



95% LTV shared ownership mortgages: what you need to know

The shared ownership sector has gained some real traction recently, with more and more lenders offering raised LTV criteria on newly built homes. Several big-name lenders now offer 95% LTV shared ownership mortgages on new builds as the market continues to make homes as accessible as possible to prospective first-time buyers. With industry giants Halifax recently following suit in the shared ownership space – we explore what you need to know when it comes to getting a shared ownership mortgage.

What is shared ownership?

Shared ownership is a scheme utilised if you can't afford all of a deposit and monthly mortgage payments for a home that meets your needs. It involves you buying a share of a property while paying rent to a landlord for the remaining share. As long as you purchase a share between 25% and 75% of a home's full market value, you could be a prime candidate for such a mortgage. You would pay proportionate amounts of rent and mortgage repayments relating to the split of the ownership. You can then purchase more of the home in the future (known as staircasing) which would see your rent

decrease as the landlord owns less of the overall property.

Who buys shared ownership homes?

Shared ownership is classed as affordable housing and so it comes as no surprise that around 80% of shared ownership properties were bought as first homes in both 2020 and 2021. Over half (52%) of shared ownership homes were purchased by households consisting of one adult, as the scheme is one of the few affordable methods for buying a first home on a single income. 29% of homes were bought by households of two adults and 13% by households with children.

Crunching the numbers

Recent data from the department of levelling up shows that the average price of a shared ownership home was £275,100 in 2021, with an initial equity stake of £109,800 (41%) and an average deposit of £17,700. In terms of rising prices, the average for shared ownership homes have risen by 67% over the last 12 years – at a similar rate as the wider market.

The shared ownership space continues to grow in popularity, with the likes of Leeds Building Society and Halifax offering 95% LTV mortgages as more and more buyers look to affordable housing. As house prices remain high and the cost-of-living crisis continues to tighten the purse strings for millions of households up and down the country, it may be worth considering how shared ownership could benefit you or your loved ones.

*The mortgage noted are correct at the time of going to press [enter date] but can be withdrawn at short notice.



If you'd like to discuss the options available to you, contact your adviser today.