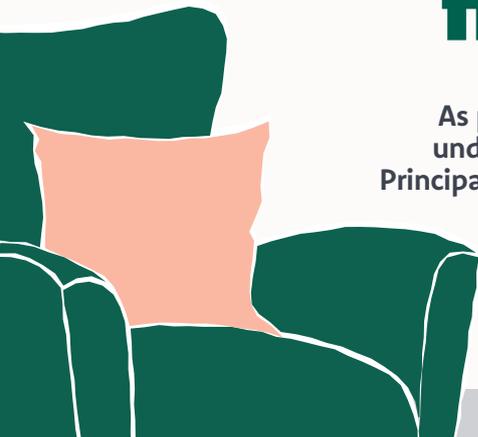




Principality research identifies mortgage brokers as a key ally for first time buyers

As part of its commitment to FTBs and to continue to understand more about their home buying experience, Principality has partnered with Verve, a global market research agency, to undertake a closer look at FTBs.





UK Finance data shows that the number of first home owners in 2023 reached its lowest figure in a decade*, suggesting that the goal of home ownership has become increasingly challenging for first time buyers.

To support them, Principality has adapted its first time buyer (FTB) offer and, in 2023, the Building Society helped over **8,000** FTBs purchase their first home. Up from **4,587** in 2022.

Our mortgage data shows that this group are selecting a range of different strategies as they looked for alternative options to secure their first home.

Of buyers engaging with Joint Borrower Sole Proprietor, Shared Ownership and Gifted Deposits mortgages **between 71 and 80%** are first time buyers (Principality Building Society, 2023).

'We understand the challenge buyers are faced with in the current climate. Our research with Verve will help us shape our future product and proposition development. It also highlighted the role brokers play and their importance as borrowers are looking for certainty, support and solutions to help them take their first steps towards home ownership.'

The research has explored their experiences at various stages of their home buying journey and how and why they use mortgage brokers.

We hope you find the findings helpful.'

Helen Lewis, National Intermediary Manager.

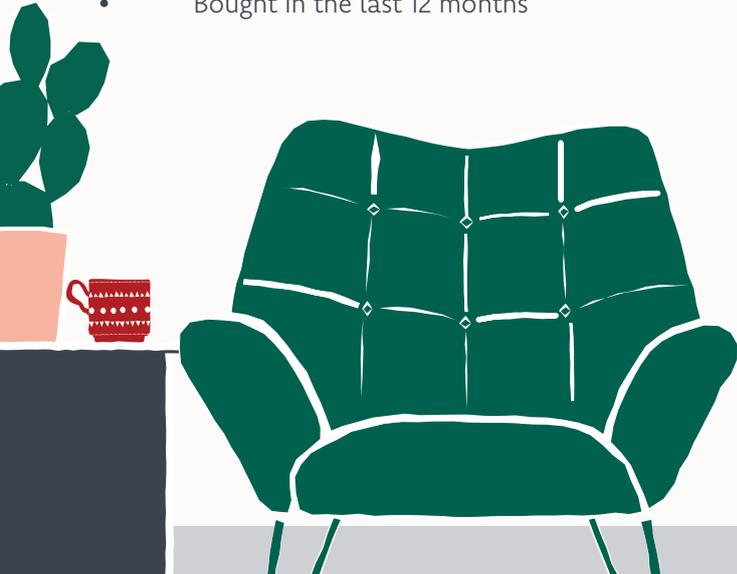
*Source –UK Finance via FT

Who we spoke to

We spoke to 40 FTBs from across the UK with a mix of ages, gender, life stages and financial confidence.

The participants were split evenly across these different stages:

- Early stages
- Taking steps to save
- Deposit saved and actively looking
- In the process of buying
- Bought in the last 12 months



How did intermediaries fit into the first time buyer experience?

The % of FTBs using mortgage brokers has risen from 79% in 2020 to 88% in 2023**.

What we found: Key headlines

- The research showed a growing reliance on mortgage brokers to provide additional support for FTBs to navigate the market and the challenges they face.
- FTBs rely on mortgage brokers both emotionally and practically to help them achieve their home ownership dreams. There's an expectation to take the 'heavy lifting' away from the buyer.
- Whilst experiences with Mortgage Brokers are typically more positive than those with Estate Agents and Solicitors, there is still room for improvement.

What we found

The research indicated that, broadly, there are five types of first time buyers:

FTBs taking a first leap onto the ladder	FTBs making the most of their opportunity	FTBs who are establishing roots	FTBs looking for change to meet their specific needs	FTBs looking to catch up
What they typically look like				
<ul style="list-style-type: none"> • In their 20s • Working full time, just starting out in their career • Headstrong, determined and financially confident • Highly motivated • Actively embarking on the first step in their homebuying journey • Views home purchase as a milestone towards adulthood and independence 	<ul style="list-style-type: none"> • In their 20s or 30s • Have financial support from family • Close family ties • Homebuying isn't a priority but a sensible next step • Flexible and willing to compromise 	<ul style="list-style-type: none"> • 25-40 years old • Full time workers in settled jobs • Buying with a partner • Looking to grow a family and build foundations • Embarking on a new chapter • Looking for a home to fit their aspirations • Affordability is less of a barrier • Support and advice is available from family. 	<ul style="list-style-type: none"> • Over 30 years old • Embarking on the home owning journey later in life • They think are behind and this is something that must be done • Working full time • No family support • Are cautious in making a decision; • Have very specific needs; and are • Reluctant to compromise 	<ul style="list-style-type: none"> • Over 30 years old • Working part time • Juggling childcare • Single • First in their family to buy a home • Homeowning is a goal but they are struggling to save • Feel they are late to buy a home



Each needing different types and levels of support

FTBs taking a first leap onto the ladder	FTBs making the most of their opportunity	FTBs who are establishing roots	FTBs looking for change to meet their specific needs	FTBs looking to catch up
Be their NAVIGATOR	Be their MOTIVATOR	Be their PROBLEM SOLVER	Be their CHAMPION	Be their ALLY
Needs little guidance and support, just a little hand holding along the journey.	Needs support, a little push to learn and become a confident FTB navigating the journey.	Needs support navigating the process, overcoming obstacles and making compromises.	Needs guidance and support every step of the way.	Needs support, empathy and encouragement as they are a nervous first time buyer.



What does a good broker experience look like?

As a group, first time buyers identified the features they thought represented a good broker service. The three key elements were sharing their expertise, saving time for buyers and being available. They also gave examples of what that looked like:

Effective Delivery		
	Positive Experience	Positive Outcome
Sharing Expertise	Answers 'silly' questions, informs of next steps.	Clients feel supported and informed.
Saving Time	Take on the admin and bureaucracy.	Smooth process and at pace.
Being Available	Single point of contact readily available. Clear and direct communication.	Helps build a relationship. Easy to reach any time, helpful during high-importance process stages.

They also outlined the softer skills that represented a good experience.

Empathetic Service		
	Positive Experience	Positive Outcome
Patient	Gives client space to digest info.	Clients feel in control.
Attentive	Knowledge and understanding of both case and client.	Clients are confident in the process, feel understood and listened to.
Impartial	Transparent, offers variety and range of advice and options.	Advice is considered trustworthy.



What qualities do FTBs value in brokers?

Personable	Seen as approachable and warm; they walk FTBs through the process, especially independent Brokers. Seen to really listen to the FTB's story to create more custom options and consider all needs.
Knowledgeable	Explaining the more technical terms to FTBs. Keeping up to date with interest rates and providing confidence through their wealth of knowledge.
Responsive	Typically always accessible and in constant communication about the process, with some still present beyond the end of the journey.
Trustworthy	Not pushy on what options to go with and give FTBs time to decide what is best for them. Brokers feel like real advocates for FTBs.
Helpful	Some mention their Brokers playing a central role in their journey, including project managing the other intermediaries to keep progress going.

"It's been invaluable to have somebody that is aware of the ins and outs of the process, and they know the terminology. But also, somebody that is fighting your corner."

Female, 32, In the process of buying, South East England

"Our broker takes the time out of his day to speak to us. Little things like just asking how we are and how our week has been. It's that personal touch that makes them feel like people and not robots."

Female, 26, In the process of buying, North West England

Why some FTBs do not use brokers

On occasion first time buyers do not use a broker. They outlined a number of reasons for this (shown below).

High upfront fees	Poor initial service	Lack of flexibility	Limited product options
Not tailoring to individual circumstances	Limited advice or recommendations	High price point (overall)	Incorrect information provided

- FTBs with more support, time, confidence and financial means are generally less reliant on intermediaries, they feel they are in a good position to navigate their journey without a Broker.
- In some cases, poor initial interactions with a Broker informed their decision to 'go it alone', with largely (but not universally) positive results.
- FTBs aren't always aware of intermediaries and their role in choosing them.
- Not all intermediaries are catering to the varying individual circumstances of FTBs.



Our next steps

In the Autumn, we'll showcase the range of mortgage options we have that make home ownership more accessible for the different types of first time buyers identified by the research.

Please look out for them.

**For more information get
in touch with your local BDM**



0330 333 4021



[principality.co.uk/intermediaries](https://www.principality.co.uk/intermediaries)