

The Homeowner Survey 2014

Issues, trends and how we feel about our homes



A HomeOwners Alliance Report, July 2014

in partnership with myhomemove & TrustMark



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About the HomeOwners Alliance

The HomeOwners Alliance champions the interests of Britain's homeowners and aspiring homeowners.

We are a consumer group providing helpful advice and services and acting as the voice of the homeowner in the media, lobbying for their interests in government, and campaigning against bad practices in industry.

We directly engage with government and the media by conducting independent research and publishing reports that promote and champion the interests of homeowners

At hoa.org.uk, we provide independent advice for the key moments in owning a home, supported by legal and industry experts.

This report was made possible through our sponsors, myhomemove and Trustmark.

Introduction

Every year we undertake a nationwide survey to find out how people feel about their most obsessed about possession – our homes. Our Homeowners Survey 2014, polled by YouGov, gives a state of the nation report on the biggest concerns and latest trends affecting homeowners and those aspiring to own. This year we examined the impact of interest rate rises, explored issues around housing affordability and undertook a special investigation into the barriers homeowners face when undertaking home improvements.

Housing concerns are now firmly on the agenda in UK politics and in the media. It has been widely reported that homeownership levels have been declining for the past decade (peaking in 2002 at 69.7%) and this decline is being attributed to a high demand for homes, the mismatch between house prices and wage rises and the fact the supply of new homes has been woefully inadequate for decades.

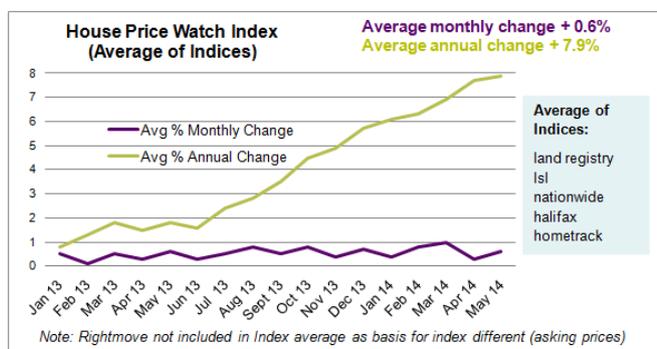
Against this backdrop, this year's Homeowner Survey sees the appetite amongst UK residents to own their own home on the rise. In 2014, 68% of non homeowners indicate they would like to own their home up from 65% in January 2013.

Alongside a clear desire to own, there is evidence that the past year marks a recovery of the housing market since its peak back in 2007 and the return of first-time buyers. Years of low mortgage rates, the introduction of the Government's Help to Buy schemes and rising consumer confidence have encouraged first time buyers to enter the housing market.

The property market is also on the move again, with the number of housing transactions up 39% when comparing the first quarter of 2014 to those in the same period a year ago, and an increasing share of these transactions are by first-time buyers (up 41% in a year - comparing the first quarter of 2014 to the same period in 2013).

However there is also widespread concern that while low mortgage rates and small deposit requirements may be helping young homeowners buy their first home, these measures are also contributing to escalating house prices, overheating of the housing market and a storing up of problems for the future for those who find themselves overstretched, as interest rates start to rise from five years of a historic low of 0.5%.

The mismatch of housing supply and demand also continues. As the HomeOwners Alliance's June House Price Watch reports, the demand for homes continues to race ahead of supply in 2013 and the first half of 2014; pushing house prices up now for 17 consecutive months.¹ Regionally, house price growth has spread to all regions of England and Wales. House prices in London continue to soar with price growth double that of any other region, up 17% in the



¹ The HomeOwners Alliance June House Price Watch reports house prices up on average 0.6% in the past month and up 7.9% in the past year.

past year. Given the extent of rising house prices, the Bank of England has warned of impending interest rate rises. This follows the Mortgage Market Review in April 2014 which saw a tightening on lending criteria for banks and mortgage companies. Further measures to cool the market are expected.

The Homeowner Survey 2014 looks at these policies and trends from the homeowner perspective. We ask homeowners and those aspiring to own what they think and how they feel about the issues impacting on them and how they buy, manage and improve their homes.

Methodology

Earlier this year (18 – 20th March 2014), YouGov Plc, on behalf of HomeOwners Alliance, surveyed 2,527 adults on-line of which 64% (1,606) were homeowners.² The following questions were asked.

What do people feel are the serious issues facing the housing market today?

Are rising house prices good news?

How are aspiring homeowners feeling about getting on the property ladder?

Are first-time buyers feeling overstretched? How able are they to move up the ladder?

Are financing options that bridge the affordability gap helpful or fuel for future problems?

What impact is a rise in interest rates likely to have on homeowners and the housing market?

How easy is it for homeowners to find a trusted tradesman and what is the outcome of this?

The 2014 Homeowner Survey, issued in 4 parts, was made possible through sponsorship by **myhomemove**, the UK's leading conveyancing provider and **TrustMark**, the Government endorsed 'find a tradesman' scheme.

- Part 1 of the survey, "Concerns about house prices spread across UK as housing market gathers pace" was issued on 7th April
- Part 2 of the survey, "British homes suffer maintenance and repairs crisis because of difficulties finding trusted builders" was issued on 12th May
- Part 3 of the survey asks: "Interest rate rise could push millions of homeowners into financial difficulties" was issued on 23rd May.
- Part 4 of the survey, "More young homeowners are likely to be burdened with longer term debt and financial worries to get onto the housing ladder than previous generations" was issued on 9 June.

² The figures have been weighted and are representative of all UK adults (aged 18+).

Key Findings

The state of the housing market

Concern over high house prices is a key theme in 2014

- Ability for first-time buyers to get onto the property ladder and saving for a deposit topped the list of housing concerns nationally
- More than three quarters of UK adults say that high house prices are a problem
- House prices are of particular concern for those who aspire to own their first home
- Regionally, house prices and housing supply are bigger issues for Londoners, while negative equity is of greater concern to those in the North East and Northern Ireland.

“Worries about high house prices and the shortage of housing have become a national issue. Talk about the housing crisis has spread across the UK, as homeowners everywhere have become worried that housing is becoming unaffordable and owning their own home is becoming an impossible dream for young people.”

*Paula Higgins, Chief Executive
HomeOwners Alliance*

To bridge the affordability gap and get onto the housing ladder, more young homeowners than previous generations are likely to be burdened with longer term debt and financial worries

- More than seven in ten young homeowners (aged 25-34) rely on extra help to get on the housing ladder including: low mortgage rates, loans from friends and family, extended mortgage terms of over 25 years, small deposits and government schemes like Help to Buy.
- One in two young homeowners (aged 25-34) who have used these types of finance options worry about their housing debt. The size of their mortgage is a particular concern – being able to repay it one day and its size in relation to the value of the home. Meeting monthly mortgage payments over the long term is also a worry.

“Our own data shows that over the past year, the average deposit size has decreased by 1.2% despite house prices rising by nearly 8%. For first time buyers, those likely to be aged 25 – 34, this is a double edged sword; yes it helps them onto the property ladder but there is a real danger that unless they have bought a home they can grow into, they will become trapped as market prices outpace them or a future downturn puts them into negative equity.”

*Doug Crawford, CEO
myhomemove*

A possible interest rate rise is a worry for many. Younger homeowners (age 25-34), aspiring homeowners and those with interest-only mortgages are among the most concerned.

- More than one in three UK homeowners, one in two homeowners age 25-34 and two in three interest only mortgage holders say they fear a rise in interest rates will make it more difficult to afford payments on their mortgage or other debts.
- Some existing homeowners are worried about how they will make ends meet: *“At the minute we can just about pay off mortgage and bills with very little to spare for food; with increased rates we would struggle to find money for food every month.”*
- Some existing homeowners may be forced to sell or rent out their property: *“I have other debts on top of my mortgage. I will probably be forced to sell and rent”*

- 54% of aspiring homeowners say they fear a rise in interest rates will make it more difficult to afford payments on loans and debts. An interest rate rise may hinder some from buying their first home: *“I was hoping to start on the property ladder, I would be worried as it is hard enough already to get a deposit and mortgage that is affordable, with higher interest rates, I don’t know if I could afford it”*
- Some elderly savers welcome a rise in interest rates, but worry for their children: *“For me it will not have an impact as I will complete my mortgage soon...However I am very fearful for my adult children and society at large”*

Spotlight on finding trusted tradesmen

British homeowners are not doing maintenance and repair work because they cannot find builders and other tradesmen that they trust

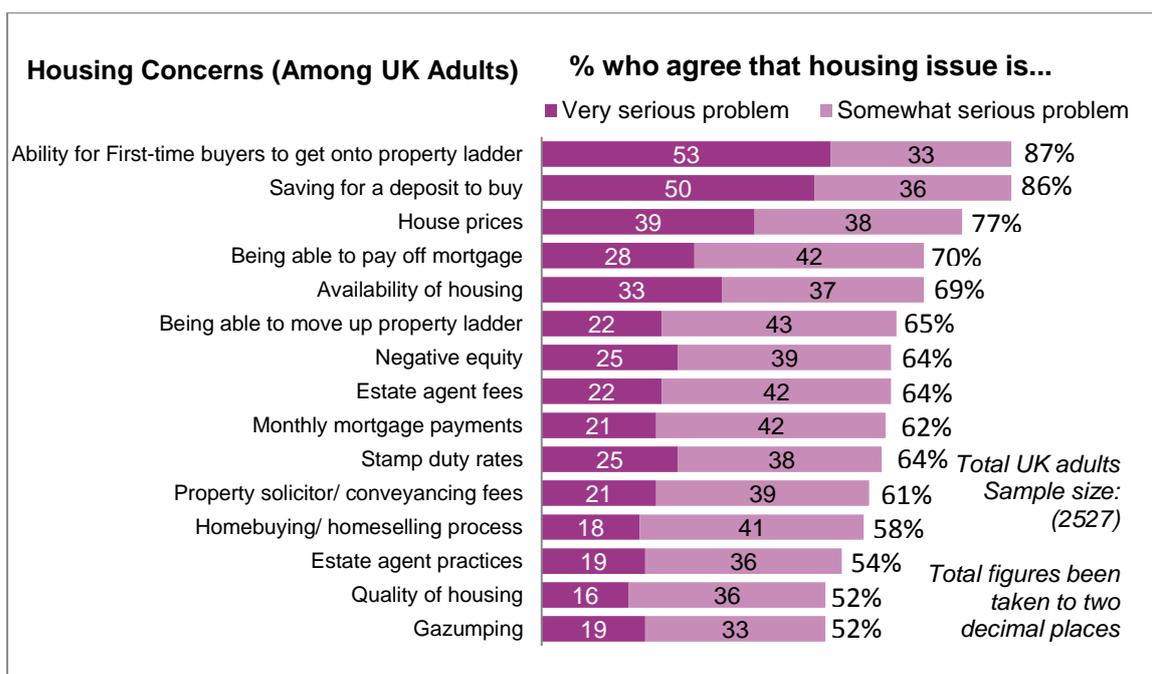
- Over half of homeowners (58%) say they have difficulty finding a trusted builder to assist with home repairs or improvements.
- These difficulties are having a big impact on the work that homeowners decide to do, and how they do it. Among the homeowners who have difficulty finding trusted builders, 12% don’t do the work at all and a quarter (26%) delay the project. Alternatively, affected homeowners do their own repairs/ DIY (40%), do essential works only (27%), or use tradesmen they are uncertain about (28%).

“A nation of homeowners is at the mercy of leaflets through the door or findanyoldbuilder.com websites because they don’t have a network of local tradespeople they can turn to. The price we pay are homes lacking TLC, an ever-deteriorating housing stock and the financial burden of £1.9 billion a year paying to fix botched jobs by tradesmen who were just not qualified to do the work. This is a ridiculous situation, when we know there are so many excellent tradespeople out there who are totally committed to doing quality work and excellent customer service.”
Liz Male, Chairman of TrustMark

Top housing concerns – what are UK adults talking about

The top housing concern in the UK is the ability for first-time buyers to get on the property ladder. Connected to this is saving for a deposit, house prices and availability of housing.

- 87% of UK adults feel that the ability for first-time buyers to get on the property ladder is a problem at the moment – more than half (53%) feel it is a very serious problem.
- Alongside this, saving for a deposit is a key concern (86% feel it is a problem), 77% feel house prices are a problem and 70% feel availability of housing is a problem.
- Long term affordability is an issue with 70% indicating being able to pay off the mortgage, 64% saying negative equity and 62% saying monthly mortgage payments are a problem.



Long term housing debt and factors related to property ladder mobility follow as key issues.

- In terms of housing debt, 70% of UK adults say that being able to pay off the mortgage is a serious problem and 62% say monthly mortgage payments are a problem.
- 65% say being able to move up the property ladder is a problem and, related to this, 64% agree negative equity is a problem.

Additional costs of buying/ selling: stamp duty, estate agent and legal fees are also concerns.

- More than one in five UK adults says estate agent fees, stamp duty rates and property solicitor fees are a very serious problem – all additional costs of buying and selling.

Some also see the overall home buying/ selling process and related elements as problematic.

- 18% of UK adults say the home buying/selling process is a very serious housing concern. Related to this, 19% see estate agent practices and gazumping as very serious problems.
- Regionally, sensitivity to gazumping arises in markets where sellers are motivated to maximise their sale price – either in fast-moving markets like London or in areas where negative equity is an issue (North East and Northern Ireland). Here sellers are more likely to do whatever they can to maximise their sale price.

The regional picture - house prices, negative equity and housing supply

The core of regional differences relate to house prices/ negative equity and housing supply.

- Additionally, those in the South West are more sensitive to additional costs associated with buying and selling with 35% saying stamp duty is a very serious issue (vs 25% of UK adults) and 29% saying property/ solicitor fees are a very serious issue (vs 21% of UK adults)
- Monthly mortgage payments are of greater concern to those in East England and Yorkshire/ Humber (28% and 27% respectively vs 21% of UK adults overall say it is a very serious issue)
- Gazumping (the practice of sellers accepting one offer from an original buyer and then later accepting a higher offer from another buyer) appears to be a greater issue both in London where there are too many buyers chasing too few properties and in the North East and Northern Ireland where negative equity is more likely to be a concern and sellers are likely to be determined to push up their agreed sale price by any means.

| Housing Issues of Concern By Region: | % of UK adults saying very serious issue | | | | | | | | | | | | |
|---|--|------------|------------|--------------------------|---------------|---------------|-----------------|--------|------------|------------|-------|----------|------------------|
| | Total | North East | North West | Yorkshire and the Humber | East Midlands | West Midlands | East of England | London | South East | South West | Wales | Scotland | Northern Ireland |
| First-time buyers get on property ladder | 53% | 56% | 54% | 59% | 45% | 52% | 50% | 58% | 55% | 55% | 55% | 51% | 40% |
| Saving for a deposit to buy | 50% | 51% | 52% | 55% | 40% | 45% | 49% | 54% | 50% | 59% | 54% | 48% | 37% |
| House prices | 39% | 42% | 36% | 39% | 30% | 35% | 36% | 55% | 43% | 42% | 36% | 32% | 22% |
| Availability of housing | 33% | 33% | 31% | 36% | 23% | 30% | 28% | 44% | 31% | 35% | 28% | 38% | 20% |
| Being able to pay off mortgage | 28% | 36% | 29% | 31% | 25% | 23% | 30% | 28% | 25% | 31% | 32% | 27% | 32% |
| Negative equity | 25% | 44% | 25% | 26% | 23% | 24% | 26% | 24% | 21% | 17% | 24% | 24% | 47% |
| Stamp duty rates | 25% | 22% | 23% | 27% | 23% | 24% | 29% | 27% | 27% | 35% | 25% | 17% | 19% |
| Being able to move up the property ladder | 22% | 26% | 27% | 20% | 17% | 16% | 21% | 28% | 19% | 23% | 20% | 21% | 20% |
| Estate agent fees | 22% | 26% | 23% | 26% | 15% | 19% | 23% | 25% | 22% | 24% | 19% | 20% | 16% |
| Monthly mortgage payments | 21% | 25% | 20% | 27% | 16% | 17% | 28% | 21% | 16% | 18% | 23% | 21% | 26% |
| Property solicitor/ conveyancing fees | 21% | 26% | 22% | 25% | 19% | 21% | 24% | 19% | 18% | 29% | 17% | 17% | 17% |
| Estate agent practices | 19% | 19% | 20% | 21% | 14% | 22% | 22% | 23% | 17% | 18% | 14% | 15% | 16% |
| Gazumping | 19% | 26% | 18% | 15% | 17% | 16% | 22% | 25% | 15% | 20% | 20% | 19% | 26% |
| Homebuying/ homeselling process | 18% | 24% | 20% | 20% | 14% | 19% | 20% | 21% | 13% | 17% | 16% | 13% | 19% |
| Quality of housing | 16% | 24% | 18% | 18% | 11% | 13% | 20% | 20% | 10% | 17% | 12% | 15% | 18% |
| Sample size: | 2527 | 87 | 274 | 188 | 143 | 168 | 200 | 385 | 320 | 204 | 163 | 340 | 55 |

*Issues in yellow are more serious issues/ those highlighted in amber are less serious issues in that region

Regionally, house prices and housing supply are bigger issues for Londoners, while negative equity is of greater concern to those in the North East and Northern Ireland.

- The surge in house prices has not been welcome news in the Capital. 55% of Londoners (vs 39% in UK generally) feel house prices are a very serious problem. They are also more likely to see the availability of housing as a very serious problem (44% of Londoners vs 33% nationally).
- 44% in the North East and 47% in Northern Ireland feel negative equity is a very serious

| Regional Issues: | % very serious issue | | | Sample Size: |
|------------------------|----------------------|-----------------|----------------------|--------------|
| | House Prices | Negative Equity | Housing Availability | |
| Total UK Adults | 39 | 25 | 33 | 2527 |
| UK Regions: | | | | |
| London | 55 | 24 | 44 | 385 |
| South East | 43 | 21 | 31 | 320 |
| North East | 42 | 44 | 33 | 87 |
| South West | 42 | 17 | 35 | 204 |
| Yorkshire & Humber | 39 | 26 | 36 | 188 |
| North West | 36 | 25 | 31 | 274 |
| East of England | 36 | 26 | 28 | 200 |
| Wales | 36 | 24 | 28 | 163 |
| West Midlands | 35 | 24 | 30 | 168 |
| Scotland | 32 | 24 | 38 | 340 |
| East Midlands | 30 | 23 | 23 | 143 |
| Northern Ireland | 22 | 47 | 20 | 55 |

problem (vs 25% among UK adults generally).

- Housing availability is also seen to be a less significant issue in the East Midlands and Northern Ireland (23% and 20% respectively say housing availability is a very serious issue).
- The issues around housing prices, negative equity and housing supply correspond with the latest house price data.
- In London where house prices are more likely to be seen to be a very serious problem, the average house price has risen 17% in the past year to over £500,000 according to the Homeowner's Alliance June House Price Watch report.
- In the North East, where negative equity is of greater concern, house prices up more modestly (+2.9%) in the past year and are well below the national average under £125,000.
- In Northern Ireland, prices are beginning to recover but transactions are well below the peak at the end of 2006.

Issues for aspiring homeowners

House prices and availability of housing are bigger issues for aspiring homeowners.

- For aspiring homeowners, top concerns are getting on the property ladder, saving for a deposit and house prices.
- House prices are a particular issue for those aspiring to own – 52% of those who aspire to own vs 32% of UK homeowners see house prices as a very serious problem.
- More broadly, for those aspiring to own their home, the cost of buying (house prices/ saving for a deposit), the availability and quality of housing and longer term affordability (mortgage monthly payments/ repayment) are bigger issues than for UK homeowners generally.

| Housing Issues of Concern | % agree problem very serious | | |
|--|------------------------------|---------------------|--|
| | Total Homeowners | Aspiring Homeowners | Aspiring Owners vs UK Adults (Over (+)/ Under (-)) |
| House prices | 32 | 52 | 20 |
| Availability of housing | 28 | 41 | 13 |
| Quality of housing | 12 | 23 | 11 |
| Being able to pay off mortgage | 25 | 34 | 9 |
| Monthly mortgage payments | 18 | 26 | 8 |
| Saving for a deposit to buy | 49 | 56 | 7 |
| Being able to move up property ladder | 20 | 27 | 7 |
| Ability of First-time buyers to get on property ladder | 53 | 59 | 6 |
| Homebuying/ homeselling process | 16 | 22 | 6 |
| Estate agent fees | 21 | 24 | 3 |
| Negative equity | 24 | 26 | 2 |
| Property solicitor/ conveyancing fees | 20 | 22 | 2 |
| Estate agent practices | 18 | 20 | 2 |
| Gazumping | 18 | 20 | 2 |
| Stamp duty rates | 28 | 23 | -5 |
| <i>Sample size:</i> | <i>1606</i> | <i>638</i> | |

Do first time buyers have the same housing worries as experienced homeowners?

Moving up the property ladder, housing debt/ financial mobility are issues for first-time buyers

| Housing Issues of Concern: | % homeowners agree problem very serious | | | |
|--|---|-------------------|------------------------|---|
| | Total Homeowners | First-time Buyers | Experienced Homeowners | First-time vs Experienced Over (+)/ Under (-) |
| Being able to move up property ladder | 20 | 26 | 16 | 10 |
| Being able to pay off mortgage | 25 | 30 | 22 | 8 |
| Quality of housing | 12 | 17 | 9 | 8 |
| House prices | 32 | 36 | 30 | 6 |
| Negative equity | 24 | 28 | 22 | 6 |
| Monthly mortgage payments | 18 | 22 | 16 | 6 |
| Availability of housing | 28 | 31 | 26 | 5 |
| Property solicitor/ conveyancing fees | 20 | 23 | 19 | 4 |
| Homebuying/ homeselling process | 16 | 18 | 14 | 4 |
| Gazumping | 18 | 20 | 17 | 3 |
| Estate agent fees | 21 | 22 | 20 | 2 |
| Saving for a deposit to buy | 49 | 49 | 50 | -1 |
| Estate agent practices | 18 | 17 | 18 | -1 |
| Ability of First-time buyers to get on property ladder | 53 | 51 | 54 | -3 |
| Stamp duty rates | 28 | 26 | 29 | -3 |
| <i>Sample size:</i> | <i>1606</i> | <i>541</i> | <i>973</i> | |

Interest-only mortgage holders and their worries

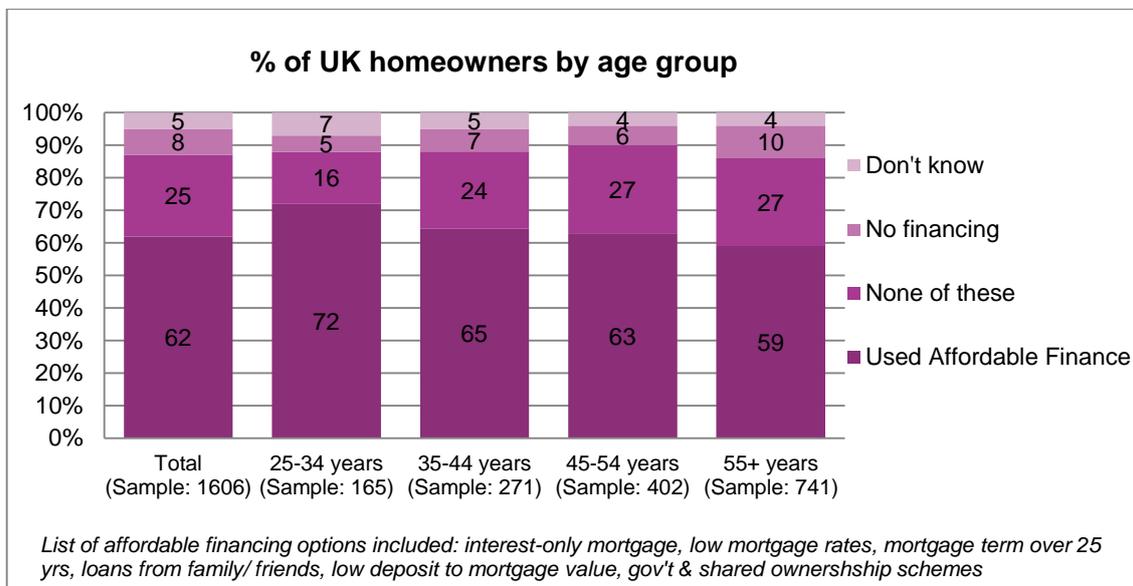
Those with an interest only mortgage are more worried about their housing debt, negative equity and being able to move up the housing ladder

| Housing Issues of Concern: | % of homeowners agree problem is very serious | | | | |
|--|---|---------------------|------------|---------------|-------------|
| | Total UK Homeowners | By Type of Mortgage | | | |
| | | Interest only | Repayment | Have Mortgage | No Mortgage |
| Ability of first-time buyers to get on property ladder | 53 | 50 | 51 | 51 | 58 |
| Saving for a deposit to buy | 49 | 45 | 51 | 49 | 51 |
| House prices | 32 | 34 | 33 | 33 | 31 |
| Availability of housing | 28 | 32 | 26 | 28 | 29 |
| Stamp duty rates | 28 | 32 | 26 | 28 | 30 |
| Being able to pay off mortgage | 25 | 34 | 26 | 27 | 22 |
| Negative equity | 24 | 29 | 23 | 24 | 24 |
| Estate agent fees | 21 | 24 | 19 | 20 | 22 |
| Being able to move up property ladder | 20 | 26 | 20 | 21 | 18 |
| Property solicitor/ conveyancing fees | 20 | 28 | 17 | 20 | 22 |
| Monthly mortgage payments | 18 | 25 | 17 | 19 | 17 |
| Estate agent practices | 18 | 19 | 16 | 17 | 19 |
| Gazumping | 18 | 19 | 17 | 17 | 20 |
| Homebuying/ homeselling process | 16 | 20 | 14 | 16 | 15 |
| Quality of housing | 12 | 15 | 13 | 13 | 10 |
| <i>Sample size:</i> | <i>1606</i> | <i>218</i> | <i>629</i> | <i>893</i> | <i>681</i> |

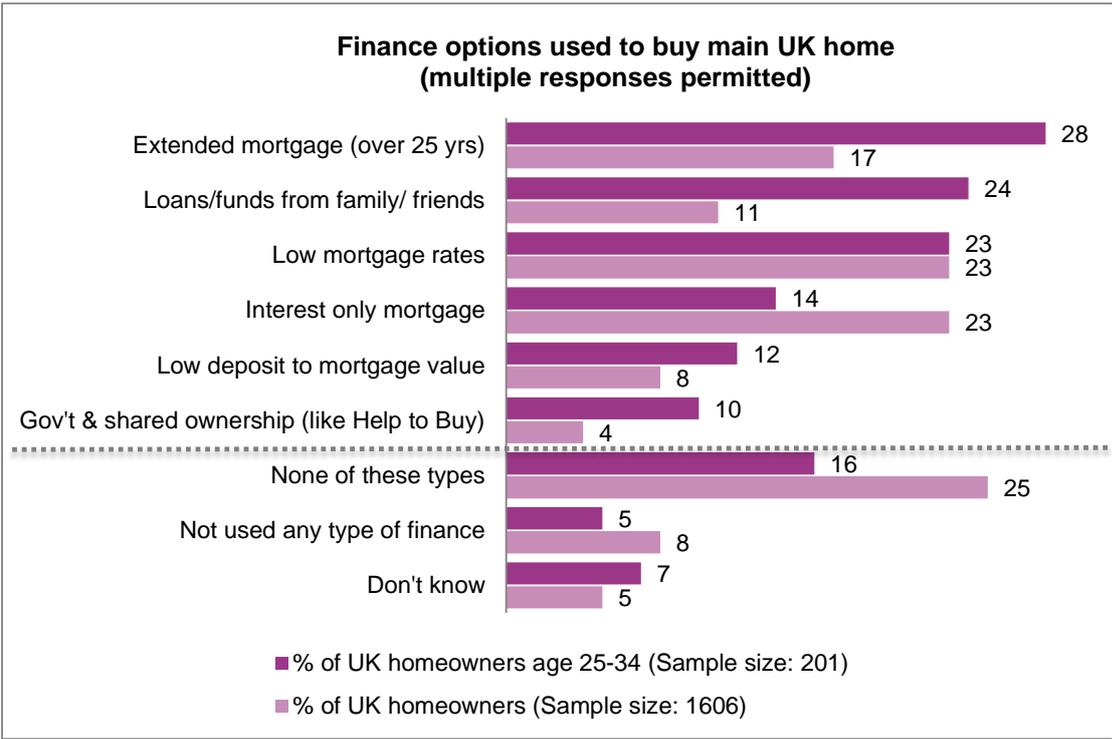
How are UK adults paying for their home – a generational divide

Younger homeowners are more likely to use affordability finance options to buy their home and the methods they are accessing are different from those used by previous generations.

- 72% of young homeowners (aged 25-34) versus 62% of UK homeowners overall say they have used finance options that include low mortgage rates, loans from friends and family, extended mortgage terms of over 25 years, small deposits and government/ shared ownership schemes like Help to Buy.



- Younger homeowners are more likely to rely on extended mortgage terms, loans from family and friends, deposits and government schemes to help them buy:**
 - 28% of young homeowners (aged 25-34) say they have an extended mortgage term of over 25 years (vs 17% of UK homeowners overall).
 - One quarter (24%) of young homeowners (aged 25-34) say they borrow from family or friends (vs 11% of UK homeowners overall).
 - 23% of young homeowners (aged 25-34) say they have a low mortgage rate/ deal (comparable to the level indicated by UK homeowners overall).
 - 12% of young homeowners (aged 25-34) say they have a low deposit to mortgage value (vs 8% of UK homeowners overall).
 - 10% of young homeowners (aged 25-34) say they have used government/ shared ownership schemes like Help to Buy (vs 4% of UK overall).

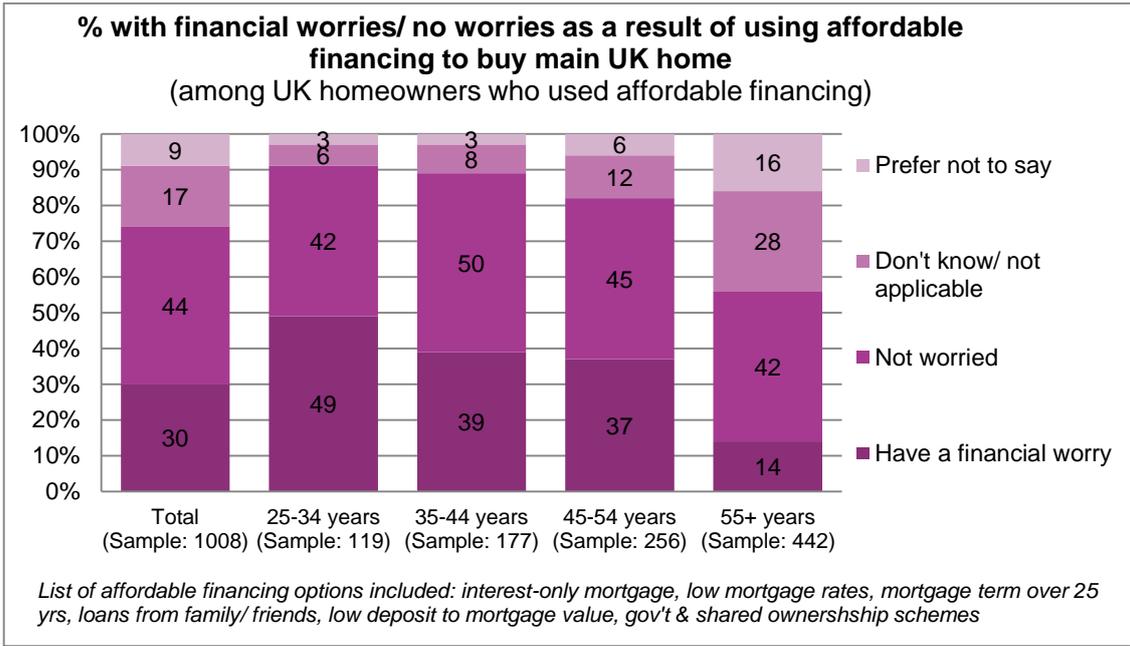


The future is not bright for some

While financing options that bridge the affordability gap can help young people buy their first home, results suggest they may also be storing up future problems and financial worries.

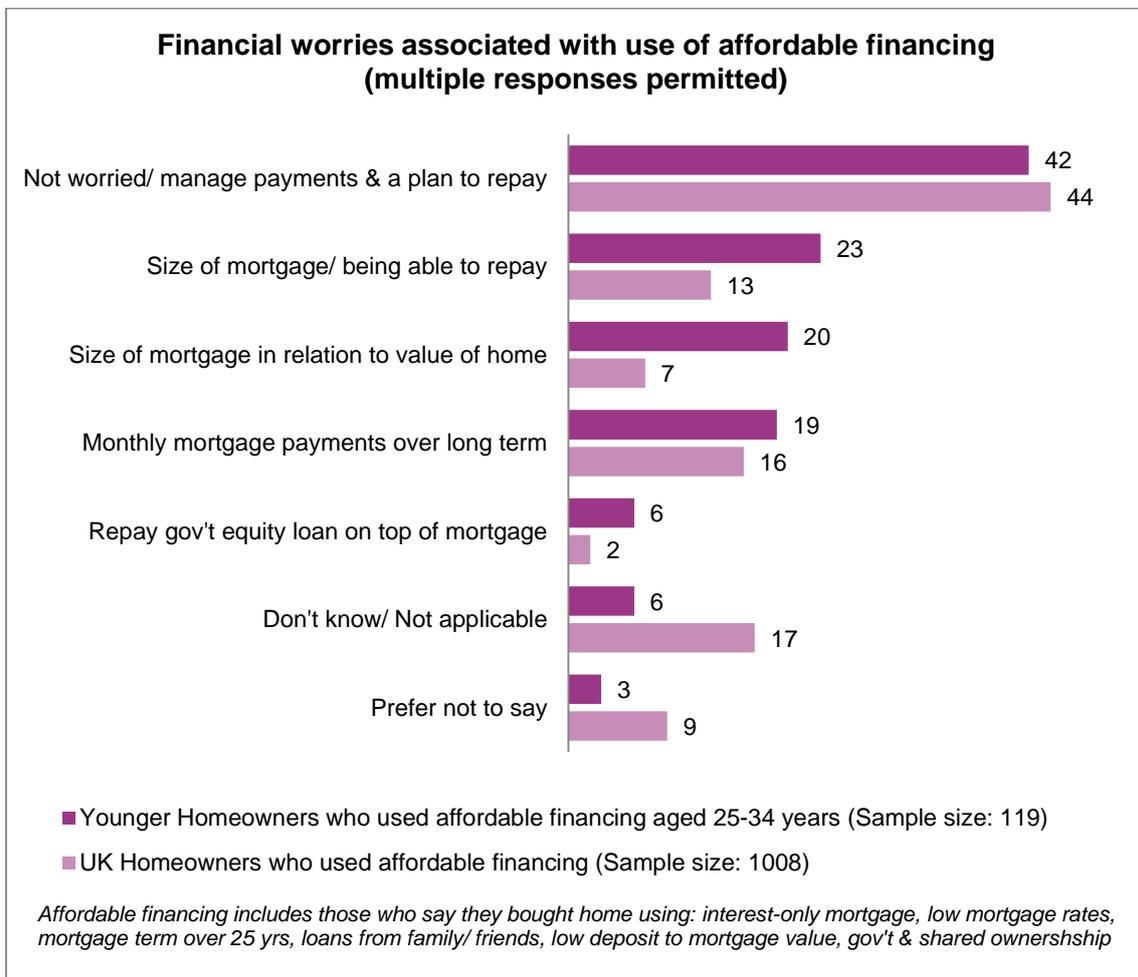
Younger homeowners are more likely than previous generations to feel overstretched.

- 49% of young homeowners who have used affordability finance options to help them buy worry about their housing debt vs 30% of all UK homeowners who have done so.



The size of the mortgage and keeping up with payments over the long term are the main financial worries for younger homeowners.

- Of young homeowners (aged 25-34) who have used affordability financing to buy their home, 23% say they worry about the size of their mortgage and being able to repay it one day, 20% say they worry about the size of their mortgage in relation to the value of their home and 19% say they worry about their monthly mortgage payments over the long term.



Generational divide analysis

| Types of financing options used to purchase main home in UK: (multiple responses permitted) | % of UK homeowners | | | | |
|---|---------------------|------------|------------|------------|------------|
| | Total UK homeowners | 25-34 | 35-44 | 45-54 | 55+ |
| Interest only mortgage | 23 | 14 | 17 | 27 | 27 |
| Low mortgage rates/ deal | 23 | 23 | 31 | 29 | 17 |
| Extended mortgage (over 25 years) | 17 | 28 | 17 | 10 | 17 |
| Loans or funds from family/ friends | 11 | 24 | 14 | 9 | 6 |
| Low deposit to mortgage value | 8 | 12 | 8 | 9 | 5 |
| Government & shared ownership | 4 | 10 | 2 | 2 | 3 |
| None of these types of financing | 25 | 16 | 24 | 27 | 27 |
| No financing used to buy | 8 | 5 | 7 | 6 | 10 |
| Don't know | 5 | 7 | 5 | 4 | 4 |
| <i>Sample size:</i> | <i>1606</i> | <i>165</i> | <i>271</i> | <i>402</i> | <i>741</i> |

| Any Concerns Related to Use of Affordable Financing? (Multiple responses permitted) | % of Homeowners who used affordable financing | | | | |
|---|---|------------|------------|------------|------------|
| | Total | 25-34 | 35-44 | 45-54 | 55+ |
| Worried about keeping up with monthly mortgage payments over long term | 16 | 19 | 21 | 22 | 9 |
| Worried about size of our mortgage and being able to repay it one day | 13 | 23 | 17 | 18 | 5 |
| Worried about size of mortgage in relation to value of home | 7 | 20 | 10 | 4 | 2 |
| Repaying gov't equity loan in addition to mortgage (Help to Buy New Build) | 2 | 6 | 3 | 0 | 0 |
| I am not worried; we can manage our payments and have a plan to repay mortgage | 44 | 42 | 50 | 45 | 42 |
| Don't know/not applicable | 17 | 6 | 8 | 12 | 28 |
| Prefer not to say | 9 | 3 | 3 | 6 | 16 |
| <i>Sample size:</i> | <i>1008</i> | <i>119</i> | <i>177</i> | <i>256</i> | <i>442</i> |

The regional picture

'Affordability' financing methods used to buy main UK home (by region)

Those in the East of UK are more likely to say they have an interest-only mortgage

- Regionally, a higher proportion of homeowners in the East than among UK homeowners overall indicate that they have a low interest rate mortgage (30% vs 23%) or an interest only mortgage (29% vs 23%)
- Homeowners in Scotland are slightly less likely to have an extended mortgage (over 25 years) than UK homeowners overall (12% vs 17%)

| Types of financing options used to purchase main home in UK: (multiple responses permitted) | % of UK homeowners | | | | | | | |
|---|---------------------|-------|----------|------|--------|-------|-------|----------|
| | Total UK homeowners | North | Midlands | East | London | South | Wales | Scotland |
| Interest only mortgage | 23 | 19 | 22 | 29 | 19 | 26 | 21 | 28 |
| Low mortgage rates/ deal | 23 | 21 | 23 | 30 | 22 | 19 | 25 | 26 |
| Extended mortgage (over 25 years) | 17 | 18 | 18 | 16 | 15 | 19 | 19 | 12 |
| Loans or funds from family/ friends | 11 | 9 | 10 | 11 | 10 | 12 | 12 | 14 |
| Low deposit to mortgage value | 8 | 7 | 7 | 12 | 8 | 6 | 10 | 5 |
| Government & shared ownership | 4 | 2 | 3 | 7 | 6 | 4 | 3 | 3 |
| None of these types of financing | 25 | 27 | 23 | 21 | 30 | 28 | 23 | 21 |
| No financing used to buy | 8 | 10 | 10 | 5 | 7 | 6 | 9 | 9 |
| Don't know | 5 | 6 | 5 | 4 | 7 | 3 | 4 | 5 |
| Sample size: | 1606 | 356 | 198 | 135 | 195 | 346 | 109 | 228 |

Possible future worries associated with affordability financing (by region)

Regionally among homeowners who have used affordable financing options, those in the East are most likely to have financial worries and those in Scotland least likely to have financial worries.

- In particular, monthly mortgage payments are more likely to be a worry (26% in the East vs 16% in the UK of those who used affordable financing options say they are worried about keeping up their monthly mortgage payments over the long term).
- 54% of Scottish homeowners who used affordable finance vs 44% of UK homeowners say they can manage monthly mortgage payments and have a mortgage repayment plan.

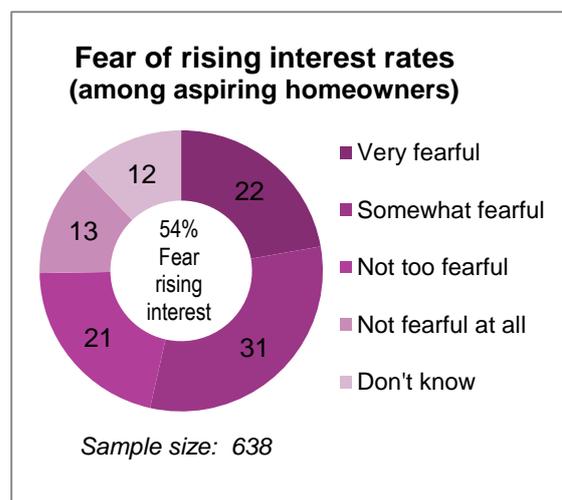
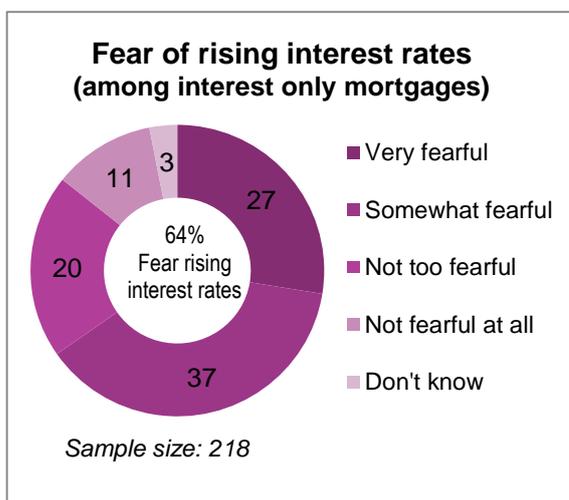
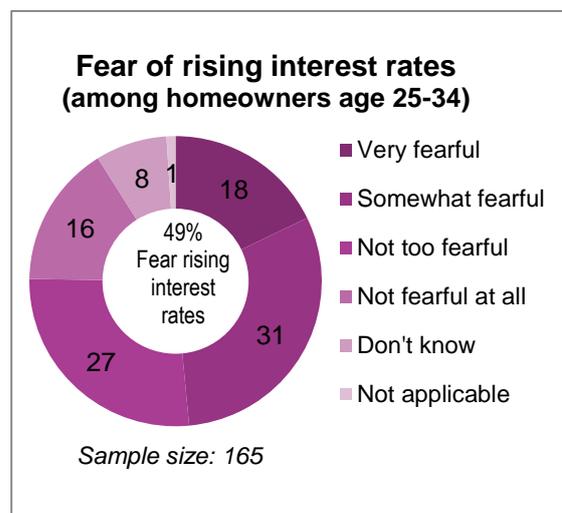
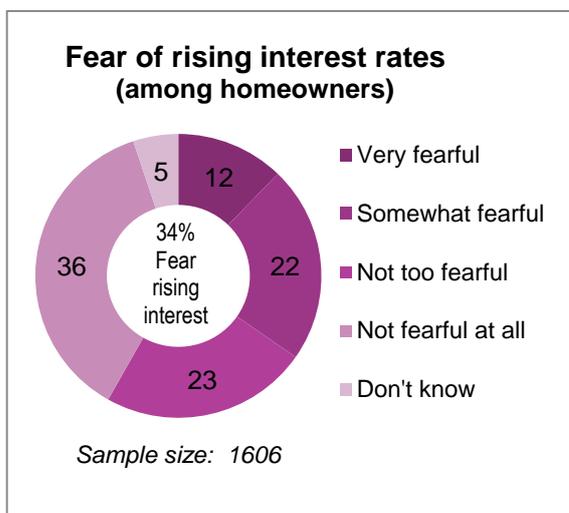
| Any Concerns Related to Use of Affordable Financing? (Multiple responses permitted) | % of Homeowners who used affordable financing | | | | | | | |
|---|---|-------|----------|------|--------|-------|-------|----------|
| | Total UK homeowners | North | Midlands | East | London | South | Wales | Scotland |
| Worried about keeping up with monthly mortgage payments over long term | 16 | 16 | 11 | 26 | 14 | 14 | 21 | 14 |
| Worried about size of our mortgage and being able to repay it one day | 13 | 17 | 12 | 19 | 10 | 12 | 16 | 9 |
| Worried about size of mortgage in relation to value of home | 7 | 9 | 8 | 8 | 5 | 5 | 1 | 4 |
| Repaying gov't equity loan in addition to mortgage (Help to Buy New Build) | 2 | 1 | 1 | 8 | 1 | 1 | 0 | 0 |
| I am not worried we can manage our payments and have a plan to repay mortgage | 44 | 42 | 49 | 32 | 43 | 45 | 39 | 54 |
| Don't know/not applicable | 17 | 16 | 18 | 12 | 20 | 22 | 19 | 13 |
| Prefer not to say | 9 | 10 | 8 | 10 | 11 | 8 | 11 | 8 |
| Sample size: | 1008 | 212 | 128 | 89 | 109 | 217 | 70 | 153 |

Fear of interest rate rises

The Bank of England Financial Policy Committee is examining what impact a rise in interest rates is likely to have on the housing market; results suggest it could be far-reaching.

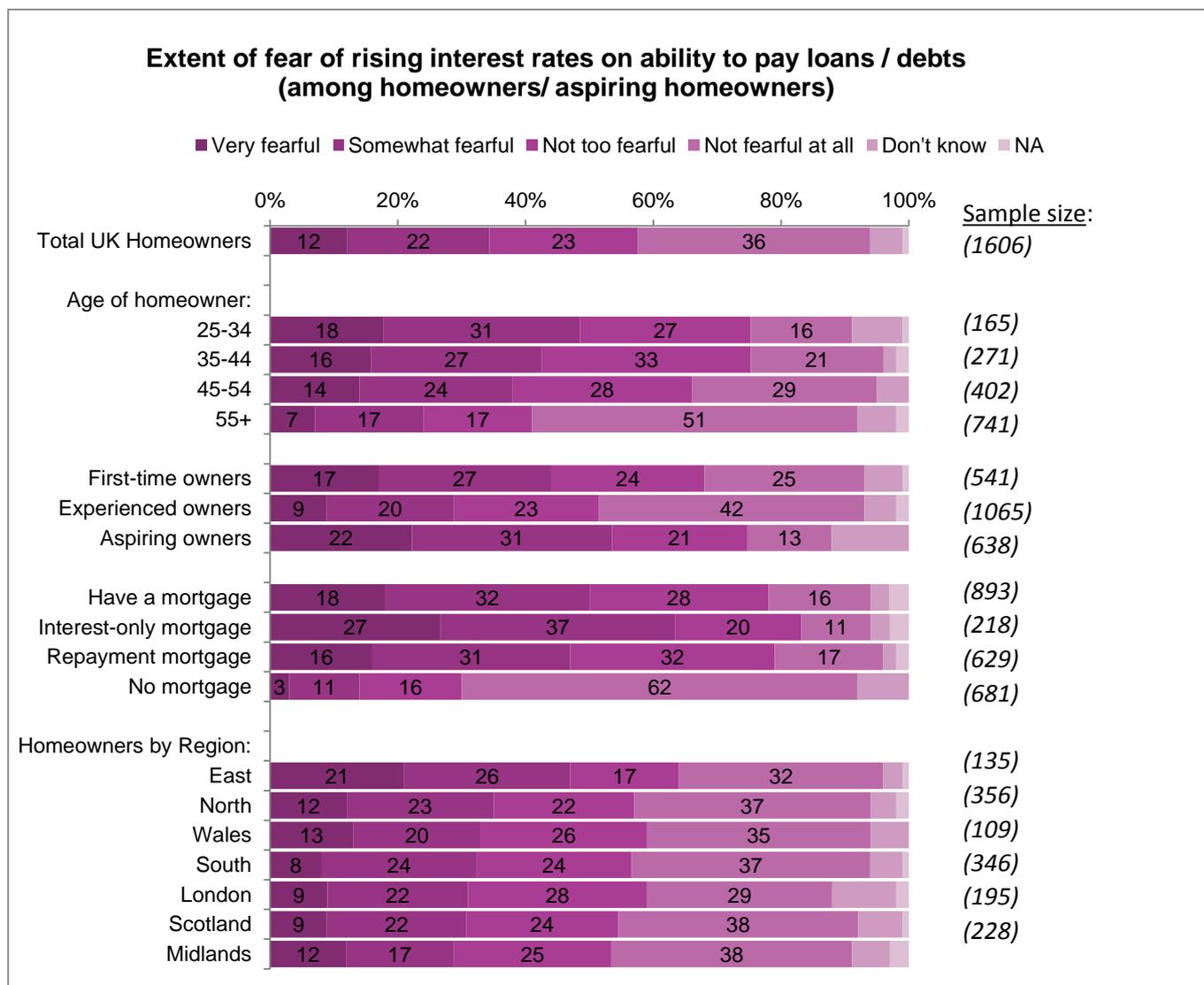
More than one in three homeowners fear a rise in interest rates will make it more difficult to afford payments on their mortgage and other debts.

- With 17.1 million homeowners in the UK, that equates to 5.8 million homeowners fearing a rise in rates will make it more difficult to afford payments on their housing debt or other loans/ debts (17.1 million homeowners derived from 26.4 million UK households 2013 Office for National Statistics, 65% own their home 2011 UK Census).
- 64% of interest-only mortgage holders say they fear rising interest rates will make it more difficult to afford payments on loans and debts – suggesting that they could be more likely to be the most financially stretched group of homeowners. Amongst homeowners with all types of mortgage, the figure is 50%.
- Among those that are likely to be most concerned are those aspiring to buy their first home – 54% of aspiring homeowners say they fear a rise in interest rates will make it more difficult to afford payments on loans and debts.
- Younger homeowners are more fearful about a rise in interest rates than older homeowners. 49% of homeowners age 25-34 compared to 24% of homeowners age 55 or over say they fear a rise in interest rates will make it more difficult to afford payments on loans and debts.



What's happening in the regions

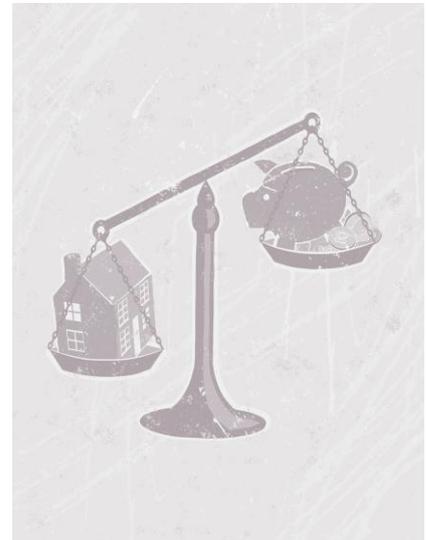
- Regionally, homeowners in the East are more fearful about a rise in interest rates. 47% of homeowners in the East of the UK compared with 34% of UK homeowners nationally fear rising interest rates will make it more difficult to afford payments on their mortgage and other loans/ debts. The level in other regions is: 34% in North of UK, 33% in Wales and South of UK, 31% in London, 31% in Scotland, 29% in Midlands.



People's stories – how rising rates will affect them

Verbatim responses to the question “what impact would a rise in interest rates have on you, personally”, illustrate just how vulnerable some homeowners may be to a rise in interest rates:

- **Push affordability limits of some existing homeowners**
 - “Add an extra burden to an already overstretched household budget”
 - “At the minute we can just about pay off mortgage and bills with very little to spare for food; with increased rates we would struggle to find money for food every month.”
 - “Would make it increasingly difficult to pay the mortgage”
 - “I have other debts on top of my mortgage. I will probably be forced to sell and rent”
 - “It would be a significant struggle and in some months I would not be able to make ends meet”
- **Some may be forced to sell or rent out their property**
 - “I have other debts on top of my mortgage. I will probably be forced to sell and rent”
 - “Would have to seriously consider selling our home and moving into rented accommodation”
 - “May have to move out and sub-let property”
- **Hinder some aspiring buyers from being able to afford to buy**
 - “Huge impact – it will decrease my chances even more of me being able to buy my first property”
 - “I was hoping to start on the property ladder, I would be worried as it is hard enough already to get a deposit and mortgage that is affordable, with higher interest rates, I don't know if I could afford it”
 - “I am currently saving for a deposit on a house but, if interest rates rise, I'd probably have to increase my deposit to cover a higher percentage of the house price”
 - It would put me off buying a property”
 - “Well no chance or hope of getting a mortgage”
 - “It will make it harder for me to buy a flat with my sister”
- **Welcome news for pensioners with savings but some concern for younger generation**
 - “Because I am an elderly saver, low interest rates have been devastating for me”
 - “For me it will not have an impact as I will complete my mortgage soon...However I am very fearful for my adult children and society at large”
 - “I fear for other family members and friends as they would not be able to pay their mortgage if the rates increased”
 - “Not much for me but I do worry for my children and their ability to have a decent future...”
- **Some will have less money for 'extras' or home improvements – there will be cut-backs**



- “Make it more difficult to manage monthly income as outgoings would increase – not able to do major home improvements”
- “Less disposable income”
- “It would cause us to have to tighten our purse strings somewhat”
- “I would have to cut back elsewhere”
- “Money would be tighter”
- “I’d either have to lower my level of savings or try to spend less. It would not impact on my ability to pay my mortgage
- “Would have to cut spending in other areas to manage payments (no holiday)”
- “Review discretionary spending on holidays and luxury items”

- **Others expect they will have less money to repay mortgage or to save & invest**
 - “Would give me less money to save and invest”
 - “Potential reduction in amount of cash that we can channel back into mortgage overpayments or savings”

- **Others may opt to switch to a fixed rate mortgage**
 - “Mortgage only – might change to a fixed rate”

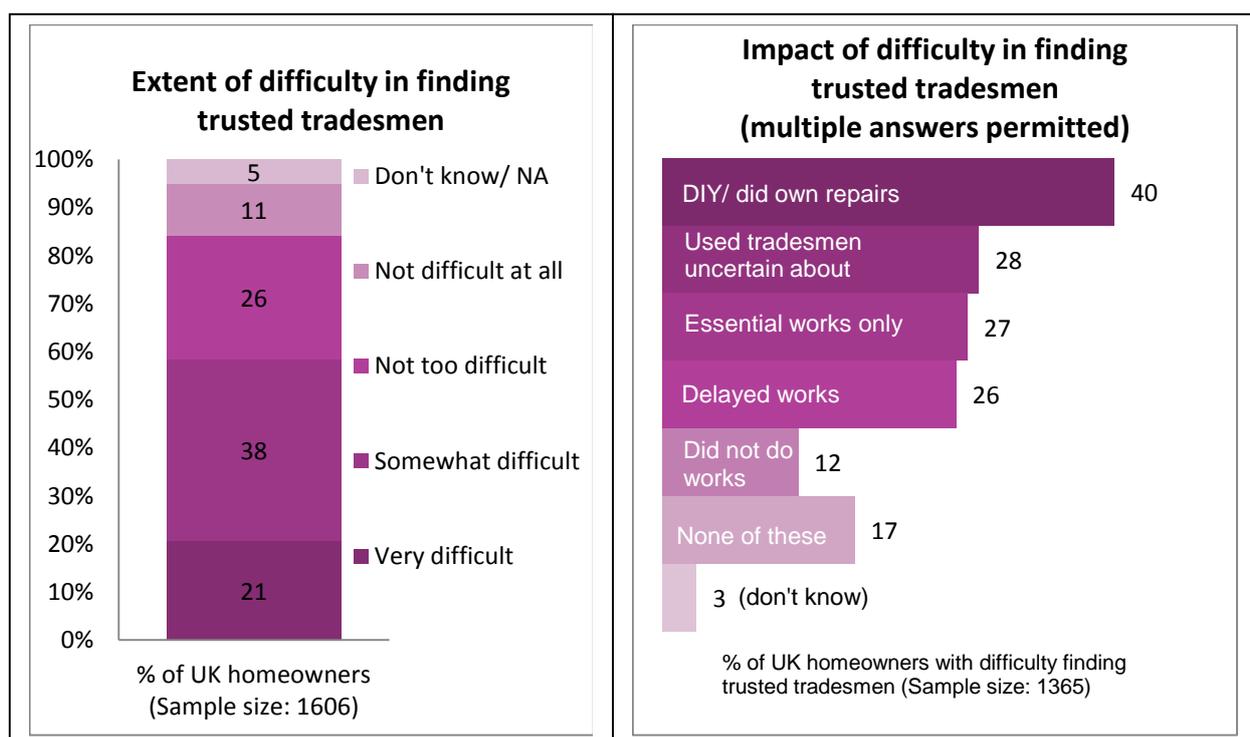
Spotlight - Impact of difficulty in finding trusted tradesmen

In the past 12 to 18 months there has been the proliferation of online check your tradesman review and vetting sites in an attempt to help make it easier for homeowners to find a trusted builder to help with home maintenance and improvements. Most of these sites contain a feedback function that means in theory, traders are judged and rated based on previous jobs. But the reality is that these sites can give homeowners a false sense of security because their income is generated by the tradesman and have no responsibility for the quality of the work.

Against this backdrop, we decided to take an in-depth look as to how hard it is to find a trusted tradesman and its consequences.

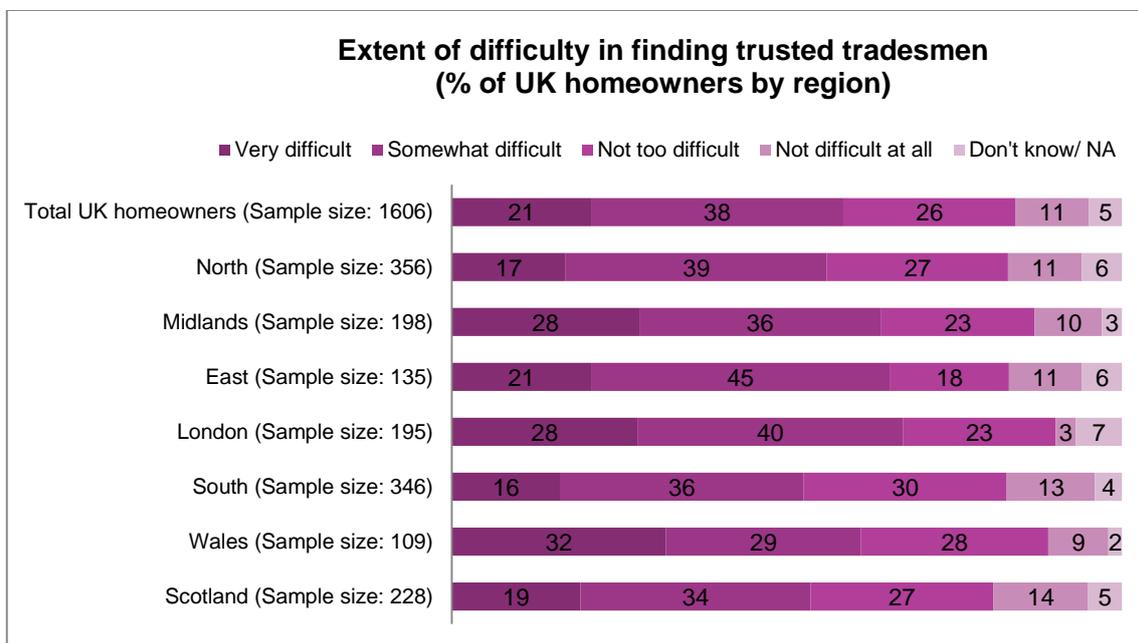
Some British homeowners are not doing maintenance and repair work because they cannot find builders and other tradesmen that they trust.

- Over half of homeowners (58%) say they have difficulty finding a trusted builder to assist with home repairs or improvements with one in five (21%) saying that it is “very difficult”.
- **Women are more likely than men to find it “very difficult” to find a tradesman they trust** to help with either home repairs or improvements. **24% of female homeowners vs 17% of male homeowners** say they find it *very difficult* to find a tradesman they trust.
- These difficulties impact on the work that homeowners decide to do, and how they do it. Of those homeowners who have had difficulty finding a trusted tradesman:
 - **40%** say they **do their own DIY/ repairs**
 - **28%** say they **use tradesmen they are not certain of**
 - **27%** say they **do essential works only**
 - **26%** say they **delay works**
 - **12%** say they **do not undertake projects/ repairs**



The regional story

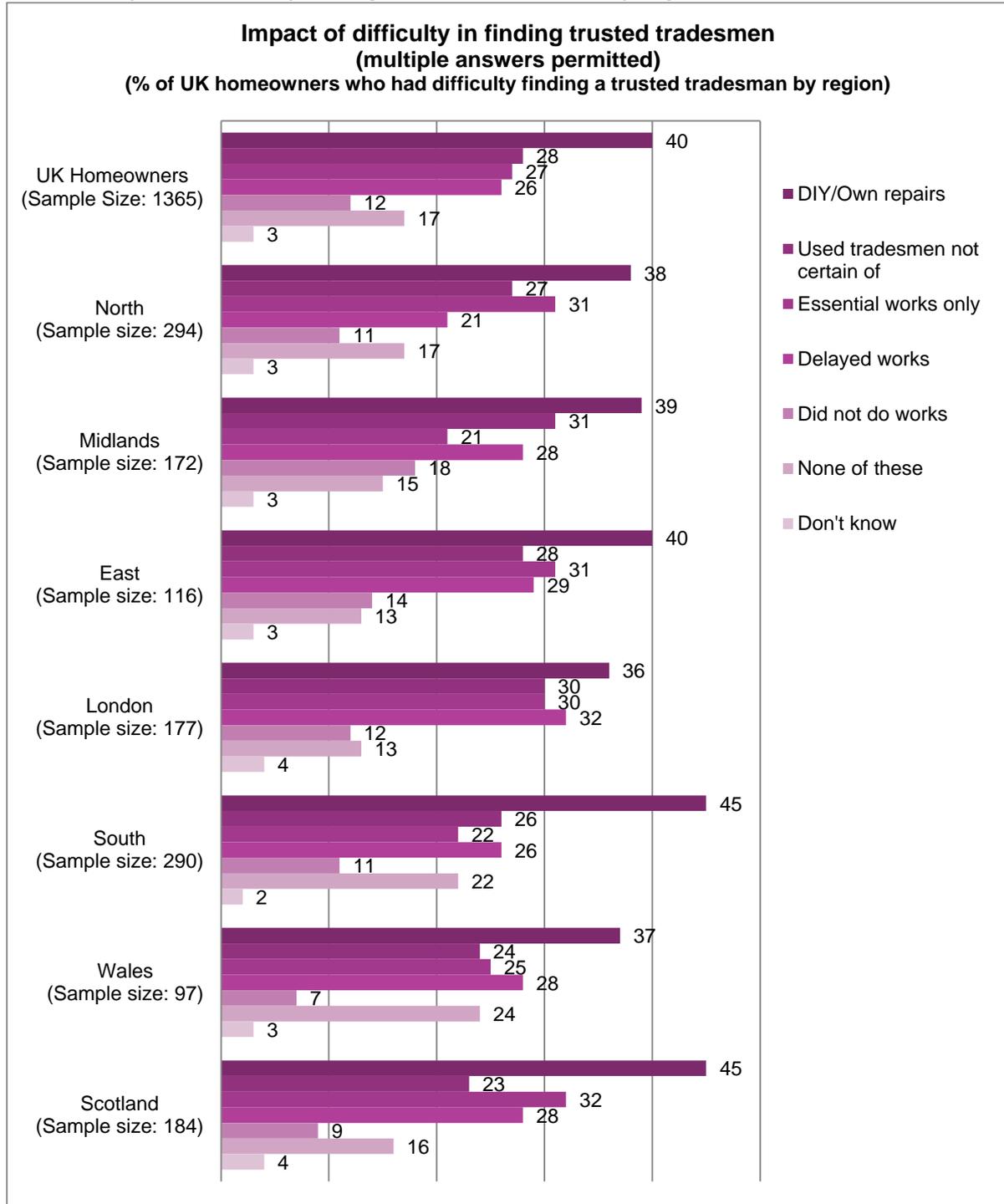
Regionally, a greater proportion of homeowners in London (67%), the East (66%) and the Midlands (64%) say they have difficulty finding a reliable builder or tradesman to assist with home repairs and improvements compared with UK homeowners generally (58%).



Among homeowners with difficulty finding trusted tradesmen, actions taken are similar regionally:

- Most do their own repairs (more so in Scotland and the South both 45% vs 40% UK overall).
- Roughly the same proportion of homeowners then choose to either use a tradesman they are uncertain about, they do essential works only or they may delay works.
- Those doing essential works only is slightly higher in North 31%, East 31%, London 30%, Scotland 32% vs 27% UK homeowners overall.
- The proportion not doing works is slightly higher in the Midlands (18% vs 12% UK overall).

Potential Impact of Difficulty Finding Trusted Tradesmen – By Region:



Annex - What the papers say – a selection of our media coverage

"House Price Booms spreads across Britain" – The Times

More than three-quarters of UK homeowners (76%) think that high house prices are a problem is just one of the findings from our first data release, previewed by The Sunday Times and covered by the [Daily Mail](#), [The Times](#), This is Money, Metro, across the regional and trade press as well as ITV's Daybreak. The news was so powerful that [Reuters](#) and the FT reported housebuilding and property stocks slump in reaction to our report.

"Young taking desperate measures to buy a home" Moneywise

7 in 10 young homeowners (age 25-34) rely heavily on financial options (such as longer term mortgages over 25 years, bank of Mum and Dad, small deposits, interest-only mortgages, Help to Buy) to realise their dream of buying a home. Survey sponsor MyHomeMove Chief Executive Doug Crawford was extensively quoted in [The Times](#). The [Telegraph](#), [Zoopla](#), This is Money, Moneywise, Mortgage Introducer, International Business Times and various regional papers also ran the story, with our Chief Executive appearing on LBC's Radio Morning Show.

"A third of homeowners fear interest rate rise will put them in difficulties" The Guardian

[The Guardian](#), [The Daily Mail's This is Money](#), The Times, Regional papers and trade press including Today's Conveyancer, Mortgage Solutions, Mortgage Introducer all covered the story, which also featured on [ITV News](#)

"Homeowners aren't doing vital repair work" Daily Mail

TrustMark, sponsors of the HomeOwners Survey, saw their [Chairman, Liz Male](#), interviewed on [BBC Breakfast](#) on how difficult it was to find a trusted tradesman. Broadcast was supported by online coverage on the [Daily Mail website](#), as well as trade websites Building.co.uk and Property Reporter. Our analysis proved popular with many local newspapers and radio stations.