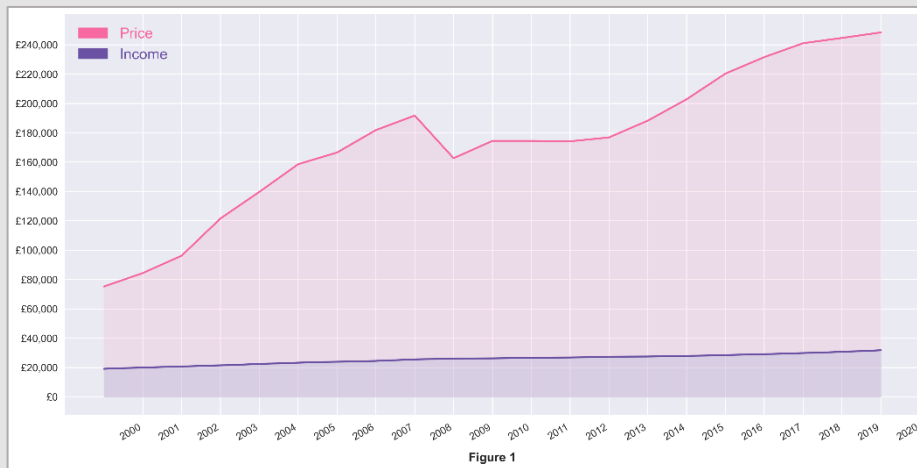


“Generation Rent”: Is the dream house becoming nothing more than a dream?

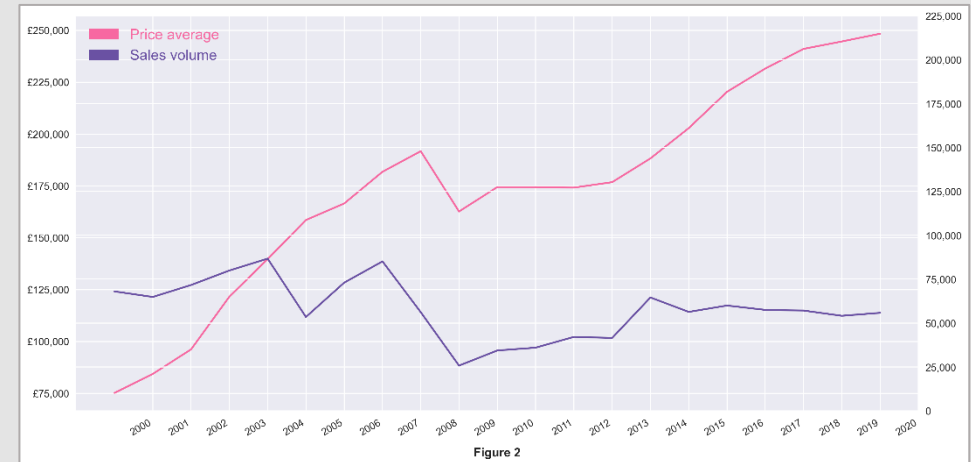
Buying a house is an important investment most people hope to make at some point in their lives. However, this might not be the case for younger generations. Between a massive generational wealth gap and a broken housing market, recent figures suggest that a majority of young adults may never be able to own a house. This report will take a closer look at UK housing market data over the last 20 years, in comparison to wage.

Figure 1 outlines the main issue – a meteoric rise in house prices over the last 2 decades, but an almost stagnant income rate. Despite a small dip in 2008, the market recovered with an increase of 150% .



As well as an expensive housing market, young people face other financial difficulties from high living costs, low wage growth, and student loans. All these are factors causing the younger generations to rent for longer compared to others.^[1]

Naturally, this has caused a fall in the number of house sales over this time period, as shown in figure 2.



While the future economic trend seems uncertain, if earnings growth recovers, it is highly likely that the volume of house sales will increase in tandem, as seen in the time period from 2004 to 2006 on the graph above.

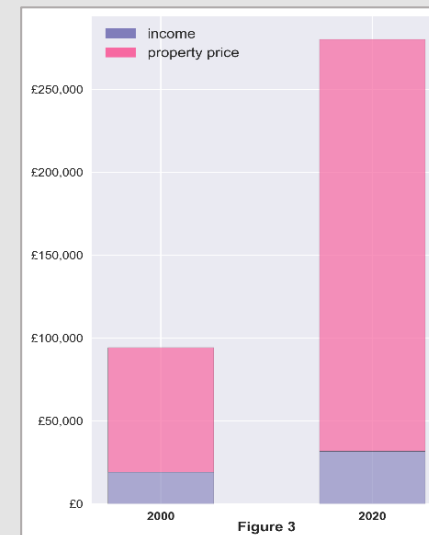


Table 3

Year	Income	House Price
2000	£19,107.00	£75,219.00
2020	£31,777.00	£248,386.00

Table 3 and figure 3 show that the average house price had a staggering increase of 230%, while the average annual income of a full-time employee only increased by 66%.

The blame on these developments usually falls on younger people’s poor spending habit, but the data tells a different story.

1. McKee K. Generation rent is a myth. 2019. <https://www.independent.co.uk/news/generation-rent-housing-millennials-baby-boomers-a8710811.html>