



## Press Release

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### First-time buyers need 10 and a half years to save for a deposit

#### Saving for a 15% deposit

In Q1 2018 the average single first-time buyer would have to save for 10 and a half years to raise a 15% deposit on their first home. This is slightly down on the 11 years recorded in Q1 2017 and reflects slower house price growth and a rise in incomes (table 1).

The average single first-time buyer who started saving in Q1 2018 would not be able to purchase a home until the autumn of 2028.

Sharing rent and every day household costs such as food and bills means that a couple can save faster – under half the time of a single first-time buyer. In Q1 2018 the average couple buying for the first time would need to save for five years - unchanged from 2016 (table 1).

This means that the average first-time buyer couple who started saving in Q1 2018 could set up home by the spring of 2023.

A single Londoner hoping to buy for the first time would need to save for 17 years to raise a 15% deposit whereas a couple would need eight years (table 1). It is now six months quicker for a couple to save up for a home in London than at the same period last year. A slowdown in London house price growth and higher income growth explains the change.

In Q1 2018 a single first-time buyer in London would not be able to move into their new home until 2035.

The fastest place to save for a 15% deposit is in the North East, where it takes a couple just under three years (two years nine months), and a single person six years and three months.

#### Saving for a 5% deposit

Saving for a 5% rather than a 15% deposit means first-time buyers can save faster. Five per cent is the minimum deposit needed to qualify for Help to Buy.

For a single first-time buyer it would take three years and nine months to save up for a 5% deposit (table 2). This is over six and a half years faster than saving up for a 15% deposit.

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In Q1 2018 it would take a couple saving for a 5% deposit on their first home one year and nine months, this compares to five years when saving for a 15% deposit.

But in London the time to save for a 5% deposit rises to three years for a couple and five years and nine months for a single first-time buyer (table 2).

Aneisha Beveridge, Analyst, Hamptons International said:

*“Saving a deposit is still the biggest barrier to buying a first home. It takes a single person more than a decade to save up in the current climate. But the additional support from Help to Buy brings down the time it takes to raise a deposit by over six years for a single first-time buyer.*

*“Slower house price growth in the capital has meant that it’s now six months quicker for a couple, who share household spending, to save up for a 15% deposit in London. But it still takes a couple in London eight years to save up, twice as long as someone buying a home in the North.”*

Table 1: Time to save a 15% deposit

	Couple		Single	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
East	5y 6m	5y 9m	12y 3m	12y 6m
East Midlands	4y 0m	4y 3m	9y 3m	9y 6m
London	8y 0m	8y 6m	17y 0m	17y 0 m
North East	2y 9m	2y 9m	6y 3m	6y 3m
North West	3y 6m	3y 6m	8y 3m	8y 3m
South East	6y 3m	6y 3m	14y 0m	14y 3m
South West	3y 6m	3y 6m	13y 0m	13y 3m
Wales	4y 3m	4y 3m	7y 9m	8y 3m
West Midlands	3y 6m	3y 6m	9y 6m	9y 9m
Yorkshire & Humber	3y 6m	3y 6m	8y 0m	8y 0m
England & Wales	5y 0m	5y 0m	10y 6m	11y 0m

Source: Hamptons International

Table 2: Time to save a 5% deposit

	Couple		Single	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
East	2y 0m	2y 0m	4y 3m	4y 3m
East Midlands	1y 6m	1y 6m	3y 3m	3y 3m
London	3y 0m	3y 0m	5y 9m	6y 0m
North East	1y 0m	1y 0m	2y 3m	2y 0m
North West	1y 3m	1y 3m	2y 9m	2y 9m
South East	2y 3m	2y 3m	4y 9m	4y 9m
South West	1y 3m	1y 3m	4y 6m	4y 6m
Wales	1y 6m	1y 6m	2y 9m	3y 0m
West Midlands	1y 3m	1y 3m	3y 3m	3y 3m
Yorkshire & Humber	1y 3m	1y 3m	2y 9m	2y 9m
England & Wales	1y 9m	1y 9m	3y 9m	3y 9m

Source: Hamptons International

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Methodology:

1. Time to Save is based on the time it takes for a buyer saving for a deposit from today.
2. The Time to Save index takes into account how much money first-time buyers have left to save from their incomes, after tax, National Insurance, rent, council tax and spending on essential of food, transport and utility bills. It assumes that households can save 22% of this remaining income towards a deposit.
3. We assume that wages and house prices increase in line with OBR forecasts and that households also gain a premium for career progression as they age.
4. We assume the first-time buyer average house price is c85% of the regional average house price.
5. We use **mean** full time earnings from the Annual Survey of Hours and Earnings (ASHE) to more accurately affect the cohort that are likely to buy. This roughly represents the top 65% of earners.
6. We use ASHE to adjust mean full-time earnings to the 20-29 age to reflect the age of first time purchasers.

About Hamptons International

Hamptons International is a leading residential estate agent and property services organisation, operating in London and the South of the UK. With more than 140 years of experience in the property market, Hamptons International today offers a wealth of award-winning services including UK and international Sales, Lettings, Property Management, Corporate Services, Residential Development, Development Land, Valuation and Property Finance.

With headquarters in London's Fitzrovia, Hamptons International has an international network of more than 91 offices and is a subsidiary of Countrywide, the UK's largest estate agency and property services group.