



London homebuyers pay premium to live close to a tube or train station

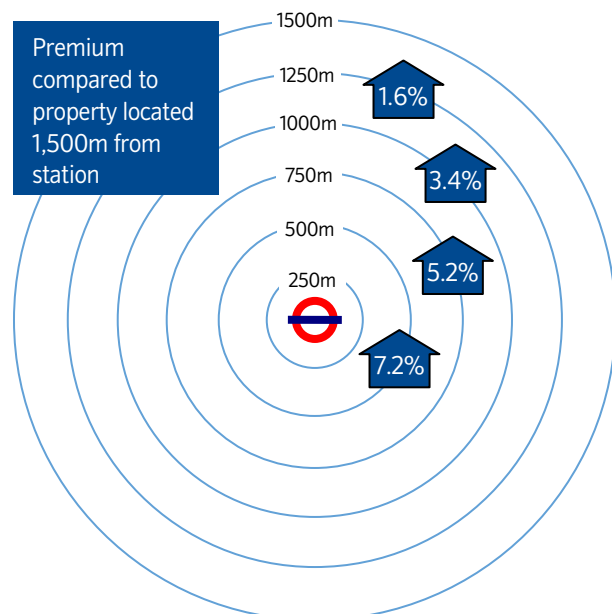
- £20,000 premium for property 500m from nearest station (compared with a similar property 1,500m from station)
- The marginal impact on prices is greatest close to stations
- Average house prices highest around the Circle line

Commenting on the figures Martin Gahbauer, Nationwide's Chief Economist, said:

"London has an extensive network of underground and surface rail lines which form an important part of the city's infrastructure. 34% of Londoners usually use either National Rail or London Underground services to travel to work, compared to 8% for Great Britain¹. Therefore, one might expect those buying property in the capital would prefer to live close to a tube or train station and be willing to pay a premium for this.

"Using the Nationwide House Price model we have assessed how property prices in the Greater London region vary in relation to the distance to the nearest tube or train station. We have isolated the specific impact this has over and above other property characteristics, such as property type, size and local neighbourhood type². Our figures suggest that a property located 500m from a station would attract a 7% price premium (approximately £20,300) over an otherwise identical property 1,500m from a station.

"The diagram below shows the price premium for identical properties progressively closer to a station. The value-added is measured relative to a property 1,500m from the nearest station. An identical property located 250m closer (so 1,250m from station) commands a 1.6% premium. Premiums increase as you move closer towards a station. For example, an identical property located 1,000m from a station would command a 3.4% premium, whilst at 750m this increases to 5.2%.



Marginal impact on prices is greatest close to stations

“Our research also revealed that marginal impact on price diminishes as the distance from the nearest station increases. For example, the price difference between properties located 500m and 1,000m away from a station is 3.7% (around £10,700). This compares with 3.4% (£9,900) for properties located 1,000m and 1,500m from the nearest station and 3.1% (£9,000) when comparing properties 1,500m and 2,000m away. This suggests that whilst homebuyers would prefer to live close to a station, it becomes less important once outside easy walking distance. This could be because they are more likely to use alternative forms of transport such as a car, bus or bike. Properties more than 1,500m away from a station are predominately in the outer areas of Greater London in zones 5 & 6, where stations tend to be more spread out serving larger catchments.

Best connections in inner boroughs

“Access to rail transport is generally very good within Greater London, with 93% of properties located within 1,500m of a station. Whilst the tube is perhaps the best known aspect of London’s transport infrastructure, the National Rail lines also form a vital part of the network, with 70% of properties closest station being National Rail operated. In the inner zones however, the tube is more dominant, as you might expect given the geography of the network.

“The best served boroughs include Camden, Islington, Tower Hamlets and Westminster, where the average distance from the nearest station is less than 500m. Tower Hamlets, which includes much of the docklands, has benefited from significant improvements from the transport infrastructure such as the Docklands Light Railway and Jubilee line extension. These boroughs also include some of London’s most expensive areas based on their average house price. Some of the outer boroughs are less well served, with the average distance to a train or tube station over 1,000m in Bromley, Havering, Hillingdon and Croydon (although we have not included Tramlink stops in our analysis). Correspondingly, average house prices are lower in these areas, though this also reflects that they are further away from central London.

Average Circle line prices nearly half a million pounds

“Within the tube network, the Circle line serves the capital’s most expensive areas taking in much of central London and also parts of west London. Average house prices are nearly £500,000 in areas where the nearest station is on the Circle line. Average house prices are least expensive in areas where the nearest station is served by the Central line, with an average price of around £275,000. Although the line passes through some of west London’s pricier areas such as Notting Hill, it also serves some of east London’s least expensive boroughs, such as Waltham Forest and Redbridge.”

Notes

1. Source: Department for Transport

2. The methodology correlates the price paid for a property against the set of property characteristics (including the property type, age, number of bedrooms, number of bathrooms, floor area, central heating and parking/garages), locality (local neighbourhood as described by ACORN) and distance from the nearest station. For each case in the sample, the straight line distance to the nearest station (London Underground, Docklands Light Railway, London Overground or National Rail) was calculated. Our research is based on the proximity to a station and does not take account of the service provision or indeed the typical travel time to central London.

The data was drawn from Nationwide’s house purchase mortgage lending at the post survey approvals stage in the Greater London region in 2009. The sample only includes properties located within London boroughs, so excludes some of the furthest extremes of the London Underground network (for example Metropolitan line stations in Hertfordshire).

The Nationwide House Price Index is prepared from information which we believe is collated with care, but no representation is made as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the whole or any part of the Index at any time, for regulatory or other reasons. Persons seeking to place reliance on the Index for their own or third party commercial purposes do so entirely at their own risk. All changes are nominal and do not allow for inflation.

More information on the house price index methodology along with time series data and archives of housing research can be found at www.nationwide.co.uk/hpi

Photographs of our economist are available at: www.nationwide.co.uk/mediacentre/economist.asp

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