

Just one in ten millennials planning to get a mortgage in the next 12 months

- The research found that a third of millennials could never afford to live in a big city
 - Just a quarter of the age group currently has a mortgage

Just over one in ten (11%) millennials are planning to take out a mortgage in the next year, despite a third (33%) claiming they are currently saving for a property, according to The Nottingham.

The building society analysed YouGov Profiles data to uncover the current living arrangements of young people aged 20 and 37 and their attitudes to buying their first home, as well as delving into the attitudes towards housing and the economy.

With the cost of a UK house averaging £226,000¹ it is no surprise that many are choosing non-traditional routes to get onto the property ladder, and the research indicated that millennials are rejecting inflated city prices and central locations in favour of a location where they can feel at home.

The profiles data found that 64% of the age group agree that overall you get a better quality of life in the country, and a third claim they could never live in a big city. A sense of community is also key when looking for their first home, with over half (52%) wishing there were more community activities in their area. Only 20% believe there is a better sense of community in cities, indicating that the generation will be increasingly moving away from central city properties, focusing on more rural locations.

Looking at housing situations of the generation, around a quarter (26%) of millennials are currently living with parents, and they are the age group most likely to be living with friends or housemates (11% compared to 4% of the national population). Just one in eight (12%) currently live rent-free with parents, friends or family.

Despite the uncertainty around our departure from the EU impacting the housing market and inflation², millennials are feeling optimistic about their finances, with 38% tending to agree that they are 'better off' now than they were a year ago. Looking to the future, they are also the most positive age group about the next year, with about a third (32%) admitting they think their household financial situation will be better over the next 12 months, compared to just a fifth (20%) of the national population population. Millennials are also most likely to be prioritising saving for the future (49%) over paying off debts (34%).

Interestingly, 35% of millennials claim they take into account news about the economy before making big purchases, suggesting Brexit could be a major factor into why just 11% are planning to take out a mortgage over the next year. Just under one in four (23%) currently own a property with a mortgage, and just 3% own a property outright. Of those who have a mortgage, only one (11%) used a mortgage broker.

¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/february2019>

² <https://www.money.co.uk/guides/brexit-personal-finances.htm>

Ben Osgood, Senior Mortgage Manager at The Nottingham, said: “Getting onto the property ladder can be a daunting experience, particularly in periods of economic uncertainty. People regularly compare a range of providers when it comes to their energy and insurance so it’s surprising the research found that just one in ten millennial house owners used a mortgage broker, meaning they don’t do the same for their mortgage. Especially considering it’s likely to be their most expensive outgoing.”

“That’s why we introduced whole of market mortgage comparison for our members provided by Nottingham Mortgage Services. It’s important to us they leave with the right mortgage, regardless of provider. Getting the right advice and product should help the millennial generation feel more confident about their house purchase and know they have a mortgage that suits them, giving them the confidence to make that first leap.”

To find out more about Nottingham Mortgage Services broker advice, visit:
<https://www.thenottingham.com/mortgages/>.

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Research sources:

YouGov Profiling - Profiles-Great-Britain-2019-03-31