

PRESS RELEASE



Cost for first-time buyers increases by two thirds in a decade

- **North Ayrshire in Scotland most affordable area in the UK for first-time buyers**
- **Average age when buying first property is now 31**
- **Total number of first-time buyers at seven year low**

Property prices for first-time buyers have increased 69% in the past decade, with the average price rising from £142,473 in 2010, to £241,025 today, according to the latest Halifax data.

In London, the average first-time buyer property has nearly doubled in price (up 98%) to £463,536, with prices in the South East increasing by 73% to £303,838, and the East Midlands up 68% to £187,525. This compares to an average 60% rise for all buyer types (*Table 1*).

When comparing this year to 2019, first-time buyer properties have seen a 7% rise, with Wales experiencing the highest rise at 9%, closely followed by the North East, and Yorkshire and the Humber, both up 8% to £140,114 and £161,933 respectively. Properties in London and the South East have seen the smallest annual increase of 3%.

First-time buyer numbers fall

The number of first-time buyers has fallen by almost a third (29%), since last year. In the first six months of 2020 there were 116,843 first-time buyers, compared to 164,800, over the same period in 2019.

The fall comes despite first-time buyers making up over half (52%) of the property market, up from 38% in 2009. The share has steadily risen since the introduction of Help to Buy in 2013, which has helped over 270,000 buyers take their first step on to the housing ladder¹ (*Table 2*).

Tom Martin, Mortgages Director at Halifax, said: "Whilst the number of first-time buyers suffered a sharp fall during lockdown, numbers are beginning to increase as we approach the autumn, with purchases that were paused beginning to move again, and buyers making the most of the Government's Stamp Duty changes.

"With first-time buyers in London paying almost double what they were a decade ago, yet many regions in Scotland remaining affordable, the challenges facing first-time buyers are clearly significantly influenced by where in the UK they are house hunting."

Costly capital

Unsurprisingly, the most expensive first-time buyer properties are found in London, where the average home costs £463,536. This is followed by the South East, where properties cost £303,838, and East Anglia, with an average property price of £228,004. However, this means first-time buyers in every region in the UK are able to benefit from the recent Stamp Duty changes, with no land tax paid on properties purchased up to the value of £500,000, until March next year.

First-time buyers can find the cheapest homes in the North East, where the average price is £140,114, and Northern Ireland (£143,040).

Dramatic deposits

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In London, the average first-time buyer deposit is more than double the national average, at £109,146. The largest deposits as a percentage of the property price can be found in London (24%), Scotland (20%), East Anglia, and the South West (both 19%) (*Table 3*).

Buyers are putting down record deposits for their first home, averaging £47,059 in 2020, which is 25% higher than the average amount put down in 2010. However, deposits as a percentage of the property value continue to fall from their peak of 27% a decade ago, to 20% today.

First-time buyers looking to get the biggest 'bang for their buck' could consider homes in the North East, which has the smallest average deposit, at £24,279 (17% of the property price).

Average first-time buyer now aged 31

The average age of a first-time buyer has remained consistent over the past 15 years, rising from 30, in 2005 to 31 today (*Table 4*).

The youngest first-time buyers can be found in North East Derbyshire in the East Midlands, where the average age is 28. The oldest are in Richmond upon Thames, London, where the average age is 36.

Cost-effective Caledonia

Areas are considered 'affordable' when property prices are no more than four times local earnings. The most affordable area for a first-time buyer can be found in North Ayrshire, Scotland, where the average property is 3.2 times average local earnings. In fact, half of all the most affordable areas can be found in Scotland, with Barrow-in-Furness and Pendle in the North West also featuring (both 3.4 times local earnings) (*Table 5*).

Nine of the 10 least affordable areas can be found in London, with Brent, where average first-time buyer properties cost 12.3 times the average income, the UK's least affordable area. Oxford also makes the list with properties costing 11.6 times the average local salary. (*Table 6*).

Over the past decade, the number of affordable local authority areas for first-time buyers has reduced from 120 to just 20. Hackney has seen the greatest decrease in affordability since 2010, with house prices rising from 7.0, to 12.2 times average local earnings. This is closely followed by Lambeth, where prices have risen from 6.2, to 11.4 times the average salary.

Middlesbrough has seen the greatest increase in affordability, with house prices falling from 4.4, to 3.9 times the average local income. Wyre, North West, has also become more affordable, with properties reducing from 4.5 to 4.3 times average local earnings.

Ends

Notes to editors

¹ Taken from Ministry of Housing, Communities and Local Government – Help to Buy release, 31 July 2020
<https://www.gov.uk/government/news/help-to-buy-scheme-extended>

Table 1: First-Time Buyers: Annual Average House Price % Change, 2010-2020

	2010 £	2015 £	2019 £	2020 £	1 Year Change %	5 Year Change %	10 Year Change %
North East	98,710	116,036	129,449	140,114	8%	21%	42%
Yorkshire and the Humber	105,993	124,777	149,509	161,933	8%	30%	53%

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North West	108,050	126,672	157,905	169,642	7%	34%	57%
East Midlands	111,888	131,218	176,775	187,525	6%	43%	68%
West Midlands	117,898	141,450	182,542	192,416	5%	36%	63%
East Anglia	137,444	169,738	219,137	228,004	4%	34%	66%
Wales	105,531	121,797	146,718	159,582	9%	31%	51%
South West	149,192	176,320	218,106	225,176	3%	28%	51%
South East	175,311	226,696	290,263	303,838	5%	34%	73%
Greater London	233,797	345,522	449,784	463,536	3%	34%	98%
Northern Ireland	117,728	105,475	133,433	143,040	7%	36%	21%
Scotland	108,774	130,566	148,969	154,449	4%	18%	42%
UK	142,473	179,576	224,967	241,025	7%	34%	69%

Table 2: Number of First-Time buyers – UK

	Number of First Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2009 H1	72,180	-34%	38%
2010 H1	92,370	28%	38%
2011 H1	83,580	-10%	39%
2012 H1	97,980	17%	40%
2013 H1	110,490	13%	44%
2014 H1	140,140	27%	47%
2015 H1	131,700	-6%	47%
2016 H1	151,370	15%	47%
2017 H1	163,000	8%	50%
2018 H1	165,340	1%	51%
2019 H1	164,800	0%	51%
2020 H1	116,843	-29%	52%*

* Total number of first home purchasers with a mortgage estimated by the Halifax.

Table 3: First-Time Buyers: Average Price, Loan and Deposit by Region, 2020

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North East	140,114	115,835	24,279	17%
Yorkshire and the Humber	161,933	133,431	28,501	18%
North West	169,642	140,093	29,548	17%
East Midlands	187,525	154,883	32,642	17%
West Midlands	192,416	157,970	34,445	18%
East Anglia	228,004	185,122	42,882	19%
Wales	159,582	132,017	27,565	17%
South West	225,176	182,858	42,318	19%
South East	303,838	249,845	53,993	18%

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Greater London	463,536	354,390	109,146	24%
Northern Ireland	143,040	117,443	25,597	18%
Scotland	154,449	123,192	31,257	20%
UK	241,025	193,966	47,059	20%

Source: Halifax: 12 month rolling June 2020

Table 4: Average Age of First-Time Buyers by Region –2010-2020

Region	Average Age 2005	Average Age 2010	Average Age 2020
North East	29	29	30
North West	29	30	31
Yorkshire and The Humber	28	28	30
East Midlands	30	30	31
West Midlands	30	30	31
East of England	31	30	32
London	32	32	33
South East	31	31	32
South West	31	31	31
wales	30	29	31
Scotland	29	29	31
Northern Ireland	29	29	31
UK	30	30	31

Source: Halifax, 12 months to June

Table 5: 10 Most Affordable LADs for First-Time Buyers, 2020

Local Authority District	Region	Average House Price (£s)	House Price to Average Earnings ratio
North Ayrshire	Scotland	104,845	3.2
East Ayrshire	Scotland	108,083	3.3
Barrow-in-Furness	North West	117,488	3.4
Pendle	North West	112,382	3.4
Burnley	North West	113,303	3.5
South Ayrshire	Scotland	126,292	3.6
Renfrewshire	Scotland	133,306	3.6
West Dunbartonshire	Scotland	112,970	3.6
Hyndburn	North West	110,879	3.6
County Durham	North East	119,394	3.7

Source: Halifax: 12 month rolling June 2020, ONS ASHE Q2 Halifax Estimate

Table 6: 10 Least Affordable LADs for First-Time Buyers, 2020

Local Authority District	Region	Average House Price (£s)	House Price to Average Earnings ratio
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Brent	London	495,963	12.3
Hackney	London	564,452	12.2
Oxford	South East	424,712	11.6
Lambeth	London	526,608	11.4
Newham	London	401,593	11.1
Hillingdon	London	415,027	11.1
Hounslow	London	447,336	11.0
Waltham Forest	London	439,615	10.4
Camden	London	699,597	10.3
Barnet	London	494,656	10.2

Source: Halifax: 12 month rolling June 2020, ONS ASHE Q2 Halifax Estimate

DATA SOURCES:

The Halifax First-Time Buyer Review research is based on data from the Halifax's own extensive housing statistics database and ONS data on average earnings.

The prices used in this research are simple arithmetic ('crude') averages for 12 months to June each year. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

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 June 2020. 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 2020.

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