

OVER 60% OF THOSE PLANNING TO BUY THEIR FIRST HOME INTEND TO SELL VALUABLE ASSETS IN ORDER TO SCRAPE TOGETHER THEIR DEPOSITS

- **Eight out of ten would-be first-time-buyers expect funding from their parents, and half will look to secure loans from friends**
 - **Many still missing out on available bonuses**

A survey⁽¹⁾ of those looking to buy their first home reveals that 63% plan to sell one or more valuable items such as jewellery to help do this, and 14% expect to raise more than half of the funds they need this way.

Just over six out of ten (62%) are relying on an inheritance pay-out, with 21% expecting a fifth or more of the funds they need to come from this source.

The findings from The Nottingham Building Society, that offers the Lifetime ISA and Help to Buy ISA for those saving for a deposit for their first home, reveals first-time buyers are looking to use a wide variety of sources to help secure their deposits.

The Bank of Mum and Dad is also still very much alive, with 81% of would be first-time buyers expecting some of the funds to come from here. One in five (22%) anticipate they will secure more than 50% of their deposits from their parents. The corresponding figures for the parents of their partners is 68% and 10%, and almost half (49%) relying on grandparents also.

Other sources of funding are expected to include loans from friends, which 50% of would be first-time-buyers plan to use. In addition to this, loans from family members other than their parents or grandparents were something that 48% of those planning to buy their first home intend to utilise.

Nearly all (95%) will use their cash savings, and 60% will use stock market investments.

However, The Nottingham's research reveals that many first-time-buyers could be far more savvy when saving for their first homes as they're missing out on hefty bonuses that are available via government-backed accounts such as Help to Buy ISA and Lifetime ISA. 40% have no intention of using a Lifetime ISA that can offer bonuses of up to £1000 a year*. This number reduced to roughly a quarter (21%) of savers missing out but not planning to take advantage of Help to Buy ISA.

Source of funds	Percentage of people planning to buy their first home who will use this	Percentage of would-be first-time buyers who expect to get 50% or more of their deposit from this source
Sell valuable assets	63%	14%
Parents	81%	22%
Parents of their partners	68%	10%
Grandparents	49%	11%
Inheritance	62%	21%
Cash savings	90%	50%
Investments	60%	19%

The Nottingham commissioned survey of would-be first-time buyer and their main sources of finance to secure their deposits

Tina Hayton-Banks, Director of Member Services for The Nottingham, commented; “We know saving for a deposit is no mean feat for first-time buyers and our research echoes what we hear all the time across our branch network, people are exploring every available route to get on the ladder. It’s a shame there’s still a relatively low awareness of products that can help them get there faster, such as the Lifetime ISA, but it’s an account we’re proud to be offering to support first-time buyers and expect to see its popularity grow and grow.”

The Nottingham is one of just three providers to offer the Cash LISA that provides a 25% bonus on savings up to £4,000. The account was created for those aged 18-39, who are either saving for their first home or retirement and later life (post-60)ⁱ. Account holders are able to save up to £4,000 tax-free every year, with a 25% state bonus being paid annually until the account holder turns 50, when they will no longer be able to make deposits.

For example, an individual saving to buy their first home of £184,000¹ (UK average) would need to save a 10% deposit of £18,400. After saving the maximum annual amount of £4,000 for four years a customer would have a balance of over £20,000 in their LISA – sufficient to buy their home. If they saved the same into the markets best online instant access account (currently paying 1.4%) they would only have just over £16,000 at that same point and have to continue saving for a further year to reach £20,000.

The Nottingham is further supporting first-time buyers by providing free access to its mortgage comparison service via Nottingham Mortgage Services (NMS). The advisors compare thousands of deals from over 50 lenders. Although this usually costs £249, to members using its Lifetime ISA and many other savers, it’s free.

¹ UK and regional FTB property prices are from Nationwide HPI data, July 2018.

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Notes to editors

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⁽¹⁾ 653 first-time buyers were interviewed online between October 19th and 25th 2018 by independent research company Consumer Intelligence

About The Nottingham

The Nottingham is an award-winning building society and estate agency operating online and via its network, spanning 67 branches across 11 counties. The eighth largest building society in the UK by assets, with the fifth biggest branch presence, The Nottingham offers a broad range of building society services such as mortgages and savings as well as independent financial planning, whole-of-market mortgage advice and local estate agency services.

Founded in 1849, The Nottingham is a mutual building society owned by its members with a long and proud history of offering financial support and advice to local communities. Through its Doing Good Together programme, the Society has donated over £800,000 to help communities in its heartland prosper.

www.thenottingham.com

Nottingham Building Society, Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; registered No. 200785.

ⁱ The product has a 25% charge associated with any withdrawals that are not an eligible life event (first house, aged over 60, terminal illness and deceased). Investors can pay in up to £4k per tax year into their Lifetime ISA and the government will pay a 25% bonus on a monthly basis from 6th April 2018. Customers cannot pay into their Lifetime ISA from the age of 50+ or earn the 25% bonus. The 25% withdrawal charge is on everything (deposits made, bonus and interest). You may get back less than you paid in.