

30/09/2017

 @HalifaxBankNews

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON SATURDAY 30<sup>TH</sup> SEPTEMBER 2017

This is the annual **Halifax Rural Housing Review**. The Review covers **104** Local Authorities in Great Britain which are defined as rural areas and **267** as urban areas, according to ONS classifications. The Review uses Halifax house price data to calculate rural house price movements.

## Country life costs Brits over £44,000

- **Rural homes 20% more expensive than those in urban areas**
- **Waverley in the South East is the most expensive rural area with an average house price of £487,824**
- **First-time buyers account for 12% fewer country homes than their urban counterparts**

Countryside homes are £44,454 (20%) more expensive on average than in urban areas<sup>1</sup>, according to the latest annual Halifax Rural Housing Review.

Whilst a 'rural premium' exists across the country, the research found substantial differences across Great Britain – the greatest in the West Midlands where the average house price in rural areas (£280,776) is £89,272 (47%) higher than in the region's urban areas (£191,504).

The smallest difference is in the East of England where their average premium on countryside homes drops to £27,765 (or 9%). (See Table 1)

### **Rural affordability North South divide**

Property in rural areas is less affordable than in urban areas, with the property price in rural areas 7.6 times average annual earnings<sup>2</sup> compared with a ratio of 6.5 in urban areas.

All 10 of the least affordable rural local authority districts are in southern England, where North Dorset is the least affordable rural district with an average house price of £361,603 – 11.4 times local annual average earnings (£31,723). The second least affordable area is Chichester with an average house price of £411,547 (10.8), followed by West Oxfordshire (9.9).

Those wishing to escape to the country on a more manageable budget should look to the most affordable rural districts in the north of England and Scotland. Copeland and East Ayrshire are the most affordable rural districts in Britain, where the average house price is 4.1 times local average gross annual earnings. (See Tables 2 and 3)

### **Urban property values have risen more rapidly than rural over the past five years**

Between 2012 and 2017, the average price of a countryside home rose by 31% compared with an average increase of 43% in urban areas<sup>1</sup>, resulting in the urban-rural premium gap narrowing from 31% (or £47,769) in 2012 to 20% (£44,454) in 2017.

Despite this, the rate of growth for both urban and rural areas has been the same at 3% over the past year.

### **First-time buyers priced out of rural areas**

First-time buyers account for 41% of all mortgage financed purchases in rural areas, compared to 53% in urban areas, with affordability the main reason for the lower proportion of first-time buyers in the countryside.

**Richard Washington, Mortgages Director at Halifax, said:** “Homeowners looking to escape to the country can expect to pay an average premium of 20% for a property. Housing affordability, particularly in the south of England, is putting a country home out of reach for many people, especially those looking to buy their first property. This is reflected in first-time buyers accounting for a smaller proportion of homebuyers in the countryside relative to urban areas.”

### **RESEARCH HIGHLIGHTS**

- The least affordable rural local authority districts outside the South and Eastern England are Malvern Hills (8.0) and South Northamptonshire (8.0) in the West and East Midlands.
- Waverley in the South East is the most expensive rural area in Britain with an average house price of £487,824. This is followed by Sevenoaks (£453,458), South Oxfordshire (£434,544) and Uttlesford (£433,934).
- The average house price in Waverley is more than three and a half times higher than in East Ayrshire in Scotland (£128,864) – the cheapest rural district in the country.
- Getting on the rural property ladder is at its most challenging for first-time buyers in southern England, where they only make up a quarter of all purchases in the Cotswolds and East Devon and around a quarter in Chichester (26%) and Uttlesford (27%).
- The proportion of first-time buyers is significantly higher in some areas outside the South, accounting for more than three out of five buyers in Forest Heath in Suffolk (64%) and over a half in Dumfries and Galloway (55%), Western Isles (55%) and Moray (53%). (See Tables 4 and 5)

### **HALIFAX PRESS TEAM**

Kimberley Hamilton: 07557 257 298 [kimberley.hamilton@lloydsbanking.com](mailto:kimberley.hamilton@lloydsbanking.com)

Angus Cheyne: 07970 566 594 [angus.cheyne@lloydsbanking.com](mailto:angus.cheyne@lloydsbanking.com)

**Table 1: Rural and urban regional average prices, 2017**

Region	Average Price 2017*		% Change (2012-2017)		Premium for Rural v Urban	
	Rural	Urban	Rural	Urban	£	%
North East	169,232	151,067	26%	28%	18,165	12%
North West	231,413	173,683	27%	35%	57,730	33%
Yorkshire and The Humber	216,401	164,365	30%	32%	52,036	32%
East Midlands	239,901	184,475	38%	44%	55,426	30%
West Midlands	280,776	191,504	30%	40%	89,272	47%
East of England	332,822	305,057	50%	58%	27,765	9%
South East	416,521	331,516	37%	52%	85,005	26%
South West	296,273	240,650	26%	39%	55,623	23%
Scotland	185,713	166,696	17%	27%	19,017	11%
Wales	183,067	162,986	27%	30%	20,082	12%
<b>Great Britain exc London</b>	<b>263,050</b>	<b>218,596</b>	<b>31%</b>	<b>43%</b>	<b>44,454</b>	<b>20%</b>

Source: Halifax. \*12 months to August

**Table 2: 10 Most Affordable Rural Local Authority Districts, 2017**

Local Authority District	Region	House Prices 2017 (£)*	Average earnings 2017 (£)**	Price to Earnings ratio
Copeland	North West	157,775	38,699	4.1
East Ayrshire	Scotland	128,864	31,322	4.1
Allerdale	North West	145,191	34,760	4.2
Dumfries and Galloway	Scotland	135,313	29,662	4.6
County Durham	North East	136,458	29,380	4.6
Western Isles	Scotland	132,353	27,776	4.8
Shetland Islands	Scotland	182,090	36,086	5.0
Carmarthenshire	Wales	152,540	29,572	5.2
Highland	Scotland	174,716	33,287	5.2
Wyre	North West	159,026	29,421	5.4
<b>Rural Great Britain</b>		<b>263,050</b>	<b>£34,636</b>	<b>7.6</b>
<b>Urban Great Britain exc London</b>		<b>218,596</b>	<b>£33,537</b>	<b>6.5</b>

Source: Halifax. \*12 months to August; ONS

## HALIFAX PRESS TEAM

Kimberley Hamilton: 07557 257 298 [kimberley.hamilton@lloydsbanking.com](mailto:kimberley.hamilton@lloydsbanking.com)

Angus Cheyne: 07970 566 594 [angus.cheyne@lloydsbanking.com](mailto:angus.cheyne@lloydsbanking.com)

**Table 3: 10 Least Affordable Rural Local Authority Districts, 2017**

Local Authority District	Region	House Prices 2017 (£)*	Average earnings 2017 (£)**	Price to Earnings ratio
North Dorset	South West	361,603	31,723	11.4
Chichester	South East	411,547	38,004	10.8
West Oxfordshire	South East	355,215	35,763	9.9
Cotswold	South West	368,454	37,643	9.8
Horsham	South East	395,022	40,732	9.7
Winchester	South East	426,067	45,212	9.4
Waverley	South East	487,824	52,324	9.3
Sevenoaks	South East	453,458	48,853	9.3
East Hampshire	South East	420,790	45,545	9.2
West Dorset	South West	290,284	31,644	9.2
<b>Rural Great Britain</b>		<b>263,050</b>	<b>£34,636</b>	<b>7.6</b>
<b>Urban Great Britain exc London</b>		<b>218,596</b>	<b>£33,537</b>	<b>6.5</b>

Source: Halifax. \*12 months to August; ONS

**Table 4: Rural Local Authority Districts with the lowest % of first-time buyers (FTBs), 2017**

Local Authority District	Region	FTB% share of all buyers*
Cotswold	South West	25%
East Devon	South West	25%
Chichester	South East	26%
Uttlesford	East of England	27%
Derbyshire Dales	East Midlands	29%
Stratford-on-Avon	West Midlands	29%
Torridge	South West	30%
Mid Suffolk	East of England	30%
South Northamptonshire	East Midlands	30%
East Hampshire	South East	30%
<b>Rural Great Britain</b>		<b>41%</b>
<b>Urban Great Britain</b>		<b>53%</b>

Source: Halifax House Price Database; \* 12 months to August

## HALIFAX PRESS TEAM

Kimberley Hamilton: 07557 257 298 [kimberley.hamilton@lloydsbanking.com](mailto:kimberley.hamilton@lloydsbanking.com)

Angus Cheyne: 07970 566 594 [angus.cheyne@lloydsbanking.com](mailto:angus.cheyne@lloydsbanking.com)

**Table 5: Rural Local Authority Districts with the highest % of first-time buyers (FTBs), 2017**

Local Authority District	Region	FTB% share of all buyers*
Forest Heath	East of England	64%
Dumfries and Galloway	Scotland	55%
Western Isles	Scotland	55%
Moray	Scotland	53%
Carmarthenshire	Wales	52%
County Durham	North East	50%
Ceredigion	Wales	49%
North Devon	South West	49%
East Ayrshire	Scotland	49%
Shetland Islands	Scotland	48%
<b>Rural Great Britain</b>		<b>41%</b>
<b>Urban Great Britain</b>		<b>53%</b>

Source: Halifax House Price Database; \* 12 months to August

**Note to editors:**

<sup>1</sup> Greater London is excluded from urban averages for house prices.

<sup>2</sup> From ONS and Halifax estimates for June 2017 for full-time employees.

All price figures refer to the arithmetic average of house prices and have not been standardised. These prices are not standardised and therefore can be affected by changes in the sample from year to year. The data covers the period 2012 to 2017 and has been extracted from the Halifax House Price database. The latest figures cover the 12 months to August 2017.

This analysis was undertaken using the Office for National Statistics (ONS) Urban Rural classification. This classification defines an area as a Rural Area if it lies in a town or village of less than 10,000, or as an urban area if it lies in a town or city of 10,000 or more. A rural local authority is one where the majority of people live in rural areas. Data on average earnings is based on ONS figures for April 2016, which have been inflated by national average earnings growth to calculate 2017 estimates at local authority level.

<https://www.gov.uk/government/statistics/2011-rural-urban-classification-of-local-authority-and-other-higher-level-geographies-for-statistical-purposes>

The affordability ratio is calculated as average house prices divided by the average annual earnings of full time employees.

"This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. "© Bank of Scotland plc all rights reserved 2017.