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## First-Time Buyers Borrow More as Lenders Ease Limits

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First-time buyers are stretching their borrowing capacities as lenders increase loan offers, amid rising house prices and tough affordability challenges across the UK. New figures reveal that borrowing limits are being pushed higher as buyers try to keep pace with an increasingly unforgiving property market.

Data from Acre, a mortgage and protection platform, suggests that buyers entering the housing ladder are now being offered significantly more than they originally sought. So far in 2025, the average maximum loan offered to first-time buyers is 1.57 times greater than the

amount requested, up from 1.49 times in the past quarter. This shift signals a growing flexibility from lenders keen to maintain market activity despite the headwinds.

The average loan size for a first-time buyer (FTB) has climbed 5% year-on-year, rising to £240,299 in the first half of 2025, compared to £227,717 during the same period in 2024. However, this uplift in borrowing power has not kept pace with house prices, which have jumped 6.7% according to May figures from the Office for National Statistics (ONS). Despite stretching further, FTBs are still falling short of keeping up with inflation in property values, leading to a drop in loan-to-value ratios.

Shared ownership properties, often touted as a more affordable route onto the housing ladder, remain a less burdensome option for some. The average loan agreed on such properties is £111,890, with a loan-to-income (LTI) ratio of 2.46 times, notably lower than the 3.40 times for buyers using traditional means.

## Regional Divide

A stark geographical divide remains across the UK. London and the South East continue to see the highest borrowing against income, with an average LTI ratio of 3.65 times. In particular, outer London postcodes such as Bromley (BR), Croydon (CR), Southall (UB), Enfield (EN), and Sutton (SM) are seeing even higher pressure, with Southall topping the list at a 4.16x LTI. First-time buyer loans in these regions exceed £250,000 on average, a significant jump compared to the national average of £189,000 outside these areas.

In contrast, buyers in the North are borrowing more conservatively. Most northern areas, excluding Cumbria and Newcastle, sit comfortably below a 3x LTI ratio, pointing to a more cautious approach. The Midlands and Southern England (excluding Greater London) show a more mixed landscape, with both high and low borrowing levels depending on local factors such as job markets and housing availability.

Despite showing a relatively modest average LTI ratio of 2.86 times, Scotland has one of the highest loan-to-value figures in the country, with FTBs borrowing an average of 82% of the property's value. The average loan in Scotland stands at £167,508. Meanwhile, Wales mirrors this trend with an 82.2% loan-to-value ratio and an average FTB loan size of £180,013.

Commenting on the data, Acre noted: “Our findings lay out the crippling affordability challenges faced by many first-time buyers, being forced to borrow more, particularly in areas with a strong jobs market and in emerging expensive rural locations. Brokers are constantly navigating these choppy affordability waters for their clients, equipped with the responsibility of securing the best-suited mortgage without putting any undue pressure on them.”

A separate trend is emerging in the remortgage market. Borrowers seeking remortgage products are receiving an average of 10.3 offers per application, with lenders willing to lend up to 180% of the requested amount. Those opting for interest-only remortgages are seeking notably higher loans averaging £343,000, compared to £238,000 for standard repayment loans, suggesting some homeowners may have borrowed too aggressively in previous years.

As affordability continues to diverge between regions and property types, the burden on first-time buyers is unlikely to ease any time soon. With lenders showing greater flexibility, the question now is whether this support can genuinely offset the growing imbalance between incomes and property prices.