

# Blackpool Market Signals Report

## May 2015

Blackpool Council



# **Blackpool Council Market Signals Report, April 2015**

## 1. Introduction

1.1 The PPG sets out the need to take market signals into account when assessing housing requirements, given that they provide an indication of the balance between demand and supply. This is particularly important to consider given the significant variations in ONS household projections for Blackpool over the last few years, reflecting the unusual migration and housing demand patterns found in the town.

1.2 The PPG states: “The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand.”<sup>1</sup>

1.3 The PPG sets out six market signals which should be reviewed:

- Land prices
- House prices
- Rents
- Affordability
- Rate of development
- Overcrowding

1.4 PPG states that an uplift in planned housing numbers from those solely based on ONS household projections is required where there is evidence of an undersupply compared with demand. This is in order to increase the supply of housing to meet demand and tackle affordability issues:

“This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area, similar demographic and economic areas, and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and therefore, the larger the additional supply response should be.”

<sup>1</sup> [http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph\\_019](http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019)

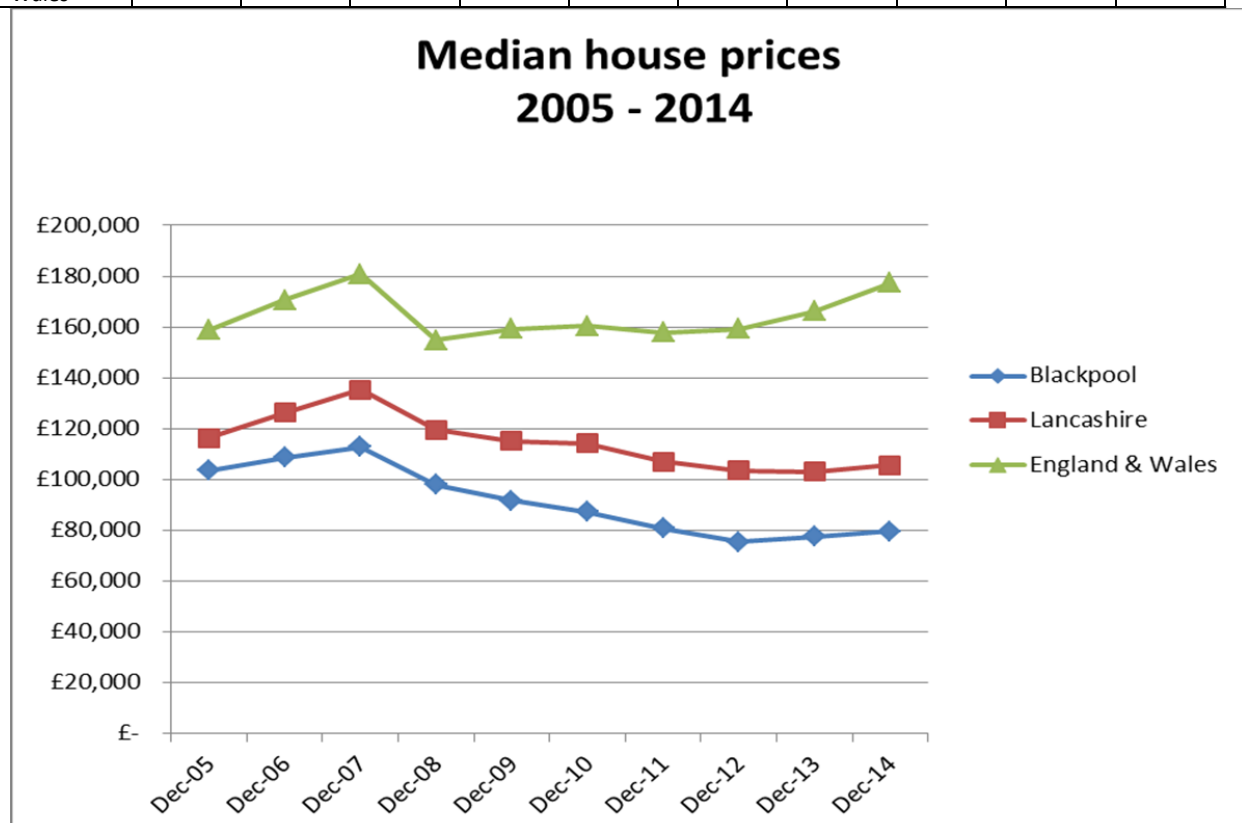
1.5 This report therefore contains an overview of the key market signals indicated in the PPG, in order to determine how the housing market has developed in Blackpool and to understand the extent of any market imbalance.

## 2. House Prices

2.1 The PPG states that longer term increases in house prices can be indicative of an imbalance between supply and demand. DCLG provides information on median house prices, based on Land Registry data, enabling the analysis of long-term house price trends. The table and graph below show how median house prices have changed since 2005, with the county and national medians also shown for context.

Figure 1.1: Median House Prices 2005 – 2014

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Blackpool	103,407	108,513	112,836	97,888	91,702	87,264	80,618	75,404	77,540	79,668
Lancashire	116,213	126,264	135,316	119,618	115,055	114,286	107,075	103,389	103,011	105,635
England & Wales	158,754	170,536	180,825	154,868	159,167	160,292	157,760	159,292	166,140	177,328



Source: DCLG 2014

2.2 Historically, median property prices in Blackpool have been less than the neighbouring authorities in Lancashire and much less than the national average.

2.3 Understanding the rate of change also provides useful context, and the following table therefore indexes change in median prices in Blackpool, Lancashire, and England. This helps to understand the rate of growth in prices over the period to 2014.

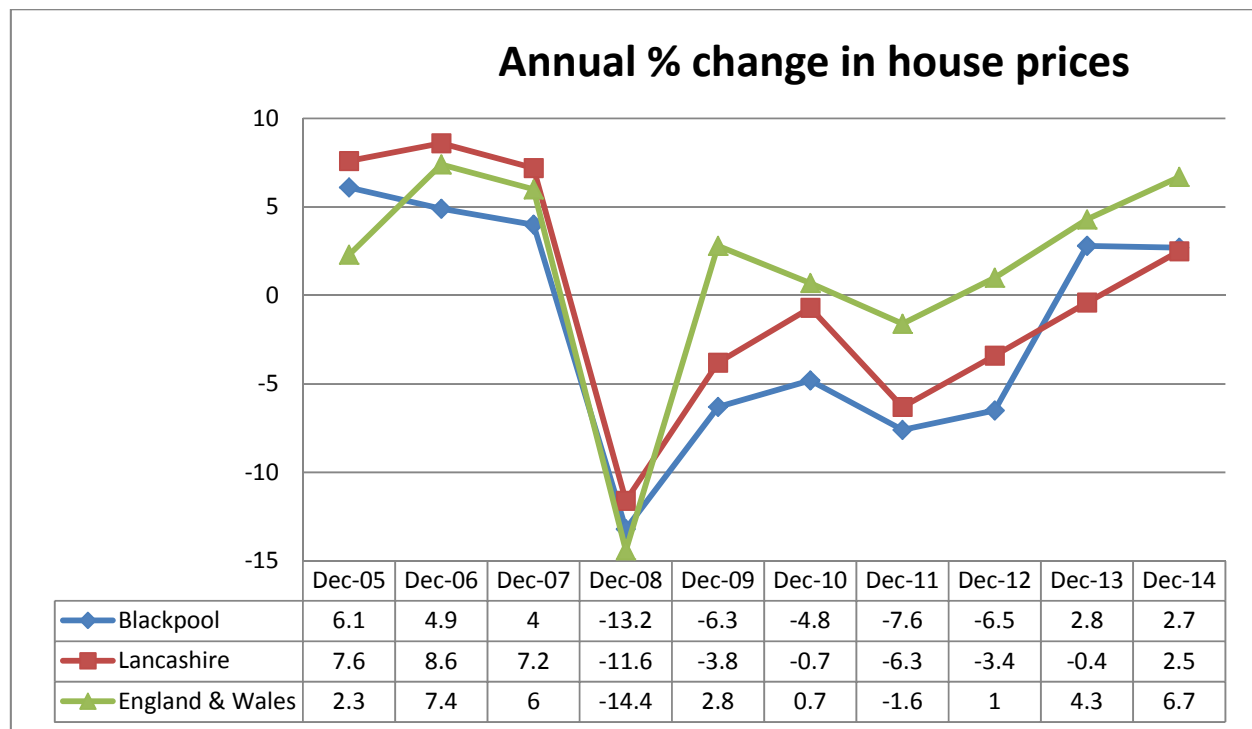
Figure 1.2: Indexed Median House Price Change 2005 – 2014

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Blackpool	100	104.94	109.12	94.66	88.68	84.39	77.96	72.92	74.99	77.04
Lancashire	100	108.65	116.44	102.93	99.01	98.35	92.14	88.97	88.64	90.90
England & Wales	100	107.42	113.90	97.55	100.26	100.97	99.37	100.34	104.65	111.70

Source: DCLG 2014

2.4 The graph below provides another way of comparing house price change in Blackpool with local and national comparators, looking at % change each year between 2005 and 2014.

Figure 1.3: Annual House Price Change (%) 2005-2014



Source: DCLG 2014

2.5 Figures 1.2 and 1.3 show how in Blackpool prices rose to late 2007 and then fell dramatically. The extent of price falls was initially similar to local and national comparators, but in Blackpool prices continued to fall

more steeply than the Lancashire average and for much longer than the national average. There was no recovery in prices in Blackpool until 2013 – much later than the national comparator. The recovery since 2013 has been very limited, with prices in Blackpool in December 2014 still at 77% of values in 2005, compared with just under 91% in Lancashire and 111% in the whole of England and Wales.

2.6 The latest house prices can be compared with those found at the house price peak in 2007 and the lowest point in the house price trough that followed to compare the strength of the market with the market in other parts of the UK. Figure 1.4 shows analysis by Hometrack of prices in the 64 largest urban areas, with the prices for Blackpool including the whole of coastal conurbation covered by FY postcodes – so the wider housing market centred on Blackpool.



Figure 1.4: Change in House prices in Year to March 2015 and compared with peak and trough since 2007

City	Average price	£ change last 12 months	Trough - current	Peak - current	Change last 12 months
MiltonKeynes	£218,465	£26,100	38.9%	12.4%	13.6%
Oxford	£373,071	£44,200	52.8%	29.2%	13.4%
Reading	£310,312	£34,600	43.4%	19.4%	12.5%
London	£417,444	£44,100	58.8%	33.5%	11.8%
Aldershot	£307,918	£32,400	41.4%	18.1%	11.8%
Medway	£186,144	£18,200	31.3%	7.5%	10.9%
Crawley	£310,438	£29,700	41.6%	18.7%	10.6%
Southend	£235,721	£22,400	29.9%	10.6%	10.5%
Swindon	£173,050	£16,400	26.6%	3.0%	10.4%
Hastings	£173,476	£16,200	28.1%	4.1%	10.3%
Luton	£172,572	£16,100	30.5%	4.3%	10.3%
Ipswich	£155,165	£13,800	29.7%	2.3%	9.8%
Bristol	£219,425	£19,400	35.9%	10.2%	9.7%
Brighton	£303,839	£26,500	46.6%	19.9%	9.5%
Burnley	£93,959	£7,300	14.9%	-20.8%	8.4%
Worthing	£239,336	£18,200	35.1%	8.6%	8.2%
Aberdeen	£187,447	£13,600	26.9%	11.0%	7.8%
Glasgow	£111,662	£7,800	9.0%	-12.5%	7.6%
Coventry	£135,765	£9,500	18.1%	-1.0%	7.6%
Cambridge	£347,354	£24,000	56.4%	29.7%	7.4%
Northampton	£158,212	£10,800	27.0%	-0.2%	7.3%
Peterborough	£144,279	£9,300	16.9%	-5.5%	6.9%
Manchester	£138,650	£8,900	12.9%	-5.7%	6.8%
Hull	£87,167	£5,600	10.9%	-11.3%	6.8%
Southampton	£192,295	£12,200	25.3%	4.8%	6.8%
Norwich	£184,446	£11,700	27.9%	2.7%	6.8%
Cardiff	£178,147	£11,200	20.0%	0.9%	6.7%
Portsmouth	£193,183	£12,000	24.6%	5.6%	6.7%
Leeds	£145,338	£9,000	12.2%	-7.2%	6.6%
York	£204,567	£12,600	24.1%	6.6%	6.6%
Blackburn	£102,553	£6,300	10.4%	-18.0%	6.6%
Doncaster	£111,052	£6,600	7.9%	-12.9%	6.4%
Sheffield	£126,061	£7,500	11.2%	-4.3%	6.3%
Stoke	£102,790	£6,000	9.6%	-10.3%	6.3%
Rochdale	£109,769	£6,100	9.8%	-14.2%	5.9%
Swansea	£130,208	£7,300	11.8%	-9.2%	5.9%
Gloucester	£151,688	£8,300	19.2%	-5.2%	5.8%
Nottingham	£126,571	£6,900	17.1%	-2.1%	5.8%
Bournemouth	£239,633	£12,800	25.3%	2.9%	5.6%
Edinburgh	£193,381	£9,600	11.3%	-7.8%	5.3%
Birmingham	£134,940	£6,700	12.4%	-4.8%	5.2%
Leicester	£142,573	£7,100	17.3%	-0.9%	5.2%
Telford	£136,685	£6,700	9.3%	-8.3%	5.2%
Belfast	£113,099	£5,500	12.6%	-49.8%	5.2%
Newcastle	£121,745	£5,800	10.2%	-8.6%	5.0%
Bolton	£113,747	£5,200	5.0%	-15.9%	4.8%
Newport	£134,076	£6,000	9.3%	-12.5%	4.7%
Wakefield	£119,575	£5,100	8.3%	-14.0%	4.5%
Warrington	£155,873	£6,600	12.8%	-5.6%	4.4%
Wigan	£112,646	£4,700	7.8%	-12.3%	4.3%
Birkenhead	£138,941	£5,400	8.7%	-11.4%	4.0%
Bradford	£117,357	£4,300	8.5%	-16.7%	3.8%
Barnsley	£109,634	£3,800	7.7%	-14.4%	3.6%
Liverpool	£109,878	£3,700	7.9%	-15.3%	3.5%
Sunderland	£103,603	£3,500	5.8%	-17.3%	3.4%
Derby	£131,231	£4,400	12.9%	-5.2%	3.4%
Huddersfield	£126,865	£4,100	7.4%	-12.9%	3.3%
Mansfield	£108,619	£3,500	13.0%	-6.8%	3.3%
Preston	£133,702	£3,500	6.1%	-12.2%	2.6%
Plymouth	£151,750	£3,500	14.4%	-5.4%	2.3%
Middlesbrough	£107,923	£2,100	5.7%	-16.1%	1.9%
Grimsby	£99,981	£1,500	6.7%	-13.3%	1.6%
Blackpool	£127,649	£1,400	4.5%	-17.5%	1.1%
Dundee	£103,563	-£1,500	5.7%	-6.9%	-1.3%

Source: Hometrack, 2015

2.7 This analysis shows how house price growth in the greater Blackpool area has been the second lowest of all UK cities, second only to Dundee. The growth in prices since the post-2007 trough is the lowest of all 64 UK cities, and current prices are lower than the 2007 peak to a greater extent than all but 3 other UK cities – Belfast, Burnley, and Blackburn. This indicates a market that remains extremely subdued, with no evidence of the buoyant recovery seen in some other parts of the country.

### 3. Rents

3.1 The PPG suggests that the rental market should also be considered as a market signal, with longer term changes in rental levels indicative of a potential imbalance between the demand for and the supply of housing.

3.2 It is important to therefore establish an understanding of the private rental market in Blackpool. Data published by the Valuation Office Agency (VOA) collates information provided by private rental landlords, and proves a useful starting point for this assessment. The latest available data covers the period from April 2013 to March 2014, and includes both lower quartile and median rents to show the cost of rental properties at both the lower end and midpoint of the market, compared with the North West region and England.

Figure 1.5: Monthly Private Rental Cost (£) 2013/14

Area	Mean	Lower quartile	Median	Upper quartile
England	720	465	<b>595</b>	795
North West	532	410	<b>495</b>	600
Blackpool	491	390	<b>498</b>	575

Source: VOA, 2014

3.3 This shows that median rents in Blackpool are similar to the North West average and significantly below the England average. Lower quartile, upper quartile and mean rents in Blackpool are lower than the North West average. This reflects the availability of many cheaper properties in Blackpool – there are large numbers of very small and inexpensive properties aimed at the Housing Benefit market – and the lack of properties at the higher end of the market.

3.4 Crucially, however, it is important to understand how rents have changed, with the PPG stating that longer term change in rents can be indicative of an imbalance between supply and demand. Further analysis of recent changes in rents from the year April 2012 to March 2013 in Figure 1.6 shows that overall rents in Blackpool have remained the same. Rents in England as a whole increased within the year by 3.33% for lower quartile rents and 1.71% for median rents.

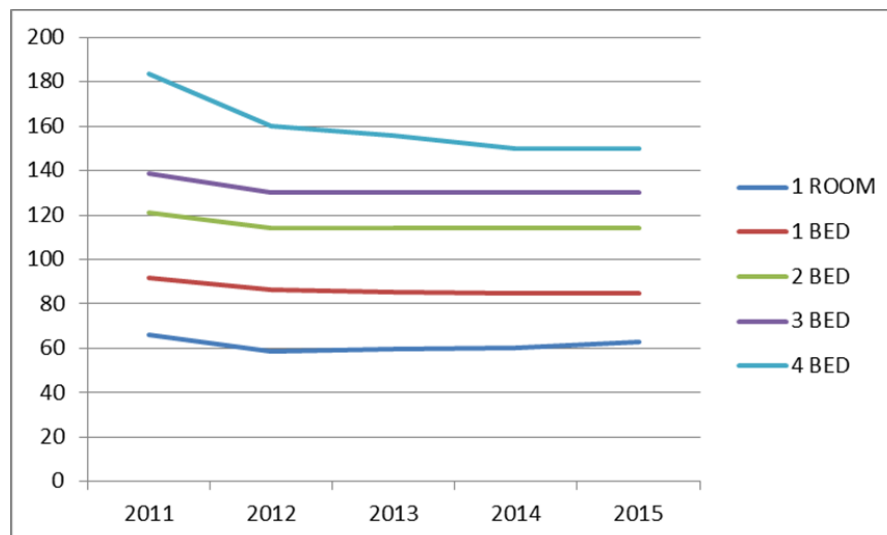
Figure 1.6: Monthly Private Rental Cost in Blackpool 2012/13 compared with 2013/14

Blackpool	2012/13		2013/14		% Change	
	Lower Q	Median	Lower Q	Median	Lower Q	Median
1 bedroom	351	390	368	390	4.84	0.00
2 bedrooms	455	498	455	500	0.00	0.40
3 bedrooms	550	585	542	585	-1.45	0.00
4+ bedrooms	650	694	650	693	0.00	-0.14
All	390	498	390	498	0.00	0.00
England	2012/13		2013/14		% Change	
	Lower Q	Median	Lower Q	Median	Lower Q	Median
1 bedroom	410	500	415	500	1.22	0.00
2 bedrooms	475	575	475	575	0.00	0.00
3 bedrooms	550	650	550	650	0.00	0.00
4+ bedrooms	795	1100	800	1100	0.63	0.00
All	450	585	465	595	3.33	1.71

Source: VOA, 2013 and 2014

3.5 Rents in Blackpool are strongly linked to Local Housing Allowance levels, because over 80% of private tenants are in receipt of Housing Benefit. Information on LHA rates is available over a longer time period, and also shows a lack of growth. The drop from 2011 to 2012 reflects the use of the 30<sup>th</sup> percentile market rent as the LHA level, when previously the median market rent in the Fylde Coast Broad Rental Market Area had been used.

Figure 1.7: Fylde Coast Local Housing Allowance Rates over time



Source: VOA



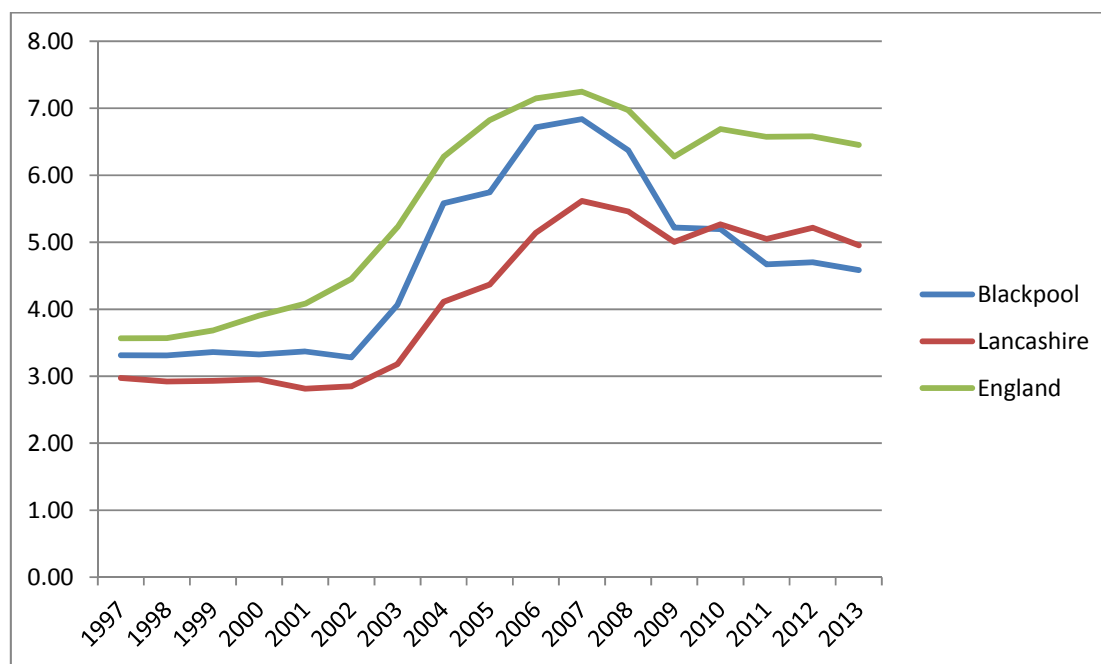
#### 4. Affordability

4.1 The PPG states that an assessment of the relative affordability of housing within an area should be undertaken, through a comparison of housing costs and the ability of households to pay. This is set out in the Fylde Coast SHMA published in February 2014, but an update is provided here.

4.2 Nationally, the housing market has undergone significant change in recent years, with the recent economic downturn constraining the availability of mortgage finance. First time buyers, and those households purchasing at the height of the market, now find themselves in a much more challenging position when looking to either buy a home or move home. Many younger households are increasingly turning to parents for deposit contributions, or looking to alternative housing products with lower immediate financial requirements.

4.3 The impact of changing house prices on affordability of homes within Blackpool is demonstrated in the following graph, which shows the ratio of lower quartile house prices to earnings over time.

Figure 1.8: Ratio of Lower Quartile House Price to Earnings (1997 – 2013)



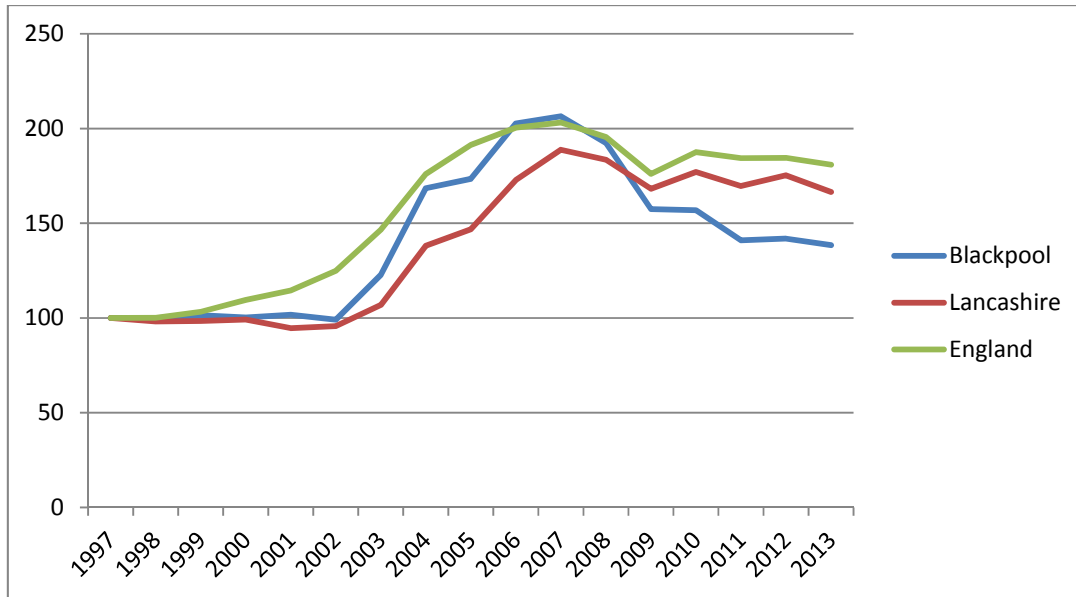
Source: DCLG 2014

4.4 The graph shows that for most of the period, Blackpool was less affordable than the rest of Lancashire (to its own residents). While house prices were relatively low, incomes were lower still. However, since 2010, homes in Blackpool have become relatively more affordable because house prices have been so suppressed.

4.5 The following graph shows the indexed figures for the ratio of lower quartile house price to earnings. The figures show how affordability ratios in Blackpool in 2013 had fallen back to levels similar to 2003, albeit with

a ratio that remains higher than the period prior to 2002. This is in contrast to Lancashire and England as a whole where affordability ratios remain closer to their peak 2007 levels.

Figure 1.8: Indexed Ratio of Lower Quartile House Price to Earnings (1997 – 2013)



Source: DCLG 2014

### Rate of Development

5.1 The PPG suggests that the recent supply of new dwelling should be analysed in order to identify any shortfalls against planned provision as an indicator of previous under-delivery, and to understand market dynamics over time.

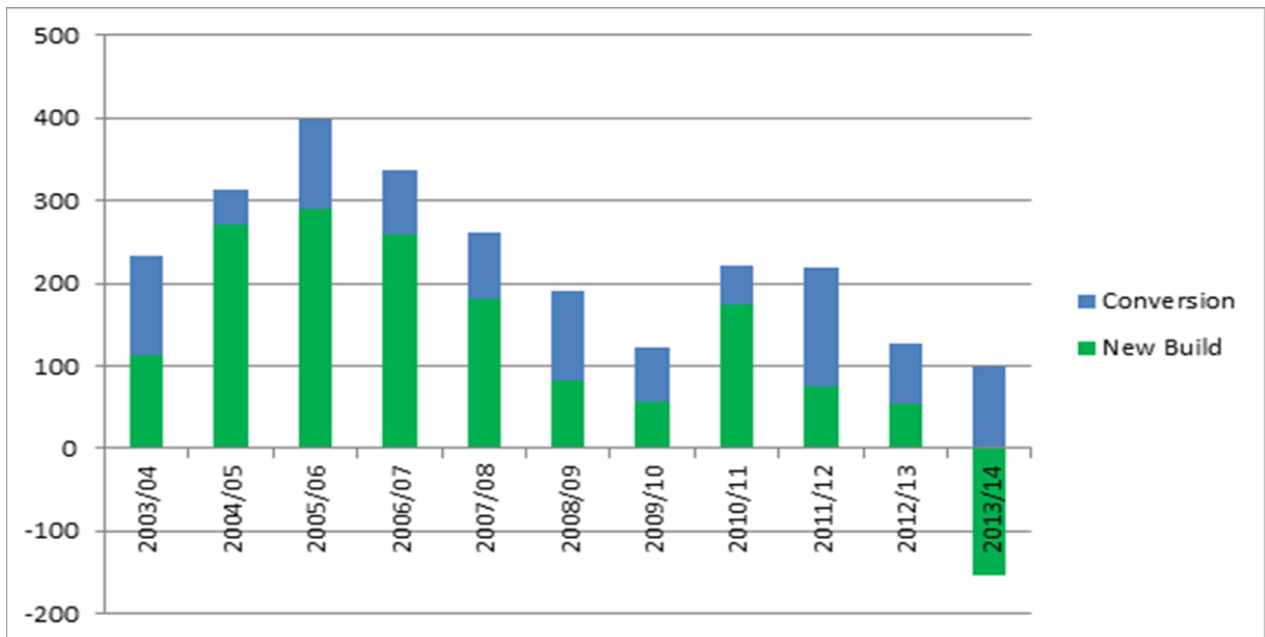
5.2 Monitoring undertaken by the Council allows an understanding of how net completion levels have changed, and also how net completions are split between new build developments and residential units created from the conversion of existing buildings from other uses. In Blackpool, most conversions are from former guest house use and this is a significant element of the housing supply.

Figure 1.9: Net Dwelling Completions 2003/4 – 2013/14 by Year

Year	New Build			Conversions (Permitted)			Total	
	Gross	Losses	Net	Gross	Losses	Net	Gross	Net
2003/04	175	63	112	163	41	122	338	234
2004/05	315	45	270	96	53	43	411	313
2005/06	314	24	290	138	29	109	452	399
2006/07	311	52	259	136	57	79	447	338
2007/08	186	5	181	102	21	81	288	262
2008/09	85	4	81	137	28	109	222	190
2009/10	59	2	57	93	27	66	152	123
2010/11	240	66	174	55	7	48	295	222
2011/12	79	3	76	188	46	142	267	218
2012/13	56	3	53	131	56	75	187	128
2013/14	22	176 <sup>3</sup>	-154	123	24	99	145	-55
<b>Total</b>	<b>1842</b>	<b>443</b>	<b>1399</b>	<b>1362</b>	<b>389</b>	<b>973</b>	<b>3204</b>	<b>2372</b>

Source: Blackpool Council Housing Monitoring Report 2014

Figure 1.10: Net Dwelling Completions 2003/4 – 2013/14 Split by New Build / Conversions

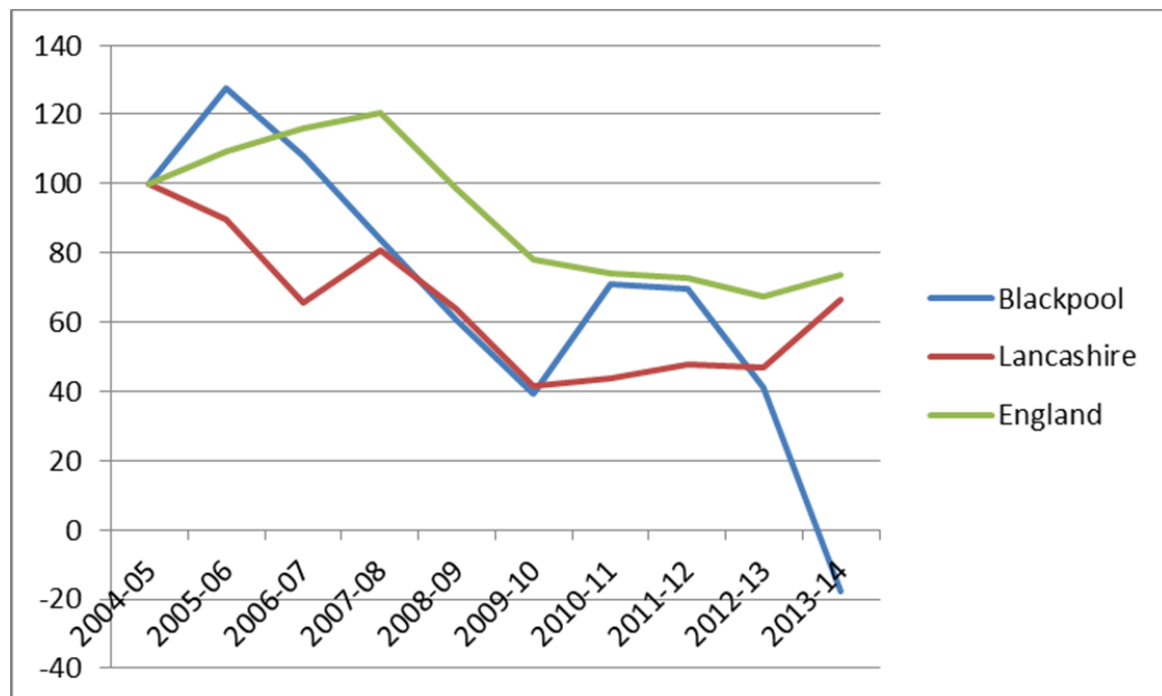


Source: Blackpool Council Housing Monitoring Report 2014

5.3 The impact of the recession on housing completions in Blackpool is clear, with the completion rate evidently falling from a peak in 2005/6 and being especially low in the years immediately following the 2007 house price peak. The recovery in completions in 2010/11 and 2011/12 was driven by high numbers of grant funded affordable housing completions by the Council and housing association partners. Since then, numbers have reduced. The negative net completion figure for 2013/14 reflects the demolition of an unpopular high-rise Council estate as part of a new build development scheme, with the first new build completions not coming through until late in 2014/15.

5.4 The following graph shows indexed change in net completions in Blackpool compared with the Lancashire County Council area and England.

Figure 1.11: Indexed Net Dwelling Completions 2004/5 – 2013/14



Source: Blackpool Council Housing Monitoring Report 2014 and DCLG Live Tables 2014

5.5 The chart indicates that completions in Blackpool peaked in 2005/6, and have generally followed a trajectory of decline since then, albeit with a slight uplift in 2010/11 and 2011/12. In Lancashire and England, levels also declined from 2004/5 and from 2007/8 respectively, but have stabilized or started to recover from 2012/13.

5.6 It is useful to compare housing completions (picked up by the Census as a growth in household spaces) with the change in household numbers experienced in Blackpool. Demographic analysis reflected in the Fylde Coast SHMA published in February 2014 shows that changing household numbers in Blackpool are predominantly the result of net migration and headship rates, as natural change is in balance or only very slightly negative. This helps to see whether migration levels into the area are linked to or constrained by the

level of development. The following table therefore compares these two indicators, and also considers the level of vacant household spaces.

Figure 1.12: Relationship between Household Spaces, Number of Households, and Vacancy Rates in Blackpool

	Number of Household Spaces	Number of Households	Empty Household Spaces
2001	67,028	63,940	3,088
2011	69,343	64,367	4,976
Change 2001-11	+2,315	+427	+1,888

Source: ONS Census 2001 and Census 2011

5.7 Between 2001 and 2011, the number of additional homes far exceeded the number of additional households, and as a result, the number of vacant household spaces increased. Further detail on vacancy rates compared with the whole Fylde Coast and England is set out below.

Figure 1.13 Number of Vacant Household Spaces in Blackpool and comparators

Area	2011				2001
	Number of Household Spaces	Number of Households	Empty Properties	%	%
Blackpool	69,343	64,367	4,976	7.2%	5.0%
Fylde Coast	156,851	146,533	10,318	6.6%	4.6%
England	23,044,097	22,063,368	980,729	4.3%	3.8%

Source: ONS Census 2001 and Census 2011

5.8 This suggests that there has been no strong relationship between the number of dwellings completed and the level of net migration to Blackpool over the decade. Despite 2,315 additional housing units being created (232 p.a), the number of households increased at the average rate of only 43 p.a. Levels of net migration and household formation within the area appear not to have been constrained by any lack of housing supply within the area.

#### Overcrowded Households and Concealed Families

6.1 The PPG suggests that indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation should be analysed, given that they can be indicative of unmet need for housing.

6.2 The PPG states that:

“Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.” ([http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph\\_019](http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019))

6.3 The 2011 Census allows an understanding of overcrowding and also under-occupation, based on the number of occupants and the number of bedrooms. The following table summarises the proportion of households who are overcrowded – with at least one fewer bedroom than required – based on the bedroom standard, as a proportion of all households.

Figure 1.14: Proportion of Overcrowded Households 2011

Area	Proportion of Overcrowded Households - Bedrooms
Blackpool	3.3%
Fylde Coast	2.5%
England	4.8%

Source: Census 2011

6.4 As shown, Blackpool has a lower level of overcrowding than the national average, although it is higher than the Fylde Coast as a whole. Given that the number of bedrooms was not recorded in the 2001 Census, it is difficult to profile how the level of overcrowding has changed in Blackpool over recent years.

6.5 A further indicator of overcrowding and concealment is the proportion of families who are concealed. A family is considered as concealed if they are a family reference person (FRP) but not a household reference person (HRP), indicating that they are not the main family in the household.

Figure 1.15: Proportion of Families Concealed 2011 and 2001

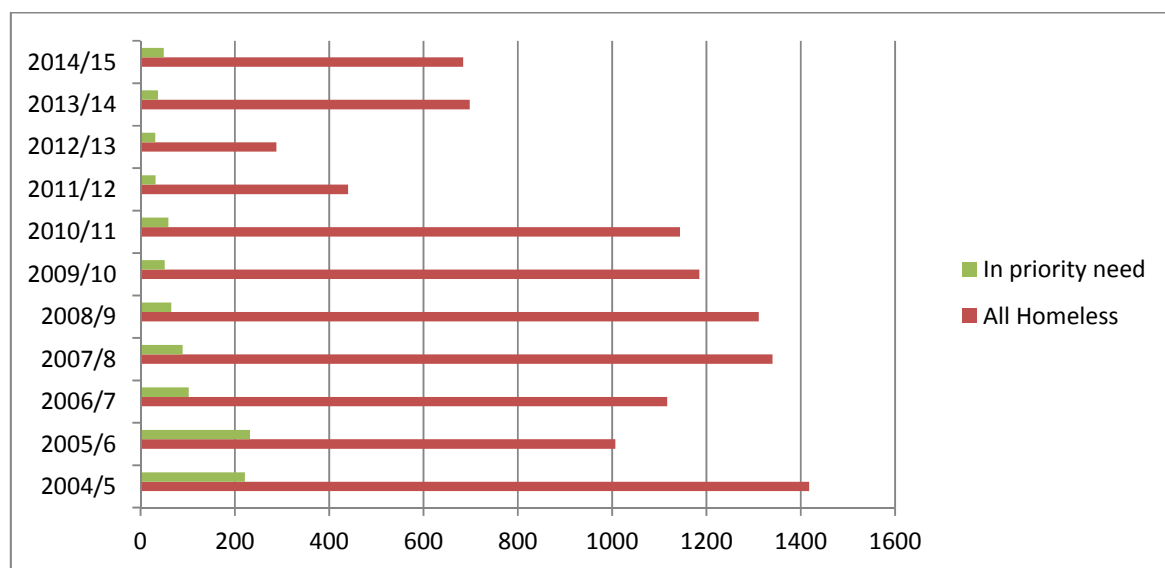
	2011			2001		
	Blackpool	North West	England	Blackpool	North West	England
Concealed family (Number)	724	32,128	275,954	504	21,162	161,254
Concealed family (%)	1.86%	1.62%	1.85%	1.27%	1.11%	1.16%

Source: Census 2011 and Census 2001

6.6 Blackpool contains a higher proportion of concealed families than the North West average, but a level that is similar to the national average. This has changed since 2001, when Blackpool had a higher proportion of concealed households than both the regional and national averages. However, the total number of concealed households in Blackpool has increased, potentially reflecting the difficulty that many households face in securing their own home in an insecure labour market with more stringent mortgage lending criteria, and requirements for rent deposit bonds.

6.7 The local authority also collates information on changing levels of homelessness over time as shown below:

Figure 1.17: Numbers of Households assessed as Homeless by Blackpool Council 2004/5 – 2014/15



Source: Blackpool Council Housing Options 2015

6.8 These numbers can be difficult to compare because they are dependent not only on the number of people at risk of homelessness but also the approach taken by the local authority to preventing homelessness, the use of formal decision making, and changes in the legal definition of “homelessness”. In Blackpool’s context, they also tend to be indicative of deprivation and social issues more than of an absolute shortage of housing. Both the number of households considered to be homeless and those accepted as being in priority need decreased markedly from 2004/5 to 2012/13 as preventative activity and support services increased but have risen slightly since then. The numbers of households in temporary accommodation show a corresponding pattern, with a significant decline from 2004/5, but a slight upturn in the last two years.

### Land Prices

7.1 The PPG notes that land prices are one of the market signals that should be understood when assessing the need for housing, with prices indicative of the demand for land relative to supply. Price premiums may provide direct information on a shortage of land in an area.



7.2 Data published by the Valuation Office Agency showed the average valuation of residential building land with planning permission over the period from 1994 to 2010. This data is only available at a regional level, but nevertheless provides an indication of historic supply and demand in the wider North West context. Information for the North West from the last report broken down by small area in July 2009 is set out below.

Figure 1.18: Average Valuations of Residential Building Land with Outline Planning Permission

<b>NORTH WEST</b>			
<b>REGION</b>	<b>Small Sites (sites for less than five houses)</b>	<b>Bulk Land (sites in excess of two hectares)</b>	<b>Sites for flats or maisonettes</b>
	<b>£s per hectare</b>	<b>£s per hectare</b>	<b>£s per hectare</b>
Bolton	1,600,000	1,485,000	1,485,000
Manchester	3,500,000	3,200,000	3,200,000
Rochdale	1,450,000	1,300,000	1,300,000
Trafford (Altrincham)	2,300,000	2,100,000	2,100,000
Stockport	3,200,000	2,950,000	2,950,000
Blackburn	1,300,000	1,100,000	1,100,000
Lancaster	1,700,000	1,550,000	**
Preston	1,650,000	1,560,000	1,560,000
Chester	2,100,000	1,900,000	2,800,000
Crewe/Nantwich	1,575,000	1,550,000	1,600,000
Warrington (South Warrington)	1,700,000	1,650,000	1,700,000
Wigan	1,550,000	1,400,000	1,400,000
Carlisle	1,650,000	1,650,000	**
South Lakeland (Ambleside)	1,650,000	1,650,000	**

Source: VOA, 2009

7.3 The closest equivalent to Blackpool is likely to be Blackburn because house prices are at comparable levels, and the performance of the housing market over the last few years has also been similar. The above figures can be compared with recent figures for Blackpool that were tested with the development industry in 2013 at the first consultation event on the Blackpool Local Plan and Community Infrastructure Levy Viability Study Report, 2014:

a.	Inner area	£400,000/ha (£160,000/acre)
b.	Inner area – Promenade	£1,000,000/ha (£400,000/acre)
c.	Suburban and outer areas	£500,000/ha (£200,000/acre)
d.	Green Urban Fringe	£50,000/ha (£20,000/acre)

7.4 The report notes at page 57, “There was some discussion about the general difficult state of the market and that the lack of transaction evidence should not, necessarily, be treated as evidence of low prices as there would always be an element of land owner expectation. There was a consensus that there is very little hard evidence to work from. “

7.5 As shown, recent land values in Blackpool – with suburban and outer areas being the most typical of the general development market – are significantly below the figures for Blackburn and the wider North West in 2009. This is consistent with developers’ comments in consultation (in 2013) that the market remains difficult, and with continuing poor performance of the housing market as set out in the April 2015 Hometrack report in section 2.

## Conclusions

8.1 This report has drawn together evidence on market signals – as required by the PPG – in order to help determine the extent to which the ONS 2012 Sub-National Household Projections should be uplifted in setting a housing requirement for Blackpool.

8.2 The report shows that house prices remain subdued in Blackpool, with price rises in the greater Blackpool area since the trough in 2012 being the weakest of 64 UK cities. Continuing low house prices mean that affordability ratios have fallen to levels below those of adjacent areas and well below the national average; in contrast to some other areas, they continue to fall. Although evidence is limited, land prices also appear to be low and at a level still significantly below those found in the immediate post-housing market crash period. Rents in the private rented market appear to have been static over the last few years, despite increases in some other parts of the country.

8.3 It is hard to get a consistent picture of the appetite for new housing development because the numbers have been erratic in recent years, but residential development activity remains lower than the level found prior to 2007 and where there has been an uplift it has been driven by grant funded affordable housing development. Conversions of former guest houses, also supported by grant funding in some cases, continue to be an important source of new homes, with the vast majority used for private renting.

8.4 Analysis of overcrowding, concealed households, and homelessness does not present a clear picture of strong market demand. Given the high levels of vacancy within the existing housing stock, and relative accessibility of homes in the large private rented sector in Blackpool it is hard to argue that households who are overcrowded, concealed or homeless are in that position because of an overall lack of housing numbers. These issues in Blackpool are more to do with the high proportion of households who rely on benefits (over 30% of all households receive Housing Benefit) and have few housing options because of a history of debt or social problems.

8.5 Taken as a whole, therefore, the market signals suggest that 8 years from a major housing market fall demand remains very weak in Blackpool, especially in a national context. There are limited signs that this may be improving slightly, with a very modest uplift in prices over the last year. The longer term history has been of Blackpool lagging behind other areas economically and of very limited population and household growth despite the delivery of additional housing units. This suggests that when considering the 2012 household projections, which equate to approximately an additional 166 households per year (PPG's starting point), any uplift in the level of housing from this figure should be modest.

Andrew Foot

Head of Housing

May 2015