

PRESS RELEASE



EMBARGOED UNTIL 0001HRS ON SATURDAY 25 JANUARY 2020

FIRST-TIME BUYERS' COSTS SOAR OVER LAST YEAR

- **Average UK first-time purchase price up 9% to £231,455, while average deposit increased by 7% to £46,187**
- **Despite increasing costs, overall number of first-time buyers remains stable**
- **Just 10 areas have become more affordable for first-time buyers over past decade**

The cost challenge facing first-time buyers increased significantly over the last year, with growth in average purchase prices and deposits up sharply, according to the latest research by Halifax.

Average purchase price

The average price paid by a first-time buyer in the UK last year was £231,455, up by £18,252 (9%) from a year earlier (£213,203). London saw the biggest monetary increase in the price paid by first-time buyers over the last 12 months, up by £27,764 (7%).

The greatest percentage growth came in the North West and Yorkshire and Humber, both up by 9% (£13,475 and £13,132 respectively). The smallest increase came in East Anglia, up by just £4,528 (2%).

Average deposit paid

The average amount put down by a first-time buyer in 2019 was £46,187, compared to £43,155 the year before, a rise of 7% (£3,032).

Average deposits for first-time buyers in London were up by just 2% (£2,016), from £107,869 to £109,885. Other areas of the country saw more rapid growth though, with average first-time buyer deposits growing by 13% (£2,828) in the North from £21,263 to £24,091. East Anglia was the only region to record a fall in the average first-time buyer deposit, down by 4% (£1,640) from £44,828 to £43,188.

Volume of first-time buyers

Despite increasing costs, the overall number of first time buyers in 2019 remained stable, up around 1% from 353,130 in 2018 to 356,767 in 2019. This means that first-time buyers continue to account for more than half of all home purchases.

Northern Ireland saw the biggest increase in the number of first-time buyers in percentage terms, up by 6% year-on-year (10,430 to 11,013). London remained broadly stable, with numbers up 2% (40,960 to 41,712). The South West was the only region to record a fall, down 4% (29,430 to 28,378).

Russell Galley, Managing Director, Halifax, said: "Whilst price growth in the overall housing market has been modest in recent years, the level of inflation facing first-time buyers is greater, which compounds the challenge in raising bigger deposits."

Halifax Press Office contact:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



“However, given their importance to the market as a whole, it’s reassuring that the overall number of new buyers getting on the ladder remains stable.

“This is in part explained by initiatives designed specifically to support this key group, including Help to Buy schemes and family support mortgages, and they also benefit from the continued period of record low interest rates. However, it’s clear that more needs to be done to address more fundamental long-term issues, not least the shortage of new, affordable homes being built.”

Affordability for first-time buyers

Burnley in the North West is now the most affordable area for local first-time buyers – calculated by comparing average earnings to average house prices – with a ratio of 3.1. This replaces East Ayrshire in Scotland.

The vast majority of the top 10 most affordable areas are in Scotland and Wales (examples include North Ayrshire at 3.3 and Merthyr Tydfil at 3.4), with only Pendle in the North West (3.6) also making the table.

The list of least affordable areas in the country is unsurprisingly dominated by London, with Hackney recording a house price to earnings ratio of 12.1, followed by Brent (11.6) and Lambeth (11.1). Oxford (10.3) in the South East, is the only place outside London to make the top 10.

A decade of change

The previous decade witnessed some big shifts in the first-time buyer market. The volume of transactions surged by around 84% over the last 10 years, from 193,940 in 2009 to 356,767 in 2019. Over this time, it grew from 39% to 51% of all home purchases.

Northern Ireland has seen the biggest growth since 2009 in percentage terms, up by 151% (4,380 to 11,013). London actually recorded the slowest growth, up by just 43% over the decade (29,250 to 41,712).

The explanation for these figures may lie in average price changes over the same period. The average first-time buyer price in London has shot up by 104% (£231,278) over the last 10 years, from £222,107 to £453,385. Northern Ireland meanwhile has seen the lowest growth, up just 12% (£14,151) from £122,699 to £136,850. This compares to a national average of 67% (£92,822) growth – from £138,633 to £231,455 – for first-time buyers.

It’s a similar story with deposits, as the average amount needed by a first-time buyer in London leapt by 41% (£31,908) from £77,977 to £109,885 – while in Northern Ireland, it actually fell by 26% (£9,039) from £34,356 to £25,317. The national average first-time buyer deposit over this time grew by 19% (£7,827) from £38,900 to £46,187.

Affordability over the last decade

Using the affordability measure to track changes, just 10 areas across the UK have become *more* affordable for first-time buyers over the last decade, although there are some surprising results.



PRESS RELEASE

Kensington and Chelsea has remarkably recorded the biggest improvement in the house price to earnings ratio since 2009, falling from 10.9 to 6.2, or 43%.

However, with a whopping average first-time buyer price of £693,905 in 2019, up from £480,454 in 2009, it's clear this actually reflects a rapid growth in average earnings in the area over the last decade (£44,014 in 2009 to £111,063 in 2019) rather than any significant improvement in affordability. This is an area that remains firmly out of reach for all but the wealthiest first-time buyers.

Eden in the North West is next on the list, where the average price to earnings ratio fell by 27% over the last decade, from 7.3 to 5.3. Middlesbrough, Newry, Mourne and Down, Inverclyde, North Ayrshire, Ceredigion, Blaenau Gwent, Merthyr Tydfil and Burnley are the only other areas in the whole of the UK to have recorded at least a modest improvement in affordability.

ENDS

EDITORS NOTES:

DATA SOURCES:

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

'Regions' are based on Economics Planning Regions, with the exception of the affordability measure, which uses Government Office Regions.

1. House Prices

The prices used in this research are simple arithmetic ('crude') averages for 12 months to November 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 2019. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.

Table 1: Number of First-Time buyers – UK

Year	Number of First Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2009	193,940	2%	39%
2010	193,590	0%	37%
2011	187,990	-3%	38%
2012	211,920	13%	40%
2013	258,700	22%	44%
2014	300,370	16%	46%
2015	297,520	-1%	46%
2016	329,000	11%	48%

Halifax Press Office contact:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



2017	345,920	5%	49%
2018	353,130	2%	50%
2019*	356,767	1%	51%

Sources: UK Finance and *Halifax estimate for 2019

Table 2: Number of First-Time buyers – Regions

Region	2009	2014	2018	2019*
North	7,920	12,730	16,310	16,229
Yorkshire and the Humber	14,720	23,660	29,520	30,456
East Midlands	13,710	21,410	27,480	27,737
East Anglia	7,730	10,950	12,550	12,563
Greater London	29,250	46,680	40,960	41,712
South East	40,410	61,480	68,670	68,485
South West	16,530	24,190	29,430	28,378
West Midlands	15,520	24,260	31,340	31,848
North West	18,200	29,010	37,960	38,675
Wales	7,410	11,880	15,930	16,106
Scotland	17,580	26,680	32,530	33,558
N. Ireland	4,380	7,170	10,430	11,013
UK**	193,940	300,370	353,130	356,767

Sources: UK Finance and *Halifax estimate for 2019, **Region totals will not equal UK totals due to rounding.

Table 3: First-Time Buyers: Average Price, Loan and Deposit by Region, 2019

Region	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	136,104	112,012	24,091	18%
Yorkshire and the Humber	156,232	128,634	27,598	18%
North West	163,459	133,987	29,472	18%
East Midlands	181,876	148,959	32,917	18%
West Midlands	185,091	150,913	34,178	18%
East Anglia	220,719	177,531	43,188	20%
Wales	153,267	127,563	25,704	17%

Halifax press office contacts:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



PRESS RELEASE

South West	221,357	178,773	42,584	19%
South East	295,348	240,922	54,425	18%
Greater London	453,385	343,501	109,885	24%
Northern Ireland	136,850	111,532	25,317	19%
Scotland	152,728	122,778	29,950	20%
UK	231,455	185,268	46,187	20%

Source: Halifax, 12 months November 2019, UK Finance

Table 4: First-Time Buyers: Average Price Change by Region, 2018 - 2019

Region	2018	2019	Average change %	Average change £
North	126,187	136,104	8	9,917
Yorkshire and Humberside	143,100	156,232	9	13,132
North West	149,984	163,459	9	13,475
East Midlands	168,569	181,876	8	13,307
West Midlands	176,008	185,091	5	9,083
East Anglia	216,191	220,719	2	4,528
Wales	142,740	153,267	7	10,526
South West	211,117	221,357	5	10,240
South East	280,829	295,348	5	14,518
Greater London	425,622	453,385	7	27,764
Northern Ireland	127,599	136,850	7	9,250
Scotland	141,957	152,728	8	10,771
UK	213,203	231,455	9	18,252

Source: Halifax, 12 months to November 2019, UK Finance

Table 5: First-Time Buyers: Average Price Change by Region, 2009 - 2019

Region	2009	2019	Average change %	Average change £
North	98,396	136,104	38	37,708
Yorkshire and Humberside	105,403	156,232	48	50,829
North West	108,538	163,459	51	54,920
East Midlands	108,570	181,876	68	73,306

Halifax Press Office contact:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



West Midlands	117,914	185,091	57	67,177
East Anglia	134,707	220,719	64	86,012
Wales	104,500	153,267	47	48,767
South West	145,876	221,357	52	75,482
South East	170,686	295,348	73	124,662
Greater London	222,107	453,385	104	231,279
Northern Ireland	122,699	136,850	12	14,151
Scotland	111,042	152,728	38	41,687
UK	138,633	231,455	67	92,823

Source: Halifax, November 2009 to 2019, UK Finance

Table 6: First-Time Buyers: Average Deposit Change by Region, 2018 - 2019

Region	2018	2019	Average change %	Average change £
North	21,263	24,091	13	2,829
Yorkshire and Humberside	24,709	27,598	12	2,889
North West	26,916	29,472	9	2,556
East Midlands	29,647	32,917	11	3,270
West Midlands	32,605	34,178	5	1,573
East Anglia	44,828	43,188	-4	-1,640
Wales	23,679	25,704	9	2,025
South West	41,247	42,584	3	1,337
South East	54,674	54,425	-0	-249
Greater London	107,869	109,885	2	2,016
Northern Ireland	24,124	25,317	5	1,194
Scotland	27,071	29,950	11	2,879
UK	43,155	46,187	7	3,032

Source: Halifax, 12 months to November 2019, UK Finance

Table 7: First-Time Buyers: Average Deposit Change by Region, 2009 - 2019

Region	2009	2019	Average change %	Average change £
North	19,246	24,091	25	4,845

Halifax press office contacts:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



PRESS RELEASE

Yorkshire and Humberside	23,543	27,598	17	4,055
North West	24,931	29,472	18	4,541
East Midlands	26,374	32,917	25	6,543
West Midlands	30,200	34,178	13	3,978
East Anglia	39,125	43,188	10	4,063
Wales	20,675	25,704	24	5,029
South West	44,724	42,584	-5	-2,139
South East	51,354	54,425	6	3,072
Greater London	77,977	109,885	41	31,908
Northern Ireland	34,356	25,317	-26	-9,039
Scotland	26,427	29,950	13	3,523
UK	38,900	46,187	19	7,287

Source: Halifax, November 2009 to 2019, UK Finance

Table 8: 10 Most Affordable LADs for First-Time Buyers, 2019

Local Authority District	Region	House Price to Average Earnings ratio
Burnley	North West	3.1
North Ayrshire	Scotland	3.3
East Ayrshire	Scotland	3.3
Inverclyde	Scotland	3.3
Merthyr Tydfil	Wales	3.4
Renfrewshire	Scotland	3.5
Stirling	Scotland	3.5
South Ayrshire	Scotland	3.5
Blaenau Gwent	Wales	3.5
Pendle	North West	3.6

Source: Halifax and ONS

Table 9: 10 Least Affordable LADs for First-Time Buyers, 2019

Local Authority District	Region	House Price to Average Earnings ratio
--------------------------	--------	---------------------------------------

Halifax Press Office contact:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com



Hackney	London	12.1
Brent	London	11.6
Lambeth	London	11.1
Hillingdon	London	11.0
Newham	London	10.7
Hounslow	London	10.7
Waltham Forest	London	10.3
Oxford	South East	10.3
Harrow	London	10.2
Southwark	London	10.1

Source: Halifax and ONS

Table 10: Biggest Improvements in Affordability for First-Time Buyers, 2009 - 2019

Local Authority District	Region	House Price to Average Earnings ratio 2019	House Price to Average Earnings ratio 2009	Change %
Middlesbrough	North East	4.2	4.2	-1%
Newry, Mourne and Down	Northern Ireland	5.8	5.8	-1%
Inverclyde	Scotland	3.3	3.4	-2%
North Ayrshire	Scotland	3.3	3.3	-2%
Ceredigion	Wales	5.2	5.4	-3%
Blaenau Gwent	Wales	3.5	3.7	-5%
Merthyr Tydfil	Wales	3.4	3.7	-8%
Burnley	North West	3.1	3.6	-13%
Eden	North West	5.3	7.3	-27%
Kensington and Chelsea	London	6.2	10.9	-43%

Source: Halifax and ONS

"This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance." © Bank of Scotland plc all rights reserved 2020.

Halifax press office contacts:

Gregor Low 07500 078 879 gregor.low@lloydsbanking.com
 Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com