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This is the **Halifax review of economic and house price performance at a local level**. The Review covers 128 UK 'sub areas' between 1999 and 2009 (principally unitary authorities and individual counties), according to ONS classifications. The Review uses estimates of workplace based gross value added (GVA) data from the ONS as a measure of economic activity (production and distribution of goods and services). For the analysis between 2007 and 2012, unemployment as measured by the claimant count is used as a proxy for economic activity. Unemployment is the most up-to-date indicator of economic performance at a local level.

House Prices up by £228 per week over 10 years in areas with the best performing economies

Best performing areas economically have seen most resilient house prices during the downturn

Homeowners in the most economically prosperous locations in the UK have seen the value of their properties rise by almost £110,000 over the last decade, according to new research by Halifax. Between 1999 and 2009 (latest available), the value of the typical home in the ten local areas that recorded the biggest increases in economic activity rose by 145% (£109,269), from an average of £75,222 in 1999 to £184,491 in 2009. This is equivalent to a weekly increase of £228. **(Table 1)**

The £109,269 increase in house prices in the ten top performing economic locations – which includes London, Edinburgh, Liverpool and Brighton & Hove - was almost a third higher (31%) than the £83,501 increase in the average house price in the ten areas with the smallest rises in economic activity between 1999 and 2009.

The average house price in the ten locations with the highest levels of growth in economic activity between 1999 and 2009 is 25% higher than the average house price in the ten worst performing locations (£148,133). The premium of £36,358 is nearly three and a half times the average premium of £10,589 ten years earlier. **(Tables 1&2)**

The two areas recording the largest house price gains between 1999 and 2009 were also amongst the best performing areas in terms of increases in economic activity per person. Brighton and Hove, which recorded the largest rise in house prices (206%), also saw the fourth biggest increase in the value of economic activity (63%).

Cornwall and the Isles of Scilly, which recorded the second biggest rise in house prices (198%), was the sixth fastest growing area in terms of economic activity (60%). **(Table 1)**

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House prices have fared better in the best performing economic locations since 2007

House prices have proved more resilient in those locations that have performed relatively well economically¹. Since 2007, the ten local areas with the largest falls in economic activity – as indicated by the largest percentage point rises in unemployment – have seen house prices fall, on average, by over a quarter (27%). This is three times the average 9% decline in house prices in the ten areas that have recorded the best performance in unemployment over the period. **(Tables 3&4)**

Martin Ellis, housing economist at Halifax, said:

"The marked differences in local economic performance across the UK appear to have had a significant impact on the housing market over the past decade. House price growth has generally been stronger in the areas that have seen the biggest increases in economic activity. The best performing areas have also been the most resilient in terms of house prices during the downturn since 2007.

"Looking forward, the pace at which the UK economy recovers will be a key determinant of the outlook for the UK housing market. Similarly, those areas that perform best in economic terms are likely to fare best in terms of house price movements."

Table 1: House prices in the 10 Areas with highest growth rates in economic activity per person between 1999-2009

Local Area (Nuts3)**	Region	Economic Activity (GVA) % Change 99-09	Average house price £, 1999*	Average house price £, 2009*	House Price % Change 1999-2009	House Price % Change 2009-2012
Inner London - East	London	91%	121,660	271,815	123%	14%
North Lanarkshire	Scotland	70%	55,720	124,092	123%	-17%
Edinburgh, City of	Scotland	64%	81,873	209,615	156%	-5%
Brighton and Hove	South East	63%	82,308	251,897	206%	3%
Inverness & Nairn and Moray, Badenoch & Strathspey	Scotland	62%	59,194	151,309	156%	-9%
Cornwall and Isles of Scilly	South West	60%	67,184	199,902	198%	-9%
Aberdeen City and Aberdeenshire	Scotland	59%	75,203	185,776	147%	-2%
East Merseyside	North West	57%	56,869	128,248	126%	-16%
Hampshire CC	South East	56%	96,562	192,610	99%	6%
Liverpool	North West	55%	55,644	129,647	133%	-7%

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Average for Top 10	64%	75,222	184,491	145%	-4.3%
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Sources: Halifax, ONS

*12 months to May

**NUTS Level 3: principally individual counties and unitary authorities; also known as local areas.

Table 2: House prices in the 10 Areas with lowest growth rates in economic activity per person between 1999-2009

Local Area (Nuts3)**	Region	Economic Activity (GVA) % Change 99-09	Average house price £, 1999*	Average house price £, 2009*	House Price % Change 1999-2009	House Price % Change 2009 - 2012
Thurrock	East of England	15%	77,965	180,609	132%	-4%
Coventry	West Midlands	19%	56,066	130,382	133%	-6%
York	Yorkshire and The Humber	20%	69,561	168,321	142%	7%
Powys	Wales	21%	68,316	183,897	169%	-18%
Blackpool	North West	23%	48,990	112,384	129%	-1%
Walsall and Wolverhampton	West Midlands	24%	59,994	135,360	126%	-9%
Dudley and Sandwell	West Midlands	24%	60,602	130,149	115%	-7%
Flintshire and Wrexham	Wales	25%	61,631	140,882	129%	-8%
Swindon	South West	26%	76,428	155,328	103%	-3%
South and West Derbyshire	East Midlands	27%	66,773	144,022	116%	5%
Average for Bottom 10		22%	64,633	148,133	129%	-4.4%

Sources: Halifax, ONS

*12 months to May

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Table 3: House prices in the 10 Areas with the best performance in economic activity – indicated by the smallest increased in the claimant count - April 2007-2012

Local Area (Nuts3)**	Region	Percentage Point (PPT) change in claimant count, 07-12	Average house price £, 2007*	Average house price £, 2012*	HP % Change 07-12
Inner London - West	London	0.6	530,034	491,391	-7%
Inverness & Nairn and Moray, Badenoch & Strathspey	Scotland	0.6	143,741	137,735	-4%
Cornwall and Isles of Scilly	South West	0.7	227,557	182,379	-20%

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Warwickshire	West Midlands	0.7	218,591	173,663	-21%
Eilean Siar (Western Isles)	Scotland	0.8	154,573	155,425	1%
Oxfordshire	South East	0.8	303,306	250,291	-17%
Brighton and Hove	South East	0.8	255,607	259,184	1%
Aberdeen City and Aberdeenshire	Scotland	0.9	185,081	181,723	-2%
Surrey	South East	0.9	329,964	310,668	-6%
Dorset CC	South West	0.9	259,455	228,359	-12%
Average		0.8	260,791	237,082	-9%

Sources: Halifax, ONS

*12 months to May

**NUTS Level 3: principally individual counties and unitary authorities; also known as local areas.

Table 4: House prices in the 10 Areas with the largest contractions in economic activity – indicated by the biggest rises in the claimant count - April 2007-2012

Local Area (Nuts3)**	Region	Percentage Point (PPT) change in claimant count, 07-12	Average house price £, 2007*	Average house price £, 2012*	HP % Change 07-12
Belfast	Northern Ireland	3.8	196,441	107,150	-45%
Blackpool	North West	3.5	130,309	111,082	-15%
Kingston upon Hull, City of	Yorkshire and The Humber	3.3	111,227	92,513	-17%
South Teesside	North East	3.2	138,604	117,540	-15%
Gwent Valleys	Wales	3.2	138,267	105,881	-23%
East of Northern Ireland	Northern Ireland	3.1	205,602	104,911	-49%
Hartlepool and Stockton-on-Tees	North East	3.1	153,736	125,425	-18%
North Lanarkshire	Scotland	3.0	134,984	102,559	-24%
Darlington	North East	2.9	150,937	110,525	-27%
Barnsley, Doncaster and Rotherham	Yorkshire and The Humber	2.9	135,507	114,213	-16%
Average		3.2	149,561	109,180	-27%

Sources: Halifax, ONS

*12 months to May

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Editors' Notes:

¹Gross value added (GVA) is here used to measure economic activity. **GVA** is a measure of economic activity (production and distribution of goods and services) at basic prices, including taxes (less subsidies) on production but excludes taxes (less subsidies) on products. **The difference between GVA and Gross Domestic Product (GDP)** is that GVA is the measure of the value of the goods or services to the producer so it does not include taxes. In contrast, GDP measures the total value so includes the value of taxes.

²Unemployment, as measured by the claimant count, is used as a proxy for economic activity between 2009 and 2012. Unemployment is the most up-to-date indicator of economic performance at a local level with increases in the unemployment indicating falling economic activity.

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

In summary:

GDP =GVA + taxes on products - subsidies on products

Local GVA per head are sourced from the Office for National Statistics (ONS):

Local data was sourced from (Tab 3:2 Headline Gross Value Added (GVA) per head by NUTS3 area at current basic prices by region):http://www.statistics.gov.uk/downloads/theme_economy/PROGRESS_NUTS3.xls

The ONS carries out consistency checks on data inputs, applies methods consistently and makes use of local knowledge for England, Scotland, Wales and Northern Ireland. The estimates are partly based on sample surveys and the quality of the results therefore varies according to sample size. This means that the results for smaller regions are subject to a greater degree of uncertainty than those for larger regions. As a consequence some NUTS3 areas can be subject to significant statistical volatility, due to the size of some of the survey samples used. This can be particularly true of some of the smallest NUTS3s. However, the headline estimates used in the release are smoothed by the ONS to remove some of this excess volatility. NUTS Level 3 areas refer principally to individual counties and unitary authorities; also known as local areas.

Jobseeker's Allowance (JSA) claimant count records the number of people claiming JSA and National Insurance credits at Jobcentre Plus local offices. This is not an official measure of unemployment, but is the only indicative statistic available for areas smaller than Local Authorities. Figures are sourced from the ONS and are resident based estimates.

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