

Millennial housing crisis engulfs Britain

Figures showing problem is not confined to London raise concerns about inter-generational fairness



The proportion of families headed by a 25- to 34-year-old that own their own home has more than halved in some regions. Photograph: Matt Cardy/Getty Images

Home ownership among young families has plummeted across every corner of Britain over the past 35 years, according to a devastating inquiry into the housing crisis facing millennials.

The proportion of families headed by a 25- to 34-year-old that own their own home has more than halved in some regions, showing that the crisis goes far beyond London.

Analysis conducted as part of a two-year investigation into intergenerational fairness in Britain, chaired by a former Tory minister, found that millennials are being forced into increasingly cramped and expensive rented properties that leave them with a longer commute and little chance of saving for a home. It also finds an increasing proportion of the young living in overcrowded housing.

The commission, which has been overseen by the *Resolution Foundation* think-tank and includes the former universities minister David Willetts, is expected to conclude that new taxes on property wealth may be the only way to restore fairness and prepare the country to pay the care and support costs of an ageing population.

Ownership among 25- to 34-year-olds has plummeted in Greater Manchester from 53% in 1984 to 26% last year. It has fallen from 54% to 25% in south Yorkshire, from 45% to 20% in the West Midlands, from 50% to 28% in Wales and from 55% to 27% in the south-east. In outer London, the proportion has collapsed from 53% to just 16%. Out of 22 regions analysed by the commission, in only one – Strathclyde in Scotland – has home ownership among the young remained stable. It stood at 32% in 1984 and 33% last year, having peaked at 45% in 2002.

Ownership in London has fallen consistently over the past 30 years, whereas rates in some other parts of the country declined more slowly before the early 2000s, but very rapidly thereafter.

Even favourable economic conditions are likely to result in millennials catching up with the home ownership levels of the previous cohort only by the age of 45. Fast-growing inheritances will help some, but nearly half of young non-homeowners have parents who do not own either.

Millennials, classed as those born between 1981 and 2000, are half as likely to own a home at the age of 30 as baby boomers because of higher prices, low earnings growth and tighter credit rules. In the 1980s it would have taken a typical household in their late 20s around three years to save for an average-sized deposit. It would now take 19 years, the analysis shows.

¹ <https://www.theguardian.com/cities/series/uk-housing-crisis>

Almost two-fifths of millennials rent privately at 30, double the rate for Generation X, born between 1966 and 1980, and four times the rate for baby boomers – born after the war until 1965 – at the same age.

Millennials are now spending an average of nearly a quarter of their net income on housing, three times more than the pre-war generation, now aged 70 and over.

Their living space is also declining. Each person living in the private rented sector now has on average eight square metres less space than they did in 1996. Meanwhile, those who own their own homes enjoy an extra four square metres each. Since younger households are more likely to be private renters than owners, they now have less space on average per household member. Just under one in 10 households headed by millennials in their late 20s now live in overcrowded conditions.

They are facing longer commutes than older generations endured. If current differences continue, millennials will spend almost three full days more commuting in the year they turn 40 than the baby boomers did at the same age.

The *Resolution Foundation* says that a combination of an ageing population and an increased demand for services which governments are committed to deliver means that welfare spending looks likely to increase very substantially in the coming decades.

It says that one way of addressing some of the generational implications of tax rises would be to change the age profile that these additional revenues are drawn from. The tax treatment of property and pension wealth may also have to be considered.

Under a pessimistic scenario of future home ownership, based on trends seen in 2002 to 2012, less than half of the oldest millennials would own a home by the age of 45, compared to more than 70% of baby boomers at that age.

Torsten Bell, director of the Resolution Foundation, said:

“The need to renew our intergenerational contract is clear and urgent, but doing so is far from easy. It requires new thinking and tough trade-offs – from how we deal with the fiscal pressures of an ageing society in a way that is generationally fair, to how we deliver the housing young people need while respecting the communities everyone values.

We need our political leaders to rise to this challenge with an appeal to all generations. We can deliver the health and care older generations deserve without simply asking younger workers to bear all the costs. We can do more to promote education and skills, especially for those who are not on the university route.

We can provide more security for young people, from the jobs they do to the homes they rent. And we can show younger generations that owning a home is a reality, not a distant prospect in 21st-century Britain.”