

TO RENT OR TO BUY: That is the Question

The Guardian reports:



Most younger people believe Britain will become a nation of renters within the next generation, a report has found.

More than half (52%) of 8,000 people interviewed by the Halifax thought that renting rather than buying will become the norm within the next generation, marking an increase from 46% when the same question was asked in 2011.

The majority of 20- to 45-year-olds are either unsure how government efforts to help [first-time buyers](#) can ease the struggle to buy a house, or do not think they will help. The Generation Rent report found that

40% of people surveyed did not know whether government initiatives such as NewBuy and Help to Buy will help to ease the struggle to get on the [property](#) ladder, while 30% thought the schemes wouldn't work – but the same proportion believed they would.

Almost three-quarters of younger people (71%) thought that the problems facing those struggling to buy their first home are in danger of causing a damaging split between those who can afford to do so and those who cannot.

Three-fifths of the non-homeowners surveyed feared they may never be able to retire if they are forced to rent for the rest of their lives, while a fifth said they had already given up hope of buying.

Official figures recently showed that homeownership has dropped off in recent years across England and Wales for the first time in almost a century. Almost 65% of people owned their own homes in 2011, down from a peak of 69% in 2001.

The report also pointed to figures from the Council of Mortgage Lenders showing that first-time buyers typically needed to find a deposit of nearly £27,000 in the first quarter of 2013.

Halifax found that almost a third (31%) of 20- to 45-year-olds said they would only be prepared to save for three years to raise enough cash for a deposit before giving up.

According to financial information website Moneyfacts, the proportion of mortgages on the market for people with a deposit of 5%-10% has remained static compared with a year ago, and almost half of mortgages are still aimed at people with a deposit of 25%-40%.

The increased demand in the rental sector from people who have struggled to buy a home has prompted rising rents. Calls have been made for greater stability to be placed into rental contracts to help give families more certainty over issues such as rent rises and the length of a tenancy.

Craig McKinlay, mortgages director at Halifax, said: "Homeownership

is clearly still an important goal for a lot of people, but fewer and fewer consider it to be something they will ever achieve.

"More needs to be done to redress the balance, both through making homeownership more accessible and offering more stability through the rental sector."

Housing minister Mark Prisk said: "The number of first-time buyers is at its highest level since 2007, but we are always looking for new ways to help hard working people make their dream of homeownership a reality and offer valuable alternatives to the 'bank of mum and dad' to get together that much-needed deposit .

"There have already been over 4,000 reservations since Help to Buy was launched in March, and I would urge anyone looking to buy to contact their local Help to Buy agent and see if they could benefit from this."

<http://www.guardian.co.uk/money/2013/jun/17/generation-rent-younger-people>