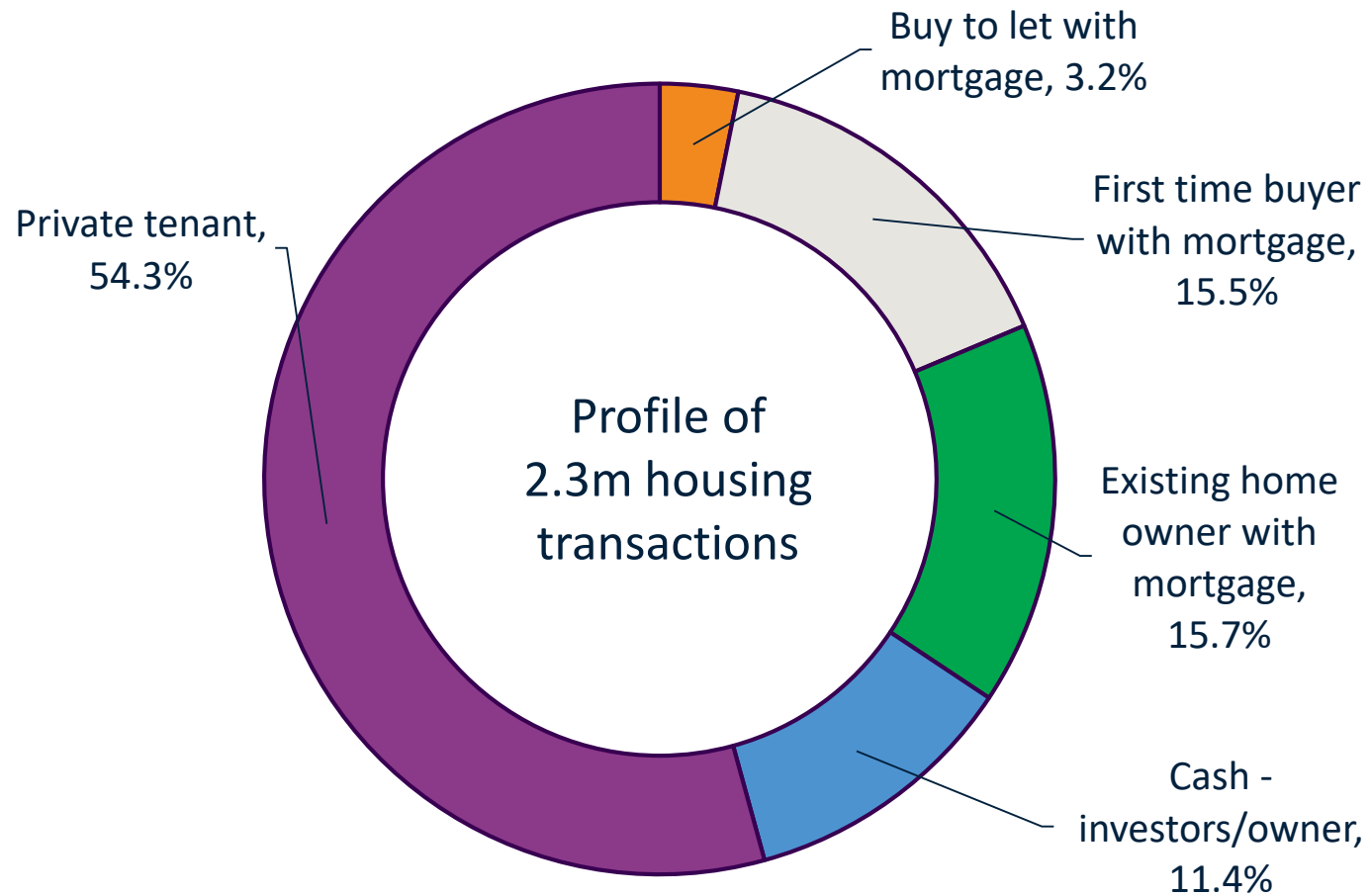


Housing affordability

A market perspective

1 June 2018

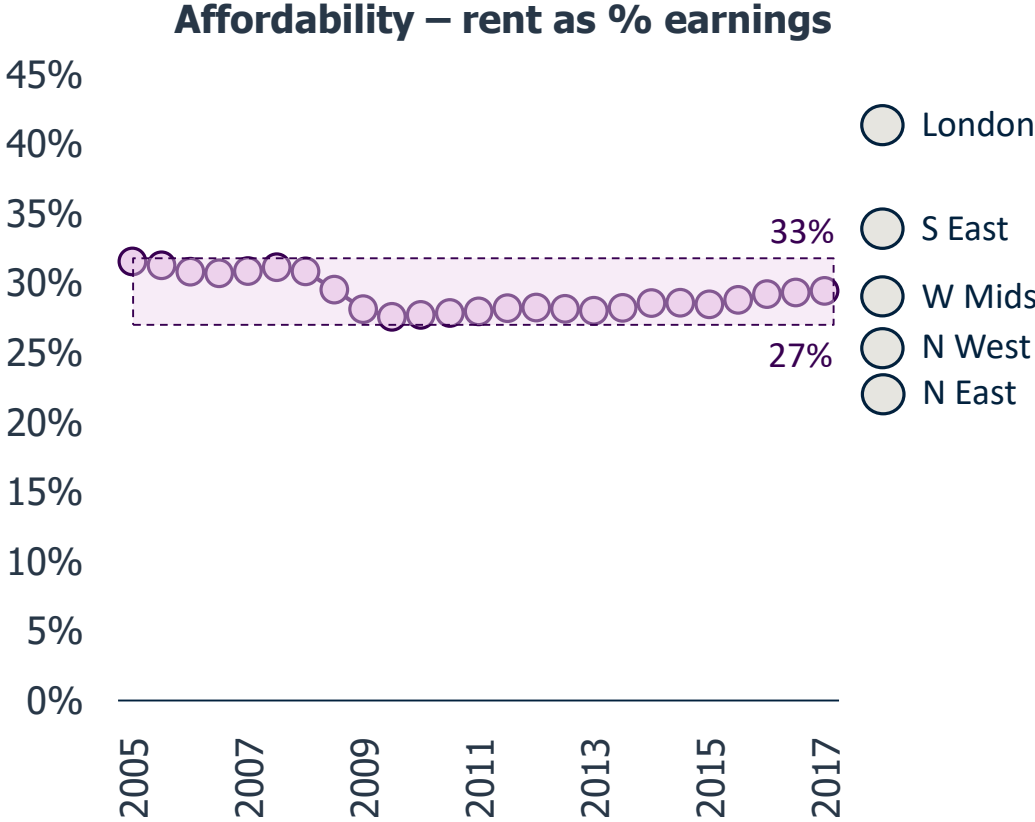
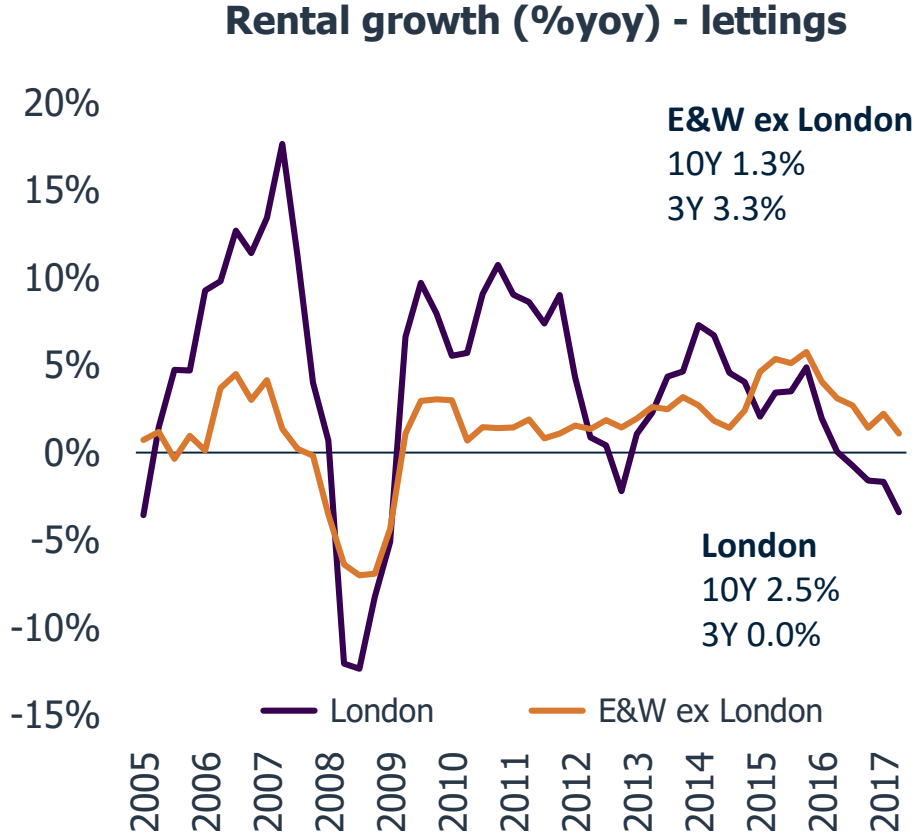
Household/lender view of affordability varies by tenure and type



Source: Hometrack / ROS / Land Registry / UK Finance, English Housing Survey

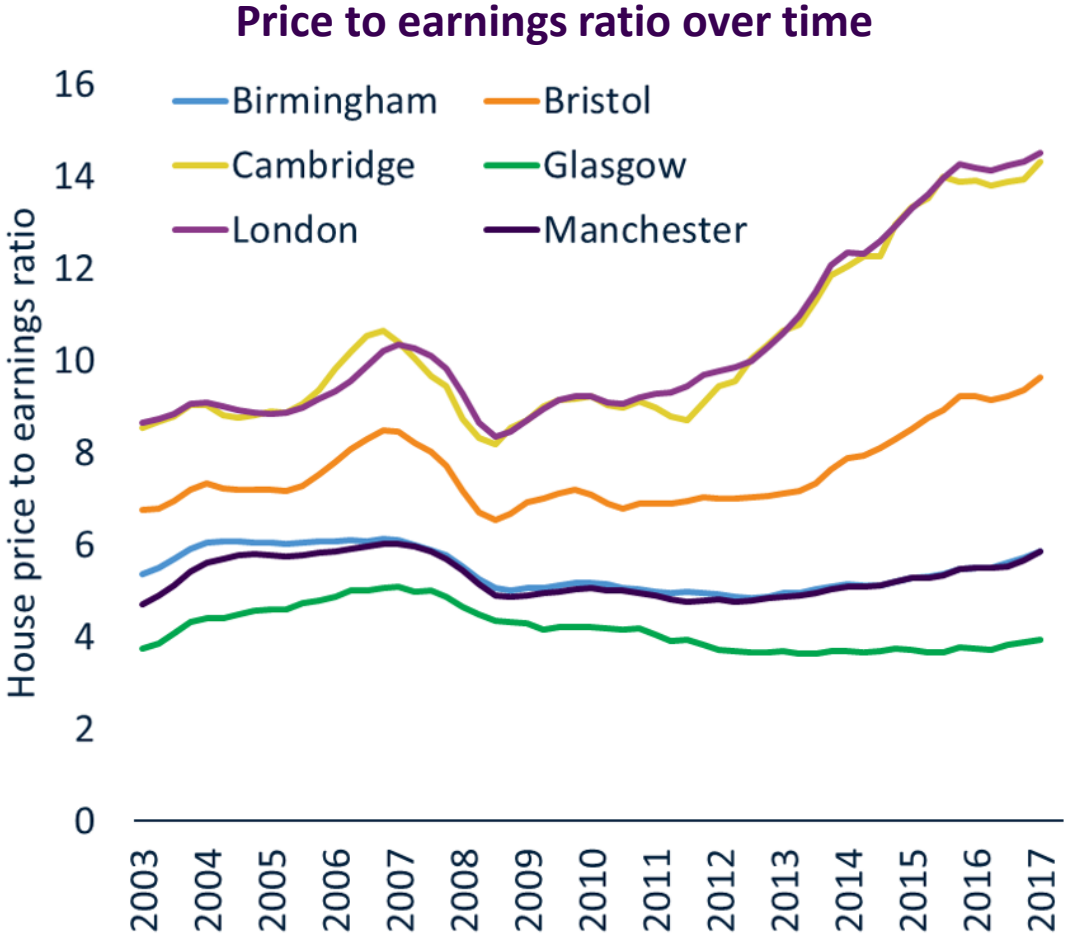
Rental growth and affordability varies widely

Long relationship of rents to earnings, affordability reflects demand and 'occupancy' factors



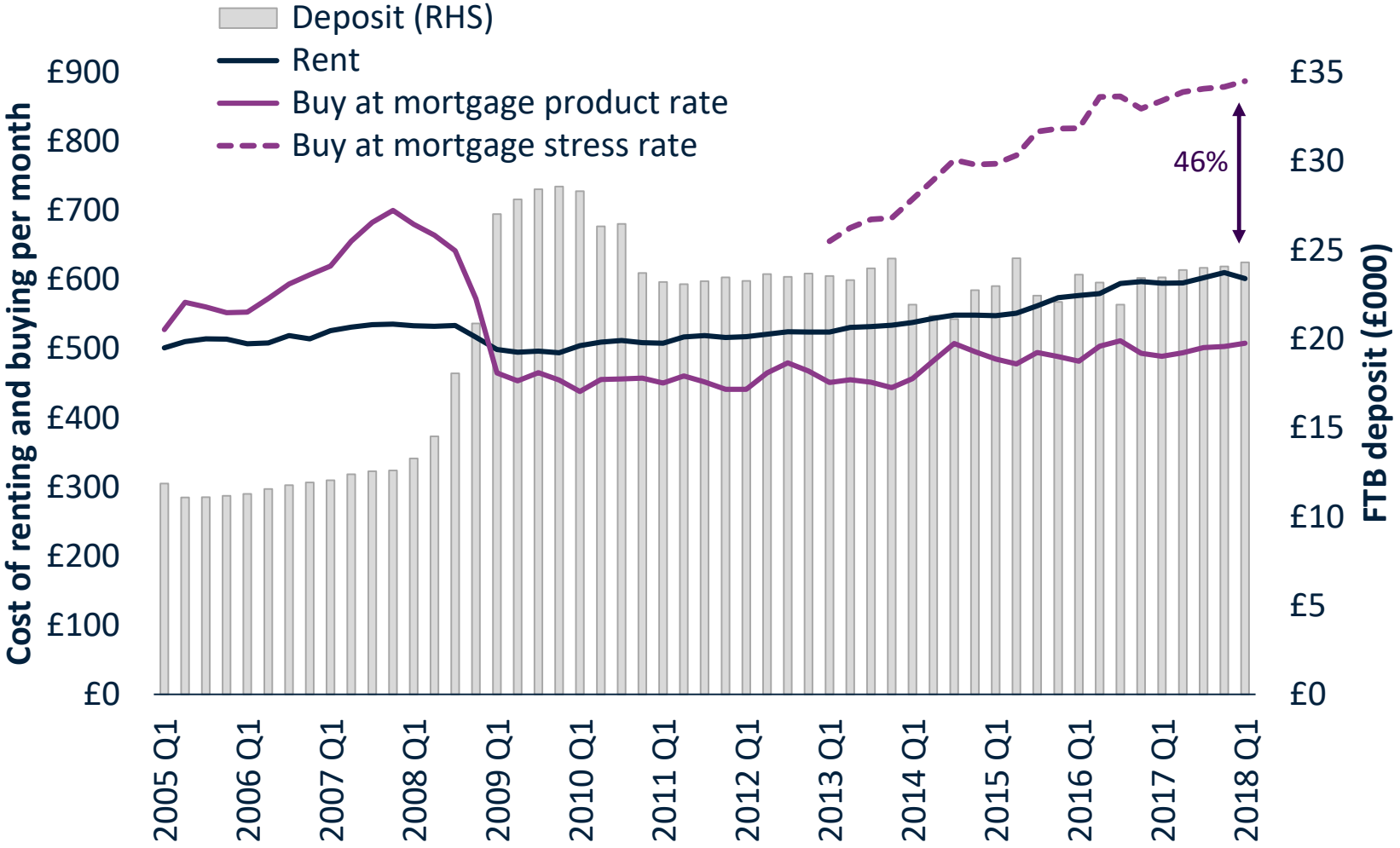
Source: Hometrack rental index and ONS

Price to earnings ratios across cities



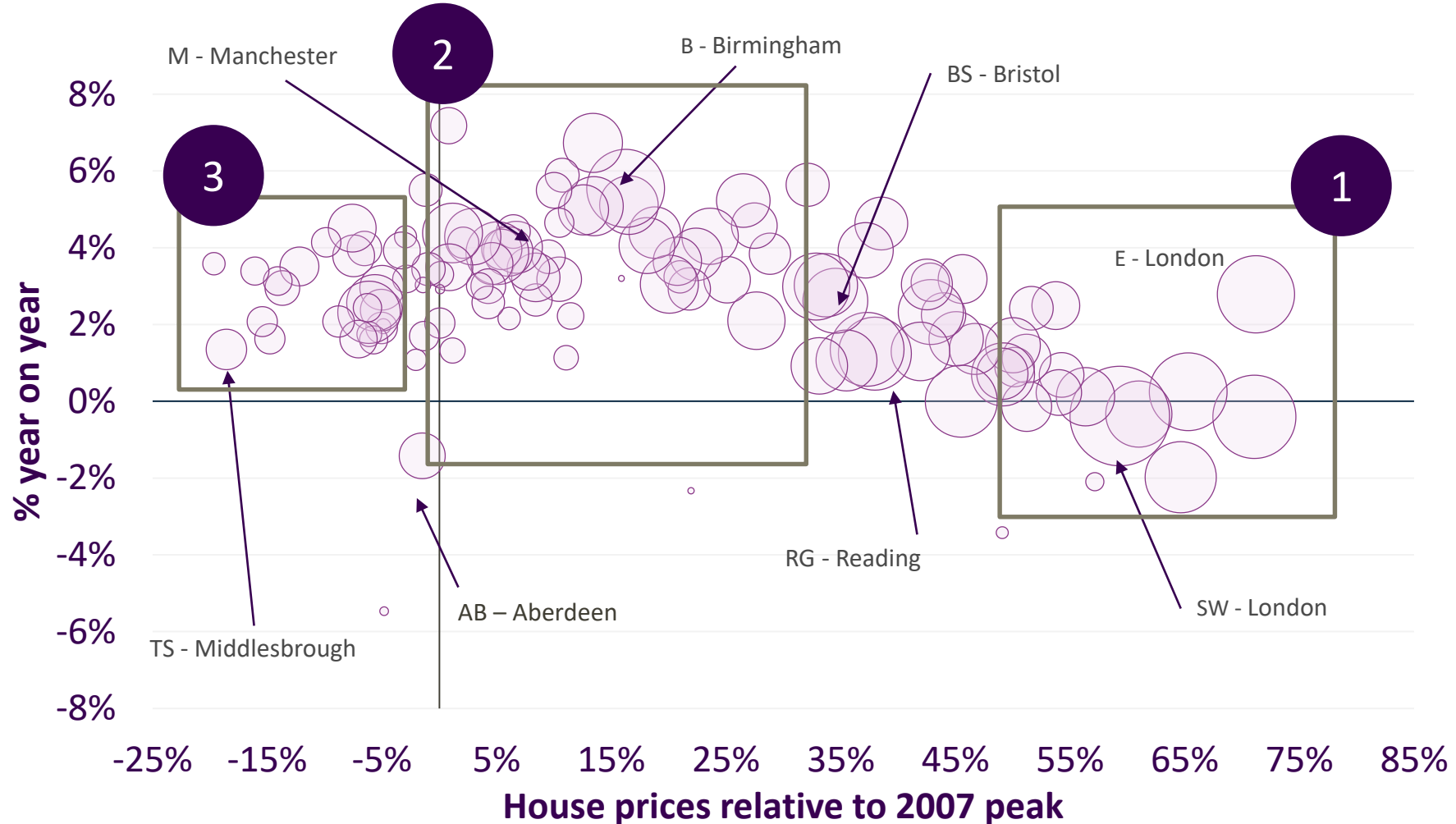
Source: Hometrack

Renting versus buying and impact on FTB demand



Source: Hometrack/BOE

Unfolding of capital growth cycle creates very different policy challenges



Source: Hometrack house price indices, UK Finance - outstanding mortgage balances 2017Q3 ex N Ireland

Policy implications

- Cross tenure view on affordability is vital
- Look beyond price/demand – more focus on structure/pricing of supply and liquidity
- Localised approach to policy the most effective?

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