



FJP Investment

# UK HOMEBUYERS REVEAL SENTIMENT TOWARDS NEW-BUILD PROPERTIES



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The UK is in the midst of a housing crisis and has been for several decades. It has been a worsening problem, with a shortage of available housing restricting the number of places for people to buy and rent.

The Government's own estimates suggest that as many as 340,000 new homes must be built every year in the UK if the country is to keep up with the huge demand for suitable living options. However, despite the housing crisis emerging as a regular topic within political speeches and budget announcements, at present these targets are being missed – in 2018 there were only 165,090 new-build completions registered in England, roughly half the required number.

**340,000**  
NEW HOMES  
MUST BE BUILT



BUILT

NEEDED

**ONLY 165,090**  
NEW-BUILD COMPLETIONS



Yet this is only part of the problem. While the volume of new-builds being erected across the country dominates much of the discourse regarding the housing crisis, there is a further issue regarding the desirability of these new properties.

**In short, one must assess, do people – whether working professionals, young families, property investors or retirees – wish to live in the new-build houses and flats popping up across the UK?**

This is an important question to be answered. To channel significant volumes of public and private investment into the development of buildings that people do not want to live in represents an ineffective solution to the housing crisis. Furthermore, it will mean the companies responsible for constructing and selling the units will struggle to achieve a positive return on investment.

In light of this pertinent issue, FJP Investment has commissioned new research among more than 1,000 UK-based homeowners and property investors. The survey, which was carried out independently, took place in August and September 2019; it reveals homebuyers' sentiments towards the country's new-build properties and the obstacles that are to be overcome if more people are to be attracted towards these new developments.





## NEW-BUILDS ATTRACT INTEREST

First and foremost, the study demonstrated that new-builds across the UK are attracting the interest of homebuyers and investors. More than three quarters (78%) of the sample surveyed said they viewed one or more new-builds when buying their last property.

The survey also showed that many homebuyers believe there to be numerous advantages of buying a brand new house or flat. Most notably, 75% said they like the fact new-builds are typically equipped with modern facilities and equipment, which ensures they are in keeping with today's living standards and lifestyles.

Energy efficiency emerged as another strength – 70% of respondent saw new-builds' greater energy efficiency, which makes them cheaper to run and more environmentally friendly, as a plus point for this type of property.

Further to this, almost two thirds (64%) of the homeowners and investors quizzed said they were drawn towards new-builds because they are free from the complications that come with a property that has had previous owners. From questionable repair work through to unpleasant interior design features, new-builds offer buyers a blank canvas free from issues caused by those who owned the property before them.

**78% OF  
HOMEBUYERS  
VIEWED  
NEW-BUILDS  
WHEN HOUSE  
HUNTING**



**75%**

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**70%** like that new-builds  
are usually more  
energy efficient



**64%**

are attracted to  
new properties with  
no previous owners





## CAUSES FOR CONCERN

Despite the allure of new-build properties, FJP Investment's study also uncovered many areas of concern among homebuyers.

Perhaps most notably, the research found half (50%) of homebuyers feel new-builds in the UK are usually unattractive. Meanwhile, an even greater number (63%) consider them to be "devoid of character".

This is a common criticism of new-builds – developments featuring dozens of similar, if not identical, houses can deter prospective buyers, who often favour interesting features and a sense of uniqueness when looking for somewhere to live.

Yet it is not just a perceived lack of beauty and character putting off potential buyers; three-fifths (60%) stated they worry that new-build houses and flats are often finished to a low standard, with poor workmanship resulting in underlying issues.

Indeed, a steady stream of new stories in the media have drawn people's attentions to troublesome cases in which less reputable developers have handed over the keys to properties plagued with serious issues. From shoddy electrics and plumbing through to faulty appliances and incomplete plastering, there are a wide range of problems that can occur if a construction firm or developer does not undertake due diligence or tries to cut corners.

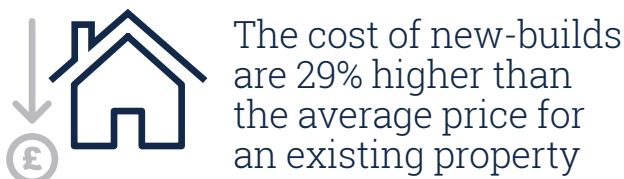
In doing so, evidently, some companies have caused ripples of concerns to spread through the housing market, making potential buyers increasingly suspicious of buying a new-build.



## PAYING A PREMIUM

FJP Investment's study also showed that two thirds (67%) of the respondents criticised new-build properties for being too expensive, saying they feel developments are often aimed at the top end of the market.

This opinion is in keeping with the latest Land Registry data, which shows the average new-build property in the UK costs £290,176 – this is 29% higher than the average price for an existing property (£224,729).

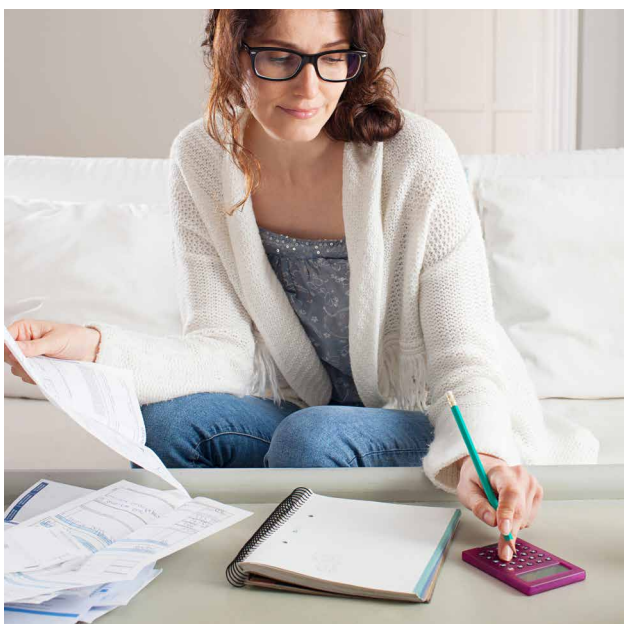


£290,176

**NEW BUILDS**

£224,729

**EXISTING PROPERTY**



Given new-build properties are often held up as the most logical solution to the housing crisis – which is predominantly an issue involving a lack of affordable housing options – the premium generally attached to such houses and flats is an understandable problem in many people's eyes.

The problem is exacerbated when taken in accordance with another finding from the research, which highlighted people's concerns around new-builds' location and infrastructure. Indeed, more than half (57%) of homebuyers said they are put off purchasing new-builds because they think they are located in inconvenient locations, while 48% worry the infrastructure surrounding new-build developments is poor.

**57%** of homebuyers said they are put off purchasing new-builds because they think they are located in inconvenient locations



Here the survey points towards a long-standing problem. Namely, new-builds are, understandably, erected where there is suitable space and affordable land for sale – however, as a result they are often located away from built-up urban areas and places of high demand.

Not only does the location of new-builds mean prospective buyers must sacrifice proximity to more vibrant, popular areas, but it can also mean there is a lack of suitable infrastructure for residents. This includes slow broadband connections, insufficient road access and a lack of high-quality transport links.

Clearly, to make new-builds a more attractive prospective for buyers of all shapes and sizes, the surrounding infrastructure must also be invested in. Building housing complexes and blocks of flats without ensuring the wider area is suitable to accommodate the new residents will prove counterproductive.





## TIME FOR THE INDUSTRY TO TAKE NOTE

The research delivers some stark findings – ones the private sector must take note of. If development companies are to erect properties that will attract prospective buyers, they must ensure they are meeting the standards and requirements of said individuals.

Jamie Johnson, CEO of FJP Investment, commented on the findings of the survey:

“There can be no denying the huge need for millions of new houses to be built across the UK. However, our research shows that we cannot fall into the trap of simply constructing properties of a poor quality, in undesirable locations or without also investing in local infrastructure.

“Homebuyers are clearly keen to consider new-builds for their next purchase, but only if we can ensure the houses and flats are finished to a very high standard. What's more, developers must focus on ways to inject character

into projects, ensuring they feel less like a generic show home and more like a place that people will really want to live.

“FJP Investment works with investors around the globe to raise development funding, which aids the construction of new-build properties in the UK. We understand the need for such developments to meet prospective buyers' tastes and this new study underlines how we can ill-afford to ignore the sentiments of homebuyers.”



**Jamie Johnson**  
Founder and CEO  
FJP Investment



# HOMEBUYERS CALL FOR GOVERNMENT ACTION

**The responsibility of addressing people's concerns with new-builds, as highlighted in this report, does not reside solely with the private sector. The UK government must conduct an in-depth assessment of not only how it can ensure more housing is made available across the country, but also how to ensure this housing is desirable in the eyes of prospective buyers.**

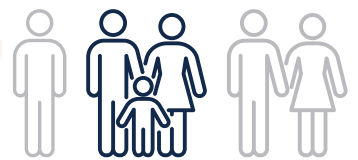
Indeed, FJP Investment's research showed how much appetite there is within the property market to see the housing crisis properly addressed. The majority (64%) of respondents agreed the shortage of available housing across the UK is one of the country's most pressing society issues at present.

Moreover, two thirds (67%) said they want to see the Conservative Party do more to support the construction of new-build developments in high demand areas. Whether by relaxing planning laws or through greater provisioning of public funds, it is clear Westminster must heed the call.

A major barrier that has prevented progress in solving the housing crisis over recent years has been the changeability of the government's position of housing minister. Upon being appointed to the role in July 2019, Esther McVey MP became the UK's 17th housing minister since 2000.

Such a high rate of turnover makes strategic continuity difficult, while also dramatically reducing accountability. FJP Investment's research issues a clear call to action for Boris Johnson and his government to not allow Brexit to completely overshadow domestic affairs – rather, formative action is required to address the housing crisis.

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