



SOARING HOUSE PRICES FAILED TO DETER FIRST-TIME BUYERS IN 2020

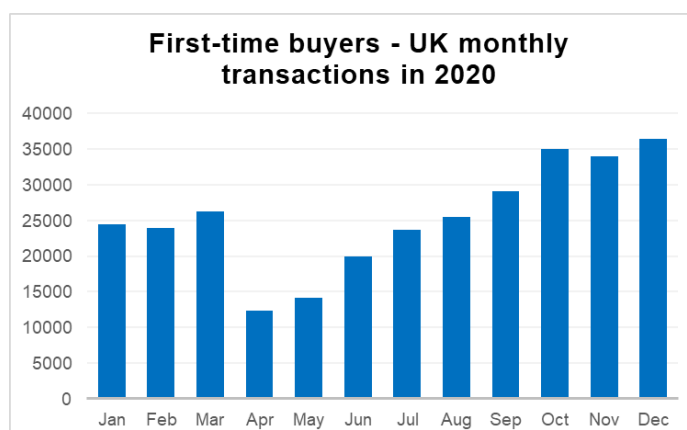
- Average first-time buyer deposit amount leapt by more than £10,000 last year
- Number of first-time buyers fell by 13% but activity bounced back after first lockdown
- First-time buyers continued to make around half of all home purchases

The overall number of first-time buyers fell in 2020, as the housing market was curtailed during the first national lockdown, according to the latest research by Halifax.

Volume of first-time buyers

With sales activity largely grinding to a halt during Spring, the overall number of first-time buyers in 2020 was down by over 46,000 (13%) compared to 2019 (304,657 vs 351,260).

However, first-time buyer transactions bounced back strongly in the second half of the year (up 52% from 121,050 in H1 to 183,607 in H2) once the market reopened. Comparing the second half of 2020 to the same six-month period in 2019, first-time buyer transactions were down by just 2% (compared to -26% in H1).



In total, the number of first-time buyers as a proportion of all homes purchased with a mortgage remained stable last year at 50% (vs. 51% in 2019 and 50% in 2018).

Northern Ireland (-23%), Wales (-23%) and Scotland (-21%) experienced the biggest decreases in the number of first-time buyers last year. London's first-time buyer figure fell by the smallest percentage of any region, down by just 6% year-on-year.

Russell Galley, Managing Director, Halifax, said: "Whilst these figures confirm the almost inevitable fall in the overall number of first-time buyers in 2020 – with the entire housing market effectively shuttered during the first national lockdown – they also underline just how strong the bounce back was in the second half of the year.



“Despite the obvious challenges presented by soaring house prices, not least the need to raise an even bigger deposit, first-time buyers still accounted for half of all home purchases, a reassuring statistic given their overall importance to the market.

“However, with the economic impact of the pandemic likely to be felt most keenly by the young and those in lower-paid jobs, the need to prioritise improved housing availability and affordability for all those looking to make that first step onto the property ladder becomes ever greater.”

Average purchase price

The average price paid by a first-time buyer in the UK last year was £256,057, up by £22,939 (10%) from a year earlier (£233,118). London saw the biggest monetary increase in the average price paid by first-time buyers over the last 12 months, up by £33,486 (7%) from £455,611 to £489,098.

The greatest percentage growth came in the West Midlands, up by 11% (£19,565) from £185,682 to £205,246. The smallest increase came in Scotland, up by just over 1% (£2,133) from £153,278 to £155,411.

Average deposit paid

The average amount put down by a first-time buyer in 2020 was £57,278, compared to £46,449 the year before, a rise of over 23% (£10,829).

Average deposits for first-time buyers in London were up by £20,211 (18%), from £110,145 to £130,357. Other areas of the country also saw big increases, with the average first-time buyer deposit growing by 25% (£6,634) in Wales, from £26,029 to £32,663.

Affordability for first-time buyers

Burnley in the North West remains the most affordable area for local first-time buyers – calculated by comparing average earnings to average house prices – with a ratio of 3.1.

The vast majority of the top 20 most affordable areas are in Scotland (examples include both East and North Ayrshire at 3.2), with North Down and Ards in Northern Ireland (3.8), Middlesbrough and Doncaster (both 3.9) also making the list.

The list of the top 20 least affordable areas in the country continues to be dominated by Greater London, with Islington recording a house price to earnings ratio of 11.9, followed by Brent (also 11.9) and Hackney (11.8). Many of the other most expensive areas are in the South East, with Oxford (10.3) and Slough (10.0) also in the top 20.

The average age of a first-time buyer in the UK is now 31, just one year older than it was a decade ago (30 in 2010).

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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. Final volumes for 2020 are modelled on Bank of England transaction data and the expected level of market completions.

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

House Prices

The prices used in this research are simple arithmetic ('crude') averages for 12 months to December 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 Q4 2020. 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 home purchase loans
2009	193,940	2%	39%
2010	193,590	0%	37%
2011	187,990	-3%	38%
2012	211,920	13%	40%
2013	258,210	22%	44%
2014	310,280	20%	46%
2015	298,080	-4%	46%
2016	328,510	10%	48%
2017	345,920	5%	49%
2018	353,120	2%	50%
2019	351,260	-1%	51%
2020*	304,657	-13%	50%

Sources: UK Finance and *Halifax estimate for 2020

Table 2: Number of first-time buyers – regions

Region	2010	2015	2019	2020*
North	8,060	13,120	16,010	13,985
Yorkshire and the Humber	14,800	23,660	29,950	25,683
East Midlands	13,220	21,700	27,210	23,894
East Anglia	6,920	10,230	12,420	11,006
Greater London	33,370	42,510	40,720	38,320

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South East	38,030	59,700	68,070	60,960
South West	15,030	24,110	28,210	24,588
West Midlands	15,230	24,590	31,460	26,400
North West	18,870	29,680	37,900	33,113
Wales	7,880	12,550	15,890	12,190
Scotland	17,170	28,430	32,630	25,826
N. Ireland	4,550	7,790	10,790	8,347
UK**	193,940	298,080	351,260	304,657

Sources: UK Finance and *Halifax estimate for 2020, **Region totals will not equal UK totals due to rounding.

Table 3: First-time buyers: Average price, loan amount and deposit by region, 2020

Region	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	147,081	117,518	29,563	20%
Yorkshire and Humberside	168,046	134,733	33,313	20%
North West	176,808	142,460	34,347	19%
East Midlands	199,370	160,318	39,052	20%
West Midlands	205,246	163,184	42,062	20%
East Anglia	241,814	190,688	51,126	21%
Wales	166,048	133,385	32,663	20%
South West	239,716	188,319	51,397	21%
South East	321,131	256,220	64,910	20%
Greater London	489,098	358,741	130,357	27%
Northern Ireland	147,520	117,996	29,523	20%
Scotland	155,411	119,666	35,745	23%
UK	256,057	198,779	57,278	22%

Source: Halifax, 12 months December 2020, UK Finance

Table 4: First-time buyers: Average price change by region, 2019-2020

Region	2019 (£s)	2020 (£s)	Average change %	Average change £s
North	135,825	147,081	8%	11,256
Yorkshire and Humberside	157,417	168,046	7%	10,629
North West	164,622	176,808	7%	12,186
East Midlands	183,300	199,370	9%	16,070
West Midlands	185,682	205,246	11%	19,565
East Anglia	222,610	241,814	9%	19,204

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Wales	154,396	166,048	8%	11,652
South West	221,959	239,716	8%	17,756
South East	296,900	321,131	8%	24,231
Greater London	455,611	489,098	7%	33,486
Northern Ireland	137,674	147,520	7%	9,845
Scotland	153,278	155,411	1%	2,133
UK	233,118	256,057	10%	22,939

Source: Halifax, 12 months to December 2020, UK Finance

Table 5: First-time buyers: Average deposit change by region, 2019-2020

Region	2019 (£s)	2020 (£s)	Average change %	Average change £s
North	23,788	29,563	24%	5,775
Yorkshire and Humberside	28,008	33,313	19%	5,305
North West	29,519	34,347	16%	4,829
East Midlands	33,268	39,052	17%	5,783
West Midlands	34,008	42,062	24%	8,054
East Anglia	43,474	51,126	18%	7,652
Wales	26,029	32,663	25%	6,634
South West	42,504	51,397	21%	8,893
South East	54,654	64,910	19%	10,256
Greater London	110,145	130,357	18%	20,211
Northern Ireland	25,327	29,523	17%	4,196
Scotland	30,101	35,745	19%	5,644
UK	46,449	57,278	23%	10,829

Source: Halifax, 12 months to December 2020, UK Finance

Table 6: 20 Most affordable areas for first-time buyers, 2020

Local Authority District	Region	House price to average earnings ratio
Burnley	North West	3.1
East Ayrshire	Scotland	3.2
North Ayrshire	Scotland	3.2
Inverclyde	Scotland	3.4
West Dunbartonshire	Scotland	3.4
Renfrewshire	Scotland	3.5

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South Lanarkshire	Scotland	3.6
Clackmannanshire	Scotland	3.6
North Lanarkshire	Scotland	3.6
North Down and Ards	Northern Ireland	3.8
Middlesbrough	North East	3.9
Doncaster	Yorkshire and The Humber	3.9
Fife	Scotland	3.9
Hyndburn	North West	3.9
Carlisle	North West	3.9
Falkirk	Scotland	4.0
County Durham	North East	4.0
Glasgow City	Scotland	4.1
South Ayrshire	Scotland	4.1
Barnsley	Yorkshire and The Humber	4.1

Source: Halifax and ONS

Table 7: 20 Least affordable areas for first-time buyers, 2020

Local Authority District	Region	House price to average earnings ratio
Islington	London	11.9
Brent	London	11.9
Hackney	London	11.8
Haringey	London	11.5
Newham	London	11.3
Hillingdon	London	11.1
Barnet	London	10.6
Hounslow	London	10.6
Hammersmith and Fulham	London	10.4
Lambeth	London	10.4
Camden	London	10.4
Oxford	South East	10.3
Waltham Forest	London	10.1
Slough	South East	10.0
Southwark	London	10.0
Westminster	London	10.0
Hertsmere	East of England	9.9
Cambridge	East of England	9.9
Enfield	London	9.8

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Ealing	London	9.7
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Source: Halifax and ONS

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