# London first-time buyers shift towards smaller, cheaper homes as prices remain high



First-time buyers in London are increasingly pushed towards smaller and cheaper homes as soaring house prices, changes to stamp duty, and large deposit requirements reshape the market dynamics. According to a report in The Standard, the average price for a first-time buyer home in London now stands at £420,600 — nearly double the UK average of £229,000. This stark difference is compelling London buyers to focus heavily on one and two-bedroom flats, contrasting with other regions where first-time buyers predominantly seek three-bedroom houses.

This trend reflects a broader pattern where London’s first-time buyers are searching for properties about 21% cheaper than the average house price in their area, compared with a 15% discount seen among first-time buyers elsewhere in the UK. The pressure to find more affordable homes has also led to a shift in buyer behaviour, with the stamp duty adjustments and the need for significant deposits limiting options in the capital. Encouragingly, The Standard notes a 20% improvement in affordability for London’s first-time buyers over the past six months, enabling some to consider higher-value homes in more affordable parts of the city.

In contrast, outside London, the market is witnessing stronger house price growth in the segment targeting more expensive homes among first-time buyers. Over the last year, the average price for first-time buyer homes grew by 2.4%, outpacing the UK-wide average of 1.3%. This suggests that while London faces affordability crunches, other regions are experiencing more moderate but steady growth.

Looking at broader house price trends across the UK, government data from the HM Land Registry reveals a relatively subdued market in mid-2023. Average UK house prices rose modestly by 0.5% from June to July 2023, with an annual increase of just 0.6%, placing the average property value at £289,824. The North East of England saw the most notable annual price growth at 2.7%, while the South West recorded a decline of 1.0%. Regional disparities have been consistent over the year, with London frequently exhibiting the weakest growth or even slight declines in average house prices.

For instance, earlier UK House Price Index figures showed London’s annual price change lingering around negative 0.6%, the lowest in the country, underscoring the capital’s distinct market pressures compared to other regions. This contrasts with strong growth areas like the North East, which experienced a 4.7% rise in prices in the 12 months to mid-2023. These divergent trends highlight the complexity of the UK housing market, where local economic factors, supply constraints, and buyer affordability vary widely.

The dynamics facing first-time buyers in London are thus a microcosm of a broader national housing challenge: while some areas enjoy moderate price rises and improving affordability, London continues to grapple with entrenched high prices that force buyers into smaller and less expensive homes. Industry observers note that government measures, such as stamp duty reforms, though intended to assist buyers, have had mixed impacts, often benefiting those able to pay larger deposits more than easing access for new entrants to the market.

In summary, first-time buyers in London are navigating a tough housing market characterised by high prices and limited choice, resulting in a shift towards smaller, cheaper properties. Meanwhile, the rest of the UK is experiencing more moderate growth and slightly better affordability, although regional differences remain pronounced. The overall picture underscores the ongoing challenges in bridging the affordability gap for new homeowners in the capital compared to other parts of the country.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html), [[2]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html)
* Paragraph 2 – [[2]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html), [[1]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html)
* Paragraph 3 – [[1]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html)
* Paragraph 4 – [[3]](https://www.gov.uk/government/news/uk-house-price-index-for-july-2023), [[6]](https://www.gov.uk/government/news/uk-house-price-index-for-august-2023)
* Paragraph 5 – [[4]](https://www.gov.uk/government/news/uk-house-price-index-for-june-2023), [[5]](https://www.gov.uk/government/news/uk-house-price-index-for-may-2023), [[7]](https://www.gov.uk/government/news/uk-house-price-index-for-march-2023)
* Paragraph 6 – [[1]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html), [[2]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html)
* Paragraph 7 – [[1]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html), [[2]](https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html), [[3]](https://www.gov.uk/government/news/uk-house-price-index-for-july-2023), [[4]](https://www.gov.uk/government/news/uk-house-price-index-for-june-2023), [[6]](https://www.gov.uk/government/news/uk-house-price-index-for-august-2023)

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## Bibliography

1. <https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/homesandproperty/buying-mortgages/high-prices-london-first-time-buyer-smaller-cheaper-homes-b1251889.html> - An article from The Standard discusses how rising house prices, stamp duty changes, and large deposits are pushing first-time buyers in London to search for more affordable properties. While first-time buyers across the UK are looking for homes valued at 15% below the average house price in their area, those in London are searching for properties that are 21% cheaper. The average first-time buyer home costs £420,600 in London, compared to £229,000 across the UK. The article also highlights that first-time buyers in London are primarily targeting one and two-bedroom flats, whereas in other parts of the country, they tend to look for three-bedroom houses. Additionally, the article notes that first-time buyers in London have experienced a 20% boost to affordability over the last six months, enabling them to consider higher-value homes in more affordable areas.
3. <https://www.gov.uk/government/news/uk-house-price-index-for-july-2023> - The UK House Price Index for July 2023, published by HM Land Registry, shows that on average, house prices have risen by 0.5% since June 2023, with an annual price rise of 0.6%, making the average property in the UK valued at £289,824. In England, house prices have risen by 0.4% since June 2023, with the North East experiencing the greatest annual price rise at 2.7%. The South West saw the lowest annual price growth, with a fall of -1.0%.
4. <https://www.gov.uk/government/news/uk-house-price-index-for-june-2023> - The UK House Price Index for June 2023, published by HM Land Registry, indicates that the annual percentage change for average UK house prices was 1.7% in the 12 months to June 2023, compared with 1.8% in the 12 months to May 2023. The average UK house price was £288,000 in June 2023, which is £5,000 higher than 12 months ago but £5,000 below the recent peak in November 2022. The North East experienced the greatest annual price rise at 4.7%, while London saw the lowest at -0.6%.
5. <https://www.gov.uk/government/news/uk-house-price-index-for-may-2023> - The UK House Price Index for May 2023, published by HM Land Registry, shows that the average price of a property in the UK was £285,861, with an annual price change of 1.9%. The average UK house price was £286,000 in May 2023, which is £6,000 higher than 12 months ago but £7,000 below the recent peak in September 2022. The North East experienced the highest annual house price percentage change at 4.7%, while London saw the lowest at -0.6%.
6. <https://www.gov.uk/government/news/uk-house-price-index-for-august-2023> - The UK House Price Index for August 2023, published by HM Land Registry, indicates that on average, house prices have risen by 0.3% since July 2023, with an annual price rise of 0.2%, making the average property in the UK valued at £291,044. In England, house prices have risen by 0.2% since July 2023, with the North East experiencing the greatest annual price rise at 3.6%. The East of England saw the lowest annual price growth, with a fall of -1.6%.
7. <https://www.gov.uk/government/news/uk-house-price-index-for-march-2023> - The UK House Price Index for March 2023, published by HM Land Registry, shows that average UK house prices increased by 4.1% in the 12 months to March 2023, down from 5.8% in February 2023. The average UK house price was £285,000 in March 2023, which is £11,000 higher than 12 months ago but £8,000 below the recent peak in November 2022. The North East experienced the highest annual house price percentage change at 4.7%, while London saw the lowest at -0.6%.