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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 2006 at regional and national level. The review is based on data from the Communities and Local Government (CLG), the ONS for 2006-2016 and the Council of Mortgage Lenders. Estimates for the value of housing stock in the UK in 2016 and for all regions over the period 2006-2016, as well as the value of residential mortgage loans outstanding in 2016, are made by Halifax.

## **UK PRIVATE HOUSING WORTH £5.6 TRILLION** **Value of housing stock grows by £1.9 trillion (51%) since 2006**

**The total value of privately owned housing stock in the UK has grown to over £5.5 trillion for the first time, according to new research by Halifax.**

In the past decade, total value has grown by £1.9 trillion (or 51%) to an estimated £5.6 trillion<sup>1</sup>. This increase has comfortably out-paced the retail price index, which rose by 33% during the period.

The average value per household in the UK now stands at £241,682, up from £173,837 in 2006 – representing an increase of £67,845 (39%).

This increase has been driven by a 51% rise in the average house price<sup>2</sup> and the stock of privately owned homes expanding by 1.8 million (from 21.3 million to 23.1 million). More than half (£1.1 trillion) of this rise is accounted for by London and the South East. Since 2006 the average house price in the capital has almost doubled (98%) whilst the stock of private dwellings has grown by a quarter of a million (10%).

In the past year alone, the value of private housing stock grew by £337 billion, mainly reflecting average house price growth of 12%<sup>2</sup> in the year to August.

**Martin Ellis, housing economist at Halifax, said:** “The combined value of all privately owned houses in the UK is estimated at £5.6 trillion in 2016 – the highest on record. A combination of higher house prices and an increase in the number of privately owned homes has seen the value of housing stock grow by £1.9 trillion in the past decade.

“Overall housing equity held by UK households is in a healthy state, with total housing assets worth over £4.2 trillion more than the value of mortgage debt. Housing equity has grown by £1.6 trillion since 2006. For almost one in three homeowners – who own their home with no outstanding mortgage debt – their financial position is even stronger.”

**Regions with highest growth in prices and the stock of private homes have seen largest value gains.** There has been a healthy rise in the value of housing stock across all regions but

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especially in London and the South East where price growth has been the strongest combined with the largest rise in the stock of private dwellings. The gains have been greatest in London where housing value has more than doubled (106%) from £655 billion to £1.3 trillion over the decade. The next largest increase was in the South East; 61% (£402 billion), followed by the East (60% or £233 billion) and Scotland (51% or £114 billion). (See Table 1)

**The north<sup>3</sup>-south<sup>3</sup> gap has widened since 2006.** The value of housing in southern England has increased two and half times faster than in the north – 70% compared to 27% - over the past decade. As a result, the South's share of total UK housing assets rose from 55% in 2006 to 62% in 2016.

The share of private housing wealth in London has grown from 30% to 37% during the same period. The total value of private residential housing stock in the capital is 14 times the level in Northern Ireland, which at £87 billion, is the lowest in the UK.

**UK housing equity<sup>4</sup> remains strong with total mortgage debt a quarter of total housing value.** Total mortgage debt has also grown, rising by 25% since 2006 from £1.1 trillion to £1.3 trillion. Nonetheless, the value of the private housing stock has increased by over seven times as much; £1.9 trillion compared with the £264 billion rise in mortgage debt. As a result, housing equity – the difference between the value of the housing stock and total outstanding mortgage debt – has increased by £1.6 trillion (60%) over the decade from £2.6 trillion in 2006 to £4.3 trillion.

Regionally, there is a wide variation in the level of housing equity, with a higher balance in the south compared to northern areas. The highest is in London where housing equity is estimated at £916 billion, which is equivalent to £349,748 per household. The next largest is the South East (£830 billion, £255,965 per household), and the East (£533 billion, £244,036 per household).

Outside southern England, the highest equity levels are in the North West (£307 billion, £117,952 per household), West Midlands (£273 billion, £139,620 per household) and Scotland (£254 billion, £130,546 per household). (See Table 2)

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**Table 1: 2016 Value of Privately Owned Housing Equity by Region - 2016**

Region	Value of Housing 2016* - £ billion	Value of Residential Mortgage Loans Outstanding 2016** - £ billion	Net Housing Equity 2016 - £ billion	Net Housing Equity per household 2016 - £
North East	125	36	90	98,152
North West	419	112	307	117,952
Yorkshire and the Humber	309	80	230	119,298
East Midlands	299	63	236	138,948
West Midlands	359	86	273	139,620
East	620	87	533	244,036
London	1,270	354	916	349,748
South East	1,066	236	830	255,965
South West	502	111	391	182,850
Scotland	339	85	254	130,546
Wales	179	39	140	118,267
Northern Ireland	87	29	58	88,656
<b>UK</b>	<b>5,573</b>	<b>1,316</b>	<b>4,257</b>	<b>184,609</b>

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

\* Estimated value in August 2016;

**Table 2: Value of Privately Owned Housing Stock in the UK 2006-2016**

Region	Value of Housing 2006 - £ billion	Value of Housing 2015 - £ billion	Value of Housing 2016* - £ billion
North East	108	125	125
North West	335	405	419
Yorkshire and the Humber	245	303	309
East Midlands	230	285	299
West Midlands	281	345	359
East	387	562	620
London	615	1,164	1,270
South East	664	976	1,066
South West	371	473	502
Scotland	224	334	339
Wales	152	179	179
Northern Ireland	84	85	87
<b>UK</b>	<b>3,696</b>	<b>5,235</b>	<b>5,573</b>

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

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\* Estimated value in August 2016 – both by Halifax

## Editors' Notes:

<sup>1</sup> Before deducting for mortgage outstanding balances. Estimated value in August 2016

<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.

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)., 2016 is a Halifax estimate. The 2016 estimate of housing wealth is derived from the ONS house prices index for 2016 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 uprated 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 the Council of Mortgage Lenders 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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