

19/07/2014

144,500 buy first home so far in 2014

- **Highest number of first-time buyers in the first six months since 2007***
- **First-time buyers devote 31% of disposable income to monthly mortgage payments**

The number of first-time buyers in the first six months of 2014 reached their highest level since 2007, according to the bi-annual Halifax First-Time Buyer Review.

There were an estimated 144,500¹ first-time buyers in the first six months of 2014, an increase of 25% on the same period last year – and also the highest total for the same six months period since 2007 (181,500). For the third successive year the number of first-time buyers, in the first half of the year, has been over 100,000, representing the strongest performance, for this period, since the start of the financial crisis. (See Table 1)

First-time buyer numbers also rose by more than the total number of homemovers (20% over the same period), increasing their share of the home purchase market from 44% in the first half of 2013 to 46% in the same period this year. This was the highest proportion since 2000. (See Table 1)

Mortgage affordability has also improved significantly in recent years. The proportion of disposable earnings devoted to mortgage payments by first-time buyers stood at 31% in the first half of 2014; substantially below of the peak level of 47% in H1 2007 and below the long-term average of 34%².

Craig McKinlay, Mortgages Director at Halifax, commented:

"First-time buyers are an important segment on the housing market, accounting for 46% of home purchases in the first six months of the year – up from 44% during the same period in 2013 and 40% in 2012. The resurgence in the number of first-time buyers getting on to the housing ladder has been buoyed by improving economic conditions, rising employment levels as well as government schemes such as Help to Buy, which have helped more first-time buyers on to the housing ladder."

First-time buyers purchases

Almost two-thirds (60%) of all first-time buyer purchases in the first half of 2014 were above the £125,000 stamp duty threshold, this is up from 51% a year earlier. Nationally almost half (48%) of home purchases by first-time buyers were between £125,000 and £250,000, up from 44% from a year earlier.

However, there were significant regional variations in the prices paid by first-time buyers, with those in London (1%), the South East (10 %) and South West (23%) not paying any stamp duty where the

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19/07/2014

purchase price is below the £125,000 threshold. In contrast, nearly three-quarters (72%) of first-time buyers in the North bought a home below the lowest threshold, and therefore paid no stamp duty. (See Table 3)

ADDITIONAL KEY FINDINGS

Affordability

- Copeland in the north west is the most affordable local authority district (LADs) in the UK with an average property price of £107,232; 2.72 times local average gross annual earnings. Seven of the 10 most affordable LADs for first-time buyers are in Scotland. They include West Dunbartonshire (2.72), Renfrewshire (2.77) and South Ayrshire (2.92). (See Table 4)
- With their elevated prices, unsurprisingly all ten least affordable LADs are in the capital. The least affordable is Hammersmith and Fulham where the average first-time buyers property price of £640,458 is 12.3 times gross average earnings in the area. (See Table 5)

Deposits

- Nationally, the average first-time buyers deposit in 2014 Quarter two was £31,129, an increase of 9% compared to the same period a year earlier (£28,463).
- First-time buyers in Greater London put down the largest average deposit of £76,435; over four and a half time more than in the North West (£16,532) who put down the lowest.
- The average deposit, as a proportion of the purchase price, has almost doubled from 10% in 2007 to 19% in Q2 2014.

Prices

- The average price paid by first-time buyers is highest in Greater London (£306,354); over £100,000 higher than the next most expensive region, the South East (£203,826). With an average price of £110,410 the North is least expensive region to get on the housing ladder.

Age

- The average age of a first-time buyer is 30 years old; up from 28 in 2009. Regionally, the average age of a first-time buyer is highest in London, at 32 years old. The average age is lowest in the north and Wales (28).

EDITORS' NOTES:

¹ Total number of home purchasers with a mortgage estimated by the Halifax

² Based on average loan taken out by a new first-time buyer

DATA SOURCES:

This research is based on data from the Halifax's own extensive housing statistics database and ONS data on average earnings.

1. House Prices

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19/07/2014

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

2. 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 the Weekly Average Earnings Index to Quarter 2 2014. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in the weekly average earnings index.

Table 1: Number of First-Time buyers – UK

	Number of First-time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2004 H1	184,200	5%	28%
2005 H1	160,000	-13%	36%
2006 H1	190,900	19%	37%
2007 H1	181,500	-5%	36%
2008 H1	109,300	-40%	38%
2009 H1	72,700	-33%	38%
2010 H1	95,500	31%	38%
2011 H1	86,000	-10%	38%
2012 H1	100,600	17%	40%
2013 H1	115,800	15%	44%
2014 H1*	144,500	25%	46%

Source: CML *Halifax estimate

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19/07/2014

Table 2: Number of First-Time buyers – UK – Annual (July - June)

	Number of First Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2003/04	378,600	-18%	28%
2004/05	333,900	-12%	32%
2005/06	394,700	18%	38%
2006/07	393,400	0%	35%
2007/08	287,700	-27%	36%
2008/09	155,700	-46%	38%
2009/10	219,500	41%	38%
2010/11	189,900	-13%	37%
2011/12	208,100	10%	39%
2012/13	233,400	12%	42%
2013/14*	297,700	28%	45%

Source: CML *Halifax estimate

Table 3: First-Time Buyer Purchases by Stamp Duty Thresholds by Region

% of FTB Purchases by Stamp Duty Threshold - January to June 2014				
	<£125k	£125k-£250k	<£250k	>£250k
North	72%	27%	99%	1%
Yorkshire and the Humber	66%	33%	99%	1%
North West	62%	36%	98%	2%
East Midlands	55%	43%	98%	2%
West Midlands	51%	46%	98%	2%
East Anglia	28%	67%	95%	5%
Wales	65%	34%	99%	1%
South West	23%	73%	96%	4%
South East	10%	74%	85%	15%
Greater London	1%	47%	48%	52%
Northern Ireland	82%	17%	100%	0%
Scotland	63%	34%	96%	4%
United Kingdom	40%	48%	88%	12%

Source: Halifax

Table 4: 10 Most Affordable LADs in the UK for First-Time Buyers, 2014

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19/07/2014

Local Authority District	Region	House Price to Average Earnings ratio
Copeland	North West	2.7
West Dunbartonshire	Scotland	2.7
Renfrewshire	Scotland	2.8
Larne	Northern Ireland	2.8
Burnley	North West	2.9
South Ayrshire	Scotland	2.9
Inverclyde	Scotland	2.9
North Ayrshire	Scotland	3.0
East Ayrshire	Scotland	3.0
Stirling	Scotland	3.0

Source: Halifax

Table 5: 10 Least Affordable LADs for First-Time Buyers, 2014

Local Authority District	Region	House Price to Average Earnings ratio
Hammersmith and Fulham	London	12.3
Camden	London	10.5
Brent	London	10.2
Haringey	London	10.0
Hackney	London	9.8
Lambeth	London	9.4
Richmond upon Thames	London	8.9
Kensington and Chelsea	London	8.9
Islington	London	8.9
Ealing	London	8.8

Source: Halifax

Table 6: First-Time Buyers: Average Price, Loan and Deposit by Region, 2014 Q2

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)
North	110,410	93,849	16,562
Yorkshire and the Humber	117,218	99,635	17,583
North West	121,223	103,039	18,183

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Press Release



19/07/2014

East Midlands	127,944	108,753	19,192
West Midlands	134,483	112,228	22,255
East Anglia	156,947	126,311	30,636
Wales	116,975	99,429	17,546
South West	164,662	134,405	30,257
South East	203,826	167,285	36,541
Greater London	306,354	229,919	76,435
Northern Ireland	96,782	77,426	19,356
Scotland	120,664	98,602	22,062
UK	167,137	136,008	31,129

Source: Halifax, CML

¹ House price are simple arithmetic ('crude') averages.

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