



Generation rent: what to expect in 2024

There is an obvious need for more affordable housing in order to assist young adults, who have been priced out of the housing market, in getting onto the property ladder. Also known as 'Generation Rent', many young adults aged 18-40 are unable to purchase a house as a result of paying a high percentage of their income on rent. So what can this demographic expect in 2024?

Generation rent

Rising mortgage and interest rates have stretched the affordability of many people looking to move, especially for those who are yet to step foot on the property ladder.

Recent data highlights that the average age for a first-time buyer, in England, is 34. This age has slowly increased each year and there is no surprise why 2023 saw the highest average age for a first-time buyer.

According to research, households are currently spending more than a third of their income on rent, the highest level in 18 years. Generation rent is stuck as we

rebuild from the pandemic, but could the new year present opportunities for those looking to get on the property ladder?

What to expect in 2024

Following the uncertainty of 2023, there is no certainty that the new year will be any different. However, since July 2023, average mortgage rates have fallen steadily and although these rates remain high compared to recent historical low levels, stability in the market could be closer than we think.

The Bank of England has indicated that base rate cuts are not imminent, with interest rates likely to remain elevated

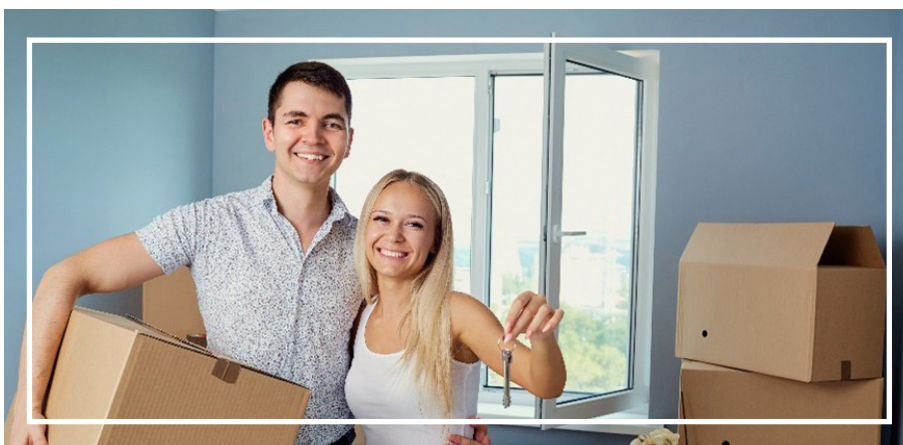
during 2024.

At the end of 2023, Chancellor Jeremy Hunt pledged an additional £3bn in funding for the Affordable Homes Guarantee Scheme (AGS), which would deliver 20,000 new homes in years to come.

As a first-time buyer you may see a choice of homes for sale that suit your needs, compared to the stock-starved pandemic years. Additionally, 2023 saw 39% of properties with an asking price reduction during marketing compared to 29% in 2022.

Although the number of available homes has only just increased to pre-pandemic levels, those looking to move away from rent and get on the property ladder could be in a strong position to negotiate on price.

It's important to navigate the new year with caution and understand your options. For more information, contact your adviser who can support you and discuss the options available to you.



If you'd like to discuss the options available to you, contact your adviser today.

Published January 2024