

Statistical bulletin

# Housing Purchase Affordability, UK: 2022

Ratios of house prices to annual disposable household incomes, by decile, for countries of the UK and regions of England. Part of our additional measures of housing affordability series.

Contact:  
Nick Richardson, Tim Pateman  
better.info@ons.gov.uk  
+44 1329 444783

Release date:  
27 July 2023

Next release:  
July 2024

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# 1 . Main points

- In England the average house price was £275,000 in the financial year ending (FYE) 2022, and the average annual disposable household income was £33,000, equivalent to a ratio of 8.4 years of income.
- This compares with average house price to income ratios of 6.4 in Wales, 5.3 in Scotland and 5.1 in Northern Ireland in the FYE 2022.
- Current trends are mixed; in England, Scotland and Northern Ireland, affordability ratios improved slightly compared with the previous financial year; in Wales, the affordability ratio worsened, from a ratio of 6.1 to 6.4.
- On average, homes in all four countries have sold for more than five years' worth of average household income since 2017, putting them below our affordability threshold of five years of income.
- Average priced homes in all four countries have been below our affordability threshold throughout the series for low-income households, using a threshold of five years of income.
- In England, only households in the top 10% of income can afford an average home with fewer than five years of income; in comparison with the top 30% in Wales, and the top 40% in Scotland and Northern Ireland.

## 2 . Purchase affordability measurement

This release refers to ratios of house prices to household incomes for the whole population in an area (we are unable to link individual records and show household-level circumstances). This can also be described as the equivalent number of "years of income".

Where we refer to "average" incomes or house prices, we are using the median; and years refer to financial years.

We use a threshold of five years of income as a broad indicator of affordability, described alongside our definitions and sources in Section 5 of our [Housing purchase affordability, Great Britain, Quality and Methodology Information \(QMI\) methodology](#).

The non-mix adjusted administrative data sources we use to measure house prices for sales that occurred in a given time period and the household income survey sources we compare them to are described in [Section 9: Measuring the data](#).

It is notable that this approach does not take into account any effects on housing cost affordability resulting from changes to mortgage interest rates and payments.

It should be noted that government support across the UK has been available to help households into home ownership, through shared equity schemes in [England](#), [Wales](#), [Scotland](#) and [Northern Ireland](#). This improves house purchase affordability but this is not measured in the affordability metric used in this bulletin.

This analysis is the second in a series of additional measures of housing affordability (including our [Private rental affordability, England: 2012 to 2020 bulletin](#)), designed to complement the Office for National Statistics' (ONS) annual housing affordability release, as shown in our [Housing affordability in England and Wales: 2021 bulletin](#). While the annual affordability statistics serve a specific local housing policy purpose in England, this bulletin more research-orientated, for the whole of the UK, with a more realistic focus on household income over individual earnings.

### 3 . Affordability of the average home across the UK

In the financial year ending (FYE) 31 March 2022, estimates of the median (average) household income and median house price for each country were:

- in England, £275,000 for an average-price home and £33,000 for average income (a ratio of 8.4)
- in Wales, £185,000 for an average-price home and £29,000 for average income (a ratio of 6.4)
- in Scotland, £170,000 for an average-price home and £32,200 for average income (a ratio of 5.3)
- in Northern Ireland, £151,000 for an average-price home and £29,600 for average income (a ratio of 5.1)

In England, Scotland and Northern Ireland average ratios showed a decrease compared with the previous financial year; Wales showed an increase, from a ratio of 6.1 to 6.4. However only limited comparisons can be drawn between recent years because:

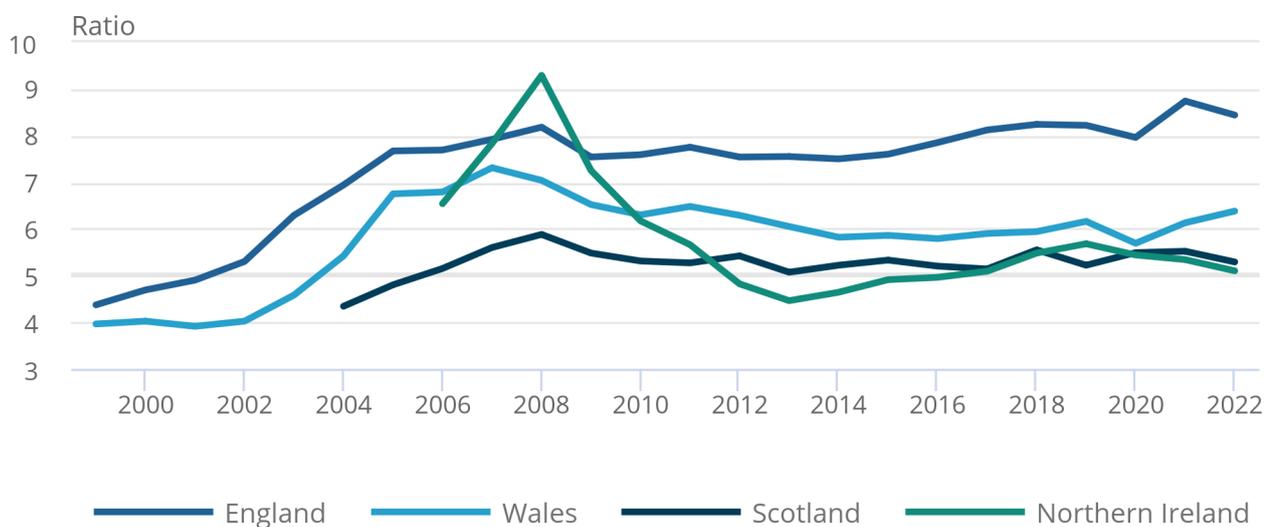
- confidence intervals for these data are not currently available, therefore it is not possible to assess if changes were statistically significant
- countries and regions vary in their population; survey samples in smaller countries and regions will likely be more variable than in larger countries and regions
- the coronavirus (COVID-19) pandemic, affected income estimates in 2021 and created uncertainty in data collection, for more information see our [Interpreting changes in UK income estimates during the coronavirus pandemic: FYE 2021 article](#))
- income estimates for FYE 2022 continued to be affected by financial support schemes in place until autumn 2021
- volatility in 2021 and 2022 reflects house price movements around changes in Stamp Duty Land Tax in 2021 and Land Transaction Tax
- house price statistics for small areas (HPSSA) data used here are not mix adjusted, so may show different trends from the UK House Price Index (UK HPI), which is comparable over time

**Figure 1: Housing affordability ratio trends have diverged across the countries of the UK**

Housing affordability ratio for average household income and average house prices, by country, 1999 to 2022

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Housing affordability ratio for average household income and average house prices, by country, 1999 to 2022



Source: Price paid data from HM Land Registry, Custom data from Registers of Scotland, Custom data from Land and Property Services Northern Ireland, and Living Costs and Food Survey and Household Finances Survey from the Office for National Statistics

Figure 1 shows that since 2017 all four countries have had an affordability ratio above five. However, patterns over time are complex:

- housing affordability ratios generally worsened from the start of the series up to 2007 or 2008 in all four countries
- following the 2008 financial crisis and up to around 2013, affordability ratios improved substantially in Northern Ireland and modestly in the other three countries
- from 2013 to 2019, affordability ratios in each country was either broadly stable, or worsened slightly
- since 2019 trends have been different in all four countries

The ratios in England and Wales have been volatile from 2019 to 2022, which limits year-on-year comparisons. However, their current levels are now back in line with trends from 2012 to 2019.

## 4 . The wider cost of living context

The Office for National Statistics (ONS) has carried out a programme of work to look at the impact of rising costs on people and households across the UK. For example, the latest house price and rent level data can be found in our [Cost of living insights tool](#). This also shows changes in inflation, including the high level of inflation in recent months.

In addition, our [How increases in housing costs impact households digi article](#) shows that more than 1.4 million households in the UK are facing the prospect of interest rate rises when they renew their fixed rate mortgages in 2023. Our [Impact of increased cost of living on adults across Great Britain: February to May 2023 article](#) showed that around a third (35%) of adults reported it was difficult (very or somewhat) to afford their rent or mortgage payments.

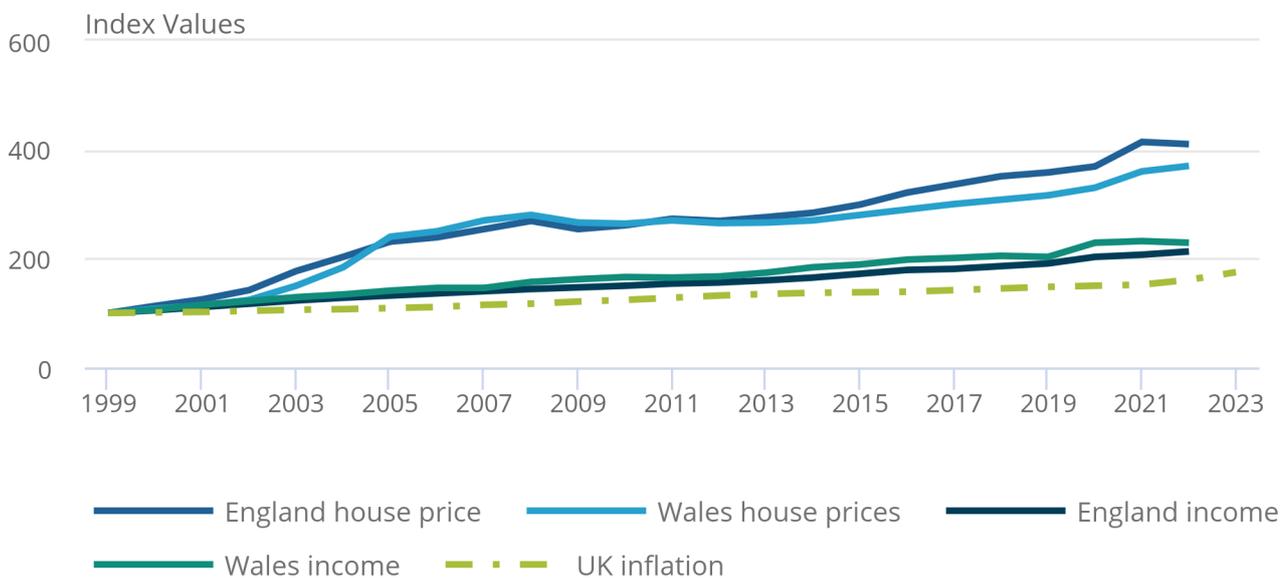
Figure 2 compares the long-term trends in the sources used in this bulletin for England and Wales (being available for the full period of the series) against UK inflation, Consumer Prices Index including owner occupiers' housing costs (CPIH).

### Figure 2: While incomes in England and Wales have increased faster than UK inflation, they have not increased in line with house prices

House price and income indices, England and Wales, inflation index UK, 1999 to 2022

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House price and income indices, England and Wales, inflation index UK, 1999 to 2022



Source: Price paid data from HM Land Registry, Living Costs and Food Survey, Household Finances Survey, and Consumer Price Inflation Index from the Office for National Statistics

Figure 2 shows that, while incomes in England and Wales have grown faster since 2000 than UK inflation, house prices have increased considerably faster than incomes.

Housing affordability has worsened even more than shown in our [Housing affordability in England and Wales: 2022 bulletin](#), which used earnings. It showed that workplace-based earnings had increased by 85% from the end of March 1999 to the end of March 2022 in England, and 86% in Wales. This is in comparison with a 113% increase in income in England, and 129% increase in Wales shown in this bulletin.

Census 2021 data can help to explain these changes. For example, there has been an increase in the number of people using holiday homes in many areas, as shown in our [More than 1 in 10 addresses used as holiday homes in some areas of England and Wales digi article](#). Additionally, the number of families in England and Wales with adult children living with their parents has risen 13.6% between the 2011 Census and Census 2021 to nearly 3.8 million, as shown in our [More adults living with their parents digi article](#).

## 5 . Affordability across England, Wales, Scotland and Northern Ireland

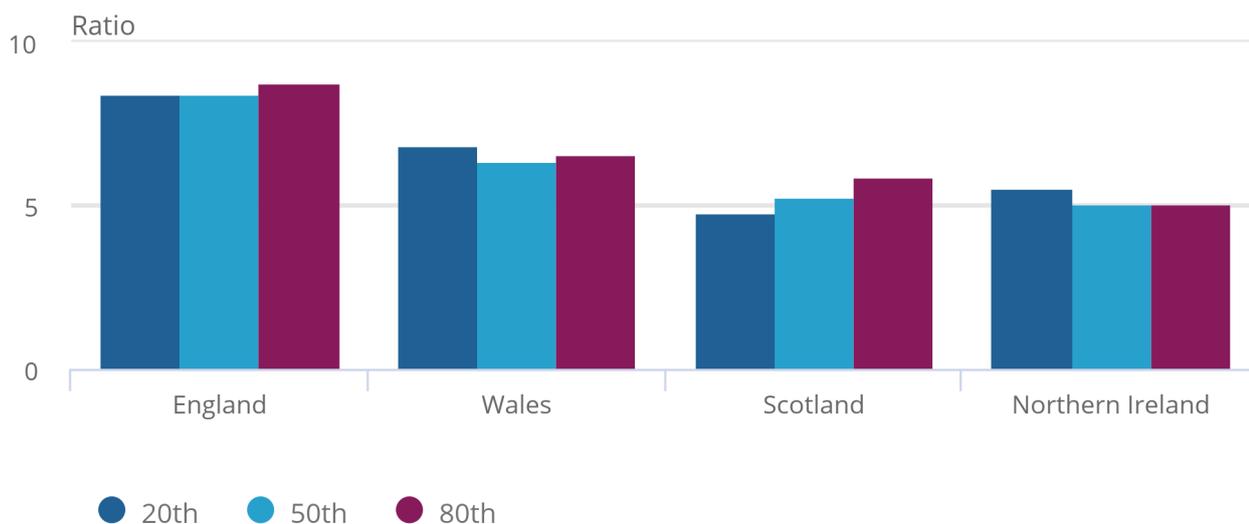
This release provides distributions of household income estimates and house price figures.

**Figure 3: In Wales and Northern Ireland, lower-price homes are less affordable for lower income households than higher-price homes are for higher income households**

Ratios of Income to House Price Deciles at equal points on the distribution by Country, 2022

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Ratios of Income to House Price Deciles at equal points on the distribution by Country, 2022



Source: Price paid data from HM Land Registry, Custom data from Registers of Scotland, Custom data from Land and Property Services Northern Ireland, and Household Finances Survey from the Office for National Statistics

Figure 3 compares income to house price ratios at equal points in the income and house price distributions for 2022 and shows:

- overall there is more variation between countries than within them, when comparing the same points on the income and house-price distributions
- in Scotland the affordability ratio is better at the low income and low house price point, the reverse of the pattern for Wales and Northern Ireland
- the only ratio below the affordability threshold of five years of income is low-price homes in Scotland for those with low incomes.

This approach assumes that a lower-price home would meet the needs of a lower-income household. Given that low-price homes are less likely to have sufficient bedrooms to meet a households' needs, the remainder of this bulletin compares different incomes to the average house price. If we compare to the median (average) house price in England of £275,000:

- it is 14 times a 20th percentile low-income household (£19,600)
- it is 5.3 times an 80th percentile high-income household (£52,200)

#### **Figure 4: Affordability ratios in the devolved administrations are similarly distributed, with England showing wider distribution**

**Number of years income equivalent cost of an average price home, by income decile, by country 2022**

**Download the data**

[.xlsx](#)

Figure 4 shows:

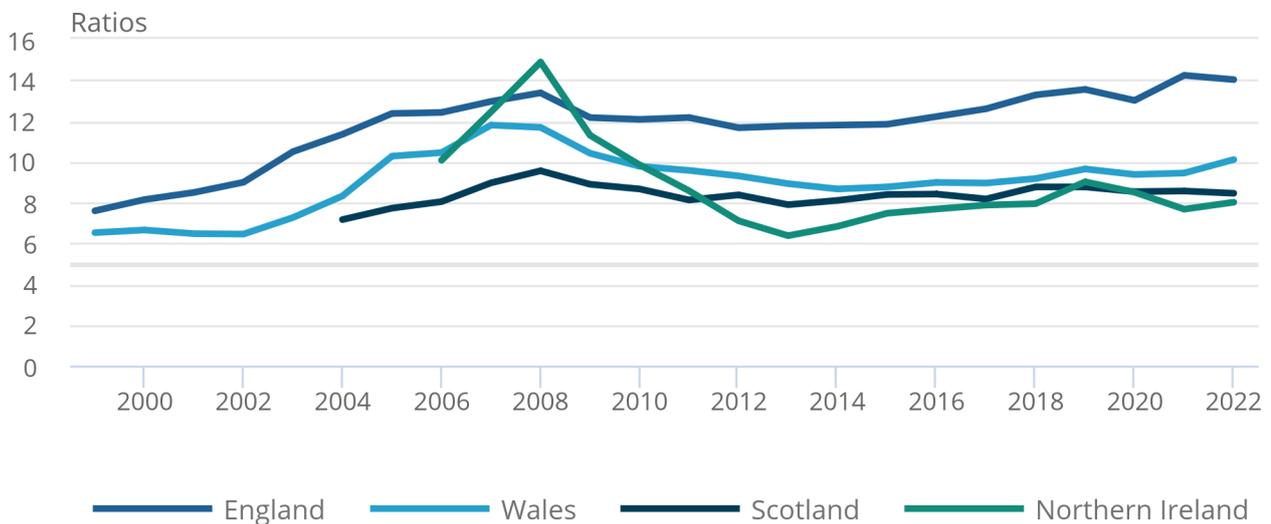
- in England only the highest-income decile can afford an average priced home with fewer than five years of income; in Wales this is the top three deciles, and in Scotland and Northern Ireland this is the top four deciles
- an average price home in Scotland or Wales is 12 times the lowest income point; however, the next lowest income point is more affordable in Scotland (8.5 years) than in Wales (10 years)
- England has the widest distribution with the average home costing equivalent to around 19 years of lowest decile income

**Figure 5: The number of years income equivalent to an average priced home for lower income households have been relatively stable since 2013, but with England seeing slight increases**

Number of years income equivalent cost of an average price home, by lower-income household, by country, 2022

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Number of years income equivalent cost of an average price home, by lower-income household, by country, 2022



Source: Price paid data from HM Land Registry, Custom data from Registers of Scotland, Custom data from Land and Property Services Northern Ireland, Living Costs and Food Survey and Household Finances Survey from the Office for National Statistics

Notes:

1. lower-income household here is referring to a household on the 20th percentile, see [Section 8: Glossary](#) for detail.

Comparing lower incomes to average house prices over time in Figure 5 shows:

- average house prices are equivalent to over five times a bottom fifth income, in all countries throughout the series
- ratios peaked at 14.9 times equivalent income in Northern Ireland in 2008 and dropped off steeply by 2013 to 6.4
- following the economic downturn ratios have been relatively stable since 2013 but with England seeing slight increases from equivalent to 11.8 to 14 times income and pulling away from the other countries

## 6 . Affordability across the regions of England

There is a wide variation in both household income estimates and house prices by area. Figure 6 shows the affordability ratio at the median house price for each English region, at varying levels of the income distribution.

### Figure 6: An average price home in the North East cost the equivalent of almost 12 years of income for a low-income household (10th percentile) compared with over 37 years in London

Number of years income equivalent cost of a median-priced home, by income decile, English regions, 2022

#### Notes:

1. The points reflect the affordability ratio of a median (50th percentile) home in each English region at each decile of household income in that region.

#### Download the data

[.xlsx](#)

Figure 6 shows that:

- London and its neighbouring regions, South East and East of England, have the most widely distributed income, because of relatively poor affordability at lower incomes compared with other regions
- the North East, the most affordable region, has a ratio of average house price equivalent to more than five times the average income (5.3)
- in the North East, an average home is the equivalent of less than five times a 60th percentile income (a ratio of 4.7); in London, it is above five times at every income decile – for example, an average home is 5.5 times a 90th percentile income

### Figure 7: The number of years income equivalent to buy an average price home in London has more than doubled for a lower-income household

Years of income equivalent cost of an average price home for a 20th percentile household income, English regions, 1999 to 2022

#### Download the data

[.xlsx](#)

Figure 7 compares a 20th percentile income, the point at which a fifth of households incomes are at or below to average house prices, and shows that since 1999:

- even in the cheapest area, the North East, an average priced house has been equivalent to more than five times a low household income since the start of the series, ranging between 6.2 (2002) and 10.5 at its 2008 peak
- homes have become less affordable in all areas, that means an average priced home is equivalent to more multiples of a 20th percentile income now than in 1999
- London has increased the most, more than doubling from 10.9 in 1999 to 26.5 in 2022

Ratios at national and regional levels are unable to show the wide variation within each region. Our [House price statistics for small areas in England and Wales: year ending December 2022 bulletin](#) shows average house prices in England range for the 12 month period to December 2022 were between £120,000 in Burnley (North West) to £1,390,000 in Kensington & Chelsea (London).

## 7 . Housing purchase affordability data

[Housing purchase affordability UK](#) Dataset | Released 27 July Tables of house price decile to equivalised household disposable income decile ratios, UK

## 8 . Glossary

### 50th percentile or the median

A point at the middle of a distribution – the income or house price at which half fall below and half fall above. This is a more useful measure of an average than the mean where a distribution is skewed, as is the case with both income and house prices.

### Disposable household income

Also known as net income, disposable income is the amount of money that households have available for spending and saving after direct taxes (such as Income Tax, National Insurance and Council Tax) have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state (including State Pension).

### Equivalised income

Equivalised income is used in this release, which is income that has been adjusted to take account of household composition, and the fact that households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. Income data have been equivalised using the [Organisation for Economic Co-operation and Development \(OECD\) equivalisation scale \(PDF 204 KB\)](#) with the reference point of a household consisting of two adults and no children.

## 9 . Measuring the data

Housing affordability estimates are calculated by dividing house prices by estimated incomes to create a ratio. Further details are available in our [Housing Purchase affordability Quality and Methodology Information \(QMI\) methodology](#).

This release uses the following sources:

- house prices for England and Wales are from the [Price Paid Data from HM Land Registry](#), consistent with our [House price statistics for small areas \(HPSSA\) Statistical bulletin series](#) for England and Wales and therefore our [Housing affordability in England and Wales Statistical bulletin series](#)
- house prices for Scotland are from a custom data supply from [Registers of Scotland \(RoS\)](#), that is broadly consistent with [their own publications](#)
- house prices for Northern Ireland are from a custom data supply from the [Department of Finance's Land and Property Services](#)
- incomes prior to 2018 were estimated from our [Living Costs and Food Survey \(LCF\)](#), from three-year averages
- incomes from 2018: estimated from single years of the Household Finances Survey (HFS), from our [Improving the measurement of household income methodology](#), weighted and adjusted consistently with our [The effects of taxes and benefits on household income, disposable income estimate dataset](#)

Neither house prices nor income estimates for previous years are adjusted for inflation. This ensures that both parts of the affordability equation are balanced on a nominal basis. Neither data source includes the population in communal establishments.

## 10 . Strengths and limitations

The strengths of our approach are that:

- comparable affordability statistics are produced for the whole UK, which is rare given that housing is a devolved policy area
- income measures provide a more realistic assessment of the homes a household can afford than earnings measures, as used in our [Housing affordability in England and Wales Statistical bulletins series](#)

The limitations of our approach are that:

- the approach of comparing average purchase prices to income does not take account of upfront costs such as fees and surveys, or deposits, nor does it take into account any impacts on housing cost affordability resulting from changes to mortgage interest rates and payments; these statistics are an indicator of changes in housing purchase affordability on average, over time and for a whole country or region but we are unable to match individual household incomes and house prices
- house prices are not adjusted to represent a typical mix of what is available in an average period
- incomes are estimated through sample surveys, with [statistical uncertainty](#) and additional uncertainty from the effects of the coronavirus (COVID-19) pandemic, for more information see our [Interpreting changes in UK income estimates during the coronavirus pandemic: financial year ending 2021 article](#)

As we are using different national data sources we are unable to calculate an affordability ratio for the UK as a whole.

## 11 . Related links

[Housing affordability in England and Wales: 2022](#) Bulletin | Released 22 March 2023 Data on house prices and annual earnings to calculate affordability ratios for national and subnational geographies in England and Wales on an annual basis.

[Private rental affordability, England, Wales and Northern Ireland: 2021](#) Bulletin | Released 19 December 2022 Private rent prices in England expressed as a percentage of gross monthly household income. Part of our additional measures of housing affordability series.

[Research Output: Alternative measures of housing affordability: financial year ending 2018](#) Article | Released 19 March 2020 Alternative measures of housing affordability in England, including affordability in relation to varying household income and house price distributions, upfront costs, mortgage repayments, and private rental affordability.

[Average household income, UK: financial year ending 2022](#) Bulletin | Released 25 January 2023 Final estimates of average household income in the UK, with analysis of how these measures have changed over time, accounting for inflation and household composition.

[Income and earnings statistics guide](#) Methodology | Revised 5 June 2023 Explains the relationship between income and earnings data and outlines the statistics produced by the Office for National Statistics, Department for Work and Pensions and HM Revenue and Customs.

[House price statistics for small areas in England and Wales: year ending December 2022](#) Bulletin | Released 21 June 2023 House prices and number of transactions for property sales in England and Wales, on an annual basis, updated quarterly.

[Regional house price level estimates, England and Wales: 1995 to 2021](#) Article | Released 5 May 2023 Applying a new methodology for estimating quarterly, regional House Price Levels in England and Wales, proposed by the Organisation for Economic Co-operation and Development.

## 12 . Cite this statistical bulletin

Office for National Statistics (ONS), released 27 July 2023, ONS website, statistical bulletin, [Housing Purchase Affordability, UK: 2022](#)