



Housing Market Background Paper

October 2006

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Introduction

The purpose of this Housing Market Study is to provide an overview of the housing market in Three Rivers, which will help to inform current and future planning policy. This study will be updated on an annual basis.

Headline

Results

- The average price of a property in Three Rivers is £295,244 (*Hometrack*), considerably higher than the average for England and Wales of £199,184 (*Land Registry Apr-Jun 2006*).
- Property prices in the Borough dropped slightly by 0.38% in the last year (year on year Apr-Jun 2005-06), against a significant increase of 7.71% for England and Wales as a whole. In fact average house prices for the district have remained flat during the year from April 2005.
- The average price of a property in Hertfordshire is £258,160. St Albans has the highest property prices in Hertfordshire, averaging at £328,819.
- The average rent for property in the private sector in Three Rivers is £1,096 pcm (Sep 2006). This ranges from a minimum of £650 pcm for a 1 bedroom property, to £4,000 for a 4+ bedroom house.
- In September 2006 the average property in Three Rivers sold at 95.3% of the asking price, and took 3.5 weeks to sell (*Hometrack*).
- The average property costs £295,244 (*Hometrack*) which is 6.4 times the average (implied) household income of £46,132. This effectively prices many people out of the private sector housing market.
- Based on a Supply and Demand analysis (*David Coultie Associates, 2001 and 2004 weighted*), there was a net surplus of 1,845 properties in the private sector. This figure consists of a surplus of all types and sizes (no. of bedrooms) of properties except a shortfall of 125 2-bedroom only bungalows. Subsequent circumstances and fluctuations in the housing market are likely to have had a marked change on conditions since the report was produced.
- Between April 2002 and March 2006, 220 Council properties have been sold in Three Rivers through the Right to Buy Scheme.

House prices in England and Wales

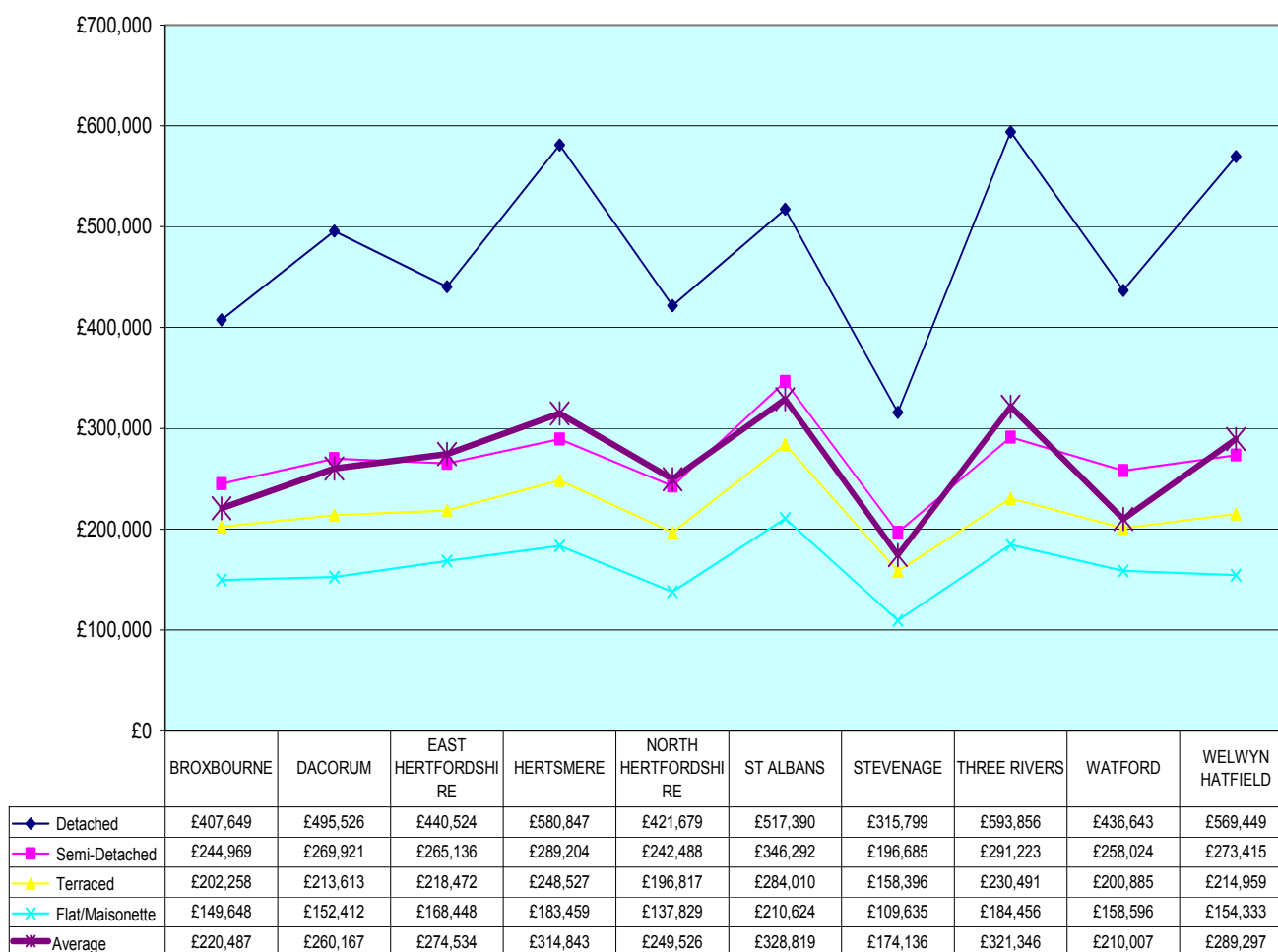
In comparison to the same period last year house prices have increased in every region of the country, averaging at 5.05% (actual sale prices, Land Registry, January – March 2006).

The greatest increase took place in the North and North West regions, which saw growth of 8.15% and 7.63% respectively.

Growth has been slower in the South East of the country (in which Hertfordshire sits) with an average increase of 3.49%. House prices in Hertfordshire have risen by 2.6%, while Three Rivers has seen a slight decrease of 0.38%.

House prices in Hertfordshire

Average property prices in Hertfordshire (Land Registry Apr-Jun 2006)

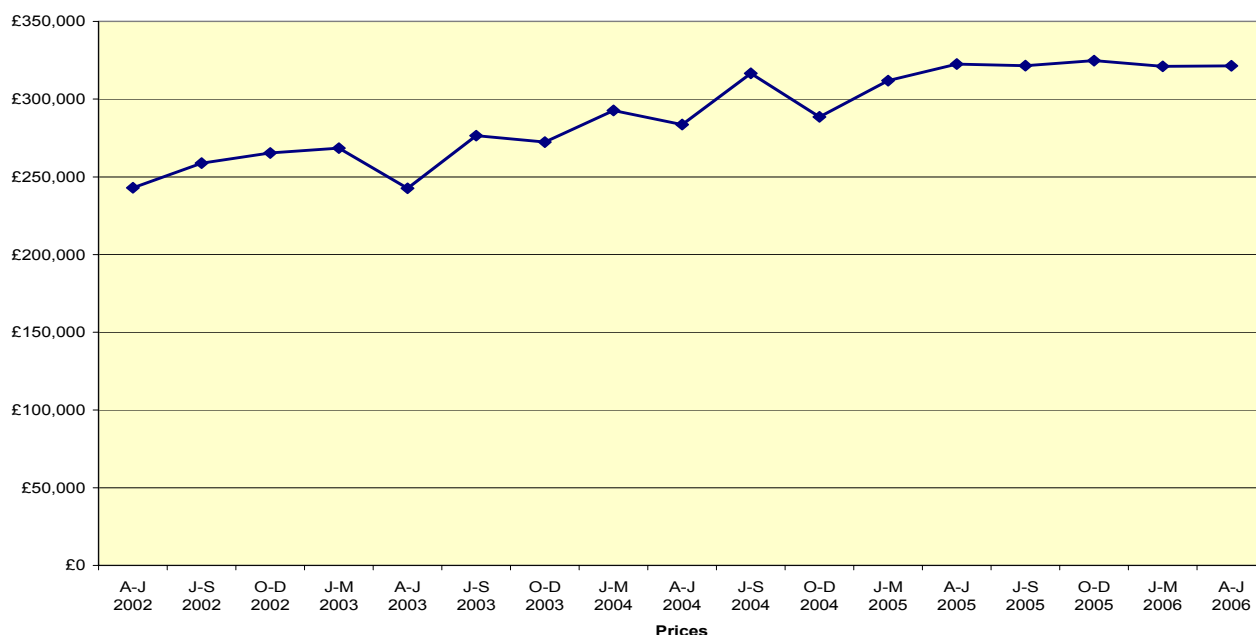


Though considerably higher than the national average of £199,184, average house prices in Three Rivers are the second highest in comparison with other areas of Hertfordshire. Of the ten Local Authority areas in the county, St Albans has the highest house prices, with a property average of £328,819. Stevenage property prices are the lowest averaging at £174,136 (*Land Registry Apr-Jun 2006*).

An average detached property in Three Rivers is valued at £593,856, considerably higher (22%) than the Hertfordshire average of £487,569. Flat prices in Three Rivers are also higher (12%) averaging at £184,456 compared to £164,714 for Hertfordshire as a whole.

House price trends in Three Rivers over the last 4 years

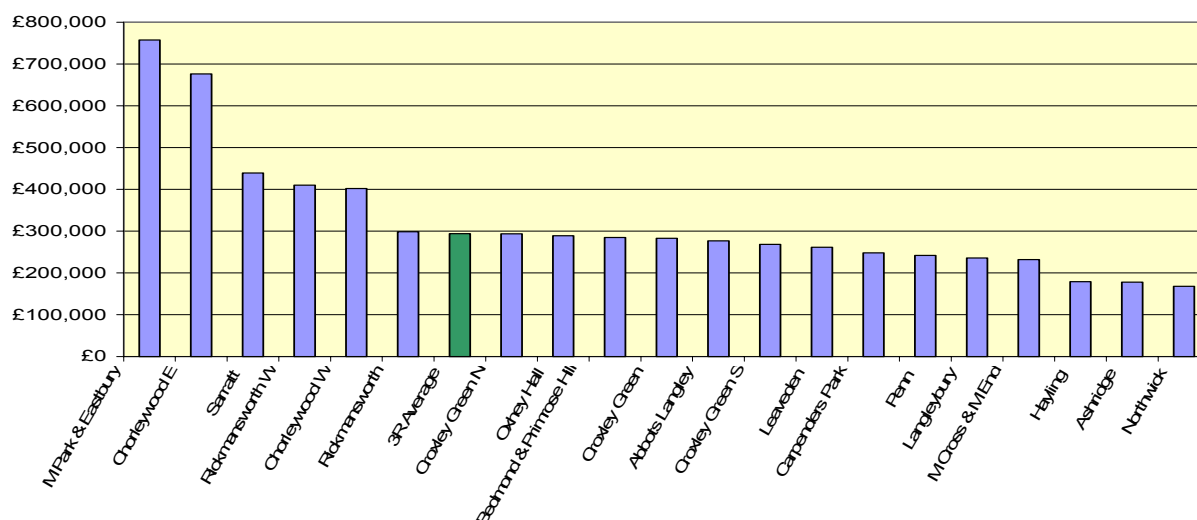
Based on data obtained from the Land Registry, over the last four years (April to June, 2002 – 2006) house prices in Three Rivers have risen steadily, though there have been some minor fluctuations as shown in the chart below. Average house prices have risen from £242,970 in 2002 to £321,346 by the same period in 2006. This represents an increase of over 32% in the cost of an average home.



Property prices in Three Rivers (Land Registry Apr 2002-Jun 2006)

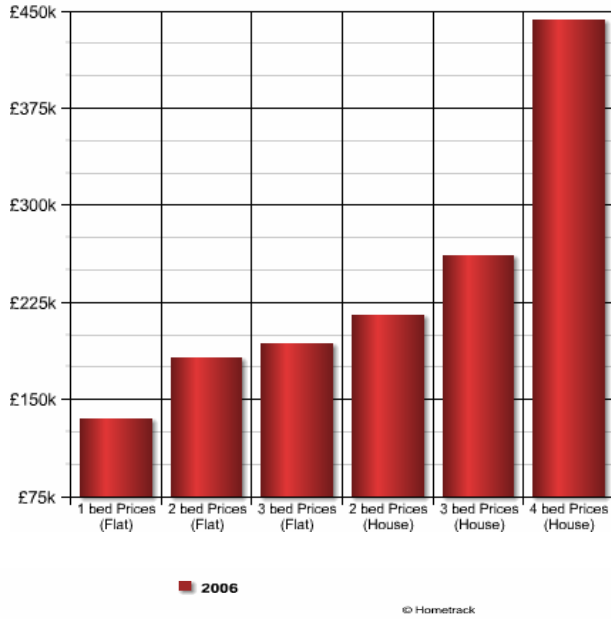
House prices within the District vary considerably depending on the area in question (see chart below). House prices in what may be considered more exclusive areas of the district such as Moor Park and Chorleywood East are substantially higher than other parts of the district, notably the three South Oxhey wards, which have some of the lowest property prices in the District. Moor Park and Eastbury has the highest house prices, with an average property priced at £757,845, compared to Northwick ward, at the other end of the scale in South Oxhey, where an average property is £168,190.

Current (Sep 2006) average house prices at ward level (Source: ©Hometrack)



Three Rivers house price averages by no. of bedrooms and dwelling type

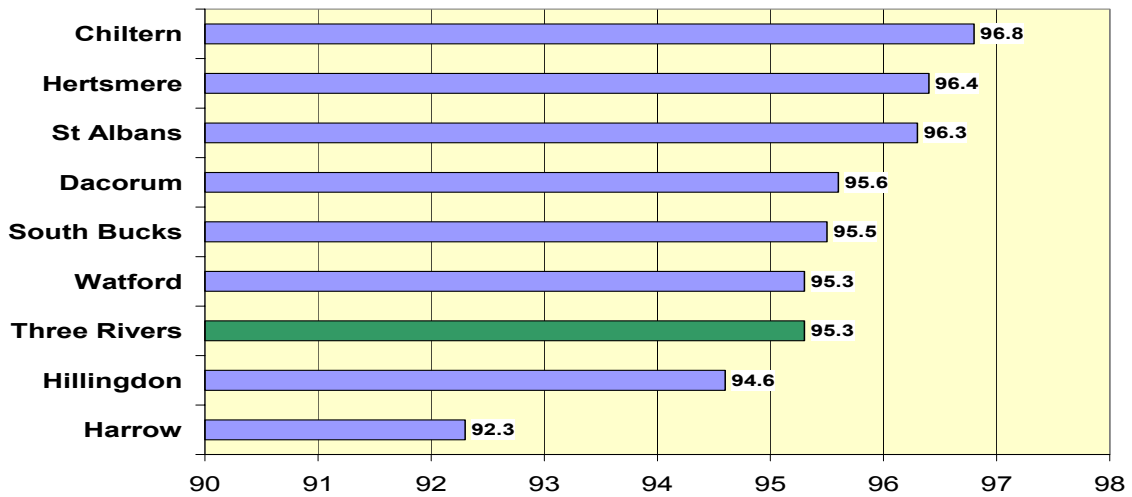
Price by bed count and type



Note
This chart shows the average price of property by bed count. The data for this analysis is based on data from Hometrack's Automated Valuation Model.

Actual sale price to price placed on the market

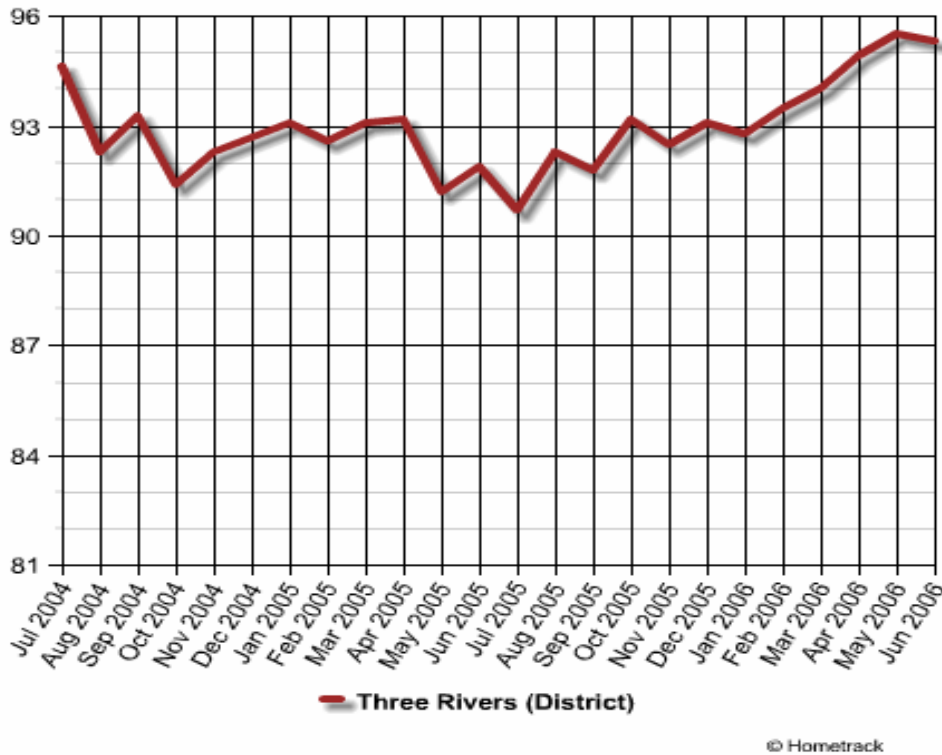
Three Rivers properties sell on average for 95.3% of the asking price, slightly lower than the majority of neighbouring authorities with which a comparison was made.



Source: © Hometrack

Within Three Rivers, sale price to asking price has varied quite considerably over the last two years, as illustrated by the graph below showing an overall significant increase over the last five months.

Percentage sale to asking price in 3Rs July 2004-March 2006

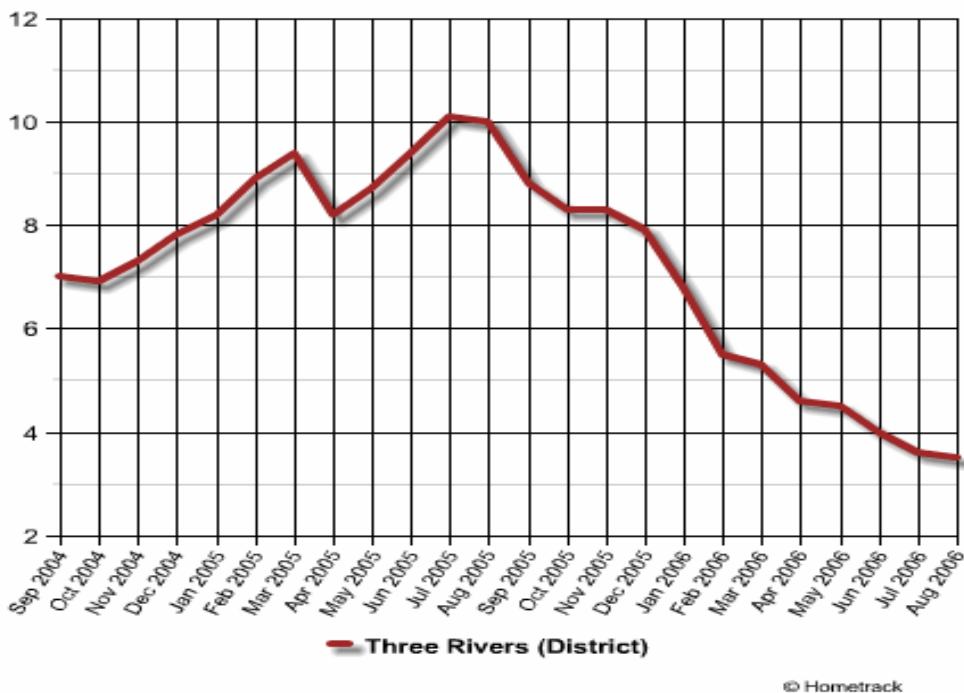


Source: Hometrack; © Hometrack

Average number of weeks for a property to sell in Three Rivers

The number of weeks average properties in Three Rivers have taken to sell has shown a significant reduction over the last 9 months to only 3.5 weeks by August 2006. The time to sell peaked in the middle of 2005 when the average time reached 10 weeks.

Average no. of weeks to sell in 3Rs July 2004-March 2006

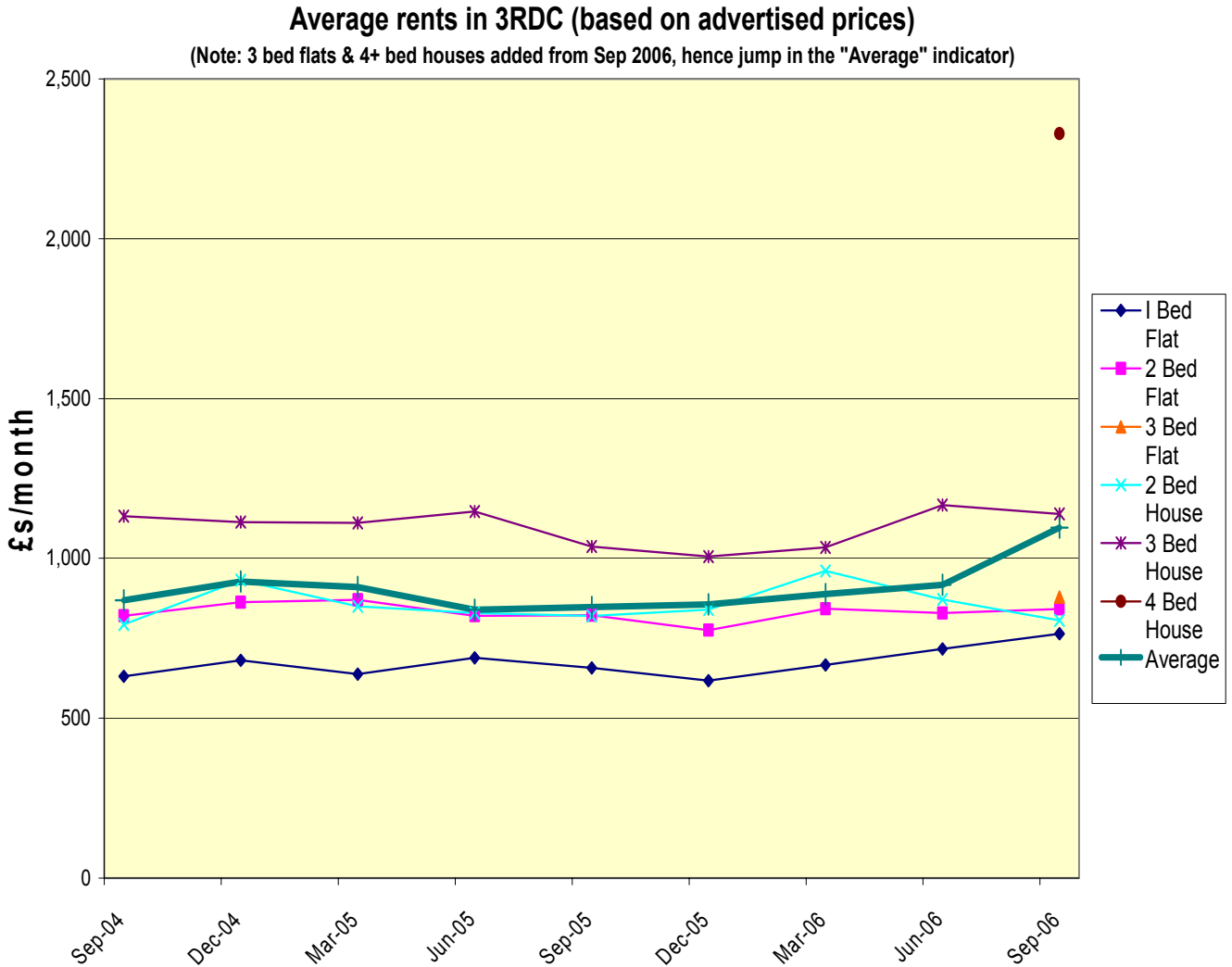


Source: Hometrack; © Hometrack

Note: For the purposes of clarifying the above, the time to sell starts from when the property goes on to the market to the point when the offer is accepted by both parties.

Private Sector rented accommodation in Three Rivers

The chart below shows trends of quarterly rental costs for different types of accommodation throughout the district along with the average rent. Note that the sudden increase in average rent for the September 2006 quarter is caused by adding 3-bed flats and 4+ houses. The average rent for property in the private sector in Three Rivers is £1,096 pcm (Sep 2006). This ranged from a minimum of £650 pcm for a 1 bedroom property to £4,000 for a 4+ bedroom house.



(Source: *Watford Free Property*, 28/9/2006)

The availability and cost of rented accommodation varies across the District. Based on properties available to let during September 2006 it is evident that Rickmansworth has the largest supply of rented properties, the majority of which are one and two bedroom flats.

The table which follows shows a breakdown of the various types of accommodation advertised in September 2006 (*Watford Free Property*) in the different parts of the district. This table shows the number of properties available and the minimum, maximum and average rental costs for different parts of the district along with totals for the whole District.

Properties available to rent in Three Rivers during September 2006

	<u>1 Bed Flat</u>	<u>2 Bed Flat</u>	<u>3 Bed Flat</u>	<u>2 Bed House</u>	<u>3 Bed House</u>	<u>4+ Bed House</u>	<u>Analysis/ Props available</u>
<u>Abbots Langley/Leavesden</u>							
Min				775		1,400	775
Max				775		2,500	2,500
Average				775		1,988	1,745
Number available				1		4	5
<u>Chorleywood</u>							
Min	650	995	1,000	950	1,300	1,600	650
Max	695	1,250	1,000	950	2,100	1,600	2,100
Average	673	1,148	1,000	950	1,700	1,600	1,174
Number available	2	3	1	1	2	1	10
<u>Croxley Green</u>							
Min		725	775		1,000		725
Max		800	900		1,150		1,150
Average		779	856		1,050		895
Number available		4	4		4		12
<u>Mill End/Maple Cross</u>							
No properties advertised							
<u>Moor Park</u>							
Min						2,750	2,750
Max						4,000	4,000
Average						3,375	3,375
Number available						2	2
<u>Rickmansworth</u>							
Min	675	650	850	825	950		650
Max	1,100	1,000	850	825	1,200		1,200
Average	825	793	850	825	1,106		862
Number available	3	12	1	1	4		21
<u>Sarratt/Chandlers Cross</u>							
No properties advertised							
<u>S. Oxhey/Oxhey/Carp Park</u>							
Min		750		675	800		675
Max		750		675	1,125		1,125
Average		750		675	980		891
Number available		1		1	4		6
<u>Three Rivers Totals</u>							
Min	650	650	775	675	800	1,400	650
Max	1,100	1,250	1,000	950	2,100	4,000	4,000
Average	764	842	879	806	1,139	2,329	1,096
Number available	5	20	6	4	14	7	56

(Source: Watford Free Property, 28/9/2006)

Economic prosperity and quality of life in Three Rivers

The Index of Multiple Deprivation (IMD 2004) is a measure of the level of deprivation in an area. It takes account of income unemployment; health and disability; education, skills and training; barriers to housing and services; crime; and living environment. The overall IMD is a weighted aggregation of these indicators. A higher IMD score indicates a greater level of deprivation in an area.

	ID2004 Average of SOA Scores	ID2004 Rank in Hertfordshire (10 districts)	ID2004 Rank in East of England (48 districts)	ID2004 Rank in England (354 districts)
Three Rivers	9.42	8	40	308

IMD results indicate Three Rivers has a low level of deprivation. On the rank of average scores, Three Rivers is ranked 308, in the least deprived 15% of local authorities in England. However, within the district wide result, there are pockets of deprivation, visible at the super output area (SOA) scale.

The most deprived areas are found in the wards of Northwick, Ashridge and Hayling, while the least deprived areas are found in the wards of Chorleywood West, Rickmansworth West, Croxley Green North and Moor Park and Eastbury.

Average incomes in Hertfordshire

Average incomes in Hertfordshire vary quite considerably, with Three Rivers being the fourth highest (see table below). East Herts has the highest average income in the county, while Stevenage has the lowest.

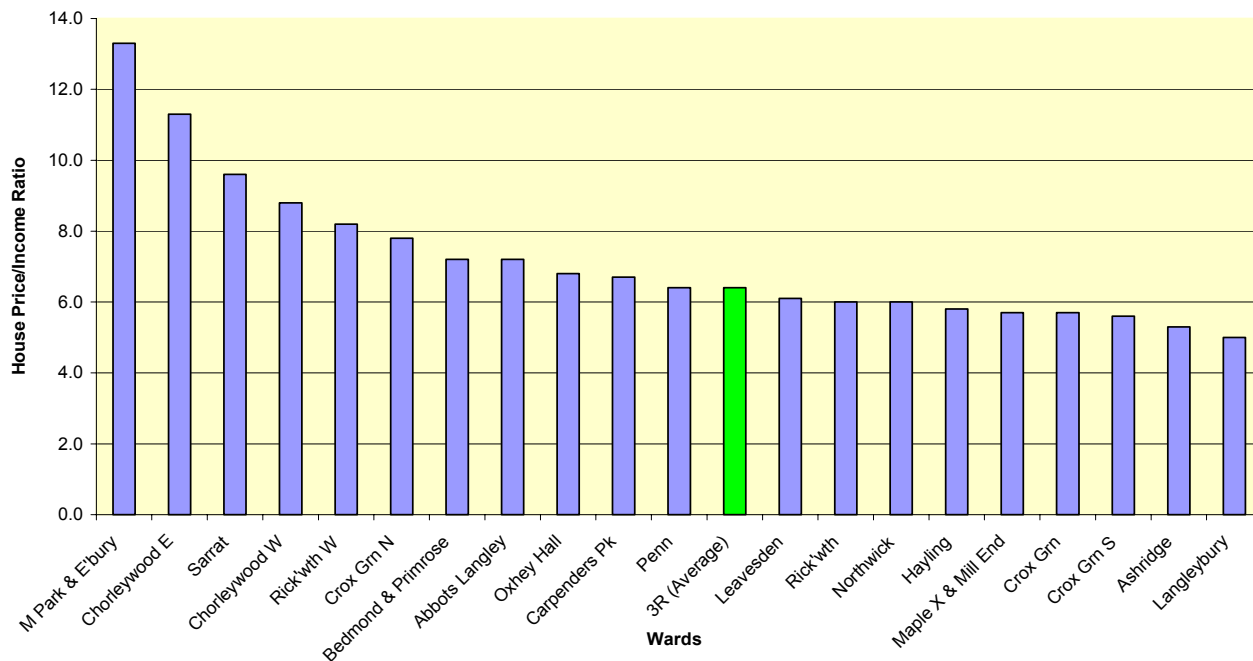
Local Authority Area	Average income (individual) 2005 (Annual Survey of Hours and Earnings 2005)
East Herts	£37,630
St Albans	£36,327
Hertsmere	£29,378
Three Rivers	£29,346
Welwyn Hatfield	£27,016
Dacorum	£25,607
North Herts	£25,109
Watford	£23,563
Broxbourne	£23,238
Stevenage	£20,928

House price to income ratios in Three Rivers

As the chart below illustrates, there is a very wide variation of house price to income ratios. Moor Park has the highest ratio at 13.3, while Langleybury has the lowest at 5. Even allowing for a reasonable deposit, and a mortgage lender agreeing up to 5 times a salary, this prices many

people out of the property market, making it difficult to attract homebuyers on low incomes and first time buyers into the district.

House Price to Income Ratios in Three Rivers (Source: © Hometrack)



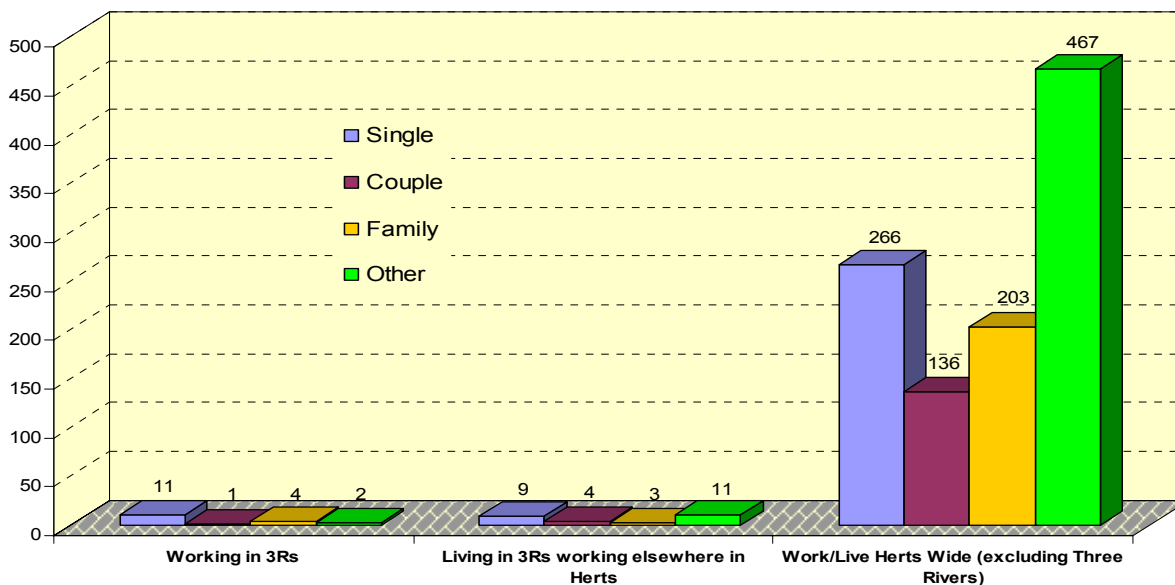
Key workers in Three Rivers and Hertfordshire

Key workers are those employees required to deliver public services. The definition of a key worker is subject to review in order to meet local demands but is generally acknowledged to be nurses, doctors, health workers, police officers, fire-fighters, teachers and social workers.

The chart below shows a very low number of key workers (by family size) working and living in Three Rivers and compared to the rest of Hertfordshire. The chart also shows a value for 'other' where the home buyers may not be related (eg. friends sharing), or where family status had not been declared. Incomes in the sector vary but the majority are at a level which make access to private sector accommodation difficult.

Family status of key workers

(Source Lea Valley Homes)

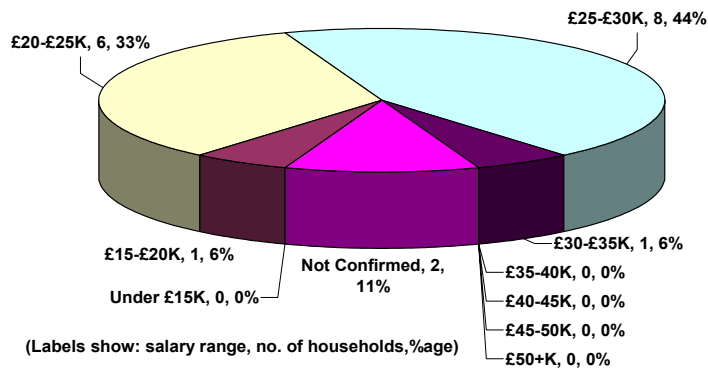


Household Incomes of Keyworkers

The charts below indicate the numbers and percentages of keyworkers in their relevant salary bands for those working in Three Rivers, and those living in Three Rivers but working elsewhere.

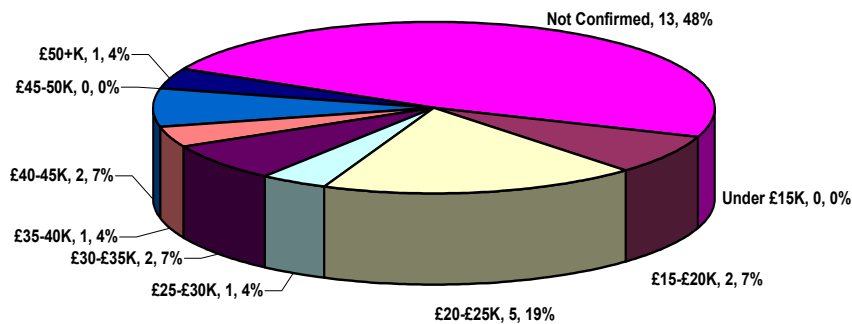
Household Incomes of key workers working in 3Rs

(Source: Lea Valley)



Living in 3Rs working elsewhere in Herts

(Source: Lea Valley Homes)

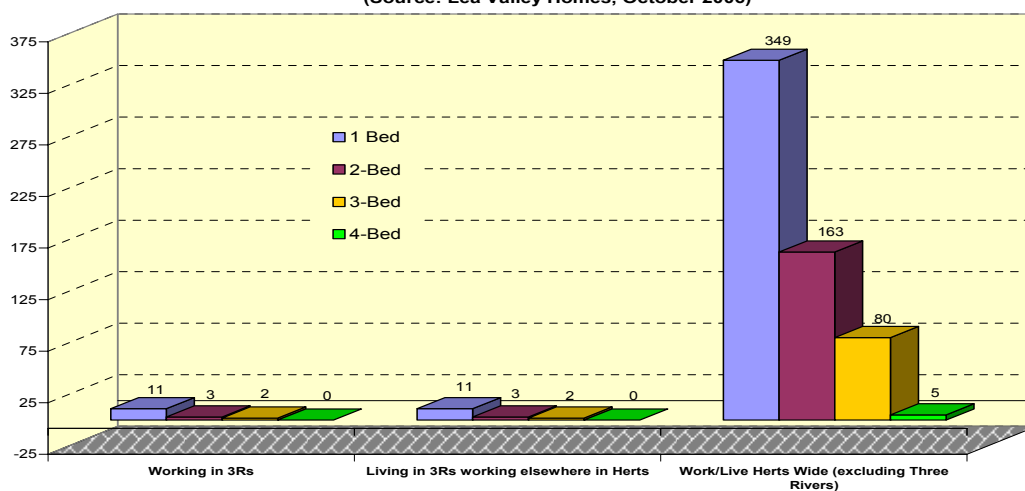


Size of units required by keyworkers

This chart shows the size of unit required by key workers *currently* either working in Three Rivers, or living in Three Rivers and working elsewhere, in comparison to the rest of Hertfordshire. The number of keyworkers requesting keyworker accommodation in Three Rivers is very low.

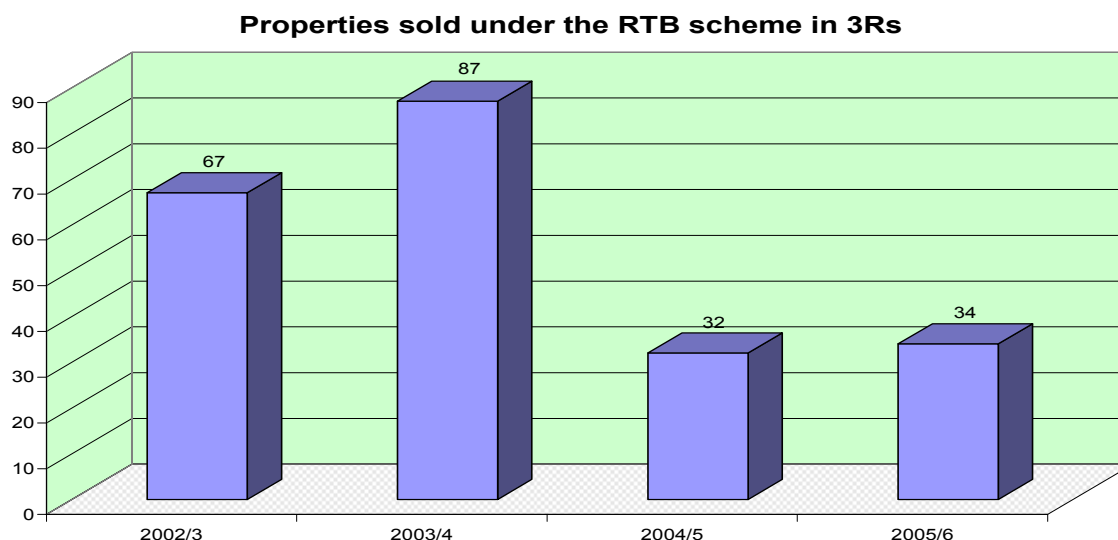
Size of unit requested (& currently awaiting) by key workers

(Source: Lea Valley Homes, October 2006)



Right to Buy in Three Rivers

Between April 2002 and March 2006, 220 Council properties were sold under the Right to Buy Scheme in Three Rivers. The authority, in partnership with Registered Social Landlords helped deliver 263 affordable units during the same period.



Dwellings Balance Analysis

As part of the Housing Needs Survey, David Coultie Associates carried out a Dwellings Balance Analysis for Three Rivers DC in 2001 (updated 2004), using weighting techniques. The purpose of the report was examine housing requirements in both market and social sectors, providing detailed information from which to generate site development brief requirements and determine social housing delivery, with a major objective of addressing stock gaps at local level. In the analysis, supply and demand are determined according to whether there was a shortfall or surplus of each type of accommodation.

Summary of shortfall/surplus of private sector and affordable stock in Three Rivers to 2004 by house type, size and location *(David Coultie study 2001, weighted in 2004)*

The table on the following page summarises shortfalls and surpluses in both private sector and affordable stock in Three Rivers. Note that the data is now two years old and may require further analysis.

<u>Sub - Area</u>	<u>Type</u>	<u>Bedroom Size</u>	<u>Private Sector</u>		<u>Affordable</u>	
			<u>Shortfall</u>	<u>Surplus</u>	<u>Shortfall</u>	<u>Surplus</u>
Abbots Langley	All Types	1	-	124	143	-
		2	-	122	86	-
		3	-	242	25	-
		4	-	105	10	-
Total			-	593	264	-
Chorleywood	All Types	1	-	14	106	-
		2	31	-	49	-
		3	21	-	44	-
		4	-	75	7	-
Total			52	89	206	-
Croxley Green	All Types	1	-	5	163	-
		2	21	-	104	-
		3	-	215	85	-
		4	26	-	11	-
Total			47	220	363	-
Rickmansworth	All Types	1	-	37	237	-
		2	-	245	50	-
		3	-	243	50	-
		4	-	126	16	-
Total			-	651	353	-
Sarratt Parish	All Types	1	-	-	24	-
		2	-	6	27	-
		3	32	-	51	-
		4	23	-	6	-
Total			55	6	108	-
Watford Rural Parish	All Types	1	-	62	117	-
		2	-	163	-	140
		3	-	142	-	81
		4	-	73	15	-
Total			-	440	132	221
Overall Total			154	1,999	1,426	221

Analysis of Private Sector and Affordable properties across the District to 2004

The District overall:

Private Sector

There was a net surplus of 272 one-bedroom properties in the District.

There was a net surplus of 484 two-bedroom properties in the District, most notably two-bedroom houses for which there was a net surplus of 414 houses. There was a surplus of 195 two-bedroom flats and a deficit of 125 two-bedroom bungalows.

There was a significant net surplus of 789 three-bed properties across the District as a whole due to an over supply of 649 three-bedroom houses in some areas.

Across the District there was a net surplus of 330 four + bedroom properties

Surpluses and shortfalls vary significantly across the District. Generally there was more surplus stock than shortfalls. However 2 and 3 bedroom property shortfalls were recorded in Chorleywood, 2 and 4 bedroom properties in Croxley Green and 3 and 4 bedroom properties in Sarratt.

Summary of shortfall/surplus of private sector stock to 2004 by house type and size (David Couttie study 2001, weighted in 2004)

<u>Property Type</u>	<u>Bedrooms</u>	<u>Private Stock</u>	
		<u>*Shortfall</u>	<u>**Surplus</u>
Flat	1	-	170
	2	-	195
	3	-	69
Bungalow	1	-	-
	2	125	-
	3	-	71
	4	-	47
House	1	-	72
	2	-	414
	3	-	649
	4	-	283
All Types	1	-	242
	2	125	609
	3	-	789
	4	-	330
Total		125	1,970

Note: The data does not include any allowance for demand from in-migrants

* *Shortfall of units – Demand is greater than supply for this type.*

***Surplus of units – Supply is greater than demand for this type.*

Affordable Sector

Across the District as a whole there was a net shortfall of 1,205 affordable properties, and a large deficit of affordable one bedroom properties.

The shortfall covers most areas, though Watford Rural Parish is the exception with a surplus of affordable 2 and 3 bedroom properties.

The greatest shortfall of affordable housing was in Croxley Green and Rickmansworth.

Summary of shortfall/surplus of affordable stock to 2004 by property size

(David Couttie study 2001, weighted in 2004)

<u>Property Type</u>	<u>Bedrooms</u>	<u>Affordable Stock</u>	
		<u>*Shortfall</u>	<u>**Surplus</u>
All Types (due to lack of specific type data)	1	790	-
	2	176	-
	3	174	-
	4	65	-
Total		1205	-

* Shortfall of units – Demand is greater than supply for this type.

**Surplus of units – Supply is greater than demand for this type.

END