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Halifax has looked at the key trends and developments in the UK housing market over the past 60 years (1951-2011). 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.

60 years – The changing face of the UK Housing Market

As we approach the Queen's Diamond Jubilee, new research by Halifax has looked at the key developments in the UK housing market over the past 60 years. The analysis starts a year before the coronation of Queen Elizabeth II at a time when the country was recovering from World War II and some rationing was still in place.

Martin Ellis, housing economist at Halifax, said:

"The UK housing market has undergone some extraordinary changes over the last 60 years, reflecting the changing way we live our lives. Today, the typical UK household is very different compared with the 1950s following the substantial growth in home ownership and the shift towards single occupancy households."

"The quality of our homes has improved markedly. House prices, however, have become prone to pronounced swings over the past 40 years and the rapid decline in the number of homes being built since the 1950s has contributed to the demand-supply imbalance that has characterised the UK housing market in recent years. This is likely to continue to play an important role in determining the landscape of the UK housing market over the coming years."

House Prices

House prices across the UK have nearly trebled over the past 60 years, increasing by an average of 186% in real terms¹. Prices have risen at an average annual rate of 1.8%, slightly faster than the 1.6% per annum average rise in real earnings over the period.

House prices in the 1980s recorded their biggest increase with a real rise of 42% between 1981 and 1991; greater than the increase of 30% over the last ten years. The worst performing decade was the 1950s when house prices declined by 7% in real terms. **(See Table 1)**

UK housing market has become highly cyclical since the 1970s. Notwithstanding the decline in the 1950s, house prices were relatively stable in the 20 years to 1971 with annual growth averaging just below 1% (0.9%). There have since been four periods of rapid real house price growth: 1971-73, 1977-80, 1985-89 and 1998-2007. Each period was succeeded by a substantial drop in real house

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prices. The most recent housing boom - which lasted ten years - was by far the longest period of rapidly rising house prices. **(See Chart 1)**

House prices have been the highest in relation to people's earnings over the last ten years. House prices averaged 4.8 as a multiple of gross annual average earnings² between 2001 and 2011, peaking at the highest level in the past 60 years at 5.8 in 2007. This compared with the average ratio of 3.9 since 1951. Property values were lowest in relation to earnings in the 1990s when the average house price to earnings ratio was 3.4. **(See Table 2)**

Housebuilding

Whilst more than 15 million homes have been built in the UK in the past 60 years, the number of houses built each year has fallen by one-third since 1951, from 201,860 to an estimated 137,000 in 2011. This drop has been driven by a dramatic fall in the volume of public sector housing being built. Housebuilding reached record levels during the 1960s, with a peak of 425,830 units completed in 1968. Private sector completions also reached a record high in 1968 (226,100). **(See Table 3)**

There was an 81% drop in public sector completions between 1951 and 2011. This was in marked contrast to the four-fold increase in private sector completions over the same period. The fall in public sector completions was driven by the significant reduction in local authority house building in the 1980s. The proportion of all completions accounted for by the public sector has dropped significantly from 87% in 1951 to an estimated 24% in 2011. **(See Table 3)**

The homes we live in are getting smaller. There has been a marked reduction in the size of properties constructed during the last 60 years. Homes of less than 50m² in size (538 square feet) accounted for 9% all homes built in before 1980. This proportion doubles for homes built after 1980 (18%). Consistent with this, 17% of homes built before 1980 were flats, compared with nearly a quarter (23%) after 1980.

There has been a marked shift in the type of properties built in England over the past 60 years. **Detached homes** represent just 10% of the current English housing stock³ 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. **Semi-detached** properties account for the largest proportion (41%) of the English housing stock built between 1945 and 1964, but 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.

Housing Quality

There has been a dramatic improvement in the quality of housing since the Second World War. In 1947, more than four in ten (42%) households **lacked a fixed bath or shower**. By 1991, this proportion had fallen to just three in a thousand (0.3%).

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Nearly two in three households (64%) were **without a basic hot water supply** in 1947. In 1991, this proportion had fallen to one in a hundred (1%).

Households in England with **a second toilet** have increased from 31% in 1996 to 41% in 2007.

Housing Tenure and Households

Home ownership has more than doubled over the past 60 years from 32% of all households in England in 1953 to 66% in 2010-11. The introduction of the Right to Buy scheme in the 1980s was a key driver of the rise, helping to lift owner-occupation from 57% in 1981 to 68% in 1991. However, owner-occupation has been declining steadily in recent years since reaching a peak of 71% in 2003.

The proportion of homes in the privately rented sector has fallen by two-thirds since the 1950s, from 50% in 1953 to 17% in 2010-11. Over the past decade, however, the size of the private rented sector has increased; rising from 10% in 2001 to 17% in 2010-11.

The relative size of the socially rented sector in 2010-11 (17%) was very similar to that in 1953 (18%). This apparent stability conceals the dramatic changes that have taken place in the past 60 years. The proportion of socially rented homes has fallen from a peak of 32% in 1981, largely as a consequence of the sale of council houses under the Right to Buy scheme and the decline in public sector housebuilding. **(See Table 4)**

There has been a pronounced decline in the 'traditional' family unit over the last 60 years. The proportion of households in England occupied by married couples has nearly halved since the 1970s from 70% in 1971 to 40% in 2011. Over the same period, the proportion of single person households in England has risen from 19% in 1971 to 33% in 2011. Single person households are projected⁴ to replace married households as the single most common form of household over the next decade. **(See Table 5)**

OTHER KEY FACTS

UK House Prices

- Over the last 60 years, the average UK house price has increased 7,278% in nominal terms from £2,200 in 1951 to £162,338 in 2011. This is three times the rise in retail price inflation over the same period (2,477%).
- UK House prices have risen in real terms in nearly two out of every three years – 38 out of 60 – since 1951.

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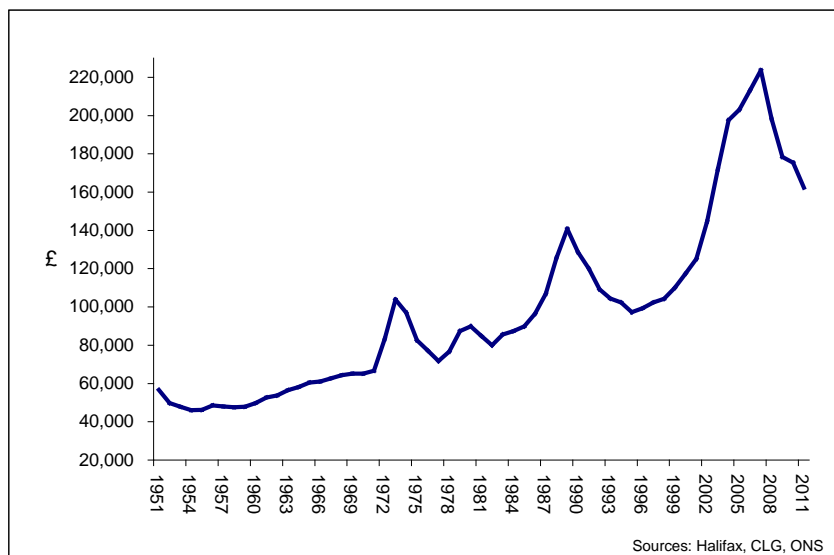
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Regional House Prices

- The north-south house price divide has widened since 1971.** House prices in the south⁵ have outperformed northern house prices over the past 40 years. The average house price in the south has risen by 164% in real terms; greater than the real increase in the north (130%). The average southern house price in 2011 was 64% higher than the average northern house price, significantly higher than the average difference in 1971 (42%). (See **Table 6**)
- London has recorded the biggest rise in house prices.** Since 1971⁶, London has seen the biggest increase in house prices with a real rise of 189%, at an average annual rate of 2.7%. (UK prices increased by 144% over the same period). The South West recorded the second biggest increase (163%), followed by Yorkshire and the Humber (159%). Scotland recorded the smallest increase with a real rise of 91%.

Chart 1: UK Real House Prices* 1951-2011



*Figures rebased to 2011 prices.

Table 1: UK Real House Prices* 1951-2011

	Total % change	Average Annual % change
1951-1961	-7.2	-0.7

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1961-1971	26.6	2.4
1971-1981	27.2	2.4
1981-1991	41.6	3.5
1991-2001	4.3	0.4
2001-2011	29.7	2.6
1951-2011	186.3	1.8

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: UK Average house price-earnings ratio* 1951-2011

	Average house price-earnings ratio
1951-1961	3.5
1961-1971	3.6
1971-1981	3.9
1981-1991	4.0
1991-2001	3.4
2001-2011	4.8
1951-2011	3.9

Sources: Halifax, Communities and Local Government, ONS

Table 3: UK Housebuilding: Permanent dwellings completed

	Private	Public	Total	% Private	% Public
1951	25,490	176,370	201,860	13%	87%
1961	180,730	122,460	303,190	60%	40%
1971	196,310	168,160	364,470	54%	46%
1981	118,590	88,030	206,620	57%	43%
1991	159,510	31,930	191,440	83%	17%

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2001	152,650	21,440	174,090	88%	12%
2011*	103,720	33,225	136,945	76%	24%

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

Table 4: English households by tenure (%)

	Owner-Occupied	Social Housing	Private rented
1953	32	18	50
1961	43	23	34
1971	51	29	20
1981	57	32	11
1991	68	23	9
2001	70	20	10
2010-11	66	17	17

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

Table 5: 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%
2011	40%	12%	8%	7%	33%
2021	36%	13%	8%	7%	37%
2031	33%	14%	7%	7%	39%

Source: Communities and Local Government

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Table 6: Regional Real House Prices* 1971-2011

	Total % change	Average Annual % change
Greater London	189	2.7
South West	163	2.4
Yorkshire and the Humber	159	2.4
East Anglia	157	2.4
East Midlands	151	2.3
South East	146	2.3
Wales	143	2.2
North West	138	2.2
West Midlands	135	2.2
North	128	2.1
Northern Ireland	105	1.8
Scotland	91	1.6
United Kingdom	144	2.3

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).

Editors' Notes:

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 Figures refer to male full-time earnings.

³ Due to data availability, analysis refers to England's housing stock in 2007 only. Source: 2007 English House Condition Survey

⁴ Estimates of future household composition are based on projections from the CLG.

⁵ The North consists of the North East, North West, Yorkshire & the Humber, East Midlands, West Midlands, Scotland, Wales and Northern Ireland. The South consists of Greater London, South East, South West and East of England.

⁶ 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.

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

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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 60 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 1983-2011. 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 1971 only.

House price to earnings ratio:

Ratio of the Halifax standardised average price to national average earnings for full-time male employees.

Housing Tenure:

Owner occupation data has been sourced from the English housing survey 2010-11:
<http://www.communities.gov.uk/publications/corporate/statistics/ehs201011headlinereport>

Household Composition (England):

Household composition data has been sourced from CLG: Table 402:
<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livetables-households/>. Estimates of future household composition are based on projections from the CLG.

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/livetables/?view=Standard>

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