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This is the fourth annual **Halifax Rural Housing Review**. The Review covers **123** Local Authorities in Great Britain which are defined as rural areas, according to ONS classifications. The Review uses Halifax house price data to calculate rural house price movements. Separate reviews covering Scotland and Wales are also available.

HOUSING LESS AFFORDABLE IN RURAL AREAS

Key findings of the research by Halifax Estate Agents shows that:

- The average level of house prices in rural areas is **£235,324**, **15% higher** than the average urban house price of **£204,290¹**
- The most expensive rural local authority (LA) in Great Britain is Chiltern in Buckinghamshire with an average house price of **£448,635**. All ten of the most expensive rural LA's are in southern England
- The three most expensive rural LAs - Chiltern, Waverley and Tandridge - also have the best quality of life among rural areas
- Pendle in the North West is the least expensive rural LA with an average house price of **£129,887** followed by the Western Isles (**£137,319**) and Copeland (**£138,111**)
- The average property price in rural areas is **7.3 times** average annual earnings compared with a ratio of **6.1** in urban areas
- Seven of the ten least affordable rural local authorities are in the South West. North Devon is the least affordable with an average house price (**£252,792**) that is **9.1 times** local annual average earnings (**£27,853**)
- Copeland in the North West is the most affordable rural area with an average house price: earnings ratio of **3.9** followed by Bassetlaw in the East Midlands (**4.5**) and Pendle (**4.5**)
- First time buyers account for just **21%** of all rural buyers compared with **37%** in urban areas
- **13%** of the housing stock is social housing in rural areas compared with **20%** in urban areas

Suren Thiru, economist at Halifax, said:

"Housing in rural areas is less affordable than in urban areas due to a combination of higher average prices and lower average earnings. The difficulties for home buyers in rural locations are particularly acute among first time buyers and are exacerbated by relatively low levels of social housing provision."

¹ Figures refer to the arithmetic average of house prices and have not been standardised.

KEY FINDINGS

House Prices

Rural house prices are 15% higher than in urban areas

The latest annual Halifax Rural Housing Review shows that the average house price across rural Great Britain is 15% more expensive than the average house price in urban areas. House prices in rural areas currently average £235,324, £31,034 higher than the average urban house price of £204,290.

Eight of the ten most expensive rural LA's are in the South East (Table 1)

The most expensive rural local authority (LA) in Great Britain is Chiltern in Buckinghamshire with an average house price of £448,635. Waverley in Surrey (£396,605) and Tandridge in Surrey (£367,016) are the second and third most expensive rural areas. Eight of the ten most expensive rural LA's are in the South East; the exceptions are Uttlesford (£313,896) and East Hertfordshire (£309,832) in the East of England. All ten of the most expensive rural LA's are in southern England.²

The most expensive rural LA's are also the top ranked rural local authorities by quality of life (Table 1)

Chiltern, Waverley and Tandridge, the three most expensive rural LA's, also have the best quality of life among rural LA's³. Residents of Chiltern - the most expensive rural LA - has the best quality of life amongst rural LA's with the healthiest and best paid residents. In addition, the majority of householders in Chiltern are owner-occupiers (80%) and the houses are larger than average (6.3 rooms). All ten of the top ranked LA's by Quality of Life as well as the ten most expensive rural LA's are in southern England².

Bridgnorth is the most expensive rural LA outside southern England² (Table 2)

Bridgnorth in the West Midlands has the highest average price of any rural local authority outside southern England, at £268,579. South Northamptonshire (£257,986) and Derbyshire Dales (£255,455) are the next most expensive rural areas outside the south.

Pendle is the least expensive rural LA in Britain (Table 3)

The North West local authority of Pendle is the least expensive rural LA in Britain with an average house price of £129,887. Western Isles in Scotland (£137,319) and Copeland (£138,111) are the second and third least expensive rural areas in Great Britain. Just two – Waveney and East Lindsey - out of the ten least expensive rural LA's feature in the top hundred rural LA's by quality of life.

Housing Affordability

House prices in rural areas are more than seven times average annual earnings (Table 4)

As a result of higher house prices and lower average earnings, property in rural areas is generally less affordable than in urban areas. The average property price in rural areas is 7.3 times average annual earnings compared with a ratio of 6.1 in urban areas.

Seven of the ten least affordable rural local authorities are in the South West (Table 4)

North Devon in the South West is the least affordable local authority in Great Britain with an average house price (£252,792) that is 9.1 times local annual average earnings (£27,853). The next least affordable rural districts are East Devon and Kerrier in Cornwall, at 8.7, and North Norfolk and Penwith where average house prices are 8.4 times average earnings. Seven of the ten least affordable rural areas are in the South West.

Copeland is the most affordable rural LA in Britain (Table 5)

Six out of the ten most affordable rural LA's are in the East Midlands. With an average house price that is 3.9 times local average annual earnings, Copeland in the North West is the most affordable rural area followed by Bassetlaw in the East Midlands (4.5) and Pendle in the North West (4.5).

² Includes Greater London, South East, South West and the East of England

³ Based on the Halifax Estate Agents 'Rural' Areas Quality of Life Survey.

First Time Buyers

First time buyers in rural areas account for 21% of all buyers (Table 6)

There are far fewer first-time buyers (FTBs) in rural areas with FTBs accounting for just 21% of all buyers compared with 37% in urban local authorities. The average house price paid by an FTB in rural areas (£150,767) is, however, 7% lower than the average urban house price for FTBs (£162,570).

South Hams has the smallest proportion of FTBs (Table 6)

South Hams in the South West is the rural LA with the lowest proportion of FTBs (7%) followed by Bridgnorth (10%) and South Northamptonshire (13%). At the other end of the spectrum, East Cambridgeshire in the East of England and Pendle have the highest proportion of FTBs (both 43%).

Social Housing

Social Housing in rural England is significantly lower than in urban areas (Table 7)

13% of the rural housing stock in England is social housing compared with 20% in urban areas. Kennet in Wiltshire and Wear Valley have the highest levels of social housing (21% in both). In contrast, Wealden in East Sussex has the lowest proportion of social housing (7%) of any rural area.

Ends.

Editors' Notes

House prices used in the research are arithmetic annual average prices of houses – otherwise known as crude averages - on which an offer of mortgages has been granted. These prices are not standardised and therefore can be affected by changes in the sample from year to year. The data covers the period 2003 to 2008 and has been extracted from the Halifax House Price database.

This analysis was undertaken using the Office for National Statistics (ONS) Urban Rural classification. This classification defines an area as a Rural Area if it lies in a town or village of less than 10,000, or as an urban area if it lies in a town or city of 10,000 or more. A rural local authority is one where the majority of people live in rural areas.

Data on average earnings is based on ONS figures for April 2007, which have been inflated by national average earnings growth to calculate 2008 estimates at local authority level.

The affordability ratio is calculated as average house price divided by the average annual earnings of full time employed male.

The rural Quality of Life rankings are based on the Halifax Estate Agents Rural Areas Quality of Life Survey (**5th May 2008**). It tracks where living standards are highest in Great Britain's rural local authorities. By ranking local performance across key indicators of the labour market, the housing market, the environment, education and health. The index examines data at local authority (LA) level. 123 rural local authorities have been identified and analysed. An area is defined as Rural if it lies in a town or village of less than 10,000. A rural local authority is one where the majority of people live in rural areas. Data has been gathered from sources including the ONS, DEFRA, the Met Office, the Department for Transport and the Halifax house price database.

Table 1: Ten most expensive Rural Local Authorities in Great Britain, 2008

Local Authority	Region	House Prices in 2003 (£)*	House Prices in 2008 (£)*	5 year % Change	Rural quality of life ranking
Chiltern	South East	326,660	448,635	37%	1
Waverley	South East	278,668	396,605	42%	2
Tandridge	South East	277,706	367,016	32%	3
South Oxfordshire	South East	289,234	333,031	15%	23
Uttlesford	East of England	258,395	313,896	21%	8
East Hertfordshire	East of England	245,583	309,832	26%	7
Wealden	South East	230,297	308,862	34%	39
East Hampshire	South East	244,129	296,600	21%	21
Test Valley	South East	199,634	295,590	48%	16
Mid Sussex	South East	237,347	292,628	23%	11
Rural Great Britain		171,952	235,324	37%	

* 12 months to June

Sources: ONS, Halifax House Price Database, Halifax estimates

Table 2: Ten most expensive Rural Local Authorities in Great Britain outside Southern England, 2008

Local Authority	Region	House Prices in 2003 (£s)*	House Prices in 2008 (£s)*	5 year % Change	Rural quality of life ranking
Bridgnorth	West Midlands	181,329	268,579	48%	51
South Northamptonshire	East Midlands	191,292	257,986	35%	24
Derbyshire Dales	East Midlands	190,561	255,455	34%	80
Castle Morpeth	North East	183,022	253,041	38%	49
Harborough	East Midlands	187,104	249,516	33%	22
Tynedale	North East	157,826	237,137	50%	70
North Shropshire	West Midlands	156,631	229,693	47%	78
Wychavon	West Midlands	180,550	229,081	27%	35
Hambleton	Yorkshire and the Humber	168,255	224,706	34%	43
Monmouthshire	Wales	160,185	223,793	40%	59
Rural Great Britain		171,952	235,324	37%	

* 12 months to June

Sources: ONS, Halifax House Price Database, Halifax estimates

Table 3: Ten least expensive Rural Local Authorities in Great Britain, 2008

Local Authority	Region	House Prices in 2003(£s)*	House Prices in 2008(£s)*	5 year % Change	Rural quality of life ranking
Pendle	North West	72,154	129,887	80%	123
Western Isles	Scotland	50,507	137,319	172%	104
Copeland	North West	73,725	138,111	87%	116
North Lincolnshire	Yorkshire and The Humber	86,026	138,306	61%	102
East Ayrshire	Scotland	59,794	138,724	132%	122
Dumfries and Galloway	Scotland	83,464	149,936	80%	101
Wear Valley	North East	77,250	149,944	94%	121
Bassetlaw	East Midlands	104,237	151,809	46%	105
Waveney	East of England	115,852	154,610	33%	75
East Lindsey	East Midlands	103,484	155,647	50%	85
Rural Great Britain		171,952	235,324	37%	

* 12 months to June

Sources: ONS, Halifax House Price Database, Halifax estimates

Table 4: Ten Least Affordable Rural Local Authorities in Great Britain, 2008

Local Authority	Region	House Prices 2008*	**Average Earnings 2008	Price to Earnings Ratio
		£	£	
North Devon	South West	252,792	27,853	9.1
East Devon	South West	248,959	28,564	8.7
Kerrier	South West	209,043	24,044	8.7
North Norfolk	East of England	203,744	24,238	8.4
Penwith	South West	214,933	25,722	8.4
Teignbridge	South West	227,111	27,261	8.3
North Cornwall	South West	216,607	26,157	8.3
Chiltern	South East	448,635	54,442	8.2
South Somerset	South West	220,671	26,944	8.2
Forest Heath	East of England	203,606	25,453	8.0
Rural Great Britain		235,324	32,189	7.3

* 12 months to June

**Based on ONS average earnings figures for April 2007, which have been inflated by national average earnings growth to calculate 2008 estimates at local authority level. Earnings figures relate to the average for full-time male employees.

Sources: ONS, Halifax House Price Database, Halifax estimates

Table 5: Ten Most Affordable Rural Local Authorities in Great Britain, 2008

Local Authority	Region	House Prices 2008*	**Average Earnings 2008	Price to Earnings Ratio
		£	£	
Copeland	North West	138,111	35,290	3.9
Bassetlaw	East Midlands	151,809	33,735	4.5
Pendle	North West	129,887	28,810	4.5
North Lincolnshire	Yorkshire and The Humber	138,306	30,157	4.6
East Ayrshire	Scotland	138,724	30,051	4.6
Newark and Sherwood	East Midlands	175,541	36,583	4.8
Rushcliffe	East Midlands	207,187	41,937	4.9
North West Leicestershire	East Midlands	174,782	35,000	5.0
South Kesteven	East Midlands	192,206	38,302	5.0
East Northamptonshire	East Midlands	177,432	34,139	5.2
Rural Great Britain		235,324	32,189	7.3

*12 months to June.

** Based on ONS average earnings figures for April 2007, which have been inflated by national average earnings growth to calculate 2008 estimates at local authority level. Earnings figures relate to the average for full-time male employees.

Sources: ONS, Halifax House Price Database, Halifax estimates

Table 6: 10 Rural Local Authorities - lowest % of First Time Buyers (FTBs), Great Britain

Local Authority	Region	% Housing Market	House Prices 2008 (£)*
		FTB Share	
South Hams	South West	7%	264,982
Bridgnorth	West Midlands	10%	268,579
South Northamptonshire	East Midlands	13%	257,986
Cotswold	South West	14%	284,746
North Devon	South West	14%	252,792
Maldon	East of England	14%	257,127
Rother	South East	15%	242,528
East Dorset	South West	16%	284,193
Uttlesford	East of England	17%	313,896
Tynedale	North East	17%	237,137
Rural Great Britain		21%	235,324

*12 months to June.

Source: Halifax House Price Database

Table 7: Ten Rural Local Authorities with the Most Social Housing, Great Britain 2007

Local Authority	Region	Social Housing as % of All Housing Stock, 2007	House Prices in 2008 £s*
East Ayrshire	Scotland	25%	138,724
Kennet	South West	21%	262,785
Copeland	North West	20%	138,111
Wear Valley	North East	19%	149,944
Allerdale	North West	19%	158,185
East Lothian	Scotland	19%	202,924
St. Edmundsbury	East of England	17%	223,900
Taunton Deane	South West	17%	211,288
Tonbridge and Malling	South East	17%	291,396
Forest Heath	East of England	17%	203,606
Rural Great Britain		13%	235,324

* 12 months to June

Source: Halifax House Price Database

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