

29/04/2016

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON FRIDAY 29TH APRIL 2016

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 financial crisis. This is the **sixth annual report** and contains data from almost **50,000 20-45 year olds** and **6,000 parents** with children aged between 20-45 years old, accumulated over the history of the research.

Generation Rent 2016: Generation late to ladder resilient despite knock-on retirement woes

- A third of young people expect to still be paying mortgage beyond age 60
 - Rising house prices an increasing concern
 - Home ownership aspirations remain strong as first-time buyer numbers recover

The 2016 **Generation Rent** report from **Halifax** shows that delays in getting onto the housing ladder are leading to increasing worries about retirement for many.

The research highlights, for the first time, the extent of young people's concerns:

- One in three (34%) expect to work beyond retirement age to pay off their mortgage
- Almost half (44%) are worried that they won't be able to afford their mortgage payments in retirement
- One in two (51%) are worried that paying their mortgage will hamper their ability to save for retirement

Despite this, the report reveals that home ownership aspirations remain as strong as ever – and that those late to the ladder are taking a range of measures to ease the financial burden.

Old age tension

The numbers of first-time buyers have recovered strongly in recent years, with 300,000 taking the first steps onto the property ladder in 2015. The average age of a first-time buyer is now 30.4 years – nine months older than in 2010.

Buying with a partner (49%) is the most likely measure a would-be first-time buyer is willing to consider to make owning a home more affordable. Extending a mortgage beyond 25 years is the second most likely measure (34%).

In 2007 the proportion of first-time buyers taking up a 35-year mortgage stood at 16%. By 2015 this figure had grown to more than one-in-four (26%). Over the same period, the share of mortgages with a 20 to 25-year term dropped from 48% to 30%.

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Against this backdrop, it is unsurprising that one in three (34%) young people don't expect to pay off their mortgage until after their 60th birthday – more than one in 20 (6%) still expect to be paying their mortgage over the age of 70, while almost one in 10 (8%) expect to be paying their mortgage throughout their life.

Under half of all respondents (46%) believe they will be mortgage-free before they retire, falling to just a third (30%) of non-homeowners.

The research highlights some startling worries of those dubbed 'Generation Rent':

- One in three (34%) respondents expects to work beyond retirement age to clear their mortgage. For current owners this is 28%, but for those not yet on the housing ladder, two-fifths (39%) believe they will be working later in life
- Almost half (44%) are worried that they won't be able to afford their mortgage payments in retirement
- A similar amount (45%) are worried that the cost of their mortgage will mean they have to work longer
- While one in two (51%) are worried that paying their mortgage will hamper their ability to save for retirement

Craig McKinlay, Mortgages Director at Halifax, said:

"Despite the barriers and the understandable concerns, it's very positive to see that younger generations are still striving to get onto the housing ladder, with more than 300,000 taking that first step in 2015.

"This recovery has been fuelled by a number of factors, including an abundance of successful Government initiatives and the affordability of monthly mortgage repayments due to the continuing low interest rate environment and some very competitive deals.

"Although many of those late to the ladder will inevitably still be paying their mortgages later into life, they are increasingly taking a range of measures to ease the burden."

Rising house prices increasingly a concern

The concerns of young people trying to get on the ladder have been well documented and the Generation Rent report has repeatedly shown that raising a deposit has been the consistent barrier for the majority of would-be homeowners.

However, the 2016 report tracks the emergence of high property prices being perceived as an increasingly large barrier to purchasing a first home (rising to 60% in 2016 compared to 52% in 2011). The average price of a first property is now £196,801, rising from £134,889 in 2010.

That said, just under a third of potential first-time buyers (31%) say that house prices won't impact on their plans for home ownership, with a further 30% agreeing that they will not change their plans to purchase even though they expect prices to continue to rise.

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This may be due to the fact that most looking to take the first step on the market still believe it will take longer to save for a deposit. Non-owners in this year's report say they would be prepared to save for around 5.5 years for a deposit, increasing from 5.35 years in 2015. The average deposit paid by first-time buyers increased by 13% in 2015 to £32,927.

Craig added:

"Borrowers should be cautious when looking to extend their mortgage beyond 25 years. This will not only increase the overall cost of the mortgage, but could have a potential knock on impact on their quality of life in retirement.

"A longer term will reduce monthly payments, but as homeowners build up equity they should look to reduce this term or make overpayments to ensure that the dream of owning their own home doesn't turn into an unnecessary nightmare in later years.

"A £50 monthly overpayment to a mortgage of £140,000 spread over 25 years will reduce the term by two and a half years and save more than £7,500.*

"Home ownership clearly remains a key aspiration for young people and 2015's strong first-time buyer numbers show the resilience of Generation Rent. Despite their concerns, they are becoming increasingly resourceful in their fight to reach the ladder."

ENDS

Notes to editors

8110 18-45 year olds were interviewed online by Populus between 23rd February - 8th March 2016, analysis of the data and trends throughout the series was conducted by Natcen.

*Based on an interest rate of 3.39%, LTV 85-90%. Before making overpayments you should always speak to your lender to identify any early repayment charges or restrictions.

Helping Britain Prosper

Halifax, part of Lloyds Banking Group is playing its part in delivering the Group's Helping Britain Prosper Plan. Launched in March 2014, it sets out a number of significant public commitments to help address some of the big issues facing its customers and Britain today, including:

1. Helping more customers get on the housing ladder - and more customers climb it. We are committed to providing one in four first-time buyer mortgages and one in four new build mortgages in 2016.
2. Helping our customers plan and save for later life .

To find out more about Lloyds Banking Group's commitment to Help Britain Prosper, please visit <http://www.lloydsbankinggroup-cr.com/>

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Assets:

A 2m 40s video clip covering the findings from the report is now [available here](#) and on request. The video includes an interview with Craig McKinlay.

An infographic is also available on request.

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