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Double the commute and halve the deposit: homes up to £185,000 cheaper just one hour from London

- Average cost of home on popular commuter route is £254,308 vs £439,764 in London's zone 2

Homebuyers can save as much as £185,000 if they buy a property just one hour away from London by train, HSBC research shows. The average price of a two-bedroom property in an area commutable from London, such as St Albans or Tunbridge Wells is £254,308. For first-time buyers, a 10% deposit would be £25,431. The average price for a similar property in London's zone 2 is £439,764: £185,456 more expensive, with a 10% deposit being £43,976. Whilst London's zone 3 is cheaper at £345,232, this is still 36% more than a commuter home.

HSBC asked 26-35 year olds living in London how much cheaper a house would have to be for them to move outside the capital. The average figure was £62,271, but potential savings are actually three times greater.

Table 1: Average house prices for a two-bedroom property in commuter spots compared to inner London

Commuter properties	London Zone 2 properties	London Zone 3 properties
Southend - £190,877	Brockley - £357,221	Upton Park - £229,464
Maidstone - £194,498	Greenwich - £358,335	Catford - £282,479
Aylesbury - £208,659	Hackney Wick - £396,181	Leyton - £303,735
Cambridge - £239,309	Bromley-by-Bow - £397,110	Norbury - £320,825
Reading - £240,900	East Acton - £402,756	Waltham Forest - £336,735
Tunbridge Wells - £256,786	Devons Road - £406,046	Sydenham - £353,729
Farnham - £276,568	Archway - £483,698	Colliers Wood - £379,299
Oxford - £297,318	Brixton - £504,019	Dollis Hill - £383,560
Brighton - £301,933	Stoke Newington - £519,976	Stonebridge - £392,949
St Albans - £336,227	Kensal Rise - £572,299	East Ham - £469,543
Average - £254,308	Average - £439,764	Average - £345,232

Commuter homes still offer savings despite high travel costs

The average cost of travelling into London from a commuter area is £4,709 a year, or £392 a month. In contrast, a zone 1 - 2 travelcard costs £1,284 a year or £123 a month, while a zone 1 – 3 travelcard is £1,508 a year or £145 a month. This means travel costs from a commuter area are more than three times more expensive, but these homes are still better value when taking both mortgage and travel costs into account.

Using HSBC's 90% LTV three-year fixed-rate mortgage at 3.89%*, the average cost of a monthly mortgage repayment for a commuter home is £1,195. In contrast, the average monthly cost for a zone 2 property is £2,066 and £1,622 for a zone 3 property. With both travel and mortgage costs taken into account, a commuter home would cost £1,587 a month compared to £2,189 for a zone 2 home: a saving of £602 a month.

Table 2: Monthly mortgage and travel costs for commuter and London homes

	Commuter Route Home	Zone 2 Home	Zone 3 Home
Monthly mortgage cost	£1,195	£2,066	£1,622
Monthly travel cost	£392	£123	£145
Total mortgage and travel costs	£1,587	£2,189	£1,767

Typical size of property substantially increases outside the capital

With a budget of £300,000-£350,000, homes in commuter areas offer on average almost a thousand (945) square feet. In comparison, the same budget offers 581 square feet in Zone 2 and only slightly more space in Zone 3 (715 square feet).

Despite benefits in both cost and space, just a fifth of 26-35 (20%) year olds living in London are open to the idea of living further away, suggesting many would prefer to continue to rent in the capital. If they found a good deal on a property, this age group would be willing to travel up to 55 minutes on average to get to work. More than a third (36%) believe the London property market is out of reach to first-time buyers.

While 43% of young people currently living in London appreciate the good transport links, only 3% choose to live in the city for a short commute; instead, they prefer London as it is closer to family and friends (47%), for the range and quality of local amenities (34%) and improved job opportunities (26%).

Tracie Pearce, Head of Mortgages at HSBC, said: “Our research shows the extent of the savings that can be made when buyers look just outside of London; first-time buyers can almost halve their deposit, so it’s not surprising more young people are prepared to move further out to get on the property ladder. More people are choosing extra space, lower mortgage payments and a smaller deposit whilst still being able to travel to work, visit family and friends and make the most of London attractions within an hour’s journey.

We’re committed to helping first-time buyers take their first step on the property ladder wherever that may be, so we’re currently offering up to £1,500 cashback on a range of mortgages up to 95% LTV as part of our Homebuyer Special range.”

- Ends -

Notes to editors

To see more on HSBC’s Homebuyer Special range, [click here](#).

Methodology

*Mortgage cost includes £199 fee.

Average house prices from Zoopla.co.uk.

Commuter route, zone 2 and zone 3 locations do not include those with excessively high prices that are deemed too unaffordable for first-time buyers.

Average monthly mortgage costs calculated using average commuter route/zone 2/zone 3 house price, 90% LTV and HSBC mortgage rate of 3.89% for the first repayment year.

Travel costs from National Rail and Transport for London.

Average property sizes (in square feet) based on sample of 10 properties for each commuter route, zone 2 and zone 3 area. Property size data sourced from Zoopla.co.uk.

Consumer research carried out among 1,001 respondents aged 26-35, of which 500 currently live in London.

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