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UK PUBLIC CONCERNED ABOUT CURRENT CHALLENGES TO THE HOUSING MARKET, DESPITE BUOYANT HOUSE PRICES

- Two thirds (67%) of the UK public don't believe the housing market is currently helping people access affordable and quality homes in their area
- Nearly half do not feel new homes are meeting needs of local populations (48%)
- Area attractiveness (47%) and transport links (46%) most important factors in deciding where to live
- Larger gardens (40%) and more living space (36%) most sought after features in new homes

According to new research from Lloyds Banking Group, individuals across the country are concerned about the current challenges the UK housing market is facing, with only one in five believing there are enough affordable homes in their area. This news comes as house prices reach record highs and activity levels remain robust.¹

Despite more than half of young non-homeowners (57%) feeling positive about the prospect of owning a home one day, top concerns amongst all UK adults still include; unaffordable house prices (64%), lack of social housing being built (47%), deposit requirements (44%) and a lack of availability of quality, affordable rental properties (39%). Other considerations include supply issues such as a lack of homes being built (26%), supply disruptions (14%) and planning rules (8%).

Challenges for the industry

Across the UK, both home-owners (60%) and renters (72%) agree that house prices are the biggest issue facing the market and are skeptical that the industry can adapt and deliver the affordable, quality homes the UK needs as it recovers from the pandemic.

With the average house price now at £272,992, the public believe issues around affordability are likely to get worse, with almost two thirds (63%) believing house prices will continue to increase over the next three years.

Beyond affordability, many respondents suggested that new homes in their local area aren't meeting the needs of local populations (48%) or being built in places where people want to live (35%). Those respondents living in London, (55%) and the South (56%) are the most likely to say homes being built do not meet the needs of local populations, while those in Northern Ireland (47%) and the Midlands (35%) are most likely to say they do.

Esther Dijkstra, Managing Director Intermediaries, at Lloyds Banking Group said: *"House prices and transaction volumes, even among first time-buyers, have remained strong during the pandemic. However, this research also shows that many people consider the continued strength of prices as the biggest factor preventing people from accessing quality and affordable homes."*

At the same time the pandemic is reshaping what we want from our homes, but large parts of the public feel that currently where and how homes are being built is not meeting the needs of local communities.

¹ <https://www.halifax.co.uk/assets/pdf/november-2021-halifax-house-price-index.pdf>

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Understanding these trends, particularly at a local level, will be vitally important in ensuring where and how we build homes keeps pace with changing needs of individuals and local communities. That's why, as part of our commitment to help Britain recover, we are working across the industry to collectively work-out how we deliver the high-quality, sustainable and affordable homes that the country needs."

Meeting local needs

When it comes to meeting the needs of local communities the picture for the industry is nuanced, with priorities varying across regions and age groups. Over the last year, many transactions have been driven by the 'race for space' amongst those planning to work from home in the long term. However, the attractiveness of an area (47%) and transport links (46%) are considered the most important factors in choosing where to live as compared to having as big a house as possible (18%) or as big a garden as possible (32%). Over two thirds (67%) of those living in London considered transport links as the most important, whilst those living in Wales (33%) were the most likely to prioritise a rural lifestyle compared to the rest of the UK.

Priorities also vary with age. Nearly half (46%) of those aged between 18 and 24 said they prioritise proximity to work, compared to 11% of over 55's. People aged between 33 and 44, said being near 'good schools', was more important than any other age group.

Ronan Murphy, CEO of Durkan, one of London and the South East's leading housebuilders, said:

"We recognise the challenges of meeting these housing needs. It's not just about building at pace, but also about delivering high quality homes that create communities where people and families thrive.

"Feedback from our customers mirrors Lloyds' research and we're seeing that, as a result of the pandemic, people are asking for more from their homes. Buyers are looking for spaces where they feel comfortable both living and working. In the South East, connectivity to employment and amenities remains key, but home offices and access to green spaces have become increasingly important too.

"What's needed now more than ever is intelligent house building. Developers need to react to these changing demands and take the time to really understand what people want. As a regional builder, we have the flexibility to respond to evolving local needs and create more bespoke homes that are in keeping with existing communities. It's this agile approach that will deliver the homes people want to live in and will see value in buying."

A changing picture of home

However, when it comes to our homes themselves, the need for more space looks set to be one of the most important factors driving buying decisions over the next few years. The garden was deemed the most important feature; with more than half of respondents (57%) stating that outside space was very important. More living space (36%) and more bedrooms (22%) were also seen as desirable.

In fact, just over a third of people (37%) said they would pay more than they would otherwise for a home with a garden. This trend was most prevalent in the Midlands and Northern Ireland, with 61% of respondents in these regions citing outside space as very important if they were looking to move in the next 2 to 3 years.

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Press Release



This research shows that the pandemic made many people in the UK reconsider their housing needs and brought into focus what they value in a home. And, with most young non-homeowners feeling positive about the prospect of owning a home, the market will need to step up to those expectations.

- ENDS -

Notes to Editors

- All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 6442 adults. Fieldwork was undertaken between 4th - 8th November 2021. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).
- Lloyds Banking Group is committed to helping Britain recover from the impacts of the coronavirus pandemic by expanding the availability of affordable and quality homes, both for customers wanting to own their own home and for customers wanting to rent a home.
- Lloyds Banking Group is one of the largest funders to housebuilders in the UK and is working with housebuilders across the UK to help address the nation's housing shortage. This includes the Housing Growth Partnership ('HGP'), a social impact investor established by Lloyds Banking Group and Homes England to help address housing affordability by providing support to the regional residential development community to increase the number of new homes built in the UK.
- Over the last three years, Lloyds Banking Group has provided £12bn funding to the social housing sector, including £2 billion in ESG-linked funding.
- Lloyds Banking Group is helping people to access quality, affordable homes – it is the largest mortgage lender and supports one in five of all first-time buyers. Lending £12.8 billion this year.

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