

## Chapter Five - Current Housing Market

### 5.1 Introduction

5.1.1 This chapter presents a more detailed profile of housing in the West of England HMA, including its current composition in terms of tenure and type and how it has changed. The conditions in this HMA are benchmarked with wider regional and national comparisons; the chapter also examines recent changes. Particular attention is paid to the housing market, including house prices and other indications relating to the current active market. The chapter then discusses key drivers of the market, presents some systemic evidence on this as well as reflecting on some more specific influences, not least the current 'Credit Crunch'.

### 5.2 Housing Profile

5.2.1 Using the Survey of English Housing for 2004-06 it is possible to compare the profile of housing and households in the West of England as a whole with the national picture. In general the WoE area is quite close to the national average in many respects. However, the following features are apparent:

- Owner occupation and private renting are each about 3% points higher in WoE with social renting a correspondingly smaller proportion of the stock.
- There are slightly more houses in WoE and slightly less flats than average.
- There is more old housing in WoE, with nearly 16% built before 1900 compared with 12% across England.
- Homes in WoE are slightly more likely to have only one bedroom or four bedrooms, and less likely to have two bedrooms.
- Rather more homes in WoE are in Council Tax Bands B and C (48% vs 38%).
- WoE households are slightly more likely to move home than average.
- Satisfaction with the home is close to the national average, with only 6.9% very or slightly dissatisfied.
- Rather more households in WoE are in higher or lower professional or intermediate occupations or small employers.
- 95% of household heads are in White ethnic groups compared with 91% nationally, with 2% Asian, 1.5% Black and 1.3% Mixed or Other.
- Many of the wards in WoE are classified as 'suburbs or small towns' (48% vs 30%) or as 'student communities' (13% vs 5%).

5.2.2 Using data from a range of sources including the Census, as compiled for the Zone level modelling of the housing market in WoE, it is possible to provide more detail on the profiles of the Local Authorities and individual Zones. Most estimates refer to 2006 but some date back to 2001.

5.2.3 Table 5.1 starts by looking at basic measures of the size of the population and stock and its recent growth by local authority. Bristol is substantially larger than all of the other authorities and has the largest social rented stock and new build programme. South Glos is the next largest authority, but North Somerset has the fastest household growth (in numbers), followed by West Wiltshire. Mendip is the smallest authority.

**Table 5.1: Households, Dwellings, and Social Renting 1991-2006.**

***(a) Households, Dwellings 1991-2006***

| Local Authority   | Number of Households |         |         | Number of Dwellings |         |         | Household Growth pa |
|-------------------|----------------------|---------|---------|---------------------|---------|---------|---------------------|
|                   | 1991                 | 2001    | 2006    | 1991                | 2001    | 2006    | 1991-2006           |
| <b>B&amp;NES</b>  | 64,618               | 71,645  | 73,747  | 68,530              | 73,815  | 74,107  | 609                 |
| <b>Bristol</b>    | 156,183              | 163,401 | 168,794 | 165,431             | 168,412 | 174,388 | 841                 |
| <b>North Som</b>  | 69,790               | 80,610  | 86,085  | 73,833              | 83,436  | 88,025  | 1,086               |
| <b>South Glos</b> | 84,135               | 99,766  | 102,957 | 87,341              | 101,678 | 103,890 | 1,255               |
| <b>Mendip</b>     | 37,246               | 43,235  | 45,616  | 39,403              | 44,444  | 46,933  | 558                 |
| <b>West Wilts</b> | 41,984               | 49,826  | 54,667  | 44,457              | 51,542  | 56,050  | 846                 |
| <b>WoE</b>        | 453,956              | 508,483 | 531,866 | 478,995             | 523,327 | 543,392 | 5,194               |

***(b) Social Rented Dwellings 1991-2006***

| Local Authority       | Social Rented Dwellings |        |        | Social Rented Dwellings |      |      |
|-----------------------|-------------------------|--------|--------|-------------------------|------|------|
|                       | No                      | No     | No     | %                       | %    | %    |
|                       | 1991                    | 2001   | 2006   | 1991                    | 2001 | 2006 |
| <b>B&amp;NES</b>      | 11,960                  | 11,721 | 11,109 | 17.5                    | 15.9 | 15.0 |
| <b>Bristol</b>        | 40,525                  | 37,900 | 39,314 | 24.5                    | 22.5 | 22.5 |
| <b>North Som</b>      | 8,731                   | 8,888  | 7,602  | 11.8                    | 10.7 | 8.6  |
| <b>South Glos</b>     | 10,716                  | 11,084 | 12,265 | 12.3                    | 10.9 | 11.8 |
| <b>Mendip</b>         | 6,031                   | 6,174  | 5,386  | 15.3                    | 13.9 | 11.5 |
| <b>West Wiltshire</b> | 6,440                   | 6,974  | 6,743  | 14.5                    | 13.5 | 12.0 |
| <b>WoE</b>            | 84,403                  | 82,742 | 82,419 | 17.6                    | 15.8 | 15.2 |

**(c ) Intermediate Stock at 2006**

| <b>Local Authority</b> | <b>Intermediate stock numbers</b> | <b>Intermediate stock %</b> |
|------------------------|-----------------------------------|-----------------------------|
| <b>B&amp;NES</b>       | 214                               | 0.3                         |
| <b>Bristol</b>         | 691                               | 0.4                         |
| <b>North Som</b>       | 296                               | 0.3                         |
| <b>South Glos</b>      | 175                               | 0.2                         |
| <b>Mendip</b>          | 267                               | 0.6                         |
| <b>West Wilts</b>      | 189                               | 0.3                         |
| <b>WoE</b>             | 1,832                             | 0.3                         |

Sources: Census 1991 & 2001; Ward forecasting model for 2006. Intermediate dwellings taken from Regulatory returns to Housing Corporation. Notes: Modelled figures for 2006 may be different to actuals. Bristol City Council figures include an undercount of the Census 2001. S.Glos 2006 HSSA return shows an actual figure of 10,441 Social Rented Dwellings.

5.2.4 Note that there are some differences between the modelled figures for the number of households (Table 5.1) and the estimated figures given in Chapter 3 of the report. It is the modelled figures that are used as the baseline from which to make forward projections, and thus which form the basis of the report. The modelled figures are slightly lower than actuals so this has a slight dampening effect on housing need. This is a prudent approach which makes the model more robust overall. Although levels of intermediate stock are currently small, this sector is growing and likely to become more significant over the next 10 – 15 years.

5.2.5 Zones with largest population are Bristol South, Weston and Kingswood. Zones with greatest household growth 2001-06 were Weston-Super-Mare, Bristol Inner West, Kingswood, Bristol South, Portishead-Gordano, Trowbridge, Bristol East, West Wilts Rural and North Fringe (all growing by more than 250 households per year). The only Zone which saw a reduction was Bristol North, reflecting demolition of parts of certain public housing estates. The fact that several Bristol Zones feature in the list of high growth zones reflects the high level of urban redevelopment and intensification in process in this period.

5.2.6 Table 5.2 looks at the tenure structure by local authority. Owner occupation ranges from 61% in Bristol to 80% in South Glos. Social renting accounts for 21% in Bristol but is only 9-10% in North Somerset and South Glos, with rates between 12-15% in the other authorities. Apart from Bristol, these rates are

relatively low by national standards. Note that tenure rates in table 5.1 are for dwellings, in table 5.2 they are shown for households.

**Table 5.2**

**(a) Tenure, Vacancies, Household Size and Poverty Rate by Local Authority 2006.**

| Local Authority       | Owner Occupiers % | Social Rent % | Private Rent % | Vacancy Rate % | Average Household Size (persons) | Poverty Rate % |
|-----------------------|-------------------|---------------|----------------|----------------|----------------------------------|----------------|
| <b>B&amp;NES</b>      | 71.2              | 14.9          | 13.9           | 1.2            | 2.3                              | 7.2            |
| <b>Bristol</b>        | 61.4              | 21.2          | 17.4           | 3.9            | 2.4                              | 12.8           |
| <b>North Somerset</b> | 78.8              | 9.4           | 11.8           | 2.9            | 2.4                              | 7.9            |
| <b>South Glos</b>     | 80.1              | 10.4          | 9.6            | 2.1            | 2.5                              | 6.6            |
| <b>Mendip</b>         | 76.5              | 12.3          | 11.2           | 2.5            | 2.3                              | 8.1            |
| <b>West Wilts</b>     | 76.9              | 12.7          | 10.4           | 2.9            | 2.3                              | 6.9            |
| <b>WoE Average</b>    | 72.1              | 14.7          | 13.2           | 2.8            | 2.4                              | 9.0            |

**(b) Private Tenures 1991-2001-2006**

| Local Authority    | Private Rent 1991 | Private Rent 2001 | Private Rent 2006 | Owner Occupiers 1991 | Owner Occupiers 2001 | Owner Occupiers 2006 |
|--------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| <b>B&amp;NES</b>   | 10.2              | 12.7              | 12.4              | 67.5                 | 71.3                 | 71.2                 |
| <b>Bristol</b>     | 10.8              | 14.2              | 17.4              | 60.4                 | 62.4                 | 61.4                 |
| <b>North Som</b>   | 8.3               | 10.3              | 12.2              | 75.5                 | 78.6                 | 78.8                 |
| <b>South Glos</b>  | 4.8               | 7.3               | 11.3              | 79.8                 | 81.6                 | 80.1                 |
| <b>Mendip</b>      | 10.7              | 11.9              | 12.7              | 69.3                 | 74.3                 | 76.5                 |
| <b>West Wilts</b>  | 8.8               | 10.3              | 11.4              | 71.9                 | 76.4                 | 76.9                 |
| <b>WoE Average</b> | 8.9               | 11.4              | 13.7              | 69.5                 | 72.4                 | 72.1                 |

Sources: Census 1991 and 2001; Ward forecasting model, Regulatory Statistics Return (RSR).

Notes: Tenure and poverty percentages refer to households, vacancy rates refer to dwellings.

5.2.7 For the WoE area the number of dwellings exceeds the number of households, although this may change in the future (see Chapter 6). Household growth since 1991 has averaged 5,194 per year, with the greatest growth in South Glos and North Som, and the least in B&NES and Mendip. Social renting represents a relatively low share of housing stock in WoE compared with England as a whole (see later discussion). The share of social renting dropped sharply in the 1990s, due to the Right to Buy, but the rate of disposals has slowed since 2001 so that the numerical size of the sector is almost static.

- 5.2.8 Owner occupation rose in the 1990s by 3% points overall, but it then fell slightly in the early 2000s, particularly in Bristol and South Glos where private renting grew most strongly. The lowest owner occupation rates (just under 50%) are in Bristol's inner Zones, with low rates also in Bristol North and South and in Bath City (60-65%). At the other extreme, owner occupation reaches 85% in Nailsea-Backwell and lies between 82% and 84% in Chew Valley, South Glos Rural, Bristol NW, Yate-Sodbury and Portishead-Gordano.
- 5.2.9 Private renting is highest in Bristol at 17.4% with the other authorities around 11-13%. Private renting has increased by over 50% since 1991, with the largest increases in South Glos and Bristol. In part, this reflects the large student populations in those areas. Private renting is increasingly important as a tenure where people can meet their immediate housing needs, albeit typically without security of tenure. In four of the authorities private renting now accounts for more households than social renting.
- 5.2.10 Social renting does not dominate any Zone but accounts for 33% in Bristol North. The same comment applies to private renting, although it accounts for 41% in Bristol Inner West, 23% in Bath City North, and 22% in Bristol Inner East. (Zonal level information is contained in the appendices).
- 5.2.11 Vacancy rates are quite low across most of the area except in Bristol where it is a bit higher at 3.9%. Vacancies exceed 5% in the two inner Zones of Bristol.
- 5.2.12 Average household size does not vary much, except for being quite high at 3.1 in Bristol Inner East.
- 5.2.13 The estimated poverty rate is markedly higher in Bristol, at nearly 13%, compared with 9% overall, and lower figures apply particularly in South Glos and West Wilts. Bristol's higher rate reflects its larger social and private rented sectors, and certain areas of concentrated deprivation notably Inner East (30% poverty rate). Table 5.3 summarises house type mix by local authority. Flats constitute 18.4% of stock overall but this rises to 28% in Bristol and is between 9 and 10% in three authorities. Terraced houses are very prevalent in Bristol (37%) and account for 28% across the HMA, but with a markedly lower share (15%) in North Somerset. Detached dwellings account for 22% of stock overall, and nearly 35% in North Somerset, but only 6.4% in Bristol.

**Table 5.3: House Type Mix by Local Authority 2001**

| <b>Local Authority</b> | <b>Flat %</b> | <b>Terrace %</b> | <b>Detached %</b> | <b>Semi-detached%</b> |
|------------------------|---------------|------------------|-------------------|-----------------------|
| <b>B&amp;NES</b>       | 20.7          | 28.5             | 22.2              | 28.4                  |
| <b>Bristol</b>         | 28.0          | 36.6             | 6.4               | 29.0                  |
| <b>North Som</b>       | 18.3          | 15.2             | 34.7              | 30.9                  |
| <b>South Glos</b>      | 8.9           | 27.9             | 27.5              | 35.0                  |
| <b>Mendip</b>          | 10.5          | 24.5             | 32.7              | 31.9                  |
| <b>West Wilts</b>      | 9.8           | 23.6             | 33.1              | 33.1                  |
| <b>Total</b>           | 18.4          | 28.1             | 22.2              | 31.1                  |

Source: Census 2001.

5.2.14 Table 5.3 summarises house type mix by local authority. Flats constitute 18.4% of stock overall but this rises to 28% in Bristol and is between 9 and 10% in three authorities. Terraced houses are very prevalent in Bristol (37%) and account for 28% across the HMA, but with a markedly lower share (15%) in North Somerset. Detached dwellings account for 22% of stock overall, and nearly 35% in North Somerset, but only 6.4% in Bristol.

5.2.15 Flats dominate in only one Zone, Bristol Inner West, where they account for 58% of stock. Bath City North has 40% flats and Bristol Inner East 33%. At the other end of the scale, three Zones have less than 5% flats – Chew Valley, South Glos Rural and West Wilts Rural. Terraces are only a majority in one Zone, Bristol East. Detached houses are unsurprisingly rare in Bristol’s inner zones, and again only a majority in one Zone (Chew Valley). Density is fairly well correlated with the share of flats and terraces.

5.2.16 These variations in type mix may be relevant to housing choice options for certain groups, particularly when taken in conjunction with size, as discussed later in this report.

5.2.17 Variations in household type composition are fairly modest at Local Authority level, although Bristol has more single non-elderly household and lone parent families, partly accounting for its lower household incomes. At Zone level there is more marked variation. Younger singles account for 30% in Bristol Inner West and 24% in Bath City North and Bristol Inner East. Pensioner households account for 24% overall but this rises to 30% or more in Wells & Rural, Bradford on Avon, Bristol North West and Keynsham. Families with children account for 26% overall but this rises to over 30% in Yate-Sodbury, Thornbury and Chew Valley.

## 5.3 Rural housing

- 5.3.1 A significant part of the HMA area is rural. This brings different challenges to managing the housing market. As can be seen from our modelling, there are high levels of demand for housing generally, and for social housing in particular, in many rural areas. However, it can be more difficult to deliver supply. The Government confirmed in PPS3 its commitment to improving the affordability and supply of housing in all communities, including rural areas. However, the RSS focuses new development on strategically significant towns and market towns, with only “some” development in rural areas “as appropriate”. Appropriate growth is seen as that which includes promotion of economic activity, extends the range of services available, does not increase traffic, and promotes self-containment. Development of housing in smaller settlements will continue to be dependent on proving housing need, but with less emphasis on need which arises only within the settlement itself.
- 5.3.2 Many housing organisations working in rural areas are concerned that the emphasis on high growth in housing numbers will have an adverse impact on rural development. Some RSLs, under pressure to deliver volume at low cost, may favour large, straightforward sites over small schemes, sometimes of only 2, 3 or 4 homes, with sometimes complex barriers such as access difficulties or lack of infrastructure. This concern is compounded by the often extended timescales needed to bring rural housing developments forward. A further concern is the question of cost of rural schemes. The Housing Corporation (now the Homes and Communities Agency), continues to hold the view that rural development should not cost any more than urban development, and therefore applies the same value for money test to rural schemes. However, many of those working in rural areas argue that costs are often more expensive, sometimes because of a lack of existing infrastructure or requirements to use more expensive local materials.
- 5.3.3 The framework for delivering rural housing schemes can be very complex. Many rural housing schemes rely on the exception site policy, with requirements for local needs surveys and the continuing emphasis on landowners willing to sell at prices that reflect the existing agricultural use. There is also the need to secure local support for such schemes. This is of course a tension in any planning system, but it is particularly critical to rural schemes which rely on the exception site policy. Without the support of the parish council it is almost impossible to bring these schemes forward.

- 5.3.4 Most of these issues have been recognised by the Affordable Rural Housing Commission (ARHC)<sup>1</sup> and more recently by the Taylor report<sup>2</sup>. The Taylor report has some interesting recommendations which, if implemented by government may make it easier to bring forward rural schemes in future. Key amongst these are reducing the reliance on exception site policies and re-framing the definition of sustainability to ask the question “if this development were to go ahead would it make the settlement more sustainable or less sustainable?”
- 5.3.5 The analysis of the HMA did not provide any single defining characteristics of rural housing markets which differentiate them from urban markets, but there are some noticeable trends. For example, house prices rose faster in rural areas between 2001 and 2006 than they did in urban areas. Surprisingly, rural areas generally saw higher relet rates than urban areas, with South Glos rural area at 8.4%, Shepton Mallet and rural at 6% and Frome and rural at 5.5% compared to 3 – 4% for many urban areas. There is a mixed picture on affordability, with some rural areas, such as West Wilts rural amongst the most affordable zones and others, such as Wells and rural amongst the least.
- 5.3.6 In terms of numbers, as might be expected, housing need is comparatively low, but the intensity of housing need (ie those in need as a factor of the total population) paints a more mixed picture. The Wells and rural area has a high intensity of need, but Frome and Shepton Mallet and surrounding rural areas a lower intensity of need. This reflects the relative affordability of those areas. Build rates are of course lower, but even Wells and rural area does not feature in the list of zones where there is significant housing need and a low contribution of new build housing, partly because despite the intensity of need the absolute numbers are still relatively low.
- 5.3.7 There is also a mixed picture on changes in housing need over time. Shepton Mallet and Frome and rural areas have seen an increase in housing need over the past 10 years, while West Wilts rural and South Glos rural have seen a decrease. The latter might in part reflect higher rates of house building in adjacent areas, with households moving to Swindon or into the Northern Fringe of Bristol respectively.
- 5.3.8 There are differences between rural and urban areas when it comes to the split between social rented housing and intermediate housing. Under the study’s intermediate Homebuy modelled product (40%/1%), some rural areas are simply too expensive for Newbuild Homebuy to be a feasible option – Chew Valley would be the most obvious example here. Other areas can take a low amount of

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<sup>1</sup> Affordable Rural Housing Commission- Final Report May 2006

<sup>2</sup> Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing –CLG July 2008.



intermediate housing – only 2% of affordable housing in South Glos rural and 10% in West Wilts rural. The picture is very varied even within one local authority area-for example in Mendip the possible split between intermediate and social rented varies from 8% intermediate in Wells to 25-40% elsewhere. It is noticeable that the numbers of households on the zone agent waiting list who are currently living in rural areas is low, which does suggest a need to promote intermediate options in ways which are more appropriate for this market.

5.3.9 There is also a mixed picture on the size mix. Some rural areas, such as Chew Valley and South Glos rural, have a significantly higher need for family housing (77% of social rented in Chew Valley, and 73% in South Glos rural) while in Mendip and West Wilts the size mix required is not that different to the rest of the HMA. These issues are discussed in greater detail in Chapter 7.

**5.3.10** In summary, the SHMA confirms that there are high levels of demand for affordable housing in rural areas, with some areas having a significant demand for intermediate housing and some very high demand for family housing. While absolute numbers may be lower, in many areas the intensity of need is similar to that of urban areas, and in some areas is higher. There are additional barriers to the delivery of affordable housing in rural areas which would be tackled, at least in part, if the Government were to implement the recommendations made in the recent Taylor report.

## **5.4 The private rented sector**

5.4.1 The private rented sector has increased by 50% since 1991 and much of this growth will have been fuelled by buy to let, which is often aimed at working couples and young families looking for flexibility at an early stage in their careers. The private rented sector can provide an appropriate long-term housing solution for some households, but for many it is seen as a temporary tenure, until they can afford owner-occupation, intermediate housing or become eligible for a social rented tenancy. The lack of security of tenure is a significant barrier for many to consider the private rented sector to meet their long-term housing need. For others the high rent levels might be a barrier. However the Market Rented sector plays an important role in meeting housing need for those who can afford it and is larger than the social rented sector.

5.4.2 The extreme pressure on social rented housing has led local authorities to encourage more households to consider the private rented sector as a possible solution. Some local authorities offer assistance with deposits and rent in advance, for households with high levels of housing need. For many such households, rents are only affordable with housing benefit; where this is the case

it is accepted that this is not a long term solution to housing need and those households remain in unaffordable housing.

5.4.3 The private sector meets much of the need for student accommodation; even though there has been an expansion in the provision of dedicated student accommodation this still does not meet the need of the majority of students who will seek accommodation in the private rented sector. Migrant households are also likely to move to the private rented sector.

5.4.4 The table below gives an overview of the levels of unfitness in the private sector. All six authorities have completed private sector stock condition surveys within the last 4 years. Rates of unfitness have varied.

**Table 5.4 Failure rates for Decent Homes Standard/Unfitness of private sector stock**

| <b>Authority</b> | <b>Percentage/rate of failure of DHS or unfitness</b> | <b>Comment</b>  |
|------------------|---|---|
| Bristol          | 20%   | Failure to meet DHS expressed as percentage of private sector stock           |
| B&NES            | 4.7%  | Unfit rather than failing DHS. Expressed as percentage of all stock           |
| North Som        | 37.7%   | Failure to meet DHS expressed as percentage of all stock                      |
| South Glos       | 17.4%   | Failure to meet DHS expressed as percentage of all stock                      |
| Mendip           | 25.5%   | Failure to meet DHS expressed as percentage of private sector stock (at 2004) |
| West Wilts       | 1.7%  | Unfit rather than failing DHS. Expressed as percentage of all stock           |

Source: individual local authorities stock condition surveys

5.4.5 There is some level of failure to meet the Decent Homes standard in the owner occupied sector in all six authorities, however, generally this is low. The failure rate in the private rented sector is much higher.

5.4.6 Most authorities have looked at failure rates by geographic area, although in some cases the zones used are not the same zones as those chosen for the strategic housing market assessment. A key issue for the market assessment is

whether it is unfitness which is depressing the prices of properties in lower priced areas, as we do not want to base affordability calculations on unfit properties.

- 5.4.7 At first glance the figures for Bristol, North Somerset, Mendip and South Glos may be of concern (though note that figures have different base, some are of all stock and some of only private sector stock). However, further analysis of the data shows that the main reasons for failing the decent homes standard are the age of internal fittings and thermal standards. The majority of properties are wind and water tight.
- 5.4.8 As might be expected, levels of unfitness/failure to meet the Decent Homes Standard, are not evenly spread but clustered in certain areas. Within Bristol three of the wards with higher levels of failure against the Decent Homes Standard are within the Bristol East zone, one of the less expensive zones. For North Somerset, higher levels of failure against the DHS are in Old Weston and in the rural areas. In West Wilts, higher levels of failure are in Trowbridge and Warminster. For B&NES the higher failure rates are in the rural areas and in Bath itself. For South Glos the highest failure rate is in the older inner areas of Kingswood.
- 5.4.9 Even in the clusters, these levels of unfitness are not sufficiently high to be depressing the market and trapping purchasers of cheaper properties.

## **5.5 Condition of social housing stock**

- 5.5.1 Social housing stock across all 6 authorities is on target to meet the Decent Homes standard by 2010. The only exceptions are a small number of properties which are scheduled for redevelopment, some of which will not have been demolished by 2010. For example, both Bristol and Mendip are redeveloping Precast Reinforced Concrete (PRC) dwellings and prefab sites to achieve modern higher density housing.
- 5.5.2 It is likely that there will be changes to stock in the future, with possible decant and demolition of some social housing. At this stage, however, any plans to decant properties are small scale and not in numbers which will have any impact on the overall assessment.

## **5.6 House Prices**

- 5.6.1 There is a range of price data for the WoE HMA and wider areas, to facilitate comparison of price levels and changes over the period from 1988 to 2007. The main sources used in the SHMA are the Nationwide Building Society (NBS), based on its mortgage loans, for the earlier years and for recent years (since 1995) the UK Land Registry (LR) data for all sales. For general price

comparisons a 'mix adjustment' by using the price of an NBS 'Type 3' (not detached or bungalow, 1-3 bedrooms, central heating) or a LR 'Semi-Detached House' has been used.

5.6.2 The WoE LA with consistently the highest average price is B&NES (Table 5.5). Bristol had the lowest average price in 1988 but in later years the City tended to move ahead of the other districts. In recent years the lowest average prices have been for South Glos and West Wilts, with Mendip creeping upwards somewhat. However, apart from B&NES the variation between the districts is not that great.

5.6.3 In 1988 WoE LA s generally had higher prices than the overall average for England. This was less true in 1996 but WoE had recovered its position in the early 2000s. WoE prices are generally similar to the average for the rest of the region (except for B&NES which continues to be more expensive). Over the longer run, prices have risen at a similar rate to England in B&NES and Bristol, but at a significantly lower rate in North Somerset and West Wilts. In the more recent period (1996-2005), prices rose more than the national average in Mendip, B&NES, Bristol and South Glos, while rising by about the national average amount in the other two LA's.

**Table 5.5: Representative Average Prices and Changes in WoE and Comparator Areas 1988-2005 (Actual prices)**

| WoE L A & Comparators       | 1988   | 1996    | 2001    | 2003-04 | 2005    | Price Change % 1988-2005 | Price Change % 1996-2005 |
|-----------------------------|--------|---------|---------|---------|---------|--------------------------|--------------------------|
| <b>B&amp;NES</b>            | 70,702 | 76,108  | 152,143 | 213,640 | 239,570 | 239                      | 215                      |
| <b>Bristol</b>              | 59,425 | 62,101  | 121,285 | 165,531 | 190,230 | 220                      | 206                      |
| <b>North Som</b>            | 69,889 | 63,234  | 112,441 | 161,573 | 181,694 | 160                      | 187                      |
| <b>South Glos</b>           | 61,454 | 58,048  | 110,900 | 157,953 | 179,024 | 191                      | 208                      |
| <b>Mendip</b>               | 61,487 | 56,812  | 103,735 | 163,836 | 183,533 | 198                      | 223                      |
| <b>West Wilts</b>           | 64,834 | 59,059  | 106,618 | 153,488 | 176,049 | 172                      | 198                      |
|                             |        |         |         |         |         |                          |                          |
| <b>Rest of S West</b>       | 61,028 | 58,772  | 107,815 | 163,232 | 187,751 | 208                      | 219                      |
| <b>Rest of South</b>        | 71,123 | 69,785  | 131,687 | 183,189 | 203,273 | 186                      | 191                      |
| <b>London</b>               | 79,439 | 121,836 | 255,849 | 326,170 | 359,902 | 353                      | 195                      |
| <b>Midlands &amp; North</b> | 37,586 | 48,703  | 68,995  | 108,872 | 135,362 | 260                      | 178                      |
|                             |        |         |         |         |         |                          |                          |
| <b>Total</b>                | 52,407 | 62,711  | 104,453 | 153,102 | 180,455 | 244                      | 188                      |

Sources: Nationwide Building Society (cols 1 & 6) and Land Registry, analysis in Bramley et al (2007) *Transforming Places*.

5.6.4 Table 5.6 looks at recent price levels and changes (2001-2006) by LA, urban-rural situation and deprivation level, based on ward level data. In this recent

period Mendip and West Wilts showed a greater price increase, and Bristol showed the least. This suggests some process of decentralisation of price pressures into the more rural areas (not all of these pressures necessarily emanate from WoE).

5.6.5 Price levels are highest in the City Centres and then in the most rural wards, with 'other urban' areas having the lowest prices. Prices rose most in the most rural wards and least in the city centres. This may reflect a continuing 'counter-urbanising' shift in demand, but it may equally reflect supply constraints in the rural areas coupled with the big push on city centre developments increasing supply in these locations. This illustrates the way supply can affect prices at local scale, and such influences are reflected in the modelling and forecast future changes, based on evidence from studies of patterns and changes in the recent past.

**Table 5.6: Semi-Detached House Price Levels and Changes by type of area**

| Local Authority / Ward Type | Ave Price Semi 2001 | Ave Price Semi 2006 | Percentage Increase 2001-06 |
|-----------------------------|---------------------|---------------------|-----------------------------|
| B&NES                       | 163,315             | 224,245             | 37.3                        |
| Bristol                     | 138,344             | 184,433             | 33.3                        |
| Mendip                      | 104,699             | 170,953             | 63.3                        |
| North Som                   | 115,519             | 164,034             | 42.0                        |
| South Gos                   | 112,273             | 160,500             | 43.0                        |
| West Wilts                  | 108,615             | 173,553             | 59.8                        |
| <b>Urban-Rural Typology</b> |                     |                     |                             |
| South city centre           | 200,077             | 259,917             | 29.9                        |
| South other urban           | 107,558             | 155,070             | 44.2                        |
| South town fringe           | 119,975             | 175,939             | 46.6                        |
| South village (isolated)    | 138,140             | 213,125             | 54.3                        |
| <b>IMD Deprivation</b>      |                     |                     |                             |
| Worst 10%                   | 75,061              | 125,821             | 67.6                        |
| 10-20%                      | 135,344             | 186,219             | 37.6                        |
| 30-40%                      | 113,481             | 156,371             | 37.8                        |
| 40-60%                      | 137,709             | 191,897             | 39.3                        |
| 60-80%                      | 126,274             | 180,851             | 43.2                        |
| Least Deprived              | 134,716             | 189,924             | 41.0                        |
|                             |                     |                     |                             |
| WoE Average                 | 127,355             | 179,901             | 41.3                        |

Sources: Land Registry. Urban-rural typology derived from typology developed by CLG amended by Bramley et al Transforming Places 2007. Based on standard ONS urban\rural classification and a CLG database of major retail/service centres. South refers to the south of England excluding London

5.6.6 Prices have risen at a higher rate in the most deprived areas. Historically these will be areas where prices were lower, so this will impact on first time buyers seeking cheaper areas to get a foot on the ladder.

5.6.7 The data enables comparison of the price of new dwellings with the price of existing secondhand sales. Table 5.7 shows the lower decile and quartile prices and median prices for new sales alongside the values for all sales in 2006. The data appears to show little overall difference between new sales prices and all sales prices. However, caution must be exercised in drawing a conclusion from data which does not take into account the size, location and type of accommodation. In some areas, the majority of new developments have been smaller flats, whilst second hand sales may include larger semi-detached and detached houses.

**Table 5.7: House Prices of New vs All Dwellings by WoE Areas in 2006**

| <b>Local Authority Area</b> | <b>Lower Decile All Sales</b> | <b>Lower Decile New</b> | <b>Lower Quartile All Sales</b> | <b>Lower Quartile New</b> | <b>Median All Sales</b> | <b>Median New</b> |
|-----------------------------|-------------------------------|-------------------------|---------------------------------|---------------------------|-------------------------|-------------------|
| <b>B&amp;NES</b>            | 140,647                       | 131,322                 | 170,500                         | 162,669                   | 217,707                 | 229,983           |
| <b>Bristol</b>              | 116,448                       | 106,935                 | 141,844                         | 129,422                   | 172,711                 | 152,475           |
| <b>North Som</b>            | 118,094                       | 123,516                 | 143,920                         | 159,006                   | 183,144                 | 187,010           |
| <b>South Glos</b>           | 127,209                       | 130,657                 | 149,165                         | 159,701                   | 176,766                 | 184,478           |
| <b>Mendip</b>               | 115,794                       | 111,974                 | 141,338                         | 128,425                   | 175,001                 | 165,970           |
| <b>West Wilts</b>           | 112,398                       | 108,169                 | 140,781                         | 133,548                   | 176,041                 | 168,620           |
| <b>WoE Sub-region</b>       | 121,681                       | 118,151                 | 147,418                         | 145,020                   | 181,962                 | 177,824           |

Source: Land Registry.

5.6.8 Table 5.8 looks at the threshold entry level prices and rents used in the analysis of affordability, drawing on the values for the base year of 2006.

5.6.9 'Threshold' prices are the prices which we take as representative of the entry level to the market for new buyers. The SHMA Guidance refers to lower quartile price levels, but the SHMA Partnership Board, having discussed the issue, agreed to use a point mid-way between the lower quartile and the lower decile. The rationale here is that this is a pressured market area with a relatively good housing stock, therefore using lower quartile price levels gives an unrealistically high threshold price (see also Wilcox 2007). There was sufficient transaction information at the lower end of the market to ensure that this approach would be statistically valid. The inclusion of lower decile figures was therefore adopted as

the most prudent approach. The threshold point is taken from the distribution of all sales at market value – it is not assumed that the threshold dwelling is necessarily secondhand – for each of four size groups (one-bedroom up to four-plus bedroom). For the zonal model, threshold points have been estimated indirectly from the data on quartiles by type, as the Land Registry does not record size, unlike the Regulated Mortgage Survey (RMS), the Local Authority level source.

## **5.7 Private sector rents**

- 5.7.1 Private rents are important because in quite a few areas private renting has become more affordable than buying. The private market rent levels are based on a combination of sources: (a) Survey of English Housing 2004/05-05/06 rents paid by tenants moving in within last 3 years and not on Housing Benefit (b) proxy variables available at ward level from the 2007 Bramley et al study, to enable prediction of values for all wards in England; (c) Hometrack ‘asking’ rents for 3-4 room dwellings as published in Wilcox (2007) and (d) a survey of local agents undertaken by Ark consultants for 4 out of the 6 authorities, with the remaining 2 authorities conducting a survey themselves. The resulting figures are shown in Table 5.8. The main conclusion from this table is that for WoE as a whole threshold prices and rents are very close to the England averages and quite similar to the rest of the South West. Prices are highest in B&NES, followed by South Glos and Bristol, with North Somerset and West Wilts lowest. The variation in rents within WoE is rather slight.
- 5.7.2 The final column in Table 5.8 above shows median prices for new RSL properties available to purchase under the New Build HomeBuy scheme. It is included here as purchase under the HomeBuy scheme is likely to be the main option available for marginal first time buyers. Although median RSL prices are above threshold prices, purchasers will typically be buying only 40 – 50% of the property. The private sector rent levels, threshold prices and new RSL prices are used as the basis for the affordability calculations in Box 6.3 and 6.4 in Chapter 6.

**Table 5.8: Selected Market Rents and Prices for WoE and Comparator Areas in 2006**

| WoE L A and comparator areas | Private Rent 1 BR<br>£pw | Private Rent 2 BR<br>£pw | Threshold Price 2BR<br>£ | RSL New Price 2 BR<br>£ |
|------------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| B&NES                        | 121                      | 151                      | 134,262                  | 185,629                 |
| Bristol                      | 117                      | 143                      | 121,863                  | 138,231                 |
| North Som                    | 117                      | 141                      | 115,050                  | 151,293                 |
| South Glos                   | 104                      | 130                      | 117,522                  | 153,074                 |
| Mendip                       | 109                      | 136                      | 115,789                  | 148,707                 |
| West Wilts                   | 107                      | 134                      | 108,141                  | 145,484                 |
|                              |                          |                          |                          |                         |
| R o South West               | 107                      | 132                      | 117,718                  | 145,119                 |
| Rest of South                | 124                      | 153                      | 129,690                  | 160,393                 |
| London                       | 199                      | 247                      | 178,284                  | 228,743                 |
| Midlands & North             | 85                       | 106                      | 84,871                   | 109,008                 |
| England                      | 115                      | 143                      | 114,085                  | 144,227                 |
| WoE Sub-region               | 113                      | 140                      | 119,708                  | 151,434                 |

Sources: Rents based on S.E.H., modelled using proxy variables, and Hometrack, ARK and local surveys; prices based on land registry data and Regulated Mortgage Survey. 'Threshold' price is halfway between lower quartile and lower decile price for that size group; New RSL price based on median price level.

## 5.8 Other Indicators of Demand in the Market

5.8.1 Table 5.9 reports on a number of other indicators which highlight aspects of the state and characteristic features of the housing market in WoE. Sales transaction rates in the private sector are very close to the national average of 5.9% and have not changed much in level overall since 2001. Transactions are higher in Bristol and lower in B&NES. At Zone level there are higher rates in Westbury (9.1%), Bristol Inner East (7.7%), Trowbridge (7.2%), North Fringe (7.0%), Bristol East (6.9%) and Inner West (6.8%), and Bath City North (6.5%). These areas include both affluent and poor areas, but many are areas which also have high



private renting (see also Tables 5.2 above) and which may be associated with a more transient population, often associated with more flats. They also include some areas with high levels of recent new building (even though this measure is for the secondhand stock). The lowest rates are in affluent rural Zones like Chew Valley.

**Table 5.9: Transaction Rates, Second Homes and Vacant Dwellings by Local Authority in WoE and England 2001-2005 (percent)**

| <i>Local Authority</i> | Transaction Rate 2000-02 | Transaction Rate 2005-06 | Second Homes 2001 | Second Homes 2005 | Vacant Dwellings 2001 | Vacant Dwellings 2005 |
|------------------------|--------------------------|--------------------------|-------------------|-------------------|-----------------------|-----------------------|
| <b>B&amp;NES</b>       | 5.1                      | 5.3                      | 0.5               | 0.7               | 2.3                   | 1.2                   |
| <b>Bristol</b>         | 6.0                      | 6.5                      | 0.2               | 0.7               | 2.8                   | 3.8                   |
| <b>North Som</b>       | 6.0                      | 6.0                      | 0.5               | 0.7               | 2.8                   | 2.9                   |
| <b>South Gos</b>       | 5.8                      | 5.7                      | 0.3               | 0.2               | 1.6                   | 2.1                   |
| <b>Mendip</b>          | 5.6                      | 5.6                      | 0.6               | 1.0               | 2.2                   | 2.5                   |
| <b>West Wilts</b>      | 6.1                      | 5.9                      | 0.4               | 0.4               | 3.0                   | 2.9                   |
| <b>WoE Ave</b>         | 5.8                      | 5.9                      | 0.4               | 0.6               | 2.5                   | 2.7                   |
| <b>England</b>         | 5.9                      | 5.9                      | 0.6               | 1.0               | 3.1                   | 3.3                   |

Sources: Land Registry (transactions); Census; Neighbourhood Statistics ward level returns and HSSA returns as analysed for Bramley et al (2007) *Transforming Places* study.

Note: Transaction rate is second hand sales as percentage of private stock; second homes and vacancies percentages of total stock.

5.8.2 Vacancies in the WoE sub-region are below the national average - 2.7% in WoE and 3.3% in England in 2005. Both the WoE sub-region and England as a whole saw a small rise of 0.2% points for vacant dwellings between 2001 and 2006. Comparing the local authority areas within the sub-region, vacancy rates are higher in Bristol (3.8%, highest in Bristol Inner East and Inner West), where they appear to have increased since 2001, and lower in B&NES (1.2%, falling) and South Gos (2.1%). In B&NES in particular, this may reflect low supply in the city centre areas, with little incentive for households to move. Low vacancy rates are also an indication of the pressure on the housing market, and there are forecast figures on vacancy rates in chapter 7.

## 5.9 Second homes

5.9.1 The West of England HMA is less associated with concentrations of second homes than some other areas such as Cornwall. Overall there appears to have been some increase between 2001 and 2005 (from 0.4% to 0.6%), but care

should be exercised when interpreting these figures owing to different data collection methods, possible differences of definition/coverage, and possible effects of tax incentives. Modelling of house prices using ward level datasets suggests that 1% extra stock in second home ownership may raise prices by 1.4%. Clearly this is not a major driver for WoE, even though it may be significant in areas like Cornwall. The Zones with high (and generally increasing) second homes are generally higher status central city areas or more attractive rural/small town areas: Bristol Inner West, Bath City North, Wells & Rural, Bathavon, Bradford-on-Avon, Frome & Rural.

## **5.10 Buy to let**

5.10.1 The private rented sector in WoE, as in much of the UK, has experienced a revival and expansion, firstly following the 1988 deregulation and secondly following the launch and popularity of 'Buy To let' mortgage products. Care is needed in assessing the current size of the sector at local level, given the lack of any really reliable data source. Analysis of drivers of house prices, particularly in the context of our higher level economic model, suggests that buy to let could have had a significant impact on the market (see also report by Ricky Taylor, NHPAU 2008<sup>3</sup>). However, care is needed because it is difficult to separate this factor from the broader effects of increasingly relaxed lending criteria. The impact of these factors together is considered in the forward forecasting exercise in Chapter 6.

## **5.11 Credit Crunch and Mortgage Market**

5.11.1 At the time of writing this report we are well aware of the exceptional conditions which have been prevailing in the mortgage market in the last few months, as a result of the so-called 'Credit Crunch'. Following the emergence of problems in the US 'sub-prime' mortgage market, banks across the world have been dealing with problems of assets whose value has become much more uncertain/risky. Banks have had to respond to dramatic write downs in their balance sheets by seeking to rebuild their capital reserves, both through raising margins and interest rates on their mortgage lending and through seeking fresh funds from the markets, for example through Rights Issues. At the same time, banks have become reluctant to lend to each other, because they have lost confidence in the security of the assets which underpin each other's operations, including mortgage-backed securities. This lack of interbank lending has led to a drastic reduction in the amount of mortgage lending which banks can undertake, through sheer lack of funds. Thus, in short a house buyer or investor looking to take out a

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<sup>3</sup> NPAU Research Findings No.1-Buy-to-let mortgage lending and the impact on UK House prices-National Housing and Planning Advice Unit February 2008

mortgage to buy a house faces a situation of scarcity of mortgage products, rationing of availability, and volatile interest rates. In the last year, the volume of mortgage approvals has fallen by around half. Rationing typically takes the form of requiring a much larger deposit from buyers (say 10-15%) and the disappearance of loans for 100% of value. A further reason for this is that the housing market is now, inevitably, falling as a result of this mortgage famine, and lenders will not wish to lend at very high percentages when they know values may fall, causing immediate negative equity.

5.11.2 This combination of circumstances is unique and it is difficult to determine how long they will prevail before something approaching 'normal' conditions return to the mortgage market. The UK Government is clearly anxious to try to encourage a return to normality, for example through making available a large scale asset swap facility to the Banks. As explained in Chapter 2, for the purposes of this study we assume that the market will continue to be severely disrupted in 2008, and that the effects on house prices, interest rates, house building and the wider economy will spread into 2009. We then assume a gradual recovery, but that this episode in the market will leave its mark for some years.

5.11.3 However, the analysis of current market conditions, which uses 2006 as a base year, is not affected by this disruption. Similarly, the forward forecasts look at medium term horizons, 2009/2011/2016/2021/2026. These are only affected to a modest degree by the legacy of what we are assuming is essentially a shorter term disruption. For example, in calculating affordability it is assumed that the availability of credit, and terms for mortgages, will return to similar levels as 2006/7, and that current demands for 10 – 15% deposits will settle back at around the modelled 5% level for most households. This will be monitored for its impact on affordability over time.

## **5.12 What drives the housing market?**

5.12.1 The housing market is subject to many and complex influences. Although, from inspecting data on price trends, it is possible to speculate about the causal factors which may be influencing those trends, this form of causal introspection cannot necessarily identify or weigh all of the factors. This study is able to provide an additional level of analysis, drawing on findings and data from a recent research study concerned with understanding, describing and modelling housing market change at local and neighbourhood level (Bramley et al 2007). Indicators are presented of the relative importance of different drivers in relation to the most important single housing market indicator, house prices. These indicators are 'composite factors' which combine a number of similar or related variables. The weightings on these variables reflects the relative importance of

these variables in explaining house price levels or changes in a statistical regression modelling exercise covering nearly all wards in England. The composite factors are in some cases primarily wider market area/subregional factors, and in other cases primarily neighbourhood level factors.

- 5.12.2 The model for house price levels yields a more coherent picture and the key indicators derived are reproduced in Table 5.10, broken down by region, showing WoE as a whole and its constituent LA's. The figures in the table refer to the impact of that factor on house prices, relative to the England average.
- 5.12.3 The first column shows the impact of sub-regional economic and employment factors. These are generally negative for northern regions and positive for southern regions and London, although the impact in the South West is only a little above the average (with WoE a bit higher). Within WoE, B&NES, Bristol and West Wilts score higher and Mendip scores lowest.
- 5.12.4 The second factor captures regional housing market cycles (including 'unexplained' deviations at county level). This factor was particularly positive for the South West and WoE in 2003/04. Mendip shows a high score and West Wilts a low score, probably because price data for these county areas showed high/low deviations from predicted levels in that year.
- 5.12.5 The third factor captures location and access, and tends to be dominated by London, which is why WoE and the South West do not do that well. Within WoE, B&NES and Bristol score slightly better, and Mendip markedly worse.
- 5.12.6 Housing type and urban form includes a cluster of variables including density, green space, and various housing types. This factor also seems to capture a central city and London effect. So again B&NES and Bristol score better than South Glos or West Wilts (bear in mind that 'price' modelled here is for a given type, i.e. semi - semis certainly will cost more in city centres and less in more rural locations).
- 5.12.7 The next factor captures certain neighbourhood market status measures including vacancies – this does not tell anything very distinctive about WoE. The following factor represents neighbourhood poverty (vs affluence) and adverse social conditions. WoE does better on this, especially B&NES and to a lesser extent Bristol and other former Avon LA's.
- 5.12.8 The final factor captures the influence of new supply on prices, which is generally negative, as in areas which have seen relatively more new development in the last few years ( North Somerset, West Wilts).

**Table 5.10: Analysis of Drivers of House Price Levels by Region and Districts within West of England 2003-04 (differences from average house price, £)**

| Region/Area     | Regl Economic | Reg Housing Marke | Location & Access | Housing Type & Urban Form | Nhood Housing Market | N'hood Poverty Social | New housing develt |
|-----------------|---------------|-------------------|-------------------|---------------------------|----------------------|-----------------------|--------------------|
| NORTH           | -21165        | 6017              | -28536            | -2310                     | 120                  | -9116                 | 368                |
| YORKS & HUMBER  | -11662        | -5135             | -19092            | -4057                     | -296                 | -3188                 | -526               |
| NORTH WEST      | -11618        | -6084             | -19036            | -4458                     | -428                 | -2789                 | -308               |
| EAST MIDLANDS   | -5214         | 1049              | -25242            | -6134                     | -1229                | -180                  | -3062              |
| WEST MIDLANDS   | -9539         | 8070              | -18024            | -4557                     | -1015                | -3903                 | 287                |
| SOUTH WEST      | 1405          | 10586             | -8388             | 994                       | 2718                 | 5944                  | -1612              |
| EAST            | 7141          | 7967              | -466              | -752                      | -482                 | 11565                 | -2620              |
| SOUTH EAST      | 16279         | -2484             | 7478              | 1987                      | -880                 | 26290                 | 499                |
| LONDON          | 19906         | -8108             | 111447            | 46944                     | 12436                | 37627                 | 10966              |
| ENGLAND         | 1142          | 272               | 6838              | 5188                      | 1640                 | 10115                 | 956                |
|                 |               |                   |                   |                           |                      |                       |                    |
| Rest of England | 1000          | 95                | 7219              | 5316                      | 1738                 | 9998                  | 958                |
| WoE             | 6766          | 7236              | -8115             | 164                       | -2218                | 14724                 | 869                |
|                 |               |                   |                   |                           |                      |                       |                    |
| B&NES           | 12068         | 7986              | -5239             | 4025                      | -2509                | 29063                 | 5815               |
| Bristol         | 8780          | 5901              | -6114             | 4053                      | -1665                | 13278                 | 4077               |
| North Somerset  | 3371          | 6288              | -9161             | 2733                      | -2264                | 14394                 | -1136              |
| S Glos          | 4258          | 9504              | -7645             | -7871                     | -3521                | 16041                 | 1949               |
| Mendip          | 1097          | 23376             | -19629            | -1470                     | -1200                | 3184                  | -6068              |
| West Wilts      | 7966          | -6477             | -8068             | -4797                     | -1812                | 6760                  | -9658              |

Source: Based on statistical models of house price determination at ward level reported in Bramley et al (2007) *Transforming Places: Housing Investment and Neighbourhood Market Change*.

5.12.9 A similar analysis can be provided focused on percentage changes in price over a longer period (1988-2004). It is slightly less easy to interpret, full details are not reported here. It suggests that over the period 1988-2004, WoE as a whole saw slightly lower price growth than England related to economic /employment change, and significantly less in respect of cyclical timing and localised price discrepancies and disequilibria; its performance was more positive in respect of poverty and social conditions. It is noteworthy that South Glos had a positive score for the economy factor, reflecting the enormous economic development focused on the North Fringe in this period.

5.12.10 Under the location and access heading, there is a positive change affecting Bristol relative to the other districts in WoE – the central city effect was apparent

over this period. Under the neighbourhood poverty heading WoE did better than England and Bristol and B&NES gained significantly from this (i.e. the reduction in poverty). Under the new housing development heading, there were negative effects for the areas with the most new building, North Somerset and West Wilts, similar to those seen in the price levels model.

### **5.13 Summary**

5.13.1 This chapter has given a more detailed profile of the current housing market in the SHMA. The SHMA area has somewhat lower levels of social rented housing stock than national averages, with a higher proportion of private rented housing. The private rented sector has grown by 50% since 1991, much of this growth fuelled by buy to let. House prices are generally similar to the average for the region, which is higher than for England as a whole. Private sector rents are close to regional and national averages.

5.13.2 Overall, the SHMA is relatively affluent although there remain some pockets of deprivation. A significant part of the SHMA is rural, and this brings different challenges to managing the housing market. There is a relatively small number of second homes.