

12th October 2020

Bank of Mum and Dad funds one in two house purchases among under-35s Legal & General research reveals

- *New data from Legal & General shows that 56% of first-time buyers aged under 35 received financial support from the Bank of Mum and Dad to help them step on the housing ladder*
- *Nearly three-quarters (71%) of these new homeowners would not have been likely to buy without financial help from family or friends*
- *But 'BoMaD' is helping older buyers, too – the Bank of Mum and Dad will lend £2.14bn to the over 35s this year*

One in every two first-time buyers aged under 35 is receiving financial support from the Bank of Mum and Dad, new research from Legal & General and Cebr has revealed. More than half (56%) of those under the age of 35 received a financial gift to help them step onto the housing ladder. In a further sign that 'BoMaD' is playing an ever-present role in the housing market, 71% of these new homeowners say they would not have been likely to buy without financial support from family or friends. Instead, they would have to delay their housing plans by four years on average.

The research follows earlier findings from Legal & General, which showed that the Bank of Mum and Dad is stepping in to support loved ones as the economic impact of COVID-19 takes hold. A third (33%) of all people looking to buy in the next five years plan on getting financial help from family or friends.

Nigel Wilson, CEO at Legal & General:

“The Bank of Mum and Dad’s role in Britain’s housing market is ubiquitous. Across the UK, parents, grandparents, family and friends are digging into their pockets to help young, hopeful buyers and even growing families to make their housing plans a reality. These generous lenders are often funding most or all of the deposit buyers need to step onto or up the ladder.

“But while the Bank of Mum and Dad is playing a clear and present role for many buyers, it remains a symptom of a broken housing market. Thousands of people simply don’t have a Bank of Mum and Dad to rely on. For those that do, generous family members are still having to draw on retirement savings and rainy day funds even as the country experiences its most significant economic challenge since the Second World War.”

In 2020, BoMaD 'lenders' will play an active role in 73,160 property purchases among those aged under 35. That's only an 8% decrease from 2019 transaction levels (79,631), despite wider property purchases collapsing by nearly half during Q2 2020. ¹Legal & General research also shows that the

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901773/MPT_Com_Jul_20_cir_V2.pdf

Bank of Mum and Dad is lending on average £19,000 to first-time buyers under the age of 35, with 21% of respondents in this age bracket saying they received more than £30,000. In total in 2020, the under 35s will receive £1.36bn in BoMaD contributions, helping them to purchase £18.11bn worth of property. However, not all first-time buyers will receive the funding as a gift, with 30% expected to pay at least some of it back.

It's not just the under-35s that need financial support from the Bank of Mum and Dad, however. Financial support for home purchases by those aged over 35 will account for £2.14bn, or 61% of the Bank of Mum and Dad's total lending in 2020. While it's likely that this high figure is in part due to older first-time buyers are looking for larger, more expensive properties as a home for their growing families, BoMaD will still be behind 101,800 transactions among the over-35s – that's around 30,000 more BoMaD supported purchases than we're seeing in the under 35s age group. Even one in ten (9%) people aged over 55 planning to buy said they would have had to delay their purchase without financial support from BoMaD.

Even with so many relying on the Bank of Mum and Dad for funding, and the country facing up to the economic implications of COVID-19, BoMaD lenders themselves are still eager to help out. Nearly 74% of those who have seen their incomes fall during the pandemic say the crisis has made them no less willing to help loved ones onto the housing ladder.

Nigel Wilson continues

“We must address the UK’s ongoing housing crisis. Only then will we be able to tackle the issue of affordability. Britain’s housing sector is a critical engine behind the country’s economic growth and we need a strong property market now more than ever to drive the economic recovery from COVID-19. Legal & General is at the forefront of this ambition as we continue to invest in delivering housing for all ages, social groups and tenures throughout the UK.”

...ends...

Notes to editors

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in North America, Europe, Middle East and Asia.

With almost £1.2 trillion in total assets under management at 30 June 2020, we are the UK's largest investment manager for corporate pension schemes and a leading global provider of pensions de-risking solutions, life insurance, workplace pensions and retirement income. As part of our commitment to inclusive capitalism and building a better society for all, we have invested over £25 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.

Legal & General Assurance Society Limited Registered in England and Wales No. 166055. Legal & General Assurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered office: One Coleman Street, London EC2R 5AA.

Further information

Sophie Placido

Director of PR & Strategy

Rostrum

e: s.placido@rostrum.agency

m: +44 (0)7786 013 599