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First-Time Buyer's Barometer Report



**Bank of
Ireland**

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Research Background:

The First time buyer barometer is an annual research which has been conducted since 2016 by RED C. This research gives a snapshot of the first-time buyers' market in Ireland and the challenges facing First-timers. 2020's research was conducted between November 2nd and 3rd 2020 with 204 people aged 25-45 in the Republic of Ireland who are 'planning to buy or build their first home in the next few years'. Below is the results from last year's survey with comparisons to previous years.





Introduction

For first-time buyers, 2020 was a time of familiar challenges but also a time in which they started to rethink where they wanted to live and what kind of property they would need.

The high cost of buying a home, the long time it takes to save up a mortgage deposit, the amount they have to save each month and the unfortunate necessity to rely on family for additional financial support remained significant challenges for the first-time buyers that we surveyed.

What was different about 2020's research was the impact of Covid-19 with a high number of first-time buyers telling us that they couldn't find suitable

homes where they wanted to live. Another impact of Covid-19 was that a significant numbers of first-time buyers said they were reconsidering the type of property they wanted to buy and its location. This was backed up by a MyHome.ie survey, last year, which showed a huge increase in people looking for rural cottages.

2020's survey also showed an increase in the number of first-time buyers prepared to commute between 21km and 30km to work suggesting that they were considering buying outside of major cities in the countryside.



Saving habits of first-time buyers

Given the cost of buying a first home and the large deposits needed, it was no surprise that a large majority of first-time buyers in our 2020 survey said they had a savings plan in place for the deposit. More revealing, perhaps, was just how long they have been saving with 47% saying they had been saving for between 2 and 5 years.

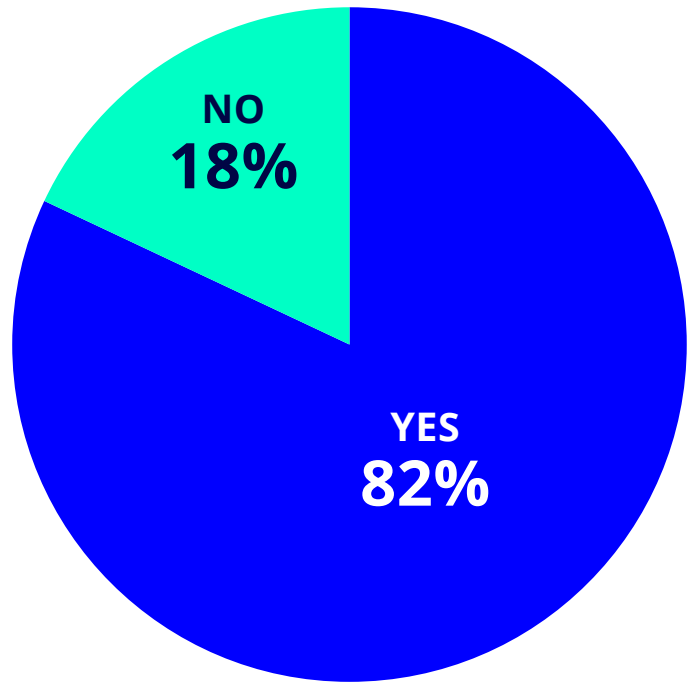
The high cost of a first home means that first-time buyers are using those years of saving to save more than ever. On average, in 2020, first-time

buyers were saving €550 a month) – the highest since we began this survey 5 years ago. And 12% of them said they were saving over €1,000 a month.

Yet despite all their considerable saving over several years, 55% of first-time buyers said they would have to rely on financial help from family or friends to secure their first home. The majority were expecting this would be in the form of a financial gift, rather than a loan

The vast majority of first-time buyers have a savings plan

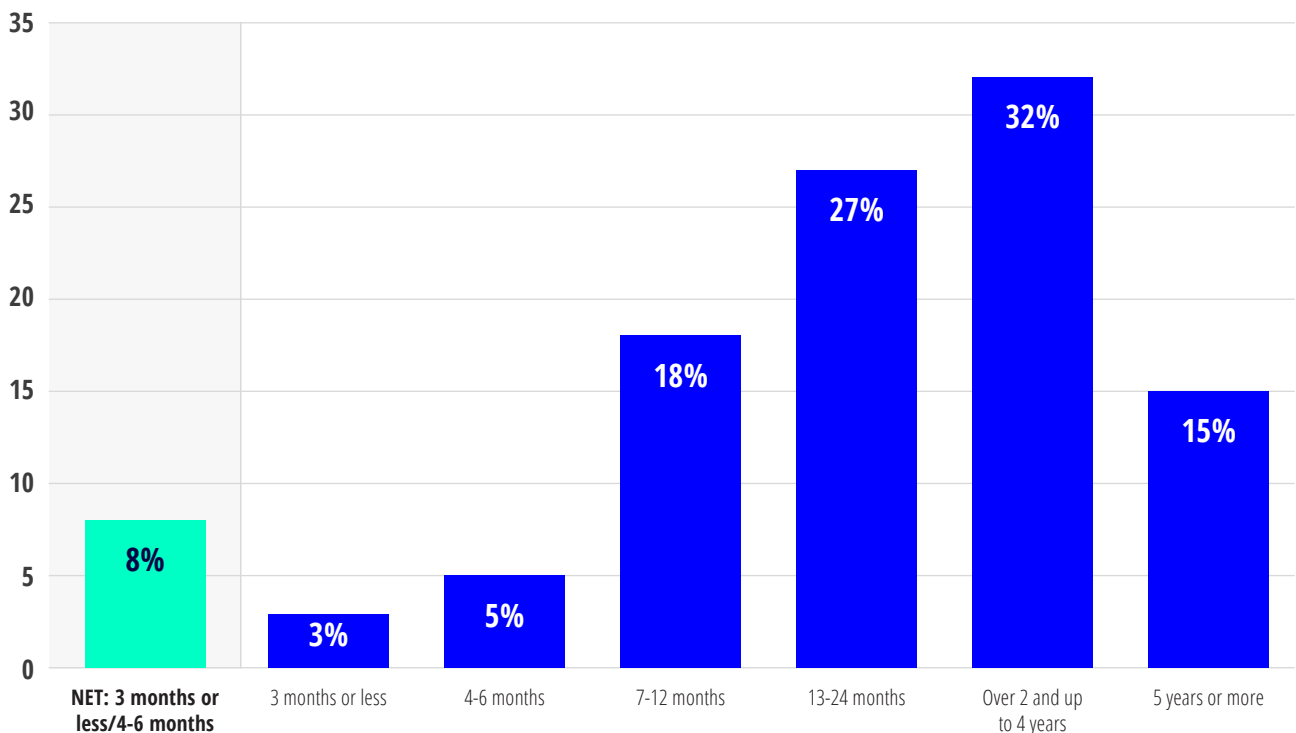
In 2020 the number of first-time buyers who said they had a savings plan in place for their home deposit **increased by 5%**, reversing the **decline of 5% in the 2019** first-time buyer barometer survey.



First-time buyers are saving for longer

In 2020 first-time buyers (**just 8%**) had been saving for just six months or less while **82%** had been saving for over **six months**, among whom the majority (**32%**) have been saving for over **2 to 4 years**.

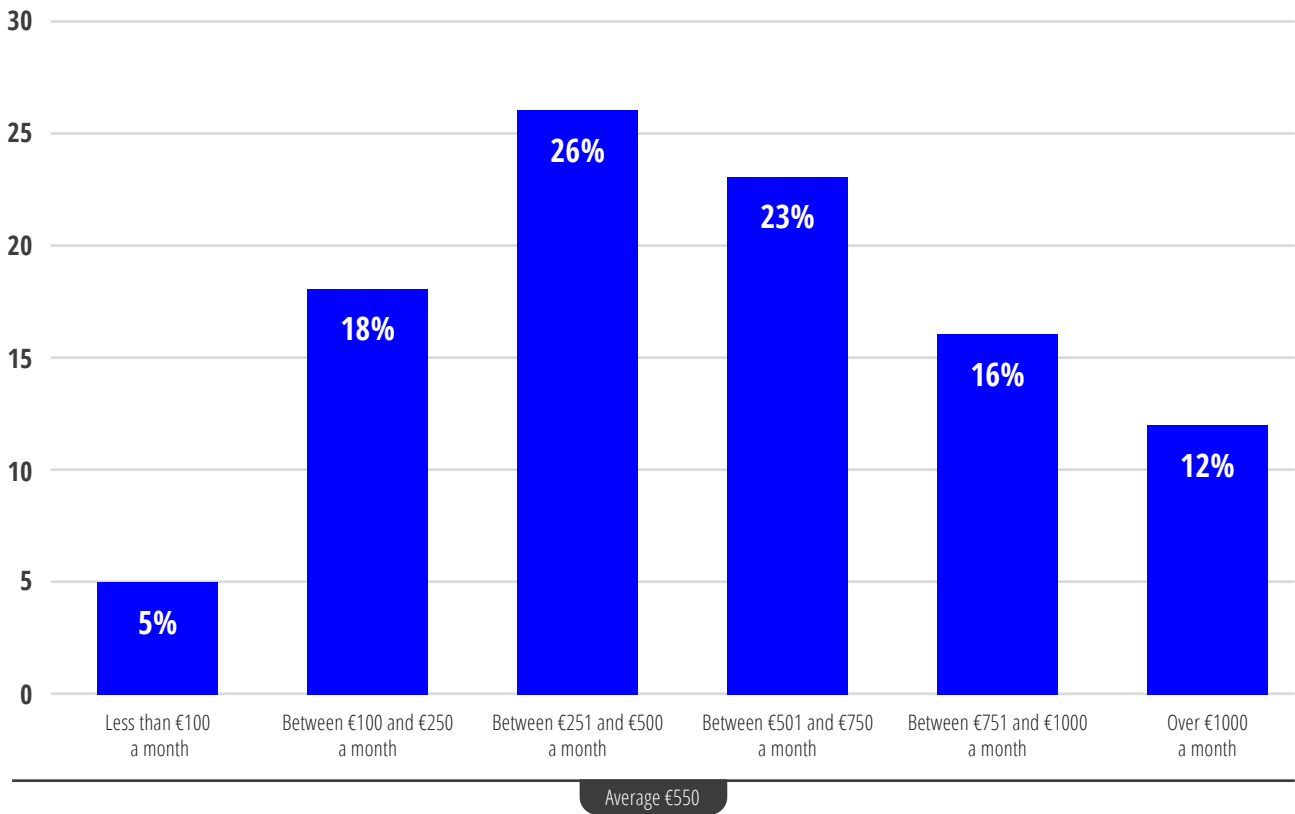
Length of time first-time buyers have been saving in 2020



First-time buyers are saving more than ever

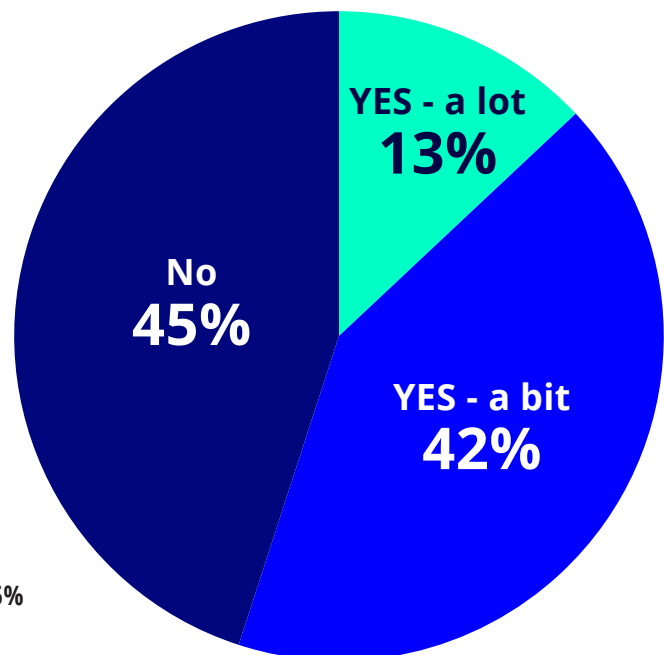
In 2020, the average amount that first-time buyers were saving each month was **€550 up from €538 in 2019** and an all-time high in the five years this survey has been conducted.

Amount first-time buyers are saving a month in 2020



But first-time buyers will still need financial help to buy

Despite saving more than before, most first-time buyers in 2020 still say they will need to get financial help from family or friends to buy a home (**55%**) compared to those who say they won't need to get help (**45%**). And the number saying they would need a bit of help increased by **6%** compared to 2019 results.

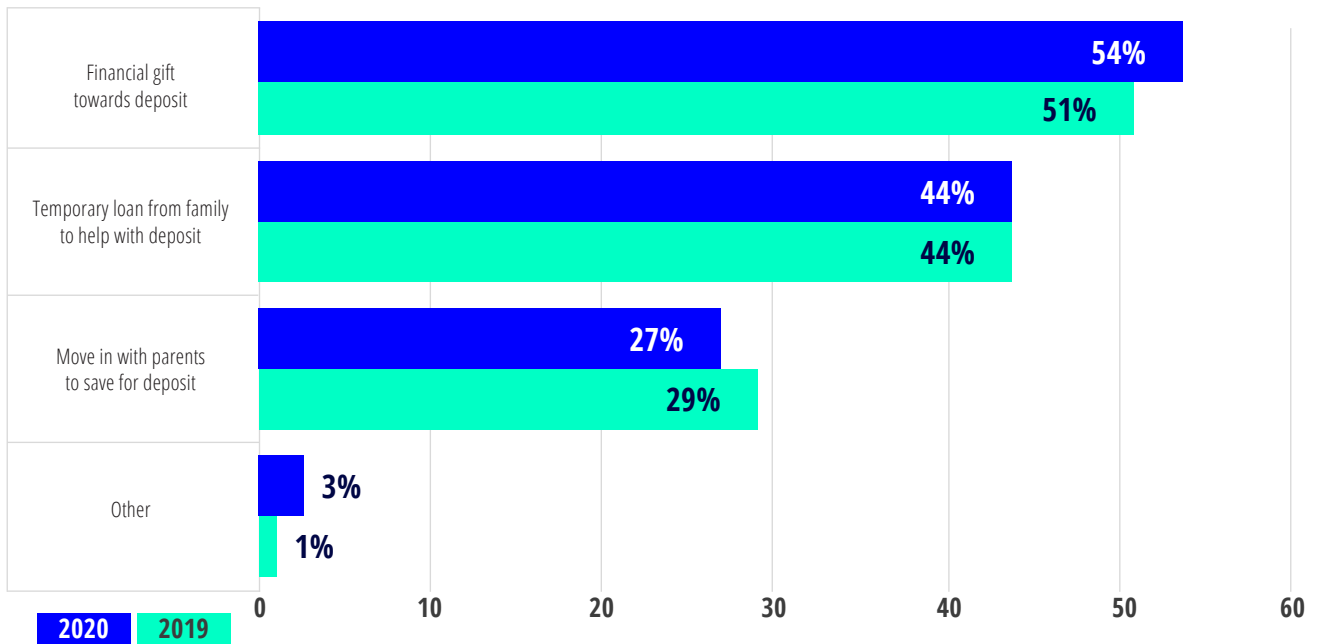


NET YES 55%

Financial gifts are increasingly more common than loans

In 2020, an increasing number of first-time buyers said they would get a financial gift from their family or friends (**up 3% vs 2019 to 54%**) compared to a temporary loan (**44%**) while fewer first-time buyers in 2020 vs 2019 said they would move in with their parents to save for the deposit (**down 2% to 27%**).

Types of financial support being revived by First-time buyers in 2020.



Key findings

2020's study reveals the cost of property remains the single biggest challenge facing first-time buyers in Ireland.



52%

stated the high cost of buying a home is the single biggest challenge



20%

of first-time buyers said supply in areas they desire is an obstacle they face



18%

say saving enough for a deposit is the primary obstacle preventing them from getting on the property ladder.



47%

of Ireland's first-timer buyers have been saving for between 2 and 5 years.



€550

is the average saving a month by first-time buyers in 2020.



55%

of first-time buyers said they would have to rely on financial help from family or friends.



Challenges facing first-time buyers

Unsurprisingly, the majority of our first-time buyers in 2020 agreed that the high cost of property remained the biggest single challenge that stands between them and getting their first home. The high cost of property results in the challenge of saving the deposit for their first home as a large deposit may be needed although this was seen as less of a challenge than in previous years.

Setting aside the considerable financial challenges, the majority of first-time buyers stated the lack of supply of appropriate properties in the areas they were hoping to buy in as the second biggest challenge facing them in 2020, this challenge is now affecting the first-time buyers more than at any time in the past 5 years of this survey.

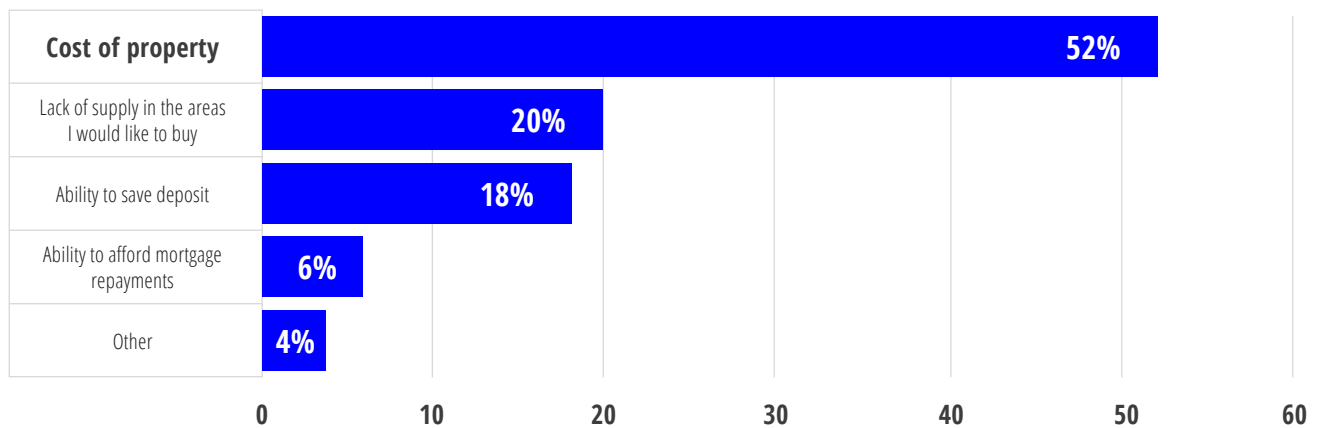
In addition, Covid-19 has impacted us all globally in many ways, this is no different for Ireland's first-time buyers who have been affected in several ways. Just under half (48%) said Covid-19 had delayed their plans to get on the property ladder. Interestingly, the global pandemic has resulted in first-time buyers questioning their choice of first home making them rethink both the type of home they wanted and where it was located.

This trend was supported by data from MyHome.ie who, in Q3 2020, reported a huge increase in searches for cottages in rural areas. General searches went up by 200% while there was a 400% increase in searches for cottages in Kerry, specifically in cottages priced under €100,000.

The price of property remains the biggest challenge

The high cost of property remained the biggest challenge for first-time buyers (**52%**) in 2020 while lack of suitable properties in the areas they want to buy was identified as a challenge by **20%** of buyers. In better news, the ability to save the deposit dropped to **18%** having been as high as **33%** in 2017.

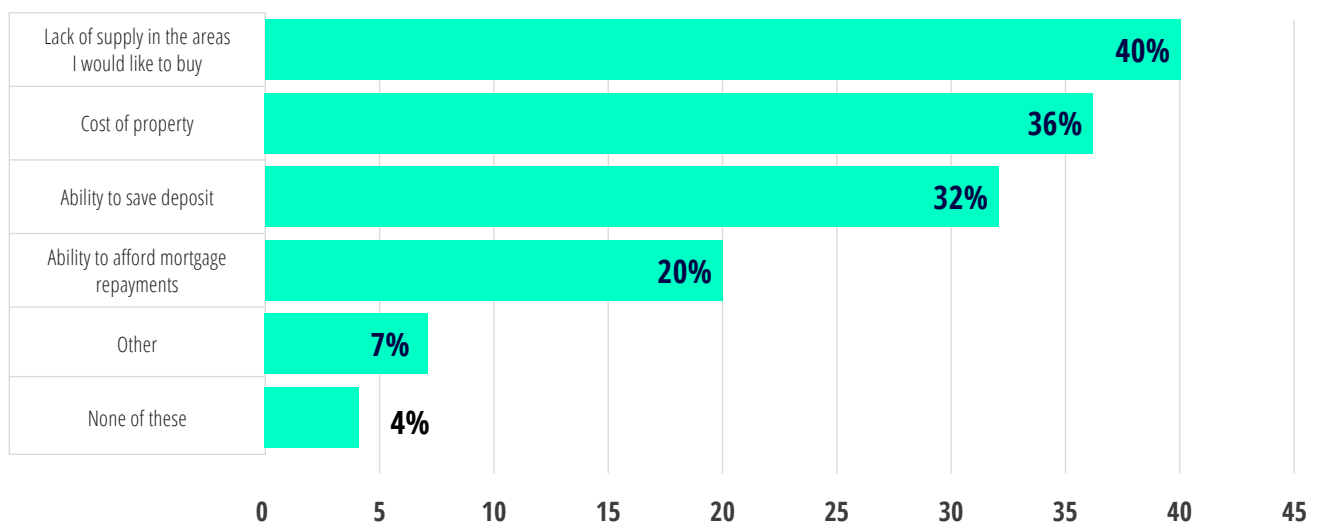
Biggest challenges facing first-time buyers in 2020



First-time buyers are struggling to find suitable properties

40% of first-time buyers in 2020 said they are finding it hard to find the properties they want in the areas they want to live in, a challenge that has grown steadily year on year since our **2017 survey**.

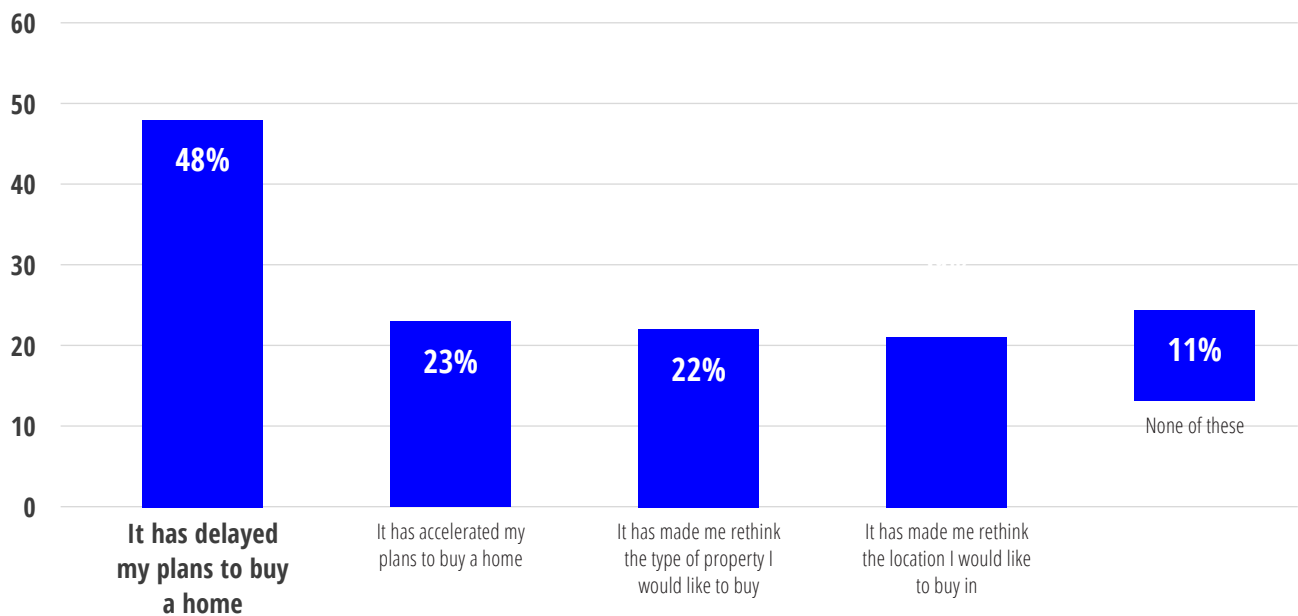
Other challenges facing first-time buyers



Covid-19 has affected first-time buyers' plans

Unsurprisingly, Covid-19 impacted the plans of first-time buyers in 2020 with almost half (**48%**) saying it had delayed their plans to buy a home while **23%** said it had accelerated their plans to buy a home. Interestingly - perhaps driven by the rise in home working and the impact of lockdowns, **22%** said it had made them rethink the type of property they wanted and **21%** said it had made them rethink the location.

Impact of Covid-19 on first-time buyers



Impact of Covid-19 on First-time buyers in 2020



48%

of first-time buyers said Covid-19 has delayed their plans to buy a home.



23%

said Covid-19 has accelerated their plans to buy a home



Property types and location

When asked when they expected to buy, the majority of first-time buyers surveyed in 2020 planned to buy in the next 12 to 24 months but a significant minority said they were expecting to buy within six months - higher than at any time in the last 5 years.

Although Covid-19 has resulted in first-time buyers re-thinking the type of property they wish to buy, the majority still wanted to buy a house rather than an apartment and prefer second-hand houses over a new home or building their own. However, more first-time buyers than before wanted to buy outside of Dublin. As mentioned,

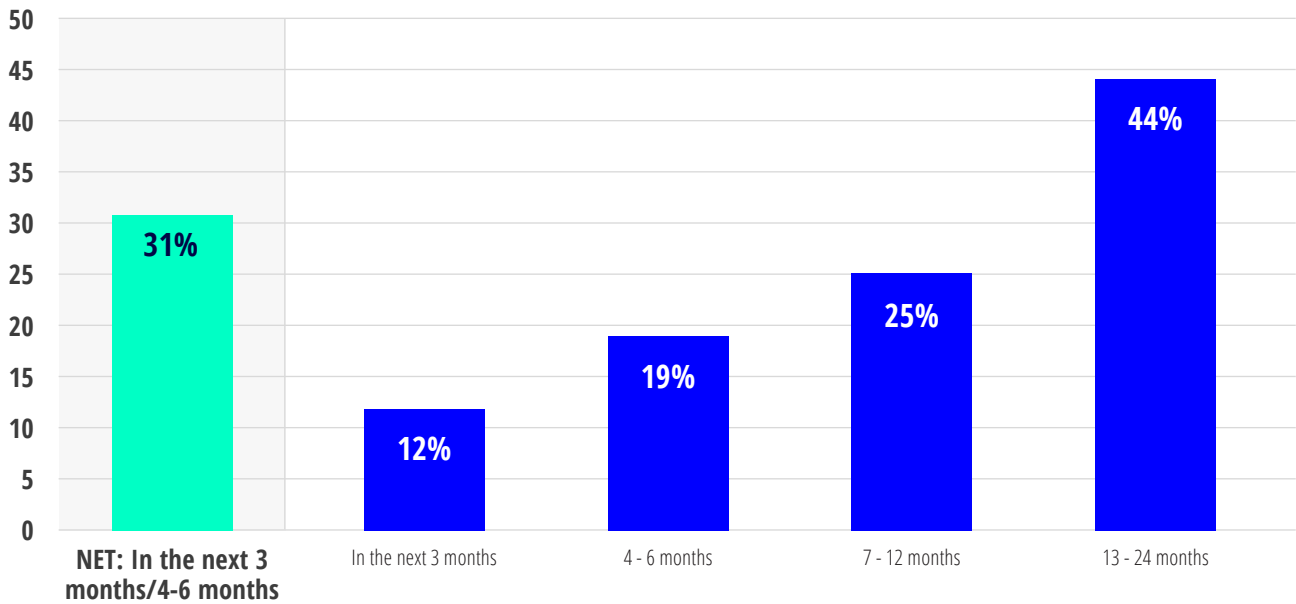
above, MyHome.ie, in Q3 2020, reported a huge increase in searches for cottages in rural areas. With searches up 400% for cottages in Kerry, 300% in Mayo, Cork 250% (but West Cork up 500%) and 200% in Donegal.

Working from home full-time or part-time possibly as a result of Covid-19 meant first-time buyers were much more willing to commute between 21km and 30km to work suggesting that finding a home away from major population areas has become more important to them than the length of their commute.

Most first-time buyers plan to buy in the next 13 to 24 months but...

While **44%** plan to buy in approximately **1 to 2 years'** time, the number that plan to buy sooner - in the next **4-6 months** - rose to **19%**, in 2020 - higher than at any time in the last **5 years**. Meanwhile, the number planning to buy in the next **7-12 months** fell to **25%**.

When first-time buyers in 2020 plan to buy their home

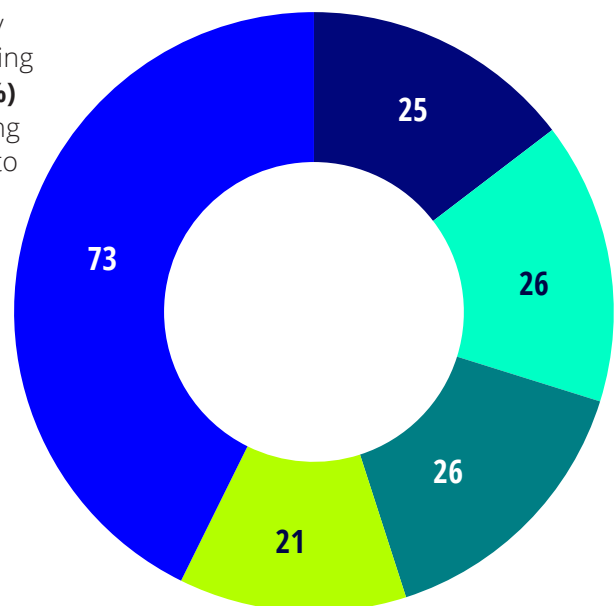


More first-time buyers want to buy outside Dublin

In 2020, the number of first-time buyers wanting to buy outside Dublin hit a **5-year** high of **73%**. Of those wanting to buy outside Dublin, slightly fewer than last year (**26%**) wanted to buy in the rest of Leinster while those wanting to buy in Munster increased by **3%** and those wanting to buy in Connaught/Ulster increased by **3%**.

Base: All FTB aged 25-45
204

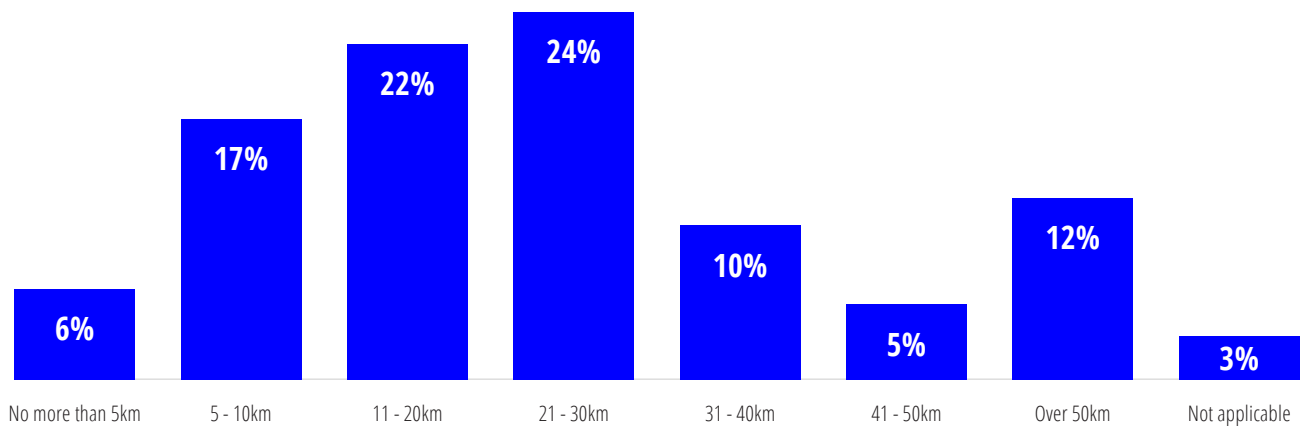
Where are you hoping to buy?



Some first-time buyers are willing to commute further for work

Interestingly, perhaps because first-time buyers said that Covid-19 has made them rethink the locations they would buy a home in 2020, more are willing to commute **21 to 30km** to work and fewer are insisting they will not commute **over 5km**.

Length of commute first-timer buyers are willing to travel to work



Property types and locations



22%

of first-time buyers are reconsidering the type of property they wanted to buy



21%

said that COVID-19 had also made them rethink the location they would like to buy in

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