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NUMBER OF HOME MOVERS FALLS FOR FIRST TIME IN 5 YEARS

- Average homemover house price in 2016 increased by 7% to £291,777³
- Average homemover deposit rises to close to £100,000 - £192,000 in London
- 40% of homemovers choose 25+ year terms

The number of people moving home has fallen for the first time in five years, according to the latest Lloyds Bank Homemover Review.

The number of homemovers is estimated to have reached 354,000¹ in 2016 – down 4% from 2015 when homemover numbers totalled 367,300. This is the first annual decline since 2011, following four successive years of growth.

Overall, the current number of homemovers has grown by 12% since the lowest point of the recent housing downturn in 2009 – when the number of people moving home was 315,000, the second lowest since records began². However, the current figure is 50% below the level of 712,000 a decade ago (see Table 1).

Andrew Mason, Lloyds Bank Mortgages Director, said: “Despite favourable economic conditions including record low mortgage rates, high employment levels and rising real pay growth, the number of homemovers fell in 2016 for the first time in five years. Whilst higher prices will have lifted equity levels for many current owners, the low availability of the ‘right type’ of homes for those looking to move up the housing ladder may have constrained market activity. Of course, higher prices may explain why more homemovers are opting for longer mortgage terms.

“The ability of homemovers, particularly those in their first homes, to move on is an important component in the housing market as it increases the supply of properties, providing homes for new first-time buyers.”

Average homemover price reaches new highs in 2016

In 2016 the average house price paid by homemovers increased by 7%, from £273,510 in 2015, to a record high of £291,777³. Since falling to £199,645 at the depths of the housing downturn in 2009, the average price has grown steadily by 46% (or £92,000).

Most regions across England and Wales have also seen average property values increase significantly since 2009. In London, homemovers have seen the average price rise by 75% (or £240,977) to £560,946 – the highest on record. This is three and a half times higher than in Northern Ireland (£162,696) – and £165,407 higher than the second most expensive region, the South East (£395,538).

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Only Northern Ireland has an average price paid by homemovers that is lower than in 2009; down by 3% (or -£4,187). (See Table 2)

Higher prices means larger average deposit paid by homemovers

Rising house prices have been a key factor in driving up average homemover deposits to £96,968, an increase of 33% (£23,978) from £72,270 in 2009. Over the past year, the average deposit has grown by £5,640 (6%).

There are four regions (all in southern England) where the average deposit put down by homemovers has gone past the £100,000 mark. In London, homemovers are, on average, putting down £192,432 to move to the next rung of the housing ladder, an increase of 74% (or £82,015) since 2009.

By comparison, homemovers in Northern Ireland have seen average deposits fall by over a quarter (25%) from £60,409 in 2009 to £45,371 – the lowest in the UK.

The average national deposit of £96,698 is equivalent to 33% of the average price of a typical homemover property, down from 36% in 2009. The current percentage is unchanged compared to a decade earlier; in cash terms, the average deposit in 2006 was £81,921 - £14,777 lower than in 2016.

Longer mortgage terms gaining popularity with homemovers over the past decade

Over the past decade there has been a trend amongst homemovers to choose a longer term mortgage, which extends beyond the traditional 25 year term. In 2006, more than four out of five (83%) of homemovers had a mortgage term of between five and 25 years, whilst the remaining 17% were for over 25 years. In 2016, 39% of mortgages were for a term of between 25 and 35 years, while the number of mortgages for terms of five years up to 25 years fell to 61%.

Low rates continue to keep mortgage affordability under control

Record low mortgage rates have helped reduce this cost as a proportion of homemovers' overall outgoings. In Quarter 4 2016, mortgage payments accounted for 38%³ homemovers' disposable earnings – close to the long-term average figure (since 1983) of 40%. This is a substantial improvement since the peak in summer 2007, when average mortgage outgoings accounted for 57% of homemovers' disposable income.

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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.

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

	Number of Homemovers	Annual % change	Number of First Time Buyers	Annual % change	Homemovers as % of all House Purchases Loans
2006	712,100	16%	402,800	11%	64%
2007	653,700	-8%	359,900	-11%	64%
2008	320,600	-51%	192,300	-47%	63%
2009	315,000	-2%	196,700	2%	62%
2010	340,000	8%	199,400	1%	63%
2011	315,800	-7%	193,700	-3%	62%
2012	326,400	3%	217,900	12%	60%
2013	338,100	4%	269,900	24%	56%
2014	363,600	8%	309,400	15%	54%
2015	367,300	1%	312,900	1%	54%
2016*	354,000	-4%	335,750	7%	51%

Source: CML; * 2016 are Lloyds Bank estimates

Table 2: Homemovers: Annual Average House Price % Change, 2006-2016*

	2006 £	2009 £	2015 £	2016 £	1 year % change	% change since 2009	10 year % change
North	161,735	145,459	179,790	183,670	2%	26%	14%
Yorkshire and the Humber	172,963	153,570	198,646	211,409	6%	38%	22%
North West	183,149	159,799	205,832	216,581	5%	36%	18%
East Midlands	179,710	160,857	209,180	225,465	8%	40%	25%
West Midlands	194,033	174,476	224,478	242,152	8%	39%	25%
East Anglia	204,559	190,172	255,028	286,623	12%	51%	40%
Wales	173,842	156,870	191,330	199,289	4%	27%	15%
South West	223,826	212,283	267,308	290,013	8%	37%	30%
South East	279,029	250,683	361,702	395,538	9%	58%	42%
Greater London	385,419	319,969	514,871	560,946	9%	75%	46%
Northern Ireland	184,797	166,863	157,353	162,676	3%	-3%	-12%
Scotland	169,058	168,440	201,517	203,418	1%	21%	20%
UK	221,959	199,645	273,510	291,777	7%	46%	31%

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

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Table 3: Homemovers: Average Price And Deposit By Region, 2016*

Region	Average House Price (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	183,670	54,595	30%
Yorkshire and the Humber	211,409	66,851	32%
North West	216,581	63,687	29%
East Midlands	225,465	71,078	32%
West Midlands	242,152	75,012	31%
East Anglia	286,623	103,794	36%
Wales	199,289	61,796	31%
South West	290,013	104,179	36%
South East	395,538	137,519	35%
Greater London	560,946	192,432	34%
Northern Ireland	162,676	45,371	28%
Scotland	203,418	62,569	31%
UK	291,777	96,698	33%

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

NOTES:

¹ Homes bought with a mortgage - 2016 figure based on estimate by Lloyds Bank

² Since 1974 (when records began)

³ Crude average house price over the 12 months to December

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.
- 2. 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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