



We forecast house price growth to be flat in 2008. House prices have risen by 179% over the past ten years from an average price of £70,000 in late 1997 to £195,000 today. Regionally, modest price growth is expected across southern England and in Scotland during 2008. Worsening affordability and weakening economies will cause a modest fall in prices in northern England and the midlands.

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## HOUSING HOTSPOTS IN 2008

Halifax Estate Agents has identified ten likely property 'hotspots' for 2008 as well as reporting those towns that recorded the highest house price growth in Britain during 2007.

### PROPERTY HOTSPOTS IN 2008

Those towns that are expected to outperform the national average by the greatest amount during 2008 are shown in Table 1:

**TABLE 1: 10 Towns with Anticipated Highest House Price Growth in 2008**

Town	Region	Average Price £	Current % difference to regional average
Lochgelly	Scotland	118,838	-31%
Paisley	Scotland	140,338	-19%
Greenock	Scotland	140,512	-19%
Aberdeen	Scotland	202,755	17%
Hackney	London	361,179	-2%
Chatham	South East	195,211	-31%
Dartford	South East	217,279	-24%
Liverpool	North West	155,353	-11%
Newport	Wales	146,467	-11%
Pontypool	Wales	148,596	-10%

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Regionally, southern England and Scotland are likely to record the highest house price growth during 2008. Accordingly, many of the predicted property 'hotspots' for the year are in these parts of the country.

## ENGLAND

Parts of **East London, such as Hackney**, are likely to be one of the top house price performers in 2008 as regeneration ahead of the 2012 Olympics attracts buyers. House prices are also likely to be boosted in areas close to the planned Crossrail line in London. The project still requires the passing of a bill in parliament to provide permissions to build the line. This is expected to happen some time in 2008 and is unlikely to meet much resistance. The first trains are due to run in 2017.

**Chatham and the other Medway towns** in Kent are likely to record significant house price increases as demand is boosted by the planned opening of high-speed commuter services from central London to north and east Kent in late 2009.

**Dartford** and the surrounding area in Kent will also see a boost to its property market as a result of the recent opening of Ebbsfleet International railway station. The area is also near the Bluewater shopping centre. The station opened to the public on 19 November 2007, with up to four trains per hour in peak time between Ebbsfleet, Paris and Brussels. From December 2009 it will also have high-speed domestic services, with a 15 minute journey time to St Pancras.

**Kent** generally is likely to outperform the South East average, partly due to infrastructure improvements. Seaside towns in the county are also relatively affordable, which will tend to stimulate demand from the growing number of people looking to live near the coast.

In northern England, house prices in **Liverpool** are predicted to outperform most other areas as demand for property increases as a result of substantial investment in the city in the run-up to Liverpool becoming European Capital of Culture in 2008.

## SCOTLAND

**Lochgelly, Paisley and Greenock** are forecast to have the strongest house price growth in Scotland. These are all towns with a combination of lower than average house prices and good transport links into Glasgow or Edinburgh. As buyers hunt for bargains, towns recording the biggest price rises are likely to be close to major conurbations. Specifically, towns with house prices below regional averages are most likely to attract the attention of bargain hunters.

**Aberdeenshire** is likely to see continued property price growth next year, given the strength of the local economy and energy prices. Since North Sea oil was discovered in the early 1970s, **Aberdeen** has become one of the world's major oil centres. House price performance in Aberdeen has tended to closely follow the crude oil price over the past 20 years.

## WALES

**Monmouthshire** is expected to record above average price rises as demand is boosted by an increase in second home-buyers who are finding it increasingly difficult to find affordable property in the Cotswolds. The area has good motorway links to major population centres and offers a mixture of good facilities and attractive countryside. **Newport** and **Pontypool** are predicted to record relatively high house price growth in 2008.

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## PROPERTY HOTSPOTS IN 2007

As already announced, Montrose in Angus recorded the biggest house price increase (39%) in 2007.

Eight of the best ten performing towns are from the opposite ends of Britain – four each from Scotland and the South East. Peterhead, Inverurie and Greenock are the other towns from north of the Border. Winchester, the only city in the top ten, had the second biggest price rise of 38% in 2007. Henley on Thames, one of the top performing South East towns, is also the second most expensive place in Britain.

Regional house price growth in Britain over the past year has been led by Scotland and the South East (both 14%), reflecting a robust employment market and record levels of net international migration. In Scotland employment has risen by 125,000 in the last five years, whilst in 2006 immigration inflows increased the population by 22,000. Property is also relatively affordable in Scotland, providing a springboard for further significant house price growth. In the South East, unemployment is still very low; the region has 5 of the 6 lowest unemployment local areas in the UK.

Thirteen of the top 20 towns with the biggest price rises are in Scotland and the South East.

Almost one in two British towns (48%) now has an average house price above £200,000. Five years ago 21% had an average house price above £200,000.

The average house price is over £100,000 for the first time in all towns surveyed.

**TABLE 2: 10 Towns with Highest House Price Growth in 2007**

Rank in GB in 2007	Rank in GB in 2006	Town	Region	Average Price 2006(£)	Average Price 2007 (£)	% Change 2007
1	n.a*	Montrose	Scotland	123,494	172,156	39%
2	114	Winchester	South East	290,649	399,765	38%
3	n.a*	Billericay	South East	268,198	363,265	35%
4	119	Peterhead	Scotland	118,133	156,875	33%
5	482	Stourbridge	West Midlands	200,904	264,130	31%
6	469	Ryde	South East	163,629	212,564	30%
7	492	Henley on Thames	South East	497,374	642,672	29%
8	37	Inverurie	Scotland	179,360	231,623	29%
9	158	Greenock	Scotland	109,313	140,512	29%
10	163	Southwark	London	290,414	367,306	26%

\* Insufficient sample

### **Colin Kemp, managing director at Halifax Estate Agents, commented:**

"Some areas will continue to be in high demand next year with property prices rising accordingly despite the expected subdued outlook across the market as a whole.

Those areas that are likely to record the biggest price gains will tend to be those with a combination of good transport links to a major conurbation and relatively low average prices. A number of areas will see a boost to prices as a result of significant infrastructure projects."

Ends.

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