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House price gap widens between areas of high and low unemployment

- Houses prices grow by average of almost £90,000 in past decade in areas with lowest unemployment rate, almost five times more than those with high unemployment
- The 10 areas with largest drop in unemployment saw house prices increase by 76%

The gap in house prices between areas with the highest and lowest levels of unemployment¹ has widened significantly over the past 10 years, according to the latest research from Lloyds Bank.

Average house prices in the 20 local authorities with the lowest rate of unemployment have risen by £89,446 since 2006 – nearly five times the rise for those with highest unemployment, which increased by just £18,657 over the same period.

The average house price for those high unemployment areas is £139,520 – which is £102,655 (42%) below the national average price of £242,175. By contrast, areas with the lowest unemployment rates have an average price of £352,224 - £110,049 (45%) higher than the national average.

Lloyds Bank Mortgage Products Director Andrew Mason said:

"Employment boosts consumer confidence, helps put more cash into customers' pockets and makes it easier to secure a mortgage, all of which drives increased housing activity. Unfortunately, in areas where more people find themselves out of work, house prices can stall as people are financially less able to progress up the property ladder, reducing demand.

"There are, however, other factors which affect house prices - such as lower mortgage rates, improved affordability and low housing supply - which will have contributed to rising prices in the past decade."

House prices rise steeply in areas with steepest unemployment drop

The 10 areas which have seen the largest falls in unemployment since 2006 recorded an average price increase of £200,155 (76%) to £464,373. Nine of these local authorities are in London, with four (Haringey, Hackney, Southwark and Waltham Forest) seeing average home values almost

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doubling in the past decade. Over the same period these 10 areas recorded an average decline in unemployment claimants of 2.4 percentage points (from 4.7% to 2.3%) four times the national decline of 0.6 percentage points (from 2.5% to 1.9%). This is in marked contrast to the 10 areas with the poorest unemployment performance where unemployment claimants increased by an average of 0.5 percentage points since 2006, with average house prices growing by only £24,587 (18%). Seven of these 10 areas are in the North West.

In the UK as a whole over the past 10 years, average house prices grew by 34% or £61,575, whilst the average unemployment rate was 3.0%. Excluding London, the average price growth for Great Britain fell to £47,920 (29%). The Lloyds Bank report also reveals that:

- The 10 areas with the lowest unemployment rates show an average house price rise of £107,000 (or 36%) since 2006.
- The four areas with the lowest average unemployment rate of 1.0% over the decade – Hart, West Oxfordshire, Mole Valley and North Dorset - recorded house price gains of between 33% and 44% (£65,000 to £142,000).
- The 20 areas with the highest unemployment recorded an average house price growth of just 15%, nearly half the national average, excluding London (29%), since 2006.
- There are five areas where the unemployment rate averaged at least 6% in the past decade – Kingston upon Hull, Middlesbrough, Wolverhampton, Birmingham and Hartlepool – where house prices grew by between 5% and 25% over the period.

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Table 1: House Price Performance in the 20 Areas with the lowest level of unemployment - 2006-2016

Local Authority	Average Claimant Count Unemployment Rate 2006 - 2016	Average house Price 12m to March 2006 £	Average house Price 12m to March 2016 £	House Price % Changes (2006-2016)	House Price £ Changes (2006-2016)
Hart	1.0	£284,842	£410,642	44%	£125,800
West Oxfordshire	1.0	£235,425	£318,748	35%	£83,324
Mole Valley	1.0	£352,054	£493,727	40%	£141,673
North Dorset	1.0	£199,854	£265,310	33%	£65,455
South Cambridgeshire	1.1	£232,162	£349,540	51%	£117,378
Waverley	1.1	£368,411	£465,898	26%	£97,486
Mid Sussex	1.1	£250,471	£354,502	42%	£104,031
Winchester	1.1	£265,545	£388,278	46%	£122,733

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South Oxfordshire	1.1	£292,068	£398,710	37%	£106,642
Elmbridge	1.1	£467,677	£573,712	23%	£106,035
Wokingham	1.1	£271,552	£426,175	57%	£154,624
Ribble Valley	1.1	£217,290	£216,884	0%	£-406
East Dorset	1.1	£280,054	£350,261	25%	£70,207
South Lakeland	1.1	£189,005	£211,444	12%	£22,439
Vale of White Horse	1.1	£230,849	£325,534	41%	£94,685
Aberdeenshire	1.2	£144,405	£235,174	63%	£90,770
West Dorset	1.2	£219,120	£242,694	11%	£23,574
Uttlesford	1.2	£305,440	£394,135	29%	£88,695
South Northamptonshire	1.2	£207,977	£301,199	45%	£93,222
Wealden	1.2	£241,343	£321,905	33%	£80,561
Average 20 Areas	1.1	£262,777	£352,224	34%	£89,446
Great Britain	3.0	£180,599	£242,175	34%	£61,575
Great Britain (excluding G London)	3.1	£166,856	£214,776	29%	£47,920

Source: Lloyds Bank and ONS/NOMIS

Table 2: House Price Performance in the 20 Areas with the highest level of Unemployment - 2006-2016

Local Authority	Average Claimant Count Unemployment Rate 2006 - 2016	Average house Price 12m to March 2006 £	Average house Price 12m to March 2016 £	House Price % Changes (2006-2016)	House Price £ Changes (2006-2016)
Kingston upon Hull	6.8	£92,733	£114,339	23%	£21,607
Middlesbrough	6.4	£128,288	£151,956	18%	£23,668
Wolverhampton	6.1	£126,234	£158,081	25%	£31,847
Birmingham	6.1	£144,885	£173,093	19%	£28,209
Hartlepool	6.0	£124,244	£130,041	5%	£5,797
Blaenau Gwent	5.9	£93,341	£96,857	4%	£3,517
South Tyneside	5.9	£127,852	£159,668	25%	£31,815
Liverpool	5.5	£132,314	£155,115	17%	£22,801
Great Yarmouth	5.5	£126,873	£168,790	33%	£41,917
Sandwell	5.5	£122,217	£138,072	13%	£15,855
North Ayrshire	5.4	£109,761	£127,363	16%	£17,602
Knowsley	5.3	£127,659	£131,095	3%	£3,435
Redcar and Cleveland	5.3	£125,623	£144,598	15%	£18,975
West Dunbartonshire	5.2	£111,619	£115,536	4%	£3,917
Blackpool	5.2	£117,893	£121,672	3%	£3,778
North East Lincolnshire	5.1	£109,035	£137,848	26%	£28,813

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Nottingham	5.0	£116,819	£142,962	22%	£26,143
Walsall	5.0	£144,021	£157,046	9%	£13,024
Glasgow City	4.8	£129,147	£147,412	14%	£18,265
East Ayrshire	4.8	£106,703	£118,864	11%	£12,161
Average 20 Areas	5.5	£120,863	£139,520	15%	£18,657
Great Britain	3.0	£180,599	£242,175	34%	£61,575
Great Britain (excluding G London)	3.1	£166,856	£214,776	29%	£47,920

Source: Lloyds Bank and ONS/NOMIS

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 2006 to 2016. 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.

1. 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 March. Sources: Lloyds Banking Group housing database.

2. 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 February each year and the average rate for 2006-2016 has been used. Figures are sourced from the ONS and NOMIS and are resident based estimates.

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