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The **Halifax Cities Review** tracks house price movements in 59 cities in the UK. The review is based on the Halifax's own extensive housing statistics database. The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. There are 66 'official' cities in the UK. City of London, Wells, Armagh, Ripon, St Davids, Newry and Bangor have been excluded from the analysis due to an insufficient sample size.

City house prices up 382% over past 25 years

With 26 towns applying for city status as part of this year's Diamond Jubilee celebrations, Halifax has looked back at how house prices in cities have performed over the past 25 years.

City House Prices on the Up

House prices in cities have risen by an average of 382% over the past quarter of a century from £35,209 in 1986 to £169,707 in 2011. This exceeds the increase of 347% for the UK as a whole over the period. Truro (550%), Westminster (522%) and Edinburgh (509%) are the three cities that have recorded the biggest price rises since 1986. (*Table 1*)

Majority of Cities Outperform their Region

The research also shows that the majority of cities outperformed their region in terms of house price growth between 1986 and 2011. Nearly 70% - 40 of the 59 cities surveyed – recorded average house price increases above their region's average over the period.

Brighton & Hove is the city to have outperformed its region by the biggest margin; recording a 500% increase in average house prices since 1986 – 180 percentage points higher than the 320% rise for the South East as a whole. Truro and Edinburgh have seen the next biggest gains relative to their region. (*Table 2*)

Cities fare best since the 2007 downturn

Cities have done particularly well in relative terms in the four years since the housing market peaked in 2007. Three-quarters of cities recorded a better house price performance than their region between 2007 and 2011. House prices in cities have fallen by an average of 18% since 2007 compared with the UK average decline of 24%.

New Cities

Eleven towns have become cities in the past 25 years. On average, these new cities have seen house prices increase by an average of 379% since 1986. This is slightly below the average rise for all those places that have been cities throughout the last 25 years (384%), but is above the 347% increase for the UK as a whole.

Five of the eight new cities analysed¹ – Inverness, Brighton & Hove, Wolverhampton, Sunderland and Preston - have seen prices rise by more than their region's average since

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1986. The other three – Newport, Stirling and Lisburn – have experienced smaller price rises.

Millennium Cities

All three towns that became cities in 2000 – Brighton & Hove, Inverness and Wolverhampton – have recorded stronger house price growth than their region since becoming cities. By contrast, Brighton & Hove was the only one of these three towns that had outperformed its region in the decade prior to becoming a city.

Golden Jubilee Cities

The experience of those towns that became cities in 2002 to coincide with the Queen's Golden Jubilee has been more mixed. Only Newport has recorded stronger price growth than its region since 2002 whilst Preston, Stirling and Lisburn have all underperformed relative to their region². During the decade prior to 2002 both Stirling and Lisburn outperformed their region.

Diamond Jubilee City?

The 26 towns that have applied for city status this year have, on average, not experienced as rapid house price growth over the last 25 years as existing cities. Prices in these towns have increased by an average 345% - close to the UK average of 347% - compared with 382% for cities. Only four of the 25 applicant towns analysed³ – Goole, Dorchester, Doncaster and St Austell - have recorded a house price increase in excess of the average for all existing cities. (*Table 3*)

Martin Ellis, housing economist at Halifax, commented:

"Cities have typically seen higher house price growth than the UK average over the past 25 years. The majority of cities have also outperformed their region. City house prices are generally supported by demand from those looking to gain from the economic and lifestyle benefits often associated with residing in major urban areas.

The experience of towns that have been made cities during the past quarter of a century has been mixed. Some have gone on to outperform their region after gaining city status whereas they had underperformed previously. This, however, has not always been the case. There are, therefore, no guarantees for homeowners in whichever town is awarded city status this year that they will see a benefit in the form of improved house price performance."

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Table 1: 10 Cities with highest house price growth, 1986-2011

City	Region	Average House Price 1986 (£)	Average House Price 2011 (£)	25 year change (£)	25 year change (%)
Truro	South West	37,237	242,100	204,863	550%
Westminster	Greater London	88,121	547,767	459,646	522%
Edinburgh	Scotland	33,524	204,038	170,514	509%
Brighton And Hove	South East	41,582	249,532	207,950	500%
Lichfield	West Midlands	33,317	198,572	165,255	496%
Bath	South West	50,411	277,548	227,137	451%
Inverness	Scotland	30,605	168,264	137,659	450%
Worcester	West Midlands	34,266	182,644	148,378	433%
Derby	East Midlands	26,280	138,501	112,221	427%
York	Yorkshire & the Humber	35,141	184,205	149,064	424%
Cities Average		35,209	169,707	134,498	382%
United Kingdom		38,616	172,427	133,811	347%

Source: Halifax

Table 2: 10 Cities that have outperformed their region the most, 1986-2011

City	Region	Average House Price 1986 (£)	Average House Price 2011 (£)	25 year change (%)	Region's 25 year change (%)	Out-performance of Region (Percentage Points)
Brighton & Hove	South East	41,582	249,532	500%	320%	180
Truro	South West	37,237	242,100	550%	374%	176
Edinburgh	Scotland	33,524	204,038	509%	351%	158
Westminster	Greater London	88,121	547,767	522%	382%	139
Lichfield	West Midlands	33,317	198,572	496%	373%	123
Inverness	Scotland	30,605	168,264	450%	351%	99
Winchester	South East	72,677	365,607	403%	320%	83
Bath	South West	50,411	277,548	451%	374%	76
Worcester	West Midlands	34,266	182,644	433%	373%	60
Derby	East Midlands	26,280	138,501	427%	372%	55
Cities Average		35,209	169,707	382%	347%	35

Source: Halifax

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Table 3: Towns that have applied for city status: house price growth, 1986-2011

Town	Region	Average House Price 1986 (£)	Average House Price 2011 (£)	25 year £ change	25 year % change
Goole	Yorkshire & Humber	25,067	141,999	116,931	466%
Dorchester	South West	43,920	231,780	187,861	428%
Doncaster	Yorkshire & Humber	22,989	118,561	95,573	416%
St Austell	South West	31,375	152,717	121,342	387%
Wrexham	Wales	26,938	129,776	102,839	382%
Gateshead	North	22,732	109,012	86,280	380%
Milton Keynes	South East	44,155	211,667	167,512	379%
Middlesbrough	North	25,441	121,239	95,799	377%
Perth	Scotland	32,008	151,222	119,214	372%
Tower Hamlets	Greater London	64,414	295,654	231,240	359%
Stockport	North West	34,010	153,654	119,644	352%
Dumfries	Scotland	29,145	130,062	100,917	346%
Coleraine	Northern Ireland	26,936	120,067	93,131	346%
Reading	South East	58,207	257,318	199,111	342%
Dudley	West Midlands	26,294	115,287	88,993	338%
Chelmsford	South East	53,109	230,581	177,472	334%
Southend On Sea	South East	40,649	174,456	133,807	329%
Bolton	North West	29,598	125,429	95,832	324%
Bournemouth	South West	45,859	191,181	145,322	317%
Colchester	South East	46,136	190,794	144,658	314%
Corby	East Midlands	26,264	108,492	82,228	313%
Croydon	Greater London	53,901	210,460	156,559	290%
Craigavon	Northern Ireland	28,504	110,951	82,447	289%
Medway	South East	38,690	149,606	110,916	287%
Luton	South East	42,679	158,399	115,721	271%
Applicant's Average		36,761	163,615	126,854	345%
Cities Average		35,209	169,707	134,498	382%
United Kingdom		38,616	172,427	133,811	347%

Source: Halifax

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Editors' Notes:

¹ Newry and Armagh are excluded due to insufficient sample size.

² Newry excluded due to insufficient sample size.

³ Astaph is excluded due to insufficient sample size.

The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983.

Seven cities - City of London, Wells, Armagh, Ripon, St Davids, Newry and Bangor - have been excluded from the analysis due to an insufficient sample size.

A city is typically defined as 'a large town' or 'any town in the UK which has a cathedral'. However, there are notable exceptions to this including towns that were awarded city status to mark special occasions. For example, Inverness, Brighton and Hove and Wolverhampton were awarded city status as part of millennium celebrations. For more information please visit: <http://www.ukcities.co.uk/>

The prices used in this research are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. The data used throughout the release refers to the 12 months to December.

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