

# THE HOME OWNERSHIP ASPIRATIONS SURVEY

LONDON | MARCH 2018



# INTRODUCTION

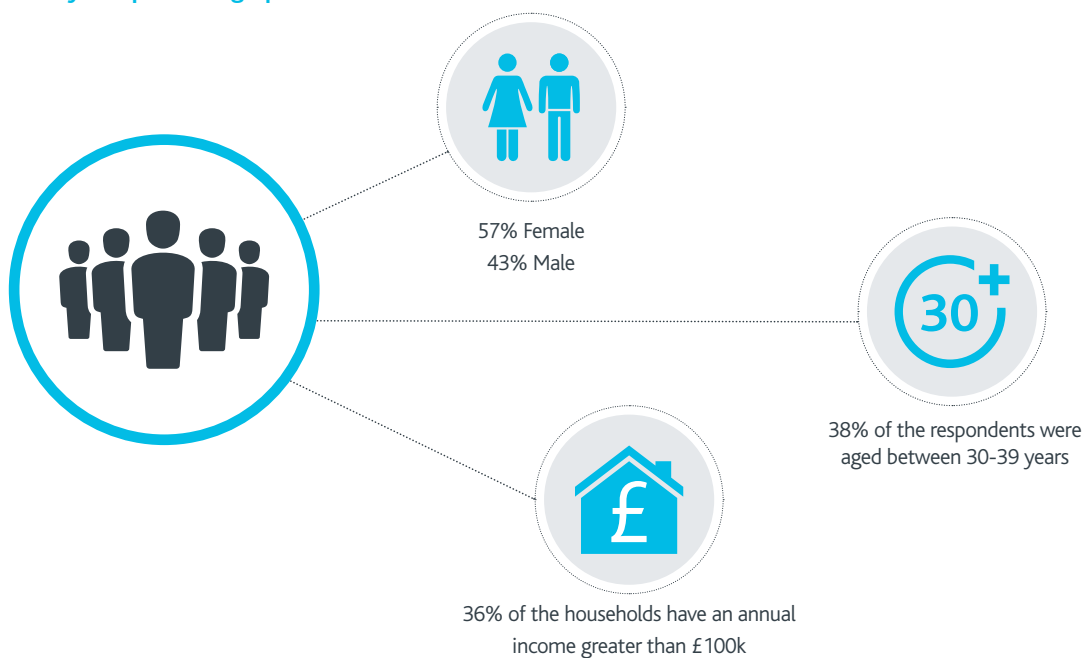
Runaway house price growth in London and the subsequent impact on households' ability to step on to the property ladder is a well-documented phenomenon. Indeed, our London Migration Study, published at the end of last year, proved scientifically that households in general are being priced out of many prime Central London locations.

This in turn is forecast to drive up residential migration to areas with more affordable house prices. However, with half of all Londoners now tenants and 60% of this cohort renting out of choice, understanding the dynamics at play on the road to home ownership is both complex and fascinating.

In an attempt to delve deeper in to the changing composition and home ownership aspirations of the ever expanding 'Generation Rent' class across London, we conducted a survey of 306 households across the city during January 2018. Below we present the key findings from our survey.

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## Survey sample demographics



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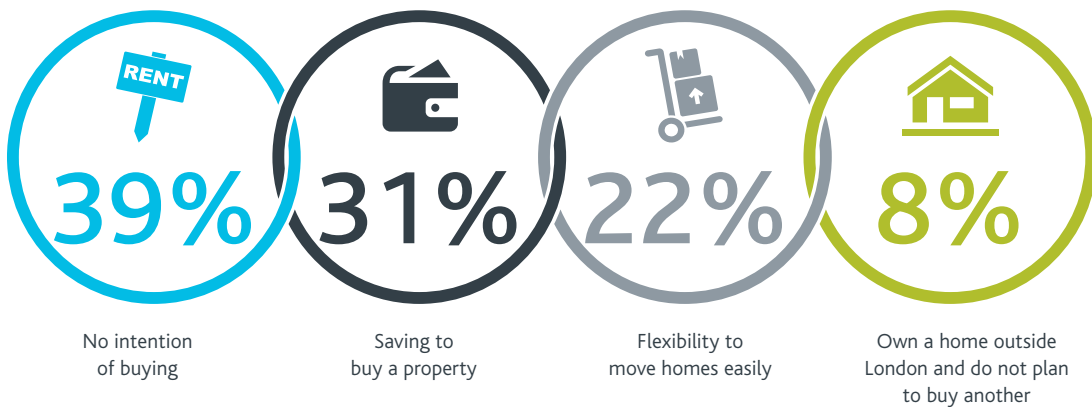
Source: Cluttons

# KEY FINDINGS

## Flexibility a big draw for renters

Although close to a third of the respondents surveyed indicated that they were saving to buy a home in the near future, a slightly higher proportion (39%) of our sample claimed to have no intention of ever buying a home. 24% said that they enjoy the flexibility afforded by renting, with the ease of being able to switch between properties cited an attractive feature of renting.

### Reasons for renting in London



Source: Cluttons

## Home purchases delayed by two to five years

When it comes to transitioning to owner occupation, aspiring home buyers are faced with the fatal combination of weak wage growth and record inflation, which is further exacerbated by house prices that are well out of kilter with average earnings. Clearly this has the effect of pushing the home ownership dream even further out of reach for many.

In our survey, it was unsurprising to discover that the majority (37%) of people saving to buy a home intend to make a purchase within the next two to five years; while a third of respondents intend to purchase in the next 12 months. The rest are looking at a one to two-year period before being able to purchase.

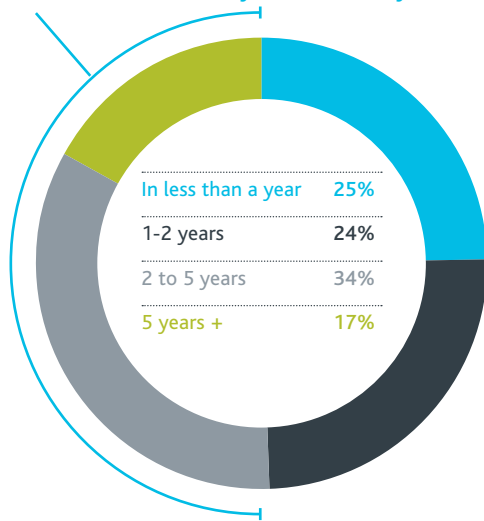
## Budgets and deposits

In terms of budgets, half of all households surveyed expect to spend between £250,000 and £500,000 on their home purchase, with half of all respondents also aiming to avail of the Help to Buy scheme. A little over a third of households (34%) have budgets of between £500,000 and £750,000.

48% of the respondents indicated that they expected to put down at least 10-15% of the property value as deposit. This further explains the delayed timelines for planned purchases as those planning to buy a property valued between £250,000 and £500,000 will have to save between £30,000 to £75,000 before being able to buy a home. Furthermore, with house price to earning ratios in London standing at between 12 to 50 times annual income levels, it is clear that affordability challenges will continue to delay or stall the transition to owner occupation.

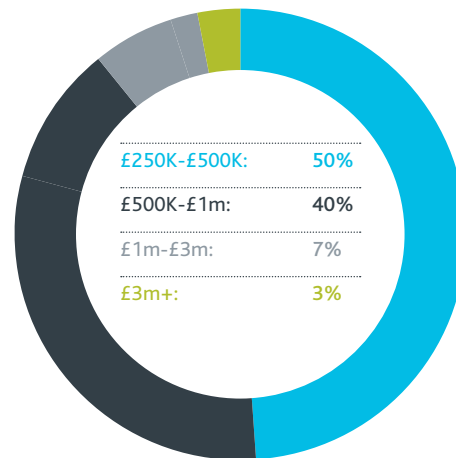
**Expected timelines for purchase**

51% do not intend to buy for another 2 years



Source: Cluttons

**Expected budget**



Source: Cluttons

**Expected deposit as a share of property value**



26%

< 10%



43%

10%-15%



17%

15%-20%



14%

More than 20%

Source: Cluttons

**High Speed Broadband most preferred specification**

Away from budgets and planned purchasing timelines, 84% of the total sample rated access to high speed broadband as the most important factor during the selection of their home to purchase, followed by high spec kitchens (78%) in second place and storage space (76%) in third place.

In contrast, some of the least important features included amenities such as swimming pools (16%), gyms (27%) and bike storage areas (24%).

The importance of good connectivity to aspiring home owners mirrors the results from our recent survey of prime Central London households, published in Cluttons' London Connectivity Report, which found that 72% of tenants would consider both broadband and mobile coverage as important factors while selecting their next rental property.

**Most preferred amenities for next property**



High speed broadband	84%
High spec kitchen	78%
Storage space	76%
High spec bathroom	75%
Mobile reception	74%

**Least preferred amenities for their next property**



Concierge	35%
Garage	32%
Gym	27%
Bike store	24%
Pool	15%

Source: Cluttons



# CONCLUSION

The survey results underscore the deep underlying desire of London's residential tenants to transition to owner occupation. High property prices and years of strong capital value growth are of course barriers to achieving this. Indeed, ballooning deposit sizes further delay purchases or place aspiring buyers in to longer than planned holding patterns.

With available budgets only allowing for purchases beyond most prime Central London locations, it appears that many households will remain tenants for longer than planned. For landlords and developers, the opportunity lies in catering to the expectations of tenants, particularly Generation Rent. This group, increasingly comprised of Millennials, have high expectations when it comes to connectivity at home, along with the quality of amenities offered.

For those looking to buy their first home, the perennial issue of London's unaffordable housing stock means that developers have a large untapped segment of the population to cater to; however high land values and planning issues around density often mean that luxury high-end developments are the only financially viable option.

However, with the growing glut of recently completed, unsold high-end homes in the capital, it is likely to be a matter of time before planning rules, government policy, or both, force a closer examination of how best to address London's housing crisis. For now, with most new build stock in Central London geared towards international buyers, there remains a disconnect between domestic buyers expectations and the type of homes being delivered.



For further details contact

Faisal Durrani  
Head of research  
Cluttons  
+44 (0) 20 7647 7166  
faisal.durrani@cluttons.com

James Hyman  
Head of residential  
Cluttons  
+44 (0) 20 7407 3669  
james.hyman@cluttons.com

Einar Roberts MRICS  
Partner – Head of residential consultancy  
Cluttons  
+44 (0) 20 7647 7128  
einar.roberts@cluttons.com