

17/06/2013

UNDER EMBARGO UNTIL 00:01 ON MONDAY 17th JUNE 2013

The Halifax Generation Rent Report is the largest research project of its kind in the UK. It provides ongoing insight and in-depth analysis into the attitudes and behaviour of young people towards homeownership since the credit crunch. This is the third annual report and contains data from over 24,000 20-45 year olds and 2000 parents with children aged between 20-45 years old.

1 in 3 gives up dream of buying a home within 3 years

Generation Rent: Attitudes towards homeownership start to change

Young people remain pessimistic about their chances of getting on the property ladder, with only a third prepared to save for a deposit for more than three years before abandoning their plans, according to the third annual **Generation Rent** report from Halifax.

With the average deposit paid by first-time buyers in the first quarter of the year at £26,956¹, the latest report reveals the ongoing struggle to take the first step onto the property ladder. However, the report finds the issues currently facing those looking to get onto the property ladder are such that there is a danger of splitting the UK in two: between those who can and cannot afford to buy a home.

Key highlights from the report² include:

- 71% of 20-45 year olds anticipate that country is in danger of being divided by social and economic differences between homeowners and non-homeowners.
- Over half (52%) predict Britain will become a nation of renters within the next generation.
- One in three (31%) are only prepared to save for three years to build up the deposit on their first home.
- A fifth (21%) of non-homeowners aged 20-45 have already given up on the prospect of owning a property – this rises to 43% among 40-45 year olds.
- 57% of non-homeowners are concerned they will be unable to retire if they have to rent all their life. A similar proportion believe people can never feel fully settled in rented property.
- 47% think it is important for parents to bring up children in a home that they own, not rent.
- The Bank of Mum and Dad remain heavily burdened; with nearly a third (30%) concerned the support they have provided may affect their own financial future.
- 29% of 20-45 year olds who don't own their home and have no plans to get on the property ladder.

¹ CML data: average first-time buyer deposit in Q1 2013

² The 2013 Report is based on the responses of 8,051 20-45 year olds

For further information please contact:

Halifax Press Team:

Emma Varty: 01902 325180 / 07824471951 emmavarty@halifax.co.uk

Lauren Jones: 01422 394360 / 07825 584900 laurenjones@halifax.co.uk

Shella Ali: 0207 356 2017 / 07795 611154 shella.ali@lloydsbanking.com

Ben Marquand: 01422 332833 / 0788 1311199 ben.marquand@halifax.co.uk

17/06/2013

Commenting, Craig McKinlay, Mortgages Director at Halifax said:

"We are seeing a change in the social landscape of the UK, with a widening split between those who can and cannot afford to buy a home.

"Homeownership is clearly still an important goal for a lot of people, but fewer and fewer people consider it to be something they'll be able to achieve. Renters say they never feel properly settled and fear they will struggle to retire, so the social impact of this shift is significant. More needs to be done to redress the balance, both through making homeownership more accessible and offering more stability through the rental sector."

Giving up the dream – the three-year itch

Almost a third (31%) of 20-45 year olds said that they would only be prepared to save for three years to raise the necessary house purchase deposit. However, with the average first-time buyer deposit paid in the UK £26,956³, more than a third (35%) say that they currently cannot afford to save anything and admit they are reliant on a windfall, bonus or an early inheritance to get the necessary deposit. Just 15% feel they are able to put aside more than £50 a month towards a deposit.

As a result of the documented issues surrounding deposits, just 16% have a realistic plan to buy a home within the next three to five years.

Homeownership remains key aspiration

Two thirds (66%) of young people believe that buying a house means people are more settled in their environment – a fact potentially exacerbated by the UK norm of relatively short rental agreements of six months. Indeed, the impact on personal and family life also continues to drive ownership aspirations. Nearly half (47%) feel it is important for parents to start a family in a home that they own rather than rent, and longer term, 57% fear that without a foothold on the property ladder they will be unable to retire.

The Government, the Bank, and Mum and Dad

The report also reveals a lack of understanding of the support available to first-time buyers through the Government schemes such as NewBuy and Help to Buy. While many welcome the schemes, more than one in three (40%) do not know if they will help.

Craig McKinlay adds:

"First-time buyers need to commit to making their dreams a reality – which might mean saving for more than three years. However, there are now some very real options for people with smaller deposits. Teamed with substantial rate cuts in recent years, now is a good time to be a first-time buyer. The new schemes have already helped to improve both mortgage accessibility and affordability, and at Halifax

³ CML data : Average first-time buyer deposit in Q1 2013

For further information please contact:

Halifax Press Team:

Emma Varty: 01902 325180 / 07824471951 emmavarty@halifax.co.uk

Lauren Jones: 01422 394360 / 07825 584900 laurenjones@halifax.co.uk

Shella Ali: 0207 356 2017 / 07795 611154 shella.ali@lloydsbanking.com

Ben Marquand: 01422 332833 / 0788 1311199 ben.marquand@halifax.co.uk

Press Release



17/06/2013

we approve 9 out of 10 mortgage applications from first-time buyers⁴. It's clear that the next step is to ensure potential buyers have all the information they need."

Despite the launch of the schemes, many continue to turn to the Bank of Mum and Dad. Nearly a third (31%) of parents have dipped into their savings to help their children buy a property, 12% have given their child some or all of their inheritance early, and 6% have dipped into their retirement fund. Among this group, nearly a third (30%) have concerns the support they provided may affect their own financial future.

ENDS

Notes to editors:

- Lloyds Banking Group has committed £6.5bn to support over 60,000 first time buyers get on the property ladder and is well on its way to exceeding this target.
- The Group helped one in four first-time buyers in 2012; helping more than 55,000 people buy their first homes. We approve nine out of ten first time buyer applications through Halifax.

Research information

This is the third annual Generation Rent report conducted by Halifax, the UK's largest lender to first-time buyers. It uses data from over 24,000 interviews with 20-45 year olds built up over three years, and over 2,000 interviews conducted with parents of children between the ages of 20-45 years old. In 2013, Halifax interviewed 8,051 20-45 year olds and 1,005 parents online between 7 and 13 May 2013.

⁴ Application received by first time buyers in Halifax branches between October 2012 - 31st March 2013

For further information please contact:

Halifax Press Team:

Emma Varty: 01902 325180 / 07824471951 emmavarty@halifax.co.uk

Lauren Jones: 01422 394360 / 07825 584900 laurenjones@halifax.co.uk

Shella Ali: 0207 356 2017 / 07795 611154 shella.ali@lloydsbanking.com

Ben Marquand: 01422 332833 / 0788 1311199 ben.marquand@halifax.co.uk