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‘Unprecedented’ demand from homebuyers could dry up UK housing stock, research from Legal & General shows

New research from Legal & General Mortgage Club shows that nearly two thirds (61%) say they definitely have no plans to sell in 2020

However, more than half (53%) of potential homebuyers are either looking to buy or will definitely buy this year, as the housing market continues to see unprecedented levels of demand

The UK’s housing supply could be struggling to match the unprecedented post-lockdown demand from home buyers, new figures from Legal & General Mortgage Club show. Its latest research has found that one in four people (25%) say they are definitely planning to buy a home in 2020, with a further 28% saying they are considering a property purchase this year. However, just 4% of homeowners are definitely looking to sell this year with a further 12% who were just considering moving, according to the research. Nearly two-thirds (61%) of owner-occupiers even say they have absolutely no plans to sell their home in 2020.

The figures highlight a potential worsening of the gap between housing supply and buyer demand. This could leave buyers bidding over fewer properties and leaving some struggling to step onto or up the housing ladder. Recent research from Rightmove has already shown that the extraordinary levels of demand seen in the housing market after the easing of the lockdown have pushing asking prices to a new record high.¹

Some of the biggest mismatches in supply and demand were seen in London and the South East. In the capital, 69% respondents planned to buy property in 2020, but just 12% of current homeowners said they would consider selling and 4% definitely planned to sell this year doing so. This compared

¹ <https://www.rightmove.co.uk/news/house-price-index/>

to 57% of respondents in the South East who still plan to buy in 2020 and just 12% of homeowners who are willing to sell this year.

Elsewhere in the UK, the potential for a mismatch between supply and demand continued. In Wales 50% of respondents were planning to buy in 2020, but just 11% of homeowners said they were planning to sell. In Scotland 49% of respondents were planning to buy property and 17% looking to sell.

The smallest gap between buyers and sellers was found in the South West, where 52% of people planned to buy and 23% planned to sell.

The potential for a mismatch in supply and demand highlights the need for the Government to focus on housebuilding and to work towards its target of delivering deliver 300,000 new homes a year by the mid-2020s.

Recent research from Legal & General Mortgage Club has even found that more buyers could be looking to purchase new-build homes, with a growing number of first-time buyers planning to use the Help to Buy scheme to step onto the housing ladder. The research showed that 13% of these buyers now intend to use Help to Buy who didn't plan to use the scheme before the crisis. In total, 54% of first-time buyers now want to use Help to Buy scheme, according to the study

Kevin Roberts, Director, Legal & General Mortgage Club, comments:

“From first-time buyers to landlords, we are seeing unprecedented demand from consumers post-lockdown eager to move ahead with home moves and buy-to-let purchases. Many are turning to independent mortgage advisers to find routes onto the ladder and get their housing plans on the move.

“Given the wide-ranging impact of the COVID-19 pandemic on the economy, the high levels of activity we are seeing in the mortgage market are a sign that the sector remains resilient and has the potential to keep the market buoyant into 2021. Yet, despite the numbers of consumers ready to buy, our research shows that thousands of homeowners are still reluctant to sell in 2020. This mismatch between buyers and sellers has the potential to dry up UK housing stock, making it harder for homebuyers to find a new place to call home.

“Supply and demand continues to be a challenge facing the housing market and while the Government has already announced its plans to ‘build, build, build’, delivering on its commitments to build thousands more new homes will clearly need to be a priority to meet the demand from hopeful homeowners and landlords.”

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FURTHER INFORMATION (JOURNALISTS ONLY)

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