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Article

Welcome news for first time buyers

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by **Alex Preshaw, partner heading up the Residential Property Team**

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The Stamp Duty holiday, announced in the pre-election budget, certainly sounds good news and will go a long way in helping first time buyers, but whether it will solve the problem of young people struggling to get on the property ladder is questionable. The biggest barrier to buying a first home, says Alex Preshaw, head of residential property at Phillips Solicitors, is still the reluctance of mortgage companies to hand out loans unless the buyer has a deposit of at least 20 per cent.

British mortgage approvals fell to their lowest level in nine months in February, according to Bank of England figures, in a further sign that the recovery in the housing market is fragile.

Last week's budget means that first time buyers will be exempt from paying any Stamp Duty when they purchase a home worth less than £250,000, for a two-year period. This accounts for roughly nine out of ten first time buyers* and it doubles the previous bottom threshold of £125,000. Quite how first time buyers will be identified isn't clear yet, which may be one good reason to call for a stamp duty holiday for all!

For those buyers looking at affordable housing the budget was disappointing, in that no extra funding for affordable homes was mentioned, neither was there any guarantee to ring-fence affordable housing from any planned spending cuts.

The move has been welcomed by estate agents who are anxious that the fragile recovery seen at the end of last year does not stall. The Stamp Duty holiday will hopefully give the market a

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much needed kick in the right direction for those that are able to find a deposit. It should generate demand at the bottom of the chain and stimulate the property market generally.

* The Council for Mortgage Lenders estimated that 92 per cent of all first-time buyers last year bought properties worth less than £250,000 equating to 181,400 mortgage holders. However, about half of those bought properties below £125,000 and would have benefited without any changes.

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