

How important is the Bank of Mum and Dad for first-time buyers?

"Family support is nothing short of essential in today's market"



By Jake Carter

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In a market beset by challenges for first-time buyers, the increasing importance of family assistance is clear to see.

Parents are expected to provide £17 billion in gifts and informal loans this year, with most transfers from the over-50s to children in their late 20s and early 30s, according to the Institute for Fiscal Studies.

Mortgage Introducer spoke to Gary Bush (pictured), financial adviser at MortgageShop, an online service provided by whole of market independent mortgage brokers, to discuss to what degree the Bank of Mum and Dad could make a difference.

Bush said he advocates for the active involvement of parents, and even grandparents, in the journey toward homeownership.

"From my standpoint, this family support is nothing short of essential, particularly for first-time buyers who often face limited opportunities to step onto the property ladder without assistance from relatives," he explained.

Bush said leveraging gifts from family members for deposit funds is something he frequently encourages clients to utilise.

Paired with Shared Ownership arrangements, he suggested, this strategy enables applicants to access larger properties that might otherwise be considered out of reach.

For instance, Bush said integrating financial support from family members allows individuals to make the leap from a two-bedroom property to a more spacious three-bedroom residence.

Reflecting on the evolution of property acquisition, Bush acknowledged that older relatives were fortunate to enter the market during times when massive income-to-loan multiples were not as crucial for first-time buyers.

"This historical context underscores the [contrasting challenges faced by the current generation](#) of property seekers; consequently, supporting younger relatives in their pursuit of homeownership becomes not just an option but a necessary and impactful activity," he pointed out.

The use of gifts from relatives as deposit funds, Bush said, serves as a practical approach to address the financial constraints faced by many first-time buyers.

"This strategic infusion of family resources not only aids in overcoming initial hurdles, but also enables a more substantial entry into the property market," he said.

Furthermore, Bush emphasised the synergy between family gifts and Shared Ownership, a mechanism that proves instrumental in expanding housing possibilities.

Considering the broader societal impact, he recognised that the Bank of Mum and Dad, or Gran and Grandad, acts as a stabilising force in an otherwise competitive and challenging real estate landscape.

The intergenerational support system, Bush acknowledged, not only addresses immediate housing needs but also fosters a sense of family solidarity.

"The older generation, having navigated a different economic landscape, becomes a [valuable resource for younger relatives](#) facing contemporary hurdles in the property market," he said.

In advocating for the continuation of this family support, Bush believes that it is not just a financial transaction but a meaningful engagement that bridges generational gaps.

The experiences of older relatives, he added, serve as a guide for the younger

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conort, offering insights and strategies to navigate the complexities of property acquisition in the current economic climate.

"In conclusion, my perspective underscores the indispensable role of the Bank of Mum and Dad, and grandparents, in facilitating homeownership, especially for first-time buyers; the fusion of family gifts, Shared Ownership, and the wisdom passed down from older relatives, collectively contribute to a more accessible and supportive path to property ownership," summed up Bush.

How important is the role of the Bank of Mum and Dad in today's market for first-time buyers? Let us know in the comment section below.

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