



FOR THE FEW NOT THE MANY

How the 2021 property boom boosted
home ownership inequality

November 2021



LATIMER
by Clarion Housing Group

A YEAR OF TWO HALVES - MORE WEALTH FOR HOMEOWNERS WHILE FIRST TIMERS PRICED OUT



The housing market is currently buoyant on a sea of conflicting variables.

When the pandemic hit in March 2020, home became where we worked, rested and played. For many, this drove dissatisfaction in their current space and caused lots to dream of buying their own home, or upgrading to a larger property.

The government has placed a lot of responsibility on the housing market to boost the nation's economy with the stamp duty holiday – initially announced in July 2020 – encouraging thousands to re-evaluate and accelerate their buying plans, and move to new homes now. The past 12 months have truly been a sellers' market.

But this increased demand hasn't been matched with supply. The pandemic has slowed the completion of many new build developments, while the competition for older homes has been fierce, leading to brutal bidding wars which far exceed asking prices. For many buyers desperately wanting to move, there simply hasn't been properties available to them, which meet their needs.

And while the stamp duty break has been welcomed by many families already on the property ladder and wanting a bigger space, for most first time buyers, little changed. In fact, with more stringent mortgage requirements with regard to deposits and income, many have found themselves locked even further out of a market which was already difficult to access.

The combination of these pressures has resulted in growth over the past 12 months. But as things settle back down, the stamp duty holiday ends and Help to Buy fully finishes in March 2023, it is difficult to predict whether this trajectory will continue.

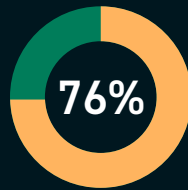
So where does the housing market go now? And how do those that support it – developers, mortgage providers, estate agencies and Government – ensure it is capable of meeting buyer demands?

As a developer, we believe to best support the market, we must first fully understand how buyers are currently perceiving the market, what obstacles they might be facing to purchasing a new home and what their buying drivers are. We have sought to recognise this by conducting careful and thorough research into buyer trends and perceptions, so we can actively shape our own business strategy alongside.

This report will examine current public attitudes towards the housing market, how these have been impacted by the course of coronavirus, how they are set to change as we move post-pandemic, and crucially, how developers like Latimer, and other key players in the sector, can support more people onto the property ladder in homes they love.

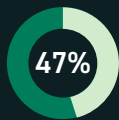
Richard Cook,
Group Development Director at Latimer

IMPACT OF PANDEMIC



said the pandemic has had a negative impact on their ability to buy a home

DELAYS

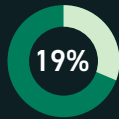


have delayed their home buying or moving plans



1 in 5

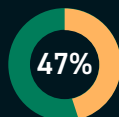
say Covid has delayed their plans by 2-3 years



said negative impact on personal income was the main factor



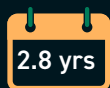
SAVING



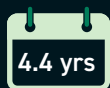
of first time buyers said they had been saving for a deposit for between 1 and 4 years

1 in 3

saved for more than 3 yrs



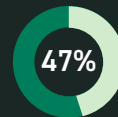
UK average time spent saving for a deposit



average time spent saving in the South East, where prices are highest



GETTING ON THE LADDER



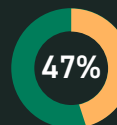
of the UK don't think the housing ladder is accessible for young people

2 in 5

think government schemes can help people get started



don't know enough about the Shared Ownership scheme to have an opinion on it



of 16-24 yrs olds find the process confusing

2 in 5

say they would be nervous taking out such a big loan



STATE OF THE NATION -

OUR FINDINGS

Covid-19 has had a huge financial impact on many. With whole industries such as hospitality, travel, retail and beauty on their knees, millions of jobs were furloughed and many were lost altogether. The resulting economic squeeze, along with rocketing house prices, has left many unable to access the property ladder or to upsize their homes for much-needed additional space.

76% of people looking to buy in the next five years said that the pandemic had had a negative impact on their ability to buy a home, with reasons varying from impact on personal income to health concerns. A fifth felt their purchase or move had been delayed by at least 2-3 years.

Only 21% of 16-24 years olds think they'll be able to afford a mortgage deposit without any help.

ESCAPE TO THE COUNTRY

Those who are moving are completely rethinking what they need from a home.

Many househunters are turning their backs on the suburbs for more space in the countryside. Outdoor space (46%), high speed broadband (30%) and proximity to shops and amenities or friends and family (both 29%) topped the list of 'must-haves' that have become more important to Brits during the pandemic.

Almost a quarter (24%) say living in a city is less important to them now, while one in five (19%) say they no longer need to be near a commuter route. Generationally there was a clear variance here - those aged 45+ say it is less important to them now to live in a city or near a commuter route, while younger people are still drawn to the social aspects and convenience of city life.

Women were significantly more likely to say outdoor space (53% vs 39% for men) and living close to friends and family (37% vs 21% for

men) had become more important to them since the Covid outbreak. It is well documented that a majority of caring responsibilities fell to women during the pandemic, so perhaps unsurprising that outdoor space to entertain children and proximity to a support network is important to them.

Despite the increasing trend for home renovations, 44% said they would prefer a home that was completely ready to move into, with 28% saying they lack the skills to renovate a property themselves. There's a clear generation gap, with Gen Z and Millennials expressing a preference for renovation project but lacking the budget to take one on, while older generations have the cash but lack the inclination.

MOST WANTED

2/3

1. Garden



51%

2. Master bedroom en suite



50%

3. Off street parking



49% 4. Spare bedroom



42% 5. Utility room



LOCATION, LOCATION, LOCATION



1 in 4

say living in a city is less important



1 in 5

no longer need to be near a commuter route

23% of people who have moved since March 2020 did so to be closer to friends and family

MUST HAVE FEATURES

57%

are on the lookout for a modern kitchen



51%

will consider sustainability features in their next home

31%

need a study or office



RENOVATIONS



44%

want a home that's ready to live in

28%

lack the skills for a big renovation



1 in 5

would choose a new build over a doer upper

GOING GREEN

Consumers are increasingly expecting and demanding sustainability in most aspects of their lives, particularly when it comes to younger millennials and Gen Z. While some work can be done to retrofit existing housing stock, this is an area where developers and housebuilders need to ensure that sustainability and efficiencies are built in from day one.

51% of those who expect to move home at some point, say that they will consider sustainability as part of their decision making. A modern boiler topped the list of desired sustainable housing features (56%) followed by energy efficient insulation, energy efficient appliances, solar panels, smart thermostat, and systems to reduce water usage. Only a quarter of respondents said an electric car charging port would be important to them, a surprise given the expected obsolescence of petrol cars.



AFFORDABLE HOME OWNERSHIP

Our research showed that awareness of affordable home ownership schemes was still relatively low – with 31% of people saying they don't know enough about Shared Ownership for example.

Last year, we looked into general awareness around this specific scheme and were surprised to find that, while 85 per cent of respondents had heard of Shared Ownership before, less than two thirds knew the basic fundamentals of how it worked. Most shockingly, a quarter believed it involved physically sharing a house with someone.

We also uncovered a large gap in awareness between those in the north of the country, compared to the south, where the tenure is used more commonly as a route around the capital's expensive property prices.

Our latest research, reflected in this report shows that there has never been more requirement for affordable homes, particularly for first time buyers who have been priced out of the market or those looking to start again after major lifechanges such as a relationship breakdown.

Along with the Help to Buy: Equity Loan and Help to Buy ISA, Shared Ownership is a Government scheme designed to widen access to the property ladder. It means purchasing a portion of a home, e.g. 30 per cent, either in cash, or more commonly, with a mortgage and deposit – as with traditional home ownership. You then pay rent on the remaining portion of your home, along with any service charge fees.

And if you'd like to increase your share over time, you can. Known as 'staircasing', this involves buying more equity in your home – either in increments, or all at once.

Latimer is the largest builder of homes available via Shared Ownership in the UK. We are committed to offering more than 2,500 homes available through Shared Ownership over the next two years, with increases to this number expected as our plans progress. We believe more access to this tenure will be a major driver in significantly increasing homeownership across the UK.

SHARED OWNERSHIP DELIVERS SERENE VIEWS FOR NATURE LOVING MOTHER AND DAUGHTER



When Ewa Nowicka (40) separated from her partner during the first lockdown in 2020, her first priority was to find a stable, spacious home for herself and her five-year old daughter, Carmen.

While Ewa thankfully had enough money saved to contribute to a deposit, she was struggling to find a place in London that had enough room for her and Carmen, and was affordable on her own.

Discussing her purchase, Ewa explains: "Having a proper place to call home is so important, particularly after spending so much time indoors throughout the pandemic. I'm a Credit Controller by profession, so I've always been good at saving for a rainy day and I'm so glad I had enough for a deposit – but it just wasn't enough to be able to buy the home we wanted outright."

She had heard of Shared Ownership as a way to get on to the property ladder with a smaller deposit, and after discovering Latimer's Liberty Wharf development – a collection of 135 affordable homes in Alperton, Brent and overlooking the Grand Union Canal – she knew she'd found the perfect place to call home.

"As soon as you enter the courtyard, you're transported to a space that is peaceful and serene, it doesn't feel like London. The scenery is beautiful, and there is always something to look at. For us, being close to a natural environment has always been important for our happiness, but even more so now we know what it's like not to be able to go outside. So when I saw the abundance of nature here, I was immediately sold."

"Being one of the first to purchase at Liberty Wharf meant I had the pleasure of choosing our plot from a brilliant choice of apartments and aspects. I knew that I wanted to have an outlook of the canal and luckily I managed to secure an apartment with long ranging views from the balcony. Having space for friends to visit as well as room for Carmen to play was a priority."

"From our balcony we can watch the most beautiful sunsets and my daughter is always pointing out different birds. At Liberty Wharf, every day is an adventure" continues Ewa.

Since moving in this March, Ewa has been busy making the home her own. She explains: "Thankfully, lockdown restrictions have eased since we have moved in and our friends have been over for coffee or to relax on the balcony. They're all really impressed with my home, they say I have done well as a single mum to secure such a beautiful apartment in a beautiful location! I have agreed with work that I will continue to work remotely, I put my music on, watch the birds and look at the canal, it makes me productive – I can't imagine being in an office again."

"Also, a huge regeneration plan is underway here in Alperton, which means there will be new shops and restaurants opening nearby. In the meantime, the local area has plenty to keep us occupied and Ealing Broadway and Wembley are also nearby. I couldn't be happier with our new home!" concludes Ewa.

AFFORDABLE HOMES

THE ROUTE TO A SUSTAINABLE HOUSING MARKET



In order for all generations to succeed in achieving the dream of owning their own home, it's clear that there needs to be a shift in housing provision on a large scale.

We passionately believe that new housing developments should include a healthy distribution of both private sale and affordable homes, to ensure we provide accessible options for all. Some of our live schemes currently include up to 60% of much needed affordable homes, including those for affordable rent, social rent and shared ownership.

At Latimer we are committed to building high quality homes of all tenures. We believe in mixed communities, where people living in social housing, shared ownership and homes for private sale live together. Profits made from the sale of private homes do not go to shareholders, they are reinvested back into delivering more affordable housing.

We are fully committed to ensuring that anyone can enjoy the security of a high-quality home in our developments, which is why we ensure a healthy proportion of affordable homes on a variety of tenures throughout our development pipeline.

While Covid-19 has affected every sector in some way shape or form, it has had a huge impact on the property market. There has been intensely heightened demand due to people desperate to move to bigger, better spaces and not enough affordable housing options to help people take this step.

It has truly been a sellers' market and the ones who have lost out are those not already on the ladder who now face an even harder battle to get there.

What is important is that developers are fully aware of consumer demands so they can flex the supply of new homes accordingly – this is why we've conducted this research.

As an industry, we now need to come together and make sure we're doing all we can to help more buy the homes they want – whether that's increasing the pipeline for affordable tenures like Shared Ownership, easing up borrowing limits for new buyers, or unlocking brownfield sites to build new homes in desirable locations.

Richard Cook,
Group Development Director at Latimer