



THE FLYERS AND THE TRIERS

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SUMMARY

Every day at Shelter, we see the financial, social and emotional strain of our desperate shortage of affordable homes. From people struggling to make ends meet, to those whose hopes for a home of their own are thwarted, people's choice is being restricted by our lack of homes. In this report we examine the divide between those able to get on the housing ladder easily and those who have to struggle for longer.

This research aimed to give us a stronger understanding of the causes of this divide, and how it impacts people's lives. Firstly, we used financial modelling to predict the lifetime economic effects of being able to buy early, compared with later or never. Secondly, we interviewed people across England to understand their different experiences in depth.

Aspirations to home ownership are deeply felt, with most of us holding on to hope of a home of our own.

People we interviewed spoke overwhelmingly about the importance of owning a home. They wanted someone stable to live with, and home ownership was seen as the tenure that could give them that.

However, two clearly different groups emerged from the research, based on the amount of choice they had about becoming home owners:

- **Flyers** had made minimal sacrifices to buy a home, having received substantial financial and emotional support from family.
- **Triers**, on the other hand, struggled for longer to buy a home (if they got there at all). They had less help, and had to rely more on their own efforts.

[The home I bought] 'was my place and I felt it could be mine forever. I didn't have to move anymore. It was safe'

40yo female Trier in London

While Flyers' families are able to give them financial support and encouragement to buy, Triers have less advantages and rely more on their own efforts.

Flyers reported a number of advantages over Triers, such as financial help with a deposit, saving or getting a mortgage on two people's incomes, and being able to save more because they lived at home with their parents for longer. These advantages were further supported by being in stable relationships and having parents encouraging them to buy rather than rent.

Conversely, Triers simply did not have these options available to them. Instead, they had to rely more on their own resources, on top of coping with the difficulty of paying high rents in the private sector. For some, buying was made even more difficult when they experienced life setbacks such as redundancy or a relationship breaking up.

'I'd thought about it (buying) for a long time, but unlike some of my other friends, my parents weren't particularly wealthy and unlike some other people's parents weren't really in a position to do that (help me out)'

39yo female Trier in London

For a family with a child, our analysis estimates that Flyers will be £146,300 better off over their lifetime than Trier families who have to save and buy later. Compared with Trier families who never manage to buy, Flyer families will be £561,200 better off.

Our financial modelling revealed the big disparity between Flyers and Triers, with Flyers expected to be mortgage-free by the time they are 50 years old, compared to a family of Triers who would be 62. Flyers we spoke to talked about the importance of being mortgage-free as quickly as possible. Notably, Triers weren't even considering this as a likely option.

Because they bought their first home at a young age, Flyers then had more time to buy their second, larger family home before starting a family. Triers, instead, found themselves starting families in their first, smaller home or before they bought. The costs of raising a family then made it difficult to save, meaning they were stuck and couldn't afford to move to a family home.

Owning a home added other advantages to Flyers, such as being able to rent out a room or credit being made more available to them. This created a knock-on effect, accentuating the gap between renters and homeowners.

'If you're a homeowner then more doors are open to you, all sorts of organisations, particularly financial organisations have a lower opinion of you if you're a private renter... I tried to get a temporary overdraft which would have been cleared within two months and I was told 'no' because they said there was no collateral.'

56yo male Trier, currently renting in Birmingham

Owning a home early on allows Flyers to take control of other aspects of their lives in a way that Triers struggle to, including their careers, finances and relationships.

Being able to buy early before they started a family meant it was easier for the Flyers to adjust their spending and prompted them to create a stable career path that set them up for later life. Triers didn't have the benefit of this early stability in their housing situation.

They felt that owning impacted positively on their intimate relationships, because joint ownership and the responsibility involved brought them closer together and committed them more to each other.

Owning early has also meant that Flyers can choose when to have children, compared with Triers who spoke about having to put off starting a family until they owned. Those that do not wait and have a child whilst renting are then penalised by the cost of this.

'Relationship-wise we are better than we were renting...it does make you stick together more'

28yo male Flyer in Leeds

Conclusion: building the affordable homes we need

- **Our research shows that many people simply do not have the choice of home ownership.**

Owning a home requires significant financial help which isn't available for everyone. Although some people have been able to get onto the property ladder through their own efforts, this has knock-on impacts on their lives. Our modelling shows that if nothing changes in the housing market, things are only going to get worse.

- **We need to build more affordable homes.** People are unable to keep up with rising house prices, particularly if they are paying high rents that make it too difficult to save. We need to build genuinely affordable homes, so everyone at least has the opportunity to be a Flyer.

INTRODUCTION

Context

We are a nation that aspires to home-ownership, but recently reality simply has not kept pace with aspiration and rates of home ownership in the UK have now fallen below the European average.¹ After the Second World War, home ownership grew steadily to a 2003 peak, where 71% of households in England were owner occupiers. Since then, however, home ownership has slumped. In 2013-14, it was at its lowest rate since the 1980s at just 63%.² Young people have been hit hardest, with home ownership amongst 25-34 year olds falling from 59% in 2003-04 to just 36% ten years later.

House prices are increasingly unaffordable, with the average house price in England currently sitting at £285,000 compared to the average wage at £27,487 a year.^{3,4} Our research published last month showed that first time buyers now save up much larger deposits and take out bigger mortgages compared to historical standards in order to pay for them and has locked households on average incomes out of home-ownership.⁵ The 'Bank of Mum and Dad' has also helped to fund homeownership for some young people with more than a quarter (27%) of first time buyers in the UK between 2009 and 2013 receiving financial help from parents for a deposit, compared with 17% in the previous four years.⁶ However, financial help from parents is not possible for everyone and this has the potential to create a social divide.

This research sets out to understand the wider impacts of getting or not getting on the property ladder, and the different paths in life people have taken to get there. Statistics alone cannot capture the wider impact that the journey into home

ownership has on people, and whether help into home ownership has broader impacts beyond someone's housing tenure.

This report makes no claim to home ownership being a good or sustainable option for all or most people. We examine it specifically because of the widespread desire for it in country and because it is currently the only tenure with a clear route to long term security over where you live.

Aims

We wanted to understand the impact of someone owning a first home in their twenties compared to those who buy later or are still renting later in life.

Our research questions were:

- What are the circumstances behind buying and not buying a home?
- What are the main barriers to buying when young, or at all?
- What is the social and economic impact of buying in their twenties compared with those buying later or not at all?

Methods

We took a two-strand, mixed methods approach to answer our questions:

- Qualitative research to provide us with an in-depth understanding of the experiences of different people.
- Quantitative research to model forwards these types of experiences to understand the potential impact on future generations.

An outline of each method is provided overleaf.

1. Eurostat, Distribution of population by tenure status, type of household and income group, 2015, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvho02&lang=en

2. English Housing Survey 2013-14

3. ONS, House Price Index, mix-adjusted average house price, England, November 2014

4. Annual Survey of Hours and Earnings, 2014 Provisional Results, Annual gross pay of all employees, median gross annual earnings, England

5. [Affordability for first time buyers, Shelter 2015](#)

6. [Report by NatCen Social Research](#), commissioned by Shelter and fieldwork by YouGov Plc, First time buyers rely on Bank of Mum and Dad for £2 billion a year as pressure on parents grows

Quantitative methods

Looking at the experiences of people in the qualitative research means we are looking at the cause and effect of being able to buy in a housing market that has changed over time, and will continue to change into the future. It demonstrates what has happened in the past, but is limited in what it can demonstrate about the future.

The quantitative modelling attempts to fill this gap, and look toward what may happen in the future. It builds on the analysis from the *A Home of Their Own*⁷ research previously published by Shelter. The modelling covers the prospects of households to purchase a home across different regions in England beginning in September 2014. The following three illustrative households were modelled as part of the analysis:

- A couple – a male and a female both working full-time.
- A family – a male working full-time, with a female working part-time, with one child.
- Single – a single person working full-time.

Then, three different scenarios were modelled for each of these illustrative households:

- Households that purchase their home immediately.
- Households that have to save for a deposit and then purchase their home.
- Households that do not purchase a home and remain in the private rented sector for life.

The modelling sets out to estimate the discretionary income and assets these households can accumulate over their lifetime, in order to compare the financial impact of the three different scenarios over the lifetime of a household.

The modelling included projections of after tax earnings, essential living costs, interest rates, increases in house prices and rents. It is assumed that each of these households is 25 years old in September 2014,⁸ with projections made over the next 55 years, until these households reach the age of 80.

More detailed information on the approach to this modelling is included at Appendix A.

Qualitative methods

For the purposes of the qualitative research, the three scenarios identified through the quantitative modelling were more broadly defined as:

- **Group 1**
 - Own their own home outright or with a mortgage.
 - Bought when they were younger than 30.
 - Bought between 0-10 years ago.
- **Group 2**
 - Own their own home outright or with a mortgage.
 - Bought when they were aged between 30-40.
 - Now aged less than 42.
- **Group 3:**
 - Currently privately renting.
 - Aged 35+

We used a purposive sampling method to recruit a diverse range of 30 participants; 10 for each of the three groups identified. Participants were given information on the study before taking part in in-depth telephone interviews that lasted between 30 minutes and an hour. They were conducted in February 2015 and participants received a £30 shopping voucher in recognition of their time. The interviews focused on their experiences of different housing tenures and the financial, social and emotional impacts of this.

7. [A Home of Their Own, Shelter 2015](#)

8. This reflects the mid-point of median income for 22-29 year olds in the [ONS Annual Survey of Hours and Earnings](#).

For a full description of the three groups sampled, please see Appendix B.

Analysis

Interviews were audio-recorded with the participant's permission and we used a Framework approach for our analysis,⁹ as well as two analysis sessions conducted during and after fieldwork. The analysis allowed us to work through the data to identify themes and trends as well as a wide range of experiences and views. From this we were then able to develop a typology of the different groups represented in the research based on the barriers and enablers they experienced and the impact this had on them.

Interpreting the Qualitative Data

Qualitative research is illustrative, detailed and exploratory. The volume and richness of the data generated in qualitative research means that theories can be developed through analysis that did not exist at the outset. It offers insights into the perceptions, feelings and behaviours of people rather than quantifiable conclusions from a statistically representative sample. The purposive sample aims to reveal the full diversity of views that exist within the population, rather than identify the number of times those views are present.

Limitations

Modelling results in this report, like all modelling efforts, are projections based on a plausible outlook for key variables, and are therefore not a firm forecast of the expected outcome for these households. Therefore, these projections should be used contextually to compare how outcomes differ between households based on their ability to access home ownership, not as explicit estimates of what is definitely expected to happen in the future.

9. Notes for each interview were written up into an analysis spreadsheet under key section heading. The data was analysed using the spreadsheet.

CHAPTER 1:

UNDERSTANDING PEOPLE'S CHOICES IN HOUSING TENURE AND ASPIRATIONS OF OWNERSHIP

This chapter explores the choices of housing tenure people have available to them, and how they view home ownership. Attitudes towards housing tenure reflect the value that people place on owning a home of their own. People told us that they preferred to buy than rent if given a free choice, which is consistent with previous research,¹⁰ but for some, home ownership was not an option available to them.

We saw that in a lot of ways participants framed the advantages and disadvantages of one tenure by talking by comparing them to the other type of tenure. People thought that the advantages of homeownership, such as security of tenure were the disadvantages of renting. Whilst the advantages of renting, such as flexibility to move became the disadvantages of home ownership.

Key Findings:

- To some extent, all participants wanted to own their home because they felt that it gave them control, freedom, and was an investment opportunity.
- Participants no longer privately renting associated it with sharing with multiple people, and low quality dwellings. This was off-putting for those who do not associate it with their life-stage.
- Participants still renting disliked it for the insecurity it presented. Those at the lower end of the income scale were particularly disadvantaged in terms of choice within the sector.
- On the positive side, renting privately meant more certainty over monthly housing payments as unexpected costs from repairs were supposed to be taken care of by the landlord. The perceived flexibility of renting was seen as more adaptable to people's changing circumstances than owning.
- Those who had received substantial help to buy, financial or otherwise, had greater choice as to when they could enter the home market.
- Participants who had not bought yet were pragmatic about their chances of doing so. Families felt furthest away from achieving this because of their inability to save while renting.
- A two-group typology has emerged from our analysis:
 - 'Flyers' – people who had substantial help and made minimal sacrifices to buy a home.
 - 'Triers' – people who had less help to buy a home and have had to rely on their own efforts more. Triers may own their own home or be renting.

10. Ipsos MORI, Housing Day Survey 2014, <https://www.ipsos-mori.com/Assets/Docs/Publications/Housing-Day-Report-FINAL.pdf>

Perceived advantages of owning a home over renting

Everyone we spoke to saw owning a home, to some extent, as the best form of housing tenure. It was portrayed as the reverse of renting a home: it was an investment for themselves instead of spending money they felt they would never see again.

'Renting feels like throwing money down the drain. The rent isn't going into your pot it is going into someone else's pot'

Male, owns, Luton, 35, bought aged 34

People we spoke to perceived ownership gave them control of their lives. They would have the stability of staying in the same place, knowing they would not have to move because someone else (such as their landlord) required them to. This was a big pull factor towards home ownership. This control also elicited a sense of freedom that would come with home ownership. They felt they would be able to do things, for example, make changes to the home without permission from anyone.

'When you're a home owner it's satisfying because it's your own place. You can do what you want when you want without having to answer to anyone'

Male, owns, London, 35, bought aged 33

Those that had spent long periods of time in the private rented sector before owning expressed the greatest sense of relief now that they owned. They placed greater importance on the freedom that owning gave them and the security they now felt they had than before.

'It was my place and I felt it could be mine forever. I didn't have to move anymore. It was safe'

Female, owns, London, 40, bought aged 33

Participants who had minimal but negative experiences of privately renting were more driven to own their own home. Their experiences of renting tended to be from university, which was associated with co-habiting with many others, and living in bad quality dwellings. This contrasted with how they viewed home ownership, which was about living on your own or with a partner, and having control over the state of the house.

'It was fine. It wasn't the best place. There were a lot of us in the house and people came and went, you just said hi and bye'

Female, owns, London, 27, bought aged 25

Owning a home was also framed heavily by life-stage. Just as privately renting is framed by university life, owning was synonymous with starting a family, or becoming more serious in a relationship with a partner. For those that owned, they either bought with a partner, or bought and then had a serious relationship soon after. Therefore, owning a home often became more desirable when they felt that they were in the right stage of their life, by being in a serious relationship. As we shall discuss in Chapter 2, being in a relationship is also a financial enabler to ownership.

For those who were still renting, the lack of stability concerned them, just as the control aspect was a big draw towards ownership for those who owned. They felt that they were living at the whim of their landlord, who could easily decide not to renew their contracts or put up the rent. Moving around can be expensive if done a lot so it was something they were reluctant to do more than necessary. However, this was not always their choice with landlords deciding to sell the home, or even getting repossessed due to the landlord not paying their mortgage.

'You always worry about being able to renew your lease as well. There's always stress involved with moving house.'

Female, currently renting, female, Birmingham, 61

Those that received housing benefit found they were restricted in the choice of homes they could rent. The payment amount limited the number of affordable properties, whilst some landlords would not accept tenants receiving housing benefit, often resulting in access available to homes that often had poor living conditions. This was particularly a problem for households with children.

'On benefits you get inferior properties in worse areas with worse landlords. It's like a two tier system.'

Current renter, male, London, 55, has children

'In the ten years here we've had, I think, 13 leaks from the flat above... it was affecting the family, I think it was developing mould...and we all started to sneeze and cough and we didn't have asthma'

Current renter, female, London, 48, has children

Benefits to privately renting

The main benefit of renting was often identified as knowing what your housing payments were going to be every month, and that there were never any unexpected outgoings for repairs. Whilst homeowners from both groups initially found it difficult to deal with surprise outgoings when they owned, but they have since been able to adjust to this by having a buffer fund.

'There's just lots and lots of expenses... we had a burglary recently and they came through the front window and we had to get them redone and that was £6,000'

Female, London, 27, bought aged 25

The flexibility of privately renting was often cited as a benefit because of the lack of commitment needed compared with owning. This meant that people felt that they were able to move when needed due to their particular financial circumstances, and they didn't feel tied down to any particular area.

'[When privately renting] you aren't stuck for so long in a place... you have the flexibility of moving on without the commitment if your situation changes''

Female, currently renting, London, 39

How much choice people have in owning a home

The participants who had already bought their homes had obviously been given this choice at some point to own. However, there was a divide between those who had been able to do it almost at will with substantial help, and those who had to make large sacrifices and try for a substantial amount of time before being able to make this choice. This is an important distinction because it highlights the different enablers and barriers each have carried and their impact on their lives.

Those who were still privately renting felt there was not much choice in being in this tenure. Participants at the higher end of the income scale felt they were priced out of home ownership at the moment, and the ones at the lower end felt that social housing was not available to them.

'I've applied for social housing but I know how difficult it can be. I didn't want to apply before, I don't feel comfortable with the idea but I might as well put my name down'

Female, London, currently renting, 48

Those who had not bought still felt, ultimately, they would like to own but were pragmatic about their chances of this happening for them. Families who had not bought felt that it would never be a realistic proposition for them because of their inability to save each month knowing the large deposits required, and felt resigned to continuously privately renting. Those who were working towards this goal still felt it was something they wanted in order to have more control, in a similar way to current homeowners.

However, one previous homeowner spoke about feeling that he never wanted to own a home again. He was forced to sell the house when it was in negative equity

due to a relationship breakdown. This has made him reluctant to try to own again because he has experienced what can happen when it goes wrong.

'Five or six years clearing the debts of the home was awful, I never want to go back there'

Male, previous owner, Leeds, 40

Identifying the 'Flyers' and the 'Triers'

It was clear that almost everyone we spoke to aspired to homeownership and had either achieved this or wished to at some point. The difference lay in whether they had been able to achieve this with vast amounts of support, financially and otherwise, or whether they had to achieve this through making substantial sacrifices and had to rely on their own efforts more.

Although when we initially recruited our sample we had assigned them to groups depending on when they had managed to buy their first home, or not at all, our analysis revealed a different typology. The real difference between people we spoke to lay in whether they were able to buy a home when they expected to, and whether this was down to financial help. We also saw that the impacts, although to varying degrees, for those who had to 'try' to own a home for longer were very similar whether they now owned or not.

We have given these two groups the names 'Flyers' and 'Triers', discussed throughout the rest of the report. Triers have three subgroups identified within them based on:

- If they currently own.
- If they have never owned.
- If they previously owned.

Case study: Claire (Flyer)

Claire is 30 years old and lives in Birmingham with her husband. They bought their house in 2009 when she was 25 after a period of them both living at home. After university she decided to live at home whilst working. She didn't mind living with her parents and felt that renting somewhere privately would be pointless because it's an extra expense.

She was saving because she was saving at home but wasn't really saving with any real aim. She met her boyfriend, now husband, and about a year later they discussed buying a place together as they both wanted to live together. Her parents were encouraging of this as they didn't think renting was a sensible thing to do. House prices had also started to increase again so they knew if they wanted to buy it would need to be soon. He had looked at some places before they discussed buying together but he hadn't really considered budget seriously until they started looking together.

From living at home and with them both earning they were able to save quite a lot of money together and she was left some inheritance from her Nan too. Her husband earns quite a bit more than her which helped to get a bigger mortgage but they decided to split everything 50:50.

They bought at the top end of their budget at £197,000 and moved into a 3 bedroom house which she sees as her 'forever' house. Neither of them have lived anywhere but where they grew up and like the stability that this brings.

She really enjoys the lifestyle that having a house brings. She likes that the house is theirs and their own space and so can bring back friends when she wants to. There is a responsibility that comes with it too and they prioritise money spent on their home before looking at what's left to spend. They do work on the house that they need and that they hope will increase the value, for example they extended

the kitchen into the garage but made sure that it could still be used as a garage. They had sacrificed their annual holiday in order to pay for this work.

They pay extra off the mortgage every month which was helped by some promotions they both received since owning their home and are told by the bank that they could pay it off in the next 10-15 years. She feels it is important to pay this off as early as possible because it's a big debt and she'd rather not have it hanging over them.

Although they have discussed having children, she is not too fussed about this yet. They have the room if this happens but for now they are happy to use the space for family when they come round.

Most of her friends have bought now, the ones that bought earlier from her had significant help and those who bought later after years of renting privately.

This is how she imagined her life would pan out but not necessarily that she would buy her 'forever home' straight away.

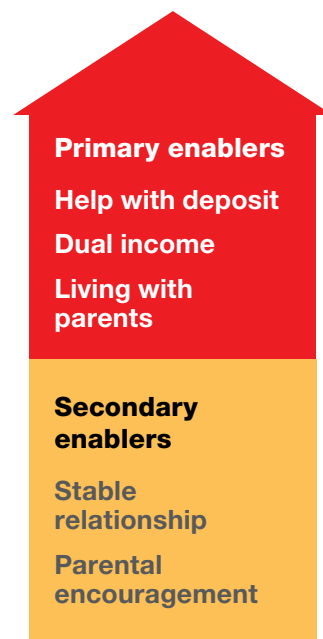
CHAPTER 2:

BARRIERS AND ENABLERS TO HOME OWNERSHIP

The quantitative research assumes that Flyers have acquired the deposit money for whatever reason by the age of 25, this could be from receiving the deposit as a gift from family, or living at home before this time to avoid paying rent to save the deposit themselves. At this stage, Triers have only just started saving toward this deposit, and are living in the private rented sector.

Whilst the categories of Flyers and Triers used for the financial modelling are broadly consistent with the qualitative groupings, the qualitative research revealed a more nuanced picture of these trajectories which this chapter explores.

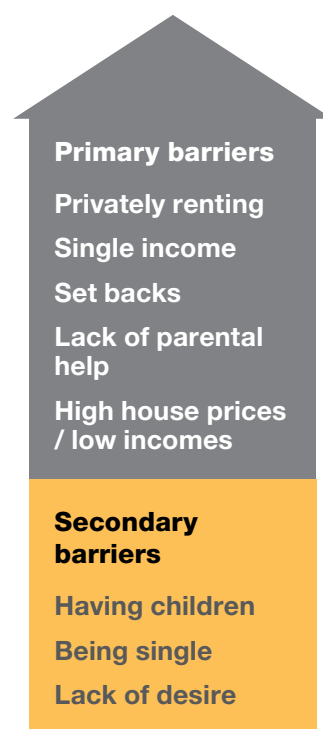
Figure 1: Enablers of home ownership



Key Findings:

- ‘Flyers’ were able to buy at a time when they had wanted to, at a relatively young age, primarily due to receiving financial support. This financial support came in three ways:
 - Financial help with a deposit.
 - A dual income.
 - An increased ability to save by living at home with parents.
- Financial support for ‘Flyers’ also tended to be supplemented by secondary enabling factors:
 - Being in a stable relationship.
 - Having parental encouragement to buy rather than rent.
- ‘Triers’ found it more difficult to own their own home as a result of a range of barriers:
 - The high cost of renting privately made it difficult to save.
 - Being on a single income.
 - Experiencing set-backs in life such as:
 - Relationship breakdowns and redundancy.
 - Having a lack of financial and practical help from parents.
 - Being on a low income in an area with high house prices.
- There were also other considerations that impacted on whether they bought early or not but are not identified as the underlying barriers. These were:
 - Having children.
 - Being single.
 - Not seeing it as instrumental in their life stage.

Figure 2: Barriers to home ownership



The benefits of living at home for adults

The participants' tenure when they first started working proved to be a key factor on their ability to save enough for a deposit. Living at home with their parents for significant amounts of time meant that they were able to save up much more quickly than if they were renting. This was particularly common with Flyers. Those that paid some sort of compensation to their parents reported that it was still considerably less than the amount they would have paid if they rented.

Those who had rented found it more difficult to save their income towards a deposit because of the cost of renting. Compared with those living at home, they were evidently at a disadvantage if they had had to save whilst paying rent.

'Rent took up a hell of a lot of my income, that was the problem.'

Trier, female, London, Aged 40, bought aged 32

This barrier was felt strongest with those who were renting whilst bringing up a family. The extra financial constraints and other priorities meant that they were the least likely to be able to save towards a deposit.

Support from the Bank of Mum and Dad

Flyers had received some form of financial help from friends or relatives towards their deposits. A lot of the time this was in conjunction with allowing them to live at home in order to save money. When they were in a relationship, there were also cases where both sets of parents had helped with the deposit. Flyers therefore tended to be financially advantaged in many ways towards owning a home.

It was not just financial help that parents tended to deliver though. Parents gifting money also strongly encouraged them to purchase a home over renting. The parents did not see the point of renting when their child and partner could combine income and savings in order to buy. Consequently, parents were a secondary driver in the participant's drive to buy a home.

One participant's parents had gone to the extent of taking out the whole mortgage in their names as well as paying the deposit for her. They are planning to transfer the mortgage to their own names when they buy their next home. They didn't think it was worth their child paying rent and decided to buy for her and allow her and her partner to pay the mortgage off directly.

In some cases, Triers were also helped with a deposit, but to a lesser extent. Instead, they relied more on their own savings or on a dual income. At the point of buying they received much less help from their parents in terms of practical support compared to Flyers. This could be an age factor, as Triers were older and more likely to be experienced to some degree in managing a home, particularly if they have privately rented outside of their university years. However, it could also be because their parents did not have the ability to help them out, even if they wanted.

'I'd thought about it (buying) for a long time, but unlike some of my other friends, my parents weren't particularly wealthy and unlike some other people's parents weren't really in a position to do that (help me out financially)'

Trier, female, London, 39, bought aged 33

For Triers still renting, they thought it was unlikely that friends or family would be able to help them towards a deposit, as most of their parents were retired or not in a position to do so. Although they would have liked to buy in other circumstances, some cautiously mentioned that they were expecting inheritance when their parents died which would substantially help them out. Yet this assistance was uncertain because there is no knowing when this might happen, and what sums of money would be left for them to use.

'Without a windfall I had resigned myself to the fact that I would never buy anywhere, the only time would be the unfortunate event if one of my parents died.'

Trier, currently renting, male, Leeds, 36

Participants who had been able to buy through Shared Ownership schemes were often helped onto the property ladder because of the low deposits required. Without these schemes they felt they would have struggled to save enough money for the deposit, particularly in areas where house prices seemed very unaffordable for them otherwise.

Our financial modelling demonstrates that the benefits of receiving help into home ownership go beyond simply owning your own home, and have much larger financial impacts over the lifetime of a household. These financial impacts are outlined in Chapter 3.

Saving and buying with two incomes

Having two incomes is a significant advantage when trying to buy a home. The modelling indicates that it would take a typical couple seven years to save for a deposit, compared to thirteen years for a person saving on their own. For families with children, the additional costs of having a child alongside reduced income make it more difficult to save, with families estimated to take twelve years to save for a deposit to buy a home of their own.

These findings were supported in the qualitative research, which found that participants who bought with another person were at an enormous advantage compared with their single peers, and that families living in the private rented sector struggled to save for a deposit.

Those on dual incomes were more able to save towards a deposit and get a good sized mortgage. This was particularly true of Flyers who tended to be in serious relationships from a young age. It was also usual for both partners to be living at home with their parents which made their ability to save to put more towards a deposit even greater.

Those who were not in consistent and long-term relationships found it more difficult to both save a deposit, and get a substantial mortgage on just a single

income. Therefore Triers, who were less likely to be in a stable and long-term relationship from a young age, were also less likely to have the advantage of a dual income. This contributed to them buying a house later in life. However, Flyers in relationships did not seem to reflect much on this advantage, yet Triers felt more aware of this factor, perhaps because they had been disadvantaged by it.

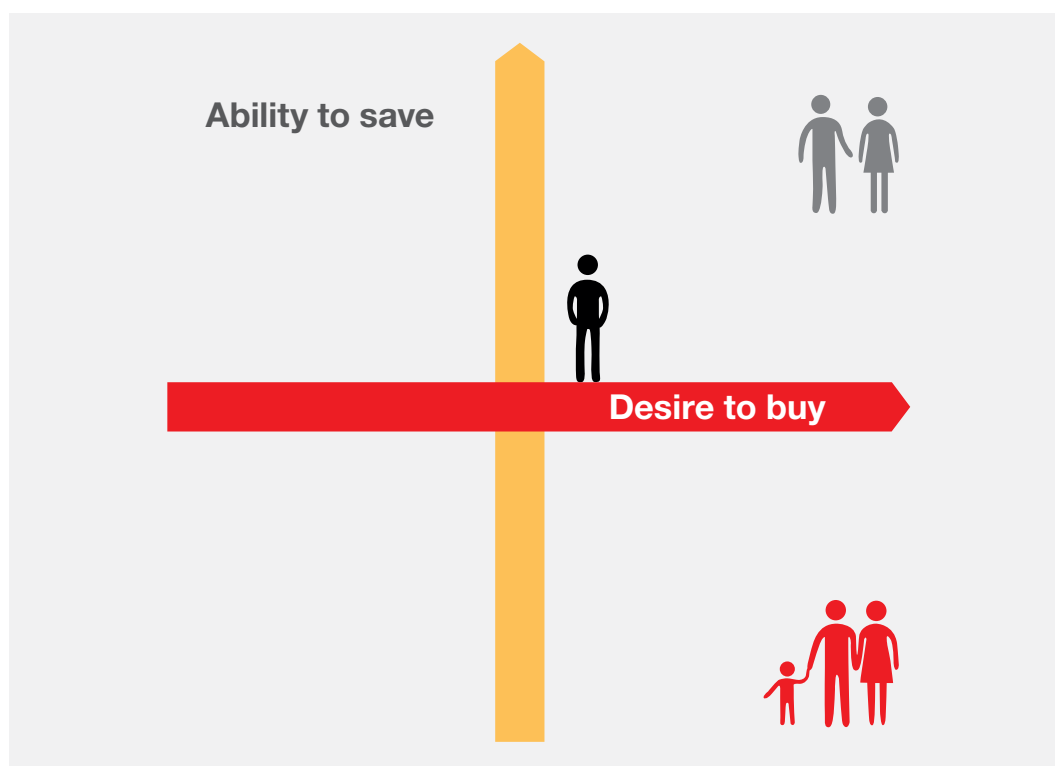
Triers who met a long-term partner later in life were more driven at this point to buy, as they knew they wanted to start a family shortly. This rush was because they did not want to start a family whilst still renting, and knew that they had less time to have a family. For Triers, their desire to own a home appeared to be fuelled in part by their relationship status; whereas for Flyers it was more to do with their ability to buy being aided by their relationship status.

Consistent with the modelling results, despite being on a dual income none of the families currently renting were able to save anything towards a deposit. The extra financial burden of having children whilst renting meant that their ability to save was diminished. We observed that this contrasted with the childless couples who seemed more able to save than the families whilst renting. The single participants felt that they were able to make some savings out of their income but had made other sacrifices in terms of who they lived with and how many people they lived with. They were more likely to currently live with other non related occupants.

Whilst most people we spoke to felt a desire to own their own home, we also observed that the strength of this often depended on their relationship status and household composition. However, their ability to save, and likelihood of achieving this was also affected by their household composition.

The diagram below shows the relationship between these two factors. The childless couple is therefore more likely to become a Flyer, the single person a Trier who eventually owns, and the family are likely to stay renting.

Figure 3: Participants' ability and desire to buy



Battling high house prices and low incomes

In interviews, Triers often pointed to their low incomes as a barrier to buying a home, and in some cases, compared this with high house prices in their area. Triers felt that if they were able to earn more, then they would have been able to buy a home more quickly. Instead, they felt that their current low incomes meant they were not able to save enough for a deposit, and that they were unable to get a large enough mortgage to match house prices in their area.

"Unless you're on a massive wage, [buying] is near impossible"

Trier, female, London, aged 40, aged 32 when bought

While Triers we interviewed across England talked about the tension of low incomes and high house prices, our modelling clearly identified regional differences. In the more affordable North East where house prices are six times incomes, it was estimated to take four years for a couple, and nine years for a family to save for a deposit to buy. By comparison, in London house prices are 15 times higher than

incomes, and it would take a couple saving for a deposit 14 years to save, and 26 years for a family to do the same.

However, interviews also revealed that this is just one part of the picture. When we compared the circumstances of Triers and Flyers we interviewed, we found that Flyers did not necessarily have higher incomes or buy cheaper properties. Rather, the important factors that distinguished Flyers in being able to buy a home was the financial help they had received and that they tended to be saving and purchasing on two incomes. In fact, the time it takes to save is particularly important. As Triers saved steadily over the years to buy a home, house prices continued to increase, making it feel ever more difficult for them to reach their goal. For example, a Trier entering the job market in 2000 might have been aiming to raise enough money for the average price of a first-time home at that time, £106,998; however, after ten years of 'trying' this had increased to £261,192. For Triers, the goalposts had moved by £154,194. Conversely, a Flyer entering the job market in 2008 and buying at the same time would only have experienced an increase of £24,080.

The impact of wider life setbacks

A number of participants had experienced life setbacks, such as redundancies (for example, around the time of the financial crisis in the UK between 2007 and 2010) or a relationship breakdown. They described how they felt these negative life experiences had specifically set them back on the path to home ownership. For example, people who had been made redundant reported taking a job that was of lower pay; using their savings to keep them afloat until they got another job; or having their home repossessed. They explained how relationship breakdowns could be not only be emotionally costly, but also financially costly.

Compared with Flyers, Triers were more likely to report experiencing negative effects on their housing situation as a result of relationship breakdown. They reported having lost a home they were living in together when a relationship broke up, or having to try to cover the costs of their home on a single income and then getting into financial difficulty. People in these situations spoken about feeling as though they were often just reacting to what was happening around them in their life, rather than having control and stability in their housing.

'I don't feel like I've ever had a choice of what I really wanted, there's always been a problem to solve.'

Trier, currently renting, male, Leeds, 36

People also told us about relationship breakdowns resulting in them having to sell their home, sometimes in negative equity, or their homes being repossessed after redundancy due to an inability to pay the mortgage. These life setbacks had then put them back financially and emotionally, and had longer-term impacts, such as finding it more difficult to access credit in the future. These bad experiences could also diminish their desire to own. For these people, it felt like they had to go back to the start in terms of aiming to own a home.

In some cases, these real experiences of life set-backs while owning conflicted with renters' perceptions of the stability of home ownership. For example, one Trier who is still renting felt that if they had had the responsibility of a mortgage when they were made redundant they would have fought harder to "stay on track" and prioritised their spending on their home. However, we know from other participants who owned when they were made redundant that this is, in fact, extremely difficult to do.

'It would have been a big weight off my mind [when I was made redundant] if I'd had something that was mine, then it would just be a case of budgeting'

Trier, currently renting, male, Leeds, 36

Case study: Amanda (Trier who currently owns)

Amanda is a project manager working in transport where she has worked since graduating. After university, Amanda lived at home for a bit during the summer before moving into privately rented housing all around South West London which is where she also went to university. She rented in house shares for about four years and although she tried, she found it very difficult to save whilst renting and therefore found it difficult to get onto the ladder.

Her younger brother managed to buy before her and she was criticised because he was able to do it so much earlier than her. However, he bought further out and with a partner and because she needed to be in London for her job she felt it was less safe on public transport as a woman to live further out.

She had thought about buying for a while, and although some of her friends had been able to through parental help, hers weren't in a position to do so. She felt the biggest barrier was the high house prices and the fact that incomes haven't increased at the same rate. It's also very difficult for single people compared with couples.

Four and a half years ago, after a couple of promotions, she looked at part-buy part-rent schemes at a Home Buy Show. As she didn't have much money for a deposit the scheme sounded good for her, particularly as it helped people working in the public sector, as she did.

She bought a 2 bedroom flat in South-East London which is where she grew up and is near her elderly parents. Their payments are quite high but she didn't want to pay interest-only because it's a stair-casing scheme and she wouldn't have been able to buy a bigger share otherwise.

She now has a long-term partner who she lives with and they have a baby on the way. She didn't think she would be having a baby this late, when she was younger she assumed she would have children and a home by 30 but she wouldn't have had a child unless she was in her own home.

She's a bit worried about the space in their flat once the baby comes. Her partner has a son from a previous marriage and when he comes to stay it will have to be on the sofa which will be a bit of a squeeze. She also thinks bringing up a baby in a flat isn't ideal and it would be much better to have a garden. Right now though she feels lucky to have what she has because she feels like she did the right thing by buying when she did.

CHAPTER 3:

LIFETIME IMPACTS FOR FLYERS AND TRIERS

This chapter explores the longer-term impacts for Flyers of being able to buy when they wanted to, compared with Triers who are only able to buy later on or not at all. There are significant estimated

financial benefits for people who receive help getting onto the property ladder, particularly when compared with people who never reach home ownership and remain living in the private rented sector.

Key Findings:

- Our modelling forecasts that there are great financial rewards for those who are able to get on the property ladder in their mid-twenties, compared with those who buy later. For a typical family living in England, the financial benefit over their lifetime of buying in their mid-twenties is estimated to be:
 - £146,300 for a family.
 - £86,400 for a couple without children.
 - £145,000 for a single buyer.
- Compared with people who remain living in the private rented sector throughout their lives, the financial impacts for Flyers are projected to be even greater:
 - £561,200 for families and single households.
 - £510,600 for couples without children.
- Flyers felt a lot more confident of paying off their mortgage early than Triers did, and our modelling shows this to be predicted financially.
 - Modelling indicates that Flyers will be mortgage-free by the time they are 50; whereas Triers with a family will be 62.
- Triers who wanted to wait until they bought to have children ended up delaying having children. If they did have children when they wanted to, they felt penalised because it made it even harder for them to save.
- Homeowners had additional financial opportunities, such as renting out a room, renovating part of the home to rent out, or credit being more readily available to them.
- Needing to pay a mortgage resulted in Flyers seeking more stable careers and taking fewer risks than Triers, such as avoiding re-training or becoming self-employed.
- Families who were renting reported experiencing overcrowding due to high housing costs, creating tensions within the household.
- Triers who were still renting reported feeling alienated from their friends who had manage to buy and could personalise their homes or afford to go on holidays.

Economic impacts

The monetary differences between Flyers and Triers

Our modelling indicates that there are flow-on impacts for first time buyers who are able to buy their first home by the age of 25 (“Flyers”). Assuming that the financial help they receive to buy is the total size of the deposit required in order to buy a home, the return on this investment varies amongst different types of buyers, and by region.

As Flyers who are helped into home ownership, families with one child are estimated to be £146,300 better off financially over their lifetime than Triers who save for a deposit whilst renting. This is a return of 5.5 times the original deposit size of £26,400 that is required. For couples without children, they are going to be £86,400 better off, a return of 3.3 times, and for a single buyer they are £145,000 better off, 5.5 times the amount of the deposit that they received for free.

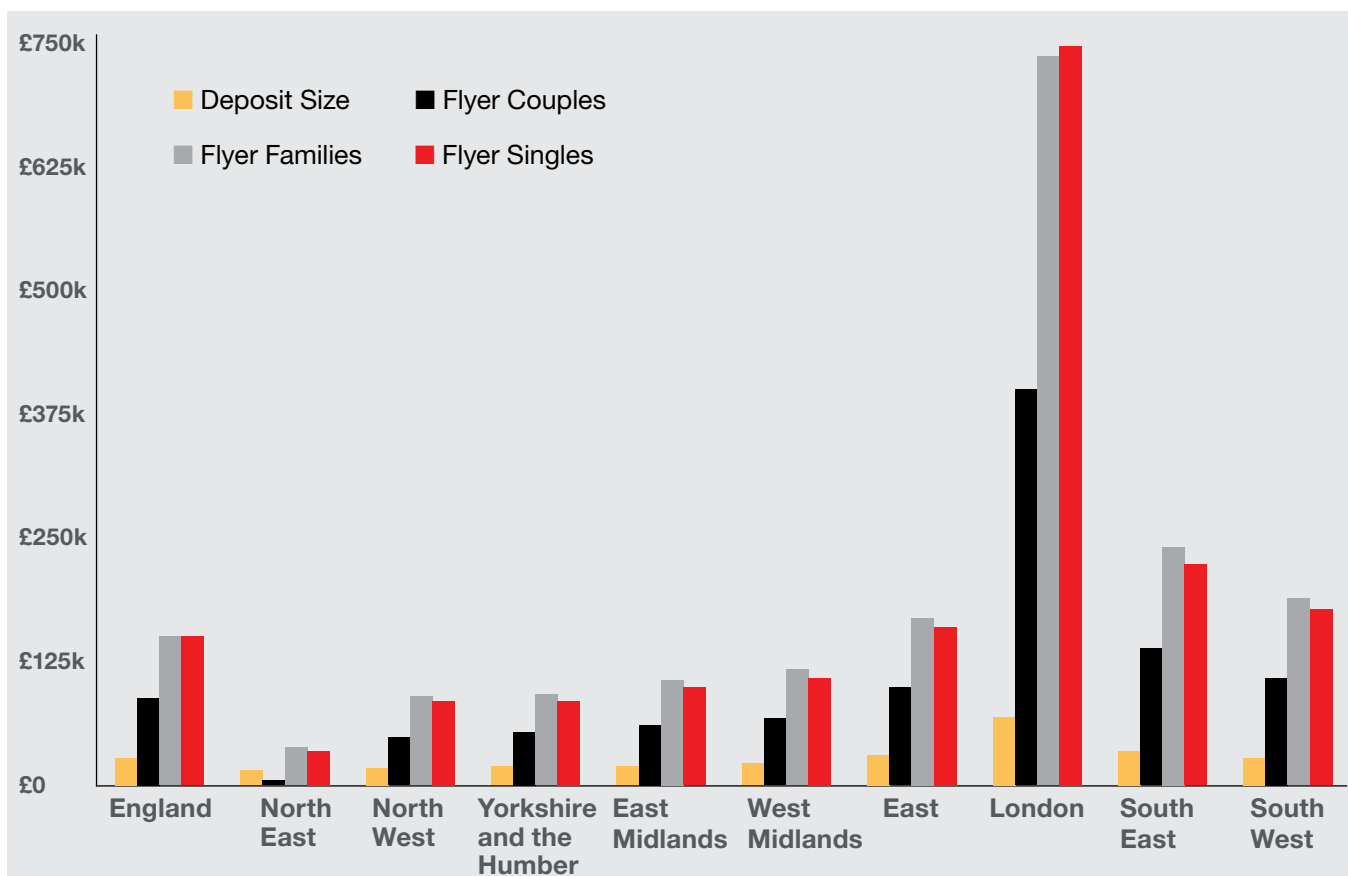
Table 1: Flyers and Triers who buy a home, financial impact over lifetime, England

England	Difference between Flyers and Triers	Return on Deposit	Number of additional years living rent or mortgage free
Couple	86,400	3.3	7
Family	146,300	5.5	12
Single	145,000	5.5	13

However, these results vary quite a lot by region. Families benefit most from being gifted a deposit in the south of England, with a return of at least six times the initial

deposit in London, the South East, and the South West. For families in the North East, North West and Yorkshire, the total benefit is less than £100,000.

Figure 4: Lifetime financial benefits for Flyers compared to Triers who eventually buy, by region



A helping hand onto the property ladder makes the biggest difference in London. A family who is helped with a deposit of £67,200 will be £717,600 better off over their lifetime, a return of 10.7 times the original deposit. Couples with children are £389,500 better off, whilst a single home buyer will accumulate an additional £728,300 in cash and assets by the time they are 80.

Being gifted a house deposit has the least impact in the North East. A family is £37,000 better off for receiving a deposit of £15,100, a return of 2.5 times. A couple without children is only £3,300 better off over their lifetime, a 20% return on the initial deposit size, whilst a single buyer would save £33,700 over their lifetime if they receive a deposit as a gift. These much smaller impacts reflect the much shorter period of time that it takes buyers to save for a deposit in the North East.

Coping with the financial responsibility of owning a home

In interviews both Flyers and Triers who now own reported experiencing similar struggles with finances immediately after buying a home. For Flyers, this tended to be because they had little previous experience of budgeting and didn't understand the different payments they would need to make. Triers, by comparison, were more worried about their ability to keep up with their mortgage payments. Both groups also talked about the challenge of managing unexpected costs occurred for repairs when they first bought their home.

'It is difficult, I have to say...mortgage is 60-65% of my income, not including food and bills'

Trier, male, Luton, aged 35, bought aged 34

After a while though, Flyers were able to relax and get used to their outgoings and were able to save more easily each month. They prioritised money spent on their home above other things, and were happy to do so. They enjoyed this new stage in their lives, which they felt symbolised the start of adulthood for them, and so were willing to make the necessary financial adjustments.

'It's a lot of pressure but it depends on what you prioritise.'

Flyer, female, Leeds, aged 29, bought aged 21

However, Triers who had already spent a substantial amount of time and money privately renting felt they now had less of a buffer and were quite stretched in making their mortgage payments each month. By the time they were able to own their own home, Triers were at a different stage in their lives to Flyers, and this impacted on them financially and restricted their choices compared to Flyers.

While Flyers were more likely to buy jointly and then start making their careers more stable before they considered having children, Triers were more likely to either buy alone or buy and then start a family soon after. This put enormous financial strain on them when they are trying to manage a number of significant life events almost concurrently. By buying earlier, Flyers had more time to work up to buying their second, "family" home before starting a family, compared with Triers who did not have the time to make this second step up the ladder. This meant that Triers were living in their smaller, first home without the space they needed for children.

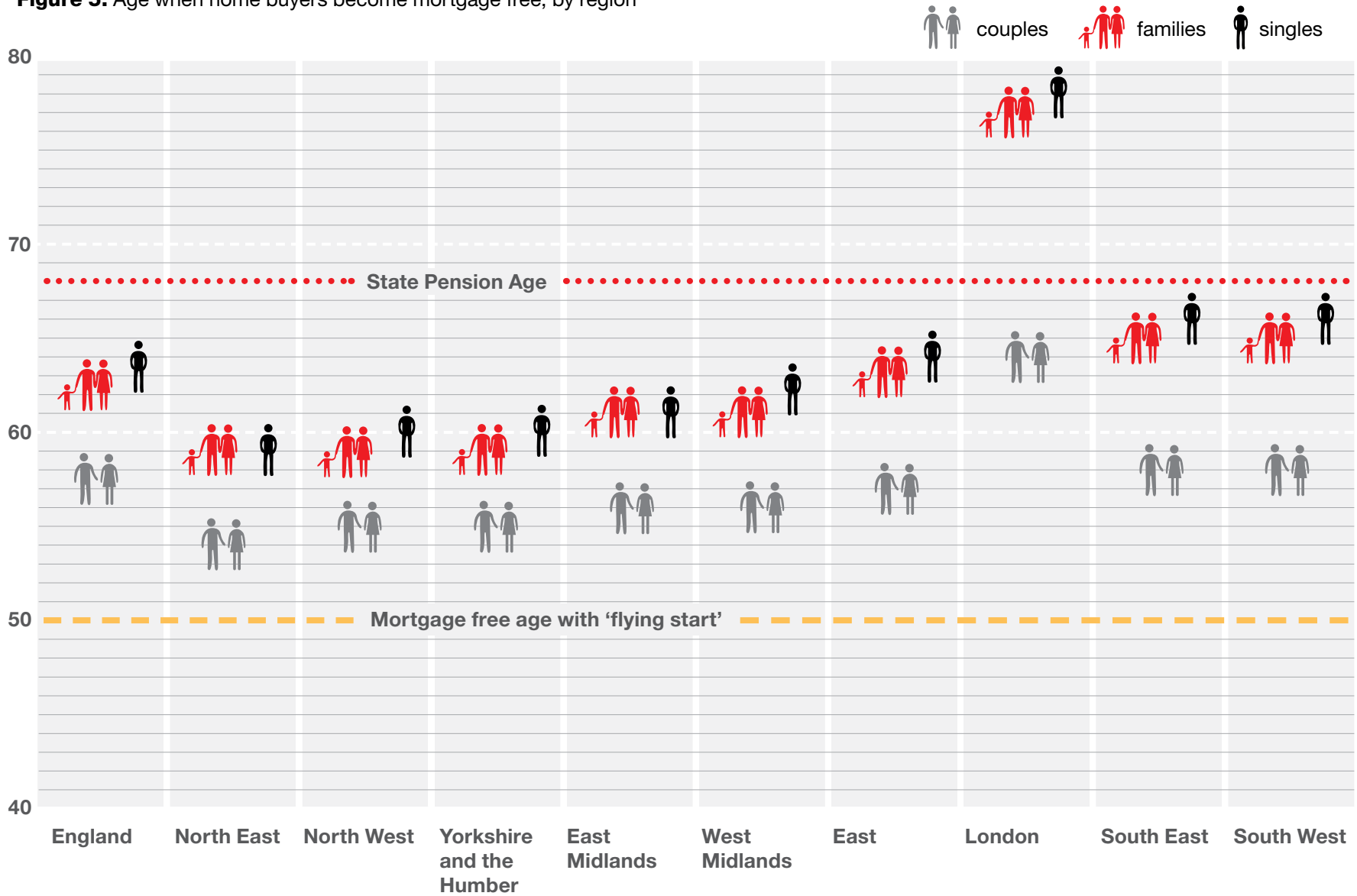
'It would be nice to buy a house but it seems impossible'

Trier, male, London, 35, bought aged 33

Aspiring to be mortgage-free

Our modelling indicates that Triers will continue to lag behind Flyers for most of their lifetime. If Flyers are gifted a deposit to buy when they are 25 years old and take out a typical mortgage of 25 years, they will be living mortgage free by the time they are 50. But Triers who have to save for their deposit while renting are going to be much older before they save a large enough deposit. A family with one child would have to save for a deposit until they're 37, meaning they would not be mortgage free until they were 62. A couple without children would not be mortgage free until 57, and a single person until they were 63.

Figure 5: Age when home buyers become mortgage free, by region



This is particularly acute in London, where a family would not have a sufficient deposit until they are 51 years old, leaving them with a mortgage until they are 76 years old, well above the state pension age of 68. In reality, this means that these families simply wouldn't be able to get a mortgage. Even in regions where home buyers can afford to buy when they are younger such as the North East, North West and Yorkshire and the Humber, families will not own their own home outright until they are within a decade of retiring at 59 years old.

The findings of our modelling were supported by what people told us in interviews. Flyers felt that being mortgage-free at an early age was achievable for them and this was something they were aiming for. It was not enough for them to own their home with a mortgage; to really feel in control they needed to own their home outright and as early as possible. This contrasted with Triers, who felt lucky to have what they already had, and whilst they would like to make the next step on the property ladder and would like to be one day mortgage-free, it felt more out of reach for them than it did with Flyers.

'I'd like to be mortgage free by 40... The most important thing though is being comfortable and having affordable living costs.'

Flyer, female, Leeds, 29, bought aged 21

Other financial benefits of owning

Some of the homeowners we spoke to talked about how they had benefited financially by using their home in other ways, other than simply as a home for themselves. For example, when payments were high or they were struggling financially, they were able to rent out a room in their home to a lodger. More permanent arrangements were made in some cases, with people releasing equity in their homes or turning their basement into a separate flat to rent out. This was certainly a benefit that someone who was renting would not have, either because of the illegality of sub-contracting or the unlikelihood of having a spare room.

'It was better than renting because I paid the same and had a lodger'

Trier, female, London, 40, bought aged 33

Other than the benefits relating to how the home was used, people also mentioned that they felt that credit was more readily available to them now. Creditors, aware that they have the collateral of a house, were felt to be more likely to loan them money. Some had taken this offer and used it to make home improvements, hoping this would add value to the home.

Triers who had owned in the past also talked about this advantage of home ownership, and felt they were now at a disadvantage as renters. They noticed that loans and credit were no longer available to them, and it was now particularly hard for them to get a mortgage. This was frustrating for them, since they had been used to finance being available.

'If you're a homeowner then more doors are open to you, all sorts of organisations, particularly financial organisations have a lower opinion of you if you're a private renter... I tried to get a temporary overdraft which would have been cleared within two months and I was told 'no' because they said there was no collateral.'

Trier, current renter, used to own, male, Birmingham, 56

Financial impacts of renting

Overall, homeowners noted a range of ways that they could widen the financial gap between them and those that rent. Although they acknowledged initial financial struggles in transitioning into home ownership, there felt there were more options available to them.

This perception was borne out particularly in the experiences of families we spoke to who were renting, who were struggling financially. For them, the potential flexibility renting offers of moving somewhere else for work was not really an attraction and unlikely to benefit them as they were not likely to want to move their children away from their schools and friends. Instead,

being in the private rented sector seemed to have a hugely negative impact on their finances, as they were struggling to get by, let alone save.

'Renting with two kids doesn't allow for saving after bills are paid... I do want to save and buy, but there's no immediate prospect of that happening.'

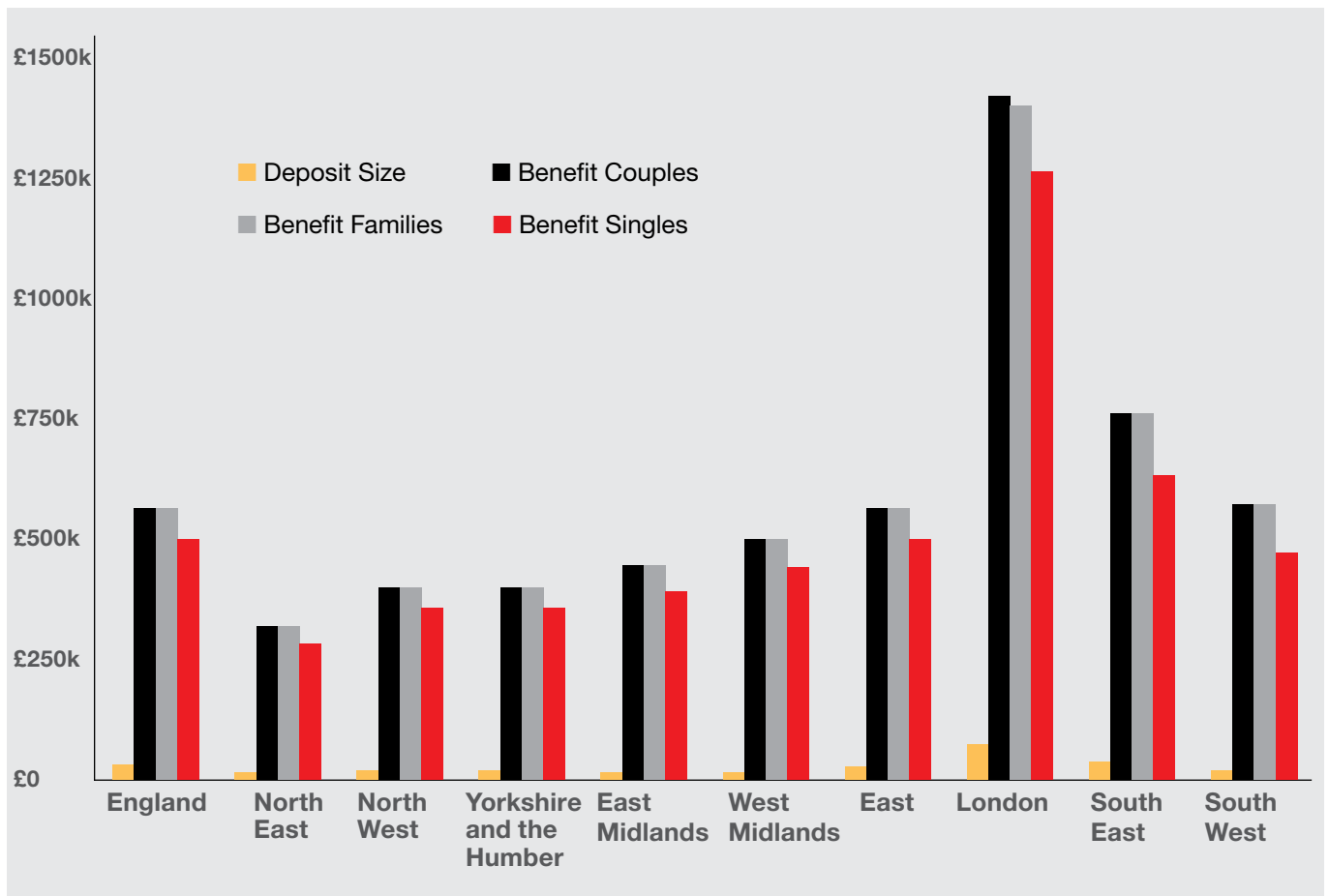
Trier, current renter, male, Leeds, 40

Our modelling shows that we can expect a widening of the financial gap between home owners and renters in the future. A typical couple in England, with or without children, who remain in the private rented sector would be £561,200 worse-off than the same couple who were able to buy because they received help in the form of a free deposit. This is a return of over 21 times the size of the deposit over the lifetime of the family. For singles the impact of £510,600 is similar.

Table 2: Renters compared to Flyers and Triers that bought, impact over lifetime, England

England	Flyers benefit compared to renters	Return on Deposit for Flyers	Triers benefit compared to renters
Couple	561,200	21	474,800
Family	561,200	21	414,900
Single	510,600	19	365,600

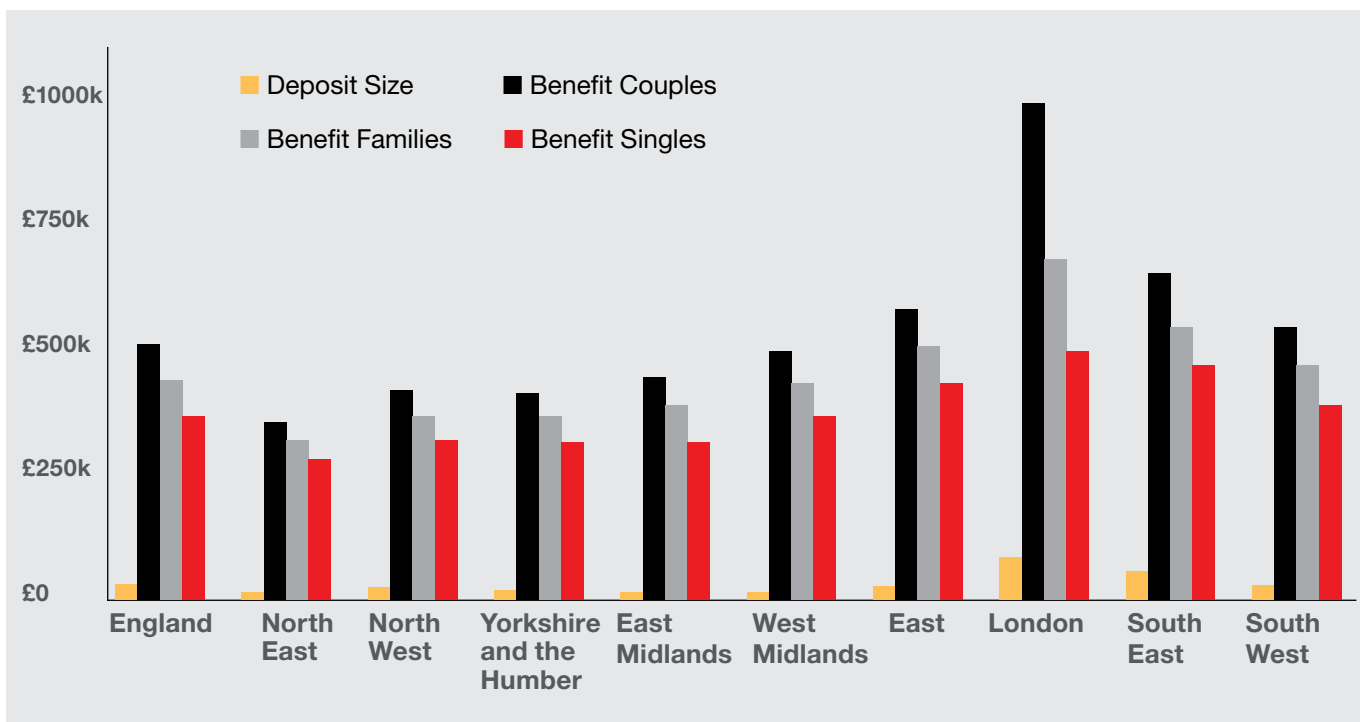
Figure 6: Financial benefits of being gifted a deposit to buy a home compared with people who rent for life, by region



In monetary terms, this has the biggest impact in London, with a family off to a flying start set to be £1.3 million better off over their lifetime compared to a family that remains in the private rented sector. In more affordable regions such as the North East the impact is nevertheless large, with a family who can get on the property ladder immediately will be £363,700 better off over their lifetime.

It is worth noting that there is also a significant financial benefit to homebuyers who don't get that helping hand onto the home market, compared with those who cannot save and remain stuck in the private rented sector. Couples and families who buy are over £400,000 better off, while single people have over £350,000 additional discretionary spending by the time they are 80.

Figure 7: Benefits of saving a deposit and buying, compared with renting for life



Perceived financial advantages of renting

Despite the range of financial benefits identified in buying, people did also talk about some financial benefits to renting. The flexibility of renting and relative ease of moving meant that if there was a change in their financial circumstances they felt they could adapt to this more easily. Changing location for a job was easier when renting, as a rental contract was perceived as a lot easier and cheaper to get out of than selling a house and buying a new one in a different location. Although homeowners felt that the option of renting out their home would be

available to them, no one we spoke to had actually done so.

‘We could just leave and move if we wanted to, there are no costs to us’

Trier, currently renting, used to own, Leeds, male, 40

‘You can move around more easily when you’re renting. You can just give notice and leave’

Trier, male, London, 35, bought aged 33

Case study: Caroline (Trier still renting – family)

Caroline is 48 years old has always privately rented with her husband and has lived in central London for the past ten years with their two teenage children and a five year old. They both run their own businesses so don't earn the same amount every month.

They live in the same 2 bedroom flat they have lived in since moving to London and experience serious overcrowding issues. She feels that they get a good deal on the rent compared with comparable properties but this is still far more than she and her husband earns so they have had to rely on housing benefit to pay the remainder. She doesn't like the feeling of this but feels it is all she can do in a bad situation.

Although they traditionally had a good relationship with the managing company who were efficient at fixing repairs and maintained the rent at the same level, they changed hands a few years ago and the rent has been increasing since as well as the service getting poorer. This has put further strains on them because changes to their rent mean they have to make up for the shortcoming in housing benefits for longer.

There are also tensions with them all living together in such tight confines. At the moment her youngest is living with the teenage son who is on the autism spectrum because her teenage daughter is currently studying for exams and needs the space. However, she felt that a screaming five year old is probably not having a good effect on her son on the autism spectrum and that his behaviour and education were being negatively impacted.

Because of the space issues her daughter has to keep her clothes in the others' room. If she doesn't remember to get her clothes from their room before the five year old goes to bed this causes problems because she ends up waking up her youngest.

She and her husband have to sleep in the open plan living-room/ kitchen because of the lack of space. Their bed is a pull-out bed and they have to contend with the children always walking into the room when they are trying to relax at night because they want to get a glass of water, for example.

She feels lucky to have a roof over her head and live in such a good community. Her neighbours, she feels, are always there for them but she concedes that having more space would be better for them, particularly if she can have clients round for her business. For now she has applied for social housing but she knows the competition around this and so isn't feeling hopeful.

Differences in life opportunities

Impact on career and friendships

Flyers reported that their social lives had changed since they became homeowners, but viewed this not as a sacrifice, but as a way of prioritising their money. They socialised differently since owning, such as having friends or family over to their home instead of going out. They felt that this was part of a new life stage for them that living at home could never have offered. Since first owning, Flyers we spoke to reported that they had pursued more stable careers or had taken jobs with higher salaries. They spoke about prioritising their lifestyle on being able to meet their housing payments and maintain their home, and felt that stable careers offered them more security to do this in.

However, they also felt that this need for stability did have a price. Flyers were less willing to take the risk of a career break or re-train, and reported concerns about becoming self-employed. It is possible that in prioritising having a stable income each month, Flyers may be more likely to limit themselves in their career opportunities.

'I'm the main earner so I have to be very careful...I'd like to own my own company and be my own boss, or in home'

Flyer, male, Birmingham, 35, bought aged 27

Triers who bought their own homes shared similar experiences to Flyers about the shift in prioritisation that comes with home ownership.

Triers who were still renting and did not have children felt that renting could sometimes offer more choice in terms of their career and qualifications. The flexibility of renting for some meant they could re-train or do a course whilst working part-time by finding somewhere cheap to rent in the short-term. It was felt this was easier to do than if paying a mortgage, however people in this group did also talk about experiences of high rental costs preventing them from accessing courses or re-training. This

suggests that the perceived flexibility of renting does not always bear out.

Triers who were still renting also spoke about the negative social impact of seeing their peers buy their own homes, and feeling alienated, left out or jealous. They talked about seeing their friends being able to decorate and renovate their homes, and described how they felt left behind as renters. Triers spoke about feeling embarrassed about renting, and judged by others who have been able to buy earlier than them.

'The personalisation of their home... then it is a home rather than just a house you're living in. Your touch on that house makes it your home rather than just four walls that you go back to every night after work'

Trier, currently renting, female, Leeds, 40

Triers' feelings of embarrassment and judgement about renting were not unfounded, with some interviewees who had bought their own home expressing that they felt judgemental towards people who were still renting.

'When you get to a certain age you think people should have their own place. When I meet people still renting I feel sorry for them... If you rent at a certain age you are looked down on'

Trier, Female, London, 40yo, bought aged 32

Impact on intimate relationships and family life

Flyers were more likely to have been in a serious relationship much younger in life, which aided their ability to buy. However, also seems to have had a reciprocal effect: people told us that having the commitment of owning a home together helped to further cement their relationship.

'Relationship-wise we are better than we were renting...it does make you stick together more'

Flyer, male, Leeds, 28, bought aged 26

While Flyers tended to be in committed relationships, they were younger overall and less likely to have children yet. After having bought a home, they were more interested in enjoying this life stage first and did not feel too rushed to have children. In contrast to this, Triers who had bought were more likely to buy and meet a long-term partner later in life and start a family when they were still in their first home. They did not have the same amount of time as Flyers to take the second step up the property ladder and put off having children until they were in a larger home and so had to start a family in a smaller home than they would have liked.

'It's going to be a bit of a challenge once the baby's born and my partner's son comes to stay but I feel lucky I've managed to get this place'

Trier, female, London, aged 39, bought aged 33

Both families who had bought and couples who were renting without children were united in the view that they would not choose to start a family whilst renting. However, not all families had this choice. For families who were still renting, the financial struggles discussed above had knock-on impacts in their family relationships and the decisions they made about their family composition. This included experiences of overcrowding, resulting in them choosing to restrict the size of their family, or leaving it until they believed they were nearly too old to have children because they believed their housing situation wasn't ideal for bringing up a family.

The lack of space this put a considerable strain on their relationships with each other, and on their children's wellbeing. One parent living in overcrowded conditions talked about feeling like they were living on top of each other with tensions brewing all the time, particularly between children. There were practical implications for families, with needing rooms that others were occupying, such as having to sleep in the kitchen/living room on a pull-out bed, and the impact this could have on children's education.

'Sometimes you just want to lie in bed and read your book in peace but you get a knock on the door from one of the children needing water from the [kitchen] sink.'

'My son was on his own until September but now that the little one is sleeping in his room it's just every single day, his behaviour is a nightmare...his education's affected.'

Trier, currently renting, female, London, 48

As well as the financial restrictions that being single has for accessing the home market, people also suggested that not owning their own home had affected their relationships. As most were sharing with others, they felt that a lack of private space meant they were less likely to spend much time there with a partner. They felt that their housing situation could therefore potentially affect their ability to spend time alone with a partner and forge serious relationships.

Those that had rented also discussed previous relationships where they felt they had moved in with a partner too soon. They thought this resulted in them breaking up and that it probably had not been the right time for them to be moving in together. This caused further trouble with their stability and they were often put further back from owning after failing to live with someone because of the time they felt this had wasted and the financial costs.

'When I was in a previous relationship, I probably moved in with my partner sooner than I would have otherwise because of the cost of paying two rents... It put more pressure on the relationship.'

Trier, female, London, 39, bought aged 33

However, some felt that the nature of renting, which was largely flat-sharing in their experiences, had been good for their relationships because they had made more friends and even formed relationships as a result of living with

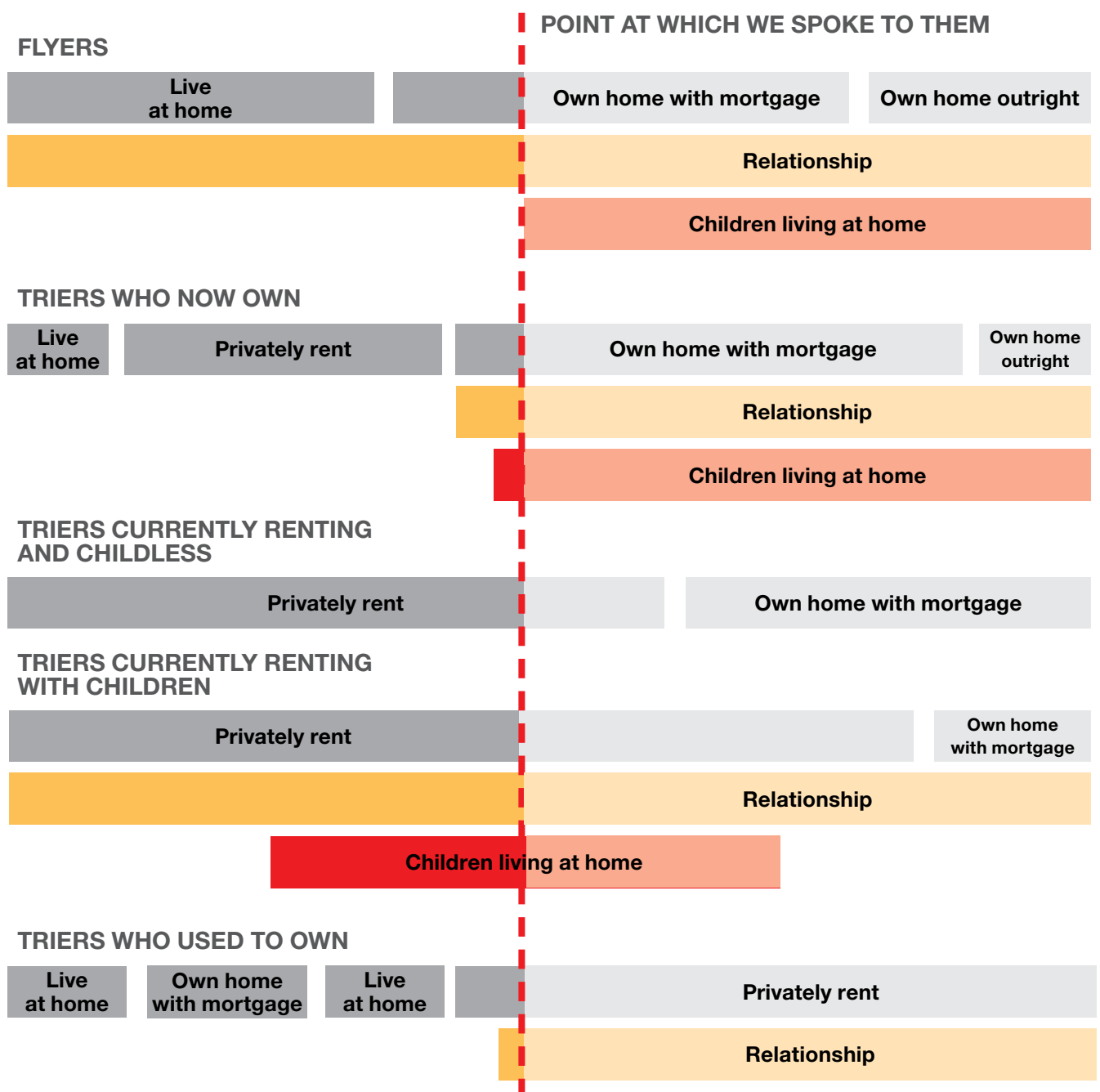
others. Their experiences were mixed but overall it was thought to be a positive one in terms of having a social life and making friends.

'I have lost a few friends over housing situations but at the same time I've met people through renting who I'm still friends with now.'

Group 3, male, Leeds, aged 36

Figure 6, below, illustrates the differences in life stage and household composition between Flyers and Triers and their varying experiences of the future. This highlights the much simpler life trajectory that Flyers have followed, compared to the complications and uncertainties of Triers' lives.

Figure 8: The different life stages and household compositions of Flyers and Triers



Case study: Sarah (Trier still renting – single)

Sarah is 37 years old and rents a house in South West London. She works full-time in an accounting firm on a good salary between £50-70,000 a year. She has always privately rented and is hoping to buy soon but feels like her salary is too low, a previous period of redundancy and being single have set her back compared with her peers.

She had financial difficulties as a result of being made redundant in 2007 but she is now financially ok and is saving to afford her home. In order to do so she has cut back on social life, holidays etc. and her parents are helping her out with approximately 40% of the deposit.

She likes the freedom of renting and the lack of financial responsibility in terms of repairs. When she was made redundant in 2007 she was able to move out of her privately rented place because she couldn't afford the rent anymore but felt she wouldn't have been able to if she had a mortgage to pay. However, she dislikes that you can't easily plan ahead when renting, she was once evicted from a home because the landlord wasn't paying the mortgage to the lender and the house was repossessed.

When she buys she hopes she will have the ability to make it more of a home and buy things for it. Not being in a shared home means she can personalise her home and put down roots in the community. She never really feels at home when she's renting and doesn't like inviting friends or family round to stay because of the lack of personal space.

She hopes that once she has bought a place she will meet a partner and they will be able to live together.

Case study: Katharine (Trier – used to own)

Katharine is 46 and lives in Leeds by herself. When she was around 26 she bought a house with savings and some help from her parents and grandparents. Unfortunately she was made redundant and she struggled to pay her mortgage and eventually her house was repossessed.

She now rents privately down the road from the house she used to own and can't imagine ever having enough to be able to buy a home again.

Two thirds of her earnings goes on rent and bills and so she doesn't have much left over at the end of each month to live on, let alone save but she does have a small emergency fund. She has thought about whether she can make other sacrifices to save more, such as selling her car and walking to work but this would be difficult in the winter months.

Most of her friends now own their own homes and she sees that they are able to go on lots of holidays, which she can't afford. They also talk a lot about being able to personalise their own homes and she feels like she's missing out. She also has a cat which can make finding a place to rent difficult, something that wouldn't be a problem if she owned her own home.

She's worried about the future and her parents getting older as they live in Northumberland and she might have to leave Leeds to look after them. She wouldn't want to do this because she feels she has a good job and friends in Leeds and her parents live in an expensive area to rent in meaning she might have to move in with them again as an adult.

CONCLUSION

This research has found that there is a divide between those that are assisted into home ownership, and those that are not. This divide continues to widen, long after they have got on to the housing ladder, affecting their finances, family life, and the stability amongst other aspects of their lives.

These differences are why parents across the United Kingdom are paying out £2 billion every year to help their children get on the housing ladder.¹¹ As more and more young people are priced out of a home of their own, not everyone has access to help like the Bank of Mum and Dad.

Many people across England aspire towards having a home of their own. But unless we fix the housing crisis, and start building more homes, then home ownership for most young people will become increasingly out of reach. Last year, our report with KPMG, *Building the Homes We Need*, set out a package of policies that would begin to fix the housing market.¹² The next government needs to implement these policies, to ensure that once again, there are enough affordable homes for everyone.

11. [Report by NatCen Social Research](#), commissioned by Shelter and fieldwork by YouGov Plc, First time buyers rely on Bank of Mum and Dad for £2 billion a year as pressure on parents grows

12. [Building the homes we need](#) (2014)

APPENDIX A:

MODELLING METHODOLOGY

This modelling builds on the analysis from the A Home of Their Own¹³ report previously released by Shelter. The modelling covers the prospects of households to purchase a home across different regions in England beginning in September 2014. The following three illustrative households were modelled as part of the analysis:

- A couple – a male and a female both working full-time.
- A family – a male working full-time, with a female working part-time, with one child.
- Single – a single person working full-time.

Then, three different scenarios were modelled for each of these illustrative households:

- Households that purchase their home immediately.
- Households that have to save for a deposit and then purchase their home.
- Households that do not purchase a home and remain in the private rented sector for life.

The modelling sets out to estimate the discretionary income and assets these households can accumulate over their lifetime, in order to compare the financial impact of the three different scenarios over the lifetime of a household.

The modelling included projections of after tax earnings, essential living costs, interest rates, increases in house prices and rents. It is assumed that each of these households is 25 years old in September 2014,¹⁴ with projections made over the next 55 years, until these households reach

the age of 80. Forecasts from the Office of Budget Responsibility Economic and Fiscal Outlook from March 2014 are used for these projections.¹⁵

Household types and earnings

Earnings are assumed to be each household's only source of income. Over time, earnings increase due to wage inflation and, for a period of time, career progression whilst inflation increases the cost of essentials. The combined effect is for discretionary income to increase gradually over time.

Results are presented for three illustrative household types:

- A couple – a male and a female both working full-time.
- A family – a male working full-time, with a female working part-time, with one child.
- Single – a single person working full-time.

There are clearly many other types of households but these three were chosen to illustrate the problems of saving for a deposit for first-time buyers.

Household earnings

All household members were assumed to be aged 25, reflecting an assumption that median earnings of 22 to 29 year olds are reflected in the mid-point of this age group. Household members are assumed to be earning a typical full or part-time wage for their region,¹⁶ and seeking to buy a home in that area.

As households age, the model takes account of both wage inflation and career progression. Base earnings are assumed

13. A Home of Their Own, Shelter 2015

14. This reflects the mid-point of median income for 22-29 year olds in the ONS Annual Survey of Hours and Earnings.

15. Despite the more recent December 2014 Economic and Fiscal outlook being available, the March publication has been used to maintain consistency with the A Home of Their Own report released in January 2014.

16. Local median earnings for 22 to 29-year-olds were estimated by deflating median earnings for each region by the UK-wide ratio of 22-29 year-old earnings to all earnings.

to grow in line with the Average Earnings Index forecast of the OBR¹⁷ to 2019 and at the 2019 growth rate thereafter. In addition, to account for career progression, individuals are moved over ten years from the 22-29 year-old rate of earnings for their region to the 30-39 year-old rate.

Essential costs

Essential costs are defined as those items of expenditure that a household has limited ability to vary. They include:

- Rent: median rent of a 2-bedroom flat (for couples) and a 1-bedroom flat (for single people), by local authority.¹⁸
- Council tax: Council tax by local authority for a Band D home. Single person households pay 75% of this amount.¹⁹
- Childcare: 25 hours per week in nursery care. This cost only applies to couples with a child and for the first two years of the model is at the under-two rate and at the over two-rate for a further three years. Childcare costs terminate after 5 years. Data is only available at a regional level and the relevant regional costs are applied to each local area.²⁰
- Food, transport and utilities: average expenditure for each category in each region is adjusted for household composition and uprated from 2012 (the latest data) to June 2014 using the relevant Consumer Price Index for food, transport and electricity & other fuels, and then by the OBR CPI forecast to September 2014.

On top of these essential costs, households also need to pay income tax and national insurance. These are calculated in each year of the model using tax and national insurance thresholds based on 2014/15 values uprated by

the OBR Consumer Price Index (CPI) forecast.²¹

Savings and discretionary income

Once taxes have been paid and essential costs met, the remainder is considered discretionary income. For the purposes of modelling the financial benefits of the different scenario over the lifetime of these households, it is assumed that all discretionary income is saved. Whilst these households will no doubt choose to consume a share of this discretionary income, this assumption is made to simply measure the income available to households if they save or consume their discretionary income.

Savings attract interest for which the interest rate is initially set at 1.5 points above LIBOR. LIBOR is assumed to follow OBR forecasts until 2019 and thereafter to remain at the OBR 2019 rate of 3.2%. Once the OBR forecast shows LIBOR going above 2.5% (July 2017), the margin for the savings interest rate reduces gradually until it reaches 1 point so that, from July 2018, savings interest rates are assumed to be 1 point above LIBOR, which means a long-term assumption of 4.2%. It is assumed that interest on savings is not subject to tax: i.e. that savings take place in a tax-free vehicle.

It is assumed that households which are saving for a deposit to buy a home, save 20% of their discretionary income from earnings, except when discretionary incomes are zero or negative. In these cases, households are assumed not to be saving anything and any debts accrued in this way are disregarded. The deposit savings earns interest at the projected savings rate. At the same time as each household is building up a savings pot, house price growth increases the size of the deposit that is each household's target.

17. OBR forecasts are taken from the March 2014 Economic and Fiscal Outlook to maintain consistency with the A Home of Their Own report.

18. Source: Valuation Office Agency data for 2013/14, uprated to June 2014 using the CPI rents index and by the OBR's CPI forecast to reach September 2014.

19. Source: Communities and Local Government Council Tax statistics for 2014/15. Region and county-level averages produced by weighting component district figures by council tax base.

20. Source: Family and Childcare trust Childcare Costs Survey 2014, uprated from January 2014 to September 2014 using CPI data to June 2014 and the OBR forecast to September 2014.

21. Official government policy is to uprate tax thresholds by CPI but it is arguable that they may well rise faster than this in the long run. If tax thresholds are uprated by the OBR's Average Earnings Index forecast then this would affect the results.

House prices

HM Land Registry provides data on house prices for regions, counties and unitary authorities. To maintain consistency with A Home of Their Own, data is used for June 2014 with the OBR House price index forecast is used to uprate prices to dates up to 2019. Beyond 2019, the OBR forecast for 2019 of 3.7% house price growth is assumed to remain constant.

Note that no allowance in the model is made for differential house price growth between regions. If growth is faster in London and the South East than other areas, the model will have underestimated the deposit-saving problem in these areas.

This model assumes that first-time-buyers will buy a home worth 75% of the local average. There is some evidence that this might be a conservative estimate as a comparison of the Nationwide House Price Index for first-time-buyers and for all buyers by region shows that, in England in 2014 quarter 4, only the Yorkshire and Humber region had a ratio as low as 75% and all other regions were higher.

Note that all first-time buyers are assumed to buy at 75% of the local average as this is a conservative estimate of the average first-time-buyer price. However it is probable that the average single-person first-time-buyer price is slightly lower than this figure whilst the average couple first-time-buyer price is slightly higher.

This model assumes that first-time-buyers will need a 20% deposit to buy a home – which reflects some form of help for Flyers that buy immediately, whilst households saving for their deposit will be required to save until they have a sufficient amount. Clearly the financial crash and its aftermath have changed the availability of credit for first-time-buyers and it is advisable to revisit this assumption as a longer period of data about post-crash lending patterns becomes available.

Mortgages

Given that it is assumed buyers require a 20% deposit to purchase a home, it is implied that the mortgage size will be 80% of the house price paid at the time of purchase. The modelling is based on the typical mortgage length of 25 years, at the standard variable mortgage rate.

The standard variable mortgage rate is projected to maintain the same margin to LIBOR used in the projections used for the savings rate. Mortgage rates are expected to increase steadily over the next four years from 3.7% in September 2014 to 5.7% in January 2019 where they remain constant for the remainder of the model.

Estimating the overall financial impact

As previously stated, it is assumed for evaluation purposes that all discretionary income after taxes, expenses, rent, saving for a deposit, and servicing a mortgage is saved at the projected savings rate.

The cumulative value of this income is projected to September 2069 when the household turns 80 years of age. At this time, the value of any other assets that have been accumulated, namely the value of the house that has been purchased for households that buy, is also included.

The total value of cumulative income and assets is deflated by the projections for inflation into 2014 pounds, to allow for meaningful comparison and analysis between the different households, and the alternative scenarios.

APPENDIX B:

RECRUITMENT QUOTAS

		Group 1	Group 2	Group 3
Gender	Male	Minimum 4	Minimum 4	Minimum 4
	Female	Minimum 4	Minimum 4	Minimum 4
Age when bought	Younger than 30	10	0	n/a
	Aged between 30-40	0	10	n/a
Age now	Younger than 39	10	0	0
	Younger than 42	0	10	0
	35+	0	0	10
Region	London & SE	Minimum 2	Minimum 2	
	Other regions in England			Minimum 2
Employment status	Employed full-time at point of purchase	n/a	10	n/a
	Work full-time and have done most of working life	n/a	n/a	10
Current tenure	Privately renting	0	0	10
	Own- outright or with a mortgage	10	10	0

APPENDIX C:

QUANTITATIVE ANALYSIS RESULTS

Couple without children

Table 1: Value of assets and consumption, couple without children, 2014 £

Region	Flyer (£)	Trier that bought (£)	Trier that rents (£)
England	3,388,400	3,302,000	2,827,200
North East	2,978,200	2,974,900	2,614,400
North West	3,149,500	3,101,300	2,704,900
Yorkshire and the Humber	3,097,000	3,045,000	2,657,000
East Midlands	3,108,300	3,048,700	2,641,700
West Midlands	3,134,300	3,069,400	2,643,900
East	3,467,700	3,372,600	2,873,800
London	4,507,700	4,118,200	3,139,300
South East	3,679,600	3,545,200	2,943,900
South West	3,116,500	3,010,800	2,512,700

Table 2: Difference of value of assets and consumption, couple without children 2014 £

Region	Flyers and Triers that bought (£)	Flyers and Triers that rent (£)	Triers that bought and that rent (£)
England	86,400	561,200	474,800
North East	3,300	363,700	360,400
North West	48,200	444,600	396,500
Yorkshire and the Humber	52,000	440,000	388,000
East Midlands	59,600	466,600	407,000
West Midlands	64,900	490,400	425,500
East	95,100	593,900	498,800
London	389,500	1,368,400	978,900
South East	134,400	735,700	601,300
South West	105,800	603,800	498,000

Table 3: Size of initial deposit for flyers, and return on this deposit over lifetime

Region	Deposit Size (£)	Return	Total benefit
England	26,400	3.3	86,400
North East	15,100	0.2	3,300
North West	16,900	2.9	48,200
Yorkshire and the Humber	18,200	2.9	52,000
East Midlands	19,800	3.0	59,600
West Midlands	20,800	3.1	64,900
East	28,800	3.3	95,100
London	67,200	5.8	389,500
South East	35,000	3.8	134,400
South West	27,800	3.8	105,800

Table 4: Age of home ownership for triers that bought, couples without children

Region	Age when home purchased	Age when mortgage free	Total benefit
England	32	57	86,400
North East	29	54	3,300
North West	30	55	48,200
Yorkshire and the Humber	30	55	52,000
East Midlands	31	56	59,600
West Midlands	31	56	64,900
East	32	57	95,100
London	39	64	389,500
South East	33	58	134,400
South West	33	58	105,800

Family with 1 child

Table 1: Value of assets and consumption, family, 2014 £

Region	Flyer (£)	Trier that bought (£)	Trier that rents (£)
England	2,323,900	2,177,600	1,762,700
North East	2,023,700	1,986,600	1,660,000
North West	2,152,700	2,064,800	1,708,100
Yorkshire and the Humber	2,178,700	2,090,000	1,738,700
East Midlands	2,133,200	2,028,700	1,666,600
West Midlands	2,189,300	2,076,300	1,699,000
East	2,386,700	2,222,500	1,792,800
London	3,114,700	2,397,100	1,753,700
South East	2,547,000	2,312,400	1,811,300
South West	2,186,000	2,002,000	1,582,300

Table 2: Difference of value of assets and consumption, family, 2014 £

Region	Flyers and Triers that bought (£)	Flyers and Triers that rent (£)	Triers that bought and that rent (£)
England	146,300	561,200	414,900
North East	37,200	363,700	326,600
North West	87,900	444,600	356,700
Yorkshire and the Humber	88,700	440,000	351,300
East Midlands	104,500	466,600	362,100
West Midlands	113,100	490,400	377,300
East	164,200	593,900	429,700
London	717,600	1,361,000	643,400
South East	234,600	735,700	501,100
South West	184,000	603,800	419,800

Table 3: Size of initial deposit for flyers, and return on this deposit over lifetime, family

Region	Deposit Size (£)	Return	Total benefit
England	26,400	5.5	146,300
North East	15,100	2.5	37,200
North West	16,900	5.2	87,900
Yorkshire and the Humber	18,200	4.9	88,700
East Midlands	19,800	5.3	104,500
West Midlands	20,800	5.4	113,100
East	28,800	5.7	164,200
London	67,200	10.7	717,600
South East	35,000	6.7	234,600
South West	27,800	6.6	184,000

Table 4: Age of home ownership for triers that bought, family

Region	Age when home purchased	Age when mortgage free
England	37	62
North East	34	59
North West	34	59
Yorkshire and the Humber	34	59
East Midlands	36	61
West Midlands	36	61
East	38	63
London	51	76
South East	40	65
South West	40	65

Single

Table 1: Value of assets and consumption, single people, 2014 £

Region	Flyer (£)	Trier that bought (£)	Trier that rents (£)
England	1,817,000	1,672,000	1,306,400
North East	1,516,500	1,482,800	1,189,900
North West	1,626,900	1,545,300	1,238,300
Yorkshire and the Humber	1,611,500	1,525,200	1,225,500
East Midlands	1,631,800	1,536,100	1,232,000
West Midlands	1,651,900	1,546,700	1,229,000
East	1,867,300	1,710,800	1,340,900
London	2,543,700	1,815,400	1,344,000
South East	2,003,900	1,786,100	1,369,400
South West	1,681,700	1,509,300	1,162,200

Table 2: Difference of value of assets and consumption, single people, 2014 £

Region	Flyers and Triers that bought (£)	Flyers and Triers that rent (£)	Triers that bought and that rent (£)
England	145,000	510,600	365,600
North East	33,700	326,600	292,900
North West	81,600	388,600	307,000
Yorkshire and the Humber	86,300	386,000	299,700
East Midlands	95,800	399,800	304,100
West Midlands	105,200	422,900	317,700
East	156,500	526,500	370,000
London	728,300	1,199,700	471,400
South East	217,800	634,500	416,700
South West	172,300	519,500	347,200

Table 3: Size of initial deposit for Flyers, and return on this deposit over lifetime

Region	Deposit Size (£)	Return	Total benefit
England	26,400	5.5	145,000
North East	15,100	2.2	33,700
North West	16,900	4.8	81,600
Yorkshire and the Humber	18,200	4.7	86,300
East Midlands	19,800	4.8	95,800
West Midlands	20,800	5.1	105,200
East	28,800	5.4	156,500
London	67,200	10.8	728,300
South East	35,000	6.2	217,800
South West	27,800	6.2	172,300

Table 4: Age of home ownership for triers that bought, single people

Region	Age when home purchased	Age when mortgage free	Total benefit
England	38	63	145,000
North East	34	59	33,700
North West	35	60	81,600
Yorkshire and the Humber	35	60	86,300
East Midlands	36	61	95,800
West Midlands	37	62	105,200
East	39	64	156,500
London	54	79	728,300
South East	41	66	217,800
South West	41	66	172,300

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