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Oxford the least affordable city to live in as houses sell for 11 times local salaries

University city tops Lloyds bank list of least affordable places to buy property in the UK when compared to local wages

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Oxford. Property experts blame vertiginous prices on a simple fact: the city has nowhere to build new homes. Photograph: [travelbild.com/Alamy](#)

It was not an especially desirable two-bedroom flat in [Oxford](#), said a local estate agent, that went on the market in January this year and sold for £210,000. But just a few weeks later, after a mild refresh, it went back on the market – and was soon snapped up for £249,000. Oxford is in the grip of a [property](#) price boom that has made it the least affordable city to live in within the UK when compared to local wages, according to Lloyds bank.

The average property in the university city, at £340,864, now sells for more than 11 times local salaries, or twice the national average. Rents have risen less dramatically, but are also squeezing lower income families who are unable to buy a home. "We are seeing one-bed flats fetching around £900 a month, which on our affordability measures means that people have to be earning £36,000 a year to be able to rent it," says James Scott-Lee, managing director of estate agency Chancellors.

On average, Lloyds found that homes in British cities now cost 5.8 times the typical local salary, up from 5.6 times last year, and substantially above the levels common in the 1980s and 1990s.

Apart from the house price boom of the late 1980s, [house prices](#) in Britain were typically 3-3.5 times salaries, although they remain below the previous peak of close to six times earnings in 2007. [London](#) is represented on the list by Westminster, which comes seventh, but other wealthy boroughs such as Kensington and Chelsea are excluded.

After figures revealed last week that, nationally, house prices jumped 2.4% in February alone – usually a quiet month for the [housing](#) market – concern is now growing that the bubble that started in London is now spreading across much of the south and into pockets of the north such as [York](#).

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Provided by London & Country for the Guardian

Winchester in Hampshire is named by Lloyds as the second-least affordable place to buy in the UK, followed by Truro in Cornwall, Bath in Somerset and Brighton in Sussex. In all the cities, local people need to stump up around eight times their income to buy a home.

The gulf in affordability between the north and south is growing fast. Lloyds said the top 15 most affordable cities for homebuyers are in Scotland, [Northern Ireland](#) or the north of England, and the next five on the list are in the midlands or [Wales](#). Outside the south, only Lichfield,

[Average small central London flat to cost £36m by 2050, investor predicts](#)

[London Central Portfolio launches £100m fund to buy one- and two-bed apartments in capital's most exclusive districts](#)

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Leicester and York came into the table of 20 least affordable cities. But Lloyds said that compared with 2009, when prices across Britain fell in the wake of the financial crisis, affordability has improved.

The spectacular boom in Northern Ireland, which rode the "Celtic tiger" of its southern neighbour, followed by an equally spectacular price crash, means the province is now home to some of the most affordable locations in the UK. Londonderry, Newry and Belfast made up three of the four best-value cities in the Lloyds research. Average prices in Northern Ireland more than doubled from £106,025 in 2004 to nearly £230,000 in 2007, but are now back to around the £100,000 level.

Stirling in Scotland came top overall for affordability in the UK, with local house prices that are on average just 3.3 times local incomes. Three-bedroom semis sell for under £150,000, while grand listed villas fetch only £400,000 or less. The most expensive property for sale in Stirling – [a nine-bedroom Victorian mansion spread over more than 6,000 square feet](#) – is on the market for £875,000, which in Oxford won't leave much change after buying [a small three-bedroom terrace in the fashionable Jericho area](#).

Property experts in Oxford blame vertiginous prices on a simple fact: the city has nowhere to build new homes. "It's just a matter of restricted supply," said Dan Channer, managing director of [FindersKeepers](#), the city's leading letting agent. "It is surrounded by green belt, the north and north-west of the city is a flood plain – and much of it is currently under water and can never be built on. The ring road is also a natural barrier to expansion."

Meanwhile, two massive universities, teaching hospitals, an emerging biotech industry and commuters who earn London salaries feed the demand for housing. Exclusive districts in the north of the city have become the preserve of an "uber middle class" of bankers and lawyers, according to a recent report in the Financial Times which dubbed Oxford a "global city". But agents say domestic money is still the major driver of demand. "There's also what's known as 'Formula 1 valley' nearby and we see people from Williams and Lotus wanting to live in the city and commute out," said Channer.

Inevitably, many people who were born in Oxford can no longer afford to buy or rent in the city – even the city's estate agents. "A lot of our staff now have to come in from Bicester, Brize Norton or even Northamptonshire," said Scott-Lee of Chancellors.