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Scotland's Second Steppers face a £115,000 price gap to move up the housing ladder

- **Second Steppers typically need to find an extra £114,659 to fund the move to their preferred second home of a detached property**
- **But equity boost of over £48,000 helps reduce second home funding gap**
- **Despite this, half of 'Second-Time Buyers' say it will be more difficult to sell their home this year**
- **Two in five (43%) say they will consider improving their current home instead of moving**

First-time sellers looking to take their second step on the property ladder need to find an extra £114,659, according to Bank of Scotland's Second Stepper report.

The Bank of Scotland Second Stepper report tracks the challenges faced by first-time sellers. The report reveals that half (50%) of Second Steppers believe it will be more difficult to sell their home this year, with worries over the economy, the size of the deposit they'll need and shortage of family-friendly properties.

Second Steppers are mostly couples and young families moving on from their first-time buyer flats to secure more space and a garden. The latest figures show a lack of confidence about selling among this group, despite a strong equity position and significant improvements to market conditions over the past few years.

Scotland's Second Steppers sitting on equity windfall of over £48,000

Strong house price growth has helped those still living in their first homes gain a healthy equity windfall. Today's typical Second Steppers bought their first property when the average price was £120,664. Based on the latest house price figures, selling their home now for the average first-time buyer price of £139,284 would provide them with an average equity of £48,738¹.

This average equity of £48,738 is equivalent to roughly 20% of the average price of a typical detached home (£253,944).

The report also found that the typical gap between the sale price of a Second Steppers first home and the cost of their desired next property is £114,659. However, the average equity level of £48,738 from the sale of their first home can help to reduce this gap by 43%, meaning that Second Steppers need to find an extra £65,922 by adding more to their existing mortgage or raise the funds from elsewhere.

¹ Current equity position is defined as the sum of deposit, capital repayments (variable rate mortgage using average LTV for an FTB and the average mortgage rate for new business undertaken by UK banks produced by the Bank of England) and change in the average FTB house price over the period. The calculation is based on house purchasers moving 3 years and 8 months after their first purchase, which is based on our market research. This is based on a sample size of 101.

Second Steppers expecting it to be hard to upsize this year

Half (50%) of Second Steppers surveyed think it will be more difficult to sell their existing property now compared to 12 months ago. Over a third (36%) are worried about the uncertain economic climate and deposit size remains a key challenge (33%).

In addition, Scottish Second Steppers are more keen to ensure they secure that dream home as over two-fifths (41%) of these new and growing families said that the biggest issue in delaying their move is that they haven't found the right property. This is considerably higher than in the rest of the UK where this was the reason in only a quarter (26%) of cases.

Around two-fifths (43%) are also considering staying put and improving their homes rather than moving, which can result in a shortage of properties available to first-time buyers.

The report also reveals some optimism. A third (31%) believe the market conditions for Second Steppers has improved compared to last year and 40% feel there are now more first-time buyers in the market.

Graham Blair, Bank of Scotland mortgages director, said: "Second Steppers are the link between first-time buyers and the rest of the housing ladder. They are living in the homes that the first-time buyers need to buy so it's vital that this part of the market keeps moving.

"Whilst Second Steppers are telling us that challenges remain as they try to bridge the gap and find that dream home, market conditions have improved significantly in the past few years and are likely to remain, which should enable more Second Steppers to make the next move."

New builds top the bill for the next property purchase

A new build property is the most desirable second property for Scots (40%), with a third (33%) seeking a period property. This is in contrast to the rest of the UK where both period properties and new builds are favoured by just over a third of Second Steppers. The survey also found that a quarter (25%) of prospective buyers want to move to a recently developed or renovated property, while just 14% are willing to do the hard work themselves and are seeking a renovation project, compared to 21% across the rest of the UK.

The 'must have' features topping the list for the next property are; a driveway or off-road parking (60%); a garden (57%) and a kitchen / diner (54%). Town life appeals to half (52%) of Second Steppers, while two in five (40%) prefer a quieter village life. Less than a quarter (23%) are looking to be city dwellers and a third (29%) are looking to move to the countryside.

- Ends -

Notes to editors:

Table 1: Regional average price gap and equity levels for 2018 Second Steppers

	Price Gap 2018 £	Equity Levels 2018 £
North	123,807	43,152
Yorkshire and the Humber	137,176	52,369
North West	153,988	58,897
East Midlands	121,185	68,289
West Midlands	148,000	68,173
East Anglia	138,608	89,644
Wales	119,315	51,911
South West	174,493	82,379
South East	243,890	125,802
Greater London	300,599	192,461
Northern Ireland	73,449	48,745
Scotland	114,659	48,738
UK	135,985	85,877

Table 2: Regional average price gap for 2018 Second Steppers

	FTB Ave Price 12 month Jan 2018 £	Detached House Price (All Buyers) 12 months Jan 2018 £	Price Gap £
North	126,005	249,812	123,807
Yorkshire and the Humber	140,328	277,504	137,176
North West	149,868	303,856	153,988
East Midlands	164,298	285,483	121,185
West Midlands	169,089	317,089	148,000
East Anglia	207,417	346,025	138,608
Wales	139,689	259,004	119,315
South West	205,936	380,429	174,493
South East	278,753	522,643	243,890
Greater London	422,329	722,929	300,599
Northern Ireland	121,370	194,818	73,449
Scotland	139,284	253,944	114,659
UK	211,296	347,281	135,985

Table 3: Scotland - Typical example price gap for Second Stepper, including equity boost

	Price Gap £ between a typical FTB home and Detached home	Estimated Average Equity Levels £	Equity Level as % of Price Gap	Difference between cost of moving to second home and equity Level
2013	112,893	£31,691	28%	81,202
2014	107,612	£44,312	41%	63,300
2015	114,731	£53,059	46%	61,672
2016	111,934	£58,618	52%	53,316
2017	108,642	£59,707	55%	48,936
2018	114,659	£48,738	43%	65,922

Consumer research undertaken by BDRG Continental (bdr-g-continental.com) on behalf of Lloyds Banking Group. Fieldwork took place in December 2017. 505 interviews took place across the UK with first-time buyers looking to purchase their second home.

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Press Release



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