

Aldermore first time buyer insight report

July 2022

Our latest First Time Buyer Index surveyed 2,000 prospective first-time buyers and 500 buyers who had bought their first home since March 2020.

We wanted to know how they were feeling about buying their first home, and their experiences of the process.

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Source: Research conducted by Opinium on Aldermore's behalf between 31 May - 15 June 2022, with a nationally representative sample size of 2,000 prospective first time buyers and 500 actual first time buyers bought since March 2020.

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The Aldermore logo features the brand name in a bold, black, sans-serif font. The letter 'o' is replaced by a solid yellow circle. The logo is positioned in the bottom right corner of the page, partially overlapping the white background of the Aldermore logo area.

Aldermore

The financials

Prospective first time buyers

£43,528

average deposit
they have saved
(£57,280 October 2021)

Key factors impacting attempts to buy a property

72%

Rising cost of living

65%

Rising house prices

39%

Rising interest rates

27%

Concerns about
recession

How are you funding your deposit

60% own savings
(60% October 2021)

41% joint savings with
partner (42% October
2021)

23% will rely on family to
help (23% October 2021)

16% inheritance
(16% October 2021)

7% borrow from friends
(10% October 2021)

Parents' source of funding:

58% cash savings
(52% October 2021)

12% lump sum from pension
(20% October 2021)

9% equity released from
own property

Actual first time buyers

£60,862

average deposit size

5.1 years

average time taken to
save for deposit

18%

average total value
of the house was
paid for the deposit

£312,323

average house
price bought*

Costs of first year in home:

£8,466 spent on furnishing and decorating

45% lived in unfurnished home for months as unable
to afford furniture

* Source: research conducted by Opinium on Aldermore's behalf in October 2021, with a nationally representative sample size of 2,000 prospective first time buyers and 500 actual first time buyers bought since March 2020.

The buying process

Prospective first time buyers

40% taking measures to improve credit rating (36% October 2021)

30% worried credit rating could impact home buying chances (26% October 2021)

The mortgage application process

21% have started the process but it's fallen through (32% October '21)

12% got a mortgage on their first attempt (35% October '21)

11% were rejected for a mortgage once (45% October '21)

5% rejected more than once (20% October '21)



Actual first time buyers

The mortgage application process

39% were able to get a mortgage with their main bank on the first application

29% had a property purchase fall through, costing them an average £2,664

49% made two or more offers on their home before being accepted

£633 average monthly cost of mortgage repayment



The broker

Prospective first time buyers

20%

have consulted a broker

37%

haven't yet but plan to

91%

said the broker was useful

Actual first time buyers

Use of a broker

70%

used a broker to complete their house purchase

39%

found broker via recommendation from family / friends;

20%

via estate agent or mortgage adviser

91%

rate their experience with broker as good;

56%

very good

Top reasons for using a broker

38%

to ensure able to afford a mortgage

34%

to help manage the paperwork

33%

because a friend or family had a good experience with them

31%

because they were not sure where to start



“

Found me the best deal with my low deposit.

Fantastic service, helped out so much with finding a mortgage, doing all the insurances i needed, helped chase up solicitors and also followed up to make sure everything was alright once I had the keys. Would recommend.

I had a very positive experience with my mortgage broker. They were very hopeful and provided me with lots of information and different options that were available. They took the hassle out of a complicated process.

Great support and long lasting care with messages received since to check everything is going well. Kept on books ready for remortgage at end of fixed rate. Attentive and quick responses.

”

The beliefs & the reality of owning their own home

Prospective first time buyers

79%

think the buying process will be stressful

68%

think it will be **confusing**

80%

think they will have to compromise on what they are looking for in a property

67%

think having an energy efficient, environmentally-friendly home is a key consideration

65%

house prices mean they have to buy outside their preferred area

Actual first time buyers

28%

since buying they had to move back home with their parents and rent out the property to make ends meet

28%

had to give up plans on being self-employed to get on to the housing ladder

51%

the stress of the home buying process made them feel ill, but 78% said the stress was worth it

75%

becoming a homeowner made them feel financially in control



Despite all the challenges, first time buyers overwhelmingly consider it to have been worth it to own their own home

82%

thought the stress was worth it because they have found a home they are happy with

75%

were happy to be no longer wasting money on rent

37%

said they'd made a step forward in life

29%

feel safe about becoming a homeowner

55%

say buying a home with a partner brought them closer together

Sustainability

Prospective FTBs more likely to consider a property if it had the following features:

81%

Double/triple glazing

68%

Solar panels

53%

Heat pumps

78%

Energy-efficient appliances

68%

Smart thermostat

80%

Roof insulation

Having an energy efficient, environmentally friendly home is a key consideration?

February 2021

71%

September 2021

66%

June 2022

67%



49%

of prospective FTBs would make green renovations to a property in the first 5 years if they purchase a non-green home

61%

of prospective FTBs want green homes due to money saving perks rather than environmental benefits

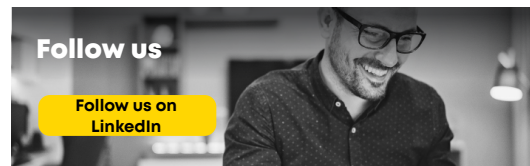
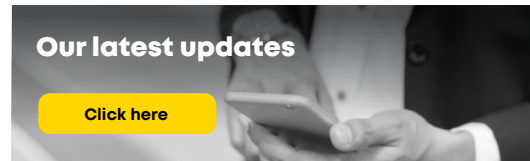
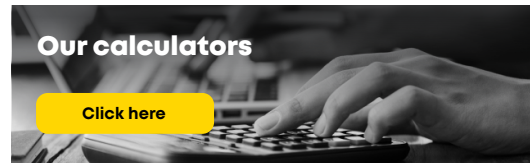
41%

of prospective FTBs say most compelling aspects of new builds are cheaper energy bills due to better insulation

How the industry can help first time buyers

- Education on the benefits of broker advice
- Keep listening to their concerns, preferences and needs
- Design innovative products for those excluded from the high street
- Speed up processing to cut timescales
- Make the first time buyer journey less stressful and easier for the borrower

Useful links



Aldermore

intermediaries.aldormore.co.uk

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