



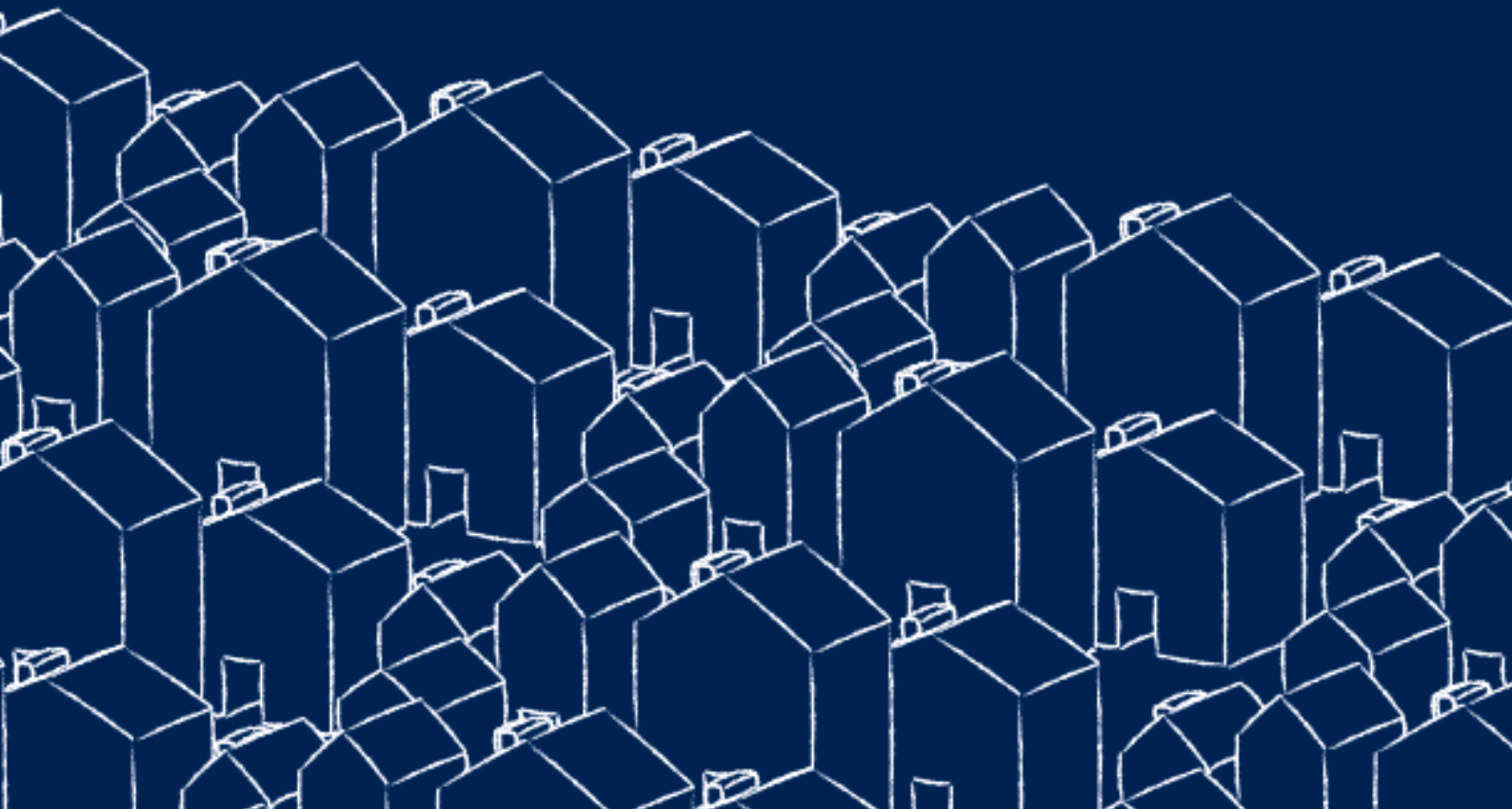




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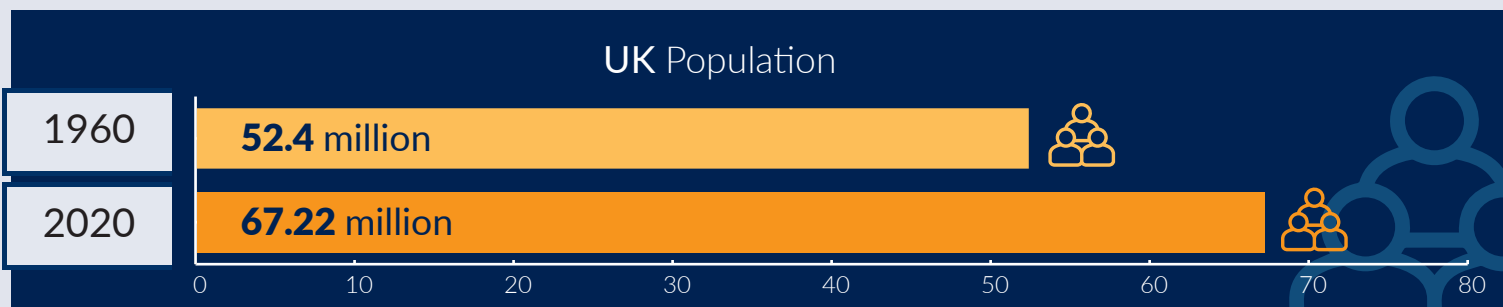
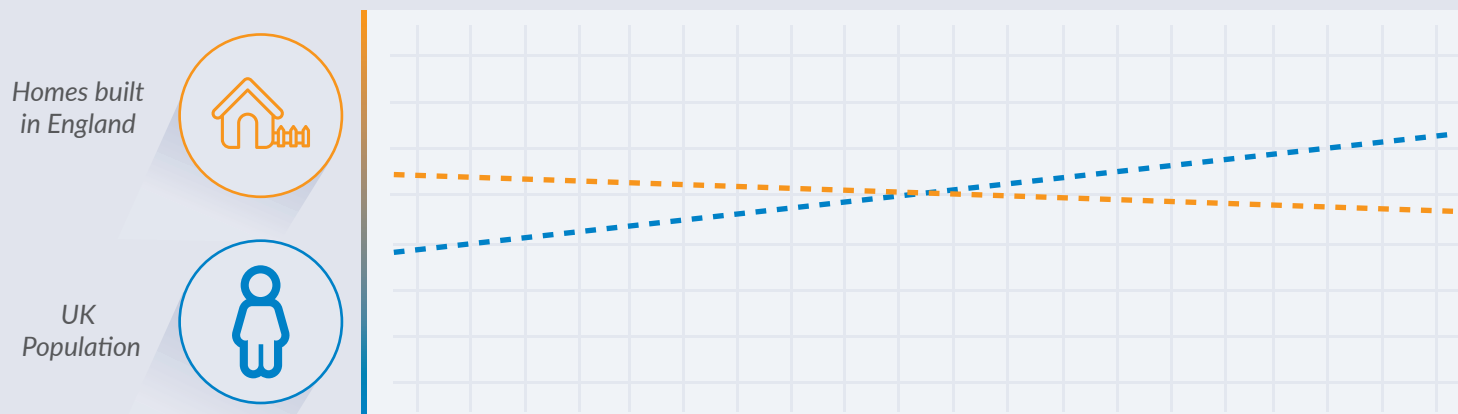
The housing crisis is one of the most significant societal issues affecting the UK. A lack of available housing – particularly affordable housing – has resulted in rent and house prices rising sharply over many decades. In turn, millions of people across the UK are living in unsuitable accommodation, while many millions more are unable to purchase their own property.

It is a complex, long-term problem that can be traced back more than half a century. Indeed, it has its roots in the decline of social housing and the sharp rise in property values, which became prevalent in the 1970s and 80s.

At the beginning of the 1970s, around one third of homes across Great Britain were affordable social housing provided by local authorities, according to government data. This ensured housing of a reasonable or affordable standard for those renting.

The Thatcher government then introduced further incentives to the already-established Right to Buy scheme, which enabled council tenants to buy their homes for a reduced price. The Housing Act of 1980 ensured even greater discounts, resulting in more affordable and social housing moving into private ownership. This continued in the intervening decades.

At the same time, homebuilding activity has dwindled while the population has grown at pace.



As noted, these converging trends have given birth to numerous issues.

Firstly, there has been an increase in the number of people living in low-quality or unsuitable homes. It is calculated that, at present, more than 8 million people in England – around 1 in 7 – are living in an unaffordable, insecure or unsuitable home, according to the National Housing Federation.

Secondly, the downtick in housebuilding and uptick in population numbers have converged to drive up house prices and rents. The result is that more people are stuck in rental accommodation, unable to save for and buy their own home.

Year	Average UK house price
1970	£4,057
1980	£20,268
1990	£58,162
2000	£96,892
2010	£170,365
2020	£238,211

Government Target:

To solve these problems, estimates suggest that between

300,000
and
350,000

new homes must be added to the UK's housing stock every year. Successive governments have made this their target, but all have fallen short.



2019/20 Homes Delivered:

Official statistics from the Ministry of Housing, Communities & Local Government revealed that

243,770

homes were delivered in 2019/20. It is short of the number that most agree is required.



However, there were positive to be taken from the number of homes delivered between 2019/20. It was the highest number of homes built in a single year since 1987, and it was also the seventh year in a row that the number of homes delivered has increased.

To delve further into this pertinent, emotive subject, Market Financial Solutions (MFS) commissioned an independent survey among a nationally representative sample of 2,000 UK adults. The survey respondents were asked about how the housing crisis has impacted their lives and the properties in which they live. Further, the research uncovers how much confidence the British public has in the Government's ability – and desire – to address the housing crisis.

This report outlines the findings of the study.

Key findings at a glance

The independent survey commissioned by Market Financial Solutions was carried out between the 22nd and 27th October 2021, by market research agency Opinium.

52%

of UK adults consider the housing shortage to be one of the most pressing social issues the UK is facing at present



Yet just

14%

are confident the housing crisis will be resolved by 2030, and only fractionally more (**15%**) think they will see the problem eradicated in their lifetime

Only
30%

of people are confident they will one day live in their dream home – this falls to **20%** among those currently living in rented accommodation

There is little faith in the Government, only
16%
are confident the current Government will hit its target of delivering 300,000 new homes every year for the rest of this parliament



Less than one in five (**18%**) believe the Government is truly invested in resolving the housing shortage

21% have to live in a poor-quality house or flat because of the shortage



Over a quarter (**26%**) of UK adults say the housing shortage has prevented them from getting onto or moving up the ladder, while **24%** say it has resulted in them living in a different part of the country to where they would ideally live

40% would be happy seeing more new homes built in their local area – homeowners (**36%**) are less likely than renters (**49%**) to feel this way

24% of UK adults have considered living in another country where there are better prospects of owning or renting their ideal type of property

Navigating the housing shortage

52

%

believe the housing crisis to be one of the most pressing issues facing the country at present. Amidst the ongoing, multifarious implications of the Covid-19 pandemic and ever-present environmental concerns, the shortage of housing in the UK remains a critical problem.



Market Financial Solutions' research highlighted just how this housing shortage is impacting people's living arrangements

21

%

of respondents said that are living in a poor-quality flat or house because of the lack of viable alternatives. This was more common for renters (29%) than owners (18%) and was particularly prevalent among millennials (34%) and Londoners (39%).



24

%

of Britons say the housing shortage has meant they are currently living in a different location to where they would like to live. Even more (26%) feel the housing shortage is preventing them from getting onto or moving up the property ladder.



24

%

of UK adults admit to considering moving to another country where they believe there would be better prospects of them owning or renting their ideal type of property. This figure rises to 39% among both the 18-34 age group and those in live in Greater London.



These statistics underline how restrictive the lack of available housing options is for people across the UK. With rents or house prices prohibitively high for some, they are left with little choice but to live in poor-quality homes, or in different parts of the country to where they wish to live.

What can be done?

The question, naturally, is what can be done to address the housing shortage?

Two in five (**40%**) say they would be happy to see more homes built in their local area.

However, homeowners (**36%**) are less likely to hold this view when compared with renters (**49%**). Those in the East of England (**31%**), South East (**32%**) and South West (**33%**) also have smaller proportions of people keen to see more housebuilding activity near them.



The majority (**61%**) of respondents would like to see the Government reform planning laws to make it easier to convert commercial properties into residential ones. Permitted development rights – or PDRs – have sought to make progress in this regard, but a wider overhaul of planning legislation has also been promised, although this policy has more recently been put on hold.

Almost three quarters (**73%**) of Britons would like to see local councils offer greater incentives, or themselves to be more incentivised, to renovate derelict properties so they can be made available as housing. According to the most recent government figures released in November 2020, over **268,000** homes in England alone have been empty for at least six months.



Confidence in the Government and a resolution

Focus, then, turns to the UK Government and how much confidence the British public has in it to find a resolution to the housing crisis.

Market Financial Solutions' independent study reveals that just **16%** of UK adults are confident the Government can meet its target of delivering 300,000 new homes every year over the next five years.

Moreover, less than a fifth (**18%**) believe Boris Johnson and his party are truly invested in resolving the housing shortage.

16%



Perhaps unsurprisingly, therefore, a mere **14%** of respondents are confident the housing crisis will be resolved by 2030, with women (**10%**) less confident than men (**17%**) in this outcome.

Only fractionally more people (**15%**) believe they will see the problem eradicated in their lifetime.

14%



More broadly, just **14%** of people – falling to **12%** among renters – feel the gap between salaries and house prices will narrow in the coming decade.

Moreover, the survey found that less than one in three (**30%**) people are confident they will one day live in their dream home.

14%



Focus on sustainability

Elsewhere, Market Financial Solutions' study delved into sustainability, which has become an increasingly prevalent subject in recent months, particularly with COP26 taking place in early November.

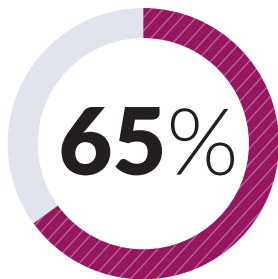
The way that homes are built and run has a critical role to play in tackling climate change.

In fact, the worldwide real estate sector as a whole currently consumes almost

40%
of global energy annually.

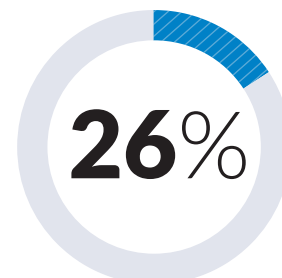
Addressing the housing shortage must therefore also take into consideration the need for progress in the field of sustainability.

Indeed, Market Financial Solutions' survey found that



of UK adults feel there must be a stronger focus on addressing sustainability issues when building new residential properties.

However, just over a quarter



are confident that property developers will ensure new homes are sustainably built and environmentally friendly.

This will be a prominent trend within the property sector in the months and years to come. The housing crisis and the environmental crisis are evidently going to be interlinked.



Thoughts of Market Financial Solutions

The complexity of the housing crisis and its ramifications on different pockets of society cannot be underestimated. But Market Financial Solutions' research certainly unearths many prevalent issues, all of which warrant urgent attention.

First and foremost, the fundamental truth is that the lack of available housing – and the way in which this pushes up property prices and rents – is leading to large portions of the UK public having to live in low-quality homes, or in places they do not actually want to be. Clearly, the country's housing stock must be ramped up, and fast.

Creative efforts will no doubt be needed to achieve this, with the public and private sectors having to collaborate closely. Planning reforms will be important; this will reduce red tape and ensure more property developers get the green light to build homes. In line with this, the Government must assess how available land across the country can be best used for new-builds – brownfield land is under the microscope, and changes will likely be introduced to free up such areas for residential construction projects.

Interestingly, Market Financial Solutions' research highlights that more people want to see commercial properties converted into residential dwellings. This is a pertinent topic, given the pandemic has resulted in many commercial premises being vacated – could these buildings be repurposed to turn them into potential homes? Expect this to be a heated debate in the coming months.

One of the biggest takeaways, however, is the lack of confidence that the UK public ultimately has in the Government. The vast majority do not feel Boris Johnson et al will meet their new-build targets, or indeed that the current Government has fully invested in tackling the crisis.

This is understandable. For decades, Britons have heard politicians set bold targets for how many new homes will be built in a certain year or parliament – these targets have been missed time and time again. This has eroded trust, to the point at which people clearly do not believe that MPs are capable or interested in resolving the housing crisis.

As the UK emerges from the pandemic, more must be done by stakeholders across the property sector. Most notably, the Government must combine policy reform with public investment to ensure housebuilding activity accelerates. But the property finance sector has a role to play.

At Market Financial Solutions, we are calling on lenders to support where possible. For instance, we supply bridging loans to allow investors to convert commercial properties into residential dwellings; extend existing homes; and renovate derelict buildings. This, and much more besides, has to remain a focus for lenders.

If financial resources can be put behind those that are able to deliver the physical housing infrastructure required, then there is a far better chance that the housing crisis can be addressed in the years to come. As our research shows – there is not a moment to be wasted.

Paresh Raja, CEO





HOUSING CRISIS

Impact on UK Population and Their Confidence in a Resolution