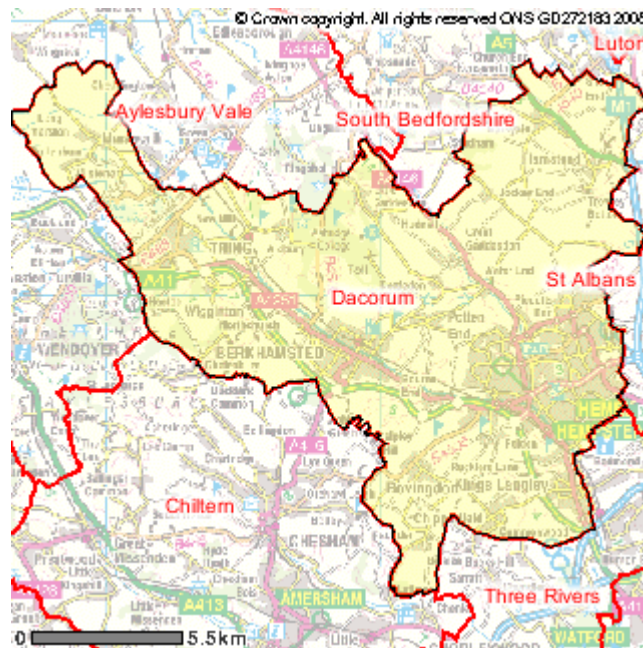




## Dacorum Borough Council



## Housing Market Background Paper

July 2006

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## Introduction

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

### Headline Results

- The average price of a property in Dacorum is £253,494 considerably higher than the average for England and Wales of £192,754 (Land Registry Jan-March 2006)
- Property prices in the Borough have risen by 1.07% in the last year, (Jan-March 2005-06) significantly slower than the growth of 5.05% for England and Wales as a whole
- The average price of a property in Hertfordshire is £257,311. St Albans has the highest property prices in Hertfordshire, averaging at £321,574
- The average rent for a three bedroom house in the private sector in Hertfordshire is £1103 pcm (July 2006)
- In March 2006 the average property in Dacorum sold at just over 93% of the asking price and took just over 5 weeks to sell
- With an average flat costing £146,904, even the lowest priced accommodation in the Borough is *5.7 times* the average income of £25,607 (Annual Survey of Hours and Earnings 2005). This effectively prices many people out of the private sector housing market
- Projecting to 2008, it is evident that there is a large surplus of (private sector) three-bedroom houses and two-bedroom flats in some areas of the Borough. This is coupled with a significant shortfall in two-bedroom houses and three-bedroom flats
- Projecting to 2008, there is a *net deficit* of 5110 affordable properties across the Borough. There is a particular shortfall of one-bedroom properties, 3,639 in total.
- Between April 2002 and March 2005, 553 Council properties have been sold in Dacorum through the Right to Buy Scheme

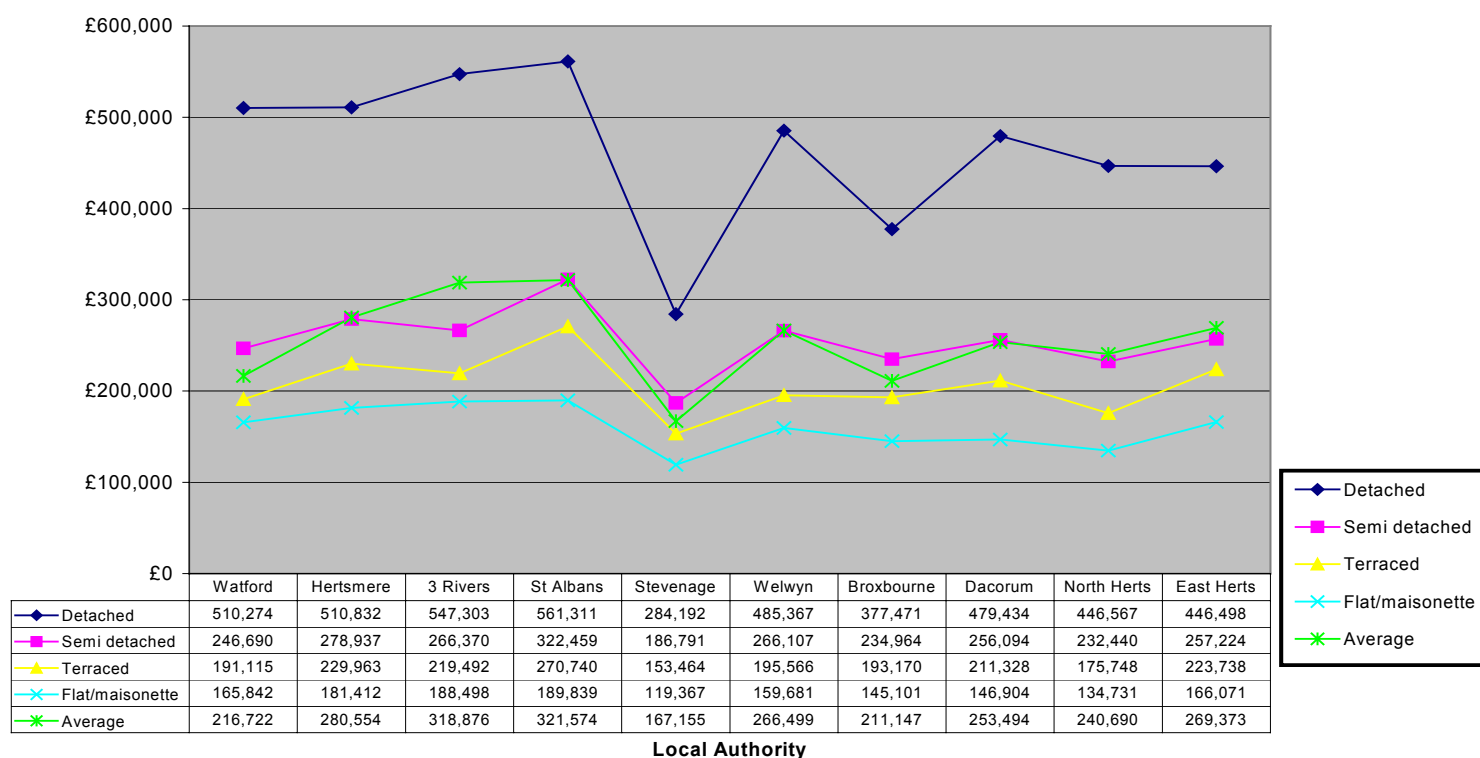
## House prices in England and Wales

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

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

Growth has been slower in the South East of the country (in which Hertfordshire sits) with an average increase of 3.49%. House prices in Hertfordshire have risen by 2.6%, while Dacorum has seen a slight increase of 1.07%.

Average property prices in Hertfordshire (Land Registry Jan-March 2006)



## House prices in Hertfordshire

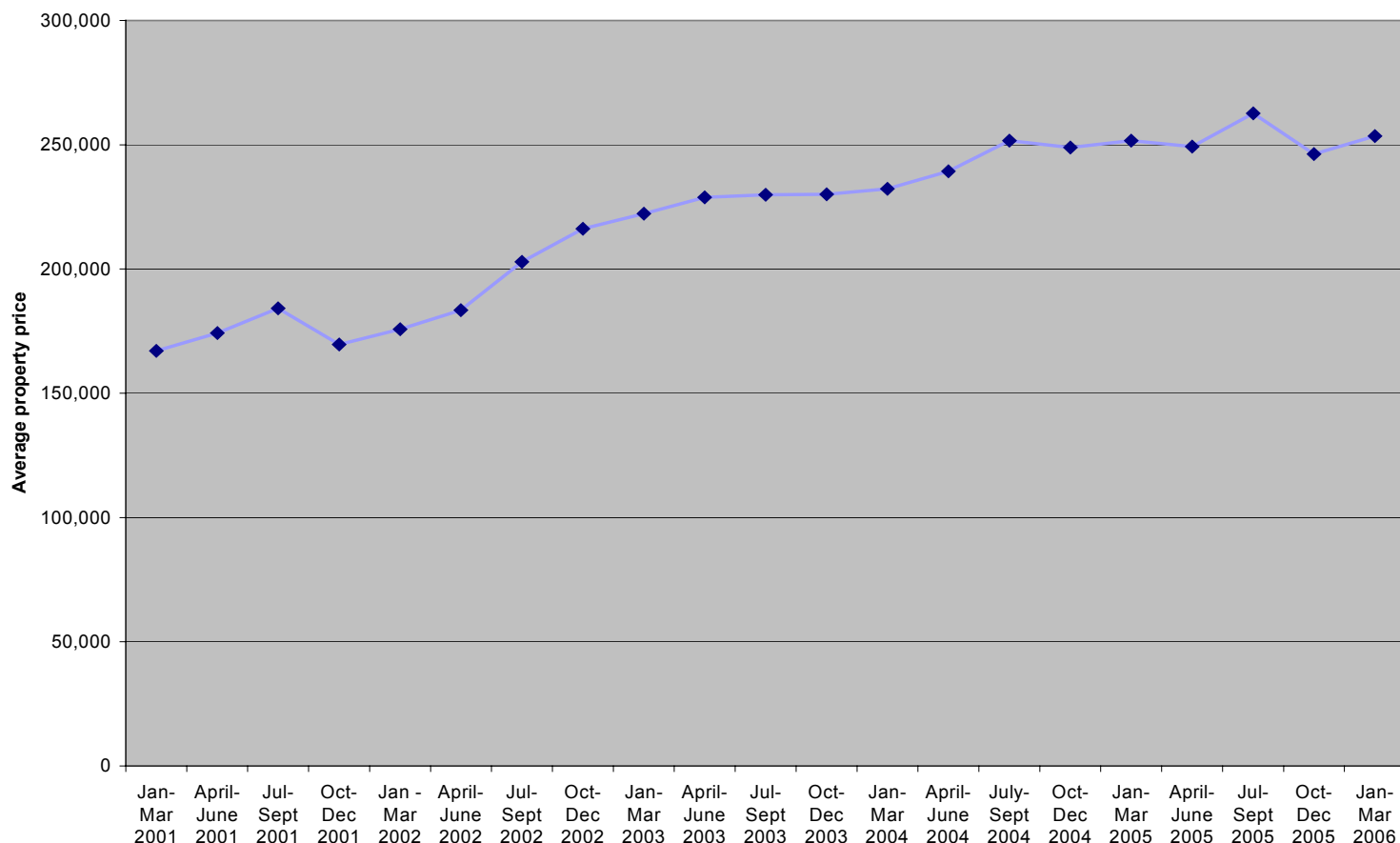
Though considerably higher than the national average of £192,754, house prices in Dacorum fall somewhere in the middle in comparison with other areas of Hertfordshire. Of the ten Local Authority areas in the county, St Albans has the highest house prices, with a property averaging £321,574. Stevenage property prices are the lowest averaging at £167,155 (Land Registry Jan - March 2006).

An average detached property in Dacorum is valued at £479,434, slightly higher than the Hertfordshire average of £477,635. Flat prices in Dacorum are however lower, averaging at £146,904 compared to £160,781 for Hertfordshire as a whole.

## House prices trends in Dacorum over the last 5 years

Based on data obtained from the Land Registry, over the last five years (January-March 2001 – 2006) house prices in Dacorum have risen steadily, though there have been some minor fluctuations. Average house prices have risen from £167,076 in 2001 to £253,494 for the same period in 2006. This represents an increase of £86,418 or 52% in the cost of an average home.

Average property prices in Dacorum Jan - March 2001 -2006 (Land Registry)

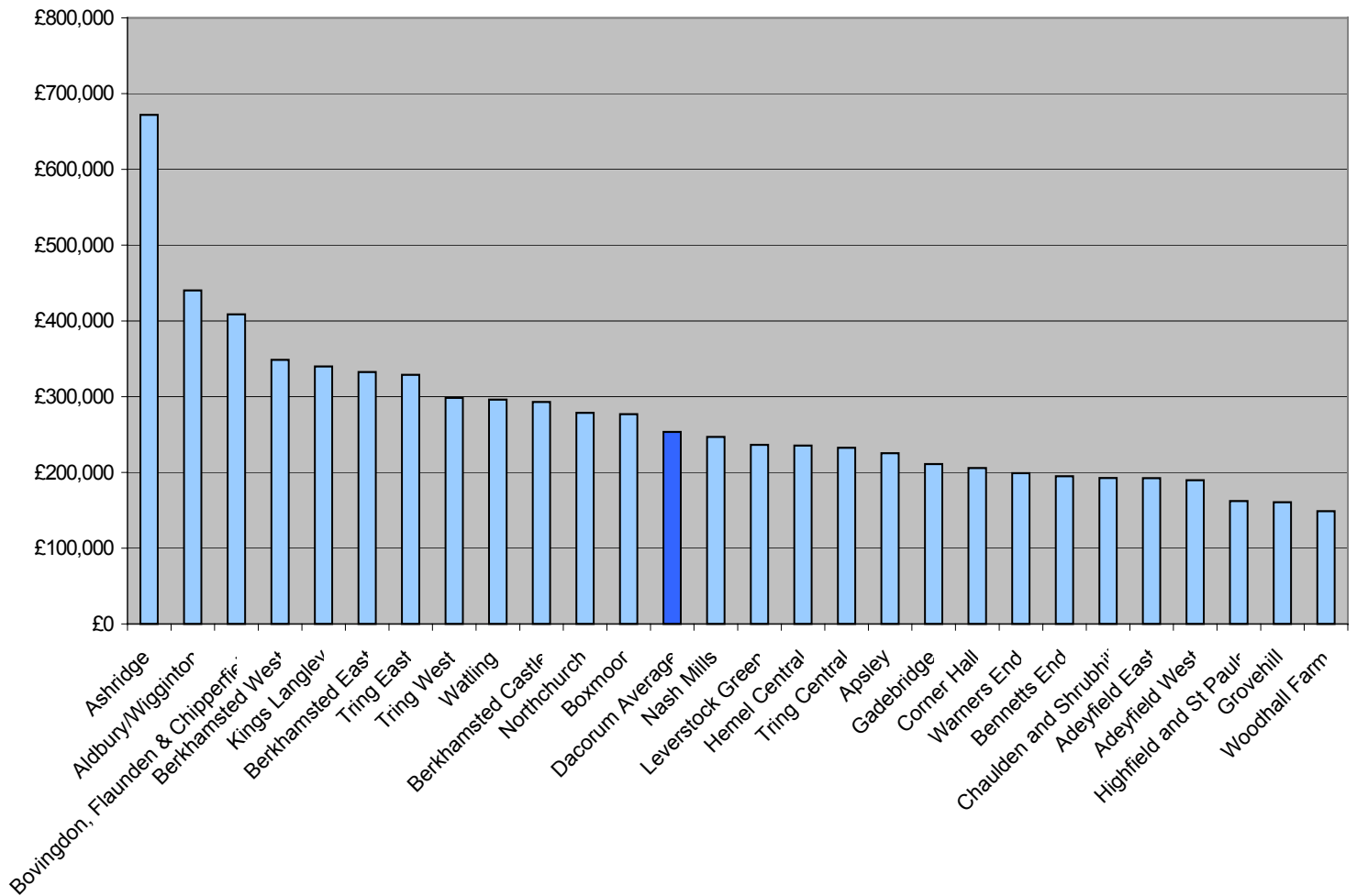


## House prices within Dacorum

House prices within the Borough vary considerably depending on the area in question. House prices in the village locations such as Aldbury and Wigginton are generally higher than towns, notably Hemel Hempstead, which has some of the lowest property prices in the Borough. The ward of Ashridge has the highest house prices, with an average property priced at £672,071, compared to Woodhall Farm in Hemel Hempstead, where an average property is just £151,760.

It is evident that there are links between house prices and levels of deprivation, with the lowest priced areas of Woodhall Farm, Highfield and St Pauls and Adeyfield East amongst the most deprived wards in Hertfordshire (Indices of Multiple Deprivation 2004).

## House prices in Dacorum at ward level (Source: Hometrack)



### Actual sale price to price placed on the market

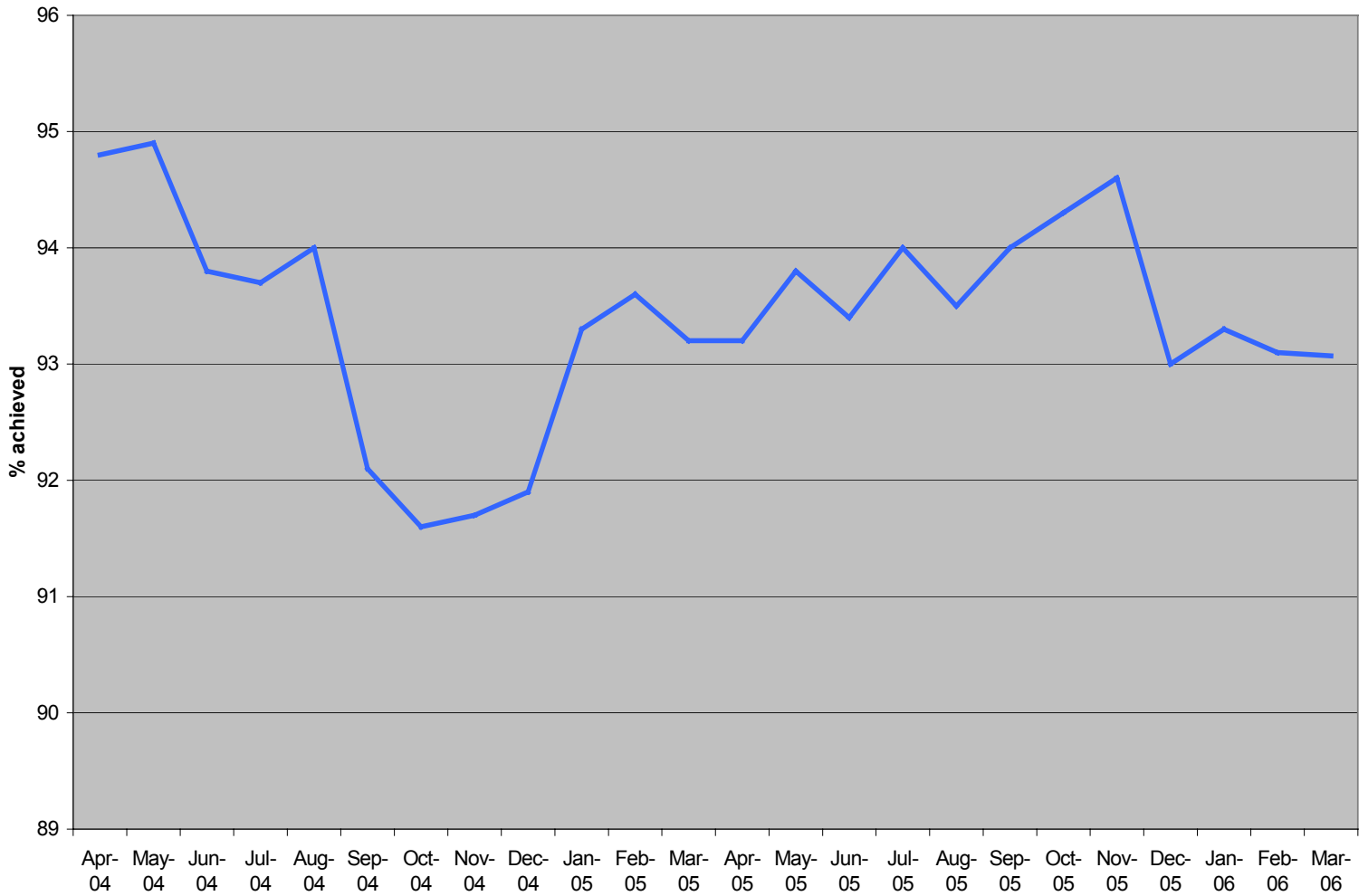
Dacorum properties sell on average for 93% of the asking price, slightly lower than the majority of neighbouring authorities with which a comparison was made.

Aylesbury Vale	95%
South Beds	94%
St Albans	94%
Chiltern	94%
3 Rivers	94%
Luton	93%
Dacorum	93%

Source: Hometrack

Within Dacorum sale to asking price has varied quite considerably over the last two years, as illustrated by the graph below. The highest percentage of sale to asking price occurred in May 2004, when 94.9% was achieved.

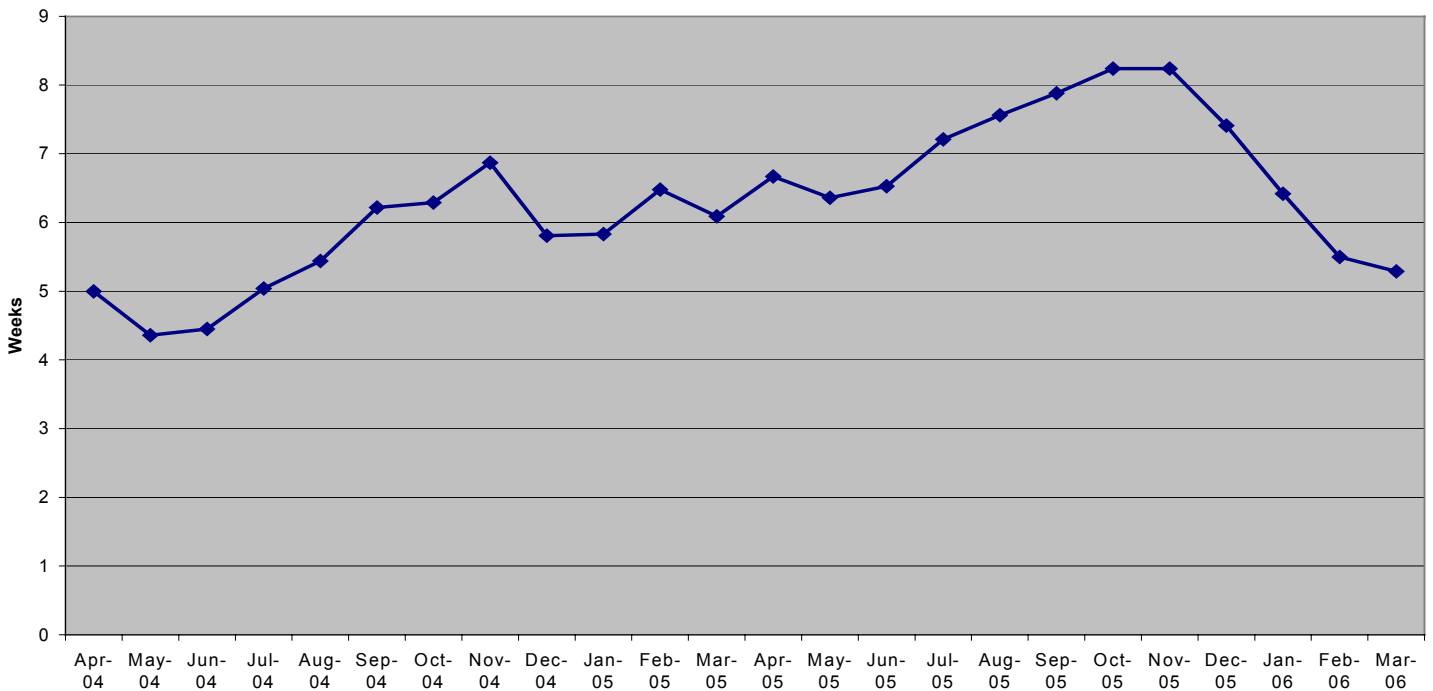
**Sale to asking price in Dacorum April 2004-March 2006 (Hometrack)**



**Average number of weeks for a property to sell in Dacorum**

The number of weeks average properties in Dacorum have taken to sell has fluctuated over the last 2 years. The number peaked towards the end of 2005 when the average rose to 8.24 weeks. Over the last few months however this figure has fallen and as of March 2006 averaged at just over 5 weeks.

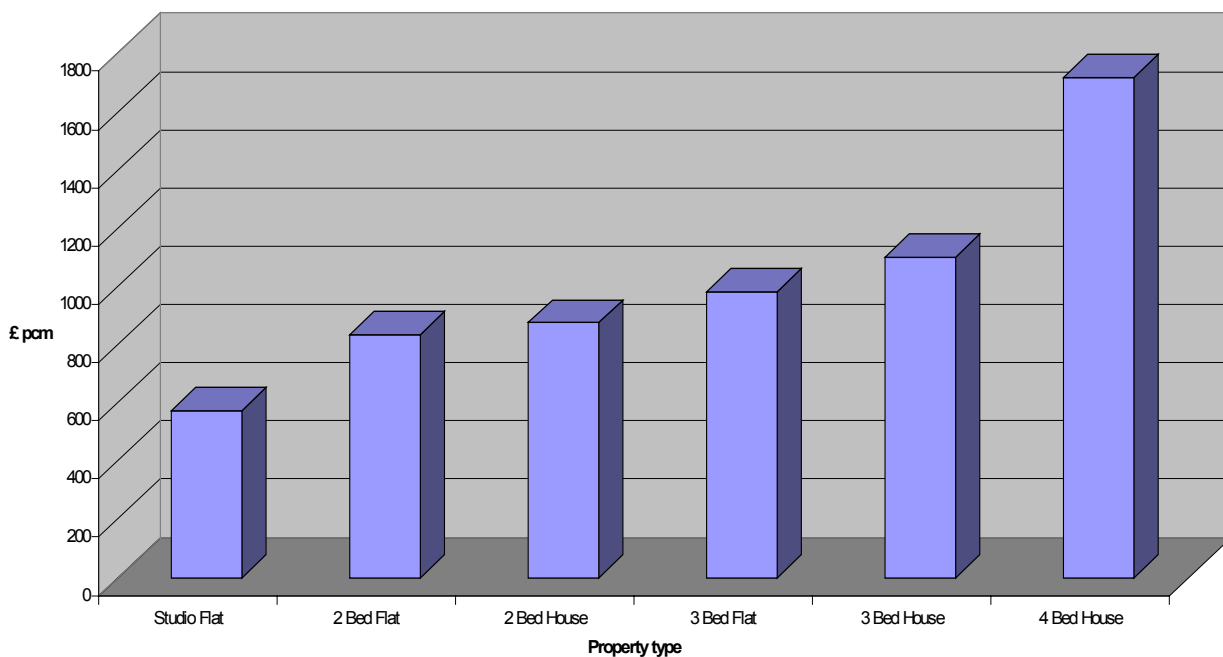
Average number of weeks to sell in Dacorum April 04 - March 06 (Hometrack)



### Private Sector rented accommodation in Hertfordshire

Based on advertised prices over a three month period, a two-bedroom house in Hertfordshire cost on average £877 per calendar month (pcm) to rent. Average rents do however vary quite considerably across the county, with an average two-bedroom house in St Albans costing £891 pcm to rent, compared to Stevenage at £726 pcm.

Average rents in Hertfordshire (based on advertised prices over 3 months as of July 2006)





## Private Sector rented accommodation in Dacorum

The availability and cost of rented accommodation varies across the Borough. Based on properties available to let during July 2006 it is evident that Hemel Hempstead has by far the largest supply of rented properties, the majority of which are one and two bedroom flats.

The cost of rented accommodation in different areas of the Borough corresponds with the average houses prices, ie the most expensive areas to buy in, such as Aldbury and Bovington are also the most costly to rent in.

The lowest priced accommodation available in Dacorum was a furnished one bedroom flat in Gadebridge, Hemel Hempstead at £450 per calendar month, while the most costly was a part furnished five bedroom house in Bovington village at £2750 pcm.

## Properties available to rent in Dacorum during July 2006

Area	Number of properties available	Minimum price	Maximum price
Berkhamsted	2	£350 pw (approx £1400 pcm) for a furnished 2 bed apartment	£500 pw (approx £2000 pcm) for a furnished 2 bed town house
Bovington	2	£2600 pcm for an unfurnished 4 bedroom house	£2750 pcm for a part furnished 5 bedroom house
Hemel Hempstead	48	£450 pcm for a furnished one bed flat	£400 pw (approx £1600 pcm) for a furnished 1 bed apartment
Kings Langley	4	£700 pcm for an unfurnished 2 bed flat	£2450 pcm furnished 4 bed bungalow
Markyate	1	£1200 pcm unfurnished 2 bed house	N/A
Tring/Aldbury/Wigginton	5	£250 pw (approx £1000 pcm) for a furnished 1 bed cottage in Aldbury	£650 pw (approx £2600 pcm) for a 3 bed furnished cottage in Wigginton

(Source: [www.findaproerty.co.uk](http://www.findaproerty.co.uk))

## Economic prosperity and quality of life in Dacorum

The Government published indices of Multiple Deprivation (IMD) combines individual indices of measures such as income deprivation, education, employment deprivation, barriers to housing and services, living environment and crime. Though Dacorum is regarded as a comparatively prosperous Borough, it is evident from the IMD that there are small pockets of deprivation.

Of the ten most deprived areas identified in the Borough all were in Hemel Hempstead. The most deprived were found to be Marchmont Green in Highfield and St Pauls. These score poorly in all the indices, with the notable exception of 'barriers to housing and services' and 'living environment', where they score very well.

In comparison to the rest of Hertfordshire Dacorum falls somewhere in the middle in its level of deprivation. According to the IMD East Herts is the most affluent Borough, while Stevenage exhibits the highest levels of deprivation.

## Average incomes in Hertfordshire

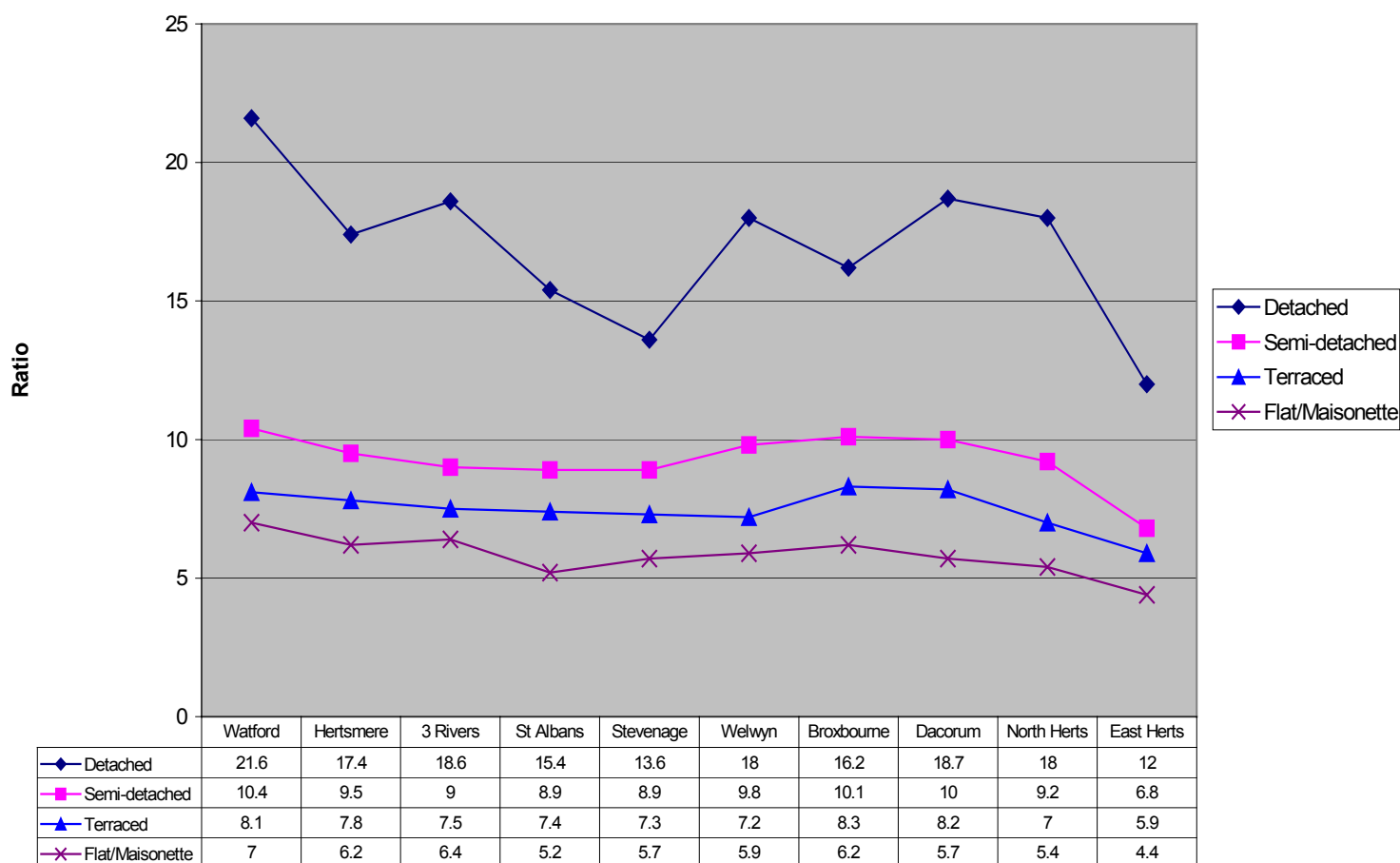
Average incomes in the Hertfordshire vary quite considerably, with Dacorum falling towards the middle of the scale (see table below). East Herts has the highest average income in the county, while Stevenage has the lowest.

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

## House price to income ratios in Hertfordshire

As the graph below illustrates, even the lowest priced accommodation in the Borough, i.e a flat/maisonette at £146,483 is 5.7 *times* the average annual income of £25,607. In Watford this figure rises to 7 times, due to the high property prices and comparatively low average salary. Even allowing for a reasonable deposit and a mortgage lender agreeing 3.5 times a salary, this still prices many people out of the property market.

House price to income ratios in Hertfordshire

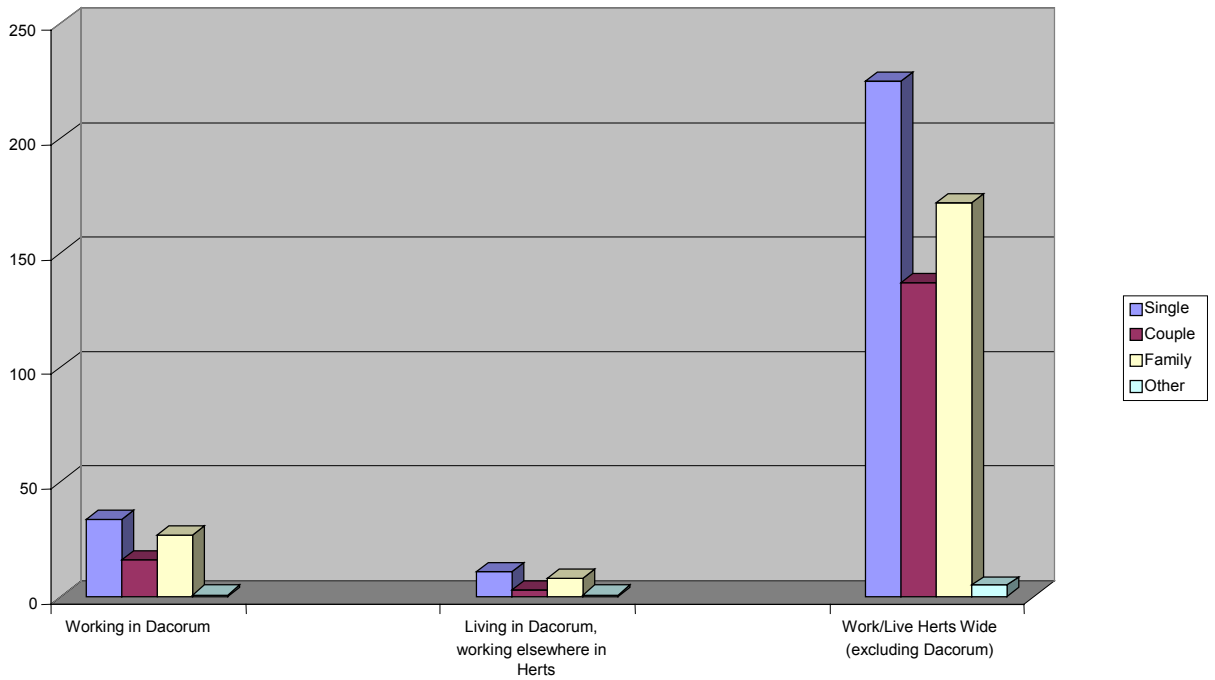


## Key workers in Hertfordshire

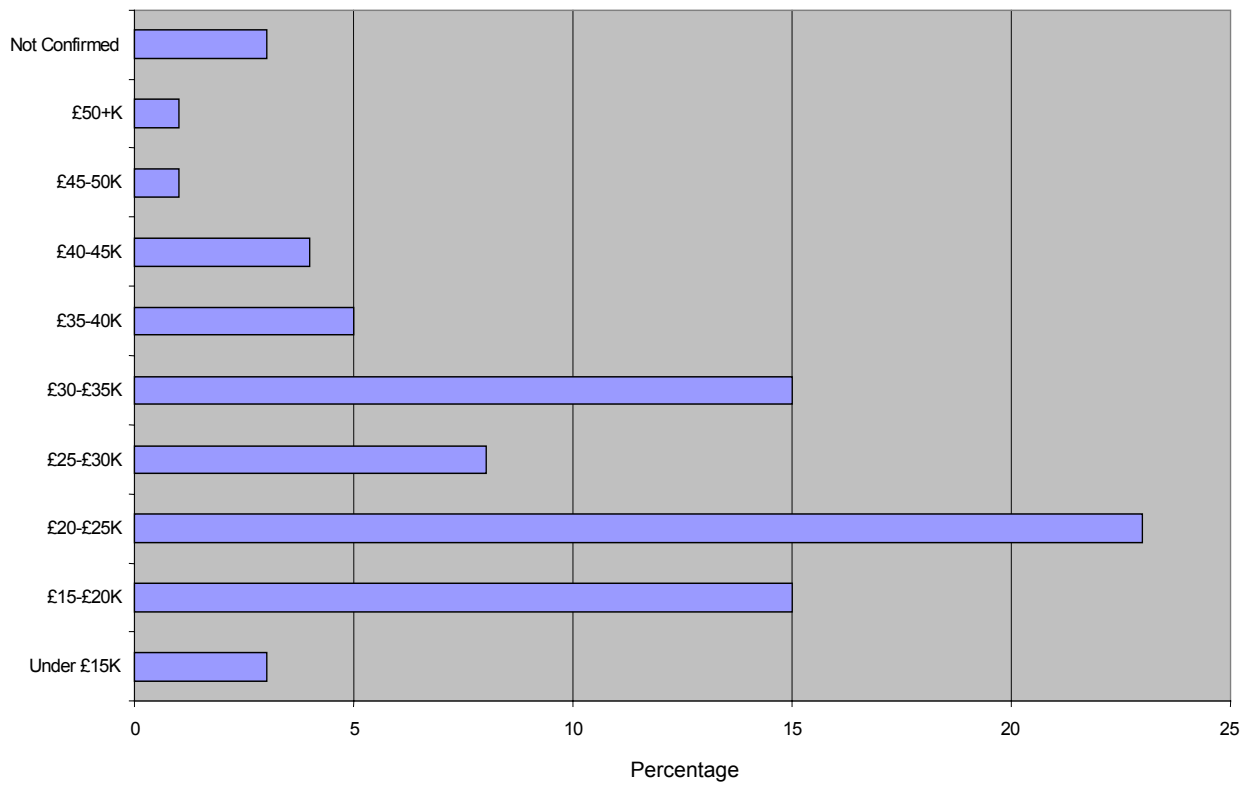
Key workers are those employees required to deliver public services. The definition of a key worker is subject to review in order to meet local demands but is generally acknowledged to be nurses, doctors, health workers, police officers, fire-fighters, teachers and social workers.

As the graphs below illustrate the majority of key workers in Hertfordshire are single people requesting one bedroom accommodation. Incomes in the sector vary but the majority are at a level which make it difficult for them to access private sector accommodation.

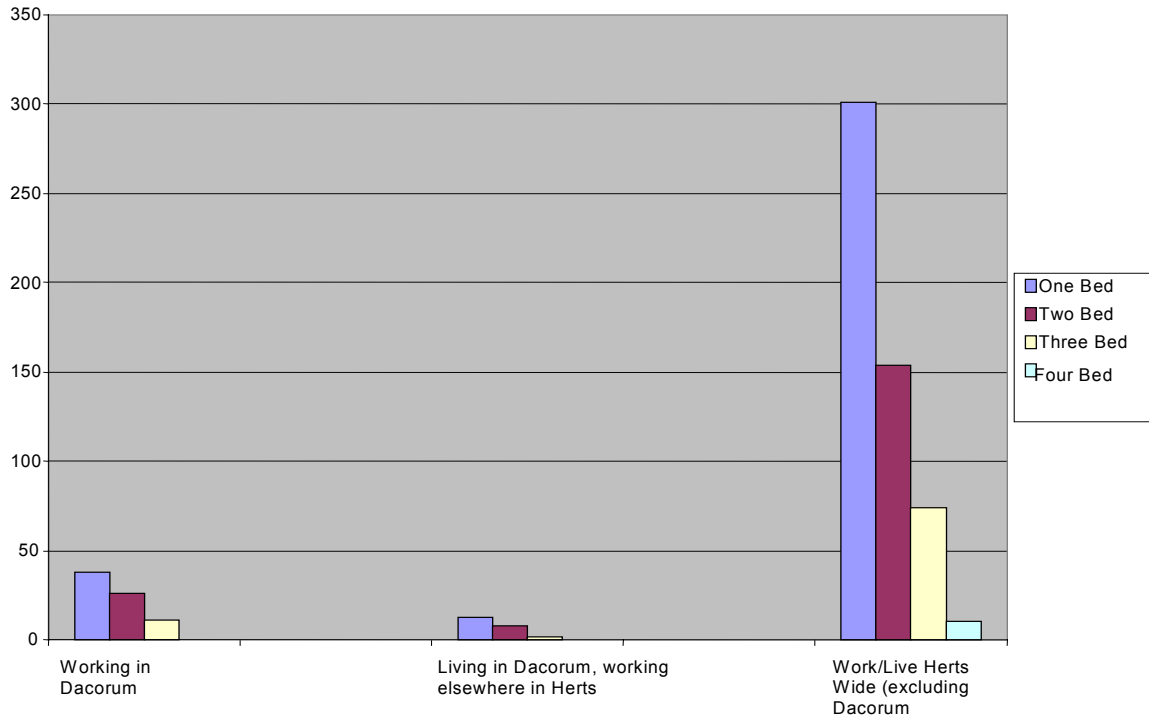
**Family status of key workers – Source: Lea Valley Homes**



**Household incomes of key workers working in Dacorum – Source: Lea Valley Homes**



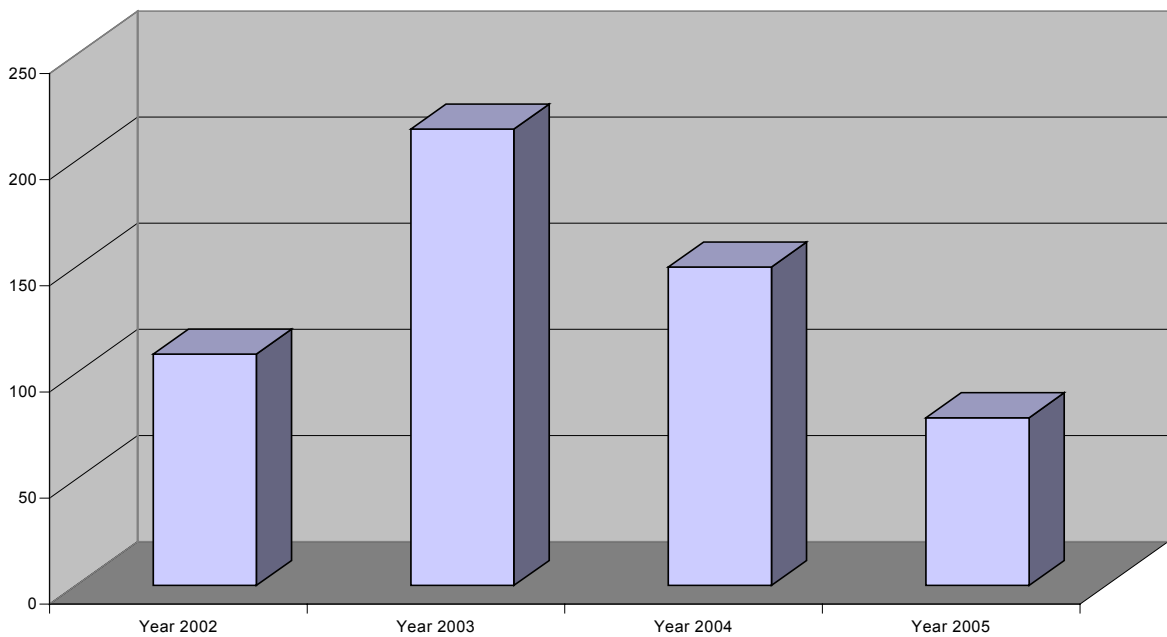
**Size of unit requested by key workers –  
Source: Lea Valley Homes**



**Right to Buy in Dacorum**

Between April 2002 and 2005, 553 Council properties were sold under the Right to Buy Scheme in Dacorum. This exceeds the number of affordable housing units the authority helped deliver in partnership with Registered Social Landlords during the same period (263 units) by 290.

**Total number of RTB's in Dacorum**



## Dwellings Balance Analysis

As part of the Housing Needs Survey David Couttie Associates carried out a Dwellings Balance Analysis for the Borough of Dacorum in 2004. The purpose of the report was to provide detailed information from which to develop site development brief requirements and social housing delivery, with a major objective of addressing stock gaps at local level.

In the analysis supply and demand are determined according to whether there is a shortfall or surplus of each type of accommodation. The analysis looks at both private sector and affordable sector housing.

### Summary of shortfall/surplus of private sector and affordable stock in Dacorum to 2008 by house type, size and location

Sub Area	Type	Bed/s	Private Sector		Affordable Sector	
			Shortfall	Surplus	Shortfall	Surplus
Berkhamsted & Northchurch	Flat	1	219	-	439	-
		2	-	52	182	-
		3	25	-	16	-
		4	-	-	-	-
	Bungalow	1	-	-	14	-
		2	14	-	1	-
		3	-	7	-	-
		4	7	-	-	-
	House	1	-	-	116	-
		2	190	-	232	-
		3	-	-	36	-
		4	-	65	62	-
<b>Total</b>		<b>455</b>	<b>124</b>	<b>1,098</b>		
Hemel Hempstead	Flat	1	-	273	1,549	-
		2	-	511	261	-
		3	208	-	198	-
		4	-	-	-	7
	Bungalow	1	-	-	102	-
		2	4	-	1	-
		3	-	-	1	-
		4	-	-	-	-
	House	1	-	-	944	-
		2	484	-	246	-
		3	-	1,746	76	-
		4	147	-	65	-
<b>Total</b>		<b>843</b>	<b>2,530</b>	<b>3,251</b>	<b>7</b>	
Tring	Flat	1	41	-	115	-
		2	31	-	27	-
		3	-	-	-	-
		4	-	-	-	-
	Bungalow	1	-	-	13	-
		2	8	-	4	-
		3	1	-	-	-
		4	4	-	-	-
	House	1	81	-	29	-
		2	206	-	30	-
		3	253	-	-	14
		4	145	-	1	-
<b>Total</b>		<b>770</b>		<b>219</b>	<b>14</b>	

Sub Area	Type	Bed/s	Private Sector		Affordable Sector	
			Shortfall	Surplus	Shortfall	Surplus
Kings Langley	Flat	1	38	-	69	-
		2	-	-	68	-
		3	-	-	1	-
		4	-	-	-	-
	Bungalow	1	-	-	15	-
		2	18	-	-	-
		3	-	9	-	-
		4	16	-	-	-
	House	1	-	8	9	-
		2	97	-	89	-
		3	226	-	-	-
		4	44	-	-	-
<b>Total</b>		<b>439</b>	<b>17</b>	<b>251</b>		
Aldbury	Flat	1	-	8	37	-
		2	-	-	15	-
		3	-	-	4	-
		4	-	-	-	-
	Bungalow	1	-	-	11	-
		2	-	-	-	-
		3	-	11	-	-
		4	-	-	-	-
	House	1	-	11	16	-
		2	-	17	12	-
		3	-	-	-	4
		4	-	59	-	-
<b>Total</b>			<b>106</b>	<b>95</b>	<b>4</b>	
Chipperfield, Flaunden & Bovington	Flat	1	82	-	55	-
		2	-	42	54	-
		3	-	-	3	-
		4	-	-	-	-
	Bungalow	1	-	-	16	-
		2	-	-	-	-
		3	25	-	-	-
		4	-	26	-	-
	House	1	-	8	30	-
		2	180	-	13	-
		3	21	-	-	37
		4	5	-	-	-
<b>Total</b>		<b>313</b>	<b>76</b>	<b>171</b>	<b>37</b>	
Nettleden with Potten End	Flat	1	-	-	-	-
		2	-	-	5	-
		3	-	-	-	-
		4	-	-	-	-
	Bungalow	1	-	-	1	-
		2	-	-	-	-
		3	-	8	-	-
		4	-	-	-	-
	House	1	22	-	1	-
		2	18	-	1	-
		3	1	-	-	5
		4	-	18	-	-
<b>Total</b>		<b>41</b>	<b>26</b>	<b>8</b>	<b>5</b>	

Sub-Area	Type	Bed/s	Private Sector		Affordable Sector	
			Shortfall	Surplus	Shortfall	Surplus
Markyate & Flamsted	Flat	1	-	23	36	-
		2	-	18	9	-
		3	-	-	2	-
		4	-	-	-	-
	Bungalow	1	16	-	-	10
		2	22	-	1	-
		3	-	-	-	-
		4	-	-	-	-
	House	1	22	-	14	-
		2	-	16	15	-
		3	-	22	-	1
		4	-	12	-	-
<b>Total</b>		<b>60</b>	<b>91</b>	<b>77</b>	<b>11</b>	
Gaddesden	Flat	1	-	8	13	-
		2	-	-	1	-
		3	-	-	2	-
		4	-	-	-	-
	Bungalow	1	-	-	2	-
		2	-	-	-	-
		3	-	5	-	-
		4	-	-	-	-
	House	1	-	11	3	-
		2	-	26	-	-
		3	-	65	-	3
		4	-	25	-	-
<b>Total</b>			<b>140</b>	<b>21</b>	<b>3</b>	
<b>Overall Total</b>			<b>2,921</b>	<b>3,110</b>	<b>5,191</b>	<b>81</b>

### Analysis of Private Sector and Affordable properties across the Borough to 2008

The Borough overall:

- **Private Sector**

There is a net deficit of 171 one-bedroom properties in the Borough, including a shortfall of 16 bungalows, due to a lack of supply of this property type.

There is a net shortfall of 590 two-bedroom properties in the Borough, most notably two-bedroom houses for which there is a significant net deficit of 1,116 properties. This is due to a lack of supply of these types of properties. In contrast there is a surplus of 592 two-bedroom flats in the Borough.

There is a significant net surplus of 1,113 three-bed properties across the Borough as a whole due to an over supply of 1,332 three-bedroom houses in some areas, combined with a deficit of 233 three-bedroom flats.

Across the Borough as a whole there is a net shortfall of 163 four (+) bedroom properties, mainly due to an under supply of four bedroom houses in certain areas, combined with a surplus in others.



Surpluses and shortfalls vary significantly across the Borough. In Berkhamsted there is for example a shortfall of one-bedroom flats, while in Hemel Hempstead there is a large surplus. This suggests that given the choice people would prefer to live in a one bedroom flat in Berkhamsted. It does not however take into account factors such as affordability, how planning policy guides particular types of developments in that area and decisions about the housing market by house builders.

- **Affordable Sector**

Across the Borough as a whole there is a net shortfall of 5,110 affordable properties. There are large deficits of one and two bedroom flats and houses, combined with a surplus of three bedroom houses.

There is a deficit of bungalows across the Borough due to low supply. The greatest shortfall of affordable housing is in Hemel Hempstead, which has a net shortfall of 3,244 properties.

**Summary of shortfall/surplus of private sector and affordable stock to 2008 by house type and size**

Type	Bed/s	Private Sector		Affordable Sector	
		Shortfall	Surplus	Shortfall	Surplus
Flats	1	68	-	2313	-
	2	-	592	622	-
	3	233	-	186	-
	4	-	-	-	7
Bungalows	1	16	-	164	-
	2	66	-	7	-
	3	-	14	1	-
	4	1	-	-	-
Houses	1	87	-	1162	-
	2	1116	-	638	-
	3	-	1332	-	104
	4	162	-	128	-
		<b>1,749</b>	<b>1,938</b>	<b>5221</b>	<b>111</b>