

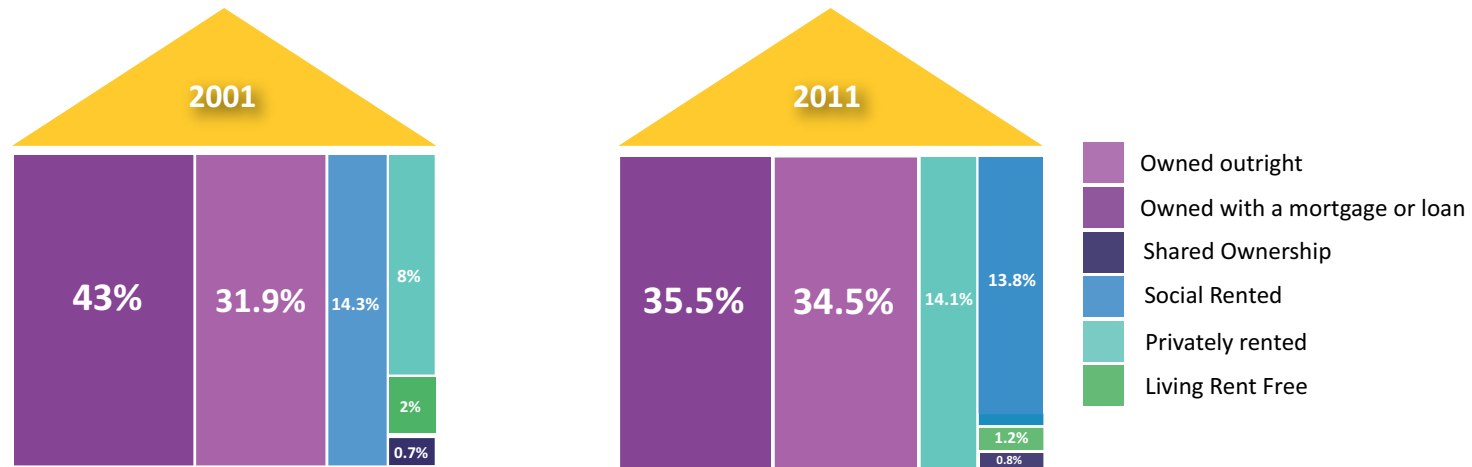
# Housing

## Shifting home ownership patterns

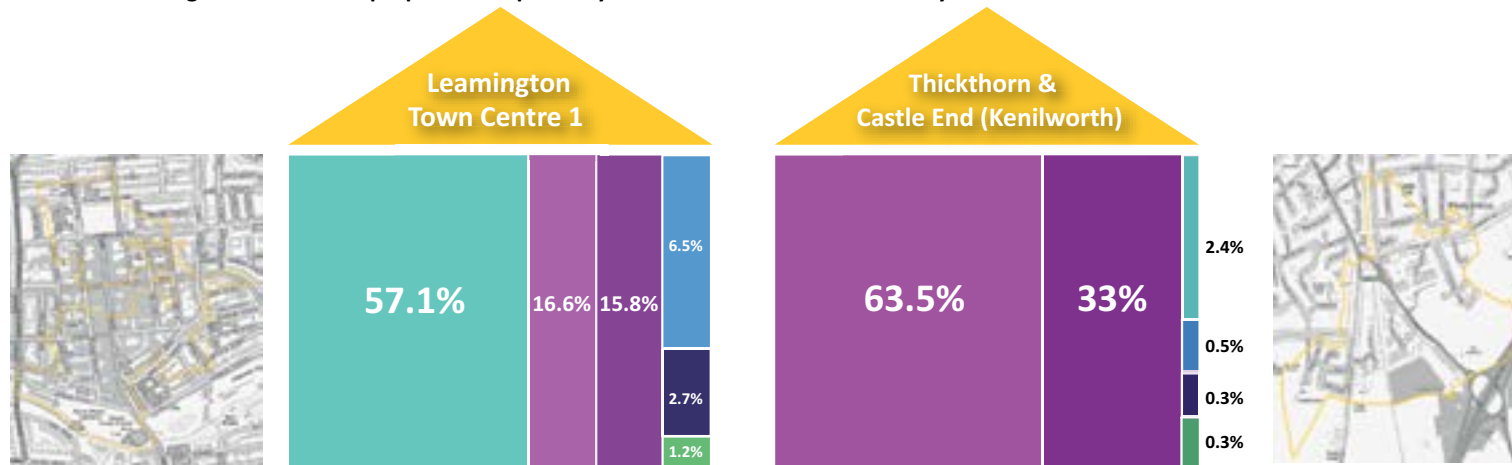
49



The county has seen a shift in the pattern of home ownership over the last ten years, more homes are now owned outright and the privately rented sector has doubled over the last decade. There is considerable variation at a more local level.



### Areas with the highest and lowest proportion of privately rented homes across the county in 2011



Source: 2001 and 2011 Census, Office for National Statistics

# Housing Affordability



## Description

The term housing affordability relates to how affordable it is to purchase housing within an area given an income level. The housing affordability ratio is an economic indicator that determines whether people with the lowest incomes can afford to buy the lowest priced housing prices available in the area where they work. Specifically, the indicator examines the relationship between the lowest quartile of incomes and the lowest quartile of house prices within a particular area.

The Department for Communities and Local Government (DCLG) analyses data from the Land Registry on house prices and gross annual income from the Annual Survey of Hours and Earnings (ASHE) in order to establish the ratio of lower quartile housing prices to lower quartile earnings. The Land Registry records all property sales in England and Wales and publishes data on sale prices, including cash sales.

To calculate the housing affordability ratio, the following formula is used:

Housing Affordability =

$$\frac{\text{Lower Quartile House Prices}}{\text{Lower Quartile Annual Incomes}}$$

*(the price below which 25% of house prices sit)*

*(the income level below which 25% of incomes sit)*

The higher the ratio, the less affordable housing is in a particular area as residents need higher multiples of their income to purchase property.

## Performance

Figure 4.1 shows the housing affordability ratios in Warwickshire and its districts compared to the national average. In 2012, the lower quartile price for properties in Warwickshire was, on average, 6.7 times the lowest

Figure 4.1: Housing affordability ratio, 1997 – 2012\* (ratio of lower quartile house prices to lower quartile earnings)

YEAR	NORTH WARWICKSHIRE	NUNEATON & BEDWORTH	RUGBY	STRATFORD-ON-AVON	WARWICK	WARWICKSHIRE	ENGLAND
1997	3.97	3.05	2.86	5.52	4.42	3.93	3.57
1998	3.59	3.22	3.05	5.72	4.62	3.92	3.57
1999	3.74	3.19	3.19	6.20	5.23	4.15	3.68
2000	3.78	3.31	3.82	6.08	5.70	4.50	3.91
2001	3.91	3.60	3.61	6.55	5.85	4.48	4.08
2002	4.30	4.12	4.58	7.81	6.46	5.24	4.45
2003	5.02	5.04	5.19	8.57	7.89	5.75	5.23
2004	5.85	5.63	6.34	8.61	8.32	6.84	6.28
2005	6.59	6.43	6.35	10.19	8.63	7.24	6.82
2006	6.86	6.53	7.16	9.63	8.26	7.28	7.15
2007	6.84	6.68	7.09	8.97	8.59	7.19	7.25
2008	7.25	6.32	6.51	9.00	8.35	6.95	6.97
2009	6.13	5.82	5.31	8.48	7.38	6.49	6.28
2010	6.02	5.56	5.76	9.84	8.39	6.94	6.69
2011	5.92	5.54	6.02	9.62	7.54	6.82	6.57
2012*	6.16	5.38	6.16	8.79	7.65	6.70	6.59

\* Figures for 2012 are provisional and may change when the table is updated next year to reflect revisions in the Annual Survey of Hours and Earnings (ASHE) data.

Source: DCLG, live table on house prices 576 ([communities.gov.uk](http://communities.gov.uk)), 2012

quartile annual wage for a full time employee working in Warwickshire. This is slightly higher than the England average of 6.6, meaning housing is relatively less affordable across the county as a whole. The county ratio has fallen in both 2011 and 2012 from 6.94 in 2010 indicating that house prices have become relatively more affordable over recent years.

However, between 2005 and 2007, during the housing boom the Warwickshire ratio was over seven times the lowest quartile annual wage as house price growth outstripped growth in earnings so this fall over the last two years should be seen in context.

# Housing Affordability

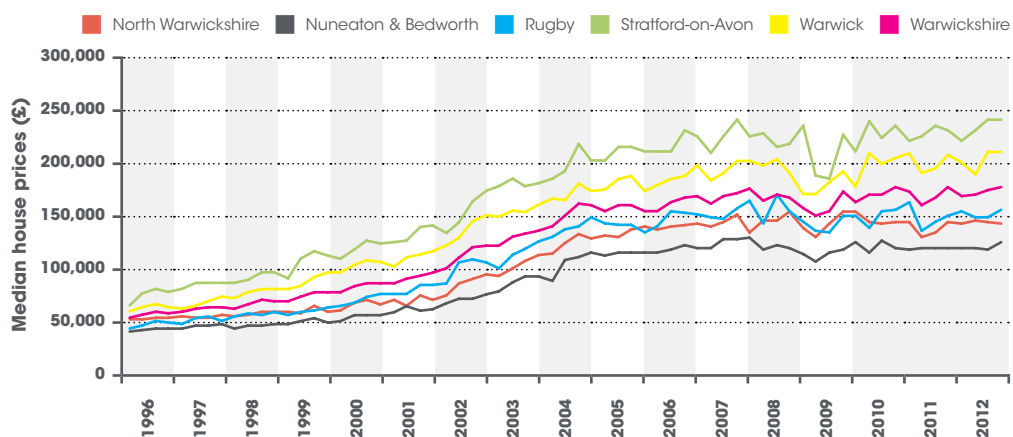
There is considerable variation at a district level in terms of housing affordability. Stratford-on-Avon District has a ratio of 8.8 in 2012 compared to Nuneaton & Bedworth Borough which had an equivalent ratio of 5.4. For Stratford-on-Avon District, this means a person earning a low income would need the equivalent of nearly nine years' worth of income to afford the cheapest housing, a far higher ratio than both the county and national average.

The provisional median house price for Warwickshire in the third quarter of 2012 was £182,000, which is just below the England and Wales equivalent of £186,000. The Warwickshire median house price masks considerable variation at a district level and house prices can be separated into different pricing categories. In quarter three of 2012:

- Stratford-on-Avon and Warwick District had a median house price of over £200,000 at £245,250 and £215,000 respectively
- Rugby and North Warwickshire Boroughs had median house prices of £160,998 and £148,000 respectively
- Nuneaton & Bedworth Borough had a median house price of £130,750.

The median house prices for all districts in Warwickshire have increased from the previous year. Stratford-on-Avon District has instances where prices are approximately 90% higher than in Nuneaton & Bedworth Borough.

Figure 4.2: Median house prices, 1996 - 2012



Source: DCLG, live table on house prices 582 (communities.gov.uk), 2012

## Outlook

Whilst high house prices often reflect desirable places to live, housing affordability remains a concern, particularly for the lowest paid workers in the economy.

A recent report from The Resolution Foundation found that a third of Britain is effectively off-limits to lower-income working families because private rents are unaffordable. On that basis, 125 of 376 local authorities in Britain (33%) are unaffordable for less-affluent working families, including the south of the county in Warwickshire (Warwick District and Stratford-on-Avon District).

Consultancy firm Price Waterhouse Cooper (PWC) produced a report in 2012, 'The UK housing market: What's coming next and what does it mean?' which suggests that first time buyers will most likely be unable to get onto the property ladder until their mid-to-late 30s for a single person and late 20s or early thirties for couples. In an attempt to stimulate the housing market, the UK Government has recently introduced the 'Help to Buy scheme'. This scheme helps first time house buyers and those who have recently purchased houses to get onto the property ladder. The first stage of the scheme has brought a considerable increase in activity in the housing market, with the number of home purchase mortgage approvals by high street banks up by a third (33%) in June 2013 compared to the same time in the previous year.

## Further Information

- Data regarding the housing market and house prices are available from the Communities and Local Government website: <http://bit.ly/NGGHoY>
- The Resolution Foundation report, 'Home Truths: How affordable is housing for Britain's ordinary working families?' can be accessed via the following link: <http://bit.ly/12riTOP>
- Price Water House Cooper (PWC) report, 'The UK housing market: What's coming next and what does it mean?': <http://pwc.to/OzMZET>
- Alternatively, contact the Observatory on 01926 412775 or by email on [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk)

# Housing Tenure

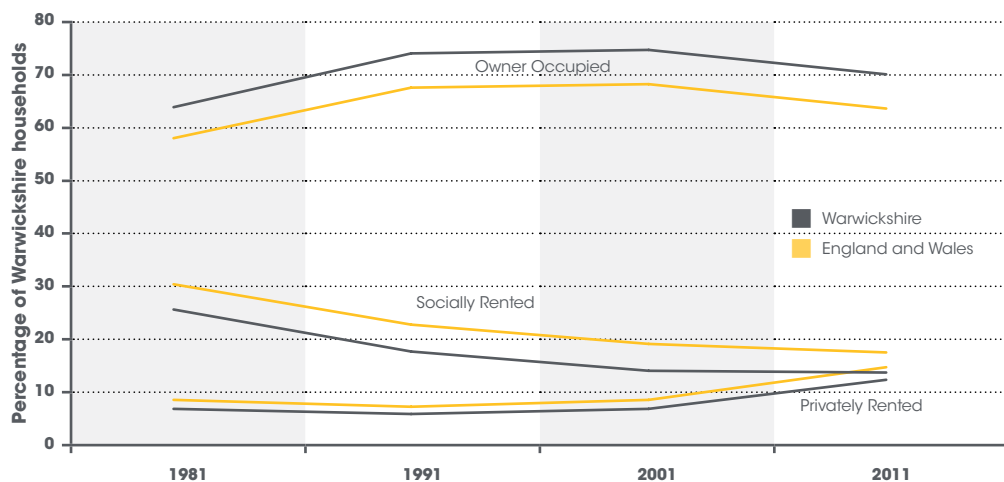
## Description

The structure of home ownership has changed markedly over the last century. Driven by a range of policies and economic developments, there has been a shift from a largely renting to owner occupier population. The following analysis considers the changes in tenure structure in Warwickshire.

## Performance

Prior to 2001 the national and local trend in housing tenure had been one of ever increasing home ownership. However, data from the last decade has indicated a departure from this; home ownership in Warwickshire (owned outright and mortgaged homes) has declined from its peak of almost 75% in 2001 to 70% in 2011. Social renting (from a Local Authority or Private Registered Providers) has continued to decline over the last 30 years in Warwickshire from 25.9% in 1981 to 13.8% in 2011. Private renting remained fairly static between 1981 and 2001 but the last decade has seen a marked rise in the number of homes privately rented. For all tenures (owner occupier, social and privately rented) Warwickshire has broadly followed national trends, as Figure 4.3 illustrates.

Figure 4.3: Warwickshire Housing Tenure, 1981 - 2011



Source: Census 1981 – 2011, Office for National Statistics

## Ownership

The ownership category includes those who own their own homes, those who have bought with a mortgage and shared ownership households. Over the past decade there have been some notable shifts in the pattern of home ownership in Warwickshire. Following the national trend, the number of homes owned outright has increased since 2001. In Warwickshire, just over 1 in 3 homes (34.5%) are owned outright, an increase of 2.6 percentage points since 2001. This is a higher rate of increase than the 1.3 percentage point increase experienced nationally.

Figure 4.4: Home Ownership, 2001 - 2011



Source: Census 2001 – 2011, Office for National Statistics

# Housing Tenure



Similarly, all districts in the county experienced increases in the proportion of homes owned outright. The highest rate of increase was in North Warwickshire Borough with a 4.4 percentage point increase in homes owned outright from 30.5% to 34.9% since 2001.

Stratford-on-Avon District contains the highest proportion of homes owned outright (39.1%). Warwick District and Rugby Borough have lower levels of homes owned outright at 32.6% and 32.9% respectively. However, all districts in the county have outright ownership levels above the national average of 30.8%. More locally, the highest levels of homes owned outright are in the following Lower Super Output Areas (LSOAs):

- Wootton Wawen (Henley ward, Stratford-on-Avon District) - 68.5%
- St. Nicolas North and College (St. Nicolas ward, Nuneaton & Bedworth Borough) - 66.4%
- Bulkington North (Bulkington ward, Nuneaton & Bedworth Borough) - 66.3%

Unsurprisingly rates of ownership are highest among the older population. Eighty three per cent of homes in Warwickshire where all occupants (more than one) were aged 65 or older, were owned outright. This can be compared to 64% of single occupancy for those aged 65 plus where homes were owned outright.

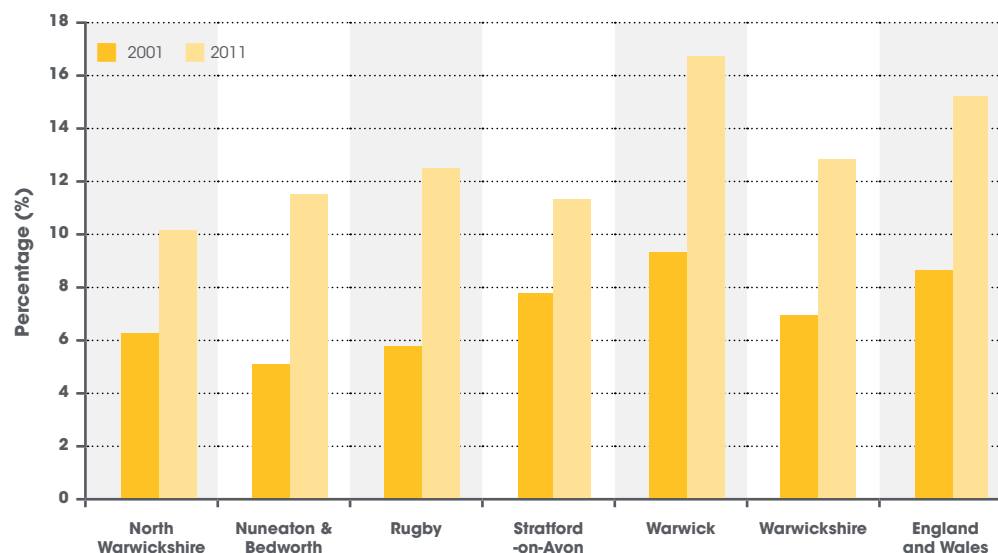
Conversely, the proportion of homes in Warwickshire owned with a mortgage fell by 7.5 percentage points from 43% of homes in 2001 to 35.5% of homes in 2011. This fall in rate is slightly higher than the national rate of decline at 6.1 percentage points. Across the districts, the rate of home ownership with a mortgage fell roughly in line with the county average.

Shared ownership (where homes are part owned and part rented) account for 0.8% of home ownership in Warwickshire. Some 1,920 homes in the county are owned in this way. This is in line with the national picture for this type of home ownership. Shared ownership increased by 0.1% in Warwickshire in the last 10 years.

## Renting from Private Landlords and Social Renting

Nationally, one of the key headlines from the 2011 Census has been the reported rise in the proportion of privately rented homes. Warwickshire, in line with national trends, saw the number of privately rented homes double from 14,809 in 2001 to 29,628 in 2011. The county saw a 5.8 percentage point shift in the proportion of home being privately rented from 7.0% ten years ago to 12.8% of all homes in 2011.

Figure 4.5: The proportion of privately rented homes in Warwickshire, 2001-2011



Source: Census 2001 – 2011, Office for National Statistics

A similar trend was experienced across all districts in the county. Nuneaton & Bedworth Borough and Rugby Borough both saw the number of privately rented homes increase by 150%. Both boroughs, along with Warwick District, recorded proportional shifts in private renting which were higher than the county average. North Warwickshire Borough and Stratford-on-Avon District recorded slightly lower proportional increases. Private renting is highest in Warwick District at almost 17% of homes. In part this is likely to be a reflection of higher student numbers from Warwick University and the number of young professionals in the area. Indeed, the top three Lower Super Output Areas in the county with the highest levels of private renting are all in Warwick District:

- Leamington Town Centre 1 (Clarendon ward) - 54.7%
- Leamington Town Centre 2 (Clarendon ward) - 48.8%
- Old Town North West (Willes ward) - 47.1%

# Housing Tenure



The 2011 Census shows higher rates of private renting are evident in particular types of households. One in four single person households where the occupant is under 65 are privately rented. Similarly, a quarter of all lone parent households with dependent children privately rent their homes. Full-time students record the highest rates of private renting at 91%. Rates of private renting, however, are particularly low (under 5%) in households where the occupants are 65 years or older.

Proportionally the 2011 Census records a very slight decline in social renting\* in Warwickshire since 2001, although absolute numbers in this sector have increased by around 1,700 homes. Social renting includes homes rented from a local authority or other registered social landlords/housing associations. Warwickshire has broadly seen renting from the local authority decline while other social renting has increased. In some authorities there has been a transfer of housing stock from the council to Private Registered Providers hence the shift in lower local authority figures and higher 'other social rented' numbers. However, some of the shifts in numbers may simply be Census respondents wrongly reporting who their landlord is\*. The LSOAs that have the highest proportion of socially rented homes in the county are:

- Lillington East (Crown ward, Warwick District) - 63.6%
- Bar Pool North and Crescents (Bar Pool ward, Nuneaton & Bedworth Borough) - 62.6%
- Middlemarch and Swimming Pool (Wem Brook ward, Nuneaton & Bedworth Borough) - 53.1%

Rates of social renting are highest among lone parent households with dependent children; 35% of these households rent from either the local authority or Private registered providers. Nearly one in four single occupancy households where the occupant is over 65 rent their homes from social landlords.

*\*The Census asked respondents to identify who their landlord is and the results reflect the responses they gave. Although local authority housing stock has generally been transferred to other social landlords, individuals responding to the Census will report their understanding of their landlord and this may not reflect the actual management arrangements in place.*

## Outlook

Some of the likely explanations behind the rising number of homes owned outright in Warwickshire include an ageing population where mortgage terms are coming to a natural end. This, combined with low interest rates, may encourage an early pay off of mortgage products as other saving options become less rewarding. The ageing population is projected to continue in Warwickshire and so this pattern is likely to continue into the future.

The rapid rise in privately rented homes since 2001 and decline in mortgaged homes could be linked to the current economic climate; where access to the housing market is more restricted. A combination of higher average house prices, tighter lending requirements and declining wage growth may all have contributed to the higher demand for rented homes. The availability of socially rented homes has been on the decline for several decades and although absolute numbers may have increased slightly in the county this is unlikely to meet increased demand, or necessarily be appropriate, for those needing to rent this housing. As such households needing to rent are more likely to look towards private renting than social renting. The implications of higher levels of private renting include issues relating to rent levels, security of tenure and housing quality.

Further 2011 Census data relating to tenure will be made available in the coming months. This data will provide an even more detailed picture of patterns of housing tenure across Warwickshire and will feature in further Observatory publications in the future.

## Further Information

- For further information relating to the 2011 Census please contact Warwickshire Observatory at [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk) or 01926 418066
- The Warwickshire Observatory 2011 Census prospectus and all 2011 Census products are available to view and download on the Observatory blog: <http://warksobservatory.wordpress.com/>



**CLICK ON THE INTERACTIVE MAP**

to view housing tenure data in more detail

# Housing Need and Repossessions

## Description

This indicator focuses on the need for housing and the level of repossessions across Warwickshire. Housing need is a relatively hard concept to fully define however, previous reports have used housing waiting lists and numbers of those accepted as statutorily homeless as a way of identifying need. The number of completed and new homes built in the county is also considered in this indicator to assess how housing demand compares with supply.

Level of mortgage repossessions can provide an assessment of the economic conditions in an area and in turn can have an impact and be impacted by the worklessness rate, reduced income levels and increased costs of living in an area. In Warwickshire, several hundred individuals and families lose their homes annually affecting and affected by their financial stability, family situation and more broadly the overall economic climate. Court orders prove to be an effective way of calculating the repossession rate between different areas; however, the actual number may differ from these statistics as repossessions can occur without court orders, and not all court orders result in repossession.

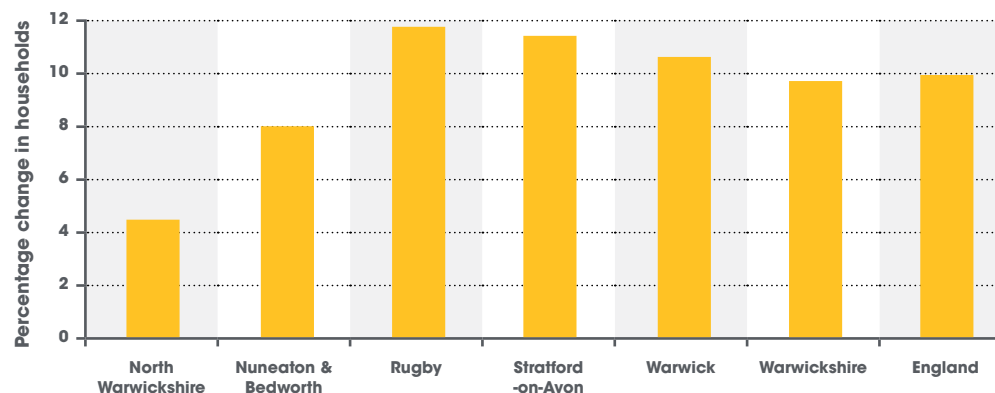
## Performance

The main drivers for housing need are household and population growth. Other demographic aspects also have an impact including migration patterns, age structures and household headship rates. Economic factors are also significant, both directly and indirectly, in terms of the influence the economic climate may have on the above demographic outcomes.

The Office for National Statistics (ONS) have produced ten year interim population and household projections based on the results of the 2011 Census. The population projections suggest that Warwickshire will increase by 4,500 people (8.2%) to 591,183 people in 2021. At a district level, Rugby Borough is set to see the largest percentage increase over the ten year period (11.1%) although Warwick District remains the largest district in terms of population reaching 148,655 people by 2021.

Forecasts suggest Warwickshire will also experience a 9.9% growth in households between 2011 and 2021, in line with the national growth rate of 10%. In the county, Stratford-on-Avon and Rugby Borough are set to experience the large percentage growth in households over the next ten years at 11.9% and 11.8% respectively. These projections are based on the continuation of recent trends and expected demographic changes and do not account for emerging local planning policy in an area.

Figure 4.6: Rate of projected housing growth by district, 2011 – 2021



Source: Live Table 406, Department for Communities and Local Government, 2013

An indication of the need for housing is the number of households accepted as being homeless and as a result fall into the 'priority need' category. It is worth bearing in mind that this data can be affected by a number of factors, hence figures tend to fluctuate from year to year with no recognisable pattern. Figure 4.7 illustrates the number of those in priority need (accepted as statutorily homeless) from 2004/05 to 2012/13.

# Housing Need and Repossessions

Figure 4.7: Number of households accepted as being homeless and in priority need, 2004/5 - 2012/13

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	NUMBER PER 1,000 HOUSEHOLDS (2012/13)
North Warwickshire	50	35	31	15	11	14	22	22	36	1.33
Nuneaton & Bedworth	173	98	92	82	72	58	89	139	180	3.40
Rugby	92	-	-	77	-	56	81	56	51	1.24
Stratford-on-Avon	103	153	73	130	101	60	73	87	68	1.26
Warwick	205	-	85	122	83	65	109	123	174	2.76
<b>Warwickshire</b>	<b>623</b>	<b>-</b>	<b>-</b>	<b>426</b>	<b>-</b>	<b>253</b>	<b>374</b>	<b>427</b>	<b>509</b>	<b>2.14</b>
West Midlands	14,050	11,960	8,740	9,170	8,670	7,100	8,440	8,560	-	
England	120,860	93,980	73,360	63,170	53,430	40,020	44,160	50,290	53,540	2.37

Source: Live Table 784, Department for Communities and Local Government, 2013

Notes: dashes denote that the data is not available

The number of households in priority need in Warwickshire has steadily increased over the last four years. In 2009/10, there were 253 households in need; this had more than doubled by 2012/13 to 509 households across the county. This is over three times the equivalent national increase over the same period (33.8%).

The numbers of households in priority need varies considerably across Warwickshire. In 2012/13, Nuneaton & Bedworth Borough and Warwick District had the largest volumes of households in 'priority need' with 3.4 and 2.8 households per 1,000 households.

It is important to remember that when considering those in priority need, this does not fully represent the total housing need in Warwickshire. These figures must be used with caution as they do not reflect the effort made by local authorities to reduce homelessness. Despite this, the data is useful in indicating general trends, and it is worthwhile continuing to monitor to assess the impact of the economic climate and welfare reforms on the future need for housing.

Figure 4.8 considers the supply of housing through housing starts and completions over time in Warwickshire. The sudden drop in 'housing started' in 2008 reflects the dependence of the housing market on the economy as the UK entered a recession. Housing starts seems more responsive to economic changes than houses completed. For example, between 2007 and 2008, new dwellings started in Warwickshire fell from 1,980 to 850, a fall of 133%. However, for completed buildings there was a more long-term steady decline, with completed buildings falling by only 11% from 1,730 to 1,540 in the same period.

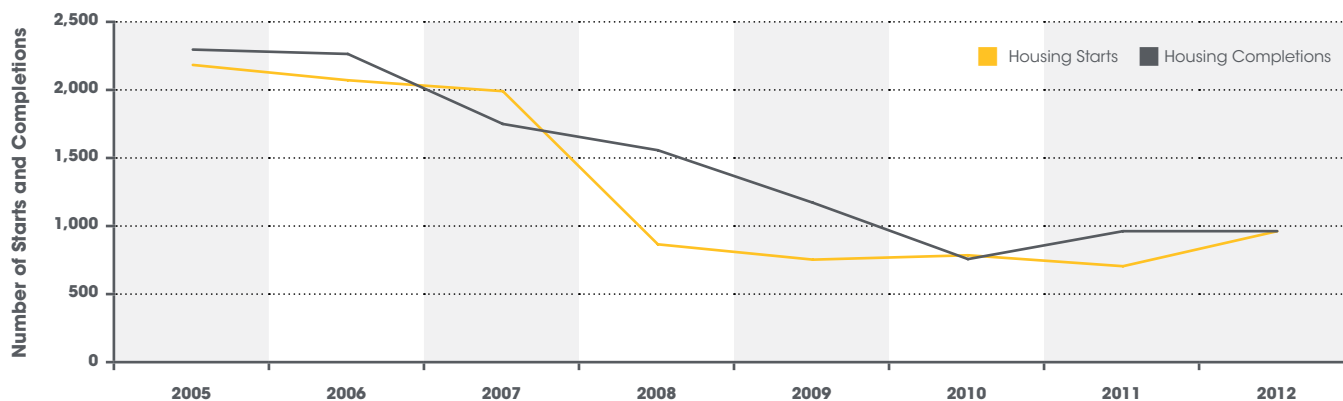
However, from 2010 to 2012, the numbers of housing completions has seen a steady increase across the county. This may reflect increased confidence levels in the market which prompted a rise in 'housing started' a year later (2011 to 2012). However, this rise is not the case across all of Warwickshire's districts. North Warwickshire Borough has seen a 78% fall in house starts and completions from 2010 to 2013.

Although the rising number of housing completions in the county should be seen as a sign of economic recovery, the affordability of housing remains an issue. It is worth bearing in mind that if the prices of the newly completed housing are unaffordable for those on the lowest incomes, they will still be unable to get onto the property ladder.



# Housing Need and Repossessions

**Figure 4.8: House building permanent dwellings, started and completed in Warwickshire, 2005-2012**



Source: Live Table 253a, Department for Communities and Local Government, 2013

**Figure 4.9: Mortgage repossessions: 2004 – 2012 (up to quarter 3)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012*		
									Q1	Q2	Q3
North Warwickshire	120	135	195	165	155	110	120	90	30	20	15
Nuneaton & Bedworth	270	420	445	520	480	290	265	255	55	40	45
Rugby	145	195	220	240	265	170	145	135	25	40	30
Stratford-on-Avon	95	150	170	185	155	120	115	115	15	20	20
Warwick	120	175	195	220	215	165	110	95	25	15	20
<b>Warwickshire</b>	<b>740</b>	<b>1,075</b>	<b>1,225</b>	<b>1335</b>	<b>1285</b>	<b>860</b>	<b>750</b>	<b>685</b>	<b>145</b>	<b>135</b>	<b>130</b>

Source: Ministry of Justice – Mortgage and landlord possession statistics, 2013

\*2012 figures are only for three quarters of 2012 and therefore are not directly comparable with the previous years.

## Repossessions

With the recession and economic downturn, an increase in the overall number of repossessions would be expected, but data from the past three years shows a large reduction when compared with pre-2009 figures. This is due to the introduction of the Government-led Mortgage Repossession Pre-action Protocol (with effect from 19th November 2008). Trends in the numbers of actual repossessions (as reported by the Council of Mortgage Lenders) are similar to those in the numbers of claims issued and claims leading to orders.

The number of mortgage repossessions peaked in Warwickshire in 2007 with 1,335 repossessions, this almost halved in 2011 to 685 mortgage repossessions. According to the Council for Mortgage Lenders (CML) the national rate of repossession in the three months to March 2013 remained at 0.07% for the fourth consecutive quarter. This rate is equivalent to fewer than one in 1,400 mortgaged properties being taken into possession by lenders each quarter.

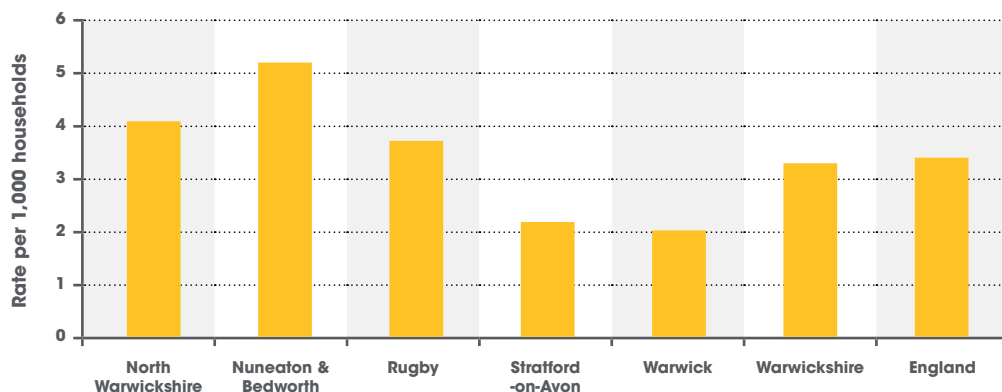
Although the data has not been made available for the full four quarters of 2012, analysing the first three quarters can give an indication of the trend. For the three quarters of 2012, figures for mortgage repossessions are lower than those in 2011 suggesting that the county is on track to continue the declining trend of mortgage repossessions with lower numbers in 2012 than the previous year.

# Housing Need and Repossessions

At a district level, the biggest fall has been seen in Warwick District from 165 repossessions in 2009 to 95 in 2011 and this is likely to fall further in 2012. Nuneaton & Bedworth Borough has the largest number of repossessions, accounting for 38% of Warwickshire's total. Despite this, the borough has seen a 51% fall in repossessions from 2007 to 2011.

Figure 4.10 illustrates the average mortgage repossession rate in Warwickshire since 2009. Unfortunately the data has not been updated to include 2012 data however, it still provides a valued indication of the trend across districts. The chart shows that figures for mortgage repossession claim rates in Stratford-on-Avon and Warwick Districts are significantly below the national average in 2011. However, Nuneaton & Bedworth Borough's repossession rate is approximately two and a half times the figure for both Stratford-on-Avon and Warwick Districts. This suggests a clear divide in the structure of the housing market across the county.

**Figure 4.10: Average mortgage repossession claim rates 2009 – 2011 (per 1000 households)**



Source: Ministry of Justice – Mortgage and landlord possession statistics, 2012

## Outlook

Continued problems with housing affordability, the economic climate, the projected population growth and the future impact of welfare reforms are expected to trigger higher social housing demand in the future. The new National Planning Policy Framework (NPPF) has now placed the emphasis on planning for housing back on local councils. This is likely to prove challenging. The numbers of households in priority need has steadily been increasing across the county for a number of years. However, there look to be signs of recovery in terms of the supply of housing as housing starts and completions are increasing as the construction industry regains confidence after the economic downturn.

A recent report by Shelter, titled 'Understanding supply constraints in the housing market', argues that the nature of the UK housing market means it is unlikely to ever produce enough homes to meet demand. The report suggests that planning and building regulations lead house builders to focus more on land management and action to improve their financial position rather than innovation and production. Therefore, although the rise in housing starts and completions should be seen in a positive light, whether production will be sufficient to meet future housing demands remains uncertain.

In last year's report, we suggested that repossessions were likely to rise as household budgets remains under pressure at a time of relatively higher unemployment and low economic growth. This has not been the case for the first three quarters of 2012 as Warwickshire looks on track to have lower numbers of repossessions in 2012 than the previous year. The Observatory will continue to monitor mortgage repossessions over the coming months to see if the impact of welfare reforms has an effect on the number of repossessions across the county.

## Further Information

- Data on housing statistics, growth predictions and homelessness can be accessed from the Department for Communities and Local Government website <http://bit.ly/NGGHoY>
- Shelter report: 'Understanding supply constraints in the housing market' <http://bit.ly/13HpKQa>
- For further details email [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk) or telephone 01926 412775