

# Press Release

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Halifax has looked at the key trends and developments in the Wales housing market over the past 50 years. The research has been compiled using data from the Halifax's own extensive housing statistics database. The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. Data has also been sourced from the Office for National Statistics, Wales Assembly Government the Communities and Local Government department.

## Long-Term Trends in the Welsh Housing Market

As we begin a new decade, Halifax has looked over the past 50 years and identified the key changes in the Wales housing market. The analysis starts at the end of the 1950s and commences with the record growth in housebuilding through the 1960s. This was a time of significant social investment.

### KEY FINDINGS

#### House Prices

- **The average house price in Wales has increased by 160% since 1969 in real terms (i.e. after allowing for retail price inflation), at an average annual rate of 2.4%.**
- **House prices recorded their biggest increase in the last decade with a real rise of 71% during the 2000s; ahead of the 59% increase in the 1980s.** The worst performing decade for house prices was the 1990s when prices fell by 25% in real terms.

#### Rise of Owner-Occupation

- **Owner-occupation in Wales increased by 25 percentage points from 48% in 1961 to 73% in 2008.** The sharpest rise in owner-occupation occurred in the 1980s following the introduction of the Right to Buy scheme.
- **The proportion of homes that is privately rented fell from 28% in 1961 to 10% in 2008.** The private rental sector contracted rapidly during the 1960s and 1970s, falling by 18 percentage points between 1961 and 1981.

- **The proportion of the dwelling stock that is socially rented declined from an estimated 25% in 1961 to 17% in 2008.** The socially rented sector was smaller than the privately rented sectors until the 1960s. By 1971, socially rented sector (29%) had overtaken private renting (16%).

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

"The last 50 years has witnessed some remarkable developments in the Welsh housing market. There has been a significant shift towards owner-occupation with the majority of households now living in their own homes rather than renting. No doubt, there will be further dramatic changes over the coming years, perhaps in ways that we are currently unable to foresee."

## **HOUSE PRICES**

**The average house price in Wales has increased in nominal terms over the past 40 years from £4,149 in 1969 to £132,501 in 2009.**

**The average price has risen by 160% since 1969 in real terms (i.e. after allowing for retail price inflation)<sup>1</sup>, at an average annual rate of 2.4%.** 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.)*

**House prices recorded their biggest increase in the latest decade with a real rise of 71% during the 2000s; ahead of the 59% increase in the 1980s.** The worst decade for house prices was the 1990s when prices fell by 25%.

**The biggest annual increase in the past 40 years was in 2003 when prices increased by 29% in real terms.** At the other end of the spectrum, 2008 was the worst year with prices down 13% 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.

## **HOUSING TENURE**

**Owner-occupation in Wales increased by 25 percentage points from 48% in 1961 to 73% in 2008.** The sharpest rise in owner-occupation occurred in the 1980s following the introduction of the Right to Buy scheme, helping to lift owner-occupation from 62% to 71%. UK owner-occupation increased by 25 percentage points over the period from 43% in 1961 to 68% in 2008.

**The proportion of homes that is privately rented fell from 28% in 1961 to 10% in 2008.** The proportion of privately rented homes in the UK declined from 33% in 1961 to 14% in 2008. The private rental sector in Wales contracted rapidly during the 1960s and 1970s, falling by 18 percentage points. Since 1981, the proportion of homes that is privately rented has remained relatively stable at between 7% and 10% of the total dwelling stock.

**The proportion of the dwelling stock that is socially rented declined from an estimated 25% in 1961 to 17% in 2008.** The socially rented sector was smaller than the privately rented sectors until the 1960s. By 1971, socially rented sector (29%) had overtaken private renting (16%).

## Editors' Notes:

This research has been compiled by analysing statistics from the from the Halifax's own extensive housing statistics database as well as the Office for National Statistics, Wales Assembly Government the Communities and Local Government department.

The research is intended to look at changing in households over past 50 years. However, due to issues of data availability the different data series used vary in length.

## 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:

Tenure data for Wales has been sourced from the National assembly for Wales 2008 housing statistics release: <http://wales.gov.uk/topics/statistics/publications/housing2008/?lang=en>

UK Owner occupation data has been sourced from CLG: Table 101: and table 801

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

Based on UK dwelling stock with gaps in the data populated using estimates derived from UK household data (table 801).

– Ends –

**Table 1: Real House Prices\* in Wales 1969-2009**

	Total % change	Average Annual % change
1969-1979	28	2.5
1979-1989	59	4.8
1989-1999	-25	-2.8
1999-2009	71	5.5
<b>1959-2009</b>	<b>160</b>	<b>2.4</b>

Sources: Halifax / Communities and Local Government

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

**Table 2: Welsh dwelling stock by tenure**

	Owner Occupation		Social Housing		Private rented sector	
	Number 000s	%	Number 000s	%	Number 000s	%
1961	374	48	192	25	219	28
1971	532	55	278	29	154	16
1981	669	62	309	29	105	10
1991	837	71	250	21	97	8
2001	905	71	243	19	127	10
2008	974	73	221	17	136	10

Source: Wales Assembly Government/Communities and Local Government

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