

Help to Buy (Scotland) Scheme, 2019/20

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 2019/20 financial year, 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 1,946 log forms provided, which represents 94% of all 2,060 Help to Buy sales across the year 2019/20. Whilst this is a 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 2017¹. Information on households purchasing through the scheme in 2016/17 was previously published in June 2018². And information on households purchasing in 2017/18 and 2018/19 was previously published in June 2019³.

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 2019/20:

- 83% of Help to Buy (Scotland) households were first time buyers in 2019/20, an increase on the percentages seen in previous years (66% in September 2013 to March 2016, 73% in 2016/17, 81% in 2017/18 and 82% in 2018/19), and which follows the purchase price cap dropping from £400,000 to £250,000 in October 2014, then to £230,000 in April 2016, and then further to £200,000 in April 2017.
- In 2019/20, 46% of purchasers had previously been living with parents or relatives, 28% in a privately rented property, 15% had been previously living in a property they

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

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

³ <https://www.gov.scot/publications/help-to-buy-scotland-monitoring-characteristics-of-households-report-2017-18-to-2018-19/>

were paying a mortgage on, 9% had lived in social rented housing, 1% lived with friends, and 2% in other accommodation. These are similar figures to those seen previously in 2017/18 and 2018/19.

- 61% of buyers were aged 30 years or under in 2019/20, with 80% aged 35 or under. The average (mean) age was 31 years.
- 61% of purchasing households had a gross household income between £30k and £50k per year.
- Financial information tables⁴ published separately to this report show that the average value of a Help to Buy property purchased in 2019/20 was £175,200, with the average Scottish Government stake being £26,000.
- For purchases involving one named buyer, 47% of purchasers were female and 53% were male. For purchases involving two named buyers, the split of purchasers was 51% female and 49% male.
- Around three-quarters (77%) of purchasers were households without any children in living in the household, with around a quarter (23%) having children.
- There were some 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 2019/20 less likely to be detached (9% in 2019/20 compared with 45% in September 2013 to March 2016), and less likely to be 4 bedroom homes (5% in 2019/20 compared with 34% in September 2013 to March 2016). These trends are likely to reflect the purchase price cap dropping from £400,000 to £250,000 in October 2014, then to £230,000 in April 2016, and then further to £200,000 in April 2017.

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 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

⁴ <https://www.gov.scot/publications/help-to-buy-scotland-monitoring-information-reports/>

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. This drop in the price cap will have impacted on some of the purchase characteristics trends seen over time, for example in the proportion of purchasers who are first time buyers, and in the size and type of property bought.

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 monitoring information presented in this report covers the 2019/20 financial years, in which the scheme had a spend of £53.6m.

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

Separate annual financial monitoring information summarising the number and value of sales in each financial year is published at <https://www.gov.scot/policies/homeowners/help-to-buy/>. This includes information on the average purchase price and average Scottish Government stake for each year.

In June 2020, the Scottish Government published research findings⁵ from an evaluation of the Scottish Government's three shared equity home ownership schemes: Help to Buy (Scotland); New Supply Shared Equity and Open Market Shared Equity.

Characteristics of Households Participating in the Help to Buy (Scotland) Scheme in 2019/20

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 83% in 2019/20, and this proportion has remained relatively stable across all quarterly periods within

⁵ <https://www.gov.scot/publications/evaluation-scottish-government-shared-equity-schemes/>

this year, reaching a high of 87% in quarter 2. These percentages are an increase on the percentages seen in monitoring reports for previous years (66% in September 2013 to March 2016, 73% in 2016/17, 81% in 2017/18 and 82% in 2018/19), and which follows the purchase price cap dropping from £400,000 to £250,000 in October 2014, then to £230,000 in April 2016, and then further to £200,000 in April 2017.

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
2019/20 - Quarter 1	80%	20%	586
2019/20 - Quarter 2	87%	13%	420
2019/20 - Quarter 3	83%	17%	569
2019/20 - Quarter 4	84%	16%	371
2019/20 - Total	83%	17%	1,946

Based on first named purchaser information

In 2019/20, 46% of purchasers had previously been living with parents or relatives, 28% in a privately rented property, 15% had been previously living in a property they were paying a mortgage on, 9% had lived in social rented housing, 1% lived with friends, and 2% in other accommodation. These are similar figures to those seen previously in 2017/18 and 2018/19.

Around 3% of purchasers had been on a social housing waiting list (either a council, housing association or a common housing list), percentages which are broadly similar to previous monitoring reports.

In 2019/20, 52% of purchases involved two named purchasers, with 48% involving one purchaser. The percentage of purchasers involving one purchaser has increased from previous levels seen of 41% in 2017/18 and 45% in 2018/19.

61% of buyers were aged 30 years or under in 2019/20, with 80% aged 35 or under. The average (mean) age was 31 years. Table 2 below provides more detail on the percentage of buyers by each age band.

Table 2: Buyers by age band, 2019/20
(based on first named purchaser)

	2019/20	
	Percent	Number of records
18-25	25%	469
26-30	36%	678
31-35	19%	363
36-40	10%	181
41-45	6%	108
46-50	2%	45
51-60	2%	32
Over 60	1%	14
Total	100%	1,890

For purchases involving one named buyer, 47% of purchasers were female and 53% were male. For purchases involving two named buyers, the split of purchasers was 51% female and 49% male.

Around three-quarters (77%) of purchasers were households without any children in living in the household, with around a quarter (23%) having children.

In terms of household income, 61% of purchasing households 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

	2019/20	
	Percent	Number of records
£0 to £20,000	1%	25
£20,001 to £30,000	14%	266
£30,001 to £40,000	29%	546
£40,001 to £50,000	32%	592
£50,001 to £60,000	16%	302
£60,001 to £80,000	7%	124
£80,000 to £100,000	<1%	<5
Total	100%	1,859

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 2019/20 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, before rising slightly to £42,000 in 2019/20. The longer term trends seen here are broadly consistent with the timing of the lowering of the purchase price cap from £400,000 to £250,000 in October 2014, to £230,000 in April 2016, and then to £200,000 in April 2017, 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
2019/20 - Quarter 1	40,000 - 45,000	41,000	557
2019/20 - Quarter 2	40,000 - 45,000	42,000	407
2019/20 - Quarter 3	40,000 - 45,000	43,000	538
2019/20 - Quarter 4	40,000 - 45,000	42,000	357
2019/20 - Total	40,000 - 45,000	42,000	1,859

Financial information tables⁶ published separately to this report show that the average value of a Help to Buy property purchased in 2019/20 was £175,200, with the average Scottish Government stake being £26,000.

Characteristics of Properties Bought

During 2019/20, 9% of properties bought were detached, 20% were flats, 44% were semi-detached and 27% were terraced.

The percentage of detached properties has decreased over time, with the previous monitoring reports showing higher percentages (45% in September 2013 to March 2016, 31% in 2016/17, 18% in 2017/18 and 13% in 2018/19). Correspondingly, the proportion of properties being semi-detached is now higher than in previous monitoring reports (23% in September 2013 to March 2016, 31% in 2016/17, 41% in 2017/18 and 40% in 2018/19).

The most common size of property is 3 bedroom, which has accounted for 61% of properties in 2019/20. See Table 5 below for figures for each property size category. The proportion of properties being 4 bedrooms at 5% is lower than in previous monitoring reports (34% in September 2013 to March 2016, 26% in 2016/17, 8% in 2017/18 and 6% in 2018/19).

Table 5: Households by numbers of bedrooms

	2019/20	
	Percent	Number of records
1 bedroom	4%	82
2 bedrooms	29%	573
3 bedrooms	61%	1,191
4 bedrooms	5%	98
5 bedrooms	0%	1
Total	100%	1,945

Some of these trends are likely to reflect the purchase price cap dropping from £400,000 to £250,000 in October 2014, then to £230,000 in April 2016, and then further to £200,000 in April 2017.

Profiles of First Time Buyers and Existing Home Owners

There are some 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

⁶ <https://www.gov.scot/publications/help-to-buy-scotland-monitoring-information-reports/>

properties. Table 6 below provides further detailed figures, for example, in 2019/20, 28% of buyers who were not existing homeowners were aged 18-25 years, compared to 11% of existing home owners. Buyers who were existing home owners were also more likely to purchase a detached property (15%) compared with buyers who were not an existing home owner (8%).

Table 8: Profile of buyers by whether an existing home owner or not 2019/20

Age Band:	Not an existing home owner	Existing home owner	Gross Household Income	Not an existing home owner	Existing home owner	Property Type:	Not an existing home owner	Existing home owner
18-25	28%	11%	£0 to £20,000	1%	1%	A Flat	22%	12%
26-30	38%	25%	£20,001 to £30,000	15%	12%	Detached	8%	15%
31-35	18%	27%	£30,001 to £40,000	30%	27%	Semi Detached	42%	48%
36-40	8%	16%	£40,001 to £50,000	31%	36%	Terraced	27%	24%
41-45	5%	9%	£50,001 to £60,000	16%	15%	Other	1%	1%
46-50	2%	6%	£60,001 to £80,000	6%	8%			
51-60	1%	4%	£80,000 to £100,000	0%	0%			
Over 60	0%	2%	over £100,000	0%	0%			