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**The Tipping Point:
Housing and the 2017 Election**

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Introduction

The 2017 election shocked people on all sides of the political divide. Theresa May took a political gamble, and while the Tory share of the vote increased slightly, she lost her majority. What she, and most people, didn't predict was the larger swing to Labour.

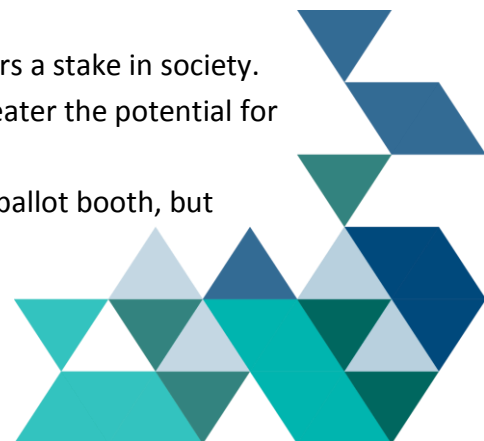
Already a selection of theories explaining the result have become so ubiquitous they have taken on the form of received wisdom. A Brexit backlash, young voters supporting Labour, campaign blunders and the collapse of the UKIP vote being shared out amongst the two main parties.

Inside Housing – the main trade magazine for social housing – proposed an alternative theory. Their analysis showed there was a strong correlation between median house prices in English and Welsh constituencies and swing to Labour, although it was rightly pointed out that correlation doesn't mean causation. Despite there being a consensus around the existence of a housing crisis, until now housing has remained low on the agenda of voters entering the poll booth. The National Housing Federation suggested other factors such as Brexit and social care concerns could fall along similar geographical lines. And you could add the number of young voters in an area to that list.

Inside Housing identified the connection between house prices and swing to Labour. Network Homes wanted to better understand what might be causing this relationship, and so we downloaded the data, added some variables, and crunched the numbers.

Key Findings and Interpretation

- Change in house prices had a stronger correlation with swing to Labour than current prices.
- Both current house prices and price growth have a statistically significant relationship with swing to Labour even when accounting for factors related to age, Brexit, the UKIP vote, geography and average wages.
- The swing was greatest when combined with other factors, such as change in age demographics and attitude towards Brexit.
- The absence of access to housing and home ownership has a greater impact on wellbeing than its presence; as a sector that affects all sections of society, the more 'losers' housing policy creates the more potential it has to become a political issue.
- The argument is not that housing policy necessarily caused Labour's increased vote share, but that access to housing is fundamental to giving people a sense their life is on an upwards trajectory. Soaring house prices, by creating a sense of stasis, make certain sections of society ripe for electoral targeting, which the Labour campaign appears to have better achieved.
- All parties should note that access to housing is key to giving voters a stake in society. The greater the number of people excluded from housing, the greater the potential for protest votes.
- Until now dissent about housing has been kept largely out of the ballot booth, but perhaps now we've reached the tipping point.



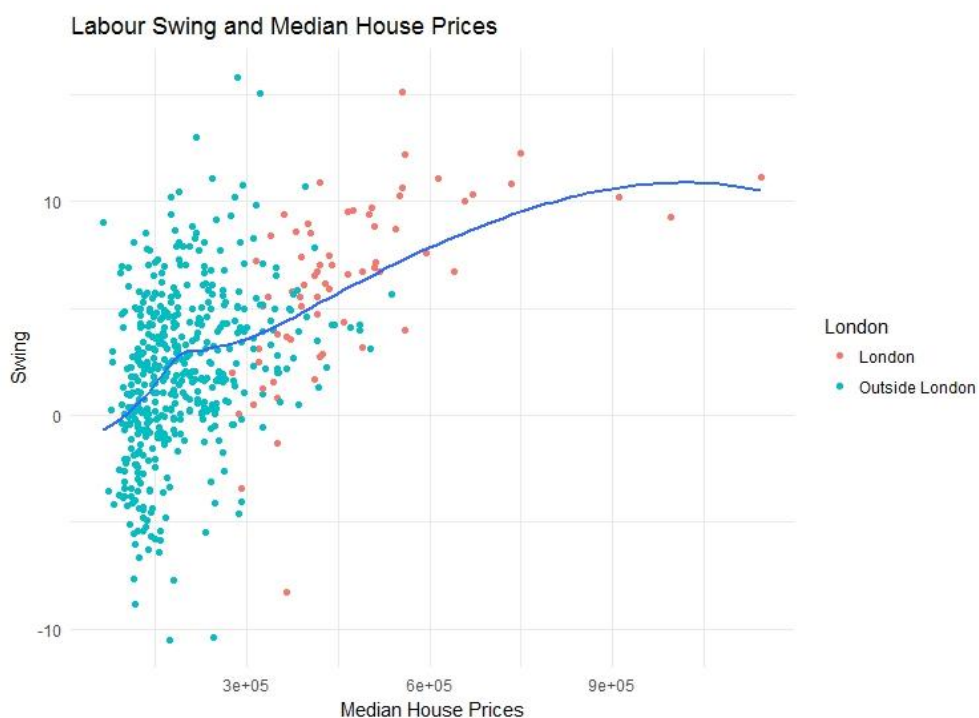
Analysis

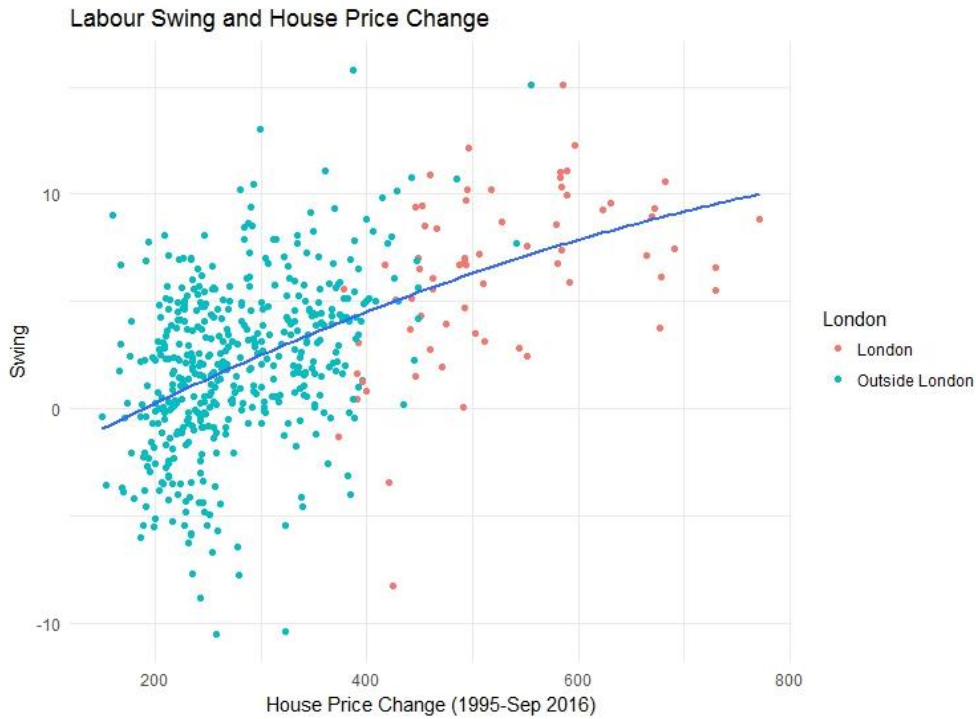
Network Homes conducted statistical analysis, using multiple linear regression, to determine the salience of a number of issues in the vote swing from the Conservatives to the Labour Party. As some theories as to why have almost already been accepted, we were keen to test these with some hard data. We looked at the connections between house prices, Labour vote swing, number of young constituents, proportion of a vote for leave in the EU referendum, vote share for UKIP in 2015, location, wages and educational attainment.

While the analysis does not allow us to say definitively 'house prices caused the Labour swing', it can at least test whether both were caused by some other factor.

The research looked only at England and Wales as ONS house price data doesn't currently cover Scotland and Northern Ireland. While its possible similar effects are playing out in Scotland, the party political makeup is somewhat different with due to the position of the SNP, and Northern Ireland has different political parties entirely.

Inside Housing established the link between median house prices and swing to Labour. We looked further into this and found that change in house prices had a stronger correlation with swing to Labour than current prices. The two charts below show why; the first shows current prices, the latter shows price change. With current prices there are a few significant outliers in central London which distort the relationship but house price change looks more closely related to voting patterns both in and outside of London. All but two constituencies where house prices have grown by 400% or more over the last 20 years saw a positive swing to Labour in the election. Table 1 shows the 18 constituencies outside of London where this occurred, some of which had a significant Leave vote.





Constituency	Swing	House Price Change	Leave Vote
Brighton, Kemptown	10.76	443%	43.59%
Bristol South	7.69	419%	47.95%
Cambridge	10.72	485%	26.23%
East Worthing and Shoreham	10.18	428%	53.68%
Esher and Walton	5.66	448%	41.57%
Hertsmere	2.23	444%	50.84%
Hove	15.07	555%	32.95%
Luton South	8.29	406%	54.60%
Manchester Central	7.73	541%	36.36%
Milton Keynes South	6.06	426%	53.08%
Reading East	9.81	414%	38.25%
Rochford and Southend East	5.01	429%	60.92%
Slough	8.05	424%	54.06%
South West Hertfordshire	4.21	448%	46.20%
Southend West	5.15	401%	55.07%
Thurrock	0.19	434%	70.26%
Watford	6.92	447%	51.15%
Welwyn Hatfield	5.00	408%	52.82%

Table 1: Constituencies outside of London with greatest house price growth



We then carried out a multiple linear regression to explore the relationship between swing to Labour and the following:

- Median house prices
- Median house price growth (from 1995- September 2016)
- Number of constituents aged 18-47 (Yougov research suggested the age at which voters switch from being more likely to vote Labour to the Tories was 47)
- Change in number of constituents aged 18-47 (from 2002-2014)
- Median wages
- The proportion of Leave vote in the constituency
- The vote share for UKIP in the 2015 election
- Whether the constituency is in London or not
- The participation of young people in higher education

The second thing we found is even when controlling for the factors above, the relationship between housing and swing to Labour stayed strong and statistically significant. The best performing model included the variables in Table 2.

Variable
Median house prices
Median house price growth (from 1995-September 2016)
Change in number of constituents aged 18-47 (from 2002-2014)
The proportion of Leave vote in the constituency
The vote share for UKIP in the 2015 election
Whether constituency was in London or not

Table 2: Variables in the best performing model

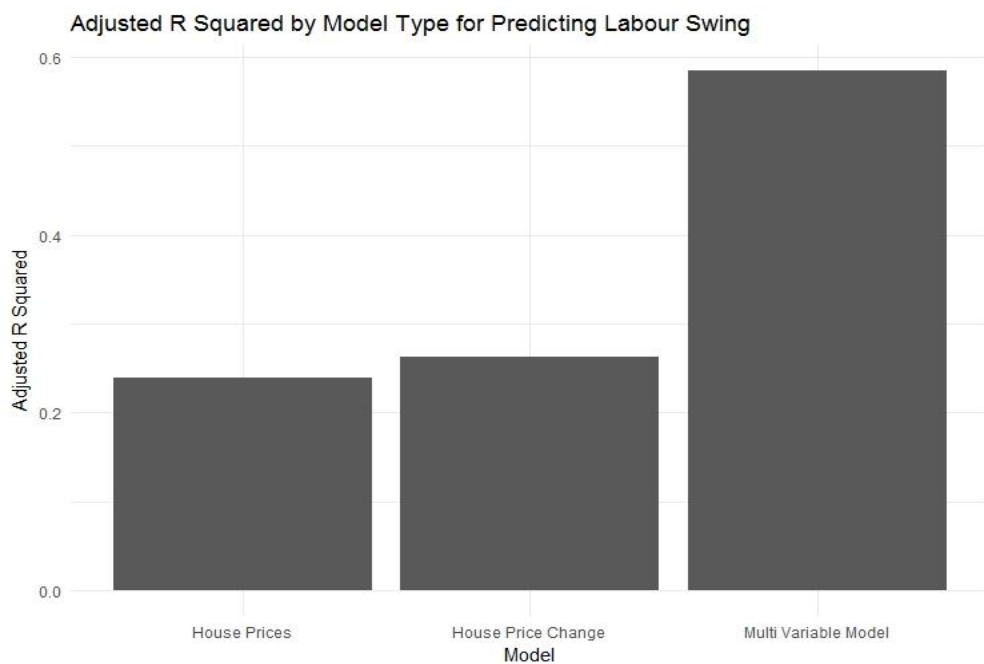
When the variables in Table 2 are included, median wages, the number of young constituents, and participation in higher education do not add to the explanatory power of the model.

The bar chart below shows how three models performed – median house price, house price growth and the multiple variable model – according to their adjusted R squared (a test of the predictive strength of the model).

At this point in the analysis current house prices and house price growth become virtually interchangeable. When controlling for other factors current prices have a very slightly stronger impact than house price growth, but taking one or the other out leads to very little difference.

The key message is: housing is related to Labour swing independently of the other factors.





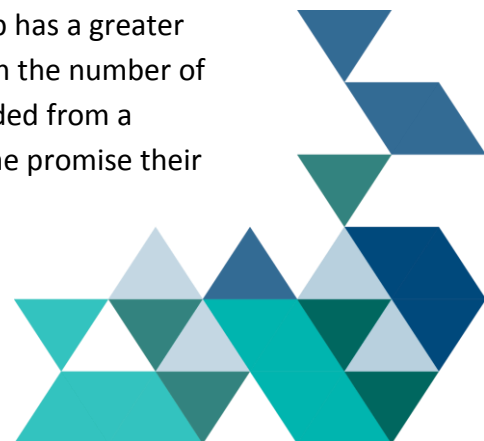
Implications

While these results still don't allow us to say with certainty there is a causal link between housing and swing to Labour in 2017, we can be more confident the link isn't caused by the growth in young voters in a constituency, how it voted in the referendum or the collapse of the UKIP vote. And we are confident the relationship doesn't work the other way i.e. swing to Labour in 2017 couldn't have caused the last 20 years of house price growth.

But there is still a question of how a relationship between housing and voting might work. As we said above, housing has been a low priority historically for voters. Going into the election Yougov found that only 15% of voters placed housing in the top 3 most important issues facing the country. And the manifestos of the main parties were noticeable more for their similarities on housing than their differences.

Despite this, housing will matter more to some than others. Even though housing had a relationship with Labour swing independent of other factors in our analysis, the swing was greatest when housing was combined with factors such as age and Brexit. Housing will mean more to young people in urban areas, voting for the first time, than it does to others.

More broadly, for large sections of society housing is one of the key indicators of whether society is moving in the right direction – in the same vein as economic growth and inflation. As with employment, the absence of access to housing and home ownership has a greater impact on wellbeing than its presence. Where the two differ, though, is in the number of people they affect. When house prices soar the number of people excluded from a fundamental stake in society and the feeling that their lives have the same promise their parents' did, can grow to reach a critical mass.



Even though our analysis modelled house prices and their growth, this does not mean the impact of housing is only felt through home ownership. Soaring house prices create a ripple effect which is felt across the income scale. And as a social landlord we are aware that the more people that are unable to access housing, the more need there is for diverse options within the sector, including affordable rented housing. Rather we interpret our analysis as suggesting that, as a sector that affects all sections of society, the more 'losers' housing policy creates the more potential it has to become a political issue.

Moreover, the argument here is not that Labour housing policy necessarily caused their increased vote share. It's more complex than that. The suggestion is that access to housing is fundamental to giving people a sense that their life is on an upwards trajectory, whether they explicitly draw the link between housing policy and their voting choice or not. Consequently, soaring house prices, by creating a sense of stasis, make certain sections of society ripe for electoral targeting. The Labour campaign did this successfully, not by making explicit housing promises, but by creating the feeling that they were here to represent those groups, and reaching out to them in novel ways such as through social media.

The lesson for future governments, then, would be: access to housing is key to giving voters a stake in society, and the greater the number of people excluded from housing, the more opportunity for protest votes. Up until 2017 dissent has been kept largely out of the ballot booth, but perhaps now we've reached the tipping point. Our research suggests housing is a key mechanism for reaching an increasingly important cleavage of voters. Given the dramatic increase in prices over the last 20 years, it is an issue that is unlikely to go away.

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Further information

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