

## Average house now costs £300,000 – and it can take 46 years to save deposit

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By Martin Bagot

**Experts blamed a lack of homes on the market for pushing up prices – while economist Jonathan Davis points the blame at George Osborne's Right to Buy scheme.**



That first set of house keys seems a more distant prospect

The cost of the average home has topped £300,000 for the first time as a new report finds it will take some Brits 46 years to save for a deposit.

The typical price of a property coming to market in England and Wales increased from £299,287 in February to £303,190 in March.

In March 2006, the average price was £200,980.

And experts said prices appeared to be rising fastest in the north and west of the country as well as London.

March saw average prices hit record highs in six regions with London now at £644,045, the South West at £292,251, the South East at £399,680, East at £326,836, the West Midlands at £204,140 and the North West at £177,437.

Miles Shippeside of property website Rightmove, which commissioned the survey, blamed a lack of homes on the market for pushing prices up.



There's not enough homes to meet demand, say analysts

He said: "While the start of 2016 has seen an encouraging but modest uptick in the number of properties coming to market, demand and momentum have combined to push prices over £300,000.

"On average 30,000 properties have come to market each week over the past month, up by 3% on this time last year, but there are insufficient numbers of newly listed properties in many parts of the country to meet demand.

"It's no surprise that those buyers who can borrow more or can find some extra cash are keeping the price merry-go-round spinning."

It comes as another report reveals a single first-time buyer faces an average 13-and-a-half-year wait to build a big enough deposit for a home, or 46 years and nine months in London.

But the Time to Save report estimated that time could be slashed by 10 years if savers club together. It takes an average three-and-a-half years for two people to save a deposit in England and Wales, or eight years in London.



Earnings are lagging behind the rise in prices

The report, by estate agents Hamptons International, found home owners in the North East have the shortest wait to build a deposit at two years for couples and eight years nine months for single people.

The report assumed buyers needed to raise a 15% deposit and were able to save 22% of their full-time salary.

The problem of under supply of homes comes as average earnings lag well behind the pace of house prices growth.

It comes after suggestions that a planned 3% increase in stamp duty for buy-to-let property purchases on April 1 would increase demand and spark a rush of sales.

It comes as three-quarters of people (74%) today say it is harder for them to settle in a stable home than it was for their parents' generation, compared with less than half (44%) of people born in the baby-boomer or pre-war years, an Ipsos MORI poll for Shelter found.

### **Time to bye to Help to Buy**

**Jonathan Davis, economist and wealth manager**

Prices were just about to properly fall, as lending was still subdued at the end of 2012, when George Osborne established the dreadful Help To Buy schemes (or as I call them Help to Sell).



It's time Osborne scrapped his Right to Buy scheme

What they did was open up lending again – as the State now lends a sizeable proportion of the mortgage. This boosted prices and again made house prices super expensive.

This is dreadful for young people who now have to either: a) become even more indebted to buy a home, and those who already owned are even richer; or b) pay even more in rent.

High and rising house prices are hugely divisive between the 'haves' and the 'have-nots'.

If I were Chancellor I would immediately ban Help To Buy and prices and rents would likely fall, making it vastly cheaper to live in a home and buyers would be much much less in debt.

## **Average house prices March 2016 (and March 2015) by region**

**Greater London:** £644,045 (£580,308)

**South West:** £292,251 (£273,516)

**South East:** £399,680 (£569,600)

**East England:** £326,836 (£297,863)

**West Midlands:** £204,140 (£193,489)

**East Midlands:** £189,819 (£183,234)

**North West:** £177,437 (£172,196)

**Wales:** £174,046 (£169,477)

**Yorkshire and Humber:** £173,947 (£168,482)

**North East:** £148,484 (£143,238)

## **Average time for couple to save 15% deposit for first home (followed by single person)**

**London:** Eight years (45 years and nine months)

**South West:** Two years and three months (16 years)

**South East:** Four years (15 years)

**East:** Three years and six months (14 years and six months)

**West Midlands:** Two years and six months (12 years and three months)

**East Midlands:** Two years and nine months (11 years and six months)

**North West:** Two years and three months (10 years)

**Wales:** Three years (nine years and three months)

**Yorkshire and the Humber:** Two years and six months (10 years)

**North East:** Two years (eight years and nine months)

**England and Wales:** Three years and six months (13 years and six months)