Housing

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The housing market in the UK includes owner occupiers – people who either own their home outright or are buying with it with a mortgage – and tenants, either renting from the social sector (local authorities or housing associations) or renting privately. Some people in the UK live in poor living conditions such as homes that are in serious disrepair or homes that are energy inefficient, while many households live in temporary accommodation. The recent credit freeze and economic recession has made it more difficult to get finance either to move house or to purchase a home for the first time. The likelihood of falling behind with rent or mortgage payments is a real risk to some households and the number of reposessions of homes has increased.

Key points:

Housing stock

- The number of dwellings in Great Britain increased substantially from 7.7 million at the start of the 20th century to 26.2 million in 2008
- In 2008 there were around 22.4 million dwellings in England of which around four-fifths (81.5 per cent) were houses or bungalows and 19 per cent were flats or maisonettes
- The number of new permanent dwellings completed in the UK as a whole in the last 20 years peaked in 2006/07 at 219,000

Tenure and accommodation

- In 2009, 37 per cent of households in Great Britain were buying their homes with a mortgage: almost a third (32 per cent) of homes were owned outright and 31 per cent were rented either from the social sector (18 per cent) or privately (13 per cent)
- Almost two-thirds (65 per cent) of lone parents with dependent children rented their home in Great Britain in 2009 while over a third (35 per cent) lived in owner-occupied accommodation
- As of October 2009, there were 316,000 vacant dwellings in England, with the highest proportion (22 per cent) situated in the North West

Homelessness

- In England in 2009/10 40,000 households were accepted as being owed a main homelessness duty by local authorities, a fall of 25 per cent since 2008/09 and 70 per cent since the peak of 135,000 in 2003/04
- The most common reason for loss of their last settled home for those accepted as homeless was the inability, or unwillingness, of friends or relatives to accommodate them, with just over a third (34 per cent) homeless for this reason
- At the end of 2009/10, there were around 51,000 households in temporary accommodation in England, a fall of 49 per cent from a peak of around 101,000 at the end of 2004/05

Housing conditions and energy efficiency

- In 2008, 44 per cent of privately rented homes were deemed to be non decent compared with 21 per cent of those rented from a registered private landlord.
- In 2008, 36 per cent of households in the lowest fifth of the income distribution lived in a non-decent home compared with 31 per cent of those in the highest fifth; while 20 per cent of the

lowest income households lived in poor quality environments compared with 14 per cent of the highest income group

- In 2008, 10 per cent of dwellings in England achieved the highest Energy Efficiency Ratings Bands A to C, equivalent to 2.3 million dwellings, compared with 7 per cent, equivalent to 1.6 million dwellings in 2006

Household mobility

- In 2008/09, 9 per cent of all households in England (2.0 million) had moved to their current homes within the previous 12 months, the smallest number of moves in any year since 1994/95 when data were first collected
- In 2008/09 the average (median) length of time that households in England had lived in their home was 8 years. Owner-occupiers had been in their current home on average the longest at 11 years, followed by social-renters at 7 years

Housing market and finance

- Between 2007 and 2008 the number of property transactions with a value of £40,000 or more in the UK fell by 44 per cent from 1.6 million to 900,000
- In 2009 the average price paid for a dwelling (based on a mix-adjusted methodology) in the UK was £194,235, a decrease of 8.1 per cent since 2008
- Since 1998 the number of loans approved for house purchase (seasonally adjusted) in the UK peaked in March 2002 at 92,912, compared with a low of 17,421 in November 2008
- The majority of adults in the UK (57 per cent) felt that there was no risk at all of falling behind with either rent or mortgage payments, while 37 per cent felt that there was either a low or moderate risk and just 6 per cent a high risk
- Since 2004, the number of properties taken into repossession increased nearly six-fold to 47,900 in 2009

Housing stock

Figure 1 Dwelling stock¹ and households^{2,3}

Great Britain

Millions

1 See endnote: Dwelling stockⁱ

2 Data for number of households for 2001 and 2008 are Q2 (April to June) Labour Force Survey data and are not seasonally adjusted.

3 No census was undertaken in 1941, so data for this year is plotted as the mid-point between 1931 and 1951.

Source: English Housing Survey, Communities and Local Government (DCLG, 2010a); Census, Labour Force Survey, Office for National Statistics

The increase in the population over the past century has increased demand for accommodation. The number of dwellingsⁱⁱ in Great Britain increased substantially, from 7.7 million at the start of the 20th century to 26.2 million in 2008 (**Figure 1**). In 1901, and in all subsequent censuses up to and including 1961, there were fewer dwellings than households therefore some houses accommodated more than one household.ⁱⁱⁱ However from 1971 onwards there were more separate dwellings than households. Some surplus dwellings are necessary to allow for mobility in the housing market (see vacant dwellings later in this chapter). The family formation of the population has also influenced accommodation requirements. The number of households tripled in Great Britain during the 20th century, partly a result of increasing population together with decreasing average household size. In the latter part of the century the change in household size was influenced by the increase in the numbers of people living on their own.

Between 1901 and 2008 the number of dwellings in England increased over three and a half times, from nearly 6.3 million to around 22.4 million. The rate of increase was smaller in the other UK countries. In Wales the number of dwellings increased three times from 433,000 to 1.3 million, while in Scotland the number of dwellings more than doubled from 986,000 to 2.5 million over the same period. In Northern Ireland the number of dwellings doubled from 354,000 in 1951 (the earliest data available) to 737,000 in 2008 (DCLG 2010b).

Table 1 **Dwelling stock: by region and type of accommodation, 2008**

England and Wales

Percentages

	House or bungalow			Flat or maisonette		All dwellings (=100) (thousands)
	Detached	Semi-detached	Terrace	Purpose-built	Conversion	
England	22.5	29.2	29.9	14.9	3.6	22,398
North East	12.6	37.3	34.6	13.8	1.7	1,152
North West	18.0	35.0	35.5	9.8	1.7	3,076
Yorkshire and the Humber	20.9	34.4	32.3	9.8	2.7	2,258
East Midlands	33.3	35.1	23.1	7.1	1.5	1,923
West Midlands	25.3	32.1	30.0	11.2	1.4	2,325
East	28.3	29.6	28.3	12.1	1.7	2,466
London	4.5	15.1	32.3	38.7	9.4	3,248
South East	28.8	28.0	25.4	13.4	4.4	3,606
South West	31.9	24.8	28.1	10.7	4.5	2,345
Wales	27.0	30.0	32.0	8.0	2.0	1,287

Source: 2008 English Housing Survey, Department for Communities and Local Government; Welsh Assembly Government

In 2008 there were around 22.4 million dwellings in England of which around four-fifths (81.6 per cent) were houses or bungalows and 18.5 per cent were flats or maisonettes (**Table 1**). Around three in ten (29.2 per cent or around 6.5 million dwellings) were semi-detached and a further three in ten (29.9 per cent or around 6.7 million dwellings) were terraced houses. Around 5 million dwellings were detached (22.5 per cent). Around four-fifths (80.7 per cent) of all flats and maisonettes were purpose built equivalent to around 3.3 million dwellings, while the remaining 0.8 million were conversions.

The composition of the dwelling stock varied by region, with over nine in ten (91 per cent) of dwellings in the East Midlands being houses or bungalows compared with 52 per cent in London. In London purpose built flats or maisonettes and terraced houses were most common (39 per cent and 32 per cent respectively).

According to the 2008 Living in Wales survey, nearly a third (32 per cent) of the dwelling stock consisted of terraced housing. Semi-detached and detached houses or bungalows made up 30 per cent and 27 per cent of the dwelling stock respectively. According to the 2009 Scottish House Condition Survey, 22 per cent of dwelling stock consisted of terraced housing, with tenement flats making up a further 23 per cent. The 2009 Northern Ireland House Condition Survey showed that nearly a third (31 per cent) of the dwelling stock was terraced houses and 22 per cent bungalows. Around two in ten dwellings were semi-detached houses or detached houses (20 per cent and 19 per cent respectively).

As well as estimates of the stock of housing in the UK, estimates of the number of new builds are also available. The number of new permanent dwellings completed in the UK as a whole in the last 20 years peaked at 219,000 in 2006/07. The peak in England occurred in 2007/08 (just under 169,000 completions) but the pattern varied in the other UK countries. In Wales the completion of new dwellings peaked in 1989/90 with 11,000 completions: in Scotland the peak was in 2004/05 when around 26,500 dwellings were completed while in Northern Ireland the completion of new permanent dwellings peaked in 2006/07 with around 18,000 dwellings. In 2009/10 there were 114,000 new permanent dwellings completed in England, 6,000 in Wales and around 17,500 in Scotland (DCLG, 2010c).

Tenure and accommodation^{iv}

Table 2 **Housing tenure: EU comparison 2009**

Percentage of households							
	Owned outright or with a mortgage	Tenant paying at market price	Tenant paying a reduced price or free accommodation		Owned outright or with a mortgage	Tenant paying at market price	Tenant paying a reduced price or free accommodation
Romania	96.5	0.8	2.7	Ireland	73.7	11.3	15.0
Lithuania	91.0	2.1	6.9	Belgium	72.7	18.5	8.8
Hungary	89.8	2.2	8.0	Italy	72.5	13.3	14.2
Slovakia	89.5	8.8	1.7	Luxembourg	70.4	22.3	7.2
Latvia	87.1	6.3	6.6	United Kingdom	69.9	12.5	17.6
Estonia	87.1	2.5	10.4	Sweden	69.7	29.8	0.5
Bulgaria	86.8	2.0	11.2	Poland	68.7	2.2	29.1
Spain	83.2	8.2	8.6	Netherlands	68.4	31.1	0.5
Slovenia	81.3	4.1	14.5	Denmark	66.3	33.7	0.0
Malta	79.2	1.4	19.4	France	63.0	19.7	17.3
Czech Republic	76.6	5.4	17.9	Austria	57.5	27.7	14.8
Greece	76.4	17.9	5.7	Germany	56.2	..	..
Portugal	74.6	10.9	14.5				
Finland	74.1	10.4	15.4	EU-27	73.5	13.0	13.5
Cyprus	73.8	10.3	15.9				

Source: Eurostat, (SILC ilc_lvho02)

Housing tenure varies across the EU. In all EU-27 countries in 2009, the majority of households owned their own homes, either outright or with a mortgage or loan (**Table 2**). This is particularly true of countries in Central and Eastern Europe, where most households acquired possession of the housing that they occupied when their country became a market economy. Overall, the proportion of households owning their own home in the EU ranged from 96.5 per cent in Romania to 56.2 per cent in Germany compared with the EU-27 average of 73.5 per cent. In the UK, 69.9 per cent of households lived in a home either owned outright or owned with a mortgage or loan. The remaining households either rented their accommodation at market value or at a reduced rate or they lived in rent free accommodation which in some cases was tied to their job. In Denmark, the Netherlands, and Sweden, around three in ten households reported that they paid rents at the market price, while in the UK just 12.5 per cent reported doing so, very similar to the EU-27 average of 13.0 per cent.

Table 3 Tenure of household reference person:¹ by household composition, 2009

Great Britain	Percentages			
	Owned outright	Owned with mortgage	Privately rented ²	Rented from social sector
One person households				
Under state pension age ³	18.9	36.6	18.7	25.8
Over state pension age ³	59.5	4.4	7.9	28.2
One family households				
Couple ⁴				
No children	48.5	33.6	9.9	8.0
Dependent children ⁵	8.3	65.9	12.5	13.2
Non-dependent children only	36.2	49.8	4.6	9.5
Lone parent ⁴				
Dependent children ⁵	5.0	30.3	23.6	41.0
Non-dependent children only	31.1	31.7	10.2	27.0
Other households⁶	20.3	28.2	37.9	13.6
All households	31.9	37.1	12.9	18.1

1 See endnote: Household reference person.^v

2 Includes tenants in rent-free accommodation and squatters.

3 State pension ages in 2009 is 65 for men and 60 for women.

4 Other individuals who were not family members may also be included.

5 May also include non-dependent children.

6 Comprising two or more unrelated adults or two or more families or a small number of same-sex couples.

Source: General Lifestyle Survey (Longitudinal), Office for National Statistics (ONS 2011)

In 2009, 37 per cent of households in Great Britain were buying their homes with a mortgage (**Table 3**). Almost a third (32 per cent) owned their home outright and 31 per cent rented their homes either from the social sector (18 per cent) or privately (13 per cent).

Tenure varies according to the size and composition of the household. Lone parent households with dependent children were more likely to rent property rather than own it compared with all other types of household. Almost two-thirds (65 per cent) of lone parents with dependent children rented their home, mostly from the social sector, while over a third (35 per cent) lived in owner-occupied accommodation. In contrast just under three-quarters (74 per cent) of couple households with dependent children were owner-occupiers, with two-thirds (66 per cent) buying their property with a mortgage. The majority of one-person households owned their property either outright or with a mortgage. Six in ten (60 per cent) of one person households with the household reference person

over state pension age owned their property outright, while 37 per cent of one-person households under state pension age owned their property with a mortgage

In Northern Ireland in 2009, two-thirds (66 per cent) of households owned and occupied their own property either outright or with a mortgage, a similar proportion to that for Great Britain. The pattern of tenure in relation to household type was also similar to Great Britain with three-quarters (75 per cent) of lone parents with dependent children either privately renting or living in social housing and a quarter (25 per cent) owning their accommodation. In contrast, over three-quarters (78 per cent) of couple households with dependent children owned their own property.

Long-term vacant dwellings^{vi} which are often referred to as empty homes may be an indicator of low housing demand and the decline of particular neighbourhoods. As of October 2009, around 1.4 per cent of all dwellings were deemed to be long-term vacant (not including second homes) in England, amounting to 316,000 vacant dwellings. Nearly a quarter of these vacant dwellings (22 per cent) were situated in the North West, where there were just over 71,000 dwellings. The next highest proportions of vacant dwellings were situated in Yorkshire and The Humber and London at 13 per cent and 12 per cent respectively. In Scotland in 2009 there were just under 71,000 vacant dwellings, just under 3 per cent of all dwellings. In Northern Ireland in 2009, 6 per cent of all dwellings were vacant, around 43,000 dwellings.

Another reason for a dwelling to be vacant some of the time is that it may be a second home. A second home is defined for council tax purposes as a privately-owned habitable accommodation that is not occupied by anyone as their main residence. It will usually be occupied some of the time, for example as a holiday home or by someone working away from their household's main home. In 2008/09, there were 651,000 properties classified as second homes, which were either owned or rented by a total of 563,000 households (for second homes abroad see Lifestyles and social participation chapter) (DCLG, 2010d).

The local authority with the largest number of second homes reported for council tax purposes in England in 2009 was Cornwall with around 14,000 second homes, followed by Westminster with around 7,500 homes, and Kensington and Chelsea, and Birmingham, both with around 7,000 homes.

Homelessness

A person not having their own home could be defined as being homeless, but this does not necessarily mean that they are sleeping rough. For example, people may be legally classed as homeless if they are sleeping on a friend's sofa, staying in a hostel or suffering from overcrowding.

Figure 2 **Opinions of why people become homeless:¹ EU comparison, 2009**

Percentages

¹ Adults aged 15 and over were asked to pick three reasons from a list shown to them that best explain why people are homeless.

Source: *Special Eurobarometer 321 (European Commission, 2010a)*

In a Special Eurobarometer report in 2009, people aged 15 and over across the EU were asked to pick three reasons from a list shown to them that best described their views of why people became homeless. The most common reason picked by just over half (51 per cent) of people in the EU was losing a job and not being able to find another one, and the second most common was not being able to afford to pay a rent (42 per cent) (**Figure 2**). Other common reasons among EU citizens were that the homeless person was over-indebted (40 per cent) or that they were suffering from an addiction (39 per cent) such as alcohol or drugs. There was a some differences between responses by adults in the UK and in the EU: the two most common reasons picked in the UK were suffering from an addiction (53 per cent), and losing a job and not being able to find another one

(42 per cent). Twice as many people in the UK as in the EU overall chose mental health problems as a reason for being homeless (26 per cent and 13 per cent respectively).

In England in 2009/10 there were 40,000 households accepted as being owed a main homelessness duty by local authorities^{vii}. This was a fall of 25 per cent since 2008/09 and 70 per cent since the peak of 135,000 in 2003/04. The most common reason for loss of their last settled home for those accepted as homeless was the inability, or unwillingness, of friends or relatives to accommodate them, with just over a third (34 per cent) homeless for this reason. In one in five households the reason for homelessness was a relationship breakdown (20 per cent) and 17 per cent had become homeless because their private rented accommodation (including that tied to a job) had come to an end. Mortgage or rent arrears were the reason for homelessness for 6 per cent of households (DCLG, 2010e).

Figure 3 Homeless households in temporary accommodation¹

England
Thousands

¹ Households in accommodation arranged by local authorities pending enquiries or after being accepted as homeless under the 1996 Act. Excludes cases where a duty is owed but accommodation has been secured. Data are at the end of March each year.

² Includes mobile homes (such as caravans and portacabins) or being accommodated directly with a private sector landlord.

Source: *P1E Homelessness Returns, Department for Communities and Local Government (DCLG, 2010f)*

At the end of 2009/10, there were around 51,000 households in temporary accommodation in England, a fall of 49 per cent from a peak of around 101,000 at the end of 2004/05. Around 31,000 of these households were in temporary accommodation leased from the private sector by local authorities or housing associations (**Figure 3**). This was a fall of 38 per cent from the peak of around 50,000 households in 2005/06. A further 8,000 households were in housing stock owned by the local authority or registered social landlord, a fall of 72 per cent from a peak of around 28,000 in 2002/03. The number of households in hostels and women's refuges fell 61 per cent from a peak of around 11,000 in 2003/04 to around 4,000 in 2009/10, while those in bed and breakfast hotels fell by 84 per cent from a peak in 2001/02 of 13,000 to just 2,000 in 2009/10.

In Wales there were around 2,500 households in temporary accommodation at the end of 2009/10, with 42 per cent living in accommodation leased from the private sector, equivalent to around 1,000 households. The remainder were accommodated in hostels, social housing, bed and breakfast or classed as 'Homeless at Home'^{viii} and were in some other sort of temporary accommodation. In Scotland at the end of 2009/10 there were just under 11,000 households in temporary accommodation. This was the highest number of households in temporary accommodation on record. Over six in ten (63 per cent) of households at the end of 2009/10 were living in social sector accommodation including housing association stock while 17 per cent were living in bed and breakfast accommodation. The remainder were either living in a hostel (12 per cent) or in other accommodation (9 per cent) which was mainly rented from private landlords.

The most extreme manifestation of homelessness is rough sleeping. According to experimental Official Statistics from the Department for Communities and Local Government, in the 70 local authorities with suspected high numbers 440 rough sleepers were counted in 2010, with more than half being found in the London area. A total estimate of 807 rough sleepers was made by the other 256 local authorities in June 2010 (DCLG, 2010g).

Housing conditions and energy efficiency

To be considered 'decent' a dwelling must satisfy four criteria: it must meet the statutory minimum standard for housing; be in a reasonable state of repair; have reasonably modern facilities and services; and have a reasonable degree of thermal comfort.^{ix} In 2008 a third (33 per cent) of all dwellings in England (7.4 million) were considered to be non-decent (DCLG, 2010h).

Figure 4 Poor living conditions:¹ by tenure, 2008

England

Percentage of households

¹ For information on non-decent homes, poor quality environments, very energy inefficient homes and homes in serious disrepair see endnote^x

Source: English Housing Survey 2008, Department for Communities and Local Government

The likelihood of experiencing poor living conditions, including living in a non-decent home; having a poor quality environment; living in a home which is very energy inefficient; or is in serious disrepair, differs according to tenure. In 2008, households in England renting their home privately were more likely than households in other tenures to have poor living conditions (Figure 4). Households renting privately were more than twice as likely to live in a non-decent home as those who rented from a registered social landlord, 44 per cent and 21 per cent respectively. Private renters were also four times more likely than those who rented from a registered social landlord to live in a very energy inefficient home (11.9 per cent and 2.9 per cent respectively) and nearly three times as likely to live in a home in serious disrepair (23.2 per cent and 8.2 per cent respectively).

In Scotland housing quality is defined by the Scottish Housing Quality Standard (SHQS). The five higher-level criteria are that the dwelling must be above the statutory Tolerable Standard; free from serious disrepair; energy efficient; have modern facilities and services; and be healthy, safe and secure. In 2009, 62 per cent of dwellings in the private sector (both owner occupied and rented) and 62 per cent of dwellings in the social sector failed the SHQS, equivalent to just over 1 million and 396,000 dwellings respectively (Scotland, 2010a).

Table 4 **Poor living conditions:¹ by household income quintile group,² 2008**

England		Percentages		
	Non decent homes	Poor quality environments	Energy inefficient homes	Homes in serious disrepair
Lowest 5th	36.4	19.6	9.1	17.4
2nd	33.2	16.9	9.5	14.1
3rd	33.6	14.3	7.6	11.9
4th	29.8	13.3	6.7	10.1
Highest 5th	30.8	13.6	9.0	8.2
All households	32.8	15.5	8.4	12.3

1 For information on non-decent homes, poor quality environments, very energy inefficient homes and homes in serious disrepair see endnote^x

2 Household incomes have been 'equivalised' on a Before Housing Cost (BHC) income measure. Equivalisation adjusts income to reflect household size and composition, enabling comparisons to be made of the standard of living achieved by different types of household.

Source: 2008 English Housing Survey, household sub sample, Department for Communities and Local Government

There is also an association between poor living conditions and household income. Living in a non-decent home is more likely as household income decreases. In England in 2008, 36.4 per cent of the poorest fifth of households lived in a non-decent home compared with 30.8 per cent of the fifth of households with the highest incomes, while 19.6 cent of the poorest households lived in poor quality environments compared with 13.6 cent of the highest income group (Table 4). The poorest households were more than twice as likely as the richest households to live in a home in serious disrepair, 17.4 per cent and 8.2 per cent respectively. However there was little difference between the proportions of the poorest and richest households living in energy inefficient homes (9.1 per cent and 9.0 per cent respectively).

In recent years there has been an increasing focus on making homes energy efficient. In the 2009 Environmental Attitudes and Behaviour Survey run by the Department for Environment, Food and Rural Affairs, adults aged 16 and over in England were asked for their attitudes about saving energy at home. Only 14 per cent strongly agreed or tended to agree that they 'don't give much thought to saving energy in their home' while over three-quarters (77 per cent) strongly or tended to disagree with the statement (Defra, 2009).

The energy efficiency of a home is based on the Government's Standard Assessment Procedure (SAP)^{xi}. This rates properties on a scale of 1 (highly energy inefficient) to 100 (highly energy efficient). The average energy efficiency of the housing stock in England improved between 1996 and 2008 by 9 SAP points from 42 to 51. The social sector (local authority and housing association dwellings) saw the greatest improvement, with an average SAP rating increasing by 12 SAP points from 47 to 59. This compared with an increase for the private sector (owner occupied and privately rented dwellings) from 41 SAP points to 50 SAP points over the same period (DCLG, 2010i).

Figure 5 **Energy efficient dwellings: by rating¹**

England

Percentages

1 Energy Efficiency Ratings are grouped into bands (EER Bands) and based on Standard Assessment Procedure (SAP) ratings which are shown in brackets.^{xii}

2 EER Bands A and B are grouped because of insufficient numbers of properties in Band A.

Source: *English House Condition Survey 2006, English Housing Survey 2008, Department for Communities and Local Government*

Whenever a building is built, sold or rented out, there is also a requirement for each dwelling to have an Energy Performance Certificate (EPC) which, among other things, rates its energy efficiency. For the purposes of EPCs the Energy Efficiency Rating (EER) is presented in a banding system, with Band A containing the most energy efficient properties and Band G the least energy efficient. Between 2006 and 2008 there were increases in the proportion of dwellings achieving the higher EER Bands (**Figure 5**). In 2006, 7.2 per cent of dwellings in England achieved the highest EER Bands A to C, which was equivalent to 1.6 million dwellings. In 2008 this had increased to 10.3 per cent, or 2.3 million dwellings. In contrast the number of dwellings in the lowest EER Bands F and G fell by around a million over the same period (DCLG, 2010i).

According to the 2008 Living in Wales survey, the overall average SAP rating increased by 4 SAP points between 2004 and 2008 from 46 to 50. In 2008 the most common SAP rating band was band E with 38 percent of dwellings in this band. Bands C and D showed the largest increase, by 5 and 7 percentage points respectively. According to the 2009 Scottish House Condition Survey, the largest proportions of homes were in Band D (46 per cent), with 23 per cent and 22 per cent of homes in Bands E and C respectively. According to the 2009 Northern Ireland House Condition Survey, the largest proportion of homes (42 per cent) were in Band D, an increase of 4 percentage points since 2006.

There are a range of things that households can do to make a home more energy efficient for example fitting a condensing boiler or fitting insulation. In 1996 the majority of dwellings (51 per cent, 10.4 million dwellings) in England had a standard boiler but by 2008 this had decreased to 36 per cent (8.1 million dwellings). In contrast the number of dwellings with a more efficient boiler

doubled over the same period from around 2.8 million dwellings to 6.1 million dwellings. Between 1996 and 2008 the number of dwellings with insulated cavity walls had more than doubled from 2.9 million to 7.4 million dwellings, while over the same period, the number of dwellings with 200mm or more of loft insulation had increased from 0.6 million to 4.7 million. Double glazing on the entire dwelling more than doubled from 6.2 million to 15.7 million dwellings between 1996 and 2008 (DCLG, 2010i).

Household mobility

In 2008/09, 9 per cent of all households in England (2.0 million) had moved to their current homes within the previous 12 months. This was the smallest number of moves in any 12-month period since 1994/95 when data were first collected. Overall, movement within each of the three most common tenure groups in 2008/09 was more likely than movement between them. For example, 77 per cent of private renters who had moved were still renting privately and 75 per cent of households who had rented in the social sector continued to do so. Of all the households who moved, 57 per cent were renting privately, showing how important this sector is in creating mobility within the housing market (DCLG, 2010d).

Figure 6 **New households:¹ by tenure**

England

Percentages

1 New heads of household resident less than one year.

2 Includes local authority and housing association tenants.

Source: English Housing Survey, Department for Communities and Local Government

In 2008/09, of the households who had moved to their current home in the previous 12 months, 345,000 were newly formed households, an 11 per cent decrease from 2007/08. Of these households, 66 per cent were renting from the private sector and 21 per cent moved into owner-occupation, including shared ownership (**Figure 6**). The proportion of new households renting in the private sector increased from 40 per cent in 1999/2000 to 66 per cent in 2008/09. The largest year-on-year rise was between 2007/08 and 2008/09 (19 percentage points). Conversely there was a large fall in new owner occupier households over the same period (13 percentage points). The change in tenure for new households formed in 2008/09 is mainly related to the difficulty in securing mortgage finance and the high deposits required by lenders which lead many people to rent rather than to buy (DCLG, 2010d).

Table 5 **Length of residence in current accommodation: by tenure, 2008/09**

England

Percentages

	Less than 1 year	1 year but less than 2 years	2 years but less than 3 years	3–4 years	5–9 years	10–19 years	20–29 years	30 years or more	Average number of years
Owner-occupiers	3.7	4.2	7.4	10.2	19.8	21.5	16.0	17.2	11
Social renters	8.0	7.1	8.7	13.6	22.0	21.6	10.2	8.8	7
Private renters	36.5	17.5	12.4	12.7	10.3	5.2	2.1	3.4	1
All tenures	9.1	6.6	8.3	11.2	18.8	19.2	13.0	13.7	8

Source: English Housing Survey, Department for Communities and Local Government (DCLG, 2010d)

In 2008/09 the average (median) length of time that households in England had lived in their current home was eight years (Table 5). Owner-occupiers were the least mobile, having been in their current home on average the longest at 11 years, followed by social-renters at seven years. Private renters were much more mobile with an average length of residence of around one year; 36.5 per cent had lived in their home for less than a year and a further 17.5 per cent for more than a year but less than two years. Only one in ten (10.7 per cent) private renters had lived in their home 10 years or more. In contrast, 3.7 per cent of owner occupiers and 8.0 per cent of social renters had lived in their homes for less than a year. Over half (54.7 per cent) of owner occupiers and 40.6 per cent of social renters lived in their homes for 10 years or more.

The picture of housing mobility is very similar within the UK. According to the 2008 Living in Wales survey 41 per cent of all households who were living in their current address for less than a year were renting from the private sector. Around 64 per cent of households who rented from the social sector were living in their current address for up to 10 years. Owner occupied households were more likely to live at the same address for longer with over a third (38 per cent) living at their current address for more than 20 years and 20 per cent for between 11 and 20 years. In Scotland in 2009, almost a half (47 per cent) of households who had been living for less than a year at their current address were renting from the private sector. Around 62 per cent of all households renting from the social sector had been living at their current address for up to 10 years. Owner occupied households were the least mobile, with two-thirds (66 per cent) of those living at their current address for between three and four years being owner occupiers, increasing to 80 per cent for those residing at the same address for more than 10 years (Scotland 2010b). According to the 2009 Northern Ireland House Condition Survey, 65 per cent of households who had been living for less than a year at their current address were renting from the private sector, and nearly two-thirds (64 per cent) of all owner occupier households had lived in their homes for 10 years or more.

Housing market and finance

Table 6 **Residential property transactions:¹ by region**

United Kingdom	Thousands		
	2007	2008	2009
England	1,361	750	737
North East	60	31	27
North West	167	89	79
Yorkshire and The Humber	128	70	63
East Midlands	117	65	64
West Midlands	124	70	65
East	166	91	96
London	192	102	95
South East	253	142	151
South West	153	88	96
Wales	66	36	33
Scotland	148	99	75
Northern Ireland	38	15	14
United Kingdom	1,613	899	859

¹ Property transactions with a value of £40,000 or more.^{xiii}

Source: HM Revenue and Customs (HMRC, 2010)

Between 2007 and 2008 the number of property transactions with a value of £40,000 or more in the UK fell by 44 per cent from 1.6 million to 900,000; reflecting the effect of the recent economic recession (**Table 6**). There was a further, smaller decrease in the number of transactions between 2008 and 2009 to 859,000 a fall of 4.4 per cent. Between 2007 and 2008 the picture was similar across the English regions and Wales with property transactions falling by between 42 per cent and 48 per cent. However, the number of transactions in Scotland fell by less (33 per cent) while in Northern Ireland they fell by more (61 per cent). Between 2008 and 2009 the number of property transactions continued to fall in six English regions but rose in three. The largest decreases in England between 2008 and 2009 were in the North East (13 per cent), the North West (11 per cent) and in Yorkshire and the Humber (10 per cent). The number of transactions increased in the South West (9 per cent), the South East (6.3 per cent) and the East (5.5 per cent). In Wales and Northern Ireland the number of transactions fell by 8.3 per cent and 6.7 per cent respectively, while in Scotland the number of transactions fell by a much larger proportion than the other regions of the UK, by just under a quarter (24 per cent).

In 2009 the average price paid for a dwelling (based on a mix-adjusted methodology^{xiv}) in the UK was £194,235, a decrease of 8.1 per cent since 2008. Changes in the average price paid for a dwelling over the same period varied very little between England and Wales, at 8.4 and 8.2 per cent respectively. However, Scotland saw a smaller decrease at around 2.6 per cent while Northern Ireland a much larger one at 15.7 per cent (DCLG, 2010j & DCLG 2010k).

Figure 7 Annual house price change^{1,2}

United Kingdom
Percentages

1 Based on mix-adjusted house prices for completed mortgages. See endnote ^{xiv} about average dwelling prices.

2 Data are annual house price changes for each quarter, up to Q3 (Jul-Sep) 2010. Data are not seasonally adjusted.

Source: Regulated Mortgage Survey, Department for Communities and Local Government (DCLG, 2010j)

In the past four decades there have been large decreases in annual house prices around the times that the UK economy has been in recession (**Figure 7**). During the recession in the early 1970s, although house prices did not fall the annual rate of increase slowed down. The annual increase in house prices fell from 50.4 per cent in the first quarter of 1973 to just 3.0 per cent in the first quarter of 1975. However the next three recessions in the early 1980s, 1990s and 2000s did produce house price falls. In the first quarter of 1980, house prices rose by around 28.6 per cent year-on-year but by the first quarter of 1982 there was a slight fall of 0.2 per cent year on year. House prices rose by an annual rate of around 2.9 per cent in the first quarter of 1990 but by the fourth quarter of 1992 the year-on-year change represented a fall of 7.4 per cent. In the latest recession, house prices fell by 12.5 per cent between the first quarter of 2008 and the first quarter of 2009, the largest annual decline since the series began. The first quarter of 2009 was the third consecutive quarter to show a decrease, and this decline continued for another two quarters. Annual house prices started to rise beginning in the fourth quarter of 2009 (0.4 per cent) and had risen to 10.1 per cent in the second quarter of 2010, but then fell back to 7.5 per cent in the third quarter of 2010.

Although the average house price has declined between 2008 and 2009, and the UK base interest rate has dropped to its lowest level in three centuries, these changes have not necessarily been

reflected in people's perceptions of home affordability. According to a 2009 Special Eurobarometer report, over two-thirds (68 per cent) of adults aged 15 and over in the EU considered the affordability of housing in their country as bad. Only 2 per cent judged the affordability of housing to be very good in their country. In the UK, just under a quarter (24 per cent) of adults felt that the affordability of housing was good and 70 per cent thought it was bad (European Commission, 2010b).

Figure 8 Loans approved for house purchase¹

United Kingdom
Numbers

¹ Seasonally adjusted.

Source: British Bankers' Association (BBA, 2010)

The decline in house prices has been accompanied by reduced mortgage availability and stricter lending criteria, and this is a major reason in the UK for the continuing low level of housing transactions illustrated in Table 6. Data shown in **Figure 8** are from the British Bankers' Association which represents the main high street banking groups who account for around two-thirds of all UK mortgage lending. In the last 12 years the number of loans approved for house purchase (seasonally adjusted) peaked in March 2002 at 92,912. The number of loans approved in July 2007, the month before the credit freeze began was 62,363, however approvals fell rapidly to reach a low of 17,421 in November 2008. Since November 2008, the number of loans approved increased in nearly every month to reach 45,562 in December 2009, but then started to fall again to reach 30,766 in October 2010.

The average value of a loan for house purchase (not seasonally adjusted) peaked in June 2007 in the UK at £159,600 before decreasing to a low of £116,100 in December 2008. This was partly due to house prices falling and partly to the higher deposits required before a loan could be approved. The average value of a loan for house purchase was £144,900 in October 2010, around 2.0 per cent higher than a year previously (BBA, 2010).

Table 7 **Likelihood of falling behind with rent or mortgage payments:¹ EU comparison, 2010**

Percentages

	No risk at all	Low risk	Moderate risk	High risk		No risk at all	Low risk	Moderate risk	High risk
Romania	21	21	27	26	Slovenia	53	16	19	9
Cyprus	27	19	26	25	Hungary	38	29	22	8
Greece	25	18	33	24	United Kingdom	57	25	12	6
Latvia	27	20	30	20	Belgium	69	15	4	6
Portugal	25	28	29	17	France	56	22	17	5
Bulgaria	26	18	22	17	Luxembourg	70	16	10	3
Lithuania	26	21	30	16	Germany	69	17	10	2
Italy	41	20	22	16	Netherlands	79	12	5	2
Poland	36	25	22	14	Austria	77	15	4	2
Malta	37	18	25	13	Finland	75	19	5	1
Spain	49	19	18	13	Sweden	81	14	3	1
Estonia	32	27	26	11	Denmark	85	10	3	1
Slovakia	32	39	17	11					
Czech Republic	28	30	28	9	EU-27 average	55	20	15	8
Ireland	46	22	23	9					

¹ Adults aged 15 and over who provided an answer to the question 'looking at the next 12 months, would you say that there is a high risk, a moderate risk, a low risk or no risk at all of falling behind with your rent or mortgage payments?' Does not include those who answered 'don't know'. Fieldwork carried out in May 2010.

Source: *Flash Eurobarometer 289 (European Commission, 2010c)*

According to a Flash Eurobarometer report in 2010, over half (55 per cent) of all adults aged 15 and over in the EU felt that was no risk at all of them falling behind with rent or mortgage payments over the 12 months following their interview (Table 7). Over a third (35 per cent) felt there was a low or moderate risk and 8 per cent a high risk of falling behind. The majority of adults in the UK (57 per cent) felt that there was no risk at all of falling behind with either rent or mortgage payments, while 37 per cent felt that there was either a low or moderate risk and just 6 per cent a high risk. Around a quarter of adults in Romania (26 per cent), Cyprus (25 per cent) and Greece (24 per cent) felt that there was a high risk of falling behind with either rent or mortgage payments. In contrast around eight in ten adults living in Denmark (85 per cent), Sweden (81 per cent) and the Netherlands (79 per cent) felt there was no risk at all.

Figure 9 Properties taken into repossession¹

United Kingdom
Thousands

1. From Quarter 1 2009 figures are grossed up to be representative of the entire first-charge market mortgage market. Reporting lenders accounted for around 92 per cent of the estimated total first-charge market in January to March 2010.^{xv}

Source: Council of Mortgage Lenders

When people fall behind with their mortgage payments and are unable to reach an alternative arrangement with their lender, a county court possession summons may be issued. This may result in the mortgage lender repossessing the property if repayments cannot be made. The number of repossessions reached its peak in 1991 when 75,500 properties were repossessed (**Figure 9**). However, mainly due to lower interest rates, repossessions began to fall and reached a low point in 2004 when 8,200 homes were repossessed. Since 2004 repossessions have increased nearly six-fold to 47,900 in 2009.

In December 2008 the Government announced proposals aimed at limiting repossessions by reducing the pressure on homeowners who have difficulty meeting their mortgage repayments. Two schemes were introduced in 2009:

- a Mortgage Rescue Scheme (MRS), which provides a structured exit from homeownership for vulnerable households who would otherwise have been entitled to homelessness assistance. The scheme was launched in January 2009
- the Homeowners Mortgage Support (HMS) that provides support to lenders to encourage greater levels of forbearance for up to two years for borrowers unable to access other support. This was launched in April 2009

Over the 15 months to March 2010 a total of 20,254 households in England approached local authorities for help with mortgage arrears. Of these, 1,230 were selected for a housing options interview to complete an application for MRS. Just under three-quarters (72 per cent or 14,634 households) received general advice, money advice, or were referred to their lender to seek greater forbearance to help sustain homeownership. Of the remaining households, 682 were supported to make an application for homelessness assistance as they were threatened with

eviction within 28 days. A further 2,823 cases (14 per cent) were provided with advice and assistance in an attempt to prevent homelessness, since options with their lenders had been exhausted but their cases fell outside the MRS criteria. From April 2009 to March 2010 HMS had achieved a total of just 32 borrower registrations (DCLG, 2010I).

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Notes

ⁱ The definition of a dwelling follows the census definition applicable at that time. Currently the 2001 Census definition is used, which defines a dwelling as 'structurally separate accommodation'. This was determined primarily by considering the type of accommodation, as well as separate and shared access to multi-occupied properties. In all dwelling stock figures, vacant dwellings are included but non-permanent dwellings are generally excluded. For house building statistics, only data on permanent dwellings are collected.

Estimates of the total dwelling stock, stock changes and the tenure distribution in the UK are made by the Department for Communities and Local Government for England, the Scottish Government, the Welsh Assembly Government, and the Northern Ireland Department for Social Development. These are primarily based on census output data for the number of dwellings (or households converted to dwellings) from the censuses of population for the UK. Adjustments are carried out if there are specific reasons to do so. Census year figures are based on outputs from the censuses. For years between censuses, the total figures are obtained by applying gains and losses for each successive year. The increment is based on the annual total number of completions plus the annual total net gain from other housing statistics, that is, conversions, demolitions and changes of use.

Estimates of dwelling stock by tenure category are based on other sources where it is considered that for some specific tenure information, these are more accurate than census output data. In this situation it is assumed that the other data sources also contain vacant dwellings, but it is not certain and it is not expected that these data are very precise. Thus the allocation of vacant dwellings to tenure categories may not be completely accurate and the margin of error for tenure categories is wider than for estimates of total stock.

For local authority stock, figures supplied by local authorities are more reliable than those in the 2001 Census. Similarly, it was found that the Housing Corporation's own data are more accurate than census output data for the registered social landlord (RSL) stock. Hence only the privately rented or with a job or business tenure data were taken directly from the Census. The owner-occupied data were taken as the residual of the total from the Census. For non-census years, the same approach was adopted except for the privately rented or with a job or business, for which Labour Force Survey results were used (see Appendix, Part 4: Labour Force Survey).

For further information on the methodology used to calculate stock by tenure and tenure definitions for the UK, see Appendix B Notes and Definitions in the Communities and Local Government annual volume *Housing Statistics* or the housing statistics page of the Communities and Local Government website at: www.communities.gov.uk/housing/housingresearch/housingstatistics/

ⁱⁱ For dwelling stock data, unless specifically stated, the definition used follows the census' definition applicable at that time. The census' definition has changed several times. For example, the 1991 Census defined a dwelling as structurally separate accommodation. This was determined primarily by considering the type of accommodation, as well as separate and shared access to multi-occupied properties. The 2001 Census defined dwellings as either containing a single household space or several household spaces sharing some facilities.

A household's accommodation (a household space) is defined as being in a shared dwelling if it has accommodation type that is part of a converted or shared house, not all the rooms (including bathroom and toilet, if any) are behind a door that only that household can use and there is at least one other such household space at the same address with which it can be combined to form the shared dwelling. If any of these conditions are not met, the household space forms an unshared dwelling. Therefore a dwelling can consist of one household space (an unshared dwelling) or two or more household spaces (a shared dwelling).

In recent years (since 2001) a dwelling is defined (in line with the 2001 Census definition) as a self-contained unit of accommodation. Self-containment is where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use. Non-self contained household spaces at the same address should be counted together as a single dwelling. Therefore a dwelling can consist of one self-contained household space or two or more non-self-contained household spaces at the same address.

Ancillary dwellings (for example former granny annexes) are included provided they are self-contained, pay separate council tax from the main residence, do not share access with the main residence (for example a shared hallway) and there are no conditional restrictions on occupancy.

Communal establishments, that is establishments providing managed residential accommodation, are not counted in overall housing supply. These cover university and college student accommodation, hospital staff accommodation, hostels/homes, hotels/holiday complexes, defence establishments (not married quarters) and prisons. However, purpose-built (separate) homes (for example self-contained flats clustered into units with four to six bedrooms for students) should be included. Each self-contained unit should be counted as a dwelling.

Non permanent (or temporary) dwellings are included if they are the occupant's main residence and council tax is payable on them as a main residence. These include caravans, mobile homes, converted railway carriages and houseboats. Permanent Gypsy and Traveller pitches should also be counted if they are, or likely to become, the occupants' main residence.

In all stock figures, vacant dwellings and second homes are included. House building statistics collect data on permanent dwellings only that is dwellings that have a design life of over 60 years.

ⁱⁱⁱ The National Statistics harmonised survey definition of a household is:

One person or a group of people who have the accommodation as their only or main residence AND (for a group)

- either share at least one meal a day, or
- share the living accommodation, that is, a living room or sitting room.

The occupant(s) of a bedsit who do not share a sitting or living room with anyone else comprise a single household.

^{iv} There are four tenure categories available for dwelling stock and household figures. These are:

- owner-occupied (or private enterprise in the case of house building statistics, that is dwellings financed and built by private developers for owner-occupiers or private landlords, whether persons or companies). This includes accommodation that is owned outright or is being bought with a mortgage
- rented privately, defined as all non-owner-occupied property other than that rented from local authorities and registered social landlords (RSLs) plus that rented from private or public bodies by virtue of employment. This includes property occupied rent-free by someone other than the owner. New build privately rented dwellings will be included in the house building private enterprise figures
- rented from RSLs, but for stock figures non-registered housing associations are excluded and subsumed within owner-occupied as are RSL shared ownership and shared equity dwellings; for house building figures the RSL tenure includes social rent, intermediate rent and low cost home ownership RSL new build dwellings
- rented from local authorities. In Scotland dwellings rented from local authorities include those rented from Communities Scotland, formerly Scottish Homes

^v The Household Reference Person (HRP) is identified during the interview and is defined as the member of the household who:

- owns the household accommodation, or
- is legally responsible for the rent of the accommodation, or
- has the household accommodation as an emolument or perquisite, or
- has the household accommodation by virtue of some relationship to the owner who is not a member of the household

For joint householders, the HRP will be the householder with the highest income. If two or more householders have exactly the same income the HRP is the eldest.

^{vi} Long-term empty homes are those dwellings which have been unoccupied and substantially unfurnished for over six months and, at local authority discretion, can be subject to a discount of between 0 per cent and 50 per cent.

Substantially unfurnished is not defined in the legislation; many local authorities regard a dwelling as substantially unfurnished if there are insufficient furnishings to enable someone to live in the dwelling, but in any case judgment has to be made on each individual case.

^{vii} Under the Housing Act 1996, local housing authorities have a duty to secure settled accommodation for applicant households who are eligible for assistance, unintentionally homeless and who fall within a priority need group. Priority need groups include households with dependant children, pregnant women and people who are vulnerable in some way, for example because of mental illness or physical disability. Where a main duty is owed, the authority must ensure that suitable accommodation is available for the applicant and their household until a settled home becomes available for them.

^{viii} Homeless at home refers to any arrangements where a household remains in, or returns to, the accommodation from which they are being made homeless, or in other accommodation found by the applicant. This includes any households who moved from accommodation arranged by the authority into this type of arrangement.

^{ix} The definition of a decent home is one that meets all of the following criteria:

- meets the statutory minimum standard for housing. This was the Fitness Standard up to April 2006 when it was replaced by the Housing Health and Safety Rating System (HHSRS). More information on HHSRS is available here www.communities.gov.uk/publications/housing/hhsrsoperatingguidance. In Northern Ireland the current minimum standard is the Fitness Standard set out in Schedule 5 of the Housing (Northern Ireland) Order 1992
- it is in reasonable state of repair
- has reasonably modern facilities and services
- provides a reasonable degree of thermal comfort (adequate heating and effective thermal insulation)

^x A decent home is one that meets the HHSRS statutory minimum standard for housing; is in a reasonable state of repair (assessed from the age and condition of a range of building components); has reasonably modern facilities and services; and provides a reasonable degree of thermal comfort.

A poor quality environment is one with (surveyor-assessed) significant problems in the neighbourhood with: the upkeep, management or misuse of the private and public space and buildings; road traffic and other forms of transport; or utilisation, that is abandonment or non residential use of property.

A very energy inefficient home is one with a rating of less than 35 under the SAP 2001 methodology (and equivalent to SAP less than 31.49 under the SAP 2005 methodology). For survey purposes this threshold is taken to indicate homes with a HHSRS Category 1 excess cold hazard, that is it poses a threat to health to vulnerable people arising from sub-optimal indoor temperatures.

A home in serious disrepair is one with standardised basic repair costs of more than £25/m² at 2001 prices.

^{xi} The Government's Standard Assessment Procedure (SAP) is an index based on calculated costs per m² of floor area for space and water heating, ventilation and lighting, less cost savings from energy generation technologies based on a standard heating regime for a dwelling. It is expressed on a scale of 1 (highly energy inefficient) to 100 (highly energy efficient, with 100 representing zero energy cost). The detailed methodology for calculating the SAP to monitor the energy efficiency is periodically updated to reflect developments in the energy efficiency technologies and knowledge of dwelling performance. The rating scale underpinning figures reported here is based on the SAP 2005 methodology.

^{xii} The Energy Efficiency Rating (EER) is presented in an A to G banding system by way of an Energy Performance Certificate, where Band A rating represents low energy costs (the most efficient band) and Band G rating represents high energy costs (the least efficient band). The break points in the SAP scale (see above) used for the EER bands are:

- Band A (92–100)
- Band B (81–91)
- Band C (69–80)
- Band D (55–68)
- Band E (39–54)
- Band F (21–38)

- Band G (1–20)

^{xiii} In April 2008 changes were made to the way in which property transactions were counted. Under the new system, transactions are based on actual completions instead of the number of stamp duty land tax certificates issued. Properties valued at less than £40,000 are excluded from the data. Removing transactions at the very bottom end of the market means that data is closer to showing the sales of residential dwellings, as non dwellings such as small pieces of land, will tend to be in the excluded transactions.

^{xiv} Information on dwelling prices at national and regional levels are collected and published by Communities and Local Government on a monthly basis. Until August 2005 data came from a sample survey of mortgage completions, the Survey of Mortgage Lenders (SML). The SML covered around 50 banks and building societies that are members of the Council of Mortgage Lenders (CML). From September 2005 data come from the Regulated Mortgage Survey (RMS), which is conducted by BankSearch and the CML.

There are two main methods of calculating house prices; simple average prices and mix-adjusted prices. Simple average prices are more volatile as they will be influenced by changes in the mix of properties bought in each period. This effect is removed by applying fixed weights to the process at the start of each year to create mix-adjusted house prices, based on the average mix of properties purchased during the previous three years, and these weights are applied to prices during the year.

The RMS sample provided to DCLG covers around 60 per cent of UK mortgage completions for house purchase. In the 6 months to July 2010 there were an average of 42,000 loans per month for house purchase and the RMS sample provided around 24,000 records per month from 32 lenders. The annual change in price is shown as the average percentage change over the year and is calculated from the house price index. The mix-adjusted average price excludes sitting tenant (right-to-buy) purchases, cash purchases, remortgages and further loans.

^{xv} Figures are estimates of arrears on all first-charge loans held by Council of Mortgage Lenders (CML) members, both regulated and unregulated, and include buy-to-let. A first charge loan is the first mortgage on a property. Any additional loans secured against the property on top of this are not first charge loans. The lender with the first charge has the first call on the property if the borrower defaults on the loan. Figures presented here do not include arrears relating to other secured lending, or to firms that are not CML members. These estimates are based on reporting by a sample of CML members, which are then grossed up to represent the lending undertaken by CML members as a whole. In the first quarter of 2010 these accounted for about 92 per cent of the estimated total first-charge market.

Figures are revised as better information about rates of growth and performance in different parts of the market becomes available, so care should be taken when looking at changes over time as lenders newly reporting figures may distort comparisons. Trends in the number of months' arrears data may also be distorted by changes in mortgage rates. When rates change this may alter the contractual mortgage repayments due and so affect the number of months that a given arrears amount represents. In the case of variable rate products, with lower mortgage rates a given amount of arrears represents a higher number of monthly payments. Properties in possession are not counted as arrears. Buy-to-let mortgages, where a receiver of rent has been appointed, are also not counted as arrears.