



**NEW-BUILD
VS TRADITIONAL
REAL ESTATE:
UK HOMEBUYERS
DECIDE**

New-Build vs Traditional Real Estate: UK Homebuyers Decide

UK property has proven its resilience as an asset able to weather periods of political and economic uncertainty. Since the EU referendum in June 2016, investor appetite for bricks and mortar investment has remained persistently strong, offering a competitive rate of return at a time when traditional safe haven assets seem unable to deliver high yields. As a consequence, **nine million** UK investors are looking to real estate during the unfolding Brexit negotiation period. In response to the mounting pressure of market demand, the average UK house price is on track to rise from £220,094 to **£300,000** by 2025.

The UK's attractiveness as a destination for property investment can be attributed to the diverse range of real estate opportunities on offer across the country. The charms of traditional and heritage-style houses have proven consistently popular, offering quintessential British charm, historical legacy and unique architectural integrity, extending from Tudor manors to Jacobean houses and Victorian terraces.

At the other end of spectrum lies new-build properties, boasting customisable designs, open communal spaces and modern fittings. Moreover, for those seeking to marry the charm of a traditional house with the latest in contemporary design, refurbishment projects have become an increasingly popular investment venture for those seeking a fast turnaround – approximately **30,000 homes** sold in England and Wales in 2015 had been previously bought less than a year earlier. Of these, 95% of the homes sold had been refurbished in the interim.

To uncover the sentiments of UK society towards new-build and traditional properties, MFS has surveyed a nationally-representative sample of 2,000 UK adults. With market demand significantly outweighing supply, the research also reveals how investors perceive the Government's capability to address the housing crisis, and prescribes a series of measures to ensure prospective homebuyers are in a position to act on their property intentions, while positively contributing to the nation's housing supply.

Breakdown of the key research stats

MFS asked 2,000 UK adults about their sentiments towards new-build and traditional properties, revealing:

- 81% of UK adults (41.86 million) are unenthusiastic by the prospect of living in new-build housing developments
- 79% (40.56 million) think that the Conservative Government should focus more on supporting the refurbishment of run-down properties to meet housing demand
- 60% of Brits (30.80 million) feel that there are too many poorly-built, unattractive new builds popping up across the country
- 41% of Brits (21.05 million) feel that new-build properties lack character, serving as eyesores within their localities
- 23% of UK adults (11.81 million) would only consider buying a new-build property as a buy-to-let investment opportunity, refusing to live in recently constructed properties

UK sentiment towards new-build property

New-build properties have been rapidly [springing up](#) across the country in a bid to alleviate demand for affordable and modern accommodation. This type of development is particularly prevalent in the Home Counties. With the number of Londoners relocating to commuter belt towns reaching a [nine-year high](#) at the close of 2016, places like Berkshire, Buckinghamshire and Kent are becoming popular locations for new-build properties and urban developments, targeting first-time buyers and young families that work in the capital.

On paper, the manner and speed of new-build constructions are well-positioned to positively increase the country's total housing stock. In light of this, the Conservative Government [announced](#) in January 2017 that it would promote the efficient construction of new properties and increase the total number of houses on the market each year. More recently, Prime Minister Theresa May pledged to deliver 1 million new homes by 2022.

However, uncovering sentiment towards new-build properties, MFS' research found that 60% of UK adults feel there are now too many poorly-built, unattractive new builds popping up across the country – equating to 30 million people. Furthermore, a significant proportion of UK adults are not impressed by the quality and standard of new homes, with 40% believing they not only lack character but also act as eyesores against the profile of their surrounding area.

[Research](#) released in March revealed that more than half of the buyers of new homes have experienced major complications, extending from issues with construction to incomplete fittings and utility problems. As a consequence, major UK housebuilders have been forced to budget a remedial fund to address any immediate property faults. Bovis Homes recently announced that it has set aside £7 million to cover remedial work, supported by a raft of improvement measures to enhance the quality of the assurance processes currently in place.

Despite the nation's personal frustrations with new-builds, MFS research nonetheless revealed that these properties can still serve as an attractive buy-to-let investment for those seeking to expand their real estate portfolio. Almost a quarter (23%) of Brits would consider buying a newly built property as a buy-to-let investment, rising to 29% among those living in London.

The timeless appeal of traditional properties

The UK's diverse collection of traditional houses spanning centuries have not lost their charm despite the rise of new-build constructions. Period homes typically benefit from being based in a desirable location, with a timeless appeal not reliant on the latest contemporary trends and technology. Moreover, the majority of traditional houses are ideal for investors seeking to renovate, add modern extensions or undertake interior refurbishments.


When assessing the sentiment of UK adults towards traditional properties, the MFS research revealed that the majority favours old houses; 55% said they would rather live in an older, more traditional home than a newly-built one – averaging out to 28 million people across the country. However, the finite number of traditional houses available on the market means that not all adults are able to act on their property intentions, leading to a competitive housing market.

The Government's attempt to address the dwindling housing supply through the construction of new properties is a step in the right direction, but this cannot be considered the sole solution to the issue. With 1.4 million residential properties currently sitting empty in the UK, 79% of adults think the Government should focus more on refurbishing run-down properties to meet housing demand. This resounding figure demonstrates the need for Westminster to recognise the popularity of traditional housing over new-builds, and introduce new initiatives so that vacant properties are made available on the market.

Supporting property investors

Property investors undoubtedly have the potential to catalyse movement in Britain's housing market. Faced with a plethora of opportunities ranging from traditional buy-to-let investments to short-term refurbishment projects, investors have the flexibility to build a portfolio attuned to their long-term financial goals. There is tremendous value locked in a variety of properties across the nation; however, without the finance options in place to access them, this part of the property market will remain dormant. It was recently report that more than 200,000 homes in England with a total value of £43 billion had been left vacant for at least six months in 2016.

Property investors have a positive role to play in not only galvanising the market, but also positively contributing to the housing supply through refurbishment and restoration projects. To ensure investors are able to act on their intentions, the Government must ensure these real estate opportunities are readily accessible to investors. MFS recently launched [FlipFinance2017](#) in response to this issue, offering quick and efficient finance for those seeking to fulfil their property aspirations, with a particular focus on short-term refurbishment projects. Having now doubled the total amount of capital available to £40 million, MFS will continue to support the interests of property investors by way of a dedicated funding drive, and ensuring more of the UK's vacant traditional properties are added to the market in a bid to meet the preferences of homebuyers and positively contribute to the country's housing supply.





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