

Supporting older buyers can help repair the housing market

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There is a perceived wisdom in the housing market that if we are able to help cultivate and support first-time buyers (FTBs), we will be able to solve all the ills of the market.

While it's true that much good can come from ensuring a healthy FTB sector, we could also do a lot of good if we spent more time focusing on the other end of the market.

IMLA's recent study: '[Last-Time Buyers: the challenges and opportunities for 55+ homeowners wanting to move](#)', found that nearly 200,000 owner occupier housing transactions in England are now made by the over-55s, or so-called last-time buyers (LTBs).



This is an often-ignored segment, perhaps because a majority of these transactions are in cash and are invisible to many indices that are typically underpinned by mortgage data.

In 2016/2017 the 132,000 of these accounted for nearly all the 138,000 moves by outright owners in England, which was up 20 per cent overall from 115,000 in 2006/2007.

Aspiration not necessity

The challenge we face is that only around 2.5 per cent of the eight million older homeowners in England currently move home.

IMLA's report found that relatively few older homeowners actually need to move for health or other personal reasons.

For the vast majority any move is aspirational in nature and focused on the mainstream housing market.

However, Prudential research suggests for more than a third of potential LTBs a lack of suitable properties is keeping them from ever moving again.

There is certainly appetite for downsize at some stage with a Legal and General study suggests that there are 3.1m potential older households looking to downsize, and that this is set to grow to 3.7m by 2026.

Improve the overall market

Of course, the mortgage industry may be reading this and asking why we should be concerned with such a cash-rich population?

And while it's true that many older buyers do not need financing, some do and access to finance is likely to play a pivotal role in broadening opportunities for them.

The more general point is that encouraging more older people to move could improve the overall health of the housing sector.

Transactions continue to run at only about three-quarters of the pace before the credit crisis, while turnover is at least a third lower.

Solving this turnover problem could help alleviate some of the pressure on government to build more homes and could ultimately help get more people onto and up the housing ladder.

About 7.9m of the nine million 'under-occupied' homes in England belong to owner-occupiers, and the English Housing Survey confirms that those 55 or older account for nearly two-thirds of total under-occupation.

So simply, if we could encourage more older buyers, more opportunities could arise for people further down the chain to upsize and fulfil their home-owning potential.

Bespoke financing arrangements

To help LTBs move, we need to address the headwinds that are keeping older people in their homes.

We have already seen considerable financial innovation around mortgages for older borrowers, but there is much more that could be done in fostering specific schemes.

These could be bespoke equity loan deals, shared ownership schemes or entirely new arrangements.

Financing would also have to work in lockstep with house-building and planning reforms that help create more older people-friendly properties that combine practicality, low maintenance and energy efficiency.

As the population ages and older homeowners account for a bigger share of housing equity, we need to develop more homes and more home finance products that cater to mainstream LTBs.

By better serving the interests of this hidden population we could help improve people's lifestyles and well being, all while creating a healthier and more active housing market.