Press Release 28/08/08

Saving pots pave the way for home improvements

This research is part of the annual Halifax Home Improvement Survey, a series of research pieces that are published by Halifax, highlighting home improvement trends in the UK. The survey is compiled using independent market research carried out for Halifax. Halifax has been conducting research into home improvement trends since 1991.

New research from Halifax shows that four fifths (80%) of people who carried out home improvements in the past year financed their work either partly or entirely through their own savings. Only one in ten (10%) paid for the work on their credit card, and just one in twenty (5%) took out a personal loan to get the job done.

Saving for Value
With the average savings balance equating to £7,074 it appears that Brits are planning their projects rather than relying on a buy now pay later basis. It also seems that people are using their nest eggs to add value to their roosts as the research shows that over a quarter of homeowners (28%) plan to undertake home improvements in the next few years to add value to their property. Nearly half (43%) believe these home improvements will add up to £5,000 to the value of their property, with a sixth (12%) believing the increase will be between £10 - £25,000.

A Nation of Handy Mandy's or DIY Dave's?
Women have average savings balances of £7,065 which is slightly higher (3%) than the male average of £6,865. Women also save a much higher proportion of their income (39%) compared to men (22%). Yet the research shows that slightly more men (82%) than women (79%) use their savings to fund home improvements.

Regional Restorations
Savers in the City of London have the highest average savings balances (£14,267), followed by South Buckinghamshire (£12,369), Elmbridge (£12,071) and Mole Valley (£11,887). However, as a proportion of average regional earnings, Londoners save the least (21%) whilst the highest is Northern Ireland (34%).

Yet nine in ten (90%) of residents in Yorkshire Humberside used their savings to finance home improvements compared to just under two thirds (64%) of those in Northern Ireland. Residents in Northern Ireland (18%) were most likely to use a personal loan to fund projects where as people in the North were most likely to use a credit card (16%). Londoners were most likely to re-mortgage (13%) to get the job done.

Unpicking the demographics
Despite the majority using savings, home improvers aged 18-34 were twice as likely to have taken out a personal loan to finance improvements (12%) than the national average (6%), and half (50%) were more likely to put expenses on their credit card (15%, compared to 10% average).

More/…

Halifax is part of the HBOS group
Tel: 01422 333829 Fax: 01422 333007
Website: http://www.hbosplc.com/media
HBOS is a carbon neutral company

Unsurprisingly, the propensity to pay for improvements out of savings grows with age. Three quarters (75%) of 18-34 year olds paid for their DIY out of savings, while nearly nine out of ten (88%) of those aged over 65 financed the work out of their own pockets. This is understandable when considering that those aged 75 years and above have the highest average savings balances of £20,046 compared with an average balance of £1,385 for those aged between 18-24 years.

Commenting on the research findings, Tony Wilcox, head of savings at Halifax, said:

"This research contradicts the buy now pay later culture which is so often thought to be prevalent in the UK. The fact that the vast majority of people have saved in advance of spending is extremely encouraging. Using savings for such improvements means savers are really seeing the benefits of putting money aside."

Ends

Halifax Press Office
Clare Mortimer 01902 302252 / 07768541555
Clare Miller 01422 332833

Note to Editors
Research undertaken by GfK NOP on behalf of Halifax. A representative sample of 1,301 adults were surveyed.
Savings figures based on Halifax data.