed the average house price in England was 8.4 times the average income in the year ending March 2022.

That was a slight improvement on the year before when the affordability ratio hit 8.7.

But it still means that housing is only half as affordable as in 1999, when the average home could be purchased by 4.4 times the average income.