



Can't Supply: Can't Buy

The affordability of private housing in Great Britain

Steve Wilcox
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We have supported this research as part of our strategy to deliver high quality information and analysis on the UK housing sector. This analysis will be of interest to policy makers, financial institutions, landlords, developers and practitioners across the housing sector.

Acknowledgements

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National and regional trends

House prices have almost doubled relative to individual earnings since 1990, but this has been substantially offset by the reductions in interest rates in the early 1990s. Mortgage costs have risen sharply as a percentage of earnings over the last decade, and on average represented 34.5% of individual full time earnings by 2007, slightly higher than the peak level of 34.1% experienced in 1990.

A 'North/South' affordability gap opened up in the late 1990s, but in more recent years house price to earnings ratios have risen across Great Britain and that gap has begun to narrow. The exception to this is London, which experienced a sharp rise in house prices in 2006 and 2007.

While important shortfalls in house building played a limited role in the rapid rise in house prices over the last decade, there was a national shortfall of house building (measured against household formation) in the 1980's, but not between 1991 and 2004.

While there were substantial shortfalls in supply in London and the East of England over those years, nationally they were offset by surpluses in new supply in other regions. Post 2004, however, there have been shortfalls in supply in all parts of the country, and these look set to continue for some years yet, despite the government's target of increasing the rate of new house building to 240,000 a year by 2016.

The growth of the buy to let mortgage market has been an important new factor in the private housing market over the last decade. New investment in private renting saw the sector grow from just under 2.5 million dwellings in 2000 to almost 3.0 million in 2006.

There were 346,000 new buy to let mortgage advances recorded in 2007, almost matching the 358,000 mortgage advances to first time buyers during that time. Of those, 185,000 of the buy to let advances were new purchases which represents one in ten of all property purchases during the course of the year.

While the private rented sector only comprises 11.3% of the housing stock in Great Britain, it is a growing sector with a more mobile population. It now accounts for nearly a half of all household moves in a year.

While house prices have more than tripled since 1994, private sector rents have only increased in line with earnings over that period, and the costs of renting have consequently declined relative to the costs of buying. While the new investment in private rented housing has made a small contribution to house price rises, and thus the affordability constraints for first time buyers, it has at the

same time increased the supply and choice available in the private rented sector and helped to keep rises in rent at more modest levels.

The local level affordability analyses

The local level affordability analyses have a number of dimensions. They examine both the average house price to income ratios for house purchase and the proportions of younger working households unable to buy even at the lower end of the housing market. They also compare the costs of buying and renting in each area for 366 local authority areas (out of 422), where there is sufficient available data on private sector rents to provide robust results.

In all cases the local measures are based on property prices for two and three bedroom dwellings and the earned incomes of younger working households (those aged 20 to 39). Full details of the methodology, data sources and all the results can be found in the Appendices to the full report.

Local house price to income ratios

As a whole, the average house price to household earnings ratio was 4.70:1. It was highest in London (6.11:1), the South West (5.38:1) and the South East (4.89:1), and lowest in the East Midlands (3.75:1).

At the local level, the highest ratios were to be found in London – Kensington & Chelsea (12.04:1), City of London (10.51:1), Westminster (9.33:1), Camden (8.49:1), Penwith (8.37:1) and Ryedale in Yorkshire & Humber (8.24:1). A further five other local areas had house price to household earnings ratios in excess of 7:1.

Altogether, 42 areas had ratios in excess of 6:1. Of these, 19 were located in the South West - ten in London, six in the South East, and three in the East of England. The other four areas with very high ratios were localised 'hot spots' in Yorkshire & Humber, Wales and the North West.

A schedule of the 42 areas with the highest house price to income ratios is set out in Appendix 1 of this summary report.

Intermediate housing market analyses

The IHM analyses examine the distribution of house prices and household earnings in each area and provide a measure of the proportion of younger working households unable to buy in their local market.

The primary measure in the report focuses on the 'narrow' IHM – and this represents the proportion of younger working households in each area that could afford to pay more than a local housing association rent (without relying on housing benefit) but could still not afford to buy a 2/3 bedroom dwelling at the very low end of the local housing market (measured by the lowest decile house price).

On this measure, the least affordable region is London, where 41.0% of younger working households fall into the narrow IHM, closely followed by the South West (40.1%) and then the South East (35.8%). The average for Great Britain as a whole is 28.3%.

In 17 areas more than a half of all younger working households fall into the narrow IHM, six of which are in London – City of London (73.8%), Kensington & Chelsea (61.0%), Hammersmith & Fulham (58.4%), Richmond-upon-Thames (56.4%), Camden (54.1%) and Westminster (53.6%).

Eight of the areas are located in the South West – Weymouth & Portland (57.1%), Carrick (56.0%), Penwith (55.9%), Christchurch (53.2%), East Dorset (51.5%), Kerrier (50.9%), Tewkesbury (50.8%) and Torridge (50.1%). The other three areas with more than half of all younger working households in the narrow IHM are in the South East – Mole Valley (51.9%), Brighton & Hove (51.7%) and Adur (50.9%).

However, it should be noted that all of these measures are based on whether households can afford to buy within a given local authority area. Earlier analyses have shown that in large cities such as London, a substantial proportion of households unable to buy locally can nonetheless afford to buy in a cheaper adjoining local authority area.

Conversely, in some low density rural areas most of the more affordable housing may be located in particular market towns. In these cases, the local authority level measures do not show the extent of the difficulties that may be faced in small village communities.

The affordability of private rents

The Hometrack database includes private sector rents which makes it possible to analyse the affordability of private rents between areas and regions, and also to compare the costs of renting with the costs of house purchase in each area. However, due to the very small size of the private rented sector in some local areas, the analysis has been restricted to the 366 (of 422) areas with sufficient data to provide reliable analyses.

The analyses of private rents have been undertaken on the same basis as for the home owner analyses. They are based on average rents for 2/3 bedroom dwellings and the average earned incomes of younger working households.

Rent to income ratios are highest in London, where they are equivalent to 32.2% of average household earned incomes. In the South West the ratio is 24.5% of earned incomes, and in the South East the ratio is 23.6%. The average for Great Britain as a whole is 24.4%, and the lowest regional ratio is found in the East Midlands at 19.9%.

At the local level the highest ratios are also found in London, with 17 areas having ratios in excess of 30%, the highest of which are Kensington & Chelsea (59.7%), Westminster (57.5%), City of London (43.1%), Camden (43.0%) and Islington (41.1%).

There are also 13 areas outside of London (where data is available) where ratios exceed 30%, including Stockton on Tees (35.7%) in the North East, Sandwell (35.5%) in the West Midlands, Adur (34.5%) in the South East, Aberdeen City in Scotland (32.3%), Bournemouth (31.5%) in the South West, and Forest Heath (31.2%) in the East of England.

While the affordability of private rents vary broadly from region to region and area to area in a similar fashion to house prices, there are nonetheless also regional and local variations in the relationship between private rents and house prices.

The most notable finding is that in all regions – and in the great majority of local authority areas – the costs of private rents are significantly lower than the costs of house purchases. Across the country as a whole, private rents are only slightly more than two thirds (68.2%) of the costs of house purchases (based on a 100% repayment mortgage – but without making any allowance for repairs and related costs).

Introduction

This report uses Hometrack data to examine the affordability of private sector housing in Great Britain in 2007. It sets out affordability measures for home ownership for every local authority in the country (except the Isles of Scilly), and affordability measures for private rented housing for most areas.

The report follows a similar analysis for Hometrack last year ⁽¹⁾, and builds on earlier analyses conducted for the Joseph Rowntree Foundation on home owner affordability in 2002, 2003, 2004 and 2005 ⁽²⁾. It sets out average house price to income ratios, together with an analysis of the proportion of younger working households in each area that cannot afford to buy, and also identifies the potential market for Intermediate Housing Market products and policies to assist working households with incomes at the margins, to access some form of home ownership.

The report also compares the cost of renting and buying in most areas of Great Britain, using Hometrack data on both house prices and private rents. The key innovation in this year's analysis is that it also shows the proportion of younger working households in each area that can afford to rent, even if they cannot afford to buy locally.

There are a number of distinctive characteristics to this series of analyses: they are based on household earnings, not individual earnings; they are based on house prices for two and three bedroom dwellings in every area; they reflect local data on the distribution of earnings; and they have established a new approach to defining potential Intermediate Housing Markets.

The first section of the report examines long term trends in housing market affordability and related factors, such as the relationship between house building rates and household growth, in different parts of the country. In particular, it emphasises the limitations of analyses over time that look at house price to income ratios without taking into account the variations in interest rates.

The second section sets out the results of the analysis of local level house price to income ratios, while the third section examines the local level analyses of intermediate housing markets. A fourth section compares the affordability of owner occupied and private rented housing in most areas of the country. Throughout the report we comment on the policy implications that arise from the various analyses of affordability.

The full results for each of the affordability measures on a local authority basis are set out in the appendices and schedules at the end of this report.

(1) **Can't Buy; Can Rent; The affordability of Private Housing in Great Britain**, Steve Wilcox, Hometrack, 2007.

(2) **Can Work; Can't Buy**, Steve Wilcox, Joseph Rowntree Foundation, 2003; **Affordability and the intermediate housing market**, Steve Wilcox, Joseph Rowntree Foundation, 2005, **The geography of affordable and unaffordable housing**, 2006.

Section 1

Housing market affordability trends over time

1.1 – Housing market affordability trends over time

Over the last decade it has become progressively more difficult for households to access home ownership, as house prices continued to rise sharply. In part, this has been the result of a sustained period of economic growth but it has also been a consequence of lower interest rates that have made it easier for households to obtain – and afford – higher mortgages.

Different approaches in analysing the trends in housing market affordability provide very different pictures of the characteristics of recent housing market cycles, as Figure 1 shows. This compares house price to income ratios for Great Britain for the years from 1987 to 2007 with mortgage costs as a percentage of incomes over the same period.

House price to income ratios are the most common form of analysis of housing market trends. The ratios in Figure 1 are based on average individual earnings (for those in full time work) and average first time buyer house prices. However, it's important to remember that a significant proportion of first time buyer households are dual earners. Therefore, ratios based solely on individual earnings tend to overstate the extent of affordability difficulties.

Bearing that in mind, Figure 1 shows how the average house price to income ratio more than doubled from just 2.7:1 in 1996 to 5.5:1 in 2007. This ratio is at unprecedented levels – far higher than at the peak of the last housing market boom in 1990 when it reached the level of 3.4:1. If this trend was taken at face value, it would suggest that we are due for a severe housing market crash should house price to income ratios return to long term trend levels.

However, a very different picture emerges from an examination of mortgage costs, as a percentage of incomes, that take account of the much lower level of current interest rates compared to 15 years ago. The mortgage costs as a percentage of incomes in Figure 1 are based on the same house prices (net of deposits) and incomes, but take prevailing interest rates in each year into account based on the net costs of a standard 25 year annuity and considers the availability (and eventual abolition) of mortgage interest tax relief.

Figure 1 also shows that mortgage cost to income ratios fell sharply between 1990 and 1996, as interest rates tumbled from over 14% to just 6.5%. Over the last decade, mortgage costs have nearly doubled as a percentage of incomes (rising from 18.5% in 1996 to 34.5% in 2007). Although interest rates are slightly lower than in 1996, at 5.6%, that reduction has been offset in 2000 by the final abolition of the mortgage tax relief.

Figure 1 – Housing market affordability in Great Britain



Source: NES/ASHE for earnings; SML/RMS for house prices

Housing market affordability trends over time

On this measure, by 2007 mortgage costs as a percentage of incomes were nonetheless marginally higher than they were in 1990 (34.1%), at the peak of the last housing market boom, and were well above the average level of 26% over the last two decades.

It is now clear that 2007 was the peak year in the current housing market cycle. In the first half of 2008, house prices have been falling and it is not yet clear how far they will fall during the course of the year – or the net impact this will have on affordability, as mortgage interest rates post the ‘credit crunch’ have been increasing despite a number of reductions in the base rate.

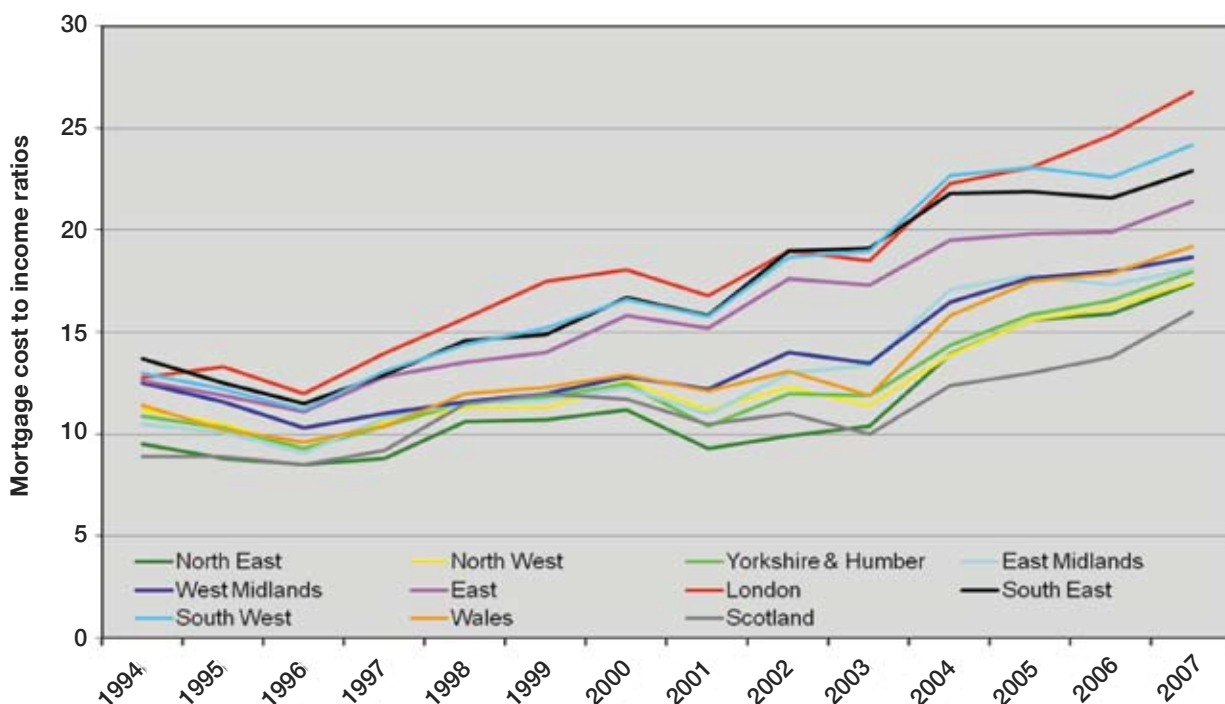
The extent of access difficulties also vary substantially from region to region, and locality to locality. House prices are higher not just in areas where incomes are higher, but where there are additional pressures of demand linked to long term economic and social changes, and the consequential migration of population within the UK to the areas with higher levels of economic growth. There are also additional population flows of retired households to attractive localities that add to the concerns of affordability in those areas.

Figure 2 shows how mortgage costs as a percentage of working household incomes vary from region to region and also how those relationships have changed over the last decade. The percentages in Figure 2 are lower than in Figure 1, as a different income measure has been used. Figure 2 is based on working household incomes, rather than individual earnings. This measure is preferred because of the very substantial numbers of dual earner households among home buyers.

Figure 2 clearly shows how the North/South divide in home ownership affordability widened over the years from 1996 to 2003 and then began to narrow over the last four years. Typically (as in the past), the regional affordability gap has broadened and then narrowed in this way over the run of the economic and housing market cycle.

There are, however, a number of more particular features to note. The first is that mortgage costs as a percentage of incomes in Scotland and the North East are markedly lower than the other Northern and Midland regions. The second is that within the South of England, mortgage costs as a percentage of incomes have been higher in the South West than in the South East for the last five years.

Figure 2 – Regional trends in home owner affordability



Source: Authors computations based on SML/RMS data on first time buyer house prices, and FES/EFS data on the gross earnings of all working households

While house prices are clearly higher in the South East, affordability is measured not by reference to house prices alone, but by the relationship between house prices and incomes. Thus, while house prices tend to be lower in the South West than in the South East, the levels of working household incomes are lower still. A key factor in this is that while levels of economic growth across the southern regions are similar, there are additional housing market pressures in the South West as a result of inward migration by older and retired households and the demand for second homes.

A third point to note is the further sharp rise in mortgage cost to income ratios in London over the last two years. While in the early years of the decade mortgage cost to income ratios were very similar in London, the South East and the South West, they are now markedly higher in London (26.8%) than the rest of the South (22.9% in the South West and 21.2% in the South East).

1.2 – Changing markets

A detailed European-wide study undertaken for Morgan Stanley⁽³⁾ has shown that in very large part, house price rises in recent decades are a direct consequence of a combination of sustained economic growth and medium term reductions in interest rates.

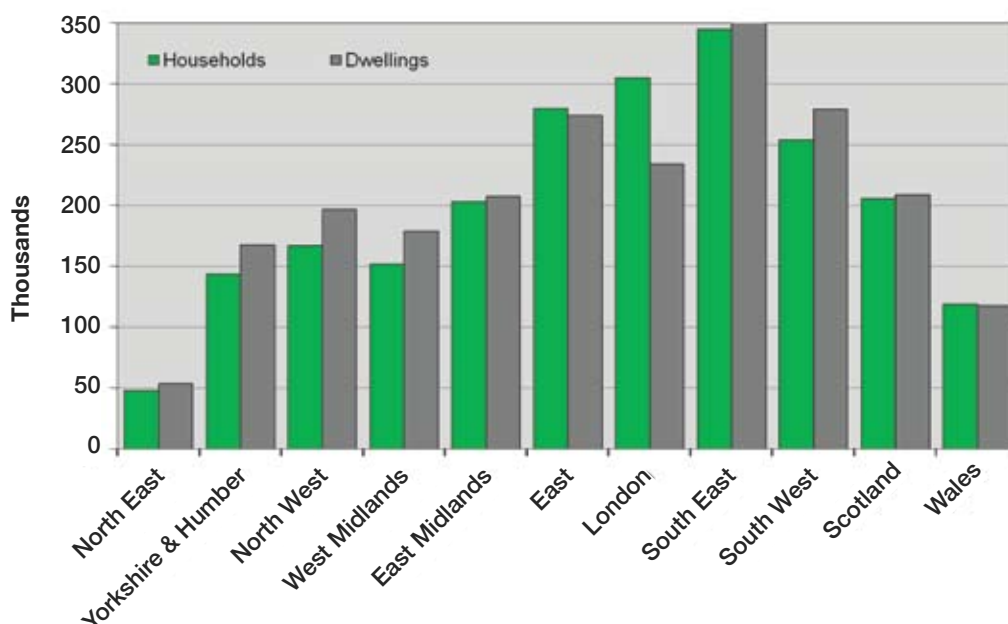
There are, however, additional factors that have also played a part in Great Britain. In England in particular, there has been considerable focus, as expressed in the Barker Report⁽⁴⁾, on the extent to which the failure of new house building rates kept pace with household formation, putting further upward pressures on house prices.

This is a complex issue but it should be noted that over the thirteen years to 2004, net additions to the housing stock (taking account of new builds, conversions, and demolitions) lagged behind household formation only in London, the East of England, and marginally in Wales. In Scotland, and the Midland or Northern regions of England as well as the Southern regions, net additions to the stock outstripped rates of household growth (see Figure 3).

Indeed for England as a whole, there was a very close balance between new house building and household formation over that period, with surpluses in the rest of Great Britain offsetting the shortfalls in London and the East of England.

The key point in the context of this report is that while the shortfalls in house building relative to household formation in recent years may have contributed to greater house price rises in London and the East of England, this cannot be the explanation for rises across Great Britain as a whole.

Figure 3 – Net additions to the housing stock and household growth 1991 – 2004



Source: CLG, WAG, Scottish Executive

(3) **Financial Innovation and European Housing and Mortgage Markets**, D Miles and V Pilonca, Morgan Stanley, 2007.

(4) **Review of Housing Supply – Final Report**, Kate Barker, HMSO 2004.

Housing market affordability trends over time

However, there is likely to have been some deferred impact from the national shortfall in levels of house building relative to household formation in the 1980s, following the abrupt cessation of the substantial council house building programmes of the preceding decades. The analysis undertaken for CLG in response to the Barker Report suggests that there are significant lags in the impact of mismatches between dwelling supply and household formation, and that these reach across more than one decade ⁽⁵⁾.

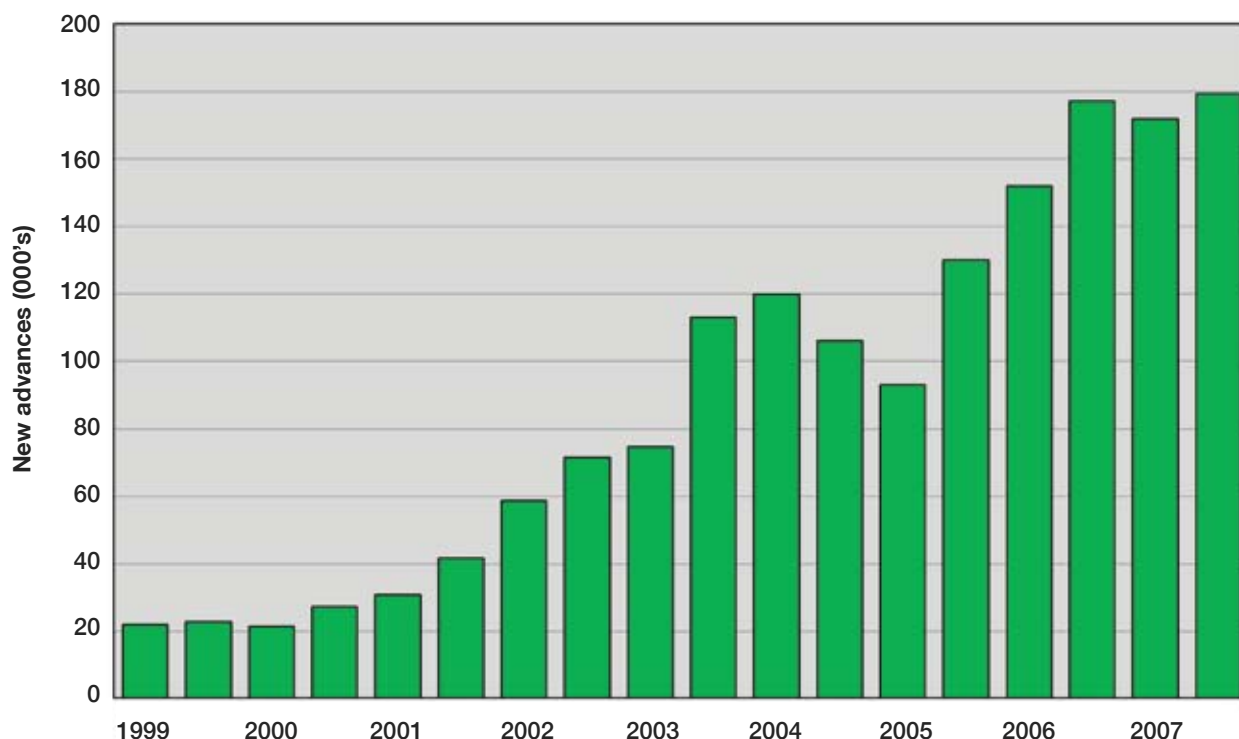
Moreover, if shortfalls in supply were not a significant factor in the 1990s and early years of the new millennium, it does not detract from the concerns that in the future such shortfalls look likely to be of greater importance.

1.3 – The revival of the private rented sector

The other critical change in the housing market over the last decade has been the resurgence of investment in the deregulated private rented sector, particularly following the entry of mainstream mortgage lenders into the market for 'buy to let' mortgages. While, in part, this recorded growth in buy to let mortgages reflects mainstream lenders taking a larger share of the financial market for investment in private rented housing, it also reflects a significant increase in that investment following a century of decline.

Figure 4 shows how the buy to let market has grown from a fledging in the late 1990's into a significant industry, with 350,000 new buy to let mortgages advanced in 2007. The purchases supported by those loans accounted for almost one in five of all residential property transactions in the year and almost matched the 358,000 new mortgage advances for first time buyers in the year.

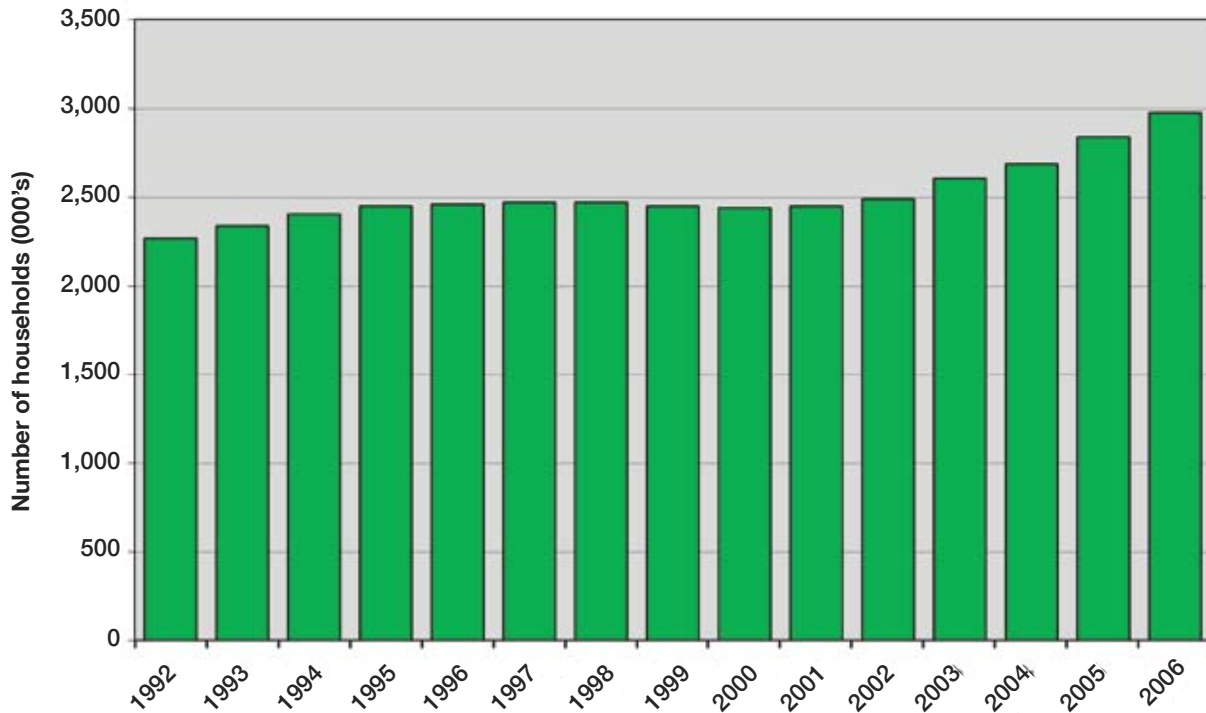
Figure 4 – Growth in new buy to let mortgages



Source: CML website. New advances per half year

⁽⁵⁾ **Affordability Targets: Implications for Housing Supply**, G Meen et al, Office of the Deputy Prime Minister, 2005.

Figure 5 – Rapid growth of the private rented sector



Source: UK Housing Review

Figure 5 shows how buy to let funding has supported the overall growth in the supply of private rented accommodation in Great Britain, from just under 2.5 million dwellings in 2000 to almost 3.0 million in 2006. While private rented housing still only accounts for 11.3% of the housing stock in Great Britain it plays a far more active part in the housing market than this might suggest. Higher levels of mobility combined with a growing private rented sector has resulted in almost half (47%) of all moving households in England in the years to 2006 moved into private rented accommodation.

In contrast, only just over a third of all movers relocated to owner-occupied housing, and only just over one in six moved into social sector housing. In other words, for moving households, a move into private rented accommodation is more common than a move into any other tenure.

While the growth of investment in the private rented sector has been a contributory factor in recent house price increases and in the process added to the constraints on the ability of moderate income households to enter owner occupation, it has also added to the choices available to households seeking private rented housing.

On the other hand, a recent report from the National Housing and Planning Advisory Unit (NHPAU) ⁽⁶⁾ has suggested that the growth of the private rented sector has only been a relatively minor factor in the rise in house prices in recent years. The NHPAU report argues that buy to let investment may have accounted for as much as a 7% increase in house prices (see Figure 6), although in practice the net effect is likely to have been somewhat less.

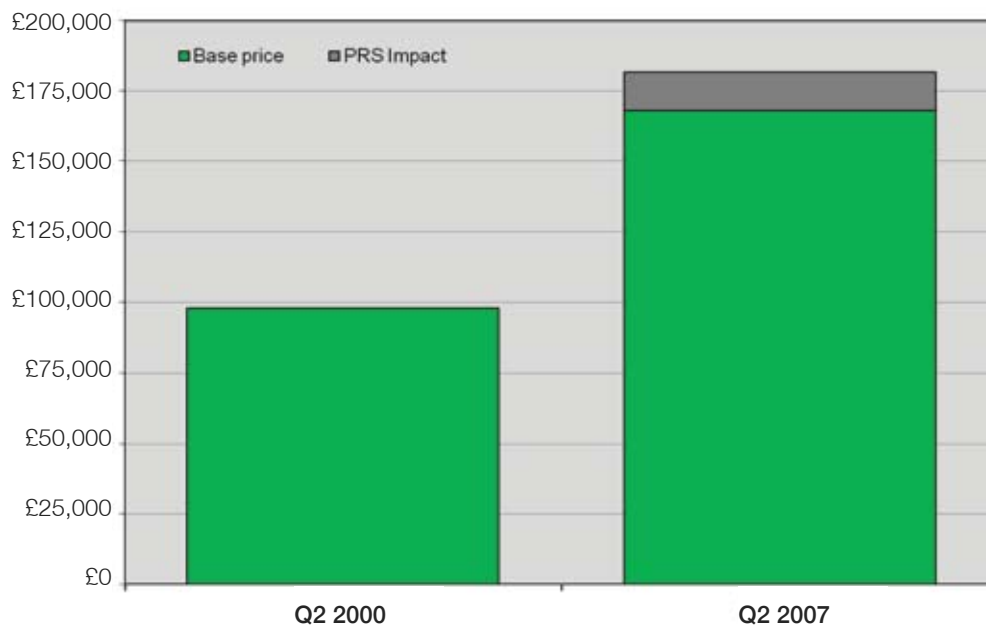
(6) Buy to Let Mortgage Lending and the Impact on UK House Prices, National Housing and Planning Advisory Unit, 2008.

Housing market affordability trends over time

While the growth of investment in the private rented sector will have inevitably been a contributory factor in the recent levels of house prices (and in the process, added to the constraints on the ability of moderate income households to enter owner occupation), at the same time it has added to the choices available to households seeking private rented housing.

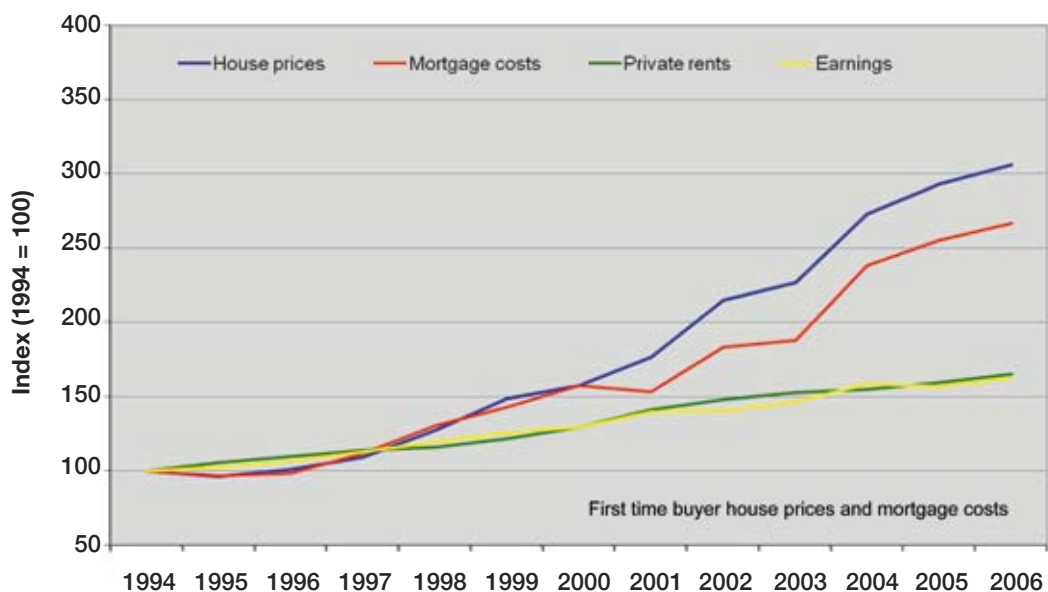
Figure 7 shows that while house prices and mortgage costs have risen sharply over the last decade, private rents (for assured and assured short-hold tenancies) have in contrast merely kept pace with earnings. As a consequence, private renting has become far more competitive as an option for households compared to the cost of buying, as will be seen in the detailed local comparisons in Section 4.

Figure 6 – Impact of private rented sector growth on house prices



Source: NHPAU

Figure 7 – House prices, mortgage costs, rents & earnings compared



Source: Data for England. Private rents from SEH. All other data sets as earlier figures

Section 2

Local house price to income ratios

Local house price to income ratios

2.1 – Data and methodology

In the previous section, attention has been drawn to the limitations of house price to income ratios as a measure over time, especially in periods where there have been significant changes in levels of interest rates that also impact mortgage costs. Yet, that limitation does not apply to analyses at a single point in time where they provide a very direct measure of the relative affordability of owner occupied dwellings in different regions and localities.

House price to income ratios in 2007 for every local authority area in Great Britain (except the Isles of Scilly), are set out in Schedule 1 (in Appendix 2) and the map in Figure 8. A regional summary of the results is also set out in Table 1. It should be noted that the local level analyses are not directly comparable with the analyses of affordability trends over time set out in the preceding section. There are more constraints on the availability of data for the analyses of long term trends than for the current local level analyses.

The local house price data used for this analysis is Hometrack data which has the advantage of substantial sample sizes, and can provide robust data at local authority level. Like Land Registry data, it is not restricted to properties where sales are supported by mortgage finance but unlike Land Registry data, it can provide data disaggregated by the size mix of properties sold in any area. It can also distinguish between sales of second-hand and newly built dwellings.

The local analyses in this study are based on prices for an even mix of two and three bedroom dwellings in each local authority area in Great Britain. Not only are such dwellings representative of a modest family size home, they are also the properties that make up the bulk of the nation's housing stock and where robust data is available for every individual local authority. This focus on second-hand two and three bedroom properties ensures that the local analyses provide a like-for-like measure of house prices between one area and another.

The analyses also relate to the sales of new build and second-hand dwellings. While new dwellings tend, on average, to be a little more expensive than second-hand dwellings, the numbers of newly built properties in any one area vary from one year to another. Overall average local prices in any year may thus fluctuate depending on the scale and characteristics of those new build schemes. This can account for a substantial proportion of transactions in any year though represents little more than 1% of the national total of owner occupied stock.

Like the analyses of national and regional affordability trends, the local analyses are based on the household incomes of working households rather than individual earnings. The local analyses, however, are based on

younger households that comprise the vast majority of first time entrants to the home owner sector. In more technical terms, the income analyses are for households with a 'household representative person' aged from 20 to 39 years old.

Local level household incomes have to be computed as national surveys are only sufficiently large to provide regional data. The local household incomes for these analyses are computed from Labour Force Survey (LFS) data showing the numbers of working households in local authority areas and data on mean average individual earnings in each area (defined on the basis of place of residence) drawn from the Annual Survey of Housing and Earnings (ASHE). The local computations are related to, and controlled by, regional data from the Expenditure and Food Survey (EFS).

The local computations were undertaken separately for households with a single earner, and those with two (or more) earners. Table 1 sets out the levels of gross household earned incomes for each region for both single and multiple earner households. It also shows the regional factors used to ensure that the computed local household earnings figures were consistent with the regional data derived from the EFS. Further details of the methodology can be found in Appendix 1.

2.2 – Regional affordability in 2007

While the local analyses are based on different data sources as well as different property and household definitions than those used in the national and regional time series in the previous section, they show a very similar picture for 2007 (albeit with some differences in the rankings of the more affordable regions).

Table 1 shows that average regional house price to income ratios range from 3.61:1 in the North East, up to 6.11:1 in London. The next highest ratios are in the South West (5.38:1), the South East (4.89:1), and the East (4.71:1).

The average ratio for Scotland (3.90:1) is higher than that for the North East (3.61:1) and the East Midlands (3.75:1), but lower than all other regions. The average ratio for Wales (4.25:1) is above the levels for the Northern and Midland regions of England but lower than in the Southern regions of England.

These analyses add to the evidence of more acute affordability problems in the South West compared to the South East and reinforces the case made in the 2006 and earlier reports in this series that government policy needs to give increased attention to the housing market issues in the South West, relative to the far greater attention (and resources) it has focused on London and the wider South East in recent years.

Table 1 – Regional house price to income ratios 2007

Average house prices as a ratio to average household earned incomes

Area and region	Number of working households	Average household earnings (£ pa)	Average house prices (£)	House price to earnings ratio
East Midlands	416,238	36,538	137,143	3.75
East of England	567,025	41,798	196,984	4.71
London	830,123	55,358	338,051	6.11
North East	232,420	33,980	122,517	3.61
North West	657,619	34,685	136,452	3.93
South East	817,183	45,576	222,918	4.89
South West	480,683	35,940	193,223	5.38
West Midlands	496,358	36,964	146,575	3.97
Yorkshire & Humber	507,109	33,406	135,490	4.06
England	5,004,758	40,949	196,636	4.80
Scotland	517,736	35,410	138,009	3.90
Wales	271,753	32,150	136,545	4.25
Great Britain	5,794,247	40,107	188,579	4.70

Note: Household earnings figures are for younger households aged 20-39

2.3 – Local affordability in 2007

The individual local authorities facing the most acute affordability difficulties are set out in Table 2. This shows the 43 authorities where the ratio of average house prices to the incomes of younger working households exceeded 6:1 in 2007. While this includes many authorities from the three regions identified as being the least affordable, it also includes individual authorities from Wales and other English regions – the East, North West, and Yorkshire & Humber.

The least affordable authority is identified as Kensington & Chelsea, with a house price to household earnings ratio of 12.04:1. In addition, a further ten London authorities had ratios in excess of 6:1 – including Westminster (9.33), Camden (8.49), and Islington (7.83).

Altogether, 19 of the least affordable areas were located in the South West, with house price to earnings ratios ranging from 8.37:1 in Penwith, down to 6.13:1 in West Dorset. Apart from Penwith, the other least affordable areas in the South West were Christchurch (7.48:1) and Carrick (7.21:1).

While the detailed results for smaller district councils should be treated with some caution (the data is inevitably based

on smaller samples), the broad thrust of the results across the South West and for small rural districts in other regions cannot be doubted.

Six of the least affordable authorities are located in the South East, including Adur (6.59:1), Mole Valley (6.60:1), and Oxford (6.41:1). The affordability hot spots in the other regions were Ryedale in Yorkshire & Humber (8.24:1), Ceredigion in Wales (6.40:1), South Lakeland in the North West (6.11:1), and three areas in the East of England – Cambridge (6.13:1), North Norfolk (6.10:1), and Hertsmere (6.09:1).

The least affordable areas in the regions not shown in Table 2 are South Shropshire in the West Midlands (5.96:1), Alnwick in the North East (5.90:1), East Lindsey in the East Midlands (5.58:1) and Argyll & Bute in Scotland (5.22:1).

At the other end of the spectrum, in 2007 there were just ten areas where house price to income ratios fell below 3:1 – all located in Scotland, Wales, or the North of England. They were: Copeland (2.51:1), Shetland Islands (2.56:1), Wansbeck (2.57:1), Sedgefield (2.58:1), Hartlepool (2.60:1), Chester-le-Street (2.71:1), Merthyr Tydfil (2.77:1), East Ayrshire (2.84:1), Easington (2.87:1) and North Lanarkshire (2.92:1).

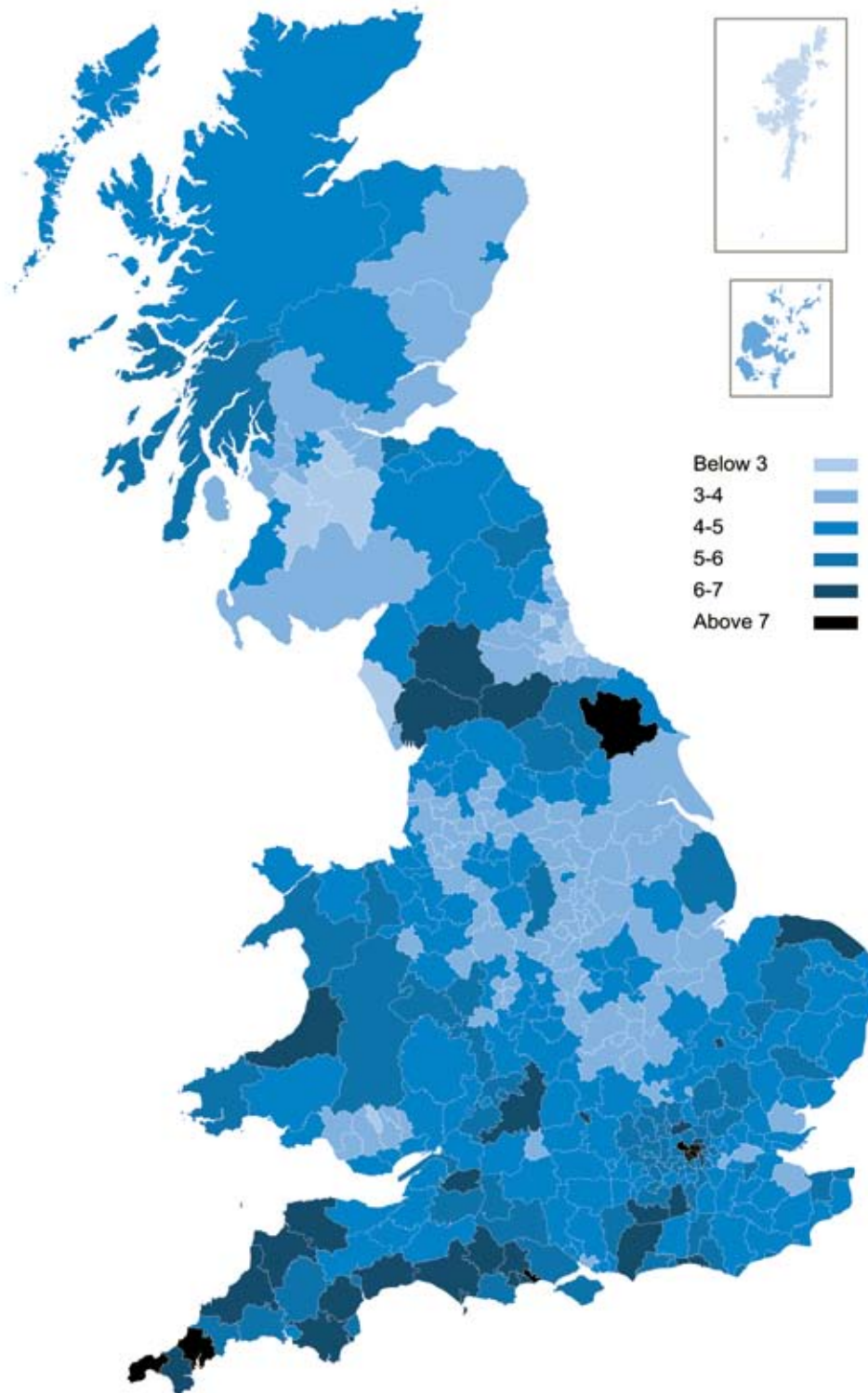
Local house price to income ratios

Table 2 – House price to earnings ratios 2007				
<i>Local authority areas with the highest average house price to household earned incomes</i>				
Local authority	Region	Average household earnings (£)	Average house prices (£)	House price to earnings ratio
Adur	S East	32,470	221,470	6.82
Bath & North East Somerset	S West	37,484	234,996	6.27
Bournemouth	S West	33,520	217,127	6.48
Brent	London	41,965	301,519	7.18
Brighton & Hove	S East	42,310	270,389	6.39
Cambridge	East	41,970	257,433	6.13
Camden	London	65,643	557,420	8.49
Carrick	S West	30,267	218,142	7.21
Ceredigion	Wales	26,804	171,422	6.40
Cotswold	S West	37,931	255,895	6.75
Chichester	S East	40,920	254,141	6.21
Christchurch	S West	33,990	254,392	7.48
City of London	London	81,544	857,349	10.51
East Devon	S West	32,390	217,289	6.71
East Dorset	S West	39,013	257,971	6.61
Eden	S West	29,246	181,920	6.22
Hackney	London	48,513	324,848	6.70
Hammersmith & Fulham	London	65,045	482,971	7.43
Haringey	London	49,140	304,482	6.20
Hertsmere	East	44,402	270,503	6.09
Islington	London	58,172	455,333	7.83
Kensington & Chelsea	London	87,240	1,050,789	12.04
Kerrier	S West	30,073	184,622	6.14
London	London	55,358	338,051	6.11
Mole Valley	S East	48,563	320,502	6.60
North Cornwall	S West	29,926	208,375	6.96
North Devon	S West	30,175	199,785	6.62
North Dorset	S West	31,939	202,436	6.34
North Norfolk	East	29,561	180,383	6.10
Oxford	S East	41,120	263,397	6.41
Penwith	S West	25,471	213,104	8.37
Poole UA	S West	34,552	227,551	6.59
Richmondshire	Y & H	29,759	190,606	6.41
Ryedale	Y & H	23,137	190,700	8.24
South Hams	S West	38,690	249,104	6.44
South Lakeland	N West	33,368	203,743	6.11
Southwark	London	52,510	323,664	6.16
Teignbridge	S West	31,010	195,654	6.31
Torridge	S West	27,957	181,789	6.50
Waverley	S East	49,968	301,097	6.03
West Dorset	S West	36,133	221,429	6.13
Westminster	London	75,369	703,560	9.33
Weymouth & Portland	S West	29,024	199,627	6.88

The map in Figure 8 shows how the pattern of house price to income ratios spreads across all local authority areas

in Great Britain, clearly showing the extent of variations within as well as between the regions.

Figure 8 – House price to income ratios



Source: Hometrack

Section 3

The intermediate housing market

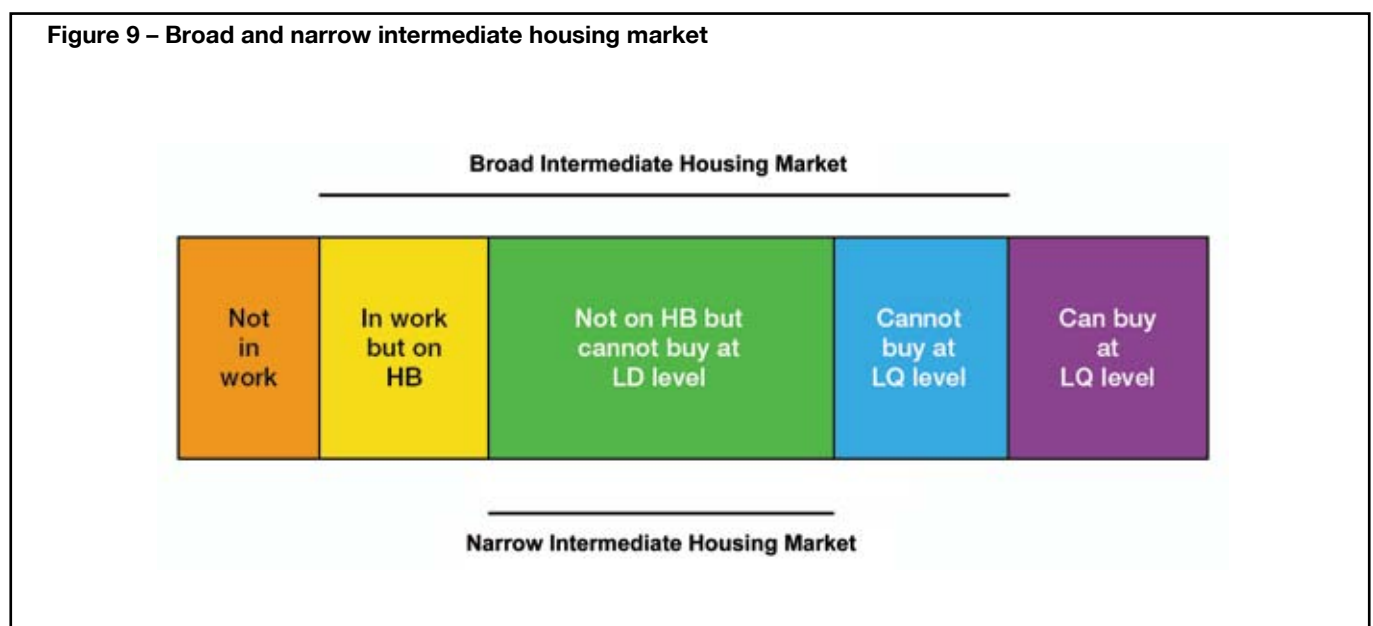
3.1 – Introduction

The Intermediate Housing Market (IHM) analysis essentially relies on the same data sources as the ratios analysis. However, it uses lowest decile (LD) and lower quartile (LQ) house price figures for two and three bedroom dwellings rather than the mean house price figures used in the ratios analysis.

The report sets out two IHM measures based on broad and narrow definitions. The broad definition of the IHM is the proportion of working households in each local authority area unable to purchase at lower quartile house prices for two and three bedroom dwellings. The narrow definition

of the IHM is the proportion of working households in each local authority area that can afford to pay social rent without recourse to housing benefit (HB) but cannot purchase at lowest decile house prices for two and three bedroom dwellings.

The relationship between these measures is illustrated in Figure 9. This shows the three sub-sectors within the broad IHM: the working households unable to meet a social housing rent without recourse to housing benefit, the households in the narrowly defined IHM, and the households able to buy at lowest decile house prices but unable to buy at lower quartile house prices.



This is the same approach adopted in the 2006 Hometrack analysis and earlier analyses for the Joseph Rowntree Foundation. Yet it differs from other analyses that have typically taken a given IHM product (such as one particular form of shared ownership) and identified those households able to afford that particular product but were unable to afford outright house purchase.

The objective of the approach adopted here is to move away from analyses based on a given existing IHM product and, instead, identify the characteristics and scope of the target market that such products should be developed to serve. However, it should be emphasized that, in common with earlier analyses, this is a needs-based assessment of the requirement for IHM products rather than a demand-based assessment.

There will be additional demands for IHM products where they offer households the opportunity to obtain larger or better quality properties than they could afford

to buy at the lower end of the housing market, or to purchase in more attractive and expensive localities than they could otherwise afford. Conversely, there will be lower demand in areas where households have the inclination and opportunity to buy smaller properties, move to a cheaper locality, or are content to rent rather than to buy.

Meeting household preferences and demands, rather than just needs, may have a legitimate social policy objective in terms of ensuring a greater degree of social mix in areas with more expensive properties and in assisting with the recruitment and retention of key public sector workers. Similarly, intermediate housing schemes may have a role to play as part of regeneration plans in areas of low demand, even when the needs based assessment shows there is a very limited IHM for the local authority area as a whole.

The intermediate housing market

The policy issues relating to demand and needs based on rationales for the provision of intermediate housing schemes is discussed further in the following section within the context of comparison between the costs of buying and the costs of private sector renting.

It should also be noted that first time buyers tend to buy properties at the lower end of the housing market, while existing home owners with some established housing equity tend to buy properties at the higher end of the market. The prices used in this analysis are, in contrast, based on the total market. While the precise relationship between the first time buyer sub-sector and the wider market varies over time, lower quartile house prices within the total market are not too far away from average prices for dwellings purchased by first time buyers. This is among the reasons that these analyses also focus on the ability of households to buy at lowest decile prices.

3.2 – The headline results

In Great Britain as a whole, 49% of all younger working households cannot afford to buy a lower quartile priced two or three bedroom dwelling in their local housing market. Even at lowest decile prices, only a fraction over two fifths (40.9%) can afford to buy in their local housing market.

The summary of regional results of the IHM analysis are shown in Figure 10, and the full results for every local authority area and region are listed in detail in Schedule 2, as well as being shown in the map at Figure 11. The analysis assumes a maximum mortgage of 3.75 times household income for working households with a single earner and 3.25 times household income for households with two (or more) adult earners. This is based on 2004 data showing that only a quarter of all first time buyers were able to secure advances at higher levels relative to their incomes.

It must also be recognised that a further proportion of working households would be able to purchase dwellings with prices below the lowest decile level for two and three bedroom dwellings. In many cases these would be smaller properties. The precise numbers and proportions will vary from one area to another, depending on the distributional profile of house prices and sizes, and household incomes in each area.

Additionally some households will be able to purchase where they are able to purchase utilising significant levels of savings to supplement their mortgage. However, the IHM analysis does already assume an 18% deposit, based on the recent average level for deposits by first time buyers. If the analysis does not then provide an absolute measure of working households unable to purchase in any circumstances, it nonetheless provides a consistent measure of the relative difficulty of accessing even the

lower end of the housing market as between one local authority area and another.

Schedule 3 indicates the lowest decile, lower quartile, and mean house prices for every local authority area and the incomes that single and multiple earner households are assumed to require to purchase at those levels (based on the multipliers outlined above and an 18% deposit).

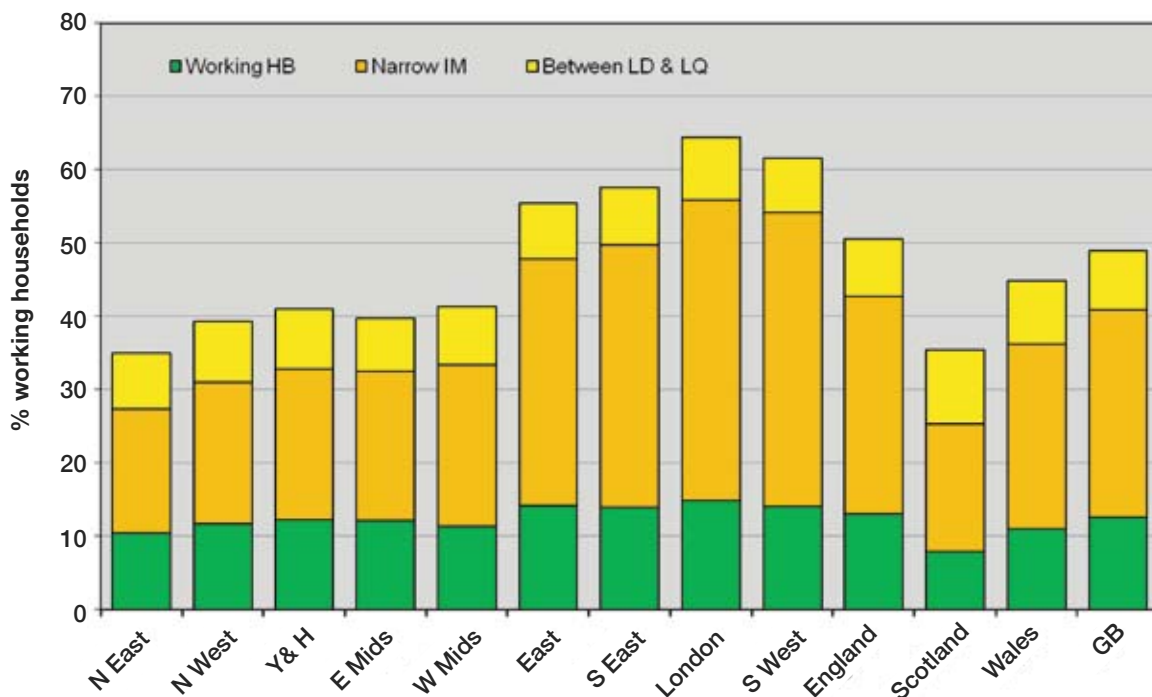
The proportion of households falling within the IHM (and its sub-sectors) were modelled using data from the Annual Survey of Hours and Earnings (ASHE) showing the distribution of individual earnings within each local authority area. As with the ratios analysis, it was assumed that the distribution of incomes of both single earner and multiple earner households matched the distributional profile for individual earnings. Factors were applied to ensure that the modelled local household incomes were consistent with the regional data from the EFS. Further details on the methodology can be found in Appendix 1.

3.3 – Regional Intermediate Housing Markets

Figure 10 shows that only just over a third of all younger working households in London can afford to buy at local lower quartile house prices in their local housing markets (and thus fall into the broader IHM). Less than a half can afford to buy even at lowest decile house prices and while almost 15% of London working households are on such low incomes that they would qualify for housing benefit to pay a social sector rent, just over two fifths of all younger working households (41%) could afford to pay a social sector rent without recourse to housing benefit. Nonetheless, they could not afford to buy locally, even at lowest decile prices. These are the households in the narrow IHM.

Just over two fifths of all younger working households in the South West (40.1%) also fall into the narrow IHM, as do 35.8% in the South East and 33.6% in the East of England. Even in Scotland, the most affordable region in Great Britain, one in six younger working households fall within the narrow IHM.

Figure 10 – Broad and narrow intermediate housing market in 2007



Source: Wilcox. See Figure 9 and related text for definitions

3.4 – Local Intermediate Housing Markets

The Local IHM analyses cover every local authority in Great Britain, with the sole exceptions of the Isles of Scilly and the City of London (due to data limitations).

The top 38 authorities ranked by the proportion of younger working households within the narrowly defined IHM in 2007 are shown in Table 3. These are all the areas where the narrow IHM represented more than 45% of all younger working households.

While many of the high ranking authorities in the ratio's analysis also have high ranking in the IHM analysis, there are some marked differences. These reflect variations in the distribution of house prices and incomes within each area.

The authorities in the narrow IHM 'Top 38' are spread regionally, with 13 areas in the South West, nine areas in the South East, eight areas in London, and four areas in the East, along with two areas in Yorkshire & Humber and one area in Wales. The three authorities with the highest proportion of younger working households in the narrow IHM are all in London – City of London (73.8%), Kensington & Chelsea (61.0%) and Hammersmith & Fulham (58.4%).

There were 14 more areas where more than half of all the younger working households fall within the narrow IHM,

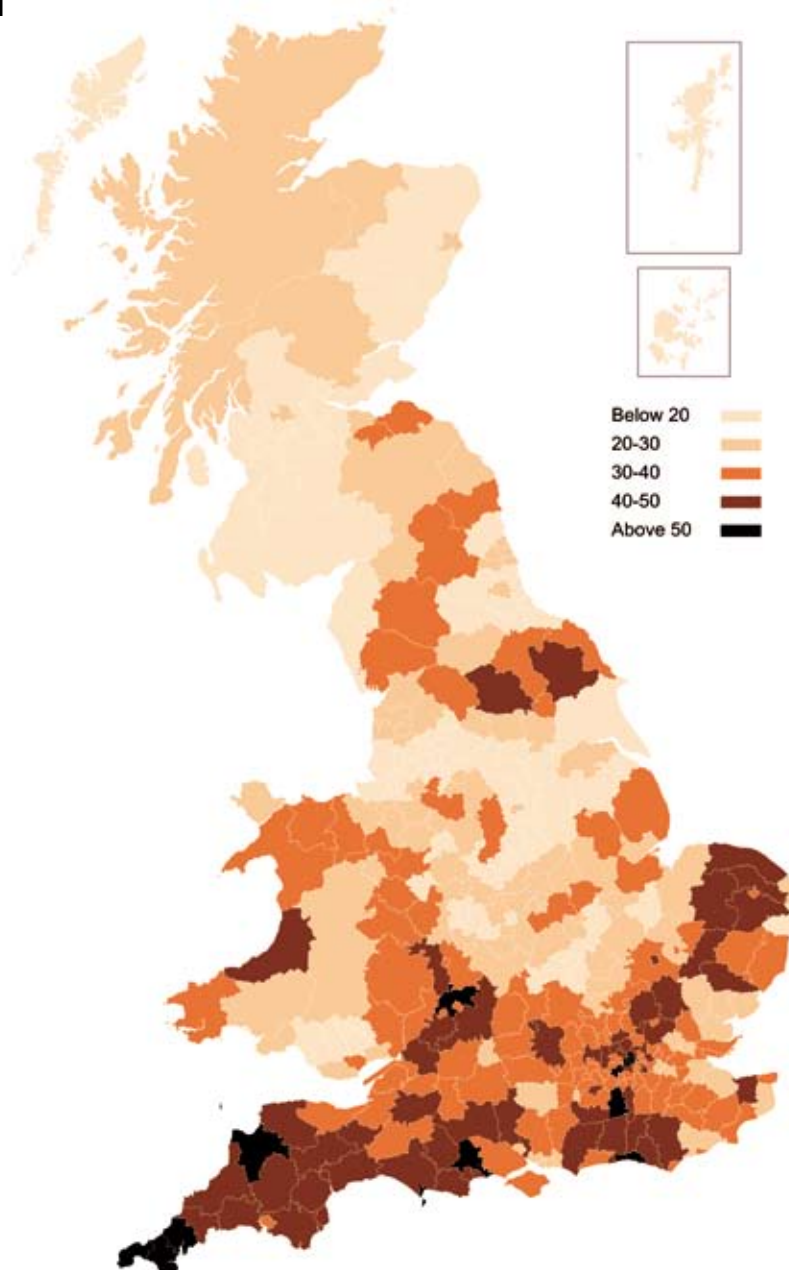
including Weymouth & Portland (57.1%), Carrick (56.0%) and Penwith (55.9%) in the South West, Richmond upon Thames (56.4%), Camden (54.1%) and Westminster (53.6%) in London, and Mole Valley (51.9%), Brighton & Hove (51.7%) and Adur (50.9%) in the South East.

The least affordable area in the East, on this measure, was Broadland (49.2%), while the least affordable area in Yorkshire & Humber was Harrogate (45.5%). The only Welsh area among the least affordable areas shown in Table 4 was Ceredigion, where 47.8% of all younger working households fell within the narrow IHM.

In contrast there were 15 areas where less than 10% of all younger working households fell within the narrowly defined IHM. Those areas were Sedgefield (4.8%), East Ayrshire (5.4%), North Lanarkshire (7.0%), Hartlepool (7.0%), West Lancashire (7.2%), Middlesbrough (7.6%), the Shetland Islands (7.9%), Barrow in Furness (8.25), West Lindsey (8.2%), Copeland (8.5%), Burnley (8.5%), Easington (8.5%), Blaenau Gwent (9.3%), Stockton on Tees (9.7%) and Nottingham City (9.7%). Any investment in IHM products in those 12 areas would clearly need to be justified primarily in terms of social inclusion or regeneration objectives, rather than housing needs.

The intermediate housing market

Figure 11 – Narrow IHM



Source: Hometrack

3.5 – Mobility and affordability

In practice many households resolve the dilemma of affordability by moving to a cheaper area to buy, rather than remaining in the area where they currently reside. This option is clearly easier in large cities (especially in London) with good transportation links, so it is relatively easy to commute to work.

The opposite is the case in many rural areas, where small towns and villages may be both remote from their nearest neighbour and poorly served (if at all) by public transport.

In those areas, the affordability measures in this report, based on local authority wide measures, will tend to understate the extent of the very localised difficulties that require investment in affordable rural housing schemes ⁽⁷⁾.

An analysis showing the potential impact in London, examining the proportion of younger working households that could manage to buy in the market by moving to a cheaper contiguous borough or district, can be found in the analysis of 2005 data undertaken for the Joseph Rowntree Foundation and published in 2006 ⁽⁸⁾.

(7) **Affordable Rural Housing Report 2006**, Affordable Rural Housing Commission, Defra, 2006.

(8) **Can Work; Can't Buy**, Steve Wilcox, Joseph Rowntree Foundation, 2003; **Affordability and the intermediate housing market**, Steve Wilcox, Joseph Rowntree Foundation, 2005; **The geography of affordable and unaffordable housing**, 2006.

Table 3 – Areas with the highest proportion of younger working households in the Intermediate Housing Market

Intermediate Housing Market percentages						
Local authority	Region	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Adur	S East	5,303	21.6	50.9	7.6	80.0
Breckland	East	13,097	12.4	46.1	10.3	68.8
Brighton & Hove	S East	32,150	11.3	51.7	8.7	71.7
Broadland	East	10,933	7.0	49.2	5.3	61.5
Broxbourne	East	7,758	20.4	45.5	5.5	71.4
Camden	London	26,399	9.9	54.1	12.9	76.9
Carrick	S West	7,847	15.9	56.0	6.0	77.9
Ceredigion	Wales	5,968	9.1	47.8	14.1	71.0
Christchurch	S West	1,975	28.4	53.2	5.6	87.1
City Of London	London	1,357	9.3	73.8	8.9	91.9
Crawley	S East	12,134	12.9	45.1	5.4	63.3
East Dorset	S West	5,634	14.2	51.5	7.7	73.5
Hammersmith & Fulham	London	23,533	11.6	58.4	8.2	78.2
Harrogate	Y & H	16,131	13.7	45.5	5.9	65.1
Hertsmere	East	12,305	15.4	46.2	5.6	67.1
Islington	London	26,426	15.3	46.6	11.2	73.2
Kensington & Chelsea	London	20,660	12.6	61.0	11.1	84.6
Kerrier	S West	5,433	7.7	50.9	9.5	68.1
Lewes	S East	7,430	6.6	45.0	9.6	61.1
Mole Valley	S East	6,036	19.1	51.9	8.2	79.3
Mid Devon	S West	4,947	9.6	45.6	6.5	61.7
North Devon	S West	6,866	14.0	45.2	10.2	69.4
North Norfolk	East	6,872	13.7	45.3	6.4	65.3
Penwith	S West	6,016	18.8	55.9	6.0	80.6
Reigate & Banstead	S East	12,739	13.3	48.8	7.4	69.5
Restormel	S West	8,627	18.7	48.2	5.5	72.5
Richmond upon Thames	London	21,814	8.3	56.4	7.2	71.9
Ryedale	Y & H	4,067	32.8	45.4	4.0	82.2
Salisbury	S West	11,440	12.8	47.7	6.5	66.9
South Bucks	S East	5,879	13.9	47.2	9.4	70.6
Teignbridge	S West	9,473	18.3	49.8	6.2	74.3
Tewkesbury	S West	6,244	12.5	50.8	5.6	68.8
Torridge	S West	4,859	11.9	50.1	6.6	68.6
Waltham Forest	London	25,804	20.2	48.6	3.6	72.4
Waverley	S East	10,582	14.4	47.1	7.6	69.1
Westminster	London	24,537	10.9	53.6	11.9	76.5
Weymouth & Portland	S West	5,638	15.6	57.1	5.1	77.7
Woking	S East	9,442	15.4	46.0	5.8	67.3

Note: See text for definitions of the Intermediate Housing Market, and its sub sectors

Section 4

The affordability of private rented housing

4.1 – Introduction

The Hometrack data includes the private rented sector as well as owner occupied housing. This has made it possible to undertake an analysis of the private rents in each local authority area and to compare them with local house prices along with the costs of purchase. The analysis of private rents for this report focuses on an evenly balanced average of rents for two and three bedroom dwellings, in order to be comparable with the analyses of house prices outlined in the previous sections.

However while the Hometrack data on private rents now covers the whole of Great Britain, there are a minority of areas, primarily small district councils, where the samples of private rent data are very small. This principally reflects variations in the size of the private rented sector between one area and another. For this report, the analysis has included only the 366 local authority areas in Great Britain where the private rent data is based on a minimum of 40 records.

For 2007, the average private rent for 2 and 3 bedroom dwellings in Great Britain was £814 per month. Regional averages ranged from £568 per month, in Yorkshire & Humber, up to £1,484 per month in London. The average rent in Scotland was £634 per month, while the average in Wales was £570 per month. Full regional figures are set out in Schedule 3.

Expressed as a percentage of average household earnings, rents were highest in London (32.2%) and next highest in the South West (24.5%), ahead of the South East (23.6%). Rents as a percentage of household earnings were lowest in the East Midlands (19.9%).

In all regions, rents were substantially lower than mortgage costs for an equivalent size local property, and rents were consequently far lower as a percentage of incomes than mortgage costs in all regions. In fact, there was only a very limited variation in the relationship between rents and mortgage costs within the different regions.

For Great Britain as a whole, average rents were 68.2% of the mortgage costs for an average priced local property with regional averages ranging from 60.0% in the South West, up to 76.5% in the North East.

These comparisons are based on a mortgage covering 100% of the property values in each area. The mortgage type assumed is a standard 25 year repayment mortgage, based on 5.68% interest rates – the average building society mortgage rate at the end of 2007.

This simple comparison is not a full blown assessment of economic value. On the one hand, landlords have management and maintenance costs to cover. Home buyers have to assume full responsibility for all repairs

and related arrangements, against which they are acquiring a capital asset as well as a secure home for their use and occupation.

Even if the comparison had been made on the basis of an interest only mortgage (which would cost 75% of a standard 25 year annuity at current interest rates), these figures still show that it would be somewhat cheaper to rent than to buy in all regions, even before making any provision for the repair and related costs associated with buying.

It is also the case that this is not a strict like-for-like comparison, as there are likely to be some differences in the quality and value of the micro locality as well as the stock between the two tenures. Nonetheless, an analysis of property values from the 2004 English House Condition Survey indicates that, regionally, values for private rented dwellings are on average only 5% lower than for owner occupied dwellings of the same size. Consequently, they can only account for a small part of the overall difference in costs between the two sectors of the private market.

For all that, what this analysis does make very plain is that it is now substantially cheaper to rent than to buy an equivalent sized dwelling in all parts of the country. It also shows that many of the moderate income working households that cannot afford to buy can readily afford to secure accommodation in the private rented sector.

4.2 – Local affordability of private renting

There were 30 areas where average local rents represented more than 30% of average working household incomes. These are shown in Schedule 3. In two areas, rents represented more than 50% of local average household incomes – Kensington & Chelsea (59.7%) and Westminster (57.5%). In three other areas, rents exceeded 40% of local incomes – City of London (43.1%), Camden (43.0%) and Islington (41.1%). The eight areas with the highest rent to income ratios were all London boroughs, reflecting the international demands for rented accommodation in the capital city.

Two of the areas with very high rent to income ratios were among the six atypical areas where rents were in excess of local mortgage costs. These were Stockton on Tees, where rents were 35.7% of local household incomes and 27% higher than the local costs of house purchase, and Sandwell where rents were 35.5% of local household incomes and 20% higher than the local costs of house purchase.

The affordability of private rented housing

The three areas in the South East with the highest rent to income ratios were Adur (34.5%), Runnymede (34.2%) and Brighton & Hove (32.9%). While, regionally, average rent to income ratios were higher in the South West, individual areas with high ratios only feature lower down the rankings than the highest ranking areas in the South East. The three areas in the South West with the highest rent to income ratios were Bournemouth (31.5%), Bath & North East Somerset (30.8%) and Carrick (30.6%).

At the other end of the scale, there were ten areas where average local rents represented less than 15% of average working household earned incomes. The two areas with the lowest rent to income ratios were both in the North East – Wansbeck (13.1%) and Sedgefield (13.1%).

The full analysis of local rents and their relationship to local incomes and mortgage costs is set out at Schedule 3. This relates primarily to the 366 local authority areas in Great Britain with a sufficient sample of data to provide robust average rental data. For completeness, the mortgage costs (based on a 100% 25 year repayment mortgage) and mortgage costs as a percentage of local working household incomes are shown for every local authority in England and Wales (other than the Isles of Scilly).

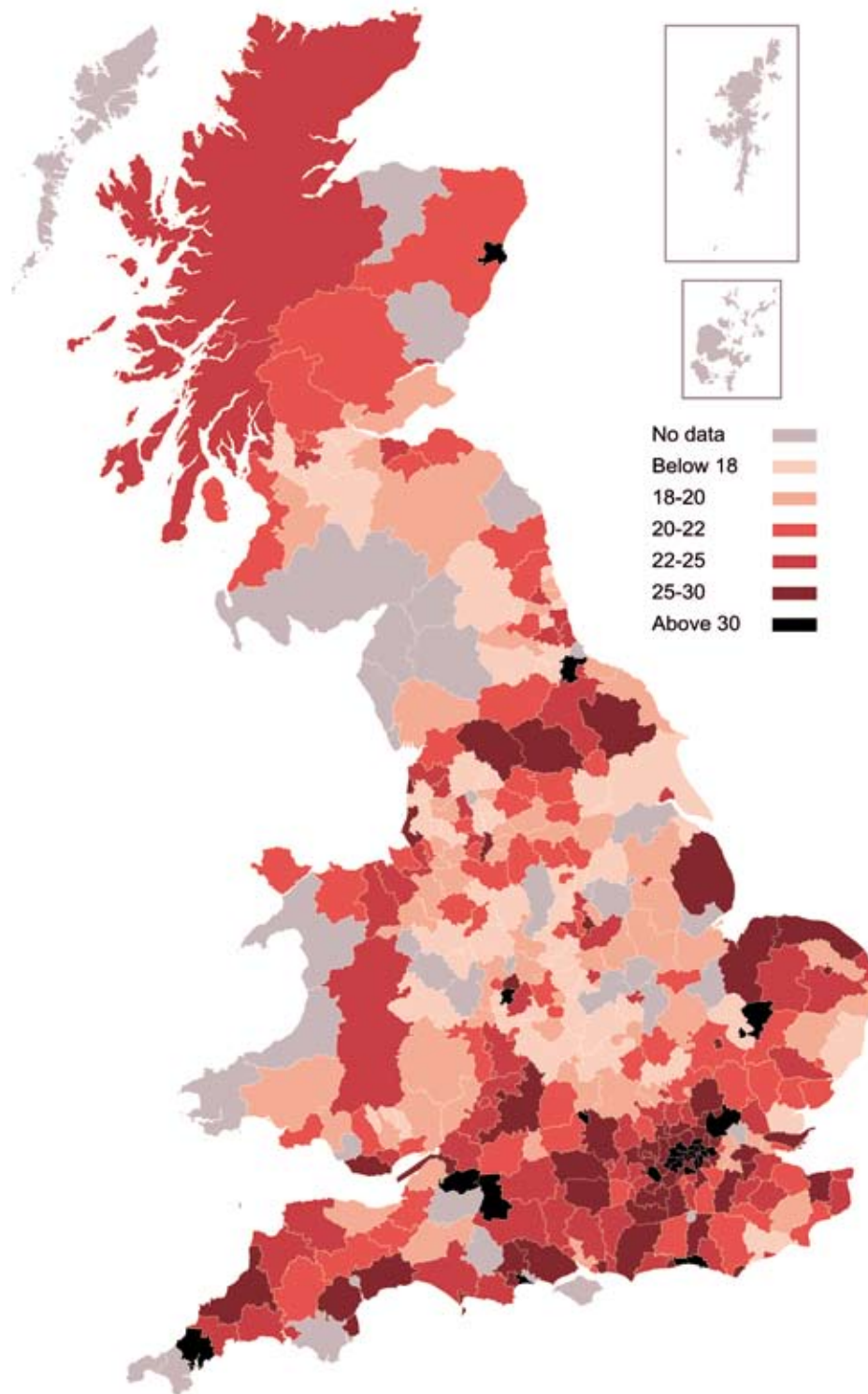
4.3 – Rents and mortgage costs

While there was only limited regional variation in the relationship between average rents and house prices, there was far more diversity at the local level. In particular, there were five areas where average rents for a two and three bedroom dwelling exceeded the local mortgage costs for a property of the same size. Those included Stockton on Tees (126.9%) and Sandwell (119.9%) which, as already seen, were also amongst the areas in the country with the highest rent to earned income ratios. The other three areas were Easington (113.0%), Nottingham (107.2%) and Walsall (103.7%). There were a further five areas where rents were more than 90% of local mortgage costs and 15 areas where rents were more than 80% of local mortgage costs. Nonetheless, in 93% of all areas, rents were less than 80% of local mortgage costs. In 76% of all areas, rents were less than 70% of local mortgage costs.

The details of 25 areas where rents represent more than 80% of local mortgage costs for two and three bedroom dwellings are set out in Schedule 3. At the other end of the spectrum, there were just 12 areas where local rents represented less than half the level of local mortgage costs. Of these, the two lowest were South Lakeland (39.7%) and South Shropshire (38.6%). A comparison of the local costs of renting for all local authority areas with sufficient data is also shown on the map in Figure 12.

Both the overall differences in the costs of renting and buying across the country, and the local variations in the relationship between those costs, underline the importance of understanding the changing role of the private rented sector in local housing markets. It also highlights the need for analyses of local housing market affordability, to more routinely examine local private sector rents, as well as local house prices.

Figure 12 – Cost of rent as a percentage of income



Source: Hometrack

The affordability of private rented housing

4.4 – Affordability of renting and buying

This year’s analysis has been extended to include an assessment of the proportion of working households that can rent at lower quartile local rents compared to those that buy at lower quartile local house prices. As with the earlier analyses, this is based on rents and house prices for a balanced mix of two and three bedroom dwellings.

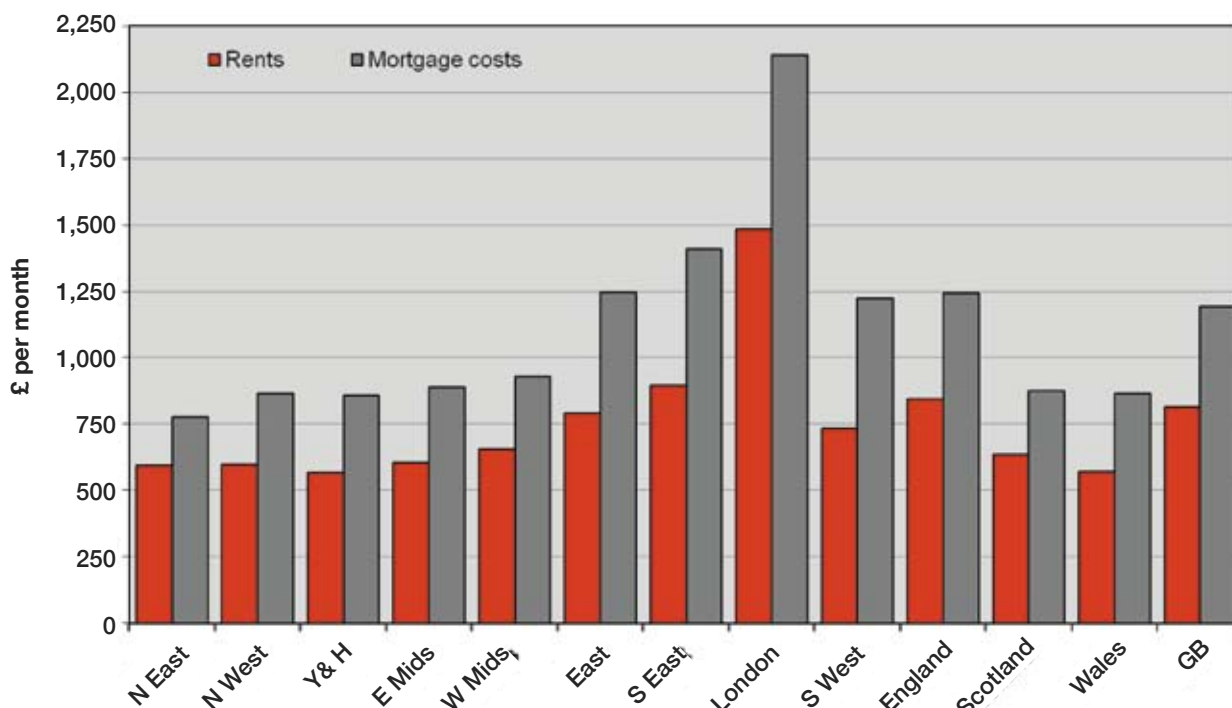
While the results show that, nationally, a higher proportion of households can afford to rent rather than buy at lower quartile prices, there are marked local and regional variations. These partly reflect the different relationship between lower quartile rents and house prices in each area and do not simply reflect the differences in average prices in each tenure discussed above.

Figure 13 shows that, at the regional level, it is still substantially cheaper to rent towards the end of the market (at lower quartile prices) in all regions, albeit slightly less so than is the case for average rents and mortgage costs (shown in Schedule 3).

For Great Britain as a whole, lower quartile rents are equivalent to 69.9% of the mortgage costs for purchasing a lower quartile valued dwelling – only slightly higher than the 68.2% figure derived from comparing average rents and mortgage costs. However in Scotland and five English regions, lower quartile rents represent more than 70% of the costs of buying. In the North West (76.9%) and Scotland (78.7%), they represent more than three quarters of the cost of buying.

The affordability measures applied are also different for each tenure. For home ownership, the same affordability criteria based on the earnings multiples required to access a mortgage have been applied as that for the IHM analyses set out in Section 3. For renting, the assessment is based on the standard guidance that rents should not exceed 25% of household gross incomes. For these analyses, the assessment is based on household gross earnings and does not consider any potential entitlements to either tax credits or housing benefit.

Figure 13 – Rents and mortgage costs for 2 and 3 bedroom dwellings in 2007



Source: Hometrack

The regional results of this analysis are shown at Figure 13. The proportion of households shown to be able to buy at lower quartile prices is slightly different to the figures shown in Section 3, because in this case the regional figures are based only on the local authority areas with sufficient rental data.

Within Great Britain as a whole, the analysis shows that while 49.3% of households were unable to buy at lower quartile prices, only 44.4% could not afford to rent at lower quartile prices. For England as a whole, the equivalent figures were 51.0% and 45.0%, respectively.

At the regional level, the results were mixed. In three regions, fewer households could afford to rent than could afford to buy (North East, North West, and Scotland). In all other regions, more households could afford to rent than could afford to buy but by varying margins. The regions where access to private renting was more accessible were

the South West, where 11.9% more households could afford to rent than could afford to buy; the South East where 11.2% more households could afford to rent, and the East of England where 10.9% more households could afford to buy.

As noted above, it remains the case that in each region, it is cheaper to rent than to buy at lower quartile prices. The results showing fewer households available to rent in three regions are thus a consequence of the more rigorous affordability test applied for rental affordability than has been applied in assessing the affordability and accessibility of house purchase. That more rigorous criteria also limits the proportion of households shown to be able to afford to rent, but not to buy, at lower quartile prices in the other regions.

Section 5

Postscript

It is now apparent that 2007 was the peak year in the current housing market cycle. Post the 'credit crunch', there is clear evidence that average property prices are falling back. The greatest falls are being seen in measures of market activity, in particular, levels of new mortgage advances.

There is considerable uncertainty about just how far prices may fall in 2008. There are several unique features in the current housing market downturn for which analyses of past housing market cycles can only provide very limited guidance. For example, this is the first housing market downturn since the emergence of the buy to let sector. The credit crunch has also imposed new constraints on the availability of mortgage finance in a far more severe way than was the case in the downturn post 1990.

The market dynamic in a downturn will also be different, given the development of a distinctive sub prime sector in the UK – although this only accounts for 6% of outstanding mortgages. Reduced welfare and insurance safety nets available for households will also make it difficult for households to keep up their mortgage payments.

The greatest impact of the recent credit crunch has been the increase in mortgage rates. This has created issues for both private landlords and home owners in terms of the cost increases when seeking to refinance at the end of fixed rate mortgage deals. While average mortgage cost to income ratios for first time buyers in 2007 were only slightly higher than in 1990, in the context of a lower inflation economy those high mortgage cost to income ratios extend over a longer period of home buyers' mortgage careers.

The extent of price falls in the short to medium term and the speed of the recovery will depend as much on the ability of the government to bring forward appropriate measures to deal with the harmful effects of the downturn as on the uncertain impact of this unique configuration of economic and housing market factors.

In the short term, it is the limited supply of affordable mortgage finance that is the key constraint on housing market affordability rather than the shortfall in the supply of new housing that has, until recently, been the primary focus of government policy.

Appendix 1

Data sources and methodology for the affordability analyses

Data sources and methodology for the affordability analyses

The analysis of housing affordability in this report has three component elements:

1. Ratios. Average house price to income ratios, for working households, for each local authority area in Great Britain.
2. Intermediate Housing Markets (IHM). An analysis of the proportion of working households unable to buy at the lower end of the housing market in each local authority in Great Britain; that are the target group for intermediate housing market policies and products.
3. Private Rents as a proportion of working household incomes; compared to mortgage costs, also as a proportion of working household incomes; and the proportion of working households that can afford to rent.

This appendix provides a guide both to the data sources used in these analyses, and the methodology applied in the application of that data in each case.

1. House prices

The house prices used for the ratios analysis are mean average prices for two and three bedroom dwellings. The data used is from Hometrack for 2007. This provides a consistent market price for a small family size dwelling.

While comprehensive and up to date, Land Registry data does not distinguish between the size of dwellings, and thus does not provide a consistent measure between either regions or localities.

The same data source is used for the IHM analysis, except that it is based on the lower quartile and lowest decile prices for two and three bedroom dwellings, rather than mean average prices.

For each measure a simple average of the figures for two and three bedroom dwellings is used, so the figures are based on a consistent (and equal) mix of two and three bedroom dwellings in each area.

2. Incomes

The IHM and ratios analyses both utilise local income data for 2007 obtained from the new Annual Survey of House and Earnings (ASHE), which has now replaced the New Earnings Survey. This covers the earned incomes of all individuals aged from 20 to 39 inclusive. This age range has been chosen because the great majority of first time buyers fall within this range.

The ASHE data used in these analyses is also based on place of residence, rather than place of work. Residence based data is more appropriate for a housing market analysis, and this distinction is particularly important as between London and the South East given the very substantial proportion of London work force that live outside the capital city. Those commuters also tend to have earnings well above average levels.

However the residence based ASHE data still relates to the incomes of individuals. For the purpose of the IHM and ratios analyses, this has to be converted to local authority level estimates of household earned incomes, as there is no directly available source of data on household incomes at that level.

The ASHE provides data on the distribution of earnings at the local level, as well as mean averages. For most authorities data is provided on income levels at every decile level from 10th to 90th decile, as well as means, medians and lower and upper quartile levels.

In cases where the full range of data is not provided (due to small sample sizes and high standard errors), the missing data has been imputed based on the available local data and the data showing the regional profiles of income distributions.

3. Households

Robust data on household incomes is not available at the local authority level. Regional data from the Expenditure and Food Survey (EFS) (previously known as the Family Expenditure Survey) shows a variable relationship between individual and household incomes when analysed by numbers of people in work in each household. While the Family Resources Survey has a larger sample (c 26,000 households compared to just 7,000 for EFS) the weightings in the sample are structured at the national level, and this does not make it an ideal source for regional data.

Regional data on household incomes, analysed by the numbers of adult workers in each household, has been obtained from EFS, for working households with representatives aged 20 to 39 inclusive. The data is based on three years of the survey, from 2003/04 to 2005/06, in order to ensure a robust regional sample. For the affordability analysis this data has been updated to 2007 levels (by 10.0%), and the regional EFS household income figures provide control totals for the local level estimates of household incomes within each region. They are set out in Table 4.

The regional income figures are gross household earnings, including earnings from self employment. They do not include other sources of income, such as from savings or investments. This is because the analysis also assumes that households need to find an 18% deposit, and this would deplete households potential income from those sources.

The average gross income in the UK from investments, and savings amount to just over £10 per week (at 2005 prices). Even assuming a poor rate of return on investments this still implies average levels of capital holdings lower than that required to meet the average level of assumed deposits.

Social security benefits are also excluded, although it must be recognised that some lenders will take tax credits into account when considering the level of mortgage advance they are prepared to make to lower income purchasers.

4. Households and employment

Labour Force Survey data for the years 2001 to 2004 has been used to show the numbers of households in each local authority area, broken down into categories based on the numbers of people in each household in employment.

The data shows the numbers of households with nil, one, two or more workers, and once again the data is restricted to households with representatives aged 20 to 39 inclusive. Data for four years has been combined, and averaged, in order to overcome problems of small sample sizes at the local level.

5. Local household incomes

Within each local authority area it is assumed that the relationship between the earned incomes of one earner and multi-earner households correspond with the regional relationship shown by the EFS data. Factors (see Table 1 in Section 2) are then applied to the local ASHE data so that the regional sums of the computed local household earnings, based on the ASHE and LFS data, are consistent with the regional EFS figures. These computed local household incomes are used for both the ratios and IHM analyses.

6. Income required to purchase

Lender practices in defining incomes required to purchase vary, but a typical maximum loan would be three times annual gross income. Lender practice further varies in the treatment of households with two or more earners. A typical example would, for example, be to take three times the larger income, and just one times the second income. However lender practice is in the process of change in response to the sharp reductions in interest rates, and advance to income ratios have increased over the last few years.

In the UK as a whole in 2003, ratios of mortgage advances to incomes only exceeded 3.75 to 1 in about a quarter of all cases where only a single income was taken into account. Similarly ratios only exceeded 3.25 :1 in about a quarter of all cases where more than one income was taken into account. Those ratios are therefore applied in the Access analyses, which are undertaken separately for single and dual earner households.

In practice average ratios vary regionally, but those variations will reflect in part the different household compositions in terms of numbers of household members in employment, that are reflected elsewhere in the methodology. The regional variations in the ratios will also reflect variations in affordability between different parts of the country. To provide a neutral measure of 'potential' affordability it is therefore important to use consistent ratios across the country.

The IHM analyses also assume a constant 18% deposit, based on the UK average for first time buyers over the last decade. Again in practice average deposits vary regionally, but as with the ratios a consistent assumption has to be made across the whole country in order to provide a neutral measure of 'potential' affordability.

7. Affordability: the Intermediate Housing Market analysis

By applying, in reverse, the factors applied in constructing local household incomes for single and multi-earner households it is possible to derive estimates of the proportions of each type of household with incomes below the level required to purchase in each local authority area – at lowest decile and lower quartile house prices for two and three bedroom dwellings.

The threshold income levels that single and multi earner households need to purchase at the specified threshold levels (after the reverse application of the factors) are applied against the data showing the distribution of individual earnings in each area from the Annual Survey of Hours and Earnings data.

Data sources and methodology for the affordability analyses

This exercise effectively assumes that the local distribution in incomes of single and multi earner households each follow the same profile as the distribution of earned incomes found by the Annual Survey of Hours and Earnings for individuals aged 20 to 39. This assumption was preferred to the assumption of a lognormal distribution (used in earlier local affordability analyses conducted by Glen Bramley), both because of its greater transparency and because it captures local differences in the distribution of earned incomes.

The results from the ASHE analysis have then been translated into numbers of households unable to purchase, based on the numbers of households in each area in each category in terms of numbers in employment, as derived from the Labour Force Survey data.

A similar approach was adopted in identifying the proportions of working households that would be unable to meet a social sector rent without recourse for housing benefit. The threshold incomes levels involved were derived on the basis of housing association target rents in England, and housing association assured rents in Scotland and Wales, taking the case of a couple with a single child.

In principle there is a sound argument for defining households that would end up with very low residual incomes, after mortgage costs, as being unable to purchase, even if their income is sufficient to purchase in terms of the required house price to income ratio. This can occur in areas where both house prices and incomes are particularly low.

However on examination it was found that work and child tax credits would, in all cases where households were eligible, ensure that residual incomes remained by some margin well above Income Support levels. The potential difficulty is consequently confined to the minority of working households that do not meet the qualifying conditions for tax credits, primarily being single people and childless couples aged under 25 (or over 25 but where only one person is working) and they work for less than 30 hours per week. This line of modelling was not therefore pursued.

8. Affordability: the ratio analysis

The ratio analysis uses the same household income data as for the access analysis. It also uses the same Hometrack source for house prices. However in this case the ratios are calculated on mean average households' incomes for working households, and an evenly weighted average of mean house prices for two and three bedroom dwellings

9. Private rents

The private rents data is also from Hometrack. Due to constraints on sample sizes the local analyses cover only 366 local authority areas in Great Britain (of 407). Results are not shown for those areas where there were less than 40 records of rents for two and three bedroom dwellings.

As with the house price data, for each area a simple average of the figures for two bedroom and three bedroom dwellings is used, so the figures are based on a consistent (and equal) mix of two and three bedroom dwellings in each area.

Rents are set out as a proportion of the same earned household incomes of younger working households used for the house price to income ratios analysis.

Where rents are compared to mortgage costs these comparisons are based on a mortgage covering 100% of the property values in each area. The mortgage type assumed is a standard 25 year repayment mortgage, based on 5.68% interest rates – the average building society mortgage rate at the end of 2007. This involves a repayment of £6.33 per month for every £1,000 of property value.

The proportion of households able to afford to rent (without taking into account of either tax credits or housing benefit) are based on the proposition that rents should not exceed 25% of gross earned incomes.

10. Regions and localities

All regional figures relate to Government Office regions. All analyses were undertaken at the level of the individual local authority. Regional results are the aggregates of the local results; they have not been computed separately.

In practice many households move out from their current local authority area in order to purchase. There is therefore an argument that affordability analyses should be based on wider housing market areas, or at least take account of house prices in the areas of contiguous local authorities. However while that rationale may hold quite soundly for the London boroughs, and some other conurbations, it is far less clear that it is applicable in rural districts that cover very wide geographical areas with less well developed transportation links.

Table 4 – Gross household earnings by number of workers present in household (at 2007 levels)

Household reference workers aged 20 to 39 by earned incomes only

Number of workers present	Single earner	2+ earners	All earners	Ratio of earnings: 2+ earner to single earner households	Ratio of earnings: single earners to ASHE individual earners
East	30,445	51,242	41,798	1.68	1.281
East Midlands	24,568	43,916	36,538	1.79	1.193
London	37,325	70,694	55,357	1.89	1.295
North East	22,473	43,964	33,980	1.96	1.183
North West	23,522	42,988	34,685	1.83	1.147
South East	32,235	55,263	45,576	1.71	1.311
South West	24,368	43,461	35,940	1.78	1.214
West Midlands	26,297	45,290	36,964	1.72	1.263
Yorkshire & Humber	22,291	42,123	33,406	1.89	1.091
England	28,350	50,443	40,949	1.78	–
Scotland	24,002	44,402	35,410	1.85	1.191
Wales	20,814	40,198	32,150	1.93	1.110
Great Britain	27,663	49,496	40,107	1.79	–

Source: Expenditure and Food Surveys 2003/04 to 2005/06; uprated to 2007 levels

Appendix 2

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
East Midlands				
Amber Valley	11,161	38,826	136,628	3.52
Ashfield	10,824	30,066	109,338	3.64
Bassetlaw	10,766	37,488	120,346	3.21
Blaby	9,164	41,615	150,429	3.61
Bolsover	7,384	34,609	110,039	3.18
Boston	5,897	32,628	128,681	3.94
Broxtowe	10,231	42,224	132,460	3.14
Charnwood	13,859	36,131	151,227	4.19
Chesterfield	8,033	30,908	126,505	4.09
Corby	3,868	28,810	118,697	4.12
Daventry	6,737	44,165	175,456	3.97
Derby UA	26,010	32,328	128,260	3.97
Derbyshire Dales	4,890	39,590	214,972	5.43
East Lindsey	10,824	26,209	146,279	5.58
East Northamptonshire	7,240	44,983	146,681	3.26
Erewash	13,532	38,653	126,330	3.27
Gedling	10,349	38,170	132,997	3.48
Harborough	6,696	42,361	179,680	4.24
High Peak	8,701	35,118	162,508	4.63
Hinckley & Bosworth	9,304	47,212	148,361	3.14
Kettering	8,652	39,301	135,478	3.45
Leicester UA	26,835	29,499	127,879	4.33
Lincoln	10,115	30,844	121,269	3.93
Mansfield	8,935	31,585	103,268	3.27
Melton	4,154	37,963	157,760	4.16
Newark & Sherwood	11,539	36,196	132,206	3.65
North East Derbyshire	10,241	41,971	141,009	3.36
North Kesteven	9,457	35,755	143,201	4.01
North West Leicestershire	8,944	37,953	137,645	3.63
Northampton	18,792	38,385	142,901	3.72
Nottingham UA	31,480	30,538	106,973	3.50
Oadby & Wigston	5,158	36,296	147,880	4.07
Rushcliffe	8,848	45,056	175,767	3.90
Rutland UA	3,243	43,180	195,185	4.52
South Derbyshire	9,734	43,448	135,618	3.12
South Holland	7,104	36,081	144,302	4.00
South Kesteven	14,866	40,128	149,192	3.72
South Northamptonshire	6,890	55,676	192,275	3.45
Wellingborough	8,289	35,722	134,176	3.76
West Lindsey	7,492	35,195	125,288	3.56
East Midlands	416,238	36,538	137,143	3.75

Continued

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
East of England				
Babergh	7,284	33,267	184,762	5.55
Basildon	14,998	44,948	190,003	4.23
Bedford	15,533	45,068	169,781	3.77
Braintree	14,396	40,357	187,711	4.65
Breckland	13,097	30,434	156,979	5.16
Brentwood	5,355	60,115	268,036	4.46
Broadland	10,933	40,383	178,820	4.43
Broxbourne	7,758	38,597	219,389	5.68
Cambridge	12,546	41,970	257,433	6.13
Castle Point	8,585	44,318	197,223	4.45
Chelmsford	16,554	45,486	216,984	4.77
Colchester	16,570	40,866	178,746	4.37
Dacorum	15,925	47,343	238,400	5.04
East Cambridgeshire	8,385	45,014	181,107	4.02
East Hertfordshire	16,262	45,431	255,490	5.62
Epping Forest	11,407	47,923	275,733	5.75
Fenland	8,697	36,587	138,257	3.78
Forest Heath	8,270	31,672	162,822	5.14
Great Yarmouth	8,570	31,998	137,847	4.31
Harlow	7,945	37,814	182,065	4.81
Hertsmere	12,305	44,402	270,503	6.09
Huntingdonshire	19,263	41,153	172,285	4.19
Ipswich	11,865	36,128	146,893	4.07
Kings Lynn & West Norfolk	10,783	31,868	154,869	4.86
Luton UA	21,672	34,295	163,260	4.76
Maldon	6,766	52,176	206,523	3.96
Mid Bedfordshire	15,998	46,228	196,282	4.25
Mid Suffolk	8,396	37,044	181,451	4.90
North Hertfordshire	13,368	46,671	219,259	4.70
North Norfolk	6,872	29,561	180,383	6.10
Norwich	13,789	31,100	158,885	5.11
Peterborough UA	17,210	37,723	136,134	3.61
Rochford	6,086	44,403	216,292	4.87
South Bedfordshire	14,053	47,044	178,370	3.79
South Cambridgeshire	15,006	46,698	217,109	4.65
South Norfolk	10,765	37,171	183,052	4.92
Southend on Sea UA	17,157	42,914	197,518	4.60
St Albans	15,301	53,689	312,748	5.83
St Edmundsbury	9,828	35,694	170,720	4.78
Stevenage	10,915	44,570	175,193	3.93
Suffolk Coastal	11,005	40,446	193,223	4.78
Tendring	9,879	40,620	171,326	4.22

Continued

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Three Rivers	8,813	55,566	281,933	5.07
Thurrock UA	16,468	45,309	179,819	3.97
Uttlesford	6,439	45,353	244,817	5.40
Watford	11,423	44,572	235,763	5.29
Waveney	8,876	33,530	144,925	4.32
Welwyn Hatfield	7,654	47,188	227,738	4.83
East of England	567,025	41,798	196,984	4.71
London				
Barking & Dagenham	17,284	44,995	193,021	4.29
Barnet	29,785	54,749	319,268	5.83
Bexley	18,855	53,660	207,515	3.87
Brent	21,613	41,965	301,519	7.18
Bromley	29,850	59,226	264,756	4.47
Camden	26,399	65,643	557,420	8.49
City of London	1,357	81,544	857,349	10.51
Croydon	38,300	45,269	233,695	5.16
Ealing	27,001	51,809	301,665	5.82
Enfield	28,037	44,416	247,263	5.57
Greenwich	23,804	50,266	234,924	4.67
Hackney	26,564	48,513	324,848	6.70
Hammersmith & Fulham	23,533	65,045	482,971	7.43
Haringey	21,027	49,140	304,482	6.20
Harrow	20,442	56,740	283,590	5.00
Havering	19,461	54,159	221,831	4.10
Hillingdon	22,279	51,130	256,389	5.01
Hounslow	22,661	49,754	278,369	5.59
Islington	26,426	58,172	455,333	7.83
Kensington & Chelsea	20,660	87,240	1,050,789	12.04
Kingston upon Thames	18,864	60,123	307,848	5.12
Lambeth	39,278	54,321	316,659	5.83
Lewisham	32,466	46,965	243,626	5.19
Merton	22,974	57,342	301,784	5.26
Newham	27,737	41,639	231,457	5.56
Redbridge	24,798	52,839	259,622	4.91
Richmond upon Thames	21,814	71,969	406,480	5.65
Southwark	32,993	52,510	323,664	6.16
Sutton	21,001	53,503	244,911	4.58
Tower Hamlets	29,594	60,121	336,885	5.60
Waltham Forest	25,804	41,563	247,962	5.97
Wandsworth	42,925	71,414	405,519	5.68
Westminster	24,537	75,369	703,560	9.33
London	830,123	55,358	338,051	6.11

Continued

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
North East				
Alnwick	3,008	27,777	163,783	5.90
Berwick upon Tweed	1,919	31,259	155,271	4.97
Blyth Valley	8,347	32,044	117,269	3.66
Castle Morpeth	2,529	38,117	172,463	4.52
Chester le Street	5,167	42,673	117,059	2.74
Darlington UA	9,212	35,663	119,905	3.36
Derwentside	8,675	29,722	104,728	3.52
Durham	7,530	32,014	124,642	3.89
Easington	6,854	32,620	93,656	2.87
Gateshead	18,563	34,080	127,802	3.75
Hartlepool UA	7,507	39,199	101,878	2.60
Middlesborough UA	11,278	28,393	106,732	3.76
Newcastle upon Tyne	25,961	33,900	141,618	4.18
North Tyneside	21,944	35,550	134,540	3.78
Redcar & Cleveland UA	12,993	33,001	117,939	3.57
Sedgefield	8,316	38,636	99,838	2.58
South Tyneside	12,237	33,019	122,157	3.70
Stockton on Tees UA	17,448	32,178	119,054	3.70
Sunderland	24,750	33,952	115,896	3.41
Teesdale	1,920	37,380	149,336	4.00
Tynedale	4,307	40,651	177,203	4.36
Wansbeck	5,709	39,779	102,409	2.57
Wear Valley	6,246	29,078	106,281	3.66
North East	232,420	33,980	122,517	3.61
North West				
Allerdale	7,571	28,922	119,909	4.15
Barrow in Furness	8,479	27,867	107,232	3.85
Blackburn UA	13,016	27,038	112,300	4.15
Blackpool UA	15,217	26,320	119,816	4.55
Bolton	29,461	34,830	121,010	3.47
Burnley	8,225	30,480	100,212	3.29
Bury	17,616	40,154	129,091	3.21
Carlisle	10,820	27,332	120,330	4.40
Chester	10,078	44,895	180,150	4.01
Chorley	8,974	36,463	143,320	3.93
Congleton	8,887	41,154	161,112	3.91
Copeland	7,087	42,793	107,350	2.51
Crewe & Nantwich	11,494	34,123	140,468	4.12
Eden	4,363	29,246	181,920	6.22
Ellesmere Port & Neston	8,394	33,136	139,172	4.20
Fylde	8,197	43,697	168,288	3.85
Halton UA	12,453	32,792	116,958	3.57

Continued

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Hyndburn	9,335	30,449	110,595	3.63
Knowsley	11,968	31,654	114,903	3.63
Lancaster	13,879	33,844	141,214	4.17
Liverpool	36,626	29,297	121,055	4.13
Macclesfield	14,382	45,127	212,719	4.71
Manchester	41,068	30,678	138,165	4.50
Oldham	23,632	33,436	122,582	3.67
Pendle	7,790	31,434	108,813	3.46
Preston	14,934	27,688	125,765	4.54
Ribble Valley	5,233	45,507	184,703	4.06
Rochdale	19,865	35,017	116,433	3.33
Rossendale	8,317	38,216	121,714	3.18
Salford	22,407	34,424	125,915	3.66
Sefton	22,516	31,868	144,472	4.53
South Lakeland	9,341	33,368	203,743	6.11
South Ribble	12,599	36,982	144,707	3.91
St Helens	12,475	34,250	121,093	3.54
Stockport	22,408	40,298	163,345	4.05
Tameside	22,610	33,387	126,296	3.78
Trafford	22,086	41,468	189,806	4.58
Vale Royal	13,837	41,845	153,429	3.67
Warrington UA	16,304	39,630	148,488	3.75
West Lancashire	8,980	43,121	135,759	3.15
Wigan	33,291	36,583	116,747	3.19
Wirral	31,816	34,430	137,969	4.01
Wyre	9,588	31,367	151,451	4.83
North West	657,619	34,685	136,452	3.93
South East				
Adur	5,303	32,470	221,470	6.82
Arun	10,654	39,949	215,135	5.39
Ashford	9,828	44,960	189,482	4.21
Aylesbury Vale	17,780	51,681	216,797	4.19
Basingstoke & Deane	18,476	45,249	208,371	4.60
Bracknell Forest UA	11,210	50,719	225,136	4.44
Brighton & Hove UA	32,150	42,310	270,389	6.39
Canterbury	11,397	34,912	196,470	5.63
Cherwell	15,292	46,135	202,638	4.39
Chichester	8,200	40,920	254,141	6.21
Chiltern	6,893	59,254	303,210	5.12
Crawley	12,134	41,549	199,203	4.79
Dartford	9,839	48,925	200,674	4.10
Dover	11,396	35,395	166,641	4.71
East Hampshire	9,359	47,382	246,265	5.20

Continued

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Eastbourne	8,148	35,237	189,328	5.37
Eastleigh	14,117	45,727	200,252	4.38
Elmbridge	9,533	72,712	331,739	4.56
Epsom & Ewell	6,381	61,625	287,396	4.66
Fareham	9,709	49,397	197,362	4.00
Gosport	9,170	36,655	154,003	4.20
Gravesham	8,575	36,415	189,736	5.21
Guildford	13,721	49,392	294,595	5.96
Hart	10,009	54,536	248,797	4.56
Hastings	8,338	30,900	160,390	5.19
Havant	10,290	40,043	184,677	4.61
Horsham	12,830	53,693	262,680	4.89
Isle of Wight UA	11,803	36,124	185,103	5.12
Lewes	7,430	44,826	236,222	5.27
Maidstone	15,597	43,531	200,481	4.61
Medway Towns UA	25,859	38,718	158,806	4.10
Mid Sussex	12,965	42,952	241,640	5.63
Milton Keynes UA	26,465	46,917	166,406	3.55
Mole Valley	6,036	48,563	320,502	6.60
New Forest	15,104	40,718	239,012	5.87
Oxford	13,541	41,120	263,397	6.41
Portsmouth UA	22,489	36,576	163,469	4.47
Reading UA	22,351	47,269	214,541	4.54
Reigate & Banstead	12,739	47,881	266,607	5.57
Rother	6,872	50,096	223,244	4.46
Runnymede	4,947	50,986	281,311	5.52
Rushmoor	12,585	46,959	203,190	4.33
Sevenoaks	8,870	54,643	252,102	4.61
Shepway	8,533	38,986	180,363	4.63
Slough UA	14,009	36,896	210,616	5.71
South Buckinghamshire	5,879	51,861	310,329	5.98
South Oxfordshire	14,115	53,493	266,899	4.99
Southampton UA	30,178	37,377	171,925	4.60
Spelthorne	8,752	46,206	257,709	5.58
Surrey Heath	6,705	58,525	252,564	4.32
Swale	14,070	42,084	165,915	3.94
Tandridge	5,636	55,117	268,599	4.87
Test Valley	12,573	42,830	210,812	4.92
Thanet	9,311	31,979	170,181	5.32
Tonbridge & Malling	10,704	46,902	219,664	4.68
Tunbridge Wells	11,739	59,689	243,676	4.08
Vale of White Horse	11,257	50,759	228,826	4.51
Waverley	10,582	49,968	301,097	6.03

Continued

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Wealden	9,902	49,468	232,628	4.70
West Berkshire UA	14,427	50,181	229,514	4.57
West Oxfordshire	7,810	46,974	231,563	4.93
Winchester	10,133	51,907	259,334	5.00
Windsor & Maidenhead UA	10,517	60,055	316,126	5.26
Woking	9,442	49,611	262,099	5.28
Wokingham UA	15,620	55,500	257,746	4.64
Worthing	11,669	37,317	210,901	5.65
Wycombe	17,235	50,006	250,912	5.02
South East	817,183	45,576	222,918	4.89
South West				
Bath & North East Somerset UA	18,092	37,484	234,996	6.27
Bournemouth UA	20,750	33,520	217,127	6.48
Bristol UA	47,513	37,144	192,119	5.17
Caradon	5,840	31,563	186,635	5.91
Carrick	7,847	30,267	218,142	7.21
Cheltenham	13,573	39,387	205,468	5.22
Christchurch	1,975	33,990	254,392	7.48
Cotswold	8,301	37,931	255,895	6.75
East Devon	8,729	32,390	217,289	6.71
East Dorset	5,634	39,013	257,971	6.61
Exeter	13,384	35,339	180,757	5.11
Forest of Dean	8,065	39,650	182,597	4.61
Gloucester	12,459	35,258	150,106	4.26
Kennet	8,302	45,569	214,614	4.71
Kerrier	5,433	30,073	184,622	6.14
Mendip	9,443	36,534	186,750	5.11
Mid Devon	4,947	36,494	182,226	4.99
North Cornwall	5,552	29,926	208,375	6.96
North Devon	6,866	30,175	199,785	6.62
North Dorset	5,969	31,939	202,436	6.34
North Somerset UA	20,379	43,062	182,499	4.24
North Wiltshire	12,408	44,350	192,281	4.34
Penwith	6,016	25,471	213,104	8.37
Plymouth UA	29,218	31,523	152,035	4.82
Poole UA	12,171	34,552	227,551	6.59
Purbeck	2,945	41,391	227,808	5.50
Restormel	8,627	30,723	182,583	5.94
Salisbury	11,440	37,635	214,240	5.69
Sedgemoor	7,559	34,021	160,503	4.72
South Gloucestershire UA	27,573	37,985	189,418	4.99
South Hams	5,380	38,690	249,104	6.44

Continued

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
South Somerset	14,137	37,125	176,605	4.76
Stroud	10,430	33,830	201,892	5.97
Swindon UA	22,916	41,517	155,204	3.74
Taunton Deane	10,414	36,489	178,349	4.89
Teignbridge	9,473	31,010	195,654	6.31
Tewkesbury	6,244	36,686	191,128	5.21
Torbay UA	11,805	30,924	175,430	5.67
Torridge	4,859	27,957	181,789	6.50
West Devon	3,311	33,850	202,356	5.98
West Dorset	5,752	36,133	221,429	6.13
West Somerset	1,858	40,981	201,592	4.92
West Wiltshire	11,456	33,825	169,777	5.02
Weymouth & Portland	5,638	29,024	199,627	6.88
South West	480,683	35,940	193,223	5.38
West Midlands				
Birmingham	84,482	33,855	138,633	4.09
Bridgnorth	4,146	39,579	197,925	5.00
Bromsgrove	7,785	45,401	183,370	4.04
Cannock Chase	11,644	35,488	132,939	3.75
Coventry	27,515	32,407	130,926	4.04
Dudley	27,993	36,620	136,065	3.72
East Staffordshire	11,370	34,218	133,458	3.90
Herefordshire UA	14,620	38,071	186,512	4.90
Lichfield	7,939	40,040	169,259	4.23
Malvern Hills	4,933	39,731	212,244	5.34
Newcastle under Lyme	10,803	41,071	125,264	3.05
North Shropshire	5,675	40,502	163,551	4.04
North Warwickshire	4,593	35,301	154,910	4.39
Nuneaton & Bedworth	10,914	37,446	126,262	3.37
Oswestry	3,810	38,690	148,857	3.85
Redditch	6,673	32,851	142,077	4.32
Rugby	8,736	40,291	154,480	3.83
Sandwell	28,623	31,727	123,693	3.90
Shrewsbury & Atcham	12,454	37,953	169,458	4.46
Solihull	16,765	43,416	178,929	4.12
South Shropshire	3,879	34,614	206,452	5.96
South Staffordshire	8,337	36,646	166,244	4.54
Stafford	12,895	46,031	153,740	3.34
Staffordshire Moorlands	7,260	34,401	145,252	4.22
Stoke on Trent UA	24,447	32,239	102,065	3.17
Stratford on Avon	7,423	48,122	216,856	4.51
Tamworth	8,355	38,289	135,452	3.54

Continued

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Walsall	23,519	35,377	130,298	3.68
Warwick	15,219	46,566	202,208	4.34
Wolverhampton	21,962	34,206	124,202	3.63
Worcester	12,293	39,585	165,268	4.17
Wychavon	10,849	41,309	188,562	4.56
Wyre Forest	9,074	41,065	151,954	3.70
West Midlands	496,358	36,964	146,575	3.97
Yorkshire & Humber				
Barnsley	22,440	32,112	111,773	3.48
Bradford	45,037	29,670	128,331	4.33
Calderdale	18,324	31,901	129,213	4.05
Craven	4,156	36,002	179,570	4.99
Doncaster	32,307	33,338	111,719	3.35
East Riding of Yorkshire UA	26,777	37,978	145,092	3.82
Hambleton	8,031	34,522	187,655	5.44
Harrogate	16,131	37,704	208,795	5.54
Kingston upon Hull UA	27,636	26,609	97,574	3.67
Kirklees	41,866	33,970	129,889	3.82
Leeds	79,387	36,748	147,089	4.00
North East Lincolnshire UA	15,390	31,673	106,868	3.37
North Lincolnshire UA	16,137	32,154	117,048	3.64
Richmondshire	5,050	29,759	190,606	6.41
Rotherham	25,122	30,779	115,937	3.77
Ryedale	4,067	23,137	190,700	8.24
Scarborough	6,823	31,753	155,758	4.91
Selby	7,275	39,712	161,383	4.06
Sheffield	52,058	33,396	133,272	3.99
Wakefield	33,986	32,538	125,035	3.84
York UA	19,109	37,735	184,046	4.88
Yorkshire & Humber	507,109	33,406	135,490	4.06
England				
England	5,004,758	40,949	196,636	4.80
Scotland				
Aberdeen City	28,041	34,954	168,318	4.82
Aberdeenshire	21,966	40,224	147,264	3.66
Angus	9,812	32,780	122,032	3.72
Argyll & Bute	6,661	28,084	146,582	5.22
Clackmannanshire	6,018	33,237	107,657	3.24
Dumfries & Galloway	10,865	31,485	121,634	3.86
Dundee City	13,775	30,398	115,922	3.81
East Ayrshire	12,661	37,003	105,056	2.84
East Dunbartonshire	8,451	37,814	165,070	4.37

Continued

Schedules

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
East Renfrewshire	7,659	45,299	179,396	3.96
City of Edinburgh	60,219	39,718	204,250	5.14
Falkirk	17,170	35,753	109,621	3.07
Fife	36,940	34,904	116,093	3.33
Glasgow City	59,656	33,300	140,124	4.21
Highland	15,729	32,531	130,608	4.01
Inverclyde	7,603	30,279	124,443	4.11
Midlothian	7,699	35,235	146,219	4.15
Moray	10,309	31,946	131,561	4.12
North Ayrshire	11,827	31,693	107,541	3.39
North Lanarkshire	33,472	34,324	100,385	2.92
Orkney Islands	2,364	34,595	109,389	3.16
Perth & Kinross	11,807	32,520	138,952	4.27
Renfrewshire	16,816	35,899	127,205	3.54
The Scottish Borders	10,118	33,146	135,285	4.08
Shetland Islands	1,791	39,272	100,613	2.56
South Ayrshire	9,819	32,404	134,294	4.14
South Lanarkshire	31,831	39,114	117,227	3.00
Stirling	8,714	37,259	143,868	3.86
West Dunbartonshire	8,644	36,040	112,141	3.11
West Lothian	19,808	36,097	118,298	3.28
Western Isles	802	22,037	92,248	4.19
Scotland	517,736	35,410	138,009	3.90
Wales				
Blaenau Gwent	7,810	29,057	94,469	3.25
Bridgend	14,327	30,287	117,530	3.88
Caerphilly	17,452	33,881	115,801	3.42
Cardiff	35,007	35,445	162,943	4.60
Carmarthenshire	14,968	31,017	131,968	4.25
Ceredigion	5,968	26,804	171,422	6.40
Conwy	5,596	33,909	151,576	4.47
Denbighshire	7,693	26,944	138,333	5.13
Flintshire	14,623	33,018	142,041	4.30
Gwynedd	8,601	26,194	154,551	5.90
Isle of Anglesey	4,527	35,555	148,825	4.19
Merthyr Tydfil	5,534	34,889	96,674	2.77
Monmouthshire	9,614	39,479	182,452	4.62
Neath Port Talbot	12,024	30,545	106,941	3.50
Newport	14,211	30,454	135,569	4.45
Pembrokeshire	9,701	28,541	160,669	5.63
Powys	11,447	28,373	158,325	5.58
Rhondda Cynon Taff	23,834	32,209	101,117	3.14

Continued

Schedule 1 – Average house prices as a ratio to average annual household earned incomes				2007
Region and local authority	Working households	Household earnings (£)	House prices (£)	House price to earnings ratio
Swansea	20,577	31,735	129,403	4.08
The Vale of Glamorgan	11,199	33,903	156,622	4.62
Torfaen	7,505	35,320	125,121	3.54
Wrexham	9,535	32,908	139,551	4.24
Wales	271,753	32,150	136,545	4.25
Great Britain	5,794,247	40,107	188,579	4.70

Schedules

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
East Midlands					
Amber Valley	11,161	10.1	14.2	6.1	30.5
Ashfield	10,824	9.8	12.4	8.5	30.7
Bassetlaw	10,766	9.5	12.9	6.9	29.2
Blaby	9,164	10.9	26.1	5.9	42.9
Bolsover	7,384	11.5	11.3	5.3	28.2
Boston	5,897	16.5	20.8	5.8	43.1
Broxtowe	10,231	2.5	15.8	6.1	24.3
Charnwood	13,859	11.8	29.9	7.3	49.0
Chesterfield	8,033	15.2	22.6	0.1	37.9
Corby	3,868	14.1	25.7	5.8	45.6
Daventry	6,737	9.3	26.7	8.0	43.9
Derby	26,010	16.3	17.7	8.6	42.7
Derbyshire Dales	4,890	13.9	32.5	9.1	55.6
East Lindsey	10,824	12.1	37.7	10.9	60.7
East Northamptonshire	7,240	7.3	19.3	4.8	31.5
Erewash	13,532	7.2	16.2	6.3	29.8
Gedling	10,349	12.2	16.7	8.1	37.0
Harborough	6,696	9.6	31.9	6.9	48.4
High Peak	8,701	16.6	27.2	10.9	54.7
Hinckley & Bosworth	9,304	5.9	21.7	8.5	36.1
Kettering	8,652	9.8	24.3	7.7	41.8
Leicester	26,835	17.5	23.3	8.0	48.7
Lincoln	10,115	11.6	23.3	7.7	42.6
Mansfield	8,935	7.0	14.2	5.7	26.9
Melton	4,154	12.3	30.0	7.7	50.0
Newark & Sherwood	11,539	10.4	17.4	6.4	34.2
North East Derbyshire	10,241	8.0	15.9	5.4	29.3
North Kesteven	9,457	12.1	30.4	4.3	46.8
North West Leicestershire	8,944	4.8	28.4	8.6	41.8
Northampton	18,792	15.8	19.0	7.4	42.3
Nottingham City	31,480	17.5	9.7	4.5	31.7
Oadby & Wigston	5,158	32.4	20.5	5.2	58.2
Rushcliffe	8,848	5.6	26.6	11.3	43.6
Rutland	3,243	9.1	30.1	8.0	47.2
South Derbyshire	9,734	9.0	18.9	4.9	32.8
South Holland	7,104	3.4	30.1	9.3	42.8
South Kesteven	14,866	10.1	22.7	8.5	41.3
South Northamptonshire	6,890	26.3	14.6	5.9	46.8
Wellingborough	8,289	16.2	13.9	13.1	43.2
West Lindsey	7,492	8.5	8.2	10.4	27.0
East Midlands	416,238	12.2	20.3	7.2	39.8

Continued

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
East of England					
Babergh	7,284	16.3	40.4	6.9	63.6
Basildon	14,998	17.7	28.5	7.7	53.9
Bedford	15,533	10.2	26.4	6.4	43.0
Braintree	14,396	17.3	27.6	8.7	53.6
Breckland	13,097	12.4	46.1	10.3	68.8
Brentwood	5,355	14.1	27.1	5.7	46.8
Broadland	10,933	7.0	49.2	5.3	61.5
Broxbourne	7,758	20.4	45.5	5.5	71.4
Cambridge	12,546	17.6	43.1	8.1	68.8
Castle Point	8,585	19.0	34.2	5.9	59.1
Chelmsford	16,554	9.5	37.0	8.9	55.5
Colchester	16,570	23.1	28.7	4.9	56.6
Dacorum	15,925	12.5	33.8	12.7	59.0
East Cambridgeshire	8,385	15.5	23.3	8.0	46.9
East Hertfordshire	16,262	16.8	42.2	6.5	65.6
Epping Forest	11,407	20.8	42.3	8.1	71.2
Fenland	8,697	11.9	19.8	5.2	36.9
Forest Heath	8,270	17.2	31.3	10.2	58.7
Great Yarmouth	8,570	16.4	27.1	7.6	51.1
Harlow	7,945	12.9	31.0	11.0	54.9
Hertsmere	12,305	15.4	46.2	5.6	67.1
Huntingdonshire	19,263	8.5	27.6	9.0	45.2
Ipswich	11,865	10.5	30.5	8.2	49.2
Kings Lynn & West Norfolk	10,783	6.7	29.5	14.1	50.3
Luton	21,672	18.1	32.7	5.6	56.4
Maldon	6,766	16.5	28.3	5.3	50.1
Mid Bedfordshire	15,998	9.7	26.8	9.2	45.6
Mid Suffolk	8,396	12.2	37.2	7.1	56.5
North Hertfordshire	13,368	17.0	31.6	7.3	55.9
North Norfolk	6,872	13.7	45.3	6.4	65.3
Norwich	13,789	17.8	34.3	6.9	59.0
Peterborough	17,210	5.8	25.4	8.0	39.2
Rochford	6,086	17.2	33.7	8.2	59.2
South Bedfordshire	14,053	10.6	24.0	7.5	42.1
South Cambridgeshire	15,006	17.0	36.5	6.1	59.6
South Norfolk	10,765	8.7	42.7	5.8	57.2
Southend on Sea	17,157	12.1	36.9	5.3	54.3
St Albans	15,301	21.4	37.8	7.8	67.0
St Edmundsbury	9,828	9.7	41.0	7.3	58.0
Stevenage	10,915	16.6	31.1	5.6	53.3
Suffolk Coastal	11,005	11.4	31.8	6.9	50.1
Tendring	9,879	12.1	27.5	8.9	48.5

Continued

Schedules

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Three Rivers	8,813	12.9	36.1	7.6	56.6
Thurrock	16,468	11.8	31.5	7.3	50.6
Uttlesford	6,439	15.5	40.7	8.8	65.0
Watford	11,423	18.9	37.0	7.0	62.9
Waveney	8,876	15.8	15.7	8.8	40.3
Welwyn Hatfield	7,654	14.2	37.0	6.4	57.6
East of England	567,025	14.2	33.6	7.6	55.3
London					
Barking & Dagenham	17,284	13.9	30.7	6.6	51.2
Barnet	29,785	19.6	43.5	7.8	70.9
Bexley	18,855	11.0	28.6	7.9	47.4
Brent	21,613	27.0	43.7	5.9	76.6
Bromley	29,850	10.0	35.3	10.0	55.3
Camden	26,399	9.9	54.1	12.9	76.9
City of London	1,357	9.3	73.8	8.9	91.9
Croydon	38,300	18.9	38.5	5.3	62.7
Ealing	27,001	20.2	36.9	5.9	63.0
Enfield	28,037	21.1	36.2	5.6	62.9
Greenwich	23,804	14.6	30.5	6.8	52.0
Hackney	26,564	19.5	38.4	9.9	67.7
Hammersmith & Fulham	23,533	11.6	58.4	8.2	78.2
Haringey	21,027	15.9	41.7	10.3	67.9
Harrow	20,442	11.5	44.5	6.1	62.1
Havering	19,461	9.1	30.3	8.9	48.3
Hillingdon	22,279	12.6	42.9	6.3	61.8
Hounslow	22,661	18.9	36.6	6.8	62.2
Islington	26,426	15.3	46.6	11.2	73.2
Kensington & Chelsea	20,660	12.6	61.0	11.1	84.6
Kingston upon Thames	18,864	14.2	35.6	7.3	57.1
Lambeth	39,278	14.6	36.4	12.1	63.1
Lewisham	32,466	12.7	40.7	7.9	61.3
Merton	22,974	10.1	37.6	10.0	57.8
Newham	27,737	19.6	40.4	8.0	68.0
Redbridge	24,798	12.9	37.5	6.3	56.7
Richmond upon Thames	21,814	8.3	56.4	7.2	71.9
Southwark	32,993	17.4	33.0	10.2	60.6
Sutton	21,001	9.6	37.7	8.6	55.9
Tower Hamlets	29,594	16.5	38.0	9.3	63.8
Waltham Forest	25,804	20.2	48.6	3.6	72.4
Wandsworth	42,925	10.6	40.1	12.5	63.2
Westminster	24,537	10.9	53.6	11.9	76.5
London	830,123	14.9	41.0	8.5	64.4

Continued

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
North East					
Alnwick	3,008	15.8	36.0	10.9	62.7
Berwick upon Tweed	1,919	13.8	25.8	10.6	50.2
Blyth Valley	8,347	10.8	22.9	7.3	41.0
Castle Morpeth	2,529	8.6	17.4	13.5	39.5
Chester le Street	5,167	4.6	18.1	0.1	22.9
Darlington	9,212	6.2	15.3	9.6	31.1
Derwentside	8,675	7.5	19.2	6.5	33.2
Durham	7,530	8.1	21.9	6.3	36.3
Easington	6,854	6.2	8.5	4.9	19.6
Gateshead	18,563	7.3	21.0	11.0	39.3
Hartlepool	7,507	11.6	7.0	4.6	23.2
Middlesbrough	11,278	18.1	7.6	10.8	36.5
Newcastle upon Tyne	25,961	7.4	22.2	7.7	37.3
North Tyneside	21,944	12.8	20.2	5.7	38.7
Redcar & Cleveland	12,993	13.0	13.1	9.1	35.1
Sedgefield	8,316	4.4	4.8	6.9	16.2
South Tyneside	12,237	10.8	20.7	6.4	37.9
Stockton on Tees	17,448	18.0	9.7	7.4	35.1
Sunderland	24,750	11.8	15.0	6.1	32.9
Teesdale	1,920	7.9	17.2	9.6	34.7
Tynedale	4,307	11.4	40.0	13.5	64.8
Wansbeck	5,709	6.3	11.7	5.7	23.7
Wear Valley	6,246	9.9	13.8	9.1	32.8
North East	232,420	10.5	16.9	7.6	35.0
North West					
Allerdale	7,571	17.2	16.3	5.7	39.2
Barrow In Furness	8,479	15.6	8.2	12.8	36.6
Blackburn & Darwen	13,016	20.7	13.9	9.9	44.6
Blackpool	15,217	19.5	23.7	6.2	49.4
Bolton	29,461	10.6	17.2	6.9	34.7
Burnley	8,225	10.2	8.5	8.9	27.6
Bury	17,616	4.5	16.2	7.5	28.1
Carlisle	10,820	17.0	23.8	9.2	50.0
Chester	10,078	6.2	28.8	13.0	48.0
Chorley	8,974	14.4	19.6	8.1	42.0
Congleton	8,887	5.5	25.8	8.3	39.6
Copeland	7,087	6.5	8.5	4.8	19.7
Crewe & Nantwich	11,494	8.3	23.8	10.6	42.6
Eden	4,363	17.5	36.8	7.1	61.4
Ellesmere Port & Neston	8,394	13.3	26.6	7.3	47.2

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Schedules

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Fylde	8,197	8.2	26.8	9.3	44.2
Halton	12,453	10.0	16.8	5.9	32.7
Hyndburn	9,335	12.8	13.3	7.5	33.6
Knowsley	11,968	12.7	15.9	5.1	33.7
Lancaster	13,879	12.9	23.6	7.8	44.2
Liverpool	36,626	19.9	13.4	6.2	39.5
Macclesfield	14,382	8.9	31.7	11.2	51.8
Manchester	41,068	17.4	17.5	9.2	44.1
Oldham	23,632	8.5	17.1	6.3	31.9
Pendle	7,790	2.8	10.2	7.5	20.4
Preston	14,934	12.8	22.7	7.5	43.0
Ribble Valley	5,233	7.9	26.4	7.4	41.7
Rochdale	19,865	4.3	16.4	5.4	26.1
Rossendale	8,317	10.8	14.4	6.8	31.9
Salford	22,407	14.5	15.0	8.3	37.8
Sefton	22,516	18.7	15.4	15.8	49.9
South Lakeland	9,341	12.3	36.4	14.3	63.1
South Ribble	12,599	6.4	27.1	7.3	40.8
St Helens	12,475	7.3	16.7	8.9	33.0
Stockport	22,408	8.7	26.7	7.3	42.7
Tameside	22,610	9.2	21.5	8.4	39.0
Trafford	22,086	11.6	31.6	8.2	51.4
Vale Royal	13,837	10.5	20.5	6.4	37.4
Warrington	16,304	7.8	21.0	9.8	38.6
West Lancashire	8,980	8.8	7.2	6.5	22.5
Wigan	33,291	6.3	13.7	6.6	26.5
Wirral	31,816	12.1	16.1	11.0	39.2
Wyre	9,588	17.8	26.7	10.3	54.8
North West	657,619	11.7	19.3	8.3	39.3
South East					
Adur	5,303	21.6	50.9	7.6	80.0
Arun	10,654	19.7	35.1	7.5	62.3
Ashford	9,828	13.3	30.2	6.7	50.1
Aylesbury Vale	17,780	8.6	36.3	10.4	55.3
Basingstoke & Deane	18,476	14.8	27.9	7.1	49.8
Bracknell Forest	11,210	13.0	32.4	6.8	52.2
Brighton & Hove	32,150	11.3	51.7	8.7	71.7
Canterbury	11,397	18.0	43.8	6.1	67.9
Cherwell	15,292	4.0	35.9	8.0	47.9
Chichester	8,200	21.7	44.5	5.5	71.7
Chiltern	6,893	9.6	38.5	8.0	56.2
Crawley	12,134	12.9	45.1	5.4	63.3

Schedule 2 – Intermediate Housing Market

The proportion of younger working households unable to buy at the lower end of the local housing market

Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Dartford	9,839	4.6	29.8	9.3	43.7
Dover	11,396	12.9	27.6	5.4	45.9
East Hampshire	9,359	17.6	35.6	7.5	60.7
Eastbourne	8,148	19.0	33.3	8.7	61.0
Eastleigh	14,117	10.6	41.8	5.5	57.8
Elmbridge	9,533	7.9	40.0	9.1	57.0
Epsom & Ewell	6,381	14.3	38.3	7.5	60.1
Fareham	9,709	14.8	28.0	7.7	50.5
Gosport	9,170	13.3	28.0	7.0	48.3
Gravesham	8,575	16.9	31.0	9.9	57.7
Guildford	13,721	21.5	37.8	6.9	66.1
Hart	10,009	14.3	30.8	7.8	52.9
Hastings	8,338	14.8	37.1	11.3	63.2
Havant	10,290	17.7	29.6	7.3	54.6
Horsham	12,830	13.9	40.5	6.8	61.2
Isle of Wight	11,803	19.0	35.8	5.5	60.2
Lewes	7,430	6.6	45.0	9.6	61.1
Maidstone	15,597	10.1	36.3	8.8	55.2
Medway Towns	25,859	11.3	26.8	7.2	45.2
Mid Sussex	12,965	18.9	43.9	5.8	68.6
Milton Keynes	26,465	11.9	13.3	16.9	42.2
Mole Valley	6,036	19.1	51.9	8.2	79.3
New Forest	15,104	17.3	36.4	7.0	60.7
Oxford	13,541	19.9	44.0	6.4	70.3
Portsmouth	22,489	16.1	29.4	7.5	53.0
Reading	22,351	15.0	35.5	6.3	56.7
Reigate & Banstead	12,739	13.3	48.8	7.4	69.5
Rother	6,872	8.4	29.6	8.1	46.1
Runnymede	4,947	19.1	38.9	6.3	64.3
Rushmoor	12,585	18.1	28.7	5.4	52.2
Sevenoaks	8,870	9.1	39.1	7.2	55.3
Shepway	8,533	17.4	33.6	8.2	59.2
Slough	14,009	22.1	37.3	6.5	65.9
South Bucks	5,879	13.9	47.2	9.4	70.6
South Oxfordshire	14,115	9.0	44.1	7.3	60.4
Southampton	30,178	13.2	29.4	9.3	51.9
Spelthorne	8,752	21.2	37.9	8.9	68.0
Surrey Heath	6,705	9.3	36.5	4.5	50.2
Swale	14,070	14.4	24.5	7.0	45.9
Tandridge	5,636	12.0	36.3	6.9	55.1
Test Valley	12,573	11.0	40.5	9.5	61.0
Thanet	9,311	19.8	36.0	5.1	60.9
Tonbridge & Malling	10,704	12.9	32.0	8.4	53.3

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Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Tunbridge Wells	11,739	9.4	32.6	8.4	50.5
Vale of White Horse	11,257	13.0	36.2	6.5	55.7
Waverley	10,582	14.4	47.1	7.6	69.1
Wealden	9,902	8.0	42.6	6.1	56.7
West Berkshire	14,427	19.1	32.2	7.9	59.3
West Oxfordshire	7,810	11.9	38.5	8.8	59.2
Winchester	10,133	11.9	33.2	6.2	51.3
Windsor & Maidenhead	10,517	12.9	38.0	8.5	59.3
Woking	9,442	15.4	46.0	5.8	67.3
Wokingham	15,620	12.5	33.7	8.8	55.0
Worthing	11,669	15.7	41.1	6.9	63.7
Wycombe	17,235	15.0	35.6	7.3	57.9
South East	817,183	14.0	35.8	7.8	57.6
South West					
Bath & N E Somerset	18,092	17.0	37.6	10.2	64.8
Bournemouth	20,750	24.7	44.6	8.1	77.4
Bristol	47,513	11.2	36.9	10.4	58.5
Caradon	5,840	10.6	43.5	9.0	63.1
Carrick	7,847	15.9	56.0	6.0	77.9
Cheltenham	13,573	10.9	35.7	9.1	55.8
Christchurch	1,975	28.4	53.2	5.6	87.1
Cotswold	8,301	20.5	40.4	5.4	66.3
East Devon	8,729	18.5	41.2	8.7	68.4
East Dorset	5,634	14.2	51.5	7.7	73.5
Exeter	13,384	12.9	44.9	6.4	64.2
Forest of Dean	8,065	14.4	30.1	4.5	49.0
Gloucester	12,459	10.7	32.0	7.0	49.7
Kennet	8,302	12.5	35.5	8.5	56.4
Kerrier	5,433	7.7	50.9	9.5	68.1
Mendip	9,443	12.9	40.3	6.9	60.0
Mid Devon	4,947	9.6	45.6	6.5	61.7
North Cornwall	5,552	16.6	43.2	6.5	66.3
North Devon	6,866	14.0	45.2	10.2	69.4
North Dorset	5,969	18.6	42.5	5.5	66.7
North Somerset	20,379	9.0	35.4	5.6	50.0
North Wiltshire	12,408	11.9	33.3	8.8	54.1
Penwith	6,016	18.8	55.9	6.0	80.6
Plymouth	29,218	8.9	37.8	9.6	56.4
Poole	12,171	21.2	41.0	7.0	69.2
Purbeck	2,945	10.9	40.2	7.8	58.9
Restormel	8,627	18.7	48.2	5.5	72.5
Salisbury	11,440	12.8	47.7	6.5	66.9

Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Sedgemoor	7,559	15.8	30.8	6.7	53.3
South Gloucestershire	27,573	13.0	42.9	5.2	61.1
South Hams	5,380	12.0	44.0	8.2	64.2
South Somerset	14,137	15.1	32.2	6.4	53.7
Stroud	10,430	16.1	43.3	6.3	65.7
Swindon	22,916	10.2	26.4	7.0	43.6
Taunton Deane	10,414	12.3	42.0	5.5	59.9
Teignbridge	9,473	18.3	49.8	6.2	74.3
Tewkesbury	6,244	12.5	50.8	5.6	68.8
Torbay	11,805	18.7	40.2	6.3	65.1
Torridge	4,859	11.9	50.1	6.6	68.6
West Devon	3,311	13.9	42.4	4.0	60.3
West Dorset	5,752	16.7	43.1	10.1	69.8
West Somerset	1,858	12.1	32.2	9.4	53.8
West Wiltshire	11,456	18.2	33.9	3.8	55.9
Weymouth & Portland	5,638	15.6	57.1	5.1	77.7
South West	480,683	14.1	40.1	7.4	61.6
West Midlands					
Birmingham	84,482	16.3	18.6	6.9	41.8
Bridgnorth	4,146	14.9	37.7	8.1	60.7
Bromsgrove	7,785	5.7	26.5	9.4	41.5
Cannock Chase	11,644	12.7	22.7	7.0	42.5
Coventry	27,515	10.5	22.2	6.0	38.6
Dudley	27,993	9.8	19.4	7.5	36.8
East Staffordshire	11,370	6.2	16.1	9.8	32.2
Herefordshire	14,620	15.3	37.4	9.6	62.2
Lichfield	7,939	14.2	21.6	10.7	46.6
Malvern Hills	4,933	14.0	44.2	9.8	68.0
Newcastle upon Tyne	10,803	7.6	15.4	6.7	29.7
North Shropshire	5,675	9.8	33.5	7.1	50.4
North Warwickshire	4,593	12.2	27.4	8.1	47.7
Nuneaton & Bedworth	10,914	10.9	16.6	9.5	37.0
Oswestry	3,810	8.7	25.3	6.1	40.2
Redditch	6,673	10.9	27.7	9.2	47.8
Rugby	8,736	12.3	25.6	8.1	46.0
Sandwell	28,623	15.2	16.6	6.6	38.4
Shrewsbury & Atcham	12,454	11.0	34.4	9.0	54.4
Solihull	16,765	16.0	16.2	15.6	47.8
South Shropshire	3,879	16.1	37.6	6.7	60.4
South Staffordshire	8,337	10.0	28.3	9.2	47.5
Stafford	12,895	4.9	22.2	5.8	32.9

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Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Staffordshire Moorlands	7,260	8.9	26.4	9.7	44.9
Stoke on Trent	24,447	7.3	11.9	5.7	24.9
Stratford on Avon	7,423	14.1	28.5	7.2	49.9
Tamworth	8,355	8.2	21.4	7.4	37.0
Telford & The Wrekin	19,373	9.4	17.1	9.6	36.1
Walsall	23,519	12.3	14.6	6.6	33.6
Warwick	15,219	9.8	28.0	8.8	46.6
Wolverhampton	21,962	8.5	17.2	7.7	33.5
Worcester	12,293	7.1	37.1	5.7	50.0
Wychavon	10,849	10.2	36.6	11.0	57.8
Wyre Forest	9,074	1.7	23.5	7.0	32.2
West Midlands	496,358	11.4	22.0	7.9	41.3
Yorkshire & Humber					
Barnsley	22,440	9.7	14.9	5.7	30.2
Bradford	45,037	12.0	22.3	9.0	43.3
Calderdale	18,324	9.5	18.9	9.2	37.6
Craven	4,156	11.1	34.7	7.6	53.4
Doncaster	32,307	11.0	14.0	6.4	31.4
East Riding of Yorkshire	26,777	15.7	17.3	7.2	40.2
Hambleton	8,031	17.1	38.8	8.4	64.3
Harrogate	16,131	13.7	45.5	5.9	65.1
Kingston upon Hull	27,636	18.9	10.0	8.0	36.9
Kirklees	41,866	16.1	15.7	8.7	40.5
Leeds	79,387	9.2	20.0	11.4	40.6
North East Lincolnshire	15,390	11.5	10.1	8.2	29.8
North Lincolnshire	16,137	6.1	22	7.6	35.8
Richmondshire	5,050	12.3	27.3	8.2	47.9
Rotherham	25,122	11.4	17.5	6.6	35.5
Ryedale	4,067	32.8	45.4	4	82.2
Scarborough	6,823	14.2	30.6	11.1	55.9
Selby	7,275	6.6	28.0	8.5	43.1
Sheffield	52,058	9.7	19.6	8.5	37.8
Wakefield	33,986	16.0	19.1	5.4	40.5
York	19,109	13.7	38.2	8.1	60.1
Yorkshire & Humber	507,109	12.3	20.5	8.2	41.1
England	5,004,758	13.1	29.6	7.9	50.6
Scotland					
Aberdeen City	28,041	9.5	21.7	13.8	45.0
Aberdeenshire	21,966	10.5	14.3	11.8	36.6

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Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Angus	9,812	8.8	15.9	13.6	38.2
Argyll & Bute	6,661	7.9	25.6	15.5	49.1
Clackmannan	6,018	8.4	18.5	4.8	31.7
Dumfries & Galloway	10,865	7.3	18.8	8.2	34.3
Dundee	13,775	11.6	15.8	9.9	37.3
East Ayrshire	12,661	11.0	5.4	7.0	23.4
East Dunbartonshire	8,451	4.2	24.6	14.8	43.6
East Lothian	8,689	9.5	30.3	6.3	46.2
East Renfrewshire	7,659	6.4	15.7	17.8	39.8
Edinburgh	60,219	9.7	25.9	12.9	48.5
Falkirk	17,170	7.9	12.5	7.0	27.4
Fife	36,940	5.3	16.2	6.6	28.2
Glasgow	59,656	8.6	17.7	8.9	35.2
Highland	15,729	8.4	21.2	13.7	43.3
Inverclyde	7,603	8.5	10.0	10.6	29.1
Midlothian	7,699	7.3	33.0	5.2	45.5
Moray	10,309	8.9	21.6	9.3	39.8
North Ayrshire	11,827	5.3	11.1	9.1	25.6
North Lanarkshire	33,472	6.6	7.0	9.4	23.0
Orkney Islands	2,364	7.0	14.5	14.6	36.1
Perth & Kinross	11,807	6.6	24.6	13.6	44.8
Renfrewshire	16,816	8.5	12.2	9.3	30.1
Scottish Borders	10,118	5.9	22.9	9.3	38.2
Shetland Islands	1,791	7.6	7.9	11.0	26.5
South Ayrshire	9,819	11.6	11.6	12.8	36.0
South Lanarkshire	31,831	5.8	10.1	7.5	23.5
Stirling	8,714	7.0	14.4	11.7	33.0
West Dunbartonshire	8,644	5.2	10.6	7.2	23.1
West Lothian	19,808	6.3	19.0	7.5	32.9
Western Isles	802	13.5	17.0	18.8	49.2
Scotland	517,736	8.0	17.3	10.1	35.4
Wales					
Blaenau Gwent	7,810	8.2	9.3	9.4	26.8
Bridgend	14,327	9.7	19.4	10.1	39.1
Caerphilly	17,452	7.9	14.5	10.2	32.6
Cardiff	35,007	11.9	33.4	10.5	55.7
Carmarthenshire	14,968	11.2	25.8	4.6	41.6
Ceredigion	5,968	9.1	47.8	14.1	71.0
Conwy	5,596	7.7	33.8	6.1	47.6
Denbighshire	7,693	13.2	31.2	11.1	55.6
Flintshire	14,623	10.4	28.8	7.1	46.3

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Schedule 2 – Intermediate Housing Market					
<i>The proportion of younger working households unable to buy at the lower end of the local housing market</i>					
Region and local authority	Working households	Requires HB	Narrow IHM	LD to LQ	Wide IHM
Gwynedd	8,601	16.2	35.5	6.9	58.6
Isle of Anglesey	4,527	7.9	25.3	11.7	44.9
Merthyr Tydfil	5,534	5.8	12.8	4.8	23.5
Monmouthshire	9,614	8.4	33.7	9.1	51.2
Neath Port Talbot	12,024	13.0	18.1	5.7	36.9
Newport	14,211	13.7	29.4	9.2	52.3
Pembrokeshire	9,701	19.7	36.6	7.8	64.1
Powys	11,447	13.2	29.3	15.6	58.2
Rhondda Cynon Taff	23,834	8.2	10.2	6.8	25.2
Swansea	20,577	11.3	23.0	7.2	41.5
Torfaen	7,505	16.6	11.7	7.3	35.6
Vale of Glamorgan	11,199	8.9	27.8	9.1	45.7
Wrexham	9,535	9.1	31.0	8.5	48.6
Wales	271,753	11.0	25.2	8.7	44.9
Great Britain	5,794,247	12.6	28.3	8.1	49.0

Note: See text for definitions of the Intermediate Housing Market, and its sub sectors

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
East Midlands					
Amber Valley	865	26.7	499	57.7	15.4
Ashfield	692	27.6	583	84.2	23.3
Bassetlaw	762	24.4	467	61.3	14.9
Blaby	952	27.5	583	61.2	16.8
Bolsover	697	24.2	517	74.2	17.9
Boston	815	30.0	–	–	–
Broxtowe	838	23.8	732	87.3	20.8
Charnwood	957	31.8	573	59.9	19.0
Chesterfield	801	31.1	549	68.6	21.3
Corby	751	31.3	576	76.7	24.0
Daventry	1,111	30.2	617	55.6	16.8
Derbyshire Dales	1,361	41.2	–	–	–
Derby UA	812	30.1	562	69.2	20.9
East Lindsey	926	42.4	625	67.5	28.6
East Northamptonshire	928	24.8	–	–	–
Erewash	800	24.8	749	93.7	23.3
Gedling	842	26.5	627	74.5	19.7
Harborough	1,137	32.2	–	–	–
High Peak	1,029	35.2	594	57.7	20.3
Hinckley & Bosworth	939	23.9	575	61.2	14.6
Kettering	858	26.2	568	66.2	17.3
Leicester UA	809	32.9	580	71.7	23.6
Lincoln	768	29.9	567	73.9	22.1
Mansfield	654	24.8	–	–	–
Melton	999	31.6	587	58.8	18.6
Newark & Sherwood	837	27.7	–	–	–
North East Derbyshire	893	25.5	530	59.4	15.2
Northampton	905	28.3	612	67.7	19.1
North Kesteven	906	30.4	558	61.6	18.7
North West Leicestershire	871	27.5	560	64.3	17.7
Nottingham UA	677	26.6	726	107.2	28.5
Oadby & Wigston	936	30.9	574	61.3	19.0
Rushcliffe	1,113	29.6	866	77.8	23.1
Rutland UA	1,236	34.3	–	–	–
South Derbyshire	858	23.7	580	67.6	16.0
South Holland	913	30.4	598	65.5	19.9
South Kesteven	944	28.2	619	65.5	18.5
South Northamptonshire	1,217	26.2	673	55.3	14.5
Wellingborough	849	28.5	543	63.9	18.2
West Lindsey	793	27.0	535	67.5	18.2
East Midlands	868	28.5	605	69.7	19.9

Continued

Schedules

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
East of England					
Babergh	1,170	42.2	655	56.0	23.6
Basildon	1,203	32.1	694	57.7	18.5
Bedford	1,075	28.6	810	75.4	21.6
Braintree	1,188	35.3	687	57.8	20.4
Breckland	994	39.2	622	62.6	24.5
Brentwood	1,697	33.9	–	–	–
Broadland	1,132	33.6	665	58.7	19.8
Broxbourne	1,389	43.2	955	68.8	29.7
Cambridge	1,630	46.6	965	59.2	27.6
Castle Point	1,248	33.8	726	58.2	19.7
Colchester	1,131	33.2	708	62.6	20.8
Chelmsford	1,374	36.2	850	61.9	22.4
Dacorum	1,509	38.3	906	60.0	23.0
East Hertfordshire	1,617	42.7	1,111	68.7	29.3
East Cambridgeshire	1,146	30.6	669	58.4	17.8
Epping Forest	1,745	43.7	1,242	71.2	31.1
Fenland	875	28.7			
Forest Heath	1,031	39.1	823	79.9	31.2
Great Yarmouth	873	32.7	640	73.3	24.0
Harlow	1,152	36.6	836	72.5	26.5
Hertsmere	1,712	46.3	1,021	59.6	27.6
Huntingdonshire	1,091	31.8	641	58.8	18.7
Ipswich	930	30.9	629	67.6	20.9
Kings Lynn & West Norfolk	980	36.9	673	68.7	25.3
Luton UA	1,033	36.2	685	66.3	24.0
Maldon	1,307	30.1	720	55.1	16.6
Mid Bedfordshire	1,242	32.3	683	55.0	17.7
Mid Suffolk	1,149	37.2	594	51.7	19.2
North Hertfordshire	1,388	35.7	791	57.0	20.3
North Norfolk	1,142	46.4	647	56.7	26.3
Norwich	1,006	38.8	671	66.7	25.9
Peterborough UA	862	27.4	677	78.6	21.5
Rochford	1,369	37.0	963	70.3	26.0
South Bedfordshire	1,129	28.8	713	63.1	18.2
Southend on Sea UA	1,250	35.0	762	60.9	21.3
South Cambridgeshire	1,374	35.3	837	60.9	21.5
South Norfolk	1,159	37.4	685	59.1	22.1
St Albans	1,980	44.2	1,120	56.6	25.0
St Edmundsbury	1,081	36.3	611	56.5	20.5
Stevenage	1,109	29.9	735	66.3	19.8
Suffolk Coastal	1,223	36.3	607	49.6	18.0

Continued

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Tendring	1,084	32.0	685	63.2	20.2
Three Rivers	1,785	38.5	1,178	66.0	25.4
Thurrock UA	1,138	30.1	1,067	93.7	28.3
Uttlesford	1,550	41.0	814	52.5	21.5
Waveney	917	32.8	512	55.8	18.3
Watford	1,492	40.2	1,034	69.3	27.8
Welwyn Hatfield	1,442	36.7	954	66.2	24.3
East of England	1,247	35.8	791	63.4	22.7
London					
Barking & Dagenham	1,222	32.6	823	67.4	21.9
Barnet	2,021	44.3	1,235	61.1	27.1
Bexley	1,314	29.4	828	63.0	18.5
Brent	1,909	54.6	1,337	70.1	38.2
Bromley	1,676	34.0	1,082	64.6	21.9
Camden	3,528	64.5	2,352	66.7	43.0
City of London	5,427	79.9	2,929	54.0	43.1
Croydon	1,479	39.2	975	65.9	25.8
Ealing	1,910	44.2	1,455	76.2	33.7
Enfield	1,565	42.3	1,061	67.8	28.7
Greenwich	1,487	35.5	1,156	77.7	27.6
Hackney	2,056	50.9	1,503	73.1	37.2
Hammersmith & Fulham	3,057	56.4	2,000	65.4	36.9
Haringey	1,927	47.1	1,347	69.9	32.9
Harrow	1,795	38.0	1,185	66.0	25.1
Havering	1,404	31.1	828	59.0	18.3
Hillingdon	1,623	38.1	1,157	71.3	27.2
Hounslow	1,762	42.5	1,434	81.4	34.6
Islington	2,882	59.5	1,993	69.1	41.1
Kensington & Chelsea	6,651	91.5	4,341	65.3	59.7
Kingston upon Thames	1,949	38.9	1,313	67.4	26.2
Lambeth	2,004	44.3	1,361	67.9	30.1
Lewisham	1,542	39.4	1,057	68.5	27.0
Merton	1,910	40.0	1,470	77.0	30.8
Newham	1,465	42.2	1,097	74.9	31.6
Redbridge	1,643	37.3	1,144	69.6	26.0
Richmond upon Thames	2,573	42.9	1,882	73.1	31.4
Southwark	2,049	46.8	1,395	68.1	31.9
Sutton	1,550	34.8	1,034	66.7	23.2
Tower Hamlets	2,132	42.6	1,645	77.1	32.8
Waltham Forest	1,570	45.3	980	62.4	28.3
Wandsworth	2,567	43.1	1,659	64.6	27.9

Continued

Schedules

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Westminster	4,454	70.9	3,613	81.1	57.5
London	2,140	46.4	1,484	69.4	32.2
North East					
Alnwick	1,037	44.8	493	47.6	21.3
Berwick upon Tweed	983	37.7	–	–	–
Blyth Valley	742	27.8	525	70.7	19.7
Castle Morpeth	1,092	34.4	642	58.8	20.2
Chester le Street	741	20.8	505	68.2	14.2
Darlington UA	759	25.5	439	57.8	14.8
Derwentside	663	26.8	519	78.3	21.0
Durham	789	29.6	612	77.6	22.9
Easington	593	21.8	670	113.0	24.6
Gateshead	809	28.5	561	69.3	19.8
Hartlepool UA	645	19.7	–	–	–
Middlesborough UA	676	28.6	554	82.0	23.4
Newcastle upon Tyne	896	31.7	662	73.8	23.4
North Tyneside	852	28.7	571	67.0	19.3
Redcar & Cleveland UA	747	27.1	519	69.5	18.9
Sedgefield	632	19.6	421	66.6	13.1
Stockton on Tees UA	754	28.1	956	126.9	35.7
Sunderland	734	25.9	676	92.1	23.9
South Tyneside	773	28.1	495	64.0	18.0
Teesdale	945	30.3	422	44.6	13.5
Tynedale	1,122	33.1	535	47.7	15.8
Wansbeck	648	19.6	435	67.1	13.1
Wear Valley	673	27.8	448	66.6	18.5
North East	776	27.4	593	76.5	20.9
North West					
Allerdale	759	31.5	–	–	–
Barrow in Furness	679	29.2	–	–	–
Blackburn UA	711	31.5	551	77.5	24.5
Blackpool UA	758	34.6	582	76.7	26.5
Bolton	766	26.4	608	79.4	20.9
Burnley	634	25.0	498	78.5	19.6
Bury	817	24.4	572	70.0	17.1
Carlisle	762	33.4	–	–	–
Chester	1,140	30.5	747	65.5	20.0
Chorley	907	29.9	567	62.5	18.7
Congleton	1,020	29.7	591	58.0	17.2
Copeland	680	19.1	–	–	–

Continued

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Crewe & Nantwich	889	31.3	594	66.8	20.9
Eden	1,152	47.3	–	–	–
Ellesmere Port & Neston	881	31.9	625	70.9	22.6
Fylde	1,065	29.3	602	56.5	16.5
Halton UA	740	27.1	514	69.4	18.8
Hyndburn	700	27.6	–	–	–
Knowsley	727	27.6	561	77.1	21.3
Lancaster	894	31.7	585	65.4	20.7
Liverpool	766	31.4	596	77.8	24.4
Macclesfield	1,347	35.8	769	57.1	20.4
Manchester	875	34.2	699	79.9	27.3
Oldham	776	27.8	524	67.5	18.8
Pendle	689	26.3	433	62.9	16.5
Preston	796	34.5	563	70.7	24.4
Ribble Valley	1,169	30.8	592	50.6	15.6
Rochdale	737	25.3	500	67.8	17.1
Rossendale	770	24.2	495	64.2	15.5
Salford	797	27.8	653	81.9	22.8
Sefton	915	34.4	668	73.0	25.2
South Lakeland	1,290	46.4	512	39.7	18.4
South Ribble	916	29.7	563	61.5	18.3
St Helens	767	26.9	536	69.9	18.8
Stockport	1,034	30.8	640	61.9	19.1
Tameside	799	28.7	520	65.0	18.7
Trafford	1,201	34.8	715	59.5	20.7
Vale Royal	971	27.9	648	66.7	18.6
Warrington UA	940	28.5	640	68.1	19.4
West Lancashire	859	23.9	624	72.6	17.4
Wigan	739	24.2	516	69.8	16.9
Wirral	873	30.4	576	66.0	20.1
Wyre	959	36.7	613	63.9	23.5
North West	864	29.9	596	69.0	20.6
South East					
Adur	1,402	51.8	933	66.6	34.5
Arun	1,362	40.9	810	59.5	24.3
Ashford	1,199	32.0	696	58.0	18.6
Aylesbury Vale	1,372	31.9	792	57.7	18.4
Chichester	1,609	47.2	880	54.7	25.8
Crawley	1,261	36.4	–	–	–
Basingstoke & Deane	1,319	35.0	1,105	83.8	29.3
Brighton & Hove UA	1,712	48.5	1,160	67.8	32.9

Continued

Schedules

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Canterbury	1,244	42.7	757	60.9	26.0
Cherwell	1,283	33.4	766	59.7	19.9
Chiltern	1,919	38.9	1,073	55.9	21.7
Dartford	1,270	31.2	813	64.0	19.9
Dover	1,055	35.8	732	69.4	24.8
Eastbourne	1,198	40.8	756	63.1	25.7
East Hampshire	1,559	39.5	883	56.6	22.4
Eastleigh	1,268	33.3	738	58.2	19.4
Elmbridge	2,100	34.7	1,608	76.6	26.5
Epsom & Ewell	1,819	35.4	1,058	58.2	20.6
Gosport	975	31.9	656	67.3	21.5
Gravesham	1,201	39.6	763	63.5	25.1
Guildford	1,865	45.3	1,193	64.0	29.0
Fareham	1,249	30.3	744	59.6	18.1
Hastings	1,015	39.4	613	60.4	23.8
Havant	1,169	35.0	768	65.7	23.0
Hart	1,575	34.7	919	58.4	20.2
Horsham	1,663	37.2	918	55.2	20.5
Isle of Wight UA	1,172	38.9	–	–	–
Lewes	1,495	40.0	844	56.4	22.6
Maidstone	1,269	35.0	816	64.3	22.5
Medway Towns UA	1,005	31.2	723	71.9	22.4
Mole Valley	2,029	50.1	1,115	55.0	27.6
Mid Sussex	1,530	42.7	930	60.8	26.0
Milton Keynes UA	1,053	26.9	822	78.0	21.0
New Forest	1,513	44.6	853	56.4	25.1
Oxford	1,667	48.7	1,083	65.0	31.6
Portsmouth UA	1,035	33.9	844	81.6	27.7
Reading UA	1,358	34.5	980	72.2	24.9
Reigate & Banstead	1,688	42.3	956	56.6	24.0
Rother	1,413	33.9	751	53.1	18.0
Runnymede	1,781	41.9	1,454	81.7	34.2
Rushmoor	1,286	32.9	873	67.9	22.3
Sevenoaks	1,596	35.0	1,244	78.0	27.3
Shepway	1,142	35.1	674	59.0	20.7
Slough UA	1,333	43.4	907	68.0	29.5
South Buckinghamshire	1,964	45.5	1,246	63.4	28.8
Southampton UA	1,088	34.9	774	71.1	24.8
South Oxfordshire	1,689	37.9	1,146	67.8	25.7
Spelthorne	1,631	42.4	1,039	63.7	27.0
Surrey Heath	1,599	32.8	1,090	68.2	22.3
Swale	1,050	29.9	761	72.5	21.7

Continued

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Tandridge	1,700	37.0	1,011	59.5	22.0
Test Valley	1,334	37.4	803	60.2	22.5
Thanet	1,077	40.4	656	60.9	24.6
Tonbridge & Malling	1,390	35.6	969	69.7	24.8
Tunbridge Wells	1,542	31.0	1,005	65.2	20.2
Vale of White Horse	1,448	34.2	873	60.3	20.6
Waverley	1,906	45.8	1,247	65.4	29.9
Wealden	1,473	35.7	858	58.3	20.8
West Berkshire UA	1,453	34.7	1,098	75.6	26.3
West Oxfordshire	1,466	37.4	808	55.1	20.6
Winchester	1,642	38.0	973	59.3	22.5
Windsor & Maidenhead UA	2,001	40.0	1,433	71.6	28.6
Woking	1,659	40.1	1,043	62.9	25.2
Wokingham UA	1,632	35.3	1,034	63.4	22.4
Worthing	1,335	42.9	814	61.0	26.2
Wycombe	1,588	38.1	961	60.5	23.1
South East	1,411	37.2	896	63.5	23.6
South West					
Bath & North East Somerset UA	1,488	47.6	963	64.7	30.8
Bournemouth UA	1,374	49.2	880	64.0	31.5
Bristol UA	1,216	39.3	795	65.4	25.7
Caradon	1,181	44.9	604	51.1	23.0
Carrick	1,381	54.7	773	56.0	30.6
Cheltenham	1,301	39.6	851	65.4	25.9
Christchurch	1,610	56.9	–	–	–
Cotswold	1,620	51.2	826	51.0	26.1
East Devon	1,375	51.0	722	52.5	26.7
East Dorset	1,633	50.2	913	55.9	28.1
Exeter	1,144	38.9	–	–	–
Forest of Dean	1,156	35.0	623	53.9	18.9
Gloucester	950	32.3	726	76.4	24.7
Kennet	1,359	35.8	887	65.3	23.4
Kerrier	1,169	46.6	–	–	–
Mendip	1,182	38.8	–	–	–
Mid Devon	1,153	37.9	649	56.3	21.3
North Cornwall	1,319	52.9	643	48.7	25.8
North Devon	1,265	50.3	590	46.7	23.5
North Dorset	1,281	48.1	–	–	–
North Somerset UA	1,155	32.2	678	58.7	18.9
North Wiltshire	1,217	32.9	786	64.6	21.3
Penwith	1,349	63.6	–	0.0	0.0

Continued

Schedules

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Plymouth UA	962	36.6	630	65.5	24.0
Poole UA	1,440	50.0	846	58.7	29.4
Purbeck	1,442	41.8	799	55.4	23.2
Restormel	1,156	45.1	626	54.2	24.5
Salisbury	1,356	43.2	718	52.9	22.9
Sedgemoor	1,016	35.8	601	59.2	21.2
South Gloucestershire UA	1,199	37.9	698	58.2	22.1
South Hams	1,577	48.9	–	–	–
South Somerset	1,118	36.1	602	53.9	19.5
Stroud	1,278	45.3	700	54.8	24.8
Swindon UA	982	28.4	656	66.8	19.0
Taunton Deane	1,129	37.1	664	58.8	21.8
Teignbridge	1,238	47.9	690	55.7	26.7
Tewkesbury	1,210	39.6	709	58.6	23.2
Torbay UA	1,110	43.1	683	61.5	26.5
Torridge	1,151	49.4	565	49.1	24.3
West Devon	1,281	45.4	583	45.5	20.7
West Dorset	1,402	46.5	711	50.7	23.6
West Somerset	1,276	37.4	684	53.6	20.0
West Wiltshire	1,075	38.1	850	79.1	30.2
Weymouth & Portland	1,264	52.2	717	56.7	29.6
South West	1,223	40.8	734	60.0	24.5
West Midlands					
Birmingham	878	31.1	705	80.3	25.0
Bridgnorth	1,253	38.0	–	–	–
Bromsgrove	1,161	30.7	653	56.3	17.3
Cannock Chase	842	28.5	–	–	–
Coventry	829	30.7	585	70.6	21.7
Dudley	861	28.2	538	62.5	17.6
East Staffordshire	845	29.6	559	66.2	19.6
Herefordshire UA	1,181	37.2	625	52.9	19.7
Lichfield	1,071	32.1	654	61.0	19.6
Malvern Hills	1,344	40.6	684	50.9	20.7
Newcastle under Lyme	793	23.2	716	90.3	20.9
North Shropshire	1,035	30.7	558	53.9	16.5
North Warwickshire	981	33.3	597	60.9	20.3
Nuneaton & Bedworth	799	25.6	584	73.1	18.7
Oswestry	942	29.2	–	–	–
Redditch	899	32.9	593	65.9	21.7
Rugby	978	29.1	591	60.4	17.6
Sandwell	783	29.6	939	119.9	35.5

Continued

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Shrewsbury & Atcham	1,073	33.9	–	–	–
Solihull	1,133	31.3	641	56.6	17.7
South Shropshire	1,307	45.3	505	38.6	17.5
Stafford	973	25.4	571	58.7	14.9
Staffordshire Moorlands	919	32.1	512	55.7	17.9
Stoke on Trent UA	646	24.0	478	74.0	17.8
Stratford on Avon	1,373	34.2	719	52.4	17.9
Tamworth	857	26.9	593	69.2	18.6
Telford & the Wrekin UA	826	25.2	519	62.9	15.9
Walsall	825	28.0	855	103.7	29.0
Warwick	1,280	33.0	713	55.7	18.4
Wolverhampton	786	27.6	573	72.9	20.1
Worcester	1,046	31.7	753	72.0	22.8
Wychavon	1,194	34.7	766	64.2	22.3
Wyre Forest	962	28.1	660	68.6	19.3
West Midlands	928	30.1	654	70.5	21.2
Yorkshire & Humber					
Barnsley	708	26.4	487	68.8	18.2
Bradford	812	32.9	531	65.4	21.5
Calderdale	818	30.8	556	68.0	20.9
Craven	1,137	37.9	861	75.7	28.7
Doncaster	707	25.5	538	76.1	19.4
East Riding of Yorkshire UA	918	29.0	550	59.9	17.4
Hambleton	1,188	41.3	676	56.9	23.5
Harrogate	1,322	42.1	807	61.1	25.7
Kingston upon Hull UA	618	27.9	552	89.4	24.9
Kirklees	822	29.0	518	63.0	18.3
Leeds	931	30.4	619	66.5	20.2
North East Lincolnshire UA	676	25.6	400	59.1	15.2
North Lincolnshire UA	741	27.7	–	–	–
Richmondshire	1,207	48.7	544	45.1	21.9
Rotherham	734	28.6	518	70.6	20.2
Ryedale	1,207	62.6	562	46.6	29.1
Scarborough	986	37.3	520	52.7	19.7
Selby	1,022	30.9	565	55.3	17.1
Sheffield	844	30.3	572	67.8	20.6
Wakefield	791	29.2	555	70.1	20.5
York UA	1,165	37.0	677	58.1	21.5
Yorkshire & Humber	858	30.8	568	66.2	20.4
England	1,245	36.5	844	67.8	24.7

Continued

Schedules

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Scotland					
Aberdeen City	1,065	36.6	941	88.3	32.3
Aberdeenshire	932	27.8	717	76.9	21.4
Angus	772	28.3	–	–	–
Argyll & Bute	928	39.6	543	58.5	23.2
City of Edinburgh	1,293	39.1	816	63.1	24.7
Clackmannanshire	681	24.6	521	76.5	18.8
Dumfries & Galloway	770	29.3	–	–	–
Dundee City	734	29.0	561	76.5	22.1
East Ayrshire	665	21.6	610	91.7	19.8
East Dunbartonshire	1,045	33.2	662	63.4	21.0
East Lothian	1,047	35.3	627	59.9	21.1
East Renfrewshire	1,136	30.1	624	55.0	16.5
Falkirk	694	23.3	521	75.1	17.5
Fife	735	25.3	530	72.1	18.2
Glasgow City	887	32.0	645	72.7	23.2
Highland	827	30.5	671	81.2	24.8
Inverclyde	788	31.2	561	71.2	22.2
Midlothian	926	31.5	589	63.6	20.1
Moray	833	31.3	–	–	–
North Ayrshire	681	25.8	560	82.3	21.2
North Lanarkshire	635	22.2	484	76.2	16.9
Orkney Islands	692	24.0	–	–	–
Perth & Kinross	880	32.5	579	65.8	21.4
Renfrewshire	805	26.9	529	65.7	17.7
The Scottish Borders	856	31.0	549	64.1	19.9
Shetland Islands	637	19.5	–	–	–
South Ayrshire	850	31.5	580	68.2	21.5
South Lanarkshire	742	22.8	570	76.8	17.5
Stirling	911	29.3	666	73.1	21.5
West Dunbartonshire	710	23.6	520	73.3	17.3
West Lothian	749	24.9	574	76.7	19.1
Western Isles	584	31.8	–	–	–
Scotland	874	29.6	634	72.6	21.5
Wales					
Blaenau Gwent	598	24.7	412	68.9	17.0
Bridgend	744	29.5	–	–	–
Caerphilly	733	26.0	513	70.0	18.2
Cardiff	1,031	34.9	672	65.2	22.8
Carmarthenshire	835	32.3	497	59.5	19.2
Ceredigion	1,085	48.6	–	–	–
Conwy	959	34.0	576	60.0	20.4

Continued

Schedule 3 – Monthly mortgage costs and rents as a percentage of average monthly household earned incomes 2007					
Region and local authority	Monthly mortgage costs (£)	Mortgage costs as a % of earnings	Monthly rents (£)	Rents as a % of mortgages	Rents as a % of earnings
Denbighshire	876	39.0	534	61.0	23.8
Flintshire	899	32.7	624	69.4	22.7
Gwynedd	978	44.8	–	–	–
Isle of Anglesey	942	31.8	634	67.3	21.4
Merthyr Tydfil	612	21.0	431	70.4	14.8
Monmouthshire	1,155	35.1	621	53.8	18.9
Neath Port Talbot	677	26.6	479	70.8	18.8
Newport	858	33.8	557	64.9	21.9
Pembrokeshire	1,017	42.8	–	–	–
Powys	1,002	42.4	537	53.6	22.7
Rhondda Cynon Taff	640	23.8	553	86.4	20.6
Swansea	819	31.0	581	70.9	22.0
The Vale of Glamorgan	991	35.1	741	74.7	26.2
Torfaen	792	26.9	529	66.8	18.0
Wrexham	883	32.2	515	58.3	18.8
Wales	864	32.3	570	65.9	21.3
Great Britain	1,194	35.7	814	68.2	24.4

Notes

Hometrack is the UK's leading housing intelligence business

We have a proven track record of working with clients to deliver innovative, on-line products which provide unique information to inform enhanced decision making and improved risk analysis across a range of markets. Our success is based on strong business insight, market leading technology and unique data.

We have two principal business areas:

Lending Solutions

Hometrack is the market leading provider of automated valuations of residential property and risk based analytics to the financial services industry.

Hometrack's Automated Valuation Model is used by lenders to inform individual lending decisions as well as having major applications in the securitisation and capital market arenas.

Hometrack also deliver leading edge risk modelling and stress testing of mortgage portfolios for Basel and capital adequacy purposes.

Housing Intelligence

The residential sector is the UK's largest asset class yet in terms of analysis and information to help inform decisions it is far from transparent. The Housing Intelligence team are at the forefront of developing on-line systems and reporting products that deliver vital market intelligence for use in a range of markets.

Hometrack's market leading Housing Intelligence System is being used by local and regional government to inform policy and strategy in the housing and planning areas. Developers and investors are using the information and analysis in the system for demand modelling, scheme appraisals, planning negotiations and strategy development.

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