

An insight into first time buyers of new and existing homes 2017



Smarter property solutions

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Women first time buyers tend to be more engaged in the property search and lead the process than men.

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On average the complete property journey will take 2 years and 9 months. Portals play a key role throughout.

02 Property – a display of identity

The overwhelming trigger for first time buyers is to have a property where they can put their own mark on the decoration and design.

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Over half of first time buyers turn to their families for advice and support when searching for a home.

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The key deciding factors for first time buyers when choosing a location are familiarity, a safe neighbourhood and an easy commute into work.

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First time buyers looking for a property have a budget of £167k, but recent purchasers ended up buying for £212k.

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First time buyers often don't recognise the value estate agents can provide in the buying process, and perceptions of estate agents are lower amongst those who have previously rented.

11 Uncertain times sparking a need for certainty

Brexit and the economic climate are creating uncertainty rather than negativity, sparking a desire for greater certainty around financing and to 'put down roots'.

08 The devil of a deposit

With an average deposit of around £20k needed, almost two thirds are finding it difficult to save and many drop out of the market.

10 New homes for a new generation

The lure of new homes is the feeling they are designed solely for the first time buyer generation. Their ease, convenience, schemes and difference from what their parents own adds to their appeal.

12 Key considerations and methodology

01

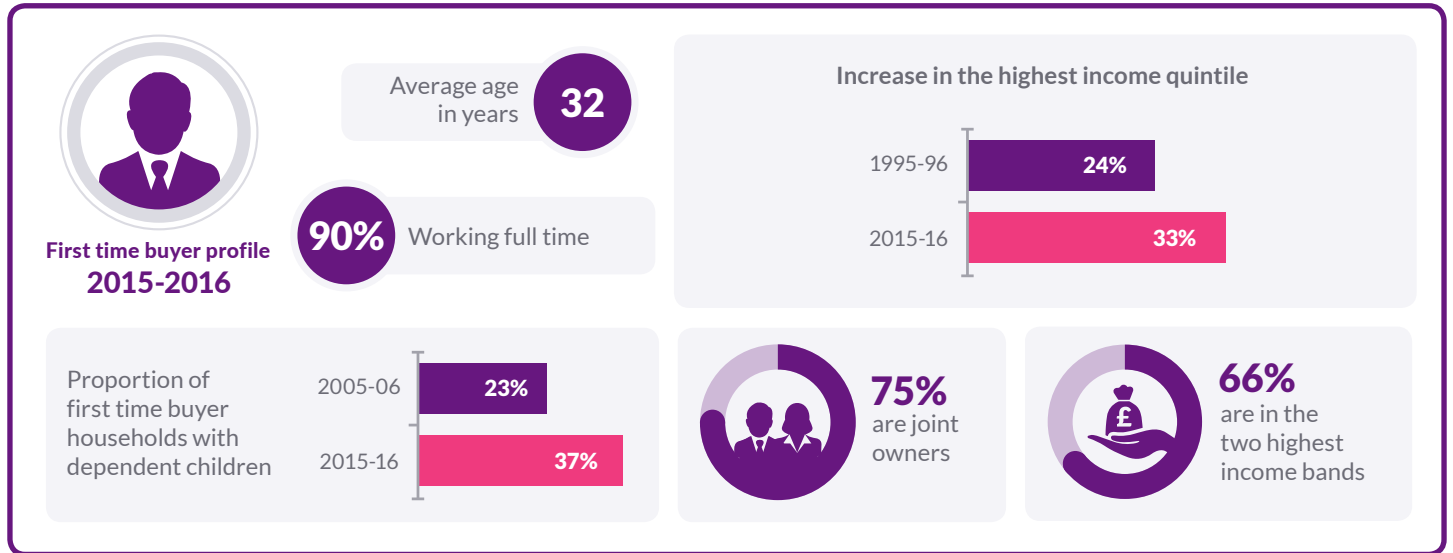
Overview



First time buyer numbers have grown in the last 5 years

Analysis by Hometrack shows that first time buyers of new and existing homes accounted for 36% of all housing sales in the UK in 2016 compared to 26% in 2011.

And the Department for Communities and Local Government has given the following profile descriptions of first time buyers:



Overview



Triggers and barriers

- Making a mark on their own place is the key trigger, along with not wanting to 'waste' money renting
- Getting married and having children can often be the final spark
- Struggling to save and not having a steady job are the main reasons for first time buyers falling out of the market



Property

- On average the price of a first property is £212k
- However, those still looking believe they'll buy for £167k
- The average property prices vary from £164k in the North to £387k in London
- For this they are looking for semi-detached, 2-3 beds with a good sized garden
- The least important criteria is the type of property (new / existing) and this along with the garden will be the compromise to achieve the all important right location. Which is ideally within a 10 mile radius of family and a 5 mile radius of where they currently live
- Familiarity, safe neighbourhood and easy commute are the key determinants of location



Type of property

- 38% say they'd prefer a new build, 26% an existing property, the others have no preference
- 31% go on to buy a new build, so those with no preference are being pulled to existing properties
- This seems due to negative perceptions of size of room and thickness of walls, being over-priced and too uniform
- But for buyers these downsides are outweighed by the schemes, convenience, predictability of costs and how organised it makes the buying process
- 61% of buyers will buy a new build next time
- Those lost are due to size of rooms / walls, being hard to get, poor after sales service, price and lack of quality spec
- Existing homes are liked for their size of rooms, character and their potential to re-work and re-organise
- 17% appreciate the expertise and good advice from estate agents during the process



The process

- On average it takes first time buyers 2 years to save the deposit and 9 months to find/buy a property
- Portals and online calculators dominate at the start of the journey
- In fact 65% first saw the property they bought on a portal
- Only 25% of first time buyers contact an estate agent at the start of the journey, while over half go to their family for advice



Schemes

- 90% are aware of schemes and 46% have used them
- This is predominantly the HTB ISA, which is also seen as the most useful
- There is limited knowledge and understanding of equity loans, mortgage guarantees and lifetime ISA's



Finance

- The average deposit is £21.3k, but with big regional differences: £17.2k in the North to £32.1k in London
- 82% are saving for their own deposit, and a third are given money by parents
- 61% find gathering a deposit difficult
- Getting a mortgage is seen as easier than saving for a deposit. Although a perception / reality gap exists, as only 37% of intenders think this will be easy vs 67% of first time buyers who have purchased who found it easy

02

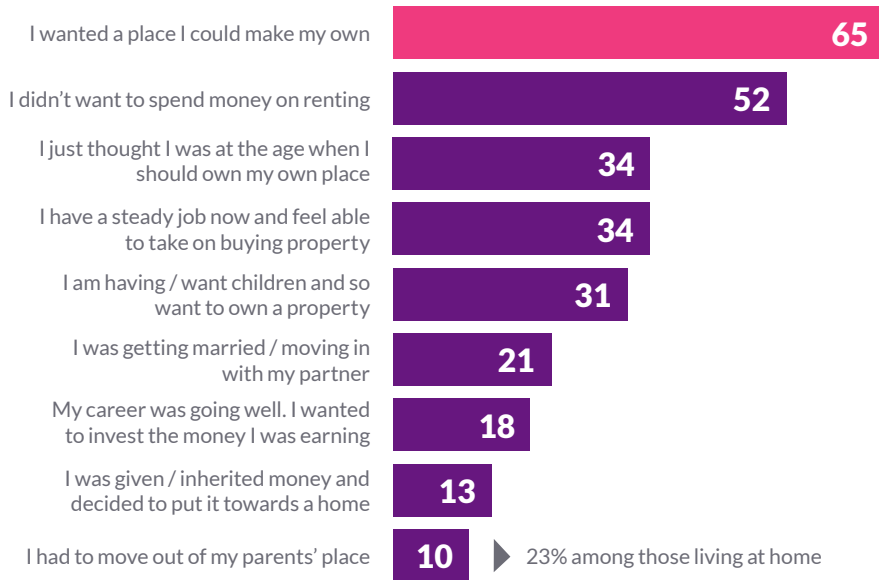
Property – a display of identity



A desire amongst first time buyers to make their own mark on a property is the key trigger

Along with not wanting to spend money renting.

Triggers to buying (%)



"I want somewhere I can decorate just as I want, put my own stamp on it"

Intender, Leeds

"My parents gave me money to avoid inheritance tax and told me I have to use it for a deposit"

Intender, London

03

Women in the driving seat



Some significant differences between the genders

**Men are more reactive in their property searching,
whilst women are more proactive and likely to drive the process**



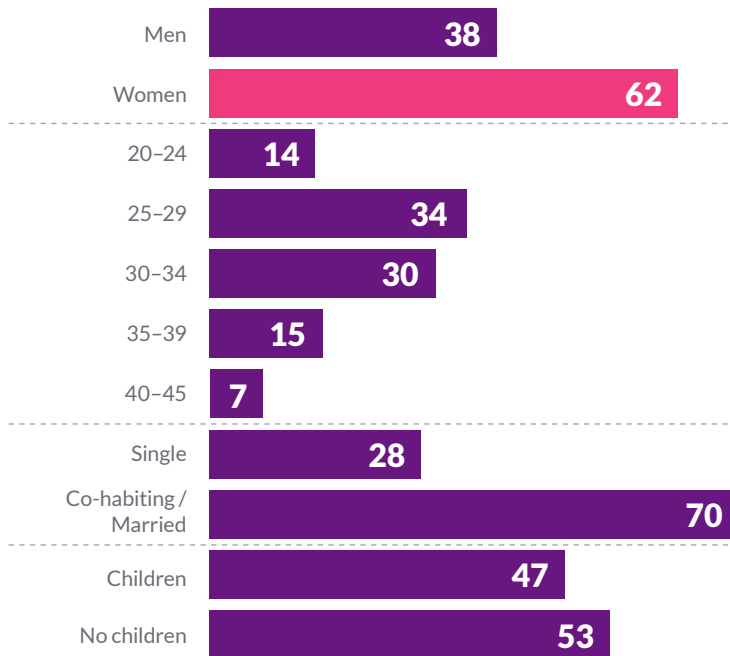
"I had to move out of my parents' home"



*"I wanted a place I could make my own"
"I didn't want to spend money on renting"
"I have / am having children"
"I was given some money"*

More women are engaged in the property search and are more likely to be the driving force than men

Profile of first time buyers (%)



"As soon as we got engaged, I dragged my mum to Santander the next day, to work out what we could afford"

Female new build buyer,
Greater London

"I'm not sure of the exact process, to be honest, my girlfriend did a lot of that"

Male new build buyer,
Leeds

"My boyfriend's been hopeless. His parents have given him 2 years to move out"

Female intender,
Greater London

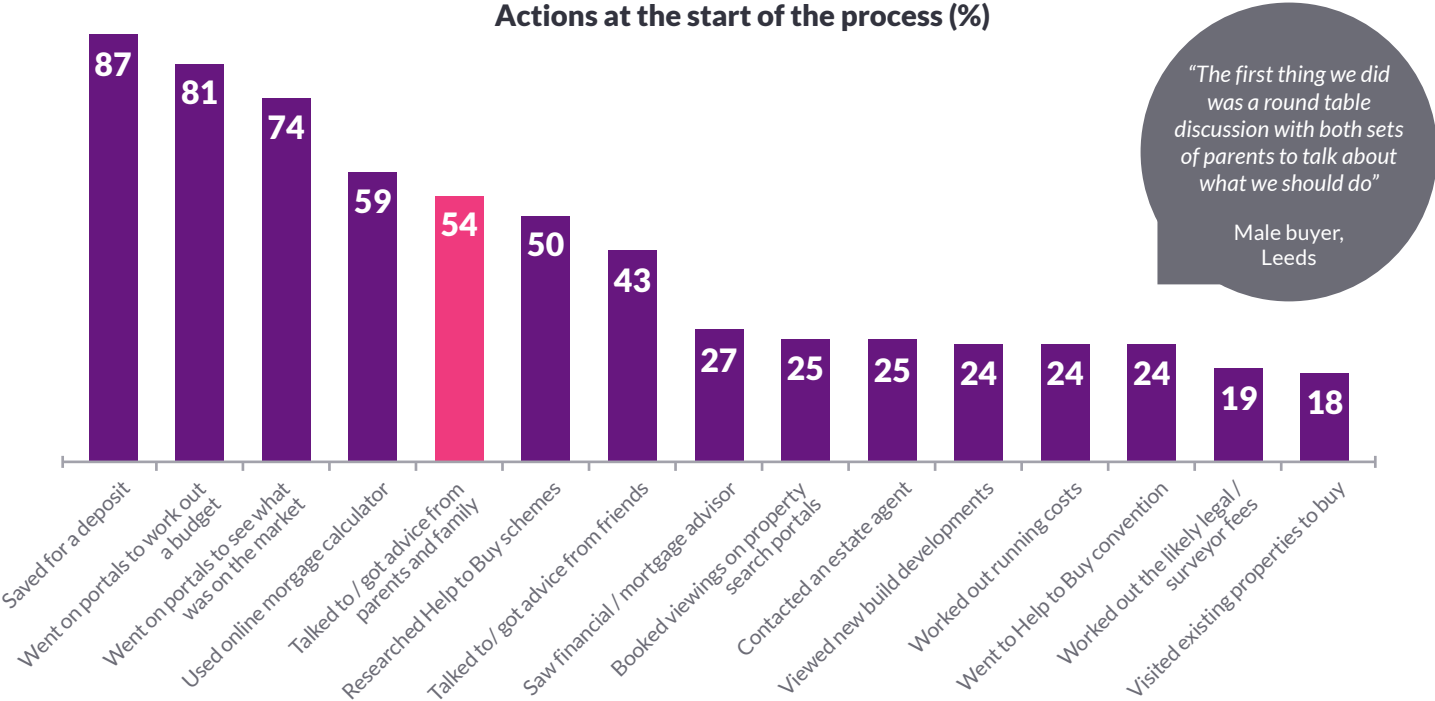
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The integral role of the family



Over half of first time buyers turn to their family for advice

This, along with looking at portals, is a key first step.



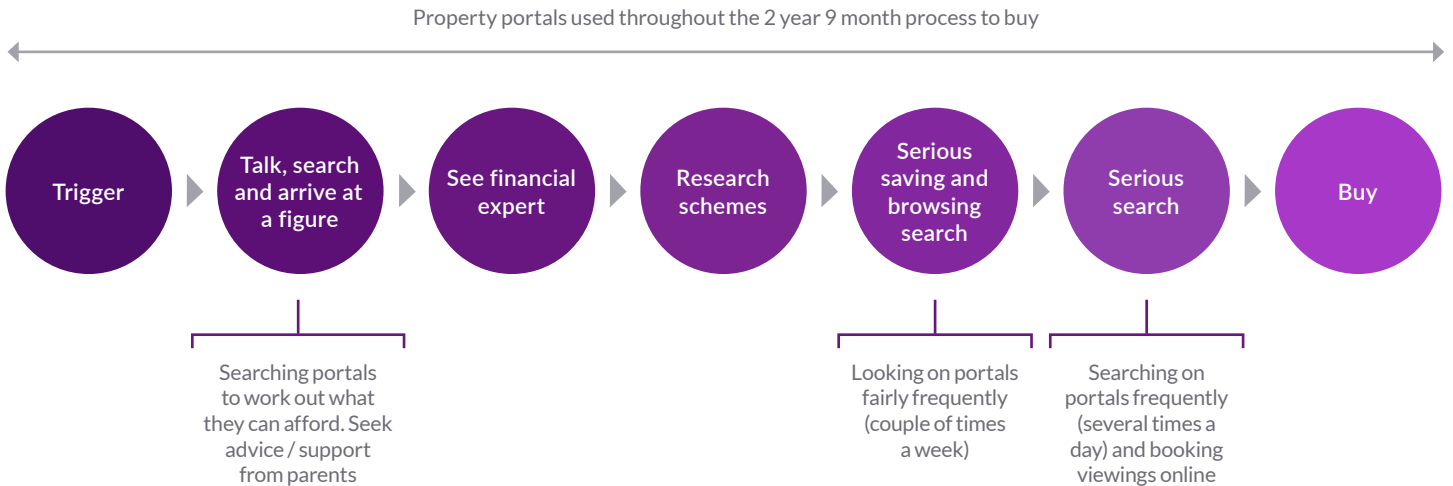
Source: ZPG research conducted by Monkey See, May 2017 | Q4: Which of the following have you done / did you do during your property search? | Base: Purchasers who had done each action

05

**Portals –
a constant point
of reference
throughout
the journey**



The journey for first time buyers includes heavy use of property portals throughout



Saving is expected to take 2 years on average and finding a property happens in 9 months

For purchasers it took longer to save a deposit than intenders think it will take

Number of months process expected to take

Saving for a deposit

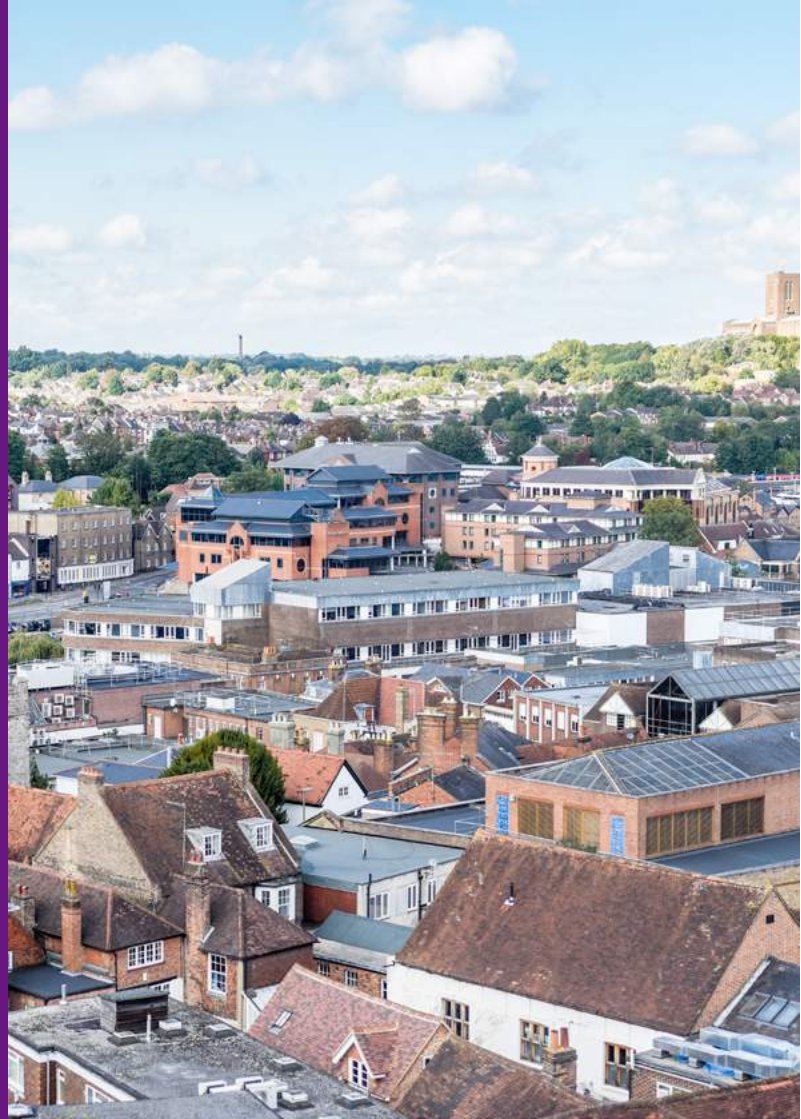


Finding and buying property



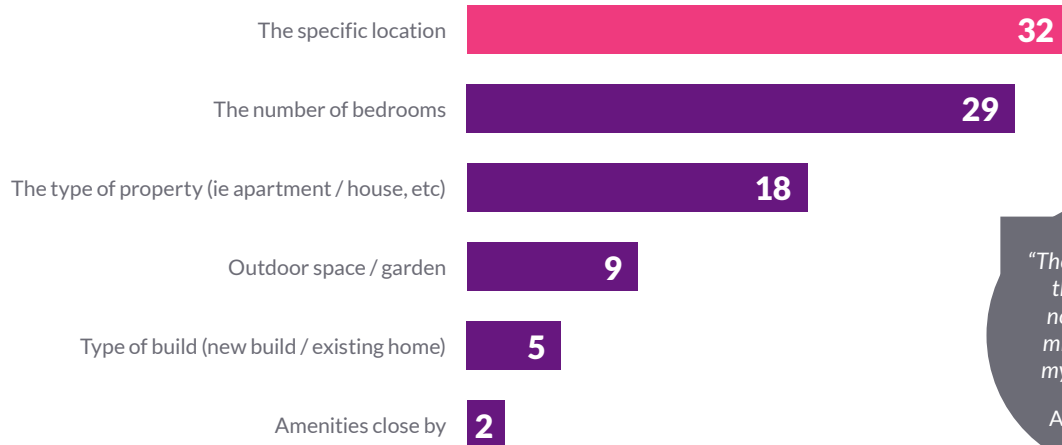
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**Familiarity
drives location**



Location is the most important criteria, followed by number of bedrooms

Criteria ranked as most important (%)

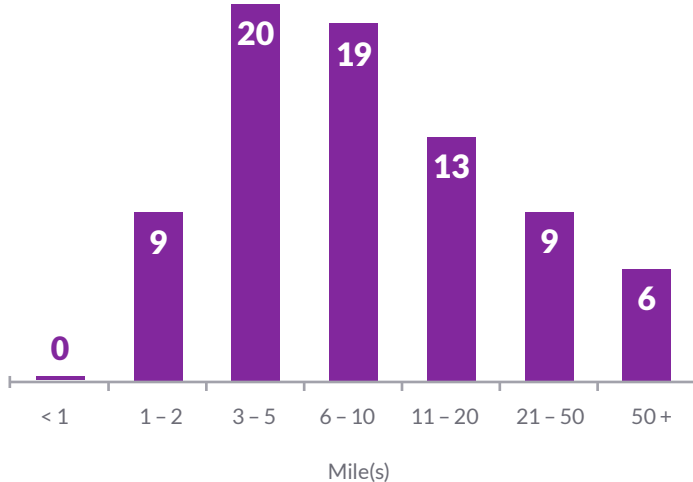


"The most important thing was being no more than 10 minute walk from my partner's kids"

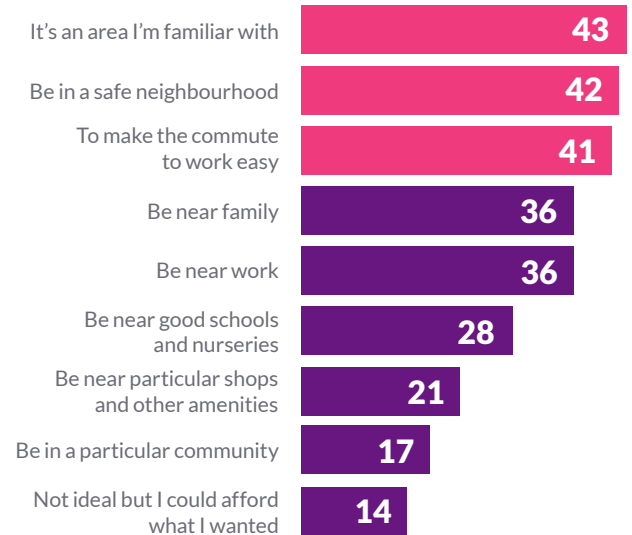
Active intender,
Leeds

The search is driven by familiarity, a safe neighbourhood and easy commuting

Search area size

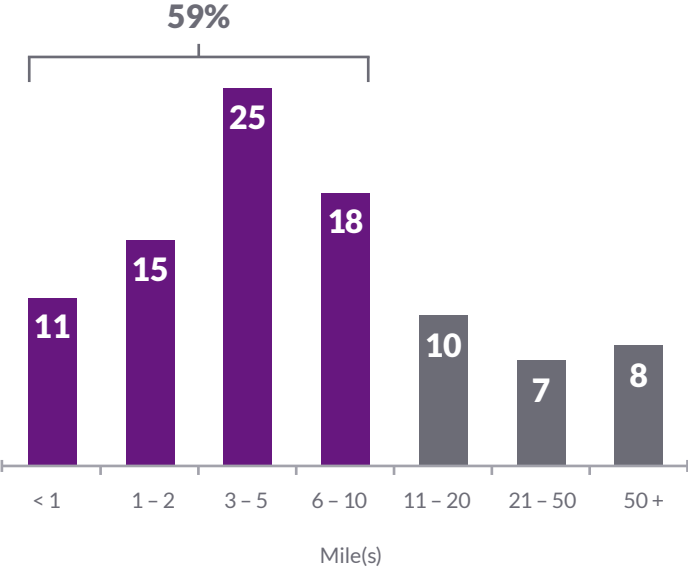


Reasons for search area (%)

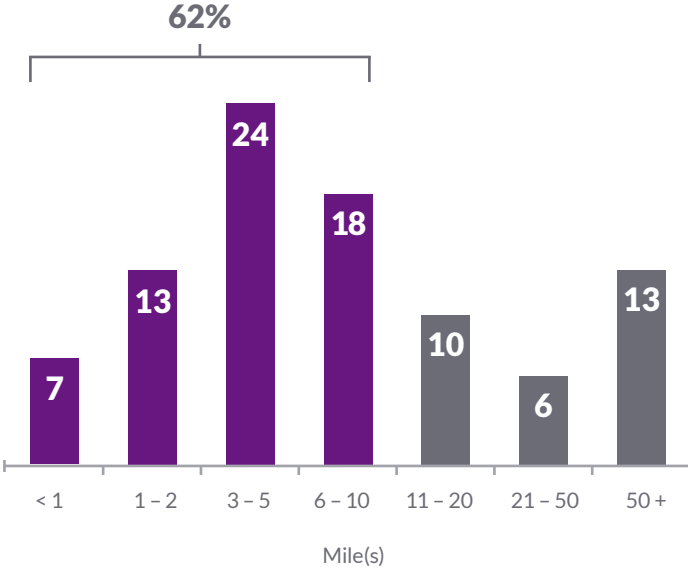


The search area for the majority is within 10 miles of close family and where they currently live

Search area distance from current home



Search area distance from family



07

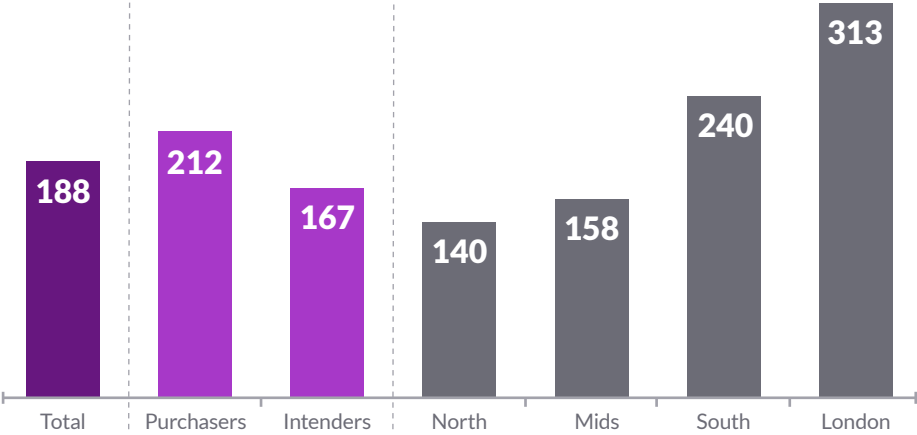
**The reality gap –
a missing £45k**



Those currently looking expect to buy for £167k, but purchasers end up spending an average of £212k

Perhaps this reality gap is why 42% of first time buyers have put their plans on hold.

Average spend / expected spend (£k)



"I started some research but put it on hold for the moment, as not sure I can buy right now"
Female intender, London

08

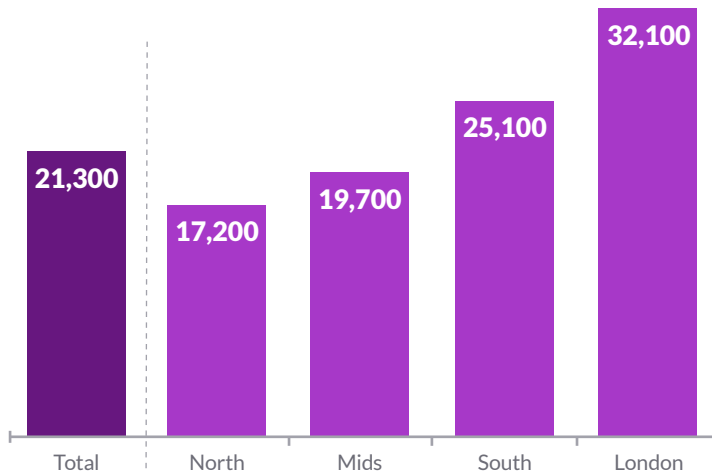
The devil of a deposit



On average first time buyers need a deposit of £21k

Those in London need almost double those in the North. With 82% needing to save themselves, the majority are finding it a struggle.

Average deposit needed (rounded to nearest £100)



Saving for
a deposit is
difficult

61%

Saved ourselves

82%

Inherited

13%

Given money
by parents

34%

09

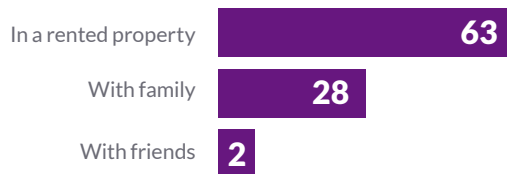
The evolution of estate agents



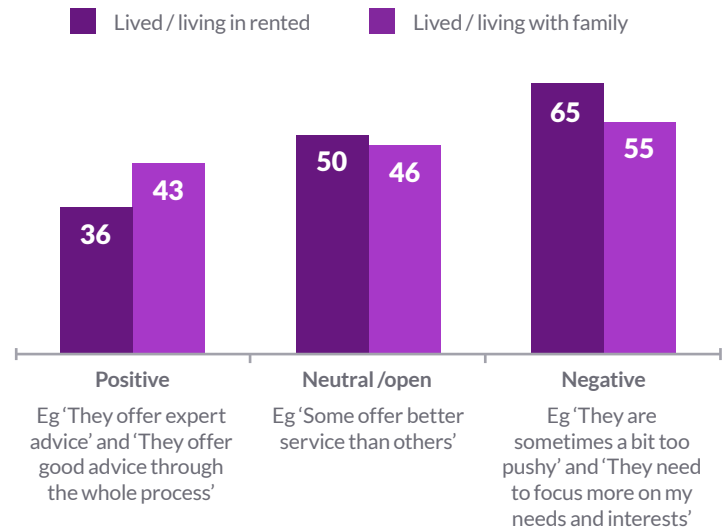
Renters of today are buyers of tomorrow

63% of first time buyers rent before they buy. They often don't recognise the value estate agents can provide in the buying process as their perceptions are lower than those who haven't previously rented.

Where first time buyers live before buying



Perceptions of estate agents



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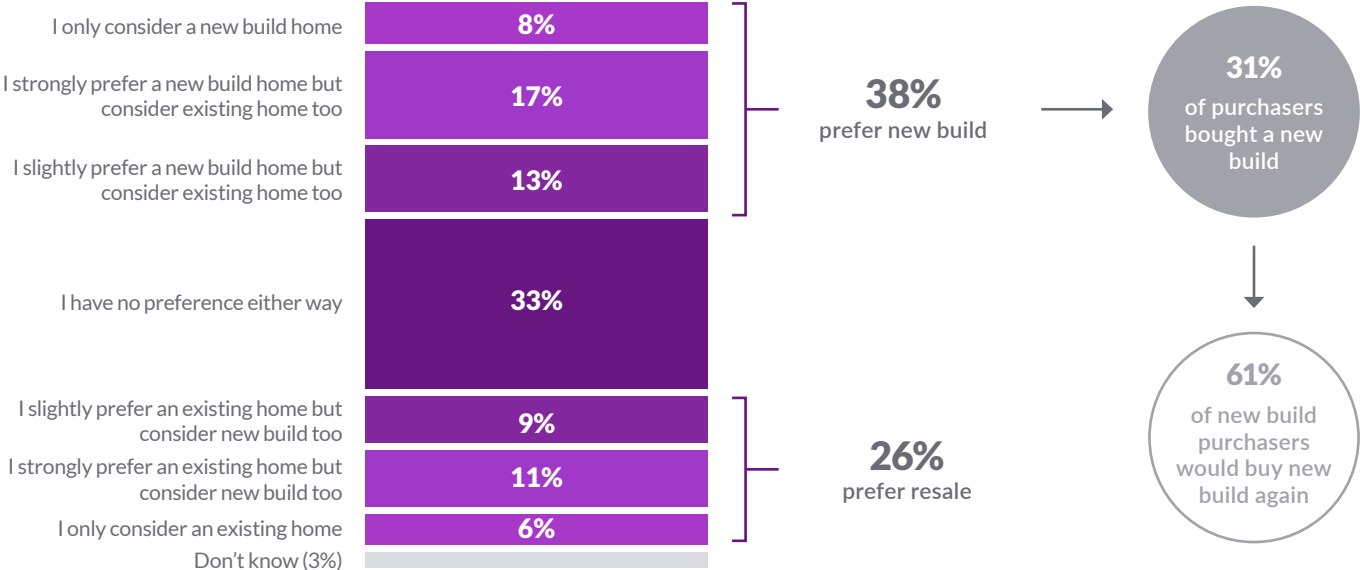
New homes for a
new generation



There is a preference for new builds amongst first time buyers

Not all first time buyers manage to buy. Having bought, over a third are likely to then fall out of the new build market when buying subsequently.

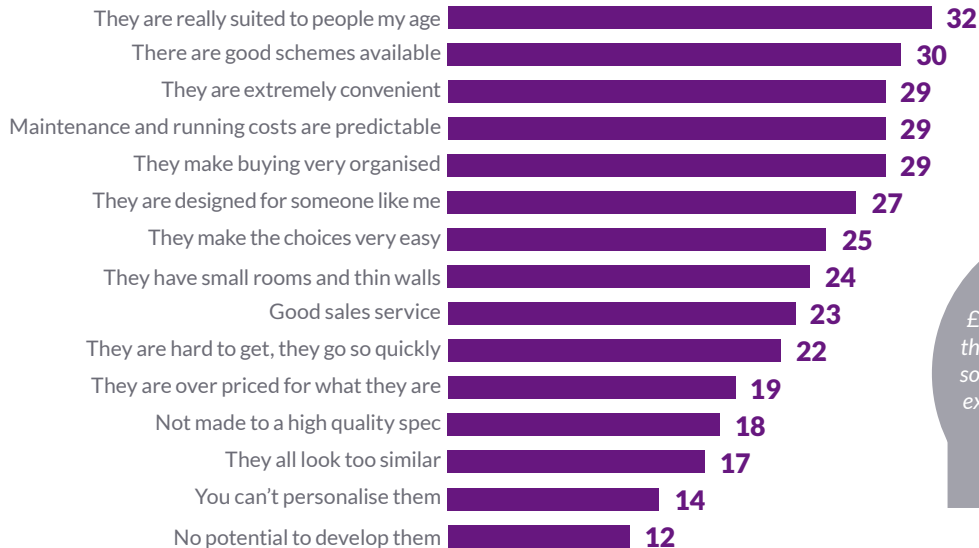
Type of build consideration



New build buyers feel these properties are designed for people just like them

New builds, along with the schemes, convenience and predictability they offer, make them very attractive.

Perceptions of new builds (amongst new build buyers %)



"We wanted to live in a show home – all singing, all dancing"

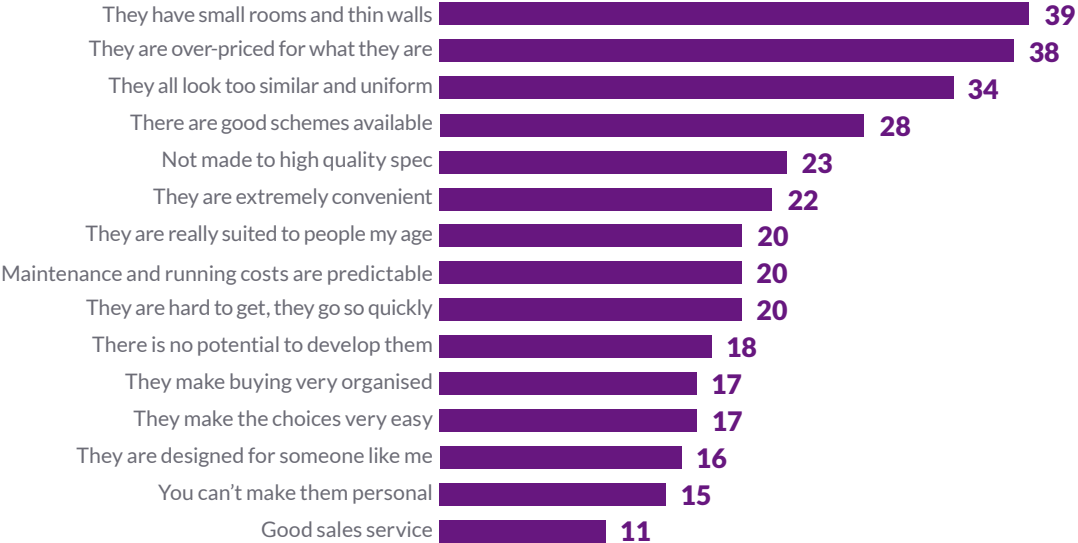
New build purchaser,
Leeds

"I loved that we put the £1,000 deposit down and then had a year to save and sort the mortgage, knowing exactly what it would cost"

New build purchaser,
Greater London

However, among the total sample negative perceptions of size, uniformity and price dominate

Perceptions of new builds (amongst total sample %)



"I may consider if they used a few more bricks"
Active intender, Leeds

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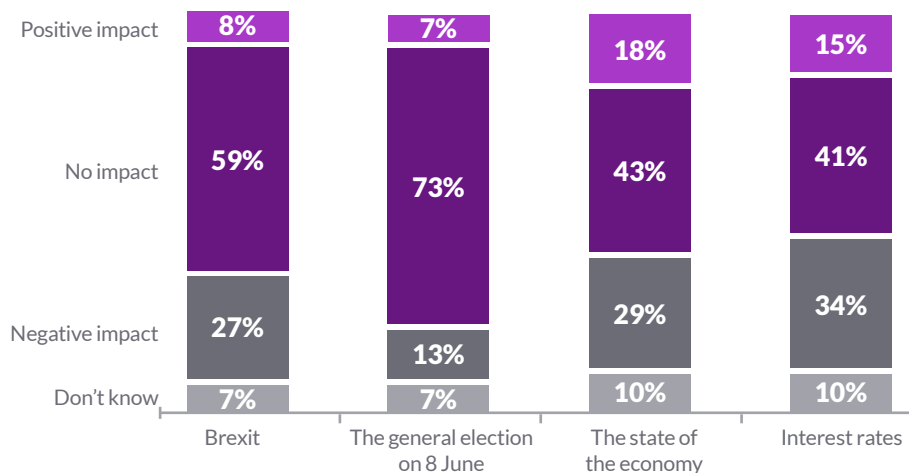
**Uncertain times
sparking a need
for certainty**



Majority say political / economic factors have no impact on decision to buy

However they are having more of a negative than positive impact overall, and do seem to be impacting how first time buyers want to finance.

Impact of political and economic factors (among intenders)



"I decided to get a 5 year fixed interest instead of 2 years"
Existing home purchaser, Birmingham

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Key considerations and methodology



Key considerations



Property - a display of identity

For first time buyers being able to put their mark on their new home depends on what they are looking to buy. Imagining the opportunities for renovations and refurbishments for existing properties, and how decorations for new builds can address their concerns about uniformity, helps the decision process.



Women in the driving seat

More often than expected women influence the final purchase decision and are the key driver during the buying process. Getting to know your target demographic and what is important to them when looking for a property helps inform your marketing messages and approach.



The integral role of the family

Estate agents and developers who firmly establish themselves as experts in the local property market, and who share expertise that can't be sought elsewhere, can help first time buyers during the purchase decision process. First time buyers seek advice from family and friends who have been through the process before. But they will also more likely engage with property professionals who add value and contribute relevant, useful and informative insights. A buyer today is potentially a future vendor.



Portals – a constant point of reference

First time buyers clearly value the importance of property portals, and are increasingly engaging with portals throughout the research, search and buying process. The more exposure you have for your vendors' properties and your agency brand plus local expertise on portals throughout the property search journey, the more likely you will drive leads and enquiries.

Key considerations



Familiarity drives location

First time buyers tend to seek property in areas they know and that are close to their family. Property professionals who intimately know the local area and market effectively to their target audience clearly demonstrate expertise to potential buyers.



The reality gap - a missing £45k

Often first time buyers have unrealistic expectations of affordability. Buyers value transparency from property professionals who set and manage realistic expectations from the start, build stronger and more trusting relationships with customers.



The devil of a deposit

Almost two thirds of first time buyers struggle to save for a deposit. Property professionals that inform purchasers of potential schemes that help them to save, plus to buy, add value and further demonstrate their expertise.



The evolution of estate agents

First time buyers who previously rented tend to have a lower perception of the value an estate agent can offer during the purchase process than those who previously lived with their parents. Agencies with a lettings function that provide a strong customer service experience to tenants usually form more valued relationships with potential future buyers.

Key considerations



New homes for a new generation

There is a preference for new build properties amongst first time buyers. However, there are still concerns around size, uniformity and price. Marketing messages and communications from property professionals that focus on the many benefits of new builds, and how buyers can put their own mark on the property through furnishings, help address these concerns.



Uncertain times sparking a need for certainty

Whilst political and economic factors are causing some uncertainty amongst first time buyers, the majority say they won't let this affect their plans to purchase. Property is still seen as a strong investment and industry professionals who showcase their expertise and provide trusted advice during the decisioning process helps reinforce the security that investing in property can bring.

Methodology - the research combined qualitative and quantitative

Qualitative

To obtain an in depth knowledge and understanding of first time buyers and uncover new and interesting areas to explore

+

Quantitative

To validate qualitative findings giving a robustness and covering all regions

Qualitative depth interviews

Sample	Description
Recent buyers (in last 6 months)	50% had bought a new home, and 50% a re-sale home
Current intenders	Currently actively looking (and have looked at properties) Consider new or re-sale home
Longer term intenders	Would like to buy first property in next 1 – 2 years Would consider new or re-sale home
They were a mix of men, women and ages, located in London Zones 2 / 3 (around Ladbroke Grove), London commuter belt (Boreham Wood), Birmingham and Leeds 50% of interviews (Birmingham and Leeds) were conducted by telephone, and 50% of interviews (London) were face to face	

Quantitative interviews

A 15 minute online interview was conducted to a 1,000 sample of people aged 20-45.

All were first time buyers that had bought in the last 2 years or hoped to buy in the next 2 years.

Loose quotas applied to ensure a spread of gender, age, region and socio-economic group.

Sample (%)





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