

## Primary School Performance Points To Property Price Premium

- 1% higher pass rate equals property price premium of 0.25% in England
- Premium for 'better' schools highest in Yorkshire & Humberside

### Commenting on the figures Alex Bannister, Nationwide's Group Economist, said:

"In the last two weeks thousands of children have started their first year at primary school. Traditionally, primary schooling is viewed as crucial in providing children with the basic building blocks of learning and thus parents put a great deal of effort into researching the performance of local schools. Furthermore, it is generally accepted that a factor influencing property purchase is the quality of the local primary school. Since catchments are relatively small and most parents want to limit the time that their children spend travelling to school, it would seem logical if properties that are close to a 'good' school command a premium.

"This report takes an objective look at how property prices are influenced by relative school performance. We have utilised the Primary School Performance Tables published by the Department for Education & Skills<sup>1</sup>. Although these are an admittedly narrow view of performance, they are easily available, quantitative and are a regionally comparable measure. It is also likely that they play a role in parents' decisions over which school their children attend. Using this data we have assessed how property prices vary in relation to the proportion of 11 year olds achieving Key Stage 2 at the expected level (Level 4) at the nearest school.

Region <sup>2,3</sup>	Average Property Price	Property price premium for a primary school pass rate which is higher by:			% premium for a primary school pass rate which is 1% higher
		1%	5%	10%	
England	£167,407	£422	£2,122	£4,270	0.25%
Yorks' & Humber'	£129,018	£624	£3,088	£6,405	0.48%
West Midlands	£143,950	£677	£3,351	£6,945	0.47%
Outer South East	£180,702	£707	£3,505	£7,220	0.39%
North	£115,790	£429	£2,131	£4,383	0.37%
East Midlands	£137,684	£439	£2,182	£4,471	0.32%
East Anglia	£154,494	£412	£2,047	£4,177	0.27%
Greater London	£233,164	£614	£3,056	£6,233	0.26%
North West	£132,046	£318	£1,581	£3,220	0.24%
South West	£169,435	£400	£1,989	£4,049	0.24%
Outer Metropolitan	£214,531	£485	£2,415	£4,913	0.23%

"We calculated average Level 4 pass rates on the three categories examined at Key Stage 2 (Maths, Science and English) over a 3 year period as the best guide to a school's performance<sup>4</sup>. The table above shows how property prices increase as the average pass rate increases. In the Outer South East, an identical property in an identical neighbourhood will command a property price premium of 4% (or £7,220) if the nearest school has a 10% higher pass rate. Interestingly, the influence of school performance across regions does not follow a North-South divide. Although the highest premium is paid in the Outer South East is £707 for a 1% higher pass rate, this is close to the premium in the West

\*\*\*STRICTLY EMBARGOED UNTIL 00.01 AM THURSDAY 16 SEPTEMBER 2004\*\*\*

Midlands (£677) and Yorkshire and Humberside (£624). In money terms, the biggest differential is between the Outer South East (£707) and the North West (£318). In percentage terms, the biggest impact of school performance is in Yorkshire and Humberside where a 1% change increases the property price by 0.48%.

“Although school quality is a factor in determining the value of a property, there are many other attributes that matter and we have dedicated previous studies to this topic<sup>5</sup>. It is therefore, essential that our results are controlled for these other value adding aspects. This research isolates the specific impact which school performance makes over and above other neighbourhood and property characteristics (of which a further 11 have been used in this research including local neighbourhood type, number of bedrooms, square footage, parking, central heating, property type, region etc)<sup>6</sup>”.

#### Notes

1. Data available at [www.dfes.gov.uk/performance/tables/](http://www.dfes.gov.uk/performance/tables/). We used data on 13,733 primary schools in England.
2. Regions are based on Nationwide's house price regions. See [www.nationwide.co.uk/hpi](http://www.nationwide.co.uk/hpi) for more information on these.
3. There is no data for Scotland, Wales and Northern Ireland as Primary School Performance data are not published for these.
4. Average score is the average percentage of pupils achieving Level 4 or above, over the three Key Stage 2 categories: Maths, Science and English. The score is calculated over a three year period (2001-2003) and averaged across the schools in the Nationwide's house price region.
5. See our special article on assessing what adds value to a property from April 2003 available on our website
6. Methodology: The methodology correlates price paid for a property, against the set of property characteristics, the local neighbourhood as described by Acorn classification, and primary school performance. This effectively added the 'average score over the last three years' as an additional variable as part of the same methodology used to measure Nationwide house price index. For each case in the sample, the score for the closest primary school was assigned. For more information please see [www.nationwide.co.uk/hpi/method\\_qs.htm](http://www.nationwide.co.uk/hpi/method_qs.htm)

#### Press enquiries to:

**Alex Bannister (Group Economist)**  
**Tel: 01793 657672**  
[alex.bannister@nationwide.co.uk](mailto:alex.bannister@nationwide.co.uk)

**Sarah King (Press Officer)**  
**Tel: 01793 657225**  
[sarah.king@nationwide.co.uk](mailto:sarah.king@nationwide.co.uk)