



Savings to shelter

Pensions' role in addressing the
UK housing crisis



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Savings to shelter

Pensions' role in addressing the UK housing crisis

The UK continues to face a deepening housing crisis, driven by a severe shortage of affordable homes, rising rents, stagnant wages and increasing homelessness.

In 2024, the newly elected Labour government pledged to “build, build, build” to address the issue. One year on, its commitment materialised with a £39 billion investment in social and affordable housing, unveiled in the UK government’s Spending Review.

Paired with the Mansion House Accord, this signals that ambition is turning into action. However, to truly break ground and cement success, government funding must be complemented by private investment.

For asset managers and pension providers, there is a window of opportunity to deploy investor capital towards creating homes for those most in need.

Our 2024 [private markets survey](#) revealed that 70% of pension savers surveyed would feel more positive about their pension if its funds contributed to affordable housing projects. Additionally, 60% believed that pension companies investing in affordable housing would perform a lot better than those which did not.

With affordable housing being a timely and critical issue, we wanted to dig a bit deeper with UK pension savers. Our 2025 survey explores UK pension savers’ views on affordable housing – both from a societal and an investment standpoint.



Affordable housing refers to homes for sale or rent that are priced below market rates to help people whose needs aren’t met by the private housing market.



Our survey population

The findings are based on an online survey of 4,411 pension savers (those aged 22-65 who are currently contributing to a pension). We also asked the same questions to a sample of 550 DC pension holders aged 55-75 who are now in decumulation to determine whether there are any differences in attitudes when people start to take their pension money. The survey was conducted in May 2025 by Ignition House on behalf of L&G.

In this report, we define generations as:

- **Baby Boomers (Boomers):** Born between 1946 and 1964
- **Generation X (Gen X):** Born between 1965 and 1980
- **Millennials:** Born between 1981 and 1996
- **Generation Z (Gen Z):** Born between 1997 and 2012



The sentiments behind the stats:

Key headlines

Our research examined perspectives across genders and generations, capturing insights from both homeowners and renters. It also explored how the attitudes of those actively saving for retirement compare with those already retired.



In this report, we explore views on the importance of affordable housing, societal challenges and where pensions fit into the housing puzzle.

While all our respondents agreed that affordable housing is an important issue to address, there are differences between groups. Those in the decumulation were slightly less concerned than those in accumulation. Renters view it as more of a critical issue than homeowners do.

- While healthcare and defense were selected as the top government priorities, more renters than homeowners voted for affordable housing as a top priority.
- A generational gap in views is evident between the younger Gen Z and Millennials and the older Gen X and Boomers.
- The majority of renters said they hope to own their own home in the future, but nearly a quarter said they don't think they will ever be able to afford it.
- The majority of respondents said that the maximum percentage of a person's income that should be spent for it to be considered 'affordable' is under 30%. This fell to 20% when focusing on just the accumulation set of respondents.
- A small percentage said that renters require no additional savings in retirement compared with homeowners. Among those who acknowledge a difference, their expectations fell short of the actual amount projected to be necessary.
- The majority of respondents said that pensions being used for affordable housing is positive.

Read on to find out more on the stats behind the savers' sentiments.



Because it will help my children to get on the housing market and also help my pension fund.

Male, aged 55-64
private renter

“

It is satisfying a desperate need and shortage in UK housing while potentially making a return on my investment. It's a great concept.

”

Male, aged 45-54
homeowner

“

Investing pension money in affordable housing helps in two ways. It can grow my savings and also help with high housing costs. It feels like a smart and kind thing to do at the same time.

”

Female, aged 25-34
homeowner

“

It has made me more interested in adding a small bit of my pension funds to support pension companies that are investing in homes to rent or buy.

”

Female aged 22-34
private renter

Key risks

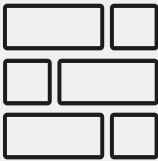
The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested.

Beyond bricks and mortar

While healthcare and defence were identified as top government top priorities over affordable housing, nearly all pension savers (97%) said it's important to address the issue – both to buy and rent. Nearly half further categorised it as extremely important.

Looking just at those who said it was extremely important to address affordable housing:

- Women were slightly more likely than men to say it's extremely important to address the issue of affordable housing to buy (48% compared with 43%), but no gender difference for affordable housing to rent.
- More Gen Z and Millennials said it was extremely important compared with the older Gen X and Boomers.
- England slightly leads Scotland in stating that affordable housing to buy and rent is extremely important to address. England is 46% to buy and 44% to rent. Scotland recorded 40% to buy and 37% to rent.
- From a regional perspective, respondents in London are the most likely to say that addressing affordable housing is extremely important (55% agree on renting and 51% agree on buying). East Midlands respondents scored the lowest for renting (35%) and buying (36%).
- Renters selected affordable housing as a top priority more than any other group. In this population, 21% said homes to buy should be the top priority (compared with 11% of homeowners) and 22% (versus 7% of homeowners) said affordable homes to rent should be the top priority.



When comparing those in decumulation with the same age range in accumulation, we found that the decumulation respondents were slightly less concerned about affordable housing.

When asked about the lack of affordable housing to rent in their local area, 55% in accumulation said it is critical/very serious compared with 41% in decumulation.

When considering the lack of affordable housing to buy across the country, 23% of those in accumulation said it is a critical issue, compared with 18% of those in decumulation.

When asked to rank the issue in the government's priorities, affordable housing also came third in the over-55s selection, behind defence and healthcare.



Under one roof? Differences between renters and homeowners

Considering the differing perspectives of homeowners and renters paints a more complete picture.

Homeowners are slightly less concerned about addressing the issue of affordable housing than renters.

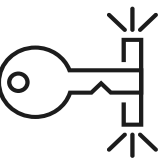
- **Nationally, 80% of renters said affordable housing to rent is a critical/serious issue, compared with 65% of homeowners.**
- **When considering the same question for their local area, this dropped slightly to 72% of renters and 54% of homeowners.**
- **Both homeowners and renters agreed that the national availability of affordable housing has worsened over the past few years, with 66% of renters and 62% of homeowners stating this.**

When considering affordable housing to buy, renters were more pessimistic than homeowners, potentially due to their lived experience of trying to get onto the property ladder. The national picture also scored worse than the local one.

- **Nationally, 76% of renters said it was a critical/serious issue versus 66% of homeowners. The figures for respondents' local areas are 74% and 60%, respectively.**
- **Nationally, 66% of renters say availability of affordable homes to buy has generally become worse over the past few years, compared with 60% of homeowners. The figures for the local area are slightly lower – 63% for renters and 56% for homeowners.**

Stepping over the threshold: Can renters make a house a home?

Most renters want to own a home in the future, according to our survey. Looking at this through a generational lens, 87% of Gen Z hope/expect to own their own home, closely followed by 76% of Millennials, 50% of Gen X and 33% of Boomers.



This hope was matched by solid ambition, with 32% of renters ‘definitely expecting’ to own their home in the future.

Younger generations were slightly more optimistic than older generations. Just 17% of renters in Wales ‘definitely expect’ to own their own home. Northern Ireland was the most confident region, at 39%.

However, England has a place on the map, with London having the highest percentage of renters who expected to own their own homes in the future at 43%.

Unfortunately, the ‘sold’ signs are not quite up yet. Worryingly, 20% of renters said they don’t think they will ever be able to afford it. Looking deeper into the data:

- The older generations are more pessimistic, with 39% of Boomers and 28% of Gen X saying they won’t ever be able to afford their own home. This falls to 17% of Millennials and 9% of Gen Z.
- Women are more likely to think they won’t be able to afford their own home than men (22% compared with 17%).
- By region, this concern is highest in Yorks and Humber and south-east England (27%). It is lowest in London (10%) and north-east England (11%).

The Pensions Policy Institute¹ forecasts a significant rise in the number of households renting in retirement, with projections indicating a potential increase to 3.6 million by 2041 – including an estimated 1.7 million households in the private rented sector.

This growing trend raises serious concerns for those aspiring to homeownership and underscores the urgent need for more affordable and sustainable housing solutions.

Our survey further highlighted this – 54% of renters said they are very/extremely concerned that someone in their household might be impacted by the lack of affordable housing in the future. This was echoed by 37% of homeowners.



At a point in my life, my children will leave home to seek affordable housing. My investment could have saved them stress.

Male, 22-34
homeowner

Looking at this from a generational and retirement journey perspective, our findings highlight:

- 33% of those in decumulation said they are concerned that someone in their household might be impacted by a lack of affordable housing in the future. This compares to 43% for those of the same age in accumulation.
- The over 55s in accumulation were more likely to support building affordable homes to rent in their local area (69% accumulation versus 63% decumulation) and to buy (73% accumulation compared with 68% decumulation).
- Among pension savers, almost half of Gen Z and Millennials said they are concerned that someone in their household might be impacted, compared with 30% of Boomers.



It is a good way to protect people for the future. Social rents are often lower than those from private landlords, so it gives people an opportunity to save to buy.

Female, 55-75
in decumulation, owns outright

1. Pensions Policy Institute UK Pensions framework series. Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

A foundation for change?

Our research further illustrates the affordability challenge. Renters said they are struggling with increased rental costs, while homebuyers said they face difficulties in saving for a deposit and affording mortgage payments.



Reflecting this:

- 70% of renters said they or family members have personally had trouble finding affordable housing to rent, with 65% having the same experience with affordable housing to buy.

- This compares with 36% of homeowners facing renting difficulty and 45% facing challenges with affordable housing to buy.

Looking at the over-55s in accumulation and decumulation, the findings are still stark:

- Approximately a third of those in decumulation and accumulation have both had trouble in finding affordable housing to buy.
- A higher proportion in accumulation (34%) was cited over decumulation for affordable housing to rent (26%).

Lack of affordable housing has a detrimental effect on people's lives

Respondents said that affordable housing has a wider effect on many areas of society, from homelessness to mental health.



I think it's a good idea to build more affordable housing to help younger people with renting and to tackle homelessness.

Female, aged 45-54
homeowner



It helps people and families to gain stability and support they really deserve.

Male, aged 45-54
homeowner

Across the full 4,411 DC pension savers population:

- 89% said that it would lead to overcrowding or living in unsuitable accommodation – 53% said the impact would be significant.
- 87% said that it would have an impact on increasing homelessness – 55% said the impact would be significant.
- 89 said felt that it would lead to higher levels of anxiety – 51% said the impact would be significant.
- 92% said that it would lead to higher levels of financial stress – 64% said the impact would be significant.
- 88% said that it would lead to adult children living at home for longer – 56% said the impact would be significant.
- 81% said that it would lead to decreased community stability – 37% said the impact would be significant.
- 78% said that it would lead to people having children later in life – 40% said the impact would be significant.

The decumulation set of 550 respondents had similar views to the above.

Building momentum

We asked our 4,411 pension savers where they think affordable housing should be built. In general, they agreed that:

- They would like to see homes built near existing infrastructure – 50% said near public transport hubs, 49% on underutilised land, 47% mixed in with existing developments, and 45% near schools and childcare centres.
- There was less support for building in rural communities (27%), especially among the older respondents. 34% of Gen Z and 30% of Millennials said it was acceptable to build in rural communities, compared with 24% Gen X and 21% Boomers. However, 33% of renters said they were happy for affordable homes to be built in rural communities, compared with 27% of homeowners.
- Respondents would rather see houses built in the UK than globally – 24% said that they probably/definitely did not want homes built globally.

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This growing trend raises serious concerns for those aspiring to homeownership and underscores the urgent need for more affordable and sustainable housing solutions.

Our survey further highlighted this – 54% of renters said they are very/extremely concerned that someone in their household might be impacted by the lack of affordable housing in the future. This was echoed by 37% of homeowners.

Looking at this from a generational and retirement journey perspective, our findings highlight:

- 33% of those in decumulation said they are concerned that someone in their household might be impacted by a lack of affordable housing in the future. This compares to 43% for those of the same age in accumulation.
- The over 55s in accumulation were more likely to support building affordable homes to rent in their local area (69% accumulation versus 63% decumulation) and to buy (73% accumulation compared with 68% decumulation).
- Among pension savers, almost half of Gen Z and Millennials said they are concerned that someone in their household might be impacted, compared with 30% of Boomers.

The over-55s in accumulation and decumulation had similar views. The only difference was that those in decumulation are much keener on building on underutilised land – 71% of decumulation respondents, compared with 57% of the same age in accumulation.



“

It's a good idea. My only concern is new housing will be built on green belts, when brown belt sites should be used.

”

Male, 55-64
homeowner

When determining the priority for pension providers to support affordable housing development, homes for low-income families, first-time buyers and retirees emerged as the most favoured options, while student accommodation ranked lowest in preference.

Top ranking: Low-income families, first-time buyers and retirement homes

- Among pension savers, 63% of renters strongly supported pension companies building affordable homes to rent for low-income families, retirement homes and first-time buyers. This sentiment was echoed by 50% of homeowners.
- Approximately 55% of over 55s in accumulation strongly supported pension companies building affordable homes to rent for low-income families, retirement homes and first-time buyers. Just under half (48%) of those in decumulation also strongly supported.

Lowest ranking: Student accommodation

- Despite ranking lowest, 32% of renters still strongly supported pension companies building student accommodation, compared with 26% of homeowners.
- Approximately a quarter of pensions savers still strongly supported pension companies building student accommodation. There is not much divergence in numbers for those that do not support at all.

“

Use deserted factories and sites like that if you have got to build houses.

”

Male, 55-75
decumulation, social renter

The pensions piece of the housing puzzle

Beyond examining preferences for affordable housing investments by pension providers, we also sought to gauge respondents' broader views on property as an investment.

All respondents said that property is a good investment for retirement. This was noted by 77% of renters, 79% of homeowners, 71% of those in decumulation and 74% of pension savers.

There were slight variances in generational splits among pension savers, with Gen Z and Millennials leading the way at 80%. Gen X and Boomers came in at 77% and 74% respectively.

Attitudes to pensions being used for affordable housing

- Pension savers voted similarly, with approximately two-thirds agreeing that investing pension money in affordable housing is a “win-win” situation, offering potential returns on investment while also helping to address the high costs of housing. Men are more likely to agree than women (68% compared with 60%).
- 54% of pension savers noted they would pay a little bit more for a pension which included investments in affordable housing, rising to 67% of Gen Z. From a monetary perspective, 83% said they would pay more than £50 extra a year and 33% said they would pay more than £100.

Overall, 73% of all pension savers said they were happy with pension companies using their money in this way. The decumulation set was slightly lower at 67%.

Some of the respondents said they preferred to invest solely in stocks and shares, with 14% of pension savers preferring traditional investment opportunities.

“Housing is always needed and generates a regular income, eventually returning a profit which can secure my pension.

Female, 45-54
social renter

“In the UK, it can be more profitable than other forms of pension scheme investments given that there is a consistent demand for housing. With a growing population and limited housing supply, rental properties can provide a reliable income stream, even during economic downturns.

Male, 22-34
social renter

Entering retirement as a renter or homeowner

Building on the property perspective, we examined whether respondents perceived a financial gap in the savings required for renters versus homeowners approaching retirement.

Findings unearthed in this area include:

- Among pension savers, 8% of renters said no extra savings would be needed, compared with 6% of homeowners.
- For those that selected a monetary difference, around one in 10 of both segments said that renters would need to have saved over £250,000 more than their homeowner counterparts.
- The over-55s in accumulation and decumulation stages were similar at 7% and 9%, respectively, noting renters shouldn't need any extra savings. 12% of respondents in accumulation said it would need to be more than £250,000, echoed by one in 10 of those in accumulation.



Our view

The ‘entering retirement as a renter or homeowner’ percentages fail to reflect the reality predicted by industry forecasts, which suggest renters may need over £400,000² more to cover housing costs in retirement compared with homeowners. This disparity stems from the rising cost of rent and the likelihood of future increases – factors that don’t affect those who own their homes outright.

While renting offers some benefits and flexibility, it also introduces a continuous monthly expense that can persist indefinitely, fluctuating with inflation and market pressures.

The retirement years can often last decades. Without proper preparation, retirees may risk financial strain in later life, especially as other expenses – such as healthcare – may also rise. For homeowners, selling a property to rent can unlock capital to strengthen retirement savings or fund lifestyle goals, including care needs.

We recognise that some DC pension savers may not fully account for these realities. We provide online retirement planning tools to support them with additional warnings and nudges to help them understand their position as either a renter or homeowner.

As previously noted, the Pensions Policy Institute projects a sharp increase in households renting during retirement. This adds further strain to an already pressing societal challenge, creating a future storm that must be prepared for today.

Looking at the wider survey, while some findings align with expectations, our research underscores how deep the fault line from the housing crisis goes. Beyond economic and infrastructure concerns in the UK, its influence extends to pension adequacy, mental health, homelessness and overcrowding.

We see the UK affordable housing sector as a rare opportunity that aims to drive both financial returns for pension savers and meaningful social impact. In our view, the sector has the potential to generate inflation-linked income and long-term gains, while playing a crucial role in addressing the housing crisis.

2. Barnett Waddingham’s latest At-Retirement Report, as at April 2025. Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

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Key risk

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