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NEARLY 4 MILLION HOMEOWNERS OVER-55 PLAN TO DOWNSIZE

- **But for downsizers the convenience of having a smaller home is more important than raising cash**
- **Downsizers expect to make an average of £112,000 by selling up**
- **Although a shortage of suitable homes to move to, fees and rising property prices are seen as the main barriers to downsizing**

More than 3.9 million over-55s plan to downsize to a cheaper property later in life^{1,2} – but it is convenience rather than the cash that is their biggest motivation, according to new research from Prudential.

The nationwide study found nearly half (47 per cent) of over-55 homeowners planning to sell and move to cheaper homes in later life. On average they expect to raise around £112,000 in equity by downsizing with around one in 10 (11 per cent) expecting to make more than £200,000. In fact, more than one in seven (13 per cent) said they could not afford to retire unless they downsized.

However, it is not all about the money – the main reason for downsizing is the convenience of running a smaller home in retirement. Nearly three-quarters (74 per cent) rated convenience as their main reason for downsizing compared with just 28 per cent who said they were doing so to mainly to release cash for retirement. Meanwhile, just over one in three (34 per cent) said having a smaller garden was a major motivation.

But worries about a shortage of homes suitable for retirement, fees and high property prices are the major reasons deterring some older homeowners from downsizing, the study found.

A lack of suitable available housing is the main reason over-55s believe downsizing is not more popular - nearly four in ten (38 per cent) blame the lack of suitable houses while 24 per cent blamed the cost of moving in terms of stamp duty, solicitors and estate agents, and 17 per cent say high house prices put people off.

Of those who expect to raise money from downsizing 60 per cent will use it to boost their retirement funds and improve their standard of living. Nearly half (47 per cent) will use the

cash for travelling more, while (13 per cent) want to release equity to help their children buy a house and 14 per cent will simply give the cash to their children.

Vince Smith-Hughes, a retirement income expert at Prudential, said: “It is interesting to see that these figures challenge the common theory that ‘my house is my pension’. Although we see a large proportion of those taking equity from their homes to boost their retirement incomes, most people have accepted that the main reason they need to move home in later life is for convenience.

“With the average amount of equity raised likely to be just over £100,000, and with many other demands on this cash – such as helping children, paying off debts and putting money aside to pay for care in the future – it is clear that for most people the best way to fund retirement is through saving as much into a pension as early as possible in their working lives.

“The results also show that many people are worried about that the costs involved in moving house may eat into the equity they’ll be able to take from their home. Most people who are considering making major financial decisions, such as selling their home, in the run up to retirement should benefit from a consultation with a professional financial advisor and the free guidance on their pension options available from the Government’s Pension Wise service.”

Across the country Prudential’s research found that among over-50s, those living in Northern Ireland (63 per cent) and the East of England (60 per cent) are the most likely to downsize their property. Those living in London (41 per cent), Scotland (45 per cent) and the West Midlands (45 per cent) are the least likely to sell up and move somewhere smaller.

- Ends -

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Notes to editors

¹ Research conducted by Consumer Intelligence on behalf of Prudential between 22 to 23 August 2017 among 1,092 homeowners aged 50+

² Estimate based on English Housing Survey showing 7.725 million homeowners aged 55+ in England and Wales <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>, National Records of Scotland figures showing 1.04 million households with 55+ heads of households <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/housholds/household-projections/archive/1998-based-household-projections/tables#table4> and home ownership rate of 58% in Scotland <http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/TrendTenure>