

Trends in the United Kingdom Housing Market, 2014

Author Name(s): **David Beckett, ONS**

Abstract

This article brings together published data on the United Kingdom housing market to provide analysis and commentary regarding recent trends.

Acknowledgements

1. The author would like to acknowledge the valuable contributions to the completion of this article from the Welsh Government, the Scottish Government, Department for Communities and Local Government, Land & Property Services Northern Ireland and the Valuation Office Agency.

Trends in the UK Housing Market

In 2012, the National Statistician published a [Review of Housing Market Statistics](#)¹ in response to concern over whether policy makers and the public were getting the right information on the housing market at the right time to make informed decisions. A key recommendation arising from the report was that there should be an at least annual article of key trends in the United Kingdom (UK) housing market which contains analysis of current housing market statistics. Subsequent to the publication of the review, the National Statistician's Review of Housing Market Statistics Implementation Task Group was set up to examine the recommendations stemming from the review. The Task Group consists of representatives from agencies including the Office for National Statistics (ONS); Department for Communities and Local Government (DCLG); Valuation Office Agency; National Statistician's Office; Scottish Government; Welsh Government and Land & Property Services, Northern Ireland.

The Task Group took responsibility for delivering this report in order to provide greater clarity and understanding of the key trends in UK housing market statistics along with contextual data across England, Scotland, Wales and Northern Ireland. It was not practical to include all housing market statistics in this inaugural publication and the report makes use of the strong coherence of official housing market statistics measures in the UK by using only the most directly comparable statistics available. The statistics that were included aid in improving accessibility for all users by drawing out

key trends, and showing how these statistics relate to each other. Future publications should build on this report in order to continue to meet user needs.

Notes

1. <http://www.statisticsauthority.gov.uk/national-statistician/ns-reports--reviews-and-guidance/national-statistician-s-reviews/national-statistician-s-review-of-official-housing-market-statistics.pdf>

The Housing Market

In the UK, the housing market is a large part of the economy, comprising of 27.8 million residential properties¹. Demand for mortgages has built up a large market of lenders and as of the first quarter of 2014, the total value of outstanding mortgages is estimated at £1,281 billion by the ONS UK Economic Accounts². Buying a house is the largest investment many people will make in their lifetime, and this is reflected by the fact that in 2012 the average mortgage was over 3 times the size of buyers' income³. As the housing market is linked to income, wealth and availability of lending, it is very sensitive to the overall economic climate. The financial crisis in 2008 had a significant effect on the housing market, with house prices falling in the UK as a whole around 15% from January 2008 to March 2009. In addition to this, the number of property sales in the UK almost halved from a peak of 1.67 million in 2006 to 0.86 million in 2009⁴. Since then, the number of sales has recovered somewhat and has reached 1.07 million in 2013⁵.

Given the importance of the housing market to the economy, accurately assessing how well it is performing is vital. There are a wide range of housing market indicators and this article builds on some of the official statistics available. For example, data from across the UK are analysed to show how the dwelling stock in each country has changed over the past ten years. House completions are also studied and combined with ONS census data to calculate per capita growth rates. Finally, house prices and rental prices across the UK are compared and an analysis on trends in affordability is carried out.

It should be noted that a number of house price indices exist which all have methodological differences, and these differences have caused some confusion and issues with comparability. This article focuses on official statistics such as the House Price Index produced by ONS, though there are a number of non-official statistics published by private sector organisations. A helpful source to compare both official and non-official house price indices statistics is [Annex C](#) of the National Statistician's Review of Housing Market Statistics.

Notes

1. DCLG Tables 104, 107, 108 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants> and <https://stats.wales.gov.uk/Catalogue/Housing/Dwelling-Stock-Estimates/DwellingStockEstimates-by-Year-Tenure>
2. A55 Balance sheet <http://www.ons.gov.uk/ons/rel/naa1-rd/united-kingdom-economic-accounts/q1-2014/bod-ukea-2014q1.pdf>
3. Table 30, ONS HPI April 2014 <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/april-2014/rft-annual-april-2014.xls>
4. http://www.ons.gov.uk/ons/dcp171778_370494.pdf
5. HMRC Table 2 <https://www.gov.uk/government/publications/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above>

Housing Tenure in the United Kingdom and Across the Nations

Housing tenure in the UK has seen great change over recent years. Table 1 details tenure type totals by year and shows that between financial year 2001/02 and financial year 2011/12 there was an increase of 8.3% in the total dwelling stock. Within this figure, some tenures saw greater increases than others. For example, privately rented stock almost doubled meaning from 2005 for the first time since the 1960's, there was more private rented housing than local authority housing. Housing association stock also saw a large increase of around 60% which meant that from financial year 2007/08 there was more housing association stock than local authority stock.

Table 1: UK dwelling stock by tenure, financial years 2001/02 to 2011/12

Number of dwellings

| Financial Year | Local Authority | Housing Association | Owner Occupied | Privately Rented | Other Public Sector | Total |
|----------------|-----------------|---------------------|----------------|------------------|---------------------|------------|
| 2001-02 | 3,539,957 | 1,711,687 | 17,760,974 | 2,511,539 | 112,000 | 25,636,157 |
| 2002-03 | 3,161,626 | 1,967,165 | 17,713,964 | 2,888,356 | 104,000 | 25,835,111 |
| 2003-04 | 2,983,740 | 2,039,498 | 17,980,226 | 2,954,746 | 83,000 | 26,041,210 |
| 2004-05 | 2,797,955 | 2,140,091 | 18,130,626 | 3,121,406 | 82,000 | 26,272,078 |
| 2005-06 | 2,702,280 | 2,204,665 | 18,116,964 | 3,409,655 | 82,000 | 26,515,564 |
| 2006-07 | 2,582,815 | 2,302,632 | 18,179,796 | 3,632,029 | 75,000 | 26,772,272 |
| 2007-08 | 2,426,945 | 2,440,397 | 18,183,902 | 3,920,037 | 74,000 | 27,045,281 |
| 2008-09 | 2,354,997 | 2,530,930 | 18,063,563 | 4,244,320 | 74,000 | 27,267,810 |
| 2009-10 | 2,315,575 | 2,591,452 | 17,982,974 | 4,492,184 | 66,000 | 27,448,185 |
| 2010-11 | 2,229,723 | 2,693,594 | 17,899,245 | 4,727,252 | 63,000 | 27,612,814 |
| 2011-12 | 2,189,392 | 2,746,688 | 17,791,504 | 4,963,534 | 75,000 | 27,766,118 |

Table notes:

1. Source: DCLG Tables 104, 107, 108 & Stats Wales
2. Data based on financial year
3. Totals may differ slightly due to rounding

Download table

XLS [XLS format](#)
(27.5 Kb)

The reasons behind these changes are numerous, and vary across countries. Housing policy is a devolved matter, controlled by the constituent nations of the UK, therefore a closer look at the trends and policies in each country is required to better understand the trends of the UK as a whole.

England

The makeup of England's housing sector changed dramatically between financial year 2000/01 and financial year 2011/12, as can be seen from the figures in Table 2. The overall number of dwellings has seen growth of 9% over this period, rising from 21.2 million in financial year 2000/01 to 23.1 million in financial year 2011/12.

Table 2: England dwelling stock by tenure, financial years 2000/01 to 2011/12

Number of dwellings

| Financial Year | Local Authority | Private Registered Providers | Owner Occupied | Privately Rented | Other Public Sector | Total |
|----------------|-----------------|------------------------------|----------------|------------------|---------------------|------------|
| 2000-01 | 2,812,000 | 1,424,000 | 14,735,000 | 2,133,000 | 103,000 | 21,207,000 |
| 2001-02 | 2,706,000 | 1,492,000 | 14,846,000 | 2,197,000 | 112,000 | 21,354,000 |
| 2002-03 | 2,457,000 | 1,651,000 | 14,752,000 | 2,549,000 | 104,000 | 21,513,000 |
| 2003-04 | 2,335,000 | 1,702,000 | 14,986,000 | 2,578,000 | 83,000 | 21,684,000 |
| 2004-05 | 2,166,000 | 1,802,000 | 15,100,000 | 2,720,000 | 82,000 | 21,870,000 |
| 2005-06 | 2,087,000 | 1,865,000 | 15,052,000 | 2,987,000 | 82,000 | 22,073,000 |
| 2006-07 | 1,987,000 | 1,951,000 | 15,093,000 | 3,182,000 | 75,000 | 22,288,000 |
| 2007-08 | 1,870,000 | 2,056,000 | 15,067,000 | 3,443,000 | 74,000 | 22,510,000 |
| 2008-09 | 1,820,000 | 2,128,000 | 14,968,000 | 3,705,000 | 74,000 | 22,694,000 |
| 2009-10 | 1,786,000 | 2,180,000 | 14,895,000 | 3,912,000 | 66,000 | 22,839,000 |
| 2010-11 | 1,726,000 | 2,255,000 | 14,827,000 | 4,105,000 | 63,000 | 22,976,000 |
| 2011-12 | 1,689,000 | 2,304,000 | 14,757,000 | 4,286,000 | 75,000 | 23,111,000 |

Table notes:

1. Source: DCLG Live Table 104
2. Data based on financial year
3. Totals may differ slightly due to rounding

Download table
[XLS](#) [XLS format](#)

(27 Kb)

Figure 1 shows the breakdown of housing tenure proportions in England. The proportion of privately rented dwelling stock is higher in England than in any other country and has been from at least financial year 2000/01 where this type of tenure made up 10% of overall dwelling stock to financial year 2011/12 where it represented 18.6% of dwelling stock. At 4.29 million units, this is the highest recorded level of private rented units since 1961.

Figure 1: Housing stock by tenure in England, financial years 2000/01 to 2011/12

Thousands of dwellings

**Notes:**

1. Source: DCLG Live Table 104
2. Data based on financial year

Download chart

[XLS](#) [XLS format](#)
(28.5 Kb)

The significant growth in private rental stock was mirrored by a decrease in local authority housing stock from 2.8 million to 1.7 million over the same time period, meaning that in financial year 2011/12 local authority housing accounted for just 7.3% of housing stock. Much of this decrease can be attributed to large scale housing stock transfer, while the remainder of the decrease has been due to lower local authority building rates and the introduction of right to buy. It should also be noted that the decline in local authority stock has been offset by the increase in housing association dwellings which provide a similar type of social housing.

In recent years, the UK Government has pursued a number of high profile housing policies including the [Local Infrastructure Fund](#) and the [Get Britain Building](#) investment fund which both aim to boost the house building rate. The [Help to Buy](#) scheme has also proved popular and aids first time buyers onto the property ladder, while allowing some who already own homes to buy a more expensive property.

Scotland

Since financial year 2000/01, the makeup of Scotland's housing sector has also changed markedly, as can be seen from the figures in Table 3. The overall number of dwellings has seen growth of 8.5% over this period, rising from around 2.31 million in financial year 2000/01 to around 2.51 million in financial year 2011/12.

Table 3: Scotland dwelling stock by tenure, financial years 2000/01 to 2011/12

Number of dwellings

| Financial Year | Local Authority | Housing Association | Owner Occupied | Privately Rented | Total |
|----------------|-----------------|---------------------|----------------|------------------|-----------|
| 2000-01 | 553,000 | 139,000 | 1,439,000 | 181,000 | 2,312,000 |
| 2001-02 | 531,000 | 143,000 | 1,477,000 | 179,000 | 2,329,000 |
| 2002-03 | 416,000 | 238,000 | 1,505,000 | 188,000 | 2,347,000 |
| 2003-04 | 389,000 | 251,000 | 1,513,000 | 213,000 | 2,367,000 |
| 2004-05 | 374,000 | 251,000 | 1,536,000 | 225,000 | 2,387,000 |
| 2005-06 | 362,000 | 251,000 | 1,559,000 | 234,000 | 2,406,000 |
| 2006-07 | 346,000 | 261,000 | 1,562,000 | 259,000 | 2,428,000 |
| 2007-08 | 330,000 | 269,000 | 1,592,000 | 259,000 | 2,451,000 |
| 2008-09 | 326,000 | 268,000 | 1,590,000 | 285,000 | 2,469,000 |
| 2009-10 | 323,000 | 272,000 | 1,584,000 | 303,000 | 2,482,000 |
| 2010-11 | 320,000 | 275,000 | 1,580,000 | 320,000 | 2,495,000 |
| 2011-12 | 319,000 | 277,000 | 1,545,000 | 366,000 | 2,508,000 |

Table notes:

1. Source: DCLG Live Table 107
2. Data based on financial year
3. Totals may differ slightly due to rounding

Download table

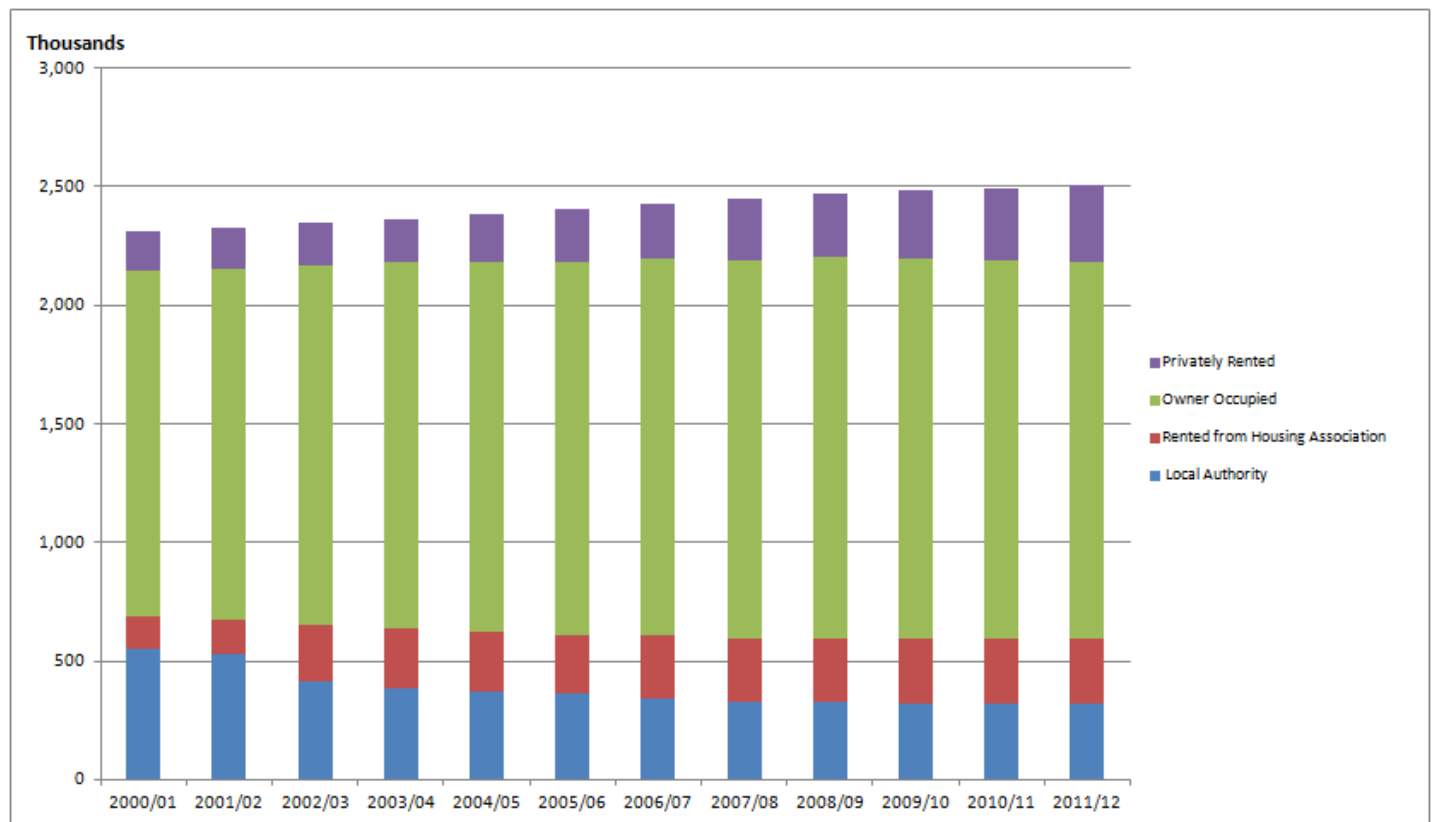
[XLS](#) [XLS format](#)

(27 Kb)

Figure 2 shows the breakdown of housing tenure proportions in Scotland. The proportion of local authority housing is higher in Scotland than any other country and has been from at least financial year 2000/01 where this type of tenure made up 23.9% of overall dwelling stock to financial year 2011/12 where it represented 12.7% of total stock. This represents a decrease from 553,000 to 319,000, down from a high of 1.07 million in 1980.

Figure 2: Housing stock by tenure in Scotland, financial years 2000/01 to 2011/12

Thousands of dwellings

**Notes:**

1. Source: DCLG Live Table 107
2. Data based on financial year

Download chart
[XLS](#) [XLS format](#)

(28 Kb)

Much of the decrease between 2000/01 and 2011/12 can be attributed to housing stock transfers, which saw many thousands of dwellings being transferred from local authority control to housing associations. In 2003, Glasgow, Dumfries & Galloway and Scottish Borders transferred their stock, followed in 2006 by Argyll & Bute and Comhairle nan Eilean Siar, and Inverclyde in 2007.

The remainder of the decrease has been due to right to buy sales and a reduction in the number of local authority new build completions. However, in recent years the number of local authority new build completions has increased.

Finally, between financial year 2000/01 and financial year 2011/12, private rented dwellings increased by 89% to reach 322,000, a figure not seen since 1969.

In recent years signature policies from the Scottish Government have been developed such as the abolition of right to buy for tenants of local authorities and Registered Social Landlords, the [National](#)

[Housing Trust](#) initiative and the right of all those assessed as unintentionally homeless by local authorities to settled accommodation. The Scottish Government's approach is set out in its strategy and action plan to 2020, '[Homes Fit for the 21st Century](#)'.

Wales

The change in Wales' housing sector is no less dramatic than in England and Scotland, as shown in Table 4. The overall number of dwellings has seen a similar increase in growth of 9.0% over this period, rising from around 1.27 million in financial year 2000/01 to around 1.39 million in financial year 2011/12.

Table 4: Wales dwelling stock by tenure, financial years 2000/01 to 2011/12

Number of dwellings

| Financial Year | Local Authority | Registered Social Landlord | Owner Occupied | Privately Rented | Total |
|----------------|-----------------|----------------------------|----------------|------------------|-----------|
| 2000-01 | 187,855 | 54,999 | 941,201 | 90,445 | 1,274,500 |
| 2001-02 | 182,957 | 56,687 | 956,974 | 88,539 | 1,285,157 |
| 2002-03 | 175,626 | 57,165 | 965,964 | 97,356 | 1,296,111 |
| 2003-04 | 159,740 | 64,498 | 980,226 | 102,746 | 1,307,210 |
| 2004-05 | 155,955 | 65,091 | 989,626 | 108,406 | 1,319,078 |
| 2005-06 | 154,280 | 65,665 | 997,964 | 112,655 | 1,330,564 |
| 2006-07 | 152,815 | 66,632 | 1,001,796 | 122,029 | 1,343,272 |
| 2007-08 | 129,945 | 89,397 | 1,000,902 | 135,037 | 1,355,281 |
| 2008-09 | 112,997 | 106,930 | 988,563 | 157,320 | 1,365,810 |
| 2009-10 | 110,575 | 110,452 | 982,974 | 171,184 | 1,375,185 |
| 2010-11 | 88,723 | 133,594 | 980,245 | 181,252 | 1,383,814 |
| 2011-12 | 88,392 | 134,688 | 975,504 | 190,534 | 1,389,118 |

Table notes:

1. Source: StatsWales
2. Data based on financial year
3. Totals may differ slightly due to rounding

Download table

[XLS](#) [XLS format](#)

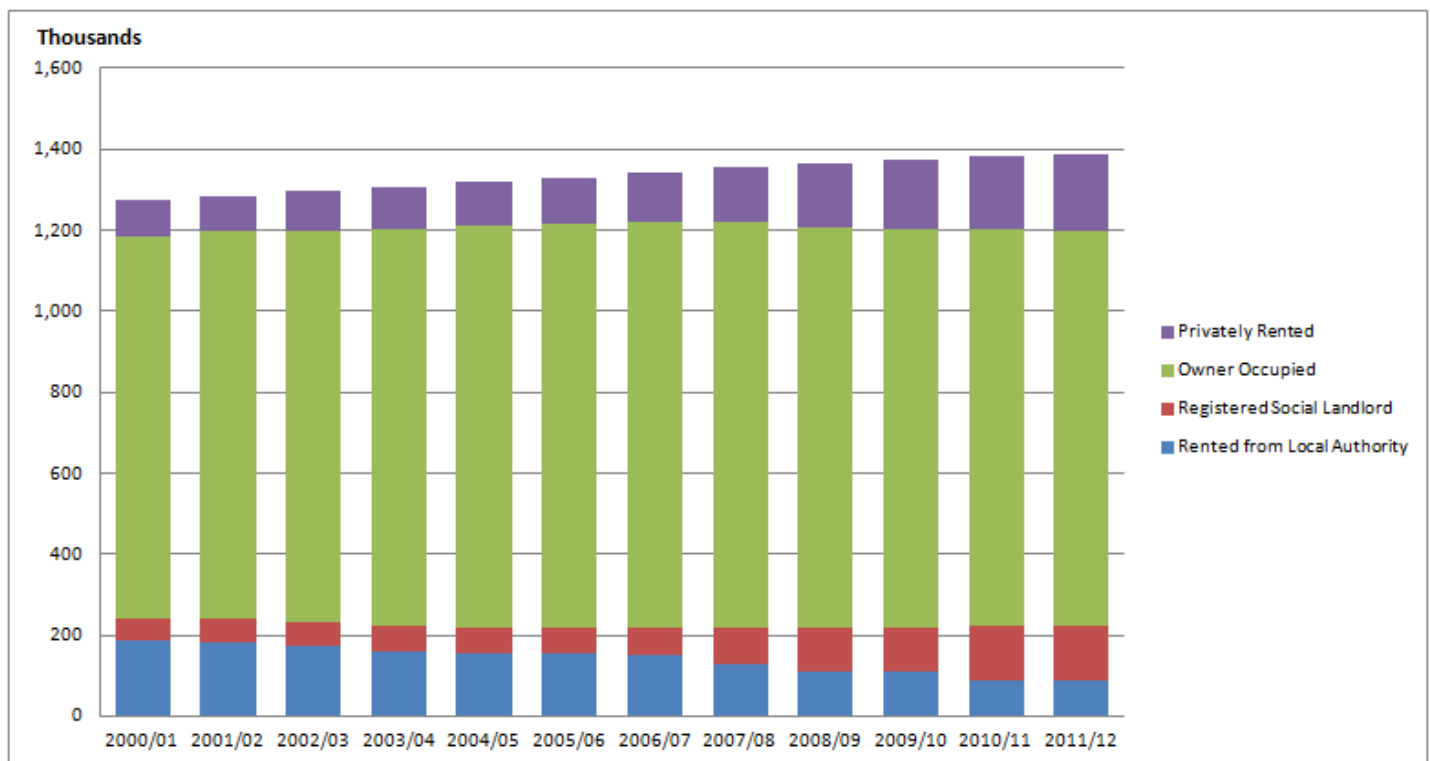
(19 Kb)

Figure 3 shows the breakdown of housing tenure proportions in Wales. The proportion of owner-occupied housing is higher in Wales than in any other country and has been from at least financial

year 2000/01 where this type of tenure made up 73.8% of overall dwelling stock to financial year 2011/12 where it represented 70.2% of total stock.

Figure 3: Housing stock by tenure in Wales, financial years 2000/01 to 2011/12

Thousands of dwellings



Notes:

1. Source: StatsWales
2. Data based on financial year

Download chart

[XLS](#) [XLS format](#)
(19 Kb)

The growth in owner-occupied housing was mirrored by a decrease in local authority housing stock from 187,855 to 88,392 over the same time period, meaning in financial year 2011/12 local authority housing only made up 6.4% of housing stock. Much of this decrease can be attributed to large scale housing stock transfer, with Registered Social Landlords now responsible for all the social housing in half of Welsh local authorities. The remainder of the decrease has been due to the low number of local authority dwellings completed over the period and the introduction of right to buy.

Wales has seen the largest proportional increase in properties rented from Registered Social Landlords, with the proportion of dwellings of this tenure type in its dwelling stock increasing from 4.3% to 9.7% between financial year 2001/02 and 2011/12.

From a policy perspective, the Welsh Government's Housing White Paper (2012) sets out a programme of legislative and non-legislative action against its three strategic objectives of more

homes, better homes, and better housing services. The Housing (Wales) Bill, which has been passed by the Assembly, aims to make a difference to people's lives as does the Renting Homes (Wales) Bill, which is due to be introduced in 2015.

Northern Ireland

Like the other countries, the change in makeup of Northern Ireland's housing sector has decidedly changed, as can be seen from the figures in Table 5. Northern Ireland has seen the strongest rate of growth in the overall number of dwellings by some way at 13.6%, from 668,000 units in financial year 2001/02 to 759,000 units in financial year 2011/12. This growth is especially pronounced as it is over a ten year period, rather than an eleven year period like the other countries (Northern Ireland data for the financial year 2000/01 are unavailable).

Table 5: Northern Ireland dwelling stock by tenure, financial years 2001/02 to 2011/12

Number of dwellings

| Financial Year | Local Authority | Housing Associations | Owner Occupied | Privately Rented | Total |
|----------------|-----------------|----------------------|----------------|------------------|---------|
| 2001-02 | 120,000 | 20,000 | 481,000 | 47,000 | 668,000 |
| 2002-03 | 113,000 | 21,000 | 491,000 | 54,000 | 679,000 |
| 2003-04 | 100,000 | 22,000 | 501,000 | 61,000 | 684,000 |
| 2004-05 | 102,000 | 22,000 | 505,000 | 68,000 | 698,000 |
| 2005-06 | 99,000 | 23,000 | 508,000 | 76,000 | 706,000 |
| 2006-07 | 97,000 | 24,000 | 523,000 | 69,000 | 713,000 |
| 2007-08 | 97,000 | 26,000 | 524,000 | 83,000 | 730,000 |
| 2008-09 | 96,000 | 28,000 | 517,000 | 97,000 | 737,000 |
| 2009-10 | 96,000 | 29,000 | 521,000 | 106,000 | 752,000 |
| 2010-11 | 95,000 | 30,000 | 512,000 | 121,000 | 759,000 |
| 2011-12 | 93,000 | 31,000 | 514,000 | 121,000 | 759,000 |

Table notes:

1. Source: DCLG Live Table 108
2. Data based on financial year
3. Totals may differ slightly due to rounding
4. Northern Ireland data for the financial year 2000/01 (ending 31 March 2001) is unavailable.

Download table

[XLS](#) [XLS format](#)

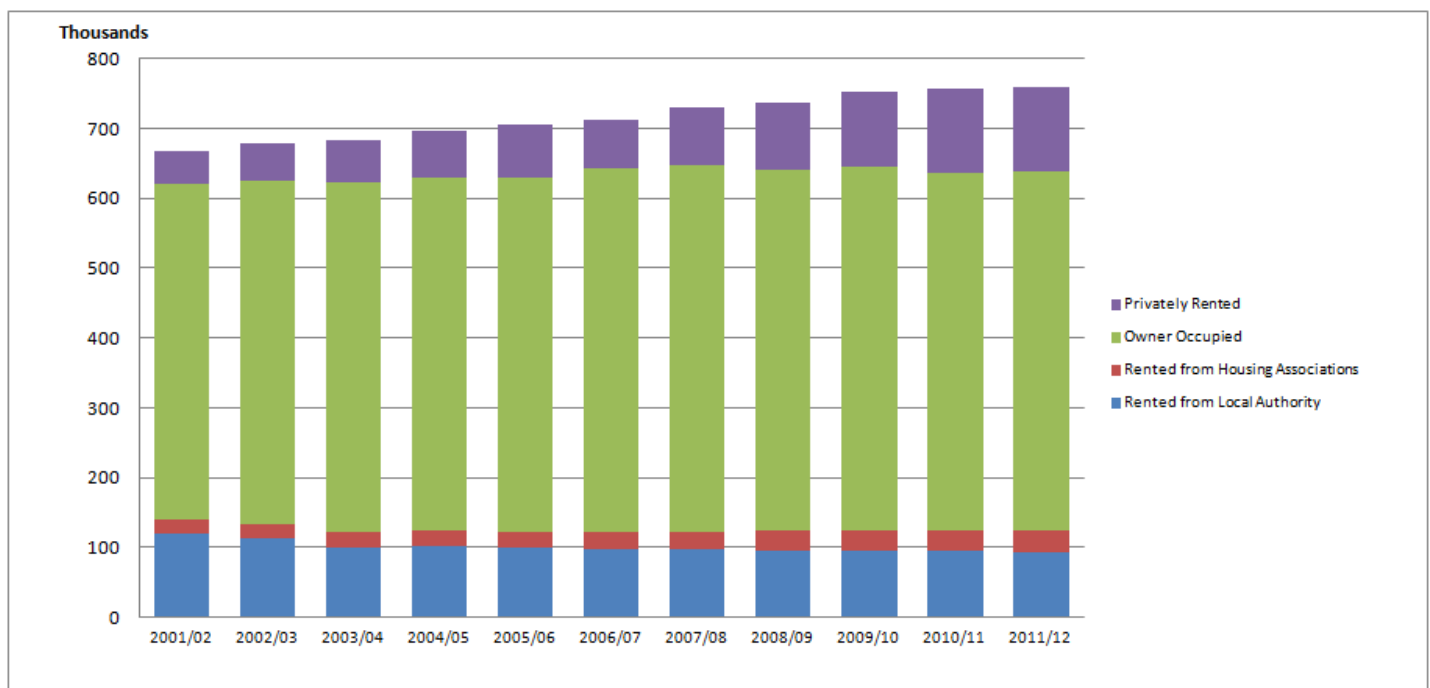
(27 Kb)

Figure 4 shows the breakdown of housing tenure proportions in Northern Ireland. Northern Ireland has seen a marked decrease in properties rented from local authorities, from 120,000 in financial

year 2001/02 to 93,000 in financial year 2011/12. At 12.3% of overall dwelling stock this means Northern Ireland has almost double the proportion of England (7.3%) and Wales (6.4%), and is second only to Scotland (12.7%). The decrease in local authority properties can be attributed to a halt in new local authority builds and the introduction of right to buy, however of note is the comparatively low growth rate in housing association dwellings compared to the other countries. In financial year 2001/02 housing association dwellings made up 3% of all properties and by financial year 2011/12 this figure had only increased to 4.1% which means Northern Ireland has a smaller proportion of housing association stock than any other country.

Figure 4: Proportion of housing stock by tenure in NI, financial years 2001/02 to 2011/12

Thousands of dwellings



Notes:

1. Source: DCLG live table 108
2. Data based on financial year
3. Northern Ireland data for the financial year 2000/01 (ending 31 March 2001) is unavailable

Download chart

[XLS](#) [XLS format](#)

(27 Kb)

Finally, another change of particular note is the growth of private rental dwellings, which almost trebled from 47,000 in financial year 2001/02 to 121,000 in financial year 2011/12, meaning private rented dwellings made up 15.9% of dwelling stock, up from 7% in 2002. This is second only to England which has 18.5% of its dwelling stock made up of private rents.

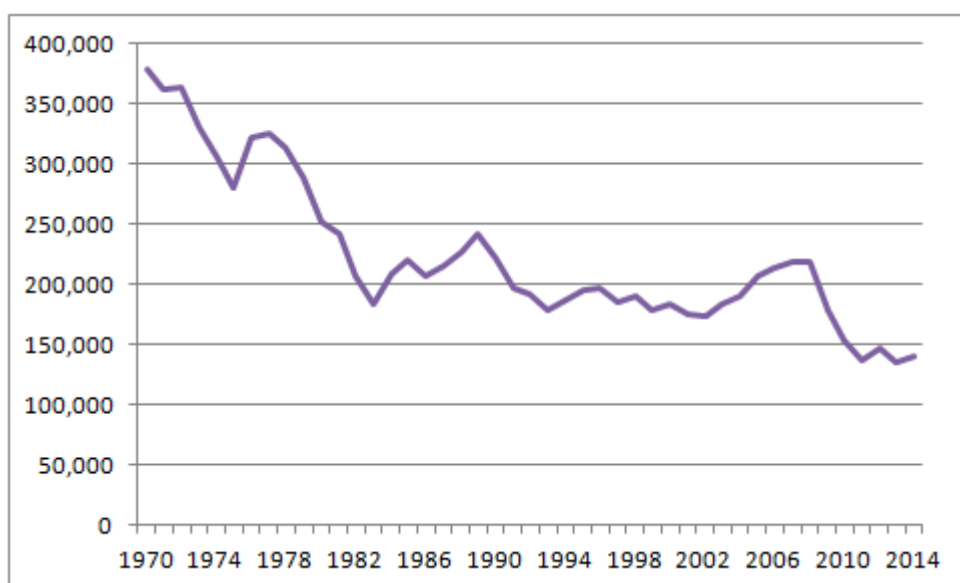
Housing policy has also been devolved to Northern Ireland and the recent [Facing the Future: Housing Strategy for Northern Ireland](#) acted as a consultation on the aims and goals of the Northern Ireland Department for Social Development.

Market Supply: House Completions

House building in the UK has been on a long term downward trend since 1970. Figure 5 shows [figures](#) published by the DCLG detailing the number of houses built across the UK, from 378,000 in financial year 1969/70 to 141,000 in 2013/14. From financial year 2002/03, the number of completions saw a short term upward trend, peaking in 2007/08, after which the number of houses built tailed off dramatically because of the financial crisis.

Figure 5: UK house building, permanent dwellings completed, financial years 1970/01 to 2013/14

UK dwellings completed



Notes:

1. Source: DCLG Live Table 209
2. Data based on financial year

Download chart

[XLS](#) [XLS format](#)
(23.5 Kb)

Using the same figures, it is possible to examine the number of houses completed by country, and by financial year 2012/13, the number of houses completed in Scotland and Wales were at post-war record lows, with England reaching a post-war record low in the financial year 2010/11. Table 6 shows the number of completed houses by country and details that in England in financial year 2012/13 houses were being built at only 63% of the peak rate before the financial crisis, while the comparable figure for Scotland was 55% and Wales was 58%. Northern Ireland reached its low in

financial year 2011/12, however as of financial year 2012/13, the number of houses built compared to its pre-financial crisis peak was only 45%.

There was an upturn in the number of houses built in the UK in financial year 2013/14, with increases seen in England, Scotland and Wales.

Table 6: Number of house builds completed by country, financial years 2003/04 to 2013/14

Number of completed house builds

| Financial Year | Wales | Northern Ireland | Scotland | England |
|----------------|-------|------------------|----------|---------|
| 2003-04 | 8,300 | 14,510 | 23,820 | 143,960 |
| 2004-05 | 8,490 | 15,770 | 26,470 | 155,890 |
| 2005-06 | 8,250 | 17,410 | 24,950 | 163,400 |
| 2006-07 | 9,330 | 17,800 | 24,260 | 167,680 |
| 2007-08 | 8,660 | 13,480 | 25,790 | 170,610 |
| 2008-09 | 7,120 | 9,720 | 20,950 | 140,990 |
| 2009-10 | 6,170 | 9,750 | 17,110 | 119,910 |
| 2010-11 | 5,510 | 7,640 | 16,380 | 107,870 |
| 2011-12 | 5,580 | 6,800 | 15,960 | 118,510 |
| 2012-13 | 5,450 | 8,030 | 14,050 | 107,980 |
| 2013-14 | 5,840 | 7,900 | 14,740 | 112,370 |

Table notes:

1. Source: DCLG live table 209
2. Data for financial year

Download table

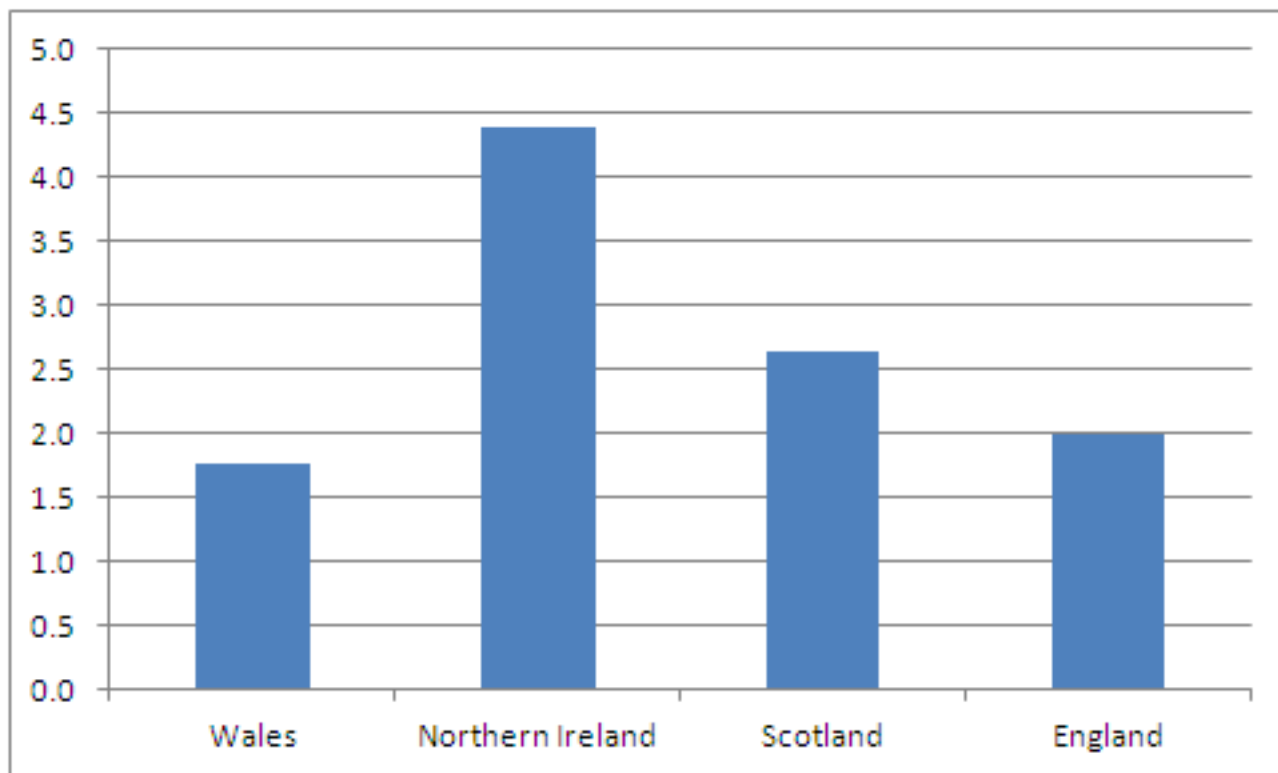
[XLS](#) [XLS format](#)

(27 Kb)

While there is some variation across the countries in regard to how many houses they built in financial year 2012/13 compared to pre-financial crisis peaks, it is also useful to examine how many houses were built on a per capita basis. Figure 6 takes the number of houses built in each country between April 2012 and March 2013 and uses the mid-2013 [population figure](#) for that country from the ONS to calculate a house building rate per thousand people (population estimates are currently unavailable for 2014, so this analysis focuses on the financial year 2012/13). Table 6 showed that Northern Ireland, the smallest country in the UK, is starting and completing the smallest number of houses compared to pre-financial crisis levels, however they completed many more houses on a per capita basis than any other country in financial year 2012/13 with a rate of 4.4. Scotland followed behind Northern Ireland at 2.6 while England and Wales come next with 2 and 1.8 respectively.

Figure 6: House building rates per thousand people in financial year 2012-13, by country

Per thousand people

**Notes:**

1. Completed house builds sourced from DCLG Live Table 209
2. Population estimates taken from ONS mid-2013 population estimates
3. Data based on financial year

Download chart
[XLS](#) [XLS format](#)

(26 Kb)

Finally, it should also be noted that while house building has played a major part in construction output growth since January 2013, the public sector has seen a much greater recovery than the private sector. Figures from the ONS¹ on output in the construction industry show that public sector housing output is 76.1% above its pre-downturn level, while output associated with private sector housing is below its pre-downturn level by 8.2%.

Notes

1. ONS construction data: http://www.ons.gov.uk/ons/dcp171778_373342.pdf

Market Demand: Buying & Renting a House

In recent years, the price of houses has continued to increase and the consequences of this increase have been a focal point of policy across the UK. The ONS House Price Index (HPI) acts as a useful and comparable measure for houses prices in each country, and on a regional basis in England. Table 7 compares July 2014 index levels with index peaks for each region and country before the financial crisis. From these index levels, it can be seen that England, Scotland, East Midlands, West Midlands, the East of England, London, the South East and the South West have recovered to pre-financial crisis levels, whereas the other countries and regions remain below pre-crisis levels. Northern Ireland is a notable exception where house prices doubled between November 2004 and June 2007, however prices in Northern Ireland are now just over half their pre-financial crisis high.

Table 7: Comparison of national and regional house price indices before and after the financial crisis

Index level February 2002 = 100

| | Price index peak before crisis | Month of peak before crisis | ONS House Price Index at July 2014 | Difference (%) |
|------------------|-----------------------------------|--------------------------------|--|----------------|
| UK | 185.5 | Jan-08 | 206.6 | 11.4 |
| England | 180.8 | Jan-08 | 204.3 | 13.0 |
| Wales | 222.1 | Jan-08 | 220.3 | -0.8 |
| Scotland | 230.6 | Jun-08 | 232.2 | 0.7 |
| Northern Ireland | 281.5 | Aug-07 | 149.9 | -46.7 |
| North East | 224.2 | Jan-08 | 216.9 | -3.3 |
| North West | 210.4 | Jan-08 | 205.3 | -2.4 |
| Yorks & Humber | 215.6 | Jan-08 | 204.2 | -5.3 |
| East Midlands | 193.5 | Jan-08 | 195.1 | 0.8 |
| West Midlands | 185.4 | Oct-07 | 187.4 | 1.1 |
| East | 168.4 | Jan-08 | 184.7 | 9.7 |
| London | 174.5 | Jan-08 | 243.7 | 39.7 |
| South East | 166.5 | Jan-08 | 188.0 | 12.9 |
| South West | 180.7 | Oct-07 | 184.6 | 2.2 |

Table notes:

1. Source: ONS House Price Index monthly reference table 1: <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/july-2014/rft-monthly-and-qtly-july14.xls>

Download table

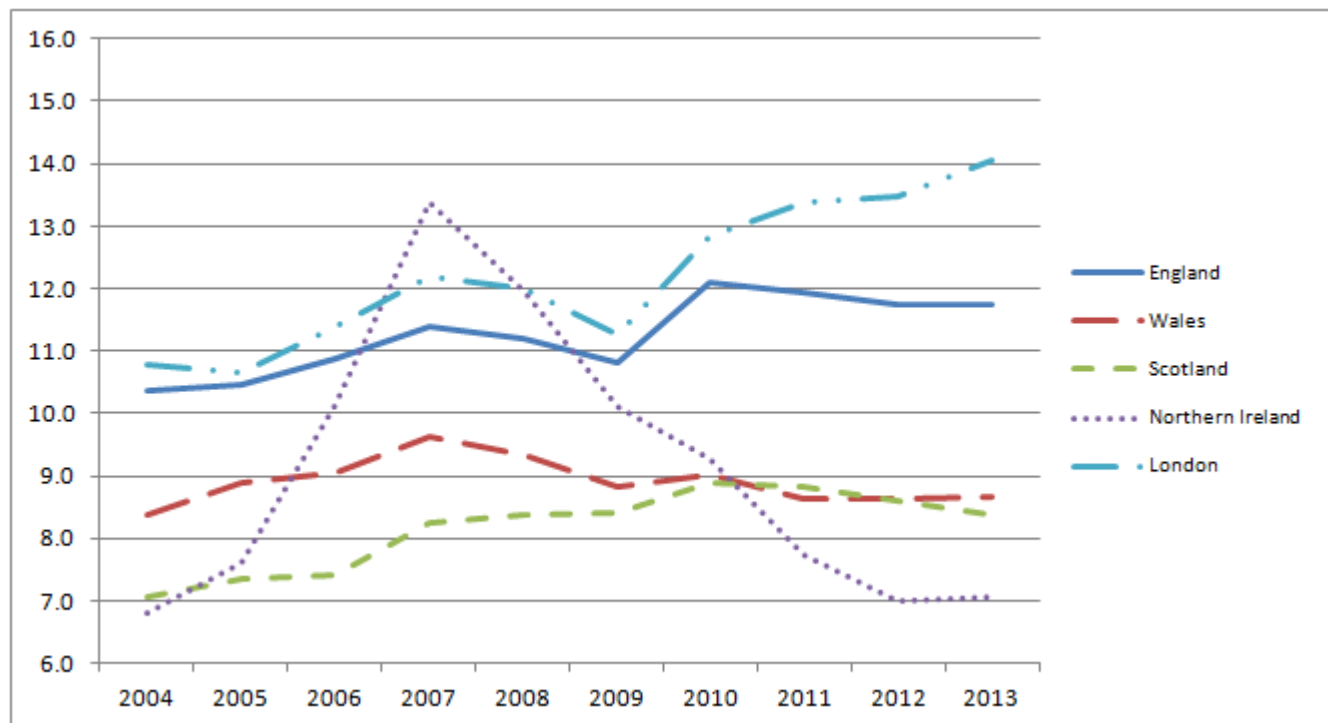
[XLS](#) [XLS format](#)

(27.5 Kb)

Figure 7 also uses ONS HPI data by taking the simple average house price for each country or region and dividing it by the median level for annual earnings (all employee jobs) from the [Annual Survey of Hours and Earnings](#). This produces a price to earnings affordability ratio, where the higher the ratio the less affordable the housing. Over the past ten years, houses in each country have become slightly less affordable, though this effect is more pronounced in England, and especially in London. Affordability in Northern Ireland and Wales is now much the same as in 2004, however in Northern Ireland, affordability decreased until 2007 after which the decrease in house prices brought affordability back to 2004 levels.

Figure 7: Average house price to earnings ratio by UK country and London, 2004 to 2013

Ratio = Average house price/average earnings



Notes:

1. Earnings data from ONS ASHE table 7.7a and represents the median gross annual earnings (all employee jobs)
2. Average annual house price data from ONS HPI annual reference table 23
3. Price to earnings ratio derived by dividing average house price by average earnings

Download chart

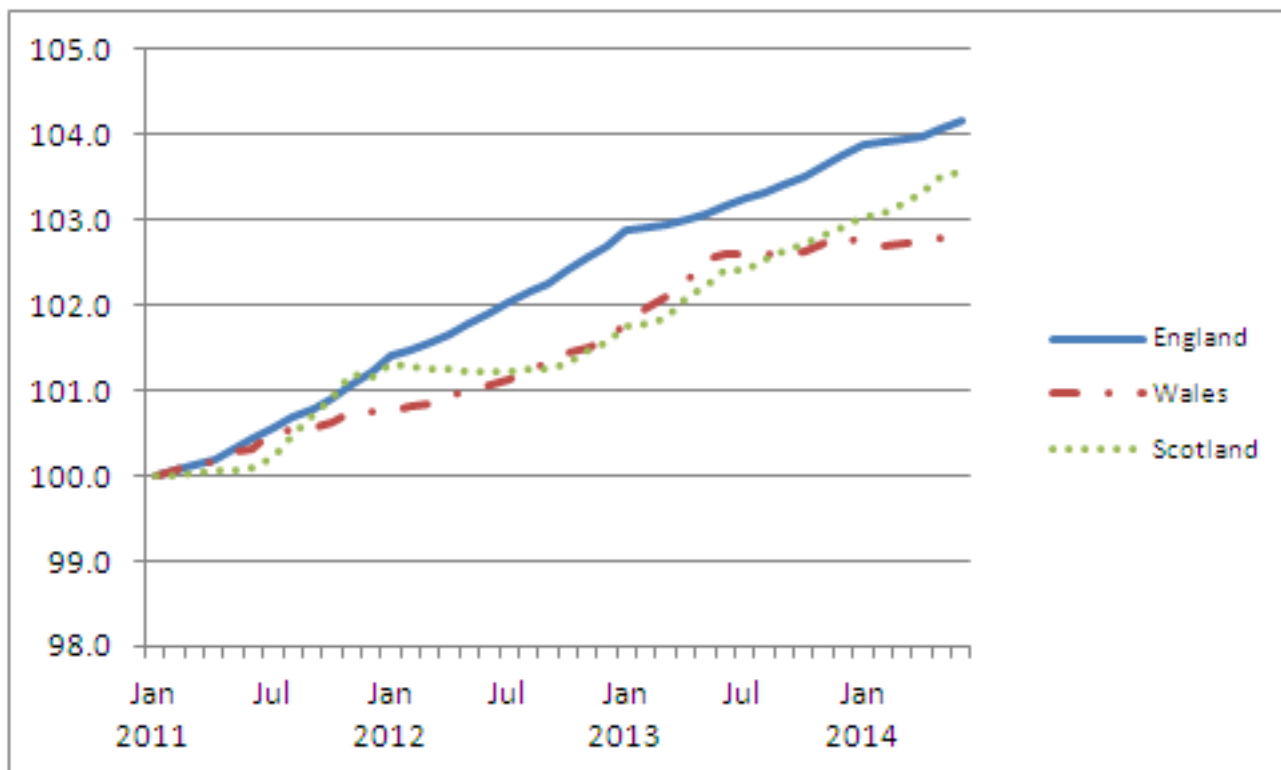
[XLS](#) [XLS format](#)

(29.5 Kb)

In addition to rising property prices, rental prices have risen in recent years as exemplified in Figure 8. It shows a time series for the Index of Private Housing Rental Prices (IPHRP), which measures the change in price of renting residential property from private landlords for England, Wales and Scotland since it began in January 2011. Comparable IPHRP figures for Northern Ireland are not currently available.

Figure 8: Experimental Index of Private Housing Rental Prices by country, January 2011 to June 2014

Index level (January 2011 = 100)



Source: Office for National Statistics

Notes:

1. Northern Ireland data unavailable
2. The Index of Private Housing Rental Prices is classified as experimental statistics

Download chart

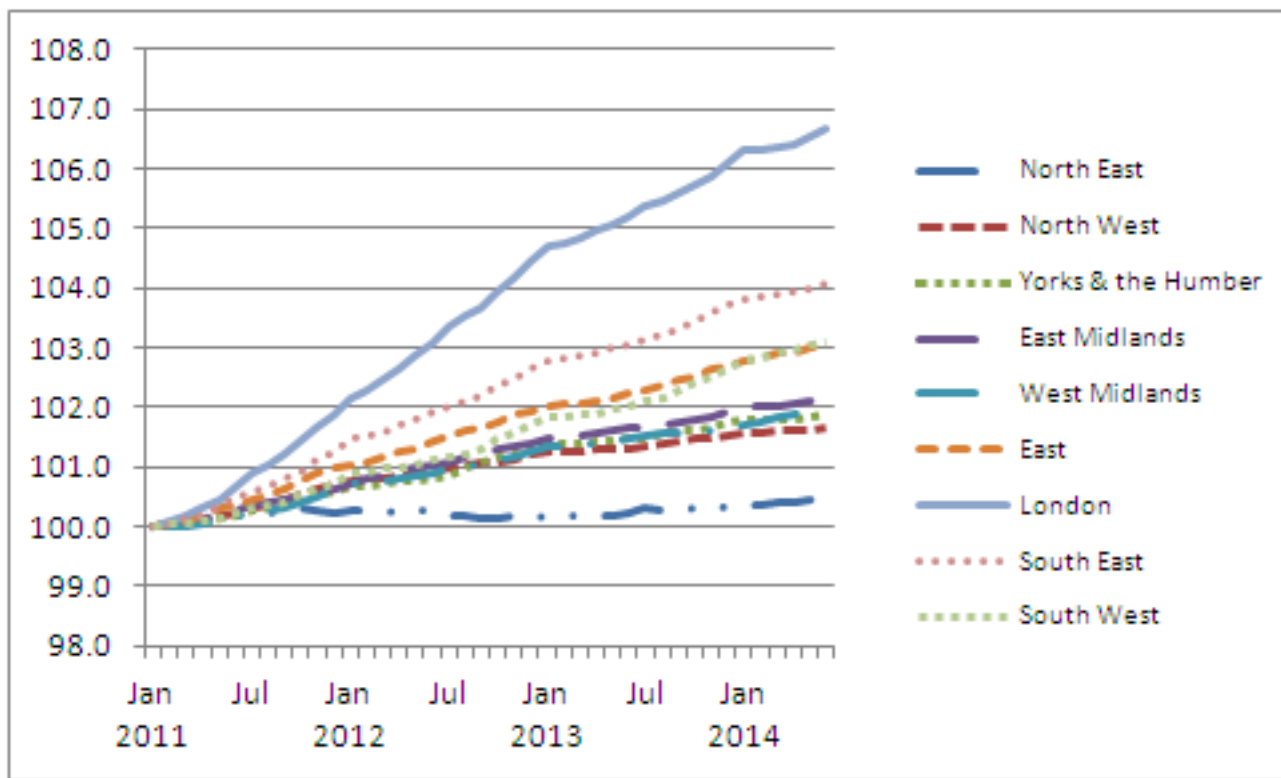
[XLS](#) [XLS format](#)

(36 Kb)

Figure 9 breaks English growth down by region (please note that a sub-national breakdown for Scotland and Wales is not available) and shows that London is markedly higher than any other region with the North West following behind. Growth in the North East is the lowest with the other regions clustered in between. In order to make rents more affordable, DCLG has announced investment of £1 billion into a [Build to Rent Fund](#) which will provide equity finance for purpose-built private rented housing, in conjunction with the creation of a Private Rented Sector Taskforce.

Figure 9: Experimental Index of Private Housing Rental Prices by English region, January 2011 to June 2014

Index level (January 2011 = 100)



Source: Office for National Statistics

Notes:

1. The Index of Private Housing Rental Prices is classified as experimental statistics

Download chart

[XLS](#) [XLS format](#)

(35.5 Kb)

Conclusions

The housing market in the UK has seen great change since the turn of the century. The overall level of dwelling stock has increased by over 8% from 2001/02 to 2011/12, while there has been substantial change in the proportions of different tenures across this time period. Local authority housing makes up a much smaller part of stock, while housing associations and privately rented dwellings make up a larger part. This trend exists in every country, though there are differences in the proportions of dwelling stock across the nations.

While the overall level of dwelling stock has increased, the number of houses built in the United Kingdom continues on a long term downward trend. Again, variation exists within the UK, with Northern Ireland completing houses at over double the per capita rate of Wales and England.

The lower level of house building may also have had an effect on the average price of houses. Prices have continued on a long term upward trend but have seen large fluctuations, both at a UK and regional level. The financial crisis saw notable reductions in house prices across the UK, though most regions and countries are at or around their previous peak. The two notable exceptions to this are Northern Ireland, whose prices are roughly half of their pre-financial crisis peak, and London which has seen an increase of around a third. The rise in house prices since the turn of the century has also had effects on affordability, which has decreased over time.

The change in affordability of buying a house may also have kept some people off the housing ladder, and could partly explain the rise in private rented stock. Rental prices are increasing at a slower rate than house prices, however there is notable regional variation in these figures, with London increasing at the fastest rate, and the North East of England increasing most slowly.

For further information

This article brings together data from a number of different countries. Should you wish to discuss any of the data in this article in further detail, please use the following contacts:

For general questions and queries regarding the article: David Beckett, Office for National Statistics (david.beckett@ons.gsi.gov.uk or +44 (0)1633 456775)

For England data used in this article: Bob Garland, Department for Communities and Local Government (bob.garland@communities.gsi.gov.uk or +44 (0) 30344 42273)

For Scotland data used in this article: Joseph Jobling, Housing Statistics, Scottish Government (housingstatistics@scotland.gsi.gov.uk or +44 (0) 131 24 47234)

For Northern Ireland data used in this article: Stephanie Harcourt, Land & Property Services, Northern Ireland (stephanie.harcourt@dfpni.gov.uk or +44 (0) 28 9033 6049)

For Wales data used in this article: Judith David, Welsh Government (stats.housing@wales.gsi.gov.uk or +44 (0) 29 2082 5055)

Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

Copyright

© Crown copyright 2014

You may use or re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This document is also available on our website at www.ons.gov.uk.

Supporting Information

Glossary

Affordable Housing

Affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Affordability

Affordability can be described as the ability to purchase a good or service within one's financial means.

Dwelling

In recent years (since 2001) a dwelling is defined (in line with the 2001 Census definition) as a self-contained unit of accommodation. Self-containment is where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use. Non-self contained household spaces at the same address should be counted

together as a single dwelling. Therefore a dwelling can consist of one self-contained household space or two or more non-self-contained household spaces at the same address.

Dwelling stock

The total number of dwellings available in a pre-defined area (such as country or region)

Dwelling type

Typically used categories that define a dwelling as a house, bungalow, flat or maisonette.

Financial year

For the purpose of this article, the financial year relates to the 12 month period running from 1 April to 31 March.

Household

In recent years (since 2001) a household is defined (in line with the 2001 Census definition) as one person living alone or a group of people living at the same address with common housekeeping, that is, sharing either a living room or at least one meal a day.

Housing association

A non-profit organisation that provides affordable dwellings (for rent or to purchase) for people in need.

House completions

In principle, a dwelling (house) is regarded as complete (in terms of construction) when it becomes ready for occupation or when a completion certificate is issued whether it is in fact occupied or not.

Local authority housing

Local authorities are registered providers with the Homes and Communities Agency. Stock in this category represents all dwellings owned and built by local housing authorities under the Housing Act 1985. In England and Wales, local housing authorities are the unitary authorities, district councils, the Council of the Isles of Scilly, the London Borough councils, the Common Council of the City of London and, until its abolition at the end of March 1986, the Greater London Council. In Scotland, prior to April 1996 local housing authorities were the district councils and island areas; from 1 April 1996 onwards they are the unitary authority areas. In Northern Ireland, the Northern Ireland Housing Executive took over in the early 1970s the housing functions previously exercised by local and public authorities. The Northern Ireland Housing Executive is the Northern Ireland equivalent of Local Authority housing providers in Great Britain.

Other public sector dwellings

Other public sector dwellings follow the Census definition of a dwelling and include dwellings owned by any public sector body other than lower-tier local authorities (district councils, unitary authorities, metropolitan district councils and London boroughs) or Private Registered Providers (housing associations). This category includes dwellings owned by government departments (e.g. Ministry of Defence) and other public sector agencies (e.g. the NHS, the Forestry Commission, the Prison

Service or county councils). Please note that it includes dwellings that are vacant even if they are scheduled for demolition at a future date.

Owner-occupied

Owner-occupied covers accommodation that is owned outright or is being bought with a mortgage.

Private registered providers

Alternative description of a housing association (social landlords not covered by local authorities).

Privately rented

Defined as all non-owner-occupied property other than that rented from local authorities and housing associations plus that rented from private or public bodies by virtue of employment. This includes property occupied rent-free by someone other than the owner. New build privately rented dwellings will be included in the house building private enterprise figures.

Residential property

A building used or suitable for use as a dwelling (or is in the process of being constructed or adapted for use as a dwelling).

Social housing

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.