

# **Greater Manchester Strategic Housing Market Assessment**

Update Report

May 2010



**AGMA**  
ASSOCIATION OF  
GREATER MANCHESTER  
AUTHORITIES

**new  
economy**

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# 1. Introduction

1.1 This report provides an update of the original Strategic Housing Market Assessment<sup>1</sup> (SHMA) undertaken in Greater Manchester in December 2008 by Deloitte and GVA Grimleys. It attempts to document the changes that have been recorded nationally and in Greater Manchester since the original report in light of the economic downturn, the impact of the downturn on housing and planning objectives and identifies issues for consideration by policy makers in Greater Manchester.

1.2 Strategic Housing Market Assessments were established by Government Guidance: Planning Policy Statement 3: Housing (November 2006) (PPS3) and detailed Practice Guidance (Strategic Housing Market Assessment Practice Guidance) was published in March 2007 (revised slightly in August 2007). The aims of a Strategic Housing Market Assessment are to provide clear evidence as to what is going on in the housing market and what the future prospects for the market may be.

1.3 PPS3 sets out a requirement for local authorities and Regional Planning Bodies to have regard to housing market areas in developing spatial plans. Housing market areas are defined in PPS3 as geographical areas identified by household demand and preferences for housing which reflect the key functional linkages between places where people live and work.

1.4 A Strategic Housing Market Assessment (SHMA) was originally published for Greater Manchester in December 2008 based on the latest data available at that time. This SHMA robustly examined the local housing market in accordance with the Strategic Housing Market Assessment Practice Guidance of August 2007. It considered four Housing Market Areas (HMAs) and included a review of the current local situation, an understanding of the housing market dynamics and recommendations as to the appropriate action in Greater Manchester.

1.5 The original documents findings included: -

- A growing population and falling household size significantly boosting the demand for housing, a greater proportion of which is in the private rented sector;
- Changes in the structure of the economy, a shift by both sector and occupation towards the service sector;
- A considerable reduction in the number of vacant properties within the social rented sector further reinforcing the demand for this sector;
- Markets for housing emerging in new locations and for different types of product meaning choice had increased but supply did not meet demand;
- The regional centre had witnessed rapid expansion in its residential supply and there is an onus on policy to encourage a greater mix of use;
- Supply of new housing was uneven across the HMAs (increased households in Central HMA and completions increased (apartments). High levels of completions in the North Western HMA reflected more of a balance in terms of type;
- House prices increased significantly across every part of the conurbation, but these increases hid a number of underlying structural problems. Evidence suggests that much of the price growth has been driven by speculator and investor activity rather than owner occupied purchase thus glossing over issues around sustainable communities, deprivation and social exclusion;
- The threat of the credit crunch gave rise to a range of housing market impacts. Most commentators anticipated a short to medium term correction and a return to business as usual in the longer term;

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<sup>1</sup> Available from the AGMA website [http://www.agma.gov.uk/planning\\_housing\\_commission/index.html](http://www.agma.gov.uk/planning_housing_commission/index.html)

- There was a potential issue identified which would dampen market demand with fewer people having less access to finance coupled with the increased tightening of lending;
- The credit crunch was identified as having significant short-term impacts on a number of market segments in the regional and town centres in relation to investors and first time buyers. Investor purchases would be more exposed to wide market fluctuations. As a result it was identified that first time buyers may have increased choice of property but limited choice of mortgages and lending – so demand in private rented would still be high;
- There were large affordability gaps between owning and renting a property across GM, especially in the Southern HMA;
- Demand for social rented stock remained high and in particular for family accommodation. Supply was not meeting this, however, and waiting lists peaked in 2006 especially in Manchester and Bolton;
- GMFM identified strong service sector driven economic growth, pop increases and household size reductions;
- A forecasted growth in Central and Southern HMAs and a shift in the level of terraced and semi-detached houses towards flats.

1.6 From the findings in the original report six delivery implications were identified. Two of these were short to medium term challenges and included responding to the credit crunch and the regional and town centre markets. The report recognised that if the effects of the credit crunch were here to stay then it would be worth taking interventionary action – but if transitory then short to medium term action or “sitting out” the wave of downturn would probably be the best policy.

1.7 The report recognised a temptation to react to what the authors considered to be the likely short term effects of the credit crunch when the aim should be the long-term requirements of town and regional centres – focussing on quality housing, diversity and community infrastructure. This long-term approach recognises the continued demand for flatted properties (in line with single person households) especially in the centre of the conurbation. Longer term challenges were in meeting the need for additional housing, housing as an important component of regeneration, meeting the needs of specific groups such as the elderly and students and bridging the affordability gap.

1.8 Other issues highlighted in the original report included the viable balance between residential and commercial uses, further research on an ageing population and migrants and Oldham and Rochdale tackling pervading ethnic, social and economic polarisation.

1.9 Although it would typically be argued that an SHMA would have currency of more than two years; due to the notable change in market conditions since the publication of the initial report it is advisable to re-assess its findings. This update report therefore seeks to complement the existing study, by reviewing the outputs where more recent data is available. This update report will use the most recent secondary data to assess the local impact and the appropriate policy response within the altered market conditions. This is done by direct examination of the secondary data and by applying the changes recorded to the data provided by the planning and housing departments to assess housing demand and supply. Main secondary data sources include Office for National Statistics (ONS), Departments of Communities and Local Government (CLG), the Land Registry and CACI.

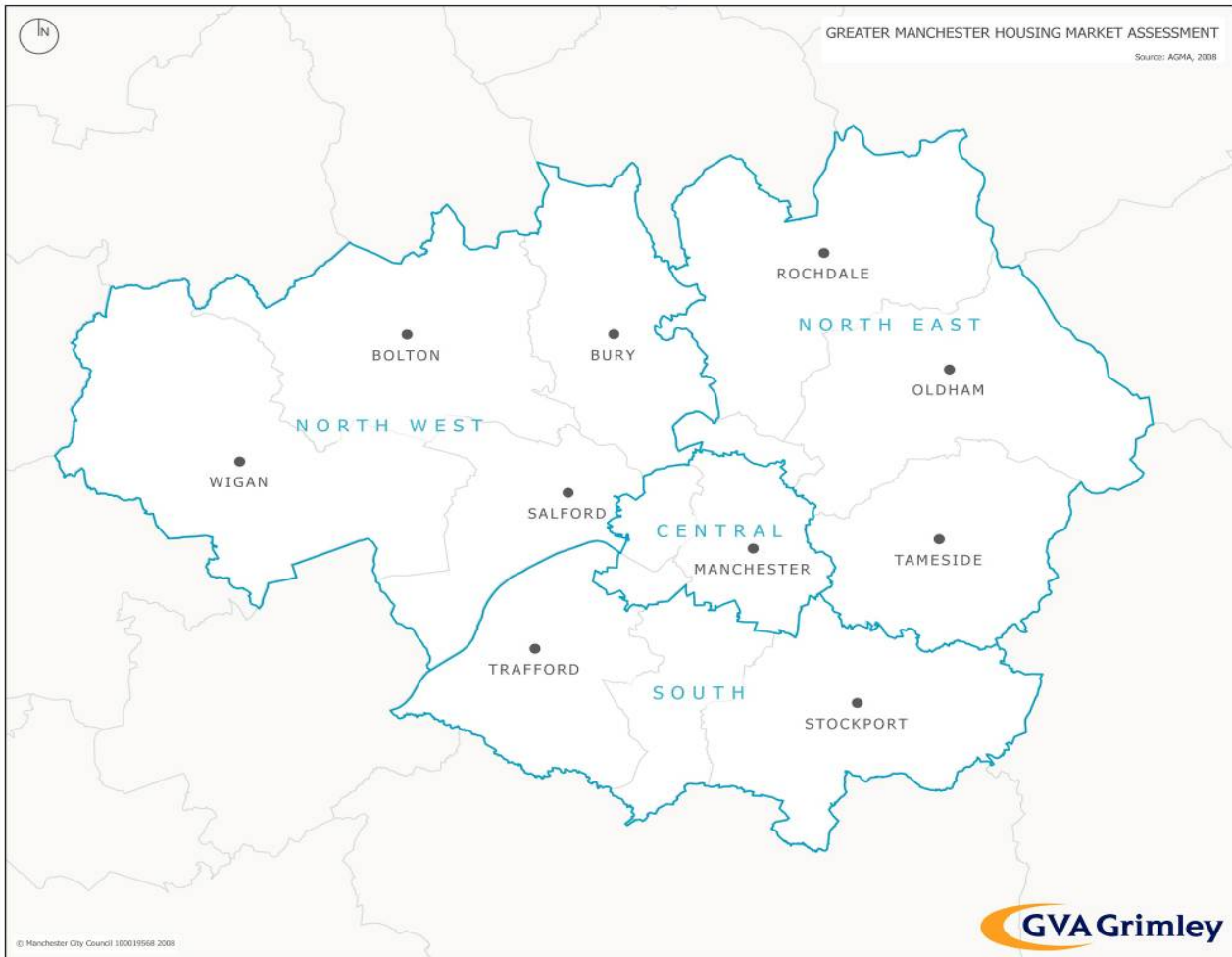
1.10 As with the original SHMA this research is not intended to be a strategy document or to replace more detailed analysis at district level but more to contribute to the evidence base as a whole.

1.11 As in the previous SHMA, where data is only available at district level, the following definitions of the Housing Market Areas (HMAs) will be used.

- Central (Manchester, Salford and Trafford);
- Southern (Manchester, Stockport and Trafford);
- North Eastern (Tameside, Oldham, Rochdale
- North Western (Bolton, Bury, Salford and Wigan)

It must be taken into account when interpreting these figures that this does involve some double counting (most notably in Manchester) where data is not available below local authority level.

**Figure 1.1 The Housing Market Areas (HMAs) of Greater Manchester**



1.12 This update report is structured in a similar way to the original SHMA and includes:

- Examining the latest data to set the context including a profile of the labour market and the resident population;
- Analysing the changes that have occurred to the local housing market;
- Considering the current financial capacity of households and their ability to afford market housing; ;
- Updated outputs of current and future housing supply; and
- The recommendations and policy implications of these findings.

## 2 Setting the Context

2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and household investment in housing. This chapter documents the changes that have occurred to the socio-economic profile in Greater Manchester since the original report was written. The information presented compares the circumstances within GM as well as to the regional and national situation where possible.

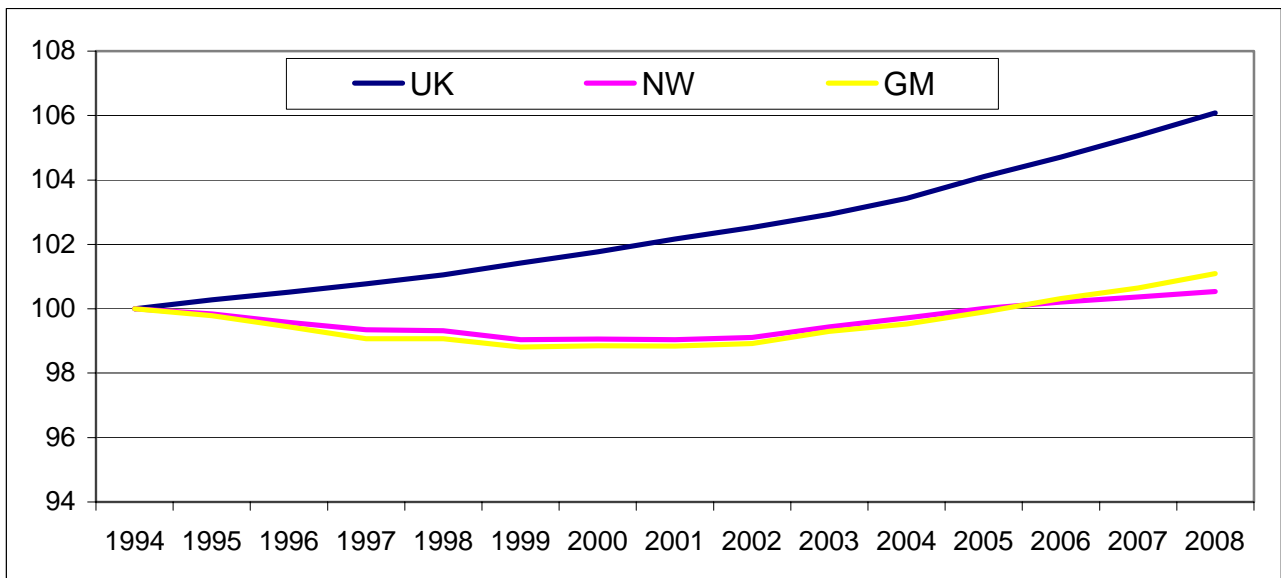
2.2 The original SHMA report described the nature of the population in Greater Manchester using the latest information available at the time, principally the 2007 population estimates and the 2001 Census. A range of data has been published subsequently that informs how the population has changed.

### Population

2.3 The Office of National Statistics (ONS) revised population estimates were published in May 2010. These provide an annual estimate of the population in each authority up to 2008.

2.4 Figure 2.1 illustrates the change in population recorded in Greater Manchester, the North West and the United Kingdom. It shows that over the last fifteen years the population of the UK has increased at a faster rate than for both Greater Manchester and the North West. Since 2006 the rate of increase of Greater Manchester has been higher than that for the North West region. The population estimates suggest that the population of Greater Manchester in 2008 is 2,579,974 and that since the last SHMA (2007) the population has increased by 0.6% (less than the change experienced nationally at 0.7%)

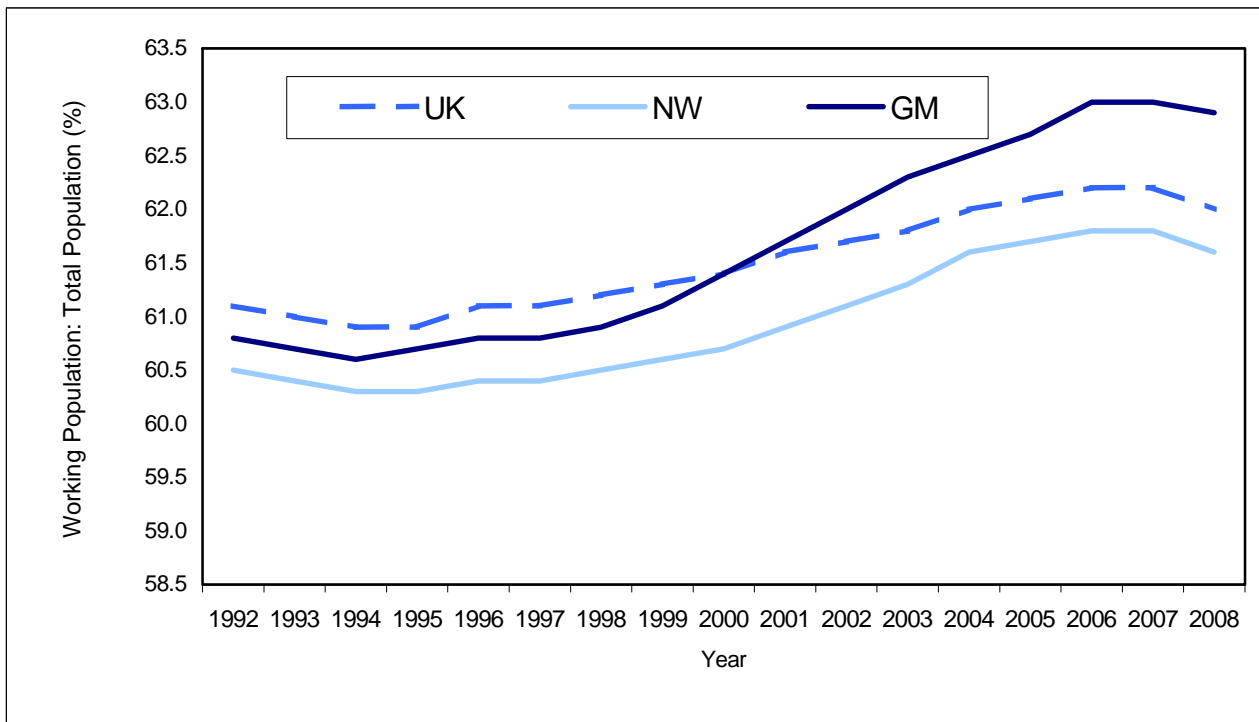
**Figure 2.1 Population Change 1994 to 2008**



Source: ONS mid year population estimates

2.5 The midyear estimates also indicate that GM contains a slightly higher proportion of the population that are working age than is found nationally and regionally. Figure 2 shows that this has been the case since 2000. There has been a decrease in the working age population since the previous SHMA. In Greater Manchester 62.9% of the population were of working age in 2008 compared to 61.6% regionally and 62.0% nationally.

**Figure 2.2 Working age population change in Greater Manchester (1993-2008)**



Source: ONS mid year population estimates

### Level of migration

2.6 Associated with the mid-year population figures, the ONS provides estimates of the scale of migration into and out of each authority in England and Wales. This source indicates that by mid-2008 migration flows between GM and other parts of the country resulted in a net decrease in population of 4,900 people, with almost half of this outflow being in Manchester. In terms of net international migration Greater Manchester had a net inflow of 6,880 almost all of this inflow being in Manchester.

2.7 In terms of registrations of overseas nationals entering the UK, all areas experienced a decrease in registrations between 2007/08 and 2008/09. This also reflects the national trend when registrations reached a peak in the year 2007/08

**Table 2.1 NINO registrations to adult overseas nationals entering the UK (Thousands)**

Local Authority	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Bolton	1.12	1.26	1.70	1.97	2.00	2.20	2.05
Bury	0.46	0.45	0.61	1.11	1.25	1.10	0.87
Manchester	5.90	6.68	7.19	10.81	11.30	11.23	10.53
Oldham	0.90	0.82	0.83	1.33	1.32	1.35	1.19
Rochdale	0.67	0.68	0.68	1.18	1.37	1.37	1.07
Salford	1.11	1.23	1.65	2.90	3.21	3.18	2.84
Stockport	0.54	0.62	0.63	0.88	1.04	1.01	0.83
Tameside	0.44	0.51	0.48	0.90	1.02	0.99	0.72
Trafford	0.88	0.85	1.08	1.66	1.72	1.59	1.32
Wigan	0.42	0.48	0.66	0.94	1.12	1.24	1.05
UK	346.23	373.50	435.35	663.06	705.84	733.09	686.11

Source National Insurance Recording System

## Number of households

2.8 The latest data from the Greater Manchester Forecasting Model (GMFM) suggests that the number of resident households in Greater Manchester is increasing at a faster rate than that of the population. The data indicates that between 2006 and 2009 the number of people in GM increased by 1.1%, whilst the number of households increased by 1.9%. This shows that the average size of households in GM is declining which will increase the demand for housing.

**Table 2.2 Change in average household size in Greater Manchester 2006 to 2009**

	2006	2007	2008	2009
Total Population	2,553.7	2,562.1	2,572.1	2,582.8
Households	1,091.8	1,098.3	1,105.1	1,112.2
Average Household Size	2.34	2.33	2.33	2.32

Source: GMFM Baseline scenario 2009

## Employment in Greater Manchester

2.9 NOMIS data on 'job density' (a measure of the number of jobs per person of working age) for 2008 shows that there are 1.07 jobs per person of working age in Manchester. This is a relatively high ratio and compares with 0.8 for GM and the North West region and 0.83 jobs for England as a whole. This reflects that Manchester is a sub-regional employment hub and employs more working age people than are resident in the city. Other districts above the county average include Trafford, Salford and Stockport as highlighted in the table below.

**Table 2.3 Job Density in Greater Manchester**

Area	2008
Bolton	0.75
Bury	0.63
Manchester	1.07
Oldham	0.66
Rochdale	0.66
Salford	0.90
Stockport	0.86
Tameside	0.58
Trafford	1.01
Wigan	0.58
Greater Manchester	0.80
North West	0.80
England	0.83

Source: NOMIS

2.10 Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship and is consistent with data used in the original SHMA.

2.11 NOMIS indicates that the number of VAT registered businesses at the end of 2007 in GM was 70,805, this is an increase of 17.7% over the ten years since 1997 and an increase of 2.8% from 2006. Nationally, however, the increase since 1997 has been 21% and 2.9 % since 2006. The region as a whole has also experienced more registrations over these periods at 3.2% and 19.7% respectively.



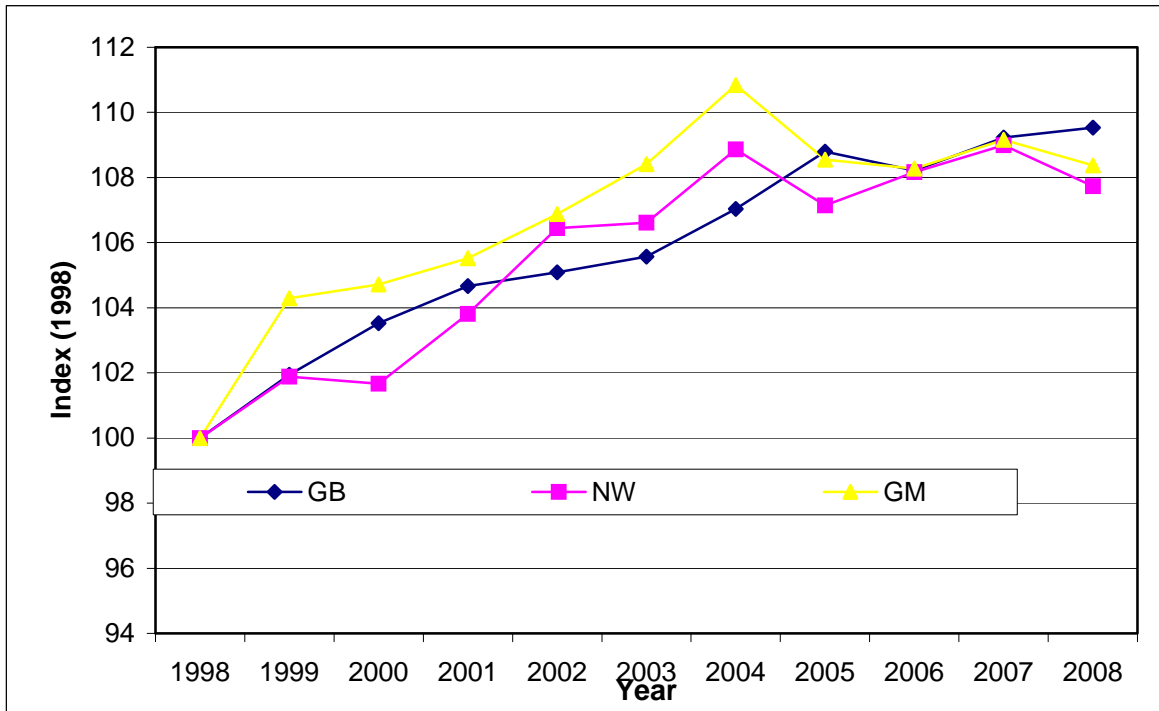
**Table 2.4 Business Registrations and De-registrations 1997 to 2007**

Area	1997	2006	2007	% Change 2006/2007	% Change 1997/2007
Bolton	6,160	6,965	7,055	1.3	14.5
Bury	4,480	5,050	5,175	2.5	15.5
Manchester	11,755	12,205	12,525	2.6	6.6
Oldham	4,330	5,125	5,220	1.9	20.6
Rochdale	4,245	4,790	4,940	3.1	16.4
Salford	4,655	5,810	5,980	2.9	28.5
Stockport	7,935	9,165	9,435	2.9	18.9
Tameside	4,285	4,955	5,110	3.1	19.3
Trafford	6,730	8,155	8,445	3.6	25.5
Wigan	5,565	6,610	6,920	4.7	24.3
GM	60,140	68,830	70,805	2.9	17.7
NW	162,685	188,735	194,695	3.2	19.7
UK	1,676,065	1,973,220	2,031,145	2.9	21.2

Source: NOMIS

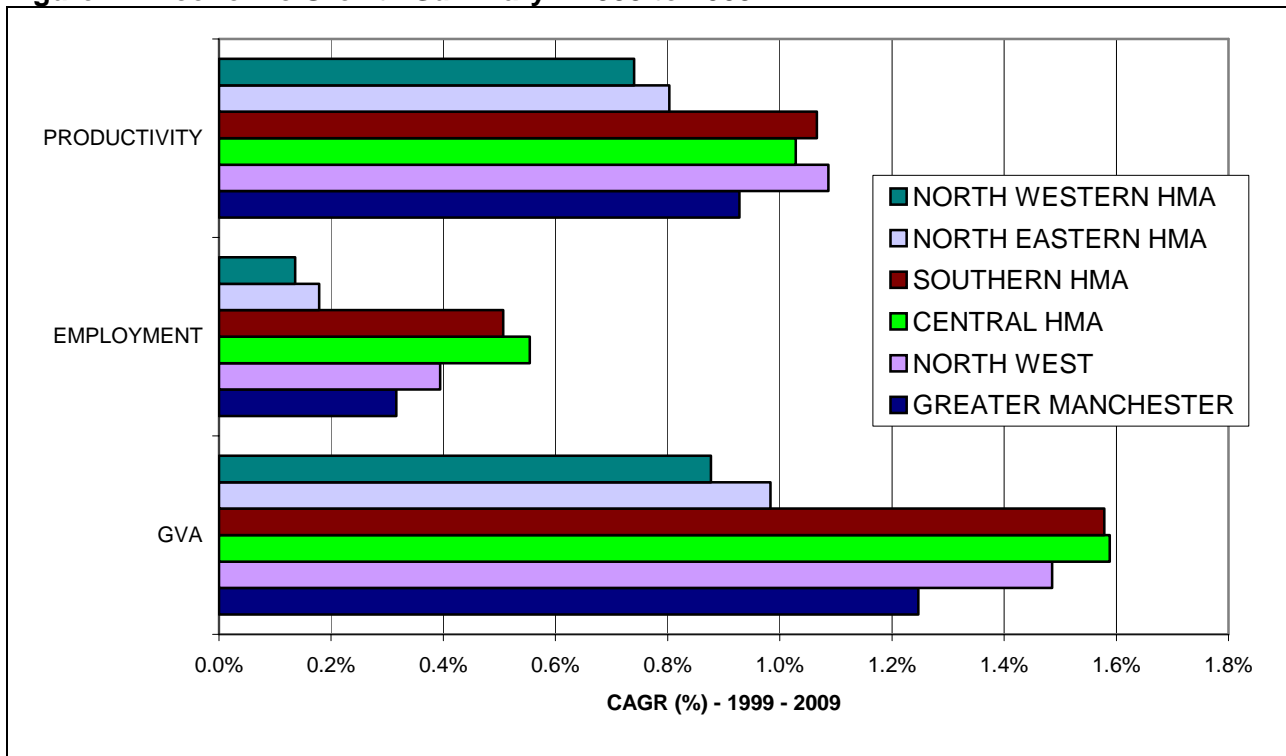
2.12 Measured by the most recent Annual Business Inquiry (ABI) there were 1,161,801 employee jobs in Greater Manchester in 2008. This shows some decline since 2007 from a figure of 1,170,318 (-0.7%) but not as much decline as that for the region at -1.2%. Nationally, however, the number of employee jobs has increased between 2007 and 2008 (0.3%) This is displayed in the chart below (Figure 2.3). The figure also indicates that, apart from this last 12 months, the increase in the number of employee jobs in Greater Manchester has been consistently higher than both the region or nationally.

**Figure 2.3 Change in Employment jobs 1998 to 2008 (1998 Index=100)**



Source: ONS Annual Business Inquiry Employee Analysis

**Figure 2.4 Economic Growth Summary – 1999 to 2009**

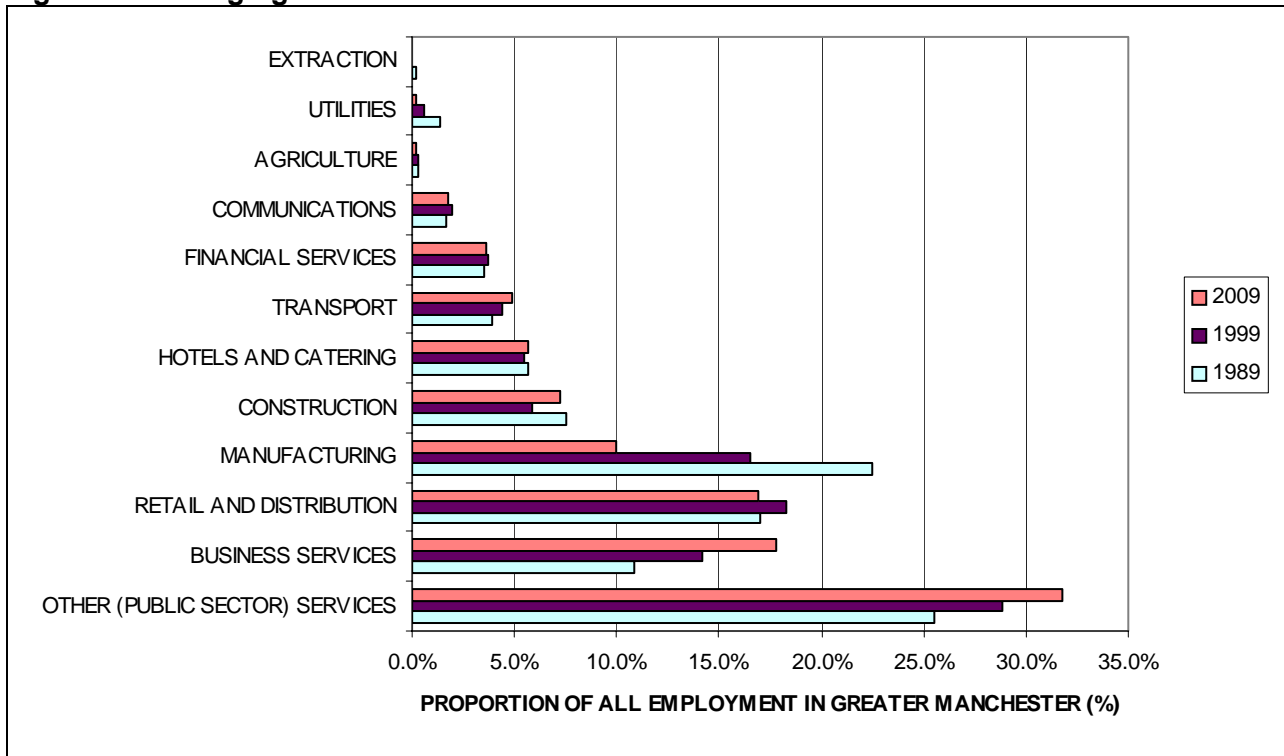


Source GMFM

2.13 The chart above shows economic growth in terms of productivity, employment and Gross Value Added (GVA), which is a combination of employment, and productivity. In terms of productivity Greater Manchester increased by 0.9% and in employment terms by 0.3% per annum over the 10-year period. These figures reflect the economic downturn compared to the original SHMA for Greater Manchester, which showed average productivity growth of 1.6% and employment growth of 0.9% between 1997 and 2007.

2.14 The distribution of growth in the HMAs has remained consistent to the previous SHMA with the Southern and Central HMAs growing at a higher rate than the Northern HMAs. Similarly, the employment structure of Greater Manchester highlighted in the chart below (Figure 2.5) still shows high concentrations of employment in services. This growth has been particularly pronounced in Other Public Sector Services and Business Services but Retail and Distribution did experience some decline between 1999 and 2009 falling back to 1989 proportions.

**Figure 2.5 Changing Industrial Structure in GM 1999 to 2009**

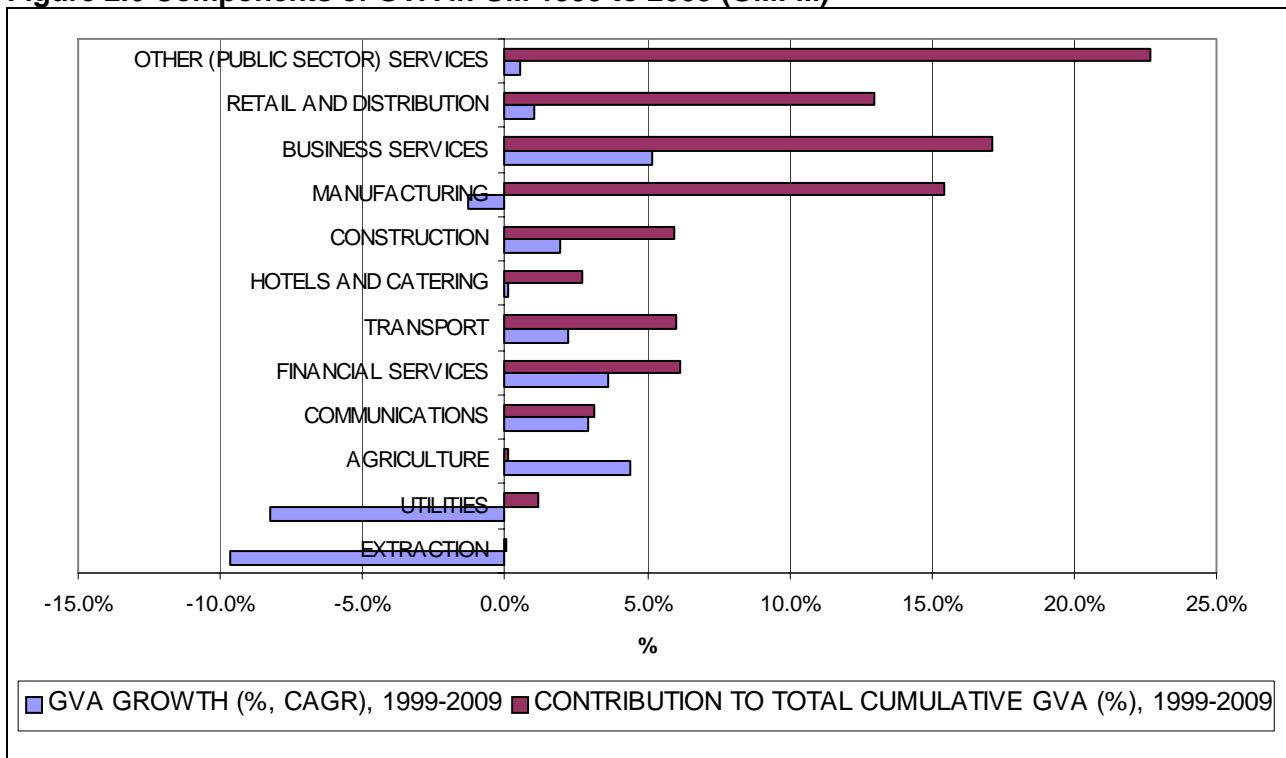


Source GMFM

2.15 The chart below (Figure 2.6) details the sectors responsible for GVA growth in Greater Manchester between 1999 and 2009. The blue bars represent compound annual growth of GVA whilst the purple bars break down total cumulative GVA into those industries providing the additional GVA (known as GVA contribution analysis). In standard growth terms at the broad industrial level it is still evident that growth has been almost entirely concentrated in service-based sectors, mirroring the UK and other urban areas.

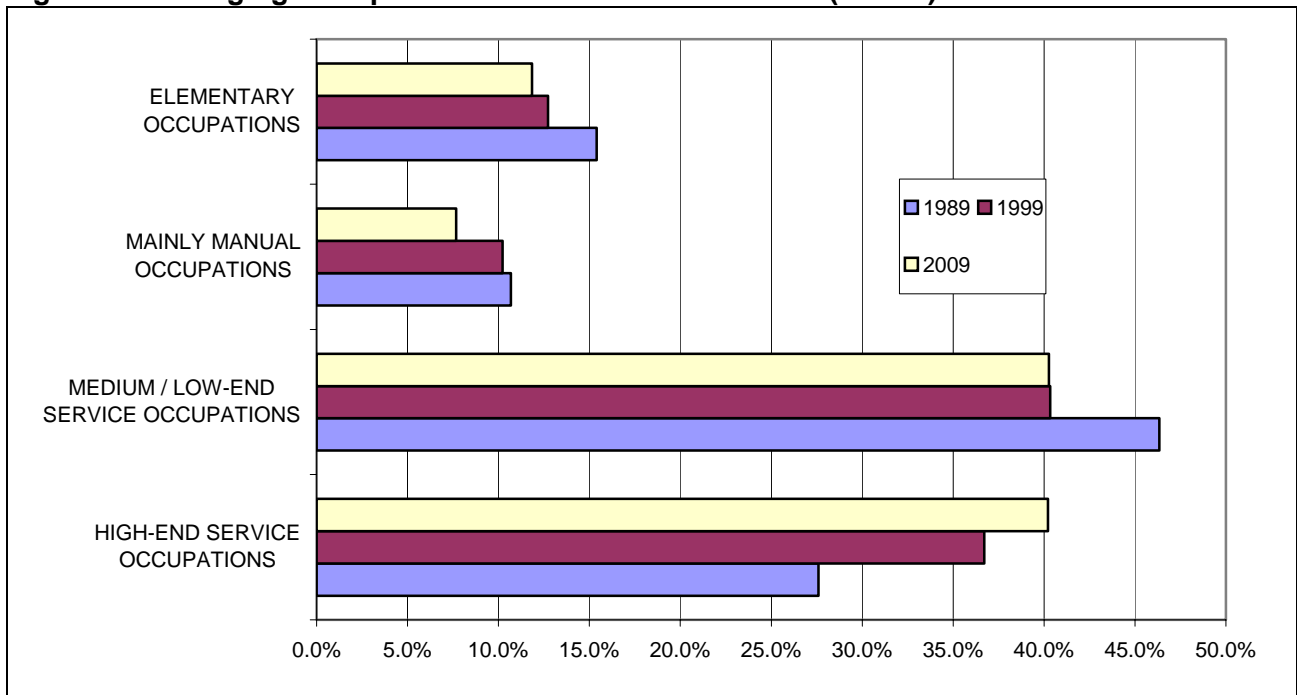
2.16 In terms of the contribution to GVA the figure is also dependent on the level of resources deployed in the sector. So whilst Other Public Services realised lower GVA growth than most sectors its contribution was the highest of any individual sector. Although the manufacturing sector declined over this period its contribution to overall GVA is still significant.

**Figure 2.6 Components of GVA in GM 1999 to 2009 (GMFM)**



2.17 The occupational structure has also changed significantly as highlighted in the chart below. Results are presented below in terms of elementary, manual, low end and high end services. It is in the high end service occupations such as managerial and professional activities where growth has occurred and now accounts for 40% of all occupations in Greater Manchester

**Figure 2.7 Changing Occupational Structures 1989 to 2009 (GMFM)**



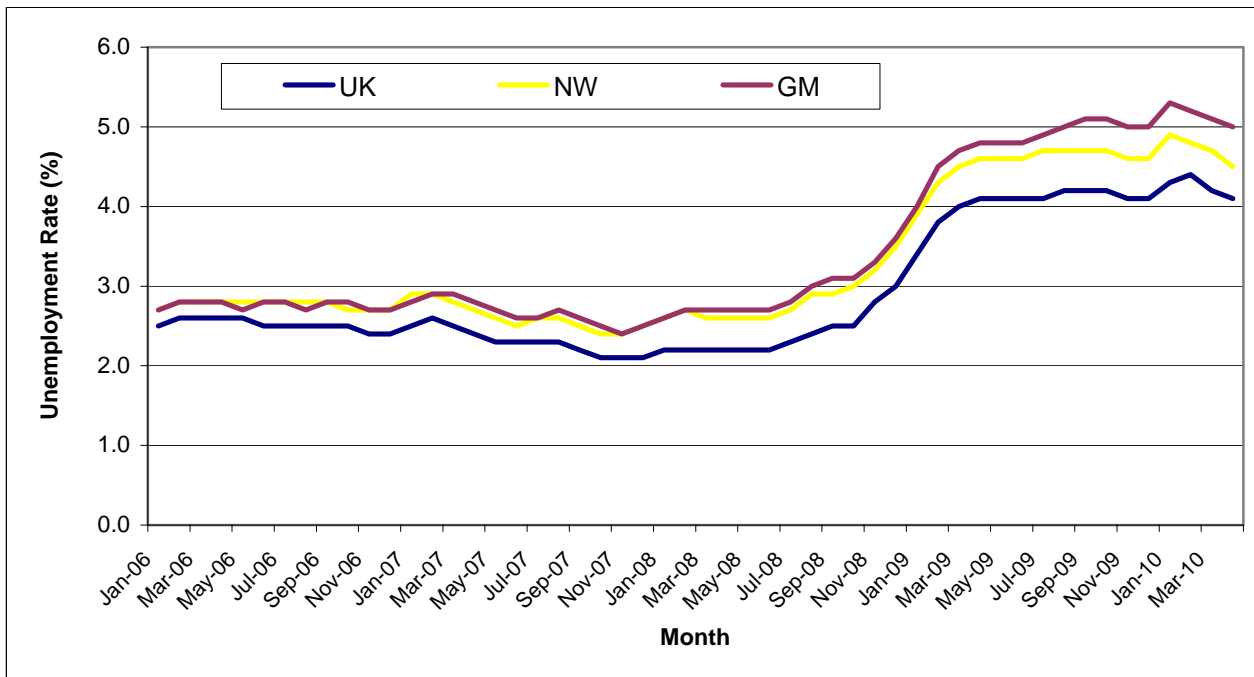
Source GMFM

## Employment profile of residents

2.18 Although the overall economic performance of Greater Manchester provides important context, an understanding of the affect of the economic downturn on the resident population is more crucial to this study.

2.19 The ONS publishes the number of people claiming job seekers allowance on a monthly basis. This provides a very up to date measure of the level of unemployment of residents in an area. Figure 3 shows the change in the proportion of the working age population claiming job seekers allowance since January 2006. The rate of unemployment in Greater Manchester has shown a notable increase since mid-2008, mirroring the national and regional trends. Overall the number of people claiming job seekers allowance in Greater Manchester currently stands at 5.0% of residents, slightly down on the previous two months having reached a peak in January 2010 of 5.3%. Greater Manchester and the North West have consistently been higher than the national average but during the economic downturn Greater Manchester unemployment rate is now significantly higher than the regional average (5.0% as opposed to 4.5%) compared to a national average of 4.1%

**Figure 2.8 Level of unemployment in Greater Manchester (Jan 2006 to Apr 2010)**



Source: ONS Claimant count via NOMIS

**Table 2.5 JSA Claimant Count April 2010**

Area	JSA Claimants			
	Number	Monthly Change (%)	Annual Change (%)	Rate
Bolton	8,036	-2.5	3.0	5.0
Bury	4,540	-3.0	-0.4	4.0
Manchester	18,210	-1.0	6.0	5.7
Oldham	7,186	-2.5	3.8	5.4
Rochdale	7,479	-1.4	2.7	5.9
Salford	7,681	-2.4	8.0	5.4
Stockport	6,339	-3.5	0.9	3.7
Tameside	6,802	-1.7	5.2	5.1
Trafford	4,684	-2.1	3.6	3.6
Wigan	9,522	-3.6	-2.7	5.0
Greater Manchester	80,479	-2.2	3.3	5.0
North West	191,828	-2.9	-1.7	4.5
United Kingdom	1,568,128	-2.9	0.7	4.1

Source: ONS Claimant count via NOMIS

2.20 The number of JSA claimants in Greater Manchester fell over the month by 1,821 (-2.2%) to 80,479 in April 2010, a 5.0% claimant rate. Comparatively, the North West (4.5%) and UK (4.1%) experienced lower claimant rates. The highest JSA claimant rate continued to be in Rochdale (5.9%). All local authorities experienced a monthly decrease in JSA claimants, with Wigan experiencing the greatest reduction (-3.6%). The monthly reduction in Greater Manchester (-2.2%) was less than for the North West and UK (both -2.9%). The claimant rates are around twice as high as they were 2 years ago but since April 2009 the claimant count in GM has increased by 3.3%

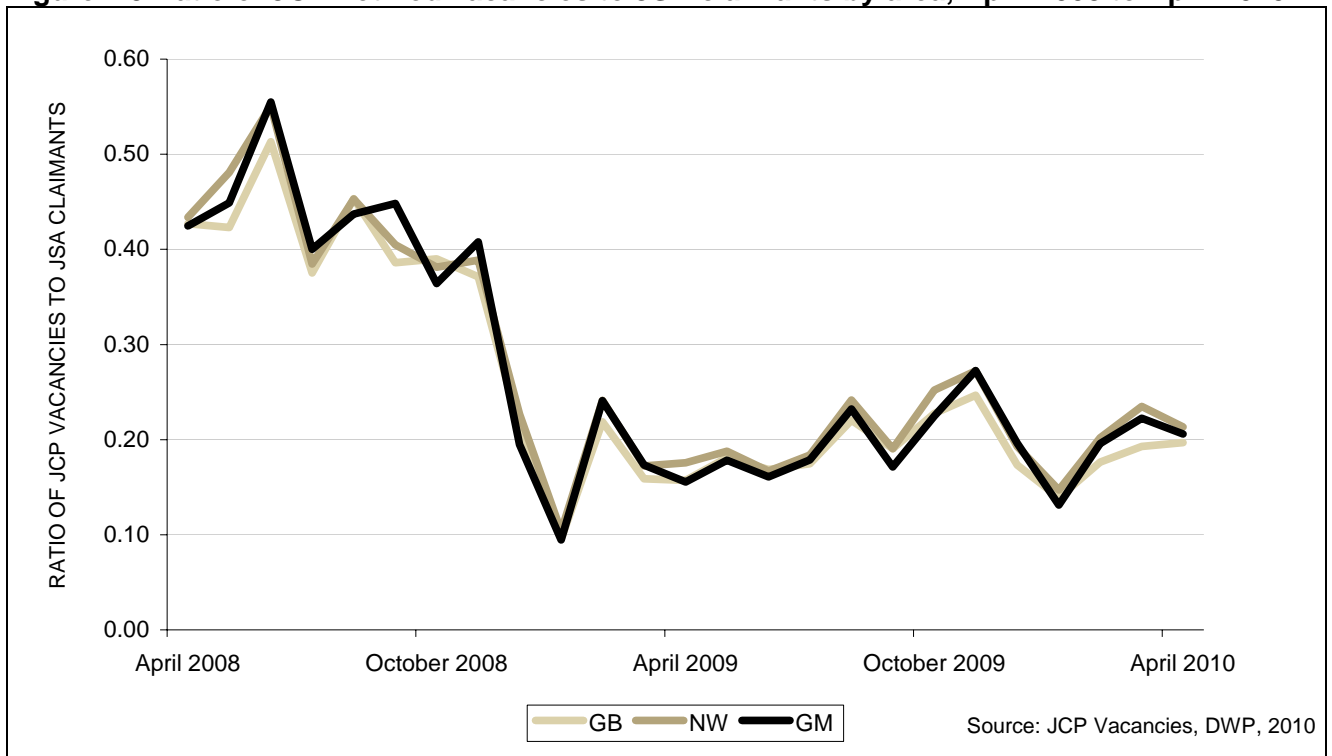
**Table 2.6 Long-term JSA claimants (over 6 months) April 2010**

Area	Number	Monthly Change (%)	Annual Change (%)	% of total JSA
Bolton	3,490	3.1	83.7	43.4
Bury	1,720	1.2	81.1	37.9
Manchester	7,425	3.3	62.8	40.8
Oldham	2,985	0.7	85.4	41.5
Rochdale	3,305	-0.9	85.7	44.2
Salford	3,140	2.1	85.8	40.9
Stockport	2,690	-0.4	95.6	42.4
Tameside	2,840	0.9	83.8	41.8
Trafford	1,690	3.7	94.3	36.1
Wigan	4,130	-0.7	68.6	43.4
Greater Manchester	33,410	1.4	78.3	41.5
North West	73,420	0.7	49.4	38.3
United Kingdom	603,730	1.6	60.6	38.5

Source: ONS Claimant count via NOMIS

2.21 The long-term (over 6 months) JSA claimant count stood at 33,410 in GM in April 2010 (41.5% of the total JSA claimant level). This was higher than the North West (38.3%) and UK (38.5%) proportions. Rochdale had the highest proportion of long-term claimants at 44.2%. All areas experienced substantial annual increase in long term claimants with Greater Manchester increasing by 78.3% over the year.

**Figure 2.9 Ratio of JCP notified vacancies to JSA claimants by area, April 2008 to April 2010**



2.23 Figure 2.9 shows trends in the number of vacancies relative to the number of claimants. The total number of vacancies in GM stood at 16,561 – a vacancy to job ratio of 0.21. Similar ratios in April 2010 exist for the North West and nationally. For GM this represents a decrease of -9.5% since last month.

2.24 Signs of recovery in the UK economy are reflected in the fact that the UK has recently recorded slight increases in growth in the economy, although was one of the last European countries to emerge out of recession conditions. The longer-term effects of the economic downturn will be analysed later in this report in the Future Housing Market chapter.

**Income**

2.25 Income has a crucial affect on the level of choice a household has when determining their future accommodation. Table 27 shows that according to modelled CACI data published in 2010 the mean earned household income in Greater Manchester is £33,092; this is lower than both the North West (at £33,263) and nationally (at £35,294). This income figure for Greater Manchester represents a notable increase (2.9%) from the figure of £32,141 from 2007 recorded in the original SHMA report. The distribution of income throughout the districts remains consistent with Trafford and Stockport having the highest income levels and Manchester the only district with an average household income figure below £30,000.

**Table 2.7 Household Income 2010**

	Total Households	Mean Household income (£)
Bolton	112,794	32,918
Bury	78,989	35,748
Manchester	212,145	29,278
Oldham	91,203	31,680
Rochdale	87,052	31,413
Salford	100,703	31,343
Stockport	124,264	37,709
Tameside	95,891	32,324
Trafford	94,513	39,548
Wigan	134,086	32,789
Greater Manchester	1,131,640	33,092
North West	3,018,040	33,263
United Kingdom	26,857,270	35,294

**Source CACI (2010)**

2.26 In terms of change of income over time ONS figures of hours and earnings shows the change in the mean income of residents in Greater Manchester, the North West and England since 2002. Greater Manchester has recorded a greater income increase since 2002 (at 25%) than the North West but less than nationally (26.7%). The districts of Manchester and Rochdale showed the greatest increase in income over this period and Tameside and Wigan the least.

**Table 2.8 Change in mean annual gross income of full-time employed residents 2002-2008**

	2002	2009	% Change
Bolton	18,610	23,164	24.5
Bury	20,708	26,056	25.8
Manchester	17,853	23,054	29.1
Oldham	17,275	21,497	24.4
Rochdale	18,262	23,754	30.1
Salford	18,407	22,954	24.7
Stockport	20,249	25,973	28.3
Tameside	18,503	22,814	23.3
Trafford	21,733	27,745	27.7
Wigan	18,655	23,152	24.1
Greater Manchester	19,008	23,763	25.0
North West	19,281	24,000	24.5
United Kingdom	20,376	25,816	26.7

Source: ONS Annual Survey of Hours and Earnings



**In Summary:**

- Population levels in Greater Manchester have increased since the last SHMA by 0.6%;
- Greater Manchester contains a higher proportion of the population of working age than nationally or regionally;
- Registrations of overseas nationals has decreased since 2007/8 both nationally and in all districts of Greater Manchester;
- The average size of households in Greater Manchester is decreasing and thus increasing the demand for housing;
- The density of jobs in Greater Manchester reflects the importance of Manchester as a sub-regional employment hub;
- Unemployment has increased rapidly during 2009 and this is reflected in the large increases in the long term unemployed;
- Job vacancies reached their lowest point in January 2009 and again in January 2010 but there has been some stability in the months up to April 2010;
- Greater Manchester recorded greater income increases than the North West but less than that nationally since 2002.

### 3. Current Housing Market

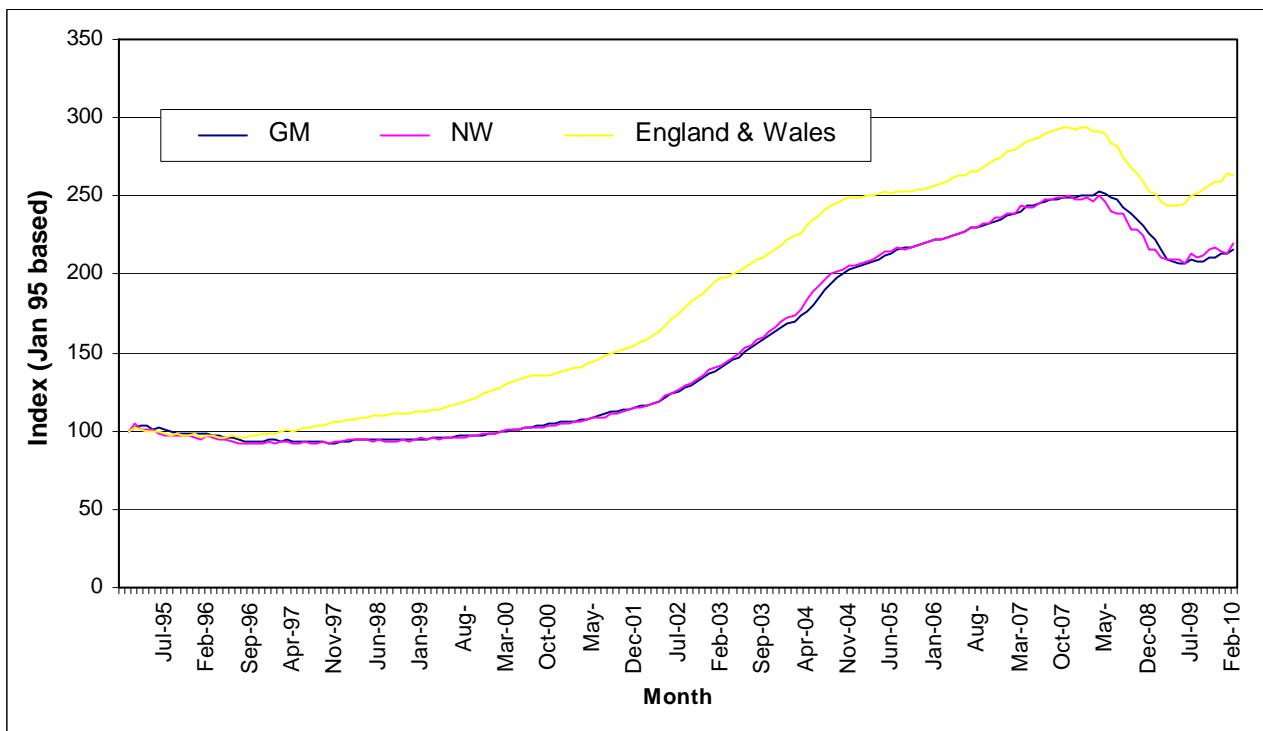
3.1 This chapter describes the downturn in the housing market that has been recorded nationally before examining the extent of the downturn in Greater Manchester and specifically its effects on the housing market. Subsequently it re-assesses the entry-level costs of housing to document how this has changed since the original SHMA report. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist - enabling the viability of products within these gaps to be assessed.

#### The National Housing Market Downturn

3.2 Due to the historic rise in house prices since the beginning of the century, many experts had been expecting a crash in house prices for some time. The market downturn was principally triggered by the realisation of the scale of the bad debt that banks had which caused banks to be much more cautious toward lending to one another as there was a greater risk of not being repaid. It was this coupled with the wider economic influences and recession conditions, which lasted longer than anticipated, which exacerbated this housing market downturn.

3.3 The tightening of lending has meant that the multiples of income that a mortgage was offered on were reduced and a greater proportion of the value of the home was required as a deposit. This particularly affected first-time buyers, who had less access to capital. The result was that in 2008, 194,000 home loans were granted to first-time buyers in England compared with 357,800 in 2007, while the average deposit put down by a new entrant to the market rose to 22% the highest level since 1974. The average multiple of income that first-time buyers borrowed in 2008 was 3.1 times their earnings compared with 3.4 times in 2007. The reduction in first-time buyers had implications for the overall buoyancy of the market. The absence of new entrants to the market, reduced activity further up the housing ladder with the number of home mover loans dropping from 658,000 in 2007 to 322,200 in 2008 (Source *The Council of Mortgage Lenders, 2009*).

**Figure 3.1 House Price Index January 1995 to February 2010**

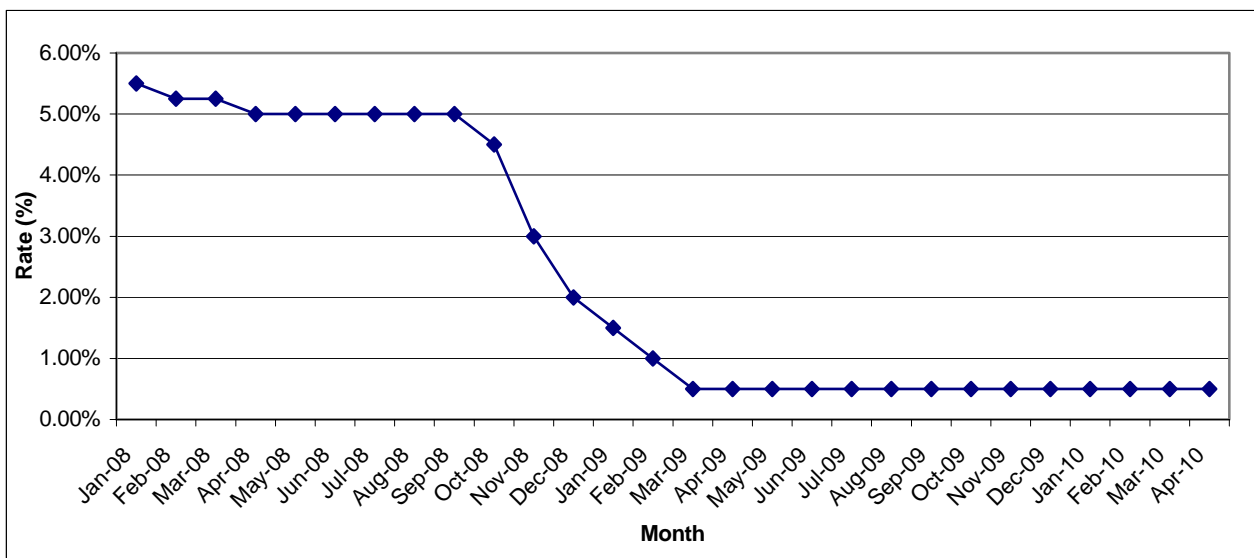


Source: Land Registry House Price Index

3.4 Whilst the decline in property prices had been relatively modest until the summer 2008, the speculation of the total extent of the reduction of the value of housing that would occur in this downturn has also put off potential buyers concerned by the prospect of a continued fall in prices leaving them in negative equity. It is difficult to predict future market trends with any degree of certainty but there is evidence of an upturn in house prices as illustrated in the graph above (Figure 3.10).

3.5 The current housing market representing a risk allied to the difficulty of getting a mortgage is likely to see the recent housing market trends continue. As outlined below interest rates are at an all time low and have remained static since April 2009. At the time of writing, with signs of an upturn in inflation, there is speculation that mortgage rates will begin to rise again. Overall, the market recovery could continue in the light of more stable unemployment rates highlighted in the previous chapter and be reflected with a possible rise in interest rates. A full market recovery will not occur until credit availability issues for first-time buyers are resolved.

**Figure 3.2 Change in the UK Bank of England Base Rates December 2007 to April 2010**



3.6 Although the most recent data shows uplift, the recession has had a significant impact on both house prices and the number of sales for Greater Manchester, the North West and England & Wales. With concerns about access to finance affecting both householders and the development industry, the depth and longevity of the recession's impact on housing markets remain uncertain.

**Table 3.1 UK Mortgages in arrears and taken into possession 2005 to 2009**

UK	Mortgages 6-12		Mortgages 12		Properties taken	
	months in arrears		or more in arrears		into possession	
	at end of period		at end of period		during period	
	Number	%	Number	%	Number	%
2005	38,600	0.33	15,000	0.13	14,600	0.13
2006	34,900	0.30	15,700	0.13	20,900	0.18
2007	40,500	0.34	15,300	0.13	26,200	0.22
2008	72,000	0.62	29,500	0.25	40,000	0.34
2009	88,700	0.81	65,300	0.60	46,000	0.42

Source: Council of Mortgage Lenders 2010

3.7 Recently released statistics from the Council of Mortgage Lenders shows that over the year to 2009 there has been a significant increase in the number of mortgages falling into arrears and also in the number of properties being taken into possession. In the UK as a whole over 65,000 mortgages were arrears by over 12 months in 2009 compared to 29,500 in 2008. There were 6,000 more properties repossessed in 2009 than in 2008.

**Table 3.2 Landlord possession claims (per 1,000 households\*)**

	2003	2004	2005	2006	2007	2008
Bolton	6.4	5.8	6.4	6.3	5.0	5.2
Bury	8.7	7.9	6.0	5.5	5.6	6.0
Manchester	16.3	16.5	15.2	14.8	10.4	13.6
Oldham	11.9	10.8	10.8	10.5	10.4	9.9
Rochdale	11.1	12.6	11.9	9.5	7.8	8.3
Salford	10.7	9.2	5.5	7.3	8.7	8.7
Stockport	5.2	6.4	8.1	7.4	6.4	6.1
Tameside	8.1	7.4	8.5	9.2	8.1	8.2
Trafford	5.8	4.6	6.7	7.2	5.2	6.4
Wigan	8.2	7.5	6.5	6.8	7.3	5.5
Greater Manchester	9.7	9.4	9.1	9.0	7.7	8.2
North West	7.7	7.5	7.4	7.1	6.6	6.8
England and Wales	7.8	7.7	7.3	7.0	6.5	6.5

\*2006 mid year estimates Source Ministry of Justice

3.8 The table above illustrates the number of landlord possession claims to county courts per 1,000 households as a result of rent arrears. Greater Manchester, the North West and England and Wales showed annual decreases in possession claims between 2003 and 2007. There was an increase in possession claims in the year to 2008. In Greater Manchester 8 households per 1000 had a landlord possession claim compared to 6.5 nationally. In the districts of Greater Manchester Manchester had the highest level of landlord possession at 13.6 and Bolton the least at 5.3 per 1,000 households.

3.9 The figures of mortgage arrears and mortgage and landlord possessions highlighted above reflects how fragile the housing market is at present in terms of the affordability both mortgaged and rented properties.

### **Current Housing Market in Greater Manchester**

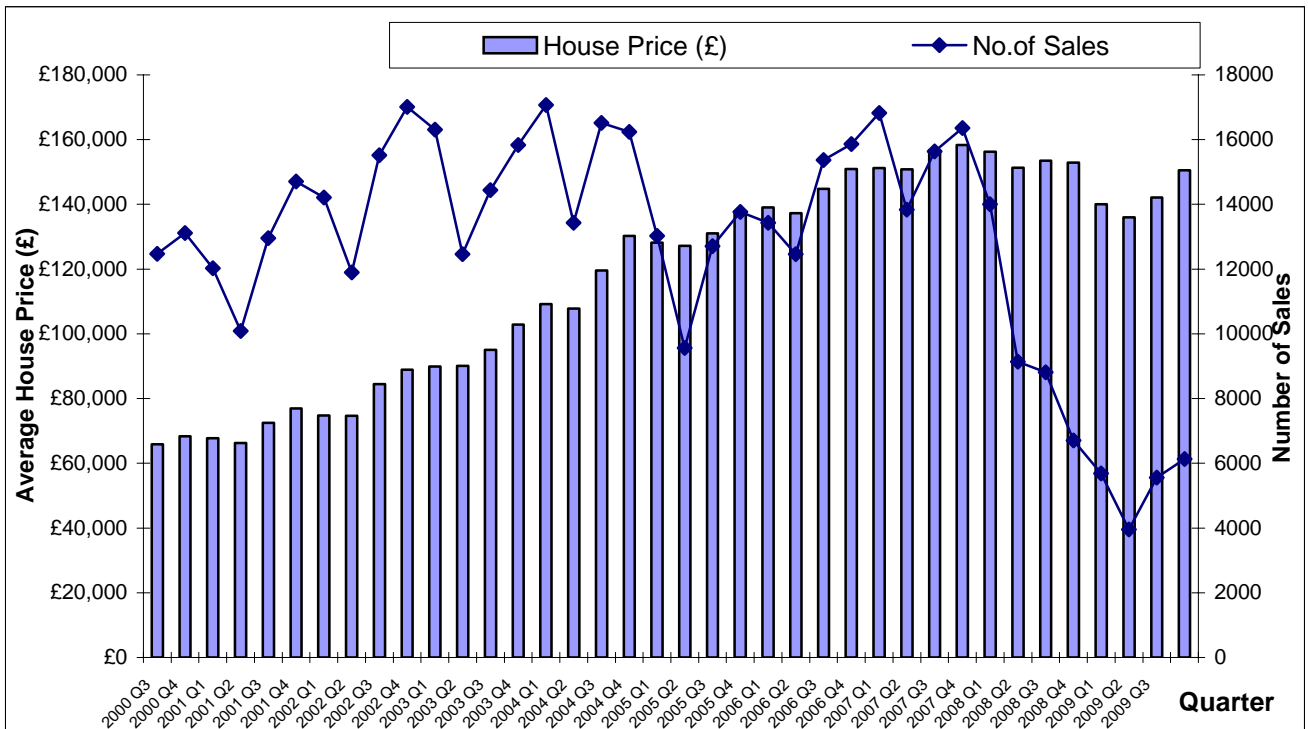
3.10 The past 10 years have seen extraordinary changes in the Greater Manchester housing market. As highlighted earlier population has grown and is expected to rise further and household size is projected to fall. Although recently slowing there have been high increases in the number of those of working age largely due to economic migrants. Such factors have led to significant increases in housing demand, at a time when the recession has meant that the market is less able and less willing to respond.

3.11 Within Greater Manchester aggregated house price paid data from the Land Registry shows that from a peak of £158,381 in quarter 3 2007, average prices fell to £136,072 in quarter 1 2009, before recovering slightly to £142,284 in quarter 2<sup>2</sup>. The number of sales between January and March 2009 was 3,922, compared to 9,138 in the same period for 2008. Sales increased marginally to 5,390 between April and June 2009.

<sup>2</sup> HM Land Registry

3.12 Figure 3.3 shows the number of sales recorded in Greater Manchester for each quarter since quarter three of 2000 to the third quarter of 2009 (Please note the figures for this quarter could change due to late registrations with the Land Registry). The chart shows that whilst property sales levels have been subject to seasonal variation there has been a marked decrease in sales recorded since quarter three of 2007. The chart also shows the change in average property prices over this period and illustrates the lag between the decline in property sales and the decline in property prices.

**Figure 3.3 House Prices and Sales in Greater Manchester 3rd Quarters 2000 to 2009**



Source Land Registry

**Please note all the data contained in Figures 3.3 to 3.15 and Tables 3.3 and 3.5 are produced from the Price Paid dataset purchased by AGMA from H M Land Registry.**

**This postcode data is aggregated to the various geographies including district and HMA to give an average sales price and total number of sales. It is important to stress that these figures are averages of prices paid and that the data could change as new sales are reported to the Land Registry (particularly within the last quarter).**

**HM Land Registry uses a more sophisticated methodology to calculate the average prices of properties at local authority level and above, including specific steps that the AGMA cannot fully replicate when analysing the address level price paid dataset. Such steps include seasonal adjustments and the matching of individual addresses and their sales prices over time to measure real change (repeat sales regression). The methodology used in this report is one of simple averages of house prices paid in each postcode and also includes number of sales per postcode. This aggregated data of average prices, therefore will not correlate with district level figures produced officially by the Land Registry every month.**

3.13 Looking at the Land Registry data in more detail the following table illustrates the average house price paid of all residential property in the districts and HMAs of Greater Manchester.

**Table 3.3 House Prices in Greater Manchester – 3<sup>rd</sup> Quarter 2009**

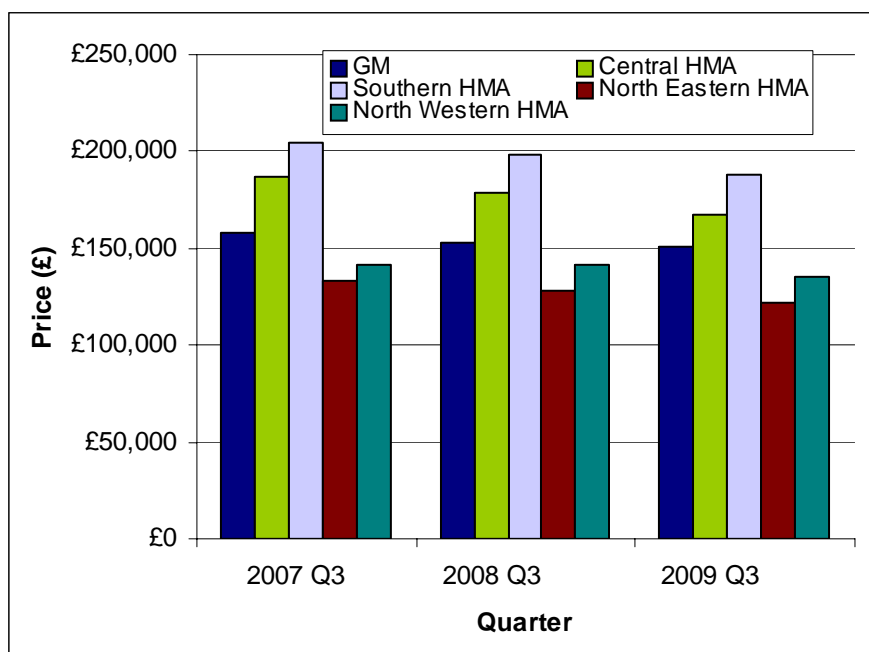
Quarter	Overall	
	Average	No. Sales
Bolton	£143,484	610
Bury	£148,552	400
Manchester	£146,035	1,146
Oldham	£122,147	453
Rochdale	£120,459	392
Salford	£124,531	561
Stockport	£186,409	832
Tameside	£122,259	485
Trafford	£231,437	623
Wigan	£123,212	634
Greater Manchester	£150,505	6,136
Central HMA	£167,334	2,330
Southern HMA	£187,960	2,601
North Eastern HMA	£121,622	1,330
North Western HMA	£134,945	2,205

Source Land Registry Price Paid data

3.14 The table above shows the average house prices across Greater Manchester as of the 3<sup>rd</sup> quarter 2009. In terms of the Housing Market Areas the Southern HMA has both the highest prices and sales and the North Eastern HMA the least at £121,622.

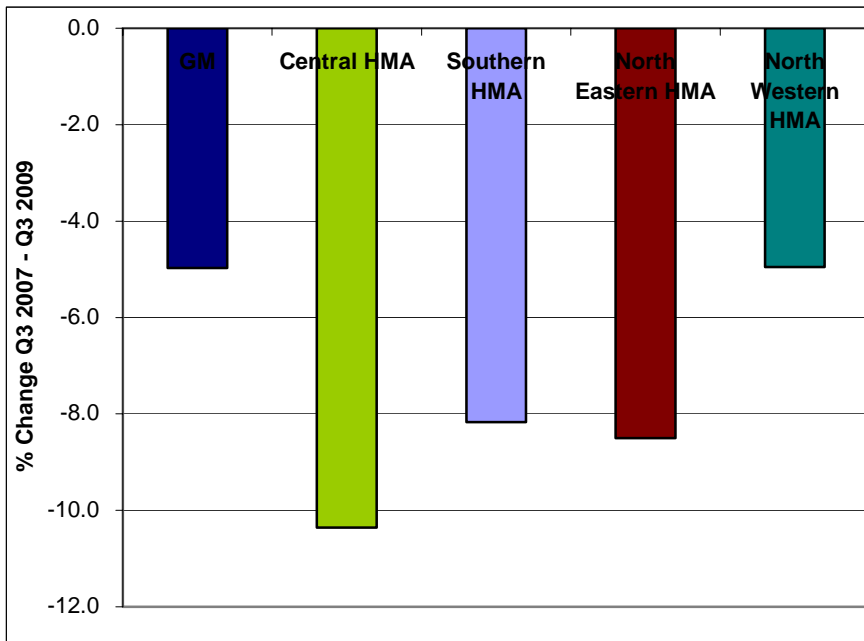
3.15 From the aggregated price paid postcode data from the Land Registry it is clear that the peak in House Prices in Greater Manchester across all house types was in Quarter 3 of 2007. Further analysis of change over time is highlighted below.

**Figure 3.4 Average House Prices by Housing Market Area 2007 – 2009**



Source Land Registry House Price Paid data

**Figure 3.5 Change in HMA House Prices 2007 to 2009**

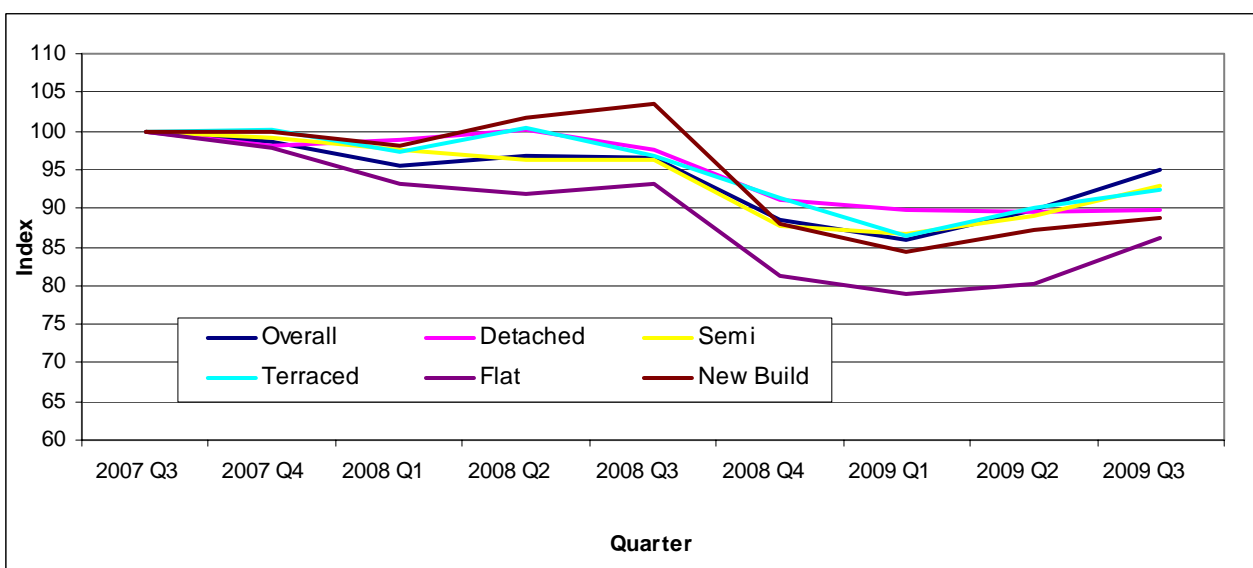


Source Land Registry House Price Paid data

3.16 There has evidently been a significant downturn in house prices across all the Greater Manchester Housing Market Areas between Q3 2007 and Q3 2009. The Southern HMA remains the area with the highest values despite a decrease of over 8%. The central HMA, having experienced the greatest increase in house prices in the original GMSHMA has now experienced the greatest decrease in prices between 2007 and 2009 at -10.4%. This clearly reflects the fragility of the housing market in this area in its reaction to the economic downturn.

3.17 It is interesting to analyse how the different house type prices have reacted to the recession since their peak in 2007. The charts below represent house prices and sales in Greater Manchester by house type between the housing peak in Quarter 3 2007 to Quarter 3 2009.

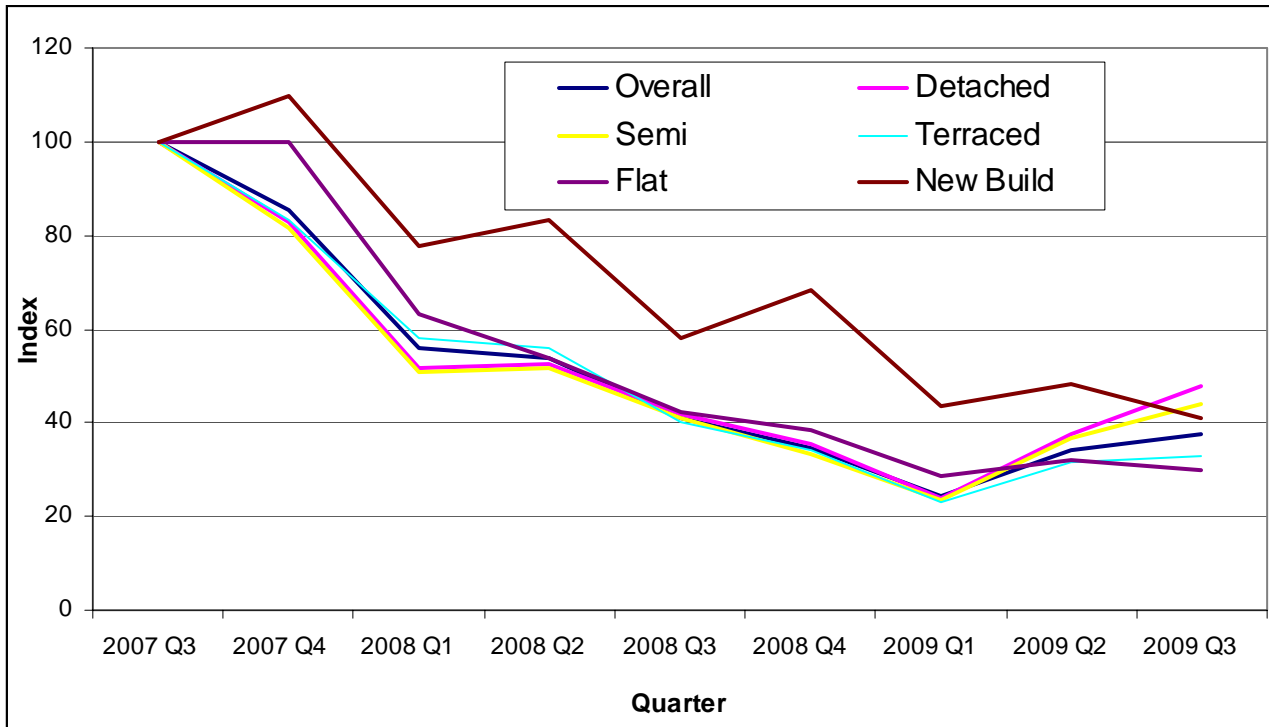
**Figure 3.6 House Prices in Greater Manchester Quarter 3 2007 to Quarter 3 2009**



Source Land Registry Price Paid data

3.18 The chart above shows that in terms of house prices it is Flats that have suffered the most from the peak in the housing market in quarter 3 of 2007. In particular this decrease in house prices occurred in the period Quarter 3 and 4 of 2008. in line with a sharp decline in New Build properties. Although all types have recovered in value it is the Semi-detached and Terraced property types which have returned most to their levels in Q3 2007.

**Figure 3.7 Number of Sales by House Type in GM Quarters 3 2007 to 2009**



Source Land Registry Price Paid data

3.19 The chart above represents the changes in the number of sales by house type in Greater Manchester between selected quarters of 2007 to 2009. All house types clearly show a decline in sales up to the beginning of 2009 although the decline in flat sales and new build did not begin until quarter 4 of 2007. New build sales also fluctuated throughout this period.

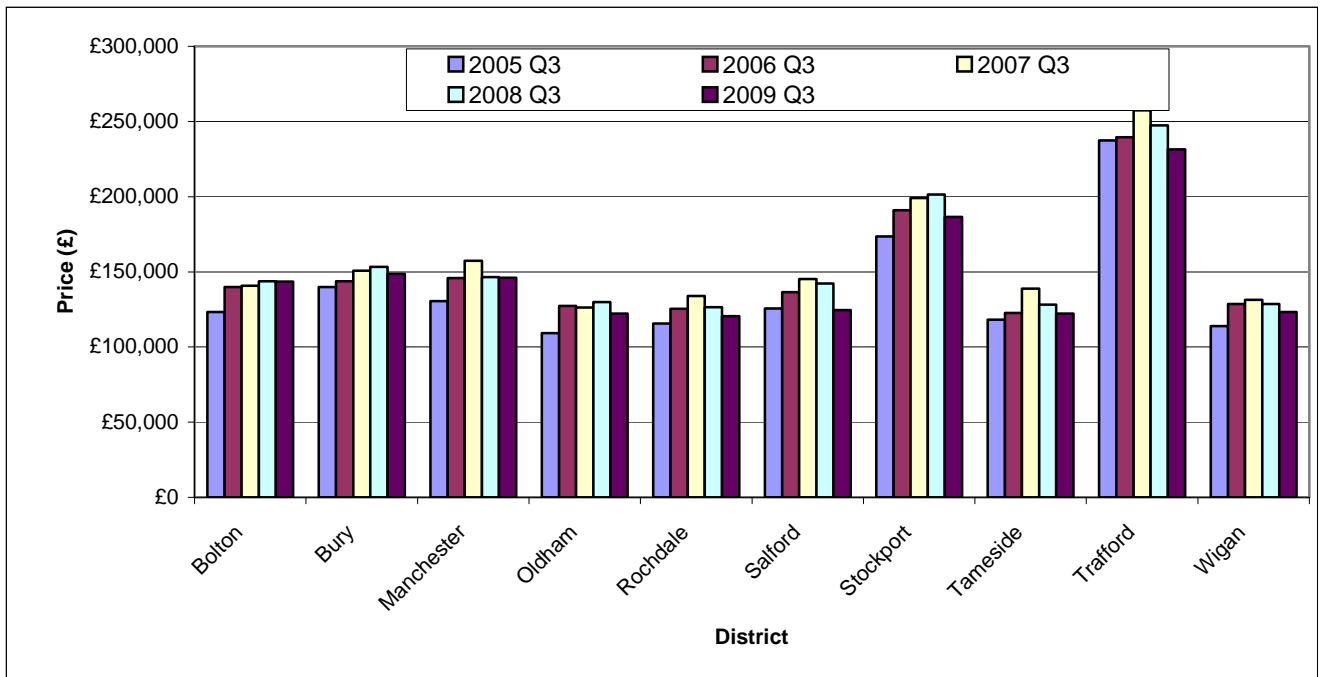
3.20 Detached and semi-detached properties have seen the quickest recovery in terms of number of sales. This reflects the limited supply of this type of property and a higher demand for those properties available. Although sales of flats and terraced properties have increased to some extent they are still significantly lower than 2007 levels.

3.21 The data clearly points to the fragility of the flatted new build market in its reaction to the economic downturn such as in Manchester city centre where the development of new flats has been so prevalent. This also helps to explain why the Central HMA has suffered the most during this period of economic uncertainty.

3.22 The data below sets out average prices of all residential property transactions on a local authority wide basis over a longer period than previously (Q3 2005 and Q3 2009) to give an indication of the differences and long term changes experienced by the local authorities of Greater Manchester.



**Figure 3.8 Average House Prices by Authority 2005-2009**

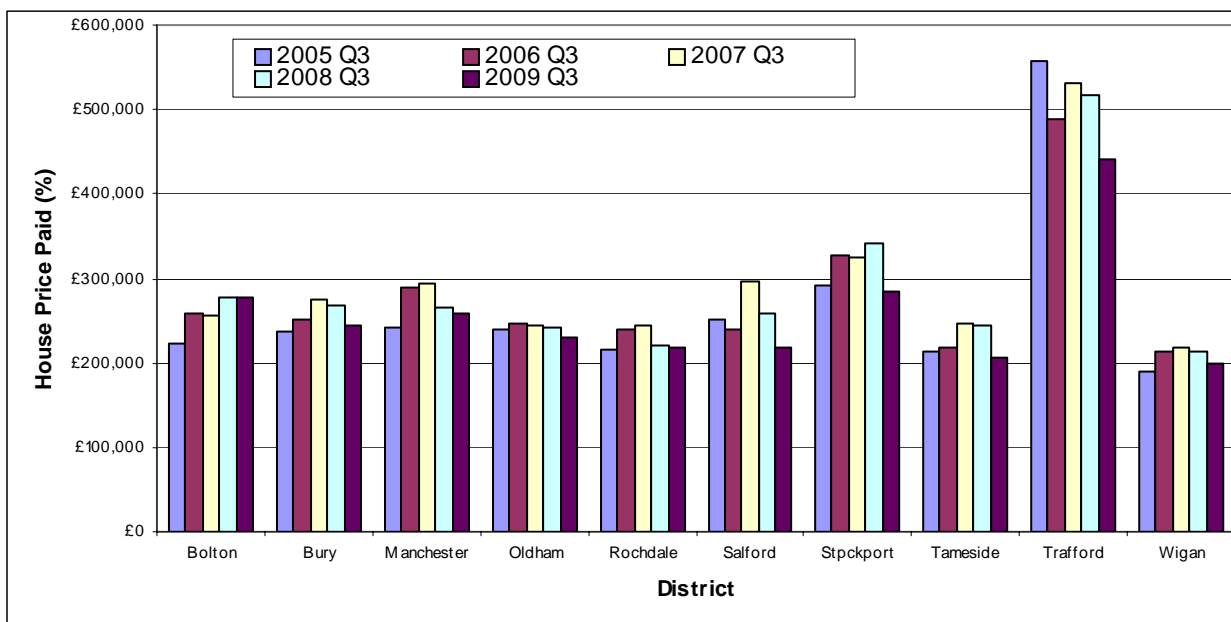


Source Land Registry Price Paid data

3.23 The chart above illustrates the pattern of growth in each local authority in selected quarters between 2005 and 2009. Trafford consistently posts the highest average values, whilst Oldham and Rochdale see consistently low values by comparison.

3.24 The figure below sets out the average prices of detached properties in the local authorities of Greater Manchester for selected quarters.

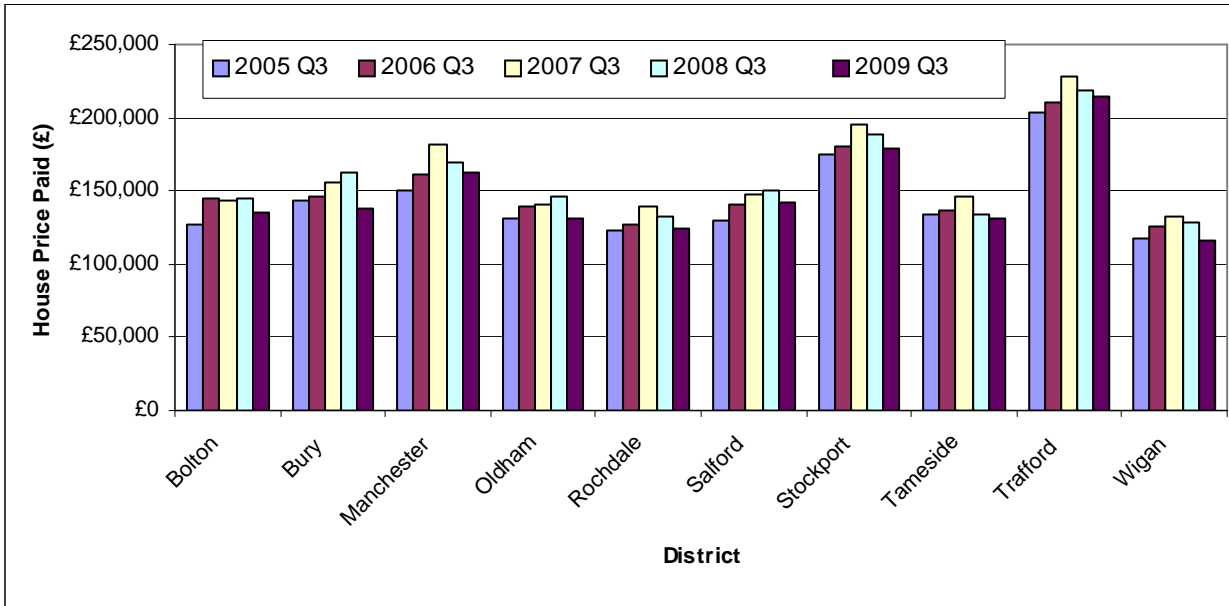
**Figure 3.9 Average Detached House Prices by Authority 2005-2009**



Source Land Registry Price Paid data

3.25 In terms of detached property, Trafford again sets the highest average value reaching over £555,000 in Q3 2005. By the third quarter of 2009 the average value of detached properties in Trafford had decreased to just over £440,000. Bolton was the only district to experience year on year price increases in this house type – rising by 24% between 2005 and 2009. Wigan consistently has the lowest average house prices for detached properties.

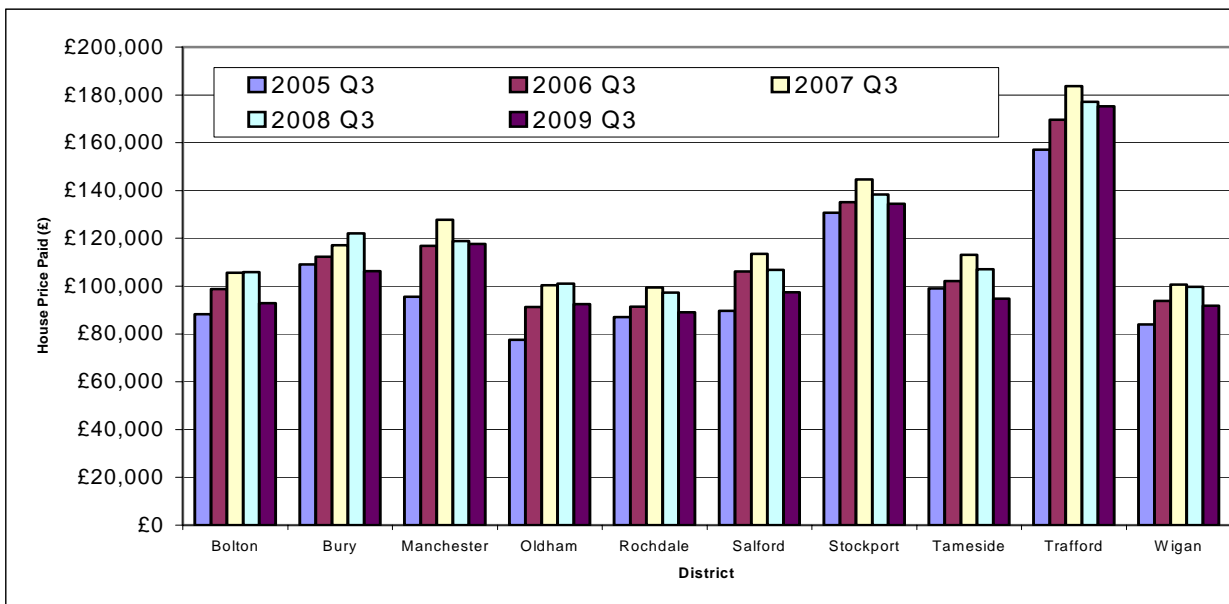
**Figure 3.10 Average Semi Detached Prices by Authority**



Source Land Registry Price Paid data

3.26 Whilst Trafford again shows a price premium for semi-detached properties it is more closely followed by Stockport and Manchester. Significantly, the districts of Bury, Oldham, Tameside and Wigan have lower semi detached property prices in Q3 2009 than they did in Q3 2005.

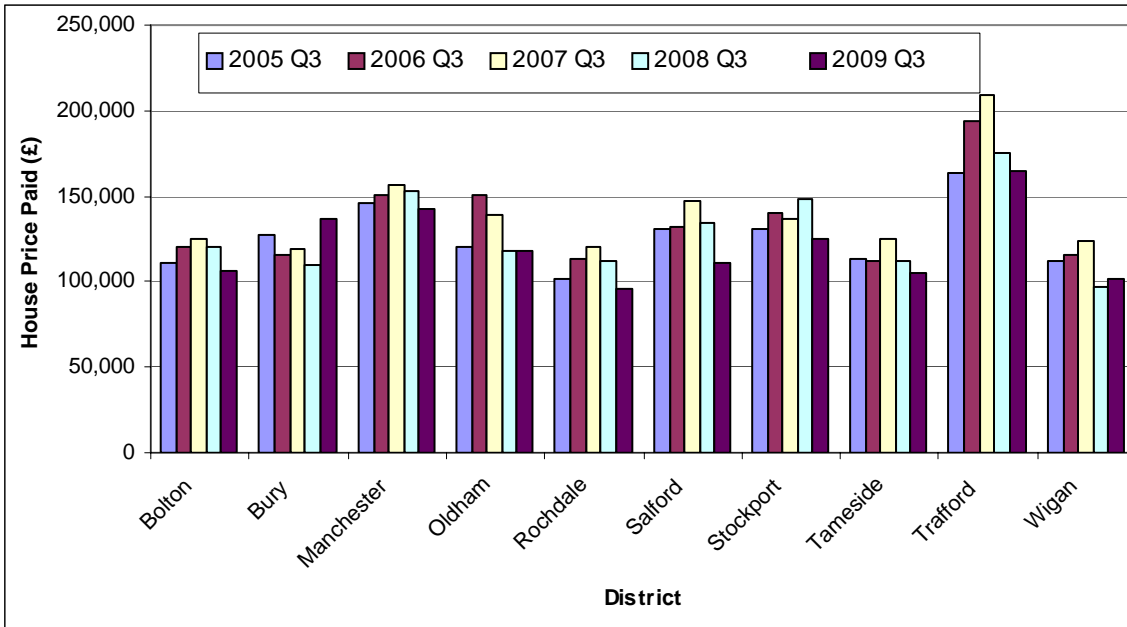
**Figure 3.11 Average Terraced House Prices by Authority 2005-2009**



Source Land Registry Price Paid data

3.27 In terms of terraced properties, the table above indicates a similar trend to that evidenced for semi-detached with Trafford having the highest prices followed by Stockport. The districts of Tameside and Bury now have slightly lower terraced property prices in Q3 2009 than they did for the same period of 2005. Most districts experienced their highest terraced property price in Q3 2007 and this then decreased over the next two years in this quarter.

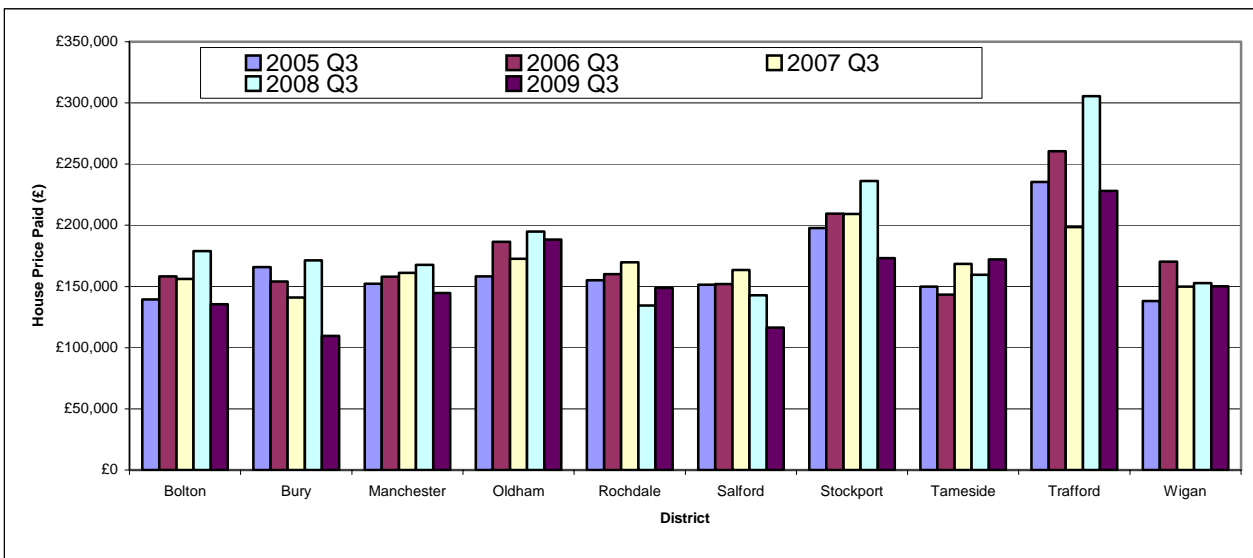
**Figure 3.12 Average Flat/Apartment Prices by Authority 2005 - 2009**



Source Land Registry Price Paid data

3.28 Of all the districts of Greater Manchester only Bury and Trafford have higher flat prices in 2009 than they did in the same period for 2005. Bury's increase shows a flat price of over £137,000 now as compared to just under £127,000 in 2005. Salford on the other hand had an average flat price of over £131,000 in Q3 2005 but this has now reduced to just over £111,000 in Q3 2009.

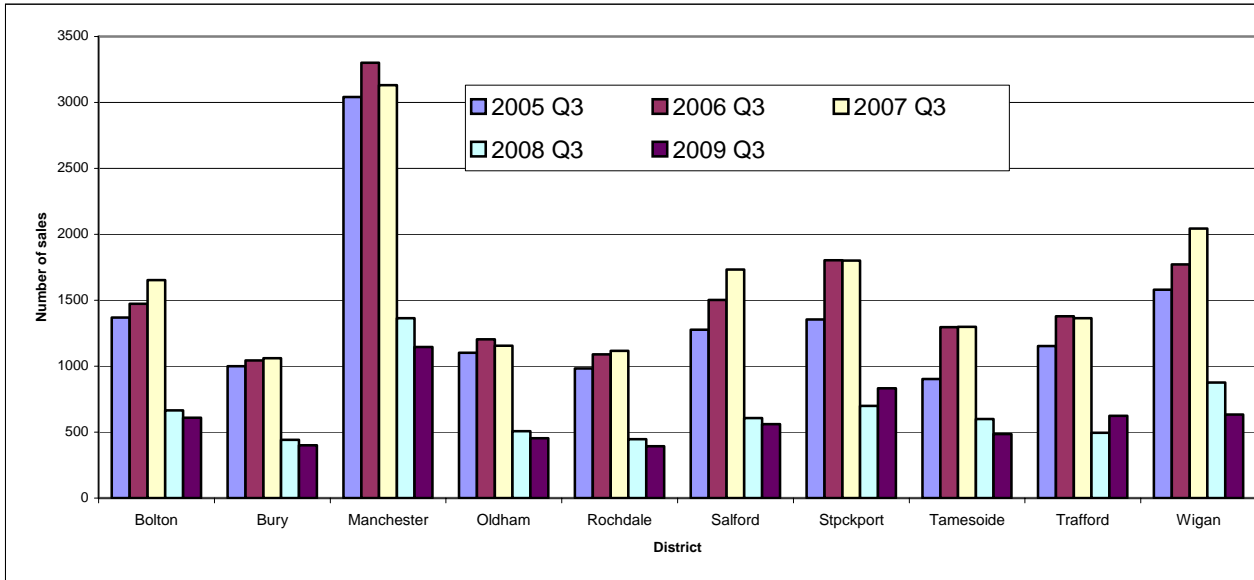
**Figure 3.13 New Build Property Prices by Authority 2005 to 2009**



Source Land Registry House Price paid data

3.29 New Build property prices as highlighted above reached a peak in most districts in Q3 2008 followed by a decrease to quarter 3 of 2009. Rochdale and Tameside have experienced an increase in New Build property price between 2008 and 2009 leading to Tameside having its highest new build prices in this 5-year period. Oldham and Wigan also have a higher new build property price in 2009 than they did in 2005.

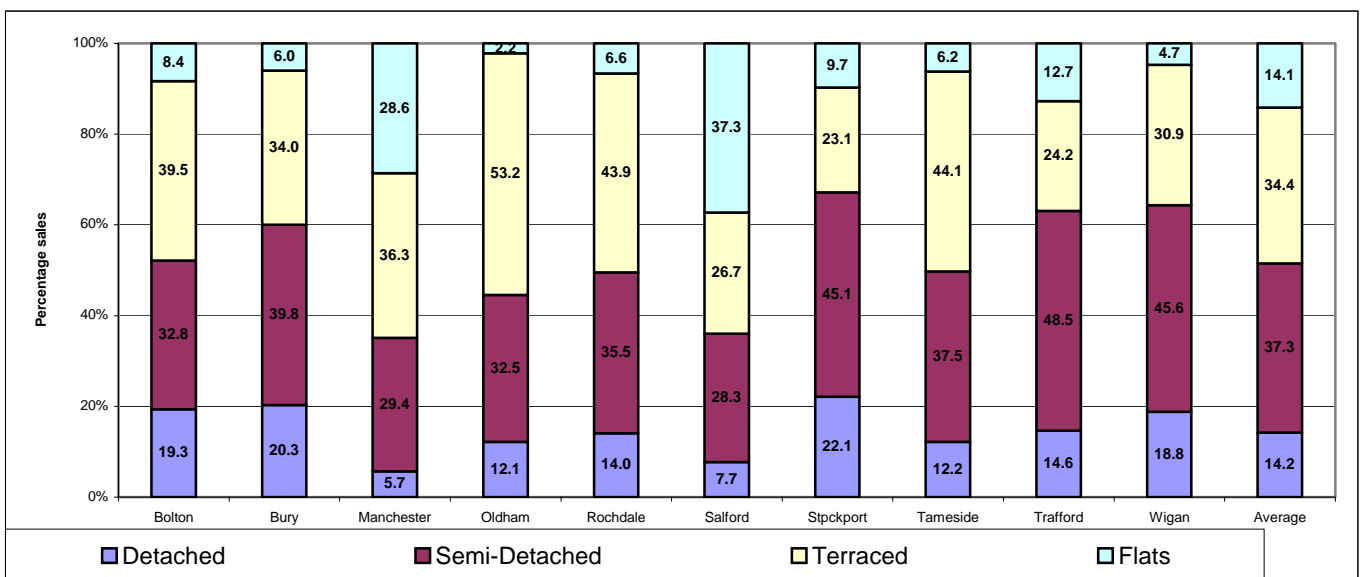
**Figure 3.14 Unit Sales by Authority 2005 to 2009**



Source Land Registry House Price Paid data

3.30 The chart above dramatically illustrates the drop in sales from peaks of Q3 2006 and 2007 to the low levels experienced in 2008 and 2009. Manchester, for example, went from a sales figure of over 3,300 in Q3 2006 to just over 1,100 in Q3 2009 – a decrease in the 5 year period of 60%. The only districts to experience any increase in sales between q3 2008 and q3 2009 were Trafford and Stockport.

**Figure 3.15 Component Unit Sales by Authority – 3<sup>rd</sup> Quarter 2009**



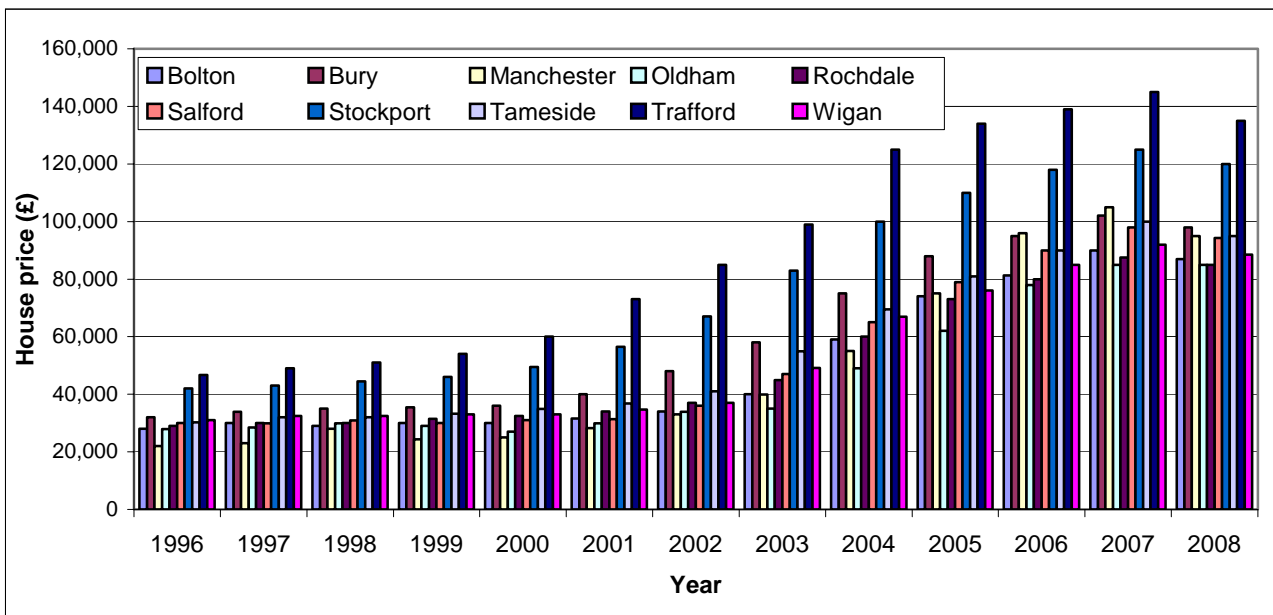
Source Land Registry House Price Paid data

3.31 There is clearly a changeable picture across the authorities reflecting the different breakdown in stock profiles. The market in Oldham is dominated by terraced properties with over 50% of its sales being in this house type, as does Tameside, Rochdale and Bolton. Unsurprisingly, Manchester and Salfords stock sales are significantly made up of sales of flats. This distribution of stock sales in terms of house type has changed little since the original GMSHMA was produced.

**Lower Quartile House Prices 1996 to 2008**

3.32 The DCLG records the lower quartile house prices for each authority across the UK. These properties represent the lower level of the housing market and are considered to be those most likely to be able to be purchased for households on lower incomes or households entering the market for the first time. From the graph below it is clearly evident that lower-quartile house prices have increased significantly over this period 1996 to 2008, with a particular large increase from 2001 to 2007. In 2008 all districts experienced a decrease, which potentially means that properties are more affordable – if finance was more accessible.

**Figure 3.16 Lower Quartile House Prices 1996-2008**



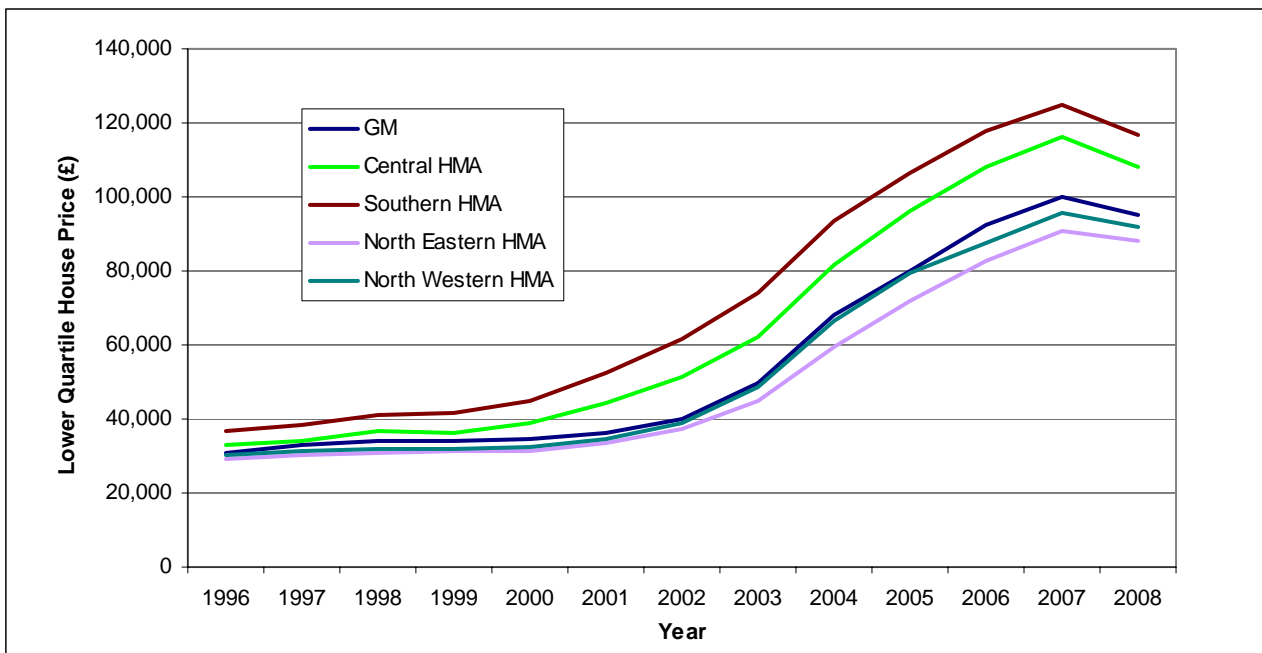
Source DCLG

**Table 3.4 Lower Quartile House Prices 2007 to 2008**

	2007	2008	% Change
Bolton	90,000	87,000	-3.3
Bury	102,079	98,000	-4.0
Manchester	105,000	95,000	-9.5
Oldham	85,000	85,000	0.0
Rochdale	87,500	85,000	-2.9
Salford	98,000	94,300	-3.8
Stockport	124,999	120,000	-4.0
Tameside	100,000	95,000	-5.0
Trafford	145,000	135,000	-6.9
Wigan	92,000	88,500	-3.8
GM	100,000	95,000	-5.0
Central HMA	116,000	108,100	-6.8
Southern HMA	125,000	116,667	-6.7
North Eastern HMA	90,833	88,333	-2.8
North Western HMA	95,520	91,950	-3.7

Source DCLG

**Figure 3.17 Lower Quartile House Prices 1996-2008**



Source: DCLG Housing Live Tables

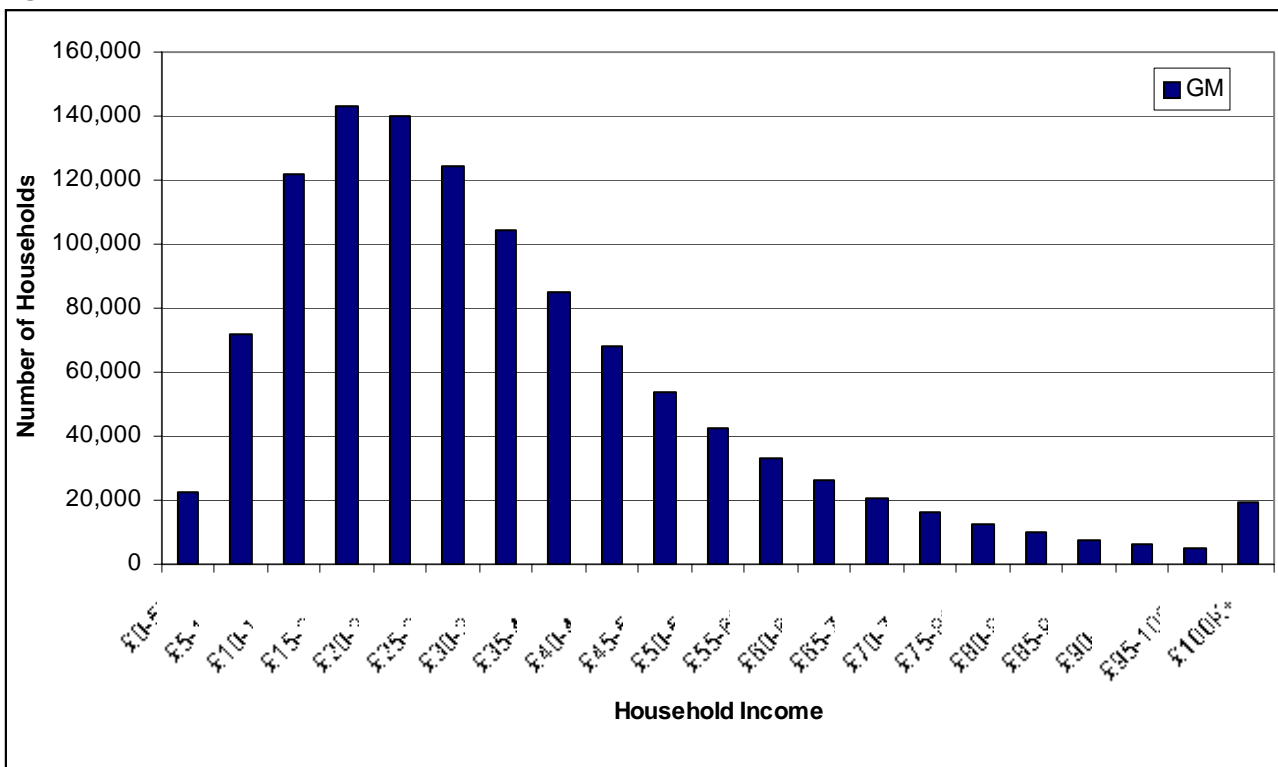
3.33 Table 3.5 below shows the house price to income levels across Greater Manchester using modelled income data from CACI (2010) and house price data from the Land Registry (3<sup>rd</sup> quarter 2009). The districts of Wigan, Tameside, Rochdale and Oldham all have house prices less than four times that of income levels. Manchester's house prices are 5 times that of income and Trafford almost 6. The average for Greater Manchester is income levels being four and a half times that of house prices.

**Table 3.5 Household affordability in Greater Manchester**

	Mean Household income (£) 2010	House Prices (3rd Quarter 2009)	Affordability Ratio (Income to House Price)
Bolton	£32,918	£143,484	4.4
Bury	£35,748	£148,552	4.2
Manchester	£29,278	£146,035	5.0
Oldham	£31,680	£122,147	3.9
Rochdale	£31,413	£120,459	3.8
Salford	£31,343	£124,531	4.0
Stockport	£37,709	£186,409	4.9
Tameside	£32,324	£122,259	3.8
Trafford	£39,548	£231,437	5.9
Wigan	£32,789	£123,212	3.8
Greater Manchester	£33,092	£150,505	4.5

Source CACI Paycheck and Land Registry Price Paid data

**Figure 3.18 Household income distribution – Greater Manchester**



Source CACI

3.32 The chart above shows household income spread across Greater Manchester clearly illustrating the concentration of households with incomes between £15,000 and £25,000. There are also a significant number of households with very low incomes (below £10,000).

3.33 Although the reduction in the property prices, documented previously in the report, and reduction and stability of interest rates theoretically make it easier for a household to enter the

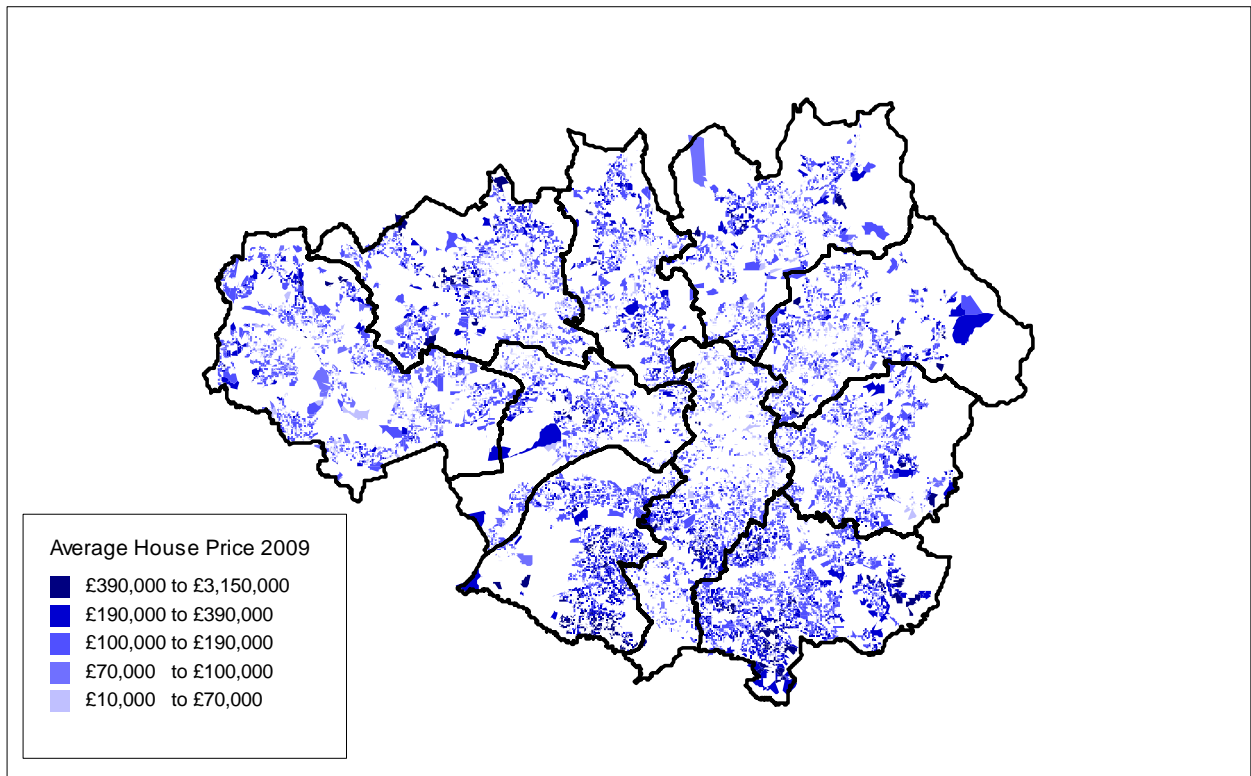
owner-occupied sector, the change in the availability of credit and concerns as to the future direction of the housing market has meant that this may not be experienced in reality.

3.34 For example, a few months ago the Nationwide Building Society, one of the two biggest mortgage lenders in the country, was only offering first-time buyers a mortgage if they had a deposit of at least 15% and the income to price ratio has also been reduced. This change in loan to value criteria is therefore likely to have a dramatic affect on the ability of potential first-time buyers to purchase a home.

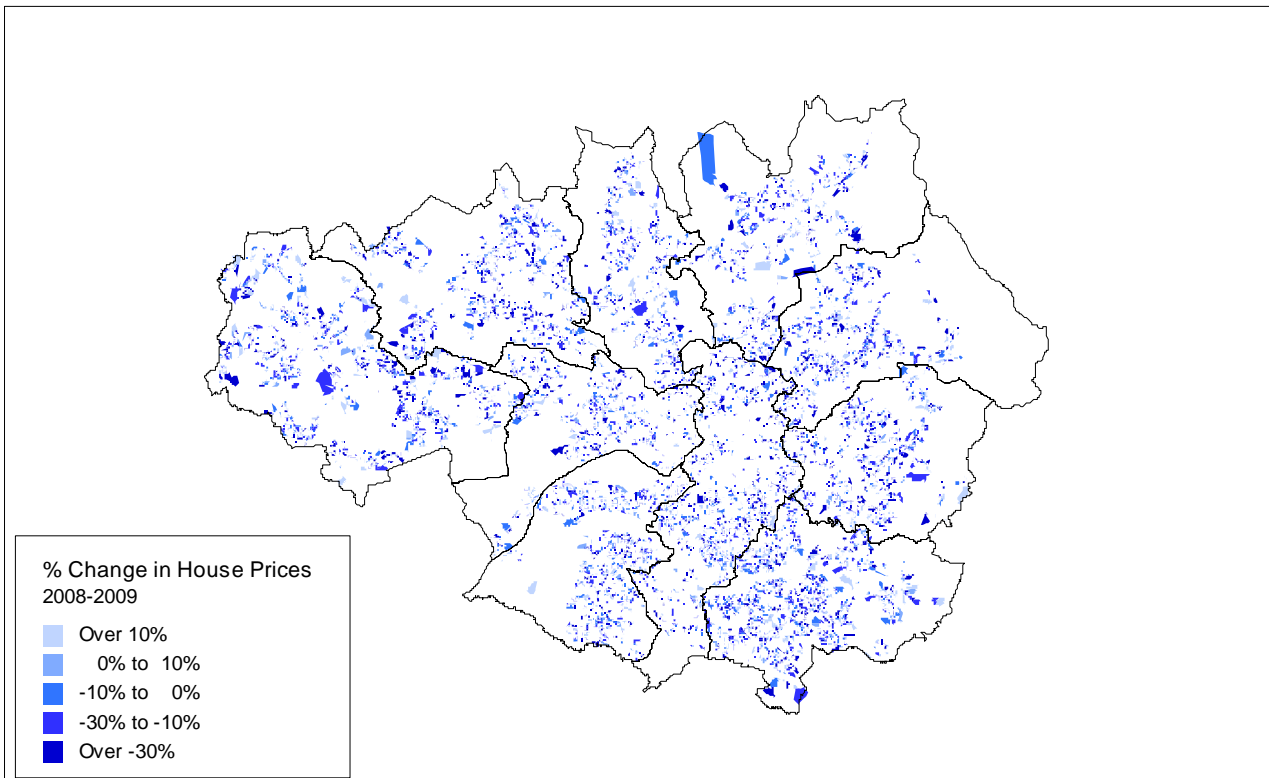
3.35 The maps overleaf show the distribution of house prices at postcode level across Greater Manchester and the level of annual change. There are clear concentrations of upper-bracket values evident within the southern and south eastern areas. There are also indications of pockets of high house prices in some rural areas and lower values being achieved in suburban areas towards the east of Manchester.



**Figure 3.19 Average House Prices in 2009 by Postcode**



**Figure 3.20 Change in Average House Prices 2008 to 2009**



### **In Summary**

- House prices have shown similar broad trends over time in Greater Manchester, the North West and England & Wales. Rising rapidly up to the end of 2007 then declining to the end of 2008;
- Most recent data shows some uplift in both house prices and sales;
- Reductions in house prices have been counter-balanced in affordability terms by tightening of lending criteria;
- Properties in mortgage arrears and those and being taken into possession by the mortgage company or private landlords have increased over the last 12 months;
- All HMAs have shown significant downturn in house prices between 2007 and 2009. The Central HMA having experienced the most increase in house prices and sales in the original SHMA now experienced the most decrease – reflecting the fragility of the housing market in this area in its reaction to the economic downturn;
- Flat prices have declined the most from a peak in quarter 3 2007. This was in line with a sharp decline in new build properties;
- Detached properties have experienced the most recovery in terms of sales
- There is an imbalance in the stock on offer in Greater Manchester represented by semi-detached and terraced properties. Terraced properties are dominant in Oldham, Rochdale and Bolton;
- A full market recovery will not occur until credit availability issues for first time buyers are resolved.

## 4. Housing Stock Assessment

4.1 The aim of this section is to provide a comprehensive picture of the current housing market in Greater Manchester and the characteristics and differences in the four constituent Housing Market Areas. The analysis provides a solid platform to progress the assessment of future housing market demand and needs.

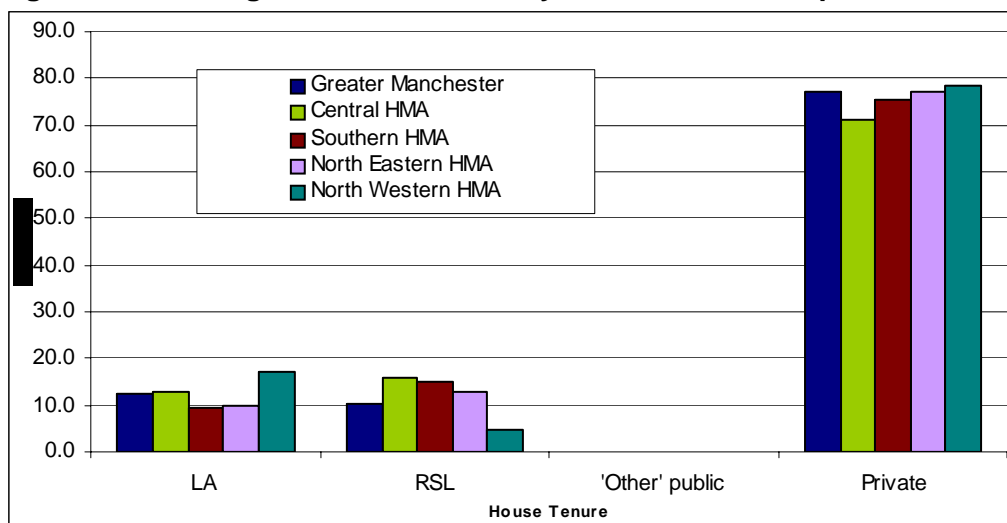
4.2 The mix of housing stock within a market is a key component regarding its housing 'offer' and its ability to meet current and future housing demand and need. Core distinctions can be made regarding the relative distribution of an areas stock profile by the key elements of type and tenure.

**Table 4.1 Housing Stock breakdown by tenure April 2008**

	LA	RSL	'Other' public	Private	Total
Bolton	15.3	6.1	0.0	78.6	119,254
Bury	10.4	5.2	0.0	84.4	80,898
Manchester	13.2	20.5	0.2	66.1	213,965
Oldham	15.4	6.2	0.0	78.4	92,639
Rochdale	15.6	8.2	0.0	76.2	90,056
Salford	24.3	5.5	0.0	70.2	104,325
Stockport	10.2	4.2	0.0	85.6	125,049
Tameside	0.0	23.1	0.0	76.9	97,885
Trafford	0.0	16.3	0.0	83.7	95,815
Wigan	16.6	2.1	0.0	81.3	137,788
Greater Manchester	12.5	10.4	0.0	77.1	1,157,674
Central HMA	13.0	15.7	0.1	71.2	414,105
Southern HMA	9.4	14.9	0.1	75.6	434,829
North Eastern HMA	10.1	12.7	0.0	77.2	280,580
North Western HMA	17.0	4.5	0.0	78.5	442,265
North West	4.9	13.5	0.1	81.5	3,132,543
England	8.0	9.6	0.3	82.0	22,696,246

Source HSSA

**Figure 4.1 Housing Stock breakdown by tenure and HMA April 2008**



Source HSSA 2008

4.3 As in the original SHMA it is apparent that the stock profile of Greater Manchester is dominated at present by private stock (owner occupied and private rented). At 77.1% this dwarfs the proportion of social-rented at 12.5% and RSL stock representing a further 10.4% (compared to 9.3% in the original SHMA). Compared to national figures for England more stock is owned privately (82%) and less held by local authorities (8%) and RSLs (9.6%) compared to Greater Manchester. The North West is nearer to the England average than Greater Manchester.

4.4 At the HMA spatial scale the chart above indicates that the Central HMA has the lowest level of private stock but the highest level of RSL stock. The North Western HMA has the highest proportion of LA owed stock in Greater Manchester yet has the lowest level of RSL ownership than in the other HMAs. Since the previous SHMA (using data for 2006/7) the North Western HMA is the only area to increase its share of private sector housing. The Southern HMA decreased its proportion of private stock from 78.8% in 2006/7 (when it had the highest proportion of all HMAs) to 75.6% in April 2008.

4.5 Of significance at the local authority level is the high level of social rented stock within Manchester and Salford (at 33.7% and 29.8% respectively) this is consistent with the previous SHMA.

**Table 4.2 Housing Type in Greater Manchester 2008**

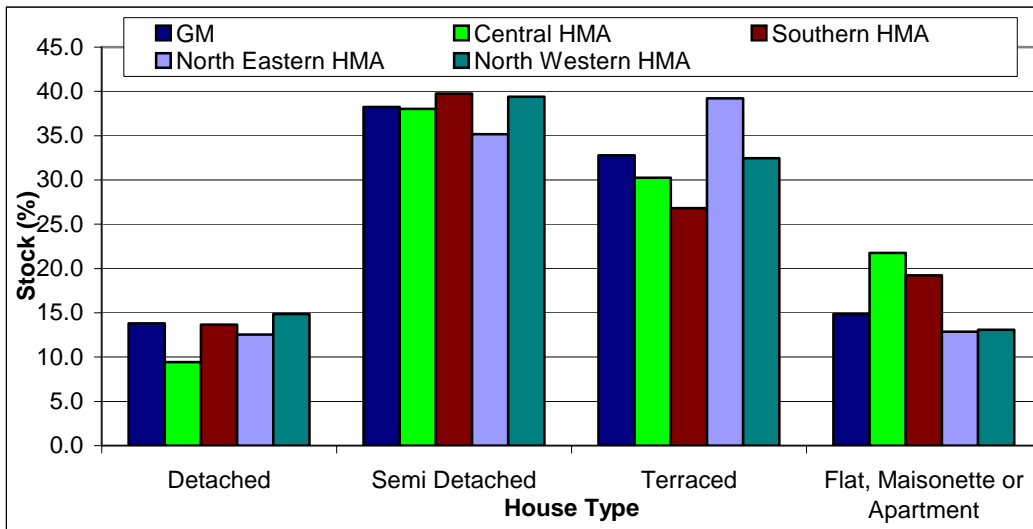
	<b>Total Households</b>	<b>Detached (%)</b>	<b>Semi Detached (%)</b>	<b>Terraced (%)</b>	<b>Flat, Maisonette or Apartment</b>
Bolton	113,443	16.0	35.3	37.1	11.4
Bury	79,041	18.2	38.8	31.0	11.8
Manchester	206,306	4.3	32.2	36.0	26.6
Oldham	91,733	11.5	33.6	41.9	12.8
Rochdale	88,311	14.9	33.3	38.6	13.0
Salford	99,027	8.6	37.0	32.5	21.6
Stockport	123,820	21.4	42.2	22.2	14.0
Tameside	95,129	11.1	38.6	37.1	12.8
Trafford	94,036	15.4	44.8	22.3	17.2
Wigan	133,609	16.6	46.5	29.2	7.5
GM	1,124,455	13.8	38.2	32.8	14.9
Central HMA	399,369	9.4	38.0	30.3	21.8
Southern HMA	424,162	13.7	39.8	26.8	19.2
North Eastern HMA	275,173	12.5	35.2	39.2	12.9
North Western HMA	425,120	14.8	39.4	32.5	13.1

Source: Community Insights 2008, CACI

4.6 The table above indicates that there is an imbalance between the stock types offered in Greater Manchester represented by semi detached (38.2%) and terraced accommodation (32.8%) compared to a lower number of detached properties (13.8%) and flats (14.9%). At the local authority level there is high proportion of terraced stock in Oldham (41.9%) and Rochdale (38.6%).

4.7 Although the data above is not available aggregated to regional or national levels, looking at Census 2001 figures as a guide the UK as a whole had 28% of terraced stock and 21% Detached stock highlighting the higher stock imbalance in Greater Manchester.

**Figure 4.3 Housing Type by HMA 2008**



Source: Community Insights 2008, CACI

4.8 At the HMA scale the chart above illustrates that semi-detached stock is particularly well represented in both the Southern and North Western HMAs, almost 40% of all stock in these areas.

4.9 As also highlighted in the original SHMA and through Making Housing Count (2007, Ecotec) there is a real need in Greater Manchester to ensure a more balanced housing offer to capture household and employment growth.

**Table 4.3 Housing Size in Greater Manchester 2008**

	1-2 Rooms* (%)	3-4 Rooms*(%)	5-6 Rooms* (%)	7+ Rooms* (%)
Bolton	2.1	32.7	49.7	15.5
Bury	1.8	29.1	50.6	18.5
Manchester	5.6	32.7	51.2	10.5
Oldham	2.1	36.9	48.9	12.1
Rochdale	2.5	34.6	48.6	14.3
Salford	2.7	32.2	52.6	12.5
Stockport	2.1	24.8	52.0	21.1
Tameside	2.1	34.5	51.9	11.6
Trafford	2.5	22.7	51.1	23.7
Wigan	1.6	26.1	58.4	14.0
GM	2.5	30.6	51.5	15.4
Central HMA	3.6	29.2	51.6	15.6
Southern HMA	3.4	26.7	51.4	18.4
North Eastern HMA	2.2	35.3	49.8	12.7
North Western HMA	2.1	30.0	52.8	15.1

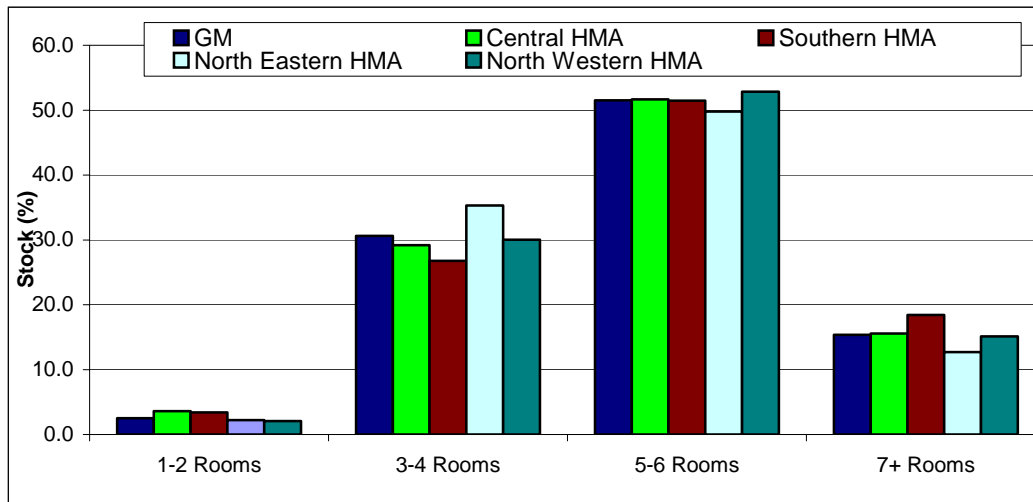
\* Rooms refers to 'all rooms' not just 'number of bedrooms'

Source Community Insights 2008 (CACI)

4.10 The table above suggests that a significant amount of stock located in Greater Manchester is of a medium size with over 50% of homes containing 5-6 rooms and on average very few homes have only 1-2 rooms (2.5%). Significantly, by comparison Manchester has 5.6% of properties with

1-2 rooms reflecting the unique property, economic and amenity-based 'offer' of the city centre market. The Southern HMA holds the largest proportion of large 7+ rooms at 18.4%.

**Figure 4.4 Housing Size by HMA 2008**



Source Community Insights, 2008

4.11 At the local authority level Bury, Stockport and Trafford all have proportions of larger properties higher than the average for Greater Manchester. As highlighted in the original SHMA using Census data for 2001 certain types of stock and tenures are often spatially concentrated within localised areas impacting on the 'feel' of neighbourhoods. For example, there are strong concentrations of terraced properties in East Manchester, urban areas of Oldham and Rochdale and in the inner areas of Salford.

### Housing Stock Change

4.12 A number of factors affect the overall mix of housing including the construction of new properties, demolitions and change of tenure for example through Right to Buy schemes, although given the numbers involved the impact on the overall stock profile is relatively limited. Although conversions also affect the mix to some extent it is the three elements mentioned here that are concentrated on in this analysis.

4.13 The table below illustrates the change in housing tenure since the last SHMA, which used data for 2007 and compares this to the latest data for tenure in 2008.

4.14 Although the volume of social stock decreased between 2001 and 2007 as highlighted in the original SHMA the latest data for 2008 highlights that social stock has increased by 1% over the year to 2008 (an increase of 2,505 in actual terms). This increase at the county level represents increases at district level in Manchester, Tameside, Stockport and Trafford. Salford on the other hand decreased their level of social stock by -3.6% over this period.

4.15 The only authority to decrease its total stock between 2007 and 2008 is Oldham (-0.3%) and Manchester and Salford increased their total stock by 2.7%. In terms of HMAs the Southern HMA increased its share of social stock by 2.9%. The North Western HMA was the only HMA to show any decrease in social housing stock. The charts below illustrate these changes at HMA and local authority level due to Right to Buy as well as demolition.

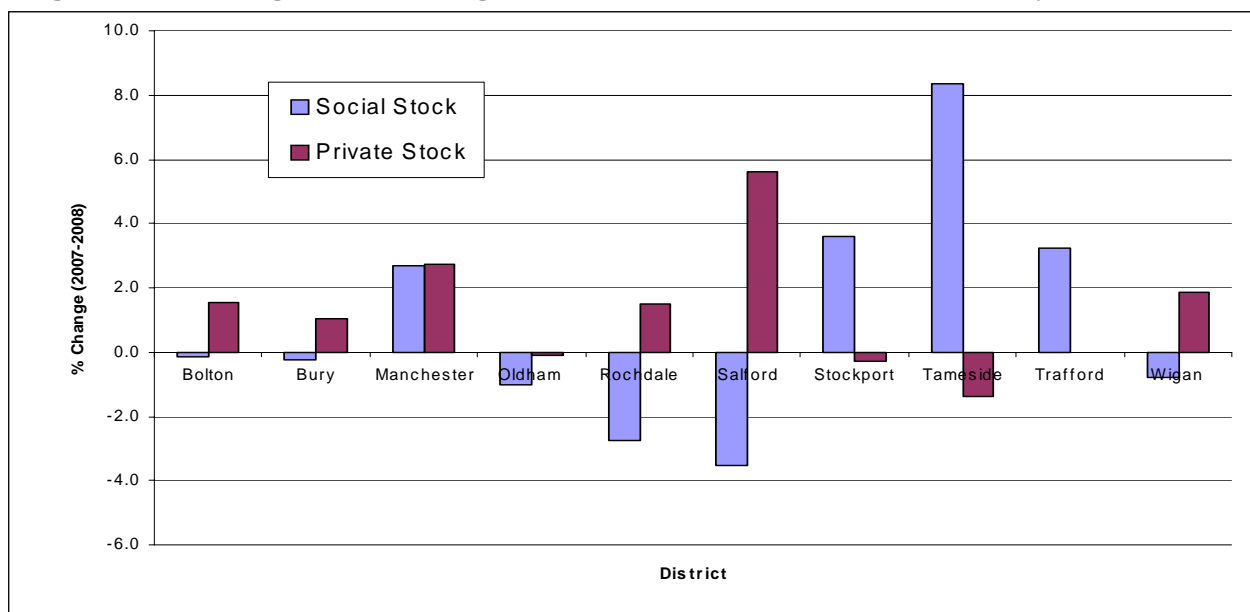
4.16 Overall the result of these shifts and the development of new stock have resulted in an overall increase in the number of houses across Greater Manchester of over 13,000 units between 2007 and 2008.

**Table 4.4 Housing Tenure Change 2007-2008**

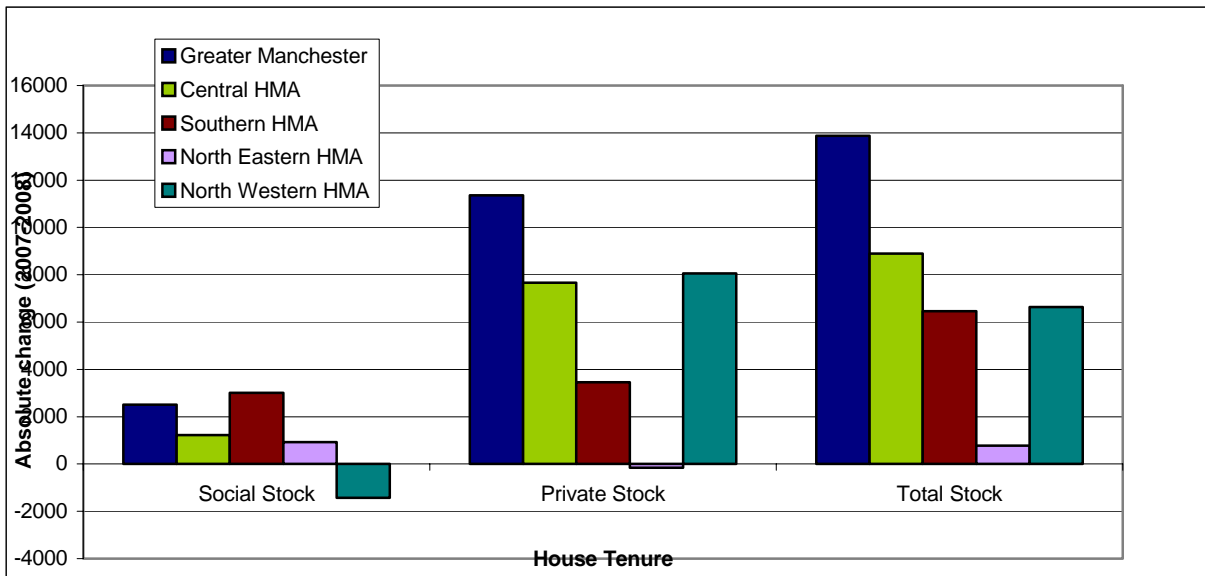
	2007			2008			Absolute Change 2007-2008			% Change 2007-2008		
	Social Stock	Private Stock	Total Stock	Social Stock	Private Stock	Total Stock	Social Stock	Private Stock	Total Stock	Social Stock	Private Stock	Total Stock
Bolton	25,544	92,323	117,867	25,505	93,749	119,254	-39	1,426	1,387	-0.2	1.5	1.2
Bury	12,672	67,554	80,226	12,639	68,259	80,898	-33	705	672	-0.3	1.0	0.8
Manchester	70,624	137,671	208,295	72,509	141,456	213,965	1,885	3,785	5,670	2.7	2.7	2.7
Oldham	20,238	72,687	92,925	20,036	72,603	92,639	-202	-84	-286	-1.0	-0.1	-0.3
Rochdale	22,047	67,622	89,669	21,435	68,621	90,056	-612	999	387	-2.8	1.5	0.4
Salford	32,252	69,339	101,591	31,107	73,218	104,325	-1145	3,879	2,734	-3.6	5.6	2.7
Stockport	17,415	107,331	124,746	18,045	107,004	125,049	630	-327	303	3.6	-0.3	0.2
Tameside	20,833	76,377	97,210	22,574	75,311	97,885	1,741	-1,066	675	8.4	-1.4	0.7
Trafford	15,103	80,225	95,328	15,592	80,223	95,815	489	-2	487	3.2	0.0	0.5
Wigan	26,011	109,937	135,948	25,802	111,986	137,788	-209	2,049	1,840	-0.8	1.9	1.4
GM	262,739	881,066	1,143,805	265,244	892,430	1,157,674	2,505	11,364	13,869	1.0	1.3	1.2
CHMA	117,979	287,235	405,214	119,208	294,897	414,105	1,229	7,662	8,891	1.0	2.7	2.2
SHMA	103,142	325,227	428,369	106,146	328,683	434,829	3,004	3,456	6,460	2.9	1.1	1.5
NE HMA	63,118	216,686	279,804	64,045	216,535	280,580	927	-151	776	1.5	-0.1	0.3
NW HMA	96,479	339,153	435,632	95,053	347,212	442,265	-1,426	8,059	6,633	-1.5	2.4	1.5

Source HSSA

**Figure 4.5 Housing Tenure Change 2007 to 2008 in Greater Manchester by District**



**Figure 4.6 Housing Tenure Change 2007 to 2008 in Greater Manchester by HMA**



4.17 The table below illustrates the total number of completions between 2003 and 2009. The net completions figures are total completions with deductions for demolitions and losses from change of use.

4.18 During the last year 2008/9 there has been a significant decrease of over -45% in the number of housing completions across Greater Manchester. This represents in actual terms a decrease from 13,645 in 2007/8 to a completion figure of 7,468 in 2008/9. Manchester Bolton and Wigans number of completions declined the most in this period. Only Oldham showed any increase in net completions over the year to 2009.

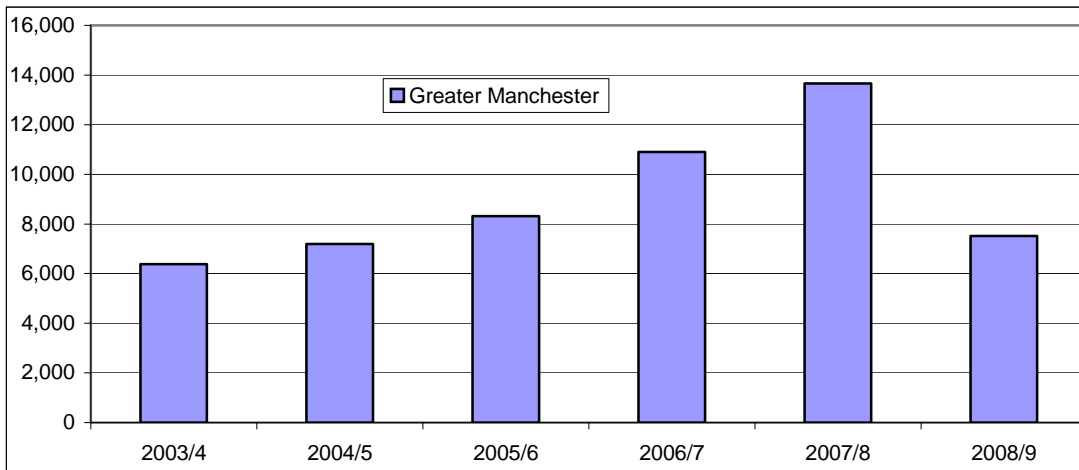
**Table 4.5 Total Net Completions – 2003 to 2009**

	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	Average completion rate 2003-09	% Change 07/08 to 08/09
Bolton	388	426	761	927	1,222	584	718	-52.2
Bury	372	723	909	346	384	273	501	-28.9
Manchester	2,281	2,693	2,929	4,697	5,187	2,108	3,316	-59.4
Oldham	270	135	132	315	399	401	275	0.5
Rochdale	119	58	350	129	418	382	243	-8.6
Salford	821	853	453	1,718	2,606	1,553	1,334	-40.4
Stockport	333	405	489	741	632	395	499	-37.5
Tameside	515	383	684	563	790	652	598	-17.5
Trafford	597	746	689	509	366	344	542	-6.0
Wigan	680	775	923	955	1,641	776	958	-52.7
Greater Manchester	6,376	7,197	8,319	10,900	13,645	7,468	8,984	-45.3

Source: Local Authorities

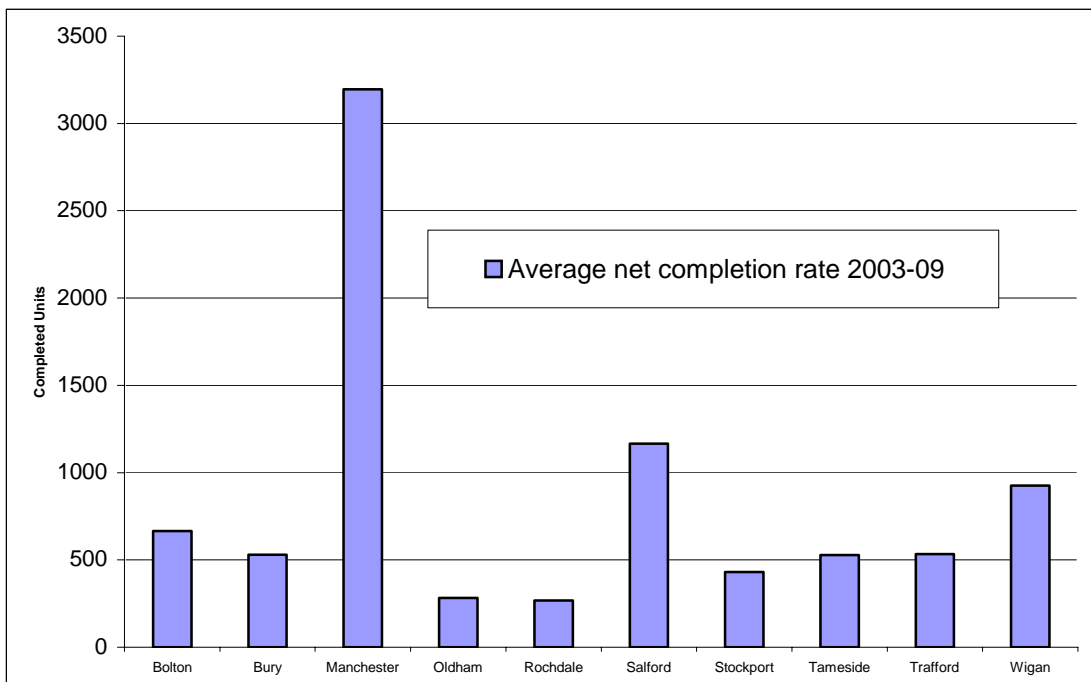


**Figure 4.7 Number of Completed Units (net) in Greater Manchester 2003 to 2009**



Source Local Authorities

**Figure 4.8 Average net completion rate in Greater Manchester between 2003 and 2009.**



Source Local Authorities

4.19 Using HSSA records assessment the original SHMA looked at the level of affordable housing stock built between 1997 and 2007. It is now possible to look at the change in the affordable housing completions stock from 2006/7 to 2007/8 as highlighted in the table below.

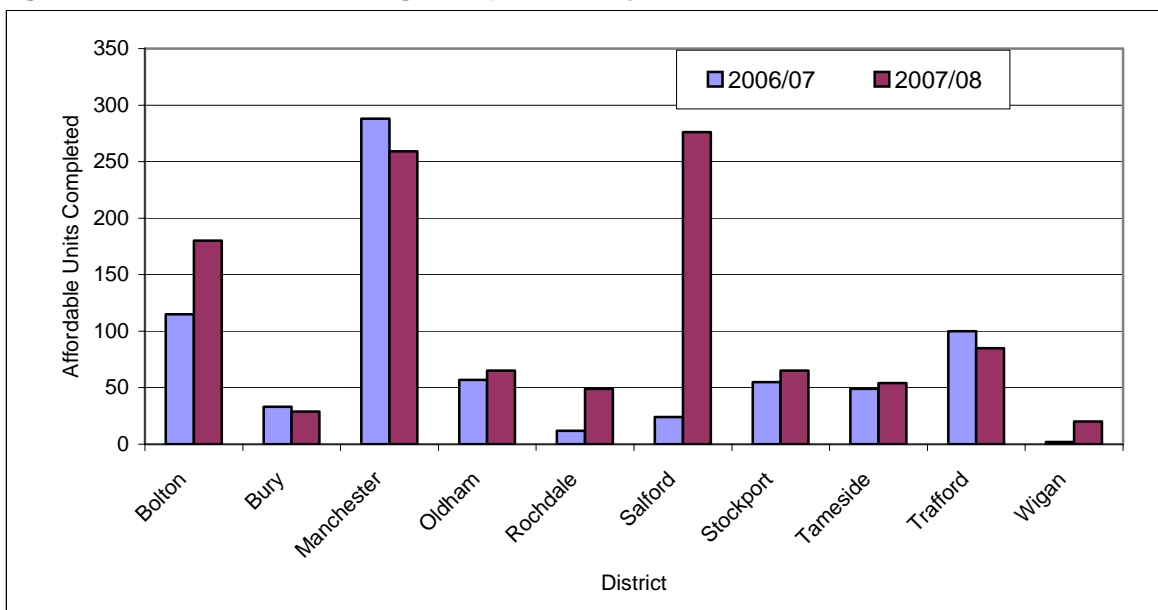
**Table 4.6 Affordable Housing Completions 2006/7 to 2007/8**

	2006/07	2007/08	Absolute Change 06/07 to 07/08 (Units)
Bolton	115	180	65
Bury	33	29	-4
Manchester	288	259	-29
Oldham	57	65	8
Rochdale	12	49	37
Salford	24	276	252
Stockport	55	65	10
Tameside	49	54	5
Trafford	100	85	-15
Wigan	2	20	18
Greater Manchester	735	1,082	347
Central HMA	412	620	208
Southern HMA	443	409	-34
North Eastern HMA	118	168	50
North Western HMA	174	505	331

Source: HSSA

4.20 The highest recorded affordable completion figure in the original SHMA was in the year 1997/98 with a figure of 1,825 this then decreased to a low in 2003/4 of just 553 affordable completed units. From 2006/7 to 2007/8 there has been an increase of from 735 units to 1,082 completed affordable units. The chart below illustrates the difference over this period at local authority level. Salford increased its levels of affordable housing the most over the year by 252 units.

**Figure 4.9 Affordable Housing Completions by district 2006/7 to 2007/8**



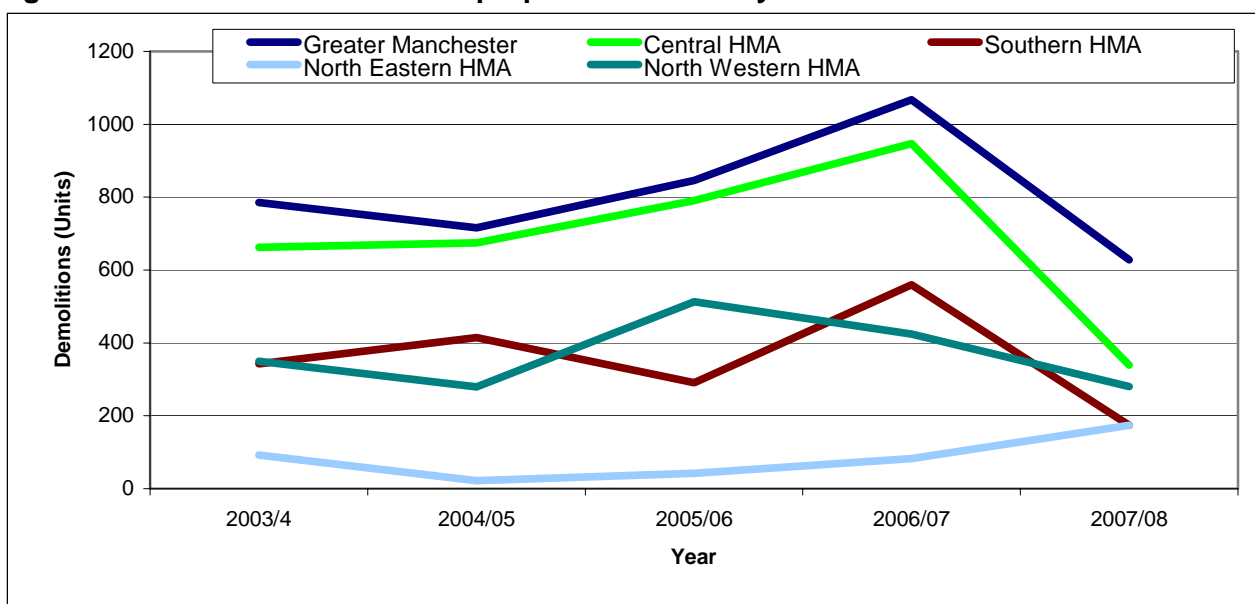
Source HSSA

**Table 4.7 Estimated numbers of private sector properties cleared**

	2003/4	2004/05	2005/06	2006/07	2007/08	Average 2003/4 to 2007/8
Bolton	7	3	3	0	3	3
Bury	15	5	0	27	95	28
Manchester	339	413	291	560	174	355
Oldham	46	0	8	42	140	47
Rochdale	34	22	10	3	1	14
Salford	319	260	500	387	165	326
Stockport	0	0	0	0	0	0
Tameside	12	0	24	38	33	21
Trafford	4	2	0	0	0	1
Wigan	9	11	10	10	17	11
Greater Manchester	785	716	846	1067	628	808
Central HMA	662	675	791	947	339	683
Southern HMA	343	415	291	560	174	357
North Eastern HMA	92	22	42	83	174	83
North Western HMA	350	279	513	424	280	369

Source HSSA

**Figure 4.10 Estimated numbers of properties cleared by HMA 2003/4 to 2007/8**



Source HSSA 2008

4.21 At the Greater Manchester level it is apparent from the table and chart above that the annual number of private sector properties demolished has increased over the period 2003/4 to 2006/7 from 785 to 1,067 properties. Significantly, in 2007/8 the number of properties cleared decreased in Greater Manchester to 628 properties. The number of clearances in Manchester and Salford decreased the most over this period and Oldham and Bury increased the most. This would reflect the Housing Market Renewal programmes in these areas – Manchester and Salford coming to the end of their clearance programmes and Oldham and Rochdale implementing theirs. At the HMA scale the chart above indicates that, on average, the highest number of annual demolitions occurred within the Central HMA reaching a peak of clearance activity of 947 cleared properties in 2006/7.

4.22 CLG record the levels of Right to Buy at a local authority level as highlighted in the table below. Whilst the absolute levels of Right to Buy provide a clear indication of the scale of the impact on the stock as a whole it is important to assess this in relation to the overall levels of stock. Using the HSSA data the second table relates the levels of Right to Buy to the total stock within each authority.

**Table 4.8 Levels of Right to Buy**

	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Total 1999-08
Bolton	138	150	231	240	347	654	616	413	300	186	3,275
Bury	59	104	92	133	166	243	188	78	65	44	1,172
Manchester	492	291	695	771	1,018	1,261	1,398	1,282	783	347	8,338
Oldham	104	98	153	215	218	467	378	151	184	146	2,114
Rochdale	103	175	224	299	397	568	384	285	307	222	2,964
Salford	114	175	152	168	328	880	746	572	501	204	3,840
Stockport	88	102	161	199	320	438	262	135	105	59	1,869
Tameside	211	192									403
Trafford	106	147	172	207	275	302	254				1,463
Wigan	125	249	294	334	409	780	688	436	264	207	3,786
Greater Manchester	1,540	1,683	2,174	2,566	3,478	5,593	4,914	3,352	2,509	1,415	29,224
Central HMA	712	613	1,019	1,146	1,621	2,443	2,398	1,854	1,284	551	13,641
Southern HMA	686	540	1,028	1,177	1,613	2,001	1,914	1,417	888	406	11,670
North Eastern HMA	418	465	377	514	615	1,035	762	436	491	368	5,481
North Western HMA	436	678	769	875	1,250	2,557	2,238	1,499	1,130	641	12,073

Source HSSA

**Table 4.9 Proportion of Social Stock sold in Greater Manchester**

	Social Stock 2000/01	Right to Buy Sales 2001-2008	Proportion of 2000/01 stock sold
Bolton	27,985	2,987	11%
Bury	13,385	1,009	8%
Manchester	80,026	7,555	9%
Oldham	24,534	1,912	8%
Rochdale	25,485	2,686	11%
Salford	36,566	3,551	10%
Stockport	19,509	1,679	9%
Tameside	23,879	0	0
Trafford	17,048	1,210	7%
Wigan	29,775	3,412	11%
Greater Manchester	298,192	26,001	9%
Central HMA	133,640	12,316	9%
Southern HMA	116,583	10,444	9%
North Eastern HMA	73,898	4,598	6%
North Western HMA	107,711	10,959	10%

Source HSSA

4.23 Analysis of the data in the tables above indicates that absolute Right to Buy sales of social stock increased across Greater Manchester from 1,540 in 1989/99 to a peak of 5,593 in 2003/4. From this point there has been a year on year decrease, which continued in 2007/8 with 1,415

Right to Buy properties sold. This could be due to the fact that the most attractive properties have already been sold or that a cap has been placed on the discount available this restricting the affordability.

4.24 At the HMA spatial scale Right to Buy sales have been the highest within the Central HMA (13,641 units) and the lowest in the North Eastern HMA (5,481) across the period 1989/90 to 2007/8. Manchester, Salford and Wigan sold the highest volume of stock over the period.

4.25 Long-term vacancy represents an important indicator when examining the relative quality of stock and the demand of housing in certain areas.

4.26 Over the period highlighted in the original SHMA (2001 to 2007) there had been a 6% reduction in the total number of vacant housing units in Greater Manchester. Of those vacant, there had been a reduction of 12% in units that had been vacant in excess of 6 months (classed as long term). The table below shows that there had been a rise of 4.1% in total vacant stock in Greater Manchester between 2007 and 2008 although vacant social stock had reduced by -8.6%. Of this vacant stock in Greater Manchester 57.9% had been vacant for over 6 months. Oldham, Salford and Trafford had considerable increases in their long-term vacant property levels.

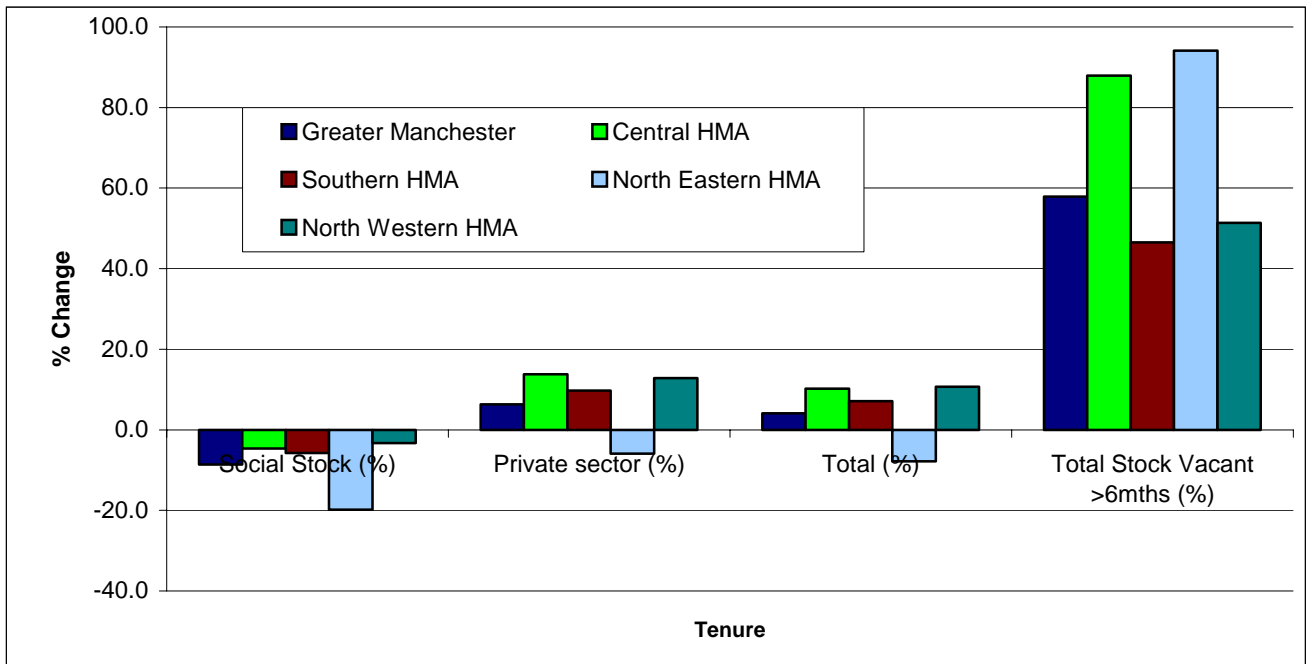
4.27 At the HMA level the level of social vacant stock decreased the most in the North Eastern HMA at -19.8%. This HMA also decreased its levels of private sector vacant properties by -5.9%. Private sector vacant properties increased the most in the Central HMA at 13.8%. Of this vacant stock in the HMAs over 90% in the North Eastern HMA and 87% in the Central HMA had been vacant for over 6 months.

**Table 4.10 Proportion of Vacant Units 2007-2008**

	2007				2008				Percentage Change 2007-2008			
	Social Stock	Private sector	Total	Total Stock Vacant >6mths	Social Stock	Private sector	Total	Total Stock Vacant >6mths	Social Stock (%)	Private sector (%)	Total (%)	Total Stock Vacant >6mths (%)
Bolton	392	2,409	2,801	1,227	424	2,407	2,831	1,348	8.2	-0.1	1.1	9.9
Bury	323	2,665	2,988	1,353	265	3,250	3,515	1,357	-18.0	22.0	17.6	0.3
Manchester	2,748	9,752	12,500	4,986	2,591	10,660	13,251	7,179	-5.7	9.3	6.0	44.0
Oldham	729	4,585	5,314	487	906	4,454	5,360	3,273	24.3	-2.9	0.9	572.1
Rochdale	598	2,657	3,255	1,539	239	3,008	3,247	1,811	-60.0	13.2	-0.2	17.7
Salford	912	4,352	5,264	554	898	4,890	5,788	2,664	-1.5	12.4	10.0	380.9
Stockport	262	3,985	4,247	2,198	242	3,833	4,075	2,403	-7.6	-3.8	-4.0	9.3
Tameside	542	4,456	4,998	1,497	354	3,540	3,894	1,755	-34.7	-20.6	-22.1	17.2
Trafford	276	2,209	2,485	903	265	3,009	3,274	2,266	-4.0	36.2	31.8	150.9
Wigan	468	4,135	4,603	2,338	439	4,759	5,198	2,914	-6.2	15.1	12.9	24.6
Greater Manchester	7,250	41,205	48,455	17,082	6,623	43,810	50,433	26,970	-8.6	6.3	4.1	57.9
Central HMA	3,936	16,313	20,249	6,443	3,754	18,559	22,313	12,109	-4.6	13.8	10.2	87.9
Southern HMA	3,286	15,946	19,232	8,087	3,098	17,502	20,600	11,848	-5.7	9.8	7.1	46.5
North Eastern HMA	1,869	11,698	13,567	3,523	1,499	11,002	12,501	6,839	-19.8	-5.9	-7.9	94.1
North Western HMA	2,095	13,561	15,656	5,472	2,026	15,306	17,332	8,283	-3.3	12.9	10.7	51.4

Source HSSA, 2008

**Figure 4.11 Proportion of Vacant Units 2007-2008 by HMA**



Source HSSA 2008

**In Summary**

- Social stock decreased between 2001 and 2007 in Greater Manchester but increased slightly between 2007 and 2008;
- There is an imbalance between the stock types in Greater Manchester, particularly with terraced properties in Oldham and Rochdale;
- During 2008/9 there has been a significant decrease in the number of housing completions particularly in Manchester, Bolton and Wigan;
- There has been a rise in the level of total vacant stock in Greater Manchester and in particular in long-term vacant stock. This is compared to a decrease in during the period 2001 to 2007;
- In 2007/8 the number of properties cleared decreased in Greater Manchester. The number of clearances in Manchester and Salford decreased the most over this period and Oldham and Bury increased the most. This would reflect the Housing Market Renewal programmes in these areas – Manchester and Salford coming to the end of their clearance programmes and Oldham and Rochdale implementing theirs.

## 5. Future Housing Market

5.1 The aim of this section is to assess the future housing market and the issues that will face the housing market in the short and long term. The forecasts later in this section rely heavily on the Greater Manchester Forecasting Model (GMFM).

**Table 5.1 Extant planning permissions**

	2007/8	2008/9
Bolton	5,028	4,660
Bury	3,337	3,062
Manchester	22,265	24,297
Oldham	3,565	2,984
Rochdale	3,786	4,274
Salford	17,250	13,963
Stockport	2,387	2,119
Tameside	6,057	5,756
Trafford	3,593	3,857
Wigan	5,433	4,103
Greater Manchester	72,701	69,075

Source Local Authority Planning Departments

5.2 Extant planning permissions, as set out in the table above, are an important indication of the potential future supply of housing. Although a proportion of permissions will never reach the development stage the numbers do represent a future component of supply which policy is unable to direct. The number of extant planning permissions in Greater Manchester decreased by 3,358 from a figure of 70,314 in 2007/8. This could either be because these permissions have been taken forward or that fewer new permissions have actually been sought. Manchester, Rochdale and Trafford experienced an increase in the number of extant planning permissions over this period.

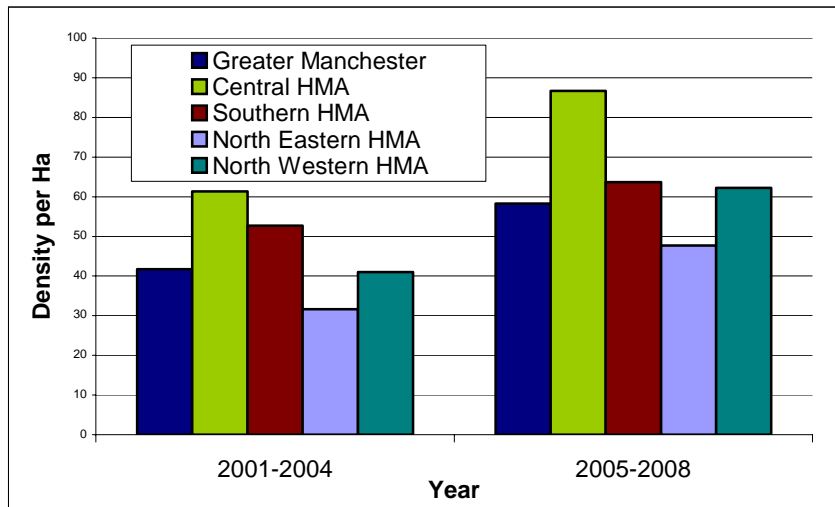
**Table 5.2 Densities of New Dwellings Built**

	Dwellings per hectare		
	2001-2004	2005-2008	% Change
Bolton	32	47	46.9
Bury	38	49	28.9
Manchester	79	106	34.2
Oldham	28	47	67.9
Rochdale	25	46	84.0
Salford	63	108	71.4
Stockport	37	39	5.4
Tameside	42	50	19.0
Trafford	42	46	9.5
Wigan	31	45	45.2
Greater Manchester	42	58	39.8
Central HMA	61	87	41.3
Southern HMA	53	64	20.9
North Eastern HMA	32	48	50.5
North Western HMA	41	62	51.8

Source: DCLG, Housing tables.



**Figure 5.1 Densities of New Dwellings Built by HMA**



5.3 Analysis of the table above indicates that the density of new dwellings within Greater Manchester has increased significantly between the two time periods in question – almost 40% increase in density of dwellings by 2008, although this is a result of an explicit change in policy to increase densities. The largest increase was in Rochdale at 84%.

5.4 At the HMA spatial scale both the North Western and North Eastern HMAs experienced increases of over 50% in dwelling density however, the Central HMA still had the highest density of new dwellings per hectare at 87.

5.5 Similar increases were identified in the original GMSHMA with the introduction of large numbers of flatted properties being identified as the key driver of this change. However, also highlighted were new innovative schemes which have emerged over the years which deliver high-density quality family accommodation. These density figures are important considerations for future housing demand when considering land capacity.

5.6 The issues drawn out in this report have highlighted the affect of the recession on the housing market and certainly in the short term it is important to recognise that a large proportion of this future supply may not be realised over the next few years. The fall in land values and decline in purchaser confidence leaves the development market particularly vulnerable making the potential supply picture decidedly uncertain.

### **Economic growth scenarios**

5.7 The Greater Manchester Forecasting Model (GMFM) was developed by Oxford Economics (OE) and is now managed by New Economy on behalf of AGMA. It provides a useful base for the assessment of future economic growth and housing requirements.

5.8 As OE note, however, the model should be viewed as one piece of evidence in making policy decisions and tracking economic, demographic and household change. As with all models it is subject to margins of error which increase as the level of geographical detail becomes smaller.

5.9 There are three key assumptions that underpin the base forecasts:

- **Macroeconomic conditions** (e.g. oil prices, inflation, exchange rates, world demand, government spending, consumer spending)

- **Past Trends:** Inherent supply side factors underpin performance – i.e. the model assumes that supply side pressures exert the same level of influence that they have done previously
- **Basic economic relationships:** this includes relationships such as people and jobs, spending and jobs, economic growth and migration etc

5.10 Since the original SHMA there have been annual updates of the GMFM and this update reflects this. In particular, the model has been updated in light of the economic downturn and the baseline scenario is used in this analysis to sum up the changes. Some headline outputs from the model are as follows in light of the recession experienced since the last SHMA

#### **Short-term:**

5.11 Over the 2008-2011 period, Greater Manchester GVA is expected to decrease by £410.8m to £42.0bn, a fall of 1.0%. Between 2008 and 2009, GVA is expected to fall in Greater Manchester by 4.8% - lower than the regional annual decrease of 5.0% but higher than the national decrease of 4.5%.

5.12 Greater Manchester is expected to weather the storm of the economic recession better than the North West. It is expected to experience a smaller decrease in GVA between 2008 and 2009, followed by a sharper upturn in GVA in 2010 – a 1.3% increase in GM against a 1.1% increase regionally.

5.13 The return to growth is also expected to be stronger in the short term in GM in comparison with the UK. Despite experiencing a more significant fall in GVA up to 2009, GM is expected to experience a growth in 2009-2010 of 1.3% - more than twice that of the UK's expected 0.6% growth.

5.14 The recession is expected to have a significant impact on employment in the short-term. Between 2008 and 2009, the number of jobs is expected to fall by 2.8% (over 36,000) – lower than the North West (3.0% fall) but higher than the UK (a 2.6% fall). This is forecast to slow between 2009 and 2010 but still result in a further reduction of over 16,200 jobs.

#### **Long-term:**

5.15 Across a longer timeframe, Greater Manchester is expected to return to economic growth by 2010 across all districts, and to return to the 2008 level of GVA by 2012. Between 2011 and 2032, the average annual growth in GVA is expected to be around 2.4%, compared to 2.2% in the North West and 2.6% in the UK.

5.16 Employment is expected to return to the 2008 level much slower than GVA. A return to employment growth is expected by 2011, with a long-term annual average growth rate of 0.6% per annum between 2011 and 2032. Even with this rate of growth, employment won't reach the 2008 pre-recession level until 2015.

5.17 As a result of this, the long-term increase in productivity is expected to be higher between 2011 and 2032 than between 2001 and 2008. Greater Manchester is expected to see a return to increasing productivity by 2010, at a rate of around 1.8% per annum – higher than the 1.1% per annum growth between 2001 and 2008. Simultaneously, the North West and the UK are also expected to experience growth rates in productivity along similar lines (1.8% and 1.9% per annum respectively).

5.18 Population increases are expected to continue to be unaffected by the recession. One risk of the recession comes from significant shifts in migration patterns, which may affect these forecasts. However, Greater Manchester is still expected to experience an annual growth of around 0.4% in population between 2011 and 2032 driven by the high rate of natural increase.

5.19 The structure of the economy will not change significantly, with Financial and Professional Services driving employment and GVA growth in the city region. The resilience of the professional service sector is an important factor in this forecast – if it is merely deferring its contraction there could be a larger correction in employment in the City Region than currently forecast. Manufacturing services will continue to see a reduced level of employment but will show increased productivity and higher GVA, as the industry moves towards high-tech and capital-intensive production.

5.20 The recession is expected to have important and long-lasting effects on the economy into the next decade. The recession is much more severe than was expected this time last year, and as such the updated model shows a much more significant fall in GVA, as well as more prolonged effects on employment and productivity. This filters down into other areas of the model, and is reflected in the decreasing importance of certain sectors in the GM economy, as well as forecast reductions in demand for employment land, the demand for occupations across the board and changes in domestic and international migration. Important to the state of the economy is how soon different indicators return to pre-recession levels. The table below highlights when Greater Manchester, the North West and the UK return to the 2008 level for a range of indicators.

**Table 5.3 Dates when respective indicators return to 2008 pre-recession levels**

AREA	EMPLOYMENT	GROSS VALUE ADDED	PRODUCTIVITY
Bolton	Post 2032	2012	2011
Bury	2017	2012	2011
Manchester	2013	2011	2010
Oldham	2028	2013	2011
Rochdale	2023	2012	2011
Salford	2015	2012	2010
Stockport	2017	2012	2010
Tameside	Post 2032	2013	2011
Trafford	2015	2012	2010
Wigan	2017	2012	2011
Greater Manchester	2015	2012	2010
North West	2019	2012	2010
United Kingdom	2016	2012	2010

Source: GMFM

5.21 As can be seen from the table above, across Greater Manchester, the level of employment is expected to return to 2008 levels by 2015, ahead of both the North West (2019) and the UK (2016) showing the relatively quick return to form for the GM economy.

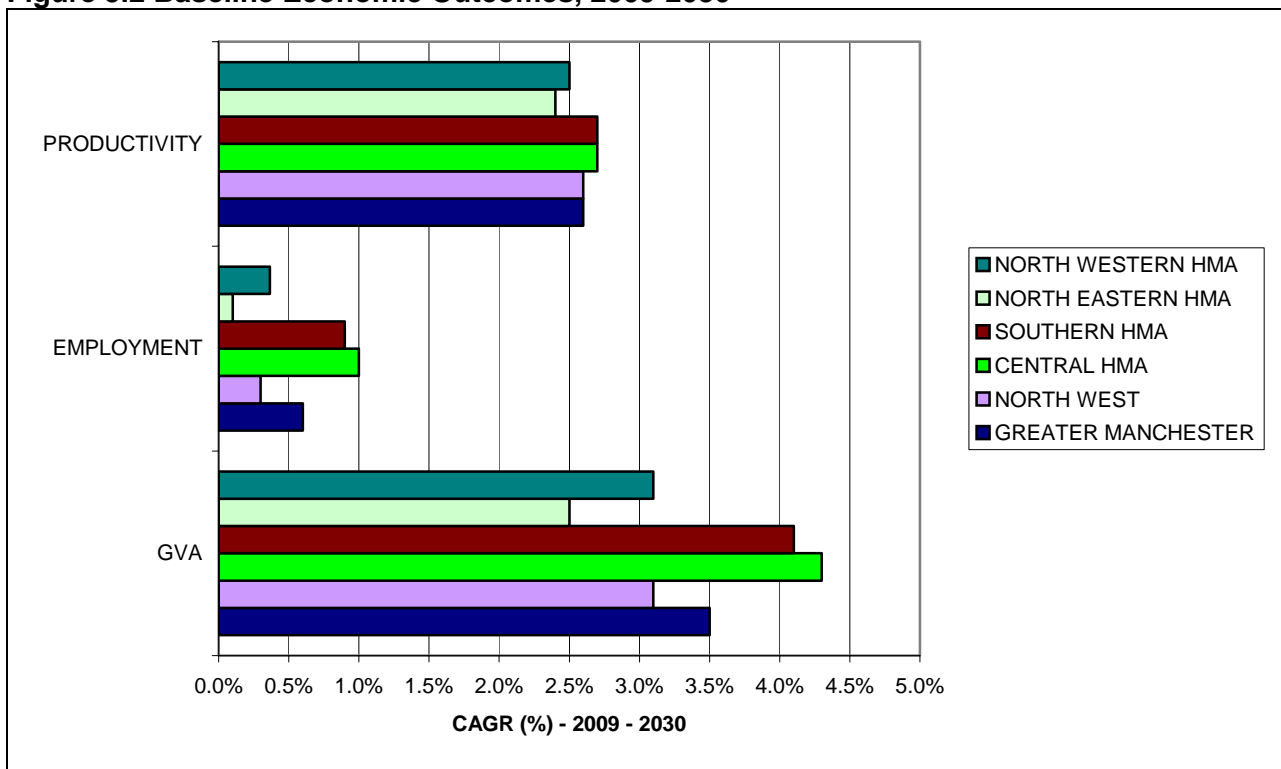
5.22 GVA is also expected to return to pre-recession levels quite soon. Greater Manchester GVA is expected to return to 2008 levels by 2012, mirroring both the North West and UK.

5.23 Due to the changing nature of employment and GVA, productivity is expected to return to pre-recession levels sooner – as early as 2010. This will also be accompanied by expected higher average annual increases in productivity in the long-term.

5.24 In terms of employment there is a marked difference as to how the individual districts will return to pre recession levels. In Bolton and Tameside, for example it is predicted by the model that it will be post 2032 until employment returns to the employment levels it had before the recession.

5.25 The tables below reflect the main outputs from the current Baseline GMFM for 2009 that are useful to this study up to the year 2030

**Figure 5.2 Baseline Economic Outcomes, 2009-2030**

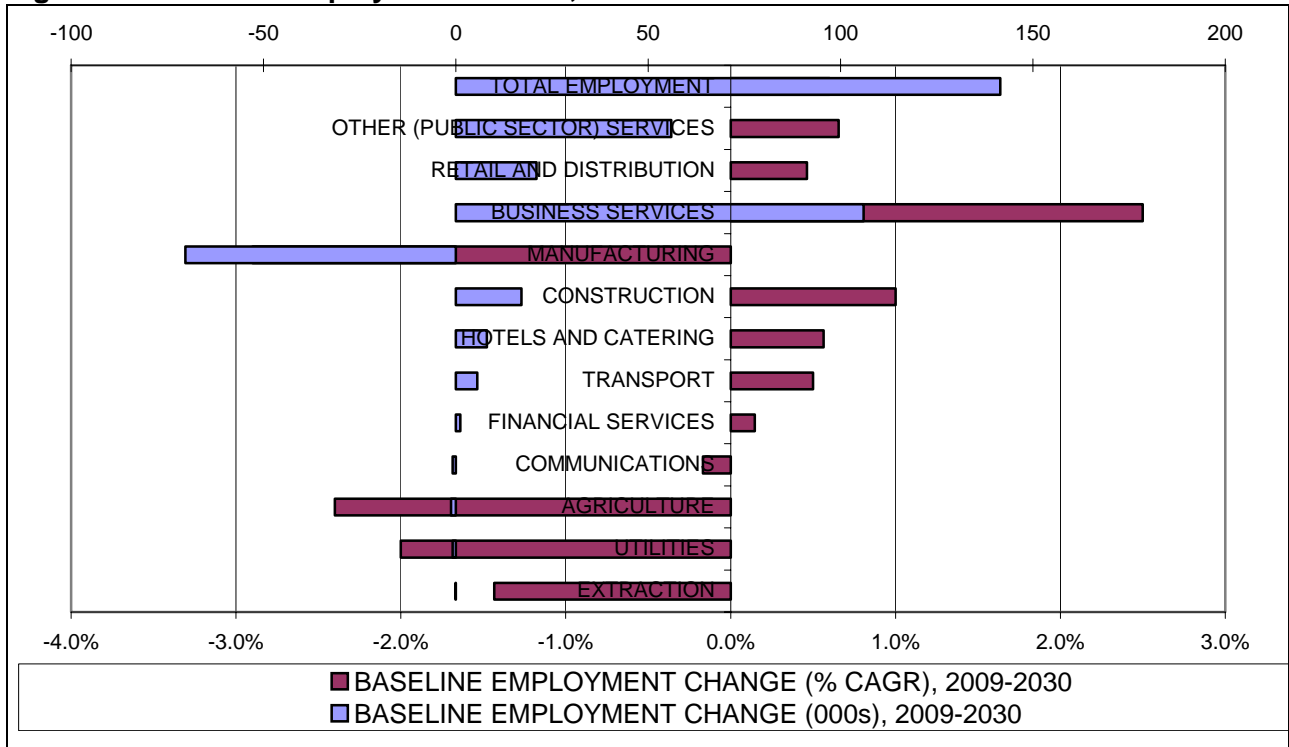


Source GMFM

5.26 The chart above shows that Productivity growth is more equal than that of employment growth between the North West and GM and between the different HMAs. Employment growth is expected to be highest in Greater Manchester than the North West as a whole. This is similar to that in the original SHMA but the growth is not as high as in other areas. The North Eastern HMA has the lowest employment growth in this period and the Central HMA the highest levels of growth that is then reflected in overall GVA levels.

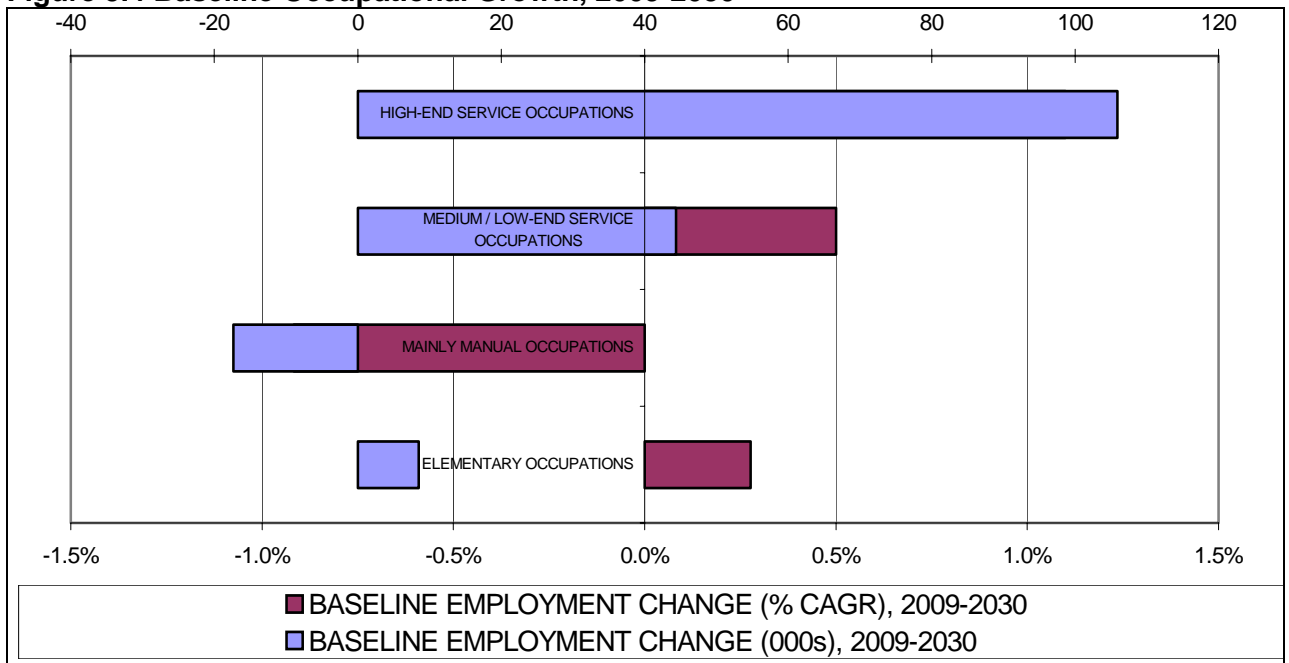
5.27 In the baseline case future growth to 2030 continues to be dominated by the service industry and particularly by Business Services and Other Public Sector Services.

**Figure 5.3 Baseline Employment Growth, 2009-2030**



Source GMFM

**Figure 5.4 Baseline Occupational Growth, 2009-2030**



Source GMFM

5.28 The trends identified previously in this report regarding growth in the high-end service sector will continue as highlighted above. Elementary occupations are also expected to grow over the period 2009 to 2030 in spite of a contraction in such occupations over recent times. As in the

previous SHMA this raises the prospect of increasing polarisation within Greater Manchester – with more people employed in higher-end occupations and also more employed in elementary occupations. This polarisation will be reflected between the different HMAs based on the occupational breakdown of these areas.

**Figure 5.5 Baseline Household Growth in Greater Manchester**

	2009	2030	Average Absolute Change p.a.
Population	2,582,786	2,816,859	11,146
Households	1,112,204	1,306,268	9,241
Average Household Size*	2.32	2.16	-0.17*

\*absolute change not per annum

Source: GMFM Baseline scenario 2009

5.29 In terms of household growth between 2009 and 2030 using the baseline GMFM model the annual average change in population is estimated at 11,146 and households 9,241. This gives a household size figure of 2.16 by 2030. The household size figure which has been documented as decreasing over recent years, therefore is predicted to continue to decrease.

There are significant risks to the forecasts, particularly in light of the economic downturn, most prominently on the downside:

- **Migration flows:** It is extremely difficult to predict how sensitive migration will be to the overall economy. With little prosperity anywhere in Europe there may not be the outflow expected as jobs are lost (and rising unemployment would support this). Changes in EU law and differential pace of recovery across countries may well exert an influence. Migration flows may be weaker than Oxford Economics forecast;
- **Public finances:** The state of public finances is perilous. An aggressive cull in the public sector, or even wage cuts, plus aggressive taxation increases, could exert downward pressures on demand;
- **Regulation:** Though it appears regulation post credit crunch may remain relatively light, the possibility of making the UK a less attractive FDI location for professional services remains;
- **Global demand and protectionism:** Job loss has been severe across the globe (the US for example has lost something in the order of 6-8 million net jobs) and recovery may be slow. In addition there is likely to be if not explicit then certainly implicit protectionism to try to solve domestic job problems, which will impact on job opportunities;
- **Oil prices:** Should oil prices spike up again to \$90 or above there will be a knock-on effect on global demand and thus the GM economy;
- **Banking failures:** The worst of the financial crisis appears over, but there is still uncertainty. Banking failures across Europe could derail a fragile recovery.

In general, Oxford Economics' policy advice remains as last year – greater flexibility in strategies will be required. Land-use, skills, and infrastructure issues are all less certain than pre-recession. In addition there is a need to understand the job loss problem and the skills sets / financial issues of those out of work, while job creation will be back at the top of the policy agenda. Therefore the 'fire fighting' and recession response will be the overarching policy challenge for the year ahead whilst not losing sight of long term strategic aims;

### **In Summary**

- The number of extant planning permissions in Greater Manchester decreased between 2007/8 and 2008/9. Manchester, Rochdale and Trafford, however, experienced an increase in the number of extant planning permissions over this period;
- The density of new dwellings within Greater Manchester has increased significantly from 2000 – almost 40% increase in density of dwellings by 2008. The largest increase was in Rochdale at 84%;
- In the short term, due to the recession, it is important to recognise that a large proportion of the future supply may not be realised over the next few years;
- The fall in land values and decline in purchaser confidence leaves the development market particularly vulnerable making the potential supply picture decidedly uncertain;
- In the short term Greater Manchester is expected to weather the storm of the economic recession better than the North West and the return to growth is also expected to be stronger in the short term in GM in comparison with the UK;
- Across a longer timeframe, Greater Manchester is expected to return to economic growth by 2010 across all districts, and to return to the 2008 level of GVA by 2012
- In terms of employment there is a marked difference as to how the individual districts will return to pre recession levels.
- In the baseline case future growth to 2030 continues to be dominated by the service industry and particularly by Business Services and Other Public Sector Services.;
- There is a prospect of increasing polarisation within Greater Manchester – with more people employed in higher-end occupations and also more employed in elementary occupations;
- The household size figure which has been documented as decreasing over recent year is set to continue to decrease;
- Recession response will be the overarching policy challenge for the year ahead but the long term strategic goals must not be lost.

## 6. Review of findings

6.1 As highlighted in the introduction the SHMA report produced in 2008 set out a number of findings. This section reviews these findings and highlights where these still hold true and where they need to be revised in the light of updated information.

- A growing population and falling household size is still significantly boosting the demand for housing, a greater proportion of which is in the private rented sector;
- Similarly, the structure of the economy continues to shift by both sector, occupation and skill level towards the service sector, again having an impact on the future demand profile for housing;
- The original SHMA report identified a considerable reduction in the number of vacant properties within the social rented sector further reinforcing the demand for this sector. More recent data shows that this trend has continued and intensified with a further reduction of –8.6% in the number of vacant social units between 2007 and 2008. However, overall vacancy rates have risen by 4.1%;
- There is a continued need to diversify the housing offer available, particularly in city and town centre markets. However, this is increasingly difficult in the current climate as developers are reluctant to bring forward sites, particularly in higher risk locations;
- Supply of new housing continues to be uneven across the HMAs. Household numbers are increasing most quickly in Central HMA but the housing supply in this area is dominated by apartments. Completions in the North Western HMA are more balanced in terms of property type;
- Average house prices and the number of sales have decreased across the conurbation. Central HMA has seen the most significant decreases, which supports the assertion in the previous SHMA that price growth was being driven by speculator and investor activity rather than owner occupied purchase;
- The impact of the credit crunch is worse than expected as highlighted by the depth of house price reduction and sales as well as GMFM recovery predictions on production. There has been tightening of lending as predicted, which has dampened market demand despite lower affordability ratios as buyers struggle to raise the necessary deposits and secure finance;
- Demand for social rented stock remains high and in particular for family accommodation. Supply is not meeting this demand however.

## 7. Review of recommendations

7.1 The original SHMA set out a series of recommendations for policy development. This section reviews these recommendations in the light of the new analysis produced in this report.

- In the light of the likely short-term nature of the credit crunch it was felt that the policy options available at a local level to significantly alter market conditions were limited and that it was better for Greater Manchester to “sit out” the credit crunch. National policy measures, such as the stamp duty payment holiday, the Mortgage Rescue Scheme and Income Support for mortgage interest do appear to have cushioned the housing market from some of the potentially more extreme effects of the recession. Bringing forward spending to encourage the development of social housing appears to have had limited impact in addressing increased demand for affordable housing, but at this stage it is difficult to identify what more GM policy makers could have done to bring forward development. The recent Local Investment Plan, developed in partnership with the HCA, and the associated £30 million additional NAHP funding will go some way to addressing this issue, and it is suggested that that investment should be targeted in areas where



demand for social housing is at it's highest i.e. in areas of most significant deprivation, or in areas where affordability ratios are highest.

- The original SHMA report identified that despite the credit crunch, in the long-term, demand for housing would increase and it was recommended that AGMA need to put in place delivery models to maximise the number of new housing completions. In addition, new development needed to diversify the offer across the conurbation but particularly in the city and town centres. The updated analysis shows that this recommendation holds true, whilst recognising that in the short-term at least market conditions are not conducive to delivery of AGMA's housing growth ambitions. The second Local Investment Plan, to be developed in partnership with the HCA, will set out a strategic approach to housing growth in Greater Manchester to maximise the impact of what will undoubtedly be reduced funding streams and will seek to identify new delivery models, options to make the most of public sector land assets, and interventions to encourage investment and more effective management of the growing private rented sector.
- Such an approach will also strengthen AGMA's position in relation to housing and regeneration. The original report identified a need to be clear about regeneration priorities to maximise the impact of limited funding, and to put in place strong mechanisms for engaging the private sector. The report recommended that AGMA should hold firm in it's policy approach, rather than relaxing conditions to attract investment, and this is again suggested to be the most appropriate approach. As with growth, the current and second Local Investment Plan will provide AGMA with a coherent approach to identifying regeneration and investment priorities, and such a coherent approach will provide a firm platform from which to engage the private sector in the achievement of AGMA's regeneration ambitions.
- Bridging the affordability gap should remain as a priority for Greater Manchester. Despite significant falls in average house prices, the lack of accessible finance means that in practice housing remains unaffordable for many. AGMA needs to work closely with lenders to explore options for overcoming challenges to mortgage accessibility. The second Local Investment Plan will pursue options for Local Authority mortgages and open a dialogue with key mortgage lenders (facilitated by CLG and HCA) to discuss options for moving forwards