

Aldermore first time buyer insight report

March 2021

We asked people who are looking to buy, or have recently bought their first home about their experiences of the process.

Our latest First Time Buyer Index surveyed 1,000 prospective first-time buyers and 250 buyers who had bought their first home since March 2020.

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Source: Research conducted by Opinium on Aldermore's behalf in February and March 2021, with a nationally representative sample size of 1,000 prospective first time buyers and 300 actual first time buyers bought since March 2020. Insight from Aldermore's on-going FTB qualitative research panel

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Beliefs and attitudes towards owning their own home



For those looking to buy, **85%** say that owning their own home remains an attractive goal. This is up from **74%** in August last year.

BUT **72%** see it as unachievable (**62%** felt it was unachievable in August 2020)



I dream of having my own place that I can do anything I want with!

I love curling up on the sofa, looking at places on Rightmove and dreaming about what might be.

...but it just feels beyond me – housing is sooooo expensive!

I can't afford to pay the rent and save for a deposit

72%

feel that owning a home is **unachievable** for them



The biggest obstacles to getting on the housing ladder

26%
affordability

18%
raising a deposit



The fallout of Covid-19

We asked prospective buyers how Covid-19 has affected their home buying plans. They're still motivated to buy, however since our August survey, we found that there's been an increase in sales falling through, more people pulling out of purchases and the process becoming harder.



63%

say Covid-19 has made them more motivated to buy (42% in Aug 2020)

71%

are worried about their financial security because of Covid-19



50%

had a property sale fall through because of lockdowns (17% Aug 2020)



65%

don't feel safe looking for a house

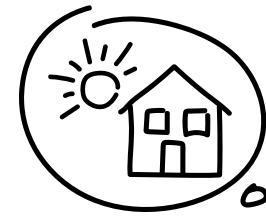
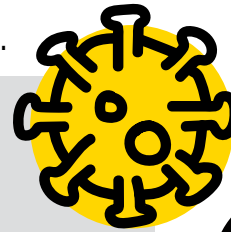
51%

have had to pull out of buying a property because of lockdowns (20% Aug 2020)



68%

lockdowns has made it harder to buy (41% Aug 2020)



“

I don't think Covid-19 has really changed my plans – it's just delayed things

My feeling is the world will pretty quickly get back to normal, but I guess I'm just a bit more mindful that the future isn't quite as secure as I had always thought it was

”

Housing market beliefs vs. reality

There's a belief that Covid-19 has meant a drop in house prices

“

I don't really know, but I suppose house prices must be depressed at the moment after the year we've had!

I haven't a clue what's happened to house prices – and it doesn't make any difference to me (in terms of when I buy)

”

Home priorities have also changed due to Covid-19 for prospective buyers:



39%

see a garden or balcony as much more of a priority now



40%

see good wifi as much more of a priority.

The buying process

We found the first time buyers like to dream about the type of place they want to buy, but are largely naïve about mortgage calculations.

Since our last survey in August, we've seen increases in how many have been rejected for a mortgage at least once.

Mortgages – Prospective first time buyers

38% have been rejected for a mortgage once

↑ 43% have been rejected for a mortgage more than once (10% in Aug 2020)

↓ 19% got a mortgage on the first attempt (56% in Aug 2020)

39% taking measures to improve credit rating

23% worried credit rating could impact home buying chances

Mortgages – Actual first time buyers

↑ 56% of applications with their main bank were refused at least once (42% March 2020)

76% happy with the mortgage deal they got

68% say their mortgage lender was accommodating in helping them secure a mortgage

65% say it was a battle at times to secure a mortgage

62% think mortgage lenders make it too difficult for first time buyers to get a mortgage

Types of mortgages for first time buyers

41% fixed rate repayment mortgage

12% shared ownership

10% standard variable repayment mortgage

8% help to buy equity loan



No idea how they work out what they'll give you

I'll have no problem (with my credit score): I've never even needed a credit card!

I've heard they give something like three times your earnings?

I'm much more interested in feeling comfortable with repayments rather than pushing borrowing to my absolute limit

Raising a deposit

First time buyers tend to focus on raising a deposit rather than the whole mortgage. And we found some big changes to where that deposit is coming from. Compared to last year, inheritance, family and friends is playing a much bigger part than in previous surveys.

Prospective first time buyers

How are you funding your deposit

67%

own savings
(65% August 2020)

↑37%

from parents/grandparents
(22% August 2020)

↑31%

inheritance
(8% August 2020)

↑29%

borrow from friends
(3% August 2020)

“

When I'm thinking about what I can afford, I'm calculating what deposit I can raise

I'm not sure exactly what deposit I need, but I know it'll be devastatingly huge!

Without my mum & dad, I couldn't do this... and following Covid-19, I'm not so sure they can help

Because of lockdown, I just haven't been going out (so have saved a fair amount)

”

What are parents considering as a source of funding?

45%

re-mortgage

32%

cash savings

43%

sell assets

19%

sell a second property

42%

release equity

“

I don't enjoy the thought of having to ask for help, but what choice do I have?

I do feel a bit bad – my parents are going to have to dip into their pension to help me pay for the deposit

It doesn't feel very fair – when my parents were young, they bought their first place without any help. Now it's impossible all on your own!

”

Actual first time buyers:

£109,641

average deposit size
(£56,935 in March 2020)

45%

raised a bigger deposit due to Covid-19



The mortgage broker

Prospective first time buyers said they see brokers as being expensive. They sell rather than advise and are just a 'middleman'

Prospective first time buyers:



48%

have consulted a broker
BUT this means that

52% didn't



98%

of prospective first
time buyers said a
broker was useful



19%

haven't yet but plan
to consult a broker in
the future



28%

NOT planning to do so



They're like
second-hand
car salesmen –
just there
to sell

How much
will that
cost me?!

Why should
I trust them –
they're just
middlemen out
for themselves



Actual first time buyers:



54%

used a broker to find a mortgage
(61% in March 2020)



85%

rated the experience as good
(92% in March 2020)

60%

found their broker via
recommendation



Really quick
service, great choice
and deals provided,
available any time of
day, took the hassle
out of getting
a mortgage

Incredibly
supportive, took
all the stress
away. Everything
I never knew
I needed she
covered!

Our broker
was brilliant,
gave us advice
every step of
the way



Top reasons for using a broker



29%

A friend or family member
had a good experience
with them



26%

I wanted to ensure I'd be able
to afford my mortgage



25%

They have whole of
market experience