Growing student debt stopping first-time buyers stepping on property ladder

Growing student debt will reduce the size of mortgages available to first-time buyers by as much as £30,000, experts have warned.

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Many people are unaware that student borrowing can dramatically affect an individual's ability to buy a home later on in life.
Latest figures suggest a single person, earning a wage of £35,000, could end up repaying £150 a month for their student loan – a payment that lenders could take this into account when calculating how much a buyer can borrow.

The borrower could end up only being able to secure finance of £139,000 compared to £168,000 without the student loan, according to mortgage broker Trinity Financial Group.
It comes amid a review of how university tuition fees are funded, which could result in some students finishing their studies with debts of up to £100,000.

Aaron Strutt, a broker at Trinity Financial Group, said: "Many students will not be aware that their loan will reduce the amount that they can borrow by such a large amount.

"Many lenders now base the amount they will lend on an affordability calculation, which means that loans and credit card repayments are all taken into consideration. Higher debts will simply mean that it takes students longer to pay off their loan and that they will have to wait longer to get on the property ladder."

Lenders suggested students may prefer to clear their debts before taking on a mortgage.
Bernard Clarke, of the Council of Mortgage Lenders, said: "Student debt is taken into account by some lenders, but it may also affect demand for mortgages. Some students may be more reluctant to take on mortgage commitments if they end up with more debt to complete their degree in future."