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TWO FIFTHS OF YOUNG SCOTS DON'T UNDERSTAND HOW A MORTGAGE WORKS

- A quarter of 18 to 34 year olds say lack of knowledge is a barrier to home ownership
- A third of young people struggle to find a suitable property
- Half of younger Scots rent or live with parents

A quarter (25%) of young people in Scotland say a lack of knowledge is a key barrier to home ownership, with two fifths (39%) unable to confidently explain how a mortgage works, according to the latest research from Bank of Scotland.

The survey of over 2,100 18 to 34 year olds living in Scotland, found that the greatest obstacles to getting onto the housing ladder remain affordability (73%), saving for a deposit (62%), and the availability of suitable properties (34%).

Currently, around half of young Scots either rent from a private landlord (34%) or live with their parents (16%), and a fifth (21%) hold a mortgage. Fewer than a quarter (23%) of those living with their parents are doing so through choice, and three quarters (75%) are living in the family home, as they're unable to afford to move out.

Looking to the future, young Scots who are aiming to get a foot on the property ladder, believe this will be achievable by the age of 31 – slightly longer than the current average age* of Scotland's first-time buyers of 30. Some of the nation's young adults anticipate their home-owning dreams to be boosted by inheritance, with one in three (34%) expecting to receive inheritance in the future, with half (50%) intending to spend this money on a property.

However, just over one in 10 (11%) believe they will never be in a position to afford their own home.

Ricky Diggins, Director, Bank of Scotland, said: “Young people in Scotland who want to realise their home-owning dreams continue to be affected by issues around affordability and availability of properties. Our survey shows that a third of adults under 34 are struggling to find a property that's right for them and a sixth continue to live in the family home whilst they save for their next step.

“Our research also revealed that young Scots don't feel financially confident when it comes to understanding how mortgages work, feeling this knowledge gap is impeding their progress onto the housing ladder. Asking friends and family members to share their experiences is a great way to increase confidence, and getting in touch with your Bank to discuss the basic steps, will help demystify the process.”



Bank of Scotland Press Team

Caroline Cody | caroline.cody@lloydsbanking.com | 07385 033 062

James Birch | james.birch@lloydsbanking.com | 07786 074642

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Regional differences

Young people in the far north of Scotland are the least likely to be confident in explaining how a mortgage works, with two fifths (40%) of respondents in the Highlands and Islands admitting they would struggle to do so. Young locals in this area are also more likely to say a lack of knowledge is one of the top three barriers to home ownership (31%), second only to those living in South and Central Scotland (32%). Comparatively, those in North East Scotland show relative confidence, with only 18% highlighting lack of knowledge as a barrier to buying a home.

Nearer to the border, young people are mostly likely to be homeowners, with 35% of 18 to 35 year olds in South Scotland holding a mortgage. However, in metropolitan Glasgow, where the average house price is £196,625** just 18% of young people own their own home. Similarly, young Glaswegians also expect to wait the longest to get foothold on the property ladder, until 32, on average.

Home-buying hints and tips

Start the ball rolling

The quickest way to find out how much you can borrow will be checking online tools and calculators which can help with taking the first step to buying or moving home within minutes.

Keep documents up to date

Before speaking to a mortgage adviser, make sure all your income details, bank statements and pay cheques are up to date and you have them prepared before the first meeting. The more accurate information you can provide from the offset, the smoother the process will be.

Be realistic

It can take time to find the right property and, taking into consideration the chains of buying and selling that need to happen to allow each party to move forward, it is common for the process to take several months. Consider looking at a trusted house price website, as well as talking to a number of local estate agents, who can share local expertise on the area you're interested in.

Do your research

Speak to family and friends, or a mortgage professional at your bank, to get to grips with the basic home-buying steps and terminology including surveys, conveyancing, valuations, equity and loan to value. You'll start to feel more confident as you become more familiar with the process and the language involved.

End

Notes to editor:

*Average age of Scottish first-time buyers according to Halifax data



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Caroline Cody | caroline.cody@lloydsbanking.com | 07385 033 062

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Region	Average Age 2021
LA North East	30
LA North West	31
LA Yorkshire and The Humber	30
LA East Midlands	31
LA West Midlands	31
LA East of England	32
LA London	33
LA South East	32
LA South West	31
LA Wales	31
LA Scotland	30
LA Northern Ireland	32
LA (UK)	31

The data is based on 12 months rolling average to May 2011, 2021
Source: Bank of Scotland

** Data is taken from the annual Halifax Bank Affordable Cities Review

All other figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3801 adults, of which 2,109 were 18-34. Fieldwork was undertaken between 17/5/21-08/06/21. The survey was carried out online. The figures have been weighted and are representative of all Scotland adults (aged 18+).

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."

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