

# Will Travel: First-Time Buyers (FTBs) Widen Their Horizons to Seek Out Their Dream Home

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- New Post Office Money research shows FTBs travelling to new areas to find the home for them
- Southampton, Norwich and Nottingham are the UK's most affordable cities for FTBs
- Despite nerves and financial pressure, FTBs still see home-buying as an exciting and joyful step towards independence
- Futurologists' insights can help identify potential hotspots of tomorrow

Post Office Money today revealed how first-time buyers are increasingly on the move as they seek to get a foothold on the property ladder.

In a study of more than 1000 people who made their property ownership goals a reality in the last 24 months, compromise was the key to realising their dreams, with 70 per cent choosing to buy a home an average of 26 minutes from their original 'preferred' location.

While 16 per cent didn't have to adjust their expectations at all, other successful FTBs ended up being flexible towards having a suitable garden (5 per cent) or availability of car parking spaces (3 per cent). Surprisingly few had to take on a property that needed some structural work (4 per cent)

**Owen Woodley, Managing Director, Post Office Money** comments:

"With average house price growth having increased by 48 per cent since 2005, compared with an increase to the average FTB income of only 37 per cent over the same period, there is no question that the UK housing market remains a challenging environment for many. In spite of this we're seeing that first time buyers approach the market with enthusiasm and flexibility.

"Our data also shows that almost two-thirds (62 per cent) of home sales are still in areas across the country that remain within reach for those looking to take their first steps on the property ladder and FTBs can really benefit from thinking outside the box to realise their property aspirations. We've worked with the team at Proportunity to develop our 'Hidden Gems Guide' with this in mind."

## First-time buyer motivations

The drive to buy is alive and well with the biggest emotional drivers cited for deciding to buy a house being;

- Having met a partner and wanting to make a home together (24 per cent)
- Wanting the security of a long-term place to live (21 per cent)
- Wanting to move out of a parent's/family's property (16 per cent)
- Feeling it was expected that they should own a home (15 per cent)

Financial considerations also ranked highly with 25 per cent of respondents deciding to buy as they felt they were spending too much on rent and it wasn't a good investment and 23 per cent feeling ready as they had enough savings to put against a deposit. 18 per cent saw investing in property as the best investment of their money long term.

## The first-time buyer experience

44 per cent said the experience of being a FTB was exciting or joyful, many also found it to be stressful (24 per cent), frustrating (12 per cent), daunting (9 per cent) and exhausting (4 per cent).

Encouragingly, 83 per cent of respondents said they were approved for their mortgage first time around, although many cannot do it alone. Half (51 per cent) received financial support from friends or family, with 44 per cent asking for this help.

The top 3 pain points of the FTB experience were shown to be;

- The uncertainty, anxiety / stress once in the process of securing an actual property (28 per cent)
- The extra costs that were incurred but not anticipated e.g. solicitor's fees (24 per cent)

- Having to borrow money from loved ones (15 per cent)

When it comes to passing on their tips to other prospective buyers, the advice recent FTBs most want to share is;

1. See lots of properties in your price range (32 per cent)
2. Think long-term (31 per cent)
3. Be flexible on the type of property you will purchase (29 per cent)
4. Be flexible on the location you will buy in (27 per cent)
5. Use your imagination to see the full potential of a place (25 per cent) / Start with areas which are affordable to you (25 per cent)

## Affordability overview

Affordability peaks in Southampton, where the average property price is £199,074 and 98 per cent of properties are in areas deemed affordable to the group. Norwich and Nottingham were also among the UK's 'affordable hotspots', with 93 per cent and 89 per cent of properties in areas affordable to first-time buyers, respectively.

In the last year, Bristol has seen the biggest shift in affordability for FTBs, with the number of properties affordable for this group shrinking by 20 per cent, leaving 29 per cent of homes in the city fitting within the average FTB's budget. For those lucky enough to make a savvy investment a year ago, average property prices in the area have also increased by 14 per cent to £268,070.

And while many may assume that London would be least affordable to first-time buyers, in fact Brighton takes this dubious title, with average property prices being £352,303 and only two per cent of properties are in areas considered affordable to first time buyers in the region (compared to just 5 years ago when 25 per cent were affordable).

## Help to spot the potential 'hidden gems' of tomorrow

Post Office Money partnered with Proportunity, an innovative technology start-up that builds real estate forecasts through the use of artificial intelligence, to create a simple step by step guide that FTBs can use to help identify the potential property hot-spots of tomorrow.

Vadim Toader, CEO of Proportunity commented: "If you're a first time buyer, you'll likely have to buy at the cheaper end of the property market. However by understanding how to identify the potential property hotspots of tomorrow, your first property could get you on track to buying the home of your dreams before too long."

If you're looking for a fast growing area and hoping to make a good financial investment, it may be helpful to consider the following factors to help maximise your chances of choosing the right property:

Step 1: Identify the more affordable areas of the city/ region you want to move to, by looking where property prices are much lower than the city/region's average

Step 2: Avoid areas that have experienced particularly high growth in recent years, as that suggests potential for future growth has been already exhausted and prices will not grow much going forward

Step 3: Identify if there are any urban transformation projects / infrastructural developments planned that could impact the area. These are usually announced at least 2 years before they get underway and signal an upcoming regeneration of the area and, therefore, a potential increase in prices

Step 4: Investigate the crime rates in the area to understand the severity of the crime and whether the picture is improving or worsening. There is usually a delay between when an area becomes safe and when the general public becomes aware and trusting of this. If you can spot this ahead of the market and buy when it is affordable, you may find a future gem

Step 5: Explore if there are any developments planned for schools in the local areas. Improvement in education offering in affordable areas tends to push prices up

**-ENDS-**

**Notes to Editors:**

1 Opinium Research was briefed by Post Office Money to conduct a study into the affordability of properties for first-time buyers in the UK, with a particular focus on 14 of its largest cities.

The percentage of each city that is affordable to first time buyers was calculated by seeing what proportion of the middle layer super output areas (MSOA) in each local authority had a median house price lower than 4.5 times the average income of first-time buyers in each region.

Property price data sourced from the ONS House Price Statistics for Small Areas, quarterly statistics from the Registers of Scotland and the Northern Ireland Residential Property Price Index. Data on first time buyers' salaries in each region sourced from the ONS House Price Index.

2 Opinium Research carried out an online survey of 1,002 recent first-time buyers (those who purchased their property in the past 24 months) aged 18+ from 02 June to 09 June 2017. 3 Council of Mortgage Lenders: Regulated Mortgage Survey, April 2017

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