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SECOND STEPPERS RETURN TO BANK OF MUM AND DAD AS THE COST OF STEPPING UP THE HOUSING LADDER CONTINUES TO RISE

According to the latest research from Bank of Scotland, one in six (16%) second steppers in Scotland are contemplating turning to the bank of mum and dad to plug the gap between the value of their first home and the cost of the house they would ideally move to.

Bank of mum and dad more important for second steppers than for first-time buyers

The majority of Scotland's second steppers will be hoping to use savings (65%) or equity in their current property (73%) to fund the move to their second property. However, almost one in eight (12%) are also considering going back to their family – such as parents and grandparents – to ask for financial support.

The average loan size first-time buyers received from family or friends remained over £13,000. Yet, the amount requested by second steppers to help them move up the ladder has increased by over £7,000 in the past 12 months to reach £16,198 (up from £9,063 in 2011).

Second Stepper challenges

The research highlights that almost two thirds (61%) of second steppers have wanted to climb up the ladder in the past 12 months but have been unable to do so as they face an increasing number of challenges.

Over half (56%) of all those questioned agree that not having enough saved to cover the deposit is preventing them from taking the second step on the property ladder. However, over two thirds (68%) of second steppers are struggling to find a suitable (34%) or affordable (34%) property.

Cost of trading up soars almost 165% in 10 years

The additional capital needed by second steppers to trade up – calculated as the price difference between a typical first-time buyer home (a flat) and the house desired by many second-steppers (semi-detached) – currently stands at an average of £21,205; a 164% increase on the £12,956 that was required 10 years ago.

Whilst almost half of first time buyers surveyed in Scotland are currently living in flats (48%), over half (56%) hope their next move will be to a three bedroom house. The average value of a flat currently stands at £111,496 compared with £132,700 on average for a semi-detached house. This means that those looking to make this move face a 19% premium just to trade up, before adding on the cost of moving or the potential that there may be an equity shortfall in their current property.

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Laurence Mann, Head of Mortgages, Bank of Scotland says:

"We already know that Scotland's second steppers face a number of tough challenges, and in many ways have been the hardest hit by the subdued housing market, so it is unsurprising that they are struggling to fund the gap needed to trade up to their preferred second home.

"Parents have long been helping to fund their children's first home, but many are now having to provide further support as they move up the ladder. This indicates that these customers still need further support. To achieve a sustainable housing market we need to see movement throughout the market. If second steppers get stuck on the first rung, movement at the bottom half of the ladder comes to a standstill."

- ENDS -

Notes to editors:

- Second steppers are defined as homeowners looking to sell their first home and move up the property ladder.
- Data has been sourced from the Land Registry and all price figures refer to the arithmetic average of house prices. The data covers the Quarter 4 for the period between 2002 and 2012.

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- All other data is based on Second Steppers consumer research undertaken by BDRG Continental (bdr-continental.com) on behalf of Lloyds Banking Group. Fieldwork took place in January 2013. Around 500 interviews were collected from a representative online panel of consumers intending to sell their first home in the near future to move into their second home.