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First time buyer numbers remain strong in 2016

- **10% increase to 154,200 in H1 2016 compared to same period last year**
- **First time buyer average house price up 12% to almost £200,000**
- **Average UK first time buyer deposit is £33,960 (£95,693 in London)**
- **10 least affordable local areas for FTBs are all in London**
- **Five of the 10 most affordable areas are in Scotland**

The number of first time buyers (FTBs) increased by an estimated 10% in the first six months of 2016 compared with the same period in 2015, according to the latest Halifax First Time Buyer Review.

There were an estimated 154,200¹ FTBs in the first half of 2016 compared with 140,500 in the same period last year, an increase of 10%. It was also more than double the market low in the first half of 2009 (72,700). For the same six-month period since 2012, the number entering the housing market has exceeded 100,000. Nonetheless, the number of FTBs in the first half of 2016 was nearly a fifth lower (36,700) than at the peak of the last boom in 2006. (See Table 1)

The number of FTBs has increased more rapidly than the number of homemovers over the past few years as a whole. As a result, FTBs have increased as a proportion of all mortgage financed house purchasers from 38% in 2011 to an estimated 47% in 2016. However, the percentage has been stable over the past three years as the numbers of FTBs and homemovers have risen at a similar pace since 2014.

The average FTB deposit in May 2016 was £33,960² – more than double that in 2007 (£16,400). There has been a 14% rise in the deposit over the past year largely reflecting the increase in house prices over that period. (See Table 2)

The 10 least affordable Local Authority Districts (LADs) for FTBs are all in London. The least affordable is Brent where the average FTB property price of £457,014 is 12.5 times gross average annual earnings in the area. (See Table 3)

East Dunbartonshire in Scotland is the most affordable LAD in the UK with an average property price of £97,089 – 2.6 times local annual average gross earnings. Copeland in the North West is the next most affordable (2.9). Five of the 10 most affordable LADs for FTBs are in Scotland. (See Table 4)

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Chris Gowland, Mortgages Director at Halifax, said: “There was a further increase in the number of first time buyers in the first half of the year with the total exceeding 100,000 in the first six months of each year since 2012. This rise has been broadly in line with a general improvement in market activity and is likely to have been helped by government measures including the Help to Buy scheme.

“Although numbers remain below their previous peaks and many potential first time buyers are facing escalating house prices and deposit sizes, record low mortgage rates continue to make buying seem a more attractive option than renting.”

OTHER KEY FINDINGS

Prices

- The average price paid by FTBs increased by 12% over the past year from £178,399 to £199,414.
- Regionally, the average price paid by FTBs is highest in Greater London (£384,617) – nearly £130,000 higher than the next most expensive region, the South East (£257,481).
- Northern Ireland is the least expensive region with an average FTB price of £110,675; 29% of the London average. (See Table 2)

Deposits

- The average deposit has fallen – as a proportion of the purchase price – from 20% in 2013 to 17% in 2016. Nonetheless, it remains significantly higher than in 2007 (10%).
- FTBs in Greater London put down the largest average deposit, at £95,693. FTBs in Northern Ireland put down the smallest average deposit (£16,607). (See Table 2)

Age

- The average age of a first time buyer is 30; up from 29 in 2011. Regionally, the average age of a first time buyer is highest in London (32).

Stamp Duty

- Almost 70% of 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 24% of FTB purchases above £250,000.
- There are substantial regional differences with all FTBs in Greater London liable for Stamp Duty and 85% of FTBs in the capital paying more than £250,000. In contrast, at least half of all FTB purchases are below the £125,000 starting threshold in the three regions of northern England, Wales, Scotland and Northern Ireland. (See Table 5)

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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
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	116,300	16%	44%
2014 H1	167,300	44%	47%
2015 H1	140,500	-16%	47%
2016 H1*	154,200	10%	47%

Source: CML *Halifax estimate

Table 2 First Time Buyers: Average Price, Loan and Deposit by Region, 2016

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	120,554	102,459	18,095	15%
Yorkshire and the Humber	132,915	113,051	19,864	15%
North West	138,354	117,677	20,677	15%
East Midlands	146,053	123,660	22,394	15%
West Midlands	153,546	130,126	23,420	15%
East Anglia	187,231	153,394	33,837	18%
Wales	128,758	109,969	18,789	15%
South West	190,144	154,344	35,799	19%
South East	257,481	210,066	47,415	18%
Greater London	384,617	288,924	95,693	25%
Northern Ireland	110,675	94,068	16,607	15%
Scotland	135,479	113,728	21,751	16%
UK	199,414	165,454	33,960	17%

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

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Table 3: 10 Least Affordable LADs for First Time Buyers, 2016

Local Authority District	Region	House Price to Average Earnings ratio
Brent	London	12.5
Hackney	London	12.0
Haringey	London	11.6
Hammersmith and Fulham	London	11.1
Waltham Forest	London	10.9
Lambeth	London	10.8
Harrow	London	10.6
Ealing	London	10.5
Newham	London	10.2
Islington	London	10.2

Source: Halifax

Table 4: 10 Most Affordable LADs in the UK for First Time Buyers, 2016

Local Authority District	Region	House Price to Average Earnings ratio
East Dunbartonshire	Scotland	2.6
Copeland	North West	2.9
East Renfrewshire	Scotland	3.0
West Dunbartonshire	Scotland	3.1
Stirling	Scotland	3.1
Pendle	North West	3.2
Blaenau Gwent	Wales	3.3
North Lanarkshire	Scotland	3.3
Northumberland	North East	3.3
Mid and East Antrim	Northern Ireland	3.4

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 2015 to May 2016					
Region	<£125k	£125,000 to £250,000	£250,001 to £925,000	£925,001 to £1.5m	over £1.5m
North	64%	34%	2%	0%	0%
Yorkshire and the Humber	54%	42%	4%	0%	0%
North West	50%	45%	5%	0%	0%
East Midlands	41%	54%	5%	0%	0%
West Midlands	38%	55%	7%	0%	0%
East Anglia	15%	71%	14%	0%	0%
Wales	57%	40%	3%	0%	0%
South West	12%	75%	13%	0%	0%
South East	3%	54%	43%	0%	0%
Greater London	0%	15%	84%	1%	0%
Northern Ireland	71%	28%	1%	0%	0%
Scotland	53%	41%	6%	0%	0%
United Kingdom	31%	45%	24%	0%	0%

Source: Halifax

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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

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 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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