



# RESIDENTIAL MARKET REPORT

Portsmouth Research  
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# WHY DO HALF OF ALL **PORTSMOUTH** HOMEOWNERS **MOVE EVERY 5 YEARS?**


In Britain, there are **27,071,500 households, of which 17,044,450 are owned**, which are **worth a total of £3,925,865,212,950 (£3.92 trillion)**. Over the last 5 years, an average of **86,096 properties sell each month**, meaning **just over a million UK households move home per year**. Therefore, the average British homeowner moves **every 16 years 5 months**.

These statistics refute a common hypothesis that British neighbourhoods are becoming more fleeting and transitory. On the face of it, they appear to show that, once you have succeeded to buy a property you can call home, there isn't much motivation to move again.

## **So, aren't people moving home so much?**

Could it be put down to a certain sense of complacency or apathy to moving home? Whereas we might love our home in Portsmouth, most of you (including myself) still want to 'better our lives' with a bigger house, better area etc, which typically requires us to climb up the Portsmouth property ladder.

**Yet with Portsmouth house prices having risen by 183.5% in the last 20 years, the cost of going up the next rung on the Portsmouth property ladder is prohibitive.**



Everyone harks back to the 1980's, when we had an upbeat booming property market as a backcloth, Brits moved home every eight years; so now with the average at just over 16 years this equates to each British homeowner moving around three to four times in their adult lifetime. Maybe we should all call our homes 'Dunroamin' and be done with it!

## Or does it?

We have all heard the phrase 'lies, damn lies and statistics' ... well the stats mentioned above hide some amazing features of the British property market.

**When homeowners get into their 50's and 60's, their tendency to move home drops like a stone.** The average length of time a homeowner without a mortgage moves home is **24 years and 7 months (and just under 7 out of ten outright homeowners i.e. without a mortgage are 65 years old or older).**

**Yet, homeowners with a mortgage move on average every 10 years and 11 weeks.**

So, whilst I cannot determine who has a mortgage and who doesn't, I can look at how quickly people move home in Portsmouth. I have looked at the last 50 property sales in Portsmouth, and I have found some interesting findings.

**On average Portsmouth homeowner only move every 12 years and 37 weeks.**





Nothing interesting about that you might say, when compared to the national average ... yet the devil is in the detail.

There appears to be a **two-speed Portsmouth property market** ... look at the **top 25% of Portsmouth home movers**, and then the next slice ... these Portsmouth people are moving home really quickly, yet the gap for the next two slices widens tremendously.

**- Top 25% quickest Portsmouth home movers move every 3 years & 8 weeks**

**- The next 25% quickest Portsmouth home movers move every 7 years & 24 weeks**

**- The next 25% quickest Portsmouth home movers move every 15 years & 17 weeks**

**- Whilst top 25% slowest Portsmouth home movers only move every 24 years & 19 weeks**

When looking at the properties that fall into the later bands (i.e. the ones that don't move/sell so often), they tend to be the larger properties where the homeowners have lived for 25/30 years plus.

The lesson we all should learn is that once people get into their 50's and 60's, their propensity to move home drops considerably. This means the properties on the lower rungs of the Portsmouth property ladder do appear to sell quickly (as they are occupied by younger homeowners) yet once Portsmouth people get older, their tendency to move diminishes. This puts a roadblock on the younger generation wanting to buy the larger Portsmouth properties these mature homeowners live in.



What is holding the older generation back from selling and downsizing to free up homes for families that desperately need them? Some of it will be apathy, some of it will be holding on to the home that they brought their family up in, yet the bottom line is...

## **46.5% of the homes owned in Britain have two or more spare bedrooms.**

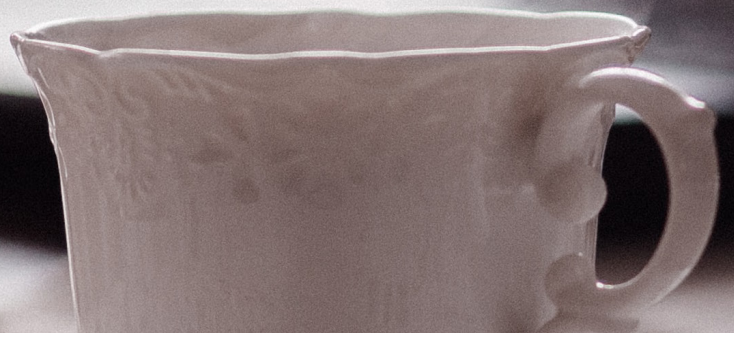
As a nation, we need to rethink how we can encourage older homeowners to sell their large homes to release them to the younger families that desperately need them. Some suggest tax breaks, yet the Government won't be in the mood to give huge tax breaks as the measures to protect the economy over the last 12 months will ultimately need to be paid back.

One thing I do know, we as a Country have seen (and will continue to see) a lot of demographic change together with an increasing elderly population, so it's not just about how many homes we build, but whether we are building the right kind of homes the older generation will want to move into.

**Interesting times ahead for the Portsmouth property market!**







# PORTSMOUTH PENSIONER HOMEOWNERS ARE NOW **WORTH £8,392,981,500**


How wealth is distributed will always be a contentious issue, especially as the Baby Boomers (those aged between their late 50's and late 70's) wealth has grown exponentially over the last 20 years, compared to the wealth of the younger generation.

With most UK property in the hands of the older generation, with its total value about to smash through the £8 trillion barrier (up from £3 trillion at the start of the Millennium), is it right that so much wealth is concentrated in the hands of the older generations?

As national house prices have continued to grow unabated **(for example in the last eight years by 49.9%, whilst real take home pay has only increased by 11.8%)**, this has meant younger people are finding it even harder to get onto the property ladder and those already on it to move up it.

Looking at the older end of the age range for home ownership ...

**of the 99,460 homes in Portsmouth, 23,430 households are 65 years or older, and 72.3% of those households (16,934) are owned (mostly without a mortgage).**

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- **Owned 72.3%**
  - **Council House 20.1%**
  - **Privately Rented 4.9%**
  - **Living Rent Free 2.0%**
  - **Shared Ownership 0.7%**

I talk with many Portsmouth pensioners who want to move yet are unable to. There appears to be a shortage of suitable properties in Portsmouth for members of the older generation to downsize into. Due to their high demand and low supply, Portsmouth bungalows and suitable ground floor apartments achieve on average a 15% to 25% premium per square foot over two/three storey properties.

**Yet would it surprise you only 1% of new builds in the UK are single storey bungalows (compared to 7% 25 years ago)?**

## **Portsmouth pensioner homeowners are now worth £8.39bn.**

YouGov did a survey a couple of years ago and they found that **just over one third of homeowners in the UK were looking to downsize into a smaller property.** As I have stated before, as a nation, we need to **rethink how we can encourage older homeowners to sell their larger homes to release them to the younger families that desperately need them.**

The Government over the last 11 years have appeared to **target all their attention on first-time buyers with a strategy such as the Help to Buy Scheme.** However, this doesn't address the long-established under-supply of appropriate retirement housing vital to the needs of Portsmouth's quickly ageing population. **Unfortunately, Portsmouth's housing stock is sadly ill-equipped for this demographic shift to the ageing homeowners.**





Also, to add insult to injury, those more **mature Portsmouth pensioners in their 80's and 90's who do live in the restricted number of Portsmouth bungalows and suitable ground floor apartments are finding it difficult to live on their own**, as they are unable to leave their bungalow/apartment because of a shortage of sheltered housing and 'inexpensive' care home places.

This in turn means the younger 60 to 70 year old Portsmouth retirees (in their bigger two/three storey family houses) can't buy those Portsmouth bungalows (occupied by the older retirees), **which means those Portsmouth families in their 30's and 40's can't buy those larger family houses (occupied by the younger 60 to 70 year old retirees) they need for their growing families ...** it's like everyone is waiting for everyone because of the logjam at the top of the property ladder.

So, what is the solution? Quite simple - build more homes!

**In the last 30 years, the UK population has grown by around 12 million people, yet the number of properties has only grown by around 4.2 million.**





With obstructive planning regulations, immigration, people living longer and increased divorce rates (meaning one family becomes two) we have needed **275,000 properties** to be built a year since the Millennium to just stand still and meet demand. Twenty years ago, the UK was building on average **185,000 households a year**, that figure dropped in the five years after the **Global Financial Crisis in 2008 to 140,000 households a year**. Thankfully that has increased steadily over the last five years and last year we created **245,000 households in the UK, however we still have all those years since the Millennium to make up**

The answer is to build on more land for starter homes, bungalows and sheltered accommodation because land prices are holding back the property market, as the larger national building firms are more inclined to focus on traditional two and three storey houses and apartments than bungalows (because they make more money from them). You might say there is no land to build the property on, yet ...

**only 1.2% of the UK is built on with residential properties.**

**So how could Portsmouth people make money on this news?** Shrewd Portsmouth property investors should consider purchasing bungalows, especially ones that need some titivating (possibly after somebody has passed away). Bungalows purchased at the right price and location are a great gamble for flipping. They should also be considered for renting out as demand will only outstrip supply. **This would be a start to the solution of rebalancing the Portsmouth property market so everyone is happier with their lot.**





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