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Playing house: Next generation think property ladder is child's play

- One in five 11 to 14-year-olds think mortgages are unlimited
- Over a quarter of 18 to 21-year-olds expect to own a home by the age of 25
- One in 10 18 to 21-year-olds think Stamp Duty is money to pay for stamps
- 20% of 11 to 21-year-olds in London think the average house price there is £50-200k

The UK's next generation of first-time buyers is facing shocking home truths about getting on the property ladder, with one in five 11 to 14-year-olds expecting to borrow as much money as they want to buy a house.

Research from Halifax has revealed a disjointed picture of home ownership among young people aged between 11 and 21 over the biggest financial commitment of a lifetime, and a wake-up call for future first-time buyers to get more clued up on *'adulting.'*

A third of young people aged 11 to 14 are banking on mum and dad to cough up the cash, meanwhile more than one in five of their 18 to 21-year-old counterparts (21%) are relying on the government to help them on to the property ladder.

Future first-time buyers have high hopes for becoming homeowners and 59% of 18-21-year-olds feel it's very important to own a home, but the report found a clear gap in house price outlook.

One in five 11-21-year-olds in London think they can snap up a home from as little as £50k up to £200k – when the average first-time buyer house price in London is £422,580. (See Table 1)

While over a quarter (27%) those aged 18 to 21 believe they'll be homeowners by the time they are 25, in reality they will have to wait another five years until they are 30¹, or 32 if they are planning to live in London.

Almost one in four (23%) 15 to 17-year-olds believe that only rich people own their own homes, which is not surprising if a quarter of youngsters that age expect to save for 20 years towards a deposit.

Young men were more optimistic, as 23% of those aged 18 to 21 reckon a deposit of between £5,000 and £10,000 is enough to buy a home, whereas only 5% of females thought that would be enough – a bit short of the actual UK first-time buyer deposit mark at £32,321².

With an eye on the future, a fifth (20%) of 18 to 21-year-olds are counting on inheritance to pay off their mortgage, with males being far more hopeful of a legacy clearing their mortgage than their female counterparts (31% vs 18%).

Russell Galley, Managing Director, Halifax, said: “Despite being one of the most important financial decisions we’re ever likely to make, becoming a homeowner feels like a mystery for Generation Z who will soon be thinking about flying the nest.

“Although our research found that the vast majority of 11 to 14-year-olds understand what a mortgage is, one in 10 aged 18 to 21 think Stamp Duty is money to pay for stamps – so there’s clearly a job for all of us to help kids get a better idea of what’s involved with taking the first step on to the property ladder.”

Homebuying timescales

When it comes to buying a house, older teens and young adults (18 to 21-year-olds) are less realistic with one in six (15%) thinking it takes more than a year to complete a home purchase.

As might be expected for Generation Z, the research found that the internet leads the race as the go-to place to buy a property (36%) and rising to 44% for 18 to 21-year-olds. This is followed by a ‘house shop’ (33%) and the bank (27%).

Surprisingly though, the survey also found that today’s youngsters consider meeting their new neighbours a bigger priority than getting WiFi – 32% vs 24%. This was most pronounced amongst the 18 to 21-year-olds (41% vs 24%). For this age group, buying a sofa was also more important than having a housewarming party (12% vs 5%).

TIPS FOR TAKING THE FIRST STEP TO BECOMING A HOMEOWNER

- 1. Go online and try out a mortgage calculator:** these will help you work out how much you could borrow, how much deposit you would need and what monthly payments would be <https://www.halifax.co.uk/mortgages/first-time-buyers/>
- 2. Jargon bust homebuying:** if you don’t know what some of the home buying terms mean, you can find out using Halifax’s Jargon Buster website, which gives definitions as well as useful analogies www.halifaxjargonbuster.co.uk
- 3. What are your mortgage options?** Speak to a mortgage adviser – it will give you a clearer idea of your options – some lenders will allow first-time buyers to borrow up to 95% of the property value, or you may have someone to guarantee the mortgage. There are videos to help explain the first steps <https://youtu.be/PzV1fULFsju>
- 4. Create a money plan:** working out how much you will need for monthly costs will help you understand the kind of mortgage you can afford, taking into account bills and expenses. The [Money Advice Service](#) has a range of tools and videos to help youngsters with money management, including savings and mortgage calculators to budget planners.

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- Remember to **check your credit score** a year before you plan to get a mortgage and keep track of it throughout the year to ensure you get the best start possible.

- ENDS -

Editors' Notes:

The research was carried out online by Research Without Barriers and comprised 1,004 respondents aged 11 to 21 years. The research was conducted between 15 and 18 September 2017.

Table 1 – Average price by region for a typical first-time buyer home

Region	Average Price For a typical FTB home (Nov 2017)
North	126,437
Yorkshire and Humberside	139,970
North West	149,990
East Midlands	163,005
West Midlands	168,627
East Anglia	207,103
Wales	139,875
South West	205,333
South East	278,749
Greater London	422,580
Northern Ireland	120,648
UK	212,079

Source: Halifax

¹Halifax First-Time Buyer Review – January 2017

²Halifax First-Time Buyer Review – June 2017