



Property Tracker

10 March 2016

Aspiring homebuyers helped by Government schemes, but deposit barrier persists

- Almost half of aspiring first-time buyers say that Government schemes are helping
- Yet raising a deposit remains the biggest barrier to house purchase
- Stamp duty increase on second homes hits BTL investors

Nearly half of aspiring homebuyers believe Government schemes will help them

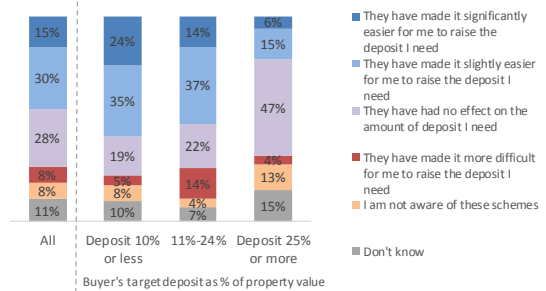
The March Property Tracker asked people about their aspirations in the housing market. Of those that gave an opinion, 59% of respondents currently owned their own home, whether outright or with a mortgage, and 70% aspired to be in this position in 20 years' time.

Of those that intend to buy with a mortgage, at least initially, 25% aim to raise a deposit of 10% of the property value, and 10% are targeting a deposit of lower than this. Whatever the deposit, almost a quarter (24%) think they will have the deposit in the next year, and almost three quarters think they will have reached their goal within five years.

Of these aspiring homebuyers, 45% believe that Government schemes such as Help to Buy equity loan and mortgage guarantee, Help to Buy ISA, and Starter Homes have helped them to raise the deposit for buying a house. Awareness of Government schemes was high, with just 8% saying they has not heard of the schemes. However, 8% also say that the schemes have made it more difficult to raise the required deposit, possibly because they may result in more upward pressure on house prices.

Have Government schemes had any impact on your ability to raise a deposit?

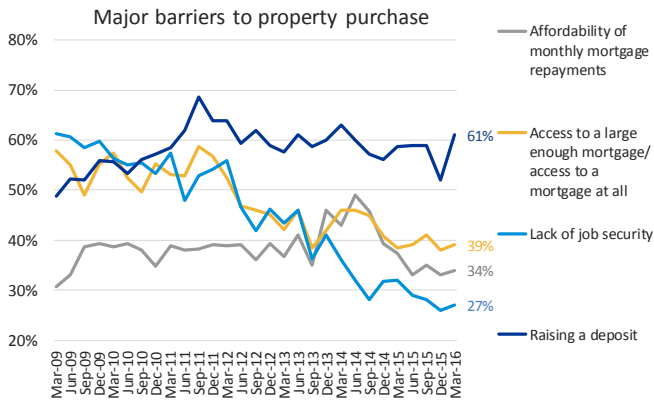
(446 responses from people who aspire to buy with a mortgage (at least initially))



Looking just at aspiring buyers aiming to raise smaller deposits, of 10% or less, nearly 6 in ten (59%) say Government schemes help them to some extent.

Raising a deposit remains biggest barrier

It is understandable why the Government has introduced schemes that try to help first time buyers to raise the deposit they need. The BSA *Property Tracker* has shown since 2010 that this is considered the most significant barrier to buying property in the UK.

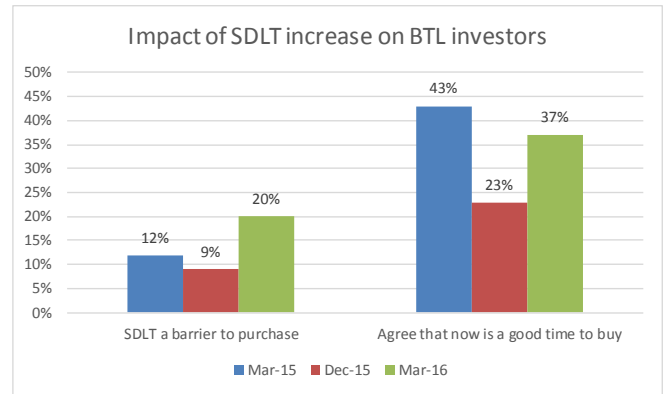


In March 61% of respondents said this was a barrier to them, up from 52% in December when the survey was conducted immediately after the Autumn Statement announcements on housebuilding, which may have affected the results. Despite Government schemes to help buyers the long-term issue of a lack of supply of new housing across all tenures has seen challenges to affordability persist.

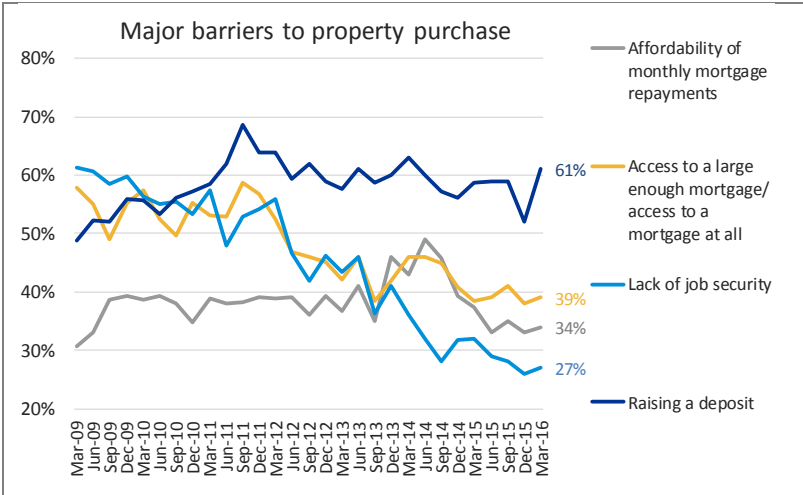
Stamp duty increase hits BTL investors

Unsurprisingly, people looking to buy property to rent out to others are more concerned about stamp duty costs than they were before the announcement in the Autumn Statement of the additional 3% points Stamp Duty on purchases of Buy-to-let and second properties made from 1 April 2016. In March 20% of BTL investors said stamp duty was a barrier to property purchase, up from 9% in December and 12% in March last year.

Regardless, 37% of BTL investors said it was currently a good to buy a property, which is higher than the 28% of all first-time buyers who said this, but lower than the 45% of those looking to sell and move home. The strong lending activity in the early months of 2016 may partly be due to BTL investors trying to buy before the increase in Stamp Duty. However, investors' appetite could change in the June *Property Tracker* once the additional tax is actually in place.



The survey results also show that BTL remains attractive, despite the various tax changes. 10% of people responding to the survey were currently landlords, but 18% aspire to be in this position in 10 years' time.

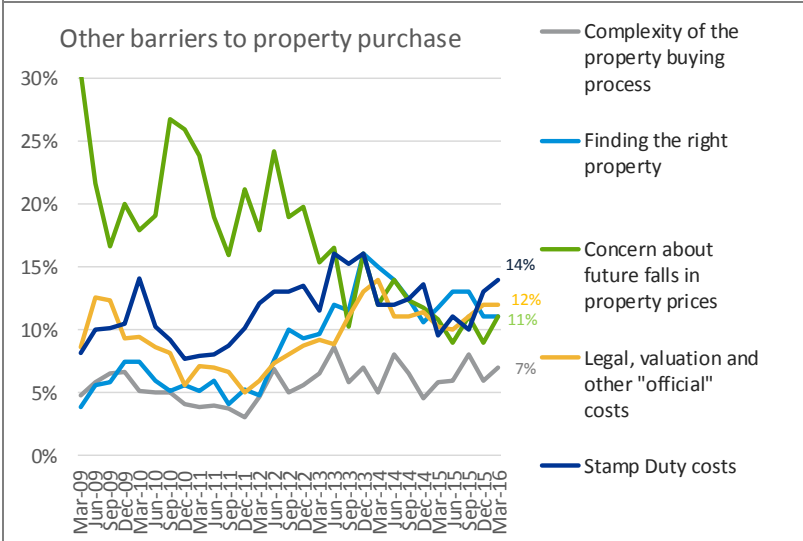


Raising a deposit as a barrier to property purchase increased to 61% in March, from 52% in December.

Access to a large enough mortgage remained broadly similar at 39% compared to 38% in December.

Affording the mortgage repayments also remained broadly similar at 34% in March compared to 33% in December.

Lack of job security remained broadly similar at 27% compared to 26% in December.

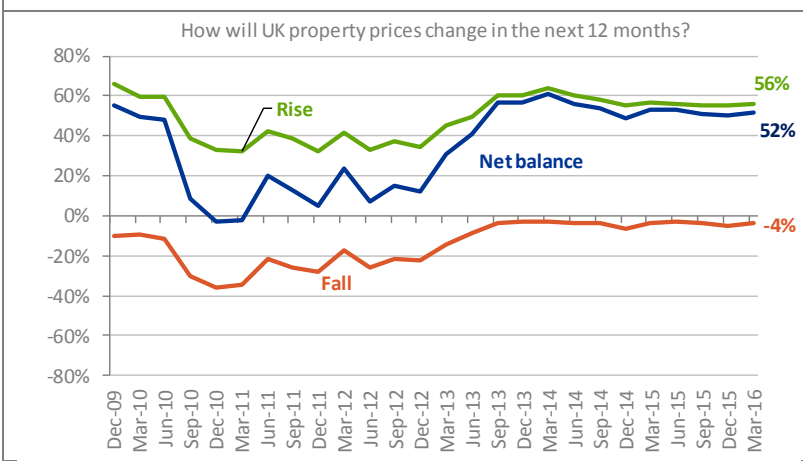


Stamp duty as a barrier to property purchase remained broadly similar at 14% in March compared to 13% in December.

Legal, valuation and other official costs were unchanged in March at 12%. Finding the right property also remained unchanged at 11%.

Concerns about falls in future property prices was little changed at 11% in March compared to 9% in December.

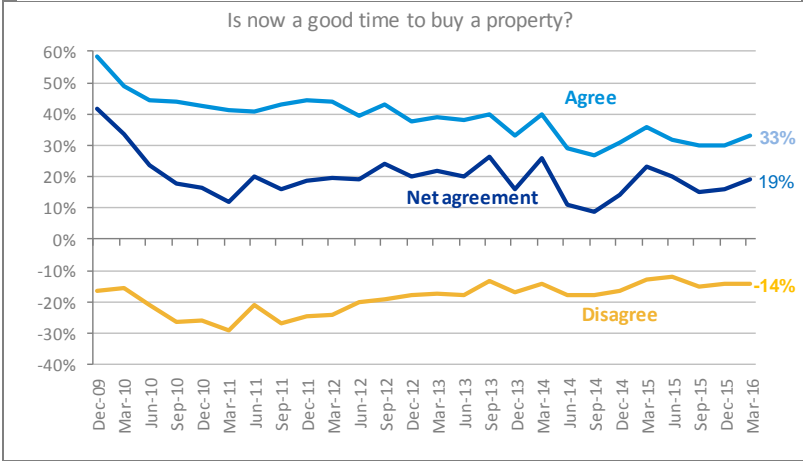
Complexity of the property buying process remained broadly similar at 7% in March compared to 6% in December.



In March 56% said property prices will rise in the following 12 months, broadly similar to the 55% in December.

4% said property prices would fall in the coming 12 months, little changed from the 5% in December.

As a result, the net balance was that 52% thought prices would rise in the next 12 months, broadly the same as the 51% in September.



33% agreed that now was a good time to buy in March, up from 30% in December.

14% disagreed in March, unchanged from December

Net agreement was 19 percentage points in March up from 16 percentage points in December.

The *Property Tracker* survey is conducted quarterly by Canadean Consumer for the Building Societies Association. Figures prior to June 2012 are from YouGov Plc. Total sample size was 2,000 adults. Fieldwork was undertaken between 26 – 28 February 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

The proportion agreeing 'now is a good time to buy' includes those who agree strongly and those who tend to agree, while the proportion disagreeing includes those who disagree strongly and those who tend to disagree. Excludes respondents who answered 'don't know' are not shown, so percentages do not sum to one hundred.

The Building Societies Association (BSA) represents all 44 UK building societies. Building societies have total assets of over £340 billion and, together with their subsidiaries, hold residential mortgages of over £265 billion, 21% of the total outstanding in the UK. They hold over £245 billion of retail deposits, accounting for 18% of all such deposits in the UK. Building societies account for about 31% of all cash ISA balances. They employ approximately 40,000 full and part-time staff and operate through approximately 1,550 branches.

Data tables can be downloaded here

www.bsa.org.uk/information/statistics/bsa-property-tracker/