



First Time Buyer Index 2024

Source: Research conducted, on behalf of Aldermore bank, by Opinium between 30 May – 14 June 2023, with a nationally representative sample size of 2,000 prospective first time buyers and 500 actual first time buyers who bought since May/June 2021.

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Aldermore

Introduction

We are delighted to bring you the latest piece of research from Aldermore: our **First Time Buyer Index 2024**.

To deliver the most up-to-date insights of the industry, we surveyed 500 new first time home buyers and 2,000 prospective first time buyers to discover how they feel about the process, the challenges involved in the experience, and the facts and figures you need to know.

At Aldermore, we are committed to support Brokers and empower the work you do. Part of this commitment is to provide you with insight and information that can help you to achieve more, which is why we undertake research like this in the areas that matter the most.

After a tough few years following the pandemic, the market for first time buyers has been difficult, to say the least. We hope this view of the real experiences of first time buyers can help you in your work with this client demographic.

Enjoy reading, and if you have any questions for the team, don't hesitate to get in touch.

Nicola Goldie,

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Financials



Deposits

Actual first time buyers

*Those who bought their first home since May 2021.

Average deposit

£84,697

July 2022

£60,862

September 2021

£62,572

February 2020

£56,935

Buyers said on average it took **5 years and 2 months** to save for their deposit.

40%

said they have not been able to save as much as they thought they would due to rising cost of living.

33%

looked for a cheaper property due to high house prices.

Prospective first time buyers

£47,067

amount they plan to raise for their deposit.

July 2022

£43,500

September 2021

£57,280

55%

are currently seeking to raise a larger deposit than initially intended due to the recent changes to the property market.

49%

are planning to buy a house of lower value than they initially thought as higher interest rates have increased average monthly repayments.

30%

is the max percentage of their monthly income after tax they would consider spending on their mortgage.



Deposits are rising, with first time buyers being forced to save more than they previously expected to be in a position to make that purchase. This is where the broker relationship is invaluable. Guiding a first time buyer through the process is a very different experience to helping a seasoned buyer with plenty of previous knowledge. Advising on affordability, financial expectations and best practice are key for this demographic.



Deposits by region

Prospective first time buyers

Year	Most expensive region	Second most expensive region	Cheapest city
2023	London is the most expensive region at £145,272	Cambridge the second most expensive at £132,101	Sunderland is the cheapest city at £21,117
2022	London was the most expensive region at £135,446	Oxford the second most expensive at £111,084	Hull was the cheapest city at £21,624



Being declined

Prospective first time buyers

23% have been **declined** for a mortgage, compared to **22% in July 2022**.

The main reasons for this include:

- 21%** didn't have a large enough **deposit**, compared to **20%** last year.
- 17%** weren't **earning** enough, compared to **14%** last year.
- 17%** had **poor credit history**, compared to **21%** last year.
- 17%** of lenders made an **administrative error**, compared to **21%** last year.
- 16%** are **self-employed**, have **irregular income** or are a **contract worker**, compared to **17%** last year.



First time buyers mortgages

Actual first time buyers

64%

are on a **fixed rate** mortgage compared to **41%** in July 2022.

22%

are on a **variable repayment** mortgage compared to **10%** in July 2022.

On average, the term of the mortgage is **18 years and 8 months**, with **26%** having over **25 years on their mortgage**, compared to 19 years, with 35% having over 25 years on their mortgage in July 2022.



Additional costs



Additional costs of purchasing a home

Actual first time buyers

£3,702 average total spent during the purchase of their house.

Consisting of...

£654 solicitor fees	£515 mortgage fees	£496 valuation fees	£409 moving fees
£433 rent paid due to delays moving into your home	£439 estate agent fees	£335 other house purchases falling through	£421 other purchase related fees





Costs in first year of owning a home

£10,736 average total spent on the following per year

Consisting of...

£605 monthly cost of mortgage repayments	£291 ground rent	£269 parking permit charges	£474 work needed on the house
£486 monthly utility bills	£551 council tax (this is an average and may be higher in different regions)	£422 home insurance	£335 annual service charge
£300 annual building maintenance (e.g. for communal areas of flat)		£348 unexpected repairs (washing machine/boiler breaks etc)	



Unless they've done some research, first time buyers are likely to be unaware of the additional costs associated with home ownership. Highlighting these costs and drawing attention to considerations for the future is a great perspective that brokers can bring to the table.

Using a broker

Actual first time buyers

36%

used a broker to find a mortgage for their property.

July 2022

70%

September 2021

56%

February 2020

61%

91%

of those who had used a broker said they had a **good experience** with them. This matches the **91%** in July 2022.



Finding a broker

30%

recommended by a **friend** or **family member**.

14%

recommended by **mortgage adviser**.

11%

recommended by **building company**.

21%

recommended by **estate agent**.

12%

Google search.

8%

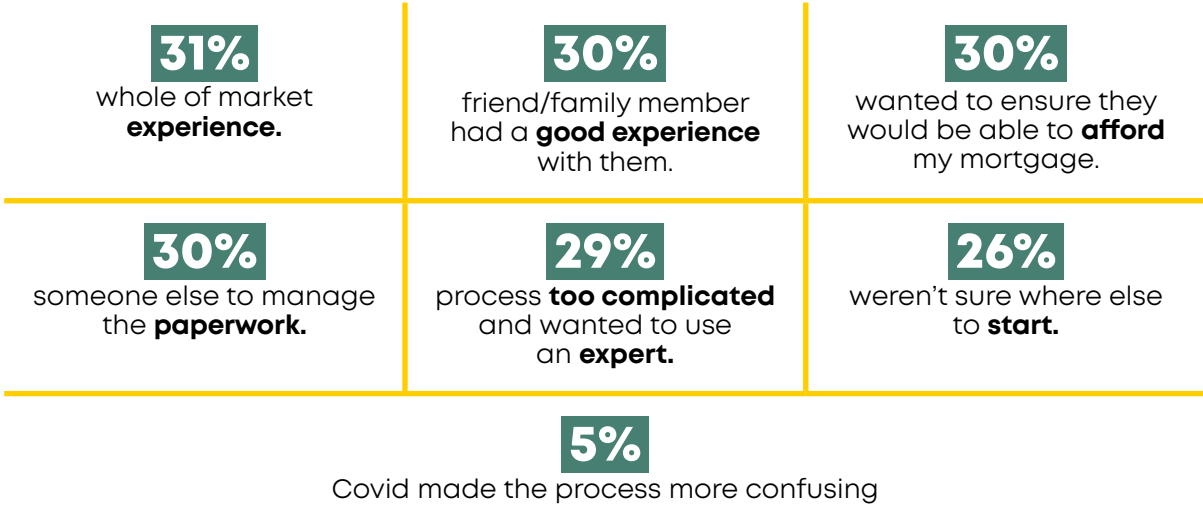
social media.



Its interesting to note that an overwhelming majority of those who use a broker say they had a good experience, and this is a testament to the positive service that intermediaries provide. However, only 36% say they used a broker. Recommendations and word of mouth seem to be key in highlighting this service to others, acting as a reminder that building these relationships only serves to bring in further business in the future.



Why use a broker?



Using a broker

Prospective first time buyers

17%

are using a broker for advice on their mortgage.

July 2022

20%

September 2021

29%

87%

say they have been **useful** in giving **advice** on their mortgage, compared to **91%** in July 2022.

32%

haven't yet but **do** plan to.

44%

haven't used one and have **no** plans to do so.

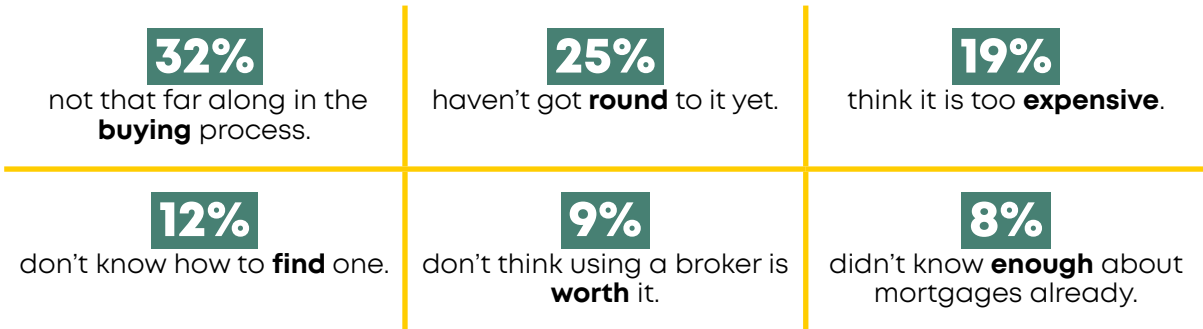
7%

said they **don't know.**

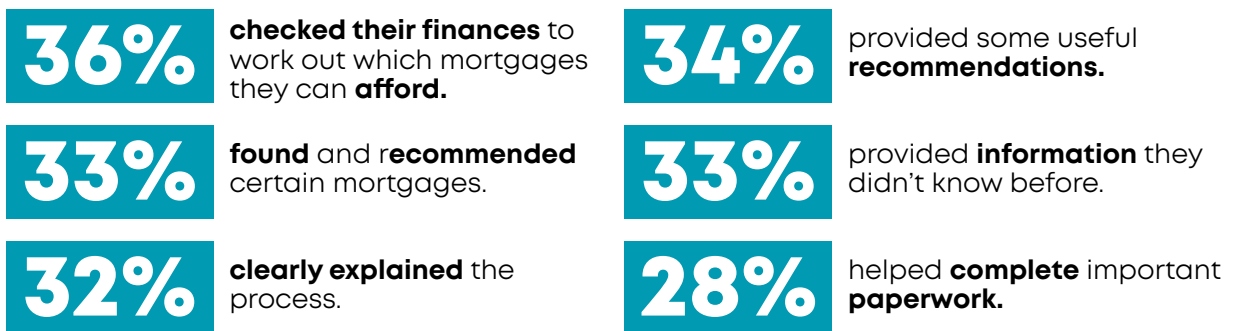




Why not use a broker



How a broker has helped*



*Respondents could pick multiple options.



Summary

“ It’s positive confirmation of the great work done by brokers to see the figures that show first time buyers are having such good experiences using a broker to help purchase their first homes. There is also a great opportunity for some of these statistics to be improved, if more first time buyers can be shown just how helpful a broker can be.

Never has the value of advice been more important, but for this cohort of new buyers – they perhaps don’t know this expertise is available to them until they find out about it. We need to support and educate first time buyers about the importance of brokers so they can see just what’s out there to make the whole process of getting one foot on the property ladder that bit easier.

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