
**Attention: industrial; social affairs; news;
political**
4 pages

House prices have risen four times faster than pay in the North East

The cost of buying the average home in the North East has gone up more than four times faster than the wage of the average employee in the region over the last decade, according to a new TUC analysis of official statistics, published today (Wednesday).

In 1997 the average house in the North East could be bought for £47,000, equivalent to two years eleven months of the then average wage of £15,986. But since then house prices have risen by 153% taking the average house in the North East to £119,000, while the average wage has gone up by only 34.9% to £21,558. This means that it now takes five years six months of an average employee's wage to buy an average house. In other words, house prices have gone up 4.4 times faster than pay.

This is the fourth highest increase out of any English region.

This compares to the average figures for the whole of England where house prices have gone up 4.1 times faster than pay over the last ten years. In 1997 the average house cost £60,000, equivalent to three years and six months of the then average wage of £17,000. House prices have risen since then by 180 per cent, taking the average house to £168,000, while the average wage has gone up by only 43 per cent. This means that it now takes six years eleven months of an average employee's wage to buy an average house.

There are some stark differences across the country. While well-off London boroughs have the most expensive houses, the gap between pay and house prices has grown the most in West Sussex where prices have gone up more than nine times faster than pay.

Within the North East, the biggest increase in the gap between prices and pay is in Durham, where prices have gone up nearly six times faster than pay, and the lowest is in South Tyneside, where prices have still gone up 3.2 times faster than pay. Newcastle is the council area where house prices are now most out of reach of local people, with the average house costing £141,000 – or six and a half years of the average wage of just over £21,000.

TUC General Secretary **Brendan Barber** said, "Housing is by far and away the biggest cost for most people at work in the North East. These stark figures bring alive the housing crisis. They show just how quickly buying your own home has gone out of the reach of many working people. It is striking that house prices seem to have gone up in line with the pay of top directors and the super-rich, rather than middle and low earners.

"These figures show just how much housing has become an engine of inequality. If you are lucky enough to own your own home you have got that bit richer every day than those that do not.

"The government is right to have put a new emphasis on housing, though it's a shame that this didn't start earlier. We desperately need more quality affordable homes to rent and to buy. Unions stand ready to back new housing policies that provide quality homes in proper communities that respect the environment, but if we are to build enough homes ministers will need to take tough decisions."

North East (ranked by growth in pay price gap)	1997 pay	2006 pay	% pay increase	1997 house price	2006 house price	% price increase	how much faster prices have gone up than pay	How long to buy in 1997 and months)	How long to buy in 2006 (years and months)
Durham	£15,248	£19,022	24.7%	£43,000	£105,000	144%	5.8	2y 10m	5y 6m
Newcastle upon Tyne	£15,997	£21,331	33.3%	£49,750	£141,000	183%	5.5	3y 1m	6y 7m
Redcar and Cleveland UA	£19,313	£25,318	31.1%	£45,000	£119,500	166%	5.3	2y 4m	4y 9m
Darlington UA	£16,066	£20,354	26.7%	£49,000	£115,000	135%	5.0	3y 1m	5y 8m
Stockton-on-Tees UA	£16,818	£22,442	33.4%	£49,950	£125,000	150%	4.5	3y	5y 7m
Middlesbrough UA	£15,901	£20,492	28.9%	£45,000	£100,000	122%	4.2	2y 10m	4y 11m
North Tyneside	£15,211	£20,960	37.8%	£50,500	£131,000	159%	4.2	3y 4m	6y 3m
Gateshead	£15,108	£21,521	42.5%	£42,000	£116,000	176%	4.2	2y 9m	5y 5m
Hartlepool UA	£16,197	£21,378	32.0%	£41,950	£90,000	115%	3.6	2y 7m	4y 3m
Sunderland	£15,060	£21,315	41.5%	£44,125	£107,000	142%	3.4	2y 11m	5y 0m
Northumberland	£14,521	£21,127	45.5%	£53,000	£135,000	155%	3.4	3y 8m	6y 5m
South Tyneside	£14,765	£21,292	44.2%	£44,000	£107,100	143%	3.2	3y	5y 0m

NE (ranked by 2006 pay price gap)	1997 pay	2006 pay	% pay increase	1997 house price	2006 house price	% price increase	how much faster prices have gone up than pay	How long to buy in 1997 (years and months)	How long to buy in 2006 (years and months)
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Hartlepool UA	£16,197	£21,378	32.0%	£41,950	£90,000	115%	3.6	2y 7m	4y 3m
English regions	1997 median pay	2006 median pay	% pay increase	1997 median house price	2006 median house price	% price increase	how much faster house prices go up than pay	How long to buy in 1997 (years and months)	How long to buy in 2006 (years and months)
East	£17,963	£23,950	33.3%	£63,950	£177,950	178%	5.3	3y 7m	7y 5m
South West	£15,873	£22,453	41.5%	£60,000	£178,500	198%	4.8	3y 9m	7y 11m
London	£21,608	£30,511	41.2%	£86,000	£245,000	185%	4.5	4y	8y 0m
North East	£15,986	£21,558	34.9%	£47,000	£119,000	153%	4.4	2y 11m	5y 6m
East Midland	£16,083	£22,496	39.9%	£50,500	£137,000	171%	4.3	3y 2m	6y 1m
West Midlands	£16,162	£22,222	37.5%	£54,950	£142,000	158%	4.2	3y 5m	6y 5m
North West	£16,279	£22,420	37.7%	£49,000	£126,000	157%	4.2	3y 0m	5y 7m
South East	£18,104	£25,535	41.0%	£74,950	£203,000	171%	4.2	4y 2m	7y 11m
Yorkshire and the Humber	£15,858	£22,088	39.3%	£49,000	£128,330	162%	4.1	3y 1m	5y 10m
England	£16,949	£24,313	43.4%	£60,000	£168,000	180%	4.1	3y 6m	6y 11m

Further tables, including the figures for each local authority area, are available at <http://www.tuc.org.uk/extras/housingtables.cfm>

NOTES TO EDITORS:

- All figures are from or derived from official statistics

<http://www.communities.gov.uk/index.asp?id=1156110> tables 577 and 586

- The median is the half way value through a distribution. If you are paid the median wage it means that half the population earn more than you and half the population earn less than you. It is not the same as the mean wage, which will be higher, as this will be skewed by the very large wages enjoyed by the top few per cent, but it can be said to be the pay of the average worker.
- The “how much faster house prices go up than pay” column is a comparison between the increase in the median wage compared to the median house price. A figure of 4.3 for example shows that the median house price went up 4.3 times faster than the median wage between 1997 and 2006.
- The “how long to buy” column is a simple measure of how many years and months of the median wage equals the median house price. For example if the median wage is £10,000 it take five years to buy a house priced £50,000.

Tables available on the web site are

Table 1 – The headline figures for each region

Table 2 – Figures for each county, met district and unitary authority shown by region

Table 3 – As Table 2 but ranked by change in the pay/price gap

Table 4 – As Table 3 but ranked by the 2006 gap between price and pay

Table 5 – All figures organised by region including county, met district UA and local authority district

Table 6 – includes two tables for each region – one showing local authorities within region ranked by growth in pay price gap and one ranked by 2006 pay price gap (ie Tables 3 and 4 for each region)

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