

Article

# Living longer: changes in housing tenure over time

Trends in renting and owner-occupation by age group have changed in recent years. In the future, older people may be more likely to rent privately.

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Release date:  
10 February 2020

Next release:  
To be announced

## Table of contents

1. [Introduction](#)
2. [Main points](#)
3. [How has housing tenure for older people changed over time?](#)
4. [How does this compare with changes in housing tenure for the rest of the population?](#)
5. [Increases in the private rental sector at middle ages](#)
6. [Decreases in owning with a mortgage at middle ages](#)
7. [What might housing tenure look like for older people in the future?](#)
8. [What would be the implications of an increase in older people renting privately?](#)

# 1 . Introduction

The UK's population is ageing and is projected to continue to age, because of declining fertility and people living longer. Understanding how older people live their lives currently and how the future older population might live their lives is important for understanding the implications of an ageing population.

This article examines changes in housing tenure between 1993 and 2017 and what those changes might mean for older people in the future.

## 2 . Main points

- Almost three-quarters of people aged 65 years and over in England own their home outright.
- Younger people are less likely to own their own home than in the past and more likely to be renting. Half of people in their mid-30s to mid-40s had a mortgage in 2017, compared with two-thirds 20 years earlier.
- People in their mid-30s to mid-40s are three times more likely to rent than 20 years ago. A third of this age group were renting from a private landlord in 2017, compared with fewer than 1 in 10 in 1997.
- If this trend persists into their older ages, in the future, older people will be more likely to be living in the private rental sector than today.
- Changes in housing tenure patterns could have implications for what life will be like for older people in the future.

## 3 . How has housing tenure for older people changed over time?

The [English Housing Survey](#) <sup>1,2</sup>, shows that home ownership among the older population has increased in recent years, with an increasing proportion paying off their mortgages by the age of 65 years.

Almost three-quarters (74%) of people aged 65 years and over owned their homes outright in England in 2017, up from 56% in 1993 (Figure 1). This group includes the first to benefit from the “right to buy” initiative, which saw social housing stock sold at reduced prices from the 1980s, and boosted home ownership.

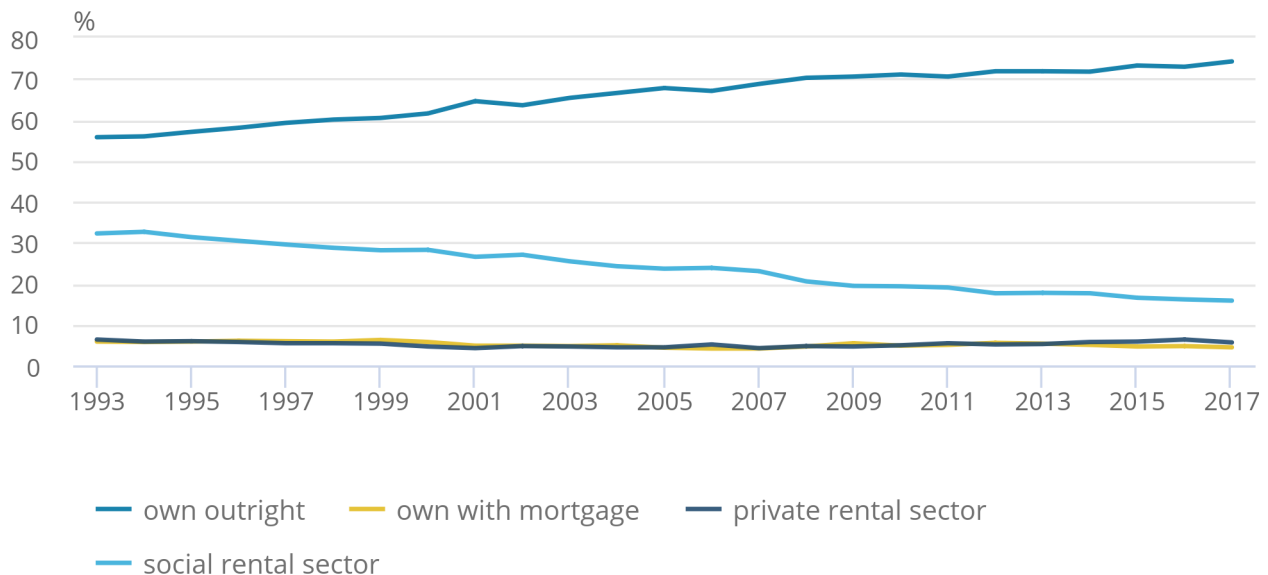
This scheme was open to a large proportion of the population: in 1979, a third (33.2%) of all dwellings in Great Britain were social housing. This compares with a quarter (24.9%) in 1990 and 17.6% in 2017, the lowest since records began. The percentage of older people in the social rental sector has halved since the early 1990s, from 32% to 16%, while the percentage renting privately has remained low, staying at around 6%.

## Figure 1: Almost three-quarters of older people own their homes outright

Housing tenure over time, ages 65 years and over, England

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Housing tenure over time, ages 65 years and over, England



Source: Ministry of Housing, Communities and Local Government - Survey of English Housing (1993 to 2007), English Housing Survey (2008 to 2017)

Notes for: How has housing tenure for older people changed over time?

1. The English Housing Survey was formerly the Survey of English housing prior to 2008/09. Each survey year runs across two calendar years. The years referred to in this article relate to the calendar year at the start of the survey year.
2. All figures referring to 'people' in this article are based on household reference persons. The household reference person as defined by the English Housing Survey is the person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation.

## 4 . How does this compare with changes in housing tenure for the rest of the population?

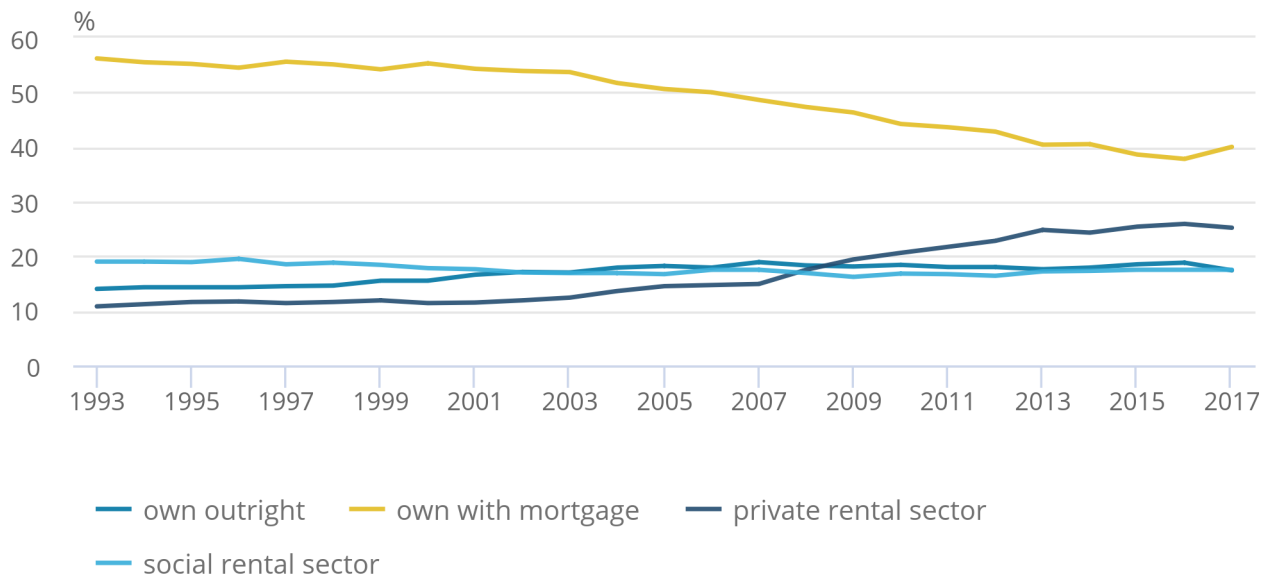
While owning outright is the most common tenure among people aged 65 years and over, for younger people aged 16 to 64 years the most common tenure is owning with a mortgage (40%). If past patterns continue, then people who own with a mortgage may expect to pay it off and own their homes outright in later life.

**Figure 2: Home ownership has decreased for people aged under 65 years**

Housing tenure over time, ages 16 to 64 years, England

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Housing tenure over time, ages 16 to 64 years, England



Source: Ministry of Housing, Communities and Local Government - Survey of English Housing (1993 to 2007), English Housing Survey (2008 to 2017)

However, the percentage owning with a mortgage at younger ages has decreased since 1993, while the percentage living in privately rented accommodation has increased, overtaking socially rented in the early 2010s. A quarter of people aged 16 to 64 years rent privately nowadays, up from 1 in 10 in 1993 (Figure 2). Declining home-ownership rates at younger ages may have an impact on the type of accommodation older people live in, in the future.

## 5 . Increases in the private rental sector at middle ages

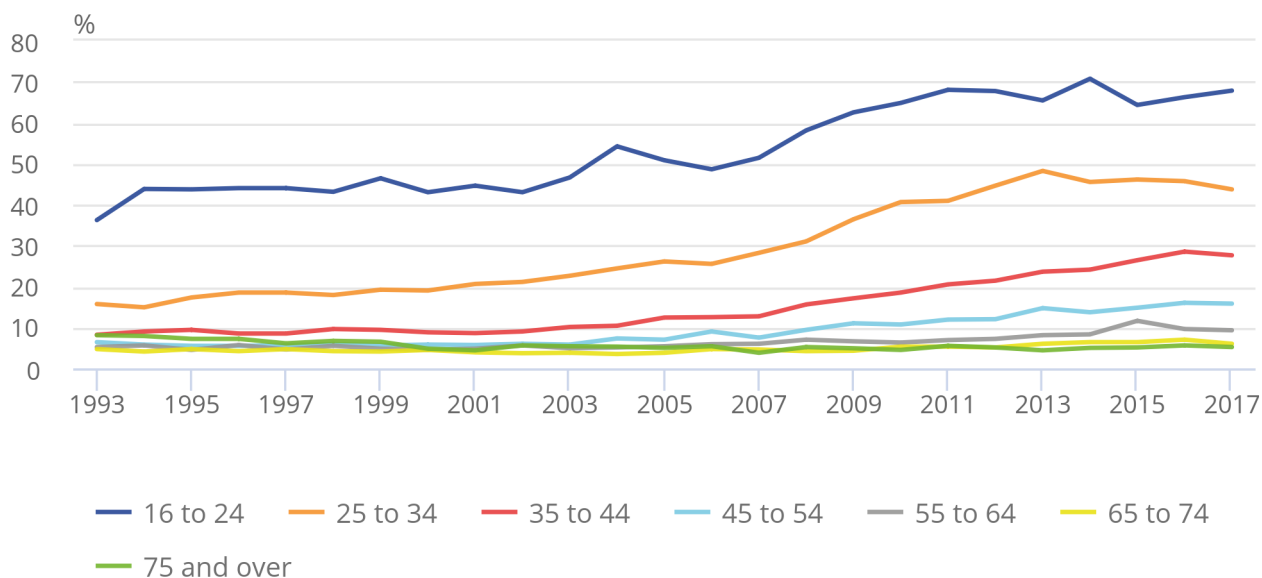
Increases in the private rental sector have been seen for all age groups apart from the very oldest, with the increase particularly pronounced in mid-life. People aged 35 to 44 years were almost three and a half times more likely to be renting in 2017 than in 1993 (Figure 3).

### Figure 3: People in mid-life are far more likely to rent privately than in the past

Percentage in the private rental sector over time by age group, England

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Percentage in the private rental sector over time by age group, England



Source: Ministry of Housing, Communities and Local Government - Survey of English Housing (1993 to 2007), English Housing Survey (2008 to 2017)

Renting from a private landlord is most common at younger ages and decreases with age as people take out mortgages and/or receive inheritances. But for any given age, people are far more likely to be renting privately today than 10 or 20 years ago. Almost a third (28%) of people aged 35 to 44 years rented from a private landlord in 2017, compared with fewer than 1 in 10 (9%) in 1997 (currently aged 55 to 64 years) (Figure 4).

### Figure 4: People in their mid-30s to mid-40s are three times more likely to rent than 20 years ago

Percentage in the private rental sector by age group, selected years, England

Source: Ministry of Housing, Communities and Local Government-Survey of English Housing (1997 and 2007), English Housing Survey (2017)

[Download the data](#)

## 6 . Decreases in owning with a mortgage at middle ages

The percentage owning with a mortgage peaks in middle age, and then declines at older ages as people finish paying off their mortgages and own their homes outright. But for almost any age, it is less common to own with a mortgage than 10 or 20 years ago. Half (50%) of people aged 35 to 44 had a mortgage in 2017, compared with more than two-thirds (68%) in 1997 (currently aged 55 to 64 years) (Figure 5).

### **Figure 5: Half of people in their mid-30s to mid-40s today have a mortgage, compared to two-thirds 20 years ago**

Percentage owning with a mortgage by age group, selected years, England

**Source: Ministry of Housing, Communities and Local Government - Survey of English Housing (1997 and 2007), English Housing Survey (2017)**

[Download the data](#)

## 7 . What might housing tenure look like for older people in the future?

Currently, the older population are predominantly owner occupiers. Owning a home outright by retirement requires taking out a mortgage by mid-life, assuming a consistent income. The traditional mortgage length is 25 years, and although mortgage lenders are today more likely to loan to people at older ages than previously, even with increases in retirement age people are still likely to need to take out a mortgage by their 50s in order to own outright in retirement. But people in mid-life are far less likely to have a mortgage than in the past and far more likely to be renting privately. While only 6% of people aged 65 years and over rent privately today, this is likely to increase in the future if people who are currently in their 30s, 40s and 50s in the private rental sector remain so into older ages.

However, it is important to note that this is not a projection of future housing tenure for older people, only a possible scenario based on the observed changes in tenure at younger ages over time. Many factors affect the type of housing that people live in, including government policy on provision of social housing, help to buy schemes, regulation of the private rental sector, and laws around inheritance. Interest rates, changes in State Pension Age, mortgage lender policies including mortgages for older people and lifetime mortgages, alternative types of home ownership such as shared ownership and shared equity, and changes in house prices relative to income also have the potential to affect housing tenure in the future.

## 8 . What would be the implications of an increase in older people renting privately?

The private rental sector has some advantages over owning a property, including maintenance responsibilities and costs falling on the landlord rather than the resident. This is something that may be particularly beneficial in later life as reduced income, deteriorating health and decreased cognitive function may impair the ability of people to maintain their homes. Renting privately may also mean that older people are more likely to be able to move to a different, better-suited property if their needs change, as they would not need to rely on the sale of their house.

However, these potential benefits come at a price. The private rental sector is the most expensive tenure in terms of housing costs (rent and/or mortgage repayments). While those with mortgages also often have high housing costs, repayments stop when the mortgage is paid off, usually prior to retirement. A market rent that is affordable to someone of working age may cease to be affordable after retirement, when income decreases. [Research suggests that someone who owns outright could expect to maintain their living standards on a pension pot of £260,000, while someone who rents privately would need almost double this \(£445,000\).](#) Additionally, while responsibilities for repairs do not fall on tenants, private landlords may not always meet obligations to maintain the property satisfactorily.

The implications for those who remain in the private rental sector later in life go beyond the obvious financial implications of paying market rent into retirement. Housing tenures differ in terms of housing quality, which can affect health. Housing tenures may also vary in terms of how accessible and adaptable the property is to the changing needs of occupants in later life. The implications of living in the private rental sector in later life will be investigated in more detail in a future article, which will be published in spring 2020.