



BARRATT
DEVELOPMENTS PLC

GENERATIONAL FRICTION BUILDS AS YOUNG ARE LOCKED OUT OF HOME OWNERSHIP

Release time: immediate.

A MAJOR new poll of British attitudes to housing trends has revealed that growing intergenerational tension and long-term social problems will be the likely outcome if young people continue to be locked out of home ownership.

Young adults are more attached to the idea of owning their own home than any other age-group, with 86 per cent of under-30s identifying it as a key priority in life. This was higher than the percentage rating job satisfaction (76 per cent) or the amount of their disposable income (57 per cent) as such an important life goal.

But young people are often unable to take their first step on the property ladder and the average age of an unassisted first-time buyer is now 37.

According to the findings from the Barratt HomeBuyers' Panel, almost two thirds (65 per cent) of people under the age of 30 believe that they cannot afford to buy a home as big as the one which their parents lived in at the same age. This figure rises to 75 per cent in the South East.

Young adults increasingly resent the housing wealth acquired by the over-40s.

Some 44 per cent of respondents aged between 18 and 29 describe the housing wealth which the generation over 40 has accumulated because of rising house prices as 'unfair'. By contrast, only 10 per cent of respondents aged between 40 and 65 agreed.

People under the age of 30 are more opposed than any other age group to 'Continental' models of tenure in which families routinely rent for the duration of their adult lives.

Some 90 per cent of respondents aged between 18 and 29 would not be happy if they had to live in rented accommodation for the rest of their working lives. 64 per cent say that they would not be happy to start a family while they were renting and 43 per cent would not be happy to get married until they owned their own home.

A large majority across all age groups think the housing crisis will get worse rather than better. 61 per cent agreed with the statement 'In 20 years' time it will be even more difficult for people to get on the housing ladder than it is today'. Only nine per cent disagreed.

The Barratt HomeBuyers' Panel is the second annual survey by the independent polling firm ComRes. A total of 2,465 individuals took part in the research.

Mark Clare, Chief Executive of Barratt Developments PLC, said: "The findings from this nationwide poll illustrate the extent of the housing crisis facing Britain and the depth of the public policy challenges we now have to tackle as a result."

"Signs of friction between the generations are now starting to emerge as a direct consequence of relative housing wealth. Significant numbers of people - especially those under the age of 30 - appear to be delaying key life decisions such as starting a family because they cannot take that all-important first step on the housing ladder."

"Because home ownership is becoming more not less difficult, it is likely that these problems will become still more acute in the decade ahead."

"There is no silver bullet which will solve the problem overnight but there are steps which can be taken."

"Without doubt, making mortgage finance more readily available to creditworthy first-time buyers should be top of the list. It cannot be right that people in their 30s with good jobs and good credit histories are having mortgage applications turned down. I am pleased that Government has rightly identified this as an urgent problem and is meeting the banks next month to assess what can be done."

"The Coalition has said that the success of its housing policies will be judged on whether they lead to more new homes being built. We want to work with them to make that happen."

The current barriers to getting onto the property ladder are considerable. According to the Chartered Institute of Housing the deposit now required to buy a new home is at a 40-year high, with first-time buyers being asked to fund on average 30 per cent of the purchase price.

The HomeBuilders Federation has estimated that first-time buyers would have to save 45 per cent of their net income every month for five years to afford a deposit for the average starter home. In London and the South-East the figure rises to 60 per cent.

This has resulted in a major reduction in numbers buying their first home. There are now around 200,000 first-time buyers a year compared with around 600,000 a decade ago, according to the Council of Mortgage Lenders. But fewer new homes were built in 2009 than in any year since 1924 and industry analysts do not expect a major uplift in volumes in the near future.

In other findings:

- Young adults would by a large majority sacrifice going to university if that was the only way to afford home ownership. When asked to choose between becoming a home owner and going to university – the exact dilemma facing university students who may have to take-on decades of debt to pay for tuition fees – 65 per cent of 18-24-year-olds chose home ownership. Only 20 per cent preferred going to university.
- The expectation that house prices will continue to rise is particularly entrenched among younger homebuyers. 64 per cent of homebuyers aged between 18 and 29 expect prices to keep going up.
- This compares with 53 per cent of homebuyers of all ages who expect house prices to rise in the next three years. 31 per cent expect prices to stay roughly the same and only 16 per cent expect them to fall.
- 45 per cent of 18-29-year-olds agree with the statement ‘I am concerned that home ownership will become out of my reach if I leave it any longer’.
- The percentage of prospective homebuyers who regard owning their own home as a key priority in life has risen by nine points to 80 per cent since the last Barratt HomeBuyers’ Panel poll in 2010. The figure among the under-30s was the highest of any age group – 86 per cent.
- Among all respondents, job security is also 80 per cent, owning a car is 49 per cent and taking foreign holidays 31 per cent.
- More homebuyers (32 per cent) identify Central Government cuts to the housing budget as the single most important reason for the shortage of homes in Britain than any other factor. 17 per cent blamed buy-to-let landlords and eight per cent blamed housebuilders for not developing enough land.
- To increase the supply of homes for sale, 30 per cent said that Central Government investment in building more homes was the single most important thing which could be done. 19 per cent said that it was making planning permission easier to obtain and 16 per cent said that it was giving local people more control of what is built in their areas.

NOTES TO EDITORS:

- 1) For further information please contact Dan Bridgett, Head of External Affairs at Barratt Developments PLC, on +44 207 299 4873 or +44 7721 395501 or dan.bridgett@barrattplc.co.uk
- 2) Barratt Group sold 11,377 homes in the last financial year, making it the biggest housebuilder by volume in Britain.

- 3) Barratt Group was named Housebuilder of the Year at the Daily Telegraph British Homes Awards 2010.
- 4) Barratt Group was the only major housebuilder to be given a maximum five star rating – its highest ever score – in 2010's HBF Customer Satisfaction Survey.
- 5) In 2010 site managers working for Barratt Group won the highest number of NHBC Pride in the Job Quality Awards for a record sixth consecutive year.
- 6) Barratt Group is the only housebuilder to guarantee the fixtures and fittings in place at the time of purchase of its new homes for five years.
- 7) Barratt Group is also one of Britain's foremost sustainable housebuilders. It has now started on site at the Hanham Hall development near Bristol which will be the first Code for Sustainable Homes Level 6 community in the UK when it is completed in 2011.
- 8) Images of a selection of developments are available to the media at <http://www.barrattdevelopments.co.uk/media/photographs/barrattgroup/>
- 9) ComRes is one of the foremost independent market and opinion research companies in the UK. www.comres.co.uk
- 10) ComRes surveyed 2465 prospective home buyers online between 9th December 2010 and 4th January 2011. The survey was sent to individuals who have registered with Barratt Homes's website over the past 6 months. ComRes is a member of the British Polling Council and abides by its rules (www.britishpollingcouncil.org). For access to the full data tables please visit www.comres.co.uk

ENDS