

How Difficult Is It to Buy a Home in the UK?

A Data-Driven Opinion on the Housing Crisis

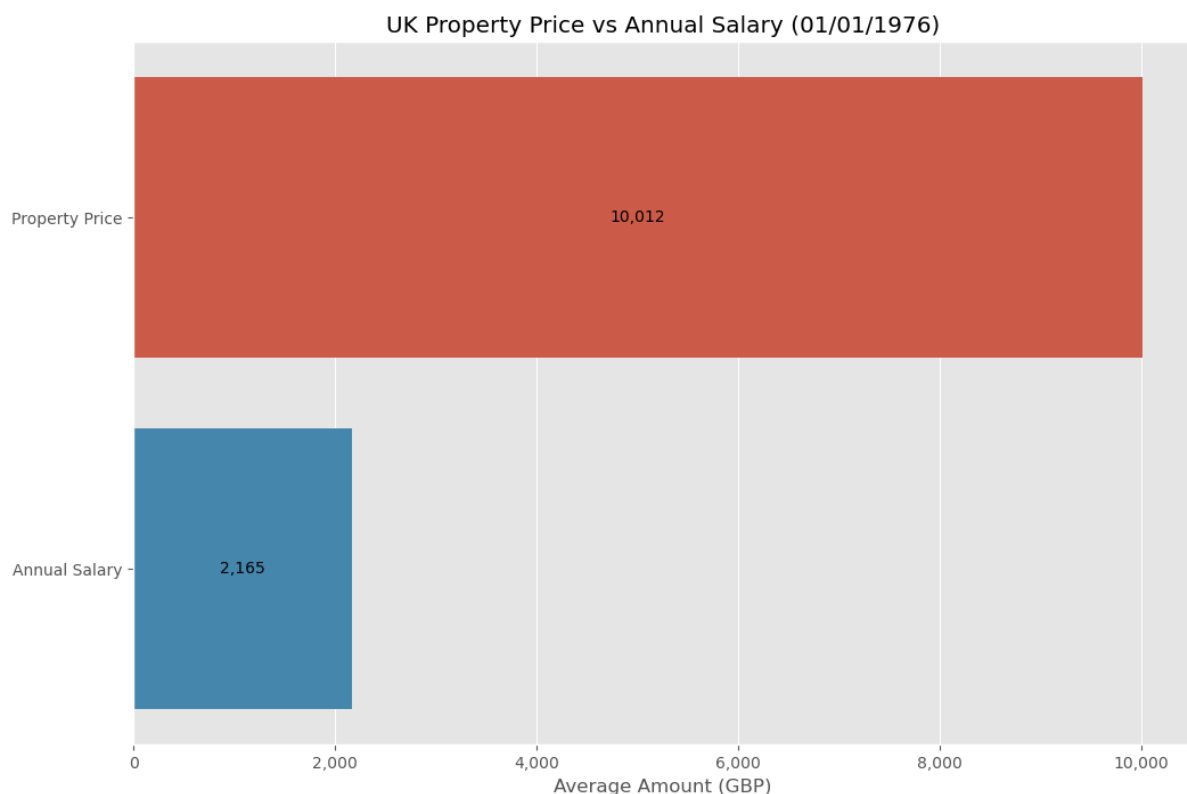
As I rapidly approach my thirties and find myself renting a shared flat in Glasgow, I've begun imagining buying my first house. My flatmate, Matteo, is one of my best mates and can cook the finest beef ragu with pappardelle you have ever tasted. However, I regularly have to turn up my "lofi beats" mix way past the recommended volume limit in an attempt to drown out him arguing endlessly over the phone with his Italian mum about the best way to make tiramisu. Maybe it's time to finally get on the property ladder and find a place for myself that I can call home.

A few weeks ago, I saw my parents when they came to visit me in the West End of Glasgow. We went out for a coffee and some lunch, and I asked them how much they paid for their first house. They immediately started laughing before telling me that they bought their first house in 1976 when they were both 21 years-old and paid only £2,600 for it. This was for a 1-bed flat in Grangemouth, a small town located between the cities of Glasgow and Edinburgh. This sounded completely insane, so after finishing my coffee I made a mental note to find some data on the topic to try and discover the full story. I left my parents with the bill.

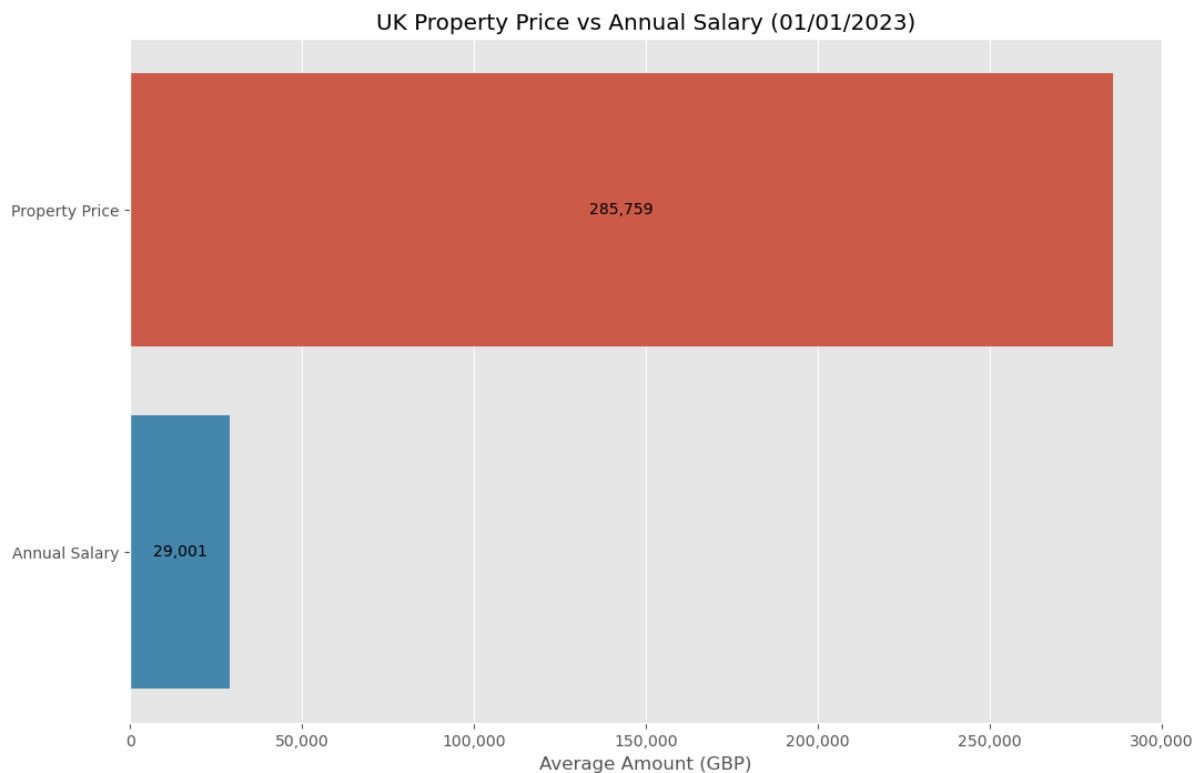
The UK Government's HM Land Registry produces a [House Price Index](#) (HPI) report which has recorded the average price of property across all regions of the UK on a monthly basis since 1968. Let's explore the year my parents bought their first house.



We can see from the chart that the most expensive region for property purchases in 1976 was Northern Ireland at £10,500, which pulled the UK average up to £10,012. My parents were therefore particularly fortunate to purchase a property that cost only 26% of the national average and 31% of the Scottish average of £8,413. As I will indicate later, this is due to other factors such as the property location. While buying a home may not have been difficult for my parents, it seems to have been comparably more difficult for the average person at the time. In an attempt to give this data more context, I asked my parents what their salary was back in 1976 – my Dad made approximately £2,600 per year in the local whiskey bond. Therefore, their entire first house cost exactly one full year’s salary. While they were able to get on the property ladder relatively easily, how was the situation for the average Briton? The Office for National Statistics (ONS) has collated data from a number of surveys such as the Annual Survey of Hours and Earnings to produce a report showing [average British weekly earnings from 1968-2023](#). It is important to be aware that, unlike the HPI, this does not include any data from Northern Ireland. I converted the weekly percentiles into annual averages for this chart below.



This chart shows that for the average Briton in 1976, the price of a house was 4.6x their annual salary. Expensive? Yes. Unattainable? Relatively speaking, no. Most people may be aware that houses are comparably more expensive than a generation ago. Ok, so it might be more expensive to buy a house now. As the NatWest chair, Howard Davies, [recently claimed](#), “I don’t think it is that difficult at the moment, you have to save, and that is the way it always used to be.” Maybe he was right, and all I needed to do was give up my millennial desire to buy expensive [smashed avocado on toast](#). Let’s take a look at how much the average Briton would need to save to purchase a house now by checking the data from last year.

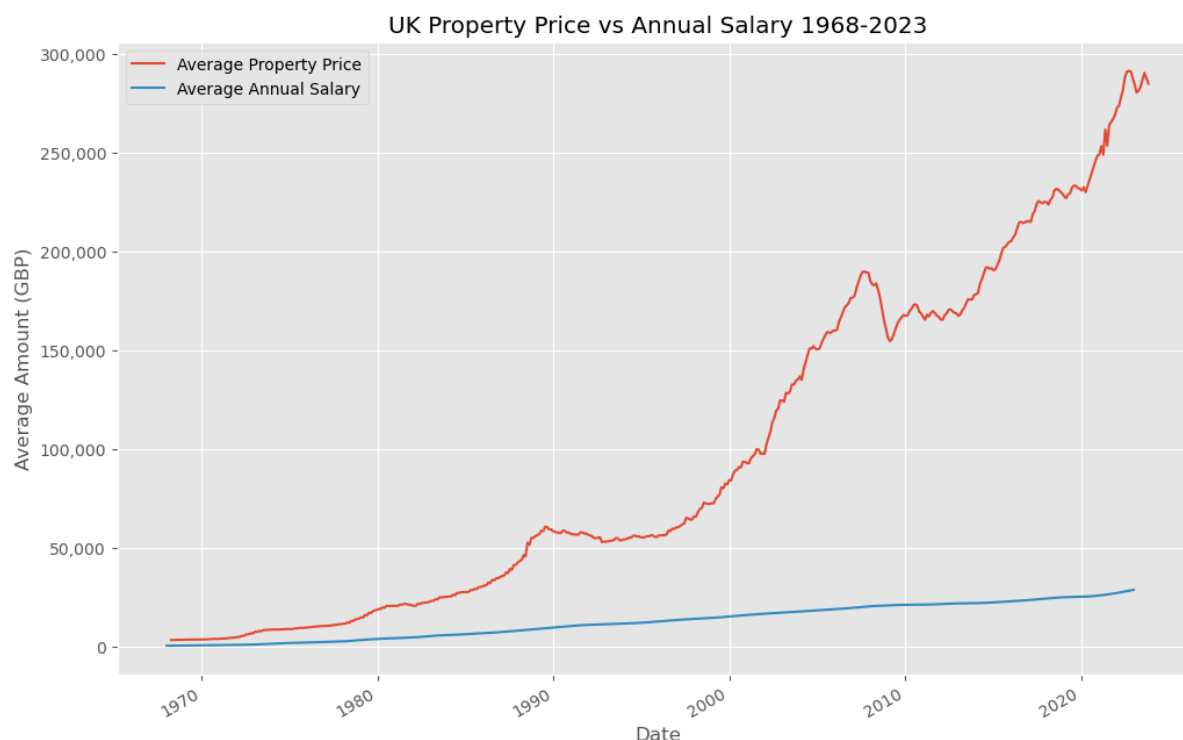


I think anyone looking at this chart can see the massive jump in property prices – what used to be 4.6x the average annual salary is from the most recent calculations an astounding 9.9x. If I was saving for a 80% mortgage on the average UK property price of £285,759, I would need £57,151.80 for the [recommended minimum deposit](#). If I gave up eating smashed avocado on toast on a daily basis until I saved enough for my deposit, I would need to wait for more than 18 years until I could enjoy brunch again. Far from what many people may argue, that’s not “the way it always used to be,” and the data clearly shows it.



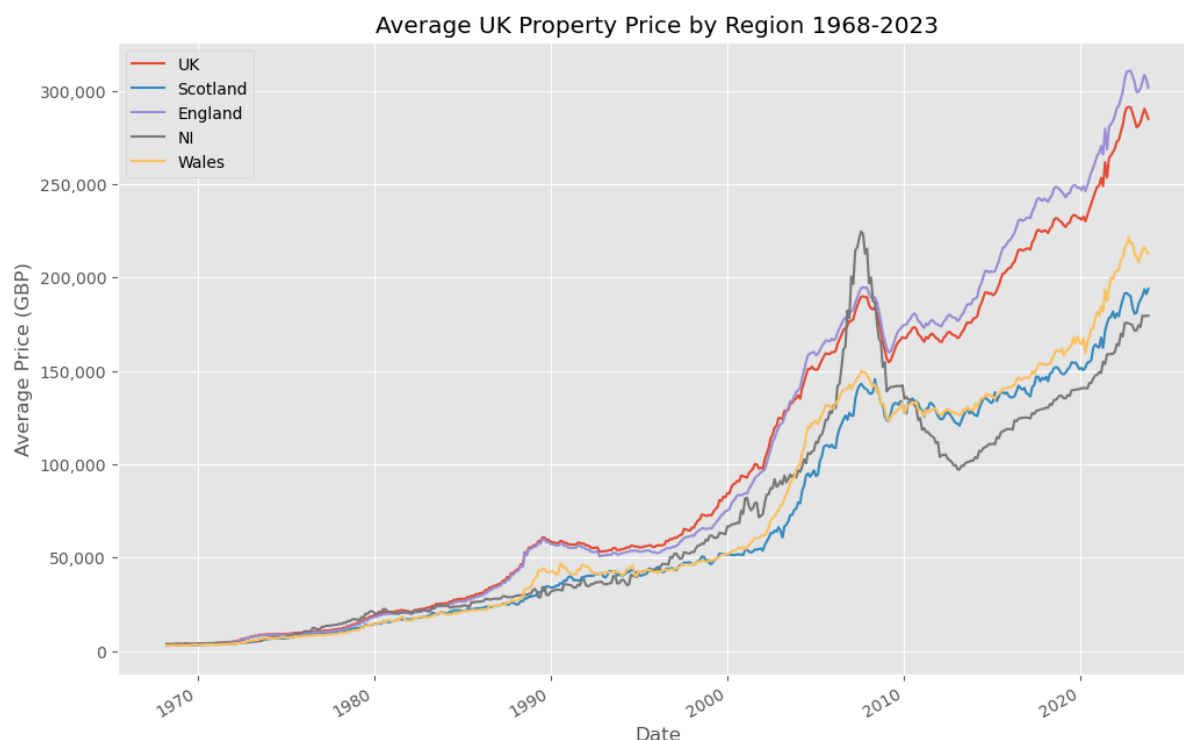
A dire state of affairs – the housing crisis or badly made smashed avo on toast?

More Britons than ever are giving up on the dream of home ownership. Data from Yorkshire Building Society in 2023 raised the [concern](#) that the number of UK first-time buyers was only 290,000, which was a decrease of 20% from 2022. Skyrocketing property prices along with stagnant wages have greatly contributed to this crisis. According to the HPI, the annual rate of change in property prices in January 2023 was 4.8%, and it has remained in this positive growth for over 10 years. Britons are also contending with the rate of inflation which, in January 2023, the ONS reported stands at a crippling [8.8%](#). Meanwhile, average earnings, when the ONS adjusted for inflation, actually fell at a rate of [-2.9%](#). While these rates have improved in recent months, the general trend is consistent – property prices increase at a much greater rate than earnings. This is a twin attack on first-time buyers that makes it ever more challenging to get on the property ladder and has them resigned to either [living with their parents](#), enduring the [anxiety](#) of private renting, or relying on social housing waiting lists that are [millions of people long](#) – effectively putting their lives on hold. You can see how this housing crisis has been developing for decades in the following chart where I combined the HPI and average earnings across time from 1968 to 2023.



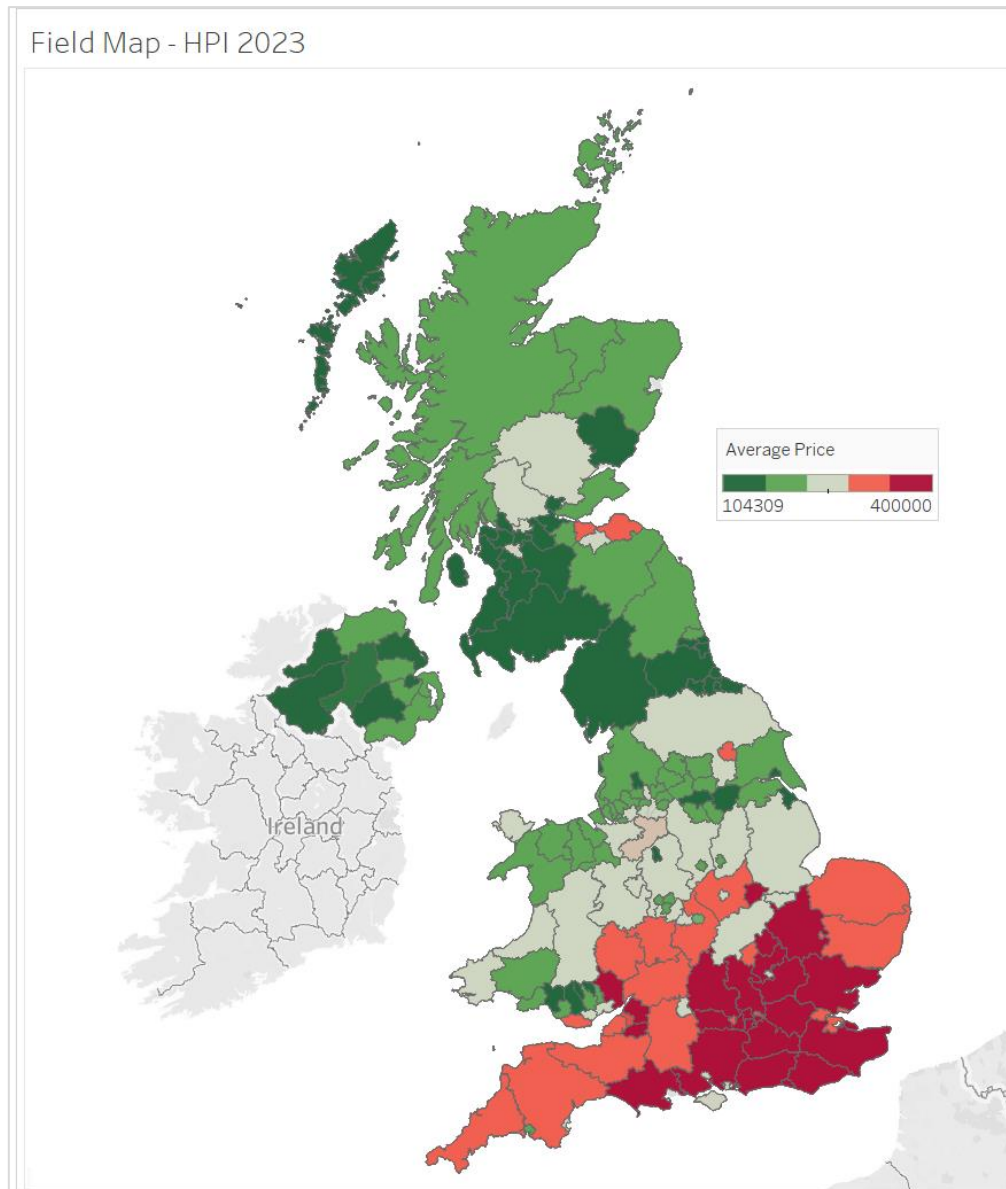
What are the real consequences of the housing crisis? 10% of 30 to 34 year-olds are still living with their parents, [which is up 8.6% from 10 years ago](#). This situation could be a source of strain on both the parents and the children, preventing both from continuing into the next stages of their lives, as well as having to contend with issues of social stigma. An alternative – moving into social housing – is not much better. [1.2 million households in England were on waiting lists for a home in January 2023](#). Unfortunately, due to critical stock issues, Britons seeking a new home can face massive wait times depending on their eligibility.

As mentioned, I currently live in a private rental. This is typically the least cost-effective option because, in comparison to a mortgage, your rent does not go towards an asset. In order to keep costs down I live in a shared flat, but my rent is still half my income as a full-time student. Many others in the UK will face cost-of-living fears due to the high price of private renting. At the end of 2023, [rents increased by 6.2% in the year to November](#). This can cause tenants to have less disposable income, increased anxiety, and the looming fear of eviction. While these very real consequences are suffered across the entire UK, the data seems to suggest they are most prominent in specific locations.



Above is a regional breakdown from 1968 to 2003, again taken from the government's HPI. While some lucky first-time buyers like my parents can find a home below the UK average (now £285,759 from January 2023), others are facing the housing crisis head on. Since 2008, property prices in England have been above average (now £305,664). The remaining regions are below average beginning with Wales (£214,174), followed by Scotland (£183,070) and then Northern Ireland (£171,689). This data strongly suggests that the housing crisis is at its worst in England, due to the increased gap between earnings and property prices. What is the government doing to help?

The UK government has attempted to help mitigate the effects of the housing crisis by introducing the [mortgage guarantee scheme](#), which they say aims "to support a new generation in realising the dream of home ownership." This works by increasing the availability of 95% Loan-to-value mortgages (as opposed to 80% or 90% LTV), allowing more first-time-buyers to access mortgages with only a 5% deposit. The government have also launched a Lifetime Instant Savings Account (ISA) where they will add 25% on top of your savings, capped at £1,000 per year, which can exclusively be used to buy your first home.



While the UK government are taking steps to help, more needs to be done to tackle the crisis. Looking at the 2023 HPI data geographically, house prices around London are the highest in the UK – £535,976 as of January 2023. A government-backed 95% mortgage still requires £26,798.80 for a 5% deposit. Using the government’s Lifetime ISA, buyers only have to save approximately £20,100. However, this may still be out of reach for many first-time buyers in the London area and is challenging for those in higher-priced areas such as southern England and Edinburgh.

Buying a home in the UK is more difficult now than ever. The analysis shows that a widening gap between earnings and property price is a significant factor in this difficulty. This factor may be responsible for the rise in young adults living with parents or facing the challenges and escalating fees of the rental market. The data demonstrates that effects of this widening gap will most prominently be felt in southern England, with average house prices almost double the national average in many regions. While government initiatives like the mortgage guarantee scheme and Lifetime ISA aim to address these issues, they fall short of providing comprehensive and realistic

national solutions. Instead, urgent research is needed to identify root causes of this widening gap, and other contributing factors to the housing crisis. Effective action can then be taken to ensure that affordable and secure housing is accessible to more of the population. Until then, I will try to enjoy my avocado toast guilt-free, while sharing the dining table with my flatmate.