

10 March 2022

LONDONERS UNHAPPY AT THE NUMBER OF AFFORDABLE HOMES AVAILABLE AS HOUSE PRICES CONTINUE TO CLIMB

- Almost two thirds (67%) of Londoners expect house prices to continue to rise over the next three years as house prices climb 4% since the start of the pandemic¹
- Increased demand has resulted in 75% of people in London saying that they do not believe the housing market is currently helping people access affordable and quality homes

According to research from Lloyds Banking Group, Londoners are the most dissatisfied in the country when it comes to the housing market in their local area, with three quarters (75%) of people in London saying that they do not believe the housing market is currently helping people access affordable and quality homes. This news comes as house prices in London remain high, after climbing 4% since the start of the pandemic.

Top concerns amongst Londoners still include unaffordable house prices (68%), lack of social housing being built (50%), deposit requirements (40%) and a lack of availability of quality, affordable rental properties (44%). Other considerations include a lack of new houses being built (31%), economic issues caused by the pandemic (25%), and Brexit's impact on the economy and supply chains (23%).

Challenges for the industry

Across the capital, both homeowners and renters agree that house prices are the biggest issue facing the market and are sceptical that the industry can adapt and deliver the affordable, quality homes London needs as it recovers from the pandemic.

With the average house price in London now at more than £550,000, Londoners believe issues around affordability are likely to get worse, with around two thirds (67%) 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 being built in places where people want to live (45%) – with more than half of Londoners (55%) frustrated that new homes aren't meeting the needs of the local area.

Simon Kenyon, Lloyds Banking Group's Ambassador for London, 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 in London 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 many people in London feel that currently where, and how, homes are being built is not meeting the needs of their local communities.

¹ Source: Halifax 12 month rolling data, crude average prices from January 2020 to January 2022

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“Understanding these local trends, will be vitally important in ensuring the homes being built keep pace with the changing needs of individuals and local communities. That’s why, as part of our commitment to help Britain prosper, we are working across the industry to collectively work-out how we deliver the high-quality, sustainable and affordable homes that London needs.”

Meeting local needs

Over the last year, many transactions across the country have been driven by the high number of people planning to work from home in the long term. However, for Londoners, transport links (67%), living near lots of amenities (49%) and living in an attractive area (43%) are still considered the most important factors in choosing where to live, in comparison to living near friends and family (39%) or having as big a garden as possible (28%).

A changing picture of home

However, when it comes to our homes themselves, the need for more space in the capital 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 in the City; with nearly half (42%) stating they would prioritise that first, followed by more living space (41%) and more efficient heating (34%). In fact, just over a third of Londoners (39%) said they would pay more than they would otherwise for a home with a garden.

Marc Vlessing, CEO of Pocket Living, one of London and the South East’s leading affordable housing developers, said: *“The findings of this research echoes what we hear all the time from aspiring first time buyers; Londoners want a space they can call their own without having to compromise on the many benefits of city living. There are simply not enough affordable home ownership initiatives, like Pocket, that enable young people and key workers to stay in the communities they contribute so much to. At Pocket we are proud to partner with Lloyds to deliver discounted homes across the Capital that help more people onto the housing ladder.*

“However, if we are to accelerate this to the next level, we need to see ambitious planning reform that encourages greater innovation in the market and that unlocks the potential of urban brownfield sites for affordable housing.”

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Notes to Editors

- All figures, unless otherwise stated, are from YouGov Plc on behalf of Lloyds Banking Group. Total sample size was 6442 adults (810 in London). 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 prosper 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.
- Last year, we provided £3.4 billion of new funding, of which £2.4 billion is ESG-related improvements, in support of the social housing sector.
- 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 £16 billion last year.

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