



EVIDENCE TO INFORM THE LONDON STANSTED CAMBRIDGE CORRIDOR GROWTH COMMISSION



**COMPARING TO THE WEST:
LONDON / THAMES VALLEY
CORRIDOR**

JUNE 2016

The LSCC Growth Commission aims to provide independent analysis and advice to raise the global economic potential of the London-Stansted-Cambridge Corridor, setting out a 30-year vision for transformational change.

www.lsccgrowthcommission.org.uk

@lsccgrowthcommission

Growth Commission

London Stansted Cambridge Corridor



objective + evidence-based + independent



SUMMARY

This short economic analysis has been used to compare London Stansted Cambridge Corridor to the West London / Thames Valley Corridor.

Similarities

- Like the LSC Corridor, The West London / Thames Valley Corridor has high productivity – 14 per cent higher than the National Average (LSC Corridor = 16 per cent higher)
- Population growth rates have been high – at 11.4 per cent between 2004 and 2014, although lower than in the LSC Corridor (15.9 per cent)
- Like the LSC Corridor, Professional, scientific and technical activities and ICT industries are strong employers in the West London / Thames Valley Corridor.
- A similar share of employment in knowledge based industries, at 25.9 per cent of total employment in the West London / Thames Valley Corridor compared to 25.4 per cent in the LSC Corridor.
- Similarly, in many districts, house prices are much higher than the national average in the West London / Thames Valley Corridor. Housing is relatively less affordable than the national average.

Differences

- The area of West London / Thames Valley, with its population of 3.9 million, is bigger than the LSC Corridor (2.7 million).
- Economic performance: the rate of economic growth at 92 per cent between 1997 and 2013 has been slightly below the national average (94 per cent). This is far below the LSC Corridor rate of growth of 128 per cent
- The West London / Thames Valley Corridor was impacted much more by the recession (experiencing a 3.3 per cent contraction) than the LSC Corridor (a 1.1 per cent contraction). Post-recession growth rates of 3.9 per cent per year have been below the LSC Corridor (4.7 per cent per year)
- The West London / Thames Valley Corridor has a higher rate of businesses per working age residents – 75 businesses per 1,000 working age residents in 2013 compared to 68 in the LSC Corridor.
- The business population grew at a higher rate than the national average - by 7.6 per cent between 2009 and 2014, but this was much lower than the growth rate of 14.0 per cent experienced in the LSC Corridor.
- There is a slightly higher share of employed residents in higher skill occupations, at 33.8 per cent in the West London / Thames Valley Corridor compared to 32.5 per cent in the LSC Corridor.
- Rates of economic participation are higher and rates of unemployment are lower in the West London / Thames Valley Corridor compared to the LSC Corridor.



ECONOMIC GROWTH

WEST LONDON/THAMES VALLEY HAS EXPERIENCED BELOW-AVERAGE RATES OF ECONOMIC GROWTH

GVA data is available for NUTS 3 areas. Six NUTS 3 areas span the West London/Thames Valley area: Outer London South, Outer London West & North West, Berkshire, Milton Keynes, Buckinghamshire and Oxfordshire. In 2013, these areas produced a total of £151.6 billion of economic output (GVA). This was equivalent to 9.9 per cent of total UK GVA.

Economic growth in the area has been slightly below the national average. Between 1997 and 2013, the West London/Thames Valley economy grew by 92 per cent – slightly lower than across the UK (94 per cent) and well below the rate of the LSC Corridor (128 per cent). As below, this reflects weaker-than-average productivity and job growth across the area.

At NUTS 3 level, growth was highest in Milton Keynes (135 per cent) and Oxfordshire (109 per cent), similar to the national average in Berkshire (97 per cent) and Buckinghamshire (94 per cent) and below average in

Outer London West & North West (85 per cent) and Outer London South (75 per cent).

ECONOMIC GROWTH HAS ALSO SLOWED SINCE THE RECESSION – MIRRORING THE NATIONAL TREND

In the midst of recession, the West London/Thames Valley economy contracted by 3.3 per cent – much steeper than across the LSC Corridor (-1.1 per cent) and UK (-1.7 per cent), with the sharpest decline in Outer London West & North West (-6.5 per cent).

Since the recession, economic growth rates have slowed compared to the long-term average. Between 2010 and 2013, GVA growth slowed to 3.9 per cent per year, compared to the long-term average pre-recession growth rate of 4.9 per cent per year (1997-2008).

However, growth has slowed less sharply than across the LSC Corridor (4.7 per cent per year 2010-13, compared to 6.1 per cent 1997-08) and the UK (2.9 per cent per year 2010-13, compared to 5.2 per cent per year 1997-08).

PRODUCTIVITY PERFORMANCE

PRODUCTIVITY IS 14 PER CENT HIGHER THAN THE UK AVERAGE

The productivity of people working in West London/Thames Valley is above average. In 2013, West London/Thames Valley workers produced £34.12 of GVA for every hour worked. This was above the UK average (£30.05) and similar to the LSC Corridor (£34.23).

At NUTS 3 level, GVA per hour worked was above average in all areas apart from Outer London South, and highest in Berkshire (£40.06) and Buckinghamshire (£35.65).

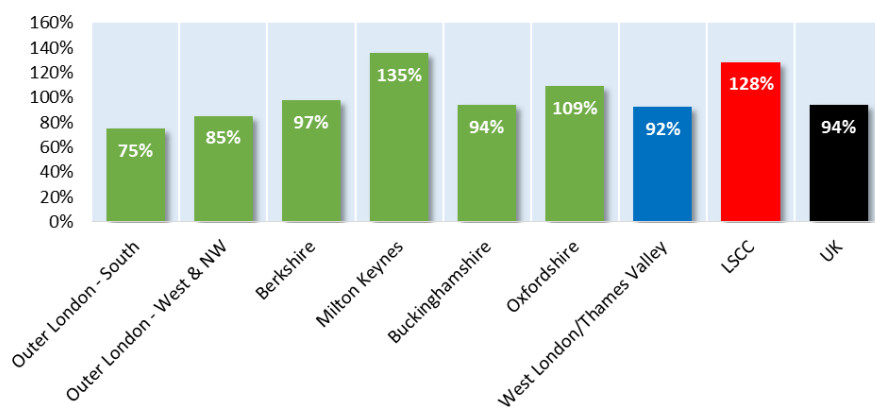
HOWEVER, LONG-TERM PRODUCTIVITY GROWTH HAS BEEN WEAKER THAN ACROSS THE UK AND LSC CORRIDOR

Long-term productivity growth has been slightly weaker than across the UK. Between 2004 and 2013, GVA per hour worked increased by 27.8 per cent – slightly lower than the UK average growth rate (28.6 per cent) and much lower than across the LSC Corridor (30.1 per cent).

At NUTS 3 level, productivity growth has been above average in Outer London South (33.0 per cent) and Oxfordshire (29.6 per cent) but below average in the remaining four areas, particularly Milton Keynes (19.9 per cent).

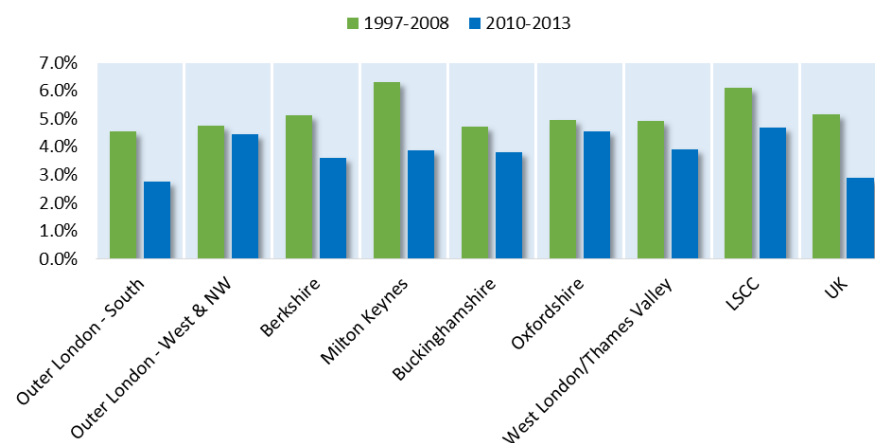


FIGURE 1: GVA GROWTH 1997-2013



Source: Office for National Statistics.

FIGURE 2: PRE-RECESSION ANNUAL AVERAGE GVA GROWTH (1997-2008) COMPARED TO POST-RECESSION ANNUAL AVERAGE GVA GROWTH (2010-13)



Source: Office for National Statistics.

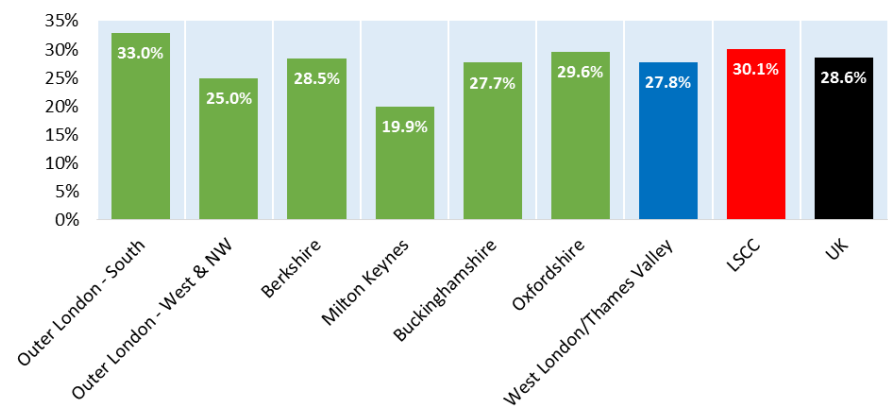
FIGURE 3: GVA PER HOUR WORKED 2013



Source: Office for National Statistics.



FIGURE 4: GROWTH IN GVA PER HOUR WORKED 2004 TO 2013



Source: Office for National Statistics.

POPULATION GROWTH AND OUTLOOK

WEST LONDON/THAMES VALLEY HAS EXPERIENCED STRONG POPULATION GROWTH

At 3.6 million in 2014, the population of West London/Thames Valley was much larger than that of the LSC Corridor (2.7 million) and equivalent to 5.6 per cent of the total UK population.

Population growth has been above average over the past decade. Between 2004 and 2014, the population of West London/Thames Valley grew by 368,800, or 11.4 per cent. This was higher than UK average growth (7.8 per cent) but much weaker than across the LSC Corridor (15.9 per cent).

Within the area, population has grown fastest in Hounslow (21.0 per cent), Slough (19.6 per cent), Milton Keynes (18.1 per cent) and Hillingdon (17.7 per cent), and been weakest and below average in Chiltern, South Oxfordshire, Wokingham, Wycombe, Cherwell, Vale of White Horse and West Berkshire.

POPULATION GROWTH IS EXPECTED TO SLOW OVER THE NEXT 20 YEARS

Between 2014 and 2024, population growth in West London/Thames Valley is expected to slow to 9.7 per cent, compared to growth over the previous decade (2004-14) of 11.4 per cent. Growth is expected to slow further between 2024 and 2034, to 6.8 per cent. This mirrors the forecast trend across England and the LSC Corridor. Population growth across the area is expected to remain above the national average over the twenty-year period but remain weaker than across the LSC Corridor.

At local authority level, population is expected to grow at the fastest rates in Hillingdon, Hounslow, Kingston-upon-Thames and Milton Keynes.

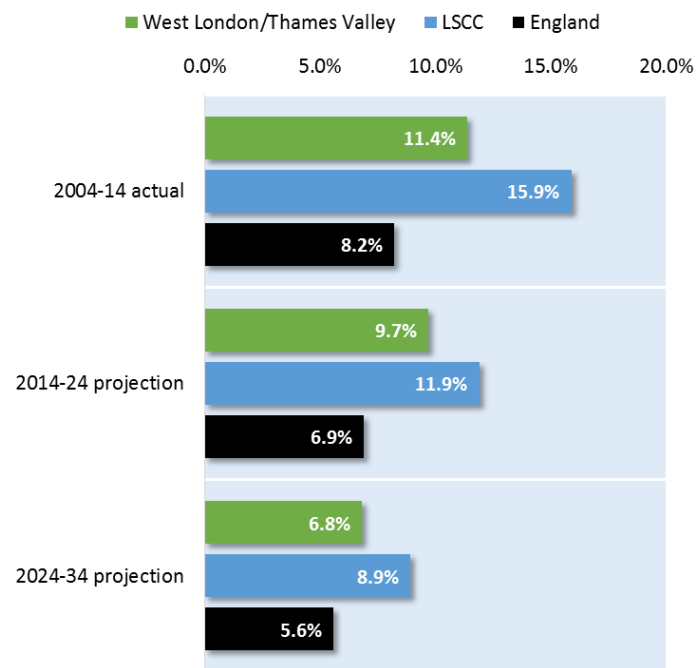
FIGURE 5: TOTAL POPULATION IN 2014, AND GROWTH BETWEEN 2004 AND 2014

	Population in 2014	Growth 2004-2014
Ealing	342,000	10.3%
Hillingdon	293,000	17.7%
Hounslow	266,000	21.0%
Kingston-upon-Thames	170,000	12.5%
Richmond-upon-Thames	194,000	8.0%
Bracknell Forest	118,000	8.1%
Reading	161,000	11.2%
Slough	145,000	19.6%
West Berkshire	156,000	7.3%
Windsor & Maidenhead	147,000	9.1%
Wokingham	159,000	6.8%
Milton Keynes	259,000	18.1%
Aylesbury Vale	185,000	11.3%
Chiltern	94,000	4.3%
South Bucks	69,000	9.2%
Wycombe	175,000	7.0%
Cherwell	144,000	7.1%
Oxford	158,000	11.6%
South Oxfordshire	137,000	5.9%
Vale of White Horse	125,000	7.2%
West Oxfordshire	108,000	10.3%
West London/Thames Valley	3,603,000	11.4%
LSC Corridor	2,732,000	15.9%
UK	64,597,000	7.8%

Source: Mid-year Population Estimates, Office for National Statistics.



FIGURE 6: ACTUAL AND FORECAST POPULATION GROWTH BY DECADE 2004-2014, 2014-24, AND 2024-34



Source: Mid-year Population Estimates, Sub-national Population Projections, Office for National Statistics.

BUSINESS POPULATION

WEST LONDON/THAMES VALLEY HAS A VERY STRONG BUSINESS PRESENCE

In 2013, there were 175,200 active enterprises in the West London/Thames Valley area – equivalent to 75 businesses per 1,000 working age people – much higher than the UK average (60) and LSC Corridor (68).

The size of the area's business population was boosted by very high numbers of businesses in South Bucks (129 per 1,000 working age people), Chiltern (111), Richmond-upon-Thames (105) and Windsor and Maidenhead (102). Oxford (44) Slough (56) were the only areas with smaller-than-average business populations.

THE NUMBER OF BUSINESSES HAS GROWN FASTER THAN THE NATIONAL AVERAGE RATE SINCE 2009

West London/Thames Valley has experienced strong growth in the number of businesses over recent years.

Between 2009 and 2014, the number of active enterprises in the area increased by over 12,300 – or 7.6 per cent. This was stronger than growth across the UK (4.6 per cent) but much lower than growth across the LSC Corridor (14.0 per cent).

However, there was huge variation in growth rates within the area. Overall growth was boosted by very high rates in Hounslow (21.2 per cent), Slough (18.8 per cent), Ealing (15.3 per cent) and Hillingdon (15.3 per cent). However, ten local authority areas experienced either a fall in the number of businesses or below-average growth rates, particularly the Buckinghamshire districts of Wycombe (0.8 per cent), Aylesbury Vale (1.4 per cent) and Chiltern (3.5 per cent), and the Oxfordshire districts of West Oxfordshire (-1.5 per cent), Cherwell (-1.1 per cent), Vale of White Horse (1.3 per cent) and South Oxfordshire (2.9 per cent).

JOB GROWTH

THERE ARE MORE THAN TWO MILLION JOBS IN WEST LONDON/THAMES VALLEY

West London/Thames Valley was home to almost 2.1 million jobs in 2013. This was equivalent to 6.4 per cent of all jobs across the UK (higher than the LSC Corridor's share of 4.0 per cent of all UK jobs). The largest employment centres in the area were Hillingdon (213,000 jobs), Milton Keynes (173,000), Hounslow (167,000), Ealing (152,000) and Oxford (121,000).

THE LONG-TERM RATE OF JOB GROWTH HAS BEEN BELOW THE NATIONAL AVERAGE

Long-term job growth has been below-average in West London/Thames Valley. Between 2000 and 2013, the number of jobs in the area grew by 161,000 – or 8.4 per cent. This was slower than UK average growth (9.0 per cent) and growth across the LSC Corridor (11.9 per cent).

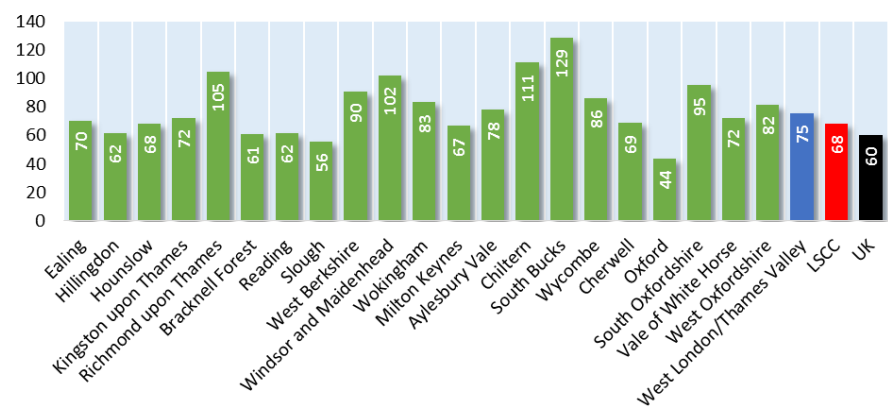
During this period, there was huge variation in job growth within the area: Milton Keynes (27.2 per cent), Hillingdon (20.3 per cent) and Oxford (18.6 per cent) experienced extremely strong growth while Wycombe, Bracknell Forest, Kingston upon Thames, Reading, South Bucks, Vale of White Horse, and Windsor and Maidenhead experienced a fall in jobs.

JOB GROWTH HAS ACCELERATED SINCE THE RECESSION

Job growth across the area has accelerated over the past three years. Between 2000 and 2008, jobs in West London/Thames Valley grew by 0.4 per cent per year – lower than the UK and LSC Corridor averages of 0.7 per cent per year. Between 2010 and 2013, job growth accelerated to 2.6 per cent per year – much higher than UK average growth (1.4 per cent per year) and similar to growth across the LSC Corridor (2.7 per cent per year).

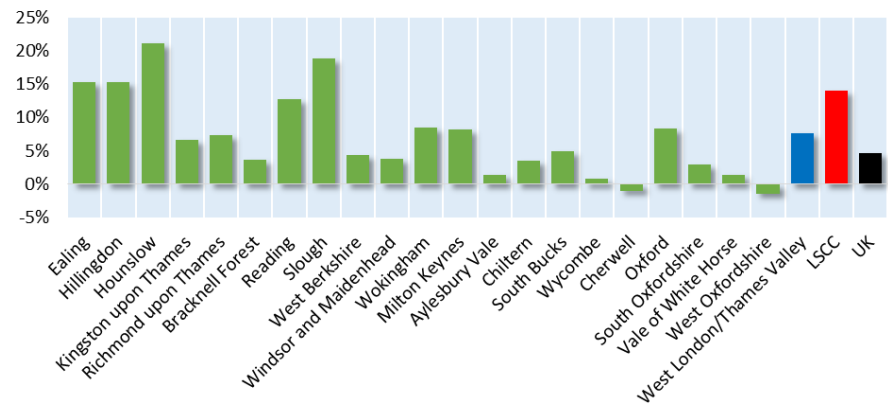


FIGURE 7: number of active enterprises per 1,000 working age people 2013



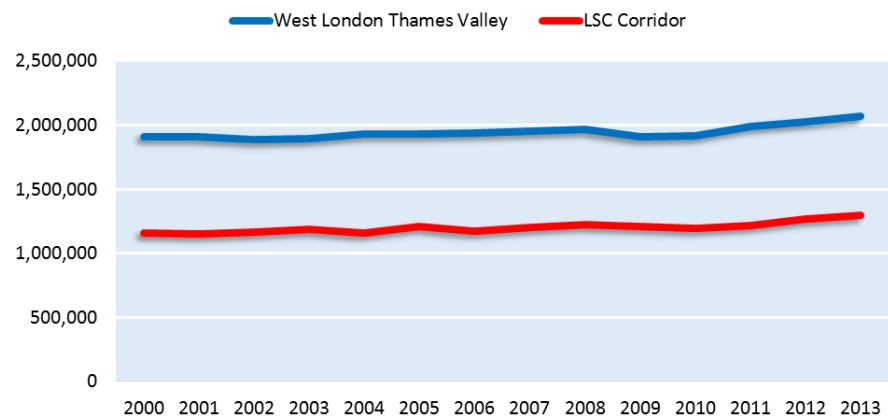
Source: Business Demography, Office for National Statistics.

FIGURE 8: GROWTH IN THE NUMBER OF ACTIVE ENTERPRISES 2009 TO 2013



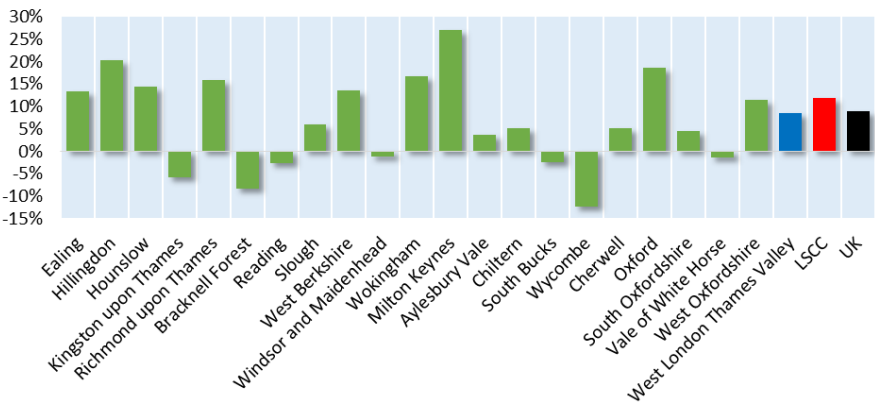
Source: Business Demography, Office for National Statistics.

FIGURE 9: TOTAL JOBS IN WEST LONDON THAMES VALLEY AND THE LSC CORRIDOR FROM 2000 TO 2013



Source: Jobs Density, Office for National Statistics.

FIGURE 10: GROWTH IN TOTAL JOBS 2000 TO 2013



Source: Jobs Density, Office for National Statistics.

EMPLOYEE JOBS

THERE ARE 1.8 MILLION EMPLOYEE JOBS IN THE WEST LONDON/THAMES VALLEY AREA

West London/Thames Valley was home to more than 1.8 million employee jobs in 2014. This was equivalent to 6.5 per cent of all employee jobs across Great Britain and higher than the LSC Corridor’s share of 4.1 per cent of all GB jobs.

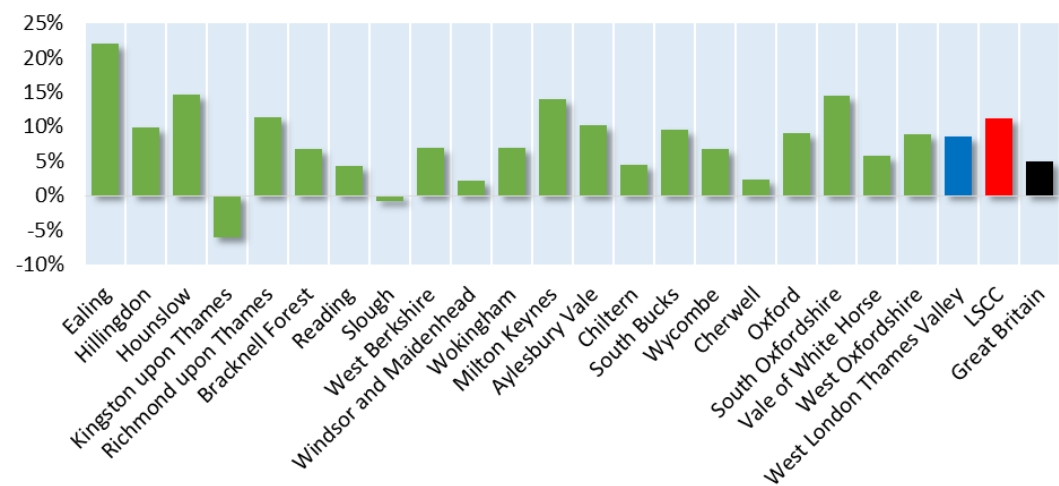
WEST LONDON/THAMES VALLEY HAS OUTPERFORMED GB ON EMPLOYEE JOB GROWTH SINCE 2009

Between 2009 and 2014, growth in employee jobs exceeded the national average. The number of employee jobs in West London/Thames Valley

increased by almost 143,000 – or 8.6 per cent – much higher than GB average growth of 4.9 per cent, but well below growth throughout the LSC Corridor (11.2 per cent).

Within the area, employee job growth was above average in 15 of the 21 local authority areas, particularly Ealing (22.1 per cent), Hounslow (14.7 per cent), South Oxfordshire (14.5 per cent) and Milton Keynes (13.9 per cent). Job growth was weaker than average in Windsor and Maidenhead (2.1 per cent), Cherwell (2.4 per cent), Reading (4.2 per cent) and Chiltern (4.4 per cent) while jobs fell in Kingston-upon-Thames (-6.1 per cent) and Slough (-0.8 per cent).

FIGURE 11: GROWTH IN EMPLOYEE JOBS 2009 TO 2014



Source: Jobs Density, Office for National Statistics

EMPLOYMENT BY INDUSTRY

INFORMATION & COMMUNICATION, TRANSPORTATION & STORAGE, AND PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES ARE MORE SIGNIFICANT FOR EMPLOYMENT THAN NATIONALLY

In 2014, the five largest employment sectors in West London/Thames Valley were the same as in the LSC Corridor and across Great Britain: Wholesale & Retail Trade, Professional, Scientific & Technical Activities, Education, Health & Social Work, and Administrative & Support Services.

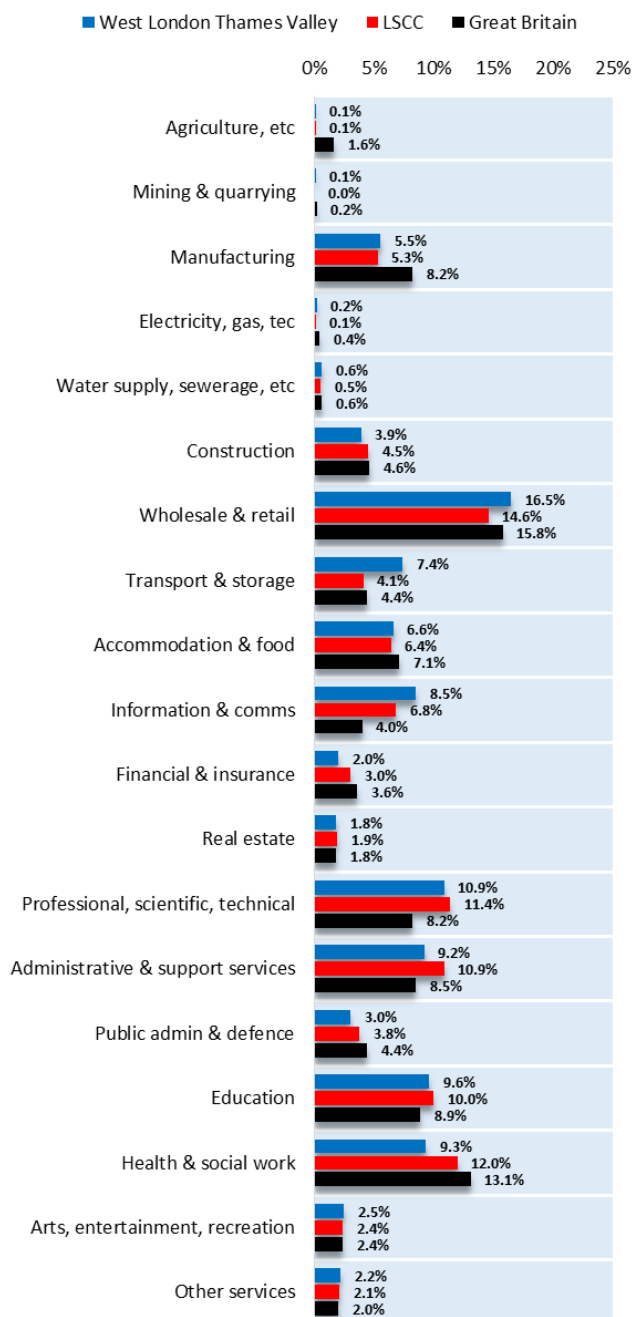
In the same year, West London/Thames Valley had much higher percentages of all employment than across Great Britain in Information & Communication (driven by higher employment in computer consultancy and computer programming activities), Transportation & Storage (driven by higher employment in passenger air transport), and Professional, Scientific & Technical Activities (driven by higher employment in head office activities).

While West London/Thames Valley accounted for 6.4 per cent of all employment in Great Britain, it accounted for 13.6 per cent of all Information & Communication employment, 10.8 per cent of all Transportation & Storage employment, and 8.6 per cent of all Professional, Scientific & Technical Activities employment.

Conversely, the area's share of employment was much lower than the national average in Health & Social Work, Manufacturing, Financial & Insurance, and Agriculture.

Shares of employment by sector were broadly similar to the LSC Corridor across most sectors, but with some exceptions: higher shares of employment in Transportation & Storage, Wholesale & Retail Trade, and Information & Communication, and lower shares of employment in Health & Social Work and Administrative & Support Services.

FIGURE 12: SHARE OF ALL EMPLOYMENT BY INDUSTRY 2014



Source: Business Register and Employment Survey, Office for National Statistics.



KNOWLEDGE ECONOMY

THE NUMBER OF KNOWLEDGE ECONOMY JOBS IS HIGH AND INCREASING

There is a high number of Knowledge Economy jobs in West London/Thames Valley. In 2014, 482,000 jobs were in Knowledge Economy industries, using the Work Foundation definition¹. This was equivalent to 25.9 per cent of all jobs – well above the Great Britain average of 19.5 per cent and similar to the LSC Corridor (25.4 per cent).

The above-average share of Knowledge Economy jobs was driven by above-average shares of jobs in a number of sectors, particularly computer programming, consultancy and related activities (4.6 per cent, against 2.1 per cent across GB) and activities of head offices (1.9 per cent, against 0.9 per cent across GB). Compared to the LSC Corridor, West London/Thames Valley had higher percentages of employment in computer programming, consultancy and related activities and activities of head offices, but lower shares of employment in legal activities.

There was wide variation in the size of the Knowledge Economy within the area. More than one-third of all jobs were in Knowledge Economy industries in Wokingham (37.7 per cent), Oxford (37.3 per cent), Reading (33.7 per cent), Bracknell Forest (33.5 per cent) and Richmond-upon-Thames (33.4 per cent) while the share of Knowledge Economy jobs was below the national average in Cherwell, Hillingdon, West Oxfordshire, Aylesbury Vale and Ealing.

By contrast, West London/Thames Valley's share of jobs in high and medium technology (HMT) manufacturing was below average, reflecting a below average share of manufacturing jobs generally. In 2014, 38,300 jobs were in HMT manufacturing, equivalent to 2.1 per cent of all jobs, the same as in the LSC Corridor and below the GB average of 3.0 per cent. Again, there was wide variation within the area in the size of HMT manufacturing. Its share of jobs was above the GB average in West Oxfordshire (4.3 per cent), Slough (3.6 per cent), Cherwell (3.6 per cent), South Oxfordshire

(3.6 per cent), Aylesbury Vale (3.5 per cent), Vale of White Horse (3.4 per cent), Chiltern (3.3 per cent) and Oxford (3.1 per cent). The share of HMT jobs was below one per cent in Richmond-upon-Thames, Hounslow, Reading and Kingston-upon-Thames.

Jobs in the Knowledge Economy have increased.

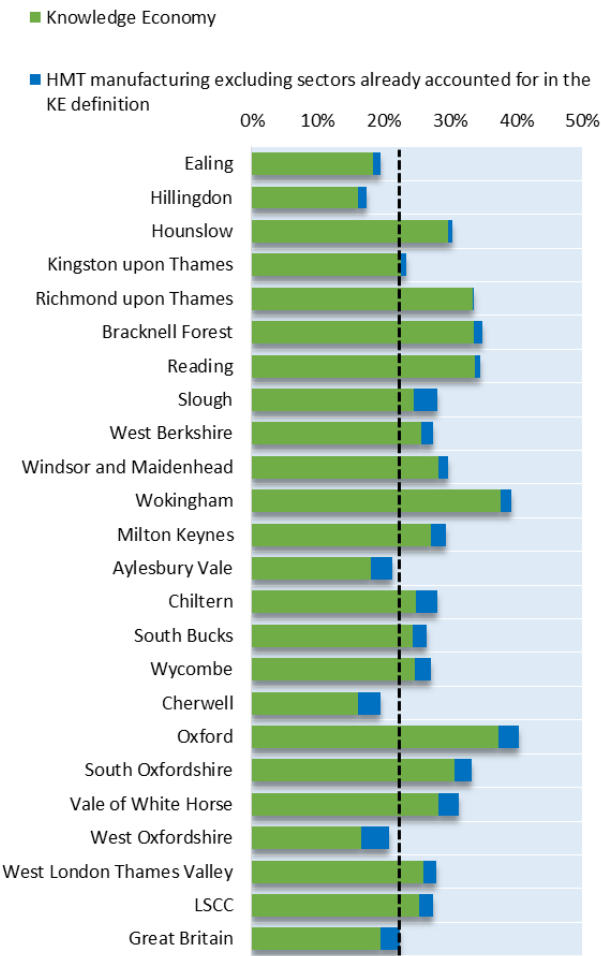
Between 2009 and 2014, the number of Knowledge Economy jobs in West London/Thames Valley rose by 56,700 – or 13.3 per cent – higher than growth across GB (10.0 per cent) but lower than growth across the LSC Corridor (18.0 per cent). The largest increases were in computer programming, consultancy & related activities (+14,500), television programming & broadcasting activities (+7,400), activities of head offices (+7,400), and advertising (+6,100).

However, the number of HMT manufacturing jobs declined. Between 2009 and 2014, these fell by 2,200 – or by 5.3 per cent – much less than the decline across the LSC Corridor (-17.4 per cent) but against 1.0 per cent growth across GB. The largest falls were in the installation of industrial machinery and equipment (-1,200), the manufacture of communication equipment (-800), the manufacture of other special-purpose machinery (-800) and the manufacture of electric motors, generators, transformers and electricity distribution and control apparatus (-800).

FIGURE 13: PERCENTAGE OF JOBS IN KNOWLEDGE ECONOMY INDUSTRIES AND HIGH & MEDIUM TECHNOLOGY MANUFACTURING, 2014

¹ <http://tinyurl.com/dxfh3h>





Source: Business Register and Employment Survey, Office for National Statistics.

HIGHLY SKILLED OCCUPATIONS

HIGH SHARE OF EMPLOYED PEOPLE LIVING IN WEST LONDON/THAMES VALLEY ARE HIGHLY SKILLED

A high share of employed people living in West London/Thames Valley are employed in the most highly-skilled occupations. At the time of the 2011 Census, more than one-third of workers living in the area (33.8 per cent) were employed in the highest skilled (Level 4) occupations². This rate was much higher than the England average (28.4 per cent) and higher than across the LSC Corridor (32.5 per cent).

Of all Level 4 occupations, West London/Thames Valley had higher percentages of residents employed as Information Technology and Telecommunications Professionals (4.1 per cent, compared to 2.9 per cent across the LSC Corridor and 2.2 per cent across England), Functional Managers and Directors (3.1 per cent, compared to 2.3 per cent across the LSC Corridor and 1.9 per cent across England), and Research and Administrative Professionals (3.1 per cent – the same as across the LSC Corridor and above the England average of 2.2 per cent).

There was significant variation in occupational profiles within the area. Level 4 occupational rates were highest in Richmond-upon-Thames (47.2 per cent), Oxford (41.9 per cent) and Chiltern (40.5 per cent) but below the England average in Slough (23.8 per cent), Hillingdon (27.3 per cent) and Cherwell (28.3 per cent).

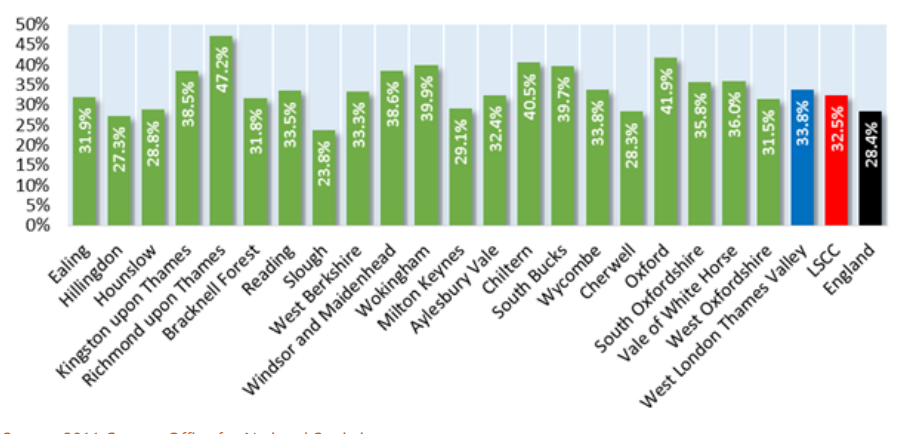
The occupational profile of people working in West London/Thames Valley is slightly lower-skilled than that of its residents as the area loses many highly-skilled people through out-commuting. In 2011, there was net out-commuting among people working in Level 4 occupations (-33,400) and net in-commuting among all other occupational groups. As a result, the percentage of people working in Level 4 occupations was lower on a workplace than a residence basis (32.3 per cent of workers and 33.8 per cent of residents) –

but still higher than the workplace based averages for the LSC Corridor (31.9 per cent) and England (28.3 per cent).

² Level 4 occupations include corporate managers, science & technology professionals, health professionals, teaching & educational professionals, and business, media & public service professionals.

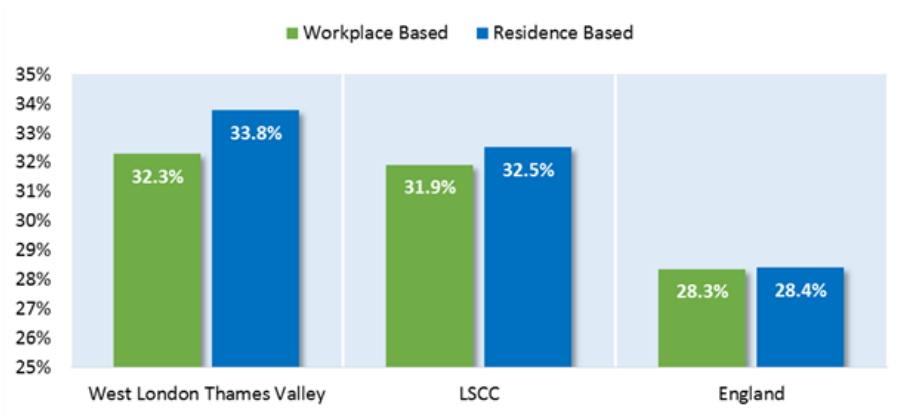


FIGURE 14: PERCENTAGE OF EMPLOYED RESIDENTS WORKING IN LEVEL 4 OCCUPATIONS 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 15: PERCENTAGE OF PEOPLE WORKING IN LEVEL 4 OCCUPATIONS ON A WORKPLACE AND RESIDENCE BASIS 2011



Source: 2011 Census, Office for National Statistics.

LABOUR MARKET PERFORMANCE

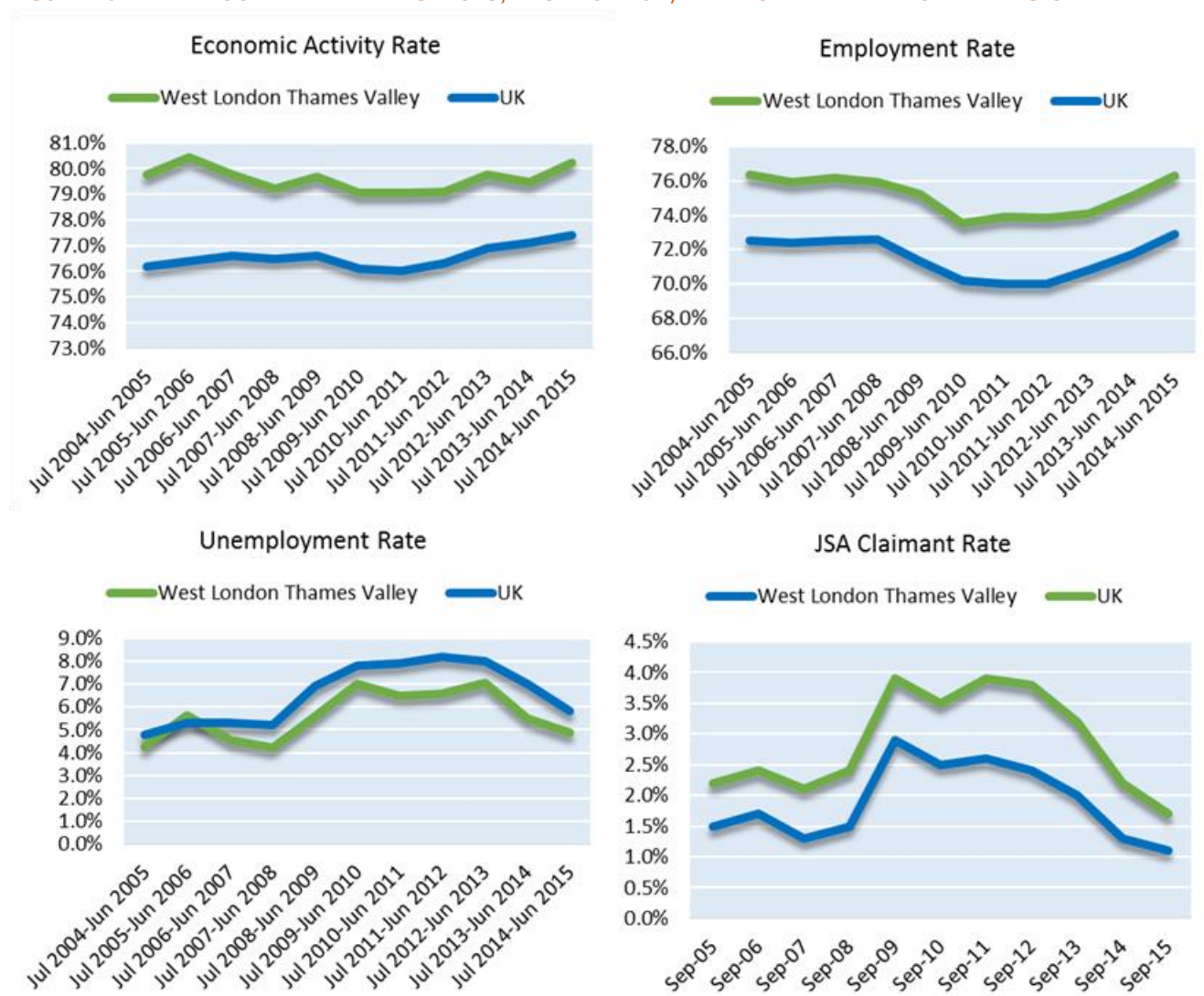
LABOUR MARKET PERFORMANCE IS VERY STRONG IN WEST LONDON/THAMES VALLEY

Rates of economic activity and employment are high in West London/Thames Valley. In the year to June 2015, 80.2 per cent of working age people living in the area were economically active (i.e. either in work or looking for work). This was higher than rates across the LSC Corridor (77.3 per cent) and the UK (77.4 per cent). During the same period, 76.3 per cent of working age people were in

employment – higher than the LSC Corridor and UK averages of 73.0 per cent and 72.9 per cent.

Again, there was wide variation in performance within the area. Economic activity rates were highest in West Berkshire (86.3 per cent), Bracknell Forest (83.8 per cent) and Richmond-upon-Thames (83.0 per cent) and below the UK average in Reading (76.4 per cent). Employment rates were highest in West Berkshire (83.5 per cent) and Bracknell Forest (81.3 per cent) and below the UK average in Ealing (72.4 per cent), Hounslow (72.5 per cent) and Reading (72.7 per cent).

FIGURE 16: KEY LABOUR MARKET INDICATORS, WEST LONDON/THAMES VALLEY AND UK AVERAGES



Annual Population Survey and Jobseeker's Allowance, Office for National Statistics.

Source:

FEW PEOPLE ARE OUT OF WORK AND LOOKING FOR WORK

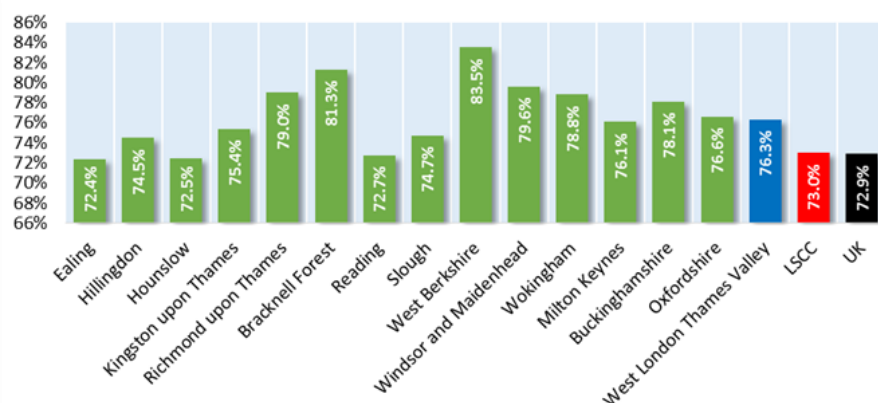
The unemployment rate is also very low in West London/Thames Valley. In the year to June 2015, 4.9 per cent of working age people were unemployed (i.e. out of work and looking for work). This was much lower than across the LSC Corridor (5.6 per cent) and the UK (5.8 per cent). Within the area, rates ranged from lows of 2.8 per cent in Wokingham and 3.0 per cent in Bracknell Forest to above average rates in the London boroughs of Hillingdon

(6.1 per cent), Ealing (6.9 per cent) and Hounslow (7.0 per cent).

Low unemployment is reflected in the low percentage of people claiming Jobseeker's Allowance (JSA). In

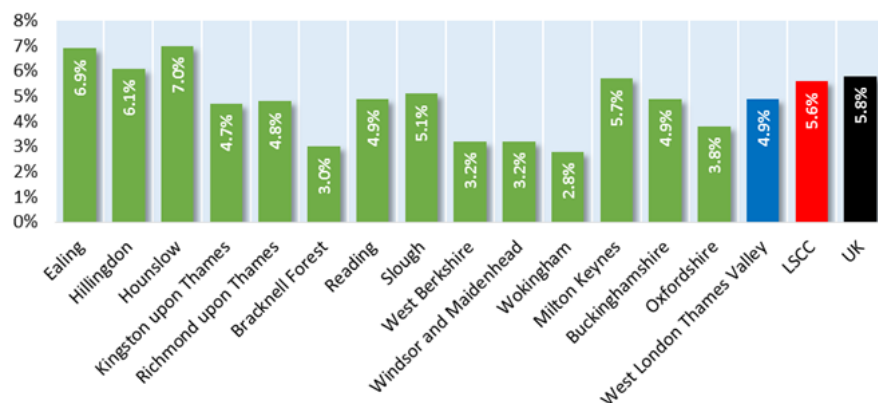
September 2015, just 1.1 per cent of working age people were claiming JSA – lower than the LSC Corridor and UK averages of 1.7 per cent. The lowest percentages of claimants were found in the Oxfordshire districts of South Oxfordshire (0.3 per cent), Cherwell (0.4 per cent), Vale of White Horse (0.4 per cent) and West Oxfordshire (0.4 per cent). Only Ealing had a JSA claimant rate above the UK average (2.1 per cent).

FIGURE 17: WORKING-AGE EMPLOYMENT RATES JULY 2014-JUNE 2015



Source: Annual Population Survey, Office for National Statistics.

FIGURE 18: WORKING-AGE UNEMPLOYMENT RATES JULY 2014-JUNE 2015



Source: Annual Population Survey, Office for National Statistics.



HOUSING

AVERAGE HOUSE PRICES ARE 40 PER CENT HIGHER THAN THE NATIONAL AVERAGE

House prices are very high in West London/Thames Valley. In 2014, the weighted average house price in the area was £312,900 – 40 per cent higher than across England (£222,700) and similar to the LSC Corridor (£316,600).

House prices varied widely within the area. Average house prices were highest in Richmond-upon-Thames (£535,200 – the 6th highest of 326 local authority areas in England), South Bucks (£480,000 – 9th highest in England), and Chiltern (£425,000 – 12th highest in England). Prices were below the national average in just one district – Milton Keynes (£208,800).

HOUSE PRICES HAVE INCREASED FASTER THAN ACROSS ENGLAND

Rates of house price inflation have exceeded the national average. Between 1995 and 2014, the average house price across West London/Thames Valley increased by 302 per cent – above the England average rate of 271 per cent, but lower than across the LSC Corridor (339 per cent).

During this period, house price inflation was highest in the London boroughs of Richmond-upon-Thames (387 per cent), Ealing (379 per cent) and Kingston-upon-Thames (353 per cent). These boroughs experienced the 17th, 18th and 23rd highest rates of house price inflation of all 326 local authority areas in England. Conversely, rates of house price inflation were below the national average in West Berkshire (250 per cent), Bracknell Forest (253 per cent), Aylesbury Vale (257 per cent), Chiltern (262 per cent), West Oxfordshire (265 per cent) and Wycombe (269 per cent).

HOUSE PRICES ARE NOW WELL ABOVE THEIR PRE-RECESSION PEAK

House prices across West London/Thames Valley have recovered well from the housing market downturn. In 2014, the average house price was 23 per cent above the pre-recession 2007 level – a stronger recovery than across England (+18 per cent) but weaker than across the LSC Corridor (+32 per cent). Within the area, house prices have recovered fastest in the London boroughs of Ealing (+44 per cent), Richmond-upon-Thames (+41

per cent) and Kingston-upon-Thames (+33 per cent) while recovery has been weakest in West Berkshire (+6 per cent) and South Oxfordshire (+9 per cent).

HOUSING IS RELATIVELY LESS AFFORDABLE THAN NATIONALLY

In 2014, the median house price across West London/Thames Valley was 11.7 times median earnings – making housing relatively more expensive than across England (house price to earnings ratio of 10.0) but relatively less expensive than across the LSC Corridor (house price to earnings ratio of 12.1).

Within the area, house price to earnings ratios were highest in South Bucks (16.8), Chiltern (15.5) and Richmond-upon-Thames (15.5) while housing was relatively more affordable than across England in Milton Keynes (8.5), Slough (8.9), Reading (9.2) and Bracknell Forest (9.9)³.

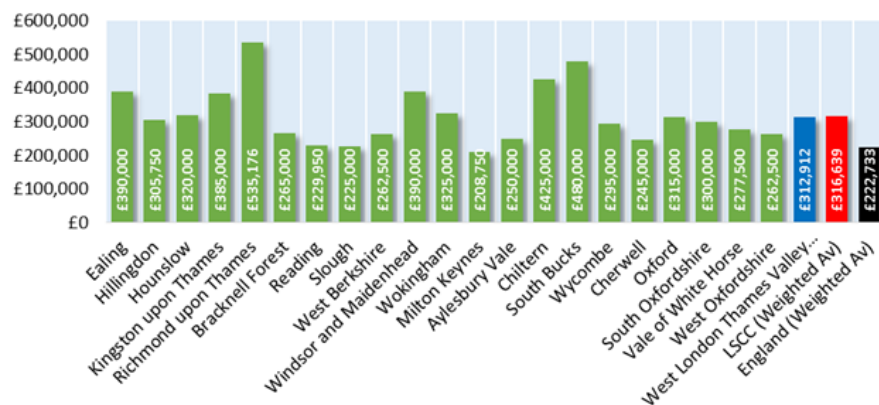
HOUSING AFFORDABILITY HAS DECLINED AT A SIMILAR RATE TO ENGLAND

Housing affordability has declined across West London/Thames Valley and at a similar rate to England. Between 2002 and 2014, the house price to earnings ratio increased by 44.9 per cent (from 8.1 to 11.7) – a similar rate to England (44.3 per cent) but less sharply than across the LSC Corridor (51.9 per cent). Within the area, house price to earnings ratios increased most rapidly in Richmond-upon-Thames (85.5 per cent) and Ealing (76.6 per cent) and least in Oxford (13.3 per cent) and Slough (17.7 per cent).

³ 2014 data is unavailable for West Oxfordshire

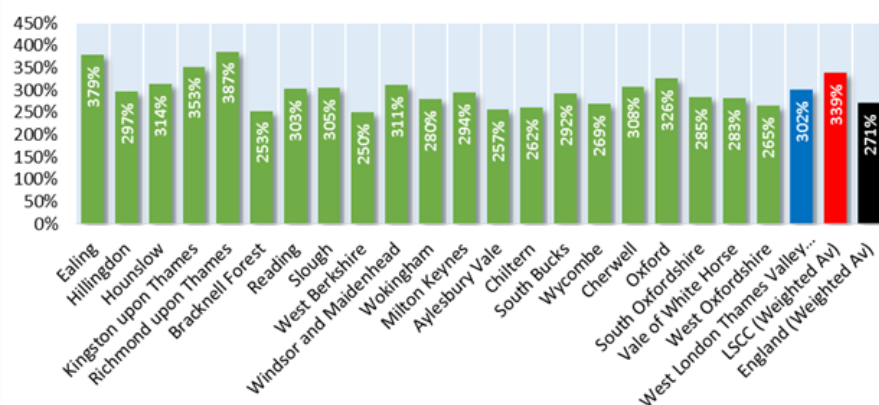


FIGURE 19: MEDIAN HOUSE PRICES 2014



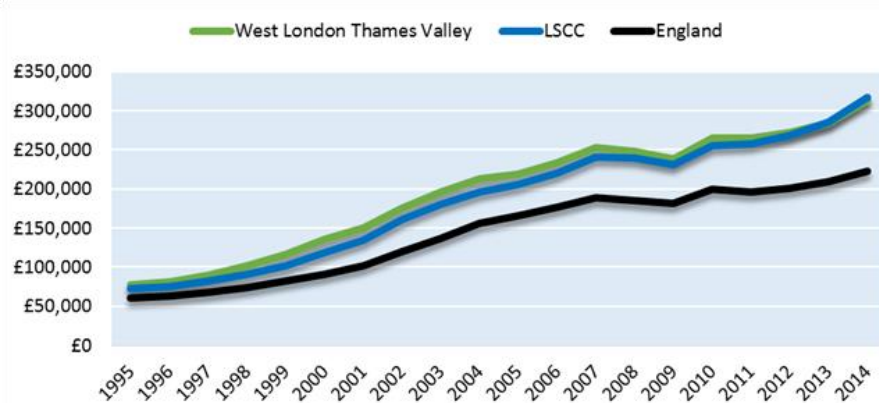
Source: House Price Statistics for Small Areas, Office for National Statistics.

FIGURE 20: HOUSE PRICE INFLATION 1995-2014



Source: House Price Statistics for Small Areas, Office for National Statistics.

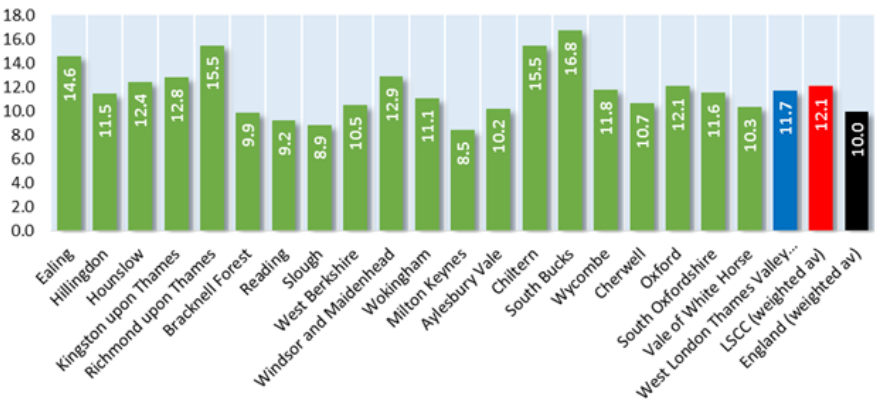
FIGURE 21: MEDIAN HOUSE PRICES 1995-2014



Source: House Price Statistics for Small Areas, Office for National Statistics.

FIGURE 22: RATIO OF MEDIAN HOUSE PRICES TO MEDIAN EARNINGS 2014





Source: Housing Summary Measures, Office for National Statistics.