



The saving drive continues and confidence is returning to first time buyers

5 April 2021

- Savings levels amongst first time buyers continue to rise in the third lockdown
- Average saved amongst those surveyed reached £789 per month
- First time buyers looking to buy in the next 12 months had fallen away in 2020 but is starting to recover in 2021
- Interest in Help to Buy is renewed following announcement of mortgage guarantee scheme

As we pass the anniversary of the first COVID lockdown, we can take stock of the impact on the prospects of first time buyers. In the review of 2020 Life Moments, the digital coaching technology provider to first time buyers, saw the emergence of a "two speed housing market" forming ([see data here](#)), as those who were having a "good" lockdown were saving more and bringing forward their home buying plans. There were however, those who were having a challenging year in 2020, filled with a loss of confidence in the future and putting off their plans to buy for up to three years.

The first quarter of 2021 has shown that the concern and fear present in Q3 and Q4 of 2020 is starting to fall away in 2021. Savings levels have continued to climb with the proportion of first time buyers saving over £1,000 per month climbing to a record high of 19% (just 8% of first time buyers were saving this amount in Q1 2020) reaching an average of £789 per month (see chart 1). Over half (54%) of all prospective first time buyers are now saving over £500 per month compared to just a third (31%) this time last year and 77% now saving over £400 per month (see chart 2). The Bank of England's own data supports this shift, calculating that between March and November 2020 consumers accumulated £125bn in savings, but now the amount has passed £160bn as January savings levels soared with the new lockdown.

These positive savings outcomes have started to filter through to improved expectations of when first time buyers will make their purchase. Through 2020, those expecting to buy in the next 12 months shrunk markedly by 56%. Some buyers were bringing forward their purchase expectations due to increased savings, increased motivation to get out of rented accommodation and the added incentive of the Stamp Duty holiday. But more than half were putting their plans back due to the uncertainty by as much as 2 years.

In Q1 2021 we have started to see this trend reverse, with those expecting to buy in the next 12 months climbing back from a low of 16% in Q4 2020 to 23% in Q1 2021 (see chart 3). This isn't a full reversal back to Q1 2020 levels, when those expecting to buy in the next 12 months made up 37% of first time buyers, but it is a welcome sign that confidence is returning. Some early indications of what is driving this on top of the increased savings pool is the increased interest in Help to Buy articles. As the changes to the scheme were discussed extensively in the press and the mortgage guarantee scheme was launched, there was a doubling of interest in articles on the scheme from first time buyers compared to the average across 2020.

Ben Leonard, CEO of Life Moments the digital coaching company behind First Home Coach:

"Life Moments digital coaching technology helps first time buyers understand in detail how they can achieve their goal of getting on the housing ladder. Through their use of the First Home Coach app we can understand how they're thinking about their purchasing prospects and what they need to do to achieve them.

It is great to see confidence returning to the first time buyer market after a very difficult year. Many have seen deposit savings eaten into during furlough and their job prospects shaken. So the fact that more of them are looking to buy in the next 12 months shows that they have managed to find a positive way through lockdown. There are still many for whom lockdown has been a nightmare and we remain concerned for those in lower income brackets as detailed in our [Covid savings report](#) published last month but with the right support, we are confident that we can help people find their way to home ownership in time."

Chart 1

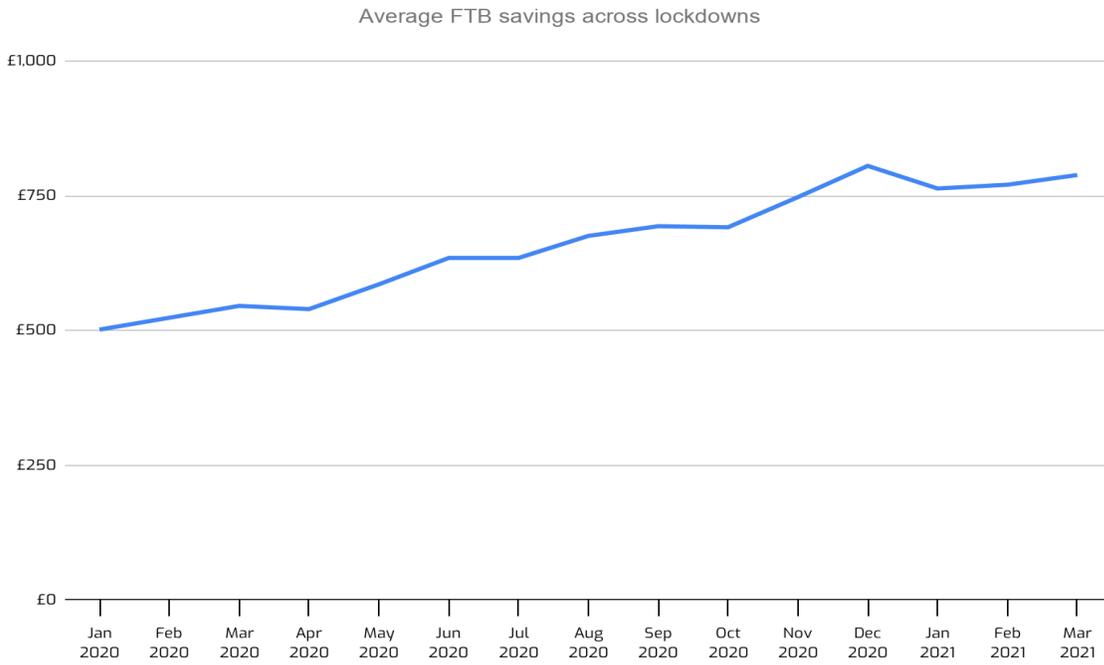


Chart 2

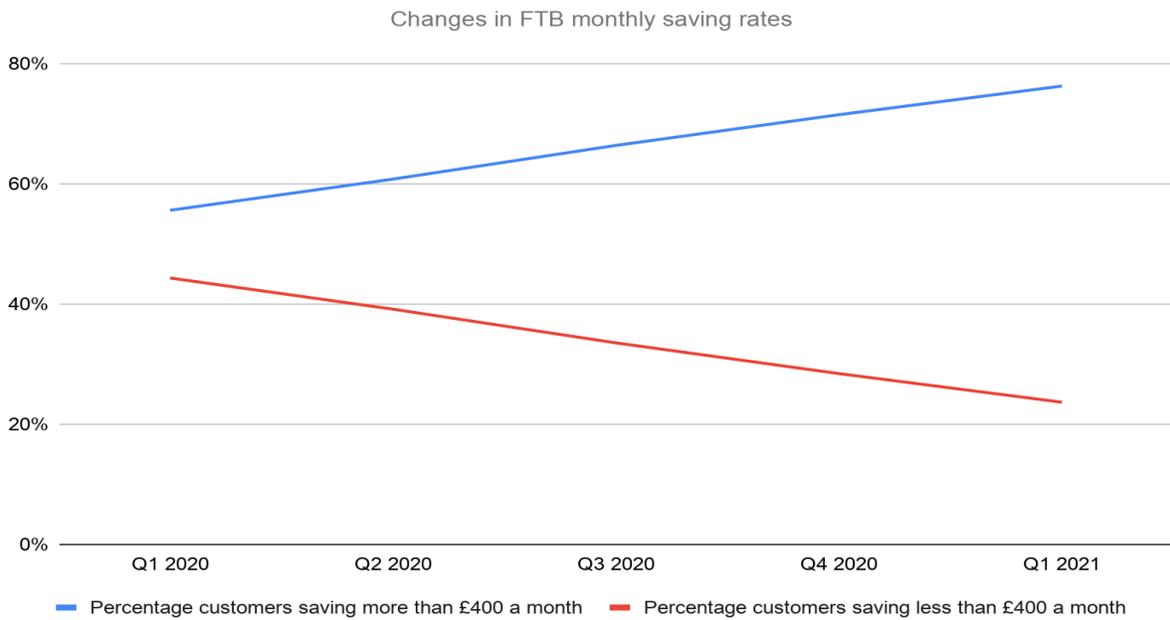
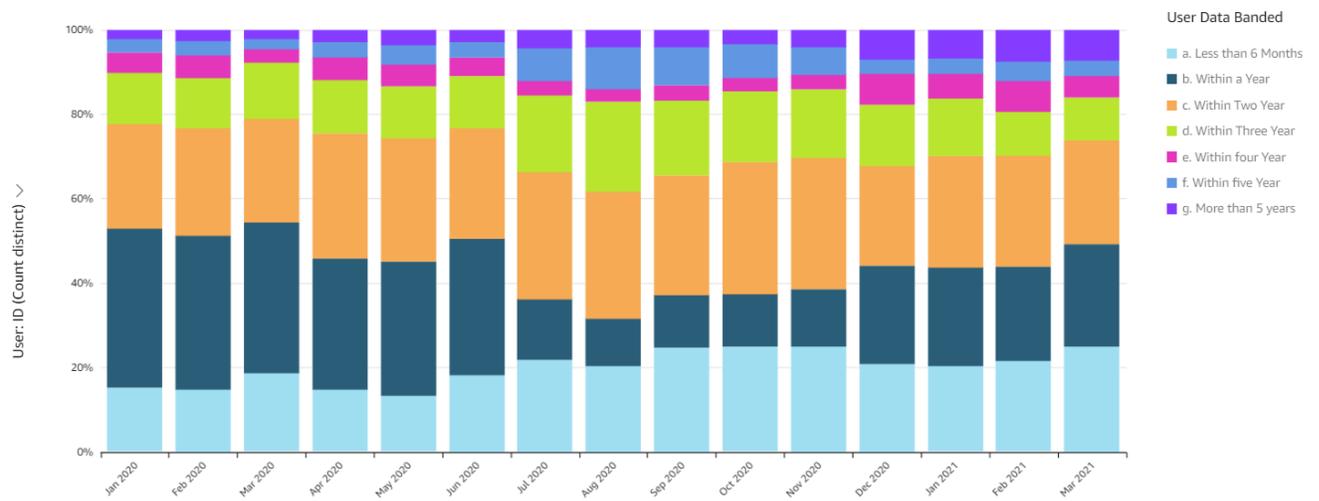


Chart 3

Time Frame - Q1 20 - Q1 21 - Stacked Percentage



Notes

About Life Moments

Life Moments is a digital coaching business set up in 2018 to help people Play life better. Through their LifeHub platform, they are working with clients to make digital coaching a core component of consumer propositions, creating a more engaging experience and delivering better customer outcomes. Clients include Virgin Money and Mortgage Advice Bureau.

About FirstHomeCoach

FirstHomeCoach is the essential app for first-time buyers. With a wealth of tools and features to help them get prepared and stay motivated - such as setting a realistic property goal, working out how much they can afford or how to best save up their deposit - the free app guides prospective buyers through every step of their home buying journey, from saving up to moving in.