

First-time buyers

An early life crisis:
Britain's homeownership aspirations

Prepared for:

The Yorkshire Building Society

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Date:

Saturday, 26 March 2016

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1 Introduction

Recent research has highlighted the challenges that young adults in the UK face in trying to access home ownership,ⁱ with first-time buyers being the hardest hit in what's being termed as the UK's 'housing crisis'.ⁱⁱ Spiralling house prices combined with ever-increasing competition for limited supply has resulted in first-time buyers having to delay getting on the ladder as they struggle to save for the increasingly large deposits required.ⁱⁱⁱ

In 1994, the average house price was 4.5 times the average salary, a ratio which has risen dramatically over the past two decades.^{iv} At the end of 2015, the average price of a home was 10 times the average salary.^v This is bleak news for aspiring first-time buyers who are already feeling the stress of being priced out of the market. It has created a section of the population going through an 'early life crisis': those who have reached their 30s and have found themselves unable to buy, despite rating home ownership as a more important milestone in life than marriage and children.

However, there is hope for first-time buyers. Partly due to the many first-time buyers who are making considerable sacrifices to get on to the property ladder, including taking second jobs, delaying marriage and children, or living in lower-quality accommodation, this has now become an emotive national issue. As a result, the current Government is making the plight of affordable housing for first-time buyers a priority in public policy, by pledging 200,000 new starter homes by 2020 as well as supporting the Help to Buy Scheme.^{vi}

Therefore, this report outlines the findings from research commissioned by Yorkshire Building Society to explore the perceptions, aspirations and expectations surrounding home ownership amongst young adults, aged 18 to 40, living in the UK. It particularly explores the attitudes and plans of potential first-time buyers within this age group, and considers what young adults are doing - and have done - in order to save for and afford their first home.

The research entailed an online survey of a nationally representative (UK) sample of 18 to 40-year-olds. According to the most recent English Housing Survey,^{vii} just over a third of 16 to 44-year-olds in England own their own home.^{viii} This includes nine per cent of people aged 16 to 24, 36 per cent of those aged 25 to 34 and 59 per cent of those aged 35 to 44.^{ix}

NatCen Social Research carried out this survey on behalf of Yorkshire Building Society, between 25th January and 4th February 2016. Respondents in this research were sampled purposively in order to recruit roughly equal numbers of owner occupiers and non-owner occupiers. The final sample included 1,003 owner-occupiers and 1,005 non-owners and nine respondents who did not disclose their ownership status. The majority of the analysis in the report focuses on the experiences, understandings and aspirations of those non-owners who had never owned a home, with all findings, unless otherwise stated, derived from this research.

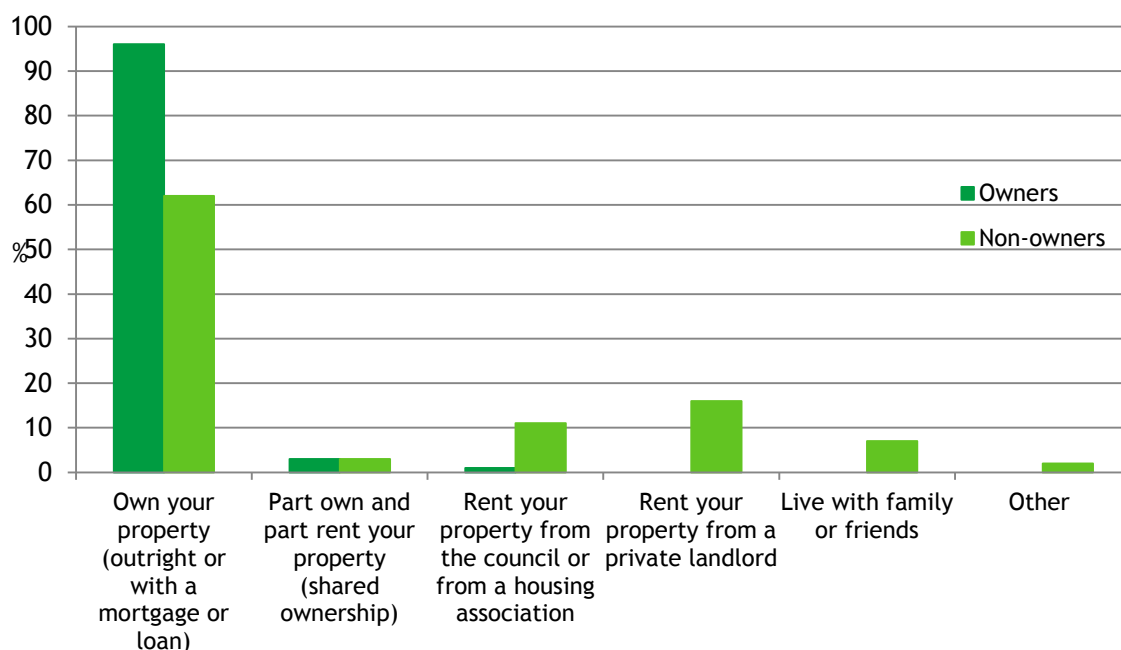
2 The importance of home ownership

The research set out to explore if and to what extent 18 to 40-year-olds in the UK placed importance on owning their own home. It did this by asking respondents which type of housing they would most like to live in longer term, about the relative importance that they placed on home ownership to other important milestones, goals and life events, and about the extent to which they associated home ownership with feelings of success, security and responsibility.

2.1 A marked preference for home ownership

A large majority of all survey respondents (77%) said that, longer term, they would prefer to own their own home, either outright or with a mortgage or loan. The data was split by homeownership, gender, age and geographic location to compare the attitudes towards homeownership of respondents of different demographics.

Figure 1: Which of these, if any, is the type of housing that you would most like to live in longer term?



Base: 1,003 UK homeowners and 1,005 UK non-homeowners, aged 18 to 40. Graph shows data split by homeownership. Research carried out between 25th January and 4th February 2016.

Figure 1 shows that people who currently owned their home were more likely to prefer homeownership above all other tenures. Almost all homeowners questioned said that they would most like to own their home, with just three per cent indicating that they preferred shared ownership, and less than one per cent of owners selecting any other tenure as their preferred option.

Homeownership was less popular among survey participants who were non-owners, but still the most popular tenure. Around three in five non-owners questioned wanted to own their home long-term, one in six wanted to rent privately, and just

one in ten preferred social housing. Largely, those who did not want their own home were people who were satisfied with their current tenure.

Older survey respondents were more likely to prefer homeownership. Around 80 per cent of 25 to 40-year-olds who took part in the survey indicated that owner-occupancy was their preferred tenure long-term, compared to 72 per cent of 18 to 24-year-olds. Younger survey participants were slightly more likely to prefer shared ownership or renting in the private or social sectors, and markedly more likely to prefer living with family or friends. These age differences in part reflect the fact that older participants were more likely to be home owners. However, even looking within home owners and non-owners, older participants were more likely to want to own their own home.

These findings affirm other research that has found that younger adults, whose experiences of have likely been dominated by the global recession and high levels of instability in the UK housing market, are less likely to want to own a home and more likely to feel positively about renting.^x Findings discussed later in this report, for example, indicate that the survey participants who were owners in this younger age group were less likely to perceive home ownership as a source of financial security (see [section 2.3.3](#)). Nonetheless, across all age groups, the vast majority of respondents did aspire to own their own home.

2.2 The relative importance of home ownership compared to other milestones

Respondents were asked how important owning a home was to them compared to other ‘milestones’. They were asked to rank the following life events in terms of how important they were to them:

- Owning a property
- Getting married
- Having or adopting children
- Achieving their career aims
- Achieving their educational aims

Owning a property was the milestone most often selected as being most important to respondents. A quarter (24%) of the survey respondents selected owning a property as being more important to them than any of the other milestones or life events. Based on 2014 population estimates,^{xi} this is equivalent to approximately 4.2 million 18 to 40-year-olds prioritising home ownership above all of the other milestones.

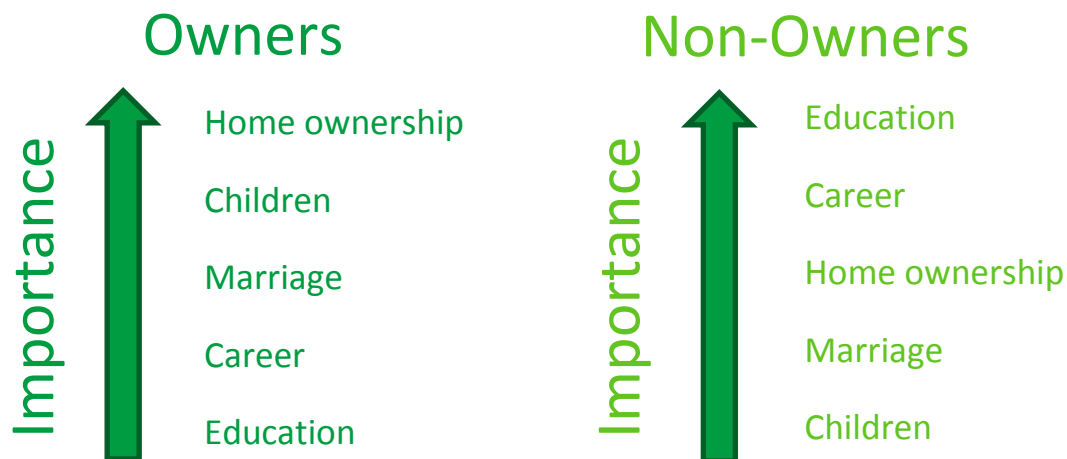
Overall, respondents ranked the milestones in the following order, with owning a property as **most** important and having children as **least** important:

Overall, respondents ranked the milestones in the following order, with **owning a property as most important** and **having children as least important**



Source: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Research carried out between 25th January and 4th February 2016.

The data was split by demographics including age, homeownership, geographic location and gender to compare differing attitudes amongst these different groups. Again these questions revealed that homeowners place more importance on homeownership than non-owners. Almost a third (29%) of homeowners questioned in the survey ranked homeownership as most important to them, compared to just less than one in five (19%) non-owners. In fact, non-owners were more likely to say that education and their career were more important to them (see below).



Source: 1,003 UK homeowners and 1,005 UK non-homeowners, aged 18 to 40. Graphic splits homeowners/non-homeowners. Research carried out between 25th January and 4th February 2016.

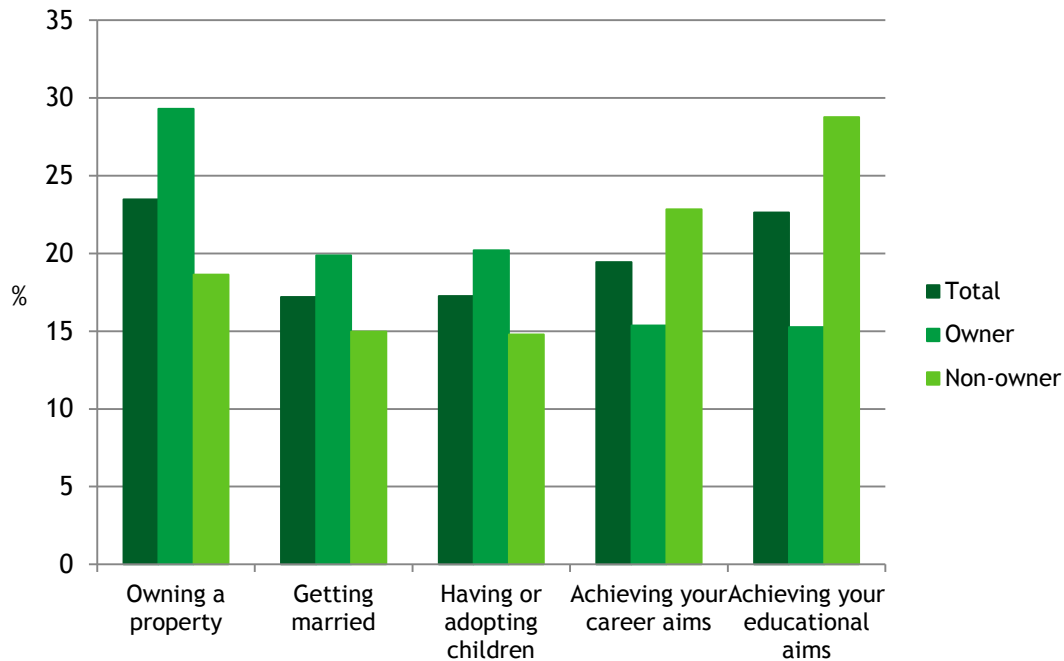
These differences between owners and non-owners are partly due to age. Owner occupiers tend to be older than non-owners, and younger people (particularly students) were more concerned about their educational and career aims (see Figure 3).

Less than one in six 18 to 24-year-olds ranked owning a home as most important to them, whilst more than a third of this age group said that achieving their educational aims was most important, and a quarter ranked their career aims as most important.

This is compared to the older age groups, in which respondents were more likely to be most concerned about owning a home (28 per cent of 25 to 40-year-olds ranked home ownership as most important), and were more likely to be concerned about getting married and having children (Figure 3).

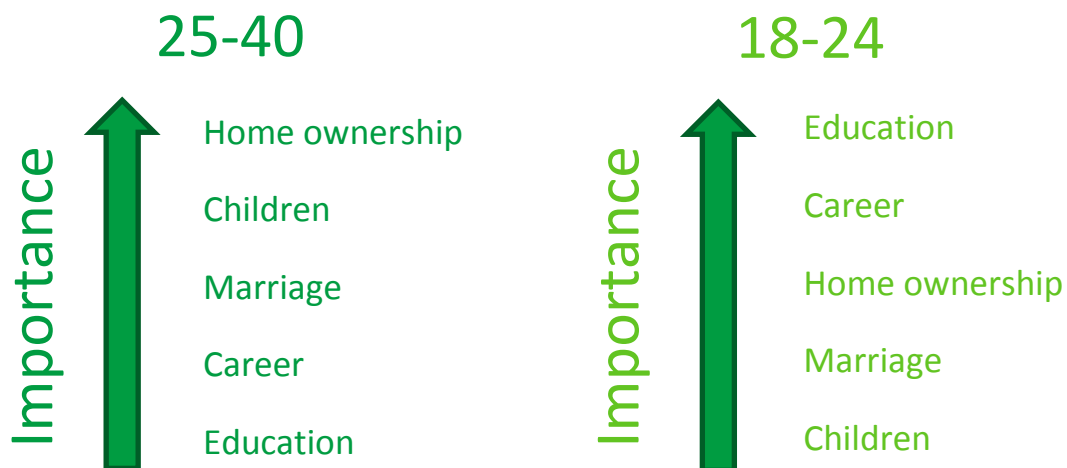
Across all age groups, men were more likely than women to rank owning a home as more important than all four of the other milestones. This gender difference was most notable among non-owners: men who didn't own a home were twice as likely as their female counterparts to rank home ownership as most important (25% of men compared to 13% of women).

Figure 2: Relative importance of home ownership



Base: 1,003 UK homeowners and 1,005 UK non-homeowners, aged 18 to 40. Graph shows total data and data split by homeownership. Research carried out between 25th January and 4th February 2016.

Figure 3: Importance of homeownership increases with age



Source: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Graphic shows data split by age. Research carried out between 25th January and 4th February 2016.

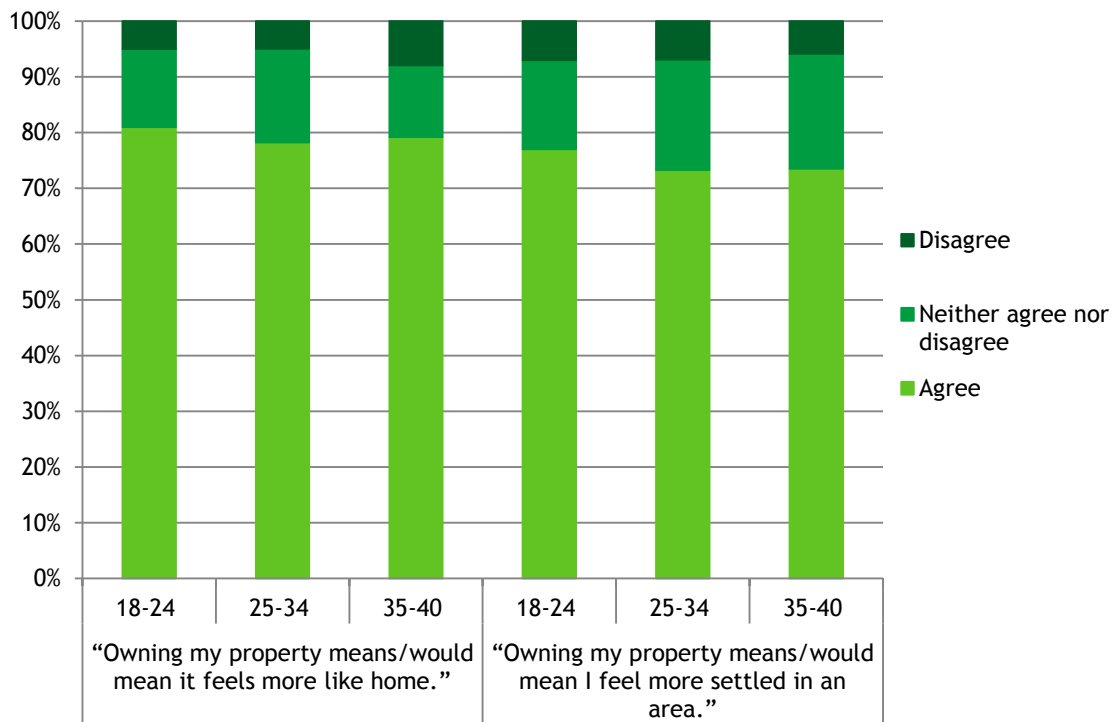
2.3 What makes home ownership important?

The findings discussed in sections 2.1 and 2.2 above indicate that a large majority of young adults in the UK continue to place much importance on home ownership, despite widespread reporting that this generation are less likely than their predecessors to ever achieve this goal.^{xii} This research sought to explore *why* people aged 18 to 40 continue to place such importance on home ownership.

2.3.1 Changing the way that you feel about where you live

The data was split by demographics including age, homeownership, geographic location and gender to compare differing attitudes amongst these different groups. Many of the survey respondents said that owning their own home made or would make them feel differently about their home (see Figure 4). Four in five (80%) of those questioned felt that owning a property made it feel more like home, and three-quarters (75%) felt that it meant feeling more settled in an area.

Figure 4: Owning a home changes the way that you feel about where you live



Base: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Graph shows data split by age. Research carried out between 25th January and 4th February 2016.

Older owners were more likely to say that owning their property made it feel more like home than younger owners, but among non-owners, younger people were more likely to anticipate that a property would feel more like home if they owned it. Among both owners and non-owners, younger participants were more likely to agree that owning a property had or would make them feel more settled in an area.

2.3.2 Home ownership and identity

Survey respondents also indicated that owning their home was important to their sense of identity and success. Again, the data was split amongst demographics including age group to explore the different attitudes those of different ages have towards homeownership. Just over two-thirds (69%) of those questioned reported that owning their own home was essential to feeling that they had succeeded in life, and a slightly higher proportion (73%) said that owning their home had made or would make them feel grown up.

Figure 5 Owning a home changes the way that you feel about yourself



Base: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Graph shows total data split by age. Research carried out between 25th January and 4th February 2016.

Younger respondents were more likely to agree with both of these sentiments. For instance, only around a half of non-owners aged 35 to 40 taking part in the survey agreed that owning their own home was essential to feeling that they had succeeded in life, or that owning a home would make them feel 'grown up'.

It is probable that older respondents are more likely to have achieved other markers of 'adulthood' or 'success', such as getting married, having children or taking on other responsibilities or succeeding in their career, and so may place less emphasis on home ownership as an indicator of having succeeded in life. Meanwhile, for younger participants imagining their future lives, home ownership seems to be a more important marker of adulthood and success.



69%

of young adults feel owning their own home is essential to feeling that they have succeeded in life

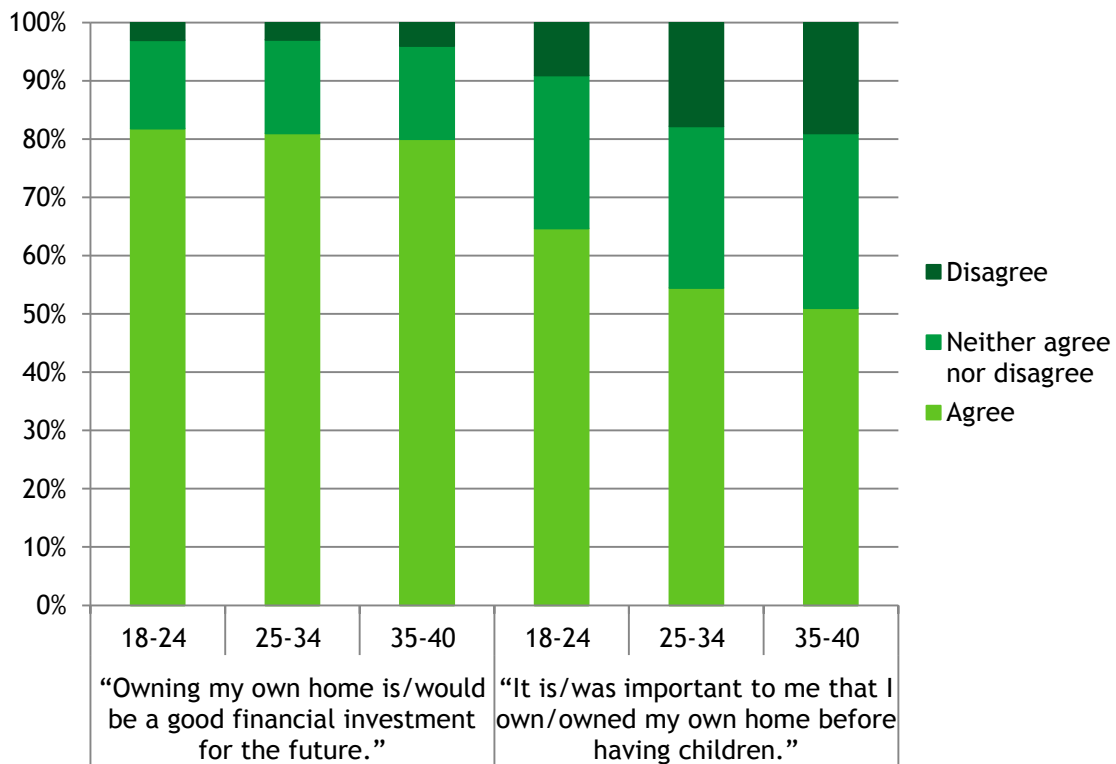


Source: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Research carried out between 25th January and 4th February 2016.

2.3.3 Security and responsibility

Home ownership was also linked to a sense of security and responsibility. A clear majority (81%) of survey respondents felt that owning their home was, or would be, a good financial investment for the future, and only three per cent of those questioned disagreed with this sentiment (see Figure 6). The data was split by demographics including age group and homeownership, with older owners more likely than younger ones to feel that owning their home was a good financial investment. However, among non-owners, it was the younger respondents who were more likely to agree with this statement. This might reflect the fact that a higher proportion of non-owners in the older age groups have chosen not to buy a home because they don't think it is a good investment. It could also reveal a higher sense of optimism among younger non-owners, which is discussed later in this report.

Figure 6: Owning a home is a source of security



Base: all respondents, 2,017 UK homeowners and non-homeowners, aged 18 to 40. Graph shows data split by age group. Research carried out between 25th January and 4th February 2016.

Also related to ideas of responsibility and security, a majority of respondents (57%) said that it was important to them that they owned their own home before having children (Figure 6).

Younger participants were more likely to feel that it was important to own a home before they had or adopted children - 64 per cent of 18 to 24-year-olds questioned in the research agreed with this sentiment, compared to 53 per cent of 25 to 40-year-olds. This difference was particularly pronounced among survey participants who were non-owners, with only a third of non-owners aged 35 to 40 saying that it was important to them that they owned a home before having children. This in part reflects the fact that more people in this age range were already parents and so had started a family without becoming home owners.

Interestingly, it was less important for women than men that they owned their home before having children (18 per cent of women questioned in the research disagreed or strongly disagreed, compared to 13 per cent of men).

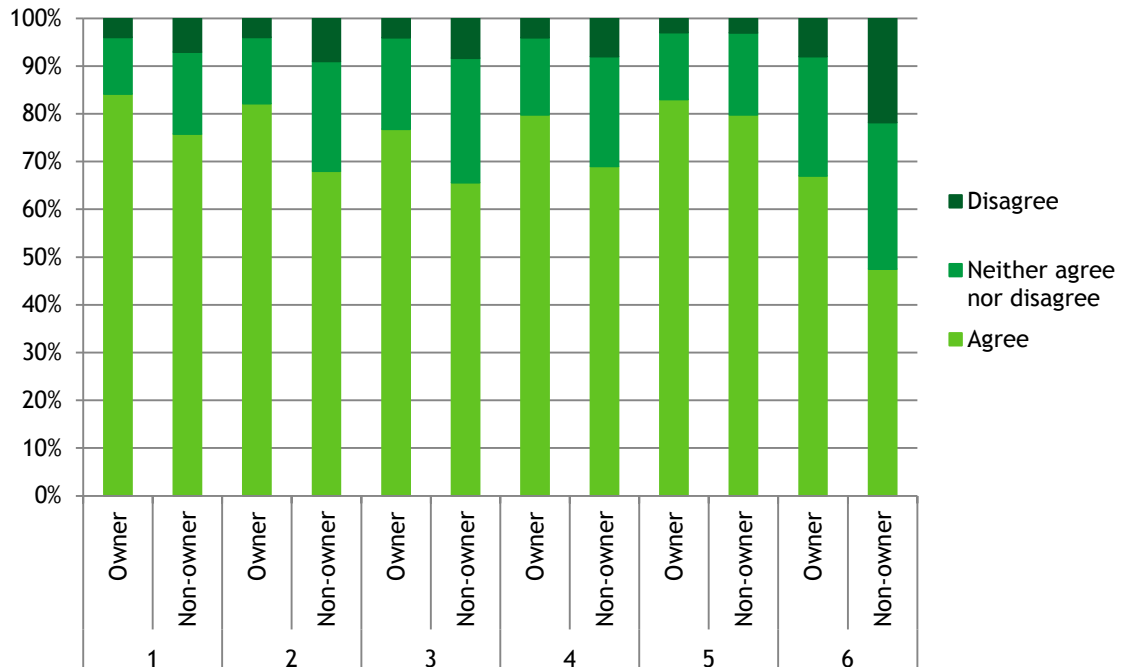
2.3.4 Home-owners most likely to place importance on owning their own home

In line with the findings discussed in [sections 2.1 and 2.2](#) of this report, answers to the above questions show that home-owners place more importance on home ownership than non-owners.

Figure 7 below shows that agreement with all of the importance statements was associated with home ownership. That is, people who owned their home were more likely to feel that owning a home made a property or place feel more like home, that home ownership was an indicator of adulthood and success, and that it was a source of security.

Again these patterns are indicative of the fact that people for whom home ownership is particularly important are more likely to have bought a home than those who are more ambivalent. However, once again the findings overwhelmingly illustrate the importance that all respondents placed on owning a home.

Figure 7: Home-owners place most importance on home ownership



1. "Owning my property means/would mean it feels more like home."
2. "Owning my property means/would mean I feel more settled in an area."
3. "Owning my own home is/was essential to feeling I have succeeded in life."
4. "Owning my home would make/made me feel grown up."
5. "Owning my own home is/would be a good financial investment for the future."
6. "It is/was important to me that I own/owned my own home before having children."

Base: all respondents, 1,003 UK homeowners and 1,005 UK non-homeowners, aged 18 to 40. Graph shows data split by homeownership. Research carried out between 25th January and 4th February 2016.

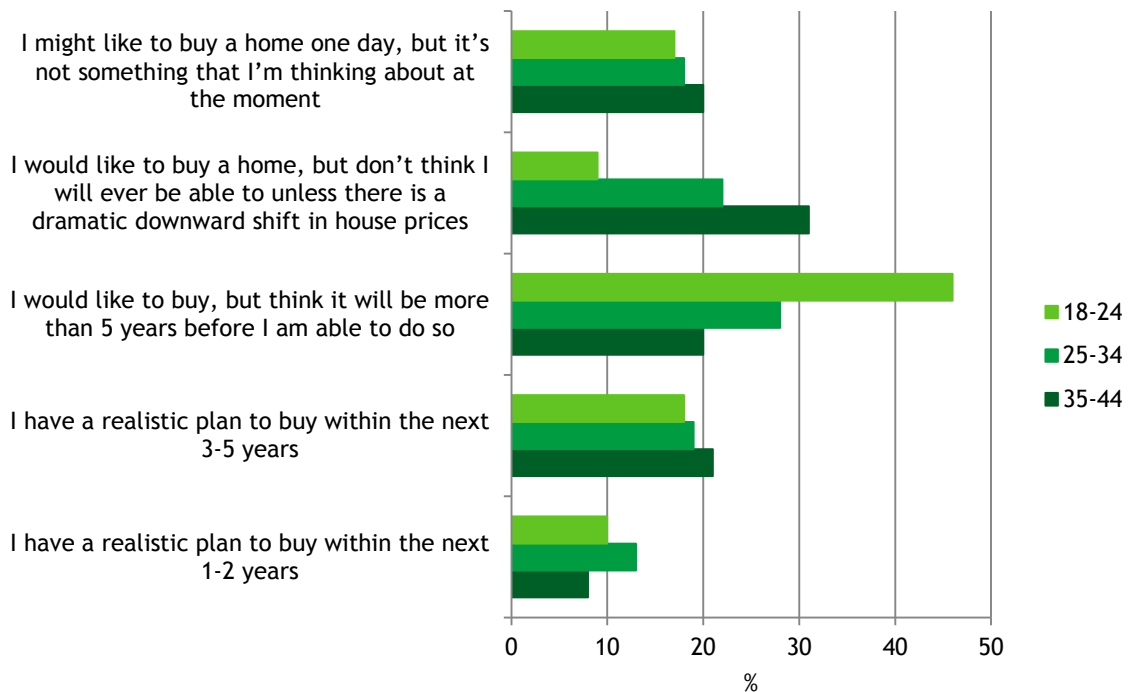
3 Optimism, pessimism and stages on the journey to ownership

Section 2 of this report revealed the importance that 18 to 40-year-olds questioned in the research place on owning their home. This section of the report considers how optimistic younger people are about ever owning a home, and how close they think they are to this milestone. It focuses on the ‘potential first-time buyers’ questioned in the survey, defined as the 95 per cent of survey participants aged 18 to 40 who stated they had never owned a home and also indicated that they would or might like to own a home in the future (see Table 11 on page 33).

3.1 Stages on the journey to ownership

The data was spilt by different demographics, including age range, to get a sense of how optimism in relation to homeownership varied amongst different age groups. Figure 8 reveals that, across the age range of the sample, around one in ten of the potential first-time buyers questioned had a realistic plan to purchase a home within the next one to two years and around one in five had a realistic plan to buy in the next three to five years.

Figure 8: Stages on the journey to ownership



Base: 837 UK potential first-time buyers, aged 18 to 40. Graph shows data split by age. Research carried out between 25th January and 4th February 2016.

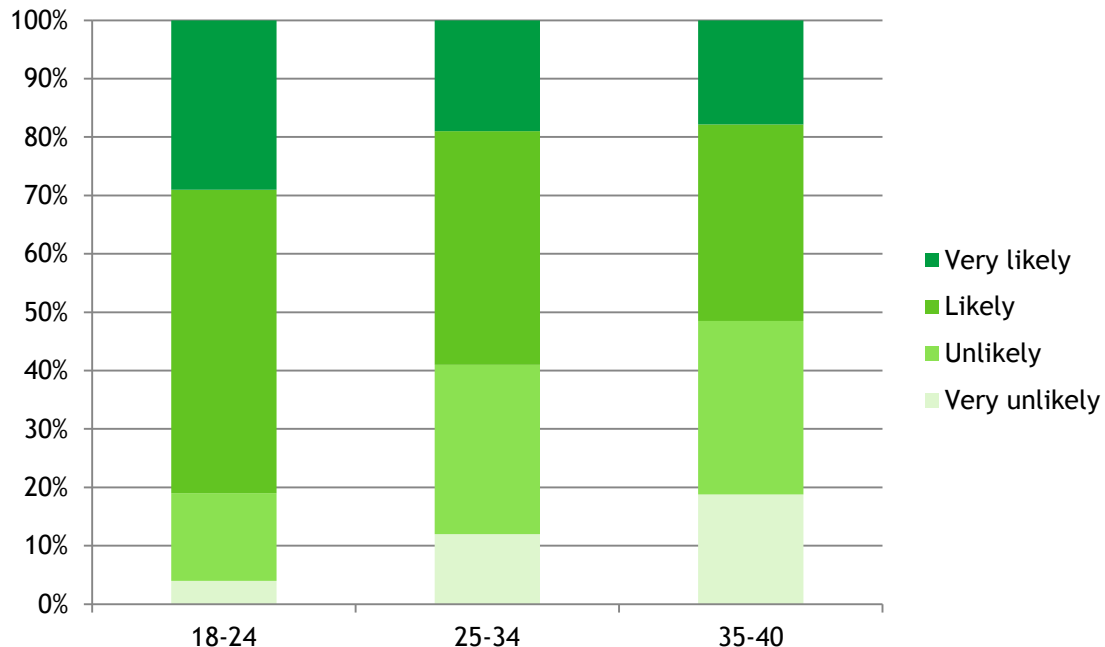
Looking to the more pessimistic answers, 18 to 24-year-olds survey participants were almost twice as likely as the older respondents to say that they thought that they

would be able to buy one day, but that it would be more than five years until this was the case (almost half of 18 to 25-year-olds, compared to around a quarter of 25 to 40-year-olds).

Whilst younger adults were most likely to be playing the ‘long game’, non-owners in the older age groups were more likely to have given up on the idea of home ownership altogether. Less than one in ten potential first-time buyers aged 18 to 24 who took part in the research thought that they would never be able to buy a home unless house prices were to crash dramatically, compared to one in five potential first-time buyers aged 25 to 34 and almost one in three of those aged 35 to 40. This finding challenges recent reports suggesting that the younger generation have given up hope of ever owning, and feel completely excluded from the housing ladder. A majority of young adults who took part in this survey felt that they would be able to own their home one day, even if that day was a long way off. In contrast, people in the older age groups, who got further through life without getting a foot on the ladder, were more likely to have ‘given up’.

This decline in optimism with increasing age is also apparent when asking about how likely it is that they will ever own a property (see Figure 9). Just one in five (19%) of 18 to 24-year-olds questioned, who had never owned a home but would or might like to do so, felt it was ‘unlikely’ or ‘very unlikely’ that they would achieve this milestone, compared to 41% of 25 to 34-year-olds and just half of 35 to 40-year-olds. This is particularly striking because the younger age group were least likely to be optimistic about achieving the other milestones discussed - getting married, having children and achieving their educational or career aims.

Figure 9: Perceived likelihood of owning a home



Base: 837 UK potential first-time buyers, aged 18 to 40. Graph shows data split by age. Research carried out between 25th January and 4th February 2016.

3.2 Barriers to buying a first home

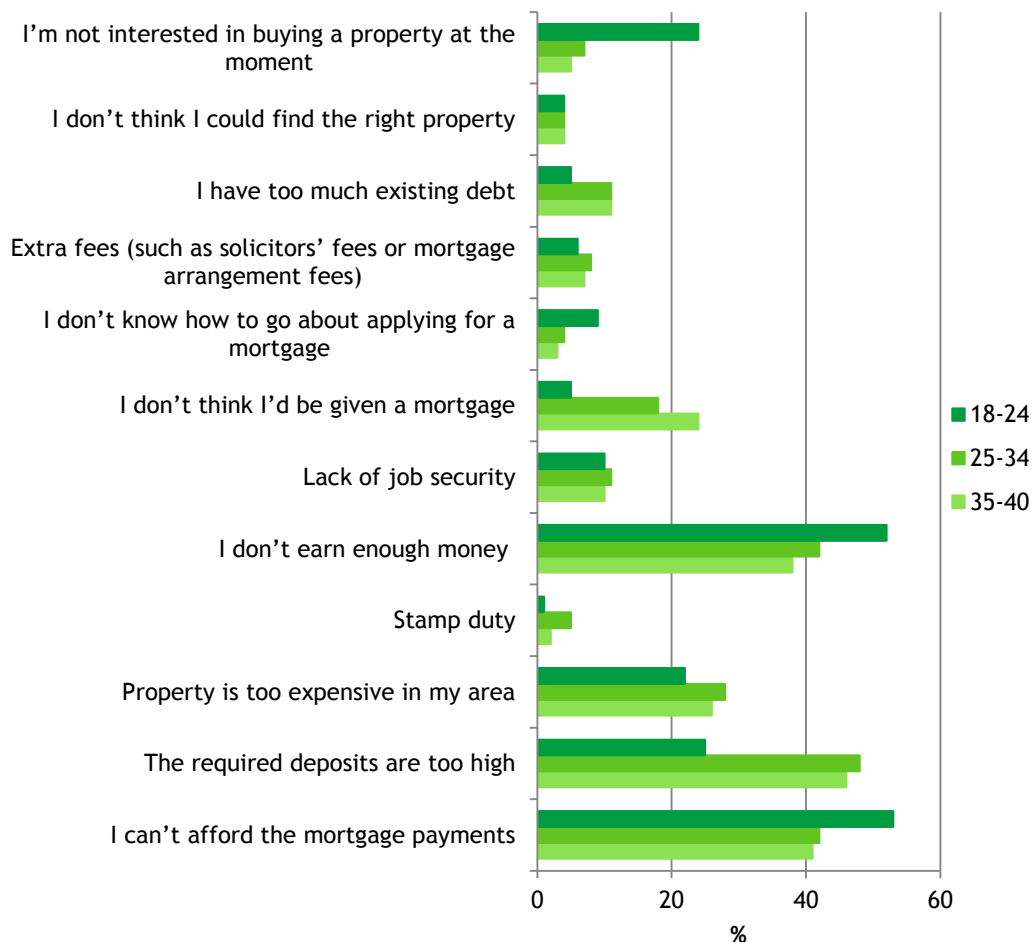
We asked potential first-time buyers about the factors preventing them from buying a home.

The majority of all respondents questioned in the research pointed to the - largely financial - constraints that they felt prevented them from buying a home. These included:

- Not being able to afford mortgage payments (46%)
- Not earning enough money (45%)
- The required deposits being too high (38%)
- Property in their area being too expensive (25%)
- Not thinking they'd be given a mortgage (13%)
- Lack of job security (10%)
- The additional costs involved with buying a property, such as solicitors' fees, mortgage arrangement fees or stamp duty (6%)

For the purposes of the graph (Figure 10), we split out the data by age group to show the differing barriers to homeownership for older survey participants compared with younger participants.

Figure 10: What are the biggest reasons preventing you from buying a property at the moment?^{xiii}



Base: 837 UK potential first-time buyers, aged 18 to 40. Graph shows data split by age. Research carried out between 25th January and 4th February 2016.

Younger participants were more likely to say that not earning enough money or not being able to afford the mortgage payments was preventing them from buying their first home, where as older participants were more likely to say that they didn't think they'd be offered a mortgage, or that required deposits were too high. Older participants were also twice as likely to identify existing debt as a barrier to ownership.

We also split the data by geographical location, gender and whether the participant was a parent to examine how these factors affect barriers to homeownership.

Unsurprisingly, Londoners questioned in the survey were more than twice as likely to say that property in their area was too expensive (46 per cent of potential first-time buyers living in London, compared to 22 per cent of those living in the rest of the UK).

Strikingly, six per cent of respondents said that a key reason preventing them from buying a property at the moment was that they didn't know how to go about applying for a mortgage. This barrier was twice as common among research respondents aged 18 to 24 (9%) compared to those aged 25 to 40 (4%). Women were also twice as likely as men to say that not knowing how to apply for a mortgage was a factor preventing them from buying their first home (8% of women identified this as a barrier, compared to 4% of men).

4 Saving and sacrifices

4.1 Who is trying to save for their first home?

Just under half (44%) of the potential first-time buyers who took part in the research were currently trying to save money in order to buy a home. This is equivalent to roughly 4.1 million 28 to 40-year-olds across the UK.

Unsurprisingly, the closer that people are to buying a home, the more likely they are to be trying to save to buy a property. The vast majority (90%) of people questioned who said they were expecting to buy in the next one to two years, and three-quarters of people surveyed with a realistic plan to buy within three to five years, were currently saving or trying to save money in order to buy a home. Two in five respondents who believed that it would be more than five years until they were able to buy a home were also trying to save. Perhaps more surprisingly, more than a quarter (28%) of survey respondents who doubted that they would ever be able to afford a home said that they were trying to save to buy a property. This reflects the high levels of importance that people continue to place on homeownership, as discussed in [section 2](#) above.

Men were markedly more likely to be trying to save for a home than women. Half of the male potential first-time buyers questioned in the research were currently trying to save for a home, compared to around a third of female first-time buyers. This gender difference is in line with the greater importance that men placed on home ownership (see [section 2](#) of this report). It suggests that gender norms about men being ‘providers’ might still dominate thinking about home ownership among young adults in the UK.

The research also indicated that 25 to 34-year-olds questioned were slightly more likely to be saving for a home than older and younger potential first-time buyers. However, this was largely because respondents in this age range were most likely to have concrete plans to buy. When looking only at those with realistic plans to buy in the next one to five years, 35 to 40-year-olds were most likely to be trying to save.

4.2 Barriers to saving

BARRIERS TO SAVING



9%

end up spending money on other things



9%

have rent that is too high

Base: 450 UK potential first-time buyers aged 18 to 40 who were not currently trying to save for a home. Research carried out between 25th January and 4th February 2016.

Although many of the survey respondents were trying to save for a home, including a substantial proportion of those who were doubtful about this paying off in the near future or at all, more than half (56%) of potential first-time buyers who took part in the research were not currently trying to save to buy a home. Those respondents were asked about the reasons that prevented them from saving.

4.2.1 Competing priorities

The most common reason given by survey respondents for not saving was that owning a home wasn't simply wasn't a priority at the moment (25%). This answer was most common among young participants, with a third of 18 to 24-year-olds questioned who weren't saving saying that it was because saving for a home wasn't important to them right now, compared to one in five 25 to 34-year-old non-savers and one in six of the 35 to 40 group who weren't saving. A further 20 per cent of potential first-time buyers who said that they weren't currently trying to save for a home said that this was because they were saving for other things. This reason was selected by around one in five non-savers across each of the age groups. A further four per cent (six per cent of 18 to 24-year-olds) said that they were not trying to save because they wouldn't need to save - they would be able to afford a home by other means.

4.2.2 Competing demands on incomes

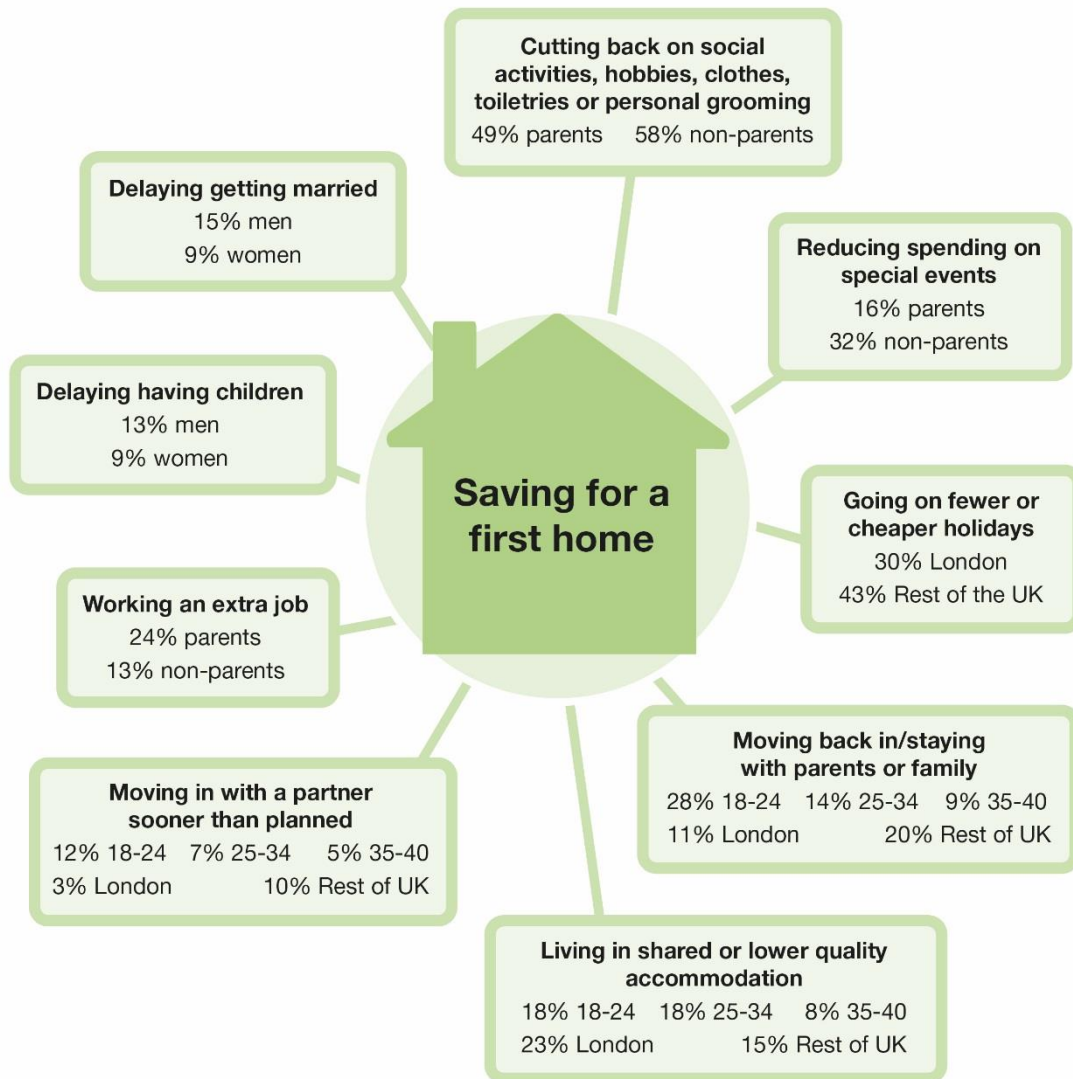
In contrast, at least 43 per cent of people questioned in the survey who were not currently saving for a home felt that they were unable to do so, rather than making a conscious decision not to. A quarter of potential first-time buyers not currently saving for a home said that they weren't able to because their bills or debt repayments are too high. A further nine per cent of participants said that they were unable to save because their rent is too high, whilst an additional nine per cent said that they wanted to save but 'always end up spending [their] money on other things'.

These constraints on saving were most commonly cited by older respondents. More than half of 25 to 40-year-old potential first-time buyers not currently trying to save for a home said that this was because of these other demands on their income, compared to around a third of 18 to 24-year-old non-savers. Many of these older respondents were parents, who had children to provide for. Parents were considerably more likely to say that were unable to save because of other demands on their income (52% compared to 31% of non-parents). The costs involved in raising a family such as providing childcare and opportunities for social and educational development as well as ongoing housing expenses can make it difficult for many renting families to afford a minimum standard of living, let alone to save for a property. The Child Poverty Action Group's latest 'Cost of a Child' report found the *minimum* cost of raising a child from birth to age 18 to be almost £150,000, assuming that the family live in social rented accommodation.^{xiv}

4.3 How do people go about saving for their first home?

We asked the first-time buyers who were trying to save for a first home what they were doing in order to try and save. To examine the competing priorities of different demographics questioned in the survey, the data has been split by gender, geographical location and whether the participant was a parent (Figure 11).

Figure 11: Who is doing what in order to save for their first home?



Source: 387 UK potential first-time buyers, aged 18 to 40, who were currently trying to save for a home. Graphic shows data split by age; gender; parental status; and geographic locale. Research carried out between 25th January and 4th

4.4 What are first-time buyers willing to compromise on in order to buy a home?

We also asked potential first-time buyers what they would be willing to compromise on in order to afford their first home. Figure 12 shows that more than a third (35%) of potential first-time buyers said that they would be willing to move to a more affordable part of the country in order to afford their first home.

Figure 12: Which of the following would you be willing to do in order to afford to buy a home?



Base: 837 UK potential first-time buyers, aged 18 to 40. Graph shows total data. Research carried out between 25th Januarv and 4th Februarv 2016.

We also split the data by demographics, including age and geography. Younger people questioned in the survey were more willing to relocate; around a third of 18 to 34-year-olds were prepared to move to a more affordable part of the country compared to a quarter of 35 to 40-year-olds. Londoners were more likely than people living in the rest of the UK to say that they would be willing to relocate to a more affordable part of the country in order to afford their first home (43 per cent compared to 34 per cent).

These trends corroborate recent research which has found that young Londoners are either considering a move out of London in order to settle down and start a family, or are feeling priced out of the capital altogether (see www.londonischanging.org). However, it is important to note that a significant proportion of the potential first-time buyers questioned in the survey - more than half (57%) of those living in London and two thirds (66%) of those living in the rest of the UK - indicated that they would

not be willing to relocate to a different part of the country in order to buy a home. This includes 66 per cent of those with a realistic plan to move in the next one to two years, and 61 per cent of those planning to move in the next three to five years.

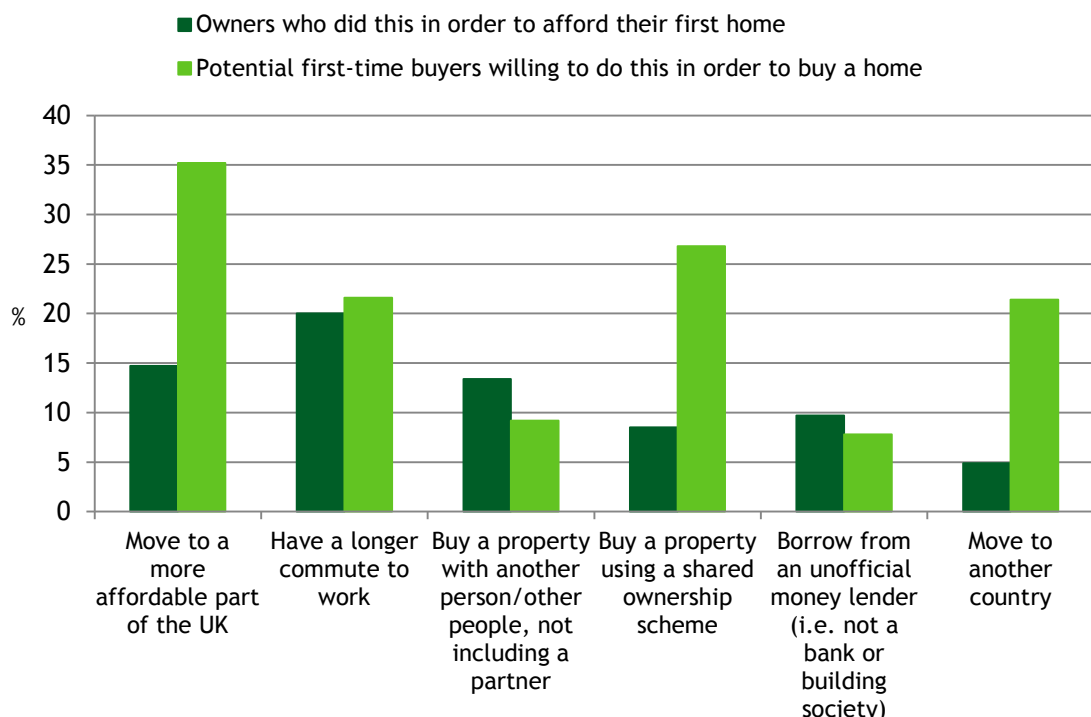
Similarly, some, but by no means all, potential first-time buyers questioned in the survey indicated that they would be willing to have a longer commute to work if it meant that they could afford a first home. Overall, just over a quarter of those who had never owned but were interested in home ownership said that they would be willing to spend more time travelling to work. This rose to a third among 18 to 24-year-olds, but fell to just less than a quarter (23%) among 25 to 34-year-olds and to just over one in five among 35 to 40-year-olds.

One in five potential first-time buyers who took part in the research said that they would be willing to relocate outside of the UK altogether if it meant that they could afford a first home. 18 to 24-year-olds were again most likely to say that they would be willing to do this - around a third of this age group compared to around a fifth of 25 to 40-year-olds.

Around a quarter of potential first-time buyer participants indicated that they would be willing to use a formal shared ownership scheme if it meant that they could buy their first home. A similar proportion of 18 to 24-year-olds also said that they would be willing to buy with a person or people other than their partner in order to afford their first home. However, fewer older participants were willing to consider informal shared ownership - 15 per cent of those in the 25-34 age group and only 9 per cent of those aged 35 to 40.

Fewer than one in ten (9%) potential first-time buyers questioned indicated willingness to borrow from an unofficial lender in order to buy their first property, and this did not differ by age.

Figure 13: Compromises that home-owners had made, compared to willingness to compromise among potential first-time buyers



Base: 837 UK potential first-time buyers, aged 18 to 40, and 1,107 UK adults, aged 18 to 40, who had ever owned a home. Graph shows data split by homeownership. Research carried out between 25th January and 4th February 2016.

We also asked respondents who owned or had owned a home whether they made any of the above compromises in order to afford to buy their first home. The research found that 55 per cent of respondents who had owned a home said that they had done at least one of these things in order to afford their first home. To get a better picture about what first time buyers previously had been willing to sacrifice to get on the ladder and contrast it with what potential first buyers were now willing to do in order to buy their first home, we split the data into responses from homeowners and non-homeowners (Figure 13).

Broadly speaking, the compromises that owners had made were similar to those that prospective buyers said that they would be willing to make. The key difference was that the proportions who had actually made those choices were slightly lower, reflecting how peoples' intentions do not always play out in reality.

The exceptions to this trend among participants related to willingness to relocate (either within or outside of the UK) and willingness to buy using a shared ownership scheme; people were considerably more likely to be willing to make these choices than the proportion actually having done so. It is perhaps unsurprising more people were willing to relocate than actually did so given the ability to move is likely to be constrained by a great number of practical considerations which are not always fully considered until the option approaches reality. This reluctance, or inability, among participants to relocate may have important implications for housing schemes designed to attract first time buyers to new areas of the country. The possibility of owning a home may be a great pull factor, but the relocation may need to outweigh the social and economic implications associated with it. The most common action that people had taken in order to afford their first home was to take on a longer commute to work. Around one in four men and one in six women questioned in the research said that they had made this sacrifice in order to buy their first home.

Fifteen per cent of owners said that they had moved to a more affordable part of the country to afford their first home; more radically, one in 20 said that they had moved to a different country in order to afford a first home.

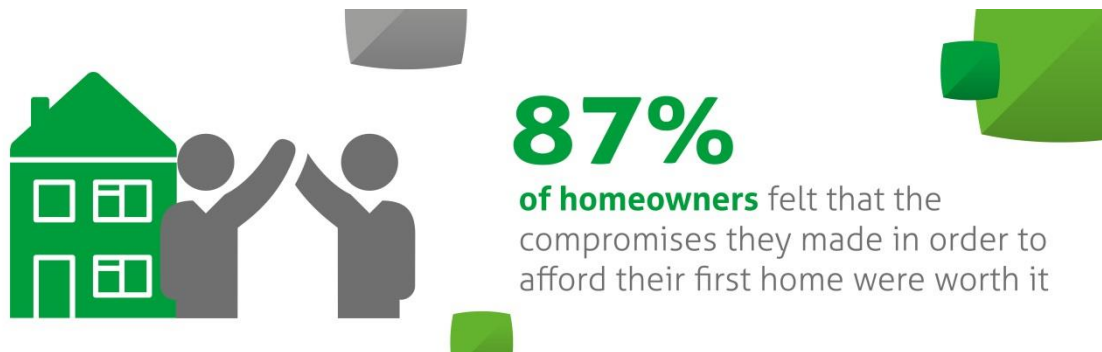
Formal and informal forms of shared ownership were also common strategies that had enabled people to afford their first home. More than one in ten people who had ever owned a home said that they had bought their first home with a person or people other than a partner, and almost one in ten said that they had bought using a formal shared ownership scheme.

Finally, one in ten survey participants who owned or had owned a home said that they had borrowed from an unofficial money lender in order to buy their first home. This is traditionally understood as a sign of financial desperation, although it could also include familial and newer forms of peer-to-peer lending.^{xv}

Although these actions might be understood as 'compromises' or even 'sacrifices', the vast majority - 87 per cent - of homeowners questioned who had taken one or more of these actions in order to afford their first home felt that those choices were worth it. This emphasises the importance that homeowners among this age group place on owning their own home (see [section 2](#) of this report). We split answers to this question by age to compare the differing attitudes of older and younger

participants, and the findings again suggest that older owners place more importance on home ownership. In total, 92 per cent of 35 to 40-year-olds felt that the actions they had taken in order to buy their first home had been worth it, compared to 84 per cent of owners aged 18 to 34.

5 Conclusions



Base: 1,107 UK adults, aged 18 to 40, who had ever owned a home. Research carried out between 25th January and 4th February 2016.

This report has clearly described how homeownership continues to be one of the most important milestones in life for 18 to 40-year-olds living in the UK. Although younger people aged 18 to 24 placed a greater emphasis on education and career, with older 35 to 40-year-olds engaging more with the prospect of getting married or having children, it is home ownership which tops the list as the most important future milestone overall.

There are a number of possible reasons why homeownership was considered so important to 18-40 year olds. The young adults we spoke to generally agreed that home ownership made them feel more settled in an area and was linked with feelings of maturity and success in life. Yet the key reason for the importance placed on ownership appears to be that it is regarded as good financial investment for the future. Unfortunately for first-time buyers, this view is likely to contribute to the demand for ownership which then underpins further increases in prices.

The findings discussed in this report also reveal how expectations regarding the prospect of homeownership differ markedly according to age. Younger adults aged 18 to 25 appear relatively optimistic about their chances of ever owning a property and are more likely to feel as though they will ever own a home, albeit in the knowledge that it will take more than five years to achieve this goal. Meanwhile the older generation aged 35 to 40 are somewhat pessimistic by comparison.

A considerable proportion of non-owners in this age group expect that they won't be able to buy a property unless there is a dramatic shift in the house prices, and they are less likely to say that they will ever own a property. These findings suggest that young people today are willing to play the 'long game' in preparing for home ownership, and are willing to save and make several compromises in their attempt to purchase a property. This contrasts with slightly older people faced with competing priorities and longer-term financial baggage such as debts or bills to pay.

In terms of going about saving for and buying a home, people are willing to make sacrifices to do so. Although the majority of savers were cutting back on household spending, socialising and holidays, around one in ten people had gone as far as delaying getting married or having children in order to save money. However, an overwhelming 87 per cent of those questioned who had made such sacrifices to own their home proclaimed that it was worth it in the end.

Nevertheless, there are some sacrifices that many are unwilling to make which may be of interest to policy-makers targeting interventions in the housing market. For instance, housing initiatives today should consider that a sizeable proportion (65%) of people aged 18 to 40 who responded to this survey were unwilling to relocate in order to purchase a home. This sends an important message to national programmes investing in the building of new housing stock. Such schemes might relieve local pressures, but could have a more limited influence on attracting new residents from elsewhere.

6 Appendix - Data tables

Table 1: Tenure of respondents	
<i>Base: All respondents</i>	%
Do you...?	
Own your property (outright or with a mortgage or loan)	48
Part own and part rent your property (shared ownership)	2
Rent your property from the council or from a housing association	12
Rent your property from a private landlord	22
Live with family or friends, but pay them rent	7
Live with family or friends rent-free	8
Other (please state)	1
Prefer not to say	0
<i>Base</i>	<i>2017</i>

Table 2: Past ownership among non-owners	
<i>Base: All non-owners.</i>	%
Have you ever owned a residential property, including with a mortgage or loan (and including part or shared ownership)?	
Yes, I own or used to own a residential property in the UK	5
Yes, I own or used to own a residential property outside of the UK	5
No, I have never owned a residential property	86
Prefer not to say	4
<i>Base</i>	<i>1005</i>

Table 3: Preferred tenure

Base: All respondents.

Which of these, if any, is the type of housing that you would most like to live in long term? %	Own your property (outright or with a mortgage or loan)	Part own and part rent your property (shared ownership)	Rent your property from the council or from a housing association	Rent your property from a private landlord	Live with family or friends, but pay them rent	Live with family or friends rent-free	Other	<i>Bases</i>
Owner	96	3	1	0	0	0	0	1003
Non-owner	62	3	11	161	4	2	0	1005
18-24	72	4	7	10	4	2	0	453
25-34	78	3	6	9	1	1	0	943
35-40	81	2	5	8	2	0	1	621

Table 4: Relative importance of ownership compared to other milestones

Base: All respondents.

Please rank the following milestones in order of how important they are to you. [top ranked] %	Owning a property	Getting married	Having or adopting children	Achieving career aims	Achieving educational aims	<i>Bases</i>
Owner	29	20	20	15	15	1003
Non-owner	19	15	15	23	28	1005
Male	27	19	14	21	19	876
Female	21	15	20	18	26	1141
18-24	15	14	10	25	37	453
25-34	27	19	20	18	17	943
35-40	29	18	22	16	16	621

Table 5: Owning my property means/would mean it feels more like home*Base: All respondents.*

How much do you agree or disagree with the following statements? “Owning my property means/would mean it feels more like home.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	43	38	14	4	1	453
25-34	44	35	17	3	2	943
35-40	47	33	13	5	3	621
Owner	51	34	12	3	1	1003
Non-owner	39	36	17	5	2	1005

Table 6: Owning my property means/would mean I feel more settled in an area*Base: All respondents.*

How much do you agree or disagree with the following statements? “Owning my property means/would mean I feel more settled in an area.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	35	42	16	6	1	453
25-34	34	40	20	5	2	943
35-40	38	37	21	3	3	621
Owner	40	43	14	3	1	1003
Non-owner	30	38	23	6	3	1005

Table 7: Owning my own home is/was essential to feeling I have succeeded in life

Base: All respondents.

How much do you agree or disagree with the following statements? “Owning my own home is/was essential to feeling I have succeeded in life.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	33	40	20	5	1	453
25-34	30	37	24	6	3	943
35-40	30	38	23	8	4	621
Owner	35	41	19	4	0	1003
Non-owner	27	36	25	8	0	1005

Table 8: Owning my home would make/made me feel grown up

Base: All respondents.

How much do you agree or disagree with the following statements? “Owning my home would make/made me feel grown up.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	40	41	15	3	2	453
25-34	33	40	21	5	2	943
35-40	29	37	24	6	4	621
Owner	39	40	16	3	1	1003
Non-owner	30	39	23	5	3	1005

Table 9: Owning my own home is/would be a good financial investment for the future

Base: All respondents.

How much do you agree or disagree with the following statements? “Owning my own home is/would be a good financial investment for the future.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	41	40	15	2	1	453
25-34	44	37	16	2	1	943
35-40	48	32	16	2	2	621
Owner	48	35	14	2	1	1003
Non-owner	41	38	17	2	1	1005

Table 10: It is/was important to me that I own/owned my own home before having children

Base: All respondents.

How much do you agree or disagree with the following statements? “It is/was important to me that I own/owned my own home before having children.” %	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Bases
18-24	30	34	26	7	2	453
25-34	25	30	28	12	6	943
35-40	25	26	30	12	7	621
Male	25	31	32	9	4	876
Female	29	29	24	12	6	1141
Owner	34	33	25	6	2	1003
Non-owner	21	27	31	14	8	1005

Table 11: Whether non-owners want to own a home*Base: All respondents who have never owned a home.*

Whether respondent would ever like to own a home %	Yes / Maybe	No	Bases
18-24	96	4	453
25-34	97	3	943
35-40	92	8	621

Table 12: Stages on the journey to ownership*Base: Potential first-time buyers - All respondents who have never owned a home, but would or might like to in the future.*

Which of the following statements best describes your situation? %	I have a realistic plan to buy within the next 1-2 years	I have a realistic plan to buy within the next 3-5 years	I would like to buy, but think it will be more than 5 years before I am able to do so	I would like to buy a home, but don't think I will ever be able to unless there is a dramatic downward shift in house prices	I might like to buy a home one day, but it's not something that I'm thinking about at the moment	Bases
18-24	10	18	46	9	17	300
25-34	13	19	28	22	18	374
35-40	8	21	20	31	20	163

Table 13: Perceived likelihood of owning a home*Base: Potential first-time buyers - All respondents who have never owned a home, but would or might like to in the future.*

Thinking about the same milestones, please indicate how likely you think it is that you will achieve them Owning a home. %	Very unlikely	Unlikely	Likely	Very likely	Bases
18-24	4	15	52	29	300
25-34	12	29	40	19	374
35-40	19	30	34	18	163

Table 14: Barriers to ownership

Base: Potential first-time buyers - All respondents who have never owned a home, but would or might like to in the future.

What are the biggest reasons preventing you from buying a property at the moment? Please select up to 3 reasons. %	I can't afford the mortgage payments	The required deposits are too high	Property is too expensive in my area	Stamp duty	I don't earn enough money	Lack of job security	I don't think I'd be given a mortgage	I don't know how to go about applying for a mortgage	Extra fees (such as solicitors' or mortgage arrangement fees)	I have too much existing debt	I don't think I could find the right property	I'm not interested in buying a property at the moment	Other	<i>Bases</i>
18-24	53	25	22	1	52	10	5	9	6	5	4	24	5	300
25-34	42	48	28	5	42	11	18	4	8	11	4	7	2	374
35-40	41	46	26	2	38	10	24	3	7	11	4	5	2	163
Male	45	35	26	4	42	10	13	4	6	7	4	11	2	343
Female	48	41	24	2	48	11	14	8	8	9	3	16	4	494
London	43	40	46	4	41	3	8	3	6	4	2	16	3	106
Rest of UK	47	37	22	3	46	12	14	6	7	9	4	14	3	731

Table 15: Whether potential First-time buyers are currently trying to save for a home

Base: Potential first-time buyers - All respondents who have never owned a home, but would or might like to in the future.

Are you currently trying to save money in order to buy a home?	% trying to save	Bases
18-24	42	300
25-34	46	374
35-40	43	163
Male	50	343
Female	38	494
Respondents with realistic plan to buy within the next 1-2 years	90	104
Respondents with realistic plan to buy within the next 3-5 years	75	158
Respondents who would like to buy, but think it will be more than 5 years before able to do so	39	286
Respondents who would like to buy a home, but don't think will ever be able to	28	155

Table 16: Barriers to saving

Base: Potential first-time buyers not currently saving for a home.

You indicated that you are not currently saving to buy a home. Which of these reasons best explains why you are not doing this? %	Saving for a home is not important to me right now	I am saving for other things	I want to save but I always end up spending my money on other things	I can't save because my rent is too high	I can't save because my bills or debts are too high	I don't need to save for a home - I will be able to buy a property by other means	Other (please specify)	<i>Bases</i>
18-24	34	21	8	8	15	6	7	171
25-34	20	20	12	9	31	4	5	183
35-40	17	19	8	12	35	1	8	96
Parent	34	21	8	8	15	6	7	129
Non-parent	20	20	12	9	31	4	5	321

Table 17: Strategies for saving

Base: Potential first-time buyers currently saving for a home.

Are you currently doing any of the following in order to try to save money to buy a home? %	Spending less on social activities, hobbies, clothes, toiletries or personal grooming	Going on fewer/ cheaper holidays	Spending less on Christmas/ special cultural or religious events, birthdays or other special events	Moving back in with family/ living with parents for longer than planned	Moving in with a partner earlier than you would have planned	Living in lower quality or shared accommodation to save on rent	Working an extra job	Delaying getting married	Delaying having or adopting children
18-24	53	41	28	28	12	18	14	8	13
25-34	57	41	31	14	7	18	18	17	12
35-40	54	39	20	9	5	8	17	11	8
Male	53	42	28	19	9	19	16	15	13
Female	58	39	26	18	8	13	16	9	9
Parent	49	40	16	13	4	10	24	10	5
Non-parent	58	41	32	21	11	19	13	13	14
Greater London	56	30	31	11	3	23	17	10	11
Rest of UK	55	43	26	20	10	15	16	12	12

Table 18: Willingness to compromise in order to buy a first home

Base: Potential first-time buyers - All respondents who have never owned a home, but would or might like to in the future.

Which of the following would you be willing to do in order to afford to buy a home? %	Move to a more affordable part of the UK	Have a longer commute to work	Buy a property with another person/other people, not including a partner	Buy a property using a shared ownership scheme	Borrow from an unofficial money lender (i.e. not a bank or building society)	Move to another country	None of the above	<i>Bases</i>
18-24	39	33	24	20	8	25	16	300
25-34	36	23	15	25	10	16	30	374
35-40	24	21	9	25	8	21	36	163
Greater London	43	28	18	26	12	26	17	106
Rest of UK	34	26	17	22	9	20	26	731

Table 19: Compromises made in order to buy a first home

Base: All respondents who have ever owned a residential property.

Which of the following, if any, did you do in order to afford to buy your first home? %	Moved to a more affordable part of the UK	Had a longer commute to work	Bought a property with another person/other people, not including a partner	Bought a property using a shared ownership scheme	Bought from an unofficial money lender (i.e. not a bank or building society)	Moved to another country	None of the above	Bases
Male	16	24	17	9	11	5	16	504
Female	13	16	9	8	9	5	13	603

Table 20: Whether compromises made to buy first home were worth it

Base: Respondents who compromised in order to buy their first home.

In your opinion, was that choice/were those choices worth it? %	Yes	No	Bases
18-24	84	17	87
25-34	85	15	311
35-40	92	8	182

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- ⁱ Corlett, A., Finch, D. and Whittaker, M. (2016) Living Standards 2016: The experiences of low to middle income households in downturn and recovery. London: Resolution Foundation.
- ⁱⁱ National Housing Federation, Broken Market, Broken Dreams, 2014.
- ⁱⁱⁱ CML, First-time Buyers, new mortgages and affordability, UK, 2016.
- ^{iv} Analysis of ONS House Price Index, December 2015 and Annual Survey of Hours and Earnings, 2015 provisional results: table 1.7a.
- ^v Analysis of ONS House Price Index, December 2015 and Annual Survey of Hours and Earnings, 2015 provisional results: table 1.7a.
- ^{vi} House of Commons Library, Stimulating housing supply - Government initiatives (England), December 2014.
- ^{vii} DCLG English Housing Survey, 2014.
- ^{viii} DCLG English Housing Survey, 2014.
- ^{ix} DCLG English Housing Survey, 2014.
- ^x Blackwell, A. and Jessop, C. (2014) The Reality of Generation Rent: Perception of the first-time buyer market. London: NatCen and Halifax.
- ^{xi} ONS [Office for National Statistics] (2014) Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2014. Accessed 02/03/16. Available at <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-368259>.
- ^{xii} For a similar analysis, see Corlett, A., Finch, D. and Whittaker, M. (2016) Living Standards 2016: The experiences of low to middle income households in downturn and recovery. London: Resolution Foundation.
- ^{xiii} Note: respondents were able to select more than one reason, and so totals add up to more than 100%.
- ^{xiv} Hirsch, D. (2015) The Cost of a Child in 2015. London: Child Poverty Action Group.
- ^{xv} Humphrey, A. and Scott, A. (2013) Support for First-time buyers London: NatCen and Shelter.