

2026 Budget: Your First Home

Residential Development – England – October 2026

savills

Welcome support for new build sales

The Chancellor confirmed a new first-time buyer support scheme for the new build market in the Autumn Budget - Your First Home. Buyers are able to pre-register for the scheme from December, with the first sales supported by it, completing in April 2027.

Key takeaways

- With £4.7bn of funding announced, we expect the scheme to support around 65,000 new home sales over five years.
- Local authority level price caps mean that the scheme should be effective across the country, unlike the final version of Help to Buy.
- Housebuilders may have to adjust their product towards smaller homes to fit within the caps.
- In London, we expect Your First Home will only be effective in outer boroughs.

Who is the scheme for?

Unlike Help to Buy, buyers who wish to use Your First Home will need to have a household income that falls under a cap, set at:

- £140,000 in London
- £110,000 in the rest of England

These caps mean the scheme does not overly restrict the number of buyers who could be eligible. In the final year of Help to Buy, the average applicant household income was £74,000 in London and £56,000 in the rest of England.

Even in a higher interest rate environment, where home ownership has shifted towards those higher up the income distribution, the current average first-time buyer and new build buyer income is below the cap in every region in England. Kensington and Chelsea is the only local authority where the current average first-time buyer income significantly exceeds the cap.

Buyers will have to contribute a deposit of at least 2.5% and no more than 15%. The government will provide a 20% equity loan alongside this deposit, which is interest-free for the first five years.

The minimum deposit requirement is on average a quarter of current first-time buyer deposits, meaning that more buyers will be able to access home ownership without spending years saving for a deposit. With the average first-time buyer age rising to 33 in recent years, this should help widen the pool of potential buyers for new build homes.

Which homes will be eligible?

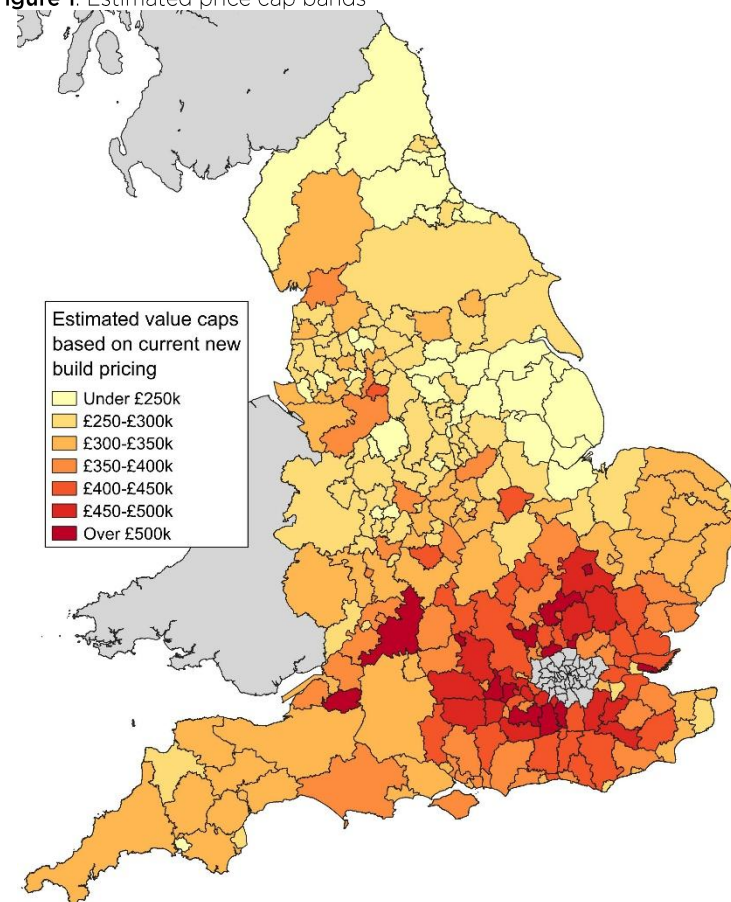
In London, price caps have been set at £650,000 in Inner London, and £500,000 in the outer boroughs. In the rest of England, caps will be set with reference to median new build values over the last five years at a local authority level. The government is expected to publish the detailed figures in the coming days; our estimate of the caps is shown in Figure 1.

As the caps are set on a local authority basis, the scheme should support sales across England. This contrasts with the final iteration of Help to Buy, where the blunt instrument of regional caps effectively closed the scheme early in some local areas.

However, the government states that the scheme is designed to support buyers to purchase “modest” homes. We think in practice this means developers will need to deliver smaller two or three bedroom homes to fit within the price caps.

We think there is plenty of capacity for new build product to adjust to align with these caps, particularly outside London; the average new home built since 2023 has been 7.5% larger than those sold during the lifetime of Help to Buy. But it may take some time to replan schemes to fit these new parameters.

Figure 1: Estimated price cap bands



Source: Savills Research analysis of HMLR

What is the likely take up?

We think the main limitation of the scheme is the amount of funding available. £4.7bn has been allocated over five years, with HM Treasury expecting that £700m of loans will be issued in the first year of the scheme, rising to £1bn per year thereafter.

We think that this funding has the potential to support 65,000 new build transactions over the next five years. As with Help to Buy, it will take some time for the scheme to ramp up to full capacity. We expect transactional activity across the housing market will be limited in 2027 as mortgage rates are forecast to stay above 5%

across the year. There is also a lack of supply coming through the pipeline, with private enterprise starts in 2025-26 down 32% compared with 2021-22 levels, and planning consents remaining low over the last year.

As a result, we expect that the number of Your First Home sales will ramp up from mid-2028. This will be driven by a combination of lower mortgage rates, and higher volumes of sales outlets, as the 2024 planning reforms finally lead to greater numbers of consented sites.

Figure 2: Estimated number of Your First Home completions

	Your First Home Completions
2027-28	5,000
2028-29	10,000
2029-30	17,500
2030-31	17,500
2031-32	15,000

Source: Savills Research

The land market and development activity

We expect that Your First Home will provide housebuilders with increased certainty around sales rates, and in the medium term, will boost demand in the land market. However, with the scheme not coming into effect until the start of Q2 next year, new build sales rates are expected to remain low over the next few months.

As a result, developers will maintain their highly selective approach to land acquisitions in the short term, and there is likely to be continued downwards pressure on land values in coming months.

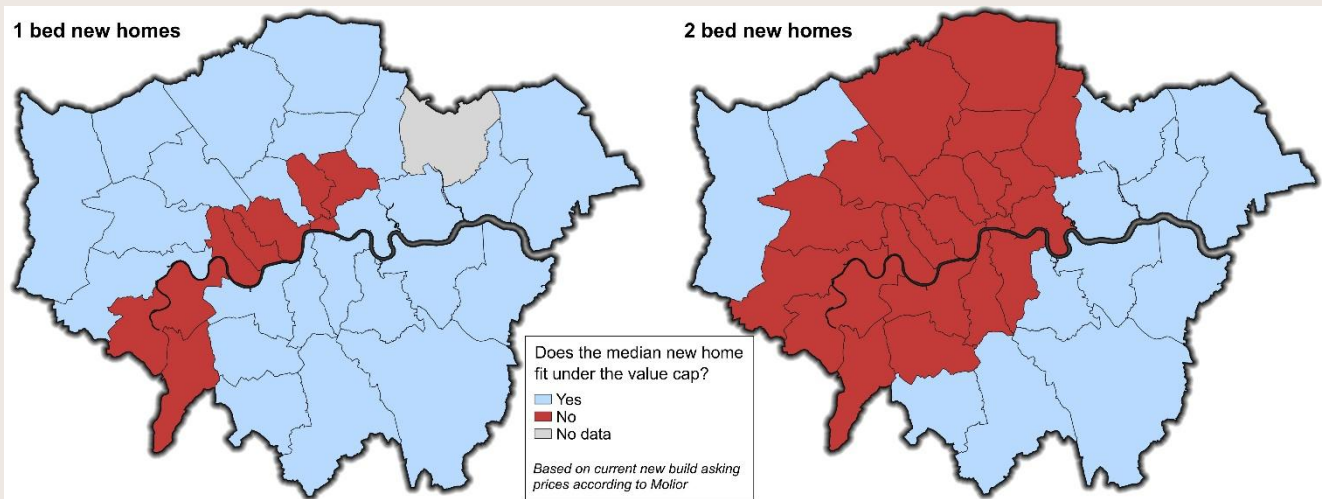
Once the scheme is operational, and there is clearer evidence of its impact on new build sales rates, we expect demand for greenfield land to improve across the country. However, the new scheme is unlikely to be transformative for the urban land market, unless wider viability pressures also ease.

We don't think Your First Home will boost volumes by the same amount as Help to Buy. But it will provide welcome support to the new homes sales market. We expect that new build completions in England will climb to around 190,000 per year from 2029-30, thanks to the scheme, alongside an improving economic outlook and increased land supply. This would be a 25% increase against anticipated completions in 2026-27.

Solving London's challenges?

The price caps for the capital have already been confirmed as £650,000 in Inner London and £500,000 in Outer London, with an income cap of £140,000. The income cap is well above the 2025 average first-time buyer income of £95,000, but the price caps mean the scheme will only support the sale of smaller homes in most of London.

Based on current new build pricing, the median one bedroom flat would fall under the price cap in 24 boroughs. But a first-time buyer would only be able to use the scheme to buy a two bedroom property in 12 boroughs. Your First Home will particularly help boost activity in East and South East London, but will be of limited impact in most of Inner and South West London. There will need to be a more comprehensive focus on improving development viability to significantly increase housebuilding in the capital.



Source: Savills Research, Molior



Savills Research

We're a dedicated team producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous publications, go to www.savills.co.uk/insight-and-opinion/



Emily Williams
Research Director
emily.williams@savills.com



Gaby Foord
Research Director
gaby.foord@savills.com



Patrick Eve
Head of Regional Development
peve@savills.com



Nina Coulter
Head of Residential Development Sales
ncoulter@savills.com

savills