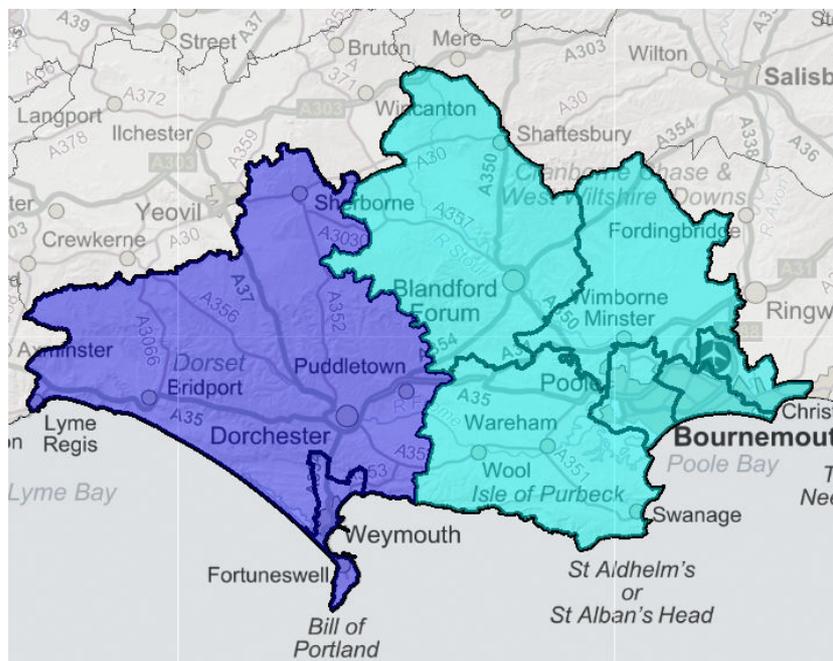


DORSET SURVEY OF HOUSING NEED AND DEMAND

Local Authority report for:
SUPPLEMENTARY REPORT



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1. Introduction

- 1.1 This section examines the main characteristics of the Dorset housing market drawing on both qualitative and quantitative data. The quantitative section analyses the most recent (October-December 2006) Dorset house price trends derived from Land Registry data. The qualitative analysis is derived from interviews with estate agents throughout Dorset. The main aim of the interviews was to determine estate agents' opinions on the main characteristics of their respective housing sub-market with particular reference to the main drivers of local housing markets and subsequent impact on housing affordability.
- 1.2 Respondents were determined by their location within the Dorset housing submarkets to ensure representativeness of opinions. A total of 52 interviews were undertaken with Dorset estate agents in the following district and borough council areas:
- Bournemouth: 8
 - Poole: 3
 - Christchurch: 3
 - Weymouth & Portland: 6
 - Purbeck: 5
 - East Dorset: 11
 - North Dorset: 6
 - West Dorset: 10
- 1.3 It must be borne in mind that the interview results reflect opinions, and not necessarily fact. As such, although the qualitative findings are based on anecdotal evidence they nonetheless increase the reliability of the research. Similarly, please note that the estate agents' prices quoted are meant only to represent a 'snap-shot' of prices advertised locally at the time of interview.

2. Key Findings

- Dorset's average house price is higher than either the regional or national averages, at £242,037. This can partly be explained in that, compared to the regional average, a relatively higher proportion of all properties sold in Dorset are detached.
- The southern coastal area of Poole has the highest property prices in the county; prices here are up to three times the county average. Other areas with relatively high prices are found in East Dorset and coastal Bournemouth and Christchurch.
- The most significant area of lower prices is found in an east-west strip across the north of both Bournemouth and Poole, although Gillingham and Portland contain areas with similar prices.
- Most estate agents (except those in Bournemouth) did not believe that their housing sub-market extended much beyond the boundaries of the local town or village. There is some fluidity in the housing market boundaries of peripheral towns.
- All estate agents stated that their local housing markets were buoyant although some expressed concern that rising interest rates may choke off demand – most stated that the demand for housing outstripped supply leading to higher prices.
- The main housing market drivers identified by estate agents for buying included: families moving up the 'housing ladder', relocating professionals, buy-to-lets, buy for investment, retired people 'downsizing'.
- Without exception, all estate agents stated that housing affordability was a serious issue and that this was particularly limiting the opportunities for local young people to get their first step on the housing ladder.
- The main solution to decreasing affordability cited by estate agents is to increase the supply of smaller, more affordable and shared ownership properties, although one agent stated that the latter are not proving popular with first-time buyers.
- The second homes market is still very strong, especially in coastal areas although decreasing investment returns is slowing down the buy-to-let market. Many second home buyers originate from the south east and London.

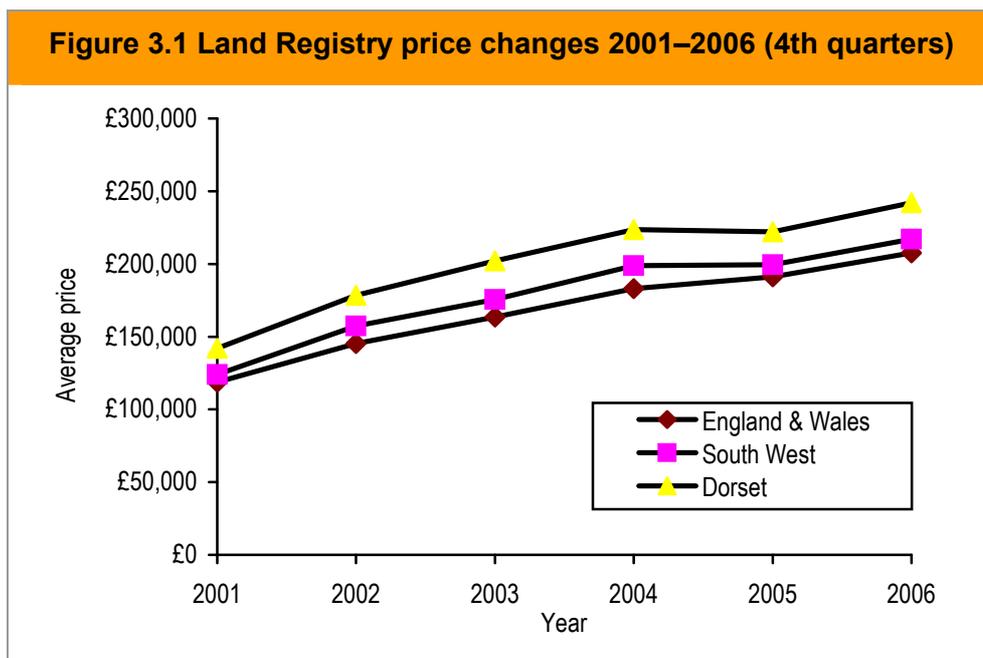
3. House Price Information – the National, regional and local picture

Dorset House Price Analysis

- 3.1 Drawing from information from the Land Registry we can compare the extent to which house prices in Dorset have risen in comparison with the South West and England and Wales. Between the 4th quarter in 2001 and the 4th quarter in 2006 property prices in England and Wales have risen by 75%. The figure remains the same for the South West region. However prices in Dorset have not increased quite as rapidly, with a price increase of 70% over the same period.
- 3.2 The table below shows the average prices in the 4th quarter of 2006 for each of England and Wales, the South West and Dorset (including Bournemouth and Poole). The table shows that Dorset's prices are comparatively high against both the South West region and the whole of England and Wales, with Dorset's average house price 16.6% higher than the average in England and Wales.

Table 3.1 Land Registry average prices (4th Quarter 2006)		
Area	Average price	As % of E & W
England & Wales	£207,573	n/a
South West	£216,998	+4.5%
Dorset	£242,037	+16.6%

Source: Land Registry 2006



3.3 The table below shows average property prices for the county for each dwelling type, this is comparable with the same data from the South West region. As we can see the number of detached properties sold in Dorset is high, with 36% of all properties sold being detached.

3.4 While the proportion of terraced houses sold is low by regional standards, suggesting that the resulting large proportion of detached properties might drive up the county's average prices, this is counteracted by the large proportion of flats sold. Dorset's prices are therefore unlikely to be greatly skewed by any atypical distribution of sales among property types in the county; and as can be seen, the prices for each dwelling type are comfortably above the regional average.

Table 3.2 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		South West	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£318,152	27.9%
Semi-detached	£212,888	17.4%	£197,795	23.9%
Terraced	£190,365	18.2%	£174,658	30.7%
Flat/maisonette	£175,772	27.9%	£156,313	17.5%
All dwellings	£242,037	100.0%	£216,998	100.0%

Source: Land Registry 2006

3.5 As we can see there are substantial house price differences between the different Dorset districts. East Dorset with an average price of £284,263 has the highest average dwelling price, which is 17.4% above the Dorset average. Weymouth and Portland has the lowest average property prices with £205,422, 15.1% below the Dorset average.

Table 3.3 Land Registry average prices and sales (4th quarter 2006)

Region/Area	Average Price	As % of Dorset	Sales
East Dorset	£284,263	+ 17.4%	563
Poole	£266,368	+ 10.0%	1,127
Purbeck	£263,812	+ 9.0%	301
West Dorset	£260,199	+ 7.5%	626
Christchurch	£257,637	+ 6.4%	340
North Dorset	£224,061	- 7.4%	431
Bournemouth	£207,927	- 14.1%	1,449
Weymouth and Portland	£205,422	- 15.1%	471
Dorset	£242,037	n/a	5,308

Source: Land Registry 2006

3.6 The table below shows how house prices differ by postcodes within the HMA area. The six highest priced postcode areas and the six lowest priced are shown. Many of the most expensive postcode areas are in close proximity to each other, in the district of Poole, and they are all coastal postcodes. Inland, the most expensive areas are in rural parts of East Dorset.

3.7 While the cheapest single area is Gillingham, in North Dorset, all the other postcodes listed below as having low average prices are in the northern parts of Bournemouth or Poole.

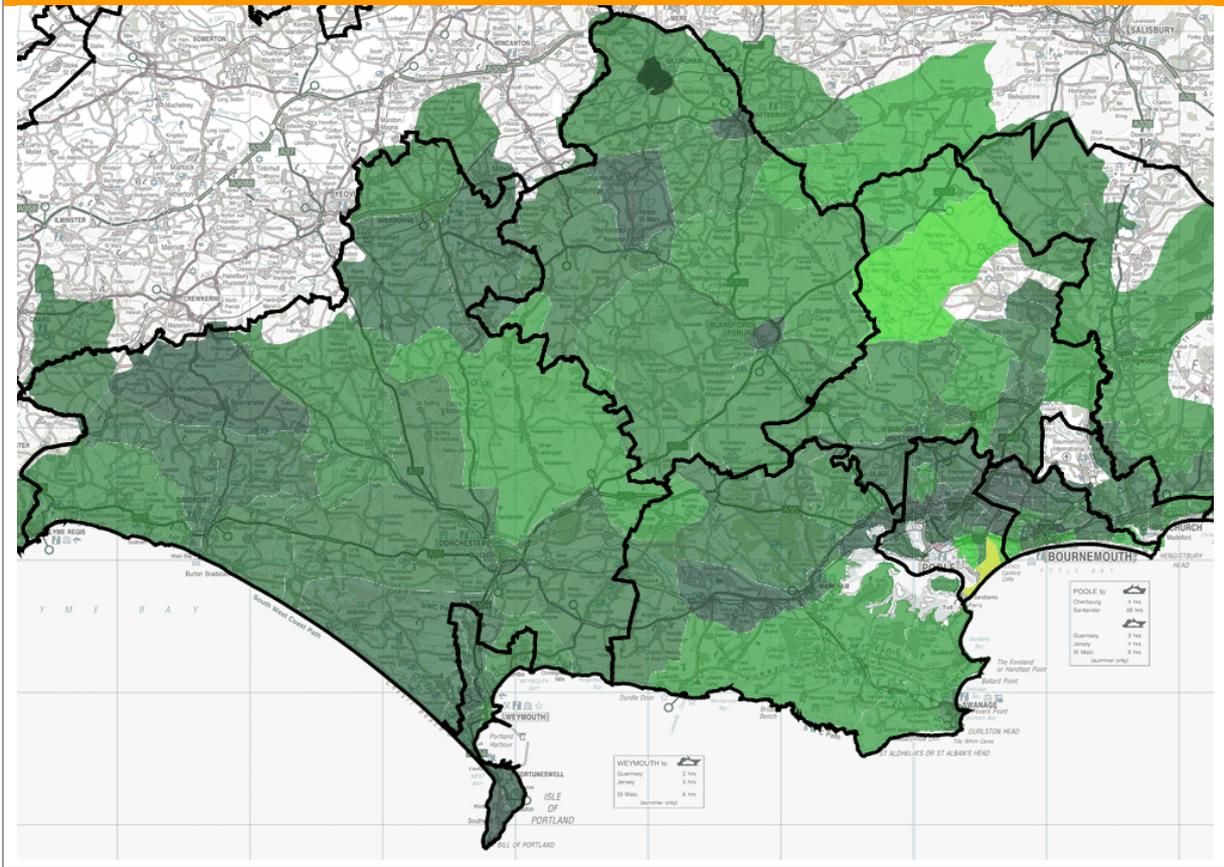
Table 3.4 HMA house price extremes (4th quarter 2006)

	Postcode	District / Borough	As % of county average
Highest priced areas	BH13 7	Poole	+208.3%
	BH13 6	Poole	+114.7%
	BH21 5	East Dorset	+95.8%
	BH14 8	Poole	+73.9%
	BH4 8	Bournemouth	+66.1%
	SP5 5	East Dorset	+42.9%
Lowest priced areas	SP8 4	North Dorset	-23.5%
	BH11 9	Bournemouth	-23.5%
	BH12 4	Poole	-23.0%
	BH10 4	Bournemouth	-22.6%
	BH17 7	Poole	-22.1%
	BH11 8	Bournemouth	-20.8%

Source: Land Registry 2006

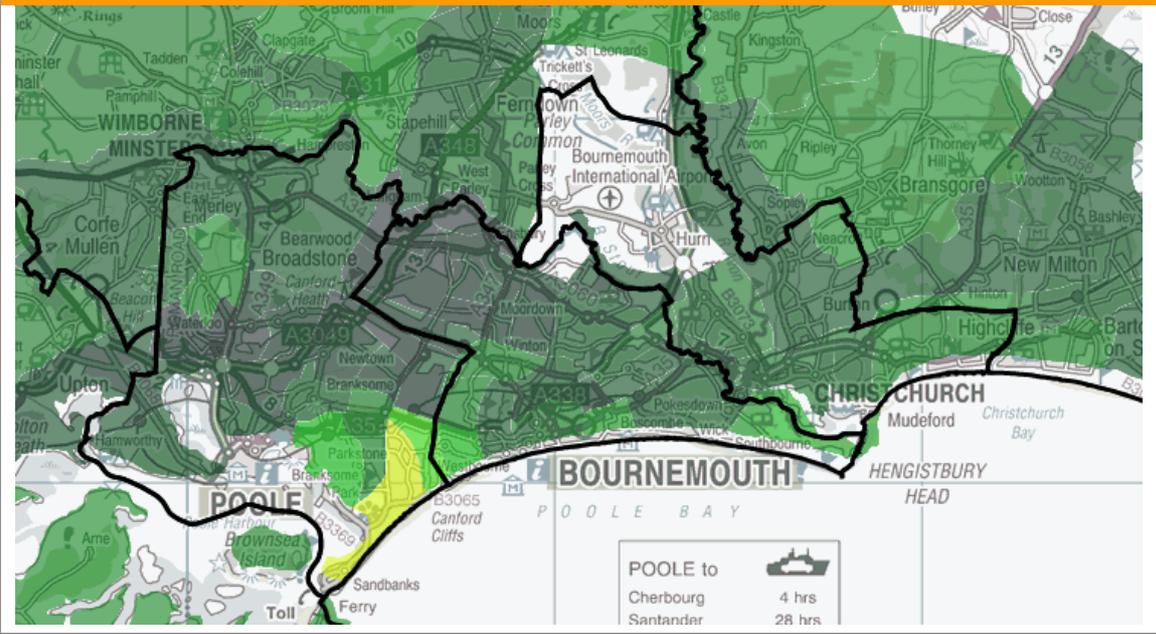
3.8 The following maps show this information for the whole of Dorset and show the contrasting price areas across the county. The second map looks at the area of Bournemouth, Poole and Christchurch in more detail.

Figure 3.2 Dorset Postcode Areas House Prices (4th quarter 2006) as % of Dorset Average House Prices



Source: Land Registry 2006 – blank areas within Dorset indicate no data

Figure 3.3 Dorset Postcode Areas House Prices (4th quarter 2006) as % of Dorset Average House Prices



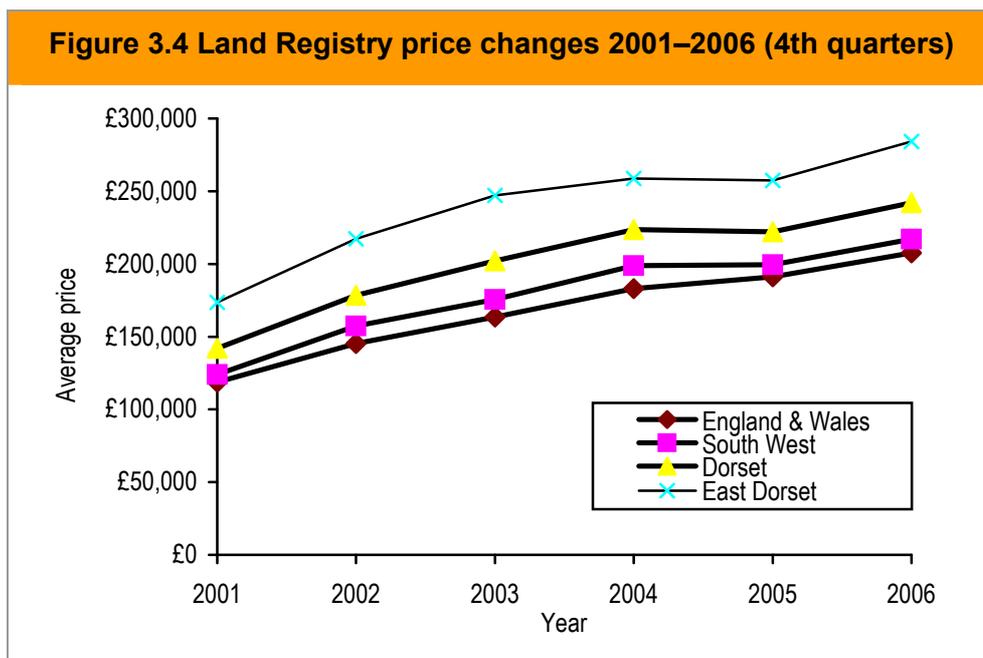
Source: Land Registry 2006 – blank areas within Dorset indicate no data

Regional house price variations

- 3.9 Using data from the Land Registry we have been able to consider how different postcode areas within Dorset compare in price to the area as a whole. The specific postcode area average price is analysed to its percentage of the total areas average price, adjusted to allow for variations in types of houses sold. This gives an understanding as to regional differences within Dorset, although it should be noted that these are average prices and as will be seen in subsequent sections of this report, entry level prices may vary within this.
- 3.10 The areas with the highest priced properties in Dorset are found in the coastal part of Poole. The postcode of BH13 7 (Canford Cliffs) has the highest priced properties by some distance, at more than three times the Dorset average (208% above average), once adjusted for house type biases. Its neighbour BH13 6 (Branksome Park, also overlooking Poole Harbour) also has very high prices, at 115% above the average. Of the top ten highest priced postcodes in the county, six are in the Bournemouth and Poole conurbation (mostly in Poole), three in East Dorset, and one in Purbeck.
- 3.11 The absolute lowest prices in the county are found in Gillingham (23.5% below average) and Bearwood in Bournemouth (23.5% below average). Of the top 10 lowest priced postcodes, seven are found in the Bournemouth & Poole conurbation, one in Portland, and two in North Dorset.
- 3.12 Although there are not huge variations across the county, some broad areas can be discerned in terms of prices. Poole, Bournemouth and Christchurch show a great deal of internal variation and cannot be classified as generally low or high cost, although proximity to the coast appears to be a major influence on prices. Outside this major conurbation there appears to be a trend toward higher prices in the eastern part of the county, possibly influenced by the commuting patterns of the major urban areas in and around the county. Urban postcodes generally have lower prices than rural postcodes; this is shown most clearly in North Dorset.
- 3.13 The following sections cover each district or borough in more detail.

East Dorset

- 3.14 East Dorset is the most expensive of the Dorset districts and as we can see from the figure below, house prices in the area have increased at a similar rate to Dorset and the South West region.



3.15 However, table 3.5 below suggests that there are considerable differences between entry-level prices in Wimborne, Ashley Heath and Ferndown, although there are fewer differences in terms of private sector rents.

Table 3.5 Minimum entry level to buy and to rent East Dorset

		lower quartile			
		Bedrooms	Wimborne Minster	Ashley Heath	Ferndown
To buy	1 bed		£99,950	£65,000*	£79,950
	2 bed		£170,000	£225,000	£189,950
	3 bed		£269,950	£339,950	£274,950
	4 bed		£365,000	£445,000	£355,000
		lower quartile			
To rent (PCM)	1 bed		£495*	n/a	£475*
	2 bed		£625	£825*	£750
	3 bed		£850	£1,150*	£850*
	4 bed		£1,095*	£850*	£1,000*

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10

n/a – no data available

3.16 When we break down the house prices by dwelling type we find that there are not significant differences in the average price sales of Dorset and East Dorset between dwelling types. However the proportion of detached houses sold in East Dorset is very high at 60.2% bringing up the all dwelling average.

Table 3.6 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		East Dorset	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£339,756	60.2%
Semi-detached	£212,888	17.4%	£226,002	13.1%
Terraced	£190,365	18.2%	£192,225	13.0%
Flat/maisonette	£175,772	27.9%	£183,198	13.7%
All dwellings	£242,037	100.0%	£284,263	100.0%

Source: Land Registry 2006

- 3.17 The table below shows the highest and the lowest postcode areas in the district. As can be seen, the highest prices tend to be primarily in the most rural parts of the district. The lowest prices are found in Verwood and Corfe Mullen.

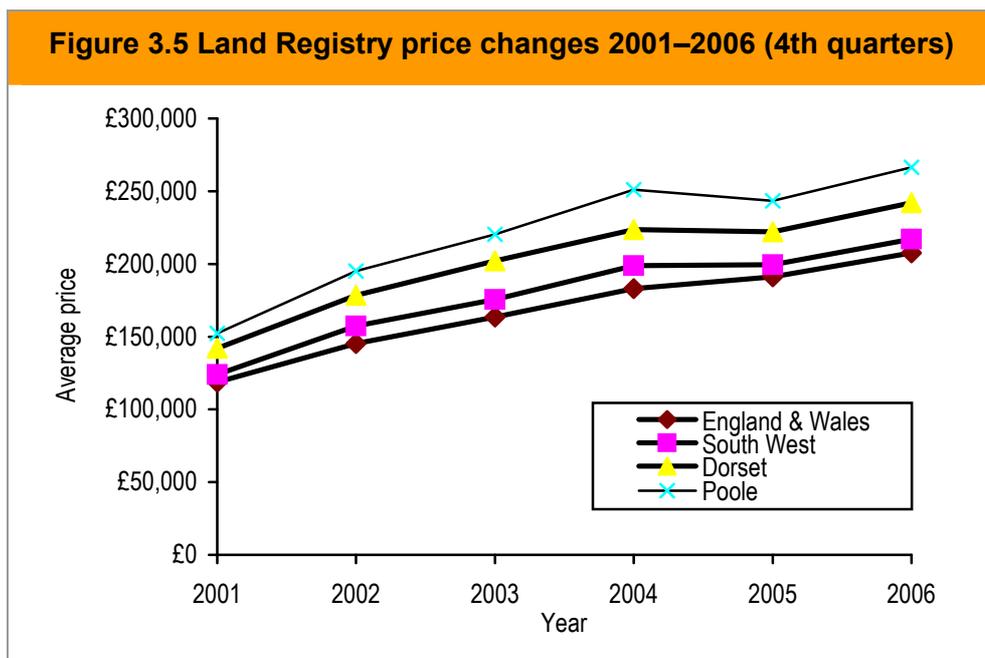
Table 3.7 East Dorset house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	BH21 5	Northern Rural Area	+95.8%
	SP5 5	Northern Rural Area	+42.9%
	BH24 2	Ashley Heath/St. Leonards	+38.3%
Lowest priced areas	BH31 6	Verwood South	-8.4%
	BH21 3	Corfe Mullen	-5.7%
	BH22 0	West Moors	-2.7%

Source: Land Registry 2006

Poole

- 3.18 The figure below shows how the average house prices in Poole have increased since 2001 compared with the averages for Dorset, the South West and England and Wales.



3.19 Entry-level prices in Poole begin at £109,950 to buy, and £400pcm to rent, a 1-bed property.

Table 3.8 Minimum entry level to buy and to rent Poole

		lower quartile
		Poole
	Bedrooms	
To buy	1 bed	£109,950
	2 bed	£175,000
	3 bed	£229,950
	4 bed	£295,000
		lower quartile
To rent (PCM)	1 bed	£400
	2 bed	£650
	3 bed	£750
	4 bed	£1,100

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

3.20 The table below shows average house prices of Dorset and Poole by dwelling type. Although average prices in Poole are generally higher than those of Dorset, semi-detached and terraced houses have a lower average price in Poole than they do in Dorset.

Table 3.9 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		Poole	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£365,115	37.0%
Semi-detached	£212,888	17.4%	£205,220	20.4%
Terraced	£190,365	18.2%	£187,125	15.2%
Flat/maisonette	£175,772	27.9%	£222,476	27.4%
All dwellings	£242,037	100.0%	£266,368	100.0%

Source: Land Registry 2006

- 3.21 The table below shows the highest and the lowest postcode areas in Poole. Poole is the local authority area with the largest disparity in prices, with both some of the most expensive and least expensive areas in the county. By far the highest prices are found in the coastal south of the area, bordering Canford Cliffs. The cheapest housing is found to the north and northwest of the town centre, in an east-west strip that runs across into a similarly priced area in Bournemouth to the east.

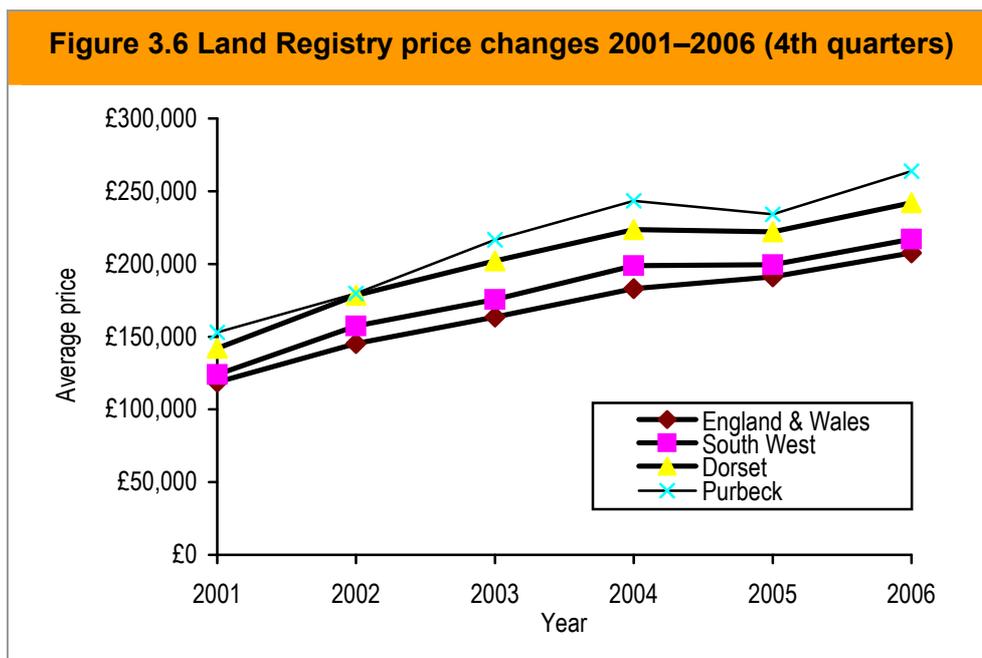
Table 3.10 Poole house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	BH13 7	Canford Cliffs & Sandbanks	+208.3%
	BH13 6	Branksome Park	+114.7%
	BH14 8	Lilliput & Parkstone	+73.9%
Lowest priced areas	BH12 4	Alderney & Rossmore	-23.0%
	BH17 7	Creekmoor & Waterloo	-22.1%
	BH17 9	Canford Heath	-23.0%

Source: Land Registry 2006

Purbeck

- 3.22 The figure below shows how the average house prices in Purbeck have increased since 2001 compared with the averages for Dorset, The South West and England and Wales.



3.23 There is some difference in entry-level prices in the Purbeck area with a 1-bed property costing begin at £125,000 in Swanage, but considerably more in Wareham at £169,950.

Table 3.11 Minimum entry level to buy and to rent Purbeck

		lower quartile			
		Bedrooms	Wareham	Swanage	Bere Regis
To buy	1 bed		£169,950*	£125,000	na
	2 bed		£169,950	£195,000	£145,000*
	3 bed		£229,950	£249,950	£195,000
	4 bed		£310,000	£289,950	£281,000*
		lower quartile			
To rent (PCM)	1 bed		n/a	£450*	n/a
	2 bed		£525*	£575*	£640*
	3 bed		£650*	£750*	£640*
	4 bed		n/a	n/a	£800*

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10

n/a – no data available

3.24 The table below shows average house prices of Dorset and Purbeck by dwelling type. Prices in Purbeck are higher than those of Dorset in each of the dwelling types. Purbeck has its highest proportion of sales in detached properties.

Table 3.12 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		Purbeck	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£344,372	43.5%
Semi-detached	£212,888	17.4%	£223,990	16.9%
Terraced	£190,365	18.2%	£201,545	18.9%
Flat/maisonette	£175,772	27.9%	£183,599	20.6%
All dwellings	£242,037	100.0%	£263,812	100.0%

Source: Land Registry 2006

3.25 The table below shows the highest and the lowest postcode areas in the district. The higher cost areas tend to be in the scenic areas of the Isle of Purbeck itself, while the cheaper housing is found in the north of the district, particularly in Wareham and the area immediately bordering Poole.

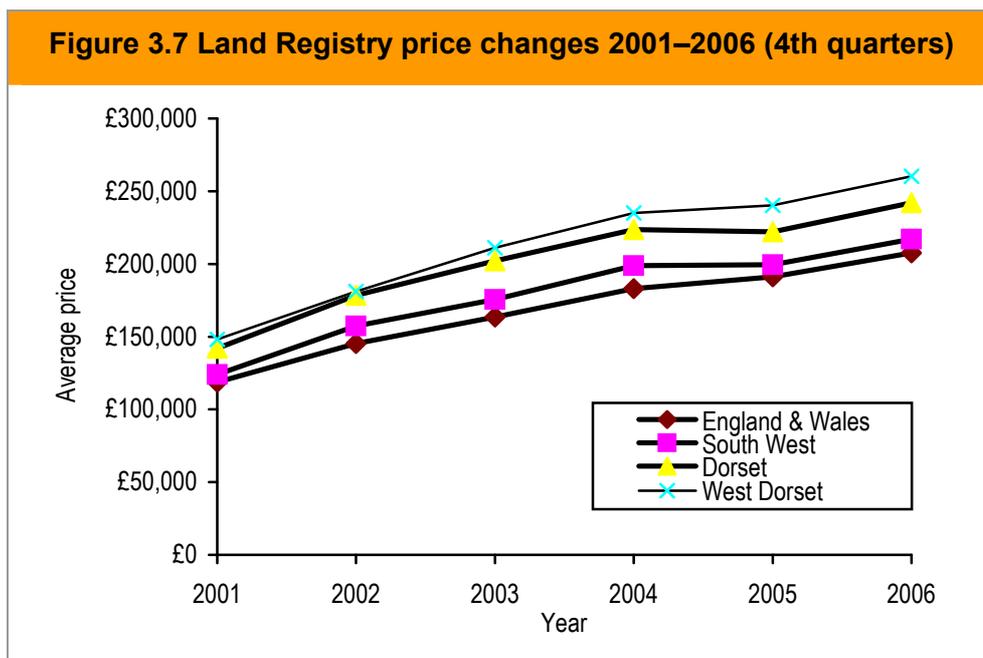
Table 3.13 Purbeck house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	BH20 5	Corfe Castle	+39.5%
	BH19 3	Studland & Matravers	+33.1%
	BH19 2	South Swanage	+15.9%
Lowest priced areas	BH16 5	Upton	-14.5%
	BH20 6	Wool & Bovington Camp	-10.8%
	BH20 4	Wareham	-0.6%

Source: Land Registry 2006

West Dorset

3.26 The figure below shows how the average house prices in West Dorset have increased since 2001 compared with the averages for Dorset, the South West and England and Wales.



3.27 Again, there are considerable differences in term of entry-level prices within the West Dorset area with Dorchester offering the lowest entry price for a 1-bed property at £99,950, compared with £124,950 in both Lyme Regis and Sherborne. Some difficulty was encountered locating rented properties for determining prices; this was particularly the case with smaller properties and indicates the low level of supply.

Table 3.14 Minimum entry level to buy and to rent West Dorset

		lower quartile					
		Bedrooms	Dorchester	Bridport	Lyme Regis	Beaminster	Sherborne
To buy	1 bed		£99,950	£110,000	£124,950*	n/a	£124,950* **
	2 bed		£167,950	£160,000	£162,000*	£135,000	£155,000
	3 bed		£230,000	£209,950	£287,000	£275,000	£225,000
	4 bed		£299,950	£310,000	£375,000	£280,000	£299,950
		lower quartile					
To rent (PCM)	1 bed		£525*	£425*	n/a	n/a	£315*
	2 bed		£625	£550*	n/a	£575*	£550*
	3 bed		£750	£630*	£695*	£650*	£850*
	4 bed		n/a	n/a	£975*	n/a	n/a

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10 **new build

n/a – no data available

3.28 The table below shows average house prices of Dorset and West Dorset by dwelling type. West Dorset sales show a smaller proportion of detached properties, although higher proportions of semi-detached and terraced.

Table 3.15 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		West Dorset	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£364,643	36.7%
Semi-detached	£212,888	17.4%	£233,336	21.6%
Terraced	£190,365	18.2%	£196,737	27.8%
Flat/maisonette	£175,772	27.9%	£152,694	13.9%
All dwellings	£242,037	100.0%	£260,199	100.0%

Source: Land Registry 2006

3.29 The table below shows the highest and the lowest priced postcode areas in the district. The area contains relatively little variation in house prices compared to other districts of Dorset, but the area around Dorchester in the east of the district tends to contain the more expensive housing.

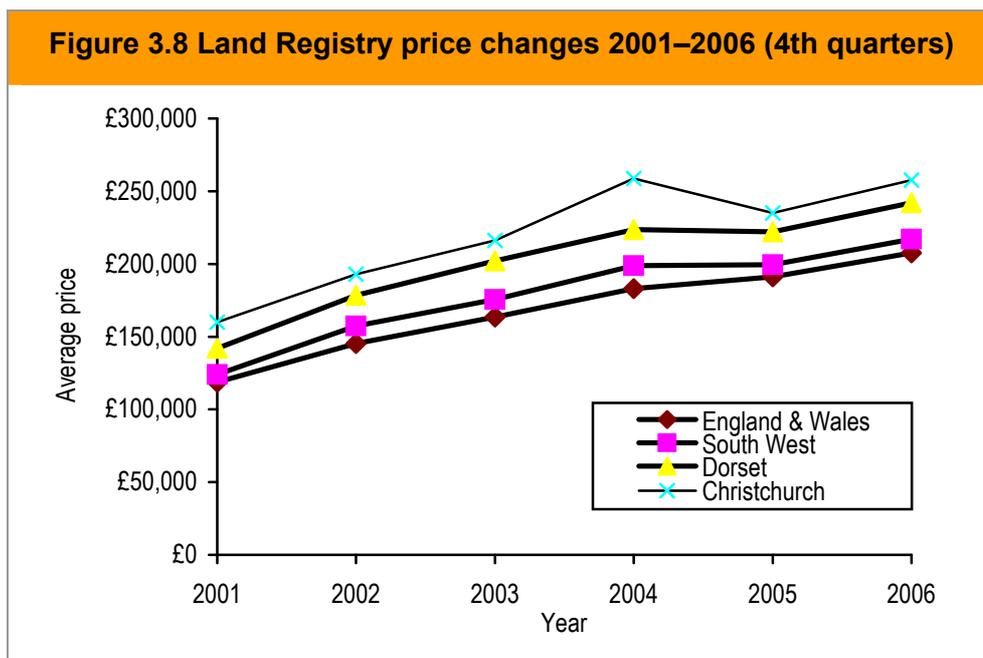
Table 3.16 West Dorset house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	DT2 7	Rural North of Dorchester	+31.7%
	DT1 3	West Dorchester	+31.6%
	DT2 0	Maiden Newton	+19.4%
Lowest priced areas	DT8 3	Beaminster	-12.5%
	DT9 5	Rural East of Sherborne	-9.7%
	DT9 6	Rural South of Sherborne	-8.8%

Source: Land Registry 2006

Christchurch

3.30 The figure below shows the house price changes in Christchurch from 2001-2006. 2003-2004 saw the most significant increase although in the next year this significantly fell.



3.31 Entry-level prices in Christchurch begin at £119,950 to buy, and £485pcm to rent, a 1-bed property.

Table 3.17 Minimum entry level to buy and to rent Christchurch

		lower quartile Christchurch
To buy	Bedrooms	
	1 bed	£119,950
	2 bed	£184,950
	3 bed	£255,000
To rent (PCM)	4 bed	£339,950
		lower quartile
	1 bed	£485*
	2 bed	£595
	3 bed	£750*
	4 bed	£1,100*

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10

3.32 The table below shows average house prices of Dorset and Christchurch by dwelling type. The price of detached properties was lower in Christchurch than in other areas, however the other dwelling types are relatively expensive.

Table 3.18 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		Christchurch	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£323,416	39.7%
Semi-detached	£212,888	17.4%	£227,460	18.8%
Terraced	£190,365	18.2%	£237,249	19.1%
Flat/maisonette	£175,772	27.9%	£183,646	22.4%
All dwellings	£242,037	100.0%	£257,637	100.0%

Source: Land Registry 2006

- 3.33 The table below shows the highest and the lowest priced postcode areas in Christchurch. This indicates very little variation across the area, largely due to its small size. However, the most expensive housing, about 20% above the county average, is found at the eastern end of the town, in and around Highcliffe.

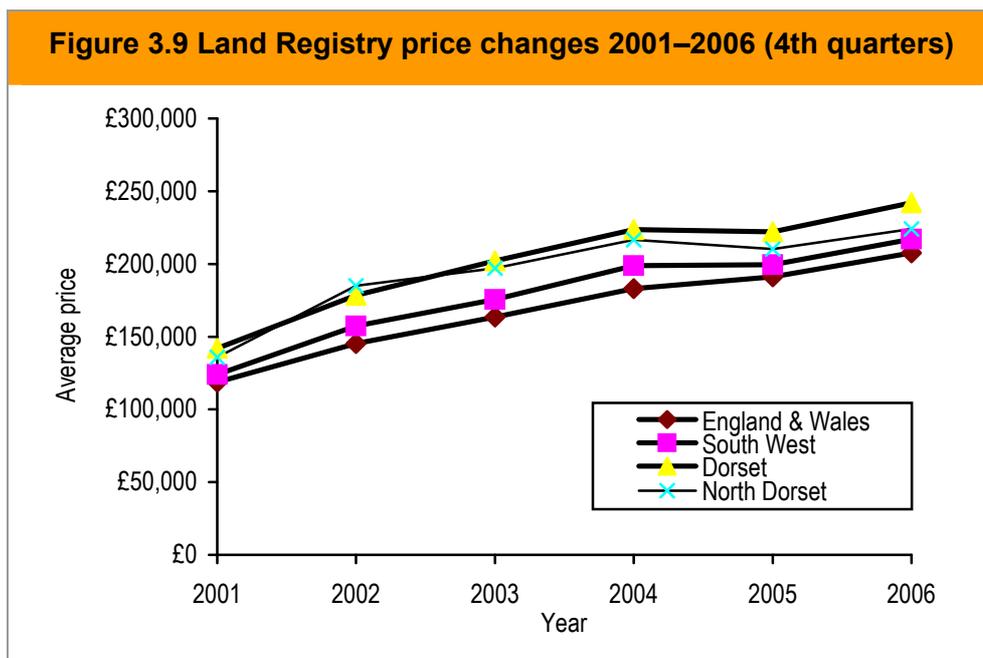
Table 3.19 Christchurch house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	BH23 5	Walkford and Highcliffe	+22.4%
	BH23 4	Highcliffe and Friars Cliff	+20.4%
	BH23 1	Town Centre	+9.0%
Lowest priced areas	BH23 7	Burton and Winkton	-0.5%
	BH23 3	Somerford and Stanpit	+0.8%
	BH23 2	Jumpers Common	+4.7%

Source: Land Registry 2006

North Dorset

- 3.34 The figure below shows the house price changes in North Dorset from 2001-2006. The rate of increase of prices in the district has clearly been below the county average, and by late 2006 has moved closer to the South West regional average than the average for Dorset.



3.35 There are considerable differences in term of entry-level prices within the North Dorset area with Blandford Forum offering the lowest entry price for a 1-bed property at £68,950, compared with £124,950 in Gillingham. However, for larger properties this pattern is reversed, with the northern part of the district offering the lower prices, and higher prices around Blandford Forum.

Table 3.20 Minimum entry level to buy and to rent North Dorset

		lower quartile			
		Bedrooms	Blandford Forum	Shaftesbury	Gillingham
To buy	1 bed		£68,950	£93,950	£124,950*
	2 bed		£145,000	£147,950	£139,950
	3 bed		£199,950	£167,950	£179,950
	4 bed		£270,000	£259,950	£219,950
		lower quartile			
To rent (PCM)	1 bed		£590*	£500*	n/a
	2 bed		£525*	£1,000*	£475*
	3 bed		£650*	£1,150*	£650*
	4 bed		n/a	n/a	n/a

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10 **new build

n/a – no data available

3.36 The table below shows average sale prices of North Dorset by dwelling type.

Table 3.21 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		North Dorset	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£310,170	36.4%
Semi-detached	£212,888	17.4%	£199,379	25.8%
Terraced	£190,365	18.2%	£172,486	28.8%
Flat/maisonette	£175,772	27.9%	£111,655	9.0%
All dwellings	£242,037	100.0%	£224,061	100.0%

Source: Land Registry 2006

3.37 The table below shows the highest and the lowest priced postcode areas in the district. The trend toward higher prices in rural areas and lower prices in towns (particularly Gillingham) is clear; this is despite the adjustment of these figures to allow for the differing house types available.

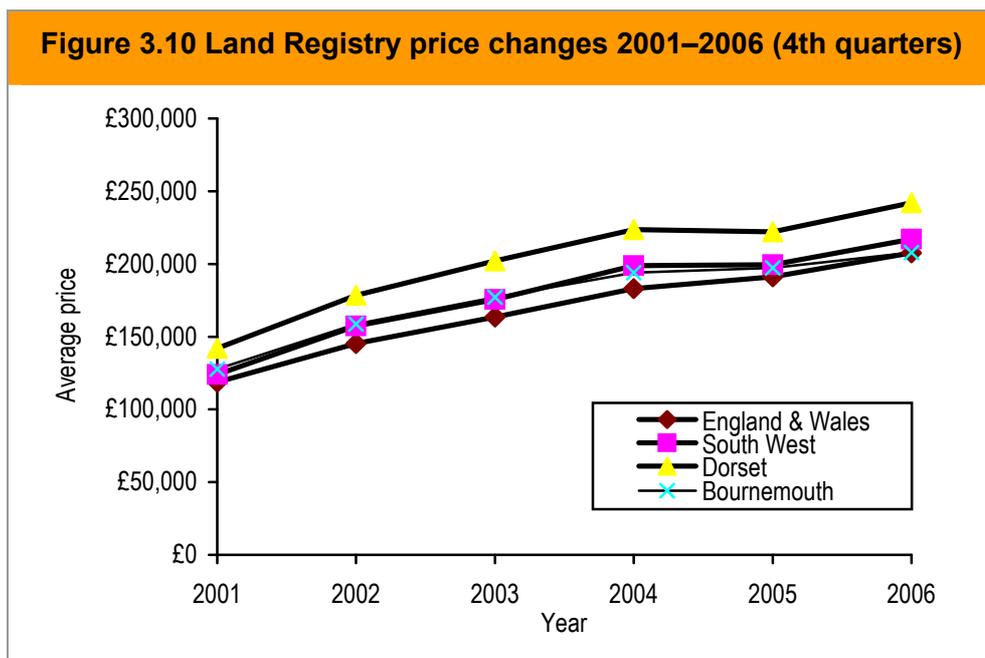
Table 3.22 North Dorset house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	SP7 9	Rural North of Shaftesbury	28.1%
	DT11 8	Rural North of Blandford	23.5%
	DT11 0	Rural West of Blandford	12.1%
Lowest priced areas	SP8 4	Gillingham	-23.5%
	DT11 7	Blandford Forum	-18.8%
	SP7 8	Shaftesbury	-13.4%

Source: Land Registry 2006

Bournemouth

3.38 The figure below shows the house price changes in Bournemouth from 2001-2006.



3.39 Entry-level prices in Bournemouth begin at £110,000 to buy, and £495pcm to rent, a 1-bed property.

Table 3.23 Minimum entry level to buy and to rent Bournemouth

lower quartile		
	Bedrooms	Bournemouth
To buy	1 bed	£110,000
	2 bed	£169,950
	3 bed	£226,500
	4 bed	£285,000
lower quartile		
To rent (PCM)	1 bed	£495
	2 bed	£650
	3 bed	£750
	4 bed	£1,020

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

3.40 The table below shows average sale prices of Bournemouth by dwelling type. As can be seen, a very large proportion of sales in Bournemouth, nearly half, are of flats and maisonettes. Meanwhile, there are very few terraced properties sold, and slightly fewer than average larger properties.

3.41 Property in Bournemouth is relatively low cost by county standards, and certainly less costly than in Poole or Christchurch. It is worth noting that this is not purely due to the high proportion of small properties in the sales statistics, unlike in Weymouth & Portland; prices for all types of property are substantially below the county average.

Table 3.24 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		Bournemouth	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£291,208	29.7%
Semi-detached	£212,888	17.4%	£199,618	13.4%
Terraced	£190,365	18.2%	£186,081	7.4%
Flat/maisonette	£175,772	27.9%	£163,375	49.5%
All dwellings	£242,037	100.0%	£207,927	100.0%

Source: Land Registry 2006

3.42 The table below shows the highest and the lowest priced postcode areas in the borough. The three most expensive postcodes are all coastal, although not within the central area of the town which is dominated by sales of flats. The three cheapest postcodes are all to the north of the town, forming part of an east-west strip of lower cost housing running across the north of both Bournemouth and Poole.

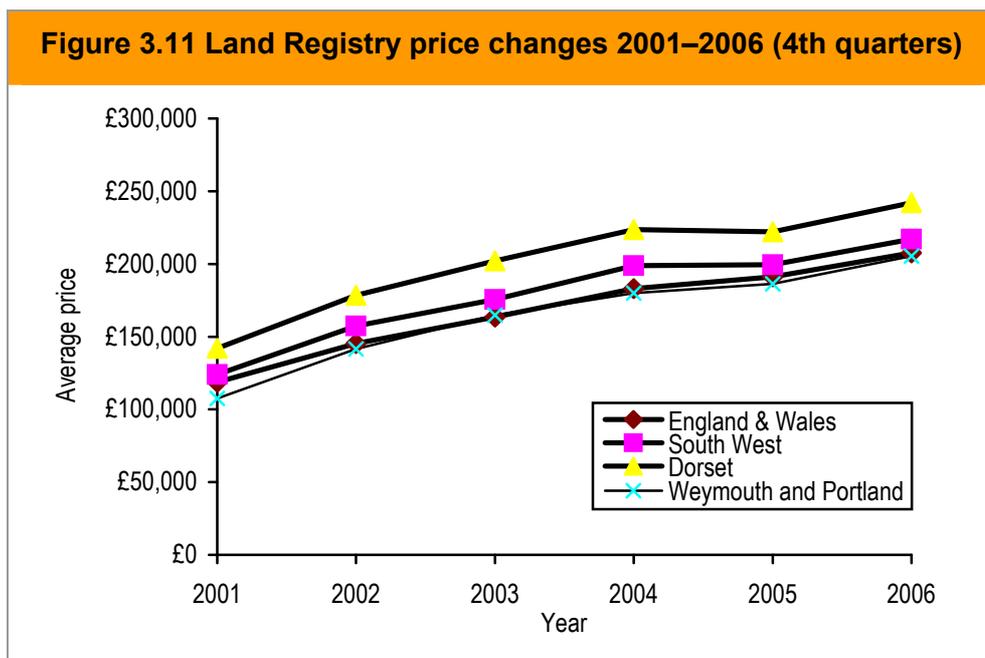
Table 3.25 Bournemouth house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	BH4 8	West Cliff & Westbourne	+66.1%
	BH5 1	Boscombe	+42.2%
	BH6 4	Wick & Southbourne	+40.9%
Lowest priced areas	BH11 9	Bearwood & Kinson	-23.5%
	BH10 4	Talbot Village/Ensbury Park	-22.6%
	BH11 8	Turbary Common & Kinson	-20.8%

Source: Land Registry 2006

Weymouth and Portland

3.43 The figure below shows the house price changes in Bournemouth from 2001-2006.



3.44 Entry-level prices begin at £114,950 in Weymouth to buy, and £450pcm to rent, a 1-bed property. In Portland to buy is more expensive at £133,500 for a 1 bed property, and insufficient rented property was on sale to determine an entry level price. It appears that overall the two areas are similar in terms of prices; if anything Portland is slightly less expensive for mid-range two or three bedroom properties.

**Table 3.26 Minimum entry level to buy and to rent
Weymouth and Portland**

Lower Quartile			
	Bedrooms	Portland	Weymouth
To buy	1 bed	£133,500	£114,950
	2 bed	£155,000	£169,950
	3 bed	£184,950	£209,950
	4 bed	£255,000	£255,000
Lower Quartile			
To rent (PCM)	1 bed	n/a	£450
	2 bed	£525*	£550
	3 bed	£600*	£750*
	4 bed	n/a	£750*

Note: Data collected through internet search, April 2007. The lower quartile property was taken as an entry level.

* indicates a sample of fewer than 10

n/a – no data available

3.45 The table below shows average sale prices of Weymouth and Portland by dwelling type. The overall prices indicate that the district is one of the least expensive areas to buy housing in the county; however this conceals a more complex picture.

- 3.46 A very large proportion of sales in Weymouth and Portland are terraced houses (nearly half), in contrast to the situation in Bournemouth where flats dominate. Despite this plentiful supply, however, the prices of terraced houses are not dramatically below average, and flats are much cheaper. What pulls the average price down in Weymouth and Portland is not that the prices for equivalent properties are radically lower, but that most of the properties sold are much smaller, skewing the average price downward.

Table 3.27 Land Registry average prices and sales (4th quarter 2006)

Dwelling type	Dorset		Weymouth and Portland	
	Average price	% of sales	Average price	% of sales
Detached	£332,595	36.4%	£308,080	20.0%
Semi-detached	£212,888	17.4%	£222,102	14.0%
Terraced	£190,365	18.2%	£181,690	41.6%
Flat/maisonette	£175,772	27.9%	£152,387	24.4%
All dwellings	£242,037	100.0%	£205,422	100.0%

Source: Land Registry 2006

- 3.47 The table below shows the highest and the lowest priced postcode areas in Weymouth and Portland. The area covered is quite small, and contains no substantial rural areas. In the light of this, the highest priced housing is in the centre of Weymouth, and the lowest in Portland.

Table 3.28 Weymouth & Portland house price extremes (4th quarter 2006)

	Postcode	Location	As % of county average
Highest priced areas	DT4 8	Central Weymouth	+21.1%
	DT3 6	Preston & Littlemoor	+11.6%
	DT4 7	Malcombe Regis	+3.6%
Lowest priced areas	DT5 2	South Portland	-20.1%
	DT5 1	North Portland	-10.7%
	DT4 0	Westham	-10.0%

Source: Land Registry 2006

4. Interviews with Estate Agents

Bournemouth Housing Market

- 4.1 Bournemouth was the only housing market area where estate agents explicitly identified a number of separate local housing submarkets. Although there was no complete agreement between estate agents as to where Bournemouth's housing sub-markets are located, areas identified included: Bournemouth Town Centre, East Cliff, West Cliff, Boscombe, Springbourne, Talbot Woods, Charminster, Sandbanks and Winton. Also, the Bournemouth housing market was regarded as completely different, to say, the Southampton housing market.
- 4.2 The Bournemouth housing market was perceived by all estate agents to be extremely buoyant with demand outstripping supply – factors which are leading to increasing prices and decreasing affordability throughout the whole of the area. In relation to the purchase market, *lowest* prices advertised for a one-bedroomed flat ranged from the £100,000 to £150,000. In comparison, £163,375 is the average price for all flats in the Bournemouth area¹. Entry-level prices cited for two-bed semi-detached houses ranged from £150,000 to £170,000 (compared with Land registry average for all semi-detached houses in the Bournemouth area of £199,618). Finally, entry-level prices for a three bedroomed detached house were cited in the range of £200,000 to £250,000 (compared with Land Registry average for all detached houses in the Bournemouth area of £291,208). Importantly, the average price for all houses in Bournemouth stands at £207,928, just below the UK average of £210,116.
- 4.3 Importantly, all estate agents agreed that location was the most important determinant of price. According to one estate agent "...the Bournemouth housing market is becoming just like London – there are smaller housing markets all over the place and you can't always predict where the next 'hotspot' will be". Another estate agent stated that "It's difficult to determine the entry price for Bournemouth. You can get a two-bedroomed flat on the outskirts of Bournemouth for £125,000, but you'd need to pay double for the same flat on the waterfront – you have to pay a premium for anything with a sea view". Again, another stated that "You need at least £160,000-£185,000 for a decent 2-bed house in Springbourne, although the same amount might just buy you a flat in the town centre, and if you're looking to live somewhere like Southbourne, then you're looking at paying around £500,000".

¹ Land Registry Q4 2006 figures located at: www.landregistry.co.uk

- 4.4 Similarly, house price rises during the previous year were dependent on location with price increases ranging somewhere between 3-4% and 10-15%. Also, most estate agents believed that this was not consistent throughout all of the Bournemouth housing market e.g. "...prices in Springbourne went up between 3-4% in the last year whilst waterfront properties have risen 5-6% in the past year, as have prices generally. Bournemouth town centre and Boscombe were most often cited as areas where house prices have risen most sharply during the past year. Also, price rises have varied depending on type of property: e.g. "the price of a 2-bed flat has remained relatively stable due to a constant supply coming onto the market". According to one estate agent, the Bournemouth housing market "responds quite quickly to change. There's been a lot of buy-to-let demand for student properties over the last few years but this has now begun to slow down. So, the market may shift quickly, but it soon settles". Interestingly, one estate agent believed that Bournemouth property prices are currently over-valued by between 10-15%. She believed that over-valuation was common practice amongst estate agents in a buoyant market where actual prices soon caught up with those advertised. Lastly, one estate agent believed that "ex-council stock is unfairly tarnished by reputation – you can get a good 3-bed semi- for £160,000".
- 4.5 According to estate agents, Bournemouth's property rental market was displaying no less buoyancy than the purchase market. Moreham, Winton and Charminster were cited as the most popular areas for rentals, although Winton is "THE rental area because it's so close to the university". Estimates for rents ranged from £180pcm per student in a 4-5 bedroom house, £350-£400 for a studio flat, and £550 to £600 for a 1-bed flat. Similarly to the purchase market, estate agents stated that rents increases during 2006 averaged between 10%-15% per annum although "there are some affordable rents in the Boscombe area and around the Triangle. The student market is definitely having an impact on lettings and demand is there all year 'round". Overall, the buoyant rental market is currently regarded as a good investment and is stimulating demand in the buy-to-let market. The relocation of both permanent and temporary employees to Bournemouth e.g. JP Morgan Chase is also regarded by estate agents as an important factor in helping to increase demand for rental properties.
- 4.6 Given the complexity of its housing market, its traditional status as a seaside resort, its evolving status as a regional centre for financial and IT companies, and growing student population, it is unsurprising that Bournemouth estate agents suggested a wide range of factors influencing the local housing market. The more traditional drivers cited included (small numbers) of first-time buyers, families upsizing to large properties, retirees and "...second, third and fourth home buyers". However, estate agents stated that the relatively new factors of a large student population (Bournemouth University has nearly 16,000 students), and the relocation of several thousand employees to the Bournemouth areas has increased both the demand for buy-to-lets and pushed up rentals.

Poole Housing Market

- 4.7 Although Poole is officially part of the 'Bournemouth & Poole Core' housing market area, estate agents there stated that it constitutes a separate sub-housing market. According to one estate agent "Poole is very different to Bournemouth – it's much more working class than Bournemouth which is more influenced by the student market and relocating workers". As such, Poole is regarded as having a much more balanced housing market than Bournemouth with no one sector dominating. In terms of house prices "...there's mainly family-sized properties available in Poole and also more holiday homes. A 2-bed flat costs between £130,000 and £150,000 depending on location and type but the cheapest quayside property we have costs a minimum of £200,000 although we have one on our books for £800,000". Interestingly, although one respondent above perceived Poole to be 'more working class', the average house price in Poole is £266,367 compared with £207,928 in Bournemouth. All estate agents agreed that the demand for buy-to-let properties and second homes were driving up prices. Also, prices advertised by estate agents appeared to be lower than the Land Registry prices e.g. a 2-bed semi-detached in Creekmore was advertised for £165,000, a 2-bed terraced house in Hamworthy was advertised for £189,950, a 3-bed house in Poole town centre advertised for £264,950. However, Poole Quay did live up to its reputation as a sought-after location with a penthouse flat advertised for £399,950 and a 3-bed quayside flat advertised for £425,000. Lastly, one estate agent stated that there's a definite shortage of 1-bed properties in Poole due to developers building larger family-sized properties in order to maximise the return on their investment.
- 4.8 With regards to lettings, one estate agent said that you can rent a 1-bed self-contained studio flat in Poole for around £450pcm ("...it's less expensive than Bournemouth"), whilst a 1-bed quayside flat would cost around £650pcm. Also, many relocating employees are looking for properties in Poole City Centre and this sudden demand for rental properties tends to push up prices. As temporary employees tend to rent rather than buy, they are having a fairly significant impact on the lettings market and buy-to-let market. One impact of this trend is that buy-to-let landlords are buying all the 1-bed properties "...so there'll be a shortage in 10 years". According to another estate agent, earnings for local people are too low compared to the cost of housing. Despite a lot of new developments in the area "...young people no longer aspire to buy – on a £13,000 salary they can only afford to pay around £380 per month. The consequence is that first-time buyers are being squeezed out of the market".

Christchurch Housing Market

4.9 According to an estate agent in the area, Christchurch constitutes quite a unique housing market in that it has many town houses and an attractive waterfront: “In a way, it’s like a whole housing market condensed into a small area, so people in Christchurch have similar housing demands to people in Bournemouth, but the housing in Bournemouth is much more spread out”.

4.10 According to the estate agent, housing affordability is an issue in Christchurch:

“To be honest, there’s not really much for first time-buyers in the centre of Christchurch. There aren’t really any houses appropriate for first-time buyers in the town centre – you really have to look further afield to places like Purwell. This isn’t too distant from the town centre (it’s still within walking distance), but it’s a lot cheaper. For example, a 2-bed house in Christchurch might cost around £280,000, whilst in Purwell it would cost, say, £185,000. Purwell is quite a mixed area with some smaller, some ex-social housing, so it’s not as popular as Christchurch. The only flat we have for sale at the moment in Christchurch is a small 2-bed flat, but it costs £155,000, has no garden, has no parking and is above a shop. Again, if you look to Bournemouth, you could probably pick up a 2-bed flat for around £120,000”.

4.11 Unsurprisingly, given decreasing affordability, the agent stated that most of their buyers were middle aged as “there’s not a lot younger people can afford [to move]. It’s mainly couples with very few single people”. In terms of housing stock, “there’s a lack of houses of all kinds. There used to be a shortage of flats, but I think that recent developments mean that these are pretty much covered now. No, what we need in the Christchurch area is houses at both ends of the market”. School catchment areas were perceived to impact on houses prices: “there’s a few good schools in Christchurch, but *Twynham Comprehensive* definitely has the most impact on prices and the types of households who want into the Christchurch area.” Lastly, the estate agent stated that second homes are an important part of the Christchurch housing market: “I’d say that between 35%-40% of all our sales are for second homes. We get a lot of people from London taking an interest in second homes down here. Most of the demand though, is for second homes at the higher end of the scale”.

- 4.12 In contrast to the estate agent, the lettings agent stated that the Christchurch lettings market is actually part of the larger Bournemouth market as it is the latter that determines rents. However, the lettings market is “different to Bournemouth in that we don’t have many properties at the lower end of the market. At the moment there’s almost no flats to let in Christchurch – it’s mainly houses. The flats tend to be in older, converted properties, although there’s a few new flats come onto the market. A 1-bed flat would cost £400 pcm and a 2-bed house £720pcm. Because rents tend to be high in Christchurch, you don’t get a lot of students. In fact, it tends to be middle-aged people with or without children. So, it’s not that the area is ‘affordable’, it’s more that I don’t see people who aren’t able afford the rents in Christchurch”. They also stated that they get a lot of retirees here too: “people aged in their 50s or 60s who have sold up elsewhere and then come down here to rent. We also get a lot of couples who have split up needing to rent.
- 4.13 Importantly, the lettings agents stated the split between local people and people moving in from other areas is about 50/50” and that the “buy-to-let market has really impacted on the rental market here –especially in the last two or three years.”

“However, the supply of rental properties hasn’t actually gone up that much. The problem is, Christchurch is such a lovely place that when people buy, they don’t want to move so the market here is very slow. The second homes market is also having an impact on rental supply, although it tends to be at the higher, rather than lower, end of the market (especially houses that are close to the beach). There’s a real lack of houses of all types to rent, but especially 2- 3-bed houses. I think that the growth in lettings will continue for years – due to different reasons – lifestyle changes, people retiring, people who moved away coming back into the area, people divorcing - but I can’t see it slowing down. For example, I had a 2-bed house on the market a couple of weeks ago for £700pcm. It wasn’t in the best location and wasn’t in the best condition, but I had 50 enquiries for it in two weeks!”

Weymouth and Portland Housing Market

Weymouth

- 4.14 Interviews with three estate agents were undertaken in the Weymouth Core housing market area. The *lowest* prices advertised for a one-bedroomed flat ranged from £100,000 to £116,000 (compared with Land registry average for all flats in the Weymouth & Portland area of £152,387). The *lowest* prices advertised for two-bed semi-detached houses ranged from £169,950 to £239,950 (compared with Land registry average for all semi-detached houses in the Weymouth & Portland area of £222,102). Finally, the *lowest* prices advertised for a three bedroomed detached house ranged between £212,000 and £360,000 (compared with Land registry average for all detached houses in the Weymouth & Portland area of £308,080).

- 4.15 Similar to Dorchester, Weymouth estate agents see the main drivers of the market as families (“...as usual, the main drivers could be described as marriage, births and deaths...although buy-to-lets are becoming much more important”). Affordable housing is an issue in Weymouth – “it’s increasingly difficult for young people to get on the housing ladder”. There was some disagreement regarding the supply of smaller properties in Weymouth with one estate agent stating that: “...there’s no absence of 1-bed properties and the market is fairly balanced” whilst another argued that “there’s far too few 1-bed properties”. Similarly, “...affordability is an important issue in the town – a single person can’t buy alone unless they have an income of between £40,000 to £45,000. However, some young people are too ambitious – they expect to be able to buy the kind of properties their parents live in and are then disappointed that this isn’t possible. Also, not many want to share when this may be the solution to their housing problems”.
- 4.16 In terms of the lettings market, rents in Weymouth appeared to be slighter lower in comparison to neighbouring areas. A 1-bed unfurnished flat could be rented for £398pcm, whilst a 2-bed house cost around £600pcm, and a 3-bed detached around £800pcm. According to one Weymouth estate agent, employee relocations are driving the rental market. They have a mixture of customers, but mainly younger people want to rent. It’s a fairly constant market. A 1-bed flat would start at about £395pcm, a 2-bed house: £575pcm to £675pcm, and a 4-bed house: £1200pcm (at the luxury end of the market).

Portland

- 4.17 Information on the Portland housing market was gleaned by an interview with two estate agents and one interview with a lettings agent. There was some disagreement between the two estate agents as to whether the Portland was part of the larger Weymouth housing market. According to one estate agent:

“Portland is a distinct housing market to Weymouth. We have similar types of properties available although Portland has always been cheaper than Weymouth. I think that the main differences are environmental – Weymouth is a seaside town while Portland is lump of rock jutting out into the sea! People who want to live in Portland live here because it isn’t a seaside town and vice versa.”

- 4.18 In contrast, the second Portland estate agent stated that:

“Portland is part of the broader Weymouth housing market. They have a fairly similar mix of properties and prices trend tend to be similar although it’s a bit cheaper in Portland than Weymouth. There’s also a similar mix of property types in Portland e.g. you get old Victorian properties around Eastern Square and Western Road, and some ex-naval properties that were built during the 1950s and 1960s. These are now in private hands although there’s still some more recently built naval apartments in Portland”.

4.19 However, both agreed that housing affordability within Portland was decreasing:

1.4

“There’s definitely decreasing housing affordability here in Portland. Not that we have many anyway, but a 1-bed flat would cost around £110,000. A 2-bed terraced house (we don’t have many semis in Portland) would cost around £165,000). What we’re seeing is young people having to rely on parents for a deposit. Interestingly, we’ve seen more local people (and by ‘local’, I mean people from Portland or Weymouth) buying than we did last year, say around 70% - last year it was about 50%/50%.”

4.20 Similarly, according to the second Portland estate agent:

“We have fewer first-time buyers than we used to do. When they’re available, you can get a 2-bed flat for around £110,000 to £130,000, although we get some first-time buyers willing to pay, say, £170,000 to £180,000. These are couples, of course, mainly professionals as single people can’t afford to buy”.

4.21 Both estate agents agreed that there’s a good mix of properties available in Portland and that there isn’t a lack of any one type (“apart from affordable properties, which I suppose, are smaller properties”). However,

“...the second homes market hasn’t helped. In the last couple of years it’s really took off. By ‘second’ homes, I mean one of two types: first, people who want a ‘bolthole’ for the weekend, and second, people who might buy and then rent out for a couple of years to recoup some of the costs. It’s the second type that we’re seeing a lot less of now. Having said that, there isn’t much of a market for the first type either – it’s never really been a huge market”.

4.22 There was some agreement from the second estate agent regarding the lack of affordable housing: “As I said, there’s not really a lack of supply of any one type of property in Portland. What’s missing in Portland are affordable properties, which I suppose are smaller properties”

4.23 However, there was some difference in opinion regarding the importance of the second homes market:

“There’s still this drift of people from further north e.g. London, coming down to Portland. We had someone from Yorkshire last week who had bought a house in Somerset and wanted a second home in Portland. About half the people who buy in Portland are locals, and the remaining half outsiders. Having said that, there’s not really a market for second homes – I’d say that only about 10% of our business is for second homes”.

- 4.24 Finally, there was some slight differences in opinion regarding Portland’s hosting of the 2012 Olympic sailing events had already impacted on the housing market:

“The Olympics definitely had an impact on Portland, especially in terms of buy-to-lets. It certainly helped capital growth in the area when you had national newspapers saying that Portland and Weymouth were the best places to invest in property. The problem is, they’ve priced themselves out of business. There are flats in Portland priced at £165,000 for a 1-bed and £275,000 for a 2-bed. What are they going to do with them? – they can’t rent them out because the rent will be too high to attract anyone. Are they really going to sit on £250,000 worth of capital and leave them empty in the hope they might gain in the five years up to the Olympics? I don’t think so. A lot of people who bought buy-to-lets on the basis of the Olympics are going to find that they made a mistake”.

- 4.25 In contrast:

“The Olympics certainly had a big impact on the housing market in the first year or so, but it’s calmed down a lot now – there’s a much more relaxed attitude to it. Let’s put it this way, no one has come to me and said that they want to buy in Portland because of the Olympics”.

- 4.26 One consequence of decreasing housing affordability in Portland was that increasing numbers of local people were looking to the private rented sector. According to one estate agent: “those who can’t buy rent in Portland. There’s actually quite a range of properties available for between £550pcm to £600pcm from a 1-bed flat to a 3-bed house. The rents are quite affordable for local people, although some of them do need help with their rent.” A Portland lettings agent agreed that the rental market is:

“...really buoyant. A 1-bed flat will cost between £425pcm and £450pcm whilst a 2-bed house will cost around £585pcm. It’s mainly families renting in Portland – there’s no market for professionals or students. A lot of people want to rent in Portland to get a taste of the area before they commit themselves to buying. There’s also a lot of people interested in buying-to-let. There’s no problem with housing affordability, at least in terms of renting”.

Purbeck Housing Market

- 4.27 Information on the Purbeck housing market was gleaned by interviews with two Swanage estate agents and two Wareham estate agents.

Swanage

4.28 Both estate agents agreed that Swanage constitutes a distinct housing market:

“People come here because they want to live in Swanage rather than Bournemouth or Poole. It’s a smaller sea-side resort with a lot of vitality. However, I’d say that the housing market boundary is quite small – say, about 5 miles outside of Swanage”.

4.29 From a slightly differing perspective, the second estate agent agreed that Swanage is “definitely a distinct housing market – it’s prices tend to be much higher than anywhere else in Dorset. For example, you won’t get a 1-bed flat here for anything less than £150,000”.

4.30 Again, reflecting views presented throughout all Dorset areas, decreasing housing affordability was a significant issue for both Swanage estate agents:

“There just isn’t anything here for first-time buyers. You need to pay around £100,000 for a 1-bed flat and local people just can’t afford that. One problem is that a lot of the work around here is seasonal – you can only find work during the tourist season and then it doesn’t always pay that much. There are better paid jobs in Bournemouth or Poole, but most people who work there tend to move there if only because there’s a lot more cheaper properties in those places. The main problem here is that local wages don’t reflect local house prices”.

4.31 ...and again:

“It’s absolutely impossible for first-time buyers here. My father is an estate agent and he won’t buy in Swanage. He’s just paid £140,000 for a 3-bed house in Portsmouth that would cost around £350,000 here. There’s a property on the edge of town that’s actually fairly run down but is on the market for £450,000. Local people just can’t afford to live here – they tend to go to places like Bournemouth and Poole, although it’s getting more difficult to find cheaper properties there too. Another example is that, recently, a bungalow with land was sold for £2m. The new owners demolished the bungalow, rebuilt and then sold on for £4m. Swanage is becoming like Sandbanks”.

4.32 Both Swanage estate agents agreed that the buoyancy of the second homes market was one reason for decreasing housing affordability in the area:

“The problem is, a lot of properties, especially at the higher end of the market are being bought by outsiders, mainly London city workers spending their bonuses. This is really pushing the price of properties up. For example, we’ve got a couple of flats on our books – nothing special, both 2-bed, but they’re on the market for £450,000 and £500,000. Again, we have a 3/4-bed house that’s on the market for £850,000. It’s nice, but needs quite a bit of work to it and one of the bedrooms might be better used as a small study, but we’ve had no lack of interest in it even at that price”.

4.33 ...and again, according to the second Swanage estate agent:

“There isn’t really much of a buy-to-let market around here. However, the second homes market is still very buoyant – I’d say it accounts for about one third of our sales. Some families buy a second home and then rent it out during the part of the season they’re not using it. We also get a lot of families relocating, especially from London and the South East. Swanage is also very popular with people from the Berkshire – we have more people from the ‘RG’ area on our mailing list than any other postcode. I think it’s because the transport links are quite good”.

4.34 Similarly, both estate agents agreed that there is a lack of both houses and mid-priced properties in the Swanage area. According to one estate agent, “there’s definitely a need for more houses as a lot of properties we have on the books are flats. Also, when houses do come onto the market they turn over quite quickly. For example, we had a couple of small cottages on the market for around £200,000 and they both went within 24 hours. Cash buyers are also popular for the obvious reasons”. According to the second Swanage estate agent:

“The main problem is a lack of properties in the middle range – we’ve got enough properties priced in excess of £500,000, and there’s even enough apartments, as a lot of developers have been converting old buildings into flats or knocking them down and starting again, but we don’t have enough properties in the £300,000 to £350,000 range. I’ve even been putting adverts in the local press asking people to contact us if they have 2/3-bed properties that they’d like to sell. One family friend recently sold their house privately for £350,000 but can’t find anything else to buy”.

4.35 Only one of the two Swanage estate agents dealt with lettings although they stated that this sector had become increasingly important for young people who can’t afford to buy:

“You can rent a 1-bed flat for around £450pcm or a 2-bed house for around £550pcm. It tends to be young, working couples who rent although we do get a lot of people working seasonally who want to want. There isn’t any student market in Swanage, although we do get some professionals – mainly people who have recently changed jobs and are trying to find out what Swanage is like as a place to live”.

- 4.36 Finally, one Swanage estate agent stated that: “the Olympics has certainly helped put the Dorset coast onto the map. I don’t know if the prices rises in house prices in Weymouth and Portland that are will filter down to us though. But, there’s talk of the council pedestrianising part of Swanage town centre and they’ve recently widened the beach, so that’ll probably help push up prices”.

Wareham

- 4.37 Both estate agents agreed that Wareham constitutes a distinct housing market:

“Wareham is a distinct housing market both in terms of housing type and prices. The Wareham area certainly tends to be more expensive than most Dorset areas. It’s difficult to say where the Wareham housing market boundary lies, but it’s probably about 5 miles from the town centre”.

...and...

“I think that Wareham has quite a distinct housing market. The prices around here are really over the top. It’s difficult to say where the housing market boundaries are, but Wareham prices are probably about the same as Dorchester, although prices in Poole are probably a bit cheaper. But, prices around here do depend on where you buy – it’s always slightly cheaper if you buy in Northmoor or Cary”.

- 4.38 Again, both estate agents agreed that the Wareham housing market is displaying decreasing affordability. One stated that “local people don’t have a chance to buy here. The cheapest property we have on the books is a 1-bed flat for £125,000. We never get any single first-time buyers – it’s all couples. I’m an estate agent and I can’t afford to buy in Wareham!”

- 4.39 These views were supported by the second Wareham estate agent who stated that:

“It’s really difficult for first-time buyers, especially younger people. A 1-bed flat costs from around £135,000, whilst a 2-bed goes for about £240,000. Most local people just can’t afford that and certainly not single people. We don’t get many first-time buyers, but when we do, they tend to be couples. Having said that, it depends on where you buy. There’s some ex-council properties on sale that are a bit cheaper. For example, we’ve got a 2-bed ex-council house on the books for £240,000. Another rule of thumb is that, the further away from the town centre, the cheaper the property - the house I’ve just mentioned is about 4 miles away from the town centre”.

- 4.40 Both Wareham estate agents agreed that one reason for decreasing affordability was the ‘huge’ market for second homes, although they added the caveat that Swanage, rather than Wareham, was the main second homes market within the Purbeck area:

“There’s a huge market second homes, especially around the Swanage area. A lot of people who view our properties are from outside the Wareham area. It’s difficult to say what proportion it is, but I’d say that maybe around half of all our buyers are from outside the local area. They come from all over the country, but they’re mainly people from London and the Home Counties. But they’re not all second home buyers. There’s people who move into Wareham for different reasons – maybe because their job has relocated or they’re moving back to be close to family”.

- 4.41 Similarly, according to the second Wareham estate agent:

“About 70% of all buyers are from outside Wareham – mainly from around London. You’ve got to have the salary to live around here, and local salaries aren’t very high anyway. There used to be a massive buy-to-let market around here, but not any more. It’s dropped dramatically over the last couple of years or so. I think that the problem is, prices are too high for buy-to-lets – buyers just can’t get a return on their investment. With second home buyers, I think that they’re beginning to realise that they can get a lot more for their money abroad”.

- 4.42 However, there was some disagreement in terms of the types of property available in the Wareham housing market. Whilst one estate agent stated that there’s a lack of all types of property in Wareham “...large and small. We’re always very busy and have a lot of interest in all the properties on our books. Having said that, we could probably do with more flats for sale”, the second stated that:

“There’s no lack of any one type of property – we’ve got flats, 2-beds, larger properties on our books. The problem is that supply of all types doesn’t keep up with demand. Wareham is an old-fashioned town – it’s lovely – and everyone wants to keep it that way. But the planning regulations are strangling new developments. We just need more newbuild on the market”.

- 4.43 Finally, both Wareham estate agents stated that the private rented sector was proving the only alternative for local people who are unable to get a step on the home ownership ladder: "...people who can't buy either move away or rent. I'm in my mid-20s and I rent a house with four other people in Wareham– I've given up hope of ever being able to own a property here". However, "...the lettings market is very buoyant although rents are increasing much faster than wages. You can rent a 1-bed flat for between £475pcm and £550pcm, whilst a 2-bed house starts at about £675pcm".

East Dorset Housing Market

Verwood, Ferndown and Wimborne

- 4.44 Interviews with East Dorset estate agents were undertaken in Verwood, Ferndown and Wimborne. The *lowest* prices advertised for a one-bedroomed flat ranged from £100,000 to £145,000. The *lowest* prices advertised for two-bed semi-detached houses ranged from £184,000 to £274,000. Finally, the *lowest* prices advertised for a three bedroomed detached house ranged between £225,000 and £439,000.
- 4.45 Most estate agents believed that Verwood, Ferndown and Wimborne are all self-contained housing markets with the exception of one Verwood estate agent who stated that Verwood is part of a larger North Dorset housing market. One Verwood estate agent stated that the local housing market is very buoyant as there are good transport links to London and a lot of buyers move up from London and Surrey. Also, "it's very much influenced by London commuters". According to one estate agent, "...a bedsit will cost between £90,000 and £93,000 Verwood but prices are going up all the time. I bought a 1-bed flat 8 years ago for £68,000 and it's recently sold for £105,000".
- 4.46 According to one estate agent, Verwood is a mixed housing market area generally containing professionals as people are relocating from Southampton, Poole and Salisbury. Also, although it's always been a popular area for renovations, there's now fewer buy-to-let properties "– certainly not as many as a few years ago". Importantly, "...there's a definite lack of supply for first-time buyers and Verwood will soon be unaffordable e.g. average price for a 2-bed flat has recently risen from £157,000 to £167,000". Importantly, two estate agents stated that the allocation of four areas of Sites of Special Scientific Interest (SSSI) in and around Verwood was likely to impact on prices as the 400m exclusion zone would limit the propensity for new developments. The main market drivers cited by estate agents were: (limited) first-time buyers; families (although the supply of family-sized properties is limited); buy-to-let; and, most importantly, retired people relocating.

- 4.47 Estate agents in Ferndown and Wimborne expressed similar sentiments to those in Verwood. Both areas were considered by respective estate agents to be self-contained, with few links to neighbouring markets: “Ferndown is a self-contained market that is very mixed but also very a different market compared with, say, Bournemouth. There aren’t many first-time buyers and it’s mainly retired people or semi-retired commuting to Reading, London etc”. One estate agent stated that 70% of its business is with retired people.
- 4.48 Importantly, all estate agents stated that decreasing affordability is squeezing out first-time buyers. Wimborne’s housing market displays similar characteristics. It’s very much a self-contained area with “...good schools. There’s a shortage of 2-3 bedroom family houses although the market is picking up. There’s also some buy-to-let although the market price is limited to around £200,000. A 1-bed bed flat costs around £135,000 and there’s a shortage of smaller properties with more available in Poole. Also, Wimborne is much more expensive than, say, Creek Moor”. One Wimborne estate agent stated that retired people make up 80% of their business.
- 4.49 Rents in the Bournemouth Periphery area generally tend to be slightly lower than Bournemouth Core rents albeit with much less choice; the rental market in East Dorset is no exception. According to one estate agent, a 1-bed studio flat can be rented for around £520pcm whilst a larger 2 -bed flat can be rented for around £650pcm. In contrast, a 2-bed flat for retired people can be rented for around £650pcm, a 2-bed semi-detached house for around £700, and a 3-bed house for around £800. One estate agent stated that buy-to-lets are driving the local market and are competing with fist-time buyers: “There’s no student market in Verwood whilst job relocations are important to the rental market as is family breakdown. In terms of affordability, there’s a lack of supply of cheaper properties making the market very difficult for first-time buyers.”

4.6.2 Ringwood (Hampshire)

- 4.50 Information on the Ringwood housing market was gleaned by interviews with two estate agents. Both estate agents found that Ringwood, despite being outside Dorset in Hampshire, impacted on the housing market within East Dorset due to its close proximity to the border. According to one estate agent:
- “Being on the border, Ringwood is really part of both the Dorset and Hampshire housing market although it’s difficult to say how it’s spilt – probably 50/50. You get people who want to live in the New Forest, so they might come to us in Ringwood too.”
- 4.51 As with all previous estate agents, Ringwood’s believed that housing affordability in the area had decreased and that this was particularly impacting on first-time buyers, and was having impacts on the neighbouring markets in both East Dorset and the larger towns to the south.

“We just don’t have anything for first-time buyers in Ringwood. Even if we’re selling ex-council stock that’s a bit rundown, it goes quickly. House prices are much more expensive in Ringwood than most of Dorset. If you want a small 1-bed flat in Ringwood, then it will cost between £135,000 to £140,000. You can get a decent sized flat in Bournemouth or Poole for that amount of money. Local people just can’t afford to buy in Ringwood – they’re going out to places like Boscombe, Poole, Verwood and even Ferndown.”

- 4.52 Worryingly, one estate agent stated that decreasing affordability was also impacting on older people:

“Older people are having to downsize. I’ve been in this business 25 years, and I’ve never seen this before. Not that long ago people who were retiring would upgrade to their last property... For the first time ever, I’m seeing retired people with mortgages.”

- 4.53 Interestingly, the same estate agent believed that there were too many properties suitable for older people, and too few suitable for younger families, causing them to move out of the area:

“There’s too many retirement properties – the council always seem willing to give planning permission for these when what we really need is smaller, more affordable properties. There’s particularly a shortage of 2/3-bed properties for younger families. The problem is, when they do come onto the market, they go so quickly. For example, we had a 1970s style 2-bed semi- that came onto the market recently. It was nothing special, but went for around £200,000. It’s not unusual for 2/3-beds to go for between £200,000 and £250,000. That’s too much for local families who are having to move out of Ringwood – there’s just nothing for them here.”

- 4.54 However, there was some difference in terms of the importance of the buy-to let market. Whilst one estate agent stated:

“Another problem is buy-to-lets. They keep snapping up the smaller, cheaper properties. It really depends on the area and time of year, but I’d say that somewhere between 50% and 60% of my business is buy-to-let.”

- 4.55 The second stated:

“There’s not much demand for buy-to-lets in the Ringwood area. The main reason is that properties are too expensive – they can’t get a return on rents.”

North Dorset Housing Market

Blandford Forum

- 4.56 Information on this market was obtained from interviews with two Blandford Forum estate agents and one lettings agent. With regards to housing market boundaries, two estate agents stated that the Blandford has a distinct housing market whereas one stated that the situation is more complex. According to one the estate agent:

“Blandford is definitely a distinct housing market which differs from the surrounding, more rural, housing markets. It’s much cheaper than Bournemouth e.g. a 2-bed house can be £30,000 cheaper in Blandford than it is in Bournemouth. This means that people are more likely to move from more expensive areas of Dorset as they get more for their money. Also, People commute from Blandford to places like Poole. The boundary is about 10 miles away from Blandford, although it’s difficult to say. I’d say that Sturminster Newton is probably the next distinct housing market”.

- 4.57 - and again, according to the second estate agent:

“Blandford Forum has a distinct housing market although it is slap-bang in the middle of Dorset, so people buy into the town from all over Dorset. However, most of our buyers come from the Poole area because, as Blandford is much further in from the coast, land values are a lot cheaper and they can a lot more for their money. So, people are buying into Blandford and then spending 30 minutes or so commuting back to Bournemouth or Poole”.

- 4.58 With a slightly differing perspective, the lettings agent stated that:

“Housing markets in the North Dorset are very complex, although you could say that Blandford is a typical rural housing market that’s similar to other markets in the North Dorset area. The Bournemouth market is only 17 miles to the south of Blandford, but it’s very different – prices are much higher, but there’s also much greater supply of properties, wages are very different, the people who live there are very different The wages in rural areas like Blandford are much lower than in the adjacent urban areas, it’s becoming impossible for local people to buy The boundary is probably about five miles, but it’s not as simple as that e.g. the Blandford housing market is similar to that of Gillingham which is 17 miles away, but very different to Bournemouth, which is also 17 miles away”.

- 4.59 Both estate agents agreed that there is decreasing housing affordability in the Blandford Forum area. In particular, they were seeing fewer young people – rising house prices meant that first-time buyers were becoming older and were mainly couples. According to one estate agent:

“You can buy a studio flat for around £75,000. However, this type of property is really small – you can’t really fit two people into this size of studio flat – it’s not the type of place I’d like to live in. A decent 1-bed flat will cost around £100,000, but there aren’t that many small properties on the market. A lot of people are in the Blandford area are staying with their parents for longer. I’m in my mid-20s and I’m only just buying a property with my girlfriend in Poole. We’ve both had to take on extra part-time jobs to put down enough of a deposit. Local wages are completely out of ‘sync’ with local house prices and local people are finding it more difficult to buy all the time”.

4.60 - and according to the second estate agent:

“We don’t really get any first-time buyers. To get a 2-bed house, you need to spend at least £160,000 to £165,000, so we get mainly couples and young families. We certainly don’t get the 18 or 19 years olds coming to us. Most of our first-time buyers are in their mid-20s, but it’s not that unusual now to get first-time buyers aged between the mid-30s and early-40s. Not that we have any on the books at the moment, but if a single person wanted a 1-bed flat, it would cost them anything between £90,000 and £195,000. Young people just can’t afford to buy in this area – even if a lender offers x6 income, it may not be enough to get a foot on the housing ladder”.

4.61 In terms of the supply of properties in the Blandford, both estate agents stated there is a lack of smaller, cheaper properties:

“There’s definitely a lack of 2-bed houses in the £160,000 to £220,000 bracket. The problem is that there’s a moratorium on house building in North Dorset at the moment because they’ve already met their building quota. That’s going to impact on supply and price. The other problems are that there isn’t sufficient land to build affordable housing in the areas. When they do build affordable housing, it’s these small village developments of three or four houses – what we need is much larger affordable house developments. There’s always a constant demand for second homes, although they’re never more than 10% of our business”.

4.62 The second Blandford estate agent displayed similar views:

“There’s definitely a lack of smaller and cheaper properties e.g. two-bed houses at around the £150,000-£160,000 mark. There’s also a limited supply of retirement homes – a lot of people from London and the south want to purchase retirement homes here because they get more for their money. There just aren’t enough smaller, affordable properties in the Blandford area although you can probably get a one-bed flat for around £120,000-£125,000. There were some [shared ownership properties] in past years in the North Dorset area, but I don’t think this scheme worked very well as a lot of the houses were bought by people who then sold them on for a good profit. However, I think that they’ve now tightened up on the restrictions.”

- 4.63 Finally, the Blandford lettings estate agreed that decreasing housing affordability meant that more (predominately young) people were looking to the private rented sector:

“The market is buoyant and there’s always greater demand than supply. There were a lot of smaller flats in Gillingham (due to conversions), but there’s been hardly any smaller properties for rent in Blandford for years. Again, you could probably rent a 1-bed flat for around £350 per month. However, for people who rent, one of the problems is that rent costs the same as buying a small flat, so if you’re renting, it’s difficult to save for a deposit. However, there are too many planning restrictions – I know of one family who wanted to buy a property in Poole that had a ‘Granny flat’ attached- the flat had been added without permission, but the buyers wanted to rent it separately and the council wouldn’t let them. People are staying at home much longer (I still live with my parents). People are also staying longer in the same property – the people who rent just can’t get onto the property ladder. A lot of young people are also sharing (either renting or buying.)”

Gillingham

- 4.64 Interviews with three estate agents were carried out in Gillingham, at the northern end of the district. It was found to be a relatively low cost housing market compared to nearby areas such as Sherborne. There was some disagreement as to whether Gillingham constituted a separate housing market with one estate agent stating “...Gillingham very much part of the North Dorset/Shaftesbury housing market”, whilst another that “it’s definitely a self-contained market housing market”. According to agents a very small, 1-bed flat would cost around £70,000 although a decent sized 1-bed flat would cost around £105,000, a 2-bed house £175,000 to £195,000 especially newbuild, and a 3-bed detached over £300,000.

4.65 However, "...some shared ownership properties as priced as low as £60,000, Wimpey/Persimmon are offering shared ownership flats for £77,950 and Belway for £60,000. Still, there needs to be a lot more affordable housing in the villages for local people. In terms of drivers "...everything is driving the market at the moment!" According to one estate agent, buy-to-lets are driving the market, followed by families, retired people (tend to buy more expensive property priced over £300,000) and first-time buyers...renovations are important throughout the whole of Dorset". However, a second Gillingham estate agent stated that "...renovations and retirees are not very important to the Gillingham market...there's a mixture of buyers in Gillingham with no one type predominating and a lot of first-time buyers. "House prices are rising much faster than wages and some people are making a lot of money out of the housing market".

West Dorset Housing Market

Dorchester

4.66 Interviews with three estate agents were undertaken in the Dorchester area. The *lowest* prices advertised for a one-bedroomed flat ranged from £100,000 to £115,000 (compared with Land registry average for all flats in the West Dorset area of ££152,694). The *lowest* prices advertised for two-bed semi-detached houses ranged from £155,000 to £284,000 (compared with Land registry average for all semi-detached houses in the West Dorset area of £233,336). Finally, the *lowest* prices advertised for a three bedroomed detached house ranged between £212,000 and £360,000 (compared with Land registry average for all detached houses in the West Dorset area of £364,643).

4.67 According to one Dorchester estate agent, Dorchester has a very buoyant housing market: "it's very pretty with a historic centre and good facilities" whilst another stated that "Dorchester has a strong housing market partly due to its reputation for good schools and demand has increased significantly recently". Importantly, two estate agents believed that Dorchester consists of one single housing market, with one agent disagreeing stating that: "Dorchester town centre is surrounded by mini-housing markets". The lowest entry-level prices cited by estate agents were: £115,000 for a small 1-bed flat; between £160,000 and £170,000 for a 2-bed house costs; and around £300,000 for a 3-bed detached house.

- 4.68 The main market drivers identified by estate agents were (mostly) families and retired people (a lot of retirees move to Dorchester from the surrounding villages because there are more amenities), with some buy-to-lets but few first-time buyers. According to one estate agent, there are no first-time buyers in the Dorchester housing market at all now as there are too few affordable properties. In response “younger people are spending longer with their parents or sharing although this can lead to problems such as, if they fall out, how do they split the equity?” One estate agent stated that prices have actually been falling recently and much of the available properties were “vastly over-priced. For example, [another local estate agent] was offering a 4-bed ex-council house for £280,000. It didn’t sell so we offered it at £239,950 and it still hasn’t sold. Again, holiday homes in Poundbury cost around £400,000 although these are vastly overpriced. The problem is that what people believe are rival estate agents are actually the same company”. Another stated that “It’s quite hard now to get on the housing ladder. There are some fairly affordable ex-council houses but these are not always popular. Shared equity is the way forward – it’s becoming much more in demand as the area is becoming less affordable”.
- 4.69 Rents in Dorchester tended to be slightly higher than surrounding housing market areas, possibly reflecting the popularity of the area combined with relatively lower supply. The starting price for a one-bed studio flat is around £400 (a lower price in comparison to many other areas), although average rents for 2-bed semi-detached houses stood at around £650pcm and a 3-bed detached houses at around £800pcm.

Sherborne

- 4.70 Interviews with three estate agents were undertaken in Sherborne. Prices in Sherborne were slightly higher than those in the surrounding areas, both toward Bridport and Gillingham, with a decent sized 1–bed flat costing around £125,000, a 2-bed house £200,000 to £250,000 and a 3-bed detached well over £300,000. According to one estate agent “...Sherborne is very much a self-contained housing market. There’s been a big influx of people from London and Sherborne is very popular with people from the Surrey commuter belt. The area contains a lot of period homes, there are very good facilities in Sherborne including a market on Thursday and Farmers market on Friday, and the public school has a significant influence on the housing market.” Additionally, “...in terms of affordability, Sherborne is much more expensive than surrounding areas although there are some cheaper ex-council homes”.

- 4.71 Another agent stated that the Sherborne market is "...is a very buoyant market – we sold 14 properties in January 2007 – in fact, the housing market is booming and we could sell each property 10 times over! April is also a very busy month as tourists begin to come down from London and begin to consider relocating". First-time buyers 'squeezed out' of the housing market and are considered to represent only a small proportion of the market. In contrast, families make up a significant proportion of the housing market whilst retired people and 'buy-to-lets' are currently the most important market drivers. Also, the high prices mean that "...the banks are offering too much money to prospective buyers – this could cause problems later on".
- 4.72 Lastly, "...the Sherborne housing market is very exclusive, and this is reflected in the very high rents. However, despite some very high rents for larger properties or those at the 'exclusive' end of the market, Sherborne rents advertised did not appear to be prohibitively high. For example, a 2-bed flat could be rented for £425pcm, as could a 2-bed house, whilst 3-bed terraced houses were advertised for between £540pcm and £595pcm. In contrast, a 6-bed cottage was advertised for £1,800pcm.

4.8.3 Bridport

- 4.73 Information on the Bridport housing market was gleaned by interviews with two estate agents.
- 4.74 Both estate agents agreed that Bridport has a distinct housing market with the nearest housing markets being Axminster (less expensive) and Dorchester (more expensive):
- "...but then it's very different as we're a coastal town and they're not. It's very buoyant at the moment and has received a lot of good press e.g. the Telegraph recently called it 'Notting Hill-on-Sea'² and this had led to people becoming more interested in the area".
- 4.75 Similarly, both estate agents agreed that there is decreasing housing affordability in the Bridport area:
- "To be honest, we don't get a lot of first time-buyers, because we don't have a lot of properties at the lower end of the market. When we do, it tends to be couples rather than single people. Having said that, I don't think that first-time buyers are becoming older, even if they do have to raise higher deposits. Also, I've only seen one first-time buyer in the last two months! The entry price for a 1-bed flat in the Bridport area is about £115,000 and for a 2-bed semi-detached house it's around £170K. But, the only 1-bed apartment we have on the books at the moment is on the market at £230,000".

² The Daily Telegraph, *Welcome to Bridport, or Notting Hill on Sea*, 7/03/2007.

4.76 Similarly,

“We don’t get any first-time buyers in Bridport – there just aren’t any properties at the cheaper end of the market. All the cheaper properties are being bought up for buy-to-lets. It’s ridiculous – government policy has made more landlords in the last 10 years than the last 50. The cheaper properties – those at around £150,000 are all being bought up for buy-to-lets. There’s so many buy-to-lets that there isn’t really much room for second homes”.

4.77 One reason for decreasing affordability is the increase in second homes sales:

“Most of our business is with local people but we’re certainly beginning to see more people from outside of the local area (places like London and the south east). Second homes purchases beginning to take up a lot of our business, say around 10-15%. This is having a pretty big impact on the local housing market. Properties requiring renovation tend to get snapped up pretty quickly for the second homes market. For example, if you go to Burton Bradstock, you’ll find that a lot of properties are empty because they’re second homes”.

4.78 -and again:

“Around 80-85% of my clients are retired people – the rest are families. Not all the families are local – I had a family from London buy down here because they get more for their money.. I don’t mean they bought a holiday home – he’s a fire-fighter and works five days on and off, so he only has to go up to London once a week. The other problem is that wages are low in West Dorset – much lower than the rest of Dorset ”.

4.79 Again, both estate agents agreed that there is a need for smaller, more affordable properties in the Bridport area:

“The main problem is a lack of smaller, more affordable properties for local people. What they build is ridiculous – 3-or 4-bed houses that sell for over £300,000. One of the problems is that the building market is dominated by the big building companies. They sit on the land knowing that it will probably appreciate more in value if they don’t develop it. There used to be two or three smaller builders in Bridport who would build, say, half a dozen smaller, cheaper houses each year, but the big companies have squeezed them out of the market. Also, there’s not much social housing around here. The best were sold under the RTB whilst the council sit on £30m of receipts. Also, planning restrictions don’t help either. We need much larger developments than we’re seeing – not doing so just pushes up prices. One idea is to build more ‘park houses, you know, like caravans, but as big as a house. A small one would cost around £30,000 while a good quality one would cost around £50,000. They do it elsewhere – why don’t they do it here?”

4.80 Lastly, only one of the two Bridport estate agents dealt with the private-rented sector. They stated that:

“The private rented sector is playing a big part in the housing market because people can’t afford to buy. A small 1-bed flat costs around £350pcm to rent and about £120,000 to buy (i.e. around £700 pcm). The problem is that, whilst people rent, they can’t afford to save up enough for a deposit, so they’ll never buy. Even then, there are not always the properties to rent. I know of a young couple, both working, who were thrown out of their rented house because the landlord wanted to sell to a buy-to-let client. They’re okay now because they’re living in a housing association house in the town centre, but it shows what can happen”.

Lyme Regis

4.81 Information on the Lyme Regis housing market was gleaned by interviews with two estate agents.

4.82

There was some disagreement between the two estate agents as to the boundaries of the Lyme Regis housing market. According to one:

“The Lyme Regis housing market is really at a crossroads between Dorset and Devon. It’s influenced by Devon because we get more buyers from there, although we get a good mixture of buyers from both sides of the border. However, it’s an old historical town, so it’s pretty much got a distinct housing market”.

4.83 Whilst the second stated that:

1.5

“Lyme Regis is part of the Dorset housing market because that’s where most of our buyers come from. Having said that, we’re getting a lot of buyers from the South East and not so many from the local area. It really is a tough niche market”.

- 4.84 However, there was agreement between the two estate agents in terms of decreasing affordability in the Lyme Regis area:

“We really don’t get many first-time buyers as there aren’t that many affordable properties in Lyme Regis. You can probably get a 1-bed flat for around £125,000 in Lyme, but not many come onto the market. What we tend to do is to send first-time buyers to our Axminster office where it’s much more affordable e.g. you can get the same 1-bed flat for between £95,000 to £100,000”

- 4.85 Similarly,

“Affordability is a nightmare for local people. You need at least £200,000 to get on the housing ladder in Lyme Regis, and that’s just not possible for most local people. A lot of local people buy about 5 miles inland where it’s much cheaper. There’s even one building company, Magma, who put a restriction on who could buy their homes in Lyme Regis (I think it was that you had to be a resident for at least two years)”.

- 4.86 Reflecting the views of estate agents cited in other Dorset areas, one Lyme Regis agent stated that second homes had become an important part of the housing market:

“The second homes market is really important to us – it accounts for around 50% of our business”. Most of the second homes cost between £300,000 to £450,000 although some houses you get some on the market that cost just ‘silly money’. The 3-bed houses are most popular because people can rent them out. The problem is, second homes are driving out local people. It’s much cheaper to buy even just 5 miles in from the coast, say Bridport or Charmouth – people pay a premium here for the sea view”.

- 4.87 However, in terms of the private rented sector, one estate agent stated that: “there’s not really much of a lettings market in Lyme Regis. When they come onto the market, a 1-bed flat goes for around £475pcm whilst a 3-bed house might go for £675pcm. But, the lettings market certainly isn’t as buoyant as the sales market”.

- 4.88 Finally, there was agreement that:

“What we lack is smaller, more affordable properties at the lower end of the market. Come to think of it, we don’t really have many retirement properties. There’s only one block of flats for retired people with warden support. The problem with Lyme Regis is that there just isn’t any more space for development!”

5. Summary

- 5.1 To summarise, it is apparent that despite subregional differences, there are significant common themes occurring throughout the Dorset housing market area. The first is that house prices in Dorset are on average higher than either the regional or national averages, at £242,037. This can partly be explained in that, compared to the regional average, a relatively higher proportion of all properties sold in Dorset are detached.
- 5.2 There are substantial house price differences between the different Dorset districts. East Dorset has the highest average dwelling price at £284,263 or 17.4% above the Dorset average. In contrast, Weymouth and Portland has the lowest average property prices at £205,422 or 15.1% below the Dorset average. The highest priced postcode area is situated in Poole (BH13 7) with an average residential property sale price of more than three times the Dorset average.
- 5.3 Most districts and boroughs contain house price extremes (either substantially above or below average prices) although, on average, East Dorset is the most expensive of the Dorset districts, and Christchurch and Purbeck show relatively little internal variation. Poole shows the greatest variation, containing large proportions of both the most expensive and least expensive postcodes in the county. Weymouth & Portland and North Dorset each have some postcodes with relatively low average prices, specifically on the Isle of Portland and in Gillingham.
- 5.4 A number of market drivers influencing prices were identified including strong demand for second and retirement homes, especially in the northern, western and coastal areas of the county. In contrast, much of increase in house prices and rents in Bournemouth (and to a lesser extent Poole) are driven not only by more 'traditional' factors such as families upsizing, holiday homes and retired people relocating, but also more recently evolving factors such as increasing student numbers and companies relocating to the area. Estate agents in Weymouth and Portland stated that the area's hosting of the 2012 Olympic sailing events had already impacted on the local housing market.
- 5.5 Most estate agents (except those in Bournemouth, and one Verwood and one Portland estate agent) did not believe that their housing sub-market extended much beyond the boundaries of local towns or villages. However, estate agents in peripheral areas such as Ringwood (just outside Dorset in Hampshire) and Lyme Regis acknowledged that these housing markets were as much influenced by housing markets in adjacent counties (Hampshire and Devon respectively), as the Dorset housing market. Such opinions suggest that housing market boundaries may be more fluid than fixed.

- 5.6 The one issue that was most likely to be cited by estate agents as being of major concern was that of decreasing housing affordability. Without exception, significant increases in house prices over the last few years throughout the county has led to estate agents to believe that local, especially young, people are struggling to gain access to the housing market. Unsurprisingly, estate agents stated that fewer first-time buyers are single, and more couples, as rising house prices mean that newly formed households are likely to require two incomes and larger deposits. Also, decreasing affordability means that newly forming households and younger people are being driven to seek accommodation beyond their locality.
- 5.7 These views are substantiated by the South West England Regional Economic Profile 2006 which suggests that the South West region is the third least affordable area within the country, behind only London and the South East. The main solution to decreasing affordability cited by estate agents was to increase the supply of smaller, more affordable and shared ownership properties, although at least one agent stated that the latter are not proving popular with first-time buyers.
- 5.8 In response to increasing house prices, estate agents stated that more local, again especially young, people are looking to the private rented sector. Estate and lettings agents throughout Dorset stated that the lettings market was 'buoyant'. However, the Bournemouth and Poole lettings market is distinct in that, amongst other factors, the market was being driven by temporarily relocating professionals and an increasing student population. In contrast, the private rented sector in other areas was more likely to be dominated by single, young people or families. Also, some estate agents cited a seasonal element to the demand for private rented accommodation, particularly in coastal towns which offer seasonal employment. Unfortunately, greater demand than supply of private rented accommodation has led to decreasing affordability as rents rise faster than local wages. One associated problem is that increasing rents diminish the opportunity for aspirational first-time buyers to save sufficient funds for a deposit.
- 5.9 A significant, related issue is the second homes and buy-to-let market. In general, it is apparent that the Dorset second homes market remains strong and was considered by some estate to be a significant factor in rising house prices. The strength of the second homes market is dependent on location, with estate agents stating that it comprised between 10% to 85% of their business, with coastal locations being most popular for second homes. A substantial number of second homes buyers derive from outside the Dorset area, especially London and Home Counties. Many estate agents agreed that the strength of the second homes market had contributed to decreasing affordability. However, estate agents displayed a slightly different perspective on the 'buy-to-let' market. Whilst it was perceived that this market had been buoyant and had particularly impacted on sales of smaller properties, it has recently slowed as increasing house prices mean that investors are less likely to recoup costs through private sector rents.

5.10 To conclude, as noted at the beginning of this report, it must be borne in mind that the results reflect the opinions of estate agents, and not necessarily fact. Nonetheless, there are number of important findings that arise from both the house price data and estate agent interviews. It is evident that rising house prices have led to decreasing housing affordability throughout the county. This has particularly impacted on young people and newly forming households who are increasingly finding it difficult to get a first step on the housing ladder. To some extent, housing need is being met by the private rented sector as an overflow to the social housing sector and the only feasible option for those who cannot afford to buy. The strong second homes market in some areas of Dorset is exacerbating the affordability problems, although the buy-to-let market is showing some signs of slowing.