



HOUSING HORIZONS: EXAMINING UK HOUSING STOCK IN AN INTERNATIONAL CONTEXT

October 2023



CONTENTS

01 FOREWORD & INTRODUCTION

02 KEY FINDINGS

03 ANALYSIS: THE SUPPLY AND CONDITION
OF HOUSING IN THE UK

04 ANALYSIS: THE COST OF HOUSING IN
THE UK

05 COUNTRY COMPARISONS

01

FOREWORD &
INTRODUCTION

The UK housing market is reaching a state of crisis. The evidence, including as presented by this report, is clear. Spiralling costs and plummeting availability are leading to a situation where housing is now out of reach for far too many in this country.

In order to understand fully the state of UK housing, it is important to take a wider look. How does the UK compare to our European neighbours and peer OECD countries around the world? Is there anything we can learn from their governance and policy?

In this audit, we have analysed housing markets across Europe and the OECD, comparing data and identifying trends. The audit intends to further the debate by comparing the UK's housing market with other countries across Europe and the OECD across a wide range of metrics.

It demonstrates the current challenges in the market, shows patterns over time and between countries,

highlights useful points of comparison, and offers some analysis of trends and the factors which may lie behind the data.

First, this audit will give a snapshot of the UK's housing market and key comparisons to other nations. This shows the UK to be one of the most expensive places to buy or rent a home relative to incomes, and also reveals a poorer condition of housing when compared to many of our neighbours.

Next, the audit considers specific metrics relating to the supply and condition of housing to gain a more detailed picture. This reveals the relative dearth of homes in the UK compared to OECD nations and also that the UK has among the oldest housing in Europe, which in turn has implications for condition.

The third section focusses on housing tenure. The audit compares costs to salaries to understand the impact on people's livelihoods and demonstrates

the knock-on effect that rising costs are having on home ownership rates, compared with countries across Europe.

Lastly, the audit gives detailed case study comparisons of the UK's housing market with two of our close neighbours, France and Denmark, and two developing European nations, Bulgaria and Hungary.

The data included in the audit has been collected from a range of authoritative sources. These are primarily government derived, such as the English Housing Survey for domestic figures, and from international organisations like the

European Union and the OECD. Some data has been adjusted in order to allow comparability, for example by converting measurements of similar datasets.

We hope this audit will provide an overview of how the state of UK housing compares internationally, strengthening our understanding of the conditions faced by house builders in the UK, and how they compare to their peers around the world. But given how stark the findings are, we believe it must also represent a call to action for all political parties ahead of the next general election.



Key Findings

- The UK is a very unaffordable place to buy or rent a home, and increasingly so.
- House prices in the UK have been growing faster than incomes and this disparity is greater than when compared to the EU benchmark. In other European nations incomes have kept pace much better with house prices, such as in Belgium and France, or house prices have actually fallen slightly proportionally with income, such as in Finland, making both rental and purchase more affordable.
- Consequently, British people spend exceptionally high proportions of their post-tax income on housing. England is home to the largest number of people living in households that spend more than 40% of their income on housing in Europe, at 11.3 million.
- This equates to one in five (20%) people living in households who are spending more than 40% of their income on housing costs, the second highest proportion in Europe, and 12 percentage points more than the EU average of 8%. This proportion also rose by more than 50% between 2014 and 2020 for the UK, while the same metric across the EU fell by over 3 percentage points – equivalent to a third lower.
- England has far fewer dwellings relative to its population than other developed nations we typically consider peers, with 434 homes per thousand inhabitants, significantly fewer than France (590), Italy (587) and the OECD average of 487.
- This dearth of properties makes England **the most difficult place in the developed world to find a home**, with the rate of available properties per member of the population at less than 1%, the lowest rate of all OECD countries.
- The UK also has amongst the oldest housing in Europe, with 78% of homes having been built before 1980, compared with an EU average of 61%, and 38% of the UK's housing stock being built before 1946, compared with an EU average of 18%.
- This has an impact on the condition of homes: 15% of English homes failed to meet the Decent Homes Standard in 2020. This is the highest proportion of substandard homes in Europe, and significantly higher than many other countries including Germany (12%), Bulgaria (11%), Lithuania (11%) and Poland (6%).
- Owning your home is becoming less and less feasible. Home ownership fell by seven percentage points to 65% in the 17 years to 2021, while over the same period home ownership grew in many nations including Italy (grew by 5.8 percentage points to 73.7%), the Netherlands (grew by 14.7 percentage points to 70.1%) and Slovakia (grew by 2 percentage points to 92.3%).



02

ANALYSIS: THE SUPPLY AND CONDITION OF HOUSING IN THE UK



- 1. Relative to its population, England has few homes compared to OECD nations*
- 2. The UK has some of the lowest levels of new housing stock in Europe*
- 3. England's ageing housing means it lags behind most of Europe on condition*
- 4. There aren't enough vacant dwellings to address England's housing shortage*

UK snapshot

The UK is one of the most expensive places to buy or rent a home.

In the UK, the average price of a property is more than 7 times the average salary, giving an indication of the sheer unaffordability faced by many households, particularly those unable to tap into family wealth.

House prices in the UK have also risen compared to income more quickly than in EU neighbours, showing how this unaffordability has actually grown from what was already a high base. The UK ranks eleventh-worst out of the 31 developed nations making up the OECD on this metric.

1 in 5 people in England (20%) are living in households that pay more than 40% of their

income on housing costs. This is the second-highest proportion of all countries in Europe. Less well-off English households are struggling most, with half (50%) of people earning less than 60% of the median salary spending disproportionately on housing.

The issue is further compounded by the relatively low availability of homes in England. We have among the fewest dwellings per capita in Europe, with just 434 homes for every thousand people in England, and also among the lowest rates of vacant homes at just 2.7%.

Housing condition is also poorer in England than in many comparable nations. England has more of its population living in a home with a leaking roof, damp walls and similar issues than the EU.

Metric	England	OECD benchmark	EU benchmark	Ranking versus individual countries
Dwellings per thousand inhabitants (2020)	434 ¹	487	-	6th fewest (/19) ²
House price to income (2022)	121.1	125	118.5	11th highest (/31) ³
Housing cost overburden rate (2020)	20%	18%	8.30%	2nd worst ⁴
Share of population living in a dwelling with leaking roof, damp walls, floors or foundations, or rot in frames or floors (2020)	15%*	-	14%	Worst
Vacant dwellings (2020)	2.70%	6.90%	-	3rd worst (/23) ⁶

1. England data from the English Housing Survey based on the Decent Homes Standard.

2. OECD benchmark. The 19 countries looked at were UK, France, Germany, USA, Italy, Romania, Finland, Poland, Belgium, Sweden, Denmark, Lithuania, Ireland, Austria, Netherlands, Portugal, Luxembourg, Iceland, Norway.

3. OECD and EU benchmarks. The 31 countries looked at were UK, France, Germany, USA, Canada, Italy, Japan, Korea, Australia, Romania, Bulgaria, Finland, Poland, Belgium, Finland, Poland, Belgium, Croatia, Sweden, Denmark, Latvia, Lithuania, Estonia, Greece, Slovakia, Slovenia, Ireland, Spain, Hungary, Czech Republic, Austria, Netherlands, Portugal, Luxembourg.

4. EU benchmark. The 34 countries looked at were UK, France, Germany, Italy, Romania, Bulgaria, Finland, Poland, Belgium, Croatia, Sweden, Denmark, Latvia, Lithuania, Estonia, Greece, Slovakia, Slovenia, Ireland, Spain, Hungary, Czech Republic, Austria, Netherlands, Portugal, Luxembourg, Malta, Cyprus, Switzerland, Serbia, Turkey.

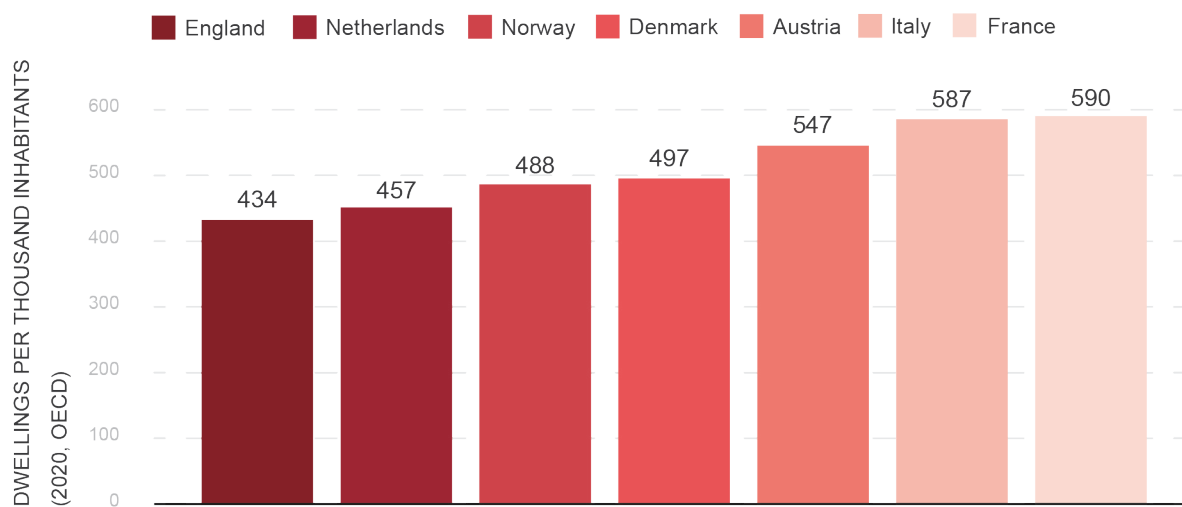
5. EU benchmarks. The 28 countries looked at were UK, France, Germany, Italy, Romania, Bulgaria, Poland, Belgium, Croatia, Sweden, Denmark, Latvia, Lithuania, Estonia, Greece, Slovakia, Slovenia, Ireland, Spain, Hungary, Czech Republic, Austria, Netherlands, Portugal, Luxembourg, Malta, Cyprus, Iceland.

England has very few dwellings per thousand inhabitants compared with other OECD nations

Despite new homes being built at a comparatively fast rate in the last decade, the long-term undersupply of new housing means that England still falls significantly behind European neighbours in terms of the number of homes per thousand people in the population. This restriction in the market makes it more difficult to find places to buy or rent and leads to people living in larger groups

than they might otherwise choose to.

Based on data from 2020, England had 434 dwellings per 1,000 people – significantly lower than similar-sized economies France (590), Italy (587), Belgium (483), Denmark (497), Austria (547), Norway (488), and the Netherlands (457).



The UK has some of the oldest housing in Europe

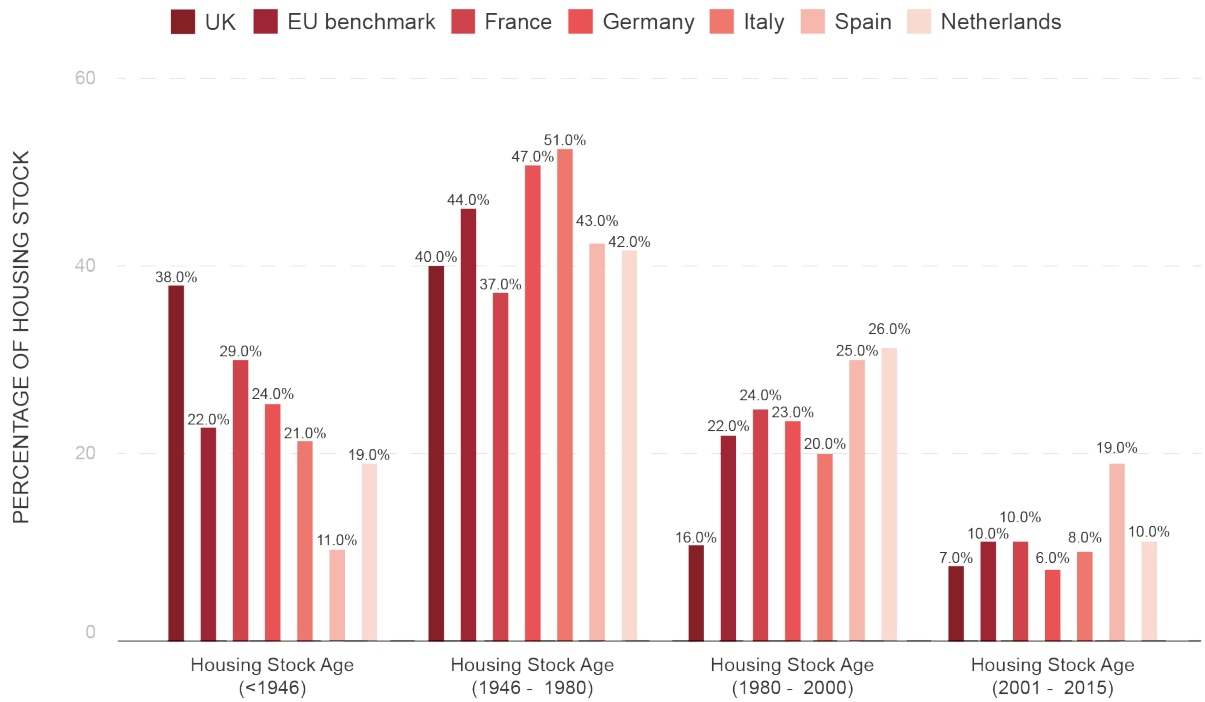
The UK has amongst the oldest housing in Europe, in part a consequence of historically low levels of new house building (although levels improved in the years between 2014 and 2022). This is an issue about more than supply, however, as it means that on average homes are likely to be less energy efficient, less resilient to extreme weather conditions and generally in a poorer state of repair than newer homes – demonstrated also in the fact that the average electricity bill in the UK (as of March 2023) was £1,646. At 5% of the average salary, that makes the UK one of the most expensive places in Europe for energy bills. This is also reflected by the higher percentage of the UK stating they are unable to keep their home adequately warm than for Slovakia, France and Poland in 2018 (5.4% compared to 4.8%, 5.0% and 5.1% respectively).

The UK has the highest proportion in Europe of housing built before 1946 at 38%. This is more

than double the EU average of 18% and higher than France (29%), Germany (24%), Italy (21%) and the Netherlands (19%).

Looking at more recently built homes, the UK still has many older houses than its EU neighbours. 78% of homes in the UK were built before 1980, compared with an EU average of 66%. This is a greater proportion of pre-1980 housing than France (66%), Germany (71%), Italy (72%) and the Netherlands (61%) – as we find throughout this audit, some of the countries we'd consider our natural peers and economic competitors.

One in five houses in the UK (21%) were built prior to 1919, the second-highest proportion in Europe. Only Belgium has more on 24%, while other European states such as Denmark (18%), Italy (12%), and the Netherlands (7%) have a significantly smaller proportion of more than a century old housing.



Totals may vary due to rounding effects of the percentage of housing stock

Graph: The UK's housing is among the oldest in Europe, with higher proportions of older housing and the lowest proportion of newer housing.



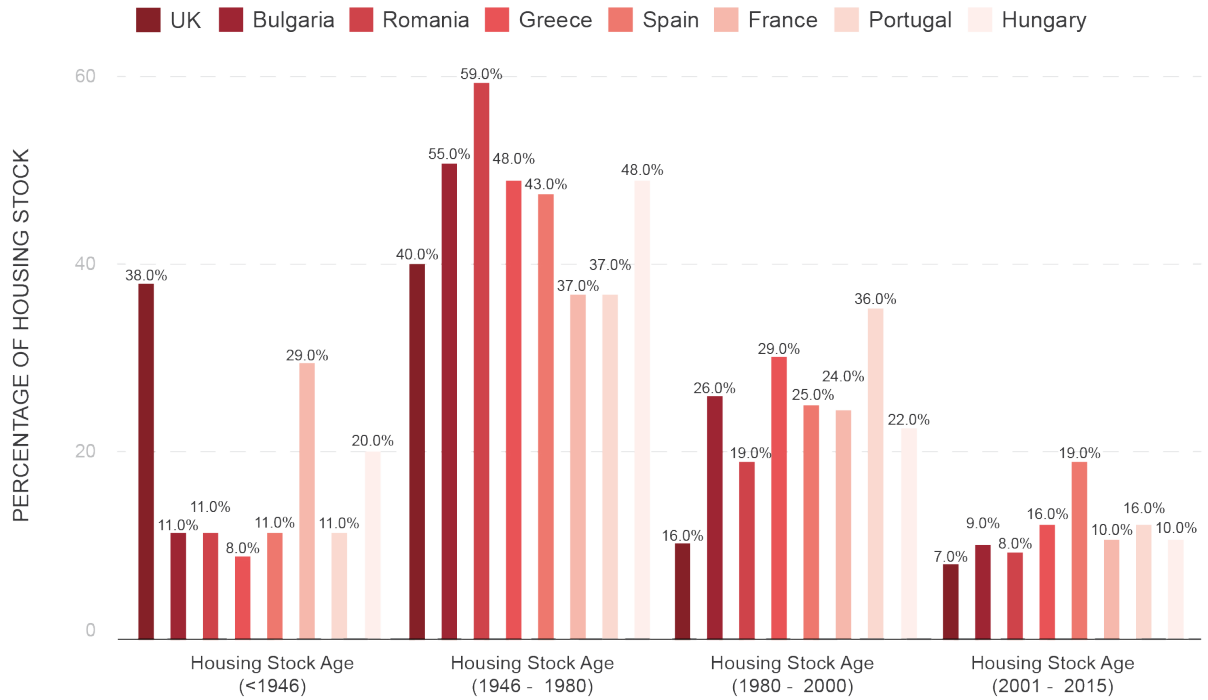
Dwelling age by EU nation (%)

Market	Pre - 1946	1946 - 1980	1980 - 2000	Post - 2000
UK	37.8	39.7	15.6	6.9
Belgium	37.1	38.2	16.5	8.2
Denmark	34.1	44.6	14.0	7.2
France	28.7	37.0	23.9	10.4
Austria	25.5	40.1	22.7	11.7
Germany	24.3	46.5	23.1	6.1
Sweden	22.7	47.7	12.3	4.6
Latvia	22.7	46.6	24.3	5.1
EU28	22.3	44.1	22.1	9.8
Luxembourg	21.8	31.5	21.6	14.0
Slovenia	21.3	45.0	25.0	8.7
Italy	20.7	51.4	19.8	7.9
Hungary	20.3	48.3	21.7	9.7
Poland	19.1	43.0	22.7	11.4
Czech Republic	19.0	37.1	20.5	7.7
Netherlands	18.9	41.9	26.4	9.5
Estonia	17.0	47.0	22.8	9.4
Croatia	13.6	42.5	23.6	11.0
Lithuania	13.5	49.6	28.9	6.2
Ireland	13.3	22.9	20.7	22.0
Malta	13.0	23.2	23.4	8.7
Romania	11.2	59.1	19.0	8.0
Spain	11.1	43.0	24.7	18.5
Portugal	10.7	37.1	36.0	16.3
Bulgaria	10.5	55.4	25.5	8.6
Finland	9.6	48.7	29.7	10.7
Slovakia	8.2	52.6	21.5	5.8
Greece	7.6	47.8	29.1	15.5
Cyprus	3.0	24.6	36.1	34.1

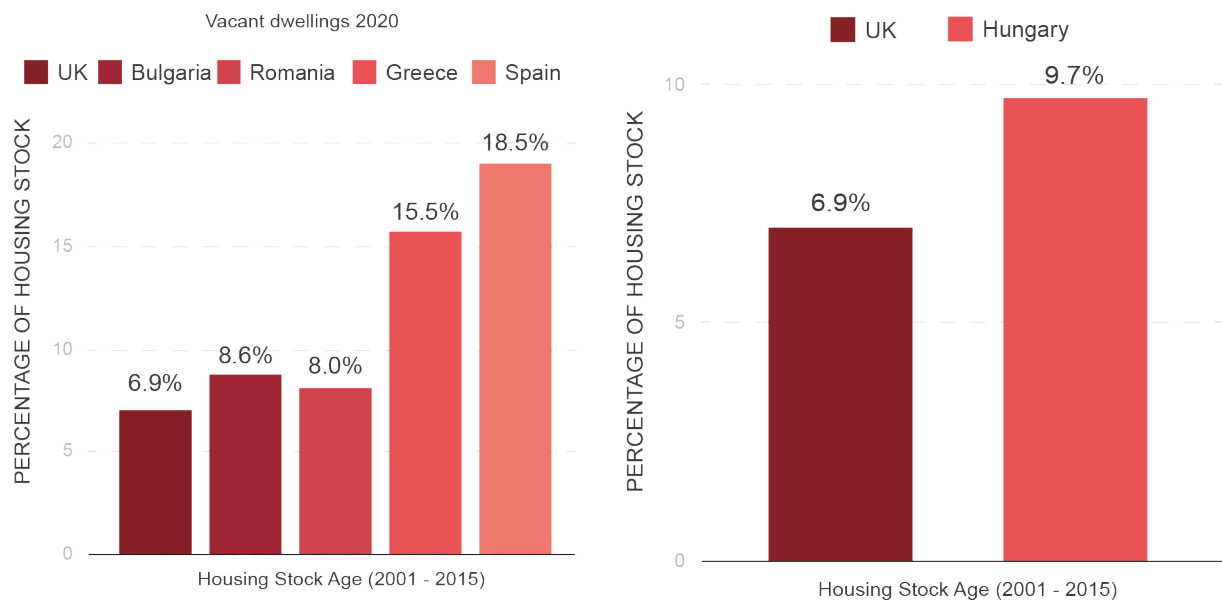
Eurostat, 2015 (Also cited in BRE Group's 2017 report)

The UK has some of the lowest levels of new housing in Europe

Hand-in-hand with the high proportion of older homes is the UK's low proportion of new homes. Despite progress made in the last decade, only 7% of homes in the UK have been built since 2001, falling behind European counterparts including France (10.4%), Spain (18.5%), Greece (15%), Portugal (16%) and Hungary (9%). The UK's levels of recently built housing (between 2001-2015) are comparable with Romania and Bulgaria (both 8%).



Graph: The UK has much more older housing than Bulgaria, Romania, Greece and Spain, and the lowest levels of housing built for all periods post-1946.



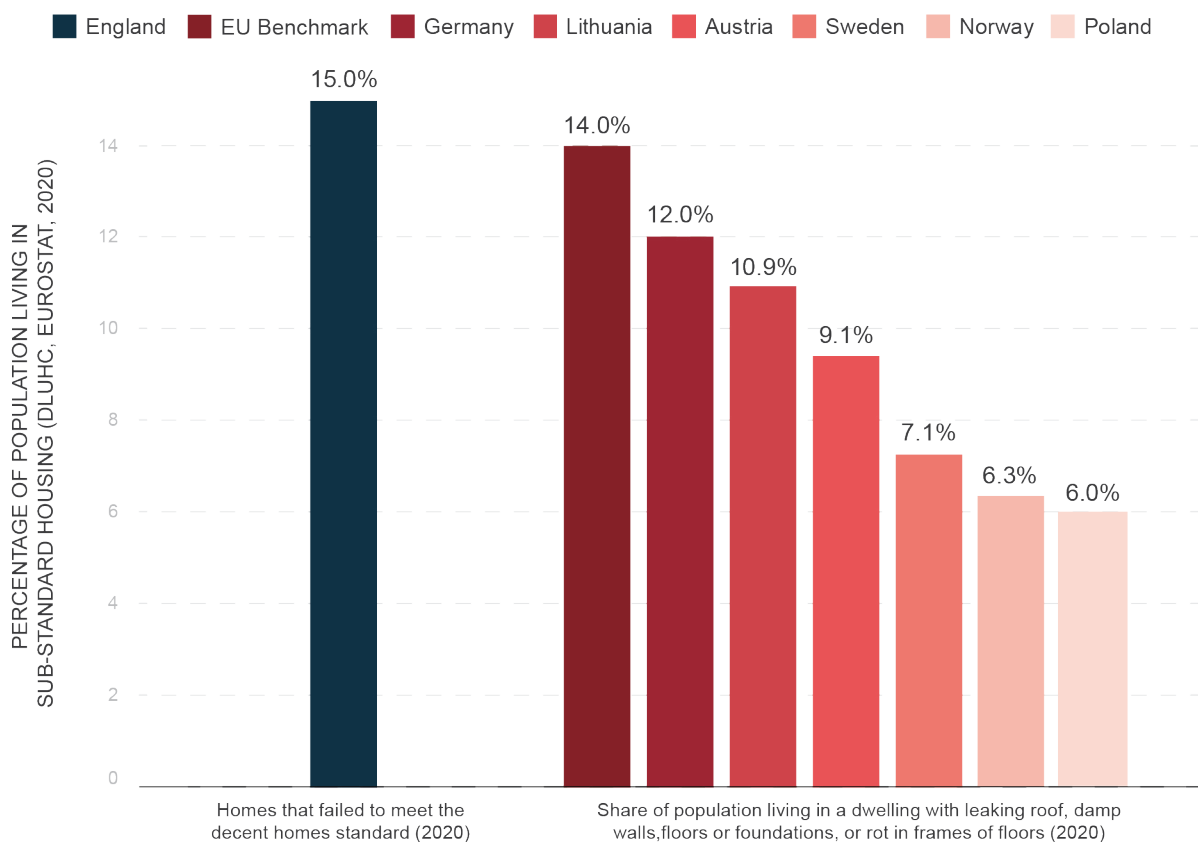
Graph: The UK has older housing than Hungary – only 7% of UK housing was built from 2001 onwards, compared to almost 10% for Hungary

England's ageing housing lags behind most of Europe on condition, despite progress over the previous decade

The age profile of housing is a significant factor in the condition of English homes, which fall behind their European counterparts. In 2020, 15% of all English homes failed to meet the Decent Homes Standard, a level set by the Government that represents a desired minimum standard for housing. To meet this standard, homes must be in a reasonable state of repair with reasonably modern facilities and services.

This is a higher proportion of sub-standard homes than many European countries, including:

- Similar economies: Germany (12.0% substandard homes), Austria (9.1%)
- Countries in Eastern and Central Europe: Bulgaria (11.0%), Lithuania (10.9%), Poland (6.0%)
- Countries in Scandinavia: Sweden (7.1%) and Norway (6.3%)

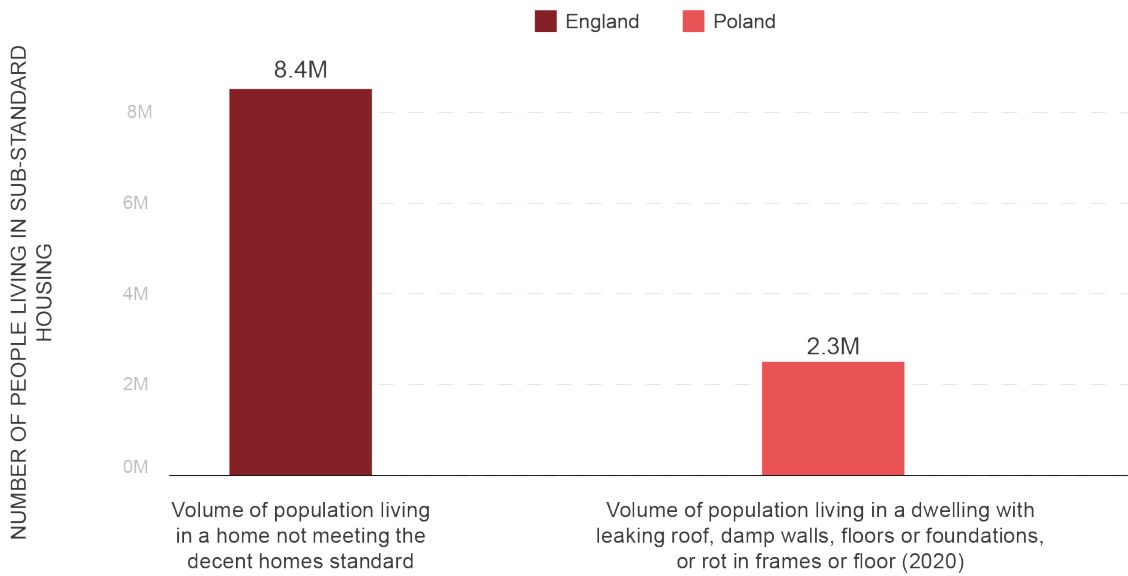
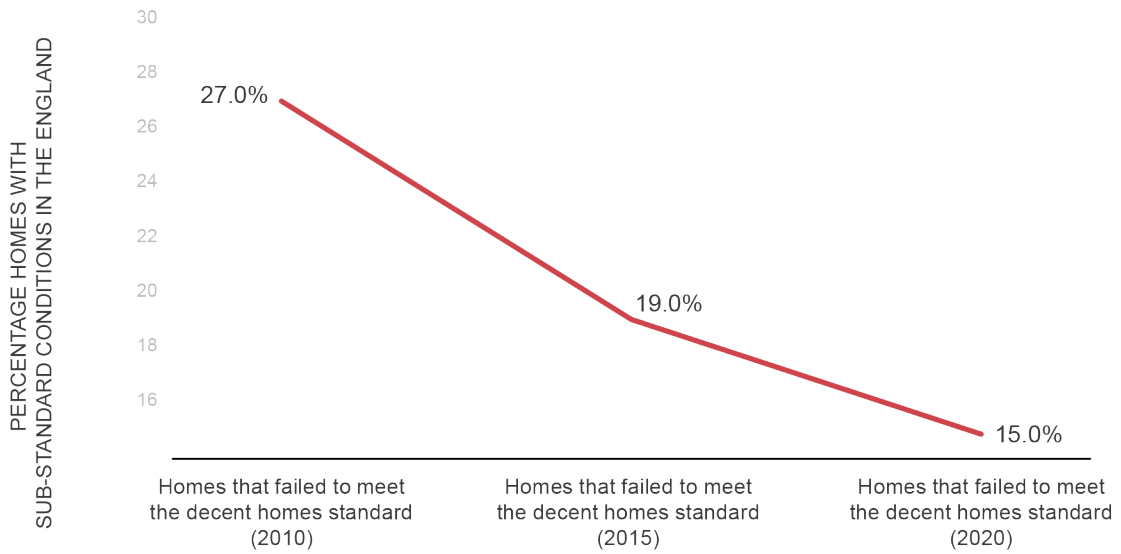


Homes in England are however showing continuous improvement in standards over the past decade – as mentioned earlier, a decade in which housebuilding has increased from a historically low baseline. In 2010, 27% of English homes failed to meet the Decent Homes Standard; in 2015, this had fallen to 19% and by 2020 it was 15%.

Older homes are also the most likely to have serious hazards, such as excess mould and structural collapse. Across England, Northern Ireland and Wales, more than a quarter (26%) of homes built before 1919 had at least one hazard in the most serious category, compared to only 2.5% properties built after 1980.

So, while homes in England have improved over the past decade, English homes remain some of the worst in terms of condition in Europe.

Percentage of homes with sub-standard conditions in England (DLUHC, 2020)



Graph: England has over three times as many people in damp and rotting homes than Poland

There aren't enough vacant dwellings to address England's housing shortage

Vacant dwellings are a sign of a functioning housing market. They mean that people have more choice when looking to move or buy a home and indicate flexibility in the market to respond to changes in demand for different types of housing or in different areas.

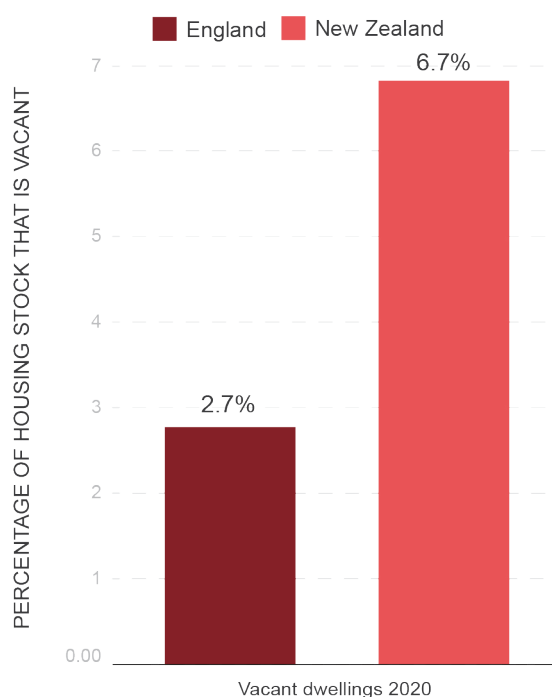
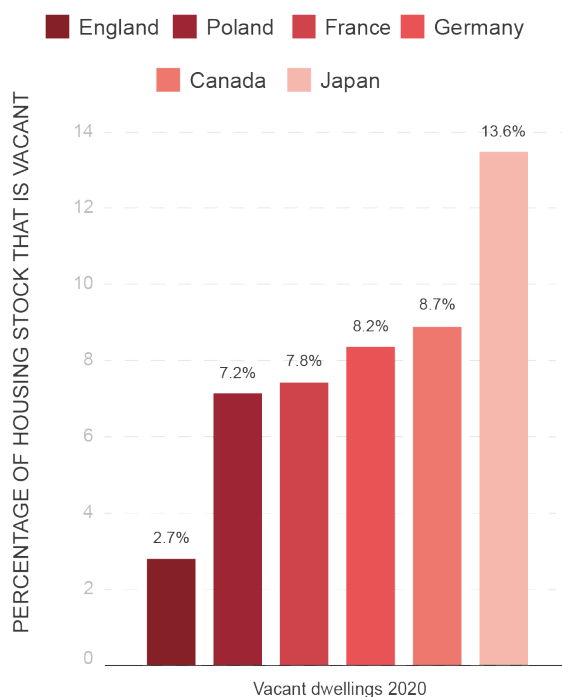
However, only 2.7% of housing stock in England was vacant in 2020, according to OECD data, despite the comparatively high levels of housing built during the preceding five or so years.

This lack of available properties is having a significant impact; in 2023, data gathered by Rightmove showed that there were on average 20 applicants for every rental property.

Comparable European economies such as France and Germany have around 8% of dwellings vacant (7.8% and 8.2% respectively), while North American nations see a vacant dwellings rate closer to 10% (Canada 8.2% and USA 11.1%).

England has the lowest percentage of vacant dwellings per capita of all OECD nations at just less than 1%, translating to 104 citizens to every vacant dwelling, making England the most difficult place of all developed nations worldwide to find a new home.

This is half the rate of the Netherlands, which has a vacant dwelling per capita rate of 1.96% (51 citizens to every vacant dwelling). Japan and Finland have some of the highest vacant dwellings per capita rates of 6.7% and 6.0%, translating to 15 and 17 people per vacant dwelling respectively.



Graph: New Zealand has more than double the share of vacant homes than England, despite its smaller land size

03

ANALYSIS: THE COST OF HOUSING IN THE UK



- 1. Housing costs in the UK are increasing rapidly relative to salaries, making housing increasingly unaffordable*
- 2. England has the most people overburdened by housing costs in Europe – with the least well-off suffering the most*
- 3. Rising rental costs, particularly in London, far outstrip growth in incomes over time*
- 4. Home ownership levels and the quantity of housing transactions in the UK have been falling in recent years, leaving the UK lagging behind comparable European countries*

House prices are increasing while incomes remain static, making housing less affordable in the UK compared to the rest of Europe

Until very recently, the UK's house prices have been increasing much faster than incomes, and this rate of change has also been much faster in the UK than across Europe.

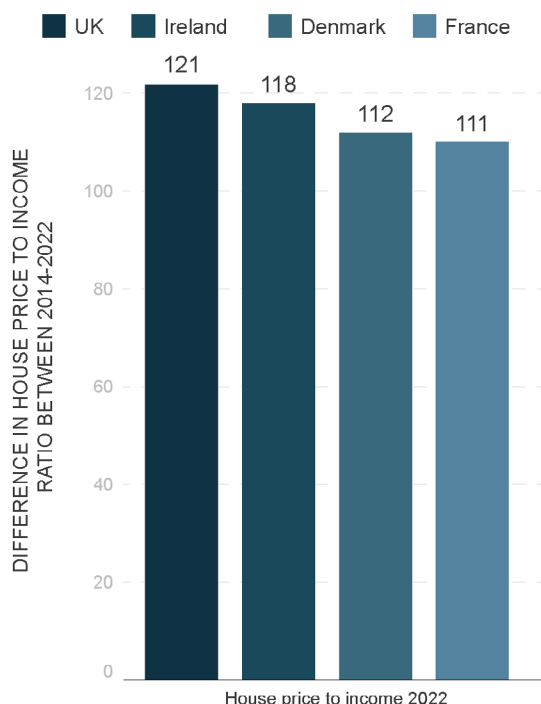
Even accounting for recent changes in both house price and wage growth, in the two years to May 2023 (when latest data was available at the time of writing) average house prices were still increasing at a faster rate than average wages in the UK.

While in the most recent months this trend may be changing, the effect of soaring house prices above wage increases has led to a situation where to buy or rent a property in the UK is very unaffordable compared with other nations across Europe.

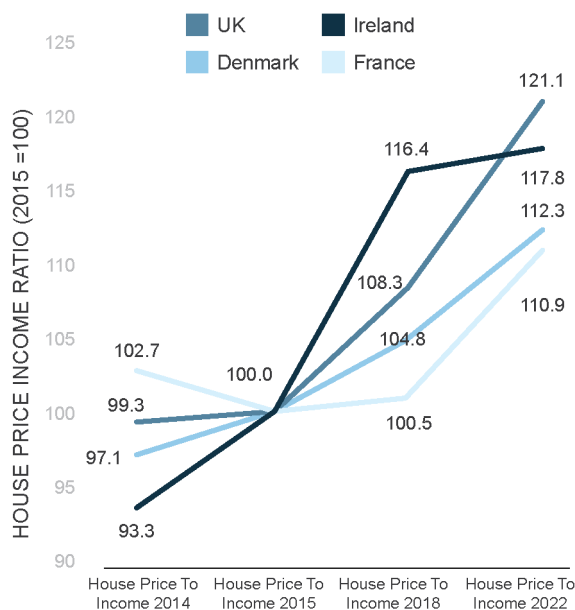
While the supply of new housing has increased considerably over the past decade, delivery has still been below optimum levels, further contributing to the problem.

To compare internationally, the OECD uses a benchmark called the House Price to Income Index, which was set at a baseline of 100 in 2015. Since then, the index has soared in the UK, rising 8% in three years and a further 13% the following four years to 2022. This was twice as much growth as seen over the period in France (11%) and significantly greater than in Denmark (12%) and Ireland (18%). The general rate of change across Europe was 18%.

Comparison of House Price to income - Eurostat, 2014 - 2022 (2015 = 100)

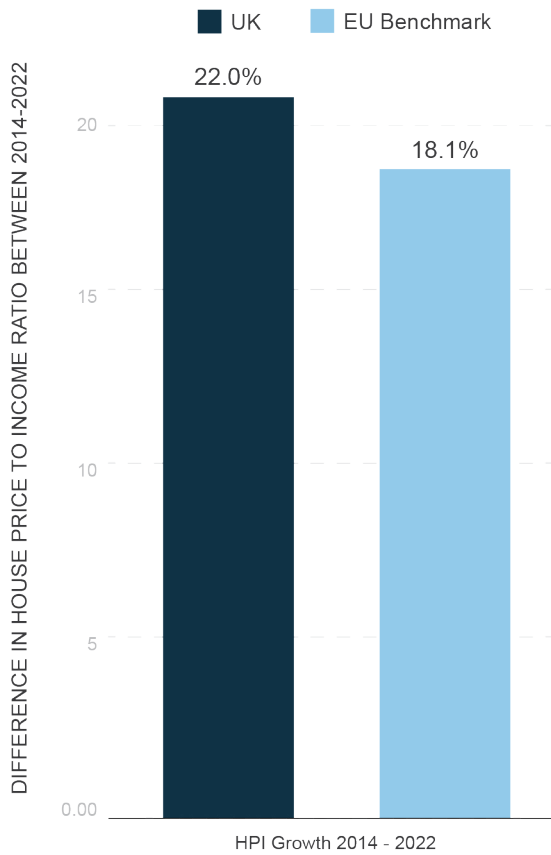


Comparison of House Price to income - Eurostat, 2014 - 2022 (2015 = 100)

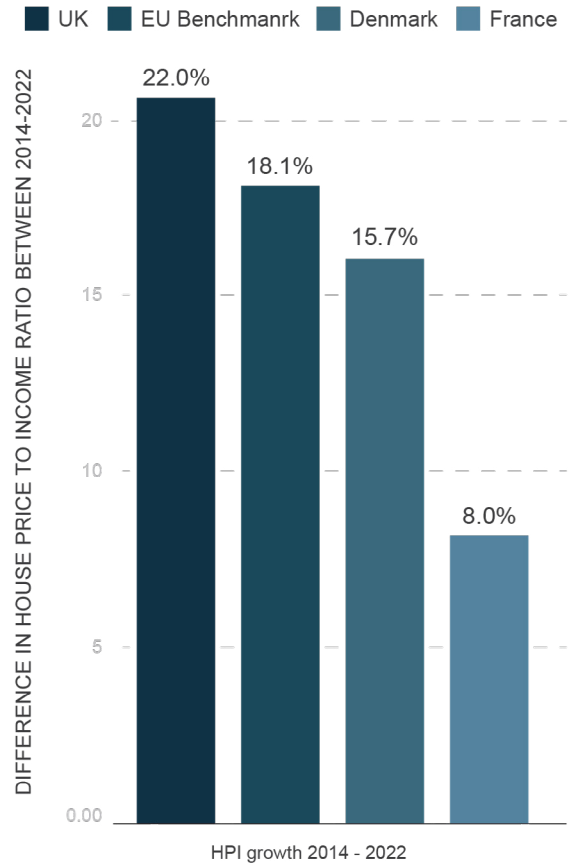


Graph: Buying a house in the UK has become increasingly less affordable than France since 2014

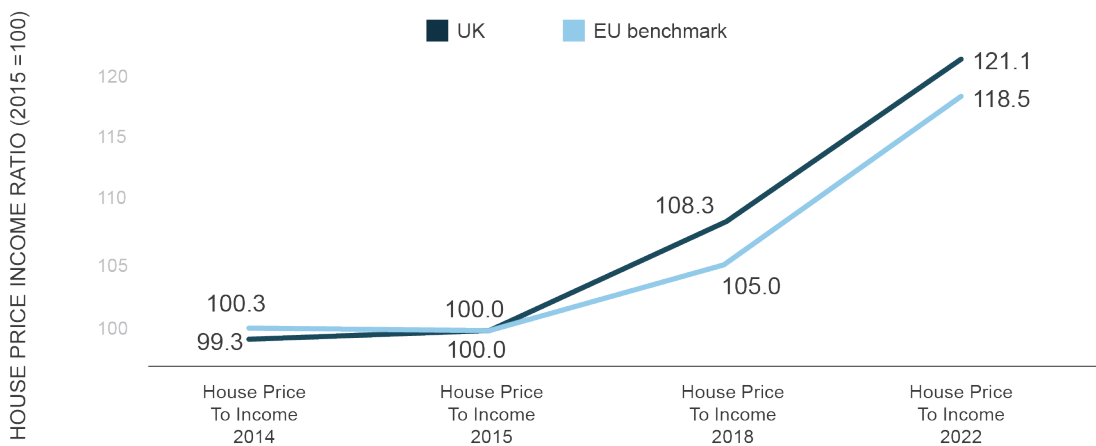
Comparison of House Price to income - Eurostat, 2014 - 2022 (2015 = 100)



Comparison of House Price to income - Eurostat, 2014 - 2022 (2015 = 100)



Comparison of House Price to Income - Eurostat. 2014 - 2022 (2015 = 100)



Graph: The rate of housing unaffordability in the UK has increased by a fifth more than in Europe and by almost three times the rate of France. HPI in France dipped from 2014 to 2015 before increasing significantly from 2018 to 2022 by 9%.

England has the most people overburdened by housing costs in Europe – with the least well-off suffering the most

England is home to the most people living in households that are paying more than 40% of their income on housing – known as overburden – in Europe.

In 2020, when the latest data is available for England, this stood at 11.3 million. This is millions more than in many European countries with similar or larger populations, including 2.8 million people more than Turkey (2020 population 83.1 million), 3.8 million people more than Germany (2020 population 83.2 million) and 7.5 million people more than France (2020 population 67.3 million).

This means that of all European countries, many of which have far larger populations, the UK has the most people living in households that are spending disproportionately on housing, likely to be struggling with costs and who are very vulnerable to further increases in rental or mortgage costs.

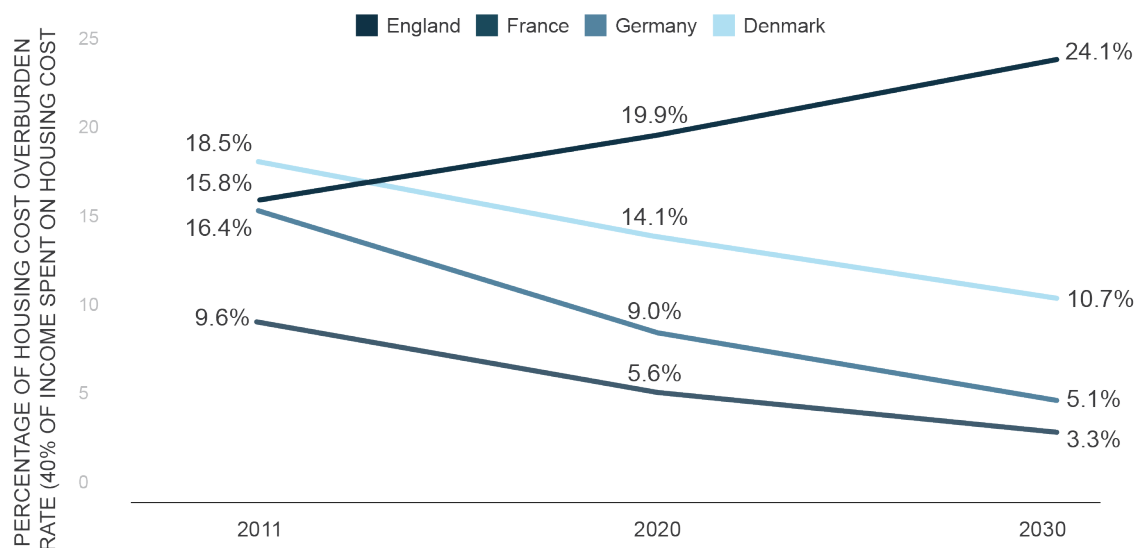
This 11.3 million equates to 20% of the UK population spending more than 40% of their

income on housing. This proportion is 12 percentage points higher than the EU average of 8% and is very high even in comparison to EU economies with the most expensive housing, such as Denmark (14.1%), the Netherlands (8.3%), and Germany (9.0%). The only country where this proportion is higher is Greece, on 33.3%.

An average of 245,000 people have been pushed into housing overburden each year in England in the decade to 2020, leading to a 21% increase in the total proportion of the population facing this issue. This is in stark contrast to Western economies where the proportion of people in overburden is decreasing, such as France (a reduction of 41.7%), Germany (-43.0%), Italy (-48.9%), Belgium (-44.3%) and Denmark (-23.8%).

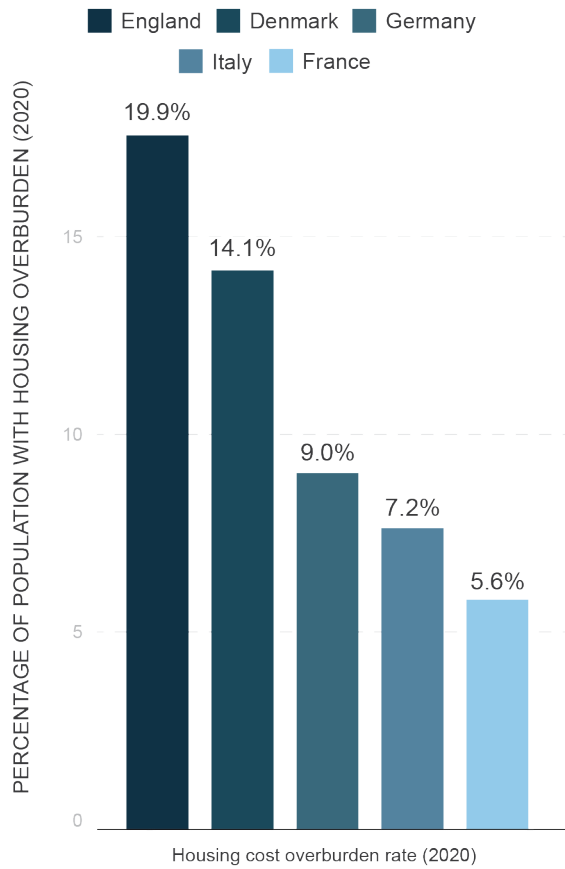
Predictably, the least well-off are hit hardest by this; half (50%) of adults in the UK earning less than 60% of the median salary are spending more than 40% of their income on housing.

Projected percentage of population in housing overburden in 2030 - (2011-2020, Eurostat)



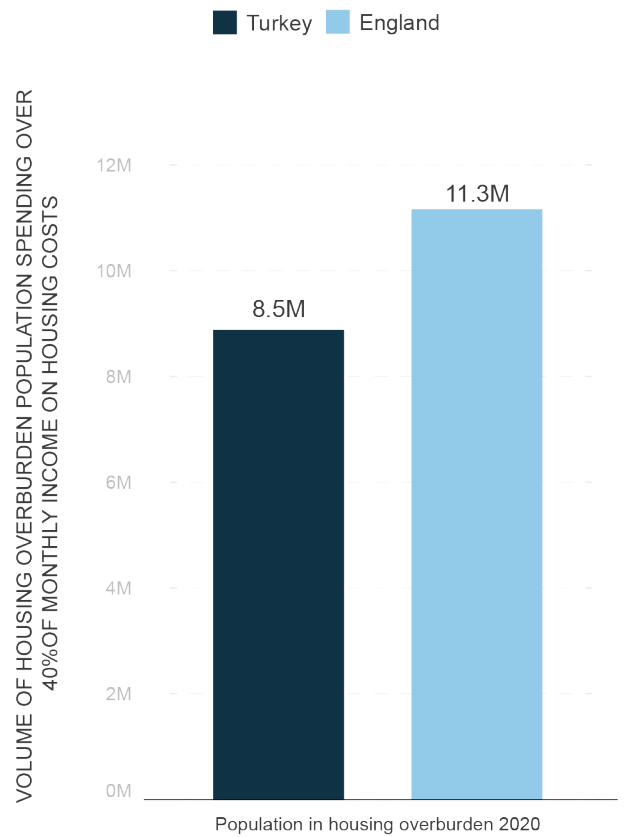
Graph: At the current rate, the gap between England and Europe of people overburdened by housing costs is expected to widen. By 2031, it is expected that almost a quarter of English residents will be paying over 40% of their income on housing costs, second only behind Greece. This is in contrast to 3% of French citizens and 5% of German citizens.

Housing overburden rate comparison (2020, Eurostat)

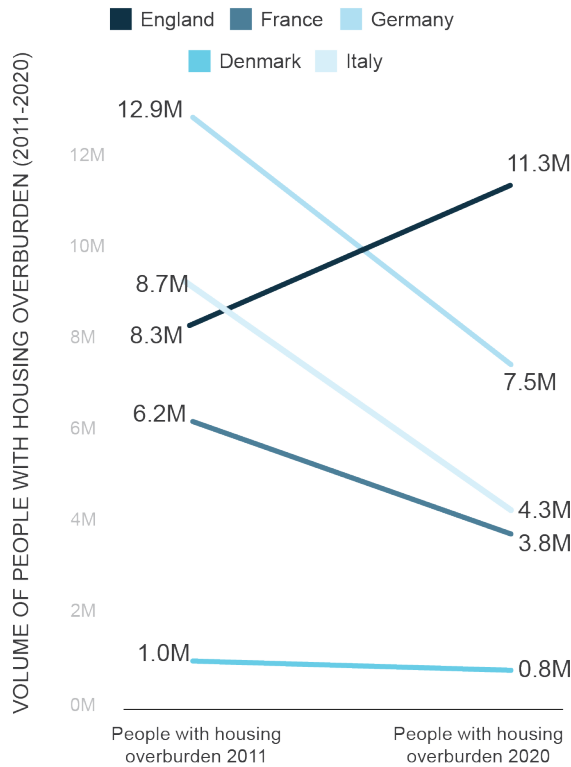


Graph: A greater share of English residents are overburdened with housing costs than in nations with the most expensive housing e.g. Denmark, Netherlands, Sweden and Germany.

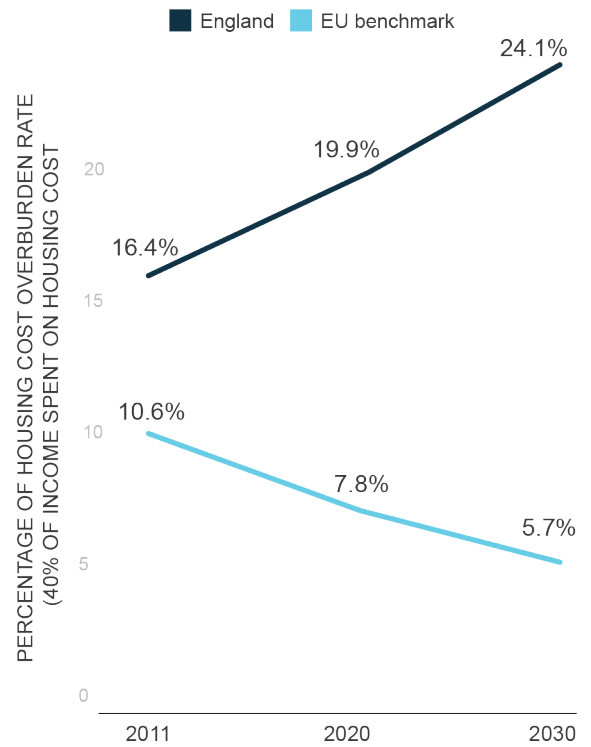
Housing overburden rate comparison (2020, Eurostat)



Graph: Graph: 2.8 million more English residents are overburdened by housing costs (paying 40% of their income on housing costs) than in Turkey; a country with 47% more inhabitants than England.

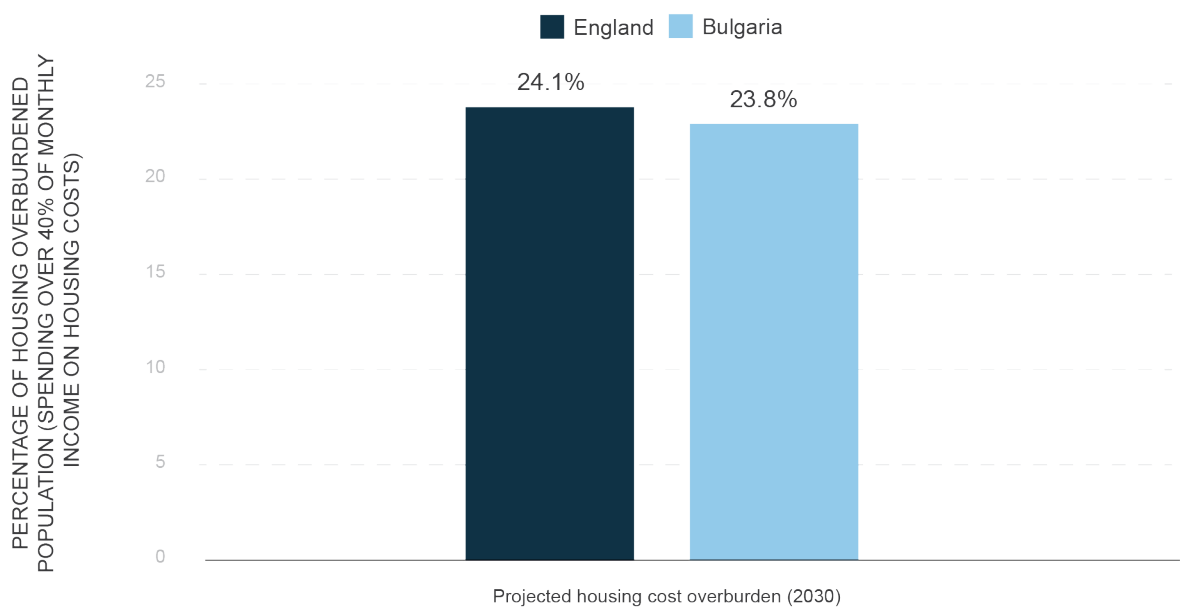


Graph: The gap between England and Western European nations of people in housing overburden widened significantly over the last decade.



Graph: England's housing overburden rate to diverge from the EU benchmark significantly by 2030

Projected percentage of population in housing overburden in 2030 - (2011 - 2020, Eurostat)



Graph: England's housing overburden rate to be on a par with Bulgaria by 2030.

Average rents in London are much higher than similar capital cities

Rents in London are significantly higher than in comparable capital cities across Europe. Rent on a one-bed flat in London is 33.3% higher than in Paris, 41.3% higher than in Berlin, and 65% higher than in Brussels. This makes the UK capital increasingly unaffordable for many people, shown by the number of young people in particular leaving or considering leaving the city.

City	Rent in euros (1 bed)	Rent in euros (3 bed)	Average monthly income in euros
London	1750	3050	4,047
Paris	1250	2800	2,570
Berlin	1150	2000	2,109
Amsterdam	1050	1850	3,500
Rome	890	1050	1,878
Brussels	880	1100	3,550
Madrid	810	1450	2,550

UK housing is becoming less accessible, as shown by decreasing home ownership rates and numbers of transactions

This audit paints a grim picture. But without policy change, the future could actually be more challenging. Fewer and fewer people are able to purchase a home of their own in the UK. This means households are less secure and more vulnerable to changes made by landlords. In 2004, 70.7% of UK households lived in a home that they owned outright or through a mortgage. By 2014, this had fallen to 64.4%, although by 2021 it had recovered slightly to 65.2%. However, while headline rates of home ownership have steadied in recent years, it should also be recognised that since 2016, more than half of all owner-occupiers in England own their properties outright without a mortgage. This leaves such owners less susceptible to interest rate changes but does also serve to ensure housing wealth is increasingly entrenched in a relatively small proportion of the population in England.



On home ownership, the UK is behind a number of its close European neighbours, including the Netherlands (70.1%), Spain (75.8%) and Norway (80.8%), as well as Eastern European countries such as Romania (95.3%), Montenegro (90.2%), Serbia (86%) and North Macedonia (85.8%).

The UK's declining home ownership rates are also at odds with trends across Europe. Home ownership increased during the same 17-year period in comparable economies such as Germany (+8.5 percentage points to 49.5%), France (+9.9 percentage points to 64.7%) and Italy (+5.8 percentage points to 73.7%) as well as countries that experienced significant economic development during this period, such as Slovakia (+2.0 percentage points to 92.3%).

Country	Home ownership rate (2021)	Change in home ownership rate in percentage points (2004-2021)
Romania	95.3%	n/a
Slovakia	92.3%	+2
Montenegro	90.2%	n/a
Norway	80.8%	n/a
Spain	75.8%	-7.4
Italy	73.7%	+5.8
Belgium	71.3%	-0.4
Netherlands	70.1%	+14.7
UK	65.2%	- 5.5
France	64.7%	+9.9
Denmark	59.2%	+7.6
Germany	49.5%	+8.5

Year-on-year, the number of housing transactions – an indication of a properly functioning market where people are able to buy and sell with ease – has been falling in the UK, in contrast to other Western European economies. Between 2018 and 2019, the number of housing transactions in the UK fell by 1.2%, while the number grew by 14.6% in Belgium, 9.2% in France, 3.1% in Denmark and 2.7% in Spain.

Country	Home ownership rate (2021)	Change in home ownership rate in percentage points (2004-2021)	Percentage change in the number of housing transactions (2018 – 2019)
Belgium	71.3%	-0.4	+14.6%
France	64.7%	+9.9	+9.2%
Denmark	59.2%	+7.6	+3.1%
Spain	75.8%	-7.4	+2.7%
UK	65.2%	- 5.5	-1.2%

Median monthly private rental price increases in the UK

Average monthly private rental prices increased 3.4% in England in the year to September 2022, compared with an increase of just 2.5% across the EU between Q4 2021 and Q4 2022.

This increase has continued more recently in the UK, with latest data showing monthly prices rose 5.1% in the year to June 2023 (comparable EU data is not yet available for that period). This demonstrates the increasing unaffordability of the rental market in the UK.



04

COUNTRY
COMPARISONS

Country Comparison: UK vs Denmark

Denmark can be considered as a strong point of comparison for the UK housing market.

The housing in both countries is of a similar age. 67% of the UK's housing was built prior to 1971, compared to 62% in Denmark. Additionally, both countries built 7% of their existing housing between 2001 and 2011.

Notably, despite these similarities, Denmark has more dwellings relative to its population, with 497 homes per thousand residents, compared to England's 434. This allows more flexibility and resilience in the housing market and gives people more choice.

Despite Denmark's smaller land mass and population size, it is often associated alongside the UK with having some of the most expensive housing in Europe. Yet, Denmark's house price to income ratio grew just 12% between 2010 and 2021, compared

with the UK's growth of 21%.

Both countries suffer acutely from the challenges of people spending disproportionately on housing costs. The UK and Denmark represented the second and third highest rates of people spending more than 40% of their income on housing costs in Europe at 20% and 14.1% respectively in 2020. However, since 2014, Denmark has actually observed a marginal decline in its rate of housing cost overburden. This represents a stark contrast to the UK, which has seen a housing overburden increase of 5.5 percentage points – growth of nearly one third – in the same timeframe.

Looking ahead, and uncomfortably, the data predicts that by 2030 these trends will lead to a stark disparity between the two nations. By 2030, the UK will be more akin to countries such as Bulgaria, with a

quarter of the population in a status of housing overburden. In contrast, if Denmark continues to reduce the number of people facing housing

overburden by 10,000 a year as it did from 2011 to 2021, it will reduce its overburden rate from 15.5% to 13%.

Country Comparison: UK vs France

France is a natural comparison point for the UK across a range of metrics, being one of its closest neighbours in Western Europe, with a similar-sized population and economy.

However, compared to the UK, housing in France is both more abundant and more affordable. England has only 434 homes per thousand residents, significantly fewer than France, which has 590 homes per thousand residents.

While average national incomes in the UK and France are very similar, house prices are increasing in the UK more steeply. Since 2015, the house price to income index in the UK has increased twice as fast as France, reaching 21% in the UK versus 11% in France.

High housing costs leave British people feeling worse off than their French counterparts. In France, just 6.5% of the population live in households spending more than 40% of their disposable income on housing, while in the UK 20% of people do. This difference is even more stark for less well-off citizens, with 50.3% of the population who earn less than 60% of the median income in the UK overburdened by housing costs, compared to only 20.3% in France.

The rate of housing cost overburden has also been falling in France in recent years, while the opposite is true in the UK. In France, the proportion of the population whose housing costs are more than 40% of their disposable income grew by only 0.5% between 2014 and 2020, while the share of British people in this situation has risen by 7.4% over the same period.

Country Comparison: UK vs Bulgaria

It is much more affordable to buy or rent a home in Bulgaria than in the UK, on average.

The disparity between housing costs and income has grown in the UK by more than a fifth since 2015, while in Bulgaria this same metric has fallen by 15%.

Housing costs in the UK rank amongst the highest in Europe, with 20% of people paying more than 40% of their income on housing costs in 2020, surpassing the EU average.

Meanwhile, Bulgaria had a significantly lower proportion of just 14.4% of people spending 40% of their income on housing costs in the same period. This was much closer to the rate in other G7 nations such as Denmark (14.1%).

Housing in the UK is also significantly older on average. 67% of UK housing was built before 1971, compared with just 44% of housing in Bulgaria. 8% of housing in Bulgaria was built after the turn of the century, compared with just 6.9% of UK housing.

Country Comparison: UK vs Hungary

Hungary has a GDP 17 times smaller than the United Kingdom's and among the lowest average annual income in Europe.

However, when it comes to housing, Hungary still outperforms the UK in a number of key areas. OECD data from 2018 shows that Hungary has a higher number of homes relative to population in comparison to the UK, with 456 dwellings per thousand inhabitants, 24 more than in the UK.

There is further evidence that Hungary has been more successful than the UK at building new homes in recent decades, with the housing stock there considerably newer than that of the UK. As of 2011, only 9% of Hungarian homes date from before 1919, while in the UK, 21% of homes were built before that year. Meanwhile, 51% of dwellings in Hungary were constructed later than 1971, whereas only 33% of British homes were built after that date.

High housing costs are a much greater burden on the UK population than they are for Hungarian people. Only 4.9% of Hungarian people were spending more than 40% of their disposable income on housing as of 2021, compared to 20% of the UK population. More of the UK's poor households are also overburdened by housing costs, with 50.3% of the population with less

than 60% of the median income falling into this category, 6% more than in Hungary. Crucially, trends in recent years suggest that while housing poverty is falling in Hungary, it is rising in the UK. Since 2014, the housing cost overburden rate in Hungary has fallen by 7.9%, while in the UK it has risen by 7.4%.

Methodology

The Lexington team worked in tandem with the Home Builders Federation to identify a range of datasets to enable a wide range of comparisons to be made. Based on the availability of housing data, OECD and Eurostat data were the sources identified to allow for comparisons at global and European level. This included metrics around the condition, supply and cost of housing.

Lexington collected all data directly from the OECD and the Eurostat websites and collected this into an Excel spreadsheet, before then using data visualisation tools to compare the UK with other countries across a range of metrics. See below for the metrics that are key included in the analysis, and the definitions used.

- **Dwellings per thousand inhabitants**

The metric of dwellings per thousand inhabitants is provided by the OECD's Affordable Housing Database, where the OECD collected this data in 2011, 2018 and 2020. For the scope of this indicator, by dwelling stock or housing stock, we refer to the total number of dwellings in a country. A dwelling is "a room or suite of rooms and its accessories in a permanent building or structurally separated part thereof, which by the way it has been built, rebuilt, converted, etc., is intended for private habitation. It should have a separate access to a street (direct or via a garden or grounds) or to a common space within the building (staircase, passage, gallery, etc.)" (OECD, 2001).

The data here were extrapolated to 2031 based on the percentage point growth/decline in houses per thousand inhabitants between 2011-2020 to identify the percentage point increase in dwellings per thousand inhabitants over the equivalent time period in 2031.

- **Dwelling age**

The data on dwelling age was provided and collected by Eurostat in 2011 and was informed by Eurostat's population and housing census conducted in 2011 into the stock of dwellings available according to when they were built.

- **Homes meeting the Decent Homes Standard**

For the UK, data was collected from the English Housing Survey, which is published by the Department for Levelling Up, Housing and Communities in the UK. The survey assesses the number of homes meeting the Decent Homes Standard (DHS). The DHS defines a decent home as meeting these criteria:

- It meets the current statutory minimum standard for housing
- It is in a reasonable state of repair
- It has reasonably modern facilities and services
- It provides a reasonable degree of thermal comfort

- **Share of total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames of floor**

This metric is collected on a yearly basis by Eurostat as part of the EU – SILC survey and collects the data as a percentage based on asking the population on the state of their housing. This covers Europe but has not covered the UK since 2018. This metric was also extrapolated out to give an estimate of the full number of people living in these conditions, which was achieved by multiplying the percentage of people living in these conditions by the total population in each country.

For the UK, The UK data for citizens per vacant dwelling was extrapolated from vacant homes data and multiplied by the average number of people living in a home in the UK in 2020 (2.4 inhabitants per dwelling, GlobalData, 2020) to then provide a number of citizens per vacant dwelling for the UK.

- **Percentage of vacant dwellings**

The 2020 vacant dwellings data is provided by the OECD from its Affordable Housing Database. The OECD defines a dwelling as occupied if it provides the usual place of residence to a household, which can include one or more persons. Among dwellings that are not occupied, the OECD defines as vacant dwellings those that are not: secondary or holiday homes or dwellings meant for seasonal use. This was also extrapolated from population data to also give the number of people in vacant dwellings by multiplying the percentage of vacant homes.

- **Vacant dwellings per capita**

This metric was composed of taking the OECD's raw numbers for vacant dwellings and dividing it by the total population in each country. This calculation is also reversed to calculate the number of citizens per vacant dwelling to give the metric of citizens per vacant dwelling, which helps to show the scale of the issue.

- **Percentage of the population living in housing cost overburden**

Housing overburden is calculated and collected by Eurostat. Eurostat defines the housing cost overburden rate, as the share of the population living in a household where total housing costs represent more than 40% of disposable income.

The data here were extrapolated to 2031 based on the percentage point growth/decline in housing cost overburden rate between 2011-2020 to identify the percentage point increase in housing cost overburden rate over the equivalent time period in 2031. Note that OECD data was used for the UK value, meaning that the 2020 value was taken. The OECD's calculates this as the median of the mortgage burden (principal repayment and interest payments) or rent burden (private market and subsidized rent) as a share of disposable income, in percent, 2020.

- **House price to income**

House price to income is an index created from the OECD's Affordable Housing Database that creates an index of the House Price to Income based on an index of 2014. The OED defines the price to income ratio as the nominal house price index divided by the nominal disposable income per head and is considered a measure of affordability.

- **Average rent**

Average rent in capital cities is the metric collected by Eurostat for an average flat in a capital city. It is compared in Euros and data for 1-bed, 2-bed and 3-bed flats were collected

See the next page for a list of data collected across the following years:

Metric	2010	2011	2014	2018	2020	2021	2022	2031
Dwellings per thousand inhabitants		✓			✓			
Share of total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames of floor					✓			
Homes meeting the Decent Homes Standard					✓			
Percentage of the population living in housing cost overburden		✓		✓	✓			✓ (Projected)
House price to income	✓		✓	✓			✓	

As stated by the OECD's HM1 Housing Stock Report, there are some comparability issues with the data on the stock of dwellings, as it is mainly drawn from statistics at national level. First, data are not available for the same reference year(s) across countries, and data are not always up to date. While some countries rely on regular housing surveys, others provide data from the general Population and Housing Census, which is typically carried out every five to ten years. Further, national definitions do not always allow for cross-country comparison. For example, this applies to the distinction between unoccupied dwellings (including those which are only temporarily vacant, such as second homes) and

vacant dwellings (which should include only long term vacant homes). In practice, some countries may count second homes as vacant, resulting in elevated vacancy rates. Even among dwellings categorised as vacant comparability is limited, as in some countries dwellings left unoccupied due to e.g., the tenant/owner being in prison or a care facility or the dwelling requiring major repair work are included in the counts, while in other countries they are not captured. This is also true for the definitions of urban and rural areas, which differ across countries. For further discussion of such challenges, please see OECD (2012), *Redefining Urban: A New Way to Measure Metropolitan Areas*.

References

1. Data taken from the end of 2022.
2. OECD Affordable Housing Database, where the OECD collected this data in 2011, 2018 and 2020.
3. Dwelling age: Eurostat, 2011.
4. Dwelling age: Eurostat, 2015. Informed by Eurostat's population and housing census conducted in 2015 into the stock of dwellings available according to when they were built.
5. European data: population living in a dwelling with leaking roof, damp walls, floors or foundations, or rot in frames or floors, Eurostat. UK data: Decent Homes Standard, English Housing Survey.
6. Another measure used to measure the minimum standard for housing is the Housing Health and Safety Rating System (HHSRS). The HHSRS provides a means of rating the seriousness of any hazard in the home so that it is possible to differentiate between minor hazards and those where there is a more immediate risk of serious harm or even death. The most serious hazards are called Category 1 hazards. Across England, Northern Ireland and Wales, Category 1 hazards skew towards much older properties with the highest proportion of Category 1 hazards found in properties built pre-1919 at over a quarter (26%) and the lowest proportion of Category 1 Hazards in homes built post-1980 at 2.5%. Source: HHSRS data found in the BRE Group report in Figure 3.2. Data as follows for the proportion of dwellings with HHSRS Category 1 hazards in England, Northern Ireland and Wales, by dwelling age: pre-1919 – 26%, 1919-1944 – 12%, 1945-1964 – 9%, 1965-1980 – 7%, post-1980 – 2.5% The HHSRS is measured through the NIHCS using the same methodologies as England and Wales (although it is not part of legislation in Northern Ireland). It is not applied in Scotland, nor measured through the SHCS, hence there is no data for Scotland.
7. A full framework to the Housing and Health Safety Rating System, which was borne out of the Housing Act 2004, is stated in the Government's Enforcement Guidance report here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7853/safetyratingsystem.pdf
8. European data: population living in a dwelling with leaking roof, damp walls, floors or foundations, or rot in frames or floors, Eurostat. UK data: Decent Homes Standard, English Housing Survey.
9. ONS data on average house prices and wages, August 2023. Average house prices increased by 54% compared to an increase in average wages of 40% in the ten years up to May 2023 in the UK.
10. This figure is informed by OECD population sizes and the OECD calculation for housing cost overburden rate from 2020. The UK population was 67.0 million people in 2020 and the housing cost overburden rate in the UK was 20% in 2020.
11. ONS data for median monthly private rental price increases (October 2021 to September 2022). Eu data Eurostat
12. Please note that average income was taken from OECD-calculated annual salaries for cities, which were converted into Euros from US Dollars at an exchange rate of 0.92 taken on 12 June 2023.



