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PULLING UP THE PROPERTY LADDER

Data shows that only those earning £3m can buy where they want – even MPs would struggle in a third of the country

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Joanne Brown, a veterinary nurse, is 47 years old but still cannot afford to buy her own home. “I’m relying on the housing market to go right down. That would be the only way I could do it,” she says.

The average property in England and Wales costs more than ten times her annual income of £20,000. In August Brown was on the verge of finally buying a two-bedroom terraced cottage in Hertfordshire for £300,000 to share with her rescued chihuahuas, Hollins and Carmen. She had boarded in nurses’ accommodation for more than 20 years, but now an inheritance meant she could raise a £100,000 deposit.

Then Kwasi Kwarteng’s disastrous mini-budget sent interest rates rocketing. “Everything changed,” Brown says. Six weeks on, she needed to find an extra £63,000 in cash plus £300 more a month in income to qualify for a mortgage.

Bereft, Brown pulled out. “As a single person you can only borrow so many times your salary,” she says. “You get no help from anywhere.”

41%
The percentage of locations in England and Wales where the cost of a home exceeds ten times the median salary Savills estate agency

Even with two incomes, millions of ordinary working people have little hope of ever owning a home. A newly qualified nurse has to pay more than ten times their annual earnings (£27,055) for the average home in 92 per cent of the country, according to exclusive analysis of government data on incomes and house prices by Savills estate agency. In 41 per cent of locations in England and Wales the cost of a home now exceeds ten times the median annual income – up from 24 per cent before the pandemic and 1 per cent 20 years ago.

The data shows “just how rapidly house prices have risen compared with incomes over the last two decades, and with the pandemic property boom houses have never been more unaffordable for ordinary working people in England,” says Lawrence Bowles, a director in Savills’ research department.

You now need to earn £74,074 a year for £33,850 in London to get a mortgage for the median home on a single income. This is based on the average 4:1 loan-to-income ratio that lenders use to work out how much you can borrow (not including cash deposits). Even a chartered accountant on a salary of £84,500 – slightly more than an MP (£84,144) – would be unable to get a mortgage for the average home on 4:1 times a single income in 36 per cent of the country. A FTSE 100 chief executive with

a median salary of £3.4 million is the only profession analysed who could afford a mortgage anywhere in the country.

For eight years Hannah Evans, 28, saved up to buy a home, working two jobs and “doing small things such as swapping bank accounts because you get the £100 switching bonus”. Evans, a corporate partnerships executive for the Royal Albert Hall, whose salary is below the England and Wales average of £33,101, thought she would have to leave London – and her job – to buy.

“It was either rent in London and remain at a company that I love or move out and become a homeowner. I really didn’t think I could have both. During the pandemic I found myself looking for jobs outside of the capital just so I could have a fighting chance of getting on the property ladder,” Evans says.

In every single London borough the median home now tops ten times average annual income. Last year Bexley and Barking and Dagenham became the last councils in the capital to cross this threshold. It was in Barking where Evans spotted Pocket Living’s 38 sq m one-bedroom flats from £92,000 – at least 20 per cent discounted on local prices – in November. “It was the first time I had seen something within my price range.” She made an offer.

Days later it was accepted.

Before the pandemic London was the only region where the average home exceeded ten times annual income. In the past two years the South West, East and South East of England have crossed this threshold too. Bristol (£33,269), Harrogate (£34,139) and Hertfordshire (£30,586) were among 20 local authorities that joined the 10-to-1 club in the past year.

“It is desperate for people who want to own a home and increasingly see the prospect disappearing into the distance,” says Clive Betts, chairman of the housing select committee and the Labour MP for Sheffield South East.

“It just becomes a joke, because it simply is so unaffordable now. It’s not just in London, but many parts of the country as well. People in reasonable, middle-ranking jobs who ought to be able to afford to buy their home simply can’t. It just shows a completely failed housing market.”

Rising interest rates are an “immediate issue driving up the cost”, but long term Rishi Sunak attributes the affordability crisis to the shortage of homes. “It comes back to the government not merely having an aspiration to build 300,000 homes a year, but a plan to achieve it.”

By contrast, house prices in income-rich areas are 5:1 in the North East and 6:7 in the North West. “Affordability is far less stretched on average than in the South,” Bowles says. The most affordable areas, with house prices just over four times median income, are Copeland (£49,409)



Above: Bristol. Joanne Brown, 47, a veterinary nurse and artist earning £30,000



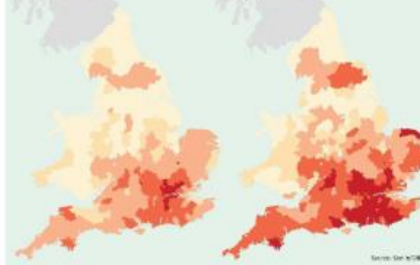
Above right: Hannah Evans, 28, a corporate partnerships executive for the Royal Albert Hall, whose salary is below the England and Wales average of £33,101, thought she would have to leave London – and her job – to buy

AFFORDABILITY CRISIS

Median house price to earnings ratio before and after the pandemic

Less than 7 7 to 8 8 to 10 10 to 12 More than 12

2019 2022



Annual income	£16,720	£27,055	£32,004	£44,977	£90,122	£84,500	£3.4m
% of councils in England and Wales where the average home costs more than...	10 times income	92%	59%	44%	20%	11%	0.3%
8.2 times income	99%	74%	80%	30%	24%	2%	0%
4.1 times income	100%	100%	99%	85%	77%	38%	0%

*Source: Savills research