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## First-time buyers in London pay double to take their first step on the housing ladder

- It costs twice as much for first-time buyers to buy a home in London compared to anywhere else in the UK (£420,132 vs £210,515)
- The average price of a first-time buyer home in London has risen by close to two-thirds in the past five years
- The average deposit paid by a first-time buyer in London is £92,833, 62% higher than in 2013
- House prices in London's outer boroughs have increased by 47% in the last five years for all buyers

Despite the recent slowdown in London house prices the average amount a first-time buyer will pay for a home in the capital has now increased to over £400,000 (£420,132), double that paid by first-time buyers across the rest of Britain (£210,515) according to new research from Lloyds Bank. (Table 1)

During the past five years, the average price of a property bought by a first-time buyer in London has risen by 64%, from £255,794 to £420,132. The typical deposit used to buy a first London home has also increased greatly and is more than double that which other first-time buyers across the UK choose to put down as a deposit (£92,833 vs £39,668). This is up 62% when comparing what first-time buyers used as a deposit just five years ago (£92,833 vs £57,434). (Tables 2 & 3)

Since 2013, the number of buyers getting on the capital's housing ladder has fallen by 5% to 42,983 in 2017. Five years ago 17% of all first-time buyers in the UK were in London, today that proportion has fallen to 12%. The number of London first-time buyers has fallen for three consecutive years whilst the overall number has increased for six years straight across the rest of the UK. Elevated house price levels are likely to have been a key factor in this slowdown of first-time buyer activity.

### **Camden demands the highest deposits but Haringey prices double in five years**

Camden is the borough which commands the highest average deposit from a first-time buyer in London, which has increased from £137,079 in 2013 to £175,844 in 2018, a jump of 28%.

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However, it is Haringey that has seen the biggest increase in deposits paid by first-time buyers, which have more than doubled from £63,447 in 2013 to £131,827.

As a result of high property prices, the size of the average London first-time buyer mortgage has risen by 65% in the last five years to £327,299, compared to £170,847 for the rest of the UK. (Table 4)

However, it is still cheaper to buy than rent. A typical three bedroom house would cost a London first-time buyer around £1,248<sup>2</sup> per month with the rent for a similar property coming in at £1,545, a difference of £3,568 per year.

## **London house prices increase by 40% over the past five years**

Houses in London for all home buyers are notoriously expensive, currently coming in at over £600,000 on average. This new report found that the average house price in London has increased by 40% from £435,712 in 2013 to £610,701 in 2018, compared to a growth of 20% for England and Wales.

London's once cheaper periphery are now key growth areas. House prices in outer London boroughs, such as Barking and Dagenham, Haringey and Waltham Forest have grown by nearly half (47%) in the last five years from £348,230 to £511,184. Inner<sup>1</sup> London boroughs, such as Camden, Greenwich and Lambeth also saw a surge of 44% (£447,781 to £645,791) in the same time period as did Prime London boroughs - City of London, Westminster and Kensington & Chelsea (37%, £1.22m to £1.68m). This far outstrips the growth seen across the rest of England and Wales (£238,333 to £286,822).

However, whilst prices are lower in outer London the gap is closing. In 2013, the average house price of £348,230 for a home in outer London was 20% less compared to London as a whole (£435,712); today the gap is 16%.

**Andrew Mason, Lloyds Bank mortgage products director, said:** "Despite the recent slowdown in London house prices this latest data shows how expensive it has become to live in the capital, particularly for young people trying to get on the ladder for the first time. As a result, first-time buyers have to wait until they are 34 before getting their first foot on the property ladder.

"While property prices drop as you head to the fringes of the capital, our analysis is showing that this gap is closing as house price growth in Outer London boroughs is continuing to increase at a greater pace than Inner London boroughs. This healthy growth may be linked to a high demand for these more affordable properties as well as some areas benefiting from the new Crossrail link due to open next year as commuters move further afield."

## **Waltham Forest nearly doubles in price over the last five years**

The most expensive London borough to live in is Kensington and Chelsea, with an average house price of £1,931,759. (Table 5)

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It is the borough of Waltham Forest which has seen the largest increase in house prices over the last five years. House prices have climbed from £251,553 in 2013 to £462,799, an increase of 84%, followed by homes in Newham (76%) and then City of London (72%).

Barking and Dagenham is the least expensive London borough with an average house price of £301,859. However, this may not be the case for long as Barking and Dagenham recorded the fifth largest average house price growth in London since 2013 at 67% (£181,229 to £301,859).

### **First-time buyers in London are three years older than the rest of the UK**

Since house prices in London are double those seen across the UK, it's no surprise that the average first-time buyer in London is 34 years of age (UK average - 31). (Table 6)

In Barnet, where the average price a first-time buyer would pay is £480,182, the typical age of those buying a home for the first time in that area will be 39 years old. This is also the average age of first-time buyers in Sutton and Harrow.

The only area in London which attracts first-time buyers that are younger than the UK average is Tower Hamlets, where the average age of a first-time buyer is 30 years old.

### **Social Housing in in London**

As high prices continue to rise, social housing will play an ever more important role for those who can't afford to buy their own home. Social housing<sup>3</sup> provision is higher in the capital compared to the rest of England, with almost 1 in 4 homes, or 23%, of the housing stock accounted for by social housing compared with 18% in England.

Within London there is large variation between local authorities in the provision of social housing. In Redbridge, Harrow and Kingston upon Thames they account for one in ten (10%) of total housing stock, rising to 42% in Islington, Southwark and Hackney.

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**Table 1: London Local Authority Districts Growth: 2013 to 2018**

Local Authority District	Average House Price 2013	P/E Ratio 2013	Average House Price 2018	P/E Ratio 2018	5 Yr Change £	5 Yr Change %
Waltham Forest	251,553	7.5	462,799	12.2	211,246	84%
Newham	219,714	7.3	386,040	12.0	166,326	76%
City of London	543,214	n.a	932,463	n.a	389,249	72%
Lewisham	283,526	7.4	473,647	11.8	190,121	67%
Barking and Dagenham	181,229	6.2	301,859	9.4	120,630	67%
Hackney	380,853	9.9	618,503	13.9	237,650	62%
Haringey	416,711	11.1	669,438	16.0	252,728	61%
Bexley	226,333	6.2	360,095	8.8	133,762	59%
Southwark	414,762	9.6	656,417	15.0	241,655	58%
Havering	245,445	6.8	385,551	10.2	140,106	57%
Enfield	297,423	8.7	458,372	12.1	160,948	54%
Brent	392,977	11.7	604,638	16.4	211,661	54%
Lambeth	397,272	10.1	605,877	13.7	208,604	53%
Harrow	345,347	9.4	525,667	12.6	180,320	52%
Croydon	264,309	7.4	402,237	10.3	137,929	52%
Greenwich	294,862	7.4	448,374	9.9	153,512	52%
Bromley	332,392	6.6	504,443	9.6	172,051	52%
Hillingdon	299,991	8.2	453,923	12.9	153,931	51%
Sutton	272,210	6.9	411,366	10.6	139,157	51%
Redbridge	302,338	7.9	456,686	10.9	154,347	51%
Tower Hamlets	356,455	7.2	536,000	10.3	179,545	50%
Kingston upon Thames	387,079	8.4	578,940	11.9	191,861	50%
Barnet	453,039	10.8	672,968	13.9	219,929	49%
Islington	527,878	9.1	777,654	14.3	249,776	47%
Merton	437,109	8.3	638,835	13.2	201,727	46%
Hounslow	360,030	9.4	523,335	12.6	163,305	45%
Camden	764,725	14.7	1,105,891	17.4	341,166	45%
Westminster	1,083,051	14.0	1,555,281	17.8	472,230	44%
Ealing	400,368	10.8	574,005	14.2	173,637	43%
Wandsworth	529,969	10.5	748,906	12.5	218,937	41%
Hammersmith and Fulham	685,045	12.7	956,690	15.5	271,645	40%
Richmond upon Thames	589,013	10.6	797,147	10.8	208,134	35%
Kensington and Chelsea	1,487,567	15.6	1,931,759	18.9	444,192	30%
<b>Prime London</b>	<b>1,222,748</b>	<b>n.a</b>	<b>1,676,534</b>	<b>n.a</b>	<b>453,786</b>	<b>37%</b>
<b>Inner London</b>	<b>447,781</b>	<b>9.8</b>	<b>645,791</b>	<b>12.7</b>	<b>198,010</b>	<b>44%</b>
<b>Outer London</b>	<b>348,230</b>	<b>8.4</b>	<b>511,184</b>	<b>11.6</b>	<b>162,954</b>	<b>47%</b>
<b>London</b>	<b>435,712</b>	<b>9.9</b>	<b>610,701</b>	<b>13.0</b>	<b>174,989</b>	<b>40%</b>

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England & Wales	238,333	7.2	286,822	8.0	48,489	20%
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Source: Land Registry 12 months to January, ASHE full time data

**Table 2: First Time Buyer Average House Prices: 2013-2018, 5 year % change**

Borough	FTB Average Price 2013 £	FTB Average Price 2018 £	5 Year % Change
Waltham Forest	211,335	409,977	94%
Haringey	271,998	488,424	80%
Barking and Dagenham	173,146	305,188	76%
Newham	213,263	375,390	76%
Greenwich	214,045	376,361	76%
Redbridge	236,248	410,714	74%
Croydon	202,716	349,817	73%
Bromley	233,710	400,474	71%
Barnet	281,245	480,182	71%
Lewisham	235,809	400,756	70%
Hillingdon	233,127	394,209	69%
Merton	279,800	467,845	67%
Bexley	194,645	324,843	67%
Hounslow	241,111	402,363	67%
Havering	200,554	331,569	65%
Sutton	225,098	362,078	61%
Kingston upon Thames	279,927	447,660	60%
Harrow	294,351	469,280	59%
Ealing	268,278	426,395	59%
Brent	287,576	454,874	58%
Richmond upon Thames	351,488	555,473	58%
Lambeth	293,521	463,001	58%
Enfield	221,102	346,856	57%
Wandsworth	349,266	547,877	57%
Southwark	289,932	454,135	57%
Hackney	320,153	490,071	53%
Tower Hamlets	308,295	460,806	49%
Westminster	437,752	641,953	47%
Islington	407,737	563,086	38%
Hammersmith and Fulham	405,841	536,381	32%
Camden	466,058	607,545	30%
<b>London</b>	<b>255,794</b>	<b>420,132</b>	<b>64%</b>
<b>UK</b>	<b>141,269</b>	<b>210,515</b>	<b>49%</b>

Source: Lloyds Bank 12 months to April

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**Table 3 – First-time buyer, Average Deposit: 2013-2018**

Borough	FTB Average Deposit 2013 £	FTB Average Deposit 2018 £
Camden	137,079	175,844
Wandsworth	87,430	160,442
Lambeth	71,259	138,248
Islington	109,448	137,408
Hammersmith and Fulham	94,025	136,065
Westminster	106,793	135,008
Haringey	63,447	131,827
Richmond upon Thames	79,966	127,190
Hackney	75,394	126,938
Southwark	69,565	125,909
Barnet	69,592	113,027
Brent	74,808	105,406
Tower Hamlets	74,512	104,462
Merton	60,148	103,346
Kingston upon Thames	66,123	99,296
Ealing	63,347	95,832
Redbridge	46,824	90,130
Waltham Forest	48,583	87,314
Harrow	69,243	87,264
Lewisham	51,608	85,509
Greenwich	42,169	82,809
Newham	47,944	77,646
Hounslow	52,825	75,005
Bromley	44,111	74,435
Enfield	50,305	74,251
Hillingdon	48,653	73,976
Croydon	39,862	69,499
Sutton	44,758	66,292
Barking and Dagenham	31,481	56,467
Bexley	35,719	53,218
Havering	38,423	51,495
<b>London</b>	<b>57,434</b>	<b>92,833</b>
<b>UK</b>	<b>28,431</b>	<b>39,668</b>

Source: Lloyds Bank 12 months to April

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**Table 4: First Time Buyer, Average Size of Mortgage: 2013-2018**

Borough	FTB Average Advance 2013 £	FTB Average Advance 2018 £
Westminster	330,959	506,945
Camden	328,979	431,701
Richmond upon Thames	271,523	428,283
Islington	298,289	425,678
Hammersmith and Fulham	311,816	400,316
Wandsworth	261,836	387,435
Harrow	225,108	382,015
Barnet	211,653	367,155
Merton	219,652	364,499
Hackney	244,760	363,133
Haringey	208,552	356,596
Tower Hamlets	233,783	356,345
Brent	212,768	349,467
Kingston upon Thames	213,804	348,364
Ealing	204,931	330,563
Southwark	220,367	328,226
Hounslow	188,286	327,358
Bromley	189,598	326,039
Lambeth	222,261	324,752
Waltham Forest	162,752	322,662
Redbridge	189,424	320,585
Hillingdon	184,473	320,234
Lewisham	184,201	315,246
Newham	165,319	297,744
Sutton	180,341	295,786
Greenwich	171,876	293,552
Croydon	162,854	280,318
Havering	162,130	280,074
Enfield	170,797	272,606
Bexley	158,926	271,625
Barking and Dagenham	141,665	248,720
<b>London</b>	<b>198,360</b>	<b>327,299</b>
<b>UK</b>	<b>112,838</b>	<b>170,847</b>

Source: Lloyds Bank 12 months to April 2018

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**Table 5: Top 20 Most Expensive London Districts 2013, 2018**

Local Authority District	Average House Price 2013	Local Authority District	Average House Price 2018
Kensington and Chelsea	1,487,567	Kensington and Chelsea	1,931,759
Westminster	1,083,051	Westminster	1,555,281
Camden	764,725	Camden	1,105,891
Hammersmith and Fulham	685,045	Hammersmith and Fulham	956,690
Richmond upon Thames	589,013	City of London	932,463
City of London	543,214	Richmond upon Thames	797,147
Wandsworth	529,969	Islington	777,654
Islington	527,878	Wandsworth	748,906
Barnet	453,039	Barnet	672,968
Merton	437,109	Haringey	669,438
Haringey	416,711	Southwark	656,417
Southwark	414,762	Merton	638,835
Ealing	400,368	Hackney	618,503
Lambeth	397,272	Lambeth	605,877
Brent	392,977	Brent	604,638
Kingston upon Thames	387,079	Kingston upon Thames	578,940
Hackney	380,853	Ealing	574,005
Hounslow	360,030	Tower Hamlets	536,000
Tower Hamlets	356,455	Harrow	525,667
Harrow	345,347	Hounslow	523,335

Source: Land Registry 12 months to January

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**Table 6: Average Age of First Time Buyer: 2018**

<b>Borough</b>	<b>FTB Average Age 2018</b>
Barnet	39
Sutton	39
Harrow	39
Hounslow	38
Merton	37
Kingston upon Thames	37
Barking and Dagenham	37
Redbridge	37
Enfield	36
Richmond upon Thames	36
Haringey	36
Newham	35
Havering	33
Camden	33
Hammersmith and Fulham	33
Westminster	33
Wandsworth	33
Brent	33
Hackney	33
Croydon	32
Bromley	32
Islington	32
Southwark	32
Ealing	32
Hillingdon	32
Bexley	31
Greenwich	31
Lewisham	31
Waltham Forest	31
Lambeth	31
Tower Hamlets	30
<b>London</b>	<b>34</b>
<b>UK</b>	<b>31</b>

Source: Lloyds Bank 12 months to April

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## Editor's Notes

The prices in the tables refer to the arithmetic average of house prices. The data extracted from the Land Registry is for 12 months to January each year and the first time buyer data from Lloyds Bank is for 12 months to April each year .

The price to earnings ratio is calculated using the ASHE data for all full time employees for years 2012 and 2017. Average earnings refer to mean values.

NB: No data available for City of London earnings. Lloyds earnings estimate for the following local authority districts: Kensington & Chelsea and Haringey.

### <sup>1</sup> London borough definitions:

**Prime:** Kensington & Chelsea, City of Westminster and City of London (not officially classed as a borough but included in this analysis).

**Inner:** Camden, Hackney, Hammersmith & Fulham, Islington, Lambeth, Lewisham, Southwark, Tower Hamlets and Wandsworth.

**Outer:** Barking & Dagenham, Barnet, Bexley, Bromley, Croydon, Ealing, Enfield, Greenwich, Haringey, Harrow, Havering, Hillingdon, Hounslow, Kingston upon Thames, Merton, Newham, Redbridge, Richmond upon Thames, Sutton and Waltham Forest.

<sup>2</sup> Based on average mortgage on 25 year term at rate of 2.02% (Bank of England average rate for UK)

<sup>3</sup> Social housing consists of (1) Local Authority and other public sector stock were reported by local authorities in the Local Authority Housing Statistics, (2) Private Registered Providers of social housing and (3) other public sector home. Source: DCLG, 2016.

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