

Press Release



Halifax First-Time Buyer Review 2021

- Clackmannanshire is the most affordable area for first-time buyers
- The number of first-time buyers rose to 409,370 in 2021, up 35% on 2020
 - FTB average house prices rose by 3% to £264,140
 - Average FTB deposits fell 6% to £53,935
- Affordability has fallen in all but three local authorities since 2011

Last year saw first-time buyer (FTB) numbers rise at a record rate (up 35%) to 409,370 despite low affordability, according to new analysis from Halifax. The average buyer in 2021 was 32 years old and put down a £53,935 deposit on a first property costing £264,140.

Rising numbers of first-time buyers

Since 2009 first-time buyer numbers have more than doubled. With an increase of over 100,000 in the last 12 months, a total of 409,370 new buyers entered the housing market in 2021, up 35% on 2020.

Despite this surge in numbers, first-time home purchasers remained at around half of all home loans.

	Number of first-time buyers	Annual % change	First-time buyers as % of all home purchase loans
2009	193,940		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	298,090	-4%	46%
2016	328,500	10%	48%
2017	345,920	5%	49%
2018	353,120	2%	50%
2019	351,260	-1%	51%
2020	303,970	-13%	50%
2021	409,370	35%	48%

Sources: UK Finance and *Halifax estimate for 2021

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Each region across the UK saw a marked rise in the number of new buyers in the market last year. The biggest increase was in London, where numbers rose 49%. The smallest, Scotland, still saw an increase by a quarter (24%). The number of first-time buyers has more than doubled over the last 10 years in every region except London (+82%).

Region	2011	2020	2021*	10-year change	1-year change
North	8,370	13,890	18,422	120%	33%
Yorkshire and the Humber	15,010	25,070	32,792	118%	31%
East Midlands	12,780	23,110	29,850	134%	29%
East Anglia	6,750	11,010	14,640	117%	33%
Greater London	31,290	38,140	56,857	82%	49%
South East	36,630	61,250	85,666	134%	40%
South West	14,670	24,250	32,017	118%	32%
West Midlands	14,740	25,570	33,798	129%	32%
North West	18,470	32,050	40,748	121%	27%
Wales	8,060	12,310	16,815	109%	37%
Scotland	16,220	28,740	35,627	120%	24%
N. Ireland	4,690	8,570	12,110	158%	41%
UK**	187,990	303,970	409,370	118%	35%

Sources: UK Finance and *Halifax estimate for 2021, **Region totals will not equal UK total due to rounding

Prices rose and deposits fell

As more buyers entered the market the average first-time buyer deposit fell 6% for the UK, with only Wales and Scotland noting an increase regionally. This fall in the UK average was set against a rise in the average purchase price of first homes, which meant that, overall, the gap between purchase price and deposit widened in every region.

Region	Average House Price 2020 (£s)	Average House Price 2021 (£s)	1 Yr % change in Average Price	Average Deposit 2020 (£s)	Average Deposit 2021 (£s)	Deposit as % of purchase price 2021	1 Year % change in Deposit
London	488,771	475,819	-3%	130,281	115,759	24%	-11%
Scotland	154,821	166,919	8%	35,607	37,038	22%	4%
South West	239,434	252,263	5%	51,178	49,592	20%	-3%
South East	322,386	320,591	-1%	66,706	60,953	19%	-9%
Northern Ireland	147,394	156,594	6%	29,546	29,199	19%	-1%
Wales	165,272	180,392	9%	32,368	33,622	19%	4%
East of England	297,548	303,166	2%	58,531	55,250	18%	-6%
North West	175,389	189,588	8%	34,185	33,983	18%	-1%
West Midlands	204,948	209,270	2%	41,928	37,159	18%	-11%

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East Midlands	199,503	210,203	5%	39,077	37,171	18%	-5%
North East	145,254	151,814	5%	28,643	26,769	18%	-7%
Yorks & Humber	167,267	177,683	6%	33,032	31,212	18%	-6%
UK	256,057	264,140	3%	57,278	53,935	20%	-6%

Aging buyers

The average age at which someone buys their first home has risen to 32, up from 29 in 2011 and is now over 30 in every UK region.

Region	Average Age 2011	Average Age 2021
North East	28	30
North West	29	31
Yorkshire and The Humber	28	30
East Midlands	29	31
West Midlands	29	32
East of England	30	32
London	32	33
South East	31	32
South West	30	31
Wales	28	31
Scotland	29	31
Northern Ireland	30	32
UK	29	32

Esther Dijkstra, Mortgage Director at Halifax, said:

“There were a number of factors influencing home buying decisions in 2021. While working from home and the ‘race for space’ was key for many, particularly movers, it’s clear that the Stamp Duty holiday increased the availability of first-rung homes as others moved up the ladder.

“Lifestyles have changed; over time more people have chosen to go on to higher education, go travelling, or move around for work, which are all factors in the increase in first-time buyer age. However, undoubtedly, the biggest drivers are the cost of homes and the need to save a significant deposit to get on the housing ladder.

“In 2021, the increase in average house price to £264,140, combined with difficulties in raising a deposit, meant that the gap between purchase price and deposit widened in every region in the UK.”

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Low affordability across the UK

The growth of house prices has outstripped that of incomes and the average price to earnings ratio for UK first-time buyers now stands at 6.9x. Affordability in all but three local authorities has fallen since 2011: Clackmannanshire (-5%) and Moray (-1%) saw the gap between house prices and wages (P/E ratio) narrow slightly, while in East Ayrshire it was flat.

One local authority, Merton, saw the P/E ratio more than double (108%), meaning affordability halved, with Reigate and Banstead nearly doubling (+97%).

Local authorities with largest deterioration in FTB affordability

Local Authority	Average price 12 months to Dec 2021 (£)	Ave earnings 2021 est (£)	P/E ratio 2021	P/E ratio 2011	Deterioration in affordability
Merton	513,811	51,880	9.9	4.8	108%
Reigate and Banstead	386,719	47,929	8.1	4.1	97%
South Kesteven	250,788	36,152	6.9	3.6	94%
Westminster	682,361	67,962	10.0	5.2	94%
Ashford	298,239	35,216	8.5	4.4	92%

The price of an average FTB home is now less than four times the average income, considered the limit for affordability, in just 15 local authorities (LAs) around the UK. The least affordable LA for FTBs is the London borough of Brent, where homes are 12.3x average earnings (P/E ratio), while the most affordable is Clackmannanshire in Scotland, where it is just three times. (See Appendix for regional information.)

Most and least affordable local authorities

Local Authority	Region	P/E Ratio 2021
Clackmannanshire	Scotland	3.0
West Dunbartonshire	Scotland	3.2
East Ayrshire	Scotland	3.2
North Ayrshire	Scotland	3.3
Renfrewshire	Scotland	3.5

Local Authority	Region	P/E Ratio 2021
Brent	London	12.3
Camden	London	12.2
Haringey	London	11.4
Waltham Forest	London	10.9
Hillingdon	London	10.6

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Notes to Editors:

This information is intended for the sole use of journalists and media professionals.

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.

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'Regions' are based on Government Office Regions, with the exception of the numbers of first-time buyers, as UK Finance use Economics Planning 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 2021. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.

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 2022

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