

PRESS RELEASE



20 April 2019



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Number of homes 'earning more than their owners' falls as price growth continues to slow

- Fewer than one in 10 (8%) local areas have seen average house prices increase by more than total average pay over the last two years
- Homeowners in Richmond-upon-Thames 'earned' £55,483 more from their home than at work over two years (£2,312 per month)
- This is more than 80% of the average UK house purchase deposit (£68,946)

The gulf between earnings and property price inflation has shrunk considerably across the UK in recent years, according to new research by Halifax.

Historically, homeowners in many locations found themselves 'earning' more from the annual increase in the value of their property than from their take-home pay. That trend is now shifting as a result of weaker house price inflation and stronger wage growth.

The average rise in house prices over the last two years has outstripped post-tax earnings in fewer than one in 10 (8%) local authority districts (LADs). This compares to almost one in five (18%) in 2017 and nearly a third (31%) in 2016.

Leafy London borough Richmond-upon-Thames is one of those few, producing the biggest gap between property inflation and wages at £55,482, or the equivalent of £2,312 a month. This equates to more than 80% of the average deposit on UK house purchases, but still far short of the London average of £137,638.

The next biggest gap was found in Winchester, home to much of the South Downs National Park, in the South East of England (£45,016). Wandsworth was the only other London borough to make the top 10, in stark contrast to a year ago, when nine of the top 10 LADs were in the capital.

Russell Galley, Managing Director, Halifax, said: "While the slowdown in house price growth may not be welcomed by homeowners, the narrowing gap between prices and wages should

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improve mortgage affordability for all, meaning that larger house, home extension or even first property are all more attainable.

“Although every region of the UK saw earnings exceed price growth overall, there continue to be significant variations across the country. The majority of areas where house price inflation outpaced owners’ take-home pay are still to be found in London and the South East.”

Regional picture

Despite 28 individual local authorities recording average house price increases in excess of total average pay over the last two years, at a regional level, the picture was more consistent.

All 12 regions of the UK saw average earnings exceed house price inflation, from £19,649 in London up to £35,250 in Scotland.

Long-term view

When looking over the last five years, London was the only region to see average house prices increase by more than total average pay (£23,817).

Over the same period, the LAD with the biggest margin was Three Rivers in East of England (£88,281).

DATA TABLES

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

Local Authority District (LAD)	Region	2 Year Change In House Prices* £	Net Median Earnings 2 Year (2017-2018)** £	2 Year £ Difference in House Prices v Earnings
Richmond upon Thames	London	119,075	63,592	55,483
Winchester	South East	103,196	58,180	45,016
South Bucks	South East	97,806	56,430	41,376
West Devon	South West	75,659	40,198	35,460
Windsor and Maidenhead	South East	88,437	60,153	28,284
Wandsworth	London	90,482	62,247	28,234
Bromsgrove	West Midlands	77,621	52,317	25,303

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Chichester	South East	73,769	48,778	24,991
North Dorset	South West	58,289	43,158	15,131
Harborough	East Midlands	69,604	55,167	14,437

Source: *Halifax, ** Halifax calculation, ONS

Table 2: House prices v earnings: Top 10 LADs over last five years

Local Authority District (LAD)	Region	5 Year Change In House Prices* £	Net Median Earnings 5 Year (2014-2018)** £	5 Year £ Difference in House Prices v Earnings
Three Rivers	East of England	215,380	127,100	88,281
Waltham Forest	London	198,680	119,923	78,757
Brent	London	196,929	118,262	78,667
South Bucks	South East	210,602	137,888	72,713
Haringey	London	196,077	123,985	72,091
Windsor and Maidenhead	South East	216,886	146,218	70,668
Barnet	London	187,832	132,585	55,247
Chichester	South East	170,148	114,934	55,214
Hackney	London	178,596	128,138	50,458
Harborough	East Midlands	69,604	55,167	14,437

Source: *Halifax, ** Halifax calculation, ONS

Table 3: House prices v earnings: Best Performing LAD in each region over last 2 Years

Region	Local Authority District (LAD)	2 Year Change In House Prices* £	Net Median Earnings 2 Year (2017-2018)** £	2 Year £ Difference in House Prices v Earnings
North East	Newcastle upon Tyne	45,562	43,073	2,490
North West	Rossendale	48,344	39,350	8,994
Yorkshire and The Humber	Sheffield	22,032	43,765	-21,732
East Midlands	Harborough	69,604	55,167	14,437
West Midlands	Bromsgrove	77,621	52,317	25,303
East of England	East Hertfordshire	64,766	55,349	9,417
London	Richmond upon Thames	119,075	63,592	55,483

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South East	Winchester	103,196	58,180	45,016
South West	West Devon	75,659	40,198	35,460
Wales	Denbighshire	46,974	40,710	6,264
Scotland	West Lothian	31,303	45,279	-13,977

Source: *Halifax, ** Halifax calculation, ONS

Table 4: House prices v earnings: Best Performing LAD in each region over last 5 Years

Region	Local Authority District (LAD)	5 Year Change In House Prices* £	Net Median Earnings 2 Year (2014-2018)** £	5 Year £ Difference in House Prices v Earnings
North East	Newcastle upon Tyne	69,531	105,546	-36,015
North West	Trafford	105,610	124,864	-19,255
Yorkshire and The Humber	Sheffield	61,027	104,725	-43,698
East Midlands	South Northamptonshire	118,964	123,782	-4,818
West Midlands	Warwick	112,657	122,505	-9,848
East of England	Three Rivers	215,380	127,100	88,281
London	Waltham Forest	198,680	119,923	78,757
South East	South Bucks	210,602	137,888	72,713
South West	West Devon	126,778	100,774	26,004
Wales	Monmouthshire	85,502	122,959	-37,457
Scotland	Stirling	73,746	117,582	-43,837

Source: *Halifax, ** Halifax calculation, ONS

Table 5: House prices v earnings: Regional performance over last 2 Years

Region	2 Year Change In House Prices* £	Net Median Earnings 2 Year (2017-2018)** £	2 Year £ Difference in House Prices v Earnings
North East	10,581	42,280	-31,699
North West	11,270	43,384	-32,114
Yorkshire and The Humber	10,430	42,688	-32,258
East Midlands	18,392	43,371	-24,979

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West Midlands	18,672	43,615	-24,943
East of England	22,574	48,220	-25,646
London	34,829	54,478	-19,649
South East	20,483	50,007	-29,525
South West	18,356	44,609	-26,253
Wales	15,005	42,848	-27,843
Scotland	10,490	45,740	-35,250
Northern Ireland	16,480	42,607	-26,127
UK	14,975	46,225	-31,250

Source: *Halifax, ** Halifax calculation, ONS

Table 6: House prices v earnings: Regional performance over last 5 Years

Region	5 Year Change In House Prices* £	Net Median Earnings 5 Year (2014-2018)** £	5 Year £ Difference in House Prices v Earnings
North East	30,250	102,962	-72,713
North West	43,585	105,104	-61,519
Yorkshire and The Humber	40,501	103,631	-63,131
East Midlands	58,356	105,369	-47,013
West Midlands	53,190	105,141	-51,951
East of England	101,731	117,283	-15,552
London	155,274	131,457	23,817
South East	99,736	120,895	-21,159
South West	62,308	107,758	-45,450
Wales	36,187	103,587	-67,399
Scotland	31,498	111,173	-79,675
Northern Ireland	43,831	103,691	-59,860
UK	64,252	111,910	-47,658

Source: *Halifax, ** Halifax calculation, ONS

Table 7: Average UK deposit by region

Region	Average Deposit 2018 £
North East	38,435

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North West	44,568
Yorkshire and The Humber	44,296
East Midlands	50,850
West Midlands	54,010
East of England	85,325
London	137,638
South East	101,542
South West	77,861
Wales	44,675
Scotland	48,396
Northern Ireland	36,734
UK	68,946

Source: Halifax

ENDS

Editors' Notes:

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

Based on median earnings at local authority district level (residence based). Source: ONS ASHE. Net earnings refer to gross earnings minus income tax and employee National Insurance contributions. Halifax calculation.

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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