

# First-time buyers still seeking mortgages



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**Press Release Summary: Despite the issues in the housing and mortgage markets, many thousands of people are still going ahead and buying their first property.**

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Press Release Body: As experts name 2010 as the year house prices may start to recover, financial solutions company **Think Money** points out that buying a home is still widely regarded as a positive move, with 17,300 loans granted to first-time buyers in July, according to Council of Mortgage Lenders figures.

Despite the difficulties in the mortgage market, and despite worries about the future of house prices, recent research carried out by the **Co-operative Bank** and **Places for People** revealed that the majority (54%) of first-time buyers questioned felt that renting was 'throwing money down the drain'.

"Whatever issues the housing and mortgage markets is facing," said a **Think Money** spokesperson, "it seems British consumers are still very much aware of the benefits of homeownership – and the drawbacks of the alternatives."

However worrying the thought of losing money on a property, it's important to remember that the alternative isn't free: "While homeowners face a possible (or in today's market, probable) loss on their property, anyone renting a property can be certain their rent money is gone for good. Plus, the cyclical nature of the housing market means a homeowner's loss is likely to be only temporary, as long as they're not forced to sell before house prices recover."

These factors go a long way toward explaining why so many tenants remain determined to become homeowners despite the troubles in the mortgage market.

"Assuming the Nationwide Building Society's chief executive Graham Beale is right and we see signs of recovery in the housing market in 2010, it clearly makes sense for would-be first-time buyers to keep a close eye on house prices, the [mortgage](#) market, and available properties. It's true that they may be able to buy for a lower price if they wait longer, but it's also possible that house prices will pick up sooner and faster than anyone expects, in which case they could end up 'missing the boat' and paying more."

Furthermore, recent data from the Council of Mortgage Lenders reveals that the average first-time buyer is laying down a deposit of over £19,000 – 15% of the property's value. "This is an interesting figure, for two reasons," the Think Money spokesperson commented. "First, it indicates that the average first-time buyer is buying a property now worth around £125,000. Second, if (as Graham Beale predicts) the peak-to-trough drop turns out to be around 25%, an average 'first-time buyer' property could drop further, to around £105,000.

"These are only approximate 'ball-park' figures, but that £20,000 drop from today's prices is only around £5,000 more than the cost of spending £600 per month on rent for the next two years.

"Although £5,000 is a lot of money, it seems many first-time buyers do see this as a price worth paying to own a property which should then start appreciating in value. For thousands of tenants, the problems in today's housing market clearly represent an opportunity to

get a foot on the housing ladder which they don't feel they can pass up  
– as long as they can find a mortgage.”

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