

Residential experts dismiss £250m FirstBuy Direct as "negligible"

24 March 2011 | By Doug Morrison

Residential property experts have dismissed FirstBuy Direct, the £250m Budget measure for first-time buyers, as a negligible boost to the market and a questionable use of taxpayers' money.

The initiative will enable first time buyers get financial assistance to buy new-build homes, and in his Budget speech yesterday Chancellor George Osborne said the money would help 10,000 households.

But the 10,000 figure compares with 600,000 property transactions in England and Wales last year.

Marc Vlessing, director of developer Pocket, said the Chancellor's target audience was "a drop in the ocean" when an estimated 5m people are priced out of the market.

"Helping 10,000 of them is not necessarily the best use of taxpayers' money, however welcome," he said. "The government must do more to release land assets at a price that enables developers to build more affordable homes without the need for direct financial subsidy."

"This will free up money for family housing and allow the private sector to concentrate on the singles and couples market - where the private sector can deliver affordable housing without subsidy."

David Newnes, managing director of LSL Property Services, which owns the Your Move and Reeds Rains agencies, said: *"The real problem for the majority of first-time buyers is that lenders are feeling pessimistic about the economic future. This scheme will act as a fig-leaf for that uncertainty, but little more. This scheme is simply not big enough to bring relief to the majority of first-time buyers."*

Rob Bruce, Jones Lang LaSalle's head of residential research, pointed out that 10,000 buyers would represent 1.1% of total UK property transactions in 2010.

He said: *"Growing unemployment is still a concern and with anticipated interest rate rises this year the housing market will continue to come up against obstacles. The residential sector needs more significant support to make sure first time buyers can access the property market, but also ensure a stable recovery as we emerge from the financial crisis."*

Robin King, director of property advisory group Move with Us, said: *"The jury will be out on whether this new initiative from the Chancellor will be sufficient to really move the market forward, bearing in mind it affects only one part of the market and these people will still need to be assessed for loans."*

"At the end of the day, lenders will still hold the keys to unlocking growth in the wider market and we are disappointed that the Chancellor has not tackled lending practices."

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