



2015 HOME MOVES FLAT DESPITE STAMP DUTY CHANGE

- Stamp duty changes give homemovers average saving of £5,000
- Average price of a homemover house up by a third, or £1,000 per month, since 2010
- 2015 saw 16% more homemovers than the bottom of the market in 2009

Despite significant changes to the house buying market in 2015, the number of people moving home saw little movement from the previous year, according to the latest Lloyds Bank Homemover Review.

Although stamp duty changes provided a savings boost for many homemovers and rising house prices helped to increase equity levels for those already owning their own property, the number of people moving house in 2015 stood at 365,000¹ – slightly behind the 366,400 who moved in 2014.

Whilst the 2015 levels are 16% higher than the 2009 market low of 315,800, they are just half of the 2006 peak level of 712,000.

Average prices up by a third

Over the past five years, the average price paid by homemovers has grown by 30% from £210,252 in 2010, to £273,491² in 2015 – an increase of £63,239, equivalent to a monthly increase of £1,054. This was a marginally faster rise than the increase in average house prices across the whole market (29%).

The average deposit put down by a homemover has increased by 22% in the past five years, from £74,649 in 2010 to £91,020 in 2015 – this is equivalent to 33% of the average price paid by homemovers.

London continues to see stronger growth than the rest of the UK, as average prices paid by homemovers in the capital have increased by 51% to £515,004 in the past five years. London homemovers have also put down the largest average deposits - £183,353, which is 36% of the average property value.

At the other end of the scale, Northern Ireland saw the average price paid by a homemover drop 4% to £157,368, and also the smallest average deposit of £43,380.

Stamp duty changes save homemovers average of £5,000

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Stamp duty changes, introduced in December 2014⁶, provided homemovers across the UK with a boost by providing buyers with an average saving £4,530 on purchases.

The largest savings last year were made by homemovers in East Anglia, where someone buying at the average price of £255,028 paid £2,751 in stamp duty fees compared to £7,650 before the change – a difference of £4,899.

Buyers in three other regions also made substantial savings of over £2,500; London - saving £4,850, the South West – saving £4,654 and the South East – saving £2,767. (See Table 4)

Andrew Mason, Lloyds Bank mortgages director, said: “The 2015 stamp duty changes, low mortgage rates and rising real pay growth, provided more favourable conditions for homemovers in 2015, although that hasn’t translated to any increase in numbers.

”2015 brought good news to homemovers. We might have expected the change to the stamp duty structure to have resulted in a greater numbers. The ongoing increase in house prices throughout the year will have been especially welcomed by those who bought at the peak of house prices, who have been looking to rebuild their equity in order to make their next move.”

The **Lloyds Bank Homemover Review** tracks conditions for those who already own a home. The review is based on data from the Lloyds Banking Group house price database, the Council of Mortgage Lenders, the Office for National Statistics and the Bank of England.

Table 1: Annual number of Homemovers (purchasing with a mortgage) – UK

	Number of Homemovers	Annual % change	Number of First Time Buyers	Annual % change
2005	615,600	-31%	363,800	2%
2006	712,100	16%	402,800	19%
2007	653,700	-8%	359,900	-5%
2008	320,600	-51%	192,300	-40%
2009	315,000	-2%	196,700	-33%
2010	340,000	8%	199,400	31%
2011	315,800	-7%	193,700	-10%
2012	326,400	3%	217,900	17%
2013	338,100	4%	269,800	15%
2014	366,400	8%	311,700	29%
2015 *	365,000	0%	310,000	-1%

Source: CML; 2015 are Lloyds Bank estimates

Table 2: Homemovers: Annual Average House Price % Change, 2005-2015*

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	2005 £	2010 £	2014 £	2015 £	1 year % change	5 year % change	10 year % change
North	154,160	151,137	169,480	179,750	6%	19%	17%
Yorkshire and the Humber	161,776	161,999	180,191	198,545	10%	23%	23%
North West	174,620	169,473	188,073	205,770	9%	21%	18%
East Midlands	168,071	167,855	190,883	209,053	10%	25%	24%
West Midlands	181,285	179,175	205,946	224,312	9%	25%	24%
East Anglia	188,558	196,910	234,329	255,028	9%	30%	35%
Wales	163,986	159,181	179,176	191,288	7%	20%	17%
South West	209,695	222,299	248,141	267,282	8%	20%	27%
South East	258,754	265,762	332,304	361,644	9%	36%	40%
Greater London	344,549	340,715	480,398	515,004	7%	51%	49%
Northern Ireland	141,829	164,038	149,377	157,368	5%	-4%	11%
Scotland	152,346	170,418	192,776	201,429	4%	18%	32%
UK	202,424	210,252	252,067	273,491	8%	30%	35%

Source: Lloyds Bank calculations, LBG * 12 months rolling average to December for each year.

Table 3: Homemovers: Average Price And Deposit By Region, 2015*

Region	Average House Price (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	179,750	50,661	28%
Yorkshire and the Humber	198,545	61,064	31%
North West	205,770	60,851	30%
East Midlands	209,053	64,947	31%
West Midlands	224,312	71,689	32%
East Anglia	255,028	88,685	35%
Wales	191,288	59,276	31%
South West	267,282	95,321	36%
South East	361,644	127,422	35%
Greater London	515,004	183,353	36%
Northern Ireland	157,368	43,830	28%
Scotland	201,429	60,732	30%
UK	273,491	91,020	33%

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Source: Lloyds Bank calculations, LBG. *12 months rolling average to December.

Table 4: Homemover: Average Price and Stamp Duty payable before and since December 2014

	Home Mover Average Detached House Price (£s) *	Stamp Duty Payable before December 2014	Stamp Duty Payable from December 2014	Stamp Duty saving
North	£179,750	£1,797	£1,095	£702
Yorkshire and the Humber	£198,545	£1,985	£1,470	£515
North West	£205,770	£2,057	£1,615	£442
East Midlands	£209,053	£2,090	£1,681	£409
West Midlands	£224,312	£2,243	£1,986	£257
East Anglia	£255,028	£7,650	£2,751	£4,899
Wales	£191,288	£1,912	£1,325	£587
South West	£267,282	£8,018	£3,364	£4,654
South East	£361,644	£10,849	£8,082	£2,767
Greater London	£515,004	£20,600	£15,750	£4,850
Northern Ireland	£157,368	£1,573	£647	£926
Scotland	£201,429	£2,014	£1,129	£886
UK	£273,491	£8,204	£3,674	£4,530

Source: Halifax and HMRC. * Based on rates introduced in the Land and Building Transactions Tax in April 2015

Table 5: Second Steppers Affordability* by Region, 2005-2015*

Region	2005	2015	2005-2015 change
North	7.0	6.0	-1.0
Yorkshire and the Humber	6.7	6.7	-0.1
North West	7.6	6.8	-0.8
East Midlands	5.5	6.0	0.4
West Midlands	7.3	7.1	-0.2
East Anglia	4.9	5.7	0.8
Wales	6.2	6.2	0.0
South West	7.5	8.0	0.5
South East	9.0	9.1	0.1
Greater London	11.7	10.5	-1.1
Northern Ireland	5.3	5.0	-0.3

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Scotland	6.2	5.8	-0.4
UK	6.7	6.5	-0.2

Sources: LBG, CML, and ONS

*Average price of a typical second stepper home⁴ less their current equity position as a ratio of average earnings. 12 months to December.

NOTES:

¹ With mortgage finance

² Crude average house price over the 12 months to December

³ The Second Steppers consumer research was undertaken by BDRC Continental (bdrc-continental.com) on behalf of Lloyds Banking Group. Fieldwork took place between 16th and 30th April 2015. Around 500 interviews were collected from a representative online consumer panel (Valued Opinions). One of the findings from the BDRC research in April 2015 showed that FTBs now stayed in their first property on average for 5 years and 4 months before moving on to their next home.

⁴ The typical second stepper home is taken to be a detached home based on consumer research by Lloyds Bank which found that 49% of people expect to take their second step on the property ladder into a detached home:

<http://www.lloydsbankinggroup.com/Media/Press-Releases/2015/lloyds-bank/doors-open-for-second-steppers-fewer-families-still-stuck-in-first-homes/>

⁵ Current equity position is defined as the sum of deposit, capital repayments (variable rate mortgage using average LTV for an FTB and the average mortgage rate for new business undertaken by UK banks produced by the Bank of England) and change in the average FTB house price over the period. The calculation is based on house purchasers moving 5 years and 4 months after their first purchase, which is based on our market research (see ³ above).

⁶ Under the progressive structure introduced on 4th December 2014, no Stamp Duty tax is paid on any of the value of a property below the starting threshold of £125,000. Above the first threshold, tax is charged at the relevant rate on the amount by which the selling price exceeds the threshold. This is continued through the various thresholds to the top rate. Before 4th December stamp duty was based on a "slab structure"; zero rate below £125,000, 1% on property prices between £125,000 and £250,000; 3% on £250,001 to £500,000, etc. In Scotland a progressive structure was introduced in the Land and Building Transaction Tax in April 2015.

THE AFFORDABILITY CALCULATION:

The housing affordability measure for second steppers is defined as the average price for a typical second stepper home adjusted for the equity position from their current home as a ratio of average earnings. The typical second stepper home is assumed to be a detached home. Their current equity position is defined as the sum of deposit, capital repayments (variable rate mortgage using average LTV for an FTB and the average mortgage rate for new business undertaken by UK banks produced by the Bank of England) and change in the average FTB house price over the period. The calculation is based on a single income and is, therefore, conservative.

DATA SOURCES:

This research is based on data from the Lloyds Banking Group housing statistics database as well as the Council of Mortgage Lenders, the Office for National Statistics and the Bank of England.

1. **House Prices.** The prices used in this research are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

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- 2. Average Earnings.** Average earnings figures are from the ONS's "Annual Survey of Hours and Earnings" (ASHE) and refer to the means for full-time employees.
- 3. Historic figures on the number of homemovers and first time buyers** have been sourced from the Council of Mortgage Lenders (CML).

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