

Co-operative Financial Services



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“WE’RE DOING IT FOR THE KIDS” ..or should it be ‘for the daughters?’ asks The Co-operative Bank

When it comes to getting onto the property ladder, daughters are beating sons in the battle for the parental pound. Research released today from Co-operative Bank mortgage services shows that daughters receive 72 per cent more than their male counterparts in monetary support from parents.

Daughters can bank on an average of £7,240 worth of financial help when buying their first home – around £3,000 more than unlucky sons, who can expect an average of £4,200. In addition, up to four times as many females than males have received as much as £20,000 from mum and dad to help them to take their first step onto the ladder.

Recent figures show that the number of first time buyers needing more than just their savings to fund a deposit has risen from less than 10 per cent in 1995 to almost 50 per cent in 2005.* Our research shows that 61 per cent of women receive parental help toward this deposit, compared to 44 per cent of men. However, this assistance can often come at a cost, with parents wanting to be more involved in the buying process of their daughters.

Nearly a third (31 per cent) insist on approving the area in which daughters are choosing to buy, compared to fewer than two in ten for sons, and two fifths want to okay the property their daughters choose, compared to just a quarter for sons. However, perhaps mindful of their boy’s dubious tastes, twice as many parents want some say in the décor of their son’s first home, than their daughter’s.

David Newman, Director of Marketing Management at The Co-operative Bank said: “Many first time buyers rely on help from mum and dad to get onto the property ladder. Much has been written recently about parents that fund deposits, but our research has found that help comes in many different forms, from those who are willing to be guarantors to those who help to fund furnishings, and other important DIY and building work.”

Nearly half (48 per cent) of all first time buyers who have parental help receive it in the form of assistance with deposits. Buying furniture or furnishings is also popular with 46 per cent benefiting from trips to Ikea, and more than two fifths (21 per cent) get financial help with DIY work from mum and dad. Other aspects of parental contribution include covering legal fees, paying off their children's other debts and even paying the mortgage.

For the majority this help is not something they will have to pay back, with four fifths of parents not expecting any repayment of their outlay. However, an unlucky 1 in 10 kids will have to repay the amount in full, with a further two per cent also expected to stump up a share of any profits.

David Newman continued: "It is encouraging to see that, by helping their children out, parents are ensuring that they can buy their first property much quicker than they would otherwise have been able to. It is also interesting to note that, considering the recent focus on the pay gap that remains between the genders, women are now winning one financial battle over their male counterparts."

However, suburban or country mum and dad are getting a return on their investment by treating their urban kids' place like a hotel. Nearly half of parents (47 per cent) drop by whenever they like, one in ten bring friends to stay or visit, and the same number bed down with the youngsters when going on or coming back from holiday.

But it's a small price to pay for help in getting on the property ladder. Almost three quarters of first time buyers (72 per cent) estimated it would take two or more years to get to the same financial position if they had not had help from their parents, and three in 10 think it would take more than five years to achieve.

The Co-operative Bank launched its first time buyer mortgage service in October 2005. The specialised service includes a unique 'mortgage minder' telephone service where the application is handled by one dedicated person from start to finish, and a range of tailored products such as; no deposit, parental guarantor, and graduate mortgages are also available.

Ends

Notes to Editors

- * CML Housing Finance 03/2006
- Coleman Parks conducted the research in February 2006
- ISDN facilities are available for broadcast media interviews
- Further regional data is available

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