

11/08/2018

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First-time buyers stumping up £209,000 to get on property ladder

- First-time buyer numbers reach highest for a decade¹
- Rise of 21% in price of first-time buyer homes since 2008
- First-time buyers now make up 51% of market
- Most affordable areas for first-time buyers are Pendle in Lancashire and Stirling in Scotland – least affordable is Brent in London
- Average age of first-time buyer creeps up to 31 as deposit hits £33,127²

First-time buyers have seen a 21% hike in property prices over the last ten years, with the average price climbing from £172,659 in 2008 to £208,741.

The latest Halifax First-Time Buyer Review revealed that the increase is more than double the 10% rise for all buyer types, and across Britain the average price of first-time buyer properties has out-performed the overall housing market.

In London, the average first-time buyer property price has seen the greatest increase (48%) during the last 10 years to £419,608, followed by the South-East (37% to £275,632) and East Anglia (30% to £210,639). There were relatively modest price rises in the North (8%) and Wales (9%) and in Northern Ireland the average first-time buyer price is a third lower (down 33% to £124,035 and the lowest in the UK) than in 2008. **(See Table 1)**

Digging deep for a deposit

First-time buyers are now putting down record deposits for their first home. Nationally the average deposit is £33,127, an increase of 71% from £19,364 in 2008. In London, the average first-time buyer deposit is £114,952 (27% of the purchase price) and a three-fold increase from £38,335 in 2008.

With property values and deposits at elevated levels, first-time buyers have become reliant on family assistance. The latest ONS figures show that more than a third (34%)³ of new buyers received financial help from parents either as a gift of money or a loan.

Owning their own home remains a dream for many young Brits though, as half of 18-34 year-olds think it's harder than ever to get on the housing ladder and almost one in five say they believe they'll be renting for ever. Older renters are less hopeful than younger ones at owning a home – one in four (26%) 31-34 year-olds say they'll never be able to buy a home⁴.

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A third of young people think the only way they'll get on the property ladder is by inheriting the cash, while more than one in 10 (16%) would consider upping sticks and moving abroad because of high UK property prices.

Parents hoping to downsize once the kids have flown the nest may have to wait longer than they'd anticipated with a third (35%) of 18-34 year-olds intending to stay at home until they can afford to buy. Men are much more inclined to be home birds than women – 49% vs 31% – as are younger people (62% of 18-20 year-olds say they will live with parents before they buy).

First-time buyer numbers on the up

The number of first-time buyers increased by around 3% in the first six months of 2018 to 175,500 compared with 171,200 in the same period in 2017.

Whilst the rate of growth has slowed, this is the sixth increase over a comparable period in the last seven years and the third consecutive year that first-time buyer numbers have topped 150,000. **(See Table 2)**

The number of first-time buyers has more than doubled since dropping to a record low of 72,700 in the first half of 2009, and is now just 8% lower than at the peak of the last boom in 2006 (190,900).

The growth in first-time buyers means they have increased as a proportion of all mortgage financed house purchasers from 38% in 2008 to more than half (51%) in 2018. This share has picked up since 2013 when the Help to Buy Scheme was introduced, which has given 128,317 first-time buyers (81% of total purchases under the scheme) a step on to the housing ladder over this period⁵.

Russell Galley, Managing Director at Halifax, said: “First-time buyers are having to dig deeper than ever to get onto the property ladder. With the average price now over £200,000 and deposits at £33,000 it's not surprising that the average age of a first-time buyer has crept up to 31.

“Despite these increases, and the concern many young people feel about home ownership, the number of first-time buyers continues to grow and is nearly back to the peak seen of 2006. Government measures, such as Help to Buy, and record low mortgage rates continue to make buying more financially attractive than renting, with savings of £900 a year.”

First-time buyer affordability

Eight out of the 10 most affordable Local Authority Districts (LADs) for first-time buyers are in Scotland, while the 10 least affordable LADs are in London. **(See Tables 3 & 4)**

Pendle and Stirling are the most affordable LADs with average property prices at 3.0 times local annual average gross earnings and Brent, where the average price of £478,995 is 12.7 times gross average earnings in the area, is the least affordable.

Ageing first-time buyers

The average age of a first-time buyer in 2018 is 31 – two years older than a decade ago. In London it has grown from 31 to 33 since 2008 – the oldest in the UK. The biggest increase in age was in Northern Ireland, up by three years from 28 to 31.

Property priorities

The top priorities, aside from area and price, for those yet to get on the housing ladder range from settling close to where they work (53%), buying a home they could see their future family living in (49%) and good transport links (42%).

With an eye on the future, having a large outdoor space or garden is particularly important to women (39% vs 30% of men) as is living close to a good school (32% of women compared to 21% of men).

Table 1: First-time buyers: average price, loan and deposit by region, 2018

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	126,685	107,682	19,003	15%
Yorkshire and the Humber	140,766	119,651	21,115	15%
North West	148,055	125,847	22,208	15%
East Midlands	163,218	138,393	24,825	15%
West Midlands	168,519	142,618	25,901	15%
East Anglia	210,639	171,723	38,915	18%
Wales	140,201	123,615	16,586	12%
South West	207,329	169,958	37,371	18%
South East	275,632	222,711	52,921	19%
Greater London	419,608	304,656	114,952	27%
Northern Ireland	124,035	105,429	18,605	15%
Scotland	139,318	118,712	20,605	15%
UK	208,741	175,614	33,127	16%

Sources: Halifax, CML. House price are simple arithmetic ('crude') averages.

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Table 2: Number of first-time buyers – UK

	Number of First Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2008 H1	109,300	-40%	38%
2009 H1	72,700	-33%	38%
2010 H1	95,500	31%	38%
2011 H1	86,000	-10%	38%
2012 H1	100,600	17%	40%
2013 H1	115,500	15%	44%
2014 H1	143,400	24%	47%
2015 H1	137,000	-4%	47%
2016 H1	157,100	15%	47%
2017 H1	171,200	9%	50%
2018 H2*	175,500	3%	51%

Source: CML *Halifax estimate

Table 3: 10 most affordable LADs in the UK for first-time buyers, 2018

Local Authority District	Region	Average House Price (£s)	House Price to Average Earnings ratio
Pendle	North West	97,387	3.0
Stirling	Scotland	143,148	3.0
Inverclyde	Scotland	100,786	3.1
West Dunbartonshire	Scotland	94,658	3.1
North Ayrshire	Scotland	100,703	3.1
East Ayrshire	Scotland	100,160	3.2
South Ayrshire	Scotland	113,851	3.3
Renfrewshire	Scotland	114,173	3.4
North Lanarkshire	Scotland	106,399	3.4
County Durham	North East	106,495	3.5

Source: Halifax, ONS

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Table 4: 10 least affordable LADs for first-time buyers, 2018

Local Authority District	Region	Average House Price (£s)	House Price to Average Earnings ratio
Brent	London	478,995	12.7
Haringey	London	491,880	11.5
Newham	London	373,504	11.4
Hillingdon	London	395,810	11.0
Hackney	London	488,626	10.7
Harrow	London	456,624	10.7
Waltham Forest	London	405,522	10.4
Ealing	London	427,319	10.4
Lambeth	London	458,416	10.2
Islington	London	562,485	10.1

Source: Halifax, ONS

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EDITORS' NOTES:

¹ Total number of first home purchasers with a mortgage estimated by the Halifax

² Based on average loan taken out by a new first time buyer

³ Estimates from the Social Mobility Commission research: *The impacts of family support on access to homeownership for young people in the UK*, March 2017

⁴ Additional research was conducted by OnePoll between 29 June and 5 July 2018 with 2,000 UK non-homeowners aged 18-34.

⁵ MHCLG Help to Buy Statistics April 2018

DATA SOURCES:

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

House Prices

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

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 May 2018. 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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