

Generations who rent



Renting is growing and changing. Partly by accident, partly by design, being a tenant is becoming a mainstream choice for people at all stages of life. The design is the increase in the number of rental homes tailor-made for people of all types and ages, offering real alternatives for those forced to delay or even abandon the cherished British dream of home ownership.

In 2001, an estimated one in ten households rented privately. Today, the figure is around one in five⁶. Affordability is the main reason. In our survey, 56% of respondents said that housing was too expensive, and a third (33%) said that their budget had fallen as a result of lockdown. An average first home in Britain now costs £249,633⁷ (considerably more in London and the Southeast) requiring an average deposit of £30,000. It's no wonder the average age of the first-time UK buyer is now 34, up 21% since 2007⁸. This is a lot of years to acquire the rental habit, and it's having an effect on the type and quality of rental accommodation available: by the time they reach 34, most people will hope to have progressed beyond a flat share or bedsit.

As well as affordability, flexibility has been the other big attraction of the rental market - as exemplified by the GloMads. This is the key rental tribe we identified in our 2015 survey. Generally young, these are footloose individuals who own few possessions and relish the freedom to flit from place to place in pursuit of work or pleasure.

Along with flexibility, this group is also looking for quality. In this year's survey, 36% of this group said they expected their next home to be a rental property, and more than 80% were looking for a better quality home.

The build-to-rent sector (BTR) is increasingly meeting that challenge, as well as offering tenants the security and professionalism they won't always get from a private landlord.

GLOMADS TRIBE

Global nomads are our rental tribe. Its members are mostly young people open to travelling for work and range from those with financial constraints (such as student debt) to those whose skills are in demand and travel to access the best salaries. Their requirements are for housing that is fully furnished or 'menu furnished' to their needs and offers short-term occupancy. They will usually seek vibrant communities to experience local culture and lifestyle.

TOP 3 MOTIVATIONS FOR MOVING

BETTER QUALITY HOME

84%

PRIVACY

80%

LIFESTYLE CHANGE

66%

24%

of GloMads said they were willing to travel up to 20 miles to commute to work, far higher than any other tribe group

The growth of BTR has been dramatic. There are more than 90,800 build-to-rent units with over 75 projects either complete or near completion in the UK, and another 89,000 units in the pipeline⁹. Despite the pandemic, this has been a record year for investment in the sector, with an estimated £4bn pumped into BTR developments¹⁰.

And this is no longer just about luxury big-city flats for young professionals. BTR developers are now setting their sights on smaller, less obvious locations such as Bolton, Doncaster, High Wycombe and Milton Keynes.

Happily, they have also finally recognised the need to provide houses in the suburbs for families to rent. Legal & General has promised to build 1,000 suburban family homes a year, while Packaged Living plans to create a further 5,000 units across the country in schemes of 50-200 houses.

"As a result of these innovations, it's becoming possible to imagine today's young people living in specialist, high-quality rental accommodation for the rest of their lives, and never having to think about mortgages or buildings insurance," says [Rebecca Shafran](#), Associate Research Director with BNP Paribas Real Estate UK.

Teenagers can leave the family home and move straight into a shiny new student flat. Purpose-built student accommodation (PBSA) has improved immeasurably. There are now 650,000 beds, with another 25,000 to come next year¹¹. It is expensive - so often aimed at international students - with tenants paying 55% more than those living in traditional student HMOs¹². In return, they get better fittings, an ensuite bathroom and social spaces. Onyx, in Birmingham, for example, boasts of a multimedia lounge, cinema room, gym, private dining room, study rooms, "sky lounge and sky terrace".

After university, 20-somethings might start their career in a sociable co-living space, where the bedrooms may be small but the networking opportunities enormous. The next step is into a traditional BTR for a bit more space and maybe even a gym and a concierge.

Then one of Legal & General's new family houses (with a garden) will be ready when you need a bit of space for the kids to run around in. Finally, the rapidly expanding retirement sector can meet the lifestyle and healthcare needs of downsizers and beyond - making it possible to go through life without ever calling a plumber.

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IMPORTANT AMENITIES WHEN CONSIDERING YOUR NEW PRIMARY HOME

Local shops	26%
Supermarket/Grocery store	21%
Restaurants/cafes/bars/pubs	12%
Convenience store/corner shop	12%
Nurseries/Schools	10%
GP	9%
Library	7%
Pharmacy	3%