

DATA DIVE: WHAT DOES TODAY'S SHARED OWNER LOOKED LIKE?

Getting under the bonnet of our client dataset to find out who is currently buying through Shared Ownership, and how the picture is changing.

The proposition

We've invested in technology that enables us to scrutinise the data that we hold about our buyers. This data can be presented in many different ways, not least to identify trends and profiles.

We sought to discover what the figures were behind our average buyer.

This is critical information, particularly for Housing Associations. It's vital to understand the profile of buyers, to know what they're able to spend on a new home, as well as their demographics. Real world data helps with strategic decision making when it comes to planning and marketing new sites.

The data

Our assessment tool is designed to help us pull out the key numbers we need at the press of a button. It contains anonymised data from all TMP cases and can be filtered by region, housing stock and more. What's more, very soon all our HA partners will have access to their own data whenever and wherever they want it.

In the meantime, however, we thought it would be useful to look at the profile of a post-COVID shared owner. What is the purchase picture we've seen over the last year and how is the demographic of our core customer changing? We've split our data set into the first half and second half of 2021, so not only can we look at the current picture, we can compare to where we were 6-12 months ago too.

Analysis explained

On the following pages you'll find the average figures from the first half of 2021; the second half of the year; and a table of what the trends are. Are deposits getting smaller? Are basic salaries going down? Read on for the results...

Averages from the *first* half of 2021

Client data in detail : H1

Full market value of property purchased	Deposit paid	Total share to purchase	DTI (Debt To Income)
£308,595	£45,226	42.90%	41%
Monthly commitments	Mortgage term	Interest Rate	Household income
£289.18	27.55	3.47%	£39,707.35
Number of dependants	Current age		
0.59	38.71		

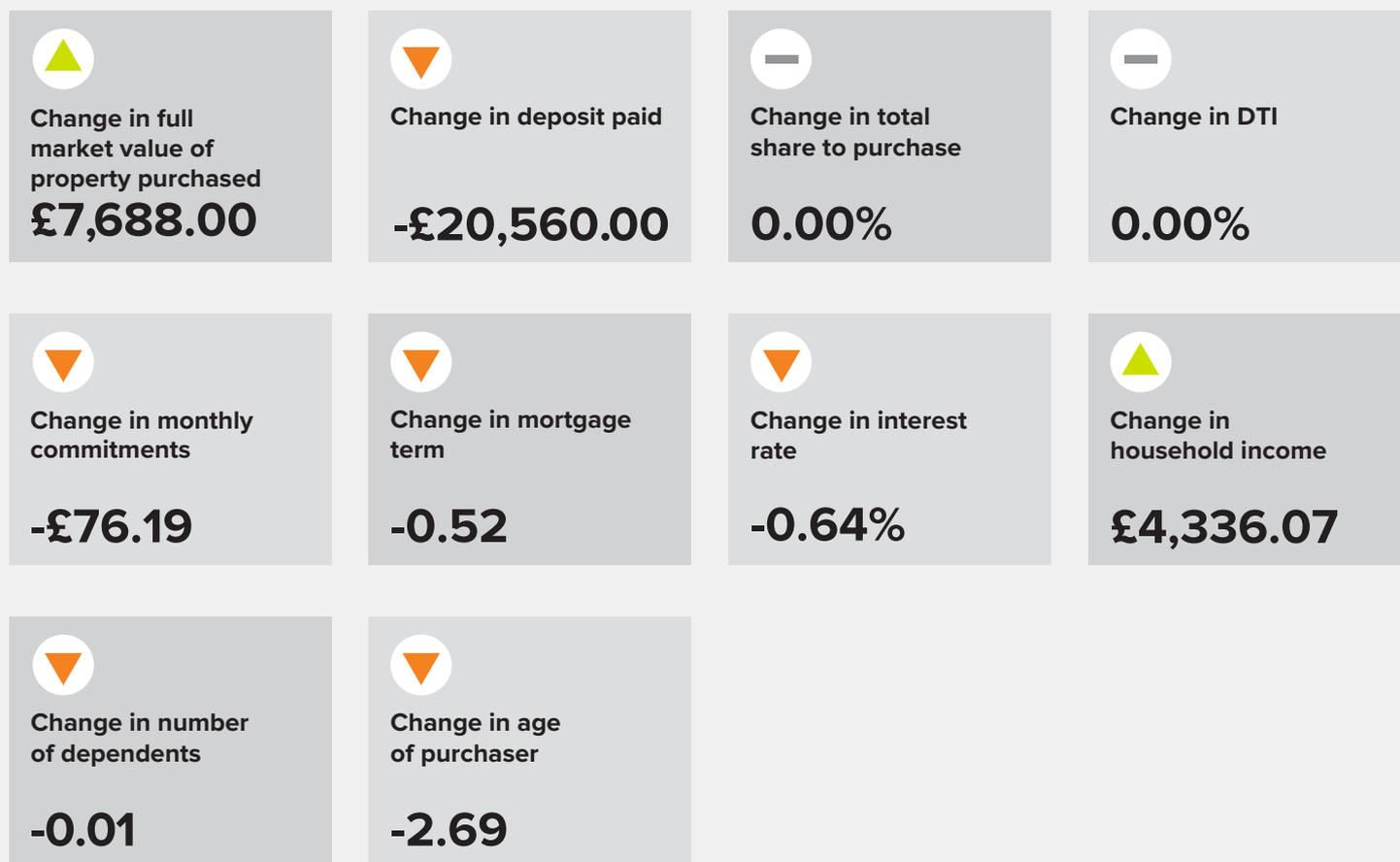
Averages from the *second* half of 2021

Client data in detail : H2

Full market value of property purchased	Deposit paid	Total share to purchase	DTI (Debt To Income)
£316,283	£24,666	42.90%	41%
Monthly commitments	Mortgage term	Interest rate	Household income
£212.99	27.03	2.83%	£44,043.42
Number of dependents	Current age		
0.58	36.02		

Trends

When we compare the H1 averages with the H2 averages, the below trends become apparent.



What's jumping out at us?

- The share to purchase value has remained the same at 42.95% which has to be seen as positive. With concern over the new lower minimum share, as highlighted in the second data dive in our series, this shows there's no need to be afraid. People continue to choose to buy more than the minimum required.
- A mortgage term of 25 years plus, with actual values up to 35 and more, shows us that lenders are no longer afraid to push loan length up to help buyers get what they need. It's been recognised that that 25-year standard just doesn't reflect today's buyers.
- The average age of our purchasers is surprisingly high for a product that is often associated with first-time buyers - between 35 and 40 years. Although this does fit with media reports that children are staying at home with parents until a lot later on average.
- The level of household income we're seeing is also not insignificant. Again, this challenges the stereotype of Shared Ownership being only for those who don't earn very much.

Commentary and conclusion

It's difficult to make commentary on market value, this is and will always be a reflection on the stock that is around at the time. Drilling down into regions may provide more useful data, but for now the fact the figure has risen slightly across the year is in line with reports of rising property prices.

It's true that the average deposit here - £45k falling to £22k - looks high, and the first figure is almost certainly down to 'lockdown saving'. The second figure is still higher than we might expect and this is again likely to be the 'pent up Pound' (to use its other name).

There are two things to note about the size of deposit. The first is that £24k is a massive amount of money when you consider that we are talking about affordable housing. Secondly, it may well be that this figure has been inflated by those customers that come forward with cash. Whether this is due to age, employment history or other factors, for some people who are unable to get a mortgage loan this can be the only way forward for them.

Our debt-to-income (DTI) figure of 41% is positive too, albeit in the low end of the range we should be aiming for. This suggests the product is still working despite the fact lenders are a little more sceptical about lending and SO customer's circumstances can often be complex.

How has the picture changed?

While we can only get an idea of trends by comparing the second half of the year with the first, it's still interesting reading. As we can see, full market values are increasing, and this is in line with higher household incomes and lower deposits. The higher average share shows that lower shares are not the battle and that SO works.

Purchasers are on average getting younger, although remain higher than the overall image we would imagine for a product associated with first-time buyers.

While house prices are increasing, shares aren't dropping. Understandably, incomes were messy in the first half of the year so usable income was questionable, but now we're seeing a more solid picture as things like overtime and bonuses are back.

Overall, the picture feels positive. But as ever, it would be useful to dive into some of these numbers in greater detail to really find out what's contributing to them. This is something we plan to do in future data dives.

“

And people say Shared Ownership is expensive – just look at how low those interest rates are.

”

– Kelly McCabe

Did you know...?

Soon, we'll be providing all our HA partners with real time access to their own data, anywhere, any time. But if you're looking at a business case for a development in a different area, we can help you with that too. Talk to us.