

National Perspective

About Connells Group

A subsidiary of Skipton Building Society, Connells Group is the UK's largest estate agency and property services provider.

Founded in 1936, the Group combines residential sales and lettings expertise with a range of consumer and corporate services.

With over 1,200 sales and lettings branches across the country, we observe the housing market at close range and in real time.

We track changes day by day using up-to-date data. Insight and analytics help us understand what's happening now and what it may indicate next.



Market share



Local brands



Local branches



Property sales a year

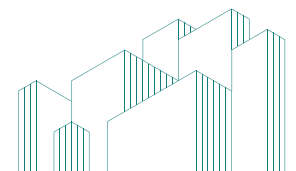
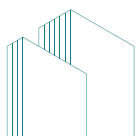


Connells Group Shared Ownership property sales

Figures quoted for full year 2025, correct as of February 2026, based on internal data.

Introduction

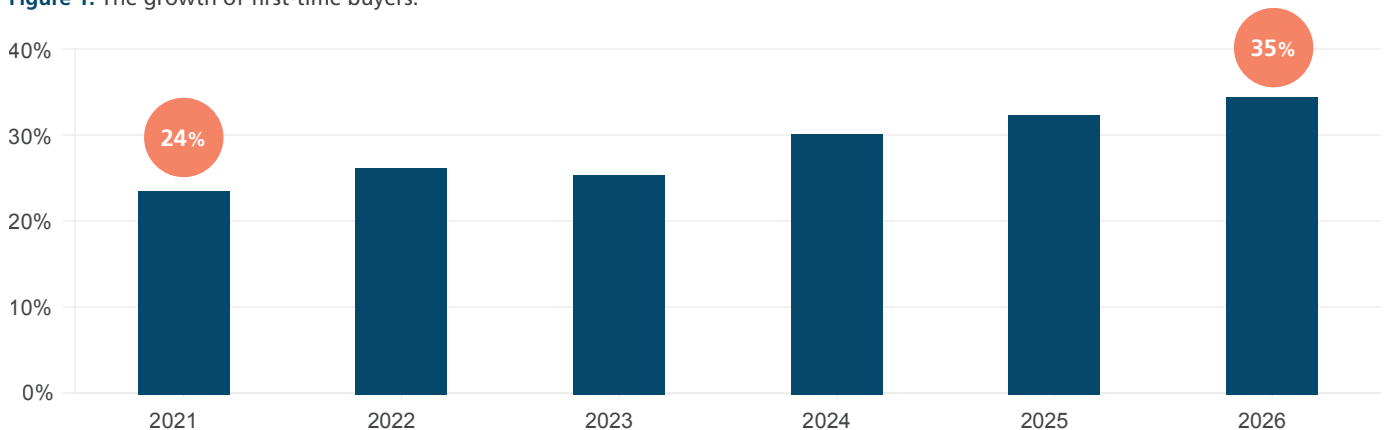
2025 was a pivotal year for British first-time buyers, who make up a large share of the Shared Ownership market. A sequence of interest-rate cuts brought the Bank of England base rate down to 3.75%, giving lenders more scope to price competitively and broaden product choice. Average rates on higher LTV mortgages also fell, improving access for buyers with smaller deposits. Affordability pressures eased further as guidance shifted; in May, the Financial Conduct Authority urged lenders to review and, where appropriate, relax their 2008-era affordability stress tests, which have typically been most restrictive at higher LTVs.



First-time buyers

Early 2026 data points to a stronger first-time buyer presence. In Q1 2026, first-time purchasers accounted for 34.7% of all purchases (**Figure 1**), up from 26.4% in 2023, when borrowing costs peaked, and 18.2% a decade ago. This partly reflects existing owner-occupiers moving less frequently; as their share has trended down, first-time buyers have taken a larger proportion of transactions. The largest annual increase was in the North East, where average house prices remain the lowest. London, at the other end of the price spectrum, recorded the highest share this quarter, suggesting demand has remained strong despite tighter affordability.

Figure 1: The growth of first-time buyers.

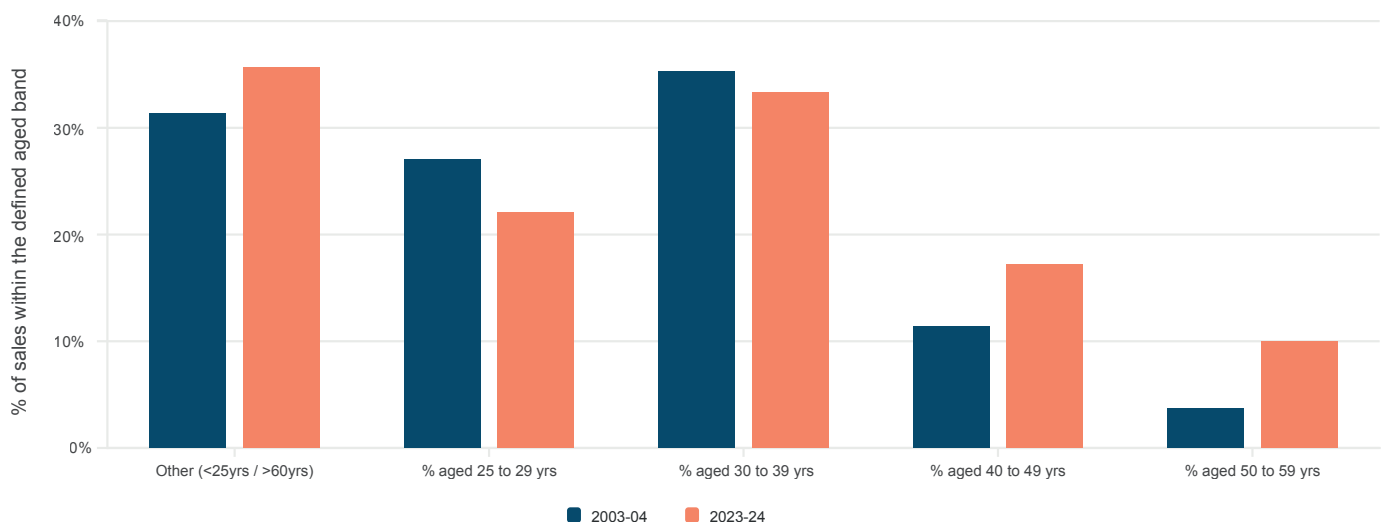


Source: Connells Group Research

An older cohort

Affordability pressures persist, and one factor is the rising age profile of Shared Ownership buyers. As the chart shows (**Figure 2**), the share of sales to buyers aged 40 and above increased from 15.1% in 2003/04 to 27.2% in 2023/24. This suggests a shift towards households that may already include established families, often with greater space requirements. Larger Shared Ownership homes typically come with higher monthly outgoings across the mortgage, rent on the retained share, and service charge. As a result, location and relative market value play an important role in buyers' decision-making.

Figure 2: The buyer age change of Shared Ownership properties.

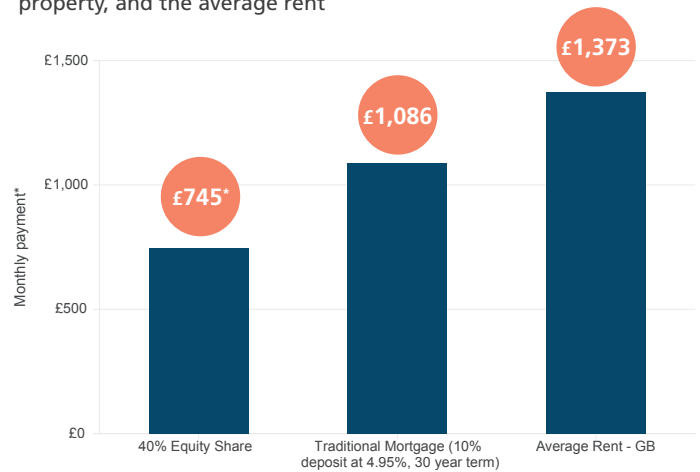


Source: MHCLG / Connells Group Research

Shared Ownership can still be cost-effective compared with more traditional options. On average monthly outgoings, the cost of a 40% equity share is £745, below £1,000. A conventional mortgage payment, based on the average first-time buyer price of £226,000 across Great Britain, sits slightly above that level at £1,086, while renting is highest at £1,373pcm (Figure 3).

Rental costs also vary widely by region, from an average of £2,305pcm in London to £823pcm in the North East. Overall, the figures underline the widening gap between renting and owning, and help explain why Shared Ownership remains an attractive route for some households.

Figure 3: Monthly cost comparison of 40% shared-ownership mortgage, a full mortgage on a £226,000 first-time buyer property, and the average rent



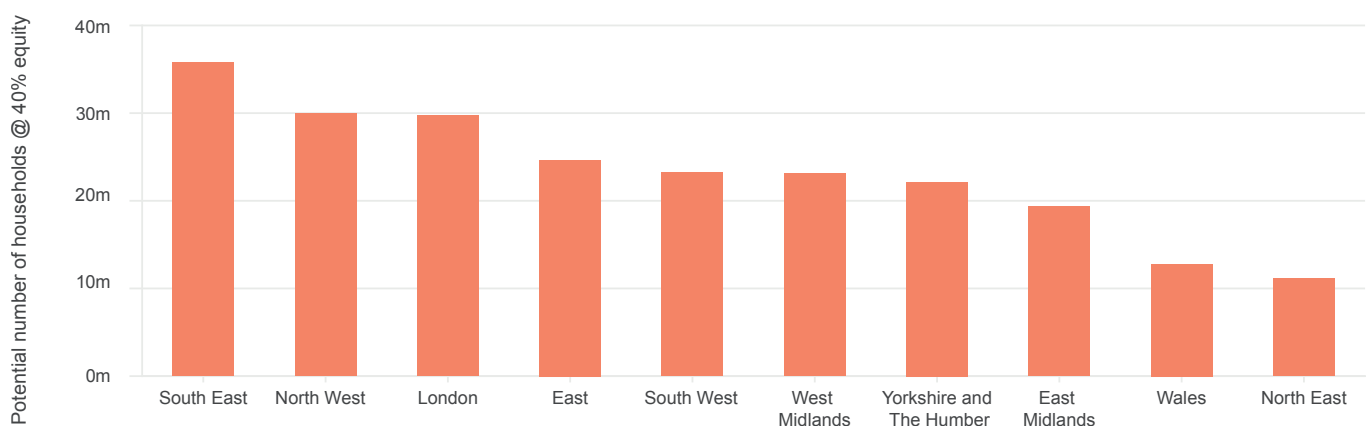
Source: Connells Group Research

*Assumption: Mortgage at 4.95%, 30-year term, 10% deposit, rent at 2.75% retained equity, excl. service charge.

Where is least affordable?

The chart shows the potential demand pool for Shared Ownership by region, measured as the number of households able to afford a 40% equity stake (Figure 4). As expected, the South East and London have the joint-highest number of eligible households, despite higher average prices. The North West also ranks highly, with the third-largest pool; affordability in and around Manchester, a major employment centre, is likely to be a contributing factor. By contrast, the North East has the smallest number of households able to reach this threshold, even though it recorded the lowest average first-time buyer house price of £143,000 at the end of 2025.

Figure 4: Potential household demand pool that can afford a 40% Shared Ownership property.



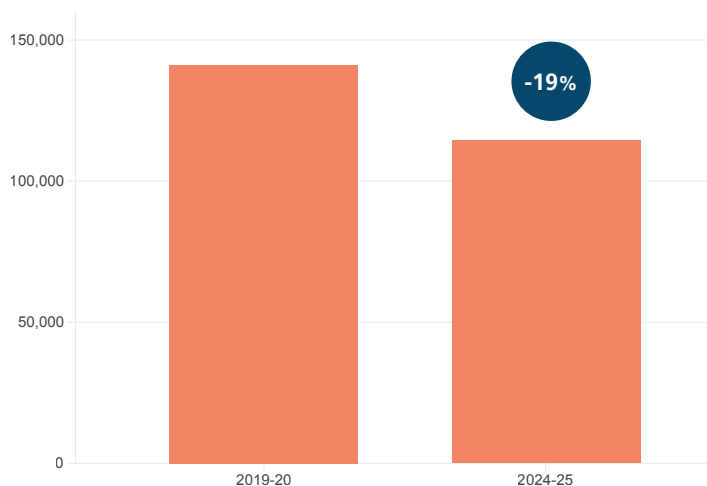
Source: Office for National Statistics, Connells Group Research

Constricted supply

While demand from first-time buyers remains resilient, the delivery of new supply continues to face headwinds. Higher borrowing costs, increased materials and labour costs, and a complex planning system all affect developers' ability to bring forward new stock.

Office for National Statistics data shows private enterprise completions fell by 19% between 2019/20 and 2024/25 (Figure 4). The decline was most pronounced in the South East (-30%) and was also significant in Yorkshire and the Humber (-27%).

Figure 4: The reduction of private completions.



Source: Office for National Statistics

Policy

In late March, the National Audit Office published its review of Shared Ownership. It found that Shared Ownership is now the most common affordable housing model, following the end of Help to Buy and limits on Right to Buy, but identified clear areas for improvement. The report highlighted gaps in data and the complexity of staircasing, both of which can make the product harder for customers to navigate. It also noted that some buyers may underestimate longer-term risks, including rising service charges and rent increases. Recent legislation, including the Leasehold and Freehold Reform Act and the Renters Rights Act which strengthens leaseholder and tenant rights, but progress has been gradual. Looking ahead, expectations are likely to increase for the 2026–2036 Social and Affordable Homes programme, particularly around transparency and affordability. In the near term, this reinforces the value of clear guidance from trusted, well-informed advisers.

Outlook

The conflict in Iran has complicated the outlook for UK monetary policy. Disruption to global trade has pushed up prices and added to inflationary pressure. At the start of 2026, markets were pricing in two to three 0.25% cuts to the Bank of England base rate by year-end; by late April, expectations had shifted towards the possibility of one to two increases. With the path still uncertain, lenders have repriced and withdrawn a large number of products. In the months ahead, first-time buyers may face a tighter lending environment than earlier in the year suggested. Even so, demand is likely to remain, particularly around major employment centres. With new-build completions weakening, meeting this demand will require additional routes to supply. Options discussed include extending Shared Ownership beyond the new-build market; for example through a revival of 'Do-It-Yourself' Shared Ownership, while the sector also faces growing pressure to develop a stronger secondary resale market.

Figure 6: Summary table by region.

Region	% share FTB	Rent (new lets)	FTB Price (Feb 26)	Conventional Mortgage / 10% deposit / 4.95% interest rate / 30-year term	SO Total Monthly Payment *
East Midlands	35%	£999	£205,000	£985	£676
East of England	37%	£1,260	£276,000	£1,326	£910
London	50%	£2,305	£463,000	£2,224	£1,526
North East	24%	£823	£143,000	£687	£471
North West	33%	£1,028	£188,000	£903	£620
South East	34%	£1,465	£297,000	£1,427	£979
South West	31%	£1,247	£247,000	£1,187	£814
West Midlands	42%	£1,087	£208,000	£999	£686
Yorkshire and The Humber	25%	£917	£182,000	£874	£600
Wales	27%	£879	£181,000	£870	£597
Scotland	30%	£1,014	£153,000	£735	£504
Great Britain	35%	£1,373	£226,000	£1,086	£745

Source: Connells Group Research / House Price Index

***SO Mortgage Payment:** This illustration is based on the total monthly payment for a straight repayment mortgage, including both interest and payment towards the capital loan amount over the selected years. APRs vary according to how your mortgage payments are arranged. Interest rate is calculated at 4.95%. **Rental Payment:** The illustrated rent is based on 2.75% on the retained equity. **Assumed repayment years:** 30 years repayment. Service charge excluded.

Expand your knowledge

Connells Group Research Consultancy, provides bespoke analysis and commentary for the UK residential sector. Utilising the latest insight from our unrivalled, exclusive access to Connells Group data, we will help you successfully navigate the property market across the UK. research@connellsgroup.co.uk

Affordable Housing Solutions

Speak to us to find out more and how we may be able to help you achieve your objectives in an ever-changing landscape.

Roy Hind, Group Affordable Housing Director

roy.hind@connellsgroup.co.uk | 07590 312522 | Housing Association Services - Connells Group

