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## Living near a supermarket can bag you a £22,000 bonus on your home

- The 'Waitrose Effect' can boost the price of a home even further, by an average of almost £40,000
- Discount retailers also help to drive house prices in some areas

New research from Lloyds Bank has found that living close to a well-known supermarket chain can add an average of £22,000 to the value of your home.

The report also reveals that premium brands can add even more to nearby house prices, with properties close to a Waitrose store receiving an average boost of £38,666 (or 10%) higher than the wider town in which they are located (£425,428 v. £386,763) – the highest amongst the national supermarkets.

In addition to Waitrose, properties near a Sainsbury's, Marks and Spencer, Tesco or Iceland also command the highest house price premiums - Sainsbury's (£27,939), Marks and Spencer (£27,182), Tesco (£22,072) and Iceland (£20,034). (See Table 1)

The lowest house price premiums are in areas with an Asda (£5,026), Lidl (£3,926) or Aldi store (£1,333).

**Mike Songer, Lloyds Bank Mortgage Director, commented:** "Our findings back-up the so-called 'Waitrose effect'. There is definitely a correlation between the price of your home and whether it's close to a major supermarket or not. Our figures show that the amount added to the value of your home can be even greater if located next to a brand which is perceived as upmarket. Of course, there are many other drivers of house prices beyond having a supermarket on your doorstep, but our research suggests that it is a strong factor."

### North West biggest winners from the 'Waitrose Effect'

Homes in the same postal district as Waitrose command the highest price premium compared to other areas in the same town in seven out of ten regions of England and Wales. The largest premium is in the North West where the average house price in an area with a Waitrose is £73,629 (39%) higher than in the surrounding areas (£263,687 v. £190,058). Other regions with a high premium are the West Midlands (£57,539), Yorkshire and the Humber (£36,376) and the South

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East (£31,681).

### **Large variation in premiums where supermarket is located**

At a local level, Chiswick in West London commands the largest average house price premium when compared with the surrounding area, at £476,738. The average house price in Chiswick, which offers residents a Waitrose, Sainsbury's and Marks and Spencer, is £961,564 – almost double the average for Hounslow (£484,826). Golder's Green, which has a Sainsbury's and Marks and Spencer, has the next largest premium in cash terms (£423,180), followed by Belsize Park/Hampstead (£313,166). (See Table 3)

Outside of southern England, the largest average price premium is in the Cheshire town of Wilmslow where shoppers are catered for by supermarkets including Waitrose, Sainsbury's, Marks and Spencer, Tesco and Lidl. Buyers can, on average, expect to pay a price premium of £277,028 for a home in Wilmslow. In the Ponteland area of Newcastle, the average premium is £206,401; the NE20 postal district has a Waitrose, Sainsbury's and a Co-op store.

### **Rise of 'discount' supermarkets also boosting house prices**

The data shows that this 'supermarket bounce' is not necessarily just confined to those areas which have a Waitrose, Sainsbury's or Marks and Spencer's located in them. There are several locations with a discount supermarket store where average house prices trade at a premium.

For example, the CH60 postcode area of Heswall has both an Aldi and an Iceland store and the average house price is £118,000 higher than in the overall Wirral area. Similarly, in Harbourne, which also has an Iceland store, homes cost on average £101,599 more than in the whole of Birmingham. The average price of houses close to a Lidl store in West Ealing is £650,702, compared to £542,724 in the wider Ealing area; a premium of £107,978.

**-Ends-**

#### **Notes to Editors:**

- By comparing average prices in postal districts (e.g. W4) which have a national supermarket, to the wider post town (e.g. Hounslow), it has been possible to identify the average house price premium or discount associated with the proximity to some of the UK's largest grocery retailers.

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**Table 1 - Supermarket locations with largest house price premium - March 2016**

Supermarket	Average Price in Postal District March 2016	Average Price in Post Town March 2016	Postal District to Post Town premium/discount % March 2016	Postal District to Post Town premium/discount £ March 2016
Waitrose	425,428	386,763	10%	38,666
Sainsbury's	316,056	288,117	10%	27,939
Marks & Spencer	342,077	314,895	9%	27,182
Tesco	272,288	250,216	9%	22,072
Iceland	257,055	237,021	8%	20,034
Co-op	238,448	220,545	8%	17,904
Morrisons	222,462	211,904	5%	10,558
Asda	207,771	202,745	2%	5,026
Lidl	236,127	232,201	2%	3,926
Aldi	196,502	195,169	1%	1,333

Note: Average house price in 12 months to March 2016 in postal district of supermarket location compared to postal town in region. Source Land Registry for house prices and CACI Ltd for supermarket locations

**Table 2 - Regional house price premium/discount - March 2016**

Region	Supermarket	Postal District to Post Town premium/discount % March 2016	Postal District to Post Town premium/discount £ March 2016
North West	Waitrose	£73,629	39%
West Midlands	Waitrose	£57,539	30%
Yorkshire and the Humber	Waitrose	£36,376	20%
South East	Waitrose	£31,681	9%
South West	My Local	£29,432	11%
Wales	Waitrose	£14,725	7%
East Midlands	Waitrose	£12,600	7%
Greater London	Waitrose	£6,845	1%
East Anglia	Waitrose	£5,417	2%
North	Marks & Spencer	£4,667	3%

Note: Average house price in 12 months to March 2016 in postal district of supermarket location compared to postal town in region. Source Land Registry for house prices and CACI Ltd for supermarket locations

**Table 3 - Top 10 Supermarket locations with largest house price premium - March 2016**

Supermarket	Locality	Post town	Postal District	Region	Postal District Average House Price 2016 £	Post Town Average Price 12 months to March 2016 £	House Price Premium £ March 2016

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Waitrose, Sainsbury's and Marks and Spencer	Chiswick	Hounslow	W4	London	961,564	484,826	476,738
Sainsbury's and Marks and Spencer	Golders Green	Barnet	NW11	London	1,003,201	580,021	423,180
Waitrose, Sainsbury's, Marks and Spencer and Iceland	Belsize Park/Hampstead	Camden	NW3	London	1,357,039	1,043,873	313,166
Waitrose, Sainsbury's, Marks and Spencer, Tesco, Lidl and My Local	Wilmslow	Cheshire	SK9	North West	635,183	358,155	277,028
Waitrose, Sainsbury's and Marks and Spencer	Cambridge	Cambridge	CB2	East	637,357	416,005	221,352
Waitrose, Sainsbury's and Co-Op	Ponteland	Newcastle	NE20	North East	398,081	191,670	206,411
Waitrose, Sainsbury's, Marks and Spencer, Tesco, Aldi, Co-op and Iceland	Summertown/Jericho and Botley	Oxford	OX2	South East	673,172	470,283	202,889
Waitrose, Sainsbury's, Marks and Spencer, Tesco, Iceland and My Local	Clapham	Lambeth	SW4	London	756,764	572,878	183,886
Sainsbury's	Winchmore Hill	Enfield	N21	London	585,304	404,702	180,602
Waitrose, Sainsbury's, Co-op and My Local	Redland, Henleaze and Clifton	Bristol	BS9	South West	441,863	266,912	174,951

Note: Average house price in 12 months to March 2016 in postal district of supermarket location compared to postal town. Source Land Registry for house prices and CACI Ltd for supermarket locations

## DATA SOURCES:

### 1. Supermarket locations

Supermarket locations supplied by CACI Ltd, March 2016. A supermarket is defined as where the store selling space is greater than 3,000 sqft.

### 2. House Prices

House prices for 12 months to March 2016 from Land Registry. 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.

## For further information

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