

# Housing: The Housing Affordability Gap

Housing affordability ratios are an economic indicator that determine whether people with the lowest incomes can afford to buy the lowest priced housing available in the area where they work. Specifically, the ratio examines the relationship between the lowest quartile of incomes and the lowest quartile of house prices within a particular area. In 1997, the housing affordability ratio for Warwickshire was just under four, meaning that somebody in the lowest quartile for earnings would need four times their annual income in order to purchase a property in the lowest quartile of house prices. Median house prices increased by more than £80,000 between 1997 and 2013, and the ratio increased to nearly 6.7, indicating that houses are now less affordable, compared to 17 years ago.

