



First Time Buyer Index 2024

For First Time Buyers

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**.

Buying your first home can be an overwhelming experience, with so many aspects to consider. Today, first time buyers face more challenges than ever due to cost of living rises and the current economic climate.

That's why we created the First Time Buyer Index. We surveyed 500 new first-time buyers and 2,000 prospective first-time buyers to discover how they feel about the process, the different costs involved, and the facts and figures you need to know.

At Aldermore, we understand that getting on the property ladder is easier said than done, so we are here to give you the insights and help you need to make the first steps to owning your own home.

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

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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. As a prospective first time buyer, you may need to consider your savings options. Speaking to a broker can help you better understand affordability and manage your financial expectations.



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**.

This **increases** to **32%** for **self-employed**.

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.



When it comes to finding the right lender for you, a broker can help advise on the right approach. Many high street banks don't take into account the intricacies of real life. A good specialist lender, like Aldermore, will consider your application individually and take into account the real person behind the submission. This can be particularly helpful if you're self-employed or have any blips in your credit history.



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**.



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 conveyancing fees/ valuation	£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	£300 annual service charge
£300 annual building maintenance (e.g. for communal areas of flat)		£348 unexpected repairs (washing machine/boiler breaks etc)	



Many first time buyers are unaware of the many additional costs associated with home ownership. We've already seen that deposits required are higher than in previous years, and so when these additional costs are factored in, you may be facing more financial pressure than you previously considered. Looking at your savings options can be key here, as can seeking the advice of a mortgage broker to make sure you see the best options available to you.

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%

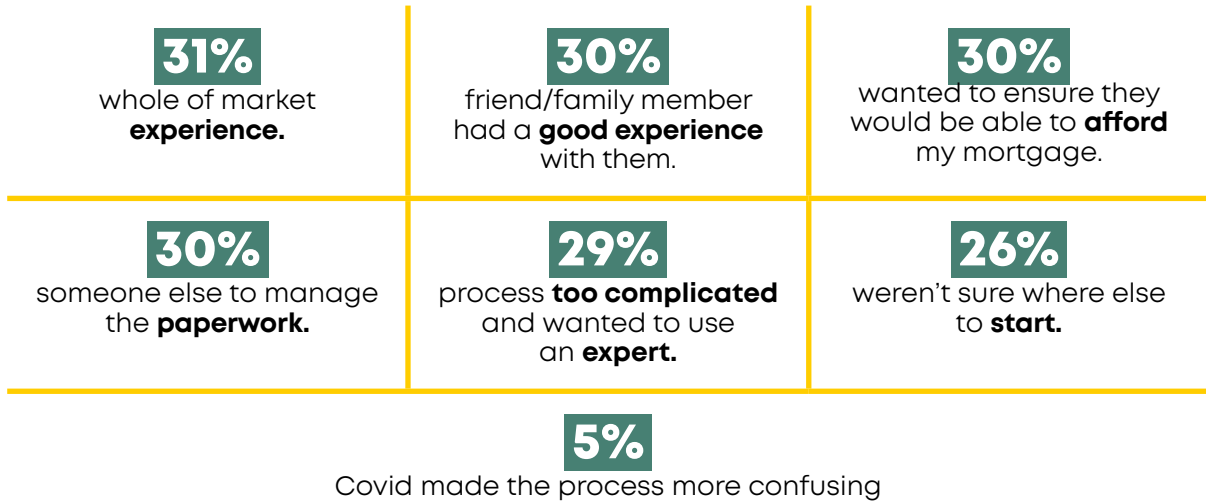
social media.



An overwhelming majority of those who use a broker say they had a good experience, which is testament to the positive service that brokers can provide. This is definitely the right place to start as a first time buyer.

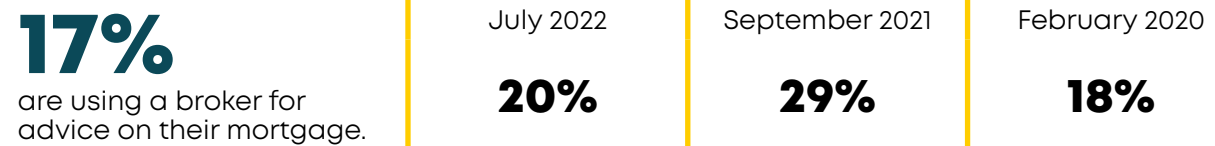


Why use a broker?



Using a broker

Prospective first time buyers



33% haven't yet but **do** plan to.

44% haven't used one and have **no** plans to do so.

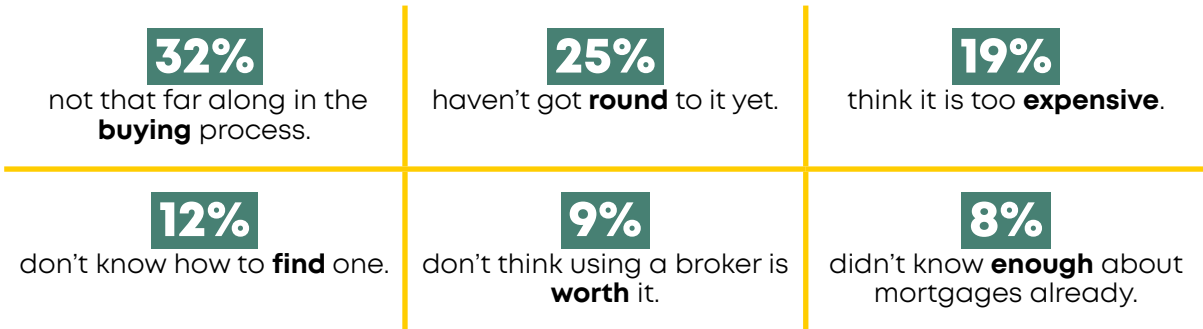
7% said they **don't know.**

87% say they have been **useful** in giving **advice** on their mortgage, compared to **91%** in July 2022.

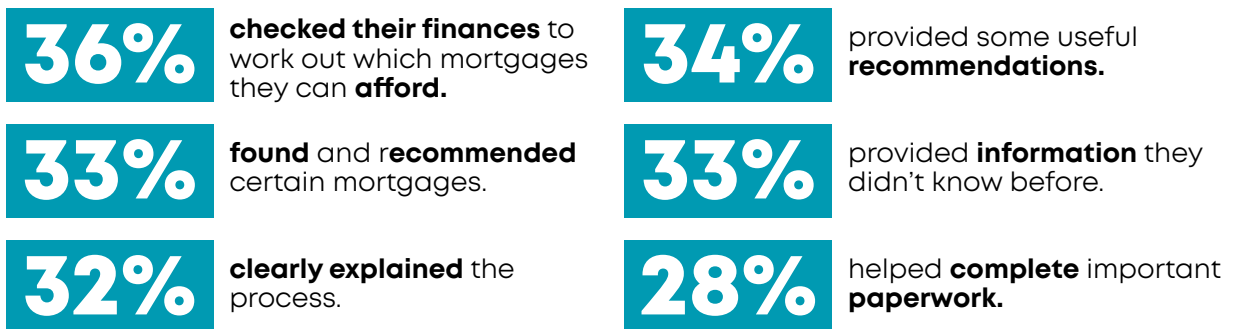




Why not use a broker



How a broker has helped



Subject to status. Credit will be secured on your home. Your home may be repossessed if you do not keep up repayments.

This document was last updated on 25 January 2024. The information on this document is not intended to be comprehensive, and many details which may be relevant to particular circumstances have been omitted. We take no responsibility for the consequences of errors or omissions. This document is and should be treated as a helpful guidance, is offered on non-reliance basis and does not constitute legal or other advice. Please seek independent advice by your preferred providers for any of the matters mentioned in this document if you are considering them for your business.

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