

# Press Release

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## Long-Term Trends in the London Housing Market

As we begin a new decade, Halifax has looked over the longer term and identified the key changes in the London housing market.

### KEY FINDINGS

#### House Prices

- **The average house price in Greater London has increased by 229% since 1969 in real terms (i.e. after allowing for retail price inflation), at an average annual rate of 3.0%.**
- **House prices in the capital recorded their biggest increase in the 1980s with a real rise of 78%; ahead of the 51% increase in the last decade (2000s).** The worst performing decade for house prices was the 1990s when prices fell by 12%.
- **Greater London has seen a bigger increase in average house prices over the past 40 years than any other region.** The smallest increase has been in Scotland where the average price has risen by 120% in real terms, at an average annual rate of 2.0%.

#### Owner-Occupation

- **The proportion of homes in London that were owner-occupied in 2008 (58%) was unchanged from that in 1991** (earliest available data). There are now 1.80 million owner-occupiers in the capital compared with 1.69 million in 1991 due to an increase in the number of households.
- **The proportion of privately rented homes rose from 13% in 1991 to 19% in 2008.** The 1988 Housing Act helped to expand the supply of private rented property through the creation of assured shortholds and tenancies in common. Over the same period, the socially rented sector fell from 29% to 24%.

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

"The last 50 years have witnessed some remarkable developments in the capital's housing market, most notably the significant rise in house prices over the period. The substantial growth in London house prices relative to other regions partly reflects the benefits that many people associate with living in the nation's capital as well as the continued shortfall in housing supply. It also reflects the fact that average earnings in the capital have increased by more than elsewhere in the country over the longer term.

No doubt, there will be further dramatic changes over the coming years, most likely including ways that we are currently unable to foresee."

**ADDITIONAL FINDINGS**

**The average London house price has increased in nominal terms over the past 40 years from £6,141 in 1969 to £247,648 in 2009.**

**The average price has risen by 229% since 1969 in real terms (i.e. after allowing for retail price inflation)<sup>1</sup>, at an average annual rate of 3.0%.** By comparison, UK prices increased by 174% at an annual average of 2.5% during 1969-2009. *(All house price figures stated below are expressed in real terms. This enables meaningful comparisons during a period when the general rate of inflation varied considerably. Retail price inflation was especially high during much of the 1970s and 1980s.)*

**The biggest annual increase in the past 50 years was in 1972 when prices increased by 33% in real terms.** At the other end of the spectrum, 1975 was the worst year with prices down 18% in real terms on the previous year.

<sup>1</sup>Monetary - or nominal - house price figures have been adjusted to allow for general price inflation by applying the retail price index (RPI), in line with standard practice. The RPI has been chosen rather than any other inflation measure because it is the longest running series. It also incorporates housing costs unlike the much more recent consumer price index.

**- Ends -**

**Table 1: Greater London Real House Prices\* 1969-2009**

	<b>Total % change</b>	<b>Average Annual % change</b>
1969-1979	38	3.3
1979-1989	78	5.9
1989-1999	-12	-1.2
1999-2009	51	4.2
<b>1969-2009</b>	<b>229</b>	<b>3.0</b>

Sources: Halifax / Communities and Local Government

\* Monetary - or nominal - house price figures have been adjusted to all

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**Table 2: London dwelling stock by tenure, 1991-2008**

	Owner Occupation		Social Housing		Private rented sector	
	Number		Number		Number	
	000s	%	000s	%	000s	%
1991	1,691	58	851	29	369	13
1995	1,722	58	830	28	439	15
2000	1,807	59	803	26	464	15
2005	1,834	58	764	24	570	18
2007	1,820	57	746	23	654	20
2008	1,802	58	739	24	584	19

Source: Communities and Local Government / Office for National Statistics Labour force Survey

#### Editors' Notes:

This research has been compiled by analysing statistics from the Halifax House Price Index, Communities and Local Government (CLG) department (including the Survey of English Housing database) and the ONS.

#### House Prices:

Figures from the Halifax house price index have been used for 1983-2009. CLG house price data has been used for the period prior to 1983. Annual averages have been used throughout.

#### Housing Tenure:

Owner occupation data has been sourced from CLG tables 109 and S135:

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

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