

Press Release

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The UK Housing Market over the past 50 years

As we begin a new decade, Halifax has looked over the past 50 years and identified the key changes in the UK housing market. The analysis starts at the end of the 1950s and commences with the record growth in housebuilding through the 1960s. This was a time of significant social investment.

KEY FINDINGS

House Prices

- **The average UK house price has increased by 273% since 1959 in real terms (i.e. after allowing for retail price inflation), at an average annual rate of 2.7%.** This is faster than the 2% per annum average rise in real earnings over the period.
- **House prices recorded their biggest increase in the latest decade with a real rise of 62% during the 2000s; marginally ahead of the 61% increase in the 1980s.** The worst performing decade for house prices was the 1990s when prices fell by 22% in real terms.
- **Pronounced cycles have been a key feature of the housing market since 1959.** There have been four distinct periods of rapid real house price growth: 1971-73, 1977-80, 1985-89 and 1998-2007. Each of these periods was followed by a significant fall in real house prices.

Rise of Owner-Occupation

- **Owner-occupation in the UK has increased by 25 percentage points from 43% in 1961 to 68% in 2008.** The biggest rise in owner-occupation occurred in the 1980s following the introduction of the Right to Buy scheme.
- **The proportion of homes that is privately rented has fallen significantly from 33% in 1961 to 14% in 2008.** The private rental sector was bigger than both the owner-occupied and social rented sectors until the mid 1950s. There has been a more recent increase in the private rented sector; from 9% in 1991 to 14% in 2008.

- **The relative size of the socially rented sector in 2008 (18%) was smaller than in 1961 (25%).** The proportion of the dwelling stock that is socially rented expanded rapidly through the 1960s and 1970s, peaking at 33% in 1981. A sharp reduction in local authority house building and the sale of council houses have contributed to the sector's contraction since the early 1980s. In addition, the composition of the sector has changed significantly with a marked shift away from local authority provided housing towards provision by housing associations.

Dramatic Improvement in the Quality of Housing

- Households **lacking an inside WC** fell from 14% to just 0.2% between 1960 and 1996.
- Households **without a basic hot water supply** declined from 22% in 1967 to 1% in 1991.
- Households in Great Britain **with central heating** increased from 35% in 1971 to 92% in 2000.

Social Trends

- **The proportion of single person households in England has risen significantly from less than one in five (19%) households in 1971 to one in three (33%) in 2009.** The proportion of English households occupied by married couples has declined from 70% in 1971 to 42% in 2009, although married households are still the most common form of household. The number of households occupied by cohabiting couples increased from 1% in 1971 to 11% in 2009.
- **The number of houses built in the UK was an estimated 156,816 in 2009; 44% less than the 281,570 built in 1959.** House building reached record levels during the 1960s, with a peak of 425,800 units completed in 1968. Private sector completions (226,100) also reached a record in that year. The decline in house building has been driven by a fall in public sector completions.
- **The rise of detached properties and the decline of semi-detached homes.** There has been a marked shift in the type of properties built over the past 50 years. Semi-detached properties account for the largest proportion of the current English housing stock built between 1945 and 1964 (41%). Detached homes represent just 10% of the housing stock that was constructed during this period. In contrast, detached properties account for more than a third (36%) of the English housing stock built after 1980; more than any other property type. Semis account for 15% of the post-1980 housing stock.

Halifax has looked at the key trends and developments in the UK housing market over the past 50 years. The research has been compiled using data from the Halifax's own extensive housing statistics database. Data has also been sourced from the Office for National Statistics and the Communities and Local Government department. The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country from January 1983.

Martin Ellis, housing economist at Halifax, said:

"The last 50 years have witnessed some remarkable developments in the UK housing market. There has been a significant shift towards owner-occupation with the majority of households now living in their own homes rather than renting. There have also been substantial changes in both the number of households and their composition; the typical UK household now is very different to 50 years ago.

Levels of housebuilding have fallen sharply over recent decades, led by a reduction in building by the public sector. At the same time, the types of homes built have altered greatly both in terms of type and amenities. No doubt, there will be further dramatic changes over the coming years, most likely including ways that we are currently unable to foresee."

UK HOUSE PRICES

The average UK house price has increased in nominal terms over the past 50 years from £2,507 in 1959 to £162,085 in 2009.

The average price has risen by 273% since 1959 in real terms (i.e. after allowing for retail price inflation)¹, at an average annual rate of 2.7%. (All house price figures stated below are expressed in real terms. This enables meaningful comparisons during a period when the general rate of inflation varied considerably. Retail price inflation was especially high during much of the 1970s and 1980s.)

House prices have risen at a faster pace than average earnings since 1959. National average earnings have increased at an average real rate of 2.0% a year.

House prices recorded their biggest increase in the latest decade with a real rise of 62% during the 2000s; marginally ahead of the 61% increase in the 1980s. The worst decade for house prices was the 1990s when prices fell by 22%.

Pronounced cycles have been a key feature of the housing market since 1959. There have been four distinct periods of rapid real house price growth: 1971-73, 1977-80, 1985-89 and 1998-2007.

Each period of rapidly rising prices was followed by a significant fall in real house prices. Overall, prices have fallen in real terms in nearly one in three years – 15 out of 50 - in the past half century.

REGIONAL HOUSE PRICES

All regions of the UK have seen house prices increase at a more rapid rate than average earnings over the past 40² years:

- **Greater London** has seen the biggest increase with a real rise of 229%, at an average annual rate of 3.0%. (UK prices increased by 174% at an annual average of 2.5% during 1969-2009.)
- **Scotland** has recorded the smallest increase with a real rise of 120%, at an average annual rate of 2.0%.

¹ Monetary - or nominal - house price figures have been adjusted to allow for general price inflation by applying the retail price index (RPI), in line with standard practice. The RPI has been chosen rather than any other inflation measure because it is the longest running series. It also incorporates housing costs unlike the much more recent consumer price index.

² Regional house price data are available since 1969. All regions' house price data have been adjusted to generate real price estimates using the UK retail price index (RPI) since no regional RPIs exist.

The north/south house price divide has widened since 1969 as prices have generally increased more quickly in the south. The average percentage difference between the highest and lowest priced region has increased from 84% in 1959 to 104% in 2009. This pattern is correlated with the pattern in average earnings growth over the period with the south generally experiencing more rapid rises than the rest of the country. Earnings have increased more in Greater London than in any other region.

There has been remarkably little change in the ranking of the different regions of the UK over the last 40 years:

- Greater London and South East remain the most expensive parts of the country.
- Yorkshire and Humber continues to have the lowest average prices.

HOUSING TENURE

Owner-occupation in the UK has increased by 25 percentage points from 43% in 1961 to 68% in 2008. The sharpest rise in owner-occupation occurred in the 1980s following the introduction of the Right to Buy scheme. There were approximately 1.3 million sales under the scheme between 1981 and 1991 in Great Britain, helping to lift owner-occupation from 56% to 67%.

The proportion of homes that is privately rented has fallen significantly from 33% in 1961 to 14% in 2008. The private rental sector was bigger than both the owner-occupied and social rented sectors until the mid 1950s. By 1961, the rate of owner-occupancy (43%) had overtaken private renting (33%) as the most common type of housing tenure.

There has been a more recent increase in the private rented sector. The proportion of households renting their homes privately has risen from 9% in 1991 to 14% in 2008; the highest rate for more than 30 years. The 1988 Housing Act has helped to expand the supply of private rented property through the creation of assured shortholds and tenancies in common.

The relative size of the socially rented sector in 2008 (18%) was lower than in 1961 (25%). The proportion of the dwelling stock that is socially rented expanded rapidly through the 1960s and 1970s, peaking at 33% in 1981. Since then a sharp reduction in local authority house building and the sale of council houses under the Right to Buy scheme have contributed to the sector's contraction. The composition of the sector has changed significantly with a marked shift away from local authority provided housing towards provision by housing associations.

HOUSEHOLDS

The number of households has risen by nearly ten million since the early 1960s. The number of households in the UK has increased from 16.7 million in 1961 to 26.6 million in 2009³, according to Halifax estimates. Over the same period, the UK population has grown by 9 million from 52.8 million to an estimated 61.8 million in 2009. There has been a decline in the size of the average household from 3.17 in 1961 to 2.32 in 2009.

The proportion of single person households in England has risen significantly over the past four decades, increasing from less than one in five households (19%) in 1971⁴ to one in three (33%) in 2009.

The number of married households is down by almost a fifth since the 1970s. The proportion of households in England occupied by married couples has declined from 70% in 1971 to 42% in 2009. Nonetheless, married households are still the most common form of household.

³ 2009 estimates based on the ONS household projections and are derived using the percentage change between ONS household estimate for 2006 and the projection for 2011.

⁴ Earliest available data.

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HOUSEBUILDING

A total of 13 million houses have been built in the UK in the past 50 years (1959-2009).

The number of houses built in the UK was an estimated 156,816 in 2009; 44% less than the 281,570 built in 1959. Housebuilding reached record levels during the 1960s, peaking at 425,800 units completed in 1968. Private sector completions (226,100) also reached a record in that year. (The decline in housebuilding during the recent downturn accounts for only part of the decline compared with 1959.)

The decline in house building has been driven by a fall in public sector completions. Between 1959 and 2009, there was a 69% decline in the number of public sector completions. This was much greater than the 23% fall in private sector completions. The government significantly reduced local authority house building in the 1980s, but building by housing associations has not risen sufficiently to compensate. Accordingly, the proportion of all completions accounted for by the private sector increased from 54% in 1959 to an estimated 75% in 2009.

The rise of detached properties and the decline of semi-detached homes. There has been a marked shift in the type of properties built in England⁵ over the past 50 years:

- **Detached** homes represent just 10% of the current English housing stock that was constructed between 1945 and 1964. In contrast, detached properties account for more than a third (36%) of the housing stock built after 1980; more than any other property type.
- **Semi-detached** properties account for the largest proportion (41%) of the English housing stock built between 1945 and 1964. Semis represent only 15% of homes built after 1980.
- **Flats** account for 20% of the housing stock that was built after 1980 compared with 15% of those built between 1945 and 1964.

The availability of basic amenities has improved significantly over the past 50 years. Between 1960 and 1996 the percentage of households lacking an inside WC fell from 14% to just 0.2%. Also, the percentage of households without a basic hot water supply declined from 22% in 1967 to 1% in 1991. In addition, the proportion of households in Great Britain that has central heating increased from 35% in 1971 to 92% in 2000.

⁵ Due to data availability, analysis refers to England's housing stock in 2007 only. Source: 2007 English House Condition Survey

– Ends –

Table 1: UK Real House Prices* 1959-2009

	Total % change	Average Annual % change
1959-1969	36	3.1
1969-1979	34	3.0
1979-1989	61	4.9
1989-1999	-22	-2.4
1999-2009	62	5.0
1959-2009	273	2.7

Sources: Halifax / Communities and Local Government

* Monetary - or nominal - house price figures have been adjusted to allow for general price inflation by applying the retail price index (RPI).

Table 2: Regional Real House Prices* 1969-2009

	Total % change	Average Annual % change
North	159	2.4
Yorks & the Humber	188	2.7
North West	159	2.4
East Midlands	173	2.5
West Midlands	147	2.3
East Anglia	166	2.5
South West	195	2.7
South East	178	2.6
Greater London	229	3.0
Wales	160	2.4
Scotland	120	2.0
Northern Ireland	183	2.6
United Kingdom	174	2.5

Sources: Halifax / Communities and Local Government

* Monetary - or nominal - house price figures have been adjusted to allow for general price inflation by applying the retail price index (RPI).

Table 3: UK dwelling stock by tenure (%)

	Owner-Occupied	Social Housing	Private rented
1961	43	25	33
1971	50	31	19
1981	56	33	11
1991	67	25	9
2001	69	21	10
2008	68	18	14

Source: Communities and Local Government / Office for National Statistics Labour force Survey

Table 4: Percentage of households in England by composition (000s)

Year	married couple	cohabiting couple	lone parent	other multi-person	one person
1971	70%	1%	2%	8%	19%
1981	63%	3%	4%	7%	23%
1991	55%	6%	5%	7%	27%
2001	47%	9%	7%	7%	30%
2008	42%	11%	8%	7%	32%
2009	42%	11%	8%	7%	33%

Source: Communities and Local Government

Table 5: UK Housebuilding: Permanent dwellings completed

	Private	Public	Total	% Private	% Public
1959	153,170	128,400	281,570	54%	46%
1970	174,340	187,880	362,220	48%	52%
1980	131,990	110,010	242,000	55%	45%
1990	167,470	35,910	203,380	82%	18%
2000	154,480	22,270	176,750	87%	13%
2001	152,330	21,440	173,770	88%	12%
2007	196,700	27,930	224,630	88%	12%
2008	150,720	32,100	182,820	82%	17%
2009*	117,583	39,233	156,816	75%	25%

Source: Communities and Local Government *Based on Experian forecast for Great Britain

Table 6: English housing stock by age

Type	Number (000s)		% of total	
	1945-1964	Post 1980	1945-1964	Post 1980
Detached house	453	1,572	10%	36%
Purposed built flat, low rise	502	838	12%	19%
Semi-detached house	1,780	657	41%	15%
Bungalow	606	489	14%	11%
Small terraced house	271	470	6%	11%
Medium/large terraced house	592	351	14%	8%
Purposed built flat, high rise	107	27	2%	1%
Converted flat	33	4	1%	0%
All dwellings	4,345	4,409	100%	100%

Source: English House condition survey 2007 Table 1.1

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Editors' Notes:

This research has been compiled by analysing statistics from the Halifax House Price Index, Communities and Local Government (CLG) department (including the Survey of English Housing database) and the ONS.

Statistics have also been sourced from the 'Historical Statistics of Housing in Britain' volume by A.E.Holmans, published by Cambridge Centre for Housing and Planning Research, University of Cambridge. This publication draws together historical statistics on housing in Great Britain from a wide range of data sources.

The research is intended to look at changing in households over past 50 years. However, due to issues of data availability the different data series used vary in length.

House Prices:

National and regional figures from the Halifax house price index have been used for 1983-2009. CLG house price data has been used for the period prior to 1983. Annual averages have been used throughout. Regional house price data are available from 1969 only.

Housing Tenure:

Owner occupation data has been sourced from CLG: Table 101: and table 801

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdcharacteristics/livatables/>

Based on UK dwelling stock with gaps in the data populated using estimates derived from UK household data (table 801).

Number of Households:

The number of household's data has been sourced from CLG: Tables 401 and 403.

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livatables-households/>

2009 data are estimates based on the ONS household projections. The 1961 data for the nine English regions were estimates derived using the percentage change in the total number of English households.

Household Composition (England):

Household composition data has been sourced from CLG: Table 402:

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livatables-households/>

Housing Stock (England):

Housing stock and amenities data has been sourced from the CLG 2007 English housing condition survey (Table 1.1) and 'Historical Statistics of Housing in Britain' by A.E. Holmans (Tables C11 and C.12).

Housebuilding:

Completions data has been sourced from the CLG: Table: 241:

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/livatables/?view=Standard>

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