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

## Buyers pay an average premium of £46,600 for homes in rural areas

### Rural homes more expensive to buy than urban homes in all regions

**Countryside properties continue to command a substantial price premium over urban homes, according to the latest research from Halifax.** On average, homes in rural areas in Great Britain are £46,575 (or 26%) higher in price than in urban areas<sup>1</sup>.

There is a rural house price premium in all regions although it differs significantly across the country. The rural premium is greatest in the West Midlands at £88,781 (57%) compared to £17,570 in the North East (13%) [Table 1].

### Prices in urban areas have been rising faster over the past five years

Despite the higher price for buying in the countryside the gap with urban prices is narrowing, and property prices have risen more slowly in rural areas during the past five years.

Between 2009 and 2014, the average price of a home in the countryside rose by 12% compared with an average increase of 18% in urban areas. Between 2013 and 2014, the average price of a home in the countryside has risen by 8% compared with an average 10% increase in urban areas (these figures exclude Greater London).

### Fewer first-time buyers in rural areas

First-time buyers account for 42% of all mortgage financed purchases in rural areas, compared to more than half (54%) in urban areas.

The recent outperformance of house prices in urban areas partly reflects the relative strengthening of the first-time buyer market in the last few years. Since 2010 there has been a significant increase in the number of first-time buyers, and this group typically represents a larger proportion of the market in urban areas.

### Martin Ellis, housing economist at Halifax, commented:

*"It typically costs significantly more to buy in rural areas with a substantial premium existing in all the regions of Great Britain. This reflects the aspiration of many to own a property in the countryside. The relatively high prices, however, put rural homes out of the reach for many, particularly the young. This is reflected in first-time buyers accounting for a smaller proportion of homebuyers in the countryside than in urban areas."*

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## **Affordability is a bigger issue in many rural areas**

The average house price in the countryside is equivalent to 6.8 times gross annual average earnings. This significantly exceeds the comparable ratio for urban areas of 5.6.

## **Provision of social housing is lower in rural areas**

Social housing provision is typically lower in rural areas of England and Wales, with 12% of the housing stock accounted for by social housing compared with 19% in urban areas.

## **Other key facts**

### **Affordability**

There are only three rural areas where the ratio of prices to earnings is below the historical long-term average of 4.0. Copeland in Cumbria and East Ayrshire (both 3.8) and North Lincolnshire (3.9) are the most affordable rural areas in the country [Table 2].

Chiltern is the least affordable rural area in Britain – measured by the house price to earnings ratio – with an average house price that is 9.5 times local gross annual average earnings. Six of the ten least affordable rural areas in the country are in the South East with the other four in the South West [Table 3].

Chiltern is also the most expensive rural area in Britain with an average house price of £477,526.

### **First-Time Buyers**

Getting on the rural property ladder is at its most challenging for first-time buyers in southern England. First-time buyers account for only a quarter of all purchases in East Dorset (24%), Waverley (26%) and West Dorset (26%) [Table 4].

In contrast to Southern England, first-time buyers account for over half of all purchases in ten areas across the rest of Britain and more than six in ten in Pendle (62%) and Gwynedd (61%) [Table 5].

### **Social Housing**

There are five areas – all in Wales – where social housing accounts for 5% or less of total housing stock. At 2% the Isle of Anglesey has the lowest level of social housing. At the other end of the scale, East Ayrshire has the highest level of social housing in rural Britain with 22% [Tables 6 and 7].

### **Property Size**

Properties in the country are typically more than a fifth larger than in towns and cities. The average rural home is 127m<sup>2</sup> in size compared with 104m<sup>2</sup> in urban areas.

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**Table 1: Rural and Urban Regional Average Prices, 2014**

Region	Average Price 2014 (£)*		% Change (2009-2014)		Premium for Rural v Urban	
	Rural	Urban	Rural	Urban	£	%
North East	151,290	133,720	12%	13%	17,570	13%
North West	209,694	145,363	5%	12%	64,330	44%
Yorkshire and Humber	188,193	138,226	11%	12%	49,967	36%
East Midlands	193,755	147,250	13%	14%	46,505	32%
West Midlands	243,717	154,936	8%	13%	88,781	57%
East of England	261,577	229,925	17%	22%	31,652	14%
South East	349,208	261,332	22%	25%	87,876	34%
South West	251,620	194,740	7%	13%	56,879	29%
Scotland	175,412	149,325	4%	6%	26,087	17%
Wales	162,263	138,280	5%	9%	23,983	17%
<b>Great Britain (excl London)</b>	<b>225,217</b>	<b>178,641</b>	<b>12%</b>	<b>18%</b>	<b>46,575</b>	<b>26%</b>

Source: Halifax. \*12 months to September

**Table 2: Ten Most Affordable Rural Local Authority Districts, 2014**

Local Authority District	Region	House Prices 2014 (£)*	Average earnings 2014 (£)**	Price to Earnings ratio
Copeland	North West	148,720	39,428	3.8
East Ayrshire	Scotland	111,848	29,252	3.8
North Lincolnshire	Yorkshire and The Humber	124,200	32,060	3.9
Pendle	North West	108,251	26,716	4.1
Dumfries and Galloway	Scotland	116,462	28,573	4.1
South Kesteven	East Midlands	173,219	35,687	4.9
Bassetlaw	East Midlands	140,151	28,249	5
Northumberland	North East	155,042	31,068	5
East Staffordshire	West Midlands	153,777	30,594	5
Wyre	North West	148,786	29,523	5
<b>Rural Great Britain</b>		<b>225,217</b>	<b>£32,953</b>	<b>6.8</b>
<b>Urban Great Britain (exc London)</b>		<b>178,641</b>	<b>£31,834</b>	<b>5.6</b>

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

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**Table 3: Ten Least Affordable Rural Local Authority Districts, 2014**

Local Authority District	Region	House Prices 2014 (£)*	Average earnings 2014 (£)**	Price to Earnings ratio
Chiltern	South East	477,526	50,511	9.5
Cotswold	South West	339,052	36,153	9.4
South Hams	South West	265,579	28,543	9.3
Waverley	South East	465,482	50,935	9.1
North Devon	South West	216,679	24,588	8.8
East Devon	South West	246,374	28,094	8.8
Rother	South East	266,429	31,319	8.5
South Oxfordshire	South East	372,951	45,428	8.2
Tandridge	South East	408,037	50,018	8.2
Mid Sussex	South East	317,666	39,117	8.1
<b>Rural Great Britain</b>		<b>225,217</b>	<b>£32,953</b>	<b>6.8</b>
<b>Urban Great Britain exc London</b>		<b>178,641</b>	<b>£31,834</b>	<b>5.6</b>

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

**Table 4: Rural Local Authority Districts with the lowest % of First-Time Buyers (FTBs), 2014**

Local Authority District	Region	FTB% share of all buyers*
East Dorset	South West	24%
Waverley	South East	26%
West Dorset	South West	26%
Derbyshire Dales	East Midlands	28%
Melton	East Midlands	29%
Rother	South East	29%
South Northamptonshire	East Midlands	30%
Chiltern	South East	30%
Maldon	East of England	32%
Wychavon	West Midlands	32%
<b>Rural Great Britain</b>		<b>42%</b>
<b>Urban Great Britain</b>		<b>54%</b>

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

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**Table 5: Rural Local Authority Districts with the highest % of First-Time Buyers (FTBs), 2014**

Local Authority District	Region	FTB% share of all buyers*
Pendle	North West	62%
Gwynedd	Wales	61%
Forest Heath	East of England	58%
Fenland	East of England	57%
Denbighshire	Wales	56%
Dumfries and Galloway	Scotland	55%
Carmarthenshire	Wales	55%
East Staffordshire	West Midlands	53%
Copeland	North West	52%
South Cambridgeshire	East of England	51%
<b>Rural Great Britain</b>		<b>42%</b>
<b>Urban Great Britain</b>		<b>54%</b>

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

**Table 6: Ten Rural Local Authority Districts with the Least Social Housing, Great Britain 2013**

Local Authority District	Region	Social Housing as % of All Housing Stock, 2013
Isle of Anglesey	Wales	2%
Carmarthenshire	Wales	3%
Pembrokeshire	Wales	4%
Powys	Wales	4%
Denbighshire	Wales	5%
Wyre	North West	7%
Ribble Valley	North West	8%
Wealden	South East	8%
Harborough	East Midlands	8%
East Dorset	South West	8%
<b>Rural Great Britain</b>		<b>12%</b>
<b>Urban Great Britain</b>		<b>19%</b>

Sources: DCLG, Scottish Govt / Halifax estimates

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**Table 7: Ten Rural Local Authority Districts with the Most Social Housing, Great Britain 2013**

Local Authority District	Region	Social Housing as % of All Housing Stock, 2013
East Ayrshire	Scotland	22%
Forest Heath	East of England	19%
Copeland	North West	19%
Allerdale	North West	19%
East Lothian	Scotland	18%
St Edmundsbury	East of England	17%
Northumberland	North East	17%
North Warwickshire	West Midlands	17%
Wiltshire	South West	17%
Tonbridge and Malling	South East	16%
<b>Rural Great Britain</b>		<b>12%</b>
<b>Urban Great Britain</b>		<b>19%</b>

Sources: DCLG/ Halifax estimates

**Notes to editors:**

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

<sup>2</sup> From ONS and Halifax estimates for September 2014 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 2009 to 2014 and has been extracted from the Halifax House Price database. The latest figures cover the 12 months to September 2014.

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 2013, which have been inflated by national average earnings growth to calculate 2014 estimates at local authority level.

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

Data on social housing for England and Wales is published by the DCLG. Scottish data is from the Housing Statistics for Scotland published by the Scottish Government.

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