

WHAT'S CHANGING?

The Help to Buy Equity Loan scheme was announced by the Government in the March 2013 budget. The scheme helps buyers to raise a deposit by providing an interest free loan of 20% (40% in London). It is currently open to all buyers i.e. first-time buyers and home movers, of new-build properties priced up to £600,000.

From 2021 the scheme will only be available to first-time buyers. In addition, new regional price caps will be introduced.

WHAT WE DID

CBRE Research analysed how the two changes will impact housing markets across England.

1. First-time buyers only

Using 2018 Help to Buy sales data, we identified the extent to which the scheme has been used by home movers to estimate the impact on new-build sales post-2021.

2. New price caps

Using Land Registry data, we analysed first-time buyer prices across the country and added a new-build premium. This gave an estimation of the average price of a new-build home bought by first-time buyers.

We then applied CBRE regional house price forecasts to project these prices to 2021. The results show which local authorities will be priced above the new price caps in 2021.

WHAT WE FOUND

Based on previous levels of transactions, excluding home movers from the scheme could reduce overall new-build sales by 9%. The largest impact would be in the East Midlands where 26% of Help to Buy sales in 2018 were to home movers.

Our analysis shows that there are local authorities in all regions where the current new-build first-time buyer price is already above the proposed cap. Overall, 15% of local authorities are currently above the cap, but this is significantly higher in some regions. By 2021 we estimate that prices in 24% of local authorities will be above the new caps.

The accompanying map sets out our high-level findings. To discuss our research in more detail, please do not hesitate to get in contact.

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SOURCES

HM Treasury; Budget 2018; Ministry of Housing, Communities & Local Government, Help to Buy (equity loan scheme) statistics; Land Registry



19%

The proportion of Help to Buy transactions that were home movers since the scheme's inception



9%

The proportion of total new-build sales that were accounted for by home movers using the Help to Buy scheme, in 2018



26%

Since the scheme's inception, the highest proportion of home mover Help to Buy sales has occurred in the East Midlands



15% → 24%

Based on our calculations, 15% of local authorities are currently priced above the new caps. This is estimated to increase to 24% by 2021

North East	
New Price Cap	£186,100
Total Help-to-Buy Transactions	13,805
Home movers using Help-to-Buy	15% (2,026)
Local Authorities Impacted in 2018	25% (3/12)
Local Authorities Impacted in 2021	25% (3/12)

Yorkshire & The Humber	
New Price Cap	£228,100
Total Help-to-Buy Transactions	19,155
Home movers using Help-to-Buy	17% (3,238)
Local Authorities Impacted in 2018	24% (5/21)
Local Authorities Impacted in 2021	29% (6/21)

East Midlands	
New Price Cap	£261,900
Total Help-to-Buy Transactions	24,160
Home movers using Help-to-Buy	26% (6,259)
Local Authorities Impacted in 2018	20% (8/40)
Local Authorities Impacted in 2021	43% (17/40)

North West	
New Price Cap	£224,400
Total Help-to-Buy Transactions	26,469
Home movers using Help-to-Buy	18% (4,657)
Local Authorities Impacted in 2018	18% (7/39)
Local Authorities Impacted in 2021	23% (9/39)

East of England	
New Price Cap	£407,400
Total Help-to-Buy Transactions	26,782
Home movers using Help-to-Buy	21% (5,733)
Local Authorities Impacted in 2018	13% (6/47)
Local Authorities Impacted in 2021	26% (12/47)

West Midlands	
New Price Cap	£255,600
Total Help-to-Buy Transactions	22,968
Home movers using Help-to-Buy	21% (4,827)
Local Authorities Impacted in 2018	30% (9/30)
Local Authorities Impacted in 2021	50% (15/30)

London	
New Price Cap	£600,000
Total Help-to-Buy Transactions	16,738
Home movers using Help-to-Buy	5% (805)
Local Authorities Impacted in 2018	18% (6/33)
Local Authorities Impacted in 2021	18% (6/33)

South West	
New Price Cap	£349,000
Total Help-to-Buy Transactions	25,023
Home movers using Help-to-Buy	20% (4,946)
Local Authorities Impacted in 2018	3% (1/37)
Local Authorities Impacted in 2021	5% (2/37)

South East	
New Price Cap	£437,600
Total Help-to-Buy Transactions	35,864
Home movers using Help-to-Buy	21% (7,420)
Local Authorities Impacted in 2018	6% (4/67)
Local Authorities Impacted in 2021	10% (7/67)

