

Article

# Housing affordability for local areas in England and Wales: year ending March 2020

Affordability ratios of house prices to small area model-based income estimates covering local areas, called Middle layer Super Output Areas (MSOAs) in England and Wales.

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## Table of contents

1. [Main points](#)
2. [Affordability in your local area](#)
3. [Distribution of affordability for local areas for England and Wales](#)
4. [Most and least affordable housing by local areas](#)
5. [Housing affordability across the English regions and Wales](#)
6. [Housing affordability in urban and rural areas](#)
7. [Local area affordability data](#)
8. [Glossary](#)
9. [Data sources and quality](#)
10. [Related links](#)
11. [Cite this article](#)

# 1 . Main points

- Just under half (45.7%) of the local areas in England and Wales (also called Middle layer Super Output Areas (MSOAs)) had average homes that cost five times or less the gross annual household income for the same local area in the year ending March 2020.
- Approximately a quarter of local authorities (85 out of 336) contained no local areas where housing cost five times or less the gross annual household income.
- Of the 50 local areas that were most affordable, 21 were in the North West, 17 were in the North East, 6 were in Wales, 5 were in Yorkshire and The Humber, and 1 was in the West Midlands.
- All 50 of the least affordable local areas were in London.
- Most (90.0%) local areas in "Urban minor conurbations" had housing that cost five times or less the gross annual household income, compared with only 11.3% of local areas in "Rural villages and dispersed areas".

## 2 . Affordability in your local area

This article presents housing affordability ratios for local areas (also called Middle layer Super Output Areas (MSOAs) in England and Wales for the year ending (YE) March 2020. To calculate the housing affordability ratios, we divide median house prices by gross annual household income for each local area. For more information, see our [Income estimates for small areas](#) and [Median house prices by MSOA](#) datasets. Median house prices data are the prices of houses sold in those 12 months.

For example, the median ratio for local areas was 5.2 (Trimley and Kirton in Suffolk Coastal), which was created by dividing the median house price of £235,000 by a gross annual household income of £45,200.

This analysis is part of a series of additional measures of housing affordability (including our [Housing purchase affordability, UK: 2022](#) and [Private rental affordability, England, Wales and Northern Ireland: 2022](#) bulletins) that are designed to complement our annual [Housing affordability in England and Wales: 2023 bulletin](#).

Our annual housing affordability statistics serve a specific local housing policy purpose in England; this article provides a measure of affordability for local levels by using our income estimates for small areas to calculate affordability ratios. However, this income data is only available for 2020, because the modelling method used is designed to optimise point in time results, as described in our [Income estimates for small areas in England and Wales technical report](#). The data are modelled estimates because of the small sample sizes in local areas. The latest house price statistics for MSOAs are available to September 2023 in our [Median house prices by MSOA dataset](#).

### Affordability calculator

Figure 1 shows our interactive affordability calculator. You can enter your postcode to learn about your area's average property price, the gross annual household income required for a mortgage, the total savings required for upfront costs, and the ratio of house price to income.

Assumptions about deposit size, price of property, property type, and other associated costs are used in this calculator. These can be personalised to help tailor the results to your circumstances. For instance, you can change results based on:

- whether you are a first-time buyer
- the housing type that you are interested in
- the price point of your desired housing
- the amount of deposit you have available
- the amount that a lender is willing to loan you (as a multiple of your household income)
- the amount of money needed for other associated costs, such as conveyancing, estate agent fees, moving costs, and essential furnishing

## Figure 1: Housing affordability calculator

### Notes:

1. The affordability ratios (which colour the graph) are based on data for year ending (YE) March 2020. House prices displayed by the calculator are based on house price data for YE March 2023.
2. Property purchases may be subject to tax. In England, this is called [stamp duty](#); in Wales, this is called [land transaction tax](#). First-time buyers in England may be able to claim a discount.
3. For the price point of properties, “average” denotes the median, “entry level” denotes the lower quartile, and “low price” denotes the tenth percentile.
4. Mortgage lenders will typically offer first-time buyers around four and a half times their income as a total mortgage amount, although this can vary with your circumstance. Levels of debt, numbers of dependent children, the nature of your employment, whether you have purchased property before, and economic conditions can all influence the amount lenders will offer.
5. To bring down repayments or decrease your mortgage term, you may want to save a larger deposit. Alternatively, you can opt to pay a smaller deposit, but this will need to be offset with higher mortgage repayments or a longer mortgage term and may affect the rates lenders will offer you.
6. Other costs of moving or buying a property may include conveyancing fees, moving costs, essential furnishings, and insurance. This will be added by the calculator to the savings you will need to buy in each area to give a more realistic figure.

Our [Open Geography portal](#) and [Nomis](#) provide more contextual information about MSOAs; for example, whether an MSOA is in a national park, or which "Travel to Work Area" a local area is in.

## 3 . Distribution of affordability for local areas for England and Wales

Just under half (45.7%) of local areas had a housing affordability ratio of five or below, in the year ending March 2020. This means that just under one in two local areas had housing that cost five times the annual gross household income for that area. We use a threshold of five years of income to suggest a broadly affordable level of housing, because this reflects how much mortgage providers are generally willing and permitted to lend. More information about this can be found in our [Housing affordability in England and Wales Quality and Methodology Information \(QMI\) report](#).

Use Figure 2 to enter a postcode and see where it falls in the distribution of affordability ratios. You can see the local area, along with the other MSOAs in the same local authority highlighted for context.

## Figure 2: Almost one in two local areas had housing that cost less than five times the gross annual household income

Affordability ratios, England and Wales, year ending (YE) March 2020

### Notes:

1. We do not show the extreme values in the 99th percentile (there are 72 ratios in each percentile) to improve visibility of the other points. All values can be found in the [accompanying dataset](#).

At the 10th percentile, we estimate it cost 3.46 times the gross annual household income to buy a house in the local area, whereas at the 90th percentile, it cost 8.29 times the gross annual household income. The lowest ratio, for Horden in County Durham, was 1.37. The highest ratio, for Knightsbridge, Belgravia, and Hyde Park in Westminster, was 35.42. The value for Knightsbridge, Belgravia, and Hyde Park is considerably larger than the value at the 90th percentile (Edgware East in Barnet, 8.29), showing the small proportion of local areas that had extremely unaffordable housing.

There were 251 local authorities (74.7%) that contained at least one local area with an affordability ratio of five or below. There were 85 local authorities (25.3%) where there were no local areas with an affordability ratio of five or below; 29 of these were in London (8.6%) and 25 were in the South East (7.4%).

## 4 . Most and least affordable housing by local areas

Focusing on the local areas with the highest and lowest affordability ratios offers insight into how affordability is distributed across England and Wales. "Affordability" is based on the ratio of median housing prices to gross annual household income in local areas (also called Middle layer Super Output Areas (MSOAs)) in the year ending March 2020. A lower ratio represents a more affordable area. See our [Median house prices by MSOAs](#) and [Income estimates by small areas](#) datasets for the data used to create our ratios.

Of the 50 local areas that were the most affordable, 21 were in the North West, 17 were in the North East, 6 were in Wales, 5 were in Yorkshire and The Humber, and 1 was in the West Midlands.

All 50 least affordable areas were in London, including 16 in Kensington and Chelsea and 10 in Westminster. Barnet, Camden, and Hammersmith and Fulham local authorities all contained 4 local areas that were among the 50 least affordable.

## 5 . Housing affordability across the English regions and Wales

Housing affordability ratios fell into the first decile, which contains the most affordable housing across England and Wales, in 44.4% of local areas in the North East in the year ending March 2020. There were no local areas in the North East that fell into the tenth decile, containing the least affordable housing.

In contrast, London had only 0.1% of local areas in the most affordable decile and almost half (47.5%) of local areas were in the least affordable decile. The East Midlands and West Midlands had reasonably even distribution across the deciles.

Figure 3 shows how housing affordability is distributed across the English regions and Wales, by displaying the proportion of local areas in each region that fall into each decile of affordability.

## Figure 3: In London, nearly half (47.5%) of local areas had housing affordability ratios in the least affordable decile

Affordability ratios by English regions and Wales, year ending (YE) March 2020

In Wales, 74.4% of local areas had a housing affordability ratio of five or below. In the North East, where housing was most affordable, 93.2% of local areas had housing that cost less than five times that local area's gross average household income. Only 0.4% of local areas in London, the region with the lowest proportion of affordable local areas, had an affordability ratio of five or below. These were Wembley East in Brent, Erith East in Bexley, Barking Central in Barking and Dagenham, and Upper Edmonton West in Enfield.

## 6 . Housing affordability in urban and rural areas

Urban areas had a higher proportion of local areas where housing cost five times or less the gross annual household income of the same area compared with rural areas, in the year ending March 2020. "Rural villages and dispersed areas" had the lowest proportion of local areas with affordability ratios of five or less. This is likely because of a combination of relatively larger houses (type of housing stock available), higher house prices, and relatively lower incomes.

Figure 4 shows how housing affordability is distributed across urban and rural contexts, by displaying the proportion of local areas in each classification that are either below or above the affordability threshold of five.

### Figure 4: Most (90.0%) local areas in “Urban minor conurbations” had housing that cost five times or less the gross annual household income

Affordability ratios by urban and rural classifications, England and Wales, year ending (YE) March 2020

Comprehensive analysis of a range of Government Statistical Service statistics relating to England is available from the Department of Environment, Food and Rural Affairs' [Statistical Digest of Rural England](#).

## 7 . Local area affordability data

[House price to gross household income ratio for local areas](#)

Dataset | Released 14 June 2024

Affordability ratios for local areas (Middle layer Super Output Areas) calculated by dividing median house prices by gross annual household incomes in England and Wales.

## 8 . Glossary

### Gross household income

Gross household income is the total amount of income received by every member of a household, that is, from wages and salaries, self-employment, pensions, investments, and benefits, before Income Tax, National Insurance, rates or Council Tax, maintenance or child payments deducted through pay, or contributions to occupational pensions are deducted. We use gross income at household level because this is what most mortgage providers ask for to calculate mortgage affordability.

## Housing affordability ratio

Housing affordability estimates are calculated by dividing median house prices by gross annual household incomes to create a ratio. This ratio can be used to compare affordability between local areas. However, because of the way that the small area income estimates, which we use to produce the ratios, are modelled, the ratios are not comparable over time. A larger number reflects a less affordable area. See our [Median house prices by Middle layer Super Output Areas \(MSOAs\)](#) and [Income estimates for small areas datasets](#).

## Local area

Local areas within this bulletin refer to areas called MSOAs, defined in our [Census geography explainer](#). MSOAs have a mean population of 7,200 and a minimum population of 5,000. They are built from groups of Lower layer Super Output Areas (LSOAs) and constrained by the local authority boundaries used for 2011 Census outputs. The affordability ratios in this release are calculated using data relating to 2020, and so we use 2011 MSOA boundaries, rather than the more recent ones presented in the Census 2021 outputs.

Names for the MSOA areas have been taken from the [House of Commons library MSOA names](#) list. The names are not intended to supplant any names that might already be used locally and they are not "official" names for MSOAs. They are intended to make MSOA data easier to interpret and present.

## 9 . Data sources and quality

This article uses gross annual household income from our [Income estimates for small areas bulletin](#), which are available at Middle layer Super Output Area (MSOA) level for the year ending (YE) March 2020, to calculate affordability ratios for local areas. The estimates are designated [accredited official statistics](#), and are calculated using a model-based method to produce four estimates of income (gross, net, net equivalised before housing costs and net equivalised after housing costs). See our [Income estimates for small areas technical report](#) for information on this method.

The estimates are produced using a combination of survey data from the [Family Resources Survey](#), previously published data from Census 2021, and a number of administrative data sources. The modelling used to produce the estimates is optimised for the particular point in time (the financial year ending March 2020); therefore, they should not be compared over time.

We use [Median house prices by MSOA datasets](#) (formerly House Price Statistics for Small Areas (HPSSAs)) for YE March 2020 for the affordability ratios. The median house prices for small areas are calculated using open data from HM Land Registry (HMLR). This is a source of comprehensive record-level administrative data on residential properties that have been sold. The HPSSA data used here are not mix adjusted, so price variations may be a combination of true price changes and differences in the mix of housing types and trends (and will therefore differ from those in our [Private rent and house prices, UK \(formerly the UK House Price Index\) bulletin](#), which is mix adjusted and comparable over time).

We use median, lower quartile and 10th percentile values for HPSSAs for the 12 months ending March 2023 to provide more timely data, because the affordability calculator (Figure 1) is not dependent on income data. The figures are produced to 2011 MSOA geographies, so that they are consistent with the geography of the affordability ratios, while also providing the most up to date information.

These statistics should not be directly compared with our other published affordability measures, as we use different sources of income data.

## 10 . Related links

### [Housing affordability in England and Wales: 2023](#)

Bulletin | Released 25 March 2024

Data on house prices and annual earnings to calculate affordability ratios for national and subnational geographies in England and Wales on an annual basis.

### [Housing Purchase Affordability, UK: 2022](#)

Bulletin | Released 27 July 2023

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.

### [Private rental affordability, England, Wales and Northern Ireland: 2022](#)

Bulletin | Released 23 October 2023

Private rent prices by country and English region, expressed as a percentage of gross monthly income of private renting households. 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.

### [Private rent and house prices, UK](#)

Bulletin | Released 22 May 2024

The Price Index of Private Rents (PIPR) measures private rent inflation for new and existing tenancies, while the UK House Price Index measures house price inflation.

### [Income estimates for small areas, England and Wales: financial year ending 2020](#)

Bulletin | Released 11 October 2023

Small area model-based income estimates covering local areas called Middle layer Super Output Areas (MSOAs) in England and Wales.

## 11 . Cite this article

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