

The Rightmove Consumer Confidence Survey

The UK's leading survey of consumers from the UK's leading property website

First-time buyer forecast

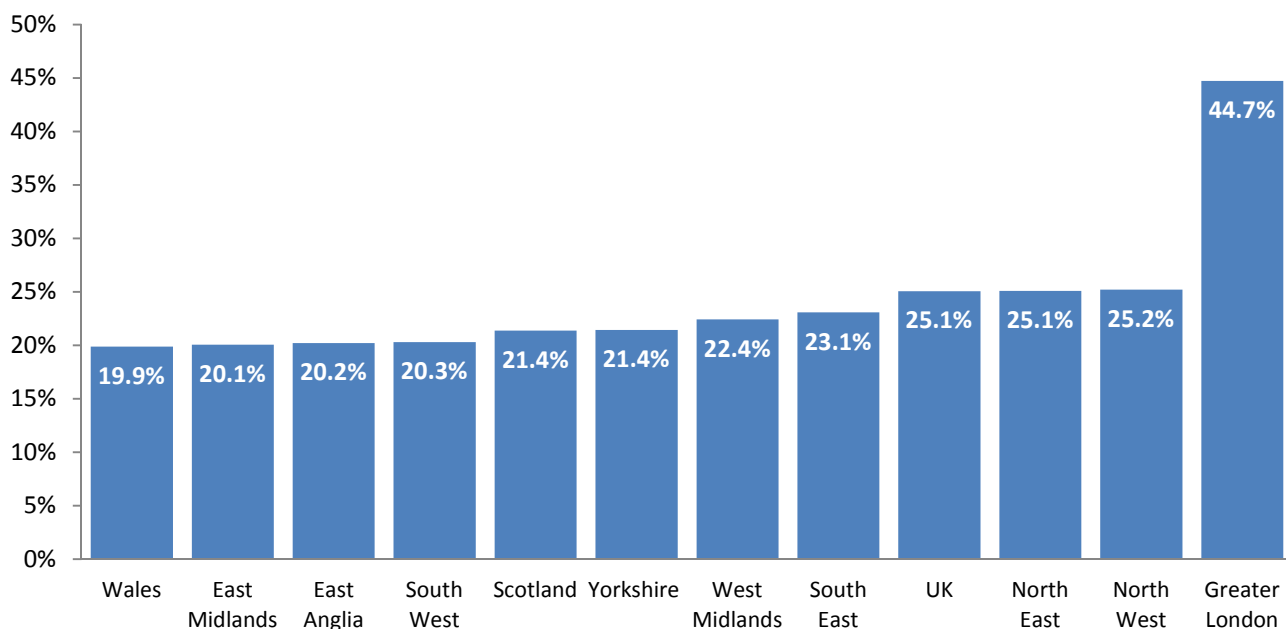
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List of first-time buyer challenges compounded by stagnant second-steppers

- Intending first-time buyers set to make up 25% of prospective buyer mix in 2013, still well adrift of the 40% level commonly seen pre credit-crunch
- While raising a deposit remains the single biggest concern for first-time buyers (36%), the challenges to get onto the property ladder do not end there:
 - Finding a suitable property to buy jumps from 24% to 29% in a year, as negative equity hit second-steppers curb supply of 'first homes' coming to market by 5%
 - More than half of first-time buyers are looking to buy more than 3 miles from where they currently live as they search for 'fairer value' outside their existing neighbourhood
 - 22% of first-time buyers expect to have a deposit of less than 10%, restricting their range of mortgage options as well as access to most competitive lending rates

Prospective first-time buyer levels: regional trends

% of those who expect to buy in the next 12 months that will buy for the first-time



* The Rightmove Consumer Confidence Survey reports the opinions of 16,627 potential buyers captured between Tuesday, 2nd of October and Tuesday, 16th of October 2012.

Rightmove's first-time buyer forecast for the final quarter of 2012 reveals that 25% of those who intend to purchase in the next 12 months will be doing so for the first time, still well adrift of the 40% level traditionally seen prior to the credit-crunch. More than a third (36%) of prospective first-time buyers cite raising enough of a deposit as their single biggest concern and a fifth (22%) will only have managed to raise a deposit of less than 10% by the time they are ready to buy, excluding them from the most attractive mortgage deals. Rightmove's latest research also finds that while the deposit challenges set by lenders continue to keep first-time buyer levels muted, there are other obstacles for first-time buyers to overcome if they are to realise their ambition of owning a home, including: finding a suitable property to buy, affordability in their neighbourhood, and accessing a competitive mortgage deal.

Miles Shipside, Rightmove director and housing market analyst comments: "The list of challenges to get onto the property ladder seems to be getting longer rather than shorter. Raising enough of a deposit stubbornly remains the major concern for intending first-time buyers, but we are now also seeing how the issues facing second-steppers are affecting the fortunes of first-time buyers in terms of finding a suitable property to buy and local affordability".

Shortage of supply limits choice of 'suitable property to buy'

Three in ten (29%) prospective first-time buyers indicated that their single biggest concern is 'finding a suitable property to buy', up from 24% a year ago. Research from Rightmove recently revealed that the 'curse of negative equity' has hit second-steppers – those who would also be 'first-time sellers' – hardest. Around one in five (18%) second-steppers believes they are currently in negative equity and therefore reluctant or unable to come to market. The shortage of new properties to market from this group in turn restricts the supply of properties that often suit first-time buyers. Rightmove's research shows that the typical first-time buyer is looking to spend around £150,000, yet the supply of new properties to market at or below this level in October was down 5% compared to last year.

Shipside adds: "That the travails of today's second-steppers can negatively impact tomorrow's first-time buyers is a great example of how interconnected the housing market is. The credit-crunch has hit those who bought for the first time around the peak of the market hardest, with more second-steppers stating that they have fallen victim to the curse of negative equity than any other group of homeowners. The result is that many have become 'mortgage prisoners' who are unable to place their home on the market, leaving some areas with a comparative shortage of suitable first-time buyer homes. This also helps underpin prices in an area, further hurting first-time buyer affordability."

More than half search for 'fairer value' outside their existing neighbourhood

More than half (57%) of prospective first-time buyers expect to move more than 3 miles from where they currently live, including 38% who are searching more than five miles away. Lack of suitable choice is a likely factor, but with 62% of prospective first-time buyers stating that they

believe asking prices in their local area to be above what they consider to be 'fair and reasonable', it also seems many have to look further afield for value.

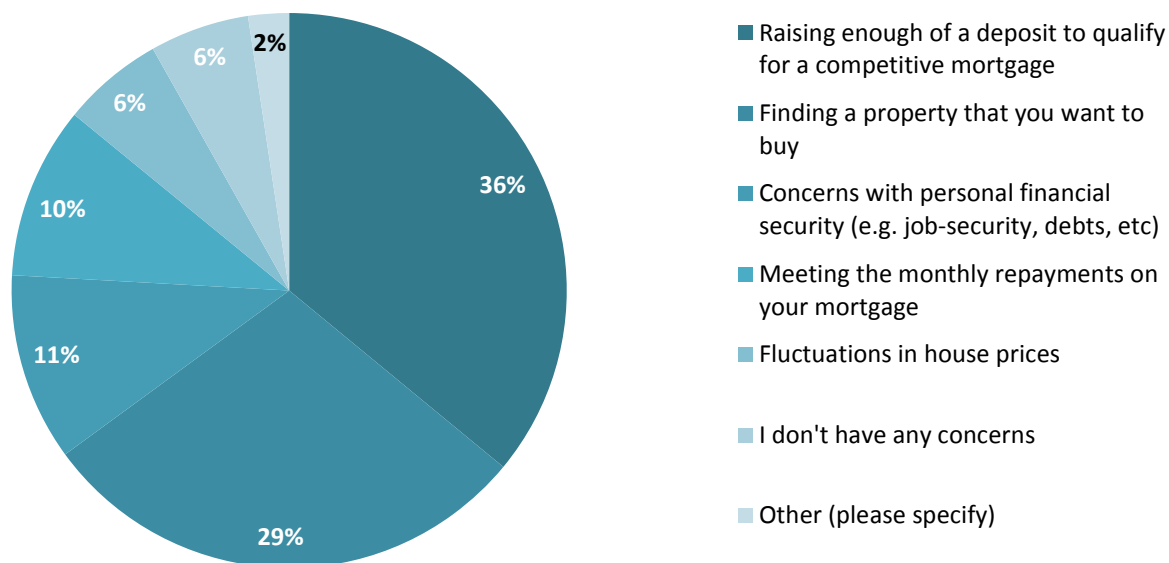
Shipside comments: "The combination of less suitable property choice and the necessity of having to hunt for the best value means that many of next year's first-time buyers will have to cast their net wider to catch their first home."

One in five first-time buyers expects to have a deposit of less than 10%

Around a fifth of first-time buyers (22%) are expecting to purchase with a deposit of less than 10%. While some lenders are offering products to first-time buyers at a loan-to-value of 90% or higher, the options are more limited at this level and the interest rates less competitive. However, it is perhaps not surprising that such a number of first-time buyers are looking to purchase despite a sub-10% deposit given that Rightmove's research also reveals that of those with a deposit of 10% or more, 38% say that they have been actively saving for 5 years or longer.

Shipside observes: "Four out of five first-time buyers expect to have a deposit of 10% or more, showing a growing acceptance of the deposit rules that have become the new norm in their quest to get a roof of their own over their heads. Anything less than that will lengthen your odds of being able to jump onto the home ownership ladder, and it seems a bigger deposit is the spring board where most aspiring first-time buyers are headed in their attempt to make that first rung".

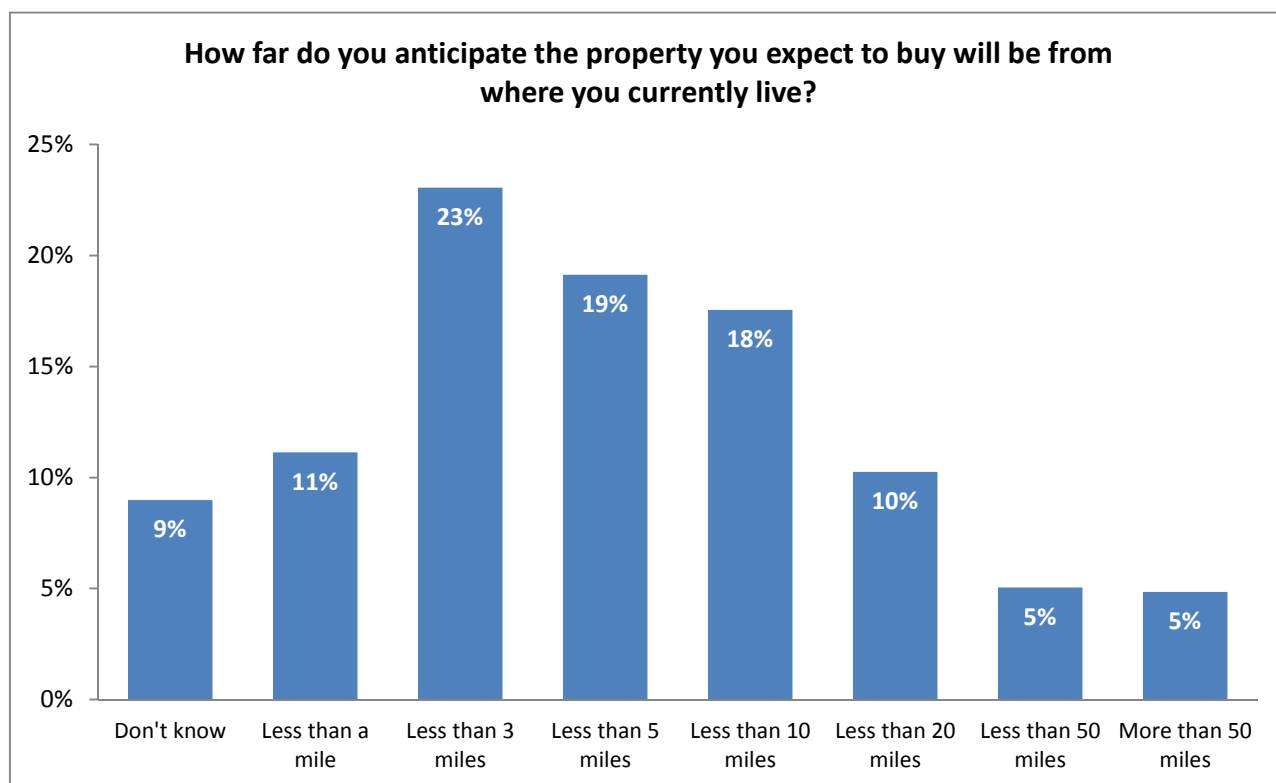
Single biggest concern about buying



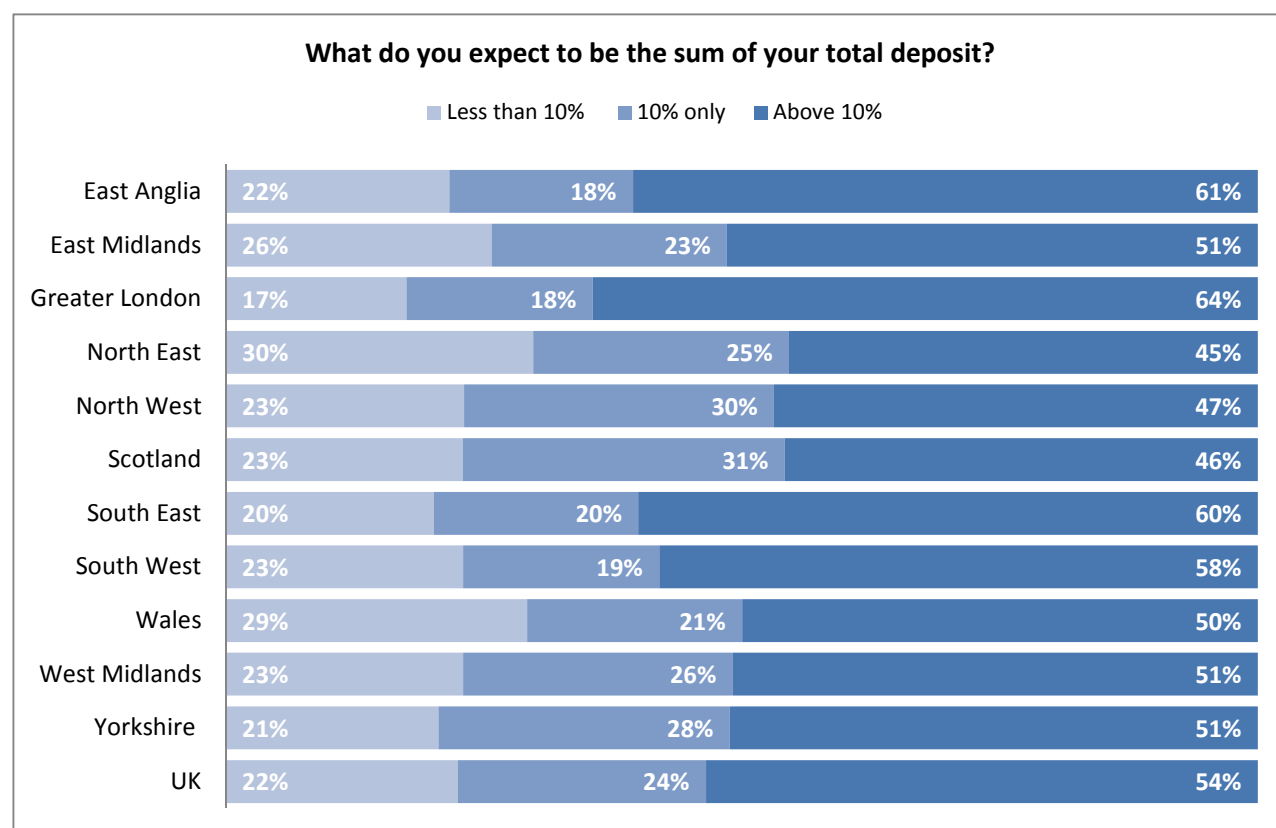
Prospective first-time buyer levels: regional trends

Quarter	2012				2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
UK average	25.1%	26.7%	27.9%	24.3%	22.9%	23.0%	26.2%	22.8%	25.5%	22.2%	26.3%	25.8%
East Anglia	20.2%	22.1%	22.9%	21.6%	19.2%	19.1%	23.7%	19.6%	21.0%	21.7%	23.2%	23.8%
East Midlands	20.1%	20.3%	24.0%	19.0%	18.4%	19.2%	23.0%	18.7%	22.9%	18.3%	22.7%	21.0%
Greater London	44.7%	43.4%	42.8%	41.5%	41.9%	41.2%	42.0%	38.6%	42.4%	38.7%	43.3%	43.3%
North East	25.1%	22.6%	27.3%	24.5%	22.2%	21.7%	25.6%	20.5%	22.5%	20.9%	23.9%	21.8%
North West	25.2%	26.8%	27.6%	26.3%	21.2%	23.3%	26.5%	25.8%	26.5%	22.8%	24.9%	26.2%
Scotland	21.4%	22.9%	25.4%	21.8%	21.2%	16.8%	23.3%	19.9%	22.5%	20.4%	23.4%	19.3%
South East	23.1%	24.5%	26.1%	21.0%	19.7%	19.6%	22.3%	21.6%	21.7%	20.9%	25.0%	23.1%
South West	20.3%	20.1%	21.4%	20.1%	17.0%	17.6%	20.5%	18.7%	20.8%	17.8%	20.9%	21.4%
Wales	19.9%	23.3%	24.4%	22.0%	19.2%	17.6%	22.3%	18.4%	18.7%	17.4%	22.4%	22.3%
West Midlands	22.4%	26.0%	26.7%	22.7%	23.6%	23.4%	23.9%	23.3%	24.2%	22.6%	26.8%	22.9%
Yorks & Humber	21.4%	24.7%	26.7%	22.1%	21.7%	19.9%	23.7%	22.2%	21.3%	19.6%	25.6%	22.8%

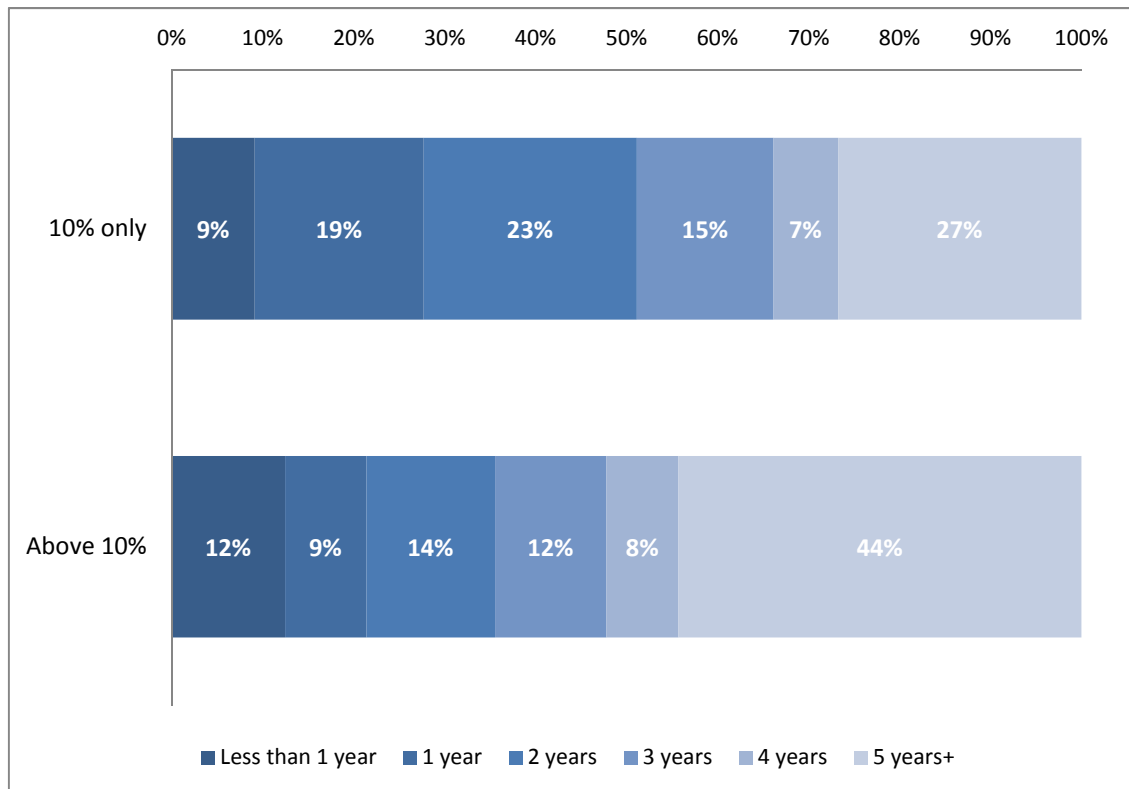
Distance prospective first-time buyers will have to move



Sum of deposit: regional snapshot



Deposit as % of total spend vs. number of years actively saving



About this survey

The data presented as part of this release is taken from the quarterly Rightmove Consumer Confidence Survey. The survey seeks the views and attitudes of home-movers towards a key British obsession – the housing market. Started in early 2009, more than 120,000 people responded to the survey in its first year alone.

The Rightmove Consumer Confidence Survey provides a UK-wide picture of home-mover confidence by collecting opinions on a range of factors affecting the housing market and perceptions of it.

As one of the Top 10 most visited websites in the UK, Rightmove attracts a wide demographic and one that very closely matches the working-age profile of the UK. Rather than purely seeking the views of those currently active in the housing market, Rightmove's database ensures a much wider, more representative sample.

All responses were completed via an online questionnaire between Tuesday, 2nd of October and Tuesday, 16th of October 2012. A total of **16,627** responses were received from **potential buyers** during this time.

Data is weighted using Census data available from the Office for National Statistics to help ensure the results are representative of the UK and its regions.

	N	% of response
East Anglia	1,281	8%
East Midlands	1,087	7%
Greater London	2,338	14%
North of England	621	4%
North West	1,879	11%
Northern Ireland	24	0%
Scotland	921	6%
South East	3,431	21%
South West	1,958	12%
Wales	630	4%
West Midlands	1,258	8%
Yorkshire & Humberside	1,199	7%
Grand Total	16,627	100%

NB – Northern Ireland is not included in any regional analysis presented owing to the relatively small sample size