



Home Ownership Attitudes and Aspirations

A SURVEY OF LONDON & THE SOUTH EAST | SUMMER/AUTUMN 2018



Introduction

Average house prices in London have increased by 95%* over the past 10 years and now, despite a fall in recent months, stand at over 14 times the average salary. Across the wider South East the picture remains similar, with house prices having risen by around 65%.

Rents across the capital have also increased by 25%** over the same period and now stand at an average of around £1,500*** a month for a two-bedroom property. Outside of London, the rental landscape across the South East varies, yet average rents remain high with the same two-bed property costing around £800 a month.

The Government's Help to Buy scheme has without doubt helped first time buyers get on to the property ladder and will continue to play an important role.

But still, home ownership remains out of reach for many living and working in London and the South East. In London alone, it is estimated that by 2025 60% of people will live in rented accommodation – called 'Generation Rent'.

The market is responding. New ways to buy and rent a home are emerging, from co-living schemes through to large-scale investment from institutional funds in Build-to-Rent projects.

Collyer Bristow, in an attempt to better understand the hopes and aspirations of would-be homeowners and renters, has commissioned the Home Ownership Attitudes and Aspirations Survey.

We surveyed a panel of 424 people aged between 20 and 44 in June and July 2018 to explore their hopes and aspirations towards home ownership.

We also asked other industry experts to comment on the findings.

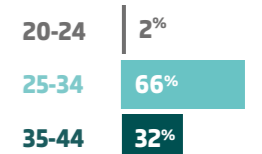
Survey sample demographics

424

Sample size



Age ranges



* UK House Price Index, July 2018

** Rightmove.co.uk, Rental Price Tracker

*** Valuation Office Agency - Private Rental Market Summary Statistics

Home ownership aspirations

29% do not believe home ownership is a realistic achievement in the next five years

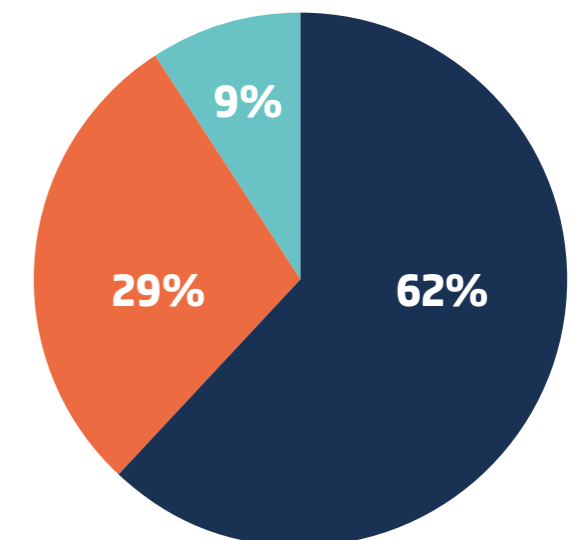
Amongst those who are not current homeowners, home ownership within a five-year window remains the ultimate goal for well over half (62%) of individuals surveyed. Interestingly, more men (73%) aspire to own their own home than women (57%).

However, 29% do not believe home ownership is a realistic achievement in the next five years, with 9% saying that they have no aspiration to buy a home at all.

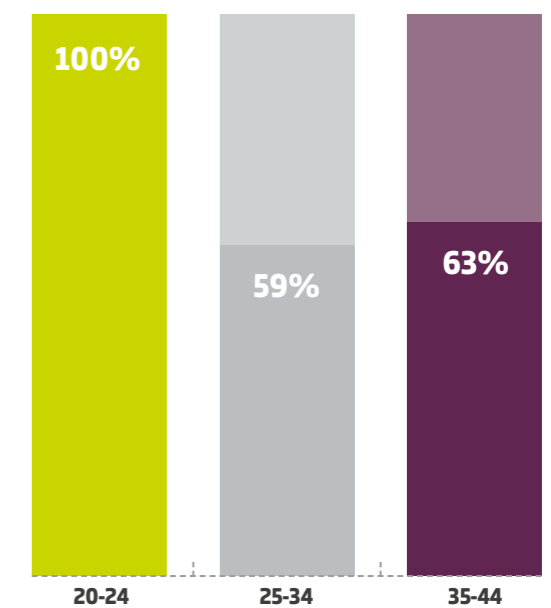
Across the age ranges, home ownership aspirations change dramatically, with 100% of 20-24 year olds surveyed hoping to own a home, falling to 59% for 25-34 year olds, rising slightly to 63% for 35-44 year olds.

Home ownership aspiration within the next five years

- Ultimate goal
- Not a realistic goal
- No aspiration to buy a home



Home ownership aspiration by age range



62% aim to own their own home within five years



“Parental assistance in buying a home is now common across the full spectrum of clients and property values and is not confined to just the under 30s. For everyone involved to reap the full benefit it is essential to structure the gift or loan with care to attract the best tax treatment, to dovetail it with any other sources of finance being used on the purchase and to protect all parties if circumstances change.”

Janet Armstrong-Fox
Head of Private Client Property
Collyer Bristow

Buying a home

Our survey asked those who had purchased a home how it was funded. We also asked those intending to buy a home in the next five years how they planned to fund that purchase.

The ‘Bank of Mum and Dad’ is important in both instances, with 32% having received help with the purchase of their home and 40% saying they will turn to their parents for support. Unsurprisingly, given higher house prices, London buyers tend to rely on the ‘Bank of Mum and Dad’ more (33%) than those across the wider South East (28%).

Personal and joint savings remain, however, the most common way to buy a home. 63% of those that have purchased a home and 62% of those that intend to buy a home will or have done so using their own savings.

Help to Buy remains important, with 23% only able to get on to the property ladder through the Government’s scheme.

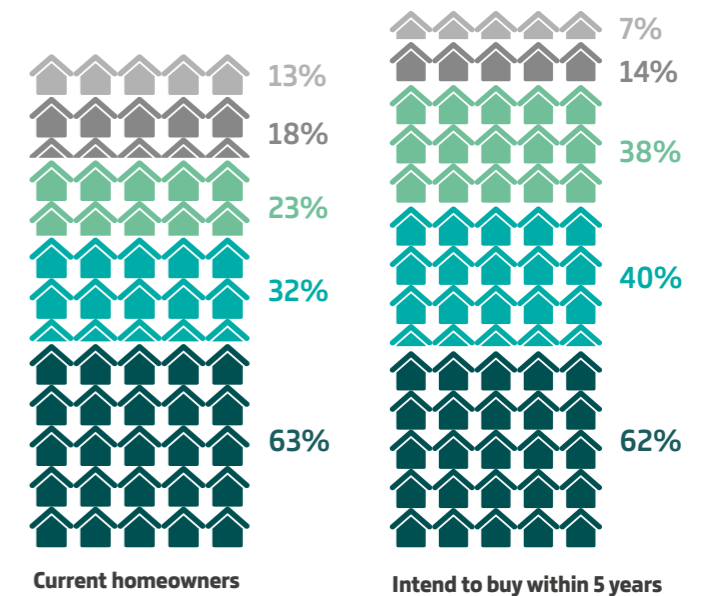
Interestingly, our survey also found that 13% inherited property and a further 18% inherited funds that enabled a property purchase. Similarly, 7% expect to inherit property and a further 14% expect to inherit funds to allow them to buy a home in the next five years. Both figures are much higher than expected.

Our survey then asked those that had not yet purchased their own home, nor plan to in the next five years, to prioritise their spending. Our graphic here shows what is most important to male and female respondents.

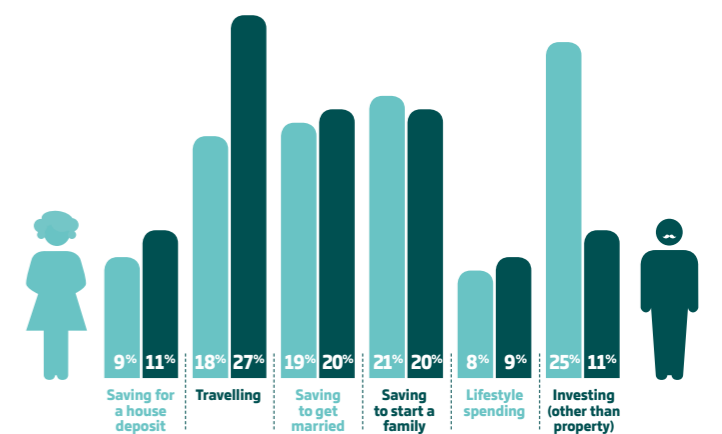
There is a stark difference between our male and female respondents, with 27% of men listing travelling as a priority compared with just 18% of women. On the other hand, 25% of women chose investing (other than property) as a main priority, compared with just 11% of men.

Funding of home purchases

- Personal/ joint savings
- Help from parents/ family
- Shared ownership/ Help to Buy
- Inherited funds
- Inherited property



Non-homeowners





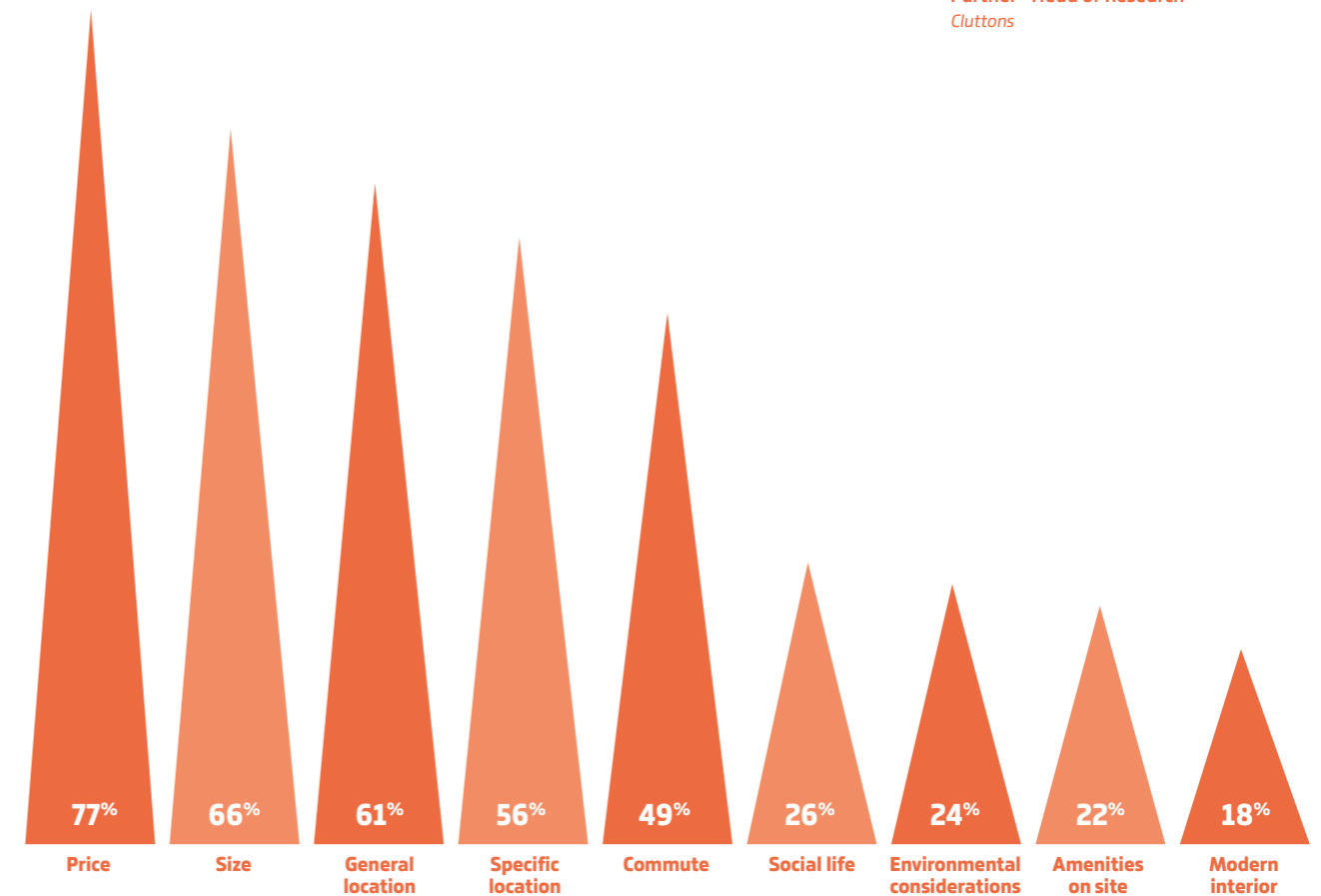
77% placed price as a high priority

Price, Price, Price

The key to unlocking a new home is no longer 'location, location, location' but 'price, price, price'. 77% of our panel placed price as high priority followed by size (66%) ahead of location (61%). Commute to and from work remains important to 49%. Social life and environmental considerations are relatively unimportant, with just 24% and 22% saying they were a high priority in their choice.

"It is no surprise to see price sensitivity emerge as the most important factor for home buyers. Based on residential deals across London, we know the most expensive place to purchase a home is in the borough of Westminster, where average transacted prices stand at a staggering 75 times median incomes, making home ownership unattainable for the vast majority of ordinary Londoners."

Faisal Durrani
Partner - Head of Research
Cluttons



Order of priority when choosing a new home

Co-Living – its time is yet to come

Co-living schemes are developments where occupiers rent a room or small suite, with extensive communal space and facilities, supported by a programme of life-style events.

Whilst just 1% of our panel is living in a co-living scheme, 74% would consider co-living at some point in the future.

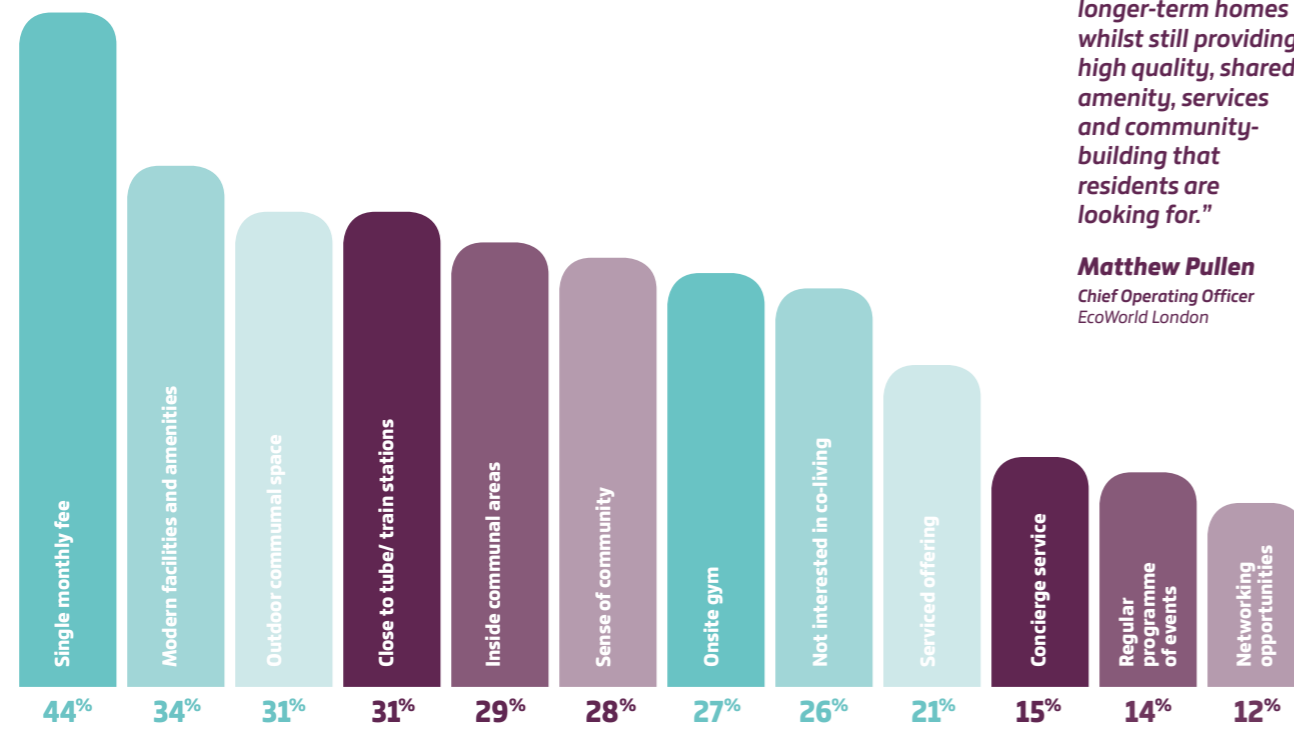
Co-living spaces do not just appeal to the 20-somethings starting their housing journey. Our survey found that they appeal almost equally to men (78%) and women (70%) and equally to 20-24-year olds (69%), 25-34-year olds (76%) and to 35-44-year olds (70%).

The major attraction behind co-living schemes is the single monthly fee with no hidden costs. Location, modern facilities and outdoor space are all key considerations. Concierge services and networking events are considered the least important.

“The co-living concept is driven by the idea that residents feel that the whole building is their home rather than just their own room, so private rooms can be just 25% of the minimum sizes that are required for studio apartments for sale.

As Build-to-Rent starts to gain its own identity in planning policy it has the potential to bridge the gap between co-living and housing for sale. It can offer longer-term homes whilst still providing high quality, shared amenity, services and community-building that residents are looking for.”

Matthew Pullen
Chief Operating Officer
EcoWorld London



Desirable aspects of co-living

Concluding thoughts

Home ownership remains the preferred option for many people living and working in London and the South East. Whilst house prices have fallen slightly this year, ever-increasing prices are forcing home buyers to wait longer before stepping on to the ladder. It is also forcing would-be homeowners into considering other options.

This is starkly shown in our survey. 100% of 20-24 year olds surveyed said they hope to own their own home, falling to 59% for 25-34 year olds, rising slightly to 63% for 35-44 year olds. The hopes of youth are perhaps dimmed when faced with the realities of buying a home, only to rise again when starting a family.

New tenures of home ownership are emerging. Institutional investors are investing ever increasing amounts into the UK rental market, developing dedicated Build-to-Rent schemes. They will create quality homes with transparent pricing that will, over time, change the shape of the rental market.

Sitting alongside this professional rental market are co-living schemes. Whilst in their infancy, co-living schemes appeal to young professionals both in London and other urban environments across the South East with their echoes of student accommodation. The key to their success, however, sits in the very best indoor and outdoor facilities and a curated offer of lifestyle experiences all wrapped up in one transparent monthly fee. To maintain such an offer places a high burden on scheme operators with occupiers all too easily able to walk out of the door if they get bored.

“The findings suggest that we will continue to see a rise in the number of people choosing to rent for extended periods of their lives, rather than the traditional model of buying their first property in their twenties. However, the aspiration for most is ultimately still home ownership and it will be interesting to see how developers, investors and landlords adjust to these needs going forward. We aim to repeat this survey on an annual basis and look forward to seeing how this plays out.”

Alex O'Connor
Partner, Commercial
Real Estate
Collyer Bristow



A photograph of an outdoor patio area. In the center, there is a round wooden table with a dark metal frame, surrounded by three matching wooden chairs with dark metal frames. On the table, there is a small white pot containing several small cacti. The patio is paved with large, irregular stone tiles. In the background, there is a dense wall of green foliage, including palm trees and other tropical plants. The lighting is bright, suggesting a sunny day.

For more information please contact us on +44 (0) 20 7242 7363

4 Bedford Row, London WC1R 4TF, United Kingdom

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