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## First-time buyers make up biggest part of property market for first time in 23 years

- **Number of first-time buyers increases for the seventh consecutive year**
- **Average price of first home up from £153,030 to £212,473 in last decade**
- **Most expensive average first-time buyer properties in Brent (£500,088)**

The number of first-time buyers reached 372,000 in 2018, accounting for the majority of home purchases for the first time since 1995, according to the latest Halifax First-Time Buyer Review.

The number of first-time buyers has gone up 2% in the last 12 months, continuing an upward trend over the last seven years. Although growth in 2018 was at a slower rate than 2017 (7.6%) and 2016 (9%), first-time buyers overall have increased by 92% from an all-time low of 192,300 in 2008. (See *Table 1*)

First-time buyers now account for just over 50% of all house purchases with a mortgage, an increase from 38% a decade ago. Halifax data revealed that the average price paid for a typical first home has gone up by 39%, from £153,030 in 2008, to £212,473 in 2018, and the average deposit has increased by 57% from £21,133 to £33,252 over the same period<sup>1</sup>.

The average deposit put down by a first-time buyer was 14% of the purchase price in 2008 (£21,366), jumping dramatically to 20% in 2009 – the highest over the last decade. In 2018 the average deposit has come down to 15% of the purchase price, although the average property price has continued to increase.

UK first-time buyers are putting down an average deposit of £32,841, with those in London stumping up an eye-watering £110,656, while those in Wales are paying the lowest average deposit of £16,449.

Terraced houses, closely followed by semi-detached properties have continued to be the first-time buyer's home of choice over the past decade, making up two-thirds (67%) of mortgages for first homes in 2018.

The average age of a first-time buyer in 2018 has remained at 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.

**Russell Galley, Managing Director, Halifax, said:** “New buyers coming on to the ladder are vital for the overall wellbeing of the UK housing market, and the continued growth in first-time buyers shows healthy movement in this important area – despite a shortage of homes and the ongoing

challenge of raising a deposit.

“Last year was the first year that first-time buyers accounted for the majority of the market since 1995, which shows that the factors reducing some of the associated costs – such as continued low mortgage rates and Stamp Duty – are supporting the increasing number of people taking their first step on to the property ladder.”

### **Regional snakes and ladders**

While the numbers of first-time buyers have increased nationally, the number of first-time buyers in Scotland and Wales has fallen over the last year. (See *Table 2*)

London and the South East have seen the fastest rise in average price paid and deposit put down by first-time buyers over the last five years. However, the average price paid in London grew only by 1.4% and the deposit fell by 1.4% over the last 12 months. This is in contrast to the 50% growth in first-time buyer prices in London in the five years to 2018, compared to growth of 36% nationally.

The highest rise in house prices for first-time buyers is in Northern Ireland, up 7.5% in the last 12 months, although prices paid in Northern Ireland are still 16% lower than in 2008, and the number of first-time buyers in the region has more than tripled over that time.

Deposits grew fastest over the last year in the East and West Midlands, the South West and East Anglia, reflecting the continued increase in prices for first-time buyer properties. (See *Table 3*)

Meanwhile average deposits in Scotland, Wales and the northern regions in England fell by between 2% and 9%, driven by a decrease in the average deposit as a percentage of the purchase price, combined with slower house price growth.

### **First-time buyer affordability**

The top 10 most affordable local authority districts (LADs) in the UK are all in the North West and Scotland. The most affordable are Pendle in Lancashire, Copeland in Cumbria with an average property price of £88,852 (Pendle) and £110,930 (Copeland), 2.6 times the local average gross annual earnings. The most affordable local authority district in Scotland is East Ayrshire with an average property price of £94,376 – three times the average gross annual earnings. (See *Table 4*)

Of the 10 least affordable LADs, nine are in London. The least affordable is Brent where the average first-time buyer property price of £500,088 is 13.3 times the gross average annual earnings for that area.

Oxford has joined the top 10 list since 2017 where the average first-time buyer property price is £400,730 – 10.9 times the gross average annual earnings for that area. (See *Table 5*)

**ENDS**

## EDITORS' NOTES:

<sup>1</sup>Based on average loan taken out by a new first-time buyer

**Table 1: Number of first-time buyers, UK 2008 – 2018**

	Number of First-Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
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	269,500	24%	44%
2014	309,100	15%	46%
2015	309,400	0%	46%
2016	337,200	9%	48%
2017	362,800	8%	49%
2018	370,000	2%	50%

Source: UK Finance

**Table 2: Number of first-time buyers – regions**

	2008	2013	2017	2018*
North	8,300	11,400	16,700	17,200
Yorkshire and the Humber	15,800	20,800	30,300	31,100
North West	18,800	25,900	38,700	39,700
East Midlands	13,400	18,400	28,000	28,700
West Midlands	16,400	21,800	32,000	32,900
East Anglia	6,700	9,500	13,000	13,200
Wales	7,700	10,600	16,600	16,400
South West	14,300	21,400	30,000	30,500
South East	37,300	53,400	70,000	72,100
Greater London	27,900	45,100	42,600	43,500
Northern Ireland	2,900	6,000	9,600	10,400
Scotland	22,100	23,900	35,100	34,300
<b>UK</b>	<b>192,300</b>	<b>269,500</b>	<b>362,800</b>	<b>370,000</b>

Sources: UK Finance and \*Halifax Estimate for Regions

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**Table 3: 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	126,104	108,991	17,112	14%
Yorkshire and the Humber	142,638	122,811	19,827	14%
North West	149,089	127,640	21,449	14%
East Midlands	165,399	140,608	24,791	15%
West Midlands	174,908	148,395	26,513	15%
East Anglia	210,874	174,263	36,611	17%
Wales	144,542	128,094	16,449	11%
South West	210,200	173,071	37,128	18%
South East	279,349	227,213	52,136	19%
Greater London	426,857	316,202	110,656	26%
Northern Ireland	129,615	111,538	18,077	14%
Scotland	141,671	121,719	19,952	14%
<b>UK</b>	<b>212,473</b>	<b>179,631</b>	<b>32,841</b>	<b>15%</b>

Sources: Halifax, 12 months December 2018, UK Finance

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

Local Authority District	Region	House Price to Average Earnings ratio
Pendle	North West	2.6
Copeland	North West	2.6
East Ayrshire	Scotland	3.0
Inverclyde	Scotland	3.1
South Ayrshire	Scotland	3.1
Barrow-in-Furness	North West	3.2
Hyndburn	North West	3.3
West Dunbartonshire	Scotland	3.3
West Lancashire	North West	3.3
South Lanarkshire	Scotland	3.4

Sources: Halifax and ONS

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**Table 5: 10 Least affordable LADs for first-time buyers, 2018**

Local Authority District	Region	House Price to Average Earnings ratio
Brent	London	13.3
Hackney	London	11.8
Newham	London	11.0
Hillingdon	London	11.0
Waltham Forest	London	10.9
Oxford	South East	10.9
Southwark	London	10.3
Haringey	London	10.3
Barnet	London	10.0
Harrow	London	10.0

Sources: Halifax and ONS

#### 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. 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 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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