

Statistical bulletin

Housing affordability in England and Wales: 2019

Data on house prices and annual earnings to calculate affordability ratios for national and subnational geographies in England and Wales, on an annual basis.

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1 . Main points

- In England in 2019, full-time employees could typically expect to spend around 7.8 times their workplace-based annual earnings on purchasing a home; this is a significant improvement from the previous year, when the ratio was 8.0.
- In Wales in 2019, full-time employees could typically expect to spend around 5.8 times their workplace-based annual earnings on purchasing a home, which is not significantly different to 2018.
- At a local level, earnings grew faster than house prices in 55% of local authority districts, leading to improvements in housing affordability in these areas; however, these were not statistically significant changes.
- In 2019, new dwellings remained less affordable than existing dwellings in both England and Wales.
- The gap between the most and least affordable local authorities decreased in 2019, the first decrease since 2015.
- We have also published [alternative measures of housing affordability](#), which provide a more detailed picture of affordability for people in different circumstances, with data going up to 2018.

2 . Housing affordability analysis

Housing affordability improves in England during 2019

In 2019, we estimated that full-time employees could typically expect to spend around 7.8 times their workplace-based annual earnings on purchasing a home in England. This is a significant improvement from the previous year, when the ratio was 8.0.

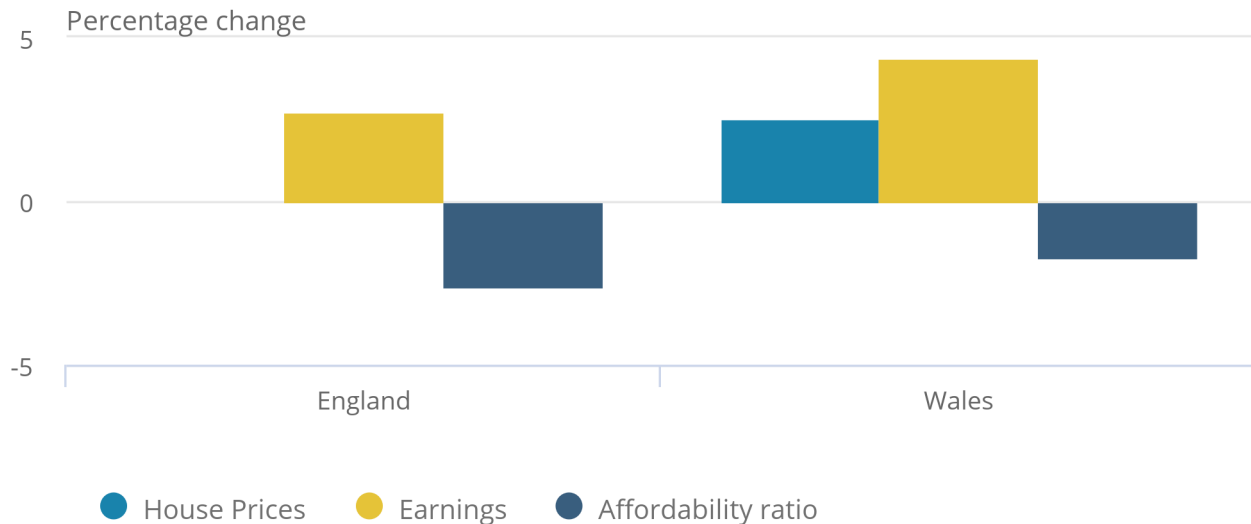
In Wales, a full-time employee could typically expect to spend around 5.8 times their workplace-based annual earnings on purchasing a home, which is not significantly different to 2018.

Figure 1: Earnings increased more relative to house prices in England and Wales

Annual change in house prices¹, earnings² and affordability ratio, England and Wales, 2018 to 2019

Figure 1: Earnings increased more relative to house prices in England and Wales

Annual change in house prices¹, earnings² and affordability ratio, England and Wales, 2018 to 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. House prices refer to the median price paid for residential property
2. Earnings refer to the median workplace-based gross annual earnings for full-time workers
3. The annual change in affordability ratio was significant for England, but not for Wales
4. The percentage change for house prices in England was 0.02%, which is not visible on the bar in the chart.

In both England and Wales, earnings increased proportionally more than house prices in 2019, making housing more affordable. In England, the median price paid for properties increased by 0.02% in 2019 compared with 2018, while earnings increased by 2.7%. In Wales, house prices increased by 2.6% while earnings increased by 4.4%.

At the local level, earnings increased by more than house prices in around 60% of local authority districts, leading to improvements in housing affordability in these areas. However, these were not statistically significant changes.

Figure 2: Earnings growth driving improved affordability

Housing affordability ratio by local authority district, England and Wales, 1997 to 2019

[Data download](#)

Notes:

1. Median housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. Data for annual earnings are not available before 1999 and for some local authorities in some years. For these years the earnings relate to annualised weekly earnings. Annualised weekly earnings are not produced on an identical basis to annual earnings and so care should be taken when making comparisons. Refer to the dataset accompanying this release for information on which ratios are based on annualised weekly earnings.

Although housing affordability improved in nearly 60% of local authorities between 2018 and 2019, looking at longer term trends can help identify significant changes in affordability.

Figure 2 shows that since 1997 housing affordability has worsened overall. Over the last two decades, affordability has worsened the most in London, which is driven largely by increasing house prices. In 2019, 8 of the 10 least affordable local authorities in England and Wales were in London, with one being in the surrounding South East region and the other being in the South West. The most affordable local authorities in 2019 were in the North West, Wales and East Midlands.

London boroughs continue to have the widest range of estimated housing affordability

Figure 3: London continued to have the widest range of local authorities' housing affordability

Range of median housing affordability ratio in local authorities for English regions and Wales, England and Wales, 2019

[Data download](#)

Notes:

1. Housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. The bars in this chart are sorted by the range of affordability ratios.

Figure 3 enables us to compare the affordability ratios between regions and for Wales. It also enables us to look at the variation within an area as the length of bar presents the range between the highest and lowest local authority. This means that we can compare the local authorities within and across larger areas.

Figure 3 shows a large degree of overlap in the affordability of local authorities between most English regions and Wales, indicating similar affordability. In 2019, full-time employees in 296 local authorities (87.3%) could expect to spend between 5 and 15 times their annual earnings on buying a property.

The range in estimated housing affordability across London was 29, which is nearly three times larger than the next highest region – the South West – with a range of 11.3. The gap in London was so large mainly because of the large affordability ratio in Kensington and Chelsea. Generally, the most affordable regions have the least variability of local authorities' ratios.

The housing affordability gap shrinks between the most and least affordable areas

Copeland, in the North West of England, remained the most affordable local authority in England and Wales in 2019. Here, the average price paid for properties was estimated to be 2.8 times average annual earnings. This is a slight increase from 2018 but is not statistically significant.

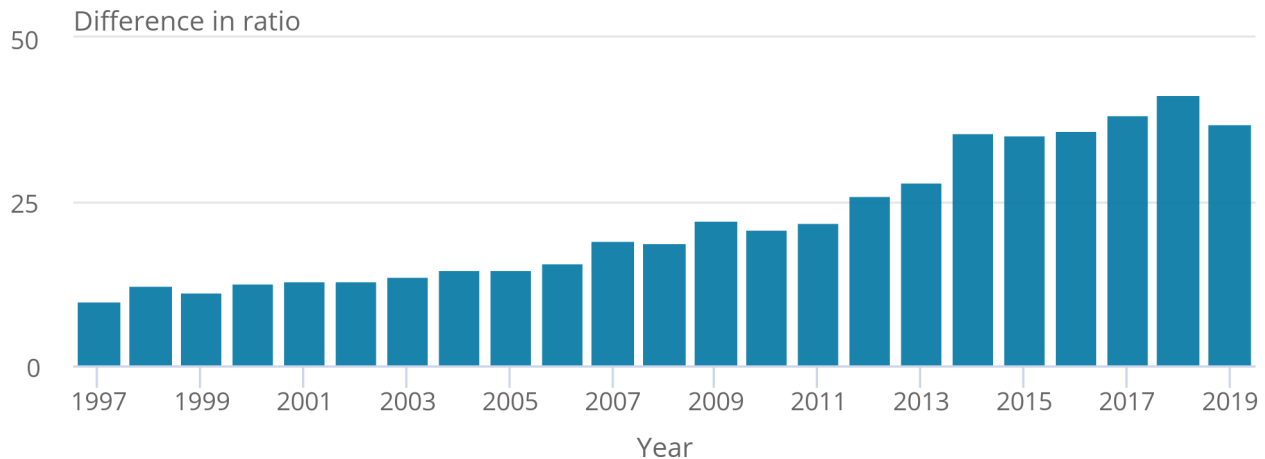
Kensington and Chelsea, in London, remained the least affordable local authority in England and Wales, with average house prices estimated at 39.6 times average annual earnings. This is a decrease from 2018 when house prices were 44 times annual earnings in Kensington and Chelsea, although it was not a significant change.

Figure 4: The gap between the most and least affordable areas grew smaller

Difference in median housing affordability ratio, between the most and least affordable local authority, England and Wales, 1997 to 2019

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Difference in median housing affordability ratio, between the most and least affordable local authority, England and Wales, 1997 to 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. Median housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. The affordability gap was calculated by deducting the affordability ratio of the most affordable local authority from the affordability ratio of the least affordable local authority for each year. In 2019 (Kensington and Chelsea) was the least affordable and Copeland was the most affordable.
3. Data for annual earnings are not available before 1999. For these years the earnings relate to annualised weekly earnings. Annualised weekly earnings are not produced on an identical basis to annual earnings and so care should be taken when making comparisons.

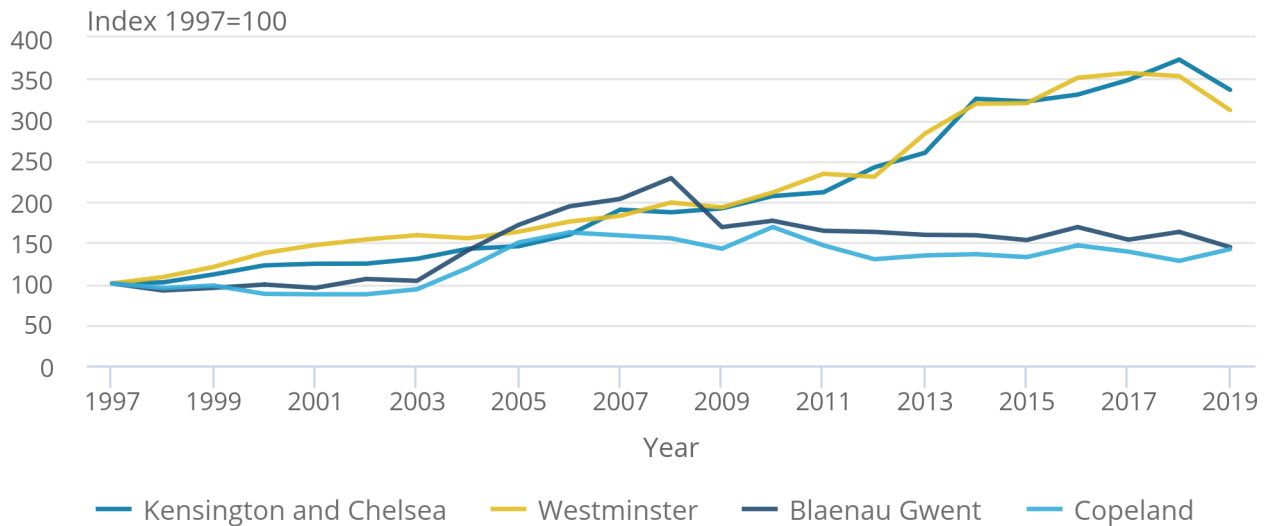
The difference in the housing affordability ratio estimates between the most and least affordable local authorities in England and Wales was 36.8 in 2019. This is a decrease from 41.5 in 2018, which was the largest difference in the time series. This year was the first time the gap between the most and least affordable local authorities did not widen since 2015.

Figure 5: The least affordable local authorities had the largest improvement in affordability

Indices of median housing affordability for local authorities. England and Wales, 1997 to 2019

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Indices of median housing affordability for local authorities. England and Wales, 1997 to 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. Median housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. Data for annual earnings are not available before 1999 and for some local authorities in some years. For these years the earnings relate to annualised weekly earnings. Annualised weekly earnings are not produced on an identical basis to annual earnings and so care should be taken when making comparisons. Refer to the dataset accompanying this release for information on which ratios are based on annualised weekly earnings.
3. The lines represent the two local authorities that were the most and least affordable in 2019.

Figure 5 shows that the least affordable areas had larger improvements in affordability, relative to 1997, than the most affordable areas. The most affordable local authorities have remained relatively stable since 2005, while until 2019 the least affordable local authorities had risen consistently.

Over the last five years, housing in 20 local authorities became less affordable

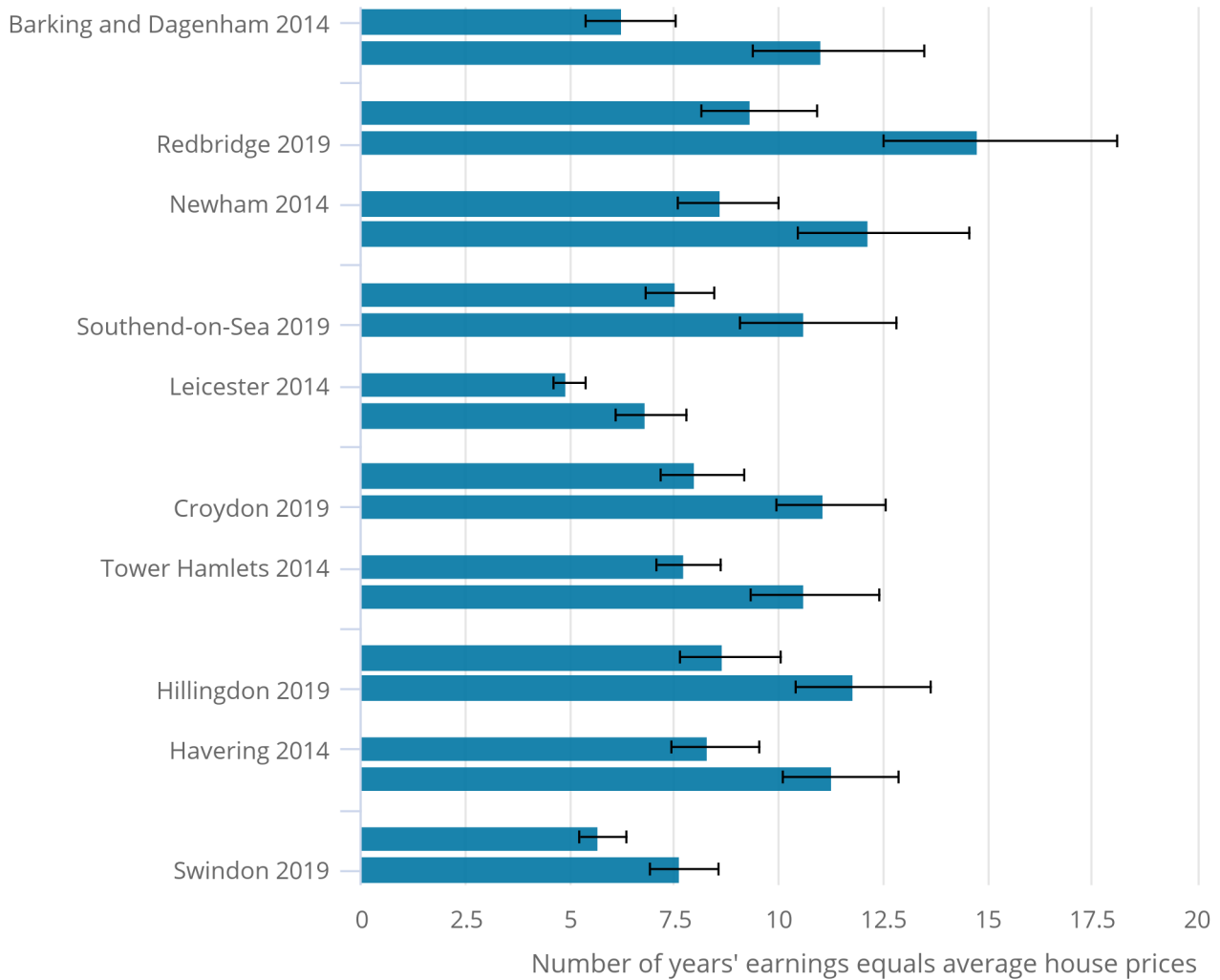
There were 20 local authorities in England and Wales that had a significant change in the ratio of median house prices to median workplace-based annual earnings over five years, between 2014 and 2019. Of these local authorities, 16 were in London, the South West, the South East and East of England. There were no local authorities in which affordability significantly improved over the last five years.

Figure 6: All local authorities which have significantly changed over the last five years, have worsening affordability

Median housing affordability ratio¹ for the ten local authorities which have had the largest percentage change in affordability over the five-year period, England and Wales, 2014 to 2019

Figure 6: All local authorities which have significantly changed over the last five years, have worsening affordability

Median housing affordability ratio¹ for the ten local authorities which have had the largest percentage change in affordability over the five-year period, England and Wales, 2014 to 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. Median housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. Local authorities are ordered by the percentage difference in the ratio of median house price to median annual earnings between 2014 and 2019.
3. The lines over each bar in this chart are confidence intervals. These refer to the degree of uncertainty around the affordability estimate. See Section 6 for more information.

Barking and Dagenham in London had the largest percentage increase in the median housing affordability ratio (75.9%), meaning that this local authority has worsened in affordability the most over the last five years. In 2014, a full-time worker on an average salary could expect to spend 6.3 times their earnings on purchasing a property, whereas in 2019 this ratio was 11.

New housing remained less affordable than existing housing in 2019

In 2019, full-time employees in England could expect to spend 9.6 times their median gross annual earnings on purchasing a newly built property, and 7.6 times their annual earnings on an existing property.

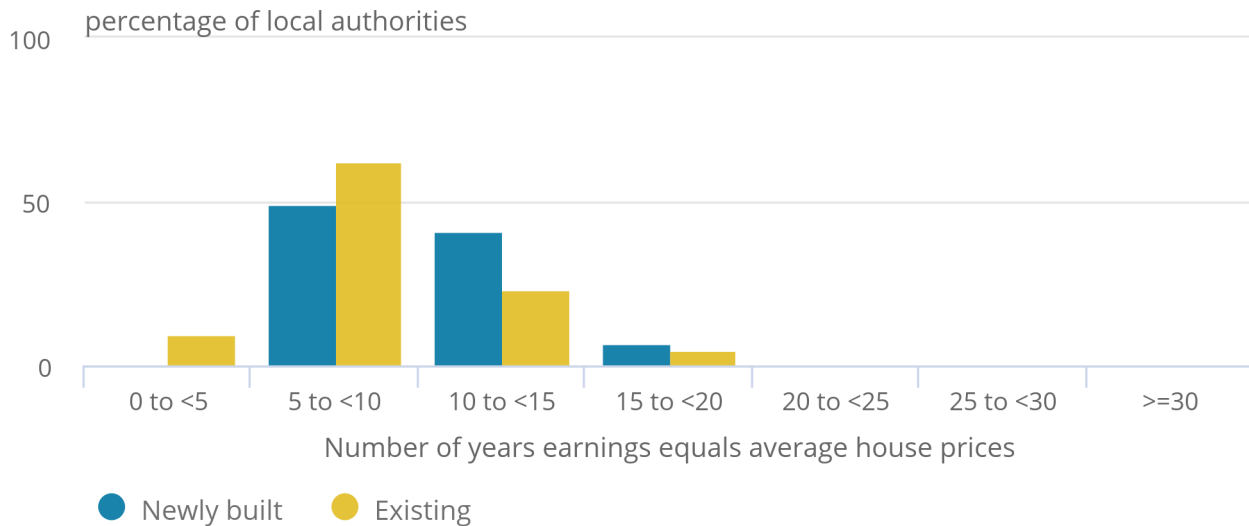
In Wales, the ratios follow a similar pattern, with full-time employees on average spending 8.3 times their median gross annual earnings on a newly built property, and 5.6 times their earnings for an existing property.

Figure 7: New housing less affordable than existing housing in local authorities

Distribution of the housing affordability estimates in local authorities, England and Wales, 2019

Figure 7: New housing less affordable than existing housing in local authorities

Distribution of the housing affordability estimates in local authorities, England and Wales, 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. Housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. Affordability estimates for newly built and existing dwellings are calculated using the same earnings data, although the earnings of these two groups may differ. These affordability estimates provide an indication of affordability of new and existing dwellings, rather than a precise figure.

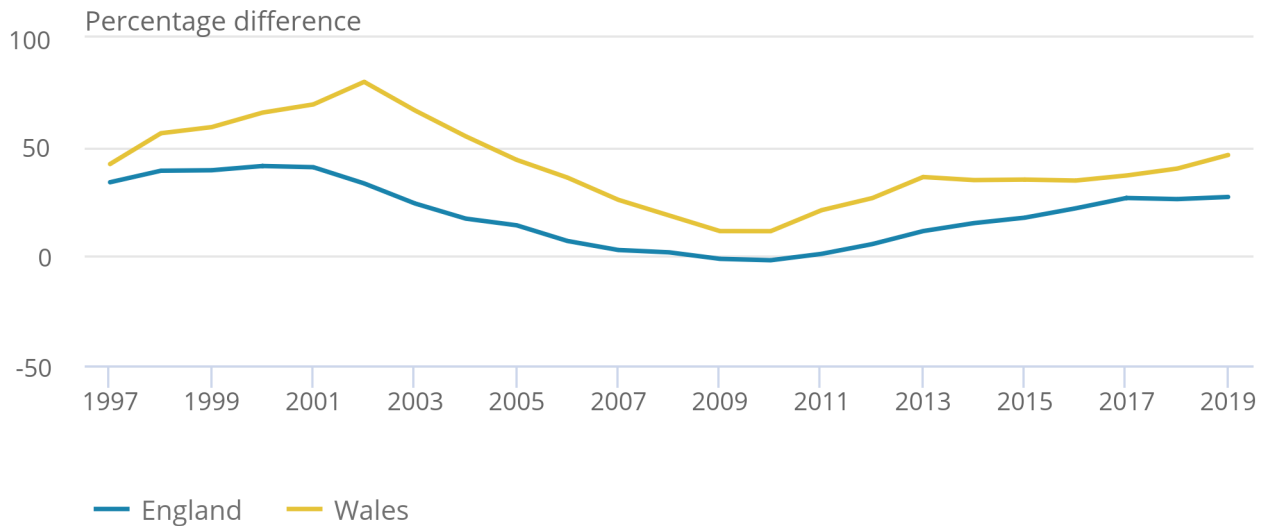
In most local authorities, a full-time worker on an average salary would expect to pay between 5 and 10 times their gross annual earnings on purchasing a newly built or existing dwelling. However, there was a higher percentage of local authorities with more affordable ratios for existing dwellings than for new dwellings.

Figure 8: New dwellings remained less affordable than existing dwellings

Percentage difference of newly built and existing dwellings housing affordability ratio, England and Wales, 1997 to 2019

Figure 8: New dwellings remained less affordable than existing dwellings

Percentage difference of newly built and existing dwellings housing affordability ratio, England and Wales, 1997 to 2019



Source: Office for National Statistics - House Price Statistics for Small Areas, Annual Survey of Hours and Earnings

Notes:

1. Housing affordability ratio refers to the ratio of median price paid for residential property to the median workplace-based gross annual earnings for full-time workers.
2. Affordability estimates for newly built and existing dwellings are calculated using the same earnings data, although the earnings of these two groups may differ. These affordability estimates provide an indication of affordability of new and existing dwellings, rather than a precise figure.

Figure 8 shows that the difference in affordability between new and existing dwellings has been growing in recent years. In Wales, the ratio of house prices to earnings was 46.3% higher for new dwellings than for existing dwellings in 2019. This has increased each year since 2015 when the ratio was 34.6%. This suggests the affordability of new dwellings is worsening at a quicker rate than existing dwellings.

For England, the ratio of house prices to earnings was 27.1% higher for new dwellings than existing dwellings, having remained at a similar level since 2017.

In the English regions, the North East had the largest difference in affordability between new and existing dwellings. Here, the ratio of house prices to earnings for new dwellings was 61.5% greater than the ratio for existing dwellings.

The regions that had the smallest difference between the housing affordability ratios for new and existing dwellings were London, the South East, South West and East of England. In all these areas, the difference between affordability ratios for new and existing dwellings was less than 20%.

3 . Housing affordability data

[House price to residence-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices by gross annual residence-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

[House price to workplace-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices by gross annual workplace-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

[House price \(newly-built dwellings\) to workplace-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices for newly built dwellings, by gross annual workplace-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

[House price \(newly-built dwellings\) to residence-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices for newly built dwellings, by gross annual residence-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

[House price \(existing dwellings\) to workplace-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices for existing dwellings, by gross annual workplace-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

[House price \(existing dwellings\) to residence-based earnings ratio](#)

Dataset | Released 19 March 2020

Affordability ratios calculated by dividing house prices for existing dwellings, by gross annual residence-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.

4 . Glossary

Workplace-based and residence-based earnings

Workplace-based earnings refer to the earnings recorded for the area in which the employee works. Residence-based earnings refer to the area in which the employee lives.

The analysis in this statistical bulletin uses earnings data based on the place of work rather than the place of residence, unless otherwise stated. This measure of affordability indicates the extent to which employees could afford to live where they work, which is not necessarily where they already live.

5 . Measuring the data

Data sources

Median and lower quartile house prices are taken from the [House price statistics for small areas \(HPSSAs\)](#) bulletins produced by the Office for National Statistics (ONS). They are calculated using open data from the Land Registry, a source of comprehensive record-level administrative data on residential property transactions.

Median and lower quartile gross annual earnings for full-time workers are taken from the Annual Survey of Hours and Earnings (ASHE) produced by the ONS. ASHE is a sample survey of employees and so the housing affordability ratios presented in this statistical bulletin are estimates, which are less precise than if all employees were included.

Earnings data used in the calculation of housing affordability are gross full-time annual earnings where available. Annualised weekly earnings are used when annual earnings are not available from ASHE. See the [Housing affordability in England and Wales QMI](#) for more information on comparing affordability statistics based on annual earnings against those based on annualised weekly earnings.

The earnings data from ASHE provide a snapshot of earnings in April of each year. The house price statistics from the HPSSAs report the prices paid for residential properties referring to a 12-month period with April in the middle (year ending September).

We have produced alternative measures of housing affordability that provide a more detailed picture of affordability for households in different circumstances. These alternative measures are produced at the regional level in England, and the latest data point is 2018. The official affordability ratios in this bulletin are the established headline measure.

Definitions and input data

Housing affordability estimates are calculated by dividing house prices by annual earnings to create a ratio. House prices are taken from the house price statistics for small areas (HPSSAs) produced by the Office for National Statistics (ONS) and refer to the median and lower quartile price paid for residential properties in England and Wales. Earnings data are from the Annual Survey of Hours and Earnings (ASHE) and refer to median and lower quartile gross annual earnings for full-time employees for a given geographical area.

Because we divide house prices by earnings, a larger housing affordability ratio means that an area is less affordable, whereas a smaller ratio means that an area is more affordable. In addition to the analysis in this statistical bulletin, there are six housing affordability datasets available. These contain housing affordability data for new dwellings, existing dwellings, and all dwellings combined, and are available on a workplace basis and on a place of residence basis. We produce these statistics on countries, regions, counties and local authority districts in England and Wales.

Newly built dwellings and existing dwellings

The house price data used to create the affordability ratio estimates are based on the price paid for residential property only, so are not fully comprehensive for all housing in England and Wales as only include those that have transacted. The breakdown of price paid for newly built and existing dwellings is available in the HPSSAs, therefore we have provided affordability ratios for each of these, as well as “all dwellings”, which includes both. Affordability estimates for new dwellings and existing dwellings are calculated from the same earnings data. This is because statistics are not available for average earnings of people who buy new dwellings and people who buy existing dwellings. Average earnings of these two groups may differ and so these affordability estimates provide an indication of the affordability of new and existing dwellings rather than a precise figure.

Revisions

These affordability ratio statistics are revised annually to reflect revisions to the HPSSAs and ASHE data. House prices are subject to revision throughout the entire time series, as there can be a lag in the registration of property transactions.

The house price data used in the affordability ratios in this release are based on the HPSSA data for October 2018 to September 2019, published in March 2020.

The earnings data taken from ASHE is released as provisional for the latest year, and then revised with the following annual release. Earnings data is collected as at April of each year with the results published in October. Therefore, new information can still be received subsequently, and this is inputted into the revised data.

Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Housing affordability in England and Wales QMI](#).

6 . Strengths and limitations

Earnings versus household income

Official statistics about total household income are not available for all geographical areas presented in these statistics, so earnings data for individuals are used. Not only is it likely that more than one individual in a household would be involved in purchasing a property, there are also other sources of income rather than earnings. These include income recorded through Self-Assessment (including income received from self-employment, property rental and investments) and income from benefits or pensions. Our Research Output on alternative measures of housing affordability, which accompanies this release, contains analysis of affordability using household income data down to the regional level in England.

Measuring uncertainty

ASHE data comes from a survey and so there is a degree of uncertainty in the earnings estimates because they are based on a sample of the population rather than the entire population. The sample is designed to be as accurate as possible given practical limitations such as time and cost constraints but results from sample surveys are always estimates. This means that the housing affordability ratios presented are subject to some uncertainty. This can have an impact on how changes in the estimates should be interpreted, especially for short-term comparisons.

Sampling error is estimated through providing the coefficient of variation (CV) for each estimate, which is the ratio of standard error of an estimate to the estimate itself, expressed as a percentage. These can be accessed in the [original ASHE datasets](#) and can be used to assess the quality of each estimate. We have retained all estimates, even when the CV is between 10 to 20%, and so it is important to consider the margins of error around the earnings estimates used to derive these housing affordability statistics.

We look at statistical differences over time by looking at the range of plus or minus twice the coefficient of variation around the estimate, as indicated in the ASHE datasets. For example, for estimated earnings of £30,000 with a CV of 5%, we would expect the true population average to be within the range £27,000 to £33,000. We then divide the median house price by the lower and upper earnings limits to derive lower and upper limit affordability ratios. The true value of earnings is likely to lie within these values. We use these ranges to determine if an area's affordability estimate has changed significantly.

7 . Related links

[Alternative measures of housing affordability financial year ending 2018](#)

Article | Released 19 March 2020

This includes affordability in relation to varying household income and house price distributions, upfront costs, mortgage repayments, and private rental affordability.

[House Price Statistics for Small Areas \(HPSSAs\)](#)

Bulletin | Released 19 March 2020

Data on the price paid and composition of residential property transactions for properties that were sold in England and Wales. The house price data in our affordability ratios are taken from the HPSSAs.

[Annual Survey of Hours and Earnings \(ASHE\)](#)

Bulletin | Released 29 October 2019

Data on the levels, distribution and make-up of earnings and hours paid for employees by gender and full-time/part-time working in England and Wales. The earnings data in our affordability ratios are taken from ASHE.