

# HOUSING FUTURES

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Key trends shaping  
the residential market



# WELCOME

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In our first *Housing Futures* report in 2014, Strutt & Parker Research outlined the major drivers within the UK's housing market and made the case for tracking 'creeping trends', the almost invisible structural changes that fundamentally shift the way in which we live over the long term. The themes we developed remain at the heart of our research programme and are further explored in this publication. Our goal is to unearth those factors that will significantly impact on our housing requirements over the coming decade. Through our primary survey work of 2,000 respondents, we asked people if they thought they were a GloMad, a Tumbleweeder, or perhaps would like to live in a Micro Mansion. The results at times both surprised us and broadly supported our long term views. We feel the research is relevant to everyone engaged in the residential market and will provide valuable insight into the UK's evolving housing needs. As such, we hope you find it interesting, stimulating and invite you to contact us with your thoughts and comments.

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**Head of Research**

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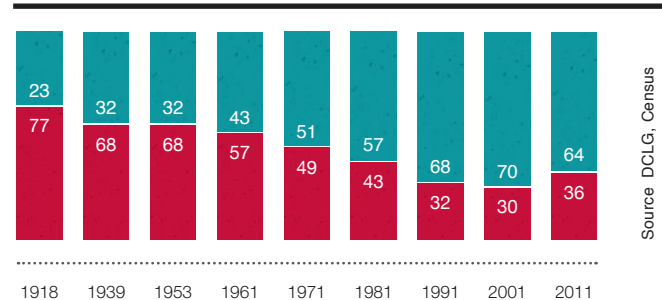


# MARKET DRIVERS

There are substantive forces driving the UK property market. Government policy, human nature, accessibility to quality transport, changing immigration patterns and the performance of the financial markets all have a significant impact. By combining these factors, we have developed four unique cornerstones of the market: Demography, Finance, Lifestyle and Location. A simple way to illustrate our four cornerstones is to look at UK housing tenure over time. In 1971, owner-occupation outweighed renting for the first time in the past

century. Since then, capital growth has resulted in high levels of equity generation and owning a home has been viewed as an investment. However, in the decade up to 2011, the proportion of UK households that were renting grew for the first time since records began. All four cornerstones are likely to be influencing this shift: an increase in population in major cities (demography), low levels of supply in high-demand areas and the lack of affordability (finance and location), and footloose workers who don't desire to own (lifestyle).

**HISTORY OF HOME OWNERSHIP (%)** KEY: RENT OWN



## CORNERSTONES OF THE UK MARKET



### DEMOGRAPHY

- Migration and immigration patterns
- Birth and death rates
- Age breakdown



### FINANCE

- Availability of credit
- Equity leakage
- Governance (tax, policy/law)



### LIFESTYLE

- Behavioural shifts
- Choice of marital status and number of children
- Living longer



### LOCATION

- Choice of environment (town, city, rural), housing types and design
- Transportation options
- Impacts of technology



# RESULTS OF THE SURVEY

The responses of 2,000 people to our annual *Housing Futures* survey have allowed us to identify five shifts in the market.

**Living alone:** This is becoming more common. Of the 43% of respondents who stated they were currently single and planning to move in the next five years, 75% anticipated staying in a single-person household.

**Long-term renters:** Generation Y (those born between 1978 and 1995) are living in private rental for longer. Of those aged 18-29, 45% said that they would consider living in a professionally managed private rental unit, although we did not ask if they would consider living in this style of housing for their entire lifetime.

**Impact of technology:** Future housing types and location decisions are being altered by access to technology. Nearly 36% of the respondents who

were intending to move listed broadband connectivity as important or very important in their motivations for moving, and nearly 20% listed mobile coverage.

**The changing family:** Alternative family structures are becoming more common, with 15% of our respondents who intend to move anticipating living as 'The Waltons' (multiple generations under one roof), compared with 10% in our previous survey.

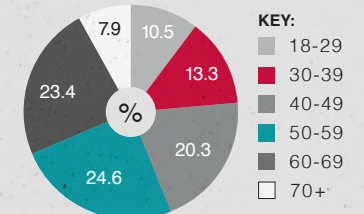
**Retaining housing equity:** While one might expect to see a high percentage of baby boomers selling property to raise capital for pensions and their children's housing needs, we found only 9% of those aged 40-59, and 0.4% of those aged 60 or older, rated financial support for children/relatives as important or very important when they were asked about motivations for moving, and 8% and 16% respectively for pension support/top-up.

**ABOUT THIS SURVEY** The survey sample of 2,000 respondents is a combination of Strutt & Parker registered buyers, sellers, tenants and lettings applicants from the past three years, and a balanced general UK population sample conducted by OnePoll. In the report, the term 'desired' refers to those respondents who indicated that they had intentions of moving in the next five years and does not include the entire survey sample.

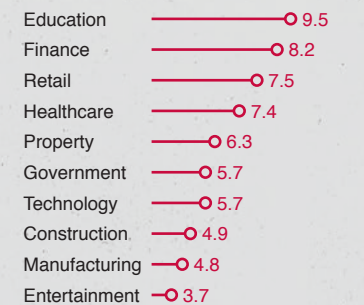
## RESPONDENT MAKE UP

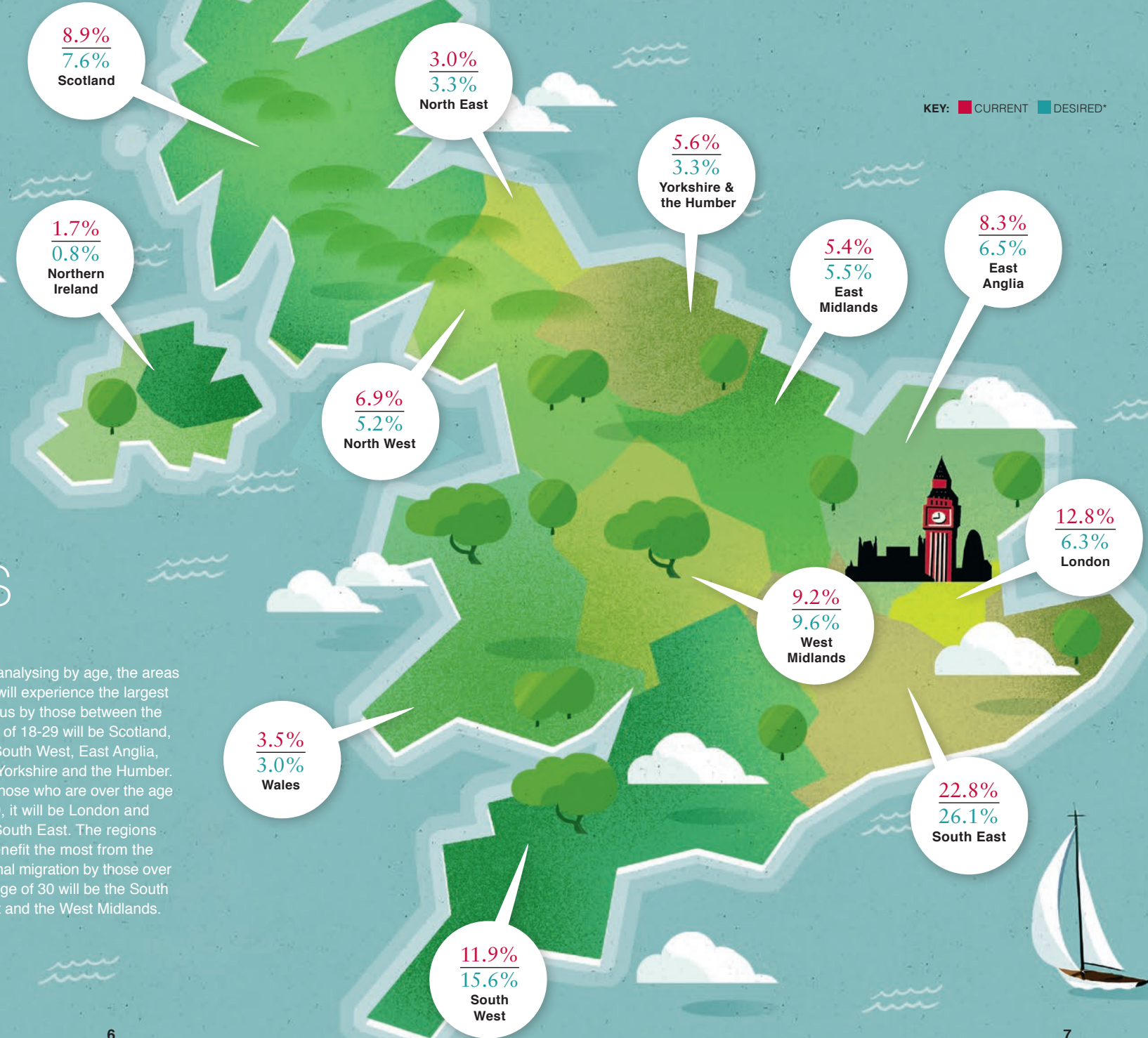
The respondents came from across the UK with a balanced gender split. Approximately 57% of the respondents were either employed or self-employed, with a further 24% retired. Almost 55% of the overall respondents intended to move within the next five years.

### AGE



### INDUSTRY (%)





KEY: ■ CURRENT ■ DESIRED\*

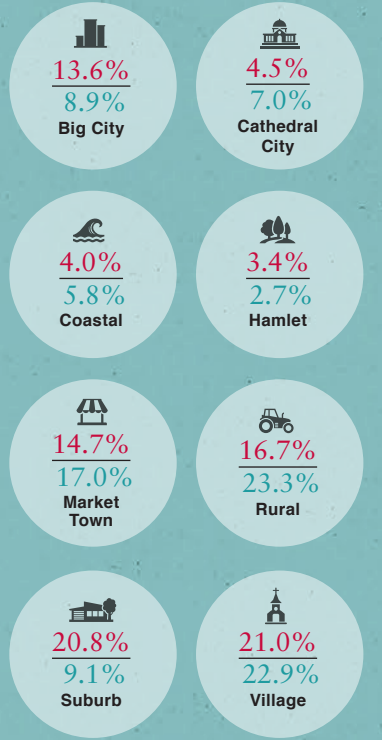
LIVING ENVIRONMENT

In the past decade, there has been a focus on urban resurgence. With that in mind, it is interesting that while our respondents want to live near other people, they don't want them on their doorstep. Rural areas, villages and market towns are the most desired locations for those who intend to move in the next five years.

# LEADING LOCATIONS

Focusing solely on those who intend to move within the next five years, a quick glance at the map shows that respondents to our survey wish to settle in the South East, South West and the West Midlands. The South West serves as a lifestyle and retirement location, while the South East and West Midlands are established commuting locations. When taking into account all the respondents,

and analysing by age, the areas that will experience the largest exodus by those between the ages of 18-29 will be Scotland, the South West, East Anglia, and Yorkshire and the Humber. For those who are over the age of 30, it will be London and the South East. The regions to benefit the most from the internal migration by those over the age of 30 will be the South West and the West Midlands.

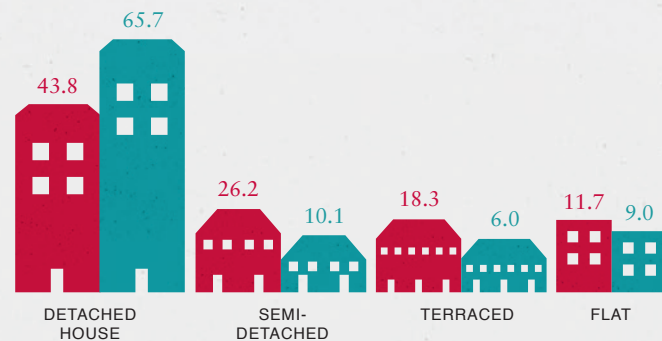


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# PROPERTY TYPES

According to those who plan to move within five years, the ideal home will be a detached house, either a farmhouse or in a cottage style. It will be 1,500-2,499 sq ft and have a minimum of three bedrooms. The least desired home was a terraced house. A flat, regardless of whether it was above a shop or a penthouse, was the second least desired option. When it came to the number of bedrooms, studio and one-bedroom properties were the least sought after. Although a high proportion of respondents were single, there was a general desire for additional bedrooms, perhaps for guests or storage.

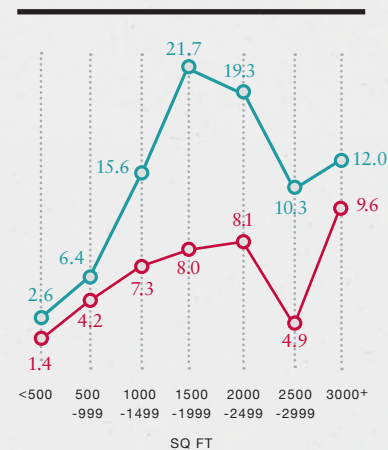
## HOUSING TYPE (%)



## NUMBER OF BEDS (%)



## CURRENT & FUTURE SIZE (%)



KEY: ■ CURRENT ■ DESIRED\*

## HOUSING DESCRIPTION

Housing Description	Current	Desired*
Cottage	140	235
Farmhouse	118	191
Victorian/Georgian	294	186
New build	230	175
Period	102	145
Post-war	373	142
Contemporary	154	142
Bungalow	144	137
Rectory	42	121
Conversion	84	111
Stately home	48	88
Seaside retreat	32	71
Country estate	29	40
Retirement	27	32
Purpose built	67	26
Castle	8	25
Mansion flat	27	24
Maisonette	46	19
Mews	31	18
Penthouse	17	17
Above a shop	24	8
Other	129	32

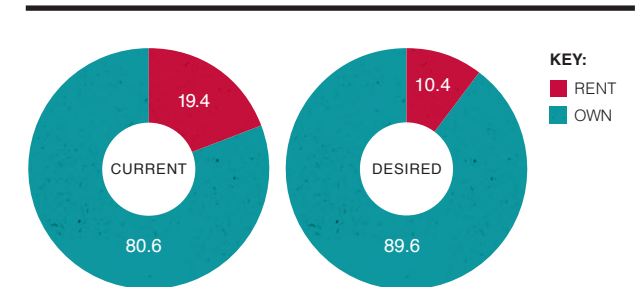
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# MAKE UP OF HOUSEHOLDS

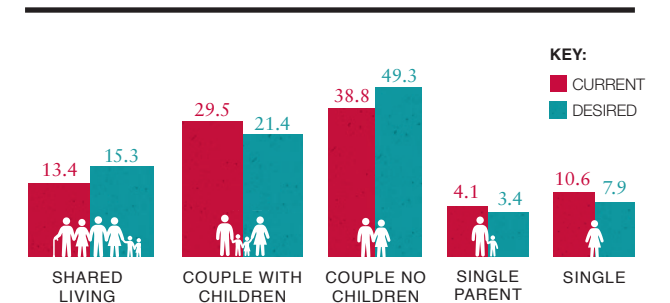
'A man's house is his castle.' This famous quote by Sir Edward Coke epitomises the British mind-set about home ownership as the most desired tenure. So it's no surprise that of those who intend to move, almost 90% want to own their next home. The most popular future household structures are

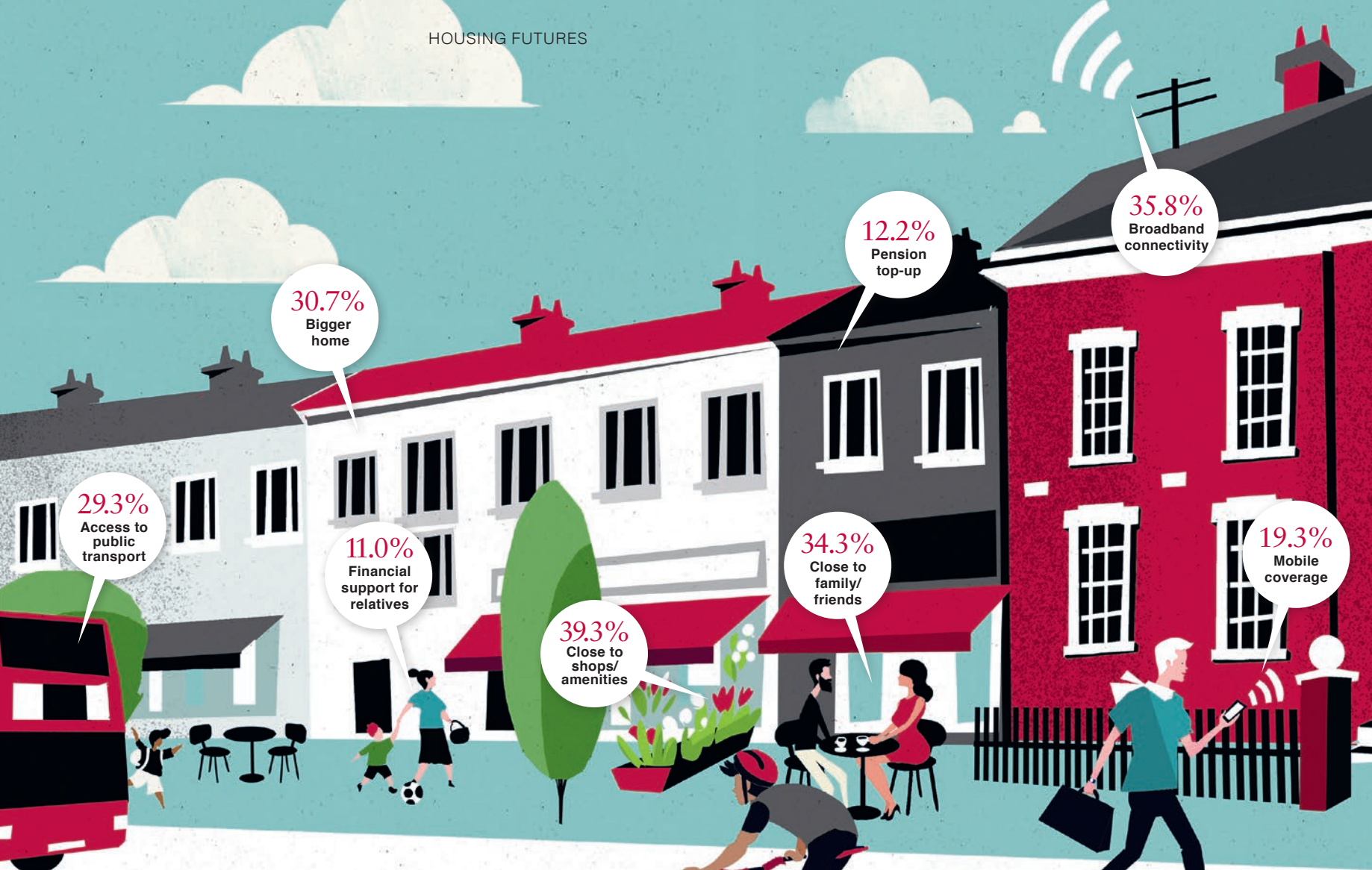
a couple without children (49%), a couple with children (21%) and thirdly, with 15% of responses, the emerging trend for multigenerational living. A year ago, our survey pointed to 10% seeking to live in a multigenerational set-up, showing an increase in the popularity of this more alternative approach.

## HOUSING TENURE (%)



## HOUSEHOLD MAKE UP (%)





## ON THE MOVE

For the second year in a row, lifestyle change was the biggest motivation for moving, followed by access to shops and amenities. A new category for the survey this year was broadband connectivity, which has shot in as the third highest motivation and highlights the desire to be technologically

connected. In light of pension challenges and parents seeking to help their children onto the housing ladder, we were surprised to see that so few respondents ranked release of equity, pension support/top-up and financial support for children/relatives as their motivations for moving.

**49.3%**  
Lifestyle change

**79.4%**  
*of respondents believe they can achieve their dream home within the next five years*

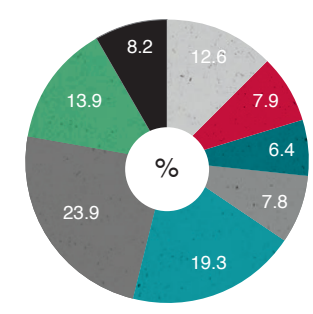
## HOME OWNERSHIP

According to the Office for National Statistics, in 2008/09 the average (median) length of time that households in England had lived in their home was eight years, with owner-occupiers having, on average, the longest occupancy at 11 years. Nearly half of the respondents to our survey had lived in their current homes for more than 10 years.

**COUNTING THE COST**  
A report published by the European Union in 2012 showed that 16.5% of people in the UK are overburdened by housing costs – defined as a person who is spending more

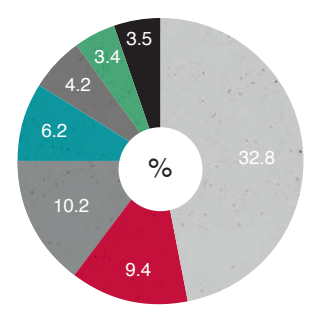
than 40% of their income on costs such as rent, mortgage payments and other living costs associated with their home. According to our survey, of those respondents who said that they intended to move and provided us with an indication of what proportion of income they would be willing to spend, just over 11% thought that it would be above 40% on a monthly basis. Given that nearly 80% of respondents to our survey expected to acquire their ideal home in the next five years, we may see a shift in people's expectations of how they will achieve their idyll.

HOUSING LENGTH (YEARS)



**KEY**  
■ >1  
■ 1-2  
■ 2-3  
■ 3-4  
■ 5-9  
■ 10-19  
■ 20-29  
■ 30+

PROPORTION OF INCOME



**KEY**  
■ 35-39%  
■ 40-44%  
■ 45-49%  
■ 50+

# THE PROPERTY WISHLIST

The *Housing Futures* survey didn't just focus on where our respondents are planning to move to. A new question this year was: if you had to select one dream item for inside your new home, what would it be?

## HIT LIST

For the respondents who intended to move, there was a clear winner – one in five wanted an AGA oven for their new home. This was closely followed by a kitchen island/breakfast bar. Outside of the kitchen, and in third place, was a wet room/rain shower. The kitchen and bathroom have always been the rooms that sell houses and flats,

and our analysis would indicate that this is still the case. Completing the top five were a cinema/screening room and a wine cellar.

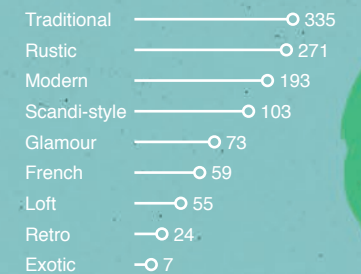
## MAIN FEATURE

Along with naming the dream item for the inside of their new home, we asked our respondents to choose the feature they most wanted their property to have. Broadband connectivity was the most popular feature, ahead of garages and shed/outbuildings. But it wasn't all practical – the ability to have pets was rated as more important than storage and recycling.

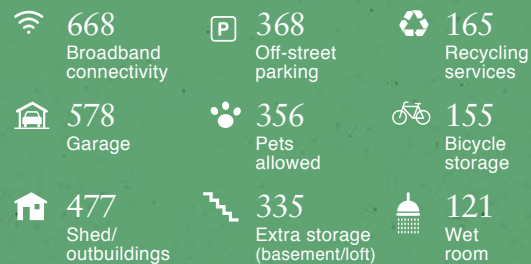


## FUTURE INTERIORS

Another new subject for the survey was what the ideal home interior would look and feel like. Traditional British led the way, closely followed by rustic countryside/shabby chic. Ideally, respondents wanted their home to feel either cosy/warm or calm/relaxing.



## MOST SOUGHT-AFTER FEATURES

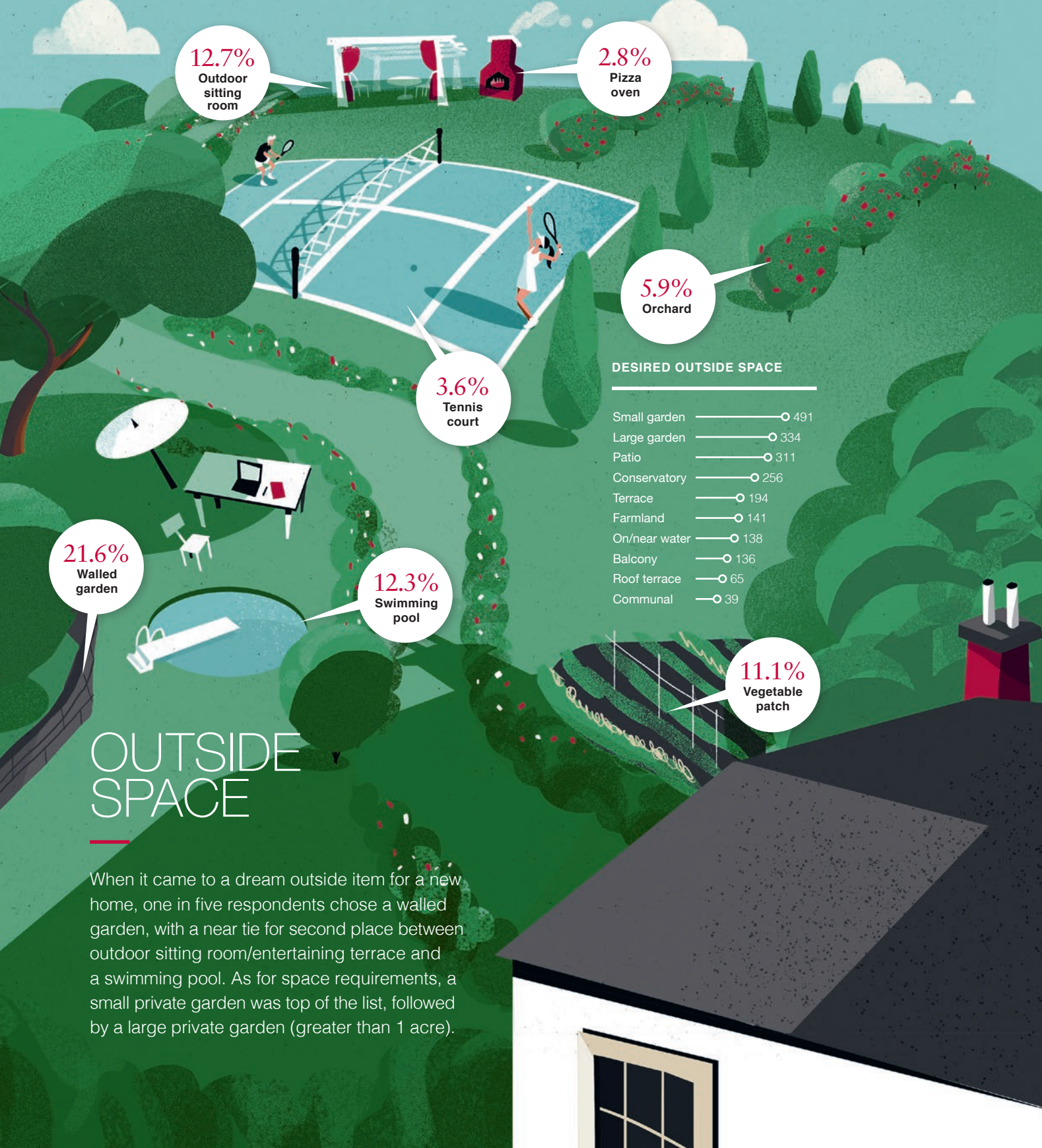


## FUTURE FEELING OF HOME

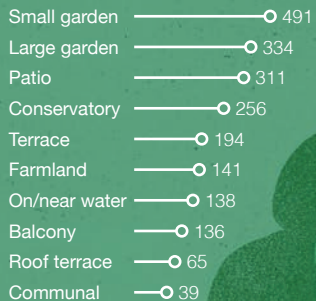


# OUTSIDE SPACE

When it came to a dream outside item for a new home, one in five respondents chose a walled garden, with a near tie for second place between outdoor sitting room/entertaining terrace and a swimming pool. As for space requirements, a small private garden was top of the list, followed by a large private garden (greater than 1 acre).



### DESIRED OUTSIDE SPACE



# ALL IN THE DETAIL

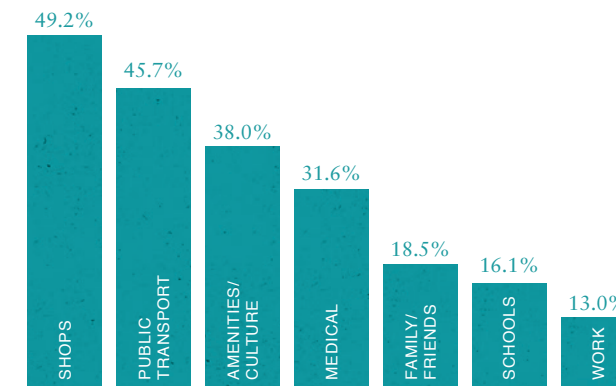
An outstanding view of the countryside was the top choice among outdoor amenities, which is not a surprise given respondents' desire to move away from urban environments. Of those who named a service they would require, a gardener was more than twice as popular as housekeeping or cleaning. Although healthcare services may well become a growing need as the UK population ages, they didn't make the top five – they were rated just behind pet services. When it came to

listing what respondents would like to have within walking distance, shops, public transport and amenities/culture were the top three choices.

### THE HEAT IS ON

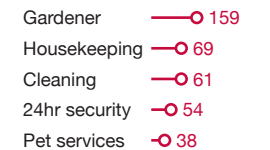
Our final new survey question was on the topic of energy efficiency in the home, and what, if any, elements would be desired. The top three requirements for respondents were insulation, double/triple glazed windows and overall energy-efficient certificates of grade D rating or higher.

### WALKING DISTANCE (LESS THAN 1 MILE)



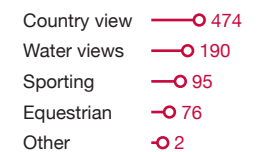
### SERVICES

Help with household chores, both inside and outside the house, were popular choices



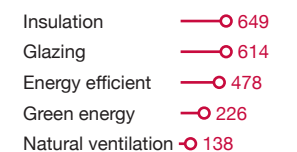
### AMENITIES

The top amenities ranged from an outstanding country view to equestrian facilities



### ENVIRONMENTAL

A desire for energy saving is clear in the leading environmental requirements





# TRIBES & HOUSING SOLUTIONS

The following pages outline the demographic groups and housing solutions driving the UK's residential trends. We asked respondents to our survey whether any of the tribes applied to them and if they would consider living in these new types of housing.

## TRIBE: THE WALTONS

*Extended families and high prices are bringing several generations together under one roof*

The Waltons are the ultimate in alternative living styles. There are several reasons why a household could fall into this grouping. The first, and perhaps most obvious, is a household with at least three generations living together in one home. This could be due to financial needs, the wish to pool funds, or for additional care of the elderly or very young. A further Walton household would be one where families or individuals have live-in assistance, for example

medical help or au pairs. Finally, they could be households that share their living space with friends, extended family or the unmarried partners of children. Moving beyond the traditional family set-up, this arrangement is more akin to the households of the past where multiple generations lived together. With house prices becoming more unaffordable in many parts of the UK, this is a trend we see increasing over the next decade.

**YES** "We have elderly parents for whom we need to plan future care"

**NO** "I like to have my own space and a home I can call my own"



## HOUSING SOLUTION: MICRO MANSIONS

*Small is beautiful in the world's most sought-after city locations*

The Micro Mansion serves as the ultimate living solution for those who prize location over space. As urbanisation gathers pace around the world, central locations in the most sought-after cities have become too expensive for the majority. The answer? Dedicated tiny living spaces. These are not the oddities that can be found in every city, where broom cupboards have been converted into a semblance of accommodation, but are carefully designed and planned homes. This is not something yet seen on any scale in the UK, but Japan and the US have led the charge. A micro home is 100-250 sq ft, compared with a typical two-bedroom flat of 750 sq ft, and attracts those requiring short-term space, or who work in multiple locations and simply need a place to sleep. As our cities increase their pull on the global workforce, Micro Mansions will grow in popularity.

**YES** "This could go a long way to solving housing problems"

**NO** "It's a great idea but it would not suit a family or the elderly"

**YES** 15.1%  
**NO** 84.9%





TRIBE: MY-SIZERS

*Changing finances and lifestyles are prime motivators of property moves*

My-Sizers are those who are moving home so that they can better suit their evolving needs, both in terms of space and finances. They may be motivated to change their current housing in order to adjust their physical space to the right size. This might not just be the perceived assumption of a smaller house and less land, but perhaps might be to acquire more land and a smaller house, or less land and a bigger house. We also include those property owners who are changing their current housing in order to liquidate capital. We refer to this phenomenon as the 4Ss: shrinking to share, save and spend. As well as life stages, policy instruments can have an impact on a householder's desire to 'My-Size', such as the eradication of Stamp Duty on granny annexes making it easier for families to change their domestic set-up.

**YES** "I think it's important always to be able to live within your means"

**NO** "We have extra space as a welcoming environment for our adult children"

HOUSING SOLUTION: YO-YO HOUSE

*The ability to adapt space is at the heart of the future-proof home*

Our Yo-yo House focuses on flexibility: growing, contracting and evolving with its occupants, offering them different space use over their lifetime. For example, the footings will allow a garage space, not only to be converted to a single-storey living space, but to two or three storeys – the cost of retro-fitting being higher than the cost of future-proofing at the build stage. Other flexible solutions might include being able to move walls with relative ease – something widespread today within commercial spaces – or providing accessibility to integral pipes and cables to adapt to new metering technologies. In the future, it won't just be groceries that are delivered to people's doors – health and care needs are likely to be partially delivered through remote providers – and the home will have to be able to service these important needs.

**YES** "Any house which will adapt over time is to be welcomed"

**NO** "At our age further significant changes to our lifestyle are unlikely"



TRIBE: MECOS

*Personal health and wellbeing are a priority and influence housing choices*

MEcos are those who place their personal health and wellbeing at a premium, and want a home that reflects this priority. This includes architecture, design and technology. Although a trend more commonly associated with the US, there is no doubt that the drive to improve mind and body is on the rise in the UK where, for example, 150,000 people participated in triathlons in 2012, and there has been a five-fold increase in the non-invasive cosmetics industry over the past decade. In addition, a desire for energy-efficient homes will result in every UK home being legislated to have a smart meter by 2020. MEcos and their homes are yet to emerge in any significant way in the UK. But it is a trend that is having an impact in the US, where some developers are already offering homes that take into account not just environmentally friendly building materials, but also medical research findings, such as the impact of air and water quality on wellbeing.

**YES** "Health is important, I believe, and homes can contribute to this"

**NO** "I keep fit but it is not the raison d'être for where I live"

HOUSING SOLUTION: PLATINUM PLACES

*The grey pound is moving into town centres in search of active retirement*

The UK has an ageing population. With the start of the 20-year demographic 'bump' of baby boomers moving into retirement, one might expect to see a run on age-limited communities on the edge of towns. But the baby boomers have voiced objections to living the same way as their parents did in retirement. Often in good health, with good pensions and active lifestyles, they want to live where they can continue to enjoy their established way of life, minus the day job. Hence the need for Platinum Places – new mixed communities that are part of a town. Imagine a development open to all age groups that seamlessly offers access to amenities as well as cultural experiences, from theatres to farmers' markets. It would also have facilities such as gyms and swimming pools, which can be specifically tailored to the needs of different members.

**YES** "I like the idea of living in the community, near to amenities"

**NO** "To create a community that caters to all needs is almost impossible"





TRIBE: GLOMADS

*The rise of globalisation has created a new type of footloose society*

Global Nomads, or GloMads, are generally young people who are open to travelling for employment over long periods of time as they delay life decisions. These individuals or couples are typically the early adopters of new technology. They are likely to be from across the earning spectrum, either those with financial constraints (such as student debt or low-paying jobs) seeking work or, more likely, those whose skills are in high demand and who therefore globetrot to where the challenges and salaries are located. Their requirements will be for short-term occupancy, which may well include housing that is fully furnished or 'menu furnished' to their needs. They will want to be located in city centres or vibrant communities where they can take advantage of the local culture and buzz.

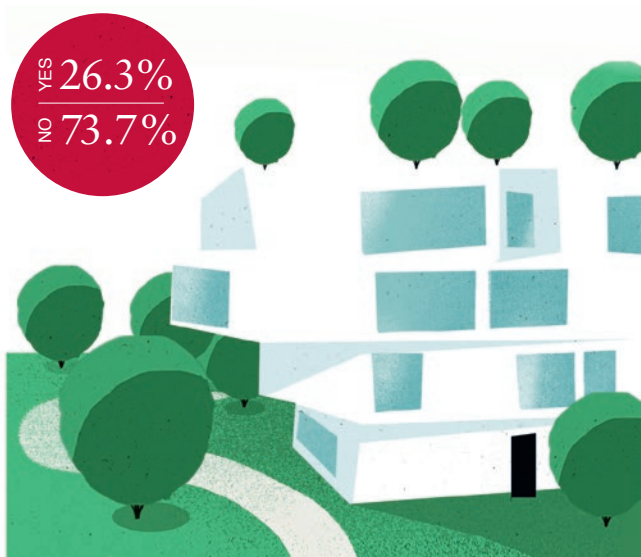
- YES "I go where the work is. It's fun but it is not ideal"
- NO "Family and roots are still highly prized, even among the young"

HOUSING SOLUTION: PRIVATE RENTED SECTOR

*Long-term renters are driving the expansion of the lettings market*

Private Rented Sector (PRS) demand grew from 9% of housing stock in 2001 to 16.5% in 2011, and is projected to increase to 37% by 2025 in London. Growth has been underpinned by delayed family formation, greater student debt and the increase of one- and two-person households. In the UK, home ownership expanded after the Second World War, and again following the credit boom of the 1980s and the Conservative policy towards buying. This shifted our culture to one of home ownership, with property being viewed as an investment. In other countries, PRS is much more widespread – for example, in Germany and Switzerland it is about 60%. PRS is likely to be largely delivered by investors (pension funds, insurance companies, etc). As such, it is hoped that the quality of product will be high and the service offer akin to that in the US today.

- YES "This would have been a great solution when I had less capital"
- NO "I prefer the security and investment potential of freehold ownership"



TRIBE: TUMBLEWEEDERS

*Homeowners with unused space present a unique housing challenge*

Tumbleweeders occupy homes that are too large for their needs. There are valid reasons for being a Tumbleweeder, for example, empty nesters who have not downsized since their children left home. Tumbleweeders could also be those with part-time families who have a relatively empty home for much of the time, but at weekends accommodate children from previous relationships. The current challenge for the industry is to provide suitable solutions for these housing needs. As a nation of low supply and high demand, we would rather have all homes occupied efficiently where possible. In reality, Tumbleweeders have the potential to be one of the greatest limiters of supply and, while being discussed in the social housing arena, their impact on the wider housing market is not currently being addressed.

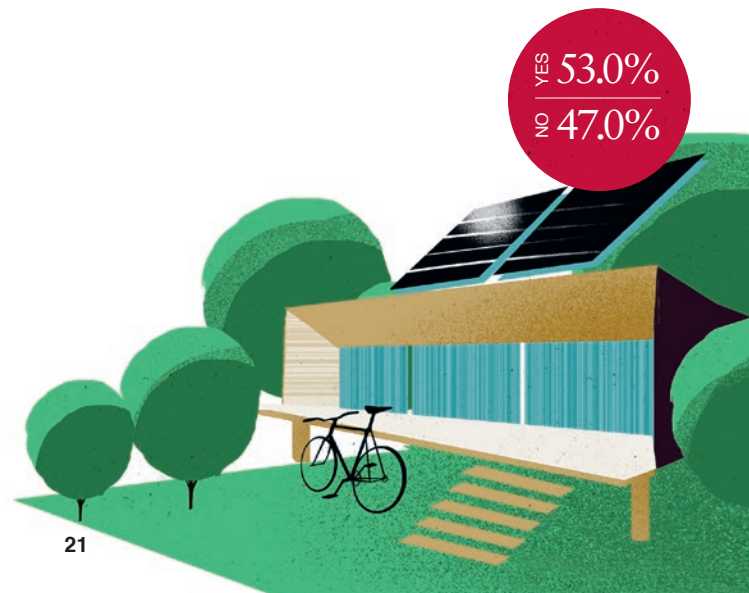
- YES "I have two homes currently – one for work and one for living"
- NO "Already have reduced property to give children their own homes"

HOUSING SOLUTION: HEAL HOUSE

*Making nature an integral part of our homes is an emerging trend*

A HEAL (Healthy Eating Active Living) House is about creating healthy living space. Since Sick Building Syndrome was identified in the '70s, mostly in office space, research has helped to guide the development of healthy work places. In the most advanced office developments, paints are produced from low-volatile organic compounds, while the extensive use of carefully selected plants help to clean the air. Although not as widespread, research is also ongoing into creating healthy environments in our homes. Healthy living is not just about minimising toxins in the air, it is about creating stimulating spaces, reducing noise pollution and bringing the benefits of nature into homes through light and green spaces. Finally, it incorporates the desire to interact with the outdoors, not just for fitness but also for nutrition with the ability to grow fruit and vegetables.

- YES "This is totally the type of place that I'd love to live in!"
- NO "I do not require any form of outside space that needs maintenance"



## CONCLUSION

Three centuries ago unprecedented economic and social change, driven by technological advances, transformed the UK from a rural society into one of the world's first modern industrial countries. Today, our high streets are in flux, our office environments are evolving and the way in which we manufacture and deliver goods is changing. It is our belief that once again we are in the midst of a demographic and technological revolution, and that whether you are a buyer/seller, an investor, a developer, a renter or a government entity, the belief that our housing industry will remain as it has for the past 30 years is unwise. Our creeping trends identify that single occupied households and alternative family households are growing, the younger generation is more open to the idea of renting and those moving into retirement are seeking more interactive environments. The impact of these trends inevitably means that in the future the homes we plan, design, build and live in must be different.

### A DIFFERENT APPROACH TO HARNESSING INSIGHT

Research at Strutt & Parker is about understanding the markets, knowing what the trends are, and identifying and monitoring those drivers that will impact property over the short, medium and longer term. A flexible team, we are focused on the vital insight necessary to assist our clients across all our market areas, from commercial, development and residential through to consultancy, farming and land management. We differ from the traditional property research model

in two key ways. The first is that, instead of a group comprised of specialists, we have taken an alternative and holistic approach with each of us working across all sectors. This allows us to spot convergence and divergence between property asset types. Secondly, we partner with best-in-class specialist research groups to ensure that we are always open to new ideas, learning new tools and delivering the excellence that our clients deserve.

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