

Factual – Measured - Critical

Homeowners Get Richer and the Housing Ladder Gets Pulled Up

Matt Barnes, NatCen Social Research

[Our research shows](#) that the rich are saving more since the recession. Unlike the rest of the population, among whom saving has stagnated, the richest fifth in the country are stashing away an extra 400 million per month. Why? Because of a fall in mortgage interest repayments - at least half of additional income gained by the richest fifth from reduced mortgage payments is going into savings.

Within this group, the people with the potential to save the most are landlords - owning multiple properties means even more reduced mortgage payments. A wedge is being driven between those who own property and those who don't, and the effects of the recession on the housing market are exacerbating what was already a substantial factor in economic inequality.

What makes this so severe is the fact that it is getting harder and harder to become a home owner, let alone a landlord. [Our research suggests](#) that almost four in ten people (38%) needed help to purchase their first home and the sums involved were substantial. On average, first-time buyers who got help from family or friends (either in the form of a gift or loan) received a contribution of around £17,000. In total, we estimate that parents contribute £2 billion per year, in the form of gifts or loans, to help fund first time buyer deposits. This significant sum suggests that home ownership is likely to stay a privilege only open to the wealthier in society, [typically sharing characteristics with well-off homeowners](#) who tended to be 40-64, couples with no dependent children living at home, in managerial and professional employment, and with positive views of their financial situation.

The flipside of this is that [more young people are living at home for longer](#). In 1991, about 59% of 16-24 year olds lived with their parents. In 2011, this figure rose to 72%. Up in Scotland, [our research team concluded](#) that this staying at home longer, along with getting married later and having children later has nurtured *a stalled generation*. Living at home may seem like the perfect opportunity to save for that all important first deposit. But [despite 75% of non-homeowners aged 20-45 wanting to own a home of their own](#), only one in three (31%) of the young people we interviewed had a realistic plan that would enable them to do this within the next five years. The majority, 80%, admit to spending money on clothes and eating out that they could have put towards a deposit. We're running the risk that a whole generation will lose interest in buying – a concern echoed in the Government's Help and Right to Buy schemes.

If the young don't see buying as an option and existing homeowners are saving more than ever, the wealth gap between those who own and those who don't is set to grow. It's nothing new to declare that the pinch has been felt more or less by different social groups. What is concerning however, is the *extent* to which feelings of financial insecurity and

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prospects of homeownership vary, and the extent to which this may further polarise inequality. It is clear that we're not all in this (recession) together.

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