

## First time buyer price report – March 2018

### Independent, free, expert advice on housing

Buying your first home in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate and her team from [Propertychecklists.co.uk](http://Propertychecklists.co.uk) make it easy to access the information and support you need FREE of charge.

We have also produced a free, [downloadable eBook](#) with all of our first time buyer checklists to help anyone thinking of buying for the first time – click on the image below to download:



## Report headlines:

- Halifax *"Number of first-time buyers highest since 2007 despite deposits doubling"*
- UK Finance *"First-time buyers in 2017 reach decade-high but market cools in December"*
- NAEA Propertymark *"Increased competition stifled first time buyers (FTBs) in January, as sales to the group fell"*

## Average price paid for first time buyer properties

	Dec-17	Jan-18	Feb-18	Monthly Change	Annual Change		
Rightmove	£185,926	£188,024	£187,896	-0.1%	1.9%	Asking prices	E & W (excl inner London)
UK HPI	£204,597	n/a	n/a	0.3%	4.8%	Sold prices, includes cash sales and new builds	E

## Proportion of FTBs

- NAEA Propertymark *"The percentage of sales which were made to FTBs fell to 27 per cent, down from 32 per cent in December."*
- Halifax *"The number of first-time buyers is estimated to have reached 359,000 in 2017, which has gone up 6% in the last 12 months, continuing an upward trend of six years, despite the average deposit jumping from £17,740 in 2007 to £33,339 a decade later – an increase of 91% and have almost returned to those last seen in 2007, when 359,900 took their first step on to the property ladder. This is an increase of 87% compared to an all-time low of 192,300 in 2008 and is now just 11% below the most recent peak of 402,800 in 2006. First-time buyers now account for half of all house purchases, with a mortgage, an increase from 36% a decade ago"*
- UK Finance *"There were 30,800 new first-time buyer mortgages completed in December, 5.2 per cent fewer than in the same month a year earlier. 2017 overall saw 365,000 first-time buyers, the highest number since 2006. This is an annual increase of 7.4 per cent from 340,000 in 2016."*

## Proportion of FTBs – cont'd

Table 1: Number of first-time buyers – UK 2007 - 2017

	Number of First-time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2006	402,800	11%	36%
2007	359,900	-11%	36%
2008	192,300	-47%	38%
2009	196,700	2%	38%
2010	199,400	1%	37%
2011	193,700	-3%	38%
2012	217,900	12%	40%
2013	268,100	23%	44%
2014	307,900	15%	46%
2015	309,200	0%	46%
2016	339,600	10%	48%
<b>2017*</b>	<b>359,000*</b>	<b>6%*</b>	<b>49%*</b>

\* Halifax estimate

Source: [Halifax](#)

### **Kate comments on first time buyer activity:**

*10 years after losing nearly 50% of first time buyers, we are nearly seeing them return to previous levels, being just 11% behind now. This is partly due to the recovery from the recession, giving people confidence to purchase, but also I think due to the Help to Buy Schemes. In 2017, approximately 32,000 properties were sold under Help to Buy and 80% of these are sold to first time buyers. For those critical of the scheme, the loss of H2B could result in a fall in FTBs and, worse still, a decline in their interest in new builds, which in my view would not be good news for the industry but more importantly for those who are trying hard to save with Help to Buy and Lifetime ISAs and the new build scheme.*

*We should be wary of some of the data and claims made in the recent FTB reports. For example one of the key reasons for FTBs being a higher proportion of house purchase loans is because more people own their home outright and paying down their mortgages, while others are moving and buying with cash, so this is a natural increase mainly due to the ageing population and the baby boomers paying off their mortgages.*

## First time buyer affordability - regional prices, average deposit and mortgage levels

The following table summarises the UK HPI and Halifax data by region on first time buyers

Region	UK HPI Average FTB price Dec-17	Annual Change	Halifax Average FTB price 2017	Average Mortgage	Average Deposit	Deposit %
East Midlands	£156,547	6.3%	£163,005	£138,544	£24,462	15%
East of England	£242,829	5.2%	£207,103	£171,640	£35,463	17%
London	£423,129	2.2%	£422,580	£309,977	£112,604	27%
North East	£112,248	3.2%	£126,437	£108,003	£18,435	15%
North West	£133,504	5.6%	£149,990	£127,841	£22,148	15%
South East	£258,791	4.1%	£278,749	£227,292	£51,457	18%
South West	£209,570	7.3%	£205,333	£169,044	£36,289	18%
West Midlands	£159,280	6.2%	£168,627	£143,248	£25,378	15%
Yorks & Humber	£134,475	2.5%	£139,970	£119,292	£20,678	15%
Wales	£133,522	5.4%	£139,875	£121,278	£18,596	13%
Scotland	£116,862	4.3%	£140,010	£118,550	£21,460	15%
Northern Ireland	n/a	n/a	£120,648	£103,012	£17,636	15%

### Kate Faulkner's comments on FTB affordability and regional markets:

*These figures are useful on the one hand as it shows that many people are buying their first home for less than £150,000 in Scotland, Northern Ireland, Wales and the English regions of Yorkshire, North East and West. In the Midlands, it's just under £160,000. Affordability issues start 'biting' in areas such as London, the South and East of England where the price paid suddenly jumps to around £250,000 or over £400,000 in London.*

*Unfortunately even a property costing over £100,000 will sound a lot for many people, so the problem with these 'average' stats is that they can put potential FTBs off buying altogether, meaning they don't save because they believe they can't buy, when in actual fact, in an area such as Nottingham in the East Midlands, a two bed property can cost just £70,000 – or less if buying with the shared ownership scheme.*

*What's important is not to place too much emphasis on these figures and in particular not to quote the 'average deposit paid' as 'what first time buyers need' or 'have to have' which again can put buyers off. For someone buying in an area where the 'average' FTB pays £156,547 in the East Midlands and finds £24,462 for a deposit, this is just what it says it is – an average. People are buying for a lot less and also putting down 5-10% deposits, which would be around £5k to £10k, a lot less than the £24,462 FTBs are putting down.*

# Ways to help first time buyers enter the housing market

## What should people in their 20s be doing to establish whether they can afford a home now – or in the future?

A recent survey from house builder Bellway revealed that 87% of Brits wouldn't give up avocado on toast to purchase their first property. Which is odd, because as Andy who works with me pointed out, it isn't actually that tasty anyway!

While this is a nice headline for the media, with fantastic initiatives like Help to Buy and more robust planning laws to push through more permissions, there has been never been a better time for first-time buyers to look at the sacrifices they can make – which people have always had to do to get on the ladder. For example, a Help to Buy ISA will top up a deposit by 25% up to £3,000 and even more if it's a Lifetime ISA. Using this coupled with shared ownership can mean you can buy a home in what would otherwise feel is an unaffordable area.

## Spring statement pledges to help first-time buyers in London and the West Midlands

And more help is on the way. One of the increasingly important documents for buyers, especially those buying for the first time, is the [“Local Plan”](#). And following the recent government announcements on planning – one of which was a new delivery test for local authorities to be monitored against these plans – they are likely to have more of an impact on property provision at a local level.

The Local Plan outlines the authority's planning policies and identifies which areas of land can and will be built on. This is then shared with local people and, in theory, their views are taken into account.

For potential buyers, the Local Plan is vital as it can help work out what may be coming onto the market so that buyers know what to save for in the next few years as the plans detail how many and what type of properties will come onto the market.

It is also something you can contribute to. After reading the plans, you may think that the local authority has missed the needs of your area and you have every right to let them know.

The recent Spring Statement highlighted the plans in London and the West Midlands and below are the key points:

### London plan highlights from the Spring Statement:

- £1.67 billion funding package deal to build 26,000 more affordable homes;
- The deal will see a minimum of 116,000 more affordable homes in London than current levels;
- Total funding for affordable housing in London will rise to £4.8 billion;
- The extra funding will deliver homes for social rent, London Affordable Rent, flexible shared ownership and rent to buy;
- No less than two-thirds of the homes built with this funding will be for rent.

### West Midlands housing package:

- The West Midlands will receive a £100 million funding package to help the Mayor's plan of delivering 215,000 homes by 2030 to 2031;
- The funding will help acquire land to prepare for housing and increase density;
- This tallies with the Mayor of West Midland's promise to deliver around 16,000 homes per year;
- The Mayor wants all local authorities in the West Midlands to have local plans in place by 2019.

### **Shared ownership opportunities**

As has been said above, shared ownership allows buyers to get on the ladder when they otherwise might not be able to. They will purchase a share in a property, usually with a developer or housing association, and pay rent on the portion they don't own.

Here are few opportunities the team spotted in traditionally prime markets:

#### [Duke of Wellington Avenue](#)



Where: London, SE18, Woolwich.

Property type: Two bedroom apartment.

How much: £91,250 for a 25% share.

Available now.

#### [Chieftain Way](#)



Where: Cambridge.

Property type: Four bedroom terrace.

How much: £105,000 for a 25% share.

Available now.



Where: Farnham, Surrey.

Property type: Two bedroom flat.

How much: £70,000 for a 25% share.

Available now.

### **Pocket Living**

And there is even more good news with companies dedicated to building private homes, but more affordable ones. For example, Pocket Living design one bedroom 'pocket' homes for Londoners earning under £90k per year (or two salaries of under £45k) They are specifically for first-time buyers living or working in the borough in which the relevant development is located. Pocket Homes are marketed at least 20% below surrounding market rate. The idea is for young people in London to be able to live in the area they work and socialise.

[You can see a selection of Pocket Living developments here.](#)

Up until now, it's been tough for first time buyers to get on the ladder, but in all my time in property, I've never seen such an effort to support people to get their own home – be it for rent or purchasing.

As such, this is a really good time, especially with mortgage rates still being at a historic low to consider what you can sacrifice now to get on the ladder and secure a home for your future.

## Kate's guide to the individual indices

- [Rightmove](#) - Useful to measure average time to sell and sellers' sentiment. (E & W)
- [LSL Acadata HPI](#) – Analyses Land Registry figures, separates out London, good analysis on transactions.  
(E & W)
- [UK HPI](#) – Tracks sold property price data, good for accurate information, but doesn't reflect current market conditions. (E, W, S & NI)

## Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust.

Kate and her team from [Propertychecklists.co.uk](#), make it easy to access the information and support consumers' need via FREE of charge eBooks, checklists, daily articles and one-to-one advice:

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## For media professionals

**If you need Kate to appear on TV, radio or for general comment, please contact directly:**

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## About [Kate Faulkner](#)

Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors and first-time buyers, and is often asked to chair debates and present at industry conferences.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out numerous TV and radio interviews, has been quoted every month in major newspapers and magazines and been featured in many local newspapers.

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