

Consumer insights for housebuilders 2022

A survey of buyers active in the new homes and resales markets



Our new survey covers...



New homes

Respondents who had either bought or intended to buy a new-build property.

Resale

Respondents who had either bought or intended to buy a second-hand property.

Buyers

Respondents who had bought a new home or resale property in the 18 months leading up to April 2022.

Intenders

Respondents who were planning to buy within the next 18 months.

Introduction

Two years after entering the first national lockdown, we find a housing market that has outperformed expectations in terms of transactions and house price growth. Initially, strong sales and buyer demand could be explained by the 'space race', considerations around work-life balance, and government intervention. But are the same factors still driving market activity?

Our survey of 2,615 people captures the views of those who have either bought a home in the last 18 months or intend to buy one over the next 18 months. The survey looks in detail at the whole housing market, then focuses specifically on new home buyers and what these insights may mean for housebuilders in 2022 and beyond.

We examine three main areas

- How do buyers fund purchases? What types of homes and amenities do they look for? And how long does the buying process take?
- What motivates different groups when it comes to buying a home?
- How do buyers feel about energy efficiency? What do they know about it and how do they understand its role in new home construction?

Our respondents are grouped into four main household categories

- **Pre-family households:** 18 to 34-year-olds without children.
- ▲ **Families:** Over 18s with children.
- **Couples and single occupiers:** Households aged between 34-55 without children.
- **Older households:** Over 55s without children or whose children no longer live at home.

What buyers want...

Key takeaways

Pent-up demand to move following the reopening of the housing market has seen a wide range of buyers enter the fray. While families and older households have been able to leverage the gains from strong house price growth, younger buyers have not had the same advantages. But buyer schemes, such as Help to Buy and affordable homeownership have somewhat bridged the affordability gap for this audience – with 39% of new home buyers aged between 24 and 34 using Help to Buy and a further 17% using other homebuyer initiatives.

The 'reassessment of the home' and the desire for space was a clear theme for both resale and new home respondents. Over half of those surveyed had bought or were looking to buy a detached or semi-detached house. The extra living space provided by larger homes was also important to buyers, with some 70% of respondents looking for 3+ bed properties.

Recent buyers were receptive to simplifying the buying process and using technology to do so. Just over 85% of buyers thought an online portal that tracked the buying process end-to-end would be something they'd like to see.



For existing homeowners, strong house price growth over the last 18 months has increased the equity they hold in their home – and nearly a third of all buyers capitalised on these equity gains to facilitate a move.

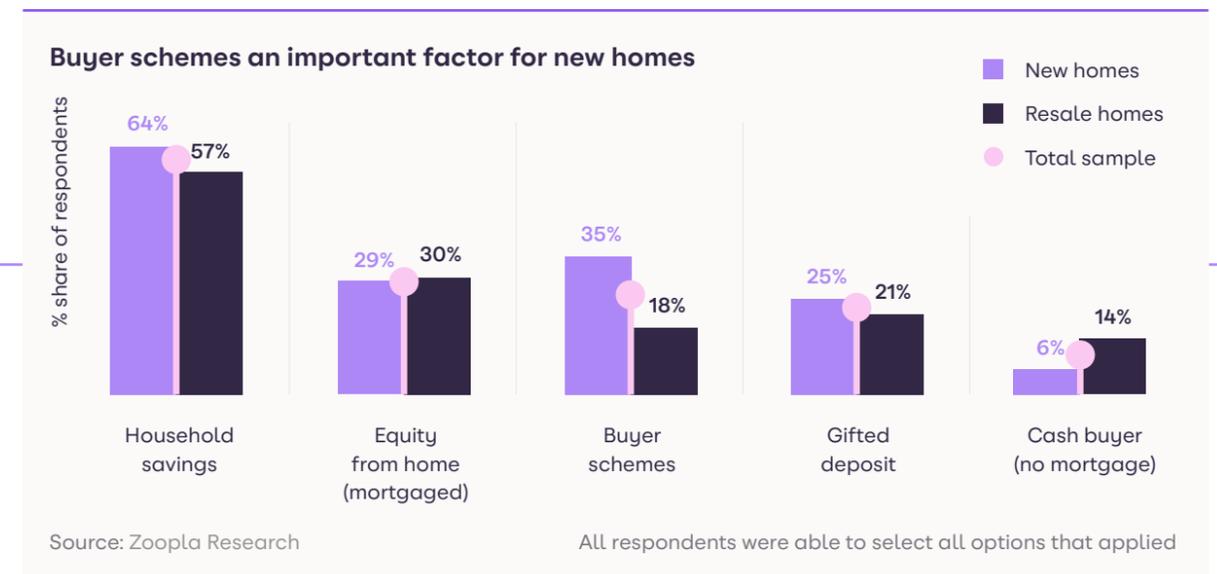
30% of all buyers

Buyer deposits

British households were able to build up savings during lockdown, given the limited opportunities to spend, according to the Office for National Statistics (ONS). This boost to their finances, coupled with a reassessment of the home during multiple lockdowns, prompted would-be buyers to act on their desire to move once the housing market re-opened in May 2020.

For existing homeowners, strong house price growth over the last 18 months has increased the equity they hold in their home – and nearly a third of all buyers (29% new build and 30% resale) capitalised on these equity gains in order to move.

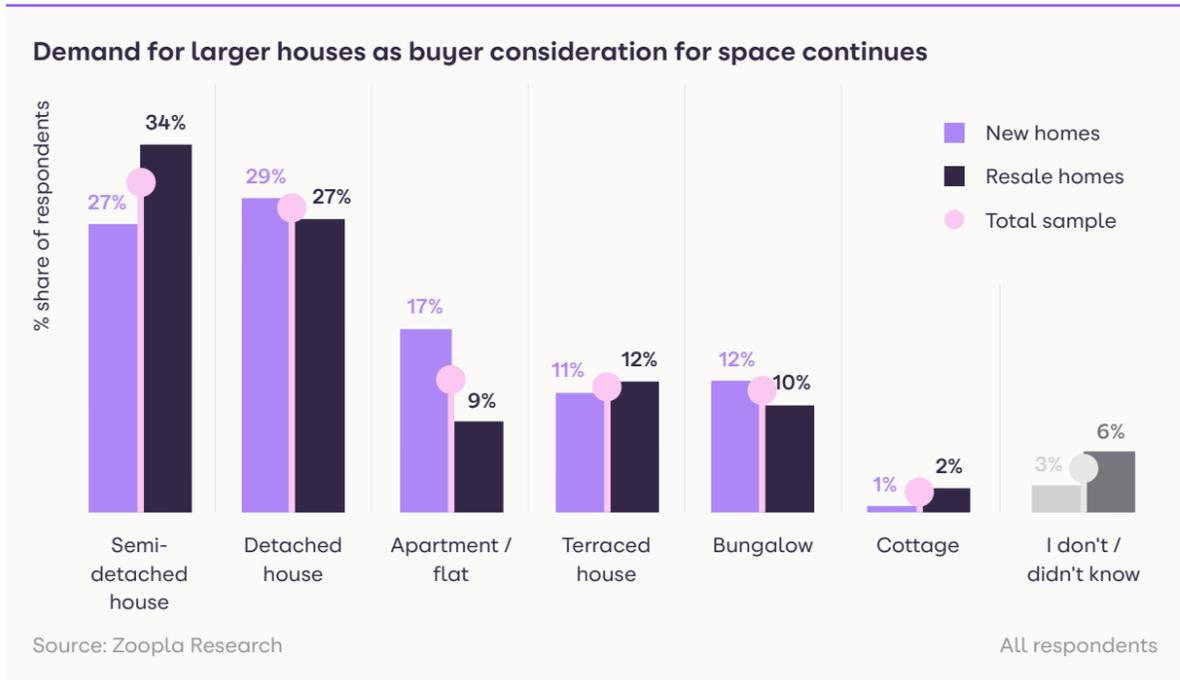
The importance of the government's Help to Buy equity loan scheme for new home buyers is also evident, with 1 in 5 new home transactions supported by the scheme. This rises to 39% for new home buyers aged 24 to 34. In addition, some 17% of new home buyers used alternative initiatives, such as a Lifetime ISA, the mortgage guarantee scheme or affordable homeownership schemes. This highlights the level of support that first-time buyers need in order to get on the housing ladder. Our data also reveals that more cash buyers chose resale properties than new homes – with 14% of buyers and intenders in the resale market buying without a mortgage, compared to 6% in the new homes space.



Property type

Our survey shows there was broad consensus across buyer groups on the size of the properties they bought or intended to buy. Semi-detached and detached houses were the most sought-after homes among buyers, with over half of new build and resale respondents saying they had moved or would move to this type of property.

Almost 1 in 5 new build buyers/intenders were open to the idea of living in a new-build apartment. Regionally, this figure rises to 1 in 4 buyers/intenders in the South East and London, indicating that a combination of affordability constraints and stock availability plays a greater part in their decision. (Note that approximately 85% of newly-built homes in London are apartments.)

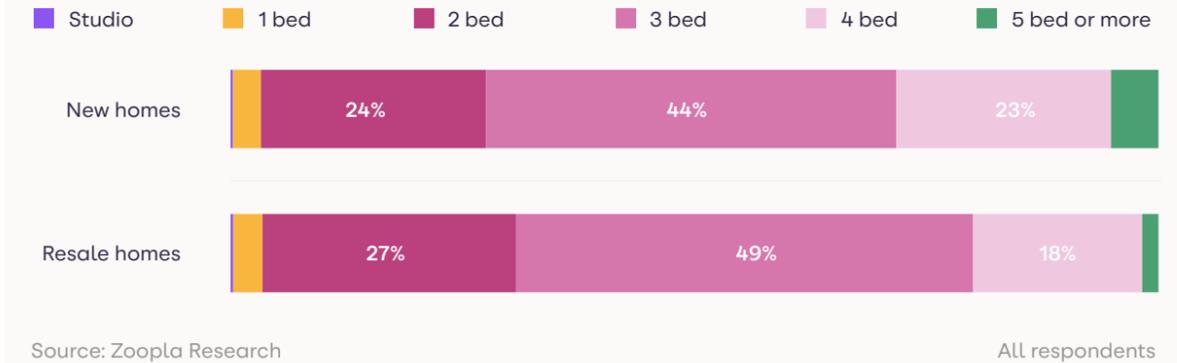


Size of home

Almost half of all respondents (across all buyer types) said they were looking to buy, or had already bought, a 3-bed home. This echoes the buyer preference for detached and semi-detached houses outlined above.

When it comes to buying a new home versus a resale property, there is a more significant skew in preference towards larger, 4+ bed homes (28% vs 20%). This also suggests a preference for larger spaces that can be used in multiple ways – as home offices, storage spaces or recreation rooms, for example.

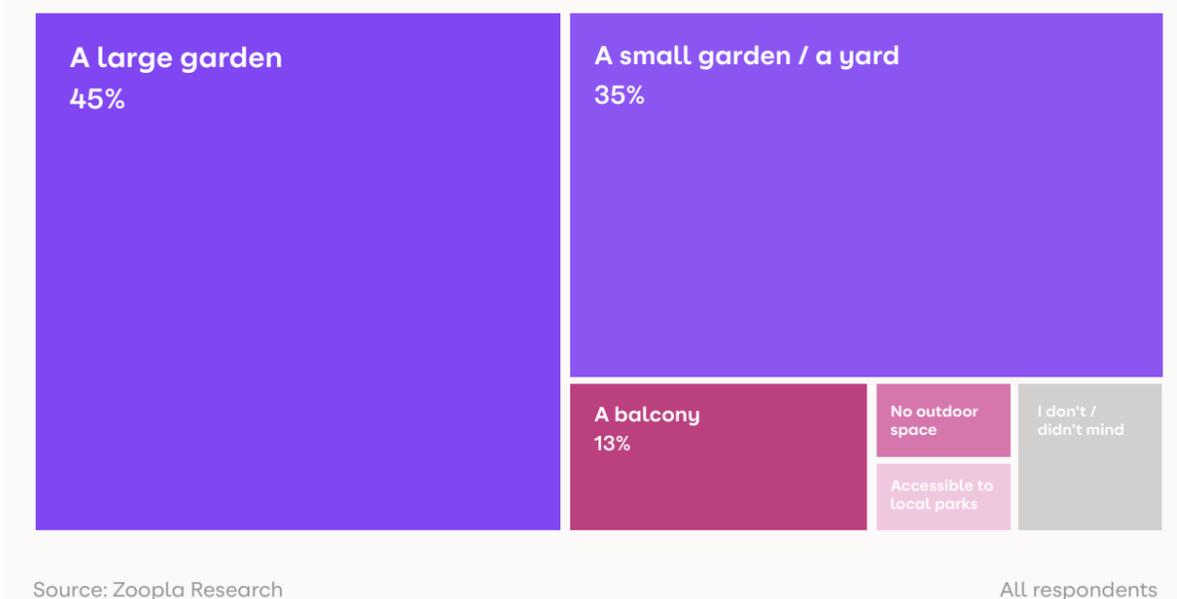
Buyer preference for three-bed properties is clear



Outdoor space

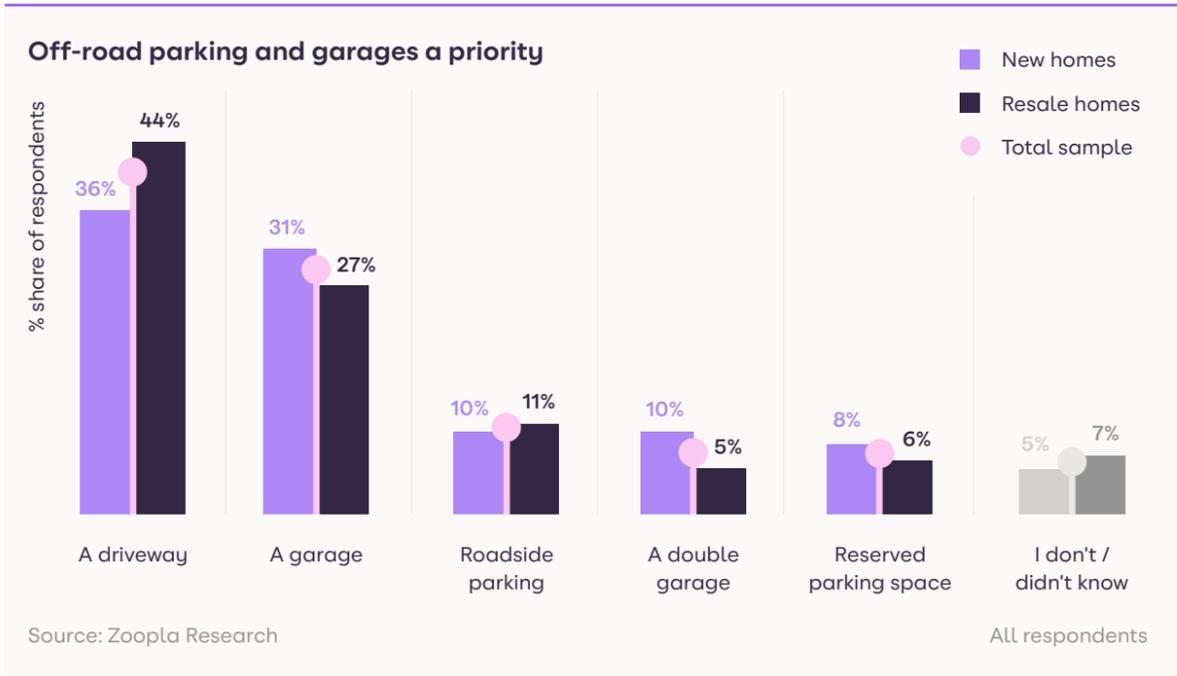
Following the pandemic, outdoor space was often cited as an important feature for those wanting to move. Some 84% of survey respondents said they wanted a garden. Indeed, this has been a long-term requirement for buyers since before the pandemic – with ‘gardens’ and ‘garages’ remaining the top 2 keyword searches on Zoopla among new home and resale buyers over the last 3 years.

Private garden space or yard a priority for 80% of all buyers



Parking

The space to keep a vehicle is a key issue that impacts entire neighbourhoods, as well as individual households. Some 94% of all respondents said they wanted some form of parking at their new home, with off-road parking – either a garage or a driveway – a preference for the majority. For new home buyers, more than 40% said they preferred a garage or a double garage rather than a driveway – which suggests the opportunity to repurpose such spaces for home working or leisure became more of a focus during the pandemic.

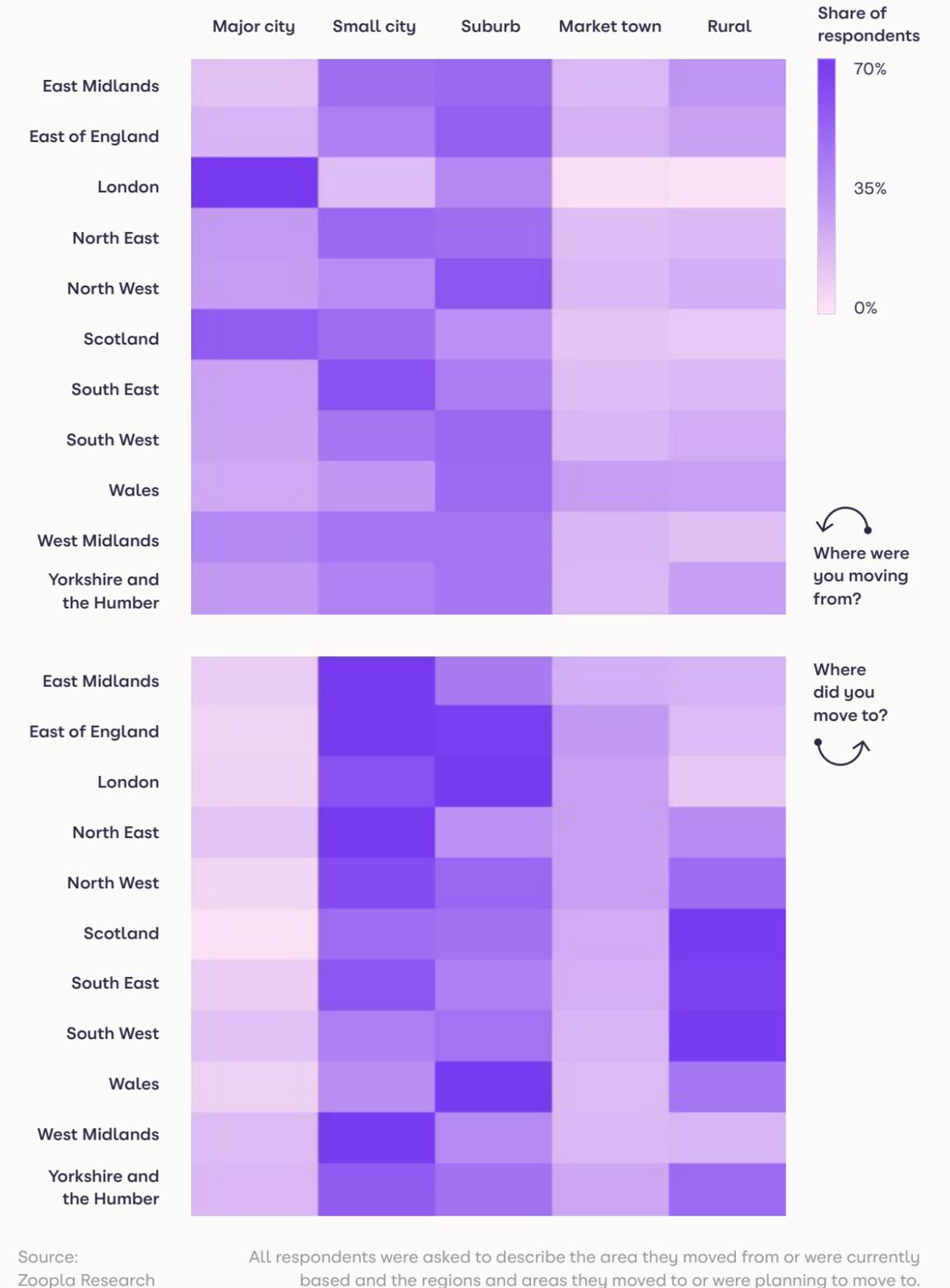


Location, location, location

The charts overleaf show where our respondents moved from or were/are based, as well as where they moved to or were/are planning to relocate. With the exception of London, most markets are fairly evenly distributed across most areas reinforcing the nationwide reassessment of the home across all housing markets.

A more distinct pattern emerges when we look at the areas people move to, with a clear preference for smaller cities and the suburbs among buyers. The data also signals demand for homes in more rural locations in the South East, the South West and Scotland, where the increased opportunity to work further afield has prompted buyers to address their work/life balance and move to quieter locations.

Where did respondents move from and to by region?

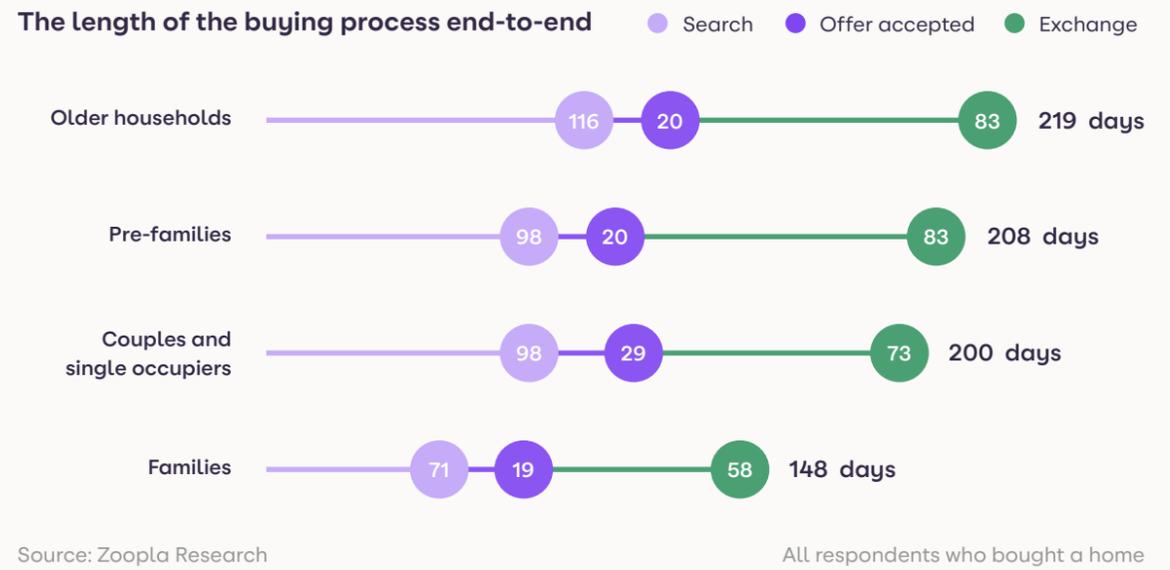


The buying process – search to completion

Buying a home can often be a lengthy and complicated process. We asked those who had purchased a home in the last 18 months to estimate the time it took from search to exchange in days. New home buyers, on average, completed within four months (125 days) of their initial search, with resale buyers taking almost three months longer (223 days in total). This indicates that buyer chains have an impact on the buying process at the search and exchange stages in the resale market. The data also reflects the congestion around achieving completion during the pandemic.

The purchase process varies by buyer group, with older households – who are perhaps more selective with their requirements – taking some 240 days from initial search to exchange. In contrast, families take just 160 days. For the pre-family audience, where affordability is a more significant concern, buyers typically take 203 days from search to exchange.

The length of the buying process end-to-end



Our survey also shows a clear correlation between buyers' overall satisfaction with the purchase process and the speed of the transaction once an offer has been accepted. Buyers who had a 'very good' or 'good' experience typically saw the process between offer accepted and exchange take less than half the time compared to those who had a 'poor' experience (65 versus 138 days).

Time to exchange impacts buyer satisfaction



Source: Zoopla Research

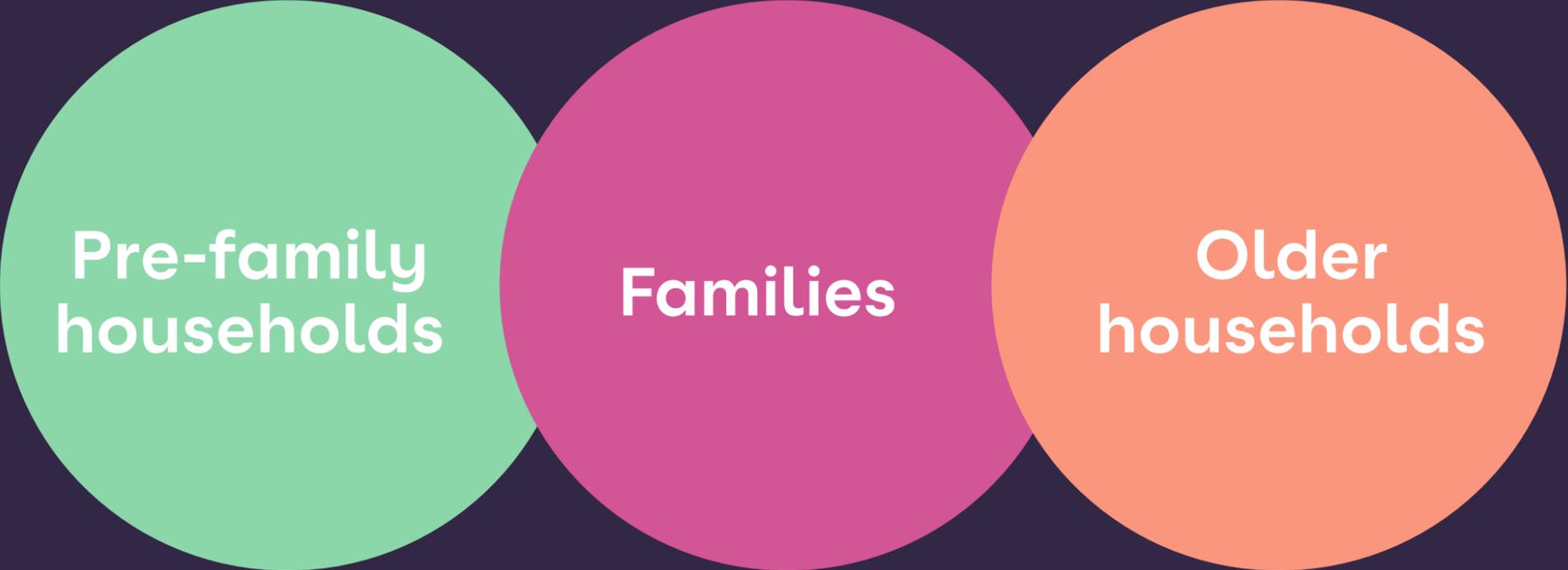
All respondents who bought a home

The importance of communication throughout the buying process cannot be underestimated, with 30% of buyers rating their experience 'just ok' or 'poor'. Our survey shows that most buyers in the new homes and resale markets used a combination of email and phone calls to manage the buying process across multiple stakeholders (including lenders, conveyancers, surveyors and agents/developers). Over 85% of buyers were receptive to streamlining this process by using technology – such as an online portal that tracked and monitored the progress of their purchase end-to-end.

The headline findings shared in this chapter illustrate how, by understanding buyer preference and the differences between resale and new-build properties, housebuilders can better target audiences – and potentially tempt resale buyers to consider new homes.

The next section of this report digs deeper into individual buyer groups to understand the motives and triggers around buying. It also examines how these factors vary in relation to new-build and resale properties.

Trends by buyer group



**Pre-family
households**

Families

**Older
households**

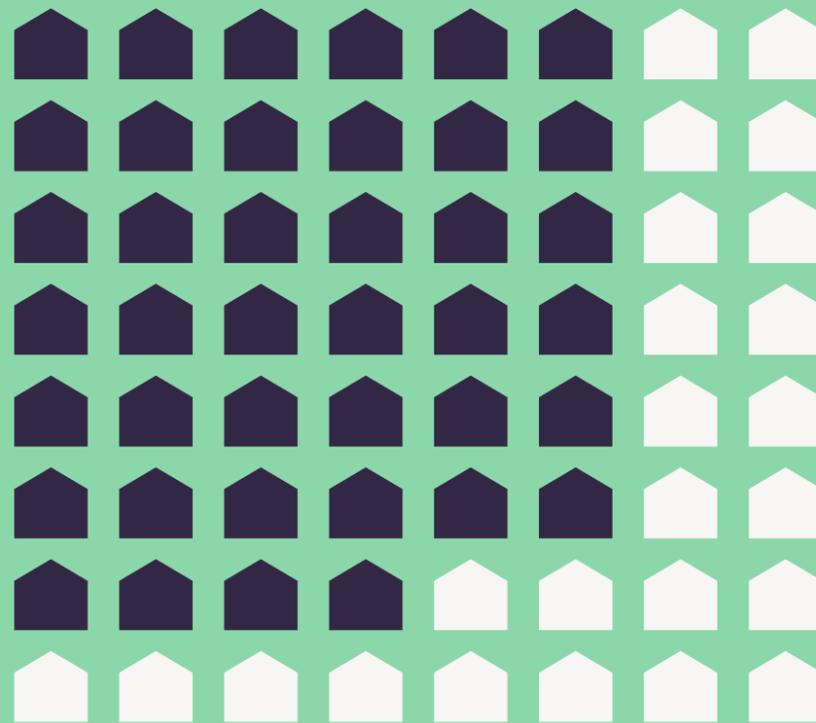
With the end of Help to Buy and the impact of the cost of living crisis on personal finances, understanding – and finding – new audiences will be increasingly important for housebuilders in 2022 and beyond.

This next section aims to create a portrait of the three main homebuyer groups of pre-family households, families and older buyers. It specifically looks to understand their wants and needs when buying a new-build property.

Up to now, we have referred to a fourth buyer group – couples and single occupiers aged 35-55. Though an important and growing cohort, they cover a wide range of buyers with no single motive to buy. As such, we have excluded them from the next section of our report. (You can request access to the data on this group using the contact details at the end of the document.)

Pre-family households

Younger singles or couples aged 18-34 without children.



63%

of pre-family households surveyed would consider buying a new-build property

Source: Zoopla Research

Key takeaways

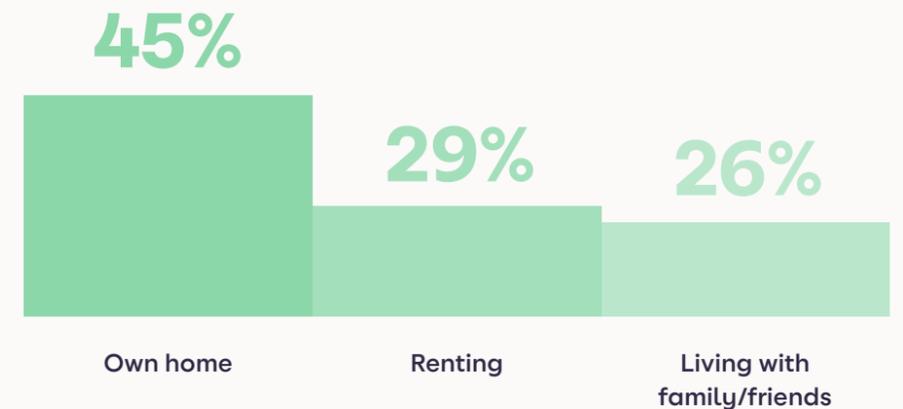
Over half of pre-family buyers come from the private rented sector or were living with family/friends (29% and 26% respectively).

While 76% of pre-family households use personal savings to buy their homes, they often boost their deposit with help from the 'bank of mum and dad' (25%) and home-buying schemes (31%).

Location is an important factor for this buyer group, as they look for more affordable properties on the outskirts of town – typically a 2 or 3-bed semi-detached house.

Tenure before buying

Recent government strategy has focused on getting 'generation rent' into homeownership. Pre-family households and younger families with children have been the primary beneficiaries of policies such as Help to Buy and affordable homeownership (shared ownership and the recent first-home initiative). Indeed, our analysis shows that over half of pre-family buyers come from the private rented sector or were living with family/friends – perhaps a trend that intensified over the pandemic, as renters moved back home to be closer to family or cut costs.

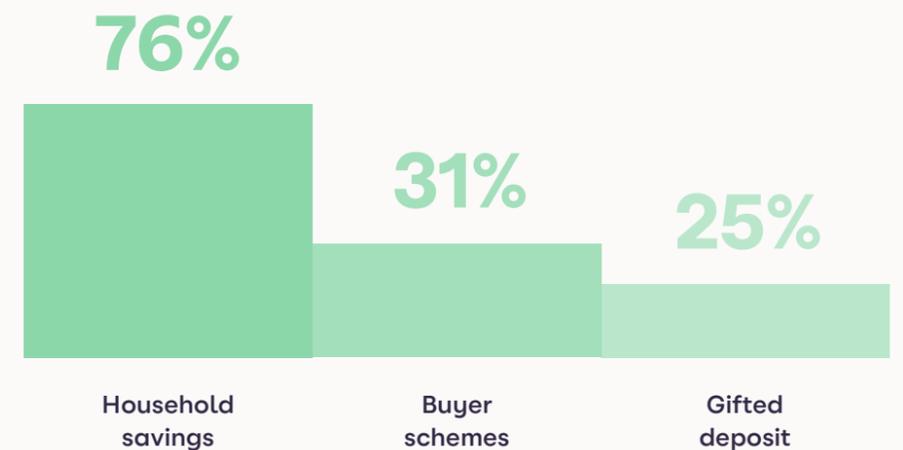


Source: Zoopla Research

All pre-family respondents

Top three routes to building a deposit

Unlike other older buyer groups who have benefitted from house price growth over the pandemic, only 45% of pre-family respondents were already on the housing ladder. This means pre-family households have looked to different sources to bolster their savings, with the 'bank of mum and dad' (25%) or home-buying schemes (31%) proving an important factor in homeownership.



Source: Zoopla Research

All pre-family respondents

Household make-up

While over half of pre-family households were couples, 27% of this buyer group looked to partner with another family member or friend to pool their resources and buy together.

Housebuilders could look towards the build to rent (BTR) sector where shared living is more common. BTR developers have targeted sharers specifically by building two-bed/two-ensuite apartments to help them live more independently under one roof.



Where are buyers moving from/to?

With affordability and the desire to move into a three-bed home playing a key role in buyer decisions, pre-family households may be compromising on location. Our data shows a clear trend for new home and resale buyers moving from cities to more affordable suburbs and smaller neighbouring towns.



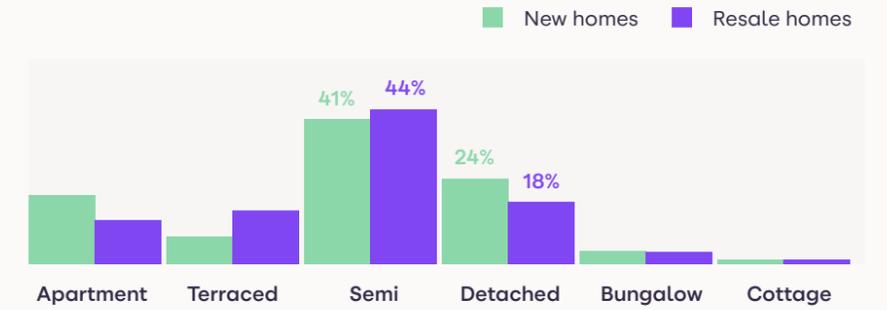
Property type and bed count

Our survey shows that three-bed houses were the most popular property type among pre-family households. Some 73% of new-build buyers and 80% of resale buyers said they were looking for a home that they could grow into or would provide the space for a home office or leisure facility.

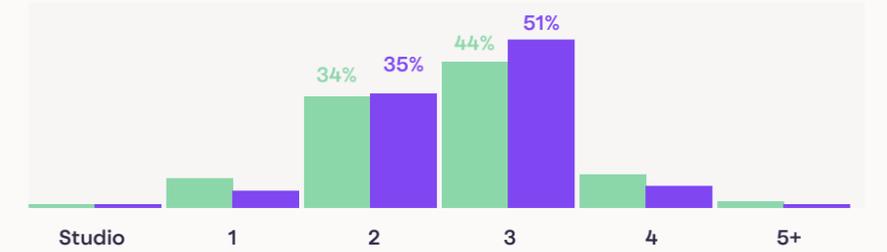
In pricier markets across the South East and London, this preference shifts to new-build one- and two-bed apartments – and almost one in five pre-family respondents favoured flats.

Overall preference by property type

% share of respondents



Looking to grow into 3-bed homes



Key considerations when buying

Pre-family households prioritise location (55%), and specific neighbourhoods (29%), as they look to juggle work-life balance with affordability.

In addition, tighter budgets mean this group is more alert to outgoings – with 25% of respondents citing the ongoing cost of homeownership as a buying consideration compared to 18% of all respondents.

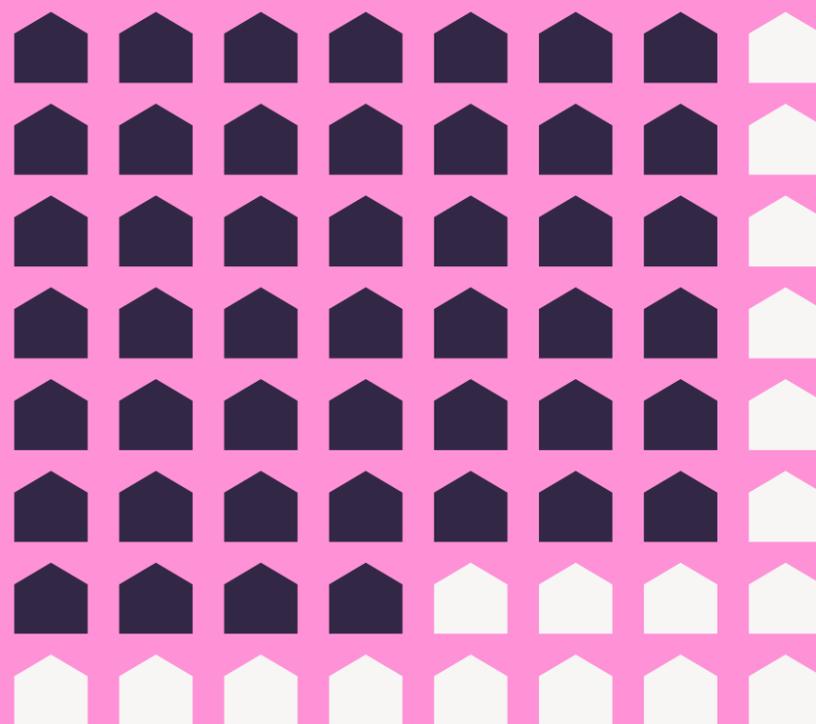


Data source of all charts: Zoopla Research

All pre-family respondents

Families

Households aged over 18 with children living at home.



73%

of families surveyed would consider buying a new-build property

Source: Zoopla Research

Key takeaways

Most families were already existing homeowners (75%), with the remaining quarter of respondents either renting or living with family/friends.

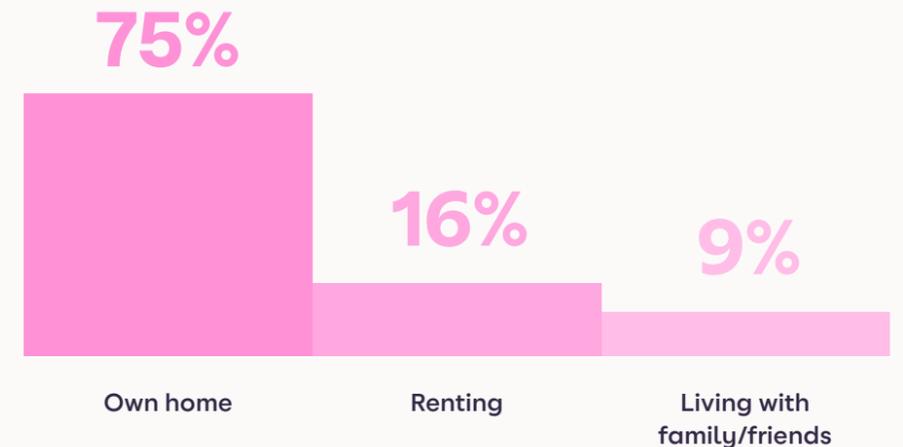
The need to incorporate professional and family space was reflected in both the type of property and the bed-count families were looking for. Almost 60% of respondents favoured semi-detached and detached houses, and just over 80% were looking for homes with three or more bedrooms.

Just over a third of family respondents prioritised specific neighbourhoods to fit their lifestyle requirements, such as education and proximity to work.

Tenure before buying

Most families were already existing homeowners (75%) before planning their next move. The remaining quarter of respondents were either renting or living with family/friends.

For those who already owned their home, the pandemic provided time to reflect on what they really wanted from it. This re-consideration of the home, plus the potential savings from stamp duty holidays in England and Wales, encouraged more buyers to make the move to a new property that fulfilled their needs.



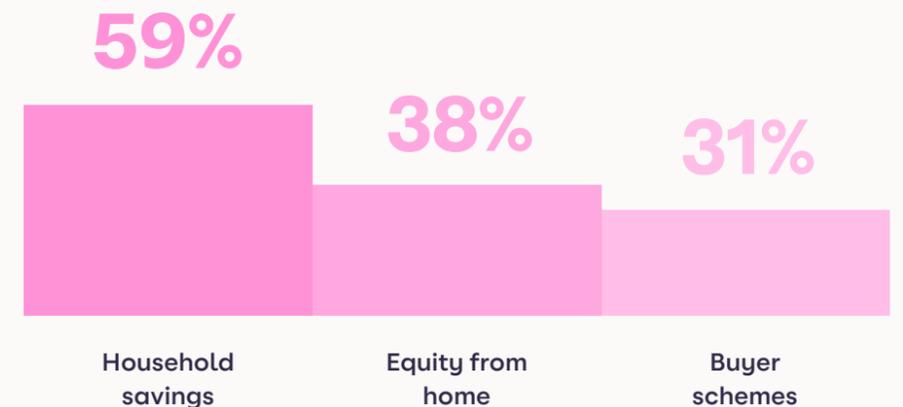
Source: Zoopla Research

All family respondents

Top three routes to building a deposit

While 59% of households used personal savings to fund their deposit, 38% were able to leverage house price gains in order to move.

31% of families used or were planning to use buying schemes – such as Help to Buy and affordable homeownership – to aid their move. This is broadly in line with the share of households moving from the private rented sector and those who were living with family/friends.



Source: Zoopla Research

All family respondents

Household make-up

The family buyer group accounts for just over half of all survey respondents at 53%. Families aged over 35 make up 72% of our sample. This signals a broader trend in slower household formation rates in younger families, as affordability constraints are often more of a challenge for those under 35.

The family buyer group is dominated by couples (85%), with just over a fifth of respondents (18%) identifying as single parents. Just over 1% are sharers.



Where are buyers moving from/to?

With families perhaps more tied to their surroundings due to school and work commitments, we see the areas families moved to and from broadly mirror each other compared to the other buyer groups.

Urban markets and the surrounding suburbs offering space for families to grow are a priority, with a third of families considering new-build homes looking to move to the suburbs.



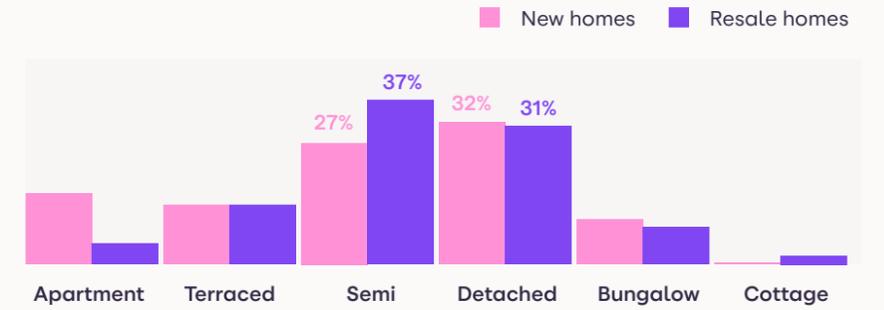
Property type and bed count

When a young family first buys a home, their needs are often centred around raising children. Unsurprisingly, as families grow over time, their requirement for space changes. Our survey shows that while three-bed properties were a priority for almost 50% of families, there was an apparent demand for larger new-build homes with four or more bedrooms too.

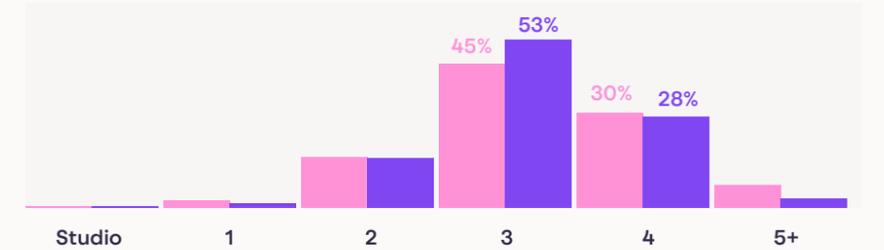
The need for space is also reflected in the property type buyers were looking for, with almost 60% of all families favouring semi-detached and detached houses.

Overall preference by property type

% share of respondents



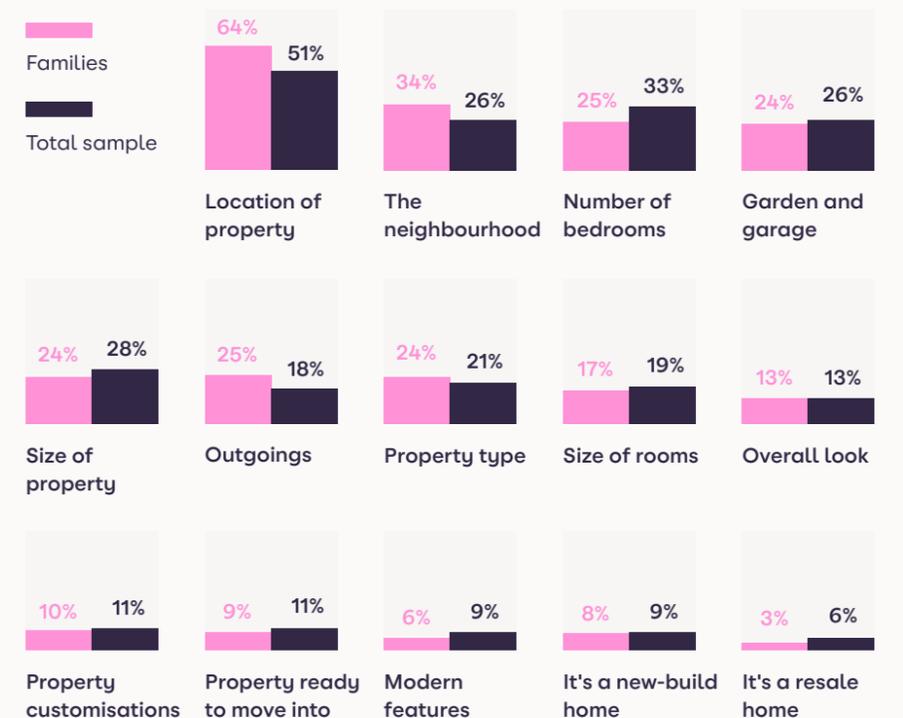
Larger 3+ bed homes a priority



Key considerations when buying

Locations and specific neighbourhoods – such as school catchment areas – scored highly among families, with 64% of buyers prioritising the location of the home and 34% identifying a certain area for their next move.

Space to live and work was a key consideration, with the number of beds a deciding factor for almost a third of respondents.

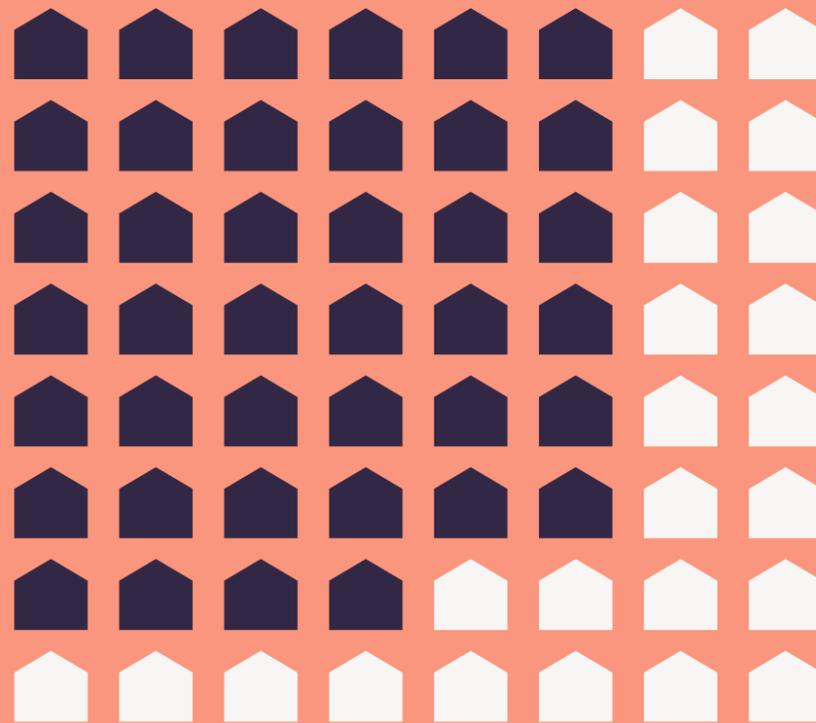


Data source of all charts: Zoopla Research

All family respondents

Older households

Households aged over 55 with no children living at home.



63%

of older households surveyed would consider buying a new-build property

Source: Zoopla Research

Key takeaways

Just under 90% of older households said they owned their previous property – almost double the share of pre-family respondents.

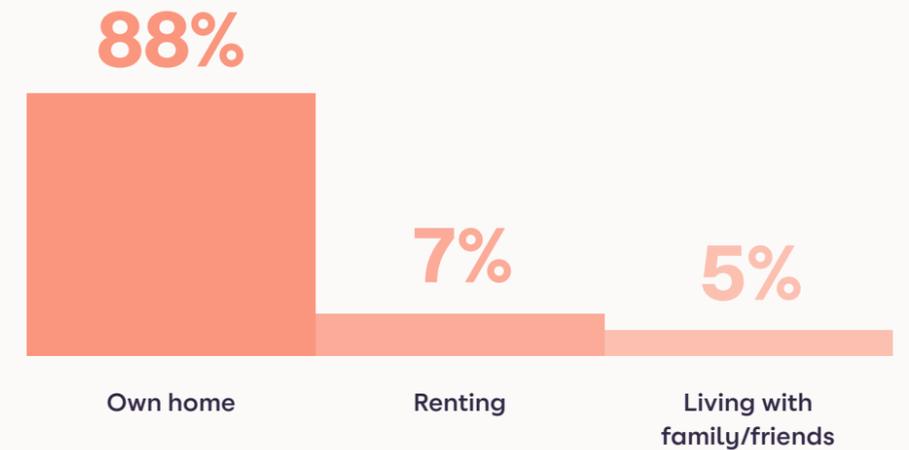
Many of these buyers may have lived in their homes for more than 20 years and will have benefited from rising house prices. Some 27% of older households were cash buyers, with an additional 15% using equity from their homes to facilitate a move.

Indoor and outdoor space was a priority for this buyer group, with just under half of respondents looking for a 3-bed property, and a third of buyers citing gardens and/or garages as a key feature.

Tenure before buying

Some 88% of older households owned their home, and 67% didn't have a mortgage.

This audience has benefitted from increased demand for larger family homes over the pandemic. In turn, they have taken the opportunity to plan how and where they want to live as they move into retirement.

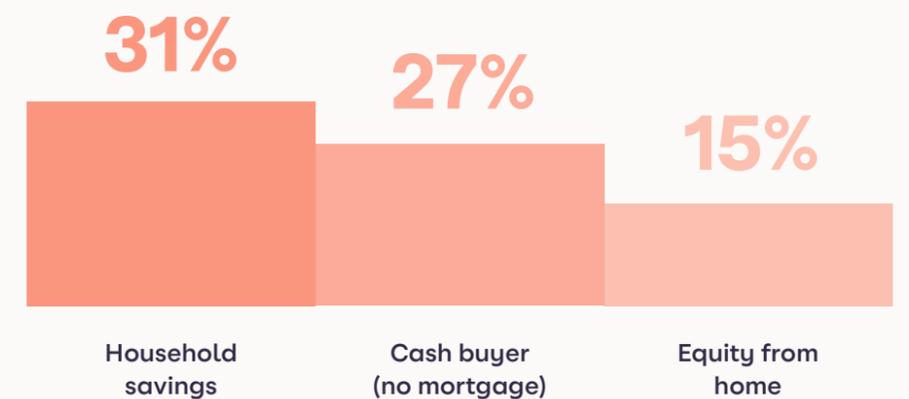


Source: Zoopla Research

All older household respondents

Top three routes to building a deposit

Older households have benefitted from rising house prices over the last 20 years. Almost a third of households were able to buy without a mortgage and 15% have used equity from their current home to fund their purchase. Older households that used personal savings to buy accounted for just 31% of respondents – almost half that of families.



Source: Zoopla Research

All older household respondents

Household make-up

Understandably, we see an increase in the number of single adults in this group, as separation or the death of a partner becomes more common in older households. However, this doesn't necessarily translate into demand for one-bed or studio homes. As highlighted in the chart below, less than 5% of older households are considering a smaller property.



Where are buyers moving from/to?

Older households are perhaps looking to move more for lifestyle reasons and have the financial freedom to be more prescriptive in what they want from their next home.

There is clear evidence that this audience favours moving to more rural and suburban locations in the resale market. That said, just over half of new home buyers either bought or are considering a new-build property in cities and towns.

Share of respondents



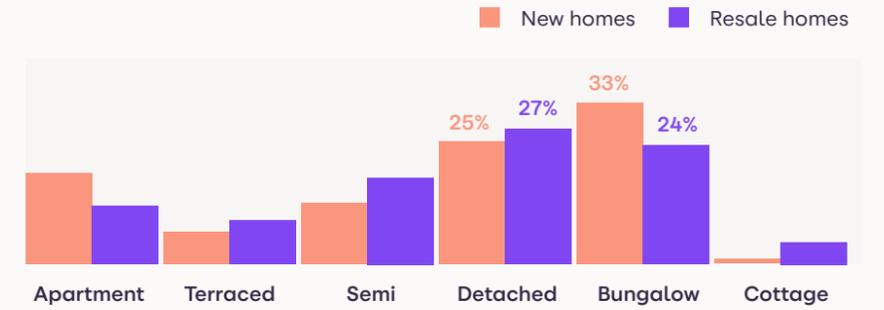
Property type and bed count

Space is a crucial consideration for this audience, with just under 65% of buyers favouring a home with three or more bedrooms. Though bungalows account for just 2% of housebuilder completions annually (source: NHBC), a third of older buyers showed interest in purchasing a new-build bungalow.

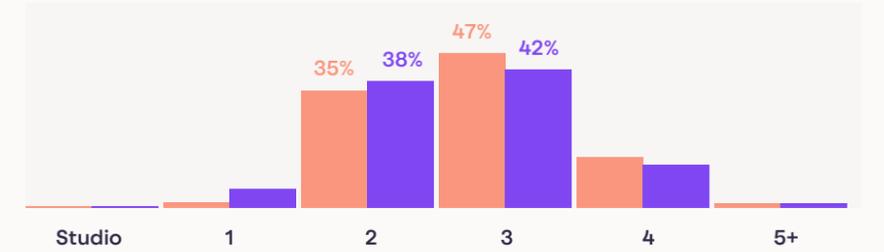
Housebuilders are unlikely to reconcile buyer demand for bungalows, as planning departments prioritise higher-density sites to meet delivery targets. But there could be some opportunity to tempt older households who are interested in living on a single level into urban apartments.

Overall preference by property type

% share of respondents



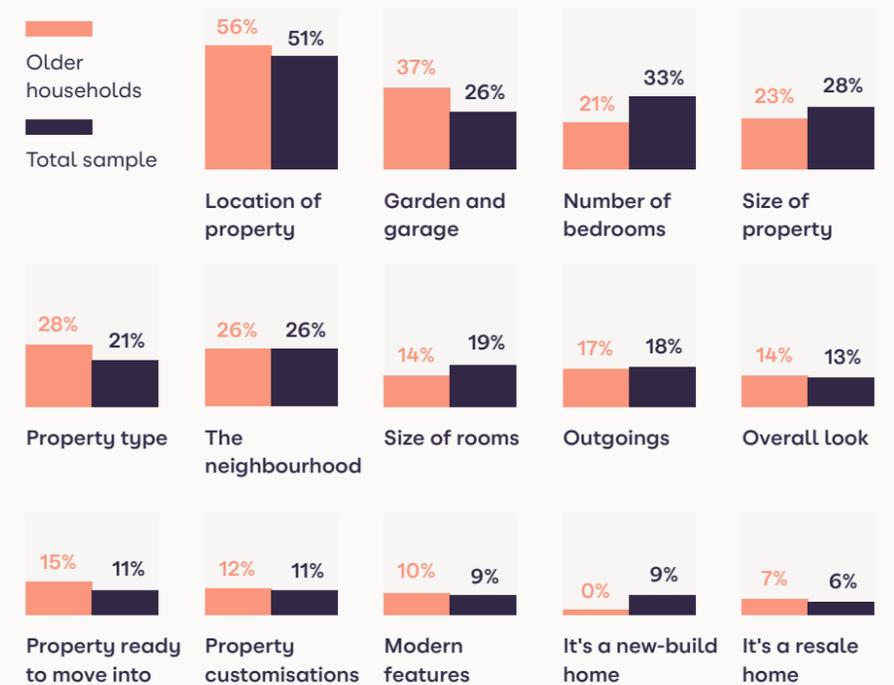
Space is still a consideration



Key considerations when buying

While just over half of older buyers prioritised the location of their new property, outdoor space was also a key feature for this buyer group. Some 37% of respondents highlighted the importance of having a garage and garden, compared to a quarter of all respondents.

Property type and the property being ready to move into also scored highly, as older buyers want to pick and choose the specification and finish of their homes before moving in.



Data source of all charts: Zoopla Research

All older household respondents

Energy opportunities



Key takeaways

Nearly 70% of new build respondents said energy efficiency was an 'extremely' or 'very' important factor in their decision to buy a new home. That compares to 41% of resale respondents.

For buyers who moved into a new home in the 18 months to March 2022, 70% reported their new home was more energy-efficient than their previous property.

While more than two-thirds of respondents thought that new homes were more efficient than resale properties, they typically underestimated the potential cost savings of moving to a high-rated EPC home.



70%

...of new home buyers said that energy efficiency was an important factor in their decision to buy

Energy efficiency: a key differentiator between resale and new build homes

As day-to-day living costs continue to rise, 2022 looks set to be a challenging year for consumers – particularly as they attempt to balance their personal finances with the ambition to live a greener lifestyle.

Our survey shows that energy efficiency now plays a far greater role in buyer decision-making. In fact, almost 70% of new home buyers said that energy efficiency was an important factor in their decision to buy a new-build property.

In this respect, new-build homes have a clear advantage over their resale counterparts. In 2021, some 84% of newly built homes received an 'A' or 'B' EPC rating compared to just 3% of resale homes.

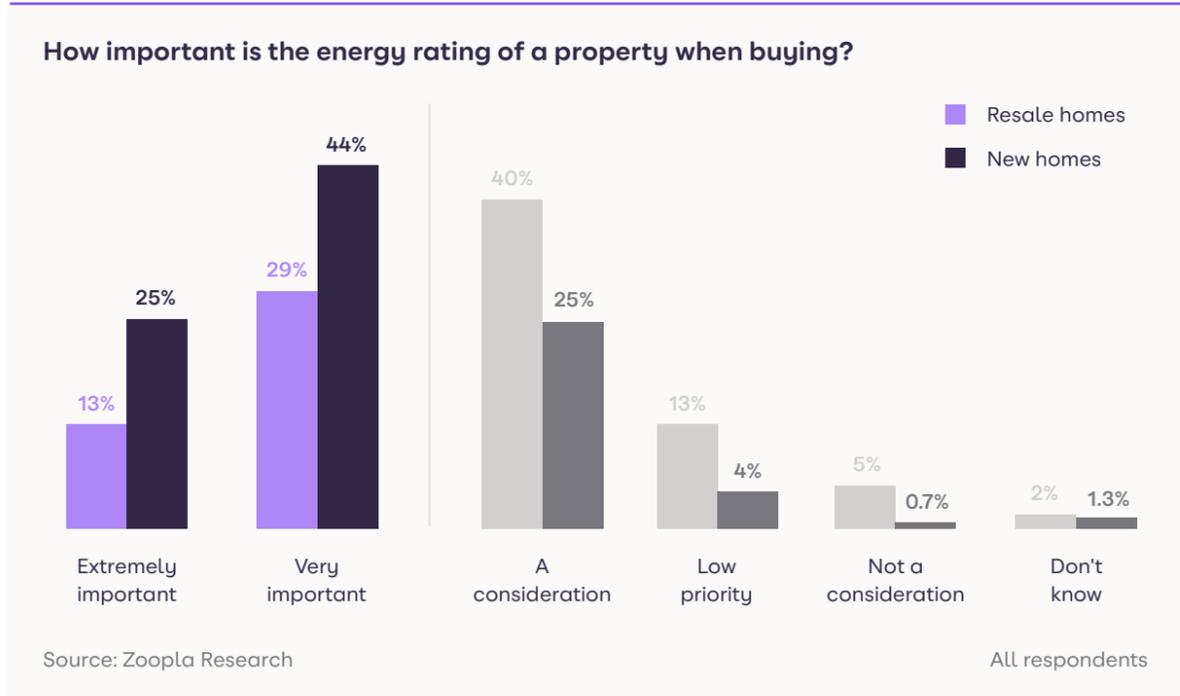
Zoopla analysis of government energy performance certificate (EPC) data shows the running costs of a new-build house can be up to 52% less when compared to similar resale properties.

This difference in energy ratings between resale and new-build homes can have a significant impact on running costs and carbon output. Our analysis of government energy performance certificate (EPC) data shows the running costs of a new-build house can be up to 52% less when compared to similar resale properties. The average carbon output of a new home also comes in at just under a third of that attributed to a resale home (1.4 tonnes vs 3.8 tonnes per year).

In addition to the potential cost savings of new homes, people are increasingly conscious of housebuilders' green credentials – with some 74% of new home buyers expressing the importance of their home being built with minimal impact on the environment.

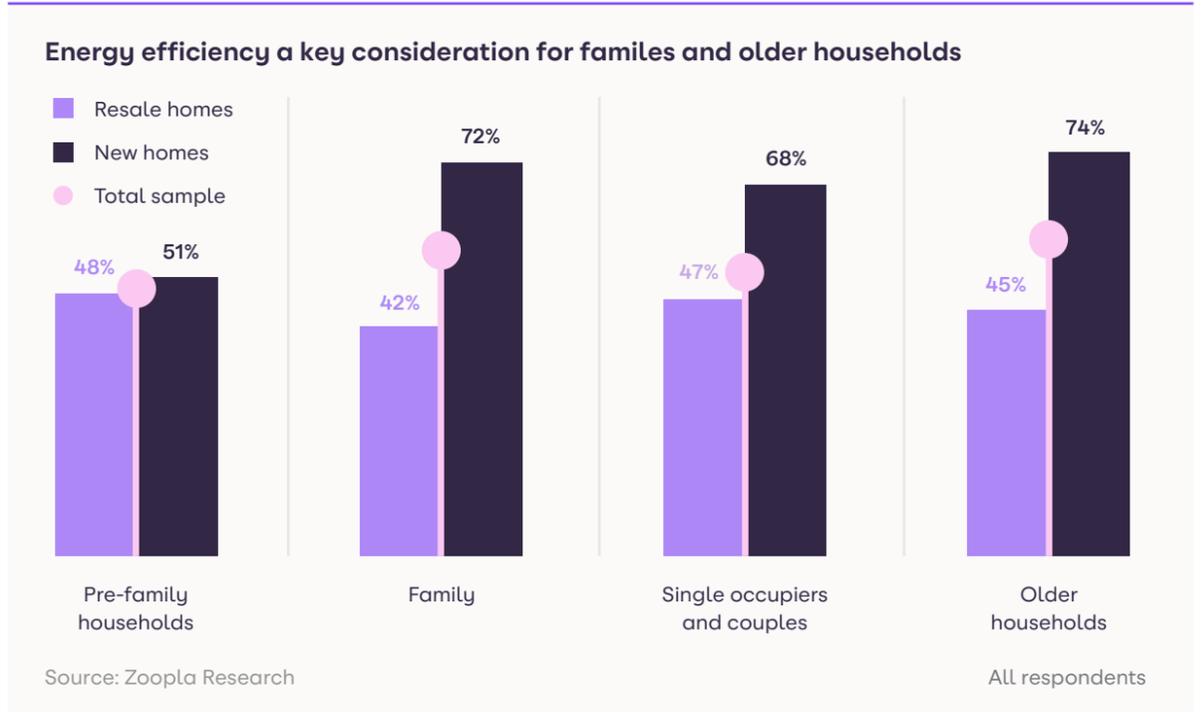
How important is energy efficiency when buying a home?

More than two-thirds (69%) of households that bought or were looking to buy a new build property reported the EPC rating was either an 'extremely important' or a 'very important' factor in their decision. This compares to 40% of buyers purchasing a resale property, who said the EPC rating was an important factor in their decision. This, perhaps, reflects some buyer pragmatism around the more limited choice of energy-efficient homes in the resale market – and the opportunity for buyers to make changes, such as adding insulation, to improve the EPC rating over time.



Among households aged 35+ who either bought or were considering a new-build property, energy-efficiency was cited as an important factor for 70% of respondents. These buyers are typically looking to settle down in their 'forever home' and are aware of the long-term savings that a new build can generate.

For pre-family audiences in the new homes market, 50% of respondents said that the energy rating was a consideration when buying. Smaller budgets and the likelihood that they'll look to move again (as their personal circumstances change) may mean they take a short-term view on the benefits of moving to a more energy-efficient home.



69% of respondents thought that new homes were more energy efficient than resale homes

Encouragingly, customer awareness of energy efficiency overall is high. More than two-thirds (69%) of respondents believed a new build house would be more efficient than a comparable resale house.

Yet most underestimated the savings on offer. Those who thought new houses were more efficient than resale houses were also asked to estimate the annual percentage saving on energy bills relative to a resale house. (The right answer is 52%, based on our analysis of EPCs lodged for houses last year.) Some 62% of respondents came in well under the correct figure – with a third assuming that a new home offered annual savings of 20% or less compared to an average resale house. And one in ten respondents simply 'didn't know' what the saving might be.

This highlights that although buyers' willingness to move to a greener home is high – in both new home and resale markets – there is still a knowledge gap around the potential savings on offer for households living in 'A' or 'B' rated properties.

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Director - New Homes

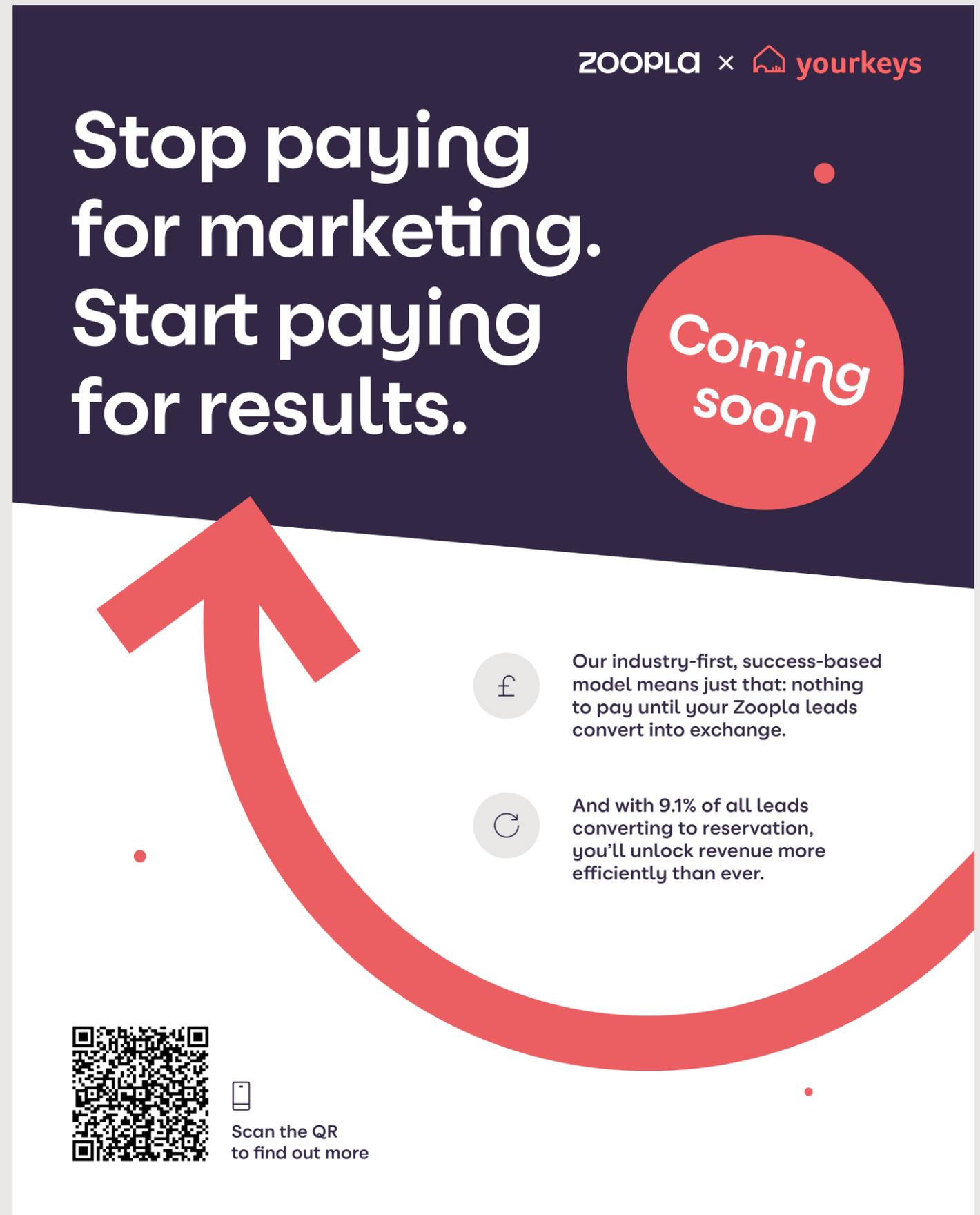
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Methodology

Zoopla's Buyer Insights Survey was conducted in the spring of 2022. The findings depict the views of over 2,500 new home and resale buyers and intenders. A buyer is someone who purchased a home between October 2020 and March 2022, while an intender is someone who intends to buy a home between Q1 2022 and Q3 2023. The respondents are segmented by household type and buyer preference (new home versus resale) to better understand attitudes and behaviours around the buying process.



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