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The **Halifax Cities Review** tracks house price movements in 59 cities in the UK. The review is based on the Halifax's own extensive housing statistics database. The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. There are 66 'official' cities in the UK. City of London, Wells, Armagh, Ripon, St Davids, Newry and Bangor have been excluded from the analysis due to an insufficient sample size.

Premium for city living at record high

City house prices up £131 a week over a decade

The premium that homebuyers are required to pay to live in one of the UK's cities has risen to its highest level on record, according to new Halifax research. Based on Halifax's own data, house prices in cities across the UK are, on average, 7% (£14,462) higher than their county average, the highest premium since our records began in 1983¹.

Premium for City living relative to surrounding areas is highest in southern England

The majority (56%) of UK cities have a higher average house price than their county average. Seven of the 10 cities with the highest premium are in the south². Winchester has the largest premium with houses trading at 77% above the average house price in Hampshire. Westminster has the next highest premium with prices 74% above the Greater London average. Lichfield in Staffordshire has the highest premium (58%) outside southern England. **(Table 1)**

However, there are some notable exceptions to this with the three cities that are most affordable relative to their county average also located in southern England (Portsmouth, Gloucester and Plymouth). The city with the biggest discount to its county average is Portsmouth, where the average house price of £141,871 is 31% (£63,344) below the Hampshire average.

House prices in UK cities have risen by 65% since 2001

The average house price across the tracked UK cities³ rose by 65% (£68,236) over the past decade, moving from £104,681 in August 2001 to £172,917 in August 2011 – equivalent to a weekly increase of £131. House prices across the UK as a whole increased by 56% over the same period.

Inverness - awarded city status in 2000 to mark the new millennium - recorded the highest rise in house prices over the decade (148%), followed by Truro (121%) and Hull (119%). Nine of the 10 cities with the strongest house price growth are outside southern England. **(Table 2)**

City homes fared better during the downturn

House prices in city locations also experienced smaller house price falls during the downturn in the housing market. City property prices fell, on average, by 17% between 2007 and 2009 compared to an

overall fall of 24% across the UK. Over the past year, city house prices have declined by 2.5%, lower than the 4.3% drop in the average UK house price.

Affordability in cities has declined over the last 10 years

The typical city home is 5.2 times average gross annual earnings in 2011, up from an average multiple of 4.8 in 2001, demonstrating how prices have risen more rapidly than earnings. There has, however, been a recent improvement in affordability with the average price to earnings ratio falling from a peak of 7.4 in 2007.

Suren Thiru, housing economist at Halifax, said:

"With the housing demand and supply imbalance that characterises the UK property market often more acute within our major urban conurbations, homes in cities across the country are typically trading at a marked premium over neighbouring areas. City house prices are generally supported by demand from those looking to gain from the economic and lifestyle benefits often associated with residing in major urban areas, as well as by the pressures on the housing supply that often typify such locations."

ADDITIONAL FINDINGS:

- Westminster is the most expensive UK city with an average house price of £570,964, followed by Winchester (£363,556) and St. Albans (£337,660). Unsurprisingly, all ten of the most expensive cities in England are in the south. (**Table 3**)
- Edinburgh is the most expensive city outside southern England with an average house price of £206,303.
- Salford in Manchester is the least expensive UK city with an average house price of £105,833, followed by Londonderry (£106,299). Portsmouth (£141,871) is the most inexpensive city in southern England. (**Table 4**)

NOTES TO EDITORS:

¹The average city premium is at its highest since the Halifax started to publish house price data in 1983. The average premium for city living has been calculated as the average difference between the average house price in the 59 UK cities tracked and their county average in monetary and percentage terms. The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983.

²South of England is defined as Greater London, the South East, the South West and East Anglia.

³City of London, Wells, Armagh, Ripon, St Davids, Newry and Bangor have been excluded from the analysis due to an insufficient sample size.

A city is typically defined as 'a large town' or 'any town in the UK which has a cathedral'. However, there are notable exceptions to this including towns that were awarded city status to mark special occasions. For example, Inverness, Brighton and Hove and Wolverhampton were awarded city status as part of millennium celebrations. For more information please visit: <http://www.ukcities.co.uk/>

The prices used in this research are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. The data used throughout the release refers to the 12 months to August.

The affordability ratio is the average house price divided by the average annual earnings of full time employees in the 59 UK cities tracked.

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Table 1: 10 UK Cities with Highest Premium to County House Prices

City	Region	Average House Price 2011* (£)	Average House Price in County 2011* (£)	Premium to County (%)
Winchester	South East	363,556	205,215	77%
Westminster	Greater London	570,964	327,232	74%
Cambridge	East Anglia	280,786	164,090	71%
Lichfield	West Midlands	204,732	129,254	58%
Edinburgh	Scotland	206,303	146,781	41%
Bath	South West	264,871	191,774	38%
Truro	South West	255,555	189,283	35%
St. Albans	South East	337,660	258,858	30%
Glasgow	Scotland	135,068	110,579	22%
Salisbury	South West	217,691	184,422	18%

Source: Halifax

Table 2: 10 UK Cities with highest house price growth, 2001-2011

City	Region	Average House Price 2001 (£)	Average House Price 2011 (£)	10 year £ change	10 year % change
Inverness	Scotland	68,141	169,257	101,116	148%
Truro	South West	115,792	255,555	139,763	121%
Hull	Yorkshire & the Humber	48,960	107,239	58,279	119%
Aberdeen	Scotland	82,833	178,764	95,931	116%
Lancaster	North West	65,787	139,011	73,224	111%
Carlisle	North	62,949	131,757	68,808	109%
Dundee	Scotland	60,172	123,711	63,539	106%
Bradford	Yorkshire & the Humber	53,785	107,823	54,038	100%
Edinburgh	Scotland	106,636	206,303	99,667	93%
Lincoln	East Midlands	70,963	137,092	66,129	93%
UK Cities average		104,681	172,917	68,236	65%

Source: Halifax

Table 3: 10 Most Expensive UK Cities

City	Region	Average House Price 2011 (£)
Westminster	Greater London	570,964
Winchester	South East	363,556
St Albans	South East	337,660
Cambridge	East Anglia	280,786
Oxford	South East	275,986
Bath	South West	264,871
Truro	South West	255,555
Brighton And Hove	South East	245,999
Chichester	South East	239,401
Canterbury	South East	228,111

Source: Halifax

Table 4: 10 Least Expensive UK Cities

City	Region	Average House Price 2011 (£)
Salford	North West	105,833
Londonderry	Northern Ireland	106,299
Hull	Yorkshire & the Humber	107,239
Stoke On Trent	West Midlands	107,647
Bradford	Yorkshire & the Humber	107,823
Durham	North	116,399
Sunderland	North	116,911
Swansea	Wales	121,119
Lisburn	Northern Ireland	122,044
Newport	Wales	122,226

Source: Halifax

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