

Wealth Intelligence Digest



PROSPECTING FOR GOLD LTD
Wealth Intelligence Services™

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UK Home Owners

Prospecting for Gold

Prospecting for Gold Ltd is the leading source of factual information in the UK on wealthy and influential people. Prospecting for Gold has compiled information from factual sources on over 900,000 individuals over the last 20 years. Prospecting for Gold is uniquely qualified to provide information and comment on the composition and depth of both liquid asset and property wealth in the UK.

The Wealth Intelligence Digest aims to provide further insight into some of the most widely discussed questions about wealth. In this second edition Prospecting for Gold draws on the information held in its database on household property wealth, 'The Legacy Prospect Database' to draw some conclusions about current UK home ownership.

Home ownership- The Current UK landscape

The rise and rise in UK house prices over the past two decades created a new type of 'wealth' for home owners. This 'wealth' defined by the equity the home owner held in their house fuelled a new kind of prosperity and confidence. How much property 'wealth' was created and how is this 'wealth' distributed?

How should property 'wealth' be defined? Should home ownership only mean outright ownership, where no mortgage remains on the property or should properties with mortgages be included?

The Wealth Intelligence Digest, in light of the recent budget announcement, also takes a look at how many home owners are caught in the inheritance trap and how many occupants are living alone.

Despite the recession, the value of your house has grown substantially over the past 10 years. Currently, there are 1.5 million households in the highest three council tax bands with only 6% of these properties valued in the highest tax band. These bands equate to properties with a value of £400,000 to over £2 million. This figure will continue to rise steadily over the coming decades.

Are you a property millionaire?

What is a property millionaire? Is it a family or individual who lives in a house or flat with a current market valuation of £1 million or above?

There are approximately 83,000 properties valued at over £1 million in the UK. 40% of these properties are located in Central and Greater London. Another 25% are accounted for by other parts of the South East. This still leaves 35% of £ 1 million properties spread across the rest of the UK.

The £1 million homes are not all owned by middle aged or older people. People under 40 years of age account for 10% and people over 76 years of age a further 10%.

Over 85% of these properties are estimated to be owned out-right, with no mortgage. These are the genuine property millionaires.

Staying put

It is often suggested we like to move house in the UK. Is this true? Or is it the case that only people moving up the property ladder tend to move every few years? Or that once they have a family they settle down for 10 years or more?

Prospecting for Gold keeps information about the length of residency at a property. As you would expect as people move into middle age, the length of time they stay increases to coincide with bringing up a family.

In fact, over 50% of the 1.5 million properties have been lived by the same people for at least 11 years with a significant proportion remaining put for over 20 years. If we look at properties where families have lived for less than 5 years, it is less than one third of the total.

Home Ownership

Prospecting for Gold currently holds or accesses factual information on properties in England, Scotland and Wales for council tax bands F,G and H. This is a total of 1.5 million properties. A total of 800,000 have heads of household above 56 years in age. The information held on each household includes:

- property value
- council tax band
- type of property
- household composition
- age of head of household
- other liquid asset wealth

Prospecting for Gold also provides other factual information about the head of household in including whether they were a director of a small or large company.

We can also identify the length of residency beyond 25 years, which will help to confirm whether the property is owned in its entirety. Other information is held about the liquid assets of the head of household as well as their business networks and interest.

I cannot get rid of the kids!

We read lots of stories about children not wanting to leave home or simply not being able to afford to leave home. The rising house prices have pushed the starting point for first time buyers still higher.

The trend is for a growing dependency on parents and for young adults to remain at home for another 5 years or more after completing university.

At present, 75% of the 1.5 million properties have multiple occupants, (i.e. families or partners). Of these properties, just over 1.1 million households, around one quarter is estimated to have dependents still living at home.

Caught in the inheritance tax trap

The announcement reversing and freezing the inheritance tax threshold in the recent budget statement has raised once again the issue of inheritance tax on properties owned out-right.

There are 414,000 properties in the council tax bands F-H, where the head of household is over 65. Of these properties we estimate they are 23,000 properties are worth over £1 million.

As the threshold has been fixed at £325,000. All 414,000 properties are likely to create an estate value where inheritance tax is payable.

These properties will attract a combined inheritance tax bill approaching £30 billion if the limit remains unchanged and tax avoidance measures are put in place.

North versus South

Is the North versus South divide supported when it comes to a comparison of home ownership and property values?

There is a regular debate regarding the difference in living standards and wealth between the North and South of the UK. Does it extend to house prices or is the South (excluding London of course!) no different to the rest of the country?

London accounts for 26% of all properties values in excess of £400,000. The remaining properties are actually very evenly divided. The rest of the South has 60% and the North 40%.

A closer look, however reveals the South East has over 75% of the South's more valuable properties.

If we look at property values over £1 million, London, not unexpectedly has 45% of all these properties

For the remaining £1 million plus properties, the North has 45% of these compared to 55% in the South East and South West. Again, the South East has the lion's share of the £1 million properties in the South outside of London, over 80% in fact.

It is perhaps more appropriate to compare the South East (including London) with the rest of the UK to see the most compelling illustration of the divide between the South and the rest of the country. Currently the South East has 58% of all properties and 75% of all properties valued in excess of £1 million.

Living Alone

The number of people living alone has grown steadily over the past 25 years. However, it is not correct to assume sole occupants are people on pensionable age. In fact there are a growing number of professional people who select to purchase properties and live on their own.

There are 367,000 sole occupants in the 1.5 million properties. Nearly 30% of sole occupants are individuals aged less than 45. Whereas 30% of the sole occupants are 65 years and above, half of which are over 76 years in age. This figure is over 110,000 people. All of these people are all likely to continue to live on their own for the rest of their lives.

Sole occupancy is more evenly balanced than you might expect. Increasingly, young professional women are selecting to purchase properties and live on their own and a growing number of single women in middle age living alone have been created as a result of divorce and other changes to personal circumstances.

The majority of sole occupants live in houses under £600,000 in value. However there are 16,000 people living on their own in houses worth over £1 million, of which one quarter live outside of London and the South East.

Are you a future property millionaire?

The experts tell us house prices have bottomed out and we can expect to see a return to modest annual price rises over the coming decade.

If this is the case, then 149,000 households currently in properties values in excess of £800,000 can look forward to joining the property millionaire category.

If this happens, then the UK will be able to celebrate the creation of 250,000 property millionaires.

Prospecting for Gold

For 20 years, Prospecting for Gold has been helping organisations learn more about the wealth and influence of their supporters, clients and customers. Once identified, Prospecting for Gold helps the organisations to develop successful relationships with these wealthy individuals.

Prospecting for Gold also uses its data sources to compile new prospect lists from criteria provided by the client. Since launching, Prospecting for Gold has helped its clients raise over £200 million.

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