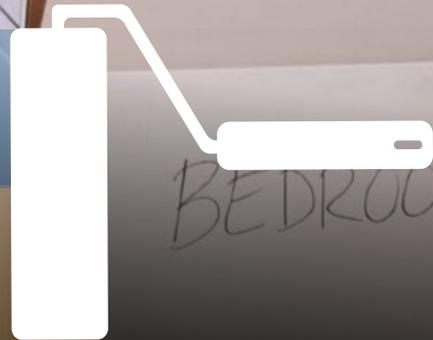




First-Time Buyer

Index Report | September 2016



Foreword



With widespread uncertainty in the housing market, the debate around housing affordability is in the headlines more than ever. There is particular scrutiny on the situation for first-time buyers (FTBs), with the average cost of a home for a first-time buyer in the UK reaching £161,912 in June, and the average monthly rent for a home in England and Wales rising to an all-time high in July. Today's first-time buyers are facing pressures on several fronts, including

stricter lending criteria following new legislation introduced in the past three years.

Furthermore, the number of high loan to value (LTV) mortgage products has fallen for the two consecutive months since the UK voted to leave the European Union, with the number of available mortgages for those with 5% deposits accounting for just 2.5% of total mortgage lending in the first quarter of 2016, down from 3% the previous quarter and down from 3.5% year on year. This is a fall from a peak of 4.2% in the second quarter of 2014, when the Help to Buy Mortgage Guarantee was first introduced.

In contrast, the number of available products for those with larger deposits rose month on month, meaning those unable to save larger sums of money have felt the effect of the referendum vote most so far, a conclusion supported by our research.

It is against this backdrop that Aldermore has set out to examine the confidence of prospective first-time buyers across the UK and where they feel they are being let down by lenders and the housing market in general. First-time buyers are the driving force behind the UK's housing market and it is crucial that they are given as much support as possible. At a time where the idea of the 'average borrower' is becoming obsolete, the market must stay up to date with the various challenges this presents and support all of those in the market, including younger borrowers and the self-employed, among others.

We first ran this survey two weeks before the referendum vote in June and the latest data gathered during September shows that Britain's first-time buyers continue to feel confident about their potential to get on the housing ladder, suggesting the referendum has had a minimal impact on their aspirations.

There has been understandable uncertainty since the vote over the summer but as the dust settles and time passes, first-time buyers have shown themselves to be a resilient segment of the housing market.

Charles Haresnape
Group Managing Director, Mortgages

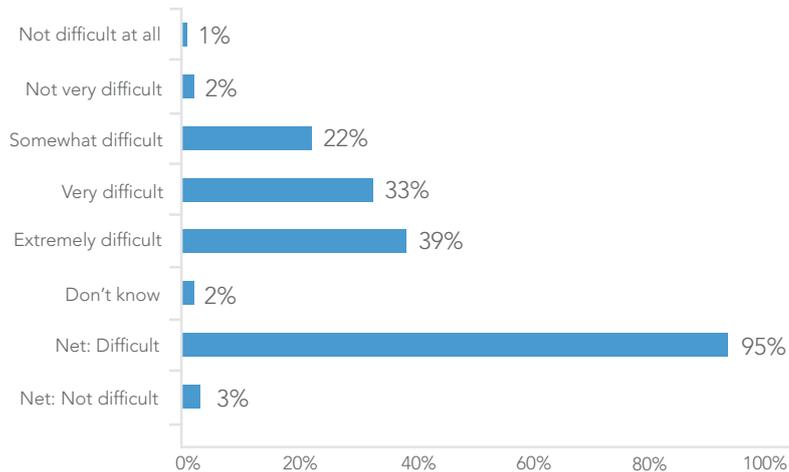
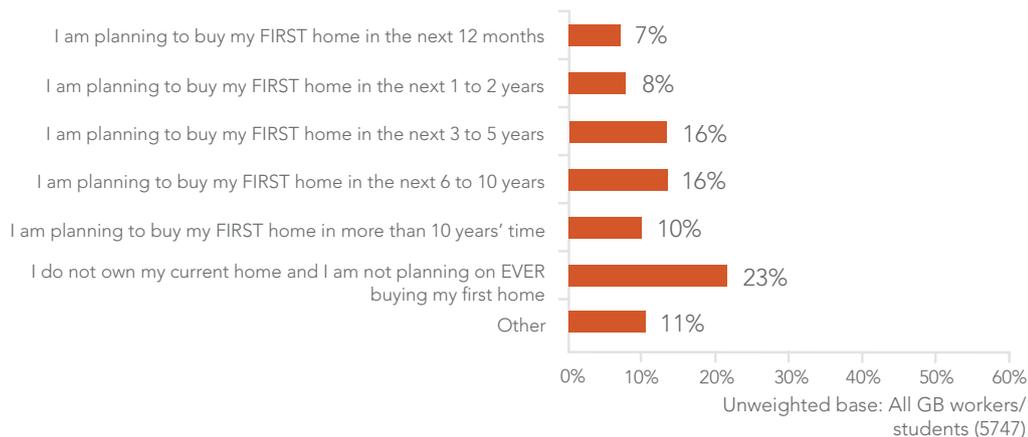
Aldermore

Confidence for first house purchases in the next 12 months



Thinking about buying a property, which one of the following best applies to you?

Asked whether they were planning to buy their first home in the next 12 months, 7% of respondents said yes, the same proportion when the survey was conducted before the referendum. Those aged 25-34 were most confident, with 16% saying they were planning on buying a home in the next 12 months. 83% of prospective FTBs aged between 18 and 24 were planning to buy their first home in the next 10 years. Those in full time employment were twice as likely to say they were planning to buy a home in the next 12 months (4% and 2% respectively).



In general, how difficult do you currently think it is to buy your first property in the UK?

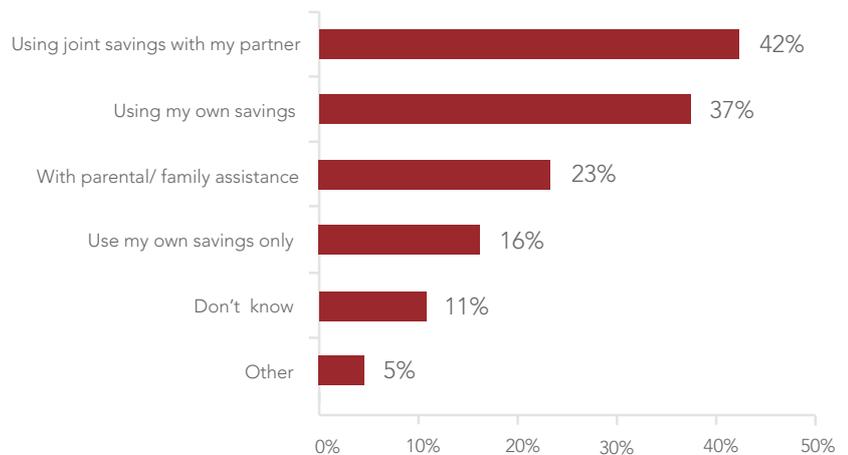
There was a slight rise in how difficult respondents felt it currently is to buy their first property at 95%, compared to 93% before the referendum, a sentiment reflected across all regions. Almost half of those living in London (48%) said it was 'extremely difficult', compared to 29% of those living in Scotland.

How do First-Time Buyers plan to get on the housing ladder?

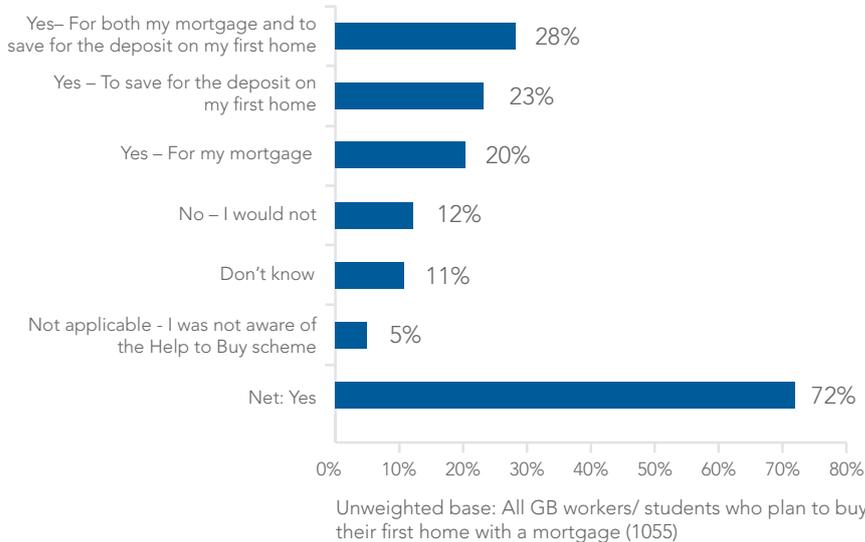


How do you plan to fund your deposit?

Almost a quarter (23%) said they were planning to use parental or family assistance for their deposit. More than a quarter (27%) of those aged 18-24 planned to use parental or family help to fund their deposit. Four in 10 respondents (42%) said that they were planning to fund their deposit using joint savings with their partners, compared to 39% pre-Brexit.



Unweighted base: All GB workers/ students who plan to buy their first home (1363)

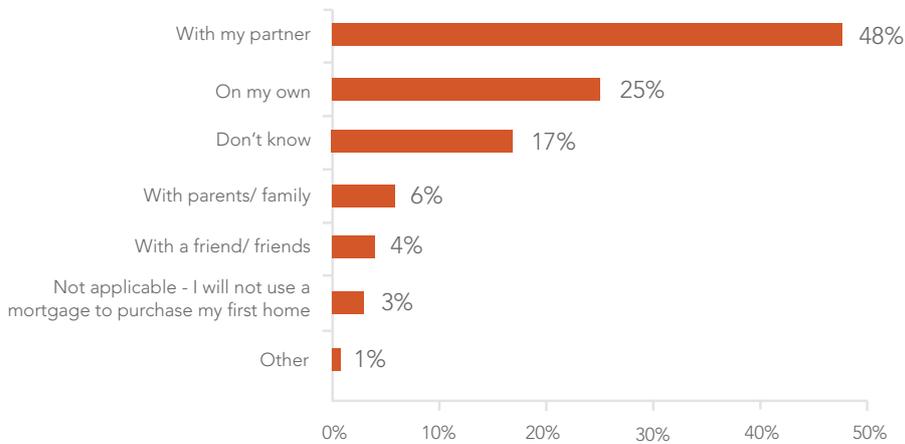


Would you consider using the government's Help to Buy scheme when applying for your first mortgage?

72% of respondents would consider using the government's Help to Buy scheme in some form, 20% for their mortgage, 23% to help raise a deposit and 28% for both their deposit and the mortgage guarantee scheme. Almost one in 10 (7%) said there were unaware of the Help to Buy scheme. Of the 11% of those who said they would not consider the Help to Buy scheme, a quarter (25%) said that they did not want such a high LTV as the scheme offered, up from 20% before the referendum, while 16% felt that they would not qualify.

How do you plan to apply for your mortgage?

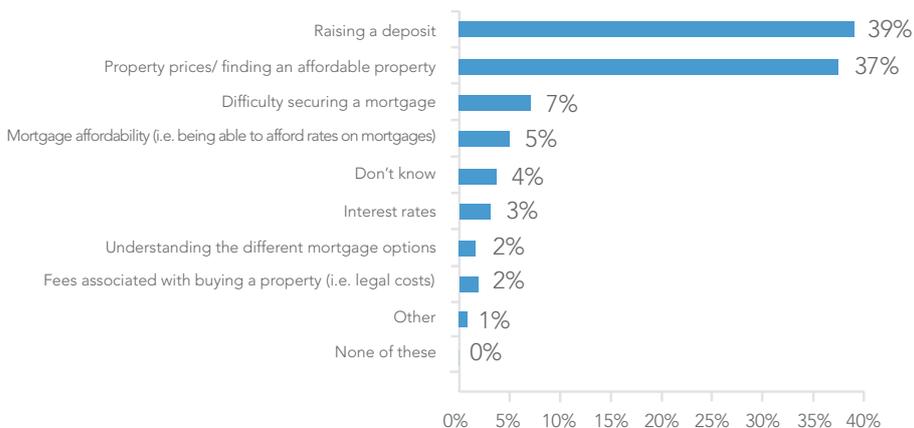
A quarter of respondents (25%) said they planned to apply for a mortgage on their own, while almost half (48%) were planning to apply with their partner, in line with the previous survey (26% and 45% respectively). 28% of those in full-time employment planned to apply for a mortgage on their own, compared with just 17% of those self-employed.



Unweighted base: All GB workers/ students who plan to buy their first home (1363)

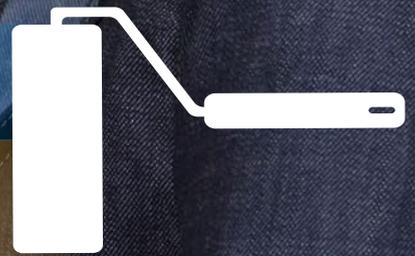
Which one of the following do you see as the biggest obstacle to those who are planning to buy their first home in the UK?

39% of respondents felt that raising a deposit was the biggest obstacle to buying a house, overtaking those who thought property prices were the main barrier (37%). Twice as many self-employed respondents said securing a mortgage was the biggest obstacle when compared to those in full time employment (16% and 7% respectively). Only 7% overall cited mortgage affordability as the biggest obstacle.

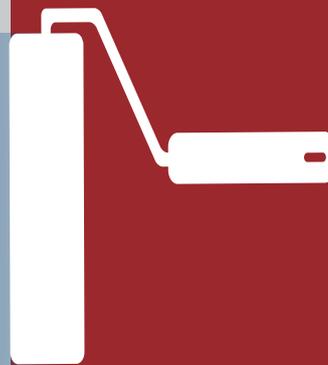


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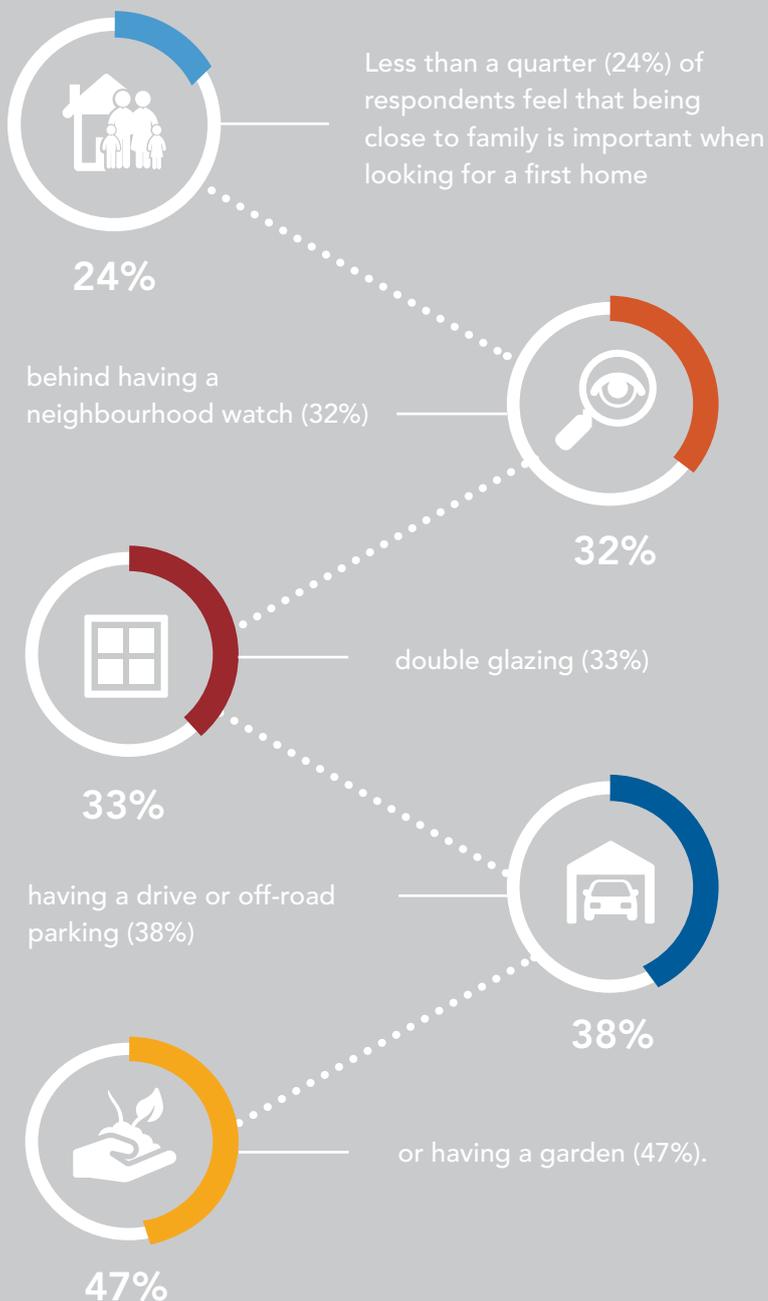
What challenges do First-Time Buyers face?



Future of housing and what First-Time Buyers are looking for:



Which of the following would be important to you when looking for a first home?



What type of property are you mainly looking to purchase for your first home?

Almost three in 10 respondents (29%) are looking to buy either a semi-detached house or bungalow as their first home, while one in five (20%) said they didn't know. Only 15% said they were planning to buy a flat or a maisonette.

Contact

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Methodological note:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size for the initial survey was 1,181* All GB workers/ students who plan to buy their first home. Fieldwork was undertaken between 3rd - 9th June 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). Figures for employment status of were based on an initial higher sample size of 8,335. Figures for those predicting the timescale for their first property purchase were based on an initial higher sample size of 5,430.

The second survey was conducted with a total sample size of 1,363* All GB workers/ students who plan to buy their first home. Fieldwork was undertaken between 5th - 9th September 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). Figures for employment status were based on an initial higher sample size of 8,744. Figures for those predicting the timescale for their first property purchase were based on an initial higher sample size of 5,747.

Key Findings

New research published today by Aldermore shows that FTBs plans to get on the housing ladder in the next 12 months remain unaffected by the Brexit vote, with approximately 1 million people planning to buy their first property in the next year.

01



The same proportion of those surveyed after the referendum (**46%**) are planning to be on the housing ladder in the next 10 years as before the EU vote (**47%**)

95% say buying a first home is difficult, with 39% saying it is extremely difficult

02



03



Raising a deposit is now seen as the biggest obstacle (39%) for those looking to buy their first property

Landlords believe that two-bed flats will experience the highest growth in rental value over the next 12 months (**38%**), followed by family homes and one-bed flats (**both at 32%**).

04

