



### Returning to 'Bank of Mum and Dad': more Second Steppers rely on family and friends to move up the property ladder

- **A third of Second Steppers need an average of £25,450 support from family and friends to help take the next step**
- **Nearly three-fifths (58%) also said that without financial support, they wouldn't be able to make their next move**
- **Bank of Mum and Dad makes significant sacrifices to help, with almost half planning to downsize in order to help plug the gap**

**Many homeowners ready to take their second step on the property ladder now rely on financial help from family and friends to help make the jump from their first home, according to the latest Lloyds Bank Second Steppers report.**

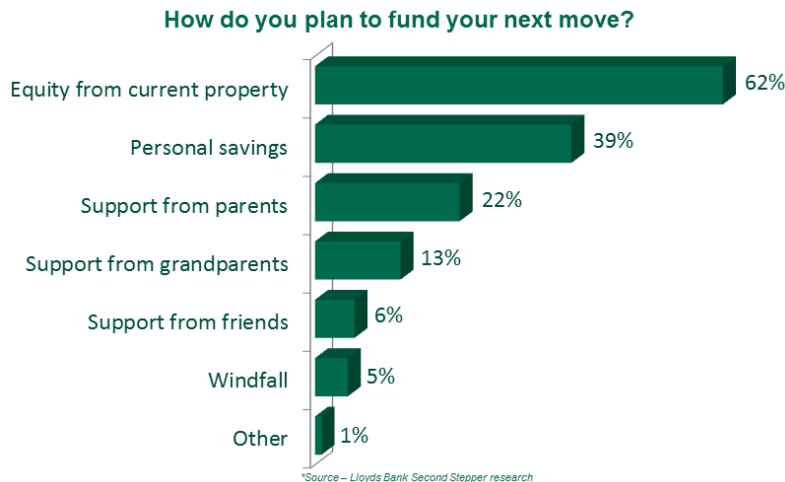
More Second Steppers are having to borrow from family and friends to trade up the property ladder, with one third (33%, up from 27% last year) saying that they require financial support from their mum and dad, grandparents or friends.

The average amount that Second Steppers expect to borrow has also increased by over £4,000 (£4,219) compared to last year to £25,450, despite 57% having already received financial support for their first property worth an average of £19,824.

In addition, nearly three-fifths (58%) say they wouldn't be able to make their next move up the home-owning ladder without generous family and friends coming to the rescue.

As well as using equity from their current property (62%) and personal savings (39%), over one in five (22%) second steppers will mainly look to borrow from the Bank of Mum and Dad to raise the deposit required to fund their next move. Grandparents will also be asked to support (13%) and even friends (6%).

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### **Parents make sacrifices to help their children to make the next move**

Where second steppers look to borrow from the Bank of Mum and Dad, parents have had to make sacrifices. Over half (54%) will raid their own savings to provide help and just under half (48%) of these plan to downsize to release more equity to support their kids. Two-fifths also plan to remortgage to raise money to give to their children so they can trade up the property ladder. Just under a third (29%) also said they will sell another property to help and nearly a fifth (19%) said they would sacrifice holidays or hobbies in order to support their offspring. (Table 1)

### **The challenges that Second Steppers face impacts family planning**

But movers are also planning to make sacrifices to sell their first home and achieve their second property aims. Almost three in ten (28%) Second Steppers have said that they will have fewer children than originally planned due to the challenges they have faced whilst trying to make the next move. This is up by 16% from last year. More Second Steppers are also delaying having children due to the difficulties faced.

### **Andrew Mason, mortgage products director at Lloyds Bank, said:**

“Support from generous family and friends remains vital in helping Second Steppers in taking the next step on the property ladder, despite more Second Steppers now feeling optimistic about the housing market.

“We continue to see parents make big sacrifices as their children return for help with housing for a second time. However, to ease the burden on parents, we are seeing more Second Steppers plan ahead for their next big move by saving and paying more to their mortgage.”

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### **Two in five Second Steppers say that market conditions have improved**

Although today's Second Steppers need to borrow more from family and friends, two in five (40%) say that conditions have improved since last year. There has also been an increase in the number of Second Steppers who are saving to support their next move, with 67% saying that they are making regular contributions to their savings, a slight increase from last year (61%). The number of Second Steppers overpaying their mortgage to help increase equity has also increased from 41% to 47%.

The gap between the sale of a Second Steppers' current property and the cost of their perfect home – usually a detached property – is now £135,985. However, the average equity level of £85,877 can help reduce this gap by 63%, meaning that Second Steppers need to add an extra £50,108 to their existing mortgage.

### **Financial support isn't the only thing stopping Second Steppers**

Finding the right home remains a key issue for Second Steppers, with just over a quarter (26%) saying that they have not found the right property yet and 25% saying that there is a lack of affordable property available.

These, and other factors, resulted in six in ten Second Steppers wanting to make the move last year not being able to do so which will have an impact on the number of properties available to first-time buyers. (Table 2)

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**Table 1: Sacrifices made by parents providing financial support**

	%
Used savings	54
Downsized to release some equity / cash	48
Remortgaged to raise money	40
Sold another property	29
Cut back on some activities e.g. Holidays, hobbies, etc.	19
Don't know	2

*Percentage of the estimated 54% of parents that will have to make sacrifices in order to help*

**Table 2: Issues impacting the purchase of next property and sale of first property**

	2015 %	2016 %	2017 %
You have not found the right property yet	30	32	26
Lack of affordable property to buy	28	26	25
Not sure I can get a big enough mortgage	24	21	23
Interest rates might rise	22	22	21
Have some money for a deposit but not enough yet	20	18	19
Cost of stamp duty too high	20	24	18
Lack of offers from potential buyers for my existing property	19	16	16
Don't have any money for deposit	12	13	15
Need more money for a deposit than originally expected	16	14	14
Can't afford the cost of moving	12	12	14
Waiting for property prices to come down / be more affordable	11	10	14

### Editor's Notes

Consumer research undertaken by BDRC Continental (bdrc-continental.com) on behalf of Lloyds Banking Group. Fieldwork took place in December 2017. 505 interviews took place across the UK with first-time buyers looking to purchase their second home.

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