

**10 February 2006**

**GRADUATE FIRST TIME BUYERS HAVE BORROWED UP TO £2 BILLION\* FROM THE BANK  
OF MUM AND DAD IN THE LAST FIVE YEARS**

- Over a third of graduates have had to rely on gifts or borrowing from their parents to fund the deposit on their first home
- A quarter of graduates who don't own their own home still live with their parents rent free

Research from Scottish Widows Bank reveals that over half a million graduates in the last five years have had to rely on the bank of Mum and Dad to get on the housing ladder. Over one in three graduate first time buyers had to rely on a gift from their parents to fund their initial deposit.

Not only do graduates have to rely on their parents to fund their deposit but they often have to lean on them for accommodation when they first leave university. Over a quarter of non home-owning graduates that left university within the last two years live with their parents rent free and almost one in ten graduates who left university five years ago still live with their parents rent free.

Murdo McHardy, Head of Product Development and Marketing at Scottish Widows Bank commented:

"It is clear that there is an ongoing struggle for graduates to take that first step onto the housing ladder and, with house prices at historically high levels, it's not getting any easier. Even those graduates that have been working for several years are forced to borrow money from their friends and family. However there are real alternatives to relying on handouts or loans from the bank of Mum and Dad. Graduates have the option to get a 100% mortgage or even have their parents act as guarantors."

Whereas buying a house used to be a key priority for graduates it is now such an unrealistic prospect for many graduates that they no longer rate it as an event that is likely to happen to them in the near future. One in 14 graduates that do not own their own home got married before any other major life event. One in seven graduates who have not experienced a major life event think that they will get married before buying their own home.

**YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT.**

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Murdo McHardy, Head of Product Development and Marketing at Scottish Widows Bank comments further:

“It is interesting how much people’s attitudes have changed in the past few years. It was not long ago that people would buy a house as a priority in their early twenties. Having children and getting married seem to be a less daunting prospect for many graduates than buying a house when in reality it is much more accessible than they may think.”

Almost a quarter of graduates (21%) that do not own their own home say a gift from their friends or family would most help them buy their first home. Graduates believe the following would most help them get on the property ladder:

- A third say not needing a deposit;
- Almost a third (29%) say consideration of future earning potential;
- A third say lenders lending amounts more than three times their salary;
- A fifth say student loan debt not affecting the lenders decision.

**ENDS**

#### **NOTES TO EDITORS**

The headline figure of £2 billion is based on the total amount that graduates have borrowed from their parents in the last five years. We reached this figure by totalling up the number of graduates from the last two years – 598,455 (figures provided by the Department of Education and Skills). Six percent of graduates from the last two years have borrowed from their parents (35,906), multiplied by 12% (the average first time buyer deposit according to CML) of £132,112 (the average first time buyer home figure provided by CML) and reached the figure of **£0.56 billion**.

The same principle was used to calculate the amount the graduates from the last three to five years have borrowed from their parents. 805,800 people graduated between 2000-2003. One in five (19%) of graduates from the last three to five years have borrowed from their parents and this figure was put into thousands, multiplied by 10% (the average first time buyer deposit according to CML) of £94,561 (the average first time buyer home figure provided by CML) and reached the figure of £1.45 billion. These two figures were then totalled to create the headline figure of **£2 billion**.

Research was conducted online by YouGov from 4<sup>th</sup> to 7<sup>th</sup> October 2005 with a sample of 1498 graduates aged between 21 and 35.

Scottish Widows has a range of mortgage products specifically designed to cater for graduates and first time buyers:

- 102% Graduate Mortgage with or without guarantor option
- 110% Professional Mortgage, with or without guarantor option
- Choice of fixed, discount or tracker rates

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