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Homeowners in one in three UK areas earn more from bricks and mortar than the day job

- Homeowners in Haringey 'earn' over £91,000 more on their home than at work over two years (£3,810 per month)
- House prices outpace owners' earnings in 119 local areas
- 17% of all UK local areas have seen average house prices increase by more than total average pay

Average house prices have increased by more than total average employees' net earnings¹ in a third (31%) of local authority districts (LADs) across the UK in the past two years, according to new research from Halifax.

The data found that the proportion of areas where house prices are outpacing earnings over the last two years has edged up from 28% in 2015.

More than nine out of 10 are in London, the South East, South West and the East of England with these four regions accounting for 111 of the 119 (93%) areas.

The biggest gap between rising property values and earnings was in Haringey in London. House prices in the borough increased by an average of £139,803 over the last two years, exceeding average take-home earnings in the area of £48,353 over the same period – a difference of £91,450, equivalent to £3,810 per month.

Haringey is followed by Harrow in north London with a price growth to earnings difference of £77,791, St Albans (£72,995) and Waltham Forest (£63,646). In total, six London boroughs appear in the top 10 districts, including Newham (£63,583), Redbridge (£56,528) and Hounslow (£54,569). (See Table 1)

Martin Ellis, housing economist at Halifax, said: "Buoyancy in the housing market over the past two to five years has resulted in homes increasing in value by more than total take-home earnings for the average homeowner in many areas, though mostly in southern England.

"While it's no longer unusual for houses to 'earn' more than the people living in them in some places, there are clearly local impacts. Homeowners in these areas can build up large levels of

HALIFAX PRESS TEAM

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

Angus Cheyne: 07970 566 594 angus.cheyne@lloydsbanking.com

Sarika Thanki: 07557 661 569 sarika.thanki@lloydsbanking.com

equity quickly, but for potential buyers whose wages have failed to keep pace, the cost of buying a home has become more unaffordable during that time.”

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 (2015-2016)** £	2 Year £ Difference in House Prices v Earnings
Haringey	London	139,803	48,353	91,450
Harrow	London	128,841	51,050	77,791
St Albans	East of England	131,645	58,651	72,995
Waltham Forest	London	111,076	47,430	63,646
Newham	London	107,302	43,719	63,583
Watford	East of England	113,704	51,133	62,571
Slough	South East	103,175	44,796	58,379
Redbridge	London	109,866	53,337	56,528
Three Rivers	East of England	106,135	49,985	56,151
Hounslow	London	101,940	47,281	54,659

Source: *Halifax, ** Halifax calculation, ONS

The top performers outside southern England include South Northamptonshire in the East Midlands, with house price gains in excess of earnings of £33,514 over the period 2015 and 2016. This is followed by Warwick in the West Midlands (£21,240), Trafford in Greater Manchester (£14,170) and Harrogate in North Yorkshire (£12,508). (See Table 2)

The only regions where the top performing local area recorded earnings exceeded house price increases were the North East (-£3,324), Scotland (-£11,510) and Northern Ireland (-£15,951).

Table 2: 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 (2015-2016)** £	2 Year £ Difference in House Prices v Earnings
North East	South Tyneside	35,709	39,033	-3,324
North West	Trafford	64,539	50,368	14,170
Yorkshire and The Humber	Harrogate	56,914	44,406	12,508
East Midlands	South Northamptonshire	80,954	47,439	33,514
West Midlands	Warwick	69,352	48,111	21,240

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East of England	St Albans	131,645	58,651	72,995
London	Haringey	139,803	48,353	91,450
South East	Slough	103,175	44,796	58,379
South West	East Dorset	86,527	44,989	41,538
Wales	Isle of Anglesey	39,926	38,259	1,668
Scotland	East Dunbartonshire	39,216	50,726	-11,510
Northern Ireland	Antrim and Newtownabbey	26,799	42,749	-15,951

Source: *Halifax, ** Halifax calculation, ONS

Over the past five years, 64 local areas in the UK (17% of the total) have seen average house prices increase by more than total average pay.

Four areas have recorded a differential of over £100,000 over the past five years. The greatest was again Haringey, where average property prices have increased by £242,121, surpassing average take-home pay during the period by £124,300.

Haringey is followed by Harrow (£115,522), Waltham Forest (£105,195) and Three Rivers (£101,082). Nine of the top 10 performers are in London. (See Table 3)

Table 3: House Prices v Earnings - Top 10 over last five Years

Local Authority	Region	5 Year Change In House Prices* £	Net Median Earnings 5 Year (2012-2016)** £	5 Year £ Difference in House Prices v Earnings
Haringey	London	242,121	117,821	124,300
Harrow	London	238,543	123,021	115,522
Waltham Forest	London	218,770	113,575	105,195
Three Rivers	East of England	226,487	125,405	101,082
Ealing	London	204,332	116,993	87,340
Brent	London	195,903	114,107	81,796
Southwark	London	202,286	129,272	73,014
Lambeth	London	199,322	127,082	72,240
Lewisham	London	194,869	124,274	70,595
Greenwich	London	191,607	121,200	70,407

Source: *Halifax, ** Halifax calculation, ONS

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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.

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