Basingstoke and Deane Borough Council
Winchester City Council
New Forest District Council
East Hampshire District Council
Test Valley Borough Council

Central Hampshire and New Forest Strategic Housing Market Assessment

Final Report v2.0

November 2007




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BASINGSTOKE AND DEANE BOROUGH COUNCIL
WINCHESTER CITY COUNCIL
NEW FOREST DISTRICT COUNCIL
EAST HAMPSHIRE DISTRICT COUNCIL
TEST VALLEY BOROUGH COUNCIL

CENTRAL HAMPSHIRE AND NEW FOREST STRATEGIC HOUSING MARKET ASSESSMENT

Final Report v2.0

by

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1 INTRODUCTION

1.01 The Central Hampshire and New Forest Strategic Housing Market Assessment (hereafter 'SHMA') has been undertaken to help the local authorities and their partners to understand the dynamics and drivers of their housing markets. The SHMA also provides the evidence base to inform emerging Local Development Frameworks within the authorities of Basingstoke and Deane, East Hampshire, Test Valley, Winchester and New Forest. Ultimately the SHMA will seek to identify actions that will help deliver better housing and social and economic outcomes for those living in Central Hampshire and New Forest.

1.02 Undertaking a SHMA is a key requirement of Government's planning for housing policy, set out in Planning Policy Statement 3 Housing[1] (hereafter referred to as PPS3). In the future, SHMAs will form an important part of the evidence base for developing plans and policies and for responding to changing household requirements. The benefits of SHMAs are set out in the CLG's[2] Strategic Housing Market Assessments - Practice Guidance[3]:

- To enable local authorities to think spatially about the nature and influence of the housing markets in respect of their local area and to enable regional bodies to develop long term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies
- To provide evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing
- To provide evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable homes
- To support authorities in developing a strategic approach to housing through consideration of the housing need and demand in all housing sectors – owner occupied, private rented and affordable – by assessing the key drivers and relationships within the housing market
- To draw together the bulk of the evidence required for local authorities to appraise strategic housing options and to ensure the most appropriate and cost-effective use of public funds

1.03 The analysis in the Central Hampshire and New Forest SHMA is conducted in accordance with the CLG Strategic Housing Market Assessment Practice Guidance. The CLG published the final guidance on 30th March 2007.

1.04 PPS3 and the SHMA guidance have arrived at a point in time where local and regional plans are in a period of transition. Therefore, there are some elements that the SHMA was designed for that it will not realistically be able to inform until the next review of Regional Spatial Strategies and Local Development Frameworks. It is important to note therefore, that the objective of *this* SHMA and the housing needs assessment it includes is about informing the elements of policy that are not yet determined i.e. the type and tenure of development rather than the overall number of new dwellings, although the SHMA will be able to draw on evidence and comment on the implications of the overall level of housing to be provided.[4]

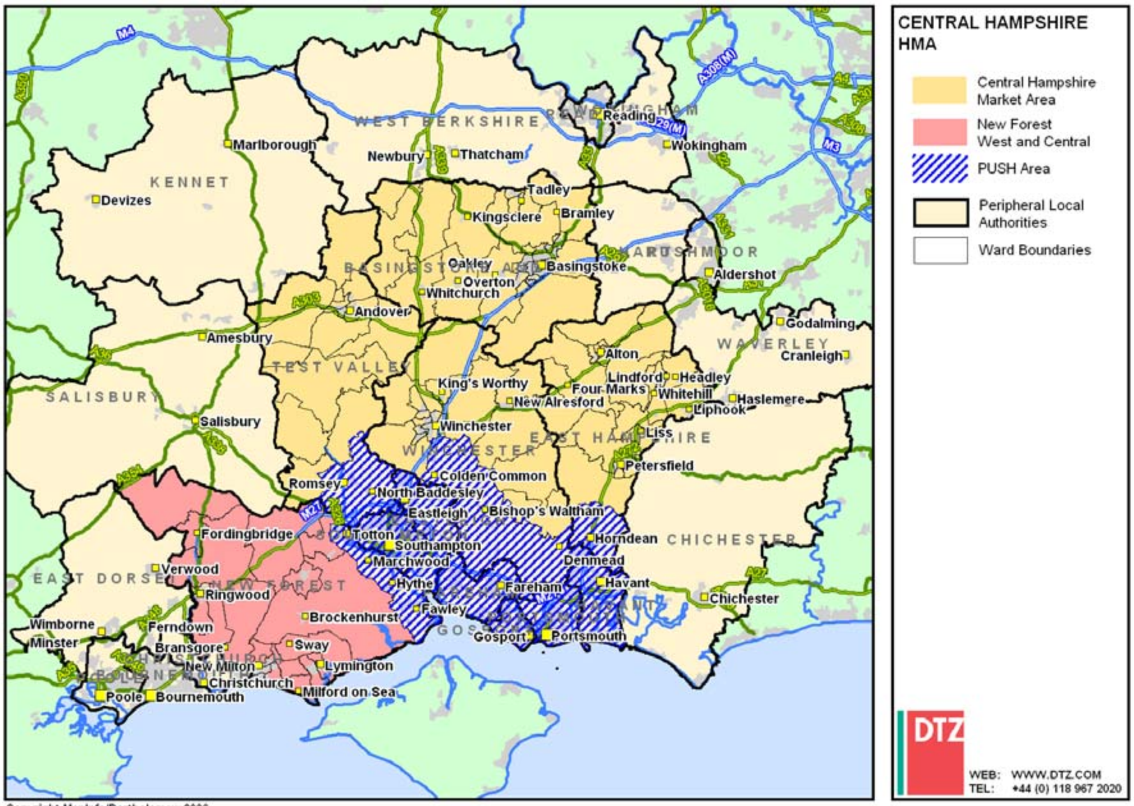
[1] CLG (2006) Planning Policy Statement 3 (PPS3) Housing
[2] Communities and Local Government – formerly known as DCLG and ODPM
[3] CLG (March 2007) Strategic Housing Market Assessments – Practice Guidance
[4] A viability assessment is being prepared by DTZ for Basingstoke and Deane, East Hampshire and Winchester

Central Hampshire and New Forest Context

1.05 Figure 1.1 sets Central Hampshire and New Forest and its housing markets within the South East context. The authorities within Central Hampshire (Basingstoke and Deane, Winchester, East Hampshire and Test Valley) benefit from a relatively high degree of strategic accessibility afforded by the M3 motorway, with links on to the M4 and M25. In addition, the proximity of London and Heathrow Airport and direct trains to London Waterloo from Basingstoke and Winchester provides enhanced national and international connectivity for many of those living and working in the area. There are also a number of strategic links towards the east of the sub-region such as the A3 and the Portsmouth to Waterloo rail link.

1.06 New Forest is not functionally part of the Central Hampshire market area and is considered separately in this report. However, the east of the authority area (functionally part of the South Hampshire housing market) also has good strategic accessibility, afforded by the M3 and M27. Settlements in the south west of New Forest have good accessibility to Christchurch, Bournemouth and Poole. The majority of New Forest District is covered by the New Forest National Park and strategic accessibility (road and rail links) is therefore limited. Although not presented in Figure 1.1, a significant proportion of Central Hampshire and New Forest's land area is covered by the South Downs (including the East Hampshire AONB) and New Forest National Park.

Figure 1.1: Central Hampshire and New Forest Context[5]



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Note: PUSH area is defined here on the basis of 2001 ward definitions in order to be compatible with Census data and the market areas defined in the South Hampshire HMA. The 2007 definition of the PUSH sub-region differs slightly from the boundaries shown in Figure 1.1 and the maps contained in the rest of the report, finishing further south in Winchester District and East Hampshire Districts

[5] A larger version of this map in contained in Appendix B

1.07 This report provides evidence of the demographic and economic drivers of the housing markets within Central Hampshire and New Forest, evidence on the stock and supply of housing within its housing markets and the implications for affordability.

1.08 The rest of this report is structured as follows:

- **Section 2** – Spatial extent of the housing markets
- **Section 3** – Drivers of the housing market
- **Section 4** – Demographic drivers of demand
- **Section 5** – Economic drivers of demand
- **Section 6** – Characteristics and structure of housing supply
- **Section 7** – Affordability
- **Section 8** – Housing need assessment
- **Section 9** – Future housing provision in Central Hampshire and New Forest
- **Section 10** – Specific groups within the housing market
- **Section 11** – Policy Implications and recommendations

2 DEFINING THE SPATIAL EXTENT OF THE SUB-REGIONAL HOUSING MARKET

2.01 In order to undertake meaningful analysis of the Central Hampshire and New Forest market areas it is first necessary to establish the boundaries of the sub-regional housing markets and the spatial extent of any smaller housing markets that operate within and across them. Indeed, determining the spatial extent of the housing market area is the first step in the Strategic Housing Market Assessment process, as set out in the CLG guidance.

2.02 It is important, therefore, to ensure that there is a common understanding of what is meant by the term 'the housing market'. Once this is understood it is possible to explain what is meant by the sub-regional component of the phrase 'sub-regional housing market'.

Definition of Sub-Regional Housing Markets

2.03 In economic terminology a market is where buyers and sellers come together to exchange goods or services at an agreed price. The price mechanism is the means by which demand and supply are brought into balance. Excess demand will result in prices being bid up. Excess supply will mean that prices fall until buyers are found for the surplus goods or services.

2.04 The housing market is a particularly complex market for a variety of reasons:

- First, housing is a high value commodity. Purchases by individuals are typically financed over a long period of time. The decision to purchase is therefore of great importance to individuals and subject to the influence of the cost of capital – interest rates
- Second, housing is both a consumer good and an investment good. A consumer good is one that people buy to derive immediate benefits from – a pleasant place to live, a roof over their head. An investment good is bought to provide a financial return
- Third, because housing is built to last, at any point in time only a fraction of the total stock of housing is 'on the market' – that is, available for sale. Typically in any year around 10% of the stock of housing may change hands, and new supply (newly built homes) comprise only 10% of total sales in any year (that is 1% of the total stock)
- Fourth, the housing market is highly regulated. The location and volume of new development is controlled through the town planning system. Minimum quality standards are set for new buildings and existing housing
- Finally, because shelter is a basic human requirement, considerable resources are provided to ensure that those who cannot afford market housing are adequately housed either through direct provision of housing (council or housing association homes) or subsidy (Housing Benefit)

2.05 The final dimension that distinguishes the housing market from many product markets is that it has a strong spatial dimension. Location matters. Thus, while it is possible to talk of a national housing market and regional housing markets, in practice most buyers seek to move within the same sub-region because they wish to continue to live in that general area because of their sense of belonging, their family or broader social relationships, their jobs or access to particular services – most notably particular schools.

2.06 Typically one expects a sub-regional housing market to comprise an area in which some 70% of all household moves are contained, excluding long distance moves which are associated with a major lifestyle change – for example a change in the place of work, retirement to a different part of the country, or a decision to share accommodation with a partner who is located in a different part of the country. This sub-regional market is likely to cover an area that falls at least partly in the administrative area of a number of local authorities. Indeed, this is particularly relevant to the five commissioning authorities.

2.07 There are a number of other ways to think about the likely extent of sub-regional housing markets. The area of the sub-regional housing market area will map onto the area of search when looking to move home considered by the majority of households – not ignoring the fact that many people will confine their search to a much more localised area, or have limited choice to move further a-field. However the fact that certain socio-economic groups may have more limited choices is a characteristic of the housing market, not something that determines the boundaries of the sub-regional housing market. DTZ will, however, consider the sub markets that may relate to different tenures of housing as far as is possible through the housing need assessment.

2.08 One would also expect a close relationship between the boundaries of sub-regional housing markets and sub-regional labour markets – generally referred to as Travel to Work Areas (TTWA). TTWAs delineate the areas within which at least 70% of the workforce in employment live and work. Across the South East around 65% of all households contain people who are in work, and unless these people are taking up a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move home.

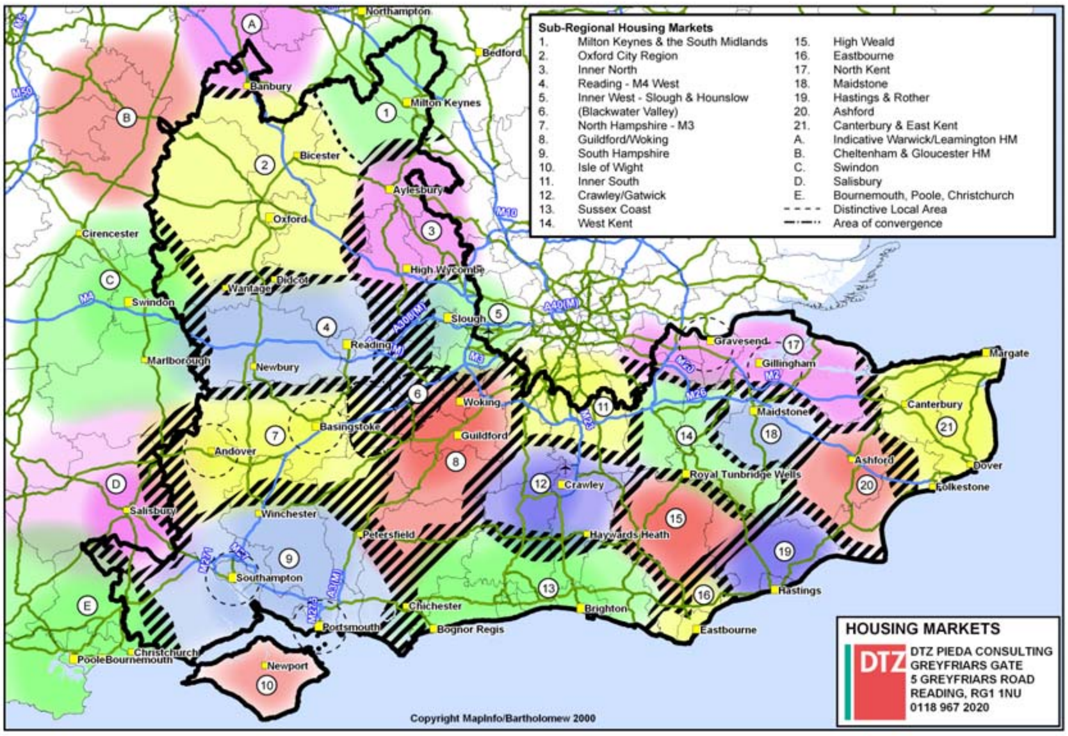
2.09 Below the sub-regional level there are local housing markets. For example smaller towns and settlements have their own housing market characteristics, as will particular parts of larger towns and cities. Such areas can achieve a high level of self containment – because many household moves are of relatively short distance. Rural areas also have their own market characteristics though many rural areas are functionally part of sub-regional housing markets based on large centres of employment – cities or towns.

The Central Hampshire Housing Market

2.10 In May 2004 DTZ were commissioned by the South East England Regional Assembly and Regional Housing Board to undertake a study to identify the spatial extent of sub-regional housing markets across the whole of the South East Region. The findings and recommendations of the study have now been accepted by the Housing Board and are being used to inform the Regional Housing Strategy and Regional Spatial Strategy. The final map of the South East's housing sub-regions to emerge from the study is presented in Figure 2.1[1].

[1] DTZ's full report to the South East England Regional Assembly can be found at: http://www.southeast-ra.gov.uk/our_work/planning/housing/docs/dtz-part_b.pdf

Figure 2.1: Spatial Delineation of the South East's Sub-Regional Housing Markets



2.11 Using the methodology outlined above DTZ concluded that there existed a 'North Hampshire' (as opposed to Central Hampshire) housing market associated with the M3/A303 and related rail corridors (see Figure 2.1). The consultations conducted during the study also produced broad agreement on this market.

2.12 However the precise extent of this housing market area, and the degree of integration it exhibits were subject to debate. The data analysis undertaken for the 2004 study also did not answer all of the issues that arose. In particular the view was expressed that the area comprises three relatively small housing markets focused on Andover (the northern part of Test Valley), Basingstoke and the Blackwater Valley area. New Forest is not functionally part of the Central/North Hampshire market but does have overlaps with South Hampshire.

2.13 It is therefore an important requirement of this study to examine the extent of the housing market associated with Central/North Hampshire in more detail than was the case in the 2004 SEERA work.

2.14 The analysis in the remainder of this section therefore takes a tiered approach:

1. The first step is to map household and travel to work movements (the two key determinants of the extent of housing markets) between all wards of the study area. Ward level is the lowest level that this data is available and provides a much more detailed picture than the district level analysis used in the 2004 SEERA study. However, given the size of the study area this produces a very detailed and rather complicated picture.
2. For the second step of the analysis DTZ have grouped particular wards together to form individual settlements and mapped the pattern of movements between these and the remaining (predominantly rural) wards of the study area.

3. The final part of the analysis then maps only those movements between the defined settlements (this therefore excludes any moves to the outlying wards of the study area) so that the major movements between the major settlements can be clearly identified. Appendix A provides the data for these movements.

2.15 Each of these stages is now undertaken in detail.

Stage 1: The Spatial Pattern of Ward Level Movements Across the Central Hampshire Study Area

2.16 Figures 2.2 and 2.3 show the origin and destination of all household movements in the year prior to Census Day 2001 (the most recent data available). Figures 2.4 and 2.5 show the origin and destination of all ward level travel to work movements across the study area in 2001 Census. In both sets of maps a higher threshold has been introduced to identify the origin and destination of the most major movements.

Household Migration Movements

2.17 Figure 2.2 shows a highly integrated pattern of household movements taking place across urban South Hampshire, which extend out to cover Totton and Hythe and the eastern fringe of the New Forest. There is, however, a smaller level of household moves between Winchester City and the dominant concentration of movements in urban South Hampshire. Romsey also shows more limited integration southwards to either Totton or Eastleigh.

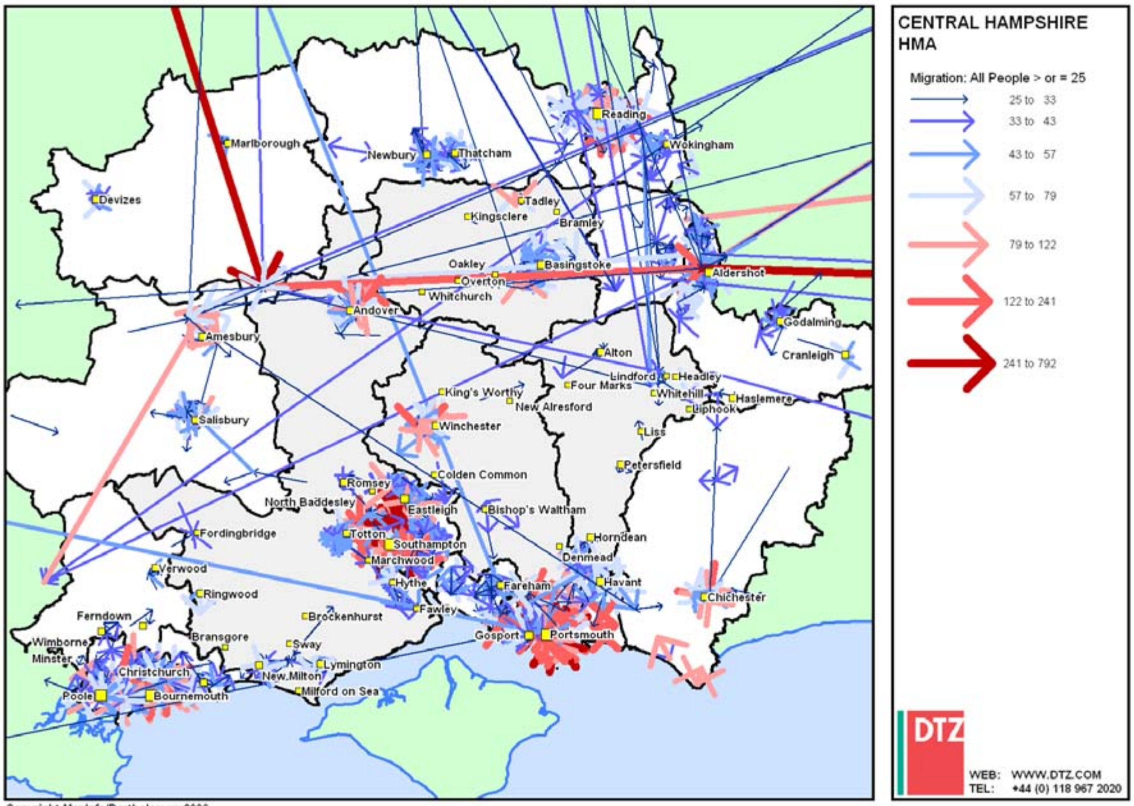
2.18 A series of localised housing markets are evident in Andover and Basingstoke, with self-contained concentrations of household movements centred upon each town. Tadley also shows signs of a localised market, with few movements into this area from the towns of Newbury or Basingstoke. The town of Basingstoke has a high number of household movements taking place within and across its urban area, which cover a large part of the district's central and eastern area. There is a noticeable absence of household moves between Basingstoke and Reading.

2.19 Across New Forest District the pattern of household movements suggests that Ringwood has a self-contained local housing market and little penetration of its market from outside the town. The data also shows a strong connectivity and relatively high level of movement between New Milton, Lymington and (to a lesser extent) Brockenhurst.

2.20 Overall the Central Hampshire sub-region appears to function as an area with a number of localised housing markets. This contrasts with the highly integrated market in South Hampshire. This pattern reflects the geography of Central Hampshire and the dispersal of its principal settlements across a relatively large area.

2.21 There is therefore a need to understand how the main urban areas and settlements in Central Hampshire relate to one another functionally by tracing the pattern of travel to work and household movements between them. This is undertaken in the next stages (stages 2 and 3) of this section.

Figure 2.2: Origin and Destination of All Ward Level Household Movements (25+)[2]



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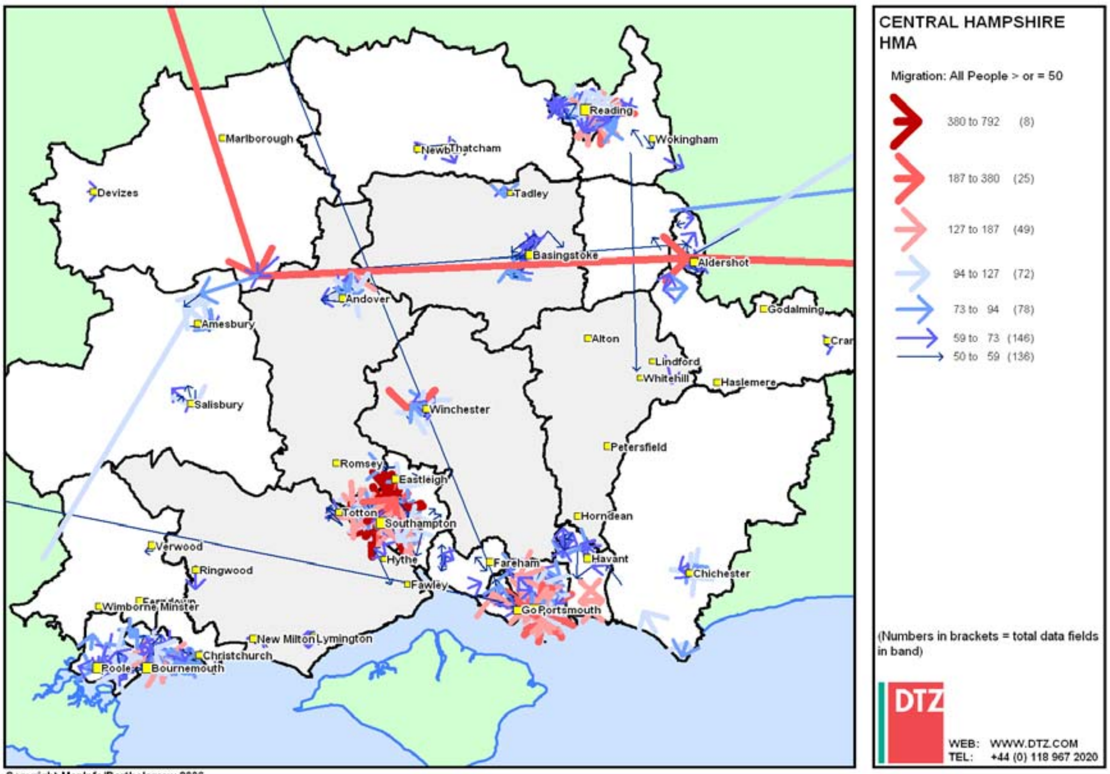
[2] A larger version of this map in provided in Appendix B

Figure 2.3: Origin and Destination of All Ward Level Household Movements (50+)



Travel to Work Movements

2.22 The travel to work movements (2000-01) mapped in Figures 2.4 and 2.5 reveal a number of well defined and interconnected labour markets in operation across Central Hampshire:

- Basingstoke has a concentrated pattern of travel to work movements focussed upon its urban centre, which draws in labour from the west and east of the town (Figure 2.4). Jobs in Newbury exert a strong influence on settlements in the north west of the Borough, whilst Aldermaston appears to provide an important source of employment for those living in Tadley
- There is a level of integration between the towns of Basingstoke and Andover. A relatively large volume of travel to work movements between these can be traced in Figure 2.4. Andover also draws cross-district travel to work flows from Amesbury and Tidworth (in the far south east of Kennet district) and Whitchurch (in the far western area of Basingstoke and Deane district)
- The City of Winchester has a well defined labour market that attracts travel to work movements from across the north and north east of the district. It shows signs of integration southwards, with heavy travel to work movements evident into Winchester City from Eastleigh and Southampton. There is also a labour market influence on the south east fringe of Winchester's administrative boundary from Fareham, Havant and Portsmouth

- Figure 2.5 shows clearly the division of New Forest district between the urban belt to the east (which stretches across Totton, Hythe and Fawley) and the rural area that covers the west and central parts of the district (where few travel to work movements are evident). Figure 2.5 also shows a band of integrated commuting flows stretching across the New Forest's south western settlements of New Milton, Lymington and Ringwood and across the district boundary into Christchurch and Bournemouth. Whilst the introduction of a higher threshold (Figure 2.5) suggests that these flows are not nominally high they remain an important feature of the market given these New Forests' settlements smaller population bases
- Travel to work movements across East Hampshire are smaller compared with most other areas in Central Hampshire. However, Figure 2.4 does show Petersfield and Alton to be important centres of employment, which tend to draw in travel to work movements from wards within East Hampshire's administrative boundaries

Figure 2.4: Origin and Destination of All Ward Level Travel to Work Movements (50+) 2000-2001

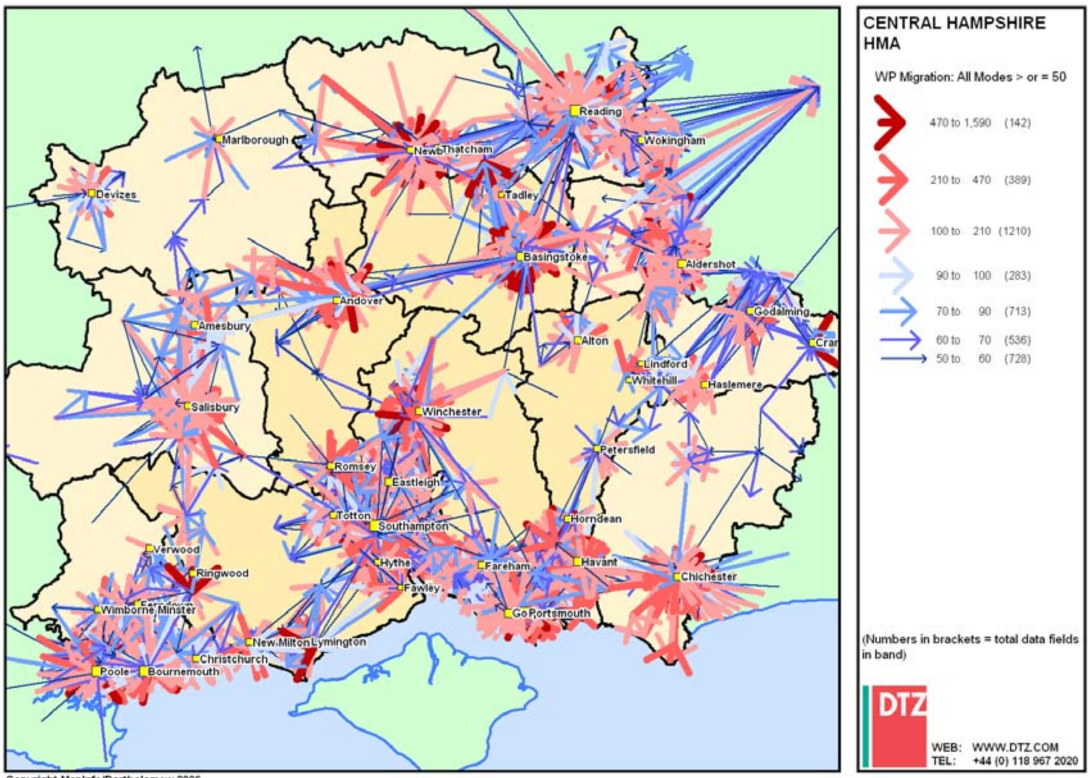


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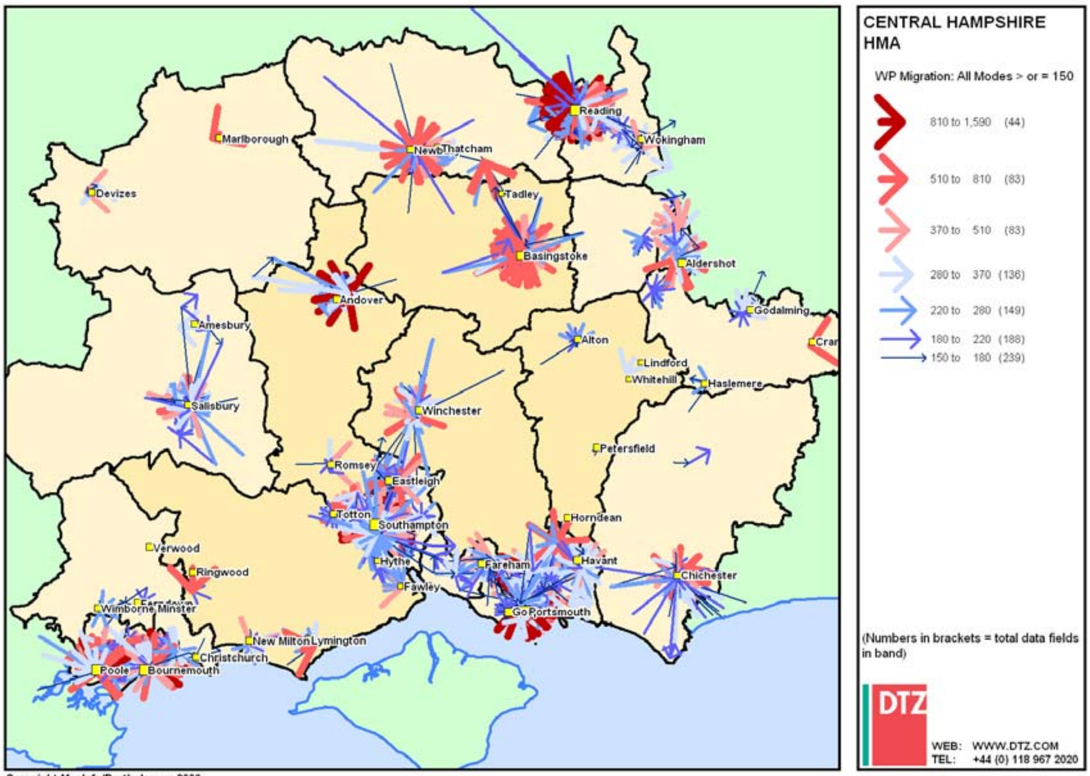
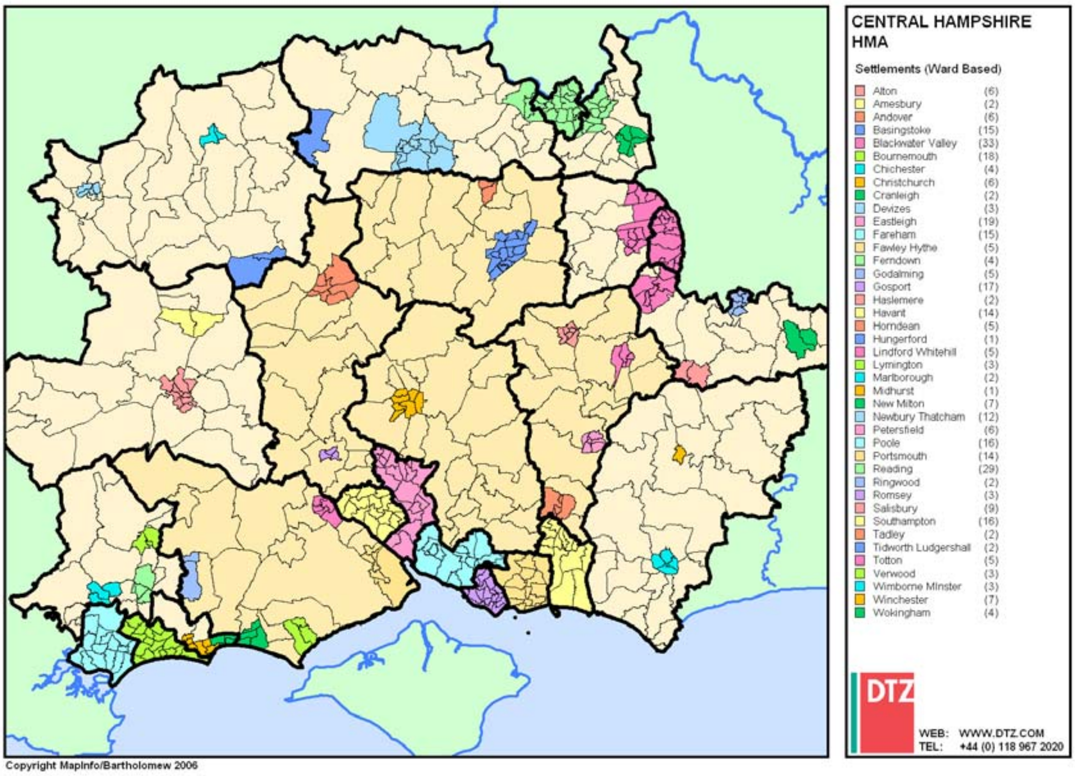
Figure 2.5: Origin and Destination of All Ward Level Travel to Work Movements (150+)



Stages 2 and 3: The Spatial Pattern of Movements Across the Central Hampshire Study Area Between the Urban Areas and Principal Settlements

2.23 Stages 2 and 3 of the analysis examine the movements between the main urban areas and settlements across Central Hampshire. In order to undertake this, each of the main settlements have been defined according to the wards covered by their urban areas. These are shown in Figure 2.6.

Figure 2.6: Ward Based Definitions of the Major Settlements in the Central Hampshire Study Area



Note: Numbers in brackets indicate number of wards in each settlement

2.24 DTZ has mapped two separate patterns of (house and travel to work) movements between the areas shown in Figure 2.6:

1. The pattern of household and travel to work movements between each of the urban centres only.
2. The pattern of household and travel to work movements between each of the urban centres, together with the movements across the wards of the residual area.

2.25 The data underlying the main movements in the urban area movement maps is presented in a matrix format in Appendix A.

Household Movement Patterns

2.26 The analysis of household movement patterns (2000-01) is shown in Figures 2.7 and 2.8. These show weaker levels of movements between the urban centres of the sub-region, than highlighted by analysis of travel to work patterns, analysed below. Key points emerging from the analysis are:

- There is only a low level of household movement between the Andover and Basingstoke urban areas. In 2001 only 70 households moved from Basingstoke into Andover, and only 50 households moved from Andover into Basingstoke. In comparison, 204 movements were made from the Blackwater Valley into the Basingstoke urban area during the same period (see Appendix A for more detail)
- The Blackwater Valley continues to exert a strong influence on north eastern parts of East Hampshire district, with a relatively large number of households moving from the Blackwater Valley urban area into Alton (130 households) and Borden (84 households)
- The Winchester urban area receives high levels of in-migration from Southampton (200 households) and Eastleigh (160 households). These flows are, however, countered for by reciprocal movements, with 240 and 180 households moving from Winchester into Eastleigh and Southampton respectively in 2001
- The Romsey and Horndean urban areas receive sizeable inward flows of households from the urban areas of South Hampshire (Romsey 110 moves from Southampton and Hordean 250 moves from Havant). In Horndean, however, reciprocal movements into the Havant urban area more than offset this flow (with 275 moves from Horndean into Havant recorded in 2001)
- There is a close level of integration across the south west part of New Forest district. Relatively large numbers of households (115) move between Lymington and New Milton. There are also large movements (220) from the Christchurch urban area into New Milton
- The central and western area of the New Forest does not, however, show any real housing relationship with Urban South Hampshire or to Test Valley and the wider Central Hampshire area (see Figure 2.7). That is, it is quite a closed housing market, though it may be subject to in-migration from many more distant, but dispersed locations

Figure 2.7: Origin and Destination of Household Movements Between Urban Centres (2000-01)

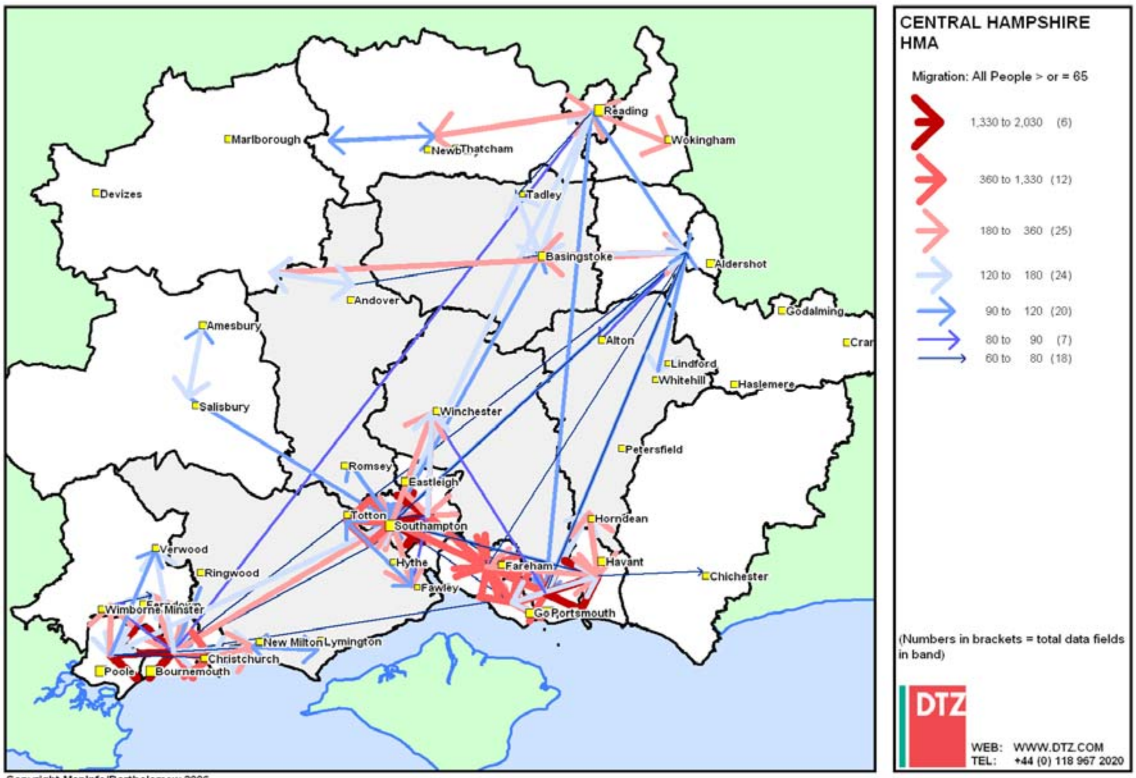
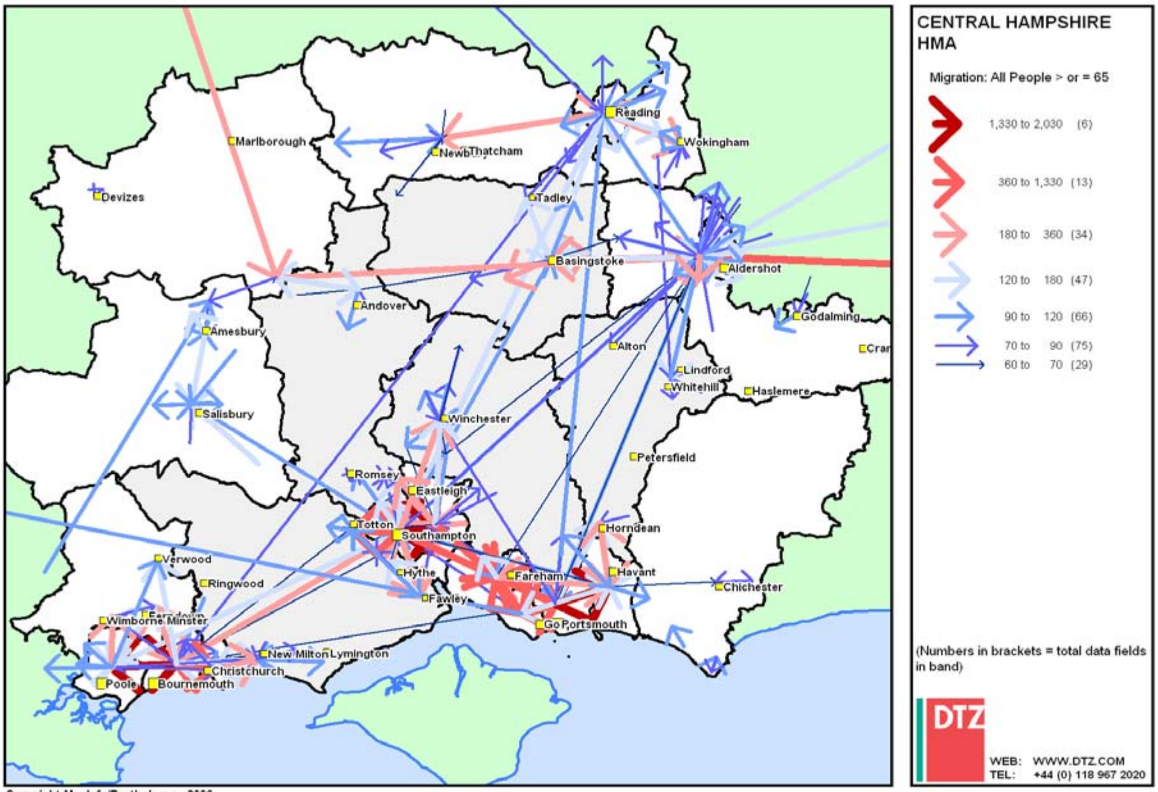


Figure 2.8: Origin and Destination of Household Movements between Urban Centres plus Wards in the Residual Area (2000-01)



Travel to Work Movements

2.27 The travel to work movements between each of the urban centres (only) are shown in Figure 2.9, whilst the movements between the urban centres together with the wards in the residual study area (ie, the rural hinterlands) are shown in Figure 2.10.

2.28 Figures 2.9 and 2.10 reveal close economic linkages between the different parts of Central Hampshire (especially when compared with the pattern of all ward level movements analysed earlier in this section):

- The Basingstoke urban area has a strong influence across the northern part of Central Hampshire and attracts large travel to work flows from the Tadley (1,250 - see Appendix A) and Andover (1,090) urban areas. There are also sizeable movements into the Basingstoke urban area from the Blackwater Valley urban area (1,815)
- The Newbury/Thatcham urban area exerts a strong influence on the north west of Basingstoke and Deane District (Figure 2.10)
- A relatively large number of the workforce in the Andover urban area live in the Tidworth/Luggershall urban area (1,290) and therefore outside the Test Valley administrative boundary
- Winchester has very large numbers of people working within its urban area that live in Southampton (1,885) and Eastleigh (3,980). This suggests that Winchester has close functional alignment with the South Hampshire sub-region
- Romsey also appears to have close functional alignment with the South Hampshire sub-region, with Figures 2.9 and 2.10 showing strong travel to work movements

from Romsey into Southampton (1,250). Similarly, the Totton (2,165) and Hythe/Fawley (820) urban areas have close integration with Southampton as well as to one another

- Large travel to work flows are evident from Havant into both the Petersfield (1,010) and Horndean (890) urban areas. These suggest an overlap of the South Hampshire sub-region across the southern part of East Hampshire district. Settlements in the northern part of East Hampshire district, such as Alton and Borden, have large volumes of people working in the Blackwater Valley (720 and 890 respectively)

2.29 Overall, the urban area travel to work movements reveal reasonably strong economic linkages between the different parts of the Central Hampshire sub-region. They also help to illustrate the extent of the South Hampshire sub-region and the labour market influence it exerts on the southern settlements of Hythe, Totton, Romsey, Eastleigh, Winchester, Horndean and Petersfield, and the significance of the Blackwater Valley as an employment centre on the northern part of East Hampshire District.

Figure 2.9: Origin and Destination of Travel to Work Movements Between Urban Centres 2000-01

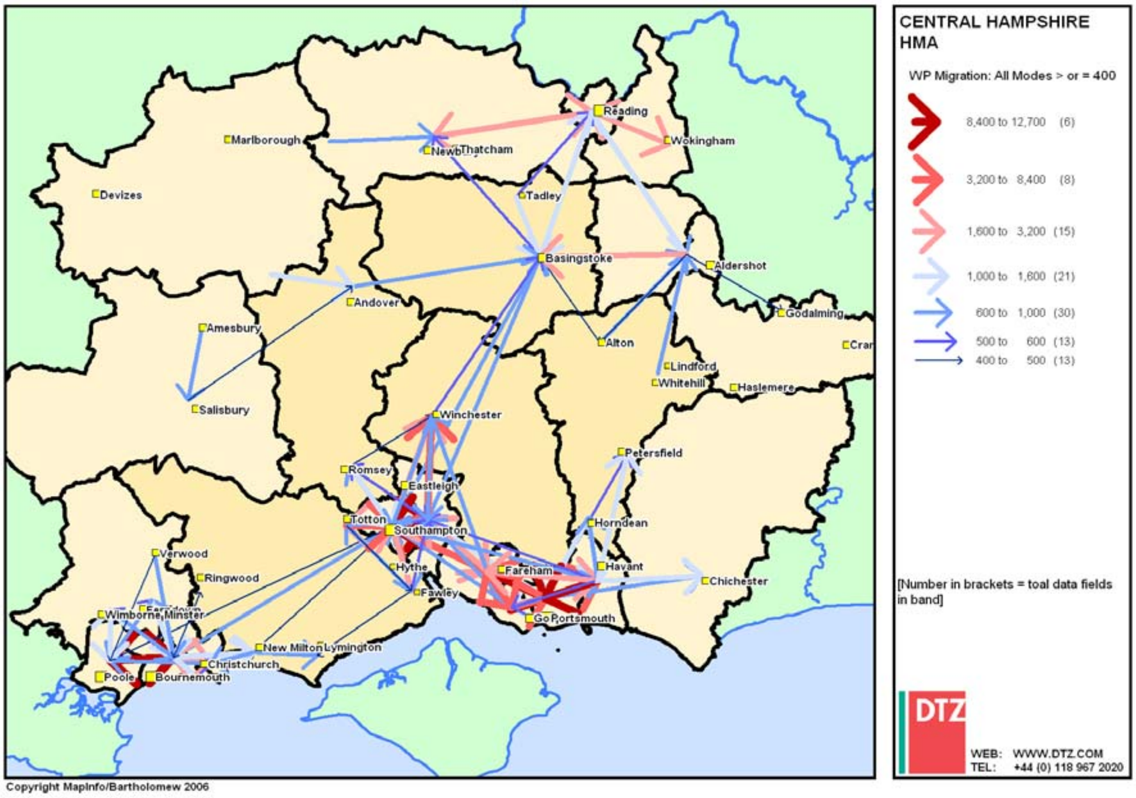
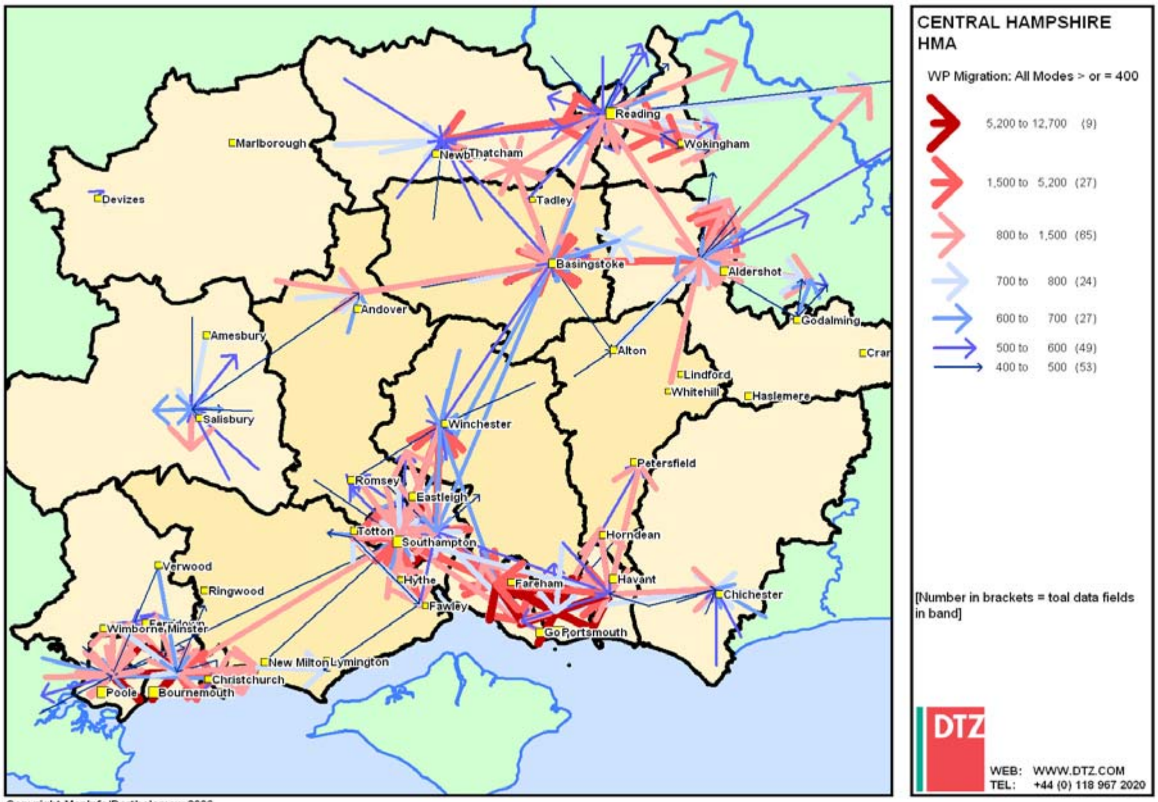


Figure 2.10: Origin and Destination of Travel to Work Movements Between Urban Centres Plus Wards in the Residual Area 2000-01



Implications for the SHMA

2.30 The analysis contained within this section suggests that in the northern part of Central Hampshire there are a number of localised but interconnected housing markets operating across it, with Basingstoke, Winchester and Andover forming the sub-region's key nuclei. It is clear that the labour market is more integrated than the housing market, which is suggestive that people make decisions about which settlement they wish to live in, and a high proportion will continue to live there, but there is much more flexibility in where people choose to work.[3]This particular aspect of the live work balance is made possible in Central Hampshire by the existence of good road and rail links, and a relatively low density of population.

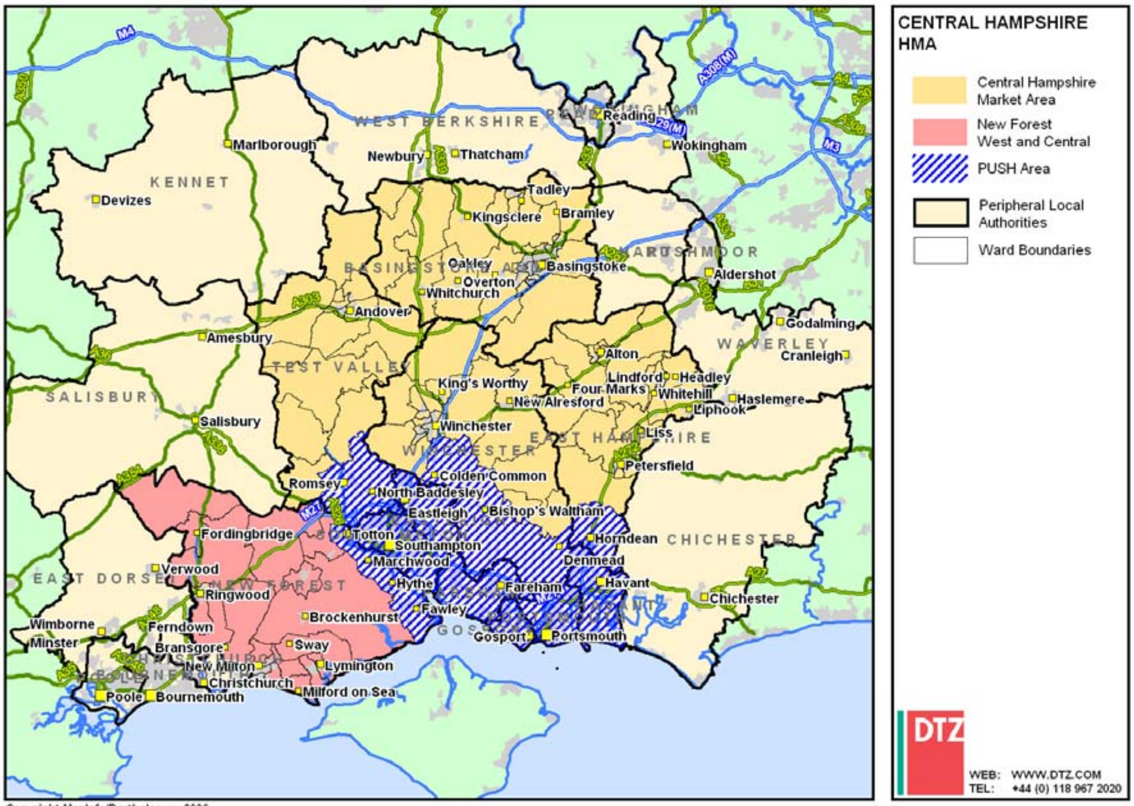
2.31 By way of contrast the settlements in the southern fringes of the districts of Test Valley, Winchester and East Hampshire, together with the eastern fringe of New Forest district, quite clearly relate to the urban parts of South Hampshire in both labour market and housing markets terms. The central and western area of New Forest district also shows limited connectivity to the wider Central Hampshire area or to urban South Hampshire.

2.32 The analysis confirms therefore the definition of the South Hampshire market area, as shown in Figure 2.11. Broadly in terms of a ward definition of the Central Hampshire housing market, those areas of Winchester, Test Valley, East Hampshire and all of Basingstoke and Deane can be regarded as the Central Hampshire market area. The west

[3] This is supported by the research conclusions of the Countryside Agency's (2004) The Role of Rural Settlements as Service Centres – carried out as background work to the designation of the South Downs National Park (covering significant parts of Winchester and East Hampshire Districts)

and central parts of New Forest excluding the Waterside are referred to as the New Forest West and Central market area. Where reference is made in later sections to the Central Hampshire market area and New Forest West and Central market area, the analysis is for the ward defined market areas shown in Figure 2.11.

Figure 2.11: Ward Based Definition of the Central Hampshire Housing Market



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2.33 It should also be noted that the analysis in this section shows Winchester City to have close functional alignment with South Hampshire, with particularly sizeable travel to work movements into Winchester originating from Eastleigh in particular. However, given the links between Winchester and Basingstoke and the relationship between Winchester City and its rural hinterland it is appropriate to consider Winchester City within this study, although it has an important relationship to the western pole market area in South Hampshire.

2.34 It is also important to note that the Central Hampshire market area is not a tightly integrated market (as the evidence in this section demonstrates) so it will be important to present data, as far as possible for the individual authority areas and, through the use of GIS mapping, the more localised areas within them. The remainder of this HMA therefore also contains data on whole districts and how these relate to adjoining areas.

2.35 Given its dislocation from urban South Hampshire and Central Hampshire, the western and central area of the New Forest (excluding the urban settlements on its eastern fringe) is considered separately from the core Central Hampshire area shown in Figure 2.11.

2.36 The remainder of this SHMA uses the spatial definition of Central Hampshire shown in Figure 2.11 for purposes of data compilation as far as possible. Thus data is presented for the following areas:

- Central Hampshire Market Area (based on wards and excluding the part in the South Hampshire market area)
- New Forest West and Central (based on wards and excluding the part in South Hampshire market area)
- New Forest District
- Basingstoke and Deane Borough
- East Hampshire District
- Test Valley Borough
- Winchester District
- The South East Region
- England

2.37 It should however be noted that where data is not available, pro-rated or whole district level data is used. Where whole district data is used for the Central Hampshire benchmark area this is indicated in the title of the chart or table.

3 DRIVERS OF THE HOUSING MARKET

3.01 The housing market of any area is driven by a range of demand and supply factors (see Figure 3.1). The same factors exist across the country but the way in which these factors operate differs considerably between different housing markets. It is this which gives rise to significant differences in housing markets across the country. This section outlines the generic factors, which to varying degrees impact on all housing markets before subsequent sections address the specific trends and dynamics of the Central Hampshire and New Forest housing markets.

Market Demand and Housing Need

3.02 In thinking about the housing market it is helpful to recognise the distinction between housing demand, housing need and housing requirement.

- **Housing Demand** is the quantity of housing of the type and quality that households both want and can afford to buy or rent in the open market without subsidy. Housing demand thus takes into account both preference and the ability to pay
- **Housing Need** is the quantity of housing of the type and quality necessary to house those households currently lacking their own housing, or living in housing which is unsuitable or inadequate and who cannot afford to buy or rent suitable housing in the open market. So housing need takes account of those without adequate housing who are unable to resolve their situation without assistance
- **Housing Requirement** encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of the ability to pay. Put simply, it is the amount of housing needed to accommodate the population at appropriate minimum standards as defined by government or in local policies

3.03 Some confusion arises in housing policy around the use of the term ‘affordable housing’ since the term has in the past been used to embrace entry-level market housing as well as extending to include shared ownership and social rented housing.

3.04 CLG’s Planning Policy Statement 3 (PPS 3) published in November 2006 provides the full definition of affordable housing as follows: ‘*Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*

- *meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices*
- *include provision for the home to remain at an affordable price for future eligible households; or if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.’*

3.05 In general DTZ use the following terminology when discussing different segments of the housing market:

- **Market Housing** where the purchaser, owner or tenant pays the full market cost or rent without subsidy. Since the abolition of Mortgage Interest Relief in 2001 there is no longer any subsidy for owner occupiers. It is relevant to note that the Barker Review estimates that private tenants incur costs around 18% higher than an owner occupier occupying an identical property. Standard entry level housing that is delivered without any subsidy and without any protection that ensures that the housing remains 'affordable' would fall within our definition of market housing

- **Social Rented Housing** where housing is allocated on the basis of need rather than ability to pay and rents are set below market levels. The development of new social rented housing is critically dependent on subsidy of development costs either from public funds or cross subsidy based on the capture of enhancements in land value associated with the award of planning permission. The social rented housing sector comprises both local authority and housing association housing for rent
- **Intermediate Housing** is a relatively new phrase designed to describe the growing number of interventions that seek to assist those who are ineligible for social rented housing but cannot afford market housing. This is what is referred to in the Barker Review as sub-market housing. Such interventions include the provision of shared ownership, discounted equity and fixed equity and cost rent schemes. Such schemes typically require an element of public subsidy or cross-subsidy from commercial development secured through capturing part of the enhancement in land value associated with the granting of planning permission. Intermediate housing is defined in PPS3 as *'Housing at prices and rents above those of social rent but below market prices or rents, and which meet the* (affordable housing) *criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent.*'

3.06 PPS 3 goes on: *'The definition does not exclude homes provided by public sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.'*

3.07 The definition of what is intermediate housing, at least in terms of what may be regarded as being within the remit of affordable housing policies set out in planning policies is clear. It does potentially mean that some private sector intermediate housing initiatives may not necessarily be regarded as providing affordable housing in planning terms, since they may not provide intermediate housing in perpetuity or guarantee recycling of receipts back into the provision of affordable housing.[1]

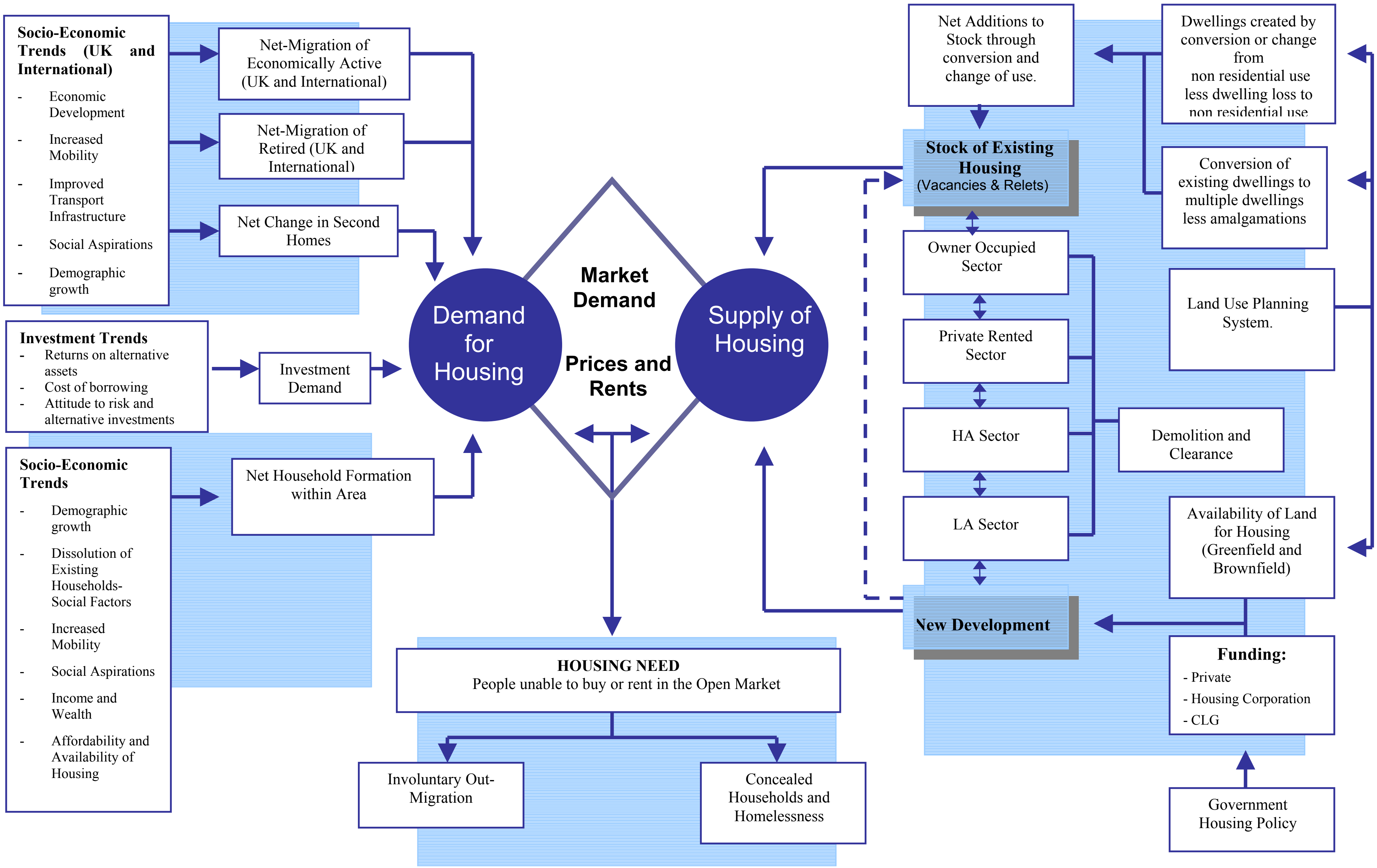
3.08 It is relevant to note that key worker housing could in theory fall into any of the above categories, though in practice most schemes fall into the intermediate housing category. Key worker housing is targeted at a particular group of occupiers and is not a particular form of tenure.

The Drivers of the Housing Market

3.09 Figure 3.1 shows the key underlying factors, which contribute to the working of a housing market, and it is this framework, which underpins the subsequent analysis of the Central Hampshire and New Forest housing markets.

[1] English Partnerships / ATLAS guidance stipulates that any private receipts generated from the provision of affordable housing should be recycled back into the sector

Figure 3.1: A Conceptual Framework for the Operation of Housing Markets



The Demand For Housing

3.10 The overall demand for housing is a function of the number of households living in an area. Changes in the total number of households are brought about either by:

- net changes in the number of households living in the area attributable to change within the population already living in the area and average household size
- net changes in the population, and hence households, brought about by migration into or out of the area

The key drivers of these two components of demand are examined in brief below.

Internal Drivers of Demand

3.11 Internal drivers of demand can be thought of as those factors that influence the rate of household formation or dissolution among the resident population of an area. The key influences are as follows:

- **The natural rate of population growth.** This refers to the growth or decline of the population of an area excluding the effect of migration into or out of the area. Broadly speaking the faster the growth of population in an area, the more rapidly one would expect the number of households to increase and the greater the demand for housing. The converse is true if the population of the area is declining. In the UK the natural rate of population growth through birth rates has fallen dramatically over the past century. This has been partly offset by people living longer and the associated fall in death rates
- **The rate of household formation.** A major driver of housing demand in recent years has been the increase in the number of households per thousand of population associated with declining average household size. This has been brought about by a number of influences – the growing proportion of adults in the population as birth rates have fallen; the increasing number of adults who chose to live alone as people form stable relationships at a later age; and the increasing number of older people couples or singles who live alone since children have grown up and left the family home

3.12 Social change underpins the changes in the rate of household formation and natural population growth described above. These include changing attitudes to marriage, to the role of women in the workplace, and changes in the number of children couples choose to have. Social change is brought about in part by economic and technological change. The decline in the average number of children per family has been associated worldwide with rising incomes and the availability of birth control. Generally, however, such changes occur relatively slowly and their impact on the housing market is fairly predictable.

3.13 Of more direct relevance to this study is the impact that a variety of other changes can have on the composition of demand. Rising incomes and wealth have been and will continue to be associated with demand for higher standards of housing. At the same time the availability and affordability of housing can itself influence the rate of household formation or average household size. Where housing becomes less affordable young people may delay leaving the parental home and there may be an increase in households comprised of unrelated individuals who share accommodation and housing costs.

External Drivers of Demand

3.14 The other major component of demand, the effect of migration, is much less predictable than factors that change the underlying rate of household formation or dissolution. In the South of England as a whole there is increasing requirement for housing development, which reflects the strength of the economy and a growing population. However in many areas there are significant tensions between this demand and the supply of development land.

3.15 Another key feature of the South East region is the relationship with London, which exerts a considerable influence over the whole of the South East. London is the largest source of in-migrants to the South East region. In 2003, 96,000 people moved from London to the South East while only 49,000 people moved from the South East to live in London. Overall, therefore, net inward migration from London to the South East is around 50,000 people per annum, according to latest estimates.

3.16 We have not analysed the pattern of migration as part of this study, but there is a well documented process that London experiences in-migration of young people as students, young single people and childless couples from around the country (as well as significant levels of international in-migration). As these people get older and start to purchase property or consider starting families they often move to more suburban areas, such as those found in the South East. Therefore, London acts as a form of conduit through which migrants from around the country enter into the South East.

3.17 These in-migrants may continue to work in London – so the pattern of in-migration is linked to the observed pattern of commuting into London, though there will also be those who move into the South East from London who also change their place of work. Those moving into the region from London will tend to have greater financial resources due to higher salaries obtained in the capital and possibly greater housing equity than local residents. This has an impact on sub-regional markets in the South East.

3.18 This situation has led to the designation of the Thames Gateway, Milton Keynes and Ashford as priority growth areas to help accommodate the excess demand from elsewhere in the region, arising from net in-migration, natural population growth and declining household size.

3.19 In Great Britain more generally, internal migration patterns are influenced by the relative performance of regional economies and employment opportunities (particularly relevant to Central Hampshire) and then by regional and sub-regional house price differentials.

The Supply of Housing

3.20 There are two key dimensions of housing supply that it is important to understand. First the overall stock of housing changes only slowly, though it is important to assess the extent to which housing supply responds to price signals that indicate rising demand. Second it is important to understand the inter-relationship between the stock of housing in different tenures and how tenure shifts occur in response to demand and other factors.

Changes to the Overall Stock of Housing

3.21 In general the overall stock of housing only changes slowly. The lack of responsiveness of housing supply to increases in house prices is examined in the Independent Review of Housing Supply conducted by Kate Barker on behalf of HM Treasury. The Final Report published in March 2004, notes that over the last 30 years real house prices in the UK have increased by around 2.4% per annum, while in Europe as a whole they have increased by only 1.1%. The Review concludes that a key factor in the inflation of house prices is persistent inadequate supply of new housing supply and indicated that the underlying constraint on housing is the supply of land, determined by a number of factors:

- The housebuilding industry, its response to risk and the speculative nature of land leading to a reluctance to build out large sites quickly
- The increasingly complex nature of sites (especially brownfield sites) where significant remediation may be required
- Land ownership and the incentives to bring forward for development along with the difficulties of site assembly where ownership is fragmented
- The planning system and its influence over the amount of land which is made available and whether development is viable through the delivery of necessary infrastructure
- Land use is politically contentious

3.22 The government published its response to the Barker Review in December 2005. The key commitment made by government is to increase the rate of housebuilding from the current level of around 150,000 dwellings pa to 200,000 dwellings pa by 2016 (recently increased to 250,000 pa by Gordon Brown). The government also stated its intent to increase the output of affordable housing to a rate of 70,000 pa by 2010, of which around 50,000 would be social rented homes.[2]

3.23 The approved Regional Planning Guidance and emerging Regional Spatial Strategy provide an agreed framework for land use planning in the authorities. The Panel Report of the draft South East Plan was recently published and although the Inspectors recommended some increase in housing provision in the South East as a whole it is not at the level expected, given Government's ambition and the evidence in relation to housing demand and need. The Inspectors accepted that a higher level of housing provision would need to be supported by increased funding and infrastructure provision. For the Central Hampshire authorities, however, the housing provision recommended by the Inspectors implies an increase for all of the authorities except New Forest, with a significant increase recommended for East Hampshire (provision figures are included in Section 11).

Changes to the Tenure Balance of the Stock

3.24 The stock of dwellings in different tenures has changed significantly over the past decade as a result of differential rates of development of housing of different tenure and shifts in tenure within the existing stock.

- **The overall stock of owner occupied property has increased.** The majority of new housing development has been for sale, though the emergence of the Buy-to-Let phenomenon has meant that some new development has resulted in the expansion of the private rented sector. The stock of owner occupied dwellings has also expanded as a result of people exercising the Right to Buy on housing association or local authority owned dwellings
- **The stock of local authority owned dwellings has shrunk significantly in the last decade.** For all practical purposes there has been no development of new local authority dwellings. Nationally there has been a trend towards local authorities transferring stock to the management of Housing Associations (RSLs), though New

[2] Housing Green Paper 2007

Forest District Council and Winchester City Council has retained its stock. The stock of local authority dwellings has also continued to dwindle as people exercise the Right to Buy. In most of the Central Hampshire authorities (and in the New Forest), around half of the social rented stock has been sold since RTB was initiated.

- **The stock of housing association properties has increased as a consequence of new development and stock transfer**
- **The stock of private rented housing has expanded considerably over the last decade.** This growth has been achieved at the expense of the owner occupied sector. By implication growth must have been achieved both through a significant proportion of new dwellings being bought under Buy-to-Let arrangements or more commercial investors; and through some of the existing owner occupied stock of housing moving into the private rented sector

3.25 It is also important to understand the way in which demand for different tenures impacts other tenure sectors.

3.26 The owner occupied sector is the dominant form of tenure and the tenure of preference of the vast majority of residents. The sector is so dominant in terms of the housing market (since social rented and intermediate housing can be thought of outside the market mechanism) that what happens in the owner occupied sector has major implications for all other forms of tenure. Put simply, if people cannot access owner occupied housing, this will increase demand in both the private rented sector and the social rented housing sector.

3.27 The converse is also true as is evident in areas of the country with systemic low demand. If the owner occupied sector is easily accessed, then typically one sees the impact in terms of low demand for social rented housing and private rented housing, and abandonment of the worst privately owned properties. Understanding the dynamics of the owner occupied sector is therefore critical to social and private sector landlords.

3.28 Where declining affordability in the owner occupied sector leads to increased demand in the private rented sector, this can be expected to have a number of effects. Increasing demand can generally be expected to lead to increased rents. Little is known about how the supply of rented properties responds to increasing rents, but in the context of a general shortage of housing it seems unlikely that a significant new supply of private rented properties will be called forth by higher prices (although the emergence of the Buy to Let sector may have changed this picture).

3.29 Increased private sector rents are likely to have two important implications. First it is probable that those on the margins of owner occupation can outbid those already in the sector in the competition for the best properties. So over time, one can expect to see a process by which those on slightly higher incomes displace those on lower incomes into less good properties, and at all levels in the market people end up paying higher rents. This is likely to lead to higher Housing Benefit costs, with a consequent diversion of public sector resources from other priorities.

3.30 At the bottom end of the market, typically where the most vulnerable people live, tenants may find themselves unable to access rented properties. They are likely to look to social rented housing providers to assist them, putting already stretched social rented housing resources under further pressure. In many cases these tenants may not be accorded priority by social housing landlords, so they may end up sharing or, at worst, on the streets. What appears therefore as house price inflation has direct knock on effects that ultimately can lead to increased street homelessness.

3.31 Rising costs in the owner occupied sector therefore impact on the social housing sector, largely by displacing people from the private rented sector. It is increasingly possible to think of the local authority and housing association sectors as a single sector, albeit it is comprised of two different types of landlord, with different governance structures. Local authorities have nomination rights over a large proportion of new housing association tenancies, and increasingly housing association development priorities are agreed in conjunction with local authority partners.

4 DEMOGRAPHIC DRIVERS OF DEMAND

4.01 This section analyses the underlying components of housing demand by examining demographic change over the last two decades, alongside historic and current structures and trends of those who occupy housing within each of the housing market areas.

4.02 The analysis is presented for the following geographic areas, and compared with data for the South East and England:

- Central Hampshire Market Area
- New Forest West and Central
- Test Valley
- Basingstoke and Deane
- East Hampshire
- Winchester
- New Forest

4.03 In some instances data is not available at ward level and thus it is only possible to present data for the whole local authority area.

Key Points

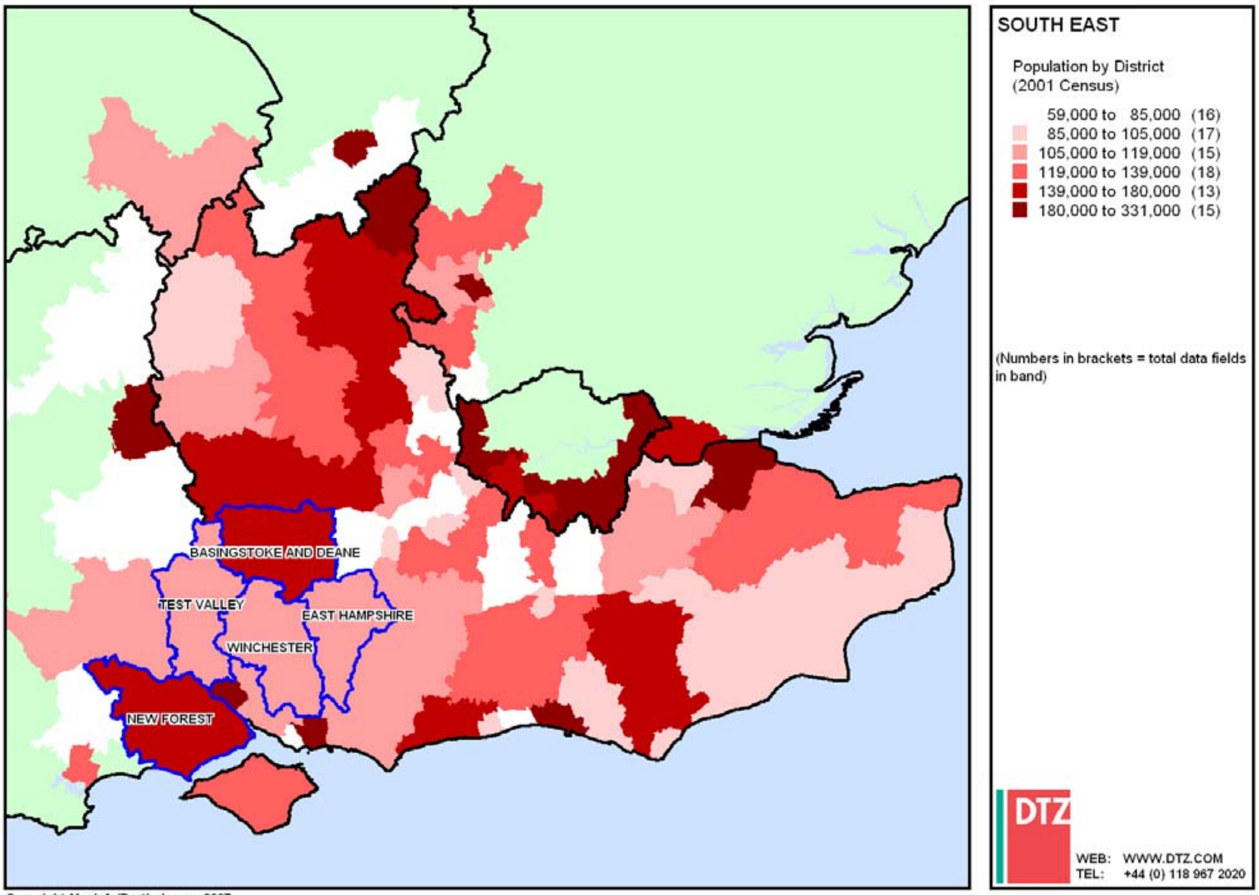
- Population Estimates indicate that the population of Central Hampshire is 393,900 and New Forest West and Central is 102,900 (as at 2005)
- Overall growth in population over the period 1981-2005 was 17% in Central Hampshire and 15% in New Forest West and Central. Regional figures for the South East show that the population has increased by 11% in the same period
- The age profile of the two benchmark areas differ somewhat with evidence of a significant proportion of people over the age of 65 in New Forest West and Central and middle aged families in Central Hampshire
- Figures also show a decrease in the absolute population of those aged 0-14 and 25-44 in New Forest and East Hampshire
- The ethnicity of the study area is largely White, figures are above that of the national and regional average
- Owner occupation for New Forest West and Central (81%) substantially exceeds regional and national figures. Ownership levels in Central Hampshire (72%) are above the national level (69%) but similar to the regional level (74%)
- New Forest West and Central has an average household size of 2.23, this is significantly below the national average. Central Hampshire has an average household size of 2.42, marginally above national (2.38) and regional averages (2.36)
- 2001 Census figures show that 2.3% of all homes in New Forest West and Central are second or holiday homes
- The total number of households in Central Hampshire increased by 17,300, whilst in New Forest West and Central household numbers grew by 4,700. This growth was in the period between 1991 and 2001. These growth figures indicate an increase in households of 11%, matching the regional growth level and exceeding the national level of 9% growth

Population

4.04 The total population of the four Central Hampshire authorities (based on the ONS 2005 mid year estimates) is 493,000 and that of New Forest District is 171,700. In 2001 80% of the population of the four central Hampshire local authorities was in the Central Hampshire market area, and 60% of the population of New Forest District was in the Central and West New Forest area. Assuming that these proportions have not changed since 2001, then the current population of the Central Hampshire market area is estimated to be 393,000, and that of New Forest West and Central area is estimated at 102,900.

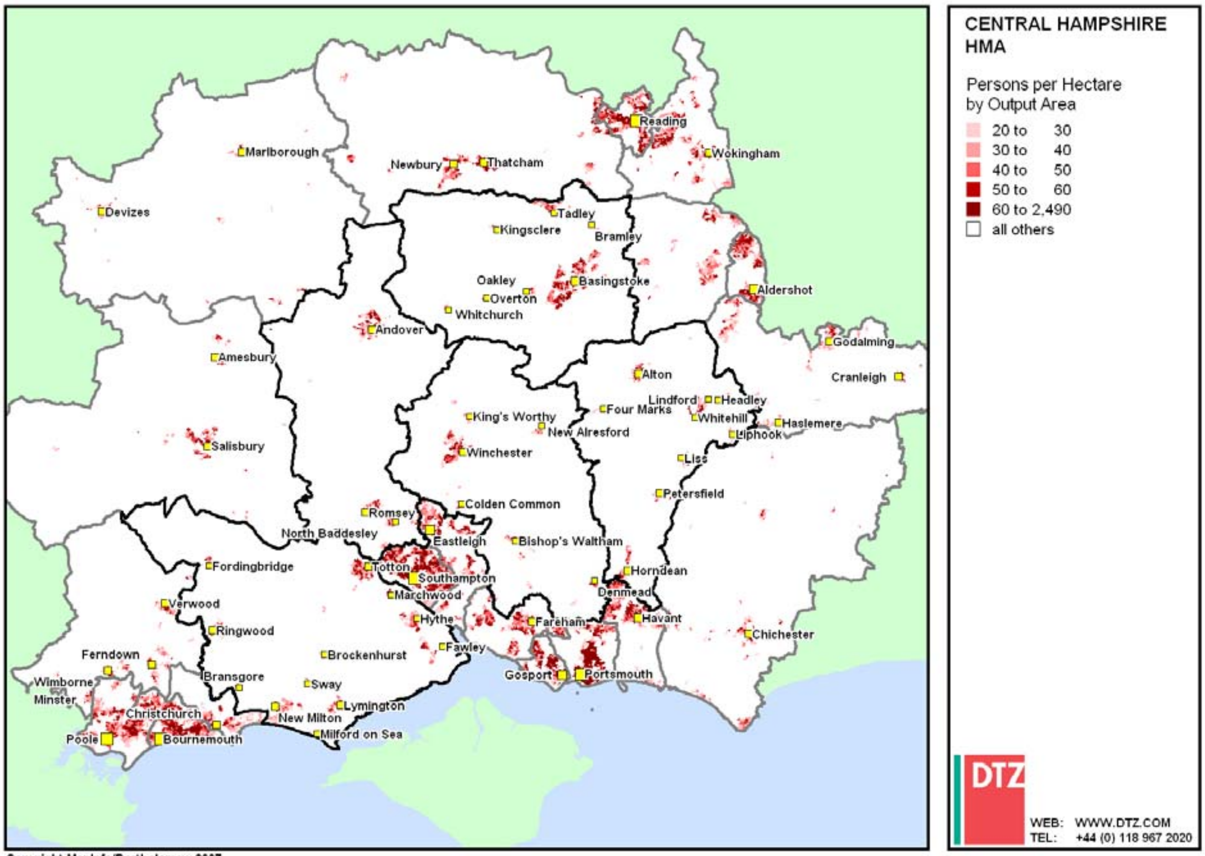
4.05 Overall around 5% of the population of the South East live in the Central Hampshire market area and another 1% in New Forest West and Central area. Figure 4.1 shows the relative population to be found in the local authority areas that cover the Central Hampshire and New Forest areas, and those of adjacent authorities, based on 2001 Census. The distribution of population will not have changed significantly since 2001. Figure 4.1 illustrates that Basingstoke and Deane and New Forest have relatively large populations compared to Test Valley, Winchester and East Hampshire.

Figure 4.1: Total Population by District



4.06 Figure 4.1 presents information on the absolute population of the District, without taking account of the size of the District. Figure 4.2 presents information on population density (people per hectare) at Output Area (OA)[1]. This provides a clear sense of where the major settlements and hence concentrations of population are within the area, and in the surrounding local authority areas. Population densities are highest in the urban centres of Basingstoke, Winchester and Andover.

Figure 4.2: Population Density by Output Area[2]



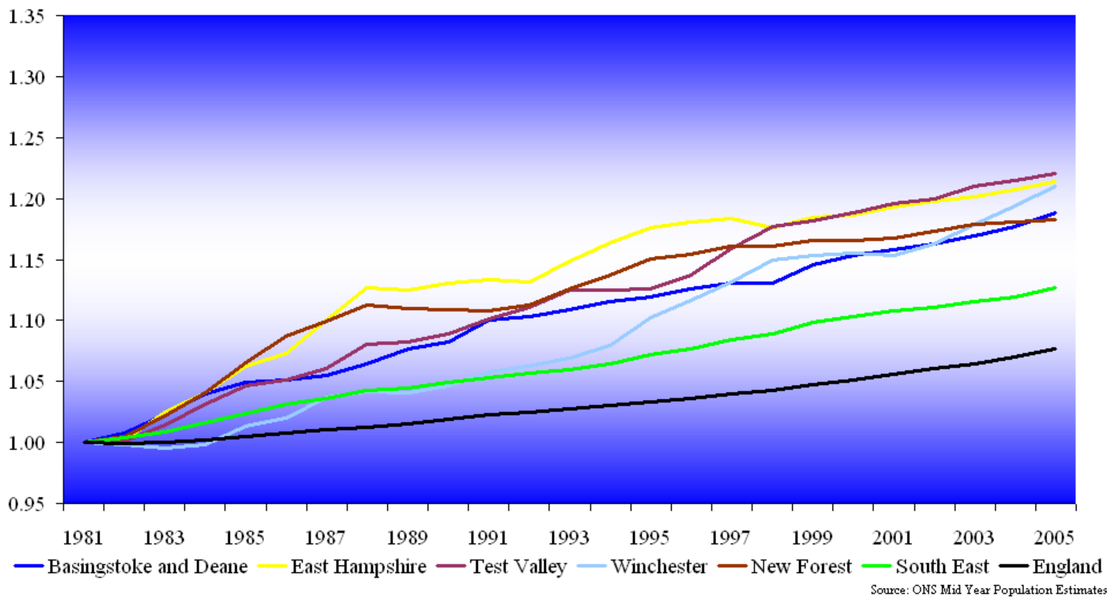
Copyright MapInfo/Bartholomew 2007

[1] Output Areas are defined by ONS as an area of approximately 125 homes, normally comprising of whole unit postcodes. They are based on data from the 2001 Census
[2] A larger version of this map is provided in Appendix B

4.07 Figure 4.3 shows the pattern of population change since 1981 in each of the local authority areas in the study area. The chart shows that the population of the districts in Central Hampshire and New Forest have grown much more significantly than the growth in population in the South East as a whole, which in turn has grown much more rapidly than in England as a whole. (Note data is not presented for the Central Hampshire market nor for Central and West New Forest since data is not available on an annualised basis at ward level).

4.08 Overall the population growth has been more rapid in percentage terms in Test Valley, East Hampshire and Winchester Districts, than in Basingstoke and Deane, and New Forest. However this is due to fact that the base population in both Basingstoke and Deane, and New Forest was larger in 1981, so despite large absolute increases in population (see Figure 4.4) in these Districts, the percentage increase is less than in the other, less populated Districts.

Figure 4.3: Indexed Population Change 1981-2005 (whole Districts)



4.09 Figure 4.4 shows the absolute and percentage growth in population in the study area over the period 1981-2005. New Forest District has experienced the largest absolute increase in population, followed by Basingstoke and Deane. Winchester and East Hampshire Districts have experienced the smallest (though still considerable) absolute increase in population over the period 2001-05. Estimates are provided of population growth for the Central Hampshire Market Area and the New Forest Central and West area, based on the assumption that the proportion of total District population has grown proportionally and at a constant rate over time.

Figure 4.4: Population Change 1981-2005

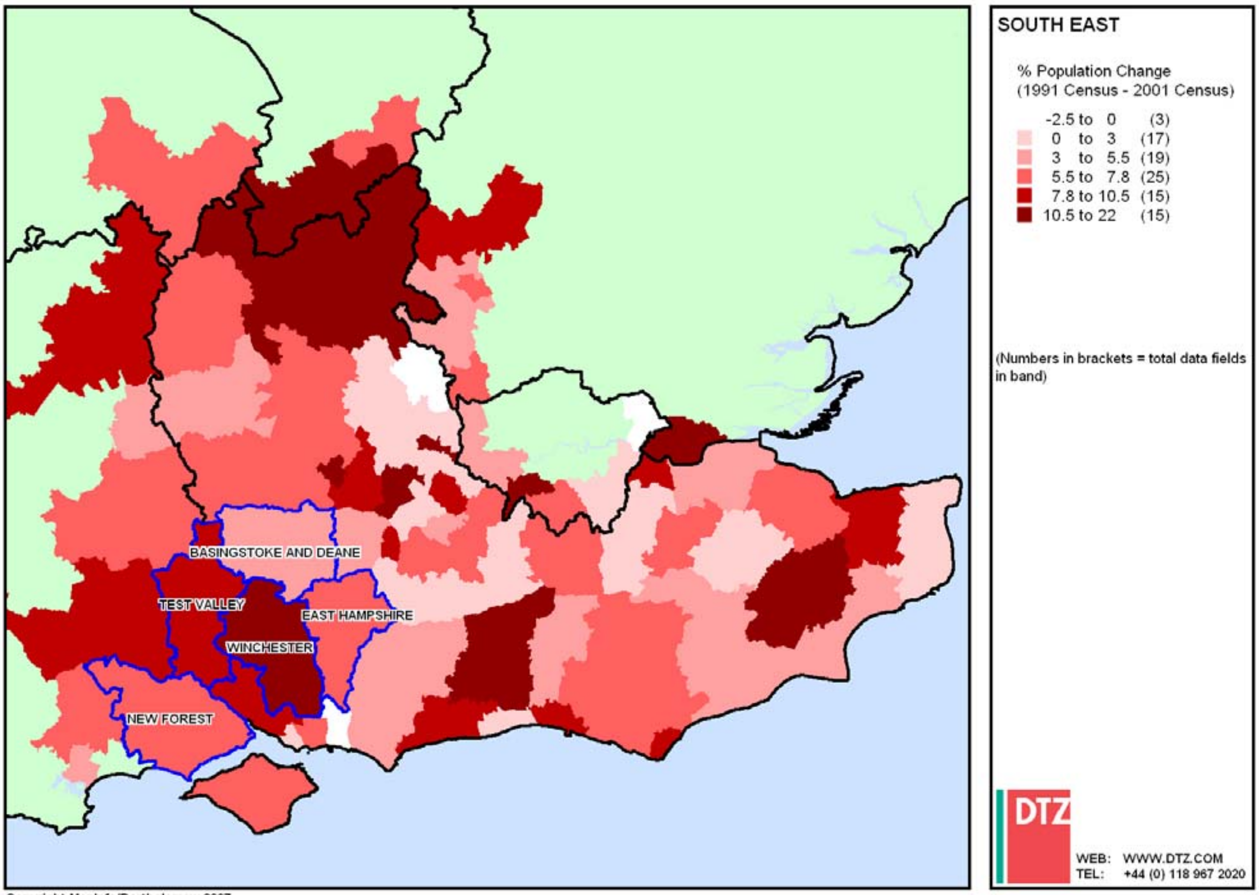
	1981	2005	Change	% Change
Central Hampshire Market Area	**317,600*[3]**	**393,900**	**65,100**	**19%**
Basingstoke and Deane	132,000	156,900	24,900	19%
East Hampshire	91,700	111,300	19,600	21%
Test Valley	92,000	112,300	20,300	22%
Winchester	93,000	112,500	19,500	21%
New Forest West and Central	**86,300*[4]**	**102,900**	**15,200**	**15%**
New Forest	145,200	171,700	26,500	18%
South East	7,243,100	8,164,200	921,100	13%
England	46,820,200	50,431,700	3,620,900	8%

Source: Mid Year Population Estimates June 2005

[3] * Indicates an estimated population for the benchmark areas as population figures at ward level were not available for 1981
[4] * Indicates an estimated population for the benchmark areas as population figures at ward level were not available for 1981

4.10 Figure 4.5 presents the broader picture of how the population of each district in the South East changed over the decade 1991-2001. The map shows that Winchester District is among those local authority areas that have experienced the most rapid population growth in this period, with Test Valley also having experienced rapid growth, along with Eastleigh, Southampton and Fareham.

Figure 4.5: Population Change by District 1991-2001



4.11 The age structure of the population influences the level, type and tenure of housing that is required. For example, a population that is younger tends to be more mobile and has accumulated less in the way of housing equity and savings. Younger households therefore have more difficulty in becoming home owners, and their mobility means that they are less inclined to buy. Areas with a larger population of people in their 20s therefore typically have a relatively large stock of private rented accommodation. Conversely areas with an older age profile often have high levels of owner occupation, but may have a relatively greater need to consider how best to meet the housing and health needs of older people.

4.12 Figure 4.6 compares the age profile of the study area with that of the South East region as a whole and that of England. The South East is represented by the green line polygon, which has a score of 1 on every axis. Where an area has a relatively high proportion of a particular age group compared to the proportion found in South East, then this registers as a score of more than one. Conversely a score of less than 1 means that the proportion of the population in a particular age group in the area is lower than the South East.

4.13 The most striking feature of the diagram is the very high proportion of people aged 65 and over, and the correspondingly low proportion of those aged between 15 and 44 in New Forest District. The other striking dimension highlighted by the diagram is the under-representation of older people (65+) and the high proportion of those aged 25-44, and a relatively high proportion of children (age 0-14). The more subtle variations in the distribution of population by age are shown in Figure 4.7. It can be seen that the percentage share accounted for by different age groups do not vary hugely between areas.

Figure 4.6: Age Structure Location Quotient 2001

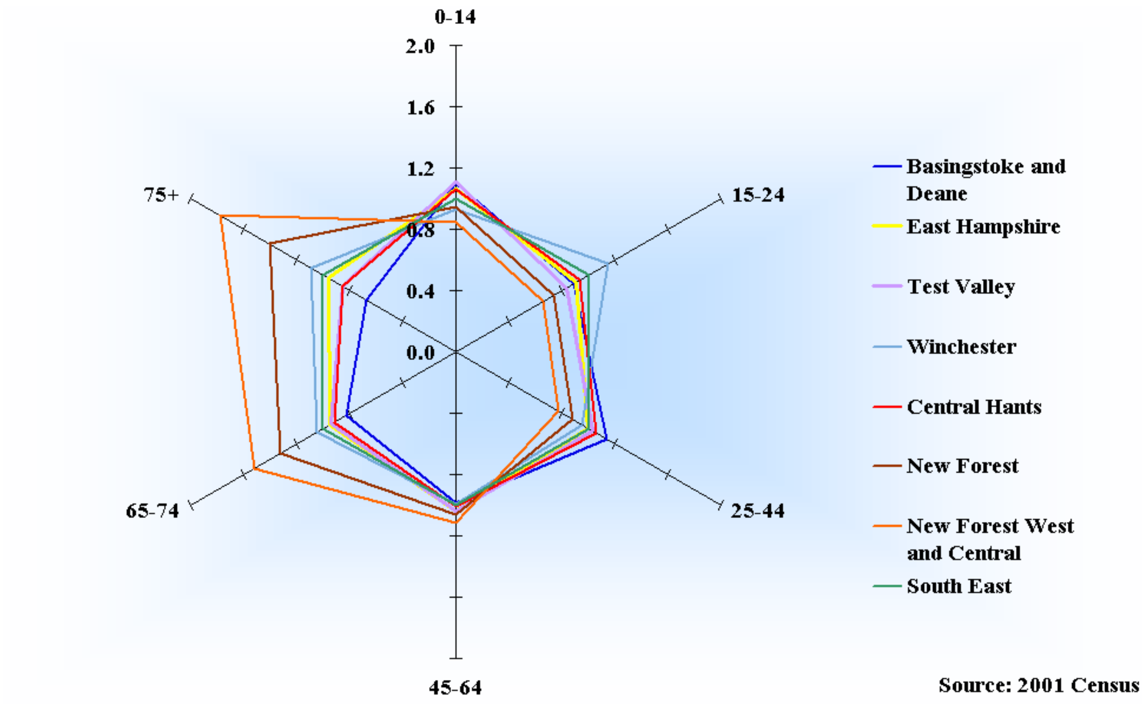


Figure 4.7: Population by Age 2005 (whole Districts)

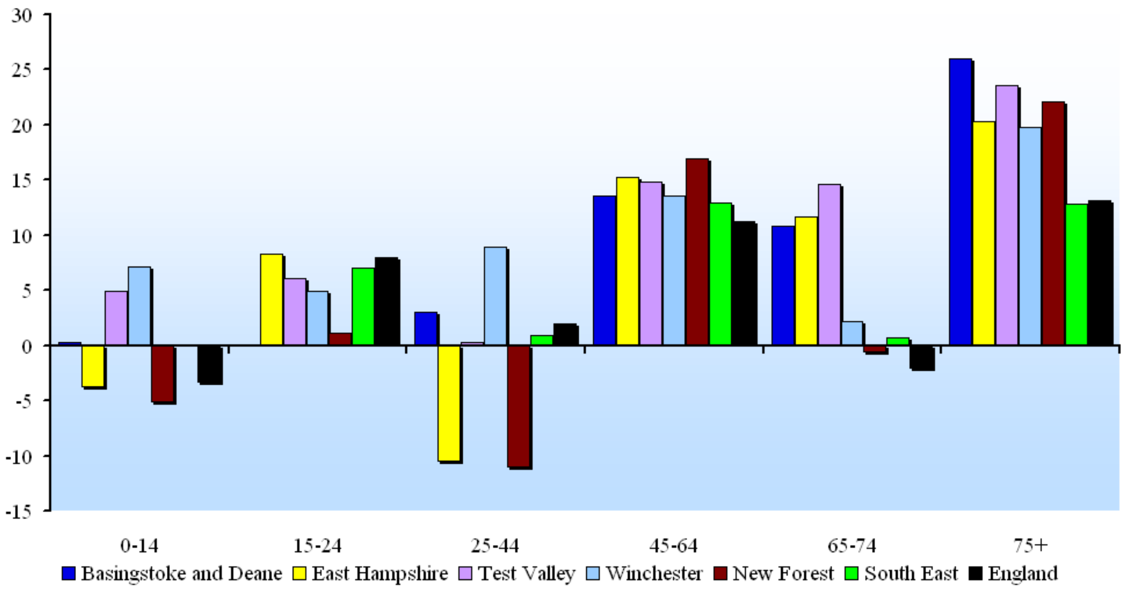
	Total Population	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	156,900	19%	11%	31%	26%	7%	6%
East Hampshire	111,300	19%	12%	25%	28%	9%	8%
Test Valley	112,300	19%	11%	27%	27%	8%	7%
Winchester	112,500	17%	13%	26%	26%	8%	9%
New Forest	171,700	16%	10%	23%	28%	11%	12%
South East	8,164,200	18%	12%	28%	25%	8%	8%
England	50,431,700	18%	13%	29%	24%	8%	8%

Source: ONS 2005 Mid Year Population Estimates

4.14 It is also interesting to consider how the age profile of the population is changing over time. Figures 4.9 and 4.10 examine the percentage change in population by age group, while Figures 4.12 and 4.13 examine the absolute changes in population by age group.

4.15 Figures 4.9 and 4.10 show that a particular feature throughout the study area is the rapid percentage growth in population of people aged over 75. Growth in this age group is markedly higher in the study area than in the South East as a whole and in England. Every area is experiencing significant growth in the population aged 45-64 – but this is much more in line with regional and national trend, though still somewhat higher.

Figure 4.9: Percentage Population Growth by Age Group – 1995-2005



Source: 2001 Census

Figure 4.10: Percentage Population Growth by Age Group (1995-2005) (Whole Districts)

	Total	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	6%	0%	0%	3%	13%	11%	26%
East Hampshire	3%	-4%	8%	-11%	15%	12%	20%
Test Valley	8%	5%	6%	0%	15%	15%	24%
Winchester	9%	7%	5%	9%	14%	2%	20%
New Forest	3%	-5%	1%	-11%	17%	1%	22%
South East	5%	0%	7%	1%	13%	1%	13%
England	4%	-3%	8%	2%	1%	-2%	13%

Source: 2005 ONS Mid Year Population Estimates

4.16 The ageing population of the nation is a national phenomenon. The growth in the 45-64 age group is a consequence of the baby boom of the 1950s, and the growth in the population aged 75+ is a consequence of growing longevity. But clearly there is something in the character of Central Hampshire and New Forest that means that it is either attractive to these age groups as a place to live, or has more people already in the groups that feed into these age cohorts.

4.17 New Forest District and East Hampshire Districts stand out because they have experienced a fall in the population of people aged 25-44 and of children (0-14), while Winchester and Test Valley have experienced relatively high growth in the numbers of children in contrast to national and regional trends. Winchester has also experienced growth in the population aged 25-44 – perhaps the city itself appeals to young professionals or there may be parts of the district accommodating younger couples and families.

4.18 Winchester has also experienced strong growth in the 45-65 and 0-14 year age cohorts, which suggests that in-migration into the district is becoming increasingly driven by family households. Data from the 2001 Census on the household composition of in-migrants would appear to support this, with Winchester experiencing a net in-migration of 157 family households in the year preceding 2001.

4.19 Figure 4.11 displays the net migration figures, with data obtained from the 2001 Census. The figures represent the net figures taking into account inward and outward movements. The figures suggest that within all districts there are inward movements of couples with children (family households). There was net out-migration of one-person households in all areas except Basingstoke. This may reflect the nature of the town as an important employment location attracting young and single professionals. The figures also suggest that New Forest has been subject to inward migration from pensioner households and also couples with and without children.

Figure 4.11 Net Migration Figures (Whole Districts) 2000-01

	Basingstoke & Deane	East Hampshire	Test Valley	Winchester	New Forest
One Person (excluding pensioner)	148	-109	-63	-129	-124
One Person Pensioner	-9	46	18	46	55
Pensioner Couples	-31	-3	10	8	78
Couples without children	7	78	67	-25	215
Couples with children	130	215	109	157	214
Lone parent households	-15	-5	35	-7	-3

Source: 2001 Census

4.20 It is difficult to obtain more up to date and detailed information on the economic or personal characteristics of those moving into each of the Central Hampshire authorities areas[5] [6]. DTZ would expect, however, that a number of the family household movements into areas such as Winchester are likely to comprise moves from areas with very high housing equity (mainly London) due to reasons associated with quality of life, better environment, larger and (relatively) more affordable housing and a higher standard of local services (most notably schools).

4.21 Figure 4.12 shows that in absolute terms overall population growth is being driven primarily by the 45-64 age cohort. This is a national phenomenon. The next most important age bracket, contributing to absolute growth in population, is the over 75 age

[5] The NHS Patient Register provides a source of migration data and is updated annually, however movements are recorded between health authority areas not individual authorities
[6] Hampshire Home Movers Survey (last undertaken 2001-02) provides more detailed information on the reasons for moving and the origin and destination of moves in each authority though sample sizes are relatively small at the authority level.

group. It is worth noting that in New Forest and East Hampshire Districts the number of people aged 24-44 has fallen as have the number of children (0-14 years).

Figure 4.12: Absolute Change in Population by Age, 1995-2005

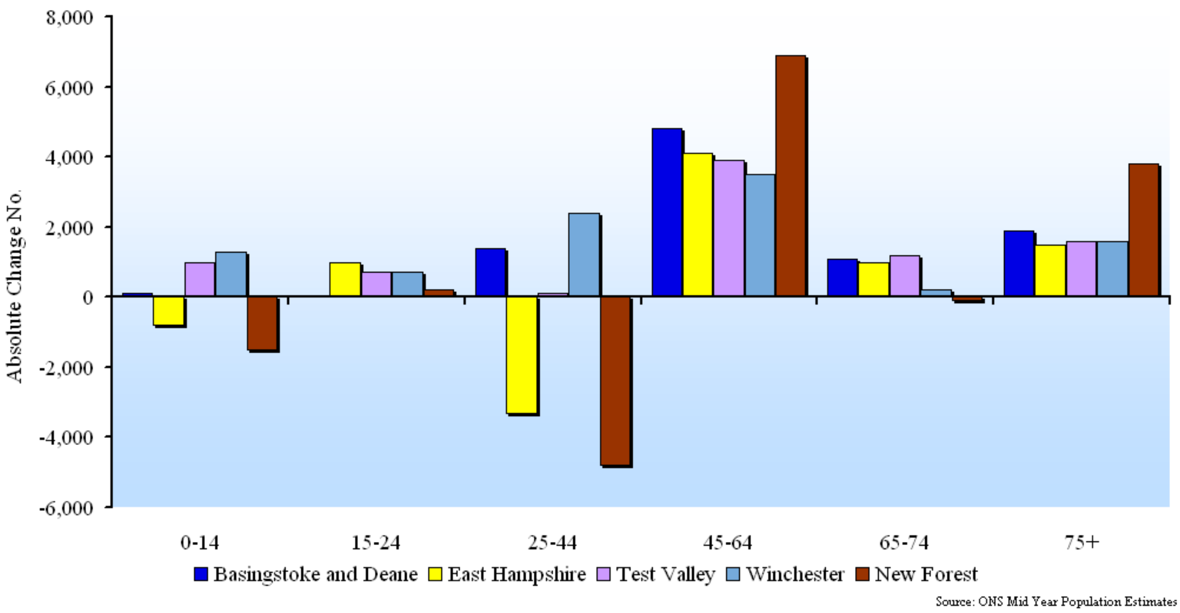


Figure 4.13: Absolute Change in Population by Age, 1995-2005 (Whole Districts)

	Total	0-14	15-24	25-44	45-64	65-74	75+
Basingstoke and Deane	9300	100	0	1400	4800	1100	1900
East Hampshire	3500	-800	1000	-3300	4100	1000	1500
Winchester	9700	1300	700	2400	3500	200	1600
Test Valley	8500	1000	700	100	3900	1200	1600
New Forest	4500	-1500	200	-4800	6900	-100	3800
South East	401,400	400	66,700	19,800	233,400	5000	76,100
England	2,048,000	-313,100	485,000	277,800	1,236,900	-86,700	448,100

Source: ONS Mid Year Population Estimates

4.22 Overall the analysis suggests that each area may be experiencing its own population dynamic. This is consistent with the analysis presented in Section 2 that the Central Hampshire market area and New Forest is diverse, with settlements having distinctive characteristics, which may appeal to different markets in terms of people at different life stages. The implication of the changing age profile of population and households within both housing market areas in the study for housing and planning policies is considered in later sections.

Ethnicity and National Origin

4.23 Figure 4.13 shows the ethnic composition of the housing market areas. It is relevant to examine this in the context of the SHMA because the housing experiences of Black and Minority Ethnic (BME) households are sometimes different to the population as a whole. Where there are relatively high concentrations of BME households, therefore, there may be particular housing needs or demands that should be taken into consideration by housing and planning policies.

4.24 The data shows that the ethnic composition of the study area is predominantly White. Figures for all ethnic groups are below the national and South East averages with no more than 1% of each of the differing ethnicities making up the population of local authorities in the study area. While particular ethnic groups may have distinctive housing requirements, it is also worth bearing in mind that many BME households do not have fundamentally different aspirations or requirements to the majority community.

Figure 4.13: Ethnic Composition by Local Authority Area

	White	Mixed	Asian	Black	Chinese or other ethnic group
Basingstoke and Deane	96.6%	1.0%	1.2%	0.6%	0.6%
East Hampshire	98.3%	0.7%	0.4%	0.2%	0.4%
Test Valley	97.9%	0.6%	0.8%	0.2%	0.5%
Winchester	97.8%	0.7%	0.7%	0.3%	0.6%
New Forest	98.9%	0.5%	0.2%	0.1%	0.3%
South East	95.1%	1.1%	2.3%	0.7%	0.8%
England	90.9%	1.3%	4.6%	2.3%	0.9%

Source: 2001 Census

4.25 Data on ethnicity does not capture information on national origin or recent migration. The issue of large scale in-migration from eastern Europe following EU enlargement has become a significant housing issue in many areas, though one in which there is limited data. At the national level the number of EU citizens migrating to the UK has increased five-fold since the expansion of the European Union in 2004.

4.26 In 2003 the inflow of EU citizens to the UK was around 14,000. In 2004 this rose to around 74,000 – with 80% of this increase attributed to migrants from the 10 accession states.[7] [8] The latest Government figures state that around 447,000 migrants from these states registered for work in the UK between May 2004 and the end of June 2006, of which 265,000 were Polish migrants[9]. A recent survey by the Centre for Research on Nationalism, Ethnicity and Multiculturalism indicated that these figures may understate the true level of migration.[10]

4.27 To what extent this trend has been manifested in Central Hampshire and New Forest is discussed in Section 10 of this report. In terms of housing market implications, the evidence from across the country is that the majority of EU in-migrants live in privately rented property – with anecdotal evidence suggesting that they share dwellings intensively.

[7] ONS 2004
[8] The 2004 accession states were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
[9] Home Office (2006) Accession Monitoring Report – Note that this records the **cumulative** number of people who have registered to work. It does not represent net migration.
[10] The survey of 500 Poles in the UK found that 64% had signed the workers register

This is likely to place additional demand on low cost private rented dwellings within the urban areas in particular.

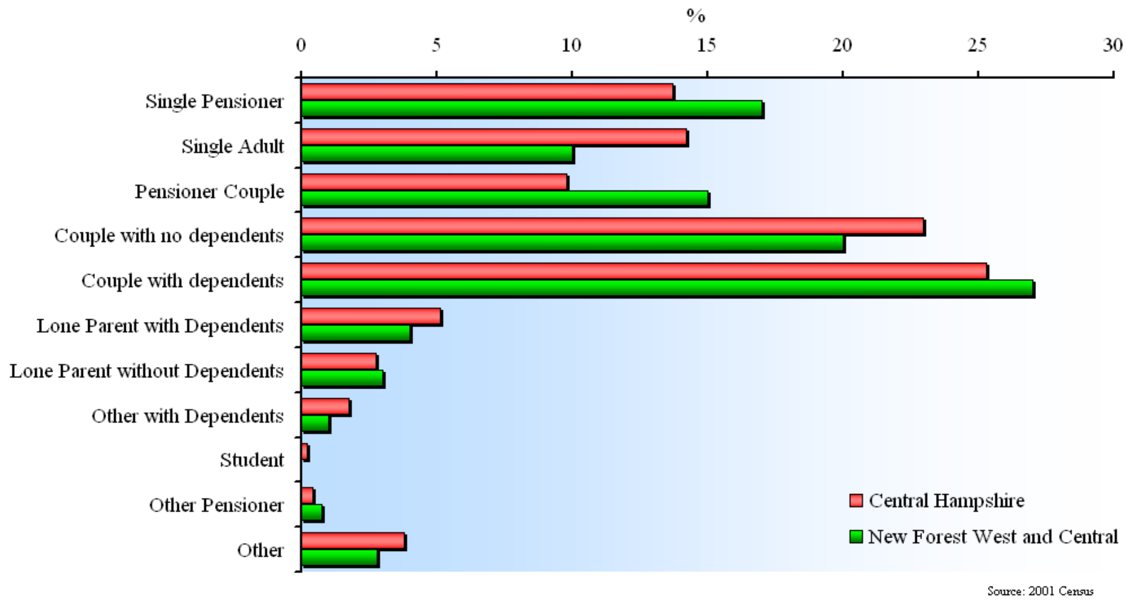
4.28 Over time, this trend may have implications beyond the private rented sector. Whilst some migrants will stay in the UK for a limited period of time they are likely to be replaced by others – either from Poland or the other recent EU accession states of by migrant workers from Bulgaria and Romania – due to join the EU this year (2007). However, a recent survey of 500 Poles revealed that a proportion (around 15%) intended to stay in the UK permanently. Whilst the official data suggests that most migrants to the UK are young (within the 15-44 age groups), those that decide to remain may eventually bring their families over or start families of their own.

Household Composition and Tenure

4.29 Figures 4.14 and 4.15 show the distribution of household types within the two housing markets compared with the average for the South East and England as a whole. Couple and family households account for over half (56%) of all households in Central Hampshire, and less than half (46%) of households in New Forest West and Central.

4.30 Overall Central Hampshire has a relatively high proportion of couple households with children compared to the South East and England, indicating the area has a comparatively high proportion of families. In contrast New Forest Central and West has a very high proportion of Single and Couple Pensioners compared to Central Hampshire, the South East and England. Pensioner households account for 34% of the total households in New Forest Central and West compared with a national average of 23% and 24% in the South East.

Figure 4.14: Household Composition in Central Hampshire and New Forest West and Central



4.31 In 2001 both Central Hampshire and New Forest Central and West had very small numbers of students, indicative of the absence of any major Higher Education Institution located in the area. The 2001 Census, unlike the 1991 Census records students at their term time address not their home address. The absence of any major HEI within the area will be one factor for the relatively under-representation of younger age groups (15-24) and even a factor explaining why much of the area has an under-representation of people aged 25-44, given that graduates tend to gravitate to major cities, often staying in the city where they studied.

Figure 4.15: Household Composition

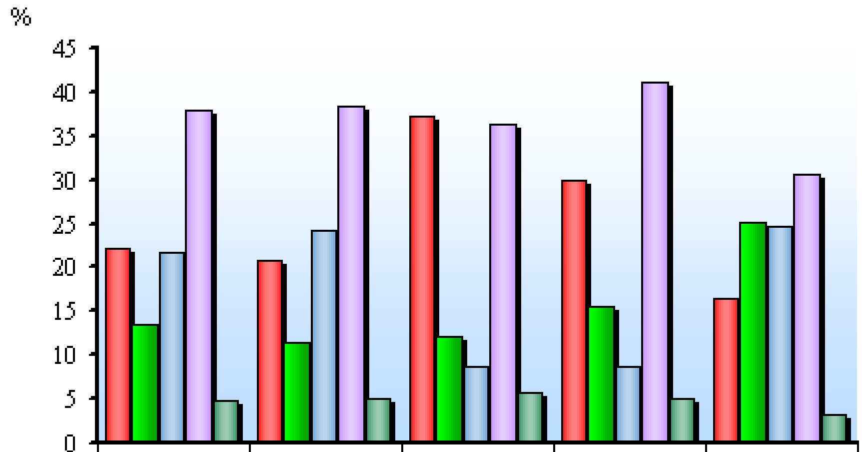
	Basingstoke and Deane	East Hampshire	Test Valley	Winchester	Central Hampshire	New Forest	New Forest West and Central	South East	England
Single Pensioner	11.5%	14.3%	13.7%	17.5%	13.7%	17.3%	19.6%	14.4%	14.4%
Single Adult	15.8%	12.9%	12.2%	14.5%	14.2%	10.4%	9.3%	14.1%	15.7%
Pensioner Couple	8.4%	10.6%	10.0%	11.5%	9.8%	14.6%	16.4%	9.7%	8.9%
Couple with no dependents	23.3%	22.9%	24.4%	21.0%	23.0%	19.7%	18.6%	25.4%	24.1%
Couple with dependents	26.4%	25.9%	26.0%	21.8%	25.3%	26.5%	25.8%	22.1%	20.8%
Lone Parent with Dependents	5.6%	4.9%	5.3%	4.1%	5.1%	4.3%	3.5%	5.2%	6.4%
Lone Parent without Dependents	3.0%	2.8%	2.7%	2.4%	2.7%	2.6%	2.4%	2.7%	3.0%
Other with Dependents	1.9%	1.8%	1.7%	1.3%	1.8%	1.4%	1.3%	1.9%	2.2%
Student	0%	0%	0%	1.1%	0.2%	0.0%	0%	0.4%	0.4%
Other Pensioner	0.3%	0.5%	0.5%	0.5%	0.4%	0.6%	0.7%	0.4%	0.4%
Other	3.9%	3.4%	3.6%	4.4%	3.8%	2.6%	2.5%	3.7%	3.7%

Source: Census 2001

4.32 Figures 4.16 and 4.17 show the distribution of household types by tenure for Central Hampshire and New Forest West and Central. Figure 4.16 shows that families with children account for about 38% of all households in the Central Hampshire housing market, and such households are to be found in all tenures, though the proportion is somewhat higher in other social rented housing and slightly lower in the private rented sector.

4.33 Pensioner households are particularly strongly represented in the council rented and other social rented sectors, with proportionately fewer living in the private rented sector. Single adults (other than pensioners) account for 13% of households and are much more likely to live in privately rented accommodation than other household types.

Figure 4.16: Central Hampshire – Household Composition by Tenure

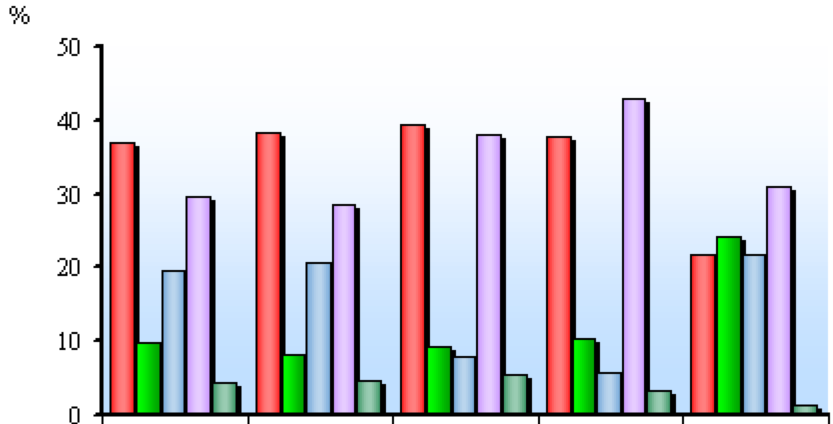


	All Households	Owned	Council Rented	Other Social Rented	Private Rented or Living Rent
All Pensioner Households	22	21	37	30	16
One Person non-pensioner	13	11	12	15	25
Families with no children	22	24	9	9	25
Families with children	38	38	36	41	31
Other	5	5	6	5	3

Source: 2001 Census

4.34 The figures for the New Forest West and Central show that pensioners make up over a third of all households. This impacts upon the housing market as a whole. Pensioners occupy the highest proportion of owned, council rented and other social rented properties. Families with children account for the second highest proportion of New Forest households, with particularly strong representation among social housing tenants and even a higher representation among private tenants than their representation among the population as a whole.

Figure 4.17: New Forest West and Central – Household Composition by Tenure



	All Households	Owned	Council Rented	Other Social Rented	Private Rented or Living Rent
All Pensioner Households	37	38	39	38	22
One Person non-pensioner	10	8	9	10	24
Families with no children	19	21	8	6	22
Families with children	30	28	38	43	31
Other	4	5	5	3	1

Source: 2001 Census

Tenure Patterns

4.35 Figure 4.18 shows that in 2001, 72% of all households in the Central Hampshire market and 81% of households in the New Forest West and Central area owned their own homes. Overall levels of owner occupation in Central Hampshire are above the UK average but below the South East average; while the overall level of owner occupation in New Forest West and Central is significantly above both the UK and South East average.

4.36 Figure 4.19 indicates that the share of all households who are owner occupiers increased between 1991 and 2001 in Central Hampshire, while it remained largely unchanged in New Forest West and Central and the South East. This will reflect the fact that the majority of new development since 1991 has been for sale, and the growth in the Buy to Let market had not come fully to fruition by 2001 in either of the market areas.

4.37 The private rented sector accounted for a similar proportion of households in 2001 as in 1991 in Central Hampshire, and a slightly lower proportion in New Forest West and Central, while it grew in the South East and in England. The growth at the regional and national level probably reflects the growth of the private rented stock due to the emergence of the Buy to Let phenomenon. This started in major cities and it is probably only since 2001 that its impact will have been felt in Central Hampshire and New Forest.

4.38 The decline in renting from local authorities and growth in renting from social landlords over the period 1991 to 2001 is very evident. In this time period a number of the local authorities transferred their council housing to housing associations. Of more significance is the fact that the proportion of households renting from social landlords has fallen from 19% in Central Hampshire in 1991 to 16% in 2001, and from 10% to 8% in New Forest West and Central. This reflects the impact of Right to Buy Sales and limited new provision of social rented homes.

Figure 4.18: Tenure Change 1991-2001

	Total Dwellings	Owned	Rented from Council	Other Social Rented	Private Rented of Living Rent Free
Central Hampshire Market Area 1991	137,500	70%	17%	2%	12%
Central Hampshire Market Area 2001	154,300	72%	4%	12%	12%
New Forest West and Central and Central Market Area 1991	39,900	81%	9%	1%	11%
New Forest West and Central and Central Market Area 2001	44,600	81%	6%	2%	10%
South East 1991	2,923,800	74%	13%	3%	10%
South East 2001	3,279,500	74%	7%	7%	12%
England 1991	18,545,500	68%	20%	3%	9%
England 2001	20,406,100	69%	13%	6%	12%

Source: Census 1991 & 2001

4.39 The impact of Right to Buy Sales on the overall stock of social rented dwellings in shown more clearly in Figure 4.19. Despite new housing association development between 1991 and 2001, this was insufficient to offset sales of council homes, with the effect that the stock of social housing in Central Hampshire in 2001 is around 850 units less than in 1991; and about 125 less in New Forest West and Central.

4.40 Figure 4.19 also shows that in absolute terms the stock of private rented dwellings increased between 1991 and 2001, by about 1,500 dwellings in Central Hampshire and 300 units in New Forest West and Central. However such changes are insignificant compared to the scale of growth in home ownership. In Central Hampshire in 2001 more than 16,000 more dwellings were occupied by owner occupiers in 2001 than in 1991, and 5,300 in New Forest West and Central.

Figure 4.19: Tenure Change 1991-2001 Absolute Values

	Total Dwellings	Owned	Rented from Council	Other Social Rented	Private Rented of Living Rent Free
Central Hampshire Market Area 1991	140,000	99,000	23,100	3,000	16,600
Central Hampshire Market Area 2001	156,400	112,900	6,600	18,800	18,100
New Forest West and Central Market Area 1991	40,600	32,100	3,500	500	4,500
New Forest West and Central Market Area 2001	45,900	36,900	3,000	1,200	4,800
South East 1991	2,967,700	2,163,600	380,000	87,700	292,400
South East 2001	3,287,500	2,405,700	241,800	217,200	397,000
England 1991	18,765,600	12,610,940	3,709,100	556,400	1,669,100
England 2001	20,406,100	14,080,200	2,652,800	1,224,400	2,448,700

Source: Census 1991 and 2001

Spatial Distribution of Households by Tenure

4.41 The three maps (Figures 4.20 to Figure 4.22) illustrate the spatial distribution of households by tenure across the study area. The mapping shows that in 2001 private renting was a more significant feature of rural housing markets than of urban housing markets – with the highest levels of private renting (most outside the study area) associated with military bases.

4.42 There is a more dispersed provision of social housing across the study area. However, most of the areas where social housing is concentrated tend to encompass the urban centres of Central Hampshire. Figure 4.21 shows, for example, that there is a relatively high incidence of social housing surrounding Andover, Basingstoke and (to a lesser extent) Winchester. The data also shows that the provision of social housing in the rural areas of Central Hampshire is more limited. This also accords with a number of the district Housing Needs Surveys that highlight the growing shortages of affordable housing in rural areas (which has been diminished in particular by Right to Buy).

Figure 4.20: Proportion of Households in Private Rented Sector

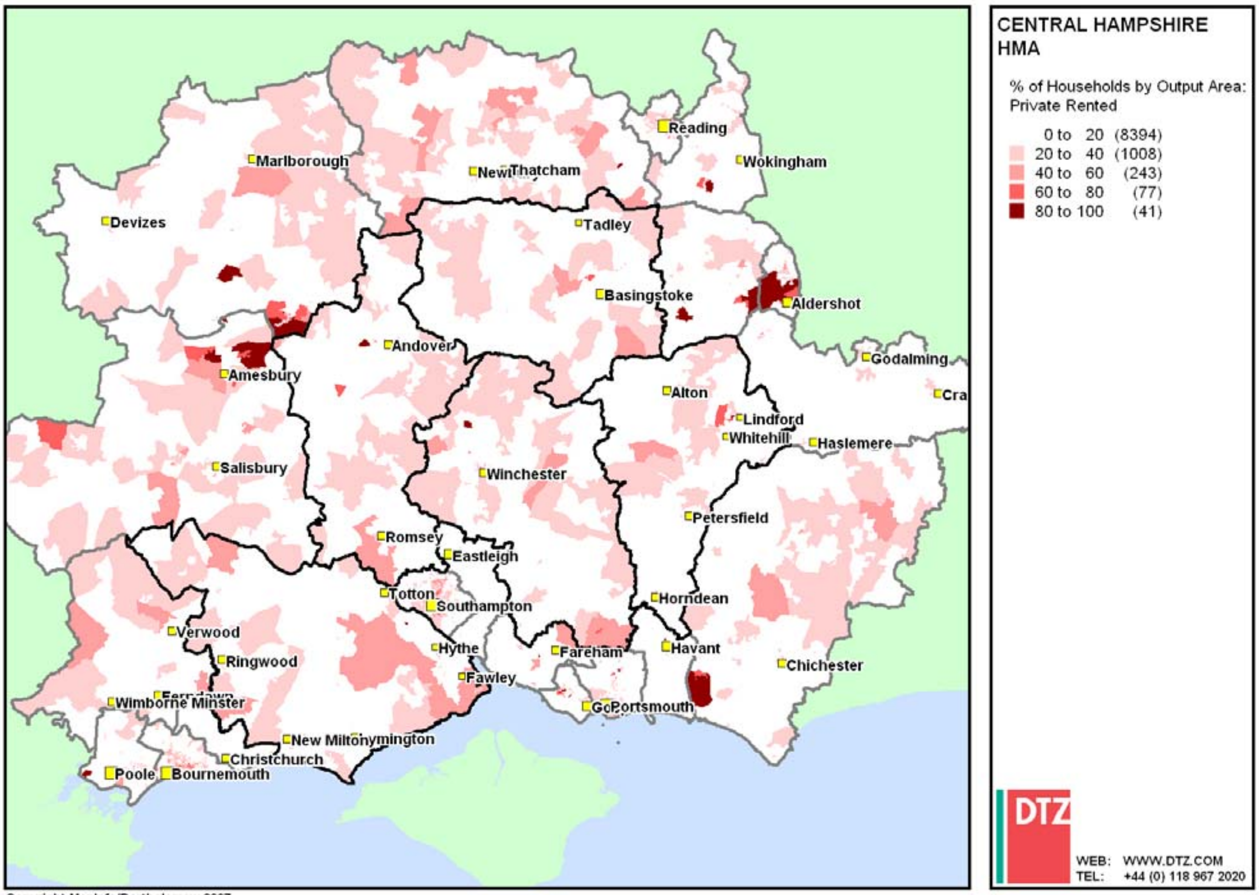


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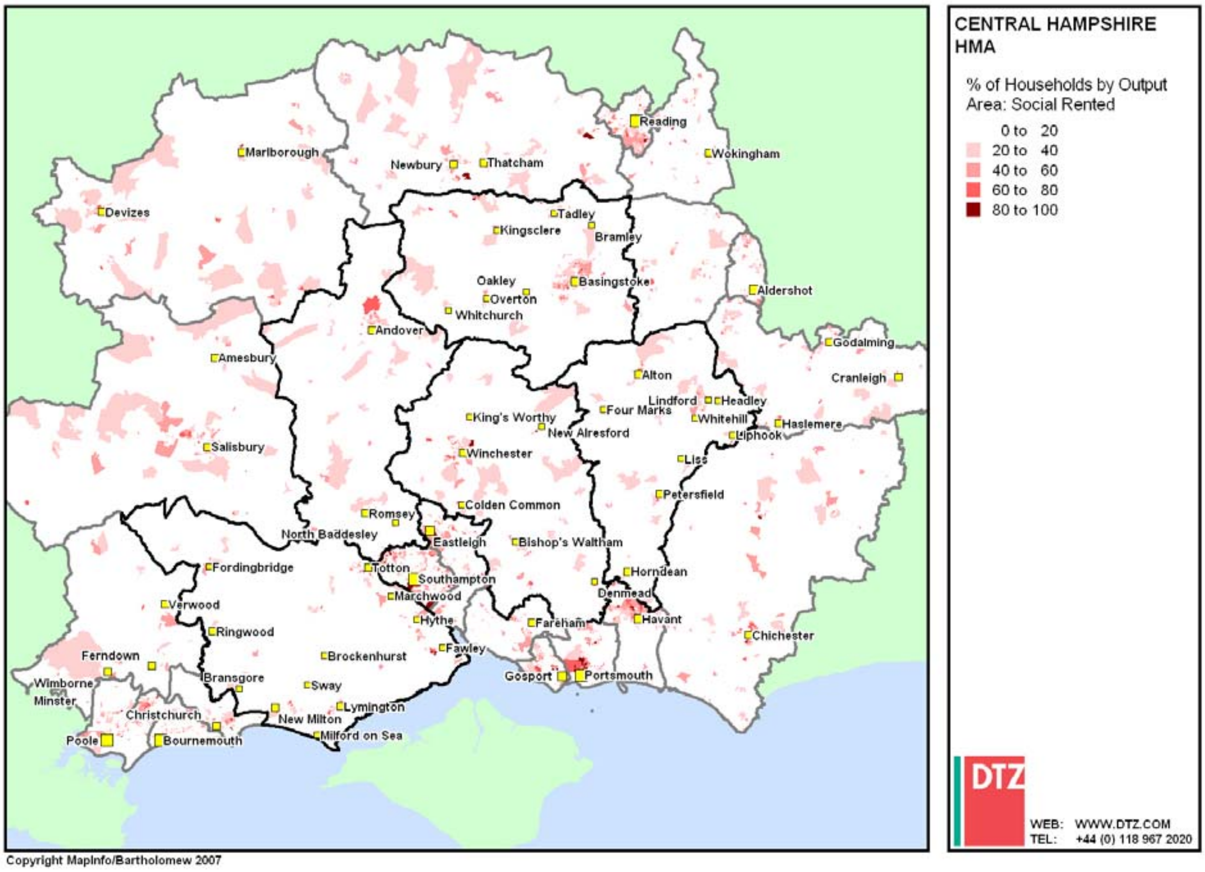
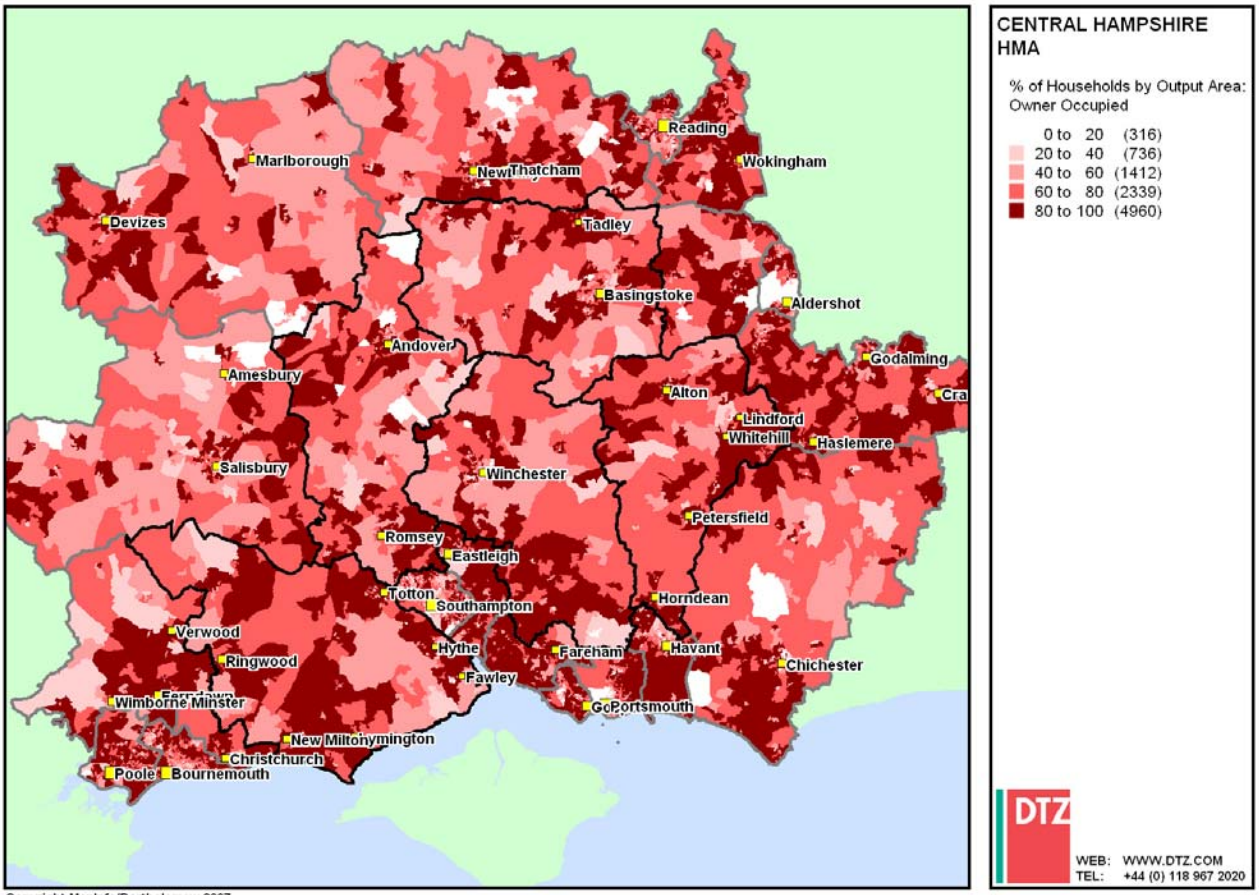
Figure 4.21: Proportion of Households in Social Rented Sector[11]



[11] A larger version of this map is provided in Appendix B

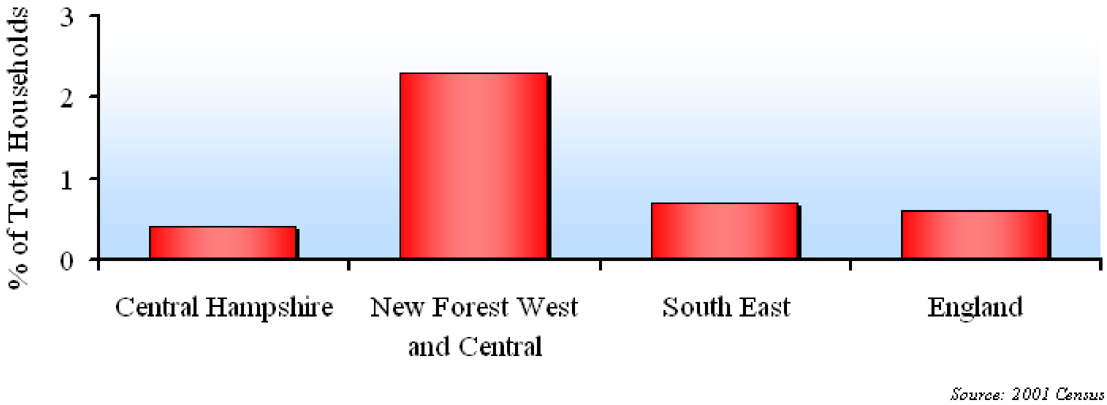
Figure 4.22: Proportion of Households in Owner Occupation (GIS)



Holiday Homes / Second Homes

4.43 In some areas demand for residential property as holiday homes or second homes represents a significant source of demand for property arising outside of the local market. Demand for second homes is fairly significant in New Forest West and Central, with 2.3% of all households being classed as a holiday or second home (see Figure 4.23). The number of holiday and second homes in Central Hampshire is lower than the average figures for England and the South East.

Figure 4.23: Percentage of Holiday and Second Homes in Total Number of Households 2001



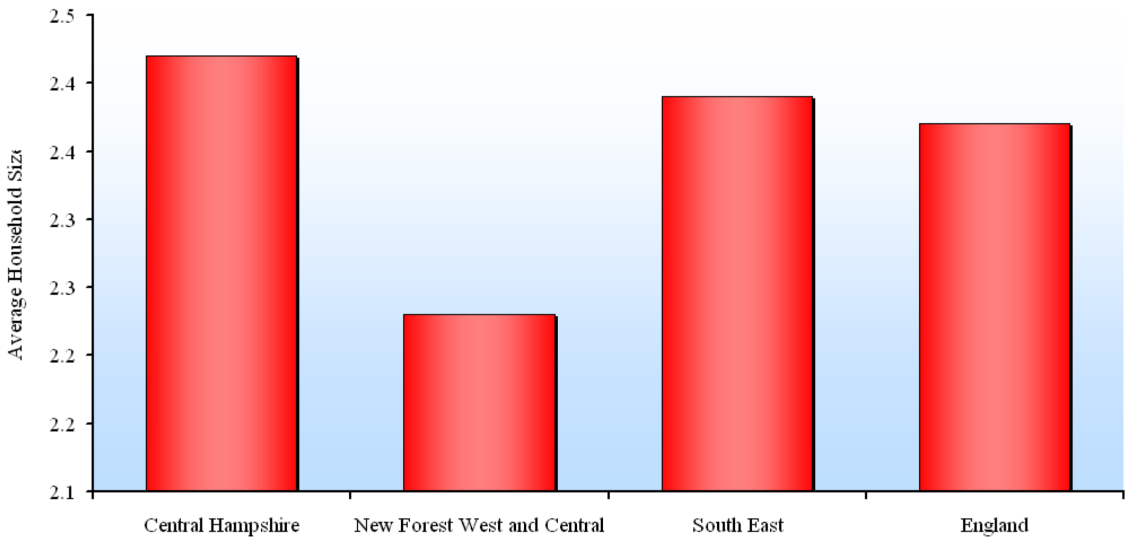
Household Size

4.44 Trends in household size and the number of households are crucial in determining the demand for future housing. Future changes in the number of households will be determined by increases in population and the extent to which an area follows national trends in reducing average household size. This also has implications for the size of property that will be required to house the population of an area in the future.

4.45 Figure 4.24 shows that in Central Hampshire there are on average 2.42 persons per household, whilst the average for New Forest is 2.23 persons per household. Central Hampshire has on average more persons per household, while New Forest has fewer persons per household than the national average.

4.46 The contrast in average household size between the two areas provides further evidence of larger family sized households in Central Hampshire and smaller households typically occupied by pensioners in New Forest West and Central.

Figure 4.24: Average Number of People per Household Space



Source: 2001 Census

Household Growth

4.47 The total number of households in Central Hampshire and New Forest West and Central increased by 11% in the period from 1991 to 2001. This level of growth is in line with the South East average and above the national average. Higher levels of growth occurred in Test Valley and Winchester (14%). However these authorities had a relatively small number of total households so the higher level of growth does not affect the overall figure.

Figure 4.25: Percentage Change in Number of Households 1991-2001

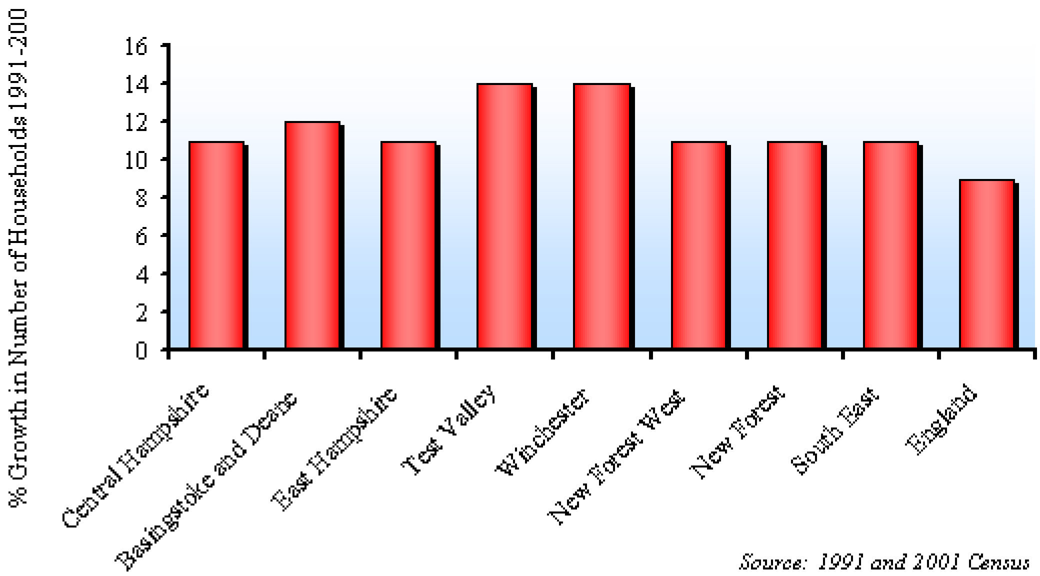


Figure 4.26: Household Growth 1991-2001

	1991	2001	Household Growth	% Change
Central Hampshire	**136,900**	**154,300**	**17,300**	**13%**
Basingstoke and Deane	54,100	61,700	7,600	14%
East Hampshire	38,700	43,600	5,000	13%
Test Valley	38,000	44,100	6,100	16%
Winchester	37,000	43,200	6,100	17%
New Forest West and Central	**39,900**	**44,600**	**4,700**	**12%**
New Forest	64,300	72,000	7,700	12%
South East	2,967,700	3,287,500	319,800	11%
England	18,765,600	20,451,400	1,685,800	9%

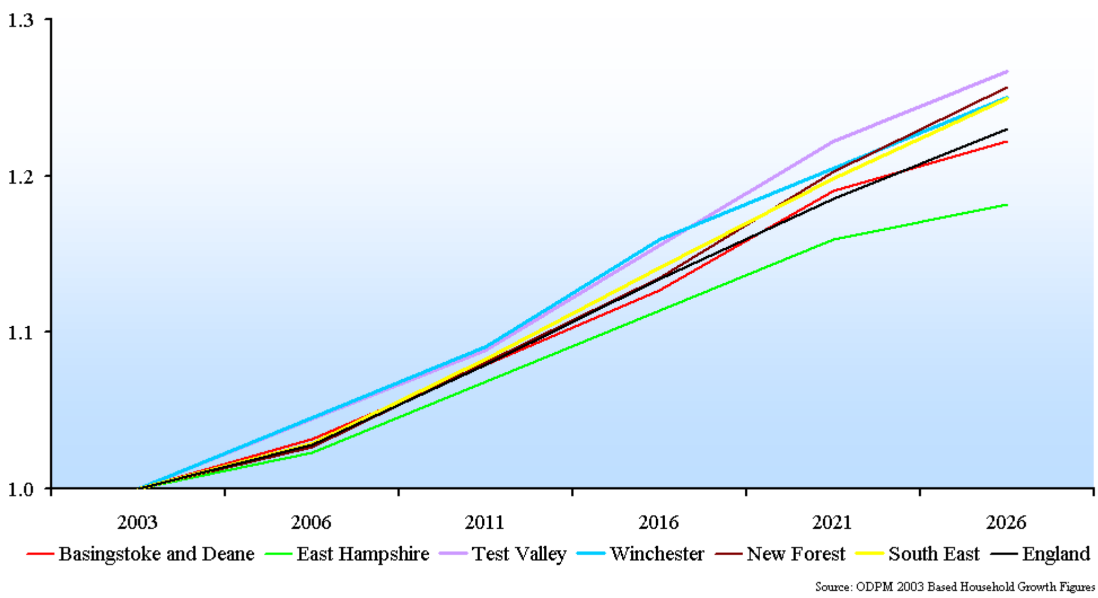
Household Projections

4.48 Household projections prepared by CLG (Figure 4.27, and 4.28) suggest that household growth will differ vastly between the different administrative areas in Central Hampshire. Household growth in Winchester and Test Valley is expected to be above that of the South East and England. In contrast housing growth in Basingstoke and Deane and East Hampshire is predicted to be below the levels of the rest of England.

4.49 Predicted growth in East Hampshire is for an additional 350 households each year. This is likely to be in part a consequence of the rural nature of East Hampshire and the constraint this has posed in the past to accommodating new household growth. As the CLG projections are based upon the continuation of past trends, the rural nature of East Hampshire will therefore lead (indirectly) to low anticipated household growth levels in the future. The draft South East Plan Panel Report (August 2007) proposes an increase to East Hampshire's dwelling target from 260 to 385 per annum (the latter being more in line with household projections).

4.50 It is important to realise that these forecasts are trend based; they tend to reflect the past pattern of household growth (2003 based). They therefore imply a continuation of past trends, though they also reflect the underlying demographic structure of the population. They do not take account of planned changes in the pattern of future housing provision, and linked to this, patterns of household movement between local authority areas. They do not therefore reflect for example, the designation of Basingstoke and Deane as a growth point by Government or the housing allocations contained in the South East Plan, which proposes that 16,500 new homes be built in Basingstoke and Deane during the period 2006 to 2026.

Figure 4.27: Indexed Household Growth Projections 2003-2026



Source: CLG 2003 Based Household Projections

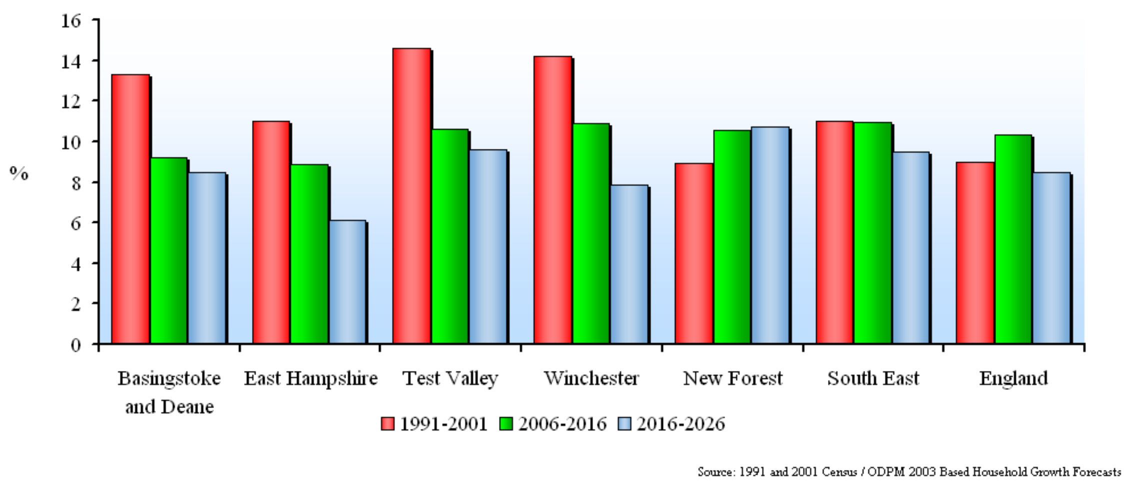
Figure 4.28: Absolute Household Growth Projections 2003-2026 (Whole Districts)

	2003	2006	2011	2016	2021	2026	Change 2003-2026	Annual Change
Basingstoke and Deane	63,000	65,000	68,000	71,000	75,000	77,000	14,000	610
East Hampshire	44,000	45,000	47,000	49,000	51,000	52,000	8,000	350
Test Valley	45,000	47,000	49,000	52,000	55,000	57,000	12,000	520
Winchester	44,000	46,000	48,000	51,000	53,000	55,000	11,000	480
New Forest	74,000	76,000	80,000	84,000	89,000	93,000	19,000	830
South East	3,348,000	3,445,000	3,626,000	3,822,000	4,013,000	4,184,000	836,000	36,350
England	20,904,000	21,485,000	22,566,000	23,705,000	24,781,000	25,713,000	4,809,000	209,090

Source: CLG 2003 Based Household Projections

4.51 A comparison between historical household growth and the CLG household growth projections is shown in Figure 4.29. The charts show that in every local authority district, except New Forest, the projected rate of growth between 1991 and 2001 is higher than the projected rate of growth up until 2026. In New Forest District the household projections anticipate that the rate of growth will accelerate to 2026. Thus with the exception of New Forest the CLG projections anticipate a declining rate of household growth compared with the decade 1991-2001.

Figure 4.29: Percentage Household Growth – Past and Future (Whole Districts)



Source: CLG 2003 Based Household Projections

4.52 There are, however, a number of question marks that surround the future household growth rates put forward in the CLG projections (particularly for New Forest) given their trend-based assumptions. An alternative and probably more realistic forecast of future household growth is provided by Hampshire County Council and the University of East Anglia using the Chelmer model.

4.53 The main assumption underlying these policy based (rather than trend based) projections is that the number of dwellings built between 2006 and 2026 in each district will be consistent with the numbers proposed in the draft South East Plan (the period 2001-06 is based on actual dwellings completions). The forecasts therefore take account of the development constraints and the number of dwellings likely to be available to accommodate new household growth in each area in the future. They are shown in Figure 4.30.

Figure 4.30: Hampshire County Council Policy Based Household Forecasts (Whole Districts)

	2001	2006	2011	2016	2021	2026	Change 06 to 26
Basingstoke & Dean	61,600	65,500	72,000	75,200	78,400	81,600	**16,100**
East Hampshire	43,700	45,300	47,400	48,500	49,400	50,300	**5,000**
Test Valley	44,200	46,200	48,600	51,000	53,300	54,900	**8,700**
Winchester	43,100	45,800	48,000	52,600	55,400	57,900	**12,100**
New Forest	72,000	74,400	76,100	77,100	77,700	78,400	**4,000**

Source: Hampshire County Council/University of East Anglia

4.54 The policy based forecasts (Figure 4.30) predict higher levels of growth in Basingstoke & Dean and a significantly lower level of growth in New Forest compared with the trend based projections (Figure 4.28). New Forest has the greatest disparity between the two sets of predictions, with policy based forecasts anticipating that by 2026 some 78,000 households will live in New Forest, compared to 93,000 households under the trend based projections (a difference of 15,000 households). The difference between the two sets of forecasts reflects the future development constraints in New Forest and the slowdown (compared to rates of household growth inferred by past trends) that the SE Plan targets imply for the area.

4.55 For some authorities, the recommended increase in dwelling provision contained in the draft South East Plan Panel Report would have implications for future household formation in Figure 4.30. For example, East Hampshire's household projections anticipate an additional 250 households per annum (reflecting the proposed level of housing supply for the period at 260 per annum). If the Panel Report's recommendations are adopted, increased provision in East Hampshire to 385 dwellings per annum and an increase of 185 dwellings (and similarly in Winchester +90 dwellings, Test Valley +50 dwellings) would imply an increased level of household growth over the period.

5 ECONOMIC DRIVERS OF DEMAND[1]

5.01 Demographic change within an area creates the need for different levels and types of homes. However the economic development of an area is of equal importance in driving change in housing markets, especially due to its effect on migration. This section analyses recent economic performance and the way in which the economy of Central Hampshire and New Forest has influenced the demographic and socio-economic profiles.

5.02 It is important to highlight the reciprocal relationship between economic development and the provision of housing. While there is an obvious and established link between economic development and the requirement for housing, the type of housing provided within an area can also often play a role in supporting economic development and regeneration objectives.

Key Points

- 203,600 people were employed within the Central Hampshire market area in 2005, which accounts for 5.4% of the 3,762,400 people employed within the South East. The New Forest West & Central area accounts for 42,200 employees (1.1% of regional employment)
- Over the period 1995-2005, a 33% growth in the number of jobs within the Central Hampshire market area exceeded 17% national growth and 23% regional growth. The growth has resulted in an absolute growth of 51,090 jobs within the area. Furthermore, unconstrained growth could result in the creation of over 50,000 new jobs by 2020 (based on past trends).
- Over the same period, employment growth within the New Forest West and Central area was lower at 25%, equating to an absolute growth of 8,500 jobs. Unconstrained growth could result in the creation of almost 10,000 new jobs by 2020 (based on past trends).
- The most important employment sectors in the two market areas are Public Administration, Education & Health (approximately 25% of employment), and Distribution, Hotels & Restaurants (also approximately 25% of employment). Banking, Finance and Insurance is also an important sector accounting for 24% of employment within the Central Hampshire market area and 18% in the New Forest West & Central area.
- Within the Central Hampshire market area the most significant contribution to overall employment growth over the past decade has come from the Banking, Finance and Insurance sector, which has grown by 47% since 1995, providing an additional 15,400 jobs. The largest growth in relative terms was in the Construction industry, which grew by 92% over the period and accounted for an additional 4,300 employees. Transport and communications also grew strongly by 86% over the past decade (providing an additional 4,800 jobs).
- Within the New Forest West & Central area the most significant contribution to overall employment growth in absolute terms has come from the Public administration, education & health sector, which saw the creation of an additional 2,400 employees (28% growth). Distribution, hotels & restaurants and the Banking, finance & insurance sector also grew strongly by 2,300 and 2,100 employees respectively (corresponding growth of 23% and 39%). Similarly, the strongest

[1] A glossary of economic terminology used in this section is presented in Appendix C.

relative growth of 106% occurred within the construction sector.

- The two markets share similar occupational profiles, with large proportions of the workforce employed in high-value occupations such as Managers & Senior Officials and, Professional and Associate Professional Occupations. As such, much of the demand for market housing within the study areas will have been driven by those employed in high paid and high value sectors who will tend to have higher incomes and who are able to exercise greater choice within the market.
- Further employment growth is likely to increase demand for housing. However, continued growth in the higher value-added sectors could mean that there is increased demand for higher quality housing in the sub-region as further high paid jobs are created in the area.
- Increased demand for housing and the growth in high value jobs is having a particularly marked impact on the housing stock in Winchester. Winchester City Council report an increased number of properties being extended & improved in the City and that this enlargement and gentrification is impacting on the availability of entry level properties.
- The unemployment rate in the Central Hampshire Market area (2.4%) and New Forest (3.6%) is lower than the South East rate of 4.4% and the England rate of 5.3%. However, some districts within the Central Hampshire Market area have extremely low unemployment rates, in particular East Hampshire (1.6%), Test Valley (1.9%) and Winchester (2%).
- Over the past decade the South East experienced a fall of 47% in the number of unemployed whilst the Central Hampshire Market area and the New Forest West & Central area saw their unemployment fall by 49% and 48% respectively over the period. The claimant count within the all of the study districts has fallen from its 1993 peak (of between 5% to 6%), to around 1% in 2007.
- Economic activity is generally high throughout the Central Hampshire Market area and the New Forest West & Central area, but rates are highest amongst those in the private rented sector. Economic activity is slightly lower within the owner-occupied market, which appears to be because of the higher proportion of retired people living in owner occupied dwellings.
- High economic activity and the decline in unemployment, which has continued in recent years, may mean that labour surpluses have now reduced to the level that any further increases in labour demand will require net additions to the labour supply, rather than further reductions in the number of unemployed or the economically inactive. Sustained low unemployment together with forecast employment growth will have an impact on policy, as additions to the workforce will increase the demand for housing within the study areas.
- In all of the study and benchmark areas (other than Basingstoke & Deane), resident earnings are higher than workplace earnings. This pattern suggests that there are a proportion of people that live within the given area, but choose to work elsewhere in order to obtain higher wages.
- Furthermore, both the Central Hampshire Market Area and the New Forest West & Central Area have a higher proportion of people that commute over 10km to work than regionally and nationally. This indicates that more people seek employment away from their residence and raises further questions surrounding sustainability.

Employment

5.03 Employment and job growth are important drivers of the demand for housing. In 2005 some 203,600 people were employed (working) in the Central Hampshire market area, which represents 5.4% of the 3,76 million people employed in the South East of England. Some 42,200 people are employed in the New Forest West & Central area which represents 1.1% of South East employment), whilst 64,500 people are employed in New Forest District as a whole (1.7% of regional employment). Figure 5.1 shows the latest employment data available for the study and benchmark areas.

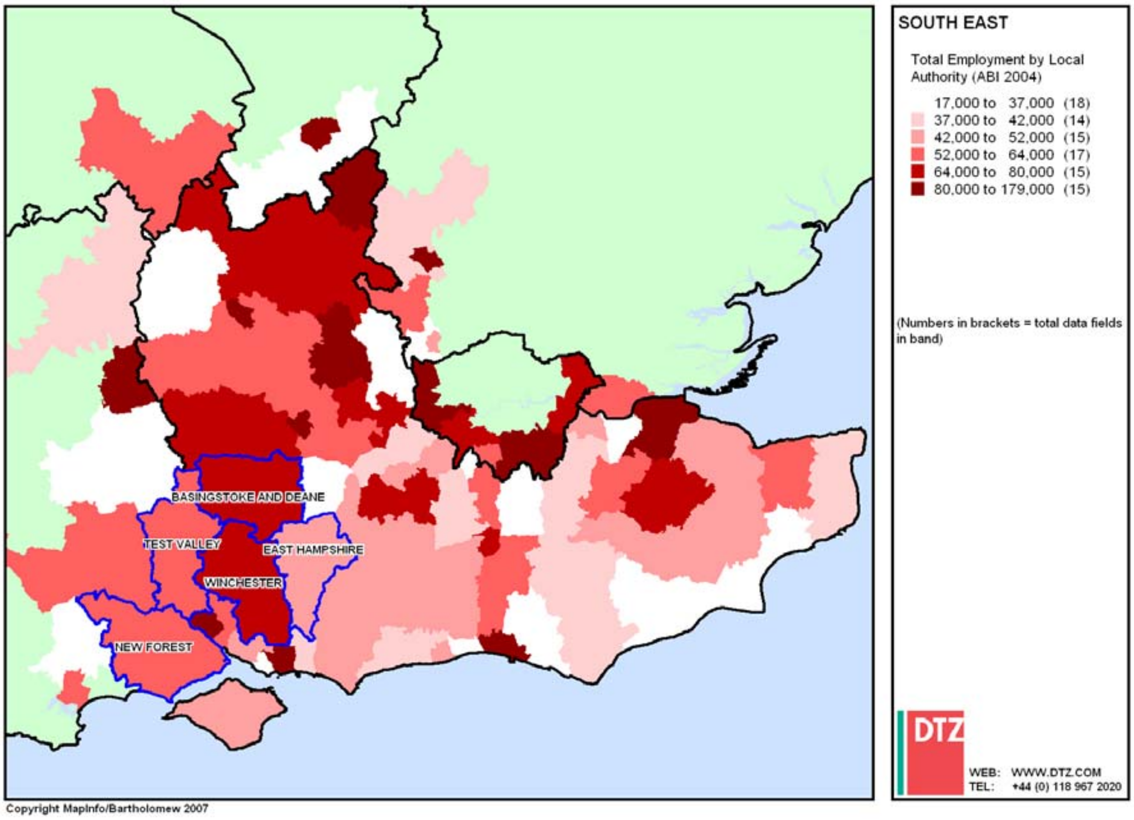
Figure 5.1: South East Employment Breakdown

	2005 Employment	% of Region
England	22,921,700	-
South East	3,762,400	100%
Central Hampshire Market Area	203,600	5.4%
New Forest West and Central	42,200	1.1%
Basingstoke and Deane	80,200	2.1%
East Hampshire	47,800	1.3%
New Forest	64,500	1.7%
Test Valley	54,000	1.4%
Winchester	64,800	1.7%

Source: ABI 2005 (Nomis)

5.04 Figure 5.2 illustrates the number of employee jobs in each of the districts in the South East. It can be seen that within the study area, Basingstoke & Deane and Winchester have relatively high numbers of jobs, whilst East Hampshire has a relatively low concentration of people working within its district boundaries.

Figure 5.2: Spatial Distribution of Jobs (Source: ABI[2], 2004)



5.05 Over the period 1995-2005, the number of jobs in the Central Hampshire market area has grown by a third (33%). This compares with growth in employment of 17% in England growth and 23% in the South East as a whole. The growth in employment within the Central Hampshire market area has resulted in an absolute growth of 51,100 jobs.

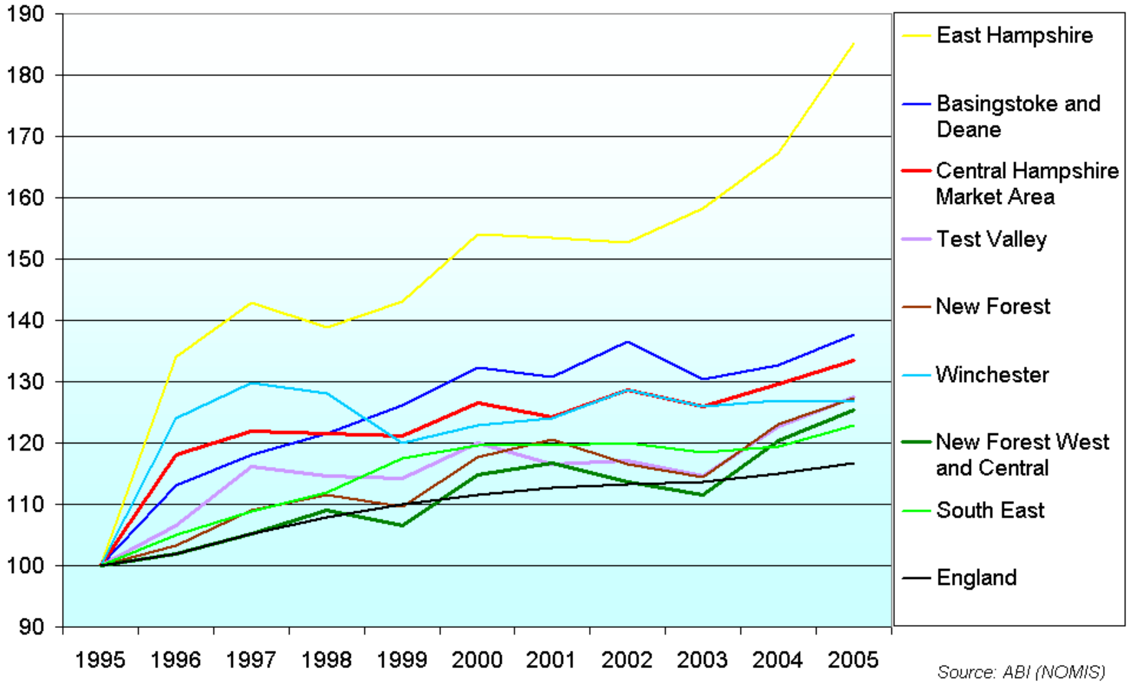
5.06 Until 2003, growth in employment within the New Forest West and Central area has been lower than the regional average. However a recent surge in employment within the area has resulted in an overall growth of 25% during the period, representing the creation of an additional 8,500 jobs/employees over the period 1995 to 2005.

5.07 Most of the districts that make up the Central Hampshire market area have experienced relatively steady employment growth in the years since 1985. The most rapid growth, according to the ABI between 1995 and 2005 has been in East Hampshire, where employment grew by almost 22,000 jobs over the period, an 85% rise in employment. This may be explained partly by East Hampshire having the smallest economy in 1995 and therefore has grown faster in proportional terms. However, the ABI recorded employment growth between at 8,500 jobs between 1995-96, which appears extreme compared to other years. If 1995 is regarded as an anomaly then employment growth in East Hampshire for the period would be 38%, on a par with the other authorities though still an impressive

[2] The ABI (Annual Business Inquiry) measure of employment measures the number of employment positions within a given location

growth rate, particularly between 2003-2005. Basingstoke & Deane grew by 38%, whilst the other districts grew by 27% to 28%, all above the regional and national growth rates.

Figure 5.3: Indexed Employment Growth, 1995-2005 (1995 = 100)



Note comments in para 5.07 on East Hampshire. Data for 1995-1996 considered extreme and may represent an anamoly or error in the data.

Figure 5.4: Employment Change, 1995-2005 (Source: ABI)

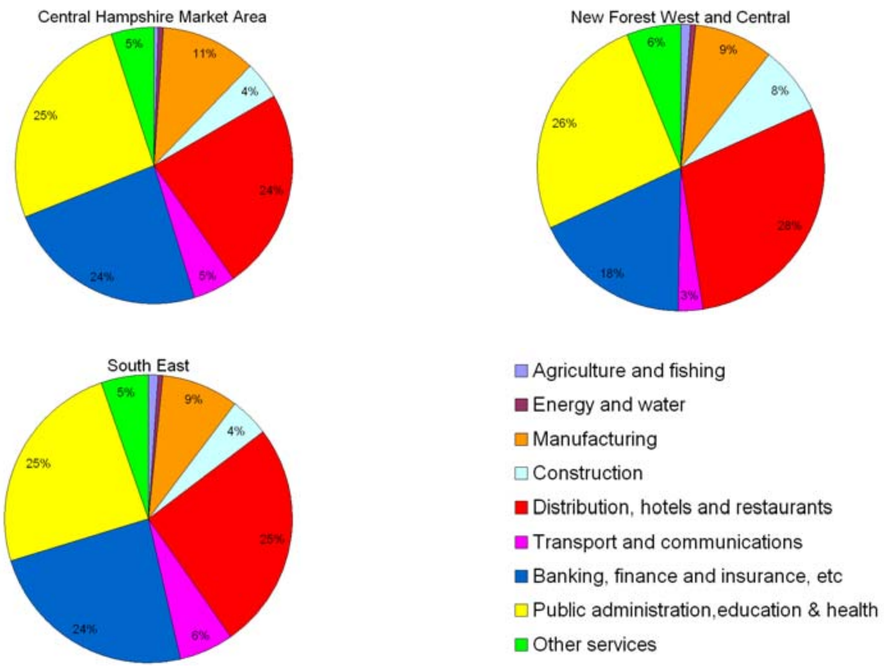
	1995	2005	Absolute Change	% Change
England	19,625,000	22,922,000	3,297,000	17%
South East	3,062,000	3,762,000	700,000	23%
Central Hampshire Market Area	152,000	204,000	51,000	33%
New Forest West and Central	34,000	42,000	9,000	25%
Basingstoke and Deane	58,000	80,000	22,000	38%
East Hampshire	26,000	48,000	22,000	85%
New Forest	51,000	64,000	14,000	27%
Test Valley	42,000	54,000	12,000	28%
Winchester	51,000	65,000	14,000	27%

Note comments in para 5.07 on East Hampshire. Data for 1995-1996 considered extreme and may represent an anamoly or error in the data.

5.08 Figure 5.5 presents the sectoral breakdown of employment for the Central Hampshire market area and New Forest West & Central, compared against the South East as a whole. The data shows that the profile of employment in the Central Hampshire market area is extremely similar to the regional profile. The distribution of employment in the New Forest West & Central area shows a slight over-representation of distribution, hotels and restaurants jobs compared to the South East, and an under-representation of banking, finance and insurance jobs.

5.09 The most important industrial sectors in all three of the geographies are Public Administration, Education & Health (making up approximately a quarter of the employment in each area), and Distribution, Hotels & Restaurants (also accounting for approximately a quarter of the employment in each area), Banking, Finance and Insurance is also an important sector in each of the areas, accounting for 24% of employment within the Central Hampshire market area and the South East, and 18% in the New Forest West & Central area.

Figure 5.5: Sectoral Employment Breakdown (Percentage)



Source: ABI 2005 (Nomis)

5.10 The absolute numbers of jobs by sector for each of the geographies under consideration are shown in Figure 5.6.

Figure 5.6: Sectoral Employment Breakdown (Absolute)

	South East	Central Hampshire Market Area	New Forest West and Central	Basingstoke and Deane	East Hampshire	Test Valley	Winchester	New Forest
Agriculture and fishing	40,400	1,000	500	-	-	-	-	1,500
Energy and water	20,200	1,400	300	1,200	100	-	100	400
Manufacturing	330,200	22,300	3,700	10,100	4,900	7,200	4,100	7,800
Construction	163,700	9,000	3,300	4,300	2,200	3,000	2,900	5,000
Distribution, hotels and restaurants	963,600	48,200	12,300	20,500	11,100	14,300	13,400	18,000
Transport and communications	227,700	10,300	1,200	3,800	3,800	3,700	2,400	2,600
Banking, finance and insurance, etc	894,400	48,000	7,500	19,700	12,000	10,400	15,800	9,900
Public administration, education & health	924,800	53,000	10,900	15,700	10,400	12,000	21,400	15,500
Other services	197,500	10,300	2,600	4,000	2,300	2,500	3,600	4,000
Total	3,762,400	203,600	42,200	80,200	47,800	54,100	64,800	64,500

Source: ABI 2005 (NOMIS)

5.11 Figure 5.7 shows that between 1995 and 2005 (discounting agriculture, which began the time series from a very small base) the most significant contribution to overall employment growth in the Central Hampshire market area has come from the Banking, finance and insurance sector, which has grown by 47%, providing an additional 15,400 jobs. The largest growth in relative terms was experienced within the Construction sector, which grew by 92% over the period (an additional 4,300 employees), whilst Transport and communications also grew strongly by 86% over the past decade (providing an additional 4,800 jobs).

Figure 5.7: Central Hampshire Market Area - Employment Growth by Broad Sector, 1995-2004 (Source: ABI)[3]

Central Hampshire Market Area	1995	2004	Absolute Change	% Change
Agriculture and fishing	500	1,000	500	122%
Energy and water	900	1,400	500	56%
Manufacturing	25,100	22,300	-2,800	-11%
Construction	4,700	9,000	4,300	92%
Distribution, hotels and restaurants	36,800	48,200	11,400	31%
Transport and communications	5,500	10,300	4,800	86%
Banking, finance and insurance, etc	32,600	48,000	15,400	47%
Public administration, education & health	39,000	53,000	14,000	36%
Other services	7,400	10,300	2,900	41%
Total	152,500	203,600	51,100	33%

5.12 Public Administration, Education & Health also grew strongly with an increase of 14,000 employees (36% growth), as did Distribution, Hotels & Restaurants with a growth of

[3] Absolute figures have been rounded.

11,400 employees (31%). However, despite most of sectors experiencing strong growth employment in the Manufacturing sector fell by 11%, equating to a loss of 2,900 employees within the industry.

5.13 Figure 5.8 shows that within the New Forest West & Central area the most significant contribution to overall employment growth in absolute terms has come from the Public administration, education & health sector, which saw the creation of an additional 2,400 jobs (28% growth). Distribution, hotels & restaurants and the Banking, finance & insurance sector also grew strongly employing an additional 2,300 and 2,100 people respectively by the end of the period 1995-2005 (corresponding growth of 23% and 39%).

5.14 Between 1995 and 2005 (discounting agriculture, which began the time series from a very small base) the strongest relative growth of 106% occurred within the construction sector (an absolute growth of 1,700 employees). Overall, the New Forest West & Central area has experienced strong growth in almost all of the sectors. However, like the Central Hampshire market area, the New Forest West & Central area also experienced a loss of jobs in the Manufacturing sector of 900 employees, a decline of around 19%, over the period.

Figure 5.8: New Forest West & Central - Employment Growth by Broad Sector, 1995-2004 (Source: ABI)[4]

New Forest West & Central	1995	2004	Absolute Change	% Change
Agriculture and fishing	200	500	300	104%
Energy and water	200	300	100	31%
Manufacturing	4,600	3,700	-900	-19%
Construction	1,600	3,300	1,700	106%
Distribution, hotels and restaurants	10,000	12,300	2,300	23%
Transport and communications	900	1,200	300	30%
Banking, finance and insurance, etc	5,400	7,500	2,100	39%
Public administration, education & health	8,500	10,900	2,400	28%
Other services	2,200	2,600	400	17%
Total	33,700	42,200	8,500	25%

5.15 The sub-regional economies of the Central Hampshire Market area and the New Forest West & Central area have therefore undergone considerable change over the past decade. Although growth has been strong within most of the employment sectors, absolute employment growth has been largely driven by growth within sectors such as Banking, Finance and Insurance activities and Public administration, education & health. Further employment growth is likely to increase demand for housing by stimulating in-migration, and also potentially by increasing earnings and economic wealth.

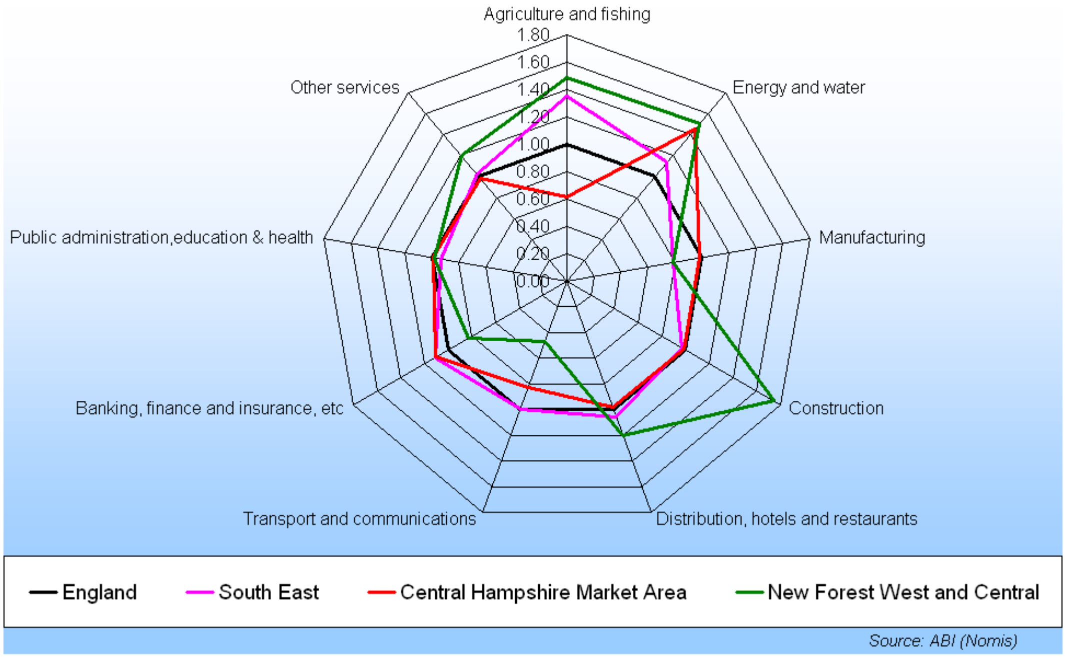
5.16 Employment data by broad sector is presented as a location quotient in Figure 5.9. Location quotients allow a comparison to be made of the relative concentrations in the employment base between the benchmark areas. Location quotients identify the relative concentration of each occupation type compared with the average for England as a whole

[4] Absolute figures have been rounded.

for each area. A score greater than one indicates a relative concentration of employment, and a score less than one represents a relative under-representation of employment in that sector compared to the average for England.

5.17 Figure 5.9 reveals the similarities and differences between the employment bases of the Central Hampshire and the New Forest West & Central economies. Despite having a slight under-representation within the Transport and Communications industries, the Central Hampshire market area shows a similar profile to the regional employment structure, with a relative strength in Banking, Finance and Insurance activities and the Energy and Water sector. New Forest West & Central employment profile differs from the national and regional benchmarks with a strength within the Construction, Energy and Water, Other Services, and Distribution, hotels and restaurant industries. However, the area also has an under representation within Banking, Finance and Insurance activities, Transport and Communications, and Manufacturing.

Figure 5.9: Location Quotient Employment by Broad Sector compared to England, 2005



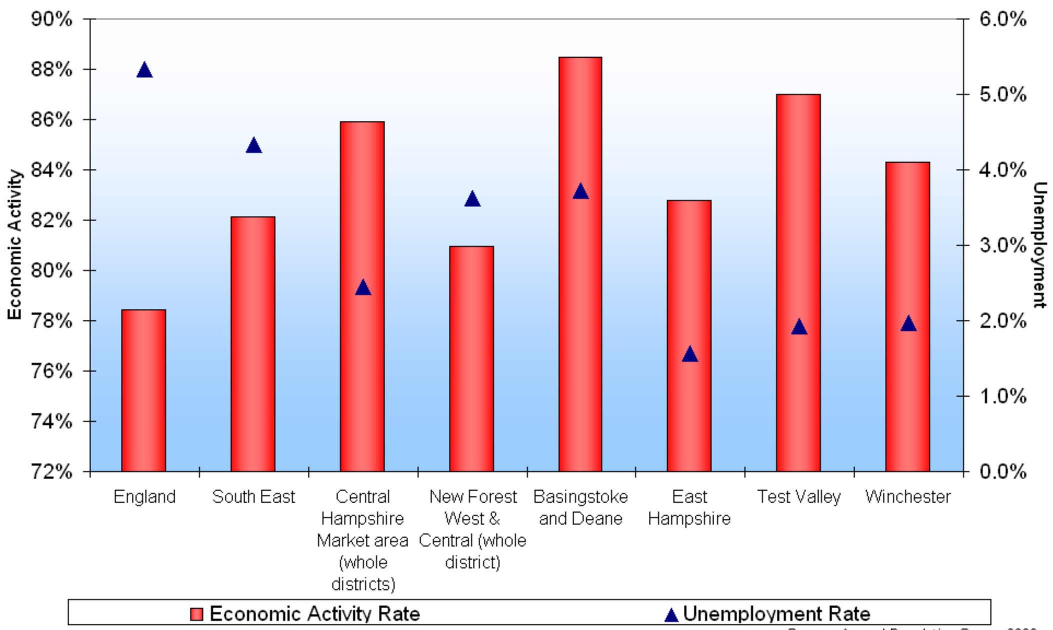
Economic Activity and Unemployment

5.18 The analysis above provides an insight into the number of jobs and the employment structure within each of the market areas. However it is also important to understand how well the local workforce is engaged with the labour market, in terms of the economic activity associated with those people who live in each of the market areas. Data from the Annual Population Survey provides an indication of the economic activity of an area, defined as the proportion of the working age population who are employed, self-employed, unemployed but available for work, or full time students. The Annual Population Survey also provides an insight into the unemployment level within an area.

5.19 Annual Population Survey data is not available at a ward level so whole districts have been used to observe the market area. Figures 5.10 and 5.11 show that, the economic activity rate across the four Central Hampshire Districts is 86%, compared to a rate of 82% in the South East and 78% in England. New Forest District has an economic activity rate slightly below the regional average at 81%, but above the national average. In terms of District economic activity rates, at 88% economic activity rate in Basingstoke and Deane is significantly higher than the regional average. Test Valley is close behind with a rate of 87%, whilst Winchester and East Hampshire have rates of 84% and 83% respectively (all higher than the regional and national average activity rate).

5.20 The unemployment rate across the four Central Hampshire Districts is 2.4% and is 3.6% in New Forest District. In both areas this is lower than the South East rate of 4.4% and the England rate of 5.3%. However, some Districts within the Central Hampshire Market area have extremely low unemployment rates, in particular East Hampshire (1.6%), Test Valley (1.9%) and Winchester (2%). Basingstoke & Deane has a slightly higher unemployment rate at 3.7%, though this is still lower than the South East and England rates.

Figure 5.10: Economic Activity Rate and Unemployment Rate, Working Age Population, 2006 (Whole Districts)



Source: Annual Population Survey 2006

Figure 5.11: Economic Activity and Unemployment, 2006 (Whole Districts)

	Economic Activity Rate	Unemployment Rate
England	78%	5.3%
South East	82%	4.3%
Central Hampshire Districts Combined	86%	2.4%
New Forest District	81%	3.6%
Basingstoke and Deane	88%	3.7%
East Hampshire	83%	1.6%
Test Valley	87%	1.9%
Winchester	84%	2.0%

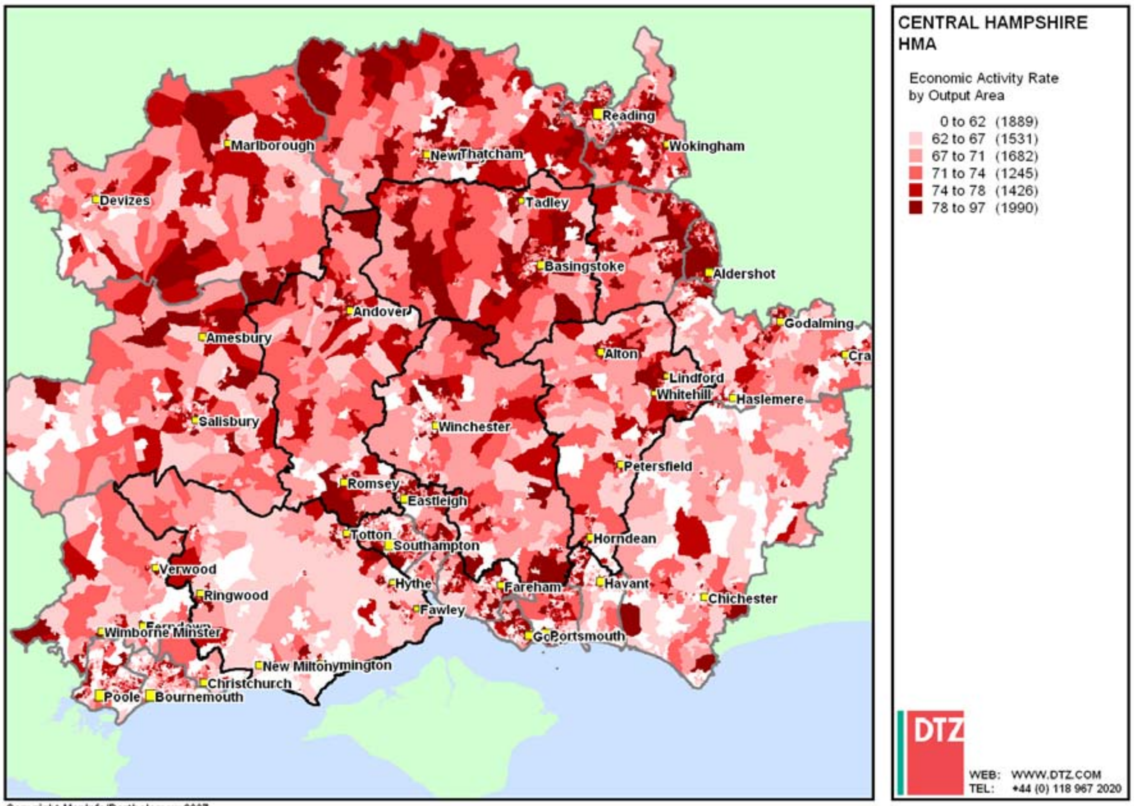
Source: Annual Population Survey (June 2006)

5.21 Figure 5.12 illustrates the proportion of the working age population who are economically active at an output area level. The map suggests quite a degree of variability in economic activity rates across the two market areas. It is noticeable that economic activity rates are lower generally across New Forest District and specially on the coast probably reflecting a number of people who have retired early. Basingstoke & Deane contains a large number of areas with a relative density of economically active people. Areas of particularly high activity exist in and around Basingstoke, and to the west of the Borough (near Whitchurch and the A34).

5.22 Historically, the Central Hampshire market area had some capacity to increase job growth by drawing surplus (unemployed) labour resources into the economy. However, in the future (given activity rates are already high and unemployment very low), employment growth may become increasingly reliant upon either greater in-commuting (perhaps from urban South Hampshire) or in-migration. The degree to which the need for labour can be satisfied is in part linked to the provision of new dwellings within the market area. The alternative to this is to seek to push activity rates still higher, which may be difficult, or to draw more people of retirement age into the labour market.

5.23 Drawing labour into the area from increasingly further a field is likely to entail even greater long distance commuting and would add to congestion on transport networks. This is not attractive in terms of sustainable development and underlines the relationship between future economic development within the Central Hampshire area and plans for housing provision.

Figure 5.12 – Proportion of Working Age Population Who Are Economically Active



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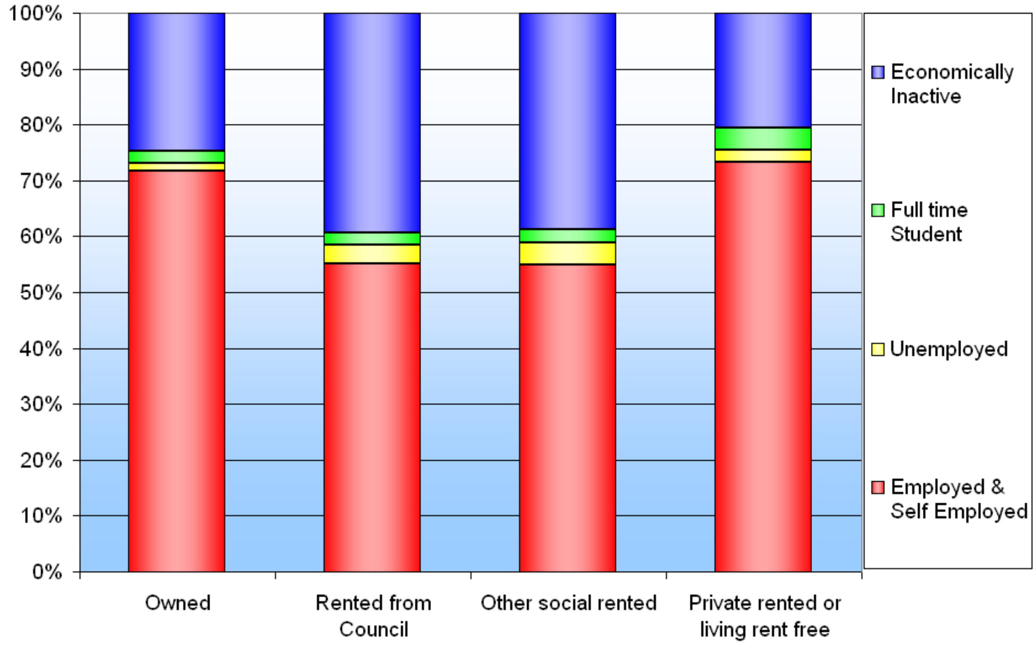
5.24 Figures 5.13 to 5.16 present economic activity levels by tenure in the Central Hampshire market area and the New Forest West & Central area. These show that economic activity rates are highest amongst those living in private rented housing. Economic activity rates are slightly lower among owner-occupiers, which is attributable to the higher proportion of retired people living in owner occupied dwellings, than in privately rented property.

5.25 Within the Central Hampshire market area around 74% of home owners are classed as economically active, compared to 80% of private tenants or those living rent-free. Within the council rented and other social rented sectors, just 61% of people are classed as economically active. Unemployment is low in all tenures (4% in the council rented and other social rented tenure, just 1% among owner occupiers, and 2% among private tenants).

Figure 5.13: Economic Activity In Central Hampshire Market Area by Tenure, Proportion of Working Age Population



Source: Census 2001

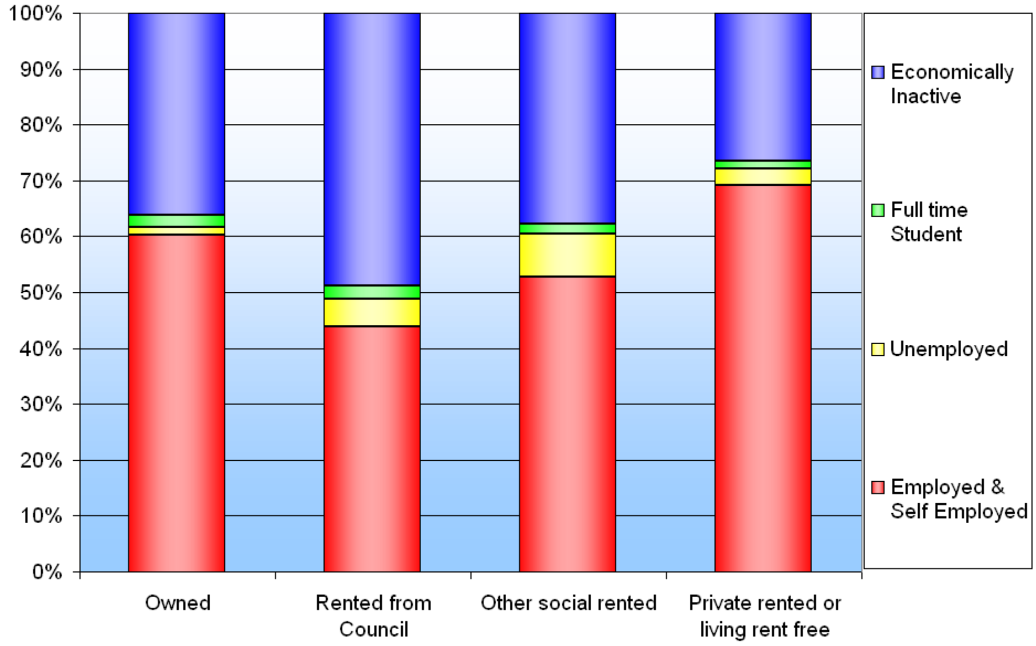
Figure 5.14: Central Hampshire Market Area Economic Activity by Tenure – Percentages (Source: Census 2001)

	All People	Owned	Rented from Council	Other social rented	Private rented or living rent free
All Households	271,585	205,534	8,935	26,907	30,153
Employee	60%	61%	50%	50%	64%
Self employed	10%	11%	5%	5%	10%
Unemployed	2%	1%	4%	4%	2%
Full-time student	2%	2%	2%	2%	4%
Retired	12%	13%	16%	13%	5%
Student	3%	2%	3%	3%	5%
Looking after home/family	6%	6%	10%	11%	6%
Permanently sick or disabled	3%	2%	7%	9%	2%
Other	2%	2%	4%	4%	2%

5.23 The New Forest West & Central area has a slightly differing profile of economic activity by tenure. Around 64% of home owners are economically active (compared to 74% in Central Hampshire Market area), a fact, which is attributable to the sizable, retired population in the area (22% across all tenures and 24% within the owner occupied tenure).

5.24 Within the council rented tenure, just 51% of the population are defined as economically active with 18% defined as retired. Around 55% of people living in other social rented accommodation are defined as economically active of which 6% are unemployed, which is relatively high for the South East (2%).

Figure 5.15: Economic Activity In New Forest West & Central by Tenure, Proportion of Working Age Population



Source: Census 2001

Figure 5.16: New Forest West & Central Economic Activity by Tenure – Percentages (Source: Census 2001)

	All People	Owned	Rented from Council	Other social rented	Private rented or living rent free
All Households	69,485	57,231	4,078	1,384	6,832
Employee	47%	47%	40%	41%	55%
Self employed	13%	14%	5%	6%	14%
Unemployed	2%	1%	4%	6%	3%
Full-time student	2%	2%	2%	2%	2%
Retired	22%	24%	18%	14%	10%
Student	2%	2%	3%	3%	3%
Looking after home/family	7%	6%	13%	14%	7%
Permanently sick or disabled	3%	2%	11%	10%	3%
Other	2%	2%	4%	3%	3%

5.25 Low levels of unemployment are a significant feature across the South East, and in each of the study areas. Figure 5.17 below shows that the absolute level of unemployment almost halved in all the benchmark areas over the period 1991 to 2001. The South East experienced a fall of 47% in the number of unemployed people whilst the Central

Hampshire Market area and the New Forest West & Central area saw their unemployment fall by 49% and 48% respectively over the period.

5.26 The largest proportionate fall in unemployment between 1991 and 2001 was experienced in Test Valley, which recorded a 55% reduction in unemployment over the period (a reduction of 1,500 unemployed people). Basingstoke & Deane and New Forest also achieved a reduction in unemployment of 50% or more. Other than East Hampshire, which experienced a 43% decline in unemployment, all of the Districts achieved a reduction in unemployment larger than the 44% fall nationally and matched or exceeded the 47% regional fall in unemployment.

Figure 5.17: Unemployment Change Between 1991 and 2001 (Source: Census)

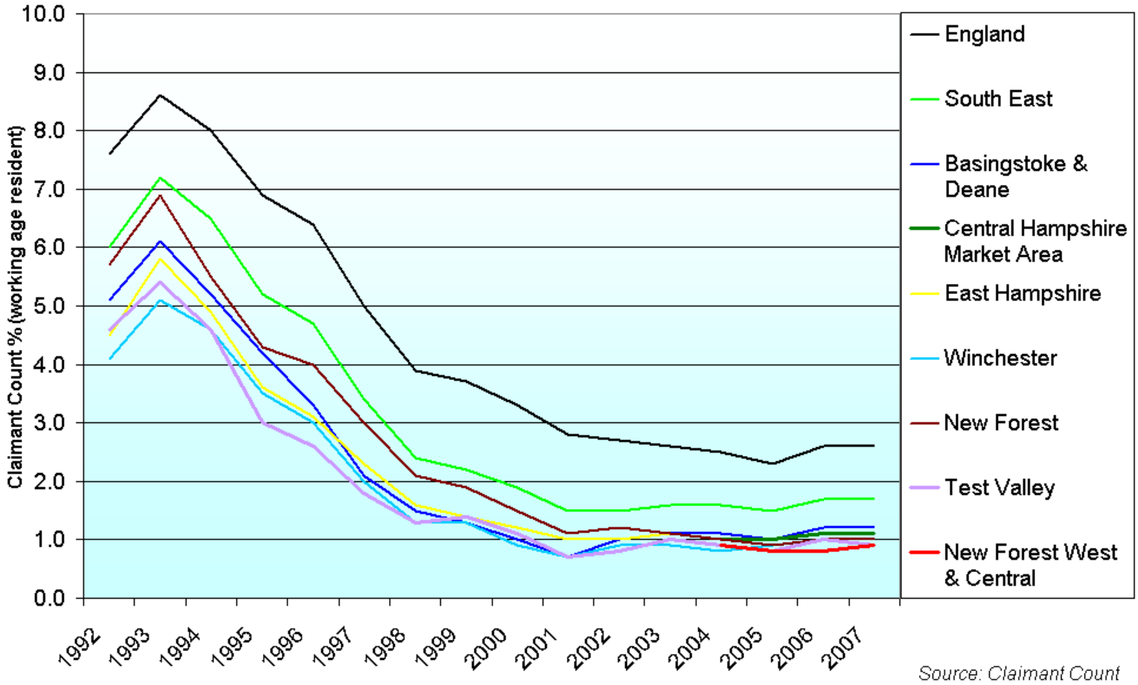
Unemployed (Working Age)	1991	2001	Absolute Change	% Change
England	2,108,100	1,188,900	-919,300	-44%
South East	253,700	133,500	-120,200	-47%
Central Hampshire Market Area	9,900	5,000	-4,900	-49%
New Forest West & Central	2,600	1,300	-1,200	-48%
Basingstoke and Deane	4,400	2,200	-2,200	-50%
East Hampshire	2,500	1,400	-1,100	-43%
Test Valley	2,700	1,200	-1,500	-55%
Winchester	2,400	1,300	-1,100	-47%
New Forest	4,700	2,300	-2,400	-51%

5.27 An alternative measure of unemployment is the number of people claiming unemployment benefit (claimant count unemployment). However, due to restrictions in the length of time a person can remain on unemployment benefit, this figure is likely to understate the true level of unemployment, by omitting those who are long term unemployed. Figure 5.18 shows that the number of claimants as a proportion of the working-age population has declined significantly in all areas since 1992.

5.28 The claimant count rate of unemployment within the Central Hampshire and New Forest West & Central market (and the study districts) have followed the regional and national trend very closely, but have also remained below the England and South East claimant rates over the past fifteen years. Within the districts the rate has fallen from its 1993 peak (of between 5.1% to 6.1%), to around 1% in 2007. The low claimant count once again highlights the growing absorption of unemployed labour resources into the Central Hampshire and New Forest West & Central market economies (as well as the whole districts under observation within this study).

5.29 The decline in unemployment presents a challenge in terms of accommodating future employment growth. There is little scope to increase labour supply by reducing unemployment, and economic activity rates are already high. Some job growth may be accommodated by growth in double jobbing where people do more than one part time job or drawing more retired people into the labour market. However the implications of future job growth for labour demand and how this is to be met need to be considered, in terms of the implications for commuting patterns or for housing policy. Job growth is likely to stimulate demand for housing in the area, with implications for the overall balance of demand and supply.

Figure 5.18: Claimant Rate, 1992-2007[5]



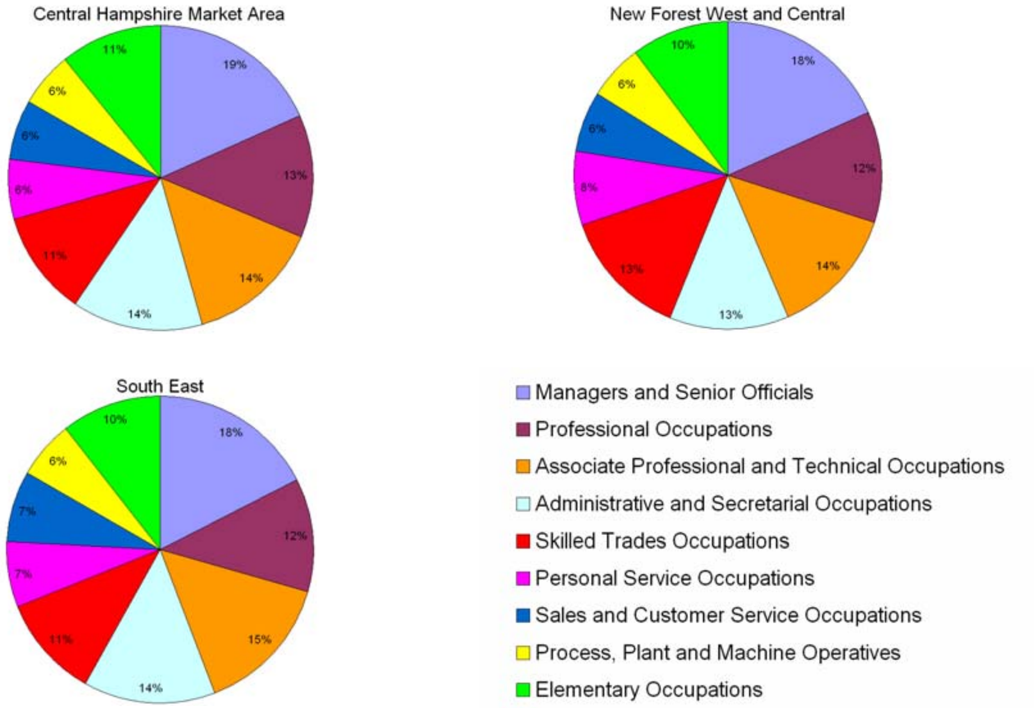
Source: Claimant Count

Occupational Structure

5.30 Figure 5.19 sets out the occupational profile of those who live in the Central Hampshire Market Area and the New Forest West & Central Area compared to the South East benchmark. The two sub-regions share similar occupational profiles to the South East, with large proportions of the workforces in each area employed as Managers & Senior Officials (18% to 19%) and in, Professional, Associate Professional and Technical Occupations (12% to 14%). In each area there is also a significant proportion of people working within the associated Administrative and Secretarial occupations (13% to 14%), which traditionally support the higher-level occupational jobs.

[5] Claimant Count ward data unavailable between 1992 and 2003.

Figure 5.19: Occupational Employment Structure of the Central Hampshire Market Area, the New Forest West & Central Area, and the South East



Source: Census 2001

5.31 Overall, almost half of the people living in the Central Hampshire Market Area and the New Forest West & Central Area are employed in the three highest income occupational groups (46% in the Central Hampshire Market Area, and 44% in New Forest West & Central). In contrast, there is a low representation of typically lower income activities such as Process, Plant & Machine Operatives.

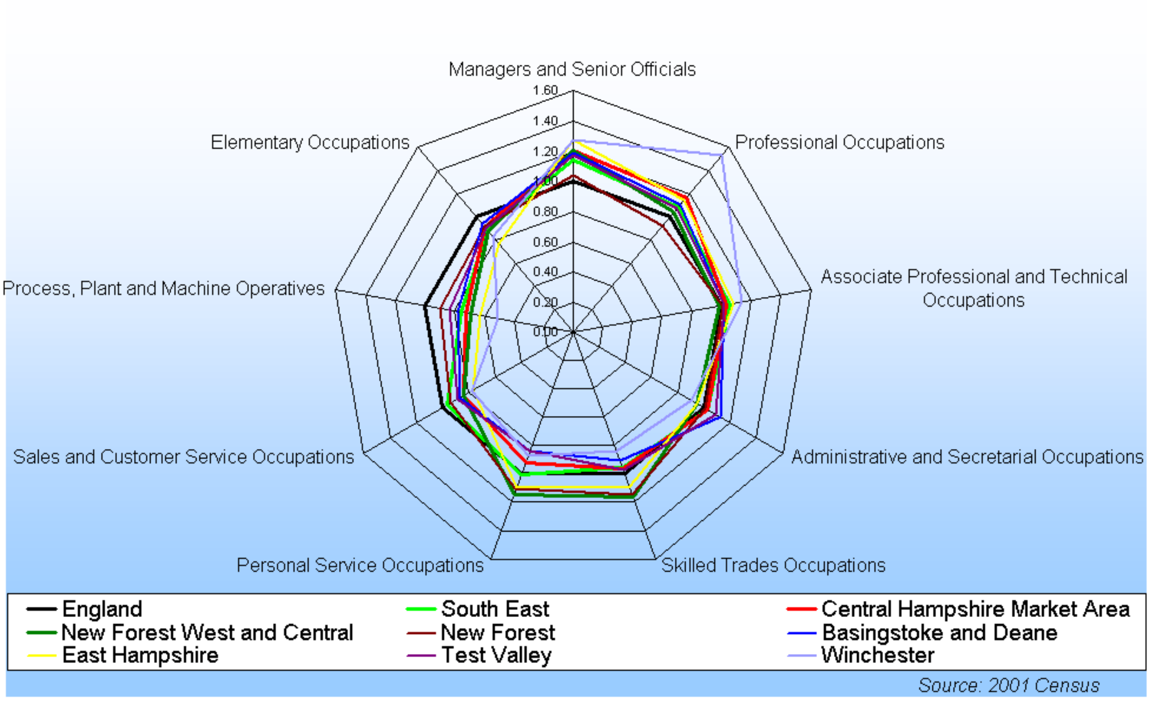
5.32 Occupational structure data can be usefully presented as a location quotient (Figure 5.22). Location quotients identify the relative concentration of each occupation type compared with the average for England as a whole for each area. A score greater than one indicates an over-representation of a particular occupation group relative to the representation of that group in England as a whole, and a score less than one represents a relative under-representation of employment in that occupational group.

5.33 The location quotient analysis suggests the resident workforce of the Central Hampshire and the New Forest West & Central market areas are more likely to be employed in higher value added occupations when compared to the national average; this is particularly the case within the Winchester District but holds true across all of the districts that make up the market areas.

5.34 The study areas and each of the districts under observation (particularly Winchester) have a significantly higher concentration of Managers and Senior Officials and Professional Occupations as well as Associate Professional and Technical Occupations compared to England. These occupations are generally the better paid occupations. Conversely the economies of the study areas and districts have a relatively low proportion of people employed in traditionally lower paid occupations such as Process, Plant and Machine operatives, and Elementary Occupations.

5.35 Additionally, the New Forest West & Central area, New Forest District as a whole, and East Hampshire, also have an over-representation of people employed in Personal Service and Skilled Trade occupations. Overall however, the data reflects a situation of high dependency on service sector activity within the economies of the study areas and districts under observation.

Figure 5.20: Occupational Structure Location Quotients 2001



Productivity and Output

5.36 Gross Value Added[6] is a key measure of the output generated within an area. Assessing GVA per head of resident population as well as the workforce is a useful benchmark for measuring the economic health and wealth of an area.

5.37 Figure 5.21 shows that in 2005, GVA per worker was lower than the regional and national average across all of the study districts, which indicates that workers within the area are slightly less productive than the average across the region. East Hampshire had the lowest GVA per worker at £32,200, followed by New Forest at £32,900. This is likely to be due to the comparatively lower wages and value of the output of those *working* (as opposed to living) in each of these districts. In contrast, GVA within the South East is relatively high and it is likely that the national average is positively skewed by high GVA in London.

[6] Gross value added is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production.

5.38 The picture is slightly different when looking at GVA per resident. All districts other than New Forest and East Hampshire have higher GVA per resident than the UK average (£16,800), whilst Winchester (£21,300) and Basingstoke & Deane (£18,300) exceed the average for the South East (£17,600). This will reflect the high levels of economic activity in the area – the great majority of the working age are contributing the generation of economic wealth.

5.39 The fact that New Forest perform less well on this criteria probably owes much to the size of the population of retired people. East Hampshire also has a somewhat more elderly population and a larger proportion of children of less than 14 years.

Figure 5.21: GVA per Worker and per Resident, 2005 (Whole Districts)

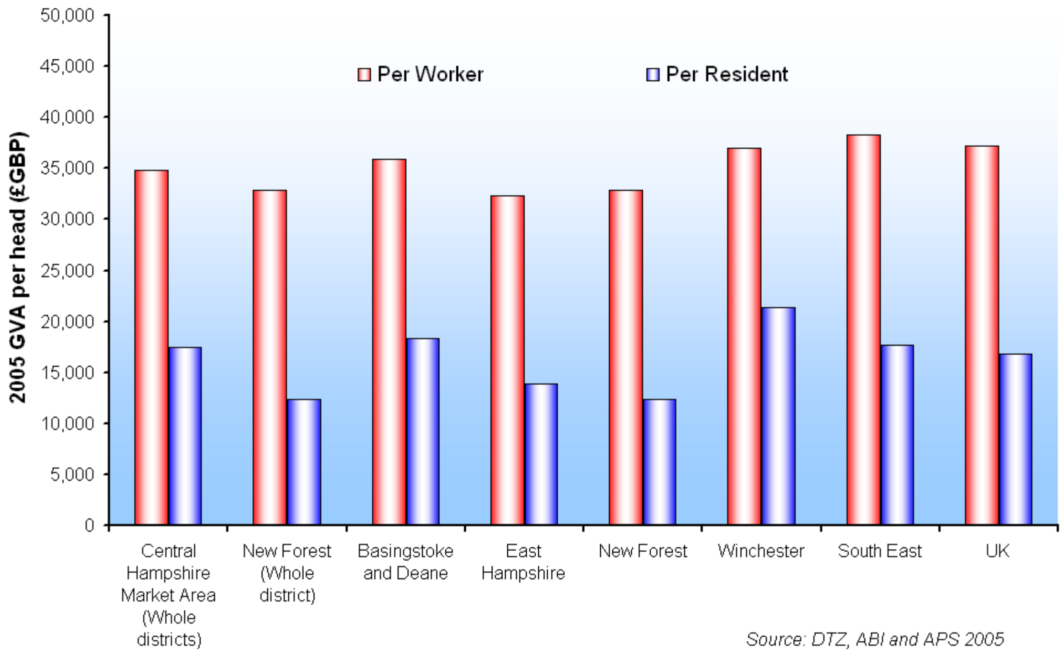


Figure 5.22 –GVA per Worker and per Resident, 2004 (Whole Districts)

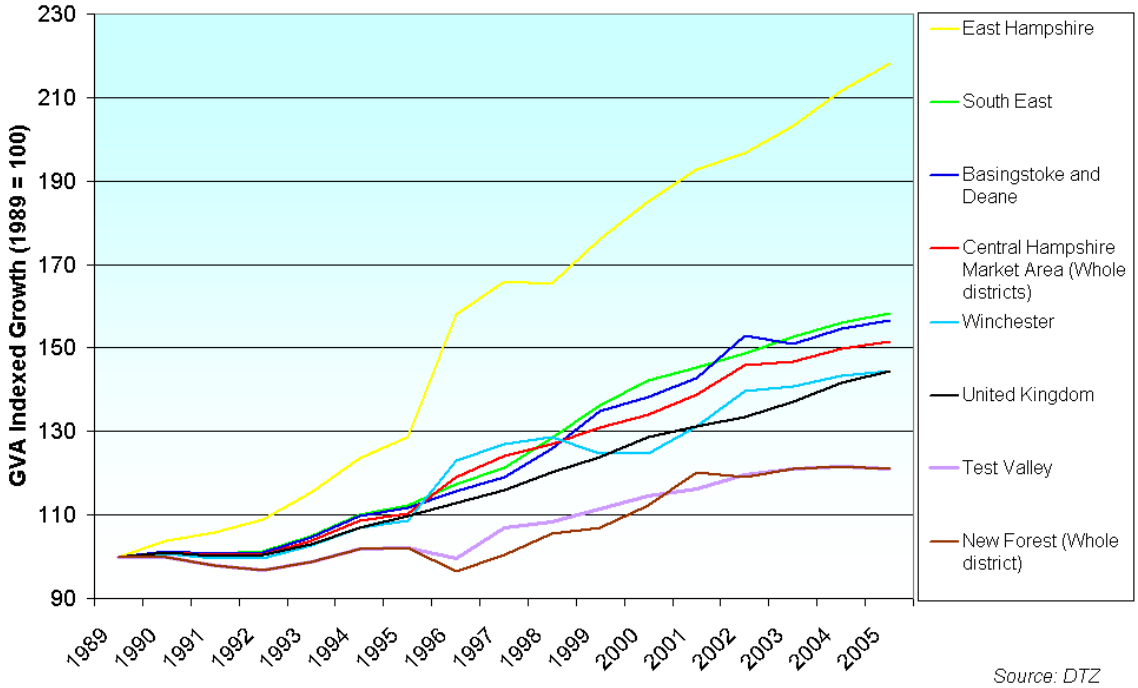
	Per Worker	Per Resident
Central Hampshire Market Area (Whole districts)	£34,800	£17,400
New Forest (Whole district)	£32,900	£12,300
Basingstoke and Deane	£35,900	£18,300
East Hampshire	£32,300	£13,900
Winchester	£37,000	£21,300
South East	£38,200	£17,600
UK[7]	£37,200	£16,800

Source: DTZ Locus – Note: Section 7 provides more up to date household income (as oppose to individual earnings) data using CACI modelled income data (2007)

[7] Figure has been calculated using a combination of GB and UK data.

5.40 Figure 5.23 shows that the total GVA in the Central Hampshire Market area and Basingstoke & Deane grew broadly in line with regional growth. Whilst Winchester grew at a slightly slower rate, but in line with the UK growth, Test Valley and New Forest experienced significantly slower GVA growth than experienced nationally or regionally. Conversely, East Hampshire's GVA more than doubled since 1989, far outstripping GVA growth recorded in all of the other study areas. Again, this may be explained by the small size of East Hampshire's economy in 1995 compared to the other authority areas, allowing it to achieve more impressive growth rates. However, as with employment growth, significant GVA growth was recorded between 1995-1996. Growth in previous years and following 1996 was significant though more in line with the other authorities.

Figure 5.23: Indexed Growth in GVA, 1989 – 2005 (Whole Districts)



Source: DTZ

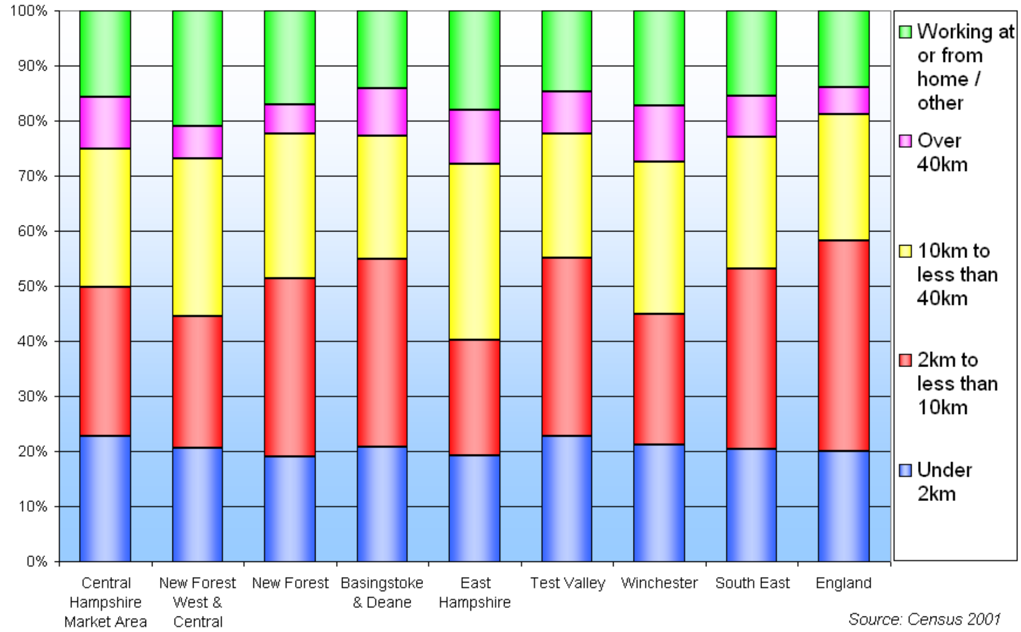
Commuting Distances

5.41 Both the Central Hampshire market area and New Forest West & Central (both 34%) have a higher proportion of people that commute over 10km to work than regionally (31%) and nationally (28%). This indicates that more people seek employment further away from where they live. Good road and rail links to and from Southampton through Central Hampshire to the Blackwater Valley and London, and through East Hampshire to Portsmouth, Surrey and London are all likely to encourage longer distance commuting.

5.42 However, in 2001 11% of all those in work, worked at home or from home in the Central Hampshire Market Area which is slightly higher than the regional (10%) and national (9%) averages. Within the New Forest West & Central Area 14% of those in work from home in 2001. With growth in service sector employment and significant advances in Information and Communications Technology since 2001, the numbers of full or part time home workers may have increased significantly. Such trends have implications for the housing market in terms of demand for working space at home, and by allowing people to live progressively further from their place of work, though they do not necessarily remove the need or desire for face to face interaction.

5.43 The growth in home working will also affect the size and layout of properties in the future, the need to travel and the geographic distribution of economic wealth. These issues are examined further in Section 9 of this report.[8]

Figure 5.24: Commuter Distances of Residents within the Benchmark Areas 2001



Individual Income

5.44 Figures 5.25 and 5.26 present two different measures of individual income: gross weekly pay by workplace and gross weekly pay by residence.[9] Workplace pay shows the average pay of those working in an area (who may not live in the area), whilst resident pay shows the average pay of people who actually live in the area (but who may not work there). The assessment of income differs from that of GVA because income, and particularly household income, is one of the fundamental determinants of the ability of households to access home ownership or the private rented sector.

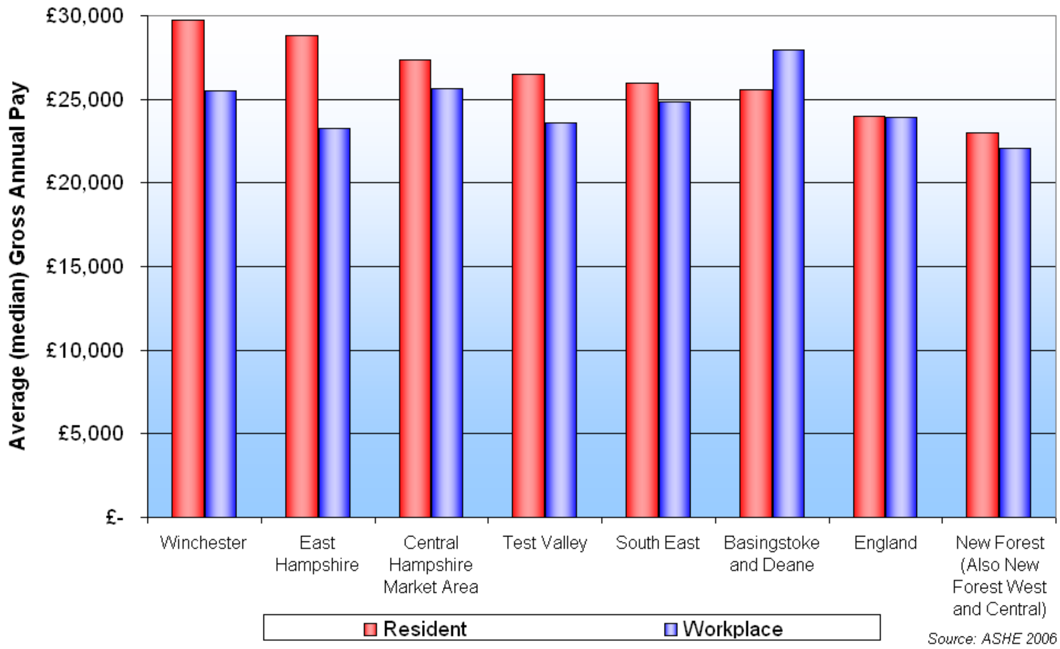
5.45 In all of the study and benchmark areas other than Basingstoke & Deane, resident earnings are higher than workplace earnings. This pattern suggests that in each of the study areas a significant proportion of people that live within the area choose to work elsewhere in order to obtain higher wages. It can be seen in Figure 5.25 that Winchester and East Hampshire have the largest disparity between resident and workplace pay levels, indicating that there are a large proportion of residents within these districts that commute elsewhere to achieve higher earnings. It is highly likely that these people live within the study area but commute to London or other major urban centres in order to earn higher wages.

[8] More information on recent patterns of home working across Hampshire can be found at: http://www3.hants.gov.uk/matisse/matisse-why-smarter-working.htm.
[9] Average Wages for the study areas have been weighted using the proportion of total jobs (ABI 2004) that make up the area.

5.46 However, the opposite scenario exists within Basingstoke & Deane where workplace earnings exceed resident earnings, implying that a proportion of people commute into the district in order to obtain higher wages. It is quite probable that those that a high proportion of commuters into Basingstoke from outside the District occupy well paid jobs, and chose to live in other parts of the South East.

5.47 Overall, with residents earning average salaries of £26,000 and workers earning £24,860[10], the South East achieves higher wages than found nationally (residents and workers earning £23,980 and £23,950 respectively). Winchester exhibits the highest annual pay levels with residents earning average salaries of £29,750 and workers earning average salaries of £25,510. At £27,350 for residents and £25,670 for workers, the Central Hampshire Market Area also has high wage levels when compared to the region. However, New Forest achieves wage levels lower than the England and South East averages at £23,010 for residents and £22,050 for workers.

Figure 5.25: Gross Annual Pay (median) by Workplace and Residence, £s, 2006 (Source: Annual Survey of Hours and Earnings 2006 – Individual Incomes)



[10] Figures 5.25 and 5.26 show the median wage for all workers and residents in employment in each of the benchmark areas (it does not show household income). Where incomes are low this will be due to lower local wages and will not be the result of averaging across areas with higher rates of economic inactivity.

Figure 5.26: Gross Annual Pay, 2006 (Whole Districts) Source: ASHE 2006

	Resident	Workplace
England	£23,980	£23,950
South East	£26,000	£24,860
Central Hampshire (Local Authorities)	£27,350	£25,670
New Forest (Also New Forest West and Central)	£23,010	£22,050
Basingstoke and Deane	£25,580	£27,970
East Hampshire	£28,830	£23,250[11]
Test Valley	£26,480	£23,570
Winchester	£29,750	£25,510

Index of Multiple Deprivation

5.48 The socio-economic characteristics of the sub-regions manifest themselves in the levels of deprivation experienced across the Local Authorities that comprise study areas. Figure 5.27 presents 2004 IMD Rankings across the study areas at a Local Authority area, whereas Figure 5.28 presents 2004 IMD Rankings at an Output Area level - the lowest area level for spatial analysis.

Figure 5.27: Index of Multiple Deprivation Rankings 2004

Local Authority (LA) Area	IMD Rank of Average Score (1 being most deprived, 354 being least deprived)
Central Hampshire Market Area LAs	
Basingstoke and Deane	*313*
East Hampshire	*328*
Test Valley	*317*
Winchester	*338*
New Forest West & Central LAs	
New Forest	*286*

Source: IMD 2004, ODPM

5.49 The average IMD scores for each of the local authorities shown in Figure 5.27 reveal that all of the authorities that make up the Central Hampshire market area and New Forest fall within the 20% least deprived local authorities in the country.

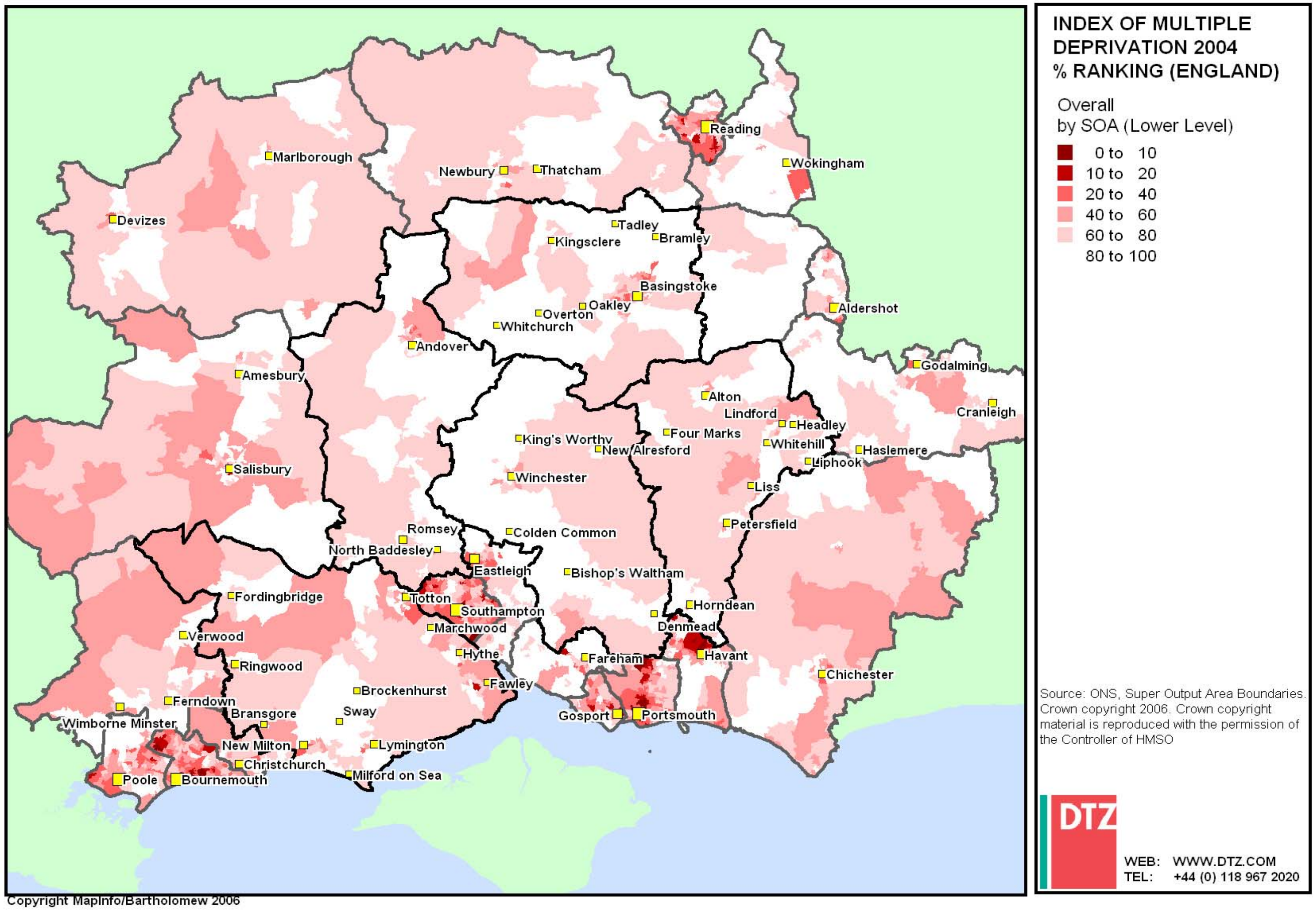
5.50 Observing deprivation at a lower geographical level, the majority of the output areas across both the Central Hampshire market area and New Forest fall into the 60% least deprived areas in the country (Figure 5.28). Despite small areas of higher deprivation in Basingstoke, as well as Fawley & Hythe in New Forest, none of the output areas fall within the top twenty percent of deprived output areas in the country and so there is limited deprivation according to this measure in either of the market areas.

5.51 Caution must also be taken when observing the IMD in rural areas. The IMD is measured across seven different themes including income and employment. However, the IMD is partly ranked by access to services - meaning that some rural areas, despite being generally

[11] Data Not Available: Estimate based on Central Hampshire Market Area average rise from 2005 to 2006.

affluent, are identified as being disadvantaged because of the absence of local services. This is an issue for low income groups, the young and those that are elderly and infirm in particular.

Figure 5.28: Index of Multiple Deprivation Rankings 2004



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Employment and GVA Projections

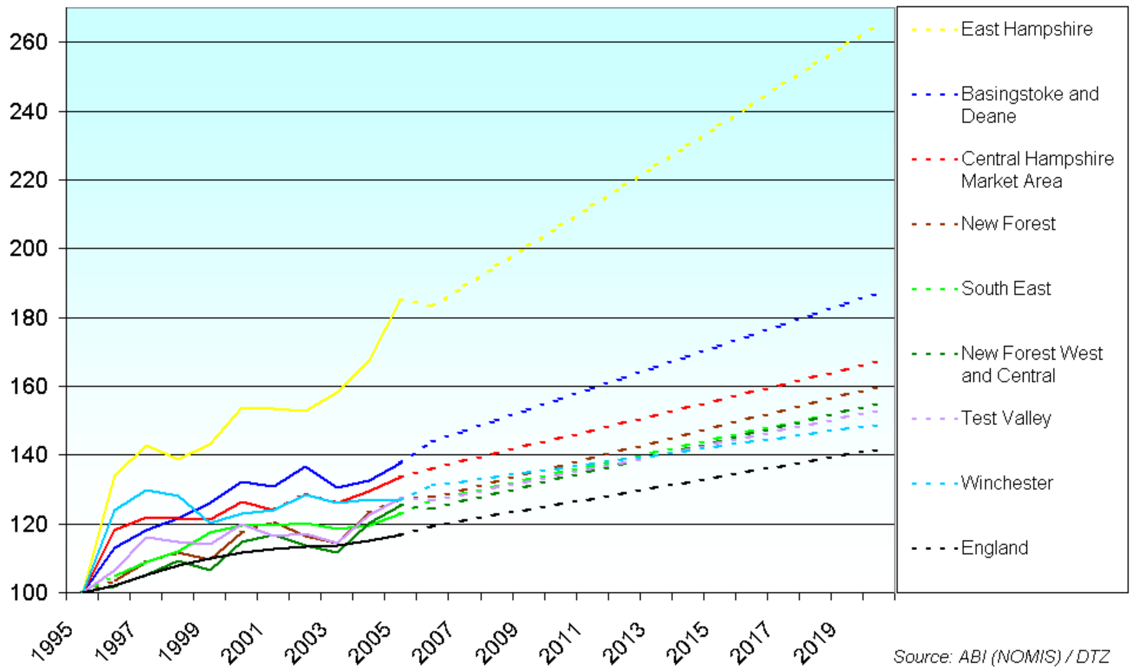
5.52 It is important to have an understanding of the likely path of economic growth, as it will impact upon the future demand for housing in an area. As economic growth is associated with both employment growth and greater productivity, substantial projected economic growth indicates there may be a requirement for provision of additional housing. However, a lack of housing provision could constrain the potential growth of an area.

5.53 Using historic trend-based projections, Figure 5.29 shows DTZ's trend based projection for employment using ABI data (which measures the number of jobs located within a given area). When considering these projections, a picture emerges of what the position might be given unconstrained economic growth. However, it is important to bear in mind that these projections merely represent the likely outcome if past trends were to be maintained, and should be interpreted as a tool to show general trends rather than precise outcomes.

5.54 Figure 5.29 indicates that, based on trends over the last 10 years, unconstrained employment growth would result in continued major growth within East Hampshire and Basingstoke and Deane. Employment growth within the Central Hampshire Market area and the New Forest West & Central area would each exceed regional growth. All of the study areas show growth trends above those forecast for England, should historical trends continue.

5.55 If past trends continue, the projections show that employment will grow by around 25% in the Central Hampshire Market area over the period 2005 to 2020, equating to an additional 51,100 employees within the area (though in practice we do not suggest projecting forward by more than 5 years). During the same period there would be a growth of 24% in the New Forest West & Central area, resulting in the creation of 10,000 additional jobs.

Figure 5.29: Historical Trend Based Employment Projection, 2005 to 2020

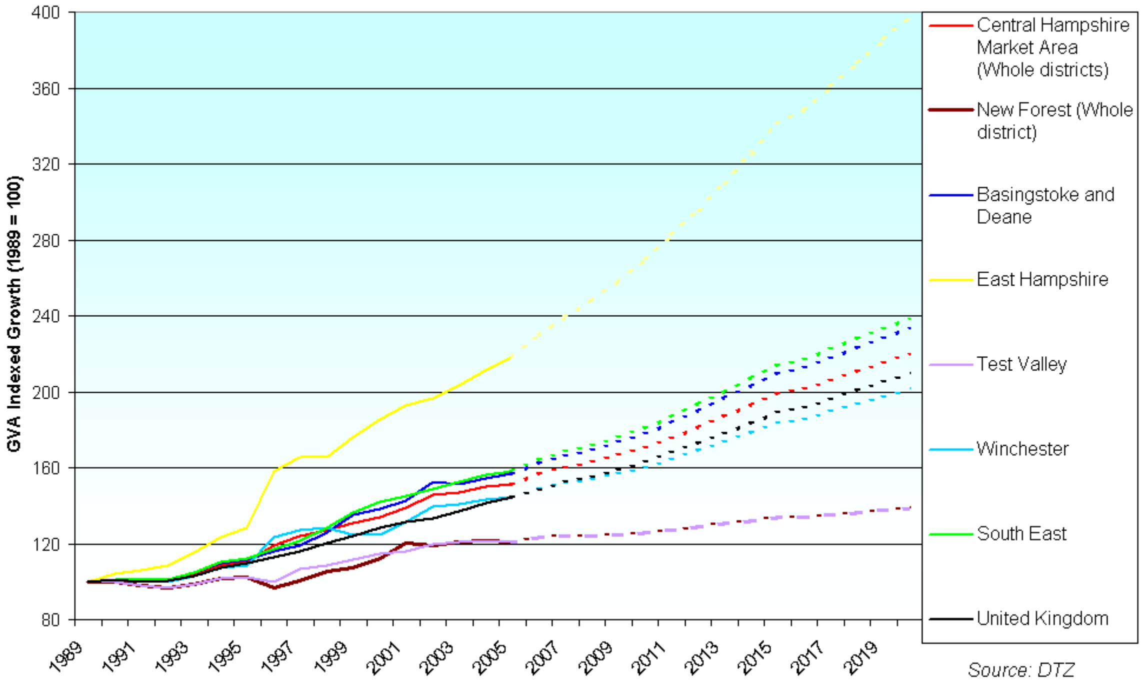


Source: ABI (NOMIS) / DTZ

5.56 Using the same basic approach to extrapolate GVA (as that used for extrapolating employment above) across the study areas suggests that there would be substantial continued growth in East Hampshire – although DTZ do not consider this likely give the tendency for growth rates to slow as the size of the economy grows (it is easier for smaller economies to achieve higher growth rates than larger ones) and given our cautions about the data. Trends in home working, which are likely to favour attractive rural areas such as those within East Hampshire, may contribute further to growth in the future rather than growth from more traditional types of employment.

5.57 The Central Hampshire market area and Basingstoke & Deane would continue to grow at a similar rate to the region, and Winchester would continue to grow closely to the national average. Should past trends continue Test Valley and New Forest would grow at a significantly lower rate than experienced nationally. It is also worth noting that although Figure 5.30 extrapolates trends forward to 2020, DTZ generally do not consider it sensible to make projections or forecasts further than 5 years forward since it becomes increasingly tenuous to predict what the future might hold based on the relationships and trends of the past. This point underlines the importance of reviewing projections and forecasts – the new planning framework has also been designed with this need for flexibility in mind.

Figure 5.30: GVA Projection to 2020[12]



Source: DTZ

[12] It is not possible to provide GVA projections at a sub-district level (i.e. for the New Forest West and Central area), as there is no proxy variable upon which to base this apportionment upon and GVA data is only available at a district level.

6 CHARACTERISTICS AND STRUCTURE OF HOUSING SUPPLY

6.01 This section examines the characteristics and structure of housing supply in the market areas. It provides an assessment of the range, quality and spatial distribution of housing that is currently available within the existing stock. As in previous sections, the market areas of Central Hampshire, New Forest West & Central and the authority areas of New Forest, Basingstoke & Deane, East Hampshire, Test Valley and Winchester are compared where possible to the benchmark areas of the South East and England.

Key Points

- Central Hampshire has a housing stock characterised by a relatively high proportion of detached housing (36%) and a relatively low proportion of flats, maisonette and apartments (13%)
- Owner occupation in Central Hampshire stands at 73%, slightly higher than the national average of 69%, but just below the level for the South East of 74%. New Forest has an even greater proportion at 81%. In Central Hampshire 16% of homes are socially rented. This compares to 9% in New Forest and 19% nationally
- Growth in total housing stock from 1991-2001 in Central Hampshire (11.6% or an average of 1.1% per annum) has been greater than across the South East (9.4%) or England (7.8%), but slightly less than some individual benchmark areas (e.g. Winchester with 14.2% growth). The stock in Central Hampshire is likely to have continued to grow by just over 1% per annum based on the known level of completions in the authorities.
- Both the largest absolute and proportional increases by housing type in Central Hampshire have been through the development of semi-detached properties between 1991-2001 although since 2001 there have been growing proportions of flats and smaller properties completed.
- In terms of council tax banding, the study areas have profiles similar to that of the South East – i.e. with greater proportions of stock in the higher price bands than the national average
- Central Hampshire and New Forest have lower proportions of 1-2 bed houses and higher proportions of dwellings with 4 bedrooms or more than England or the South East
- Both New Forest and Central Hampshire have smaller vacancy rates than the wider benchmarks. However, the level of vacant second homes in New Forest is nearly four times the national average
- All the authority areas show low levels of overcrowding and high levels of under-occupancy, indicating that a high proportion of households are able to buy or occupy larger dwellings than their household size would indicatively need
- In terms of new housing provision, between 2006 and 2016 Basingstoke and Deane is expected to experience the most significant growth compared with each of the other districts in Central Hampshire. Delivering this growth will be assisted by Basingstoke's recently awarded 'Growth Point' status

Current Housing Stock

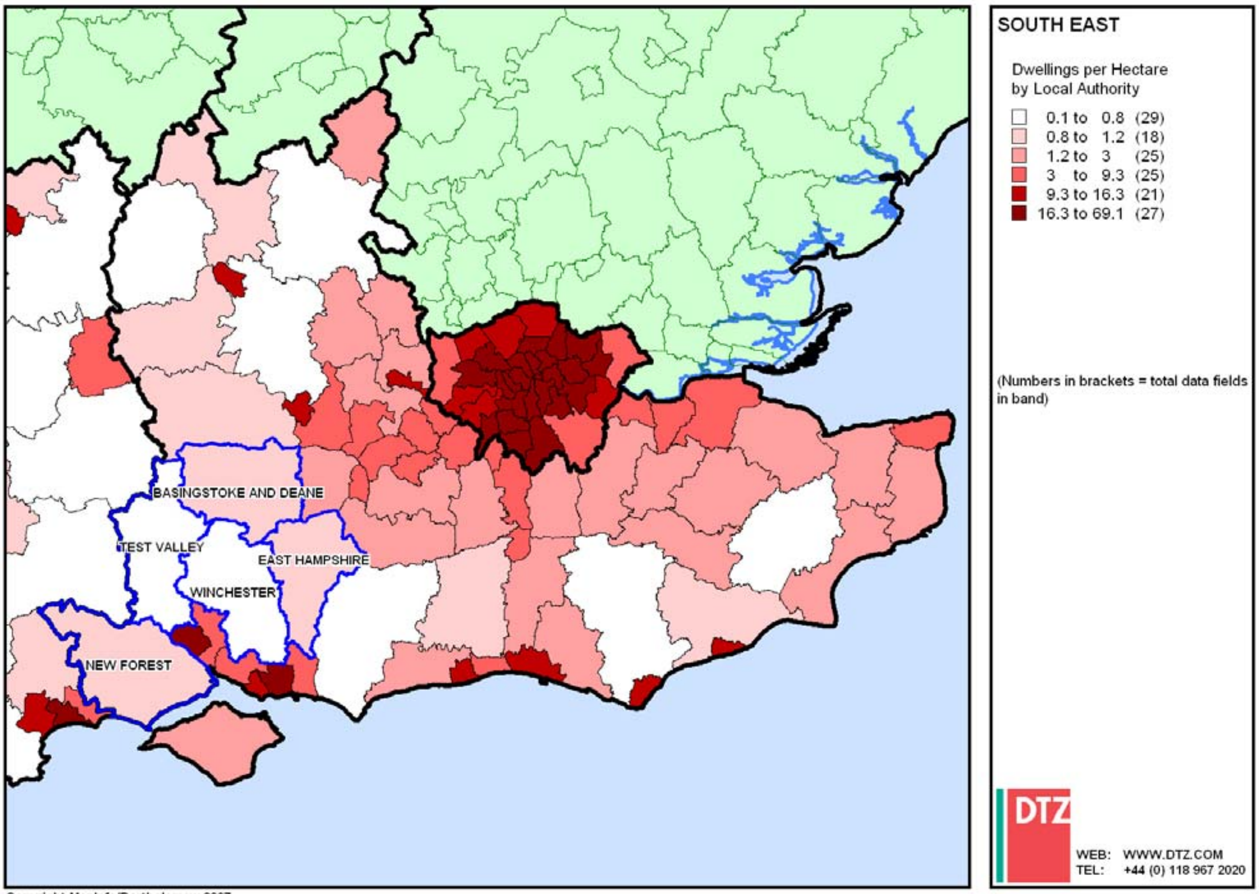
6.02 The total numbers of dwellings in each housing market area according to the 2001 Census are shown in Figure 6.1.

Figure 6.1 Dwelling Numbers (Source: 2001 Census)

Area	Total Dwellings
Central Hampshire Market Area	160,300
New Forest West & Central	48,100
New Forest	74,700
Basingstoke & Deane	62,800
East Hampshire	44,900
Test Valley	45,200
Winchester	44,300
South East	3,391,800
England	21,206,800

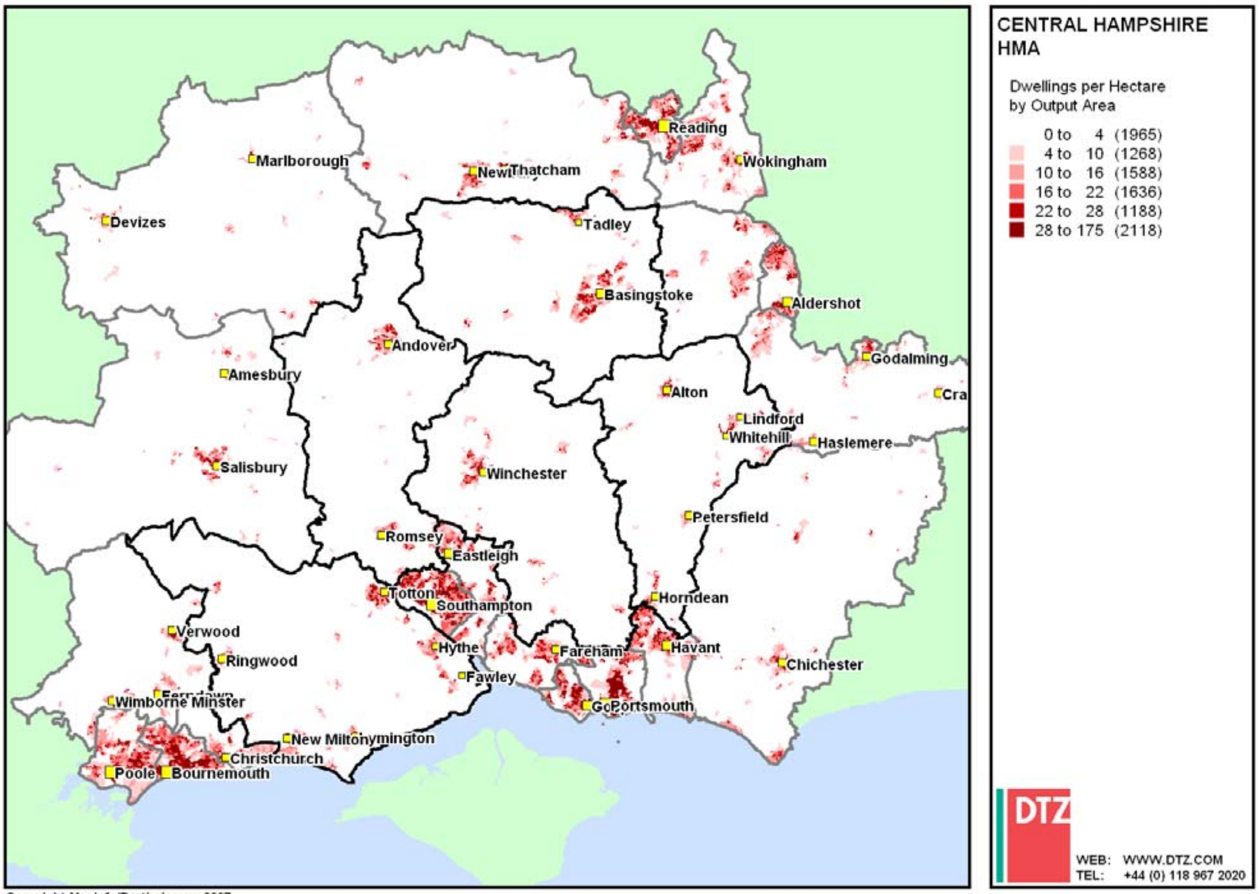
6.03 Figure 6.2 shows the spatial distribution of housing per hectare (dwelling density) by local authority. New Forest, Basingstoke and Deane and East Hampshire authority areas are more densely developed than Test Valley and Winchester. However, authorities in the PUSH area as well as other, more urban, local authority areas – such as Brighton and Hove, Reading and Oxford – are much more densely developed.

Figure 6.2: Spatial Distribution of Housing: Number of Dwellings per Hectare by Local Authority, South East (Source: 2001 Census)



6.04 Figure 6.3 shows the spatial distribution of dwellings (dwelling density) by output area. The map identifies urban areas such as Tadley, Alton, Basingstoke, Winchester and Andover, as well as the smaller settlements in the study area. The study area is generally less densely developed than the PUSH area to the south, the Poole- Bournemouth area, the Blackwater Valley or the Reading area.

Figure 6.3: Spatial Distribution of Housing: Number of Dwellings per Hectare by Output Area (Source: 2001 Census)

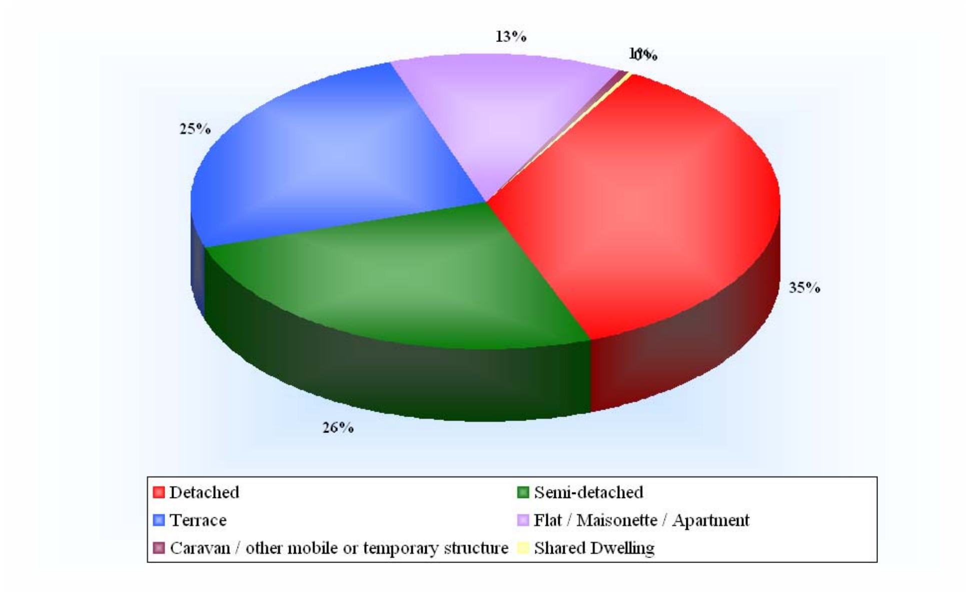


Housing Stock by Type

6.05 The composition of the stock of housing in the study and benchmark areas is shown in Figures 6.4 and 6.5. All the local areas have higher proportions of detached housing than the wider benchmarks of the South East or London. Indeed, both New Forest West & Central Market Area (53%) and New Forest District (48%) have twice the national average (23%) of detached dwellings.

6.06 Much less of a difference between the local areas and wider benchmarks is seen in terms of semi-detached housing, although all the areas have slightly lower proportions than the wider averages. However, as with detached housing, large differences are seen with the proportions of terraced premises, this time with the English average being double the relative amount in New Forest West and Central and the Central Hampshire Market Area. Proportions of flats, maisonettes and apartments are also lower in all local areas than in the South East or England.

Figure 6.4 Housing Stock by Type – Central Hampshire Market Area[1]



Source: Census, 2001

[1] Pie charts for individual areas have not been included (as this would entail production of 9 separate charts). However, data for all areas are included in the tables. The same point applies to Figure 6.6.

Figure 6.5: Housing Stock by Type 2001

	Detached	Semi-detached	Terraced	Flat/maisonette / apartment	Caravan/other mobile/temporary structure	Shared Dwelling
Central Hampshire Market Area	36%	26%	25%	13%	1%	0%
New Forest West & Central	53%	21%	12%	12%	2%	0%
New Forest	48%	23%	15%	11%	2%	0%
Basingstoke & Deane	33%	25%	30%	11%	0%	0%
East Hampshire	44%	25%	17%	13%	1%	0%
Test Valley	40%	26%	23%	11%	1%	0%
Winchester	39%	26%	20%	13%	1%	0%
South East	29%	29%	23%	18%	1%	0%
England	23%	32%	26%	19%	0%	0%

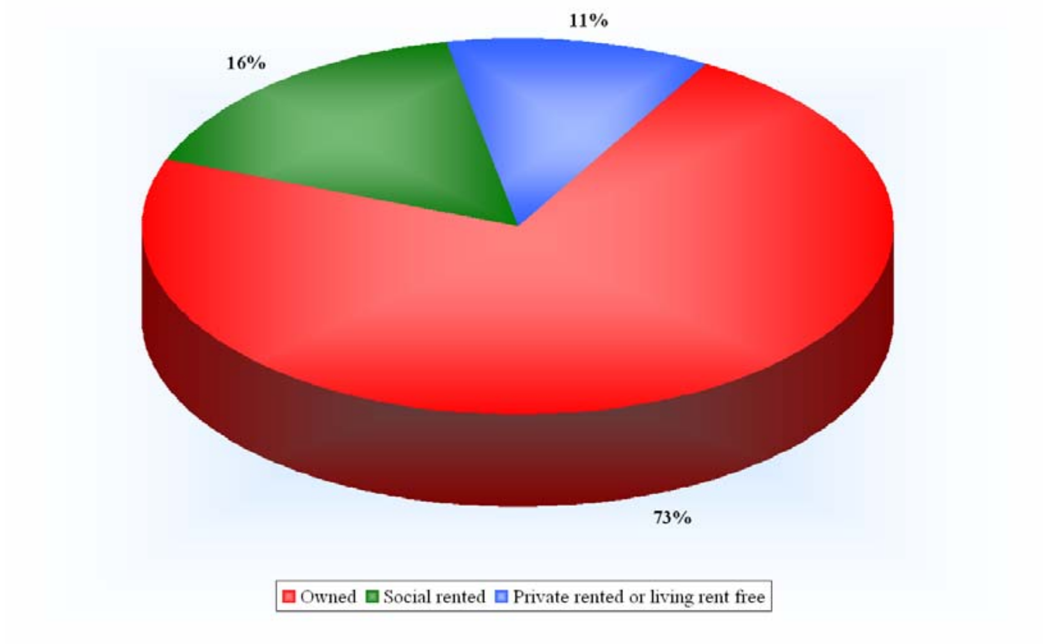
Source: Census 2001

Housing Stock by Tenure

6.07 Figures 6.6 and 6.7 analyse the pattern of housing tenures. All study areas have higher levels of owner occupation than the national average of 69%. All areas, with the exception of Winchester and the Central Hampshire Market Area, have levels similar to or higher than the South East, reflecting the affluence of the region in relation to the country as a whole. As with the proportion of detached housing, New Forest District and New Forest West and Central Area have the highest levels of owner occupation.

6.08 All study areas have lower proportions of social rented property than England (19%), though the Central Hampshire Market Area (16%), Basingstoke and Deane (18%) and Winchester (16%) have proportions larger that the South East (14%). The New Forest West and Central Market Area and New Forest local authority have particularly low levels of social rented premises compared to the other areas, with proportions of 9% and 10% respectively. Levels of private rented accommodation are broadly consistent across all the study areas and benchmarks although Winchester has a higher proportion than the other authority areas as well as the South East and England as a whole.

Figure 6.6 Housing Stock by Tenure – Central Hampshire Market Area



Source: Census, 2001

Figure 6.7: Housing Stock by Tenure 2001

	Owned	Social Rented	Private Rented/Rent Free
Central Hampshire Market Area	73%	16%	11%
New Forest West & Central	81%	9%	10%
New Forest	81%	10%	9%
Basingstoke & Deane	74%	18%	9%
East Hampshire	78%	11%	11%
Test Valley	75%	14%	11%
Winchester	71%	16%	13%
South East	74%	14%	12%
England	69%	19%	12%

Source: Census 2001

Growth in Stock

6.09 The total change in housing stock is shown in Figure 6.8. This indicates that the housing stock of all areas has increased substantially between 1991 and 2001 and completions since 2001 suggest it is likely to have continued to grow at the same rate, if not slightly faster in Basingstoke and Deane, which has seen higher completion rates in recent years. All study areas have experienced percentage increases greater than the national average and only New Forest District is below the average figure for the South East. Within the study areas, Winchester and the Test Valley have experienced the greatest increases, with the former witnessing a growth of over 14%. The Central Hampshire Market Area and New Forest West and Central have both experienced growth of just over 11%, although this still represents growth of around 1% per annum which is higher than experienced in the South East and England as a whole.

Figure 6.8 Total Change in Housing Stock

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	143,600	160,300	16,700	11.6
New Forest West & Central	43,200	48,100	4,900	11.3
New Forest	68,900	74,700	5,800	8.4
Basingstoke & Deane	56,100	62,800	6,700	11.9
East Hampshire	40,500	44,900	4,400	10.9
Test Valley	39,800	45,200	5,400	13.6
Winchester	38,800	44,300	5,500	14.2
South East	3,099,400	3,391,800	292,400	9.4
England	19,671,000	21,206,800	1,535,800	7.8

Source: Census 1991 & 2001

6.10 Figures 6.9 to 6.12 show the pattern of growth broken down by housing type. The biggest source of growth in absolute terms in the Central Hampshire market area has come from semi-detached houses, with an increase of 6,000 units, despite semi-detached houses not being the largest stock type. Detached houses show the next largest absolute increase with 5,800 units, followed by flats, maisonettes and apartments with an increase of 1,700 units.

The number of terraced houses has fallen by 1,900 – perhaps as a result of conversion to flats. Since 2001 there have been increased numbers of flats and smaller dwellings completed in all of the authority areas, which is likely to have changed the profile of the stock to some extent. However, new completions only add around 1% to the stock each year so the profile of the stock is unlikely to have been changed radically, although change may have been focused in some areas or neighbourhoods. It is also relevant to note that the stock itself changes over time as households extend and convert their dwellings. Research by Cambridge University for SEERA (2006) on the housing stock in the region estimated that the stock of homes in the South East was increasing in size despite new additions to the stock because of the extent of extensions and conversions. This research demonstrated that more 4 bedroom properties were added to the stock each year through extension of smaller properties than were completed by house builders each year.

6.11 The pattern between housing types seen in these absolute increases is also mirrored in the relative (percentage) changes. Semi-detached houses have seen a significantly larger proportional increase (17.4%) than detached houses (11.5%). This appears to be supported by completions data over this period, which shows that higher proportions of larger (3 and 4 bedroom properties) were completed, in contrast to the relatively high proportions of 1 and 2 bedroom homes completed since 2001. Research by DTZ for SEERA and SEEDA examined and explained the changes in the type and size of completions over time. A number of factors explain the changes in the type and size of completions including the housing market cycle, affordability, development economics on brownfield sites and the emergence of the Buy to Let sector[2].

6.12 Between 1991 and 2001 a similar overall pattern can be seen in New Forest West and Central, with semi-detached houses again contributing most to the increase in housing stock. Semi-detached houses increased by 1,300, compared to 1,000 for detached. Both the number of flats, maisonettes & apartments and terraced houses fell over the period (by 300 and 400 units, respectively). As the stock of detached houses is nearly four times larger than that of semi-detached dwellings, the increase in the stock of semi-detached houses represents a much greater proportional increase (15.7%) than for detached houses (at only 4.3%). As with the Central Hampshire Market Area, there has been a decline in the proportion of terraced houses (-6.9%), but also a decline in the proportion of flats (-5.1%).

Figure 6.9 Growth in Detached Houses 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	50,500	56,300	5,800	11.5
New Forest West & Central	23,300	24,300	1,000	4.3
New Forest	33,200	34,600	1,400	4.2
Basingstoke & Deane	17,700	20,400	2,700	15.3
East Hampshire	17,600	19,200	1,600	9.1
Test Valley	15,000	17,600	2,600	17.3
Winchester	15,100	16,900	1,800	11.9
South East	877,900	968,100	90,200	10.3
England	3,976,800	4,648,500	671,700	16.9

Source: Census 1991 & 2001

[2] Further discussion in Section 9 and see DTZ (2007) Housing Type and Size in the South East, published on the South East Regional Assembly's website

Figure 6.10 Growth in Semi-Detached Houses 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	34,400	40,400	6,000	17.4
New Forest West & Central	8,300	9,600	1,300	15.7
New Forest	15,200	16,900	1,700	11.2
Basingstoke & Deane	12,900	15,500	2,600	20.2
East Hampshire	9,700	10,900	1,200	12.4
Test Valley	9,900	11,400	1,500	15.2
Winchester	9,600	11,100	1,500	15.6
South East	852,900	948,200	95,300	11.2
England	5,927,300	6,562,500	635,200	10.7

Source: Census 1991 & 2001

Figure 6.11 Growth in Terraced Houses 1991 – 2001[3]

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	40,400	38,500	-1,900	-4.7
New Forest West & Central	5,800	5,400	-400	-6.9
New Forest	11,900	11,200	-700	-5.9
Basingstoke & Deane	19,100	18,500	-600	-3.1
East Hampshire	8,200	7,600	-600	-7.3
Test Valley	10,500	10,100	-400	-3.8
Winchester	8,700	8,800	100	1.1
South East	795,900	762,400	-33,500	-4.2
England	5,817,700	5,250,700	-566,000	-9.7

Source: Census 1991 & 2001

Figure 6.12 Growth in Flat/Maisonette/Apartments 1991 – 2001

	1991	2001	Absolute Change	Change (%)
Central Hampshire Market Area	18,100	19,800	1,700	9.4
New Forest West & Central	5,900	5,600	-300	-5.1
New Forest	8,500	8,000	-500	-5.9
Basingstoke & Deane	6,300	6,800	500	7.9
East Hampshire	5,000	5,500	500	10.0
Test Valley	4,400	4,700	300	6.8
Winchester	5,400	5,700	300	5.6
South East	564,000	576,200	12,200	2.2
England	3,894,000	3,843,300	-50,700	-1.3

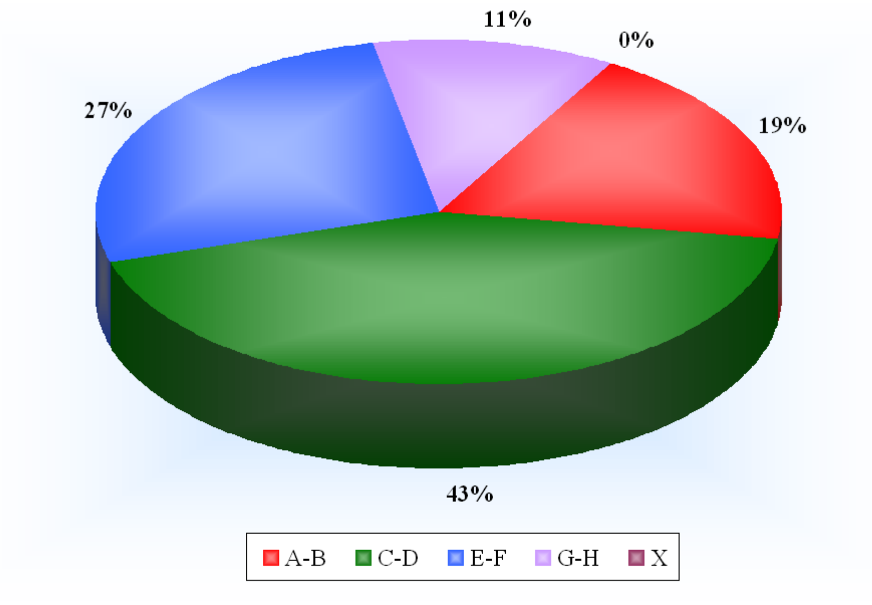
Source: Census 1991 & 2001

[3] Almost all of the areas show a fall in the number of terrace properties between the 1991 and 2001 Census. DTZ would highlight that this decline is likely to be due to conversion of these properties into flats rather than demolitions.

Housing Stock by Council Tax Band

6.13 A broad indication of the quality and price of the housing stock in a given area is the proportion of premises classified under each Council Tax band. Figures 6.13 and 6.14 shows that all the study areas have much lower proportions of stock in bands A-B than both the South East (25%) and the national average (45%). All study areas also have greater proportions of higher priced stock than the England figures but which align fairly closely with the proportions seen across the South East. This has clear implications for affordability in the area. Comparing the study areas themselves shows that the authority areas of New Forest and Basingstoke & Deane have slightly higher levels of bands C-D and lower levels of bands G-H than the other areas.

Figure 6.13: Housing Stock by Council Tax Band 2003 - Central Hampshire Market Area



Source: ONS, 2004

Figure 6.14: Housing Stock by Council Tax Band 2003

	Total	Bands A-B	Bands C-D	Bands E-F	Bands G-H	Band X
Central Hampshire Market Area	98,679	19%	43%	27%	11%	0%
New Forest West & Central	49,211	16%	44%	31%	9%	0%
New Forest	76,690	22%	46%	25%	6%	0%
Basingstoke & Deane	63,546	20%	52%	24%	5%	0%
East Hampshire	45,949	16%	45%	29%	11%	0%
Test Valley	46,692	21%	46%	25%	8%	0%
Winchester	45,157	16%	41%	31%	12%	0%
South East	3,466,887	25%	46%	22%	8%	0%
England	21,743,013	45%	37%	14%	4%	0%

Source: ONS, 2004

Size of Housing

6.14 Figures 6.15 and 6.16 show the size of stock by number of habitable rooms according to the 2001 Census. The number of rooms listed does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms are counted, though if two rooms have been converted into one they are counted as one room. Rooms shared between a number of households (for example a shared kitchen) are not counted.

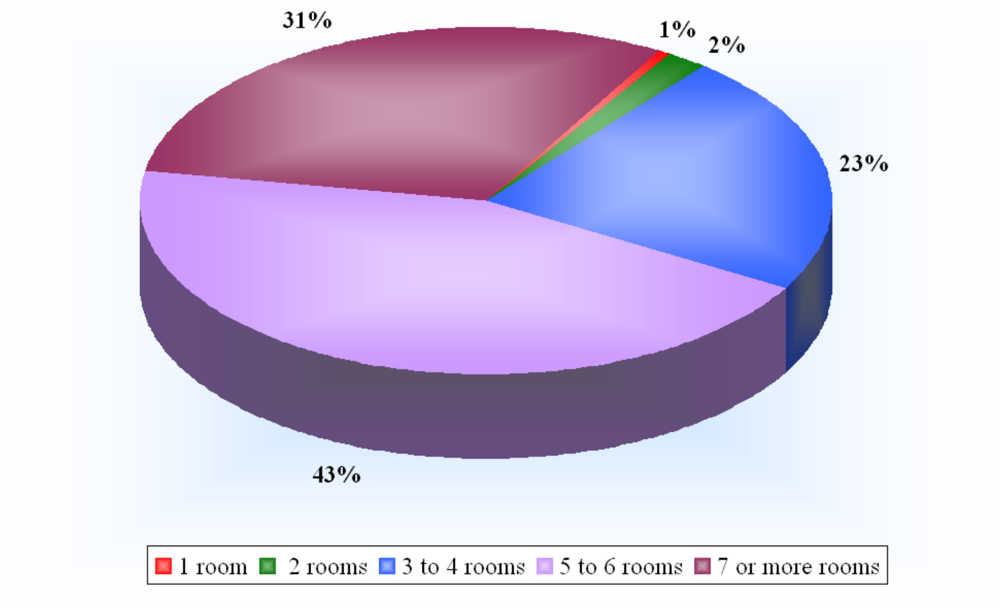
6.15 As a guide DTZ work with the following rule of thumb, regarding the relationship between habitable rooms and the number of bedrooms in a property, which is the more generally understood yardstick (albeit fairly crude) of dwelling size:

- 1-4 room dwellings equate to a 1-2 bed property - if we assume this includes a kitchen, and could include 1 or 2 reception rooms
- 5-6 room dwellings equate to a 2-3 bed property - if we assume a kitchen and one or two reception rooms
- 7 plus room dwellings equate to 4 bed plus properties

6.16 All the study areas have slightly lower proportions of 1-4 room dwellings (1-2 bedroom properties) than the England or South East averages of 33% and 30% respectively. In terms of 5-6 room dwellings (2-3 bed properties), the study areas better reflect the South East average of 45% than the higher England figure. The exceptions are New Forest and Basingstoke & Deane Districts, which have slightly higher figures.

6.17 In terms of the largest 7+ room properties (4 bedrooms or more), all the study areas have a higher proportion of large houses than either England or the South East. Within this, New Forest authority area (25%) and the New Forest West and Central Market Area (28%) have relatively low proportions. In contrast, Winchester (35%) and East Hampshire (34%) have much higher proportions, which is consistent with the Council Tax Band data examined above.

Figure 6.15: Size of Stock - Central Hampshire Market Area



Source: Census, 2001

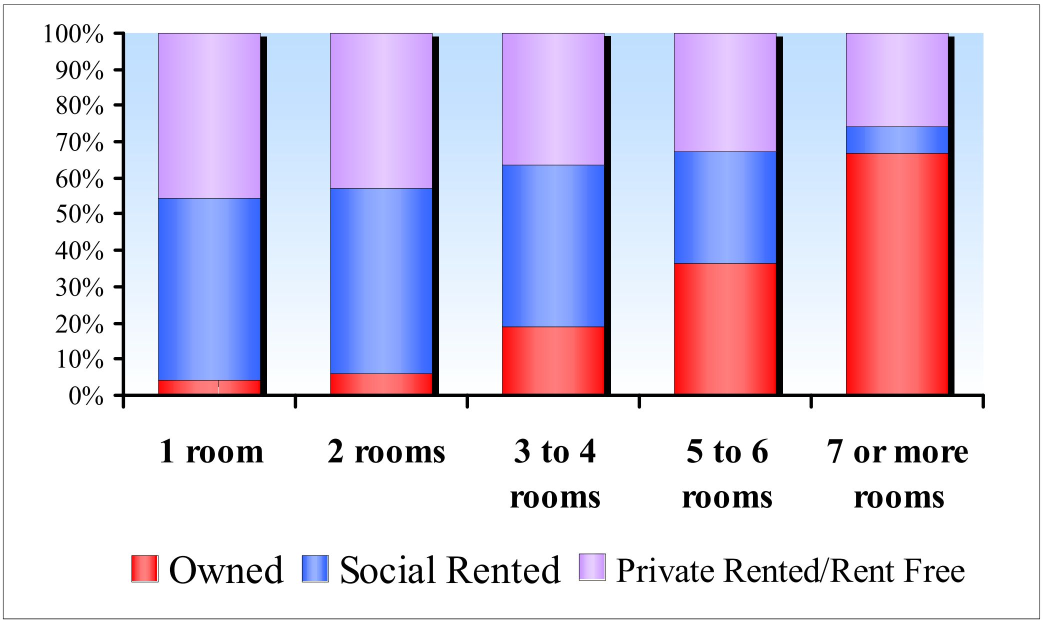
Figure 6.16: Housing Size

	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Central Hampshire Market Area	1%	2%	23%	44%	31%
New Forest West & Central	0%	2%	25%	45%	28%
New Forest	0%	2%	25%	48%	25%
Basingstoke & Deane	1%	2%	22%	47%	29%
East Hampshire	1%	2%	23%	41%	34%
Test Valley	0%	1%	21%	46%	31%
Winchester	1%	2%	23%	40%	35%
South East	1%	2%	27%	45%	25%
England	1%	3%	29%	48%	20%

Source: Census 2001

6.18 The size of housing stock by tenure for the Central Hampshire Market Area is shown in Figures 6.17 and 6.18. The data indicates that there is a direct relationship between the number of rooms in a dwelling and tenure. Larger dwellings are found in the private sector – both the owner occupied sector and the private rented sector. Social rented dwellings are much more prevalent among the smaller dwellings. Medium sized housing (5 to 6 rooms) shows a more even split between tenures. Patterns of under–occupancy and overcrowding are likely to vary between tenures given difference is the average size of dwellings in different tenures.

Figure 6.17: Size of Stock by Tenure – Central Hampshire Market Area



Source: Census, 2001

Figure 6.18: Size of Stock by Tenure – Central Hampshire Market Area

	1 room	2 rooms	3-4 rooms	5-6 rooms	7+ rooms
Owned	0%	1%	15%	45%	39%
Social Rented	1%	5%	47%	42%	5%
Private Rented/Rent Free	3%	4%	35%	43%	16%

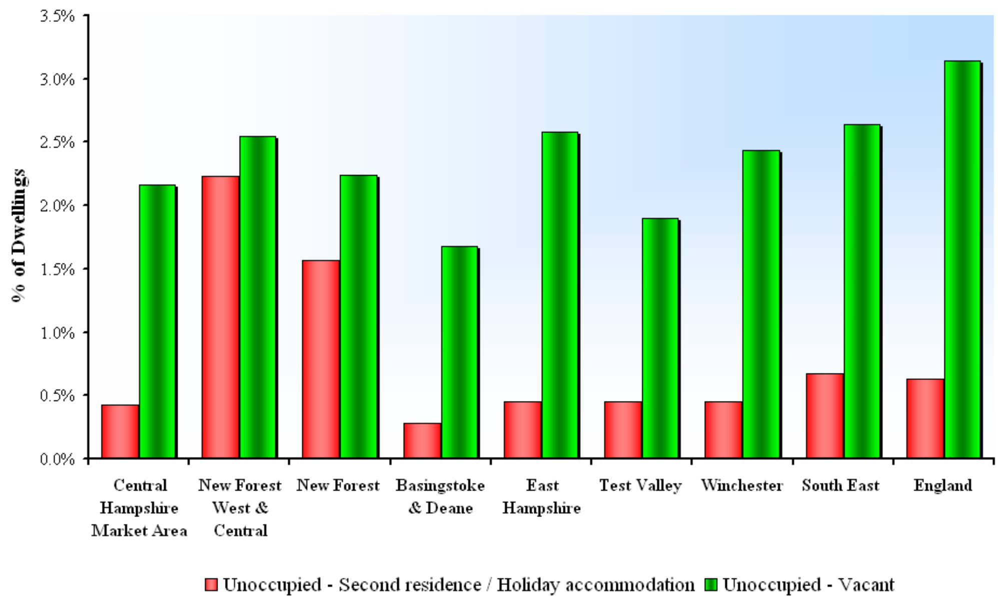
Source: Census 2001

Vacancy, Occupancy and Overcrowding

6.19 Figure 6.19 indicates that the levels of vacant property in the study areas are all below the national average of 3.1% and equal to or less than the South East figure of 2.6%. This indicates a high level of efficiency in the use of housing stock. Within the study areas, there is a degree of variation of vacancy levels, with Basingstoke & Deane District having only 1.7% of its stock vacant. East Hampshire and the New Forest West and Central Market Area have a vacancy rate of 2.6%.

6.20 With the exception of New Forest, all study areas have levels of second homes below the England and South East averages. However, both New Forest District and New Forest West and Central have much greater levels – 1.6% and 2.2% respectively, compared to the England figure of 0.6% (this is further discussed in Section 10). This is not unexpected, as the recognised natural beauty of New Forest (reflected in its recent designation as a National Park) has made it a popular holiday destination. The two housing market areas therefore differ considerably in terms of the levels of second homes and holiday accommodation.

Figure 6.19: Vacancy Rates and Second Home Ownership 2001



Source: Census, 2001

6.21 Occupancy Ratings provide an indication of under-occupancy and over-crowding. Data on occupancy levels are presented in Figure 6.20. A value of -1 implies that there is one less room than reasonably needed and that therefore the household is living in overcrowded conditions[4]. The data shows that over 80% of dwellings in all the study areas are 'under-

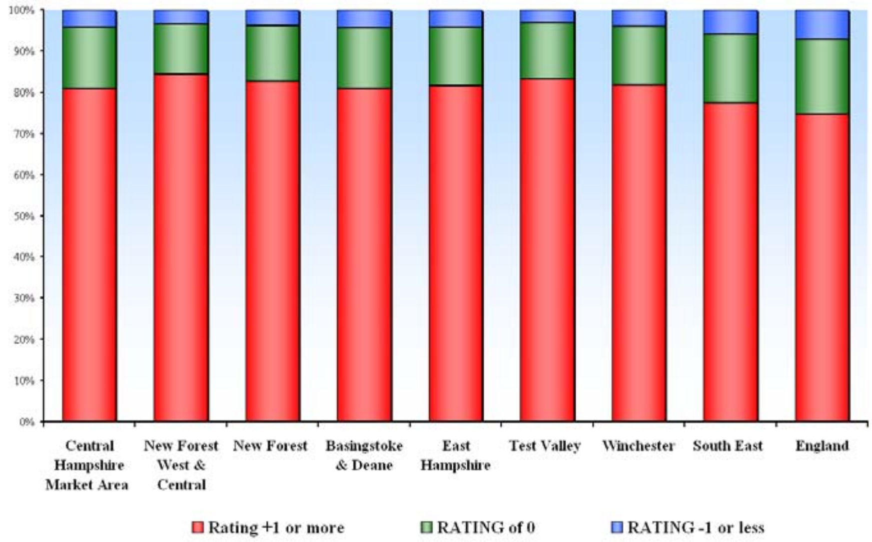
[4] This is measured by the Bedroom Standard which measures the number of bedrooms required by a household and can be compared to the number of rooms (rather than bedrooms) in the dwelling (though this is generally regarded as out dated since reception rooms and kitchens are included in the definition of rooms)

occupied' i.e. households are occupying more space than needed based on the bedroom standard. All the areas have very similar figures and all above the regional and national averages. Correspondingly there are very low proportions of overcrowding – 4% for the majority of the study areas, compared to a national figure of 7%.

6.22 Clearly one of the things people want as their income increases is more personal space in the home, so high levels of under-occupancy is a measure in most cases of prosperity and is associated with a high quality of life. People want extra space for many different reasons – in order to allow them to work from home, or to have friends and family to stay frequently or for relatively long periods of time.

6.23 In the owner occupied sector it is only an issue if people struggle to maintain property, though if people can be persuaded to move to smaller homes, this could have benefits in terms of freeing up more homes suited to families. In the social housing sector, encouraging households that are under-occupying to move to smaller accommodation could play a part in addressing problems of overcrowding experienced by other social housing tenants. However, local authority allocation policies (which indicate the amount of space that households are entitled to) are far from generous (as a result of the shortage of accommodation overall). Encouraging or incentivising tenants that are under occupying social rented dwellings to down size, often elderly households, is often ineffective.

Figure 6.20: Occupancy and Overcrowding



Source: Census, 2001

6.24 An examination of the occupancy ratings for each tenure type in the Central Hampshire Market Area (presented in Figure 6.21) reveals that owner-occupied houses have very low occupancy ratings – 90% have at least one room more than needed. Only 2% of these properties can be described as over-occupied. A smaller proportion of private rented houses can be described as under-occupied (68%) and 10% have at least one room fewer than needed. However, social rented houses show the most overcrowding by tenure, with only 51% that can be considered under-occupied. While 38% is of the same size as is reasonably needed, 11% of houses are over-occupied.

6.25 The Survey of English Housing undertaken at various points since 2001 indicates that, at the level of the South East region at least, there has been a slight increase in the overall level of overcrowding. This is likely to be partly explained by the recent and continued in-migration of East European migrant workers to the region.

Figure 6.21 Occupancy by Tenure – Central Hampshire Market Area

	+2 or more	+1	0	-1 or less
Owned	79,200	22,000	9,700	2,100
	70%	20%	9%	2%
Social Rented	5,500	7,700	9,800	2,700
	21%	30%	38%	11%
Private Rented	7,500	4,800	4,000	1,800
	41%	27%	22%	10%

Source: Census, 2001

Housing Requirements and Completions

6.26 The Hampshire Structure Plan 1996-2011 (revised in 2000) remains in place in terms of the Statutory Plan for Hampshire, until the South East Plan, currently in draft form, is formally approved by the Secretary of State. The Structure Plan (2001-2016) sets out housing delivery requirements over the plan period. The housing targets set for each of the relevant authorities are presented in Figure 6.22. Basingstoke and Deane is identified for growth, with twice the requirement for net additional housing provision of New Forest or East Hampshire Districts (the latter with significant environmental designations which would limit their ability to deliver housing).

Figure 6.22: Current and Proposed Housing Allocations for Hampshire Local Authorities

	Structure Plan 1996-2011		Draft SE Plan 2006-2026		Panel Recommendation (2006-2026)	
Authority	**Additional Allocation**	**Annual Average**	**Additional Allocation**	**Annual Average**	**Additional Allocation**	**Annual Average**
New Forest	5,480	365	4,138	207	0	207
Basingstoke & Deane	12,060	804	16,500	825	+70	895
East Hampshire	5,500	367	5,200	260	+125	385
Test Valley	8,890	593	8,910	446	+30	476
Winchester	7,295	486	10,439	522	+90	612

Source: Hampshire County Structure Plan 1996-2011 and Draft South East Plan 2006-2026; Draft South East Plan Panel Report August 2007

6.27 The Draft South East Plan has proposed net additional housing allocations for the relevant Hampshire authorities up to 2026. For Basingstoke & Deane and Winchester the proposed annualised figures are slightly higher than the outgoing Structure Plan. Basingstoke & Deane's figures take into account the backlog from the Structure Plan period and the Borough also plans to deliver at a higher rate, around 960 per annum, to 2016 supported by funding from Government as part of its Growth Point status. However, for the other relevant authorities shown in Figure 6.22, the plan requirements are slightly lower than the Structure Plan requirements. Overall the combined targets for the five authorities are 355 houses per year less in the proposed South East Plan than in the Hampshire County

Structure Plan. However, the Draft South East Plan Panel Report, published in August 2007 recommends that housing targets in all of the authorities are increased, with the exception of New Forest. For Winchester, Basingstoke and Deane and East Hampshire, the Panel's recommended targets are higher than previous Structure Plan targets. For Test Valley they remain lower than previous Structure Plan targets.

6.28 Figure 6.23 shows the level of net housing completions for the past 10 years in each of the relevant authority areas. The Structure Plan targets are also shown in order to compare the extent to which the areas are achieving their additional housing requirements. Compared to the other areas, Basingstoke and Deane has delivered by far the most housing. Overall, however, Basingstoke and Deane has not delivered its Structure Plan targets over the past decade, and though completion levels have risen over the past 4 years, it is only in the years 2004/05 and 2005/06 that the Structure Plan annual requirement has been exceeded – and that means there remains a shortfall of provision over the Plan period.

Figure 6.23: Housing Completions for Hampshire Local Authorities (Whole Districts)

	New Forest	Basingstoke & Deane	East Hampshire	Test Valley	Winchester
Annualised Target	**365**	**804**	**367**	**593**	**486**
1996/97	458	520	411	886	430
1997/98	367	516	369	927	850
1998/99	469	570	213	734	503
1999/00	431	779	367	706	366
2000/01	392	474	362	375	241
2001/02	720	719	188	314	366
2002/03	401	600	210	592	506
2003/04	577	791	523	484	603
2004/05	496	888	479	315	694
2005/06	403	924	362	374	490

Source: Hampshire County Structure Plan (1996-2011) and Local Authority Annual Monitoring Reports (2006)

6.29 A slightly different pattern is seen in East Hampshire. Although the volume of completions have picked up considerably in recent years, this has not been in a consistent manner as seen in Basingstoke and Deane. Instead, very low levels of completions were experienced in 2001/02 and 2002/03 followed by levels in the following two years that significantly exceeded the annualised target. Part of the constrained output of new housing in East Hampshire over the last decade stems from its dependency on allocated Greenfield housing sites that have not come forward. Although figures for the final year show that it narrowly missed the annualised target, significant completions have been achieved in the last three years. On average over the last decade however, completions have been lower than target levels. In contrast to this, New Forest (see Figure 6.24) has met or exceeded its (almost identical) annualised target every year since 1996/97 without exception.

6.30 Prior to 2000 Test Valley was exceeding its annualised targets considerably. In 2000 however, there was a sudden drop in completions and this lower rate has continued since – with the authority missing its target each year (though in 2002/2003 this miss was negligible). The fluctuation in completions is a consequence of the delay in the major development areas in Andover coming forward. Once these sites commence the rate of completions will rise significantly. By contrast Winchester has met its target for the last 4 years, with an increasing completion rate year on year from 2000/01 to 2004/05. Although this has dipped considerably in 2005/06, the latest figure is still just above target.