Office for National Statistics

Statistical bulletin

Housing Purchase Affordability, UK: 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.

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1 . Main Points

- The average annual disposable household income was £35,000 during the financial year ending (FYE) 2023 in England; the average house price was £298,000, which is the equivalent to a ratio of 8.6 years of household income.

- The average house price to disposable household income ratios were 5.8 in Wales, 5.6 in Scotland and 5.0 in Northern Ireland in FYE 2023.

- Since this series began, house prices have increased twice as quickly as household incomes in England; house prices in Wales and Scotland have also increased more rapidly than incomes, but the differences are more moderate.

- For low-income households, average-priced homes in all four countries have been "unaffordable" (costing more than five years of income) throughout the series.

- Only the 10% highest-income households in England could afford an average-priced home with fewer than five years of household income in FYE 2023; in Wales this was the top 30%, the top 40% in Scotland, while in Northern Ireland an average-priced home was affordable with an average household income.

- In London, the average home was not affordable for any household income decile; in three other regions, the average home was only affordable to the top decile.

2 . Purchase affordability measurement

This release refers to ratios of house sales prices in an area to disposable household incomes (equivalised) for the same area. Also note:

- where we refer to "average" incomes or house prices, we are using the median

- house prices are sales prices that are not mix adjusted like in our House Price Index release

- house prices do not take into account any effects on housing cost affordability resulting from changes to mortgage interest rates and payments, or the availability of the shared equity schemes available in England , Wales, Scotland and Northern Ireland

- incomes are based on sample data from surveys, so we are not able to say if differences between areas or over time are statistically significant, or a result of natural sample variation

We use a threshold of five years of income as a broad indicator of affordability. More information on the methods used to produce these data is available in Section 5 of our Housing purchase affordability, quality and methodology information (QMI) report.

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Our sources and methods are described in Section 9: Data sources and quality and in our QMI.

This analysis is part of our Alternative measures of housing affordability research outputs article series, which is published alongside our Private rental affordability, England and Wales bulletin. These releases aim to complement our annual Housing affordability in England and Wales bulletin. While the annual affordability statistics serve a specific local housing policy purpose in England, this bulletin is more research orientated. It covers the whole of the UK, with a focus on household income over individual earnings.

We value your feedback on this release. Please email us at better.info@ons.gov.uk with any suggestions you would like to make.

3 . Affordability of the average home across the UK

In the financial year ending (FYE) 31 March 2023, estimates of the median (average) house sales price and median disposable household income (equivalised) for each country were:

- in England, £298,000 for an average-priced home and £35,000 for average income (a ratio of 8.6)

- in Wales, £205,000 for an average-priced home and £35,000 for average income (a ratio of 5.8)

- in Scotland, £185,000 for an average-priced home and £33,000 for average income (a ratio of 5.6)

- in Northern Ireland, £160,000 for an average-priced home and £32,000 for average income (a ratio of 5.0)

In England and Scotland, average ratios showed an increase compared with the previous financial year. Wales showed a decrease from a ratio of 6.4 to 5.8, and Northern Ireland showed a small decrease. However, only limited comparisons can be made 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

- the FYE 2021 and FYE 2022 income estimates were affected by additional uncertainty in data collection during the coronavirus (COVID-19) pandemic, as well as additional financial support schemes such as furlough; FYE 2023 was affected by cost-of-living payments

- volatility in FYE 2021 and FYE 2022 house prices reflect 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, financial year ending (FYE) 1999 to 2023

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Housing affordability ratio for average household income and average house prices by country, financial year ending (FYE) 1999 to 2023
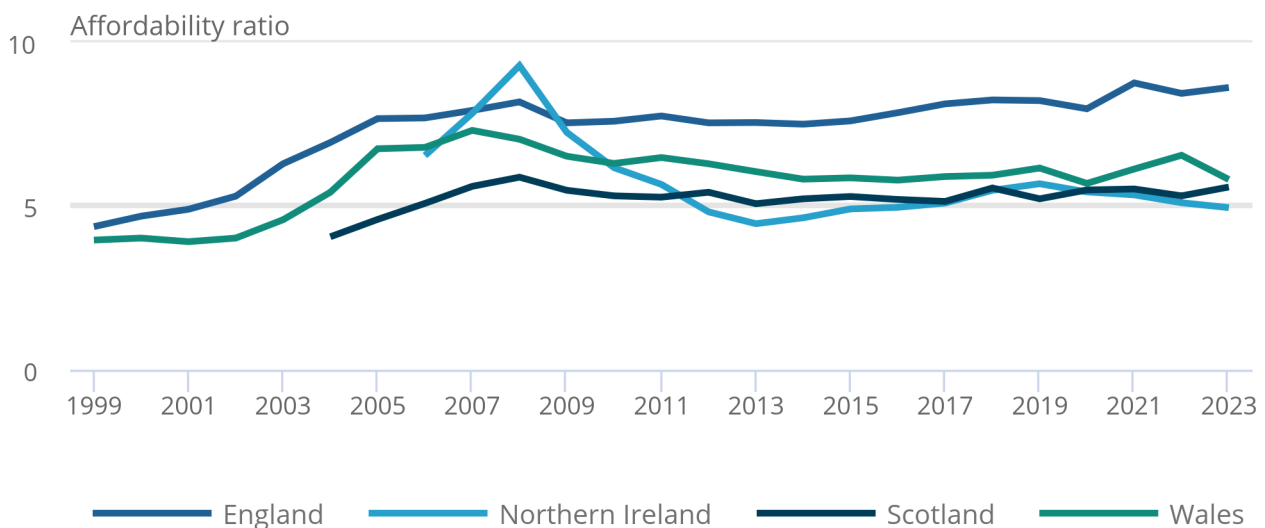
Source: Price paid data from HM Land Registry, Property Market report from Registers of Scotland, Custom data from Land and Property Services Northern Ireland, and Living Costs and Food Survey and Household Finances Survey from the Office for National Statistics

Figure 1 shows that since FYE 2017, all four countries have had an affordability ratio of 5.0 or above.

Trends over time differ by country – since the series began, house prices have increased twice as fast as incomes in England; house prices in Wales and Scotland have increased moderately more rapidly than incomes. Looking in more detail over time:

- housing affordability ratios generally worsened from the start of the series up to FYE 2007 or FYE 2008 in all four countries of the UK

- following the FYE 2008 financial crisis, and up to around FYE 2013, affordability ratios improved substantially in Northern Ireland and modestly in the other three countries

- from FYE 2013 to FYE 2019, affordability ratios in each country were either broadly stable, or worsened slightly

- since FYE 2019 trends have been different in all four countries

The ratios in England and Wales have been volatile from FYE 2019 to FYE 2023, which limits year-on-year comparisons. However, the ratio in England in FYE 2023 was back in line with trends from FYE 2012 to FYE 2019.

4 . Changes in house prices and household incomes

To determine whether an area's housing is affordable, we compare house sales prices to five years' worth of disposable household income (for further information, see Section 5 of our Housing purchase affordability, Quality and Methodology Information (QMI) report). Figure 2 compares five-times income and house prices to show long-term trends, by country.

Homes were affordable from financial year ending (FYE) 1999 to FYE 2001 in England, FYE 1999 to FYE 2003 in Wales and in FYE 2004 in Scotland, and not affordable afterwards. There is a different pattern in Northern Ireland, where prices are not available before FYE 2006, and a pronounced increase and decrease occurred from then until FYE 2013.

Figure 2: House prices have increased more rapidly than household incomes, except in Northern Ireland where they have largely aligned with incomes since 2013, after some substantial volatility

House price sales and five years' earnings, by UK country, financial year ending (FYE) 1999 to 2023

Download the data

Figure 2 shows that:

- changes in house prices are the main cause of the change in affordability

- since the series began, house prices have increased 2.7 times as fast as incomes in England

- house prices in Wales increased 1.7 times faster than incomes, while for Scotland, house prices increased 1.8 times faster

Additional sources can be used to put these trends in context, for example:

- incomes have increased more rapidly than UK inflation in England and Wales since FYE 1999, but more slowly than house prices, which have outpaced both, as shown in our previous Housing Purchase Affordability, UK: 2022 bulletin

- earnings have increased at a slower rate than the household incomes in this release (96% in our Housing affordability in England and Wales: 2023 bulletin compared with 126% in England across this series; and 97% compared with 179% in Wales)

- more adults are now living with parents – our More adults living with their parents article showed that in 2021, around 1 in every 4.5 families (22.4%) had an adult child, up from around 1 in 5 (21.2%) in 2011

- some 36% of adults in Great Britain told us they found it very or somewhat difficult to afford their rent or mortgage payments (22 March to 2 April 2023) according to our Public opinions and social trends data

5 . Affordability across the income distribution, by country

This release provides distributions of household income estimates and house price figures (deciles). We do this to show that the affordability of an average home differs depending on where a household lies on the income distribution (as shown in Figure 3). We then show the same trend comparing all house prices, for example, a low household income compared with a low-priced home (as shown in Figure 4).

Figure 3: Affordability ratios in Wales, Scotland and Northern Ireland are similarly distributed, with England showing a wider affordability distribution

Number of years' income equivalent cost of an average price home, by income decile, by country financial year ending (FYE) 2023

Download the data

Figure 3 shows that:

- in England, only the highest-income decile could afford an average-priced home, with fewer than five years of income in financial year ending (FYE) 2023

- in Wales, this is the top three deciles, and in Scotland the top four, while in Northern Ireland, an average home was affordable with an average income in FYE 2023

- an average-priced home in England was 18.2 times the income of the lowest-income 10% of households; compared with 12.3 in Scotland, 11.2 in Wales and 9.3 in Northern Ireland

Alternatively, users may wish to compare a low household income with a low house price. This has the advantage of reflecting how the housing market works but may ignore the fact that many low-priced homes only have one bedroom, which may not be suitable for all low-income families.

Figure 4: Affordability in Wales and Northern Ireland is similar across the distribution when comparing the same decile of house price and household income

Ratios of income to house price deciles at equal points on the distribution of income by country, financial year ending (FYE) 2023

Download the data

Figure 4 compares income with house price ratios at equal points in the income and house price distributions (for example, 70th percentile incomes with 70th percentile homes) for financial year ending (FYE) 2023 and shows:

- overall, there is more variation between countries than within them, when comparing the same points on the income and house-price distributions, with worse affordability across the income distribution in England, compared with other countries

- in Wales and Northern Ireland, there is relatively little difference in affordability across the distribution

- all points of the distribution were unaffordable in England and Wales

6 . Affordability across the regions of England

There is a wide variation in both household income estimates and house prices within England in financial year ending (FYE) 2023.

Figure 5: An average-priced home in the North East cost the equivalent of almost 10 years of income for a low-income household (10th percentile), compared with almost 35 years in London

Number of years' income equivalent cost of a median-priced home, by income decile, English regions, financial year ending (FYE) 2023

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Figure 5 shows that:

- in London, the average home was not affordable for any household income decile; in three other regions, the average home was only affordable to the top decile

- after London, the biggest ranges in affordability were in the South East, West Midlands and East of England

- the North East, the most affordable region, has a ratio of average house price equivalent to more than five times the average income (5.4)

Figure 6 shows a broader definition of low-income households – a 20th percentile income. This is helpful for looking at patterns over time for English regions.

Figure 6: The number of years of income equivalent to buy an average-priced home in London has more than doubled for a lower-income household

Years of income equivalent cost of an average-priced home for a 20th percentile household income, English regions, financial year ending (FYE) 1999 to 2023

Download the data

Figure 6 compares a 20th percentile income, the point at which a fifth of households' incomes are at or below, to the average house price, and shows that since 1999:

- even in the most affordable 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's affordability ratio has increased the most, more than doubling from 10.9 in 1999 to 24.1 in 2023

Ratios at national and regional levels cannot show the wide variation within each region. Our House price statistics for small areas in England and Wales September 2024 dataset shows homes sold in 2022/23 for £127,000 in Burnley (North West) ranging up to £1.4 million in Kensington and Chelsea (London).

7 . Data on housing purchase affordability

Housing purchase affordability, UK
Dataset | Released 9 December
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.

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

Income data have been equivalised using the Organisation for Economic Co-operation and Development equivalisation scale with the reference point of a household consisting of two adults and no children. Equivalisation is explained further in our How accounting for differences in need for public services impacts UK income inequality statistics article.

Mix-adjusted

Mix-adjustment is commonly used to compensate for the mix of different types of homes changing each year. The house price statistics for small areas used here make no adjustment. Our UK House Price Index (HPI) uses a hedonic regression model to mix-adjust. The regression model is used to estimate the price value of various property features (for example, the number of rooms in each property and the location of the property) for every month of the year. That price value is then applied to an annual set of properties to estimate the sale price in each month, for all those properties. Since the same property is being monitored over time, this means the change in average price is comparable over time in the UK HPI. More information can be found in the HM Land Registry UK HPI report.

9 . Data sources and quality

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, UK, quality and methodology information (QMI)](#).

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 the [Annual property market report from Registers of Scotland (RoS)](#)

- 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 (unlike the incomes when they are first released in [Average household income, UK: financial year ending 2023](#)). This ensures that both parts of the affordability equation are balanced on a nominal basis. Neither data source includes the population in communal establishments.

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

- household income measures provide a more realistic assessment of the homes a household can afford than individual earnings measures, as used in our [Housing affordability in England and Wales statistical bulletins series](#)

- we incorporate revisions to house prices in each edition, some of which occur many years in the past, always giving up-to-date information

The limitations of our approach are that:

- 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

- because we are using different national data sources, we are unable to calculate an affordability ratio for the UK as a whole

- 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, unlike those in our UK House Price Index

- incomes are estimated through sample surveys, with statistical uncertainty and additional uncertainty from cost of living payments being made in the financial year ending 2023, and 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.

Alternative ways of calculating affordability

There are no definitive ways of measuring housing affordability. Users may therefore want to use additional data to look at alternative measures. Our Housing affordability in England and Wales: 2023 web page can be used to:

- calculate median affordability by using house prices for a specific property type

- look at house prices for a new or existing dwelling

- compare with regional incomes here to show how affordable median local house prices are for households in that region

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.

[Private rental affordability, England, Wales and Northern Ireland: 2023](#)
Bulletin | Released 28 October 2024
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.

[Average household income, UK: financial year ending 2023](#)
Bulletin |Released 24 September 2024
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 22 May 2024
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.

[Median house prices for administrative geographies](#)
Dataset | Released 25 September 2024
Median price paid for residential property in England and Wales, by property type and administrative geographies. Quarterly rolling annual data. Formerly HPSSA dataset 9.

[Who is most exposed to rising housing costs in England and Wales?](#)
Article | Released 25 April 2024
See which areas were most and least affected by rising mortgage and rent costs in 2023.

11 . Cite this statistical bulletin

Office for National Statistics (ONS), released 9 Dec 2024, ONS website, statistical bulletin, [Housing purchase affordability, UK: 2023](#)