

Do I need to buy a house?

Housing interview with presenter Josie Long

We're told that owning a house is an expected part of our lives. You grow up. You get married (maybe). You have a couple of kids (maybe). But, if you get a good job, you'll definitely get a house.

But it wasn't always this way. Before World War I, 90% of the population actually rented. In fact, most landlords and many wealthy people also rented their homes. Even closer to home, in the early 1980s, only 50% of 55 to 64-year-olds were homeowners. And that was because most of the older generation managed to get a council home, and if they didn't they rented privately. Fast-forward 10 years to the 1990s, and most people aged between 35 and 60 were homeowners. So what happened?

Well, by the 1980s, it became much easier to get a mortgage, and council houses were sold to tenants at a discount through Margaret Thatcher's "Right to buy" policy. By 1984, half of all homes were owner-occupied. House prices surged during the late 80s bubble, then it all fell apart. The recession saw interest rates, unemployment and inflation rise, but house prices fall. And it took until the mid 1990s for things to recover.

By the 2000s, house building dropped to the lowest levels since the 1920s, but the population continues to rise. So there was more demand, but fewer new homes being built. At the same time, during the 2000s, house prices more than doubled, meaning that more and more people are renting their homes.

In 2008, the credit crunch caused a banking collapse and a recession. And we're still suffering from the aftershocks of that today. Mortgage lending is much stricter, and more and more people are renting their homes. At the same time house building is far below the level that experts say we need to fill the shortage. Forecasts suggest that by the year 2025 we may again be a nation of renters rather than a nation of homeowners.