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House prices have risen four times faster than pay

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

In 1997 the average house could be bought for £60,000, equivalent to three years and six months of the then average wage of £17,000. But since then house prices have risen by 180 per cent taking the average house to £168,000, while the average wage has gone up by only 43 per cent, to just over £24,000. This means that it now takes nearly seven years 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, followed by Waltham Forest in east London and Luton. (table below)

The London boroughs with the most expensive housing dominate the list of the top ten local authority areas with the biggest current gap between the pay of local employees and local house prices, but Dorset and Rutland also feature.

In Kensington and Chelsea it now takes more than 20 years of the local average salary of £26,000 to buy the average house, which now costs more than half a million pounds. As home to many of London's 'millionaire rows', Kensington and Chelsea is well clear of the rest of the table, but even in Dorset, Rutland and the more typical London borough of Merton, the average house still costs more than nine years of an average local employee's wages.

TUC General Secretary **Brendan Barber** said: "Housing is by far and away the biggest cost for most people at work. 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.

“Of course sustained low interest rates and an excess of demand over supply have also helped fuel higher prices, but it is clear that demand at the top of the market from those with city bonuses and inflated boardroom pay has fed down to the rest of the market.

“Our research shows 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 on at least some of the vested ‘nimby’ interests that stand in their way.”

English regions	1997 median pay	2006 median pay increase	% 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
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

The 10 councils with the fastest growing gap between pay and house price	1997 pay	2006 pay	% pay increase	1997			increase in price to pay ratio	How long to buy in 1997 (years and months)	How long to buy in 2006 (years and months)
				house price	2006 house price	% price increase			
West Sussex	£18,640	£22,258	19.4%	£74,000	£205,000	177%	9.12	4y 9y 3m	
Waltham Forest	£17,867	£22,800	27.6%	£62,000	£215,000	247%	8.94	3y 6m 9y 5m	
Luton UA	£19,378	£24,217	25.0%	£48,250	£147,000	205%	8.19	2y 6m 6y 1m	
Newham	£20,144	£27,115	34.6%	£56,000	£211,500	278%	8.02	2y 9m 7y 10m	
Sutton	£21,599	£26,515	22.8%	£74,950	£210,000	180%	7.92	3y 6m 7y 11m	
Isle of Wight UA	£15,171	£19,489	28.5%	£53,250	£171,500	222%	7.80	3y 6m 8y 10m	
Hillingdon	£22,585	£28,117	24.5%	£79,950	£230,000	188%	7.66	3y 6m 8y 2m	
Thurrock UA	£19,244	£24,222	25.9%	£56,000	£164,950	195%	7.52	2y 11m 6y 10m	
Warrington UA	£17,221	£21,047	22.2%	£57,000	£146,700	157%	7.08	3y 4m 6y 12m	
Hammersmith and Fulham	£23,979	£29,586	23.4%	£135,000	£350,000	159%	6.81	5y 8m 11y 10m	

The 10 councils with the biggest current gap between pay and house price	1997 median pay	2006 median pay	% pay increase	1997			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)
				median house price	2006 median house price	% price increase			
Kensington and Chelsea	£19,380	£25,761	32.9%	£225,000	£525,000	133%	4.0	11y 7m 20y 5m	
Westminster	£23,186	£31,250	34.8%	£163,000	£415,000	155%	4.4	7y 0m 13y 3m	
Hammersmith and Fulham	£23,979	£29,586	23.4%	£135,000	£350,000	159%	6.8	5y 8m 11y 10m	
Richmond upon Thames	£19,622	£29,730	51.5%	£135,000	£330,000	144%	2.8	6y 11m 11y 1m	
Camden	£21,805	£32,428	48.7%	£145,000	£358,000	147%	3.0	6y 8m 11y 0m	
Wandsworth	£19,963	£28,624	43.4%	£108,000	£312,000	189%	4.4	5y 5m 10y 11m	
Dorset	£15,528	£21,950	41.4%	£75,000	£219,500	193%	4.7	4y 10m 10y 0m	
Merton	£18,041	£24,324	34.8%	£84,973	£243,000	186%	5.3	4y 9m 9y 12m	
Rutland UA	£14,153	£21,333	50.7%	£76,000	£208,000	174%	3.4	5y 4m 9y 9m	
Barnet	£18,553	£28,263	52.3%	£100,000	£275,000	175%	3.3	5y 5m 9y 9m	

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 at <http://www.tuc.org.uk/extras/housingtables.cfm> 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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