

**NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON WEDNESDAY 29 NOVEMBER 2017**

In this review of the Value of the UK Private Housing Stock, Halifax tracks the value of **private residential housing stock** in the decade since 2007 at regional and national level. The review is based on data from the Communities and Local Government (CLG), the ONS for 2007-2017 and UK Finance. Estimates for the value of housing stock in the UK in 2017 and for all regions over the period 2007-2017, as well the value of residential mortgage loans outstanding in 2017 are made by Halifax.

## TOTAL VALUE OF UK HOUSING STOCK PASSES £6 TRILLION MARK

- **Value of privately owned homes has risen by £1.94 trillion over the last decade**
  - **Over half (55%) of this increase is in London and the South East**
- **In London, less than two thirds (62%) of private residences are owner occupied**

The total value of privately owned UK housing stock has surpassed £6 trillion for the first time, according to new research by Halifax.

Since 2007, the total value of private residential property in the UK has grown by £1.94 trillion (or 48%) to an estimated £6.02 trillion<sup>1</sup>. In the past year alone, the value has grown by £376 billion, mainly reflecting average house price growth of 5%<sup>2</sup> in the year to August.

The average value per household in the UK now stands at £256,912, up from £187,310 in 2007, representing an increase of close to £70,000 (37%).

This increase has been driven by a 45% rise in the average house price<sup>2</sup> and the stock of privately owned homes expanding by 1.9 million (from 21.5 million to 23.4 million). In London, the average value per household is almost half a million (£498,000) – three and a half times higher than in Northern Ireland with the lowest value of £141,681.

### Distribution of property wealth by region

In 2017, 68% (£3.8 trillion) of private property wealth is concentrated in the southern regions, up from 62% in 2007. While private property wealth in the South continues to grow, the share of wealth in northern areas has fallen from 44% to 38%. Overall the value of housing in southern England has increased over two and half times faster than the north – 65% compared to 25% – over the past decade.

More than half (55%) of the £1.94 trillion rise in the last decade is accounted for by London and the South East. Since 2007, the average house price in the capital has increased by £349,629 (71%) to £579,761, while the stock of private dwellings has grown by a quarter of a million (10%).

Northern Ireland is the only region to have seen housing wealth fall (by 24%) during this period, mostly due to house prices being 34% lower than in 2007.

### HALIFAX PRESS TEAM:

Caroline Cody: 07775644312 [caroline.cody@lloydsbanking.com](mailto:caroline.cody@lloydsbanking.com)

Kimberley Hamilton: 07557 257 298 [kimberley.hamilton@lloydsbanking.com](mailto:kimberley.hamilton@lloydsbanking.com)

**Russell Galley, Managing Director, Halifax, said:** "The value of housing stock has grown by close £2 trillion in the past decade and with the equity rich regions of London and the South East largely responsible, it highlights a considerable regional imbalance in the distribution of housing wealth.

"Within the capital there is also a mix of fortunes. While more than a fifth of total property wealth is in London, lower levels of owner occupation reflect a major barrier to the property ladder with a far greater number of people renting where house prices are at their highest."

### Owner occupancy by region

On average, 76% of privately owned properties across the UK are owner occupied. However, in London, less than two thirds of private housing residents live in homes that they own (62%). When all dwellings are taken into account, there is an even greater contrast between London and the UK average (48% versus 63% respectively). (See Table 1)

### UK Housing equity

There is a wide regional variation in the level of housing equity – the difference between the value of the housing stock and total outstanding mortgage debt – with a higher balance in the South compared to northern areas. The highest is in London, where housing equity is estimated at £968 billion, which is equivalent to £360,193 per household. This is followed by the South East (£926 billion, £279,590 per household), and the East (£598 billion, £269,756 per household).

Outside southern England, the highest equity levels are in the North West (£355 billion, £134,273 per household), West Midlands (£273 billion, £137,354 per household) and Scotland (£263 billion, £135,282 per household). (See Table 2)

### Generation gap

Unsurprisingly, net housing wealth peaks as homeowners reach retirement age, with 40% of wealth in households aged over 65. Three in five (61%) of homeowners in this age bracket are mortgage free. Almost a quarter (24.4%) of total housing wealth is held by households in the age group from 55 to 64. Almost half (47%) of those aged 25 to 44 have a mortgage and account for 15.4% of total housing wealth. Just 0.1% net housing wealth is held by those aged 16 to 24. (See Table 4).

**Table 1: Owner Occupation Rate 2016**

Region	Owner Occupied Housing Stock (000's)	All Dwellings <sup>6</sup> (000s)	All privately owned dwellings (000s)	Owner Occupation Rate of All Dwellings	Owner Occupation rate of privately owned dwellings (000s)
North East	729	1,207	937	60%	78%
North West	2,059	3,220	2,642	64%	78%

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Yorkshire and the Humber	1,438	2,383	1,957	60%	74%
East Midlands	1,345	2,040	1,723	66%	78%
West Midlands	1,542	2,446	1,988	63%	78%
East	1,719	2,625	2,218	65%	78%
London	1,674	3,485	2,688	48%	62%
South East	2,607	3,826	3,312	68%	79%
South West	1,672	2,501	2,168	67%	77%
Scotland*	1,578	2,567	<b>1,943</b>	61%	81%
Wales*	986	1,413	<b>1,185</b>	70%	83%
Northern Ireland*	518	774	<b>650</b>	67%	80%
<b>UK</b>	<b>17,867</b>	<b>28,487</b>	<b>23,411</b>	<b>63%</b>	<b>76%</b>

Source: Communities and Local Government, Scottish Government, Welsh Government and Northern Ireland Assembly. \* Halifax estimate.

**Table 2: 2016 Value of Privately Owned Housing Equity by Region - 2017**

Region	Value of Housing 2017* - £ billion	Value of Residential Mortgage Loans Outstanding 2017** - £ billion	Net Housing Equity 2017 - £ billion	Net Housing Equity per household 2017 - £
North East	136	36	100	106,896
North West	469	114	355	134,273
Yorkshire and the Humber	341	80	261	133,282
East Midlands	327	64	262	152,288
West Midlands	361	88	273	137,354
East	688	90	598	269,756
London	1,338	370	968	360,193
South East	1,171	245	926	279,590
South West	554	114	440	203,093
Scotland	349	86	263	135,282
Wales	189	39	150	126,190
Northern Ireland	92	29	63	97,056
<b>UK</b>	<b>6,015</b>	<b>1,355</b>	<b>4,659</b>	<b>199,031</b>

Source: The ONS for regional house prices and the CLG for privately owned residential properties

\* Estimated value in August 2017;

**Table 3: Value of Privately Owned Housing Stock in the UK 2007-2017**

Region	Value of Housing 2007 - £ billion	Value of Housing 2016 - £ billion	Value of Housing 2017* - £ billion
North East	114	128	136

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North West	355	431	469
Yorkshire and the Humber	262	322	341
East Midlands	244	305	327
West Midlands	294	336	361
East	421	647	688
London	718	1,270	1,338
South East	732	1,089	1,171
South West	401	511	554
Scotland	257	328	349
Wales	161	183	189
Northern Ireland	121	89	92
<b>UK</b>	<b>4,077</b>	<b>5,639</b>	<b>6,015</b>

Source: The ONS for regional house prices and the CLG for privately owned residential properties, and UK Finance postcode lending data

\* Estimated value in August 2017 – both by Halifax

**Table 4: Total household net property wealth by age**

Age of Owner	Distribution of net property wealth
16-24	0.1%
25-34	3.2%
35-44	12.2%
45-54	21.3%
55-64	24.4%
65-74	21.8%
75-84	13.2%
85+	3.9%
<b>All households</b>	<b>100.0%</b>

Source: Wealth and Assets Survey, Office for National Statistics- Great Britain, July 2012 to June 2014

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## Editors' Notes:

<sup>1</sup> Before deducting for mortgage outstanding balances. Estimated value in August 2017

<sup>2</sup> Based on the ONS measure of house prices

<sup>3</sup> South includes East, London, South East and the South West; North includes North East, North West, Yorkshire and the Humber, West Midlands, East Midlands, Scotland, Wales and Northern Ireland

<sup>4</sup> Net housing equity is the total value of private residential housing stock less the value of residential mortgage loans outstanding.

<sup>5</sup> Wealth and Assets Survey, Office for National Statistics- Great Britain, July 2012 to June 2014

<sup>6</sup> Includes owner occupied, rental from private owners, Housing Association and Local Authorities and other Public Sector Homes.

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The data in this release has been sourced from the Communities and Local Government (CLG) department and the Scottish government for private dwelling completions and stock of private properties. House prices are from the ONS in August 2016.

Value of residential buildings for 2006-2015 in the UK as a whole is from the ONS (series code CGRI)., 2017 is a Halifax estimate. The 2017 estimate of housing wealth is derived from the ONS house prices index for 2017 and the estimated number of privately owned residential buildings in the UK. This methodology varies from that used by the ONS, which takes the numbers of dwellings in each council tax band (by region, which are valued using council tax valuations in a base period updated to current year prices using the ONS house price index.

Housing value at the regional level is estimated by Halifax using estimates of owner-occupation and privately rented dwelling and the ONS regional house price indices.

Regional data for the value of residential mortgage loans outstanding is from UK Finance post code lending data. This data is provided by seven participating lenders who together represent around 73% of the national residential market. Therefore, regional estimates have been grossed up by 1.37 (i.e. 100/73), with a separate Halifax estimate for Northern Ireland

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