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THE CHALLENGES OF FIRST TIME BUYERS LAID BARE

Those looking to get onto the property ladder think they will not be able to buy their first home until they are almost 40 years old, according to research from HSBC UK's annual 'Beyond the Bricks' survey.

Providing insight into the outlook of First Time Buyers (FTBs), it is no surprise that, in a bid to make a mortgage more affordable, both the length of mortgage term being taken and the Loan to Value (LTV), the percentage of the property being borrowed, have also increased significantly, enabling them to become homeowners. It also shows the benefits being seen by FTBs as a result of the Government's soon-to-end [Help To Buy ISA](#) scheme.

The Beyond the Bricks research showed:

- The average age people expect to get onto the property ladder is now 39 years old, versus those who are already on the property ladder who bought their first property at 28 years old on average;
- More than half of those looking to buy their first home already have a family to support; and
- Two thirds of people (64%) wanting to buy expect to buy with someone else, with one in ten having to club together with a friend or family member to get on the ladder.

Additional insight provided by HSBC UK revealed:

- Since January 2018 the average length of mortgage taken out by first time buyers has increased by three and a half years, and now sits at 332 months (or 27 years 8 months);
- FTBs are now, on average, taking out mortgages for six years longer than those already on the property ladder; and
- The average LTV for first-time purchases has increased from 72% LTV to 81% in under a year and a half;

Further insight into usage of the Government's Help To Buy: ISA (H2B) scheme showed:

- The average age a FTB opens an H2B: ISA is 27½ years old;
- FTBs have saved an average of almost £3,500 before buying a property and getting the Government bonus; and
- FTBs are receiving £866 on average as a H2B ISA bonus.

Aaron Shinwell, HSBC UK's Interim Head of Mortgages and Savings, said: "It is encouraging to see recent figures showing that first time buyer activity is increasing. We have worked hard over recent years to provide first time buyers with options to help them buy a property, including introducing 95% LTV mortgages, increasing our maximum mortgage term to 35 years, and an attractive [Help To Buy: ISA interest rate](#). With the scheme no longer accepting new applications after November, opening an account before that could make a real difference to when a FTB gets the keys to their first home.

"It is a concern, however, that the expectation of first time buyers is that they will not be able to get on the property ladder until they are forty years old, especially as more than half of those looking to get on the property ladder already have children to support. We're committed to supporting FTBs so the old adage 'life begins at forty', doesn't become synonymous with buying a first home.

"With almost four in five first time buyers using a broker it's been an important part of our strategy to provide more brokers with access to our great value products and services. We recently announced our 100th broker partnership, and now we are already up to 110, giving over 13,500 broker access to our mortgages, while simplifying our processes to help brokers help their clients buy their first home."

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Notes to Editors

HSBC UK's [Help To Buy: ISA](#) offers an interest rate of 2.25% AER up to £12,000. This rate is accurate as at 11 July 2019.

About the research

The research was carried out by Toluna on behalf of HSBC through an online survey. The total sample size was 11,932 adults aged 21+ across the globe, with 2,211 in the UK. Fieldwork was undertaken between November 11th to December 5th 2018. The figures have been weighted and are representative of all adults in 10 markets: Australia, UK, Canada, USA, Mexico, France, United Arab Emirates, Singapore, Malaysia and Taiwan.

HSBC UK:

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