

Tees Valley Housing Market Intelligence Update Summer 2010



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Tees Valley Housing Market Intelligence Update

Summer 2010

This is a taster of the type of housing market intelligence which is being collated and analysed through joint working of Tees Valley Living (as part of Tees Valley Unlimited) and the five Tees Valley Local Authorities.

The report provides coverage of a range of housing market indicators and sets out to identify key trends with view to gaining a better understanding of the impact that the current economic down turn is having on the housing market and the likely pace and timing of recovery. It also provides a summary of key factors relating to housing stock. This ongoing analysis of housing market intelligence is essential for identifying early signs of change which in turn can guide the actions of sub-regional partners.

This report provides an overview of data made available for the fourth Quarter of the financial year (January to March) and considers how this compares with previous years. Whilst a wide range of housing market information is only available at a national or regional level, TVL and the JSU are engaging with local authorities, partners and regional and national data providers to explore ways in which to establish more localised data sources.

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Average Sales Prices

Prices in the Tees Valley doubled in the 5 years to 2007, peaking in Quarter 2, 2007/08 at £138,700 before falling all throughout 2008/09.

The price rises seen over the last three Quarters have reversed five consecutive Quarters of year-on-year negative growth and the most significant rise in prices seen since Quarter 2, 2007/08 bringing Tees Valley average at Quarter 4, 2009/10 to £129,800 (6.7% higher than a year earlier).

Prices in the sub-region are lower than both regional (£138,900) and national (£224,100) averages. Across the sub-region prices are shown to be lowest in Middlesbrough (£109,400) and highest in Stockton-on-Tees (£145,000).

Each of the other property types showed positive growth in prices, most notably detached properties – rising by 10% over the year.

The average price of re-sales rose by 9.3%, to £129,400 – representing the highest 4th Quarter re-sale average recorded. By contrast, the average price of a new build in Tees Valley was just £132,800 in Quarter 4, 2009/10; 7.9% lower than seen a year earlier.

Higher priced properties, detached and semi-detached, have seen sales recover at a greater pace than the traditionally lower priced terraces and flats. However, latest Quarterly sales figures suggest that sales are now picking up across all property types.

The housing market in neighbourhoods targeted by HMR intervention is still disconnected from the rest of the market and despite significant annual increases, average prices remain well below the district and Tees Valley averages, with an average of £45,657 paid to acquire private residential properties within intervention areas.

Average asking prices have reduced by over £8,000 suggests that sellers have had to drop prices to secure sales.

Sales Volume

20.6% increase in sales volume from a year earlier when volumes were at a historic low for the 4th Quarter but still almost 65% less than peak recorded in Quarter 4, 2006/07.

New build sales volume now up 12.7% compared to 12 months earlier but re-sale transaction up by 22%.

Prices in AMI (£75,600) and HMRA (£85,700) have remained fairly constant compared to Quarter 4, 2009/10 with marginal year-on-year increases (+ 0.3% and + 2.3% respectively). Sales in AMI 11.6% below 12 months earlier but marginal increase in HMRA (+2.3%).

RICS Residential Lettings Survey (National level)

Over the past year, over 30% of landlords with tenants have dropped into mortgage arrears at some point. This suggests difficult times for the private renting sector.

The average monthly rent for the North East is shown to be amongst the lowest in the country at £597 per month, 3.4% lower than in April 2009.

Social Housing Register

There are 14,176 active applicants (eligible and able to bid) on the Tees Valley Sub-regional Choice Based Lettings Housing Register.

24.8% of active applicants fall within a priority band and of these applicants, 26.7% fall into priority band 1 (those classed as most vulnerable) and 50% in priority band 2 highlighting the demand on social housing.

However, just under 50% of active applicants are bidding for properties (6,506). An annual review of applicants will establish reasons for not bidding and help to update waiting list data. Numbers of properties coming available each week is significantly less than numbers bidding.

Mortgage Approvals (National level)

Mortgage approvals between January and March 2010 are 60% below the same period in 2006/07. However, year-on-year comparison shows signs of improvement with approvals in January to March 2010 seen to be 33% higher than at the same point 12 months earlier.

Loan Approvals (National)

Home purchase loan approvals in April 2010 are 13% higher than 12 months prior. Approvals for both first-time buyers and home-movers increased (6% and 18% respectively).

First time buyers represented 35% of all home purchase loan purchasers in April – the lowest proportion since September 2007 perhaps indicating difficulty first time buyers are having in accessing the finance required to purchase homes.

Loan-to-value (National)

First-time buyers were again placing an average 25% deposit in April compared to an average of 11% deposit seen throughout much of 2008.

Mortgage Possessions – claims issued and orders granted

Across Tees Valley as a whole claims issued are 18% lower than in Quarter 4, 2008/09. Orders made have reduced by 13% over the same period.

Homelessness

There is evidence of real progress in tackling homelessness across the Tees Valley. The number of homeless acceptances fell by 92.5% from 2004/05 to 2009/10. Households living in temporary accommodation has also reduced over the same period (77.8%).

Affordability

With continued restricted access to finance and the demands for large deposits for first-time buyers affordability will continue to be a problem for many in the Tees Valley. When comparing lower Quartile House prices to LQ Annual Earning, data shows lower quartile prices for terraces are 3.57 times earnings and lower quartile prices for detached properties are 9.5 times lower quartile earnings.

Stock Condition

Recent Private Sector Stock Condition Surveys reveal 63,000 non-decent private sector dwellings in the sub-region. £242 million is required to remedy non decent homes of which £114 million is required to remove Category 1 hazards. Privately rented dwellings have the highest rate of non decency.

Given that just over 50% of residents in the Tees Valley are on an income of less than £15,000 per annum, this limits the contributions that homeowners can make to repair, improve and adapt their homes and presents real challenges to the sub-region.

House Building

In the Tees Valley, despite achieving 17,200 gross completions, large scale clearance of properties as part of the HMR programme (almost 6,000) has impacted greatly on the net outturn. As a result, net additional outturn in the Tees Valley from 2002/03 to 2009/10 was 30% below the RSS requirement (shortfall of 4,840 units).

Gross completions provide a more helpful measure of house building rates and capacity of the house building sector. There was a year on year increase in gross completions from 2004-05 to 2007/08 and completions peaked at an all time high of over 3,000 units in 2007-08

Starts in 2009-10 were 34% above 2008-09, suggesting perhaps a greater confidence amongst house builders to invest in continued building. However, gross completions remain fairly constant (only 3% higher than 2008-09).

Tees Valley wide housing sites trajectories indicate capacity to build 34,273 gross completions by 2023/24. This equates to an indicative 30,539 net additional homes after deducting 3,734 planned clearances, suggesting there is capacity to exceed the RSS requirement (as was) by 11% over this 13 year period.

Empty Homes

Based on Council tax records, there are over 8,000 empty homes in the Tees Valley. More than 5,000 homes have been empty for 6 months or more which equates to 1.8% of total stock.

Of those dwellings empty for 6 months or more, 31% of these properties fall within the AMIs where HMR intervention is targeted. It should be noted that up to 9% of these long term empty dwellings are empty because they have been taken out of use as part of a managed programme of HMR.

Population Projections and Household Formation

The growth in single households is accounting for 70% of all household growth. By 2029, the retired population is expected to represent 30.5% of the Tees Valley population and is a key factor behind growth in single households.

1. HOUSE SALES – AVERAGE PRICES

Average Sales Prices

1.1 Fig.1 shows average sales prices from the Land Registry as reported for the 4th Quarter of the financial year 2009/10 (January – March 2010). Comparison with the 4th Quarter averages for previous years is also provided. In this Quarter the average price of a property sold in Tees Valley is shown to be £129,800. Prices in the sub-region are lower than both regional (£138,900) and national (£224,100) averages.

1.2 The average price in the sub-region was seen to be 6.7% higher than a year earlier. Regionally and nationally prices were also up, by 7.3% and 12.7% respectively. Noticeably, the current averages are the highest 4th Quarter sales values ever recorded in both the Tees Valley and nationally.

1.3 The average price and changes in house prices vary between the five local authority areas in Tees Valley. There are distinct housing markets across Tees Valley, which exhibit very different characteristics and are therefore more likely to be affected by, and recover from, the economic downturn in different ways.

1.4 Across the sub-region prices are shown to be lowest in Middlesbrough (£109,400) and highest in Stockton-on-Tees (£145,000). On the whole, prices across Tees Valley districts are shown to be higher than a year earlier, with the exception of Middlesbrough where a 6.7% reduction in prices was seen for the Quarter.

Fig 1 Average Sales Prices, 2007/08 to 2009/10 (Quarter 4 each year)

	Price			Annual Change		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Darlington	£135,900	£130,600	£131,800	-0.4%	-3.9%	0.9%
Hartlepool	£120,500	£96,100	£117,400	3.6%	-20.2%	22.2%
Middlesbrough	£112,300	£117,200	£109,400	-2.9%	4.4%	-6.7%
Redcar & Cleveland	£125,900	£116,100	£128,800	2.7%	-7.8%	10.9%
Stockton-on-Tees	£144,300	£134,500	£145,000	0.9%	-6.8%	7.8%
Tees Valley	£129,200	£121,600	£129,800	0.9%	-5.9%	6.7%
North East	£139,700	£129,400	£138,900	2.6%	-7.4%	7.3%
National	£218,400	£198,900	£224,100	3.7%	-8.9%	12.7%

Source: Land Registry

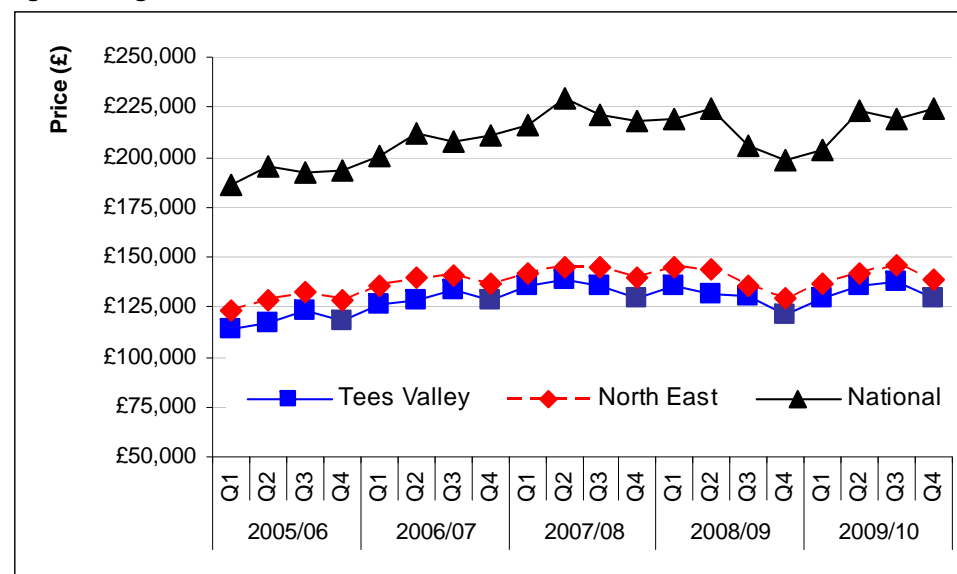
Average Sales Prices – Last 5 Years

1.5 Comparing current house prices with previous years helps to identify key trends and in particular to recognise what impact the economic downturn has had.

1.6 Trends in house prices in the sub-region have followed a similar pattern to those both regionally and nationally (see Fig 2). Following years of steady increases prices peaked in Quarter 2, 2007/08. Quarter 3 of 2007/08 appears as a tipping point at which time the momentum of house price increases was suddenly lost following the onset of the credit crunch.

1.7 An evident trend is that Tees Valley prices have remained well below the national average and marginally below the regional average throughout the past five years. The impact of the current economic downturn is clear with average prices in the final Quarter of 2008/09 having fallen to prices similar to those previously seen in 2005/06, however, the past year has seen house prices rising again.

Fig 2 Average Sales Prices, Quarter 1, 2005/06 to Quarter 4, 2009/10



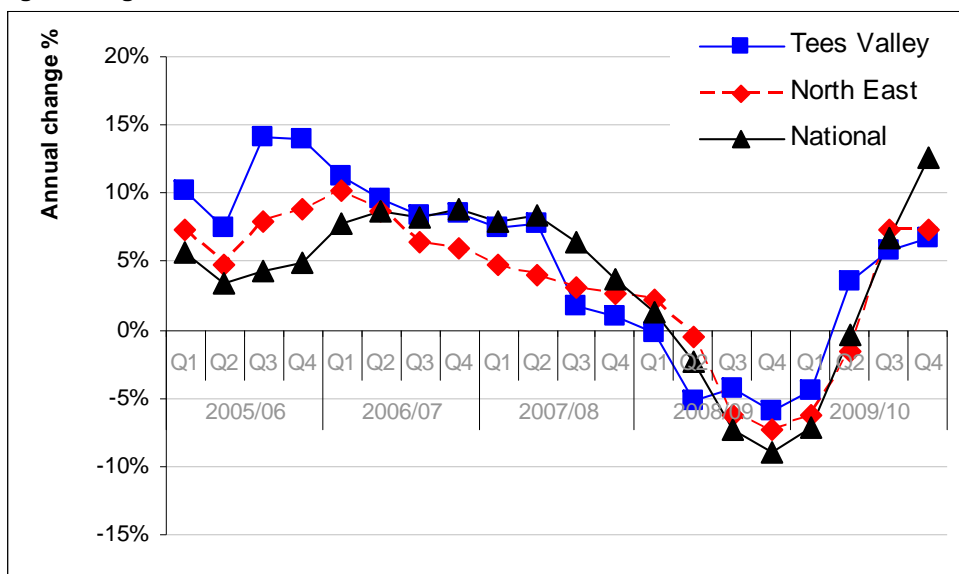
Source: Land Registry

1.8 Fig 3 shows the annual percentage change in house prices from Quarter 1 of 2005/06 through to Quarter 4 of 2009/10. This highlights the decline in house prices seen in the Tees Valley, regionally and nationally following the onset of the economic downturn. It also demonstrates the recent price gains.

1.9 Whilst Quarter 3 of 2007/08 had marked the point at which the momentum of price increases was lost, the first signs of negative growth in Tees Valley were seen a number of months later in Quarter 1 of 2008/09 (-0.1%). At a regional and national level, this first sign of negative growth occurred a little later, in the 2nd Quarter of 2008/09.

1.10 The price rises seen over the last three Quarters have reversed five consecutive Quarters of year-on-year negative growth and the most significant rise in prices seen since Quarter 2, 2007/08 when prices had peaked.

Fig 3 Change in Sales Prices, Quarter 1, 2005/06 to Quarter 4, 2009/10



Source: Land Registry

Average Sales Prices – Property Types

1.11 Fig 4 shows that for the sub-region as a whole the only property type that did not see prices improve was semi-detached, which averaged a very slight decline (0.4% down). Each of the other property types showed positive growth in prices, most notably detached properties – rising by 10% over the year. Prices vary greatly by property type, ranging from a high price of £223,900 for detached properties, to just £92,300 for terraced properties.

1.12 Prices for all property types had been in decline until recent Quarters. Detached properties had actually been the last to turn the corner with the most recent Quarter seeing the first annual rise in detached property prices since mid 2008. With the exception of semi-detached properties, there is evidence of property values across all types returning towards peak values previously seen in 2007/08.

1.13 Average prices and change in price for individual property types in each of the sub-regions local authorities are shown in Fig.4; however, these should be treated with some caution due to the low numbers of sales recorded – as is highlighted later in section 2 where sales volumes are considered.

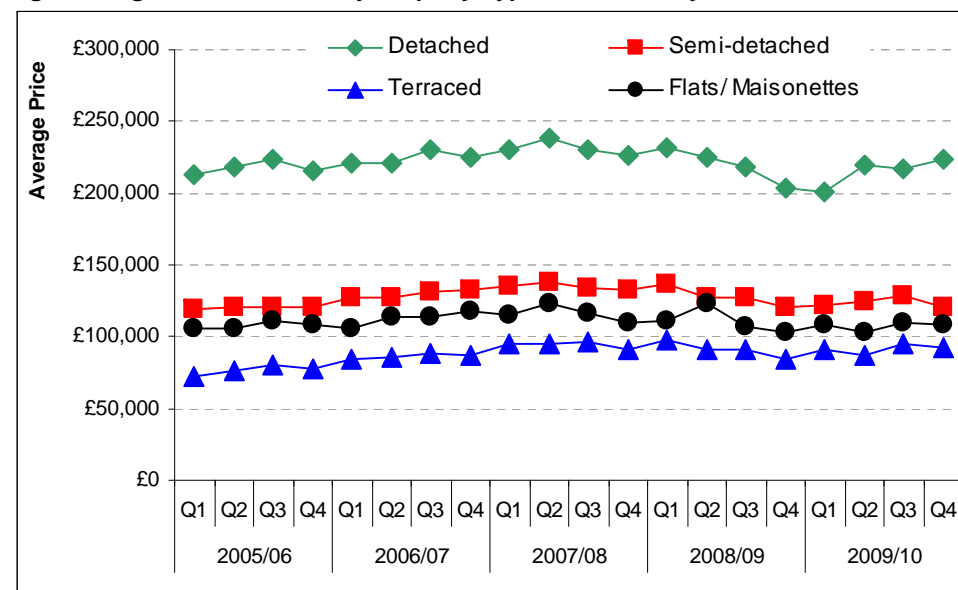
Fig 4 Average Sales Prices by Property Type, Quarter 4, 2009/10

	Detached		Semi-Detached		Terraced		Flat/Maisonette	
	Price	% diff	Price	% diff	Price	% diff	Price	% diff
Darlington	£209,100	-5.6	£131,300	-4.8	£101,300	13.0	£114,900	-8.0
Hartlepool	£211,300	8.4	£126,000	20.7	£78,600	8.2	£113,800	36.5
Middlesbrough	£221,300	10.8	£111,000	-8.9	£76,700	-8.8	£94,500	10.6
Redcar & Cleveland	£209,700	8.7	£122,700	7.5	£93,900	10.6	£90,600	10.8
Stockton-on-Tees	£237,800	15.8	£116,800	-3.8	£105,500	14.1	£118,500	20.1
Tees Valley	£223,900	10.0	£120,400	-0.4	£92,300	8.7	£108,000	4.1

Source: Land Registry

1.14 Fig 5 shows that the sales value of detached properties in the sub-region has remained above £200,000 throughout the economic downturn – dropping to a low of 203,600 during the 4th Quarter of 2008/09. In contrast the average value of terraced property is shown to have failed to move above £100,000 even at peak times in 2007/08.

Fig 5 Change in Sales Prices by Property Type in Tees Valley



Source: Land Registry

Average Sales Prices – New Build & Re-sales

1.15 The average price of a new build in Tees Valley was just £132,800 in Quarter 4, 2009/10; 7.9% lower than seen a year earlier and well down on the 4th Quarter peak price of £173,000 seen at the end of 2005/06. By comparison the average price of re-sales rose by 9.3%, to £129,400 – representing the highest 4th Quarter re-sale average recorded.

1.16 Local authority averages for new builds are provided, however, these should be treated with caution given the low volume of sales in each authority.

Fig 6 Average Sales Prices by New Build & Re-sale, Quarter 4, 2009/10

	New		Resale	
	Price	% annual change	Price	% annual change
Darlington	£141,600	-24.1%	£130,900	4.1%
Hartlepool	£128,000	-1.4%	£115,800	26.4%
Middlesbrough	£93,800	-30.2%	£111,600	-3.4%
Redcar & Cleveland	£146,700	7.6%	£127,700	11.6%
Stockton-on-Tees	£146,800	2.2%	£144,700	9.5%
Tees Valley	£132,800	-7.9%	£129,400	9.3%

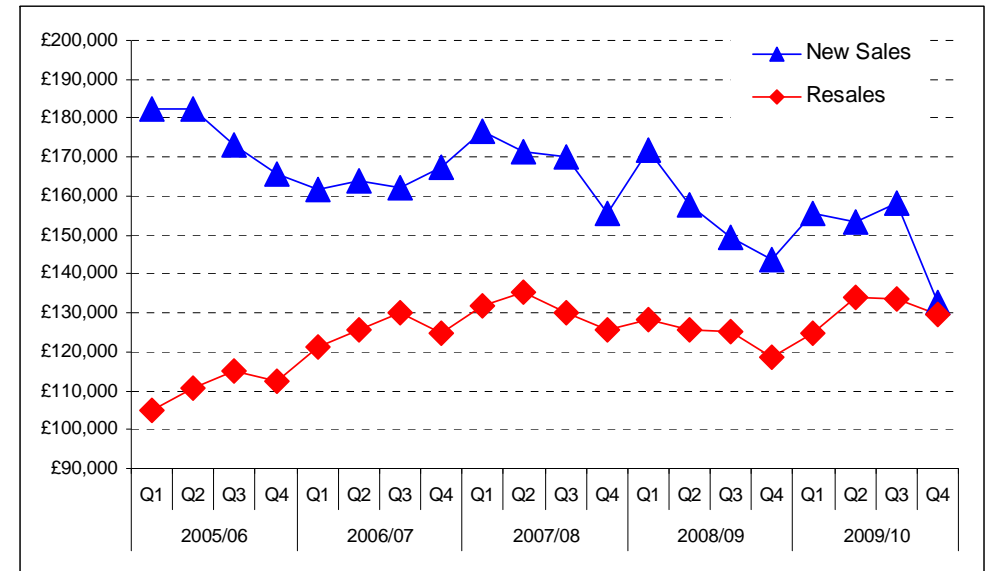
Source: Land Registry

1.17 The price premium on new builds has been shrinking in Tees Valley over the past five years and the relatively low new build sale price – alongside a relatively high re-sale average has seen the new build premium drop to just £3,400 (highlighted in fig 6). This compares to a gap of £79,300 in 2005/06.

1.18 Prices over the next few Quarters should reveal if this is a trend likely to continue or merely an anomaly due to the low numbers of new build sales registered, as highlighted in section 2.

1.19 Fig 6 illustrates the trend of falling sales values for new builds and rising values for re-sales seen over the past five years.

Fig 6 Average Sales Prices by New Build & Re-sale; Q1, 2005/06 to Q4, 2009/10



Source: Land Registry

2. HOUSE SALES – SALES VOLUMES

Sales Volumes

2.1 Fig 7 shows the sales volumes for the Tees Valley, north east region and England & Wales for the 4th Quarter of 2009/10, with comparative figures for previous years provided.

2.2 Sales recorded with the Land Registry show some encouraging signs of rising sales numbers. Data for Quarter 4, 2009/10 shows that 1,308 sales were registered across the Tees Valley, representing a 20.6% increase from a year earlier when volumes were at a historic low for the 4th Quarter of any financial period. This marks the 2nd Quarter in succession to see sales rising year-on-year having followed eight Quarters of year-on-year falling sales which had started back in Quarter 3, 2007/08 (see Fig 8).

Fig 7 Sales Volumes, 2007/08 to 2009/10 (Quarter 4 each year)

	Quarter 3 Sales			Quarter 3 Annual Change		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Darlington	394	190	215	-35.1%	-51.8%	13.2%
Hartlepool	315	142	183	-39.7%	-54.9%	28.9%
Middlesbrough	466	217	233	-43.2%	-53.4%	7.4%
Redcar & Cleveland	451	219	230	-32.8%	-51.4%	5.0%
Stockton-on-Tees	627	317	447	-36.9%	-49.4%	41.0%
Tees Valley	2,253	1,085	1,308	-37.7%	-51.8%	20.6%
<i>North East</i>	<i>8,733</i>	<i>3,847</i>	<i>4,693</i>	<i>-32.5%</i>	<i>-55.9%</i>	<i>22.0%</i>
<i>National</i>	<i>181,871</i>	<i>84,331</i>	<i>138,487</i>	<i>-35.6%</i>	<i>-53.6%</i>	<i>64.2%</i>

Source: Land Registry

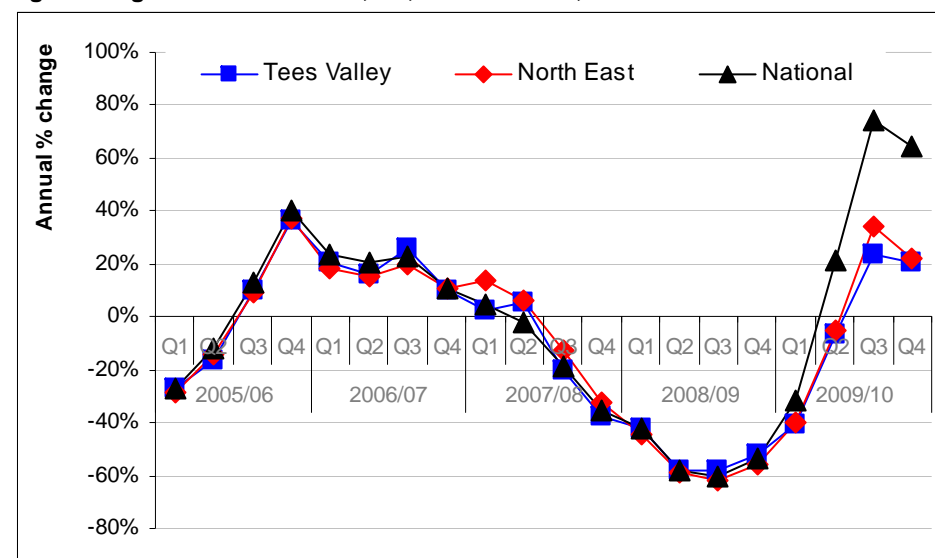
2.3 Despite an encouraging rise in sales, the volume in the most recent Quarter is still low in comparison to recent peak sales times - almost 65% less than recorded in Quarter 4, 2006/07. Additionally, sales in the sub-region are also shown to have grown at a slower pace than across the UK as a whole, with national sales 64.2% higher in the most recent Quarter than seen a year earlier.

2.4 Across the local authority areas in the Tees Valley the year-on-year change in sales volumes has varied. All boroughs saw more sales in this Quarter than a year earlier with Hartlepool and Stockton-on-Tees seeing the most significant increases, up 28.9% and 41.0% respectively.

2.5 Over the past five years trends in the changes in sales volume in the Tees Valley have largely mirrored those seen both regionally and nationally. Fig 8

illustrates how the Tees Valley has now emerged from two years of falling year-on-year sales with two Quarters of sales growth.

Fig 8 Change in Sales Volumes, Q1, 2005/06 to Q4, 2009/10



Source: Land Registry

Sales Volumes – Property Types

2.6 Fig 9 below shows the number of sales recorded by property type across the Tees Valley. Encouragingly all property types showed significant growth in sales from Quarter 4, 2008/09.

2.7 In recent Quarters the lower priced properties, terraces/flats, had not seen the significant increases in sales that were evident with detached and semi-detached properties. This was thought to be linked to the restricted access to finance for first-time buyers - as the most likely group to purchase either terraced property or flats. However, these Quarterly sales figures suggest that sales are now picking up across all property types.

2.8 Fig 9 also shows sales numbers for each property type within each of the local authorities in Tees Valley. *Caution should be applied when considering the annual changes for each property type in each borough as sales volumes across the sub-region remain very low.*

Fig 9 Sales Volumes by Property Type, Quarter 4, 2009/10

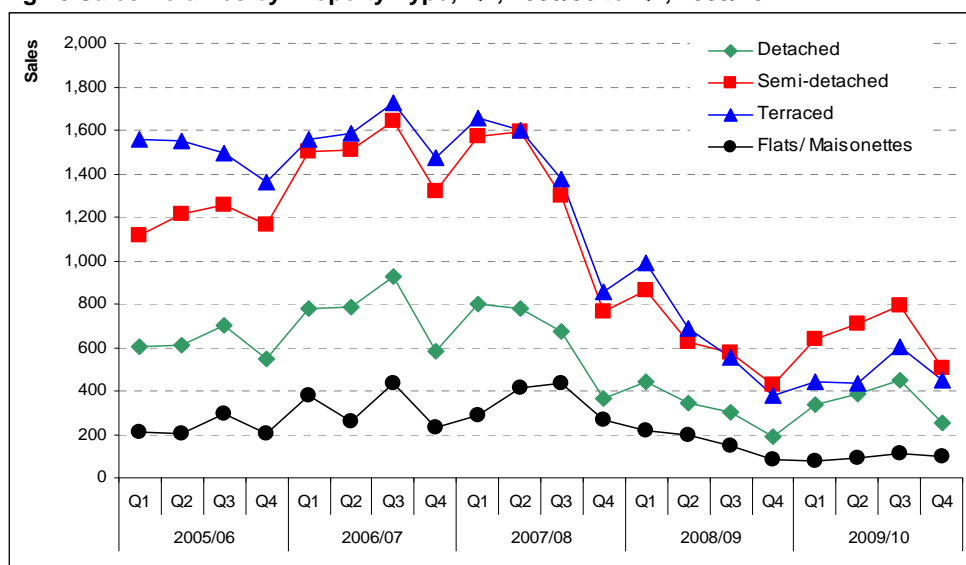
	Detached		Semi-Detached		Terraced		Flat/Maisonette	
	Price	% diff	Price	% diff	Price	% diff	Price	% diff
Darlington	37	42.3	77	0.0	81	17.4	20	17.6
Hartlepool	27	80.0	67	45.7	79	9.7	10	0.0
Middlesbrough	29	-3.3	84	3.7	90	15.4	30	20.0
Redcar & Cleveland	45	25.0	99	-2.0	78	-1.3	8	166.7
Stockton-on-Tees	115	35.3	176	44.3	123	51.9	33	13.8
Tees Valley	253	31.8	503	17.8	451	19.0	101	20.2

Source: Land Registry

2.9 Fig 10 illustrates how the sales of each property type declined following the onset of the credit crunch. The chart also shows how the traditionally higher priced properties, detached and semi-detached, saw sales recover at a greater pace than the traditionally lower priced terraces and flats.

2.10 The chart suggests a dip in the 4th Quarter of 2009/10 but this is in line with seasonal trends which show lowest sales traditionally occurring in the 4th Quarter of each financial year.

Fig 10 Sales Volumes by Property Type; Q1, 2005/06 to Q4, 2009/10



Source: Land Registry

Sales Volumes – New build & Re-sales

2.11 There were 151 sales of new builds registered in the 4th Quarter of 2009/10, 12.7% higher than in Quarter 4, 2008/09 when sales had reached an all time low. By comparison, there were 1,157 registered re-sale transactions, up by 22% from a year earlier. Both sets of sales figures are still historically low but still demonstrate a recovering housing market.

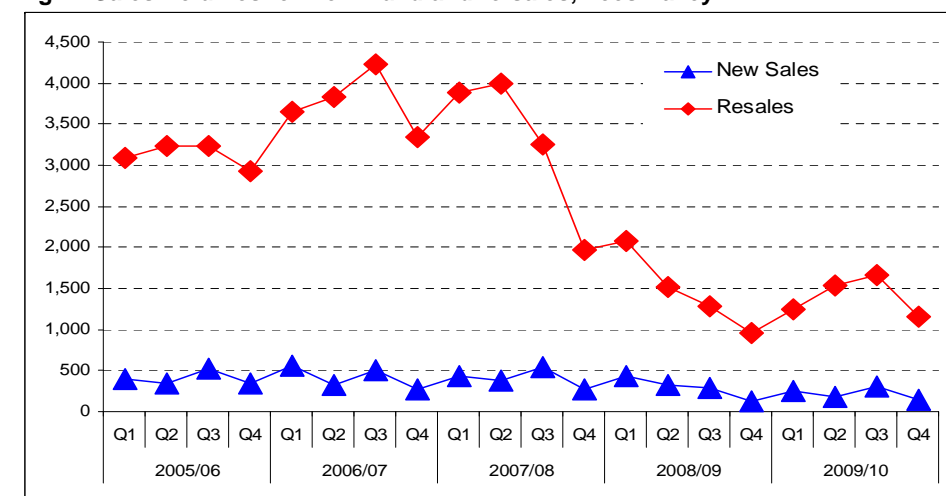
Fig 11 Sales Volumes by New Build & Re-sale, Quarter 4, 2009/10

	New		Resale	
	Sales	% annual change	Sales	% annual change
Darlington	19	26.7%	196	12.6%
Hartlepool	25	38.9%	158	26.4%
Middlesbrough	29	52.6%	204	4.6%
Redcar & Cleveland	14	-17.6%	216	6.9%
Stockton-on-Tees	64	-1.5%	383	52.0%
Tees Valley	151	12.7%	1,157	22.0%

Source: Land Registry

2.12 Fig 12 highlights the significant drop in sales volumes across the sub-region and further illustrates how the number of new sales recorded remains very low despite the rise seen this Quarter.

Fig 12 Sales Volumes for New Build and re-sales, Tees Valley

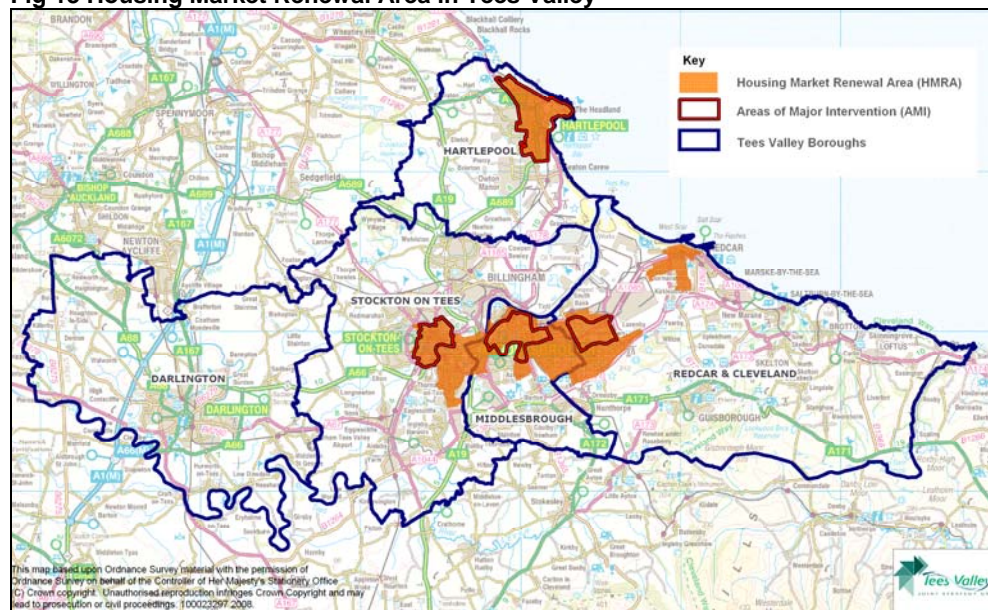


Source: Land Registry

3. HOUSE SALES - LOW DEMAND HOUSING AREAS

3.1 It is helpful to compare changes in sales values and volumes at the Tees Valley level to change in low demand housing areas. The Housing Market Renewal Area (HMRA) is the geographical area which captures the greatest concentration of the sub-regions' housing that is affected by low demand and housing market failure. Within the HMRA there are the specific areas where issues associated with low demand are most extreme and are most likely to require intervention. These are referred to as the Areas of Major Intervention (AMI).

Fig 13 Housing Market Renewal Area in Tees Valley



Source: TVU

Average Sales Prices in Low Demand Areas

3.2 In both the HMRA and the AMI, house prices are noticeably lower than seen across the Tees Valley as a whole with a high proportion of terraced stock and older housing.

3.3 The latest Quarterly data shows the average price of a property sold in the HMRA was just £85,700, up 2.3% from Quarter 4, 2008/09. The AMI saw little change from a year earlier with an average of £75,600 (+0.3%). Prices in both areas have been consistently below the sub-region averages, as shown in Fig 14 and illustrated in Fig 15.

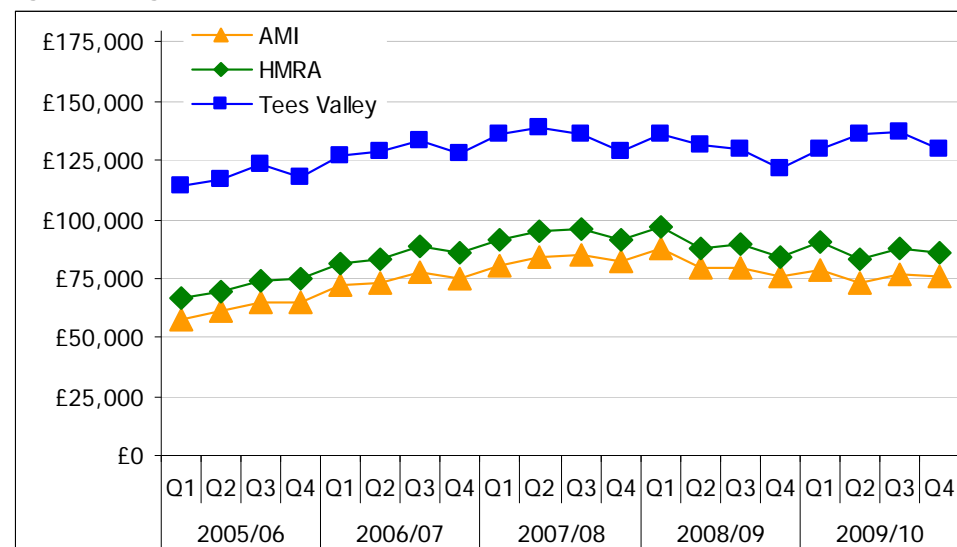
Fig 14 Average Sales Prices in Low Demand Housing Areas, 2007/08 to 2009/10

	Quarter 4 Price			Quarter 4 Annual Change		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
AMIs	£81,800	£75,400	£75,600	8.9%	-7.8%	0.3%
HMRA	£91,300	£83,800	£85,700	6.5%	-8.2%	2.3%
Tees Valley	£129,200	£121,600	£129,800	0.9%	-5.9%	6.7%

Source: Land Registry

3.4 Fig 15 shows the Quarterly sales prices in the HMRA and AMIs from Quarter 1, 2005/06 to Quarter 4, 2009/10. This emphasises the gap between average sales prices in the Tees Valley and the areas characterised by low demand.

Fig 15 Average Sales Prices in the HMRA and AMIs; Q1, 2005/06 to Q4, 2009/10



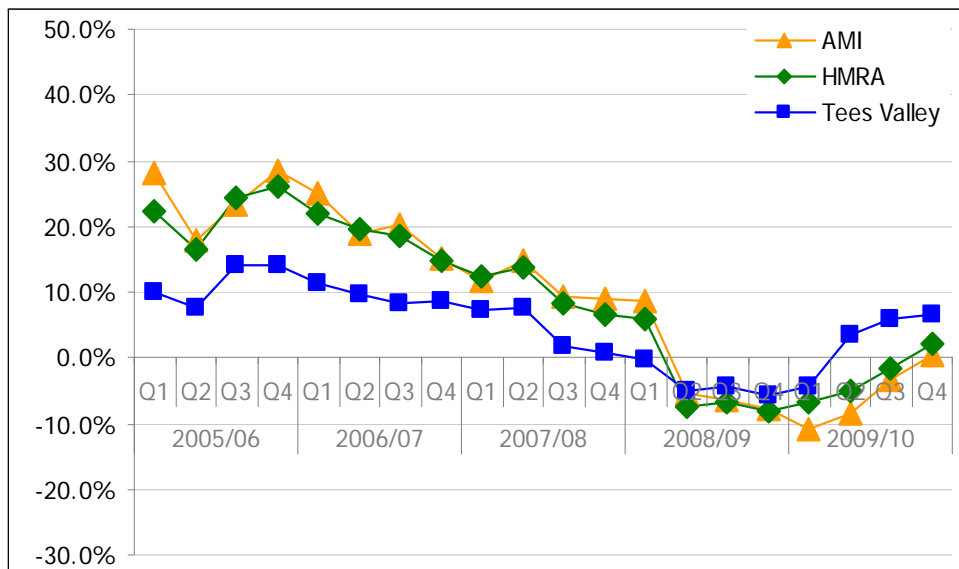
Source: Land Registry

3.5 In both the HMRA and AMIs sales values peaked in Quarter 1, 2008/09 which is almost 12 months later than in the Tees Valley as a whole. Prices in both low demand areas are now similar to those seen at the same point in 2006/07.

3.6 Over the past five years prices have followed a similar trend to those in the sub-region, increasing steadily through to Quarter 3, 2007/08 which appears, as in Tees Valley as a whole, to have been the tipping point at which momentum was lost in price increases. Prices then started to show year-on-year decline in early 2008/09.

3.7 Both the HMRA and AMI finally saw a halt to declining prices in Quarter 4, 2009/10, six months after the Tees Valley as a whole had seen prices start to rise. The pace of decline had been slowing in recent Quarters and in the last Quarter signs of slight positive change in sales values were seen for the first time since the 1st Quarter of 2008/09.

Fig 16 Changes in Sales Prices in the HMRA/AMIs; Q1, 2005/06 to Q4, 2009/10



Source: Land Registry

Sales Volumes in Low Demand Areas

3.8 The number of sales recorded in both the HMRA and AMIs are shown in Fig 17, alongside the Tees Valley sales volumes for comparison. This shows the low sales volumes that are presently being seen, particularly in comparison to those seen in 2007/08.

3.9 Whilst the Tees Valley as a whole has now seen sales show signs of improvement over the past year, the HMRA, and particularly the AMIs, have not yet seen such improvement. Sales in the HMRA were up on Quarter 4, 2008/09, by 2.3%. This was the first rise in sales for the HMRA since the second Quarter of 2007/08.

3.10 In contrast, sales in the AMI continue to fall year-on-year. Sales were 11.6% lower than a year earlier with just 175 sales recorded in the Quarter. This compares to 770 sales recorded in at the same point in 2006/07 when housing sales were thriving.

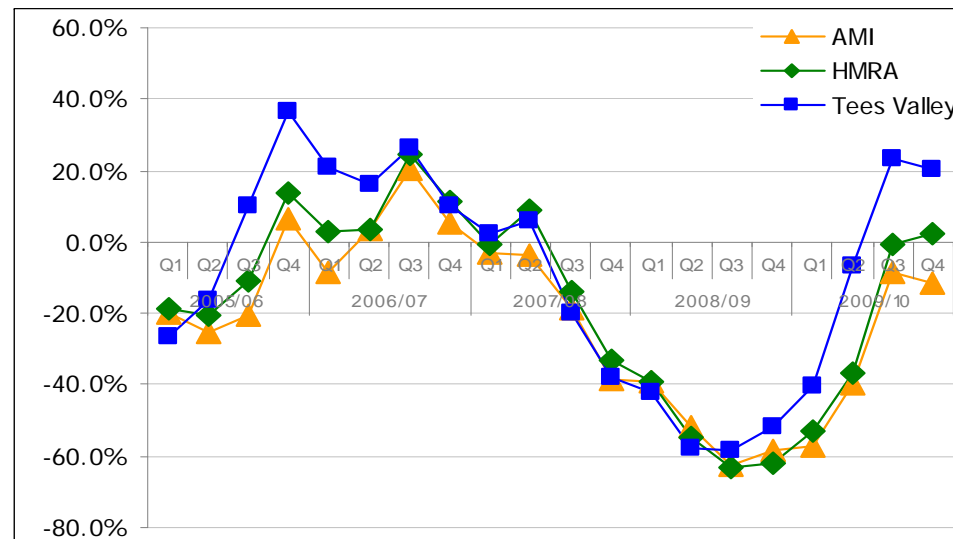
Fig 17 Sales Volume in Low Demand Housing Areas, 2007/08 to 2009/10

	Quarter 4 Sales			Quarter 4 Annual Change		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
AMI	475	198	175	-38.6%	-58.3%	-11.6%
HMRA	801	303	310	-33.1%	-62.2%	2.3%
Tees Valley	2,253	1,085	1,308	-37.7%	-51.8%	20.6%

Source: Land Registry

3.11 Sales volumes in the low demand areas had, like sales prices, followed a broadly similar pattern to those seen across the Tees Valley as a whole. This is highlighted in Fig 18. This chart shows the continued improvement in sales occurring in the HMRA, however, it also highlights the dip seen in sales within the AMI with sales volumes continuing to show negative growth.

Fig 18 Change in Sales Volume in the HMRA/AMIs; Q1, 2005/06 to Q4, 2009/10



Source: Land Registry

4. AVERAGE PRICES AT NEIGHBOURHOOD LEVEL

4.1 Past editions of the Tees Valley Housing Market Intelligence Update have focused on house price data at District and Tees Valley level with some coverage of ward level. This edition provides a snapshot of some of the neighbourhood analysis work underway to understand how neighbourhoods have changed and the type of impact HMR intervention is having.

4.2 However, this section shows that whilst neighbourhood level analysis is helpful in depicting housing market activity at a fairly local scale, it is important to drill down even further to look at prices that Councils are paying to acquire properties in the intervention areas as this flags up the discrete areas within neighbourhoods where housing market activity is dis-connected from the wider market within the neighbourhood and district. Price paid data also provides an indication of whether prices paid to acquire properties for demolition purposes still represents good value for the public monies invested.

4.3 It is worth noting that the neighbourhood unit of analysis was developed for the purposes of the HMR programme to underpin the data analysis work undertaken as part of the Vitality and Viability Index¹. A total of 231 neighbourhoods were identified providing coverage of c. 90% of the sub-region. 32% of neighbourhoods fall within the HMRA and 16% of neighbourhoods fall within the Areas of Major Intervention (AMI). Within the HMRA boundary there are four Areas of Major Intervention; Central Hartlepool, North Central and East Middlesbrough, Central Stockton and the South Bank area of Greater Eston.

4.4 TVL HMR grant assistance is targeted in discrete pockets within the AMI, referred to as the HMR intervention sites or schemes where housing market failure and problems of low demand are most acute. TVL/TVU is looking at house price and volume of sales across all neighbourhoods but this edition of this report focuses on analysis of house price change in TVL-assisted HMR schemes within neighbourhoods² within the AMIs.

Key Changes in House Price and Volume of Sales in TVL assisted neighbourhoods

4.5 The majority of schemes funded between 2006-08 are now at the new build stage and schemes funded during 2008-11 are at the acquisition and clearance stages (South Bank, Gresham and St Hilda's have been funded in both periods).

Please note, due to very low sales numbers in some neighbourhoods, the average is not a good reflection of typical house prices in the area. For example, West Lane particularly in 2008-09 and 2009-10.

¹ See Appendix A for background to VVI, how the index has been further developed to establish alternative analysis tools (the HVI and CVI) and work underway on interpreting key messages emerging from the results of the annual update of the indices.

² It is important to note that neighbourhood level averages are based on a lower number of sales. TVU has access to raw data and can drill down to better understand reasons behind anomalies in the data as necessary.

Fig 19 Average Prices in TVL assisted HMR Schemes

	2002-03	2005-06	2007-08	2008-09	2009-10	Three year change from 07-08 to 09-10	Five year change from 05-06 to 09-10
TVL Assisted HMR schemes 2006-08 where new build now underway							
H11 - GRANGE A	£21,800	£40,000	£82,700	£91,100	£87,600	5.9%	119.0%
H11 - GRANGE A	£21,800	£40,000	£82,700	£91,100	£87,600	5.9%	119.0%
H06 - DYKE HOUSE A	£22,900	£45,100	£64,800	£67,900	£76,300	17.7%	69.2%
S23 - PARKFIELD SOUTH	£33,800	£64,500	£105,800	£101,500	£92,400	-12.7%	43.3%
M07 - NORTH ORMESBY	£22,100	£53,600	£68,000	£66,400	£68,300	0.4%	27.4%
M08 - WEST LANE	£26,000	£62,500	£95,100	£113,700	£115,100	21.0%	84.2%
TVL Assisted HMR schemes 2008-11 where acquisition & clearance underway							
Belle Vue (WCH)	£23,300	£47,600	£71,200	£66,200	£56,600	-20.5%	18.9%
Carr/Hopps Street Area (WCH phase 3)	£21,800	£40,000	£82,700	£91,100	£87,600	5.9%	119.0%
Gresham	£20,200	£48,800	£56,800	£56,400	£54,200	-4.6%	11.1%
Parkfield Phase 2	£39,900	£63,000	£88,600	£79,100	£84,400	-4.7%	34.0%
Perth Street Area (NCH phase 2)	£22,900	£45,100	£64,800	£67,900	£76,300	17.7%	69.2%
South Bank	£21,300	£24,100	£33,500	£41,700	£36,800	9.9%	52.7%
St. Hilda's	£29,000	£30,200	£56,300	£145,000	£43,800	-22.2%	45.0%
AMI	£31,000	£61,900	£82,800	£81,800	£76,300	-7.9%	23.3%
HMRA	£38,200	£71,200	£93,500	£90,800	£87,100	-6.8%	22.3%
Tees Valley	£72,200	£118,200	£135,700	£131,100	£133,800	-1.4%	13.2%

Source: Land Registry

4.6 In 2002-03, the problem of low house prices was evident across all those neighbourhoods where HMR intervention is now targeted. Lowest averages were seen in Hartlepool schemes in Grange A and Dyke House A and Trinity Crescent in North Ormesby, Middlesbrough

4.7 Average prices ranged between the lowest level of £20,200 in Gresham to £33,800 in Parkfield Phase 1 and £39,900 in Parkfield Phase 2. Prices were typically lower than the average of £31,000 across the AMIs, £38,200 in the HMRA and significantly lower than the Tees Valley average of £72,200.

4.8 Where HMR schemes have reached the new build stage, the expectation is that average prices in the area will improve as the volume of low demand and lower priced housing stock is reduced and higher quality new build stimulates the local market. In line with sub-regional trends, average prices have gradually increased up to a peak between 2007-08 and 2008-09 and notably annual increases in these HMR assisted neighbourhoods exceeded the increases seen in the HMRA as a whole and Tees Valley.

4.9 However, the housing market in these areas is still disconnected from the rest of the market and despite significant annual increases, average prices remain well below the Tees Valley average as highlighted in the above table.

Price Paid to Acquire Properties in HMR areas

4.10 While analysis at neighbourhood level is helpful in illustrating the gap between average house prices in neighbourhoods where TVL intervention is

targeted, averages are based on a lower sales volume. This can actually hide discrete areas of neighbourhoods where low prices and sales activity continue to be a problem. Analysis of price paid data is helpful in building a picture at street level and further highlights the variance between TVL-assisted intervention areas and the wider housing market, as shown in the table below:

Fig 20 Average Price Paid by Councils to Acquire Private Sector Residential Properties in HMR Intervention Areas, 2009-10, compared to Average House Prices at Neighbourhood Level

TVL Assisted Scheme 2008-11	Neighbourhood	Neighbourhood Average Prices	Average Price Paid to Acquire from Owner Occupier	Average Price Paid to Acquire Private Rented	Average Price Paid to Acquire
Belle Vue Area	HO1 Belle Vue	£56,600	£65,250.00	£47,196.76	£49,097.11
Carr/Hopps Street Area	H11 Grange A	£87,600	£46,111.11	£37,514.50	£44,548.09
Perth Street Area	H06 Dyke House A	£76,300	£47,366.67	£46,272.73	£46,716.22
Gresham	M04 Gresham	£54,200	£51,400.00	£47,150.00	£48,212.50
St. Hildas	M01 Town Centre North	£43,800	£43,750.00	---	£43,750.00
South Bank	R47 South Bank	£36,800	£52,125.00	£35,624.56	£37,361.45
Parkfield	S24 Parkfield North	£84,400	£67,000.00	£50,000.00	£62,750.00
Average All Schemes			£50,578.95	£43,083.83	£45,657.46

*Gresham, St Hilda's and South Bank also TVL assisted in 2006-08

4.11 The above table shows that houses are acquired at prices lower than the averages for the neighbourhood as a whole, further highlighting the variances in the housing market and the rationale for intervening in these housing market areas where low demand and low sales activity are an issue.

Fig 21 Average Prices Paid to Acquire Private Sector Residential Properties 2007-08 to 2009-10, compared to AMIs, HMRA and Tees Valley

	2007/08	2008/09	2009/10
Properties in TVL assisted schemes	£43,794	£50,209	45,657
AMIs	£82,800	£81,800	£76,300
HMRA	£93,500	£90,800	£87,100
Tees Valley	£135,700	£131,100	£133,800

2007/08 and 2008-09 price paid data may include a small number of purchases from social rented properties

4.12 It is clear that Councils have acquired properties at levels much lower than the average seen at the neighbourhood level and that seen across the AMIs and HMRA. However, when looking at price paid in the intervention area, the variance is even more apparent. As a number of HMR schemes move into the new build stage, it can be expected that average prices in the neighbourhood will increase over time. TVL / TVU will continue to monitor changes.

5. ASKING PRICES

5.1 Home.co.uk produces a monthly index reporting changes in house prices. Their index is based on asking prices, not actual selling prices. As the index is

based on asking prices, it can provide insights into price movement months ahead of other data sources.

5.2 Whilst recent months have seen an increased supply in property for sale across England & Wales – spurred on by both proposed changes to Capital Gains Tax affecting second homes and to some degree the suspension of Home Information Packs – buyers are still in short supply due to the gloomy economic outlook and restricted access to finance. The shortage of buyers can create a significant downward price pressure.

5.3 Overall average asking prices have remained steady over the first half of 2010 with prices in England & Wales 0.6% up over the last 3 months and little significant change seen in any of the regions.

5.4 Fig 22 highlights the low prices seen in the North east, and particularly in Tees Valley, when compared to other UK regions with a noticeable difference between the north and south.

Fig 22 Average Asking Prices, June 2010

Name	Average Asking Price	3 month change
Darlington	£151,700	1.0%
Hartlepool	£155,500	0.2%
Middlesbrough	£132,700	2.5%
Redcar & Cleveland	£148,900	-4.2%
Stockton-on-Tees	£144,100	0.3%
Regions		
North East	£153,600	0.2%
North West	£175,000	-0.6%
Yorkshire & Humber	£171,000	0.4%
East Midlands	£172,000	0.6%
West Midlands	£191,100	0.7%
East Anglia	£242,500	1.5%
Wales	£178,300	-0.4%
London	£344,021	0.4%
South West	£263,900	4.0%
South East	£286,800	1.4%
England & Wales	£229,600	0.6%

Source: Home.co.uk

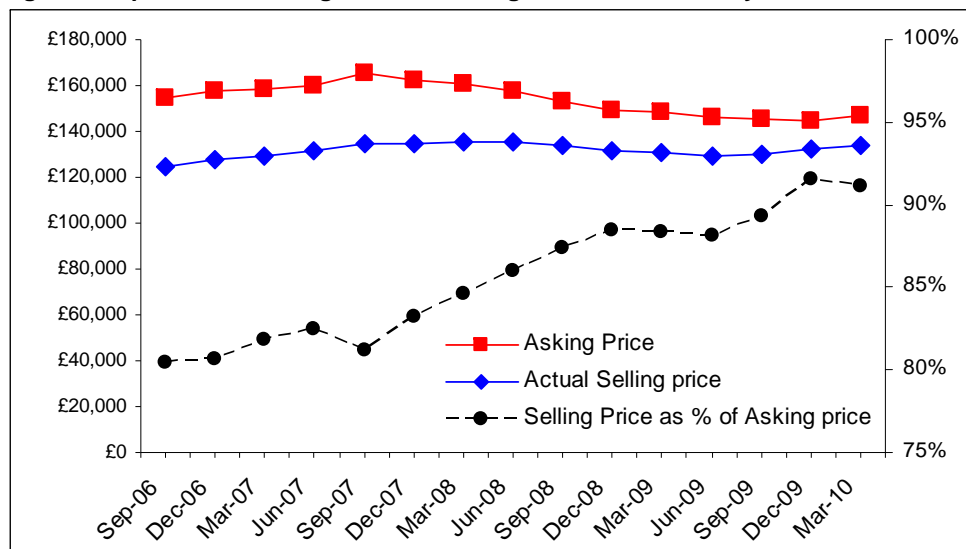
5.5 Fig 23 provides a comparison of asking prices to actual selling prices in the Tees Valley from September 2006 to March 2010. The asking prices are rolling averages from Home.co.uk and the selling prices are based on 12 month rolling

averages using Land Registry recorded sales. The chart also shows traces the percentage of asking price achieved throughout.

5.6 This highlights the gradual fall in asking prices seen from late 2007 through to the end of 2009. The decline seems to have halted in the first few months of 2010. Whilst asking prices have come down, selling prices have shown a gradual increase.

5.7 Looking at the difference between average asking prices and selling prices suggests that homeowners may have lowered their expectations with regards to asking prices. In September 2006 the selling prices were just 80% of asking prices. By March 2010 this has risen to 91.1%. This could suggest that sellers were gaining more from sales, however, the fact that average asking prices have reduced by over £8,000 suggests that sellers have had to drop prices to secure sales.

Fig 23 Comparison of Asking Prices & Selling Prices – Tees Valley



Source: Home.co.uk / Land Registry

6. PRIVATE RENTING

6.1 The private rented sector has an important role to play in providing accommodation to a variety of households and this role is likely to be of greater

significance in the current economic climate for people who are reluctant to buy or for first-time buyers unable to achieve owner occupation.

6.2 Changes in levels of demand of private rented property and change in rental values can provide some indication of consumer responses to the current economic and housing market downturn. In terms of understanding localised trends, steps are being put in place to establish links with estate agents operating in the Tees Valley. Until that link is established there are a number of national websites that allow some insight into the private renting market to be gained at a national, regional and local level.

RICS Residential Lettings Survey

6.3 The Royal Institute of Chartered Surveyors (RICS) conducts a Quarterly survey of residential lettings agents to provide a comprehensive picture of the private renting market across England. Some Regional information is also provided. The survey considers tenant demand and rent levels and expectations.

6.4 The April Residential Lettings survey shows that nationally tenant demand has increased at its fastest pace in over a year. However, the number of new instructions coming through onto the market has declined – though at a slower pace than in previous Quarters.

6.5 The latest survey also illustrated an emerging trend of increasing proportions of landlords opting to sell after their tenancy had expired. Since early 2009, when the proportion of landlords opting to sell was less than 1%, each Quarter has seen this percentage increase. In April 2010, 5.2% of landlords were reported to be selling once the tenancy had expired.

6.6 Over the past year, over 30% of landlords with tenants have dropped into mortgage arrears at some point. This suggests difficult times for the private renting sector. Home.co.uk reported that proposed increases in capital gains tax may tip the balance for many struggling landlords who may opt to ‘cash out’ by putting properties up for sale. There is potential that these could be picked up by first-time buyers rather than other landlords due to a limited number of buy-to-let mortgages on offer.

Average Private Rents – Regions

6.7 The RICS survey suggested that the majority of surveyors across the UK were reporting improved rent levels on the back of a short supply of properties available. The property search website findaproperty.co.uk calculates a monthly rental index that provides average monthly rents for all regions in England and Wales. Fig 24 shows the rents for April 2010, with annual change also indicated.

6.8 The average monthly rent for the North East is shown to be amongst the lowest in the country at £597 per month, 3.4% lower than in April 2009. Only

Yorkshire & Humber has a lower average (£553 p/m). Fig 24 also highlights a very clear gap between north and south rent levels. Average rental property in the South West is almost double the monthly cost of those in the North East.

Fig 24 Average Private Rents for Regions, April 2010

Region	Average Monthly Rent	Annual Change
North East	£597	-3.4%
North West	£621	6.5%
Yorkshire & Humber	£553	-2.3%
East Midlands	£609	-0.7%
West Midlands	£631	0.3%
East England	£744	-4.0%
Wales	£639	-0.5%
London	£1,696	4.5%
South West	£798	0.0%
South East	£1,068	-0.2%
England & Wales	£826	0.9%

Source: Findaproperty.co.uk

Average Private Rents – Local Areas

6.9 The findaproperty.co.uk website also provides average rents for local areas – split by property type. Figures for June 2010 are provided in Fig 25 – with change over the past 6 months shown. *Tees Valley figures have been estimated from borough averages.*

6.10 The relatively low rental values within the sub-region – in comparison to national averages – are evident. Rents for any type of property within the sub-region, including those for four bedroom houses, are shown to have lower rents than the average rent for all properties nationally.

6.11 Within the Tees Valley there are variances in the rental values per property type across each of the local boroughs. Notably, the changes in rental prices for four bed houses in Darlington and Middlesbrough have increased over the past 6 months – up by 6.5% and 4.6% respectively. In contrast, the rental value for four bed houses in Hartlepool fell by 9.2% over the last 6 months.

Fig 25 Average Private Rents for Tees Valley boroughs plus 6 month change, June 2010

	1 Bed Flats		2 Bed Flats		2 Bed Houses		3 Bed Houses		4 Bed Houses	
	£	%	£	%	£	%	£	%	£	%
Darlington	£411	-1.2%	£528	-1.9%	£419	0.7%	£566	-2.6%	£758	6.5%
Hartlepool	£358	0.0%	£511	-2.1%	£399	5.6%	£490	7.0%	£641	-9.2%
Middlesbrough	£433	0.7%	£516	-0.4%	£498	-0.4%	£576	0.5%	£779	4.6%
Redcar	---	---	£464	3.6%	£509	-2.1%	£548	-2.1%	£615	0.0%
Stockton-on-Tees	£391	1.6%	£522	-1.3%	£467	0.6%	£559	0.5%	£701	1.0%
Tees Valley	£398	-2.9%	£508	-0.5%	£458	0.6%	£548	0.4%	£699	0.6%

Source: findaproperty.co.uk

7. SOCIAL HOUSING REGISTER

7.1 The table below shows numbers on social housing waiting registers for each borough as at 1st April for each year since 2003 up to 2009 (HSSA, CLG). This shows that at Tees Valley level, as at 1st April 2009, there are 16,506 people on the registers which is an overall increase from 15,861 in 2003. Numbers were at their highest in 2007 and 2008 which might be expected in light of the economic downturn.

Fig 26 Numbers on Social Housing Registers at 1st April 2010

Local Authority Area	Numbers on social housing waiting list at 1st April						
	2003	2004	2005	2006	2007	2008	2009
Darlington	2,666	2,601	2,853	2,848	2,677	2,476	2,465
Hartlepool	3,033	7,310	3,222	2,920	2,968	3,696	3,600
Middlesbrough	3,331	4,324	5,217	7,456	10,315	11,934	4746
Redcar & Cleveland	2,939	2,424	3,250	3,145	2,715	2,862	2,572
Stockton	3,892	3,736	3,485	3,559	3,185	4,139	3,123
Tees Valley	15,861	20,395	18,027	19,928	21,860	25,107	16,506

Source: HSSA returns (CLG website)

7.2 However, it should also be noted that some of this can be linked to a peak in numbers of people registering in Middlesbrough following the announcement by Erimus that a new Choice Based Lettings Scheme was to be introduced in 2006.

7.3 The Compass Sub-regional Choice Based Lettings Scheme was launched in July 2009. The scheme provides a common housing register which means that people only need to apply to one register to be considered for social housing provision in all local authority areas. Partners advertise vacancies through the scheme and applicants are invited to express an interest for properties they are interested in. Social housing vacancies are offered on the basis of eligibility and priority. The partnering organisations are the five Tees Valley strategic housing local authorities, and the main social housing providers in the Tees Valley; Erimus Housing, Coast and Country Housing, Housing Hartlepool and Tristar Homes.

7.4 However, importantly, other housing options are available to people who register the scheme and advice on a range of housing options, including council and registered social landlord rented accommodation, low cost home ownership options and private rented accommodation is available as necessary.

7.5 All applicants were required to register with the new scheme. It is now almost 12 months since the new system was launched and the new system has had some time to embed. The position as at 31st March 2010 is set out below.

Fig 27 Applicants on Sub-regional Housing Register

Applicants on the Sub-regional Housing Register	
Total number of applicants on the Sub Regional CBL Housing Register (all statuses i.e. active, pending, suspended etc)	26,876
Total number of active (live) applicants	14,176

Source: Compass Scheme Activity & Performance Report, March 2010

7.6 At 31st March, data shows that there were a total of 26,876 applicants on the Sub-regional CBL Housing Register (includes those housed, suspended, closed as ineligible, or full application pending). However, just over 50% of these applicants (14,176) are active (eligible and able to bid) as part of the scheme.

Fig 28 Breakdown of Active Applicants

Breakdown of Active Applicants					
Active applicants	Darlington Borough Council	Housing Hartlepool	Erimus	Tristar	Coast & Country
14,176	1851	2384	3635	3411	2895

Source: Compass Scheme Activity & Performance Report, March 2010

7.7 Fig 28 shows the distribution of applicants across the partnering social housing providers. The highest levels of applicants are for Erimus and Housing Hartlepool housing stock.

7.8 It should be noted that the figures shown in Fig 26 from HSSA returns (CLG) are not directly comparable to those reported in the Compass scheme. Going forward data reported by Compass will be analysed to track changes.

7.9 Fig 29 shows the breakdown of people on the waiting list for social housing according to priority bands. 24.8% of active applicants fall within a priority band and of these applicants, 26.7% fall into priority band 1 (those classed as most vulnerable) and 50% in priority band 2 highlighting the demand on social housing.

Fig 29 Numbers of people in priority bands

Numbers of People in Priority Bands			
Total applicants throughout sub region in priority bands	Priority Band 1	Priority Band 2	Priority Band 3
3517	942	1749	826

Source: Compass Scheme Activity & Performance Report, March 2010

7.10 A review of active applicants on the register by age shows that the majority of active applicants are 59 years old or below. A concentration of active applicants fall within the 25-44 age bracket.

Fig 30 Number of active applicants by age

Number of active applicants on register by age		
Age of household member	Numbers	as %
0-15	1	
16-24	2814	20%
25-44	5404	38%
45-59	2704	19%
60-64	895	6%
65-74	1314	9%
75+	1036	7%
Total	14176	100%

Source: Compass Scheme Activity & Performance Report, March 2010

7.11 Interestingly, just over 50% of active applicants are not currently bidding so out of a total of 14,176 active applicants, only 6,506 are bidding for properties (have submitted a bid at some point during the year).

Fig 31 Proportion of active applicants bidding for social housing

Proportion of Active Applicants which are bidding for social housing				
Total active applicants	Active applicants bidding	as %	applicants not bidding	as %
14176	6506	45.9%	7670	54.12%

Source: Compass Scheme Activity & Performance Report, March 2010

7.12 An annual review is due which will involve making contact with applicants to establish reasons for not bidding which helps to cleanse the system. Reasons for not bidding can vary widely but does include a number of older people who are waiting for specialist provision, for example, almost 40% of active applicants 60 years or plus are not bidding.

Gap between Applicants and Vacancies

7.13 On average, each partner has around 21 properties which are available for letting on a weekly basis, however, there is a significant gap between vacancies and numbers of applicants. In the 4 month period 3.12.09 to 31.03.10, 973 properties were let of which 873 were with partner organisations and the remainder let by other housing providers. The frequency of bids per applicant does vary and therefore the gap between numbers of bids and vacancies for each weekly bidding cycle will also vary. However, given that the CBL register shows that there are currently 6,506 bidders on the CBL register, it can be assumed that numbers of properties coming available each week is significantly less than numbers bidding.

7.14 As the CBL system embeds and numbers are monitored on an ongoing basis, this will provide greater clarity on reasons behind the high number of non bidders on the register.

8. ACCESS TO FINANCE

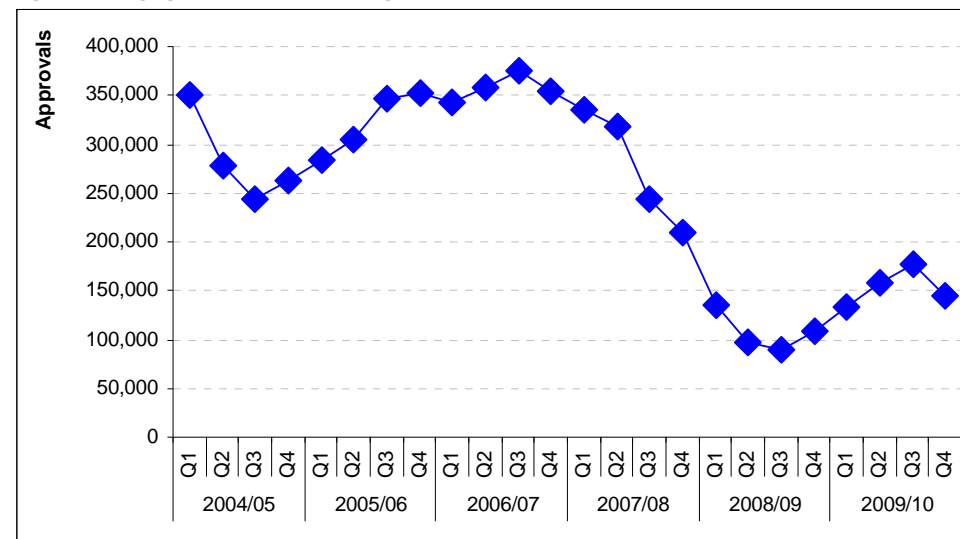
8.1 Restricted access to finance has resulted in a liquidity crisis for house builders and subsequently a shortfall in supply of new homes. Limited access to mortgage finance has resulted in a sharp fall in numbers of prospective purchasers. To help understand the significant adjustments in terms of access to finance it is helpful to look at trends in mortgage applications and approvals and numbers and values of loans approved. Whilst data is currently only available at national level, it is still helpful in highlighting the sudden fall in mortgage and loan approvals that has taken place as a result of the onset of the credit crunch.

National Mortgage Approvals

8.2 A significant slide in Quarterly mortgage approvals, beginning at the end of 2006/07, halted in the 4th Quarter of 2008/09, and Bank of England data shows that approvals then grew for four Quarters in succession before a slight dip in the final Quarter of 2009/10.

8.3 Significantly, approvals are still historically low. In the 4th Quarter of 2006/07 there were 355,000 mortgages approved. By comparison, there were only 144,000 mortgages approved during January and March 2010. Whilst this is noticeably less than seen in 2006/07, it still showed approvals were 33% higher than at the same point 12 months earlier and represents the 3rd consecutive Quarter to have seen an increase when comparing year-on-year.

Fig 32 Mortgage Approvals in England; Quarter 1, 2004/05 to Quarter 4, 2009/10



Source: Bank of England

Loan Approvals & Value of Loans

8.4 Figure x shows figures released by the Council of Mortgage Lenders (CML) relating to mortgage lending in the UK for April 2010. The number of loans approved and the value of loans are shown. These figures highlight further how loan approvals remain very low; however, comparison with the past year shows that there continues to be stabilisation in the mortgage market.

8.5 There were 40,400 home purchase loans approved in April, representing a 13% rise from April 2009. Approvals for both first-time buyers and home-movers increased, up 6% and 18% respectively in 12 months. In terms of the value of loans approved, total loans for home purchase amounted to £5.7 billion, 26% greater than seen at the same time in 2009.

8.6 First time buyers represented 35% of all home purchase loan purchasers in April – the lowest proportion since September 2007 and down from 38% in April 2009. This possibly demonstrates the continued difficulty first time buyers are having in accessing the finance required to purchase homes.

Fig 33 Loans for house purchase, April 2010

	Loans Approved	Annual Change	Value of Loans £m	Annual Change
First Time Buyer	14,300	6%	1,700	18%
Home Mover	26,100	18%	4000	29%
Total	40,400	13%	5,700	26%

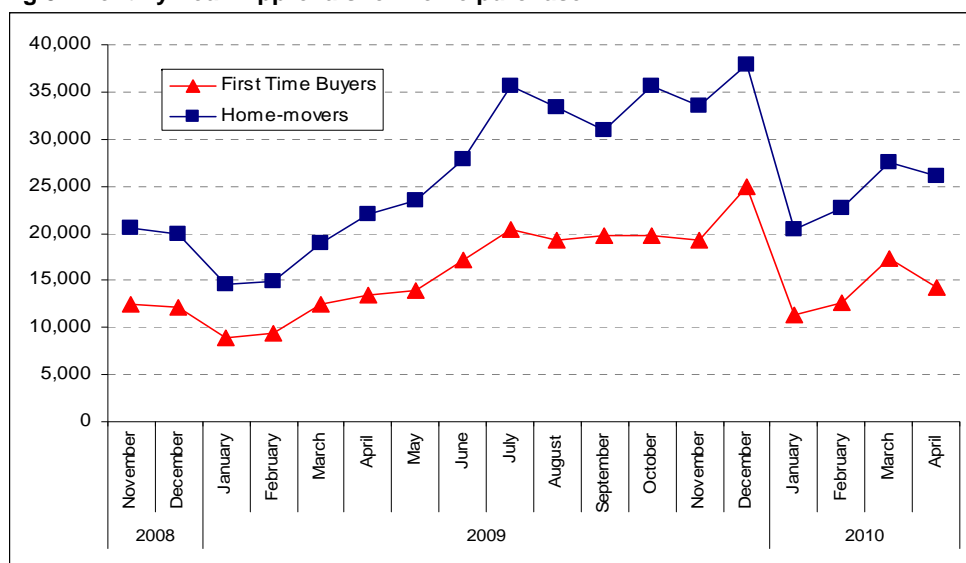
Source: CML

8.7 Fig 34 shows the monthly loan approvals in England from November 2008 to April 2010. Approvals are shown for both First time buyers and home movers.

8.8 The chart shows a similarity in trends for both types of purchaser. Both saw approvals rise month to month throughout 2009. Both showed noticeable increases in December 2009 – this is possibly linked to sales being rushed through before the end of the temporary stamp duty holiday in December. As a consequence there was a significant drop in approvals in January.

8.9 The chart also highlights that whilst both first time buyers and home movers are seeing increased approvals, the home movers appear to be increased at a greater rate most likely as a direct impact of the high deposits required for first time buyers.

Fig 34 Monthly Loan Approvals for Home purchase



Source: CML

Loan-to-value & Average Income Multiples

8.10 CML data on average loan to value and income multiples for both first time buyers and home movers in April 2010 is shown and comparison with April 2009 is given. The data shows that the tightening of lending since the onset of the credit crunch remains as required deposits, particularly for first-time buyers, are still relatively high.

8.11 First-time buyers were again placing an average 25% deposit in April. This had briefly dropped to 24% in March following 13 months at 25%. This compares to an average of an 11% deposit seen throughout much of 2008. The tightening on lending has been less extreme on home-movers. The April data shows that home-movers provided an average deposit of 33%. Fig 36 shows how average deposits for home-movers have changed slightly month-on-month but has only moved between a maximum of 31% and minimum of 34% during that time.

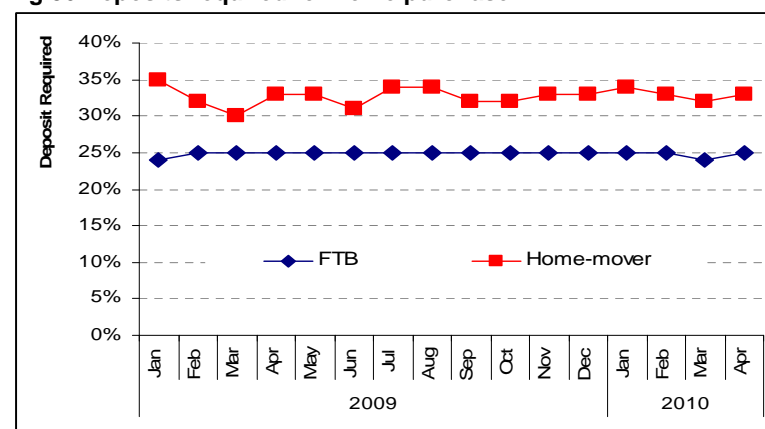
8.12 Fig 36 illustrates that first-time buyers are currently borrowing more than a year earlier with income multiples having risen steadily throughout 2009 and into 2010. They are now borrowing on average 3.16 times income compared to 2.96 times in April 2009. Similarly home-movers are now borrowing more on average – 2.84 times income compared to 2.63 times in April 2009.

Fig 35 Loan-to-value & Average Income Multiples

	Loan to Value		Income Multiple	
	FTBs	Home-movers	FTBs	Home-movers
April 2010	75%	67%	3.16	2.84
April 2009	75%	67%	2.96	2.63

Source: CML

Fig 36 Deposits required for home purchase



Source: CML

9. ARREARS & REPOSSESSIONS

9.1 According to figures released by the Council of Mortgage Lenders (CML), the number of mortgages in arrears and the number of repossessions across the UK both fell in the final Quarter of 2009/10. However, CML also warn against being complacent as many households remain vulnerable with the economic uncertainty that lies ahead. There were 9,800 repossessions recorded nationally – down from 13,200 a year earlier (a 26% reduction).

9.2 With so much uncertainty ahead the CML is cautious at this time about revising its forecasts for the number of arrears and repossessions likely in 2010, although it is likely to do so later in the year. However, if current levels of government support are maintained and interest rates remain as they are then it is believed that the 53,000 repossessions originally forecast may be pessimistic. CML have emphasised a need for the ongoing commitment from government in supporting homeowners who are facing financial difficulty to continue.

Mortgage Possessions

9.3 Trends in numbers of mortgage possession claims issued and orders granted alongside actual numbers of repossessions can provide an indication of the impact of the current economic downturn. County Court data on mortgage possession actions is released by the Ministry of Justice (MoJ) and is helpful in providing an indication of current trends. These figures do not show actual repossessions numbers, as all claims issued or orders made do not necessarily end in repossession, but they do however provide an indication of current trends.

9.4 Following the Ministry of Justices introduction of the Mortgage Pre-action Protocol in November 2008 there has been a sharp decline in mortgage possession actions. This Protocol made clear to lenders that applying for repossessions should be a last resort. It encourages lenders to look closely at arrangements that could help borrowers manage their way through temporary payment problems to help get their mortgage arrears reduced in order to avoid possession where possible. The County Court data indicates that Government advice is having some positive impact on events.

9.5 Fig 37 shows the most recent Quarterly data on mortgage possession claims and orders. This shows a reduction in both claims issued and orders made across all areas.

9.6 Across Tees Valley as a whole claims issued were 18% lower than in Quarter 4, 2008/09. Orders made reduced by 13% over the same period. Reductions seen both regionally and nationally are seen to be more noticeable than sub-regionally. The number of claims issued and orders made per 1,000 households are seen to be marginally higher in Tees Valley than both regionally and nationally.

Fig 37 Court Data on Mortgage Possessions; Quarter 4, 2009/10

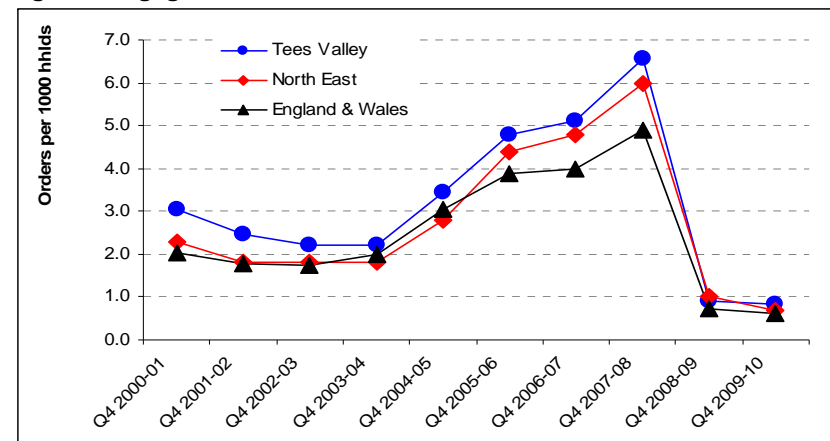
Name	Claims Issued			Orders Made		
	Claims	Per 1,000 hhlds	Change (%)	Orders	Per 1,000 hhlds	Change (%)
Darlington	55	1.3	-26%	45	1.0	-10%
Hartlepool	35	0.9	-22%	25	0.6	0%
Middlesbrough	70	1.2	-11%	50	0.9	-31%
Redcar & Cleveland	55	0.9	-25%	40	0.7	-16%
Stockton-on-Tees	105	1.3	-4%	75	1.0	-10%
Tees Valley	320	1.1	-18%	235	0.8	-13%
North East	1,105	1.0	-33%	825	0.7	-26%
England & Wales	18,490	0.8	-23%	13,910	0.6	-16%

Source: MoJ

9.7 Fig 38 shows the number of mortgage possession orders per 1,000 households from 2000/01 through to 2009/10. Fourth Quarter figures are shown for each year. This clearly shows the impact of the pre-action Protocol as numbers for Quarter 4 2008/09 fell dramatically from 2007/08. In the Tees Valley orders fell by 86%, going from 6.6 per 1,000 households to just 0.9 per 1,000 households. Prior to this mortgage possession orders had been rising steadily year-on-year from 2003/04, increasing by 198% to the end of 2007/08.

9.8 Fig 38 also shows that possession orders made across the Tees Valley have been consistently above those both regionally and nationally and only the impact of the pre-action protocol seems to have brought the sub-region closer to both regionally and nationally.

Fig 38 Mortgage Possession Orders made, Q4 2000/01 to Q4 2009/10



Source: MoJ

10. HOMELESSNESS

10.1 In recent years homelessness policy has been focussed on encouraging local authorities to offer a wide range of preventative measures to limit the number of households finding themselves without a home. Latest figures available via the Communities and Local Government (CLG) show that the strategy to prevent homelessness is working. This has been possible through effective partnerships between local authorities and the voluntary sector to tackle the root causes of homelessness.

10.2 Fig 39 shows the number of households accepted as being homeless and in priority need and the number of households living in temporary accommodation. Figures are for 2009/10 and the percentage change from 2004/05 is shown.

10.3 Encouragingly, there is evidence of real progress in tackling homelessness across the Tees Valley. The number of homeless acceptances fell by 92.5% from 2004/05 to 2009/10. There were only 165 households accepted as homeless in the past year compared to over 2,000 in 2004/05. The sharp fall in acceptances can be seen clearly in fig 40.

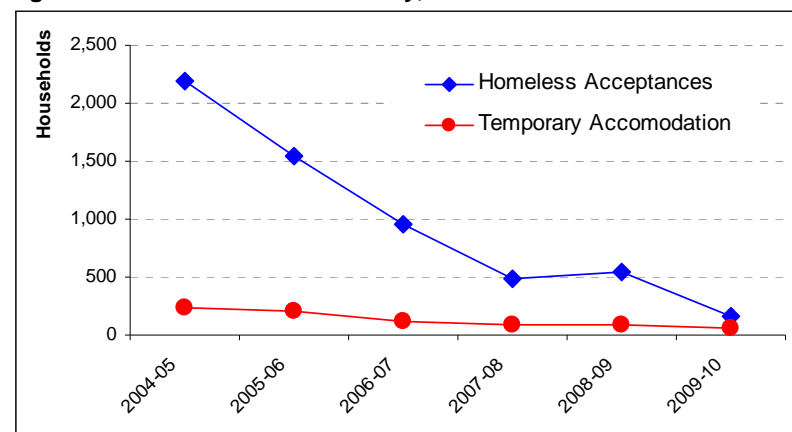
10.4 The problem of households living in temporary accommodation has also reduced over the same period. By 2009/10 the number of households in temporary accommodation has fallen to just 52 over the year – down from 234 in 2004/05, a drop of 77.8%

Fig 39 Homelessness in Tees Valley, 2009/10

Name	Total Accepted as being homeless		Households in Temporary Accommodation	
	Households	Change from 2004/05	Households	Change from 2004/05
Darlington	13	-93.0%	1	-85.7%
Hartlepool	18	-93.9%	2	100.0%
Middlesbrough	8	-98.2%	3	-91.7%
Redcar and Cleveland	21	-96.4%	13	-84.9%
Stockton-on-Tees	105	-84.4%	33	-68.3%
Tees Valley	165	-92.5%	52	-77.8%
North East	2,010	-74.7%	190	-79.1%
England	40,020	-66.9%	51,310	-49.2%

Source: Local Authorities

Fig 40 Homelessness in Tees Valley, 2004/05 to 2009/10



Source: Local Authorities

11. AFFORDABILITY

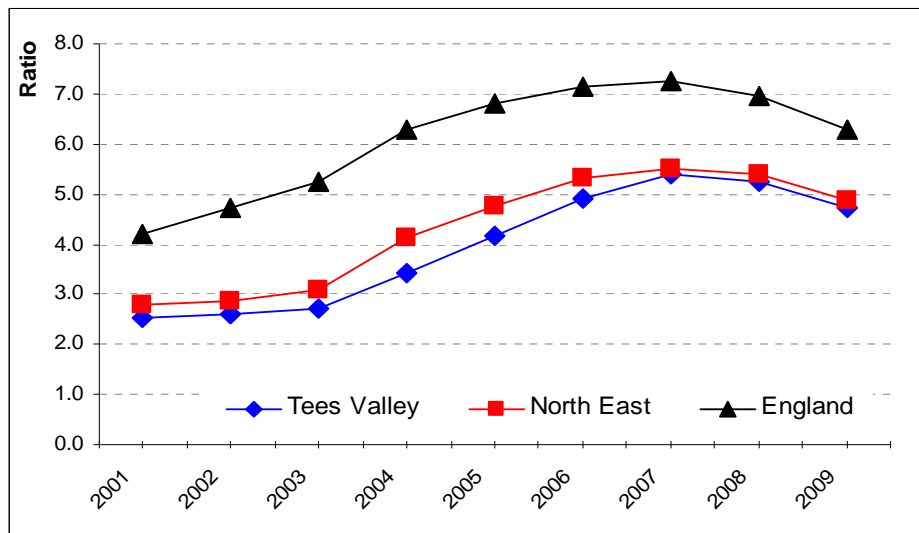
11.1 Over the past decade house prices all over the UK have risen at a far greater pace than average earnings. This has created affordability concerns even in an area like Tees Valley where property prices are amongst the lowest in the country. The ratio lower quartile house prices to earnings allows an insight into the affordability issues that can affect the most vulnerable people in society.

Lower Quartile Affordability

11.2 At the peak of the housing market in 2007, lower quartile house prices were 5.4 times lower quartile earnings; this had risen from just 2.5 times in 2002. The lower quartile affordability ratio in Tees Valley has remained consistently below the national ratio; however, the gap between the two does appear to have shortened in 2009. This appears to have been caused by the lower quartile price nationally declining at a greater rate than locally.

11.3 The recent decline in average house prices had helped close the affordability gap a little, particularly at lower quartile level. This is illustrated in Fig 41. However, as prices start to rise again, as they are now showing, it will again become difficult for people, particularly those on the lowest earnings, to purchase property. With continued restricted access to finance and the demands for large deposits for first-time buyers affordability will continue to be a problem for many in the Tees Valley.

Fig 41 Lower Quartile House prices to LQ Annual Earnings, 2002 to 2009



Source: Land Registry/ASHE

11.4 It is important to consider house type when looking at affordability. Fig 42 shows the lower quartile affordability ratio for different property types in Tees Valley. This shows that terraces appear the most affordable option with lower quartile prices 3.57 times earnings. Unsurprisingly, detached properties are the least affordable and are shown to have lower quartile prices 9.5 times lower quartile earnings.

Fig 42 Lower Quartile House prices to LQ Earnings by property type, 2009

House Type	Lower Quartile House Price	Affordability Ratio
Detached	£159,950	9.52
Semi-Detached	£95,000	5.65
Terrace	£60,000	3.57
Flat/Maisonette	£75,950	4.52
Total	£82,000	4.88

Source: Land Registry/ASHE

12. HOUSEBUILDING

Abolition of Regional Spatial Strategies

12.1 In a Parliamentary Statement on 6th July, CLG Secretary of State Eric Pickles confirmed the intended revocation of Regional Spatial Strategies. Key points include:

- The proposed abolition of the legal basis for Regional Spatial Strategies will be by way of the Decentralisation and Localism Bill that is to be introduced in the current Parliamentary session.
- Imposed central house building targets will be replaced with 'powerful incentives'. Government proposals are to incentivise local authorities to support construction of new homes. Introducing these incentives is a clear priority for Government.
- Consultation on proposals will be held later this year with a view to introducing the incentives early in the next spending review period.
- The abolition of Regional Spatial Strategies provide a clear signal of the importance attached to local spatial plans as part of the Local Development Framework Core Strategies and Development Plan Documents.

House construction rates 2002-03 to 2009-10

12.2 Whilst the RSS targets have now been abolished, they have provided the regional and sub-regional framework for future house building for the past 7 years. This section reflects on how the Tees Valley has performed against RSS requirements³ for net additional homes from 2002/03 to end of 2009-10.

12.3 Despite exceeding requirements in 2002-03 and 2003-04, the sub-region has not met requirements subsequent to this period.

Fig 43

Tees Valley progress against RSS requirement for net additional homes	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Completions (& other additions via conversions)	2095	1784	1640	1871	2728	3171	1946	1993
Clearances (& other losses via conversions)	736	486	472	524	746	1449	664	791
Net Additions	1359	1298	1168	1347	1982	1722	1282	1202
RSS Requirement - Net additional homes, RSS Final Report, July 2008	1,260	1,260	2,280	2,280	2,280	2,280	2,280	2,280
% RSS (July 2008) achieved	107.86%	103.02%	51.23%	59.08%	86.93%	75.53%	56.23%	52.72%

Source: All data collated and assembled through joint working between Tees Valley Living (part of Tees Valley Unlimited) and the Tees Valley Councils.

³ The RSS requirement for net additional homes is based on figures in the RSS Final Report, July 2008.

12.4 The following provides a summary of district level progress against RSS requirements for net additional homes for 2002-03 to 2009-10.

Fig 44 Progress against RSS Requirement for Net Additional Homes

Progress Against RSS Requirement for Net Additional Homes 2002-03 to 2009-10						
	RSS Requirement Net Additional dwellings	Actual Gross completions	Clearances (losses)	Actual Net Additional Dwellings	Shortfall (net additional dwellings)	% of RSS Requirement Achieved
Darlington	3,630	3290	141	3,149	-481	86.75%
Hartlepool	2,720	2807	912	1,895	-825	69.67%
Middlesbrough	3,120	2323	1940	383	-2,737	12.28%
Redcar & Cleveland	2,350	2911	1449	1,462	-888	62.21%
Stockton	4,380	5897	1426	4,471	91	102.08%
Tees Valley	16,200	17228	5868	11,360	-4,840	70.12%

Source: TVL / TVU and Councils

12.5 However, it is important to acknowledge that the RSS focuses on progress of net additions to housing stock in the Tees Valley (gross completions minus clearances and other losses). In the Tees Valley, large scale clearance of properties as part of the HMR programme has impacted greatly on the net outturn. Key points to note include:

- When looking exclusively at the progress the sub-region has made against the requirement for net additional homes in the past 7 year period, performance data shows that actual outturn was 30% below the RSS requirement (shortfall of 4,840 units).
- If the focus is switched to gross completions (over 17,200 since 2002-03), it might be assumed that the sub-region was in a reasonable position to have achieved the RSS requirement for net additional dwellings of 16,200.
- However, given that the number of clearances completed in the same period reached almost 6,000 units, it soon becomes apparent why the outturn for net additional homes is well below requirements.
- When drilling down to look at performance at district level, it is apparent that outturn for net additional homes varies enormously and this is clearly linked to the volume of clearances.
- Only Stockton has achieved the RSS requirement for the 7 year period from 2002-03 to end of 2009-10. Despite 1,400 clearances, the new build completions were much higher than other districts, reaching over 5,800 which offset the clearances.
- By contrast, Middlesbrough reported the highest volume of clearances at almost 2,000 for the period and new build completions exceeded clearances by only 383 units resulting in a low outturn for net additional homes.

- The downturn in house building and continued levels of clearance in the last two years, means that targets for net additional homes set within the Growth programme and Multi Area Agreement have not been met.

- Gross completions provide a more helpful measure of house building rates and capacity of the house building sector. There was a year on year increase in gross completions from 2004-05 to 2007/08 and completions peaked at an all time high of over 3,000 units in 2007-08. Despite the onset of the credit crunch and recession, the house building industry has maintained supply at around 2,000 units in the last 2 years.

- Starts in 2009-10 were 34% above 2008-09, suggesting perhaps a greater confidence amongst house builders to invest in continued building. However, gross completions remain fairly constant (only 3% higher than 2008-09).

Fig 44

Tees Valley progress against Growth and MAA targets for net additional homes (targets set from 2008-09 onwards)	2008/09	2009/10
Completions (& other additions via conversions)	1946	1993
Clearances (& other losses via conversions)	664	791
Net Additions	1282	1202
<i>Growth Programme Target for Net additional homes (Baseline is 2,224 net additional homes per annum plus 20% using RSS Panel Report, July 2006)</i>	2,670	2,670
<i>% Growth Programme target achieved</i>	48.01%	45.02%
<i>MAA Requirement - Net additional homes</i>	1,700	2000
<i>% MAA target achieved</i>	75.41%	60.10%

Tees Valley Forward House Building Programme

12.6 Through continued joint working of TVL / TVU and the Councils, the sub-region has developed an indicative trajectory for future, gross and net completions at site level which has been subject to an element of market testing.

- The following shows that the Tees Valley has capacity to build 34,273 gross completions by 2023/24. This equates to an indicative 30,539 net additional homes after deducting 3,734 planned clearances, suggesting there is capacity to exceed the RSS requirement (as was) by 11% over this 13 year period. The Growth and MAA targets were more aspirational and projected capacity falls below these targets (-19% and -20 % respectively).

Fig 45

Tees Valley	2010/11 to 2023/24
Completions (& other additions via conversions)	34,273
Clearances (& other losses via deconversions)	3,734
Net Additions	30,539
RSS Requirement - Based on Net additional homes requirement per annum in RSS Final Report, July 2008	27,440
Variance to RSS requirement	3,099
Growth Programme Target for Net additional homes*	37,380
Variance to Growth Programme target	-6,841
MAA Requirement - Net additional homes	37,882
Variance to MAA target	-7343

*Baseline is 2,224 net additional homes per annum plus 20% using RSS Panel Report, July 2006

- The RSS requirements for net additional homes were underpinned by a range of evidence, including population and household projections and it is important to ensure that any revised framework for planning delivery of housing is also informed by the latest intelligence relating to population, economy and the housing market.
- Through monitoring and analysis of past build rates and key datasets relating to the housing market, population and economy, and consultation with house builders, TVL / TVU has access to a wide range of intelligence to inform future housing trajectory updates.

Implications of Funding Cuts

12.7 Public sector funding in the form of HMR, Kickstart, Growth Point and Homebuy Direct is essential in helping to redevelop priority regeneration sites, in assisting with infrastructure costs to support house building and supporting people into low cost home ownership.

12.8 However, the Government recently announced an initial cut of £230m to Homes and Communities Agency funding across the following programmes.

- £100 million from NAHP,
- £50 million from HMR,
- £50 million from Kick Start, and;
- £30 million from Gypsy and Travellers.

12.9 The Government has subsequently announced that the HCA will have a further £220 million cut from its budget in the current financial year.

13. EMPTY HOMES

13.1 Based on Council tax records, there are over 8,000 empty homes in the Tees Valley. This is based on data available through Council tax records which is the nationally recognised source for providing data on numbers of empty dwellings. However, data on empty homes by tenure is more difficult to extrapolate from the Council tax records in a consistent basis across the five local authorities. As a result, figures are not shown by tenure, however, TVL / TVU is working with Councils to obtain address level detail on all housing stock to look at tenure and properties which are empty as part of regeneration activity.

Fig 46 Empty homes in Tees Valley (private and social)

District	Total Dwellings (TVU estimate)	Total Empty	% Empty
Darlington	47,640	1,658	3.5%
Hartlepool	42,130	1,138	2.7%
Middlesbrough	61,070	2,496	4.1%
Redcar & Cleveland	61,150	n/a	n/a
Stockton-on-Tees	82,390	1,978	2.4%
Tees Valley	294,380	7,270	2.5%

Source: Council Tax Register (Redcar & Cleveland data to be confirmed).

13.2 A key concern is homes which are empty for 6 months or more and Council tax records show that more than 5,000 homes have been empty for 6 months or more which equates to 1.8% of total stock. Of those dwellings empty for 6 months or more, 31% of these properties fall within the AMIs where HMR intervention is targeted and up to 9% of these long term empty dwellings are empty because they are part of HMR activity.

Fig 47 Homes empty for 6 months or more (private and social)

District	Total Dwellings (TVU estimate)	Total Empty 6 months or more	% Empty 6 months or more	Of which fall within AMI	Of which fall within HMRA	Of which are empty 6 months or more awaiting demolition as part of HMR activity	as % of dwellings empty for 6 months or more
Darlington	47,640	1,126	2.4%	0	0	0	0
Hartlepool	42,130	824	2.0%	525	525	108	13.1%
Middlesbrough	61,070	1,373	2.2%	661	899	295	21.5%
Redcar & Cleveland	61,150	874	1.4%	86	299	27	3.1%
Stockton-on-Tees	82,390	1,023	1.2%	348	470	37	3.6%
Tees Valley	294,380	5,220	1.8%	1,620	2,193	467	8.9%

Source: Council Tax Register

13.3 This highlights the need to secure funding to assist in the clearance of properties which are part of the regeneration schemes which is important in accelerating the redevelopment of the sites with new homes.

14. STOCK CONDITION

14.1 To ensure a strategic approach to Housing Market Renewal, the Tees Valley has invested in a programme of renewal which includes a balanced approach to clearance and improvements. Through the Tees Valley HMR programme and additional Council and RSL investment elsewhere, almost 6,000 properties have been demolished in the sub-region since 2002/03. Alongside this, over 2000 properties have been improved in adjacent private sector housing stock by means of other public investment which is helping to tackle problems of low demand, abandonment and poor condition in the central urban areas.

14.2 However, recent Government announcements of cuts to public spending will inevitably present challenges to the work in the Tees Valley. This places pressure on private sector housing improvement budgets which are already stretched. Between the five local authorities, there is less than £7m available through the Single Housing Investment Pot for 2008-11 to invest in improvement of up to 900 dwellings⁴.

14.3 Recent Private Sector Stock Condition Surveys reveal the scale of the work required in the private sector stock. There are 63,000 non-decent private sector dwellings in the sub-region. £242 million is required to remedy non decent homes of which £114 million is required to remove Category 1 hazards⁵ as illustrated in the table below. Costs are based on dealing with items that cause dwellings to be non decent and do not take into account comprehensive repair costs which takes required investment levels higher still.

Fig 48 Private Sector Stock Condition in the Tees Valley

	Darlington	Hartlepool	Middlesbrough	Redcar & Cleveland	Stockton	Tees Valley
Total stock	47,730	41,790	59,900	65,000	81,250	295,670
Total private dwellings	40,180	32,480	44,400	48,839	67,210	233,109
% of total stock in private sector	84%	77%	74%	34%	83%	79%
Number of non-decent private sector stock	13,600	11,300	10,900	16,608	10,700	63,108
% of private stock as non-decent	34%	35%	25%	35%	16%	27.07%
No of vulnerable households living in non decent dwellings	3,270	3,380	4,440	3,697	6,530	21,317
No of private sector dwellings with at least 1 Category 1 Hazard	8,200	6,000	3,900	8,717	4,481	31,298
Cost to remedy Category 1 Hazards	£44m	£30.5m	£22.2m	£5m	£16m	£117m
Total cost to make private dwellings Decent	£73.1m	£60m	£40.3m	£26.6m	£42m	£242m

Source: TVL data collated from Councils to support LIP (May 2010) and Private Sector House Condition Surveys

⁴ Based on Council Projections collated by TVL and submitted to ANEC (November 2009)

⁵ Through Housing Act 2004, existing fitness standard was replaced by Housing Health and Safety Rating System (HHSRS) - a prescribed method of assessing individual hazards, rather than a general standard to give a judgment of fit or unfit. Examples of a category 1 might be a dwelling that has little or no insulation and is using electric fires for heating or dwelling with a steep, narrow poorly lit staircase that has no handrails.

14.4 It is important to note that the legislative change from the fitness standard to the HHSRS has meant that more properties are now assessed as non-decent.

14.5 A key message emerging from the Private Sector Stock Condition Surveys is that privately rented dwellings have the highest rate of non decency. In terms of addressing issues in the private rented sector, Tees Valley Local Authorities have introduced Tenancy Relations and Landlord Accreditation schemes to support and encourage landlords to improve property condition.

14.6 Surveys also reveal that the decent homes failure rate is largely driven by Category 1 hazards, disrepair and energy efficiency standards with up to 30,000 private dwellings with at least 1 Category 1 hazard. Fuel poverty has increased in the private sector, however it is worth noting that this may be related to an increase in fuel costs rather than a deterioration in stock condition.

14.7 In terms of dwelling type, the highest rate of non decency is found both in low-rise, purpose-built and converted flats, and is largely driven by thermal comfort failure and in older terraced houses (pre 1919). The surveys reveal that in terms of addressing issues in the owner occupied housing stock, a significant part of the costs to remedy non-decency is likely to come from households where income is below £15k per annum and where vulnerable occupiers live. Given that just over 50% of residents in the Tees Valley are on an income of less than £15,000 per annum, this limits the contributions that homeowners can make to repair, improve and adapt their homes and presents real challenges to the sub-region.

15. POPULATION PROJECTIONS & HOUSEHOLD FORMATION

15.1 An appreciation of population trends and household formation rates is fundamental to an understanding of future housing requirements. Some of the key trends were covered in the Spring Edition of this report. A re-cap of some of the headline trends relating to household growth which present particular challenges for the Tees Valley are shown below.

- **The growth in single households accounting for 70% of household growth:** Between 2006 and 2021, single households will increase by 31% from 87,000 to 114,000 (actual increase of 27,000). This will account for 70% of total household growth.
- **An ageing population:** By 2029, the retired population is expected to represent 30.5% of the Tees Valley population. Between 2006 and 2021, this age group is expected to increase by 30% (from 123,100 in 2006 to 161,000 by 2021). The retired population is rising in all districts.
- **30% increase in number of households headed by 65 plus age group:** Between 2006 and 2021, households headed by this age group are projected to increase by 30% from 73,000 to 95,000. The growth in

numbers of this household type is driven by population increase. The 65 plus age group will increase by 32% between 2006 and 2021.

15.2 These issues require further exploration and TVL / TVU will continue to work with Councils to help understand more about the implications of these changes, with particular focus on what this means in terms of type of housing that is required.

15.3 The latest data available on household formation rates also has particular relevance for the house building section. Data published by Communities and Local Government (CLG) in March 2009 shows that household numbers are projected to increase from 279,000 in mid 2006 to reach 317,000 by mid 2021 (an average increase of 2,500 households per annum). This is higher than the earlier 2004 based set of projections of 311,000 and is part of the information base that will need to inform any revisions to housing numbers following the abolition of the RSS housing requirements.

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DATA SOURCES

Land Registry

<http://www.landregistry.gov.uk/>

Home.co.uk

<http://www.home.co.uk/>

Council of Mortgage Lenders (CML)

<http://www.cml.org.uk/>

Bank of England (BoE)

<http://www.bankofengland.co.uk/statistics/>

Ministry of Justice (MoJ)

<http://www.justice.gov.uk/publications/>

Royal Institute of Chartered Surveyors (RICS)

<http://www.rics.org/marketsurveys>

Findaproperty.co.uk

<http://www.findaproperty.com/>

Annual Survey of Hours and Earnings (ASHE)

<http://www.statistics.gov.uk/statBase/product.asp?vlnk=13101>

Office for National Statistics (ONS)

<http://www.statistics.gov.uk/hub/index.html>

Communities and Local Government (CLG)

<http://www.communities.gov.uk/corporate/>

Department for Work & Pensions (DWP)

<http://www.dwp.gov.uk/research-and-statistics/>

Housing Strategy Statistical Appendix (HSSA)

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/>

National Housing and Planning Advice Unit

<http://www.communities.gov.uk/nhpau/>

Tees Valley Living

<http://www.teesvalleyliving.org.uk/>

Tees Valley Unlimited

<http://www.teesvalleyunlimited.gov.uk/>

Tees Valley Local Authorities

<http://www.darlington.gov.uk/>

<http://www.hartlepool.gov.uk/>

<http://www.middlesbrough.gov.uk/>

<http://www.redcar-cleveland.gov.uk/>

<http://www.stockton.gov.uk/>

Note on Land Registry Data

Each Quarter the JSU purchases the 'price paid' data from the Land Registry which gives details of all registered sales transactions within the Tees Valley area.

This is different to the Land Registry published House Price Index (HPI) which provides averages prices based on changes in an index from a base point January 1995. The HPI provides monthly data.

A significant benefit of using the 'price paid' data is that it allows for information to be produced at any local level and with the flexibility to look at averages for different property types (e.g. detached or flats) and for differing time periods.

The Average sales prices calculated for this update are simple averages based on all sales transactions occurring in a period. National and regional averages are taken from the Land Registry's Quarterly data release.

Due to a lag in transactions being registered and processed by the Land Registry all figures provided are provisional and subject to change. Data used was provided on 11th May 2009.

Appendix A

Background to the Vitality Index

The VVI was developed in 2004 to provide a detailed evidence base identifying and ranking neighbourhoods according to their need for housing market renewal. The VVI assumed particular significance in helping to define the Housing Market Renewal Area boundary within which TVL intervention in the housing market would be focused in order to reverse market failure. This was based on a ranking of neighbourhoods according to their need for HMR intervention following an analysis of a wide range of socio economic data including unemployment, income, health, education and crime, migration and house price data. The VVI was used to identify Areas of Major Intervention (AMIs) where problems of low demand and housing market failure are most acute and within these boundaries, TVL HMR resources would be specifically targeted.

The original model of the VVI has been further developed and adapted to reflect different research requirements of the HMR programme. In an attempt to provide greater focus on indicators which related to characteristics of the demand and condition of housing, the suite of indicators were refined and the index renamed as the Housing Vitality Index. The Tees Valley Joint Strategy Unit more recently further developed the index work to support the work of the Local Strategic Partnerships in understanding the broader change in neighbourhoods with specific reference to the impact of the Working Neighbourhoods Fund. There are similarities to the indicators considered in the National Index of Multiple Deprivation, however the added value of the CVI is that it provides analysis at neighbourhood level.

The broader set of indicators used in the CVI has similarities to the original VVI but the CVI has greater potential in measuring the change in the sustainability of neighbourhoods and has potential to assist in assessing the wider impact of housing investment in the Tees Valley. TVL is working as part of TVU to consider how these tools are best utilised going forward.

Neighbourhood Unit

Excluding the most rural wards on the fringes of the sub-region, and guided by a common set of criteria⁶, TVL and the JSU worked with Councils to identify neighbourhoods which would provide a more detailed scale of analysis for a range of datasets. A common set of criteria provided for consistency and comparability in terms of the number of households and population included within the boundaries. A total of 231 neighbourhoods were identified providing coverage of c. 90% of the sub-region (33 in Darlington, 33 in Hartlepool, 49 in Middlesbrough, 49 in Redcar & Cleveland and 67 in Stockton).

⁶ The neighbourhood should be a coherent and homogeneous area in terms of housing and other socio-economic factors and should correspond, where possible, with the Local Strategic Partnerships' neighbourhoods used for Neighbourhood Renewal strategies. Consistency in housing and population size is very desirable. It is suggested they should average 1,200 houses and preferably lie within a range of 800-1,600 houses (corresponding to a population range of approximately 2,000-4,000 people). However, in some cases the neighbourhoods fall within a wider range of 500-1,200 houses (approximately 1,200-4,500 people).



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