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Homes close to a supermarket can boost house prices by more than £21,000

- Living near a supermarket adds an average price premium of £21,500
- Waitrose factor as strong as ever but M&S attracts the largest rise in premiums
- Budget supermarkets are getting in on the act – bagging the biggest house price rises.

New research from Lloyds Bank has found that living near a local supermarket can push up your property's value by £21,500 compared to homes in nearby areas without a supermarket chain.

The report also reveals that having a premium brand on your doorstep means buyers typically need to pay top prices. Homes in areas with a Waitrose, Marks & Spencer or Sainsbury's are most likely to command a higher house price premium when compared to the wider town average. The "Waitrose effect" commands the biggest cash premium - costing £43,571 (12%) more than average house prices in the wider town (£420,112 v. £376,540), followed by properties close to a Marks & Spencer with a premium of £40,135 and Sainsbury's (£32,707). Homes within easy reach of all three supermarket chains are trading at an average premium of 12%. (See Table 1)

In the past year the premium attached to living within walking distance to a Marks & Spencer has grown by £10,143 (from £29,992 to £40,135) the largest rise amongst the supermarkets chains. By comparison, the price premium near a Waitrose has grown by a relatively modest £7,000 in the past year.

Homes close to a Tesco, the UK's largest supermarket, are also worth over £21,000 (£21,369) more than other properties in the nearby area (£278,647 v. £257,278); closely followed by Co-Op (£21,020) and Iceland (£17,445) stores.

Interestingly, smaller local stores like a Little Waitrose, Sainsbury's Local or Tesco Extra attract a higher average premium of £58,109 compared with a larger superstore (11%, or £30,580).

Aldi and Lidl drive up property prices

But it's homes near to budget supermarkets which were found to have seen the biggest house price rise: properties near to Lidl, Aldi, Morrisons and Asda have increased 15% (£29,316) over

MEDIA CONTACTS

Paul O'Neill

07557 499 179

Paul.O'Neill@Lloydsbanking.com

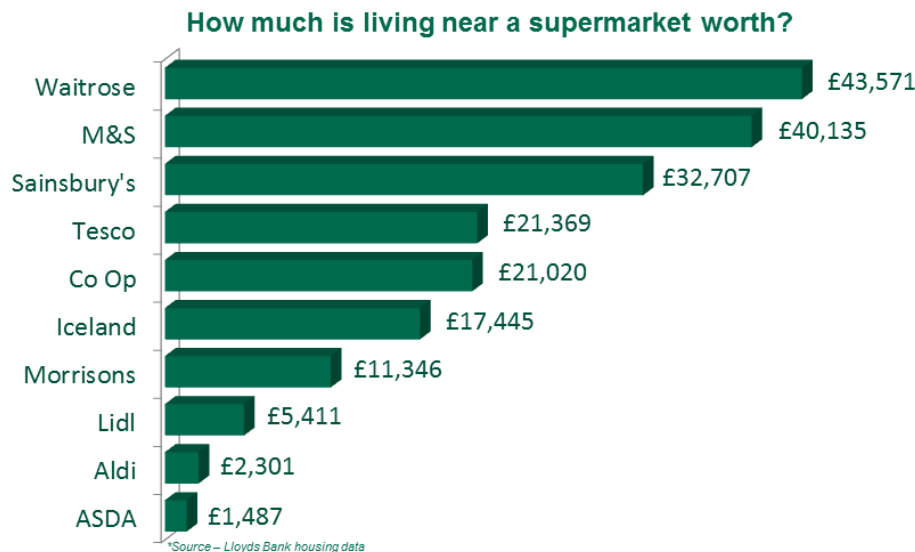
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the past four years. This is a faster increase than for all supermarkets (10%). Showing houses near discount stores can also be popular and the cheaper supermarkets are catching up fast.



Over the past four years average house prices in localities with an Aldi grew by a fifth (20%, from £178,809 to £213,765) a much faster increase than the rest of the town (16%, from £182,395 to £211,463). Other areas with a supermarket chain to record the fastest price growth in the past four years include those with a Co-Op (up 16% from £224,679 to £259,969) and Morrisons (up 14% from £203,756 to £233,261).

In addition, in 2014 property prices close to an Aldi traded at a discount of -£3,586 than the wider town. In 2018 house prices in areas with this “discount” retailer now fetch a higher price premium, compared to the rest of the town, at an average of £2,301. Homes near a Lidl are also worth £5,411 more than other properties in the nearby area.

Andy Mason, Lloyds Bank mortgages director, commented: “It’s easy to assume the effect of different factors on the value of a property but this research clearly shows that there is a significant link between the convenience of a local supermarket and house prices.

“The Waitrose factor has been known for some time and although the likes of Aldi can’t yet boost house prices in quite the same way, the research shows that all stores are now having a positive effect on local property prices.”

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07557 499 179
Paul.O’Neill@Lloydsbanking.com

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Waitrose stores in the wealthiest postcodes

The average house price of properties close to a Waitrose store is £420,112, the highest amongst the national supermarket chains; this is almost double the value compared to locations with an Aldi (£213,765, the lowest).

After Waitrose the next most expensive locations are with a Marks & Spencer (£343,797) and Sainsbury's (£320,510).

Large variation in premiums to have a supermarket on your doorstep

At a local level, Chiswick in Hounslow, Golders Green in north London, Trumpington in Cambridge and Ponteland in Newcastle command the greatest average property prices when compared with the surrounding town average.

The average house price in Chiswick, which offers residents a Waitrose, Sainsbury's and Marks & Spencer, is £1,021,701. This is a premium of 94% or £496,346 when compared to the average price for the borough of Hounslow. In Golders Green and Trumpington, where shoppers are catered for by the same three stores as Chiswick, the price premium is £352,297 (52%) and £248,062 (55%) above the wider area respectively. Ponteland, which has a Waitrose, Sainsbury's and Co-Op, houses trade at a premium of 119% (£230,305).

Not all areas with the highest premiums have a Waitrose store; such as, Heswell in the Wirral and Didsbury in Manchester – with a price premium of £157,960 (71%) and £138,498 (76%) respectively. (See Table 2)

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Notes to Editors:

Table 1 - Supermarket locations with largest house price premium - February 2018

Supermarket	Average House Price in Post Towns in Great Britain £	Average House Price in Postal District with supermarket in Great Britain £	Postal District to Post Town premium/discount %	Postal District to Post Town premium/discount £
Waitrose	376,540	420,112	12%	43,571
Marks & Spencer	303,662	343,797	13%	40,135
Sainsbury's	287,803	320,510	11%	32,707
Tesco	257,278	278,647	8%	21,369
Co-Op	238,948	259,969	9%	21,020
Iceland	242,978	260,424	7%	17,445
Morrisons	221,915	233,261	5%	11,346
Lidl	239,276	244,687	2%	5,411
Aldi	211,463	213,765	1%	2,301
Asda	213,567	215,054	1%	1,487
All Supermarkets	250,025	271,475	9%	21,451

Note: Average house price in 12 months to February 2018 in postal district of supermarket location compared to postal town. Source Land Registry and Lloyds Banking Group for house prices and CACI Ltd for supermarket locations

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Table 2 - Top 10 Supermarket locations with largest house price premium - February 2018

Supermarket	Locality	Post town/Borough	Postal District	Postal District Average House Price February 2018 £	House Price Premium % February 2018	House Price Premium £ February 2018
Marks & Spencer, Waitrose and Sainsbury's	Chiswick	Hounslow	W4	1,021,701	94%	496,346
Marks & Spencer, Waitrose and Sainsbury's	Golders Green	Barnet	NW11	1,029,390	52%	352,297
Marks & Spencer, Waitrose and Sainsbury's	Trumpington	Cambridge	CB2	695,496	55%	248,062
Waitrose, Sainsbury's and Co-Op	Ponteland	Newcastle	NE20	424,190	119%	230,305
Waitrose and Sainsbury's	Clifton	Bristol	BS8	500,857	64%	194,543
Marks & Spencer, Waitrose and Co-Op	Henleaze	Bristol	BS9	481,217	57%	174,902
Marks & Spencer, Aldi, Tesco and Sainsbury's	Heswell	Wirral	CH60	380,583	71%	157,960
Marks & Spencer, Waitrose, Iceland and Tesco	Formby	Liverpool	L37	311,397	93%	150,311
Marks & Spencer, Waitrose and Iceland	Harborne	Birmingham	B17	332,689	76%	143,691
Aldi, Co-Op and Tesco	Didsbury	Manchester	M20	321,057	76%	138,498

Note: Average house price in 12 months to February 2018 in postal district of supermarket location compared to postal town. Source Land Registry and Lloyds Banking Group for house prices and CACI Ltd for supermarket locations

DATA SOURCES:

1. Supermarket locations

Supermarket locations has been supplied by CACI Ltd, May 2018. 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 February 2018 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.

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Paul O'Neill
07557 499 179
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