



HOUSING MARKET COMMENTARY

Introduction

- 01 This Housing Market Commentary supplements the study methodology provided in Section 3 of the report and provides the context for assessing the 'achievability' of securing residential development on a particular site. The commentary has been prepared to provide a broad appraisal of the general strength of the residential housing market across the Borough. The commentary informs the viability assessment of each site, but is not prescriptive as factors local to each site will also have a significant bearing on the attractiveness of each site to the market.
- 02 The Housing Market Commentary seeks to set the scene in terms of current demand in the housing market and the typical house prices that are being achieved. Clearly, house prices will have a significant impact upon residential land values which, in turn, will influence the judgements made in the study about potential site constraints and whether or not these can be overcome. The commentary draws principally upon national published sources, but is also derived from consultation with estate agents, WYG's knowledge of current market conditions and developer aspirations, and information received during the stakeholder events undertaken during the course of the SHLAA.
- 03 Although information is readily available on the residential property market at a national and regional level, it is more difficult to gain consistent comparable evidence when examining local settlement areas. This is due, in part, to the relatively small number of transactions involved, particularly in recent times. Accordingly, it is recognised that one of the most robust ways of gathering information on the current and future property market within the study area is through consultation with local estate agents, registered social landlords, housebuilders and developers. This is particularly important at present due to current economic circumstances and the continued effect this is having on the housing market. Although available house price and transaction data is beginning to better reflect current conditions, the market is still changing and discussions with agents and housebuilders are imperative to fully understand the current climate.
- 04 A series of telephone interviews have been undertaken with local estate agents. These discussions were around 15 minutes in length, with the format being semi-structured in order to ensure that all the major points of interest to this study were covered whilst still allowing flexibility to enable agents to focus on issues seen as being particularly relevant to the housing markets in specific areas.



Additional information on the housing market, and likely future trends and developments, was provided via the stakeholder workshops which took place on 3 July 2008 and 25 September 2009.

- 05 In addition to examining the key characteristics of the housing market in each main settlement, this commentary also considers recent and emerging trends in the housing market at sub-regional and national level to provide a benchmark against which to assess the performance of local housing markets.

The Sub-Regional Housing Market

Household Projections

- 06 Household projections published by Communities and Local Government extrapolate past trends in order to estimate future household numbers. Table 1 below indicates a projected increase of 686,000 households in the North West between 2006 and 2031. This equates to a projected increase in the North West for this period of 23.4%, which is somewhat lower than that estimated for England as a whole. The projected household increase in Merseyside over the same period is proportionally lower still, at 12.0%, with the increase in Sefton Borough projected to be 8.5%. This equates to 10,000 new households being created in Sefton over a 25 year period.

Figure 1: 2006-Based Household Projections (Thousands)

	2006	2011	2016	2021	2026	2031	% Change
England	21,515	22,748	24,107	25,439	26,674	27,818	29.3
North West	2,931	3,067	3,221	3,367	3,497	3,617	23.4
Merseyside	584	599	615	631	643	654	12.0
Sefton	118	120	122	124	126	128	8.5
Knowsley	63	65	68	70	72	73	15.9
West Lancs	46	47	49	51	52	53	15.2

Source: Communities and Local Government (2009)



House Prices

07 Figure 2 indicates the average house prices for each dwelling type in Sefton at October 2009 and compares these to average house prices across Merseyside and across the North West. No data is provided by the Land registry for the West Lancashire administrative area.

Figure 2: Average House Prices (£) by Dwelling Types at October 2009

	Detached	Semis	Terraced	Flat	All	Sales Volume	Change Over Past 12 Months for All Property
England and Wales	248,905	151,219	123,369	149,418	160,274	59,700	-2.9%
North West	230,453	120,996	71,420	112,644	118,607	6,359	-6.0%
Merseyside	226,625	120,532	69,111	115,784	114,096	1,020	-10.7%
Sefton	270,200	142,370	81,512	116,478	131,066	189	-9.7%
Knowsley	166,265	95,818	66,631	78,714	105,273	81	-16.2%
West Lancs	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Land Registry (2009)

08 From Figure 2 it is evident that the average house price in Sefton of £131,066 is significantly higher than that across Merseyside (£114,096) and the North West (£118,607). This is due, in part, to the prices achieved for the sale of substantial properties in the north of the Borough, which is a key component in the average price of detached dwellings in Sefton being £270,200.

09 With regard to changes in the recorded average price of properties, the Sefton housing market was the subject of a 10.7% fall over the 12 months to October 2009, which broadly corresponds to changes in the Merseyside housing market as a whole. However, house prices have fallen significantly more in Sefton than they have across the North West and across England and Wales as a whole.

10 Figure 3 sets out average house prices by dwelling type for the settlements of Bootle, Crosby, Formby, Maghull and Southport at October 2009. Although the figures should be viewed with a certain amount of caution due to the relatively limited number of transactions involved, the prices achieved do accord with feedback taken from the SHLAA stakeholder workshops and with WYG's discussions with estate agents and observations in the field whilst undertaking survey work. Formby, for example, has a well maintained housing stock with a high incidence of relatively large detached dwellings; this is reflected in its average detached property price of £315,967.



11 The data identifies Bootle as the most affordable local housing area in Sefton, with the average dwelling price of £81,615 being significantly less than that achieved by other settlements, and around £173,000 less than the average house price in Formby. Properties in Crosby and Maghull are, typically, in the mid-price range. There is a variety of housing in Southport with a number of large post-war detached dwellings and apartments which are, typically, more expensive than those found in many other parts of the Borough.

Figure 3: Average House Prices (£) for Key Dwelling Types in Sefton

	Detached	Semis	Terrace	Flat	Overall
Bootle	£167,000	£114,050	£69,072	£66,779	£81,615
Crosby	£232,500	£174,935	£114,021	£89,125	£147,533
Formby	£315,967	£196,139	£167,000	£145,500	£254,634
Maghull	£210,500	£151,792	£135,000	£100,500	£147,236
Southport	£264,250	£153,086	£162,250	£173,075	£177,761

Source: home.co.uk (October 2009)

Note: The above five districts are the sole local housing markets within Sefton for which data is available.

Housing Stock

12 The existing housing stock in Sefton is generally characterised by a very high level of semi-detached dwellings and a very low level of terrace housing when compared to the incidence of such dwellings in the national stock. Figure 4 indicates that the proportion of semi-detached dwellings is particularly high in Maghull, with 59.2% of housing taking this form compared to 28.6% nationally. Conversely, the proportion of terraced and apartment dwellings is particularly low in Maghull, comprising 11.3% and 9.4% of the total stock respectively.

13 Formby is the only housing market to offer a level of detached housing which is significantly in excess of the national average, with more than a third of the housing stock (38.8%) being of this character. As a result, the settlement has extremely low levels of terraced housing and apartments, and such trends correspond with the high average housing price identified for this settlement at Figure 3.

14 Southport and Crosby are the two settlements which offer the greatest number of apartments, with both having an above national average proportion of this type of dwelling.



- 15 There are only two settlements which have an above average number of terraced dwellings, these being Bootle and Netherton. Terraced dwellings dominate the housing stock in Bootle, with this housing type comprising 71.2% of the dwelling stock. As a consequence, other housing types are in limited supply in Bootle and there are very few detached houses and apartments in this location.

Figure 4: Housing Stock in Sefton

	Detached	%	Semis	%	Terrace	%	Flat	%	Temporary	%
England	6,180,909	22.9	7,710,554	28.6	8,570,760	31.8	4,520,399	16.8	93,795	0.4
Bootle	123	0.8	3,673	23.2	11,243	71.2	759	4.8	6	0.0
Crosby	1,875	14.0	7,460	55.8	1,760	13.2	2,275	17.0	6	0.1
Formby	4,046	38.8	5,046	48.5	379	3.6	944	9.1	23	0.2
Maghull	2,632	20.2	7,720	59.2	1,471	11.3	1,225	9.4	8	0.1
Netherton	859	9.6	4,730	52.7	2,918	32.5	469	5.2	0	0.0
Southport	5,775	23.3	12,591	50.8	2,068	8.4	4,339	17.5	67	0.3

Source: mouseprice.com

Note: The above data is derived from information collected in the 2001 census. The Bootle area equates to postcode area L20; the Crosby area equates to postcode area L23; the Formby area equates to postcode area L37; the Maghull area equates to postcode area L31; the Netherton area to postcode area L30; and the Southport area equates to postcode area PR8.

The Sefton Housing Market

- 16 In order to supplement the above quantitative research, discussions have taken place with residential agents and developers to provide an up-to-date analysis of current housing market conditions and to provide an indication of likely future trends and developments.
- 17 From our discussions with developers, it is evident that economic conditions will continue to have a significant impact on the number of developments starting on site for some time to come. A number of housebuilders spoken to are limiting their activities to developments that have already commenced on site and do not anticipate being able to deliver any new housing sites in the current economic climate. WYG is also aware of a number of sites throughout the region being 'mothballed' due to low levels of sales.
- 18 Although a very weak housing market has resulted in a considerable fall in prices, there is still an issue with affordability due to problems in securing mortgages. As a consequence, first-time buyers in



particular are struggling to enter the marketplace and the buoyancy of the overall market is affected. Housebuilders are generally uncertain as to when the market will recover, with many believing that the situation may not improve significantly for at least a couple of years.

- 19 Although all housing types have been badly affected by the down turn in the market, there is a consensus that, throughout the region, the apartment market has been hardest hit. This has been very apparent in Sefton, even though such dwellings have traditionally accounted for only a small percentage of the housing stock. The market for larger family housing is also problematic due to the difficulties in securing mortgages on property at the higher end of the market. The market is being kept active by the sales of two and three bedroom family housing and by development in more affluent and mature areas, which are considered to have greater stability and be slightly more impervious to current market conditions.
- 20 A particular problem has been identified with the provision of shared ownership housing provided by registered social landlords, which is thought to be an increasingly unviable product. This is due to the apparent lack of confidence by banks in the apartment market, which – so we are informed by anecdotal evidence – has resulted in a reluctance to grant 50% mortgages for shared equity development, for fear that even less than this may be recouped in the event of repossession.
- 21 Housebuilders have also expressed concern about the additional expectations which have been placed upon them by the planning system have a strong deleterious effect on development in times of uncertainty. Developer contributions required by way of Section 106 agreement, along with responsibilities to ensure that developments are sustainable, are both impacting on the viability of potential housing sites. In such circumstances, greenfield sites are seen as an increasingly attractive means by which viable housing developments can be achieved.
- 22 Our discussions with estate agents have highlighted few underlying problems in terms of the existing housing stock. Instead, the current state of the local housing market is considered to be symptomatic of wider economic conditions. Estate agents are of the opinion that the greatest demand in the market is for the types of dwelling which characterise the Sefton housing supply, i.e. family housing and, in particular, semi-detached housing. In this regard, it is notable that the single feature most frequently identified by estate agents as helping to ensure that a property is 'sellable' is an attractive garden.





23 Certain estate agents reported that apartments were proving the most difficult housing type to sell in the current market, which corresponds with the view provided by housebuilders. In addition to being reflective of the above comments, this relative lack of demand was also attributed to the limited number of first time buyers entering the market. However, as a consequence of this, the majority of agents reported that the private rental market in Sefton was strong and that buy-to-let investors were particularly active at the lower end of the housing market throughout the Sefton administrative area.

