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FOR IMMEDIATE RELEASE

## Homes earn more than homeowners in a fifth of the UK

Over the past two years average house prices have increased by more than the average employee's net earnings<sup>1</sup> in almost one in five – 73 out of 384 – local authority districts (LADs) across the UK, according to the latest Halifax research.

The vast majority of these areas are in London, the South East, and East, representing 68 of the 73. The largest difference was in Hammersmith and Fulham, where house prices increased by an average of £199,930 over the last two years, exceeding average take-home earnings in the area by £143,232. Eight London boroughs appeared in the top ten [Table 1].

Table 1: House Prices v Earnings - Top 10 over Last 2 Years

Local Authority	Region	2 Year Change In Average House Prices (£)	Net Median Earnings over 2 Years (2013-2014) (£)	2 Year Difference in House Prices minus Earnings (£)
Hammersmith and Fulham	London	199,930	56,698	143,232
Wandsworth	London	161,105	58,345	102,760
Ealing	London	136,895	46,494	90,400
Kensington and Chelsea	London	156,388	66,746	89,642
Elmbridge	South East	145,512	56,909	88,603
South Buckinghamshire	South East	139,249	51,692	87,557
Hackney	London	135,072	49,622	85,449
Richmond upon Thames	London	140,402	59,353	81,049
Southwark	London	130,561	51,391	79,170
Brent	London	124,464	45,672	78,792

Sources: Halifax, ONS

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Cotswold was the best performer outside London, the South East and East with house price gains exceeding earnings by £31,222. The Leicestershire areas of Melton and Harborough also saw average house prices increase by more than earnings in 2013 and 2014 with price gains in excess of earnings by £9,358 and £6,938 respectively.

## Five Years: 2010-2014

Over the past five years, twenty-three local areas in the UK have seen average house prices increase by more than total average pay [Table 2]. In Islington, average property prices have increased by £258,498, surpassing average take-home pay during the period by £123,041. Again, the top six performers are all in London, but outside the Capital, Elmbridge in Surrey has seen the biggest rise in prices in relation to total earnings in the past five years (£51,854). All 23 areas are in London and the South East.

**Table 2: House Prices v Earnings - Top 10 over Last 5 Years**

Local Authority	Region	5 Year Change In Average House Prices (£)	Net Median Earnings over 5 Years (2010-2014) (£)	5 Year Difference in House Prices minus Earnings (£)
Islington	London	258,498	135,457	123,041
Hammersmith and Fulham	London	225,439	138,950	86,489
Camden	London	213,429	137,704	75,725
Ealing	London	188,434	114,424	74,010
Wandsworth	London	208,426	141,767	66,658
Richmond upon Thames	London	203,749	149,061	54,688
Elmbridge	South East	194,272	142,418	51,854
Brent	London	156,731	108,825	47,906
Southwark	London	170,423	126,888	43,535
Mole Valley	South East	167,534	126,805	40,729

Sources: Halifax, ONS

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## One Year: 2014

House prices nationally increased by 9% in 2014; the biggest annual rise since 2007. Average prices rose particularly sharply in London (16%) and the South East (11%), and as a result, average prices increased by more than total take-home pay in one quarter of LADs (95 out of 384). The majority of these areas are in London and the south of England. Most of the best performers outside the south are in the West Midlands including Malvern Hills, Wychavon and South Staffordshire.

**Table 3: House Prices v Earnings - Top 10 over Last Year**

Local Authority	Region	1 Year Change In Average House Prices (£)	Net Median Earnings over 1 Year (2014) (£)	1 Year Difference in House Prices minus Earnings (£)
Mole Valley	South East	109,119	25,614	83,505
South Buckinghamshire	South East	107,496	26,763	80,733
Windsor and Maidenhead	South East	100,606	29,045	71,561
Richmond upon Thames	London	94,210	30,065	64,145
Ealing	London	84,700	23,448	61,252
Hackney	London	84,257	24,898	59,359
Brent	London	83,030	23,795	59,235
Wandsworth	London	82,146	29,484	52,662
Three Rivers	East	75,713	24,903	50,810
Kingston upon Thames	London	77,653	27,911	49,742

Sources: Halifax, ONS

## Ten Years: 2005-2014

Over the past decade, house prices have increased by more than total pay in just two areas across the UK: Hackney and Hammersmith & Fulham.

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**Martin Ellis, housing economist at Halifax, commented:**

“The housing market recovery over the past couple of years has resulted in some substantial prices rises in some areas of the country, particularly in London and the South East. This has resulted in homes increasing in value by more than total take-home earnings for the average homeowner in some areas of the country.

“This is good news for some homeowners. At the same time, it is challenging news for those looking to buy their first home in such areas, with prices being pushed out of range for many young people.”

**ENDS**

**Editors' Notes:**

<sup>1</sup> Based on median earnings at local authority district level (residence based). Source: ONS ASHE, April. Net earnings refer to gross earnings minus income tax and employee National Insurance contributions.

**DATA SOURCES:**

This research is based on data from the Halifax's own extensive housing statistics database and ONS data on average earnings.

**1. House Prices**

The prices used in this research are simple arithmetic ('crude') averages for 12 months to December. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

**2. Average Earnings**

Average earnings figures for April are from the ONS's "Annual Survey of Hours and Earnings" (ASHE) and refer to the median for full-time employees. At local authority district level, figures for the relevant local authority (residence based) are used in the majority of cases. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in the regional median average earnings figure.

This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance.

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