

South West Housing Body

**Housing in the South
West – Overview Report
Bournemouth and Poole**

February 2005

Final Report

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Contents

Page

1	SUMMARY OF THE HOUSING MARKET AREAS IN THE SOUTH WEST..	1
2	HOUSING MARKET BOUNDARIES.....	4
3	DATA COLLECTION.....	7
	BOURNEMOUTH AND POOLE SUB-REGIONAL PROFILE	

1. **Summary of the Housing Market Areas in the South West**

DTZ completed a study mapping the pattern of sub-regional housing markets for the South West Housing Body in August 2004 (see 'Analysis of Sub-regional Housing Markets in the South West' available at <http://www.southwesthousingbody.org.uk/>). The report identified 12 sub-regional housing markets in the South West region and another area covering North Cornwall and North Devon which does not act as a single sub-regional housing market, but is defined by common housing characteristics and settlement patterns.

The SWHB subsequently commissioned DTZ to prepare a consistent set of sub-regional demographic and housing profiles for each of the 12 sub-regional housing markets and the character area. It is expected that these profiles will help inform the South West Regional Housing strategy, and provide a core source of information for more detailed Housing Market Assessments. The profiles are underpinned by a large statistical database that has been made available to the SWHB.

The Sub-Regional Housing Markets in Outline

The 12 sub-regional housing markets and the character zone are listed below with brief comments made on each. Maps showing the extent of each of the sub-regional markets are available at <http://www.southwesthousingbody.org.uk/>

Sub-Regional Housing Markets

- **West Cornwall:** comprising all of Penrith, Kerrier, Carrick and Restormel districts and extending into part of North Cornwall. In many respects this area has much in common with the North Cornwall and North Devon character zone, since it comprises small settlements, but household movement data indicate significant levels of movement between adjacent authorities and the A30 ties the area together in terms of economic function. There will, however, be many and strong local housing market influences.
- **Plymouth:** the Plymouth sub-regional housing market is centred on Plymouth, extends east taking in much of South Hams as far as Totnes, north to Tavistock, and west to Liskard. Though one of the bigger cities in the South West, the extent of the Plymouth sub-regional housing market is less extensive than other major centres since it has a less extensive employment base, and fewer higher value added economic activities.
- **Torbay:** the Torbay sub-regional housing market extends out into South Hams and Teignbridge districts, but is relatively tightly drawn round the urban area, since the area has not experienced the same degree of

economic growth as Exeter or other locations in South Hams. The Torbay sub-regional housing market overlaps with the Exeter sub-regional housing market to a significant extent in Teignbridge District.

- **Exeter:** the Exeter sub-regional housing market is extensive, reflecting the fact that Exeter is at the centre of a hub of road and rail networks and has become a significant centre of employment in recent years. The market includes the city itself, and extends out into East Devon, South Somerset, parts of Taunton Deane, Mid Devon and Teignbridge. The market overlaps with that of Taunton and Torbay.
- **Taunton:** the Taunton sub-regional housing market stretches north west, south west, south east and north east along principal road networks (A358, M5) covering all of Taunton Deane District, and taking in much of West Somerset, and parts of West Devon, South Somerset, Mendip and Sedgemoor.
- **Weymouth – Dorchester:** The Weymouth Dorchester sub-regional housing market is a small sub-regional housing market comprising Weymouth and Portland and the southern parts of West Dorset District.
- **Bournemouth – Poole:** The Bournemouth, Poole, Christchurch conurbation is the second largest urban area in the South West. Its sub-regional housing market covers the urban area, all of Purbeck district much of North Dorset, East Dorset and extends into the New Forest District of the South East region.
- **South Somerset:** The South Somerset sub-regional housing market is a small market focused on Yeovil and Sherborne and including much of South Somerset and the northern part of West Dorset. Western parts of the market will experience the pull of the Taunton sub-regional housing market.
- **Salisbury:** the Salisbury sub-regional housing market is focused on Salisbury itself, but extending westwards to Shaftesbury, northward to Amesbury and eastwards into Test Valley district in the South East region.
- **West of England:** the core of the West of England sub-regional housing market comprises the four unitary authorities in the former county of Avon, but the influence of the West of England extends further out into Somerset, Wiltshire and Gloucestershire and even over the Severn crossings into Wales. This influence reflects the sub-regions economic dominance of the region. There are particularly strong ties with Mendip and West Wiltshire.
- **Swindon:** the Swindon sub-regional housing market covers the urban area of Swindon, and extends with a westward rather than eastward bias into Cotswold, North Wiltshire and Kennet districts.
- **Gloucester-Cheltenham:** Gloucester and Cheltenham urban areas lie at the heart of this sub-regional housing market, which broadly embraces the whole of the county of Gloucestershire and its constituent districts, though parts of Stroud district is subject to the influence of the West of England

market, parts of Cotswold district look to Swindon, Oxford or north to Stratford upon Avon. On the north boundary of the market there is overlap with the Worcester sub-regional housing market.

The Character Area

- **Polycentric North Devon/North Cornwall:** This area covers a large swathe of North Devon and Cornwall starting with the Exmoor National Park and including virtually all of North Devon, Torridge and North Cornwall districts. The area is rural in character with a settlement pattern based on villages and market towns, which vary in size and function. With no major centres of employment the area is better described as comprising a series of local markets, all of which are subject to significant influence of in-migration, and second home purchase.
- **Isles of Scilly:** For completeness and recognising the uniqueness of the Isles of Scilly housing market area, a summary profile has been completed.

2. **Housing Market Area Boundaries**

The boundaries of sub-regional housing markets in the South West do not map onto local authority administrative boundaries and many housing market areas overlap one another (see maps at <http://www.southwesthousingbody.org.uk/>). However for the purposes of this study it has been necessary to identify those local authority areas, which provide the best fit with the identified housing market areas.

This reflects the fact that the majority of housing and demographic data available on a consistent basis across the whole of the South West is available only at the local authority district level. Some data is available for smaller areas than local authority districts, but it was agreed that such detailed analysis was beyond the scope of this study.

Housing Market Assessment partnerships may well wish to undertake analysis at the sub-district level, when preparing HMAs. This is likely to be particularly important to differentiate urban and rural areas, and identify the characteristics of local housing markets based, for example, on market towns or different settlements within a larger urban complex.

Table 1 shows which housing market area each of the local authorities in the South West is deemed to fall within. It is accepted that this is a simplification. Some local authority districts fall within the ambit of more than one housing market, but the nature of the exercise being undertaken meant that we had to allocate each authority to a single housing market area.

In deciding which housing market area each district should be assigned to DTZ looked at patterns of household movements and travel to work patterns. Maps showing the main patterns of household movement and travel to work patterns between districts in the South West are available at: <http://www.southwesthousingbody.org.uk/>. Red arrows show larger movements than blue, and the darker and thicker the arrow the more movements there are.

DTZ consulted local authorities before the final decision was made about the assignation of particular districts to housing market areas. Information on the respective Post Codes for each housing market area is available in the master grid provided to the SWHB which contains all the statistical information gathered for the project.

Figure 1: Defining Housing Market Areas

Housing Market Area	Districts used to Define Housing Market Areas
West Cornwall	Penwith Kerrier Carrick Restormel
Plymouth	Caradon Plymouth South Hams West Devon
Torbay	Torbay
Exeter	East Devon Exeter Mid Devon Teignbridge
Taunton	Taunton Deane Sedgemoor West Somerset
Weymouth - Dorchester	West Dorset Weymouth / Portland
Bournemouth & Poole	Bournemouth Christchurch East Dorset North Dorset Poole Purbeck
South Somerset	South Somerset
Salisbury	Salisbury
West of England	Core Area: Bristol Bath and North East Somerset North Somerset South Gloucestershire Wider area, includes: Mendip West Wiltshire
Swindon	Kennet North Wiltshire Swindon
Gloucester and Cheltenham	Cheltenham Cotswold Forest of Dean Gloucester Stroud Tewkesbury
Polycentric Devon and Cornwall	North Cornwall North Devon Torridge
Isles of Scilly	Isles of Scilly

In defining the housing markets DTZ were asked to consider the relationship with areas outside the South West, and in particular the South East. DTZ acknowledge that that housing markets in the South West are *influenced* by demand and supply conditions outside the South West, but the analysis undertaken in our original report to the SWHB and parallel work for the South East Housing Board, does not suggest that any of the housing markets in the South East extend to a significant degree into the South West or vice versa.

It was decided therefore that to include data from these districts in the South East adjacent to housing markets in South West would distort the analysis, since in no case would most of that local authority district be better assigned to a housing market in the South West than to the housing market in the South East region. This is supported by analysis of household movement and travel to work data. However DTZ has collected data for the bordering districts to the South West, and are these included in the Master Grid, so that they can inform HMAs.

3. **Data Collection**

The sub-regional profiles bring together a wide range of data required for the preparation of HMAs. However the profiles are a starting point for an HMA not a final product. In the process of preparing HMAs local partners will be able to draw upon a range of additional data, and may well wish to analyse data at a more disaggregated level.

In order to assess the dynamics of a housing market area it is necessary to assess both the demand and supply in the housing market area. We set out below the range of data collected and accessible in the Master Grid. We have not reported on every indicators, since we were asked to produce concise profiles. Such data is however relevant to the preparation of full HMAs.

Economic Drivers of Housing Demand

It is important for those involved in analysing housing markets that they appreciate that the characteristics of the sub-regional housing market are a function, at least in part, of the characteristics of the local economy. In order to capture and assess the economic drivers of housing demand the following data were collected.

Figure 2: Economic Drivers, Indicator and Source

Indicator	Source
Gross Values Added Trends and Projections	National Statistics/DTZ Locus
Employment Trends and Projections	National Statistics (Annual Business Inquiry) / South West Regional Assembly
Economic Activity Levels	National Statistics (Census)
Socio-Economic Structure	National Statistics (Census)
Incomes	National Statistics (New Earnings Survey)
Commuter Patterns (Travel To Work)	National Statistics (Census)

Demographic Drivers of Housing Demand

The demography of a housing market area is a key driver of housing demand. Natural population growth is an important variable but so too is population change as a result of migration patterns. Migration is a particular issue in the South West with a large number of individuals attracted to the South West due to its high quality of life. The following demographic drivers have been collected.

Figure 3: Demographic Drivers, Indicator and Source

Indicator	Source
Total Population and Trends	National Statistics (Nomis)
Population Age Structure	National Statistics (Nomis)
Population Projections	South West Regional Assembly/DTZ
Population Characteristics	National Statistics (Census)
Household Movements	National Statistics (Census)
Household Composition and Trends	National Statistics (Census)
Household Size and projections	National statistics (Census) / South West Regional Assembly / ODPM

Supply Side Dynamics

In order to analyse the dynamics of the housing market it is also necessary to assess housing supply. One needs to audit the current housing stock and determine the future housing supply in the region and sub-regional housing market area. The following supply side indicators have been collected.

Figure 4: Supply Side Dynamics, Indicator and Source

Indicator	Source
Housing Stock	Office of the Deputy Prime Minister (ODPM)
Stock Tenure	ODPM HIP Returns
Type of Dwelling	National Statistics (Census)
Size of Dwelling	National Statistics (Census)
Council Tax Bandings	National Statistics (Census)
Occupancy Status	National Statistics (Census)
Right to Buy Sales	Housing Corporation
New House Building Completion Levels	South West Regional Assembly / ODPM
Future Housing Supply	South West Regional Assembly / ODPM
Housing Targets	County Structural Plans
Affordable Housing	South West Regional Assembly / ODPM

Demand Meets Supply

The overall dynamics of a housing market are characterised by the interaction of demand and supply of housing. The principal indicator is house prices which in turn influences housing affordability. House prices and affordability have been identified as a key issue in the South West where average house prices have been driven upwards by in-migration in areas where average wages are typically below the national average. The following data have been collected to assess the balance between demand and supply.

Figure 5: Demand Meets Supply, Indicator and Source

Indicator	Source
House Prices	Land Registry
Private Sector Rents	Housing Corporation
Housing Affordability	Land Registry / Inland Revenue
Housing Affordability	Joseph Rowntree Foundation, <i>Can Work – Can't Buy</i> , S Wilcox, 2003, York: JRF
Number of Shared Households	National Statistics (Census)
Numbers Waiting for Housing	ODPM (HIP Returns)
Homelessness	ODPM (HIP Returns)

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1 BOURNEMOUTH AND POOLE HOUSING MARKET PROFILE

1.01 The Bournemouth and Poole housing market is situated in the south-east corner of the region. The housing market broadly consists of the County of Dorset but overlaps with the Weymouth – Dorchester sub region to the west and the South Somerset and Salisbury sub regions to the north. Due to the sub region's proximity to the regional boundary, housing markets in the South East region- (particularly in the Southampton area because of the accessibility generated from the M27) will also influence the local housing market.

1.02 For the purposes of this profile the following whole local authority districts are used to form the analysis for the sub-region:

- Bournemouth
- Christchurch
- East Dorset
- North Dorset
- Poole
- Purbeck

A Map showing the Sub-regional Housing Market Area is available at <http://www.southwesthousingbody.org.uk/>

Key Points

- The Bournemouth and Poole Sub-Regional Housing Market area has experienced lower employment growth over the period 1998-2002 than that observed regionally or nationally.
- The Bournemouth-Poole sub-region has slightly lower levels of wealth per capita and per worker than the average for the South West. Economic growth in the sub-region in the period to 2010 is expected to exceed the average for the South West.
- More than ½ million people live in the sub-region (540,000) and the sub-region has been growing rapidly. The population of the sub-region has increased by about 15% since 1981 (+79,000 people) a rate of increase significantly above the national average.
- Compared to national and regional averages the sub-region has a relatively old population, with a higher concentration of people in the over 65 age group.
- Net in-migration is a significant factor in population in growth with 4,100 people moving into the area in the year to 2001, with a high proportion of the in-migration being from the adjacent South East region – the highest level recorded in the South West.
- Both population and households in the sub-region are expected to increase significantly over the period to 2026. Population is expected to grow by 67,000 in the period 2006-2026 and the number of households by over 50,000 between 2001 and 2026 (+22%)
- Average wage levels are below national averages, but above the regional average for residents (ie including those who work outside the area).
- 75% of households are owner occupiers, 12% rent privately, and 11% rent from social landlords. Flats constitute the second largest type of property, making up about 25% of all properties, well above the regional average of 16%.
- In 2003/4 (as shown by the AMR) net additions to the housing stock through new development and conversions amounted to around 2,800 dwellings – higher than the implied annual target for completions derived from Structure Plans (2,280 dwellings).
- The overall stock of social housing has increased from 23,700 dwellings in 1991 to 25,200 dwellings in 2001. However in recent years (1998-2003) Right to Buy Sales have exceeded new housing association development, so the stock has been in decline in the past 6 years.
- The number of households on the Housing Register has increased by 26% since 2000 in line with the regional increases. Generally the number of households that are homeless and in priority housing needs per 1,000 households is lower in the sub-region than the South West,

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Housing in the South West – Bournemouth and Poole Sub-regional Profile
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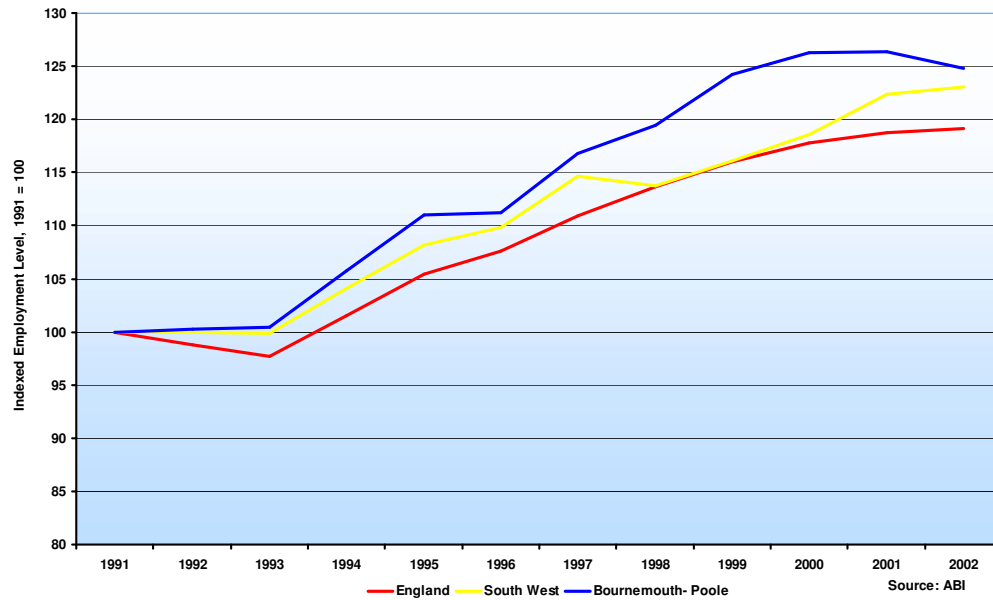
- The current overall average house price in the sub-region is £220,000 which is significantly higher than the average for the South West (£187,000). House price affordability in the Bournemouth – Poole sub region is a significant problem with a house price:income ratio of 5.47:1 compared to the regional average of 4.66:1 and the national average of 4.11:1. for those age groups most likely to be first time buyers (Source: JRF).

THE DRIVERS OF DEMAND

Economic Drivers of Housing Demand

- 1.03 It is important for those involved in developing housing strategy that they appreciate that the characteristics of a sub-regional housing market are a function, at least in part, of the characteristics of the local economy. Areas experiencing strong economic growth and high levels of employment typically experience higher levels of in-migration which adds to the demand for housing. Economic prosperity also tends to feed through into household incomes which again stimulates demand.
- 1.04 There were slightly under 215,000 workers employed within the housing market sub-region in 2002 (source the Annual Business Inquiry). As Figure 1 highlights, there has been a significant level of growth in employment over the period 1991-2002. The recent employment growth rate (1998-2002) in the sub-region has been lower than the observed regional or national growth rate, with employment increasing by approximately 4.5% (equivalent to 5,000 net new jobs) over the period compared to 8% across the South West and 4.8% nationally.
- 1.05 The centres of Bournemouth and Poole dominate employment in the sub-region, with Bournemouth providing employment for around 75,000 workers and Poole for just under 60,000 workers (compared to between 14,000 and 26,000 employees in each of the other districts). It is therefore the importance of these urban areas as employment centres which helps to define the sub-region for housing, with the commuter patterns of those working in Bournemouth and Poole important in dictating the areas which form the housing market.
- 1.06 Housing market trends, such as price and sales levels, are and will continue to be linked to employment levels and indeed the quality of employment on offer in the area. As such the strong employment growth which has been observed in recent years will have added to the wealth of the area and the ability of residents to purchase homes which in turn plays a role in fuelling house price increases. This, ironically, creates affordability problems for the lower paid.
- 1.07 Employment forecasts are not currently available for the sub-region although it is clear that if past trends continue then employment levels will grow further (as population and household numbers are expected to).

Figure 1: Employment Trends, 1991-2002

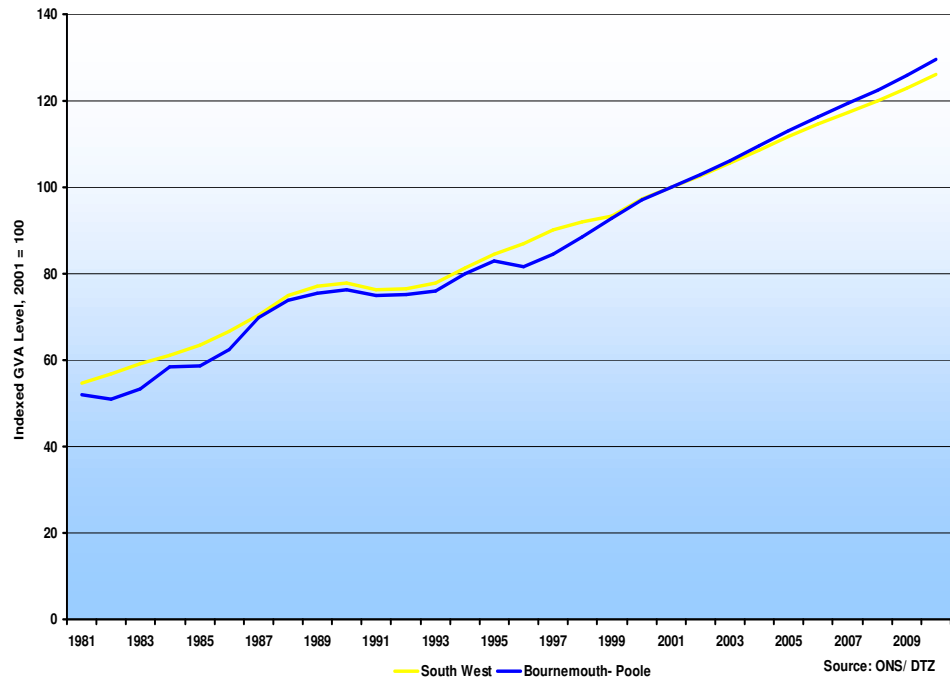


- 1.08 The Bournemouth-Poole sub-region has slightly lower levels of wealth per capita and worker than the average for the South West. The sub-region as a whole has a Gross Domestic Product¹ (GDP) per Capita of £12,100 compared to the regional average of £12,900. Likewise the figure of GDP per worker is £30,200 in the sub-region compared to an average for the South West of £30,600. Overall, therefore, the wealth generated in the area and the productivity levels observed in the sub-region are slightly below the regional averages. Between 2001 and 2010 output per capita is forecast to increase by 24% in the sub region compared to 21% in the South West region.
- 1.09 Figure 2 shows how output² in the sub-region has increased between 1981 and 2000 compared to the region and also projections as to how output is expected to grow in the period to 2010. The chart is indexed to show the level of growth in the areas with 2001 used as the base year. The figure demonstrates that output growth levels in the Bournemouth-Poole housing market have been fairly similar to those of the South West region over the period 1981 to 2000, although on the whole remaining slightly below the South West growth level. Expectations are that the growth levels for the Bournemouth and Poole sub-region will slightly exceed the regional average over the period to 2010.
- 1.10 These growth levels reflect that output grew by some 90% in the period 1981-2000 which translates to annual growth rate of about 3.3% which is high by national standards. Future growth levels are expected to slow a little but are still relatively strong at approximately 3.0% per annum.

¹ Gross Domestic Product is a measure of the value of output of an area

² As measured by Gross Value Added (GVA). This is a similar measure to Gross Domestic Output.

Figure 2: GVA Growth Trends and Projections, 1991-2010



Demographic Drivers of Housing Demand

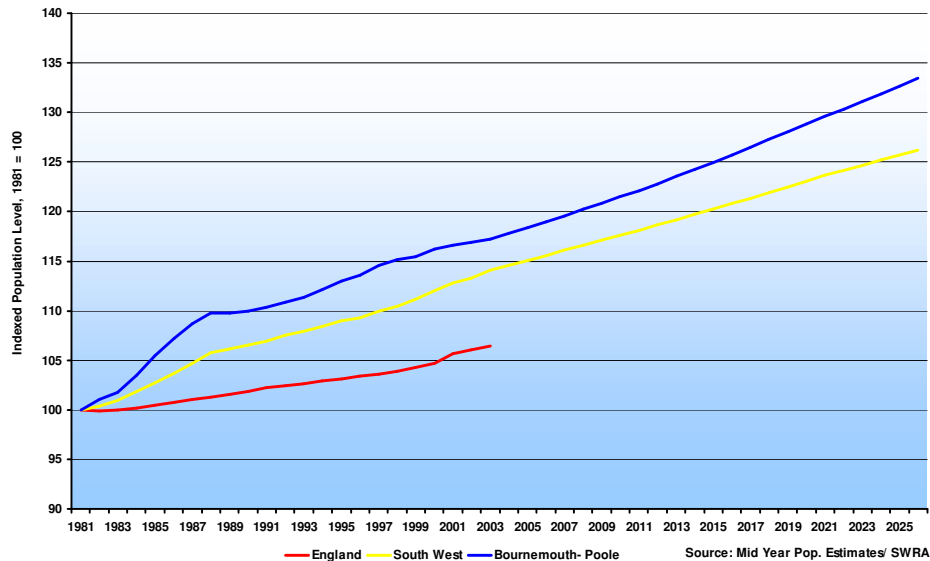
- 1.11 Population change is the product of two drivers, natural population growth and migration. The latter is strongly influenced by economic considerations and also migration associated with people, often with significant housing equity seeking to move for quality of life reasons. Often this latter group, moving out of London, the South East and East of England, may have significant housing equity and be better able to compete for housing than existing local residents.
- 1.12 According to mid year population estimates produced by ONS the population of the districts which make up the Bournemouth- Poole housing market totals some 540,000 in 2003. This accounts for roughly 11% of the region's population. Of this total population the urban district of Bournemouth makes up about 30% (equivalent to a population of 164,000) and Poole 25% (equivalent to population of 138,000) with the more dispersed largely rural populations of the other districts home to 239,000 residents.
- 1.13 Migration data³ shows that the net inflow of people into the Bournemouth-Poole sub region in the year preceding the 2001 Census was 4,062. This is a relatively large inflow of people compared to the other sub regions within the South West. The largest component of this net inflow of population was not from another sub-region, but from outside the South West (4,143), which represents the largest net inward migration from outside the South West for any sub-region. The net inflows from sub-regions within the South West were all fairly small, the largest being from the Gloucester-Cheltenham sub-region (117) and the Swindon sub-region (75).
- 1.14 Figure 3 shows population trends observed in the housing market area between 1981 and 2003 and also population projections for the period to 2026⁴ for both the sub-region and the South West region. Analysis of past trends show that population growth in the sub-region has been at a significant level since 1981 and growth levels have consistently been higher than the South West regional average. The growth rate of the Bournemouth-Poole housing market has also been significantly higher than the national average, with the population increasing by about 15% since 1981, which is equivalent to an increase in population of over 79,000. Proportional population growth has been highest in the districts of East Dorset and North Dorset.
- 1.15 Expectations are that future population growth in the sub-region will continue to be slightly higher than the overall regional average, with average annual growth levels of between 0.5% and 0.6% per annum. This growth rate is equivalent to the population of the area increasing by some 67,000 over the

³ From the 2001 Census

⁴ The population projections used are those generated by the SWRA. DTZ have taken the forecasts generated at 5 yearly interval, and translated them to show average annual changes. The growth rates implied by the SWRA projections have been applied to the 2003 mid-year population estimates.

period 2006-2026. The greatest increases in population, in terms of absolute numbers, over the period are expected in Bournemouth, North Dorset and East Dorset. Care should, however, be taken in interpreting the population projections presented since they are only based on past trends.

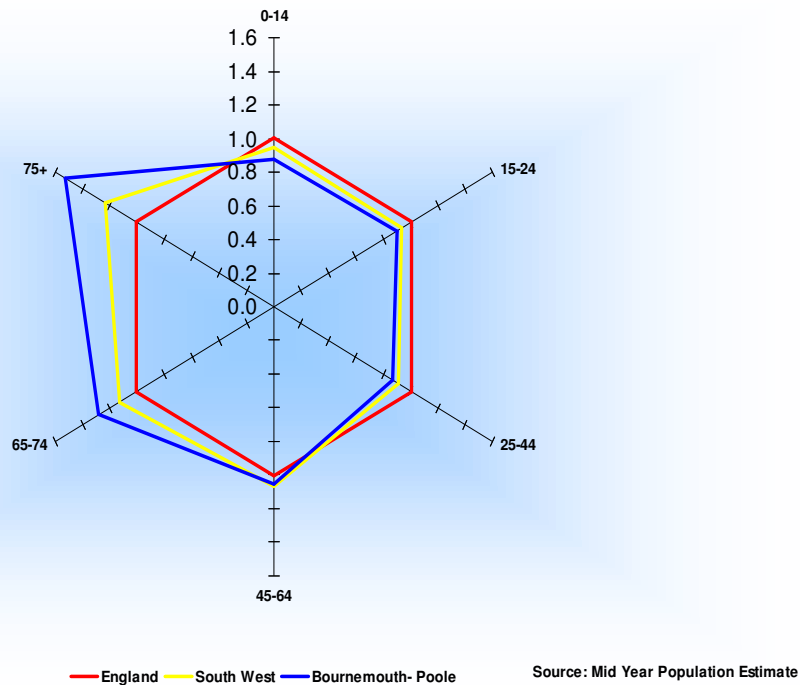
Figure 3: Population Trends and Projections, 1981-2026



- 1.16 Figure 4 displays the demographic structure of the sub-region compared to that of England and the South West region as a whole. The chart presents data as a location quotient, where a score of 1 indicates that the proportion of the population in a particular age group is the same as the proportion in England. A score of more than 1 indicates that the sub-region has a higher proportion of its population in that age group than in England, and a score of less than 1 that the sub-region has a smaller proportion of its population in that age group than found in England.
- 1.17 The Figure demonstrates that compared to national averages the sub-region has a relatively old population, although the general demographic structure is fairly similar to regional averages. However, there is a higher concentration of elderly people – in the age groups 65-74 and 75+ – in the sub-region compared to the South West and so other population groups fall slightly below the regional average. Overall the significant demographic trend in the area is that there is a skew towards the two oldest age groups, which is a more pronounced skew than that of the region in comparison to national statistics.
- 1.18 The areas of Bournemouth, Christchurch and East Dorset have slightly different demographic profiles to the other areas within the sub-region and to the general South West profile. For instance in Bournemouth 57% of the population are aged under 44, whereas in the Christchurch and East Dorset districts only 45% fall under this category. Similarly the elderly populations of

Christchurch and East Dorset (aged over 65) are large by regional standards and are significantly higher than in Bournemouth.

Figure 4: Demographic Structure- Age Profile Location Quotients, 2001



1.19 The household composition⁵ of the sub-region is shown in Figure 5 and highlights that the largest groups within the sub-region are adult couples (25%), two parent families (18%) and the single elderly (17%). Compared to national averages this distribution reflects that the area has a higher relative concentration of households made up of the elderly and other adult couples. In contrast a small proportion of total households are made up of single parent families, single adults and 'other shared households'. Compared to the regional averages there are relatively more elderly households and fewer households with two parent families and single parent families.

1.20 The differences in the sub-region in household⁶ composition to the averages for the South West and nationally tend not to be hugely significant. This is reflected in household size levels which are very similar locally compared to the regional average. In 2001 the average household size in the Bournemouth-Poole housing market area was 2.26 persons per household

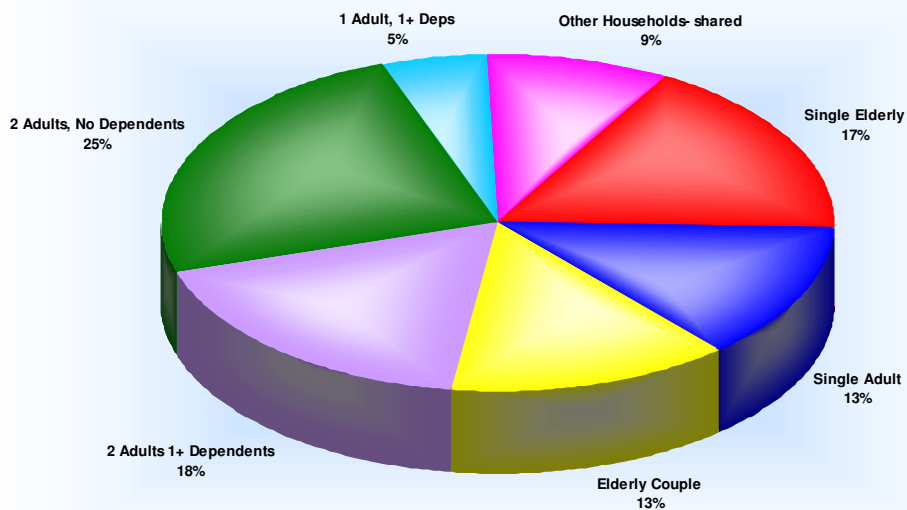
⁵ Census 2001

⁶ Source of current and historic figures: Census 1991 and 2001. Projections from the SWRA.

(pph) compared to 2.31 pph across the South West. This average household size represents a significant fall from 2.44 pph recorded in 1991. In the future the sub-region is expected to follow regional and national trends of falling household sizes and therefore the average household size by 2026 within the sub-region is expected to fall to 2.18 pph, which is only marginally higher than the expected regional level.

- 1.21 Declining household size (which is a continuation of past trends), coupled with expected population growth, means that the number of households in the area is expected to increase significantly in coming years. Indeed, the South West Regional Assembly projections suggest that the number of households in the sub-region can be expected to increase between 2001 and 2026 by over 50,000 (an increase of 22%) from 232,000 to 282,000.

Figure 5: Household Composition, 2001

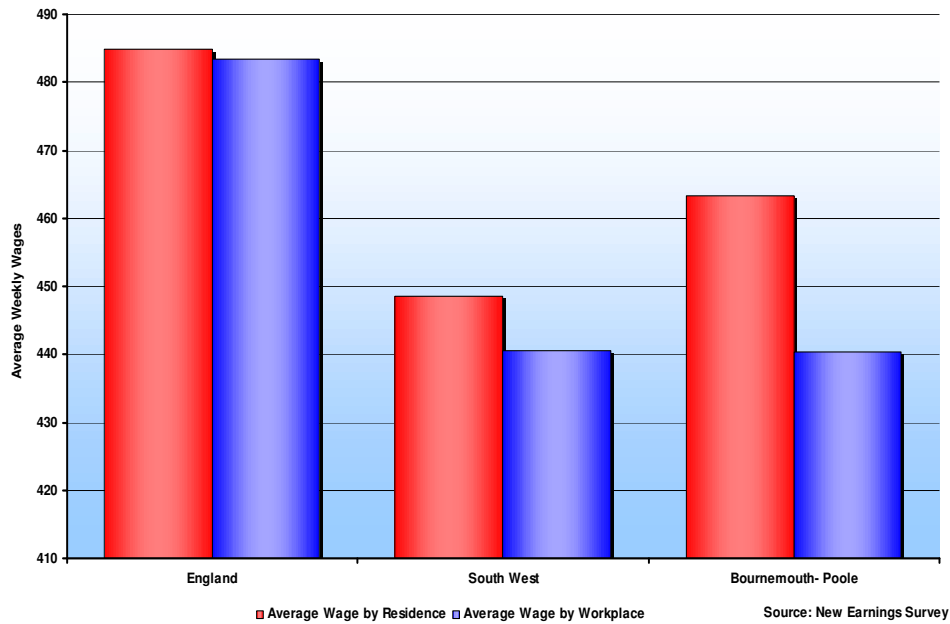


Source: 2001 Census

Incomes and Wages

- 1.22 The demand for housing is not only driven by demographic considerations but is a function of the incomes and wealth of local households, or those who might wish to live in the sub-region. Data on household incomes is difficult to access at the sub-regional level, but indications of local incomes can be derived from analysis of the data on wages and economic activity, though they must be used with caution where significant numbers of people may work outside the sub-region.
- 1.23 It should be noted that while wages are a good proxy for overall wealth, an individual's wealth portfolio will contain a number of elements many of which are not available on a consistent basis. These include, housing equity, stock market holdings and social security payments to name but a few.
- 1.24 Figure 6 shows the average level of gross weekly wages of both residents of the sub-region and those who actually work in the area, derived from the New Earnings Survey. The Figure indicates that average wage levels are slightly lower in the sub-region than at a national level, with both residents and workers earning less than the national average. Average resident wage levels are, however, £15 a week higher than across the South West, although workers in the area earn almost exactly the same per week as the regional average. Within the sub-region variations exist with earnings in North Dorset and Bournemouth standing at approximately £415 per week compared to £599 per week in East Dorset.
- 1.25 It is interesting to note, however, that the average wages of the residents of the housing market are slightly higher than those of the people who actually work in the area. This pattern suggests that there are a number of people who commute out of the sub-region to find higher value and more highly paid work.
- 1.26 Travel to work data from the 2001 Census states there is a net outflow of 8,166 workers in the sub region, which represents 3.5% of the resident working population. 8.7% of workers in the sub-region travel outside of the South West to work. Much of this out-commuting is likely to be either to urban areas such as Southampton or Portsmouth in the South East region. Relatively strong commuter flows out of the Bournemouth-Poole sub-region also exist to the Weymouth-Dorchester sub-region and the Salisbury sub-region (both 1.2% of resident workers).

Figure 6: Average Gross Weekly Wages, 2003

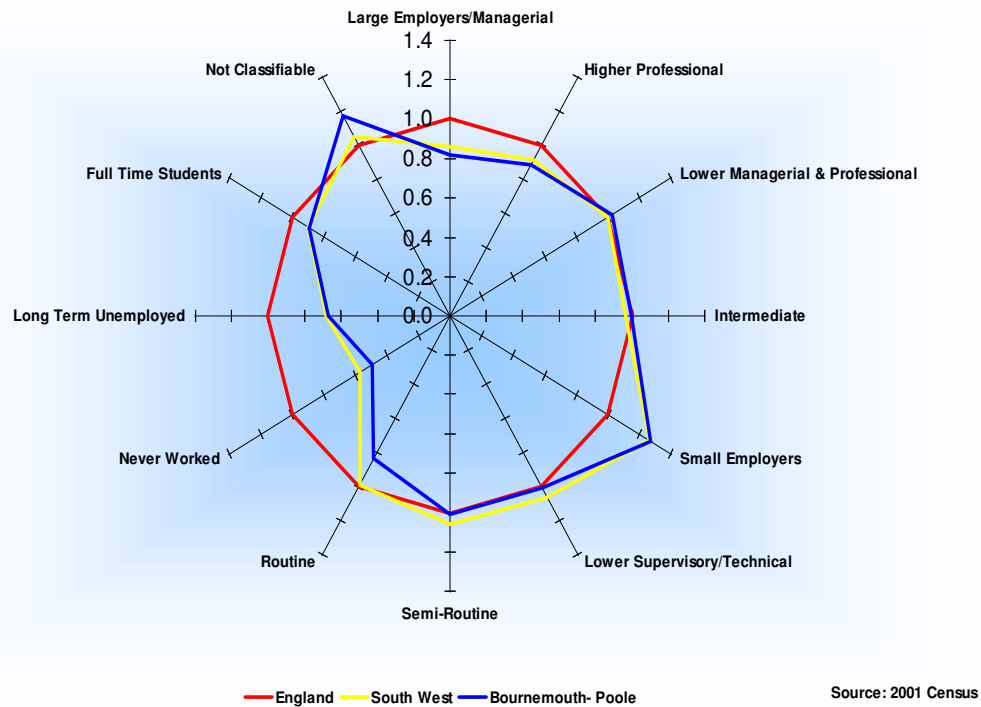


- 1.27 The wage levels of the residents of the sub-region are a reflection of the occupations of the workforce and therefore the type of jobs in which people are employed. Figure 7 compares the socio-economic structure of the area with national and regional averages (Source 2001 Census) using location quotients. A score of 1 indicates that the proportion of the population in a particular occupation is the same as the proportion in England. A score of more than 1 indicates that the sub-region has a higher proportion of its workforce in that occupation than in England, and a score of less than 1 that the sub-region has a smaller proportion of its workforce in that occupation than found in England.
- 1.28 The Figure clearly illustrates that the sub-region has a lower proportion of those who are long term unemployed and have never worked compared to national averages, although this position is more in line with the average for the South West. In terms of the occupational structure of the sub-region, compared to nationally the area has relatively high concentrations of those who are small employers and a relatively low concentration in higher professional, large employers/managerial and routine occupations. This concentration of mid-value occupations reflects the wage levels which are lower than the national average. The Bournemouth-Poole housing market also has a relatively high concentration of unclassifiable occupations compared to the national level.
- 1.29 In contrast the sub-region has similar concentrations in large employers/managerial, higher professional, lower managerial and professional occupations and small employers to the South West. Differences to the South West are seen by the sub-region’s relatively low concentrations of those who

have never worked and those in routine and semi-routine jobs, which is why wages are slightly higher locally than across the region.

- 1.30 In absolute terms the largest group in the sub-region is those in lower managerial and professional occupations who make up 19% of the working age population⁷. 12% of this population are in semi-routine occupations with 9% in intermediate activities.

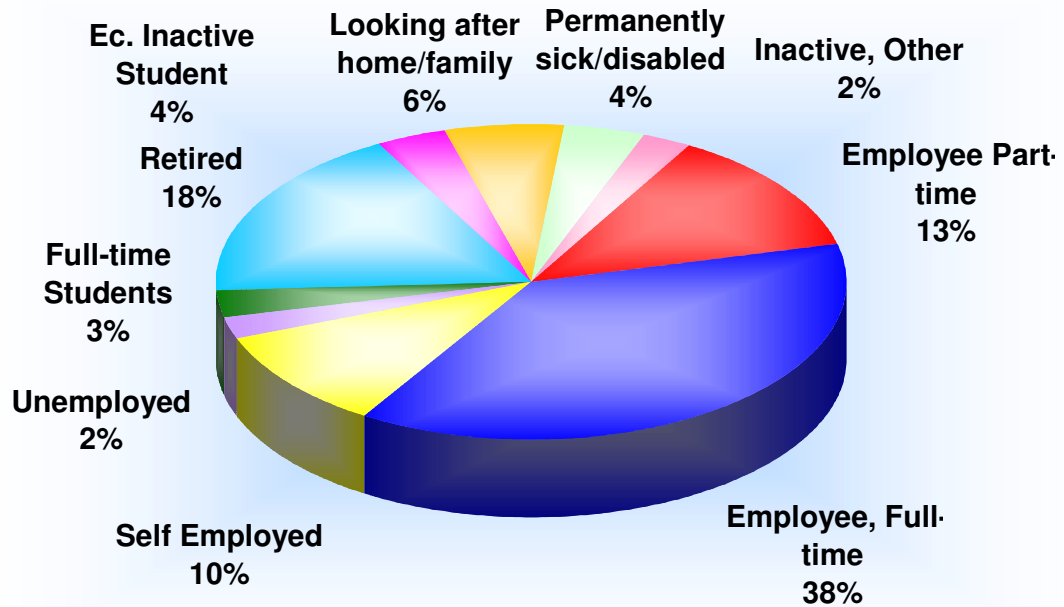
Figure 7: Socio Economic Structure, 2001



- 1.31 Economic activity is defined as those in employment (or self-employment) or unemployed but available for work. It represents the extent to which the working-age population is engaged with the labour market, whether or not they are actually working.
- 1.32 Economic activity levels within the sub-region are broken down in Figure 8. Census data shows that in 2001, 66% of the working age population were economically active, which is slightly below the regional average of 68% but similar to the national average (67%). The proportion of those who are retired in the sub region (18%) is higher than the regional (16%) and national (14%) averages. This is a reflection of the demographic profile shown in Figure 2, which shows a high concentration of the population aged over 45.

⁷ Those aged 16-74.

Figure 8: Economic Activity Breakdowns, 2001



Source: 2001 Census

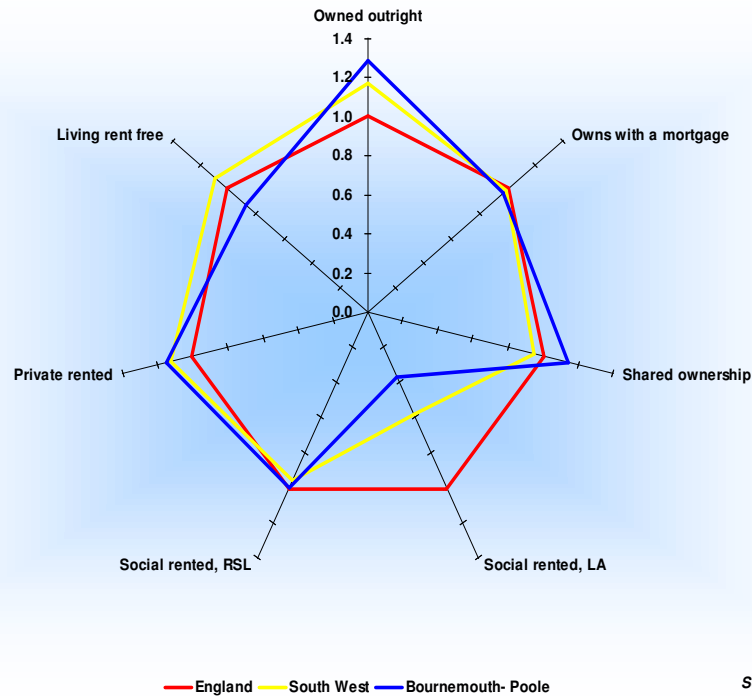
SUPPLY SIDE DYNAMICS

Housing Stock

- 1.33 Data from the Census states that there were 243,900 dwellings⁸ in the sub-region in 2001 with this number, according to ODPM HIP returns, rising to 246,500 in 2002. Of these spaces only 231,600 actually act as a principal residence and therefore this is the number of actual households in the sub-region.
- 1.34 Figure 9 shows the tenure breakdowns of these households in terms of the relative concentrations in the Bournemouth-Poole sub-region compared to the national and regional averages. In absolute terms the largest tenure groups in the housing market area are those who are currently buying their property through a mortgage or loan and those who own their property outright (both about 38%). This means that a total of 75% of households are owner occupied. 12% of households are made up from the private rented sector whilst rented social housing accounts for 11% of households.
- 1.35 Translated into location quotients (where a score of more than 1 indicates that the area has more than the national average in proportional terms, and a score of less than one that the area has less than the national average in proportional terms) these trends reflect that compared to national averages there are relatively small numbers in the Bournemouth-Poole sub-region who rent social housing from the local authority and a relatively high concentration who own their property outright and those with shared ownership. The tenure mix locally is quite different to that observed across the South West in some respects, with higher concentrations owning their property outright or within shared ownership. The sub-region also has lower concentrations of local authority social rented property and those living rent free, although has similar levels to the South West in property being bought with a mortgage, the private rent sector and registered social landlord rented property.

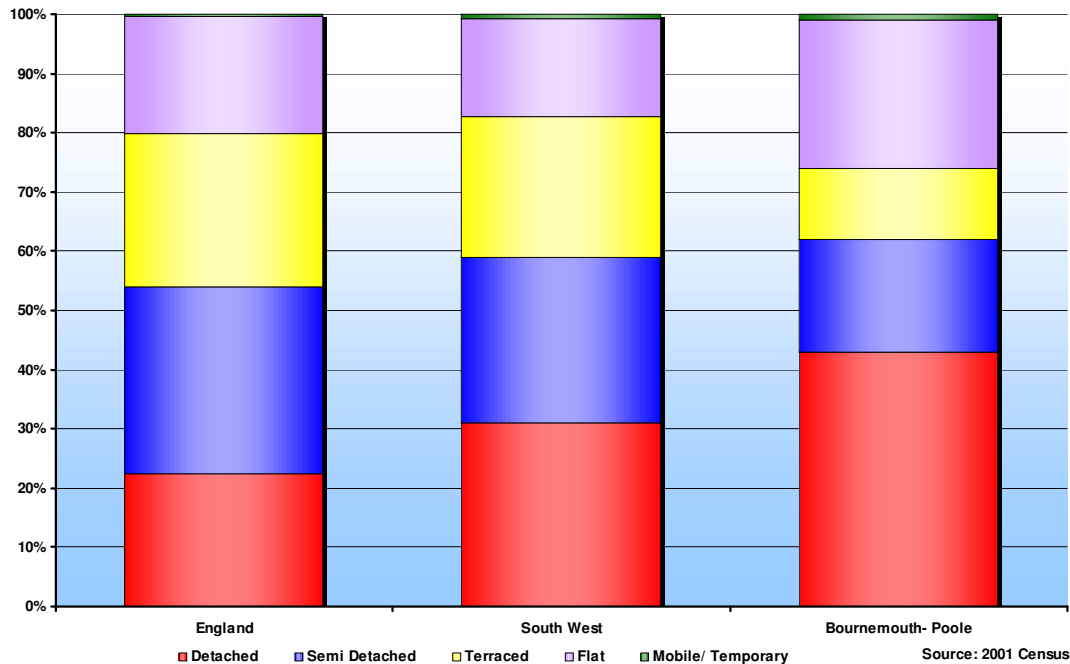
⁸ Dwellings are referred to as Household Spaces in the 2001 Census. A household space is the accommodation occupied by an individual household or, if unoccupied, available for an individual household.

Figure 9: Tenure Breakdown of Stock, 2001



- 1.36 The housing stock of the sub-region is characterised by a large proportion of detached properties and flats in comparison to benchmark areas and a subsequent relatively small proportion of semi-detached and terraced properties. 43% of all properties in the Bournemouth-Poole housing market area are detached, compared to a regional average of 31%. This indicates a high quality housing stock in the area, with about 62% of the properties locally either detached or semi-detached compared to 55% nationally and 59% in the South West. Interestingly flats constitute the second largest type of property, making up about 25% of all properties, well above the regional average of 16%.
- 1.37 The breakdown of council tax bands of properties in the area highlights further the relatively large number of large/ high quality properties in the area. 26% of properties are in the lower council tax bands A and B compared to 45% nationally, whereas 26% of properties are in the highest bands, E-H compared to 19% in the South West and 18% nationally.

Figure 10: Breakdown of Dwelling Types, 2001



Additions to Stock

1.38 There is no wholly reliable set of data going back in time for housing completions. These are the two primary sources of available data on housing completions:

- The Regional Assembly now reports net housing completions (new dwellings including conversions less demolitions) in its Annual Monitoring Report (AMR). There is an adequate data set for the years 2002/3 and 2003/4, however latest report for 2003/4 is still being compiled and the data is unverified. Though the figures presented are for net completions the Regional Assembly has indicated that the number of dwellings demolished in the South West is small so that there is likely to be little difference between the figures for net and gross completions.
- Historic data on housing completions data can be derived from the ODPM (P2M returns). However, this data is for gross completions of new build properties only. The figures therefore do not include new dwellings created by conversions of non-residential properties or the sub-division of existing residential properties. In the view of the Regional Assembly the number of conversions are thought to be a fairly significant source of additional housing supply.

1.39 Thus, Figure 11 shows Net completions data from the Regional Assembly. There has been a significant increase in the level of net completions from

2,136 completions in 2002/3 to 2,863 completions in 2003/4. The Figure compares this with the target for gross housing completions derived from current Structure Plans, expressed as an annual target. The combined target for the Bournemouth and Poole sub-region would be to provide the equivalent of 2,276 dwellings per annum on average, over the period of the Structure Plan.

- 1.40 Thus for the latest year shown, net completions (and by inference, gross completions, since gross completions must be as least as high as net completions) are greater than the annualised gross completions target.

Figure 11: Net Completions 2002/3 and 2003/4 & current total gross completions target, 2004



- 1.41 In terms of the pipeline for future housing provision, this is reported in the AMR under the heading total housing commitments. This measures the potential for new housing development on sites identified for housing in adopted Local Plans or Plans placed on deposit, as well as all other sites with planning permission for housing. Permitted small sites and dwellings after conversion (of existing dwellings) are also included.

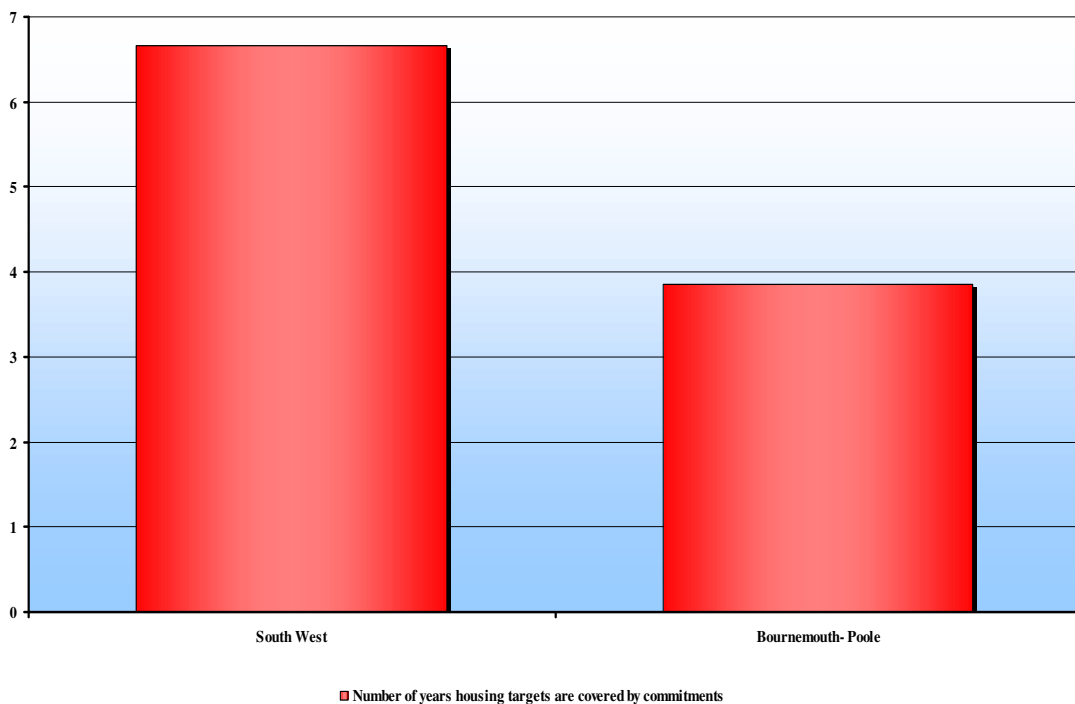
- 1.42 Total Housing Commitments⁹ in the Bournemouth-Poole sub region in 2003 were 8,778. With an annual target (identified through structure plans) of

⁹ Housing commitments include sites identified for housing in adopted plans or plans placed on deposit as well as all other sites with planning permission for housing. Permitted small sites and dwellings after conversion (of existing dwellings) are also included.

2,276 dwellings the sub region has a potential future housing supply which can cover its targets for approximately four years. This is lower than the regional average, which has the potential to cover its target by around seven years.

- 1.43 However, development is not necessarily assured on these sites. Problems such as expiry of planning permission (which has recently been reduced from five to three years) or the de-allocation of sites may mean that not all the commitments are completed.

Figure 12: Total commitments as at 31st March 2003 divided by Annual Housing Target



Source: SWRA and Structure Plan Housing Targets

Affordable Housing Supply and Requirement

- 1.44 In 2001 housing associations and local authorities had a total stock of dwellings of around 25,200 dwellings. This compares to an estimated stock of 23,700 dwellings in 1991. The stock of social rented housing in the sub-regional housing market area (at 11% of all dwellings) is lower than the regional average of 13% and the national average of 19% (Source is Census 2001).
- 1.45 Over the period 1998 to 2003 an average of 141 new dwellings have been built by RSLs in the Bournemouth-Poole sub-region per annum. However over the same period some 880 dwellings have been sold in Bournemouth, Poole and Purbeck districts alone under the Right to Buy provisions, an

South West Housing Body
Housing in the South West – Bournemouth and Poole Sub-regional Profile
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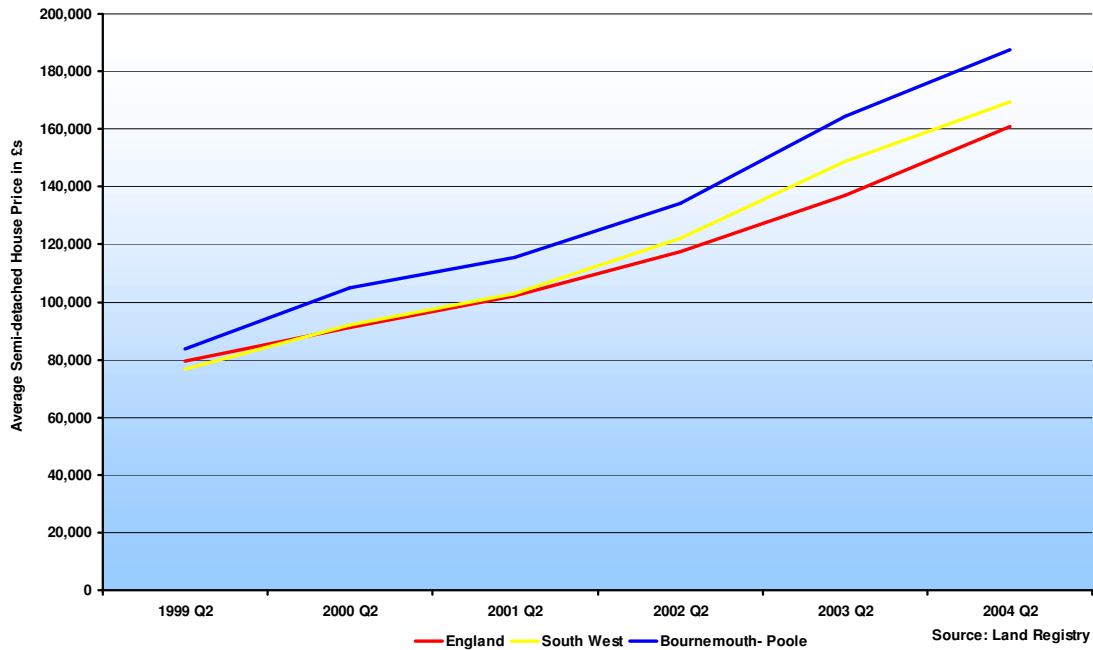
average of 176 dwellings per annum (Source: Housing Corporation). It should be noted that affordable housing completions will be boosted by Section 106 agreements, however, consistent data on these completions are not currently available.

THE INTERACTION OF DEMAND AND SUPPLY

House Prices

- 1.46 The principal indicator of the interaction between the demand and supply for housing in the sub-region is through the movements of average house prices as well as the levels of sales achieved. The current overall average house price in the sub-region is £220,000 which is much higher than the national average (£178,000) and significantly higher than the average for the South West (£187,000).
- 1.47 Figure 13 shows how average house prices (for consistency in terms of differing housing stocks we use average prices for semi-detached properties) have developed since 1999. The chart shows that the overall average house price in the sub-region is consistently higher than the regional average in terms of like for like semi-detached house prices. The overall high average price in the sub-region is therefore likely to reflect the relatively large proportion of higher quality properties in the area and not just that a house in Bournemouth-Poole sub-region would be more expensive than the regional average for a similar property.
- 1.48 The trend over the last five years has seen average house prices within the sub-region increase at a similar rate to within the region, if not slightly higher, and at a higher rate than the national average. Therefore for semi-detached properties the current average house price of £188,000 is some £104,000 higher than the average price in 1999, which represents an increase of some 124%, compared to 103% nationally and 121% regionally.
- 1.49 Variations within the sub-region do exist with an average house price increase of some 146% in Purbeck compared to 108% in Christchurch. Variations also exist in overall average house prices, with the average in Purbeck of over £211,000 compared to an average in Poole of £184,900 for semi-detached properties.
- 1.50 Analysis of the average house prices in the lower quartile has been proxied by assessing the increase in the average price for flats/maisonettes and terraced properties (some care should be taken in interpreting these figures due to the proportion of high value flats in the sub-region). The current average price in this lower quartile range is £170,000 which is some £101,000 higher than the average in 1999 and represents an increase of 146%. This increase is higher than the regional average of 130% and considerably higher than the average across England as a whole (91%).

Figure 13: House Price Trends, 1999-2004



Affordability of Owner Occupation

- 1.51 Housing affordability is a key housing market issue and has increased in significance in recent years with the high levels of house price growth observed above. Housing affordability is an extremely difficult indicator to accurately quantify as there are significant difficulties in accessing robust data which accurately portrays the relationship between household incomes and house prices. However there are a number of measures which can provide an indication of where relative levels of affordability are of greatest concern to individuals wishing to access the housing market.
- 1.52 A recent study by the Joseph Rowntree foundation¹⁰ suggests that issues of affordability are just as prevalent in the South West as they are in areas such as London and the South East where housing affordability has been identified as an issue for a number of years. This measure relates the incomes of households aged 20-39 (and therefore are of the age range most likely to be first time buyers) and the price of 2-3 bedroom properties. According to this definition, house price affordability in the Bournemouth – Poole sub region is a significant problem with a house price:income ratio of 5.47:1 compared to the regional average of 4.66:1 and the national average of 4.11:1.
- 1.53 It should be noted that this indicator does not provide a definitive measure of affordability but can be used as a broad indication of where house price to income ratios may be highest.

¹⁰ Can Work – Can't Buy, S Wilcox, 2003. York: JRF

Housing Need

- 1.54 Where affordability is an issue, one would expect this to be reflected in high and rising levels of housing need as recorded by numbers of people on the Housing Register and rising levels of homelessness, unless the supply of affordable housing is increasing.
- 1.55 The number of households on the Housing Register in the sub-region has risen by 26% (from 7,450 to 9,350) since 2000, in line with the regional increase of 25% seen over the same period (Source: OPDM HIP returns).
- 1.56 Figure 14 shows the number of households in the sub-region which are classified as homeless and in priority need per 1,000 total households. The chart shows that relative levels of homelessness in the Bournemouth-Poole housing market area are low compared to national averages but also below the levels observed in the South West, more so in the most recent years.

Figure 14: Number of Households per 1,000 of Total Households Classified as Homeless and in Priority Need

