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This is the first review by Halifax that looks at differences in houses prices between the commuter town and the place of employment; as well as the costs of commuting when travelling to work using the national rail system. The key factors considered are house prices in town of origin as well destination, the cost of a rail pass and the commuting time involved. **Of course, we should bear in mind that this is not a straightforward comparison as this does not take into account the cost of housing, but simply house prices versus rail costs.** For many commuters to central London there is the additional cost and time associated with needing to use the Tube network. However, for simplicity, it is assumed that commuters work close to the station they travel to. Journey times are not exact and have been rounded. Any costs in driving to the commuter's home station have also not been taken into account.

## **COMMUTING TO THE CAPITAL PAYS OFF, BUT THERE IS A STING IN THE TAIL FOR SOME CITY COMMUTERS**

**Rail commuters to London are benefitting from house prices that are 60% lower by catching the train rather than living close to their place of work, according to new research by Halifax.** [Mortgage](#) hunters may be interested to learn that house prices an hour outside of London are on average £375,000 (60%) lower than in the centre of the city, more than offsetting the average £4,400 annual cost of a sixty minute commute to the capital.

Towns an hour's commute from central London, which includes Peterborough, Manningtree, Swindon and Rochester, equate to an average property price of £245,000: a significant contrast to the average of £620,000 for a property in the centre of the capital. In comparison, the average annual rail cost of £4,400 from these areas in the 'one hour zone' is relatively small (See Table 1).

Half an hour closer and house prices begin to creep up, but not substantially. Commuters from towns in the 'half hour zone', approximately 30 minutes away from central London, including Chelmsford, Milton Keynes, Reading and Sevenoaks, will have to pay an average house price of £275,000: still some £345,000 lower than central London and with a less significant average annual rail pass cost at £3,100.

Even at fifteen minutes distance away from the heart of the capital, commuters from towns such as Watford and Bromley benefit from an average house price that is nearly £300,000 lower than in central London.

### **Where it pays to live in the city**

Commuters to some of the UK's major cities, however, are paying more than if they lived in the city.

For commuters to Britain's second and third largest cities, **Birmingham and Manchester**, house prices are often higher outside the city. The average house price in Birmingham is around £150,000, but several towns around 30 minutes rail journey away – including Walsall, Wolverhampton, Coventry, Burton on Trent and Leamington Spa – command higher average house prices of around £160,000. Commuters from these towns also have to pay almost £1,500 for an annual rail pass. The same applies to a number of towns that are approximately 30 minutes away from Manchester, such as Warrington, Chorley, Huddersfield and Macclesfield, which also have a higher house price (£175,000) than in Britain's third largest city.

Though examples are rare, some commuters to central London also live in areas that command higher average house prices: commuters to London from Beaconsfield, for example, pay a higher average house price than central London (£757,097) while also having to cover the cost of an annual rail cost of £2,972.

**Nitesh Patel, housing economist at [Halifax](#), commented:**

"It's no surprise, for London at least, that longer your commute, the larger the difference in house prices. Commuters to London tend to get a lot more for their money than in central London; bigger houses for lower prices.

"Nonetheless, the decision to commute is not simply a trade-off between financial costs and journey times. Quality of life is also important: family circumstances, better schools, physical environment and homes that offer better value for money also come into the equation. This explains why, especially outside London, commuters are often prepared to pay a premium to commute when they could be better off in purely financial terms living closer to their place of work."

### **Other major commuter areas**

#### **Bristol**

The average house price in Bristol, at £217,718, is lower than in many surrounding areas. For example, in Bath (about 15 minutes away) houses, on average, cost over £105,000 more with the annual rail pass costing over £1,500. Property prices are also typically higher in a number of towns approximately 30 minutes rail journey away, such as Bradford on Avon, Taunton and Chippenham.

#### **Cardiff**

Commuters who are around 15 minutes away from Cardiff in Pontyclun and Caerphilly pay an average property price of £150,000, which is £35,000 below the Cardiff average of £185,000. For about half an hour away - Bridgend, Pontypool, Hengoed and Pontypridd – the average property price falls to £127,000; £58,000 lower than in Cardiff.

The average annual rail ticket costs £910 for towns 15 minutes away and £1,000 for towns 30 minutes from the Welsh capital.

#### **Edinburgh**

In Edinburgh the average house price of £201,647 is significantly higher than in most surrounding areas. The average house price in towns 30 minutes away - such as Falkirk and Livingston – averages £133,000 – almost £70,000 lower than in the Scottish capital - whilst the average annual rail cost is under £1,700. Commuters from towns up to an hour away – such as Glasgow, Dunblane and Motherwell - benefit from a house price that is, on average, £66,000 lower whilst the average rail pass is close to £3,000 per year.

#### **Leeds**

The average house price in Leeds is £165,100, but prices in commuter towns just 15 minutes away – such as Wakefield and Dewsbury - are on average £16,000 lower. Prices in some towns that are 30 minutes away from Leeds – such as Selby and Huddersfield – actually have a smaller price discount, averaging just £5,000 below those in Leeds.

#### **Newcastle**

Rail commuters to Newcastle from nearby towns, such as Wylam, Cramlington and Durham (all about 15 minutes away) have house prices that are, on average, almost £30,000 lower than in Newcastle (£177,930) – whilst the cost of an annual rail pass is below £1,000. A number of towns about 30 minutes away from Newcastle, such as Stockfield, Morpeth, Darlington and Seaham, actually have a smaller discount to Newcastle with average house prices that are between £5,000 and £25,000 lower with an annual rail cost that is just under £1,400.

Ends.

**Editors' Notes:****Data sources:**

House price data is for the 12 months to March 2011 from Halifax and Land Registry for areas in London. Cost of rail passes and commuting time is from the Association of Train Operating Companies website collected over the period March to May 2011.

**Table: Commuter Towns to London**

	Average House Price	Average Difference in House Price compared with Central London	Average <sup>1</sup> Annual season ticket cost	Towns / Suburbs
Central London	<b>£620,000</b>			
Towns on average 15 minutes away (journey times range from 10 to 22 minutes)	<b>£320,000 (average prices range from £212,000 to £556,000)</b>	<b>£300,000</b>	<b>£1,400 (Annual season tickets range from £751 - £2,917)</b>	New Cross, Wimbledon, Ilford, Watford, Alexandra Palace, Hanwell, Tottenham, Bromley
Towns on average 30 minutes away (25 to 40 minutes)	<b>£275,000 (£166,000 to £757,000)</b>	<b>£345,000</b>	<b>£3,100 (£1,880 to £4,770)</b>	Beaconsfield, Hatfield, Staines, Milton Keynes, Bexley, Woking, Chelmsford, Harlow, Hemel Hempstead, Hounslow, Rickmansworth, Reading, Hitchin, Stevenage, Brentwood, Luton, Sevenoaks
Towns on average 45 to 70 minutes away	<b>£245,000 (£147,000 to £482,000)</b>	<b>£375,000</b>	<b>£4,400 (£2,489 to £8,093)</b>	Basingstoke, Crawley, East Grinstead, Gravesend, Guildford, Windsor, Northampton, Tunbridge Wells, Wellingborough, Rugby, Brighton, Maidstone, Winchester, Braintree, Peterborough, Swindon, Oxford, Kettering, Rochester, Sittingbourne, Tonbridge, Wokingham

Source: Land Registry, Halifax, ATOC and National Rail

Note: <sup>1</sup> Annual average season ticket grossed up from monthly fares

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**Press Office Contacts:**

Nick Osbourne Tel: 0207 356 1714 Mobile: 07872 819 065

Emma Partridge Tel: 01902 325 180 Mobile: 07824 471 951

**For further information please contact**

Helpline No: 08456 045404

Email: [housingeconomics@lloydsbanking.com](mailto:housingeconomics@lloydsbanking.com)

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