

## Number of first-time buyers falls amid tougher housing market conditions

- **First-time buyers account for over half (53%) of all home loans**
- **Number of first-time buyers down 22% between January and August 2023, compared to same period last year**
- **Average price of first home now £288,030 – down just 2% in the past year**
- **First-time buyer deposits fall 12%, although still averaging £54,116**
- **Scotland is the UK's most affordable place for first-time buyers to get on the property ladder**

The number of first-time buyers fell 22% between January and August this year, compared to the same period in 2022, according to the latest Halifax First-Time Buyer Review.

First-time buyers still accounted for over half (53%) of all home loans agreed in the first eight months of this year, a similar proportion as during the same period in 2022 (52%), as activity in the wider housing market slowed.

**Kim Kinnaird, Director, Halifax Mortgages, said:**



**“Getting the keys to your first home is a significant milestone in anyone’s life - we’ve lent £5.5 billion to first-time buyers in the first six months of the year, helping people make their home-owning dreams a reality.**

**“While lenders are ready to help people get on the property ladder, the growth in house prices over the past decade means raising a suitable deposit remains a significant hurdle. There is then finding the right property in a housing market with limited supply, coupled with the sharp rise in interest rates more recently, meaning there is lots to consider for any first-time buyer.**

**“The average age of those buying their first property is now 32, rising by two years over the past decade, most likely reflecting that increasing costs are making the road to home ownership longer. Also, when people are ready to buy a home, most are doing so in joint names which helps both in terms of costs and affordability.**

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# Press Release



**“The expected further fall in house prices this year - alongside stronger income growth - may somewhat offset higher interest rates, which will be welcome news to many. Further, there are some areas which continue to be great options for first-time buyers – the average cost of a first property in Scotland, as an example, comes in at almost £100,000 less than the UK average.”**

Various challenges in the housing market, including increases to mortgage rates and periods of lower availability of mortgage deals - will have impacted many first-time buyers in recent months. Inflation has become a further barrier to saving a deposit – an aspect of new home ownership that was already difficult for many, considering the average deposit needed is now £54,116.

While the number of first-time buyers has fallen between January and August of this year compared to the same time last year, a record number got on the ladder over the previous two years as, post-pandemic, buyers took advantage of low interest rates and government help available at the time, including Stamp Duty relief. This means that the number of people entering the property market for the first time is 17% higher than ten years ago.

Further, strong income growth in recent months means the house price to income ratio for first-time buyers has fallen from 5.8 in June last year, to 5.1 currently, meaning house prices for those getting on the housing ladder are at their most affordable since June 2020.

**Table 1: Number of first-time buyers in the UK**

Year (January - August)	Number of first-time buyers	Annual % change	First-time buyers as % of all home purchase loans
2013	158,690	17%	44%
2014	196,520	24%	46%
2015	186,960	-5%	46%
2016	210,360	13%	48%
2017	225,750	7%	49%
2018	229,490	2%	50%
2019	229,260	0%	51%
2020	170,220	-26%	51%
2021	269,980	59%	46%
2022	239,690	-11%	52%
2023*	186,015	-22%	53%

Sources: UK Finance and \*Halifax estimates for 1<sup>st</sup> January – 31<sup>st</sup> August 2023

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## Regional movement

The South East – which has the second most expensive average property prices in the UK – had the biggest decline in the number of people buying a first home between January and August this year (-25%), although the number of first-time buyers was still much higher in the region (16%), than 10 years ago.

London and East Anglia had the second biggest decline in first-time buyers entering the property market so far this year (-24%).

**Table 2: Number of first-time buyers by nations and regions**

Region	2013 January-August	2018 January-August	2022 January-August	2023* January-August	10-year change	1-year change
North	6,740	10,630	11,010	8,618	28%	-22%
Yorkshire and the Humber	12,350	19,070	19,700	15,293	24%	-22%
East Midlands	10,940	17,760	18,640	14,321	31%	-23%
East Anglia	5,470	8,130	8,960	6,832	25%	-24%
Greater London	26,850	26,910	32,110	24,323	-9%	-24%
South East	31,300	45,000	48,460	36,191	16%	-25%
South West	12,500	19,090	18,670	14,398	15%	-23%
West Midlands	12,860	20,190	19,980	15,880	23%	-21%
North West	15,460	24,670	24,910	19,552	26%	-22%
Wales	6,220	10,080	10,040	7,893	27%	-21%
Scotland	14,260	21,210	20,220	17,359	22%	-14%
Northern Ireland	3,560	6,750	6,990	5,355	50%	-23%
<b>UK**</b>	<b>158,690</b>	<b>229,490</b>	<b>239,690</b>	<b>186,015</b>	<b>17%</b>	<b>-22%</b>

Sources: UK Finance and \*Halifax estimates for 1<sup>st</sup> January to 31<sup>st</sup> August 2023. Nation and regions total does not equal UK due to rounding.

London was the only region to see a decline (-9%) in the number of people entering the property market for the first time, compared to 2013.

## Price tags and deposits

Halifax data shows that first-time buyers now pay an average £288,030, down 2% in the 12 months to August 2023, in line with wider falls in national property prices.

The average deposit put down on a first home is now £54,116 - around 19% of the property price (in 2013, the average deposit was £31,060, around 21% of the property purchase price at the time.)

First-time buyers in London are coming up with the biggest deposit (average £113,078) while those in the North East are putting down the lowest amount, at an average of £29,184.

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**Table 3: First-time buyers: average price and deposit by nations and regions**

	Average house price 2022 (£s)	Average house price 2023 (£s)	Average deposit 2022 (£s)	Average deposit 2023 (£s)	Deposit as % of purchase price 2023	1 Year % change in deposit	1 Year % change in average price
East Midlands	232,228	237,834	42,582	37,565	16%	-12%	2%
East of England	329,369	333,823	61,717	54,645	16%	-11%	1%
London	508,820	496,208	123,009	113,078	23%	-8%	-2%
North East	172,355	175,799	30,632	29,184	17%	-5%	2%
Northern Ireland	165,394	174,356	31,036	32,978	19%	6%	5%
North West	208,379	214,335	38,336	34,728	16%	-9%	3%
Scotland	187,215	188,252	41,005	38,871	21%	-5%	1%
South East	352,284	358,704	68,623	62,012	17%	-10%	2%
South West	274,533	276,928	56,808	50,681	18%	-11%	1%
Wales	197,009	198,775	38,177	34,768	17%	-9%	1%
West Midlands	230,712	236,884	42,939	38,730	16%	-10%	3%
Yorkshire and The Humber	197,498	202,742	36,732	33,332	16%	-9%	3%
<b>UK</b>	<b>293,464</b>	<b>288,030</b>	<b>61,174</b>	<b>54,116</b>	<b>19%</b>	<b>-12%</b>	<b>-2%</b>

Source: Halifax rolling 12 months to August 2023

## Older first-time buyers

The average age of a first-time buyer is now 32; two years older than a decade ago.

**Table 4: Average age of first-time buyers by nations and regions: 12 months to August 2013 vs 2023**

Region	Average age 2013	Average age 2023
East Midlands	30	31
East of England	31	32
London	33	33
North East	29	30
Northern Ireland	30	32
North West	30	31
Scotland	30	31
South East	31	33
South West	30	31
Wales	29	31
West Midlands	30	32
Yorkshire and The Humber	29	30
<b>UK:</b>	<b>30</b>	<b>32</b>

Source: Halifax 12 months to August

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## Affordability

Nine of the top 10 most affordable places for new buyers are in Scotland.

Inverclyde, in the West of Scotland, is the most affordable. Based on average earnings of £39,485 in the area, compared to the average first-time buyer price £112,112, those buying a first home in Inverclyde need to borrow just under three times the average salary.

The least affordable area in the country is Newham, London, where first-time buyers face an average property price of £448,435 – nearly 11 times average annual earnings in the area.

**Table 5: UK 10 most affordable local authority districts for first-time buyers, 2023**

Local Authority District	Region	House price to average earnings ratio
<b>Inverclyde</b>	Scotland	2.8
<b>West Dunbartonshire</b>	Scotland	3.1
<b>North Ayrshire</b>	Scotland	3.3
<b>East Ayrshire</b>	Scotland	3.6
<b>South Ayrshire</b>	Scotland	3.6
<b>Stirling</b>	Scotland	3.7
<b>Shetland Islands</b>	Scotland	3.7
<b>Renfrewshire</b>	Scotland	3.9
<b>Clackmannanshire</b>	Scotland	3.9
<b>Northumberland</b>	North East	4.0

Source: ONS's Annual Survey of Hours and Earnings (ASHE) April 2022, uplifted to June 2023 using ONS EARN01 weekly earnings growth

**Table 6: UK 10 least affordable local authority districts for first-time buyers, 2023**

Local Authority District	Region	House price to average earnings ratio
<b>Newham</b>	London	10.5
<b>Barnet</b>	London	10.3
<b>Hertsmere</b>	East of England	10.3
<b>Harrow</b>	London	10.2
<b>Camden</b>	London	10.1
<b>Brent</b>	London	10.0
<b>Westminster</b>	London	9.9
<b>Hammersmith and Fulham</b>	London	9.7
<b>Enfield</b>	London	9.6
<b>Ealing</b>	London	9.5

Source: ONS's Annual Survey of Hours and Earnings (ASHE) April 2022, uplifted to June 2023 using ONS EARN01 weekly earnings growth

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# Press Release



**ENDS**

**Notes to editors:**

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

First-time buyer lending total for Lloyds Banking Group, H1 2023

**Data sources**

This research is based on data from the Halifax's own extensive housing statistics database, UK Finance statistics (including Halifax estimates based on the expected levels of market completions given the prevailing economic environment and lead indicator of market applications), and ONS ASHE data on average earnings.

Nations and 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 31st August 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) data for April 2022, uplifted by the change in earnings from ONS EARN01 to June 2023 and refer to the means for full-time employees.

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 2023.

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