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## Generation rent counting on 'Bank of BAE' to get onto the property ladder

- Almost half of generation rent banking on a 'BAE' to become homeowners
- One in 10 under 25s a decade away from the property ladder
- One in six 18-35 year-olds staying with parents until they can afford to buy
- Women less confident than men about getting onto the property ladder

**Almost half of 18-35 year-olds plan to cash in on the 'Bank of BAE' to help get onto the property ladder, according to new research.**

The latest Halifax Generation Rent research released today found that 45% of 18 to 35 year-olds want to buy their first home with their 'BAE' (partner or loved one). The study also revealed that twice as many men (one in five) than women admitted waiting for their 'BAE' to try and get on to the property ladder<sup>1</sup>.

Almost one in six (15%) plan to stay with their parents until they can afford to buy, so parents may be forced to sit tight in the meantime, as a third (32%) of young people aged 18 to 35 see themselves buying their first home within the next five years.

The bad news for parents of under 25s is that one in 10 don't see themselves becoming a homeowner for closer to 10 years. They are, however, still expecting a donation from the Bank of Mum and Dad, with fewer than one in five saying that inheritance isn't an option for them.

### Home truths

One in 20 of those under 35 have already given up the idea of owning their own home, with the same number admitting that they're not sure if buying a house is the right choice for them.

The research has highlighted for the first time a difference in mind-set between men and women about buying a home, with women less confident about getting on to the property ladder – 42% claimed buying a house wasn't realistic, compared to 35% of men.

Lack of income was unsurprisingly the biggest barrier for young people getting on to the ladder, with 55% of men blaming their salaries, compared to an overwhelming 70% of women.

**Becky Spellman, psychologist and cognitive behavioural therapist**, said: "It may feel surprising that twice as many men than women admitted waiting for their 'BAE' to try and get on to the property ladder, but this can be linked to the logic behind accessing a bigger mortgage as a result. There are many more complex reasons why women are less confident than men about getting on the property ladder, but it comes down to being financially

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confident. Women on average take fewer risks with their money, they also don't ask for pay rises in the work place or don't talk about money the same way men do.

"While younger generations of women do appear to be more money confident, more support is needed to help them think about finance, property and their futures in general in more positive terms."

**Martin Ellis, Halifax housing economist**, said: "It's not difficult to see why so many young people are now waiting for a partner to take their first step onto the property ladder, as the average UK first-time buyer deposit reached a whopping £32,899 earlier this year.

"With many people trying to fund day to day living while saving for a deposit for a first home may not even be able to imagine raising this amount of cash on top of all their regular outgoings, first-time buyers in the UK are still on average £651 a year better off buying their own home compared to renting.

"Getting to grips with the property market jargon, calculating what's affordable and understanding borrowing options available – including Government schemes – will help bring people looking to own their own home closer to the first step, no matter how far away they feel they are from reaching that first rung."

#### **'Generation' rent**

When considering priorities for their first home when they eventually are able to take the first step, amenities are a main priority for a quarter of men (25%) who said a future home would have to be close to a coffee shop, a gym and a pub (compared to 10% women).

On the other hand, women tend to think more about the bigger picture, according to the research, as more than a third (39%) felt that being able to raise a family in the home was important.

More than a quarter (27%) of women said having a large outdoor space for their future family is important, while only 16% of men felt this was a must-have in their first home. Being close to their family was important for more than a quarter for both men and women (28%), but being close to a partner's family was further down the list (9%).

First-time buyers are putting down an eye-watering average deposit of £106,577 in London, against £16,457 in Northern Ireland. The average house price paid by first-time buyers in the UK was the highest on record (£207,693) in the first half of this year, growing 50% over the past five years from £138,663 to £207,693 and outperforming price growth across the entire market (42%). (See table)

Despite the record-breaking prices, the number of people getting on the housing ladder has exceeded 150,000<sup>ii</sup> for the third time in four years, thanks to high levels of employment, low mortgage rates and government schemes such as Help to Buy.

Those determined to get on to the first rung of the ladder are looking to mortgage products for first-time buyers with deposits of as little as 5% and longer repayment terms help make monthly expenditure more manageable.

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## First-time buyers: Average price, loan and deposit by region, 2017

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	125,591	106,998	18,594	15%
Yorkshire and the Humber	137,908	118,059	19,848	14%
North West	146,551	125,169	21,382	15%
East Midlands	158,021	134,274	23,747	15%
West Midlands	164,737	139,911	24,826	15%
East Anglia	198,876	165,738	33,138	17%
Wales	136,103	118,910	17,193	13%
South West	202,700	167,045	35,655	18%
South East	276,773	226,628	50,144	18%
Greater London	409,795	303,218	106,577	26%
Northern Ireland	117,716	101,259	16,457	14%
Scotland	139,041	117,476	21,565	16%
<b>UK</b>	<b>207,693</b>	<b>174,795</b>	<b>32,899</b>	<b>16%</b>

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

## HALIFAX TIPS FOR TAKING THE FIRST STEP TO BECOMING A HOMEOWNER

1. **Try out calculators and tools:** you can 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. **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>
3. **Do your research** on any schemes or incentives that could make buying a property in the area you want more affordable e.g. shared equity
4. **Creating a money plan:** working out how much you will need for monthly costs will help you understand kind of mortgage you can afford, factoring in bills and expenses
5. **You should 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

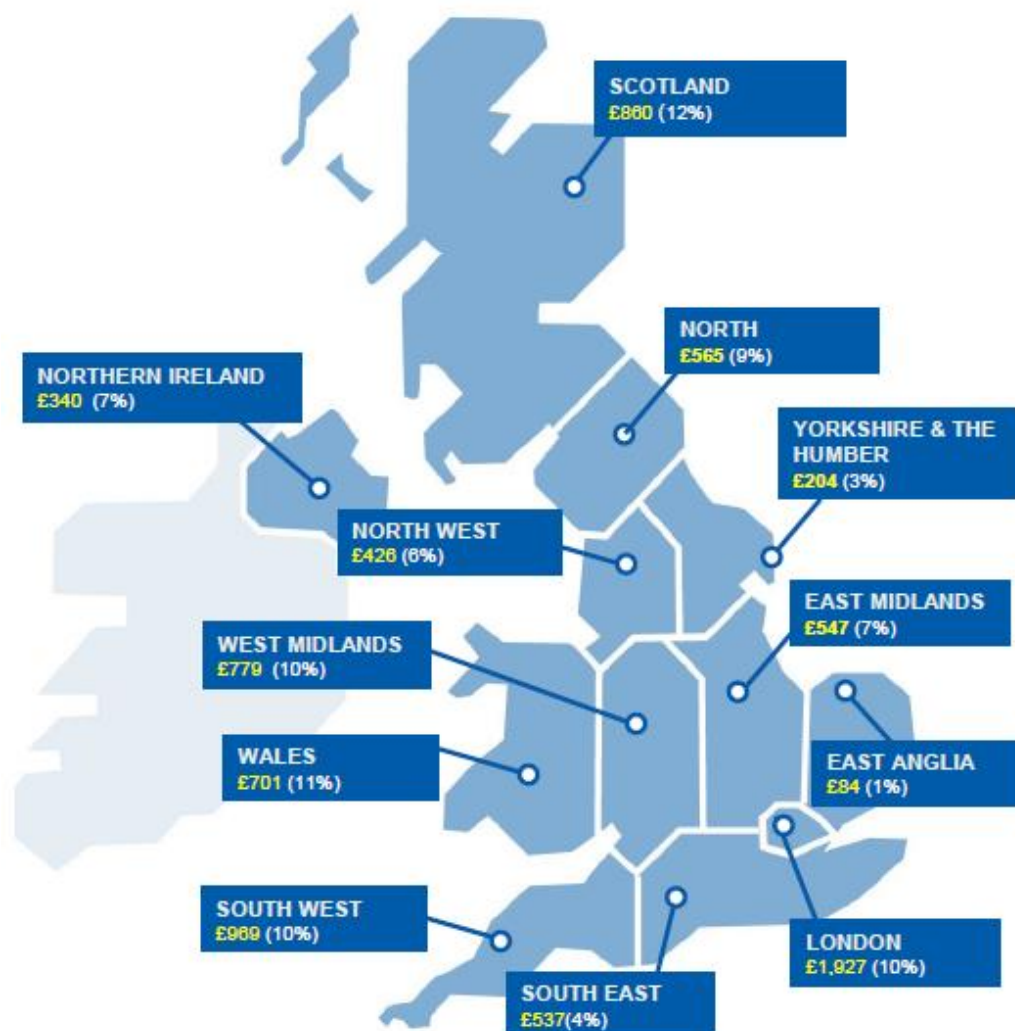
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# PRESS RELEASE

## UK average annual saving by buying vs renting £651 (7%)



Source: Halifax and BM Solutions

### Ends

<sup>i</sup> Men 18%, women 9%

<sup>ii</sup> refers to the first six months of 2017

### DATA SOURCES:

House price data is based on data from Halifax's own extensive housing statistics database and ONS data on average earnings. Data for the year to May 2017. Consumer research based on a survey of 1545 18-35 year-old UK adults carried out on mobile and online between 30 June 2017 and 2 August 2017 by Vital Research & Statistics on behalf of Halifax.

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