

PRESS RELEASE

FRIDAY 31 MARCH 2017



LLOYDS BANK

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House price growth outperforms in areas where unemployment has fallen most since 2007

- Areas with the largest falls in unemployment see houses prices soar by almost £100,000 in past decade.
- Whilst the 10 areas with the highest unemployment rates recorded average house price growth of just 10%, less than half the national average (25%), since 2007.

Areas with the largest improvements in unemployment¹ have typically experienced above average house price rises over the past decade, according to the latest research from Lloyds Bank.

The 20 areas that have recorded the sharpest falls in unemployment have, on average, seen house price gains of almost double the national average over the past decade: 48% against the Great Britain average of 25%. The ten areas with the biggest unemployment declines have seen an even larger house price rise, averaging 53%, between 2007 and 2017. [Table 1]

The best performing area amongst the 20 largest unemployment fallers is the London borough of Waltham Forest, which has experienced a 92% house price rise over the past decade from £233,779 to £449,384.

Those areas that have seen the best improvements in unemployment have, on average, outperformed the national average in terms of house price gains, but there are exceptions. For example, a number of local areas in the North West feature amongst the top 20 in terms of unemployment performance but some have recorded only modest house price gains: Liverpool (8% from £144,135 to £155,100), Halton (7% from 139,580 to £149,243) and Knowsley (5% from £134,231 to £141,075). Despite recording sharp falls in unemployment, these areas have all had well below average employment rates over the past ten years.

Those areas that have performed worst in unemployment terms over the past decade - either recording very small falls or a rise – have, on average, performed broadly in line with the national average in house price terms; 26% against 25%. Seven of the ten worst unemployment performers, however, experienced house prices gains that were below their region's average,

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while the ten areas with the highest unemployment rates recorded average house price growth of just 10% since 2007, less than half the national average (25%). [Table 2]

Lloyds Bank Mortgage Director Andrew Mason said:

"A number of factors have contributed to mounting pressures on house prices across the country in recent years, however, falling unemployment and the creation of more jobs are key drivers as this research highlights. A strengthening job market helps to boost confidence, puts more cash into customers' pockets and also makes it easier to secure a mortgage. These developments all help to increase the demand for homes, which leads to increasing property prices.

"However, in the recent recession of 2008-09 house prices fell in most areas of the country – even where the unemployment rate rose only marginally. This highlights other contributing drivers of price growth, besides the labour market, such as affordability and the supply-demand balance."

House prices rise sharply in areas with steepest unemployment falls

The 20 areas which have seen the largest falls in unemployment since 2007 recorded an overall average price increase of £97,530 (48%) to £302,055. Eight of these local authorities are in London, with three (Waltham Forest, Newham and Southwark) seeing average home values rise by at least 75% in the past decade. Over the same period, these 20 areas recorded an average decline in unemployment claimants of 2.9 percentage points (from 4.4% to 1.5%); nearly two and a half times the national decline of 1.2 percentage points (from 2.4% to 1.2%).

In contrast, the 20 areas with the poorest unemployment performance - where unemployment claimant counts fell by an average of 0.2 percentage points since 2007 - average house prices increased by 26%, which is closely in line with the national average (25%). Most of these areas are in the South East (12) and the South West (5). The majority of the areas in the South East – nine of the 12 - have recorded price rises below the regional average of 33%.

In Britain as a whole, average house prices grew by 25% or £49,557 over the past 10 years, whilst the average unemployment rate was 2.8%.

Table 1.../

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Table 1: House Price Performance in the 20 Areas with the biggest falls in unemployment - 2007-2017

Local Authority District	% Point Difference in Claimant Count Unemployment Rate (2007-2017)	Average House Price 12m to Jan 2007 £	Average House Price 12m to Jan 2017 £	House Price % Changes (2007-2017)	House Price £ Changes (2007-2017)
Great Yarmouth	-4.1	£136,175	£178,680	31%	£42,505
Liverpool	-3.8	£144,135	£155,100	8%	£10,965
Tower Hamlets	-3.6	£308,392	£498,397	62%	£190,005
Knowsley	-3.1	£134,231	£141,075	5%	£6,844
Newham	-3.0	£206,865	£374,049	81%	£167,183
Southwark	-3.0	£298,697	£523,069	75%	£224,372
Waveney	-2.9	£155,824	£191,944	23%	£36,120
Hackney	-2.9	£309,976	£517,255	67%	£207,279
Wirral	-2.9	£160,369	£195,082	22%	£34,713
Haringey	-2.9	£328,251	£572,759	74%	£244,508
Halton	-2.9	£139,580	£149,243	7%	£9,663
Inverclyde	-2.9	£133,812	£139,192	4%	£5,380
Leicester	-2.9	£141,461	£172,501	22%	£31,040
Coventry	-2.7	£147,751	£188,643	28%	£40,892
Kingston upon Hull, City of	-2.6	£105,374	£120,361	14%	£14,987
Lambeth	-2.5	£309,497	£504,786	63%	£195,289
Walsall	-2.4	£150,319	£165,516	10%	£15,197
Islington	-2.4	£390,165	£617,220	58%	£227,055
Waltham Forest	-2.4	£233,779	£449,384	92%	£215,605
Birmingham	-2.4	£155,844	£186,845	20%	£31,001
Average 20 Areas	-2.9	£204,525	£302,055	48%	£97,530
Great Britain	-1.2	£201,828	£251,386	25%	£49,557
Great Britain (excluding G London)	-1.0	£184,500	£225,874	22%	£41,374

Source: Lloyds Bank and ONS/NOMIS

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Table 2: House Price Performance in the 20 Areas with the smallest falls/rises in Unemployment - 2007-2017

Local Authority District	% Point Difference in Claimant Count Unemployment Rate (2007-2017)	Average House Price 12m to Jan 2007 £	Average House Price 12m to Jan 2017 £	House Price % Changes (2007-2017)	House Price £ Changes (2007-2017)
Aberdeen City	0.3	£171,355	£200,452	17%	£29,097
Aberdeenshire	0.3	£174,604	£217,181	24%	£42,577
Hart	-0.2	£316,943	£418,121	32%	£101,178
Wokingham	-0.2	£296,896	£439,560	48%	£142,664
East Dorset	-0.2	£289,204	£371,668	29%	£82,465
North Dorset	-0.2	£217,039	£249,230	15%	£32,191
Pembrokeshire	-0.2	£168,823	£153,336	-9%	-£15,487
Ashford	-0.3	£219,508	£277,092	26%	£57,583
Vale of White Horse	-0.3	£271,773	£348,966	28%	£77,193
West Oxfordshire	-0.3	£262,438	£341,254	30%	£78,816
Elmbridge	-0.3	£495,248	£594,083	20%	£98,835
Mole Valley	-0.3	£387,149	£535,741	38%	£148,592
Waverley	-0.3	£365,052	£485,409	33%	£120,357
South Bucks	-0.3	£509,616	£571,439	12%	£61,824
Wealden	-0.3	£268,827	£313,059	16%	£44,232
Tunbridge Wells	-0.3	£305,981	£416,551	36%	£110,570
Reigate and Banstead	-0.3	£302,723	£444,831	47%	£142,107
Purbeck	-0.3	£271,766	£340,024	25%	£68,258
Poole	-0.3	£244,190	£279,143	14%	£34,953
Wiltshire	-0.3	£215,621	£280,297	30%	£64,676
Average 20 Areas	-0.2	£287,738	£363,872	26%	£76,134
Great Britain	-1.2	£201,828	£251,386	25%	£49,557
Great Britain (excluding G London)	-1.0	£184,500	£225,874	22%	£41,374

Source: Lloyds Bank and ONS/NOMIS

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Notes to Editors:

This is the Lloyds Bank review of labour market and house price performance at a local authority district (LAD) level. The Review covers 374 local area districts in Great Britain for the period 2007 to 2017. The Review uses the unemployment rate - as measured by the claimant count - from the ONS. House price data is from the Lloyds Banking Group.

¹ Based on the claimant count measure of unemployment.

Data

House Prices

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 refers to the 12 months to January. Source: Lloyds Banking Group housing database.

Unemployment data

Jobseekers Allowance (JSA) claimant count records the number of people claiming JSA and National Insurance credits at Jobcentre Plus local offices. The data refers to January each year and the average rate for 2007-2017 has been used. Figures are sourced from the ONS and NOMIS and are resident based estimates.

For further information

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