

# Halifax press release

## Record fall in owner-occupation in England

Wednesday 13th February 2008

- The number of owner-occupiers in England fell by a record 83,000<sup>1</sup> in 2007
- This was the second successive annual decline in the number of owner-occupiers
- The number of households renting privately rose further with a 107,000 increase in 2007
- There was a sharp fall – 235,000 – in the number of owner-occupiers below the age of 44 between 2005 and 2006<sup>2</sup>
- London recorded the largest decline in owner-occupation between 2001 and 2006<sup>2</sup> with an 111,000 (6.3%) fall
- The number of owner-occupiers in the north<sup>3</sup> rose by 345,000 (5.1%) between 2001 and 2006 compared with a 92,000 (-1.2%) fall in the south<sup>4</sup>
- Castle Point in Essex has the highest owner-occupation rate in England with 88.5%<sup>5</sup> of households owning their own home

The number of owner-occupied households in England fell by 83,000 from 14.621 million in 2006 to 14.538 million in 2007, according to government figures. This was the largest annual fall on record<sup>1</sup>. It is also the second successive year that the number of owner-occupiers in England has fallen. Similarly, the rate of owner-occupancy dropped during 2007 from 70.3% in 2006 to 69.8%; the lowest rate since 1998.

### National Owner-Occupancy

**The fall in owner-occupancy in 2007 was driven by a 2.0% (164,000) fall in the number of those buying a home with a mortgage.** The number of those owning their home outright (i.e. having either bought with cash or paid off their mortgage) failed to increase sufficiently to offset this decline, rising by 1.3% (81,000).

**The number of owner-occupied households has risen by just 85,000 (0.6%) during the past five years.** This compared with a 697,000 increase in the previous five years.

<sup>1</sup>Based on 'Tenure Trend' data series (Table 801) from the CLG which in its complete form dates back to 1966. Pre-1991 data was derived from adjusted housing stock data.

<sup>2</sup> Latest published data at a regional level and by age group refers to 2006 and was sourced from the CLG English Housing Survey and adjusted to match data for England over the same period.

<sup>3</sup>Sum of North East, North West, Yorkshire & the Humber, East Midlands and West Midlands.

<sup>4</sup>Sum of London, South East, South West and East of England.

<sup>5</sup>Data from 2001 Census.

### Owner-Occupation By Age Group<sup>2</sup>

**The number of owner-occupied households between 16 and 44 years old fell by 235,000 between 2005 and 2006 more than offsetting the 211,000 increase in the number aged over 44 years old.** The continued decline in owner-occupancy for those under the age of 34 was a main factor behind the overall decline. The number of owner-occupiers in the 25-

34 age band in 2006 was 106,000 lower than in 2005. There was also a 115,000 decline in the number of owner-occupiers in the 35-44 age group.

**The number of owner-occupied households between 25 and 34 years old has fallen by 322,000 in the past five years.** There were also declines in the number of 16-24 year old owner-occupiers (43,000) and those in the 35-44 age group (56,000) between 2001 and 2006.

### Owner-Occupation By Region<sup>2</sup>

**There has been a broad north/south divide in the direction of owner-occupation over recent years.** Between 2001 and 2006, the level of owner-occupation in the north<sup>3</sup> increased by 345,000 (5.1%). In contrast, owner-occupation in the south<sup>4</sup> fell by 92,000 (-1.2%) over the same period.

**Regionally, London experienced the only decline in owner-occupation between 2001 and 2006 with an 111,000 (-6.3%) fall.** The South West recorded the smallest increase at just 21,000 followed by the East of England (28,000).

**At the other end of the spectrum, the North West recorded the largest rise in owner-occupation between 2001 and 2006 with an increase of 136,000 (7.1%).** The West Midlands, at 75,000, experienced the second largest rise in owner-occupation followed by Yorkshire and the Humber (56,000).

### Local Authority Owner Occupancy Trends

**At a local authority level<sup>5</sup>, Castle Point in Essex has the highest owner-occupation rate in England with 88.5% of all households being owner-occupiers.** 29 local authorities in the UK have owner-occupation rates above 80%.

**Blaby in Leicestershire (87.0%) has the second largest rate of owner-occupancy in England,** followed by Fareham in Hampshire (86.1%) and Rochford in Essex (88.5%). The lowest rates of owner-occupation are in central London; Tower Hamlets (29%) and Southwark (31%).

### Highest Owner-Occupation rates by Local authority, 2001

Local Authority	Region	Owner Occupation Rate %
Castle Point	East of England	88.5%
Blaby	East Midlands	87.0%
Fareham	South East	86.1%
Rochford	East of England	85.8%
Oadby and Wigston	East Midlands	85.4%
East Dorset	South West	84.3%
Harborough	East Midlands	84.1%
South Ribble	North West	83.9%
Wokingham	South East	83.8%
Staffordshire Moorlands	West Midlands	83.5%

Source: ONS 2001 Census

### Privately Rented Households

**The number of households living in privately rented housing rose by 107,000 (4.3%) in 2007 to just under 2.6 million.** This continued the upward trend of the previous few years with the number in the private rented sector increasing by 483,000 (22.9%) in the past five

years. The proportion of households renting their homes privately has risen from 10.3% to 12.5% since 2002.

## Long Term Trends

**The rate of owner-occupancy increased by 46% between 1918 and 1997.**

The private rental sector was greater than both the owner-occupied and social rented sectors until the mid 1950s. By 1961 the rate of owner-occupancy (43%) had overtaken private renting (34%) as the most common type of housing tenure. The sharpest rise in owner-occupation was during the 1980s as a result of the Thatcher government's Right to Buy scheme. The rate of owner-occupation increased from 57% in 1981 to 68% in 1991 and has remained between 68% and 70% since then.

**Martin Ellis, chief economist at Halifax, said:**

"The fall in the total number of owner-occupied households in England in 2007 largely reflects the increasing affordability difficulties faced by many potential purchasers as a result of the rapid rise in house prices in recent years.

The figures for owner-occupancy clearly demonstrate that these affordability issues are most pronounced amongst younger people and in southern parts of England."

## Other Key Findings

**Overall** (Tables 1 & 2)

**Affordability problems among the young have helped to drive down the number of those buying with a mortgage**, while amongst the older homeowners, the number owning their property outright has been rising.

- **The number of owner-occupied households rose by just 0.6% during the past five years.** This was significantly lower than the 22.9% increase in privately rented housing. By contrast, the number in social housing fell by 6.4%.
- **The rate of owner-occupancy in 2007 dropped to 69.8% from 70.3% in 2006, the lowest rate since 1998.** This was the second successive year that the level of owner-occupancy in England fell.

**By Age**<sup>2</sup> (Tables 4 & 5)

- **The percentage of owner-occupiers in the 16-24 age band fell to 18% in 2006, the lowest rate across all age bands.** This represented a decline of two percentage points from 2005 and five percentage points over five years. The fall between 2001 and 2006 was slightly larger than the three percentage points decline in the owner-occupancy rate of the 25-34 age band (59% to 56%).
- **The percentage of those 75 and over that are owner-occupiers rose from 64% in 2001 to 69% in 2006.** Owner-occupation amongst the 65 to 74 age group has risen from 74% to 77% over the period.
- **The 45-64 age band has the highest rate of owner-occupancy, at 79%.** This is two percentage points higher than the rate for the 65-74 age band.

**By Region**<sup>2</sup> (Tables 3 & 6)

- **The North West (7.1%) recorded the fastest rate of growth in owner occupancy over the five years to 2006**, followed by the North East (5.8%).
- **The North West also recorded the largest rise in owner-occupation in 2006 with an increase of 48,000 (2.4%).** The West Midlands experienced the largest fall in owner-occupation in 2006 with a 59,000 (-3.7%) decline.

## Long Term Tenure trends (Table 7)

- **There was a continued rise in owner-occupation from 1918 (23%) to 1997 (69%).** The sharpest increase was during the 1980s due to the substantial boost to homeownership from the Thatcher government's Right to Buy scheme.
- **The private rental sector was larger than both the owner occupied and social rented sectors from 1918 up until the mid 1950s.** In 1918, 76% of households were private renters, compared to 23% being owner-occupiers and 1% in social housing.
- **By 1961 owner-occupation (43%) had overtaken private renting (34%) as the most common type of housing tenure.**
- **Social housing had become the second most prevalent type of housing tenure by 1971** and peaked in 1981 with 32% of English households living in social housing.

## International Owner Occupation Comparisons (Table 8)

- **Spain has the highest owner-occupation rate (82%) amongst advanced industrial nations.** Over recent times, the rate of owner-occupation has been highest in Hungary<sup>6</sup> (92%), followed by Lithuania<sup>6</sup> (84%).
- **The UK (70%) is in the tier below these countries** with Australia (70%), US (69%), Sweden (69%) and Belgium (68%).
- **Large Euro-zone nations have lower owner-occupation rates than the UK,** including France (56%) and Germany (45%). However, all European countries surveyed have seen an increase in owner-occupation since 1990.

<sup>6</sup> Based on 2002 (Lithuania) and 2003 (Hungary) figures from the CML publication 'International trends in housing tenure and mortgage finance.'

### Editors' Notes:

This research has been compiled by analysing statistics from the Communities and Local Government (CLG), including the English Housing Survey database and the ONS 2001 Census.

2007 Owner occupation data has been sourced from CLG: Table 801: Tenure Trends

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdcharacteristics/livetables/>

Regional and age related tenure data has been sourced from the English Housing Survey database

<http://www.communities.gov.uk/housing/housingresearch/housingsurveys/surveyofenglishhousing/>

Regional and age related tenure data has been adjusted to match data for England over the same period.

The English Housing Survey database takes data from the English Housing survey released and the ONS Labour Force Survey. The English housing survey samples 20,000 households in England, while the Labour Force Survey samples 48,000 households across the UK.

International housing statistics have been sourced from the OECD and Housing Statistics in the European Union.

An owner-occupier is defined as a household which either owns a house outright, is buying a house with a mortgage or a household that shares ownership of a house. The number of owner occupiers also includes second homes which are defined as properties owned by a

household member but which are not the household's main residence. A high level of owner occupation is seen as one above 80%, while a low owner occupation rate is one below 50%.

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**Table 1: Number of households in England by tenure (000s).**

Tenure	2007	2006	2002	1 Year	5 Year
Owner Occupied	14,538	14,621	14,454	-0.6%	0.6%
Private Rented	2,595	2,488	2,112	4.3%	22.9%
Socially Rented	3,699	3,689	3,952	0.3%	-6.4%
<b>Total</b>	<b>20,831</b>	<b>20,798</b>	<b>20,517</b>	<b>0.2%</b>	<b>1.5%</b>

Source: CLG English Housing Survey

**Table 2: Rate of household tenure in England.**

Tenure	2007	2006	2002
Owner Occupied	69.8%	70.3%	70.4%
Private Rented	12.5%	12.0%	10.3%
Socially Rented	17.8%	17.7%	19.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CLG English Housing Survey/ ONS Labour force Survey

**Table 3: Number of owner occupied households by region (000s).**

Region	2006	2005	2001	1 Year change	1 Year % Change	5 Year Change	5 Year % change
North East	719	705	680	14	2.0%	39	5.8%
North West	2,059	2,011	1,923	48	2.4%	136	7.1%
Yorkshire and the Humber	1,485	1,490	1,429	-4	-0.3%	56	3.9%
East Midlands	1,338	1,305	1,299	32	2.5%	39	3.0%
West Midlands	1,541	1,599	1,466	-59	-3.7%	75	5.1%
East	1,688	1,692	1,661	-4	-0.2%	28	1.7%
London	1,653	1,692	1,764	-38	-2.3%	-111	-6.3%
South East	2,563	2,581	2,509	-18	-0.7%	54	2.1%
South West	1,574	1,571	1,553	4	0.2%	21	1.3%
North**	7,142	7,110	6,797	32	0.4%	345	5.1%
South***	7,475	7,529	7,567	-54	-0.7%	-92	-1.2%
<b>England</b>	<b>14,621</b>	<b>14,646</b>	<b>14,284</b>	<b>-25</b>	<b>-0.2%</b>	<b>337</b>	<b>2.4%</b>

Source: CLG English Housing Survey/ ONS Labour force Survey

\* Sum of London, South East, South West and East of England.

\*\*Sum of North East, North West, Yorkshire & the Humber, East Midlands and West Midlands.

**Table 4: Percentage of owner-occupied households by age group.**

Age of household reference person	2006	2005	2001
16 to 24	18%	20%	23%
25 to 34	56%	58%	59%
35 to 44	71%	73%	74%
45 to 64	79%	79%	80%
65 to 74	77%	76%	74%
75 and over	69%	68%	64%

Source: CLG English Housing Survey.

**Table 5: Number of owner-occupied households by age group (000s).**

Age of household reference person	2006	2005	2001	1 Year change	5 Year change
16 to 24	128	142	171	-10.1%	-25.4%
25 to 34	1,705	1,811	2,025	-5.9%	-15.8%
35 to 44	3,065	3,180	3,121	-3.6%	-1.8%
45 to 64	5,817	5,683	5,400	2.4%	7.7%
65 to 74	2,044	2,023	1,943	1.1%	5.2%
75 and over	1,862	1,807	1,623	3.1%	14.7%

Source: ONS Labour force Survey

**Table 6: Number of privately rented households by region (000s).**

Region	2006	2005	2001	1 Year change	1 Year % Change	5 Year Change	5 Year % change
North East	103	101	75	2	1.7%	28	37.1%
North West	259	264	252	-5	-1.9%	7	2.9%
Yorkshire and the Humber	233	237	213	-5	-2.0%	19	8.9%
East Midlands	177	175	154	2	1.3%	23	14.7%
West Midlands	191	176	132	15	8.3%	59	44.5%
East	250	247	218	4	1.6%	32	14.9%
London	566	513	434	53	10.3%	132	30.4%
South East	431	393	358	39	9.8%	73	20.3%
South West	278	279	199	-1	-0.3%	79	40.0%
North**	962	953	826	9	0.9%	136	16.4%
South***	1,526	1,431	1,209	95	6.6%	317	26.2%
<b>England</b>	<b>2,488</b>	<b>2,385</b>	<b>2,035</b>	<b>103</b>	<b>4.3%</b>	<b>453</b>	<b>22.2%</b>

Source: CLG English Housing Survey/ ONS Labour force Survey

\*Sum of North East, North West, Yorkshire & the Humber, East Midlands and West Midlands.

\*\*Sum of London, South East, South West and East of England

**Table 7: Long term owner-occupation and tenure trends in England.**

	Owner Occupation rate %	Social Housing %	Private rented sector %
1918	23	1	76
1939	32	10	58
1953	32	18	50
1961	43	23	34

	Owner Occupation rate %	Social Housing %	Private rented sector %
1971	51	29	20
1981	57	32	11
1991	68	23	9
1997	69	21	10
2002	70	19	10
2007	70	18	12

Source: CLG English Housing Survey/ ONS Labour force Survey

**Table 8: International Owner-Occupation rate comparisons (advanced nations).**

Country	Owner Occupation rate % (2006 or latest)	Owner Occupation rate % (1990)
Spain	82%	78%
<b>UK</b>	<b>70%</b>	<b>66%</b>
Australia	70%	70%
Sweden	69%	65%
US	69%	64%
Belgium	68%	67%
Canada	66%	63%
Japan	60%	61%
France	56%	54%
Netherlands	55%	45%
Germany	45%	42%

Source: CLG, Housing statistics in the European Union, OECD