

Statistical bulletin

Housing affordability in England and Wales: 2023

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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Correction

26 March 2024 08:06

We have corrected an error in the text in Section 4. The previous version indicated the affordability ratio for Kensington & Chelsea was 34.2, it should have read 34.3. We apologise for any inconvenience caused.

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1 . Main points

- In 2023, 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 6.1 times their annual earnings.
- At the national level, these ratios are similar to 2022, and represent a return to the pre-coronavirus (COVID-19) pandemic trend after a large increase between 2020 and 2021.
- In the 318 local authorities (LAs) in England and Wales, housing affordability improved in 237 (75%) since 2022, worsened in 77 (24%), and stayed the same in the remaining 1%.
- In 2023, 7% of LAs (23) had homes bought for less than five times workers' earnings and therefore deemed affordable; this is more than in 2022 and similar to numbers before the pandemic.
- The ten largest improvements in affordability in the past five years were in local authorities in London or bordering London; however, they remain some of the least affordable areas.
- New dwellings in each region and country cost more than five times average earnings in 2023; only existing dwellings in the North East cost less than that.

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) as used in this bulletin, or on a residence basis (where they live) available in our [reference tables](#) alongside data for sales of existing dwellings and new dwellings. We also publish a limited number of former house price statistics for small area (HPSSA) [datasets as part of this release](#).

For guidance on interpreting this bulletin, see [Section 8: Measuring the data](#).

In the 12 months to September 2023, we estimate that, in England, the average (median) home sold for £290,000, while the average (median) workplace-based full-time earnings were £35,100, giving a ratio of 8.3. 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 2022, when it was 8.5 times their workplace-based annual earnings.

We estimate that, in the 12 months to September 2023 in Wales, the average (median) home sold for £196,500, while the average (median) workplace-based full-time earnings were £32,400, giving a ratio of 6.1. In Wales, the decrease (from 6.4 in 2022 to 6.1 in 2023) was not statistically significant.

For information on statistical significance, see our [Uncertainty and how we measure it methodology](#).

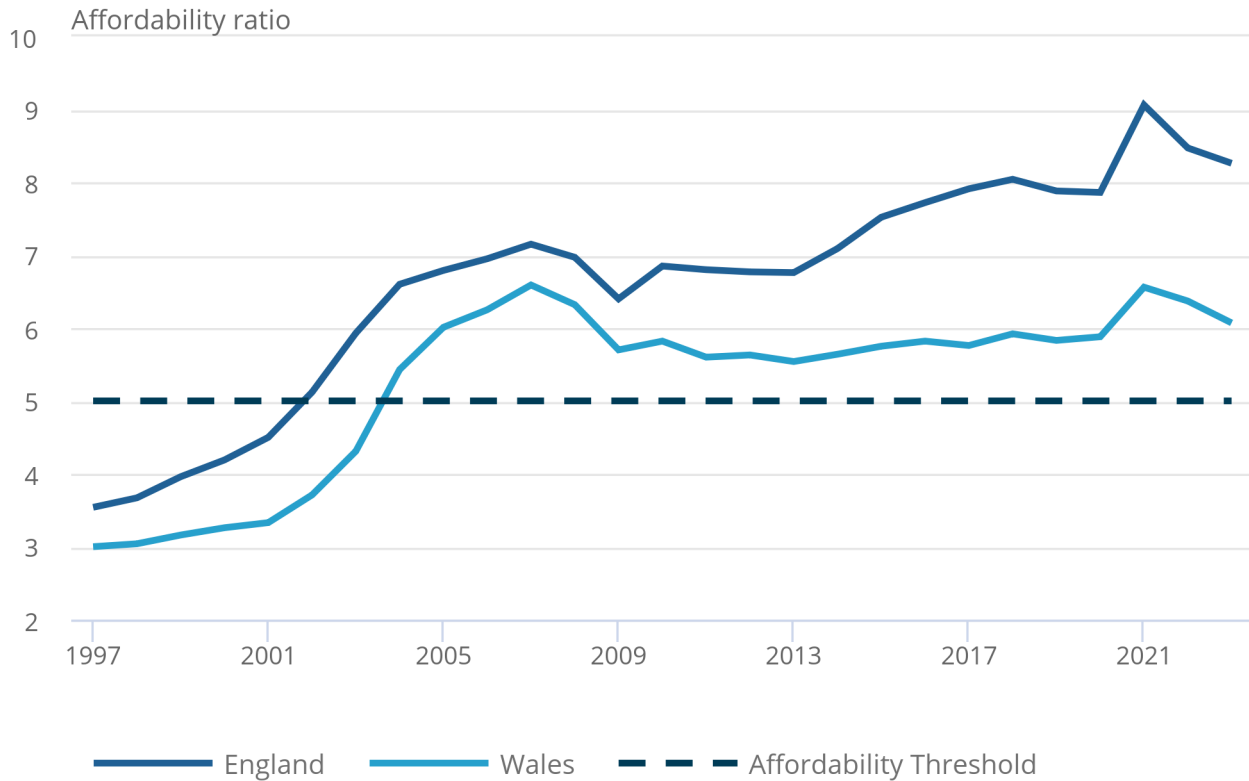
The sharp price increases in 2021 coincided with increases in the volume of sales and changes in Stamp Duty Land Tax and Land Transaction Tax. Therefore, the ratios in 2022 and 2023 are a return to the long-term trend, following the sharp increase in 2021.

Figure 1: House sales prices have become more affordable since 2021, but remain in line with the pre-coronavirus (COVID-19) pandemic gradual upward trend

Housing affordability ratio by country, 1997 to 2023

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Housing affordability ratio by country, 1997 to 2023



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

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 2023, 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 three years than in England.

Although we have not produced lower quartile incomes in this year's release, there are several alternative income levels that users may want to compare with house prices. For example:

- our [House price data: annual tables](#) estimate the income (as opposed to earnings) of first time buyer households in 2022 as £57,000; compared with a 2022 average price paid of £276,000, this gives an affordability ratio of 4.8
- in April 2023, the National Living Wage rate was £10.42 for employees aged 23 years and over (see our [Employee earnings bulletin](#)); for employees working 37.5 hours a week, an average home would be 14 times their annual earnings (£20,300)
- To apply for a [skilled worker visa](#), earnings of £26,200 are required; the average England and Wales home is 10.9 times this amount.

3 . Changes in earnings and house prices

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

House price sales and five years' worth of earnings, England and Wales, 1997 to 2023

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House price sales and five years' worth of earnings, England and Wales, 1997 to 2023



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

Figure 2 shows that changes in house prices are the main cause of the change in affordability. At a national level, homes were affordable on average at the start of the series until 2002, and not affordable after.

The average (median) price of homes sold in England and Wales increased by £9,500, or 3.4%, between the 12 months ending September 2022 and the 12 months ending September 2023. Meanwhile, the average earnings increased by £1,900, or 5.6%.

However, there are several reasons why additional caution should be taken when looking at year-on-year changes in these statistics. For example, our [Employee earnings in the UK: 2022 bulletin](#) shows that sample sizes on the Annual Survey for Hours and Earnings (ASHE) remain well below pre-coronavirus (COVID-19) pandemic levels, increasing the uncertainty of earnings estimates.

4 . Local authority housing affordability analysis

Out of 318 local authority (LA) areas in England and Wales in 2023:

- housing affordability improved in 237 areas (75%), worsened in 77 (24%), and stayed the same in the remaining 1%, compared with 2022 (proportions similar to those between 2021 and 2022)
- average house prices increased in 69% of areas compared with 2022, while average earnings increased in 88%
- the most affordable LAs in 2023 were in the North West, North East, and Yorkshire and The Humber.

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 2023

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.

[Download the data](#)

The most affordable LAs in 2023 were Burnley and then neighbouring Hyndburn, which had ratios below four this year. Looking at the "affordability threshold" of five, in 2023, 23 areas (7%) had homes selling for less than five times workers' earnings (the most affordable group). This is an improvement on 16 areas in 2022 in England and Wales, and a return to the numbers seen in 2016 to 2020. In 1997, 88% 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 a peak of 76 in 2021 to 60 in 2023 (or 19% of areas). Again, this is a return to the levels seen in the years before the coronavirus (COVID-19) pandemic (in this case, 2017 to 2020). Some 82% of London LAs had affordability ratios above 12 in 2023.

The least affordable area remained Kensington and Chelsea, whose ratio decreased from 39.8 to 34.3, reflecting high house prices but not proportionately higher earnings. This is despite house prices decreasing by £206,000 since their year to June 2022 peak (more than the median house prices in 73 other LAs), making this area a notable outlier.

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 2023

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](#)

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 had affordability ratios increase faster than others.

More subtle trends can be seen when looking at affordability over a few years, for example, over five years. The biggest increases in affordability ratios in the past five years (therefore, worse affordability) include many areas in Derbyshire and Nottinghamshire. By contrast, the ten biggest decreases in affordability ratios in the past five years have all occurred in LAs in London or bordering London.

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, 2023

[Download the data](#)

Figure 5 shows that the North East had a very tight distribution of affordability ratios, with more LAs having affordability ratios below five in 2023 than above five. There were only four LAs in the North East, Yorkshire and The Humber, and North West combined, that have ratios higher than eight.

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.

5 . Alternative house price, earnings, and affordability 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).

New and existing dwellings

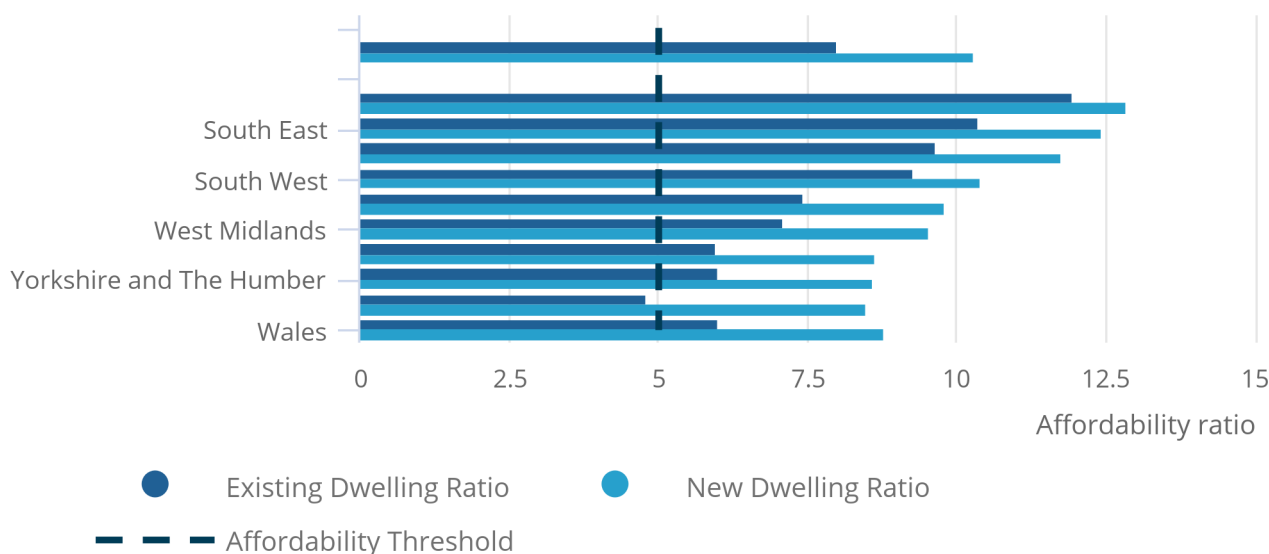
Across England and Wales, newly built dwellings were, on average, less affordable than existing properties (10.3 times earnings compared with 8.0 times earnings in 2023).

Figure 6: Only existing dwellings in the North East cost less than five times earnings in 2023

Affordability ratios for new and existing dwellings, by country and region 2023

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Affordability ratios for new and existing dwellings, by country and region 2023



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

Figure 6 shows that there is more variation in affordability with existing dwellings, than with new builds.

Further analysis of new and existing dwellings can be found previous versions of this bulletin, such as Section 4 of our [Housing affordability in England and Wales: 2021 bulletin](#).

Workplace and residence-based earnings

Analysis of residence-based and workplace-based housing can be found in Section 7 of our [Housing affordability in England and Wales: 2016 bulletin](#). As in previous years, workplace-based earnings are higher than residence-based earnings in local authorities (LAs) with high proportions of London commuters, such as Waverley, St Albans, and Sevenoaks.

Lower earnings and lower houses prices

Section 5 of our [Housing affordability in England and Wales: 2022 bulletin](#) demonstrated that affordability ratios are higher for people on lower earnings, even when compared with lower house prices. This year, we have not produced the lower quartile house prices; however, we are assessing the need to produce these again in future. If you have a user need for lower quartile house prices or affordability ratios, please e-mail better.info@ons.gov.uk

Other affordability and housing statistics

Our [Housing purchase affordability, UK bulletins](#) compare house prices with household incomes at a regional level. Other ways of looking at housing costs are available through our [Mortgage calculator](#), and our [Household Costs Indices for UK household groups article](#) provides inflation rates for different housing tenures and other groups.

A variety of data are available in our [Housing, England and Wales: Census 2021 bulletin](#), and our blog post, [More adults living with their parents, provides more analysis](#). The latest private rent and house price index data are available in our [Private rent and house prices, UK bulletin](#).

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

6 . Housing affordability data

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

Dataset | Released 25 March 2024

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 25 March 2024

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 25 March 2024

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.

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

Dataset | Released 25 March 2024

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

[Median house prices for administrative geographies](#)

Dataset | Released 25 March 2024

Median price paid for residential property in England and Wales, by property type and administrative geographies. Annual data. (Formerly HPSSA Dataset 9).

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

These are the 318 local authorities (LAs) that existed at the time of data collection (centred on 1 April 2023). Our additional dataset provides recent estimates for workplace-based earnings in LAs that existed between 2014 and 2022.

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

The following points are important to interpreting this bulletin:

- this bulletin presents analysis of [the workplace-based earnings affordability for all dwellings](#) , and uses median averages
- we use a threshold of five years of income as a broad indicator of affordability, described alongside our definitions and sources in our Housing affordability in [England and Wales Quality and Methodology Information \(QMI\) report](#)
- 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 and trends (and will therefore differ from those in our [Private rent and house prices, UK \(formerly the UK House Price Index\) bulletin](#), which is mix adjusted and comparable over time)

It is supplemented by a series of additional measures of housing affordability:

- our [Housing Purchase Affordability bulletin](#) covers the whole of the UK and 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
- our [Alternative measures of housing affordability research output](#) sets out our aspirations to provide a housing affordability measure at small areas, and the affordability of owner-occupying with a mortgage (which is dependent on appropriate data sources becoming available)

Data sources

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

Median house prices for small areas (formerly HPSSA) are published as part of this release. They are calculated using open data from HM Land Registry (HMLR). This is a source of comprehensive record-level administrative data on residential properties that have been sold up to the period October 2022 to September 2023. This release is based on HPSSAs to the year ending September 2023, as published by HMLR on 19 February 2024.

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 2023, as published in November 2023. 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 main strength of this series is that it has been measured in a consistent way over time.

Available for local areas

While a range of house price measures are available, this source is the main one available at below local authority (LA) level. Each release presents the whole series on the latest available geographies.

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 (therefore excluding the self-employed). 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 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 [Residential property sales for administrative geographies](#) 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, UK: 2022](#)

Bulletin | Released 27 July 2023

Ratios of house prices to annual disposable household incomes, by decile, for countries of the UK and regions of England. Part of our additional measures of housing affordability series.

[Private rental affordability, England, Wales and Northern Ireland: 2022](#)

Bulletin | Released 23 October 2023

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.

[Private rent and house prices, UK](#)

Bulletin | Released 20 March 2024

The Price Index of Private Rents (PIPR) measures private rent inflation for new and existing tenancies, while the UK House Price Index measures house price inflation.

[Employee earnings in the UK: 2023](#)

Bulletin | Released 1 November 2023

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

11 . Cite this bulletin

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