



Half predict Britain could become nation of renters within a generationⁱ Credit crunch has created 'Generation Rent' in Britain

Britain is home to a generation of renters who are giving up on buying their own home, an in-depth new report has revealed. If attitudes become reality, the shape of Britain's housing market will be fundamentally changed within a generation.

According to the report, the most in-depth research into the attitudes and behaviour of young people toward home-ownership since the credit crunchⁱⁱ, 77% of all non-homeowners still aspire to owning their own home. However, despite this aspiration, nearly half of 20-45 year olds say Britain is becoming more like Europe where renting is seen as the normⁱⁱⁱ and predict Britain will become a nation of renters within the next generation.

Commissioned by Halifax and produced by the National Centre for Social Research (NatCen), the report analysed the results of a survey of 8000 20 to 45 year-olds, and identified the emergence of '**Generation Rent**': two thirds (64%) of non-homeowners^{iv} who believe they have no prospect whatsoever of buying a home.

The perception that banks are not lending, the size of mortgage deposits necessary, and a fear of the application process has prevented 'Generation Rent' from making any significant attempts to buy a home. Longer-term, only 5% of this group are making sacrifices to save for a deposit. 95% say they have no spare cash, no interest in saving for a deposit or were trying to save but failing to do so.

Stephen Noakes, Commercial Director, Halifax Mortgages, commented: "Our research indicates just how many potential first time buyers are not making it to the application stage because of a fear of being declined. We would like to help aspirational home buyers to realise they do have options, that they can apply for a mortgage, and that it is still possible to get onto the property ladder. At Halifax we approve 8 out of 10 mortgage applications from first time buyers, and it is important that today's potential first time buyers don't miss out because of the fear of rejection."

The report revealed widespread pessimism about lenders and the mortgage application process:

- 84% say first time buyers are put off by a belief that banks do not want to lend to them and find excuses to turn them down
- 92% see it as hard for first-time buyers to get a mortgage, with 60% seeing it as very hard or virtually impossible
- 67% believe there is a general perception that everyone is rejected by lenders so there is little point in applying
- 61% say that first time buyers do not want to go through the stress and anxiety of applying for a mortgage

Alison Blackwell, NatCen report author, commented: “The phenomenon of Generation Rent could have major socio-economic implications. It would mean fewer homeowners being able to buy and therefore fund the construction of the new homes required in the UK to meet demand, resulting in a slowing down in the housing market. It could open up a widening of the wealth gap that already exists between home-owners and non home-owners. And people in Generation Rent risk insufficient finances at retirement.”

As a direct response to the research findings, Halifax will be launching its First Time Buyer Pledge, a set of four commitments to First Time Buyers, which aims to provide ‘Generation Rent’ with clearer information about the mortgage application process and to detail what they can expect from the lender.

Stephen Noakes continues: “Of course, not everyone wants to get on the housing ladder. However, 77% of people in our research expressed a real desire to own their own home, but for two-thirds of non-homeowners it’s an impossible aim. We therefore want ‘Generation Rent’ to be aware of the opportunities available to them, and dispel any myths about the mortgage process. Our new First-Time Buyer Pledge, for example, which will launch in July, will set out exactly what customers should expect from us, and includes changes we are going to implement to make applying for a mortgage clearer and easier. It has never been a simple matter to buy your first home, but this research has demonstrated that it is not just a matter of a lack of available income which is daunting today’s first time buyers.

“As part of our Pledge, we will publish a more detailed overview of our lending criteria than ever before, which will be available online and in branch in July. Our research indicates that first time buyers are fearful of the application process, so we want them to know that, if they come to us, we can provide them with a personalised promise on how much we can lend them, without leaving a lasting record on their credit profile. In addition, if an application is turned down, we will provide customers with information as to why and, whether they are successful or not, we will provide them with a plan to move forward.”

The research further emphasizes that there are great challenges and no easy answers for First Time Buyers. The size of the deposit was rated as the biggest single barrier to home ownership, and focus group comments suggest this prevents people from saving at all^v.

Stephen continued: “The Halifax First Time Buyer Pledge is only the start of our response to this research. In addition to the new measures we have announced today, we will be convening a panel of industry experts in the summer to further explore products and ideas which might provide Generation Rent with the ability to more confidently make a decision about their home-owning future”.

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Notes to eds.

For more information or a copy of the full report, please contact Nicholas Osbourne
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Halifax's First-Time Buyer Pledge

Halifax is now in the process of putting together two new initiatives that will make a real difference to potential FTBs, and these will be in branch by the end of July 2011.

The First Time Buyer Pledge states that Halifax will:

- publish details of the criteria upon which your application is assessed
- provide a personalised promise on how much we can lend you, without leaving a lasting record on your credit profile
- provide an action plan for you to move forward, whether your application is successful or not
- help you to understand the reasons why, if your application is not successful

Halifax is also producing a new guide to the application process that simply shows potential FTBs what we look at when an application is assessed and how they can improve their chances of being successful.

About The National Centre for Social Research

The National Centre for Social Research, Britain's largest independent social research organisation, aims to promote a better-informed society through high quality social research (www.natcen.ac.uk).

ⁱ 46% of survey respondents

ⁱⁱ Online survey undertaken by Populus amongst 8,000 people aged 20-45 in Great Britain between 1st and 10th April 2011. Results were weighted to be nationally representative of the British population within these ages. Populus survey analysed and report produced by the National Centre for Social Research in May 2011. Survey design was influenced by 4 research focus groups with first time buyers run by Halifax in Manchester and London in March 2011.

ⁱⁱⁱ 44%

^{iv} 55% of all 20-45 year olds do not own their own home. The figure includes 85% of 20-24 year olds and 70% of 25-29 year olds.

^v "I'm not interested in trying to stop my life now when I'm 31 to not go out and not do anything to save up the £40,000 deposit. I'd rather live my life now" (London, renter).

"They need to put something there to motivate you to save I think... because I think say you were 22 and you go 'right I'm going to save for a deposit, how much do I need? Oh, I need £15,000'. It's not realistic. If it was a realistic target you're therefore more motivated to reach it" (Manchester, renter)