

Nationwide LOCAL AFFORDABILITY REPORT

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Britain's most and least affordable areas to live

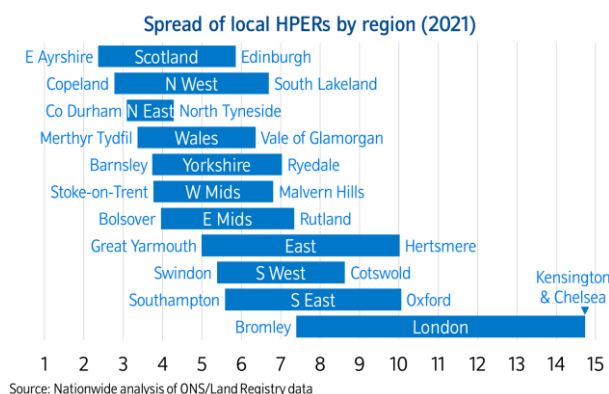
- London borough of Kensington and Chelsea least affordable; East Ayrshire in Scotland remains most affordable
- North East has smallest gap between least and most affordable boroughs, London has largest
- 25% of local authorities have seen an improvement in affordability since 2016
- Westminster, Cambridge, Reading and Aberdeen amongst areas which have seen largest improvements, due to earnings growth outpacing house price growth
- Around 45% of local authorities now have an HPER of 6+, compared with c35% in 2016

Commenting on the figures, Andrew Harvey, Senior Economist, said:

“Our recent [Affordability Report](#) identified that affordability was becoming more stretched across all regions. However, there is also considerable variation within those regions and in this special report we explore this further.

“We’ve updated our local affordability metrics, which use house price and earnings data from the Land Registry & Office for National Statistics (ONS) to give the most comprehensive view at a local level.

“As illustrated by the chart below, London has by far the greatest gap between the least and most affordable boroughs, while the North East has the smallest.



Least affordable local authorities

“Our data shows the least affordable local authorities, as measured by the first time buyer house price to earnings ratio (HPER) within each government office region (using data for 2021). Note that data is not available for Northern Ireland.

Govt Office Region	Local Authority	HPER (2021)
London	Kensington and Chelsea	14.7
South East	Oxford	10.1
East of England	Hertsmere	10.0
South West	Cotswold	8.6
East Midlands	Rutland	7.3
Yorkshire*	Ryedale	7.0
West Midlands	Malvern Hills	6.8
North West	South Lakeland	6.7
Wales	Vale of Glamorgan	6.4
Scotland	City of Edinburgh	5.9
North East	North Tyneside	4.3

* Refers to Yorkshire and The Humber

“Based on the latest data, Kensington and Chelsea remains the least affordable local authority in London and by extension Great Britain, with a HPER of 14.7.

“Oxford remains the least affordable area in the South East, with house prices 10.1 times average earnings in the region, up from 9.2 a year ago. House prices in Oxford have risen 14% over the past year, one of the strongest increases in the South East.

“Hertsmere in Hertfordshire continues to be the least affordable local authority in the East of England government region, with average prices 10 times average earnings. This area is traditionally prime London commuter territory, taking in towns such as Borehamwood and Potters Bar.

“Most authorities in the South West have seen a deterioration in affordability over the last year, but Cotswold replaced Bath and North East Somerset as the least affordable area, with a house price earnings ratio of 8.6. This district includes sought after towns such as Cirencester, Tetbury and Moreton-in-Marsh.

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“Rutland, the smallest historic county in England, remains the least affordable authority in the East Midlands, while in the West Midlands it is Malvern Hills.

“In Yorkshire and The Humber, the district of Ryedale in North Yorkshire continues to have the highest house price to earnings ratio, despite seeing weaker price growth over the last year than most of the region. This predominately rural area includes towns such as Malton and Pickering.

“The least affordable area in the North West government region is South Lakeland in Cumbria, which includes parts of the popular Lake District national park, including Ambleside and Windermere.

“In Wales, the Vale of Glamorgan replaced Cardiff as the least affordable area. Prices in the Vale, which includes Barry, rose by 17% year-on-year, reflecting a trend in Wales of stronger price growth in areas outside of the major cities.

“While in Scotland, Edinburgh continues to have the highest house price to earnings ratio, average house prices in the capital are significantly higher than other parts of Scotland.

“North Tyneside is the least affordable area within the North East, although average prices are only around four times average earnings, so this is still relatively affordable compared to some of the other locations in our list. The North East region also has the smallest gap between the least and most affordable authorities.

See map on page 4 showing affordability across local authorities and list of authorities in each region on page 5

Most affordable local authorities

“We’ve also looked at the most affordable areas, based on the local authorities with the lowest first time buyer house price to earnings ratio within each region.

Most affordable local authorities		
Govt Office Region	Local Authority	HPER (2021)
Scotland	East Ayrshire	2.4
North West	Copeland	2.8
North East	County Durham	3.1
Wales	Merthyr Tydfil	3.4
Yorkshire*	Barnsley	3.7
West Midlands	Stoke-on-Trent	3.8
East Midlands	Bolsover	4.0
East of England	Great Yarmouth	5.0
South West	Swindon	5.4
South East	Southampton	5.6
London	Bromley	7.4

* Refers to Yorkshire and The Humber

“East Ayrshire, in Scotland, continues to be the most affordable authority in Great Britain, with average first time buyer house prices just 2.4 times average earnings. East

Ayrshire covers a large geographic area to the south of Glasgow, but its main towns are Kilmarnock and Cumnock.

“Copeland remains the most affordable area in the North West of England, despite average prices rising 11% over the last year. While the area includes parts of the western Lake District, its main settlements are along the Cumbrian coast from Millom to Whitehaven.

“In the North East, County Durham has the lowest house price to earnings ratio at 3.1. Covering a relatively large area, it is quite mixed and includes the cathedral city of Durham, former mining towns such as Bishop Auckland, and ‘new towns’ Peterlee and Newton Aycliffe.

“Merthyr Tydfil remains the most affordable local authority in Wales. The town has a rich industrial heritage and while average house prices have risen over the past year they are still amongst the lowest in the principality.

“Barnsley has replaced North East Lincolnshire as the most affordable area in the Yorkshire and The Humber government office region.

“In the West Midlands, Stoke-on-Trent continues to have the lowest house price to earnings ratio at 3.8. While Stoke has seen a pickup in price growth over the last year, it remains the cheapest area in the region by some margin.

“Meanwhile, in the East Midlands, the district of Bolsover remains the most affordable and also lowest priced area.

“Meanwhile, on the east coast, Great Yarmouth in Norfolk continues to have the lowest house price to earnings ratio in the East of England region, despite seeing above average price growth over the last year.

“Swindon remains the most affordable area in the South West, with a house price earnings ratio of 5.4. While prices in Swindon have risen over the last year, they remain lower than some of the surrounding areas in part due to relatively high levels of new housing construction.

“Southampton has replaced Dover as the most affordable region in the South East region, with average first time buyer prices 5.6 times average earnings. Southampton is also the cheapest area in the region, with relatively low price growth over the last year.

“Bromley is the most affordable borough in London, though its house price earnings ratio of 7.4 is still higher than most local authorities across the country. Indeed, Bromley is less affordable than the *least* affordable authorities in seven out of the 11 regions.

Which areas have seen the greatest improvement in affordability?

“The table below shows the areas that have seen the biggest improvement in housing affordability over the past five years, by comparing the first time buyer house price to earnings

ratios in 2016 and 2021. Note that in Wales, no authorities have seen an improvement in this period.

Govt Office Region	Local Authority	HPER 2016	HPER 2021	Chg. (ppts)
London	Westminster	18.1	14.3	-3.8
East of England	Cambridge	10.3	8.8	-1.5
South East	Reading	7.6	6.4	-1.2
Scotland	Aberdeen City	4.6	3.4	-1.2
Yorkshire*	Craven	6.5	5.5	-1.0
East Midlands	South Holland	5.3	5.0	-0.3
North East	Middlesbrough	3.6	3.3	-0.3
North West	Eden	6.0	5.9	-0.2
West Midlands	Walsall	4.8	4.6	-0.1
South West	Swindon	5.5	5.4	-0.1

* Refers to Yorkshire and The Humber

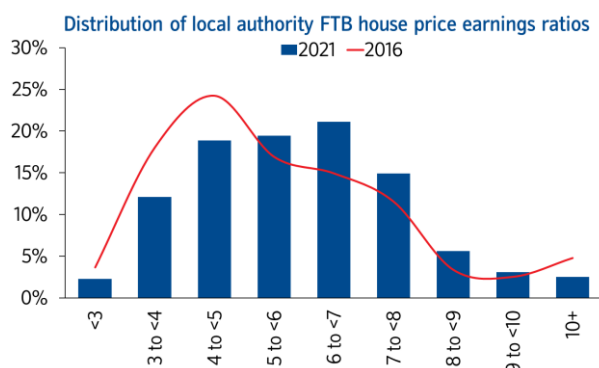
“Westminster has seen the biggest improvement in affordability over the period, with the average first time buyer house price to earnings ratio falling from 18.1 to 14.3. This was driven by a combination of lower prices (13% lower than five years ago) and higher earnings (up 10% compared with 2016).

“While it is still one of the less affordable areas in the East of England, Cambridge has seen a marked improvement in affordability over the last five years, as earnings growth in the city has outpaced house price growth over this period.

“In Scotland, Aberdeen continued to see the greatest improvement in affordability, with average first time buyer HPER declining from 4.6 to 3.4 in the last five years. This is predominately due to the 22% fall in prices over the period.

“Craven in Yorkshire and The Humber, which is centred around the market town of Skipton, saw its HPER improve from 6.5 to 5.5.

“Affordability gains in other regions have been more modest. Overall, 25% of local authorities in Great Britain have seen an improvement in affordability compared with 2016, while first-time buyer house price earnings ratios have risen in 72% of authorities, with the balance unchanged.



Source: Nationwide analysis of ONS/Land Registry data

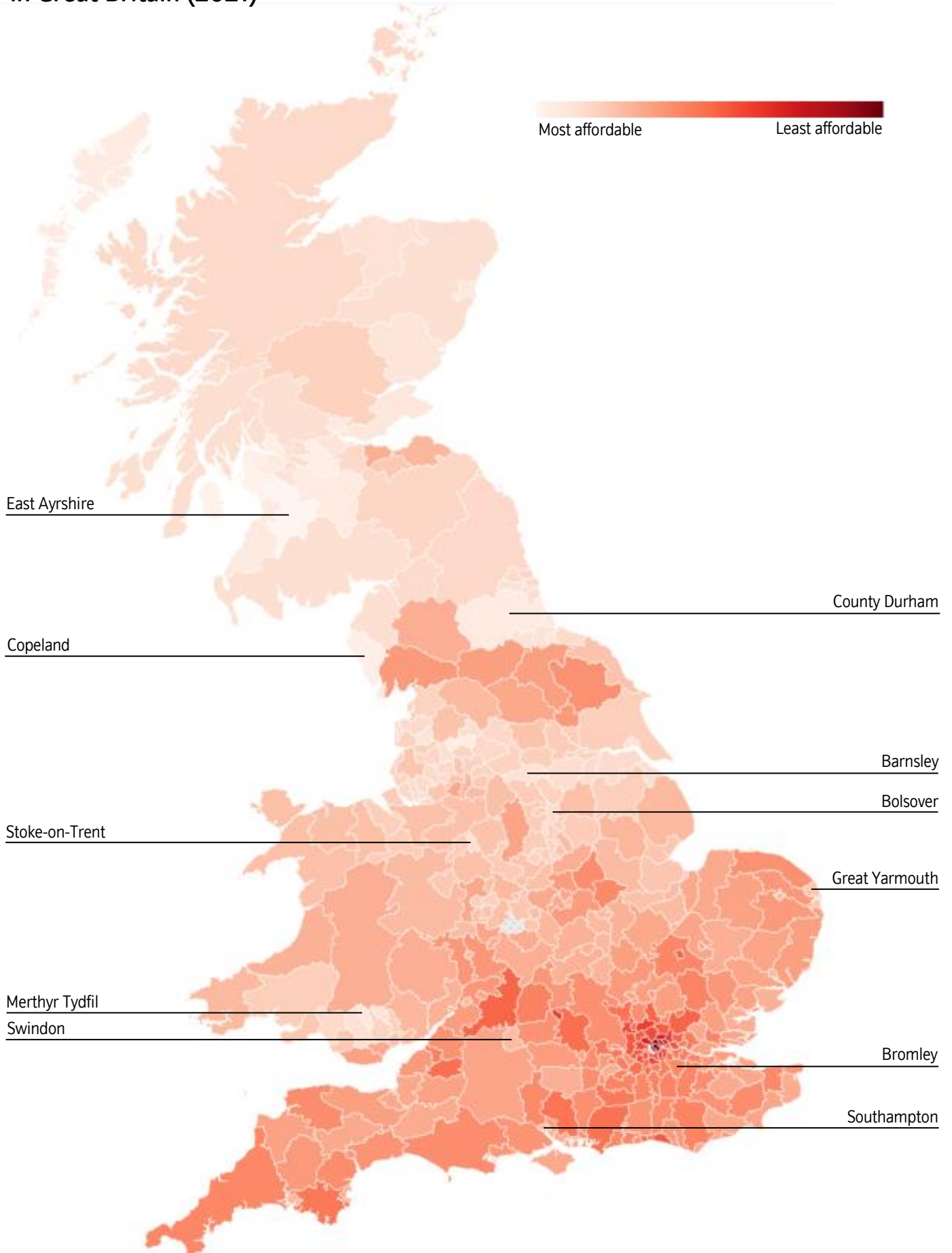
“The chart above shows the distribution of local first time buyer house price to earnings ratios and how this has changed since 2016. While there is quite a wide range, there

has been a noticeable increase in the proportion of local authorities with higher HPERs over the last five years. Around 45% of authorities now have a HPER of six or more, compared with c35% in 2016. Only 14% of localities now have a HPER below four, down from 22% five years ago.

“This helps to illustrate the challenge that many first time buyers across the country face, in terms of raising a deposit to purchase their first home. Further, the cost of servicing a mortgage as a share of take-home pay is now above its long-run average in the majority of UK regions. To read more about this, please see our [affordability report](#).

“Affordability data for all local authorities, alongside all of our usual monthly and quarterly reports can be found at www.nationwidehousepriceindex.co.uk.”

Most affordable local authorities in Great Britain (2021)



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Local authorities in each Government Office Region

East Midlands: Amber Valley, Ashfield, Bassetlaw, Blaby, Bolsover, Boston, Broxtowe, Charnwood, Chesterfield, Corby, Daventry, Derby, Derbyshire Dales, East Lindsey, Erewash, Gedling, Harborough, High Peak, Hinckley and Bosworth, Leicester, Lincoln, Mansfield, Melton, Newark & Sherwood, North East Derbyshire, North Kesteven, North Northamptonshire, North West Leicestershire, Nottingham, Oadby & Wigston, Rushcliffe, Rutland, South Derbyshire, South Holland, South Kesteven, West Lindsey, West Northamptonshire

East of England: Babergh, Basildon, Bedford, Braintree, Breckland, Brentwood, Broadland, Broxbourne, Cambridge, Castle Point, Central Bedfordshire, Chelmsford, Colchester, Dacorum, East Cambridgeshire, East Hertfordshire, East Suffolk, Epping Forest, Fenland, Great Yarmouth, Harlow, Hertsmere, Huntingdonshire, Ipswich, King's Lynn & West Norfolk, Luton, Maldon, Mid Suffolk, North Hertfordshire, North Norfolk, Norwich, Peterborough, Rochford, South Cambridgeshire, South Norfolk, Southend-on-Sea, St Albans, Stevenage, Tendring, Three Rivers, Thurrock, Uttlesford, Watford, Welwyn Hatfield, West Suffolk

London: Barking & Dagenham, Barnet, Bexley, Brent, Bromley, Camden, City of London, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Harrow, Havering, Hillingdon, Hounslow, Islington, Kensington & Chelsea, Kingston upon Thames, Lambeth, Lewisham, Merton, Newham, Redbridge, Richmond upon Thames, Southwark, Sutton, Tower Hamlets, Waltham Forest, Wandsworth, Westminster

North East: County Durham, Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar & Cleveland, South Tyneside, Stockton-on-Tees, Sunderland

North West: Allerdale, Barrow-in-Furness, Blackburn with Darwen, Blackpool, Bolton, Burnley, Bury, Carlisle, Cheshire East, Cheshire West & Chester, Chorley, Copeland, Eden, Fylde, Halton, Hyndburn, Knowsley, Lancaster, Liverpool, Manchester, Oldham, Pendle, Preston, Ribble Valley, Rochdale, Rossendale, Salford, Sefton, South Lakeland, South Ribble, St. Helens, Stockport, Tameside, Trafford, Warrington, West Lancashire, Wigan, Wirral, Wyre

Scotland: Aberdeen City, Aberdeenshire, Angus, Argyll & Bute, City of Edinburgh, City of Glasgow, Clackmannanshire, Dumfries & Galloway, Dundee City, East Ayrshire, East Dunbartonshire, East Lothian, East Renfrewshire, Eilean Siar, Falkirk, Fife, Highland, Inverclyde, Midlothian, Moray, North Ayrshire, North Lanarkshire, Orkney Islands, Perth & Kinross, Renfrewshire, Scottish Borders, Shetland Islands, South Ayrshire, South Lanarkshire, Stirling, West Dunbartonshire, West Lothian

South East: Adur, Arun, Ashford, Basingstoke & Deane, Bracknell Forest, Brighton & Hove, Buckinghamshire, Canterbury, Cherwell, Chichester, Crawley, Dartford, Dover, East Hampshire, Eastbourne, Eastleigh, Elmbridge, Epsom & Ewell, Fareham, Gosport, Gravesham, Guildford, Hart, Hastings, Havant, Horsham, Isle of Wight, Lewes, Maidstone, Medway, Mid Sussex, Milton Keynes, Mole Valley, New Forest, Oxford, Portsmouth, Reading, Reigate & Banstead, Rother, Runnymede, Rushmoor, Sevenoaks, Shepway, Slough, South Oxfordshire, Southampton, Spelthorne, Surrey Heath, Swale, Tandridge, Test Valley, Thanet, Tonbridge & Malling, Tunbridge Wells, Vale of White Horse, Waverley, Wealden, West Berkshire, West Oxfordshire, Winchester, Windsor & Maidenhead, Woking, Wokingham, Worthing

South West: Bath & North East Somerset, Bournemouth Christchurch & Poole, Bristol, Cheltenham, Cornwall, Cotswold, Dorset, East Devon, Exeter, Forest of Dean, Gloucester, Mendip, Mid Devon, North Devon, North Somerset, Plymouth, Sedgemoor, Somerset West & Taunton, South Gloucestershire, South Hams, South Somerset, Stroud, Swindon, Teignbridge, Tewkesbury, Torbay, Torridge, West Devon, Wiltshire

Wales: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmathenshire, Ceredigion, Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport, Pembrokeshire, Powys, Rhondda Cynon Taf, Swansea, Torfaen, Vale of Glamorgan, Wrexham

West Midlands: Birmingham, Bromsgrove, Cannock Chase, Coventry, Dudley, East Staffordshire, Herefordshire, Lichfield, Malvern Hills, Newcastle-under-Lyme, North Warwickshire, Nuneaton & Bedworth, Redditch, Rugby, Sandwell, Shropshire, Solihull, South Staffordshire, Stafford, Staffordshire Moorlands, Stoke-on-Trent, Stratford-on-Avon, Tamworth, Telford & Wrekin, Walsall, Warwick, Wolverhampton, Worcester, Wychavon, Wyre Forest

Yorkshire and The Humber: Barnsley, Bradford, Calderdale, Craven, Doncaster, East Riding of Yorkshire, Hambleton, Harrogate, Kingston upon Hull, Kirklees, Leeds, North East Lincolnshire, North Lincolnshire, Richmondshire, Rotherham, Ryedale, Scarborough, Selby, Sheffield, Wakefield, York

Notes

House price data is sourced from the UK House Price Index (UK HPI) dataset for first time buyers. Data is at June 2021. The UK HPI is a joint production by HM Land Registry, Land and Property Services Northern Ireland, Office for National Statistics and Registers of Scotland. Contains HM Land Registry data © Crown copyright and database right 2021. This data is licensed under the Open Government Licence v3.0.

Earnings data from the ONS Annual Survey of Hours & Earnings (2021). Mean earnings for a full-time worker on adult rates are used.

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