

PRIVATE RENTERS FACE 15-YEAR WAIT TO SAVE AVERAGE HOUSE DEPOSIT

Based on current average saving levels, it would take private renters 15 years to save enough for the average deposit on a house - two years longer than in 2013 - according to new research from Scottish Widows.

The average private renter saved £2,090 in the last year, according to the eighth annual Scottish Widows Savings Report, based on a survey of more than 5,000 UK adults. If the nation's renters keep up this rate of saving – and average first-time buyer deposits stay at their current level or increase with inflation – it would take 15 years to accumulate the average first-time buyer deposit of £30,943ⁱ.

An average private renter looking to buy a property in London faces nearly double the wait, having to save for 27 years in order to achieve the average first-time buyer deposit of £56,183 for a home in the capital.

Due to rising house prices, and the high cost of living and renting, property ownership increasingly seems like a distant dream for many renters. The research suggests that some may have given up on property ownership altogether, with only one in 10 private renters (13%) saving specifically to get on the housing ladder.

For others, saving anything at all is a struggle, with a third (33%) of private renters not currently putting any money aside and 29% having no savings whatsoever.

There is some light at the end of the tunnel however: Those planning to use the Government's Help to Buy initiative this year have saved on average £9,590ⁱⁱ to put towards a deposit, which would take four and a half years to save for at current levels, cutting the wait down significantly.

David Lascelles, savings expert at Scottish Widows, said: "While the Help to Buy scheme has no doubt cut down the amount of time you have to wait to buy your own home, and has provided support to over 22,475 households so farⁱⁱⁱ, many renters are still facing an uphill struggle to get a foot on the property ladder, or even just to put money aside for the future.

"Home ownership may not be part of everyone's plans, but it is vital to build up good savings habits in the here and now to see you through unforeseen events and other life milestones. Faced with high living costs, squirreling money away may sometimes seem unfeasible, but there are plenty of simple budgeting tools and tricks available from money advice centres and sites that can help renters get started."

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Notes to editors:

- Scottish Widows was founded in 1815 as Scotland's first mutual life office and is one of the most recognised brands in the life, pensions and investment industry in the UK.
- The eighth annual Scottish Widows Savings and Investments report takes an in-depth look at the habits and attitudes of the UK adult population in order to identify the implications for this emerging generation of non-savers.
- The survey was carried out online by YouGov who interviewed a total of 5,221 adults between the 30th October and 8th November 2013. The figures have been weighted and are representative of all UK adults (aged 18+).

ⁱ Halifax, January 2014

ⁱⁱ Experian, January 2014

ⁱⁱⁱ National Audit Office, March 2014