First Time Buyers Need More Help to Buy According to Research MoneySuperMarket.com

Thursday 29 May, 2014

- The average age of a UK first time buyer is 36 years old according to MoneySuperMarket*

- South West first time buyers are aged 41

- Two-fifths of recent buyers say they had to compromise on renovations or repairs to be able to afford their first home

The average age UK house hunters estimate they will be able to take their first step onto the property ladder is 36 years old, according to research* by MoneySuperMarket.*

The UK's number one comparison site found that while the average age of a first time buyer is now 36, there is a variation between the regions. Those looking to buy in the South West, for example, expect to wait the longest. On average, they think they will be 41 before they take their first step onto the ladder. Those North of the border in Scotland are the most optimistic, claiming they will be 33 on average before they buy their first property, along with Londoners who also think they will be 36. However, some have written off home ownership altogether. Over a third (37 per cent) don't intend to buy their own home.** This rises to 53 per cent of people in Scotland, but drops to a low of 19 per cent among Londoners, even though property prices in the capital are higher than anywhere else in the country.

Clare Francis, Editor-in-Chief at MoneySuperMarket said: “The resurgent housing market is making life harder for aspiring homeowners on the one-hand, but on the other, one of the reasons why prices are rising again is because there are more mortgages available for first time buyers now than a year ago, making it easier for them to raise the funds they need. This has, in part, been helped by the launch of the mortgage guarantee element of the Help to Buy mortgage scheme which is enabling first time buyers to get on the property ladder sooner because they don't have to save such a large deposit.”

Rate wars

MoneySuperMarket analysis also reveals rates on first time buyer mortgages are significantly lower than they were before the credit crunch, with HSBC taking the top spot with a two-year fixed rate mortgage at 2.89 per cent rate product.*** for buyers with a 10 per cent per cent deposit. First time buyers who are lucky enough to have a large deposit can take advantage of even lower rates, HSBC again being the market leader with a two-year fixed rate at 1.49 per cent for those with a 40 per cent deposit. Those looking to take advantage of the Government's Help to Buy scheme will see slightly higher rates with Santander being the current best buy offering a rate of 4.74 per cent with its two-year tracker deal.

Home improvements

The research also exposes the lengths people are willing to go to just to get on to the housing ladder, with two-fifths (39 per cent) of homeowners who have bought their property in the last ten years having had to make a key sacrifice. Eighteen per cent were unable to do their home up at the time of moving in due to lack of cash, and almost a fifth (19 per cent) are currently still unable to pay for any renovation work, despite having bought their property up to 10 years ago. Furthermore, one in 10 people could not afford to make necessary repairs to their newly bought home, and the same amount of people still cannot spend money on essential repairs (both nine per cent). The findings come as mortgage applicants face tougher questions about their lifestyle and spending, under new rules introduced as part of the Mortgage Market Review.

Clare Francis continued: “How ownership is still really important to many people here in the UK, and these stats show that they are prepared to seriously push themselves financially and make sacrifices in order to buy their first home. However, there is a balance to strike and it is important that people don't stretch themselves too far. Recent changes to mortgage rules should help protect first time buyers from this because lenders are now scrutinising the spending habits of applicants more closely than ever before. This should prevent people from buying a property they can't really afford. While home ownership can be hugely satisfying, it can also become a burden if you're over-stretched and unable to enjoy your first home.”

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* Opinium research conducted 2,013 online interviews between 8th and 10th April 2014. Results have been weighted to be nationally representative.

**37 per cent who don't know when they would be able to buy their own home

*** - Please find chart attached to this press release as an image.

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