

Legal & General: ‘Bank of Family’ to fund record number of property transactions, underlining UK housing affordability challenges

- The Bank of Family is the busiest it has ever been, with financial aid from family expected to support 318,400 UK property purchases in 2023
- This year alone, the Bank of Family is set to give £8.1 billion to homebuyers, and support 47% of all homes purchased by buyers under the age of 55
- The Bank of Family is expected to support 357,200 home purchases per year by 2025, putting property ownership even further out of reach for many aspiring buyers without access to this support

28 August 2023, London – Financial support from family members, the ‘Bank of Family’, is expected to help fund 318,400 housing transactions in 2023, according to new research and forecasts from FTSE100 financial services group Legal & General and the Centre for Economics and Business Research (Cebr). This is the highest number of property purchases family gifting has ever supported since Legal & General began tracking family lending in 2016.

In previous years Legal & General has logged this lending as the ‘Bank of Mum and Dad’, but this year the business will be referring to the research as the ‘Bank of Family’, as the term more accurately reflects the contribution of other members and the breadth and diversity of modern family structures.

The value of financial support families will give, and the number of home purchases that this will help fund, have both ballooned over the last seven years. Following an inevitable dip in lending during the Covid-19 lockdowns, the value of financial support offered by families resumed its dramatic growth. The average amount of Bank of Family money given by family is expected to hit £25,600 this year, while total lending is expected to climb to £8.1 billion in 2023, up 50% on 2020. The total value of properties bought with Bank of Family assistance is predicted to reach £124.6 billion this year.

Family contributions are set to climb to a staggering £10 billion by 2025, according to the research. This increasing reliance on financial support from parents, grandparents, other family, and friends underlines the challenges faced by aspiring buyers who don’t have access to this support. The majority of recent or prospective Bank of Family recipients said they would have to delay their home purchase without financial help from loved ones. More than one in five (21%) say they would have to delay their purchase by more than five years and one in 10 first-time buyers would not be able to buy a home without assistance from the Bank of Family.

Younger buyers and first-time buyers are the most reliant on direct financial support and often can’t buy without it

In 2023, the Bank of Family will provide support for almost half (47%) of house purchasers under the age of 55, and a majority (58%) of financial support from the Bank of Family currently goes to first-time buyers. These groups are major recipients of Bank of Family funding, likely because they are comprised of buyers who might otherwise struggle to save the necessary deposit for home purchase.

Legal & General’s research found that 77% of buyers receiving family assistance directed at least a portion of their funding towards a deposit. This is perhaps not surprising given the fact that average

household savings have not kept pace with large rises in deposit requirements, given significant house price inflation.

Families are not just offering monetary aid though. Many are also providing indirect financial support to help loved ones boost their savings pot. For example, almost a third (31%) of parents and grandparents have welcomed adult family members to live with them to make it easier to save for a deposit, while a further 37% would be willing to house their adult children in the future. Legal & General estimates that buyers save an average of £24,900 when living with family members, which they can put towards their deposit. However, this support is likely another key factor exacerbating the gap between those with and those without family wealth when it comes to homeownership – not only does this support rely on households being able to afford additional residents, but also having the space to adequately house them.

Bernie Hickman, CEO, Legal & General Retail commented:

“Family wealth is increasingly becoming a prerequisite for homeownership, effectively locking some groups out of the housing market for years while they save for deposits, or even altogether. While family gifting has always played a prominent role in the UK housing market, our study shows that the value of those contributions has risen by more than a quarter on pre pandemic levels.

“An increasing reliance on family members isn’t only an issue for those seeking to buy – it is important to acknowledge the financial strain it can place on the giver, particularly if they are undertaking this commitment without financial advice. By dipping into savings and pensions, family members may be compromising on their own retirement incomes. A housing system which relies too heavily on gifted deposits not only perpetuates inequality today, but could create risks for the older generations of the future.”

Bank of Family keeps London buyers afloat

Bank of Family support is also highly regional, with over two-thirds (67%) of all homeowners in London receiving parental support to purchase their homes. Bank of Family recipients in London received £30,200 on average to support their transaction, only beaten by those in the East of England who received an average of £32,100.

However, elsewhere aspiring buyers are less reliant on the Bank of Family. In the East Midlands and West Midlands, people received the least on average from friends and family, at £20,000 and £19,800 in each region, respectively.

The family lending and gifting patterns revealed in the report often reflect regional variances in house prices and affordability, as well as income and wealth inequality, across the UK. These disparities have been analysed in more detail in Legal & General’s [Rebuilding Britain Index](#), which found that the ratio of average house prices as a percentage of income is highest in London, followed by the South East, South West, and East of England.

Housing inequality exacerbated by the pandemic and rising living costs

Another factor contributing to the ongoing rise in Bank of Family lending is the enduring impact of the pandemic and the ongoing cost-of-living crisis, as outlined in Legal & General’s [Deadline to Breadline](#) report.

According to the report, high levels of inflation have meant that one in three households has less than £500 left after paying for their basic outgoings each month and 6% of households are left with nothing.

Bernie Hickman, CEO of Legal & General Retail:

“Our latest Bank of Family research shows just how the high cost of housing, particularly in London and other major cities, continue to shape the UK. There are clear differences between urban and rural areas, and the lack of affordable housing in some areas is a legacy that will impact many peoples’ lives for years to come.

“As an organisation, we’re committed to improving the UK’s housing market and making sure as many people as possible have a fair opportunity to control their own future.

“This includes a £32bn investment in UK towns and cities and a commitment to increase the UK’s affordable housing by 20%. We’re also investing heavily in innovative new routes to homeownership, as we’ve shown with our support for Generation Home.

“Gifting a deposit is an incredibly kind and generous thing for those who can afford it, but it shouldn’t be a necessary part of the homebuying process.”

Read the executive summary of the report on the Legal & General website [here](#). Find out more about how families can support each other when it comes to homeownership in the Legal & General Guide to Gifting [here](#).

-ENDS-

Notes to editors

Data

Unless otherwise specified all figures given in the release are drawn from Legal & General’s 2023 Bank of Family research. Read more details on this, [here](#).

Number of property purchases supported by the Bank of Family					
2016	2017	2018	2019	2020	2023
304,300	317,300	316,600	225,400	239,400	318,400
Value of Bank of Family gifting/lending, £bn					
2016	2017	2018	2019	2020	2023
£5.34	£6.87	£6.70	£6.39	£5.44	£8.14
Value of properties purchased with Bank of Family funds, £bn					
2016	2017	2018	2019	2020	2023
£77.10	£80.17	£83.91	£60.39	£68.90	£124.63

Source: Legal & General’s 2023 Bank of Family research

Bank of Family Methodology

The Bank of Family research was compiled using original survey data as well as existing data sources relating to transaction levels. The survey work was carried out by YouGov. For the borrowers’ survey the total sample size was 2,613 adults who have purchased a home in the past 5 years or are considering purchasing a home in the next five years. For the lenders’ survey, the total sample size was 2,006 grandparents/parents aged 55+ with children/grandchildren aged 16+. Fieldwork for both surveys was undertaken between 11th – 19th May 2023. Both surveys were carried out online. In order to arrive at the overall value of the Bank of Family (in terms of the value of lending) we used data from the survey to obtain the share of transactions supported by the Bank of Family and the average value of the assistance. This was then scaled up using forecasts from the Centre for Economics and Business Research (Cebr) for total property transactions. The underlying data for property transactions come from the HMRC and are published as a part of national statistics.

About Legal & General

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management* of which a third is international.

We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*at 31 Dec 2022

About Legal & General Retail

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

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Further information [journalists only]

Patrick Davies – Account Director

LGMS@rostrum.agency

Claire Byrd – Senior PR Manager

Claire.Byrd@landg.com