

06/01/2015

**NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS TUESDAY 6<sup>th</sup> JANUARY 2015**

## Number of first-time buyers in 2014 at highest since 2007

- **22% increase in the number of first-time buyers in 2014**
- **50% rise in first-time buyers in the past two years**
- **Average deposit paid by first-time buyer 7% lower than in 2013 at £29,218**
- **Stamp duty changes save average first-time buyer £781**

**The number of first-time buyers (FTBs) increased by more than a fifth in 2014, according to the annual Halifax First Time Buyer Review.**

Last year the number of first-time buyers grew by an estimated 22%; similar to the 23% rise in 2013. This was the third successive annual increase with a 50% rise in the past two years.

There were an estimated 326,500 FTBs in 2014, up from 268,500 in 2013. This was the highest annual total since 2007 (359,900), and was 70% higher than in 2008 (192,300). FTBs increased their share of all house purchases made with a mortgage, accounting for 46%<sup>1</sup> in 2014, up from 44% in 2013. (See Table 1)

**Mortgage affordability has improved significantly in recent years.** The proportion of disposable earnings devoted to mortgage payments by a first-time buyer stood at 32%<sup>2</sup> in 2014 Quarter 3. This is a substantial improvement compared with the summer of 2007 when this figure reached a peak of 50%. Record low mortgage rates have been a major contributing behind this improvement.

**Fall in the size of the average deposit.** The average FTB deposit in 2014 was £29,218; 7% lower than in 2013 (£31,582). This decline was primarily due to the greater availability of loans requiring a relatively small deposit during the past year. Nonetheless, the average deposit is still £11,718 (67%) higher than in 2007 (£17,499).

**Craig McKinlay, Mortgages Director at Halifax, commented:**

*"First-time buyers are vital for a properly functioning housing market. Improving economic conditions and rising employment levels have boosted confidence among those thinking about getting on to the housing ladder for the first time, contributing to the significant increase in the number of first-time buyers in the past two years. Record low mortgage rates and Government schemes such as Help to Buy have improved affordability, enabling more first-time buyers to buy their own property."*

**For further information please contact:**

**For further information please contact:**

**Halifax Press Team:**

Ben Marquand: 020 73561838 / 07881 311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Clare Mortimer: 0207 574 8648 / 07768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Claire Barratt: 020 7661 4668 / 07867 814168 [claire.barratt@lloydsbanking.com](mailto:claire.barratt@lloydsbanking.com)

Shelley Dickinson: 0207 356 1405 / 07766 924 450 [shelley.dickinson@lloydsbanking.com](mailto:shelley.dickinson@lloydsbanking.com)

06/01/2015

**Nearly six in ten FTB purchases are now above the £125,000 Stamp Duty threshold.** The proportion of FTBs exempt from paying stamp duty fell to 41% in 2014 from 45% in 2013. Almost half (47%) of properties bought by FTBs were priced between £125,000 and £250,000. Nationally, only 13% of FTB purchases were above £250,000 in 2014. There were, however, considerable regional differences with more than half FTBs in Greater London (56%) paying more than £250,000. (See Table 2)

The recent changes to the stamp duty system have saved the average FTB £781, reducing the tax bill for the average priced FTB property of £171,870 from £1,718 to £937.

## ADDITIONAL KEY FINDINGS

### Affordability

- Larnie in Northern Ireland is the most affordable local authority district (LADs) in the UK with an average property price of £80,793; 2.8 times local average gross annual earnings. East Ayrshire and Inverclyde are the next most affordable (also 2.8). Seven of the 10 most affordable LADs for first-time buyers are in Scotland. (See Table 3)
- Unsurprisingly, all ten least affordable LADs are in London. The least affordable is Camden where the average first-time buyer's property price of £614,315 is 11.4 times gross average annual earnings in the area. (See Table 4)
- There has been an increase in the proportion of areas that are affordable for FTBs since 2007. In a quarter (26%) all of local authority districts (LADs) in the UK the average house price paid by a first-time buyer in the 12 months to November 2014 was affordable for someone on average earnings – based on the ratio of the average house price to earnings being below the long-term average of 4.0. This compares to the peak of the market in 2007 when just 5% of LADs were affordable.

### Deposits

- The average deposit, as a proportion of the purchase price, fell from 20% in 2013 to 17% in 2014. It, nonetheless, remains significantly higher than in 2007 (10%).
- The volume of lending to FTBs at a loan to value ratio of 90% and above increased from 26% in 2013 to an estimated 31% in 2014.
- FTBs in Greater London put down the largest average deposit, at £78,823. FTBs in Northern Ireland put down the smallest average deposit, at £16,763. (See Table 5)

### Prices

- The average price paid by FTBs increased by 9% in 2014, from £157,911 to £171,870; just 2% lower than in 2007.
- The average price paid by first-time buyers is highest in Greater London (£323,333); more than £100,000 higher than the next most expensive region, the South East (£212,635). With an average price of £100,320, Northern Ireland is the least expensive region in the UK to get on the bottom rung of the housing ladder.

For further information please contact:

**For further information please contact:**

**Halifax Press Team:**

Ben Marquand: 020 73561838 / 07881 311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Clare Mortimer: 0207 574 8648 / 07768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Claire Barratt: 020 7661 4668 / 07867 814168 [claire.barratt@lloydsbanking.com](mailto:claire.barratt@lloydsbanking.com)

Shelley Dickinson: 0207 356 1405 / 07766 924 450 [shelley.dickinson@lloydsbanking.com](mailto:shelley.dickinson@lloydsbanking.com)

06/01/2015

## Age

- The average age of a first-time buyer is 30 years old; up from 29 in 2011. Regionally, the average age of a first-time buyer is highest in London, at 32 years old.

## EDITORS' NOTES:

<sup>1</sup> Total number of home purchasers with a mortgage estimated by the Halifax

<sup>2</sup> 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

The prices used in this research are simple arithmetic ('crude') averages for 12 months to December and 12 months to November for 2014. 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 3 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	358,100	-3%	29%
2005	363,800	2%	37%
2006	402,800	11%	36%
2007	359,900	-11%	36%
2008	192,300	-47%	37%
2009	196,700	2%	38%
2010	199,400	1%	37%
2011	193,500	-3%	38%
2012	217,800	13%	40%
2013	268,500	23%	44%
<b>2014*</b>	<b>326,500</b>	<b>22%</b>	<b>46%</b>

Source: CML \*Halifax estimate

For further information please contact:

For further information please contact:

**Halifax Press Team:**

Ben Marquand: 020 73561838 / 07881 311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Clare Mortimer: 0207 574 8648 / 07768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Claire Barratt: 020 7661 4668 / 07867 814168 [claire.barratt@lloydsbanking.com](mailto:claire.barratt@lloydsbanking.com)

Shelley Dickinson: 0207 356 1405 / 07766 924 450 [shelley.dickinson@lloydsbanking.com](mailto:shelley.dickinson@lloydsbanking.com)

06/01/2015

**Table 2: First-Time Buyer Purchases by Stamp Duty Thresholds by Region**

% of FTB Purchases by Stamp Duty Threshold – December 2013 to November 2014				
	<£125k	£125k-£250k	<£250k	>£250k
North	72%	26%	98%	2%
Yorkshire and the Humber	66%	32%	99%	1%
North West	63%	35%	98%	2%
East Midlands	57%	41%	98%	2%
West Midlands	52%	45%	98%	2%
East Anglia	29%	65%	94%	6%
Wales	67%	31%	98%	2%
South West	23%	72%	95%	5%
South East	10%	72%	81%	19%
Greater London	1%	44%	44%	56%
Northern Ireland	81%	19%	100%	0%
Scotland	62%	35%	96%	4%
<b>United Kingdom</b>	<b>41%</b>	<b>47%</b>	<b>87%</b>	<b>13%</b>

Source: Halifax

**Table 3: 10 Most Affordable LADs in the UK for First-Time Buyers, 2014**

Local Authority District	Region	House Price to Average Earnings ratio
Larne	Northern Ireland	2.8
East Ayrshire	Scotland	2.8
Inverclyde	Scotland	2.8
Renfrewshire	Scotland	2.9
West Dunbartonshire	Scotland	3.0
South Ayrshire	Scotland	3.1
North Ayrshire	Scotland	3.1
Craigavon	Northern Ireland	3.1
Copeland	North West	3.2
Stirling	Scotland	3.2

Source: Halifax

For further information please contact:

**For further information please contact:**

**Halifax Press Team:**

Ben Marquand: 020 73561838 / 07881 311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Clare Mortimer: 0207 574 8648 / 07768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Claire Barratt: 020 7661 4668 / 07867 814168 [claire.barratt@lloydsbanking.com](mailto:claire.barratt@lloydsbanking.com)

Shelley Dickinson: 0207 356 1405 / 07766 924 450 [shelley.dickinson@lloydsbanking.com](mailto:shelley.dickinson@lloydsbanking.com)

06/01/2015

**Table 4: 10 Least Affordable LADs for First-Time Buyers, 2014**

Local Authority District	Region	House Price to Average Earnings ratio
Camden	London	11.4
Hammersmith and Fulham	London	11.3
Hackney	London	10.8
Brent	London	10.3
Haringey	London	9.9
Lambeth	London	9.9
Harrow	London	9.7
Islington	London	9.5
Ealing	London	9.1
Wandsworth	London	8.8

**Table 5: First-Time Buyers: Average Price, Loan and Deposit by Region, 2014**

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	113,024	96,070	16,954	15%
Yorkshire and the Humber	120,402	102,341	18,060	15%
North West	123,503	104,977	18,525	15%
East Midlands	129,551	110,109	19,441	15%
West Midlands	136,173	115,218	20,955	15%
East Anglia	160,817	133,095	27,722	17%
Wales	119,191	101,312	17,879	15%
South West	167,446	137,300	30,146	18%
South East	212,635	177,337	35,297	17%
Greater London	323,333	244,510	78,823	24%
Northern Ireland	100,320	83,556	16,763	17%
Scotland	125,258	103,258	21,999	18%
<b>UK</b>	<b>171,870</b>	<b>142,652</b>	<b>29,218</b>	<b>17%</b>

Sources: Halifax, CML. House price are simple arithmetic ('crude') averages.

"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 2015.

**For further information please contact:**

**For further information please contact:**

**Halifax Press Team:**

Ben Marquand: 020 73561838 / 07881 311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Clare Mortimer: 0207 574 8648 / 07768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Claire Barratt: 020 7661 4668 / 07867 814168 [claire.barratt@lloydsbanking.com](mailto:claire.barratt@lloydsbanking.com)

Shelley Dickinson: 0207 356 1405 / 07766 924 450 [shelley.dickinson@lloydsbanking.com](mailto:shelley.dickinson@lloydsbanking.com)