Average house in England only affordable for the richest 10 percent of households

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The average house in England is affordable for only the richest 10 percent of households according to the Office for National Statistics, using the traditional affordability measure of five times a household's annual disposable income.

It would take the average household eight-and-a-half years of total disposable income (£35,000 a year) to afford the average-priced home of £298,000. This is double the ratio of 1999.

The ratios are better in Wales—where the average house is considered affordable for the top 30 percent of households—and Scotland—the top 40 percent—but only in Northern Ireland is the average house considered affordable to the average household.

London, as always, is yet further removed from reality: essentially a fortress, inaccessible to almost anyone without significant family wealth. It is not even enough to be in the richest 10 percent of *local* households (average annual disposable income: £89,901) for the average house price in the city of £530,000 to be considered affordable. This is over 14 times the average household disposable income.

To emphasise, these are the ratios for an entire household's entire disposable income (income after tax and benefits payments) in a year. The real meaning of these figures is that getting a mortgage on a house is an impossibility for swathes of the working class. Home ownership rates are falling, from 71 percent to 65 percent.

Sky-high house prices are matched by rents. The average yearly cost to rent in the UK is now £15,240—an increase of 27 percent since 2021. This is expected to rise by another 4 percent next year. According to the latest English Housing Survey, covering 2022-3, private renters already spend roughly a third of their income on housing costs—rising to 59 percent for the poorest fifth of the population.

In London, the average annual rent is £25,452, with the average renting household in the capital handing over 40 percent of their earnings to their landlord.

This is being paid for the oldest housing stock in Europe, with 38 percent of UK properties built before 1946. Over 3.5 million properties (15 percent of all homes) are classed as non-decent, falling below minimum standards of repair, warmth and modern facilities. More than 2 million have at least one Category One hazard and one million severe damp. For renters, average floor space has shrunk by 16 percent in the last two decades.

The social implications are terrible. Young people are locked out of whole regions of the country or from starting their own families. In 1995, 57 percent of 25–34-year-olds were homeowners, according to the Institute for Fiscal Studies; the figure in 2022 was 39 percent, meaning a growing proportion are living at home with their parents.

Parents are also relied upon to fund their children's first steps towards buying a house, embedding inequalities in property ownership. Aside from any other financial assistance, inheritance is predicted to account for 16 percent of the average millennial's lifetime earning—up from 9 percent for Gen X. But while the top fifth will see their incomes lifted by 29 percent, the bottom fifth will gain just 5 percent.

Wealthier areas with the best jobs, schools and transport links are off limits for the bulk of the working class. Living within 500 metres of a station in London will cost an extra 10 percent (£53,000 using the average house price), or 4.3 percent (£22,790) to live within a kilometre. Anything from an extra 3 percent extra can be paid for a good school catchment area, up to 26 percent for those considered the best.

According to the Institute for Fiscal Studies, parental earnings now much more strongly correlate with the incomes of children born after 1970 than they did for previous generations, with inheritance a major driver.

For those at the bottom, worries about meeting the rent or the mortgage hang over every day of their lives. Britain has by far the highest rate of homelessness in the developed world—a shocking one in every 200 households—with the number of people living in temporary accommodation more than doubling to 112,000 between 2010 and 2023.

This is not a natural calamity, but the result of exploitation on a gigantic scale—as Karl Marx described it, "One section of society here demands a tribute from the other for the very right to live on the earth." Nick Bano explains well in his book *Against Landlords* that the twin engines of this process are a legal system designed to virtually guarantee rising rents for landlords, and the investments of the ultra-wealthy in the endlessly lucrative housing market created.

Margaret Thatcher's Right to Buy scheme took two million houses out of council ownership and put them on the market—40 percent are now being rented out privately. Rates of actually affordable social housing building have been falling ever since. The UK has 1.8 million fewer households in social housing than in 1980.

The introduction of the Assured Shorthold Tenancy in 1988, and its being made the default contract in 1996—lowering the length of tenancies and allowing for easy and rapid evictions—gave landlords enormous power to ratchet rents. In Bano's words, "The state has now adopted the practices of the twentieth century's most notorious landlords".

The final piece of the puzzle is housing benefit in its various incarnations, which has acted as an enormous state subsidy to landlords charging more than their tenants can afford, setting a steadily rising floor of minimum private rents. In effect, the working class pays taxes to subsidise the landlords and the process which ensures workers' rents keep rising. The government funded roughly a third of the nation's rent bill in this way in 2022.

Quoting Bano: "When rents rise that reliably, they are translated into every-growing prices of residential land. By this mechanism—a direct consequence of the Thatcherite system of government-backed price increases in the private rented sector—housing since the late 1980s has become an incomparably secure and fruitful form of investment."

As a result, house prices have increased more than fourteenfold since 1979, while wages have climbed just eightfold—both in nominal terms—taking the average household spend on housing costs from 9 percent in 1957 to today's astronomical figures.

The process went uninterrupted during the Labour governments of Blair and Brown, with an average real-terms increase in property prices of 173 percent between 1997 and 2007, and 253 percent in London. Meanwhile, real wages for 25–34-year-olds increased by just 19 percent.

Crippling costs for the working class are a feeding frenzy for landlords, banks and corporations.

Tenants in the UK paid a record £85.6 billion in rent in 2023, after the biggest jump on record (£8 billion) over the previous twelve months. The total is more than double the £40.3 billion paid in 2010. Mortgage owners are paying interest on outstanding residential mortgage loans worth £1.6 trillion.

Research from Sheffield Hallam University shows the eight largest housebuilding companies in the UK paid shareholders £16 billion in dividends over the last 18 years supplying this lucrative racket. Profit on the average new build house rose £75,000 between 2000 and 2019, according to Brunel University.

All of these interests have huge lobbying and revolving door operations with Parliament—and local councils are now a byword for property developer corruption—but in some cases the connections are even more direct.

More than one in 10 (13 percent) Members of Parliament are landlords themselves. The 85 MPs own 184 rental properties between them, each of them receiving more than the £10,000 a year threshold required to declare these earnings publicly—on top of their £91,346 annual salary.

Fully one quarter of Tory MPs are landlords, however most landlords in this Parliament (44 of them) are in the Labour Party. Three of them claim the titles of the first, third and fifth largest property portfolios in the House of Commons: Jas Athwal, who own 15 residential and three commercial properties; Gurinder Josan, who owns eight rental properties; and Bayo Alaba, who owns seven.