



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

- £26,000 premium for a property 500m from nearest station, compared with a similar property 1,500m from a station
- On average, London houses closest to Circle Line stations are the most expensive, those nearest the Central Line are cheapest
- London Overground link provides boost to house prices in Southwark

Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

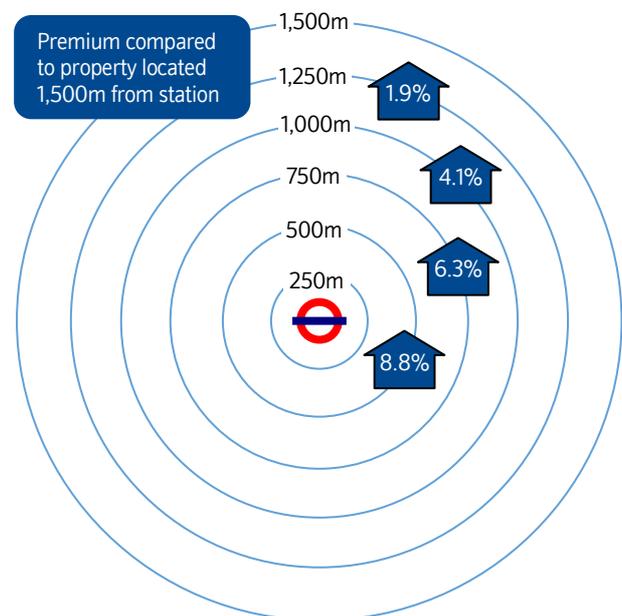
"As the London Underground celebrates its 150th anniversary, Nationwide has found that living close to a tube or railway station can demand a hefty premium on the price of a house (after taking account of other property characteristics, such as property type, size and local neighbourhood type).

"A property located 500m from a station attracts a 9% price premium (approximately £26,000 on a typical London home) over an otherwise identical property 1,500m from a station. This price premium is two percentage points higher than when we conducted similar research in 2010, where the data suggested a 7% premium.

Impact on house prices is greatest close to stations

"The diagram shows the price premium for similar properties at various distances from a tube or railway station relative to a property 1,500m from the nearest station. Premiums increase as you move closer to a station, as you would expect. A property located 1,000m from a station would command a 4.1% premium, whilst at 750m this increases to 6.3% and 8.8% at 500m from the station.

"Interestingly, only 6% of properties in London are more than 1,500m away from a station, and the vast majority of



these are in outer suburban areas, where stations tend to be more spread out serving larger catchments.

Changes to transport network also a factor to consider over time

"The most recent addition to the London Overground network opened in December 2012, providing a link south from Surrey Quays to Clapham Junction via the Inner South London line. A London Overground service is now operating between Clapham Junction and Highbury & Islington, improving rail connectivity in the borough of Southwark. This appears to have had a positive impact on property prices in the area; Southwark was the best performing borough in 2012, with prices rising 11% over the year.

"The boroughs best served by the tube and rail network include Camden and Tower Hamlets, where over 80% of properties are within 500m of a station. These boroughs are also some of the most expensive areas in the capital.

Havering and Bexley are amongst the least connected boroughs, with fewer than 20% of properties within 500m of a station. Average house prices tend to be lower in these areas, but this also reflects that they are further away from central London.

“Amongst the outer boroughs, Brent stand outs as having good transport connections, with more than 50% of properties within 500m of a station. Brent benefits from access to a number of tube lines, with the Metropolitan, Jubilee, Piccadilly and Bakerloo all passing through. It also has good rail connections, with London Overground services to Euston and Chiltern Railways services to Marylebone.

Which tube line is associated with the highest house prices?

“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 over £650,000 in areas where the nearest station is on the Circle line. Average house prices are least expensive where the nearest station is on the Central line. 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.”

Line (nearest station)	Average Price
Circle	£659,227
Bakerloo	£449,142
Victoria	£426,568
Northern	£426,063
Hammersmith & City	£421,869
Jubilee	£408,215
Overground	£400,188
District	£396,820
Piccadilly	£383,732
Docklands Light Railway	£361,600
Metropolitan	£328,840
Central	£328,694

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 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 2012. 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: <http://www.nationwide.co.uk/mediacentre/photolibrary/economists.htm>

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