

PRESS RELEASE



14/04/2018

 @HalifaxBankNews

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON SATURDAY 14 APRIL 2018

Home is where the dough is as homes earn more than owners in 1 in 5 areas

- Almost one in five (18%) UK local areas over last two years have seen average house prices increase by more than total average pay
- Homeowners in Barnet 'earn' £52,000 more from their home than at work over two years (£2,177 per month)
- This is almost three quarters of the average UK house purchase deposit (£71,297)

Properties in almost one in five UK local authority districts (LADs) have earned more than their owners¹ in the past two years, new research from Halifax has revealed.

House prices in Barnet in London exceeded average take-home earnings in the area by £52,256, the highest in the country and equating to £2,177 per month. The next biggest gap can be seen in North Hertfordshire in the East of England (£40,903), the only place outside London and the South East to feature in the top 10. (*Table 1*)

The difference between house prices and earnings in Barnet equates to almost three quarters (73%) of the average deposit on UK house purchases (£71,297) and is £18,850 more than the average deposit in Northern Ireland (£33,376), the region with the lowest in the UK. (*Table 2*)

However, the data also found that the proportion of areas where house prices are outpacing earnings has dropped from 31% in 2016 to 18% in 2017, or from 119 areas to 71.

Russell Galley, Managing Director at Halifax, said: "Over the past two years, we have seen house price growth and earnings converge at a national level, leading to a drop in the total number of areas where the average house price rise is greater than owners' take-home earnings.

"Despite the slowdown in house price growth in southern England, it has still outpaced wages across most of the region. This means that middle earners are also facing a challenge getting on to the property ladder."

HALIFAX PRESS TEAM

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com
Conor Gaffney 07717 785 314 conor.gaffney@lloydsbanking.com

A country divided

The research also highlighted a continuing North/ South divide, with 86% (61 out of the 71) of areas where the average house price rise is greater than local median earnings over the last two years in London, the South East, South West or East of England. This share is down slightly from the last year when 93% (111 of 119) of areas came from these four regions.

The top performers outside southern England include Harborough in the East Midlands, with house price gains £19,662 more than earnings over 2016 and 2017 (£73,916 v £54,254). Elsewhere, Ribble Valley in the North West (£8,217), Tamworth in the West Midlands (£3,226) and Denbighshire in Wales (£793) all saw house prices outperform wages. *(Table 3)*

Over the longer term, London dominates

Over the past five years, 73 local areas in the UK (19% of the total) have seen average house prices increase by more than total average pay, with nine of the top 10 areas in London. *(Table 4)*

Three areas have recorded a differential of over £100,000 over the past five years. The greatest was again in Barnet, where average property prices have increased by £246,999, surpassing average take-home pay during the period by £116,734. Barnet is followed by Merton (£115,892) and then Waltham Forest (£103,227). Hertsmere (£71,281) in the East of England, is the only LAD outside London to make the top 10.

Manager and professional pay outstrips house price increases

At a national level, the average UK house price increase of £78,400 over the past five years has been greater than the earnings in three employment sectors over the same period. Since 2013 annual median earnings for those working in the caring and leisure services sector have outpaced average house price growth by £3,718. The only other sector to see a similar trend are those working in sales and customer service (£2,439).

When looking at the difference by professional seniority, managers, directors and senior officials take home pay exceeded the national average house price rise by £77,559, with professional occupations (£63,173) the only other group above £60,000. *(Table 5)*

HALIFAX PRESS TEAM

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com
Conor Gaffney 07717 785 314 conor.gaffney@lloydsbanking.com

Table 1: House prices v earnings Top 10 over last two years

Local Authority	Region	2 Year Change In House Prices*£	Net Median Earnings 2 Year (2016-2017)** £	2 Year £ Difference in House Prices v Earnings
Barnet	London	106,896	54,641	52,256
North Hertfordshire	East of England	95,417	54,514	40,903
Newham	London	75,304	45,169	30,135
Worthing	South East	73,342	43,472	29,871
Canterbury	South East	75,798	47,454	28,345
Croydon	London	79,064	51,678	27,386
Guildford	South East	77,664	54,992	22,672
Oxford	South East	71,275	48,761	22,513
Fareham	South East	67,799	47,571	20,228
Merton	London	73,800	53,784	20,016

Source: *Halifax, ** Halifax calculation, ONS

Table 2: Average UK deposit

Region	Average Deposit 2017 £
North East	39,101
North West	46,403
Yorkshire and The Humber	46,954
East Midlands	57,247
West Midlands	54,752
East of England	92,926
London	135,272
South East	104,156
South West	80,093
Wales	45,815
Scotland	46,167
Northern Ireland	33,676
UK	71,297

Source: *Halifax

HALIFAX PRESS TEAM

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com

Conor Gaffney 07717 785 314 conor.gaffney@lloydsbanking.com

Table 3: House prices v earnings - Top performing LAD in region over last two years

Region	Local Authority District	2 Year Change In House Prices* £	Net Median Earnings 2 Year (2016-2017)** £	2 Year £ Difference in House Prices v Earnings
North East	Hartlepool	28,700	41,544	-12,844
North West	Ribble Valley	52,846	44,630	8,217
Yorkshire and The Humber	York	38,469	41,852	-3,384
East Midlands	Harborough	73,916	54,254	19,662
West Midlands	Tamworth	44,023	40,797	3,226
East of England	North Hertfordshire	95,417	54,514	40,903
London	Barnet	106,896	54,641	52,256
South East	Worthing	73,342	43,472	29,871
South West	Cheltenham	65,511	45,594	19,916
Wales	Denbighshire	39,919	39,126	793
Scotland	East Renfrewshire	37,224	55,433	-18,209
Northern Ireland	Belfast	24,373	42,258	-17,885

Source: *Halifax, ** Halifax calculation, ONS

Table 4: House prices v earnings - Top 10 over last five years

Local Authority	Region	5 Year Change In House Prices* £	Net Median Earnings 5 Year (2013-2017)** £	5 Year £ Difference in House Prices v Earnings
Barnet	London	246,999	130,266	116,734
Merton	London	245,837	129,945	115,892
Waltham Forest	London	219,144	115,917	103,227
Haringey	London	216,169	120,608	95,561
Greenwich	London	208,912	123,317	85,595
Harrow	London	205,323	126,766	78,556
Hackney	London	204,535	126,631	77,904
Newham	London	183,175	109,302	73,874
Hertsmere	East of England	186,383	115,101	71,281
Redbridge	London	197,937	129,471	68,466

Source: *Halifax, ** Halifax calculation, ONS

HALIFAX PRESS TEAM

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com

Conor Gaffney 07717 785 314 conor.gaffney@lloydsbanking.com

Table 5: UK House prices v occupational earnings - Top 10 over last five years

ASHE Occupations	5 Year Change In UK Average House Price* £	Net Median Earnings 5 Year (2013-2017)** £	5 Year £ Difference in House Prices v Earnings
Caring, leisure and other service	78,440	74,723	3,718
Sales and customer service	78,440	76,002	2,439
Elementary	78,440	77,547	894
Administrative and secretarial	78,440	88,996	-10,555
Process, plant and machine operatives	78,440	95,036	-16,596
Skilled trades	78,440	102,483	-24,043
Associate professional and technical	78,440	122,269	-43,829
Professional	78,440	141,613	-63,173
Managers, directors and senior officials	78,440	156,000	-77,559
United Kingdom	78,440	109,694	-31,253

Source: *Halifax, ** Halifax calculation, ONS

ENDS

Editors' Notes:

¹ 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. Halifax calculation.

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." © Bank of Scotland plc all rights reserved 2018.

HALIFAX PRESS TEAM

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com

Conor Gaffney 07717 785 314 conor.gaffney@lloydsbanking.com