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HOUSE PRICES SURGE AS SOUTHERNERS SAY MORE AFFORDABLE HOMES ARE NEEDED

- More than two thirds (67%) of Southerners expect house prices to continue to rise over the next three years as regional house prices climb more than 12% since the start of the pandemic¹
- Increased demand has resulted in 74% of people in the South saying that they do not believe the housing market is currently helping people access affordable and quality homes
- When it comes to the checklist for new houses, larger gardens (40%), more living space (36%) and more efficient heating (31%) are the most sought-after features in the South

According to research from Lloyds Banking Group, demand for homes in the South continues to surge with house prices in the area climbing by 12.4% since the pandemic started. However, this increased demand and lack of available housing has resulted in almost three quarters of Southerners (74%) agreeing that the housing market is currently not helping people access affordable and quality homes in their region.

The top concerns from Southerners include unaffordable house prices (69%), high deposits (46%) and the lack of social housing being built (48%). Other considerations include economic issues caused by the pandemic (46%), too few houses being built (46%) and a lack of rental properties (41%).

Challenges for the industry

Across the South, 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 needed to accommodate the increased demand from those looking to live here.

With the average house price now at almost £385,000, those in the South believe issues around affordability are likely to get worse with more than 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 (35%) – with nearly half of those in the South (46%) frustrated that new homes aren't meeting the needs of the local area.

Michelle Blayney, Lloyds Banking Group's Ambassador for the South East, said: *"House prices and transaction volumes, even among first time-buyers, have grown significantly during the pandemic. However, this research also shows that many people in the South 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, yet many people in the region feel that the location and specification of current homes being built does not meet 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 high-quality, sustainable and affordable homes that the South needs.”

Meeting local needs

Over the last year, there has been increased interest in the region as homeworking buyers and renters look to spend lockdown savings in rural and semi-rural locations. People in the South said that living in an attractive area (51%), good transport links (43%) and being close to family and friends (41%) were the most important factors to them when purchasing a house.

A changing picture of home

However, when it comes to our homes themselves, more space and outdoor living looks set to be one of the most important factors driving buying decisions in the South over the next few years. The garden was deemed the most important feature; with more than two thirds (40%) stating they would prioritise that first, followed by more living space (36%) and more efficient heating (31%). In fact, just over a third of those in the South said they would pay more than they would otherwise for a home with a garden (39%) and off-street parking (38%).

Durkan, one of London and the South East’s leading housebuilders, is an example of an agile regional builder that has adapted its approach to meet people’s changing needs.

Ronan Murphy, CEO of Durkan, said: *“We understand the challenges of meeting these housing needs. As a regional housebuilder, we recognise that it is not just about building at pace, but also about being flexible to deliver the right, high quality and affordable 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.

“It is this intelligent house building that is needed now more than ever. Developers must react to these changing demands and take the time to really understand what people want. We have the flexibility to respond to evolving local needs and create more bespoke homes that are in keeping with existing communities. This is the agile approach that will deliver the homes people want to live in and will also see value in buying.”

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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 (1,478 based in the South). 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 £12.8 billion this year.
- The South includes the South East (Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Berkshire, Surrey and West Sussex) and South West (Bristol, Cornwall, Dorset, Devon, Gloucestershire, Somerset and Wiltshire) regions .

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