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SCOTTISH DOWNSIZERS BENEFIT FROM £100K WINDFALL

Detached home owners in Scotland looking to downsize could be in line for a potential windfall of over £100,000 if they trade down to a semi-detached property, according to the latest research from Bank of Scotland. Those planning to move from a detached property to a bungalow could raise an average of £66,000.

Scots more likely to benefit from downsizing than those around the UK

For those trading down, the potential amount that can be raised by downsizing from a detached property to a bungalow has risen by 14% (or £8,365) over the past decade; a downsizer today would receive an average of £66,190; compared with £57,825 in 2005. (See table 1). The UK average growth is 2% (or £1,616), allowing Scots to realise a greater benefit from the move.

The potential amount of cash Scottish homeowners could raise by downsizing their property from a detached home to a semi-detached stood at an average of £100,778 in 2015; an increase of 12% (£10,469) since 2005. (See table 2)

While Scots will be pleased to see a double digit percentage increase in windfall over 10 years, home owners in the South West of England and East Anglia have seen even high percentage increases over the decade.

Three Quarters Expect to Benefit Financially from Downsizing

Across the UK, downsizing is the most popular reason for people looking to move to a new home in the next three years, with 46% of those surveyed citing that as a reason.

The main reason people cited for downsizing was to move somewhere which better served their circumstances (53%). Other reasons given were to reduce bills or free up equity (both 39%), or to provide extra cash for retirement (31%).

The average age for a downsizer was 53 and the largest proportion (37%) had lived in their current property between 11 and 20 years and had moved into that property at the age of 39.

A fifth said that they were downsizing earlier than they had anticipated, citing reasons such as health, changes in relationship status and need to be closer to better local amenities. A third also said that they were planning to move to a more affordable area.

Three quarters of those downsizing said they expected to profit from their move, with 35% saying that they planned to reinvest their additional capital in a new property. 29% said that they would invest in other financial products, whilst only one in five (21%) planned to invest in their pension or pass the earnings on to their family.

Press Release



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Nicola Noble, Bank of Scotland's Mortgage Director, said: "Double digit percentage growth in windfall over a decade is great news for Scots considering downsizing. It's interesting to see that a large proportion of downsizers are planning to reinvest the profits from trading down into a new property, rather than pensions or other financial products."

"Downsizing is also healthy for the market, as it helps keep it moving and frees up larger properties for younger families who may be about to take their next step up the ladder."

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Table 1: 10 Year % Change in Downsizing Windfall: Detached to a Bungalow

	Downsizing windfall, 2005 (£)	Downsizing windfall, 2015 (£)	10 year % change	10 year £ change
Scotland	57,825	66,190	14%	8,365
East Anglia	75,066	94,381	26%	19,314
South West	72,422	91,663	27%	19,240
Yorkshire and the Humberside	78,416	91,928	17%	13,511
Wales	59,648	72,014	21%	12,367
Northern Ireland	41,821	47,837	14%	6,016
East Midlands	60,326	65,679	9%	5,354
West Midlands	72,270	77,512	7%	5,241
North	64,479	66,485	3%	2,006
South East	164,949	161,460	-2%	-3,489
North West	92,397	87,974	-5%	-4,423
Greater London	326,908	256,538	-22%	-70,370
UK	97,607	99,223	2%	1,616

Source: Bank of Scotland database, based on average price in 12 Months to December

Note: * difference between average price of detached and a bungalow.

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Table 2: 10 Year % Change in Downsizing Windfall: Detached to a Semi

	Downsizing windfall, 2005 (£)	Trading down windfall, 2015 (£)	10 year % change	10 year £ change
Scotland	90,308	100,778	12%	10,469
South West	109,687	130,654	19%	20,967
East Anglia	88,177	101,878	16%	13,702
East Midlands	92,097	103,416	12%	11,319
West Midlands	115,726	123,624	7%	7,898
Yorkshire and Humberside	108,594	115,792	7%	7,198
Northern Ireland	61,073	68,005	11%	6,931
Wales	89,784	95,178	6%	5,394
North	90,957	92,651	2%	1,694
South East	178,668	178,904	0%	236
North West	115,499	105,695	-8%	-9,804
Greater London	272,721	201,052	-26%	-71,669
UK	115,970	117,230	1%	1,260

Source: Bank of Scotland database, based on average price in 12 Months to December

Note: * difference between average price of detached and a semi detached home.

Notes to editors:

¹ Downsizing from a detached to a bungalow

House prices:

The prices used are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. Data is from Lloyds Banking Group with the average price based on the 12 months to December for each year analysed.

All other data is based on consumer research undertaken by BDRC Continental (bdrcc-continental.com) on behalf of Lloyds Banking Group. Fieldwork took place between December 2015 and February 2016. Around 1000 (135 specifically with potential 'downsizers') interviews were collected from a representative online consumer panel of homeowners housed by Research Now.

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