Beyond location, location, location: priorities of new-home buyers

- The results of this collaborative survey highlight what today's buyers prioritise when looking for a new-build home. Overall, purchasers attached most importance to the minimal maintenance a new home offers. Location, living space, a new home warranty, off-street parking, neighbourhood quality and energy efficiency were also high priorities.

- Buyers are prioritising different features of their homes depending on their circumstances: predictably first-time buyers attach great importance to Help to Buy and upsizers are looking for space. While downsizers are looking for energy efficient homes.

- The amenities that buyers want to be near differ in a complex way, depending on location and the type of purchaser. Overall, being near to a bus stop and local NHS services are the most important to purchasers, however close transport connections are particularly important to first-time buyers and having local schools nearby are a high priority for upsizers.

Foreword

We are without question at a defining moment for house building in Great Britain. The industry is facing a series of very important challenges. As well as the pressure to deliver more homes, we also need to focus on raising quality, a task made more demanding by current and projected skills and workforce shortages. We are also seeing major demographic changes and an increasingly diverse market with first-time buyers, upsizers, relocators, downsizers and those needing specialist accommodation, each with their own particular needs.

How we respond to this complex and increasingly discriminating market lies at the heart of this important new research taken forward in collaboration between the NHBC Foundation and Savills. With feedback from over 5,400 new-home buyers across Great Britain, it explores what was important to them when they made their purchase. It identifies a set of core priorities and shows what is most important to different types of buyers.

Unsurprisingly there are significant variations between the priorities of different groupings. First-time buyers are naturally concerned about affordability and the availability of Help to Buy is of high importance to them. Access to transport, including trains and buses, is of greater importance to those buying in central urban locations than those buying in suburban locations who attach greater priority to car parking. Upsizers have a particular interest in access to good local schools, while downsizers, who also tend to be older, put a greater emphasis on energy efficiency and access to local NHS services.

Reaction from reviewers confirms the timeliness of this report as a contribution to the better understanding of the different buyer categories and what they are looking for. It tells us that the traditional approach, characterised as a disproportionate focus on the production of family homes alone, may no longer be a tenable business strategy.

I hope that this latest research will prove to be of widespread interest, and also prove helpful to all those involved in the range of activities which together determine the shape and character of future housing developments.

Rt. Hon. Nick Raynsford
Chairman, NHBC Foundation

The survey

This research is a collaboration between the NHBC Foundation and Savills to understand what people are looking for in a new-build home. Feedback was obtained from an electronic survey questionnaire that was sent to 14,000 people on the NHBC New Homes Community Panel* who had purchased a new home since 2014.

The survey participants were asked to gauge what was important to them when choosing their new home, with questions exploring:

1. The features of the home itself (such as number of bedrooms, design of living space, location).

2. Considerations specific to a new-build purchase (such as Help to Buy, new home warranty and minimum maintenance).

3. Parking, how many cars they owned and how they travel to work and to amenities.

4. The amenities they believed were important to have close to their home.

Our analysis has looked specifically at what people rated as 'very important' within the survey to find out what they were prioritising in their buying decision.

We also requested feedback from a select group of industry contacts to see how the results aligned with trends seen in their work; we have included some of their comments within the report.

The Sample

Over 38% (5,407) of households responded to the survey. There was good representation across Great Britain (Figure 1), however the distribution does not accurately align with the proportions of new homes being built in the regions, with London under-represented in the sample.

The age profile of the survey respondents is shown in Figure 2, compared with a national age profile of new homeowners based on NHBC statistics. The sample in this study may be slightly under-representing the priorities of younger owners and over-representing the priorities of owners over 45.

*The New Homes Community Panel is run by NHBC. It is a voluntary initiative for homeowners who have registered an interest in taking part in research surveys.

FIGURE 1 Households surveyed – distribution across Great Britain

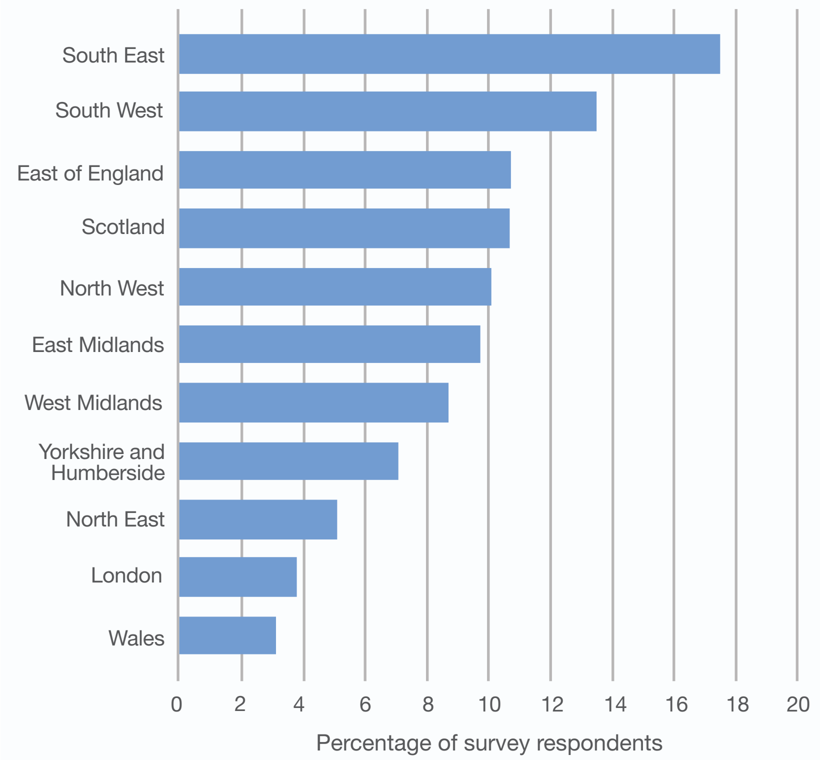
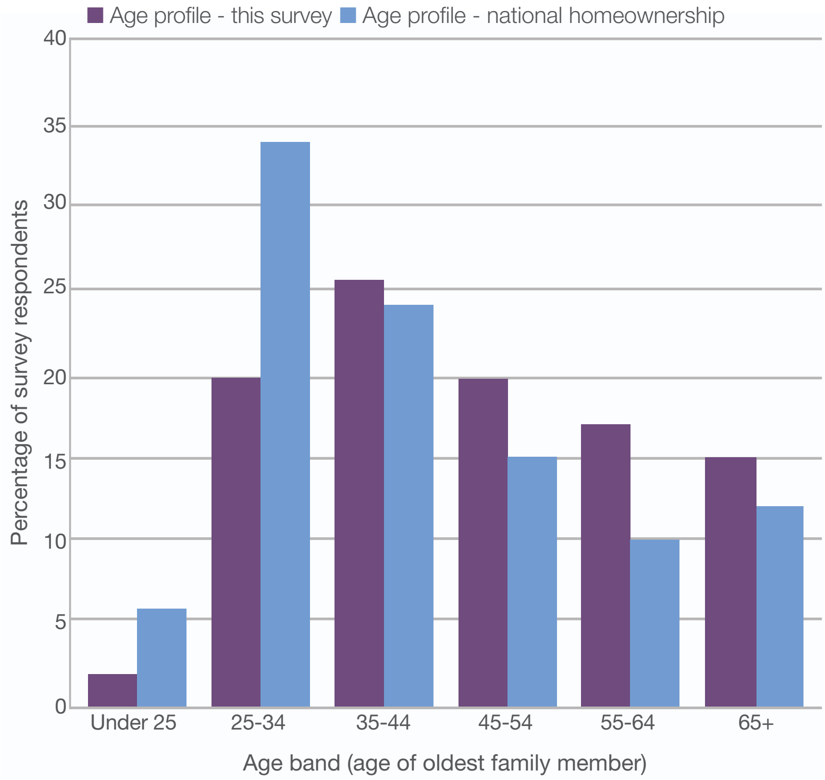


FIGURE 2 Age profile of households in this survey, compared to a national profile derived from NHBC statistics



Source: Savills Research & NHBC Foundation

The distribution of home types in the sample is shown in Figure 3. Compared to the current national housing output, apartments are under-represented in this sample (by about 15%) and detached homes over-represented (by about 22%). The average home size in the sample, measured by bedroom number (Figure 4) is 3.4, higher than the average number of bedrooms estimated for new homes, estimated to be 2.7 [1].

To explore the market in more detail, the sample of purchasers is divided into three location categories (see box out on page 5). The sample distribution across these locations is shown in Figure 5. To provide further insight, we have analysed according to the underlying reason for purchase, whether related to getting onto the property ladder, upsizing, downsizing or relocating (Figure 6).

This additional analysis helps us to understand what is important to buyers in different locations and with different lifestyle objectives. Finally the survey provides the age distribution of the different purchaser types (Figure 7), giving additional context when considering their responses.

FIGURE 3 Proportion of different home types in the sample

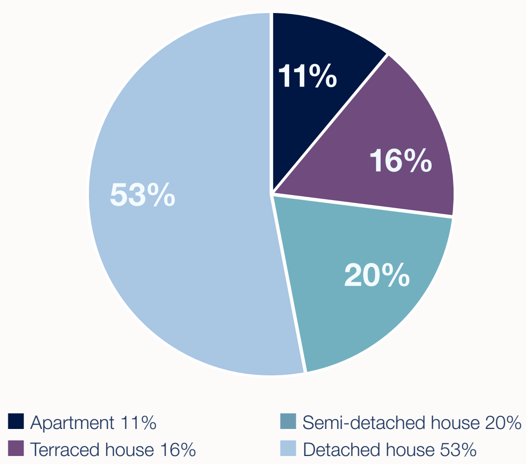


FIGURE 4 Size of homes in the sample

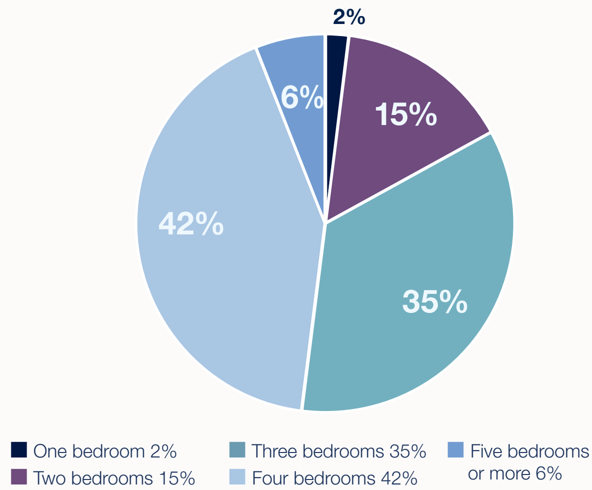


FIGURE 5 Location of respondents' homes

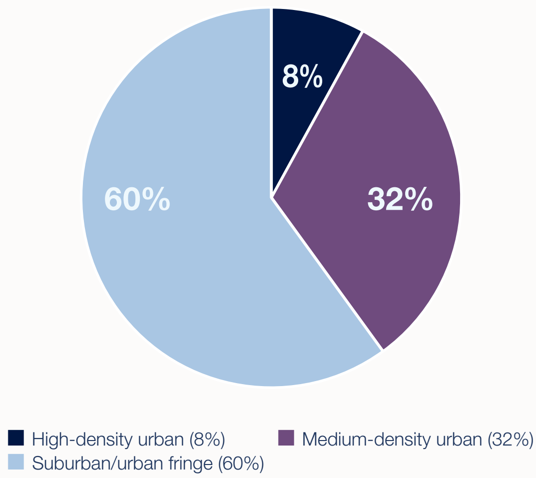
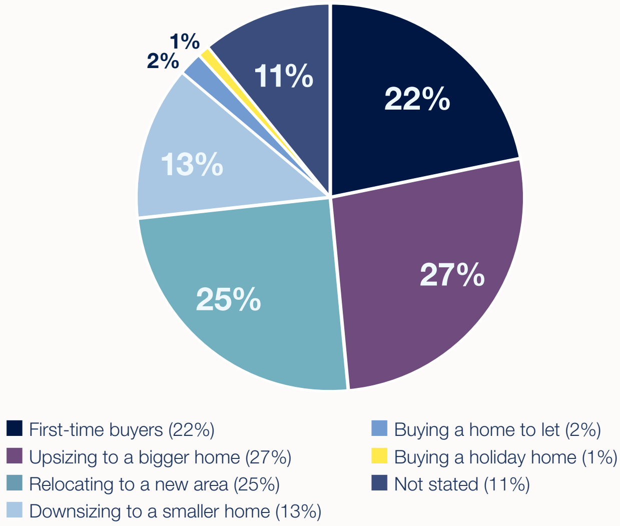
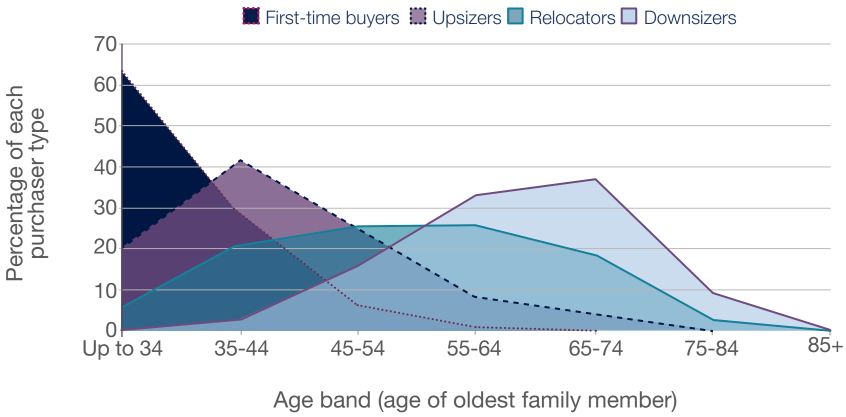


FIGURE 6 Reasons for buying



All sources: Savills Research & NHBC Foundation

FIGURE 7 Age profile of different purchaser types



Source: Savills Research & NHBC Foundation

36%
of first-time buyers surveyed were aged over 35

Our three location categories

High-density urban markets

- These markets are high-density residential areas with some retail and commercial space integrated into them, such as a high street. Our sample included major city centres such as London, Birmingham and Manchester as well as central locations in towns such as Harrogate (North Yorkshire).
- There was a higher proportion of first-time buyers here than in other markets – accounting for 29% of the sample compared to 19% in suburban markets.
- Homes here were more likely to be smaller properties; a quarter of our respondents had bought a two-bedroom property in these locations, compared with just 11% in more suburban locations. Likewise, 30% of properties bought here were apartments, compared to just 6% of the properties in the suburbs.

Medium-density urban markets

- These markets include medium-density residential areas with amenities, as well as regenerated industrial and retail sites. Our sample included regenerated industrial sites such as in Newport (Gwent) and Dartford (Kent) and medium-density residential areas such as Stevenage (Hertfordshire).
- Buyers in these markets were found to be slightly younger than elsewhere, with 27% aged under 35 against an average of 22% across the sample.
- Only 16% of properties in these locations were apartments, and the houses were more likely to be smaller (1, 2 or 3 bedroom) than in the high-density and suburban locations. Buyers were therefore paying a lower average price for their property than in other markets.

Suburban/urban fringe markets

- These markets are lower-density residential areas, with 91% of this sample located within 3km of an urban area. Our sample included suburbs of larger urban areas such as Solihull (West Midlands) and the outskirts of Aberdeen (Aberdeenshire), and urban extensions such as at Aylesbury (Buckinghamshire) and south Cambridge (Cambridgeshire).
- There were more families in this market: 36% of respondents in the suburbs have children compared to 30% in high-density urban areas.
- With a higher proportion of families, buyers were purchasing larger homes in this market than elsewhere. 53% of properties here have 4 or more bedrooms, compared to 39% of properties in higher-density urban markets.

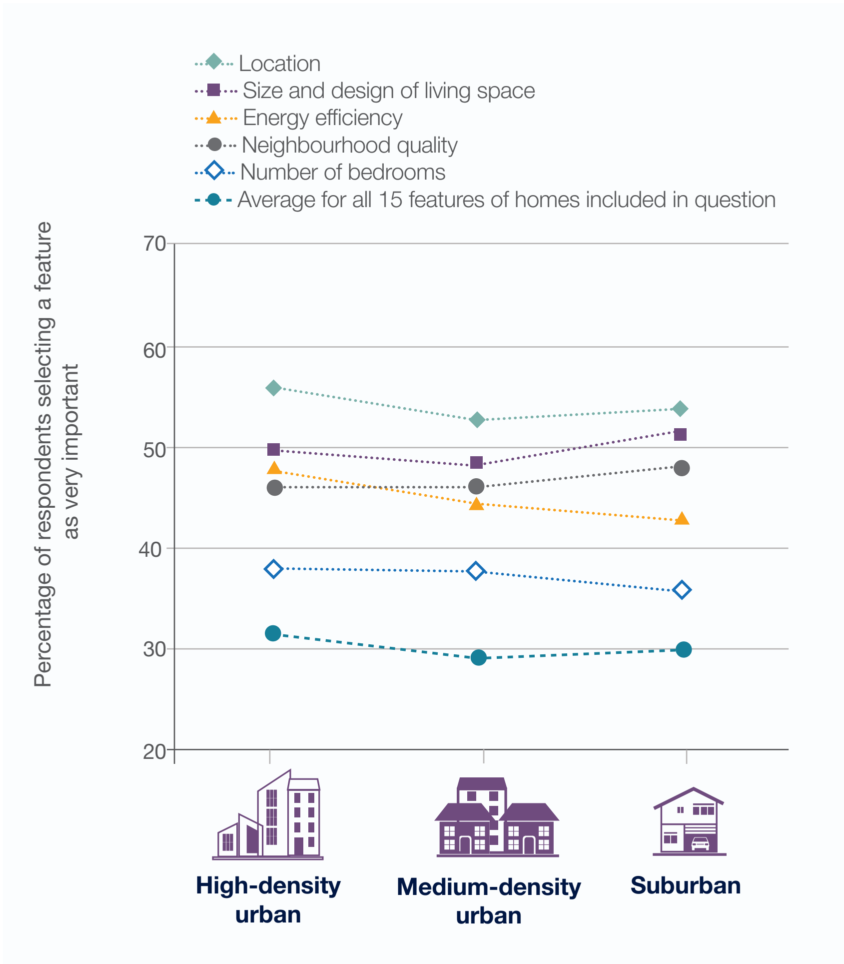
Survey results

What features of new-build homes are most important to purchasers?

The survey results indicate that certain features of homes are consistently highly-important to buyers irrespective of location (Figure 8).

While Figure 8 shows that 'location' scores highest across the three density markets, the highest-rated feature actually varies for different purchasers (Table 1). These align with the aspirations of the different purchasers, however the great importance attached by downsizers to energy efficiency is striking, indicating a shift towards greater public engagement with this issue.

FIGURE 8 The features of homes that were rated most highly by purchasers in different locations



Source: Savills Research & NHBC Foundation

TABLE 1 The most important new-home features identified by different purchaser types

	First-time buyers	Upsizers	Relocators	Downsizers
High-density urban	Living Space	Living Space	Location	Energy efficiency
Medium-density urban	Location	Living Space	Location	Location
Suburban	Living Space	Living Space	Location	Energy efficiency

Source: Savills Research & NHBC Foundation

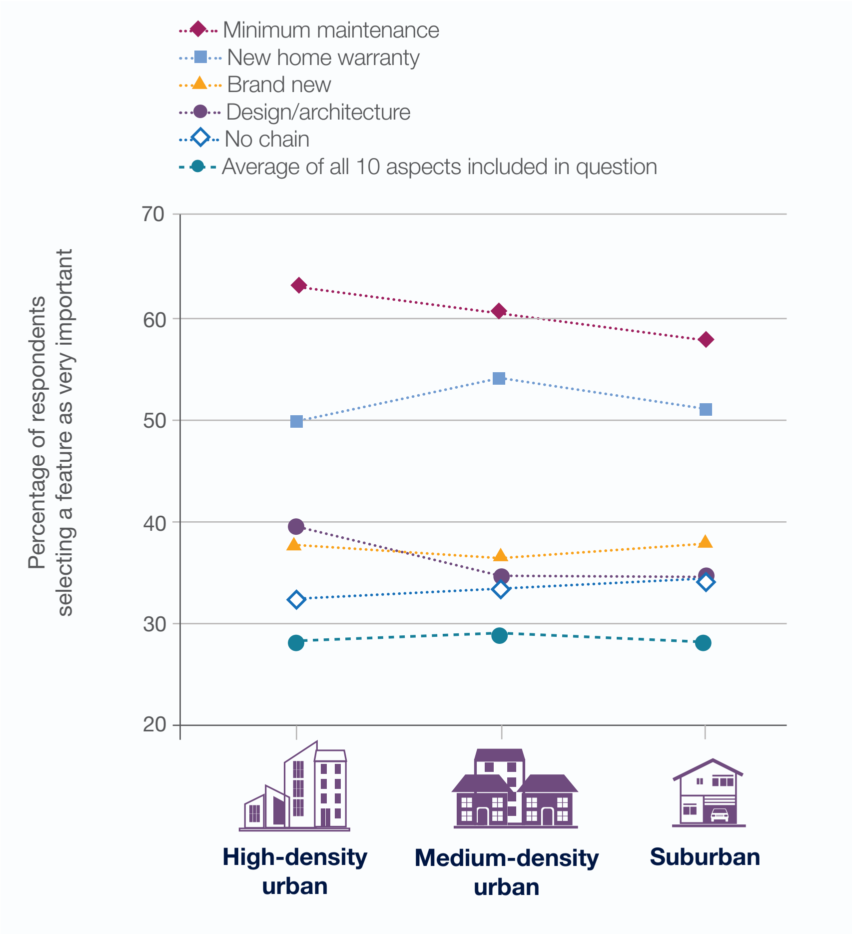
Specific reasons for choosing a new-build home

Survey respondents were asked to select their most important reasons for specifically buying a new-build home. From Figure 9 minimum maintenance (very important to over 59% of buyers) and the availability of a new home warranty (very important to over 50% of buyers) stand out as consistently highly-important reasons across the three market locations.

These two characteristics are also highly important to each of the purchaser types, however Help to Buy (a government initiative providing equity loans for first-time buyers of new-build homes) was most important to first-time buyers (see Figure 13a).

Other considerations which are of notable importance to buyers, again with a fairly consistent response across the density range, included an appreciation of modern design, the fact that everything is new and no purchasing chain. These perceived advantages of new homes reflect findings published elsewhere [2].

FIGURE 9 The most important reasons for choosing a new-build home



Source: Savills Research & NHBC Foundation

Parking and car usage

Garages (double or single) were considered to be very important by 39% of buyers, much less than the importance attached to the availability of off-street parking (Table 2). Buyers of larger houses placed much more importance on off-street parking with 65% rating it as very important (compared with 32% for apartment owners).

When accessing amenities, homeowners in high-density locations are marginally more likely to prefer to walk than drive (Figure 10). The preference for walking decreases at lower density, particularly in suburban locations, where there is much more preference for the use of a car. Overall, it is clear that parking and car use is an important consideration for many people, particularly in the suburbs.

51%
of purchasers in suburban areas preferred to drive to amenities

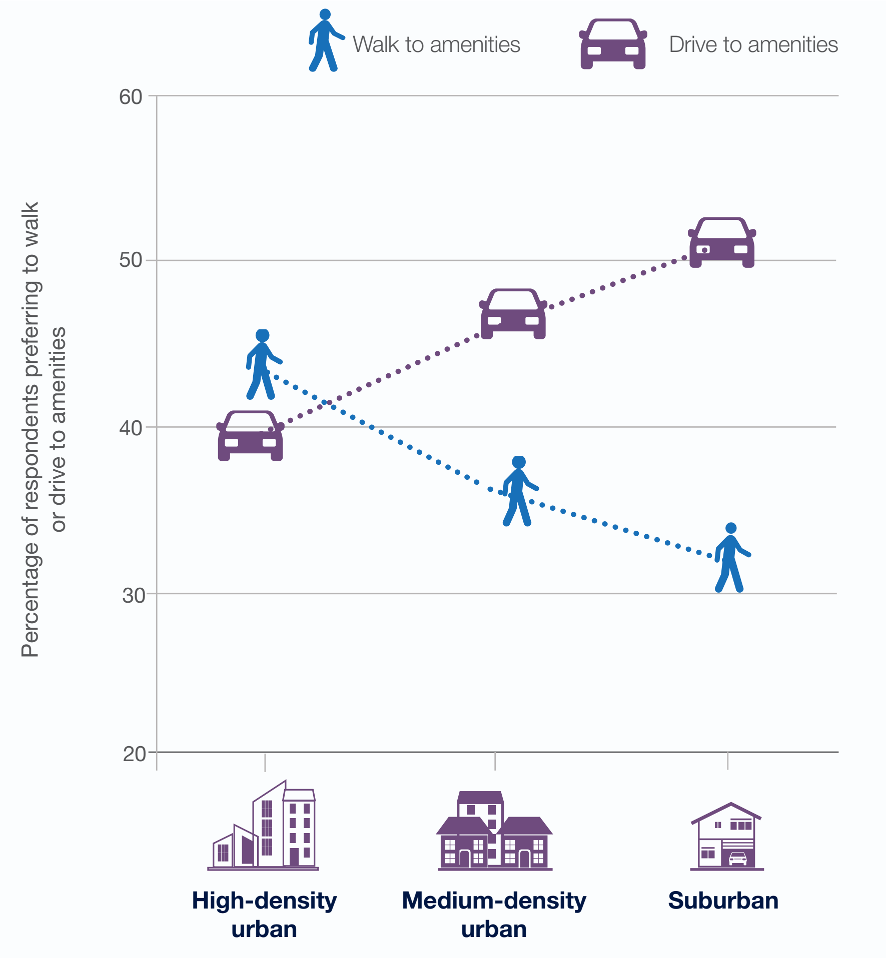
44%
of purchasers in high-density urban areas preferred to walk to amenities

TABLE 2 Importance of parking arrangements: proportion of survey participants regarding 'off-street parking' as very important

	High-density urban	Medium-density urban	Suburban
Off-street parking	53%	56%	61%

Source: Savills Research & NHBC Foundation

FIGURE 10 Preference for walking or driving to amenities. Graph based on homeowners' preferred way of getting to a station, convenience store, supermarket and local NHS services



Source: Savills Research & NHBC Foundation

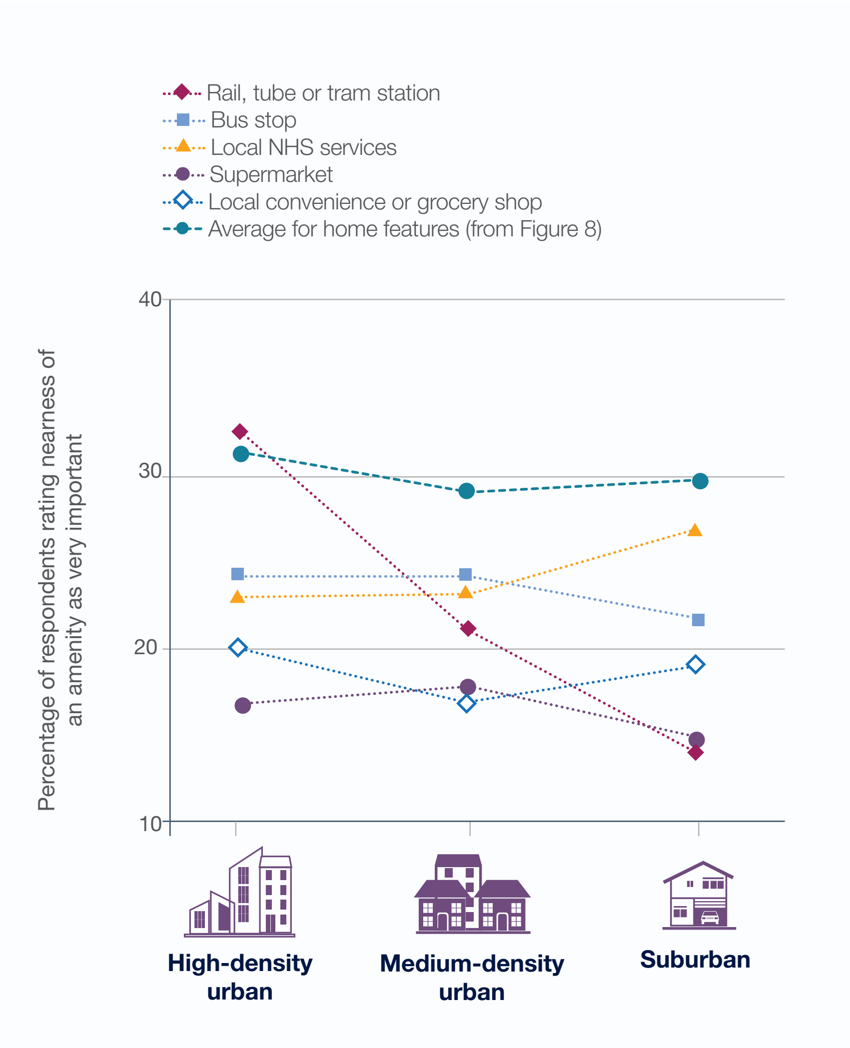
Local amenities

In this survey, participants were invited to rank the importance of being close to a range of sixteen amenities, including health services, schools, shops and transport links.

The feedback tells us that the closeness of amenities, though known to give a marketing advantage and potentially widen the range of buyers, does not match the levels of importance associated with the more highly-rated features of the new-build homes themselves.

Figure 11 shows the amenities that are seen as most important amongst those who have bought new homes, compared with the average line for features of the home (from Figure 8). The variation in response from left to right shows that being close to different amenities provides important differentiators across the three market densities.

FIGURE 11 Importance of nearness of amenities to homebuyers. This chart shows the five amenities that are rated as the most important



Source: Savills Research & NHBC Foundation

In terms of the most important factors, this study reinforces that though aspects such as location and living space are key, we know that these are not the be-all and end-all when it comes to house hunting and sometimes these are compromised due to budget, at which point the other factors (amenities, transport connections, etc.) will come into play.

Bellway Homes

Differentiating the market

Purchasers' core priorities

From responses to all questions about their purchase (combining responses to features of homes, new-build considerations, parking and nearby amenities) it is possible to identify what is most important to today's homebuyers. In order, these are:

1. **Minimum maintenance**
2. **Off-street parking**
3. **Location**
4. **New home warranty**
5. **Size and design of living space**
6. **Quality of the neighbourhood**
7. **Energy efficiency**

As shown in Figure 12, buyers in the different market densities are remarkably consistent in the choice of these priorities and the order in which they are ranked. Additional analysis was carried out on data from some of the geographical regions (South West, North West, Scotland and London) included in the survey. Except for London, the seven priorities listed above were again the top priorities, indicating their high importance to buyers across the regions. These appear to represent a set of core priorities that can usefully inform the direction of general marketing activities.

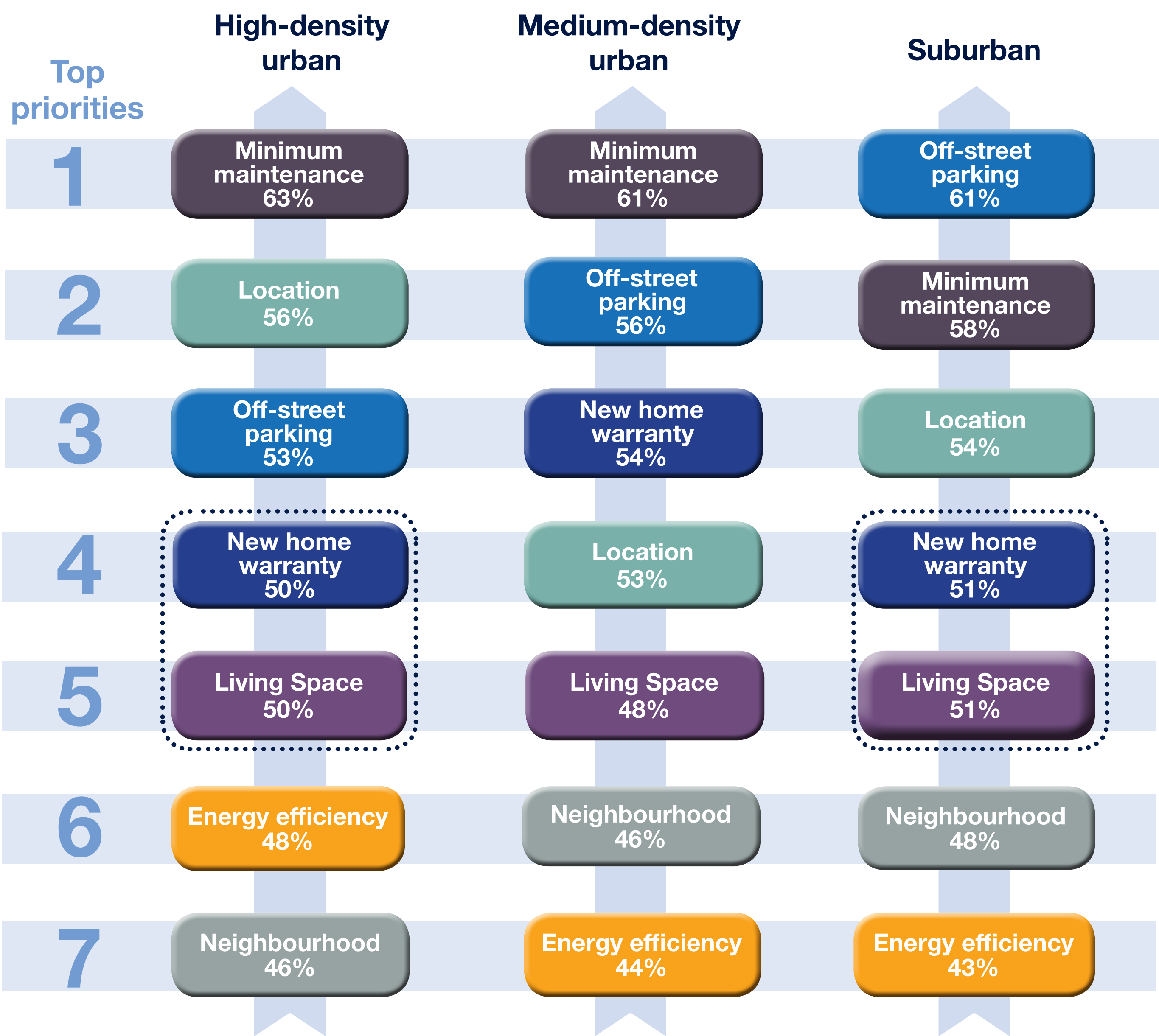
Significantly, no amenity categories score high enough to be included in the top seven when the sample is analysed by density or purchaser type (page 12). The importance of neighbourhood quality to buyers has been recognised in other studies [see 3 and 4]. Energy efficiency appears to be steadily moving up the priority list for homebuyers, perhaps because it has a growing association with comfort and low bills. Also, there is some evidence that priorities are changing over time, with for example, safety and security no longer registering so highly [5].

For London, though noted earlier to be under-represented in the sample, purchasers put the highest value on a local transport connection (train, tube and/or tram) and did not prioritise parking highly. They also included bedroom number and the 'brand-new' attribute of new-build within their top seven priorities.

There is a case for examining priorities in more detail within London in future work, as its special circumstances may not be being highlighted by the dense-urban data set captured in this study.

> We have always believed that the benefits of a new-build home are the low maintenance and warranty that come with it. It was reassuring and slightly surprising however to see how highly these two things are rated by survey respondents, and as a result we will be focusing more on these benefits when marketing our homes going forward.
>
> *Bellway Homes*

FIGURE 12 Top seven priorities across the density markets



Percentages represent the proportion of purchasers in each category that rated a characteristic as very important. The dotted line signifies almost identically ranked priorities.

Source: Savills Research & NHBC Foundation

Priorities of different purchaser types

When we shift attention to what is most important to different purchaser types (Figure 13a), the priorities included in Figure 12 remain well-represented. There is, however, some clear differentiation between the patterns (choice and order) of priorities for the different buyer types.

First time buyers highlight Help to Buy as their highest priority

Upsizers select off-street parking as their highest priority and chose the size and design of living space as their second highest priority

Relocators also prioritise off-street parking and attach great importance to location and neighbourhood considerations

Downsizers select minimum maintenance as their highest priority, but notably energy efficiency is one of their top seven.

These profiles of priority indicate opportunities for customised marketing to different home buyers. While cost and the property considerations will be foremost in the minds of buyers, local amenities also feature within their decision making. Figure 13b shows the amenities that are most important to different buyers, and highlight the following:

- **The importance of local NHS services to relocator and downsizer purchasers (who tend to have older age profiles)**
- **The importance of bus routes/bus stops to all purchasers**
- **The importance of transport links and local shopping to first-time buyers**
- **The importance of local schools to upsizer households**
- **The importance of a local convenience store**

While this analysis contributes to our understanding of particular needs among different categories of purchaser, there is some predictability about these needs, particularly when the typical ages of the purchaser types are taken into consideration (Figure 7).

As well as identifying what was most important to different types of buyer, the feedback does allow us to draw some tentative conclusions on other features of homes that they gave responses to in the survey, including:

1. Downsizers were noted to attach slightly more importance to the quality of fixtures and fittings in bathrooms and kitchens, particularly in dense urban settings, where 51% rated the quality of the fitted kitchen and appliances as very important.

2. Perhaps predictably, garden size was more important to upsizers than other buyers.

3. Upsizers attached slightly more importance to open-plan design than other buyers.

4. Though not identified as a top priority by any buyers it was noted that modern technology (in this survey, for reference, participants were given the example of smart heating) was rated most highly by downsizers and first-time buyers. About 30% of downsizers in high-density urban locations rated it very important. In contrast, only 11% of relocators in the same setting rated modern technology as very important.

> Our industry needs increasing data analysis, particularly in a marketplace where consumers are becoming ever more discerning in their buying decisions. For us, having granular insight into buying drivers is a powerful tool to support product design and marketing strategies.
>
> *Crest Nicholson*

FIGURE 13a Market differentiation by purchaser type: top seven priorities when choosing a new home

Top priorities	First-time buyers	Upsizers	Relocators	Downsizers
1	Help to Buy 58%	Off-street parking 65%	Off-street parking 61%	Minimum maintenance 70%
2	Minimum maintenance 57%	Living Space 61%	Location 61%	New home warranty 58%
3	New home warranty 53%	Minimum maintenance 56%	Minimum maintenance 58%	Energy efficiency 57%
4	Off-street parking 53%	Location 53%	Neighbourhood 52%	Location 56%
5	Location 46%	Neighbourhood 49%	New home warranty 51%	Off-street parking 55%
6	Living Space 44%	New home warranty 49%	Living Space 46%	Living Space 47%
7	Neighbourhood 41%	Number of bedrooms 49%	Energy efficiency 45%	Neighbourhood 47%

FIGURE 13b Market differentiation by purchaser type: most important amenities to be near

Amenity priorities	First-time buyers	Upsizers	Relocators	Downsizers
1	Bus stop 25%	Bus stop 21%	Local NHS services 32%	Local NHS services 37%
2	Train/tube/tram 24%	Primary school 20%	Bus stop 24%	Bus stop 24%
3	Convenience store 22%	Local NHS services 18%	Convenience store 19%	Convenience store 22%
4	Supermarket 22%	Secondary school 18%	Train/tube/tram 17%	Near to urban centre 20%
5	Local NHS services 22%	Train/tube/tram 16%	Supermarket 17%	Supermarket 18%

Percentages represent the proportion of purchasers in each category that rated a characteristic as very important.
The dotted line signifies almost identically ranked priorities.

Source: Savills Research & NHBC Foundation

Additional observations on density

High-density urban markets

In the high-density urban market there is a higher proportion of apartments and a slightly stronger interest in the design of the home and the incorporation of modern technologies. Buyers of apartments were found to be much more interested in the security of their property – 44% of these buyers rated it as 'very important' compared to 30% of all respondents.

Buyers in high-density markets prioritise their amenities differently to the rest of the sample. They were more concerned with being close to a station (Figure 14) – 32% of the respondents rated it as 'very important' compared to 18% across the whole survey. This was particularly the case for younger buyers in these areas, with 47% of first-time buyers rating it as 'very important'.

Overall, buyers in high-density urban markets would prefer to be within walking distance of amenities than buyers in other markets. This is particularly true for a station (43% of buyers here want to be within walking distance compared to 25% across the survey). Figure 10 illustrates that people in higher-density locations are the most likely to walk to key amenities, and use their cars less.

More buyers here commute to work using public transport, so it is unsurprising that car ownership in these areas is lower than elsewhere; 47% of buyers have two or more cars, compared to 60% in the suburbs.

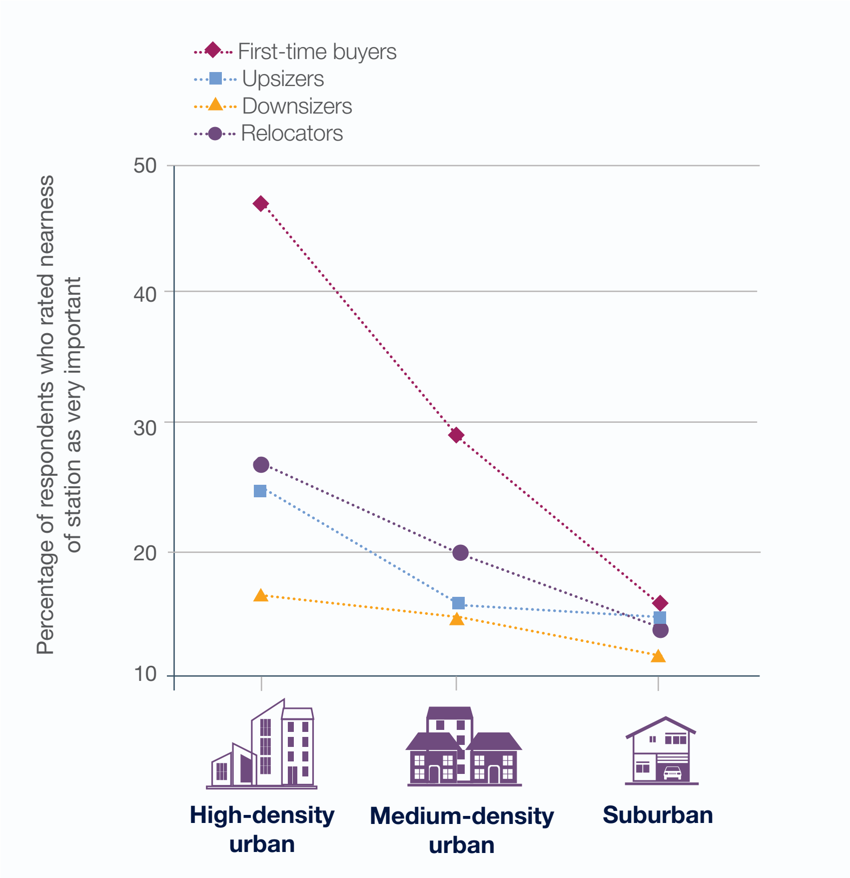
With fewer cars and a higher dependency on public transport, both existing infrastructure and future infrastructure need to be taken into consideration for buyers in these markets.

Medium-density urban markets

As indicated in Figure 11, buyers in the medium-density market are somewhat intermediate in their amenity priorities. The station is still very important to them, but now rated as being of similar importance to their main requirement for local NHS services and bus transport.

While buyers in these markets are, on average, younger than elsewhere, the priority for being close to local NHS services is mostly being driven by older buyers – only 17% of upsizers think this is 'very important' compared to 34% of downsizers in this market.

FIGURE 14 Importance of train/tube station or tram to all buyers in the high-density urban setting



Source: Savills Research & NHBC Foundation

Suburban/ urban fringe markets

In this market, off-street parking was ranked particularly high with 61% of buyers rating it as 'very important'. This is unsurprising as buyers in these markets have the highest level of car ownership (77% of families here own two or more cars) and are much more likely to drive to work.

Buyers in the suburbs are less interested in being close to a station – 14% thought it was very important. Likewise, these buyers were also less interested in being close to a town centre. Instead, it was access to local NHS services that was prioritised highest. But again this differed by buyer type and age. While only 22% of families in this market rated being close to NHS services as 'very important', 38% of downsizers thought it was.

Overall, buyers in suburban markets would prefer to drive to amenities more than buyers in other markets. This is particularly true for a station, town centre and supermarkets.

What they would want within walking distance broadly matches buyers in other areas – 60% of buyers here would prefer to walk to a local convenience shop, and 57% would prefer to walk to a park. However buyers in the suburban market are generally more likely to use their car to get to key amenities (Figure 10).

One surprising finding was the proportion of first-time buyers in these markets who thought being near a school or nursery was very important. This may reflect the wider age span of first-time buyers, many of whom will already have started families.

The first-time buyers were also more likely to want to walk to a school or nursery than upsizers – with a quarter of first-time buyers wanting to be able to walk to a nursery, compared to 18% of upsizers. For such buyers the provision of a local nursery on site would seem a very attractive idea.

Summing up

Buyers of new homes care about more than location. Location is important but other features of homes are equally or more important to an increasingly discriminating buying public. In particular energy efficiency is high on the priority list of downsizing buyers, a market sector which is likely to increase in future years.

There are seven core characteristics that are high priorities to buyers of new-build homes, irrespective of the density of the housing development. Homebuyers attached greatest importance to minimum maintenance, however their top priorities also include off-street parking, location, new home warranty, size and design of living space, energy efficiency and the quality of neighbourhood.

Features of homes and the new-build experience can provide some market differentiation of the needs of different buyers (first-time buyers, upsizers, relocators and downsizers). But better alignment with the local amenity needs of different buyers is also important in the delivery and successful marketing of future schemes to buyers, and increasing sales and build out rates.

Amenity needs vary in a complex way, depending on the type of purchaser and the location of the development, whether urban, semi-urban or suburban.

Help to Buy stands out in this survey as crucially important to first-time buyers, highlighting how rapidly supportive policy initiatives can impact on the market.

Further reading

[1] Moving insights from the over-55s: what homes do they buy? NHBC Foundation NF79, 2017

[2] The advantages of new homes. NHBC Foundation NF73, 2016

[3] Spotlight on development: the value of placemaking. Savills. 2016

[4] Occupier demand survey. Savills. 2007

[5] Modern housing: householders' views of their new homes. NHBC Foundation NF6, 2007

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This market research was carried out by Savills in collaboration with the NHBC Foundation.

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The NHBC Foundation provides high quality research and practical guidance to support the house-building industry as it addresses the challenges of delivering 21st century new homes. www.nhbcfoundation.org