

The Bank of Scotland Cities Review tracks house price movements in cities in the UK. The review is based on the Bank of Scotland's own extensive housing statistics database. There are 69 'official' cities in the UK.

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## ABERDEEN AND INVERNESS RECORD UK'S HIGHEST HOUSE PRICE GROWTH OVER PAST DECADE

Scotland's city house prices have fared best out of the UK, with Aberdeen (94%) and Inverness (81%) recording the biggest price rises between 2002 and 2012. Dundee (73%) and Perth (70%) also feature in the top five. The dominance of Scottish cities partly reflects the outperformance of house prices in Scotland relative to the rest of the UK over the past decade. Aberdeen has seen particularly sharp price increases due to the importance of the oil sector to the local economy. (Table 1)

**House prices in cities have risen by more than the UK as a whole over the past decade.** Prices in cities increased by an average of 38% from £125,276 in 2002 to £173,322 in 2012. This exceeded the 29% rise for the UK as a whole.

**Nitesh Patel, housing economist at Bank of Scotland, commented:**

"Cities have typically recorded higher house price growth than the UK average over the past ten years. The majority of cities have also outperformed their region. The Scottish cities of Aberdeen (94%) and Inverness (81%) recorded the biggest price rises between 2002 and 2012. Two other Scottish cities – Dundee (73%) and Perth (70%) – also feature in the top five."

The Northern Irish cities of Lisburn (2%) and Belfast (3%) have seen the smallest price rises over the last ten years, largely reflecting the substantial decline in house prices across Northern Ireland since 2007. Ely (14%) and Southampton (16%) have recorded the smallest increases in England (Table 2), while Stirling (35%) and Glasgow (45%) experienced the lowest house price growth amongst cities in Scotland.

**The majority of cities have outperformed their region in terms of house price growth since 2002.** Two-thirds (67%) - 41 of the 61 cities surveyed – recorded average house price increases above their region's average over the period. (Table 3)

The picture in Scotland is similar with four of the seven cities - Aberdeen, Inverness, Dundee and Perth - all outperforming the Scottish average. Edinburgh, Glasgow and Stirling, however, have seen average prices rise more slowly than for Scotland as a whole.

**Cities have done well in relative terms in the five years since the housing market peaked in 2007.** House prices in cities have fallen by an average of 17% since 2007 compared with the UK average decline of 23%. Between 2007 and 2012, 70% of cities recorded a better house price performance than their region. Four of the seven cities outperformed the 21% fall in house prices seen in Scotland – Perth (-10%), Aberdeen (-11%), Inverness (-12%) and Edinburgh (-15%).

**Towns that have become cities since 2000 have, on average, outperformed the country as a whole during the past decade.** Eleven towns have become cities since 2000, including Inverness, Stirling and Perth. On average, these new cities have seen house prices increase by 39% since 2002. This is closely in line with the average rise for all those places that have been cities throughout the last decade (38%), but is above the 29% increase for the UK as a whole. Six of the nine new cities analysed have outperformed their regions over the decade: Newport, Stirling and Lisburn are the exceptions.

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### **Millennium Cities - 2000**

All three towns that became cities in 2000 – Brighton & Hove, Inverness and Wolverhampton – have recorded stronger house price growth than their region over the past decade. This compares with two – Brighton & Hove and Wolverhampton - in the preceding ten years (1992-2002).

### **Golden Jubilee Cities - 2002**

The experience of those towns that became cities in 2002 to coincide with the Queen's Golden Jubilee has been mixed. Preston recorded stronger price growth than its region between 2002 and 2012 whilst Newport, Stirling and Lisburn underperformed relative to their region. During the decade prior to 2002, Stirling and Lisburn outperformed their region whilst the others underperformed.

### **Diamond Jubilee Cities - 2012**

Chelmsford and Perth have both outperformed their regions in terms of house price performance over both the past decade and during 1992-2002.

#### **Editors' Notes:**

Eight cities - City of London, Wells, Armagh, Ripon, St David's, Newry, Bangor and St Asaph - have been excluded from the analysis due to an insufficient sample size.

A city is typically defined as 'a large town' or 'any town in the UK which has a cathedral'. However, there are notable exceptions to this including towns that were awarded city status to mark special occasions. For example, Inverness, Brighton and Hove and Wolverhampton were awarded city status as part of millennium celebrations. For more information please visit: <http://www.ukcities.co.uk/>

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 throughout the release refers to the 12 months to December.

**Table 1: 10 Cities with highest house price growth, 2002-2012**

<b>City</b>	<b>Region</b>	<b>Average House Price 2002 (£)</b>	<b>Average House Price 2012 (£)</b>	<b>10 year change (£)</b>	<b>10 year change (%)</b>
Aberdeen	Scotland	92,759	179,607	86,848	94%
Inverness	Scotland	86,669	156,832	70,163	81%
Bradford	Yorkshire & the Humber	60,002	106,015	46,013	77%
Dundee	Scotland	69,615	120,086	50,471	73%
Perth	Scotland	95,488	162,259	66,771	70%
Hull	Yorkshire & the Humber	60,515	101,914	41,399	68%
Carlisle	North	72,895	120,557	47,662	65%
Durham	North	80,802	133,463	52,661	65%
Swansea	Wales	76,110	120,483	44,373	58%
Stoke On Trent	West Midlands	74,305	117,131	42,825	58%
<b>Cities Average</b>		<b>125,276</b>	<b>173,322</b>	<b>48,046</b>	<b>38%</b>
<b>United Kingdom</b>		<b>136,204</b>	<b>176,121</b>	<b>39,917</b>	<b>29%</b>

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**Table 2: 10 Cities with lowest house price growth, 2002-2012**

City	Region	Average House Price 2002 (£)	Average House Price 2012 (£)	10 year change (£)	10 year change (%)
Lisburn	Northern Ireland	97,296	99,690	2,394	2%
Belfast	Northern Ireland	101,583	104,921	3,338	3%
Ely	East Anglia	152,624	174,116	21,491	14%
Southampton	South East	160,266	186,621	26,356	16%
Worcester	West Midlands	152,233	183,941	31,708	21%
Oxford	South East	243,889	295,083	51,194	21%
Londonderry	Northern Ireland	79,992	97,473	17,482	22%
Chelmsford	South East	192,719	239,809	47,090	24%
Peterborough	East Anglia	117,981	147,531	29,550	25%
Portsmouth	South East	123,306	154,405	31,099	25%
<b>Cities Average</b>		<b>125,276</b>	<b>173,322</b>	<b>48,046</b>	<b>38%</b>
<b>United Kingdom</b>		<b>136,204</b>	<b>176,121</b>	<b>39,917</b>	<b>29%</b>

**Table 3: 10 Cities that have outperformed their region the most, 2002-2012**

City	Region	Average House Price 2002 (£)	Average House Price 2012 (£)	10 year change (%)	Region's 10 year change (%)	Out-performance of Region (Percentage Points)
Stoke On Trent	West Midlands	74,305	117,131	58%	24%	34%
Aberdeen	Scotland	92,759	179,607	94%	63%	30%
St Albans	South East	247,795	369,267	49%	21%	28%
Bradford	Yorkshire & the Humber	60,002	106,015	77%	50%	27%
Salisbury	South West	183,651	280,013	52%	26%	27%
Hereford	West Midlands	129,720	186,098	43%	24%	20%
Winchester	South East	240,349	339,053	41%	21%	20%
Brighton And Hove	South East	185,293	259,091	40%	21%	19%
Hull	Yorkshire & the Humber	60,515	101,914	68%	50%	18%
Westminster	Greater London	377,339	555,962	47%	29%	18%
<b>Cities Average</b>		<b>125,276</b>	<b>173,322</b>	<b>38%</b>	<b>29%</b>	<b>9%</b>

Source for all tables: Bank of Scotland

**For further information, contact:**

Zoe Redhead, Bank of Scotland Press Office

Tel: 0131 655 5405

Email: [ZoeRedhead@bankofscotland.co.uk](mailto:ZoeRedhead@bankofscotland.co.uk)

Web: [www.lloydsbankinggroup.com/media.asp](http://www.lloydsbankinggroup.com/media.asp)

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