

# The South Hampshire Housing Market

## Annual Market Monitoring Report - 2011

May 2012



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# PUSH Housing Market Monitoring Report - Executive Summary

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- Population in the six 'core' PUSH authorities (Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton) has grown by nearly 60,000 (6.6%) over the last decade according to figures provided by Hampshire County Council.<sup>1</sup>
- Average earnings have gradually increased by 11% over the last 5 years; the unemployment rate has increased from 2.2% to 3.1%; and the proportion of the population actively engaged in the labour market has reduced slightly.
- The number of property sales fell by 11% over much of 2011, a faster rate of decline than the previous year. There are some signs of the market picking up in 2012.
- Prices also fell in the PUSH region over 2010 to 2011, on average by 2.2%, but with considerable variation between authorities.
- In contrast, the private rental market is buoyant, with a 9% increase in rents charged over 2011. Local authority rents have risen by 6.4% and housing association rents fell by 2%.
- There was a modest 2% increase in lower quartile earnings (12% increase over the last five years).
- The affordability gap continues to widen. The ratio between lower quartile prices and lower quartile earnings stands at 7.58. This equates to a gap of £39,480 between the lower quartile property price and what those on lower quartile incomes can afford to pay.
- For private renters, the income required has increased by 9% to £25,500.
- There has been a 9% increase in numbers on housing registers, with considerable local variation.
- Numbers seeking low cost home ownership have gone down by 19% over the previous year (down to 1,608).
- While there was a gross increase of 2,924 dwellings (10%) in the PUSH area, if the substantial number of demolitions is taken into account, the net increase from 2010 is 2,441 dwellings. This is substantially below the target of 4,000 homes set by PUSH in the Homes for Growth Strategy document<sup>2</sup>.
- A significant 40% of new dwellings overall built were for affordable housing (ranging from just under 60% in Gosport to around 11% in the New Forest<sup>3</sup>), and of these 20% were three-bedroom or larger.
- The outlook for the rest of 2012 on a number of indicators is gloomy as it is for the UK overall, although less so than for many regions.

# 1.0 Introduction

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This report is the fourth in an annual series of monitors, examining the key indicators relating to the housing markets in the PUSH sub-region of South Hampshire. The report covers the calendar year 2011, and unless otherwise specified, all data relates to that period – except where we examine early indicators for 2012. This is the first report conducted by Ecorys in the series of monitors, and there may be some inconsistencies and anomalies with previous reports due to differing methodologies, assumptions and baseline figures. However, wherever possible consistency for the purpose of comparisons has been assured.

The Partnership for Urban South Hampshire (PUSH) is a partnership of the unitary authorities of Portsmouth and Southampton; Hampshire County Council and district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, Test Valley and Winchester. It involves collaboration with local partners and government agencies to deliver sustainable, economic-led growth and regeneration. Broadly PUSH divides between an urban or peri-urban 'core' (Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton) and predominantly rural authorities. In some cases only parts of individual authorities are included in PUSH but reliable data is only available for the whole authority area (see box below).

A number of different structural factors underpin changes to housing markets across the country, and most will apply to the PUSH area and sub-areas within it, as well as purely local factors such as desirability of schools and local transport connections. These structural factors include:

- **Demographic changes**, and in particular the ageing population represented by the post-war birth rate boom working its way through the population profile
- **Internal migration**, particularly by those seeking employment or looking to retire
- **Economic changes**, particularly the continuing impact of the 'credit crunch' and subsequent difficulties accessing mortgage finance
- **Changes in employment status** and thus household income, especially in the context of the continuing recession
- **Reductions in public sector spending**, which effects both public and private sector housing development as well as affecting local economies.

This report has a similar structure as previous ones, covering respectively:

- **The national economy and housing market:** - including key trends underpinning the performance of the South Hampshire markets
- **The South Hampshire economy** – key data on economic activity and employment rates
- **The South Hampshire housing markets** – data on prices, transaction numbers and rents, which reflect demand for particular forms of housing
- **Affordability, incomes and housing needs** – focussing on those with lowest earnings and highest levels of need
- **New housing supply** – data on new completions and delivery against PUSH's objectives
- **Headline data** for each individual authority
- **Additional charts**

## Technical note

As is known, four of the original PUSH authorities (East Hampshire, New Forest, Test Valley and Winchester) have only part of their geographies inside the PUSH boundaries. New Forest have now left the partnership, but are still included in this survey. Previous reports have been unable to comment on or analyse market activities solely within the PUSH element, and have had to consider these four authorities in their entirety. However, through more detailed analysis at the postcode level for certain indicators, this year for the first time we have been able to distinguish activities in certain key fields purely for the PUSH areas of the authorities – house prices, owner-occupier transactions, private sector rents and population change. Where data cannot be extrapolated for these four PUSH authorities, we report on data for the six local authorities (Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton) These are hitherto referred to as the six core PUSH authorities.

## 2.0 The national economy and housing market

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### 2.1 The national economy

**In spite of the optimistic tone taken in the last monitor, the fragile signs of an ending of recession were not fulfilled in 2011.**

In particular, the impact of the coalition government's policy of public sector restraint and stringent cut-backs began to be felt. Allied to the continuing crises in the Eurozone and weakness in the manufacturing sectors, this led to ending the year with a 0.2% GDP contraction in the final quarter, the first quarterly contraction since the heavy snowfalls at the end of 2010 disrupted the economy.

In the full year 2011 the economy grew by 0.9%, less than half the 2.1% growth seen in 2010, with construction being one of several industries (including utilities, manufacturing and some parts of the services sector) to slow down its growth. Production output was 3.3% lower in December 2011 than it was a year earlier. Household consumption – also important to the construction sector - remained more than 5% lower than its pre-recession peak, and was almost 1% lower at the end of 2011 than its level in the third quarter of 2010.

The construction industry had made a strong contribution to GDP growth in 2010 helped in part by government initiatives (e.g. Kickstart) but this was much more limited in 2011. During 2010 the construction sector grew by an average of 2.7% a quarter, compared with only 0.2% in 2011.

As regards the labour market, across the year, both employment and total hours worked remained below the levels reached in 2008. The fall in total hours worked has been proportionately bigger than the fall in total in employment, reflecting the rise in part-time employment. The unemployment of 18-24 year olds continued to increase, reaching 1.27 million not in employment, not in education, or otherwise inactive in the labour market. All told, at the end of 2011 2.65 million people were unemployed in the UK, with a total of 18.6 million economically inactive.

**The first few months of 2012 and the forecasts of the economists are not reassuring.**

The already-low growth forecasts were revised downwards in the autumn by the Office of Budget Responsibility to 0.7%, in line with lower expectations of consumer spending. Capital Economics forecast a 1% growth in GDP for 2012<sup>4</sup>. Deloitte's<sup>5</sup> have a slightly more optimistic estimate growth of 1.5% in 2012. Inflation – already high at the end of 2011 (CPI at 4.2%) is forecast to probably reach 5% later this year. The combination of low growth and high inflation has been commonly called 'stagflation' and this is now at its most acute since the mid-1990s<sup>6</sup>.

### 2.2 The national housing market

**To a certain extent the housing market in 2011 showed a degree of resilience and stability in the face of the combination of negative economic indicators noted above.**

Although it certainly cannot be described as a very active market, the final month of 2011 showed a modest rise in prices, with a 0.7% rise across the second half of 2011. However, this did not compensate for the overall 0.5% reduction in prices across the full year, a result of a 1.8% fall in the first half of the year, and a 1.5% rise in the latter half. By the end of 2011 the average house price (for England and Wales) stood at £220,385, about £1,800 cheaper than in January 2011.

This average price is now 10.1% (£20,150) above the price in April 2009, the trough of the last housing recession, but 4.9% (£11,443) below the peak price of £231,828 recorded in February 2008.

In terms of numbers of transactions, again 2011 was a fairly stable year, with an estimate of 650,000 transactions taking place, only 14,000 fewer than the 664,000 sold in 2010. However, to put this figure in context, it is still 39% below the long-term (1995-2010) average of 1,065,122 transactions per annum. 2011 was the second lowest year for sales – equal to 2008 but higher than 2009 – since the Land Registry began computerising its records in 1995.

Commentators believe that the ‘missing’ 400,000 are mainly first time buyers, unable to afford the deposits now needed to raise a mortgage, or failing the now more stringent credit checks that lenders are making. This has assisted those with the equity to enter the Buy to Let market, but the assumption is that this investor can only help shore up the market at its reduced level, rather than fully compensating for the missing first time buyers. Nonetheless Oxford Economics reported a 30% increase in demand for Buy to Let mortgages by mid-2011.<sup>7</sup>

### **While the national picture remains very ‘flat’ there are strong differences between regions and within regions.**

The last quarter of 2011 saw Wales join London as the only region to experience a house price rise (3.1% for London, 0.7% for Wales). By contrast, the northern regions were seeing price reductions ranging from 3% to 6.5%, with all other regions (including the South East) see reductions of between 1.1% and 2.9%. But it should also be noted that in the regions where prices dropped, the rate of decline has been less marked than in previous quarters. Nonetheless, commentators consider that lenders attitudes have hardened at a regional level, with tougher conditions imposed in the north of England, and more relaxed attitudes in London and the south east. The Bank of England’s continuing pegging of the base interest rate at 0.5% should assist this easing, though whether this is enough to compensate for increasing pressure on household finances and wages lagging behind inflation is doubtful

Oxford Economics consider that mortgage conditions might ease further in 2012 but comment that “the financial effort required to get on the housing ladder will remain much greater over the medium term than during the peak years of mortgage lending”

## **2.3 Housing starts and completions**

### **At the national level housing completions were slightly up on 2010 but were still low against historic trends.**

According to the Department Communities and Local Government’s (CLG) figures for England<sup>8</sup> 109,020 homes were completed in the year, compared to 103,300 in 2010. However, what is significant and alarming about the data is that starts were down by 4,530 compared to those in 2010 (102,770 down to 98,240). Given that there was the lowest level of starts recorded in government data sources in 2009 (78,340), and similarly low numbers in 2008 and 2010 as well as 2009 and 2011, the likelihood that completions will continue to increase is remote. We are still building fewer homes than in any period since the Second World War, and not even matching the rates of house building in the years running up to the recession, where 35,000 to 40,000 homes were started on average each quarter.

The other significant factor is that this housebuilding is, unsurprisingly, concentrated in London, the south east and east of England, with less in the north and the midlands. Oxford Economics took some comfort in noting that the number of projects passing through the planning pipeline had been edging up over the last couple of years, increasing by 50% from the trough of the housing recession. However, approvals remain

well short of pre-crisis levels, and two other factors may well (negatively) impact on the planning issue: firstly, the abandonment by the coalition government of regional spatial development targets and the commitment to build 3 million homes by 2020, which has encouraged some local authorities to cut their housing allocations. Secondly, the impact of the localism agenda has yet to be assessed, with some observers considering that it will be a brake on housing development (and others thinking the reverse).

## 2.4 The role of private and affordable renting

**The silting up of the owner-occupier market over the last few years has resulted in a boom in private renting** – partly from a still active Buy to Let market (though nowhere as large as its peak in 2008 when it commanded 16% of mortgages); and partly through the growth of a small scale ‘reluctant tenant’ and ‘reluctant landlords’ market – those forced to rent or let out appropriate homes because they cannot buy or sell the ones they want to move to. A report by Savills and Rightmove<sup>9</sup> estimated that in October 2011 55% of the private rented sector (PRS) was made up of ‘trapped renters’ – those who would like to buy but couldn’t.

As regards Buy to Let, 2011 saw a recovery in the market, with a rise from its low of 8% to 13% into 2011 – that equates to around 115,000 advances per annum. Capital Economics estimates that low interest conditions and the continuing strength in demand for private renting could see Buy to Let expand to 20% of the mortgage market by 2015, though this level is not forecast to be maintained.

More generally, the PRS has expanded by 1.4 million homes over the last five years, and now accounts for nearly 20% of the housing stock. Savills and Rightmove<sup>10</sup> estimate that by 2016 5.9 million households will be private renters.

However, over 2011, supply problems began to hit the sector. Rightmove estimates that search activity has doubled, while available stock is down by 10%. Commentators believe that larger scale institutional investors are needed to fill the demand gap that neither smaller scale Buy to Let landlords nor ‘cottage industry’ landlords can meet.

### **The prime impact of these market moves has been on rent levels.**

The last few years has seen steady upward pressure on Private Rented Sector (PRS) rents as relatively cash rich households who would normally be buying enter the PRS, with a knock on effect on those traditionally using the sector and paying lower rents – young people, students, low paid workers. In the fourth quarter of 2011 alone, rents rose by 5.2% across the country. Rents as a proportion of income now range from 53% in London to 25% in the north east. The impact of the changes to housing benefit (HB) regulations is also starting to be felt: the bedsize caps, which limited the maximum level of HB receivable, regardless of location; the under-occupation rules, which effectively has become a ‘tax’ on having more bedrooms than deemed appropriate; and the extension of shared room rents to under 35s, which will reduce the capacity of an older group of the population to afford larger accommodation. These measures have signalled both a migration of lower income renters to poorer areas, and conversely, a change in the overall profile of private renters, heading upmarket. It is significant that LB Newham, one of the London boroughs with the lowest rents and earnings is seriously considering exporting homeless households it would have normally rehoused in the private rented sector to Stoke and beyond.

The other important consideration is the planned extension of housing benefit reductions into the council and housing association rented sectors from April 2012 allied to the introduction of Universal Credit, and whether this will in turn impact on the PRS. This is discussed further in sections 4 and 7.

### 3.0 The South Hampshire economy

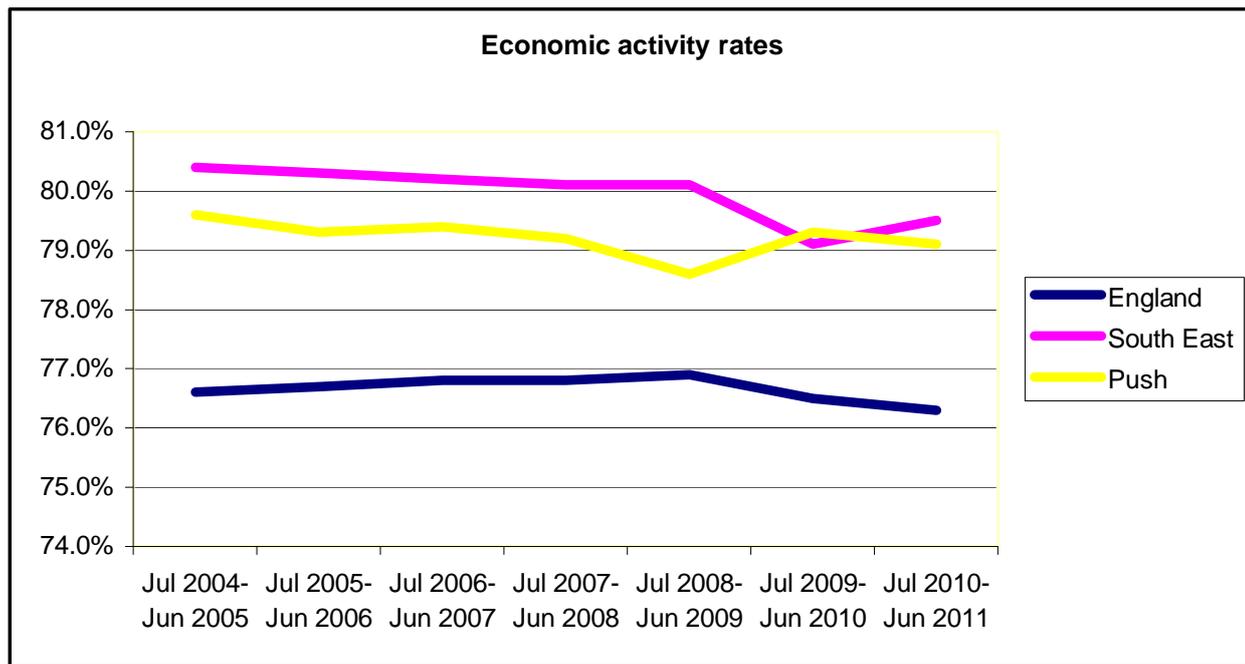
The optimistic economic progress noted in 2010 has only been maintained in part into 2011, and recessionary forces continue to impact on the economy.

The unemployment rate across the 6 core PUSH authorities has risen, from 2.2% to 3.1%<sup>11</sup>, with the actual numbers up by 2,472 to 17,879. The Economic Activity Rate (that is, those employed or actively seeking work) has declined slightly over the previous year by 0.2% to 79.1%, compared with 79.5% for the South East as a whole.

Given current student funding arrangements, a large scale increase in this sector is unlikely. Moreover the population continues to grow (up by 60,000 since 1999), without parallel proportionate growth in jobs, thus exacerbating the reduction in economic activity rates

Demand for housing is underpinned in part by the level of income the workforce receives. Average earnings<sup>12</sup> of both full and part time workers in South Hampshire are £24,251, representing a 12% increase over the past 5 years. For full time workers the average is £31,870. However lower quartile levels – those used to gauge how easy it is to access first time owner-occupation – are running at £18,695. We revisit the implications of this in section 5.

Figure 1 Economic activity



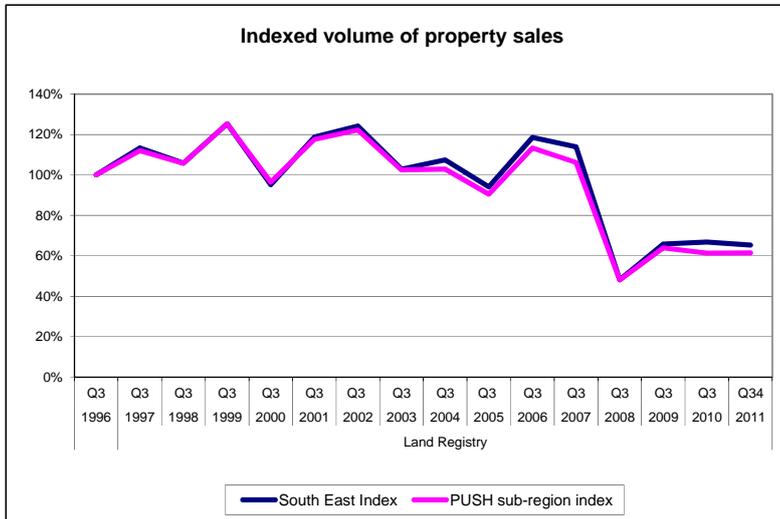
Source: Annual Population survey / Nomis

# 4.0 South Hampshire housing markets

## 4.1 The sales market

In a long-term context, property sales remain depressed compared to pre-credit crunch levels. The market is very flat, and if anything it is weakened over 2011

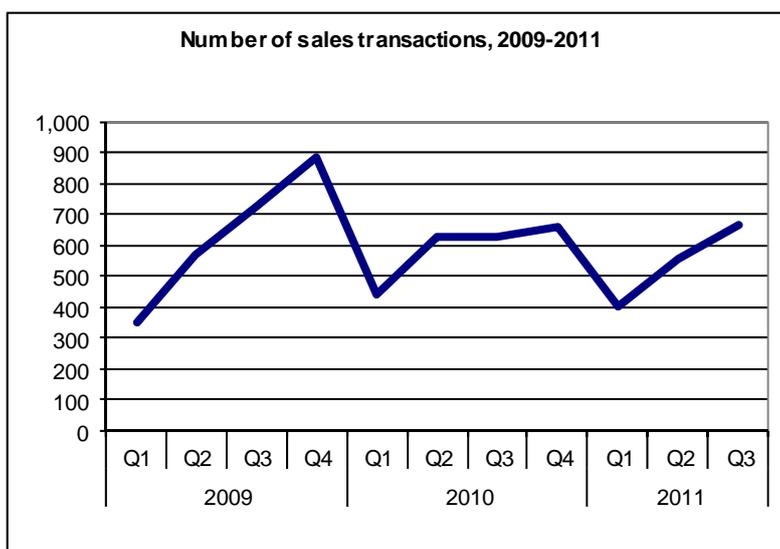
Figure 2 Indexed volumes of sales



Source: Land Registry

Figure 2, showing sales indexed against the volumes in Q3 1996, continued to show little sign of recovery, and the minor improvements of 2010 failed to be maintained into 2011. Property sales in the full PUSH region (that is, excluding those parts of the four authorities that have geographies outside PUSH boundaries) have fallen by 11% over the four quarters ending September 2011, compared to the same period a year before. This also compares to a decline of 8% across the South East as a whole. Overall South Hampshire sales volumes at quarter 3 remained static over the previous year, compared with a decline of 2% for the South East region as a whole over the same period

Figure 3 Sales transaction



Source: Land Registry

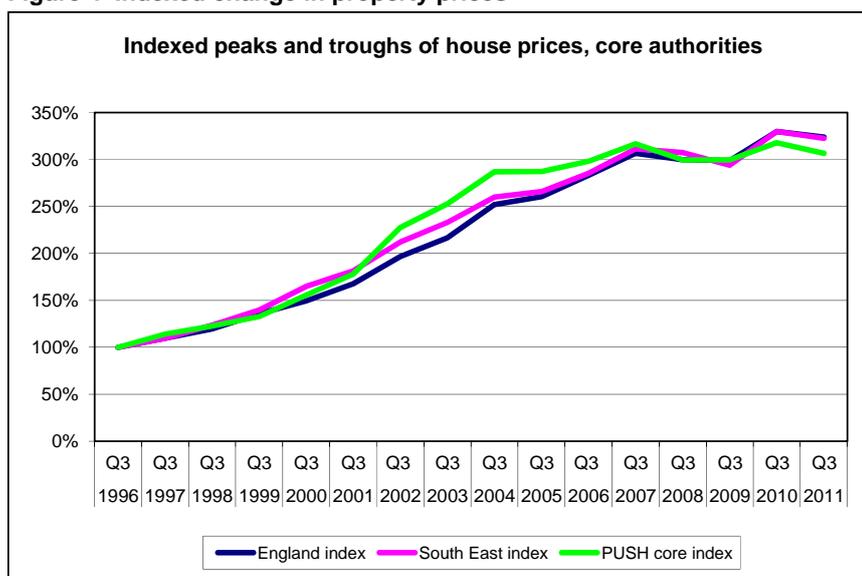
The reduction in sales transactions over the last two years as shown in Figure 3 were supported through discussions with local estate agents<sup>13</sup>, who reported that sales in the previous year had proved challenging

and at best remained static in some areas, and declined in others. However there were signs that the sales market was becoming more buoyant in the early stages of 2012, with a particular increase in buy-to-let investors in certain areas

**Average house prices have fallen across the full PUSH region over 2010 to 2011, which has seen a 2.2% reduction overall.**

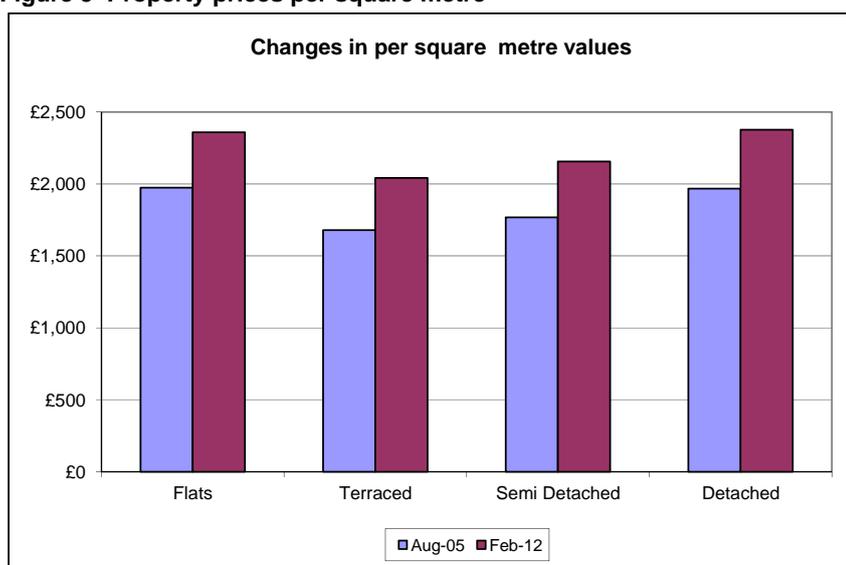
This ran counter to the expectation at the end of 2010, when the modest rises seen in that year were expected to continue. The PUSH area saw a sharper drop off in price than the south east and England averages (see Figure 4). There is considerable variation between local authorities, with New Forest and Fareham actually seeing price rises (respectively (3.7% and 1%), with Havant and Gosport seeing the steepest drops (9.8% and 5.3% respectively).

**Figure 4 Indexed change in property prices**



Source: Land Registry

**Figure 5 Property prices per square metre**

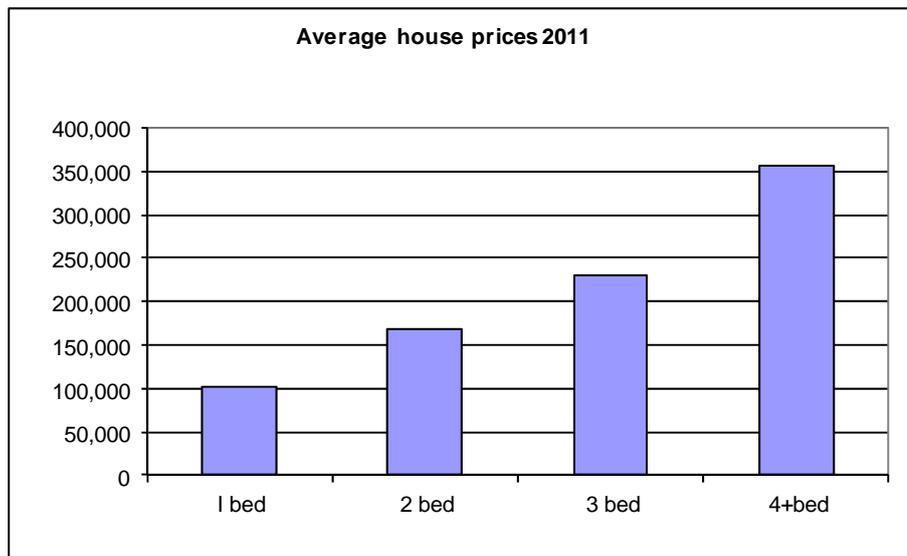


Source: Ecorys calculations from Rightmove data

In terms of price per square metre the least expensive accommodation across the PUSH region were terraced properties at £2,132 per M<sup>2</sup>; detached properties came in at £2,492 per M<sup>2</sup> (see Figure 5). Over the years, flats and detached houses have gained most in value, though the rate of change has been very similar for all property types.

The average price for a property across PUSH is £217,015, ranging from an average £102,277 for a one bedroom property to £356,142 for a four bedrooms or larger home. Again, there was considerable variation between authorities, with a one-bedroom commanding £94,000 in Gosport and £143,000 in East Hampshire. For four-bedrooms the range ran from £289,000 in Gosport to £426,000 in Winchester

Figure 6 Price (£) by bedroom numbers

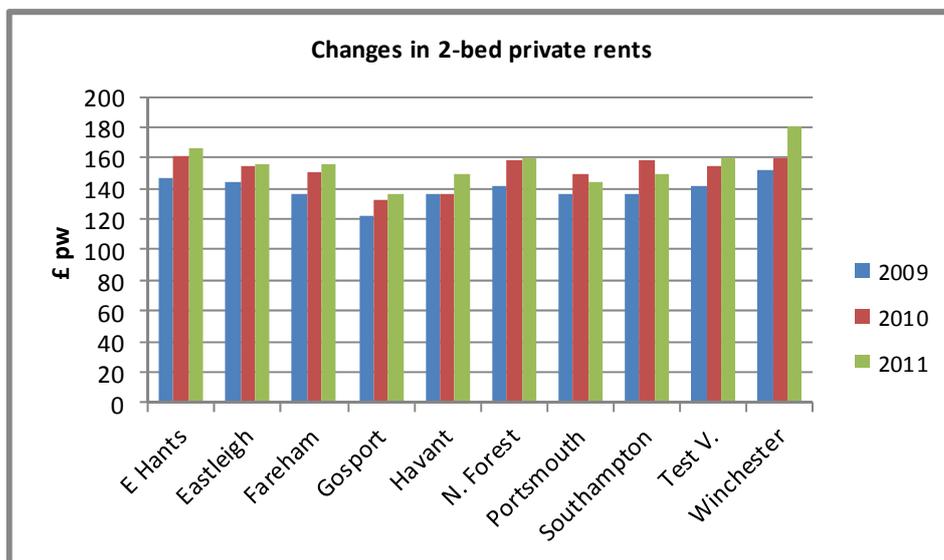


Source: Land Registry

## 4.2 The rental market

Discussions with local lettings and estate agents revealed that, contrary to the sales market, the private rental market is growing.

Figure 7 Changes in private sector rents



Source: Rightmove

This is supported by the evidence that private rental prices have increased by 9%, to £8,500 per annum over 2011 over the PUSH area as a whole (see Figure 9). The dearest place to rent privately is Winchester (£180 pw for a 2-bed), which also saw the steepest rise in rents over the year (12.5%), and the cheapest is Gosport (£137 pw). What is noticeable is that rents in the two main urban centres, Portsmouth and Southampton have reduced slightly, against the trend of other areas.

**This may be an indication that the private rented market is beginning to further segment,** with the relatively wealthy ‘reluctant’ tenants who cannot sell looking to better quality, higher standard private rented homes in particularly the Winchester and East Hampshire areas, while lower income earners and claimants concentrate in areas where cheaper supply may be more plentiful – Southampton and Portsmouth, and Gosport

The highest proportion of housing benefit recipients in the private rented sector (as oppose to social housing tenants) is 40% in Havant. The lowest proportion is 23% in Winchester.

There has also been an increase of 6.4% % in Local Authority rents (with Fareham’s 7.5% increase being the highest), though housing association rents have mainly reduced by around 2%. This probably reflects the final workings through of the rent restructuring regime, whereby council and housing association rents were steered to converge over time.

**Figure 8 Comparing 2011 rental costs**

	Private Rents		Housing Association		Local Authority	
	Cost per Annum	Income pa required	Cost per Annum	Income pa required	Cost per Annum	Income pa required
PUSH sub-region	£8,500	£25,500	£4,500	£13,500	£3,700	£11,100
South East	£9,800	£29,400	£4,700	£14,100	£4,100	£12,300
England	£8,400	£25,200	£4,100	£12,300	£3,800	£11,400

Sources: VOA and HSSA

Figure 8 shows the typical annual rental costs in the three rental sectors – the private, housing association and council sectors. The income needed to afford to rent in each sector (without requiring housing benefit) is calculated using the accepted national model of affordability where no-one should have to pay more than a third of their income on rent. This would mean that when comparing income and rental data<sup>14</sup>, council tenants would require a 12% uplift in their incomes compared to what was needed in 2010 if their rents are to remain within this affordability definition, whereas housing association tenants could afford a 3% reduction.

**The position of social housing tenants as regards affordability is likely to worsen and become more complex** with introduction of Universal Credit from October 2013 and the extension of benefits capping, direct payments and, most significantly, the ‘bedroom tax’ from April 2013. In summary, around 67,000 tenants across the country will suffer from their total benefits being capped at £500 per week (£350 for singles), at an average £83 per week loss. Larger families and lone parents will be particularly disadvantaged. Some ten times this number – 670,000 tenants – will experience reductions in Housing Benefit of 14% if they are deemed to have a surplus of one bedroom in their accommodation, and by 25% if they have two or more. The average benefit loss is estimated to be £14 per week. The groups most affected are older working age households, those with disabilities, low income households, and particularly households in the north of England (though all areas are affected). 50,000 tenants in the South East (26% of working age social renting tenant population claiming HB) are likely to be effected<sup>15</sup>. Although fewer in numbers than elsewhere, the cash impact will be greater as rents are higher. Tenants of council and former council housing are likely to be particularly hit. Lastly, benefits will normally be paid directly to the tenant, raising concerns that particularly those most adversely affected by benefit caps and bedroom tax will prioritise spending on utilities and household basics at the expense of rent<sup>16</sup>.

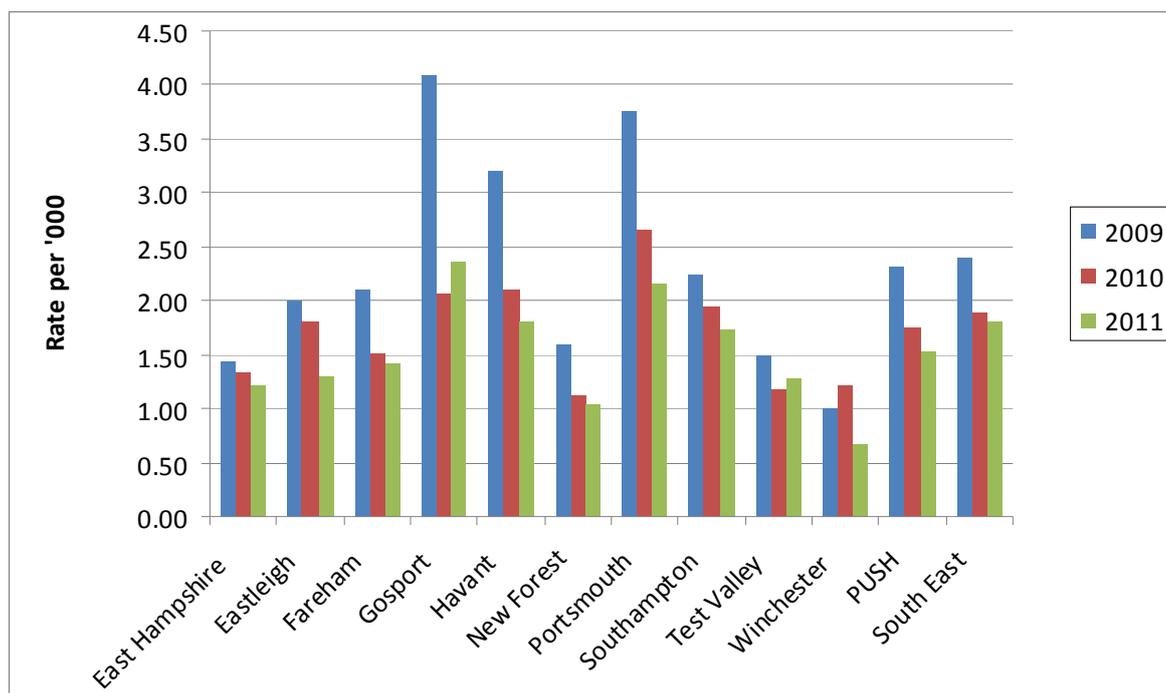
And all this has to be considered in the context of the new ‘affordable’ rent regime, whereby new social housing developments and a proportion of relets are expected to be let at 80% of market rents. The combination of all these factors appears to mark a ‘perfect storm’ of pressure on the social renting model.

If they have not already started to do so, PUSH authorities will need to rapidly obtain a clear picture of the sizes, ages, types, employment and income status of their tenants and their homes, the rents they pay, the benefits they receive, and their 'match' with bedrooms occupied. They need this if they are to assess the potential impact of the changes, both on tenants as individuals, and on the revenue streams to and costs for landlords where the measures are introduced in 2013. This will help them consider different policy options to face the challenges in advance of their actual implementation.

### 4.3 Possession orders

Possession orders granted because of rent arrears have shown a minor increase, but orders for mortgage arrears have fallen, albeit at a slower pace than in 2010.

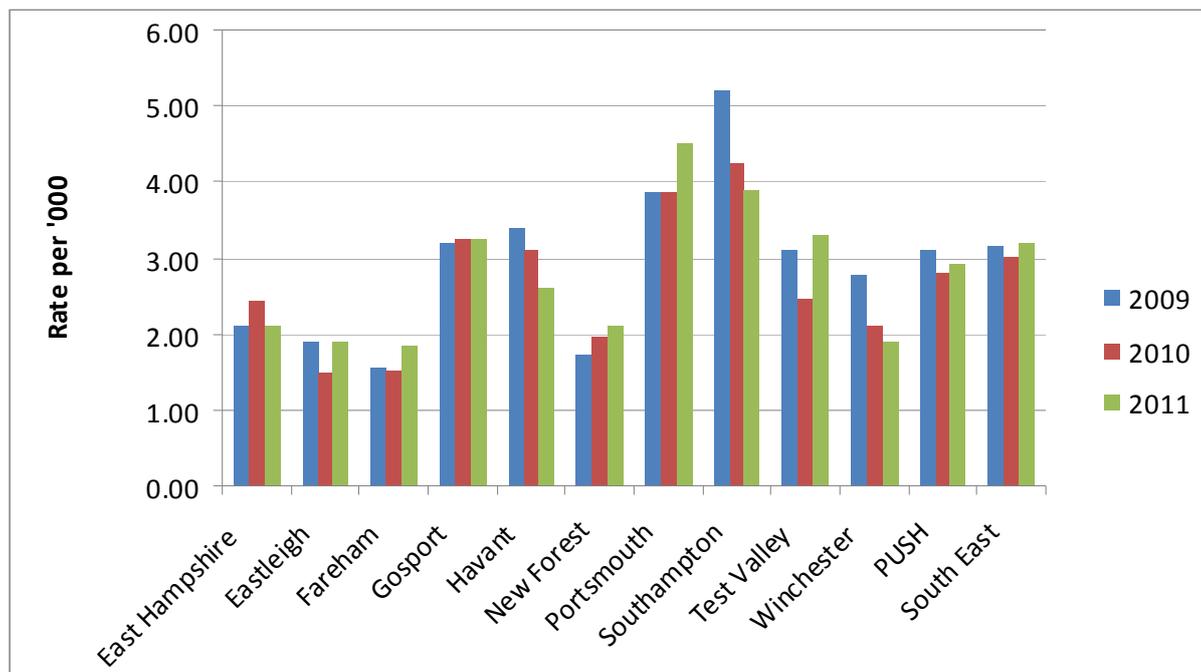
Figure 9 Possession orders per thousand households (mortgage)



Source: Ministry of Justice

When data for rent arrears and mortgage arrears are combined, the overall picture is of a slightly reducing rate<sup>17</sup>. Mortgage possession orders (see figure 9) have reduced over the last year across the PUSH region by 0.22 (from 1.74 to 1.52 per thousand of households), this was a greater reduction than for the South East as a whole ( 0.07). The biggest reductions were in Winchester, Eastleigh and Portsmouth respectively (of around 0.5 per thousand households for each). Both Gosport and Test Valley experienced a rise of mortgage possession orders by 0.29 and 0.11 respectively. Conversely possession orders for rent arrears have increased by 0.10 over the last year across the PUSH region (see figure 10 overleaf), though this was slightly lower than the comparative figure for the South East (increased by 0.18). Five authorities (Test Valley, Portsmouth, Eastleigh, Fareham, and New Forest) saw an increased rate, four authorities saw a reduced rate (Havant, Southampton, East Hampshire, and Winchester), and Gosport remained at the same level.

**Figure 10 Possession orders per thousand households (rent arrears)**



Source: Ministry of Justice

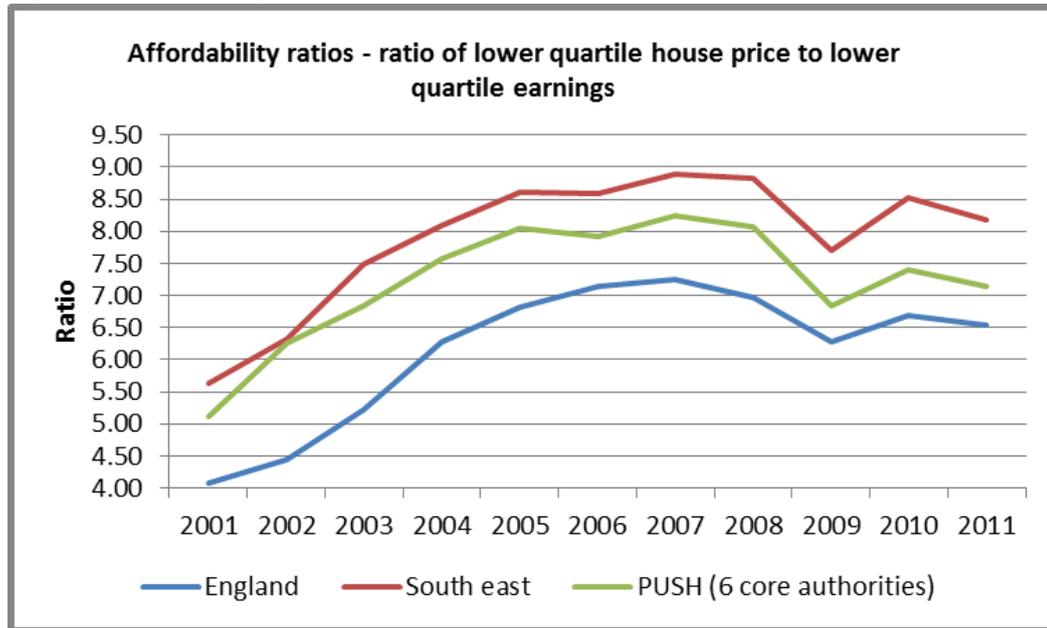
It would appear that the forecast expectation that the worsening economy would force an increase in possession orders had not yet impacted in 2011. If the relatively gloomy forecasts for the rest of 2012 are realised, then we might expect both repossession and homelessness figures to rise – authorities will want to monitor this carefully.

# 5.0 Affordability, incomes and housing needs

## 5.1 Affordability and incomes

The generally accepted measure of assessing the affordability of home ownership in a particular geographical area is the ratio of lower quartile house prices to the lower quartile of earnings of residents of the area.

Figure 11 Affordability ratios



Source: DCLG

After the modest improvement in affordability up to 2009, brought about by impact of the credit crunch on house prices, the downward trajectory has weakened. Although there has been an 2% increase in lower quartile earnings since the previous year (taking them up to £360 per week or £18,720 per annum representing a 12% increase over the previous five years), in parallel with the 2.2% decrease in prices, nonetheless little change in the owner occupier market is observable. 2011 affordable housing ratios were at 7.2 at the end of 2011 for the six core PUSH authorities (as represented in Figure 11)<sup>18</sup>. Taking account of the other four authorities data (just the transactions within the PUSH area), the ratio was 7.58. This means that the ratio between lower quartile house prices to lower quartile earnings has increased by 0.18 over the last year, to 7.58 (the same level as it was in 2004).

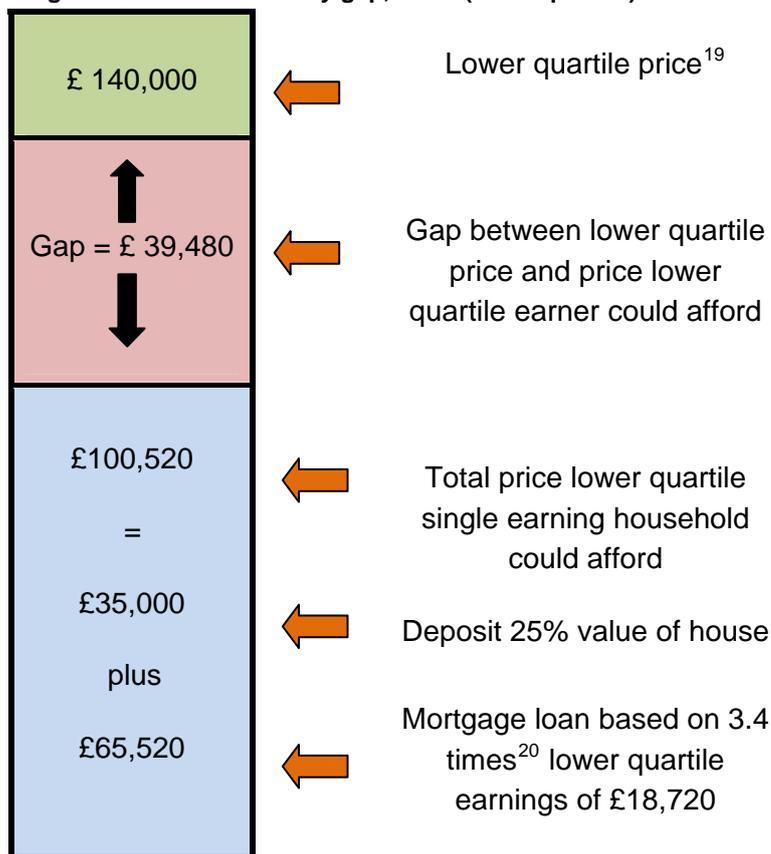
Figure 12 Changes in lower quartile gross weekly full and part time earnings, six core authorities.

	Individual (2006)	Individual (2010)	Individual (2011)	% Change (2010 - 2011)	% Change (2006 - 2011)
PUSH sub-region	£322	£351	£360	2%	12%
South East	£344	£384	£385	0%	12%
England	£320	£359	£360	0%	12%

Source: Nomis – data only available at whole authority level

In cash terms, the ‘affordability gap’ between average property price and the price those on average household incomes can afford is currently £39,480, just over £2,500 less than it was in 2010. How the gap is made up is illustrated in Figure 13 (Figure 14 gives the median ratios).

**Figure 13 The affordability gap, 2011 (lower quartile)**



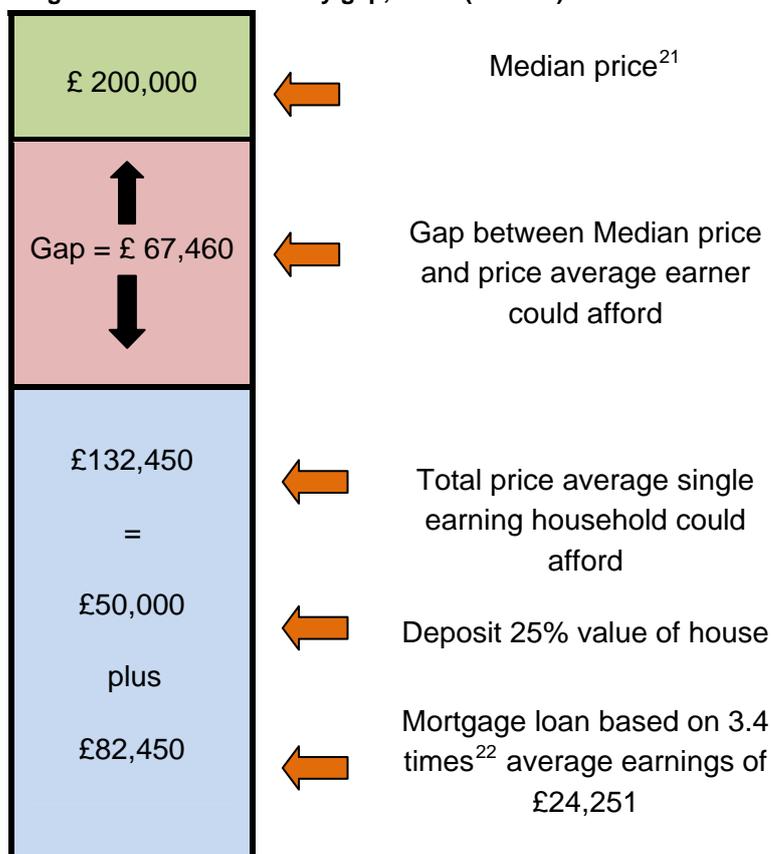
Sources: Land Registry; BBC Mortgage Calculator; & moneysupermarket.com

Figure 13 shows the difficulties those on lower earnings have in entering the home ownership market taking one example. Those on lower quartile earnings would have an affordability gap of £39,480 and would need to raise a £35,000 deposit (nearly two years' worth of earnings), given that lenders are only likely to risk a mortgage based on 75% of cost.

The assumption here is that there is only a single earner in the household. Housing becomes more affordable where two incomes or more share housing costs. That does not help young families with single incomes.

However, it is worth noting the differentials between lower quartile ownership and renting, as shown in figure 15

**Figure 14 The affordability gap, 2011 (median)**



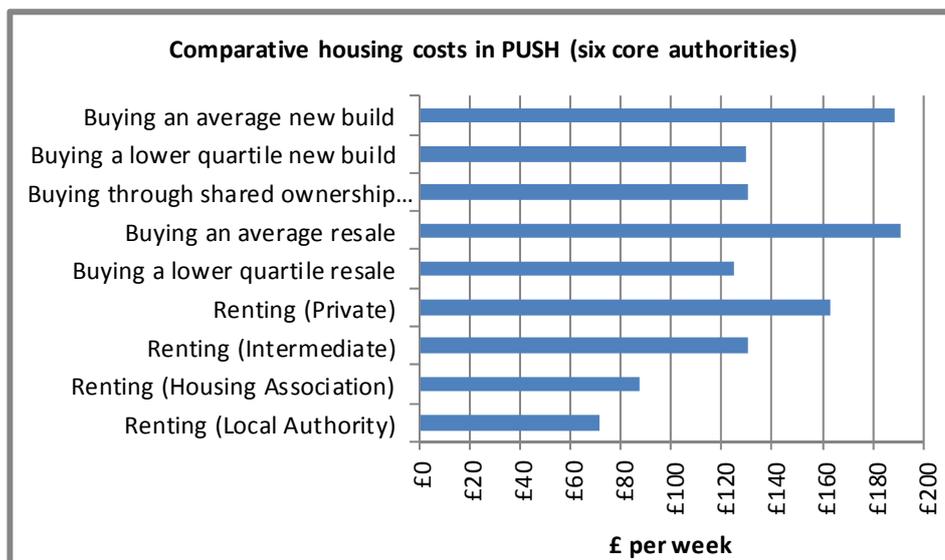
Sources: Land Registry; BBC Mortgage Calculator; & moneysupermarket.com

Figure 14 shows the difficulties those on average salaries have in the home ownership market. The affordability gap to access median priced properties would be a substantial £67,460, as well as this gap they would be unable to fill solely on average earnings, they would need to raise a £50,000 deposit (over two years' worth of earnings), given that lenders are only likely to risk a mortgage based on 75% of cost.

In order to access the lower quartile market, the affordability gap would be £22,500, requiring a deposit of £35,000, just under 1½ years salary.

Again this assumes only a single earner in the household.

**Figure 15 Comparative housing costs (excluding building)**



Sources: Land Registry; VOA; HSSA; Homes in Hants; BBC Mortgage Calculator; and moneysupermarket.com

**As can be seen from Figure 15, the average private rent of £163 per week in 2011 was more expensive than either lower quartile home ownership or shared ownership, another indicator of the stagnant state of the owner-occupier market.**

The quandary for would be buyers is that if they cannot access the deposit and earnings to enter the market, they are trapped in a tenure that is actually more expensive than owning. As can be seen in Figure, 13, the affordability gap for 2011 was running at £39,480 (lower quartile). This is 28% of the cost of a lower quartile home. This is a slight improvement on 2010 figures (£42,000 and 30%).

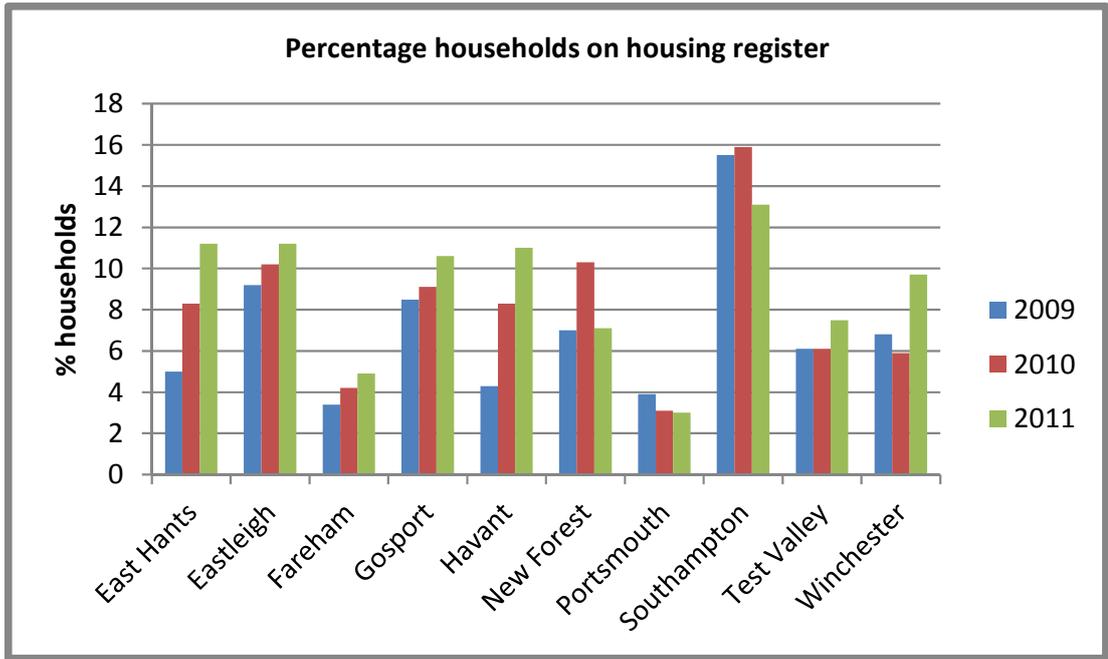
The position is easier for those on average earnings, which have increased by 12% over the last five years, bringing them up to £24,251 (full and part time). In this case, the affordability gap to acquire a lower quartile home (assuming the deposit could be raised) would be £22,500. The affordability gap vanishes for those earning the full time average salary of £31,870. If required deposits were lower this would help prospective home owners but could also herald a return to the housing market problems of 2007/8 when low deposit requirements and other schemes encouraged over borrowing.

## 5.2 Housing needs

**There has been a 9% increase in the numbers of households in housing need since 2010, based on local authority housing registers.** There are significant differences between local authorities, though these may be more related to housing register policy than components of need. However, in spite of possible inconsistencies, if one observes the figures for the last three years together (as in figure 15) a clear upward trend can be seen for the large majority of authorities. The exceptions are New Forest, Portsmouth and Southampton, where figures have either remained static or reduced.

Pro rata, Southampton shows the greatest degree of housing needs, with 13.1% of their households on the register (see Figure 16).

Figure 16 Percentage households on housing registers

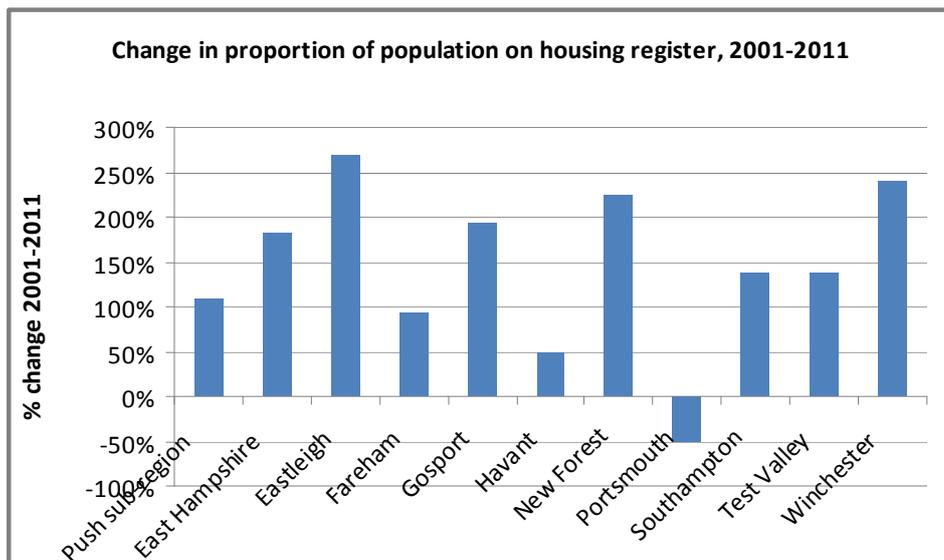


Source: local authorities and HSSA

**Looking at the longer term pattern for South Hampshire (figure 17), over the last ten years the proportion of households on registers has doubled (109%)**

The greatest increases in need have been seen in Eastleigh, Winchester and New Forest. Portsmouth is the only authority that has seen relative needs reduced – by 50% between 2001 to 2011<sup>23</sup>. This was achieved by consulting with those on the housing register about individual level of need and the likelihood of them being accommodated within the short to medium term. Because of the size of the city, this has substantially reduced the overall PUSH rate of increase in need. The process of identifying housing needs is not scientific but the general trends both between authorities and across time does indicate a growing backlog of unmet housing need.

Figure 17 Long term housing need



Source: local authorities and HSSA

Currently there are 68,688 housing benefit claimants within the six core local authorities; 66% are accommodated within the affordable housing sectors. We have noted earlier the potential impact of

changes to housing benefit regulations in the private sector. At the end of 2011 there were slightly more private sector housing benefit claimants than in 2010 (23,264 compared to 21,600). This increase may perhaps be due to the 'ripple' effect of the capping of higher-rent London authorities, and the subsequent migration out of London; or to the previously-discussed increase in private renting caused by a slow owner-occupier market, or to a combination. However, the evidence at this stage is unclear and there is a lack of quantitative analysis. PUSH authorities will want to carefully monitor the situation throughout 2012, as well as proactive work before 2013 on the impact of Universal Credit and changes to housing benefit for the social sector

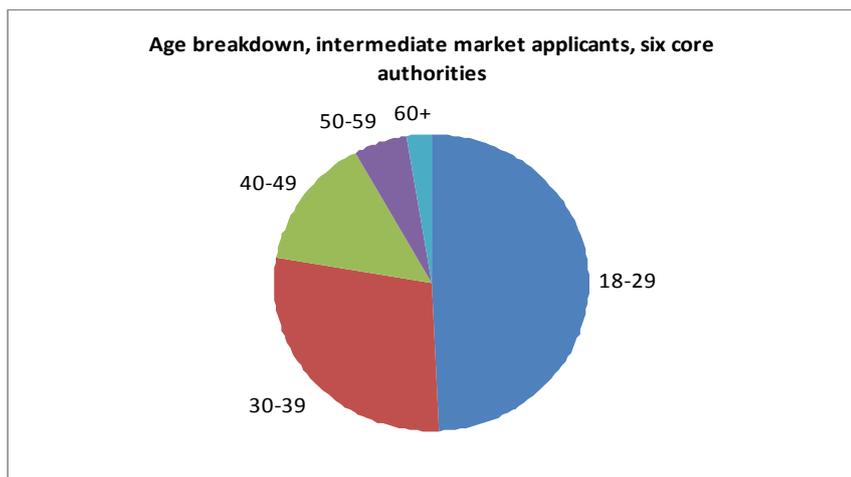
### 5.3 Intermediate housing products

**As of December 2011 there were 1,608 people in the six core PUSH areas actively looking for low cost home ownership, and 3,396 across all PUSH authorities (including non-PUSH areas)<sup>24</sup>.** The figures represents a reduction of 461 (22%) on the 2010 figures for the six core authorities (2,069), and a reduction of 818 (19%) on the 2010 all-PUSH area overall figures of 4,214. This apparent reduction in demand suggests that the recession had depressed this lower-cost sub-sector, as well as the market home ownership sector. Additionally, given the fact that the revenue costs associated with intermediate home ownership products are now similar to entry level prices into the full ownership market sector, this may account for some fall off of interest. However, during the course of 2012 numbers appear to have increased to 2010 levels again, but we will need to see the end of 2012 figures to compare like with like.

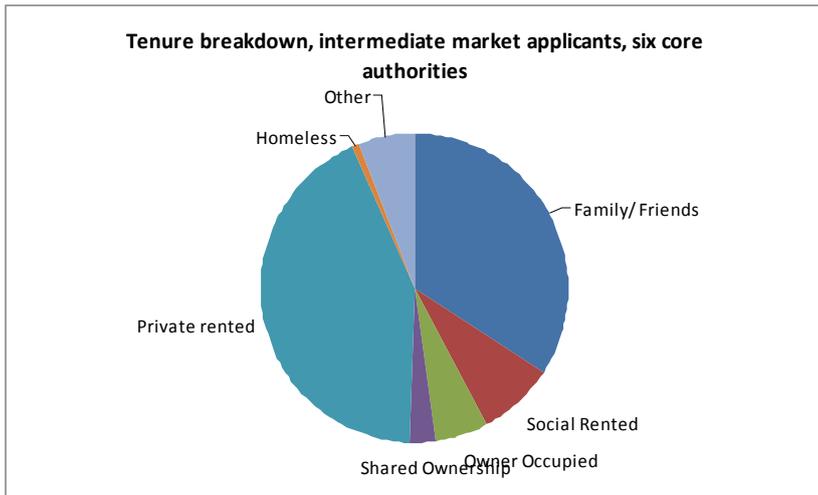
Of those currently applying 78% are under 40 years old (see Figure 18 below), and 53% require 2 bedrooms. As Some 43% are currently renting in the private rented sector (similar to last year) as shown in Figure 19 overleaf.

Of the existing stock of intermediate ownership products, the average mortgage is just under £60,000, plus average rent of £134 per month. Intermediate housing suppliers completed sales of 575 homes in 2011: 478 in the six core areas and another 97 in all parts of the other areas.

**Figure 18 Age breakdown, intermediate applicants**



**Figure 19 Tenure breakdown, intermediate applicants**



Source: Radian Homes

## 6.0 New housing supply in South Hampshire

### 6.1 Overall completions

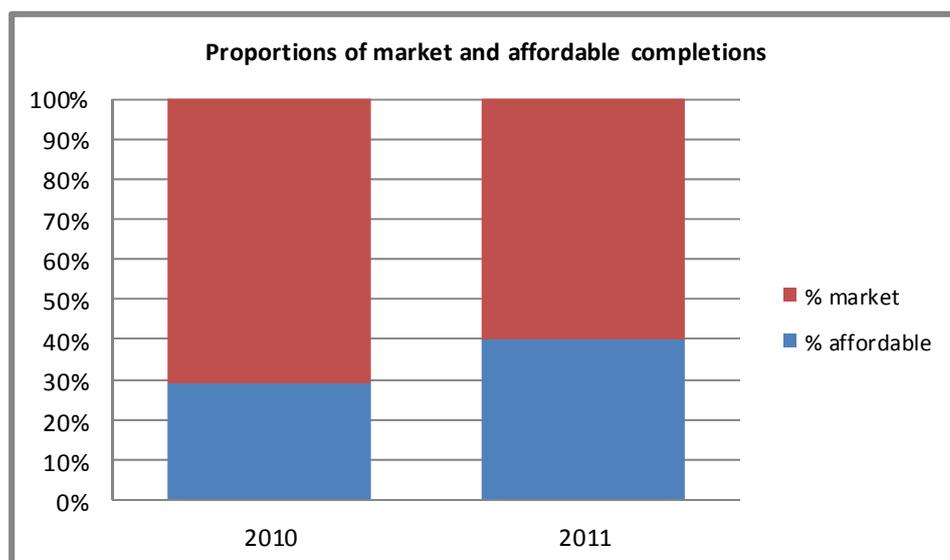
In total there were 2924 new dwellings built in the complete PUSH sub region (2441 net) in 2010/11, a 10% gross increase on the previous year. This is in strong contrast to the 41% reduction in completions that had featured in 2009/10, compared to outturns for 2008/09.

However, when the substantial number of demolitions are taken into account (partly due to the high level of stock loss prior to rebuilding at Rowner, Gosport<sup>25</sup>), the net completions were only 4% higher than the previous year. The net completions in 2010/11 (2441) were still substantially below the target of 4,000 dwellings per annum. 59% of the dwellings were flats, and 66% were either one or two bedroom properties, with 34% being 3 bedroom or larger.

### 6.2 Affordable housing completions

As regards affordable housing, 40% (1155 gross, 1038 net) of new completions were affordable homes, and 20% of these were three-bedroom or larger properties compared to 30% in 2010 (see Figure 19) 73% were flats and 27% were houses. This can be compared to the 2010 outturns, where only 29% were affordable, and where 75% were flats and 25% were houses.

Figure 20 Market and affordable PUSH completions



Source: Hampshire County Council

This significant contribution of affordable homes represents the last outputs of the previous Comprehensive Spending Review settlement. The current one is less generous and is not likely to replicate these figures. Moreover, the new definition of 'affordable' in the current Affordable Housing Programme means that the likely residents of any new homes developed will need to be on higher incomes than those that housing applicants for the National Affordable Housing Programme properties have required or in receipt of full HB.

Figure 21 Summary of PUSH completions

All Dwellings			Affordable Housing (AH)			
Flat	House	Total Gross (Net)	Flat	House	Total Gross (Net)	AH as a % of all completions
59%	40%	2924 (2441)	73%	27%	1155 (1038)	40%

Source: Hampshire County Council

## 7.0 Conclusion

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PUSH is primarily an economic development partnership and set of programmes. It is therefore sensible to conclude how housing can contribute to the economic regeneration of the area in 2012 and onwards, and how well it succeeded in contributing in 2011

**The optimistic tone that the 2010 monitoring report ended on was not maintained into 2011, either for the economy as a whole or for the role of housing as a contributor to economic growth.** Although there were some encouraging signs, including the outcomes from the National Affordable Housing Programme, the small green shoots around unemployment, and sales transactions were not maintained. The sales market remained flat while private renting took up the slack, to the extent that a degree of rent inflation and overheating was experienced. The owner occupier market remains unaffordable to those who need it most and who have traditionally been able to access it.

It could be argued that the combination of continuing high prices, high rents, a growing population and restricted access to the social rented sector points to a housing market that is dysfunctional and failing to be responsive to the sub-region's needs. While it is attractive to argue that the prime factor that would unblock the problem would be a reduction in the price of owner-occupation, in practical terms local authorities and sub-regional strategic bodies – or even governments – are limited in what they can do to change market sensibilities. A long-term 0.5% base interest rate has not made a substantial difference. However, we would suggest that lifting the population's incomes – and not just through attracting higher income earners, but also by stimulating employment and commercial growth in the lower-earning sectors – represents a more realistic escape route. And this chimes with the underpinning economic development mission of PUSH.

**The picture has not all been negative.** Centenary Quay, Southampton is developing 1,600 homes, phase 1 is complete and phases 2 and 3 are due on site in 2012, and the Rowner Estate regeneration initiative in Gosport is continuing, with plans to develop a total of 320 homes by next year. Regeneration plans for the Solent Enterprise Zone at Daedalus were announced in April, with the potential to create 3,500 jobs and 200 homes. Nonetheless, the outlook into 2012 remains fairly bleak, featuring:

- Reduced forecasts for economic growth, nationally, regionally and locally
- In the PUSH area a reduced economically active labour force and a return to increasing unemployment
- Inflation increasing at a greater rate than wage rises
- 'Flat' house prices (with local variation), but not enough interaction with wage levels to improve affordability ratios
- A low level increase in sales transactions, possibly at the higher end of the market, as low wages, high deposits, and stringent mortgage conditions continue to keep first time buyers out
- Consequently, a continued expansion of the private rented sector
- Some increase in Buy to Let, as interest rates remain low
- Negative impacts from welfare benefit reform, including continued inflation of private rents (fuelled by London overspill), homelessness because of rent capping and primarily the under occupation rules, and an increase in HMOs as the under 35s rule bites.

- In particular, the roll out of Housing Benefit reforms to the social housing sector in 2013, and the introduction of Universal Credit is likely to severely impact on the ability of significant numbers to afford their rents, with consequent pressure on landlords' rent rolls.
- Accompanying this will be increased competition for one bedroom or smaller properties, in both the social and private rented sectors that may start to impact in 2012.
- Reduced access to social housing for lower income groups will continue as the 'affordable' social housing regime bites. This relates to the higher rents (up to 80% market rents) that would apply to new developments under the Affordable Housing Programme, and to a proportion of relets. These will be exacerbated by rent caps brought in under reforms to the housing benefit system, particularly affecting larger homes
- Increased numbers on the housing register and becoming homeless
- Reduced rates of house completions, in both the affordable and market sectors can be expected.

It was significant that that the South Hampshire Economic strategy was revised in 2010 in the context of the recession, with an acknowledgement that "baseline projections paint an undesirable picture of the South Hampshire economy in the future as a result of rising population without employment growth". In terms of hard targets for 2006-26, GVA projections were reduced to 2% (from 3%) and job targets to 41,000 (from 59,000)<sup>26</sup>.

At the same time, strategic focus was returned to areas of existing or potential economic strength, including maritime, aerospace and environmental engineering, financial and business services, and creative industries. These are mostly high-end, high skill sectors, for which potential investors would seek a high-quality and spacious residential offer for perhaps a limited number of managers and technical staff.

At the other end of the spectrum, other economic growth priorities include the health and care industries, retail trading and the leisure and visitor industries. This group would require employees on lower wages, with lower skills sets – but more of them – and with an emphasis on the provision of affordable housing.

With this economic repositioning in mind, how then should the housing element be regeared or focussed? Some considerations may be:

- **Taking control of the new planning environment:** with the ending of the RSS targets and the flexibilities of the new National Planning Policy Framework, as a long-established strategic partnership PUSH is ideally placed to use the new framework to help deliver combined housing and economic objectives.
- **Understanding existing social housing residents:** in the context of benefit changes and the introduction of Universal Credit, especially the numbers affected and the financial losses they are exposed to through benefit capping and bedroom tax. Modelling of existing data and additional survey or tenant census work will be essential before the regulations come into force in April 2013, in order that policy responses can be considered.
- **Larger homes and high value homes:** high-end industries will need to recruit or attract skilled and experienced managers and technicians, likely to be of reasonably mature ages and many with families. Access to high quality owner-occupied homes in a well-maintained public realm, with good social (schools, health) infrastructure is essential. This is primarily a planning and private sector concern, and local authorities will want to ensure that new developments are sustainable.

- **Role of private renting:** high-end private renting can also meet some of the requirements of this group, but the likelihood is that it will need to continue to cater for a wide variety of different sub-markets, including lower paid people, students, and homeless households. PUSH authorities will want to ensure that their control of the PRS and liaison with PRS landlords is well developed. This may be particularly important if the new 'affordable' housing model with rents at 80% of market means that lower paid workers struggle to afford these homes.
- **Role of housing associations (Registered Providers) :** PUSH will want to enter into dialogue with associations about access to new developments and the make-up of new residents, especially about their incomes, ability to afford 80% market rents, and associations' role in continuing to meet the housing needs of those on low incomes. There may also be models of intermediate market renting that could be developed jointly with housing associations.
- **Longer term commitments to schemes delivering affordable housing:** PUSH housing associations and authorities are to be congratulated on delivering 40% affordable dwellings in 2010/11 through the NAHP. While repeating that will be difficult, it may well be necessary to look more to converting and improving existing social housing stock, over a longer term period, to maximise use of resources and to continue to deliver affordable housing over the longer term. This has already been identified in the Local Investment Plan (LIP) as a priority<sup>27</sup> and should be considered further with the HCA. The relationship with the HCA needs to be long term to ensure that affordable housing schemes continue to come forward.
- **Tackling under occupation:** linked to the above should be initiatives to make most efficient use of current social housing stock. We recognise that 'matching' people and appropriate homes is not always easy, but this policy direction will have been given some urgency by the introduction of the housing benefit under-occupation restrictions. The traditional approach has been to incentivise older 'empty nester' householders to downsize, to free up space for larger families. However, the new benefits regulations provide a perverse incentive not to do this, as older households are to be excluded from the bedroom tax (and benefit capping may affect larger families). Addressing some of the barriers associated with older people entering specialist accommodation, such as location, support networks and appropriate levels of management and support could help. It may also be appropriate to enter into discussions with the private sector on more affordable models of private sector provision, along the Leasehold Schemes for the Elderly model.
- **Development of a common approach to tenancies:** including agreements on cross-PUSH time frames and criteria for tenancy review, to minimise perceived unfairness, and to encourage consistency in best practice use of stock
- **Using existing and new powers and resources to reinforce the housing offer:** this would include New Homes Bonus, Council Tax on second homes, prudential borrowing, opportunities under the Community Right to Acquire, public land initiatives, S106 agreements, public / private SPVs and the like
- **Working with local banks and voluntary sector agencies** to develop low-cost, affordable mortgage products, to help assist lower quartile earners into responsible owner-occupation
- **Emphasis on the prevention of homelessness agenda,** which could include financial and budgeting advice, liaison and negotiation with lenders and landlords.



## **Annex One: Individual PUSH Authority Profiles**



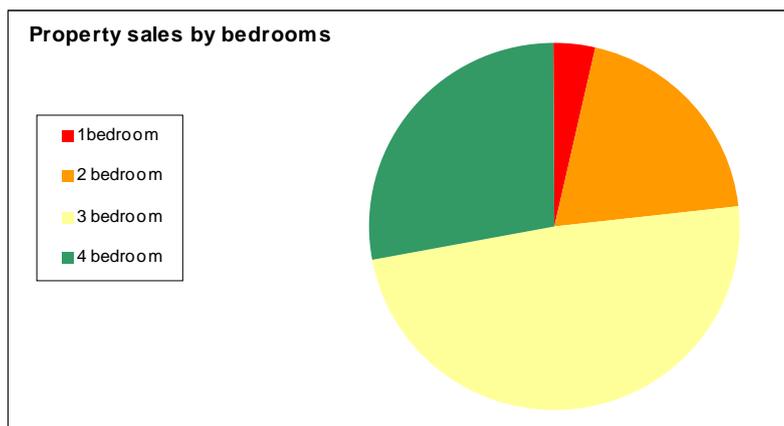
## East Hampshire

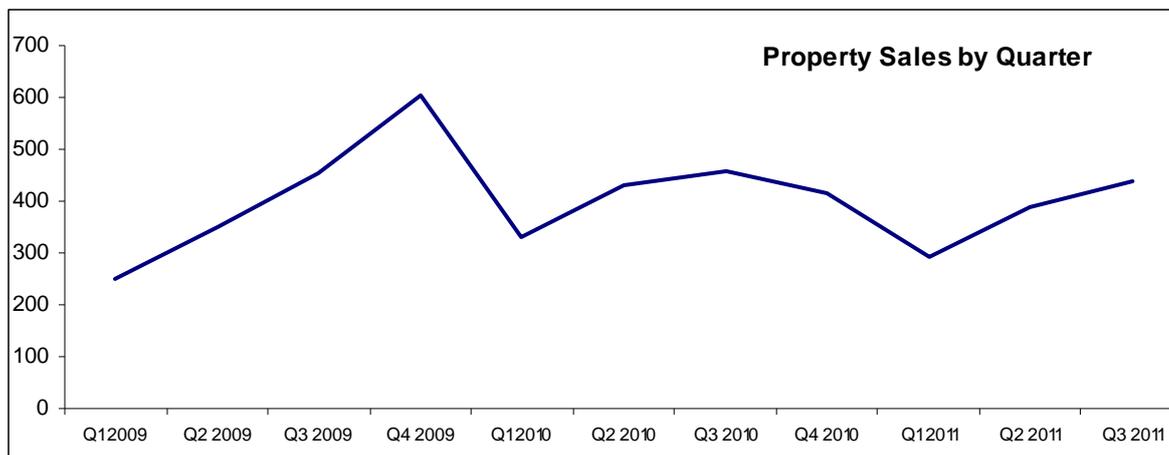
DEMOGRAPHY			
	East Hampshire	PUSH Area	South East
Current population in PUSH area	18,890*		
Change since 1999	0.0%	6.3%	5.5%
Net migration since 2010	600		
Main origin of in-migrants	Waverley 640		
Main destination of out-migrants	Havant 580		
ECONOMY			
Current employment total	52,500		
Current employment rate	78.3%	74.7%	74.4%
Economically active population	54,200		
Economic activity rate	80.9%	79.1%	79.5%
Number unemployed	4,500		
Unemployment rate	1.5%	3.1%*	2.6%
Average earnings	£31,840	£24,251*	£30,773
Lower quartile earnings	£20,891	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	268 **		
Net completions of new homes	226 **		
Affordable housing as % of all completions	22.0%	39.5%	
% of social housing decent	100.0%	99.9%	98.7%
Empty homes brought into use	0		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	n/a		
Disabled facilities grants	20		
HOUSING NEED			
Waiting list as proportion of all households (2011)	11.2%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.2	1.5	1.8
HOUSING MARKET			
Average property price	£279,762*	£217,015	£205,435
Property price change (2010-11)	-1.4%	-1.6%	-0.6%
Average property price by m2	£2,100*	£2,298	
Lower quartile price	£195,792*	£140,000	£165,000
Affordability ratio (LQ)	10.7	7.6	8.2
Purchase income threshold	£48,948*	£35,000	£41,250
Private market entry-level rent (2 bed)	£166*	£150	£144
Sales - 1 bedroom	7*		
Sales - 2 bedroom	37*		
Sales - 3 bedroom	92*		
Sales - 4 bedroom	53*		
Total property sales (2011)	189*		

\* PUSH area

\*\* excl. national parks

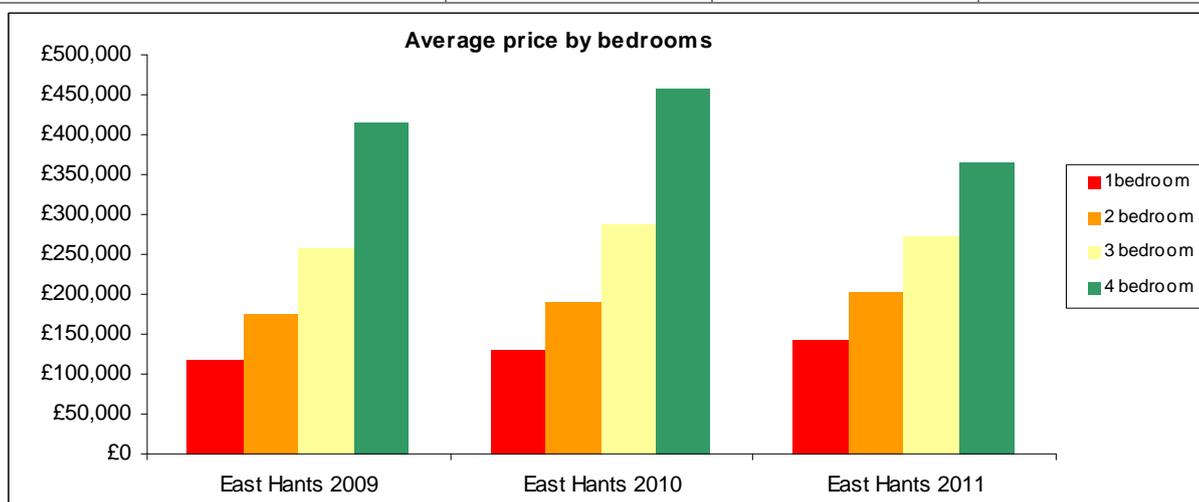
\* 6 Core PUSH Districts





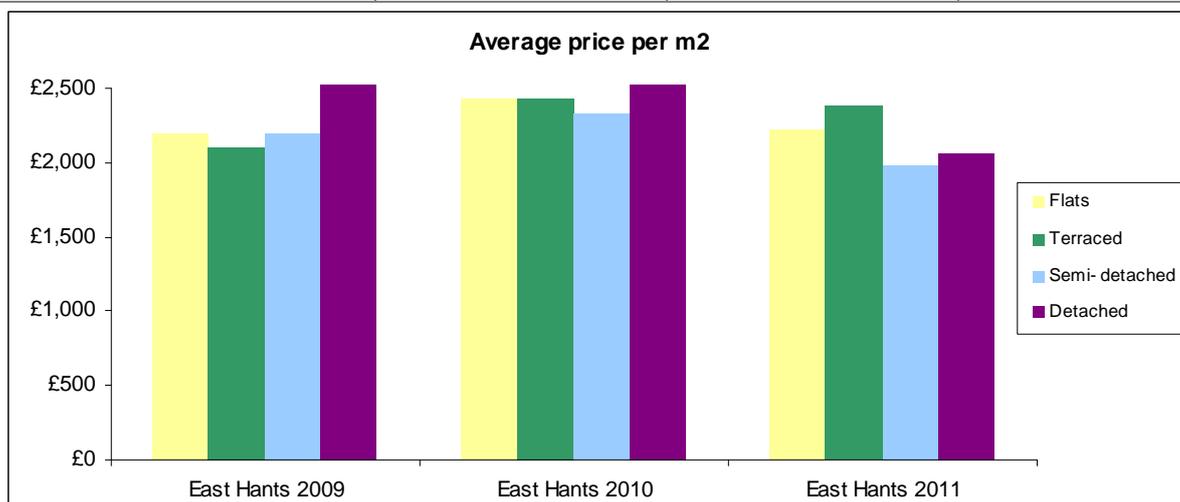
### HOUSING MARKET TRENDS

Average price by bedrooms	East Hants 2009	East Hants 2010	East Hants 2011
1 bedroom	£118,640	£129,510	£142,857
2 bedroom	£175,000	£189,440	£202,703
3 bedroom	£257,090	£288,210	£272,011
4 bedroom	£415,140	£458,450	£365,094
All properties	£310,040	£337,447	£340,256



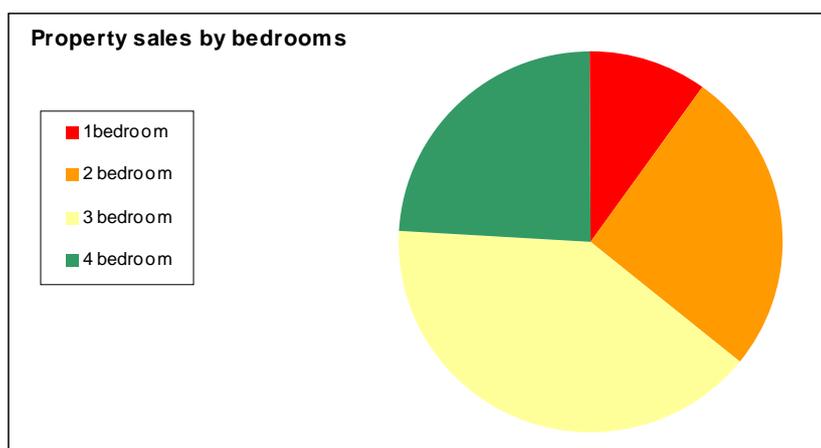
### HOUSING MARKET TRENDS

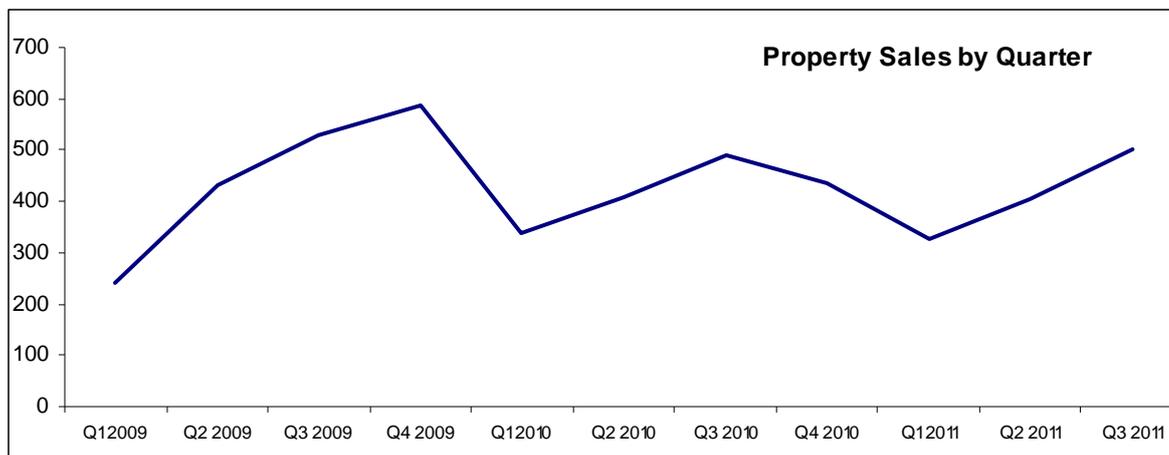
Average price per m2	East Hants 2009	East Hants 2010	East Hants 2011
Flats	£2,200	£2,440	£2,220
Terraced	£2,100	£2,440	£2,380
Semi- detached	£2,200	£2,330	£1,980
Detached	£2,600	£2,620	£2,070
All properties	£2,400	£2,520	£2,100



DEMOGRAPHY			
	Eastleigh	PUSH Area	South East
Current population in PUSH area	122,930		
Change since 1999	10.6%	6.3%	5.5%
Net migration since 2010	1000		
Main origin of in-migrants	Southampton 2,210		
Main destination of out-migrants	Southampton 1,300		
ECONOMY			
Current employment total	58,800		
Current employment rate	75.5%	74.7%	74.4%
Economically active population	62,200		
Economic activity rate	79.8%	79.1%	79.5%
Number unemployed	4,500		
Unemployment rate	2.1%	3.1%*	2.6%
Average earnings	£27,750	£24,251*	£30,773
Lower quartile earnings	£19,491	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	449		
Net completions of new homes	361		
Affordable housing as % of all completions	30.7%	39.5%	
% of social housing decent	100.0%	99.9%	98.7%
Empty homes brought into use	16		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	55		
Disabled facilities grants	0		
HOUSING NEED			
Waiting list as proportion of all households (2011)	11.2%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.3	1.5	1.8
HOUSING MARKET			
Average property price	£241,875	£217,015	£205,435
Property price change (2010-11)	-1.6%	-1.6%	-0.6%
Average property price by m2	£2,390	£2,298	
Lower quartile price	£159,941	£140,000	£165,000
Affordability ratio (LQ)	8.5	7.6	8.2
Purchase income threshold	£39,985	£35,000	£41,250
Private market entry-level rent (2 bed)	£150	£150	£144
Sales - 1 bedroom	95		
Sales - 2 bedroom	249		
Sales - 3 bedroom	384		
Sales - 4 bedroom	232		
Total property sales (2011)	960		

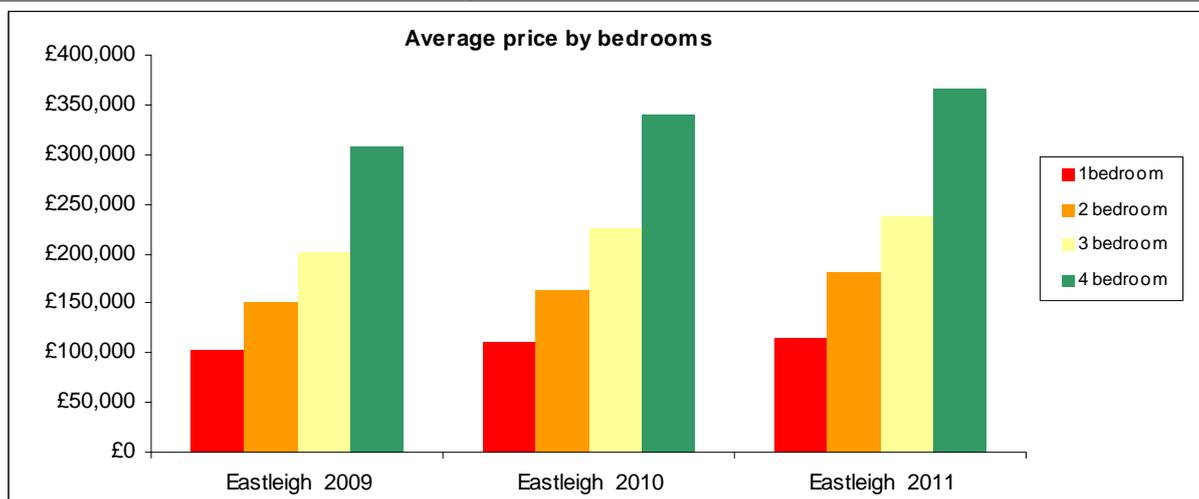
\* 6 Core PUSH Districts





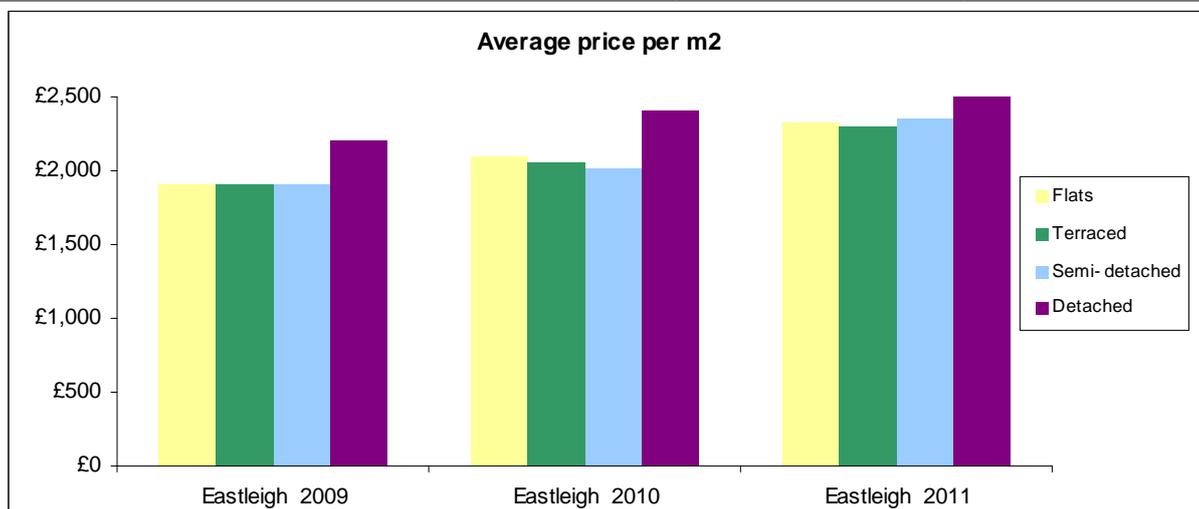
#### HOUSING MARKET TRENDS

Average price by bedrooms	Eastleigh 2009	Eastleigh 2010	Eastleigh 2011
1 bedroom	£102,160	£110,413	£115,526
2 bedroom	£151,120	£162,380	£180,020
3 bedroom	£200,100	£224,900	£237,956
4 bedroom	£307,970	£338,950	£366,487
All properties	£210,502	£222,489	£231,025



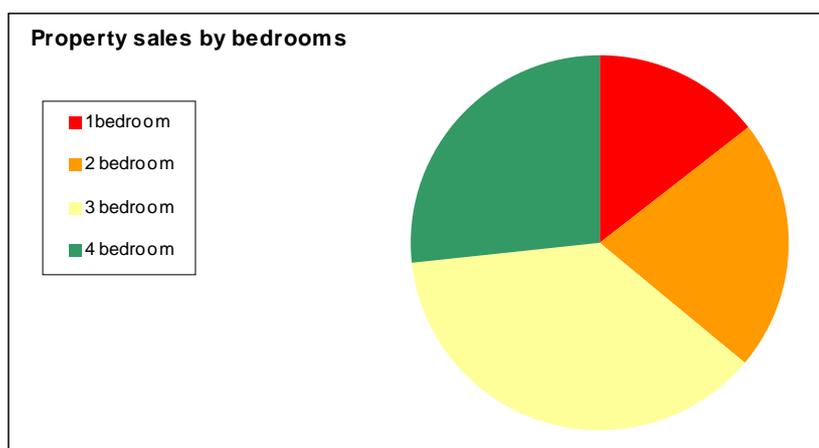
#### HOUSING MARKET TRENDS

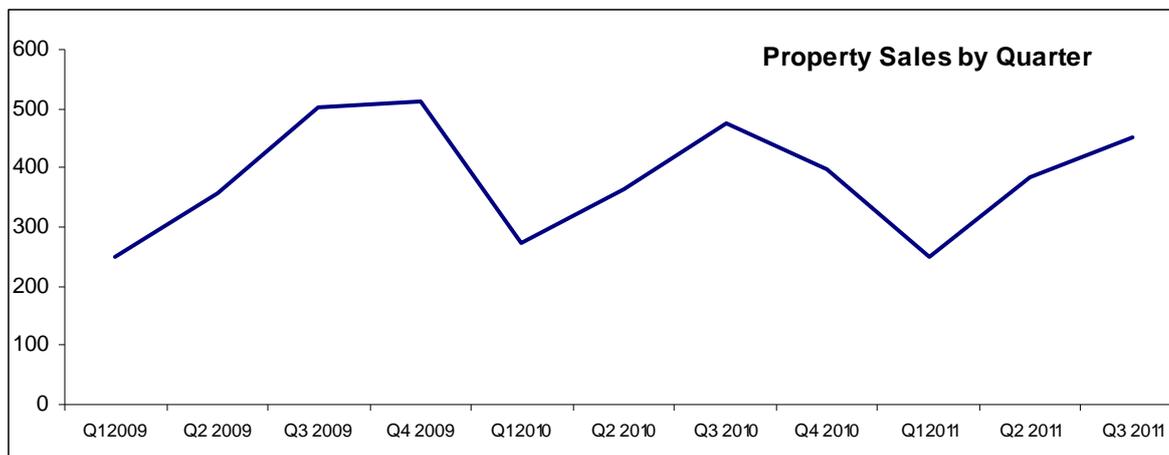
Average price per m2	Eastleigh 2009	Eastleigh 2010	Eastleigh 2011
Flats	£1,900	£2,100	£2,330
Terraced	£1,900	£2,050	£2,300
Semi- detached	£1,900	£2,020	£2,350
Detached	£2,200	£2,410	£2,500
All properties	£2,000	£2,210	£2,390



DEMOGRAPHY			
	Fareham	PUSH Area	South East
Current population in PUSH area	111,000		
Change since 1999	5.0%	6.3%	5.5%
Net migration since 2010	600		
Main origin of in-migrants	Gosport 780		
Main destination of out-migrants	Gosport 760		
ECONOMY			
Current employment total	55,900		
Current employment rate	78.7%	74.7%	74.4%
Economically active population	59,900		
Economic activity rate	84.3%	79.1%	79.5%
Number unemployed	3,800		
Unemployment rate	1.7%	3.1%*	2.6%
Average earnings	£27,940	£24,251*	£30,773
Lower quartile earnings	£20,000	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	384		
Net completions of new homes	364		
Affordable housing as % of all completions	56.5%	39.5%	
% of social housing decent	99.7%	99.9%	98.7%
Empty homes brought into use	58		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	58		
Disabled facilities grants	0		
HOUSING NEED			
Waiting list as proportion of all households (2011)	4.9%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.4	1.5	1.8
HOUSING MARKET			
Average property price	£244,395	£217,015	£205,435
Property price change (2010-11)	-2.0%	-1.6%	-0.6%
Average property price by m2	£2,290	£2,298	
Lower quartile price	£162,208	£140,000	£165,000
Affordability ratio (LQ)	8.4	7.6	8.2
Purchase income threshold	£40,552	£35,000	£41,250
Private market entry-level rent (2 bed)	£144	£150	£144
Sales - 1 bedroom	137		
Sales - 2 bedroom	205		
Sales - 3 bedroom	354		
Sales - 4 bedroom	254		
Total property sales (2011)	950		

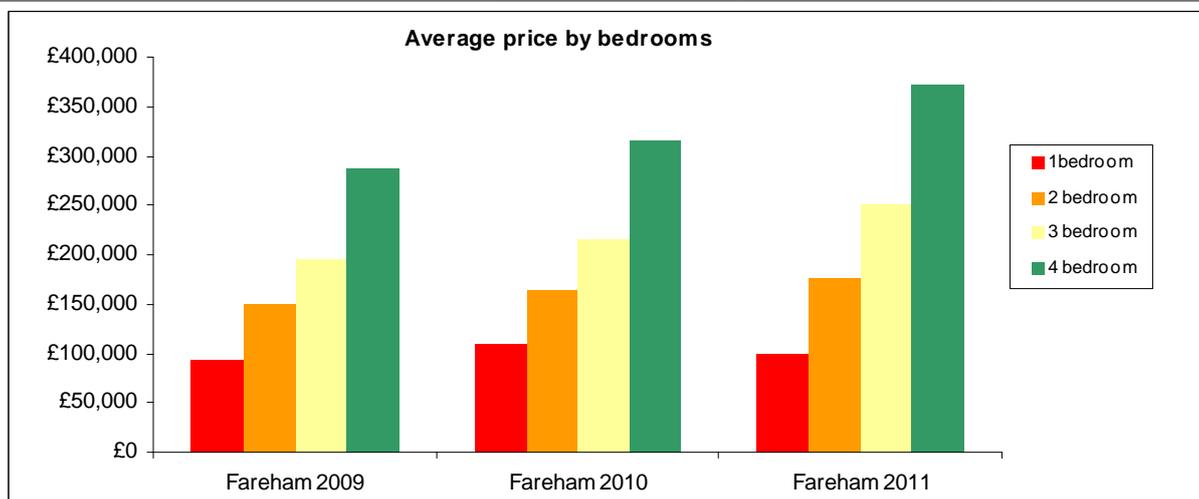
\* 6 Core PUSH Districts





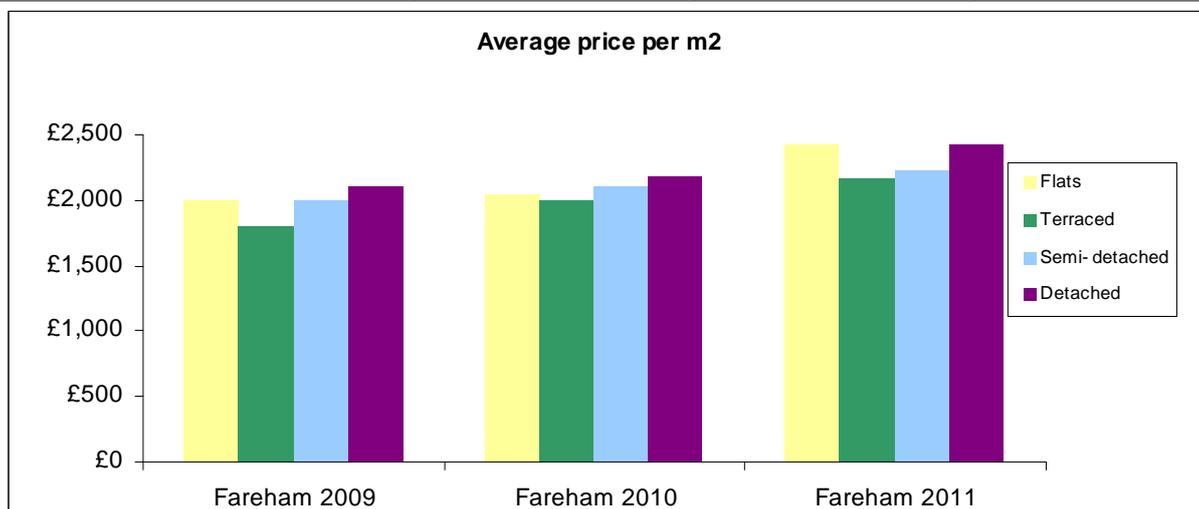
#### HOUSING MARKET TRENDS

Average price by bedrooms	Fareham 2009	Fareham 2010	Fareham 2011
1 bedroom	£91,970	£108,410	£98,540
2 bedroom	£148,980	£163,040	£174,878
3 bedroom	£196,710	£215,160	£250,212
4 bedroom	£287,140	£315,000	£371,063
All properties	£221,577	£225,992	£239,041



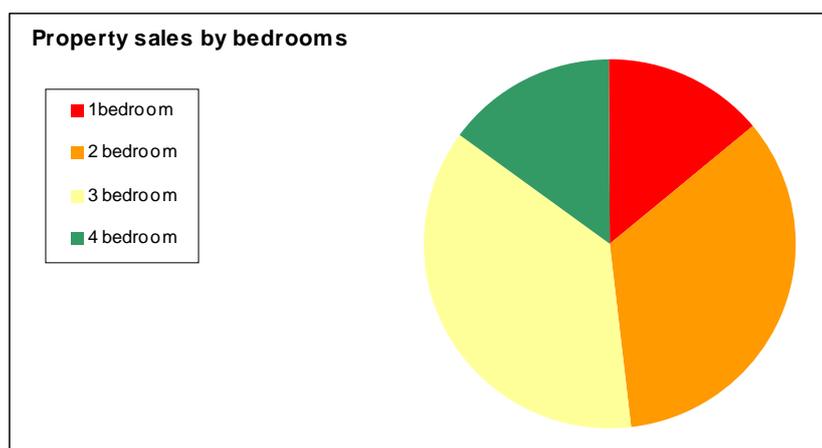
#### HOUSING MARKET TRENDS

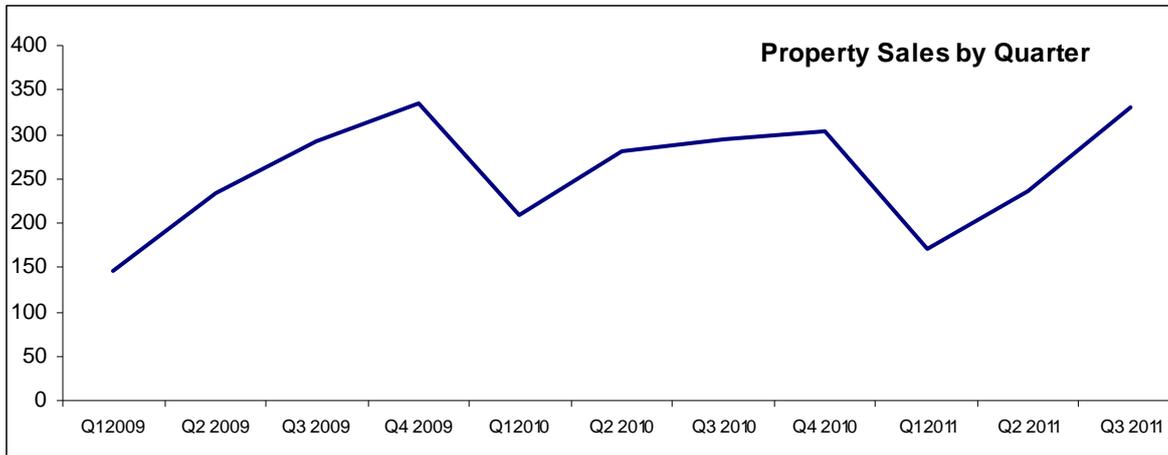
Average price per m2	Fareham 2009	Fareham 2010	Fareham 2011
Flats	£2,000	£2,050	£2,420
Terraced	£1,800	£1,990	£2,170
Semi- detached	£2,000	£2,100	£2,220
Detached	£2,100	£2,180	£2,420
All properties	£2,000	£2,100	£2,290



DEMOGRAPHY			
	Gosport	PUSH Area	South East
Current population in PUSH area	80,170		
Change since 1999	4.2%	6.3%	5.5%
Net migration since 2010	-400		
Main origin of in-migrants	Fareham 760		
Main destination of out-migrants	Fareham 780		
ECONOMY			
Current employment total	36,000		
Current employment rate	72.6%	74.7%	74.4%
Economically active population	37,200		
Economic activity rate	74.9%	79.1%	79.5%
Number unemployed	1,200		
Unemployment rate	3.2%	3.1%*	2.6%
Average earnings	£22,930	£24,251*	£30,773
Lower quartile earnings	£16,319	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	177		
Net completions of new homes	43		
Affordable housing as % of all completions	57.6%	39.5%	
% of social housing decent	95.3%	99.9%	98.7%
Empty homes brought into use	0		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	55		
Disabled facilities grants	10		
HOUSING NEED			
Waiting list as proportion of all households (2011)	10.6%	8.8%	6.3%
Repossessions per 1,000 households (2010)	2.4	1.5	1.8
HOUSING MARKET			
Average property price	£183,551	£217,015	£205,435
Property price change (2010-11)	-0.9%	-1.6%	-0.6%
Average property price by m2	£1,980	£2,298	
Lower quartile price	£121,808	£140,000	£165,000
Affordability ratio (LQ)	6.4	7.6	8.2
Purchase income threshold	£30,452	£35,000	£41,250
Private market entry-level rent (2 bed)	£137	£150	£144
Sales - 1 bedroom	108		
Sales - 2 bedroom	260		
Sales - 3 bedroom	283		
Sales - 4 bedroom	115		
Total property sales (2011)	766		

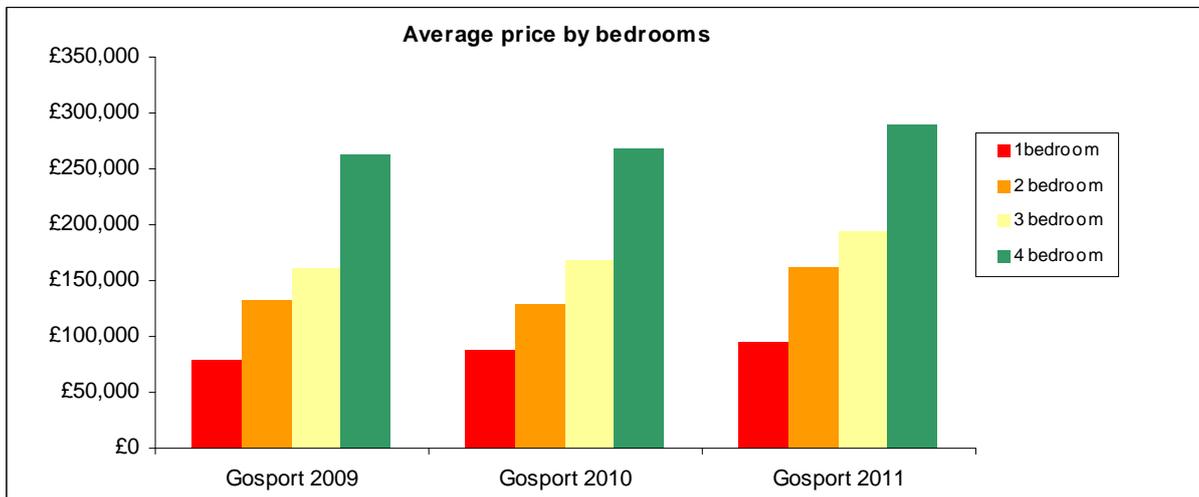
\* 6 Core PUSH Districts





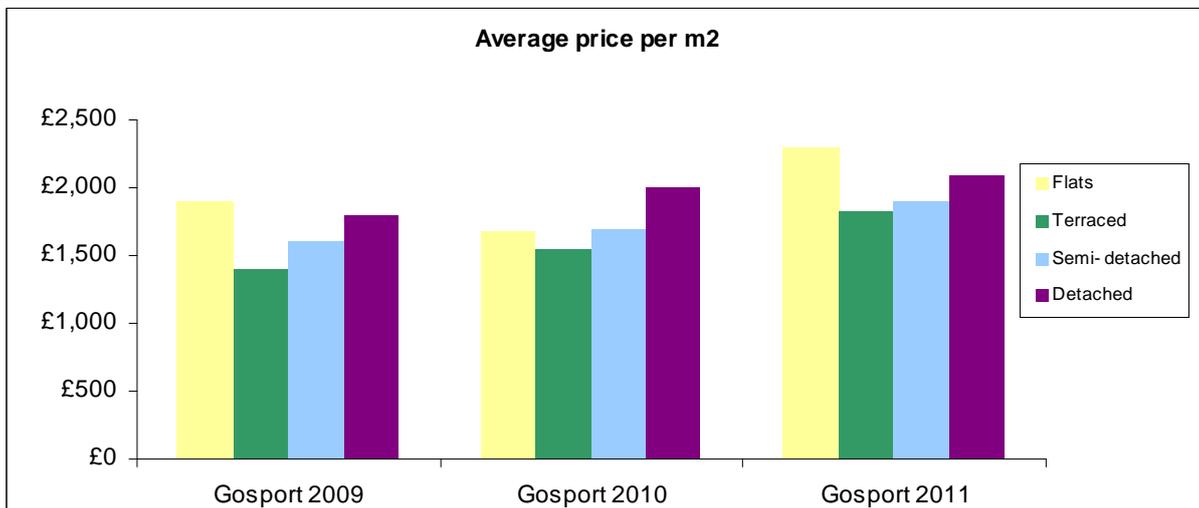
#### HOUSING MARKET TRENDS

Average price by bedrooms	Gosport 2009	Gosport 2010	Gosport 2011
1 bedroom	£79,420	£86,770	£94,213
2 bedroom	£132,310	£128,090	£162,212
3 bedroom	£161,310	£168,180	£194,523
4 bedroom	£262,650	£267,590	£288,696
All properties	£164,606	£165,764	£162,960



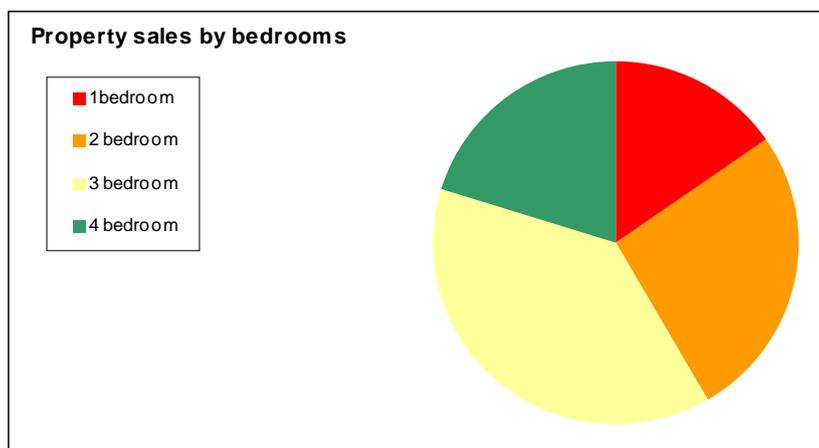
#### HOUSING MARKET TRENDS

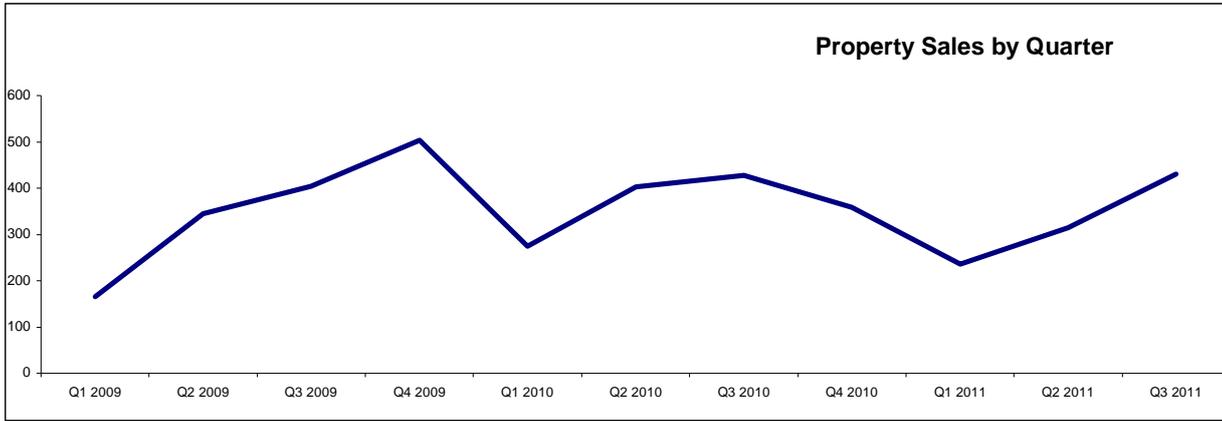
Average price per m2	Gosport 2009	Gosport 2010	Gosport 2011
Flats	£1,900	£1,680	£2,300
Terraced	£1,400	£1,550	£1,820
Semi- detached	£1,600	£1,690	£1,900
Detached	£1,800	£2,000	£2,090
All properties	£1,600	£1,650	£1,980



DEMOGRAPHY			
	Havant	PUSH Area	South East
Current population in PUSH area	116,510		
Change since 1999	-0.5%	6.3%	5.5%
Net migration since 2010	200		
Main origin of in-migrants	Portsmouth 1,700		
Main destination of out-migrants	Portsmouth 1,480		
ECONOMY			
Current employment total	53,400		
Current employment rate	76.2%	74.7%	74.4%
Economically active population	57,300		
Economic activity rate	81.8%	79.1%	79.5%
Number unemployed	3,800		
Unemployment rate	3.5%	3.1%*	2.6%
Average earnings	£24,090	£24,251*	£30,773
Lower quartile earnings	£17,650	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	273		
Net completions of new homes	231		
Affordable housing as % of all completions	25.3%	39.5%	
% of social housing decent	99.9%	99.9%	98.7%
Empty homes brought into use	0		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	53		
Disabled facilities grants	230		
HOUSING NEED			
Waiting list as proportion of all households (2011)	11.0%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.8	1.5	1.8
HOUSING MARKET			
Average property price	£230,048	£217,015	£205,435
Property price change (2010-11)	-1.8%	-1.6%	-0.6%
Average property price by m2	£2,320	£2,298	
Lower quartile price	£143,498	£140,000	£165,000
Affordability ratio (LQ)	7.5	7.6	8.2
Purchase income threshold	£35,875	£35,000	£41,250
Private market entry-level rent (2 bed)	£144	£150	£144
Sales - 1 bedroom	127		
Sales - 2 bedroom	218		
Sales - 3 bedroom	315		
Sales - 4 bedroom	167		
Total property sales (2011)	827		

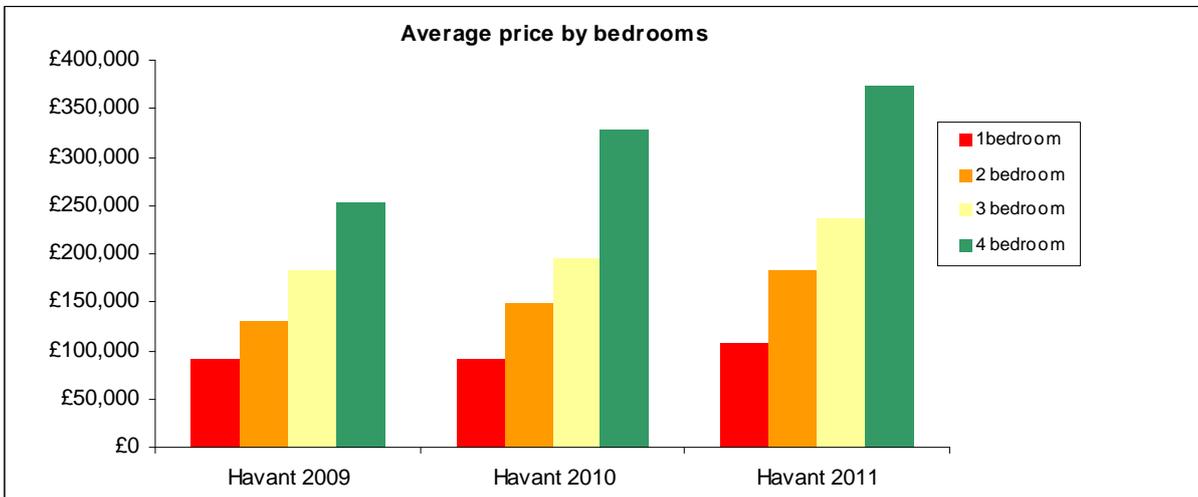
\* 6 Core PUSH Districts





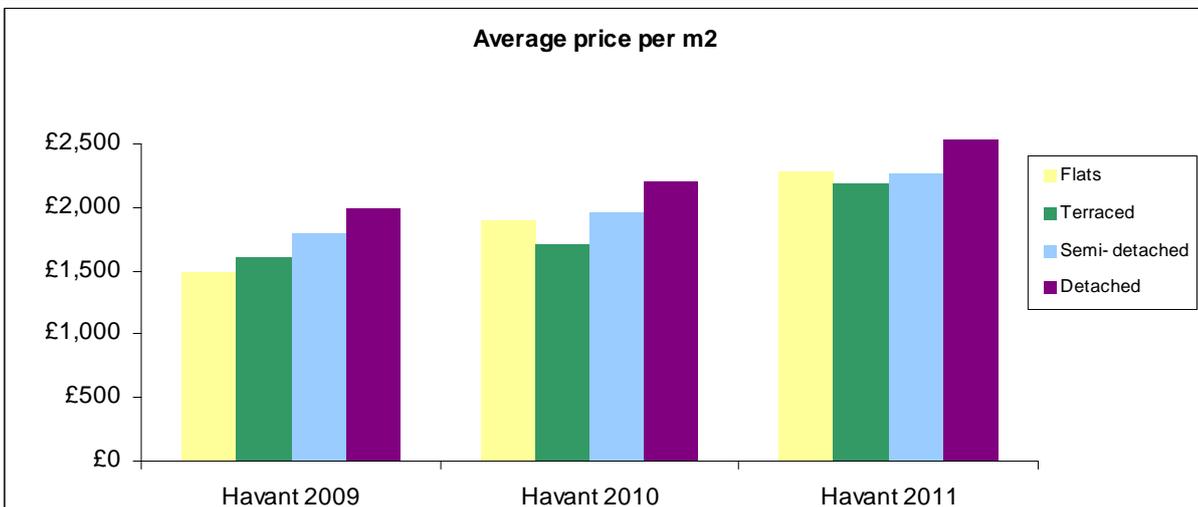
#### HOUSING MARKET TRENDS

Average price by bedrooms	Havant 2009	Havant 2010	Havant 2011
1 bedroom	£91,180	£91,180	£106,890
2 bedroom	£130,220	£147,720	£182,798
3 bedroom	£182,940	£196,680	£236,746
4 bedroom	£253,310	£328,610	£372,754
All properties	£205,010	£221,256	£207,324



#### HOUSING MARKET TRENDS

Average price per m2	Havant 2009	Havant 2010	Havant 2011
Flats	£1,500	£1,910	£2,280
Terraced	£1,600	£1,710	£2,180
Semi- detached	£1,800	£1,960	£2,270
Detached	£2,000	£2,200	£2,530
All properties	£1,700	£1,890	£2,320

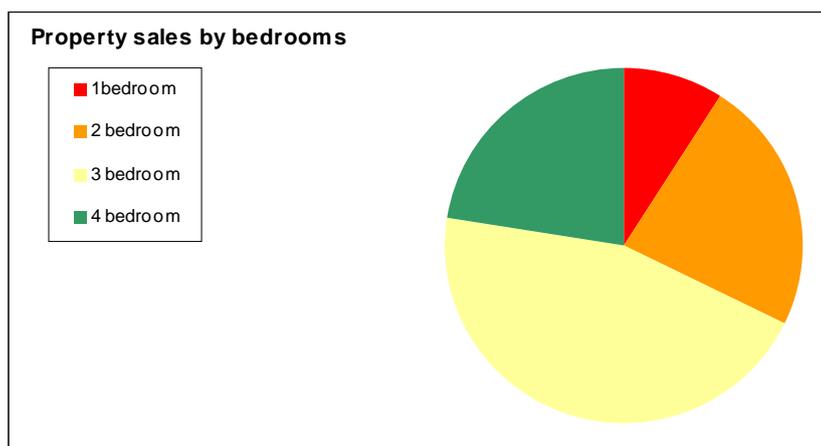


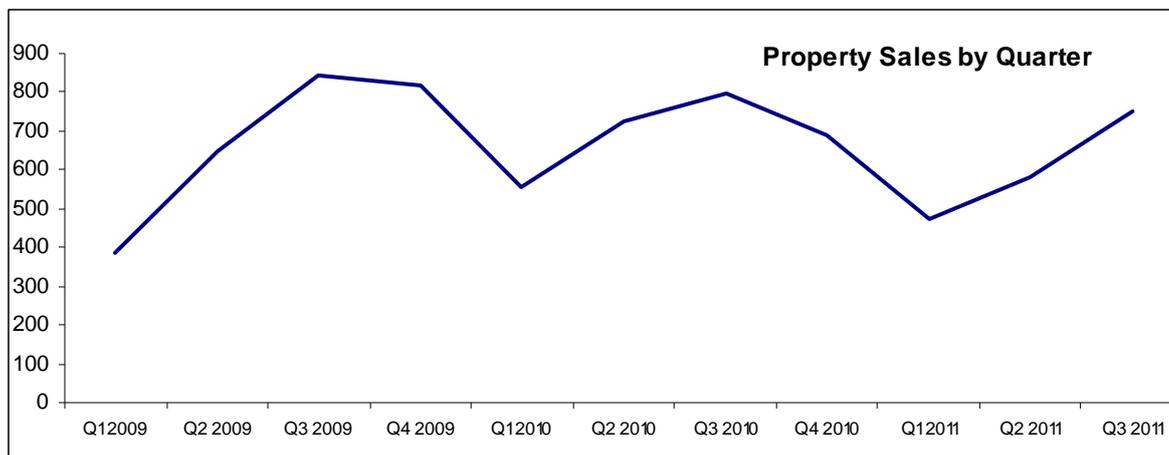
DEMOGRAPHY			
	New Forest	PUSH Area	South East
Current population in PUSH area	68,040*		
Change since 1999	0.0%	6.3%	5.5%
Net migration since 2010	900		
Main origin of in-migrants	Southampton 900		
Main destination of out-migrants	Southampton 780		
ECONOMY			
Current employment total	75,600		
Current employment rate	74.1%	74.7%	74.4%
Economically active population	79,600		
Economic activity rate	78.0%	79.1%	79.5%
Number unemployed	4,300		
Unemployment rate	1.8%	3.1%*	2.6%
Average earnings	£25,530	£24,251*	£30,773
Lower quartile earnings	£18,313	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	288 **		
Net completions of new homes	259**		
Affordable housing as % of all completions	11.5%	39.5%	
% of social housing decent	100.0%	99.9%	98.7%
Empty homes brought into use	96		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	51		
Disabled facilities grants	20		
HOUSING NEED			
Waiting list as proportion of all households (2011)	7.1%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.1	1.5	1.8
HOUSING MARKET			
Average property price	£232,812*	£217,015	£205,435
Property price change (2010-11)	-2.1%	-1.6%	-0.6%
Average property price by m2	£2,400*	£2,298	
Lower quartile price	£179,208*	£140,000	£165,000
Affordability ratio (LQ)	9.6	7.6	8.2
Purchase income threshold	£44,802*	£35,000	£41,250
Private market entry-level rent (2 bed)	£160*	£150	£144
Sales - 1 bedroom	41*		
Sales - 2 bedroom	103*		
Sales - 3 bedroom	203*		
Sales - 4 bedroom	101*		
Total property sales (2011)	448 *		

\* PUSH area

\*\* excl. national parks

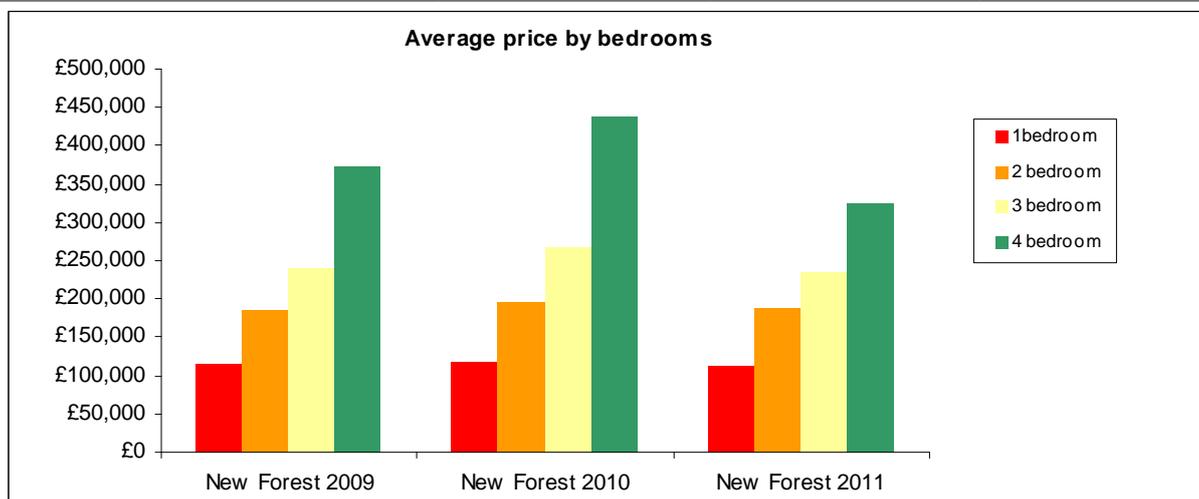
\* 6 Core PUSH Districts





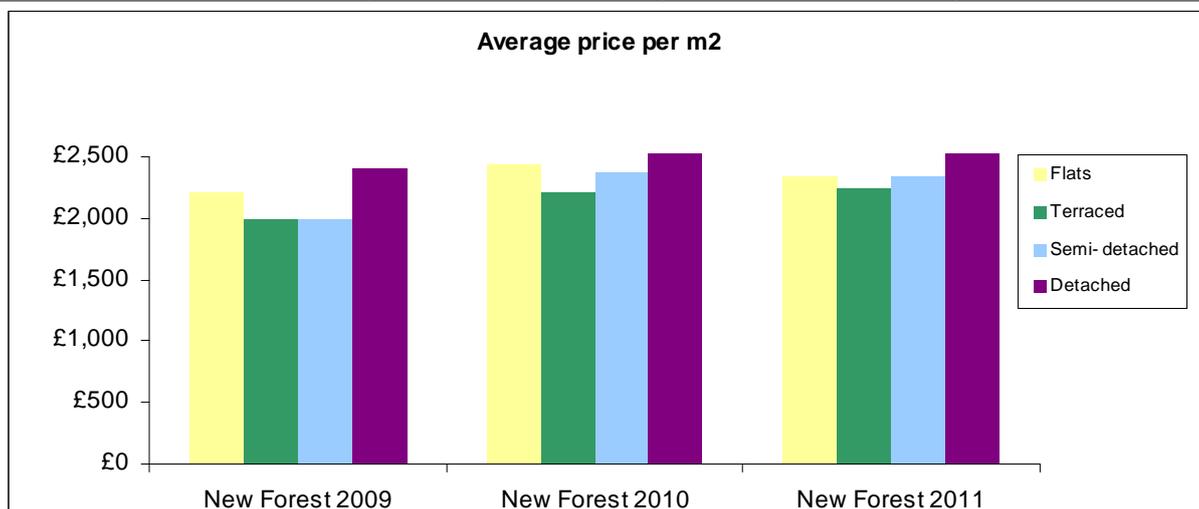
#### HOUSING MARKET TRENDS

Average price by bedrooms	New Forest 2009	New Forest 2010	New Forest 2011
1 bedroom	£115,160	£116,470	£111,585
2 bedroom	£185,350	£195,780	£186,893
3 bedroom	£240,820	£268,490	£234,236
4 bedroom	£372,010	£438,150	£325,990
All properties	£266,116	£275,102	£309,158



#### HOUSING MARKET TRENDS

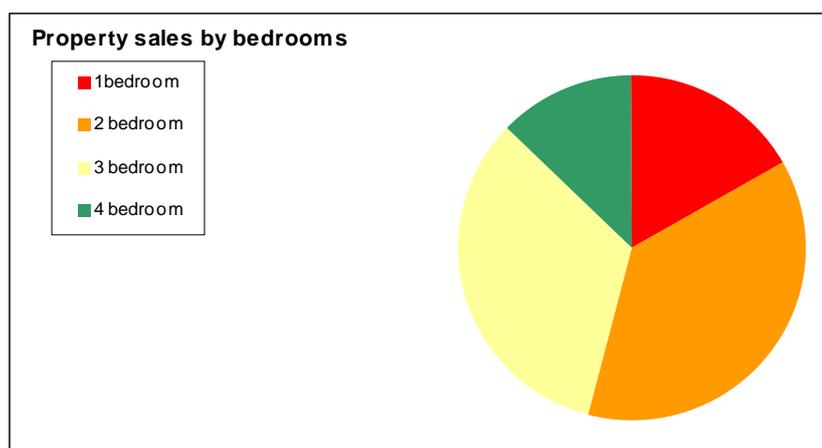
Average price per m2	New Forest 2009	New Forest 2010	New Forest 2011
Flats	£2,200	£2,430	£2,340
Terraced	£2,000	£2,210	£2,240
Semi- detached	£2,000	£2,370	£2,340
Detached	£2,400	£2,590	£2,610
All properties	£2,200	£2,460	£2,400

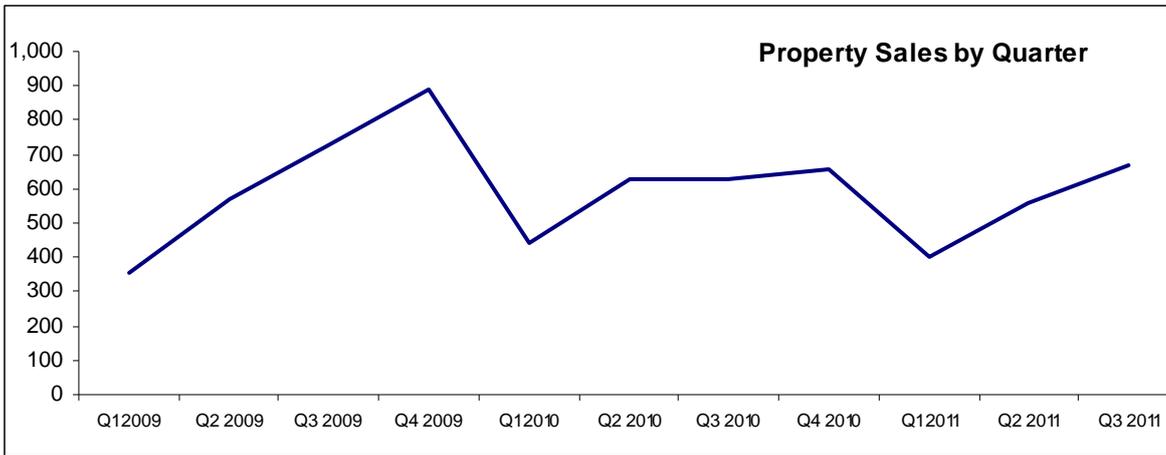


## Portsmouth

DEMOGRAPHY			
	Portsmouth	PUSH Area	South East
Current population in PUSH area	199,120		
Change since 1999	5.3%	6.3%	5.5%
Net migration since 2010	600		
Main origin of in-migrants	Havant 1,480		
Main destination of out-migrants	Havant 1,700		
ECONOMY			
Current employment total	99,500		
Current employment rate	70.4%	74.7%	74.4%
Economically active population	108,600		
Economic activity rate	76.9%	79.1%	79.5%
Number unemployed	8,500		
Unemployment rate	3.6%	3.1%*	2.6%
Average earnings	£21,720	£24,251*	£30,773
Lower quartile earnings	£17,644	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	391		
Net completions of new homes	317		
Affordable housing as % of all completions	33.2%	39.5%	
% of social housing decent	100.0%	99.9%	98.7%
Empty homes brought into use	161		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	52		
Disabled facilities grants	140		
HOUSING NEED			
Waiting list as proportion of all households (2011)	3.0%	8.8%	6.3%
Repossessions per 1,000 households (2010)	2.2	1.5	1.8
HOUSING MARKET			
Average property price	£185,382	£217,015	£205,435
Property price change (2010-11)	-1.3%	-1.6%	-0.6%
Average property price by m2	£2,100	£2,298	
Lower quartile price	£124,667	£140,000	£165,000
Affordability ratio (LQ)	6.5	7.6	8.2
Purchase income threshold	£31,167	£35,000	£41,250
Private market entry-level rent (2 bed)	£137	£150	£144
Sales - 1 bedroom	244		
Sales - 2 bedroom	532		
Sales - 3 bedroom	478		
Sales - 4 bedroom	186		
Total property sales (2011)	1440		

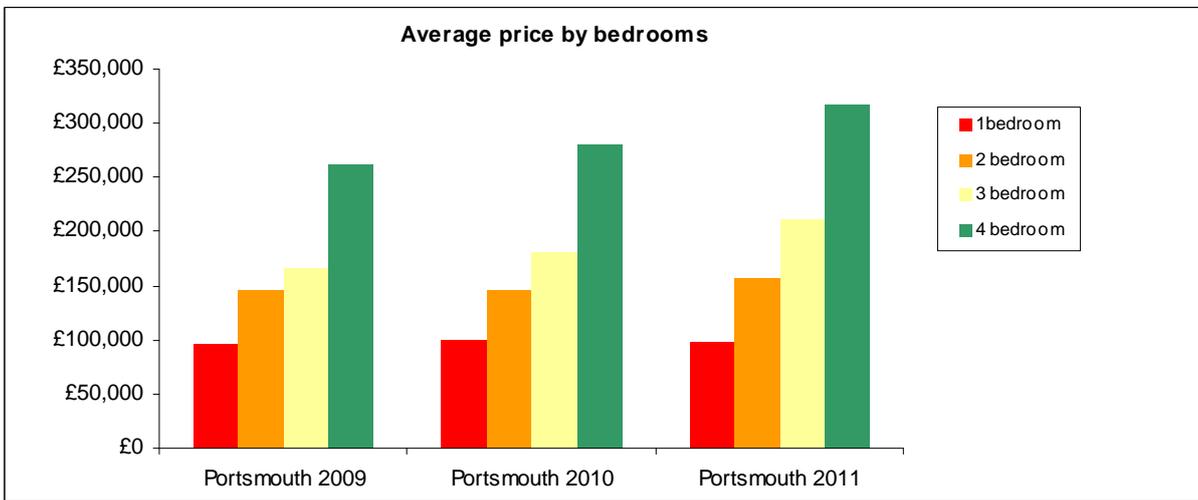
\* 6 Core PUSH Districts





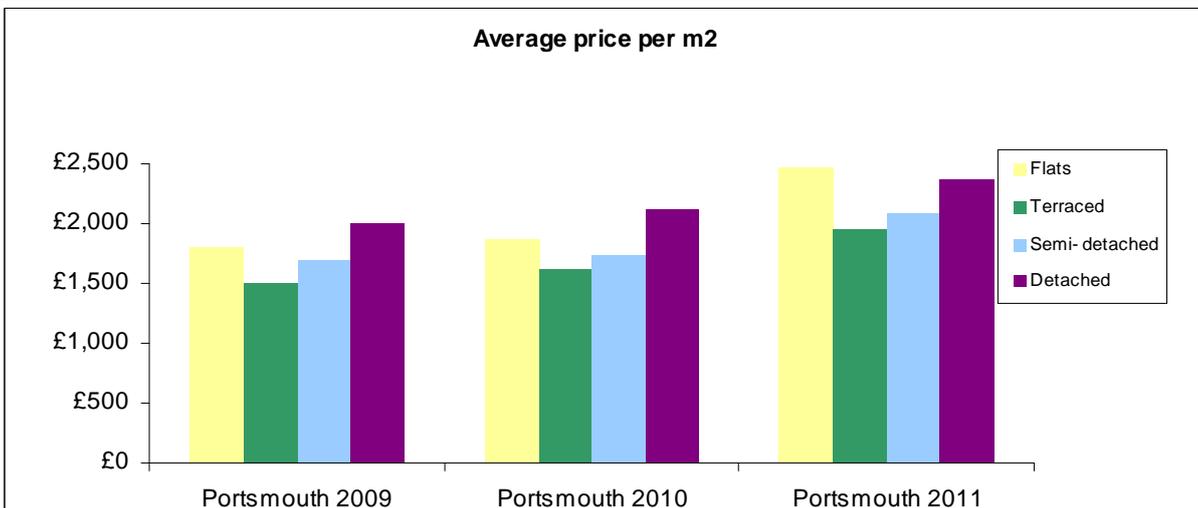
#### HOUSING MARKET TRENDS

Average price by bedrooms	Portsmouth 2009	Portsmouth 2010	Portsmouth 2011
1 bedroom	£94,970	£99,200	£97,131
2 bedroom	£145,610	£145,720	£156,297
3 bedroom	£165,010	£181,180	£211,297
4 bedroom	£260,840	£279,370	£317,742
All properties	£165,848	£171,261	£168,570



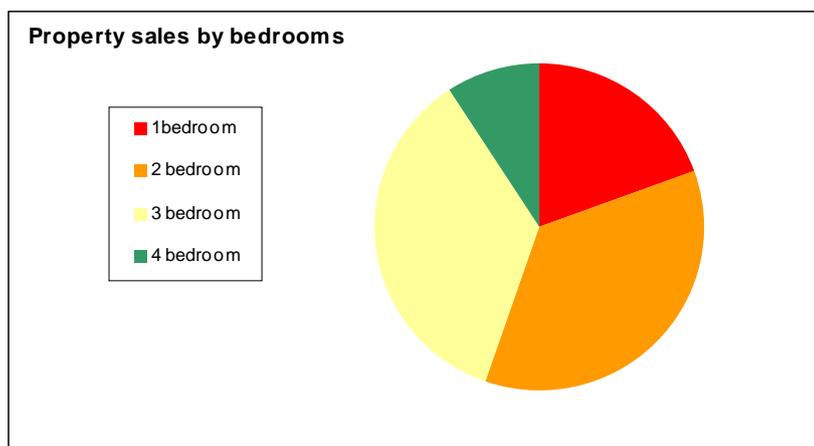
#### HOUSING MARKET TRENDS

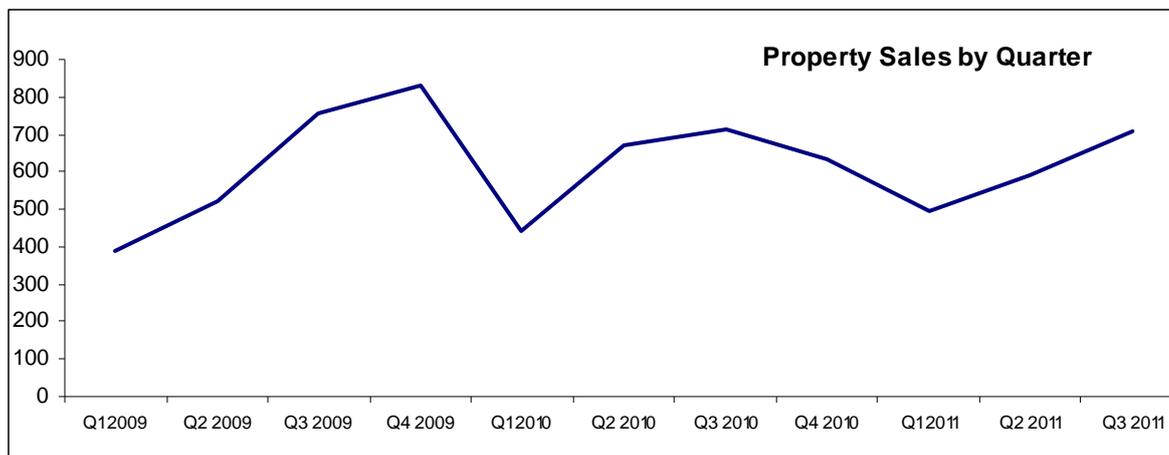
Average price per m2	Portsmouth 2009	Portsmouth 2010	Portsmouth 2011
Flats	£1,800	£1,870	£2,460
Terraced	£1,500	£1,620	£1,950
Semi- detached	£1,700	£1,730	£2,080
Detached	£2,000	£2,120	£2,360
All properties	£1,600	£1,700	£2,100



DEMOGRAPHY			
	Southampton	PUSH Area	South East
Current population in PUSH area	239,700		
Change since 1999	11.2%	6.3%	5.5%
Net migration since 2010	-900		
Main origin of in-migrants	Eastleigh 1,300		
Main destination of out-migrants	Eastleigh 2,210		
ECONOMY			
Current employment total	120,600		
Current employment rate	71.7%	74.7%	74.4%
Economically active population	127,400		
Economic activity rate	75.8%	79.1%	79.5%
Number unemployed	6,800		
Unemployment rate	3.4%	3.1%*	2.6%
Average earnings	£22,290	£24,251*	£30,773
Lower quartile earnings	£17,596	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	872		
Net completions of new homes	791		
Affordable housing as % of all completions	44.8%	39.5%	
% of social housing decent	99.9%	99.9%	98.7%
Empty homes brought into use	102		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	51		
Disabled facilities grants	200		
HOUSING NEED			
Waiting list as proportion of all households (2011)	13.1%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.7	1.5	1.8
HOUSING MARKET			
Average property price	£178,790	£217,015	£205,435
Property price change (2010-11)	-1.8%	-1.6%	-0.6%
Average property price by m2	£2,160	£2,298	
Lower quartile price	£127,658	£140,000	£165,000
Affordability ratio (LQ)	6.5	7.6	8.2
Purchase income threshold	£31,915	£35,000	£41,250
Private market entry-level rent (2 bed)	£150	£150	£144
Sales - 1 bedroom	319		
Sales - 2 bedroom	592		
Sales - 3 bedroom	589		
Sales - 4 bedroom	149		
Total property sales (2011)	1649		

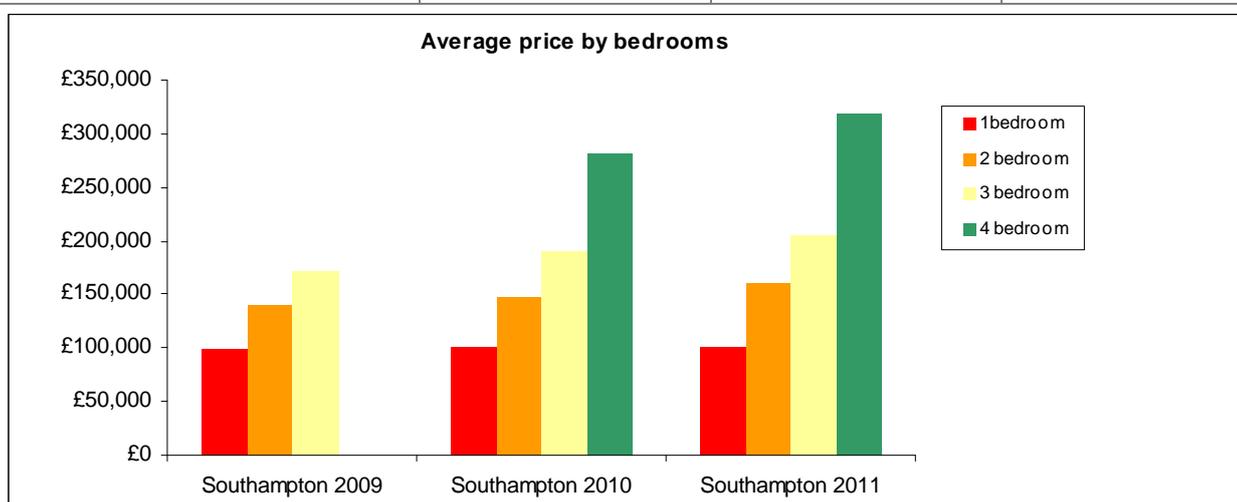
\* 6 Core PUSH Districts





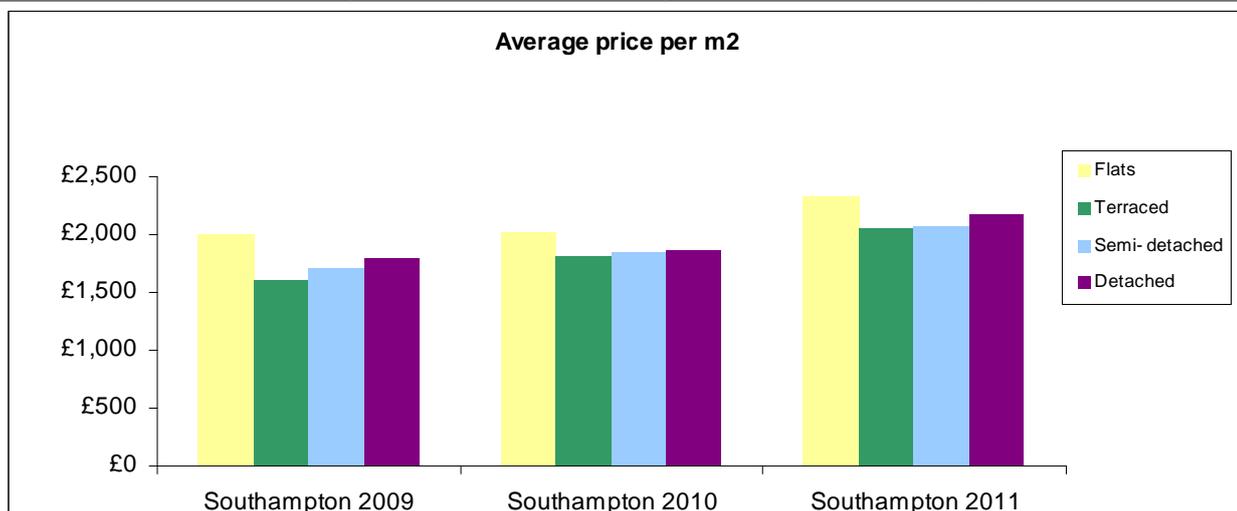
### HOUSING MARKET TRENDS

Average price by bedrooms	Southampton 2009	Southampton 2010	Southampton 2011
1 bedroom	£97,830	£100,650	£101,097
2 bedroom	£138,960	£147,240	£159,797
3 bedroom	£171,030	£189,400	£204,796
4 bedroom	£286,320	£281,440	£317,785
All properties	£171,495	£178,942	£172,121



### HOUSING MARKET TRENDS

Average price per m2	Southampton 2009	Southampton 2010	Southampton 2011
Flats	£2,000	£2,020	£2,320
Terraced	£1,600	£1,810	£2,050
Semi- detached	£1,700	£1,840	£2,070
Detached	£1,800	£1,870	£2,170
All properties	£1,700	£1,860	£2,160

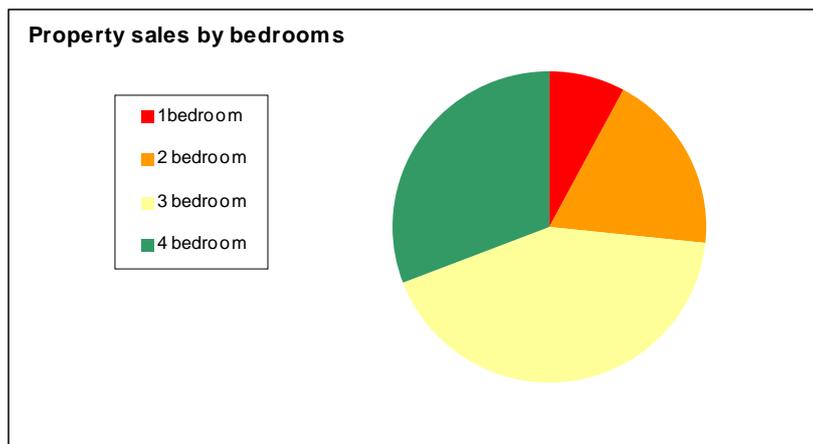


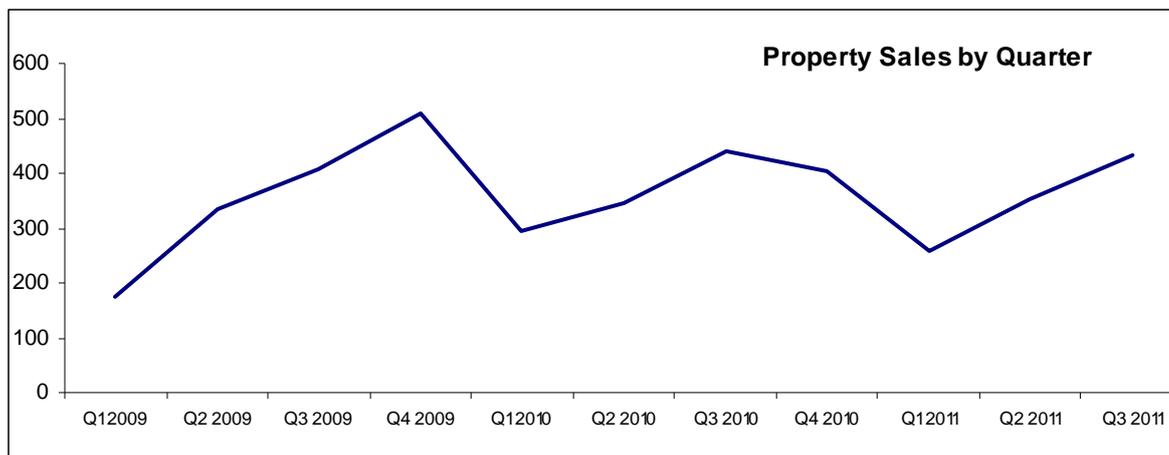
## Test Valley

DEMOGRAPHY			
	Test Valley	PUSH Area	South East
Current population in PUSH area	39,450*		
Change since 1999	0.0%	6.3%	5.5%
Net migration since 2010	0		
Main origin of in-migrants	Southampton 680		
Main destination of out-migrants	Wiltshire 600		
ECONOMY			
Current employment total	57,200		
Current employment rate	79.5%	74.7%	74.4%
Economically active population	58,700		
Economic activity rate	81.5%	79.1%	79.5%
Number unemployed	1,900		
Unemployment rate	1.7%	3.1%*	2.6%
Average earnings	£26,730	£24,251*	£30,773
Lower quartile earnings	£19,441	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	437**		
Net completions of new homes	388**		
Affordable housing as % of all completions	48.7%	39.5%	
% of social housing decent	99.7%	99.9%	98.7%
Empty homes brought into use	15		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	n/a		
Disabled facilities grants	20		
HOUSING NEED			
Waiting list as proportion of all households (2011)	7.5%	8.8%	6.3%
Repossessions per 1,000 households (2010)	1.3	1.5	1.8
HOUSING MARKET			
Average property price	£292,665*	£217,015	£205,435
Property price change (2010-11)	-2.3%	-1.6%	-0.6%
Average property price by m2	£2,750*	£2,298	
Lower quartile price	£176,417*	£140,000	£165,000
Affordability ratio (LQ)	8.7	7.6	8.2
Purchase income threshold	£44,104*	£35,000	£41,250
Private market entry-level rent (2 bed)	£160*	£150	£144
Sales - 1 bedroom	26*		
Sales - 2 bedroom	63*		
Sales - 3 bedroom	142*		
Sales - 4 bedroom	103*		
Total property sales (2011)	334*		

\* PUSH area  
\*\* excl. national parks

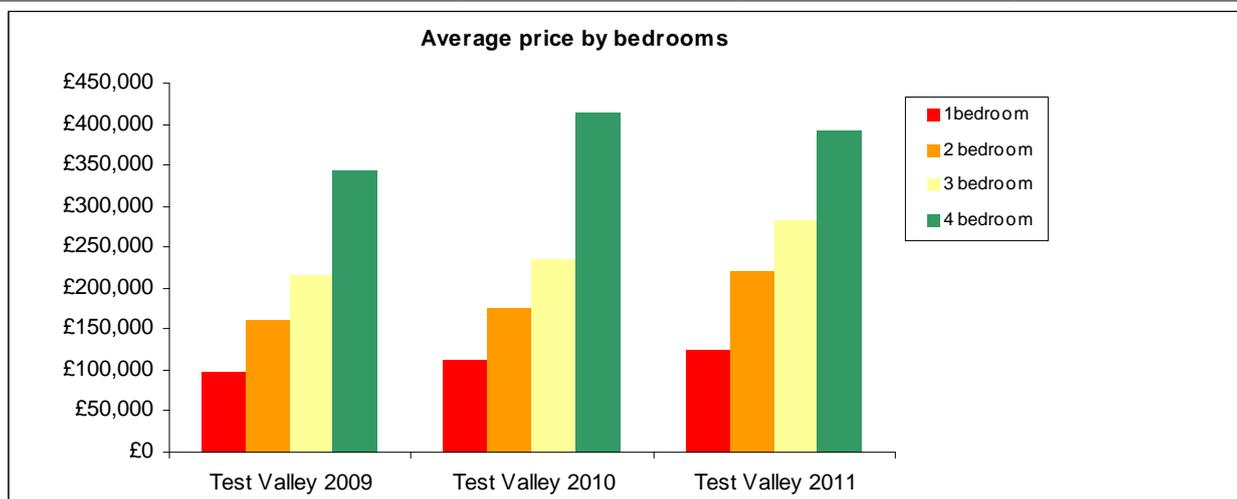
\* 6 Core PUSH Districts





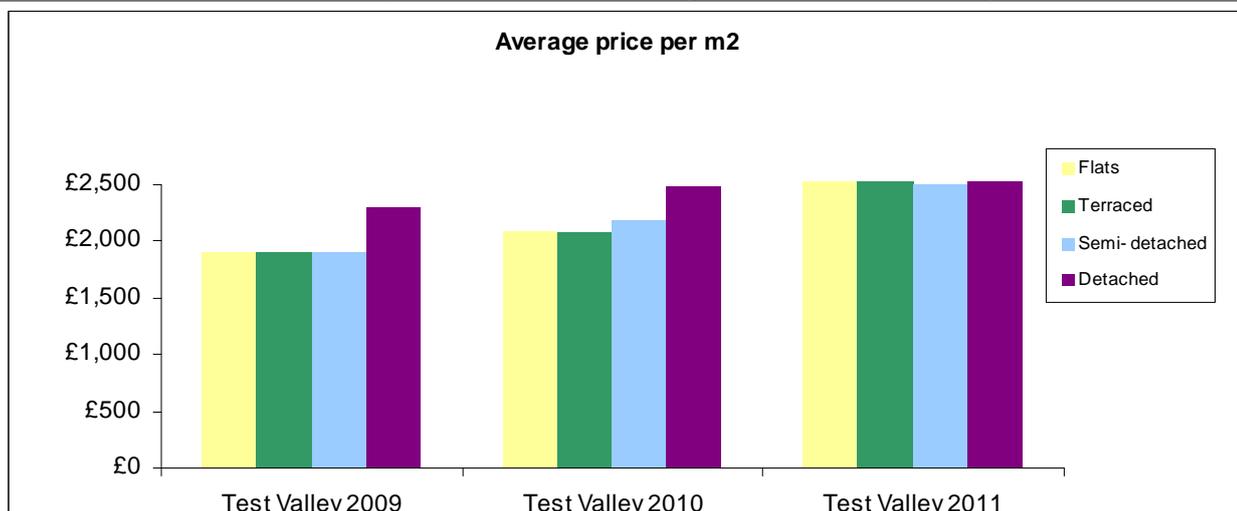
#### HOUSING MARKET TRENDS

Average price by bedrooms	Test Valley 2009	Test Valley 2010	Test Valley 2011
1 bedroom	£96,100	£111,770	£125,000
2 bedroom	£161,460	£176,260	£220,238
3 bedroom	£217,430	£236,420	£283,099
4 bedroom	£342,780	£412,850	£392,476
All properties	£269,166	£284,542	£288,534



#### HOUSING MARKET TRENDS

Average price per m2	Test Valley 2009	Test Valley 2010	Test Valley 2011
Flats	£1,900	£2,090	£2,990
Terraced	£1,900	£2,070	£2,720
Semi- detached	£1,900	£2,190	£2,500
Detached	£2,300	£2,490	£2,900
All properties	£2,100	£2,260	£2,750

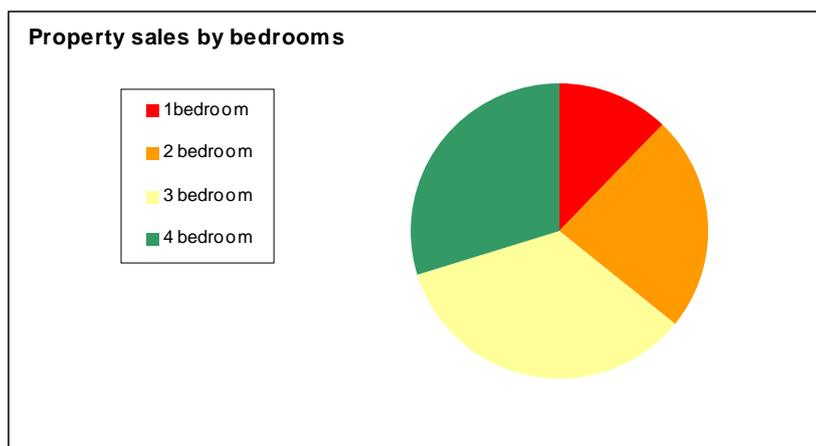


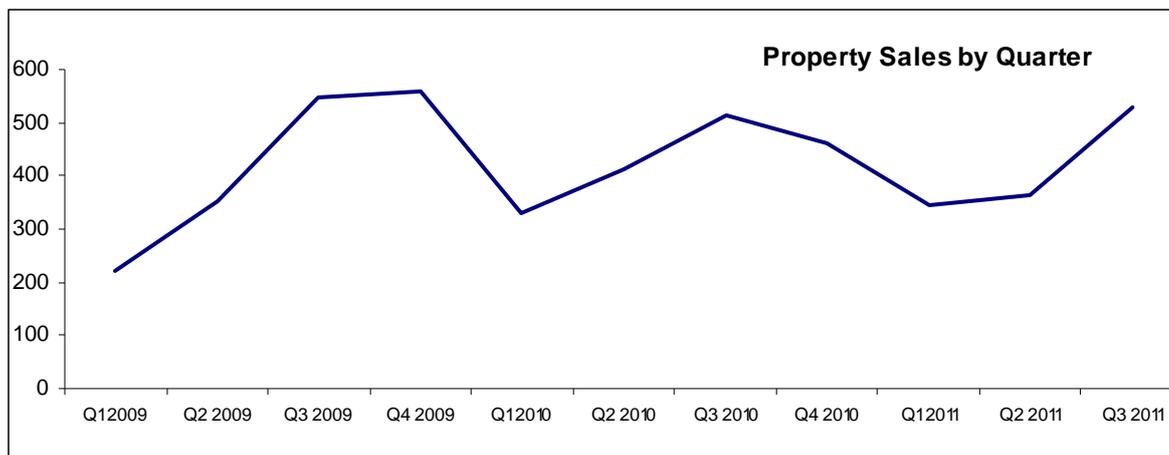
DEMOGRAPHY			
	Winchester	PUSH Area	South East
Current population in PUSH area	36,240*		
Change since 1999	0.0%	6.3%	5.5%
Net migration since 2010	900		
Main origin of in-migrants	Eastleigh 660		
Main destination of out-migrants	Eastleigh 670		
ECONOMY			
Current employment total	55,000		
Current employment rate	78.0%	74.7%	74.4%
Economically active population	58,800		
Economic activity rate	83.5%	79.1%	79.5%
Number unemployed	4,400		
Unemployment rate	1.3%	3.1%*	2.6%
Average earnings	£31,730	£24,251*	£30,773
Lower quartile earnings	£23,181	£18,695	£20,020
HOUSING STOCK			
Gross completions of new homes	530 **		
Net completions of new homes	490 **		
Affordable housing as % of all completions	26.8%	39.5%	
% of social housing decent	100.0%	99.9%	98.7%
Empty homes brought into use	0		
Average SAP rating – public sector	n/a		
Average SAP rating – private sector	n/a		
Disabled facilities grants	not provided		
HOUSING NEED			
Waiting list as proportion of all households (2011)	9.7%	8.8%	6.3%
Repossessions per 1,000 households (2010)	0.7	1.5	1.8
HOUSING MARKET			
Average property price	£276,578*	£217,015	£205,435
Property price change (2010-11)	-1.2%	-1.6%	-0.6%
Average property price by m2	£2,690*	£2,298	
Lower quartile price	£217,667*	£140,000	£165,000
Affordability ratio (LQ)	11.5	7.6	8.2
Purchase income threshold	£54,417*	£35,000	£41,250
Private market entry-level rent (2 bed)	£182*	£150	£144
Sales - 1 bedroom	60*		
Sales - 2 bedroom	116*		
Sales - 3 bedroom	171*		
Sales - 4 bedroom	146*		
Total property sales (2011)	493*		

\* PUSH area

\*\* excl. national parks

\* 6 Core PUSH Districts





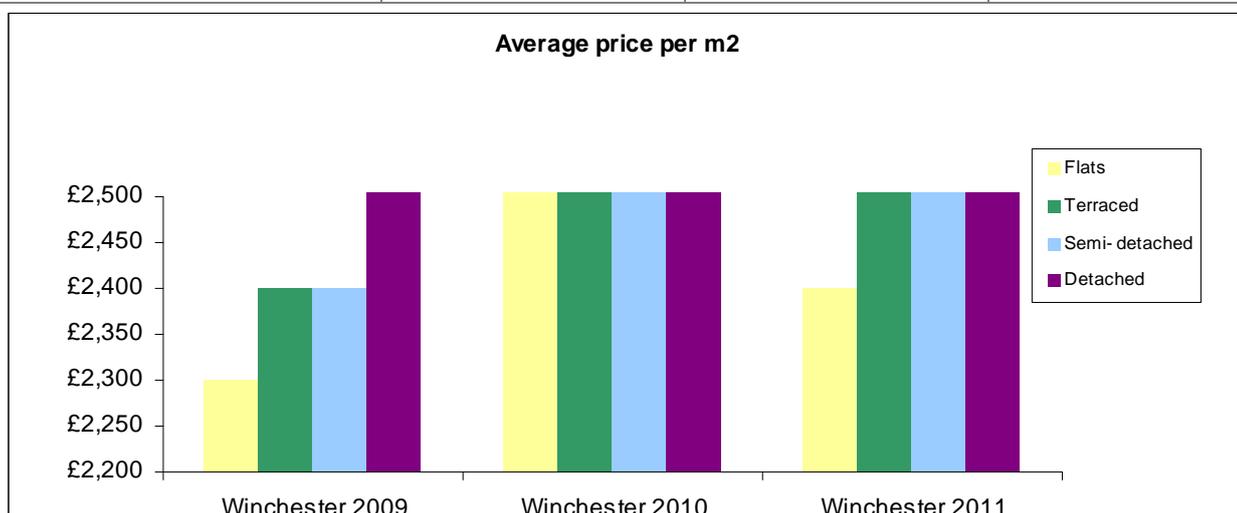
### HOUSING MARKET TRENDS

Average price by bedrooms	Winchester 2009	Winchester 2010	Winchester 2011
1 bedroom	£131,540	£143,300	£100,833
2 bedroom	£197,750	£203,600	£182,112
3 bedroom	£273,570	£246,480	£273,099
4 bedroom	£443,640	£333,490	£427,911
All properties	£317,748	£355,262	£368,544



### HOUSING MARKET TRENDS

Average price per m2	Winchester 2009	Winchester 2010	Winchester 2011
Flats	£2,300	£2,580	£2,400
Terraced	£2,400	£2,770	£2,660
Semi-detached	£2,400	£2,600	£2,740
Detached	£2,800	£2,790	£2,740
All properties	£2,600	£2,740	£2,690



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- <sup>1</sup> PUSH population figures for the 'partial' PUSH authorities (East Hampshire, New Forest, Test Valley, and Winchester) were not provided in previous monitoring reports.
- <sup>2</sup> Homes for Growth, Sub-regional Housing Strategy, 2007-11
- <sup>3</sup> Whilst the New Forest is no longer part of PUSH it is included in the 2011 figures in this report
- <sup>4</sup> Capital Economics UK Housing Market Analyst, Q 4 2011
- <sup>5</sup> Deloitte's Economic Review, December 2011
- <sup>6</sup> Data in this section from ONS Economic Review bulletins for December 2011 and January and February 2012.
- <sup>7</sup> Housing Market Analysis, 2011 (for the National Housing Federation), Oxford Economics
- <sup>8</sup> Table 213 Live tables on house building  
<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/livetable/>
- <sup>9</sup> Rental Britain, Savills and Rightmove, Spring 2012
- <sup>10</sup> Rental Britain, Savills and Rightmove, Spring 2012
- <sup>11</sup> Claimant count with rates and proportions for residents aged 16-64 Annual Survey of Hours and Earnings (ASHE) – 6 core PUSH districts
- <sup>12</sup> ASHE for 2011 – 6 core PUSH Districts
- <sup>13</sup> Consultations were conducted with estate agents across the PUSH area: Beals, Cryer, Fairhalls, Fry & Kent, and Reeds Rains
- <sup>14</sup> Sources of data from ASHE a, Valuation Office Agency (VOA) and Housing Strategy Statistical Appendix (HSSA)
- <sup>15</sup> NHF briefing <http://www.housing.org.uk/idoc.ashx?docid=e50bcb1c-2d59-42bb-b478-861f6ad79ff5&version=-1>
- <sup>16</sup> The DWP have carried out a range of impact assessments on different aspects of the reforms, which can be accessed via this link <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/impact-assessments-and-equality/>
- <sup>17</sup> The increasing blurring between rent and mortgage and intermediate products makes a combined figure more meaningful.
- <sup>18</sup> This is a key element of housing market analysis and is set out in Communities and Local Government (CLG) guidance. The ratio measures house prices against incomes and typically focuses on the lower quartile house prices and lower quartile incomes. This is because the policy concern is the affordability of housing to new/forming households. The data is only available at the local authority level, and we have restricted this to the six core authorities to be consistent with previous reports
- <sup>19</sup> Land Registry 2011
- <sup>20</sup> Average calculated from a number of mortgage providers listed in Moneysupermarket.com
- <sup>21</sup> Land Registry 2011
- <sup>22</sup> Average calculated from a number of mortgage providers listed in Moneysupermarket.com
- <sup>23</sup> From 25.73 Substantial Numbers of Households in Housing Need per 1000 population in 2001 to 12.84 in 2011 – HSSA, CLG
- <sup>24</sup> Homes in Hants –the Government appointed 'Zone Agent' for promoting intermediate schemes/ products across Hampshire and keep the register of applicants for such products. Homes in Hants are part of Radian Group.
- <sup>25</sup> The net number of completions for private sector housing in Gosport was a negative figure due to the very large number of private dwellings (113) that were demolished at the Rowner Renewal project in advance of rebuilding. Of the 134 total losses in in the area, only 15 were for affordable housing.
- <sup>26</sup> PUSH Economic Development Strategy, 2010, DTZ
- <sup>27</sup> PUSH Local Investment Plan: a framework for Homes and Communities, PUSH May 2010