

# Help to Buy (Scotland) Scheme, 2017/18 and 2018/19

## Monitoring Information on Characteristics of Households

This document provides a summary of the characteristics of households purchasing homes through the Help to Buy (Scotland) Scheme in the 2017/18 and 2018/19 financial years, based on 'log form' information returned by participating households.

*Note that the completion of log forms is voluntary, and therefore not all sales have a corresponding log form completed. There have been a total of 4,223 log forms provided, which represents 91% of all 4,660 Help to Buy sales across the years 2017/18 and 2018/19. Whilst this is a relatively high response rate, and is higher than for previous years, figures in this report should still be treated with some degree of caution, as it is not clear how representative the data is of all households participating in the scheme. In addition, some of the completed log forms have contained missing or inaccurate information, which will also affect the quality of the estimates that can be reported on. Taking these cautions into account, the resulting estimates should be treated as estimates only, but should still provide a reasonable indication of characteristics of households purchasing homes under Help to Buy.*

Information on households purchasing through the scheme between September 2013 and March 2016 was previously published in June 2017<sup>1</sup>. And information on households purchasing through the scheme in 2016/17 was previously published in June 2018<sup>2</sup>.

Note that figures presented in this report are not Official Statistics or National Statistics, and have been collated as management information for the purposes of policy monitoring only.

### Key Findings for 2017/18 and 2018/19:

- Over 8 in 10 of Help to Buy (Scotland) households were first time buyers (81% in 2017/18 and 82% in 2018/19), an increase on the percentages seen in previous years (73% in 2016/17 and 66% in September 2013 to March 2016).
- In 2018/19, 45% of purchasers had previously been living with parents or relatives, 29% in a privately rented property, 16% had been previously living in a property they were paying a mortgage on, 8% had lived in social rented housing, 1% lived with friends, and 2% in other accommodation. Figures for 2017/18 were broadly similar.

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<sup>1</sup> <https://beta.gov.scot/publications/help-to-buy-scotland-characteristics-of-households-report/>

<sup>2</sup> <https://www.gov.scot/publications/help-to-buy-scotland-monitoring-characteristics-of-households-report-2016-2017/>

- 60% of buyers were aged 30 years or under in both 2017/18 and 2018/19, with 78% aged 35 or under in 2017/18 and 79% aged 35 or under in 2018/19. The average (mean) age was 31 years across both years.
- 63% of purchasing households in 2017/18 and 60% of purchasing households in 2018/19 had a gross household income between £30k and £50k per year.
- Around three-quarters of purchasers were households without any children in living in the household (72% in 2017/18 and 76% in 2018/19), with around a quarter having children (28% in 2017/18 and 24% in 2018/19).
- There were some clear differences in the profiles of purchasing households between first time buyers and existing home owners, with first time buyers more likely to be younger purchasers, and less likely to purchase detached properties.
- The size and type of properties purchased has changed compared to results from previous years, with properties the latest year 2018/19 less likely to be detached (13% in 2018/19 compared with 45% in September 2013 to March 2016), and less likely to be 4 bedroom homes (6% in 2018/19 compared with 34% in September 2013 to March 2016).

### **Background to Help to Buy (Scotland) Scheme**

The Help to Buy (Scotland) shared equity scheme was established on 30 September 2013 with the aim of supporting Scotland's house-building industry due to reduced mortgage availability, and is aimed at those buyers who are unable to purchase a new build home without additional support.

The monitoring information presented in this report covers the 2017/18 and 2018/19 financial years, in which the scheme had spends of £58m and £61m.

The purchase price of a property was initially capped up to the value of £400,000 until October 2014, after which it was reduced to the value of £250,000, then to £230,000 in April 2016, and then further to £200,000 in April 2017, to ensure that more people could benefit from available funding and help to target funding at lower income families and first time buyers.

Help to Buy (Scotland) sales are made through registered participating builders. The scheme is not open to buy-to-let investors. Existing home owner buyers are required to sell existing property prior to purchasing through the scheme. In April 2016, the Scottish Government's contribution to the purchase price was reduced from up to 20% to up to 15% of the purchase

price, with the purchaser normally contributing at least a 5% deposit and the remainder of their contribution made up from a mortgage.

The Information for Buyers guidance at <https://www.mygov.scot/help-to-buy/> provides further details on how the scheme has operated.

Separate quarterly monitoring information summarising the number and value of sales has been published at <https://beta.gov.scot/policies/homebuying/help-to-buy/>.

### **Characteristics of Households Participating in the Help to Buy (Scotland) Scheme in 2017/18 and 2018/19**

Table 1 below provides information on the proportion of purchasers who are existing home owners, based on first named purchaser information. It can be seen that the percentage of purchasers who are not existing home owners (i.e. who are first-time buyers) was 81% for 2017/18 and 82% for 2018/19, and this proportion has remained fairly stable across all quarterly periods within these two years. These percentages are an increase on the percentages seen in monitoring reports for previous years (73% in 2016/17 and 66% in September 2013 to March 2016).

Table 1: Buyers by existing home owner status (based on first named purchaser)

| Entry date - Quarter | % Not an existing home owner | % Existing home owner | Number of records |
|----------------------|------------------------------|-----------------------|-------------------|
| 2017/18 - Quarter 1  | 82%                          | 18%                   | 550               |
| 2017/18 - Quarter 2  | 81%                          | 19%                   | 378               |
| 2017/18 - Quarter 3  | 81%                          | 19%                   | 638               |
| 2017/18 - Quarter 4  | 82%                          | 18%                   | 477               |
| 2017/18 - Total      | 81%                          | 19%                   | 2,043             |
| 2018/19 - Quarter 1  | 81%                          | 19%                   | 649               |
| 2018/19 - Quarter 2  | 82%                          | 18%                   | 467               |
| 2018/19 - Quarter 3  | 82%                          | 18%                   | 688               |
| 2018/19 - Quarter 4  | 84%                          | 16%                   | 354               |
| 2018/19 - Total      | 82%                          | 18%                   | 2,158             |

Based on first named purchaser information

In 2018/19, 45% of purchasers had previously been living with parents or relatives, 29% in a privately rented property, 16% had been previously living in a property they were paying a mortgage on, 8% lived in social rented housing, 1% lived with friends (but not renting), and 2% in other accommodation. The proportions in 2017/18 were broadly similar.

The percentage of purchasers living with parents or relatives is now higher than in previous monitoring reports (37% in 2016/17 and 32% in September 2013 to March 2016), whilst

correspondingly the proportion of purchasers previously living in a property they were paying a mortgage on is now lower than previous reports (25% in 2016/17 and 31% in September 2013 to March 2016).

Around 3% of purchasers had been on a social housing waiting list (either a council, housing association or a common housing list) in both 2017/18 and 2018/19, percentages which are broadly similar to previous monitoring reports.

In 2018/19, 55% of purchases involved two named purchasers, with 45% involving one purchaser. The equivalent figures for 2017/18 were 59% and 41% respectively.

60% of buyers were aged 30 years or under in both 2017/18 and 2018/19, with 78% aged 35 or under in 2017/18 and 79% aged 35 or under in 2018/19. The average (mean) age was 31 years in both years. Table 2 below provides more detail on the percentage of buyers by each age band.

Table 2: Buyers by age band, 2017/18 and 2018/19 (based on first named purchaser)

|         | 2017/18 |                   | 2018/19 |                   |
|---------|---------|-------------------|---------|-------------------|
|         | Percent | Number of records | Percent | Number of records |
| 18-25   | 24%     | 455               | 27%     | 584               |
| 26-30   | 35%     | 652               | 33%     | 694               |
| 31-35   | 18%     | 341               | 19%     | 415               |
| 36-40   | 11%     | 205               | 10%     | 223               |
| 41-45   | 5%      | 91                | 5%      | 109               |
| 46-50   | 3%      | 62                | 3%      | 66                |
| 51-60   | 3%      | 47                | 1%      | 29                |
| Over 60 | <1%     | 6                 | <1%     | 13                |
| Total   | 100%    | 1,859             | 100%    | 2,133             |

Around three-quarters of purchasers were households without any children in living in the household (72% in 2017/18 and 76% in 2018/19), with around a quarter having children (28% in 2017/18 and 24% in 2018/19).

In terms of household income, 63% of purchasing households in 2017/18 and 60% of purchasing households in 2018/19 had a gross household income between £30k and £50k per year. Table 3 below provides further figures by each income band.

Table 3: Households by gross household income band

|                     | 2017/18 |                   | 2018/19 |                   |
|---------------------|---------|-------------------|---------|-------------------|
|                     | Percent | Number of records | Percent | Number of records |
| £0 to £20,000       | 2%      | 46                | 2%      | 36                |
| £20,001 to £30,000  | 16%     | 331               | 18%     | 387               |
| £30,001 to £40,000  | 30%     | 614               | 30%     | 639               |
| £40,001 to £50,000  | 33%     | 680               | 30%     | 651               |
| £50,001 to £60,000  | 14%     | 284               | 15%     | 324               |
| £60,001 to £80,000  | 4%      | 92                | 5%      | 109               |
| £80,000 to £100,000 | <1%     | <5                | <1%     | 5                 |
| Total               | 100%    | 2,048             | 100%    | 2,151             |

Based on total income across first and second named purchasers and includes income related to overtime and bonuses. The analysis excludes a small number of records where the income values were missing

Table 4 shows approximate median and mean gross household incomes by quarter of entry date between 2013/14 quarter 3 and 2018/19 quarter 4, based on banded income data. This shows that the mean income of purchaser households has dropped from £50,000 in 2014/15 to £42,000 in 2015/16 and then £41,000 in 2016/17, after which average incomes have remained at similar levels across 2017/18 and 2018/19. This is broadly consistent with the timing of the lowering of the purchase price cap from £400,000 to £250,000 in October 2014, and then to £230,000 in April 2016, given that there can typically be a gap of some months between the issuing of an authority to proceed with a purchase and the entry date following the sale.

Table 4: Median and mean gross household income, by entry-date quarter (note these contain approximate estimates based on banded household income data)

| Entry-Date Quarter  | Median Household Income Bands (£s) | Mean Household Income (£) (rounded to the nearest thousand) | Number of records |
|---------------------|------------------------------------|---|-------------------|
| 2013/14 - Quarter 3 | 40,000 - 45,000                    | 47,000  | 132               |
| 2013/14 - Quarter 4 | 40,000 - 45,000                    | 44,000  | 350               |
| 2013/14 - Total     | 40,000 - 45,000                    | 45,000  | 482               |
| 2014/15 - Quarter 1 | 45,000 - 50,000                    | 48,000  | 721               |
| 2014/15 - Quarter 2 | 45,000 - 50,000                    | 49,000  | 556               |
| 2014/15 - Quarter 3 | 45,000 - 50,000                    | 52,000  | 365               |
| 2014/15 - Quarter 4 | 45,000 - 50,000                    | 50,000  | 85                |
| 2014/15 - Total     | 45,000 - 50,000                    | 50,000  | 1,727             |
| 2015/16 - Quarter 1 | 35,000 - 40,000                    | 41,000  | 382               |
| 2015/16 - Quarter 2 | 40,000 - 45,000                    | 43,000  | 246               |
| 2015/16 - Quarter 3 | 40,000 - 45,000                    | 44,000  | 330               |
| 2015/16 - Quarter 4 | 40,000 - 45,000                    | 42,000  | 133               |
| 2015/16 - Total     | 40,000 - 45,000                    | 42,000  | 1,091             |
| 2016/17 - Quarter 1 | 40,000 - 45,000                    | 41,000  | 485               |
| 2016/17 - Quarter 2 | 40,000 - 45,000                    | 41,000  | 511               |
| 2016/17 - Quarter 3 | 40,000 - 45,000                    | 42,000  | 682               |
| 2016/17 - Quarter 4 | 40,000 - 45,000                    | 43,000  | 109               |
| 2016/17 - Total     | 40,000 - 45,000                    | 41,000  | 1,787             |
| 2017/18 - Quarter 1 | 35,000 - 40,000                    | 39,000  | 550               |
| 2017/18 - Quarter 2 | 40,000 - 45,000                    | 42,000  | 378               |
| 2017/18 - Quarter 3 | 40,000 - 45,000                    | 41,000  | 639               |
| 2017/18 - Quarter 4 | 40,000 - 45,000                    | 41,000  | 481               |
| 2017/18 - Total     | 40,000 - 45,000                    | 41,000  | 2,048             |
| 2018/19 - Quarter 1 | 40,000 - 45,000                    | 41,000  | 647               |
| 2018/19 - Quarter 2 | 40,000 - 45,000                    | 41,000  | 465               |
| 2018/19 - Quarter 3 | 40,000 - 45,000                    | 41,000  | 688               |
| 2018/19 - Quarter 4 | 35,000 - 40,000                    | 40,000  | 352               |
| 2018/19 - Total     | 40,000 - 45,000                    | 41,000  | 2,151             |

### Characteristics of Properties Bought

During 2018/19, 13% of properties bought were detached, 17% were flats, 40% were semi-detached and 30% were terraced.

The percentage of properties being detached is lower than in previous monitoring reports (31% in 2016/17 and 45% in September 2013 to March 2016). Correspondingly, the proportion of properties being semi-detached is now higher than in previous monitoring reports (31% in 2016/17 and 23% in September 2013 to March 2016).

The most common size of property is 3 bedroom, which has accounted for 64% of properties in 2017/18 and 61% of properties in 2018/19. See Table 5 below for figures for each property size category. The proportion of properties being 3 bedrooms is now higher than in previous monitoring reports (49% in 2016/17 and 41% in September 2013 to March 2016),

with the proportion that are 4 bedrooms now being lower than in previous monitoring reports (26% in 2016/17 and 34% in September 2013 to March 2016)

Table 5: Households by numbers of bedrooms

|            | 2017/18 |                   | 2018/19 |                   |
|------------|---------|-------------------|---------|-------------------|
|            | Percent | Number of records | Percent | Number of records |
| 1 bedroom  | 3%      | 52                | 3%      | 57                |
| 2 bedrooms | 25%     | 518               | 29%     | 636               |
| 3 bedrooms | 64%     | 1,311             | 61%     | 1,325             |
| 4 bedrooms | 8%      | 175               | 6%      | 139               |
| 5 bedrooms | 0%      | 5                 | 0%      | 1                 |
| Total      | 100%    | 2,061             | 100%    | 2,158             |

We are intending in future Monitoring Reports to include information on the location of property sales within different Scottish Index of Multiple Deprivation quintile categories, if the quality of the underlying postcode data allows for this analysis to be carried out.

### Profiles of First Time Buyers and Existing Home Owners

There are some clear differences in the profile of purchasing households between buyers that were existing home owners and those who were not. Buyers that were not existing home owners were more likely to be younger purchasers, and less likely to purchase detached properties. Table 6 below provides further detailed figures, for example, in 2018/19, 31% of buyers who were not existing homeowners were aged 18-25 years, compared to 8% of existing home owners.

Table 6: Profile of buyers by whether an existing home owner or not 2017/18

| Age Band: | Not an existing home owner |       | Gross Household Income | Not an existing home owner |       | Property Type: | Not an existing home owner |       |
|-----------|----------------------------|-------|------------------------|----------------------------|-------|----------------|----------------------------|-------|
|           | owner                      | owner |                        | owner                      | owner |                | owner                      | owner |
| 18-25     | 29%                        | 6%    | £0 to £20,000          | 2%                         | 3%    | A Flat         | 18%                        | 5%    |
| 26-30     | 38%                        | 23%   | £20,001 to £30,000     | 18%                        | 9%    | Detached       | 15%                        | 31%   |
| 31-35     | 16%                        | 28%   | £30,001 to £40,000     | 30%                        | 30%   | Semi Detached  | 41%                        | 41%   |
| 36-40     | 9%                         | 20%   | £40,001 to £50,000     | 33%                        | 33%   | Terraced       | 25%                        | 24%   |
| 41-45     | 3%                         | 11%   | £50,001 to £60,000     | 13%                        | 17%   | Other          | 1%                         | 0%    |
| 46-50     | 2%                         | 8%    | £60,001 to £80,000     | 4%                         | 8%    |                |                            |       |
| 51-60     | 2%                         | 4%    | £80,000 to £100,000    | <1%                        | 0%    |                |                            |       |
| Over 60   | <1%                        | 0%    | over £100,000          | 0%                         | 0%    |                |                            |       |

2018/19

| Age Band: | Not an existing home owner |       | Gross Household Income | Not an existing home owner |       | Property Type: | Not an existing home owner |       |
|-----------|----------------------------|-------|------------------------|----------------------------|-------|----------------|----------------------------|-------|
|           | owner                      | owner |                        | owner                      | owner |                | owner                      | owner |
| 18-25     | 31%                        | 8%    | £0 to £20,000          | 2%                         | 2%    | Detached       | 19%                        | 6%    |
| 26-30     | 35%                        | 24%   | £20,001 to £30,000     | 19%                        | 13%   | Flat           | 11%                        | 23%   |
| 31-35     | 18%                        | 27%   | £30,001 to £40,000     | 30%                        | 29%   | Semi Detached  | 38%                        | 48%   |
| 36-40     | 8%                         | 20%   | £40,001 to £50,000     | 30%                        | 32%   | Terraced       | 31%                        | 23%   |
| 41-45     | 4%                         | 9%    | £50,001 to £60,000     | 15%                        | 15%   | Other          | 1%                         | 1%    |
| 46-50     | 2%                         | 6%    | £60,001 to £80,000     | 5%                         | 8%    |                |                            |       |
| 51-60     | 1%                         | 3%    | £80,000 to £100,000    | <1%                        | <1%   |                |                            |       |
| Over 60   | <1%                        | 2%    | over £100,000          | 0%                         | 0%    |                |                            |       |