

Is a Isa the answer to Epsom's high house prices?

28 November 2024



With the five-year anniversary of the Help to Buy ISA closure approaching, a fresh analysis has revealed how Epsom and Ewell compares to other Surrey boroughs in benefiting from this government initiative. Launched in 2015, the Help to Buy ISA offered first-time buyers a 25% bonus on their savings, helping them onto the property ladder before its closure to new applicants in November 2019.

According to research by UK conveyancing specialists Bird & Co, only 0.15% of property sales in Epsom and Ewell since 2015 involved the Help to Buy ISA. This ranks our borough 10th among Surrey's local authorities. However, a significant spike occurred in late 2021, with ISA-backed property purchases rising to 0.73% of sales in Epsom and Ewell during the final quarter of the year.

Experts attribute this spike to several factors: delays caused by the COVID-19 pandemic, which pushed completions into 2021, a rush to secure mortgage rates amid fears of rising interest rates, and confusion over the scheme's eligibility deadline. Across Surrey, such spikes were common, reflecting national trends.

Daniel Chard, a partner at Bird & Co, commented:

"The Help to Buy ISA has undoubtedly provided vital support for first-time buyers, particularly in areas with lower house

prices or greater awareness of the scheme. Epsom and Ewell's figures highlight the role of regional affordability and access to information in shaping how these schemes are utilised."

How Does Epsom and Ewell Compare?

While our borough's 0.15% average use of the scheme lags behind Surrey's leader, Reigate and Banstead (0.47%), the data tells a broader story of affordability challenges. House prices in Epsom and Ewell may exceed the limits of the Help to Buy ISA, reducing its appeal for local buyers.

The borough also saw a notable drop in ISA usage following the 2019 deadline for new accounts, with property sales using the scheme falling from 0.19% before the cut-off to 0.12% after—a 0.07% decline. This trend is consistent with other Surrey boroughs, where the closure of the scheme saw reductions in usage.

What Are the Alternatives?

For first-time buyers who missed the Help to Buy ISA window, the Lifetime ISA offers similar support, with a 25% government bonus on savings and higher annual limits. However, it's worth noting that eligibility criteria differ.

Bird & Co, who conducted the analysis, specialise in conveyancing law and offer guidance to buyers navigating government schemes. They highlight the value of understanding regional differences and tailoring advice to individual needs.

As Epsom continues to grow as a desirable place to live, schemes like these underline the importance of affordability in ensuring that first-time buyers can achieve their homeownership dreams.