

Statistical bulletin

Housing affordability in England and Wales: 2022

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 2022, full-time employees in England could expect to spend around 8.3 times their annual earnings buying a home. The equivalent figure in Wales is 6.2 times their annual earnings.
- In the 330 local authorities (LA) in England and Wales, housing affordability improved in 235 (71%) since 2021, worsened in 89 (27%), and stayed the same in the remaining 2%.
- Over the last 25 years, housing affordability has worsened in every LA, especially in London or surrounding areas.
- In 1997, 89% of LAs had an affordability ratio of less than five times workers' earnings, whereas only 7% had this level of affordability in 2022.
- The most affordable area in London was less affordable than the least affordable area in the North East.
- The affordability ratio of lower earnings to lower-priced homes is better than the affordability ratio of median earnings to median priced homes (7.2 compared with 8.3).

2 . Housing affordability in England and in Wales

This release produces timely, consistent local estimates that can be used for housing policy. It provides data on a workplace basis (where people work) used in this bulletin or residence basis (where they live) available in [reference tables](#) and data for sales of existing dwellings and new dwellings. This bulletin presents analysis of workplace-based earnings affordability for all dwellings combined and uses median averages, unless stated otherwise.

It is supplemented by a series of additional measures of housing affordability. In particular, our [Housing Purchase Affordability bulletin](#) better replicates mortgage lending in using estimates of household income, and is for wider context and research purposes. Our [Private rental affordability, England, Wales and Northern Ireland bulletin](#) covers the affordability of living in a household in that tenure. Finally, our [Alternative measures of housing affordability research output](#) sets out our aspirations to provide a housing affordability measure at small areas. It also measures the affordability of owner-occupying with a mortgage, should appropriate data sources become available.

In the 12 months to September 2022, we estimate that in England, the average (median) home sold for £275,000, while the average (median) workplace-based full-time earnings were £33,200, giving a ratio of 8.3. In the 12 months to September 2022, we estimate that in Wales, the average (median) home sold for £190,000, while the average (median) workplace-based full-time earnings were £30,600, giving a ratio of 6.2.

This means that in England, full-time employees could expect to spend 8.3 times their earnings on purchasing a home in the local authority (LA) area they work in. This is a statistically significant decrease compared with 2021, when it was 9.1 times their workplace-based annual earnings. In Wales, the decrease (from 6.5 in 2021 to 6.2 in 2022) was not significant. For information on statistical significance, see our [Uncertainty and how we measure it release](#).

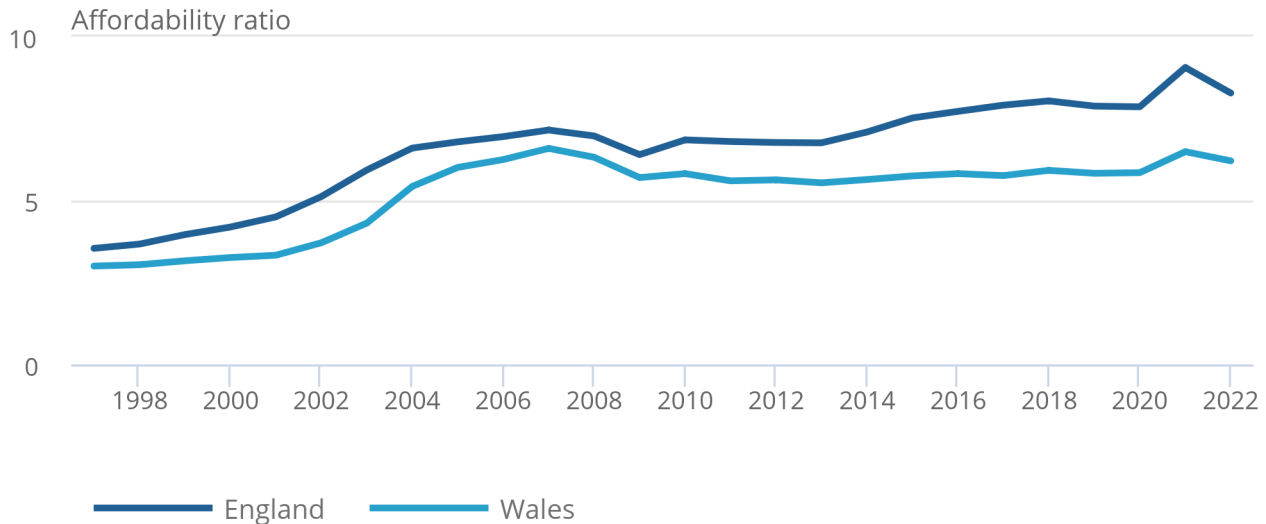
The sharp price increases in 2021 corresponded with increases in the volume of sales and changes in Stamp Duty Land Tax and Land Transaction Tax. The ratios in 2022 are therefore a return to the long-term trend, following a sharp increase in 2021.

Figure 1: House prices have become less affordable over time, with the latest levels returning to the previous trend

Housing affordability ratio by country, 1997 to 2022

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Housing affordability ratio by country, 1997 to 2022



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

Notes:

1. House price statistics for small areas (HPSSA) data used here are not mix adjusted, so price variations may be a combination of true price changes and differences in the mix of housing types that sold in any given year. Therefore, HPSSA data may show different trends from the UK House Price Index, which is mix adjusted and comparable over time.

Figure 1 shows that affordability ratios doubled in England from the start of the series in 1997 to 2007, stayed at a similar level until around 2013, and then broadly increased until 2022, with a spike in 2021.

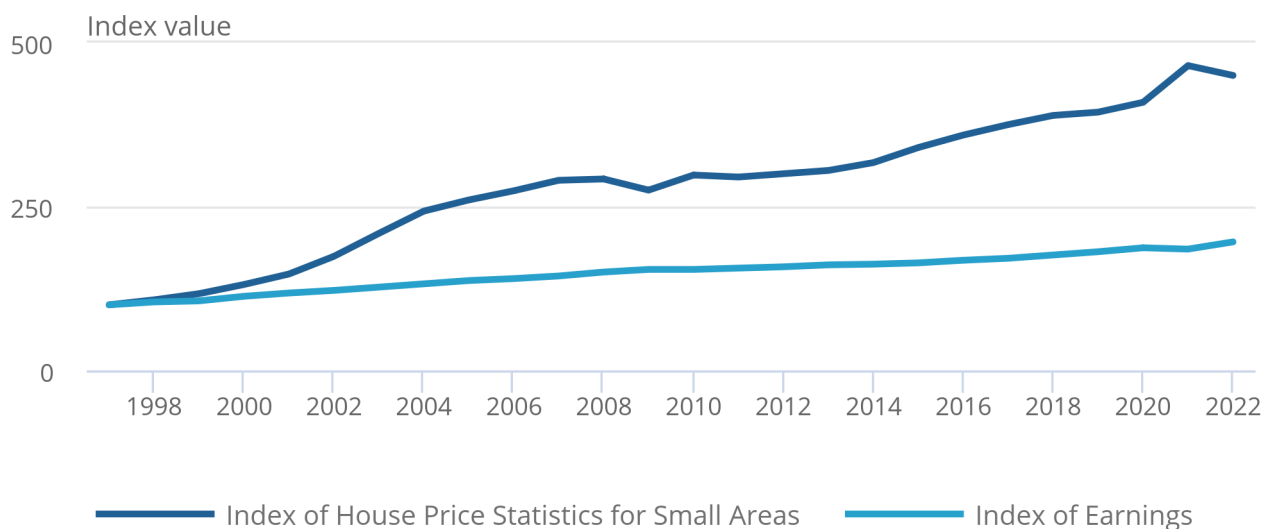
In Wales, affordability ratios doubled from 1997 to 2005 and peaked at 6.6 in 2007. Since then, they have remained between 5.5 and 6.5, with a less pronounced increase and decrease in the past two years than in England.

Figure 2: While earnings have doubled since 1997, house prices have increased four-and-a-half times

House price and earnings indices, England and Wales, 1997 to 2022

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Considering the components of the affordability ratio, changes in house prices are the main cause of the change in affordability.

The average (median) price of homes sold in England and Wales fell by £9,000, or 3%, between the 12 months ending September 2021 and the 12 months ending September 2022. Meanwhile, the average earnings increased by £1,800, or 6%. However, caution should be used when interpreting annual changes in earnings, as our [Employee earnings in the UK: 2022 bulletin](#) shows that earnings estimates were affected by changes in composition of the workforce and the impact of the Coronavirus Job Retention Scheme (CJRS), also known as furlough. Furthermore, data collection was disrupted and response rates lower for 2020 and 2021.

3 . Local authority housing affordability analysis

Out of 330 LA areas in England and Wales in 2022:

- housing affordability improved in 235 areas (71%), worsened in 89 (27%), and stayed the same in the remaining 2%, compared with 2021
- when compared with 2019, 25% of areas' affordability improved in 2022, while 75% worsened, showing a longer-term trend in affordability worsening
- average house prices increased in 64% of areas, compared with 2021, while average earnings increased in 71%

Figure 3: Long-term house price growth causing reduced affordability

Housing affordability ratio, earnings, and house prices by local authority district, England and Wales, 1997 to 2022

Notes

1. Data for annual earnings are not available before 1999 and some other years; in these cases we have annualised weekly earnings (indicated on the accompanying datasets) to produce estimates that are broadly comparable.
2. House price statistics for small areas (HPSSA) estimates are produced using different methods to the UK House Price Index and so may show different trends.

Download the data

[.xlsx](#)

In 2022, 23 areas (7%) had homes selling for less than five times workers' earnings (the most affordable group). This is an improvement on 12 areas in 2021 in England and Wales, and a return to the numbers seen in 2019 and 2020. The most affordable LAs in 2022 were in the North West, Wales, and North East. In 1997, 89% of areas had this ratio. Therefore, affordability remains considerably worse than at the start of the series.

The number of areas with the least affordable housing (a ratio of 12 or more) decreased from 75 in 2021 to 66 in 2022 (or 20% of areas). Some 18 of the 20 least affordable LA areas were in, or around, London. This is consistent with findings from our [Understanding towns in England and Wales: town characteristics and house prices, 2019 article](#).

The least affordable area remained Kensington and Chelsea, whose ratio rose to 38.4, reflecting expensive house prices but not proportionately higher earnings (but this remains more affordable than its 2018 peak). Copeland in the North West remained the most affordable area, with a ratio of 2.9, reflecting low house prices and high workplace earnings above those of Kensington and Chelsea. This may be influenced by the characteristics of jobs in Copeland.

Figure 4: Divergence in house prices compared with earnings in local authorities is becoming larger over time

Ratio of median house prices to median workplace-based annual earnings by local authority district, England and Wales, 1997 to 2022

Notes

1. Some values for local authorities in certain years exceed the charted area. Values for those areas can be found in the data sheets.

Download the data

[.xlsx](#)

Over the 25 years for which the series is available, affordability has worsened in every LA area. There is not a direct relationship between house prices and earnings, as some areas have seen affordability ratios increase faster than others. This has been influenced by a pronounced rise in house prices over the period, with the highest increases in the past five years being in Wales and in Greater Manchester.

Figure 5: The most affordable area in London was still less affordable than the least affordable area in the North East

Range of median housing affordability ratio in local authorities for English regions and Wales, England and Wales, 2022

Download the data

[.xlsx](#)

Figure 5 shows that the North East has a very tight distribution of affordability ratios, and is the only region to have no areas with a ratio higher than 10. In contrast, London has the widest absolute range and has no areas with ratios below 10.

The datasets accompanying this release show that, since 2007, London's average affordability has "pulled away" from other regions, becoming substantially less affordable. Since 2012, the East and South East also began "pulling away" from other regions. However, variation in affordability in these three regions has increased over time, reflecting some London areas and some areas next to London having the highest changes in house prices.

4 . Alternative house price and earnings estimates

In the [datasets](#) that accompany this release we publish house prices by different dwellings (all dwellings, existing dwellings, new dwellings) and by different measures of earnings (workplace-based and residence-based). The findings using these measures are:

- across England and Wales, newly built dwellings were, on average, less affordable than existing properties (8.1 times earnings compared with 7.2 times earnings in 2022)
- in the North East (where existing dwellings cost the least), the difference in affordability between new and existing dwellings was greatest
- residence-based earnings are lower than workplace-based earnings in London and the West Midlands in 2022, and higher especially in the East and South East

Analysis of new and existing dwellings can be found in Section 4 of our [Housing affordability in England and Wales: 2021 bulletin](#). Analysis of residence-based and workplace-based housing can be found in Section 7 of our [Housing affordability in England and Wales: 2016 bulletin](#).

Our [Housing purchase affordability, Great Britain](#) series does this at a regional level, and our [Mortgage calculator](#) is also available.

Further sources of data on affordability can be found in our [Housing affordability in England and Wales Quality and Methodology Information \(QMI\) report](#).

5 . Affordability and the cost of living

Our [Public opinions and social trends, Great Britain](#) bulletin shows that, when asked what the most important issues facing the UK are, adults cited "cost of living" most often and "housing" fifth.

This release also considers housing affordability for those with low earnings. Research on the cost of living, explained in Section 3 of our [Impact of increased cost of living on adults across Great Britain article](#), shows low income individuals are more likely to be financially vulnerable.

Using the lower quartile workplace-based earnings shows that in England and Wales in 2022:

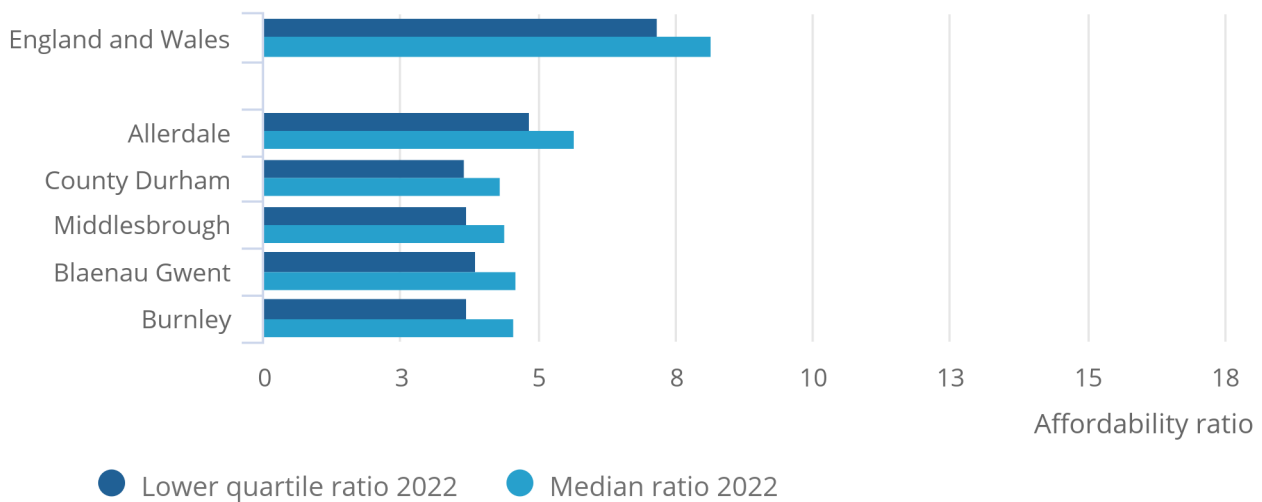
- lower earnings were £24,300 a year (compared with £33,100 at the median)
- a lower quartile home, at £175,000, was the equivalent of 7.2 years of lower earnings
- this affordability ratio has doubled since 1997 (when it was 3.5)
- a median home, at £270,000, was the equivalent of 11.1 years of lower earnings

Figure 6: Areas where lower quartile affordability is lower than median affordability already have some of the lowest median affordability ratios

Housing affordability ratios, selected local authority areas, 2022

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Housing affordability ratios, selected local authority areas, 2022



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

Notes:

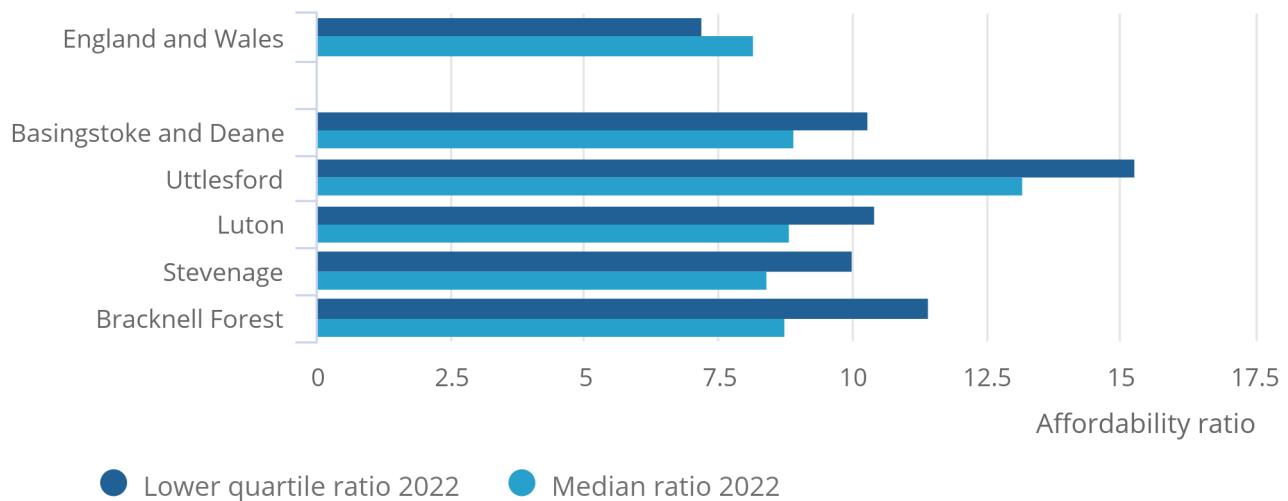
1. The area with the best lower quartile affordability relative to median affordability is Kensington and Chelsea; however house prices in that area are an outlier from other areas and so it is not included in this graph.

Figure 7: The five areas where the gap between median and lower quartile affordability is widest could be described as commuter areas

Housing affordability ratios, selected local authority areas, 2022

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Housing affordability ratios, selected local authority areas, 2022



Source: House price statistics for small areas and Annual Survey of Hours and Earnings from the Office for National Statistics

Figure 6 shows that the areas with some of the best median affordability (median house prices over median earnings) have even better lower quartile affordability.

Figure 7 shows that the areas with the opposite pattern (lower quartile affordability worse than median affordability) are often described as commuter areas. These include Bracknell Forest, Stevenage, and Luton. This shows that less affordable areas are even less affordable to those on lower earnings purchasing lower priced homes than for average earners purchasing average homes.

Several new data sources are now available to show the impact of the cost of living on different groups, such as housing tenures, as described in our [Cost of living, current and upcoming work article](#). The latest house price and rent level data can be found in our [Cost of living insights tool](#). The impact of mortgage payment increase by area are estimated in our [Monthly mortgage repayments up 61% for average semi-detached home in the UK article](#). Finally, our [How increases in housing costs impact households article](#) shows how exposed households are to interest rate changes, and how much those with mortgages currently spend, by income decile.

6 . Housing affordability data

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

Dataset | Released 22 March 2023

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 to residence-based earnings ratio](#)

Dataset | Released 22 March 2023

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

Dataset | Released 22 March 2023

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 22 March 2023

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 22 March 2023

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 22 March 2023

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.

[Ratio of house price to workplace-based earnings for former local authorities](#)

Dataset | Released 22 March 2023

Affordability ratios calculated by dividing house prices by gross annual workplace-based earnings for former local authorities in England and Wales.

7 . Glossary

Housing affordability ratio

Housing affordability estimates are calculated by dividing house prices by annual earnings to create a ratio. It can be used to compare affordability over time and between areas. A larger number reflects a less affordable area.

By using a ratio, it allows us to compare over time without the need to adjust for inflation.

Local authorities (LA)

These are the 330 LAs that existed at the time of data collection (centred on 1 April 2022). Our additional dataset provides recent estimates for workplace-based earnings in LAs that existed between 2014 and 2021.

Residence-based earnings

Residence-based earnings refer to the earnings of the people who live in the area, though they may work elsewhere. We use a snapshot of the annual earnings of all full-time employees, or an annualised version of the weekly estimate where annual is not available.

Workplace-based earnings

Workplace-based earnings refer to the earnings of the people who work in the area, though they may live elsewhere. The analysis in this statistical bulletin uses earnings data based on the place of work rather than the place of residence, unless otherwise stated.

Statistically significant

When looking at changes over time in an area, or differences between areas in terms of affordability, we can account for the degree of uncertainty around estimates. We look at statistical differences by having a range around the estimates which the true affordability ratio is likely to lie within, and seeing whether these values overlap between the two ratios we are comparing.

8 . Measuring the data

Data sources

Full details of data sources and other available measures are in our [Housing affordability in England and Wales Quality and Methodology Information \(QMI\) report](#).

Median and lower quartile house prices are taken from our [House price statistics for small areas \(HPSSA\) in England and Wales bulletin](#). They are calculated using open data from HM Land Registry. This is a source of comprehensive record-level administrative data on residential properties that have been sold up to the period October 2021 to September 2022, published simultaneously with this release. This release is based on HPSSAs to year the ending September 2022, as published on 22 March 2023.

Median and lower quartile gross annual earnings for full-time workers are taken from our [Employee earnings in the UK bulletins](#), which use data from our [Annual Survey of Hours and Earnings \(ASHE\) QMI](#). This release uses ASHE data snapshot at April 2022, as published in October 2022. The main implications of using ASHE are:

- it is a sample survey, so estimates are less precise than if all employees were included
- gross full-time annual earnings are not always available, in which case they are supplemented by annualised weekly earnings
- it includes payments to workers who were on the Coronavirus Job Retention Scheme (CJRS), also known as furlough, during 2020 or 2021, and had lower response rates around that time

Revisions

These affordability-ratio statistics are revised annually to reflect revisions to the HPSSA and ASHE data. House prices are subject to revision throughout the entire time series because there can be a lag in the registration of property transactions. ASHE data are only revised once the year after provisional release.

9 . Strengths and limitations

Consistency and timeliness

The key strength of this series is that it has been measured in a consistent way over time. The release is published at the same time as our [House price statistics for small areas \(HPSSA\) bulletins](#) on which it is based, using the same methodology as in previous years.

Available for local authority (LA) areas

While a range of affordability measures are available, this source is the main one available at LA level. Each release presents the whole series on the latest available LA geography.

Range of measures

This release makes available a range of measures. An example includes earnings on a residence as well as workplace basis.

Individual earnings

The Annual Survey of Hours and Earnings (ASHE) data we use in our [Employee earnings in the UK bulletin](#) are based on individual earnings. However, house purchases are often done on a household basis. Our [Housing Purchase Affordability bulletins](#) look at affordability on a household basis.

House prices not mix adjusted

House prices are for residential properties sold each year, not the whole stock of housing. As they are not mix adjusted, these prices will represent a varying mix of property types sold over time and this will differ from the mix in the underlying stock. Our [HPSSA dataset 6](#) shows sharp price increases in 2021, which corresponded with increases in the volume of sales and changes in Stamp Duty Land Tax.

No estimation of equity, deposits, and upfront costs

The sources used in this release cannot account for household circumstances when buying a home, such as paying deposits, having existing equity, or paying upfront costs, such as stamp duty. It does not account for "ongoing affordability" (the costs of staying in owner-occupation, such as mortgage payments).

10 . Related links

[Housing Purchase Affordability, Great Britain: 2021](#)

Bulletin | Released 28 July 2022

House price decile to equivalised household disposable income decile ratios. Part of our additional measures of housing affordability series.

[Private rental affordability, England, Wales and Northern Ireland: 2021](#)

Bulletin | Released 19 December 2022

Private rent prices by country and English region, expressed as a percentage of gross monthly income of private renting households. Part of our additional measures of housing affordability series.

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

Article | Released 19 March 2020

Alternative measures of housing affordability in England, including 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 in England and Wales: year ending September 2022](#)

Bulletin | Released 22 March 2023

House prices and number of transactions for property sales in England and Wales, on an annual basis, updated quarterly.

[Employee earnings in the UK: 2022](#)

Bulletin | Released 26 October 2022

Measures of employee earnings, using data from the Annual Survey for Hours and Earnings (ASHE).

11 . Cite this bulletin

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