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## 139,500 new first-time buyers so far in 2015

- First-time buyers account for nearly one in two (47%) of all mortgage financed house purchases; significantly higher than 38% in 2011
- Average deposit paid by first-time buyer 6% higher than last year at £29,894
- Stamp duty changes save average first-time buyer £716; £3,154 in London

There were an estimated 139,500 first-time buyers (FTBs) in the first six months of 2015<sup>1</sup>, according to the latest Halifax First-Time Buyer Review.

Compared with the same period in 2014 this represents an estimated 7% reduction in purchases (from 149,500) – the first annual decrease on this basis since the first half of 2011. However, with the exception of 2014 it was still the highest total for the first six months of the year since 2007 and was 92% higher than the market low recorded in the first half of 2009 (72,700) (Table 1).

And despite the decline in purchases by FTBs this year as a proportion of all mortgage financed house purchasers the proportion remains steady (also down 7%). In fact, the number of FTBs has increased more rapidly than the number of subsequent buyers over the past few years, from 38% in 2011 to 47% in 2015.

The average FTB deposit in May 2015 was £29,894<sup>2</sup> – 6% higher than in May 2014 (£28,191). This rise in the deposit largely reflects the increase in house prices over the past year. The average FTB deposit is now £13,494 (82%) higher than in 2007 (£16,400) (Table 2).

The recent changes to the stamp duty system have saved the average FTB £716, reducing the tax bill for someone buying the average priced FTB property of £178,370 from £1,783 to £1,067. Savings for the average FTB in London are much bigger than this with a reduction in the stamp duty bill for the average FTB property in the capital (of £342,313) of £3,154 from £10,269 to £7,115.

### **Craig McKinlay, Mortgages Director at Halifax, commented:**

“There was a modest decline in the number of first-time buyers in the first half of the year following the substantial increases recorded in 2013 and 2014. This fall has been in line with the general softening in market activity.

“However, there are now signs of a pick-up in mortgage activity as the economy continues to recover and mortgage interest rates remain at very low levels. These factors could boost the number of first-time buyers during the second half of the year.”

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## ADDITIONAL KEY FINDINGS

### Prices

- The average price paid by FTBs increased by 8% over the past year from £165,829 to £178,370; 9% higher than in 2007.
- The average price paid by first-time buyers is highest in Greater London (£342,313); more than £100,000 higher than the next most expensive region, the South East (£225,383). Northern Ireland is the least expensive region in the UK for an FTB with an average price of £104,240 (See Table 2).

### Deposits

- The average deposit, as a proportion of the purchase price, has fallen from 20% in 2013 to 17% in 2015. It, nonetheless, remains significantly higher than in 2007 (10%).
- FTBs in Greater London put down the largest average deposit, at £81,680. FTBs in Northern Ireland put down the smallest average deposit, at £16,011 (See Table 2)

### Age

- The average age of a first-time buyer is 30 years old; up from 29 in 2011. Regionally, the average age of a first-time buyer is highest in London, at 33 years old.

### Affordability

- There has been an increase in the proportion of areas that are affordable for FTBs since 2007. In almost a quarter (22%) all of local authority districts (LADs) in the UK the average house price paid by a first-time buyer in the 12 months to May 2015 was affordable for someone on average earnings – based on the ratio of the average house price to earnings being below the long-term average of 4.0. This compares to the peak of the market in 2007 when just 8% of LADs were affordable.
- Inverclyde in Scotland is the most affordable local authority district (LADs) in the UK with an average property price of £90,376; 2.9 times local average gross annual earnings. East Ayrshire is the next most affordable (also 2.9). Eight of the 10 most affordable LADs for first-time buyers are in Scotland. (See Table 3)
- Nine of the ten least affordable LADs are in London. The least affordable is Hammersmith and Fulham where the average first-time buyer's property price of £613,347 is 11.7 times gross average annual earnings in the area. (See Table 4)

### Stamp Duty

- More than six in ten FTB purchases are above the £125,000 Stamp Duty threshold.
- Nationally, almost half (45%) of properties bought by FTBs are priced between £125,000 and £250,000 with only 16% of FTB purchases above £250,000.
- There are, however, considerable regional differences with two-thirds of FTBs in Greater London (66%) paying more than £250,000 and all FTBs in the capital liable for stamp duty. (See Table 5)

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## EDITORS' NOTES:

<sup>1</sup> Total number of first-time buyers with a mortgage estimated by Halifax

<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 May 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 May 2015. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.

## Helping Britain Prosper

Lloyds Bank, part of Lloyds Banking Group is playing its part in delivering the Group's Helping Britain Prosper Plan (the Plan). Launched in March 2014, the Plan sets out seven separate and significant public commitments to do even more to help address some of the big issues facing its customers and Britain today. The first two commitments made within the Plan are:

1. We will help more customers get on the housing ladder - and more customers climb up it. We are committed to proving 1 in 4 first-time buyer mortgages and 1 in 4 new build mortgages in 2015.
2. We will help our customer plan and save for later life

To find out more about Lloyds Banking Group's commitment to Help Britain Prosper, please visit <http://www.lloydsbankinggroup-cr.com/>

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**Table 1: Number of First-Time Buyers – UK**

	Number of First-time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2005 H1	160,000	-13%	36%
2006 H1	190,900	19%	37%
2007 H1	181,500	-5%	36%
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	115,800	15%	44%
2014 H1	149,500	29%	47%
2015 H1*	139,500	-7%	47%

Source: CML \*Halifax estimate

**Table 2: First-Time Buyers: Average Price, Loan and Deposit by Region, 2015**

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	114,039	96,933	17,106	15%
Yorkshire and the Humber	123,587	105,049	18,538	15%
North West	126,537	107,556	18,981	15%
East Midlands	130,851	110,792	20,059	15%
West Midlands	139,220	117,702	21,518	15%
East Anglia	167,414	138,470	28,944	17%
Wales	121,347	103,145	18,202	15%
South West	173,261	140,999	32,261	19%
South East	225,383	188,061	37,322	17%
Greater London	342,313	260,633	81,680	24%
Northern Ireland	104,240	88,229	16,011	15%
Scotland	129,716	107,271	22,445	17%
<b>UK</b>	<b>178,370</b>	<b>148,476</b>	<b>29,894</b>	<b>17%</b>

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

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**Table 3: 10 Most Affordable LADs in the UK for First-Time Buyers, 2015**

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

Source: Halifax

**Table 4: 10 Least Affordable LADs for First-Time Buyers, 2015**

Local Authority District	Region	House Price to Average Earnings ratio
Hammersmith and Fulham	London	11.7
Camden	London	10.9
Hackney	London	10.8
Harrow	London	10.6
Brent	London	10.4
Haringey	London	10.1
Lambeth	London	9.6
Cambridge	East of England	9.3
Waltham Forest	London	9.2
Islington	London	9.2

Source: Halifax

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**Table 5: First-Time Buyer Purchases by Stamp Duty Thresholds by Region**

% of FTB Purchases by Stamp Duty Threshold - June 2014 to May 2015					
Region	<£125k	£125,000 to £250,000	£250,001 to £925,000	£925,001 to £1.5m	over £1.5m
North	71%	27%	2%	0%	0%
Yorkshire and Humberside	64%	34%	2%	0%	0%
North West	61%	36%	2%	0%	0%
East Midlands	56%	42%	2%	0%	0%
West Midlands	50%	47%	3%	0%	0%
East Anglia	26%	65%	8%	0%	0%
Wales	64%	33%	2%	0%	0%
South West	20%	72%	8%	0%	0%
South East	8%	67%	26%	0%	0%
Greater London	0%	34%	65%	1%	0%
Northern Ireland	78%	22%	1%	0%	0%
Scotland	59%	37%	5%	0%	0%
<b>United Kingdom</b>	<b>39%</b>	<b>45%</b>	<b>16%</b>	<b>0%</b>	<b>0%</b>

Source: Halifax

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