

# PRESS RELEASE

MONDAY 26 SEPTEMBER 2016



LLOYDS BANK

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The **Lloyds Bank commuter towns survey** looks at differences in houses prices between the commuter town and the place of employment as well as the costs and time of commuting when travelling to work using the national rail system.

## Commuting for an hour could save £450,000 on house price

- Average house prices drop by 60% from £741,919 in central London to £294,903 in commuter towns an hour outside of London
- In Manchester and Birmingham, however, it's cheaper to live in the city than outside
- Wellingborough remains the most affordable commuter town

**London workers could save themselves almost £450,000 (60%) on the cost of a home if they are willing to live outside of the city and commute daily for an hour each way, according to the latest research by Lloyds Bank.**

Towns which are an hour's commute from central London, such as Wellingborough, Southend, Sittingbourne and Rugby, have an average house price of £294,903: compared to the average of £741,919 for a property close to their place of work in central London (zones 1 and 2). This is equivalent to an average saving of £447,015 – or 60% - on property prices.

Even when taking into account the annual rail cost for a one hour daily commute each way (£4,989), a commuter would have to make the same journey for 89 years for the total rail costs to wipe out the benefit in house prices. (See Table 1)

Closer to the capital, commuters who live approximately 40 minutes outside of central London, including Hatfield, Billericay, Orpington and Reading, could save 48% (£353,000) outside of the city, with their average house price £389,000 and with a lower average annual rail pass cost at £3,534.

Even commuters who live just 20 minutes away from the heart of the capital could find it more cost effective, with commuters from towns such as Ilford and Elstree and Borehamwood benefitting from an average house price that is nearly £297,795 lower than in central London.

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## **Where living in the City is more cost effective**

Away from London and the South East however, 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 £172,000, but several towns around 40 minutes rail journey away – including Derby, Coventry, Burton on Trent and Leamington Spa – command higher average house prices of £211,661. Commuters from these towns also have to pay almost £2,221, on average, for an annual rail pass.

The same applies to a number of towns that are approximately 40 minutes away from Manchester, such as Warrington, Chorley, and Macclesfield, which all have a higher house price (£204,161) than in Britain's third largest city (£162,214).

**Andrew Mason, Lloyds Bank Mortgage Products Director, commented:** "Commuters to London who don't mind a longer journey between home and work could reap the financial benefits of living outside of the capital.

"However the decision of whether to live in the city or further away is not simply a trade-off between financial costs and journey times. Quality of life is also a major factor: family circumstances, better schools, physical environment and homes that offer better value for money also come into the equation. That 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."

## **Most affordable commuter towns outside central London**

The most affordable commuter town for London is Wellingborough in Northamptonshire, where the average house price (£183,345) is 4.1 times the average annual earnings for zones 1 and 2 (£44,967). On the other hand, the house price to earnings ratio based on local average annual earnings is significantly higher at 5.5, as the average wage for those working in Wellingborough is £33,183.

The next most affordable commuter town is Peterborough in Cambridgeshire, with an average house price that is 4.2 times the average annual earnings in zones 1 and 2; followed by Kettering (4.3), Chatham (4.6) and Swindon (4.8). Commuters in the ten most affordable towns are earning, on average, over £10,000 more than they would in their place of residence (£34,729). (See Table 2)

## **Areas which buck the London trend**

There are some areas, where commuters to central London start their journey, which command higher average house prices. These include: commuters to London from Beaconsfield, who pay a

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higher average house price than in central London, at £996,212, while also having to cover the annual rail cost of £3,324; Gerrards Cross (£822,363 average house price, season ticket price £3,328), Wimbledon, (£762,957, season ticket price of £1,520; Weybridge (£760,335, season ticket price £3,624) and Harpenden (£747,602, season ticket price 4,432).

-Ends-

**Table 1 – Commuter Towns to London 2016**

	Average House Price <sup>1</sup>	Average Difference in House Price compared with areas in Zones 1&2	Average Difference in House Price compared with areas in Zones 3&6	Average Annual season ticket cost <sup>2</sup>	Towns / Suburbs
<b>Areas in Travelcard Zone 1 and 2</b>	<b>£741,919</b>				
<b>Areas in Travelcard Zone 3 to 6</b>	<b>£484,599</b>				
Towns on average 20 minutes away (journey times range from 10 to 20 minutes)	£444,124	£297,795 (40% lower)		£2,035	Includes: New Cross, Wimbledon, Ilford, Alexandra Palace, Hanwell, Tottenham
Towns on average 40 minutes away (21 to 40 minutes)	£389,030	£352,888 (48% lower)	£95,569 (20% lower)	£3,534	Includes: Billericay, Hatfield, Staines, Bexley, Woking, Chelmsford, Harlow, Hemel Hempstead, Orpington, Rickmansworth, Reading, Hitchin, Stevenage, Brentwood, Luton, Sidcup
Towns on average 60 minutes away (41 to 60 minutes)	£294,903	£447,015 (60% lower)	£189,696 (39% lower)	£4,989	Includes: Basingstoke, Crawley, Gravesend, Windsor, Northampton, Tunbridge Wells, Wellingborough, Rugby, Winchester, Peterborough, Swindon, Oxford, Kettering, Rochester, Sittingbourne, Southend, Tonbridge, Wokingham, Chatham, Colchester

Source: Land Registry, ATOC and National Rail

Notes: <sup>1</sup> 12 months to May 2016 ; <sup>2</sup> Fares as at August 2016

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**Table 2: Most Affordable Commuter Towns 2016**

Commuter Town	County	Average Price May 2016 <sup>1</sup>	Average Annual Local Earnings <sup>3</sup>	House Price to Average Local Earnings	House Price to Average Earnings in Travelzone 1 & 2 <sup>4</sup>
Wellingborough	Northamptonshire	£183,345	£33,183	5.5	4.1
Peterborough	Cambridgeshire	£189,319	£31,404	6.0	4.2
Kettering	Northamptonshire	£194,046	£31,791	6.1	4.3
Chatham	Kent	£207,221	£36,678	5.6	4.6
Swindon	Wiltshire	£217,905	£34,293	6.4	4.8
Rugby	Warwickshire	£218,504	£37,866	5.8	4.9
Luton	Bedfordshire	£220,838	£40,313	5.5	4.9
Northampton	Northamptonshire	£223,164	£33,352	6.7	5.0
Basildon	Essex	£229,504	£34,585	6.6	5.1
Sittingbourne	Kent	£233,897	£33,824	6.9	5.2

Source: Land Registry, ONS

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## NOTES TO EDITORS:

<sup>1</sup> 12 months to May 2016 – Source: Land Registry

<sup>2</sup> Cost of rail passes and commuting time is from the Association of Train Operating Companies and National Rail website collected in August 2016.

<sup>3</sup> Based on gross annual average earnings for full time workers in the local authority of the commuter town - Source: ASHE, ONS

<sup>4</sup> Lloyds Bank estimate based on local authorities in travel zones 1 and 2. Gross annual average earnings for full time workers is estimated to be £44,967 – Source: ASHE, ONS

NB: The cost total cost of commuting by rail doesn't take into consideration the associated costs and time of getting to and from a train station.

## For further information

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"This report is prepared from information that we believe is collated with care, however, it is only intended to

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