



Savings and house prices go hand in hand, with Kensington and Chelsea topping the tables

Halifax has examined the relationship between savings balances and house prices through its own data.

High savings, high property prices

There is a strong relationship between high savings balances and high house prices, according to latest research from Halifax. Five of the ten local districts with the largest average savings balances also feature in the ten areas with the highest average house prices in the country.

Residents of Kensington and Chelsea are not only some of the biggest savers – fourth highest average in the UK with an average customer balance of £9,654¹ - but houses in the Royal Borough also command the highest average property price of £634,637 – 262% above the UK average of £175,483. **(Table 1)**

The other four areas that feature in both the top ten rankings for highest average savings balance and average house price are Mole Valley (savings balance of £9,768 and average house price of £379,396), Chiltern (£9,567 and £413,802), Elmbridge (£9,217 and £409,606) and Richmond-upon-Thames (£9,116 and £428,466).

Residents in South Buckinghamshire and St. Albans are also amongst the ten areas with the highest savings balances in the country and have an average house price that is more than twice the national average.

Christchurch in Dorset and Derbyshire Dales are also amongst the top ten areas for savings balances and both have average house prices that are above both the national and regional averages.

Shetland Islands is the only area in the national top ten for savings where the average house price is below the national (-25%) and regional (-7%) average.

But low savings do not necessarily mean low house prices

The lowest average savings balances are held by those living in the London borough of Hackney (£3,224); however, the average house price (£305,136) is 74% above the UK average and 6% above the Greater London average. Another London borough, Southwark, is also in the ten areas with the lowest average savings balances, but has an average house price that is 86% above the UK average and 13% higher than the London average.

Only two of the ten areas in the country with the lowest average savings balances are also amongst the ten areas with the lowest average house prices: Hull (savings of £4,133 and an average house price of £100,550) and North Lanarkshire (£4,225 and £104,148).

There are, however, three areas that are in the bottom ten for average savings balances and have below national average house prices: Manchester, Glasgow and Knowsley. All three areas also have house prices that are below their regional averages. Overall, seven of the ten areas with the lowest savings balances in the country also have house prices that are below the regional average. **(Table 2)**

Nitesh Patel, Economist at Halifax comments,

“The relationship between savings balances and house prices is typically a strong one although there are some exceptions. People in areas with high house prices also tend to have high savings balances and vice versa. This is largely what you would expect given that areas with the highest savings and house prices tend to be ones where earnings are also relatively high.

Savings play an increasingly important part in the housing market, helping to provide the necessary funds to put down as a deposit when buying a home. Savings also play an important role when planning for your financial future so it is important to establish good savings habits as early as possible.”

Note to editors

The data used in this research refers to **savings balances** at the end of April 2011 and relates to the balances per customer (i.e. it is an aggregate of all accounts held by the individual with Halifax). The figures in this report, by their very nature, exclude people who have no savings. Figures from the DWP Family Resources Survey 2009-10 show that 30% of households have no savings (Table 4.9).

House price data is for the 12 months to April 2011. The prices used are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

Table 1: Highest Average Savings Balances and Highest Average House Prices

Local Authority District	Largest Average Savings Balance¹ April 2011 (£)	Average House Price² April 2011 (£)	House Price compared with UK Average	House Price compared with Regional Average
Mole Valley	9,768	379,396	116%	64%
South Bucks	9,717	377,220	115%	63%
Christchurch	9,702	210,564	20%	8%
Kensington and Chelsea	9,654	634,637	262%	121%
Chiltern	9,567	413,802	136%	79%
Shetland Islands	9,262	131,916	-25%	-7%
Elmbridge	9,217	409,606	133%	77%
Richmond upon Thames	9,116	428,466	144%	86%
Derbyshire Dales	8,919	238,328	36%	68%
St Albans	8,908	372,818	112%	62%

Source: Halifax

Note: ¹ average savings balances per customer held with the Halifax. , ² 12 months to April 2011

Table 2: Lowest Average Savings Balances and Lowest Average House Prices

Local Authority District	Lowest Average Savings Balance¹ April 2011 (£)	Average House Price¹ April 2011 (£)	House Price compared with UK Average	House Price compared with Regional Average
Hackney	3,224	305,136	74%	6%
Newham	3,631	199,776	14%	-13%
Lewisham	3,889	235,556	34%	2%
Manchester	3,932	123,820	-29%	-8%
Southwark	4,069	325,770	86%	13%
Barking and Dagenham	4,103	180,561	3%	-37%
Kingston upon Hull	4,133	100,550	-43%	-24%
North Lanarkshire	4,225	104,148	-41%	-27%
Glasgow City	4,266	126,168	-28%	-11%
Knowsley	4,326	109,429	-38%	-19%

Source: Halifax

Note: ¹ average savings balances per customer held with the Halifax. , ² 12 months to April 2011

Ends.

For further information:

Deepa Bose

Telephone: 020 7356 1405 / 07795 611154

Email: deepa.bose@lloydstsb.co.uk

Claire Miller

Telephone: 01422 332833 / 07900 276400

Email: clairemiller@halifax.co.uk

Nathan Hatch

Email: nathan.hatch@lloydstsb.co.uk

Telephone: 020 7356 2374 / 07557 499 150