

Briefing

House prices in county areas

In February, the County Councils Network released a new analysis of house prices in county areas, which illuminated affordability issues within rural areas.

The research has found that county house prices on average are now 10 times yearly earnings, which is higher than the national average (8.2) and far higher than the average in cities and major urban areas excluding London (6.0). **This short briefing provides an overview of CCN's data analysis and contains key recommendations to try and address affordability issues in the shires.**



Summary:

- **The average county house price is now 9.8 times average annual earnings; which is higher than the national average of 8.2 and higher than the cities (outside of London) average of 6.0.** This shows that the 'affordability crisis' that was typically seen as a London problem (London's ratio is 15.8) is now spreading to the shire counties.
- **Within county areas, there is a geographical divide on affordability.** In total, 8 out of the ten least affordable areas where house prices are far outstripping earnings are in the south-east, whilst the top five most affordable shires contain two northern counties and three in the midlands.

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- **The top five least affordable counties are all south-east councils.** Cambridgeshire (14.6), Surrey (14), Hertfordshire (12.8), Buckinghamshire (12.8), and West Sussex (12)
- **Outside of London, house prices to wage ratios are a bigger challenge in shire counties than in urban areas.** In total, 21 out of 27 shire counties have a house price to wage ratio above the national average of 8.3. Four out of CCN's nine unitary authorities have a ratio above the national average. In contrast, just three of the 25 core and key cities have a ratio above the national average (Southend, Bristol, and Bournemouth).
- **It is a worsening problem.** In all but two shire counties (Dorset and Cumbria), the ratio has widened since 2016 when Oxford Economics carried out a similar study for CCN, published in 2017. Cambridgeshire saw the highest jump from 9.0 to 14.6, a rise of 60% in just two years.
- **The average shire county house price is some £100,000 more than in urban areas outside of the capital.** According to the England House Price Index for December 2018, the average county house price is now £278,928, whilst the average in the cities is £170,212. The most expensive homes were in Surrey (£446,068) Cambridgeshire (£438,911), and Buckinghamshire (£402, 263).
- **Population growth will pose a challenge to affordability of property in each of the ten least affordable counties.** Data on projected population increases over the next twenty years shows that each county will see a population growth of at least 4.2%, with Kent predicted to see the highest (11.2%), followed by East Sussex (7.8%) and West Sussex and Essex (7.4% each).
- **Counties have lower than average wages, exacerbating the affordability problem. The average.** The average yearly wage for all CCN member councils was £27,495 (27,878 for two-tier shires). This is some £2,093 lower than the national average of £29,588 – meaning that county workers are lower paid than the rest of the country, whilst facing house prices that are the highest in England outside of London. The average wage in the 25 core and key cities is £28,037 – some £500 more than the CCN average.

Methodology:

- The house prices in this press release are taken from the UK House Price Index: December 2018 – [annual price change by local authority](#)
- The yearly wage figures are taken from the Office for National Statistics data [Employees earnings in the UK: 2018](#). The figures are taken from local authority data from 'Figure 9: Median gross weekly earnings for full-time employees for all local authorities by place of work, in Great Britain'. These weekly wages were then multiplied by 52 to create a yearly average per area.
- The 2016 house price ratios from Oxford Economics are taken from the report Understanding County Economics
- The population figures are taken from the Office of National Statistics dataset- [Population projections for local authorities: table 2](#)

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CCN media reaction and coverage



Philip Atkins, housing, infrastructure, and planning spokesman for the County Councils Network said:

"We have long been concerned that house prices in county areas are becoming increasingly unaffordable, with millions of young people locked out of home ownership and the situation rapidly worsening. Building a variety of homes, more quickly, with the right infrastructure to support development will help ease the affordability crisis that is spreading from London. The government's drive to tackle this issue is welcome but planning reforms to date do not go far enough – bolder change is needed to deliver the homes the country desperately needs.

"If we are to build the right homes, in the right places, with the necessary infrastructure, then we need to move towards strategic planning on a county scale, working with district partners and neighbouring authorities. To that end, we recommend that rural areas have the same planning powers that are currently only on offer to urban metro mayors, such as allowing them to prepare their own strategic plans, to help deliver more houses in England's counties. At the same time, we would encourage more 'Housing Deals' outside of city areas. A closer alignment of planning and co-ordinated infrastructure provision across a county-wide geography will enable us to overcome the current fragmented approach to the planning system and build more homes and genuinely sustainable communities."

"Many councils also face the added issue of having huge infrastructure funding gaps – running into billions in some areas in the south-east. A lack of adequate funding for roads, amenities, and public services to mitigate large-scale development is a barrier to unlocking development in some areas. Further reform to developer contributions and the way that this funding is distributed between councils is needed."

Coverage includes:

**The
Telegraph**

**THE
PLANNER**

**CAMBRIDGE
news**

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CCN Recommendations

- CCN advocates for a stronger role for county councils in the planning system, with a re-introduction of planning over a strategic scale. This would closer align planning and infrastructure with the county and district councils working in close collaboration to accelerate both affordable and market housing delivery, planning for development over a larger county-wide geography, and with properly joined-up infrastructure to mitigate large-scale development.
- CCN, in a report produced by Catriona Riddell Associates, argues for a formal approach to strategic spatial and infrastructure planning in two-tier areas.
- This could be done via 'Housing Deals', but the only one to be brokered outside of urban areas is in Oxfordshire. CCN has advocated for more of these deals in rural counties.
- Counties should be a formal signatory to the government's Statement of Common Ground mechanism. Without this level of compliance over county involvement, CCN has argued that the mechanism is 'toothless.'
- Despite urban areas containing more affordable properties, urban metro mayors in city regions have significantly more planning powers than county councils. CCN argues that its members should have similar powers to charge developers tariffs for major infrastructure projects, to devise strategic plans alongside district councils, and the ability to intervene when infrastructure funding is not forthcoming. In short, counties should have similar powers to urban mayors, as part of a rebooted devolution agenda.
- Whilst government's proposed reforms to developer contributions are welcome – particularly removing Section 106 pooling restrictions – proposals do not go far enough. Despite being the infrastructure authorities, county councils have very little power to negotiate and set rates. With many facing infrastructure funding gaps amounting to billions, CCN is arguing for more powers such as the ability to set infrastructure tariffs, alongside the ability to capture greater land value towards infrastructure.
- Reform to New Homes Bonus so that the infrastructure role of the county council is better rewarded.
- Some CCN members have set up housing companies, or joint ventures. However their – and other county authorities' – ambitions have been stunted by a lack of resource. Therefore, more resource should be made available in improving the capacity of county authorities in this area.

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County house to wage ratio: by local authority

Two-tier county areas

County	Average wage	Average house price	Ration
Buckinghamshire	£ 31,254	£ 402,263	12.8
Cambridgeshire	£30,110	£438,911	14.6
Cumbria	£30,544	£157,067	5.2
Derbyshire	£26,318	£179,270	6.9
Devon	£24,938	£258,751	10.4
Dorset	£27,426	£296,102	10.8
East Sussex	£26,640	£278,723	10.5
Essex	£28,887	£314,035	10.9
Gloucestershire	£26,663	£268,910	10
Hampshire	£30,422	£314,048	10.3
Hertfordshire	£31,601	£400,365	12.8
Kent	£27,968	£296,113	10.6
Northamptonshire	£27,282	£230,250	8.7
Lancashire	£27,111	£146,446	5.6
Leicestershire	£26,566	£229,875	9
Lincolnshire	£24,620	£182,519	7.8
Norfolk	£26,599	£227,353	9
North Lincolnshire	£26,224	£220,915	9
Nottinghamshire	£26,714	£177,029	6.7
Oxfordshire	£31,361	£350,955	11.6
Somerset	£24,915	£236,751	10
Staffordshire	£26,213	£193,129	7.8
Suffolk	£26,886	£244,430	10
Surrey	£32,130	£466,086	14
Warwickshire	£30,015	£257,534	8.7
West Sussex	£27,771	£327,228	12
Worcestershire	£25,532	£239,737	9.6

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County unitary areas

County	Average wage	Average house price	Ratio
Cheshire East	£28,927	£231,227	8
Durham	£26,150	£103,473	4
East Riding of Yorkshire	£26,790	£179,748	6.7
Central Bedfordshire	£28,379	£309,050	11
Herefordshire	£23,977	£246,145	10.1
Cornwall	£23,961	£233,644	6.1
Northumberland	£24,830	£152,819	9.9
Wiltshire	£27,788	£280,041	10.1
Shropshire	£26,249	£213,999	8.1