

# PRESS RELEASE



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## Number of first-time buyers highest since 2007 despite deposits doubling

- 359,000 first-time buyers in 2017, an increase for the sixth consecutive year
- Average deposit doubles in a decade from £17,740 to £33,339 in past decade
  - Average price of first-time buyer property has increased from £174,703 to £212,079 since 2007

The number of first-time buyers is estimated to have reached 359,000<sup>1</sup> in 2017, while those taking their first step on to the property ladder are putting down almost double the deposit than a decade ago, according to the latest Halifax First-Time Buyer Review.

The number of first-time buyers has gone up 6% in the last 12 months, continuing an upward trend of six years, despite the average deposit jumping from £17,740 in 2007 to £33,339<sup>2</sup> a decade later – an increase of 91%.

Halifax data revealed that although the average price of a typical first home has grown by 21% (or £37,377) from £174,703 to £212,079, first-time buyer levels have almost returned to those last seen in 2007, when 359,900 took their first step on to the property ladder.

This is an increase of 87% compared to an all-time low of 192,300<sup>2</sup> in 2008 and is now just 11% below the most recent peak of 402,800 in 2006. First-time buyers now account for half of all house purchases, with a mortgage, an increase from 36% a decade ago. (See Table 1)

**Russell Galley, Managing Director, Halifax said:** “A flow of new buyers into home ownership is vital for the overall wellbeing of the UK housing market. This ten-year high in the number of first-time buyers shows continued healthy movement in this key area despite a shortage of homes and the ongoing challenge of saving enough of a deposit.

“Low mortgage rates, high levels of employment and Government schemes such as Help to Buy<sup>4</sup> have helped first-time buyers become a much greater segment of the market, and the recent abolition of Stamp Duty on purchases of up to £300,000 is likely to continue stimulating this growth by reducing the upfront costs associated with taking the first step on to the property ladder.”

### Regional snakes and ladders

In the past decade, the number of first-time buyers in London has fallen by 26% from 57,900 in 2007 to an estimated 42,983 in 2017, marking the third consecutive annual decline. The North is the only other region aside from the capital to see a drop in numbers from 17,300 to 16,430 (5%) during the same period.

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On the other hand, the number of people getting on the housing ladder in Northern Ireland has grown by 65% to 9,410. The second largest rise was in the South West (16%, from 25,400 to 29,399). The South East has the largest number of first-time buyers in the UK, totalling over 69,000 last year, edging up from 67,600 in 2007. (See Table 2)

For first-time buyers in southern England, average deposits have more than doubled in a decade. Outside London, the largest increase was in the South East, where deposits have risen 157% to £51,457, but still make up less than half the amount being put down in the capital (£112,604). By comparison, first-time buyers in Northern Ireland have fared the best, with average deposits dropping by 62% from £44,270 in 2007 to £16,814 – the lowest in the UK.

The average price of a typical first-time buyer home in the South East has increased (in cash terms) by £78,855 (or 39%) since 2007 – from £199,894 to £278,749 in 2017. In London, the average price paid by a new entrant to the property market in the capital has grown by £134,902 to £422,580 – double the national average.

House price growth in northern areas has been considerably more modest. In the last 10 years, the average price of a typical first-time buyer home in the North has grown by £9,462 to £126,437, while in Northern Ireland it has fallen £59,240 (33%) to £120,648 – the lowest in the UK. (See Table 3)

## **First-time buyer affordability**

Copeland in Cumbria is the most affordable local authority district (LAD) in the UK with an average property price (£120,088) of 2.9 times the local average gross annual earnings. Eight of the 10 most affordable areas are in Scotland, including Stirling (3.0), North Ayrshire (3.1) and Inverclyde, West Dunbartonshire and Renfrewshire (all 3.2). (See Table 4)

All of the 10 least affordable LADs are in London. The least affordable is Brent where the average first-time buyer property price (£475,612) is 12.9 times gross average annual earnings for that area. (See Table 5)

## **UK first-time buyers ageing**

Average age of a first-time buyer in 2017 was 31 – two years older than a decade ago. In London it has grown from 31 to 33 – the eldest in the UK. The biggest increase in age was in Northern Ireland, up by three years from 28 to 31. (See Table 6)

At a LAD level, the youngest buyers are in Staffordshire Moorlands with an average age of 28 whilst the oldest are in Richmond upon Thames at 35 years old.

ENDS

EDITORS' NOTES:

<sup>1</sup> Total number of first home purchasers with a mortgage estimated by Halifax

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<sup>2</sup> Based on average loan taken out by a new first-time buyer

## DATA SOURCES:

This research is based on data from the Halifax's own extensive housing statistics database and ONS data on average earnings.

### 1. House Prices

The prices used in this research are simple arithmetic ('crude') averages for 12 months to December each year and 12 months to November for 2017. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

### 2. Average Earnings

Average earnings figures are from the ONS's "Annual Survey of Hours and Earnings" (ASHE) and refer to the means for full-time employees.

At local authority district level, figures for the relevant local authority (residence based) are used in the majority of cases and inflated by the change in Weekly Average Earnings to Q3 2016. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.

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**Table 1: Number of first-time buyers – UK 2007 - 2017**

	Number of First-time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2006	402,800	11%	36%
2007	359,900	-11%	36%
2008	192,300	-47%	38%
2009	196,700	2%	38%
2010	199,400	1%	37%
2011	193,700	-3%	38%
2012	217,900	12%	40%
2013	268,100	23%	44%
2014	307,900	15%	46%
2015	309,200	0%	46%
2016	339,600	10%	48%
<b>2017*</b>	<b>359,000*</b>	<b>6%*</b>	<b>49%*</b>

Source: UK Finance and \*Halifax estimate

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**Table 2: Number of first-time buyers – Regions 2007 – 2017\***

	2007	2012	2016	2017*
North	17,300	9,400	14,900	16,430
Yorkshire and the Humber	30,000	16,900	27,700	30,003
North West	37,700	21,400	35,400	38,263
East Midlands	25,700	14,800	26,500	27,309
West Midlands	29,800	17,500	29,300	31,529
East Anglia	12,000	7,700	12,200	12,696
Wales	14,900	8,700	14,800	16,196
South West	25,400	17,500	28,500	29,399
South East	67,600	42,400	68,400	69,326
Greater London	57,900	36,800	42,300	42,983
Northern Ireland	5,700	5,100	8,100	9,410
Scotland	35,400	19,200	31,600	35,577
<b>UK**</b>	<b>359,900</b>	<b>217,900</b>	<b>339,600</b>	<b>359,000</b>

Sources: UK Finance and Halifax estimates for 2017\*; \*\*Region totals will not equal UK total totals due to roundings.

**Table 3: First-time buyers: average Price, loan and deposit by region, 2017**

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	126,437	108,003	18,435	15%
Yorkshire and the Humber	139,970	119,292	20,678	15%
North West	149,990	127,841	22,148	15%
East Midlands	163,005	138,544	24,462	15%
West Midlands	168,627	143,248	25,378	15%
East Anglia	207,103	171,640	35,463	17%
Wales	139,875	121,278	18,596	13%
South West	205,333	169,044	36,289	18%
South East	278,749	227,292	51,457	18%
Greater London	422,580	309,977	112,604	27%
Northern Ireland	120,648	103,012	17,636	15%
Scotland	140,010	118,550	21,460	15%
<b>UK</b>	<b>212,079</b>	<b>178,740</b>	<b>33,339</b>	<b>16%</b>

Sources: Halifax, UK Finance, HMRC. House price are simple arithmetic ('crude') averages.

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**Table 4: 10 Least affordable LADs for first-time buyers, 2017**

Local Authority District	Region	House Price to Average Earnings ratio
Brent	London	12.9
Newham	London	12.0
Haringey	London	11.5
Hackney	London	11.3
Harrow	London	11.2
Hillingdon	London	10.9
Waltham Forest	London	10.8
Lambeth	London	10.7
Southwark	London	10.7
Ealing	London	10.5

**10 Most affordable LADs in the UK for first-time buyers, 2017**

Local Authority District	Region	House Price to Average Earnings ratio
Copeland	North West	2.9
Stirling	Scotland	3.0
North Ayrshire	Scotland	3.1
Pendle	North West	3.1
Inverclyde	Scotland	3.2
West Dunbartonshire	Scotland	3.2
Renfrewshire	Scotland	3.2
East Ayrshire	Scotland	3.4
South Ayrshire	Scotland	3.4
North Lanarkshire	Scotland	3.4

Source: Halifax and ONS

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**Table 5 – Stamp Duty and first-time buyers**

Region	Average Price For a typical FTB home*	Stamp Duty payable before Budget Statement**	FTB Stamp Duty after Budget Statement**	Savings
North	£126,237	£24	£0	£24
Yorkshire and the Humber	£140,122	£302	£0	£302
North West	£149,539	£490	£0	£490
East Midlands	£162,844	£756	£0	£756
West Midlands	£167,274	£845	£0	£845
East Anglia	£206,339	£1,626	£0	£1,626
Wales	£139,281	£285	£0	£285
South West	£205,485	£1,609	£0	£1,609
South East	£278,965	£3,948	£0	£3,948
Greater London	£421,216	£11,060	£6,060	£5,000
Northern Ireland	£120,205	£0	£0	£0
UK	£211,980	£1,739	£0	£1,739

Source: Halifax and HMRC. \*October 2017. \*\* Budget Statement took place on 22nd November 2017

**Table 6: Average Age of First-Time Buyers by Region- 2007-2017**

Region	Average Age* 2007	Average Age* 2016	Average Age* 2017
North	28	29	30
Yorkshire and the Humber	28	29	29
North West	28	30	30
East Midlands	29	30	31
West Midlands	29	30	31
East Anglia	29	30	31
Wales	28	30	30
South West	30	31	31
South East	30	31	32
Greater London	31	32	33
Northern Ireland	28	30	31
Scotland	28	30	30
UK	29	31	31

Source: Halifax, \* based on 12 months transactions.

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